NATIXIS
BEYOND BANKING

REGISTRATION DOCUMENT AND ANNUAL FINANCIAL REPORT

2018

Content

TRANSPARENCE LABEL OR

This label recognizes the most transparent Registration Documents according to the criteria of the Annual Transparency Ranking.

2018 Registration Document

and Annual Financial Report

AMF

This registration document was filed with the French Financial Markets Authority on March 15, 2019, in accordance with Article 212-13 of the general regulations of the French Financial Markets Authority. It may be used in connection with a financial transaction only if accompanied by a transaction note approved by the French Financial Markets Authority. The document has been prepared by the issuer and its signatories incur liability in this regard. This registration document includes all components of the annual financial report mentioned in Section I of Article L.451-1-2 of the French Monetary and Financial Code and Article 222-3 of the general regulations of the French Financial Markets Authority. A cross-reference table showing documents referred to in Article 222-3 of the general regulations of the French Financial Markets Authority and the corresponding sections of this registration document appear on page 566. The English language version of this report is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate presentation of the original. However, the original language version of the document in French prevails over the translation.

Copies of the present registration document are available free of charge from Natixis, Immeuble Arc de Seine, 30, avenue Pierre Mendès France, 75013 Paris, France.

INTERVIEW

with **François Riahi**, Natixis' Chief Executive Officer

CAN YOU GIVE US AN OVERVIEW OF NATIXIS' BUSINESS IN 2018?

Our 2018 results show that we made the right strategic choices in our New Dimension plan, as all Natixis' business lines achieved strong performances and staged an improvement in profitability.

Our asset and wealth management businesses are firmly in growth mode and our multi-affiliate model has demonstrated its value in volatile market conditions. We are now well on the way to becoming one of the leading investment managers worldwide on the basis of our profitability and capacity for innovation.

Meanwhile, our Corporate & Investment Banking business made solid progress in Mergers & Acquisitions and in our four strategic sectors as we optimized our origination and distribution capabilities. We also bolstered our range of high value-added innovative solutions and made concrete steps towards the ambition to be the go-to bank on the green sector. In a year that was difficult overall for capital markets activities, and despite a one-off item on the equity derivatives business related to a deterioration of the Asian markets, the division displayed strong resilience as a result of our diverse business model.

Our insurance businesses continued to expand swiftly, testifying to our position as a leading insurer in France. In our specialized financial services activities we developed new products and services and unlocked further revenue synergies with Groupe BPCE's retail banking networks. We also continued to develop our payment businesses, where we operate across the entire value chain, drawing on our capacity for innovation.

WHAT IS THE OUTLOOK FOR 2019 AND THE MEDIUM TERM?

Natixis furthermore confirmed the payment of a special dividend of €1.5bn following the disposal of its retail businesses to BPCE.

Despite a complex economic and political backdrop, Natixis is on target to meet the goals set out in our New Dimension plan, which provides our roadmap for 2019 and 2020. Our key goal is to continue creating value for our clients by providing innovative solutions, while at the same time remaining agile and carefully managing our resources.

We will continue to expand our asset-light businesses this year as we pursue our acquisition-led strategy in asset management, payments and M&A. Our acquisition capacity will increase from €1bn to €2.5bn following the planned disposal of our Factoring, Sureties & guarantees, Leasing, Consumer financing, and Securities services businesses to BPCE, marking a fresh milestone in Natixis' history.

We will also press on with our company's transformation via the digitalization of our businesses to address the far-reaching shift currently under way in the financial sector. A number of initiatives are planned as we seek to develop and deepen our relationship with our clients using digital technologies, data, artificial intelligence and the blockchain, to name but a few.

HOW CAN NATIXIS STAND OUT FROM THE CROWD?

Natixis is a singular, agile and useful company. Singular because we are at ease with and cherish our differences. We have competitors in all our activities, of course, but our business mix and our strategy are unique. Agile because the world and our business sector are changing ever more rapidly, and we can drive our performance by moving more quickly ourselves. Useful, meaning first and foremost to our clients in our role as a financial intermediary that creates value and provides them with innovative solutions. This is our *raison d'être*.

It is also vital to take on board today's main challenges, so we will move forward with our strategy to address climate change by focusing our resources on the energy transition and responsible finance, while also striving to be exemplary in promoting diversity within our teams. All these various issues enrich our corporate culture.

"NATIXIS IS SINGULAR, AGILE AND USEFUL."

NEW DIMENSION: NATIXIS' STRATEGIC PLAN

The aim of New Dimension is to take Natixis beyond the successes already achieved during New Frontier.

New dimension
deepen, digitalize & differentiate

A COMPANY THAT KNOWS WHERE IT'S GOING

NEW DEAL 2009-2012	NEW FRONTIER 2014-2017	NEW DIMENSION 2018-2020
Restructure and Focus	Transform and Develop	Deepen, Digitalize & Differentiate
Profitable refocusing on 3 core businesses	Become a provider of high value-added solutions and fully client-centric	Selected expertise to differentiate ourselves and deliver sustainable value creation
TOGETHER	GROWING DIFFERENTLY	TEC 2020

GROUPE BPCE'S STRATEGIC PLANS

The crux of this new plan will be to give our business a new dimension as we take our chosen areas of expertise even further, push the digitalization of our products and services a step forward to support our clients, and differentiate our company by providing our clients with the right products.

We will rely on THREE PILLARS AND FIVE OVERARCHING LEVERS to achieve these aims.

3 PILLARS TO DELIVER SUSTAINABLE VALUE CREATION

12.3%
ROTE 2017
Excluding exceptionals

BUSINESS DEVELOPMENT	ENHANCED AGILITY	CAPITAL MANAGEMENT
Deepen, Digitalize & Differentiate	Adaptable to change	Asset-smart model

13% - 14.5%
ROTE 2020

5 OVERARCHING LEVERS TO SUPPORT OUR STRATEGIC AMBITIONS

1. DIGITAL

Implement a fully client-centric digital strategy

- Improve business line efficiency
- Take advantage of data and artificial intelligence to develop tailored client services
- Digitalize our solutions and the client experience
- Invest in new technologies and innovative business models

2. TALENTS

Support and encourage the growth and accountability of our talents

- Provide a diverse range of career track possibilities and growth opportunities
- Grow talents through exposure, ownership and empowerment
- Promote performance and innovation and encourage greater diversity within teams.

3. CSR

Further our CSR Commitment

- Recognize clients and stakeholders with strong sustainable development commitments; pre-empt and manage environmental and social risks in our financing operations
- Use our existing green and social capabilities as a foundation to enhance our sustainable finance expertise
- Extend the use of environmental, social and governance criteria in our asset management investment practices to better take on board responsible investors' requirements.

4. BRAND

Enhance Natixis' awareness and visibility around the world

- Simplify and unify our brand architecture
- Targeted communications efforts across our various business lines and geographies
- Complete roll out of our Beyond Banking brand platform

5. THE WAY WE WORK

New simpler, more efficient and inclusive ways of working and interacting

- More streamlined organization with greater accountability
- Collaborative and community-oriented work environment
- Agile and efficient work processes International culture

AMBITIOUS FINANCIAL 2020 GOALS*

+5% per year Net revenues	**14%–15.5%** ROTE	**11%** CET1 Ratio after distribution
2% per year RWA CAGR	**≈3% per year** Operating expenses	**≈€6bn** Free capital Following Natixis' plans to sell its Factoring, Sureties and Guarantees, leasing, Consumer Finance and Securities Services business lines to BPCE S.A.

* *Post disposal of retail banking activities to BPCE S.A.*

2018 KEY FIGURES

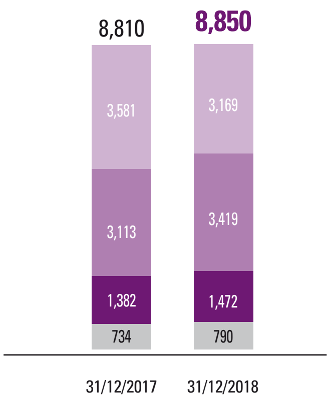
NATIXIS INCOME STATEMENT

(in million euros)	2018	2017	2016	2015	2014
Net revenues	9,616	9,467	8,718	8,704	7,512
Gross operating income	2,793	2,835	2,480	2,749	2,073
Provision for credit losses	(215)	(258)	(305)	(291)	(302)
Pre-tax profit	2,661	2,651	2,287	2,473	1,838
NET INCOME (GROUP SHARE)	**1,577**	**1,669**	**1,374**	**1,344**	**1,138**
RoTE	11,8%	11,9%	9,9%	9,8%	8,3%
Cost/Income ratio	71,0%	70,1%	71,6%	68,4%	72,4%

BUSINESS LINES

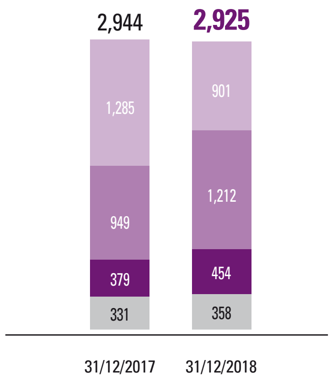
Businesses' net revenues

in €m



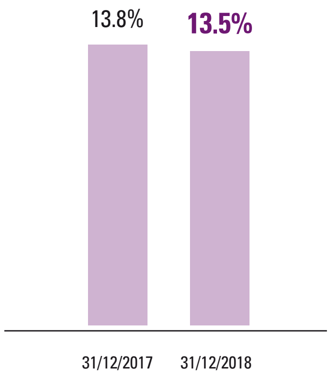
Businesses' pre-tax profit

in €m



Businesses' ROE* after tax

in %



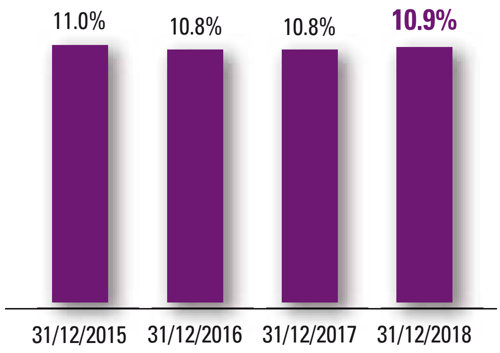
Corporate & Investment Banking
Asset & Wealth Management
Specialized Financial Services
Insurance

* *Reported figures including non-recurring items. Excluding non-recurring items, ROE 2018 of 13,7%, ROE 2017 of 13,8%*

FINANCIAL STRUCTURE

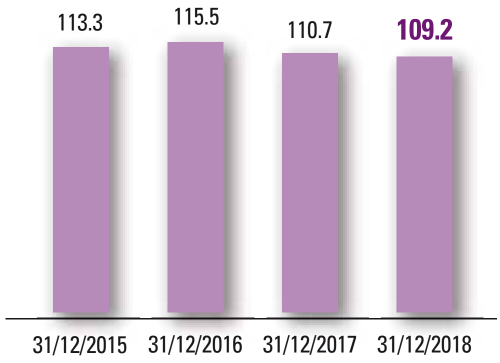
Basel 3 Common Equity Tier 1 (Phased-in)

in %



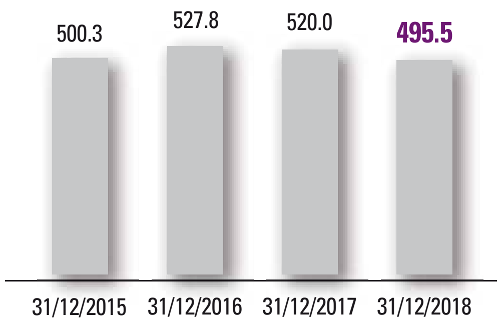
Basel 3 risk-weighted assets (Phased-in)

in €bn



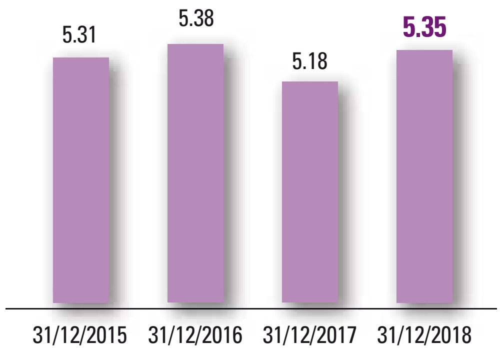
Total assets

in €bn



Book value per share*

in €



Long and short-term rating

(As of end-february 2019)

Ratings agency	Long-term	Short-term
Standard & Poor's	**A+ (stable)**	**A-1**
Moody's	**A1 (stable)**	**P-1**
Fitch	**A+ (stable)**	**F1**

Net dividend per share in 2018

€0.78

o/w ordinary dividend** of €0.30
o/w special dividend*** of €0.48

Payout ratio in 2018

64%

Board of directors

11 **Meetings**

40% **Gender balance**

94% **Global rate of participation in board meeting**

* *After paying out the proposed dividend for the fiscal years in question*

** *Proposal presented to the May 28, 2019 Shareholder's Meeting*

*** *Consisting of an ordinary dividend of €0.30, and a special dividend of €0.48, as proposed to the General Shareholders' Meeting of May 23, 2019. The payment of a special dividend is subject to the finalization of the plans to sell Natixis' retail banking activities to BPCE SA, announced on September 12, 2018, including an regulatory approval.*

1

PRESENTATION OF NATIXIS

1.1 Business line presentation

Natixis designs financial solutions across the full spectrum of businesses – asset and wealth management, corporate & investment banking, insurance, financial services and payment. With more than 18,000 employees across 38 countries, Natixis is a subsidiary of the second-largest banking group in France*, Groupe BPCE, which owns the Banque Populaire and Caisse d'Epargne banking networks. It serves its own client base of companies, financial institutions and institutional investors as well as Groupe BPCE's retail, professional and small and medium-sized business clients.

* Market shares : 21.5% in customer savings deposits, and 21.1% in customer loans (source: Banque de France Q3 2018 – for all non-financial customers)

ASSET & WEALTH MANAGEMENT

Asset Management

Natixis Investment Managers

26 asset management companies applying multiple investment approaches: Specialized fixed income, distinctive equities, money market, insurance solutions, multi-asset solutions, innovative alternatives, ESG investments, private equity, real estate

Wealth Management

Natixis Wealth Management

Financial investment management, legal and fiscal ingeniering, corporate advisory, life insurance under French and Luxembourg law, loans, private equity, real estate investments

Employee savings schemes

Natixis Interépargne

CORPORATE AND INVESTMENT BANKING

Investment Banking and Mergers & Acquisitions (M&A)

Primary equity and bond markets, acquisition and strategic finance, financial transactions on shares, capital and rating advisory, mergers & acquisitions

Financing

Vanilla and structured financing

Capital Markets

Rates, credit and forex, equity derivatives, commodities, research

Trade and Treasury Solutions

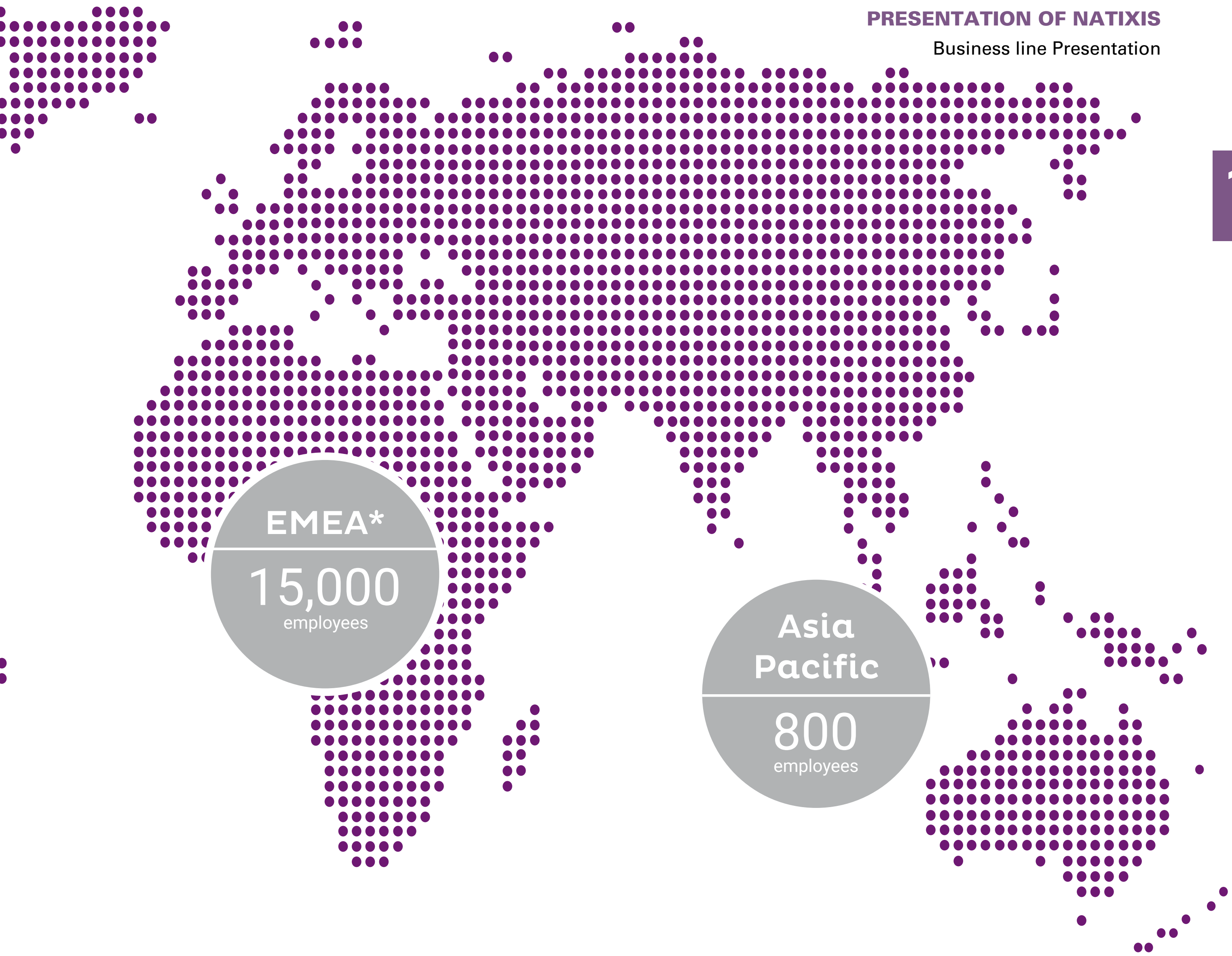
Treasury Solutions and Trade finance

Coverage

Supporting clients over the long term, advising on solutions based on Natixis' business expertise

Expertise on 4 sectors

Energy & natural resources, infrastructure, aviation, real estate & hospitality



* *EMEA: Europe, Middle East, Africa.*
Headcount - end of December 2018
(Excluding Coface, Private Equity, Natixis Algerie).

INSURANCE

Life & personal protection insurance

Individual life insurance, savings, transfer of assets, retirement, death insurance, long-term care insurance and borrower's insurance

Property & casualty insurance

Car insurance, home insurance, home and leisure accidents insurance, health insurance, legal protection insurance and means of payment insurance

SPECIALIZED FINANCIAL SERVICES

Payments

Full range of payment and prepaid businesses and solutions, in-store and via internet and mobile

Specialized financial services

Factoring, sureties and financial guarantees, leasing, consumer finance, film industry financing, securities

1.2 History and links with BPCE

1.2.1 HISTORY

1818
The first Caisse d'Epargne is established in Paris to promote, collect and manage the general public's savings. The passbook savings account is launched

1878
The first Banque Populaire Bank is established. The Banque Populaire banks are founded by and for entrepreneurs with the aim of pooling funds to finance their projects

1919
Crédit National is founded to help rebuild France after the destruction caused by World War I.

1921
Caisse Centrale des Banques Populaires is founded

1949
Banque Française du Commerce Extérieur (BFCE) is founded to finance international trade deals

1999
Natexis Banques Populaires is founded from the contribution of the operating activities of Caisse Centrale des Banques Populaires to Natexis S.A.

1999
Caisse Nationale des Caisses d'Epargne (CNCE) is founded

2004
Caisse Nationale des Caisses d'Epargne buys CDC IXIS, established in 2001. Caisse d'Epargne Group thus becomes a full-service bank. IXIS CIB and IXIS AM are established

2006
Natixis is founded from the merger of IXIS and Natexis Banques Populaires

2009
Groupe BPCE, the N°. 2 banking group in France, is formed from the merger of CNCE and Banque Fédérale des Banques Populaires

2009
Natixis launches its 2009-2013 strategic plan *New Deal*; securing its position as the corporate and investment banking, savings, solutions and specialized financial services arm of Groupe BPCE

2013
Natixis launches its 2014-2017 strategic plan *New Frontier* centered on the goal of becoming a bank for high value added solutions, focused exclusively on its clients

2014
Natixis creates a unique insurance division, paving the way for Groupe BPCE to become a fully-fledged bancassurer

2017
- Natixis creates the new Payments business line aimed at becoming a major player in the payments sector in Europe.
- Natixis unveils its new brand territory and new visual identity, reflecting its shared culture: the *Purple Touch*

2018
- Natixis launches its 2018-2020 strategic plan New Dimension, founded on three pillars: Deepen, Digitalize & Differentiate.
- Groupe BPCE decides to transfer Natixis' Specialized Financial Services business lines to BPCE SA in order to better meet clients' needs across the Banques Populaires and Caisses d'Epargne networks

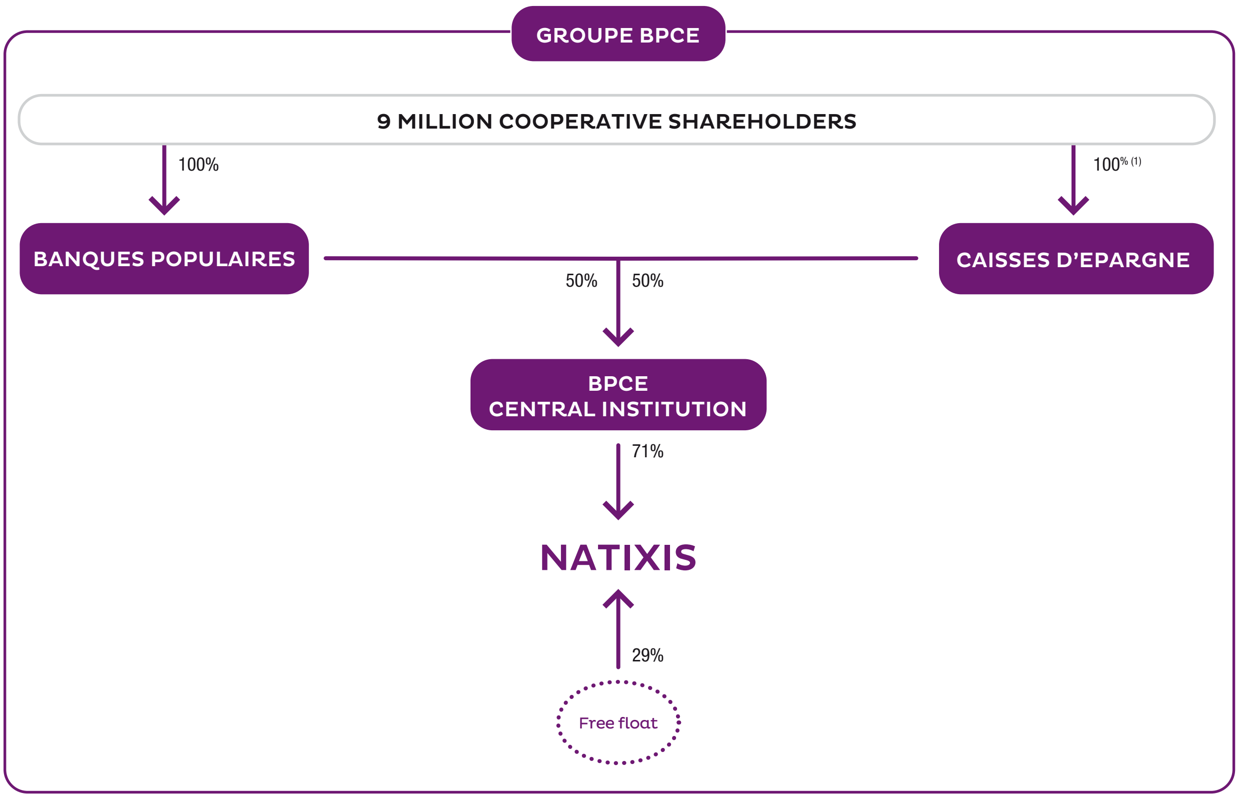
1.2.2 FINANCIAL SOLIDARITY MECHANISM

Pursuant to Article L.511-31 of the French Monetary and Financial Code (Code monétaire et financier), BPCE shall, as the central institution, take any measures necessary to guarantee the liquidity and solvency of Groupe BPCE. Natixis, in its capacity as an institution affiliated with BPCE, is covered by the Groupe BPCE financial solidarity mechanism. Thus, in the event Natixis encounters financial difficulty, (i) BPCE would firstly provide support using its own capital in accordance with its duty as a shareholder; (ii) should this prove insufficient, it would use the mutual guarantee fund created by BPCE, which at December 31, 2018 totaled €362.6 million in assets provided jointly by the Banque Populaire and Caisse d'Epargne networks, and which is increased through an annual contribution (subject to the amounts which would be used in the event of a call for funds); (iii) if BPCE's capital and this mutual guarantee fund should prove insufficient, BPCE would call on (in equal proportions) both the Banque Populaire and Caisse d'Epargne networks' own guarantee funds of €900 million in total and; finally (iv) if calls on BPCE's capital and these three guarantee funds should prove insufficient, additional sums would be requested from all Banques Populaires and Caisses d'Epargne.

It should be noted that the guarantee funds referred to above consist of a Groupe BPCE internal guarantee mechanism activated at the initiative of the BPCE Executive Board or the French banking regulator, which may request that it be used if deemed necessary.

1.2.3 BPCE ORGANIZATION CHART

At December 31, 2018, BPCE held 70.70% of the share capital of Natixis (70.78% of voting rights) *(see Section 1.2.2 Financial solidarity mechanism)*. The structure of Groupe BPCE at December 31, 2018 was as follows:



(1) *Indirectly through Local Savings Companies*

1.3 Natixis' businesses

1.3.1 ASSET & WEALTH MANAGEMENT

Natixis Investment Managers, one of the largest asset managers worldwide, remains the primary driver of the Asset & Wealth Management division at Natixis.

1.3.1.1 Asset Management

Natixis Investment Managers ranks 16th globally by assets under management (Cerulli Associates: Global Markets 2018 report based on AuM as of December 2017).

As a global multi-affiliate asset management business, Natixis Investment Managers boasts more than 20 specialized asset management companies in the US, Europe and Asia. Natixis Investment Managers' brand platform is based on the Active Thinking^{SM} concept, encouraging an active, conviction-led investment style to help clients achieve their objectives irrespective of market conditions.

Natixis Investment Managers: a strategy founded on active asset management

Natixis Investment Managers' multi-affiliate structure encompasses a portfolio of more than 20 independent active asset managers providing a diversified suite of investment strategies with the support of a federation of shared services. The company supports the growth of each affiliate through its global distribution platform, offers financial backing for innovation and global oversight to ensure the consistency of operational risk management. Natixis Investment Managers covers over 20 countries with its main support functions operating from Boston, London and Paris.

Its global distribution platform serves two major customer segments: institutional investors (public and private pension funds, insurers and banks, sovereign funds and central banks, etc.) and retail (distribution platform, wealth management advisors, funds of funds and private banks).

2018 was another year of strong financial performance for Natixis Investment Managers, both in terms of revenue and profitability. It was also a year of deep transformation and active development to expand the company's distribution capabilities, reinforce its product range and improve performance and operational efficiency.

- Natixis Investment Managers strengthened it distribution capabilities with the reinforcement of its international distribution platform which covers Europe, the Middle East, Latin America and Asia-Pacific, and the creation of Dynamic Solutions. This brings together its expertise in developing customized investment solutions within a single team in its multi-affiliate organization.
- The group enhanced its product range through acquisition and recruited fund managers with extensive thematic expertise. MV Credit, a high-quality pan-European private credit specialist founded in 2000 with offices in Luxembourg and London joined the group in June 2018. Natixis Investment Managers also launched a highly active, conviction-driven range of thematic strategies including safety, water, robotics and artificial intelligence. In addition, Natixis Investment Managers rounded out its offering in real asset private debt through a co-investment vehicle set up between its affiliate Ostrum Asset Management and Natixis' Corporate & Investment Banking arm, thereby increasing synergies within Natixis.
- Natixis Investment Managers completed the roll out of its multi-affiliate model in Europe with the creation of a European centralized fund business platform, while Ostrum Asset Management, Mirova, Seeyond, H20 and Dorval Asset Management became stand-alone affiliates. Ostrum Asset Management—rebranded early in 2018—renewed its focus on its long-standing fixed-income and equity experience, and its renowned insurance expertise.
- Natixis Investment Managers continued to improve operational efficiency and created revenue synergies by combining two US-based affiliates: McDonnell Investment Management and Loomis Sayles. The merger will give McDonnell's clients access to Loomis Sayles' expansive investing, research and operational capabilities, and Loomis Sayles extensive municipal bond investment capabilities. Euro-PE, Caspian Private Equity and Eagle Asia, three existing private equity affiliates were brought together to create Flexstone Partners, which provide investors with a single point of access to private equity advisory services and a wide range of global private equity solutions.
- In 2018, Natixis Investment Managers strongly enhanced its brand visibility through strategic partnerships and by taking part in high-level thought leadership groups, each one an opportunity to showcase its distinctive asset management approach centered on active investing. In November, the first Natixis Investment Managers Summit gathered over 70 experts and leading from around the world, including five former heads of state or government, to discuss themes underlying "The New Geopolitical World Order".

Natixis Investment Managers will continue to cement its position as a fully active player in the asset management industry, anchored by mature, market-leading businesses in the US and France, but growing its presence across Europe and in other critical regions, including Asia-Pacific, the Middle East and Latin America. By building on its current leading market position and its differentiating multi-affiliate business model, Natixis Investment Managers will further enhance the reach of its distribution network, continue to diversify its line-up of affiliate investment offerings, simplify its global operating model, and expand its global footprint.

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Natixis Investment Managers: more than 20 specialized asset management companies in the US, Europe and Asia (assets under management in billions of euros at end-2018)

- Active Index Advisors (€1.2 billion): discretionary index-based strategies
- AEW (€53.2 billion): real estate asset management, real estate investment trusts (SCPI) and real estate mutual funds (OPCI)
- Alliance Entreprendre (€0.2 billion): private equity
- Alpha Simplex Group LLC (€5.5 billion): quantitative investment management
- Darius Capital Partners (€0.7 billion): alternative investment advisory (hedge funds)
- DNCA Finance (€23.5 billion): fixed income and equities
- Dorval Asset Management (€2.2 billion): flexible management
- Flexstone Partners[(1)] (€4 billion): private equity
- Gateway Investment Advisers, LLC (€10.2 billion): hedged equity
- H2O Asset Management (€28.4 billion): global macro multi-strategy and international fixed income
- Harris Associates (€94.1 billion): US and international value stocks
- Investors Mutual Limited (€5.5 billion): value-based Australian equities
- Loomis, Sayles & Co. (€218.4 billion): equities (growth, core, value) and fixed income (core to high yield)
- Mirova (€10 billion): SRI equity and fixed income, infrastructure project financing;
- Managed Portfolio Advisors Overlay[(2)] (€10.3 billion), overlay strategies
- MV Credit (€1.8 billion): real assets
- Naxicap Partners (€3.2 billion): private equity
- OSSIAM (€3.1 billion): strategy index-based ETFs (Exchange Traded Funds)
- Ostrum Asset Management (€247.7 billion): fixed income and equities
- Seeyond (€8 billion): structured products and volatility
- Seventure Partners (€0.6 billion): private equity
- Vaughan Nelson Investment Management (€10.2 billion): value stocks and bonds

1.3.1.2 Wealth management

The Wealth Management Division serves two types of clients: the wealth management customers of BPCE's retail banking networks along with business from Natixis (Group sourcing); and direct clients (major private investors, business owners and their families). It provides its clients with a wide range of expertise based on private equity, structured products and real estate solutions offered in close cooperation with several Natixis entities. In addition, Natixis Wealth Management has developed its own expertise in wealth engineering, credit facilities and corporate advisory. Natixis Wealth Management also relies on its wholly-owned asset management subsidiary VEGA Investment Managers—which covers collective investment management, separately managed mandates, advisory and fund selection—and on all Natixis Investment Mangers' affiliates to provide various products and services to its clientele. New accounts and new life insurance policies are now opened digitally via the Fronting Digital system. This system simplifies the process for new business relationships, while also ensuring transactions security and reliability. Staff can use the time saved on administrative formalities to spend more time to advising and supporting clients.

At the end of 2017, Natixis decided to reposition its wealth management business by focusing on the High Net Worth Individuals segment (HNWI), while also simplifying its business model, stepping up its digital transformation and better leveraging expertise within the Group. This led notably to a change in brand, from Banque Privée 1818 to Natixis Wealth Management, covering its business in France, Luxembourg and Belgium.

In 2018, Natixis Wealth Management sold its Sélection 1818 platform, which was dedicated to independent wealth management advisors and no longer fitted within the business's development strategy. In addition, consistent with its repositioning on the HNWI segment, it announced the acquisition of asset management and investment consulting company Massena Partners, with a clientele solely focused on the HNWI segment, and signed a partnership with Essling Capital to bolster its private equity and real estate club deal offerings.

In 2018, excluding Sélection 1818, Natixis Wealth Management had net inflows of €2.2 billion, increasing managed assets to €26 billion, an increase of 3%.

(1) Launched in January 2019, it brings together three of Natixis Investment Managers' existing private equity affiliates: Euro-PE, Caspian Private Equity and Eagle Asia.

(2) A division of Natixis Advisors, L.P.

1.3.2 CORPORATE & INVESTMENT BANKING

At December 31, 2018, Corporate & Investment Banking (CIB) comprised 2,423 employees (FTEs) in 28 countries around the world. 52.1% of the employees were located in France, and 47.9% internationally.

Corporate & Investment Banking serves corporate clients, financial institutions, institutional investors, financial sponsors, public sector entities and the Groupe BPCE networks. It advises them and develops innovative tailor-made solutions to support their strategy, drawing on the full range of its expertise in Investment Banking and Mergers & Acquisitions, on the capital markets, in financing and in trade finance and treasury solutions. Its objective is to develop a strategic dialog with each of its clients over the long term, by building a close working relationship with them through a strong regional and international presence.

It is positioned as a go-to bank in **four strategic sectors—Energy & Natural Resources, Aviation, Infrastructure and Real Estate & Hospitality**—and aims to offer clients in these sectors a continuum of expertise.

Corporate & Investment Banking has the following areas of expertise:

- **Capital Markets:** a wide range of diversified, standard and bespoke products and solutions on the fixed income, credit, forex, commodities and equities markets;
- **Financing:** origination, arrangement and syndication of Structured Financing, as well as portfolio management for all vanilla and Structured Financing under an originate-to-distribute (O2D) model;
- **Trade & Treasury Solutions:** treasury solutions and trade finance solutions;
- **Investment Banking:** acquisition & strategic finance, financing on the primary markets for bonds and equities, financial engineering applied to holdings, and financial structure and rating advisory services;
- **Mergers & Acquisitions:** preparation and execution of disposals and mergers, fundraising, restructuring and capital protection.

These areas of expertise are adapted locally across the three **international platforms**:

- **Americas:** Argentina, Brazil, Canada, Chile, Colombia, Mexico, Peru and the United States;
- **Asia-Pacific:** Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, South Korea, Taiwan and Thailand;
- **EMEA** (Europe, the Middle East and Africa): France, Germany, Italy, Russia, Spain, Switzerland, Turkey, the United Arab Emirates, and the United Kingdom.

Corporate & Investment Banking has a cross-business Coverage team dedicated to Natixis' client coverage. This team sees clients through every stage of their development, drawing on all areas of Natixis' expertise to anticipate their needs and offer them targeted advice for their projects. Organized by client type (banks and the international public sector, insurers, financial sponsors, asset managers and corporates), the Coverage function has a strong regional presence in France and is supported internationally by all Natixis' teams across 38 countries. This structure encourages responsiveness, close, personalized working relationships and in-depth strategic dialog with clients over the long term.

In 2018, Corporate & Investment Banking continued to develop its strategic advisory services, particularly by expanding its M&A footprint *(see section 1.3.2.4),* ramp up its solutions approach on the Capital Markets and consolidate its status as a go-to bank in its four strategic sectors.

In keeping with Natixis' strategic ambitions for a green, sustainable economy, Corporate & Investment Banking has consolidated its green franchise, particularly in renewable energy financing, SRI research, green bonds, and "climate equity" investment solutions. Natixis was named "Most Innovative Investment Bank for Climate & Sustainability" by The Banker in recognition of the pioneering role it plays in green finance with its innovative high added-value solutions.

In May 2018, Corporate & Investment Banking and Ostrum Asset Management, an affiliate of Natixis Investment Managers, formed a partnership to give customers a single point of access to a vast range of real-asset finance solutions. Under this partnership, Natixis will be better aligned as a co-investor, and customers will also have access to a premium European asset manager.

In July 2018, Natixis' Cash Equity and Equity Research teams were transferred to the broker ODDO BHF. This move is part of Natixis and ODDO BHF's long-term partnership.

1.3.2.1 Global Markets (Capital Markets)

In fixed income, credit, forex, commodities and equity markets, Natixis offers its corporate and institutional (both private and public sectors) clients and Groupe BPCE network clients a wide range of investment, financing and hedging products and solutions that tie into its widely recognized research.

The Global Markets business model is structured around the following elements:

- the development of innovative solutions (as opposed to standard flow products) in the main asset classes. This tailored approach enables Natixis to respond more pertinently to its clients' needs and set itself apart from its competitors;
- in addition, access to a wide range of flow products via electronic platforms cover all client requests on the markets;
- the development of an investment policy targeted to clients' local needs. The challenge for the bank is firstly to focus on products in which Global Markets enjoys a genuine competitive advantage, and secondly to achieve the necessary critical size in these activities to ensure the sustainability of franchises;
- the implementation of a targeted investment policy in line with the local needs of clients; the further development of Global Markets' international reach in terms of client and market coverage, drawing on Corporate & Investment Banking's presence in the EMEA, Americas and Asia-Pacific regions.

In order to provide a holistic response to its professional clients, the Natixis Global Markets Department decided to group together its fixed income and equity derivatives sales and financial engineering teams.

This new structure is centered around four divisions:

- two Solutions divisions intended to encourage a closer commercial relationship with clients: Cross Asset Solutions providing distributors, family offices, mutual insurers and pension funds one-stop access to cross-asset solutions; Multi-Asset Solutions addressing the needs of major institutional investors, asset managers and corporates;
- a single financial engineering division to offer clients innovative hedging, investment and financing solutions across all asset classes;
- a Multi-Asset Client Servicing & Execution (MACSE) division to coordinate flow activities and digital offerings.

Fixed income, credit, forex and commodities markets (FIC: Fixed Income & Commodities)

On the fixed income markets, our teams offer clients financing, investment and hedging products and solutions on the credit, fixed income and forex markets in OECD and emerging countries. The teams are located in Europe (Paris, London, Milan, Madrid and Frankfurt), the Middle East (Dubai), Asia (Singapore, Tokyo, Hong Kong, Shanghai and Taipei) and in North America.

On the credit market, to address structural issues related to the growing disintermediation of financial markets, the GSCS teams (Global Structured Credit & Solutions) offer clients streamlined asset and liability management solutions: advisory and financing solutions for balance sheet reduction, arrangement of alternative financing and regulatory optimization. The organizational structure of GSCS, which combines origination, structuring, syndication and trading services, enables Natixis to develop services for clients right across the structured credit value chain.

Business in this market segment was brisk across the three international platforms in 2018 after a record year in 2017.

In Europe, the Merius investment platform, set up in 2016, grew further to exceed €1.7 billion in investment commitments at the end of 2018, confirming investor interest in this innovative solution on the Dutch residential mortgage market. Natixis helped to drive activity on the European market with a number of major deals both in the United Kingdom, including a £315 million RMBS for the credit institution Paratus and a €508 million CLO deal for leading asset manager Carlyle, and in continental Europe, with the inaugural €1 billion RMBS deal for BPCE and the €217 million securitization in Belgian and Luxembourg credit card loans for specialty lender Buyway.

In the United States, activity remained buoyed by the CLO market where Natixis is a recognized arranger and placement agent, ranking among the top ten CLO arrangers (*sources: New Issues—Thomson Reuters or Bloomberg*). Apart from the major CLO transactions conducted for the asset managers Voya ($607.7 million Voya CLO 2018-3) and Guggenheim ($402.5 million Guggenheim MM CLO 2018-1), activity also increased on the commercial real estate securitization segment ($600 million FORT CRE CLO for the FORTRESS fund) and aircraft leasing segment ($613 million AASET 2018-2 deal for Apollo Aviation).

2018 also saw confirmation of development in the Asia-Pacific region, with strong diversification of products and major offerings for Asian investors. This was particularly illustrated by two public RMBS deals for La Trobe (AUD 750 million) and Pepper (AUD 1.25 billion), which featured some tranches backed by green mortgages.

On the commodities and energy markets, the Global Markets Commodities (GMC) teams have, over the past four years, developed a selective range of flow products and base metals, precious metals and energy solutions for corporate and sovereign clients that specialize in these markets. Accordingly, Natixis has adopted a model that is resolutely focused on its clients in Asia, the Americas and Europe, and founded on the development of tailored and innovative solutions that meet clients' risk management and financing needs. This approach leverages the expertise of the teams on the derivatives markets, combined with that of the financing and economic research teams.

To ensure effective coverage of clients in the Energy & Natural Resources (ENR) sector in relation to price risk solution activities, a project is being considered to bring together GMC's marketing teams and ENR Finance's origination teams.

Treasury and collateral management

In compliance with the French law on the separation and regulation of banking activities, the Treasury and Collateral Management team, which used to report to Global Markets, was placed under the oversight of the Finance Department from April 1, 2017. A functional reporting line is maintained with the Global Head of Global Markets as well as with the Chief Financial Officer of Groupe BPCE.

Equity markets

Natixis and ODDO BHF entered into a long-term partnership on the equity markets, which resulted in the transfer of Natixis' French equity brokerage and research activities in France to ODDO BHF to create a leading player in continental Europe. The Natixis-ODDO BHF teams, counted as one, were ranked No. 1 broker in France *(source: Extel 2018)*.

On the equity derivatives market, Natixis offers solutions to match the goals and constraints of all its distributor and institutional clients. The bank caters to insurers, pension funds, asset managers, hedge funds, private banks, family offices, bank and insurance distribution networks and wealth management advisors.

In 2018, Natixis continued to enhance its offering with investment solutions such as the climate investment funds Magenta Climat and Transition Énergétique, an investment solution that is 90% guaranteed at all times, and whose performance driver is a Euronext index of 50 European stocks of companies committed to reducing carbon emissions (the ECO5E index). The Equity Derivatives teams were recognized for their expertise in solution design and distribution, as well as pre- and post-trade services, and the business received a number of awards in 2018: "Best Insurance Deal", "Best Distributor, France & Benelux", "Best Distributor, Italy" and "Best Training Initiative, Structured Products" *(source: Structured Retail Products Europe Structured Products & Derivatives Awards 2018)*.

In addition, the bank was named "Most Innovative Investment Bank for Climate & Sustainability" by the prestigious magazine *The Banker*. This award recognizes the pioneering role Natixis has played in the industry, including developing the first OAT green repack, SRI financial products including the first green-certified commercial real estate loan, the first securitization of green commercial mortgage receivables and also the setting up of an integrated Green & Sustainable Hub, whose cross-business activities help bring a green element to the entire range of financing and investment offerings.

Global Securities Financing

Resulting from the merger of the Equity Finance (Equity Derivatives) and Securities Financing group (Fixed Income) teams, Global Securities Financing aims to promote dialog with clients in order to provide them with multi-underlying and multi-product solutions. With 65 employees in Paris, London, Frankfurt, New York, Hong Kong and Tokyo, Global Securities Financing's primary areas of expertise are collateralized funding and collateral management (repos, securities lending/borrowing, etc.), repo market-making and credit and sovereign securities lending/borrowing, and index (equity) market-making as well as a Solutions Department. The pooling of expertise facilitates the development of innovative hybrid solutions.

The team also helps the bank adapt to changes in the market and regulatory constraints (relating to balance sheet, LCR, RWA, etc.), and provides an overview of the bank's assets, mainly equities and fixed income (collateral) in order to manage them more efficiently and comprehensively.

CVA/DVA desk

Global Markets has a centralized XVA management desk (CVA/DVA/FVA). Its core responsibilities are to measure and manage XVA exposures and hedge the main risks generated by these exposures.

Research

Research complements Natixis' sales strategy. Every day, the Research function publishes analyses to guide clients in their investment decisions and contributes to creating financial solutions tailored to clients' needs.

Global Markets research has developed recognized expertise in cross-asset, equity derivative, credit and macroeconomic research, investment strategies, and commodities, fixed income and forex research.

In July 2018, Natixis' equity research team was transferred to the broker ODDO BHF. This move is part of Natixis and ODDO BHF's long-term partnership to provide equity brokerage and research service continuity to Natixis and Groupe BPCE clients.

To enhance the search for innovative solutions for Natixis clients, particularly in the four key sectors identified as part of the New Dimension strategic plan, in October 2018, Global Markets Research announced the introduction of a new organization structure centered around teams devoted to specific themes combining macro and credit expertise in strategic sectors and complex asset classes that are insufficiently covered and/or growing strongly within the EMEA region:

- the ENR/Real Assets research team covers the Energy & National Resources, Real Estate & Hospitality, Infrastructure, Green Bonds, Hybrids and High Yield sectors.
- the Macro & Financial Institutions research team covers the main EMEA economies and major players in finance (banks, insurers, etc.).

Global Markets Research received a number of awards recognizing the expertise of its teams and their commitment to their clients. Euromoney ranked it no. 4 for Fixed Income Research and No. 1 across seven categories: Consumer Products & Retail, Corporate Hybrid Bonds, Covered Bonds & Pfandbriefe, Green Bonds/SRI, Credit Strategy, Supranational & Agencies, and Securitization & ABS. This is the first time that Natixis has secured the lead position in the Credit Strategy category, which is known as the most competitive group *(source: Euromoney Fixed Income Survey 2018)*.

Quantitative research contributes to the adaptation of our offering on the Capital Markets. It supports the bank's financial innovation process and ensures that it remains competitive in today's fast-changing markets. Its teams help develop pricing and risk management models and quantitative asset allocation strategies.

1.3.2.2 Financing

Energy & Natural Resources

Natixis' ambitions in the Energy and National Resources (ENR) sector are underpinned by its involvement for over 30 years with producers, distributors and traders in the three underlying industries (energy, metals, agricultural products), and as a global organization. Established in 2018, the ENR franchise has been adapted across the bank's three platforms (EMEA, APAC and the Americas) and has four pillars:

- ENR Industry Group: an industry bankers' group made up of specialists tasked with developing solutions for investment banking;
- ENR Advisory: industry M&A advisory activity, mainly targeting independent oil companies and mining groups, and a pool of engineers that provide Natixis with the capacity for technical analysis of the assets involved;
- ENR Finance: teams in charge of debt and both structured finance and commodity trade finance (CTF);
- GMC: commodity price hedging activity, led by ENR in partnership with the Capital Markets activities team.

As part of Natixis' ambition to be the go-to bank in this sector, 2018 was devoted to building teams and setting up governance. The objective for ENR is to offer clients the added value needed to foster strategic dialog and deliver tailored banking solutions with the input of all Corporate & Investment Banking teams.

The sectoral approach strategy for ENR clients in the development of investment banking solutions began to bear fruit in 2018 with Natixis actively involved in a number of market transactions. For example, in addition to Energean Oil & Gas Plc's IPO, Natixis supported clients in a number of bond issues in 2018, including acting as joint bookrunner for Neptune Energy Plc.

ENR's sector-based strategic approach was also reflected in the M&A advisory activity for clients in the sector with the completion of several significant mandates in the three major industries covered. Natixis is actively working to build up its own teams and relies on the network of affiliates (including PJ SOLOMON in the United States and Vermillion in China) to support the growth of its activities in this sector, which is central to strategic dialog with its clients.

In Structured Financing, Natixis led a number of high-profile landmark transactions with strong added value. It remained highly active across all parts of the world:

In the EMEA region, Natixis arranged a $1.275 billion facility for Energean Israel to fund the development of the Karish gas field off the coast of Israel in the Mediterranean Sea and participated in the IPO referred to above. PFI named the financing deal "Middle East and Africa Oil & Gas Deal of the Year". Natixis was also particularly active in Oman, where it arranged the Oman Gas company's acquisition of natural gas transportation assets from the government and renewed a $4 million pre-export facility that monetizes Oman's production of hydrocarbons. PFI also honored the bank's achievements in the Middle East, naming the Duqm petrochemical project in which Natixis was MLA "Middle East and Africa Petrochemical Deal of the Year". Finally, in Africa and the North Sea, the bank continued to finance independent oil companies to support their growth.

In Asia, Natixis arranged and syndicated $485 million in prefinancing for Sinochem Hongrun, a refinery in the Chinese province of Shandong.

In the America's region, ENR stepped up cooperation with PJ SOLOMON in the United States in order to develop the independent oil company M&A and financing business. PFI chose as its "Americas Mining Deal of the Year" the financing deal for the Mina Justa copper mine in Peru, for which the bank was MLA and Insurance and Marketing Agent.

Finally, Natixis was confirmed as a top-tier player in Commodity Trade Finance in a survey of 50 of its trader clients, who ranked it No. 2 Best Trade Bank in commodities and No. 1 in energy. The bank also continued its initiatives to digitize international commodity trade deals and participated in the development of the fintech Komgo alongside 14 other banks and industry players. Komgo is developing a blockchain to facilitate trade among all players across the value chain, including producers, traders, freight forwarders and banks. Finally, in line with the bank's sustainable development policy, Natixis participated in the $650 million revolving facility for ECOM Agroindustrial Corp., the financial terms of which are conditional upon ISR objectives.

Infrastructure

With over 1,100 projects financed in 25 years of business, Natixis' expertise in the infrastructure sector draws on its in-depth knowledge of the sectors and assets financed. Natixis is a world leader in the area, ranking No. 9 MLA globally in 2018 *(source: Project Finance International)*. It covers the four main infrastructure segments—electricity and renewable energy, telecoms, social infrastructure and transportation, and natural resources—and has a dedicated infrastructure M&A advisory team.

Drawing on its leading position in infrastructure debt vehicles, Natixis consolidated its joint investment platform by establishing partnerships with institutional investors. This platform allows them to invest in this asset class while offering borrowers a competitive source of liquidity. There are currently nine partners on the platform, with an investment capacity of €7 billion.

2018 saw sustained business activity in the three international platforms and across all asset types. Natixis made a strong mark in the Americas, where it was named "Bank of the Year" by PFI, underscoring its involvement in key Latin American deals. Natixis supported a large number of renewable projects in the region, such as Enel Green Power ("PFI Americas Solar Deal of the Year") in Mexico, where it was also named "Bank of the Year" by the magazine *LatinFinance*, as well as the Cerro Dominador project ("PFI Americas Renewables Deal of the Year") in Chile.

Natixis was also very active in Europe and the Middle East where, for example, it worked on the Çanakkale project (approximately €3.1 billion) in Turkey ("PFI Turkish Deal of the Year"), which includes building a highway and the longest suspension bridge in the world. It was also involved in the Sakaka Solar project, the first renewable energy project in Saudi Arabia ("PFI Middle East and Africa Power Deal of the Year").

Finally, Natixis is very well positioned in the telecommunications sector which is developing rapidly as a result of the digitization of the economy. Among other things, it advised the investment fund Cinven on the disposal of Ufinet's fiber optic networks in Spain and Latin America and arranged the financing for the deal.

Aviation

With 40 years' experience in the sector, Natixis is one of the biggest players in aviation worldwide and finances nearly 4% of the global fleet. It covers all types of assets (medium/long-haul, regional), and all manufacturers. It caters to airlines and aircraft leasing companies, with strong growth in the latter client category, including a first-time deal for the Dublin-based company SDH Wings involving a $295 million facility to finance the acquisition of a portfolio of six aircraft.

Drawing on its expertise in arranging, structuring and distributing Specialized Financing in these markets, including commercial loans, portfolio financing, financing with export cover and optimized loans (JOL, JOLCO, French lease, etc.), Natixis is developing a comprehensive investment banking, advisory (M&A, ratings) and hedging offering. For example, having begun its relationship with Avollon, the third biggest leasing company worldwide, as a senior secured lender, it now supports it across the continuum of expertise, including leading a $1 billion 5-year issue in 2018.

Natixis has a dedicated Shariah Board, which gives it a leading position in Islamic finance. In 2018, it issued an aircraft asset-backed Sukuk that allows Islamic investors to access dollar-denominated high-yield investments involving real assets. This deal is a first for Abu Dhabi Global Market (ADGM).

Natixis' other high-profile, high added-value transactions included arranging the biggest commercial loan ($950 million) in Asia-Pacific in 2018, for a portfolio of 41 aircraft for Vermillion Aviation Holdings Limited. The deal was named "Asia-Pacific Portfolio Financing Deal of the Year" by Airline Economics, which also awarded the title of "Asia-Pacific Overall Deal of the Year" to the $4 billion financing deal in favor of Macquarie.

Real Estate & Hospitality

Natixis has been a leading player in the Real Estate & Hospitality sector for 30 years. It has offices in Europe, the United States and Hong Kong, and covers all asset classes: residential, office, retail, logistics and hospitality (hotels, clinics, retirement homes, etc.). Natixis relies on its own M&A advisory team in Europe, in addition to the bank's network of affiliated consulting firms.

Natixis stands out for the strength of its underwriting and distribution capabilities and is the only French bank with a Pfandbriefbank (Natixis Pfandbriefbank AG), which allows it to issue German-law mortgage bonds. In the United States, it is one of the main players in the CMBS market, ranked ninth as at December 31, 2018 *(source: Commercial Mortgage Alert)*.

In 2018, Natixis continued its commitment to green and SRI finance. The €480 million loan it arranged to finance the development of the Duo towers in Paris was awarded Europe's first green commercial real estate loan certification, the "Climate Bond Certified" label, from the Climate Bonds Initiative ("CBI"). The Curve project in Seine-Saint-Denis in the Paris region also received green certification for real estate lending in Europe, according to the LMA's "Green Loan Principles".

In 2018, Natixis was ranked No. 1 MLA and bookrunner in France and Europe *(source: Dealogic)*, reflecting the vitality of its business and its positioning as a major arranger in the sector. 2018 saw the completion of a number of landmark transactions in France (€650 million in fully distributed financing for Foncière Vesta in the residential segment), Germany (financing of €335 million for the acquisition of an administrative complex in Frankfurt by Aroundtown and SOFA), Italy (total financing of €228 million for the healthcare sector) and Spain (acquisition of four shopping centers by Castellana Properties Socimi in the south of the country). Natixis Pfandbriefbank AG continued its development in 2018 and, in particular, issued €265 million in additional "Pfandbrief" bonds, bringing total issuance since the institution was established to €1.5 billion.

In the United States, activity was extremely buoyant nationwide and across all asset types, with high-profile transactions such as €1.9 billion in financing for the renovation of 20 Times Square, the first newly constructed Times Square property for 30 years, or the $310 million financing of a tower of 685 luxury units in Los Angeles.

Distribution & Portfolio Management

Distribution & Portfolio Management (DPM) develops optimal financing solutions for business and attractive investment opportunities for investors. The experienced team of 215 professionals is spread over our three international platforms: the America, EMEA and Asia-Pacific. It proactively manages the financing put in place by Natixis, in terms of credit quality and profitability.

In 2018, Natixis continued to consolidate its O2D model, which is a central part of its strategy. The bank stands out for the strength of its distribution capabilities, enhanced by coordination between its three major international platforms. The Global Portfolio Management business lines, responsible for the active management of the loan portfolio, extended its scope to include syndication and was renamed Distribution & Portfolio Management (DPM). The syndication/distribution of corporate, acquisition and high yield financing for the four key sectors is now housed in a single department that reports to DPM and Global Markets. This restructuring supports the development of the sector-based approach in investment banking and strengthens the bank's underwriting and distribution capabilities. Natixis also launched the digital platform "Singular", the main purpose of which is to improve collaboration and visibility across the O2D chain and ultimately provide a better service for clients.

These measures have helped accelerate balance-sheet rotation and have led to a sharp increase in business levels despite increased regulatory constraints and steeper competition. *Risk Magazine* named Natixis "Credit Portfolio Manager of the Year" for its innovative, integrated approach of its portfolio management, which is central to its strategy.

Trade & Treasury Solutions

In June 2018, Global Transaction Banking restructured its organization to become Trade & Treasury Solutions (TTS). This change is intended to offer clients more tailored, value-added solutions to capitalize on Natixis' expertise.

TTS is structured as two flagship businesses: Treasury Solutions and Trade Finance.

In Treasury Management Solutions, TTS helps corporate clients manage, optimize and enhance their cash flow by providing them with a multi-bank, paperless centralized account statement service as well as automated multi-bank cash solutions. TTS delivers products that put their cash surpluses to work through interest-bearing accounts, including deposit accounts, securities accounts and market deposits.

TTS also supports financial institutions at every stage of transaction processing (centralization of payments to and from Europe, optimization and simplification of international payment circuits).

It complements these solutions with security arrangements to protect against the risk of fraud.

In Trade Finance, TTS helps its clients' international development with its solutions for financing and securing their import and export operations (out of Dubai, Hong Kong, Moscow, New York, Paris, São Paulo, Shanghai and Singapore), and with its supply chain finance solutions for optimizing their cash flow and financing to their suppliers. The business is present in France and across the platforms in Asia-Pacific, the Americas and EMEA, and has strong banking risk coverage capabilities and a full range of market guarantees.

Natixis received the "Greenwich Share Leader" award for 2018 in the "Large Corporate Trade Finance" category for France (*source: Greenwich Associates*).

As part of TTS's digital strategy, clients can now track their international payments in real time and optimize their cash management with My Tracked Transfer, carry out transfers in real time within the SEPA area with Instant Payment, and secure their bank details with SEPAmail Diamond.

Natixis joined Marco Polo, a consortium bringing together a global network of banks and R3 and TradeX that allows businesses to manage and finance their trade and supply chain finance transactions.

Internationally, Natixis continued to develop its O2D strategy for TTS in Asia-Pacific and completed its first syndicated import loan with Taiwanese client TPK.

1.3.2.3 Investment Banking

Strategic and acquisition finance

Natixis is a world-class player in strategic and acquisition finance, with over 25 years of experience in the sector and offices in the EMEA region (Paris, London, Milan and Madrid), Asia-Pacific (Hong Kong, Singapore and Sydney) and the Americas (New York). It offers corporate clients, investment funds, family offices and institutional clients a full range of financing (bonds, loans, private placements) for their various strategic requirements, including acquisitions, shareholder restructuring and investments, debt financing and post-IPO financing. Natixis arranges tailor-made solutions, drawing on the full range of its expertise in M&A advisory services, equity capital market transactions and bonds. It is also recognized for its structuring and placement capacity, thanks to its dedicated syndication and secondary-market teams.

After a year of strong growth 2017, the business continued to enjoy solid business levels in 2018 by arranging a wide variety of innovative, landmark transactions.

As part of its commitment to the development of a sustainable global economy, Natixis helped to strengthen the growth and development strategy of French company Séché Environnement by acting as coordinator and active bookrunner for a bond issue (euroPP) and for the underwriting a line of credit with a renewable credit facility that incorporated innovative environmental, social and governance (ESG) performance criteria.

In the cosmetics industry, Natixis acted as sole underwriter and MLA/bookrunner in the acquisition in the United States of the company Arbonne International by the Yves Rocher group. It also carried out the currency hedging and part of the interest rate hedging.

Natixis also provided sales advice and co-arranged the acquisition financing of two Ufinet entities operating in fiber optic networks: one in Spain by the fund Antin and the other in Latin America by the investment fund Cinven. The transaction consisted of two term loan B facilities, two revolving credit facilities and a credit line, and was named "Deal of the Year" by the magazine *TMT Finance*.

In Asia, Natixis acted as financing advisor and joint MLA/bookrunner for the Chinese semiconductor group Tsinghua Unigroup for its acquisition of Linxens.

Finally, Natixis arranged a long-term loan agreement for Générale de Santé, backed by a security trust relating to the shares of a real estate subsidiary that owns the buildings of a private hospital in the Greater Paris region.

Natixis was ranked No. 1 bookrunner for sponsored loans and No. 5 for leveraged loans in the EMEA region *(source: Thomson Reuters)*.

Bond origination

Operating on the principal European, American and Asian markets, Natixis advises and supports all categories of issuers (corporates, financial institutions, sovereigns/supranationals/branches), helping them obtain financing on the euro and foreign-currency bond markets (£, $, ¥), and particularly in the green bond, investment grade, covered bond, high yield, hybrid and private placement segments.

In 2018, Natixis continued its development and led a number of innovative landmark transactions in the following segments:

- Covered bond: As the winner of the "Best Euro Lead Manager for Covered Bonds" award (*source: GlobalCapital*), Natixis affirmed its expertise and leading role in this segment, including managing Nordéa's dual-tranche issue (€1.25 billion at 5 years and €750 million at 15 years);
- Green bond: Natixis remained heavily involved in the energy transition, acting as joint bookrunner for Société du Grand Paris for an inaugural issue of €1.75 billion. The Asia-Pacific platform also demonstrated its expertise in this area yet again by leading China Everbright Bank's $300 million issue;
- Social bond: Natixis also finances social-impact projects and led issues by the African Development Bank (€1.25 billion) and Danone (€300 million);
- Hybrid: Natixis led La Poste's €750 million perpetual bond issue as bookrunner;
- Sukuk: in Dubai, Natixis carried out notable operations as joint lead manager and bookrunner of the 10th public debt issue ($1.3 billion) of the Islamic Development Bank's since 2013.

Natixis also led numerous dual-tranche issues in 2018, including those of Mizuho (5-year and 10-year €500 million senior unsecured issues) and Elkem (Schuldschein). It also acted as joint bookrunner in SCOR's "Regulation S" perpetual deeply subordinated Tier 1 notes issue ($625 million), the first issue in France governed by Solvency 2 regulation.

On the emerging markets, Natixis was involved in the €750 million plain vanilla bond issue of the International Bank for Reconstruction and Development (IBRD).

Lastly, Natixis contributed to financing for Groupe BPCE and to expanding its investor base, both through the issuance of structured notes and the placement of plain vanilla uncovered bonds for the Group.

Equity Capital Markets

On the Equity Capital Markets (ECM), Natixis provides clients with tailored advisory services for all transactions that affect their capital structure: IPOs, capital increases and convertible or exchangeable bond issues. Natixis is also developing advisory services for public tenders or exchange offers.

It also maintains a Corporate Broking business that offers clients intermediation services for acquisitions and disposals on the equity market, share buybacks and liquidity contracts.

In 2018, in a period of market volatility, Natixis/ODDO-BHF was ranked No. 1 (first equal) on the IPO market in France by number of deals and by volume as at December 31, 2018 *(source: Bloomberg).* Natixis also acted as global coordinator and joint bookrunner in the IPOs of 2CRSI, which specializes in the design and manufacture of computer servers, and Neoen, one of the biggest producers of exclusively renewable energy in the world. The Neoen deal was the biggest IPO on Euronext Paris in 2018 and among the 10 largest transactions in Europe.

In Corporate Broking, Natixis consolidated its franchise thanks to very buoyant activity (up 14% compared with 2017) that included some of the biggest share buybacks in the market (Total, Sanofi, Safran, etc.).

The partnership entered into with ODDO-BHF in 2018 has allowed Natixis to strengthen its position on the equity capital markets and, in particular, to increase its capacity to deliver liquidity contracts to its clients (Natixis/ODDO-BHF is the leader in this activity on the Euronext Paris markets, with 99 liquidity contracts managed as at December 31, 2018—*source: AMAFI*).

Natixis/ODDO-BHF was also ranked No. 2 bookrunner in the French equity market by number of deals and by volume as at December 31, 2018 (excluding ABB) *(source: Bloomberg).*

Equity-linked finance

The Strategic Equity Transaction team, which specializes in equity-linked finance, designs solutions to help clients manage their equity positions. These transactions use financing tools, derivatives and other financial instruments, which serve Natixis' large European and international corporate clients and aim to cover their equity-related needs in equity interests, company-controlled stock and dilution/accretion.

Financial structure and rating advisory services

This advisory business activity focuses on the analysis of financial structures and credit rating issues for Natixis' corporate and financial institution clients. It aims to define the most appropriate equity and debt-based financing solutions for its clients. The internationalization and increasing disintermediation of the Capital Markets have increased clients' reliance on ratings, giving this business line increasing strategic importance. The rating advisory expertise is applied to analyze and optimize the impact of major events on clients' ratings, and even extends to assisting clients with obtaining their first rating.

1.3.2.4 Mergers & Acquisitions

Natixis' mergers and acquisitions (M&A) teams help large and medium-sized commercial and industrial enterprises, institutional investors and investment funds prepare and execute disposals and mergers, fundraising, restructuring and capital protection.

In 2018, Natixis made strategic investments in three independent M&A consulting firms that are leaders in their respective market segments: Fenchurch Advisory Partners in the UK (Financial Services), Vermilion Partners in China, and Clipperton in France (technology sectors). These new investments are helping Natixis to speed up its business internationalization efforts, while furthering its expansion in Europe and Asia-Pacific.

Natixis and its six affiliates (Natixis Partners, Natixis Partners Spain, PJ SOLOMON, Vermilion Partners, Fenchurch Advisory Partners and Clipperton) are currently present across 12 locations: Berlin, Hong Kong, Houston, London, Madrid, Milan, Munich, New York, Paris, Beijing, Shanghai and Shenzhen.

In France, Natixis is a major player in mergers and acquisitions. *Private Equity Magazine* named Natixis Partners "Advisor of the year—M&A Large Cap" in 2018. Natixis and its affiliate Natixis Partners ranked fifth by number of deals as at December 31, 2018 *(source: Mergermarket)*.

Internationally, Natixis strengthened its franchise across all three platforms: EMEA, the Americas and Asia-Pacific. By encouraging cooperation among the teams of its various offices, the bank is expanding support for French clients' international operations and assisting international investors wishing to establish themselves on the markets covered by Natixis. In 2018, Natixis and Natixis Partners also advised the Chinese consortium comprising Fosun International Limited ("Fosun") and Beijing Sanyuan Foods Co., Ltd. ("Sanyuan") on the acquisition of a 100% stake in Group St Hubert. In the US, PJ SOLOMON assisted the Yves Rocher group in its acquisition of Arbonne International. Natixis also acted as Sole Underwriter and MLA/Bookrunner of the acquisition debt. It also carried out the currency hedging and part of the interest rate hedging.

As part of its strategy to concentrate its energies on strategic sectors *(see Section 1.3.2.2)*, Natixis and its affiliates have deployed dedicated M&A teams to deliver optimum solutions to clients in these sectors.

Natixis' M&A expertise in telecoms infrastructure was honored at the TMT M&A award ceremony in London in November 2018. The "TMT Infrastructure Deal of the Year 2018—EMEA" award was given to the Ufinet Telecom asset sale for a total of €2 billion, in which Natixis Partners was M&A advisor. The deal involved the acquisition by Antin Infrastructure Partners of Ufinet Telecom's Spanish activities and the acquisition by Sixth Cinven Fund of Ufinet Telecom's assets in Latin America. Natixis Partners Spain acted as financial advisor for Cinven and Natixis co-arranged the acquisition financing for both deals.

1.3.2.5 Miscellaneous: Other run-off activities

In 2008, Natixis established the GAPC division structure (Gestion Active des Portefeuilles Cantonnés—Workout Portfolio Management) in order to (i) isolate the assets that were most impacted by the crisis and that were no longer deemed to fit the new strategic direction of Natixis, and (ii) progressively offload these assets by means of active management, ensuring the proper balance between speeding up the return of capital and the resale price of the assets.

The drastic run-off of assets led to the closure of GAPC on June 30, 2014. Since June 30, 2009, a portion of the GAPC portfolios has been covered by a guarantee from BPCE. The monitoring system and guarantee mechanism remain strictly unchanged since June 30, 2014. Since June 30, 2016, in view of the current value of the Option *(see "TRS" and "Option" below)*, Natixis has not recorded any capital savings on assets hedged by the TRS.

General mechanism of the guarantee

The guarantee, which was agreed in principle and announced in August 2009, was formally approved on November 12, 2009 by the corporate bodies of BPCE and of Natixis, with retroactive effect to July 1, 2009.

The general mechanism behind the guarantee is based on the establishment of:

i. Two Total Return Swap (TRS) agreements, one in US dollars and the other in euros, covering 85% of the net value of the assets recognized in the trading portfolio and risks linked to counterparties not providing collateral. The purpose of these TRS is to transfer 85% of the gains or losses of the accounting units in which the assets are recognized at their fair value through profit or loss. On top of these two TRS, Natixis purchased an option from BPCE (the "Option") allowing it, should it be exercised, to recover, in 10 years' time, the capitalized net performance of the portfolios covered by the TRS and to terminate the TRS;

ii. A financial guarantee covering 85% of the nominal value of the assets recognized under IFRS as "loans and receivables" (L&R) and "available-for-sale assets" (AFS), as determined at the effective date of the guarantee (i.e. June 30, 2009), less any amortization expensed prior to June 30, 2009.

Pursuant to the terms of this financial guarantee, in the event of non-payment confirmed on the scheduled contractual payment date of sums due in respect of any of the assets in the guaranteed portfolio, Natixis will be paid by BPCE from the first euro up to 85% of the amount due. The payment will be made in the currency in which the defaulting asset is denominated. The expiry date of the financial guarantee is the date from which Natixis is no longer required to pay over to BPCE the sums recovered on assets in the guaranteed portfolio having defaulted. It post-dates the expiry date of the guarantee by 15 years.

The guarantee covers portfolio assets held both by Natixis and by its subsidiaries, and agreements between Natixis and its subsidiaries have been put in place with respect to this mechanism.

1.3.3 INSURANCE

Insurance division

The Insurance division consists of a holding company, Natixis Assurances, which owns various operating insurance subsidiaries that develop and manage a comprehensive range of insurance solutions for individuals and professionals. The division is structured around two large business lines and one activity common to all of Groupe BPCE:

- the Personal Insurance business, which focuses on the development of portfolios for life insurance, investment and retirement savings, and a very wide range of personal protection coverage (death benefit, work cessation and dependency) and payment protection solutions;
- the Non-Life Insurance business, focused on developing portfolios for motor and multi-risk home insurance, personal accident insurance, legal protection, healthcare, and property and casualty insurance;
- Insurance Solutions handles insurance segments for Groupe BPCE that are not dealt with by its insurance subsidiaries, e.g. the Group's insurance program.

Natixis' Insurance division had 1,741 full-time equivalent (FTE) employees at the end of 2018, compared to 1,601 at the end of 2017. The Insurance business generated total revenue from direct sales of €12.0 billion in 2018.

The Insurance division is composed of several legal entities (excluding investment vehicles):

Group company	Legal form	Location	% voting rights	% of ownership
Natixis Assurances	Joint stock company	France	100%	100%
BPCE Vie	Joint stock company	France	100%	100%
BPCE Prévoyance	Joint stock company	France	100%	100%
BPCE Assurances	Joint stock company	France	100%	100%
Natixis Life	Joint stock company	Luxembourg	100%	100%
BPCE APS	Simplified joint-stock company	France	53%	53%
BPCE Relation Assurances EIG	Economic Interest Group	France	100%	100%
BPCE IARD	Joint stock company	France	49.48%	49.48%
ADIR	Joint stock company	Lebanon	34%	34%
Ecureuil Vie Développement	Simplified joint-stock company	France	51%	51%

The Group's five biggest entities are:

- BPCE Vie, a mixed life insurance company that offers a comprehensive range of policies and agreements with commitments that are tied to the length of the policyholder's life. BPCE Vie accounts for the majority of the Personal Insurance business's workforce and provides the other entities of the Insurance division with various resources necessary for operating insurance activities;
- BPCE Assurances, a non-life insurance company that offers a full range of property and casualty insurance products (auto insurance, multi-risk home insurance, personal accident coverage, health insurance, legal protection and business and personal protection insurance for professionals);

- Natixis Life, a Luxembourg-based life insurance company that offers life insurance and investment solutions to high net-worth customers;
- BPCE Prévoyance, a non-life insurance company whose operations include insurance coverage for accidents, sickness and different forms of financial loss;
- BPCE IARD, a non-life insurance company that offers a full range of property and casualty insurance products (auto insurance, multi-risk home insurance and legal and multi-risk coverage for professionals).

In geographic terms, most of the Insurance division's activity is concentrated in France and handled by companies established in France. However, the Personal Insurance business line owns a Luxembourg-based entity that focuses on life insurance products for Wealth Management clients. This entity is a client of the BPCE networks and non-Group entities in various European Union countries. It also owns an entity in Lebanon through an equity interest in a subsidiary in partnership with a local private bank.

The Insurance division was created in 2014, in line with Groupe BPCE's strategic ambition to become a fully-fledged bancassurance player primarily serving clients from the two main banking networks of Groupe BPCE: the Banque Populaire banks and Caisses d'Epargne savings banks. This strategic drive resulted in the following structure-changing transactions:

- in March 2014, Natixis Assurances acquired 60% of BPCE Assurances, a non-life insurance company created to serve customers of the Caisse d'Epargne network. The acquisition enabled the Group to set up the Non-life Insurance business, in conjunction with BPCE IARD, to serve Banques Populaires customers. This was followed by the purchase of a 40% stake in BPCE Assurances's capital (hitherto owned by MACIF and MAIF) on November 16, 2017. As a result of this transaction, Natixis Assurance became BCPE Assurances's sole shareholder;
- in the first quarter of 2015, Groupe BPCE and CNP Assurances finalized the renegotiation of their partnership. Accordingly, the distribution of life insurance policies for retirement savings and personal protection insurance, handled by the Personal Insurance business line, was extended to the Caisse d'Epargne network, with effect from January 1, 2016.

Natixis' Insurance division, through its different operational entities, now offers a comprehensive range of life and non-life insurance policies, with the Banque Populaire banks and Caisses d'Epargne being the main contributors to the business.

The Insurance division's operating environment

The division's New Dimension Plan for 2018-2020, which was presented at the end of 2017, aims to cement Natixis Assurances's position as a front-running insurer in France, by delivering a differentiated customer experience and top-flight operating performances. The new plan will span the property & casualty arm's entire value chain, by creating a single management platform run by Natixis Assurances to better serve Banques Populaires and the Caisses d'Epargne (the Innove#2020 project).

Over the last few years, the Insurance division has been operating in unprecedented market conditions: macroeconomic and financial shifts have resulted in the implementation of monetary policies with significant impacts on life insurance policies for retirement savings, and, to a lesser extent, the non-life insurance business. In particular, historically low interest rates, which are the main source of revenue for life insurance players, have led to significant changes in product and investment strategies:

- life insurance products have been aimed at improving the sharing of outcomes among the various stakeholders in order to guarantee the right balance between sustainable business competitiveness and solvency protection in the medium term. Similarly, the Personal Insurance business line has responded to the sharp decrease of market interest rates by lowering the revaluations incorporated into its policies. This has allowed it to accumulate a significant profit-sharing reserve representing over a year of revalued outstandings at the end of 2018. This reserve could be used as a significant cushion to supplement "policy" revaluations over the next eight years;
- a variety of commercial initiatives targeted at end-customers and the business provider networks, to increase the share of inflows and assets invested in unit-linked products;
- the steady decline in returns from traditional fixed-rate assets has led to a number of changes in asset management policy:
  - the diversification of fixed-income investments towards private debt,
  - the gradual reallocation of the equity compartment to shares generating recurrent dividends, taking advantage of entry points at end-2018,
  - developing a compartment for unlisted investments in private equity and real estate.

In addition, the insurance business is monitored via prudential and regulatory oversight, a process that has seen significant changes:

- the Solvency II Directive came into effect on January 1, 2016, resulting in changes in organizational structure, operating procedures and the assessment of minimum solvency as required for developed activities. In the current context of historically low interest rates, this change constitutes a major challenge. The division prepared for this challenge by modifying its governance and risk management processes;
- similarly, 2018 saw new regulations come into force in the insurance sector (PRIIPS, IDD, GDPR, easier termination of payment protection insurance), all of which are likely to lead to changes to products and operating procedures;
- finally, the upcoming entry into force of IFRS 9 and IFRS 17 will oblige the Insurance division to adapt its financial and technical management. A project to achieve this was launched in 2017. On November 14, 2018, the International Accounting Standards Board voted in favor of postponing the entry into force of IFRS 9 and IFRS 17 from 2021 until 2022. IFRS 17 will be submitted for public consultation in 2019. Natixis Assurances is pushing ahead with efforts in preparation for the application of this standard.

Finally, the rapid development of digital technology and its application in the development of new methods of distribution and customer interaction is a source of opportunities that the Insurance division is closely monitoring. Accordingly, it has pursued a policy aimed at:

- digitizing management processes: the business line intends to continue pursuing the digitization and automation of low-value-added processes in order to become one of the most efficient players in terms of management costs relative to assets under management; In personal insurance, the division rolled out a new multi-site, multi-banner customer relationship model in 2018, with identical organization, tools and customer relations processes for both the Banque Populaire banks and Caisses d'Epargne A platform for processing inheritance claims was also set up;

- adapting subscription processes to incorporate new digital tools and customer behaviors. A significant share of non-life subscriptions is already carried out and formalized remotely using an electronic signature. Steps have been taken to preempt rapid development in these approaches;
- continuing to scale down administrative management activities in favor of in-branch transactions using applications installed on work stations and customer-initiated transactions through the self-care options gradually being rolled out for the majority of products and management operations;
- continuing to adapt information systems with the aim of improving operational efficiency and service quality. For example, the changeover from BPCE Vie's "Life Insurance Savings" management information system, finalized in 2012, was followed in 2016 by changes to BPCE Assurances' management information system for property and casualty insurance. The process of transforming and digitizing BPCE Assurance's claims management IT system (Purple#Care project), which launched in 2017, was successfully rolled out in Two-Wheeler (2 Roues) and Four-Wheeler (4 Roues) insurance in June and December 2018. Finally, plans to modernize Natixis Life's IT system, with a view to speeding up growth in the business line, increasing profitability and operating performance through process digitization and automation, and improving risk control, were put into action in 2018;
- outsourcing low-value-added operations to address variations in business activity or to process specific operations for which adequate in-house skills or expertise is not immediately available;
- implementing a single operating model for non-life insurance across all Groupe BPCE networks. The #Popt'Timiz project to pool Banques Populaires's and Caisse d'Epargne's Middle Office and Back Office activities took concrete form in November 2018, with the roll-out of the APS platform across three Banques Populaires banks. The #INNOVE2020 program, in which BPCE Assurance is to become the sole non-life insurance platform for Banques Populaires and Caisse d'Epargne retail customers by 2020, was launched in 2018.

Natixis Assurances' strategy for these two business lines is therefore to develop a sustainable level of business activity, by maintaining the right balance between price competitiveness and the preservation of fundamental technical parameters.

Personal insurance

Total revenue from direct sales climbed 1.3% relative to 2017, to €10.5 billion, driven by the Caisse d'Epargne network, strong momentum in personal protection insurance, and healthy trends in payment protection insurance. Assets under management were up 9.8% to €60.1 billion. Revenue from the personal protection insurance and payment protection insurance businesses totaled €886 million in 2018, up 8% compared to the previous year.

Non-life insurance

Non-life insurance revenues continued to show growth: premium income from property and casualty insurance totaled €1,482 million, up 7%. Growth was driven by auto (+9%) and multi-risk home insurance (+7%). The contract portfolio grew by more than 5% in 2018, totaling 5.8 million policies. This result reflects strong sales performances in both networks.

1.3.4 SPECIALIZED FINANCIAL SERVICES

Specialized Financial Services at Natixis comprises two major business categories: Specialized Financing and Financial Services, with similar industry and distribution strategies.

These businesses are dedicated to the development of the BPCE networks (the Banque Populaire and Caisse d'Epargne banks, among others), thus building strong synergies.

Specialized Financing offers retail, professional and corporate customers a range of services to optimize their cash management or support their investment projects: Factoring, Sureties & Financial Guarantees, Leasing, Consumer Finance, and film and audiovisual financing.

Financial Services comprise employee savings (profit-sharing and incentive plans), pension schemes (individual and collective pension plans, etc.), collective personal protection insurance, securities account administration and financial market transactions (retail and Private Banking custody) and service vouchers.

In line with Groupe BPCE's "Together" and "Growing Differently" projects, the 2018-2020 plan maintained its goal of further increasing synergies with the Banque Populaire and Caisse d'Epargne networks. It is supplemented by the strong ambition to pursue an innovation and digitalization strategy to make the businesses 100% digital by 2020.

As a reminder, in a press release on September 12, 2018, Natixis announced plans to sell its retail banking business to BPCE S.A. (Factoring, Sureties and Guarantees, Leasing, Consumer finance, securities).

1.3.4.1 Specialized financing

Factoring

The Natixis Factor subsidiary creates and manages solutions designed to enable companies of all sizes to optimize and manage their accounts receivable: factoring and financing, credit insurance, information and receivables management.

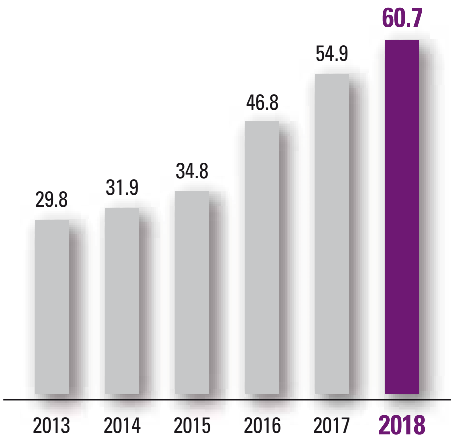
In 2018, Natixis Factor posted annual factored turnover of nearly €59 billion, up 11%, and had a market share of close to 19% *(source: ASF, September 30, 2018)*.

With nearly 2,400 new contracts signed this year, Natixis Factor affirmed its leading position and consolidated its historical development strategy: to support companies, from professionals to major corporate clients. Its client satisfaction rate was 89% at the end of 2018.

ProZen, a simple, à la carte, commitment-free way for professionals to access factoring, was launched in 2018 to meet changing customer expectations in an increasingly digital world.

FACTORED TURNOVER OVER THE PAST 5 YEARS*

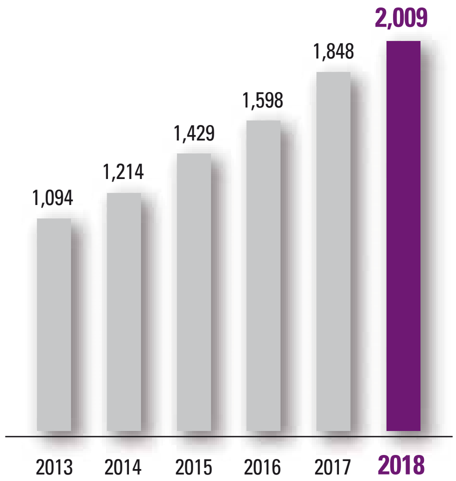
(in billions of euros)



* Incl. Midt Factoring since 2016.

CEGC'S REGULATORY GUARANTEES

(in millions of euros)



Sureties and Guarantees

The insurance company Compagnie Européenne de Garanties et Cautions (CEGC) is Natixis' guarantee and surety platform for multiple business lines.

The platform's broad offering caters to individuals and banks, companies and professionals that use financial guarantees to ensure the reliability of credit transactions or to secure contracts, projects and transactions.

Bank loan sureties secure financing for individuals (mortgage guarantees), professionals (business start-ups or transfers, equipment, commercial property) and social economy and social housing operators (medium- and long-term loan sureties). The contractual, tax or regulated financial guarantees are used to help companies in their development. Financial guarantees to real estate businesses protect consumers or secure transactions in accordance with regulations that are specific to certain trades: guarantees to single-family home builders and real estate developers, guarantees to property managers and real-estate agents.

CEGC ranks second in the French market for mortgage guarantees for individuals *(source: internal CEGC survey)* and guaranteed over €30 billion in loans in 2018 in a declining market despite persistently low interest rates. Banque Populaire retail customers can now take out guarantees on their mortgages online.

CEGC is a leading player in the property administration, third-party management of retail and office space, and residential sector market, issuing over 7,000 guarantees in 2018 with a volume of nearly €7.9 billion. In 2018, it also guaranteed the completion of more than 19,000 individual homes in France. In addition, a new "construction insurance" product for single-family home builders was developed in 2018 for launch in January 2019.

CEGC is also present on the business market thanks to its digital offering in market sureties management solutions, with more than 104,000 guarantees issued in 2018, up 13%.

Leasing

Natixis Lease is a subsidiary of Natixis and develops and distributes one of the widest ranges of integrated solutions on the market in terms of equipment and real estate leasing, long-term vehicle leasing, renewable energy financing and IT operational leasing. It also arranges and syndicates customer loans.

Natixis Lease is a key player in the French leasing market. It supports companies and other professionals in all of their equipment and real estate leasing investment projects and includes social economy and institutional players among its customers.

Natixis Lease's specialization in financing companies and professionals as well as its in-depth knowledge of professional real estate, give it a better understanding of customer expectations in the Banque Populaire, Caisse d'Epargne and Natixis networks.

New leases were up by 12% to €4.0 billion, resulting in an average outstanding amount of €13.1 billion (up 7%).

Equipment leasing in mainland France, overseas territories, Spain and Italy recorded a 5% increase with €2.6 billion in new leases. Front Lease, an equipment-leasing sales tool integrated into advisor workstations, contributed to this significant increase in the number of new leases.

With over €353 million in leases arranged, Energeco completed many innovative deals on the French market.

Natixis Lease continued to roll out its offer in the Banque Populaire and Caisse d'Epargne banks, recording more than 9,000 new orders in long-term vehicle leasing in 2018, and launching a Lease-to-Own solution for retail customers.

Much of Natixis Lease's focus in 2018 was on the digitization of the customer journey, including developing a number of products and tools to meet the challenges of changing distribution methods and enhance the customer experience.

Consumer finance

Natixis Financement develops revolving credit products and manages personal repayment loans for Groupe BPCE banking networks.

It provides the full range of consumer finance expertise for Groupe BPCE banks: design and marketing, network coordination, credit scoring, management and carrying of loans (revolving credit), collections and litigation. Despite a very restricted consumer financing backdrop during the year, Natixis Financement maintained solid commercial momentum, particularly in repayment loans.

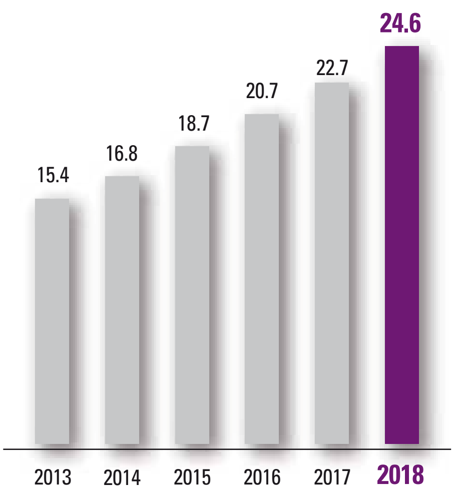
New loans totaled €12.1 billion (of which nearly €1.2 billion for revolving credit and more than €10.8 billion for personal repayment loans).

At December 31, 2018, outstanding loans stood at €24.6 billion, up 8% year-on-year, consolidating the Company's No. 3 spot on the French market *(source: internal Natixis Financement survey).*

These solid performances allowed the Caisse d'Epargne and Banque Populaire banks to gain market share, highlighting the effectiveness of the model developed by Natixis Financement with the BPCE networks.

In 2018, a program was introduced to "reinvent Revolving Credit", by offering a new customer experience from the application stage to the management of the loan across all channels. A number of new offers were also launched including a restructuring loan solution to "reprofile" customer debt in accordance with their circumstances and a Lease-to-Own solutions for individuals delivered in partnership with Natixis Lease.

■ CHANGE IN OUTSTANDING MANAGED LOANS
(in billions of euros)



Film industry financing

Operating through the Natixis Coficiné subsidiary and holding market-leading positions in France and Europe, Natixis finances the full spectrum of audiovisual professions and cultural industries.

After initially targeting a French client base, Natixis Coficiné is now expanding its activities in several countries in the European Union (Germany, Belgium, Spain, Italy, Luxembourg, the UK and Nordic countries), the United States and Canada.

New financing totaled €520 million in 2018. In descending order, the loans mainly went towards financing cinematographic works, television programs and movie theaters. Natixis Coficiné managed a total of €925 million in loans at end-2018.

More than half of 2018 César-nominated films and nearly one-third of nominated and award-winning films at major European festivals were financed by Natixis Coficiné and its Film Industry Financing companies (SOFICA) in 2018.

1.3.4.2 Financial services

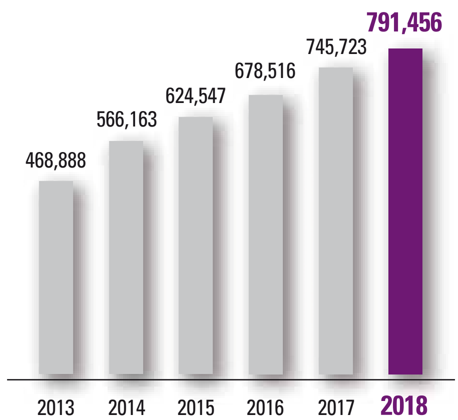
Employee savings schemes

In 2018, Natixis Interépargne consolidated its leading position in employee savings account administration in France, with over 2.9 million employee accounts under management, i.e. a market share of 28% *(source: AFG at June 30, 2018).*

The PERCO collective pension plan continued to grow, with a further increase of nearly 6% in the number of savers holding assets in a PERCO and assets under management showing firm resistance (+3.2%) despite a fall in the markets in the final quarter. The market share of PERCO accounts under management was 28.6% *(source: AFG at June 30, 2018).*

The employee savings offer tailored to SMEs and professionals, distributed by the Banque Populaire and Caisse d'Epargne networks, delivered another strong performance with 15,480 new contracts. To further optimize the client experience, Natixis Interépargne has based its innovation approach on feedback from companies and PERCO clients and on the co-creation of new services. As part of its firm commitment to the digital transformation of its processes and offerings, Natixis Interépargne offers PERCO clients a comprehensive range of digital services and online tools (virtual advisor, simulation tools, smartphone and tablet applications enabling mobile transactions, etc.). In 2018, it set up a new website for savers that is clearer and easier to navigate and is trialing personalized online savings management advice with a small number of pilot customers.

■ CHANGE IN THE NUMBER OF COLLECTIVE PENSION PLAN (PERCO) ACCOUNTS
(in millions of euros)



Securities

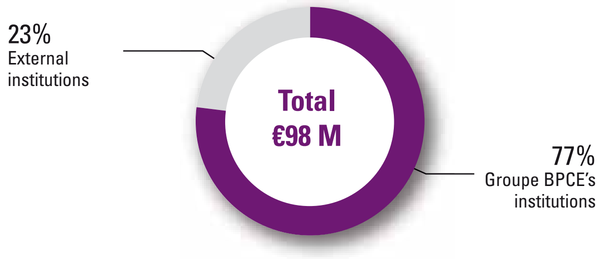
Natixis' EuroTitres Department provides custody services for retail and Private Banking and is the leader in custody services to retail outsourcing.

Natixis manages over 3.1 million securities accounts for a diversified client base comprising Groupe BPCE's banking networks, other banking institutions with or without retail networks, financial companies and Private Banking Asset Management firms.

Its service offering is modular and customizable: secure provision of information systems, all-inclusive back-office services (order routing, transaction accounting, client reporting, securities custody, etc.), dedicated middle-office services, network assistance services and end customers.

Natixis also offers an online exchange solution, the online client range ("OIC"). This was developed as a white label for integration into each banking institution's environment. In 2018, EuroTitres upgraded its website by providing Banque Populaire and Caisse d'Epargne retail customers with a new version that is optimized for all screens.

■ REVENUE BREAKDOWN OF EUROTITRES DEPARTMENT BY CUSTOMER TYPE



1.3.4.3 Payments

Natixis Payments is a payment services provider backed by Groupe BPCE. It offers all European public and private economic stakeholders a full range of payment solutions and services. Through its various entities (especially Natixis Payment Solutions for payment processing solutions Dalenys and S-money), Natixis Payments is active along the entire value chain, including issuance, acquisition, online payments, e-wallets, prepaid cards and everything in between.

Its adaptive, secure products and services are built using more than 30 years of payment industry experience and the innovative ability of fintechs that Natixis Payments has created, acquired or selected as partners. Its activities are organized into three business lines: Merchant Solutions, Prepaid & Managed Consumer Solutions and Services & Processing.

Natixis Payments has led the way with a series of firsts on the French market: the launch of Samsung Pay mobile payments along with PayLib and ApplePay; being the first company to offer Instant Payment, which completes account-to-account payments in 10 seconds; the roll-out of contactless ticketing (i.e., the use of contactless payment cards as tickets) in Dijon's tram system.

Natixis Payments signed a partnership agreement with fintech Transferwise that will make it possible for individual customers of the Banque Populaire banks and Caisses d'Epargne to use their mobile banking app to transfer money to more than 60 countries at the best possible exchange rate. This was a first for Europe.

Natixis Payments is now offering QR code payment solutions so that Chinese visitors to France can pay for their purchases using their WeChat Pay and AliPay e-wallets, with no need for a payment terminal.

Natixis Payments significantly expanded its Benefits range by acquiring Comitéo, a software platform aimed at works councils and employees; becoming the sole shareholder of Titres Cadeaux, a joint venture with La Banque Postale in 2006; and developing the B2B business of its fintech Lakooz (Le Pot Commun).

Major brands such as SNCF and Casino have chosen Natixis Payments.

The SNCF group chose to partner with Natixis to develop its Personal Mobility Assistant App aimed at providing its customers with a single payment solution. As a major player in connected payment services across the entire payment value chain, Natixis Payments provides a critical component for the Personal Mobility App, which will allow customers to research, book and approve all their transport needs in one app.

Similarly, Natixis Payments and the Casino group entered an agreement to jointly develop an e-wallet for Cdiscount and integrate Dalenys as one of Cdiscount's payment service provider partners. Starting in early 2019, Cdiscount customers will be able to use an e-wallet for a seamless, enhanced purchasing experience. They'll be able to pay for purchases in just one click (no need to enter their bank card details), pay outright or in several installments, and get cash back on their purchases.

Finally, Natixis Payments has adopted Nexo's international payment acceptance standards. These free, universally applicable standards make it possible for Natixis to quickly design new services, such as in-flight mobile payment for airlines.

2018 Key figures

20% of the French payments market[1]

No. 1 card issuer in continental Europe

22 million cards managed

7.6 billion mass transactions processed

€1.2 billion in service voucher issuance

1.3.5 CORPORATE CENTER

Coface

Coface, a global expert in trade risk prevention and guarantees for corporate clients

70 years of experience and a dense geographic network have made Coface a benchmark in credit insurance, risk management and the global economy. The experts at Coface, which aims to become the most agile credit insurance partner in its industry, operate in the heart of the global economy. They help their 50,000 customers build successful, dynamic, and growth-oriented companies by protecting them from the risk of financial default by their clients. Coface's services and solutions protect companies and help them make the necessary credit-related decisions to strengthen their ability to sell their products on both domestic and export markets.

A new slogan: Coface for trade

Speaking at its Country Risk Conference in Paris, on January 23, 2018, Coface introduced a new corporate slogan: *Coface For Trade.*

(1) Internal analysis.

The new tag line is intended as a clearer, more engaging motto. It underscores the Group's commitment to trade and commerce, as levers for wealth creation and stability. The slogan also captures the Group's fundamental commitment to helping companies grow.

Appointments to the Board of Directors

At a meeting of Coface S.A.'s Board of Directors on June 15, 2018, the CEO of Natixis, François Riahi, was co-opted as Director and subsequently elected Chairman of the Board. He replaces Laurent Mignon, who is leaving Coface S.A.'s Board of Directors to focus on his new responsibilities at Groupe BPCE.

Reorganization of Group operations management and creation of a Transformation Office

The Group's reorganization drive, which took effect from May 2018, comes in response to the recent changes in the credit insurance market and as a means of addressing one of the Group's main strategic challenges: improve operating efficiency to optimize customer service. The new organization system is firmly focused on clients and meeting the needs of group business lines, by strengthening the latter's role and fostering improved project steering.

The new organization system is based on three pillars:

- a new Business Technology (BT) Department, created from the merger of the IT Services Department and the Operations Management Department, headed by Keyvan Shamsa;
- the creation of a Transformation Office for project planning and Lean management, headed by Nicolas de Buttet, who will report to Thibault Surer, Director of Strategy and Business Development; and
- the introduction of the new roles of sponsor (at Management Committee level and for each field of operations) and product owner, tasked with linking projects to strategic targets.

This new organization structure has brought changes in the way Coface operates and given it the means to streamline and accelerate the decision-making processes affecting company life. It also fosters collaborative working between teams at the Business Technology Department, across Group business lines and at the Transformation Office.

2018 results

Coface chalked up a solid performance in 2018, proving that its Fit to Win strategy is relevant. Consolidated revenue increased 4.6% relative to 2017 (on comparable scope and exchange rates), at €1,384.7 million. The net loss ratio improved by 6.2 points to 45.1%, while the net cost ratio shrunk 0.7 points to 34.5%. Coface ended the year on net income (Group share) of €122.3 million, an increase of 47% (compared with €83.2 million in 2017) and an estimated solvency ratio of ~169%[(1)], which is above the Group's target comfort zone (140%-160%).

Coface is confident that its balance sheet is sufficiently solid for it to push ahead with its drive to leverage capital management, consistent with its Fit to Win plan, and commit to returning 100% of 2018 earnings to shareholders.

Outlook

The scenario adopted by Coface for a gradual return to a normal risk environment was borne out at end-2018. Economic conditions have become visibly more volatile. Indeed, a number of new risk factors (slowdown in the Chinese economy, confidence in Europe, US government shutdown, and trade wars) can now be added to known sources of risk (Argentina and Turkey).

Against this backdrop, Coface is confident that its strategic drive to become the most agile credit insurer is on point, and remains focused on its implementation.

Bolstered by its investments in risk management, Coface will be pushing forward with its disciplined underwriting policy, while bearing in mind the sensitivity of its credit insurance business to major claims, which can account for a sizable share of quarterly profit.

Coface still has its sights set on filing for registration of its internal required solvency model in the summer of 2019. Talks are now underway with the regulator regarding this issue.

Meanwhile, the changes in the standard solvency capital requirement formula, which are expected to shave 15-20 points off Group solvency, are now expected to come into effect in 2020.

The Group is maintaining its targets to deliver a net combined ratio of around 83% across the cycle and generate a RoATE of 8% (+1%).

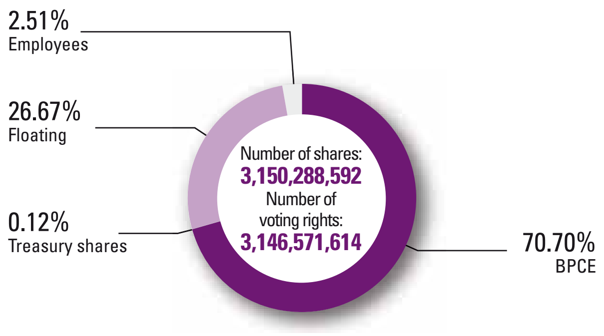
(1) This estimated solvency ratio constitutes a preliminary calculation made according to Coface's interpretation of Solvency II regulations. The result of the definitive calculation may differ from the preliminary calculation. The estimated solvency ratio is not audited.

1.4 Natixis and its shareholders

1.4.1 KEY SHARE DATA AT DECEMBER 31, 2018

Capital	€5,040,461,747.20
Number of shares	3,150,288,592
Stock market capitalization (reference share price = EUR 4.119)	€12,976,038,710.40
Market	Euronext Paris (compartment A), eligible for deferred settlement
ISIN code	FR0000120685
Reuters code	CNAT. PA
Bloomberg France code	KN FP
Stock market indexes	CAC Next 20, SBF Top 80 EW (SBF80), SBF 120, CAC All-Tradable and Euronext 100

1.4.2 BREAKDOWN OF SHARE CAPITAL AT DECEMBER 31, 2018



1.4.3 SHAREHOLDER SCORECARD

(in euros)	2018	2017	2016	2015	2014	2013
Earnings per share [(a)]	0.47	0.50	0.41	0.41	0.35	0.27
Book value per share [(b)]	5.35	5.18	5.38	5.31	5.27	5.17
Net dividend per share [(d)]	0.78	0.37	0.35	0.35	0.34	0.16
Number of shares	3,150,288,592	3,137,360,238	3,137,074,580	3,128,127,765	3,116,507,621	3,100,295,190
Pay-out ratio	64%	74%	85%	85%	97%	59%
Maximum price [(c)]	7.426	7.00	5.49	7.74	5.81	4.27
Minimum price [(c)]	3.938	5.15	3.07	4.82	4.25	2.12

(a) Calculated using the average number of shares (excluding treasury shares) during the period and after accounting for net interest payments on the deeply subordinated notes after tax.

(b) Calculated using the number of shares at December 31 of the year in question and after paying out the proposed dividend for the fiscal years 2013, 2014, 2015, 2016, 2017 and 2018.

(c) Closing price.

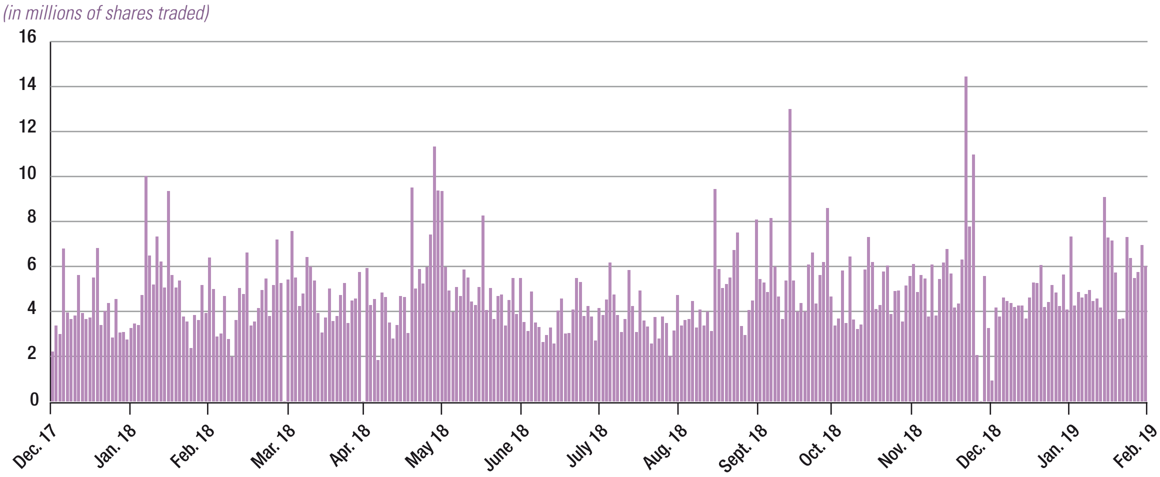
(d) Consisting of an ordinary dividend of €0.30, and a special dividend of €0.48, as proposed to the General Shareholders' Meeting of May 23, 2019. The payment of a special dividend is subject to the finalization of the plans to sell Natixis' retail banking activities to BPCE SA, announced on September 12, 2018, including a regulatory approval.

1.4.4 SHARE PRICE INFORMATION

Change in closing share price and number of shares traded

SHARE PRICE SINCE JANUARY 1, 2018

DAILY VOLUMES



In 2018, Natixis' share price decreased by 38% (from €6.60 at December 31, 2017 to €4.12 at December 31, 2018). Over the same period, the euro zone banking stocks index (DJ Euro Stoxx Bank) fell by 33%.

The average daily volume of Natixis shares traded on the market amounted to around 4.7 million shares in 2018 versus an average of around 4.9 million shares in 2017.

1.4.5 NATIXIS AND ITS INDIVIDUAL SHAREHOLDERS

Natixis has established an individual shareholder relations and communication platform with three main access points:

- A toll-free number (from a landline in France: **0 800 41 41 41**) which shareholders can use to speak to an information officer, available Monday to Friday from 9. a.m. to 6 p.m. The interactive voice response system provides information on the share price, the Company's financial calendar, the latest results and Shareholders' Club events;
- a dedicated e-mail address for shareholders' questions *(actionnaires@natixis.com)* managed directly by the Individual Shareholder Relations team;
- a website ***(www.natixis.com)*** that provides comprehensive information on Natixis. In the "Investors & Shareholders" section, visitors can view or download press releases, key figures, Natixis' calendar and financial news, while the "Shareholder Corner" contains extensive editorial content and documents for individual shareholders.

The following two bodies also coordinate relations with individual investors:

Shareholders' Club

Created in November 2007, the Natixis Shareholders' Club had 15,082 members at December 31, 2018, the majority of whom are e-members. Membership of the Shareholders' Club is open to any shareholder who holds at least one registered or bearer share.

Club members receive the monthly newsletter, the half-yearly shareholder newsletter and the shareholder guide, which is updated and updated with new sections every year.

The Shareholders' Club website ***(clubdesactionnaires.natixis.com)*** contains comprehensive information about the Club and its services.

The program of activities for 2018 included three Natixis events and four themed events:

- an information meeting about Natixis in Nantes in partnership with the Federation of Individual Investors and Investment Clubs (F2iC);
- two live online video chat sessions where individual investors could ask Natixis' Director of Investor Relations questions about the Bank, its business lines, its financial results and its strategy;
- four themed presentations, in the form of web conferences and video chats, which gave our shareholders the opportunity to talk to the Chief economists from Natixis Global Market Research and Ostrum Asset Management Economic Research and to a representative from the École de la Bourse.

Recordings of these chats and web conferences were posted on our website and sent to our Shareholders' Club members through our Newsletters.

In partnership with the École de la Bourse, three training modules on the new features of the 2018 Finance Act, the taxation of dividends and the taxation of capital gains were held for members of the Shareholder Club in 2018.

At the General Shareholders' Meeting, there is a dedicated Shareholder Club stand where Club members or any shareholders can find information about Natixis or the Shareholder Club.

As part of the bank's Sponsorship and Patronage Program, members of the Shareholder Club were invited to attend sporting and cultural events throughout the year, with nearly 500 tickets awarded for rugby matches in nine French cities. They also had the opportunity to visit the backstage of the Garnier Opera House and attend a concert by the Paris Orchestra at the Paris Philharmonic Hall.

Natixis Shareholders' Consultative Committee (CCAN)

- The CCAN is an advisory body and sounding Board composed of 12 members who represent Natixis' individual shareholders. These members are themselves individual shareholders chosen through an application process that includes interviews. The Committee is in charge of all aspects of financial communication to individual investors, and in particular the communication tools at their disposal.
- In 2018, following the changes in Natixis' executive officers on June 1, 2018, namely the appointment of François Riahi as Chief Executive Officer to replace Laurent Mignon who became Chairman of the Board of Directors, the CCAN met the Natixis Board Secretary, Aline Braillard, who gave an overview of governance at Natixis. She described the organization and duties of the Corporate Governance Department.

  She noted that the Board of Directors has five special Committees, all chaired by an independent director. Discussion with Committee members discussed the Afep-Medef Corporate Governance Code, which Natixis refers to, and the participation of employees or foreign directors on the Board.
- The Committee then divided into groups to work on replacing the 2011 glossary of key financial terms. This workshop was a response to requests made by Consultative Committee members during the self-assessment of the work carried out in 2017.
- Finally, Luc Bernaud, Natixis' Chief Digital & Technology Officer gave a presentation on Natixis' ambitions and achievements in digital technology.

  He said that the task of the Digital Office team was to lead and facilitate the digital transformation of Natixis' various business lines as part of the New Dimension strategic plan. He noted that this transformation offers new opportunities for Natixis and is occurring in a changing environment, with the emergence of fintechs, new regulations, changing customer expectations and the arrival of breakthrough technologies.
- All the topics discussed, reports of meetings and members' video presentations are available on the website.

Call for applications

Throughout the year, interested shareholders are invited to put forward their application.

Conditions of application are available on the website.

Natixis undertakes to respond to all applicants.

2018 General Shareholders' Meeting

Nearly 400 shareholders attended in person and nearly 7,000 shareholders voted prior to the meeting via the Votaccess platform.

At the start of the meeting, the Chairman noted that the meeting's proceedings had been drawn up from the issues arising from the preliminary survey open to shareholders in April.

Laurent Mignon gave a presentation on the accomplishments of the New Frontier strategic plan, which was completed in late 2017. His discussion focused on the strategic ambitions of the New Dimension plan for 2018-2020 which is intended to sustain the success achieved by the New Frontier plan through differentiation from other banks through its expertise that will generate long-term added value. Mr Mignon concluded his presentation with a statement on Environmental and Social Responsibility, one of the pillars of the New Dimension plan. Natixis' strategy is to manage the environmental and social risks arising from its activities and to support its clients in their long-term transition to a sustainable model.

After a review of the insurance market, Jean-François Lequoy, the member of Natixis' Senior Management Committee in charge of insurance activities, explained the bank's strategic objectives in this business line in more detail. These goals reflect an environment of digital and technological transformation, very low interest rates and changes in regulations that impact insurance companies in many different areas.

Laurent Mignon then presented the financial statements and the highlights of 2017, followed by the results for the first quarter of 2018.

After presenting Natixis' corporate governance and the work carried out by the Board of Directors in 2017, François Pérol explained his reasons for resigning as Chairman of the Groupe BPCE Management Board and Chairman of the Natixis Board of Directors after nearly 10 years in office. He will be replaced by Laurent Mignon who will in turn be replaced by François Riahi as Chief Executive Officer of Natixis. Mr Riahi was introduced to the shareholders.

After the presentation on Natixis' corporate governance, François Pérol gave the floor to Compensation Committee Chairman, Nicolas de Tavernost, who reported on the work of the Committee and detailed the compensation of the directors and the regulated population. Among other things, he presented information on executive officers' compensation under Sapin II and changes in governance.

The question and answer session began with written questions received from the Friends of the Earth association about Natixis' funding of the oil and gas sectors. (All the responses are available on Natixis' website). The discussions then moved on to, among other topics:

- the performance of the share price since its market launch and its possible return to that level;
- Natixis' capacity to distribute dividends while investing;
- the insurance business;
- Environmental and Social Responsibility (ESR);
- the impact of softer US banking and tax regulations on Natixis;
- the financing of projects involving oil derived from oil sands;
- Natixis' commitments in the coal sector;
- patronage and sponsoring figures.

Since no one else asked to take the floor, the meeting proceeded to vote on the resolutions. The final quorum was 84.20% and all resolutions were adopted. The adopted resolutions included:

- the 2017 financial statements;
- the payment of a dividend in cash of €0.37 per share, representing a payout ratio of 74%. The dividend was detached on May 28, 2018 and paid starting on May 30, 2018;
- the compensation due in respect of fiscal year 2017 to the Chairman and Chief Executive Officer ("Say on Pay") and the budget for compensation paid in 2017 to the regulated population;
- the compensation policies for the Chairman and Chief Executive Officer in respect of fiscal year 2018;
- changes in the composition of the Board of Directors, particularly in order to stagger directors' terms of office.

The webcast and presentation of the General Shareholders' Meeting are available for five years on the Natixis website's Investors & Shareholders section under the heading "Shareholders' Meetings".

Two awards in 2018—Agefi's Shareholder Democracy Award and Le Revenu's Gold Trophy for Best Shareholder Services

Natixis' Individual Shareholder Relations team received two awards in 2018.

At the 2018 **Agefi Awards**, Natixis was awarded the **Shareholder Prize for shareholder democracy, information transparency and communication quality** in the CAC 80 companies category. This is the first time that Natixis has received this prize, which honors the work of the Individual Shareholder Relations and Corporate Governance teams. The award recognizes:

- the existence of a Shareholders' Consultative Committee;
- the organization of information meetings for shareholders;
- the AGM convening notice and its translation into English;
- the existence of a user-friendly space on the website dedicated to the AGM;
- separate resolutions for each related-party agreement;
- the use of Votaccess by the Company;
- the publication of a summary of the AGM on the Company's website;
- the publication of the Q&A session at the meeting;
- the availability of a video recording of the AGM on the Company's website.

Natixis was also awarded ***Le Revenu*** **magazine's Gold Trophy for Best Shareholder Services in the SBF 120 Companies category (excluding the CAC 40)** (after winning the Bronze Award in 2016 and the Silver Trophy in 2017).

The award recognizes new, creative and proactive solutions developed by shareholder services teams to continuously improve shareholder relations and facilitate contact.

Both of these awards recognize the efforts made by Natixis' Shareholder Relations team to serve its individual shareholders.

1.4.6 INVESTOR RELATIONS

The core responsibility of the Investor Relations Department is to maintain clear and transparent dialog with the financial community on Natixis' financial standing, strategy, economic environment and any other information that would assist in accurately assessing Natixis' situation.

The Investor Relations Department provides information and resources to analysts and investors. To this end, a variety of sources is used: formal informational meetings during major events (publication of annual, interim and quarterly financial statements, etc.), road shows, conference calls and one-on-one interviews. The materials used in these meetings (press releases, presentations, etc.) as well as any other additional information (financial calendar, regulated information, corporate governance, Annual General Shareholders' Meeting, etc.) are available on Natixis' website in the Investor Relations section.

From time to time, depending on current events, we also organize specific, themed presentations to give our financial partners and colleagues a better understanding of the general climate and Natixis' specific challenges.

Natixis organizes meetings with analysts and institutional investors throughout the year at roadshows or conferences organized by brokers in the main financial marketplaces. In 2018, meetings were held in Paris, London, Frankurt, Dublin, Madrid, Milano, Geneva, Zurich, Boston, New York, Chicago, San Francisco Toronto, Stockholm, Helsinki, Copenhagen, Tokyo, Singapore, Hong Kong, etc.).

Institutional investors and analysts can contact the Investor Relations Department by e-mail at *investorelations@natixis.com*.

1.4.7 2019 INVESTOR RELATIONS CALENDAR

May 9, 2019 After market close (subject to modification)	2019 First Quarter Results
May 28, 2019	General Shareholders' Meeting (to approve the 2018 financial statements)
August 1, 2019 After market close (subject to modification)	2019 Second Quarter Results
November 7, 2019 After market close (subject to modification)	2019 Third Quarter Results

1.4.8 CONTACTS

See Investor Relations section at *www.natixis.com*

Investor Relations Department

Telephone: +33 (0)1 58 32 06 94

Institutional Investors team

Telephone: +33 (0)1 58 32 06 94

Email: *investorelations@natixis.com*

Individual shareholders team

Telephone: 0 800 41 41 41 (French toll-free number)

Email: *actionnaires@natixis.com*

2

CORPORATE GOVERNANCE

This chapter partially corresponds to the Board of Directors report on corporate governance as required by the Article L.225-37 of the French Commercial Code (refer to the cross-reference table for the management report in Chapter 8 of this registration document) and includes information on the composition of the Board and the conditions under which its work is prepared and organized, how its governance is structured, and its policy for compensating corporate officers.

2.1 Natixis Governance at March 1, 2019

STRUCTURE OF THE BOARD OF DIRECTORS

LAURENT MIGNON
Chairman of the Board of Directors – Chairman of the BPCE Management Board

THIERRY CAHN
Chairman of the Board of Directors of Banque Populaire Alsace Lorraine Champagne

NICOLE ETCHEGOÏNBERRY
Chairwoman of the Management Board of Caisse d'Epargne Loire-Centre

ANNE LALOU ✱
Dean and Managing Director of Web School Factory
Chairwoman of the Strategic Committe

SYLVIE GARCELON
Chief Executive Officer of Casden Banque Populaire

BERNARD OPPETIT ✱
Chairman of Centaurus Capital Limited
Chairman of the Risk Committe

ALAIN CONDAMINAS
Chief Executive Officer of Banque Populaire Occitane

PHILIPPE SUEUR
Member of the Steering and Supervisory Board of Caisse d'Epargne Ile-de-France

NICOLAS GETTI
Works Council representative

ANDRÉ-JEAN OLIVIER
Corporate Secretary

PRICEWATERHOUSECOOPERS
Auditor

NATHALIE BRICKER
Chief Finance

FRANÇOIS RIAHI
Chief Executive Officer of Natixis

DELOITTE & ASSOCIÉS
Auditor

ALINE BRAILLARD
Board Secretary

TANIA BELLEROSE
Works Council representative

CHRISTOPHE PINAULT
Chairman of the Management Board of Caisse d'Epargne Bretagne Pays de Loire

FRANÇOISE LEMALLE
Chairwoman of Caisse d'Epargne Côte d'Azur's Steering and Supervisory Board

NICOLAS DE TAVERNOST ✱
Chairman of the Management Board of Groupe M6
Chairman of the Compensation Committe

BERNARD DUPOUY
Chairman of the Board of Directors of Banque Populaire Aquitaine Centre Atlantique

HENRI PROGLIO
President of Henri Proglio Consulting S.A.S.
Chairman of the Appointments Committee

BPCE
CATHERINE HALBERSTADT
Chief Executive Officer, member of the Management Board in charge of Human Resources of BPCE SA

CATHERINE PARISET ✱
Chairwoman of the Audit Committee

NATIXIS
BEYOND BANKING

Gender parity of the Board of Directors

Directors ✱ Independent Director Attendants to the Board

(1) The term "Chief Executive Officer" is not used as it is defined in Article L.225-66 of the French Commercial Code.

THE BOARD OF DIRECTORS AND ITS SPECIAL COMMITTEES

	Board of Directors	Audit Committee	Risk Committee	Appointments Committee	Compensation Committee
Number of Members	15	5	5	6	5
Number of meetings in 2018	11	5	7	3	4
Attendance rate	94%	88%	87%	88%	95%
Laurent Mignon	●				
Catherine Pariset	○	●	○		
Sylvie Garcelon	○	○			
Françoise Lemalle	○	○			
Bernard Oppetit	○	○	●		
Catherine Halberstadt / BPCE	○	○	○		
Nicole Etchegoïnberry	○		○	○	
Christophe Pinault	○		○		○
Henri Proglio	○			●	○
Thierry Cahn	○			○	
Philippe Sueur	○			○	
Nicolas de Tavernost	○			○	●
Anne Lalou	○			○	○
Alain Condaminas	○				○
Bernard Dupouy	○				

● *Chairman/Chairwoman of the Board/Committee*

All directors are members of the Strategic Committee, which is chaired by Anne Lalou.

SENIOR MANAGEMENT COMMITTEE AND EXECUTIVE COMMITTEE

MEMBERS OF THE SENIOR MANAGEMENT COMMITTEE

François Riahi – *Chief Executive Officer*

Gils Berrous – *Specialized Financial Services (SFS)*

Nathalie Bricker – *Finance*

Pierre Debray – *Risks*

Anne Lebel – *Human Resources*

Jean-François Lequoy – *Insurance*

André-Jean Olivier – *Corporate Secretariat*

Jean Raby – *Asset and Wealth Management*

Véronique Sani – *Operations and IS*

Pierre-Antoine Vacheron – *Payments division (SFS)*

Marc Vincent – *Corporate & Investment Banking (CIB)*

MEMBERS OF THE EXECUTIVE COMMITTEE

Stéphane About – *EMEA (excl. France) (CIB)*

Carine André – *Operations (Operations and IS)*

Patrick Artus – *Chief economist*

Luc Barnaud – *Digital and Technology Office*

Beverly Bearden – *Human Resources/ Natixis Investment Managers (Asset and Wealth Management)*

Oliver Bilal – *International Sales and Marketing/ Natixis Investment Managers (Asset and Wealth Management)*

Nathalie Broutèle – *Non-life insurance (Insurance)*

Marc Cattelin – *EuroTitres (SFS)*

Anne-Christine Champion – *Real Assets (CIB)*

Jean Cheval – *Senior Advisor*

Fouad Chéhady – *Transformation and Operational Excellence*

Georges-Eric De La Brunière – *Natixis Wealth Management (Asset and Wealth Management)*

Guillaume de Saint-Seine – *Coverage (CIB)*

Anne-Cécile Delas – *Trade & Treasury Solutions (CIB)*

Olivier Delay – *Americas (CIB)*

Matthieu Duncan – *Ostrum Asset Management (Asset and Wealth Management)*

Christophe Eglizeau – *Natixis Interépargne (Asset and Wealth Management)*

Dominique Fraisse – *Energy & Natural Resources (CIB)*

Luc François – *Global Markets (CIB)*

Alain Gallois – *Asia/Pacific (CIB)*

Benoît Gausseron – *Commmunications*

David Giunta – *U.S. and Canada/Natixis Investment Managers (Asset and Wealth Management)*

Stéphane Honig – *Strategy*

Hervé Housse – *Internal Audit*

Philippe Jeanne – *Financial Management (Finance)*

Mohamed Kallala – *Investment Banking (CIB)*

Christophe Lanne – *Transformation (Asset and Wealth Management)*

Christophe Le Pape – *Personal insurance (Insurance)*

Christian Le Hir – *Legal (Corporate Secretariat)*

Cyril Marie – *Finance/Natixis Investment Managers (Asset and Wealth Management)*

Didier Miquel – *Natixis Financement (SFS)*

Stéphane Morin – *Compliance (Corporate Secretariat)*

Isabelle Reux-Brown – *Distribution & Portfolio Management (CIB)*

Dominique Sabassier – *Natixis Private Equity (Asset and Wealth Management)*

Anne Sallé-Mongauze – *Compagnie Européenne de Garanties et Cautions (SFS)*

Cécile Tricon-Bossard – *Human Resources*

Didier Trupin – *Natixis Lease (SFS)*

Claude Valade – *Natixis Factor (SFS)*

2.2 Additional information on the directors' positions

François RIAHI

Chief Executive Officer of Natixis

Born April 8,1973

Nationality : French

Natixis shares held: 18,828

Address:

30 avenue Pierre Mendès France

75013 Paris

Director

First appointed: Board meeting of April 27, 2018

Effective: June 1, 2018

Term expires: 2022 AGM [(a)]

A graduate of the Ecole Centrale de Paris school of engineering, Sciences Po and the Stanford Executive Program, François Riahi began his career as an *inspecteur des Finances* (auditor) in the French government's Inspection Générale des Finances from 2001 to 2005, before joining the government's Budget Department. In 2007 he was appointed Advisor on the Reform of State Institutions and Public Finances to the President of the French Republic. He joined Groupe BPCE in March 2009, becoming its Deputy Chief Executive Officer in charge of Strategy. In May 2012 he took over as head of the Asia-Pacific platform of Natixis' Corporate & Investment Banking division based in Hong Kong. In February 2016 he was appointed a member of Natixis' Senior Management Committee as Global co-head of Corporate & Investment Banking. In January 2018 François Riahi was appointed to the Groupe BPCE as the member in charge of Finance, Strategy, Legal Affairs and Secretary's Office of the Governing Bodies.

François Riahi has served as Chief Executive Officer of Natixis since June 1, 2018.

Other offices held in 2018:

Within Groupe BPCE

- Member of the BPCE Management Board *(since 01/01/2018)*
- Chairman of the Board of Directors of: Natixis Investment Managers *(since 01/06/2018)*, Natixis Assurances *(since 07/06/2018)*, Coface SA[(1)] *(since 15/06/2018)*, Natixis Payment Solutions *(since 21/09/2018)*
- Member of the Board of Peter J. Solomon Company LLC *(since 01/06/2018)*
- Chairman of the Supervisory Board of Natixis Pfandbriefbank AG *(from 01/06/2016 to 28/02/2018)*
- Member of the Board of: Natixis North America LLC *(from 31/05/2016 to 15/01/2018)*, Peter J. Solomon Securities Company LLC *(since 31/05/2018)*
- Permanent Representative of Natixis, Director of Natixis Coficiné *(from 09/01/2017 to 07/02/2018)*
- Permanent Representative of BPCE, Member of the Board of: Crédit Foncier de France *(from 01/01/2018 to 31/05/2018)*, CE Holding Participations *(from 01/01/2018 to 31/05/2018)*

OutsideGroupe BPCE

- Manager of SNC TEA and EMMA *(since 01/08/2012)*

Compliance with rules governing the number of offices held	Afep-Medef Code: compliant	French Monetary and Financial Code: compliant

Offices held in previous fiscal years

2014	2015	2016	2017
Member of the Board of:			
▪ Natixis Asia Limited *(since 04/09/2012)*		*(until 23/09/2016)*	
▪ Natixis Australia PTY Ltd *(since 03/09/2012)*		*(until 18/07/2016)*	
▪ Natixis Japan Securities *(since 07/09/2012)*			*(until 22/12/2017)*
▪ Permanent Representative of BPCE, Member of the Supervisory Board of Banque Palatine *(from 14/06/2011 to 14/02/2014)*			

(a) 2022 AGM convened to approve the financial statements for the year ending December 31, 2021

(1) Listed company

Francois PÉROL
(until June 1, 2018)
Chairman of the BPCE Management Board

Born November 6, 1963
Nationality: French
Natixis shares held: 60,000
Address:
50 avenue Pierre Mendès
75201 Paris cedex 13 - France

Chairman of the Board of Directors
First appointed: CSM of April 30, 2009
(Chairman of the Board: Board Meeting of April 30, 2009)
Term expires: 2019 AGM[a]
Member – Strategic Committee
First appointed: Board Meeting of May 11, 2011

Attendance rate in 2018	Board of Directors: 100%	Strategic Committee: N/A

François Pérol is a graduate of the HEC business school and Sciences Po and alumnus of the École Nationale d'Administration who started his career at the French government's Inspection des Finances. He held various positions at the Ministry of the Economy and Finance, beginning with the Treasury Department (1994-2002), and then on the Cabinets of Ministers Francis Mer and Nicolas Sarkozy (2002-2004). He then left the administration to join Rothschild & Cie Banque as Managing Partner from 2005 to 2007. François Pérol was appointed Deputy Secretary General to the President of the French Republic from 2007 to 2009.

From 2009 to June 1, 2018, François Pérol was Chairman of the BPCE Management Board.

Key advisory skills: expertise in strategy for banking and financial institutions, and in the French and international economic and financial environment.

Other offices held in 2018:

Within Groupe BPCE

- Chairman of the Management Board of BPCE *(from 31/07/2009 to 01/06/2018)*
- Chairman of the Board of Directors of Crédit Foncier *(from 26/04/2010 to 16/05/2018)*
- Chairman of CE Holding Participations (formerly CE Holding Promotion) *(from 30/06/2010 to 06/06/2018)*
- Member of the Board of Directors of Sopassure *(from 23/03/2009 to 18/06/2018)*
- Permanent Representative of BPCE Maroc, Member of the Board of Banque Centrale Populaire[1] *(from 2012 to 31/05/2018)*
- Permanent Representative of BPCE, General Partner of SCA ECUFONCIER *(from 2011 to 24/04/2018)*

Outside Groupe BPCE

- Member of the Board of CNP Assurances[1][2] *(from 21/04/2009 to 01/06/2018)*

Compliance with rules governing the number of offices held	Afep-Medef Code: compliant	French Monetary and Financial Code: compliant

Offices held in previous fiscal years

2014	2015	2016	2017
Member *(since 2009)* then Vice-Chairman *(since September 2013)* of the Executive Committee of the Fédération Bancaire Française then Chairman (since 01/09/2014)	*(until 31/08/2015)*		
Permanent Representative of BPCE, Manager of SCI Ponant Plus *(from 04/08/2010 to 03/12/2014)*			
Permanent Representative of BPCE, Chairman of Banque Populaire Création *(since 08/04/2011)*	*(until 28/12/2015)*		
Chairman of the European Savings and Retail Banking group	*(until 12/06/2015)*		

(a) 2019 AGM convened to approve the financial statements for the year ending December 31, 2018.

(1) Listed company

(2) Company outside Groupe BPCE

Laurent MIGNON

(since June 1, 2018)

Chairman of the BPCE Management Board

Born December 28, 1963
Nationality: French
Natixis shares held: 153,649
Address:
50 avenue Pierre Mendès
75201 Paris cedex 13 - France

Chairman of the Board of Directors

First appointed: Co-opted by the Board of Directors and appointed Chairman of the Board on June 1, 2018

Term expires: 2019 AGM[a]

Member – Strategic Committee

First appointed: Board Meeting of June 1, 2018

Attendance rate in 2018	Board of Directors: 100%	Strategic Committee: 100%

A graduate of the HEC business school and Stanford Executive Program, Laurent Mignon worked in several divisions of Banque Indosuez over a period of more than ten years, including positions on the trading floor and in investment banking. In 1996 he joined Schroders in London, then AGF in 1997 as Chief Financial Officer. He was appointed to the AGF Executive Committee in 1998, then became Deputy CEO in charge of Banque AGF, AGF Asset Management and AGF Immobilier in 2002. He became CEO in charge of the Life Insurance and Financial Services and Credit Insurance divisions in 2003, before his appointment as Chief Executive Officer and Chairman of the Executive Committee in 2006. From September 2007 to May 2009 he was managing partner at Oddo et Cie alongside Philippe Oddo.

From May 2009 to May 2018, Laurent Mignon was Chief Executive Officer of Natixis. He has been a member of the BPCE Management Board since August 6, 2013. Laurent Mignon has been Chairman of the Management Board of BPCE since June 1, 2018.

Key advisory skills: expertise in strategy for banking and financial institutions, and in the French and international economic and financial environment.

Other offices held in 2018:

Within Groupe BPCE

- Chairman of the Management Board of BPCE *(since 01/06/2018)*
- Chief Executive Officer of Natixis *(from May 2009 to 31/05/2018)*
- Chairman of the Board of Directors of Crédit Foncier France (*since 17/05/2018)*
- Member of the Board of CE Holding Participations *(since 06/06/2018)*
- Member of the Board of Sopassure *(since 18/06/2018)*
- Member of the BPCE Management Board *(since 06/08/2013)*
- Chairman of the Board of Directors of: Natixis Investment Managers *(from 01/09/2010 to 01/06/2018)*, Coface SA[1] *(from 22/11/2012 to 15/06/2018)*, Natixis Assurances *(from 23/03/2017 to 07/06/2018)*
- Member of the Board of Peter J. Solomon Company LLC *(from 08/06/2016 to 30/05/2018)*

Outside Groupe BPCE

- Deputy Chairman of the French Banking Federation *(from 01/06/2018 to 31/08/2018)* and then Chairman *(since 01/09/2018)*
- Member of the Board of: Arkema[1] *(since 27/10/2009)*, AROP (Association pour le Rayonnement de l'Opéra National de Paris) *(since 10/12/2015)*, CNP Assurances[1] *(since 01/06/2018)*

Compliance with rules governing the number of offices held	Afep-Medef Code: compliant	French Monetary and Financial Code: compliant

Offices held in previous fiscal years

2014	2015	2016	2017
▪ Member of the Board of Lazard Ltd[1][2] *(since 28/07/2009)*		▸ *(until 19/04/2016)*	

(a) 2019 AGM convened to approve the financial statements for the year ending December 31, 2018.

(1) Listed company

(2) Company outside Groupe BPCE

BPCE – Permanent Representative Catherine HALBERSTADT

(since January 1, 2018)

Member of the Groupe BPCE Management Board in charge of Human Resources

BPCE
Natixis shares held: 2,227,221,174
Address:
50 avenue Pierre Mendès France
75201 Paris cedex 13
Catherine Halberstadt
Born April October 9, 1958
Nationality: French
Natixis shares held: 1,097
Address: 50 avenue Pierre Mendès
75201 Paris cedex 13 - France

Director

First appointed: co-opted by the Board of Directors on August 25, 2009 and ratified at the AGM of May 27, 2010

Term expires: 2019 AGM ([a])

Member – Audit Committee

First appointed: Board meeting of December 21, 2017 *(effective as of January 1, 2018)*

Member – Risk Committee

First appointed: Board meeting of December 21, 2017 *(effective as of January 1, 2018)*

Member – Strategic Committee

First appointed: Board meeting of December 21, 2017 *(effective as of January 1, 2018)*

Attendance rate in 2018	Board of Directors:	Audit Committee:	Risk Committee:	Strategic Committee:
	91%	60%	86%	100%

Catherine Halberstadt has a postgraduate degree in Accounting and another in Business, Administration and Finance from the École Supérieure de Commerce de Clermont-Ferrand. In 1982, she joined Banque Populaire du Massif Central, where she was successively Head of Human Resources, Chief Financial Officer, Chief Operations Officer and, as of 2000, Deputy Chief Executive Officer. In 2008, Catherine Halberstadt became Chief Executive Officer of Natixis Factor.

Catherine Halberstadt was Chief Executive Officer of Banque Populaire du Massif Central from September 1, 2010, to March 25, 2016.

From January 1, 2016 to October 31, 2018, Catherine Halberstadt has served as the BPCE Management Board Member in charge of Human Resources, Internal Communications and the Corporate Secretariat of BPCE. Since November 1, 2018, Catherine Halberstadt has occupied the roles of Member of the BPCE Management Board in charge of Human Resources.

Key advisory skills: expertise in Human Resources issues, extensive knowledge of retail banking and business financing.

Other offices held in 2018:

Within Groupe BPCE

- Member of the BPCE Management Board in charge of Human Resources *(since 01/01/2016)*
- Member of the Board of Crédit Foncier *(since 10/05/2012)*

Outside Groupe BPCE

- Member of the Board of Bpifrance Financement *(since 12/07/2013)*, Chairwoman of the Appointments Committee and the Compensation Committee, Member of the Audit Committee and the Risk Committee of Bpifrance Financement *(since 24/09/2015)*

Compliance with rules governing the number of offices held	Afep-Medef Code:	French Monetary and Financial Code:
	compliant	compliant

(a) 2019 AGM convened to approve the financial statements for the year ending December 31, 2018.

Offices held in previous fiscal years			
2014	**2015**	**2016**	**2017**
▪ Chairwoman of the Audit Committee of Bpifrance Financement[2] (since 2013)	▸ *(until 24/09/2015)*		
▪ Member of the Board of Natixis[1] *(since 25/05/2012)*	▸ *(until 16/11/2015)*		
▪ Member of the Supervisory Board *(since 04/04/2012)* and Risk Committee of BPCE *(since 2013)*	▸ *(until 16/11/2015)*		
▪ Chief Executive Officer of Banque Populaire du Massif Central (BPMC) *(since 1/09/2010)*		▸ *(until 25/03/2016)*	
▪ Permanent Representative of BPCE, Chairman of SAS Sociétariat BPMC *(since 2011)*		▸ *(until 25/03/2016)*	
▪ Permanent Representative of BPMC, Member of the Board of: I-BP, Association des Banques Populaires pour la Création d'Entreprise *(since 1/09/2010)*		▸ *(until 25/03/2016)*	
▪ Permanent Representative of BPMC, Member of the Committee of Banques d'Auvergne[2] *(since 2010)*		▸ *(until 25/03/2016)*	

(1) Listed company

(2) Company outside Groupe BPCE

Thierry CAHN

Chairman of the Board of Directors of Banque Populaire Alsace Lorraine Champagne

Born September 25, 1956
Nationality: French
Natixis shares held: 1,000
Address:
Immeuble le Concorde
4 quai Kléber - BP 10401
67000 Strasbourg Cedex

Director

First appointed: co-opted by the Board of Directors on January 28, 2013 and ratified at the AGM of May 21, 2013

Term expires: 2022 AGM[(a)]

Member – Appointments Committee

First appointed: Board Meeting of February 9, 2017

Member – Strategic Committee

First appointed: Board Meeting of January 28, 2013

Attendance rate in 2018	Board of Directors:	Appointments Committee:	Strategic Committee:
	91%	100%	100%

Thierry Cahn holds a Professional Lawyers' Certificate (Certificat d'Aptitude a la Profession d'Avocat – CAPA) and joined the firm Cahn et Associés in 1981. In 1984, he joined the General Council of the Colmar Bar (Conseil de l'Ordre des Avocats de Colmar) of which he is still a member. In 1986, he was named Secretary General to the National Lawyers' Association (Confédération Nationale des Avocats), which he chaired from 1995 to 1996, before becoming Chairman of the Colmar Bar Association from 1998 to 1999. In addition, since 1985 he has been Head Tutor at the Institut Universitaire de Technologie (IUT) de Haute Alsace and the CRFPA d'Alsace.

Since September 30, 2003, Thierry Cahn has been Chairman of the Board of Directors of Banque Populaire Alsace Lorraine Champagne.

Key advisory skills: expertise in legal matters, particularly in business law.

Other offices held in 2018:

Within Groupe BPCE

- Chairman of the Board of Directors of Banque Populaire Alsace Lorraine Champagne *(since 30/09/2003)*
- Member of the Supervisory Board and Audit Committee of BPCE *(since July 2009)*
- Member of the Supervisory Board of Banque BCP to Luxembourg *(since 03/07/2018)*

Compliance with rules governing the number of offices held	Afep-Medef Code:	French Monetary and Financial Code:
	compliant	compliant

Offices held in previous fiscal years

2014	2015	2016	2017
None	None	None	None

(a) 2022 AGM convened to approve the financial statements for the year ending December 31, 2021.

Alain CONDAMINAS

Chief Executive Officer of Banque Populaire Occitane

Born April 6, 1957
Nationality: French
Natixis shares held: 1,000
Address:
33-43 avenue Georges Pompidou
31135 Balma Cedex

Director
First appointed: AGM of May 29, 2012
Term expires: 2020 AGM[a]
Member – Compensation Committee
First appointed: Board Meeting of May 29, 2012
Member – Strategic Committee
First appointed: Board Meeting of May 29, 2012

Attendance rate in 2018	Board of Directors:	Compensation Committee:	Strategic Committee:
	91%	100%	100%

Alain Condaminas has a Master's Degree in Economics and a postgraduate degree in Finance and Banking Techniques. He joined Groupe Banque Populaire in 1984. In 1992, he began working at Banque Populaire Toulouse-Pyrénées as Head of Production, supervising the Human Resources Department, and subsequently as Head of Operations. In 2001, he became Chief Executive Officer of Banque Populaire Quercy-Agenais. In 2003, he oversaw a merger with Banque Populaire du Tarn et de l'Aveyron, then a second merger in 2006 with Banque Populaire Toulouse-Pyrénées to create today's Banque Populaire Occitane.

Alain Condaminas has been Chief Executive Officer of Banque Populaire Occitane since 2006.

Key advisory skills: expertise in Human Resources issues and business transformation, extensive knowledge of banking businesses.

Other offices held in 2018:

Within Groupe BPCE

- Chief Executive Officer of Banque Populaire Occitane (*since October 2006)*
- Member of the Supervisory Board and Risk Committee of BPCE (*since 16/12/2015)*
- Chairman of Fondation d'Entreprise BP Occitane *(since 20/06/2011)*
- Member of the Board of: Ostrum Asset Management (formerly Natixis Asset Management) *(since 15/03/2007),* Caisse Autonome des Retraites des Banques Populaires (CAR-BP) *(since 03/06/2016),* Institution de Prévoyance des Banques Populaires (IPBP) *(since 03/06/2016)*
- Permanent Representative of BP Occitane, Member of the Board of: i-BP *(since 2001)*, BP Développement *(since 19/06/2018)*
- Permanent Representative of BP Occitane, Member of the Investment Committee of Multicroissance *(since 01/11/2006)*
- Permanent Representative of BP Occitane, Manager of SNC Immocarso *(from 2007 to 29/10/2018)*

Outside Groupe BPCE

- Permanent Representative of BP Occitane, Member of the Board of IRDI *(since 2006)*
- Permanent Representative of BP Occitane, Member of the Supervisory Board of: SOTEL *(since 2001),* IRDI Gestion (*since 19/06/2015)*

Compliance with rules governing the number of offices held	Afep-Medef Code:	French Monetary and Financial Code:
	compliant	compliant

Offices held in previous fiscal years

2014	2015	2016	2017
▪ Permanent Representative of BP Occitane, Vice-Chairman of the Board of Directors of CELAD S.A.[2] *(from 2008 to 01/06/2014)*			
▪ Member of the BPCE Supervisory Board *(since 27/06/2012)*	▸ *(until 19/05/2015)*		

(a) 2020 AGM called to approve the financial statements for the year ended December 31, 2019.

(1) Company outside Groupe BPCE

Alain DENIZOT

(until December 20, 2018)

Chairman of the Management Board of Caisse d'Epargne Rhône Alpes

Born October 1, 1960
Nationality: French
Natixis shares held: 1,001
Address:
116 Cours Lafayette - BP 3276
69404 Lyon Cedex 03

Director

First appointed: AGM of May 19, 2015

Term expires: 2019 AGM [(a)]

Member – Compensation Committee

First appointed: Board Meeting of May 19, 2015

Member – Risk Committee

First appointed: Board Meeting of September 2, 2017

Member – Strategic Committee

First appointed: Board Meeting of May 19, 2015

Attendance rate in 2018	Board of Directors:	Risk Committee:	Compensation Committee:	Strategic Committee:
	73%	71%	100%	0%[(b)]

With a degree in Agricultural Economics from IAE de Paris (Sorbonne Business School) and a degree in Accounting Studies, Alain Denizot began his career at Crédit du Nord before moving on to SG Warburg France, followed by Société Marseillaise de Crédit. In 1990, he joined Caisse d'Epargne Île-de-France-Ouest as manager then Head of Financial Management. In 1995, he joined the Management Board as the Member in charge of the Risk and Finance Department, then became the Member of the Management Board in charge of the Network and Development in 1999. He joined Caisse d'Epargne de Flandre in 2000 as Chief Executive Officer and Member of the Management Board in charge of the Network and Banking Development. In 2003, he was appointed Chief Executive Officer of Ecureuil Assurance IARD. He was later appointed Chairman of the Management Board of Caisse d'Epargne de Picardie in early 2008. In 2011, he joined Caisse d'Epargne Nord France Europe, now Caisse d'Epargne des Hauts de France (CEHDF), as Chairman of the Management Board. From May 6, 2013 to May 22, 2015, Alain Denizot was a Member of the Supervisory Board and a Member of the Audit and Risks Committee of BPCE.

On November 12, 2018, Alain Denizot became Chairman of the Management Board of Caisse d'Epargne Rhône Alpes.

Key advisory skills: expertise in financial management, risks, development and insurance.

Other offices held in 2018:

Within Groupe BPCE

- Chairman of the Management Board of Caisse d'Epargne Rhône-Alpes (CERA) *(since 12/11/2018)*
- Chairman of the Management Board of Caisse d'Epargne des Hauts de France (formerly CENFE) *(from 06/08/2011 to 11/11/2018)*
- Chairman of the Board of Directors of Banque du Léman (Switzerland) *(since 30/11/2018)*
- Chairman of the non-profit organization Le B612 *(since 12/11/2018)*
- Chairman of the Board of Directors of Batixia *(since 17/06/2011)*
- Chairman of the Board of Directors, Chairman of the Compensation Committee and Member of the Audit Committee of SIA Habitat *(from 06/12/2016 to 11/11/2018)*
- Member of the Supervisory Board and Risk Committee of BPCE *(since 20/12/2018)*
- Member of the Board of: Natixis Factor *(since 13/10/2010)*, FNCE *(since 02/05/2017)*
- Member of the Supervisory Board of Société Immobilière Grand Hainaut (SIGH) *(from 16/10/2017 to 11/11/2018)*
- Permanent Representative of CEHDF, Member of the Board of: Hainaut Immobilier SA *(from 17/06/2014 to 11/11/2018)*, BPCE IT *(from 17/07/2015 to 11/11/2018)*, Erilia *(from 20/06/2016 to 11/11/2018)*,
- Permanent Representative of CEHDF, Member of the Supervisory Board of IT-CE *(from 31/12/2011 to 11/11/2018)*
- Permanent Representative of CERA, Member of the Board of: IT-CE *(since December 2018)*, Fondation d'Entreprise CERA *(since 30/11/2018)*, GIE BPCE IT *(since 07/12/2018)*, Erilia *(since 14/12/2018)*
- Permanent Representative of CERA, Manager of: SCI Dans La Ville *(since 12/11/2018)*, SCI Garibaldi Office *(since 12/11/2018)*, SCI Lafayette Bureaux *(since 12/11/2018)*, SCI le Ciel *(since 12/11/2018)*, SCI le Relais *(since 12/11/2018)*
- Non-voting member of CE Holding Participations *(since 17/11/2016)*

Outside Groupe BPCE

- Member of the Board of SA Euratechnologies *(from 29/06/2017 to 11/11/2018)*
- Permanent Representative of CEHDF, Member of the Board of Finorpa SCR and Finorpa Financement *(from 30/06/2016 to 11/11/2018)*

Compliance with rules governing the number of offices held	Afep-Medef Code:	French Monetary and Financial Code:
	compliant	compliant

Offices held in previous fiscal years			
2014	**2015**	**2016**	**2017**
▪ Member of the Supervisory Board of Ecureuil Crédit *(from 20/02/2008 to 2014)*			
▪ Liquidator of Université du Groupe Caisse d'Epargne *(from 06/04/2010 to 2014)*			
▪ Member of the Board of CE Holding Promotion *(since 26/06/2011)*	▸ *(until 01/09/2015)*		
▪ Non-voting member of the BPCE Supervisory Board *(since 19/05/2011)*, then Member of the Supervisory Board and the Audit and Risk Committee of BPCE *(since 06/05/2013)*	▸ *(until 22/05/2015)*		
▪ Chairman of the Supervisory Board of Immobilière Nord France Europe *(since 29/11/2000)*	▸ *(until 30/12/2015)*		
▪ Chairman of Lyderic Invest(1) (2) *(since 03/11/2011)*	▸ *(until 09/03/2015)*		
▪ Permanent Representative of CE Holding Promotion, Member of the Board of Habitat en Région Services and Valoénergie	▸ *(until 01/09/2015)*		
▪ Member of the Board of Habitat en Région *(since 2013)*		▸ *(until 14/12/2016)*	
▪ Permanent Representative of CENFE, Chairman of Savoirs pour Réussir en Nord Pas de Calais *(since 29/06/2011)*		▸ *(until 08/03/2016)*	
▪ Permanent Representative of CENFE, Member of the Supervisory Board of Finovam(2) *(since 24/12/2014)*		▸ *(until 19/09/2016)*	
	▪ Permanent Representative of CENFE, Chairman of Immobilière Nord France Europe (since 12/02/2015)	▸ *(until 19/09/2016)*	
	▪ Permanent Representative of Immobilière Nord France Europe, Chairman of SAS Euroissy Parc (since 24/04/2015)	▸ *(until 19/09/2016)*	
	▪ Permanent Representative of CENFE, Chairman of: Finorpa Conseil(2), Finorpa Financement(2) (Regional Board transition since 14/12/2015)	▸ *(until 30/06/2016)*	
	▪ Member of the Board and Treasurer of Fondation Caisses d'Epargne pour la Solidarité (since 16/12/2015)	▸ *(until 18/10/2016)*	

(a) 2019 AGM convened to approve the financial statements for the year ending December 31, 2018.

(b) One Strategic Committee meeting per year / scheduling constraint

(1) Listed company

(2) Company outside Groupe BPCE

Bernard DUPOUY

Chairman of the Board of Directors of Banque Populaire Aquitaine Centre Atlantique (BPACA)

Born September 19, 1955
Nationality: French
Natixis shares held: 1,000
Address:
10 quai des Queyries
33072 Bordeaux Cedex

Director

First appointed: co-opted by the Board of Directors on Au gust 1, 2017 and ratified at the AGM of May 23, 2018

Term expires: 2019 AGM[(a)]

Member – Strategic Committee

First appointed: Board Meeting of August 1, 2017

Attendance rate in 2018	Board of Directors:	Strategic Committee:
	100%	100%

A graduate of the École Supérieure de Commerce, d'Administration et des Entreprises de Bordeaux, Bernard Dupouy became a Member of the Board of Directors of Banque Populaire du Sud-Ouest (BPSO) in 1996. He was appointed Secretary in 2006, then Vice-Chairman in 2009. In November 2011, BPSO became Banque Populaire Aquitaine Centre Atlantique (BPACA). Bernard Dupouy subsequently became Deputy Vice-Chairman, then Chairman of the Board of Directors in January 2015.

He was also Chairman of the Board of Directors of BPSO subsidiary Crédit Commercial du Sud-Ouest, from 2008 to 2011. From 2011 to 2015, he was a Member of the Board and Chairman of the Audit and Risk Committee.

In addition, Bernard Dupouy served as a Member of the Board of Crédit Maritime Mutuel du Littoral Sud-Ouest from 2012 to 2015, then became a Permanent Representative of BPACA, member of the Board of Crédit Maritime and, starting in 2012, Chairman of the Audit, Risk and Accounting Committee until June 4, 2018, when that entity was merged into BPACA.

A well-known entrepreneur in the Aquitaine region, Bernard Dupouy is the Chief Executive Officer of DUPOUY S.A., a company specialized in exports and distribution in French overseas territories. He is also Member of the Board of Congrès et Exposition de Bordeaux and of Union Maritime du Port de Bordeaux.

Key advisory skills: expertise in business administration, with in-depth knowledge of retail banking, the regional economy and French overseas territories.

Other offices held in 2018:

Within Groupe BPCE

- Chairman of the Board of Directors of Banque Populaire Aquitaine Centre Atlantique (BPACA) *(since 27/01/2015)*
- Member of the Supervisory Board, the Appointments Committee and the Compensation Committee of BPCE *(since 02/08/2018)*
- Member of the Board of: Natixis Interépargne *(from 30/11/2016 to 03/08/2018)* and BPCE Vie *(from 28/03/2017 to 03/08/2018)*
- Vice-Chairman of the Board of Directors of Fédération Nationale des Banques Populaires *(since 06/06/2018)*, Member of the Board *(since May 2015)*
- Permanent Representative of BPACA, Member of the Board of Crédit Maritime Mutuel du Littoral du Sud-Ouest (from *29/01/2015 to 04/06/2018)* and Chairman of the Audit, Risk and Accounts Committee of Crédit Maritime Mutuel *(from 2012 to June 2018)* and of Société Centrale des Caisses de Crédit Maritime Mutuel *(since 05/06/2018)*

Outside Groupe BPCE

- Chairman and Chief Executive Officer of Groupe DUPOUY S.A. *(since 22/07/1993)*
- Chairman and Chief Executive Officer of ETS DUPOUY SBCC *(since 01/02/2004)*
- Chairman of: Villa Primrose *(since 2000)*, Madikera Management 2M SAS *(since 12/07/2016, liquidated at 31/12/2018)*
- Permanent Representative of BPACA, Member of the Board of Bordeaux Grands Événements *(since 2013)*, Fondation Bordeaux Université *(since 29/11/2017)*
- Member of the Board of: Union Maritime du Port de Bordeaux *(since 2008)*, Congrès et Expositions de Bordeaux SAS (*since 2008)*
- Manager of SCI Badimo *(since 26/01/2000)*

Compliance with rules governing the number of offices held	Afep-Medef Code:	French Monetary and Financial Code:
	compliant	compliant

Offices held in previous fiscal years

2014	2015	2016	2017
Member of the Board of Crédit Maritime Mutuel du Littoral Sud-Ouest *(since 2012)*	*(until 29/01/2015)*		
Member of the Board of Crédit Commercial du Sud-Ouest *(since 2008)* and Chairman of the Audit and Risk Committee *(since 2011)*	*(until March 2015)*		
Elected member of the Bordeaux Chamber of Commerce and Industry[(1)] (*since 2006)*		*(until 23/11/2016)*	

(a) 2019 AGM convened to approve the financial statements for the year ending December 31, 2018.

(1) Company outside Groupe BPCE

Nicole ETCHEGOÏNBERRY

(since December 20, 2018)

Chairwoman of the Management Board of Caisse d'Epargne Loire-Centre

Born December 17, 1956
Nationality: French
Natixis shares held: (currently vesting)
Address:
12 rue de Maison-Rouge
CS 10620
45146 Saint-Jean-de-la-Ruelle

Director
First appointed: co-opted by the Board of Directors on December 20, 2018
Term expires: 2020 AGM[a]
Member – Risk Committee
First appointed: Board Meeting of December 20, 2018
Member – Appointments Committee
First appointed: Board Meeting of December 20, 2018
Chairwoman – Strategic Committee
First appointed: Board Meeting of December 20, 2018

Attendance rate in 2018	Board of Directors:	Appointments Committee:	Risk Committee:	Strategic Committee:
	N/A	N/A	N/A	N/A

Nicole Etchegoïnberry has a PhD in Information Technology and began her career in information systems at Banque Courtois, followed by a stint at Fédération du Crédit Mutuel Midi Atlantique. She then joined the Caisse Régionale du Crédit Agricole Mutuel de Toulouse, where she held senior positions in development and markets. In 2001 Nicole Etchegoïnberry joined Caisse d'Epargne de Midi Pyrénées where she oversaw the bank's IT migration and banking operations.

From 2005 to 2008 Nicole Etchegoïnberry was Chief Executive Officer of former Caisse d'Epargne subsidiary Gestitres, specialized in securities account management and custody of financial instruments. In 2008 she became Chairwoman of the Management Board of GIE GCE Business Services, which handles the Caisse d'Epargne group's IT project management.

Since August 1, 2009, Nicole Etchegoïnberry has been Chairwoman of the Management Board of Caisse d'Epargne Loire-Centre.

Key advisory skills: in-depth knowledge of retail banking, IT concerns and securities.

Other offices held in 2018:

Within Groupe BPCE

- Chairwoman of the Management Board of Caisse d'Epargne Loire Centre (CELC) (*since 01/08/2009)*
- Permanent Representative of CELC, Chairwoman of the Board of Directors of: BPCE Trade *(since 30/06/2017),* Ecureuil Crédit *(since September 2008),*
- Chairwoman of the Board of Directors of: BPCE Services Financiers *(since 17/12/2013),* Association "Les Elles du Groupe BPCE" *(since 01/10/2014),*
- Member of the Board of: Crédit Foncier de France *(since October 2009),* BPCE International et Outre-Mer (*since 05/08/2013)*
- Vice-Chairwoman of the Board of Directors of Touraine Logement E.S.H. *(since 29/06/2017, Member of the Board since 2014)*
- Permanent Representative of CELC, Member of the Board of: FNCE *(since 12/04/2018),* GIE IT-CE *(since 01/11/2016),* ALBIANT-IT SA *(since 26/06/2015),* GIE BPCE IT *(since 17/07/2015),* Fondation d'entreprise Caisse d'Epargne Loire-Centre *(since 18/12/2015)*

Outside Groupe BPCE

- Member of the Board of: Association Parcours Confiance Loire-Centre *(since 07/07/2009),* Financi'Elles *(since 24/03/2011)*
- Permanent Representative of CELC, Member of the Board of: Association Habitat en Région *(since 08/12/2010),* cancer@workassociation *(since 12/04/2018),* Orléans Métropole *(since 13/04/2018)*

Compliance with rules governing the number of offices held	Afep-Medef Code:	French Monetary and Financial Code:
	compliant	compliant

Offices held in previous fiscal years

2014	2015	2016	2017
▪ Member of the Board of ALBIANT-IT (since 01/12/2011)	▸ *(until 26/06/2015)*		

(a) 2020 AGM convened to approve the financial statements for the year ended December 31, 2019.

Sylvie GARCELON

Chief Executive Officer of CASDEN Banque Populaire

Born April 14, 1965
Nationality: French
Natixis shares held: 1,000
Address:
1 bis rue Jean Wiener
Champs-sur-Marne
77474 Marne-La-Vallée Cedex 2

Director

First appointed: co-opted by the Board of Directors on February 10, 2016 and ratified at the AGM of May 24, 2016

Term expires: 2020 AGM[(a)]

Member – Audit Committee

First appointed: Board Meeting of February 10, 2016

Member – Strategic Committee

First appointed: Board Meeting of February 10, 2016

Attendance rate in 2018	Board of Directors: 91%	Audit Committee: 100%	Strategic Committee: 100%

A graduate of the SKEMA Business School, Sylvie Garcelon joined the Internal Audit Department of Banque Populaire Group in 1987. In 1994, she became Corporate Secretary at SBE before joining the Finance Department of BRED in 2000. In 2003, she joined Natexis where she held positions first in Third-Party Asset Management and then at the Information Systems and Logistics Department. In 2006, she was appointed Chief Executive Officer of M.A. Banque, and then Chairwoman of the Management Board in 2010. Sylvie Garcelon joined CASDEN Banque Populaire in April 2013 as Deputy CEO in charge of Finance, Risk and Subsidiaries.

Sylvie Garcelon has been Chief Executive Officer of CASDEN Banque Populaire since May 2015.

Key advisory skills: expertise in financial management and corporate strategy.

Other offices held in 2018:

Within Groupe BPCE

- Chief Executive Officer of CASDEN Banque Populaire *(since May 2015)*
- Member of the Board of Fondation d'Entreprise Banque Populaire (*since 14/06/2016)*
- Member of the Board of Banque Palatine, Member of the Audit Committee and Risk Committee *(since 05/10/2016)*
- Treasurer of the Fédération Nationale des Banques Populaires *(since 04/04/2017)*
- Non-voting Member of BPCE *(since 20/12/2018)*

Outside Groupe BPCE

- Member of the Board of CNRS *(since 24/11/2017)*

Compliance with rules governing the number of offices held	Afep-Medef Code: compliant	French Monetary and Financial Code: compliant

Offices held in previous fiscal years

2014	2015	2016	2017
▪ Chief Executive Officer of Bureau du Management Financier (absorbed by CASDEN in 2017) *(since April 2013)*			▸ *(until November 2017)*

(a) 2020 AGM convened to approve the financial statements for the year ended December 31, 2019.

Anne LALOU

Dean and Managing Director of Web School Factory, Managing Director of Innovation Factory

Born December 6, 1963
Nationality: French
Natixis shares held: 1,000
Address:
59 rue Nationale
75013 Paris

Independent Director

First appointed: co-opted by the Board of Directors on February 18, 2015 and ratified at the AGM of May 19, 2015

Term expires: 2022 AGM[a]

Chairwoman – Strategic Committee

First appointed: Board Meeting of February 18, 2015

Member – Compensation Committee

First appointed: Board Meeting of February 18, 2015

Member – Appointments Committee

First appointed: Board Meeting of February 18, 2015

Attendance rate in 2018	Board of Directors:	Appointments Committee:	Compensation Committee:	Strategic Committee:
	100%	67%	75%	100%

Anne Lalou is a graduate of ESSEC Business School who began her career as a manager and then Assistant Director in the Mergers & Acquisitions Department at Lazard in London. She was then appointed as Head of Customer Prospection and Development at Havas in Paris. She was the Chairwoman and Chief Executive Officer of Havas Édition Électronique before joining Rothschild & Cie as Managing Director.

She joined Nexity in 2002 where she held the positions of Secretary General and Director of Development, before being appointed Chief Executive Officer of Nexity-Franchises in 2006, and then Deputy Chief Executive Officer of the Distribution division until 2011.

Anne Lalou has been Dean and Managing Director of the Web School Factory since 2012.

Key advisory skills: entrepreneurial experience, expertise in areas relating to M&A, finance, IT and corporate strategy.

Other offices held in 2018:

Within the Eurazeo group

- Member of the Supervisory Board of: Eurazeo[1] *(since 07/05/2010)*
- Chairwoman of the Eurazeo[1] CSR Committee (*since 2014)*
- Member of the Eurazeo[1] Financial Committee (*since 2012)*

Outside the Eurazeo group

- Dean and Managing Director of the Web School Factory *(since April 2012)*
- Managing Director of the Innovation Factory *(since February 2013)*
- Member of the Board of Korian Medica SA[1] *(since 18/03/2014)*
- Chairwoman of the Ethics and Quality Committee of Korian Medica S.A. (*since 22/06/2017)*

Compliance with rules governing the number of offices held	Afep-Medef Code:	French Monetary and Financial Code:
	compliant	compliant

Offices held in previous fiscal years

2014	2015	2016	2017
Chief Executive Officer of Nexity Solutions[2] *(from July 2011 to end-May 2014)*			
Member of the Supervisory Board of Medica[2] *(from March 2012 to March 2014)*			
Member of the Board of Kea & Partners[2] *(since December 2013)*	*(until 09/02/2015)*		
Member of the Supervisory Board of Foncia Holding[2] *(since September 2011)*		*(until September 2016)*	
Member of the Supervisory Board of Foncia Groupe[2] *(since February 2012)*		*(until 07/09/2016)*	
Chairwoman of the Appointments and Compensation Committee of Korian Medica SA[1][2] *(since 18/03/2014)*			*(until 22/06/2017)*

(a) 2022 AGM convened to approve the financial statements for the year ending December 31, 2021.

(1) Listed company

(2) Company outside Groupe BPCE

Françoise LEMALLE

Chairwoman of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur (CECAZ)

Born January 15, 1965
Nationality: French
Natixis shares held: 1,000
Address:
455 promenade des Anglais
BP 3297
06205 Nice Cedex 03

Director

First appointed: co-opted by the Board of Directors on July 30, 2015 and ratified at the AGM of May 24, 2016

Term expires: 2022 AGM [a]

Member – Audit Committee

First appointed: Board Meeting of February 9, 2017

Member – Strategic Committee

First appointed: Board Meeting of July 30, 2015

Attendance rate in 2018	Board of Directors:	Audit Committee:	Strategic Committee:
	91%	80%	100%

Françoise Lemalle earned her Chartered Accountant designation in 1991, becoming the youngest Chartered Accountant in the PACA region that year, then registered with the Compagnie des Commissaires aux Comptes in 1993. She runs an accounting and auditing firm of 20 people, located in Mougins. She regularly hosts training sessions for small retailers, craftspeople and self-employed professionals, mostly at management centers.

In 1999, she became a founding director of local savings company SLE de Cannes, before being elected as its Chairwoman in 2009. She sat on the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur as a Non-Voting Member, then from 2009 as Chairwoman of the LSC, joining the Audit Committee at the same time. Françoise Lemalle was appointed Steering and Supervisory Board Chairwoman on April 23, 2015.

In addition, she has been a Member of the Board of IMF Créasol[2] and a member of the association's Audit Committee since 2013.

She has also been a member of the BPCE Supervisory Board since May 22, 2015.

Key advisory skills: entrepreneurial experience, extensive knowledge in accounting, finance and auditing.

Other offices held in 2018:

Within Groupe BPCE

- Member of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur *(since 2013)* and then Chairwoman *(since April 2015)*
- Member of the Supervisory Board and Risk Committee of BPCE (*since 22/05/2015)*
- Chairwoman of the Board of Directors of SLE CECAZ (SLE Ouest des Alpes-Maritimes) *(since 1999)*
- Member of the Board of CE Holding Participations *(since 09/09/2015)*
- Permanent Representative of Caisse d'Epargne Côte d'Azur, Member of the Board of FNCE *(since April 2015)*
- Treasurer of the Benjamin Delessert Association *(since 2015)*

Outside Groupe BPCE

- Chief Executive Officer of Lemalle Ares X-Pert[1] *(since 1991)*
- Member of the Board and of the Audit Committee of: IMF Créa-Sol *(since July 2013)*

Compliance with rules governing the number of offices held	Afep-Medef Code:	French Monetary and Financial Code:
	compliant	compliant

Offices held in previous fiscal years

2014	2015	2016	2017
None	None	None	None

(a) 2022 AGM convened to approve the financial statements for the year ending December 31, 2021

(1) Company outside Groupe BPCE

Bernard OPPETIT
Chairman of Centaurus Capital Limited

Born August 5, 1956
Nationality: French
Natixis shares held: 1 000
Adress:
53 Davies Street
London W1K5JH
England

Independent Director

First appointed: co-opted by the Board of Directors on November 12, 2009 and ratified at the AGM of May 27, 2010

Term expires: 2022 AGM[a]

Chairman – Risk Committee

First appointed: Board Meeting of December 17, 2014

Member – Audit Committee

First appointed: Board Meeting of December 17, 2009

Member – Strategic Committee

First appointed: Board Meeting of May 11, 2011

Attendance rate in 2018	Board of Directors: 100%	Audit Committee: 100%	Risk Committee: 100%	Strategic Committee: 100%

With a degree from the École Polytechnique, Bernard Oppetit forged his career with the Paribas group from 1979 to 2000, first in Paris, then New York and finally London.

As Deputy Director of the Financial Management division (1980-1987), Bernard Oppetit joined Paribas North America first as a Risk Arbitrage Trader (1987-1990) and then as Global Head of Risk Arbitrage (1990-1995). In 1995, while still heading up Risk Arbitrage, he moved to London to become Global Head of Equity Derivatives (1995-2000).

In 2000, Bernard Oppetit founded Centaurus Capital, a hedge fund investment management company. Having sold its global investment business, Centaurus Capital is a holding company of which Bernard Oppetit remains Chairman.

Key **advisory skills:** renowned financial markets specialist, with entrepreneurial experience in Europe.

Other offices held in 2018:

Within the Centaurus Capital group

- Chairman of Centaurus Capital Limited *(since 2002)*
- Member of the Board of: Centaurus Capital Holdings Limited, Centaurus Global Holding Limited, Centaurus Management Company Limited, Centaurus Capital group

Outside the Centaurus Capital group

- Member of the Board and Chairman of the Cnova[1] Audit Committee *(since 20/11/2014)*

Compliance with rules governing the number of offices held	Afep-Medef Code: compliant	French Monetary and Financial Code: compliant

Offices held in previous fiscal years

2014	2015	2016	2017
Member of the Board of Centaurus Capital International Limited[2]	▸ *(until 30/03/2015)*		
Member of the Supervisory Board of HLD[2] *(since 2011)*	▸ *(until 12/02/2015)*		
Member of the Board of Emolument Ltd[2] *(from 25/09/2014 to 17/11/2014)*			
Trustee of the École Polytechnique Charitable Trust			▸ *(until 01/11/2017)*
▪		Trustee of The Academy of St Martin-in-the-Fields *(since June 2016)*	▸ *(until 01/11/2017)*

(a) 2022 AGM convened to approve the financial statements for the year ending December 31, 2021.

(1) Listed company

(2) Company outside Groupe BPCE

Stéphanie PAIX

(until November 12, 2018)

Born March 16, 1965
Nationality: French
Natixis shares held: 1,093
Address:
110 avenue de France
75013 Paris

Director

First appointed: AGM of May 29, 2012

Term expires: 2020 AGM [(a)]

Member – Risk Committee

First appointed: Board Meeting of December 17, 2014

Member – Appointments Committee

First appointed: Board Meeting of February 9, 2017

Member – Strategic Committee

First appointed: Board Meeting of November 14, 2012

Attendance rate in 2018	Board of Directors:	Risk Committee:	Appointments Committee:	Strategic Committee:
	90%	80%	50%	100%

A graduate of Sciences Po with a postgraduate degree (DESS) in corporate tax law from Université Paris-Dauphine, Stéphanie Paix has been with Groupe BPCE since 1988.

After working as an auditor and lead auditor at Banque Fédérale des Banques Populaires (1988-1994), she joined Banque Populaire Rives de Paris as regional director and then Head of Origination and General Organization (1994-2002). In 2002, she joined Natexis Banques Populaires, where she was Head of Operations Management and then Head of Cash Management and Operations (2002-2005). In 2006, she became Chief Executive Officer of Natixis Factor, then Chief Executive Officer of Banque Populaire Atlantique (2008-2011).

Stéphanie Paix has been Chairwoman of the Management Board of Caisse d'Epargne Rhône Alpes since end-2011. She is now the Deputy Managing Director in charge of Groupe BPCE's General Inspection.

Key advisory skills: extensive knowledge of retail banking and business financing; bank audits

Other offices held in 2018:

Within Groupe BPCE

- Chairwoman of the Management Board of Caisse d'Epargne Rhône-Alpes (CERA) *(from 05/12/2011 to 12/11/2018)*
- Member of the Supervisory Board of SAMSE *(since September 2018)*
- Chairwoman of the Board of Directors of Banque du Léman (Switzerland) *(from 2013 to 12/11/2018)*
- Chairwoman of the non-profit association Le B612 *(from 2016 to 12/11/2018)*
- Member of the Board of CE Holding Participations *(from 09/09/2015 to 12/11/2018)*
- Member of the Supervisory Board and Risk Committee of BPCE *(from 22/05/2015 to 12/11/2018)*
- Permanent Representative of CERA, Member of the Board of IT-CE *(from 31/12/2011 to 12/11/2018)*
- Permanent Representative of CERA, Member of the Board of: Fondation d'entreprise CERA *(from December 2011 to 12/11/2018)*, Fédération Nationale des Caisses d'Epargne (FNCE) *(from December 2011 to 12/11/2018)*, Habitat en Région *(from 2012 to 12/11/2018)*, Club du Musée Saint-Pierre *(from 2012 to 12/11/2018)*, Fondation entrepreneurs de la Cité *(from 2014 to 12/11/2018)*, GIE BPCE IT *(from 16/07/2015 to 12/11/2018)*, ERILIA *(from 03/06/2016 to 12/11/2018)*
- Permanent Representative of CERA, Manager of: SCI dans la ville *(from 16/05/2014 to 12/11/2018)*, SCI Garibaldi Office *(from 16/05/2014 to 12/11/2018)*, SCI Lafayette Bureaux *(from 16/05/2014 to 12/11/2018)*, SCI le Ciel *(from 16/05/2014 to 12/11/2018)*, SCI le Relais *(from 19/05/2014 to 12/11/2018)*
- Permanent Representative of CE Holding Promotion, Member of the Board of Habitat en Région Services *(from 2016 to12/11/2018)*

Outside Groupe BPCE

- Chairwoman of the Supervisory Board of Rhône Alpes PME Gestion *(from 13/03/2012 to 12/11/2018)*
- Member of the Board of Siparex Associés *(from 30/03/2012 to 12/11/2018)*
- Chairwoman of the Board of Directors of Rhône Alpes Cinéma *(from 26/07/2016 to 12/11/2018)*
- Chairwoman of the Comité Régional des Banques de Rhône Alpes *(from 13/09/2017 to 12/11/2018)*
- Chairwoman of MIX-R *(from 09/04/2018 to 12/11/2018)*
- Non-Voting Member of Société des Trois Vallées *(from 2012 to 12/11/2018)*
- Member of the 4th College of the French Economic, Environmental and Social Council (Conseil économique social et environnemental régional - CESER) *(from 01/01/2018 to 12/11/2018)*

Compliance with rules governing the number of offices held	Afep-Medef Code:	French Monetary and Financial Code:
	compliant	compliant

Offices held in previous fiscal years			
2014	**2015**	**2016**	**2017**
▪ Chairwoman of Agence Lucie *(since 06/04/2011)*	▸ *(until 25/11/2015)*		
▪ Permanent Representative of CERA, Member of the Board of Compagnie des Alpes[1] *(from 18/10/2012)*	▸ *(until 16/02/2015)*		
▪ Member of the Board of Crédit Foncier *(since 26/04/2010)*		▸ *(until 10/05/2016)*	
▪ Permanent Representative of CERA, Treasurer of Fondation Belem (*since May 2013)*			▸ *(until 01/03/2017)*
	▪ Member of the BPCE Audit Committee *(from 22/05/2015 to 16/12/2015)*		

(a) 2020 AGM convened to approve the financial statements for the year ended December 31, 2019.

(1) Company outside Groupe BPCE

Catherine PARISET

Born August 22, 1953
Nationality: French
Natixis shares held: 1,000
Address:
19 rue Ginoux
75015 Paris

Independent Director

First appointed: co-opted by the Board of Directors on December 14, 2016 and ratified at the AGM of May 23, 2017

Term expires: 2019 AGM[a]

Chairwoman – Audit Committee

First appointed: Board Meeting of December 14, 2016

Member – Risk Committee

First appointed: Board Meeting of December 14, 2016

Member – Strategic Committee

First appointed: Board Meeting of December 14, 2016

Attendance rate in 2018	Board of Directors:	Audit Committee:	Risk Committee:	Strategic Committee:
	100%	100%	100%	100%

Catherine Pariset has a master's degree in Management Sciences from Université Paris-Dauphine and 35 years' experience in auditing and advisory services. She was a partner at PricewaterhouseCoopers (PwC) from 1990 to 2015, as well as the partner responsible for the worldwide auditing of AXA, Sanofi, Crédit Agricole, Caisse des Dépôts, Compagnie des Alpes and Generali France. She also served as a member of the PwC Board for seven years and was partner in charge of the insurance and banking sectors.

Key advisory skills: expertise in accountancy and financial auditing.

Other offices held in 2018 and 2019:

- Member of the Board of Directors of Banque PSA Finance *(since 22/02/2019)*

Compliance with rules governing the number of offices held	Afep-Medef Code:	French Monetary and Financial Code:
	compliant	compliant

Offices held in previous fiscal years

2014	2015	2016	2017
		▪ Member of the Supervisory Board of Eurodisney SCA[1][2] *(since 17/02/2016)*	*(until 13/09/2017)*
		▪ Member of the Supervisory Board of Eurodisney Associés SCA[2] *(since 17/02/2016)*	*(until 13/09/2017)*
		▪ Member of the Audit Committee of Eurodisney[2] *(since 09/11/2016)*	*(until 13/09/2017)*

(a) 2019 AGM convened to approve the financial statements for the year ending December 31, 2018.

(1) Listed company

(2) Company outside Groupe BPCE

Christophe PINAULT

(since December 20, 2018)

Chairman of the Management Board of Caisse d'Epargne et de Prévoyance Bretagne Pays de Loire

Born November 26, 1961
Nationality: French
Natixis shares held: 93
Address:
15, avenue de la jeunesse
CS30327
44703 Orvault Cedex

Director
First appointed: co-opted by the Board of Directors on December 20, 2018
Term expires: 2019 AGM[(a)]

Member – Risk Committee
First appointed: Board Meeting of December 20, 2018

Member – Compensation Committee
First appointed: Board Meeting of December 20, 2018

Member – Strategic Committee
First appointed: Board Meeting of December 20, 2018

Attendance rate in 2018	Board of Directors:	Risk Committee:	Compensation Committee:	Strategic Committee:
	N/A	N/A	N/A	N/A

A graduate of ISC Paris Business School, ITB (Institut Technique Bancaire) and ICG IFG (Institut Français de Gestion), Christophe Pinault began his career in 1984 at Banque Populaire Anjou-Vendée before moving to Crédit Agricole Mayenne and Crédit Mutuel Anjou.

In 2002, he joined Caisse d'Epargne des Pays de la Loire as Head of the Network and then Member of the Management Board in charge of Development. He then joined Crédit Foncier in 2007 as Deputy Managing Director in charge of Development. In 2013, he was appointed Chairman of the Management Board of Caisse d'Epargne Côte d'Azur.

Since April 27, 2018, he is Chairman of the Management Board of Caisse d'Epargne Bretagne Pays de Loire.

Key supervisory skills: expertise in internal control, risk, disputes, and in-depth knowledge of the banking business

Other offices held in 2018:

Within Groupe BPCE

- Chairman of the Management Board of Caisse d'Epargne Bretagne Pays de Loire CEBPL *(since 27/04/2018)*
- Chairman of the Management Board of Caisse d'Epargne et de Prévoyance Côte d'Azur CECAZ *(from 01/07/2013 to 26/04/2018)*
- Chairman of the Supervisory Board of: Batiroc Bretagne-Pays de Loire *(since 04/05/2018)*, Caisse d'Epargne Capital *(since 14/06/2017)*, Sodero Gestion SAS *(since 04/05/2018)*, CE Développement SAS *(since 01/10/2014)*
- Chairman of the Board of Directors of Sodero Participations SAS *(since 04/05/2018)*
- Permanent Representative of CECAZ, Member of the Board of: ERILIA (*from 03/06/2016 to 26/04/2018)*, GIE Caisse d'Epargne Syndication Risque *(from 22/05/2014 to 26/04/2018)*
- Permanent Representative of CEBPL, Member of the Board of GIE IT-CE *(since 14/05/2018)*
- Permanent Representative of CEBPL, Non-Voting Member of ERILIA *(from 14/05/2018 to 12/11/2018)*
- Member of the Board of: FNCE *(since 27/04/2018)*, BPCE Assurances (*since 12/06/2007)*, Natixis Investment Managers *(since 21/05/2013)*, Fondation Belem *(since 02/07/2015)*, IXION *(from 29/03/2018 to 12/11/2018)*
- Member of the Supervisory Board of: Seventure Partners *(since 25/07/2016)*, Alliance Entreprendre SAS *(since 29/06/2016)*

Outside Groupe BPCE

- Co-Manager of SCI Gilix *(since 27/12/2001)*

Compliance with rules governing the number of offices held	Afep-Medef Code:	French Monetary and Financial Code:
	compliant	compliant

Offices held in previous fiscal years

2014	2015	2016	2017
▪ Member of the Board of Natixis Payment Solutions *(since 24/09/2013)*		▸ *(until 29/09/2016)*	

(a) 2019 AGM convened to approve the financial statements for the year ending December 31, 2018.

Henri PROGLIO

Chairman of Henri Proglio Consulting SAS

Born June 29, 1949
Nationality: French
Natixis shares held: 1,000
Address:
151 boulevard Haussmann
75008 Paris

Independent Director*
First appointed: AGM of April 30, 2009
Term expires: 2019 AGM[(a)]
Chairman – Appointments Committee
First appointed: Board Meeting of December 17, 2014
Member – Compensation Committee
First appointed: Board Meeting of April 30, 2009
Member – Strategic Committee
First appointed: Board Meeting of May 11, 2011

Attendance rate in 2018	Board of Directors:	Appointments Committee	Compensation Committee	Strategic Committee:
	91%	100%	100%	100%

A graduate of HEC Paris, Henri Proglio began his career in 1972 at the Générale des Eaux group (now Veolia Environnement), where he held various Senior Management positions. In 1990, he was appointed Chairman and CEO of CGEA, a subsidiary specialized in waste management and transport. In 2000, he became Chairman of Vivendi Environnement (Veolia Environnement), and, in 2003, Chairman and Chief Executive Officer.

In 2005, he was also named Chairman of the School Council of his alma mater, HEC Paris.

From 2009 to November 22, 2014, Henri Proglio was Chairman and Chief Executive Officer of EDF. He has been Honorary Chairman of EDF since 2015.

Key advisory skills: a nationally and internationally renowned industrialist, with expertise in large corporations and strategic issues.

Other offices held in 2018:

- Chairman of Henri Proglio Consulting SAS *(since 09/01/2015)*
- Honorary Chairman of EDF *(since 2015)*
- Member of the Board of: Dassault Aviation[(1)] *(since 2008),* ABR Management Russia (*since 2014),* Akkuyu Nuclear JSC (Turkey) *(since 2015),* Atalian *(since 01/09/2017),* FCC *(since 27/02/2015)*

Compliance with rules governing the number of offices held	Afep-Medef Code:	French Monetary and Financial Code:
	compliant	compliant

** Member of the Supervisory Board of Natixis (from November 17, 2006 to April 30, 2009).*

Independent Director until November 17, 2018.

Offices held in previous fiscal years			
2014	**2015**	**2016**	**2017**
▪ Chairman and CEO of EDF[(1) (2)] *(from 25/11/09 to 22/11/2014)* ▪ Member of the Board of FCC [(1) (2)] Spain *(from 27/05/2010 to 22/09/2014)* ▪ Member of the High Commission for Transparency and Information on Safety in Nuclear Facilities *(from 25/11/2009 to 22/11/2014)* ▪ Member of the National Commission for Sectors of Vital Importance *(from 08/12/2009 to 17/02/2014)* ▪ Member of the Committee for Atomic Energy *(from 25/11/2009 to 22/11/2014)* ▪ Chairman of EDF Energy Holdings Ltd[(2)] *(from 08/03/2010 to 22/11/2014)* ▪ Member of the Board of Edison[(2)], then Chairman of the Board of Directors *(from 24/04/2012 to 25/11/2014)* ▪ Member of the Board of: EDF International SAS[(2)] *(from 06/12/2010 to 25/11/2014),* EDF Energies Nouvelles[(2)] *(from 21/09/2011 to 25/11/2014)* ▪ Member of the Board of South Stream Transport BV[(2)] *(from 13/11/2012 to 26/11/2014)* ▪ Vice-Chairman of the Eurelectric association (Belgium) *(from 03/06/2013 to 25/11/2014)* ▪ Member of the Board of Dalkia[2] (from 25/07/2014 to 22/11/2014) ▪ Member of the Board of Thales[(2)] *(since 23/12/2014)*	▸ *(until 13/05/2015)* ▪ Member of the Board of Fennovoima Ltd[(2)] (Finland) *(from March 2015 to November 2015)*		

(a) 2019 AGM convened to approve the financial statements for the year ending December 31, 2018.

(1) Listed company

(2) Company outside Groupe BPCE

Philippe SUEUR

Member of the Steering and Supervisory Board of Caisse d'Epargne Île-de-France

Born July 4, 1946
Nationality: French
Natixis shares held: 4,000
Address:
57 rue du Général de Gaulle
95880 Enghien-Les-Bains

Director

First appointed: AGM of April 30, 2009

Term expires: 2019 AGM [(a)]

Member – Appointments Committee

First appointed: Board Meeting of December 17, 2014

Member – Strategic Committee

First appointed: Board Meeting of May 11, 2011

Attendance rate in 2018	Board of Directors:	Appointments Committee:	Strategic Committee:
	100%	100%	100%

Philippe Sueur holds a postgraduate degree in political science and history and a doctorate in law, and is also an Associate Professor in Roman law and Institutional History. He began his career in 1975 as a Lecturer before becoming a Full Professor at Université d'Amiens in 1978 and then at Université de Paris III - Sorbonne Nouvelle and Paris-Nord. From 1992 to 2002, he was Dean of the Faculty of Law and Political and Social Science at Université Paris XIII - Nord. As Mayor of Enghien-les-Bains since 1989, Philippe Sueur has also held various elected positions such as Regional Councilor until 2011 and Councilor at Large for the Val d'Oise region since 1994. He was Vice-Chairman of CG95, the Val d'Oise regional council, between 2001 and 2008 and then again in 2011. Since April 2015, he has been the first Vice-Chairman of the Val d'Oise Regional Council.

From April 29, 2014 to April 26, 2017, Philippe Sueur was Chairman of the Steering and Supervisory Board of Caisse d'Epargne Île-de-France. Since April 26, 2017, he remains Member of the Steering and Supervisory Board of Caisse d'Epargne Île-de-France.

Key advisory skills: recognized academic authority, extensive knowledge of local and regional authorities.

Other offices held in 2018:

Within Groupe BPCE

- Member of the Steering and Supervisory Board of Caisse d'Epargne Île-de-France *(since April 2008)*

Outside Groupe BPCE

- Chairman of: Société d'Économie Mixte d'Aménagement du Val d'Oise (SEMAVO) *(since 1997)*, Institut de Formation des Animateurs de Collectivités (IFAC – Local Supervisors' Training Institute) for France and Val d'Oise *(since 2008)*
- Chairman of the Comité d'Expansion Économique du Val d'Oise (CEEVO) and the Val d'Oise Technopôle *(since April 2015)*

Compliance with rules governing the number of offices held	Afep-Medef Code:	French Monetary and Financial Code:
	compliant	compliant

Offices held in previous fiscal years

2014	2015	2016	2017
▪ Vice-Chairman of the Steering and Supervisory Board of Caisse d'Epargne Île-de-France *(from 2008 to 29/04/2014)*			
▪ Chairman of the Steering and Supervisory Board of Caisse d'Epargne Île-de-France *(from 29/04/2014)*			▸ *(until 26/04/2017)*
▪ Member of the Board of Syndicat des Transports d'Île-de-France(1) *(since 2007)*	▸ *(until April 2015)*		
▪ Member of the Board of Agence Foncière et Technique de la Région Parisienne (AFTRP)(1) *(since 2007)*	▸ *(until April 2015)*		
▪ Member of the Board of BPCE Assurances *(since 23/05/2005)*			▸ *(until 17/03/2017)*

(a) 2019 AGM convened to approve the financial statements for the year ending December 31, 2018.

(1) Company outside Groupe BPCE

Nicolas de TAVERNOST
Chairman of the Groupe M6 Management Board

Born August 22, 1950
Nationality: French
Natixis shares held: 1,000
Address:
89 avenue Charles de Gaulle
92575 Neuilly sur Seine Cedex

Independent Director
First appointed: AGM of July 31, 2013
Term expires: 2021 AGM[a]
Chairman – Compensation Committee
First appointed: Board Meeting of August 6, 2013
Member – Appointments Committee
First appointed: Board Meeting of December 17, 2014
Member – Strategic Committee
First appointed: Board Meeting of August 6, 2013

Attendance rate in 2018	Board of Directors:	Appointments Committee	Compensation Committee	Strategic Committee:
	100 %	100%	100%	100%

A graduate of Sciences Po Bordeaux and holder of a DES in public law, Nicolas de Tavernost began his career in 1975 with the cabinet of Norbert Ségard, Secretary of State for Foreign Trade, and then continued with French Postal Services and Telecommunications. In 1986, he took over as Head of Audiovisual Operations at Lyonnaise des Eaux, during which time he oversaw plans to create M6. In 1987, he was appointed Deputy CEO of Métropole Télévision M6, where he has served as Chairman of the Management Board since 2000.

Key advisory skills: expertise in strategic, management and business development issues.

Other offices held in 2018:

Within the RTL group

- Chairman of the Groupe M6[1] Management Board *(since May 2000)*
- Member of the Board of the Football Club des Girondins de Bordeaux *(from 2001 to 06/11/2018)*
- Member *(since 18/12/2002)* and Chairman of the Supervisory Board *(from 02/10/2017 to 30/04/2018)* of Ediradio SA (RTL/RTL2/FUN RADIO), Member of the Board of Directors of RTL France Radio *(from 02/10/2017 to 28/06/2018)*
- Permanent Representative of M6 Publicité, Member of the Board of Directors of: Home Shopping Service SA (*since 2013),* M6 Diffusion SA *(since 2013),* M6 Editions SA, M6 Événements SA *(since 15/03/2012)*
- Permanent Representative of Métropole Télévision, Member of the Board of: SASP Football Club des Girondins de Bordeaux *(from 2012 to 06/11/2018),* Société Nouvelle de Distribution SA, Extension TV SAS, C. Productions SA *(since 21/10/2012),* IP France SA *(from 02/10/2017 to 31/05/2018),* IP Régions SA *(from 02/10/2017 to 31/05/2018),* Société d'Exploitation Radio Chic - SERC SA *(since 02/10/2017),* Société de Développement de Radio diffusion - SODERA SA (*since 02/10/2017)*
- Permanent Representative of Métropole Télévision, Chairman of: M6 Publicité SA *(since 2001),* Immobilière M6 SAS *(since 2001),* M6 Bordeaux SAS *(since 2001),* M6 Interactions SAS (*since 2001),* M6 Digital Services (formerly M6 Web SAS) (*since 2001),* M6 Foot SAS (*since 2001),* SNC Catalogue MC SAS (formerly Mandarin Cinéma SAS) (*since 22/07/2016), S*NC Audiovisuel FF SAS (formerly Fidélité Films SAS) (*since 20/07/2017)*
- Permanent Representative of C. Productions SA, Member of the Board of M6 Films SA *(since 01/01/2015)*
- Permanent Representative of Métropole Télévision, Managing Partner of SCI 107 avenue Charles de Gaulle *(since 2001)*
- Representative of RTL group, Member of the Supervisory Board and Vice-Chairman of the Compensation Committee of Atresmedia (formerly Antena3)[1] *(since 29/10/2003)*
- Permanent Representative of Metropole Télévision *(since 09/07/2018),* Chairman of M6 Digital Services, Chairman of M6 Hosting (*since 09/07/2018)*

Outside RTL group

- Member of the Board of GL Events SA[1] *(since May 2008)*
- Volunteer member of the Board of the RAISE endowment fund (*since 22/11/2013)*
- Member of the Board of Médiamétrie as a Permanent Representative of Immobilière Bayard d'Antin SA *(since 22/11/2017)*

Compliance with rules governing the number of offices held	Afep-Medef Code:	French Monetary and Financial Code:
	compliant	compliant

Offices held in previous fiscal years			
2014	**2015**	**2016**	**2017**
▪ Member of the Board of Nexans SA [1][2] *(from May 2007 to 31/03/2014)*			
▪ Member of the Board of TF6 Gestion SA [2] (*since 2001)*	▸ *(until 01/03/2015)*		
▪ Permanent Representative of Home Shopping Service[2], Member of the Board of MisterGooddeal SA[2] *(from 2013 to 31/03/2014)*			
▪ Permanent Representative of Métropole Télévision[2], Chairman of: M6 Toulouse SAS[2] *(from 2001 to 01/01/2014), TCM DA SAS (since 27/06/2013)*			▸ *(until 20/11/2017)*
▪ Permanent Representative of Metropole Télévision[2], Member of the Shareholders' Committee of Multi 4 SAS[2] *(from 2006 to 15/09/2014)*			
▪ Permanent Representative of M6 Publicité[2], Chairman of the Board of Directors of: M6 Créations SAS[2] *(since15/09/2014)*	▸ *(until 02/01/2015)*		
▪ Chairman of the Groupe M6 Fondation d'Entreprise[2] *(since 2009)*		▸ *(until 12/07/2016)*	

(a) 2021 AGM convened to approve the financial statements for the year ending December 31, 2020.

(1) Listed company

(2) Company outside Groupe BPCE

COMPOSITION OF THE BOARD OF DIRECTORS AT MARCH 1, 2019

	Age	Attendance rate at Board Meetings and Committees in 2018	Nationality	First appointed	Date term of office expires	Experience and expertise
Directors from BPCE						
Laurent Mignon (President)	55	100%	French	01/06/2018	2019 AGM	Expertise in strategic matters concerning banking and financial institutions, as well as the French and international economic and financial environment
BPCE Represented by Catherine Halberstadt	60	BoD: 91% RC: 86% AC: 60% SC: 100%	French	01/01/2018	2019 AGM	Expertise in Human Resources issues; extensive knowledge of retail banking and business financing
Independent Directors						
Anne Lalou	55	BoD: 100% Comp. Com.: 75% App. Com.: 67% SC (Chairwoman): 100%	French	18/02/2015	2022 AGM	Entrepreneurial experience, M&A, finance, IT and corporate strategy
Catherine Pariset	65	BoD: 100% AC (Chairwoman): 100% RC: 100% SC: 100%	French	14/12/2016	2019 AGM	Expertise in accounting and financial auditing
Bernard Oppetit	62	BoD: 100% AC: 100% RC (Chairman): 100% SC: 100%	French	12/11/2009	2022 AGM	Entrepreneurial experience in Europe, financial markets
Henri Proglio	69	BoD: 91% App. Com. (Chairman): 100% Comp. Com.: 100% SC: 100%	French	30/04/2009	2019 AGM	Managing large businesses, proficiency in strategic issues
Nicolas de Tavernost	68	BoD: 100% Comp. Com. (Chairman): 100% App. Com: 100% SC: 100%	French	31/07/2013	2021 AGM	Proficiency in strategic, management and business development issues
Directors from the Banque Populaire						
Sylvie Garcelon	53	BoD: 91% AC: 100% SC: 100%	French	10/02/2016	2020 AGM	Expertise in financial management and corporate strategy
Thierry Cahn	62	BoD: 91% App. Com: 100% SC: 100%	French	28/01/2013	2022 AGM	Proficiency in legal issues, particularly business law; extensive knowledge of banking businesses
Alain Condaminas	61	BoD: 91% Comp. Com: 100% SC: 100%	French	29/05/2012	2020 AGM	Proficiency in human resources issues and business transformation, extensive knowledge of banking businesses
Bernard Dupouy	63	BoD: 100% SC: 100%	French	01/08/2017	2019 AGM	Expertise in business administration, with in-depth knowledge of retail banking, the regional economy and French overseas territories
Directors from the Caisses d'Epargne						
Nicole Etchegoïnberry	62	N/A	French	20/12/2018	2020 AGM	In-depth knowledge of retail banking, IT concerns and securities.

	Age	Attendance rate at Board Meetings and Committees in 2018	Nationality	First appointed	Date term of office expires	Experience and expertise
Françoise Lemalle	54	BoD: 91% AC: 80% SC: 100%	French	30/07/2015	2022 AGM	Entrepreneurial experience, extensive knowledge of the accounting, financial and audit fields
Christophe Pinault	57	N/A	French	20/12/2018	2019 AGM	Expertise in internal control, risk, disputes, and in-depth knowledge of the banking business
Philippe Sueur	72	BoD: 100% App. Com: 100% SC: 100%	French	30/04/2009	2019 AGM	Extensive knowledge of local and regional authorities

BoD: Board of Directors
RC : Risk Committee
AC : Audit Committee
CompCom : Compensation Committee
App.Com : Appointments Committee
SC : Strategic Committee

2.3 Management and oversight of corporate governance

This report was prepared pursuant to Article L. 225-37 of the French Commercial Code.

The information it contains takes into consideration, in particular, Annex I of European regulation (EC) No. 809/2004 of April 29, 2004 (amended) as well as recommendation No. 2012-02, consolidating the recommendations published since 2009, of the Autorité des Marchés Financiers (AMF—French Financial Markets Authority) report on corporate governance and executive compensation, and specifically the AMF's 2018 report, published on November 26, 2018, the activity report from the High Committee on Corporate Governance (HCGE) published on October 24, 2018, and the Guide for compiling registration documents, also published by the AMF on December 10, 2009, and amended on December 17, 2013, and on April 13, 2015, and lastly, the June 2013 Guide to applying the Afep-Medef corporate governance code for listed companies, supplemented by the HCGE in December 2014, November 2015 and November 2016 and June 2018.

The Company refers voluntarily to the Corporate Governance Code for listed companies published by the Association Française des Entreprises Privées (Afep—French Association of Private Sector Companies) and the Mouvement des Entreprises de France (Medef—French Business Confederation), hereinafter referred to as the "Afep-Medef code", which was revised in June 2013, November 2015, November 2016 and June 2018. The Afep-Medef code is available for consultation at the Company's head office and on the Natixis website: *www.natixis.com.*

In accordance with the "apply or explain" rule provided for in Article L.225-37-4 of the French Commercial Code and addressed in Article 27.1 of the Afep-Medef code, Natixis believes that its practices comply with the recommendations of the Afep-Medef code. However, certain recommendations could not be implemented for the reasons given in the table below:

SUMMARY TABLE ON COMPLIANCE WITH AFEP-MEDEF CODE RECOMMENDATIONS: IMPLEMENTATION OF THE "APPLY OR EXPLAIN" RULE

Independent directors (Article 8.3 of the Code) "In controlled companies, independent directors should account for at least a third of Board members."	Independent directors no longer account for a third of Natixis' Board members, since Henri Proglio's term of office reached the recommended 12-year limit at the end of 2018. Independent directors account for 26.6% of Board members. Henri Proglio has been a member of the Board of Directors (or the Supervisory Board) since November 17, 2006. Consequently, as of November 17, 2018, Henri Proglio could no longer be considered an independent director based on the independence criteria used by the Company. The Board of Directors and Appointments Committee therefore began the process for selecting a new independent director. This process was still ongoing at the time this report was prepared. Henri Proglio has confirmed he will stop performing his duties as a Board member as soon as his successor is chosen.
Audit Committee (Article 15.1 of the Code) "The proportion of independent directors on the audit committee should be at least equal to two-thirds..."	Independent members do not make up two-thirds of the Natixis Audit Committee, as recommended by the Afep-Medef code, in order to represent the different components of the Company's main shareholders (members from the Caisse d'Epargne and the Banque Populaire banks, in addition to a Groupe BPCE representative). Strictly following the Afep-Medef code recommendations on the composition of the Audit Committee would require Natixis' independent directors to sit on more than three Special Committees, at the risk of negatively affecting the quality of those Committees' work, in light of the resulting increased workload. That is why Natixis promotes a balance of directors within the Committees, which are, additionally, always chaired by an independent director. It should be noted that the opinions and recommendations of the Audit Committee are only adopted if the majority of members present, including the Chairman, voted for them.
Appointments Committee (Article 16.1 of the Code) "It [...] must mostly consist of independent directors."	The number of independent directors on Natixis' Appointments Committee is not greater than half the total number of members, despite the recommendation by the Afep-Medef code. Until November 17, 2018, it had a balanced composition (50% independent, 50% non-independent), and the Committee was chaired by an independent director*. Like the Audit Committee, strictly following the Afep-Medef code recommendations on the composition of the Appointments Committee would require Natixis' independent directors to sit on more than three Special Committees, at the risk of negatively affecting the quality of that Committee's work, in light of the resulting increased workload. That is why Natixis promotes a balance of directors within the Committee, which is, additionally, always chaired by an independent director. It should be noted that the opinions and recommendations of the Appointments Committee are only adopted if the majority of members present, including the Chairman, voted for them.

Compensation Committee (Article 17.1 of the Code) "It […] must mostly consist of independent directors."	As of November 17, 2018,* the Compensation Committee no longer mostly consists of independent directors.
Session of the Board of Directors held without the executive officers (Article 10.3 of the Code) "It is recommended that at least one meeting not attended by the executive officers should be organized each year."	It must be noted that Natixis does not have an executive director: François Riahi is the Chief Executive Officer of Natixis but not an executive director. Natixis' Board of Directors does not have a formal arrangement to hold a session without the executive officer present. However, the Chief Executive Officer is not present at the part of the Board Meeting during which his performance is evaluated and his compensation is determined.
Payment of the non-competition benefit (Article 23.6 of the Code) "The non-competition benefit must be paid in installments during its term."	The Chief Executive Officer's non-competition benefit is not be paid in installments. This is because the commitments made to the Chief Executive Officer when he was appointed by the Board of Directors on May 2, 2018 were made before the publication of the revised Afep-Medef code on June 21, 2018 that included this provision. Natixis will review the matter of complying with this provision when François Riahi is reappointed.

* *See comment on Henri Proglio with respect to Article 8.3 of the Afep-Medef Code*

At the Combined Shareholders' Meeting of April 30, 2009, Natixis changed its form of governance from a French société anonyme (a public limited company) with a Supervisory Board and a Management Board to a French société anonyme with a Board of Directors.

This form of corporate governance was chosen to create a single custodian of Natixis' best interests and value creation. It permits unity of action, which is an essential requirement in terms of control, responsiveness and foresight in Company management.

At its meeting of April 30, 2009, Natixis' Board of Directors opted to separate the positions of Chairman of the Board and Chief Executive Officer. This decision was a result of the Company's desire to comply with best practices in corporate governance and to make a clear distinction between the strategic direction, decision-making and control functions that come under the Board of Directors' responsibilities, and the operational and executive functions that fall to the Chief Executive Officer.

Following the merger of Banque Fédérale des Banques Populaires (BFBP) and Caisse Nationale des Caisses d'Epargne (CNCE) that resulted in the creation of BPCE, Natixis has been majority-owned by BPCE since August 1, 2009. As of December 31, 2018, BPCE held a 71% stake in Natixis.

2.3.1 BOARD OF DIRECTORS

2.3.1.1 Organization

As indicated above, Natixis' Board of Directors had 15 members at March 1, 2019. The members are divided up as follows:

- two members from BPCE, namely Laurent Mignon and BPCE itself, represented by Catherine Halberstadt;
- four members from the Banque Populaire banks, namely Sylvie Garcelon, Thierry Cahn, Alain Condaminas and Bernard Dupouy;
- four members from the Caisse d'Epargne, namely Françoise Lemalle, Nicole Etchegoïnberry, Christophe Pinault and Philippe Sueur;
- four independent members, namely Anne Lalou, Catherine Pariset, Bernard Oppetit and Nicolas de Tavernost.
- Henri Proglio, who was considered an independent member until November 17, 2018.

Pursuant to Articles L.225-23 and L.225-27-1 I of the French Commercial Code, Natixis' Board of Directors does not have any employee directors, or any employee shareholder directors. Conversely, two representatives of the Central Works Council attend every Board of Directors' Meeting in an advisory capacity.

Until November 17, 2018, one third of the members of the Board of Directors was independent.

The four independent directors at Natixis are: Catherine Pariset (since released from her professional duties); Anne Lalou (Dean and Managing Director of Web School Factory, Managing Director of Innovation Factory); Bernard Oppetit (Chairman of Centaurus Capital Limited, which he founded); and Nicolas de Tavernost (Chairman of the Management Board of Groupe M6).

As is the case every year, at its meeting of December 20, 2018, and following the report submitted by the Appointments Committee, Natixis' Board of Directors examined each director's expertise, judgment and freedom of thought and expression and, more specifically, whether they fit the independence criteria recommended by the Afep-Medef code and the criteria in the Board's Internal Rules *(see 2.3.1.2 "Role and Powers of the Board of Directors")*.

In particular, the Board of Directors focused on the appraisal of whether the companies in which the independent directors hold corporate office have a significant business relationship with Natixis or its corporate group.

Natixis applies the concept of a "reference banker", i.e. "a banker essential to all requirements of the Company", to assess the importance of business relationships, identify any situation of dependency on Natixis, and finally gauge whether these relationships are likely to affect the independence of the director's judgment.

To this end, the Board of Directors analyzes a range of indices, criteria and parameters including the duration, extent and nature of the banking, trade or consulting relationships; the volume of commitments and the weight of Natixis compared to total indebtedness; and the Company's liquidity requirements.

Based on this review, it determined that Natixis is not the "reference banker" for the companies in which its independent directors exercise their executive duties or corporate offices.

Natixis maintains traditional business relationships with each of these companies.

Natixis' Board of Directors therefore determined that Nicolas de Tavernost, Anne Lalou, Catherine Pariset and Bernard Oppetit meet the necessary independence criteria.

It also noted that, as of November 17, 2018, Henri Proglio could no longer be considered an independent director. The Board of Directors and Appointments Committee therefore began the process for selecting a new director to replace Henri Proglio. This process was still ongoing at the time this report was prepared.

Henri Proglio has informed the Board of Directors that he will stop performing his duties as a Board member as soon as his successor is chosen. The Board of Directors acknowledged this commitment and asked Henri Proglio to continue to allow the Company to benefit from his experience by agreeing to be appointed as a non-voting director. This appointment will come into effect when Henri Proglio ends his current term of office as a Board member.

Depending on the progress made in selecting a new director, the Board of Directors may prepare additional draft resolutions to be submitted to the May 28, 2019 meeting that implement the proposed changes. If necessary, this report will be discussed in a companion report that provides details on the proposed changes.

Criteria for appraisal [(a)]	Anne Lalou	Bernard Oppetit	Catherine Pariset	Henri Proglio	Nicolas de Tavernost
Cannot be or have been during the last five years: ▪ an employee or executive corporate officer of Natixis; ▪ an employee, executive corporate officer or director of a company consolidated by Natixis; ▪ an employee, executive corporate officer or director of BPCE or of a company consolidated by BPCE	OK	OK	OK	OK	OK
Is not an executive corporate officer of a company in which Natixis directly or indirectly holds a directorship, or in which an employee of Natixis or an executive corporate officer of Natixis (currently or within the last five years) holds a directorship	OK	OK	OK	OK	OK
Is not a major customer, supplier, or corporate or investment banker or advisor (or linked directly or indirectly to these persons) to the Company or the Group; does not derive a significant portion of business from the Company or its Group	OK	OK	OK	OK	OK
Has no close family ties with a corporate officer	OK	OK	OK	OK	OK
Has not been an auditor of the Company in the previous five years	OK	OK	OK	OK	OK
Has not been a Board member of the Company for more than 12 years (independent director status is lost once a Board member has served for 12 years)	OK	OK	OK	OK [(b)]	OK
Is not a Board member representing a major shareholder of Natixis or BPCE	OK	OK	OK	OK	OK
Does not receive variable compensation in cash or in shares, or any performance-linked compensation from Natixis or the Group	OK	OK	OK	OK	OK

(a) *See section 2.3.1.2. B of this registration document.*

(b) *Henri Proglio began his term as a member of the Natixis Supervisory Board, which has since become the Board of Directors, on November 17, 2006. Consequently, his term of office on Natixis' Board of Directors reached the recommended 12-year limit on November 17, 2018.*

The term of office for Natixis directors was reduced from six to four years at the Combined General Shareholders' Meeting of May 19, 2015. This change was applied not only to terms of office renewed at the General Shareholders' Meeting but also to any new terms of office and terms in progress at that date.

From April 30, 2009 until June 1, 2018, the Board of Directors was chaired by François Pérol, Chairman of the BPCE Management Board. At its meeting on June 1, 2018, the Board of Directors acknowledged the resignation of François Pérol from his duties as Director and Chairman of the Board of Directors of Natixis and appointed Laurent Mignon as his replacement. Since June 1, 2018, Laurent Mignon has also been Chairman of the BPCE Management Board.

Changes made to the Board of Directors in 2018 and since January 1, 2019 that are likely to have a material impact on the Company's governance are as follows:

- on May 23, 2018, the Combined General Shareholders' Meeting of Natixis:
  - ratified the co-opting of Bernard Dupouy as a Director by the Board of Directors, which took place during the meeting of the Board on August 1, 2017, to replace Michel Grass and serve out the remainder of the latter's term of office, i.e. until the 2019 General Shareholders' Meeting to approve the financial statements for the year ending on December 31, 2018,

- renewed the terms of office of Bernard Oppetit, Anne Lalou, Thierry Cahn and Françoise Lemalle for four years, i.e. until the 2022 General Shareholders' Meeting to approve the financial statements for the year ending on December 31, 2021. These four directors had resigned from their offices effective at the end of the Board of Directors meeting on May 23, 2018 preceding the Annual General Shareholders' Meeting that met the same day, in order to avoid reappointing large numbers of directors in 2019 all at once, and to stagger reappointments more evenly;
- on May 23, 2018, the Board of Directors reappointed Thierry Cahn, Anne Lalou, Françoise Lemalle, and Bernard Oppetit as members of the Special Committees of the Board, following their reappointments as directors;
- on June 1, 2018, the Board of Directors acknowledged the resignation of François Pérol from his duties as Director and Chairman of the Board of Directors of Natixis and decided, following the approval of the Appointments Committee, to:
  - co-opt Laurent Mignon as Director to replace François Pérol for the remainder of the latter's term of office, i.e. until the end of the 2019 General Shareholders' Meeting to approve the financial statements for the 2018 fiscal year,
  - appoint Laurent Mignon as Chairman of the Board of Directors for the duration of his directorship, i.e. until the end of the 2019 General Shareholders' Meeting to approve the financial statements for the fiscal year ending December 31, 2018;
- on December 20, 2018, the Board of Directors decided to:
  - co-opt Nicole Etchegoïnberry to replace Stéphanie Paix, who resigned, to serve out the remainder of the latter's term of office, i.e. until the end of the 2020 General Shareholders' Meeting to approve the financial statements for the fiscal year ending December 31, 2019,
  - co-opt Christophe Pinault to replace Alain Denizot, who resigned, to serve out the remainder of the latter's term of office, i.e. until the end of the 2019 General Shareholders' Meeting to approve the financial statements for the fiscal year ending December 31, 2018;
- on February 12, 2019, the Board of Directors of Natixis decided to submit a resolution at the May 28, 2019 General Shareholders' Meeting to appoint Daniel de Beaurepaire as a replacement for Philippe Sueur, whose term of office is due to expire at the end of that General Shareholders' Meeting. Daniel de Beaurepaire is currently Chairman of the Steering and Supervisory Board of Caisse d'Epargne Ile-de-France.

In accordance with the staggered appointments procedure initiated at the Combined General Shareholders' Meeting on May 23, 2018, the current terms of office expire as follows:

2019 AGM	BPCE, Laurent Mignon, Bernard Dupouy, Catherine Pariset, Christophe Pinault, Henri Proglio, Philippe Sueur
2020 AGM	Alain Condaminas, Nicole Etchegoïnberry, Sylvie Garcelon
2021 AGM	Nicolas de Tavernost
2022 AGM	Thierry Cahn, Anne Lalou, Françoise Lemalle, Bernard Oppetit

After considering the report submitted by the Appointments Committee, the Board of Directors of Natixis discussed, as it does each year, the best way to balance its membership, especially in terms of the knowledge, expertise and experience contributed by its members, both individually and collectively. The Board concluded that the range of knowledge, expertise and experience of its members is sufficiently broad, complementary, and balanced to state that:

- individually, each one of the directors can contribute usefully to the work of the Board and the Special Committees; and
- collectively, the Board has the ability to make informed decisions and the breadth of expertise necessary to ensure that the Company is properly run and its business strategy is effective.

The Board of Directors also analyzed the qualifications needed for the duties performed within the Board of Directors and determined the knowledge, experience, and expertise required for all of its members.

The Appointments Committee, at its February 8, 2019 meeting, endorsed the diversity policy applicable to Natixis directors.

In the firm belief that the Board of Directors can only be improved by a balanced, skilled and ethical membership, Natixis wanted to establish a diversity policy that ensures that its Board of Directors is always able to make appropriate decisions as a group, while taking into account Natixis' business model, risk appetite and strategy.

In addition to reiterating the rules governing the composition of the Board of Directors, this policy describes the criteria used to ensure the Board's diversity (in terms of education, professional experience, age, nationality, and the long-term target of at least 40% women), and the qualifications needed to perform the duties of a Board member (solid understanding of the banking and financial sector, awareness of all kinds of risk, strategic vision).

This policy will be applied when a new director is appointed and when the Appointments Committee and the Board perform their annual review of the Board's composition.

Accordingly, whenever a director is appointed, a "fit and proper" report outlining the candidate's experience and skills, as well as their status with respect to other offices held simultaneously, availability, integrity and conflicts of interest, accompanied by their résumé, is sent to the members of the Appointments Committee for review. The Committee then provides the Board with its opinion.

The Board of Directors approved this policy at its meeting of February 12, 2019.

In accordance with Article 9 of the Natixis bylaws, each director must own at least one hundred and forty (140) Company shares during their term of office. Furthermore, in accordance with the recommendations of the Afep-Medef code and the provisions of Article 3 of the Compliance Charter for members of the Board of Directors (see Section 2.3.1.2-*C)*, the Directors are asked to hold at least one thousand (1,000) Company shares within 18 months of joining the Board.

In accordance with Article L.225-19 of the French Commercial Code, the number of directors who are over the age of 70 is limited to one-third of the number of directors in office. Only one Natixis director was over the age of 70 at March 1, 2019.

2.3.1.2 Role and powers of the Board of Directors

A – Legal and statutory requirements, and internal rules of the Board of Directors

The duties of the Board of Directors are defined by the law and the bylaws.

The internal rules complete the legal and statutory dispositions by stipulating the rules governing the Board of Directors' operation and setting out the rights and duties of its members. These rules are available in full on the Natixis website (www.natixis.com).

The Board of Directors, assisted by the Board's Special Committees:

a) defines the strategy governing the Company's activities and oversees its implementation. Within the limits of the Company's corporate purpose and the powers expressly granted by law or its bylaws to the General Shareholders' Meetings, the Board concerns itself with all matters affecting the Company's performance and governs by virtue of its deliberations. The Board of Directors performs the controls and checks it deems appropriate;

b) defines how senior management operates, and may only deliberate on this matter when it features on the agenda sent out at least 15 days prior to the Board Meeting and when at least two-thirds of the directors are present or represented. As a reminder, the Board of Directors of a credit institution may not be chaired by the Chief Executive Officer. Nevertheless, based on provided justification the Autorité de Contrôle Prudentiel et de Résolution (ACPR—French Prudential Supervisory Authority for the Banking and Insurance Sector) may authorize the accumulation of these functions.

Under the conditions defined in Article 15 of the Company bylaws, the Board of Directors may appoint a Chief Executive Officer from among the directors or otherwise, whom it may dismiss at any time.

The Chief Executive Officer may delegate his powers to any corporate officer of his choosing, with or without the option of substituting one for another.

At the proposal of the Chief Executive Officer and after consulting the Appointments Committee, the Board of Directors may, in accordance with the conditions defined in Article 16 of the bylaws, appoint five individuals to assist the Chief Executive Officer, with the title of Deputy Chief Executive Officer. They have the same powers with respect to third parties as the Chief Executive Officer. Deputy Chief Executive Officers may be dismissed at any time by the Board of Directors on the proposal of the Chief Executive Officer;

c) appoints the executive managers ("dirigeants effectifs", as defined by Article L.511-13 of the French Monetary and Financial Code). In a joint stock company (société anonyme) with a Board of Directors, the role of "executive manager" must be performed by the Chief Executive Officer and the Deputy Chief Executive Officer(s), or by a senior executive who has the requisite powers to manage the business of the institution *(see Section 2.3.3 "Senior Management" for more information on executive managers);*

d) convenes all General Shareholders' Meetings, sets the agenda and oversees the execution of all decisions taken;

e) may, at the proposal of the Chairman, set up its own Committees to deliberate on those issues submitted for examination by the Board itself or its Chairman. It determines the structure and powers of these Committees, which conduct their activities under its responsibility.

In light of Natixis' corporate purpose and in accordance with the provisions of the French Commercial Code (Article L.823-19) and the French Monetary and Financial Code (Article L.511-89), the Board of Directors must draw on an Audit Committee, a Risk Committee, a Compensation Committee and an Appointments Committee *(see Article 4 of Natixis' Internal Rules)*;

f) adopts and revises the general principles of the Company compensation policy and controls its implementation.

It determines the level and terms of compensation of the Chairman of the Board of Directors, the Chief Executive Officer and of the Deputy Chief Executive Officer(s) after consultation with the Compensation Committee.

It issues an opinion on how well Natixis' compensation policy complies with current regulation, particularly regarding the Company's regulated staff.

It sets the rules for the distribution of directors' fees allocated to the directors by the General Shareholders' Meeting;

g) verifies that the executive managers have properly implemented the supervisory mechanisms, especially in terms of the separation of duties and the prevention of conflicts of interest, that ensure the Company is effectively and prudently managed;

h) reviews the governance framework as set out in Article L.511-55 of the French Monetary and Financial Code, periodically assesses its effectiveness, and ensures that corrective measures have been taken to remedy any shortcomings;

i) regularly approves and revises the policies and strategies governing the taking, management, monitoring and reduction of the risks to which Natixis is or could be exposed, including risks created by the economic environment;

j) reviews and approves the parent company and consolidated financial statements of the Company, ensuring their accuracy and fairness.

The Board prepares the management report, approves the report required under Article L.255-37 of the French Commercial Code and reviews the draft budget for the following year;

k) verifies the publishing and disclosure process, as well as the quality and reliability of the information that Natixis intends to publish and disclose;

l) is informed of any resignation/appointment of the Company's Chief Risk Officer.

The Chief Risk Officer may not be relieved of his duties without the prior agreement of the Board of Directors. Where applicable, he may raise this point directly with the Board of Directors;

m) is required to issue an opinion before the Chief Executive Officer or the Deputy Chief Executive Officers can accept any offices outside the Group.

In accordance with the law and the bylaws, the Chairman convenes and chairs the Board and organizes and guides its work. He chairs General Shareholders' Meetings. The Chairman of the Board or the Chief Executive Officer are required to provide each director with all the documents and information needed to carry out their duties.

In addition to the duties attributed by law and the bylaws, the Chairman of the Board of Directors provides his support and expertise to the Chief Executive Officer, while respecting the CEO's executive responsibilities. As such, he may attend any meeting that addresses subjects related to Natixis' strategy and organization, and, at the CEO's request, he may represent Natixis in its relationships with the Group's major partners to foster business relationships.

The Chairman of the Board of Directors also sees to maintaining the quality of the relationships with shareholders, by participating in actions carried out in that arena.

Finally, the Chairman of the Board of Directors sees to the smooth operation of the Board by creating a forum for discussion conducive to constructive decision-making. He ensures that the Board spends the required time on its duties.

Among these Internal Rules, which were last amended on February 9, 2017, particular attention should be drawn to the following provisions:

- circumstances requiring the Board of Directors' prior authorization:
  - the extension of Natixis' activities to include new core businesses not currently exercised by the Company,
  - the appointment or dismissal of the CEO or, where applicable, one or more Deputy CEOs,
  - any acquisition or increase in shareholdings, as well as any investments, divestments or the formation of joint ventures by Natixis or any of its main subsidiaries, involving an amount in excess of €100 million, in the event that the Group's structure is modified,
  - any asset transfers, mergers or spin-offs in which Natixis is involved;
- criteria used to determine whether members of the Board of Directors are "independent":

  An independent director is a person who has no ties with the management, Company or Group of a nature liable to compromise their freedom of judgment or create a conflict of interest with the management, Company or Group.

  Accordingly, an independent member of the Board of Directors cannot:

  - be or have been within the last five years:
    - an employee or executive corporate officer of Natixis,
    - an employee, executive corporate officer or director of a company consolidated by Natixis,
    - an employee, executive corporate officer or director of BPCE or of a company consolidated by BPCE;
  - be an executive corporate officer of a company in which Natixis directly or indirectly holds a directorship, or in which a designated employee of Natixis or an executive corporate officer of Natixis (currently or within the last five years) holds a directorship;
  - be a customer, supplier, investment or corporate banker:
    - that is material for Natixis or the Group,
    - or that derives a significant portion of its business from Natixis or the Group;
  - have a close family relationship with a corporate officer of Natixis or the Group;
  - have been a Statutory Auditor of Natixis within the last five years;
  - have been a member of Natixis' Board of Directors for more than 12 years. Independent director status is lost once a Board member has served for 12 years;
  - receive variable compensation in cash or in shares, or any performance-linked compensation from Natixis or the Group;

  The independent status of each member of the Board of Directors is examined by the Appointments Committee (the composition and role of which are described below), which prepares a report for the Board *(see summary table above)*;
- Board operating procedures specified in the internal rules:

In particular, the internal rules stipulate that, except for decisions related to the preparation of parent company and consolidated financial statements and management reports (Company and Group), directors participating in a Board Meeting by conference call or through the use of telecommunication facilities transmitting at least the member's voice and whose technical characteristics allow for continuous and simultaneous streaming of the proceedings, shall be deemed present for the purposes of quorum and majority.

In addition, with respect to the assessment of the Board of Directors' work, the internal rules specify that, at least once a year, an agenda item will be devoted to evaluating the Board's operation, an account of which will be included in Natixis' annual report *(for 2018, see point 2.3.1.4 "Assessment of the Board's work in 2018")*.

Minutes of Board Meetings are prepared by the Corporate Secretary and sent to Natixis' directors, and approved at every subsequent session by the latter.

B – Compliance charter for members of the Board of Directors

The purpose of this Charter is to promote the effective application of corporate governance principles and best practices by the directors of Natixis.

Before assuming office, every one of Natixis' directors must ensure that they are familiar with the general or specific obligations incumbent upon them, such as those resulting from laws or regulations, bylaws, internal rules and this Charter, as well as any other binding texts.

The directors of Natixis agree to comply with the guidelines contained in this Charter.

Article 1: Attendance

All directors must devote sufficient time and attention to the performance of their duties and regularly attend the meetings of the Board and Committees of which they are a member, as well as the General Shareholders' Meeting. Consequently, they must ensure that the number and commitment level of their directorships permit them to be available when required, especially if they also hold executive positions.

Article 2: Directorship and Corporate Interest

Each director represents all the shareholders and endeavors to act in the corporate interest of Natixis at all times. They undertake to defend and promote the values of Natixis.

Article 3: Shareholding and Transparency

It is recommended that each director hold at least 1,000 Natixis shares. They have six months to acquire the 140 shares stipulated by the bylaws and another 12 months to bring their holding to 1,000 shares.

In keeping with the laws in force, each director must enter the shares they hold in registered form.

Article 4: Professionalism and Efficiency

Directors contribute to the collegiality and efficiency of the work of the Board and Special Committees. They make recommendations that they feel will improve the Board's operating procedures, specifically during the Board's periodic evaluation.

Together with the other members of the Board, they see to it that the guidance and control duties are accomplished in accordance with the laws and regulations in force.

They ensure that the positions taken by the Board are formally decided on, properly reasoned and entered into the minutes of its meetings.

Article 5: Confidentiality

Members of the Board of Directors and of the Committees, as well as any individual attending the meetings of the Board and the Committees, are bound by a general confidentiality obligation on their deliberations.

Article 6: Prevention of Insider Trading

Inside information

In accordance with regulation 596/2014 of the European Parliament and Council (together with the delegated and enforcement regulations of Article 621-1 of the general regulation of the Autorité des Marchés Financiers (AMF—French Financial Markets Authority), the Market Abuse regulation (MAR)): "Inside information is any information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments."

If the Board of Directors has received inside information on Natixis, the directors and any individual attending Board or Committee Meetings must refrain from:

- performing or attempting to perform any insider trades (the term "insider trades" refers to (i) the use of inside information by a person in possession of such information to buy or sell, for themselves or for a third party, directly or indirectly, financial instruments related to this information, and (ii) the use of the recommendations or inducements of a person in possession of inside information if the person using the recommendation or inducement knows, or ought to know, that it is based upon inside information);
- recommending to another person or inducing them to perform any insider trades; or
- unlawfully disclosing inside information.

This duty to refrain concerns shares and any investment securities issued or to be issued by Natixis, as well as the rights that may be detached from those securities (e.g. preemptive rights) and any derivative whose underlying assets are the rights or securities issued by Natixis.

The duty to refrain also applies if inside information is held on the securities of listed companies in which Natixis holds or may come to hold a stake.

These same recommendations are valid for all listed companies on which the director receives inside information in the context of his work with the Board.

Directors are advised of the risks posed by transactions executed on Natixis stock by persons closely associated with them, especially:

- a spouse, or a partner considered to be equivalent to a spouse in accordance with national law;
- a dependent child, in accordance with national law;
- a relative who has shared the same household for at least one year on the date of the transaction concerned;
- a legal person, trust or partnership:
  - the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person who is closely associated with them,
  - that is directly or indirectly controlled by such a person,
  - that is set up for the benefit of such a person, or
  - the economic interests of which are substantially equivalent to those of such a person.

The sanctions for such actions are administrative and criminal.

Permanent insiders

As per the MAR regulation, Natixis places the names of directors on the list of permanent insiders provided to the AMF. A permanent insider is any individual or legal entity that, on account of the nature of their functions or position in an issuing entity, has continuous access to inside information held by that issuing entity. Directors are individually informed that they are on this list by a letter from the Head of Compliance with acknowledgment of receipt.

A person's omission from this list does not mean they are exempted in any way from complying with the laws and regulations and in no way does it prejudice their potential insider status.

Directors undertake to strictly observe and comply with the provisions of the Natixis S.A. Compliance Manual regarding any transactions relating to Natixis shares or debt securities, as well as any other related derivatives or financial instruments.

In particular, the director agrees not to perform any transaction during shutdown periods, also known as "negative windows," which begin 30 calendar days before the publication dates of the quarterly, half-year and annual results and end on the publication date of these financial statements.

Reporting obligations

Each director must declare any trading in Company shares to Natixis and the AMF within the three business days following the date of the transaction and in accordance with the conditions set out by the MAR Regulation.

This reporting obligation also applies to closely associated persons as defined by the MAR Regulation.

Directors must also inform Natixis of the number of shares they hold on December 31 of each year and any financial transactions carried out, so that this information may be disclosed by the Company.

Natixis may also ask each director to provide any information in relation to the trading of listed companies' securities necessary for it to fulfill its reporting obligations to all authorities such as stock market authorities, both in France and abroad.

Article 7: Independence and Conflicts of Interest

Directors strives to preserve their independence in judgment, decision and action in all circumstances. They refuse to be influenced by any element that is not aligned with the corporate interest of Natixis, which it is their remit to defend.

Directors must refrain from acting in conflict of interest with Natixis or the companies it controls. Specifically, when there is a planned transaction or business relationship in which a director or non-voting director is directly or indirectly involved (e.g. when a director is affiliated: with the partner bank or financing bank of a supplier, or the partner bank or financing bank of a Natixis competitor for the transaction in question; or when a director or an independent director is affiliated with an entity initiating a new business relationship with Natixis), the director or non-voting director in question must inform the Chairman of the Board of Directors (or the Corporate Secretary of Natixis) as soon as they become aware of such a plan, and inform the Chairman that they are directly or indirectly interested and in what capacity.

Should this transaction or business relationship be submitted to the Board of Directors, the director or the non-voting director in question must abstain from attending any part of the meetings of the Board of Directors or of any of its Committees in which they discuss the plan in question. Consequently, the director or non-voting director does not participate in the Board's deliberations, or in the vote on the plan in question, and the section of the minutes relative to the plan in question is not submitted to them.

Article 8: Information/Training

All directors have a duty to learn about and to ask, within the appropriate time frame, the Chairman of the Board of Directors, and/or the Special Committees of which they are a member, to provide the information needed for the Board or the Special Committees to take useful action on the matters on its agenda.

In addition, all directors must receive training by attending, where necessary, the training modules provided by the Company *(see Section 2.3.1.5)*.

Article 9: Application of the Charter

Should one of Natixis' directors no longer be in a position to perform their duties in compliance with the Charter, either for their own reasons or for any other reason including those specific to Natixis' rules, they must notify the Chairman of the Board of Directors, seek measures to remedy the situation, and, if none are found, suffer the personal consequences with respect to the performance of their duties.

Natixis' Chief Compliance Officer is available to each director for any questions about the Code of Conduct.

C – Internal charter on related party agreements

At its meeting of February 17, 2013, the Board of Directors of Natixis drew up an internal charter on "related party agreements" in accordance with AMF recommendation No. 2012-05, updated on December 17, 2014 to include the changes made by Order No. 2014-863 of July 31, 2014.

This charter defines the criteria for establishing "related party agreements" in accordance with the provisions of Article L.225-38 of the French Commercial Code.

In particular, it sets out the procedure to be followed, from the notification of the Board of Directors to approval by the General Shareholders' Meeting, in light of the Statutory Auditors' special report *(see Statutory Auditors' special report on related party agreements in Chapter 7 "Legal Information")*.

In accordance with current regulations and with Article L.225-42-1 of the French Commercial Code, in fiscal year 2018, the Board authorized Natixis to provide François Riahi with:

- an agreement relating to the Chief Executive Officer's severance payment based on performance conditions and criteria, and capping that payment.

  The Chief Executive Officer will not receive severance payments in the event of gross negligence or willful misconduct, or if he leaves the Company at his initiative to take another position or changes his position within Groupe BPCE;
- a non-compete agreement should his term of office as Chief Executive Officer be terminated. This non-compete agreement is limited to a period of six months, and includes a payment equal to six months of the fixed compensation in effect on the date when his corporate office is terminated. It should be noted that the total amount of the severance payment and the non-compete payment may not exceed a cap set at 24 months' monthly reference compensation, as defined in the commitment relating to his severance payment.

During that same meeting, the Natixis Board of Directors decided that François Riahi will also receive:

- mandatory pension plans as all staff do. With respect to the "article 82" life insurance policy (in reference to the French General Tax Code) put in place by BPCE, the premiums shall be paid by François Riahi;
- personal protection and health insurance affording protection similar to those of Natixis employees with respect to health and personal protection coverage.

These commitments were approved by the May 23, 2018 General Shareholders' Meeting.

Furthermore, at its September 12, 2018 meeting, the Board of Directors authorized the signing of a Negotiation Agreement relating to the sale by Natixis of its Securities & Guarantees, Leasing, Factoring, Consumer Finance, and Securities Services businesses of its Specialized Financial Services division to BPCE.

At its February 12, 2019 meeting, the Board of Directors reviewed the terms and conditions of "Project Smith," i.e. Natixis' proposed sale of its Specialized Financial Services division's Securities & Guarantees (CEGC), Leasing (Natixis Lease), Factoring (Natixis Factor), Consumer Finance (Natixis Financement) and securities custody/account administration (EuroTitres) businesses to BPCE. It also reviewed the draft agreement for the sale by Natixis to BPCE of all shares held by Natixis in CEGC, Natixis Lease, Natixis Factor and Natixis Financement (the "Disposal Agreement") and the agreement for the sale by Natixis to BPCE of EuroTitres' goodwill (the "EuroTitres Agreement"). After this review, the Board authorized Natixis to sign the Disposal Agreement and the EuroTitres Agreement, including their appendices.

The Board believes that Project Smith and the signing of the Disposal Agreement and the EuroTitres Agreement, which indicates a total sale price of €2.7 billion, is in the interests of Natixis, given the Project's strategic benefit to the Company and the fair price. Project Smith has enabled Natixis to improve its strategic growth capacity and achieve, ahead of schedule, its 2020 target CET1 ratio of 11%. It also provides the Company with more strategic flexibility so it can accelerate the implementation of its asset-light model while consolidating its distinctive, high added-value expertise, which is light in capital and low on cost of risk.

At its meeting of February 12, 2019, it also reviewed all related party agreements that have been authorized by the Board over previous fiscal years, which continued to have an impact during the 2018 fiscal year.

Based on the criteria used for its initial approval, the Board of Directors upheld the authorization of all these agreements.

With regard to Article L.225-37-4 2° of the French Commercial Code, which requires the management report to state any agreements entered into directly or through an intermediary by, as the first party, the CEO, one of the directors or one of the shareholders with a voting right of more than 10% in a company and, as the second party, another company in which the first party directly or indirectly holds more than half the capital, no agreement meets these criteria for fiscal year 2018.

2.3.1.3 Work of the Board of Directors in 2018

The Board of Directors held a total of 11 meetings in 2018. The attendance rate was 94% for the year as a whole (versus 95% in 2017).

Each director's individual attendance rate for Board of Directors' Meetings is provided in Section 2.2 of this chapter *(see directors' individual fact sheets).*

Within a reasonable amount of time before a Board meeting, a digital file containing the items on the agenda is sent to each director via the secure DiliTrust electronic platform for review and analysis in preparation for the meeting.

The Chief Executive Officer attended all meetings, except for the meeting during which his compensation was discussed, so that the Board members could hear his opinion on important issues and ask him any questions that they deemed relevant.

The Chief Financial and Strategy Officer (replaced by the Chief Financial Officer after August 6, 2018), the Corporate Secretary and, as and when required, one or more business line heads have been invited to provide further information on subjects raised in meetings. The Central Works Council representatives also attended the meetings.

The main topics addressed by the Board of Directors in 2018 were as follows:

Natixis' financial and cash position, and its commitments	■ Review of the quarterly and half-yearly financial statements and approval of the annual financial statements (parent company and consolidated) ■ Update to the 2018 budget and review/approval of the 2019 budget ■ Economic and benchmark reviews/Business market review/Life of the stock ■ Review and approval of press releases ■ Approval of the Board's management report including the corporate governance report and the report on the use of authorizations to increase the Company's share capital in 2017 ■ Feedback on the work of the Audit Committee
Internal control Risk management Compliance	■ Feedback on the work of the Risk Committee and the US Risk Committee ■ Reports on terms for exercising internal control and on measuring and monitoring risk ■ Update of indicators in the Risk Appetite Statement and Risk Appetite Framework ■ Oversight of the framework required by the Ministerial Order of November 3, 2014: oversight of the internal control governance system, monitoring of aggregate limits by risk type, monitoring of compliance risks ■ Liquidity monitoring (liquidity risk tolerance level, emergency plans) ■ Approval of the ALM standards ■ Review of whether the product and service prices offered to clients are in line with Natixis' risk strategy. ■ Update on the equity derivatives situation in Asia ■ Report on internal control activity and results ■ Approval of the customer complaint handling mechanism ■ Overview of the senior management report (Volcker Rule) and update on the Volcker sector manual ■ Tracking of procedures with regulators

Corporate governance	■ Feedback on the work of the Appointments Committee ■ Approval of the Board of Directors' report on corporate governance ■ Appointment of a new Chief Executive Officer ■ Reappointment of four directors ■ Co-opting of four new directors ■ Appointment of a new Chairman of the Board of Directors ■ Composition of Special Committees ■ Review of independent member status ■ Review of the summary assessment of the Board of Directors' work ■ Convening of the General Shareholders' Meeting and the Annual Meeting for holders of participating securities ■ Review of the related party agreements and guarantees authorized during previous fiscal years ■ Authorization to sign regulatory guarantees and agreements ■ Response to written questions from shareholders
Compensation	■ Feedback on the work of the Compensation Committee ■ Fixed compensation of the Chairman of the Board for fiscal years 2017 and 2018 ■ Determination of the variable compensation of the Chief Executive Officer for fiscal year 2017, setting of the fixed compensation of the Chief Executive Officer for fiscal year 2018, and establishment of the criteria for determining the variable compensation of the Chief Executive Officer for fiscal year 2018 ■ Approval of the 2017 annual report on compensation for the regulated population under CRD IV ■ Allocation of performance shares as part of the 2018 Long-Term Incentive Plan ■ Free allocation of shares as part of deferred variable compensation ■ Review of the Risk and Compliance targets for compensation among the regulated population (2017 summary and 2018 targets) ■ Approval of the performance conditions for the regulated population and renewal of the employee retention and performance plan ■ Free allocation of shares as part of deferred variable compensation ■ Compensation for the regulated population ■ Report of the annual BPCE Inspection Générale division review of the regulated population under CRD IV
Financial transactions and strategy	■ Information on the capital increase reserved for members of the Mauve 2018 savings plan ■ Renewal of the liquidity contract ■ Information on the capital increases following the allocation of free shares of February 2016 ■ Review of strategic projects ■ Opinion of the Central Works Council (CCE) as part of the consultation on strategic orientations in accordance with Article L.2323-10 of the French Labor Code ■ Opening/closing of operations and representative offices abroad ■ Total transfers of assets and liabilities (TUP) from Natixis subsidiaries to Natixis
Other items	■ Renewal of bond and warrant issue authorizations for fiscal year 2019 ■ Update of Natixis' authorization to borrow from the Federal Reserve Bank of New York ■ Review of ESR Policy and Key ESR Activities ■ Implementation of the process set out in Article L.2323-7-1 of the French Labor Code on strategic guidelines ■ Update on Brexit

At its February 12, 2019 meeting, in accordance with the recommendations of the Afep-Medef code, the Natixis Board of Directors examined the corruption and influence-peddling detection and prevention system.

2.3.1.4 Assessment of the work of the Board of Directors in 2018

As in previous years, in 2018 Natixis assessed the work of its Board of Directors and specialized Committees, in accordance with recommendations set out in the Afep-Medef code regarding the correct governance of listed companies.

Every three years (2010, 2013, 2016), Natixis enlists the services of an outside firm to assess the work of its Board and Committees.

For 2018, Natixis conducted an internal assessment to review the structure, operation, and composition of the Board of Directors and its specialized committees and evaluate their overall performance. In addition to that, this year the assessment focused on the themes most often handled by the Board, namely results and investor relations, definition and monitoring of strategies, external growth projects, and risks and internal control.

During an individual interview, each Board member completed a detailed questionnaire. They were asked to assess directors' individual contribution according to the following criteria: involvement, attendance, punctuality and adequacy of preparation for Board Meetings.

The representatives of the Works Council also took part in the assessment of the Board conducted in 2018.

The results of these interviews were presented at the meeting of the Board of Directors held on February 12, 2019.

This report shows that the directors have a very positive view of the Board of Directors. They believe that it is a high-quality Board where directors are engaged, mindful and constructive. The directors unanimously believe that the performance of the Board of Directors has been highly satisfactory.

Thirty one per cent of directors believes that the Board and its Special Committees have improved the way they operate since the last assessment, while the rest believe that there has been no change, as the Board and Committees already operated very well.

Eighty five per cent of directors believes that the makeup of the Board and each of its Special Committees is entirely adequate and allows different viewpoints to be expressed. They also believe that the subjects covered by the Board and Committees encompass the full range of relevant issues.

With respect to the matters studied in the Committees and the materials presented, the directors believe that they are complete, relevant, concise, and informative, and enable a good understanding of the subjects covered.

The directors believe that the Board's and Special Committees' questions and requests for further information were satisfactorily answered.

The directors were unanimous in saying that they clearly understand their rights, duties, roles, and responsibilities, as well as ways of identifying and managing conflicts of interest.

Some suggestions were made by the directors on how to further improve the way the Board and the Committees operate, such as appointing a member with international experience.

Some directors believe that the Board's handouts could include a summary that highlights the most noteworthy points, as is the case for the Audit and Risk Committees.

The directors think that the various themes (results and investor relations, definition and monitoring of strategies, external growth projects, and risks and internal control) examined by the Board are satisfactorily handled.

Some directors believe that external growth projects could be put into context better with regard to the goals set out in the strategic plan, the external growth policy for each business line, and/or the environment in which Natixis operates.

Finally, it would be useful for risk appetite to be fully reviewed at the offsite Board meeting.

After the assessment of the Board of Directors and Special Committees conducted in 2017, corrective measures were enacted in 2018, including:

- a process to evenly stagger directors’ terms was implemented at the May 23, 2018 General Shareholders' Meeting;
- with respect to the way the Board of Directors operates, an update about ongoing projects is now on the agenda at each Board Meeting;
- a US Risk Committee meeting was held in New York on December 6 and 7, 2018 and will be repeated on an annual basis.
- training on capital and financial markets activities was provided to the directors.

2.3.1.5 Board member training program

In 2018, Natixis renewed the training program for Board members that it started in 2016. The resulting training program is also in line with the existing one for members of the BPCE Supervisory Board.

The program is divided into three areas:

- a training program on “fundamentals” for new Board members and others interested in participating. It comprises four modules to give Board members a useful understanding of the issues discussed at Board Meetings. Training is delivered by in-house and external instructors within six months of the new Board member taking office;
- an “expertise” training program on technical or complex issues designed to equip Board members with the necessary expertise to properly understand, monitor and validate technical or complex matters discussed at Board Meetings. It is organized into modules spread over the course of the year and covers various issues including accounting and financial matters, risk management, directors’ liability (civil, criminal and regulatory), compliance principles and internal control;
- a training program provided as and when needed, designed to give Board members the necessary knowledge and skills to carry out their duties. This training takes the form of a deeper examination of issues related to the business lines or other current topics, memos related to economic, accounting, regulatory, compliance, legal and other issues.

Six sessions were held in 2018. The 2018 training sessions were opened to members of the BPCE Supervisory Board. Furthermore, directors were also invited to attend the training sessions held by BPCE for Supervisory Board members.

The training sessions provided by Natixis this year covered the following topics:

- main principles of compliance and current trends in regulation;
- the Risk Appetite Framework;
- a director’s liability (civil, criminal, and regulatory);
- capital and financial market activities: rules, operation, controls;
- compensation mechanisms;
- ratings methodologies and internal models.

2.3.2 SPECIAL COMMITTEES: OFFSHOOTS OF THE BOARD OF DIRECTORS

To assist it in its review process and prepare for some of its deliberations, in accordance with the French Monetary and Financial Code, Natixis' Board of Directors has five Special Committees: an Audit Committee, a Risk Committee, a Compensation Committee, an Appointments Committee, and a Strategic Committee, each chaired by an independent director.

2.3.2.1 Audit Committee

A – Organization

In 2018, the Audit Committee had five members: As of March 1, 2019, these members were:

Catherine Pariset	Chairwoman
BPCE, represented by Catherine Halberstadt *(position previously held by Marguerite Bérard-Andrieu until January 1, 2018)*	Member
Sylvie Garcelon	Member
Françoise Lemalle	Member
Bernard Oppetit	Member

Two of the five members are independent members (Catherine Pariset and Bernard Oppetit).

Catherine Pariset chaired the Audit Committee for the entire period.

Two-thirds of the Audit Committee are not independent members, despite the Afep-Medef code's recommendation. This is so that the different components of the Company's main shareholder are represented (members from the Caisse d'Epargne and the Banque Populaire banks, in addition to a representative of BPCE). However, the Committee is always chaired by an independent director. *(See summary table on compliance with Afep-Medef code recommendations in section 2.3 of this chapter.)* Furthermore, the opinions and recommendations of the Audit Committee are adopted if the majority of members present, including the Chairwoman, vote for them.

The Audit Committee's Chairwoman and members have extensive accounting and financial expertise gained over the course of their professional careers. Catherine Pariset has a career in auditing spanning 35 years. Catherine Halberstadt was Chief Executive Officer of Banque Populaire du Massif Central for several years and possesses in-depth knowledge of retail banking and corporate financing. Sylvie Garcelon is Chief Executive Officer of CASDEN Banque Populaire, and as such has vast financial experience. Françoise Lemalle has extensive knowledge in accountancy, finance and auditing. Bernard Oppetit is a financial market specialist and has extensive experience in complex financial products and alternative investment companies.

Changes made to the Audit Committee in 2018 and since January 1, 2019:

Director	Capacity	Date of change	Replaced by
Marguerite Bérard-Andrieu	Member, BPCE Permanent Representative	01/01/2018	Catherine Halberstadt

B – Role and powers

Natixis' Audit Committee has internal rules specifying its powers and its operating procedures, the latest version of which was approved by the Board of Directors on February 9, 2017.

Under the authority of the Natixis Board of Directors, the Audit Committee's primary duties are:

- checking the clarity of information published by Natixis, assessing the relevance of the accounting methods adopted for the preparation of Natixis' individual and consolidated financial statements, monitoring the process of preparing financial information (preparing the financial statements, the management report, etc.) and making recommendations to guarantee the integrity of this information;
- monitoring the statutory audit of the quarterly, half-yearly and annual consolidated financial statements and annual individual financial statements, as well as Natixis' draft budgets and material off-balance sheet commitments, far enough in advance to allow their presentation to Natixis' Board of Directors; and the half-yearly and annual management reports;
- monitoring the effectiveness of the internal control and risk management systems with regard to the procedures for preparing and processing accounting and financial information;
- ensuring the Statutory Auditors' adherence to the independence conditions by which they are bound; accordingly, the Committee must:
  - ensure that the fee amount paid by Natixis, or the percentage of the net sales of the firms and networks represented by that fee, does not, by its nature, undermine the independence of the Statutory Auditors,
  - establish the rules governing the services that the Statutory Auditors may provide and governing the authorization of services other than the certification of the financial statements;
- monitoring the Statutory Auditors' performance of their duties;
- submitting a recommendation to Natixis' Board of Directors for the appointment of Statutory Auditors or auditing firms;
- reviewing the Statutory Auditors' work schedule, the results of their audits and recommendations, and any follow-up action thereof;
- issuing its opinion on the report presented to it on an annual basis with regard to commercial relations between Natixis or one or more of its subsidiaries, and all or some of the entities forming Groupe BPCE;
- reporting regularly to the Board of Directors on the performance of its duties. It also reports on the results of the certification of the financial statements, the way in which this duty contributed to the integrity of the financial information and the role it played in this process. Any difficulty encountered is reported without delay.

The Company's CEO provides the Audit Committee with any documents and information it needs to perform its duties. The following list is not exhaustive:

- parent and consolidated financial, accounting, and regulatory documents prepared periodically by the Company;
- summary reports by the Company's Statutory Auditors;
- any audit reports concerning the Company;
- accounting policies and methods applied within the Company;
- consolidated budgets, as well as any related documents provided to the Board of Directors or, if applicable, the Audit Committee of the principal subsidiaries.

The Audit Committee may submit to the Board of Directors any proposals to conduct an audit, especially concerning the financial statements of the Company and its subsidiaries.

The Committee may also, if it deems it appropriate, call on the skills of outside experts or consultants for the purpose of explaining any topic that falls under its remit.

The Audit Committee meets at least once a quarter. Minutes of the Audit Committee Meetings are prepared by the secretary of the Board of Directors. These minutes are shared with the Audit Committee members and approved at the following session. The Board of Directors is made aware of the Audit Committee's work so that it can make fully informed decisions.

C – Work of the Audit Committee in 2018

The Audit Committee met five times in fiscal year 2018. The attendance rate was 88% for the year as a whole.

Each director's individual attendance rate for Audit Committee Meetings is provided in Section 2.2 of this chapter *(see directors' individual fact sheets)*.

Within a reasonable amount of time before a Committee meeting, a digital file containing the items on the agenda is sent to each director via the secure DiliTrust electronic platform for review and analysis in preparation for the meeting.

For each matter submitted for review and analysis, the Audit Committee had the opportunity to hear from relevant Natixis personnel as well as to familiarize itself with reports on these matters.

The Audit Committee monitored the statutory audit of Natixis' yearly, half-yearly and quarterly parent company and consolidated financial statements, as well as its draft budgets, before they were presented to Natixis' Board of Directors.

Depending on the agenda, various Audit Committee meetings were also attended by Natixis' Chief Financial and Strategy Officer (replaced by the Chief Financial Officer after August 6, 2018), the Chief Risk Officer, the Head of Accounting and Ratios, the Natixis Head of Internal Audit, the BPCE Head of Inspection Générale and/or the Corporate Secretary.

In order to enable it to audit the financial statements, the Audit Committee is sent a copy of the reports of the Finance Department and the comments of the Statutory Auditors regarding annual financial statements and the review of the half-year and quarterly financial statements.

In 2018, the Audit Committee's duties focused on the following items in particular:

Financial position	▪ Review of the quarterly, half-yearly and annual parent company and consolidated financial statements ▪ Review of 2019 budget ▪ Statutory Auditors' assignment ▪ Review of the results of the sharing arrangements for the US affiliates of Natixis Investment Managers and DNCA
Other items	▪ Progress made on the project to implement IFRS 16 and 17 ▪ Statutory Auditors' audit plan for 2018, budget allocated for audits, and follow-up on completed/ongoing audits ▪ Information on prior authorizations given by the leader of the Audit Committee for the completion of the Statutory Auditors' services ▪ Presentation of the 2018 reports by the Statutory Auditors ▪ Follow-up on Statutory Auditors' fees for 2018 (certification and other assignments)

2.3.2.2 Risk Committee

A – Organization

In 2018, the Risk Committee had five members. At March 1, 2019 these members were:

Bernard Oppetit	Chairman
Catherine Halberstadt *(position previously held by Marguerite Bérard-Andrieu until January 1, 2018)*	Member
Nicole Etchegoïnberry *(position previously held by Stéphanie Paix until November 12, 2018)*	Member
Catherine Pariset	Member
Christophe Pinault *(position previously held by Alain Denizot until December 20, 2018)*	Member

Two of the five members are independent members (Catherine Pariset and Bernard Oppetit). Note that the opinions and recommendations of the Risk Committee are adopted if the majority of members present, including the Chairman, vote for them.

The Chairman and the members of the Risk Committee have an enhanced understanding of Natixis' risk management and internal control as a result of their extensive expertise gained over the course of their professional careers.

Changes made to the Risk Committee in 2018 and since January 1, 2019:

Director	Capacity	Date of change	Replaced by
Marguerite Bérard-Andrieu	Member, BPCE Permanent Representative	01/01/2018	Catherine Halberstadt
Alain Denizot	Member	20/12/2018	Christophe Pinault
Stéphanie Paix	Member	20/12/2018	Nicole Etchegoïnberry

Over the course of the 2018 fiscal year, and in compliance with the US Dodd-Frank Act, the US Risk Committee met four times. On December 6 and 7, 2018, the US Risk Committee met in New York so that Committee members could be in closer contact with the local teams. The US Risk Committee's membership is the same as the Risk Committee. It is tasked with monitoring the management of risks related to Combined US Operations.

B – Role and powers

Natixis' Risk Committee has internal rules specifying its powers and its operating procedures, the latest version of which was approved by the Board of Directors on November 7, 2017.

Under the authority of the Natixis Board of Directors, the Risk Committee's primary duties are:

- advising the Board of Directors on the bank's overall strategy and risk appetite, both current and future;
- assisting the Board of Directors when it checks the implementation of that strategy by the executive managers and by the Head of Risk Management;
- issuing an opinion on the procedures established by Natixis that are used to ensure compliance with regulations as well as risk monitoring and control; to that end, it receives the reports of Natixis' Risk Committees and those of its subsidiaries, as well as the reports on risks, specifically operational, market or counterparty risks, prepared at the behest of the Company's CEO;
- monitoring the effectiveness of the internal control and risk management systems;
- assisting the Board of Directors in determining guidelines and verifying that the executive managers have properly implemented the supervisory mechanisms, especially in terms of the separation of duties and the prevention of conflicts of interest, that ensure the Company is effectively and prudently managed;
- reviewing, pursuant to its remit, whether the prices of products and services proposed to clients are compatible with Natixis' risk strategy. If these prices do not correctly reflect the risks, the Committee presents the Board of Directors with an action plan to remedy the situation;
- reviewing, without prejudice to the responsibilities of the Compensation Committee, whether the incentives set out by Natixis' compensation policy and practices are compatible with this latter's situation with regard to the risks to which it is exposed, its capital, its liquidity and the probability and scheduling of the expected benefits;
- assisting the Board of Directors in reviewing the aforementioned governance mechanism, assessing its effectiveness and ensuring that corrective measures have been taken to remedy any shortcomings;
- regularly examining the strategies and policies governing the taking, management, monitoring and reduction of the risks to which Natixis is or could be exposed, including risks created by the economic environment. To that end, at least once a year the Risk Committee analyzes the documents used to define and monitor Natixis' risk appetite, namely the Risk Appetite Statement and the Risk Appetite Framework. The Risk Committee studies all limit changes that took place between two annual reviews, including changes to industry-based limits;
- examining compliance risk monitoring-related items at least once a year, pursuant to Article 253 of the French Ministerial Order of November 3, 2014 on internal control of banking sector businesses, payment services, and investment services;
- giving its opinion on the appointment or dismissal of the Head of Internal Audit at Natixis;
- ensuring that the findings of assignments carried out by the Internal Audit Department and by regulatory and supervisory authorities (specifically the Autorité de Contrôle Prudentiel et de Résolution, ACPR—French Prudential Supervisory Authority for the Banking and Insurance Sector) are followed up on; to that end, a summary of Internal Audit Department reports on Natixis and its subsidiaries is prepared for the Risk Committee, which also receives all reports from the regulatory and supervisory authorities (specifically the ACPR) on Natixis and its subsidiaries;
- addressing Natixis' annual internal audit program, including audits of subsidiaries, with this program being presented to the Committee at least one week prior to its approval.

At the proposal of the Chairman, the Risk Committee may, if deemed appropriate by the Committee and after consulting the Chairman of the Board of Directors, invite to its meetings any Natixis manager (including managers of one of the main subsidiaries or the Chairman of its Risk Committee) who is able to shed light on issues handled by the Risk Committee. It can also invite the Chief Financial Officer, the Chief Risk Officer, the Corporate Secretary, the Natixis Head of Internal Audit, the BPCE Head of Inspection Générale, and Natixis' Statutory Auditors. The Chief Risk Officer, the Compliance Officer, and the Natixis Head of Internal Audit have permanent direct access to the Risk Committee.

C – Work of the Risk Committee in 2018

The Risk Committee met seven times in fiscal year 2018. The attendance rate was 87% for the year as a whole.

Each director's individual attendance rate for Risk Committee meetings is provided in Section 2.2 of this chapter *(see directors' individual fact sheets)*.

Within a reasonable amount of time before a Committee meeting, a digital file containing the items on the agenda is sent to each director via the secure DiliTrust electronic platform for review and analysis in preparation for the meeting.

In 2018, the Risk Committee's duties focused on the following items in particular:

Risk management	▪ Review of the monthly consolidated risk monitoring dashboard (regular updates on credit, market liquidity and operational risks and insurance risk) ▪ Review of the provisions of the French Ministerial Order of November 3, 2014, and of the Risk Appetite Framework (RAF) indicators ▪ Follow-up on the ECB's market and credit TRIM (Targeted Review of Internal Models) ▪ Risk Appetite Framework and update of limits ▪ Adjustment of the Risk Appetite Framework ▪ Review of risk model governance ▪ Follow-up on the risks of the Leverage Lending business ▪ Follow-up on internal stress tests ▪ Presentation of the final results of the 2018 internal stress tests and progress made on the 2019 internal stress tests ▪ Follow-up on the ICAAP (Internal Capital Adequacy Assessment Process) ▪ Follow-up on overall interest rate risk measurement —IRRBB (Interest Rate Risk on Banking Book) ▪ Liquidity follow-up: Annual analysis of contingency plans, particularly in light of the results of the alternative scenarios regarding liquidity positions and risk mitigation factors / review of ALM standards ▪ Evaluation of the effectiveness of the internal control framework and the procedures in place (risk view) ▪ Summary of major changes to risk policies ▪ FRTB project ▪ Basel 3 follow-up ▪ Review of the VaR limits and alert threshold and of the operational risk indicators defined as part of the RAF ▪ Review of whether the product and service prices offered to clients are in line with Natixis' risk strategy. ▪ Follow-up on Equity Derivatives in Asia ▪ Follow-up on current and future risks related to the macroeconomic and geographic environment ▪ Reorganization of the Risk division
Internal control	▪ Review of assignments conducted by Natixis Internal Audit and BPCE Inspection Générale during the fiscal year ▪ Monitoring of the implementation of recommendations made by Natixis Internal Audit and BPCE Inspection Générale ▪ Presentation of the internal control report (formerly CRBF- 97-02) ▪ Validation of the update to Natixis' 2018 internal audit charter ▪ Presentation of the proposed audit program for 2018 ▪ Presentation of the Natixis Internal Audit Department's budget
Compliance	▪ Monitoring of compliance risks / Compliance control activity and results ▪ General Data Protection Regulation (GDPR) ▪ Follow-up on cybersecurity ▪ Update to the Compliance Department Charter ▪ Evaluation of the effectiveness of the internal control framework and the procedures in place (compliance view) ▪ Review of the MiFID 2 complaint management procedure ▪ Review of the business continuity mechanism
Other items	▪ Presentation of the latest developments ▪ Check that the compensation policy is compatible with the risks ▪ Presentation of the AMF's follow-up letter to Natixis and the response by Natixis to that letter

Over the 2018 fiscal year, the US Risk Committee worked on the following:

- the review and annual approval of the documents formally setting out the risk management and governance systems: review of the Committee's charter, updating of Enterprise Risk Management, definition of the Risk Appetite Framework, the compliance risk mitigation system;
- the review and monitoring of the US Chief Risk Officer's priorities for 2018;
- the examination and approval of the frameworks that define what to do in a major crisis, such as the Emergency Financing Plan or the US Resolution Plan;
- the periodic review of changes to the business and risks of the US platform, including compliance risks;

- the periodic review of the platform's regulatory environment, observations made by local supervisors, and corresponding action plans;
- the periodic monitoring of the conclusions of Loan Review's work, a periodic control function dedicated to credit risk;
- the analysis of specific risk mitigation systems, such as liquidity risks, operational risks, or the Code of Conduct.

2.3.2.3 Compensation Committee

A – Organization

In 2018, the Compensation Committee had five members.

At March 1, 2019, those members were as follows:

Nicolas de Tavernost	Chairman
Alain Condaminas	Member
Christophe Pinault *(position previously held by Alain Denizot until December 20, 2018)*	Member
Anne Lalou	Member
Henri Proglio	Member

Three of the five members were independent until November 17, 2018[1] (Anne Lalou, Henri Proglio and Nicolas de Tavernost). In accordance with Article 17.1 of the Afep-Medef corporate governance code, a majority of the Compensation Committee was composed of independent directors until that date, and the Committee was chaired by an independent director. Furthermore, the opinions and proposals of the Compensation Committee are adopted if the majority of members present, including the Chairman, vote for them.

Changes made to the Compensation Committee in 2018 and since January 1, 2019:

Director	Capacity	Date of change	Replaced by
Alain Denizot	Member	20/12/2018	Christophe Pinault

B – Role and powers

The role of Natixis' Compensation Committee is to prepare the decisions that Natixis' Board of Directors issues with regard to compensation, including Natixis employees who have a significant impact on the Company's risk. The Compensation Committee's powers and operating procedures are detailed in the Internal Rules, the latest version of which was approved on December 17, 2014 by the Board of Directors.

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

- the amount and terms of compensation paid to the Chairman of the Board of Directors of Natixis, including benefits in kind, pension plans and collective personal protection insurance, as well as the allocation of stock options or share purchases;
- the amount and terms of compensation paid to the CEO and, where applicable, one or more Deputy CEOs, including benefits in kind, pension plans and collective personal protection insurance, as well as the allocation of stock options or share purchases;
- rules for allocating directors' fees to Natixis directors and the total amount submitted to the shareholders at Natixis' General Shareholders' Meeting for a decision;
- the monitoring of the compensation of the Chief Risk Officer and the Compliance Officer;
- whether Natixis' compensation policy complies with regulations, including for the category of staff referred to in the French Ministerial Order of November 3, 2014, as well as for employees referred to in French Law No. 2013-672 on the Separation and Regulation of Banking Activities ("SRAB") and Section 619 of the US Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Volcker Rule"), or regulated categories of staff within asset management (AIFMD) or insurance activities (Solvency II);
- the annual review of Natixis' compensation policy, specifically those employee categories whose professional activities are likely to have a significant impact on the risk profile of Natixis or the Group.

The Compensation Committee may have cause to review and issue an opinion on the insurance taken out by Natixis to cover its executive officers' liability.

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

Natixis' CEO provides the Compensation Committee with any documents that may assist it in performing its duties and to ensure it is fully informed.

It confers with Natixis' Internal Control Departments or outside experts as appropriate.

(1) *See implementation of the "apply or explain" rule section 2.3 of this document*

C – Work of the Compensation Committee in 2018

The Compensation Committee met four times in fiscal year 2018. The attendance rate was 95% for the year as a whole.

Each director's individual attendance rate for Compensation Committee meetings is provided in Section 2.2 of this chapter *(see directors' individual fact sheets).*

In 2018, the Committee focused on the following areas:

Executive corporate officers Senior Management Committee members	■ Approval of the variable compensation factors for 2017 after assessing the degree to which the quantitative criteria and strategic objectives of the annual variable compensation of executive corporate officers were met and validation of the compensation principles for fiscal year 2018 (from January 1 to May 31, 2018) put to a vote of the Annual General Shareholders' Meeting on May 23, 2018 ■ Validation of the principles of the fixed and variable compensation for the new Chairman of the Board of Directors and new Chief Executive Officer as of June 1, 2018 ■ Long Term Incentive Plan for Senior Management Committee members ■ Analysis of the recommendations of the Afep-Medef Code in terms of executive compensation
Compensation policy and regulations	■ Review of regulatory aspects ■ Examination of the deferred pay policy (definition of the performance conditions for the regulated staff for 2018) ■ Annual variable compensation budgets in respect of 2017; ■ Variable compensation for 2017 for the control functions and the "regulated" staff; ■ Renewal of the deferred variable compensation policy for compensation allocated for 2018 ■ Review of specific Risk and Compliance targets (2017 review & presentation of 2018 targets) ■ Report of the annual BPCE Inspection Générale division's review of the regulated population under CRD IV ■ Analysis of compensation awarded to the hundred highest-paid employees ■ 2017 annual report on compensation for the regulated population under CRD IV ■ Rules for determining CIB's variable compensation budget for 2018 ■ Vesting of shares allocated under previous deferred pay plans ■ Policy on salary and professional equality between men and women
Employee savings and shareholding	■ Follow-up on existing employee savings plans within Natixis and on Mauve

Within a reasonable amount of time before a Committee meeting, a digital file containing the items on the agenda is sent to each director via the secure DiliTrust electronic platform for review and analysis in preparation for the meeting.

At its February 8, 2019 meeting, the Compensation Committee reviewed the rules on allocating directors' fees to Board members.

2.3.2.4 Appointments Committee

A – Organization

The Appointments Committee has six members. As of March 1, 2019, these members were:

Henri Proglio	Chairman
Thierry Cahn	Member
Nicole Etchegoïnberry *(position previously held by Stéphanie Paix until November 12, 2018)*	Member
Anne Lalou	Member
Philippe Sueur	Member
Nicolas de Tavernost	Member

Three of the six members were independent until November 17, 2018(1) (Anne Lalou, Henri Proglio and Nicolas de Tavernost). The number of independent directors on the Appointments Committee is not greater than half the total number of members, despite the recommendation by the Afep-Medef corporate governance code. It had until that date a balanced composition (50% independent, 50% non-independent) and was chaired by an independent director *(see summary table on compliance with Afep-Medef Code recommendations in Section 2.3 of this chapter).* Furthermore, the opinions and proposals of the Appointments Committee are adopted if the majority of members present, including the Chairman, vote for them.

Natixis' CEO is involved as required with the Appointments Committee's work.

The Appointments Committee has been chaired by Henri Proglio since February 18, 2015.

Changes made to the Appointments Committee in 2018:

Director	Capacity	Date of change	Replaced by
Stéphanie Paix	Member	20/12/2018	Nicole Etchegoïnberry

(1) See implementation of the "apply or explain" rule section 2.3 of this document

B – Role and powers

The responsibilities assigned to Natixis' Appointments Committee are, in essence, reviewing the selection of corporate officers and members of the Board, and assessing their individual and collective expertise, as well as the effectiveness of the Board of Directors. The Appointments Committee's powers and operating procedures are described in detail in the Internal Rules of the Board of Directors, the latest version of which was approved on December 17, 2014.

The Committee's primary duties are:

- issuing an opinion and, upon request from Natixis' Board, making proposals and recommendations to the Board on the appointment of a CEO and, when appropriate, one or more Deputy CEOs of Natixis;
- issuing an opinion and making recommendations to the Board of Directors on the selection/appointment of directors;
- evaluating the balance and diversity of knowledge, skills and experience that the Board members have, both individually and collectively;
- detailing the duties and the qualifications required for serving on Natixis' Board of Directors, and assessing the time to be spent on that service;
- deciding on a policy and a set of targets for the balanced representation of men and women on the Board of Directors. The Committee prepares a policy aimed at achieving those targets. Natixis' target and policy as well as the implementation procedures are made public;
- periodically, at least once a year, assessing the structure, size, composition and effectiveness of the Board of Directors with regard to the responsibilities that are assigned to it, and submitting any useful recommendations to the Board;
- periodically, at least once a year, assessing the knowledge, skills and experience of the Board of Directors, both individually and collectively, and presenting it with a report on this topic;
- periodically scrutinizing the policies of the Board of Directors on selecting and appointing Natixis' executive managers, Deputy CEOs and the Chief Risk Officer and making recommendations thereon.

Qualification as an independent director is discussed by the Appointments Committee, which prepares a report for the Board. Each year, based on this report and before the publication of the annual report, the Board of Directors reviews the status of each of its members based on independence criteria set out in Article 2.3.2 of the Board of Directors' Internal Rules *(see Section 2.3.1.1 of this registration document)*.

C – Work of the Appointments Committee in 2018

The Appointments Committee met three times in fiscal year 2018. The attendance rate was 88%.

Each director's individual attendance rate for Appointments Committee meetings is provided in Section 2.2 of this chapter *(see directors' individual fact sheets)*.

Within a reasonable amount of time before a Committee meeting, a digital file containing the items on the agenda is sent to each director via the secure DiliTrust electronic platform for review and analysis in preparation for the meeting.

In 2018, the Committee focused on the following areas:

Independence of directors	▪ Verification of independence criteria for each director
Makeup of the Board of Directors and reorganizing governance	▪ Opinion on the selection of a new Chief Executive Officer ▪ Opinion on the co-option of a new director and their appointment as Chairman of the Board of Directors ▪ Review of the procedure for selecting independent directors ▪ Review of the implementation of staggered reappointments of directors and the reappointment of four directors ▪ Opinion on the co-option of new directors ▪ Analysis of the qualifications needed for the duties carried out on the Board of Directors ▪ Evaluation of the balance and diversity of knowledge, skills and experience that the Board members have, both individually and collectively ▪ Identification of a person or a dominant group within the Board of Directors who might be detrimental to Natixis' interests

On March 14, 2018, in the interest of spreading out terms of office more evenly, as recommended by the Afep-Medef code, the Appointments Committee accepted the resignation of four directors whose terms of office were to expire at the adjournment of the May 2019 General Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2018. The four directors resigned, effective upon the adjournment of the May 23, 2018 Board meeting held before the Annual General Shareholders' Meeting on the same day, and agreed to be reconsidered for directorships at the same meeting.

In addition, on February 8, 2019, the Appointments Committee issued a favorable opinion on the Board's diversity policy.

2.3.2.5 Strategic Committee

A – Organization

The Strategic Committee is made up of all the directors as well as the members of the Senior Management Committee of Natixis.

The Strategic Committee has been chaired by Anne Lalou since February 10, 2016.

B – Role and powers

The responsibilities assigned to the Strategic Committee are to thoroughly examine the overall strategy of Natixis and its business lines, and to share senior management's vision for Groupe BPCE.

In addition, the meetings of this Committee are opportunities for the Board of Directors to get to know the management team that works with the Chief Executive Officer better and improve the Board's working methods.

C – Work of the Strategic Committee in 2018

The Strategic Committee meets once a year. The attendance rate was 93%.

Within a reasonable amount of time before a Committee meeting, a digital file containing the items on the agenda is sent to each director via the secure DiliTrust electronic platform for review and analysis in preparation for the meeting.

In 2018, the Natixis Strategic Committee met to analyze the following points:

- the initial results of the New Dimension strategic plan and the economic and regulatory outlook;
- the environment of the Payments division and its opportunities for external growth;
- focus on Asset Management and growth opportunities;
- the strategic plan's adaptation to CIB and the division's ambitions;
- progress made on major projects currently underway in connection with the strategic plan for the Insurance division.

In accordance with the Afep-Medef code, during this meeting the Strategic Committee presented the Company's significant achievements in terms of Environmental and Social Responsibility (ESR), particularly with regard to risk management, sustainable business development, communication and relationships with stakeholders, and initiatives developed to reduce Natixis' environmental footprint or to consider CSR criteria when determining compensation.

The directors and Senior Management Committee members used the opportunity to discuss Natixis' strategic priorities going forward, as well as the focus areas of the New Dimension Plan.

2.3.3 SENIOR MANAGEMENT

2.3.3.1 Organization

The Chief Executive Officer is responsible for the Natixis' senior management, in accordance with the Board of Directors' decision of April 30, 2009 to separate the offices of Chairman of the Board and Chief Executive Officer.

On April 30, 2009, the Board appointed Laurent Mignon as Chief Executive Officer starting May 14, 2009 for a six-year term. Laurent Mignon's term of office was renewed by Natixis' Board of Directors on February 18, 2015 for a period of four years, ending after the 2019 General Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2018. On April 27, 2018, the Board of Directors accepted the resignation of Laurent Mignon from his duties as Chief Executive Officer of Natixis, effective June 1, 2018, and decided, following the favorable opinion of the Appointments Committee, to appoint François Riahi as his replacement effective June 1, 2018, for a period of four years ending with the adjournment of the 2022 Natixis General Shareholders' Meeting held to approve the financial statements for the fiscal year ending December 31, 2021.

François Riahi therefore became Executive Manager of Natixis ("dirigeant effectif", as defined by Article L.511-13 and L. 532-2 of the French Monetary and Financial Code).

The Chief Executive Officer subsequently set up a Senior Management Committee (SMC), which he chairs. It consists of the heads of Natixis' four main businesses (Asset & Wealth Management, Corporate & Investment Banking, Insurance and Specialized Financial Services) and support functions.

At March 1, 2019, the Senior Management Committee's members were: Gils Berrous (Specialized Financial Services), Véronique Sani (Operations and Information Systems), Pierre Debray (Risks), Anne Lebel (Human Resources), Jean-François Lequoy (Insurance), Nathalie Bricker (Finance and Strategy), André-Jean Olivier (Corporate Secretary), Jean Raby (Asset & Wealth Management), Pierre-Antoine Vacheron (Payments) and Marc Vincent (Corporate & Investment Banking).

As Natixis' decision-making body, the Senior Management Committee is responsible for reviewing and approving the Company's core strategy; overseeing its management, especially regarding the Company's strategy and budget; major projects and investments; defining its organization and Human Resources; monitoring the performance of its business lines and its results; and monitoring its activities.

Lastly, Natixis has an Executive Committee that brings together the members of the Senior Management Committee and the heads of certain business lines and support functions essential to the Company's success *(see members of the Executive Committee, Section 2.1 of this chapter)*. The Committee's role mainly focuses on information and monitoring.

Additionally, pursuant to Article L.511-13 and L.532-2 of the French Monetary and Financial Code, Natixis' Board of Directors appointed three executive managers: François Riahi, Chief Executive Officer; Gils Berrous, Head of Specialized Financial Services; and Marc Vincent, Head of Corporate & Investment Banking.

In this capacity, François Riahi, Gils Berrous and Marc Vincent stand surety and assume full liability toward the supervisory authorities, specifically the Autorité de Contrôle Prudentiel et de Résolution (ACPR—French Prudential Supervisory Authority for the Banking and Insurance Sector) and the European Central Bank (ECB), for the following activities:

- the bank's effective management, within the meaning of Article L.511-13 of the French Monetary and Financial Code;

- disclosure to the ACPR of any accounting or financial documents that the ACPR may request, and responses to any questions or requests for information, per Articles L.571-4 to L.571-9 of the same Code;
- the periodic evaluation and control of the effectiveness of the mechanisms and procedures set up to comply with the French Ministerial Order of November 3, 2014 on internal control of banking sector businesses;
- the determination of d requirements.

In this context, the executive managers are authorized to request and receive all useful information from any division, department, controlled entity or subsidiary of Natixis.

In the event of the absence of the Chief Executive Officer, the other executive managers will ensure business continuity until the Board of Directors appoints a new Chief Executive Officer based on a recommendation by the Appointments Committee.

In accordance with Article L.225-37-4 6, as part of Natixis' New Dimension strategic plan, the Company set gender equity targets, according to which women should represent 20% of Senior Management Committee members, 30% of Global Leaders (inner leadership circle) and 40% of Purple Leaders (extended leadership). These targets were applied to the various business lines in 2018 (See Chapter 6, Section 6.6.1.2)

2.3.3.2 Role and powers of the CEO

In accordance with Article 15 of the bylaws, the Chief Executive Officer is vested with the broadest powers to act on behalf of the Company under all circumstances. He exercises those powers within the limits of the corporate purpose and subject to the powers expressly reserved for Shareholders' Meetings and the Board of Directors by law and to the provisions and restrictions stipulated by the Internal Rules. He represents the Company in its relations with third parties.

The Board of Directors may appoint a Chief Executive Officer selected from among its directors or otherwise.

The Chief Executive Officer may delegate a portion of his powers to any corporate officer of his choosing, with or without the option of substituting one for another. In light of this fact, Natixis has a comprehensive system for assigning and monitoring delegations of authority, including signing authority, which encompasses the delegation of Senior Management responsibilities to members of the Senior Management Committee. Furthermore, each business line and support function has defined and regularly updates its own signing authority rules, in keeping with the fundamental principles laid down by Senior Management.

On the Chief Executive Officer's recommendation, the Board of Directors may appoint one to five Deputy Chief Executive Officers from among the directors or otherwise to assist the Chief Executive Officer.

In conjunction with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers conferred upon the Deputy Chief Executive Officers. They have the same powers with respect to third parties as the Chief Executive Officer.

2.3.3.3 Work of the Senior Management Committee in 2018

Following Natixis' conversion into a French société anonyme with a Board of Directors, a Senior Management Committee was set up in early May 2009 in order to examine and validate the Company's main decisions and steer its management.

Barring exceptions, it meets weekly, chaired by the CEO. Except where circumstances prevented them from doing so, the members of the Senior Management Committee were present at all meetings in 2018. Representatives from the business lines or different support functions were invited to present projects or policies falling within their departmental remits.

2018 was the first year that the 2018-2020 New Dimension strategic plan was implemented across all Natixis business lines.

New Dimension sets out three powerful initiatives to give its clients a broader range of high added-value solutions: deepening the business model transformation that it successfully began under the New Frontier plan, allocating a significant portion of its investments to digital technologies and differentiating itself by taking the lead in the areas where Natixis' teams are recognized for their exceptional skills.

In this context, the Senior Management Committee studied the opportunities for external growth in Asset Management, Payments, M&A and Specialized Financial Services and supervised various projects or initiatives. As a result, the Senior Management Committee studied and validated all strategic transactions being carried out by Natixis, before they were presented to the Company's Board of Directors. These include the acquisition of a majority stake in Comitéo; the purchase of Banque Postale's 50% stake in Titres Cadeaux, making Natixis the sole shareholder; strategic investments in three independent Mergers & Acquisitions consulting firms (Fenchurch Advisory Partners in the United Kingdom, Vermilion Partners in China, and Clipperton in France); the establishment of a long-term partnership between Natixis and ODDO BHF to create a leader in continental Europe's equity markets; and, in the field of Asset & Wealth Management, the sale of Axeltis and Sélection 1818, and the acquisition of Massena Partners.

It oversaw the plan for Natixis to sell and BPCE to acquire the Factoring, Sureties & Financial Guarantees, Leasing, Consumer Finance and Securities Services business lines, which be completed by the end of the first quarter of 2019. This project will help Groupe BPCE strengthen its universal banking model, adapt to new practices, and better serve the customers of the Banque Populaire banks and Caisses d'Epargne, while also serving as an opportunity to raise Natixis' acquisition capacity under the New Dimension plan from €1 billion to a total of €2.5 billion.

Furthermore, the Senior Management Committee oversaw Natixis' adaptation to changes in the economic and regulatory environment in the banking and insurance sectors. It regularly monitored regulatory changes and draft regulations (GDPR, Volcker, corruption prevention system, etc.) and large business-line-specific projects like the #INNOVE2020 project in the general insurance lines. It also encouraged initiatives to strengthen its brand image by organizing the first Natixis Investment Managers Summit, a high-quality event for Asset Management customers, and improving the brand platform, particularly the employer brand.

The Senior Management Committee continued to work on implementing the Transformation and Operational Excellence program. Under this program, Natixis has committed to making substantial investments, especially in technology, in order to generate cost savings.

The Senior Management Committee regularly examined the Company's business development and results during its meetings throughout the year. It studied the annual, half-yearly and quarterly financial statements, before they were presented to the Board of Directors, and was involved in defining financial communications for the Company.

After in-depth discussions with the businesses and support functions involved, the Senior Management Committee approved the main management decisions, and reviewed and approved the budget, capital trajectory, Risk Appetite Framework, internal stress tests and ICAAP report. In addition, it approved the terms and conditions governing mandatory annual negotiations and the compensation review policy, the appointment of senior executives and managers, and all significant projects or investments. It also examined and approved several reorganization projects, particularly for Natixis Investment Managers with the creation of Ostrum Asset Management, or for the Risk division, which became the Risk Monitoring division.

Furthermore, the Senior Management Committee monitored the management, risk management and compliance measures within Natixis, and regularly reviewed changes in the Company's risks, as well as the consequences of audits. It paid special attention to cybersecurity issues. The creation of the Natixis Code of Conduct was accompanied by the training of all employees and the formation of a Conduct Committee, which met quarterly.

Finally, the Senior Management Committee encouraged the business lines to adopt measures to combat climate change. This included the Green Weighting Factor project, which led to a favorable adjustment of risk-weighted assets for transactions that have a positive impact on climate and the environment, and an unfavorable adjustment for those that have a negative impact. Another commitment was made in Personal Insurance. Natixis Assurances decided to align its investment policy with the 2°C target set by the Paris Accord: each year, it will devote nearly 10% of its investments to the acquisition of green assets, with a target of 10% green assets as a percentage of all outstanding assets no later than 2030.

2.3.4 GENERAL SHAREHOLDERS' MEETINGS

2.3.4.1 Convocation procedure

General Shareholders' Meetings are convened by the Board of Directors or, failing this, under the conditions of Article L.225-103 of the French Commercial Code. Notices of meeting are prepared in accordance with the conditions laid out in the applicable regulations (Article 21 of the bylaws).

Meetings take place either at the registered office or at another location specified in the notice.

2.3.4.2 Different types of meetings

Shareholders' Meetings may take the form of Ordinary, Extraordinary or Combined Meetings depending on the items on the agenda.

Ordinary General Shareholders' Meetings (OGM)

OGMs are held annually and their purpose is to inform shareholders about the running of the Company. Their principal objective is to give an opinion on the financial statements of the previous fiscal year, to determine the appropriation of income, and to set the dividend and the conditions for its payment.

OGMs may also be used to appoint or re-appoint directors, non-voting members and Statutory Auditors and, if necessary, ratify the co-option of a member of the Board.

Decisions are made by simple majority vote of the shareholders present or represented at the meeting.

Extraordinary General Shareholders' Meeting (EGM)

EGMs are convened each time there are decisions concerning a change in the bylaws, notably in the event of a financial transaction affecting the share capital.

Decisions are made by a two-thirds majority vote of the shareholders present or represented at the meeting.

Combined Shareholders' Meetings (CSM)

CSMs combine the two previous types of meetings (OGM and EGM) on the same date under the same notice of meeting.

2.3.4.3 Conditions for admission

Shareholders' Meetings include all the shareholders whose securities have no outstanding payments due.

Pursuant to Article R.225-85 of the French Commercial Code, those shareholders who can prove their shares are in a custody account (pursuant to Section 7 of Article L.228-1 of the French Commercial Code) in their name or in the name of an intermediary acting on their behalf, either in the registered share accounts held by the Company or in the bearer share accounts held by their authorized intermediaries, no later than two working days before the date of the meeting (by midnight Paris local time hereinafter referred to as D-2), may attend the meetings.

An authorized proxy (namely the shareholder's spouse or another shareholder, a partner with whom the shareholder has a civil partnership, or any other individual or legal entity of their choice) may always represent a shareholder at Shareholders' Meetings. This proxy may not represent another person.

For holders of registered shares, an entry in the registered share accounts by D-2 is sufficient to enable them to attend the meeting.

With respect to holders of bearer shares, proof of their status as a shareholder must be provided directly to the centralizing body of the meeting by the authorized intermediaries that hold their bearer share accounts. The intermediaries do so by producing a certificate that must be attached to the voting form or admission card request in the name of the shareholder or the name of the registered intermediary acting on behalf of the shareholder. A certificate is also delivered to shareholders who wish to attend the meeting in person and who have not received an admission card by D-2, midnight Paris time.

Under the terms and conditions set forth by law and regulations, shareholders may send their proxy and absentee voting ballots, either in paper format or, on the decision of the Board of Directors published in the notices of meeting, electronically. The Board of Directors may also decide that shareholders may participate and vote at any General Shareholders' Meeting by conference call or electronic transmission under the terms and conditions set by the regulations.

2.3.4.4 Shareholders' rights

In line with the provisions of Article L.225-105 of the French Commercial Code and subject to the conditions and time frames set by law, one or more shareholders holding the requisite portion of share capital may request, by means of registered letter with acknowledgment of receipt, that items or draft resolutions be included on the meeting agenda.

In line with the provisions of Article 27 of the bylaws, each shareholder may, subject to the terms and conditions and at the times fixed by law, request a copy of the documents needed to allow them to form an informed opinion on the management and control of the Company. The nature of the documents and the terms and conditions for their dispatch or availability are determined by law and regulations.

2.3.4.5 Conditions for exercising voting rights

In line with the provisions of Article 25 of the bylaws, and as an exception to the granting of double voting rights to any fully paid-up shares that can be proved to have been registered in the name of the same shareholder for at least two years as stipulated by Article L.225-123 Section 3 of the French Commercial Code, each member of the meeting has a right to as many votes as they hold or are represented by shares.

2.3.4.6 Identification of shareholders

In line with the provisions of Article 5 of the bylaws, the Company may, subject to the conditions provided for by the laws and regulations in force, request from any authorized organization or intermediary, all information relating to the holders of shares conferring immediately, or in the future, the right to vote at Shareholders' Meetings, notably their identity, nationality, address, the number of shares that they own and the restrictions that may be placed on these shares.

Any individual or legal entity that directly or indirectly owns, alone or jointly, a 1% share of the voting rights or any multiple of this percentage, must notify the Company, by registered letter with acknowledgment of receipt, of the number of voting rights that they possess. This notice must be made within a period of 15 days following each acquisition or sale of this fraction.

Failure to comply with the notification requirement referred to in the previous paragraph shall, at the request of a shareholder owning at least 1% of the voting rights, which request shall be recorded in the minutes of the meeting, cause any shares in excess of the fraction that should have been declared to be stripped of their voting rights for a period of two years following the date on which they were properly reported.

Any shareholders that hold more than 1% of the voting rights and have already declared that they have crossed the statutory threshold may obtain or consult the list of shareholders that have crossed the statutory threshold at Natixis' registered office or by contacting Natixis' Investor Relations (30 avenue Pierre Mendès-France 75013 Paris).

2.3.5 INTEGRITY OF DIRECTORS AND CONFLICTS OF INTEREST

In accordance with regulations, a list of the functions performed by the corporate officers of Natixis is included in this document. The knowledge, skills and experience of the directors, both individually and collectively, give the Board of Directors the breadth of expertise necessary to ensure that the Company is properly run and its business strategy is effective.

2.3.5.1 Disclosure of conviction

To the best of Natixis' knowledge, none of the members of the Board of Directors or Senior Management has been convicted of fraud, filed for bankruptcy, liquidation or receivership, convicted and/or punished by official or regulatory bodies, disqualified from acting as a member of administrative, management or supervisory bodies of an issuer, or from participating in the management or conduct of the business of an issuer within at least the previous five years.

2.3.5.2 Conflicts of interest

Members of the Natixis Board of Directors include BPCE (Natixis' main shareholder) and employees or individuals holding other jobs within Groupe BPCE, particularly in the Caisse d'Epargne and the Banque Populaire banks. Natixis and its subsidiaries maintain business relations with BPCE and the entities of Groupe BPCE. Furthermore, members of the Natixis Board of Directors include independent directors belonging to third-party groups that can maintain banking or business relations with Natixis or its subsidiaries.

To the best of Natixis' knowledge, these situations do not affect those directors' independence of judgment, decision, and action, and there is no potential conflict of interest between the duties that the Board members owe to Natixis and other duties or private interests. When needed, the Internal Rules of the Board of Directors and the Compliance Charter set out a conflict of interest resolution system for all members of the Board of Directors. They also require Board members to notify the Chairman of the Board (or the Corporate Secretary of Natixis) of any conflict of interest and to abstain from voting on the corresponding resolution.

To the best of Natixis' knowledge, there are no service agreements binding members of the Board of Directors or Senior Management to Natixis that could confer benefits according to the terms of such an agreement and that might by their nature compromise the independence of members or interfere with their decision-making.

2.3.5.3 Summary of disclosed NATIXIS share transactions by persons discharging managerial responsibilities and by persons closely associated with them

The following people, who were Natixis Senior Management Committee members at the time, were also permanently awarded free shares at the end of the vesting period of each plan.

Name	Number	Date	Origin
Gil Berrous	8,480	March 1	2016 employee retention and performance plan
Norbert Cron	5,054		
Pierre Debray	12,997		
Anne Lebel	6,233		
Jean-François Lequoy	14,767		
Laurent Mignon	28,755		
André-Jean Olivier	4,946		
Marc Vincent	22,989		
Laurent Mignon	31,955	August 1	2014 free allocation of performance shares

2.4 Policies and rules established for determining compensation and benefits of any kind for corporate officers

2.4.1 COMPENSATION AND BENEFITS OF ANY KIND FOR MEMBERS OF THE BOARD OF DIRECTORS

The members of the Board of Directors of Natixis received directors' fees for the 2018 fiscal year subject to the terms and conditions set out below.

The overall annual budget for directors' fees to be allocated to members of the Board of Directors is €650,000 *(see the 36th resolution of the Combined General Shareholders' Meeting of May 19, 2015)*.

Directors' fees are granted according to the following rules:

	Directors' fees	
Governing body	Fixed portion *(prorated to the term of office)*	Variable portion
Board of Directors		
Chairman	N/A	N/A
Member (maximum of €22,000)	€8,000	€2,000/meeting *(capped at 7 meetings)*
Audit Committee		
Chairman	€17,000	€2,000/meeting *(capped at 6 meetings)*
Member	€3,000	€1,000/meeting *(capped at 6 meetings)*
Risk Committee		
Chairman	€17,000	€2,000/meeting *(capped at 6 meetings)*
Member	€3,000	€1,000/meeting *(capped at 6 meetings)*
Appointments Committee		
Chairman	€15,000	€2,000/meeting *(capped at 2 meetings)*
Member	€2,000	€1,000/meeting *(capped at 2 meetings)*
Compensation Committee		
Chairman	€15,000	€2,000/meeting *(capped at 4 meetings)*
Member	€2,000	€1,000/meeting *(capped at 4 meetings)*
Strategic Committee		
Chairman	N/A	€12,000/meeting *(capped at 1 meeting)*
Member	N/A	€2,000/meeting *(capped at 1 meeting)*

Each director receives, for their own participation in Board Meetings, a fixed sum of €8,000 each year, as well as a variable sum of €2,000 per meeting, payable based on their attendance, with the number of compensated meetings being capped at seven.

Thus, a director who attends 100% of the Board Meetings will be paid the maximum directors' fees of €22,000 per year.

In addition, there are also directors' fees earned for participation in the Board's various Special Committees.

For example, a director who is a member of the Compensation Committee will collect, in addition to the fees earned for being a director, a fixed fee of €2,000 per year for participation in the Compensation Committee, plus €1,000 for each meeting of the Compensation Committee which they attended, with the number of meetings being capped at four, for a maximum total of €6,000 per year.

Thus, a director who is a member of the Compensation Committee as well as a member of the Strategic Committee will earn a total of €30,000 if they attend all Board and Committee Meetings.

The directors' fees paid to the Chairmen of the Special Committees is greater than that paid to members, given the workload responsibilities involved.

Furthermore, in accordance with the rules applicable within Groupe BPCE, the portion of directors' fees going to BPCE directors (including that of the Chairman) is granted and paid to BPCE and not to the directors.

2.4.2 COMPENSATION AND BENEFITS OF ANY KIND FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The May 23, 2018 General Shareholders' Meeting approved the components of the compensation policy for the Chairman of the Board and for Laurent Mignon and François Riahi in their successive roles as Chief Executive Officer.

2.4.2.1 Compensation and benefits of any kind for the Chairman of the Board of Directors

In accordance with the principles approved by the May 23, 2018 General Shareholders' Meeting:

- François Pérol received no compensation in 2018 for his duties as Chairman of the Natixis Board of Directors, which he held until June 1, 2018;

- Laurent Mignon received a gross €175,000 (corresponding to a gross €300,000 on an annual basis) for 2018 for his duties as Chairman of the Natixis Board of Directors, which he held from June 1, 2018.

2.4.2.2 Compensation and benefits of any kind for the director and Chief Executive Officer of Natixis in 2018

The components of the Chief Executive Officer's compensation for 2018 comply with the principles approved by the General Shareholders' Meeting on May 23, 2018.

Fixed compensation

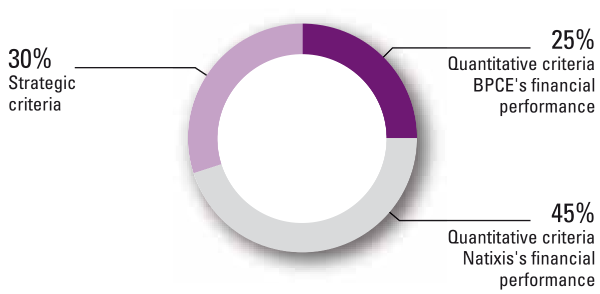
Laurent Mignon's fixed compensation for 2018 was €960,000 for the full year, or €400,000 for the period from January 1 to June 1, 2018.

François Riahi's fixed compensation for 2018 was €800,000 for the full year, or €466,667 for the period from June 1 to December 31, 2018.

Annual variable compensation

The annual variable compensation in respect of fiscal year 2018 was calculated on the basis of quantitative and strategic criteria first reviewed by the Compensation Committee then validated by the Board of Directors, and submitted to a vote at the General Shareholders' Meeting on May 23, 2018.

The variable compensation target for the 2018 fiscal year was set at 120% of the Chief Executive Officer's fixed compensation, with a range of between 0% and 156.75% of the target, i.e. a maximum of 188.1% of fixed compensation. Laurent Mignon's variable compensation target was therefore €1,152,000 for the full year, or €480,000 for the period from January 1 to June 1, 2018, and François Riahi's variable compensation target was €960,000 for the full year, or €560,000 for the period from June 1 to December 31, 2018. The following targets were set for 2018:



- quantitative targets (70%), 25% of which based on financial performance in relation to the Groupe BPCE budget (net revenues [4.2%], net income (Group share) [12.5%] and cost/income ratio [8.3%]) and 45% based on the financial performance of Natixis (net revenues [11.25%], net income (Group share) [11.25%], cost/income ratio [11.25%] and ROTE–Return on Tangible Equity [11.25%]);
- individual strategic targets (30%), 15% of which related to the implementation of the 2018-2020 strategic plan; the three other strategic targets, each assigned a weight of 5%, being related to oversight in terms of supervision and control as provided for in regulations (including the implementation of the RAF and the activation of the threshold breach remediation process); the implementation of Natixis transformation; and managerial performance assessed with regard to the ability to anticipate developments, make decisions and lead the Group, and manage executive officers;

The amount of variable compensation for 2018, which will be put to a vote of the shareholders in May 2019, was set by the Natixis Board of Directors upon recommendation by the Compensation Committee at 94.32% of the variable compensation target, i.e. €452,734 for Laurent Mignon for the period from January 1 to June 1, 2018, and €528,190 for François Riahi for the period from June 1 to December 31, 2018:

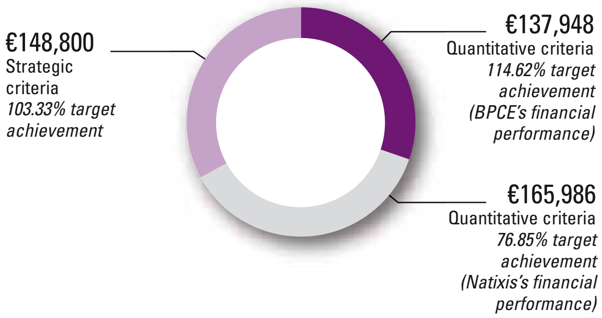
- one portion will be paid in 2019, 50% of it indexed to the Natixis share price, i.e. €156,889 for Laurent Mignon and €194,853 for François Riahi ;
- the other portion shall be deferred three years, 50% of it indexed to the Natixis share price, i.e. €295,845 for Laurent Mignon for the period from January 1 to June 1, 2018, and €333,337 for François Riahi for the period from June 1 to December 31, 2018. These deferred amounts will be paid in thirds in 2020 (100% in cash), 2021 (50% in cash and 50% indexed to the Natixis share price in securities) and 2022 (100% indexed to the Natixis share price or in securities), provided that the presence and performance conditions are met.

With respect to strategic criteria in particular, the Board recognized the progress made on the strategic plan, as evidenced by the business lines' underlying results in 2018, and on Natixis' cultural transformation (simplification of the organizational structure, leadership model, implementation of the "new and modern workplace" plan), while taking the equity derivatives incident in South Korea into consideration.

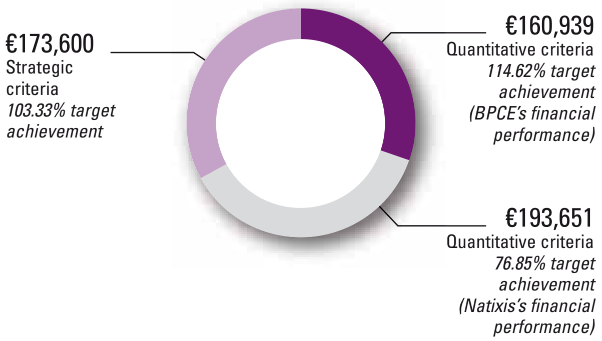
It should be noted that payments in respect of annual variable compensation for 2018 will only be made after the vote at the General Shareholders' Meeting on May 28, 2019.

ANNUAL VARIABLE COMPENSATION FOR THE 2018 FISCAL YEAR

Laurent Mignon's annual variable compensation for the 2018 performance year as Chief Executive Officer of Natixis from January 1, 2018 to June 1, 2018

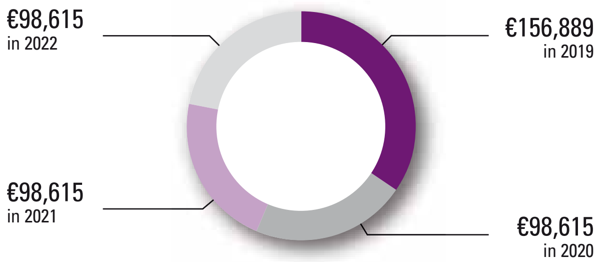


François Riahi's annual variable compensation for the 2018 performance year as Chief Executive Officer of Natixis from June 1, 2018 to December 1, 2018

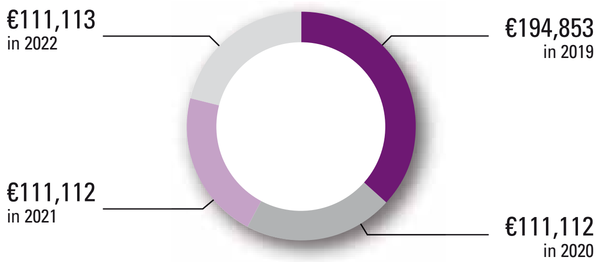


BREAKDOWN OF ANNUAL VARIABLE COMPENSATION FOR THE 2018 FISCAL YEAR BY VESTING DATE

Laurent Mignon, Chief Executive Officer of Natixis from January 1, 2018 to June 1, 2018



François Riahi, Chief Executive Officer of Natixis from June 1, 2018 to December 1, 2018



65% of Laurent Mignon's variable compensation for his term as Chief Executive Officer for 2018 is being deferred to 2020, 2021, and 2022, of which 50% is indexed to Natixis' share price. François Riahi's deferred variable compensation rate for 2018 is 63%.

Free allocation of performance shares

In keeping with the principle of the admissibility of allocating performance shares to the Chief Executive Officer as part of the Senior Management Committee Long-Term Incentive Plans ("SMC LTIPs"), Natixis' Board of Directors made the following share allocations (2018 SMC LTIP), which are prorated for the portion of the year served in office:

- at its meeting of May 23, 2018, 11,661 performance shares were allocated to Laurent Mignon. This means that, Laurent Mignon could receive a maximum of 13,933 shares based on performance conditions, which would be equivalent to a maximum of 0.00045% of share capital at the allocation date;

- at its meeting of August 2, 2018, 13,605 performance shares were allocated to François Riahi. This means that, François Riahi could receive a maximum of 16,326 shares based on performance conditions, which would be equivalent to a maximum of 0.00052% of share capital at the allocation date;

The allocated shares correspond to 20% of the gross annual fixed compensation for Laurent Mignon and François Riahi, prorated to reflect the length of time each of them served as Chief Executive Officer in 2018;

Vesting of these shares is contingent upon meeting the continued service requirement and the performance conditions, which are based on both the relative Total Shareholder Return (TSR) achieved on Natixis stock and the fulfilment of ESR targets.

The performance of Natixis shares versus the Euro Stoxx Banks index will be compared every year during the four-year period covered by the plan, i.e. fiscal years 2018, 2019, 2020 and 2021, for each of the annual tranches, each representing 25% of the shares allocated. Based on the relative performance of Natixis' TSR compared with the average TSR of the Euro Stoxx Banks index, a ratio will be applied for each annual tranche, as follows:

- performance strictly below 90%: none of the shares of the annual tranche shall vest;
- performance equal to 90%: 80% of the shares of the annual tranche shall vest;
- performance equal to 100%: 100% of the shares of the annual tranche shall vest;
- performance greater than or equal to 120%: 110% of the shares of the annual tranche shall vest.

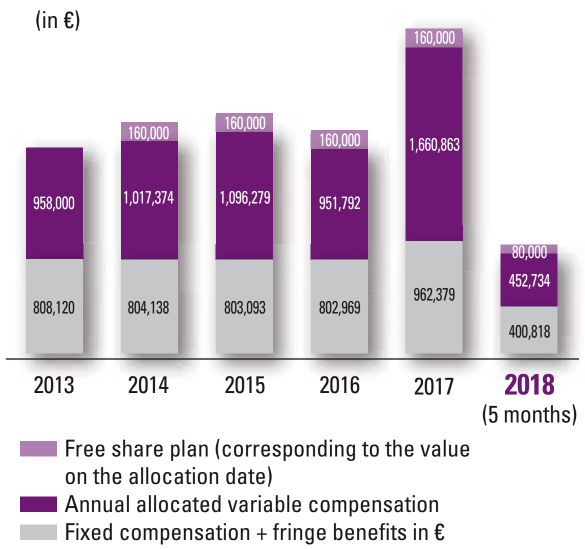
The ratio varies in a linear manner between each performance category.

The ESR targets are based on progress made over the four years covered by Natixis' ESR performance plan, as determined by extra-financial rating agencies. The vesting plan includes a rating scale that corresponds to each agency's ESR scores, with requirements getting stricter over the plan's last two years.

At the end of the four years, the average of the overall annual ratings shall determine the percentage of shares that vest in addition to those vesting under the TSR criteria. In the event that TSR and ESR performance is substantially above target, the percentage of shares of the annual tranche that shall vest is capped at 120%.

Thirty percent of the shares issued to the executive corporate officer at the end of the vesting period will be subject to a lock-in period ending upon the termination of his office.

CHANGES TO THE CHIEF EXECUTIVE OFFICER LAURENT MIGNON'S COMPENSATION SINCE 2013 (FIXED PORTION + ANNUAL VARIABLE COMPENSATION AWARDED + PERFORMANCE-RELATED FREE SHARE PLAN)



Fringe benefits

The Chief Executive Officer receives a family allowance in accordance with the same rules as those applied to Natixis employees in France. (€818 in 2018 for Laurent Mignon, and €1,388 for François Riahi).

As a reminder, at its February 10, 2016, meeting, the Board of Directors approved a change to the personal protection insurance and supplemental health insurance of Laurent Mignon, with the intention of bringing his situation in line with that of the other members of BPCE's Management Board. Of particular note is the implementation of a scheme to maintain compensation for a period of 12 months in the event of temporary incapacity to work, a scheme benefiting the other members of the BPCE Management Board. In 2018, the declared value of in-kind benefits over the five months of the fiscal year was €7,066 for Laurent Mignon.

François Riahi receives insurance similar to those of Natixis employees with respect to health and personal protection coverage.

Post-employment benefits

Pension Plan

Like the rest of the staff, the Chief Executive Officer is covered by the mandatory pension plan. He is not covered by the kind of supplementary pension plans described in Article 39 (defined benefit plan) or Article 83 (voluntary defined contribution plan) of the French General Tax Code. Furthermore, in 2018, Natixis' Chief Executive Officer paid into an "Article 82" type life insurance policy (in reference to the French General Tax Code) put in place by BPCE. The premiums on this policy were paid by the Chief Executive Officer and not by Natixis. In 2018, as successive Chief Executive Officers of Natixis, Laurent Mignon paid €58,667 into his policy, while François Riahi paid €68,444 into his.

Severance payments and consideration for non-compete agreement

It is reiterated that, at its February 19, 2014 meeting, the Board of Directors approved a change to its agreement relating to a severance payment for Laurent Mignon and the establishment of a non-compete agreement. These obligations and agreements were submitted to a vote by the shareholders and approved during the Ordinary General Shareholders' Meeting of May 20, 2014 (fifth resolution). At its meeting on February 18, 2015, the Board of Directors authorized the renewal of severance pay as well as the non-compete agreement upon the Chief Executive Officer's reappointment. The corresponding commitments were approved by the General Shareholders' Meeting on May 19, 2015.

On May 2, 2018, the Board of Directors decided that François Riahi would, effective from his appointment as Chief Executive Officer, be entitled to the same severance payments and consideration for non-compete agreement as his predecessor, the commitments for which were approved at the May 23, 2018 General Shareholders' Meeting.

Rules for calculating the severance payment

The monthly reference compensation is equal to one-twelfth of the sum of the fixed compensation paid in respect of the last calendar year in activity and the average variable compensation paid over the last three calendar years of activity.

The amount of severance pay is equal to: monthly reference compensation x (12 months +1 month per year of seniority).

The Chief Executive Officer will not receive severance payments in the event of gross negligence or willful misconduct, if he leaves the Company at his initiative to take another position or changes his position within Groupe BPCE.

Furthermore, in line with the provisions of the Afep-Medef corporate governance code, the right to a benefit is contingent on meeting performance criteria and requirements, such as net income (Group share), ROE and the cost/income ratio reported for the two years prior to leaving the Company. The Board of Directors will verify the satisfaction of these criteria as necessary:

1. Average Natixis net income (Group share) for the period in question equal to or higher than 75% of the expected budget average[(1)] for the period;
2. Average Natixis ROE for the period in question equal to or higher than 75% of the expected budget average[(1)] for the period;
3. Natixis' cost/income ratio less than 75% at the time of leaving (last half-year closed).

The amount of the payment shall be determined based on the number of performance criteria met:

- if all three criteria are met: 100% of the agreed payment;
- if two criteria are met: 66% of the agreed payment;
- if one criterion is met: 33% of the agreed payment;
- if none of the criteria is met: no payment will be made.

As a reminder, the amount of the CEO's severance payment, combined with the non-compete indemnity if warranted, may not exceed the equivalent of 24 months of monthly reference compensation.

(1) Average performance achieved over the two years prior to leaving (the measurement shall be based on the known results for the four quarters prior to leaving).

A non-compete indemnity should the CEO leave office

The non-compete agreement is limited to a period of six months and carries an indemnity equal to six months of fixed compensation, as in force on the date on which the CEO leaves office.

The amount of the non-compete indemnity, together with the severance payment, if applicable, received by the Chief Executive Officer is capped at twenty-four (24) months of the monthly reference compensation (both fixed and variable).

Upon the departure of the Chief Executive Officer, the Board of Directors must make a decision regarding whether to enforce the non-compete clause provided for under this agreement.

2.4.3. PRINCIPLES AND CRITERIA FOR DETERMINING, DISTRIBUTING AND AWARDING FIXED, VARIABLE AND NON-RECURRING ITEMS MAKING UP THE TOTAL COMPENSATION AND BENEFITS OF ANY KIND ATTRIBUTABLE TO THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

After consulting with the Compensation Committee and before pay packages are approved by the General Shareholders' Meeting, the Board of Directors determines the various pay components of Natixis' executive corporate officers based on the principles of competitiveness with market practices for similar roles and the way said components relate to performance.

2.4.3.1 Chairman of the Board of Directors

The compensation for the Chairman of the Natixis Board of Directors is set by the Board of Directors, taking into account both the Chairman's career and market practices. Laurent Mignon's annual fixed compensation for his duties as Chairman of the Board of Directors is €300,000 gross.

The Chairman is eligible for directors' attendance fees, but in accordance with the rules applicable within Groupe BPCE, the portion of directors' fees going to BPCE directors (including that of the Chairman) is paid to BPCE and not to the directors.

2.4.3.2 Chief Executive Officer

Fixed compensation

The fixed compensation of Chief Executive Officer is established based on the skills and expertise required to perform his duties and is in line with market practices for similar roles.

For fiscal year 2019, François Riahi's fixed compensation remains unchanged from the previous fiscal year and amounts to €800,000 gross.

Annual variable compensation

Furthermore, the compensation of the Chief Executive Officer is closely tied to the Company's performance, especially through annual variable compensation that is contingent upon the achievement of predetermined targets. Details regarding these targets and the extent to which they have been achieved at the end of the period, as assessed by the Board of Directors after consulting with the Compensation Committee, are then submitted to a vote at the General Shareholders' Meeting. The criteria include quantitative targets related to the financial performance of BPCE. As a reminder, Natixis is deeply embedded in Groupe BPCE in this regard, with intertwined strategic plans aimed at their mutual success. These criteria also include targets linked to Natixis' performance as well as strategic targets.

For fiscal year 2019, the criteria for determining the annual variable compensation approved by the Board of Directors on February 12, 2019, following a review by the Compensation Committee, and which will be put to a vote at the General Shareholders' Meeting on May 28, 2019, are as follows:

Rules for determining variable compensation for 2019

Target set at 120% of the fixed compensation, with a range from 0% up to 156.75% of the target, i.e., a maximum of 188.1% of the fixed compensation.

Quantitative criteria BPCE's financial performance*	25%	▪ 12.5% net income (Group share) ▪ 8.3% cost/income ratio ▪ 4.2% net revenues
Quantitative criteria Natixis' financial performance*	45%	▪ 11.25% net revenues ▪ 11.25% net income (Group share) ▪ 11.25% cost/income ratio ▪ 11.25% ROTE
Strategic criteria	30%	▪ 5% oversight in terms of supervision and control ▪ 15% roll-out of the 2018-2020 Strategic Plan ▪ 5% implementation of Natixis transformation ▪ 5% managerial performance

* *Underlying data.*

Methods for paying the Chief Executive Officer's annual variable compensation comply with applicable regulations, especially regulatory provisions relating to control over compensation as set out in European Directive CRD IV of June 26, 2013, and its enactment into French law in the French Monetary and Financial Code, by the Ordinance of February 20, 2014, and the Ministerial Decree and Order of November 3, 2014. In particular, the payment of a fraction of the variable compensation awarded is deferred over time and is conditional. This payment is spread over at least the three fiscal years following the year in which the variable compensation is awarded and is contingent upon meeting presence and performance criteria.

The deferred component of the variable compensation awarded represents at least 40% of the variable contribution granted, while 50% of the annual variable compensation is awarded in the form of shares or equivalent instruments. This rule applies to both the deferred and conditional component of variable compensation allocated and the non-deferred portion of the variable compensation.

As a reminder, the Chief Executive Officer is prohibited from using hedging or insurance strategies, both during the vesting period for components of deferred variable compensation and during the lock-up period.

Free allocation of performance shares

The Chief Executive Officer is eligible to receive 20% of his gross annual fixed compensation as performance shares under the long-term compensation plans for members of the Natixis Senior Management Committee. The vesting of these shares is contingent upon continued service and the achievement of performance conditions. The total of annual variable compensation and performance shares in favor of the Chief Executive Officer during the fiscal year cannot exceed twice his fixed gross annual compensation.

Fringe benefits

The Chief Executive Officer also receives social protection benefits whose terms are identical to those applicable to Natixis' employees or implemented by Groupe BPCE for its executive officers.

2.4.3.3 Standardized tables in compliance with AMF recommendations

- AMF TABLE NO. 1

Summary of the compensation, stock options and shares granted to each executive corporate officer

	FY 2018	FY 2017
Laurent Mignon, Chief Executive Officer until June 1, 2018		
Compensation due or granted for the fiscal year	€853,552 [(a)]	€2,623,242 [(a)]
Value of options granted during the fiscal year	0	0
Value of performance shares granted during the fiscal year	€80,000 [(b)]	€192,000 [(b)]
TOTAL	**€933,552**	**€2,815,242**
François Riahi, Chief Executive Officer from June 1, 2018		
Compensation due or granted for the fiscal year	€996,245 [(c)]	-
Value of options granted during the fiscal year	0	-
Value of performance shares granted during the fiscal year	€93,333 [(d)]	-
TOTAL	**€1,089,577**	-
François Riahi's other compensation for his duties at BPCE	**€602,359**	-
Laurent Mignon, Chairman of the Natixis Board of Directors from June 1, 2018		
Compensation due or granted for the fiscal year	€175,000	-
Value of options granted during the fiscal year	0	-
Value of performance shares granted during the fiscal year	0	-
TOTAL	**€175,000**	-
Regarding information about compensation related to BPCE, cf. AMF table NO. 3		

(a) o/w a family allowance of €818.
(b) Corresponding to the value of the shares on the allocation date, for a fair value of €47,460 for 2018 and €99,305 for 2017.
(c) o/w a family allowance of €1,388.
(d) Corresponding to the value of the shares on the allocation date, for a fair value of €55,372 for 2018.
Note: François Pérol received no compensation in 2018 for his duties as Chairman of the Natixis Board of Directors.

AMF TABLE NO. 2

Summary of the compensation granted to each executive corporate officer

In the tables below:

- the expression "amounts due or granted" refers to compensation and benefits allocated to directors in connection with their duties over the year, irrespective of the payment date;
- the expression "amounts paid" refers to compensation and benefits actually paid to directors in connection with their duties over the year, irrespective of the date granted, including securities delivery.

	FY 2018		FY 2017	
	Amounts due or granted	**Amounts paid**	**Amounts due or granted** [a]	**Amounts paid**
Laurent Mignon, Chief Executive Officer (office held since May 14, 2009 until June 1, 2018)				
Fixed compensation for corporate office duties	**€400,000**	**€400,000**	**€960,000**	**€960,000**
Annual variable compensation	**€452,734**	**€1,263,517** [b]	**€1,660,863**	**€1,125,926** [b]
Extraordinary compensation	**€0**	**€0**	**€0**	**€0**
Directors' fees	**€0**	**€0**	**€0**	**€0**
Benefits in kind	**€818** [c]	**€818** [c]	**€2,379** [c]	**€2,379** [c]
TOTAL	**€853,552** [A]	**€1,664,335**	**€2,623,242**	**€2,088,305**
Laurent Mignon's other compensation, cf. AMF table No. 3				
François Riahi, Chief Executive Officer (office held since June 1, 2018)				
Fixed compensation for corporate office duties	**€466,667**	**€466,667**	-	-
Annual variable compensation	**€528,190**	**€827,706** [b]	-	-
Extraordinary compensation	**€0**	**€0**	-	-
Directors' fees	**€0**	**€0**	-	-
Benefits in kind	**€1,388** [c]	**€1,388** [c]	-	-
TOTAL	**€996,245** [d]	**€1,295,791**	-	-
François Riahi's other compensation for his duties at BPCE	**€602,359**	**€323,396**	-	-

(a) *At its meeting of May 23, 2018, Natixis' Board of Directors also allocated 11,661 performance shares to Laurent Mignon, Chief Executive Officer until June 1, 2018, prorated to reflect the length of the time served in office in 2018, valued at €80,000 on the allocation date and, at its May 23, 2017 meeting, it allocated 29,911 performance shares valued at €192,000 on the allocation date.*

(b) *This amount includes payment of deferred variable compensation and securities delivery in respect of previous years. Excluding collective variable compensation (collective incentive plan and profit-sharing) awarded to François Riahi for the 2017 fiscal year and for his duties as Co-Head of Corporate Investment Banking. Securities delivery under the Senior Management Committee Long-Term Incentive Plans is presented in AMF table No.7.*

(c) *The reported amount comprises the family allowance. In addition, under social protection, €7,066 in benefits in kind were declared in 2018 for Laurent Mignon.*

(d) *At its meeting of August 2, 2018, Natixis' Board of Directors also allocated 13,605 performance shares to François Riahi, Chief Executive Officer from June 1, 2018, prorated to reflect the length of the time served in office in 2018, valued at €93,333 on the allocation date.*

Compensation paid to Laurent Mignon in 2018 for his duties as Chief Executive Officer of Natixis comprised €400,818 in fixed compensation and fringe benefits and €1,263,517 in variable compensation, the breakdown of which is detailed below. The performance condition of the deferred portion of variable compensation granted to Laurent Mignon is that Natixis' net operating income be strictly positive. As this condition was met for the 2018 fiscal year, the portion relating to the three previous periods was paid to the beneficiary. The difference between amounts granted and the amounts actually paid is correlated to the market capitalization at the Euribor rate for the cash portion, and to the change in the share price for the portion indexed to the Natixis share price.

Compensation paid to François Riahi in 2018 in connection with his duties as Chief Executive Officer of Natixis was composed of €468,055 in fixed compensation and fringe benefits and €827,706 in variable compensation, the breakdown of which is detailed below. The performance condition for the deferred portion of variable compensation granted to François Riahi is that Natixis' net operating income be strictly positive. As this condition was met for the 2018 fiscal year, the portion relating to the three previous periods was paid to the beneficiary. The difference between amounts granted and the amounts actually paid is correlated to the market capitalization at the Euribor rate for the cash portion, and to the change in the share price for the portion indexed to the Natixis share price.

	Deferred securities or similar instruments portion of variable compensation for fiscal year 2014	Deferred cash portion of variable compensation for fiscal year 2014	Deferred securities or similar instruments portion of variable compensation for fiscal year 2015	Deferred cash portion of variable compensation for fiscal year 2015	Deferred cash portion of variable compensation for fiscal year 2016	Cash portion of variable compensation for fiscal year 2017 paid in March 2018	Securities or similar instruments portion of variable compensation for fiscal year 2017 paid in October 2018	Total
Laurent Mignon								
Paid in 2018	€123,439	€110,594	€203,298	€119,467	€203,163	€260,395	€243,161	**€1,263,517**
Granted (initial amount)	€110,333	€110,333	€119,467	€119,467	€203,163	€260,395	€260,395	**€1,183,553**
François Riahi								
Paid in 2018	€58,959	€51,718	€76,231	€48,040	€213,135	€196,308	€183,315	**€827,706**
Granted (initial amount)	€45,467	€45,467	€52,579	€52,579	€213,135	€196,308	€196,308	**€801,843**

AMF TABLE NO. 3

Directors' fees and other compensation received by non-executive directors of Natixis from January 1 to December 31, 2018.

Non-executive directors	FY 2018 [a]		FY 2017 [b]	
(in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
BPCE				
Directors' fees				
Natixis director	63,000	63,000	64,000	64,000
In respect of Natixis subsidiaries	37,800	42,000	41,534	23,534
Catherine Halberstadt				
Directors' fees				
Natixis director	N/A	N/A	N/A	N/A
In respect of BPCE and its subsidiaries	N/A	N/A	N/A	N/A
Fixed compensation in respect of BPCE	500,000	500,000	500,000	500,000
BPCE annual variable compensation	449,600[c]	169,000[d]	449,600[e]	169,000[f]
BPCE multi-year variable compensation	0	0	0	0
BPCE extraordinary compensation	0	0	0	0
Benefits in kind in respect of BPCE (company car, housing, other)	44,080[g]	44,080[g]	44,080[g]	44,080[g]
Thierry Cahn				
Directors' fees				
Natixis director	22,000	22,000	22,000	22,000
Member of the Natixis Appointments Committee	4,000	4,000	2,786.30	2,786.30
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
In respect of BPCE and its subsidiaries	23,250	45,300	22,050	0
Other compensation				
Alain Condaminas				
Directors' fees				
Natixis director	22,000	22,000	22,000	22,000
Member of the Natixis Appointments Committee	N/A	N/A	213.69	213.69
Member of the Natixis Compensation Committee	6,000	6,000	6,000	6,000
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
In respect of Natixis subsidiaries	7,200	3,600	3,600	0
In respect of BPCE and its subsidiaries	25,000	50,000	25,000	0
Other compensation				
Alain Denizot (term of office ended December 20, 2018)				
Directors' fees				
Natixis director	22,000	22,000	22,000	22,000
Member of the Natixis Appointments Committee	N/A	N/A	213.69	213.69
Member of the Natixis Compensation Committee	6,000	6,000	6,000	6,000
Member of the Natixis Risk Committee	8,000	8,000	7,679.45	7,679.45
Member of the Natixis Strategic Committee	0	0	2,000	2,000
In respect of Natixis subsidiaries	900	3,600	3,600	0
In respect of BPCE and its subsidiaries	2,400	2,400	1,800	1,800
Other compensation				
Bernard Dupouy				
Directors' fees				
Natixis director	22,000	22,000	9,353.42	9,353.42
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
In respect of Natixis subsidiaries	3,600	3,600	2,700	900
In respect of BPCE and its subsidiaries	11,189.51	11,189.51		
Other compensation				
Nicole Etchegoïnberry (office held since December 20, 2018)				
Directors' fees				
Natixis director	2,263.01	2,263.01	N/A	N/A
Member of the Natixis Appointments Committee	N/A	N/A	N/A	N/A

Non-executive directors	FY 2018 [a]		FY 2017 [b]	
(in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
Member of the Natixis Risk Committee	N/A	N/A	N/A	N/A
Member of the Natixis Strategic Committee	N/A	N/A	N/A	N/A
In respect of BPCE and its subsidiaries	23,900	16,900	N/A	N/A
Other compensation				
Sylvie Garcelon				
Directors' fees				
Natixis director	22,000	22,000	22,000	22,000
Member of the Natixis Audit Committee	8,000	8,000	7,000	7,000
Member of the Natixis Risk Committee	N/A	N/A	320.54	320.54
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
In respect of BPCE and its subsidiaries	10,000	10,000	7,500	7,500
Other compensation				
Anne Lalou				
Directors' fees				
Natixis director	22,000	22,000	22,000	22,000
Member of the Natixis Appointments Committee	4,000	4,000	3,000	3,000
Member of the Natixis Compensation Committee	5,000	5,000	6,000	6,000
Member, then Chairman, of the Natixis Strategic Committee	12,000	12,000	12,000	12,000
Other compensation				
Françoise Lemalle				
Directors' fees				
Natixis director	22,000	22,000	22,000	22,000
Member of the Natixis Audit Committee	7,000	7,000	5,679.45	5,679.45
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
In respect of BPCE and its subsidiaries	27,400	52,400	26,800	1,800
Other compensation				
Laurent Mignon (office held since June 1, 2018)				
Directors' fees				
Natixis director	0	0	N/A	N/A
Member of the Natixis Strategic Committee	0	0	N/A	N/A
In respect of BPCE and its subsidiaries	0	0	N/A	N/A
Other compensation for his duties as Chief Executive Officer of Natixis[h]	853,552	1,664,335	2,623,242	2,088,305
Other compensation for his duties as Chairman of the Natixis Board of Directors	175,000	175,000		
BPCE fixed compensation	700,000	700,00	N/A	N/A
BPCE annual variable compensation	762,790[i]	0	N/A	N/A
BPCE multi-year variable compensation	0	0	N/A	N/A
BPCE extraordinary compensation	0	0	N/A	N/A
Benefits in kind in respect of BPCE (company car, housing [m], other)	0	0	N/A	N/A
Bernard Oppetit				
Director's fees [j]				
Natixis director	22,000	22,000	22,000	22,000
Member of the Natixis Audit Committee	8,000	8,000	10,495.89	10,495.89
Chairman of the Natixis Risk Committee	29,000	29,000	29,000	29,000
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
Other compensation				
Stéphanie Paix (term of office ended November 12, 2018)				
Directors' fees				
Natixis director	20,904.11	20,904.11	22,000	22,000
Member of the Natixis Audit Committee	N/A	N/A	1,320.54	1,320.54
Member of the Natixis Risk Committee	6,589.04	6,589.04	9,000	9,000
Member of the Appointments Committee	2,726.03	2,726.03	2,786.30	2,786.30
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
In respect of BPCE and its subsidiaries	25,006.66	50,006.66	26,800	1,800
Other compensation				
Catherine Pariset				
Directors' fees				
Natixis director	22,000	22,000	22,000	22,000
Chairman of the Natixis Audit Committee	27,000	27,000	24,504.10	24,504.10
Member of the Natixis Risk Committee	9,000	9,000	9,000	9,000
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
Other compensation				

Non-executive directors	FY 2018 [(a)]		FY 2017 [(b)]	
(in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
François Pérol (term of office ended on June 1, 2018)				
Directors' fees				
Natixis director	0	0	0	0
Member of the Natixis Strategic Committee	N/A	N/A	0	0
In respect of BPCE and its subsidiaries			0	0
Other compensation				
BPCE fixed compensation	450,000[(k)]	450,000[(k)]	550,000	550,000
BPCE annual variable compensation	490,365[(l)]	903,527[(m)]	927,300 [(n)]	911,621 [(o)]
BPCE multi-year variable compensation	0	0	0	0
BPCE extraordinary compensation	0	0	0	0
Benefits in kind in respect of BPCE (company car, housing [(o)], other)	0	0	0	0
Christophe Pinault (office held since December 20, 2018)				
Directors' fees				
Member of the Natixis Risk Committee	N/A	N/A	N/A	N/A
Member of the Natixis Compensation Committee	N/A	N/A	N/A	N/A
Member of the Natixis Strategic Committee	N/A	N/A	N/A	N/A
In respect of Natixis subsidiaries	N/A	N/A	N/A	N/A
In respect of BPCE and its subsidiaries	N/A	N/A	N/A	N/A
Other compensation	N/A	N/A	N/A	N/A
Henri Proglio				
Directors' fees				
Natixis director	22,000	22,000	22,000	22,000
Chairman of the Natixis Appointments Committee	19,000	19,000	17,000	17,000
Member of the Natixis Compensation Committee	6,000	6,000	5,000	5,000
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
Other compensation				
Philippe Sueur				
Directors' fees				
Natixis director	22,000	22,000	22,000	22,000
Member of the Natixis Appointments Committee	4,000	4,000	3,000	3,000
Member of the Natixis Compensation Committee	N/A	N/A	1,213.69	1,213.69
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
In respect of Natixis subsidiaries	N/A	N/A	1,500	0
In respect of BPCE and its subsidiaries	N/A	N/A	600	600
Other compensation				
Nicolas de Tavernost				
Directors' fees				
Natixis director	22,000	22,000	22,000	22,000
Member of the Natixis Appointments Committee	4,000	4,000	3,000	3,000
Chairman of the Natixis Compensation Committee	23,000	23,000	23,000	23,000
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
Other compensation				

(a) Amounts before 30% withholding tax.

(b) Amounts before 36.5% withholding tax.

(c) Variable compensation for fiscal year 2018 of which €217,985 (50%) paid in 2019 and the balance (50%) deferred over three years in equal shares of €72,662.

(d) Amount paid in 2018 for the variable compensation for fiscal year 2017, i.e. €224,800 for the deferred portion of the variable compensation for fiscal year 2016, i.e. €56,029.

(e) Variable compensation for fiscal year 2017, of which €224,800 (50%) paid in 2018 and the balance (50%) deferred over three years in equal shares of €74,933.

(f) Amount paid in 2017 for the variable compensation for fiscal year 2016.

(g) Of which €40,000 in housing allowance and €4,080 under "company car" benefits in kind.

(h) Laurent Mignon received from Natixis, a company controlled by BPCE within the meaning of Article L. 233-16 of the French Code of Commerce, compensation for his duties as CEO of Natixis, as well as compensation for his duties as the Chairman of the Natixis Board of Directors (see table AMF No. 2). On May 23, 2018, Laurent Mignon was awarded 11,661 free performance shares with a fair value of €47,460 corresponding to €80,000 when allocated, and on May 23, 2017, 29,911 free performance shares valued at €99,305 and corresponding to €192,000 when allocated.

(i) Variable compensation for fiscal year 2018, of which €228,837 (30%) in 2019 and the balance (70%) deferred over three years in equal shares of €177,984.

(j) Before 12.8% withholding tax.

(k) In addition, François Pérol received compensation of €39,193 for assisting the President of the Management Board with matters regarding the CFF as part of [an] employment contract from June 1-30, 2018.

(l) Variable compensation for fiscal year 2018, of which €245,182 (50%) in 2019 and the balance (50%) deferred over three years in equal shares of €81,727.

(m) Amount paid in 2018 for the variable compensation for fiscal year 2017, i.e. €370,920 for the deferred portion of the variable compensation for fiscal year 2016, i.e. €138,672 for the deferred portion for fiscal year 2015, i.e. €183,622 and for the deferred portion for fiscal year 2014, i.e. €210,273.

(n) Variable compensation for fiscal year 2017, of which €370,920 (40%) in 2018 and the balance (60%) deferred over three years in equal shares of €185,460.

(o) Amount paid in 2017 for the variable compensation for fiscal year 2016, i.e. €278,850 for the deferred portion of the variable compensation for fiscal year 2015, i.e. €184,655 for the deferred portion for fiscal year 2014, i.e. €211,414 for the deferred portion for fiscal year 2013, i.e. €236,701.

AMF TABLE NO. 4

Subscription or call options granted during the period to each executive corporate officer by the issuer and by any Group companies

Name of executive corporate officer	No. and date of plan	Type of options (call or subscription)	Valuation of options according to the method adopted for the consolidated financial statements	Number of options granted during the period	Exercise price	Exercise period
Laurent Mignon	**N/A**	**N/A**	**€0**	**0**	**N/A**	**N/A**
François Riahi	**N/A**	**N/A**	**€0**	**0**	**N/A**	**N/A**
TOTAL	**N/A**	**N/A**	**€0**	**0**	**N/A**	**N/A**

No subscription or call options were granted in fiscal year 2018.

AMF TABLE NO. 5

Subscription or call options exercised during the period by each executive corporate officer

Name of executive corporate officer	No. and date of plan	Number of options exercised during the period	Exercise price
Laurent Mignon	**N/A**	**0**	**N/A**
François Riahi	**N/A**	**0**	**N/A**
TOTAL	**N/A**	**0**	**N/A**

No subscription or call options were exercised in fiscal year 2018.

AMF TABLE NO. 6

Free shares allocated to each executive corporate officer in 2018

Free shares granted by the General Shareholders' Meeting during the period to each director by the issuer and by all Group companies	Plan date	Number of options granted during the period	Value of options according to the method adopted for the consolidated financial statements	Date vested	Date of transferability [(b)]	Performance conditions
Laurent Mignon	23/05/2018	11,661 [(a)]	€47,460	23/05/2022	23/05/2022	Yes
	13/04/2018	28,258 [(c)]	€190,012 [(d)]	01/03/2020	01/10/2020	Yes
	13/04/2018	56,517 [(c)]	€380,025 [(d)]	01/03/2021	01/10/2021	Yes
François Riahi	02/08/2018	13,605 [(a)]	€55,372	23/05/2022	23/05/2022	Yes
	13/04/2018	18,525 [(c)]	€124,564 [(d)]	01/03/2020	01/10/2020	Yes
	13/04/2018	37,050 [(c)]	€249,128 [(d)]	01/03/2021	01/10/2021	Yes

(a) Performance shares allocated to Laurent Mignon and François Riahi by Natixis on a pro rata basis to reflect the length of time served for their duties as Chief Executive Officer of Natixis.

(b) 30% of the shares issued will be subject to a lock-in period ending upon the termination of the Company CEO's office or of any management function at Natixis, including that of Member of the Natixis Senior Management Committee.

(c) Shares allocated as part of the deferred component of annual variable compensation in respect of 2017.

(d) Corresponding to the value of the shares on the allocation date.

AMF TABLE NO. 7

Free shares that became transferable during the period for each executive corporate officer

Name of executive corporate officer	No. and date of plan	Number of shares that became transferable during the period	Vesting conditions
Laurent Mignon [(a)]	31/07/2014	31,955	[(b)]
	28/07/2016	28,755	[(b)]
François Riahi	N/A	0	N/A
TOTAL	**N/A**	**60,710**	**N/A**

(a) 30% of the shares issued will be subject to a lock-in period ending upon the termination of his office.

(b) Regarding principles of compensation for corporate officers, see section 2.4.2.2 "Annual variable compensation" and "Free allocation of performance shares"

No free shares became transferable for François Riahi in fiscal year 2018.

AMF TABLE NO. 8

Group (Natixis, BPCE, Caisse d'Epargne, Banque Populaire)—Record of purchase or subscription options granted

Information on purchase and subscription options	Plan
Date of General Shareholders' Meeting	N/A
Date of Management Board decision	N/A
Number of exercisable options, including those exercisable by:	
1) Natixis directors in 2017:	
Thierry Cahn	N/A
Alain Condaminas	N/A
Alain Denizot	N/A
Bernard Dupouy	N/A
Nicole Etchegoïnberry	N/A
Sylvie Garcelon	N/A
Catherine Halberstadt	N/A
Anne Lalou	N/A
Bernard Oppetit	N/A
Françoise Lemalle	N/A
Laurent Mignon	N/A
Bernard Oppetit	N/A
Stéphanie Paix	N/A
Catherine Pariset	N/A
Christophe Pinault	
François Pérol	N/A
Henri Proglio	N/A
Philippe Sueur	N/A
Nicolas de Tavernost	N/A
2) Natixis CEO in 2018:	
Laurent Mignon (from January 1 to June 1, 2018)	N/A
Vesting date	N/A
Expiry date	N/A
Subscription price in euros	N/A
Terms of exercise (for plans with several tranches)	N/A
Number of shares subscribed at 31/12/2018	N/A
Cumulative number of lapsed and canceled subscription options	N/A
Cumulative number of outstanding subscription options at end of period	N/A
François Riahi (from June 1 to December 31, 2018)	N/A
Vesting date	N/A
Expiry date	N/A
Subscription price in euros	N/A
Terms of exercise (for plans with several tranches)	N/A
Number of shares subscribed at 31/12/2018	N/A
Cumulative number of lapsed and canceled subscription options	N/A
Cumulative number of outstanding subscription options at end of period	N/A

AMF TABLE NO. 9

Stock options or call options granted to the top ten non-director employees and options exercised by them

	Total number of options granted/shares subscribed or bought	Weighted average price	Plan
Options granted during the fiscal year by the issuer and any company included in the scope of allocation, to the top ten salaried employees of the issuer and of any company included in this scope holding the highest number of options granted	0	N/A	N/A
Options held in respect of the issuer and the companies referred to above, exercised during the period, by the top ten salaried employees of the issuer and of these companies holding the highest number of options purchased or subscribed	0	N/A	N/A

No subscription or call options were granted or exercised by Natixis employees in fiscal year 2018.

AMF TABLE NO. 10

Record of the allocation of free shares for each executive corporate officer

Information on free shares allocated	Date of General Shareholders' Meeting	Date of Board of Directors' Meeting	Total number of free shares allocated [(a)] o/w number allocated to:	Share vesting date	End of lock-in period	Number of shares subscribed at 31/12/2017	Cumulative number of lapsed or canceled shares	Allocated shares remaining at the end of the fiscal year
Laurent Mignon	21/05/2013	06/11/2013	90	01/03/2016	01/03/2018 [(b)]	90	-	90
Laurent Mignon	21/05/2013	31/07/2014	31,955	01/08/2018	01/08/2018 [(c)]	31,955	-	31,955
Laurent Mignon	21/05/2013	18/02/2015	27,321	18/02/2019	18/02/2019 [(c)]	27,321	-	27,321
Laurent Mignon	24/05/2016	28/07/2016	47,463	28/07/2020	28/07/2020 [(c)]	47,463	-	47,463
Laurent Mignon	24/05/2016	28/07/2016	28,755 [(d)]	01/03/2018	01/10/2018 [(c)]	28,755 [(d)]	-	28,755 [(d)]
Laurent Mignon	24/05/2016	28/07/2016	57,510 [(d)]	01/03/2019	01/10/2019 [(c)]	57,510 [(d)]	-	57,510 [(d)]
Laurent Mignon	24/05/2016	10/04/2017	17,947 [(d)]	01/03/2019	01/10/2019 [(c)]	17,947 [(d)]	-	17,947 [(d)]
Laurent Mignon	24/05/2016	10/04/2017	35,894 [(d)]	01/03/2020	01/10/2020 [(c)]	35,894 [(d)]	-	35,894 [(d)]
Laurent Mignon	24/05/2016	23/05/2018	29,911	23/05/2021	23/05/2021 [(c)]	29,911	-	29,911
Laurent Mignon	24/05/2016	13/04/2018	28,258 [(d)]	01/03/2020	01/10/2020 [(c)]	28,258 [(d)]	-	28,258 [(d)]
Laurent Mignon	24/05/2016	13/04/2018	56,517 [(d)]	01/03/2021	01/10/2021 [(c)]	56,517 [(d)]	-	56,517 [(d)]
Laurent Mignon	24/05/2016	23/05/2018	11,661	23/05/2022	23/05/2022 [(c)]	11,661	-	11,661
François Riahi	24/05/2016	13/04/2018	18,525 [(d)]	01/03/2020	01/10/2020 [(c)]	18,525 [(d)]	-	18,525 [(d)]
François Riahi	24/05/2016	13/04/2018	37,050 [(d)]	01/03/2021	01/10/2021 [(c)]	37,050 [(d)]	-	37,050 [(d)]
François Riahi	24/05/2016	02/08/2018	13,605	23/05/2022	23/05/2022 [(c)]	13,605	-	13,605

(a) All shares allocated in fiscal years 2014 to 2018 inclusive are subject to performance conditions. This does not apply to the 90 shares allocated in 2013.

(b) All vested shares are subject to a lock-in requirement for the full term of office.

(c) 30% of the shares issued to the executive corporate officer at the end of the vesting period will be subject to a lock-in period ending upon the termination of his office.

(d) Shares allocated as part of the deferred component of annual variable compensation in respect of previous years.

AMF TABLE NO. 11

Situation of executive corporate officers

FY 2018	Employment contract		Supplementary pension plan		Payments or benefits due, or likely to be due, as a result of the termination or change of office [(a)]		Compensation paid on account of a non-compete clause [(a)]	
Executive corporate officers	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Laurent Mignon, Chief Executive Officer Term of office began: May 14, 2009 [(c)] Term of office ended: June 1, 2018		X	X	[(b)]	X		X	
François Riahi, Chief Executive Officer Term of office began: June 1, 2018 [(c)] Term of office ended: the May 2022 General Shareholders' Meeting		X	X	[(b)]	X		X	

(a) See Section 2.4.2.2 "Severance payments and consideration for non-compete agreement".

(b) Like the rest of the staff, the Chief Executive Officer is covered by the mandatory pension plans. He is not covered by the kind of supplementary pension plans described in Article 39 (defined benefit plan) or Article 83 (voluntary defined contribution plan) of the French General Tax Code set up by the Group. Furthermore, in 2018, Natixis' Chief Executive Officer paid into an "Article 82" type life insurance policy (in reference to the French General Tax Code) put in place by BPCE. The premiums on this policy were paid by the Chief Executive Officer and not by Natixis. In 2018, as Chief Executive Officers of Natixis, Laurent Mignon paid €58,667 into his policy, while François Riahi paid €68,444 into his.

(c) Re-appointed at the February 18, 2015 Board of Directors' meeting.

2.4.3.4 Components of compensation due or granted with respect to the fiscal year ended December 31, 2018 to Laurent Mignon, Chief Executive Officer of Natixis

The components of the compensation due or granted to each executive corporate officer in respect of fiscal year 2017 must be submitted to Natixis' General Shareholders' Meeting for approval. For Natixis, this recommendation concerns the compensation of Laurent Mignon.

The components of compensation concerned are:

- fixed compensation;
- annual variable compensation;
- deferred annual variable compensation;
- multi-year variable compensation;
- extraordinary compensation;
- allocation of stock options/performance shares and any other long-term compensation;
- signing bonuses;
- contract termination payment: severance payment/ non-compete payment;
- supplementary pension plan;
- directors' fees;
- benefits of any kind.

Components of compensation due or granted for the fiscal year ended which are subject to approval or have been approved by the General Shareholders' Meeting with respect to the related-party agreements and commitments procedure	Amount	Comments
Fixed compensation	From Jan. 1 to June 1: €400,000 From June 1 to Dec. 31: €466,667	Laurent Mignon's fixed compensation for 2018 was €960,000 for the full year, or €400,000 for the period from January 1 to June 1, 2018. François Riahi's fixed compensation for 2018 was €800,000 for the full year, or €466,667 for the period from June 1 to December 31, 2018.
Annual variable compensation in respect of 2018	From Jan. 1 to June 1: €452,734 From June 1 to Dec. 31: €528,190	The annual variable compensation in respect of fiscal year 2018 was calculated on the basis of quantitative and strategic criteria first reviewed by the Compensation Committee then validated by the Board of Directors, and submitted to a vote at the General Shareholders' Meeting in May, 2018 in accordance with the provisions of the Sapin II law. The variable compensation target for the 2018 fiscal year was set at 120% of the Chief Executive Officer's fixed compensation, with a range of between 0% and 156.75% of the target, i.e. a maximum of 188.1% of fixed compensation. Laurent Mignon's variable compensation target was therefore €1,152,000 for the full year, or €480,000 for the period from January 1 to June 1, 2018, and François Riahi's variable compensation target was €960,000 for the full year, or €560,000 for the period from June 1 to December 31, 2018. The following targets were set for 2018: ▪ quantitative targets (70%), of which 25% is based on the financial performance in relation to the Groupe BPCE budget (net revenues [4.2%], net income (Group share) [12.5%] and cost/income ratio [8.3%]) and 45% is based on the financial performance of Natixis (net revenues [11.25%], net income (Group share) [11.25%], cost/income ratio [11.25%] and Return on Tangible Equity [11.25%]); ▪ individual strategic targets (30%), 15% of which related to the implementation of the 2018-2020 strategic plan; the three other strategic targets, each assigned a weight of 5%, being related to oversight in terms of supervision and control as provided for in regulations (including the implementation of the RAF and the activation of the threshold breach remediation process); the implementation of Natixis transformation; and managerial performance assessed with regard to the ability to anticipate developments, make decisions and lead the Group, and manage executive officers. Given the achievements observed by the Board of Directors after receiving the opinion of the Compensation Committee, the amount of annual variable compensation for 2018 for Laurent Mignon for the period from January 1 to June 1, 2018 was set as follows: ▪ in respect of BPCE quantitative criteria: €137,948, or 114.62% of the target; ▪ in respect of Natixis quantitative criteria: €165,986, or 76.85% of the target; ▪ in respect of strategic criteria: €148,800, or 103.33% of the target. And the amount of annual variable compensation for 2018 for François Riahi for the period from June 1 to December 31, 2018 was set as follows: ▪ in respect of BPCE quantitative criteria: €160,939, or 114.62% of the target; ▪ in respect of Natixis quantitative criteria: €193,651, or 76.85% of the target; ▪ in respect of strategic criteria: €173,600, or 103.33% of the target. The amount of variable compensation for 2018, which will be put to a vote of the shareholders in May 2019, was set by the Natixis Board of Directors upon recommendation by the Compensation Committee at 94.32% of the variable compensation target, i.e. €452,734 for Laurent Mignon for the period from January 1 to June 1, 2018, and €528,190 for François Riahi for the period from June 1 to December 31, 2018. ▪ one portion will be paid in 2019, 50% of it indexed to the Natixis share price, i.e. €156,889 for Laurent Mignon and €194,853 for François Riahi; ▪ the other portion shall be deferred over three years, 50% of it indexed to the Natixis share price, i.e. €295,845 for Laurent Mignon for the period from January 1 to June 1, 2018, and €333,337 for François Riahi for the period from June 1 to December 31, 2018. These deferred amounts will be paid in thirds in 2020 (100% in cash), 2021 (50% in cash and 50% indexed to the Natixis share price in securities) and 2022 (100% indexed to the Natixis share price or in securities), provided that the presence and performance conditions are met.

<table>
<tr><th>Components of compensation due or granted for the fiscal year ended which are subject to approval or have been approved by the General Shareholders' Meeting with respect to the related-party agreements and commitments procedure</th><th>Amount</th><th>Comments</th></tr>
<tr><td>Multi-year variable compensation</td><td>0</td><td>In 2018 Laurent Mignon and François Riahi did not receive any multi-year variable compensation.</td></tr>
<tr><td>Extraordinary compensation</td><td>0</td><td>In 2018 Laurent Mignon and François Riahi did not receive any extraordinary compensation.</td></tr>
<tr><td>Allocation of stock options/performance shares and any other long-term compensation</td><td>11,661 shares
allocated to Laurent Mignon

13,605 shares
allocated to François Riahi</td><td>■ No stock options were granted to Laurent Mignon and François Riahi during fiscal year 2018.
■ Based on the positive opinion of the Compensation Committee and in keeping with the principle of the admissibility of allocating performance shares to the Chief Executive Officer as part of the Senior Management Committee Long-Term Incentive Plans (SMC LTIPs), Natixis' Board of Directors made the following share allocations (2018 SMC LTIP), which are prorated for the portion of the year served in office:
- at its meeting of May 23, 2018, 11,661 performance shares were allocated to Laurent Mignon. This means that, Laurent Mignon could receive a maximum of 13,933 shares based on performance conditions, which would be equivalent to a maximum of 0.00045% of share capital at the allocation date,
- at its meeting of August 2, 2018, 13,605 performance shares were allocated to François Riahi. This means that, François Riahi could receive a maximum of 16,326 shares based on performance conditions, which would be equivalent to a maximum of 0.00052% of share capital at the allocation date.
The allocated shares correspond to 20% of the gross annual fixed compensation for Laurent Mignon and François Riahi, prorated to reflect the length of time each of them served as Chief Executive Officer in 2018.
■ Vesting of these shares is contingent upon meeting the continued service requirement and the performance conditions, which are based on both the relative Total Shareholder Return (TSR) achieved on Natixis stock and the fulfillment of ESR targets.
■ The performance of Natixis shares versus the Euro Stoxx Banks index will be compared every year during the four-year period covered by the plan, i.e. fiscal years 2018, 2019, 2020 and 2021, for each of the annual tranches, each representing 25% of the shares allocated. Based on the relative performance of Natixis' TSR compared with the average TSR of the Euro Stoxx Banks index, a ratio will be applied for each annual tranche, as follows:
- performance below 90%: no vesting of shares allocated out of the annual tranche;
- performance equal to 90%: 80% of the shares of the annual tranche shall vest;
- performance equal to 100%: 100% of the shares of the annual tranche shall vest;
- performance equal to 120%: 110% of the shares of the annual tranche shall vest. The ratio varies in a linear manner between each performance category.
■ The ESR targets are based on progress made over the four years covered by Natixis' ESR performance plan, as determined by extra-financial rating agencies. The vesting plan includes a rating scale that corresponds to each agency's ESR scores, with requirements getting stricter over the plan's last two years. At the end of the four years, the average of the overall annual ratings shall determine the percentage of shares that vest in addition to those vesting under the TSR criteria. In the event that TSR and ESR performance is substantially above target, the percentage of shares of the annual tranche that shall vest is capped at 120%.
■ 30% of the shares issued to the executive corporate officer at the end of the vesting period will be subject to a lock-in period ending upon the termination of his office.</td></tr>
<tr><td>Ban on hedging</td><td></td><td>The CEO is prohibited from using hedging or insurance strategies, both during the vesting period of components of deferred variable compensation and during the lock-up period.</td></tr>
</table>

Components of compensation due or granted for the fiscal year ended which are subject to approval or have been approved by the General Shareholders' Meeting with respect to the related-party agreements and commitments procedure	Amount	Comments
Contract termination payment: severance payment/non-compete payment	-	It is reiterated that, at its February 19, 2014, meeting, the Board of Directors approved a change to its agreement relating to a severance payment for Laurent Mignon and the establishment of a non-compete agreement. These obligations and agreements were submitted to a vote by the shareholders and approved during the Ordinary General Shareholders' Meeting of May 20, 2014 (fifth resolution). At its meeting on February 18, 2015, the Board of Directors authorized the renewal of severance pay as well as the non-compete agreement upon the Chief Executive Officer's reappointment. The corresponding commitments were approved by the General Shareholders' Meeting on May 19, 2015. On May 2, 2018, the Board of Directors decided that François Riahi would, effective from his appointment as Chief Executive Officer, be entitled to the same severance payments and consideration for non-compete agreement as his predecessor, the commitments for which were approved at the May 23, 2018 General Shareholders' Meeting. Rules for calculating severance payment: The monthly reference compensation is equal to one-twelfth of the sum of the fixed compensation paid in respect of the last calendar year in activity and the average variable compensation paid over the last three calendar years of activity. The amount of severance pay is equal to: monthly reference compensation x (12 months +1 month per year of seniority). The Chief Executive Officer will not receive severance payments in the event of gross negligence or willful misconduct, if he leaves the Company at his initiative to take another position or changes his position within Groupe BPCE. Furthermore, in line with the provisions of the Afep-Medef corporate governance code, the right to a benefit is contingent on meeting performance criteria and requirements, such as net income (Group share), ROE and the cost/income ratio reported for the two years prior to leaving the Company. Satisfaction of these criteria will be verified by the Board of Directors as necessary: 1. Average Natixis net income (Group share) for the period in question equal to or higher than 75% of the expected budget average for the period; 2. Average Natixis ROE for the period in question equal to or higher than 75% of the expected budget average for the period; 3. Natixis' cost/income ratio less than 75% at the time of leaving (last half-year closed). *Average performance achieved over the two years prior to leaving (the measurement shall be based on the known results for the four quarters prior to leaving). The amount of the payment shall be determined based on the number of performance criteria met: • if all three criteria are met: 100% of the agreed payment; • if two criteria are met: 66% of the agreed payment; • if one criterion is met: 33% of the agreed payment; • if none of the criteria is met: no payment will be made. As a reminder, the amount of the Chief Executive Officer's severance payment, combined with the non-compete indemnity if warranted, may not exceed the equivalent of 24 months of monthly reference compensation Non-compete indemnity in the event of termination of the Chief Executive Officer's office The non-compete agreement is limited to a period of six months and carries an indemnity equal to six months of fixed compensation, as in force on the date on which the Chief Executive Officer leaves office. The amount of the non-compete indemnity, together with the severance payment, if applicable, received by the Chief Executive Officer is capped at twenty-four (24) months of the monthly reference compensation (both fixed and variable). Upon the departure of the Chief Executive Officer, the Board of Directors must make a decision regarding whether to enforce the non-compete clause provided for under this agreement.
Supplementary pension plan	Groupe BPCE Article 82 mechanism	Like the rest of the staff, the Chief Executive Officer is covered by the mandatory pension plan. He is not covered by the kind of supplementary pension plans described in Article 39 (defined benefit plan) or Article 83 (voluntarily defined contribution plan) of the French General Tax Code. Furthermore, in 2018, Natixis' Chief Executive Officer paid into an "Article 82" type life insurance policy (in reference to the French General Tax Code) put in place by BPCE. The premiums on this policy were paid by the Chief Executive Officer and not by Natixis. In 2018, as successive Chief Executive Officers of Natixis, Laurent Mignon paid €58,667 into his policy, while François Riahi paid €68,444 into his.
Directors' fees	-	In 2018, Laurent Mignon received no director's fees in respect of the 2018 fiscal year as part of his responsibilities within Groupe BPCE.
Benefits of any kind	€818 for Laurent Mignon €1,388 for François Riahi	The Chief Executive Officer receives a family allowance in accordance with the same rules as those applied to Natixis employees in France.

Components of compensation due or granted for the fiscal year ended which are subject to approval or have been approved by the General Shareholders' Meeting with respect to the related-party agreements and commitments procedure	Amount	Comments
Healthcare scheme/personal protection insurance		At its February 10, 2016 meeting, the Board of Directors approved a change to the personal protection insurance and supplemental health insurance of Laurent Mignon, with the intention of bringing his situation in line with that of the other members of BPCE's Management Board. Of particular note is the implementation of a scheme to maintain compensation for a period of 12 months in the event of temporary incapacity to work—a scheme benefiting the other members of the BPCE Management Board. In 2018, the declared value of in-kind benefits over the five months of the fiscal year was €7,066 for Laurent Mignon. François Riahi receives insurance similar to those of Natixis employees with respect to health and personal protection coverage. The components of the Chief Executive Officer's social protection and complementary scheme are subject to related party agreements.

3

RISK FACTORS, RISK MANAGEMENT AND PILLAR III

This chapter includes information on the risk factors set out under Prospectus regulation 3 on the management of risks associated with financial instruments, as well as information on capital management and compliance with the regulatory ratios required under the IFRS framework as adopted in the European Union. Some information in this chapter is an integral part of the notes to Natixis' consolidated financial statements and consequently falls under the Statutory Auditors' certification of the consolidated financial statements. This information is identified by the phrase "Data certified by the Statutory Auditors in accordance with IFRS 7". Natixis is subject to the supervision of regulatory authorities and to the regulatory capital requirements applicable to credit institutions and investment companies, as per EU regulation No. 575/2013 of June 26, 2013. Under Pillar III of the Basel Accords, detailed, standardized information on items related to the Basel 3 report and to prudential publications is published in the third part of this chapter.

REGULATORY RATIOS

CET1 Ratio phased-in

10.9%

CET1 Ratio Fully loaded

10.8%

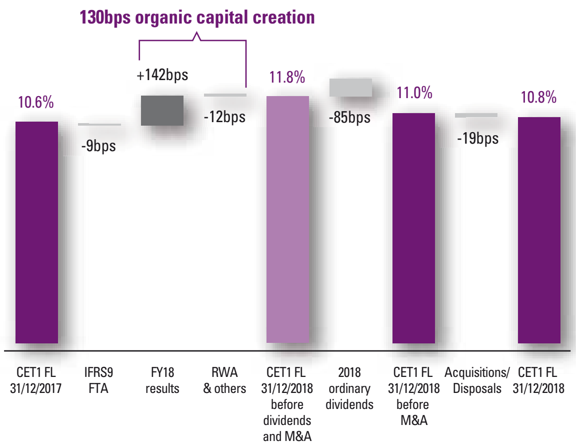
Leverage ratio

3.8%

LCR

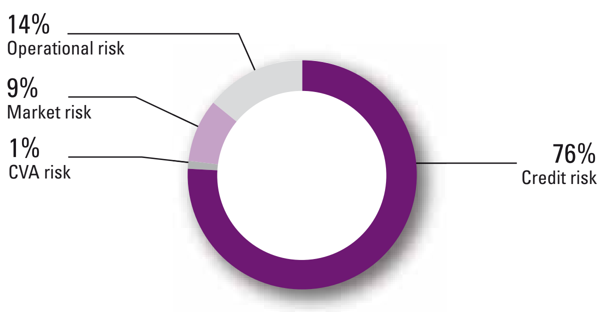
111%

FINANCIAL STRUCTURE

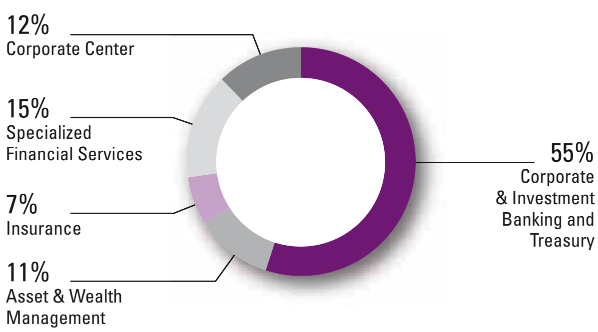


RISK-WEIGHTED ASSET

Capital requirements by risk type



Capital requirement by business line



3.1 Risk factors

The main types of risk to which Natixis is exposed are presented below. They may be captured through risk-weighted assets or other indicators when risk-weighted assets are not appropriate.

The risks to which Natixis is exposed across all its business lines may arise from several risk factors detailed below.

CREDIT RISKS

Natixis is exposed to credit and concentration risks

Natixis is exposed to the credit risk arising from its counterparties (banks, financial institutions, industrial and commercial enterprises) in connection with the financing, structuring, trading and settlement activities carried out by its Corporate & Investment Banking (CIB) and Specialized Financial Services (SFS) businesses.

Credit risk is one of the major risks identified by Natixis and represented 76% of total RWA at December 31, 2018 (see Section 3.2.3.10 of this registration document).

Should one or more of its counterparties fail to honor their contractual obligations, and in the context of a rise in corporate failures, Natixis could suffer some degree of financial loss depending on the concentration of its exposure to these defaulting counterparties. Natixis could therefore be exposed to heightened credit risk if the ratings of counterparties belonging to a single group or single business sector were to deteriorate significantly or if such counterparties were to default, or if a country's economic situation were to worsen.

Natixis's ability to carry out its financing, structuring, trading and settlement transactions also depends, among others, on the stability and financial soundness of other financial institutions and market participants. Financial institutions are in fact closely interconnected mainly because of their trading, clearing, counterparty and financing operations. A default by one participant in the financial industry market could have repercussions on other financial institutions, cause a chain of defaults by other participants in this market and thus generate financial losses for Natixis.

A substantial increase in Natixis' impairments or provisions for expected credit losses could adversely affect its results and financial position

In connection with its activities, Natixis establishes asset impairment charges, whenever necessary, to reflect actual or potential losses in respect of its loan and receivables portfolio in its profit and loss account under "Provision for credit losses."

At December 31, 2018, Natixis' provision for credit losses totaled -€215 million. Since January 1, 2018, Natixis has applied IFRS 9 "Financial Instruments," which requires that provisions be recorded on initial recognition of a financial instrument. This new provisioning model applies to outstandings recognized at amortized cost or at fair value through other comprehensive income recyclable to income and to loan and guarantee commitments given (excluding those recognized at fair value through profit or loss), as well as to lease receivables (for detailed information please refer to Note 6 "Accounting principles and valuation methods" to the consolidated financial statements for the fiscal year ended December 31, 2018 included in Chapter 5.1 "Financial Statements" of this registration document).

Under this framework, performing loans (Stage 1) for which credit risk has not increased materially since initial recognition are provisioned in the amount of 12-month expected losses. Underperforming loans (Stage 2), i.e. for which credit risk has increased materially since initial recognition but not to the point that they must be classified as non-performing loans, are provisioned based on lifetime expected losses. Non-performing loans (Stage 3) are loans for which there is objective evidence of impairment loss. Natixis determines the provisions for non-performing loans based on an individual expected cash flow recovery analysis, whether these cash flows come from the counterparty's activity or from the potential execution of guarantees. Non-performing loans that are not impaired following the individual analysis are provisioned at a standard rate determined based on historical unexpected losses on unprovisioned loans. At December 31, 2018, Natixis' non-performing loan ratio was 4.2% and its non-performing loan coverage ratio was 39.6%.

The increase in credit risk between S1 and S2 loans is measured based on the following criteria: the change in the counterparties' rating (for the large corporates, banks and sovereigns loan books) since initial recognition, the change in the probability of default within one year (for the individual customer, professional customer, SME, public sector and social housing loan books) since initial recognition, their placement on the watchlist, their forborne status, the ratings of the sector or country of the counterparty, and the existence of one or more contracts that are more than 30 days past due.

Thus, a deterioration in market conditions or in the economic or political environment affecting certain countries or business sectors of Natixis' counterparties could lead to a substantial increase in losses and provisions for losses and a deterioration in the provision for credit losses for Natixis. The occurrence of one or more of these events could have a material adverse effect on Natixis' business, results and financial position.

If the liquidity of assets such as loans decreases or disappears entirely, it could make them more difficult for Natixis to distribute or structure and adversely affect its results and financial position

In accordance with the "Originate to Distribute" model as defined in its strategic plan (see pages 4-5 of this registration document), Natixis originates or acquires certain assets with a view to their subsequent resale or distribution through channels such as syndication or securitization. A reduction in liquidity of the markets for such assets (especially the syndication or securitization markets), or the inability of Natixis to sell or reduce its positions in such assets, may require Natixis to bear more credit risk and market risk associated with such assets for a longer period than initially anticipated. The absence of liquidity in the secondary markets for such assets may require Natixis to reduce its origination activities, which would impact revenues and could affect its relations with customers, which in turn could adversely affect its results and financial position (see Section 4.2.1 of this registration document). Furthermore, depending on market conditions, Natixis may have to recognize a value adjustment on assets likely to adversely affect its results.

FINANCIAL RISKS

A deterioration in the financial markets could generate significant losses in Natixis' capital markets activities

As part of its capital markets activities and to meet its clients' needs, Natixis is active on the financial markets, particularly the debt, forex, commodity and equity markets.

In recent years, the financial markets have fluctuated significantly in a sometimes highly volatile environment and could do so again; this could result in significant losses for capital markets activities. Furthermore, 2018 was marked by the return of volatility due to numerous uncertainties related to global growth trends, trade tensions between the United States and China, and Brexit.

The losses that may be recorded due to high market volatility could affect several market products in which Natixis trades. The volatility of financial markets makes it difficult to predict trends and implement effective portfolio management strategies; it also increases the risk of losses from net long positions when prices decline and, conversely, from net short positions when prices rise.

The market risk associated with the Corporate & Investment Banking business line activities represented 8.2% of Natixis' total RWA at December 31, 2018 (see Section 3.3.1.4 of this registration document).

The hedging strategies implemented by Natixis do not eliminate all risk of loss

Natixis could suffer losses if any of the instruments and hedging strategies it uses to hedge the various types of risk to which it is exposed prove ineffective. Many of these strategies are based on observation of historical market behavior and historical correlation analysis.

For example, if Natixis holds a long position in an asset, it could hedge the risk by taking a short position in another asset whose past performance has allowed it to offset the performance of the long position. However, in some cases, Natixis may only be partially or inadequately hedged, or its strategies may not fully hedge future risks or effectively reduce risk in all market configurations, or may even cause an increase in risks. Any move in the market in a direction or manner contrary to Natixis' expectations could also reduce the effectiveness of these hedging strategies and expose Natixis to potentially significant losses. In addition, the method used to recognize gains and losses resulting from certain ineffective hedges may increase the variability of Natixis' reported earnings.

Changes in the fair value of Natixis' securities, derivatives portfolios and its own debt could have a negative impact on the carrying value of such assets and liabilities, and thus on its net revenues, net income and shareholders' equity

The carrying values of Natixis' securities and derivatives portfolios and certain other assets, as well as its own debt, are adjusted as of each financial statement date (for additional valuation adjustments, see Note 6 "Accounting principles and valuation methods" in Chapter 5.1 "Financial Statements" of this registration document).

The valuation adjustments include a component that reflects the credit risk inherent in Natixis' own debt. The additional fair value adjustments for the derivatives portfolios take into account, in particular, the credit quality of the counterparty for the derivatives portfolios shown on the asset side of Natixis' balance sheet and the fact that Natixis may fail to recover some or all the market value of these portfolios.

Most of the adjustments are made on the basis of changes in fair value of the assets or liabilities during an accounting period, with the changes recorded either in the income statement or directly in Natixis' shareholders' equity.

Changes that are recorded in the income statement, to the extent not offset by opposite changes in the fair value of other assets, affect net revenues and, as a result, net income. In some cases, the value adjustments have a direct impact on shareholders' equity.

More generally, value adjustments may be required as a result of inherent uncertainty in the models and parameters used in the valuation of Natixis' financial instrument portfolios. This is particularly true where instruments are complex or do not have publicly quoted market prices, and valuation is based on internally generated or otherwise non-standard modeling that ultimately relies to some degree on Natixis' estimates and judgment. These value adjustments may have a negative impact on net revenues and thus on net income.

Natixis's access to certain forms of financing may be adversely affected in the event of a financial crisis or a downgrade of its rating or that of the Group

Since 2011, Natixis' funding structure has relied on a Joint Refinancing Pool shared by Natixis and BPCE. Natixis obtains a portion of the funding for its activities from Groupe BPCE through the public and private issuance of medium- and long-term vanilla debt (senior and subordinate) by BPCE SA. Natixis is the medium- and long-term issuer for the Group for structured private sector refinancing transactions.

If the credit ratings of BPCE and thus of Natixis were downgraded by major rating agencies, or if BPCE were to experience difficulties in obtaining financing in the markets, the liquidity of Groupe BPCE, and thus of Natixis, and the corresponding cost of funding could be adversely affected.

In addition, in the event of another crisis affecting the financial markets and/or the banking sector or adverse trends in market conditions, Natixis' financial position in terms of CET1 (as defined in the glossary to the registration document) and leverage, its balance sheet and its results could be adversely affected.

An economic environment characterized by sustained low interest rates could adversely affect Natixis' profitability and financial position

Low interest rates may also negatively affect the profitability of Natixis' insurance activities, as insurance affiliates may not be able to generate enough investment returns to cover amounts paid out on some of their insurance products. Furthermore, if market interest rates were to rise in the future, a portfolio featuring significant amounts of lower interest rate loans and fixed income securities would be expected to decline in value. Low interest rates may also adversely affect commissions charged by Natixis asset management affiliates on money market and other fixed income products. This could adversely affect the profitability and financial position of Natixis.

NON-FINANCIAL RISKS

If it fails to comply with applicable laws and regulations, Natixis could be exposed to heavy fines and other administrative and criminal sanctions likely to have a material adverse impact on its financial position, business and reputation

Compliance risk is defined as the risk of a legal, administrative or disciplinary penalty, but also of financial loss or reputational damage, that results from a failure to comply with the legislative and regulatory provisions, codes of conduct and standards of good practice specific to banking and insurance activities, whether national or international.

The banking and insurance sectors are subject to increased regulatory oversight, both in France and abroad. In recent years, there has been a particularly substantial increase in the volume of new regulations that introduced significant changes affecting both the financial markets and relationships between investment service providers and clients or investors (for example, MiFID II, PRIIPs, Insurance Distribution Directive, Market Abuse Regulation, Fourth Anti-Money Laundering and Counter Terrorist Financing Directive, Personal Data Protection Regulation, Benchmarks Regulation, etc.). These new regulations have major impacts on the company's business processes.

Compliance risk could occur, for example, in the use of inappropriate means to promote and market the bank's products and services, inadequate management of potential conflicts of interest, the disclosure of confidential or privileged information, or failure to comply with new client due diligence procedures, in particular with respect to financial security (including anti-money laundering and counter terrorist financing, compliance with embargoes, anti-fraud and corruption).

At Natixis, the Compliance Department oversees the compliance risk prevention and mitigation system (see Section 3.2.8 of this registration document). Despite this system, Natixis remains exposed to the risk of fines or other significant sanctions by regulatory and supervisory authorities, as well as to civil or criminal legal proceedings that could have a material adverse impact on its financial position, business and reputation.

The legal risks to which Natixis is exposed in the normal course of business could adversely affect its business and financial position

In the normal course of business, Natixis may be involved in certain legal civil, administrative, criminal or arbitration proceedings. The outcome of these disputes and their exact financial consequences are by nature difficult to predict. Thus, any corresponding provisions that Natixis may record in its financial statements could prove insufficient. Actions instituted against Natixis (including ongoing proceedings) could result in unfavorable arbitration or administrative decisions by the courts, leading to fines or penalties that could thus have a negative impact on its business and financial position. For a detailed description of the most significant ongoing disputes involving Natixis, please refer to Section 3.2.9 of this registration document.

Despite the risk management policies and procedures in place, Natixis may be exposed to unidentified or inadequately anticipated operational or model risks likely to give rise to significant losses

Natixis' risk management policies and procedures may not be effective enough or may be completely ineffective in limiting its exposure to changing market environments or any type of current or potential risk, including operational risks or risks related to the models that Natixis uses. It may not have been able to identify or anticipate these risks in its Insurance, Asset & Wealth Management, Corporate & Investment Banking or Specialized Financial Services businesses.

Natixis is in fact exposed to the risk of loss due to inadequate or failed internal processes, human resources and information systems or external events. Despite the controls and procedures in place, Natixis could be affected in terms of operational risk due, for example, to data entry errors, failures in collateral management, incorrect application of procedures, etc. These types of situations could generate significant compliance and control costs for the affected processes which could have an impact on Natixis' financial position.

Furthermore, some measurement metrics and tools, such as certain rating or VaR measurement models (as defined in Section 3.2.5.3 of this registration document) that Natixis uses to manage its risks are based on observed historical market behavior. To quantify its risk exposure, Natixis then conducts a primarily statistical analysis of these observations (see Section 3.2.5.4 of this registration document for a detailed description of the risk management framework). The measurement metrics and tools used may provide inaccurate conclusions on future risk exposures, mainly because of factors that Natixis has not anticipated or correctly assessed or taken into account in its statistical models, or because of unexpected and unprecedented market trends that could reduce its ability to manage its risks. Consequently, the losses borne by Natixis could prove far greater than those forecast based on historical averages. Moreover, Natixis' quantitative models do not incorporate all risks. Certain risks are subject to a more qualitative analysis that could prove insufficient and thus expose Natixis to significant and unanticipated losses.

An interruption or failure of Natixis' communication and information systems, or those of third parties, could result in lost business and other losses and costs

Like most of its competitors, Natixis relies heavily on its communication and information systems to process a high volume of increasingly complex transactions for its businesses (see the risk management framework in Section 3.2.8.5 of this registration document for a description of Natixis' communication and information systems).

Although Natixis has made data transmission security a priority, any breakdown, interruption or failure of these communication and information systems could result in errors or interruptions to the systems it uses for customer relationship management, the general ledger, deposit and loan processing transactions, and/or risk management. If, for example, Natixis' information systems shut down, even for a short period, it could be unable to meet customers' needs in a timely manner and could thus lose business opportunities.

Thus, any breakdown, interruption or failure of Natixis' information systems, despite back-up systems and contingency plans, could result in considerable costs related to information retrieval and verification, as well as lost business or financial losses in its ongoing operations and portfolio transactions related, for example, to the failure to exercise an option or to unwind a transaction such as a hedging transaction.

Furthermore, the inability of Natixis' communication and information systems to accommodate an increasing volume of transactions could also undermine its business development capacity.

Lastly, Natixis is exposed to the risk of an operational failure or interruption by its clearing agents, foreign exchange markets, clearing houses, custodians or other financial intermediaries or external service providers it uses to execute or facilitate its securities transactions. With growing interconnectivity with customers, Natixis may also be increasingly exposed to the risk of operational failure of its customers' information systems.

Natixis cannot guarantee that such interruptions or failures in its communication and information systems or in the systems of third parties will not occur or, if they do occur, that they will be adequately resolved. The occurrence of one or more of the events described above may result in lost business and other additional costs and losses for Natixis.

Unforeseen events may interrupt Natixis' operations and cause substantial losses and additional costs

Unforeseen events, such as a severe natural disaster, pandemic, terrorist attack, or any other state of emergency, could lead to a sudden interruption of Natixis' operations and cause substantial losses insofar as they are not covered or are insufficiently covered by an insurance policy. At December 31, 2018, Natixis conducted 53.6% of its business in France and is therefore more exposed to risks related to events that could occur in that country, such as natural disasters, strikes, protests and terrorist attacks. In the past, for example, Natixis had to contend with the Seine flooding, which led to the implementation of specific protective measures (see the risk management framework in Section 3.8.8.5 of this registration document for detailed information on the measures taken to ensure business continuity).

The losses and damage that Natixis could suffer should such events occur relate to its property, financial assets, market positions and key employees. Furthermore, these events may disrupt Natixis' infrastructure, or that of third parties with which it conducts business, and could also lead to additional costs (such as relocation costs of employees affected) and increase its expenses (in particular, due to higher insurance premiums or the exclusion of certain risks from its insurance coverage). Subsequent to such events, Natixis may also be unable to insure certain risks, resulting in an increase in its overall risk.

Other adverse unforeseen political, military or diplomatic changes could occur and create social instability or an uncertain legal environment that may have an adverse impact on demand for the products and services offered, on the level of Natixis' risks and more generally on all its activities.

Natixis is exposed to emerging risks, in particular risks relating to cybercrime, which could have a material adverse impact on its business, financial position and reputation

Natixis is confronted with new types of risk that have emerged in recent years, in particular the risk relating to cybercrime, and may become exposed to other emergent risks in the future. Cybercrime refers to a range of malicious and/or fraudulent acts, perpetrated digitally in an effort to manipulate data (personal, banking, insurance, technical or strategic data), processes and users, with the aim of causing material losses to companies, their employees, partners, clients and counterparties. A company's data assets are exposed to new, complex and evolving threats liable to have material financial and reputational impacts on all companies, and in particular those in the banking sector. Given the increasing sophistication of criminal enterprises behind cyber attacks, regulatory and supervisory authorities have begun highlighting the importance of Information and Communication Technology (ICT) risk management. Preventing cybercrime risk is a priority for Natixis and as such it makes every effort to implement the guidelines established by these authorities through cooperation between its Information Systems (IS) and IT Systems Security (ITSS) departments. This has resulted in a mapping of risks relating to IT systems security as well as a wide-ranging campaign to raise all employees' awareness of ITSS.

In 2018, no major cybercrime-related incident occurred or had a material adverse impact on Natixis' financial position or reputation. However, as cyber attacks are constantly evolving to become increasingly complex, the measures described above may not be sufficient in the future to fully protect Natixis, its employees, partners and clients. The occurrence of such attacks could potentially disrupt Natixis' client services, result in the alteration or disclosure of confidential data or lead to business interruptions and, more broadly, have a material adverse impact on its business, financial position and reputation.

In the course of business, Natixis is exposed to employee or third-party actions and behaviors that are unethical or violate laws and regulations and that could damage its reputation and expose it to sanctions

Natixis' Code of Conduct, applicable to all Natixis employees, formalizes the general principles of conduct that apply at Natixis and establishes guidelines for all employees regarding the behavior expected in the performance of their duties and responsibilities.

Any person working at Natixis, or at an entity at least 50% owned by Natixis, must comply with the Code of Conduct, whether this person is a permanent or temporary employee. This requirement is in addition to commitments to comply with applicable internal rules and national and international laws and regulations.

Natixis also requires that its suppliers and contractors act in compliance with the key principles of the Code of Conduct.

In order to implement the Code of Conduct on a day-to-day basis, Natixis has established a conduct system, consisting notably of a dedicated committee (the Global Conduct Committee) and a specific training program. For a detailed description of the Code of Conduct and the conduct system, please refer to Section 6.2 of this registration document.

Nevertheless, even with the adoption of a Code of Conduct and the development of a conduct system, Natixis is exposed to potential actions or behaviors by employees, suppliers and contractors that are unethical or not in the interest of the client, that do not comply with the laws and regulations on corruption or fraud, or that do not meet financial security or market integrity requirements.

Such actions or behaviors could have negative consequences for Natixis, hurt its reputation or its shareholder value and expose Natixis, its employees or stakeholders to criminal, administrative or civil sanctions likely to adversely affect its financial position and its business volumes.

A deterioration in Natixis' reputation could adversely affect its financial results

Natixis' reputation is one of the keys to its ability to conduct its business and in particular to meet the objectives set out in its New Dimension strategic plan.

Thanks to its current reputation, Natixis is able to maintain relationships of trust with its clients, employees, suppliers, partners and investors.

The occurrence, whether once or repeatedly, of one or more of the risks identified in this section, in addition to the specific negative impact it causes, could tarnish Natixis' reputation and, as such, affect its business outlook and thus its financial results.

Natixis' ability to attract and retain qualified employees is critical to the success of its business and failure to do so may significantly affect its performance

Natixis' business model is based on expertise in various business areas, which in turn requires qualified employees. High turnover or the departure of talent could affect Natixis' skills and know-how in key areas, which could reduce its business outlook and consequently affect its financial results.

STRATEGIC AND BUSINESS RISKS

Adverse market or economic conditions may negatively affect Natixis' profitability and financial position

Natixis is the Groupe BPCE subsidiary that carries out its Asset & Wealth Management, Corporate & Investment Banking and Specialized Financial Services activities; it operates in three key regions: the Americas (29% of net revenues for the fiscal year ended December 31, 2018), Asia-Pacific (2% of net revenues for the fiscal year ended December 31, 2018) and EMEA (Europe, Middle East and Africa, 69% of net revenues for the fiscal year ended December 31, 2018).

These businesses are sensitive to changes in the financial markets and more generally to economic conditions in France, Europe and the rest of the world.

Adverse economic conditions in the main markets where Natixis operates could in particular have the following negative impacts:

- adverse economic conditions could affect the business and operations of Natixis' customers, resulting in an increased rate of default on loans and receivables and higher provisions for non-performing loans. A significant increase in these provisions or the realization of losses in excess of the provisions recorded could have an adverse effect on Natixis' results and financial position;
- a decline in prices on the bond, equity or commodity markets could reduce business levels on these markets;
- macro-economic policies adopted in response to actual or anticipated adverse economic conditions could have unintended negative effects, and are likely to negatively impact market parameters such as interest rates and foreign exchange rates, which could affect the results of Natixis' businesses that are most exposed to market risk;
- perceived favorable economic conditions generally or in specific business sectors could result in asset price bubbles decorrelated from the actual value of the underlying assets; this could in turn exacerbate the negative impact of corrections when conditions become less favorable and cause losses in Natixis' businesses;
- a significant economic disruption (such as the global financial crisis of 2008 or the European sovereign debt crisis of 2011) could have a severe negative impact on all the activities of Natixis, particularly if the disruption is characterized by an absence of market liquidity that makes it difficult to finance Natixis and to sell certain categories of assets at their estimated market value or at all.

The main markets on which Natixis operates may also be affected by uncertainties such as those regarding the future relationship between the United Kingdom and the European Union following the Brexit decision and those regarding global trade.

These uncertainties could adversely affect Natixis' profitability and financial position.

Natixis may not achieve the goals of its strategic plan, which could adversely affect its financial position and the market value of its securities

Natixis may be unable to meet the objectives set out in its "New Dimension" strategic plan for the period from 2018 to 2020, or in any future or replacement strategic plan. The New Dimension plan, announced on November 20, 2017, aims to contribute to the development of high value-added solutions for Natixis' clients. The strategy focuses on three initiatives: deepening the transformation of Natixis' business models; investing in digital technologies and external growth opportunities; and seeking to become clients' key representatives in areas where Natixis' teams have developed strong and recognized expertise (see pages 4-5 of the registration document for a detailed description of the New Dimension strategic plan).

The New Dimension strategic plan contains forward-looking information and guidelines, and while Natixis believes the plan provides a number of opportunities, it will face uncertainties related to the potentially volatile state of financial markets and the global economy. There is therefore no guarantee that Natixis will achieve the goals of this new strategic plan or any other strategy it announces or undertakes in future periods. In particular, in connection with the New Dimension strategic plan, Natixis announced certain financial targets, mainly profitability and risk-weighted asset growth rates, capital generation targets and shareholder dividend objectives, as well as targets for regulatory capital ratios and strategic initiatives and priorities. The financial objectives were established primarily for purposes of planning and allocation of resources, are based on a number of assumptions, and do not constitute projections or forecasts of income. The actual results of Natixis are likely to vary significantly from these targets. If Natixis does not realize these objectives, its financial position and the market value of its securities could be adversely affected.

Natixis may encounter difficulties in identifying, executing and integrating its policy in relation to acquisitions or joint ventures

Natixis may consider external growth or partnership opportunities from time to time. While Natixis closely reviews the companies it plans to acquire and the joint ventures it plans to engage in, it is generally not feasible for these reviews to be exhaustive. As a result, Natixis may have to assume unforeseen liabilities. Similarly, the expected benefits of an acquisition or joint venture may not be obtained, expected synergies may only be partly achieved (or not achieved at all), or the transaction may give rise to higher-than-expected costs. Natixis may also encounter difficulties in consolidating a new entity. The failure of an announced external growth operation or the failure to consolidate the new entity or joint venture is likely to materially affect Natixis' profitability. This situation could also lead to the departure of key employees. Insofar as Natixis may feel compelled to offer its employees financial incentives in order to retain them, this situation could also result in increased costs and an erosion of profitability. In the case of joint ventures, Natixis is subject to additional risks and uncertainties in that it may be dependent on systems, controls and personnel not under its control and which could subject Natixis to liability, losses or reputational damage. In addition, conflicts or disagreements between Natixis and its joint venture partners may undermine the benefits sought by the joint venture.

Legislative and regulatory measures in response to the global financial crisis may materially impact Natixis and the financial and economic environment in which it operates

Legislation and regulations have recently been enacted or proposed with a view to introducing a number of changes, some permanent, in the global financial environment. These new measures, which aim to avoid a recurrence of the global financial crisis, have changed substantially, and may change in the future, the environment in which Natixis and other financial institutions operate.

Natixis is exposed to the risk relating to these legislative and regulatory changes, including:

- bans or limitations on certain types of financial products or activities;
- more stringent internal control requirements;-more stringent personal data protection and cybercrime requirements;
- more stringent regulation with regard to technological innovations in the payment services and fintech fields; and
- the strengthening of the role of trading platforms and central counterparties (clearing houses) in regulations on clearing mechanisms.

In this changing legislative and regulatory environment, it is impossible to predict the impact these new measures will have on Natixis. Natixis is incurring, and could incur in the future, significant costs to update or develop programs to comply with these new legislative and regulatory measures and to update or develop its information systems as a response to or in anticipation of the new measures. Despite its efforts, Natixis may also be unable to achieve full compliance with all applicable legislation and regulations and could thus be subject to financial or administrative penalties. Furthermore, the new legislative and regulatory measures may require Natixis to adapt its businesses and/or could therefore affect its results and financial position. Lastly, the new regulations may require Natixis to raise new capital at a time when it is costly or difficult to do so, or could increase its overall funding costs.

RISKS RELATED TO INSURANCE ACTIVITIES

A deterioration in market conditions, and in particular excessive up and down movements in interest rates, could have a material adverse impact on Natixis' life insurance business and its income

The main risk to which Natixis' insurance affiliates are exposed in their life insurance business is market risk. Exposure to market risk relates mainly to the capital guarantee and return commitments for the euro-denominated savings fund scope.

Among market risks, interest rate risk is structurally significant for Natixis as its general funds consist primarily of bonds. Interest rate fluctuations may:

- in the case of higher rates: reduce the competitiveness of the euro-denominated offer (by making new investments more attractive) and cause waves of redemptions on unfavorable terms with unrealized capital losses on outstanding bonds;
- in the case of lower rates: in the long term, make the return on the general funds too low to enable them to meet their capital guarantees.

Due to the allocation of the general funds, a widening of spreads and a fall in the equity markets could also have a material adverse impact on the results of Natixis' life insurance business.

A mismatch between the claims expense anticipated by the insurer and the actual benefits paid by Natixis to policyholders could have a material adverse impact on its general insurance business, results and financial position

The main risk to which Natixis' insurance affiliates are exposed in their general insurance business is underwriting risk. This risk results from a mismatch between, first, the claims actually incurred and the benefits actually paid as compensation for these claims and, second, the assumptions that the affiliates use to set the prices for their insurance products and to establish technical reserves for potential compensation.

Natixis uses both its own experience and industry data to develop estimates of future policy benefits, including information used in pricing the insurance products and establishing the related actuarial liabilities. However, there can be no assurance that actual experience will match these estimates, and unanticipated risks such as pandemic diseases or natural disasters could result in higher-than-anticipated payments to policyholders.

To the extent that the actual benefits paid by Natixis to policyholders are higher than the underlying assumptions used in initially establishing the future policy benefit reserves, or if events or trends were to cause Natixis to change the underlying assumptions, Natixis may be exposed to greater-than-expected liabilities, which may adversely affect Natixis' general insurance business, results and financial position.

RISK RELATED TO HOLDING NATIXIS SECURITIES

Natixis securities holders and other Natixis creditors may suffer losses should Natixis undergo resolution proceedings

The European regulation establishing a framework for the recovery and resolution of credit institutions and investment firms and the texts transposing these rules into French law (the BRRD regulation) aim primarily to establish a single resolution mechanism giving the resolution authorities "bail-in" powers. The purpose of these powers is to counter any systemic risk linked to the financial system and, more specifically, avoid any financial intervention by the State in the event of a crisis. If a financial institution (or the group to which it belongs) subject to the BRRD defaults or is close to defaulting, these powers allow the authorities to impair, cancel or convert the financial institution's eligible securities and commitments into shares.

In addition to the option to use this "bail-in" mechanism, the BRRD provides resolution authorities with broader powers, allowing them to (1) require the financial institution to sell its activities to third parties, (2) replace it as obligor in respect of debt instruments with a third party, and (3) modify the terms of previously issued debt instruments.

As a member of Groupe BPCE, Natixis may undergo resolution proceedings in the event of the simultaneous failure of Natixis and Groupe BPCE. The relevant resolution authority would manage the resolution proceeding at the level of BPCE, which would be the "single point of entry" of Groupe BPCE.

Should the financial position of Natixis or of Groupe BPCE deteriorate, or be perceived as deteriorating, the existence of the powers provided for by the BRRD could cause the market value of Natixis financial securities to decline more rapidly.

If resolution proceedings were to be implemented at the Groupe BPCE level, the exercise by a competent authority of the powers provided for by the BRRD could result in:

- the full or partial write-down of Natixis equity instruments leading to the full or partial loss of the value of these instruments;
- the full or partial conversion of eligible financial instruments into Natixis shares resulting in the unwanted holding of Natixis shares and a possible financial loss when reselling these shares;
- a change in the contractual conditions of the financial instruments that could alter the instruments' financial and maturity terms; such a change could result in lower coupons or longer maturities and have a negative impact on the value of said financial instruments.

The implementation of resolution measures would also significantly affect Natixis' ability to make the payments required by such instruments or, more generally, honor its payment to third parties.

3.2 Risk management

3.2.1 ORGANIZATION OF NATIXIS' INTERNAL CONTROL SYSTEM

Natixis' internal control system covers all the steps taken by the institution to measure, monitor and manage the risks that are inherent to its various activities in accordance with legal and regulatory requirements. The system complies with the provisions set forth in the French Order of November 3, 2014, on internal control by companies in the banking, payment services and investment services sector.

It is structured in a manner consistent with the principles set out by BPCE, with the objective of ensuring a consolidated approach to risk within the framework of the control exercised by the shareholding group.

The objective is to ensure the effectiveness and quality of the Company's internal operations, the reliability of accounting and financial information distributed both internally and externally, the security of operations, and compliance with laws, regulations and internal policies.

3.2.1.1 Overview of the internal control system

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Natixis' internal control system comprises:

- **first-level permanent controls**, performed by operational staff on the processing in their charge, following internal procedures and legal and regulatory requirements;
- **second-level permanent controls,** performed by four departments that are independent of operational staff:
  - **the Compliance Department**, which reports to the Corporate Secretary, is notably responsible for managing compliance risk, organizing the first-level permanent control system, and performing second-level controls,
  - **the IT Systems Security and Business Continuity (ITSS-BC) function**, which reports to the Compliance Department, assesses the risks, establishes the information systems security and business continuity policies and ensures their correct application,
  - **the Risk division**, which is headed by the Chief Risk Officer, reports directly to the Chief Executive Officer, and is responsible for measuring, monitoring and managing the risks inherent to the business activities, in particular credit and counterparty risk, market and liquidity risk, operational risk and model risk,
  - **the Finance Review team** within the Accounting and Ratios division, which reports functionally to the Compliance Department, verifies the quality and accuracy of accounting and regulatory information;
- **periodic controls**, performed by the Internal Audit Department. The Internal Audit Department reports to the Chief Executive Officer and performs periodic audits to assess the risks to which the businesses are exposed and ensure the effectiveness of the entire internal control system.

The Corporate Secretary is **responsible for permanent controls** and ensures their consistency and effectiveness.

Natixis **organizes its control functions on a global basis** in order to ensure consistency of the internal control mechanism throughout the Company. Second-level permanent and periodic control functions within subsidiaries or businesses report to Natixis' corresponding central control departments, either on a functional basis in the case of subsidiaries or on a hierarchical basis in the case of business lines.

The purpose of this organization is to ensure adherence to the following principles:

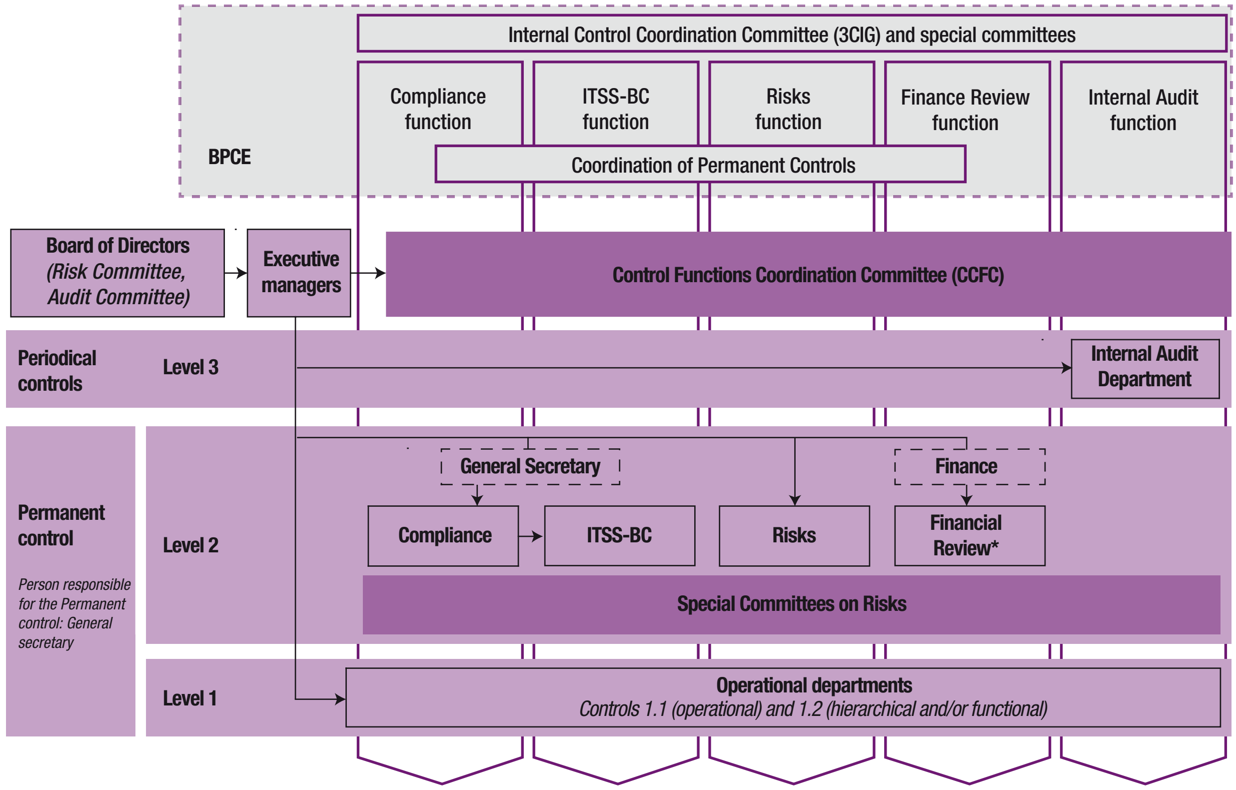
- a strict segregation of duties between units responsible for performing transactions and those that approve them, in particular accounting teams;
- strict independence between the operational and functional units responsible for undertaking and validating transactions, and the units that control them.

Coordinating the system as a whole is the **Control Functions Coordination Committee**.

The executive managers, under the supervision of the Board of Directors, are responsible for implementing Natixis' internal control system in its entirety.

The **Board of Directors** is regularly kept informed, by the executive managers, of all significant risks, risk management policies and changes made thereto.

ORGANIZATION OF NATIXIS' INTERNAL CONTROL SYSTEM



** Accounting, fiscal and regulatory controls performed by the Finance Review department, reporting hierarchically to the Accounting and Ratios department within Finance, and functionally to the Compliance Department.*

3.2.1.2 The Control Functions Coordination Committee

The Control Functions Coordination Committee (CFCC) is chaired by the Natixis Chief Executive Officer or his substitute, the Corporate Secretary. Its members are the Heads of Risk, Compliance, Internal Audit, as well as the Head of the Regulatory and Accounting Review Team, the Corporate Secretary of the Risk Division, Compliance and Permanent Controls of BPCE and, as required, certain operational or functional managers. The CFCC coordinates the entire internal control system by:

- addressing all issues pertaining to the organization and planning of control services;
- highlighting areas of emerging or recurring risk within the scope under consideration and reporting any significant anomalies observed to the executive body (for example, monitoring the backlog of the main corrective measures); and
- providing the executive body with updates on ongoing controls performed by internal or external control functions, or by regulators, and ensuring that the conclusions from these undertakings are taken into account by the operational business lines.

The CFCC met three times in 2018.

The conclusions of controls carried out under this system, supplemented with the results of external audits (carried out by BPCE's General Inspection, the Statutory Auditors, the regulators/supervisors, etc.) are reported to the Board of Directors via its extensions, the Audit Committee and the Risk Committee.

3.2.1.3 First-level permanent controls

First-level permanent controls are carried out by operational or functional staff on the transactions they perform, following internal procedures and legal and regulatory requirements. Transactions may be subject to a control by operational staff themselves (level 1.1.) and to a separate control by line management or by a functional department responsible for validating these transactions (level 1.2).

The first-level controls are centralized in a dedicated tool that is used to consolidate results, identify areas at risk and produce reports. The Compliance Department helps the operational or functional departments define and update these controls.

At December 31, 2018, 2,286 level 1.2 controls were reported (mostly on a quarterly basis).

3.2.1.4 Second-level permanent controls

Second-level permanent controls are performed by four departments that are independent of operational staff.

The **Compliance Department** performs permanent second-level controls mainly in the following areas: customer protection, professional ethics and compliance, market abuse and financial security. At December 31, 2018, 3,715 second-level controls were assessed. *(For more information on Compliance and on ITSS-BC, refer to section 3.2.8)*

In terms of **IT Systems Security and Business Continuity** (ITSS-BC), the department's main role is to define and monitor security standards *(see section 3.2.8)*. The second-level control plan has two parts, one shared with Groupe BPCE and another specific to Natixis, and is the result of a risk-based approach. The controls are carried out based on the first-level controls reported by the contributors (Information Systems Security Department or the appropriate security representatives for authorizations). ITSS-BC performs around 6,000 second-level controls every year.

The **Risk division** performs controls on credit and counterparty risk, market and liquidity risk, overall interest rate risk, operational risk and model risk. Specific risks related to the Insurance and Asset Management activities are included in these controls, and its scope of action extends to all the entities within Natixis' consolidation scope. *(For more detailed information, see section 3.2)*

The **Finance Review** team within the Accounting and Ratios division reports functionally to the Compliance Department. This team plays a role in improving the accuracy of accounting and financial information through the implementation of control systems covering the accounting, tax declarations and regulatory reports produced by the Finance Department. *(See Chapter 5 section 5.5—Internal control procedures relating to accounting and financial information).*

3.2.1.5 Periodic controls

Third-level controls, or periodic controls, within the meaning of the French Order of November 3, 2014, are performed by the Internal Audit Department.

In this respect, the Internal Audit Department is independent of all operational entities and support functions. With no operational role, it can never find itself in a position of conflict of interest. It reports to Natixis' Chief Executive Officer. The Internal Audit Department has a strong functional link with its BPCE counterpart, in accordance with the Natixis audit charter, revised at the end of 2018. In accordance with these principles, the Internal Audit Department coordinates a global audit function at Natixis and is part of the Groupe BPCE Internal Audit Function.

The Internal Audit Department reports on all its activities and projects to the Risk Committee, which then presents a summary report to the Board of Directors.

It conducts audits across the whole of Natixis (parent company, subsidiaries and branches) and covers all classes of risk arising from the various business activities carried out. It has full and unrestricted access to all information, confidential or otherwise. Its field of investigation encompasses all of Natixis' operational activities, its functional departments—notably including entities in charge of permanent control assignments—and its outsourced activities. For all the business lines, these audits result in an assessment of the suitability of existing control points in the processes audited as well as an appraisal of the risks arising from the relevant activities. It makes use of recurrent work in the area carried out by operational departments and permanent control teams. The audits lead to recommendations by order of priority to strengthen the comprehensiveness and robustness of the mechanisms for controlling or managing the risks audited.

The reports are sent to BPCE's Chairman and General Inspection, to the Risk Committee Chairman and the Senior Management of Natixis, as well as to the audited units.

The Internal Audit Department monitors the implementation of recommendations and presents its findings to Natixis' Senior Management Committee, the Risk Committee and the Board of Directors via the Chairman of the Risk Committee. To this end, it performs due diligence and carries out follow-up audits.

The work of Natixis' Internal Audit Department is based on an annual Audit Plan drafted and executed jointly with Groupe BPCE's General Inspection, and after consulting the various members of the Senior Management Committee. It is part of a four-year plan that sets out the intervention frequency and adapts resources to the risks.

The Audit Plan may be revised during the year at the request of Senior Management or if required by circumstances. In addition to conventional audit assignments, the Internal Audit Department is also able to carry out ad hoc audits in order to address issues arising during the year and not initially included in the Audit Plan.

Natixis' annual and multi-year audit plans are approved by its Chief Executive Officer. The Annual Audit Plan is examined by the Risk Committees of Natixis and BPCE and approved by the Natixis Board of Directors.

In 2018, the Internal Audit Department conducted audit assignments on all risk classes to which Natixis' activities are exposed. It dedicates a significant share of its resources to assignments of a regulatory nature, by working with Natixis on its new obligations (New Definition of Default, ICAAP), as well as assignments conducted in Natixis' subsidiaries pursuant to audit agreements entered into with them.

Several specialist projects involved all Internal Audit staff in 2018. These included:

- follow-up to the 2018 independent review by an external consultant of the self-assessment of the quality of audits conducted in 2017;
- improving the quality of audits by implementing most of the recommendations of the 2017 and 2018 audits and taking further action to reduce the turnaround times for audit reports;
- strengthening the organization and resources of Natixis' Internal Audit function by building expertise in the area of data science (recruitment of an expert and selection of a specialized tool for use in all for all audits);
- stepping up the general oversight of the work of the nine international and subsidiary audit teams (formalizing and following up the implementation of audit plans, inspectors' skills and training, etc.);
- strengthening the system for following up recommendations by introducing an alert on the platforms and in the subsidiaries whenever a recommendation has not been implemented in a timely manner, similar to the system used by the Group;

- upskilling the Internal Audit team by upgrading the training program and revisiting its content (particularly to include regulatory updates);
- continuing to actively draft and update audit guides, and implementing a tool for monitoring model risks, carried out jointly with BPCE's General Inspection.

Lastly, Natixis' Internal Audit Department collaborated with its BPCE counterpart on a number of projects and assignments. The two departments held eight meetings in 2018. These meetings provided a forum for addressing matters related to auditing programs and practices, as well as matters related to risk assessment and assignment evaluation (General Inspections Coordination Committee).

3.2.2 GOVERNANCE AND RISK MANAGEMENT SYSTEM

3.2.2.1 Risk management framework

Natixis' risk management is based on independent control functions, each addressing the risks falling within their scope of oversight.

The risk management function, carried out by the Risk division, is structured as an independent and global matrix that covers all scopes and geographic areas.

It manages the risk appetite framework, recommends risk policies consistent with those of Groupe BPCE to Senior Management for approval, and makes proposals to the executive body on principles and rules in the following areas:

- risk decision-making procedures;
- limit authorizations;
- risk measurement;
- risk oversight.

It also independently validates models as part of its wider risk model management framework.

It plays an essential role within the Committee structure, the highest-level Committee being Natixis' Global Risk Committee, which meets once per quarter.

In addition, it regularly reports on its work, submitting its analyses and findings to Natixis' executive managers, to Natixis' supervisory body, and to Groupe BPCE. A risk consolidation team generates a consolidated risk overview using a scorecard that indicates the various risks (credit, market, liquidity, operational, modeling, etc.). To fulfill these responsibilities, the Risk division uses an IT system tailored to the activities of Natixis' core businesses, applying its modeling and quantification methods for each type of risk.

The management and monitoring of Natixis' structural balance sheet risks are under the authority of the Asset/Liability Management Committee (or "ALM Committee"). The ALM Committee's monitoring scope includes overall interest rate risk, liquidity risk, structural foreign exchange risk and leverage risk.

The Compliance function oversees the compliance risk management system of Natixis S.A. and of its French and international branches and subsidiaries. It is also in charge of fraud risk prevention, information systems security, and business continuity.

Its operating rules are governed by a charter signed off by the Senior Management Committee.

The Compliance Function's preventative actions—advice, raising awareness and training—are a key driver to improving Natixis' management of compliance risk.

3.2.2.2 Organization

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Risk management governance is a structured organization involving all levels of the bank:

- the Board of Directors and its specialized committees (Risk Committee, Audit Committee, etc.);
- the executive managers and the specialized Risk Committees they chair within the bank;
- the central divisions, independent of the businesses;
- and the businesses (Asset & Wealth Management, Corporate & Investment Banking, Insurance, Specialized Financial Services).

The Board of Directors and its Committees

The Board of Directors (and its extension, the Risk Committee) gives the final approval of Natixis' risk appetite and oversees its application.

Under the Natixis Board of Directors' responsibility, the Risk Committee's primary duties are:

- to advise the Board of Directors on the bank's overall strategy and risk appetite, both current and future;
- to assist the Board of Directors when it checks the implementation of that strategy by the executive managers and by the Chief Risk Officer;
- to monitor the effectiveness of the internal control and risk management systems.

The Risk Committee met five times in fiscal year 2018.

In addition, and since July 2016, the Risk Committee meets as the US Risk Committee as per the US regulatory requirements of the Dodd-Frank Act. The US Risk Committee has the same structure as the Risk Committee, and is responsible for supervising the risks linked to Natixis' activities on US soil ("Combined US operations").

The duties of Natixis' Audit Committee are essentially:

- to monitor the process of preparing financial information (the financial statements, the management report, etc.) and to make recommendations to guarantee the integrity of this information;
- to monitor the statutory audit of the quarterly, half-yearly and annual consolidated financial statements and annual individual financial statements, as well as Natixis' draft budgets and material off-balance sheet commitments, far enough in advance that they can be presented to Natixis' Board of Directors, as well as the half-yearly and annual management reports;
- to monitor the effectiveness of the internal control and risk management systems with regard to the procedures for preparing and processing accounting and financial information;
- to ensure the independence of the Statutory Auditors;

- to monitor the Statutory Auditors' performance of their duties.

The Audit Committee met five times in fiscal year 2018.

The Bank's executive managers and Special Committees on risk

The executive managers, under the supervision of the Board of Directors, are responsible for implementing Natixis' internal control system in its entirety.

At least one of the Bank's executive managers or one of his or her delegates chair the main Special Committees on risk:

- the Global Risk Committee (CRG), the Natixis Credit Committee, the Market Risk Committee, the Operational Risk Committee, the Watchlist and Provisions Committee;
- the ALM Committee;
- the Control Functions Coordination Committee.

The executive managers regularly inform the Board of Directors of all significant risks, risk management policies and changes made thereto.

Central divisions

Reporting to the Chief Financial Officer:

- the **Accounting and Ratios division** is responsible for accounting and regulatory information;
- the **Financial Management division** oversees ALM and its framework (standards, limits, etc.);
- the **Financial Oversight division** is in charge of the budget process;
- the **Taxation division** ensures adherence to tax laws.

The **Risk division**, which reports to the Chief Executive Officer, is responsible for measuring, monitoring and managing the risks inherent to the business activities, in particular market and liquidity risk, credit and counterparty risk, and operational and model risk.

The **Compliance Department,** reporting to the Corporate Secretary, is responsible mainly for managing compliance risk and for running the associated control system.

The **Legal Department**, also reporting to the Corporate Secretary, ensures legal regulatory compliance.

The **Internal Audit Department** reports to the Chief Executive Officer and performs audits on existing control points in the audited processes and evaluate the risks generated by the activities under audit.

The **Human Resources Department** is involved in the compensation policy and oversees its application.

The central divisions provide senior management with necessary information on risk developments and on the management of the bank.

The business lines

Each Natixis entity is responsible for the first-level management of its risks within its scope.

Operational staff performs level-one permanent controls on the transactions they carry out in accordance with internal procedures, and in line with legislative and regulatory requirements. The controls can be performed by a functional department tasked with approving the relevant transactions.

3.2.2.3 Risk culture

Natixis is defined by its strong risk culture at every level of its organizational structure.

The risk culture is central to the Risk function's guiding principles, as set out in the Risk Charter. Its priorities are threefold:

- harmonizing best practices within the bank by deploying a compendium of risk policies, standards and procedures that cover all the bank's major risks (credit, market and operational) and outline the bank's strategic vision and risk appetite;
- running global awareness campaigns (posters, golden rules, information on the intranet), and implementing a new e-learning module—now mandatory for all staff—on operational risks;
- promoting all-staff training on key subjects relating to regulatory developments.

Furthermore, the new Code of Conduct adopted by Natixis in December 2017 is an effective means of inculcating the risk culture, as it defines the rules of conduct applicable to all employees and encourages greater involvement and accountability. Four guiding principles serve as the building blocks of Natixis' DNA and are adapted to each profession and function. The rules fall into the following themes:

- being client-centric;
- behaving ethically;
- acting responsibly towards society;
- protecting Natixis' and Groupe BPCE's assets and reputation.

Mandatory e-learning for all employees was established. The platform was operationally implemented through the definition of performance indicators and dashboards adapted to each entity.

An analysis was then presented at conduct Committee Meetings held for each entity. These Committees have four parts, bringing together the business line, Human Resources, Compliance and the Risk division.

Lastly, Natixis' compensation policy is structured to encourage the long-term commitment of the Company's employees while ensuring risk is managed appropriately.

3.2.2.4 Risk appetite

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Natixis' risk appetite is defined as the nature and the level of risk that the bank is willing to take within the bounds of its business model and strategy.

It is consistent with Natixis' strategic plan, budget process and business activities, and falls within Groupe BPCE's general framework on risk appetite, It is based on two items:

1. the Risk Appetite Statement (RAS), which sets out, in qualitative and quantitative terms, the risks that the Bank is prepared to take;
2. the Risk Appetite Framework (RAF), which describes the interface between the organization's key processes and the implementation of the governance that puts the RAS into action.

Risk appetite is reviewed annually by Senior Management and approved by the Board of Directors after consultation by the Risk Committee.

The Risk Appetite Statement

Natixis' risk appetite principles result from the selection and control of the types of risks that the Bank is prepared to take in pursuit of its business model. They ensure consistency between Natixis' overarching strategic guidelines and its capacity to manage risks.

The business model developed by Natixis is based on its recognized areas of expertise (corporate financing, capital market activities, asset management, insurance, services and specialized financing), in response to the needs of its clients and those of Groupe BPCE.

The Bank seeks sustainable and consistent profitability in balance with its consumption of scarce resources (capital, liquidity, balance sheet). It declines any engagement with activities that it does not master.

Activities with high risk/profitability ratios are subject to strict selection and oversight. Market risk management in particular has a highly selective investment approach, coupled with limited tolerance for extreme risk, and very close monitoring.

Natixis incurs risks intrinsically as part of its Corporate & Investment Banking, Asset & Wealth Management, Insurance and Specialized Financial Services (SFS) activities:

- credit risk generated by Corporate & Investment Banking as well as SFS lending activities is managed under specific risk policies adapted by business and subsidiary, concentration limits defined by counterparty, sector and country, and through extensive portfolio monitoring. Natixis ensures the selective management of issuance commitments through independent analyses and various Credit Committees;
- leverage and liquidity risk are included in Groupe BPCE's risk framework. Since BPCE provides a liquidity and capital adequacy guarantee, Natixis applies BPCE's risk policies to its own organization. These two risks give rise to specific objectives which contribute to the management of scarce resources using a dedicated framework and management objectives*. Natixis oversees the strategy to diversify its sources of financing as well as those of Groupe BPCE, and manages its solvency ratio to cope with stress situations;
- market risk is incurred from Natixis' market activities within the CIB, which aim to meet the needs of its clients and exclude all forms of proprietary trading. This risk is managed according to a body of risk policies and specific qualitative and quantitative indicators;
- operational risk is intrinsic to all the bank's business lines and functions and is managed using a shared data collection tool. The system, which has been rolled out across the business lines and geographic regions, is used to map risks and implement corrective and preventive action plans accordingly;
- model risk primarily affects CIB activities related to valuation, risk and capital models;
- Natixis is committed to strictly observing the laws, regulations and norms governing its activities, in France and internationally, in the realm of financial security (anti-money laundering, terrorism, corruption and fraud), compliance and client protection;
- Natixis' most important asset is its reputation and its relationship with its clients. Clients' interests are therefore put first and the bank—irrespective of the business activity, entity or geographic region—is dedicated to operating at the highest level of ethical standards, and in line with the best standards of transaction execution and security. Together with Groupe BPCE, Natixis closely monitors its reputation risk using indicators that combine an ex-ante/ex-post approach.

Risk Appetite Framework

For each identified risk and selected indicator, the risk appetite operating mechanism relies on two successive levels:

- an overall limit setting the risk envelope allocated to the business lines; and
- a warning threshold on the maximum risk that, if exceeded, would pose a risk to Natixis' business continuity and/or stability and would have to be reported immediately to the Board of directors, BPCE and the ECB.

This operational framework is applied by type of risk (credit and concentration risk, market risk, liquidity and leverage risk, operational risk, solvency risk, etc.) and draws on Natixis' pre-existing measuring and reporting systems.

It is regularly reviewed, consolidated and presented to the Board of Directors' Risk Committee.

The risk appetite framework forms part of Natixis' main processes, especially regarding:

- risk identification. every year risks are mapped to give an overview of the risks to which Natixis is or could be exposed. With this approach it is possible to identify material risks, the indicators of which are included in the risk appetite framework;
- in the budget process and overall stress tests.

In accordance with regulations concerning systemically important financial institutions, Groupe BPCE has drawn up a recovery and resolution plan (PRR).

3.2.2.5 Risk typology

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Natixis is exposed to a set of risks inherent to its activities, which may change, particularly as a result of regulatory requirements.

Credit risk

Credit risk is the risk of financial loss due to a debtor's inability to honor its contractual obligations. Assessing the probability of a debtor's inability to repay and, in such cases, how much we can expect to recover is a key component of measuring credit quality. The debtor may be a bank, an industrial or commercial company, a sovereign State and its various entities, an investment fund, or a natural person. Credit risk increases in periods of economic uncertainty, insofar as such conditions may lead to a higher rate of default.

Credit risk affects lending operations as well as other operations exposing Natixis to the risk of counterparty default, notably its trading operations in financial instruments on Capital Markets and its settlement-delivery operations.

Counterparty risk

Counterparty risk is the risk of exposure to a counterparty defaulting on market transactions. Counterparty risk evolves as market parameters fluctuate.

Natixis is exposed to this risk because of the transactions it executes with its customers (for example, over-the-counter derivatives [swaps, options, etc.], securities lending and borrowing, and repurchase agreements).

Securitization risk

Securitizations are transactions involving credit risk inherent in a set of exposures housed in special-purpose entities (usually a securitization fund or "conduit"), which is then divided into tranches, usually for the purpose of selling them to investors. The special-purpose entity (SPE) issues units that may in some cases be subscribed for directly by investors, or by a multi-seller conduit which refinances the purchases of its shares by issuing short-maturity notes (treasury notes or commercial paper).

Rating agencies assess the creditworthiness of available-for-sale units for investors.

In general, securitizations have the following characteristics:

- they result in a material transfer of risk where the transaction is originated by Natixis;
- payments made in the course of the transaction depend on the performance of the underlying exposures;
- the subordination of tranches, defined by the transaction, determines the distribution of losses over the term of the risk transfer.

Market risk

Market risk is the risk of loss in value caused by any adverse fluctuations in market parameters. These parameters include bond prices, interest rates, securities and commodities prices, derivatives prices and foreign exchange rates.

Asset liquidity is an important component of market risk. In the event of insufficient or non-existent liquidity (for example, because of a reduced number of transactions, or a major imbalance in the supply and demand of certain assets), a financial instrument or any other tradable asset may not be able to be traded at its estimated value.

The lack of liquidity may lead to reduced access to capital markets, unforeseen cash or capital requirements, or legal restrictions.

Operational risk

Operational risk is the risk of loss due to inadequate or failed internal processes, human resources, information systems, or external events with financial, regulatory, legal or reputational impacts.

The Groupe BPCE Insurance Department is tasked with analyzing insurable operational risks and taking out appropriate insurance coverage. Natixis and its subsidiaries benefit from insurance policies pooled with Groupe BPCE against potentially significant consequences resulting from fraud, embezzlement and theft, operating losses or the incurring of Natixis' civil liability or that of its subsidiaries or the employees for which it is responsible.

Model risk

This is the risk of direct economic loss or economic loss as a consequence of an image problem or legal dispute or reputational harm, due to errors made when defining, implementing or using valuation models, regulatory capital models or other models.

Overall interest rate risk

Natixis' overall interest rate risk is defined as the risk of loss on the banking portfolio due to mismatches between interest rates on assets and on liabilities.

As is the case for most corporate and investment banks, Natixis has very few assets and liabilities generating structural interest rate positions. Natixis' overall interest rate risk concerns contractual transactions. The most significant positions concern exposures to the short end of yield curves and are predominantly linked to the lag between IBOR fixing dates. This is therefore classed as a secondary risk at the bank level.

Liquidity risk

Liquidity risk is the risk that Natixis will be unable to honor its commitments to its creditors due to the positive difference of maturities between assets and liabilities. This risk could arise, for example, in the event of massive withdrawals of customer deposits, a crisis of confidence, or an overall market liquidity crisis. As a corporate and investment bank, this risk for Natixis results primarily from mismatched positions between transactions with contractual maturities, as Natixis has fewer stable and permanent customer resources than retail banks and partly funds its operations on the markets.

Spread risk is the risk of an increase in the cost of funding in the event of a liquidity crisis, given fixed-margin long-term assets, or when forced to reinvest long-term funds at higher rates relative to available assets.

Structural foreign exchange risk

Structural foreign exchange risk is defined as the risk of transferable equity loss generated by an unfavorable fluctuation in exchange rates against the currency used in the consolidated accounts due to a mismatch between the currency of net investments (refinanced by purchases of the same currency) and the currency of equity.

Natixis' structural foreign exchange risk for the most part concerns structural positions in the US dollar due to the consolidation of foreign branches and subsidiaries funded in this currency.

Compliance risk

Compliance risk is defined in French regulation as the risk of a legal, administrative or disciplinary penalty, accompanied by significant financial losses or reputational damage, that arises from a failure to comply with the provisions specific to banking and financial activities, whether these are stipulated by national or directly applicable European laws or regulations, or by instructions from executive managers, issued in accordance with the policies of the supervisory body. This risk is a sub-category of operational risk, by definition.

Cyber risk

Cyber risk is caused by a malicious and/or fraudulent act, perpetrated digitally in an effort to manipulate data (personal, banking/insurance, technical or strategic data), processes and users, with the aim of causing material losses to companies, their employees, partners and clients. The transformation of banking information systems, the new technologies it heralds and the increased outsourcing of related services offer cybercriminals new opportunities to carry out increasingly sophisticated and automated attacks.

Natixis' ability to conduct its business is determined by the availability of its information system, the guaranteed integrity and confidentiality of data and the traceability of every transaction.

Reputational risk

Reputational risk is the risk of damage to the confidence shown in the Company by its customers, counterparties, suppliers, employees, shareholders, supervisors, or any other third parties whose trust, in whatever respect, is a prerequisite for the normal conduct of business.

Reputational risk is essentially a risk contingent on the other risks incurred by the bank.

Legal risk

Legal risk is defined under French regulation as the risk of any legal dispute with a third party, arising from an inaccuracy, omission or deficiency that may be attributable to the Company's operations.

Other risks

Insurance business-related risk: insurance risk is the risk to profits of any difference between expected and incurred claims. Depending on the Insurance product in question, the risk varies according to macroeconomic changes, changes in customer behavior, changes in public healthcare policy, pandemics, accidents and natural disasters (such as earthquakes, industrial accidents or acts of terrorism or war).

Strategic risk is the risk inherent to the strategy chosen or resulting from Natixis' inability to implement its strategy.

Climate risk is the increased vulnerability of businesses to variations in climate indices (temperature, rainfall, wind, snow, etc.).

Environmental and social risks arise from the operations of the clients and companies in which Natixis invests.

3.2.2.6 Stress tests

Natixis has developed a comprehensive stress test mechanism to dynamically monitor and manage risks.

The set is an integral part of the risk management framework and contributes to Natixis' capital and regulatory requirements planning process.

Natixis' stress test mechanism is structured as follows:

- comprehensive internal and external exercises;
- periodic regulatory exercises;
- specific exercises by scope.

Global internal stress tests

The purpose of global internal stress tests is to assess the impact of a baseline scenario and of stressed scenarios on a bank's income statement, risk-weighted assets and equity.

The scenarios proposed by the Economic Research team are discussed and approved at a Groupe BPCE Management Board Committee Meeting.

They are translated into levels or shocks to economic and financial variables, such as GDP, inflation, employment and unemployment, interest and exchange rates, and commodity prices, over a three-year period. These variables are factored into projection models used by Natixis to apply stress to the various aggregates of the income statement, risk-weighted assets and equity.

One stress scenario for 2018 featured plummeting US equity indices and a flattening yield curve due to an abrupt decline in growth and inflation. Equity volatility indices were supposed to climb significantly, along with risk aversion. This would cause long-term rates to nosedive in all sectors, causing central banks to stop tightening their monetary policies. Flatter yield curves would have impacted financial companies but did not generate much tension on the money market due to excess liquidity.

A second scenario, developed to show a much stronger impact on Natixis' earnings, suggested G7 economies would heat up, lifting inflation. This would be aggravated by higher oil prices. The overheated economy would send equity markets plunging and cause credit spreads to widen. The increase in long-term rates would significantly affect the banking sector, dragging down the real estate market starting in 2019. These shocks would cause 2020 GDP to fall in various countries while global trade would decrease.

These projections are based on internal modeling which are either based on the sensitivities or trends observed in financial and economic variables, or on internal historical data.

The results of the stress tests were approved by the Senior Management Committee and presented to the Risk Committee of the Board of Directors. They have been analyzed as part of building Natixis' solvency trajectory. This impact was measured in terms of net income (Group share), net revenues and Common Equity Tier 1.

Regulatory stress tests

Regulatory stress tests comply with the ad hoc requirements of the ECB, the EBA and any other supervisor: the last regulatory exercise was performed in 2018 using the methodology published by EBA for the ECB. Natixis contributed to the exercise for Groupe BPCE's scope.

Specific stress tests

The specific stress test exercises performed by the Natixis Risk division are detailed in the dedicated sections of this document (namely with regard to the credit stress tests detailed in section 3.2.3, subsection 3.2.3.9 "Commitment monitoring framework", as well as the market stress tests detailed in section 3.2.5, subsection 3.2.5.3 "Market risk measurement methods").

3.2.3 CREDIT AND COUNTERPARTY RISKS

3.2.3.1 Organization

The risk control framework is overseen by the Risk division with the active involvement of all the bank's businesses and support functions. All the internal standards, policies and procedures are consistent with BPCE's framework and are reviewed periodically to take into account the results of internal controls, regulatory changes and the bank's risk appetite.

Credit risk management and control are performed in accordance with the segregation of duties. Accordingly, together with the other divisions, the Risk division is in charge of monitoring credit risk through various departments that:

- define the credit risks policies and internal credit risk management procedures;
- set credit risk limits and exposure thresholds;
- issue transaction authorizations after a counter-analysis of the credit risk and the counterparty risk in line with the processes for credit approval and limit authorization;
- define internal rating methodologies and models;
- implement second-level permanent controls;
- monitor exposures and report to Natixis' Senior Management.

Working with the businesses, the main duty of the Risk division is to provide an opinion, based on all relevant and useful information, on the risks taken by the bank.

Credit decisions are made within the limit authorizations granted jointly to the business lines and to certain members of the Risk function, and are approved personally by the Chief Executive Officer or any other person he authorizes to that end. They are sized by counterparty category and internal credit rating, and by the nature and duration of the commitment. Furthermore, these authorizations can be exercised only when the transaction satisfies the different criteria set out in the risk policy of each sector and activity.

In conjunction with BPCE, Natixis has defined the rating methods applicable to the asset classes held jointly.

3.2.3.2 Targets and policy

Natixis' risk policies have been defined as a component of the bank's overall risk appetite and credit risk control and management framework. The policies are the product of consultation between the Risk division and the bank's various business lines, and are intended to establish a framework for risk-taking while outlining risk appetite and Natixis' strategic vision by business line or by sector.

Natixis now has some 20 risk policies, which are regularly revised and cover the various Corporate & Investment Banking business lines (corporate, LBO, aircraft finance, real estate finance, project finance, commodities finance, banks, insurance, etc.) and the subsidiaries' various activities (e.g. leasing for Natixis Lease and Factoring for Natixis Factor, etc.).

The framework these risk policies set out makes a distinction between recommendations based on best practices, and strict (qualitative or quantitative) supervisory criteria, any deviation from which affects the decision-making process and the usual system of limit authorizations.

The quantitative framework is generally based on:

- commitment ceilings by business line or sector;
- commitment sub-limits by type of counterparty, type of product, or sometimes by geographic region.

This framework helps to monitor the concentration of the bank's commitments in relation to a given sector or type of risk.

The qualitative framework is, for its part, structured around the following criteria:

- business sectors: preferred sectors, banned sectors;
- targets: customers to be targeted or excluded based on various criteria (size, rating, country of operation, etc.);

- structuring: maximum durations, financial ratios, contractual clauses, collateral arrangement, etc.;
- products.

Checks are carried out as required during the individual processing of loan applications to ensure that the risk policy is being applied correctly. Overall monitoring also takes place on a quarterly basis (checking of compliance with ceilings and number of deviations) and is presented to the Global Risk Committees.

3.2.3.3 General principles of approval

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Natixis' credit risk measurement and management procedures are based on:

- a standardized risk-taking process, structured via a system of limit authorizations and decision-making Committees;
- independent analyses carried out by the Risk division during the loan application review process;
- rating tools and methodologies providing standardized and tailored assessments of counterparty risk, thereby making it possible to evaluate the probability of default within one year and the loss given default;
- information systems that give an overview of outstanding loans and credit limits.

3.2.3.4 Counterparty risk management

(Data certified by the Statutory Auditors in accordance with IFRS 7)

The principles of counterparty risk management are based on:

- measurement of exposure to counterparty risk;
- counterparty risk limits and allocation procedures;
- a value adjustment in respect of counterparty risk (credit valuation adjustment);
- counterparty risk mitigation;
- incorporation of specific wrong-way risk.

Measuring exposure to counterparty risk

Natixis uses an internal model to measure and manage its own counterparty risk. Based on Monte Carlo-type simulations for the main risk factors, the model measures the positions for each counterparty and for the entire lifespan of the exposure, taking into account the netting and collateralization criteria.

Thus, the model determines the EPE (Expected Positive Exposure) profile and the PFE (Potential Future Exposure) profile, the latter of which is the main indicator used by Natixis for assessing counterparty risk exposure.

For the purpose of determining capital requirements for counterparty risk, the European Central Bank has partially authorized Natixis S.A. to use the internal EEPE (Effective Expected Positive Exposure) model to calculate exposure. For other Group entities, as well as the scope of operations for which Natixis S.A. is not authorized to use the EEPE model, exposure is determined using the mark-to-market method.

Counterparty risk limit framework

The limits are defined depending on the counterparty risk profile and after analysis of all information relevant and useful for decision-making purposes.

The limits are in line with Natixis' credit approval process and are reviewed and approved either by means of delegated authority or by the Credit Committees.

The limits are monitored daily using the dedicated consolidation systems to ensure compliance with the supervision mechanisms.

Credit valuation adjustment

Natixis includes credit valuation adjustments (CVA) in the valuation of derivative instruments.

These adjustments comprise the expected loss related to a counterparty's default risk and aim to account for the fact that Natixis cannot recover the entire market value of the transactions.

Natixis has calculated capital requirements for the CVA since January 1, 2014.

Mitigating counterparty risk

Natixis reduces its exposure to counterparty risk using three measures:

- use of bilateral netting agreements under which, if a counterparty goes into default, only the balance of the positive and negative valuations of the transactions carried out with the counterparty in question is considered as risk;
- riders to these agreements that govern the use of collateral swaps that fluctuate according to the daily valuation of the portfolios of transactions carried out with the counterparties in question;
- use of clearing houses, which stand in for their members by bearing most of the counterparty risk. To do this they use initial margins and a variation margin call system.

To manage this risk, Natixis set up a management framework for the risks borne by clearing houses.

Wrong-way risk

Wrong-way risk refers to the risk that Natixis' exposure to a counterparty is heavily correlated with the counterparty's probability of default.

This risk is represented in regulations by two concepts:

- specific wrong-way risk: referring to the risk generated when, due to the nature of the transactions entered into with a counterparty, there is a direct link between its credit quality and the amount of the exposure;
- general wrong-way risk: referring to the risk generated when there is a correlation between the counterparty's credit quality and general market factors.

Specific wrong-way risk gives rise to specific own funds requirements (Article 291.5 of the European regulation of June 26, 2013, on prudential requirements for credit institutions and investment firms) and to prior approval of specific limits.

General wrong-way risk is covered through Wrong Way Risk stress scenarios by asset class.

3.2.3.5 Rating system

Internal rating system

(Data certified by the Statutory Auditors in accordance with IFRS 7)

The internal rating system is an integral part of Natixis' credit risk assessment, monitoring and control mechanism. It covers all the methods, processes, tools and controls used to evaluate credit risk. It takes into account fundamental inputs, including probability of default (PD), which corresponds to a rating, and loss given default (LGD), which is expressed as a percentage.

Pursuant to regulatory requirements, all counterparties in the banking book and the related exposures must have an internal rating if they:

- carry a loan or are assigned a credit limit;
- guarantee a loan;
- issue securities used as collateral for a loan.

The internal rating mechanism is based on:

- internal rating methodologies specific to the various Basel asset classes and consistent with Natixis' risk profile; there is a unique rating procedure and methodology for each asset class;
- an IT system used for managing the successive stages of the rating process, from the initiation of the process to the approval and logging of the complete process;
- procedures and controls that place internal ratings at the heart of the risk management system, from transaction origination to ex-post analysis of defaulting counterparties and the losses incurred on the relevant loans;
- periodic reviews of rating methodologies, the method for calculating the LGD and the underlying risk inputs.

With respect to country risk, the system is based on sovereign ratings and country ratings that limit the ratings that can be given to non-sovereign counterparties. These ratings are reviewed annually or more often if necessary.

Since September 30, 2010, Natixis has used internal rating methods specific to the different asset classes approved by the Autorité de Contrôle Prudentiel et de Résolution (ACPR—French Prudential Supervisory Authority), and that use the advanced internal ratings-based method (A-IRB) to rate "corporates", "sovereigns", "banks", "Specialized Financing" and some categories of Consumer Finance exposures.

Ratings are established based on two approaches, namely statistical approaches and expert appraisals.

INDICATIVE EQUIVALENTS BETWEEN INTERNAL RATINGS BASED ON EXPERT APPRAISAL AND EXTERNAL AGENCY RATINGS (CORPORATES, BANKS, SPECIALIZED FINANCING INSTITUTIONS)

Internal rating	S&P/Fitch equivalent	Moody's equivalent	1-year PD
AAA	AAA	Aaa	0.03%
AA+	AA+	Aa1	0.03%
AA	AA	Aa2	0.03%
AA-	AA-	Aa3	0.03%
A+	A+	A1	0.03%
A	A	A2	0.04%
A-	A-	A3	0.09%
BBB+	BBB+	Baa1	0.17%
BBB	BBB	Baa2	0.31%
BBB-	BBB-	Baa3	0.53%
BB+	BB+	Ba1	0.84%
BB	BB	Ba2	1.29%
BB-	BB-	Ba3	1.91%
B+	B+	B1	2.74%
B	B	B2	3.83%
B-	B-	B3	5.24%
CCC+	CCC+	Caa1	7.04%
CCC	CCC	Caa2	9.28%
CCC-	CCC-	Caa3	12.02%
CC	CC	Ca	15.37%
C	C	C	19.41%

The rating scale varies according to the type of counterparty and includes 21 notches for major corporates, banks and specialized financing institutions. It should be noted that internal ratings are also one of the criteria used to determine the level of authority required to approve credit applications.

External rating system

For outstandings measured using the standardized approach, Natixis uses external rating systems of the agencies Fitch Ratings, Standard & Poor's and Moody's.

The reconciliation of the external rating agencies' alphanumeric credit rating scales and the risk weighting coefficients is performed in accordance with the note published by the ACPR: *Method for calculating prudential ratios within the CRD IV (Capital Requirements Directive IV).*

When a bank portfolio exposure does not have a directly applicable external credit rating, the Bank's customer standards allow—on a case-by-case basis and after analysis—the application of a rating based partially on an internal or exposure rating of the issuer (or of the guarantor, if applicable).

3.2.3.6 Validation of internal models

Validation of models

In accordance with regulatory requirements, Natixis has established internal model validation policies and procedures for evaluating credit and counterparty risk. This independent model validation policy is part of its wider risk model management framework.

Within the Model Risk & Risk Governance Department which reports to the Chief Risk Officer, Model Risk Management is responsible for the governance and standards applicable to a model's life cycle. The various stages of a model's life cycle—design, IT development, validation, and use—are clearly presented and the roles and responsibilities of each participant specified and detailed.

Internal rating models are validated by the validation team of the Groupe BPCE Risk, Compliance and Permanent Control division or, acting with the authorization of the Groupe BPCE Group Modeling Committee, by the Natixis Risk division's Model Risk Management team. Pursuant to BPCE's validation charter, the validation covers a review of the relevance, consistency and integrity of models and the reliability of input and output. The validation process comprises four steps:

- quantitative analysis: analysis of proxies, sizing methods, risk indicators, aggregation rules, etc.;
- performance and governance analysis: model backtesting and benchmarking, precision and consistency analysis, stress tests, etc.;
- analysis of data quality and implementation of the model: analysis of the quality and representativeness of data, integrity of controls, error reports, comprehensiveness of data, etc.;
- usage test: the validation team ensures that the internal models are used by qualified staff, that usage procedures are documented and up to date, that ex-post controls are performed, etc.

The design, modification and ongoing management of the model (including backtesting) are performed by the model designers on behalf of the model owner. Model Risk Management, an independent entity, is called upon for all new models as well as for all modifications or improvements to existing models. On an annual basis, this team regularly reviews the rating models which cover the analysis of backtesting and usage tests.

The third line of defense is the Internal Audit Department, which annually reviews internal rating models and compliance with the risk model management framework and the correct application by Model Risk Management of its own policies and procedures.

The findings and results of the model validation process performed at Natixis are presented to the Risk Model Oversight Committee for confirmation, then submitted to the Model Risk Management Committee for approval before being sent to the Standards and Methods Committee of the Groupe BPCE Risk, Compliance and Permanent Control division for final validation and possible submission to the regulator. The Risk Model Oversight Committee is chaired by the Head of the Model Risk & Risk Governance Department; the Risk Model Management Committee is chaired by Natixis' Chief Risk Officer who is a member of the Senior Management Committee.

Rating tool performance monitoring and backtesting

Backtesting and benchmarking are an integral part of the model validation process. Backtesting and performance monitoring programs are used at least once a year to ensure the quality and reliability of rating models, LGD estimates and probability of default scales. They include a detailed analysis based on a range of indicators, e.g. differences in terms of severity and migration compared with agency ratings, observed defaults and losses and changes in ratings prior to default, and the performance measurements of LGD models, based on the quantitative analysis of historical data and supplemented by qualitative analysis.

Rating method performance monitoring and backtesting of PD

The rating methods are periodically checked and undergo external benchmarking to ensure the consistency of ratings produced using expert appraisal methods, as well as their robustness over time according to regulatory requirements. The monitoring methods are defined through a backtesting procedure tailored to each type of model.

For Natixis, the Corporate (including Structured Finance), Interbank and Sovereign portfolios, which are handled using dedicated rating tools, have the lowest default rates (Low Default Portfolios). These portfolios are backtested in accordance with their specific nature, namely the low number of defaults and the difficulty in creating and maintaining a PD scale based on internal data.

The backtesting procedure, which draws on these data (and sometimes external data in the case of backtesting of the banking model or the Major Corporate rating grids particularly), consists of two stages: an analysis of the absolute performance, which is based on the default rate and internal migrations, and an analysis of the relative performance, which is based on a comparison with external ratings. Alerts are triggered by performance rules and indicators as necessary.

These checks are carried out through several processes, such as quarterly meetings of the Rating Analysis Committee (CANO) and the backtesting of the various rating models, which is carried out between once and four times a year depending on the scope.

The role of this Committee is to:

- provide a forum for the presentation of the results of performance and stability measurements;
- analyze the indicators whose alert thresholds have been exceeded;
- decide on any measures to be taken to correct any deviations or anomalies. These measures may take different forms, including changes to rating practices, methodologies, performance analyses or alert threshold values.

The severity of the internal ratings compared with the agency ratings is examined. Natixis therefore analyzes all the internal ratings of counterparties that are also rated by the rating agencies (Standard and Poor's, Moody's and Fitch). The extent to which the risk assessments are aligned can be determined through these analyses.

The change in the portfolio's credit quality over one year is also analyzed by looking at internal rating migrations. Additional indicators are also calculated to verify the internal risk ranking (Gini Index, average rating, previous year's ratings, ratings of counterparties that have defaulted) and provide statistics as a supplement to the qualitative analyses.

CANO Meetings are chaired by the heads of the Individual Risk and Consolidated Credit Risk Departments within the Risk division, or by their representatives. The follow-up on the decisions made during Committee Meetings are presented at subsequent meetings, particularly if thresholds have been breached and this situation has not been rectified.

All of these analyses are also presented each quarter to the Chief Risk Officer and sent to the regulator.

Monitoring and backtesting of internal LGD, CCF and ELBE under the advanced method

The LGD, ELBE (see glossary) and CCF (see glossary) levels for the different lending scopes are backtested at least once a year (based on internal data), as are the rating models and the associated PD, to verify the reliability of the estimates over time.

LGD, CCF and ELBE backtesting is carried out by the Risk divisions teams to:

- verify that the model is correctly calibrated;
- assess the model's discriminating power;
- assess the model's stability over time.

The inputs of the models for the scope of specialized financing and collateral (financial or other) are regularly updated, so that they reflect actual conditions as accurately as possible. Both the market inputs and collection inputs are updated.

The losses and estimates produced by the models are compared based on historical data covering as long a period as possible.

The indicators defined for backtesting are used both to validate the model and measure its performance. Two types of indicators are used:

- population stability indicators: these analyses are used to verify that the population observed is still similar to the population that was used to build the model. The model may be called into question if the segmentation variables or the LGDs result in excessively large distribution differences. All of these indicators are compared against the benchmark indicators (usually those calculated when the model was built or those issued by external data or agencies). These analyses are applicable to both expert appraisal-based models and statistical models;
- model performance indicators: the model's performance is measured to validate the segmentation and also to quantify, overall, the differences between the forecast and actual figures. This is achieved by using statistical indicators, which are compared against those calculated during modeling.

Loss given default models (internal LGD) are calculated:

- on a statistical basis for the Corporate asset class;
- based on internal and external histories and an external benchmark for banks and sovereigns;
- using stochastic models if there is a claim against a financial asset.

The results of the backtesting may result in the recalibration of the risk input, where appropriate.

A backtesting report is produced once backtesting is complete. This report includes:

- all the results for the backtesting indicators used;
- any additional analyses;
- an overall opinion of the results in accordance with the Group's standards.

The report is then submitted to the internal validation teams (Model Risk Management) for an opinion, then presented to the various Committees to inform the bank's management.

BACKTESTING OF LGDS AND PDS BY EXPOSURE CLASS

	2018 backtesting figures			
	Observed LGDs	Model LGDs	Observed default rate	Estimated PD
Sovereigns	30.16%	48.74%	0.17%	6.60%
Banks	40.12%	64.94%	0.25%	1.10%
Corporates	29.85%	39.16%	0.39%	0.84%

This table provides a general summary of the system's performance but differs from the annual backtests carried out within the Group, which are conducted on a model-by-model basis and not overall by portfolio. However, this table allows a comparison of estimates and actual results for each internal input over an extended period and for a significant, representative percentage of each exposure class. The results come from data warehouses used for modeling. This is based on all performing customers for default rates and PD, and on all customers in default for LGD.

3.2.3.7 Main internal models used by Natixis

Main internal models: PD, LGD, CCF and volatility discounts (EU CRE)

Modeled input	Portfolio	Number of models	Description/Methodology
PD	Sovereigns	1	Expert analysis-based rating models using macroeconomic criteria and the assessment of legal and political risks.
	Banks	3	Expert analysis-based rating models using quantitative criteria (accounting balance sheet) and qualitative criteria (questionnaire). Model by type of counterparty and by geographic area.
	Corporates (incl. SMEs)	12	Expert analysis-based rating models by business sector for corporates and statistical models for SMEs (scores)
	Specialized Financing	6	Expert analysis-based rating models by type of financed asset
	Retail SMEs	10	Statistical models by business sector
	Consumer Finance	1	Rating model based on historical behavior since 2002. The model includes segmentation and a score.
LGD	Sovereigns	1	Quantitative model based on internal and external defaults. The assessment of LGD during periods of decline is included insofar as all defaults are included for the LGD model.
	Banks	1	Qualitative model based on internal and external defaults by type of counterparty. LGD assessed in this model include defaults occurring in periods of decline.
	Corporates (incl. SMEs)	4	Statistical models (decision trees or assessment of recoverable assets) by type of financed asset. The safety buffers included in the LGD models serve to cover periods of decline (primarily via bootstrap techniques).
	Specialized Financing	4	Models used to assess assets on resale. Assumptions of asset disposals are based on adverse scenarios
	Lease Financing	3	Statistical models (decision trees) by type of financed asset. The safety buffers included in the LGD models serve to cover periods of decline (primarily via bootstrap techniques).
	Consumer Finance	1	Rating model based on historical behavior since 2002. The model includes segmentation and a score.
CCF	Corporate Financing (incl. SMEs), Financial Institutions and Sovereigns	1	Model calibrated on internal defaults and segmentation by type of product and type of counterparty
	Consumer Finance	1	Rating model based on historical behavior since 2002. The model includes segmentation and a score.
Volatility correction	Financial and other collateral	5	Stochastic models based on historical market prices with assumptions based on internal data and expertise.

3.2.3.8 Credit risk mitigation techniques

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Credit risk mitigation is a technique to reduce the credit risk incurred by the bank in the event of counterparty default which can be partial or total.

Natixis uses a number of credit risk reduction techniques including netting agreements, personal guarantees, asset guarantees or the use of credit-default swaps (CDS) for hedging purposes.

Risk mitigation techniques involve two types of guarantee:

- non-financial or personal collateral:

  With this type of collateral, one or more guarantors commit to pay the creditor in the event of borrower default. It includes personal guarantees, on-demand guarantees and credit derivatives.

- financial or real collateral, or secured loans:

  With a pledge of financial collateral, the creditor is granted real security rights to one or more assets belonging to the borrower or guarantor. Forms of collateral include cash deposits, securities, commodities (such as gold), real estate assets, mortgage-backed securities, life insurance policy pledges.

Collateral eligibility is governed by the following process:

- validation by the Legal Department of the documents relating to the collateral and the enforceability of the collateral;
- validation by the Risk division.

In accordance with regulatory provisions, the bank performs the valuation of guarantees, periodically reviews these valuations and carries out any necessary adjustments.

The collateral is adjusted for its volatility and type. Collections on collateral are estimated quarterly or annually on the basis of conservative valuations and haircuts and take into account the actual enforcement of such collateral in times of economic slowdown.

Depending on their nature, collateral guarantees must meet specific eligibility criteria:

- Non-financial guarantee: the eligibility of personal guarantees depends on the quality of the guarantor and must fulfill several conditions:
  - represent a direct claim opposite to the guarantor and refer to specific exposures,
  - be irrevocable and unconditional,
  - if the counterparty defaults, the bank can take legal action against the guarantor within the permitted time frame to settle payment arrears under the legal document governing the transaction,
  - the guarantee is an obligation secured by a legal document that established the guarantor's liability,
  - the guarantor covers all types of payment to be made by the borrower in question.
- Financial guarantee: eligibility is determined by the relevant legal framework, the nature of the guarantee (financial collateral, real collateral or netting agreement) and borrower, as well as liquidity. It must be valued at least once a year and meet all of these conditions:
  - all the legal documents are binding to all parties and are legally valid in all relevant jurisdictions,
  - the bank has the right to realize or take ownership of the collateral in case of default, insolvency or bankruptcy,
  - there is no material positive link between the quality of the counterparty credit and the value of the collateral,
  - the asset must be liquid and its value sufficiently stable over time for its realization to be certain.

In terms of monitoring, collateral and netting agreements are:

- analyzed, when a loan application is approved or reviewed, to ascertain the suitability of the instrument or guarantee provided as well as any associated improvement in risk quality;
- checked, processed and documented based on standard contracts or contracts approved by the Legal Department;
- subject to registration and monitoring procedures in the risk administration and management systems.

Similarly, providers of sureties (via signature guarantees or CDS) are examined, rated and monitored, as with debtors.

Natixis may take steps to reduce commitments in order to lower concentration risk by counterparty, sector and geographic area. Concentration risk is rounded out with an analysis, based on stress test methodologies (migration of ratings according to macroeconomic scenarios). Natixis may buy credit-default swaps and enter into synthetic securitization transactions in order to reduce all or part of the credit risk exposure attached to some assets by transferring the risk to the market. CDS-protected loans remain on Natixis' balance sheet but bear the counterparty risk attached to the credit-default swap sellers, which are generally OECD banks. Transactions with non-bank third parties are fully collateralized in cash. These transactions are subject to decision-making and monitoring procedures that apply to derivative transactions.

3.2.3.9 Commitment monitoring framework

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Measuring and monitoring systems

Natixis' commitments are measured and monitored on a daily basis using dedicated consolidation systems. An IT system enables comprehensive consolidation of limits and credit exposures across a scope covering all of Natixis' exposure to credit risk and most of that of its subsidiaries.

The Risk Division provides Senior Management and the Bank's business heads with reports analyzing Natixis' risks: trend analyses, indicators, stress test results, etc.

Credit risk is supervised by making the various businesses accountable, and by various second-level control measures overseen by a dedicated Risk division team.

As regards limit breaches, the dedicated monthly Committee Meeting analyzes changes in limit breaches using specific indicators (number, notional, duration, businesses concerned, etc.), and examines major breaches and monitors their correction.

Exposures showing deterioration in the level of risk are identified as they arise and reported immediately to the Risk division and the business concerned, in accordance with both the counterparty watchlist, specific provisioning and alert procedures.

They are then placed on the watchlist, as decided by the Risk division or the competent Credit Committee depending on the amount of exposure.

Corporate & Investment Banking risks are monitored by the Restructuring and Special Affairs Department (DRAS), which intervenes in difficult cases where necessary. The Litigation Department handles collections of loans in litigation.

Monitoring of non-performing and disputed loans and provisioning mechanism

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Individual provisions

The Natixis Watchlist and Provisions Committee meets once a quarter and covers all the bank's businesses. It reviews all non-performing loans under watch that may give rise to provisions or adjustments to existing provisions, and decides on the amount of provisioning necessary.

This Committee is organized by the Risk division and chaired by the Chief Executive Officer and assembles the Chief Risk Officer, members of the Senior Management Committee in charge of the businesses, the Accounting and Ratios division and the heads of the relevant support functions.

It draws on a structure of preparatory Committees that are jointly steered by the Risk division and each of the bank's business lines.

Provisions for expected credit losses

In addition to individual provisions, Natixis records provisions for expected credit losses (ECL) at initial recognition.

These financial assets are divided into three categories depending on the increase in credit risk observed since their initial recognition. An impairment charge is recorded on outstanding amounts in each category.

Performing loans for which credit risk has increased materially since initial recognition are classified in Stage 2 (S2). The impairment or the provision for credit risk is determined on the basis of the instrument's expected credit losses at maturity (lifetime ECL).

Measurements of an increase in credit risk resulting in S2 classification are based on a combination of quantitative and qualitative criteria. The quantitative criterion is based on the change in rating since initial recognition. Additional qualitative criteria are used to categorize as Stage 2 any contracts included on a non-S3 watchlist, undergoing adjustments due to financial hardship (forbearance) or more than 30 days past due. Additional criteria based on the sector rating and level of country risk are also used.

The sector and country rating process is centered on a Geo-Sector Committee comprising the Finance division, the Risk division and CIB representatives. The main objective of this Committee, established for the purpose of implementing IFRS 9, is to validate sector ratings as well as country and sovereign scores on a quarterly basis. These ratings then serve as a basis for calculating ECL. Sector ratings in particular are based on the results of the semi-annual economic environment reports.

Stress tests

The credit stress test system covers Natixis scopes subject to the A-IRB, F-IRB and standardized approaches. It is based on choosing scenarios that replicate plausible crisis situations and high degrees of severity, in keeping with market practices, while taking past events, market trends and the environment into account so that purely historical or theoretical scenarios are eliminated.

The system is a true risk management tool, with scenarios that are regularly introduced and revised. The Risk division regularly works on improving the methods used and adding to the scopes defined for the stress scenarios, with particular attention paid to the market stress requirements.

New scenarios were reviewed in 2018 and presented to the Global Risk Committee as well as to the Senior Management Committee. These internal credit stress test scenarios are defined based on:

- macroeconomic assumptions prepared in collaboration with the economic research and country risk teams and with Groupe BPCE, and comprising three scenarios for the 2019-2021 period: a baseline scenario and its practical adaptation via the bank's provisioning policy, and two credit scenarios (a tech stock crisis and a sharp interest rate hike scenario);
- specific business scenarios to factor in risks that would not have been covered by the macroeconomic scenarios. Standard scenarios are therefore defined (an average of three per business) based on business types (Banks, Corporates, Insurance, Aerospace, etc.).

This stress testing is regularly calculated for the Natixis consolidation scope to evaluate the risk generated in the event of an adverse trend in the economic and financial data. The results are regularly presented to the Global Risk Committee, which also validates the selected scenarios. The stress-testing approach factors in counterparty ratings and default rates (stressed PD scales, migration matrices, specific downgrades per sovereign counterparty, and so on) and includes stresses on the unsecured LGD (Corporates, Banks and Sovereigns, etc.) and the secured LGD (asset or collateral values by business line).

The scenarios, as well as the models and methods selected to assess their impact, are documented, and this documentation is reviewed on each update.

3.2.3.10 Quantitative information

EAD, RWA AND CAPITAL REQUIREMENTS BY BASEL APPROACH AND EXPOSURE CLASS (NX01)

	31/12/2018			31/12/2017		
(in millions of euros)	EAD	RWA	Capital requirements	EAD	RWA	Capital requirements
Credit risk						
Internal approach	**154,895**	**55,647**	**4,452**	**177,471**	**60,782**	**4,863**
Equities	5,269	16,257	1,301	5,446	16,548	1,324
Governments and central banks	36,350	531	42	47,832	601	48
Other assets	754	204	16	717	188	15
Retail	692	181	15	620	181	14
Corporates	97,358	35,711	2,857	107,942	39,971	3,198
Institutions	8,388	1,376	110	9,706	2,219	178
Securitization	6,084	1,387	111	5,208	1,074	86
Standardized approach	**65,642**	**20,999**	**1,680**	**66,452**	**17,532**	**1,402**
Governments and central banks	4,469	1,525	122	6,012	1,549	124
Other assets	8,144	6,872	550	8,177	8,526	682
Retail	2,377	1,716	137	2,631	1,937	155
Corporates	8,569	6,693	535	3,274	2,428	194
Institutions	36,011	824	66	41,573	549	44
Defaulted exposures	580	782	63	374	477	38
Exposures secured by mortgages on immovable property	1,195	559	45	1,025	498	40
Exposures to institutions and corporates with a short-term credit assessment	643	413	33	382	200	16
Securitization	3,654	1,615	129	3,004	1,368	109
Sub-total credit risk	**220,537**	**76,646**	**6,132**	**243,923**	**78,314**	**6,265**
Counterparty risk						
Internal approach	**33,571**	**5,012**	**401**	**33,305**	**5,756**	**460**
Governments and central banks	7,584	193	16	6,424	105	8
Corporates	14,762	3,362	269	13,594	3,694	295
Institutions	10,813	1,417	113	13,065	1,911	153
Securitization	412	40	3	222	46	4
Standardized approach	**19,829**	**742**	**59**	**21,132**	**659**	**53**
Governments and central banks	1,073	214	17	955	128	11
Retail	1			1		
Corporates	94	88	7	60	15	1
Institutions	18,517	349	28	19,843	365	29
Defaulted exposures	2	2		2	3	
Exposures to institutions and corporates with a short-term credit assessment	124	85	7	270	147	12
Securitization	18	4		1	1	
CCP default fund exposure	**273**	**185**	**15**	**368**	**256**	**21**
Sub-total counterparty risk	**53,673**	**5,939**	**475**	**54,805**	**6,671**	**534**
Market risk						
Internal approach		**4,444**	**355**		**4,229**	**338**
Standardized approach		**5,185**	**415**		**5,491**	**439**
Equity risk		612	49		432	34
Foreign exchange risk		2,436	195		2,586	207
Commodities risk		612	49		720	58
Interest rate risk		1,525	122		1,753	140
Sub-total market risk		**9,629**	**770**		**9,720**	**777**
CVA	**7,168**	**1,661**	**133**	**8,389**	**1,198**	**96**
Settlement-delivery risk		**5**			**10**	**1**
Operational risk (standardized approach)		**15,345**	**1,228**		**14,784**	**1,183**
TOTAL		**109,225**	**8,738**		**110,697**	**8,856**

EXPOSURE AND EAD BY BASEL EXPOSURE CLASS (NX03)

(Data certified by the Statutory Auditors in accordance with IFRS 7)

(in millions of euros)	Exposure		EAD		
Exposure class	31/12/2018	o/w off-balance sheet	31/12/2018	o/w off-balance sheet	2018 average
Corporates	**151,187**	**77,775**	**120,783**	**47,693**	**122,851**
Other than SMEs and SF	124,084	67,182	96,748	39,956	99,024
Specialized Financing (SF)	21,778	9,703	19,215	7,141	18,954
SMEs	5,325	890	4,820	596	4,873
Institutions	**80,109**	**41,586**	**74,002**	**35,479**	**84,703**
Governments and central banks	**50,207**	**10,447**	**49,476**	**9,720**	**51,756**
Central governments and central banks	48,291	9,370	47,689	8,767	50,076
Regional governments or local authorities	576	319	572	319	596
Public sector entities	1,340	758	1,215	634	1,084
Retail	**15,304**	**11,871**	**3,070**	**90**	**3,054**
Other than SMEs	14,309	11,806	2,132	69	2,193
SMEs	995	65	938	21	861
Securitization	**10,334**	**4,838**	**10,168**	**4,838**	**9,537**
Other assets	**8,898**		**8,898**		**9,139**
Equities	**5,269**	**170**	**5,269**	**170**	**5,341**
Collective investment undertakings					
Exposures secured by mortgages on immovable property	**1,279**	**169**	**1,195**	**84**	**1,124**
Exposures to institutions and corporates with a short-term credit assessment	**799**	**138**	**767**	**127**	**659**
Defaulted exposures	**962**	**20**	**582**	**7**	**423**
TOTAL AT 31/12/2018	**324,348**	**147,014**	**274,210**	**98,208**	**288,587**
TOTAL AT 31/12/2017	**349,390**	**145,565**	**298,728**	**95,844**	**296,775**

EAD BY GEOGRAPHIC AREA AND BY BASEL EXPOSURE CLASS (NX05)

(Data certified by the Statutory Auditors in accordance with IFRS 7)

(in millions of euros)

Exposure class	France	Europe*	North America	Other	Total
Corporates	**41,371**	**34,627**	**19,520**	**25,265**	**120,783**
Other than SMEs and SF	32,913	27,858	15,531	20,446	96,748
Specialized Financing (SF)	4,951	5,998	3,773	4,493	19,215
SMEs	3,507	771	216	326	4,820
Institutions	**45,455**	**12,683**	**8,878**	**6,986**	**74,002**
Governments and central banks	**24,980**	**8,233**	**9,763**	**6,500**	**49,476**
Central governments and central banks	23,728	7,046	9,715	6,488	46,977
International organizations		712			712
Multilateral development banks					
Regional governments or local authorities	363	209			572
Public sector entities	889	266	48	12	1,215
Securitization	**4,487**	**1,052**	**3,797**	**832**	**10,168**
Other assets	**8,166**	**348**	**318**	**66**	**8,898**
Equities	**4,134**	**744**	**261**	**130**	**5,269**
Retail	**2,944**	**21**	**1**	**104**	**3,070**
Other than SMEs	2,112	17	1	2	2,132
SMEs	832	4		102	938
Exposures secured by mortgages on immovable property	**1,156**	**37**		**2**	**1,195**
Exposures to institutions and corporates with a short-term credit assessment	**412**	**13**	**43**	**299**	**767**
Defaulted exposures	**529**	**3**	**1**	**49**	**582**
Collective investment undertakings					
TOTAL AT 31/12/2018	**133,634**	**57,761**	**42,582**	**40,233**	**274,210**
TOTAL AT 31/12/2017	**157,656**	**59,207**	**45,137**	**36,728**	**298,728**

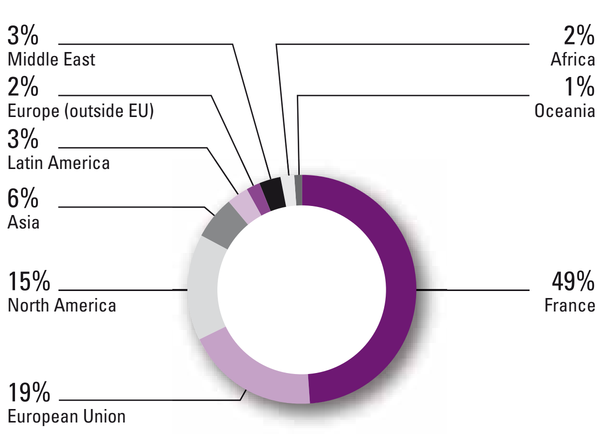
* *Europe = European Union + Europe (outside EU).*

EAD BY GEOGRAPHIC AREA (NX06)

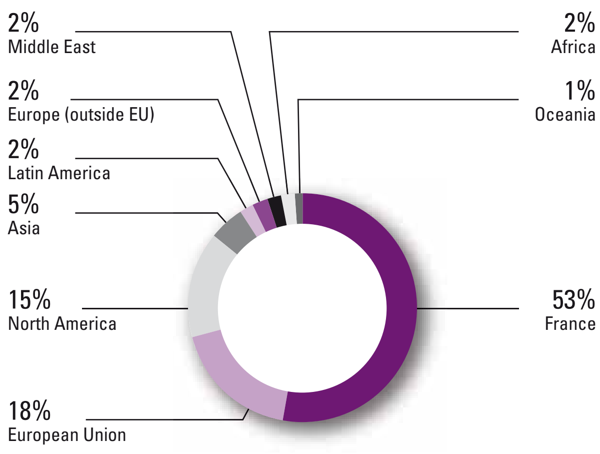
The geographic area corresponds to the debtor risk country.

(Data certified by the Statutory Auditors in accordance with IFRS 7)

At 31/12/2018



At 31/12/2017



EAD BY INTERNAL RATING (S&P EQUIVALENT) (NX12)

(Data certified by the Statutory Auditors in accordance with IFRS 7)

The following table shows the breakdown of exposures at risk by internal rating (S&P equivalent) for asset classes measured using the IRB approach, excluding:

- exposures to equities (calculated using a simple weighting);
- pool-based exposures (acquired portfolios) and third parties grouped into homogeneous risk classes;
- securitization positions.

(% breakdown)

Grade	Internal rating	31/12/2018*	31/12/2017*
Investment Grade	AAA	0.2%	
	AA+	5.7%	6.8%
	AA	12.4%	17.0%
	AA-	12.3%	12.2%
	A+	5.3%	4.2%
	A	12.0%	9.0%
	A-	9.5%	8.8%
	BBB+	7.1%	6.8%
	BBB	8.2%	8.0%
	BBB-	7.9%	7.4%
Investment Grade		**80.6%**	**80.2%**
Non-Investment Grade	BB+	5.0%	5.5%
	BB	4.7%	4.2%
	BB-	3.2%	3.4%
	B+	2.2%	2.2%
	B	0.9%	0.6%
	B-	0.3%	0.4%
	CCC+	0.1%	0.1%
	CCC	0.1%	0.1%
	CCC-		
	CC		
	C		
Non-Investment Grade		**16.5%**	**16.5%**
Non-rated	**Non-rated**	**1.3%**	**1.3%**
Default	**D**	**1.6%**	**2.0%**
TOTAL		**100.0%**	**100.0%**

* *Reclassification of central bank exposures from AA- to AA+ for the US central bank and from AA- to AA for the French central bank in the interest of better alignment with their external ratings (modification of the theoretical allocation principle: level 1 internal rating, or equivalent to an S&P rating of between AAA and AA-, with allocation to an AA- rating).*

3.2.4 SECURITIZATION TRANSACTIONS

3.2.4.1 General policy

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Natixis has securitized assets on its acquired balance sheet:

- as an investor, through transactions for its clients, through derivative transactions and, to a marginal degree, through its market-making activity on certain ABS (particularly Asset-Backed Commercial Paper);
- as a sponsor, i.e. on transactions for its clients to create and manage ABS programs;
- as an originator, i.e. as part of its refinancing activities when Natixis securitizes certain portfolios of loans granted to customers.

This activity is conducted under Natixis' general "Originate-to-Distribute" strategy.

Natixis mainly invests in assets with high levels of collateral, spreads and seniority. Natixis also applies a sector-specific and geographic diversification strategy to underlying assets.

Natixis' credit decision-making process is followed for all securitization transactions. Three criteria are considered, namely the amount, maturity and (external) rating.

For every structured arrangement subject to approval, a substantiated request and a description of the arrangement, collateral, seller/originator and the proposed tranching must be submitted, along with an analysis of the associated guarantees.

A counter-analysis is then carried out by the Risk division and, if necessary, a quantitative analysis of the portfolio's default risks. Transactions are examined, and decisions are made based on all the loan application's parameters, including the expected profit margin on the loan, the capital burn and compliance with the current risk policy.

Like vanilla finance transactions, securitization structures and transactions are reviewed at least once a year, while transactions on the watchlist are re-examined at least once a quarter.

Natixis manages the risks associated with securitization positions through two mechanisms.

- the first involves the daily identification of all rating downgrades affecting BPCE's securitization positions as well as the associated potential risks and, if necessary, deciding on an appropriate course of action;
- The second is underpinned by a quantitative (ratings, valuations) and qualitative analysis of securitization positions for the purpose of segmenting the portfolio on the basis of risk levels.

The results of these analyses are written up and discussed in a quarterly presentation at the meeting of the Watchlist and Provisions Committee.

Furthermore, the liquidity risk is managed as part of the global monitoring of the Group's activities, particularly with the help of ALM indicators subject to limits, such as liquidity gaps and hedging ratios.

3.2.4.2 External rating system

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Natixis relies on four external rating agencies for securitization transactions: Moody's, DBRS, Fitch IBCA and Standard & Poor's.

3.2.4.3 Securitization vehicles

Natixis acts as sponsor in ABCP-type securitization transactions through three vehicles, namely Versailles, Bleachers and Magenta. Of these vehicles, only two are consolidated in Natixis' scope of regulatory consolidation: Versailles and Bleachers/Mountcliff. For both vehicles, Natixis plays a predominant role in the selection and management of acquired receivables as well as the management of the issuance program, thus giving it power over the conduits' relevant activities and influence over the amount of their returns. In contrast, given that Natixis is not part of the governing body holding the power to decide on Magenta's relevant activities, this conduit is not consolidated in Natixis' regulatory consolidation scope.

3.2.5 MARKET RISKS

3.2.5.1 Targets and policy

(Data certified by the Statutory Auditors in accordance with IFRS 7)

The Risk Division places great importance on the formal definition of all risk policies governing market transactions based on both a qualitative and forward-looking analysis. This approach is mainly based on the strategic review of global risk budgets, business targets and market trends and relies on a proactive early warning system for the most sensitive areas at risk.

These market risk policies focus on a set of methodological principles in terms of risk monitoring and supervision and provide a matrix approach to businesses by asset class and management strategy.

3.2.5.2 Organization of market risk management

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Market risk control is based on a limit authorization structure that is overseen by the Global Risk Committee and in which the Market Risk Committee, chaired by the Chief Executive Officer or the delegated representative, plays an essential role.

The Risk Division:

- defines risk measurement and fair value adjustment methods, then submits them to the Market Risk Committee for validation;
- examines annual limit reviews (including risk appetite) and ad hoc requests for modifications (VaR, stress tests, operational indicators, loss alerts);
- provides alerts for areas at risk relating to the business lines or to Natixis' Senior Management;

- is responsible for the daily analysis and measurement of risks, daily reporting, and notifying front office and management of any breaches;
- approves and manages the pricing models (pricers) and risk measurement models used by front office management tools;
- defines and validates models and methodologies relating to the institution's internal model, which is primarily used to calculate regulatory capital requirements;
- introduces and manages changes in standards and procedures common to all entities (subsidiaries and branches) carrying market risks.

3.2.5.3 Methodology for measuring market risks

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Natixis' market risk management is based on a risk metrics model that measures the risks incurred by each entity of the bank.

Different techniques are used to measure market risk:

Value at Risk (VaR)

Natixis' internal VaR model was approved by the Autorité de Contrôle Prudentiel et de Résolution (ACPR—French Prudential Supervisory Authority) in January 2009. Natixis uses VaR to calculate capital requirements for market risks within approved scopes, and to manage and supervise market risks. The model is based on a calculation by computer simulation, based on Monte Carlo-type methodology, taking into account a portfolio's possible non-linear characteristics with respect to different risk factors.

VaR is calculated and monitored daily for all the Natixis trading portfolios. Market data used in the valuation of portfolios (share prices, indices, interest rates, exchange rates, commodity prices and the related volatility) are updated on a daily basis when available, and the statistical data used (standard deviation and correlations) are updated weekly.

All the trading portfolios are subject to adequate risk monitoring and supervision systems, in accordance with the market risk policies in force. A VaR limit is set at an overall level and for each business.

These measurements give a snapshot of VaR and help identify potential losses in each business, based on a pre-determined confidence level (99%) and time period (1 day).

To this end, a statistical model has been constructed to track the combined behavior of market parameters affecting portfolio value. The calculation method is based on an econometric model whose standard deviations are calculated as being the maximum (risk factor by risk factor) standard deviations calculated over rolling 12-month and 3-month periods. This method makes VaR more responsive if the markets suddenly become more volatile.

For the calculation of VaR, the portfolio's holding horizon is set at one day for risk monitoring and 10 days for the calculation of capital. The 10-day holding period involves extrapolating from the one-day VaR by multiplying it by the square root of 10.

Portfolio valuation methods vary according to product and are either based on a total revaluation or on sensitivity to first or second order market inputs to factor in both linear and non-linear effects (in particular for derivative financial instruments).

Yields used by Natixis to simulate potential changes in risk factors are absolute yields for most risk factors. The exceptions to this rule are exchange rates, share prices and indices, precious metals prices and indices, commodity indices and commodity futures.

Moreover, the reliability of the VaR is measured regularly through comparison with the changes in the daily trading results, a process also known as backtesting. This exercise allows an ex-post comparison of the potential losses, as projected ex-ante by the VaR, with the actual losses.

Stressed Value at Risk (SVaR)

Due to changing regulatory standards (Basel 2.5), Natixis implemented a daily stressed VaR model (SVaR), which is calculated based on a fixed econometric model over a continuous 12-month period that defines the charge that the bank's current VaR model would generate under a representative crisis scenario relevant to its portfolio. The calculation method is based on an historical simulation for a one-day horizon and a confidence level of 99%. However, unlike VaR, which uses 260 daily fluctuation scenarios on a sliding one-year period, stressed VaR uses a one-year historical window corresponding to a period of significant financial tension.

The stressed period currently used by Natixis covers the period between September 1, 2008 and August 30, 2009, as it is the most conservative for calculating stressed VaR.

As is the case for VaR, the 10-day holding period used by Natixis involves extrapolating from the one-day stressed VaR by multiplying it by the square root of 10.

Incremental Risk Charge (IRC)

The IRC (Incremental Risk Charge) is the capital charge required to cover rating migration risk and the default within one year of issuers for approved products in terms of specific interest rate risk. Calculated using a Monte Carlo internal simulation model, the IRC is a 99.9% value at risk which corresponds to the largest risk after eliminating the 0.1% of the worst outcomes over a period of one year.

Rating and default migrations are simulated using an issuer correlation model and migration matrices over a capital horizon of one year. Positions are remeasured based on various scenarios. Thus, for each scenario, positions may be downgraded, upgraded or go into default.

The liquidity horizon, which represents the time required to sell a position or hedge it in unfavorable market conditions, used in the IRC calculation model is one year for all positions and all issuers.

The calibration of the transition matrix is based on Standard & Poor's historical transition data. For both corporates and sovereigns, the historical depth exceeds 20 years. For issuers not rated by S&P, restatements are performed internally.

Correlation assumptions are based on the rating of each issuer's creditworthiness within the IRC horizon (one year). The simulation process is based on intra-sector correlation inputs.

The internal IRC calculation model used by Natixis was approved by the Autorité de Contrôle Prudentiel et de Résolution in 2012.

In accordance with regulatory requirements, Natixis established an internal model validation policy as well as procedures. This model validation phase is a prerequisite for their use.

Stress tests and operational indicators

In addition to VaR, SVaR and IRC measures, stress tests are used to simulate the impact of extreme market conditions on the value of Natixis' portfolios as well as operational indicators:

1) stress tests to measure potential losses on portfolios in extreme market conditions. Natixis' mechanism is based on two categories of stress tests: overall stress tests and dedicated stress tests for each business.

   Overall stress tests are subject to continuous review. They are performed daily and can be grouped into two categories:

   - **historic stress tests** consist of reproducing sets of changes in market parameters observed during past crises in order to create an ex-post simulation of the P&L changes recorded. While stress tests do not have any predictive value, they do make it possible to gauge the exposure of the portfolio to known scenarios. There are 12 hypothetical stress tests covering the most significant events since 1987, the year of the stock market crash, including the Lehman Brothers collapse in the 2008 period and the terrorist attack of September 11, 2001, through to the sovereign debt crisis in 2011.
   - **hypothetical stress tests** are used to simulate changes in market parameters for all the activities, based on plausible assumptions regarding one market's predicted response compared with another's, depending on the nature of the initial stress. Stresses are determined through a joint effort involving the Risk division, the front office and Economic Research. A set of seven scenarios have been defined:
     1. fall in stock market indices combined with a flattening of the yield curve and an increase in credit spreads;
     2. strong rise in European interest rates in an inflationary environment;
     3. failure of a financial institution with a rise in credit spreads and interest rates and a moderate fall in equity markets;
     4. commodity crisis based on a scenario of disruption to supply due to geopolitical events;
     5. emerging market crisis reflecting the consequences of a sudden withdrawal of capital from an emerging country during a global economic downturn (higher refinancing costs, stock market crash and depreciation of the currency against the US dollar);
     6. failure of a high-profile corporate based on a credit market shock;
     7. liquidity crisis characterized mainly by a sharp widening of European interbank spreads, a widening of the liquidity spread and higher "peripheral" yields.

   Specific stress tests are also calculated daily in the management tools for all the portfolios and are governed by limits. They are set on the basis of the same severity standard and are aimed at identifying the main loss areas by portfolio.

   In addition, reverse stress tests are used to highlight the most high-risk scopes and market environments as well as concentration and contagion links. This mechanism is based on plausible scenarios drawn from extremely adverse assumptions on the fulfillment of risk factors leading to the breach of a loss threshold, and allows Natixis to implement a new risk monitoring and steering tool, identify circumstances that may trigger this loss and adapt the appropriate action plans where necessary.

   All stress test mechanisms are defined by the Risk division, which is responsible for defining principles, methodology and calibration and scenario choices. The Stress Test Committee is responsible for the operational implementation of stress tests and meets on a monthly basis. The Committee approves work to be carried out, its workload and determines the annual IT budget;

2) loss alerts by portfolio and aggregated by business line, which alert management and the Risk division if losses reach a certain threshold over a given month or on a cumulative basis since the beginning of the year. These thresholds are set by the Market Risk Committee according to the characteristics of each portfolio, past performance and budgetary targets;

3) finally, the supervisory framework includes operational indicators on an overall and/or by business basis, which focus on more directly observable criteria (sensitivity to changes in the underlying and to volatility, correlation, nominals, etc.). The limits of these qualitative and quantitative indicators are set in line with the VaR and stress test limits.

Independent valuation control

The valuation of Natixis' various market products forms part of the independent control system made up of dedicated procedures.

In accordance with the provisions of IFRS 9, financial instruments are recognized at their fair value. *(See Chapter 5 of the Natixis 2017 registration document for further information on fair value accounting methodologies.)*

Fair value determination is subject to a control procedure aimed at verifying that the valuation of financial instruments is determined and validated by an independent function in terms of prices and/or valuation models.

Independent price verification

Independent price verification is carried out by the "Service des Résultats" Department's IPV (Independent Price Verification) teams which, in line with the division's charter, control the market inputs used in the valuation process for the bank's transactions. The review of market inputs may lead to valuation adjustments recognized in economic results and the financial statement.

IPV governance is based in particular on:

- a supervision mechanism overseen by various committees (Observability and Inputs Committee, Valuation Committee, IPV Committee);
- a policy and set of procedures, explaining the validation and escalation system;
- a set of weekly and monthly reports;
- dedicated tools.

Moreover, the Market Risk Department's teams carry out second-level monthly controls of market inputs.

Validation of valuation models

Valuation models used by the front office are subject to independent validation by Model Risk Management, a dedicated team within the Model Risk & Risk Governance Department of the Risk Division.

This independent validation verifies the evaluation of financial instruments traded and the suitability of the model. In accordance with the validation procedures, these reviews cover the following aspects:

- the theoretical and mathematical validation of the model, the analysis of assumptions and their justification in model documentation;
- algorithm validation and benchmarking;
- the model's stability and convergence of the numerical method in a stress scenario;
- the assessment of implied risk factors and calibration, the analysis of input, and the upstream identification of models;
- the measurement of model risk and validation of the related reserves methodology.

These models may be subject to backtesting and monitoring in terms of quality and solidity to ensure that the applied risk parameters correspond to the value ranges projected upon their validation. These models are also reviewed periodically, with the periodicity and depth of the review depending on the level of materiality. Conclusions from validation work are presented to the Valuation Models Oversight Committee which brings together model designers and validators on a quarterly basis and contradictory issues are discussed. Conclusions from these Committee Meetings are reporting to the Model Risk Management Committee, chaired by the Chief Risk Officer who is a member of the Senior Management Committee. This Committee is tasked with supervising the risk model for all of Natixis' activities by, on one hand, approving validation reports and the related remediation plans and, on the other hand, monitoring consolidated risk model indicators.

Natixis' adjustment policy

The Market Risk Department is tasked with defining and implementing the adjustment policy for Capital market activities' management results.

The aim of this policy is twofold:

- ensure the reliability of the result announced by applying the principle of prudence;
- protect Natixis from adverse events that cannot be easily hedged or that are non-hedgeable.

The adjustment policy thus defines the principles for calculating adjustments for market risks to financial instruments measured at fair value.

Adjustments for market risks are divided into:

- adjustments for the cost of position reversals/liquidity positions in an active market;
- adjustments for uncertainty relating to observable and unobservable valuation inputs and model risks in non-active markets;
- adjustments specific to risks inherent to positions (discontinuity risks, risks relating to uncertainty regarding size, etc.);
- adjustments for model risk to hedge model-related uncertainties (numerical method, calibration, etc.).

The shocks applied and methodologies used are updated on a continuous basis.

Adjustment amounts are updated on a monthly basis and reported to Natixis Senior Management. Changes in methodology applied to adjustment calculation are submitted for independent validation by the Model Risk & Risk Governance teams.

3.2.5.4 Market risk management quantitative disclosure

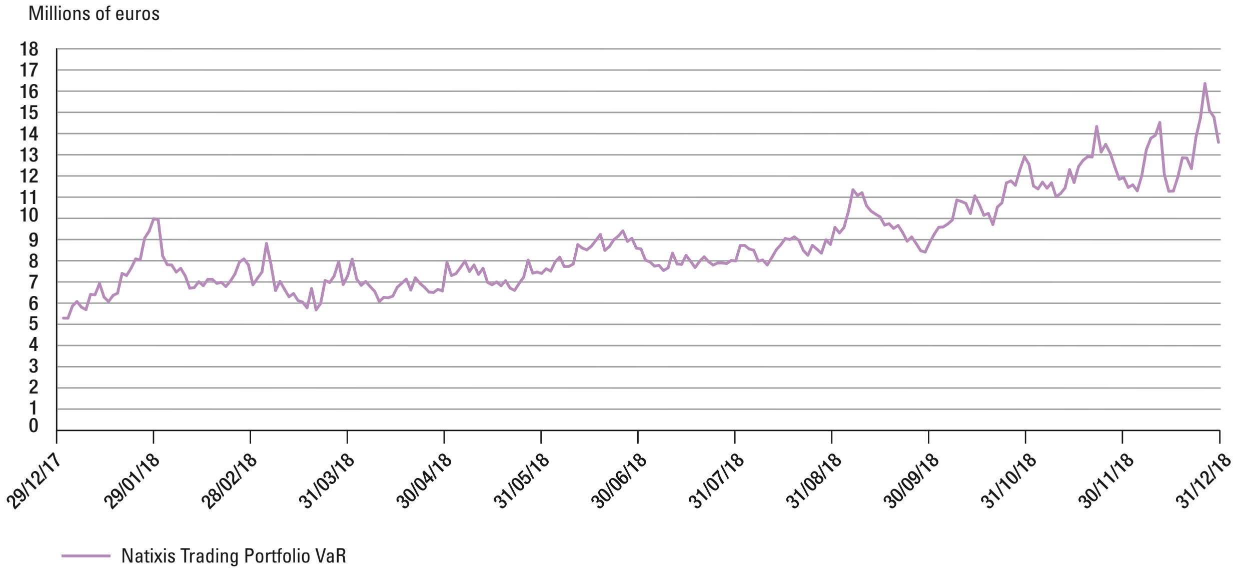
(Data certified by the Statutory Auditors in accordance with IFRS 7)

Change in Natixis VaR

The VaR level for Natixis' trading portfolios averaged €8.9 million. It peaked at €16.4 million on December 24, 2018 and amounted to €13.6 million at December 31, 2018.

The following chart shows the VaR trading history between December 29, 2017 and December 31, 2018 for the entire scope.

OVERALL NATIXIS VAR—TRADING PORTFOLIO (1 DAY 99% VAR)



Breakdown of total trading VaR by portfolio

(Data certified by the Statutory Auditors in accordance with IFRS 7)

The following table presents the key VaR figures:

(in millions of euros)

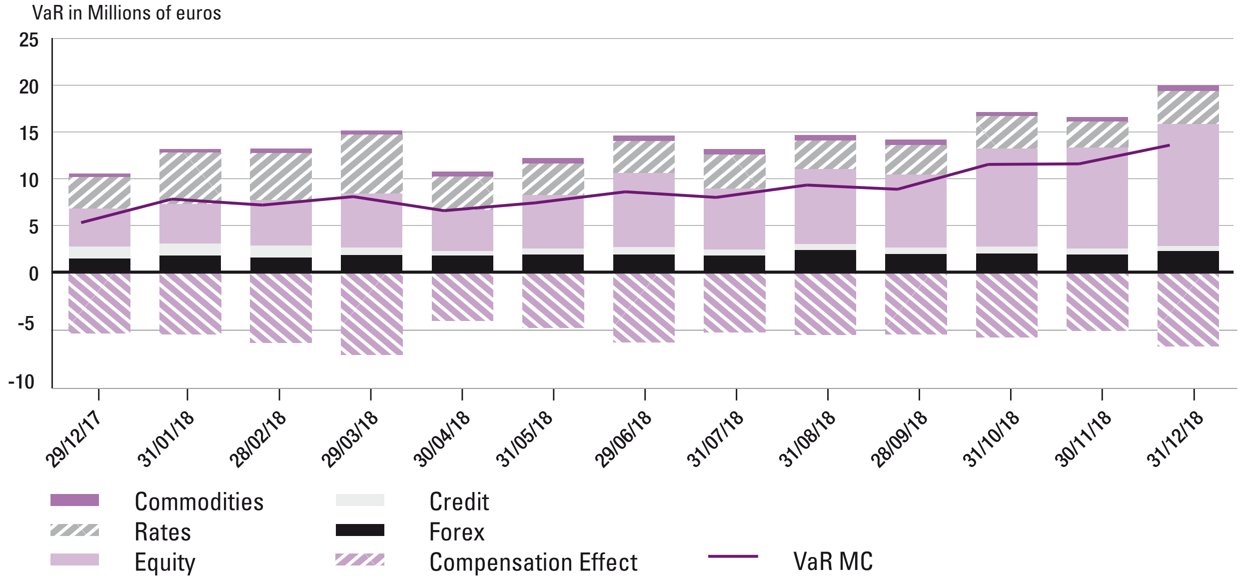
Natixis trading book	VaR at 31/12/2018
Natixis	**13.6**
o/w:	
Global Markets	13.6
Equity Markets	8.2
Commodities	0.7
Fixed Income	4.3
Global Securities Financing	6.5
XVA	2.2
Other run-off activities	1.8

The rise in Natixis' overall trading VaR versus 2017 is predominantly borne by the Equity Markets business.

VaR breakdown by risk factors and netting effect

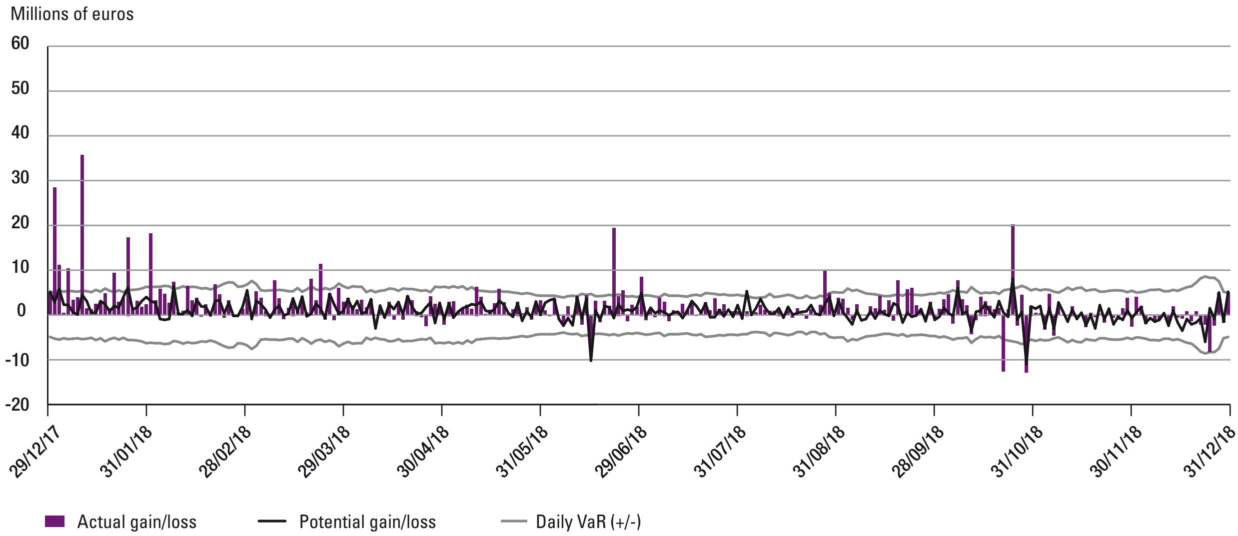
The breakdown of the VaR by risk factor provides a picture of the monthly contribution of the main risks and the netting effects in terms of VaR.

Consolidated VaR increased by +€8.3 million from December 29, 2017 to December 31, 2018, due in large part to a deterioration in the Asian markets, which had an adverse impact on the equity risk in Natixis' portfolios.



Natixis backtesting for regulatory scope

The following chart shows results of backtesting (ex-post comparison of potential losses, as calculated ex-ante by VaR, with actual P&L impacts) on the regulatory scope, and can be used to verify the reliability of the VaR indicator:



There were three backtesting exceptions over the period.

The exception on June 19, 2018 was related to the remarking of the US yield curves used in New York. This loss amounted to -€10.2 million in profit and loss.

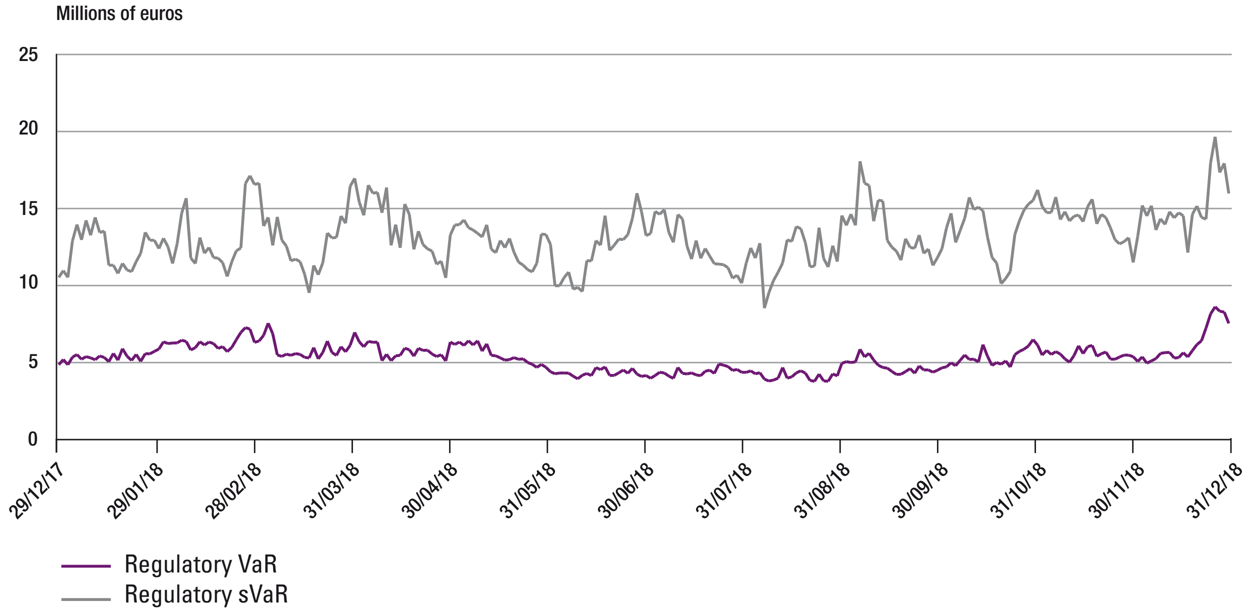
The exception on October 23, 2018 was related to a trade booking error and amounted to -€12 million in profit and loss. This loss was neutralized when the booking was corrected.

The last backtesting exception, recorded on October 30, 2018, was mainly due to strong variations of several risk factors (equity and foreign exchange volatility, equity correlation) combined to remarking regarding Asia Equity Solutions desk. This loss amounted to -€12.2 million in profit and loss.

NATIXIS REGULATORY STRESSED VAR

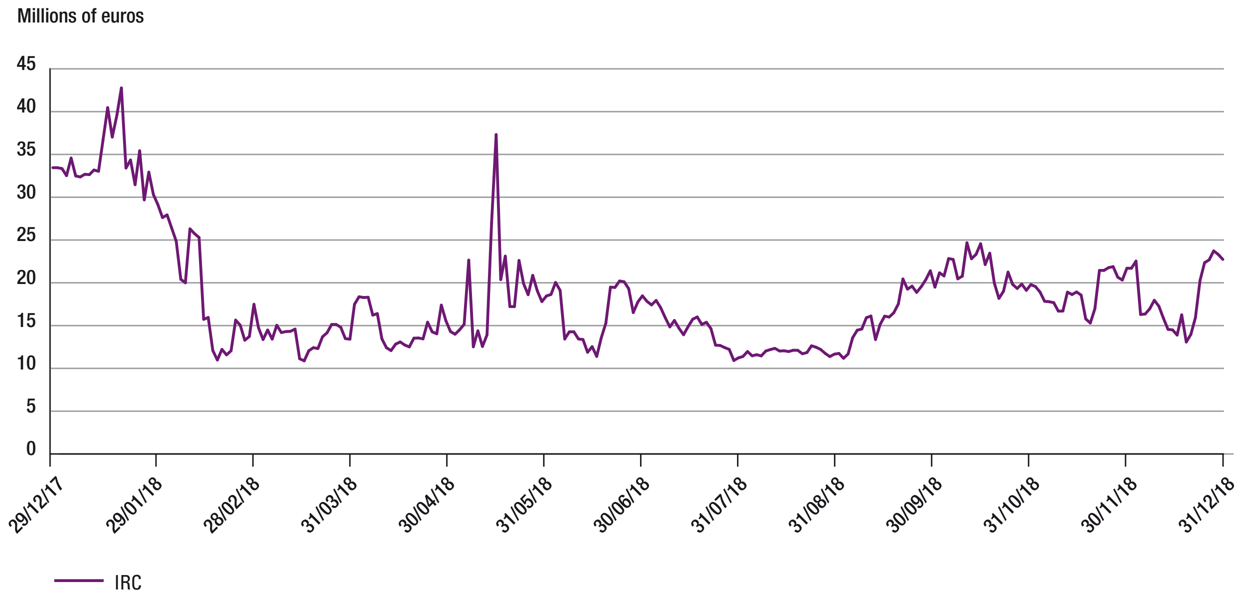
Natixis' regulatory stressed VaR averaged €13.2 million. It peaked at €19.7 million on December 24, 2018, and bottomed out at €8.5 million on August 7, 2018, and stood at €16 million at December 31, 2018.

Change in regulatory Stressed VaR and VaR.



IRC INDICATOR

This indicator covers the regulatory scope. Natixis' IRC level averaged €18.2 million. It peaked at €42.8 million on January 19, 2018, and bottomed out at €10.9 million on March 16, 2018, and stood at €22.7 million at December 31, 2018.



Stress test results for the Natixis scope

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Overall stress test levels reached a negative average level of -€13 million at December 31, 2018, versus +€55 million at December 29, 2017.

The historical stress test replicating the sovereign debt crisis in 2011 gave the maximum loss (-€82 million at December 31, 2018).

OVERALL STRESS TESTS AT DECEMBER 31, 2018

3.2.6 OPERATIONAL RISKS

3.2.6.1 Targets and policy

As part of the definition of its risk appetite, and in accordance with the French Ministerial Order of November 3, 2014, Natixis defined its operational risk tolerance policy with a view to limiting losses related to operational risks and regularly reviewing actions to reduce risks. The policy sets out the governance established, the quantitative and qualitative management framework, and the monitoring performed thus far.

It defines the operational risk management criteria, including:

- quantitative indicators: one historical indicator measuring the cost of risk, one forward indicator measuring the risk exposure, one individual indicator identifying the occurrence of major incidents to be reported to the regulator (Article 98), a specific individual indicator raising the alert on internal fraud events, and an operational risk management indicator measuring the progress of corrective actions;
- a qualitative indicator measuring the compliance with the governance of the framework;
- specific indicators monitoring Information and Communication Technology (ICT) risk, including cyber risk.

The operational risk management framework identifies, measures, monitors and controls the level of operational risks for all the Company's business lines and support functions in France and abroad.

3.2.6.2 Organization

The function in charge of monitoring operational risk ensuring the monitoring and management of risks arising from failures attributable to operating procedures, employees and internal systems or arising from outside events.

Its duties as described in the operational risk policies and procedures validated by the Natixis Operational Risk Committee include:

- recording incidents via a network of Operational Risk Officers across all business lines and support functions;
- analyzing serious incidents using an escalation process;
- mapping potential risks, both qualitatively and quantitatively, based on a risk self-assessment and audits carried out by the business lines;
- links with other control functions;
- establishing key risk indicators and environmental variables of a predictive nature.

The mechanism is managed by Natixis' Operational Risk Committee which determines the operational risk policy, monitors Natixis' operational risk exposure and makes final decisions on hedging and reduction. It is the operational extension of the executive body and of which it has full decision-making powers for issues within its area of responsibility. This Committee meets quarterly and is attended by the Finance Department, the Compliance Department, ITSS-BC and the Internal Audit Department. It is chaired by the Chief Executive Officer, the Chief Risk Officer (his substitute), with the Head of the Operational Risk Department acting as secretary. The standing members of the Operational Risk function, apart from the Head of the department, are the departments' Heads of Operational Risk and the Data & Methods Officer.

The Operational Risk Committees of the business lines and support functions are offshoots of Natixis' Operational Risk Committee, which closely manages the operational risk exposure of each scope. These committees are organized according to the function's governance matrix (location and business lines). They are facilitated by the Head of the Operational Risk Department acting as committee secretary. Each committee is chaired by the head or manager of the scope (business line or support function, depending on the entity) with the participation of operational managers, support function representatives and the dedicated compliance managers.

The structure of the function mirrors the organization of:

- the divisions under the responsibility of the operational risk managers;
- the foreign offices under the responsibility of the operational risk managers of the Americas, EMEA and Asia-Pacific platforms. They report hierarchically to the local Chief Risk Officer, and functionally to the Head of Operational Risk;
- the support and control functions under the responsibility of an operational risk manager covering—in addition to the activities within his or her remit—overall and systematic operational risks (loss of access to premises or information systems, or loss of employee availability) to which Natixis is exposed.

The function has some 70 staff members dedicated to operational risk management. Within their designated scopes (subsidiary, business line or support function), they are responsible for instilling the operational risk culture, recording and analyzing incidents, mapping risks, proposing and following up corrective actions, compiling reports and escalating information to management. Analyses are carried out across the Bank where the support or control functions are involved, or where the processes have an impact on teams, whether in the front, middle or back office.

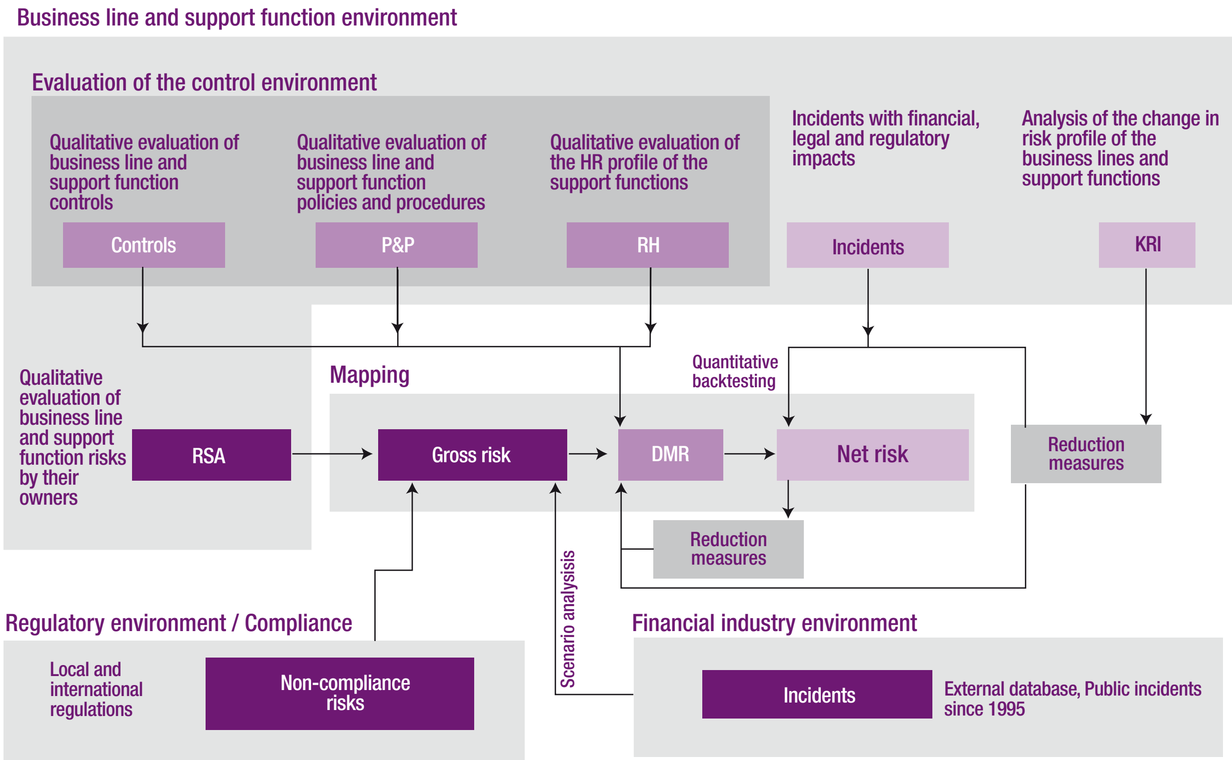
This framework is managed using a single information system that has been deployed across the Company's entities, business lines and support functions in France and internationally. It is available in French and English and hosts all the components of the operational risk oversight system (incidents, mapping of quantified potential risks, risk management systems, key risk indicators, corrective actions, committees, etc.). The accuracy of the information entered or approved by the operational risk managers is ensured through reconciliation with information from other functions (accounting, compliance, legal, IT Systems Security, data quality, insurance, etc.).

The capital requirements for operational risk are calculated using the standardized approach for all of Natixis' operational divisions. For the purposes of managing its economic capital, Natixis uses an internal methodology to obtain an overall estimation of its level of exposure to operational risk by business line entity, geographic region and certain major risk situations. The methodology relies on a value at risk (VaR) calculation based on risk mapping, factoring in identified incidents for backtesting and known external losses.

3.2.6.3 Operational risk monitoring

Risk mapping

Risk mapping is central to operational risk monitoring:



KRI: Key risk indicator
RMS: Risk management system
RSA: Risk self-assessment
HR: Human Resources
P&P: Policies and Procedures

Every year the department in charge of monitoring operational risks, in conjunction with the other control functions, works with each business line, entity and support function to map operational risks. The exercise involves identifying and descriptively analyzing risks, quantifying the risk situations (average frequency, average and maximum loss), and taking into account existing risk management mechanisms. This mapping is based on process analysis and is carried out for all the bank's activities. Its consistency is verified through backtesting, in other words by using the incident history, as well as external data where relevant.

The risk mapping process serves to identify Natixis' exposed business lines and its biggest risks in order to be able to manage them through corrective action and indicators.

The mapping of "global and systemic risks" (extreme risk situations occurring infrequently, such as major natural disasters, pandemics, and attacks) draws on external data on incidents in the financial industry, especially for establishing frequency. Also factored in are assumptions on unrealized net revenue items and the effectiveness of risk management mechanisms, as well as contingency and business continuity plans.

In addition to risk mapping, there are over 600 key risk indicators (KRIs) in place with corresponding limits, and which are monitored regularly. KRIs dynamically detect any changes in the operational risk profile and cover the seven Basel categories of loss-generating events. They apply either to Natixis (overall indicators), to the business lines, or to the support functions that, with the operational risk manager, set the indicators as relevant early warning indicators during the mapping process. These indicators are submitted to the Operational Risk Committee for approval. Any breach of their thresholds, that is the subject of a systematic alert, may trigger action to be carried out immediately or requiring committee approval.

Identifying losses and incidents

Recording and analyzing incidents

Incidents are recorded as they occur. Starting from an optional reporting threshold of €5,000 for the Corporate & Investment Banking and Asset Management business lines, and €1,500 for Specialized Financial Services, Insurance and Private Banking. A single definition of "serious incident" is used, in compliance with Groupe BPCE standards (€300,000 gross). All serious incidents (above the defined threshold or deemed serious by the business line and the Operational Risk Department) are reported immediately to the business line's management and to Natixis' Chief Risk Officer.

Following an investigation involving all relevant parties, the operational risk manager of the business line compiles a standardized full report, including a factual description of the event, the analysis of the initial cause, the description of the impact and the proposed corrective actions. At every level of the Company, the business line Operational Risk Committee review their serious incidents and decide on the application of corrective actions, determine the deadlines and associated deliverables, and monitor the progress of these actions. The entities and business lines can decide to apply these measures to their own threshold, which is lower than that of Natixis and consistent with its activity and level of risk.

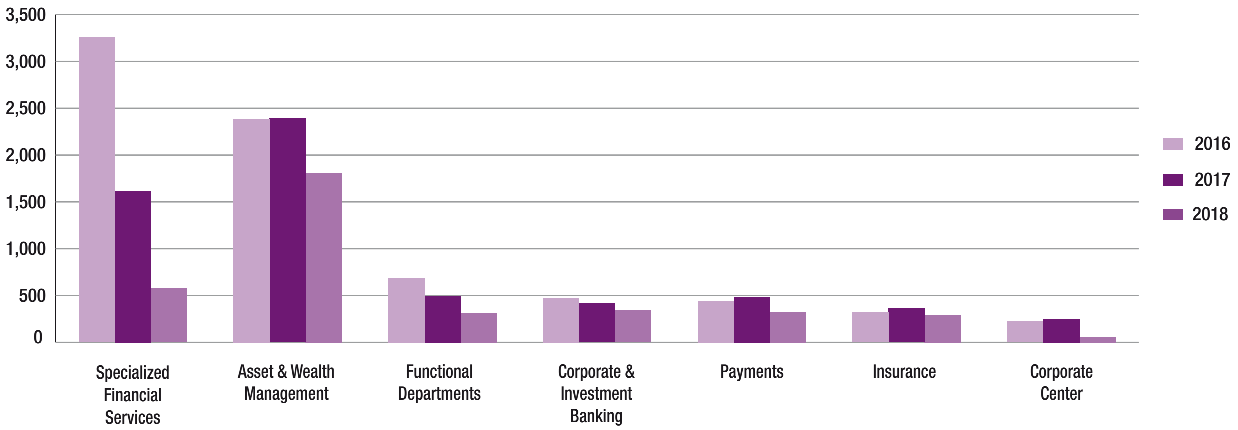
Most operational risk incidents occur frequently and have a low impact per incident.

Overall trend of reported incidents

In 2018, nearly 3,800 incidents that occurred in the year (representing 7,400 single incidents) were reported a single incident potentially comprising several individual incidents) were entered into the recording tool by the Natixis business lines. The application of reporting threshold has helped to reduce the number of declarations made since 2016, particularly in the Specialized Financial Services and Asset & Wealth Management business lines and the cross-business functions.

3

BREAKDOWN OF REPORTED INCIDENTS BY BUSINESS AND DATE



BREAKDOWN OF REPORTED INCIDENTS BY NET AMOUNT BY DATE AND BASEL CATEGORY

Measures to reduce risk

Natixis has implemented measures in every business line and support function to monitor the corrective actions to reduce the Bank's exposure to operational risks. Nearly 64% of the almost 450 corrective actions initiated in 2018 were implemented by the business lines in charge and are monitored by the business line and central Operational Risk Committees. These actions, defined to reduce and resolve operational risk, are ranked by priority depending on the risks incurred. An alert system has been set up to prompt assessment by the Natixis Operational Risks Committee of any delays in implementing first-level corrective actions.

3.2.6.4 Risk profile

In 2018, a risk analysis was performed on all of Natixis' business lines and support and control functions. Verifying consistency with the results from internal audits and the results of permanent controls highlighted the most important risks for each scope and helped prioritize corrective measures to be implemented in order to improve the risk management mechanism. The Corporate & Investment Banking business lines represent the majority of risks under review owing to the extensive nature of the division's activities and operations in both France and internationally.

Natixis' risk profile features two main risk categories in terms of high potential impact: business line risk, concentrated under Corporate & Investment Banking, and overall risk (cyber, regulatory, loss of access to premises or information systems, or of availability of employees) to which the Company as a whole is exposed. Tailored risk management mechanisms have been introduced to cover these risks, including the safeguarding of procedures and controls, raising employee awareness, Business Continuity Plans, IT Systems Security and insurance policies.

3.2.6.5 Operational risk insurance

Reporting to the Natixis Insurance division, the Groupe BPCE Risk Insurance Department is responsible for:

- analyzing insurable operational risks;
- taking out appropriate insurance coverage (direct insurance and/or transfer).

Natixis and its subsidiaries benefit from the guarantees provided in the following main insurance programs:

- covering its insurable operational risks; and which are pooled with Groupe BPCE (with the exception of the risk described in point a) below);
- A combined "Global Banking (Damages to Valuables and Fraud)" & "Professional Liability" policy with a total maximum payout of €148 million per year of insurance (of which €133 million has been pooled with Groupe BPCE), of which:
  - **a)** €15 million per year, combined "Fraud/Professional Civil Liability" insurance available, subordinate to the amounts guaranteed set out in b) and/or c) and/or d) below,
  - **b)** €38 million per claim and per year, solely reserved for "Global Banking" risk,
  - **c)** €25 million per claim and per year, solely reserved for "Professional Civil Liability" risk,
  - **d)** €70 million per claim and per year, combined "Global Banking/Professional Civil Liability" insurance available in addition to or after use of the amounts guaranteed set out in b) and/or c) above.

  The maximum amount that can be paid out for any one claim under this arrangement is €109.50 million under "Professional Civil Liability" coverage and €109 million under "Fraud" coverage in excess of the applicable deductibles.
- "Regulated Intermediation Liability" (in three areas: Financial Intermediation, Insurance Intermediation, Real Estate Transactions/Management) with a total maximum payout of €10 million per claim and per year;
- "Operating Liability" covering €100 million per claim, as well as a "Subsidiary Owner Civil Liability"/"Post Delivery-Reception Civil Liability" coverage extension for up to €35 million per claim and per year of insurance;
- "Company Directors Liability" for up to €200 million per claim and per year of insurance;
- "Property Damage to Offices and to their content" (including IT equipment) and the consecutive "losses in banking activities", for up to €400 million per claim;
- "Protection of Digital Assets against Cyber-Risks" & the consecutive "losses in banking activities", for up to €140 million per claim and per year of insurance.

This coverage extends worldwide for initial risk or umbrella risk, subject to certain exceptions, mainly in terms of "Professional Civil Liability" where the policy does not cover permanent institutions based in the United States (where coverage is obtained locally by Natixis' US operations).

All the insurance policies mentioned above were taken out with reputable, creditworthy insurance companies. All the insurance policies mentioned above are purchased with deductibles (accepted retention level) in accordance with Natixis' retention capacity.

3.2.7 BALANCE SHEET MANAGEMENT

3.2.7.1 Governance and organization structure

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Natixis' structural balance sheet risks are managed and monitored under the authority of the Asset/Liability Management Committee **(ALM Committee)**, which is chaired by the Chief Executive Officer and composed of the members of the Senior Management Committee in charge of Finance, Risks and the Corporate & Investment Banking division, the Head of the Joint Refinancing Pool, the Head of Financial Management and BPCE's Head of Asset/Liability Management. The Committee meets every two months and is mainly responsible for:

- defining and monitoring Natixis' ALM;
- approving the major principles in terms of structural balance sheet risks (structure, delegation of authority, fund transfer pricing, etc.) in compliance with the standard ALM framework set up by BPCE;
- validating ALM assumptions and conventions underlying calculations for metrics used to manage and monitor ALM risks;
- validating internal limits with respect to ALM indicators, the overall Group limits being defined by BPCE;
- validating the overall funding policy in conjunction with the BPCE ALM Committee;
- supervising structural balance-sheet risks, including managing excessive leverage risk since 2015;
- supervising the main balance sheet aggregates and their development;

The ALM Committee monitors:

- the banking book of Natixis and its main credit subsidiaries for overall interest rate risk;
- Natixis' entire scope of consolidation for liquidity risk (excluding insurance subsidiaries, which do not present intrinsic liquidity risks and which are monitored and managed separately in respect of ALM risks);
- Natixis' entire consolidation scope for structural foreign exchange risk.

In the interest of fulfilling its duties and in order to apply the main principles of ALM management and control, the ALM Committee delegates certain operational tasks to:

- **the Financial Management Department:**
  - **the ALM Department** is responsible for updating the ALM principles, standards, conventions and limits. It submits them to the ALM Committee for approval under the oversight of the Risk Division and supervises structural ALM risks on a consolidated basis while verifying the overall consistency of the ALM system. The department is also in charge of ALM, regulatory liquidity ratios and the leverage ratio *(see Section 3.3.5)*,
  - **the Treasury Department and the joint refinancing pool**, which came under the authority of the Financial Management Department in 2017 *(see Section 3.2.7.2)*, are responsible for covering the funding requirements of the business lines, providing operational management of liquidity risk in accordance with applicable risk mandates and limits, implementing the Natixis medium-term refinancing policy adopted by the ALM Committee, and operationally managing compliance with the regulatory liquidity ratio;
- **the Risk Division**, in charge or reviewing ALM conventions and limits, informing the Market Risk Committee of the validation of overall interest rate risk limits applied to Capital Markets activities within the banking scope, and performing Level 2 controls of ALM and the Treasury Department's indicators;
- subsidiaries afforded a measure of leeway in terms of management and which implement local governance and a dedicated ALM mechanism, such as a **local ALM Committee**, and oversee their structural ALM risks, placed under the general supervisory authority of the ALM Committee.

3.2.7.2 Management of liquidity and funding risk

Targets and policy

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Natixis is affiliated with the central institution of the Caisses d'Epargne and the Banques Populaires banks (BPCE), as defined by the French Monetary and Financial Code. Article L.511-31 of the French Monetary and Financial Code stipulates that central institutions are credit institutions and, as such, they must oversee the cohesion of their network and ensure the proper operation of affiliated institutions and companies. To this end, they take any necessary measures, notably to guarantee the liquidity and capital adequacy of all such institutions and companies as well as the network as a whole.

In light of the commitments Groupe BPCE has made to the supervisory authorities to ensure and guarantee the liquidity of the bank as lender of last resort, Natixis remains under the supervisory authority of BPCE.

This supervision is implemented through governance and an overall liquidity risk management and monitoring system that is adapted, shared and harmonized by all affiliates, and whose main guidelines have been set forth by Groupe BPCE's ALM Committee.

Natixis' liquidity risk management policy is an integral part of the Group's policy. It sets out to optimize Natixis' activities within a clear, shared and standardized framework in terms of governance and ALM regulations, and in line with the Group's risk constraints.

Furthermore, since mid-2011, Natixis' funding structure has relied on a Joint Refinancing Pool shared by Natixis and BPCE. Placed under the authority of the Group ALM Committee, this platform was implemented in order to secure the Group's financing and optimize the management of collateral and allocation of liquidity within the Group in accordance with predefined rules, with the aim of limiting the use of market financing and reducing funding costs.

In particular, responsibilities for debt issues are as follows: BPCE is in charge of Natixis' medium and long-term funding for public and private sector senior or subordinated vanilla funding transactions; Natixis is the MLT issuer for Groupe BPCE in all structured private sector refinancing transactions.

The purpose of the overall liquidity risk management policy is to:

- ensure that Natixis meets its loan commitments while ensuring that its funding needs and maturity transformation are in line with the Group's short- and medium-term refinancing capacities;
- optimize funding costs within established risk constraints to help reach profitability targets;
- observe the internal limits set in close cooperation with BPCE and adapted to the Group's ability to meet Natixis' ultimate liquidity needs;
- comply with national and international regulations;
- help diversify the sources of funding raised by Groupe BPCE (by geographic area, product and counterparty); and specifically to promote inflows of non-financial resources.

Monitoring system

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Liquidity risk is controlled, managed and monitored as follows:

- management of each business line's funding needs: to manage the bank's funding needs, liquidity budgets are allocated for each business line as part of the budgetary procedure and approved by the ALM Committee. Consumption is monitored weekly for Corporate & Investment Banking business lines and monthly for other business lines;
- management of the bank's contribution to Groupe BPCE's net market footprint: the objective is to match the liquidity allocation system with the Group's strategic ambitions and operational oversight;
- management of short-term maturity transformation, which is measured using liquidity gaps. This indicator is produced daily for a 365-day period in one-day intervals for all parent company transactions, including some subsidiaries. It is subject to four permanent limits approved by the ALM Committee and monitored daily, on overnight market exposure at opening, on the 60-day, 150-day and 330-day static liquidity gaps;
- management of medium-term maturity transformation, which is performed using coverage ratios that are defined by maturity tranche, such as the ratio of assets that have not yet matured to liabilities that have not yet matured. These ratios are calculated for long-term cash assets, credit subsidiaries housing medium-term activities, and for Natixis on a consolidated basis, and are restricted by the minimum coverage ratios approved by the ALM Committee and monitored monthly. Furthermore, in compliance with regulations and within the framework of the Bank's risk appetite, since 2015 Natixis has set up governance as well as a global limit and an alert threshold applied specifically to a coverage ratio, proposed by the ALM Committee and validated by the Board of Directors;
- management of the Bank's contribution to the short-, medium- and long-term transformation of Groupe BPCE. This is measured on the basis of Natixis' consolidated liquidity gaps subject to limits at 60 days, 5 months, 11 months and 5 years. These indicators are produced on a monthly basis;
- simulations of liquidity stress scenarios: the purpose of these scenarios is to measure the Group's ability to continue meeting its commitments and operating in the event of a liquidity crisis. Natixis periodically simulates its contribution to the Group's stress results based on different crisis scenarios (systemic, specific, combined, etc.) and different levels of intensity (moderate, strong, extreme, etc.) over one-, two- and three-month periods for which assumptions are set by BPCE;
- funding structure: the funding structure is monitored to ensure that resources are well diversified, by type of counterparty, by market segment and by geographic area, in order to mitigate all concentration risk *(see section on funding principles and structure on the following page)*.
- market depth tests conducted by the Joint Refinancing Pool: these liquidity tests aim to explore the limits established by our counterparties on our issues.

Contingency funding plan under liquidity stress

(Data certified by the Statutory Auditors in accordance with IFRS 7)

The aim of this Contingency Funding Plan ("CFP under Liquidity Stress") is to ensure that, in the event of a liquidity crisis altering the Group's ability to obtain funding, all resources are used in a coordinated and optimized manner to allow the Group to meet its current and future financial obligations and thus maintain business continuity.

Given that Natixis is supervised by BPCE, in its capacity as the central institution, and given the close interactions between BPCE and Natixis in terms of liquidity management within the framework of the joint refinancing pool *(see section 3.9.2.1)*, this plan is defined in accordance with the Groupe BPCE business continuity plan, in the event of a crisis affecting access to liquidity for Natixis, BPCE and/or the entire banking system.

A governance system (dedicated teams and Committees, activation and deactivation rules, reporting and communication procedure, etc.) and remediation plans to enhance liquidity and reduce funding requirements are defined and documented. In addition, the BCP is regularly tested to ensure that it is operational, in accordance with regulations.

Funding principles and structure

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Funding strategy

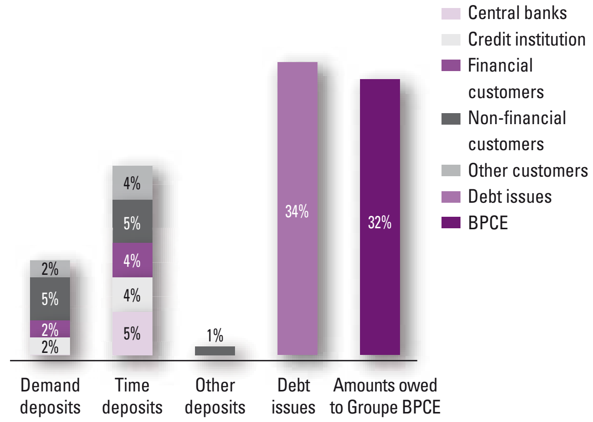
Furthermore, since mid-2011, Natixis' funding structure has relied on a Joint Refinancing Pool shared by Natixis and BPCE, as indicated in section 3.2.7.2. Placed under the authority of the Group ALM Committee, this platform was implemented in order to secure the Group's financing and optimize the management and allocation of liquidity within the Group in accordance with predefined rules, with the aim of limiting the use of market financing and reducing funding costs.

The diversification strategy now needs to be taken on board at Group level; Natixis is not the Group's only strategic arm. The strategy aims to extend the Group's financing sources by geographic zone, currency, product and counterparty, so as to limit its stock market footprint while restricting the so-called "market" liquidity needs of consumer business lines. As for Natixis, implementing this strategy will notably involve structured issues made via private placement, as well as deposit taking via corporate bonds in Europe and Asia.

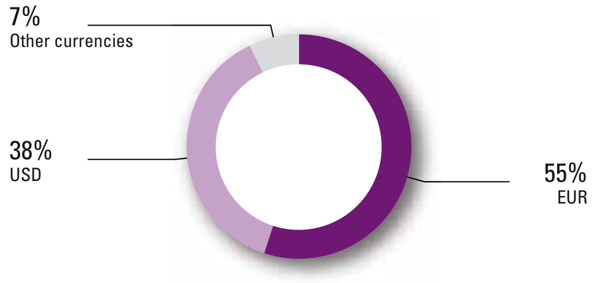
The diversification strategy that has been underway for several years now was further fortified in 2018, when liquidity remained abundant and fluid liquidity—particularly for the US dollar—but long-term liquidity spreads rose, in step with the adjustment in investor risk premiums to international conditions (trade tensions between the US and China, Italy, Brexit, economic slowdown, etc.).

The following charts are established for information purposes on the basis of management data at year-end.

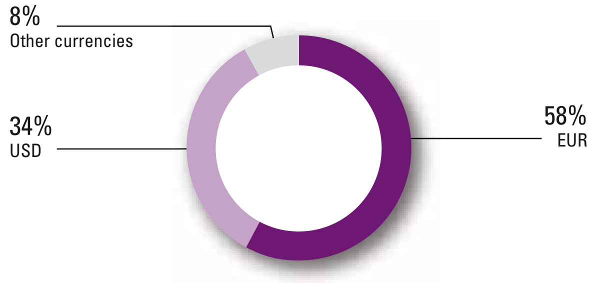
■ WEIGHT OF GROSS ON-BALANCE SHEET FUNDING SOURCES BY MAJOR CATEGORY OF VEHICLE AND/OR BY CUSTOMER SEGMENT AT END-2018 REPORTING DATE
Sources: Management data



■ BREAKDOWN OF GROSS FUNDING STRUCTURE BY CURRENCY, AT CURRENT USD EXCHANGE RATES — 31/12/2018

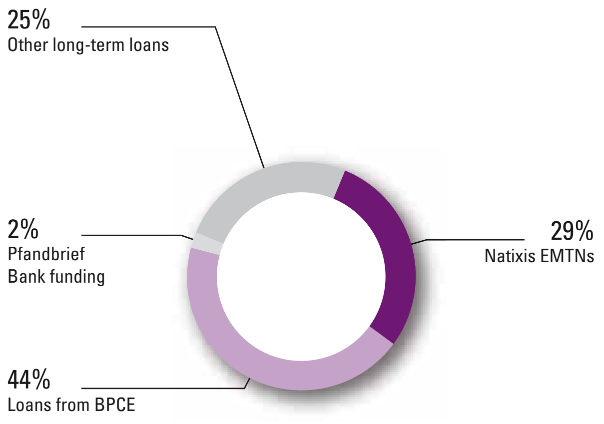


■ BREAKDOWN OF GROSS FUNDING STRUCTURE BY CURRENCY, AT CURRENT USD EXCHANGE RATES — 31/12/2017

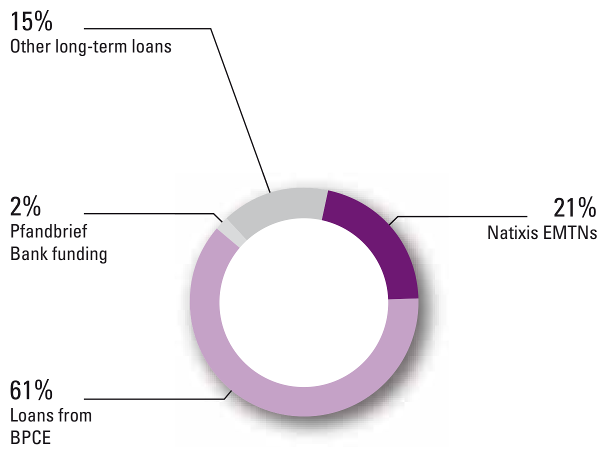


Under its annual medium-term funding program in 2018, Natixis raised €11 billion net in resources with a term of more than one year (net the value of buybacks and calls) versus €10.6 billion in 2017. 29% of this program was achieved via structured private placements, with the remainder predominantly provided by BPCE as part of the Group's medium-term funding policy approved by the Group ALM Committee.

2018 NET MLT FUNDING PROGRAM



2017* NET MLT FUNDING PROGRAM



** Proforma 2018.*

Bank funding

Short-term funding

2018 was a year of stark contrasts on the financial markets. The euphoria at the start of the year, fueled by US fiscal stimulus plans, gradually gave way to concerns about the reorganization of world trade, political turmoil in Europe and the Brexit process.

As expected, the Fed raised its interest rates at the end of each quarter of 2018. US long-term interest rates initially responded to the Fed's intervention, peaking at 3.24% at the beginning of November. The sharp reversal of equity markets at the end of 2018 also led to a flattening of the yield curve. This movement suggests that the market anticipates a slowdown in US economic activity in the coming years.

This uncertain economic environment is putting pressure on the Fed's decision to consider three further interest rate hikes in the next two years. Furthermore, the Fed will probably have to soften its program to shrink its balance sheet initiated at the end of 2017 in the event of a major economic slowdown.

In Europe, the ECB still seems confident in its scenario of a gradual pick-up in inflation and confirmed the end of its balance sheet expansion in 2019. However, the global slowdown could stop it from implementing an exit from negative interest rates in the fall.

Until now, the monetary environment has favored the Group's short-term dollar issues. This is likely to continue because, due to the flattening of the yield curve, many investors are abandoning the long end and buying shorter maturities instead. In the Euro zone, the search for yield will undoubtedly encourage money market investors wanting to limit the cost of negative rates to continue to favor the longer portion (around one year) of their investment universe.

NATIXIS' SHORT-TERM ISSUANCE PROGRAM OUTSTANDINGS

(in millions of euros or euro equivalents)	Certificates of deposit	Commercial papers
Program amount	45,000*	18,981
Outstandings at 31/12/2018	25,100**	9,343

* NEU CP program only.

** Outstandings of the NEU CP and US CD programs.

Long-term funding

In 2018, the Fed was able to make four 25 bp increases in key rates on the back of the strength of the US economy (2018 growth expected to reach 2.9% and inflation 1.9%). Long-term rates (10Y US Treasuries) were on an upward path from the start of the year and reached a high of 3.24% in early November (+83 bp) before ending the year down at 2.68%. This fall at the end of the year reflects the markets' expectations of a slowdown in the global economy in the coming months against a backdrop of US-China trade disputes. Recent macroeconomic figures for December confirm this downward trend, with the China Manufacturing PMI at 49.7 (a reading below 50 means that activity is contracting) and the US Manufacturing ISM index at 54.1 (vs. 59.3 in November).

In Europe, attention has been focused on Prime Minister Theresa May's negotiations over Britain's departure from the European Union. The Brexit issue is still uncertain. Italy was also a central focus after the new Italian government submitted a 2019 budget showing a deficit in excess of -2% (vs. the -0.8% announced by the previous government). The 10Y Bund-BTP spread, which was 162 bp at the start of the year, closed at 252 bp in 2018.

Meanwhile, the ECB halted its quantitative easing (QE) bond-buying program in December, as expected. However, the €2,600 billion stockpile of government and corporate bonds held by the ECB will be maintained since the central bank is committed to reinvesting cash from maturing debt for an indefinite period.

On the European credit market, core banks' senior unsecured spreads trended upwards throughout the year with an acceleration from November onwards. The banks' significant refinancing needs in 2019, particularly in anticipation of the maturity of the first TLTRO II bonds in June 2020, explain the widening of spreads. The spread on five-year senior unsecured debt issued by French banks ended the year at Euribor3M +56 bp, an increase of +41 bp. The non-preferred debt (MREL/TLAC eligible) for these same banks was less resilient, with the spread widening +70 bp.

In these market conditions, Natixis raised a gross total of €17.6 billion in funding in 2018 (excluding self-held securities) under its medium- and long-term refinancing program. As the only long-term issuer in the public issues segment, BPCE provided Natixis with financing for a total euro-equivalent amount of €4.8 billion.

ISSUES AND OUTSTANDINGS OF NATIXIS' MEDIUM- AND LONG-TERM DEBT ISSUANCE PROGRAMS

(in millions of euros or euro equivalents)	EMTN	NEU MTN	US MTN	Bond issues
Issues at 31/12/2018	8,748	510	70	4,548
Outstandings at 31/12/2018	16,885	694	214	10,146

3.2.7.3 Structural foreign exchange risk

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Targets and policy

Given the presence of risk-weighted assets in foreign currencies (mostly USD), the aim of Natixis' structural foreign exchange risk policy is to protect the Common Equity Tier 1 ratio (CET 1) against exchange rate fluctuations. To this end, it establishes a "structural" foreign-exchange position that is restated for translation adjustments when it purchases foreign currencies to fund strategic long-term net investments in foreign entities, while non-strategic net investments in local currencies are funded with loans.

Monitoring system

The CET 1 ratio's sensitivity to exchange rate fluctuations is regularly assessed by the ALM Committee.

STRUCTURAL FOREIGN EXCHANGE POSITION

	Structural change	
(in billions of euro equivalents)	Position at market opening (01/01/2018)	Position at market close (31/12/2018)
USD	4,565	4,313
AUD	211	234
GBP	99	202
DZD	154	184
SGD	99	94
CNY	60	60
HKD	89	55
BRL	46	46
RUB	45	39
JPY	18	29
Other	52	47
TOTAL	**5,438**	**5,303**

3.2.7.4 Overall interest rate risk

General policy

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Natixis' policy for managing overall interest rate risk is not aimed at structurally holding directional interest rate positions in the banking book over the long term.

Barring exceptions, fixed-rate financial assets and liabilities are returned against bank offered rates via interest rate swaps and are predominantly housed in Treasury portfolios subject to ongoing management of interest rate risk. Accounting treatment of the hedging system is in accordance with international accounting standards.

Overall interest rate risk management system

(Data certified by the Statutory Auditors in accordance with IFRS 7)

This risk is measured in terms of the sensitivity of a portfolio's economic value by bp on the yield curve and by currency. For the largest portfolios it is controlled through limits approved and monitored by the Market Risk Committee, chaired by the CEO. In accordance with the French Ministerial Order of November 3, 2014, an overall limit was also defined and approved by the Board of Directors.

The Treasury Department, which centralizes most positions, also performs yield curve distortion stress tests which are also governed by limits.

These stress tests aim to estimate potential economic losses in the event of extreme market configurations. They are performed daily in the management systems and were defined to account for differentiated or non-differentiated shocks on the IBOR, OIS, deposit and repo curves with steepening and/or translation scenarios.

The Risk Division calculates indicators and monitors limits daily for Treasury and monthly for balance sheet management operations and credit subsidiaries.

The Bank's interest rate management system relies on the measurement of economic sensitivity within the bounds of an overall limit. It is also supplemented by two other measurements that are periodically reported to the Group as part of the overall interest rate risk monitoring consolidation process: interest rate gap measurements (fixed-rate assets-liabilities) and measurements of NII sensitivity to interest rate variations.

Quantitative disclosures

(Data certified by the Statutory Auditors in accordance with IFRS 7)

The sensitivity of Natixis' main entities to interest rates variations represented a total of €2.44 million (for an immediate parallel shift of 1 bp on the yield curve) at December 31, 2018. This sensitivity is primarily due to the effect of the spread on USD accreting transactions.

MEASURE OF SENSITIVITY TO A +1 BP VARIATION IN INTEREST RATES BY MATURITY AT DECEMBER 31, 2018

(in thousands of euros)	< 1 year	1-5 years	> 5 years	Total sensitivity
EUR	(145)	33	(37)	(149)
USD	332	89	2,022	2,441
Other	29	(18)	132	144

Interest rate gap indicators factor in all asset and liability positions and variable-rate positions until the next interest reset date: they compare the amount of liability exposures to the amount of asset exposures using the same interest rate index and over different maturities.

The maturity schedule is determined statically. The interest rate gap indicator is calculated quarterly.

INTEREST RATE GAP BY MATURITY AT DECEMBER 31, 2018

Maturity *(in millions of euros)*	1 year	3 years	5 years	7 years
Interest rate gap (fixed-rate)	276	(1,734)	(607)	(77)

Finally, Natixis analyzes the sensitivity of net interest income (ΔNII) to changes in market interest rates using NII stress tests. At December 31, 2018, the sensitivity of the Bank's NII to changes in interest rates was as follows:

NII SENSITIVITY AND ECONOMIC VALUE OF EQUITY (IRRBB—TABLE B)

	ΔEVE		ΔNII	
Period from 31/12/2017 to 31/12/2018 *(in millions of euros)*	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Parallel upward shift (+200 bp)	437	331	162	159.3
Parallel downward shift (-200 bp)	(633)	(467)	(158)	(159.3)

Given its nature, overall interest rate risk is a marginal risk for Natixis and calls for no special comments.

The Basel 2 normative shock (immediate +/-200 bp shift in the yield curves) would lead to a variation of -€633 million in the portfolio's economic value for a 200 bp decline in interest rates at December 31, 2018. The sensitivity of Natixis' NII to interest rate variations under various stress scenarios in 2018 was relatively low and stable. In the event of a parallel upward shift of +200 bp in the yield curve, sensitivity, as calculated in Groupe BPCE's software, was positive and represented less than 1.5% of CET1.

3.2.7.5 Breakdown of financial liabilities by contractual maturity

(Data certified by the Statutory Auditors in accordance with IFRS 7)

BREAKDOWN OF FINANCIAL LIABILITIES BY CONTRACTUAL MATURITY

	31/12/2018										
(in billions of euros)	Par value	Total K+i	Demand	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Undated
Due to central banks	0.0	0.0									0.0
Other financial liabilities held for trading purposes —excluding trading derivatives	124.3	124.7	15.2	63.5	9.9	1.8	4.1	1.4	3.7	4.3	20.8
o/w repurchase agreements	*90.8*	*90.9*	*15.2*	*63.4*	*9.4*	*0.5*	*1.0*	*0.0*	*0.9*	*0.5*	
Secured debt	-	-	-	-	-	-	-	-	-	-	
Unsecured debt	-	-	-	-	-	-	-	-	-	-	
Financial liabilities at fair value through profit or loss	26.7	28.7	-	1.7	7.3	2.6	3.4	3.1	6.6	4.0	
o/w repurchase agreements	-	-	-	-	-	-	-	-	-	-	
Secured debt	*0.9*	*1.0*	-	-	*0.1*	*0.0*	*0.0*	*0.8*	*0.0*	*0.0*	
Unsecured debt	*21.2*	*23.1*	-	*1.4*	*2.9*	*2.6*	*3.3*	*2.3*	*6.6*	*4.0*	
Trading derivatives	57.2	57.2									57.2
Hedging derivatives	0.7	0.7									0.7
Due to banks	75.3	76.8	5.9	14.6	14.6	4.8	6.0	9.8	17.8	3.0	0.2
o/w repurchase agreements	*8.8*	*8.7*	*1.5*	*1.5*	*4.7*	-	-	*1.1*	-	-	
Customer deposits	38.1	36.0	15.9	5.2	3.9	1.3	5.5	0.8	0.4	1.0	2.2
o/w repurchase agreements	*0.1*	*0.1*	*0.0*	*0.1*	-	-	-	-	-	-	
Debt securities	36.2	36.5	-	6.4	12.2	8.5	5.3	1.0	2.4	0.7	
o/w covered bonds	*1.3*	*1.3*	-	*0.0*	*0.0*	*0.1*	*0.1*	*0.1*	*0.7*	*0.3*	
Reevaluation adjustments on portfolios hedged against interest rate risk	0.0	0.0									0.0
Subordinated debt	4.0	4.3	-	0.0	0.0	0.0	0.0	0.1	2.9	1.2	0.0
TOTAL	**362.5**	**364.9**	**37.0**	**91.4**	**48.0**	**19.0**	**24.2**	**16.2**	**33.9**	**14.3**	**81.0**

NB. The table does not take account of the run-off of insurance technical reserves, financial commitments or financial guarantees granted.

In accordance with accounting standard IFRS 7, it also excludes miscellaneous debts, accrued liabilities, general provisions, shareholders' equity (including issues of tier one hybrid securities reclassified as equity in the consolidated accounts under IAS) and reserves.

The information contained in the above table excludes insurance activities.

Liabilities *(in billions of euros)*	Due to central banks31/12/2017									
	Total	Demand	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Undated
Due to central banks	-	-	-	-	-	-	-	-	-	-
Other financial liabilities at fair value through profit or loss	87	2	22	15	3	3	3	8	5	26
o/w repurchase agreements	*35*	*2*	*21*	*10*	*1*	*-*	*-*	*1*	*-*	*-*
o/w secured debt	*1*	*-*	*-*	*-*	*-*	*-*	*-*	*1*	*-*	*-*
o/w unsecured debt	*21*	*-*	*1*	*2*	*2*	*2*	*2*	*7*	*5*	*-*
Trading derivatives	60	-	-	-	-	-	-	-	-	60
Hedging derivatives	1	-	-	-	-	-	-	-	-	1
Due to banks	105	13	27	17	5	14	6	20	3	-
o/w repurchase agreements	*20*	*5*	*7*	*6*	*1*	*1*	*-*	*-*	*-*	*-*
Customer deposits	96	27	40	11	4	6	1	-	2	5
Debt securities	33	-	6	10	6	9	1	1	-	-
o/w covered bonds	*1*	*-*	*-*	*-*	*-*	*-*	*-*	*1*	*-*	*-*
Subordinated debt	4	-	-	-	-	-	-	3	1	-
TOTAL	**385**	**42**	**96**	**54**	**18**	**31**	**11**	**31**	**10**	**92**

The information contained in the above table excludes insurance activities.

3.2.8 COMPLIANCE RISK

See 3.2.2 Governance and risk management system—Risk typology for a definition of compliance risk

3.2.8.1 Organization of the Compliance Department

The Compliance Department oversees compliance risk prevention and mitigation measures, as well as corruption prevention measures. It also oversees IT Systems Security (including personal data protection) and business continuity. Its scope of action encompasses Natixis and its subsidiaries and branches in France and abroad, thanks to its functional structure.

Responsibilities

The Compliance Department advises and assists all Natixis employees on how to prevent compliance risks when performing their duties. It plays a key role in implementing the principles set out in the Natixis Code of Conduct *(see 6.2 The Code of Conduct and its implementation)*, which are also included, as regards compliance, in the Compliance Manual.

Accordingly, the Compliance Department participates in establishing standards, policies and procedures, and issues its opinion, particularly regarding supervision of new business, products and organizations.

It also performs a regulatory watch and works with the Human Resources Department on staff training. In 2018, the Compliance Department continued to step up its training and awareness-raising initiatives covering the many changes to the regulations in areas such as the prevention of money laundering and terrorist financing, the prevention of corruption, the general data protection regulation, the Natixis Code of Conduct, professional ethics, the French law on the separation and regulation of banking activities and the Volcker Rule. More than 107,000 training or awareness-raising initiatives were carried out, through classroom training or e-learning.

The Compliance Department is responsible for coordinating first-level permanent controls of compliance risks. It sets up and implements second-level permanent controls to ensure that procedures are applied within the business lines and that compliance risks are mitigated, as part of a risk-based approach *(see 3.2 Organization of Natixis' internal control system)*. To this end, the Compliance Department maps compliance risks and ensures the resolution of anomalies detected by the relevant business lines.

The Compliance Department reports to the members of Natixis' Senior Management Committee and the Board of Directors (Risk Committee) on the main risks detected, and on the implementation and effectiveness of the measures to address these risks. It helps draft the reports required by regulators and acts in accordance with the rules set out by Groupe BPCE.

Functional structure

The Compliance Department reports to the Corporate Secretary and functions independently of the operational departments. At Natixis S.A. level, the compliance managers of the business lines report hierarchically to Natixis' Chief Compliance Officer. There is a direct reporting line between Natixis' Chief Compliance Officer and the subsidiary compliance managers, and a strong functional link with the branch compliance managers (particularly for prior approval of the reporting line, appointment or withdrawal of subsidiary compliance managers, participation in annual performance and career advancement appraisals, approval of annual work plans, and with respect to the duty to alert and report to the Compliance Department).

The operating rules of the Compliance Department are set out in a charter approved by Natixis' Senior Management Committee.

Tools

The Compliance Department is equipped with a set of tools to cover all the areas within its remit, namely:

- behavioral analysis tools, used in conjunction with KYC tools, to detect money laundering and internal fraud and prevent terrorist financing;
- data-comparison systems to verify client databases and filter transactions to ensure compliance with embargoes;
- tools to track sensitive transactions, keep insider lists, manage conflicts of interest and detect instances of market abuse.

3.2.8.2 Employees and professional ethics

Conflicts of interest

Conflicts of interest are prevented by:

- using risk maps to identify situations posing a risk of conflict of interest;
- setting up and monitoring of information barriers;
- checking compensation policies;
- being compliant with the rules of good conduct applicable to Natixis staff; and
- staff training.

Conflict of interest is managed through:

- compliance with the conflict of interest prevention framework;
- cooperation among the business lines, Compliance and Management in order to identify and manage conflicts of interest;
- close monitoring by Compliance with the help of a transactional conflict detection tool; and
- an escalation process for mediating unresolved conflicts of interest if needed.

Whenever the risk of compromising a customer's interests becomes unavoidable in spite of the internal procedures in place, Natixis informs the customer of the nature of the conflict of interest before taking action on the customer's behalf, allowing the customer to make an informed decision on whether to proceed with the transaction.

Circulation of information

Information barriers are put in place and reviewed each time the organizational structure changes in order to prevent the unwarranted circulation of confidential information. These barriers function as partitions between business lines and departments, setting limits to the circulation of information on a need-to-know basis. As such, information is transmitted only in the customer's interest and only to employees who absolutely require the information to carry out their duties. These barriers may be organizational, physical or electronic and may be permanent or temporary. Natixis has set up a permanent information barrier separating its Asset Management business activities within Natixis Investment Managers from its other activities.

Pursuant to regulations in force, the entry of sensitive transactions into ODEON allows Compliance to rapidly identify issuers to be placed on the watchlist or on the prohibition list, as well as employees to be placed on the insider list.

3.2.8.3 Customer protection

The protection of customers' interests is a core concern for Natixis that is reflected in the policies of every entity in France and abroad. In all circumstances, employees are required to serve customers with diligence, loyalty, honesty and professionalism, and to offer financial products and services that are appropriate to customers' abilities and needs.

Accordingly, and in the interests of maintaining a high level of customer protection, at the end of 2017 Natixis began a cross-functional review of its permanent control system covering this theme. The review was completed in 2018 and resulted in the strengthening of procedures and the introduction of additional controls.

The entry into force of MiFID 2, PRIIPS and IDD required adapting the various customer information and knowledge systems. To find out more about the protection of customers' personal information see section 3.2.8.6. Protection of personal data.

Customer information

There is a customer information procedure encompassing all the MiFID 2 obligations on customer onboarding, as well as the pre- and post-trade information due to customers according to their MiFID category.

There is also a specific procedure on costs, expenses, and on key information documents for packaged products to be provided to non-professional customers pre-trade, thus ensuring Natixis' compliance with PRIIPS obligations.

Know Your Customer (KYC)

The procedures for customer onboarding are in line with the various regulatory requirements governing the prevention of money laundering and terrorist financing and compliance with embargoes and sanctions (AML-CTF), the prevention of corruption (Sapin II) and the prevention of tax avoidance (FATCA and AIE). The onboarding procedures are also designed to protect customers (through compliance with MiFID, EMIR and the Dodd-Frank Act).

In 2018, Natixis began the roll-out of a new customer onboarding tool named Client Pass. It is installed in all of Corporate & Investment Banking's offices and is part of a program to digitize the onboarding process. This includes the introduction of an Internet portal that customers can use to enter information online.

Handling of customer complaints

This framework ensures that:

- customers receive transparent information on how their complaints are being handled;
- complaints are handled effectively; and
- corrective action is enforced to remedy any problems identified.

Market integrity

In accordance, with the requirements of the EU regulation on market abuse, Natixis has set up a framework for detecting transactions likely to constitute market abuse, incorporated within its internal control system. Alerts are processed and potential cases of market abuse are analyzed by a surveillance tool and dedicated teams. Transactions that could constitute market abuse are reported to the French Financial Markets Authority (AMF) and to local regulators, in accordance with the regulations in force. The framework is currently being updated, a process that should be completed by the end of 2019, to strengthen its analysis and detection capacity. The version upgrade of the Actimize tool (MSE) for CIB is also part of this process.

3.2.8.4 Financial security

Natixis' financial security was ramped up in numerous ways in 2018:

- its teams were expanded and a project team tasked with managing key projects was created;
- initiatives aimed at safeguarding international financial sanction compliance systems were launched or maintained;
- the Financial Security Supervisory Committee (AMLSOC) for France and abroad, the parent company, subsidiaries and branches continued to gain momentum.

Reporting to Compliance management, the Financial Security Department manages the anti-money laundering and counter-terrorist financing (AML/CTF), corruption and fraud prevention framework, and ensures the compliance of Natixis and its subsidiaries with financial sanctions and embargoes.

Anti-money laundering and counter-terrorist financing

As part of its efforts to combat money laundering and terrorist financing, in 2018 Natixis enhanced its AML-CTF framework by integrating the new requirements resulting from the transposition into French law of the 4th EU AML-CTF Directive. Accordingly, Natixis' AML-CTF framework includes:

- KYC and due diligence obligations, in line with a risk-based approach, on customer onboarding, periodic reviews and throughout the business relationship;
- a transaction monitoring and control system based on automated tools or requests that escalates alerts and suspicions to Natixis' Financial Security Department;
- a procedure for reporting "suspicious" transactions to the relevant financial intelligence unit in a timely manner;
- appropriate training and regular information for employees to ensure compliance with these obligations.

The counter-terrorist financing aspect of the framework was strengthened in 2018. The CTF risk map was updated, based on an assessment of the exposure of Natixis' functions and subsidiaries. This took into account the most recent typological information disseminated particularly by FATF, the French Treasury and Tracfin. A bimonthly geopolitical watch was launched in order to communicate widely on this area with staff and provide guidelines on implementing appropriate vigilance measures and dedicated controls.

The CIB's framework was also reviewed from a tax viewpoint to reflect the various regulatory changes seen in 2018. The business lines' exposure to tax risk was assessed in order to produce a risk map. This work resulted in the introduction of specific tax-related vigilance criteria for the most exposed business lines and the teams responsible for analyzing customer identification documents. The next phase of the action plan is in progress.

Compliance with financial sanctions and embargoes

Natixis has a framework of internal policies and procedures, screening tools, training and permanent supervision controls ensuring compliance with the financial sanction and embargo regulations to which it is subject.

The framework draws on measures for verifying client databases and screening transactions with a view to identifying, on an ongoing basis, any person or entity subject to financial sanctions, specifically account freezes or restricted access to bank financing. It allows the introduction of account freezes against Natixis customers as quickly as possible. It is also able to prevent any transactions linked to sectors, goods or technologies that are subject to restrictions or bans pursuant to embargo measures. Jurisdictions subject to embargo undergo constant supervision and heightened diligence as part of a prudent and restrictive approach.

A team of experts dedicated to financial sanctions provides specific assistance and advice to the Bank's business lines and entities.

A preliminary study was carried out between mid-2017 and September 2018 to assess our international financial sanction compliance framework. This identified areas for improvement, for some of which action has already been taken, and resulted in the launching of three projects to strengthen the framework, including one in coordination with BPCE regarding transaction screening.

Prevention of fraud

Anti-fraud measures are steered by the Anti-Fraud Coordination Unit in collaboration with the relevant business lines. This unit is also in charge of drafting and implementing standards and principles for fraud risk management and of coordinating the anti-fraud officers' network across the subsidiaries and branches of Natixis in France and abroad.

More specifically, risk linked to capital market activities is closely monitored and subject to specific first- and second-level controls overseen and implemented by a dedicated team within the CIB Compliance Department. Social engineering-type payment fraud is also subject to constant vigilance and specific prevention measures, including dedicated training. Lastly, the risk of information leaks, which has become a major risk, is subject to specific controls and investigations employing the expertise of fraud and IT security experts as well as the legal and HR functions as necessary.

Prevention of corruption

In accordance with the requirements set out in Article 17 of the law of December 9, 2016 on transparency, the prevention of corruption and the modernization of the economy ("Sapin II"), Natixis has strengthened and added certain rules and procedures to its compliance framework to align them with the highest international standards in corruption prevention.

In 2018, this included the publication of a policy dedicated to the prevention and detection of corruption that was disseminated to all employees and the adding of rules on this theme to the Internal Rules. The various high-risk situations are also managed through dedicated procedures, such as the procedures on the prevention and management of conflict of interest situations, the conducting of anti-corruption due diligence when initiating business relationships with third parties and prior to forming partnerships or carrying out merger and acquisition transactions, and the supervision of recruitment. High-risk practices, including giving/accepting gifts or invitations, patronage initiatives, sponsoring, donations and third-party compensation, are also governed by specific procedures.

To ensure the dissemination and appropriation of these rules and procedures, compulsory e-learning training has been rolled out and specific training sessions have been held for the members of Natixis' Executive Committee. More than 12,500 training actions were carried out as a result in 2018.

The anti-corruption framework as a whole is managed and coordinated by a dedicated team within the Financial Security Department. This relies on a network of anti-corruption correspondents within all of Natixis' business lines, subsidiaries and branches, in France and abroad. Governance is provided through existing Risk Management and Control Committees and through the introduction of specific Committees.

The corruption aspects are also fully incorporated within the existing permanent control system, particularly through specific controls covering the high-risk situations and practices referred to above;

In addition to the French regulations that apply to all Natixis entities, Natixis ensures strict compliance with the local regulations applicable to its foreign operations, such as the UK Bribery Act and the US Foreign Corrupt Practices Act.

The main corruption prevention program rules and procedures can be found in Natixis' anti-corruption policy, available on the website *www.natixis.com.*

3.2.8.5 IT Systems Security and Business Continuity

Natixis has set up two lines of defense to manage cyber risk, whose effective interplay is guaranteed by the holding of regular meetings of a "Cyber security and business continuity" steering Committee. The IT Security Department (which reports to the IT Department) forms the first line of defense and implements all the operational measures for protecting Natixis' IT system. The IT Systems Security and Business Continuity Department (ITSS-BC—reporting to the Compliance Department) forms the second line of defense. Both lines of defense share a common Security Operating Center (SOC) which works directly with Groupe BPCE's Computer Emergency Response Team (CERT).

Natixis is also integrated within Groupe BPCE's "IT Systems Security", "Business continuity" and "Personal data protection" functions. As such, it applies the policies and methods defined by Groupe BPCE.

IT system security

The ITSS-BC Department coordinates its activities based on risks. It employs a method which identifies, in terms of operational risk, the risk situations of concern to the business lines and their IT assets that may be vulnerable. Risk assessments may be conducted during the annual review or may result from the supporting of a project. In 2018, ITSS-BC monitored close to 200 business line projects, half of which resulted in the issuing of specific security requirements in order to better mitigate risks.

In light of these risks, the ITSS-BC Department implements an annual second-level permanent control plan covering all areas of IT system security. Every year, around 6,000 control operations are therefore carried out, with a special focus on access right controls and intrusion tests on IT assets exposed to the Internet.

The risk-based approach also enabled the defining of the 2018-2020 strategic program. This program, named "NewSec", is intended to convert the current model, which is mainly based on perimeter security, into an "airport"-type model. 2018 therefore saw the launching of key projects for improving the identification of Natixis' IT assets.

Business continuity

Natixis' business continuity framework combines management of incidents according to their consequences (unavailability of the IT system, sites or employees) with emergency measures specific to each scenario (overflowing of the Seine, etc.).

Natixis regularly tests the whole of this framework through first- and second-level controls, crisis management exercises and backup solution tests.

Natixis used the end of the project on the overflowing of the Seine and the roll-out of a large fleet of laptops as an opportunity to make changes to its user fallback system. The distribution of fallback sites was reviewed and the use of "Telecommuting" solutions was expanded.

This quest for efficiency also prompted an overhaul of the business continuity plan management tool and the crisis management mobile application.

The business continuity teams are now focusing most of their efforts on increasing resilience to successful cyber attacks.

3.2.8.6 Personal data protection

Natixis has taken steps to guarantee the protection of the personal data of both customers and employees.

A wide-reaching project aimed at compliance with the General Data Protection regulation (GDPR) was launched within Natixis. The work carried out enabled the drafting of policies and procedures, awareness-raising and training for employees, the identification of personal data processing operations and the necessary remediation actions, the alignment of the Asset Management business lines, the appointment of a Data Protection Officer (DPO) and the creation of a data privacy function.

The DPO took up their duties in May 2018, coordinating a community of data privacy liaisons distributed across Natixis' entities. This new function's purpose is to handle all regulations relating to personal data protection and especially to ensure compliance with the GDPR. A data privacy Committee meets regularly to monitor the function's activities and manage the remaining alignment measures required. These include the launching by the IT Department of a multi-year project for the remediation of the relevant IT assets.

Natixis now has a personal data register and procedures for key processes, such as the handling of data leaks and requests by individuals for the exercising of their rights.

3.2.9 LEGAL RISKS

Like many banking groups, Natixis and its consolidated subsidiaries are involved in litigation before the courts and may be investigated by regulatory authorities.

As assessed at December 31, 2018, the financial consequences of litigation deemed likely to have, or which have in the recent past had, a material impact on the financial situation of Natixis and/or Natixis and its consolidated subsidiaries as a whole, or on their profitability or their business, have been included in Natixis' consolidated financial statements.

The most significant disputes are described below. Their inclusion in the list does not indicate that they will necessarily have an impact on Natixis and/or its consolidated subsidiaries. The other disputes are deemed unlikely to have a material impact on Natixis' financial situation or profitability and/or that of Natixis and its consolidated subsidiaries as a whole, or have not reached a stage where it can be determined whether they will have such an impact.

3.2.9.1 Legal and arbitration proceedings

Madoff fraud

Outstanding assets exposed to the Madoff affair as expressed in euros were estimated at €543.4 million at December 31, 2018 and were fully provisioned for at that date. The effective impact of this exposure will depend on both the extent of recovery of assets invested in Natixis' name and the outcome of the measures taken by the bank, notably in terms of legal procedures. Furthermore, in 2011 a dispute emerged over the application of the insurance policy for professional liability in this case, which had been taken out with successive insurers for a total amount of €123 million. In November 2016, the Paris Court of Appeal vindicated the Commercial Court's prior ruling that primary insurers were liable to cover the losses incurred by Natixis due to the Madoff fraud, up to the amount for which the bank was insured. On September 19, 2018, the Court of Cassation subsequently annulled the judgment under appeal and referred the case back to the Paris Court of Appeal with a differently constituted bench.

Irving H. Picard, the court-appointed trustee for Bernard L. Madoff Investment Securities LLC (BMIS), submitted a restitution claim concerning the liquidation of amounts received prior to the discovery of the fraud through a complaint filed with the United States Bankruptcy Court for the Southern District of New York against several banking institutions, including a $400 million claim against Natixis. Natixis denies the allegations made against it and has taken the necessary steps to defend its position and protect its rights. Natixis has launched appeals, including a motion to dismiss the case on a preliminary basis, or prior to any ruling on the merits, and a motion to withdraw the reference to transfer certain matters to the United States district court. These proceedings have been subject to numerous rulings and appeals and are still ongoing. A November 2016 ruling by the bankruptcy court dismissed a number of restitution claims initiated by the trustee on the grounds of extraterritoriality. In September 2017, the Second Circuit Court granted the BMIS liquidator and the defendants the right to appeal the bankruptcy court's ruling on the grounds of extraterritoriality directly through the Second Circuit, thereby avoiding the need to file an intermediary appeal with the district court. In February 2019, the Court of Appeals for the Second Circuit overturned the bankruptcy court's extraterritoriality ruling. Natixis is examining the possibility of appealing this decision. The case is ongoing.

Furthermore, the liquidators of Fairfield Sentry Limited and Fairfield Sigma Limited have initiated numerous proceedings against investors having previously received payments from these funds for redemptions of shares (over 200 proceedings have been filed in New York). Certain Natixis entities have been named as defendants in some of these proceedings. Natixis deems these proceedings to be entirely unfounded and is vigorously defending its position. These proceedings have been suspended for several years, and in October 2016 the bankruptcy court authorized the trustees to modify their initial claim. The defendants filed joint responses in May and June 2017. In August 2018, the bankruptcy court ruled on a motion to dismiss filed by the defendants (requesting that the case be dismissed on a preliminary basis and prior to any ruling on the merits). The judge only gave a ruling on one of the merits (that of personal jurisdiction), having fund that the latter was missing from the claim made against the defendants. In December 2018, the judge ruled on the motion to dismiss, rejecting the claims brought by liquidators founded on common law (unjust enrichment, money had and received, mistaken payment and constructive trust) as well as contractual claims. However, it overturned the motion to dismiss in respect of claims founded on British Virgin Islands' law, while reserving the right to file a plea for the application of the Section 546(e) Safe Harbor provision. The judge is waiting for the defendants to submit their pleas in respect of the applicability of this safe harbor provision.

Criminal complaint coordinated by ADAM

In March 2009, the Paris public prosecutor's office (Parquet de Paris) launched a preliminary investigation into a complaint filed by Natixis minority shareholders and coordinated by the Association de Défense des Actionnaires Minoritaires (ADAM—Association for the Defense of Minority Shareholders). As the plaintiffs have initiated civil proceedings, a judicial investigation opened in 2010. On February 14, 2017, Natixis came under investigation for two messages sent in the second half of 2007, at the beginning of the subprime crisis.

The judicial investigation is still being conducted.

MMR claim

In 2007, Ixis Corporate & Investment Bank (the predecessor of Natixis) issued EMTNs (Euro Medium Term Notes) indexed to a fund that invested in the Bernard Madoff Investment Securities fund. Renstone Investments Ltd (the apparent predecessor of MMR Investment Ltd) is alleged to have subscribed, via a financial intermediary acting as the placement agent, for these bonds in the amount of $50 million.

In April 2012, MMR Investment Ltd filed a joint claim against Natixis and the financial intermediary before the Commercial Court of Paris, claiming not to have received the bonds, despite having paid the subscription price to the financial intermediary. The claim mainly concerns the reimbursement of the subscription price of the bonds and, and as an alternative, the annulment of the subscription on the grounds of defect in consent. On February 6, 2017, the Commercial Court of Paris dismissed all of MMR Investment Ltd.'s claims, decision confirmed by the Court of Appeal of Paris on October 22, 2018.

Union Mutualiste Retraite

In June 2013, Union Mutualiste Retraite (UMR) filed three complaints against AEW S.A. (previously AEW Europe) in relation to the acquisition and management of two real estate portfolios in Germany between 2006 and 2008. The amounts claimed by UMR total €149 million.

On October 25, 2016, the Commercial Court of Paris ordered the two insurance schemes involved to honor, in respect of AEW S.A., the sanctions covered by the policies that may be ruled in favor of UMR in connection with the litigation and to cover the defense costs incurred by AEW S.A.. Several of the insurers concerned appealed this decision.

On June 26, 2018, the Paris Court of Appeal ordered a stay of proceedings opposing AEW S.A. and its insurers, until a final ruling is issued on the case opposing UMR and AEW S.A., currently before the Commercial Court of Paris. The matter of the insurance cover provided by the insurers, as established by the Commercial Court of Paris ruling of October 25, 2016, and the coverage of AEW S.A.’s legal fees, were not challenged by the Paris Court of Appeal.

The proceeding opposing UMR and AEW S.A. is ongoing.

Securitization in the United States

Since 2012, five separate legal proceedings regarding residential mortgage-backed security (RMBS) transactions executed between 2001 and mid-2007 have been initiated against Natixis Real Estate Holdings LLC before the New York Supreme Court.

Two of these proceedings relate to accusations of fraud. One was dismissed in 2015 as time-barred. Some of the claims relating to the second case were also dismissed as time-barred and, in 2018, Natixis settled the outstanding claims before the court issued a final ruling on the merits of the case.

Three of these five proceedings have been brought against Natixis, purportedly on behalf of certificate holders, alleging that Natixis failed to repurchase defective mortgages from certain securitization transactions. Natixis considers the claims brought against it before the New York Supreme Court to be without merit for multiple reasons, including that they are time-barred under the applicable statute of limitations (two proceedings have already been dismissed for these reasons but are open to appeal) and that the claimants do not have the legal standing to file the suit, and intends to defend itself vigorously.

EDA—SELCODIS

On June 18, 2013, through two separate complaints, Selcodis and EDA brought proceedings before the Commercial Court of Paris against Compagnie Européenne de Garanties et Cautions for the sudden termination of commercial relations following the refusal by the latter to grant EDA a guarantee.

Through two new complaints filed on November 20, 2013, Selcodis and EDA also brought claims before the Commercial Court of Paris against Natixis, BRED and CEGC for unlawful agreements, alleging that such actions led to the refusal by CEGC to grant a guarantee to EDA and to the termination of various loans by BRED.

Selcodis is asking for compensation for the losses purportedly suffered as a result of the court-ordered liquidation of its subsidiary EDA, and is requesting that the defendants be ordered to pay damages and interest, which it assesses to be €32 million. For its part, EDA is requesting that the defendants be ordered to bear the asset shortfall in its entirety, with its amount being calculated by the court-appointed receiver.

Natixis and CEGC consider all of these claims to be unfounded.

On December 6, 2018, after consolidating these claims, the Commercial Court of Paris found them to have expired and deemed them closed. The plaintiffs filed an appeal against this ruling in January 2019.

MPS Foundation

In June 2014, MPS Foundation (Fondazione Monte dei Paschi di Siena), an Italian foundation, filed a claim against 11 banks, including Natixis, which granted it financing in 2011 at the request of its previous executive officers, on the grounds that the financing thus granted was in violation of its bylaws, which state that MPS Foundation cannot hold debt exceeding 20% of its total balance sheet. The damages claimed by MPS Foundation against the banks and its former directors amount to €285 million.

Natixis considers these accusations to be unfounded.

Following an objection as to jurisdiction, the Tribunal of Siena referred the case to the Tribunal of Florence on February 23, 2016. The case is still in progress before the Tribunal of Florence.

Formula funds

Following an inspection by the AMF (French Financial Markets Authority) in February 2015 with regard to Natixis Asset Management’s compliance with its professional obligations, particularly the management of its formula funds, the AMF's Enforcement Committee delivered its decision on July 25, 2017, issuing a warning and a fine of €35 million. The Enforcement Committee found a number of failings concerning the redemption fees charged to funds and structuring margins.

Natixis Asset Management is mounting a rigorous defense against this decision and has filed an appeal with the French Council of State. The case is ongoing.

In addition, UFC-QUE CHOISIR, in its capacity as a consumers’ rights non-profit, brought claims before the Paris District Court (Tribunal de Grande Instance de Paris) on March 5, 2018 against the asset management company to obtain compensation for the financial losses suffered by the holders of the formula funds in question. The case is ongoing.

Société Wallonne du Logement

On May 17, 2013, Société Wallonne du Logement (SWL) filed a complaint against Natixis before the Charleroi Commercial Court (Belgium), contesting the legality of a swap agreement entered into between SWL and Natixis in March 2006 and requesting that it be annulled.

All of SWL's claims were dismissed in a ruling by the Charleroi Commercial Court on November 28, 2014. On September 12, 2016, the Mons Court of Appeal annulled the contested swap agreement and ordered Natixis to repay to SWL the amounts paid by SWL as part of the swap agreement, less any amounts paid by Natixis to SWL under the same agreement and taking into account any amounts that would have been paid had the previous swap agreement not been terminated. The Cour de Cassation of Belgium overturned this ruling on June 22, 2018. In February 2019, SWL lodged an appeal procedure with a Court of Appeal.

SFF/Contango Trading S.A.

In December 2015 the South African Strategic Fuel Fund (SFF) entered into agreements to sell certain oil reserves to several international oil traders. Contango Trading S.A. (a subsidiary of Natixis) provided funding for the deal.

In March 2018, SFF filed a lawsuit before the South African Supreme Court (Western Cape division, Cape Town), primarily against Natixis and Contango Trading S.A., with a view to having the agreements invalidated, declared null and void, and to obtain fair and equitable compensation.

Lucchini Spa

In March 2018, Natixis S.A. was summoned, jointly and severally with other banks, by Lucchini Spa (under extraordinary administration) to appear before the Court of Milan, with Lucchini Spa's receiver alleging improprieties in the implementation of the loan restructuring agreement granted to Lucchini Spa. The case is ongoing.

3.2.9.2 Situation of dependency

Natixis is not dependent on any patent or license, or on any industrial, commercial or financial supply contract.

3.2.10 OTHER RISKS

3.2.10.1 Risks related to insurance activities

Natixis Assurances

Natixis Assurances is the Insurance division of the Natixis group and is divided into two businesses:

- the personal insurance business, focused on developing portfolios of life insurance and endowment policies for investment and retirement purposes, as well as personal protection insurance portfolios;
- the non-life insurance business, focused on developing portfolios for auto and multi-risk home insurance, personal accident insurance, legal protection, healthcare and property and casualty insurance.

Given the predominance of the Investment Solutions activity, the main risks to which Natixis Assurances is exposed are financial. The Company is also exposed to underwriting risks (life and non-life), as well as counterparty risk.

Market risk

Market risk is in large part borne by the subsidiary BPCE Vie on the financial assets that underpin its commitments with guaranteed principal and returns (euro-denominated policies: €53.8 billion on the main fund balance sheet). The Company is exposed to asset impairment risk (fall in the equity or real estate market, widening spreads, interest rate hikes) as well as the risk of lower interest rates which would generate insufficient income to meet its guaranteed principal and returns. To deal with this risk, BPCE Vie has only sold policies with a minimum guaranteed return in recent years: more than 94% of the policies have a zero minimum guaranteed return. The minimum guaranteed return averages 0.15%.

To manage market risk, the sources of return have been diversified, namely via investments in new asset classes (financing the economy, low-volatility equities, etc.). This diversification is managed by a strategic allocation, defined on a yearly basis, that takes into account regulatory constraints, commitments to policyholders and commercial requirements.

Credit risk

Credit risk is monitored and managed in compliance with Natixis Assurances' standards and internal limits. As of December 31, 2018, 63% of the fixed-income portfolio is invested in securities rated higher than A-.

Life insurance underwriting risk

The main risk to which life insurance underwriting is exposed is linked to the Investment Solutions activity. In an especially low interest-rate environment, the biggest risk is that of fewer redemptions and/or excessive inflows in euro-denominated vehicles, as reinvestments in securities dilute the main fund's return. To prioritize inflows in unit-linked policies, measures have been taken, such as the creation of unit-linked products and communication campaigns, and a communication campaign targeting customers and the network.

Non-life insurance underwriting risk

The general insurance underwriting risk to which Natixis Assurances is exposed is borne by its subsidiary BPCE Assurances:

- premium risk: to ensure that the premiums paid by the policyholders match the transferred risk, BPCE Assurances implemented a portfolio monitoring policy whereby each policy is given a score based on its track record over three years. Factored in are types of claims, number of claims, their cost and other variables specific to the activity in question (degree of liability and bonuses/penalties for auto insurance, for instance). This monitoring policy also helps to detect potential risks arising from large claims, and to arrange adequate reinsurance coverage;
- risk of loss: each time inventory is taken, an actuarial assessment of the reserves for claims to be paid is conducted based on methods widely recognized by the profession and required by the regulator;

- catastrophe risk: catastrophe risk is the exposure to an event of significant magnitude generating a multitude of claims (storm, risk of civil liability, etc.). This risk is therefore reinsured either through the government in the event of a natural disaster or an attack, for example, or through private reinsurers, specifically in the event of a storm or a civil liability claim, or through reinsurance pools.

Counterparty risk

The counterparty risk to which Natixis Assurances is exposed mainly concerns reinsurance counterparties. The selection of reinsurers is a key component of managing this risk:

- Natixis Assurances deals with reinsurers that are subject to a financial rating by at least one of the three internationally recognized rating agencies, and that have a Standard & Poor's equivalent rating of A- or higher;
- using several reinsurers ensures counterparty diversification and limits counterparty risk.

Coface

Through its activities, Coface is exposed to five types of risk: strategic risk, credit risk, financial risk, operational risk and compliance risk, and reinsurance risk. The two main types of risk are credit risk and financial risk.

Credit Risk

Credit risk is defined as the risk of loss, due to non-payment by a debtor, of a receivable owed to a policyholder of the group. Coface manages credit risk through a number of procedures, whose scope includes the approval of the terms of policies relating to products, pricing, monitoring of credit risk hedges and portfolio diversification. Credit risk can be exacerbated due to the concentration of exposure (country, sector, debtor, etc.) and is modeled as premium risk, reserve risk and disaster risk. Traditionally, Coface makes a distinction between frequency risk and event risk:

- frequency risk represents the risk of a sudden material increase in delinquency by numerous debtors. This risk is measured for each region and country by monitoring the instantaneous loss ratio and the [(1)]monthly indicator that breaks down the changes in domestic/export credit by DRA and busi[(2)]ness sector, by acceptance rate on the DRA scale, or by product line (deposit, single risks). As regards exposure and portfolio monitoring, the Group has set up a refined management of its risks based on a sector/country breakdown. Accordingly, delinquent payments are analyzed weekly by the Senior Management Committee and monthly by Coface's Underwriting Committee. This risk is mitigated by Coface Re S.A. reinsurance. Loss ratios for the different underwriting regions are also monitored at the consolidated Coface level;
- event risk represents the risk of abnormally high losses recorded for the same debtor or group of debtors, or of an accumulation of losses for the same country. Event risk is covered by Coface Re reinsurance.

In addition to weekly and monthly monitoring of each region and country, Coface has implemented a system based on:

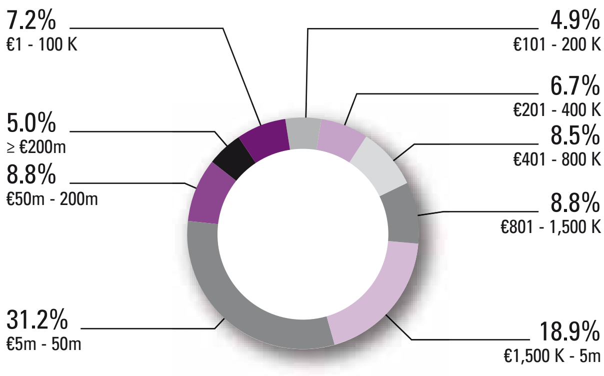
- the centralization of reserves for claims exceeding a certain amount per debtor which are then analyzed ex-post to improve the information, underwriting and recovery activity's performance;
- monitoring at the risk underwriting level, which, above a given level of DRA-based outstandings, generates an approval and the establishment of an overall budget by Coface's Underwriting Department; and
- a DRA-based risk assessment system covering all debtors.

Diversification of the credit risk portfolio

Coface maintains a diversified credit risk portfolio, in order to minimize the risk of debtor default, a slowdown in a given business sector, or an adverse event in a given country having a disproportionate impact on its overall claims expense. The insurance policies also contain clauses allowing credit limits to be changed mid-contract. Furthermore, the fact that the vast majority of Coface's risks are short-term (95% of total outstandings) allows it to reduce the risk covered for a debtor or a group of debtors relatively quickly and to anticipate a decrease in their solvency.

Level 2 controls are set up to ensure that the Group's credit risk standards are observed.

The following chart shows the breakdown of debtors by total credit risk exposure incurred by Coface at December 31, 2018:



(1) The instantaneous loss ratio is a weekly indicator that reproduces the change in the loss ratio. It is monitored for each region and each country and is reported weekly by Coface to allow underwriters to monitor the change in their portfolio and detect any deterioration and therefore introduce corrective actions as early as possible.

(2) Debtor Risk Assessment, an assessment using a Group-wide grid.

Financial risk

Coface has implemented an investment policy that incorporates the management of financial risk through the definition of its strategic allocation, regulations governing insurance companies and constraints related to the management of its liabilities. Management of financial risks is thus based on a rigorous system of standards and controls which is regularly reviewed:

- interest rate risk and credit risk: The majority of Coface's allocations are in fixed-income products, ensuring stable and recurring revenues. The overall maximum sensitivity of the bond portfolio has been deliberately capped at 4 and stood at 3.5 at December 31, 2018. Coface still has no exposure to Greek sovereign debt, while investments were made in Portugal over the course of the year. The Group continued to increase its international diversification in 2018, particularly in the developed countries of Asia and in the euro zone, in order to benefit from higher rates of return and to accommodate the various interest rate hikes or lower the cost of current hedging. Interest rate hedges were applied to a portion of exposure to European sovereign debt;
- foreign exchange risk: the majority of Coface’s investment instruments are denominated in euros. Subsidiaries and branches using other currencies must observe the same principles of congruence. In 2018, Coface systematically set up hedges against the euro in the portfolio combining its European entities, to protect investments in bonds denominated in dollars, Pound sterling, Canadian dollars and Australian dollars;
- equity risk: exposure is capped at less than 10% of the portfolio and is concentrated in the euro zone, in connection with its core business. At December 31, 2018, listed equities represented 6% of the investment portfolio. These investments were subject to hedging for 30% of the invested portfolio through the purchase of put options on Eurostoxx indices. This hedging can be adjusted in line with investments and the amount of unrealized capital gains or losses on shares held;
- counterparty risk: the maximum exposure to any given counterparty is set at 5% of assets under management, with exceptional exemptions for short-term exposures. More than 90% of the bonds are Investment Grade and therefore have a median rating equal to at least BBB-;
- liquidity risk: liquidity risk; At December 31, 2018, 51% of the bond portfolio had a maturity of less than three years. The vast majority of the portfolio is listed on OECD markets and carries a liquidity risk that is currently considered as low.

Level 2 controls on compliance with Coface’s investment policy are also carried out.

CEGC

Compagnie Européenne de Garanties et Cautions is the Group’s multiple business line security and guarantee platform. It is exposed to underwriting risk, market risk, reinsurer default risk and operational risk.

In 2018 underwriting risk was managed effectively, reflected by a level of claims at 21% of earned premiums. The claims expense on loan guarantees for retail customers was particularly low this year.

Under the Solvency II supervisory regime, which came into effect on January 1, 2016, CEGC uses a partial internal model. The ACPR (French Prudential Supervisory Authority for the Banking and Insurance Sector) approved the model in March 2017. It meets the specific requirement applicable to mortgage loan guarantors to improve the robustness of the French banking system for home loans. Significant changes to the model were presented and approved at the Board of Directors Meeting in November 2018.

The pricing of loan guarantees for retail customers was increased and implemented in April 2018.

Underwriting risk

Underwriting risk is the main risk incurred by CEGC. It is essentially a counterparty risk, as the commitments given by CEGC to beneficiaries of guarantees result in direct exposure to underwriters. These regulated commitments recorded on the liabilities side of the balance sheet amounted to €2.01 billion at December 31, 2018 (up 8.7% compared with end-2017). This increase was in line with fiscal year 2017, driven mainly by mortgage guarantees for individual customers.

CEGC’S OUTSTANDINGS (IN MILLIONS OF EUROS)

CEGC’s activities	December 2018	Change December 2018 versus December 2017
Individual customers	1,798	8.4%
Single-family home builders	21	5.0%
Property administrators—Realtors	14	27.3%
Corporates	30	3.4%
Real estate developers	15	0.0%
Professional customers	75	7.1%
Social economy—Social housing	47	11.9%
Run-off activities	10	100.0%
TOTAL	**2,010**	**8.7%**

Market risk

CEGC holds an investment portfolio of about €2.02 billion on its balance sheet as at December 31, 2018, hedging underwriting provisions. The portfolio is up 5.50% since the end of 2017. Market risk from the investment portfolio is limited by the Company's investment choices.

The Company's risk limits are set out in the asset management agreement established with Ostrum. By collecting surety insurance premiums at the time of commitment, CEGC does not require funding. Neither does CEGC carry transformation risk: the investment portfolio is entirely backed by equity and technical reserves.

	31/12/2018			31/12/2017		
(in millions of euros)	Balance sheet value, net of provision	% breakdown	Mark to market	Balance sheet value, net of provision	% breakdown	Mark to market
Equities	150	7.4%	144	137	7.2%	164
Bonds	1,451	71.8%	1,547	1,338	69.8%	1,476
Diversified	113	5.6%	112	131	6.8%	137
Cash	111	5.5%	111	124	6.5%	124
Real estate	182	9.0%	179	169	8.8%	174
FCPR	12	0.6%	19	14	0.7%	19
Other	2	0.1%	2	3	0.2%	2
TOTAL	**2,021**	**100%**	**2,114**	**1,915**	**100%**	**2,096**

Reinsurance risk

CEGC hedges its liability portfolio by implementing a reinsurance program tailored to its activities.

For loan guarantees, reinsurance is used as a tool for managing regulatory capital by protecting guarantee beneficiaries in the event of an economic recession leading to a loss of up to 2% of outstanding guaranteed loans.

In the Corporate segments, the program is used to protect CEGC's capital by hedging against high-intensity risks. It has been calibrated to protect against three individual loss events (loss related to a counterparty or a group of counterparties) which could have a significant impact on the Corporate segment's income statement.

Any modification of the reinsurance program (reinsurers, pricing, structure) is subject to the validation of the Capital and Solvency Management Committee chaired by a director.

Reinsurer default risk is governed by counterparty concentration and rating limits. CEGC's reinsurance programs are underwritten by a broad panel of international reinsurers with a minimum rating of A on the S&P scale.

3.2.10.2 Strategic risk

Strategy risks is defined as:

- the risk inherent to the strategy chosen;
- or resulting from Natixis' inability to implement its strategy.

Strategy risks are monitored by the Board of Directors, supported by its Strategic Committee, which examines the strategies guiding Natixis' activities at least once a year. The Board of Directors also approves strategic investment projects and any transactions, particularly acquisitions and disposals, that are likely to significantly affect Natixis' results, the structure of its balance sheet or its risk profile.

Senior Management is in charge of defining and steering Natixis' strategy, with assistance from the Senior Management Committee.

The membership of these various bodies is presented in Chapter 2 of the 2018 Natixis registration document. The Internal Rules of the Board of Directors, including the procedure for calling meetings, can be found in Chapter 2 paragraph 2.3.1, of the registration document.

3.2.10.3 Climate risk

Pursuant to Article 173 of the energy transition act, as of the 2016 fiscal year Natixis is required to report on the risks linked to climate change and on its low-carbon strategy.

The identification and management of risks linked to social and climate change are presented in Chapter 6 of 2018 Natixis registration document.

3.2.10.4 Environmental and social risks

The identification and management of these risks are presented in Chapter 6 of 2018 Natixis registration document.

3.2.11 AT-RISK EXPOSURES

(These data form an integral part of the financial statements certified by the Statutory Auditors).

Natixis was exposed to the following risks at December 31, 2018.

EXPOSURE TO MONOLINE INSURERS

In 2018, value adjustments went down by €40 million (excluding the effect of the BPCE guarantee) to €23 million at December 31, 2018, versus €63 million at December 31, 2017.

	Data at 31/12/2018			Data at 31/12/2017		
(in millions of euros)	Notional amount	Prevalue adjustment exposure	Value adjustments	Notional amount	Prevalue adjustment exposure	Value adjustments
Protection for RMBS				36	5	-
Other risks	1,202	176	(23)	1,466	257	(63)
TOTAL	**1,202**	**176**	**(23)**	**1,502**	**262**	**(63)**

(in millions of euros)	31/12/2018	31/12/2017
Prevalue adjustment exposure	176	262
Value adjustments	(23)	(63)
RESIDUAL EXPOSURE	**153**	**199**
Discount *(in %)*	13%	24%

EUROPEAN RMBS

Net exposure to UK RMBS

UK RMBS *(in millions of euros)*	Net exposure at 31/12/2017	Change in value in 2018	Other changes	Net exposure at 31/12/2018	AAA	AA	A	BBB	BB	B	CCC	CC
Trading book	29	-	(4)	25	9	11	2	3	-	-	-	-
TOTAL	**29**	**-**	**(4)**	**25**	**9**	**11**	**2**	**3**	**-**	**-**	**-**	**-**

Net exposure to Spanish RMBS

Spanish RMBS *(in millions of euros)*	Net exposure at 31/12/2017	Change in value in 2018	Other changes	Net exposure at 31/12/2018	AAA	AA	A	BBB	BB	B	CCC	CC
Trading book	11	-	13	24	0	18	6	-	-	-	-	-
TOTAL	**11**	**0**	**13**	**24**	**-**	**18**	**6**	**-**	**-**	**-**	**-**	**-**

CMBS

CMBS *(in millions of euros)*	Net exposure as at 31/12/2017	FTA reclassifications [(a)]	Net exposure as at 01.01.2018	Change in value in 2018	Other changes	Net exposure at 31/12/2018
Trading book	1		1	-	25	26
Loans and receivables portfolio	146	(23)	123	-	75	198
Portfolio of financial assets at fair value through profit or loss	0	23	23		27	49
TOTAL	**147**	**0**	**147**	**0**	**127**	**274**

(a) *The reclassifications relating to the first-time application of IFRS 9 are detailed in Note 1 of Chapter [5.1] "Financial data" of the Update to the 2018 registration document.*

Breakdown by rating	% breakdown
AAA	1%
AA	
A	
BBB	
BB	
NR	99%
TOTAL	**100%**

Breakdown by country	% breakdown
USA	100%
TOTAL	**100%**

EXPOSURES TO COUNTRIES RECEIVING FINANCIAL ASSISTANCE

At December 31, 2018, exposures to sovereign risk in countries receiving financial aid or facing uncertainties (political, currency, etc.) were as follows:

	31/12/2018 [(a)]				31/12/2017 [(a)]			
(in millions of euros)	Sovereign securities	Derivatives [(b)]	Other	Total	Sovereign securities	Derivatives [(b)]	Other	Total
Spain*	1,250	(1)	4	1,253	916	4	10	930
Greece*	2	1		3	0			0
Ireland*	203	8		210	185	(4)		181
Portugal*	212			212	154			154
Russia	2	(1)	9	10	1		10	11
Ukraine	1			1				-
Venezuela			46	46			58	58
TOTAL	**1,670**	**7**	**59**	**1,736**	**1,256**	**0**	**79**	**1,334**

* *Countries receiving financial aid from the European Union.*
(a) *Excluding corporates.*
(b) *Including credit derivatives.*

At December 31, 2018, exposure to non-government risk, in particular Greece and countries facing uncertainties (political, currency, etc.), directly held by Natixis stood as follows:

	Gross exposure at December 31, 2018 [(a)]			Total gross exposure	Expected credit losses [(b)]	Net exposure	Gross exposure at December 31, 2017 [(a)]			Total gross exposure	Provisions	Net exposure
(in millions of euros)	Bank	Asset financing and structured transactions [(c)]	Corporate				Bank	Asset financing and structured transactions [(c)]	Corporate			
Greece*	546	105	62	713	(9)	704	5	182	22	209	(25)	185
Russia	77	409	397	883	(1)	882	525	419	328	1,272	(6)	1,265
Ukraine	0	129	0	129	1	130	0	118	25	143	(8)	134
TOTAL	**623**	**643**	**459**	**1,725**	**(9)**	**1,716**	**530**	**718**	**375**	**1,624**	**(39)**	**1,585**

* *Countries receiving financial aid from the European Union.*
(a) *Gross exposure: gross carrying amount on the balance sheet at December 31, 2018 and December 31, 2017.*
(b) *Credit losses expected at one year and credit losses expected at maturity.*
(c) *Exposure corresponds mainly to the "shipping finance" sector amounting to €29 million at December 31, 2018 versus €82 million at December 31, 2017.*

3.3 Basel 3 Pillar III disclosures

Regulation (EU) No. 575/2013 of the European Parliament and Council of June 26, 2013 (Capital Requirement Regulation or CRR) requires reporting companies (notably lending institutions and investment firms) to publish quantitative and qualitative information on their risk management activities. The framework in place to manage Natixis' risks and risk exposure is described in this section and in the "Risks Management" section of this registration document.

Natixis has chosen to provide information in respect of Pillar III disclosures in a separate section to that on risk factors and risk management in order to single out items concerning regulatory publication requirements.

3.3.1 CAPITAL MANAGEMENT AND CAPITAL ADEQUACY

3.3.1.1 Regulatory framework

Since January 1, 2014, the Capital Requirements Directive (CRD) IV and the Capital Requirements Regulation (CRR) have applied Basel 3 regulations in Europe. The CRD IV was enacted into French law by the French Ministerial Order of November 3, 2014.

This regulatory framework, aimed at reinforcing the financial strength of banking institutions, has resulted in:

- a stricter definition of the capital items eligible to meet regulatory capital requirements;
- reinforced regulatory capital requirements, in particular for counterparty risk on derivatives;
- higher ratios to observe, specifically regarding CET1 capital and capital buffers;
  - a capital conservation buffer, which will have to represent 2.5% of total risk exposures by 2019,
  - a countercyclical capital buffer, i.e. the average of the countercyclical capital buffer of each country in which Natixis holds risk exposures, weighted by the amount of said exposures. The rate applied in France in 2018 is 0%,
  - a systemic risk buffer, i.e. an additional requirement for global systemically important banks (G-SIBs), such as BPCE. Natixis is not subject to this buffer,
- in addition, other mechanisms have been introduced, including mechanisms to limit dividend payouts, interest on Additional Tier One (AT1) subordinated debt and variable compensation (Maximum Distributable Amount, or MDA).

All of these new provisions were accompanied by a phase-in mechanism, with the aim of gradually implementing the new requirements.

As under Basel 2, the Basel 3 regulatory provisions are divided into three pillars:

- Pillar I: a set of rules defining the measurement of risks and capital based on various possible methodologies and minimum observable requirements;
- Pillar II: a mechanism governing the role of the banking supervisory authorities, allowing them to define specific regulatory capital requirements for each institution in accordance with their risks and internal governance and oversight systems;
- Pillar III: requires institutions to disclose a large number of items highlighting the level of risks incurred, capital adequacy and the adequacy of their management. This mechanism was considerably enhanced in 2016 with the publication of new guidelines by the EBA.

Finally, as of November 2014, the European Central Bank is directly responsible for supervising significant European banks. The implementation of this new supervisory framework has continued since then. Drawing on the Supervision Review and Evaluation Process (SREP), the ECB is setting ratio levels for each institution to observe. Each institution under its purview is assigned a Pillar 2 Requirement (P2R) as well as Pillar 2 Guidance (P2G).

As a result of the SREP 2018 process, Natixis must observe a phased-in CET1 ratio of 8.44% in 2018, 2% of which in respect of Pillar II (excluding P2G) and 1.875% in respect of the capital conservation buffer, and 0.06% in respect of the countercyclical capital buffer (in 2017, the phased-in CET1 ratio required was 7.75%, of which 1.25% in respect of the capital conservation buffer).

3.3.1.2 Prudential consolidation scope

In accordance with Article 19 of the CRR, the regulatory consolidation scope is established based on the following principles:

Entities, excluding insurance companies, that are fully consolidated or consolidated under the equity method in the statutory consolidation scope *(see Note 19 of Chapter 5)* are included in the regulatory consolidation scope; the Group's insurance companies are accounted for under the equity method in the regulatory consolidation scope.

DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND THE MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES (EU LI 1)

			Carrying values of items				
Assets *(in millions of euros)*	**Carrying values as reported in published financial statements**	**Carrying values under scope of regulatory consolidation**	**Subject to the credit risk framework**	**Subject to the CCR framework**	**Subject to the securitization framework**	**Subject to the market risk framework**	**Not subject to regulatory capital requirements or subject to deduction from capital**
Cash, central banks	24,292	24,292	24,292				
Financial assets at fair value through profit or loss	214,091	214,069	27,513	154,317	1,382	181,961	
Hedging derivatives	313	313		313		144	
Financial assets at fair value through other comprehensive income	10,798	10,798	10,798		1,302		
Debt instruments at amortized cost	1,193	1,193	1,193				
Loans and receivables due from banks and similar items at amortized cost	27,707	26,814	25,899	914		0	
Customer loans and receivables at amortized cost	90,295	91,687	88,435	3,253	345	947	
Revaluation adjustment on portfolios hedged against interest rate risk							
Insurance business investments	103,319	(27)	(27)				
Current tax assets	272	198	(517)				715
Deferred tax assets	1,559	1,354	1,354				
Accrual accounts and other assets	15,337	14,985	14,985				
Non-current assets held for sale							
Deferred profit-sharing							
Investments in associates	735	3,954	3,726				228
Investment property	84	84	84				
Property, plant and equipment	848	781	781				
Intangible assets	829	580					580
Goodwill	3,824	3,437					3,437
TOTAL ASSETS	**495,496**	**394,514**	**198,517**	**158,797**	**3,029**	**183,052**	**4,961**

Note: Carrying values under scope of regulatory consolidation do not equal the sum of risk type breakdown. An exposure can be subject to several risk types.

			Carrying values of items				
Liabilities *(in millions of euros)*	**Carrying values as reported in published financial statements**	**Carrying values under scope of regulatory consolidation**	**Subject to the credit risk framework**	**Subject to the CCR framework**	**Subject to the securitization framework**	**Subject to the market risk framework**	**Not subject to regulatory capital requirements or subject to deduction from capital**
Due to central banks	9	9					9
Financial liabilities at fair value through profit or loss	208,183	205,668	(0)	148,463	382	166,001	36,804
Hedging derivatives	688	688				338	688
Deposits and loans due to banks and similar items	75,313	70,979		4,539		2,391	66,440
Deposits and loans due to customers	38,141	38,390	0	63		0	38,328
Debt securities	36,174	35,775					35,775
Revaluation adjustment on portfolios hedged against interest rate risk	110	110					110
Current tax liabilities	507	453					453
Deferred tax liabilities	838	553	(0)				553
Accrual accounts and other liabilities	16,947	16,732	(0)				16,732
Liabilities on assets held for sale							
Insurance-related liabilities	91,626						
Provisions	1,800	1,676	924				751
Subordinated debt	3,964	3,324	(0)				3,324
Shareholders' equity (Group share)	19,916	19,916					19,916
Share capital & reserves	11,036	11,036					11,036
Consolidated reserves	6,654	6,654					6,654
Gains and losses recognized directly in equity	692	692					692
Non-recyclable gains and losses recognized directly in equity	(42)	(42)					(42)
Net income	1,577	1,577					1,577
Non-controlling interests	1,279	241					241
TOTAL LIABILITIES	**495,495**	**394,514**	**924**	**153,065**	**382**	**168,729**	**220,123**

Note: Carrying values under scope of regulatory consolidation do not equal the sum of risk type breakdown. An exposure can be subject to several risk types.

DIFFERENCES IN THE SCOPES OF CONSOLIDATION (ENTITY BY ENTITY) (EU LI3)

The table below lists the subsidiaries for which the method of regulatory consolidation is different from the method of accounting consolidation.

Entity name	Method of accounting consolidation	Method of regulatory consolidation	Description of the entity	Country
Nexgen Reinsurance Designated Activity Company	Full consolidation	Equity method	Reinsurance	Ireland
Coface S.A.	Full consolidation	Equity method	Holding company	France
Coface Europe (formerly Coface S.A.)	Full consolidation	Equity method	Credit insurance and related services	France
Cofinpar	Full consolidation	Equity method	Credit insurance and related services	France
Cogeri	Full consolidation	Equity method	Receivables management and data	France
Fonds Colombes	Full consolidation	Equity method	Mutual fund investments	France
Coface RE SA	Full consolidation	Equity method	Reinsurance	Switzerland
Fonds Lausanne S.A.	Full consolidation	Equity method	Mutual fund investments	Switzerland
Coface Debitoren (formerly ADGC)	Full consolidation	Equity method	Receivables management and data	Germany
Coface Kredit (formerly AK Coface) – Branch (Coface Europe)	Full consolidation	Equity method	Credit insurance and related services	Germany
Cofacerating.de GmbH	Full consolidation	Equity method	Receivables management and data	Germany
Cofacerating-Holding GmbH	Full consolidation	Equity method	Receivables management and data	Germany
Kisselberg	Full consolidation	Equity method	Insurance	Germany
Coface Austria – Branch (Coface Europe)	Full consolidation	Equity method	Holding company	Austria
Coface Services Austria	Full consolidation	Equity method	Receivables management and data	Austria
Coface Italy – Branch (Coface Europe)	Full consolidation	Equity method	Credit insurance and related services	Italy
Coface Italia	Full consolidation	Equity method	Holding company	Italy
Coface Ireland – Branch (Coface Europe)	Full consolidation	Equity method	Credit insurance and related services	Ireland
Coface UK – Branch (Coface Europe)	Full consolidation	Equity method	Credit insurance and related services	Great Britain
Coface UK Holdings Limited	Full consolidation	Equity method	Holding company	Great Britain
Coface UK Services Ltd	Full consolidation	Equity method	Receivables management and data	Great Britain
Coface Belgium – Branch (Coface Europe)	Full consolidation	Equity method	Credit insurance and related services	Belgium
Coface Belgium Services	Full consolidation	Equity method	Business and solvency data	Belgium
Coface Luxembourg – Branch (Coface Europe)	Full consolidation	Equity method	Credit insurance and related services	Luxembourg
Coface Portugal – Branch (Coface Europe)	Full consolidation	Equity method	Credit insurance and related services	Portugal
Coface Iberica – Branch (Coface Europe)	Full consolidation	Equity method	Credit insurance and related services	Spain
Coface Servicios España, SL	Full consolidation	Equity method	Receivables management and data	Spain
Coface Switzerland – Branch (Coface Europe)	Full consolidation	Equity method	Insurance	Switzerland
Coface Nederland – Branch (Coface Europe)	Full consolidation	Equity method	Insurance	Netherlands
Coface Nederland Services B.V.	Full consolidation	Equity method	Receivables management and data	Netherlands
Coface Danmark – Branch (Coface Europe)	Full consolidation	Equity method	Insurance	Denmark
Coface Sverige (formerly AKC Norden) – Branch (Coface Europe)	Full consolidation	Equity method	Insurance	Sweden
Coface RUS Insurance Company	Full consolidation	Equity method	Credit insurance	Russia
Coface Holding America Latina S.A.	Full consolidation	Equity method	Financial data	Mexico
Coface Argentina – Branch (Coface Europe)	Full consolidation	Equity method	Credit insurance and related services	Argentina
Coface Chile S.A. (Insurance)	Full consolidation	Equity method	Insurance	Chile
Coface Seguro de Credito Mexico	Full consolidation	Equity method	Insurance	Mexico
Coface Do brasil Seguros de Credito	Full consolidation	Equity method	Credit insurance and related services	Brazil
Seguradora Brasileira C.E (SBCE)	Full consolidation	Equity method	Credit insurance and related services	Brazil
Coface Chile – Branch (Coface Europe)	Full consolidation	Equity method	Credit insurance and related services	Chile
Coface Ecuador – Branch (Coface Europe)	Full consolidation	Equity method	Credit insurance and related services	Ecuador
Coface Canada – Branch (Coface Europe)	Full consolidation	Equity method	Credit insurance and related services	Canada
Coface North America, Inc. (MGU)	Full consolidation	Equity method	Credit insurance and related services	United States
Coface Services North America, Inc.	Full consolidation	Equity method	Holding company	United States
Coface North America Holding Company	Full consolidation	Equity method	Holding company	United States
Coface North America Insurance Company	Full consolidation	Equity method	Credit insurance and related services	United States

Entity name	Method of accounting consolidation	Method of regulatory consolidation	Description of the entity	Country
Coface Central Europe Holding	Full consolidation	Equity method	Holding company	Austria
Coface Hungary (formerly ÖKVC Fióktelepe) – Branch (Coface Europe)	Full consolidation	Equity method	Insurance	Hungary
Coface Poland CMS	Full consolidation	Equity method	Financial data	Poland
Coface Poland (formerly ÖKVC Poland) – Branch (Coface Europe)	Full consolidation	Equity method	Insurance	Poland
Coface Romania CMS	Full consolidation	Equity method	Insurance	Romania
Coface Lithuania (formerly LEAID) – Branch (Coface Europe)	Full consolidation	Equity method	Insurance	Lithuania
Coface Romania Insurance – Branch (Coface Europe)	Full consolidation	Equity method	Insurance	Romania
Coface Czech Insurance – Branch (Coface Europe)	Full consolidation	Equity method	Insurance	Czech Republic
Coface Slovakia Insurance – Branch (Coface Europe)	Full consolidation	Equity method	Insurance	Slovakia
Coface Latvia – Branch (Coface Europe)	Full consolidation	Equity method	Insurance	Latvia
Coface Bulgaria – Branch (Coface Europe)	Full consolidation	Equity method	Insurance	Bulgaria
Coface Techology – Romania – Branch (Coface Europe)	Full consolidation	Equity method	Data services	Romania
Coface Japan – Branch (Coface Europe)	Full consolidation	Equity method	Credit insurance and related services	Japan
Coface South Africa	Full consolidation	Equity method	Insurance	South Africa
Coface South Africa Services	Full consolidation	Equity method	Insurance	South Africa
Coface Singapore – Branch (Coface Europe)	Full consolidation	Equity method	Credit insurance and related services	Singapore
Coface Hong Kong – Branch (Coface Europe)	Full consolidation	Equity method	Credit insurance and related services	Hong Kong
Coface Sigorta Turkey (Insurance)	Full consolidation	Equity method	Insurance	Turkey
Coface Holding Israel	Full consolidation	Equity method	Holding company	Israel
Business Data Information	Full consolidation	Equity method	Marketing and other services	Israel
Coface Israel (Branch Coface Europe)	Full consolidation	Equity method	Credit insurance	Israel
Coface Australia – Branch (Coface Europe)	Full consolidation	Equity method	Credit insurance and related services	Australia
Coface Taiwan – Branch (Coface Europe)	Full consolidation	Equity method	Credit insurance and related services	Taiwan
NATIXIS ASSURANCES	Full consolidation	Equity method	Insurance company holding company	France
NATIXIS LIFE	Full consolidation	Equity method	Life insurance	Luxembourg
BPCE Prévoyance	Full consolidation	Equity method	Personal protection insurance	France
FRUCTIFONCIER	Full consolidation	Equity method	Insurance real estate investments	France
BPCE Vie	Full consolidation	Equity method	Insurance	France
REAUMUR ACTIONS	Full consolidation	Equity method	Insurance investment mutual fund	France
Ostrum Ultra Short Term Bonds Plus SI (C)	Full consolidation	Equity method	Insurance investment mutual fund	France
Nami Investment	Full consolidation	Equity method	Insurance real estate investments	France
BPCE RELATION ASSURANCES (GIE)	Full consolidation	Equity method	Service provider	France
ABP Vie Mandat FPCI	Full consolidation	Equity method	Risk Capital Fund	France
FCT TULIP NOTE – compartment 1	Full consolidation	Equity method	Insurance investments (Securitization funds)	Netherlands
Fructifonds Profil 6	Full consolidation	Equity method	Insurance investment mutual fund	France
Fructifonds Profil 9	Full consolidation	Equity method	Insurance investment mutual fund	France
AAA Actions Agro Alimentaire	Full consolidation	Equity method	Insurance investment mutual fund	France
Fructifonds Immobilier	Full consolidation	Equity method	Insurance real estate investments	France
OPCI FRANCEUROPE IMMO	Full consolidation	Equity method	Insurance investment mutual fund	France
SELECTIZ	Full consolidation	Equity method	Insurance investment mutual fund	France
SELECTION PROTECTION 85	Full consolidation	Equity method	Insurance investment mutual fund	France
SELECTIZ PLUS	Full consolidation	Equity method	Insurance investment mutual fund	France
Allocation Pilotée Equilibre C	Full consolidation	Equity method	Insurance investment mutual fund	France
MIROVA EUROPE ENVIRONNEMENT C	Full consolidation	Equity method	Insurance investment mutual fund	France
BPCE ASSURANCES	Full consolidation	Equity method	Insurance company	France
BPCE APS	Full consolidation	Equity method	Service provider	France
Compagnie Européenne de Garanties et Cautions	Full consolidation	Equity method	Insurance	France

3.3.1.3 Composition of capital

In accordance with the provisions introduced by the CRR and with the national provisions defined by the ACPR, regulatory capital (calculated on the basis of book equity), comprises three categories, as described below.

Each category comprises liability items extracted from the consolidated financial statements and restated by automatically applying deductions, either directly or subject to thresholds.

Until 2021, regulatory capital is subject to phase-in arrangements and grandfathering provisions to support the roll-out of the CRR.

Common Equity Tier One (CET1)

CET1 is calculated using shareholders' equity (excluding reclassified hybrid securities), with the following restatements:

- deductions not subject to phase-in arrangements:
  - estimated dividend,
  - goodwill and intangible assets,
  - recyclable unrealized gains and losses on hedging derivatives,
  - own credit risk on debts issued and financial instruments (Debit Value Adjustment),
  - prudent valuation adjustments,
  - expected loss on equity positions and shortfall of provisions on expected losses on credit positions,
  - revaluation adjustments on defined-benefit plan commitments;
  - non-bank minority interests;
  - bank minority interests exceeding the limits set by regulations;
  - recyclable gains or losses on available-for-sale assets;
  - company-controlled stock and cross-shareholdings;
  - amount exceeding threshold 1 on non-material holdings of capital instruments issued by financial entities;
  - amount exceeding threshold 2 on material holdings of capital instruments issued by financial entities;
  - amount exceeding threshold 2 on deferred tax assets dependent on future earnings and resulting from temporary differences;
  - amount exceeding threshold 3 common to amounts not deducted in respect of threshold 2;
  - any surplus deduction of Additional Tier One capital (see below);
- deductions subject to phase-in arrangements:
  - deferred tax assets dependent on future earnings, but not related to temporary differences.

Additional Tier One (AT1) Capital

AT1 capital comprises:

- subordinated debt instruments recognized as AT1 after applying phase-in arrangements;
- deductions made from this category ;
- any surplus deduction of Tier 2 capital *(see below)*.

Detailed information on the debt instruments recognized in Additional Tier 1 capital and their characteristics at December 31, 2018, as required by Commission Implementing Regulation No. 1423/2013 (Annex II), is available on the Natixis website (*www.natixis.com*).

Tier Two (T2) Capital

T2 capital comprises:

- subordinated debt instruments recognized as T2 capital after applying phase-in arrangements;
- deductions made from this category ;
- any surplus provisions related to expected losses.

Detailed information on debt instruments recognized in Tier 2 capital and their characteristics at December 31, 2018, as required by Commission Implementing Regulation No. 1423/2013 (Annex II) is available on the Natixis website (*www.natixis.com*).

At December 31, 2018, the transition from shareholders' equity to regulatory CET1 capital, Tier 1 capital and total capital after applying phase-in arrangements, is summarized in the table below.

TRANSITION FROM SHAREHOLDER'S EQUITY TO PRUDENTIAL CAPITAL AFTER APPLYING PHASE-IN ARRANGEMENTS

(in millions of euros)	31/12/2018
Shareholders' equity	
Capital	5,040
Issue premium	4,251
Retained earnings	6,447
Treasury shares	(27)
Other, including items of comprehensive income	650
Other instruments to be reclassified as Additional Tier 1 capital	1,978
Net income	1,577
Total shareholders' equity – Group share	**19,916**
Reclassification as Additional Tier 1 capital	(1,978)
Translation adjustments	(6)
Restatement of proposed dividend (dividend for previous year)	0
Prudential filters after phase-arrangements	
Own credit risk: Gain on reclassification of hybrid securities	(144)
Own credit risk: liabilities and derivatives net of deferred taxes	(109)
Prudent valuation adjustment	(383)
Unrealized gains and losses	105
Total prudential filters	**(531)**
Deductions after phase-in arrangements	
Dividend proposed for current year and related expenses	(944)
Goodwill	
Amount as per accounting base	(3,437)
Amount of related deferred tax liabilities	336
Amount included in value of investments in associates	(228)
Intangible assets	
Amount as per accounting base	(580)
Non-controlling interests	
Amount as per accounting base	241
Prudential adjustment including phase-in arrangements	(241)
Deferred tax assets (tax loss carry-forwards)	
Amount as per accounting base	(1,354)
o/w portion not including tax loss carry-forwards and impact of netting	706
Prudential adjustment including phase-in arrangements	130
Shortfall of provisions to expected losses	0
Investments in the share capital of financial sector entities	0
Other prudential adjustments including phase-in arrangements	(77)
Total deductions	**(5,449)**
Total Common Equity Tier 1 (CET1)	**11,951**
Hybrid capital instruments	
Amount as per accounting base	
Other equity instruments	1,978
Residual gain on reclassification as equity	144
Nominal value adjustment during the period	22
Early redemption through exercise of call option	0
Leveling due at the grandfathering limit	0
Total hybrid instruments	2,145
Deductions	(22)
Other prudential adjustments including phase-in arrangements	0
Total additional Tier 1 capital	**2,123**
Total Tier 1 capital	**14,074**
Subordinated debt instruments	
Amount as per accounting base	3,372
Regulatory adjustment	(241)
Transfer of grandfathering leveling on hybrid capital instruments	0
Total Tier 2 instruments	3,131
Surplus of provisions to expected losses	34
Deductions	(761)
Other prudential adjustments including phase-in arrangements	0
Total Tier 2 capital	**2,403**
TOTAL REGULATORY CAPITAL	**16,477**

Pursuant to Commission Implementing Regulation (EU) No. 1423/2013, the audit trail of regulatory capital as described in Appendix VI of the regulation is provided below.

REGULATORY CAPITAL APPENDIX VI

Row number	Aggregate wording	(A) Amount on publication date (in millions of euros)	(B) Regulation (EU) No. 575/2013 Article reference treatment	(C) Amounts subject to pre-regulation or prescribed residual amount in virtue of regulation (EU) No. 575/2013 (in millions of euros)
Common Equity Tier 1 capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	9,291	26 (1), 27, 28, 29, EBA list, 26 (3)	
	o/w ordinary shares	9,291	EBA list, 26 (3)	
	o/w instrument type 2		EBA list, 26 (3)	
	o/w instrument type 3		EBA list, 26 (3)	
2	Retained earnings	4,776	26(1) (C)	
3	Accumulated other comprehensive income (and other reserves, to include unrealized gains and losses under the applicable accounting standards)	2,315	26(1)	
3a	Fund for general banking risks	0	26(1) (f)	
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	0	486 (2)	
	Public sector capital injections grandfathered until January 1, 2018		483 (2)	
5	Minority interests (amount allowed in consolidated CET1)	0	84, 479, 480	
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	633	26 (2)	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**17,015**		**0**
Common Equity Tier 1 capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	(383)	34, 105	
8	Intangible assets (net of related tax liability) (negative amount)	(3,910)	36 (1) (b), 37, 472 (4)	0
9	Empty set in the EU			
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(518)	36 (1) (C), 38, 472 (5)	(130)
11	Fair value reserves related to gains or losses on cash flow hedges	105	33 (a)	0
12	Negative amounts resulting from the calculation of expected loss amounts	(77)	36 (1) (d), 40, 159, 472 (6)	0
13	Any increase in equity that results from securitized assets (negative amount)	0	32 (1)	0
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(253)	33(b)	0
15	Defined-benefit pension fund assets (negative amount)	0	36 (1) (e), 41, 472 (7)	0
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(27)	36 (1) (f), 42, 472 (8)	0
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	36 (1) (g), 44, 472 (9)	0
18	Direct and indirect holdings by the institution of CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	0	36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)	0
19	Direct, indirect and synthetic holdings of CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) à (3), 79, 470, 472 (11)	0
20	Empty set in the EU			
20a	Exposure amount of the following items which qualify for a RW of 1,250%, where the institution opts for deduction		36 (1) (k)	
20b	o/w qualifying holdings outside the financial sector (negative amount)	0	36 (1) (k) (i), 89 à 91	0
20c	o/w securitization positions (negative amount)	0	36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258	0
20d	o/w free deliveries (negative amount)	0	36 (1) (k) (iii), 379 (3)	0
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in 38 (3) are met) (negative amount)	0	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	0
22	Amount exceeding the 15% threshold (negative amount)	0	48 (1)	0
23	o/w direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities;	0	36 (1) (i), 48 (1) (b), 470, 472 (11)	0
24	Empty set in the EU			
25	o/w deferred tax assets arising from temporary differences	0	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	0
25a	Losses for the current financial year		36 (1) (a), 472 (3)	
25b	Foreseeable tax charges relating to CET1 items (negative amount)		36 (1) (l)	
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment			
26a	Regulatory adjustments relating to unrealized gains and losses pursuant to Articles 467 and 468	0		
	o/w: filter for unrealized loss	0	467	
	o/w: filter for unrealized gain	0	468	

Row number	Aggregate wording	(A) Amount on publication date (in millions of euros)	(B) Regulation (EU) No. 575/2013 Article reference treatment	(C) Amounts subject to pre-regulation or prescribed residual amount in virtue of regulation (EU) No. 575/2013 (in millions of euros)
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre-CRR	0	481	
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	0	36 (1) (j)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(5,064)**		
29	**Common Equity Tier 1 (CET1)**	**11,951**		
Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts	1,775	51, 52	
31	o/w classified as equity under applicable accounting standards	1,775		
32	o/w classified as liabilities under applicable accounting standards			
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	370	486 (3)	
	Public sector capital injections grandfathered until January 1, 2018		483 (3)	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	0	85, 86, 480	
35	o/w instruments issued by subsidiaries subject to phase out		486 (3)	0
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**2,145**		
Additional Tier 1 (AT1) capital: regulatory adjustments				
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	0	52 (1) (b), 56 (a), 57, 475 (2)	
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	56 (b), 58, 475 (3)	
39	Direct and indirect holdings by the institution of AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	0	56 (c), 59, 60, 79, 475 (4)	
40	Direct, indirect and synthetic holdings of AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	(22)	56 (d), 59, 60, 79, 475 (4)	0
41	Regulatory adjustments applied to Additional Tier 1 in respect of amounts subject to pre-CRR treatment and phase-in treatments and which will be gradually phased out in accordance with Regulation (EU) No. 575/2013 (CRR residual amounts)			
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the phase-in period pursuant to Article 472 of Regulation (EU) No. 575/2013	0	472, 472 (3) (a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	
	o/w own capital instruments	0		
	o/w non-significant investments in the capital of other financial sector entities	0		
	o/w significant investments in the capital of other financial sector entities	0		
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the phase-in period pursuant to Article 475 of Regulation (EU) No. 575/2013	0	477, 477 (3), 477 (4) (a)	
	o/w own capital instruments	0		
	o/w non-significant investments in the capital of other financial sector entities	0		
	o/w significant investments in the capital of other financial sector entities	0		
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre-CRR		467, 468, 481	
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56 (e)	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**(22)**		
44	**Additional Tier 1 (AT1) capital**	**2,123**		
45	**Tier 1 capital (T1 = CET1 + AT1)**	**14,074**		
Tier 2 (T2) capital: instruments and provisions				
46	Capital instruments and the related share premium accounts	3,085	62, 63	
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	46	486 (4)	
	Public sector capital injections grandfathered until January 1, 2018	0	483 (4)	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	0	87, 88, 480	
49	o/w instruments issued by subsidiaries subject to phase out	0	486 (4)	
50	Credit risk adjustments	34	62 (c) and (d)	
51	**Tier 2 (T2) capital before regulatory adjustments**	**3,164**		
Tier 2 (T2) capital: regulatory adjustments				
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	0	63 (b) (i), 66 (a), 67, 477 (2)	0
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to artificially inflate the own funds of the institution (negative amount)	0	66 (b), 68, 477 (3)	
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	66 (c), 69, 70, 79, 477 (4)	
54a	o/w new holdings not subject to phase-in arrangements	0		
54b	o/w holdings existing before January 1, 2013 and subject to phase-in arrangements	0		

Row number	Aggregate wording	(A) Amount on publication date *(in millions of euros)*	(B) Regulation (EU) No. 575/2013 Article reference treatment	(C) Amounts subject to pre-regulation or prescribed residual amount in virtue of regulation (EU) No. 575/2013 *(in millions of euros)*
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	(761)	66 (d), 69, 79, 477 (4)	0
56	Regulatory adjustments applied to Additional Tier 2 in respect of amounts subject to pre-CRR treatment and phase-in treatments subject to phase out in accordance with Regulation (EU) No. 575/2013 (iCRR residual amounts)			
56a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the phase-in period pursuant to Article 472 of Regulation (EU) No. 575/2013	0	472, 472 (3) (a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	
	o/w own capital instruments			
	o/w non-significant investments in the capital of other financial sector entities	0		
	o/w significant investments in the capital of other financial sector entities	0		
56b	Residual amounts deducted from Additional Tier 2 capital with regard to deduction from Tier 1 capital during the phase-in period pursuant to Article 475 of Regulation (EU) No. 575/2013	0	475, 475 (2) (a), 475 (3), 475 (4) (a)	
	o/w own capital instruments	0		
	o/w non-significant investments in the capital of other financial sector entities	0		
	o/w significant investments in the capital of other financial sector entities	0		
56c	Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre-CRR		467, 468, 481	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**(761)**		
58	**Tier 2 (T2) capital**	**2,403**		
59	**Total capital (TC = T1 + T2)**	**16,477**		
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and phase-in treatments subject to phase out as prescribed in Regulation (EU) No. 575/2013 (CRR residual amounts)	0		
	o/w adjustment of the 15% threshold, share of significant CET1 investments, items not deducted from CET1 (Regulation (EU) No. 575/2013 residual amounts)	0	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)	
	o/w adjustment of the 15% threshold, share of deferred tax assets, items not deducted from CET1 (Regulation (EU) No. 575/2013 residual amounts)	0		
	o/w items not deducted from AT1 items (Regulation (EU) No. 575/2013 residual amounts)		475, 475 (2) (b), 475 (2) (c), 475 (4) (b)	
	o/w items not deducted from T2 items (Regulation (EU) No. 575/2013 residual amounts)		477, 477 (2) (b), 477 (2) (c), 477 (4) (b)	
60	**Total risk weighted assets**	**0**		
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	10.9%	92 (2) (a), 465	
62	Tier 1 (as a percentage of risk exposure amount)	12.9%	92 (2) (b), 465	
63	Total capital (as a percentage of risk exposure amount)	15.1%	92(2) (C)	
64	Institution specific buffer requirement (CET1 requirement in accordance with Article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or 0-SII buffer), expressed as a percentage of risk exposure amount)	1.939%	CRD 128, 129, 130	
65	o/w capital conservation buffer requirement	1.875%		
66	o/w countercyclical buffer requirement	0.064%		
67	o/w systemic risk buffer requirement	0.000%		
67a	o/w global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.000%	CRD 131	
68	Common Equity Tier 1 available to meet buffer requirements (as a percentage of risk exposure amount)	4.44%	CRD 128	
69	(not relevant in EU Regulation)			
70	(not relevant in EU Regulation)			
71	(not relevant in EU Regulation)			
Capital ratios and buffers				
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	292	36 (1) (h), 45, 46, 472 (10), 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)	
73	Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	700	36 (1) (i), 45, 48, 470, 472 (11)	
74	Empty set in the EU			
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	509	36 (1) (c), 38, 48, 470, 472 (5)	
Applicable caps on the inclusion of provisions in Tier 2				
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)	0	62	
77	Cap on inclusion of credit risk adjustments in T2 under standardized approach	21,925	62	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	34	62	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	42,771	62	

Row number	Aggregate wording	(A) Amount on publication date *(in millions of euros)*	(B) Regulation (EU) No. 575/2013 Article reference treatment	(C) Amounts subject to pre-regulation or prescribed residual amount in virtue of regulation (EU) No. 575/2013 *(in millions of euros)*
Capital instruments subject to phase-out arrangements (only applicable between January 1, 2013 and January 1, 2022)				
80	Current cap on CET1 instruments subject to phase-out arrangements	0	484 (3), 486 (2) et (5)	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0	484 (3), 486 (2) et (5)	
82	Current cap on AT1 instruments subject to phase-out arrangements	726	484 (4), 486 (3) et (5)	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0	484 (4), 486 (3) et (5)	
84	Current cap on T2 instruments subject to phase-out arrangements	875	484 (5), 486 (4) et (5)	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0	484 (5), 486 (4) et (5)	

3.3.1.4 Changes in regulatory capital, regulatory own fund requirements and ratios in 2018

Regulatory capital and capital adequacy ratio

The 2018 CET1, Tier 1 and total ratios are presented below by major component. The same ratios for 2017 are shown by way of comparison.

In accordance with the Basel 3/CRR regulatory framework, under Pillar I these ratios must exceed the minimum limits of 4.5%, 6% and 8%, respectively, in addition to the cumulative safety buffers of 6.435%, 7.935% and 9.935%, respectively for 2018, and of 7.06%, 8.56% and 10.56%, respectively for 2019.

TOTAL CAPITAL RATIO

(in millions of euros)	31/12/2018	31/12/2017
Shareholders' equity (Group share)	**19,916**	**19,795**
Deeply subordinated notes (DSN)	1,978	2,232
Perpetual subordinated notes (PSN)	0	0
Consolidated shareholders' equity Group share, net of DSNs and PSNs	**17,938**	**17,563**
Minority interests (amount before phase-in arrangements)	241	137
Intangible assets	(580)	(511)
Goodwill	(3,330)	(3,131)
Dividends proposed to the General Shareholders' Meeting and expenses	(944)	(1,160)
Deductions, prudential restatements and phase-in arrangements	(1,374)	(924)
Total Common Equity Tier 1 capital	**11,951**	**11,975**
Deeply subordinated notes (DSN) and preference shares	2,145	2,397
Additional Tier 1 capital	0	0
Tier 1 deductions and phase-in arrangements	(22)	(101)
Total Tier 1 capital	**14,074**	**14,271**
Tier 2 instruments	3,131	2,955
Other Tier 2 capital	34	0
Tier 2 deductions and phase-in arrangements	(761)	(686)
Overall capital	**16,477**	**16,540**
Total risk-weighted assets	**109,225**	**110,697**
Credit risk-weighted assets (incl. CVA)	84,245	86,182
Market risk-weighted assets	9,635	9,730
Operational risk-weighted assets	15,345	14,784
Capital adequacy ratios		
Common Equity Tier 1 ratio	10.9%	10.8%
Tier 1 ratio	12.9%	12.9%
Total capital ratio	15.1%	14.9%

GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES USED IN THE COUNTERCYCLICAL BUFFER (CCYB1)

Breakdown by country *(in millions of euros)*	Countercyclical capital buffer rate	Value of exposures and/or RWA used to determine the CCyB		CCyB rate specific to Natixis	CCyB requirement specific to Natixis
		Value of exposures	RWA		
CZ – CZECH REPUBLIC	1.0%	6	4		
GB – UNITED KINGDOM	1.0%	5,768	2,567		
HK – HONG KONG	1.9%	2,475	923		
IS – ICELAND	1.3%				
LT – LITHUANIA	0.5%	57	3		
NO – NORWAY	2.0%	375	187		
SE – SWEDEN	2.0%	240	122		
SK – SLOVAKIA	1.3%	73	22		
Sub-total		**8,994**	**3,828**		
Other countries with a 0% risk weight		181,790	73,775		
TOTAL at 31/12/2018		**190,783**	**77,603**	**0.0638%**	**70**
TOTAL at 31/12/2017		**201,605**	**79,133**	**0.0142%**	**16**

PRUDENTIAL VALUATION ADJUSTMENTS (PV1)

(in millions of euros)	Equity	Interest rates	Forex	Credit	Commodities	Total	o/w: in trading portfolio	o/w: in bank portfolio
Uncertainty with respect to liquidation o/w:	181	23	3	15		222	210	12
Average value	*52*	*7*	*1*	*7*		*67*	*61*	*7*
Cost of liquidation	*91*	*16*	*2*	*5*		*114*	*114*	
Concentration	*37*	*1*		*2*		*40*	*36*	*4*
Early termination								
Model risk	78	2		3		83	67	16
Operational risk	14	2		1		18	18	
Investment and financing costs						7	7	
Unearned credit spreads						17	17	
Future administrative expenses	9	11	1	16		37	18	19
Other								
TOTAL ADJUSTMENTS	**282**	**37**	**5**	**35**	**1**	**383**	**337**	**46**

The change in prudential capital under Basel 3/CRR over the period is shown below:

CHANGES IN REGULATORY CAPITAL AFTER THE APPLICATION OF PHASE-IN ARRANGEMENTS OVER THE PERIOD

(in millions of euros)	2018	Incl. impact of first application of IFRS 9
Common Equity Tier 1 (CET1)		
Amount at start of period	11,975	
New instruments issued (including issue premiums)	61	0
Instruments redeemed	0	
Retained earnings from previous periods	(321)	(32)
Net income/(loss) for the period	1,577	0
Gross dividend proposed	(944)	0
Dividend payout in new shares	0	
Changes in other comprehensive income		
Translation adjustments	170	0
Available-for-sale assets	(278)	(111)
Cash flow hedging reserve	43	0
Other	263	15
Other	0	0
Non-controlling interests	0	0
Filters and deductions not subject to the phase-in arrangements		
Goodwill and intangible assets	(268)	0
Own credit risk	(264)	0
Other comprehensive income CFH	(43)	0
Prudent valuation adjustment	(121)	0
Other items	22	22
Other, including prudential adjustments and phase-in arrangements		
Deferred tax assets that rely on future earnings (excluding temporary differences)	142	2
Deductions in respect of breaches of capital thresholds	0	0
Other	(3)	0
Impact of phase-in arrangements	(59)	18
o/w impact of changes in phase-in rate	(31)	0
o/w impact of change in basis subject to phase-in arrangements	(28)	18
Amount of Common Equity Tier 1 (CET1) at end of period	**11,951**	
Additional Tier 1 (AT1) capital		
Amount at start of period	2,297	
New eligible instruments issued	0	0
Redemptions during the period	(300)	0
Other, including prudential adjustments and phase-in arrangements	127	0
o/w impact of changes in phase-in rate	79	0
o/w other impact of changes in base	48	0
Amount of Additional Tier 1 (AT1) capital at end of period	**2,123**	
Tier 1 capital	**14,074**	
Tier 2 capital		
Amount at start of period	2,269	
New eligible instruments issued	300	
Redemptions during the period	0	
Other, including prudential adjustments and phase-in arrangements	(166)	145
o/w impact of changes in phase-in rate	(74)	0
o/w other impact of changes in base	(92)	145
Amount of Tier 2 capital at end of period	**2,403**	
TOTAL REGULATORY CAPITAL	**16,477**	

NON-DEDUCTED PARTICIPATIONS IN INSURANCE UNDERTAKINGS

(in millions of euros)	Value
Holdings of own funds instruments of a financial sector entity where the institution has a significant investment not deducted from own funds (before risk-weighting)	3,440
TOTAL RWA	**10,503**

The following changes in Basel 3/CRR regulatory capital were recorded in 2018, after applying phase-in arrangements:

Common Equity Tier 1 (CET1) capital totaled €12 billion at December 31, 2018, up €0.1 billion over the year.

Over the course of the year, the increase stemmed notably from the net income net of dividend forecast at €0.6 billion, the impact of which was partially offset by the increase in regulatory deductions relating to goodwill and intangible assets (impact of -€0.3 billion), prudential value adjustments (-€0.1 billion), and deferred tax assets on losses carried forward (-€0.1 billion).

Tier 1 capital declined by €0.1 billion, primarily as a result of the early redemption of two issuances for -€0.3 billion. The balance was primarily due to the change in the phase-in rate applied on items deducted from AT1 capital, as well as the items subject to these provisions.

Tier 2 capital was stable at €2.4 billion, the €0.3 billion issuance in the fourth quarter having been offset by the change in the excess of provisions over expected losses (-€0.1 billion) and the impact of phase-in arrangements over the period.

At €109.2 billion, risk-weighted assets decreased by €1.5 billion in 2018.

TABLE 7 – RISK-WEIGHTED ASSETS AT DECEMBER 31, 2018

(in billions of euros)	Credit risk	CVA	Market risk	Operational risk	Total RWA
BASEL 3 AT 31/12/2017	**85.0**	**1.2**	**9.7**	**14.8**	**110.7**
Changes in exchange rates	0.7				0.7
Changes in business activity	3.8	(0.5)		0.6	3.8
Improvement in risk parameters	(4.7)	1.0	(0.1)		(3.8)
Acquisitions and disposals of financial investments					
Impact of guarantees	(2.1)				(2.1)
BASEL 3 AT 31/12/2018	**82.6**	**1.7**	**9.6**	**15.3**	**109.2**

The €2.4 billion decrease in credit risk over the period was primarily due to the following factors:

- the impact of the dollar's appreciation (+€0.7 billion);
- an increase in outstandings (+€3.8 billion) concentrated in Corporate & Investment Banking and Specialized Financial Services;
- the impact of risk inputs (-€4.7 billion), mainly due to changes in weightings and exposure maturities.
- a guarantee effect of -€2.1 billion.

The €0.5 billion increase in CVA can primarily be attributed to changes in risk inputs, these being offset by lower exposures at end 2018.

Market risk was down by a slight €0.1 billion at €9.6 billion at December 31, 2018.

Operational risk was up €0.6 billion, as the benchmark indicator for fiscal year 2018 was replaced with that of fiscal year 2015 (standard practice is to calculate operational risk using the average indicator for the previous three years).

BASEL 3 RWA BY MAIN NATIXIS BUSINESS LINE (NX02)

Division		**Basel 3 RWA**		
(in millions of euros)	**Total**	**Credit** [a]	**Market** [b]	**Operational**
Corporate & Investment Banking [c]	60,079	43,572	8,933	7,574
Asset & Wealth Management	12,041	7,041		5,000
Insurance	7,252	7,252		
Specialized Financial Services	16,239	13,874		2,365
Corporate Center	13,614	10,846	2,362	406
TOTAL AT 31/12/2018	**109,225**	**82,585**	**11,295**	**15,345**
Total at 31/12/2017	**110,697**	**84,985**	**10,928**	**14,784**

(a) Including counterparty risk.

(b) Including settlement-delivery risk of €1,661 million in CVA RWA.

(c) Including Treasury & Collateral Management.

3.3.1.5 Capital planning

Capital planning consists of determining Natixis' target capital adequacy level, continually ensuring compliance with regulatory capital requirements in all compartments and capital adequacy in line with the risk appetite defined by the institution, and adapting capital allocation and measurement of business line profitability accordingly.

Accordingly, the New Dimension strategy plan is targeting a fully loaded CET1 ratio of 11.0% at the end of the plan by 2020 end. With a fully-loaded CET1 ratio excluding phase-in arrangements of 10.82% at December 31, 2018, Natixis is therefore in line with this benchmark.

The capital planning system adapts all processes with the aim of ultimately meeting the requirements of the supervisory authorities, shareholders and investors:

- continuously maintaining the targets set in terms of capital adequacy;
- developing an internal approach for measuring capital requirements and overseeing Natixis' resilience under stress scenarios (ICAAP);
- projecting capital requirements specific to business line activity, within the framework of Natixis' overall capital adequacy policy;
- anticipating regulatory changes and their impact on Natixis' various business lines;
- implementing a system for analyzing the capital consumption of the businesses and their profitability on the basis of Basel 3/CRR risk-weighted assets;
- allocating capital to the business lines, within the framework of strategic plan and annual budget procedures, taking into account business requirements, profitability and balance between the core business divisions.

Outlook

The European MREL ratio introduced by the BRRD Directive is applicable to Natixis, unless otherwise stipulated, according to the methods still to be defined by the Single Resolution Board.

Together with BPCE Group as a whole, Natixis contributed to collecting detailed information on liabilities, as required by the SRB in 2018. As the BRRD Directive is currently under review, the mechanisms for managing and preparing for this new ratio are not yet finalized.

3.3.2 OTHER REGULATORY RATIOS

3.3.2.1 Leverage ratio

The Basel Committee has set up a system for managing leverage risk. The system was included in the CRR, defining leverage as being equal to Tier 1 capital divided by on-balance sheet exposures (after certain restatements, notably on derivatives and repurchase agreements) and off-balance sheet exposures (after applying balance sheet equivalent conversion factors). The CRR was amended by a Delegated Act, which entered into force on March 31, 2015. The reporting templates that take those amendments into account have only been used since September 30, 2016, in accordance with the implementation deadlines.

Under Pillar II, the leverage ratio must be calculated and reported to the supervisor as of January 1, 2014. Its publication is mandatory as of January 1, 2015.

Natixis is already prepared to calculate and publish its leverage ratio (according to the rules set out in the Delegated Act) and to implement the balance sheet oversight needed to converge towards the target ratio under consideration.

COMPARISON OF ACCOUNTING EXPOSURES AND LEVERAGE EXPOSURES (LR1)

	Category *(in millions of euros)*	31/12/2018	31/12/2017
1	**Total consolidated assets reported in the financial statements**	**495,496**	**519,987**
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(100,864)	(94,937)
3	(Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measurement, in accordance with Article 429 (13) of Regulation (EU) No. 575/2013 "CRR")		
4	Adjustments for derivative financial instruments	(26,969)	(29,265)
5	Adjustment for securities financing transactions (repurchase transactions and other types of collateralized loans)	(17,774)	(19,927)
6	Adjustment for off-balance sheet items (i.e. conversion of off-balance sheet exposures to credit equivalent amounts)	39,614	36,079
7	Other adjustments	(16,539)	(15,661)
8	**LEVERAGE RATIO EXPOSURE***	**372,964**	**396,276**
*	o/w exposure related to affiliates	38,808	47,251
*	*Excluding exposure related to affiliates*	*334,156*	*349,025*

LEVERAGE RATIO (LR2)

	Provisions governing the leverage ratio *(in millions of euros)*	31/12/2018	31/12/2017
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	238,045	267,356
2	(Asset amounts deducted in determining Tier 1 capital)	(4,941)	(4,401)
3	**TOTAL ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS) (SUM OF LINES 1 AND 2)**	**233,104**	**262,955**
	Derivative exposures		
4	Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	6,686	7,442
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	21,353	21,650
EU-5a	**Exposure determined under Original Exposure Method**		
6	**Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework**		
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(11,597)	(11,259)
8	**(Exempted CCP leg of client-cleared trade exposures)**		
9	Adjusted effective notional amount of written credit derivatives	11,238	16,194
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(8,766)	(14,198)
11	**TOTAL DERIVATIVE EXPOSURES (SUM OF LINES 4 TO 10)**	**18,914**	**19,828**
	Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	99,107	97,341
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(23,939)	(25,782)
14	Counterparty credit risk exposure for SFT assets	6,164	5,855
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of regulation (EU) No. 575/2013		
15	Agent transaction exposures		
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)		
16	**TOTAL SECURITIES FINANCING TRANSACTION EXPOSURES (SUM OF LINES 12 TO 15A)**	**81,332**	**77,414**
	Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	95,529	93,169
18	(Adjustments for conversion to credit equivalent amounts)	(55,914)	(57,090)
19	**OTHER OFF-BALANCE SHEET EXPOSURES (SUM OF LINES 17 AND 18)**	**39,614**	**36,079**
	Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)		
EU-19a	(Exemption of intra-group exposures (solo basis) in accordance with Article 429 (7) of regulation (EU) No. 575/2013 (on and off balance sheet))		
EU-19b	(Exposures exempted in accordance with Article 429 (14) of regulation (EU) No. 575/2013 (on and off balance sheet))		
	Capital and total exposures		
20	Tier-1 capital	14,074	14,271
21	Total leverage ratio exposures (sum of lines 3, 11, 16 and 19)	372,964	396,276
	Leverage ratio		
22	Leverage ratio	3.8%	3.6%
	Choice on phase-in arrangements and amount of derecognized fiduciary items		
EU-23	Choice on phase-in arrangements for the definition of the capital measure		
EU-24	Amount of derecognized fiduciary items in accordance with Article 429 (11) of regulation (EU) No. 575/2013		
	EXPOSURE RELATED TO AFFILIATES	**38,808**	**47,251**
	LEVERAGE RATIO EXCLUDING EXPOSURE RELATED TO AFFILIATES	**4.2%**	**4.1%**

3.3.2.2 Oversight of the leverage ratio

Under the French Ministerial Order of November 3, 2014 on internal control by companies in the banking, payment services and investment services sector subject to the supervision of the ACPR, the companies in question are required to set overall limits and establish policies and processes to detect, manage and monitor excessive leverage risk.

Accordingly, Natixis established:

- a governance system under the authority of the ALM Committee, chaired by the CEO, for managing and monitoring excessive leverage risk (*see section 3.2.7.1*);
- a dedicated risk policy for excessive leverage risk; notably, the ALM Committee decided on early adoption of a target leverage ratio well above the 3% minimum requirement currently recommended by the Basel Committee, in keeping with the Bank's transformation strategy towards an asset-light model, as advocated by the New Frontier plan;

- an overall limit and an alert threshold applied to Natixis' leverage ratio, proposed by the ALM Committee and approved by the Risk Committee.

In accordance with the operational oversight established by the Financial Management Department in partnership with the business lines, Natixis successfully achieved its target leverage ratio. This target ratio is higher than the regulatory requirement, which will enter into force in Europe on a still-unknown date. As such, Natixis maintained a leverage ratio of above 4% in 2018. As in 2017, management and oversight of this ratio were achieved by setting constraints for activities (such as repos and securities lending transactions, derivative contracts, etc.) that are not RWA-intensive but are balance sheet-intensive.

3.3.2.3 Large exposures ratio

Large exposures ratio

Regulations on the monitoring of large exposures were revised in 2014 and are now part of the CRR. They aim to prevent an excessive concentration of risks for sets of counterparties that are related in such a way that if one encountered financial problems, the others would also be likely to experience funding or repayment problems. The standard is based on a standing obligation: all risks associated with a single counterparty may not exceed 25% of the bank's total capital. Natixis complied with this requirement in 2018.

3.3.3 BREAKDOWN AND CHANGES IN RISK-WEIGHTED ASSETS

3.3.3.1 Credit and counterparty risks

OVERVIEW OF RWA (EU OV1)

	RWA		Capital requirements
(in millions of euros)	31/12/2018	31/12/2017	31/12/2018
Credit risk (excluding CCR)	**71,894**	**73,837**	**5,751**
o/w the standardized approach	19,383	16,164	1,551
o/w the foundation IRB (F-IRB) approach	3,193	7,316	255
o/w the advanced IRB (A-IRB) approach	34,810	35,845	2,785
o/w equity IRB under the simple risk-weighted approach or the IMA	14,507	14,513	1,161
Counterparty risk	**7,556**	**7,823**	**605**
o/w mark to market	1,678	4,697	134
o/w original exposure			
o/w the standardized approach			
o/w internal model method (IMM)	2,338		187
o/w risk exposure amount for contributions to the default fund of a CCP	185	256	15
o/w CVA	1,661	1,198	133
Settlement risk	**5**	**10**	
Securitization exposures in the banking book (after the cap)	**3,045**	**2,488**	**244**
o/w IRB approach	1,202	898	96
o/w IRB supervisory formula approach (SFA)	224	221	18
o/w internal assessment approach (IAA)			
o/w the standardized approach	1,619	1,368	130
Market risk	**9,629**	**9,720**	**770**
o/w the standardized approach	5,185	5,491	415
o/w IMA	4,444	4,229	356
Large exposures			
Operational risk	**15,345**	**14,784**	**1,228**
o/w basic indicator approach			
o/w standardized approach	15,345	14,784	1,228
o/w advanced measurement approach			
Amounts below the thresholds for deduction (subject to 250% risk weight)	**1,750**	**2,035**	**140**
Floor adjustment			
TOTAL	**109,225**	**110,697**	**8,738**

EAD BY RATING SOURCE – STANDARDIZED APPROACH (NX11 BIS)

Exposure class *(in millions of euros)*	FITCH	MOODY'S	S&P	BDF	Total
Corporates	**1**	**76**	**1,540**	**2,046**	**3,662**
Institutions	**192**	**64**	**395**	**4**	**654**
Governments and central banks	**158**	**90**	**484**	**276**	**1,009**
Central governments and central banks	38	12	71		122
International organizations					
Multilateral development banks					
Regional governments or local authorities	27	48	41		116
Public sector entities	94	30	371	276	771
Retail				**53**	**53**
SMEs included in Retail category				53	53
Other exposures included in Retail category					
Exposures secured by mortgages on immovable property			**37**	**115**	**152**
SMEs included in exposures secured by mortgages on immovable property category				64	64
Other exposures secured by mortgages on immovable property			37	51	88
Defaulted exposures				76	76
Exposures to institutions and corporates with a short-term credit assessment	1	49	331	387	768
TOTAL AT 31/12/2018	**353**	**279**	**2,786**	**2,956**	**6,374**
TOTAL AT 31/12/2017	**352**	**1,193**	**2,752**		**4,297**

SECURED EXPOSURES BY RATING AND BY TYPE OF GUARANTOR (NX17)

Internal Rating Of Guarantor (S&P Equivalent) *(% breakdown)*	Type of guarantor			
	Institutions	Corporates	Central governments and central banks	Retail
AAA	0.5%			
AA+, AA, AA-	43.6%	33.5%	66.4%	
A+, A, A-	42.3%	56.1%	18.2%	
BBB+, BBB, BBB-	12.1%	8.1%	10.7%	2.2%
BB+, BB, BB-		1.6%	0.7%	
B+, B, B-		0.3%		
C				
Unrated*	1.5%	0.4%	4.0%	97.8%
TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**

* *Unrated: excluding exposures guaranteed by BPCE Group affiliates.*

	Guaranteed Exposures by Type		
	Institutions	Corporates	Central governments and central banks
AAA			
AA+, AA, AA-	4.2%	39.6%	72.7%
A+, A, A-	93.4%	37.1%	15.5%
BBB+, BBB, BBB-	2.4%	19.2%	10.5%
BB+, BB, BB-		1.9%	1.2%
B+, B, B-		1.0%	
L			
Unrated*		1.2%	0.1%
TOTAL AT 31/12/2018	**100.0%**	**100.0%**	**100.0%**

* *Unrated: excluding exposures guaranteed by BPCE Group affiliates.*

3.3.3.2 Credit risks

A – Credit risk mitigation techniques

CREDIT RISK MITIGATION TECHNIQUES (CR3)

(in millions of euros)	Exposures unsecured – Carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
IRB Approach							
Central governments or central banks	33,283	5	4	3,580	3,492		
Institutions	8,662	8	7	743	353		
Corporates	76,020	35,939	32,358	10,520	7,455	1,202	1,202
o/w SME	*1,161*	*1,923*	*1,856*	*126*			
o/w Specialized Lending	*348*	*19,947*	*18,625*	*125*	*4*		
Retail		662	662	29			
Secured by real estate property		*67*	*67*				
o/w SME		*67*	*67*				
Non-SME							
Qualifying Revolving		*185*	*185*				
Other Retail		*411*	*411*	*29*			
o/w SME		*401*	*401*	*29*			
Non-SME		*10*	*10*				
Equity	5,269						
Other assets	10	738	727	6			
Sub-total IRB 31/12/2018	**123,244**	**37,351**	**33,758**	**14,878**	**11,299**	**1,202**	**1,202**
Sub-total IRB 31/12/2017	**147,530**	**37,002**	**34,696**	**13,557**	**10,311**	**1,489**	**1,489**
Standardized Approach							
Central governments or central banks	2,785	20		123	121		
Regional governments or local authorities	237	9		7			
Public sector entities	779	8		42	5		
Multilateral development banks							
International Organizations	582						
Institutions	33,046			8,002	8,001		
Corporates	7,563	1,107	862	1,983	1,490		
o/w SME	*1,446*	*275*	*202*	*213*			
Retail	13,741	651	453	116			
o/w SME	*350*	*46*	*22*	*83*			
Secured by mortgages on immovable property		1,279	1,279				
o/w SME		*544*	*544*				
Defaulted exposures	498	67	10	38			
Exposures to institutions and corporates with a short-term credit assessment	652	20	20	3	2		
Collective investment undertakings							
Equity							
Other items	7,885	85		174	2		
Sub-total SA 31/12/2018	**67,768**	**3,246**	**2,624**	**10,487**	**9,622**		
Sub-total SA 31/12/2017	**74,132**	**2,718**	**2,110**	**7,031**	**6,586**		
TOTAL AT 31/12/2018	**191,011**	**40,598**	**36,382**	**25,366**	**20,921**	**1,202**	**1,202**
TOTAL AT 31/12/2017	**221,661**	**39,720**	**36,807**	**20,589**	**16,897**	**1,489**	**1,489**

IRB – INTERNAL RATING – EFFECT ON RWA OF CREDIT DERIVATIVES USED AS CRM TECHNIQUES (CR7)

(in millions of euros)	Pre-credit derivatives RWA	RWA
Exposures under Foundation IRB	**3,182**	**3,182**
Central governments and central banks	191	191
Institutions	88	88
Corporates – SME	409	409
Corporates – Specialized Lending	12	12
Corporates – Other	2,482	2,482
Exposures under Advanced IRB	**42,200**	**34,617**
Central governments and central banks	340	340
Institutions	1,288	1,288
Corporates – SME	1,690	1,690
Corporates – Specialized Lending	4,744	4,744
Corporates – Other	33,957	26,374
Retail – Secured by real estate SME	13	13
Retail – Secured by real estate non-SME		
Retail – Qualifying revolving	49	49
Retail – SME	101	101
Other retail exposures	18	18
Equity IRB	**16,257**	**16,257**
Other assets	**204**	**204**
TOTAL 31/12/2018	**61,844**	**54,261**
TOTAL 31/12/2017	**76,104**	**59,708**

B – Credit risk exposures

CREDIT QUALITY OF ASSETS (CR1)

	a	b	c	d
(in millions of euros)	**Defaulted exposures**	**Non-defaulted exposures**	**Allowances/ impairments**	**Net values (a+b-c)**
IRB Approach				
Central governments or central banks	48	36,869	50	36,867
Institutions	28	9,431	46	9,413
Corporates	2,711	122,814	1,845	123,680
o/w SME	*185*	*3,118*	*92*	*3,211*
o/w Specialized Lending	*379*	*20,211*	*170*	*20,420*
Retail	58	683	50	692
Secured by real estate property	*9*	*60*	*2*	*67*
o/w SME	*9*	*60*	*2*	*67*
Non-SME				
Qualifying Revolving	*19*	*181*	*16*	*185*
Other Retail	*30*	*442*	*32*	*440*
o/w SME	*12*	*429*	*11*	*430*
Non-SME	*18*	*12*	*21*	*10*
Equity	2	5,267		5,269
Other assets		754		754
Sub-total IRB 31/12/2018	**2,848**	**175,818**	**1,990**	**176,675**
Sub-total IRB 31/12/2017	**4,227**	**197,713**	**2,364**	**199,577**
Standardized Approach				
Central governments or central banks		2,928		2,928
Regional governments or local authorities		257	3	254
Public sector entities		831	1	829
Multilateral development banks				
International Organizations		582		582
Institutions		41,048		41,047
Corporates		10,698	45	10,653
o/w SME		*1,959*	*25*	*1,934*
Retail		14,562	54	14,507
o/w SME		*484*	*4*	*480*
Secured by mortgages on immovable property		1,279		1,279
o/w SME		*544*		*544*
Defaulted exposures	960		358	602
Items associated with particularly high risk				
Covered bonds				
Claims on institutions and corporates with a short-term credit assessment		674		674
Collective investment undertakings				
Equity				
Other items		8,144		8,144
Sub-total SA 31/12/2018	**960**	**81,003**	**462**	**81,501**
Sub-total SA 31/12/2017	**704**	**83,527**	**350**	**83,881**
TOTAL 31/12/2018	**3,808**	**256,820**	**2,452**	**258,176**
TOTAL 31/12/2017	**4,931**	**281,240**	**2,713**	**283,458**

TOTAL AND AVERAGE NET AMOUNT OF EXPOSURES (CRB-B)

(in millions of euros)	Net exposure at the end of the period	Average net exposure over the period*
IRB Approach		
Central governments or central banks	34,381	33,176
Institutions	9,185	10,546
Corporates	130,475	130,195
o/w SME	*4,887*	*5,183*
o/w Specialized Lending	*23,485*	*22,257*
Retail	1,277	1,197
Secured by real estate property	*67*	*66*
o/w SME	*67*	*66*
Non-SME		
Qualifying Revolving	*185*	*198*
Other Retail	*1,026*	*934*
o/w SME	*1,016*	*923*
Non-SME	*10*	*11*
Equity	5,269	5,299
Other assets	755	751
Sub-total IRB 31/12/2018	**181,342**	**181,165**
Sub-total IRB 31/12/2017	**203,578**	**205,715**
Standardized Approach		
Central governments or central banks	2,808	3,303
Regional governments or local authorities	267	304
Public sector entities	927	817
Multilateral development banks		
International Organizations	582	516
Institutions	33,049	44,848
Corporates	12,040	11,701
o/w SME	*2,997*	*2,378*
Retail	15,051	14,855
o/w SME	*641*	*586*
Secured by mortgages on immovable property	1,279	1,224
o/w SME	*544*	*508*
Defaulted exposures	776	648
Exposures to institutions and corporates with a short-term credit assessment	711	565
Collective investment undertakings		
Equity		
Other items	8,143	8,756
Sub-total SA 31/12/2018	**75,632**	**87,538**
Sub-total SA 31/12/2017	**78,555**	**69,925**
TOTAL 31/12/2018	**256,974**	**268,703**
TOTAL 31/12/2017	**282,133**	**275,640**

* *Quarterly average realized over 1 year.*

GEOGRAPHIC BREAKDOWN OF EXPOSURES (CRB-C)

	European Union							North America		Asia		Latin America	Europe		Africa	Middle East	Oceania	
(in millions of euros)	France	Other	Germany	UK	Italy	Luxembourg	Netherlands	United States	Other	Other	Singapore	Other	Switzerland	Other	Other	Other	Other	Total
IRB approach																		
Central government or central banks	20,289	2,122	697	184	45	284	226	7,500	109	368	489	548		111	835	571	3	34,381
Institutions	1,295	794	187	502	240	307	444	1,249	66	2,673	207	14	98	186	278	453	192	9,185
Corporates	46,804	8,158	4,939	4,505	4,516	4,720	3,608	19,314	972	5,201	4,552	7,557	5,353	1,072	2,832	4,981	1,390	130,475
o/w SME	*3,917*	*137*	*8*	*87*	*49*	*56*		*155*	*13*	*104*			*5*	*6*	*350*			*4,887*
o/w specialized loans	*5,547*	*1,748*	*479*	*998*	*1,575*	*999*	*865*	*4,658*	*225*	*1,738*	*15*	*1,912*	*111*		*45*	*1,792*	*779*	*23,485*
Retail	1,277																	1,277
Secured by real estate property	*67*																	*67*
o/w SME	*67*																	*67*
Non-SME																		
o/w Qualifying Revolving	*185*																	*185*
Other Retail	*1,026*																	*1,026*
o/w SME	*1,016*																	*1,016*
Non-SME	*10*																	*10*
Equities	4,134	101	34	97	23	373	15	268	5	5		82	23	2	74	20	12	5,269
Other assets	739	6			8	3												755
Sub-total IRB 31/12/2018	**74,538**	**11,181**	**5,857**	**5,288**	**4,832**	**5,687**	**4,294**	**28,331**	**1,152**	**8,247**	**5,248**	**8,200**	**5,474**	**1,371**	**4,018**	**6,025**	**1,597**	**181,342**
Sub-total IRB 31/12/2017	**97,324**	**15,106**	**7,525**	**5,761**	**4,966**	**5,105**		**30,471**	**770**	**8,072**	**5,214**	**6,806**	**4,463**	**872**	**4,151**	**5,252**	**1,721**	**203,578**
Standardized Approach																		
Central government or central banks	1,868	2	65			390		16		414		38	9	2	2	2		2,808
Regional governments or local authorities	221												44			1		267
Public sector entities	671	3	143						44						56		9	927
Multilateral development banks																		
International Organizations						582												582
Institutions	31,257	81	263	484	37	57	7	293	35	334	7	7	101	1	63	6	19	33,049
Corporates	7,710	1,180	520	411	311	63	209	393	9	160	3	38	148	8	877			12,040
o/w SME	*2,379*	*173*	*78*	*88*	*36*	*3*	*20*	*73*	*8*	*51*	*3*	*6*	*46*	*2*	*32*			*2,997*
Retail	14,863	18	1	11	4			1	2	3		1	2	1	130	1	12	15,051
o/w SME	*503*	*2*		*5*	*3*										*127*			*641*
Secured by mortgages on immovable property	1,235	17		5	19					1					1			1,279
o/w SME	*539*	*3*			*2*													*544*
Defaulted exposures	652	4			1			68							50			776
Items associated with particularly high risk																		
Covered bonds																		
Claims on institutions and corporates with a short-term credit assessment	480	7				6		43		175								711
Collective investment undertakings																		
Equity																		
Other items	7,428	94	1	214	21	1		318		52				1	14			8,143
Sub-total SA 31/12/2018	**66,386**	**1,406**	**995**	**1,125**	**393**	**1,099**	**216**	**1,132**	**90**	**1,139**	**10**	**84**	**304**	**12**	**1,192**	**11**	**40**	**75,632**
Sub-total SA 31/12/2017	**72,673**	**525**	**156**	**985**	**141**	**901**		**613**	**52**	**1,353**	**3**	**85**	**97**	**4**	**7**	**940**	**22**	**78,555**
TOTAL 31/12/2018	**140,924**	**12,587**	**6,852**	**6,413**	**5,224**	**6,786**	**4,510**	**29,463**	**1,242**	**9,386**	**5,258**	**8,284**	**5,779**	**1,384**	**5,210**	**6,036**	**1,637**	**256,974**
TOTAL 31/12/2017	**169,997**	**15,631**	**7,680**	**6,746**	**5,867**	**5,245**		**31,084**	**823**	**9,424**	**5,216**	**6,891**	**4,560**	**876**	**5,091**	**5,260**	**1,743**	**282,133**

CONCENTRATION OF EXPOSURES BY INDUSTRY OR COUNTERPARTY TYPES (CRB-D)

(in millions of euros)	Finance	Services	Adminis-trations	Oil & Gas	Real estate	Raw Materials	Transport-ation	Electricity	Base industries	Distribution	Consumer goods	Other (Exposures net of provisions < €4 bn)	Auto-motive*	Construc-tion*	Total
IRB Approach															
Central governments or central banks	1,665		32,660	55											34,381
Institutions	8,577		1							79		528			9,185
Corporates	23,501	3,126	73	16,333	12,746	12,975	8,367	7,907	5,578	4,433	4,413	31,022			130,475
o/w SME	*105*	*398*	*10*	*134*	*589*	*9*	*462*	*106*	*265*	*468*	*61*	*2,281*			*4,887*
o/w Specialized Lending	*227*	*133*		*2,695*	*8,852*		*4,653*	*4,618*	*396*	*12*		*1,901*			*23,485*
Retail	3	107	5	1	32		157		51	119	12	792			1,277
Secured by real estate property		*7*	*1*		*9*		*1*		*4*	*14*	*2*	*28*			*67*
o/w SME		*7*	*1*		*9*		*1*		*4*	*14*	*2*	*28*			*67*
Non-SME															
Qualifying Revolving												*185*			*185*
Other Retail	*3*	*100*	*4*	*1*	*23*		*155*		*47*	*104*	*10*	*579*			*1,026*
o/w SME	*3*	*100*	*4*	*1*	*23*		*155*		*47*	*104*	*10*	*569*			*1,016*
Non-SME												*10*			*10*
Equity	4,629	43	2	3	56	2	6	3	3	16	12	494			5,269
Other assets	11	58	9	1	123		118	6	8	62	1	359			755
Sub-total IRB 31/12/2018	**38,387**	**3,333**	**32,750**	**16,393**	**12,958**	**12,977**	**8,648**	**7,916**	**5,640**	**4,708**	**4,438**	**33,195**			**181,342**
Sub-total IRB 31/12/2017	**35,613**		**44,801**	**15,575**	**13,313**	**11,959**	**8,508**	**7,337**	**5,490**	**6,288**	**4,951**	**41,211**	**4,363**	**4,170**	**203,578**
Standardized Approach															
Central governments or central banks	65		2,738									5			2,808
Regional governments or local authorities			265									2			267
Public sector entities	33	7	546	195	13		69			2		61			927
Multilateral development banks															
International Organizations			582												582
Institutions	33,039	6										4			33,049
Corporates	2,042	793	34	887	1,117	52	176	111	1,077	1,491	98	4,162			12,040
o/w SME	*58*	*266*	*7*	*42*	*584*		*96*	*27*	*226*	*321*	*37*	*1,333*			*2,997*
Retail	16	142	2	1	140		33	2	16	48	5	14,645			15,051
o/w SME	*2*	*86*	*2*	*1*	*48*		*33*	*2*	*16*	*48*	*5*	*397*			*641*
Secured by mortgages on immovable property	64	69	67	21	521		30		21	138	4	345			1,279
o/w SME	*5*	*24*	*1*	*21*	*260*		*22*		*14*	*68*	*3*	*126*			*544*
Defaulted exposures	320	15	4	2	85		11		29	49	11	249			776
Exposures to institutions and corporates with a short-term credit assessment	275	18		2	3		10	8	77	113	13	191			711
Collective investment undertakings															
Equity exposures															
Other items	3,069	38	20	1	126		9		3	21	1	4,854			8,143
Sub-total SA 31/12/2018	**38,923**	**1,087**	**4,258**	**1,110**	**2,006**	**52**	**339**	**122**	**1,223**	**1,862**	**133**	**24,517**			**75,632**
Sub-total SA 31/12/2017	**43,899**		**5,941**	**339**	**1,695**		**195**	**8**	**137**	**448**	**47**	**25,687**	**65**	**93**	**78,555**
TOTAL 31/12/2018	**77,310**	**4,420**	**37,008**	**17,503**	**14,964**	**13,029**	**8,987**	**8,037**	**6,863**	**6,571**	**4,571**	**57,711**			**256,974**
TOTAL 31/12/2017	**79,512**		**50,742**	**15,913**	**15,008**	**11,959**	**8,704**	**7,345**	**5,627**	**6,736**	**4,998**	**66,898**	**4,428**	**4,263**	**282,133**

* *Non-disclosed economic sector as of 31/12/18 because of exposures under threshold of €4 billion.*

MATURITY OF EXPOSURES (CRB-E)

(in millions of euros)	On demand	<= 1 year	> 1 year < = 5 years	> 5 years	Total
IRB Approach					
Central governments or central banks	25,626	1,725	3,493	2,677	33,521
Institutions	2,908	2,929	882	403	7,122
Corporates	4,325	22,130	28,140	14,343	68,938
o/w SME	*93*	*389*	*1,908*	*1,736*	*4,126*
o/w Specialized Lending	*413*	*1,365*	*4,943*	*7,391*	*14,114*
Retail		137	799	244	1,179
Secured by real estate property		*1*	*9*	*53*	*62*
o/w SME		*1*	*9*	*53*	*62*
o/w Non-SME					
o/w Qualifying Revolving		*95*			*95*
o/w Other Retail		*40*	*790*	*191*	*1,021*
o/w SME		*30*	*790*	*191*	*1,011*
o/w Non-SME		*10*			*10*
Equities		4,913		186	5,099
Other assets		61	311	383	755
Sub-total IRB 31/12/2018	**32,859**	**31,896**	**33,625**	**18,235**	**116,614**
Sub-total IRB 31/12/2017	**46,858**	**43,229**	**30,271**	**20,319**	**140,678**
Standardized Approach					
Central governments or central banks	418	539	1,760	91	2,808
Regional governments or local authorities	1	6	17	242	266
Public sector entities	6	97	301	261	665
Multilateral development banks					
International Organizations			185	397	582
Institutions	10,601	480	6,074	7,813	24,968
Corporates	278	5,925	1,155	1,963	9,320
o/w SME	*5*	*1,317*	*612*	*710*	*2,644*
Retail	66	1,948	797	410	3,222
o/w SME	*31*	*108*	*296*	*121*	*557*
Secured by mortgages on immovable property		22	217	871	1,111
o/w SME		*3*	*66*	*410*	*478*
Defaulted exposures	91	174	115	379	758
Exposures to institutions and corporates with a short-term credit assessment	252	446			698
Collective investment undertakings					
Equity exposures					
Other items	2,252	4,756	66	1,069	8,143
Sub-total SA 31/12/2018	**13,965**	**14,393**	**10,687**	**13,495**	**52,540**
Sub-total SA 31/12/2017	**23,628**	**10,654**	**8,022**	**13,507**	**55,811**
TOTAL 31/12/2018	**46,824**	**46,289**	**44,312**	**31,730**	**169,155**
TOTAL 31/12/2017	**70,486**	**53,883**	**38,293**	**33,825**	**196,488**

C – Credit risk: standardized approach

External rating system

For outstandings measured using the standardized approach, Natixis uses external rating systems of the agencies Fitch Ratings, Standard & Poor's and Moody's. The table below presents the breakdown of risk exposure by external agency for asset classes measured using the standardized approach, excluding:

- exposures to equities;
- pool-based exposures (acquired portfolios) and third parties grouped into homogeneous risk classes;
- securitization positions;
- unrated positions;
- other items that do not represent a credit obligation.

The reconciliation of the external rating agencies' alphanumeric credit rating scales and the risk weighting coefficients is performed in accordance with the note published by the ACPR: *Method for calculating prudential ratios within the CRD IV (Capital Requirements Directive IV)*.

When a bank portfolio exposure does not have a directly applicable external credit rating, the Bank's customer standards allow – on a case-by-case basis and after analysis – the application of a rating based partially on an internal or exposure rating of the issuer (or of the guarantor, if applicable).

RISK WEIGHTS USED FOR SA EXPOSURES BY ASSET CLASS AND BY RATING GRADE (CRD-D)

Asset classes	Rating agency		Grade	Bucket	Risk weight (%)
Central governments or central banks	FITCH	Long term	1	AAA to AA-	0
					20*
		Short term		F1+ to F1	20*
		Long term	2	A+ to A-	0
			3	BBB+ to BBB-	50
	MOODY'S	Long term	1	Aaa to Aa3	0
					20*
		Short term		P-1	20*
		Long term	2	A1 to A3	20
			3	Baa1 to Baa3	50
			4	Ba1 to Ba3	100
			6	Caa, Ca, C	150
	S&P	Short term	1	A-1+	0
					20*
		Long term		AAA to AA-	0
					20*
			2	A+ to A-	4
					20
					50
			3	BBB+ to BBB-	10
					50
					100*
	BDF	Long term/Short term	1	3++	0
					20*
			2	3+, 3	20
					50*
			3	4+	0
					50
					100*
			4	4, 5+	100
					150*
			5	5, 6	100
					150*
Retail	BDF	Long term	1	3++	75
			2	3, 3	75
			3	4+	75
			4	4, 5+	75
			5	5, 6	75
			6	7, 8, 9, P	75
Corporates	FITCH	Long term	5	B+ to B-	150
	MOODY'S	Long term	1	Aaa to Aa3	20
			2	A1 to A3	50
			3	Baa1 to Baa3	100
			4	Ba1 to Ba3	100
			5	B1 to B3	150
			6	Caa, Ca, C	150
	S&P	Long term	1	AAA to AA-	20
			2	A+ to A-	50
			3	BBB+ to BBB-	100
			5	B+ to B-	150
			6	CCC, CC, R, SD/D	150
	BDF	Long term/Short term	1	3++	20
			2	3+, 3	50
			3	4+	100
			4	4, 5+	100
			5	5, 6	150
			6	7, 8, 9, P	150

Asset classes	Rating agency		Grade	Bucket	Risk weight (%)
Institutions	FITCH	Long term	2	A+ to A-	20
					50
			4	BB+ to BB-	100
			5	B+ to B-	100
	MOODY'S	Long term	1	Aaa to Aa3	20
			2	A1 to A3	20
					50
			3	Baa1 to Baa3	50
	S&P	Long term	1	AAA to AA-	20
			2	A+ to A-	20
					50
			3	BBB+ to BBB-	20
					50
					100
	BDF	Long term	1	3++	20
			2	3+, 3	20
			4	4, 5+	50
Defaulted exposures	BDF	Long term/Short term	1	3++	100
					150
			2	3+, 3	100
					150
			3	4+	100
					150
			4	4, 5+	100
					150
			5	5, 6	100
					150
			6	7, 8, 9, P	100
					150
Exposures secured by mortgages on immovable property	S&P	Long term	1	AAA to AA-	50
			2	A+ to A-	50
	BDF	Long term	1	3++	50
			2	3+, 3	50
			3	4+	50
			4	4, 5+	50
			5	5, 6	50
			6	7, 8, 9, P	50
Exposure to institution and corporate with short-term credit assessment	FITCH	Short term	1	F1+ to F1	50
			3	F3	100
	MOODY'S	Short term	1	P-1	20
			2	P-2	50
	S&P	Short term	1	A-1+	20
			2	A-1	50
			3	A-2 to A – 3	20
					100
	BDF	Short term	1	3++	20
			2	3+, 3	50
			3	4+	100
			4	4, 5+	100
					150
			5	5, 6	150
			6	7, 8, 9, P	150

* *Concerns third parties clasiified RGLA or PSE.*

Credit risk exposures: standardized approach

SA – CR EXPOSURE AND CRM EFFECTS (EU CR4)

	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
(in millions of euros)	On-balance sheet amount	Off-balance sheet amount	On-balance sheet EAD	Off-balance sheet EAD	RWA	RWA density
Central governments or central banks	2,928		2,928		1,390	47%
Regional governments or local authorities	257		253		51	20%
Public sector entities	582	248	581	124	84	12%
Multilateral Development Banks						
International Organizations	582		582			
Institutions*	31,053	9,994	31,053	4,958	824	2%
Corporates	8,120	2,578	7,798	770	6,694	78%
Retail	2,785	11,776	2,334	44	1,716	72%
Secured by mortgages on immovable property	1,111	169	1,111	84	559	47%
Exposures in default	943	18	575	5	782	135%
Items associated with particularly high risk						
Covered bonds						
Claims on institutions and corporates with a short-term credit assessment	660	14	640	3	413	64%
Collective investments undertakings (CIU)						
Equity exposures						
Other items	8,144		8,144		6,872	84%
TOTAL 31/12/2018	**57,166**	**24,797**	**56,001**	**5,988**	**19,383**	**31%**
** o/w exposures related to affiliates*	*91%*	*100%*	*91%*	*100%*		
Total 31/12/2017	**60,855**	**23,376**	**60,045**	**3,403**	**16,164**	**25%**

SA – EXPOSURES (EAD) BY ASSET CLASSES AND RISK WEIGHTS (CR5)

Exposure class	Risk Weight																	
(in millions of euros)	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Other	Deducted	Total	o/w unrated*
Central governments and central banks	2,299		1		1		3			112	1	509					2,928	1,101
Regional governments or local authorities					254												254	207
Public sector entities	401				261		22			20	1						705	356
Multilateral development banks																		
International Organizations	582																582	582
Institutions	33,133	1,571			619		41			648							36,011	35,357
Corporates	328	23			137	333	2,334	197		5,024	194						8,569	4,921
Retail									2,378								2,378	2,325
Secured by mortgages on immovable property						152	1,043										1,195	1,043
Defaulted exposures										178	402						580	506
Items associated with particularly high risk																		
Covered bonds																		
Claims on institutions and corporates with a short-term credit assessment					101		312			209	22						643	
Collective investment undertakings																		
Equity																		
Other items	448			41	14		16			5,803					1,823		8,144	8,108
TOTAL 31/12/2018	**37,192**	**1,594**	**1**	**41**	**1,386**	**485**	**3,770**	**197**	**2,378**	**11,994**	**620**	**509**			**1,823**		**61,989**	**54,506**
Total 31/12/2017	**45,697**	**1,136**		**13**	**680**	**328**	**1,391**	**139**	**2,631**	**7,360**	**320**	**563**			**3,191**		**63,448**	**39,147**

* *Of which €33,901 million in exposure to BPCE Group affiliates and excluding exposures to the French Government at 31/12/2018.*

DETAILED EXPOSURES UNDER ROLL-OUT PLAN (EU CRE-E)

Exposure class	% of RWA SA	FI	IA	Total	% of exposure class involved in Roll-Out plan
Central governments or central banks	74.2%	9.3%	16.5%	100%	0.0%
Retail	91.1%	0%	8.9%	100%	0.0%
Corporates	15.8%	6.8%	77.4%	100%	0.0%
Institutions	37.4%	4.0%	58.6%	100%	0.0%
Exposures in default	100%	0%	0%	100%	0.0%
Exposures secured by mortgages on immovable property	97.7%	0%	2.3%	100%	0.0%
Claims on institutions and corporates with a short-term credit assessment	100%	0%	0%	100%	20.1%
Securitization	53.8%	39.6%	6.6%	100%	0.0%
Equities	0%	100%	0%	100%	0.0%
TOTAL 31/12/2018	**20.3%**	**29.6%**	**50.0%**	**100%**	**0.1%**

D – Credit risk: internal ratings-based approach

PD AND LGD BY GEOGRAPHIC AREA (NX16)

Geographic areas *(% breakdown)*	**EAD** *(in millions of euros)*	**PD MP**	**LGD MP**
Africa	4,383	5.5%	26.1%
Europe outside EU	5,940	1.0%	26.6%
Other	8,926	0.5%	23.9%
Asia	14,179	1.3%	26.8%
European Union	41,215	2.0%	26.7%
Americas	44,810	2.9%	19.0%
France	69,014	1.6%	17.9%
TOTAL 31/12/2018	**188,466**	**2.0%**	**21.5%**
TOTAL 31/12/2017	**210,776**	**2.5%**	**23.2%**

RWA FLOW STATEMENTS OF CREDIT RISK EXPOSURE UNDER THE IRB APPROACH (CR8)

(in millions of euros)	**RWA**	**Capital requirements**
RWA 31/12/2017	**59,708**	**4,777**
Asset size	278	21
Asset quality	(1,765)	(140)
Model updates	(572)	(45)
Methodology and policy	(2,798)	(224)
Acquisitions and disposals		
Foreign exchange movements	537	43
Guarantees	(209)	(17)
Other	(919)	(74)
RWA 31/12/2018	**54,260**	**4,341**

IRB – CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE (CR6)

F-IRB

PD scale *(in millions of euros)*	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	CCF *(in %)*	EAD	Average PD *(in %)*	Number of obligors	Average LGD *(in %)*	Average maturity *(in days)*	RWA	RWA density *(in %)*	EL	Provisions
Central governments and central banks												
0.00 to <0.15	77			77	0.0%	4	44%	210				
0.15 to <0.25												
0.25 to <0.50	295			295	0.4%	2	45%	1,741	191	65%	1	
0.50 to <0.75												
0.75 to <2.50												
2.50 to <10.00												
10 to <100												
100.00 (default)												
Sub-total Central governments or central banks	**371**			**371**	**0.0%**	**6**	**45%**	**1,425**	**191**	**51%**	**1**	
Institutions												
0.00 to <0.15	54	10	50%	59	0.0%	29	44%	624	13	21%		
0.15 to <0.25	28	7	50%	32	0.2%	9	45%	382	18	57%		
0.25 to <0.50		1	50%		0.3%	4	45%	373		78%		
0.50 to <0.75		195	75%	146	0.5%	7	11%	988	36	25%		
0.75 to <2.50		86	75%	64	0.8%	7	11%	2,333	19	30%		
2.50 to <10.00	1			1	2.7%	9	41%	1,216	1	147%		
10 to <100					12%	1	30%	1,167		145%		
100.00 (default)												
Sub-total Institutions	**84**	**299**	**73%**	**303**	**0.5%**	**66**	**21%**	**1,139**	**88**	**29%**		**2**
Corporates												
0.00 to <0.15	4,569	6	20%	4,571	0.1%	84	61%	136	1,276	28%	2	
0.15 to <0.25	165			165	0.2%	37	45%	277	70	43%		
0.25 to <0.50	51	3	20%	52	0.3%	62	42%	1,330	28	55%		
0.50 to <0.75	50			50	0.6%	72	40%	1,403	36	72%		
0.75 to <2.50	543	74	24%	561	1.2%	454	43%	1,268	513	91%	3	
2.50 to <10.00	675	85	21%	693	3.4%	420	43%	590	874	126%	10	
10 to <100	51	9	20%	53	12.6%	148	43%	893	95	179%	3	
100.00 (default)	99	1	21%	99	100.0%	66	45%	1,556			44	
Subtotal Corporates	**6,202**	**179**	**22%**	**6,242**	**2.2%**	**1,343**	**57%**	**341**	**2,891**	**46%**	**62**	**79**
Corporates – SME												
0.00 to <0.15	32			32	0.0%	5	52%	1,421	6	18%		
0.15 to <0.25	10			10	0.2%	2	45%	145	4	43%		
0.25 to <0.50	4			4	0.4%	10	31%	2,242	2	38%		
0.50 to <0.75	6			6	0.6%	13	36%	1,284	4	63%		
0.75 to <2.50	142	58	22%	155	1.4%	202	42%	1,074	130	84%	1	
2.50 to <10.00	187	41	22%	196	4.1%	238	42%	1,084	213	108%	3	
10 to <100	31	5	20%	32	12.6%	95	42%	1,021	51	157%	2	
100.00 (default)	29	1	21%	29	100.0%	49	44%	1,354			13	
Sub-total Corporates – SME	**442**	**104**	**22%**	**465**	**9.4%**	**614**	**43%**	**1,109**	**409**	**88%**	**19**	**11**
Corporates – Other												
0.00 to <0.15	4,538	6	20%	4,539	0.1%	76	62%	127	1,270	28%	2	
0.15 to <0.25	154			154	0.2%	35	45%	285	66	42%		
0.25 to <0.50	47	3	20%	47	0.3%	52	43%	1,245	27	57%		
0.50 to <0.75	44			44	0.6%	59	41%	1,419	32	73%		
0.75 to <2.50	401	17	31%	406	1.1%	250	43%	1,343	383	94%	2	
2.50 to <10.00	488	44	20%	497	3.1%	182	44%	395	661	133%	7	
10 to <100	20	4	20%	21	12.5%	53	44%	694	44	212%	1	
100.00 (default)	69			69	100.0%	17	45%	1,641			31	
Sub-total Corporates – Other	**5,760**	**74**	**23%**	**5,777**	**1.7%**	**724**	**58%**	**279**	**2,482**	**43%**	**44**	**68**
Equity	5,099	170	100%	5,269		552		178	16,257	309%	77	
Sub-total Equity	**5,099**	**170**	**100%**	**5,269**		**552**		**178**	**16,257**	**309%**	**77**	

PD scale *(in millions of euros)*	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	CCF *(in %)*	EAD	Average PD *(in %)*	Number of obligors	Average LGD *(in %)*	Average maturity *(in days)*	RWA	RWA density *(in %)*	EL	Provisions
F- IRB (excl. equity)												
0.00 to <0.15	4,700	16	39%	4,706	0.1%	117	61%	144	1,289	27%	2	
0.15 to <0.25	193	7	50%	196	0.2%	46	45%	294	88	45%		
0.25 to <0.50	346	4	26%	347	0.4%	68	45%	1,678	220	63%	1	
0.50 to <0.75	50	195	75%	195	0.5%	79	19%	1,093	72	37%		
0.75 to <2.50	543	160	51%	626	1.2%	461	39%	1,378	532	85%	3	
2.50 to <10.00	676	85	21%	694	3.4%	429	43%	591	875	126%	10	
10 to <100	51	9	20%	53	12.6%	149	43%	894	95	179%	3	
100.00 (default)	99	1	21%	99	100.0%	66	45%	1,556			44	
TOTAL F-IRB (EXCL. EQUITY)	**6,657**	**477**	**54%**	**6,916**	**2.1%**	**1,415**	**54%**	**434**	**3,170**	**46%**	**63**	**81**

A-IRB

PD scale (in millions of euros)	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	CCF (in %)	EAD	Average PD (in %)	Number of obligors	Average LGD (in %)	Average maturity (in days)	RWA	RWA density (in%)	EL	Provisions
Central governments and central banks												
0.00 to <0.15	34,690	1,459	63%	35,603	0.0%	213	8%	718	110			
0.15 to <0.25	159			159	0.2%	11	36%	617	54	34%		
0.25 to <0.50	28	11	100%	39	0.4%	10	25%	2,187	17	44%		
0.50 to <0.75												
0.75 to <2.50												
2.50 to <10.00	115	36	39%	128	3.1%	18	40%	1,179	155	121%	2	
10 to <100	1			1	20.9%	3	57%	2,773	3	352%		
100.00 (default)	48			48	100.0%	7	104%	1,177			48	
Sub-total Central governments or central banks	**35,040**	**1,506**	**62%**	**35,978**	**0.1%**	**262**	**9%**	**722**	**340**	**1%**	**50**	**50**
Institutions												
0.00 to <0.15	6,328	995	61%	6,940	0.0%	364	18%	379	444	6%	1	
0.15 to <0.25	434	136	61%	518	0.2%	71	30%	361	146	28%		
0.25 to <0.50	137	129	87%	249	0.3%	31	43%	296	132	53%		
0.50 to <0.75	118	92	20%	136	0.5%	40	64%	82	131	96%		
0.75 to <2.50	17	387	26%	116	1.4%	60	50%	492	153	132%	1	
2.50 to <10.00	50	226	21%	98	3.1%	240	89%	500	282	288%	3	
10 to <100												
100.00 (default)	28			28	100.0%	8	86%	519			28	
Sub-total Institutions	**7,113**	**1,964**	**49%**	**8,085**	**0.5%**	**814**	**22%**	**374**	**1,288**	**16%**	**33**	**44**
Corporates												
0.00 to <0.15	18,452	23,659	49%	30,305	0.1%	1,210	28%	1,149	4,198	14%	4	
0.15 to <0.25	4,872	6,158	60%	8,582	0.2%	332	27%	1,129	2,377	28%	4	
0.25 to <0.50	7,833	8,860	54%	12,587	0.3%	1,829	23%	1,087	3,637	29%	9	
0.50 to <0.75	8,002	6,581	56%	11,693	0.5%	769	22%	1,211	4,512	39%	14	
0.75 to <2.50	12,209	10,045	52%	17,437	1.3%	3,607	22%	1,375	8,858	51%	48	
2.50 to <10.00	4,830	4,056	59%	7,232	3.9%	7,520	28%	1,364	6,414	89%	75	
10 to <100	391	569	56%	712	13.7%	1,648	27%	1,277	952	134%	25	
100.00 (default)	2,485	127	54%	2,554	100.0%	849	38%	951	1,860	73%	1,506	
Subtotal Corporates	**59,074**	**60,055**	**53%**	**91,101**	**3.6%**	**17,764**	**26%**	**1,202**	**32,808**	**36%**	**1,685**	**1,766**
Corporates – SME												
0.00 to <0.15	120	24	24%	125	0.1%	225	25%	2,072	21	17%		
0.15 to <0.25	33	1	100%	34	0.2%	38	15%	2,133	7	21%		
0.25 to <0.50	131	73	92%	198	0.4%	1,101	27%	1,446	68	34%		
0.50 to <0.75	154	26	68%	171	0.6%	221	31%	1,145	84	49%		
0.75 to <2.50	736	161	98%	894	1.3%	2,131	26%	1,822	493	55%	3	
2.50 to <10.00	874	145	94%	1,009	4.0%	2,872	25%	1,801	725	72%	10	
10 to <100	98	26	71%	117	15.5%	752	21%	2,165	110	94%	3	
100.00 (default)	151	5	64%	154	100.0%	520	24%	2,057	182	119%	45	
Sub-total Corporates – SME	**2,297**	**460**	**88%**	**2,702**	**8.4%**	**7,860**	**25%**	**1,787**	**1,690**	**63%**	**62**	**82**

PD scale (in millions of euros)	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	CCF (in %)	EAD	Average PD (in %)	Number of obligors	Average LGD (in %)	Average maturity (in days)	RWA	RWA density (in%)	EL	Provisions
Corporates – Specialized Lending												
0.00 to <0.15	1,010	465	86%	1,407	0.1%	59	9%	2,417	90	6%		
0.15 to <0.25	719	667	89%	1,314	0.2%	63	7%	1,964	104	8%		
0.25 to <0.50	1,689	1,675	78%	3,002	0.3%	218	9%	2,078	444	15%	1	
0.50 to <0.75	2,691	1,970	71%	4,084	0.5%	218	10%	1,953	790	19%	2	
0.75 to <2.50	5,263	3,481	60%	7,353	1.3%	408	14%	1,951	2,646	36%	14	
2.50 to <10.00	306	256	64%	471	3.7%	51	26%	1,938	388	82%	4	
10 to <100	2			2	12.0%	3	25%	2,415	3	129%		
100.00 (default)	378	1	65%	379	100.0%	20	64%	1,129	278	73%	132	
Sub-total Corporates – Specialized Lending	**12,059**	**8,515**	**70%**	**18,012**	**2.9%**	**1,040**	**13%**	**1,992**	**4,744**	**26%**	**153**	**170**
Corporates – Other												
0.00 to <0.15	17,323	23,171	48%	28,773	0.1%	926	29%	1,083	4,088	14%	4	
0.15 to <0.25	4,120	5,490	57%	7,234	0.2%	231	31%	973	2,265	31%	4	
0.25 to <0.50	6,013	7,112	47%	9,386	0.3%	510	27%	763	3,125	33%	8	
0.50 to <0.75	5,157	4,586	50%	7,437	0.5%	330	29%	806	3,638	49%	12	
0.75 to <2.50	6,210	6,403	47%	9,190	1.2%	1,068	28%	871	5,718	62%	31	
2.50 to <10.00	3,650	3,655	58%	5,752	3.9%	4,597	28%	1,240	5,301	92%	61	
10 to <100	290	543	56%	592	13.3%	893	28%	1,098	839	142%	21	
100.00 (default)	1,956	121	54%	2,021	100.0%	309	34%	834	1,400	69%	1,329	
Sub-total Corporates – Other	**44,718**	**51,080**	**50%**	**70,386**	**3.6%**	**8,864**	**29%**	**978**	**26,374**	**37%**	**1,470**	**1,515**
Retail												
0.00 to <0.15		3	42%	1	0.1%	4	33%	197		2%		
0.15 to <0.25	11	35	51%	28	0.2%	934	29%	569	2	5%		
0.25 to <0.50	122		62%	122	0.4%	6,056	22%	1,341	13	11%		
0.50 to <0.75	12	17	26%	17	0.7%	281	27%	719	2	11%		
0.75 to <2.50	152	25	45%	163	1.4%	7,402	23%	1,237	32	20%	1	
2.50 to <10.00	139	8	79%	146	5.3%	4,990	26%	926	49	34%	2	
10 to <100	154	5	71%	158	23.6%	4,697	22%	1,569	69	44%	8	
100.00 (default)	58		21%	58	100.0%	1,186	40%	743	14	24%	22	
Sub-total Retail	**647**	**94**	**48%**	**693**	**15.3%**	**25,550**	**25%**	**1,182**	**181**	**26%**	**33**	**50**
Retail – Qualifying revolving												
0.00 to <0.15		3	42%	1	0.1%	2	33%	181		2%		
0.15 to <0.25		35	51%	18	0.2%	2	33%	181	1	4%		
0.25 to <0.50			62%		0.4%	1	33%	181		6%		
0.50 to <0.75	6	17	26%	10	0.7%	2	33%	181	1	11%		
0.75 to <2.50	16	24	44%	27	1.8%	7	33%	181	6	21%		
2.50 to <10.00	57	8	77%	62	5.3%	9	33%	181	28	45%	1	
10 to <100	13	2	28%	14	30.6%	10	33%	181	12	86%	1	
100.00 (default)	19		21%	19	100.0%	4	67%	181	2	8%	13	
Sub-total Retail – qualifying revolving	**111**	**89**	**46%**	**152**	**17.9%**	**37**	**38%**	**181**	**49**	**32%**	**15**	**16**
Retail – SME												
0.00 to <0.15					0.1%	2	23%	706		5%		
0.15 to <0.25	10			10	0.2%	931	22%	1,193	1	8%		
0.25 to <0.50	116			116	0.4%	5,998	22%	1,294	13	11%		
0.50 to <0.75	3			3	0.6%	226	22%	1,322		14%		
0.75 to <2.50	124			124	1.3%	7,305	22%	1,308	24	20%		
2.50 to <10.00	76			76	5.2%	4,931	22%	1,324	20	27%	1	
10 to <100	99		100%	100	21.3%	4,551	23%	1,392	42	42%	5	
100.00 (default)	12			12	100.0%	1,113	22%	1,167			2	
Sub-total Retail – SME	**441**		**100%**	**441**	**8.9%**	**25,057**	**22%**	**1,320**	**101**	**23%**	**9**	**11**
Retail – Residential mortgage exposures												
0.00 to <0.15												
0.15 to <0.25					0.2%	1	12%	2,866		4%		
0.25 to <0.50	5			5	0.4%	57	15%	2,385		7%		
0.50 to <0.75	3			3	0.6%	53	13%	1,724		8%		
0.75 to <2.50	11		100%	12	1.4%	83	16%	2,928	2	14%		
2.50 to <10.00	7	1	100%	8	5.6%	50	15%	3,015	1	18%		
10 to <100	29	3	100%	32	21.3%	134	16%	3,276	10	30%	1	
100.00 (default)	9			9	100.0%	65	15%	2,526			1	
Sub-total Retail – Residential mortgage exposures	**65**	**4**	**100%**	**69**	**23.6%**	**443**	**15%**	**2,948**	**13**	**19%**	**2**	**2**

PD scale (in millions of euros)	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	CCF (in %)	EAD	Average PD (in %)	Number of obligors	Average LGD (in %)	Average maturity (in days)	RWA	RWA density (in%)	EL	Provisions
Other retail exposures												
0.00 to <0.15					0.0%							
0.15 to <0.25												
0.25 to <0.50												
0.50 to <0.75												
0.75 to <2.50						7						
2.50 to <10.00												
10 to <100	12			12	40.3%	2	17%	181	6	49%	1	
100.00 (default)	18			18	100.0%	4	35%	181	12	68%	6	
Sub-total – Other retail exposures	**31**			**31**	**76.0%**	**13**	**28%**	**181**	**18**	**60%**	**7**	**21**
Equities												
Sub-total Equity												
A-IRB												
0.00 to <0.15	59,470	26,117	50%	72,850	0.0%	1,791	17%	865	4,753	7%	5	
0.15 to <0.25	5,476	6,329	60%	9,287	0.2%	1,348	28%	1,076	2,579	28%	4	
0.25 to <0.50	8,120	9,000	54%	12,997	0.3%	7,926	23%	1,078	3,800	29%	10	
0.50 to <0.75	8,133	6,690	55%	11,846	0.5%	1,090	23%	1,198	4,645	39%	15	
0.75 to <2.50	12,377	10,456	51%	17,716	1.3%	11,069	22%	1,368	9,042	51%	49	
2.50 to <10.00	5,134	4,326	57%	7,604	3.9%	12,768	29%	1,341	6,900	91%	82	
10 to <100	545	574	57%	870	15.5%	6,348	26%	1,332	1,024	118%	33	
100.00 (default)	2,619	127	54%	2,688	100.0%	2,050	40%	946	1,874	70%	1,604	
TOTAL A-IRB	**101,874**	**63,619**	**53%**	**135,857**	**2.6%**	**44,390**	**21%**	**1,026**	**34,617**	**25%**	**1,802**	**1,909**

Total

PD scale (in millions of euros)	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	CCF (in %)	EAD	Average PD (in %)	Number of obligors	Average LGD (in %)	Average maturity (in days)	RWA	RWA density (in%)	EL	Provisions
Total												
0.00 to <0.15	64,170	26,133	50%	77,556	0.0%	1,908	20%	821	6,042	8%	7	
0.15 to <0.25	5,669	6,336	60%	9,483	0.2%	1,394	28%	1,060	2,667	28%	5	
0.25 to <0.50	8,465	9,004	54%	13,343	0.3%	7,994	24%	1,093	4,020	30%	10	
0.50 to <0.75	8,182	6,885	56%	12,041	0.5%	1,169	23%	1,196	4,717	39%	15	
0.75 to <2.50	12,921	10,616	51%	18,342	1.3%	11,530	23%	1,369	9,574	52%	52	
2.50 to <10.00	5,810	4,411	56%	8,298	3.9%	13,197	30%	1,279	7,775	94%	92	
10 to <100	597	583	56%	923	15.3%	6,497	27%	1,306	1,119	121%	36	
100.00 (default)	2,718	128	54%	2,787	100.0%	2,116	40%	968	1,874	67%	1,648	
TOTAL 31/12/2018	**108,531**	**64,096**	**53%**	**142,773**	**2.5%**	**45,805**	**22%**	**997**	**37,787**	**26%**	**1,865**	**1,990**

* *Total excluding other assets and specialized lending slotting criteria.*

IRB – SPECIALIZED LENDING AND EQUITIES UNDER THE SIMPLE RISK WEIGHT METHOD (EXCLUDING IMPACT OF THRESHOLDS) (CR10)

Regulatory categories	Specialized Financing						
(in millions of euros)	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	Risk weight	EAD	RWA	EL
Category 1	Equal to or more than 2.5 years	1		50	1		
Category 2	Equal to or more than 2.5 years	8		70	8	6	
Category 4	Equal to or more than 2.5 years	6		90	6	6	
TOTAL 31/12/2018		**15**			**15**	**12**	
TOTAL 31/12/2017		**16**			**16**	**12**	

Equities under the simple risk-weighted approach (in millions of euros)	Equity					
	On-balance sheet amount	Off-balance sheet amount	Risk weight	EAD	RWA	Capital requirements
Exchange-traded equity exposures	599	170	190	769	1,461	117
Private Equity exposures	1,268		290	1,268	3,678	294
Other equity exposures	2,532		370	2,532	9,368	749
TOTAL 31/12/2018	**4,399**	**170**		**4,569**	**14,507**	**1,161**
TOTAL 31/12/2017	**4,467**	**171**		**4,632**	**14,513**	**1,161**

BREAKDOWN OF EQUITY EXPOSURES BY MAIN NATIXIS BUSINESS LINE (NX23)

Division	31/12/2018		31/12/2017	
(in millions of euros)	Fair value	EAD	Fair value (MTM)	EAD
Corporate & Investment Banking	163	163	209	204
Asset & Wealth Management	1,423	1,594	899	917
Insurance	1,960	1,960	1,946	1,946
Specialized Financial Services	659	677	729	729
Corporate Center	876	876	1,509	1,650
TOTAL	**5,081**	**5,269**	**5,292**	**5,446**

EAD BY TYPE AND NATURE OF EXPOSURE (EXCLUDING IMPACT OF THRESHOLDS) (NX24)

Type and nature of exposure *(in millions of euros)*	Equities	Mutual fund investments	Investments	Total 31/12/2018	Total 31/12/2017
Private Equity held in sufficiently diversified portfolios	769			769	888
Other equity exposures	312	19	2,201	2,532	2,459
Listed equities	191	430	647	1,268	1,286
Equity – standardized approach					
TOTAL	**1,272**	**449**	**2,848**	**4,569**	**4,632**

RWA BY WEIGHTING (EXCLUDING IMPACT OF THRESHOLDS) (NX25)

Type and nature of exposure *(in millions of euros)*	IRB approach	Standardized Approach	Total 31/12/2018	Total 31/12/2017
Private Equity held in sufficiently diversified portfolios	1,461		1,461	1,687
Other equity exposures	9,368		9,368	9,097
Listed equities	3,678		3,678	3,729
Equity – standardized approach				
TOTAL	**14,507**		**14,507**	**14,513**

3.3.3.3 Counterparty risks

A – Counterparty risk exposure

- ANALYSIS OF EXPOSURE USING COUNTERPARTY CREDIT RISK APPROACH (CCR1)

(in millions of euros)	Notional	Replacement cost	Potential future exposure	EEPE	Multiplier	EAD post-CRM	RWA
Mark to market		271	4,610			4,881	1,433
Original Exposure							
Standardized approach							
Internal Model Method (for derivatives and SFTs)				8,245	1.4	11,543	2,327
Securities Financing Transactions							
Derivatives & Long Settlement Transaction							
From Contractual Cross Product Netting							
Financial collateral simple method (for SFTs)							
Financial collateral comprehensive method (SFTs)						20,583	1,627
VaR for SFTs							
TOTAL 31/12/2018							**5,387**

- SA – CCR EAD BY REGULATORY PORTFOLIO AND RISK WEIGHT (CCR3)

Exposure class	Risk Weight												
(in millions of euros)	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Other	Total EAD	Of which unrated
Central governments or central banks	115											115	115
Regional governments or local authorities	133				186							318	249
Public sector entities	46				217	226			21			510	88
Multilateral development banks													
International Organizations	130											130	130
Banks	2,430	15,938			147	1			1			18,517	18,515
Corporates	1					11			80	2		94	79
Retail								1				1	1
Secured by mortgages on immovable property													
Exposures in default										1		2	1
Items associated with particularly high risk													
Covered bonds													
Claims on institutions and corporates with a short-term credit assessment					25	41			59			125	
Collective Investment undertakings (CIU)													
Equity													
Other items													
TOTAL 31/12/2018	**2,855**	**15,938**			**575**	**279**		**1**	**161**	**3**		**19,811**	**19,178**
TOTAL 31/12/2017	**2,014**	**18,175**			**668**	**229**		**1**	**44**	**2**		**21,132**	**19,144**

NI – CCR EXPOSURES BY PORTFOLIO AND PD SCALE (CCR4)

F-IRB

PD scale (in millions of euros)	EAD	Average PD (in %)	Number of obligors	Average LGD (in %)	Average maturity (in days)	RWA	RWA density (in %)
Institutions							
0.00 to <0.15	148	0.1%	17	45%	7	26	18%
0.15 to <0.25	1	0.2%	2	45%	6		32%
0.25 to <0.50							
0.50 to <0.75							
0.75 to <2.50							
2.50 to <10.00	3	2.7%	1	45%	5	4	130%
10.00 to <100.00							
100.00 (default)							
Sub-total	**152**	**0.1%**	**20**	**45%**	**7**	**31**	**21%**
Corporates							
0.00 to <0.15	1,607	0.1%	48	45%	158	214	13%
0.15 to <0.25	2	0.2%	2	45%	1		24%
0.25 to <0.50	26	0.3%	2	45%	14	9	37%
0.50 to <0.75	29	0.5%	1	45%	1	14	51%
0.75 to <2.50							
2.50 to <10.00		2.7%	1	45%	5		106%
10.00 to <100.00							
100.00 (default)							
Sub-total	**1,663**	**0.1%**	**54**	**45%**	**153**	**239**	**14%**
Total F-IRB							
0.00 to <0.15	1,754	0.1%	65	45%	145	241	14%
0.15 to <0.25	3	0.2%	4	45%	3	1	28%
0.25 to <0.50	26	0.3%	2	45%	14	9	37%
0.50 to <0.75	29	0.5%	1	45%	1	14	51%
0.75 to <2.50							
2.50 to <10.00	3	2.7%	2	45%	5	4	130%
10.00 to <100.00							
100.00 (default)							
Sub-total F-IRB	**1,815**	**0.1%**	**74**	**45%**	**140**	**270**	**15%**

A-IRB

PD scale (in millions of euros)	EAD	Average PD (in %)	Number of obligors	Average LGD (in %)	Average maturity (in days)	RWA	RWA density (in %)
Central governments and central banks							
0.00 to <0.15	7,459		58	13%	353	28	0%
0.15 to <0.25	24	0.2%	2	37%	26	5	20%
0.25 to <0.50	7	0.4%	2	47%	842	5	74%
0.50 to <0.75							
0.75 to <2.50							
2.50 to <10.00	95	3.2%	4	47%	1,405	156	165%
10.00 to <100.00							
100.00 (default)							
Sub-total	**7,584**		**66**	**14%**	**366**	**193**	**3%**
Institutions							
0.00 to <0.15	9,095		377	20%	413	611	7%
0.15 to <0.25	833	0.2%	97	28%	977	263	32%
0.25 to <0.50	283	0.3%	67	30%	479	104	37%
0.50 to <0.75	328	0.5%	53	33%	774	223	68%
0.75 to <2.50	90	1.1%	39	59%	459	114	126%
2.50 to <10.00	31	2.9%	48	84%	184	70	225%
10.00 to <100.00							
100.00 (default)							

PD scale *(in millions of euros)*	EAD	Average PD *(in %)*	Number of obligors	Average LGD *(in %)*	Average maturity *(in days)*	RWA	RWA density *(in %)*
Sub-total	**10,661**	**0.1%**	**681**	**22%**	**470**	**1,386**	**13%**
Corporates							
0.00 to <0.15	8,096		758	33%	357	674	8%
0.15 to <0.25	1,222	0.2%	189	30%	1,009	289	24%
0.25 to <0.50	913	0.3%	293	30%	1,223	326	36%
0.50 to <0.75	910	0.5%	344	28%	1,415	380	42%
0.75 to <2.50	1,396	1.1%	650	31%	1,125	893	64%
2.50 to <10.00	506	3.9%	639	31%	1,083	470	93%
10.00 to <100.00	37	12.6%	408	35%	1,665	62	169%
100.00 (default)	20	100.0%	34	44%	2,358	29	149%
Sub-total	**13,099**	**0.6%**	**3,315**	**32%**	**668**	**3,124**	**24%**
Corporates – SME							
0.00 to <0.15	1		2	44%	3,641		22%
0.15 to <0.25		0.2%	5	44%	371		30%
0.25 to <0.50	4	0.4%	23	44%	1,137	2	52%
0.50 to <0.75	18	0.6%	16	44%	538	11	58%
0.75 to <2.50	5	1.2%	81	43%	1,062	4	84%
2.50 to <10.00	12	3.5%	117	44%	1,854	16	132%
10.00 to <100.00	6	11.8%	105	44%	2,198	13	198%
100.00 (default)	1	100.0%	9	44%	3,085	1	45%
Sub-total	**48**	**5.3%**	**358**	**44%**	**1,329**	**46**	**96%**
Corporates – Specialized Lending							
0.00 to <0.15	68	0.1%	18	16%	3,462	10	15%
0.15 to <0.25	161	0.2%	29	11%	2,226	19	12%
0.25 to <0.50	215	0.3%	71	16%	3,203	54	25%
0.50 to <0.75	316	0.5%	117	16%	3,284	100	32%
0.75 to <2.50	331	1.2%	152	19%	2,829	170	51%
2.50 to <10.00	86	4.0%	18	18%	3,181	54	63%
10.00 to <100.00							
100.00 (default)	11	100.0%	4	51%	3,540	22	201%
Sub-total	**1,188**	**1.8%**	**409**	**17%**	**3,004**	**429**	**36%**
Corporates – Other							
0.00 to <0.15	8,027		738	33%	331	664	8%
0.15 to <0.25	1,061	0.2%	155	33%	824	271	26%
0.25 to <0.50	695	0.3%	199	34%	612	270	39%
0.50 to <0.75	576	0.5%	211	34%	418	269	47%
0.75 to <2.50	1,060	1.1%	417	35%	593	719	68%
2.50 to <10.00	407	3.8%	504	33%	615	400	98%
10.00 to <100.00	30	12.8%	303	34%	1,550	49	163%
100.00 (default)	8	100.0%	21	35%	620	7	91%
Sub-total	**11,863**	**0.4%**	**2,548**	**33%**	**432**	**2,648**	**22%**
Total A-IRB							
0.00 to <0.15	24,650		1,193	22%	377	1,313	5%
0.15 to <0.25	2,079	0.2%	288	29%	985	557	27%
0.25 to <0.50	1,203	0.3%	362	30%	1,046	435	36%
0.50 to <0.75	1,238	0.5%	397	29%	1,245	603	49%
0.75 to <2.50	1,486	1.1%	689	33%	1,085	1,007	68%
2.50 to <10.00	631	3.7%	691	36%	1,087	696	110%
10.00 to <100.00	37	12.6%	408	35%	1,665	62	169%
100.00 (default)	20	100.0%	34	44%	2,358	29	149%
Sub-total A-IRB	**31,344**	**0.3%**	**4,062**	**24%**	**528**	**4,702**	**15%**

Total

PD scale (in millions of euros)	EAD	Average PD (in %)	Number of obligors	Average LGD (in %)	Average maturity (in days)	RWA	RWA density (in %)
0.00 to <0.15	26,404		1,258	24%	361	1,553	6%
0.15 to <0.25	2,082	0.2%	292	29%	983	558	27%
0.25 to <0.50	1,229	0.3%	364	30%	1,024	445	36%
0.50 to <0.75	1,267	0.5%	398	30%	1,217	617	49%
0.75 to <2.50	1,486	1.1%	689	33%	1,085	1,007	68%
2.50 to <10.00	635	3.7%	693	36%	1,082	700	110%
10.00 to <100.00	37	12.6%	408	35%	1,665	62	169%
100.00 (default)	20	100.0%	34	44%	2,358	29	149%
TOTAL AT 31/12/2018	**33,159**	**0.3%**	**4,136**	**25%**	**507**	**4,972**	**15%**

CREDIT DERIVATIVES EXPOSURES (CCR6)

	31/12/2018	
(in millions of euros)	Protection bought	Protection sold
Notional		
Single-name credit default swaps	6,026	4,837
Credit-linked notes		
Total return swaps		1,477
Collateralized debt obligations		
Index credit default swaps	1,768	1,145
Other credit derivatives	3,649	2,900
Total notional	**11,443**	**10,360**
Fair values		
Positive fair value (asset)	65	50
Negative fair value (liability)	(121)	(107)

RWA FLOW STATEMENTS OF CCR EXPOSURES UNDER INTERNAL MODEL METHOD (EU CCR7)

(in millions of euros)	RWA amounts	Capital requirements
RWAs as at the end of the previous reporting period (31/12/2017)	**0**	**0**
Asset size		
Credit quality of counterparties		
Model updates (IMM only)	2,177	174
Methodology and policy (IMM only)		
Acquisitions and disposals		
Foreign exchange movements		
Other		
RWAs as at the end of the current reporting period (31/12/2018)	**2,177**	**174**

EXPOSURES TO CCPS (CCR8)

(in millions of euros)	EAD post CRM	RWA
Exposures to QCCPs (total)		**508**
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which:	11,820	236
(i) OTC derivatives	1,011	20
(ii) Exchange-traded derivatives	7,373	147
(iii) SFTs	3,437	69
(iv) Netting sets where cross-product netting has been approved		
Segregated initial margin		
Non-segregated initial margin	4,143	87
Prefunded default fund contributions	273	185
Exposures to non-QCCPs (total)		
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which:		
(i) OTC derivatives		
(ii) Exchange-traded derivatives		
(iii) SFTs		
(iv) Netting sets where cross-product netting has been approved		
Segregated initial margin		
Non-segregated initial margin		
Prefunded default fund contributions		
Unfunded default fund contributions:		

B – Capital requirements and risk-weighted assets

CAPITAL REQUIREMENTS FOR CREDIT VALUATION ADJUSTMENTS (EU CCR2)

(in millions of euros)	EAD post-CRM techniques	RWA
Total portfolios subject to the advanced method	**4,193**	**1,014**
(i) VaR component (including the 3×multiplier)		98
(ii) Stressed VaR component (including the 3×multiplier)		916
All portfolios subject to the standardized method	**2,975**	**647**
Based on Original Exposure Method		
TOTAL SUBJECT TO THE CVA CAPITAL CHARGE 31/12/2018	**7,168**	**1,661**
TOTAL SUBJECT TO THE CVA CAPITAL CHARGE 31/12/2017	**8,389**	**1,198**

3.3.3.4 Securitization

A – Accounting methods

(See Consolidated financial statements and notes–Note 6 Accounting principles and valuation methods.)

The securitization positions classified as "Loans and receivables" are measured at amortized cost using the effective interest rate method as described in Note 6.1 to the accounting principles which can be found in Note 5.1 "Consolidated financial statements and notes" to Chapter 5 "Financial data" of the consolidated financial statements. They are tested for impairment at each reporting date and an impairment charge is recorded in the income statement under "Provision for credit losses".

Securitization positions classified under "Available-for-sale assets" are measured at their market value and any changes, excluding income recognized using the effective interest method, are recorded in a specific line in equity. Securitization positions (classified as debt instruments) are tested for impairment at each reporting date and an impairment charge is recorded under "Provisions for credit losses".

In the event of a disposal of securitization positions (classified as debt instruments), Natixis transfers any changes in fair value for recognition in the income statement.

Positions classified under "Fair value through profit or loss" are measured at market value.

The market value is measured according to principles described in Note 5.6 of Accounting principles which can be found in Note 5.1 "Consolidated financial statements and notes" to Chapter 5 "Financial data". Gains or losses on the disposal of securitization positions are recognized in line with the rules applicable to the category in which the positions sold were initially classified.

Synthetic securitization transactions in the form of Credit Default Swaps follow accounting rules specific to trading derivatives.

Securitized assets are derecognized when Natixis transfers the contractual rights to receive the financial asset's cash flows and nearly all the risks and benefits of ownership.

B — Internal rating system

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Natixis relies on four external rating agencies for securitization transactions: Moody's, DBRS, Fitch IBCA and Standard & Poor's. These agencies cover all types of exposures.

BANKING BOOK EAD BY AGENCY (NX33 BIS)

	EAD *(in millions of euros)*		
	IRB approach	Standardized approach	Total
Moody's	586	10	596
DBRS	1,623	906	2,529
Fitch IBCA	484		484
Standard & Poor's	945	235	1,179
Not rated	235		235
Transparency		2,521	2,521
Regulatory method	2,622		2,622
TOTAL	**6,495**	**3,672**	**10,167**

C – Natixis' securitization exposures

SECURITIZATION EXPOSURES IN THE BANKING BOOK (SEC1)

	Bank acting as originator			Bank acting as sponsor			Bank acting as investor		
(in millions of euros)	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
UNCONSOLIDATED SPV									
RMBS	3		3	411		411	420		420
Consumer ABS	4		4	181		181	399		399
Consumer loans	19		19	44		44	227		227
Re-securitization									
TOTAL RETAIL	**26**		**26**	**636**		**636**	**1,047**		**1,047**
Corporate loans	4	2,597	2,601						
ABS				423		423	107		107
ABCP				1,870		1,870			
Collateralized debt obligations	19		19	2,905		2,905	307		307
CMBS	215		215				6		6
Other							7		7
Re-securitization									
Wholesale (total)	**238**	**2,597**	**2,835**	**5,197**		**5,197**	**426**		**426**
TOTAL UNCONSOLIDATED SPV	**264**	**2,597**	**2,861**	**5,833**		**5,833**	**1,473**		**1,473**
Consolidated SPV									
Consumer loans (Retail)	648		648						
Corporate loans (Wholesale)	2,971		2,971						
TOTAL CONSOLIDATED SPV	**3,619**		**3,619**						

SECURITIZATION EXPOSURES IN THE TRADING BOOK (SEC2)

	Bank acting as originator			Bank acting as sponsor			Bank acting as investor		
(in millions of euros)	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
RMBS							49		49
Consumer ABS							12		12
Consumer loans									
Re-securitization									
RETAIL (TOTAL) – OF WHICH:							**61**		**61**
Corporate loans									
ABS									
Collateralized debt obligations							25		25
CMBS									
Other							115		115
Re-securitization							1		1
WHOLESALE (TOTAL)							**141**		**141**

EAD AND RWA ACCORDING TO NATIXIS' ROLE IN THE BANKING BOOK (NX31-A)

(in millions of euros)	EAD	RWA	Capital requirements
Investor	**1,473**	**480**	**38**
Balance sheet	962	399	32
Off-balance sheet	511	81	6
Originator	**2,861**	**595**	**48**
Balance sheet	2,861	595	48
Sponsor	**5,833**	**1,970**	**158**
Balance sheet	1,506	338	27
Off-balance sheet	4,327	1,632	131
TOTAL 31/12/2018	**10,167**	**3,045**	**244**
TOTAL 31/12/2017	**8,434**	**2,487**	**200**

EAD ACCORDING TO NATIXIS' ROLE IN THE SECURITIZATION TRADING BOOK (NX31-B)

Role	31/12/2018		
(in millions of euros)	EAD	RWA	Capital requirements
Investor	202	196	16
Originator			
Sponsor			
TOTAL 31/12/2018	**202**	**196**	**16**
TOTAL 31/12/2017	**196**	**169**	**14**

RE-SECURITIZATION EXPOSURES BEFORE AND AFTER SUBSTITUTION (NX34)

(in millions of euros)	Exposure	Protection	EAD
Guarantor rating	0	0	0
Sub-total	0	0	0
TOTAL 31/12/2018	**0**	**0**	**0**
TOTAL 31/12/2017	**58**	**57**	**1**

D – Regulatory capital requirements

SECURITIZATION EXPOSURES IN THE BANKING BOOK AND ASSOCIATED CAPITAL REQUIREMENTS – BANK ACTING AS ORIGINATOR OR AS SPONSOR (SEC3)

	Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital requirements			
(in millions of euros)	<= 20%	> 20% to 50%	> 50% to 100%	> 100% to 1250%	= 1,250%	IRB RBA (including IAA)	IRB SFA	SA	1,250%	IRB RBA (including IAA)	IRB SFA	SA	1,250%	IRB RBA (including IAA)	IRB SFA	SA	1,250%
Traditional securitization	**2,435**	**2,738**	**767**	**16**	**142**	**3,031**	**26**	**3,041**		**898**	**26**	**1,443**		**72**	**2**	**115**	
o/w securitization	2,435	2,738	767	16	142	3,031	26	3,041		898	26	1,443		72	2	115	
o/w retail underlying	240	108	309	3	2	236	15	411		62	9	288		5	1	23	
o/w wholesale	2,194	2,630	457	14	140	2,795	11	2,630		836	17	1,155		67	1	92	
o/w re-securitization																	
o/w senior																	
o/w non-senior																	
Synthetic securitization	**2,597**						**2,597**				**199**				**16**		
o/w securitization	2,597						2,597				199				16		
o/w retail underlying																	
o/w wholesale	2,597						2,597				199				16		
o/w re-securitization																	
o/w senior																	
o/w non-senior																	
TOTAL EXPOSURES	**5,031**	**2,738**	**767**	**16**	**142**	**3,031**	**2,622**	**3,041**		**898**	**225**	**1,443**		**72**	**18**	**115**	

SECURITIZATION EXPOSURES IN THE BANKING BOOK AND ASSOCIATED CAPITAL REQUIREMENTS – BANK ACTING AS INVESTOR (SEC4)

	Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital requirements			
(in millions of euros)	<= 20%	> 20% to 50%	> 50% to 100%	> 100% to 1250%	= 1,250%	IRB RBA (including IAA)	IRB SFA	SA	1,250%	IRB RBA (including IAA)	IRB SFA	SA	1,250%	IRB RBA (including IAA)	IRB SFA	SA	1,250%
Traditional securitization	**1,106**	**196**	**58**	**4**	**109**	**842**		**631**		**303**		**176**		**24**		**14**	
o/w securitization	1,106	196	58	4	109	842		631		302		176		24		14	
o/w retail underlying	888	98	50	4	7	416		631		92		176		7		14	
o/w wholesale	218	98	8		101	426				210				17			
o/w re-securitization										1							
o/w senior										1							
o/w non-senior																	
Synthetic securitization																	
o/w securitization																	
o/w retail underlying																	
o/w wholesale																	
o/w re-securitization																	
o/w senior																	
o/w non-senior																	
TOTAL EXPOSURES	**1,106**	**196**	**58**	**4**	**109**	**842**		**631**		**303**		**176**		**24**		**14**	

3.3.3.5 Market risk

A – Market risk measurement methodology

Market risk measurement methodologies are described in Section 3.2.5. "Risk management – Market risks".

B – Detailed quantitative disclosures

- MARKET RISK UNDER THE STANDARDIZED APPROACH (EU MR1)

Nature of risk (in millions of euros)	RWA	Capital requirements
SA	**4,436**	**355**
Interest rate risk (general and specific)	1,132	91
Equity risk (general and specific)	364	29
Foreign exchange risk	2,387	191
Commodity risk	553	44
Options	**553**	**44**
Simplified approach		
Delta-plus method	199	16
Scenario approach	354	28
Securitization	**196**	**16**
TOTAL 31/12/2018	**5,185**	**415**
TOTAL 31/12/2017	**5,491**	**439**

- VAR, STRESSED VAR AND IRC WITHIN THE REGULATORY SCOPE (MR3)

(in millions of euros) – **2018**	
VaR (10 day 99%)	
Maximum value	27.3
Average value	16.8
Minimum value	12.0
Period end	23.9
Stressed VaR (10 day 99%)	
Maximum value	62.2
Average value	41.7
Minimum value	27.0
Period end	50.5
Incremental Risk Charge (99.9%)	
Maximum value	42.8
Average value	18.3
Minimum value	10.9
Period end	22.7

- BACKTESTING WITHIN THE REGULATORY SCOPE (MR4)

Backtesting is presented in Section 3.2.5 "Risk management – Market risks".

MARKET RISK UNDER THE IMA (EU MR2-A)

(in millions of euros)		RWA	Capital requirements
1	**Value at risk (Maximum of both values a and b)**	**1,169**	**94**
a	Previous day's VaR (Article 365 (1))	305	24
b	Average of the daily VaR (Article 365 (1)) of the CRR on each of the preceding 60 business days x multiplication factor (in line with Article 366)	1,169	94
2	**Stressed VaR (SVaR)**	**2,905**	**232**
a	Latest SVaR (Article 365 (2))	645	52
b	Average of the daily SVaR (Article 365 (2)) of the CRR during the preceding 60 business days x multiplication factor (Article 366)	2,905	232
3	**Additional default and migration risk**	**370**	**30**
a	Most recent IRC value (incremental default and migration risks calculated in accordance with Section 3 of Articles 370/371)	370	30
b	Average of the IRC number over the preceding 12 weeks	324	26
4	**Additional default risk on the correlation portfolio**		
a	Most recent risk number for the correlation trading portfolio (Article 377)		
b	Average of the risk number for the correlation trading portfolio over the preceding 12 weeks		
c	8% of the own funds requirement in the standardized approach on the most recent risk number for the correlation trading portfolio (Article 338 (4))		
5	**TOTAL 31/12/2018**	**4,444**	**356**
	TOTAL 31/12/2017	**4,229**	**338**

3.3.3.6 Overall interest rate risk

The measurement of interest rate risk is presented in "Risk management—Overall interest rate risks".

3.3.3.7 Operational risks

The operational risks control system is presented in "Risk management—Operational risks".

3.3.4 ENCUMBERED AND UNENCUMBERED ASSETS

As part of its refinancing activities, and repurchase agreements in particular, Natixis is required to pledge part of its assets as collateral. It also receives collateral, some of which can be reused as collateral.

The following information is provided in accordance with Commission Delegated Regulation (EU) 2017/2295 of September 4, 2017, which established technical regulations for the disclosure of encumbered and unencumbered assets.

The following data are calculated on the basis of the median value for the four quarters of 2018.

Template A – Encumbered and unencumbered assets	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets of the reporting institution	**47,707**		**360,082**	
Equity instruments	15,313		11,697	
Debt securities	13,408	13,408	14,887	14,887
o/w secured bonds	107	107	746	746
o/w asset-backed securities	1	1	555	555
o/w government issues	7,558	7,558	9,446	9,446
o/w securities issued by financial entities	7,056	7,056	3,007	3,007
o/w securities issued by financial entities	556	556	1,402	1,402
Other assets	18,496		330,388	

Template B – Collateral received	Fair value of encumbered collateral and own encumbered debt securities issued	Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance
Collateral received by the reporting institution	**150,797**	**73,591**
Call loans	0	0
Equity instruments	37,358	40,349
Debt securities	115,001	20,783
o/w secured bonds	1,842	880
o/w asset-backed securities	7,470	1,838
o/w government issues	101,570	10,664
o/w securities issued by financial entities	2,250	3,327
o/w securities issued by financial entities	1,245	4,527
Loans and receivables other than call loans	0	8,372
Other collateral received	0	1,816
Own debt securities issued besides own secured bonds or own asset-backed securities	**0**	**2,357**
Own secured bonds and asset-backed securities issued and not yet given as collateral		**548**
TOTAL ASSETS, COLLATERAL RECEIVED AND OWN ISSUED DEBT SECURITIES	**198,230**	

Template C – Sources of asset encumbrance	Associated liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued besides secured bonds or securities backed by encumbered assets
Carrying amount of selected financial liabilities	**189,635**	**198,230**

Template D – Additional information

At December 31, 2018, total balance sheet assets and encumbered guarantees received totaled €198,230 million. These can be broken down by type and source of liabilities:

- securities transactions, including in particular securities lending and repurchase agreements, for a total of €171,191 million;
- encumbered receivables securing covered bond vehicles (Natixis Pfandbriefbank), for a total of €1,230 million;
- encumbered receivables in vehicles other than covered bond asset pools, such as central bank refinancing or other market vehicles, for a total of €5,095 million;
- assets encumbered by the payment of margin calls on derivative positions, for a total of €12,446 million.

Natixis considers that the following assets may not be encumbered in the normal course of its business:

- call loans (€33,424 million at 31/12/2018, i.e. 10% of unencumbered assets);
- derivatives (€57,480 million at 31/12/2018, i.e. 16% of unencumbered assets).

The concept of encumbered assets may differ from accounting standards relating to assets pledged as collateral or transferred:

- financial assets pledged as collateral for liabilities: variation margins recorded in cash in respect of derivative transactions are encumbered but not considered transferred for accounting purposes. Assets deposited with central banks available for use as collateral for potential refinancing transactions are only encumbered for the amount of their effective use, whereas some accounting standards consider them to be fully collateralized;
- financial assets transferred but not derecognized: no difference in accounting treatment;
- financial assets transferred and derecognized: continuing involvement makes no difference to the transfer for accounting purposes but the assets are not recorded in the statement of encumbered assets (the assets are therefore considered unencumbered);
- encumbered assets not transferred: securities or debt pledged as collateral.

3.3.5 LIQUIDITY REQUIREMENT COVERAGE RATIO

A – Regulatory liquidity ratios

In 2010, the Basel Committee introduced new liquidity risk measures:

- the Liquidity Coverage Ratio (LCR, January 2013) is a short-term liquidity ratio whose aim is to ensure that, in stress scenarios, banks hold enough liquid assets to cover their net cash outflows for a 30-day period;
- the Net Stable Funding Ratio (NSFR, October 2014) is a long-term structural liquidity ratio developed to strengthen the resilience of the banking sector by requiring banks to maintain a stable funding profile and by limiting maturity transformation to less than one year.

These new rules were enacted in the European Union through Regulation (EU) No. 575/2013 of June 26, 2013, which laid down the filing obligations in force during the observation period from January 1, 2014 and set forth the conditions of implementation of these prudential requirements. For the LCR, Delegated Regulation (EU) No. 2015/61, published on October 10, 2014, entered into force on October 1, 2015. The NSFR, which the Basel Committee wants to have applied as a minimum requirement from 2018, is still under review; talks are underway under draft regulation CCR2 with a view to its implementation in the European Union.

To date, European regulations require:

- compliance with the LCR as from October 1, 2015; required minimum ratio of 80% on January 1, 2017 and 100% from January 1, 2018;
- quarterly statements on stable funding, which are entirely descriptive (amounts and terms) without any weighting applied.

Natixis determines its LCR on a consolidated basis and operationally manages its liquidity position and liquidity coverage requirements relative to these new metrics, having set a minimum ratio of 100%. Natixis regularly assesses its contribution to the Group's NSFR based on its interpretation of known legislation.

LCR – Liquid asset buffers

Commission Delegated Regulation (EU) 2015/61 of October 10, 2014 defines liquid assets and the criteria they must meet to be eligible for the liquidity buffer used to cover funding needs in the event of a short-term liquidity crisis.

Liquid assets must meet a number of intrinsic requirements (issuer, rating, market liquidity, etc.) and operational requirements (availability of assets, diversification, etc.) in a 30 calendar day liquidity stress scenario.

The liquid asset buffer—in the regulatory sense—is the numerator of the LCR (HQLA) and predominantly consists of:

- Level 1 liquid assets, i.e. cash deposited with central banks;
- other Level 1 liquid assets, consisting mainly of marketable securities representing claims on, or guarantees by, sovereigns, central banks and public sector entities, and high-rated covered bonds;
- Level 2 liquid securities consisting mainly of covered bonds and debt securities issued by sovereigns or public sector entities not eligible for Level 1, corporate debt securities and equities listed on active markets that satisfy certain conditions.

Presentation of LCR at 31/12/2018

The data in the following table were calculated in accordance with European Banking Authority rules (EBA/GL/2017/11 guidelines), which the European Central Bank decided to enforce on October 5, 2017 by way of notification.

For the purposes of these rules, the data published for each quarter show the average monthly figures for the twelve preceding statements.

Currency and unit:								
(in millions of euros)	Total non-weighted value (average)				Total weighted value (average)			
End of quarter (Month/Day/Year)	31/03/2018	30/06/2018	30/09/2018	31/12/2018	31/03/2018	30/06/2018	30/09/2018	31/12/2018
Number of points used to calculate average	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
Liquid assets								
Total liquid assets					75,592	66,322	71,032	68,255
Cash outflows								
Retail deposits and deposits from small business customers:	1,863	1,682	1,924	2,049	186	168	192	205
Stable deposits	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Less stable deposits	*1,863*	*1,831*	*1,924*	*2,049*	*186*	*183*	*192*	*205*
Unsecured wholesale funding, of which:	71,716	65,730	69,907	66,177	57,069	52,070	55,073	51,624
Operational deposits (all counterparties)	*4,930*	*4,588*	*5,106*	*5,161*	*1,233*	*1,147*	*1,276*	*1,290*
Non-operational deposits (all counterparties)	*55,824*	*50,740*	*55,099*	*51,382*	*44,875*	*40,520*	*44,094*	*40,700*
Uncollateralized debt	*10,962*	*10,402*	*9,702*	*9,634*	*10,962*	*10,402*	*9,702*	*9,634*
Unsecured wholesale funding, of which:					0	12,535	25,721	25,608
Additional requirements, of which:	52,680	49,226	54,710	56,251	14,614	13,364	14,689	15,075
Outflows related to derivative exposures and other collateral requirements	*5,719*	*5,199*	*5,733*	*6,034*	*5,608*	*4,946*	*5,339*	*5,560*
Outflows on collateralized debt	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Credit and liquidity facilities	*46,960*	*44,028*	*48,977*	*50,217*	*9,006*	*8,418*	*9,350*	*9,514*
Other contractual funding obligations	18,662	18,234	17,933	18,680	16,632	16,179	15,885	16,581
Other contingent funding obligations	31,883	29,770	33,712	36,135	779	774	852	851
TOTAL CASH OUTFLOWS					89,281	95,090	112,413	109,944
Cash inflows								
Collateralized lending transactions (o/w reverse repos)	97,805	94,459	104,951	105,890	9,160	9,313	10,705	11,907
Inflows from fully performing exposures	19,751	20,736	23,900	23,035	17,430	18,494	21,364	20,420
Other cash inflows	20,689	20,368	19,840	19,633	15,832	15,392	14,896	14,707
(Difference between total weighted cash inflows and total weighted cash outflows resulting from transactions conducted in other countries applying restrictions on transfers or which are denominated in non-convertible currencies)					0	0	0	0
(Excess of cash inflows from a related lending institution)					0	0	0	0
TOTAL CASH INFLOWS	138,245	135,563	148,691	148,558	42,421	43,200	46,966	47,033
Cash inflows (exempt from cap)	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
Cash inflows (subject to 90% cap)	***0***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
Cash inflows (subject to 75% cap)	***121,883***	***117,618***	***130,486***	***128,866***	***42,421***	***41,765***	***46,966***	***47,033***
								Total adjusted value
LIQUIDITY BUFFER					75,592	65,928	70,538	67,761
TOTAL NET CASH OUTFLOWS					69,349	60,797	65,447	62,911
LIQUIDITY REQUIREMENT COVERAGE RATIO *(IN %)*					108.9%	108.2%	107.6%	107.6%

B – Reserves and operational management of ratios

Operational liquidity reserves

From an operational standpoint, Natixis has two liquidity reserves that contribute to BPCE Group's reserves:

- a reserve of liquid assets eligible for central bank collateralized refinancing operations to secure intra-day settlements; this relatively stable reserve is made up of central bank loans and securities, and is located in Paris (about €4 billion in the 3G Pool) and New York (approximately $2 billion at the FRB discount window);
- a liquidity reserve established in advance to meet a liquidity crisis similar to the one simulated by the LCR; the amount of this reserve ranges from €20 billion to €30 billion and is mainly reinvested with the ECB and the US Federal Reserve. Since 2015, a portion of assets in this reserve has been under "dedicated" management in special portfolios, with an allocation strategy focused on the list of financial instruments considered as Level 1 and Level 2 HQLA as defined by LCR regulations in force. The liquidity of the portfolios (mainly subject to delegated management by Natixis Ostrum and managed directly under a Natixis mandate since 2017) and the assets reinvested with central banks ensure the reserve can be mobilized immediately if needed.

HQLA assets reported in the LCR numerator also include unencumbered HQLA securities temporarily carried by the Capital markets activities. These securities are not considered as part of the ringfenced liquidity reserve and are not meant to be held over the long term. The outstanding amount and composition of these portfolios may vary considerably from one reporting date to the next, as prices fluctuate. However, they can be monetized on the repo and securities borrowing/lending market, and this monetization may be forced in the event the Group liquidity-stressed BCP is activated and executed.

In addition to these buffers, the aim of the internal policy governing the investment of residual surplus liquidity is either to reserve this liquidity for the deposit facility to ensure its continuous availability, with the result that this surplus liquidity is also included in the amount of assets reported in the LCR numerator, or to give it to the central institution.

Oversight of the short-term liquidity ratio

In June 2013, Natixis established a governance system for the management of the LCR (*see section 3.3.5*), having set an LCR limit higher than 100% from the end of 2013 (greater than the regulatory requirements in force). The oversight of the LCR is part of a BPCE Group framework under the aegis of the BPCE Group Finance division. Natixis' LCR hedging is organized in close cooperation with BPCE and is managed by the Joint Refinancing Pool, acting with the authorization of the Financial Management Department on the basis of its forecasts. Within this framework, the strategy for the Natixis scope aims to hedge the LCR above 100% with a safety buffer of around €5 billion in order to deal with any last-minute contingencies, through BPCE adjustments. The structural over-hedge of the Group's LCR above the 100% threshold (regulatory limit), is borne by BPCE.

Monitoring of rating trigger clauses

In the event the Bank's external credit rating is downgraded, it may be required to provide additional collateral to investors under agreements that include rating triggers. In particular, in calculating the liquidity coverage ratio (LCR), the amounts of these additional cash outflows and additional collateral requirements are measured. These amounts comprise the payment the bank would have to make within 30 calendar days in the event its credit rating were downgraded by as much as three notches.

They are covered under the LCR management policy and were estimated at €2 billion at 31/12/2018, the same figure as at 31/12/2017.

3.3.6 COMPENSATION POLICY

The compensation policy items required in respect of regulation (EU) 575-2013 (CRR) are provided in Chapter 2 of the present registration document.

3.3.7 CROSS-REFERENCE TABLE

CROSS-REFERENCE TABLE BETWEEN ARTICLES OF THE CRR, BASEL COMMITTEE/EBA TABLES AND STATEMENTS, AND THE PILLAR III REPORT

CRR Article	Basel Committee/EBA tables and statements	Registration document page number
Article 435 (1)	(EBA) EU OVA – Bank risk management approach	116 to 124
Article 435 (1)	(EBA) CRA – General information about credit risk	124 to 131
Article 435 (1)	(EBA) CCRA – Qualitative disclosure related to counterparty credit risk	125
Article 435 (1)	(EBA) MRA – Qualitative disclosure requirements related to market risk	135 to 138
Article 436 (b)	EU LI1 – Differences between accounting and regulatory scopes of consolidation and mapping of financial statements with regulatory risk categories	167-168
Article 436 (b)	EU LI3 – Differences between consolidation scopes (entity by entity)	169-170
Article 436(b)	EU LIA – Explanations of differences between accounting and regulatory exposure amounts	166 to 170
Article 458	(BCBS March 2016) CCyB1 – Geographical distribution of credit exposures used in the countercyclical buffer	177
	(BCBS March 2016) LR1 – Comparison of accounting exposures and leverage exposures	180
Article 451	(BCBS March 2016) LR2 – Leverage ratio	181
Article 438 (c) (f)	(EBA) EU OV1 – Overview of RWA	182
Article 438 last paragraph	(EBA) EU CR10 – IRB – Specialized lending and equities	198
Art. 438 c), d), e) and f)	NX01 – EAD, RWA and EFP by approach and by Basel exposure class	132
Art. 442 c)	NX03 – Exposures and EAD and by Basel exposure class	133
Art. 442 d), e) and f)	NX05 – EAD by geography and by exposure class	133
Art. 444 a), b) and c)	NX11BIS – EAD by exposure class and by agency – Standardized approach	183
Art. 453 d)	NX17 – Secured exposure by rating and by type of guarantor	183
Article 442 (a) and (b)	CRBA – Additional disclosure related to the credit quality of assets	131; 277 to 296
Article 442 (c), (g) and (h)	(EBA) EU CR1 – Credit quality of assets	186
Article 453 (a) (e)	(EBA) EU CRC – Qualitative disclosure requirements related to credit risk mitigation techniques	129-130
Article 453 (f) and (g)	(EBA) EU CR3 – Credit risk mitigation techniques – Overview	184
Article 442 (c)	(EBA) EU CRB-B – Total and average net amount of exposures	187
Article 442 (d)	(EBA) EU CRB-C – Geographical breakdown of exposures	188
Article 442 (e)	(EBA) EU CRB-D – Concentration of exposures by industry or counterparty type	189
Article 442(f)	(EBA) EU CRB-E – Maturity of exposures	190
Article 444 (a) (d)	(EBA) EU CRD – Qualitative disclosures on banks' use of external credit ratings under the standardized approach for credit risk	126-127
Article 453 (f) and (g)	(EBA) EU CR4 – Standardized approach – credit risk exposure and Credit Risk Mitigation (CRM) effects	193
Article 444 (e)	(EBA) EU CR5 – EAD by asset class and risk weight	193
Article 452 (a) (c)	(EBA) EU CRE – Qualitative disclosures related to IRB models	126 to 129
Article 452 (e)(h) and (j)	(EBA) EU CR6 – IRB – Credit risk exposures by portfolio and PD range	196 to 199
Article 453 (g)	(EBA) EU CR7 – Internal rating – Effect on RWA of credit derivatives used as CRM techniques	185
	(EBA) EU CR8 – RWA flow statements of credit risk exposures under IRB	195
Article 92 (3) and 438 (d)	(EBA) EU CCR7 – RWA flow statements of CCR exposures under the IMM	204
Article 452 (j)	NX16 – Average weighted PD and average weighted LGD by geography	195
Article 439(e), (f) and (i)	(EBA) EU CCR1 – Analysis of counterparty credit risk (CCR) exposure by approach	201
Article 439 (e) and (f)	(EBA) EU CCR2 – Credit valuation adjustment (CVA) capital charge	205
Article 444 (e)	(EBA) EU CCR3 – Standardized approach of CCR exposures by regulatory portfolio and risk weight	201
Article 452 (e)	(EBA) EU CCR4 – CCR exposures by portfolio and PD scale	202 to 204
Article 439 (g) and (h)	(EBA) EU CCR6 – Credit derivative exposures	204
Article 439 (e) and (f)	(EBA) EU CCR8 – Exposures to CCPs	205
	(BCBS) SECA – Qualitative disclosure requirements related to securitization exposures	135
	(BCBS) SEC1 – Securitization exposures in the banking book	206
	(BCBS) SEC2 – Securitization exposures in the trading book	207
	(BCBS) SEC3 – Securitization exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor	208
Article 449	(BCBS) SEC4 – Securitization exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as investor	208
Art. 449(k)	NX33BIS – Banking book EAD by agency	206
Art. 445	(EBA) EU MR1 – Market risk own funds requirements	209
Article 105 and Article 455 (c)	(EBA) EU MRB A – Qualitative disclosures for banks using the Internal Models Approach (IMA)	136-137
Article 455 (a) and (b)	(EBA) EU MRB B – Qualitative disclosures for banks using the Internal Models Approach (IMA)	136-137
Article 455 (e)	(EBA) EU MR2 – A – Market risk under internal models approach	210
Article 455 (d)	(EBA) EU MR3 – IMA values for trading portfolios	209
Article 455 (g)	(EBA) EU MR4 – Comparison of VaR estimates with gains/losses	140
Article 446	(BCBS) ORA – General qualitative data on operational risk management	142
	(BCBS) Table A – IRRBB management policies and objectives	151-152
Article 448	(BCBS) Table B – NII sensitivity	152
Article 49 1) and 4)	(EBA) EU INS1 – Non-deducted holdings in insurance undertakings	178
Article 4	(BCBS) REMA – Remuneration policy	214
Article 377 (6) and Article 105	(BCBS) PV1 – Prudential valuation adjustments	177

3.3.7 TABLE INDEX

3

4

OVERVIEW OF THE FISCAL YEAR

4.1 Significant events of 2018

4.1.1 MACROECONOMIC CONTEXT

Although global economic growth remained relatively buoyant, market conditions were particularly challenging in 2018, with most assets performing below 2017 levels. The causes for concern were both economic (monetary policy normalization and the Chinese economic slowdown) and political (China-US trade war, Brexit and elections in Italy).

The macroeconomic environment nevertheless held steady to generate average global growth of 3.7% during the first three quarters of the year. However, widening growth gaps sent global trade on a gradual decline: while business levels in the US were boosted by tax breaks and higher public spending, they slowed down in China and in the euro zone. Throughout the year, the prospect of ratcheting China-US trade tensions posed the biggest risk to the global economy.

Inflation in developed countries accelerated before reaching 2.3% globally, mainly on the back of rising oil prices that stabilized in October. Central banks continued normalizing monetary policy, with the Fed raising its rates by 25 bps per quarter in 2018 to reach a target federal funds range of 2.25-50%. In Europe, December 2018 marked the end of the ECB's net Asset Purchase Programme (APP). The APP will nevertheless continue in the form of €212 billion in reinvestments in 2019. In contrast, the monetary policies of the Bank of Japan and the Bank of England remained loose (despite the BoE's 25 bp key rate hike in August).

While 2017 was a bumper year for share prices, in 2018 the equity markets slumped to a 10-year low (MSCI World Index -11% and MSCI Emerging Markets Index -19.7%). Most of the major indices, other than those in the US, underperformed in February and then stagnated amid fears of a global slowdown and tightening of monetary and financial conditions.

In this context of risk aversion, the nominal effective exchange rate of the dollar was up almost 10% in 2018 and ended the year up against all currencies excluding the yen. The euro was penalized by slower growth in the euro zone, the risks associated with the new political situation in Italy and persistently low inflation expectations. The uncertainties surrounding Brexit caused wild swings in the sterling in 2018, particularly at the end of the year. Last but not least, compared with the G10 currencies in 2018, emerging currencies in general underperformed due to the dollar's appreciation, interest rate hikes in the US and fresh idiosyncratic risks.

Parallel to this, and after a steady climb during the first 10 months of the year, oil prices tumbled in October, with Brent crude closing the year at under €60 per barrel.

After posting vigorous growth of 2.3% in 2017, economic activity in France slowed down sharply in 2018. This downturn is expected to total around 1.5%, and is primarily the result of lower household purchasing power. Private consumption fell sharply while corporate investment remained relatively dynamic as it continued to benefit from favorable financing conditions. As in the rest of the world, inflation (HICP) in France was impacted by per-barrel oil prices, which rose until October, and stayed above inflation in the euro zone throughout the year (average of 2.1% versus 1.7% in the euro zone) thanks to higher taxes on tobacco and energy. By successfully lowering its public debt to below 3% of GDP in 2017 (-2.7% of GDP), in June 2018, France officially exited the European excessive debt procedure opened against it in 2009. Nevertheless, 10-year OAT yields rose at the end of the year to come close to 50 bps above the German benchmark.

4.1.2 KEY EVENTS FOR NATIXIS' BUSINESS LINES

Against this backdrop, Natixis pursued its New Dimension strategic plan aimed at developing solutions offering high added value to its clients.

In **Asset & Wealth Management**, there were a number of major developments in the Asset Management business in 2018.

In the **first half of the year** Natixis Investment Managers underwent the following changes:

- Natixis Asset Management became Ostrum Asset Management from April 3. As part of Natixis' New Dimension strategic plan, Natixis Investment Managers began the process of aligning its brands. Ostrum—the Latin word for "purple"—pays tribute to the Company's European roots and places it firmly within the Natixis and Groupe BPCE family. The name change also marks the business' refocusing on its longstanding expertise in bond strategies, its targeted expertise in equity strategies, and its recognized expertise in insurance strategies, all underpinned by an active investment approach based on fundamental analysis;
- on January 1, 2018, Seeyond, Ostrum's active quantitative management specialist, became a separate asset management company. With just over €7 billion in assets under management at January 1, 2018, Seeyond plans to accelerate its growth by drawing on the international distribution platform of Natixis Investment Managers;
- in May 2018, Natixis formed a partnership with Ostrum Asset Management, an affiliate of Natixis Investment Managers, that will give customers a single point of access to a vast range of real-asset finance solutions. Under this partnership, Natixis will be better aligned as a co-investor and customers will also have access to a premium European asset manager;
- Natixis Investment Managers acquired a minority stake in specialist aircraft lease and asset management firm Airborne Capital in order to meet a growing demand for alternative and real assets. The deal gives Airborne access to a worldwide asset management platform that will help accelerate its development plans;

- on June 26, 2018, Natixis Investment Managers announced its acquisition of MV Credit. The deal broadens Natixis' private debt capabilities to help investors' need for diversification and alternative investment solutions. Founded in 2000, MV Credit is a recognized European credit specialist based in London and Luxembourg. Its team boasts 18 years of investment experience across all credit cycles and sets itself apart with an investment philosophy built on two core principles: rigorous credit analysis and active portfolio management. Over the years, MV Credit has invested more than €5 billion in nearly 500 financing solutions and have delivered a consistent top quartile track record.

In the **second half of the year**, Natixis Investment Managers pursued its development through the following events, projects and initiatives:

- Ostrum's subsidiaries (H20, Dorval, Mirova and Seeyond) were repositioned as subsidiaries of Natixis IM;
- launch of Europa, a project to create a single entity in France that covers all the distribution support functions in order to improve client services and minimize costs. In early October 2018 the Natixis IM Distribution and Ostrum teams and resources were merged into a new Paris-based entity;
- in early September, Natixis Investment Managers announced the creation of Dynamic Solutions as well as the appointment of James Hughes to head up the venture. The team brings together Natixis Investment Managers' diverse expertise to develop customized investment solutions and offers a single point of access to a wide range of solutions within the multi-affiliate structure;
- the Natixis Investment Managers Summit was held on November 6 and 7, 2018 at the Centre Pompidou and Palais Brongniart in Paris. Over the two days, we showcased our Active Thinking platform with the aim of making the summit a can't-miss event, thus positioning Natixis as a market leader and demonstrating its values and expertise. Topics covered ranged from renewable energies, the financial crisis, migration, cybersecurity and social media. Some 70 speakers from 19 countries and six continents were invited to give their perspective on controversial issues and global events. Over 600 people attended the event, including 40 journalists, representatives from all Natixis Investment Managers subsidiaries as well as Natixis' sales and senior management teams;
- in mid-December 2018, Natixis Investment Managers announced the launch of Flexstone Partners, a world-class private equity specialist that brings together three subsidiaries of Natixis Investment Managers (Euro-PE, Caspian Private Equity and Eagle Asia) in a single entity to offer investors dynamic and truly global private equity solutions. This gives investors access to international expertise on the private equity market. Flexstone Partners has a total of $6.7 billion in assets under management and advisory, and draws on an international team of more than 40 private equity specialists in its offices in Pairs, New York, Singapore and Geneva. Flexstone Partners is specialized in selecting and providing access to the best fund managers in private equity, private debt, real estate and infrastructure, whether in North America, Europe or Asia. It has also signed the United Nations Principles for Responsible Investment (PRI) and strives to tap into sustainable growth opportunities for its clients. Flexstone Partners is dedicated to institutional investors (pension funds, insurance companies, foundations, financial institutions and family offices) across the globe;
- McDonnell Investment Management, LLC and Loomis, Sayles & Company, L.P announced that they will be merging. Both companies are subsidiaries of Natixis Investment Managers. Based just outside Chicago, McDonnell specializes in municipal bond and taxable bond strategies and has $11.7 billion in assets under management. This merger will offer McDonnell's clients an enhanced range of products and services, thanks to the extensive investment, research and operating capacities of Loomis Sayles;
- in the fourth quarter of 2018, Natixis Investment Managers sold its Axeltis fund distribution platform to MFEX. The sale is in line with Natixis Investment Managers' dynamic management of its business portfolio and allows it to concentrate on developing its Asset Management business lines.

In addition, Asset Management pursued the development of its multi-boutique model.

- Natixis Investment Managers rounded out its global equity offering and hired a team of senior thematic portfolio managers. In addition to the company's existing global equity offering, investors will have access to a wide range of highly active, high conviction thematic strategies. Themes will include water, security, artificial intelligence and robotics. Thematic investing meets a growing demand from investors to ensure their portfolios address the crucial challenges and trends transforming our world. Over the course of 11 years, this team of senior portfolio managers has developed and launched a range of thematic funds. Together, they were involved in the management of more than €21 billion. In 2019, they will launch a new range of thematic funds, starting with water, security, artificial intelligence and robotics.

Natixis IM earned the following distinctions in the second half of 2018:

- Cerulli Associates Top 50 asset management companies: Natixis Investment Managers was ranked 16th-largest global asset management company, down one rung;
- the 2018 Citywire France Awards took place in Paris on September 18, 2018. Natixis Investment Managers received a number of awards including:
  - Best Asset Management Company in the Global Flexible Bonds category,
  - Bruno Crastes, CEO of H20 AM, winner of Best Fund Manager in the Global Flexible Bonds category,
  - Louis Bert and Stéphane Furet, CIO and CEO of Dorval AM, won Best Fund Manager in the French Equity category;
- the Natixis Investment Managers brand took top honors at the Broadridge Distribution Achievement Awards in Europe by being named “Rising Star” in the brand category.

Natixis Wealth Management continued to leverage its impressive sales performance to successfully complete in 2018 the first step in streamlining its business model, which is now focused on the wealth management segment.

Implementing this strategy involved the following initiatives:

- a communications campaign to raise the profile of the new brand;
- the sale of Sélection 1818;
- the acquisition of Masséna Partners (signed at this stage);
- the first acquisition of a 40% stake in Véga-IM's capital.

Natixis Wealth Management has also invested significantly in digital technology and is gradually integrating new features into its digital onboarding interface. Parallel to this, the Company is working on the "augmented banking" concept and is rolling out Compositeur Digital software, which allows bankers to conduct client meetings remotely, with all the necessary tools provided on a tablet.

Highlights for **VEGA Investment Managers** in 2018 included the creation of a range of thematic funds (VEGA Disruption, VEGA Durable and VEGA Millennials) and the VEGA Euro Rendement flagship surpassing its €1 billion AuM target thanks to the Caisse d'Epargne and Banque Populaire networks.

Corporate & Investment Banking's 2018 highlights included the roll-out of the New Dimension strategic plan (2018-2020) targets aimed at achieving the following goals: to be recognized as a bank that offers innovative solutions and to become a benchmark bank in four key sectors (energy and natural resources, aerospace, infrastructure, real estate and hospitality).

There was also a major development in Corporate & Investment Banking's four strategic sectors and M&A, allowing it to maximize its origination and distribution expertise. It also fleshed out its offering of innovative solutions, especially in the green market in the form of renewable energy financing, green bonds and "climate equity" investment solutions. Natixis was named "Most Innovative Investment Bank for Climate & Sustainability" by The Banker.

Its three **international** platforms continued to expand while extending their expertise and increasing their visibility:

The EMEA platform pursued its growth, particularly in M&A advisory services, by acquiring a majority stake in Fenchurch Advisory Partners in the UK and a minority stake in Clipperton in France. The London branch delivered a strong performance despite difficult market conditions and the political instability surrounding a potential Brexit. This year, the performance of Capital Markets in London was driven by GSCS and GSF's Solutions business. The Dubai branch went from strength to strength, particularly in the strategic sectors of infrastructure and energy & natural resources. Natixis also strengthened its franchise in real estate finance in Germany and in advisory services in Italy and Spain. In Madrid, Natixis inaugurated its new offices, which now house all its business lines under one roof.

The **Americas platform** delivered a solid performance in all its business sectors. It continued to enhance its product range and cement its expertise, particularly in structured finance and acquisitions, M&A advisory services and securitization, ranking as No. 9 Loan Contributor to CMBS deals in the US *(source: Commercial Mortgage)*. It consolidated its positioning in Latin America, where it ranked as No. 1 Leading Underwriter for Latin America Loans in the fourth quarter of 2018 *(source: Thomson Reuters)* by developing its arrangement and distribution offering for issuers and investors. It also renewed its broker-dealer license application in Mexico.

At the PFI Awards, Natixis was named the 2018 Americas Bank of the Year, as well as Best Infrastructure Bank: Mexico by Latin Finance.

The **Asia-Pacific platform** strengthened its M&A advisory offering by acquiring a majority stake in Vermilion Partners in China. This investment broadens its range of investment banking expertise in the region. The platform won numerous awards in recognition of its market expertise: three awards from Structured Retail Products ("Best House, FX", "Best House, Interest Rates", "Best House, Taiwan"), three awards from Structured Products/Asia Risk (including "Interest rates house of the year") and three awards from The Asset ("Oil & Gas Deal of the Year, Malaysia", "Power Deal of the Year, Australia", "Telecom Deal of the Year, Australia").

Natixis signed a number of strategic cooperation agreements with corporate clients, such as Fosun International and Tsinghua, and with financial institutions, such as ICBC.

In addition, Natixis ramped up its expertise and commitment to developing green financing by becoming a sponsor and member of the Hong Kong Green Finance Association.

Natixis inaugurated its new offices in Singapore and Japan, bringing together its business lines under one roof.

The platform finally launched DANA, Diversity@Natixis Asia-Pacific, an internal network to promote equal opportunity and embed practices in favor of diversity within the Company.

In **Capital Markets**, Natixis pursued its strategy based on an innovative service offering that adapts to the specific needs of customers, and continued to develop digital tools designed to improve the customer experience.

To offer the most appropriate solutions for clients' needs in the form of a comprehensive offer, the Global Markets business line decided to merge its Equity Derivatives and Fixed Income financial engineering and sales teams. The aim is to get the financial engineering, innovation and pricing teams involved in sales discussions early in the process.

This new structure is centered around four divisions:

- two "Solutions" divisions intended to encourage a closer commercial relationship with clients: "Cross Asset Solutions," providing distributors, family offices, mutual insurers and pension funds with one-stop access to cross-asset solutions; and "Multi Asset Solutions," addressing the needs of major institutional investors, asset managers and corporates;
- a single financial engineering division to offer clients innovative hedging, investment and financing solutions across all asset classes;
- a Multi-Asset Client Servicing & Execution (MACSE) division to coordinate flow products and digital offerings.

In July 2018, Natixis' Cash Equity and Equity Research teams were transferred to broker ODDO BHF. This move was part of the long-term partnership between Natixis and ODDO BHF, in the interest of ensuring continuity of equity research and brokerage services to Natixis and Groupe BPCE clients. The Natixis-ODDO BHF teams were ranked No. 1 broker in France *(source: Extel 2018)*.

In the **four strategic sectors**, the teams are structured into sector-based groups of experts known as industry bankers. Natixis increased its support for its customers by providing a continuum of solutions ranging from financing and investment banking to advisory services. It also stepped up its originate-to-distribute (O2D) model and was named "Credit Portfolio Manager of the Year" by *Risk Magazine* for the innovative, integrated approach at the heart of its active portfolio management strategy. Natixis stood out for its ability to coordinate distribution among its three international platforms and for its ability to match institutional investors, particularly from Asia, with the deals it arranges. In the infrastructure sector, Natixis particularly stood out in the Americas, where it was named "Bank of the Year" by leading magazine *PFI*, which also gave Natixis several "Deal of the Year" awards for transactions arranged all over the world. Natixis also continued its commitment to green and SRI finance, as well its efforts to digitalize commodity trading, namely by joining forces with 14 other banks and industry players to create fintech komgo SA. In the Real Estate & Hospitality sector, Natixis was ranked No. 1 MLA and Bookrunner in France and Europe in 2018 *(source: Dealogic)*, reflecting the vitality of its business and its positioning as a major arranger in the sector.

In June 2018 Global Transaction Banking was renamed **Trade & Treasury Solutions** (TTS), and since then has specialized in cash management solutions and trade finance. Natixis continued to digitalize its business, particularly with its new international transaction tracking service My Tracked Transfer and we.trade. Natixis also received the 2018 "Greenwich Share Leader" award for "Large Corporate Trade Finance" category in France *(source: Greenwich Associates)*.

In **Investment Banking**, Strategic and Acquisition Finance maintained a high level of activity in 2018 by arranging a wide variety of innovative, landmark transactions.

Natixis was ranked No. 1 bookrunner for sponsored loans and No. 5 for leveraged loans in the EMEA region *(source: Thomson Reuters)* at December 31, 2018.

With its international network of origination teams, Natixis consolidated its expertise and global leadership in the euro-denominated covered bonds segment by being voted "Best Euro Lead Managers for Covered Bonds" *(source: GlobalCapital magazine)*. As an active player in the energy transition, Natixis also operates in the green bond segment. It has also managed many dual-tranche issues.

In addition, its partnership with ODDO-BHF in 2017 strengthened the position of its Equity Capital Markets teams on the primary equity market. Having led the two biggest IPOs of the year, Natixis tied for No. 1 IPO Bookrunner on the IPO market by volume and number of deals *(source: Bloomberg)*. In share buybacks, Natixis strengthened its franchise with its customers in all segments. Natixis[1] was also ranked No. 2 bookrunner in the equity-linked market in France by number of deals and by volume at December 31, 2018 (excluding ABB) *(source: Bloomberg)*.

In **Mergers & Acquisitions**, Natixis made strategic investments in three independent M&A consulting firms that are leaders in their respective market segments: Fenchurch Advisory Partners in the UK (financial services), Vermilion Partners in China, and Clipperton in France (technology sectors). These new investments are helping Natixis speed up its business internationalization efforts, while furthering its expansion in Europe and Asia-Pacific. Corporate & Investment Banking also continued to grow its sector M&A teams specialized in the infrastructure, energy, natural resources and real estate sectors.

Private Equity Magazine named Natixis Partners "Advisor of the year—M&A Large Cap" in 2018. Natixis and its affiliate Natixis Partners ranked fifth by number of deals at December 31, 2018 *(source: Mergermarket)*.

In 2018 the **Insurance** division completed the first step of its New Dimension strategic plan by launching key initiatives aimed at making the transformation of Natixis Assurances more visible.

In **Personal Insurance**, the new multi-site, multi-brand client relationship model developed under the Move#2018 transformation program was rolled out in June. Client relationship structure, tools and processes are now identical across the Banque Populaire banks and Caisses d'Epargne. A platform for managing estates was also created. As part of the Cultural Transformation program, all Paris-based staff were moved to the same premises, while other locations were converted into innovative workspaces and agile methodologies for strategic projects were rolled out.

Since the Bourquin amendment came into force on January 1, 2018, policyholders have been allowed to cancel their loan insurance each year. This prompted Natixis Assurances to adapt its offering by putting in place a retention scheme. The impact of this new regulation on the portfolio remained limited in 2018.

In **non-life insurance**, three major strategic projects were launched: the Purple#Care plan to transform and digitalize claims management was successfully deployed in June and September for two-wheel and four-wheel vehicles; the #Pop'Timiz project to pool non-life insurance middle and back office operations for the Banque Populaire banks and Caisses d'Epargne was implemented in November when the APS platform was rolled out in three Banques Populaires; lastly, the #INNOVE2020 program was launched with the goal of making BPCE Assurances the sole non-life insurance platform for both Banque Populaire and Caisse d'Epargne retail customers by 2020.

In asset allocation, Natixis Assurances made a proactive and tangible commitment to combat climate change and announced that it will be aligning its investment policy with the 2°C climate scenario set in the Paris Agreement. This means that, every year, Natixis Assurances will devote 10% of its investments to green assets, with a target of 10% of total investments in green assets by 2030. It invested more than €350 million in green bonds in 2018. With this policy, it intends to encourage and prioritize companies that contribute to the energy and ecological transition.

On November 14, 2018, the International Accounting Standards Board voted in favor of postponing the effective date of IFRS 17 from 2021 to 2022. The standard will be submitted for public review in 2019. Natixis Assurances' preparation for the application of this standard is ongoing.

(1) Natixis/Oddo.

In keeping with the strategic plan's targets, the **Specialized Financial Services** (SFS) business lines (excluding Payments) continued to build closer relationships with the BPCE networks and commenced a front-to-back overhaul of the customer experience. The idea is to design tools and solutions that can help optimize the customer experience and respond to changes in distribution methods in an increasingly digital world. The purpose of this new program is to accelerate the transformation of the business lines to make them 100% digital.

At the same time, there were ongoing projects that focused on innovation as a way of designing the business models of tomorrow and improving operational efficiency.

The dynamic sales momentum was accompanied by new growth drivers:

- Natixis Lease and Natixis Financement launched a Lease to Own solution for individual customers;
- Natixis Financement launched a debt restructuring offer aimed at internalizing Groupwide solutions used to reprofile customer debt;
- Natixis Factor implemented its straightforward, commitment-free à la carte offering simplifying access to factoring solutions for professional customers.

The **Payments** business line, whose entities are now merged as Natixis Payments, continued to ramp up its development in 2018 with:

- an increasingly dynamic external growth strategy featuring:
  - the acquisition of Comitéo (Alter CE) in April. The company provides works councils with a software platform that combines business line functions (management, accounting, finance, employee communication tools, and a private social network), as well as a market place with multiple listings (show tickets, movie tickets, gift cards and certificates, etc.),
  - the acquisition of Banque Postale’s 50% stake in Titres Cadeaux, making Natixis the sole shareholder. This comprehensive high-value product for the prepaid gift market rounds out Natixis Payments’ Benefits offering;
- the effective implementation of a new structure to better arrange and streamline operations through three business units (BU):
  - Services & Processing, offering processing services to financial institutions and the Groupe BPCE networks,
  - Merchant Solutions, which includes Dalenys and PayPlug and aims to develop comprehensive acceptance and acquiring solutions,
  - Prepaid & Consumer, focused on issuing and distributing bespoke prepaid solutions, but also on designing value-added services for end-customers (B2B2C).

The new structure has from this year activated the first synergies among the various entities: cross-selling between the Cado Card and Le Pot Commun and processing S-Money and PayPlug payments by Dalenys.

- Ongoing innovation:
  - after being the first French banking group to offer Apple Pay to its retail customers, Groupe BPCE extended its offering to include Samsung Pay and Garmin Pay, doubling the volume of mobile payments in just one year (9.2 million in 2018),
  - thanks to Natixis Payments’ investments over the years, Groupe BPCE also became the first French banking group to offer Instant Payment to their customers, maintaining the Group’s lead in innovation and technology.

Sales momentum in 2018 was also outstanding. Natixis Payments demonstrated its ongoing service to major corporate clients through partnerships forged with:

- the Carrefour Group, by ensuring the interoperability of card payment transactions by integrating the Nexo international payment acceptance standards on the Natixis platform;
- SNCF, which now has a fully integrated solution for its Personal Mobility Assistant, making it easier to offer in-app payment services in the future;
- Casino Group, by jointly developing an e-wallet to offer seamless, secure payments to Cdiscount customers;
- and Wynd, the omni-channel platform, to design a disruptive solution to streamline the point-of-sale and payment experience through innovative sales channels, giving retailers a value-added omni-channel service.

This development of the business lines went hand-in-hand with strict financial management:

- liquidity needs remained under control over 2019 and posted a 3% year-on-year increase;
- the consumption of Basel 3 RWA was down 1% year-on-year to €109.2 billion.

In light of the earnings generated over the course of 2018, an ordinary dividend payment of €0.30 per share, i.e. 64% of distributable earnings, will be proposed at the General Shareholders’ Meeting that will take place on May 23, 2019.

4.2 Management report at December 31, 2018

4.2.1 CONSOLIDATED RESULTS

(in millions of euros)	2018	2017 pro forma	Change 2018/2017	*
Net revenues	**9,616**	**9,467**	**+1.6%**	**+3.1%**
o/w main business lines	***8,917***	***8,810***	***+1.2%***	***+2.8%***
Expenses	(6,823)	(6,632)	+2.9%	+4.2%
Gross operating income	**2,793**	**2,835**	**(1.5)%**	**+0.5%**
Provision for credit losses	(215)	(258)	(16.9)%	
Net operating income	**2,578**	**2,577**	**+0.1%**	
Associates	29	26	+13.2%	
Gains or losses on other assets	54	48	+11.2%	
Change in value of goodwill	0	0		
Pre-tax profit	**2,661**	**2,651**	**+0.4%**	
Tax	(781)	(789)	(1.0)%	
Non-controlling interests	(304)	(192)	+57.9%	
Net income (Group share)	**1,577**	**1,669**	**(5.5)%**	
Cost/income ratio	*71.0%*	*70.1%*		
Shareholder's equity (average)	*16,145*	*16,352*		
ROE	*9.2%*	*9.6%*		
ROTE	*11.8%*	*11.9%*		

* *At constant exchange rates.*

Analysis of changes in the main items comprising the consolidated income statement

Net revenues

Natixis' **net revenues** stood at €9,616 million at December 31, 2018, up 3.1% from 2017 at constant exchange rates.

At €8,917 million, **net revenues generated by the main business lines**[(1)] were up 2.8% at constant exchange rates versus 2017. The various divisions posted an increase in revenues, with the exception of Corporate & Investment Banking whose net revenues were penalized by lower revenues in Asia due to the impact of equity derivatives (--€259 million). At constant exchange rates, net revenues were up 13% for Asset & Wealth Management, 8% for Insurance and 6.5% for SFS, while CIB revenues were down 8%. Excluding non-recurring items classified under Investor Relations[(2)] and excluding the impact of equity derivatives in Asia for CIB, Natixis' net revenues would be up 4.4% at constant exchange rates compared with 2017, while net revenues would be up 5.1% for the business lines and down 2.5% for CIB.

The **Corporate Center's net revenues** stood at €699 million in 2018, of which €678 million for Coface. They include +€48 million for the return of foreign-currency DSNs to the historic exchange rate, versus -€104 million in 2017.

Meanwhile, revenue synergies achieved with the BPCE networks exceeded the strategic plan's targets.

Operating expenses and headcount

Recurring expenses totaled €6,823 million, up 4.2% at constant exchange rates compared with 2017. At constant exchange rates, costs increased 7% for the Asset & Wealth Management division, 1% for the CIB division, 2% for the Insurance division and 7% for SFS. Corporate Center expenses were up €915 million in 2018 compared with €883 million in 2017. They include €488 million in expenses for Coface and €164 million for the Single Resolution Fund contribution.

Headcount at the end of the period stood at 21,652 FTE, up 4% year-on-year, with a 3% increase in the business lines and 4% growth in the Corporate Center.

Gross operating income

Gross operating income stood at €2,793 million in 2018, a slight increase of 0.5% at constant exchange rates versus 2017.

(1) Under the New Dimension plan's presentation of the divisions, the term "Net revenues generated by the business lines" now includes Asset & Wealth Management, CIB, Insurance and SFS, and no longer includes Coface

(2) Resulting from CIB's settlement of the legal dispute with Société Wallone du Logement in 2018, the capital gain for the Corporate Center from the disposal of Caceis in 2017 and, as is customary, the impact of the return of foreign-currency DSNs to the historic exchange rate.

Pre-tax profit

The **provision for credit losses** was €215 million in 2018, down 16.9% compared with 2017. The provision for credit losses of the main business lines as a percentage of assets amounted to 16 basis points in 2018 versus 23 basis points in 2017.

Revenues from **Associates** climbed to €29 million in 2018 versus €26 million in 2017.

Gains or losses on other assets totaled €54 million in 2018, €31 million from the sale of Axeltis by the Asset Management business and €11 million from the sale of Sélection 1818 by the Wealth Management business line. In 2017 this item totaled €48 million, including €21.5 million from the disposal of the Ellisphere subsidiary (Financial Investments) and €18 million following the liquidation of a holding company.

Change in the value of goodwill was nil in 2018 as it was in 2017.

Pre-tax profit therefore totaled €2,661 million in 2018 versus €2,651 million in 2017.

Recurring net income (Group share)

The recurring **tax** expense came to €781 million in 2018. The effective tax rate was 29.7% in 2018.

After incorporating -€304 million in **non-controlling interests, net income (Group share)** amounted to €1,577 million in 2018, down 5.5% compared with 2017.

Consolidated management ROE after tax (excluding non-recurring items) came to 9.4% in 2018, giving an accounting ROE of 9.2%.

Consolidated management ROTE after tax (excluding non-recurring items) came to 12.0% in 2018, giving an accounting ROTE of 11.8%. Excluding non-recurring items and the impact of equity derivatives in Asia, Natixis' ROTE is expected at 13.9%.

4.2.2 ANALYSIS BY NATIXIS MAIN BUSINESS LINE

4.2.2.1 Asset & Wealth Management

(in millions of euros)	2018	2017 pro forma	Change 2018/2017	*
Net revenues	**3,419**	**3,113**	**+9.8%**	**+12.6%**
Asset Management	*3,274*	*2,972*	*+10.2%*	*+13.1%*
Wealth Management	*144*	*142*	*+1.8%*	*+1.8%*
Expenses	(2,264)	(2,178)	+4.0%	+6.6%
Gross operating income	**1,154**	**936**	**+23.4%**	**+26.5%**
Provision for credit losses	(1)	0		
Pre-tax profit	**1,192**	**947**	**+25.9%**	
Cost/income ratio	*66.2%*	*69.9%*		
Shareholders' equity (average)	*4,116*	*3,773*		
ROE	*15.6%*	*12.8%*		

* *At constant USD exchange rates.*

Asset & Wealth Management revenues were up 9.8% for the period to €3,418.6 million (12.6% at constant exchange rates).

Expenses also rose, but to a lesser degree, by 4.0% (up 6.6% at constant exchange rates).

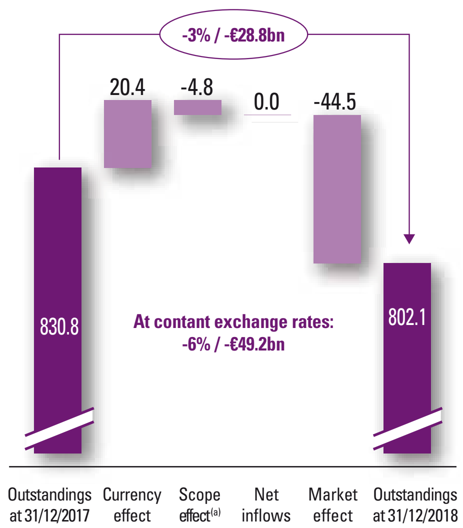
Gross operating income jumped 23.4% (26.5% at constant exchange rates) to €1,154.3 million.

At 15.6%, ROE improved by 2.9 points from December 31, 2017.

A – Asset Management

Assets under management at end-December 2018 stood at €802.1 billion, down 3% at current exchange rates (-6% at constant exchange rates) compared with December 31, 2017. This was due to a highly unfavorable market effect (-€44.5 billion) and, to a lesser extent, the scope effect (-€4.8 billion). These effects were partially offset by the favorable exchange rate (+€20.4 billion).

■ CHANGE IN ASSETS UNDER MANAGEMENT OVER THE YEAR *(IN BILLIONS OF EUROS)*(1)



(1) 2018 scope effects:
- Natixis IM Private Equity: acquisition of the asset management company MV Credit in Q3 2018 (+€1.7 billion);
- Natixis IM Europe: disposal of VEGA IM in Q4 2018 (-€6.5 billion).

The business had **zero net inflows** for the year with diverging results:

- net inflows in Europe totaled €10.7 billion on the back of bond products (H2O and DNCA), diversified products (H2O, Ostrum and Vega IM), equities (Seeyond and Ostrum) and real estate products (AEW Europe), partially offset by outflows in life insurance (Ostrum);
- in the US, net outflows of €10.1 billion were largely attributable to Loomis debt and equity products and to diversified products (primarily Harris);
- there were limited net outflows of €641 million from private equity companies, mainly from Euro Private Equity and Naxicap Partners.

At €832.9 billion, average assets under management at December 31, 2018, were up (+3.9%) compared with 2017 (at constant EUR exchange rates). The rate of return on AuM was up 6.3% to 31.0 points compared with December 31, 2017 at constant exchange rates.

At December 31, 2018, AuM can be broken down as predominantly bond products (29.8%), followed by equity products (23.2%) and life insurance (21.6%).

At December 31, 2018, net revenues stood at €3,274.5 million, up 10% year-on-year (i.e. up 13% at constant exchange rates), driven by higher fees on AuM across the regions due to the increase in average AuM and in the commission rate over the period as well as the rise in incentive fees of European asset management companies.

Expenses stood at €2,114.0 million, up 4% compared with December 31, 2017 (up 7% at constant exchange rates). This increase was mainly attributable to the variable compensation costs of asset management companies in the US and in Europe for the most part and, to a lesser extent, to fixed payroll costs linked to the increase in average headcount and pay raises. Excluding internal payroll costs, the increase in expenses was in large part driven by operating costs (communication and advertising), consulting fees (implementation of strategic projects), and IT costs.

B – Wealth management

In 2018 the **Wealth Management** business recorded strong sales despite sensitive market conditions. **Net inflows totaled €2.0 billion** and was largely attributable to wealth management in France and abroad, and to the dynamism of the networks' B2B private wealth management activities.

Assets under management came to €26.1 billion, down 17% year-on-year due to a €5.7 billion scope effect resulting from the disposal of Sélection 1818. Restated for this effect, AuM increased 1% despite unfavorable market conditions in the second half of the year.

At the same time, **outstanding loans** were up 14% to €2.0 billion.

In 2018, the business line's **net revenues** were up 2% to €144.1 million (+€2.6 million) compared with 2017. Restated for non-recurring items in 2017 linked to the adjustment of the Group's distribution system and the Sélection 1818 scope effect, the decrease would be 3%. This decline is mainly attributable to the absence of incentive fees, which were substantial in 2017, and to the drop in fees on structured products (inauspicious markets conditions), partially offset by healthy net interest income and, to a lesser extent, fees on AuM.

Expenses stood at €150.3 million, representing growth of 5% compared with 2017. Restated for the scope effect and non-recurring items resulting from the disposal of Sélection 1818, the increase would be 4% mostly on account of fewer projects on hold over the period, higher fixed payroll costs (rise in average FTE), and consulting fees in connection with ongoing projects (digital, regulatory, business model review, etc.).

4.2.2.2 Natixis Corporate & Investment Banking

(in millions of euros)	2018	2017 pro forma	Change 2018/2017	*
Net revenues	**3,237**	**3,581**	**(9.6)%**	**(8.0)%**
Global Markets	*1,331*	*1,921*	*(30.7)%*	*(29.7)%*
Fixed Income	*1,158*	*1,317*	*(12.0)%*	*(10.8)%*
Equities	*170*	*599*	*(71.5)%*	*(71.0)%*
XVA desks	*2*	*5*	*(67.7)%*	*(67.7)%*
Financing	*1,411*	*1,328*	*+6.2%*	*+8.9%*
Investment Banking	*372*	*362*	*+2.7%*	*+3.9%*
Other items	*123*	*(30)*		
Expenses	(2,193)	(2,194)	(0.1)%	+1.0%
Gross operating income	**1,045**	**1,387**	**(24.7)%**	**(22.4)%**
Provision for credit losses	(175)	(115)	+52.0%	
Pre-tax profit	**884**	**1,300**	**(32.0)%**	
Cost/income ratio	*67.7%*	*61.3%*		
Shareholders' equity (average)	*6,466*	*6,810*		
ROE	*9.9%*	*13.5%*		

* *At constant exchange rates.*

In 2018 Corporate & Investment Banking's **net revenues** totaled €3,237 million, down 8.0% compared with 2017 at constant exchange rates. This includes income of €68 million for the settlement of the legal dispute with Société Wallone du Logement, reclassified as a non-recurring item under Investor Relations for the third quarter of 2018. Excluding this item, net revenues were down 10.0% compared with 2017 at constant exchange rates. And excluding the impact of equity derivatives in Asia, net revenues stood at €3,435 million, down 2.5% compared with 2017 at constant exchange rates.

Capital market revenues totaled €1,331 million in 2018, down 29.7% compared with 2017 at constant exchange rates. Excluding the impact of equity derivatives in Asia, revenues were down 15.7% compared with 2017 at constant exchange rates.

Revenues from **Fixed Income, Forex, Credit, Commodities and Treasury activities** stood at €1,158 million in 2018, down 10.8% on 2017 at constant exchange rates. The following changes were observed in each segment:

- **Fixed Income and Forex** revenues were down 14.1%, with **Fixed Income** falling 28.2%. This is explained by less robust sales, especially in the second half of the year due to more challenging market conditions. Meanwhile, **Forex** was up 31.5%, thanks to sharp currency fluctuations, especially starting in the second quarter as the Italian elections triggered an increase in flow volumes;
- **Credit** revenues dipped by 1.1% compared with 2017. The decline in the management of positions was partially offset by the growth in securitization that continued into 2018, up 2.5% on 2017 at constant exchange rates;
- Revenues from **repo activities**, which were split evenly between Fixed Income and Equity, fell 11.5% compared with 2017 on account of tighter margins caused by a more competitive market.

Revenues from joint ventures (i.e. with income shared equally between Global Markets and Investment Banking to ensure team alignment) were mixed in 2018.

Compared with a record 2017, **Strategic & Acquisition Finance**'s revenues were down 9.5% as the leveraged finance market showed the first signs of stress.

Revenues from **syndication on the bond market** fell 19.2% compared with 2017. The 12.1% increase in revenues generated on the primary bond market was more than offset by the unfavorable conditions on the secondary market. This affected the management of sovereign debt positions amid uncertainty in the European environment after the Italian elections.

At €170 million, **Equity** fell 71.0% at constant exchange rates compared with 2017 at constant exchange rates. Excluding the impact of equity derivatives in Asia, net revenues stood at €437 million, down 26.1% from 2017 at constant exchange rates. The discontinuation of the **Equity Brokerage** business in the US and the UK at the end of 2017 and then in France from July 1, 2018, after the business was transferred to Oddo, brought the Equity business line's revenues down to a total of €24 million compared with 2017. Excluding the impact of equity derivatives in Asia, the revenues of the Equity Derivatives business dropped 24.1% to €427 million. Sales bore the brunt of a more challenging market environment, especially at the end of the year.

At €1,411 million, **Financing** revenues including **TTS** (Trade & Treasury Solutions, the new name for Global Transaction Banking) gained 8.9% compared with 2017 at constant exchange rates.

Revenues from **Real Assets** rose 26.7% compared with 2017, driven by the performance of its strategic sectors: Real Estate Finance in the US, with a high volume of securitizations in the first half of the year, and Infrastructure, which was also very buoyant following a number of major deals. Commodities finance (**Energy & Natural Resources**) revenues pushed higher to 8.3% at constant exchange rates on a stronger average per-barrel oil price than last year, boosting the Trade Finance business. The revenues of the Distribution & Portfolio Management (DPM) financing portfolio contracted by 1.0% at constant exchange rates in a context of pressure on margins.

Revenues from **Investment Banking** including **M&A** activities grew 3.9% at constant exchange rates compared with 2017 for cumulative revenues of €372 million.

In 2018, Corporate & Investment Banking's **expenses** (€2,193 million) were stable at current exchange rates, a small 1.0% increase from 2017 at constant exchange rates. Excluding Transformation & Business Efficiency costs classified as a non-recurring item under Investor Relations, i.e. €14 million in 2018 and €3 million in 2017, expenses totaled €2,178 million in 2018, down 0.6% at current exchange rates and up slightly by 0.5% at constant exchange rates.

Gross operating income totaled €1,045 million, down 22.4% compared with 2017 at constant exchange rates. Excluding non-recurring items and the impact of equity derivatives in Asia, gross operating income totaled €1,256 million, down 7.1% at constant exchange rates. The **cost/income ratio** stood at 67.7% in 2018 (63.4% excluding non-recurring items and impact on auto-calls in Asia), slipping 6.4 points compared with 2017 (61.3%).

At €175 million, **provision for credit losses** grew 52.0% compared with 2017, including €71 million for the Madoff fraud, reclassified as a non-recurring item under Investor Relations in the third quarter of 2018. Excluding this item, the provision for credit losses was €104 million in 2018, down 9.9% compared with 2017.

ROE after tax totaled 9.9% in 2018, down 3.6 points compared with 2017 (13.5%). Excluding non-recurring items and the impact of equity derivatives in Asia, ROE after tax amounted to 13.1% in 2018, since CIB's effective tax rate fell in 2018, reflecting the impact of the tax reform in the US and the company's control of its risk-weighted assets (RWA).

4.2.2.3 Insurance

(in millions of euros)	2018	2017 pro forma	Change
Net revenues	**790**	**734**	**+7.6%**
Expenses	(448)	(439)	+2.1%
Gross operating income	**342**	**295**	**+15.8%**
Provision for credit losses	0	0	
Pre-tax profit	**356**	**308**	**+15.7%**
Cost/income ratio	*56.7%*	*59.8%*	
Shareholders' equity (average)	*848*	*863*	
ROE	*29.0%*	*22.1%*	

In 2018, sales of personal protection and casualty insurance were particularly buoyant, while life insurance maintained a strong position.

With €9.6 billion in direct business premiums, life insurance inflows increased 1% compared with 2017, keeping the business robust despite a persistently low interest rate environment, higher inflation and financial market volatility at year-end. The business grew 60% in two years thanks to the deployment of the Caisse d'Epargne offering.

Premiums on unit-linked assets totaled €3.2 billion (-4%) and made up 33% of total gross inflows, down 2 points year-on-year and 5 points higher than the market average at end-December. Inflows invested in the euro fund totaled €6.4 billion, up 3%.

Premiums on personal protection and payment protection insurance (€886 million) continued to increase at a steady pace (+8%). Payment protection insurance maintained a growth rate of 6% without any material impact from the Bourquin amendment.

The non-life insurance portfolio grew by 5% to 5.8 million policies. Earned premiums on the Banque Populaire and Caisse d'Epargne networks gained 7% to reach €1,482 million. The automotive and multi-risk home insurance business saw 9% and 7% growth respectively.

Net revenues for Insurance businesses totaled €790 million, up 8% compared with 2017, resulting from:

- 7% net revenue growth in life insurance, propelled by the increase in assets under management (+10%), driven in turn by the roll-out of the offer on the Caisse d'Epargne network. Despite the persistently low interest rate environment in 2018, lower bond yields were offset through the diversification of investment sources (private placements or the direct funding of the economy);
- 8% net revenue growth in personal protection insurance and in payment protection insurance, reflecting the resilience of the business;
- 6% net revenue growth in property & casualty insurance: claims remained under control despite the impact of extreme weather events and an exceptionally high volume of large automotive insurance claims. The combined ratio stood at 91.2%, an improvement on 2017.

Operating expenses edged up 2% to €448 million. The increase in expenses, which remained below net revenue growth (+8%), reflects the cost of developing the businesses and implementing the New Dimension plan's strategic ambitions: deployment of a new multi-site, multi-brand customer relationship model in personal insurance (Move#2018); ongoing strategic non-life insurance projects (#Innove2020, Purple#Care and #Pop'Timiz) and the wind-down of the Assurément#2016 and Impulse initiatives.

Gross operating income rose 15.8% to €342 million.

At 29.0%, **the division's ROE** improved by 6.9 points compared with 2017.

4.2.2.4 Specialized Financial Services

(in millions of euros)	2018	2017 pro forma	Change
Net revenues	**1,472**	**1,382**	**+6.5%**
Specialized Financing	***894***	***862***	***+3.7%***
Factoring	*160*	*158*	*+1.0%*
Sureties & Financial Guarantees	*205*	*200*	*+2.6%*
Leasing	*237*	*216*	*+9.8%*
Consumer Finance	*265*	*265*	*(0.1)%*
Film Industry Financing	*27*	*23*	*+19.2%*
Financial Services	***188***	***184***	***+2.3%***
Employee savings plans	*95*	*91*	*+3.9%*
Securities services	*93*	*93*	*+0.6%*
Payments	***389***	***336***	***+15.9%***
Expenses	(1,004)	(939)	+6.9%
Gross operating income	**468**	**443**	**+5.6%**
Provision for credit losses	(23)	(73)	(68.1)%
Pre-tax profit	**445**	**371**	**+20.2%**
Cost/income ratio	*68.2%*	*67.9%*	
Shareholders' equity (average)	*2,133*	*1,929*	
ROE	*14.0%*	*13.0%*	

Specialized Financing posted solid momentum overall.

Factoring generated €60.8 billion in factoring revenues in France, up 11%, with Natixis Factor boasting market share of 18.8% at September 30, 2018.

Leasing developed its business with the Banque Populaire and Caisse d'Epargne networks. New business, half of which was in equipment leasing, jumped 12% year-on-year.

Consumer Finance achieved record sales with more than €12 billion in financing, up 7% over the year, 11% of which was for revolving loans and 6% for personal loans.

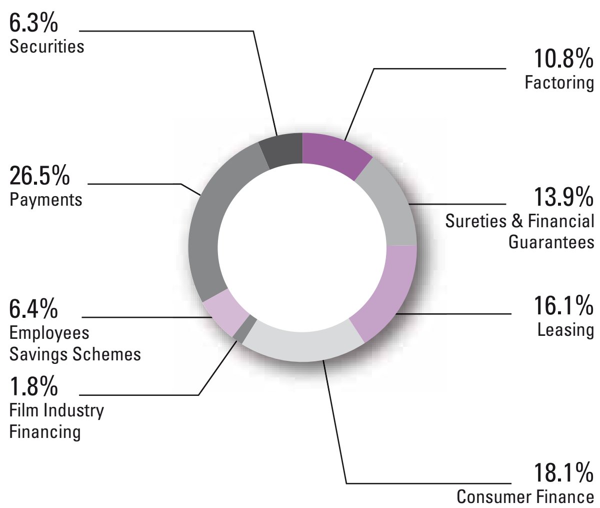
After two outstanding years, **Sureties and Guarantees** maintained strong business volumes on the loan guarantee market for retail customers despite a decrease in refinancing volumes.

The **Financial Services** business remained strong.

At €27.5 billion, AuM for **employee savings plans** continued to increase with annual growth of 6%.

Securities Services continued to expand its range of services for the networks.

BREAKDOWN OF 2018 SFS NET REVENUES BY BUSINESS LINE



Net revenues totaled €1,472 million in 2018, up 6%.

Specialized Financing revenues picked up by 4%. Leasing posted 10% net revenue growth. Net revenues for **Sureties & Financial Guarantees and Factoring** gained 3% and 1% respectively year-on-year. Lastly, net revenues for Film Industry Financing increased sharply over the period after the inclusion of a special dividend.

Revenues from **Financial Services excluding Payments** were up 2%, with net revenues on Employee Savings Plans up 4%.

Payments revenues increased by 16% year-on-year. This growth was driven by the performance of historical businesses (Flows, Electronic Banking and Service Vouchers) and by acquisitions carried out over the last two fiscal years which accelerated business expansion. Accordingly, Merchants Solutions profited from the surge in business volumes generated from recent acquisitions made by Natixis Payment Solutions (Dalenys and PayPlug).

At €1,004 million at end-2018, Specialized Financial Services **expenses** were up 7% compared with 2017, a result largely owed to scope changes for the Payments business lines.

Overall, **gross operating income** rose 6% to €468 million.

Provision for credit losses was down significantly to €23 million thanks to effective overall risk management and better-quality data that have an impact on IFRS9 provisions.

Net operating income stood at €445 million, up 20%, and **ROE** at 14%.

4.2.2.5 Corporate Center

(in millions of euros)	2018	2017 pro forma	Change
Net revenues	**699**	**657**	**+6.4%**
Coface	*678*	*624*	*+8.7%*
Corporate Center excluding Coface	*21*	*33*	*(36.4)%*
Expenses	(915)	(883)	+3.5%
Gross operating income	**(215)**	**(226)**	**(4.8)%**
Provision for credit losses	(15)	(71)	(78.7)%
Pre-tax profit	**(216)**	**(275)**	**(21.4)%**

Net revenues from the Corporate Center stood at €669 million versus €657 million in 2017.

Coface net revenues in the first half of 2018 totaled €678 million, a sharp increase of 9% (+11% at constant exchange rates) compared with 2017.

2017 revenues were up 2% to €1.4 billion compared with 2017. Credit insurance, which accounts for 95% of revenues, was up 3% while factoring was down 7%. At constant exchange rates, global turnover was higher (+5%).

The loss ratio net of reinsurance was 45.1% compared with 51.4% in 2017, i.e. an improvement of 6.2 points thanks to the efficiency of claims expense management plans and an improved economic climate in the first half of the year, although the risk environment normalized in the second half of the year.

Net revenues from the Corporate Center **excluding Coface** stood at +€21 million versus +€33 million in 2017. The key factors are as follows:

- exchange rate fluctuations of deeply subordinated notes issued in dollars stood at +€48 million in 2018 compared with -€104 million in 2017;
- the sale of the equity interest in Caceis in 2017 generated €74 million in capital gains;
- the equity interest in EFG Hermes was measured at fair value through profit or loss in 2018, with an impact of -€21 million over the year;
- FVA hedging had a -€55 million impact compared to +€20 million in 2017 due mainly to wider funding spreads in 2018.

Excluding these items, net revenues stood at +€49 million in 2018 versus +€43 million in 2017, comprising for the most part revenues from Treasury and ALM operations.

Expenses from the Corporate Center stood at €915 million in 2018 versus €883 million in 2017.

At €488 million, **Coface expenses** were down slightly by 1% compared with 2017, and up 3% at constant exchange rates when restated for non-recurring Fit to Win expenses.

Expenses from the Corporate Center **excluding Coface** were for:

- Single Resolution Fund contributions totaling €164 million in 2018 versus €121 million in 2017;
- the expenses of Natixis Private Equity (Finance division) and Natixis Algérie totaling €38 million in 2018 compared with €53 million in 2017, including six months' worth of expenses for Corporate Data Solutions, which was sold in June 2017;
- and the support function expenses not invoiced to the Natixis business lines; these totaled €224 million in 2018 compared with €225 million in 2017.

The **provision for credit losses** of the Corporate Center stood at -€15 million versus -€71 million in 2017, which mainly consisted of a €60 million general provision for litigation.

4.2.2.6 Provision for credit losses

In accordance with IFRS 9 as applied on January 1, 2018, the provision for credit losses was -€215 million at December 31, 2018, of which -€333 million were in respect of non-performing loans and +€118 million in respect of performing loans. At December 31, 2017, the provision for credit losses totaled -€258 million (under IAS 39).

TOTAL PROVISION FOR CREDIT LOSSES BY DIVISION

(in millions of euros)	2018	2017
Asset & Wealth Management	(1)	0
Corporate & Investment Banking	(175)	(115)
Insurance	0	0
Specialized Financial Services	(23)	(72)
Coface	(1)	(6)
Corporate Center	(15)	(65)
TOTAL PROVISION FOR CREDIT LOSSES	**(215)**	**(258)**

TOTAL PROVISION FOR CREDIT LOSSES BY GEOGRAPHIC AREA

(in millions of euros)	2018	2017
EMEA	(129)	(257)
Central and Latin America	(5)	(19)
North America	(90)	29
Asia and Oceania	9	(11)
TOTAL PROVISION FOR CREDIT LOSSES	**(215)**	**(258)**

Appendix to 4.2.2 – Consolidated Results

1 – MANAGEMENT RESULTS RECLASSIFIED AS CONSOLIDATED RESULTS IN 2018

	2018	Non-recurring items					2018
(in millions of euros)	Investor Relations	AWM	CIB	Insurance	SFS	Corporate Center	Published
Net revenues	**9,500**	**0**	**68**	**0**	**0**	**48**	**9,616**
Expenses	(6,731)	(20)	(14)	(2)	(8)	(48)	(6,823)
Gross operating income	**2,769**	**(20)**	**54**	**(2)**	**(8)**	**0**	**2,793**
Provision for credit losses	(143)		(71)				(215)
Net operating income	**2,626**	**(20)**	**(17)**	**(2)**	**(8)**	**0**	**2,578**
Associates	29						29
Gains or losses on other assets	54		0				54
Change in value of goodwill	0						0
Pre-tax profit	**2,709**	**(20)**	**(17)**	**(2)**	**(8)**	**0**	**2,661**
Taxes	(797)	6	5	1	3	2	(781)
Non-controlling interests	(305)					1	(304)
Net income (Group share)	**1,607**	**(14)**	**(12)**	**(1)**	**(6)**	**3**	**1,577**
Cost/income ratio	*70.9%*						*71.0%*

2 – MANAGEMENT RESULTS RECLASSIFIED AS CONSOLIDATED RESULTS IN 2017

	2017	Non-recurring items					2017
(in millions of euros)	Investor Relations	AWM	CIB	Insurance	SFS	Corporate Center	Published
Net revenues	**9,497**	**0**	**0**	**0**	**0**	**(30)**	**9,467**
Expenses	(6,540)	(2)	(3)	(23)	(8)	(57)	(6,632)
Gross operating income	**2,957**	**(2)**	**(3)**	**(23)**	**(8)**	**(86)**	**2,835**
Provision for credit losses	(258)						(258)
Net operating income	**2,699**	**(2)**	**(3)**	**(23)**	**(8)**	**(86)**	**2,577**
Associates	26						26
Gains or losses on other assets	30		18			0	48
Change in value of goodwill	0					0	0
Pre-tax profit	**2,755**	**(2)**	**15**	**(23)**	**(8)**	**(86)**	**2,651**
Taxes	(848)	1	1	7	3	47	(789)
Non-controlling interests	(192)					0	(192)
Net income (Group share)	**1,715**	**(1)**	**16**	**(16)**	**(5)**	**(39)**	**1,669**
Cost/income ratio	*68.90%*						*70.10%*

4.3 Main investments and divestments performed over the period

In line with the strategy of the New Dimension plan, in 2018 Natixis pursued a policy of targeted acquisitions in Asset Management, CIB and Payments.

Business line	Investment description
2018	
Asset Management	Acquisition of European credit specialist MV Crédit as part of the expansion of Natixis Investment Managers' private debt offering
Corporate & Investment Banking	Strategic investment in Vermillion Partners in China as part of the strategic enhancement of Natixis' expertise in Mergers & Acquisitions advisory services
Corporate & Investment Banking	Strategic investment in Fenchurch Advisory Partners in the United Kingdom as part of the strategic enhancement of Natixis' expertise in Mergers & Acquisitions advisory services
Corporate & Investment Banking	Strategic investment in Clipperton in France as part of the strategic reinforcement of Natixis' expertise in Mergers & Acquisitions consulting
Corporate & Investment Banking	Long-term partnership to create a leading player in equity brokerage and equity capital markets in continental Europe. This partnership includes: ▪ the transfer of Natixis' equity brokerage and equity research activities in France to ODDO BHF ▪ the reunion of both players' equity capital markets activities in France under Natixis
Payments	Acquisition of Banque Postale's 50% stake in Titres Cadeaux
Payments	Acquisition of 46% of the remaining shares in Dalenys, following a takeover bid and squeeze-out
Payments	Acquisition of a majority stake (70%) in Comitéo, a prepaid payments company (software platform for works councils).
2017	
Asset Management	Acquisition of a minority stake in Airborne Capital, an aeronautics leasing and asset management specialist.
Asset Management	Mirova's acquisition of a majority stake (51%) in Althelia Ecosphère, an asset management company specialized in impact investing.
Asset Management	Acquisition of a majority stake (51.9%) in Investors Mutual Limited, a well-known asset management company in Australia.
Insurance	Acquisition of 40% of BPCE Assurances from Macif and Maif to become the sole shareholder
Payments	Acquisition of 54% of the shares of Dalenys, a French fintech with a high-performance technological offering for e-commerce retailers
Payments	Acquisition from BPCE of 100% of S-money, a digital payment and collection solutions specialist that responds to new customer preferences, and its subsidiaries (such as Le Pot Commun)
Payments	Acquisition of a majority stake (78.5%) in PayPlug, a French start-up offering online payment solutions for online retailers
2016	
Corporate & Investment Banking	Acquisition of 51% of Peter J. Solomon Company, a New York-based firm specialized in providing independent advisory services on mergers & acquisitions, capital structure and restructurings to public and private corporations.
Asset Management	Merger of asset management firms AEW Europe and Ciloger as part of a strategic partnership with La Banque Postale

In addition, a number of targeted disposals were carried out.

Business Line	Divestment description
Year 2018	
Wealth Management	Disposal of Sélection 1818, a major Wealth Management Advisor, as part of Natixis Wealth Management's strategic repositioning. Signing of a partnership with the buyer, Nortia, for the distribution of funds on an open-architecture basis.
Asset management	Disposals of the fund disposals platform Axeltis to MFEX, together with the signing of a long-term partnership to distribute funds on an open-architecture basis.
Year 2017	
Asset management	Disposal of a 25% stake in IDFC, bought by the Indian group IDFC who owned the remaining 75%.
Corporate Center	Disposal of the 15% stake in Cacais to Crédit Agricole S.A., making it the sole shareholder once the transaction is complete. This disposal is entirely consistent with the objectives of the New Dimension strategic plan for 2018-2020, particularly the objective of reducing the Corporate Center's RWA.
Corporate Center	Disposal of Ellisphere, a financial data specialist in France and internationally to investment fund AnaCap. The transaction marks the end of Corporate Data Solutions' business disposals.
Year 2016	
Corporate Center	Disposal of Altus GTS Inc. and Graydon (as part of the disengagement of Corporate Data Solutions subsidiaries).

4.4 Post-closing events

Refer to Note 15, "Post-Closing Events", in Chapter 5.1, Consolidated Financial Statements and Notes.

Natixis' 2018 financial statements were approved by the Board of Directors on February 12, 2019. Since that date, there have been no material changes in the financial or trading position of Natixis.

4.5 Information concerning Natixis S.A.

4.5.1 NATIXIS S.A.'S PARENT COMPANY INCOME STATEMENT

	2018						2017		
		2018/2017		2018/2017		2018/2017			
(in millions of euros)	Mainland France	(%)	Branches	(%)	Natixis S.A.	(%)	Mainland France	Branches	Natixis S.A.
Net revenues	**3,324**	**24**	**1,142**	**(13)**	**4,466**	**12**	**2,676**	**1,317**	**3,994**
Operating expenses	*(1,997)*	*(1)*	*(709)*	*15*	*(2,706)*	*3*	*(2,021)*	*(619)*	*(2,640)*
Gross operating income	**1,327**	**102**	**432**	**(38)**	**1,760**	**30**	**655**	**698**	**1,354**
Provision for credit losses	*(167)*	*3*	*(61)*	*(29)*	*(228)*	*(8)*	*(162)*	*(86)*	*(248)*
Operating income	**1,160**	**135**	**372**	**(39)**	**1,532**	**38**	**494**	**612**	**1,106**
Gains or losses on fixed assets	*35*	*(89)*	*(2)*	*(36)*	*33*	*(90)*	*320*	*(3)*	*317*
Pre-tax profit	**1,195**	**47**	**370**	**(39)**	**1,565**	**10**	**813**	**610**	**1,423**
Income tax	*373*	*21*	*(104)*	*97*	*269*	*6*	*308*	*(53)*	*255*
Funding/reversal of funding for general banking risks and regulated provisions	*0*	*N/A*	*0*	*N/A*	*0*	*N/A*	*0*	*0*	*0*
NET INCOME/(LOSS)	**1,568**	**40**	**266**	**(52)**	**1,834**	**9**	**1,121**	**557**	**1,678**

At December 31, 2018, Natixis' gross operating income stood at +€1,760 million, a +€406 million increase compared with December 31, 2017, due to a €472 million increase in net revenues, less a €66 million increase in operating expenses.

Net interest income decreased by -€148 million: -€160 million for business in Mainland France and +€12 million for foreign branches. Net fee and commission income decreased by -€170 million, resulting from a -€247 million decrease in Mainland France and an increase of +€77 million in business recorded by foreign branches. This change in fee and commission income can be broken down into -€238 million in net fee and commission income on off-balance sheet transactions, +€86 million on transactions with customers and -€18 million in financial service or payment instrument transactions.

Dividends paid by Natixis subsidiaries increased by €756 million. €663 million of this increase can be attributed to the higher dividend paid by Asset Management subsidiary Natixis Investment Managers, €42 million to the higher dividend paid by subsidiary Compagnie Européenne de Garanties et Cautions and a €33 million increase on behalf of Natixis Private Equity.

Gains on trading book transactions decreased by €113 million, i.e. -€100 million for Mainland France and -€13 million for transactions carried out by foreign branches.

Operating expenses were up €66 million, including -€4 million in payroll costs, +€33 million in external services net of reinvoicing and +€37 million in regulatory taxes and costs (including +€42 million for the contribution to the Single Resolution Fund). Changes in external services were mainly concentrated in external services provided by Group companies (+€15 million, net of rebilled expenses), consulting fees (-€8 million) and external assistance fees (+€28 million).

The net provision for credit losses was down €20 million (of which -€25 million for the branches) to -€228 million.

Together, these items brought operating income to +€1,532 million, up €426 million.

At December 31, 2018, net gains/(losses) on fixed assets amounted to +€33 million. The balance for fiscal year 2018 is mainly attributable to the €151 million capital gain earned on the NUSHI share swap, a €71 million provision over the fiscal year for Contango Trading S.A. shares and a €69 million provision for Natixis Factor. The balance for fiscal year 2017 was attributable to the capital gain earned on the disposal of CACEIS securities for €84 million before tax and to the downward adjustment of the provision recorded on Coface equity investments (reversal of provision of €111.9 million).

Net income after tax was +€1,834 million versus +€1,678 million in 2017.

At December 31, 2018, the balance sheet totaled €406,868 million versus €410,598 million at December 31, 2017.

4.5.2 PROPOSED ALLOCATION OF EARNINGS

Natixis' financial statements at December 31, 2018, showed positive net income of €1,834,308,793.77 and, taking into account retained earnings of €1,625,059,649.69, showed distributable earnings of €3,459,368,443.46.

The third resolution that will be put before the General Shareholders' Meeting on May 28, 2019, proposes to:

- pay an ordinary dividend of €945,086,577.60;
- pay a special dividend of €1,512,138,524.16;
- allocate the remaining distributable earnings to retained earnings, i.e. €1,002,143,341.70.

It should be noted that the distribution of the special dividend depends on Natixis' plan to sell its Factoring, Sureties & Financial Guarantees, Leasing, Consumer Finance and Securities Services business lines to BPCE, and that if this sale cannot be completed before the date of the General Shareholders' Meeting, the Board of Directors will amend the text of the third draft resolution to provide for (i) the payment on June 4, 2019, of the ordinary dividend in an amount equal to that initially proposed for the ordinary dividend above and (ii) the subsequent payment (at a date after the planned sale is completed) of the "special" dividend in an amount equal to that initially proposed for the special dividend above.

4.5.3 PAYMENT TERMS

Pursuant to Article D.441-4 of the French Commercial Code, supplier invoices that have been received but remain unpaid at the reporting date (for a total amount including tax of €85.2 million) are as follows:

INVOICES RECEIVED BUT STILL UNPAID AT THE END OF THE PERIOD

	0 days (for reference)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
Total amount of invoices affected, including tax (in millions of euros)	71.9	5.3	1.1	0.5	6.4	13.3
Percentage of the total amount of purchases, including tax, for the period	3.89%	0.29%	0.06%	0.03%	0.35%	0.72%
Number of invoices concerned	2,138					468

This information does not include bank transactions or related transactions.

For debt and receivables associated with Natixis S.A. clients, please refer to Note 37 of Chapter 5.3 on assets and liabilities by maturity, which provides information on their residual maturity.

4.6 Outlook for Natixis

Global growth is expected to cool in 2019 but will nevertheless exceed its potential to total around 3.4%. In the US, growth should remain robust at 2.4% (versus 2.9% in 2018), whereas the deceleration will be felt more strongly in the euro zone at 1.2% (versus 1.9% in 2018). While we can expect a slowdown of the Chinese economy, growth will remain moderate (6.3%) thanks to the government's determination to shore up growth with fiscal and monetary policies.

Political risks will continue to loom large this year. Despite the 90-day truce signed by the US and China at the G20 meeting at the end of November, we still cannot rule out the risk of rising China-US trade tensions—a risk that would have grave consequences for global trade. In Europe, with the uncertainty surrounding the Brexit impasse, the European elections at the end of May and probable political instability in Italy, 2019 looks to be another difficult year.

Central banks are nevertheless expected to continue tightening monetary policies, although the Fed's approach may prove more gradual than initially planned—only one interest rate hike is expected in 2019 (+25 bp), since the latest data from 2018 suggests a marked slowdown in the US manufacturing sector. For the European Central Bank, 2019 will be a pivotal year, given the end of its net asset purchase program (APP) in December 2018 and the increasing likelihood that it will engage in the first bout of monetary tightening since April 2011.

In 2019 Natixis will pursue the implementation of the New Dimension strategic plan and its three powerful initiatives to give its clients a broader range of high added-value solutions: deepening the business model transformation that it successfully began under the New Frontier plan, allocating a significant portion of its investments to digital technologies and differentiating itself by taking the lead in the areas where Natixis' teams are recognized for their exceptional skills.

As a reminder, the strategic priorities for Natixis' various divisions break down as follows:

- Asset & Wealth Management: confirming our position as a world leader in active investment strategies in terms of size, profitability and capacity for innovation;
- Corporate & Investment Banking: becoming a benchmark bank in four key sectors (energy and natural resources, aerospace, infrastructure, real estate and hospitality), with a reputation for offering innovative solutions;
- Insurance: consolidating our position as a top-tier insurer in France;
- Specialized Financial Services: becoming a pure play in the European payments industry and accelerating its digital transformation.

This year Natixis will also continue to transform its business model as part of the plan announced in 2018 to sell its retail banking-focused activities (Consumer Finance, Leasing, Sureties & Financial Guarantees, Factoring and Securities Services) to BPCE. With this transaction, Natixis can expand its strategic development capacity to create the flexibility it needs to accelerate the deployment of its asset-light model, while consolidating the high added-value areas of expertise that set it apart from the competition but are light on capital expenditure and low on cost of risk.

4.7 Definitions and alternative performance indicators

In accordance with European regulation 809/2004 relating to information contained in prospectuses, the financial statements for the year ended December 31, 2015, that were published in the 2016 registration document filed with the AMF on March 21, 2017, are included for reference in this document.

Starting from the publication of annual earnings for 2017, the presentation of the divisions as well as the standards used to assess their performance are those included in the New Dimension plan presented in November 2017.

- Asset & Wealth Management;
- Corporate & Investment Banking;
- Insurance;
- SFS.

The plan to sell Natixis' retail activities to BPCE has no impact on this registration document's presentation of the divisions' 2018 performance.

In addition, to comply with the requirements of the French law on the separation of banking activities, the Short-Term Treasury and Collateral Management activities, which used to be part of Global Markets, were transferred to the Finance Department on April 1, 2017. Nevertheless, to ensure comparability, in this management report CIB refers to CIB including Short-Term Treasury and Collateral Management activities.

In addition, the standards used to **assess the performance of the divisions** are those defined for the New Dimension plan:

- regulatory capital allocated to the business lines on the basis of 10.5% of Basel 3 average RWA;
- 2% rate of return on capital;

As a reminder, the earnings of the Natixis business lines have been presented in accordance with Basel 3 regulations. Capital allocation specific to the insurance businesses is based on the Basel 3 accounting treatment for investments in insurance companies, as enacted in the CRD4 and CRR ("Danish compromise"). The capital allocated to CEGC takes into account its exclusion from the "Danish compromise". It is based on a 250% risk weighting of the value of the securities held by CEGC, which is the prudential treatment under the threshold mechanism applied to holdings of equity instruments issued by financial entities.

The conventions applied to determine the earnings generated by the various business lines are as follows:

- the business divisions record the return on regulatory capital allocated to them. By convention, the rate of return on regulatory capital is 2%;
- the return on share capital of the entities comprising the divisions is eliminated;
- the cost of Tier Two subordinated debt is now charged to the divisions in proportion to their regulatory capital;
- the divisions are invoiced for an amount representing the bulk of Natixis' expenses. The uninvoiced portion accounts for less than 3% (excluding the Single Resolution Fund) of Natixis' total expenses. The Single Resolution Fund (SRF) contribution is covered by the Corporate Center and is not charged back to the divisions.

Deeply subordinated notes (DSNs) are classified as equity instruments; interest expense on those instruments is not recognized in the income statement.

ROE and ROTE for Natixis and the business lines are calculated as follows:

- the profit measure used to determine **Natixis' ROE** is net income (Group share) minus the post-tax interest expense on DSNs. The equity used is average shareholders' equity (Group share) under IFRS, after distribution of dividends, excluding average hybrid debt, and eliminating unrealized or deferred gains and losses recognized in equity;
- **Business line ROE** is calculated based on:
  - as the numerator, the business line's pre-tax profit, as per the aforementioned rules, to which a normative tax is applied. The normative tax rate is determined for each of the divisions while taking into account the tax liability conditions of Natixis' companies in the jurisdictions where they operate. It is determined once a year and does not factor in potential changes over the year linked to deferred taxes;
  - as the denominator, regulatory capital, calculated on the basis of 10.5% of RWA assigned to the division, plus goodwill and intangible assets related to the business line.
- **Natixis' ROTE** is determined using, as the numerator, net income (Group share) minus the post-tax interest expense on DSNs. The equity used is average shareholders' equity (Group share) under IFRS, after distribution of dividends, excluding average hybrid debt, average intangible assets and average goodwill.

5

FINANCIAL DATA

5.1 Consolidated financial statements and notes

CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Notes	31/12/2018	31/12/2017 [a]
Interest and similar income	7.1	4,054	5,880
Interest and similar expenses	7.1	(2,859)	(3,191)
Fee and commission income	7.2	5,967	5,777
Fee and commission expenses	7.2	(2,322)	(2,208)
Net gains or losses on financial instruments at fair value through profit or loss	7.3	1,764	2,784
Net gains or losses on available-for-sale financial assets	7.4		426
Gains and losses on financial assets at fair value through other comprehensive income	7.4	6	
Net gains or losses resulting from the derecognition of financial instruments at amortized cost	7.5	(3)	
Net income from insurance businesses	9.3	2,910	
Income from other activities	7.6	671	11,448
Expenses from other activities	7.6	(573)	(11,448)
Net revenues		**9,616**	**9,467**
Operating expenses	7.7	(6,569)	(6,390)
Depreciation, amortization and impairment on property, plant and equipment and intangible assets		(254)	(242)
Gross operating income		**2,793**	**2,835**
Provision for credit losses	7.8	(215)	(258)
Net operating income		**2,578**	**2,577**
Share in income of associates		29	26
Gains or losses on other assets	7.9	54	48
Change in value of goodwill			
Pre-tax profit		**2,661**	**2,651**
Income tax	7.1	(781)	(789)
Net income/(loss) from discontinued operations			
Net income/(loss) for the period		**1,880**	**1,861**
o/w Group share		*1,577*	*1,669*
o/w attributable to non-controlling interests		*304*	*192*
Earnings/(loss) per share *(in euros)*			
Net income/(loss) attributable to shareholders *(see Note 10.1.2)*—Group share—per share, calculated on the basis of the average number of shares over the period, excluding treasury shares		0.47	0.50
Diluted earnings/(loss) per share *(in euros)*			
Net income/(loss) attributable to shareholders *(see Note 10.1.2)*—Group share—per share, calculated on the basis of the average number of shares over the period, excluding treasury shares and including shares that could be issued on the exercise of stock options and bonus shares		0.47	0.50

(a) The information reported at December 31, 2017 has not been restated for the impact of the first-time application of IFRS 9 "Financial instruments", in accordance with the option available under this standard.

STATEMENT OF NET INCOME/(LOSS) AND OTHER COMPREHENSIVE INCOME

(in millions of euros)	31/12/2018	31/12/2017 [(a)]
Net income	**1,880**	**1,861**
Items recyclable to income	**(15)**	**(580)**
Translation adjustments	**166**	**(677)**
Revaluation adjustments during the period	*219*	*(655)*
Reclassification to profit or loss	*(53)*	*(22)*
Other reclassifications	*0*	
Revaluation of financial assets (debt) instruments) at fair value through other comprehensive income [(b)]	**(61)**	
Revaluation adjustments during the period	*(56)*	
Reclassification to profit or loss	*(5)*	
Other reclassifications	*0*	
Revaluation of available-for-sale financial assets	**(197)**	**(58)**
Revaluation adjustments during the period	*(265)*	*94*
Reclassification to profit or loss	*68*	*(152)*
Other reclassifications	*(0)*	
Revaluation of hedging derivatives	**41**	**180**
Revaluation adjustments during the period	*35*	*98*
Reclassification to profit or loss	*6*	*83*
Other reclassifications	*(0)*	
Share of gains and losses recognized directly in the equity of associates recyclable to income	**(2)**	**(3)**
Non-current assets held for sale [(c)]	(44)	
Tax impact on items recyclable to income	**83**	**(21)**
Items not recyclable to income	292	(148)
Revaluation adjustments on defined-benefit plans	32	4
Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss	384	(185)
Revaluation of equity instruments recognized at fair value through other comprehensive income	(7)	
Revaluation of hedging derivatives of equity financial assets recognized at fair value through other comprehensive income	-	
Share of gains and losses recognized directly in the equity of associates not recyclable to income	-	
Non-current assets held for sale [(c)]	1	
Tax impact on items not recyclable to income	(119)	33
Gains and losses recognized directly in other comprehensive income (after income tax)	**277**	**(728)**
TOTAL INCOME	**2,157**	**1,133**
Group share	*1,869*	*969*
Non-controlling interests	*288*	*164*

(a) The information reported at December 31, 2017 has not been restated for the impact of the first-time application of IFRS 9 "Financial instruments", in accordance with the option available under this standard.

(b) Including impairment of debt instruments recognized in "Financial assets at fair value through other comprehensive income" recorded as "Other items of comprehensive income" on the first-time application of IFRS 9 as at January 1, 2018, for an amount of €1.1 million (gross of tax).

(c) Corresponds to the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Note 3.6 and 6.9).

(d) Corresponds exclusively to insurance activities as at December31, 2018 (see Note 2.10)

BREAKDOWN OF TAX ON UNREALIZED OR DEFERRED GAINS OR LOSSES

	31/12/2018		
(in millions of euros)	**Gross**	**Tax**	**Net**
Translation adjustments	166	0	166
Revaluation of financial assets (debt instruments) at fair value through other comprehensive income recyclable to income	(61)	18	(43)
Revaluation of available-for-sale financial assets	(197)	77	(121)
Revaluation of hedging derivatives	41	(12)	29
Revaluation of own credit risk on financial liabilities at fair value through profit or loss	384	(110)	275
Revaluation of equity instruments recognized at fair value through other comprehensive income	(7)	1	(7)
Revaluation of hedging derivatives of equity financial assets recognized at fair value through other comprehensive income	0	0	0
Revaluation adjustments on defined-benefit plans	32	(10)	23
Shares in unrealized or deferred gains/(losses) of associates	(4)	2	(2)
Non-current assets held for sale [(a)]	(57)	14	(43)
TOTAL CHANGES IN UNREALIZED OR DEFERRED GAINS OR LOSSES	**297**	**(20)**	**277**

(a) Corresponds to the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).

5

CONSOLIDATED BALANCE SHEET – ASSETS

(in millions of euros)	Notes	31/12/2018	01/01/2018	31/12/2017 [a]
Cash, central banks		24,291	36,901	36,901
Financial assets at fair value through profit or loss	8.1	214,086	225,663	184,497
Hedging derivatives	8.2	306	337	339
Financial assets at fair value through other comprehensive income	8.4	10,798	9,981	
Available-for-sale financial assets				57,885
Debt instruments at amortized cost	8.6.3	1,193	984	
Loans and receivables due from banks and similar items at amortized cost	8.6.1	27,285	40,570	45,289
Loans and receivables due from customers at amortized cost	8.6.2	69,279	84,512	136,768
o/w institutional operations		*839*	*779*	*779*
Revaluation adjustments on portfolios hedged against interest rate risk				
Insurance business investments	9.4	100,536	96,901	
Held-to-maturity financial assets				1,885
Current tax assets		258	577	577
Deferred tax assets		1,456	1,622	1,585
Accrual accounts and other assets	8.1	14,733	15,267	46,624
Non-current assets held for sale [b]	8.9	25,646	738	738
Deferred profit-sharing				
Investments in associates		735	732	734
Investment property		0	124	1,073
Property, plant and equipment	8.11	420	758	758
Intangible assets	8.11	678	732	732
Goodwill	8.13	3,796	3,601	3,601
TOTAL ASSETS		**495,496**	**520,000**	**519,987**

(a) The information reported at December 31, 2017 has not been restated for the impact of the first-time application of IFRS 9 "Financial Instruments", in accordance with the provisions of this standard. The impact of the first-time application of IFRS 9 on the opening balance sheet at January 1, 2018 is presented in detail in Note 1.

(b) Corresponds to the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (also see Notes 3.6 and 6.9).

CONSOLIDATED BALANCE SHEET – LIABILITIES AND SHAREHOLDERS' EQUITY

(in millions of euros)	Notes	31/12/2018	01/01/2018	31/12/2017 [a]
Due to central banks		9		
Financial liabilities at fair value through profit or loss	8.1	208,183	221,321	144,885
Hedging derivatives	8.2	529	710	710
Due to banks and similar items	8.14	73,234	94,491	104,318
o/w institutional operations		*46*	*46*	*46*
Customer deposits	8.14	35,991	40,837	94,571
o/w institutional operations		*952*	*851*	*851*
Debt securities	8.15	34,958	32,574	32,574
Revaluation adjustments on portfolios hedged against interest rate risk		108	138	138
Current tax liabilities		505	532	532
Deferred tax liabilities	8.8	505	616	620
Accrual accounts and other liabilities	8.10	15,359	15,165	37,936
o/w institutional operations		*1*	*0*	*0*
Liabilities on non-current assets held for sale [b]	8.9	9,737	698	698
Insurance-related liabilities	9.5	89,538	86,507	
Insurance companies' technical reserves				76,601
Subordinated debt	8.16	3,964	3,674	3,674
Provisions	8.17	1,681	1,882	1,742
Shareholders' equity (Group share):		19,916	19,667	19,795
Share capital & reserves		*11,036*	*10,976*	*10,976*
Consolidated reserves		*6,654*	*8,334*	*6,697*
Gains and losses recorded directly in equity		*692*	*690*	*772*
Non-recyclable gains and losses recorded directly in equity		*(42)*	*(333)*	*(318)*
Net income/(loss)		*1,577*		*1,669*
Non-controlling interests		1,279	1,188	1,192
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**495,496**	**520,000**	**519,987**

(a) The information reported at December 31, 2017 has not been restated for the impact of the first-time application of IFRS 9 "Financial Instruments", in accordance with the provisions of this standard. The impact of the first-time application of IFRS 9 on the opening balance sheet at January 1, 2018 is presented in detail in Note 1.

(b) Corresponds to the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (also see Notes 3.6 and 6.9).

5

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital & reserves		Consolidated reserves		
(in millions of euros)	Capital	Reserves related to share capital [(a)]	Other equity instruments issued [(b)]	Elimination of treasury stock	Other consolidated reserves
Shareholders' equity at December 31, 2016 after appropriation of income	**5,019**	**5,956**	**1,611**	**1**	**6,098**
Capital increase	0	(0)			
Elimination of treasury stock				(25)	(0)
Equity component of share-based payment plans					10
2016 dividend paid in 2017					(1,098)
Total activity related to relations with shareholders	**0**	**(0)**	**0**	**(25)**	**(1,087)**
Issuance and redemption of perpetual deeply subordinated notes and preference shares			621		0
Interest paid on perpetual deeply subordinated notes and preference shares					(94)
Change in gains and losses recorded directly in equity					
Appropriation to own credit risk reserve during the period					(4)
Change in actuarial gains and losses under IAS 19R					
Income/(loss) at December 31, 2017					
Impact of acquisitions and disposals [(d)]					(344)
Other [(e)]					(80)
Shareholders' equity at December 31, 2017	**5,020**	**5,956**	**2,232**	**(25)**	**4,490**
Appropriation of 2017 earnings					1,669
Shareholders' equity at December 31, 2017 after appropriation of income	**5,020**	**5,956**	**2,232**	**(25)**	**6,159**
First-time application of IFRS 9 [(h)]					(32)
Shareholders' equity at January 1, 2018	**5,020**	**5,956**	**2,232**	**(25)**	**6,127**
Capital increase	21	39			
Elimination of treasury stock				(3)	(4)
Equity component of share-based payment plans					17
2017 dividend paid in 2018					(1,160)
Total activity related to relations with shareholders	**21**	**39**	**0**	**(3)**	**(1,148)**
Issuance and redemption of perpetual deeply subordinated notes and preference shares			(254)		
Interest paid on perpetual deeply subordinated notes and preference shares					(97)
Change in gains and losses recorded directly in equity					
Appropriation to own credit risk reserve during the period					(4)
Appropriation to a reserve of income from the sale of equity instruments at FV though other comprehensive income that cannot be reclassified completed during the period					(4)
Change in actuarial gains and losses under IAS 19R					
Income/(loss) at December 31, 2018					
Impact of acquisitions and disposals [(f)]					(125)
Other [(g)]					(48)
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2018	**5,040**	**5,995**	**1,978**	**(27)**	**4,703**

(a) Issue premiums, legal reserve, contractual reserves, long-term capital gains reserve and other Natixis reserves.

(b) Other equity instruments issued: refers to perpetual deeply subordinated notes. At December 31, 2018, a redemption of perpetual deeply subordinated notes issued in 2008 was recorded in the amount of -€254 million. At December 31, 2017, two new issues of perpetual deeply subordinated notes subscribed to by BPCE for a total amount of €897 million, and a redemption of -€276 million of perpetual deeply subordinated notes issued in 2007, were recognized.

(c) Realized and unrealized "changes in fair value attributable to own credit risk on financial liabilities at fair value through profit or loss" recognized in shareholders' equity at December 31, 2018 totaled +€385.8 million (gross amount, with an associated tax impact of -€111.4 million). Balancing payments related to the early redemption of Natixis issues recognized in shareholders' equity at December 31, 2018 totaled +€5.3 million (gross amount, with an associated tax impact of -€1.7 million).
Realized and unrealized "changes in fair value attributable to own credit risk on financial liabilities at fair value through profit or loss" recognized in shareholders' equity at December 31, 2017 totaled -€185.3 million (gross amount, with an associated tax impact of +€48.5 million). Balancing payments related to the early redemption of Natixis issues recognized in shareholders' equity at December 31, 2017 totaled +€5.3 million (gross amount, with an associated tax impact of -€1.8 million).

(d) In 2017, the shareholders' equity Group share included the following:
- €111 million for the revaluation and unwinding of the discount on call options granted to minority shareholders of DNCA France (-€63.1 million), Ciloger (-€16.1 million), Dorval (-€29 million), Darius (-€6.7 million) and Lakooz (+€3.8 million);
- €38 million for the acquisition of the 100% stake held by BPCE in S-Money and its subsidiary Lakooz, which occurred in two stages (51% in the first half of 2017 and 49% in the second half of 2017);
+ €18 million for the acquisition of BatiLease and InterCoop from Crédit Coopératif;
- €94 million for the buyback of 40% of BPCE Assurances from minority interests (Macif and Maif);
+ €8 million for the disposal of Ellisphère;
- €62 million in call options granted to minority shareholders in Dalenys;
- €56 million in call options granted to minority shareholders in IML (Investors Mutual Limited);
- €4 million in call options granted to minority shareholders in PayPlug.

Gains/(losses) recorded directly in equity										
Recyclable				Non-recyclable						
Translation adjustments	Available-for-sale assets	Revaluation of debt instruments at FV through OCI recyclable to income	Hedging derivatives	Revaluation of equity instruments at fair value through other comprehensive income	Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss (c)	Revaluation adjustments on defined-benefit plan commitments	Net income (Group share)	Shareholders' equity (Group share)	Non-controlling interests	Total consolidated equity
950	**629**		**(255)**		**(62)**	**(111)**	**0**	**19,836**	**1,296**	**21,131**
								0		0
								(26)		(26)
								10		10
								(1,098)	(79)	(1,176)
0	**0**		**0**		**0**		**0**	**(1,113)**	**(79)**	**(1,191)**
								621		621
								(94)		(94)
(645)	(13)		108		(137)			(688)	(28)	(715)
					4			0		0
						(11)		(11)		(11)
							1,669	1,669	192	1,861
(22)	21					(0)		(345)	(190)	(535)
								(80)	0	(80)
282	**637**		**(148)**		**(196)**	**(123)**	**1,669**	**19,795**	**1,192**	**20,987**
							(1,669)	0		0
282	**637**	**0**	**(148)**	**0**	**(196)**	**(123)**	**0**	**19,795**	**1,192**	**20,987**
	(107)	26		(14)				(128)	(4)	(132)
282	**530**	**26**	**(148)**	**(14)**	**(196)**	**(123)**	**0**	**19,667**	**1,188**	**20,855**
								60		60
								(6)		(6)
								17		17
								(1,160)	(169)	(1,329)
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(1,090)**	**(169)**	**(1,259)**
								(254)		(254)
								(97)		(97)
223	(169)	(43)	43	(10)	275			318	(17)	301
					4			0		0
				4				0		0
						23		23	1	24
							1,577	1,577	304	1,880
(53)	2					(0)		(177)	(14)	(191)
				(3)				(51)	(14)	(65)
452	**363**	**(18)**	**(105)**	**(25)**	**83**	**(100)**	**1 577**	**19 916**	**1 279**	**21 195**

(e) In 2017, other reclassifications included -€87 million relating to the elimination of capital gains on reclassification following the redemption of a line of perpetual deeply subordinated notes.

(f) At December 31, 2018, shareholders' equity Group share included the following:

- the impact of the recognition of new put options granted to minority shareholders relating to acquisitions, for -€49.5 million. These put options concern the M&A business line, with the acquisitions of Vermilion (-€14.1 million) and Fenchurch (-€26.8 million), and the payments business line, with the acquisition of Alter CE (-€8.6 million);

- the impact of existing put options granted to minority shareholders at the start of the year, for -€68.9 million. This impact was partly due to the change in the fair value of these put options for -€63.6 million, generated by the revaluation of financial debt for -€32.3 million, and for -€31.3 million by the effects of the unwinding of the discount on this financial debt, and partly due to the transfer of the change in the share of the net minority position of the entities representing these put options, for -€5.3 million;

- the effect of changes in the percentage of ownership without a loss of control of consolidated entities, for -€5.8 million. This mainly concerned the increase in the percentage of ownership of the consolidated entity Caspian PE (from 55% to 72%), for €3.4 million, and the fall in the percentage of ownership of the consolidated entity Ossiam (from 83% to 75%), for -€1.1 million;

- the recognition of goodwill from BPCE IE directly in equity, in accordance with the accounting treatment of the acquisitions of jointly-controlled entities, for -€1 million;

- the effects of translation adjustment recycling for -€56.5 million following the repayment by the Singapore, New York and Asia Ltd branches of part of their capital in order to reduce the Group's global exposure to USD/EUR and HKD/EUR foreign exchange risk.

(g) At December 31, 2018, other reclassifications included -€43.2 million related to the elimination of capital gains on reclassification following the redemption of two lines of perpetual deeply subordinated notes issued in 2008.

(h) The impact of the first-time application of IFRS 9 on the opening balance sheet at January 1, 2018 is presented in detail in Note 1.

NET CASH FLOW STATEMENT

The balance of cash and cash equivalents consists of the net balances of cash and amounts due from central banks, as well as on-demand deposits with and loans from credit institutions.

Changes in cash generated by operating activities consist of cash flows generated by Group activities, with the exception of those related to held-to-maturity financial assets and investment property.

Changes in cash related to investment operations result from cash flows related to acquisitions and disposals of investments in consolidated and non-consolidated associates, tangible and intangible fixed assets, and acquisitions and disposals of investment property, property provided under operating leases and financial assets held to maturity.

(in millions of euros)	31/12/2018	31/12/2017
Pre-tax profit	**2,661**	**2,651**
+/- Net charge to depreciation and amortization of property, plant and equipment and intangible assets	341	320
+/- Writedown of goodwill and other non-current assets	(6)	(5)
+/- Net charge to other provisions (including insurance companies' technical reserves)	5,778	7,536
+/- Share in income of associates	(29)	(26)
+/- Net loss/(gain) on investing activities	(308)	(418)
+/- Net loss/(gain) on financing activities	86	87
+/- Other activity	(365)	(1,939)
= Total non-cash items included in pre-tax profit and other adjustments	***5,496***	***5,556***
+/- Decrease/(increase) in interbank and money market items	(982)	(1,958)
+/- Decrease/(increase) in customer items	(9,490)	14,212
+/- Decrease/(increase) in financial assets or liabilities	(775)	(18,739)
+/- Decrease/(increase) in non-financial assets or liabilities	(2,536)	(5,551)
- Income taxes paid	(461)	(213)
= Net decrease/(increase) in operating assets and liabilities	***(14,243)***	***(12,249)***
Net cash provided/(used) by operating activities	**(6,085)**	**(4,042)**
+/- Decrease/(increase) in financial assets and equity interests [(a)]	620	200
+/- Decrease/(increase) in investment property	129	50
+/- Decrease/(increase) in property, plant and equipment and intangible assets	(361)	(324)
Net cash provided/(used) by investing operations	**388**	**(74)**
+/- Cash received from/(paid to) shareholders [(b)]	(1,329)	(1,176)
+/- Other cash provided/(used) by financing operations [(c)]	(142)	(127)
Net cash provided/(used) by financing operations	**(1,471)**	**(1,303)**
Cash flow on assets and liabilities held for sale [(d)]	**(350)**	**(1)**
Impact of exchange rate fluctuations on cash and cash equivalents	**373**	**(1,981)**
Net increase/(decrease) in cash and cash equivalents	**(7,145)**	**(7,401)**
Net cash provided/(used) by operating activities	(6,085)	(4,042)
Net cash provided/(used) by investing activities	388	(74)
Net cash provided/(used) by financing activities	(1,471)	(1,303)
Cash flow on assets and liabilities held for sale	(350)	(1)
Impact of exchange rate fluctuations on cash and cash equivalents	373	(1,981)
Cash and cash equivalents at beginning of period	**30,568**	**37,969**
Cash and balances with central banks	36,901	26,703
Interbank balances	(6,333)	11,266
Cash and cash equivalents at end of period	**23,423**	**30,568**
Cash and balances with central banks	24,280	36,901
Interbank balances	(857)	(6,333)
CHANGE IN CASH AND CASH EQUIVALENTS	**(7,145)**	**(7,401)**

(a) Decrease/(increase) in financial assets and investments in associates, included in particular:

- cash flows related to held-to-maturity assets (+€616 million);

- cash flows related to investments in consolidated associates totaling -€144 million for the purchase of 100% of MV Credit (-€75 million), 51% of Fenchurch (-€37 million), 51% of Vermilion (-€11 million), 70% of Alter CE (-€20 million), 100% of BPCE Immobilier Exploitation (€3 million), the acquisition of an additional 5% stake in PayPlug (-€2 million), and an additional 18% in Natixis Caspian Private Equity (-€3 million), +€31 million in cash acquired (including +€12 million on the acquisition of BPCE Immobilier Exploitation, +€6.5 million on Fenchurch, +€4 million on Vermilion and +€2 million on Alter CE), the disposal of Axeltis (+€60 million), Selection 1818 (+€26 million) and Cofacrédit (+€14 million), -€33 million of cash transferred following the disposal of Axeltis, and the partial exercise of a put option on DNCA (-€125 million);

- cash flows related to investments in non-consolidated associates in the amount of +€186 million, including +€186 million for the disposal of the 8% stake in AUSTIN FINANCE.

(b) Cash flows received from/(paid to) shareholders included dividends paid to BPCE in the amount of -€824 million and dividends paid to non-Group entities for -€505 million.

(c) Cash flows from financing activities can be broken down as follows:

- €254 million paid on perpetual deeply subordinated notes, corresponding to the reimbursement of two issues made in 2008;

+€300 million subordinated debt issue underwritten by BPCE;

- the redemption of debt held by Morgan Stanley for -€10 million;

- interest paid on subordinated notes for -€82 million;

- interest paid on deeply subordinated notes recorded in equity for -€97 million.

(d) Related to the announced sale of some SFS business lines to BPCE (also see notes 3.6 and 6.9).

KEY EVENTS

Occurrence of an exceptional risk

During the fourth quarter of 2018, Natixis recognized a decrease in earnings of €259 million in connection with its "Equity derivatives" activities, due to the occurrence of an exceptional risk related to the deterioration of the Asian markets.

It emerged in the fourth quarter that, for certain specific products managed on behalf of clients in Asia, the business model used led to the introduction of a hedging strategy that proved to be inadequate in the market conditions at year-end.

The products involved are indexed to the worst performance of an underlying basket of shares or index and allow investors to receive enhanced periodic coupons in return for a risk of loss of capital at maturity, with the possibility that the product may expire early.

This situation explains the decrease in earnings recognized by Natixis' Capital Markets activities in the fourth quarter of 2018, amounting to €86 million, plus €173 million of adjustments to cover the management of this stock of products.

This decrease in earnings is exceptional and regards an activity whose revenues did not significantly contribute to the medium-term plan. In no way does it therefore call into question the objectives of the "New Dimension" strategic plan presented in the introduction to the registration document.

Planned sale by Natixis and acquisition by BPCE S.A. of the Factoring, Sureties & Financial Guarantees, Leasing, Consumer Finance and Securities Services business lines

On September 12, 2018, Natixis and BPCE announced the planned sale by Natixis and acquisition by BPCE S.A. of the Factoring, Sureties & Financial Guarantees, Leasing, Consumer Finance and Securities Services business lines, for €2.7 billion.

This transaction, if completed, will contribute significantly to the achievement of Natixis and BPCE's strategic plans. In particular, it will allow Natixis to step up the development of its asset-light model and BPCE to strengthen its universal banking model.

The sale should take place before the end of the first quarter of 2019, subject to the lifting of conditions precedent, and in particular the completion of a capital increase by BPCE subscribed to by the Banque Populaire banks and Caisses d'Epargne and the obtaining of the regulatory authorizations.

During the fourth quarter of 2018, the operational implementation of the project was prepared and the various stages which should lead to the completion of the transaction launched.

NOTES AND ANNEXES

NOTE 1 IMPACT OF THE FIRST-TIME APPLICATION OF IFRS 9 AS OF JANUARY 1, 2018

1.1 Preamble

From January 1, 2018, Natixis has applied IFRS 9 "Financial instruments", which replaced IAS 39 "Financial instruments: Recognition and Measurement" with new rules for classifying and measuring financial assets and a new impairment model for expected credit losses. Note that Natixis opted for the early adoption of IFRS 9 for its financial liabilities (see Note 2.1). Natixis has chosen to continue to apply IAS 39 for insurance entities, as authorized by the amendment to IFRS 4 (see Note 2.1) and for hedging, as permitted by IFRS 9. The main impacts of the first-time application of IFRS 9 (with the exception of the impact of the provisions relating to financial liabilities, which have been applied since January 1, 2016) on the opening balance sheet at January 1, 2018 are as follows:

Classification and measurement

Most financial assets that were measured at amortized cost under IAS 39 continue to meet the conditions for measurement at amortized cost under IFRS 9. Similarly, most financial assets measured at fair value under IAS 39 (available-for-sale financial assets and financial assets at fair value through profit or loss) continue to be measured at fair value under IFRS 9. As of January 1, 2018, the main reclassifications were:

- for financing portfolios:
  - repurchase agreements classified as loans and receivables and liabilities measured at amortized cost under IAS 39 and considered part of a trading business model under IFRS 9 were reclassified as "Financial assets at fair value through profit or loss" for €47,328 million, and as "Financial liabilities at fair value through profit or loss" for €63,620 million, and are now measured at fair value through profit or loss,
  - repurchase agreements designated under the fair value option under IAS 39 for the purpose of comprehensive management at fair value and considered part of a trading business model were classified as "Financial assets at fair value through profit or loss" under IFRS 9, for €44,695 million. This reclassification had no impact on the balance sheet, since assets designated under the fair value option through profit or loss and assets held for trading were measured in the same way and presented in the same line of the balance sheet under IAS 39;
- for securities portfolios:
  - debt securities held in the liquidity reserve, which under IAS 39 were recognized as "Available-for-sale assets", are managed under a hold to collect and sell business model and were therefore reclassified as "Financial assets at fair value through other comprehensive income" (recyclable to income), for €9,466 million,
  - Mutual fund and venture capital mutual fund units, except for those in the insurance business, classified as equity instruments under IAS 39 and recognized as "Available-for-sale assets" or as "Financial assets under the fair value option", are considered to be debt instruments with non-basic (non-SPPI) characteristics under IFRS 9, and as a result they are recognized as "Financial assets at fair value through profit or loss", for €1,645 million,
  - investments in associates recognized as available-for-sale assets under IAS 39, which, as allowed under IFRS 9, are either recognized as "Financial assets at fair value through profit or loss", for €379 million, or under the option provided for by IFRS 9, are recognized as "Financial assets at fair value through other comprehensive income" (not recyclable to income even in the event of disposal), for €71 million. In this last case, only dividends are recorded in income,
  - securitization fund units measured at amortized cost and classified as loans and receivables under IAS 39 (i) are measured at fair value through profit or loss under IFRS 9 if their contractual cash flows are not solely payments of principal and interest, (ii) are measured at fair value through other comprehensive income if they are managed under a hold to collect and sell business model, and (iii) will continue to be recognized at amortized cost if they are managed under a hold to collect business model.

    For first-time application, in addition to an SPPI analysis *(see Note 6.1.2)* and a credit risk analysis of securitization fund units, an SPPI analysis of the pool of underlying assets was carried out and did not call into question the meeting of SPPI criteria by the securitization fund units.

    At January 1, 2018, securitization fund units measured at fair value through profit or loss and reclassified to this category amounted to €23 million; Natixis' other positions will continue to be recognized at amortized cost.

Guarantee deposits and margin calls with collateral status composed of cash mainly held with clearing houses also meet the definition of financial instruments within the meaning of IAS 32. They are closely linked to the activities or instruments that they cover and are an integral part of the business model of the activity to which they relate. Nearly all the cash guarantee deposits and margin calls, previously recognized in "accrual accounts, other assets and liabilities", are therefore now included in instruments at fair value through profit or loss, in accordance with ANC recommendation 2017-02 on the format of the consolidated financial statements of banking institutions in line with international standards.

Reclassifications between categories of financial assets measured at amortized cost and fair value through profit or loss or through other comprehensive income had an impact on Natixis' consolidated equity at January 1, 2018 owing to the different measurement methods applicable to these assets and to the retroactive application of the standard. Nevertheless, as these reclassifications are limited or affect assets whose fair value does not vary significantly from their value at cost due notably to the residual maturity of the transactions in question, these reclassifications had an impact of €3 million (after tax) on Natixis' opening equity at January 1, 2018. The reclassifications between different categories under IAS 39 and IFRS 9 are presented in Notes 1.2.1 and 1.2.2.

The classification and measurement principles applied to financial instruments are described in Notes 6.1 and 6.3.

Impairment

Under IAS 39, there was a separate provisioning model for: (i) instruments measured at amortized cost, (ii) debt instruments recognized in "Available-for-sale assets", (iii) equity instruments recognized in "Available-for-sale assets", and (iv) instruments recognized at cost. In contrast, under IFRS 9, there is just one provisioning model. This model applies equally to instruments measured at amortized cost and to debt instruments measured at fair value through recyclable other comprehensive income. Additionally, under IFRS 9, equity instruments are no longer impaired since they are either measured at fair value through profit or loss or at fair value through non-recyclable other comprehensive income.

Under IAS 39, it was forbidden to record impairments on the initial recognition of assets. An asset or group of assets could be impaired only if:

- there was objective evidence of impairment resulting from one or more events that had occurred since the initial recognition of the asset (i.e. loss events); and
- these loss events had an impact on the estimated cash flows of the financial asset.

IFRS 9 now requires that entities recognize impairments at an earlier stage than under IAS 39, i.e. from the date of initial recognition of the financial instrument. Accordingly, the application of the new IFRS 9 provisioning model leads to an increase in the amount of the impairments recorded for loans and securities carried at amortized cost in the balance sheet or recorded at fair value through recyclable other comprehensive income, and for loan and guarantee commitments given (excluding those recognized at fair value through profit or loss) and lease receivables.

The impact of the first-time application of IFRS 9 on opening equity related to the implementation of the new impairment model is €166.8 million before tax and €124.7 million after the impact of deferred taxes (negative impacts).

The principles of the new impairment model applied pursuant to IFRS 9 are described in Note 6.3.

1.2 Breakdown of the impact of the first-time application of IFRS 9

1.2.1 Transitional balance sheet

This table gives a detailed presentation of the impact of the transition from IAS 39 to IFRS 9 on balance sheet items due to reclassifications of instruments and the application of the new impairment method.

		Impact of change					
IAS 39 classification *(in millions of euros)*	**Balance Sheet under IAS 39 as at December 31, 2017***	**IFRS 9 reclassifications and restatements [(a)]**	**Other reclassifications [(b)]**	**Valuation**	**Value adjustment for credit losses [(c)]**	**Balance sheet under IFRS 9 at January 1, 2018**	**IFRS 9 classification**
ASSETS							**ASSETS**
Cash, central banks	36,901					36,901	Cash, central banks
Financial assets at fair value through profit or loss	184,497	46,184	(5,017)	(1)		225,663	Financial assets at fair value through profit or loss
Hedging derivatives	339		(1)			337	Hedging derivatives
Available-for-sale financial assets	57,885	(10,951)	(46,934)				
		9,981				9,981	Financial assets at fair value through equity
Loans and receivables due from banks	45,289	(4,278)	(446)		5	40,570	Loans and receivables due from banks and similar items at amortized cost
Loans and receivables due from customers	136,768	(41,920)	(10,312)		(24)	84,512	Loans and receivables due from customers at amortized cost
		994			(10)	984	Debt instruments at amortized cost
Revaluation adjustment on portfolios hedged against interest rate risk							Revaluation adjustment on portfolios hedged against interest rate risk
Held-to-maturity financial assets	1,885		(1,885)				
			96,901			96,901	Insurance business investments
Current tax assets	577					577	Current tax assets
Deferred tax assets	1,585	(5)			41	1,622	Deferred tax assets
Accrual accounts and other assets	46,624		(31,357)			15,267	Accrual accounts and other assets

IAS 39 classification *(in millions of euros)*	Balance Sheet under IAS 39 as at December 31, 2017*	Impact of change IFRS 9 reclassifications and restatements [a]	Other reclassifications [b]	Valuation	Value adjustment for credit losses [c]	Balance sheet under IFRS 9 at January 1, 2018	IFRS 9 classification
Non-current assets held for sale	738					738	Non-current assets held for sale
Investments in associates	734				(1)	732	Investments in associates
Investment property	1,073		(949)			124	Investment property
Property, plant and equipment	758					758	Property, plant and equipment
Intangible assets	732					732	Intangible assets
Goodwill	3,601					3,601	Goodwill
TOTAL	**519,987**	**4**	**(0)**	**(1)**	**11**	**520,000**	
LIABILITIES							**LIABILITIES**
Financial liabilities designated at fair value through profit or loss	144,885	63,620	12,816			221,321	Financial liabilities designated at fair value through profit or loss
Hedging derivatives	710					710	Hedging derivatives
Amounts due to banks	104,318	(9,827)				94,491	Due to banks and similar items
Amounts due to customers	94,571	(53,783)	49			40,837	Amounts due to customers
Debt securities	32,574					32,574	Debt securities
Revaluation adjustment on portfolios hedged against interest rate risk	138					138	Revaluation adjustment on portfolios hedged against interest rate risk
Current tax liabilities	532					532	Current tax liabilities
Deferred tax liabilities	620	(4)				616	Deferred tax liabilities
Accrual accounts and other liabilities	37,936		(22,771)			15,165	Accrual accounts and other liabilities
Liabilities on assets held for sale	698					698	Liabilities on assets held for sale
Insurance companies' technical reserves	76,601		9,906			86,507	Liabilities related to insurance policies
Provisions	1,742				140	1,882	Provisions
Subordinated debt	3,674					3,674	Subordinated debt
Shareholders' equity Group share	19,795	(2)		(1)	(125)	19,667	Shareholders' equity Group share
Non-controlling interests	1,192				(4)	1,188	Non-controlling interests
TOTAL	**519,987**	**4**	**(0)**	**(1)**	**11**	**520,000**	

* *Figures reported at December 31, 2017.*

(a) *A breakdown of the reclassifications is provided in Note 1.2.2.*

(b) *Other reclassifications mainly correspond to changes in the balance sheet presentation of insurance activities and guarantee deposits in accordance with ANC recommendation 2017-02, and the impact of the first-time application of IFRS 15 corresponding to the reclassification of commodity stocks on the balance sheet. These reclassifications had no impact on Natixis' opening equity.*

(c) *A breakdown of the impact of the first-time application of the new impairment model is provided in Note 1.2.2.*

1.2.2 Summary of reclassifications by category

This table provides a summary of the reclassifications between IAS 39 and IFRS 9 by category of instruments.

Financial assets under IAS 39	Classification under IFRS 9	Note	01/01/2018 Carrying value under IAS 39	Carrying value under IFRS 9
Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss		184,497	225,663
Of which fair value through profit or loss of instruments held for trading			**113,615**	
Derivative instruments	Financial assets at fair value through profit or loss		60,228	60,014
	Insurance business investments	(l)		214
Variable-income securities	Financial assets at fair value through profit or loss		37,348	28,033
	Insurance business investments	(l)		4,310
Fixed-income securities	Financial assets at fair value through profit or loss		13,033	18,044
	Insurance business investments	(l)		(6)
Loans and receivables	Financial assets at fair value through profit or loss	(c)	3,006	3,006
Of which measured using the fair value option			**70,883**	
Fixed-income securities	Financial assets at fair value through profit or loss	(a)	3,134	592
	Insurance business investments	(l)		2,541
Variable-income securities	Financial assets at fair value through profit or loss	(b)	15,530	1,863
	Insurance business investments	(l)		13,667
Loans and receivables due from banks	Loans and receivables due from banks at amortized cost	(c)	2,099	2,097
Loans and receivables due from customers	Financial assets at fair value through profit or loss	(c)	5,425	3,414
	Insurance business investments	(l)		2,011
Reverse repurchase agreements	Financial assets at fair value through profit or loss	(d)	44,695	44,695
Hedging derivatives	**Hedging derivatives**		**339**	**337**
	Insurance business investments	**(l)**		**1**
Available-for-sale financial assets			**57,885**	
Fixed-income securities	Financial assets at fair value through profit or loss	(e)	49,704	15
	Financial assets at fair value through equity	(f)		9,910
	Insurance business investments	(l)		39,681
	Debt instruments at amortized cost			99
Variable-income securities	Financial assets at fair value through profit or loss	(g)	8,178	853
	Insurance business investments	(l)		7,253
	Financial assets at fair value through equity	(h)		71
Loans and receivables	Loans and receivables due from customers at amortized cost		3	3
Loans and receivables*			**182,057**	
Loans and receivables	Loans and receivables due from banks at amortized cost		98,541	30,556
	Loans and receivables due from customers at amortized cost			57,253
	Financial assets at fair value through profit or loss	(i)		57
	Insurance business investments	(l)		10,808
Current accounts overdrawn	Loans and receivables due from banks at amortized cost		10,262	6,433
	Loans and receivables due from customers at amortized cost			3,822
Fixed-income securities	Debt instruments at amortized cost		923	885
	Financial assets at fair value through profit or loss	(j)		28
Reverse repurchase agreements	Loans and receivables due from banks at amortized cost		52,776	1,434
	Loans and receivables due from customers at amortized cost			4,024
	Financial assets at fair value through profit or loss	(k)		47,328
Finance leases	Loans and receivables due from customers at amortized cost		11,336	11,202
Factoring	Loans and receivables due from customers at amortized cost		8,218	8,208
Held-to-maturity financial assets				
Fixed-income securities	Insurance business investments	(l)	1,885	1,885

Financial assets under IAS 39	Classification under IFRS 9	Note	01/01/2018	
			Carrying value under IAS 39	Carrying value under IFRS 9
Accrual accounts and other assets				
	Accrual accounts and other assets			15,267
	Financial assets at fair value through profit or loss	(c)		17,721
	Insurance business investments	(l)	46,624	13,588
	Loans and receivables due from banks at amortized cost			49
Investment property	Insurance business investments	(l)		949
	Investment property		1,073	124
Cash, central banks			**36,901**	**36,901**
Current tax assets			**577**	**577**
Deferred tax assets			**1,585**	**1,622**
Non-current assets held for sale			**738**	**738**
Investments in associates			**734**	**732**
Property, plant and equipment			**758**	**758**
Intangible assets			**732**	**732**
Goodwill			**3,601**	**3,601**
TOTAL			**519,987**	**520,000**

* *Collective provisions are recognized as a deduction from assets, like individual provisions, and are therefore included in the carrying amount of the instruments.*

The application of the classification and measurement criteria set out in IFRS 9 *(see Note 6.1)* relating to business models and the contractual characteristics of financial instruments led Natixis to make the following reclassifications:

(a) Fixed-income securities classified as "Financial assets under the fair value option" according to IAS 39 were classified as "Financial assets at fair value through profit or loss" under IFRS 9 for €201 million, as they are managed under a trading business model. Fixed-income securities reclassified as "Financial assets at fair value through profit or loss" under IFRS 9 because they do not meet the SPPI criteria *(see Note 6.1.2)* amounted to €391 million;

(b) Variable-income securities classified as "Financial assets under the fair value option" under IAS 39 and managed under a trading business model were classified as "Financial assets at fair value through profit or loss" under IFRS 9 for €242 million. Mutual funds recognized as "Financial assets at fair value through profit or loss" under IFRS 9 because they do not meet the SPPI criteria *(see Note 6.1.2)* amounted to €1,191 million;

(c) Loans and receivables classified as "Financial assets under the fair value option" under IAS 39 and managed under a trading business model were classified as "Financial assets at fair value through profit or loss" under IFRS 9, for €2,565 million. Loans and receivables reclassified as "Financial assets at fair value through profit or loss" under IFRS 9 because they do not meet the SPPI criteria *(see Note 6.1.2)* amounted to €2,297 million. Loans and receivables classified as "Financial assets under the fair value option" under IAS 39 reclassified in financial assets at amortized cost under IFRS 9 amounted to €2,097 million;

(d) Securities received under repurchase agreements classified as "Financial assets under the fair value option" under IAS 39 and managed under a trading business model were classified as "Financial assets at fair value through profit or loss" under IFRS 9, for €44,695 million;

(e) Debt instruments recognized as "Available-for-sale financial assets" under IAS 39 for €15 million were reclassified as "Financial assets at fair value through profit or loss" under IFRS 9 as they do not meet the SPPI criteria *(see Note 6.1.2)*;

(f) Debt instruments corresponding to the liquidity reserve securities portfolio, totaling €9,466 million, managed under a hold to collect and sell business model, were reclassified as "Financial assets at fair value through recyclable other comprehensive income" under IFRS 9. This reclassification had no impact on opening equity. Debt instruments classified as "Available-for-sale financial assets" under IAS 39 reclassified in financial assets at amortized cost under IFRS 9 amounted to €99 million. These instruments correspond to issues made by affiliates and are held in a hold to collect business model;

(g) Non-consolidated mutual fund units totaling €453 million are considered non-SPPI debt instruments under IFRS 9 and were therefore classified as "Financial assets at fair value through profit or loss". Other variable-income securities (excluding investments in associates) managed under a trading business model were reclassified as "Financial assets at fair value through profit or loss" under IFRS 9, for €22 million. Investments in associates classified as "Financial assets at fair value through profit or loss" under IFRS 9 totaled €379 million;

(h) Investments in associates reclassified as "Financial assets at fair value through non-recyclable other comprehensive income" under IFRS 9 represented €71 million;

(i) These include loans and receivables classified as "Loans and receivables" under IAS 39 and reclassified as "Financial assets at fair value through profit or loss" under IFRS 9 because they do not meet the SPPI criteria, for €57 million;

(j) These include debt instruments classified as "Loans and receivables" under IAS 39 and reclassified as "Financial assets at fair value through profit or loss" under IFRS 9 because they do not meet the SPPI criteria, for €28 million;

(k) Securities received under repurchase agreements classified as "Loans and receivables" under IAS 39 and managed under a trading business model were recognized as "Financial assets at fair value through profit or loss" under IFRS 9, for €47,328 million;

(l) Reclassification of the insurance activities' financial assets to "Insurance activity investments" in accordance with the ANC recommendation.

Note that financial assets classified as "Financial assets at fair value through profit or loss" at January 1, 2019 because they do not meet the SPPI criteria mainly consist of mutual fund units and loans and receivables with an equity-indexing component.

Financial assets under IAS 39	Classification under IFRS 9	01/01/2018 Carrying value under IAS 39	01/01/2018 Carrying value under IFRS 9
Financial liabilities designated at fair value through profit or loss		**144,885**	**221,321**
Of which fair value through profit or loss of instruments held for trading		**85,937**	
Derivative instruments	Liabilities related to insurance policies	59,783	183
	Financial liabilities designated at fair value through profit or loss		59,600
Securities	Financial liabilities designated at fair value through profit or loss	26,096	26,096
Other liabilities	Financial liabilities designated at fair value through profit or loss	57	57
Of which measured using the fair value option		**58,949**	
Securities	Financial liabilities designated at fair value through profit or loss	20,535	20,535
Repurchase agreements	Financial liabilities designated at fair value through profit or loss [(a)]	34,974	34,974
Other liabilities	Financial liabilities designated at fair value through profit or loss	3,440	3,440
Due to banks and customer deposits		**198,889**	
Deposits and loans	Deposits and loans	125,579	125,579
Repurchase agreements	Due to banks and customer deposits	73,310	9,700
	Financial liabilities designated at fair value through profit or loss [(b)]		63,620
Accrual accounts and other liabilities			
	Accrual accounts and other liabilities	37,936	15,165
	Financial liabilities designated at fair value through profit or loss		12,999
	Liabilities related to insurance policies		9,724
	Deposits and loans due to customers		49
Insurance companies' technical reserves	**Liabilities related to insurance policies**	**76,601**	**76,601**
Hedging derivatives		**710**	**710**
Debt securities		**32,574**	**32,574**
Revaluation adjustment on portfolios hedged against interest rate risk		**138**	**138**
Current tax liabilities		**532**	**532**
Deferred tax liabilities		**620**	**616**
Liabilities on assets held for sale		**698**	**698**
Provisions		**1,742**	**1,882**
Subordinated debt		**3,674**	**3,674**
Shareholders' equity Group share		**19,795**	**19,667**
Non-controlling interests		**1,192**	**1,188**
TOTAL		**519,987**	**520,000**

(a) *Securities sold under repurchase agreements classified as "Financial liabilities under the fair value option" under IAS 39 and managed under a trading business model were classified as "Financial liabilities at fair value through profit or loss" under IFRS 9, for €34,974 million.*

(b) *Securities sold under repurchase agreements classified as "Due to banks and customer deposits" under IAS 39 and managed under a trading business model were recognized as "Financial liabilities at fair value through profit or loss" under IFRS 9, for €63,619 million.*

TABLE SHOWING THE IMPACT OF THE CHANGE IN IMPAIRMENT METHOD

This table gives a detailed presentation of the impact of changes related to the application of the new impairment model under IFRS 9.

Financial assets under IAS 39	Classification under IFRS 9	Closing balance of value adjustments under IAS 39 and IAS 37 at 31/12/2017	Opening balance of value adjustments for losses under IFRS 9 at 01/01/2018	Impact of changes in valuation classification on value adjustment for losses at that date
Available-for-sale securities	Debt securities at amortized cost		(24)	0
	Debt securities at fair value through equity (recyclable)	(43)	(3)	
	Insurance business investments		(15)	
Loans and receivables due from customers available-for-sale	Loans and receivables due from customers at amortized cost	(15)	(15)	
Loans and receivables due from banks	Loans and receivables due from banks at amortized cost	(69)	(64)	5
Loans and receivables due from customers	Debt securities at amortized cost		(92)	
	Loans and receivables due from customers at amortized cost	(1,975)	(1,909)	(34)
	Loans at fair value through profit or loss		(4)	
	Fixed-income securities at fair value through profit or loss		(4)	
Financing commitments	Financing commitments	(3)	(120)	(116)
Guarantee commitments	Guarantee commitments	(16)	(40)	(24)
		(2,120)	(2,289)	(169)

1.2.3 Impact of the first-time application of IFRS 9 on shareholders' equity

		Gains and losses recognized directly in other items of comprehensive income						
(in millions of euros)	Other consolidated reserves	Available-for-sale assets	Financial assets at fair value through equity (recyclable)	Equity instruments at fair value through equity (not recyclable)	Total	Total IFRS 9 impact Group share	Non-controlling interests	Total IFRS 9 impact at 01/01/2018
Balance at 31/12/2017 (after appropriation of income)	**6,159**	**637**			**637**	**6,796**	**1,192**	**7,988**
Different effects								
Remeasurement of equity instruments at fair value through equity								
Reclassification to financial assets at fair value through profit or loss	59	(61)			(61)	(2)		(2)
Reclassification to financial assets at fair value through equity	43	(70)	40	(13)	(43)			
Reclassification to financial assets at amortized cost								
Reclassification to financial liabilities at fair value through profit or loss								
Impact of change in impairment of financial assets at fair value through equity								
Impact of change in impairment of financial receivables at amortized cost	(27)					(27)	(3)	(29)
Impact of change in impairment of off-balance sheet commitments	(140)					(140)	(1)	(141)
Tax effects	34	23	(14)	(2)	7	41		41
Impact on consolidated reserves at 01/01/2018	**(32)**	**(107)**	**26**	**(14)**	**(96)**	**(128)**	**(4)**	**(132)**
BALANCE AT 01/01/2018	**6,127**	**530**	**26**	**(14)**	**541**	**6,668**	**1,188**	**7,856**

NOTE 2 BASIS OF PRESENTATION

2.1 IFRS standards and IFRIC interpretations applied by the Group

As required by European regulation 1606/2002 of July 19, 2002, Natixis has prepared its consolidated financial statements for the year ended December 31, 2018 in accordance with IAS/IFRS standards and IFRIC interpretations as adopted by the European Union and applicable on that date[1].

Natixis' consolidated financial statements include a balance sheet, income statement, statement of net income/(loss) and other comprehensive income, statement of changes in shareholders' equity, cash flow statement and notes to the financial statements.

They are presented with a comparison against December 31, 2017 prepared in accordance with IAS 39. A comparison as at January 1, 2018 after the application of IFRS 9 is provided for detailed information about balance sheet items.

The financial statements presented for comparative purposes were published by Natixis in the 2017 registration document filed with the Autorité des Marchés Financiers (AMF—French Financial Markets Authority) on March 23, 2018. In accordance with European regulation 809/2004 relating to information contained in prospectuses, the financial statements for the year ended December 31, 2016, which were published in the 2016 registration document filed with the AMF on March 21, 2017, are included for reference in this registration document.

Texts in force since January 1, 2018

- **The new standard, IFRS 9 "Financial Instruments"**, was adopted by the European Commission on November 22, 2016 and is applicable in Natixis' consolidated financial statements retroactively as of January 1, 2018, except for the provisions relating to financial liabilities at fair value through profit or loss, which Natixis applied in advance to its financial statements from January 1, 2016, under the option available in the standard.

  Under the option available in IFRS 9, Natixis elected not to restate data for previous fiscal years published as comparative information for its financial statements.

  IFRS 9 replaces IAS 39 and defines the new rules for classifying and measuring financial assets and liabilities, a new credit risk-based impairment model for financial assets, and a new method of hedge accounting, except for macro-hedging, for which the IASB is currently studying a separate draft standard.

  Natixis has taken the option offered by IFRS 9 of not applying its provisions relating to hedge accounting and of continuing to apply IAS 39 to account for its hedging transactions. In view of the limited volume of asset reclassifications, most transactions recognized using hedge accounting under IAS 39 will continue to be disclosed in the same way from January 1, 2018.

  The amendment to IFRS 4 applying IFRS 9 "Financial Instruments" jointly with IFRS 4 "Insurance Contracts" with specific provisions for financial conglomerates, was adopted by the European Commission on November 3, 2017 with effect from January 1, 2018. This European regulation will allow financial conglomerates to defer application of IFRS 9 to their Insurance divisions until January 1, 2022 (effective date of the new IFRS 17 "Insurance Contracts") as long as they:

  - do not transfer financial instruments between the Insurance division and other divisions of the conglomerate (with the exception of financial instruments at fair value through profit or loss for the two divisions affected by the transfer),
  - indicate the insurance entities that apply IAS 39,
  - provide specific additional information in the Notes.

  As Natixis is a financial conglomerate, it applies this provision to its insurance entities, which will continue to be accounted for as per IAS 39 in Natixis' consolidated financial statements until January 1, 2022. The main entities affected by this measure are CEGC, the Coface insurance subsidiaries, Natixis Assurances, BPCE Vie and its consolidated funds, Natixis Life, BPCE Prévoyance, BPCE Assurances and BPCE IARD (the list of the entities affected is provided in Note 19).

  Natixis has also taken steps to prevent any transfer of financial instruments (with the exception of financial assets at fair value through profit or loss) between its Insurance division and other divisions, which would lead to derecognition for the transferring entity.

  From January 1, 2018, in accordance with ANC recommendation 2017-02, Natixis will present insurance activities on separate lines in its consolidated financial statements: "Insurance Activity investments" on the asset side of the balance sheet; "Liabilities related to insurance policies" on the liability side of the balance sheet; and "Net revenues from insurance activities" in the income statement.

  The amendment to IFRS 9 "Financial instruments" entitled "Prepayment features with negative compensation" was adopted by the European Commission on March 22, 2018 and has been applied in advance by Natixis from January 1, 2018, as permitted by IFRS 9. This amendment provides that prepayment features with negative compensation are not incompatible with the notion of basic contractual cash flows provided they represent "reasonable compensation". The application of this amendment allows Natixis to consider that a portfolio of fixed-rate loans with symmetrical repayment clauses solely provides payments of principal and interest, and to recognize this portfolio at amortized cost.

- **IFRS 15 "Revenue from Contracts with Customers"** was adopted by the European Commission on September 22, 2016 and is applicable retroactively as of January 1, 2018. The application of the amendment entitled "Clarifications to IFRS 15", adopted by the European Commission on October 31, 2017, is also mandatory from January 1, 2018.

  IFRS 15 replaces current standards and interpretations regarding revenue recognition and now imposes a single model for accounting for revenue arising from contracts with customers.

(1) *The complete body of standards adopted by the European Union may be consulted on the European Commission website at: http://ec.europa.eu/finance/company-reporting/ifrs-financial-statements/index_fr.htm*

Under IFRS 15, the entity must recognize income arising from ordinary activities in an amount that reflects the consideration that the entity expects to receive in exchange for the transfer of goods and services promised to customers.

IFRS 15 thus introduces a new five-stage general approach for the recognition of income:

- identification of contracts with customers,
- identification of specific performance obligations (or items) to be recognized separately from one another,
- determination of overall transaction price,
- allocation of transaction price to the various specific performance obligations,
- recognition of income when performance obligations are met.

IFRS 15 applies to all contracts with customers except for leases (covered by IAS 17), insurance contracts (covered by IFRS 4) and financial instruments (covered by IFRS 9). If specific stipulations relating to revenue or contract costs are specified under a different standard, these will first be applied.

The analysis carried out by Natixis related to the first-time application of IFRS 15 drew on assessments carried out within the relevant entities and was able to identify the main items that could be affected, including:

- fee and commission income, from banking services if this income is not included in the effective interest rate, or from asset management or financial engineering services,
- income from other activities, in particular for services included in leases.

Based on the analyses performed, Natixis will only be very slightly affected by the issues relating to the first-time application of IFRS 15 identified, such as real estate development, loyalty programs and telephony.

Accordingly, Natixis did not recognize any material impact relating to the first-time application of IFRS 15, on either opening equity at January 1, 2018 or on income and expense items in 2018. Only one change was made to the presentation of the balance sheet at January 1, 2018, involving the reclassification of commodity stocks in "Financial assets at fair value through profit or loss" in the amount of €242 million; this had no impact on Natixis' opening equity.

Under the option available in IFRS 15, Natixis did not restate the data for previous fiscal years published as comparative information for its financial statements.

- **The amendment "Annual Improvements to IFRSs 2014-2016 Cycle"** adopted by the European Commission on February 7, 2018 with mandatory application from January 1, 2018. This amendment is part of the annual improvement process that aims to simplify and clarify international accounting standards. The following standards were modified: IAS 28 "Investments in Associates and Joint Ventures", IFRS 1 "First-time Adoption of International Financial Reporting Standards", and IFRS 12 "Disclosure of Interests in other Entities". This amendment had no impact on Natixis' financial statements;
- **The amendment to IFRS 2 "Share-based Payment"** adopted by the European Commission on February 26, 2018 with mandatory application from January 1, 2018. This amendment clarifies the accounting treatment of share-based payment transactions with details of the criteria to be taken into account when determining fair value, the impact of tax withholdings on plans and the accounting treatment to be applied if the terms and conditions of share-based payment plans are changed. This amendment had no impact on Natixis' financial statements;
- **The amendment to IFRS 40 "Investment Property"** adopted by the European Commission on March 14, 2018 with mandatory application from January 1, 2018. This sets out the cases in which a company can transfer a property to or from the "Investment property" category. Such transfers must only be made if the property meets, or ceases to meet, the definition of investment property. This amendment had no impact on Natixis' financial statements;
- **IFRIC interpretation 22 "Foreign Currency Transactions and Advance Consideration"** adopted by the European Commission on March 28, 2018 with mandatory application from January 1, 2018. This interpretation clarifies the accounting treatment of transactions that include the receipt or payment of advance consideration in a foreign currency. The transaction date, which is needed to determine the exchange rate to be used, is the date of initial recognition of the non-monetary asset or liability, except in the case of multiple payments or receipts, in which case it will be set for each payment or receipt. This interpretation had no impact on Natixis' financial statements;

Natixis did not opt for early application of the following standards, which had not yet entered into force at December 31, 2018:

- **IFRS 16 "Leases"**, adopted by the European Commission on October 31, 2017. This standard will replace IAS 17 "Leases" and the interpretations relating to the accounting of these contracts. It became applicable retroactively on January 1, 2019, according to specific phase-in conditions.

  Under IFRS 16, the definition of leases implies the identification of an asset and control by the lessee of the right to use the asset. Control is established if the lessee holds the following two rights throughout the period of use:

  - the right to obtain almost all the economic benefits arising from use of the asset,
  - the right to decide how the asset is used.

  From the lessor's perspective, the impact is expected to be limited, as the provisions will not change substantially in relation to the current IAS 17.

  For lessees, the standard requires that all lease contracts be recorded in the balance sheet such that they convey the right to use the leased asset, which must be recognized under fixed assets with a corresponding financial liability entry under liabilities to reflect the lease and other payments to be made over the duration of the lease contract. Natixis has decided to opt for the exception provided for by the standard of not modifying the accounting method for short-term leases (of less than 12 months) or leases relating to low value underlying assets.

The right of use will be amortized on a straight-line basis and the financial liability will be calculated on an actuarial basis over the duration of the lease contract. The interest expense relating to the financial liability and the amortization expense relating to the right of use will be recognized separately in income. In contrast, under the existing IAS 17, operating leases are not recorded in the balance sheet and only the related lease payments are recognized in the income statement.

Natixis has chosen the modified retrospective method for the first-time application of this standard. This method will involve valuing lease liabilities based on residual payments by using the discount rates appropriate to the residual terms of the leases. The option of not recognizing contracts with a residual term of less than 12 months at January 1, 2019 in the balance sheet will be applied and initial direct costs will be excluded from the measurement of the right of use. Rights of use will be measured by referring to the lease liability amount determined on that date.

Given Natixis' activities, IFRS 16 will be applied, to a very large extent, to real estate assets leased for use as offices. Overall, Natixis estimates that rights of use and lease liabilities will amount to less than €1.4 billion on the first-time application date;

- **IFRIC interpretation 23 "Uncertainty over Income Tax Treatments"** adopted by the European Commission on October 23, 2018 with mandatory application from January 1, 2019. This interpretation sets out the procedures for recognizing and measuring payable and deferred tax if there is uncertainty over the tax treatment applied. The method that provides the best projection of the tax uncertainty's outcome should be used. Natixis has begun an analysis of its approach to identifying and documenting tax uncertainties and risks, but at this stage it is not expecting a significant valuation impact;
- **IFRS 17 "Insurance Contracts"**, published by the IASB on May 18, 2017, will replace IFRS 4 "Insurance Contracts". Initially applicable on January 1, 2021, with a comparison at January 1, 2020, this standard should only come into force from January 1, 2022. During its meeting on November 14, 2018, the IASB in fact decided to defer its application by a year, as clarifications still need to be given regarding key aspects of the standard. It was also decided to align the schedule for the temporary exemption from IFRS 9 for insurers so that it coincides with the application of IFRS 17 from January 1, 2022.

  IFRS 17 establishes the principles of recognition, measurement, presentation and disclosure for insurance contracts and investment contracts with discretionary participation.

  Liabilities under these contracts, which are currently valued at historical cost, will have to be recognized at present value under IFRS 17. As such, insurance contracts will be valued based on their future cash flows, including a risk margin in order to factor in the uncertainty relating to these cash flows. IFRS 17 also introduces the concept of the contractual service margin. This represents the insurer's unearned profit and will be released over time as services are rendered to the insured. The standard demands a more detailed level of granularity in calculations than previously as it require estimates by group of contracts.

  These accounting changes could change the profile of insurance income (particularly for life insurance) and also introduce greater income volatility.

  Given the scale of the changes made, and despite the uncertainties still surrounding the standard, Natixis' insurance entities have, or will soon have, completed the scoping phase aimed at defining their road maps and the cost of implementation. They have set up project structures that will allow them, within the various working groups, to understand the standard in all of its aspects, including modeling, the adaptation of systems and organizational structures, the production of financial statements and the transition strategy, financial communication and change management.

In addition, when drawing up the consolidated financial statements at December 31, 2018, Natixis also took the following into account:

- for the valuation of financial instruments: the recommendation published on October 15, 2008 by the AMF, the Conseil National de la Comptabilité (CNC—French National Accounting Board), the Commission Bancaire (French Banking Commission) and the Autorité de Contrôle des Assurances et des Mutuelles (ACAM—French insurance regulator), and the guide published by the IASB on October 31, 2008, entitled "Measuring and disclosing the fair value of financial instruments in markets that are no longer active". These two texts underline the importance of using judgment to determine fair value in illiquid markets. Natixis no longer systematically uses models based on observable data as a result of this recommendation;
- for financial reporting on risk exposure: the recommendations issued by the Financial Stability Forum (FSF), as adapted for France. This information, presented in the format recommended by the Commission Bancaire in its May 29, 2008 document "Presentation note regarding the French application of the FSF's financial transparency recommendations", has been included in Section 3.2.11 of the "Risk factors, risk management and the pillar III report" chapter of the registration document.

2.2 Presentation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with the assessment and presentation principles set out in Notes 3 and 6 below.

2.3 Year-end

The consolidated financial statements are based on the individual financial statements at December 31, 2018 of the entities included in Natixis' consolidation scope.

2.4 Notes to the consolidated financial statements

Unless otherwise indicated, the figures given in the notes are expressed in millions of euros.

NOTE 3 CONSOLIDATION METHODS AND PRINCIPLES

3.1 Consolidation scope

Natixis' consolidated financial statements include the financial statements of Natixis and its main subsidiaries.

Only subsidiaries making a material contribution to the Group's financial statements are consolidated.

Materiality is determined based on specific thresholds for each of the Group's business lines and on a qualitative assessment of the relevance of each entity's contribution to the consolidated financial statements of Natixis. The main thresholds applicable are as follows:

Business lines

(in millions of euros)	Total balance sheet	Net revenues	Net income
Corporate & Investment Banking	250	15	+/-2
Asset & Wealth Management	60	5	+/-2
Insurance	60	5	+/-2
Specialized Financial Services	60	12	+/-2
Coface and Corporate Center	60	5	+/-2

By way of exception to the thresholds described above, and in order to comply with Article 19 of (EU) regulation 575/2013, the consolidation threshold was €10 million (total balance sheet and off-balance sheet commitments excluding derivatives) for entities that meet the definition of financial institutions or ancillary services undertakings.

In terms of mutual funds and real estate holdings within the scope of Natixis Assurances, the materiality threshold used for inclusion in the consolidation scope is as follows:

- total assets or carrying amount of the mutual fund greater than 0.5% of Natixis Assurances' investments;
- the total amount of the entities excluded from the scope does not represent more than 5% of total investments.

The consolidation scope includes all the material entities over which Natixis exercises exclusive control, joint control or significant influence. The IFRS standards stipulate three types of control: exclusive control, joint control and significant influence. Determining the type of control that exists is not limited to identifying the voting rights held, but also involves an analysis of the economic and legal relations between the various entities being analyzed.

In determining whether it exercises control or has a significant influence, Natixis considers current voting rights and potential voting rights if they are exercisable or convertible at any time, and if they grant power over the entity's relevant activities. Potential voting rights arise from stock options on ordinary shares or from the conversion of bonds into new ordinary shares. However, potential voting rights are not taken into account when determining the percentage of ownership except if it is concluded that these voting rights provide access to economic benefits attached to the underlying shares.

The scope of Natixis' consolidated entities is provided in Note 19 to the financial statements.

The percentage of ownership and the voting rights held are indicated for each entity within the consolidation scope. The percentage of ownership represents the equity share held by Natixis, directly and indirectly, in the entities within the consolidation scope. The percentage of ownership is used to determine Natixis' share in the net assets of the company owned.

3.2 The notion of control and consolidation methods

3.2.1 Control of an entity

The entities controlled by Natixis are consolidated using the full consolidation method, in accordance with IFRS 10. This standard defines a single audit model applicable to all entities, whether they are traditionally governed entities or structured entities (see Note 5). The control of an entity will be analyzed using three cumulative criteria:

- power over the entity's relevant activities;
- exposure or entitlement to variable returns by virtue of its relations with the entity;
- the ability to exercise its power over the entity to influence the variable returns obtained.

When voting rights or similar rights are fundamental to an entity's governance, control is generally understood to mean holding over 50% of voting rights.

If this is not the case, control is determined through the exercise of judgment and by taking into account all facts and circumstances, such as:

- the objectives, terms and circumstances surrounding the creation of the entity;
- the nature of the entity's relevant activities and the decision-making processes concerning these activities;
- the scope of Natixis' decision-making rights (from voting rights or contractual agreements) over the management of the entity's relevant activities (i.e. activities having a significant impact on the entity's returns);
- exposure to variability in the entity's returns *(the significance of the returns received by Natixis compared with the returns received by the other investors, etc.)*;
- rights held by other parties *(withdrawal rights, early redemption rights, rights regarding the dissolution of the entity, etc.)*.

If, after reviewing these criteria, Natixis concludes that its decision-making rights over the management of the entity's relevant activities enable it to influence the variable returns obtained, Natixis does have control pursuant to IFRS 10 and the entity in question will be subject to full consolidation.

Full consolidation involves replacing the carrying amount of investments with the full value of all the subsidiary's assets and liabilities.

The share of non-controlling interests in shareholders' equity and in income appear separately on the balance sheet, the income statement and the statement of net income/(loss) and other comprehensive income.

3.2.2 Joint control: joint ventures and joint operations

Natixis exercises joint control if, by virtue of a contractual arrangement, decisions pertaining to the entity's relevant activities require the unanimous consent of the parties sharing control over the partnership, and if each partner has the ability to prevent the other partners from controlling the arrangement.

IFRS 11 distinguishes between two types of partnerships: joint ventures and joint operations.

- Joint ventures are partnerships in which the parties exercising joint control over the Company have rights over that company's net assets. They are consolidated using the equity method. Consolidation using the equity method involves replacing the carrying amount of investments in the owner's financial statements with Natixis' interest in the shareholders' equity and income of the entity owned. Investments are recognized at this reassessed value on the asset side of the consolidated balance sheet in "Investments in associates". The difference between the investments' historical value and their reassessed value is recognized on the liability side of the balance sheet under "Shareholders' equity Group share", and in income under "Share in income of associates" in the consolidated income statement, and under "Share in gains/(losses) of associates recorded directly in equity" in the statement of net income/(loss) and other comprehensive income. Goodwill related to joint ventures is included in the carrying amount.
- These investments are subject to an impairment test whenever there is objective evidence of impairment. If the recoverable value of the investment is lower than its carrying amount, an impairment is recorded under "Share in income of associates" in the consolidated income statement.

  If Natixis' share in the losses of a company consolidated using the equity method is greater than or equal to its interest in the Company, Natixis ceases to take its share in future losses into account. In such cases, the investment is presented as having zero value. Associates' additional losses are only provisioned if Natixis has a legal or implied obligation to hedge them or if it has made payments on behalf of the Company.
- Joint operations are partnerships in which the parties exercising joint control of the operation have rights over its assets, and obligations with regard to its liabilities. An investment in a joint operation is recorded by including all the interests held in the joint operation, i.e. the share in each of the assets, liabilities and other comprehensive income to which it is entitled. These interests are broken down by type across the various items in the consolidated balance sheet, consolidated income statement and statement of net income/(loss) and other comprehensive income.

3.2.3 Significant influence over associates

Significant influence is the power to participate in the financial and operating policy decisions of the corporate entity owned without having control over such policies. A significant influence is presumed to exist if Natixis directly or indirectly owns at least 20% of the voting rights of the Company in question. IAS 28 defines companies over which a significant influence is exercised as associates. These are consolidated using the equity method in accordance with the same terms as those applicable to joint ventures (see above), with the exception of Private Equity investments, which Natixis classifies under financial assets at fair value through profit or loss, in accordance with the option available under IAS 28.

Natixis' stake in EFG Hermès, held through DF EFG 3 Limited, was analyzed as subject to consolidation using the equity method even though the share of voting rights held represents 12.9%, due particularly to the number of seats held until December 12, 2018 by Natixis on the Company's Board of Directors. Until this date, it was not consolidated in the financial statements, however, due to the lack of consolidated financial statements in IFRS format.

The change in Natixis' stake, with the abandoning of a director's post, resulted in a loss of significant influence and the reclassification of the securities held as securities at fair value through other comprehensive income at their fair value on the issue date.

The stake was acquired for $85 million. It is now recognized in "Financial assets at fair value through comprehensive income" for a value of €73.9 million at December 31, 2018. The loss recorded on the transferring of the securities to "Financial assets at fair value through comprehensive income" amounted to €25 million.

3.3 Change in consolidation scope

In the event of an increase in Natixis' percentage of ownership in an already-controlled entity, the difference between the acquisition cost of the additional percentage interest and the share in the entity's net assets acquired at this date is recorded in "Consolidated reserves". In the event of a decrease in Natixis' percentage of ownership in an entity without a loss of control, the difference between the selling price and the carrying amount of the percentage interest sold is also recorded in "Consolidated reserves".

The assumption of control through successive purchases of securities from an entity previously recognized in financial assets at fair value (through profit or loss or other comprehensive income) is shown as two transactions taking place upon the assumption of control:

- the disposal of securities previously recognized in assets at fair value through profit or loss; and
- the acquisition of all the securities held after the assumption of control.

In such cases, goodwill is determined only once based on the fair value of the assets acquired and the liabilities assumed on the date that control over the entity is assumed.

In the event of the loss of control of a consolidated subsidiary, any equity share retained is measured at fair value and the gains or losses on disposal are recognized in "Gains or losses on other assets" in the consolidated income statement.

Gains or losses on disposals of associates are presented in "Gains or losses on other assets" in the consolidated income statement.

3.4 Treatment of put options granted to minority shareholders

The granting of put options to minority shareholders by Natixis has no impact on the determination of Natixis' controlling interest in the subsidiary in question as long as the option is not exercised, unless Natixis also holds an immediately exercisable call option.

The granting of put options to minority shareholders has no impact on Natixis' percentage interest in the subsidiary in question unless the put option is associated with the holding of a call option by Natixis, and the call and put options give immediate entitlement to the economic benefits attached to the underlying shares.

The granting of a put option to minority shareholders which does not transfer the risks and benefits associated with the underlying shares to Natixis prior to the option's exercising, results in the recognition of a liability equal to the estimated present value of the option's exercise price. The corresponding receivable is booked to equity, the carrying amount is deducted from minority interests and the remainder is deducted from consolidated reserves (Group share). Subsequent changes in the liability related to adjustments to the exercise price of the put option are recorded in consolidated reserves (Group share).

Income generated from minority interests subject to put options is presented in "Net income/(loss for the period—share attributable to minority interests" in the consolidated income statement.

3.5 Business combinations and goodwill

The following accounting treatment is applied to business combinations giving rise to control:

- IFRS 3 before revision if they are prior to January 1, 2010, except for those that occurred before January 1, 2004. On the initial application date of IFRS, Natixis chose the option offered by IFRS 1 "First-Time Adoption" to not retrospectively restate business combinations previous to January 1, 2004 pursuant to IFRS 3;
- Revised IFRS 3 (IFRS 3R) if they occur after January 1, 2010. IFRS 3R can be applied prospectively to business combinations if their acquisition date is the same or later than the adoption date of IFRS 3R.

In accordance with IFRS 3 (pre- or post-revision), business combinations are recorded using the acquisition method. Under the acquisition method, the identifiable assets and liabilities of the acquired entity are measured at their fair value at the valuation date.

The method used to measure minority interests and goodwill may differ depending on whether IFRS 3 or IFRS 3R is applied.

- Application of IFRS 3 to business combinations carried out before January 1, 2010:
  - minority interests are determined based on their share in the identifiable net assets of the acquired entity, measured at their fair value at the purchase date (partial goodwill method),
  - goodwill is the difference between the cost of the business combination and the share of the purchasing entity's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities;
- Application of IFRS 3R to business combinations carried out after January 1, 2010:
  - for each business combination, Natixis chose to determine minority interests:
    - either based on their share in the identifiable net assets of the acquired entity, measured at their fair value at the purchase date, and therefore without recognizing goodwill on the minority interests (partial goodwill method),
    - or based on their fair value at the purchase date, resulting in the recognition of goodwill, both for the Group share and the minority interests (full goodwill method);
  - hence, goodwill is a residual item determined as the difference between (i) the sum of the purchase price, the fair value at the purchase date of the percentage interest held in the acquired entity prior to the purchase date, and the amount of the minority interests (determined using the partial goodwill method, in the majority of cases, or the full goodwill method) and (ii) the net amount of the assets and liabilities assumed, measured at their fair value at the purchase date.

Positive goodwill is recorded on a separate line on the asset side of the balance sheet if it relates to a controlled entity. It is allocated at the purchase date to one or more cash-generating units (CGUs) expected to benefit from the acquisition and is not amortized. It is tested for impairment at least once per year, and more often where there is objective evidence of impairment. The impairment test consists of comparing the carrying amount of the CGU or group of CGUs including goodwill with its recoverable value.

A controlled entity's negative goodwill is immediately recognized in income under "Change in value of goodwill".

Goodwill related to an associate or joint venture is included in the carrying amount of "Investments in associates" under assets if it is positive; however, it cannot subsequently be amortized. It is tested for impairment, at least once a year (see Note 3.2.2). If it is negative, it is immediately recognized in income under "Share in income of associates".

Specific case of business combinations carried out under joint control

Combinations between entities or operations under joint control are understood to be combinations in which several operations are combined and all the interested parties (entities or operations) are ultimately controlled by the same party or parties for a relatively long period before and after the combination. Such combinations do not fall within the scope of IFRS 3R.

Barring clarification of IFRS 3R on the accounting treatment of business combinations under joint control, Natixis applies a method based on historical carrying amounts to such transactions. According to this method, the difference between the price paid and Natixis' share in the historical carrying amounts of the assets and liabilities of the acquired entity is recorded as a deduction from shareholders' equity. In effect, in using this method, any goodwill and valuation differences resulting from the application of the acquisition method are deducted from shareholders' equity.

The carrying amounts used are those listed in the consolidated financial statements of the ultimate parent company at the date of completion of the transaction.

Transactions involving two entities controlled by Natixis and those involving an entity controlled by Natixis and an entity controlled by BPCE are considered to have been carried out by entities under joint control.

Principles adopted for the measurement and recognition of the transactions resulting in the creation of Natixis in 2006

The assets contributed by the former CNCE to Natixis fall into two categories:

- shares in the Corporate & Investment Banking and service subsidiaries;
- a portion of the cooperative investment certificates (CCIs) conferring entitlement to the share capital of the Caisses d'Epargne.

The contribution values used for consolidation purposes in respect of both categories of assets are the carrying amounts of these assets in the former CNCE's consolidated financial statements, restated in accordance with IFRS as adopted in the European Union.

Other transactions affecting the structure of the Group that led to the creation of Natixis were accounted for by the acquisition method for consolidation purposes, in accordance with IFRS 3.

Goodwill arising in connection with the above-mentioned business combination on December 31, 2006 was accounted for as follows:

Goodwill on contributed entities

As the contributions were recognized at their net carrying amount under IFRS, no valuation adjustments have been recorded for the various assets and liabilities contributed. The difference between the acquisition cost and the Group's interest in the net assets of the contributed entities does not constitute goodwill within the meaning of IFRS 3, since the acquisition cost takes into account the real value of the shares, while the contributions were recognized at their net carrying amount. Each of the differences observed was recognized in "Consolidated reserves".

An amount of €3.170 billion was charged against the issue premium in this respect at December 31, 2006.

Goodwill on other transactions

The goodwill arising from the transaction resulting in the creation of Natixis amounted to €484 million, which breaks down as follows: €229 million for the former IAMG, €21 million for the former IXIS CIB and €8 million for the former Novacrédit, plus the goodwill recorded in "Investments in associates" relating to the Caisse d'Epargne CCIs (€190 million) and the Banque Populaire CCIs (€36 million).

Since then, goodwill relating to the former IXIS CIB has been fully written-down.

In light of the sale of the cooperative investment certificates during fiscal year 2013, the associated goodwill is no longer included in the consolidated balance sheet.

Other goodwill

In 2018, goodwill increased by +€129 million, excluding translation adjustments (+€67 million).

Impairment tests

All items of goodwill are impaired, based on the value in use of the cash-generating units (CGUs) to which they have been allocated. For the Coface CGU, a listed entity since June 2014, which is not one of Natixis' core businesses and which is managed on an asset basis, as in previous years, value in use was supplemented by other approaches using market data including market multiples, stock market prices and brokers' target prices. An average valuation was determined by weighting the different approaches, with the respective weighting of each approach unchanged compared with the previous fiscal year.

At December 31, 2018, as in 2017, the CGUs are the same as the divisions in the "New Dimension" strategic plan, i.e. "Asset & Wealth Management", "Corporate & Investment Banking", "Insurance" and "Specialized Financial Services".

Value in use is determined principally by discounting the expected future cash flows from the CGUs (Discounted Cash Flow (DCF) method) on the basis of the five-year medium-term business plans drawn up by Natixis.

The following assumptions were used:

- estimated future cash flows: forecast data drawn from multi-year plans established by the business lines and updated as part of the 2019 budget process;
- perpetual growth rate: 2.5% for all valuations;
- discount rate: use of a specific rate for each CGU: 8.7% for Asset & Wealth Management (9.7% in 2017), 10.6% for CIB (11.4% in 2017), 10.2% for Insurance (11.5% in 2017), 9,3% for Coface (10,8% in 2017) and 11.2% for Specialized Financial Services (12.2% in 2017).

The discount rates were determined by factoring in the following:

- for the Asset & Wealth Management, Corporate & Investment Banking, Insurance and Specialized Financial Services CGUs, the risk-free interest rate of the Euro-Bund zone, averaged over a depth of 10 years, plus a risk premium calculated according to a sample of CGU-representative companies;
- for the Coface CGU, the interest rate references used were determined according to a similar method to the other CGUs, using samples of equivalent companies for the insurance and factoring activities.

These tests did not result in the recognition of impairment losses at December 31, 2018.

A 30 bp increase in discount rates (assumption based on the historical annual variability observed over one year using 2012-2018 historical data) combined with a 50 bp reduction in perpetual growth rates would reduce the value in use of CGUs by:

- -9.7% for the Asset & Wealth Management CGU;
- -5.0% for the Corporate & Investment Banking CGU;
- -7.6% for the Insurance CGU;
- -5.3% for the Specialized Financial Services CGU;
- -4.8% for the Coface CGU;

and would not lead to the recognition of any impairment losses for these CGUs.

Similarly, the sensitivity of future business plan cash flows to changes in key assumptions does not significantly affect the recoverable value of the CGUs:

- for Asset & Wealth Management, a 10% decline in the equity markets (uniform decline across all years) would have a 5% negative impact on the CGU's recoverable value and would not lead to the recognition of an impairment loss;
- for Corporate & Investment Banking, sensitivity to the dollar or to the performance of the CAC would have a limited impact on net revenues and would not lead to any impairment being recorded;
- for Insurance, the main vector of sensitivity for life insurance is interest rates, but various steps are being taken to reduce their impact (diversification of investments, reserves, etc.). Accordingly, the impact on the income statement is limited and would not significantly affect the CGU's value;
- For non-life insurance, the main vector of sensitivity is the loss ratio, which is notably measured via the combined ratio. Natixis' strategic plan, New Dimension, sets this ratio at below 94%. A one-point deterioration in this ratio each year from 2018 in relation to the assumptions used to value the CGU would lead to a limited fall of 3% in this value, with no impact on impairment;
- for Specialized Financial Services, a one-point rise in the three-month EURIBOR applied to Factoring, recreating a "2008-2009 crisis" (drop in production and increased cost of risk) for Leasing, would have a 4% negative impact on the recoverable value of the CGU and would have no impact in terms of impairment;
- for Coface, the primary sensitivity vector is the loss ratio. The projected level of this ratio is around 45% (net of reinsurance) for 2018. A one-point increase in the loss ratio, relative to the assumptions used for the DCF calculation over all years from 2018, would impact the average multi-criteria value by around 4% and would not lead to the recognition of impairment for the CGU. Furthermore, a valuation at the lowest price in 2018 would lead to a very limited impact on the weighted average valuation for the various methods (less than -1%).

3.6 Subsidiaries held for sale

The assets and liabilities of subsidiaries which Natixis intends to sell within a maximum period of 12 months, and for which it is actively seeking a buyer, are identified separately on two specific lines of the consolidated balance sheet as non-current assets and liabilities *(see Note 6.9)*.

The proposed sale to BPCE S.A. of certain SFS entities currently controlled by Natixis S.A. was announced in September 2018 and the work required to complete this deal continued in the fourth quarter of 2018. The transaction should take place in the first quarter of 2019 after a capital increase by BPCE, which is a prerequisite for the deal's completion, and the obtaining of the necessary authorizations from the supervisory authorities.

The business lines involved are: Consumer Finance, Factoring, Sureties & Financial Guarantees, Leasing and EuroTitres. In legal terms, the entities are housed in separate legal entities (Natixis subsidiaries: Natixis Lease, Natixis Factor, Natixis Financement and CEGC), except for the EuroTitres business line, a Natixis department that provides financial securities and securities account custody services, which is currently consolidated in Natixis S.A.'s financial statements.

At December 31, 2018, Natixis continued to fully consolidate the subsidiaries concerned and, in accordance with the provisions of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", combined the assets and liabilities of these entities in two separate balance sheet line items: "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale". In accordance with IFRS 5, the figures for fiscal year 2017 for these subsidiaries have not been restated *(see Note 8.9)*.

Natixis has also begun negotiations for the sale of its subsidiary Natixis Brazil. This fully consolidated entity's assets and liabilities, at December 31, 2018, were not recognized, in line with IFRS 5, in non-current assets held for sale and liabilities associated with non-current assets held for sale, given that the amounts in question are not material. The sale should also lead to the recycling in profit or loss of a translation adjustment of -€21 million recognized at December 31 in "Recyclable other comprehensive income".

3.7 Standardization of individual data and treatment of intra-group transactions

Prior to consolidation, the individual financial statements of companies included in the scope of consolidation are restated if necessary to bring them into line with Natixis' accounting policies described below.

The impact on the balance sheet and income statement of internal transactions carried out between fully-consolidated entities is eliminated. The internal profits or losses of entities consolidated using the equity method are eliminated to the extent of Natixis' percentage interest in the joint venture or associate.

3.8 Natixis' institutional operations

In accordance with Article 41 of the Amended Finance Act for 1997 (No. 97-1239 of December 29, 2007), amended by Article 121 of the Amended Finance Act for 2008 (No. 2008-1443 of December 30, 2008), Article 5 of the Amended Finance Act for 2014 (No. 2014-1655 of December 29, 2014) and the agreement signed with the French State on May 10, 2017, Natixis manages certain public procedures on behalf of the French State, mainly consisting of loans and gifts to foreign States conferred within the framework of Public Development Aid, non-concessional loans to foreign States, gifts to the "Fund for Private Sector Aid and Studies" and the stabilization of interest rates for export credit guaranteed by the State. The related transactions, some of which may be guaranteed by the State, are recognized separately in the financial statements. The State and other related creditors have a specific right over the assets and liabilities allocated to these institutional operations. The bank's assets and liabilities relative to these operations are identified on the balance sheet under each of the headings concerned with these operations.

3.9 Currency conversion of the statements of foreign subsidiaries and branches

Natixis' consolidated financial statements are prepared in euros.

The balance sheets of foreign subsidiaries and branches whose functional currency is not the euro are translated into euros at the closing exchange rate, except for share capital, reserves and capital allocations, which are translated at the historical exchange rate. The income statements of foreign subsidiaries and branches whose functional currency is not the euro are translated at the average exchange rate for the year. Any resulting translation gains or losses arising regarding both balance sheet and income statement items are recognized in equity under "Translation adjustments" for the portion attributable to the Group and "Minority interests" for the portion attributable to third parties.

In the event of the total or partial disposal of an entity or the capital repayment of an entity, translation gains or losses are reclassified as income in proportion to the cumulative amount of the exchange differences recognized in recyclable other comprehensive income under "Translation adjustments".

Natixis elected to use the option available under IFRS 1 on first-time adoption, namely to transfer the cumulative balance of the translation adjustments existing at January 1, 2004 to consolidated reserves. If a foreign entity is subsequently sold, the gain or loss on the disposal will include only those translation gains or losses arising after January 1, 2004.

NOTE 4 CONSOLIDATION SCOPE

4.1 Key events

Natixis completed the acquisition of Fenchurch Advisory Partners ("Fenchurch"), a specialist corporate finance advisory firm exclusively focused on the Financial Services sector.

Natixis owns 51% of the capital of Fenchurch, exercises control over it within the meaning of IFRS 10, and fully consolidates this entity.

This transaction generated goodwill of €36.6 million as at December 31, 2018, as determined using the partial goodwill method. Now that the transaction has been completed, Natixis holds put options on minority interests in the amount of €27.9 million.

Natixis also completed the acquisition of the Vermilion Partners group, a specialist in cross-border transactions involving China and in advising on both inbound and outbound M&A transactions.

Natixis holds a 51% stake in Vermilion partners. Natixis exercises control over this group within the meaning of IFRS 10 and fully consolidates it.

This transaction generated goodwill of €10.8 million as at December 31, 2018, as determined using the partial goodwill method. Now that the transaction has been completed, Natixis holds put options on minority interests valued at €14.6 million.

Furthermore, Natixis completed the acquisition of Alter CE (Comiteo), a company specializing in online services for works councils. Natixis holds a 70% stake in Alter CE, exercises control over it within the meaning of IFRS 10, and fully consolidates this entity.

This transaction generated goodwill of €20.1 million as at December 31, 2018, as determined using the partial goodwill method. Natixis also holds put options on minority interests in the amount of €8.7 million.

Lastly, Natixis completed the acquisition of MV Crédit, a European credit specialist focused on private debt. MV Credit became a new affiliate of Natixis Investment Managers, providing investors with access to a wide range of expertise in Private Equity, private debt, real estate and infrastructure. Natixis owns 100% of the capital of MV Crédit, exercises control over it within the meaning of IFRS 10, and fully consolidates this entity. This transaction generated goodwill of €122.7 million as at December 31, 2018.

4.2 Changes in consolidation scope since January 1, 2018

The main changes in scope since January 1, 2018 are as follows:

4.2.1 Corporate & Investment Banking

Newly consolidated entities

- Consolidation in the second quarter of 2018 of Natixis Alternative Holding Limited following the acquisition by the latter of Fenchurch Partners LLP, an advisory firm specializing in mergers and acquisitions, itself fully consolidated;
- Consolidation in the second quarter of 2018 of Investima 77 following the acquisition by the latter of Vermilion Partners, an advisory firm specializing in mergers and acquisitions. Full consolidation of the following five entities: Vermilion Partners (Holdings) Limited, Vermilion Partners Limited, Vermilion Partners (UK) Limited, Vermilion Partners LLP and Vermilion (Beijing) Advisory Company Limited;
- Creation on April 3, 2018 and consolidation of the securitization vehicle Eole Collateral.

Deconsolidated entities

- Deconsolidation of Nexgen Capital Ltd as of January 1, 2018 as the percentage interest fell below eligible levels *(see Note 3.1)*;
- Liquidation of Natixis Luxembourg Investissements in the second quarter of 2018.

Changes in percentage of ownership

- In the second quarter of 2018, the interest in Natixis Partners increased from 84% to 87% following the buying back of shares from executive officers.

4.2.2 Asset & Wealth Management

Newly consolidated entities

- Consolidation in the first quarter of 2018 of the Mirova Global Sustainable Equity Fund following the exceeding of the consolidation thresholds *(see 3.1 consolidation scope)*;
- Acquisition by Natixis Investment Managers in the third quarter of 2018 of the MV Credit group, an asset manager specializing in European private debt. Full consolidation of the following four entities: MV Credit France, MV Credit Limited, MV Credit LLP and MV Credit SARL;
- Consolidation in the third quarter of 2018 of the Ostrum Multi Asset Global Income Fund following the exceeding of the consolidation thresholds *(see Note 3.1)*.

Changes in percentage of ownership

- The interest in DNCA Finance, DNCA Courtage, DNCA Luxembourg and DNCA Finance Milan branch increased from 72% to 82% after Société de Cadres' percentage interest in DNCA Finance rose from 6% to 9% on January 1, 2018, and some of the put options held by DNCA Finance's managers were exercised in the second and third quarters;
- The interest in DNCA Management increased from 42% to 72% after some of the put options held by DNCA Management's managers were exercised in the second and third quarter;
- The interest in Purple Finance Clo 1 decreased from 100% to 89% after 11% of the fund's equity was sold to outside investors;
- The interest in Natixis Caspian Private Equity LLC increased from 55% to 73% following the buying back of units from a manager who left the Company in the first quarter of 2018;
- The change in the net carrying amount of consolidated mutual funds and seed money investments resulted in changes in percentage interests over the period, without affecting the principle behind fund consolidation (maintaining of the percentage interest above eligible thresholds). The affected funds were: DNCA Archer Mid-Cap Europe (interest decreased from 35% to 24%) and ASG Managed Futures (interest decreased from 53% to 25%);
- The percentage of ownership of Euro Private Equity and Euro Private Equity France increased from 94% to 100% following the exercising of the last put options held by the structure's managers in the third quarter of 2018;
- In the fourth quarter of 2018, Natixis Investment Managers sold part of its shares to the structure's management as part of the reorganization of Seventure's share ownership, reducing the percentage of ownership from 70% to 59%;
- As part of the reorganization of Ossiam's share ownership, the management increased its stake in the structure in the fourth quarter of 2018, reducing Natixis Investment Managers' percentage of ownership from 83% to 75%.

Deconsolidated entities

- Sale on November 8, 2018 of the Axeltis entity (fund distribution platform) to MFEX, an external operator specializing in worldwide fund distribution. The capital gain amounted to €30.9 million;
- Disposal on November 23, 2018 of Selection 1818's entire capital, resulting in a capital gain on disposal of €11.3 million;
- In the fourth quarter of 2018, the three funds AEW Partners III, AEW VIF Investors and AEW VIF Investors II, used for fund management purposes, were liquidated (shell structures with no business operations).

Restructuring

- As part of the reorganization of Natixis Investment Managers' European management and distribution activities in the fourth quarter of 2018, it was decided to separate Ostrum AM's asset management activities (active fundamental bond and equity management) from its distribution activities (client investment solutions) and its support functions. The asset management activities were therefore contributed to Ostrum AM (New) and the distribution and support activities to Natixis Investment Managers International;
- Transferring, in the fourth quarter of 2018, of the AEW Ciloger Dependant Branch's activity, within the Natixis Investment Managers scope, to the new subsidiary AEW Invest Gmbh.

4.2.3 Insurance

Newly consolidated entities

- Consolidation of the Allocation Pilotée Equilibre C Fund in the first quarter of 2018 after the percentage interest rose above eligible levels *(see Note 3.1)*;
- Consolidation of the Tulip Fund in the third quarter of 2018 after the percentage interest rose above eligible levels *(see Note 3.1)*;
- Consolidation of the Mirova Europe Environnement C fund in the fourth quarter of 2018 after the percentage interest rose above eligible levels *(see Note 3.1)*.

4.2.4 Specialized Financial Services

Newly consolidated entities

- Acquisition of a 70% interest in Alter CE (Comitéo), a company specializing in online services for works councils, on April 18, 2018.

Changes in percentage of ownership

- In the first quarter of 2018, the interest in Lakooz decreased from 100% to 96% following a capital increase reserved for the founders;
- In the second quarter of 2018, the interest in Payplug increased from 79% to 84% following the acquisition of an additional 5% of the capital from the founders;
- In the second quarter of 2018, the interest in Coficiné decreased from 96% to 91% after a free share allocation plan was introduced for its executive officer.

Restructuring

- The activities of the OPCI Natixis Lease Investment were taken over by Natixis Bail in the third quarter of 2018.

4.2.5 Coface

Newly consolidated entities

- Consolidation of the Coface Technologie Romania branch in the first quarter of 2018.

Deconsolidated entities

- Disposal of Cofacrédit on June 22, 2018.

4.2.6 Corporate Center

Newly consolidated entities

- Acquisition of BPCE Immobilier Exploitation on June 26, 2018.

Deconsolidated entities

Deconsolidation of Natixis Private Equity International Luxembourg after the percentage interest fell below eligible levels.

Restructuring

- Natixis Altair IT Shared Services' activities were taken over by Natixis S.A. on April 3, 2018;
- BPCE Immobilier Exploitation's activities were taken over by Natixis Immo Exploitation as from October 1, 2018.

4.3 Interests in subsidiaries

4.3.1 Material non-controlling interests

At December 31, 2018, as at December 31, 2017, the main material subsidiary in which the Group had a non-controlling interest was Coface.

AT DECEMBER 31, 2018

(in millions of euros)				31/12/2018						
				Non-controlling interests			Concise financial information on entities			
Name of entity	Place of establishment	Percentage interest in non-controlling interests	Percentage control of non-controlling interests (if different)	Income attributable to the owners of non-controlling interests over the period	Amount of non-controlling interests in the subsidiary	Dividends paid to the owners of non-controlling interests	Total assets	Total debt (liabilities – equity)	Net income	Total income
Coface	France	57.14%	57.14%	71	1,067	31	7,219	5,413	124	101
H2O	Great Britain	49.99%	49.99%	180	187	81	545	171	360	357
Other entities				53	25	57				
TOTAL				**304**	**1,279**	**169**				

AT DECEMBER 31, 2017

(in millions of euros)				31/12/2017						
				Non-controlling interests			Concise financial information on entities			
Name of entity	Place of establishment	Percentage interest in non-controlling interests	Percentage control of non-controlling interests (if different)	Income attributable to the owners of non-controlling interests over the period	Amount of non-controlling interests in the subsidiary	Dividends paid to the owners of non-controlling interests	Total assets	Total debt (liabilities – equity)	Net income	Total income
Coface	France	58.62%	58.62%	33	1,082	12	7,360	5,554	83	76
H2O	Great Britain	49.99%	49.99%	83	89	28	256	78	167	165
Other entities				76	20	39				
TOTAL				**192**	**1,192**	**79**				

4.3.2 Impact of changes in percentage holdings in subsidiaries still under control at December 31, 2018

No such material transactions were recorded in 2018.

AT DECEMBER 31, 2017

			Impact of changes in the percentage on Equity	
(in millions of euros)	The Group's % interest at the beginning of the period	The Group's % interest at the end of the period	Group share	Share of non-controlling interests (change in investment)
The buying by Natixis of minority shareholders' investments	60.00	100.00	(94)	(179)
BPCE Assurance				

4.3.3 Impact of the loss of control during the period of a subsidiary in which an interest has been retained

No such transactions were recorded in either 2017 or 2018.

4.3.4 Material restrictions

Natixis is subject to liquidity risk supervision, which requires the creation of a liquidity reserve limiting the use of the assets of which it is composed *(see Note 3.2.87 "Balance sheet management" in Chapter [3], "Risk factors, risk management and the pillar III report", of the registration document).*

Some entities are also subject to local regulations concerning liquidity and solvency.

The share of encumbered assets that cannot be freely used is presented in Section 3.3 of Chapter [3], "Risk factors, risk management and the pillar III report", of the registration document.

Despite the application of exchange controls in some countries, Natixis did not encounter difficulties transferring the dividends of subsidiaries located in these countries during the period.

Assets representative of unit-linked policies from insurance activities measured under the fair value option are held for the benefit of policyholders.

4.4 Interests in partnerships and associates

4.4.1 Types of partnerships and associates with which Natixis has dealings

Partnerships (joint operations and joint ventures)

Natixis Financement is a stakeholder in partnerships in the form of sociétés en participation (SEPs) in which Natixis Financement and an institution from the Caisse d'Epargne or Banque Populaire network are associates.

The purpose of these partnerships is to pool the resources required for the origination, distribution, marketing, credit management, out-of-court collection and court-ordered collection management of the following products:

- either personal repayment loans, as defined in Articles L.311-1-4 of the French Consumer Code, granted by the Banque Populaire or Caisse d'Epargne network;
- or revolving credit products, as defined in Article L.311-9 of the French Consumer Code, granted by Natixis Financement to Banque Populaire or Caisse d'Epargne network customers.

Through these partnerships, the various associates contribute human and material resources and expertise. The associates remain the owners of the property or rights available for use by the Company (even in the event of the Company's liquidation). The Company's income is shared in accordance with allocation criteria set out in the bylaws. Decisions concerning the relevant activities of the SEPs are made unanimously. These partnerships are joint operations as defined in IFRS 11.

Natixis does not have interests in joint ventures that have a material impact on Natixis' consolidated financial statements.

Associates

Natixis' main investment consolidated using the equity method at December 31, 2018 is the EDF Investment group (EIG) entity.

Table summarizing investments in associates

- AT DECEMBER 31, 2018

(in millions of euros)	Value of the investments in associates	Net income	Gains and losses recorded directly in equity
Joint-ventures			
Associates	**735**	**29**	**(2)**
EDF Investment group (EIG)	521	12	(0)
Other entities	214	17	(2)
TOTAL	**735**	**29**	**(2)**

- AT DECEMBER 31, 2017

(in millions of euros)	Value of the investments in associates	Net income	Gains and losses recorded directly in equity
Joint-ventures			
Associates	**734**	**26**	**(3)**
EDF Investment group (EIG)	521	10	(0)
Other entities	213	15	(3)
TOTAL	**734**	**26**	**(3)**

4.4.2 Summarized financial information pertaining to material joint ventures and associates

The summarized financial data pertaining to material associates and joint ventures under significant influence are presented below.

	EDF Investment group (EIG)	
(in millions of euros)	31/12/2018	31/12/2017
Valuation method	**Associate**	**Associate**
Dividends received	11	11
Main aggregates		
TOTAL ASSETS	**8,580**	**8,583**
TOTAL DEBT	**33**	**57**
Income statement		
Net operating income	*264*	*247*
Income tax	*(78)*	*(77)*
Net income	*186*	*170*
Gains or losses recorded directly in equity	(3)	(5)

The data for EIG established at December 31, 2018 and December 31, 2017 comply with IFRS as adopted by the European Union on that date and with the accounting principles and valuation methods applied to Natixis' consolidated financial statements as presented in Note 6.

See below the financial information reconciliation table with the carrying amount calculated using the equity method.

	EDF Investment group (EIG)	
(in millions of euros)	31/12/2018	31/12/2017
Equity of the associate	8,548	8,526
Percentage of ownership	6.11%	6.11%
Natixis' share in the equity of the associate	521	521
Goodwill	-	-
Other	-	-
Value of the investment in the associate	521	521

4.4.3 Nature and scope of restrictions

Natixis did not encounter significant restrictions on interests held in associates and joint ventures.

4.4.4 Risks associated with interests in joint ventures and associates held by entities

There are no unrecognized shares in the losses of joint ventures or associates over the period following the application of the equity method.

NOTE 5 STRUCTURED ENTITIES

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are managed by means of contractual agreements.

Structured entities generally have one or more of the following characteristics:

- restricted and narrowly-defined activities and objectives;
- limited or non-existent equity that is insufficient to allow it to finance its activities without subordinated financial support;
- financing in the form of multiple contractually linked instruments that create concentrations of credit or other risks (tranches);
- few or no employees.

5.1 Scope of the structured entities with which Natixis has dealings

5.1.1 General principles

In accordance with IFRS 12, Natixis discloses information for all the structured entities in which it holds interests and for which it acts in one or more of the following roles:

- originator/structurer/arranger;
- placement agent;
- manager of relevant activities;
- or any other role in which it has a decisive impact on the structuring or management of the transaction.

Interest in an entity is understood to mean a contractual or non-contractual relationship that exposes the entity to the risk of variable returns associated with the performance of another entity. Interests in other entities may be evidenced by, among other things, ownership of equity instruments or debt securities, as well as by other links, such as financing, cash loans, credit enhancement and the issuing of guarantees or structured derivatives.

Consequently, the following are not included in the consolidation scope (IFRS 10) or in the scope applicable to the disclosure of additional information (IFRS 12):

- structured entities linked to Natixis solely through an ongoing transaction. This corresponds to an unstructured financial instrument which does not generally have a material impact on the variability of the structured entity's returns and which may be concluded by Natixis with structured entities or with traditionally-governed entities alike. Ongoing transactions are most commonly:
  - vanilla fixed-income/currency derivatives, derivatives with other underlying assets, the lending/borrowing of securities and repos,
  - guarantees and plain vanilla financing granted to family SCIs or certain holding companies;
- external structured entities for which Natixis acts simply as an investor. This mainly includes:
  - investments in external mutual funds not managed by Natixis, with the exception of those in which Natixis owns virtually all the units,
  - interests held in external securitization vehicles for which Natixis acts simply as a minority investor (exposure to these funds is included in the information disclosed regarding exposures as recommended by the Financial Stability Forum (FSF)),

- a restricted scope of interests held in real estate funds and external Private Equity funds for which Natixis acts simply as a minority investor.

The structured entities with which Natixis has dealings can be categorized into four groups: entities created within the context of Structured Financing, asset management funds, securitization vehicles and entities established for other types of transactions.

In accordance with IFRS 10, consolidation analyses of structured entities are performed taking into account all the criteria referred to in Note 3.2.1.

5.1.2 Structured finance transactions

In order to meet financing requirements for movable assets (involving air, sea or land transportation), real estate, corporate acquisitions (LBO financing) or commodities, Natixis may be required to create structured entities for a specific financial transaction on behalf of a customer.

Auto-pilot mechanisms are generally in place for these structures. In the case of lease contracts, the transaction must be structured such that its income always amounts to zero. This means that only default events are able to modify the structured entity's income, by leading to the disposal of the rights over the assets once the guarantees have been exercised. Natixis has the power to have the assets sold in the event of a default event, acting either alone or via the bank syndicate's agent. This right equates to a protective right because Natixis would never benefit from the income from the sale beyond the amount of the balance due under the loan agreement. Natixis does not therefore have power over such entities' relevant activities.

If auto-pilot mechanisms are not in place for these structures, it is generally the sponsor who oversees activities which are relevant and which generate returns. As previously, Natixis' rights as lender are protective rights limited to the amount of its receivable. As such, Natixis does not have power over such entities' relevant activities.

In addition, Natixis is rarely a shareholder in such entities and, when it is, it generally holds a minority interest. The entities for which Natixis is the majority shareholder are limited in number and do not have a material impact on the consolidated financial statements.

5.1.3 Asset management transactions

Mutual funds

In general, seed money investments held for less than one year were not consolidated.

1. Non-guaranteed mutual funds

In the context of mutual funds, relevant activities are investment and divestment activities involving securities in fund assets. These activities are managed in a discretionary manner on behalf of investors by Natixis Investment Managers' and Natixis Wealth Management's management companies.

The compensation of Natixis Investment Managers and Natixis Wealth Management as managers is marginal compared with the returns generated for investors. Indeed, the management and incentive fees are obtained on the market and are consistent with the services rendered, since the asset management activity takes place on a competitive and international market.

In the absence of rights held by third parties (e.g. withdrawal or fund redemption/liquidation rights), the control of mutual funds managed by Natixis Investment Managers and Natixis Wealth Management is assessed according to the combined interests held by the entities and business lines within Natixis' consolidated scope:

- as managers, Natixis Investment Managers and Natixis Wealth Management do not invest in the funds and generally own only a few units;
- Natixis Assurances may take out interests in mutual funds managed by Natixis Investment Managers via its insurance subsidiaries. These interests are subscribed in the form of euro-denominated or unit-linked insurance policies:
  - euro-denominated policies are policies under which the insured party receives a minimum guaranteed return plus the major share of the surpluses generated by the insurance Company's main fund. Any shortfall between the fund's return and the minimum guaranteed return is borne by the insurer, which thus incurs the risks,
  - unit-linked policies are policies under which the insured party selects the funds in which the insurer invests on its behalf. The value of the insurer's interest in such funds is reflected in the insurance policies. Invested funds representing unit-linked policies are consolidated under IFRS 10 if all the control criteria are met cumulatively and if the funds have a material impact;
- other Natixis entities and business lines may hold minority interests, intended mainly to meet cash investment needs.

A fund is subject to consolidation:

- if Natixis acts as principal, i.e. if Natixis is a manager and is not revocable by a limited number of people and if Natixis holds a large enough material interest to conclude that it controls the fund;
- or if Natixis is not a manager but owns virtually all the units.

Non-guaranteed mutual funds subject to consolidation but not consolidated due to their materiality are listed in Note 19.1.

2. Guaranteed mutual funds

Natixis guarantees the capital and/or performance of certain mutual funds. These packaged funds are passively-managed funds. Once the structuring is established initially, it is fixed for the fund's entire lifetime. Natixis has relatively limited exposure to negative variable returns thanks to the fund's strict management by the NAM management company and a robust risk control system put in place upon structuring and monitored throughout the fund's lifetime. These controls significantly limit the risk of guarantee activation.

As with non-guaranteed mutual funds, guaranteed mutual funds are subject to consolidation under IFRS 10 whenever Natixis acts as principal (e.g. Natixis acts as a non-revocable manager and holds a material interest). Guaranteed mutual funds subject to consolidation but not consolidated due to their materiality are listed in Note 19.1.

Real estate funds

The relevant activities of these funds are those involving the investment and divestment of real estate assets. These funds are managed on behalf of investors by Natixis Investment Managers' management companies (AEW Europe, AEW Central Europe, etc.).

With regard to compensation, the returns received by Natixis include income received by Natixis as a management company (management fees, incentive fees, etc.) and as an investor (dividends).

A fund is subject to consolidation if Natixis acts as principal (e.g. Natixis is a manager and is not revocable by a limited number of people and holds material variable returns). Real estate funds subject to consolidation but not consolidated due to their materiality are listed in Note 19.1.

Private Equity funds

As part of its Private Equity operations, Natixis makes equity investments in unlisted companies via Private Equity investment vehicles (Fonds Communs de Placement à Risque—FCPRs—Private Equity investment funds and SICARs—Sociétés d'Investissement à Capital Risque—venture capital companies) and limited partnerships which it typically manages.

The analysis criteria for IFRS 10 consolidation applied to Private Equity funds are the same as those applied to real estate funds. A fund is subject to consolidation if Natixis acts as principal (e.g. Natixis is a manager and is not revocable by a limited number of people and holds material variable returns). Private Equity funds subject to consolidation but not consolidated due to their materiality are listed in Note 19.1.

5.1.4 Securitization transactions

Securitization vehicles

Securitization transactions are generally constituted in the form of structured entities used to segregate assets or derivatives representative of credit risks.

The purpose of such entities is to diversify and tranche the underlying credit risks, most often with a view to their acquisition by investors seeking a certain level of compensation based on the level of risk assumed.

The assets of these vehicles, and the liabilities they issue, are rated by rating agencies, which continually monitor the suitability between the level of risk associated with each tranche sold and the rating attributed.

The following types of securitization are encountered at Natixis and involve structured entities:

- transactions through which Natixis (or a subsidiary) transfers credit risk relating to one of its asset portfolios to a dedicated vehicle in cash or synthetic form;
- securitization transactions on behalf of third parties. These transactions consist in placing the assets of a third-party company in a dedicated structure (generally a special purpose entity (SPE) or a conduit). The SPE issues units that may in some cases be subscribed to directly by investors, or subscribed to by a multi-seller conduit which refinances the purchases of its units by issuing short-maturity "notes" (treasury notes or commercial paper).

Natixis is mainly involved in these entities in its capacity as:

- structurer/arranger of securitization transactions;
- originator of securities or loans held as assets pending securitization;
- credit risk intermediary between the market and the securitization entity.

In 2018, as in 2017, Natixis disposed of a portfolio of loans granted to French and European companies by purchasing protection in the form of a perfectly collateralized on-demand guarantee.

Natixis also completed various securitization transactions in 2018, as in 2017, relating to commercial real estate financing originated by Natixis Real Estate Capital LLC.

Securitization vehicles subject to consolidation but not consolidated due to their materiality are listed in Note 19.1.

Natixis is also the sponsor of two ABCP (asset-backed commercial paper) conduits: Magenta and Versailles.

The Versailles conduit is consolidated, with Natixis holding power over activities relevant to the conduit enabling it to influence the amount of its returns, given its prominent role in the choosing and management of acquired receivables as well as the management of the issuance program.

In contrast, given that Natixis is not part of the governing body holding the power to decide on the Magenta conduit's relevant activities, it is not consolidated in Natixis' financial statements.

Management of CDO asset management structures

Natixis Investment Managers is involved in such funds as manager of the underlying portfolio for third-party investors. Its role is strictly defined by the portfolio management agreement, which never provides it with effective control of the structure but rather with the role of agent. Furthermore, neither Natixis Investment Managers nor any other Natixis entity holds a material interest in these funds. Natixis is therefore not significantly exposed to the variability of returns.

Credit insurance (Coface)

The Coface sub-group's credit enhancement operations consist of insuring receivables securitized by a third party for investors via a structured entity for losses in excess of a predefined amount. A distinction must be made between the policies taken out by the German branch Coface Deutschland and those taken out by Compagnie Française d'Assurance pour le Commerce Extérieur:

- under the German policies, the credit insurer is only liable for losses in excess of a deductible termed the aggregate first loss. This first loss tranche contractually defines the amount of first losses that are not covered by the credit insurer. The coverage provided by Coface Kredit via these policies is similar to "Natural disaster" type coverage. An analysis of these structures shows that the amount of the first loss is systematically higher than the expected loss, namely the average losses expected over the year. Furthermore, the activity of the structured entity is not conducted on behalf of the credit insurer, which is only a protection seller. Coface Kredit does not sponsor the securitization structures. Coface Kredit does not play any role in determining the activity of the structured entity, nor in its operational or administrative management. Coface Kredit has no power over the relevant activities of the securitization vehicle (selecting receivables comprising the portfolio, managing receivables, etc.). As the criteria for powers and significant exposure to returns are not met, these funds are not subject to consolidation;

- the French policies taken out by Coface rarely include non-covered first losses. However, the policies only cover a small portion of the receivables held by the SPE. Furthermore, the quality of portfolio risk covered by Coface, compared with that borne by the other stakeholders (other insurers, sponsors, sellers) is not such as to significantly transfer the structure's risks to Coface. In addition, Coface does not play any role in determining the activity of the structured entity, nor in its operational or administrative management. In the event of a guarantee activation, Coface only has powers corresponding to its protective rights. Indeed, Coface does not have any power over activities relevant to the securitization vehicle. Accordingly, such funds do not require consolidation.

5.1.5 Other transactions

- Natixis controls a certain number of vehicles whose purpose is to manage operating property and non-operating property. The relevant activity is mainly the management of property as sources of returns for shareholders. Natixis generally has power over these activities. Such SPEs are consolidated once Natixis has a material interest and if they are material to the consolidated financial statements of Natixis.
- The Natixis Lease sub-group owns a certain number of structured entities which own real estate assets. One of them is consolidated as Natixis has power over the relevant activities and is significantly exposed to the variability of returns. Entities subject to consolidation but not consolidated due to their lack of materiality are listed in Note 19.1.
- Natixis Coficiné has relationships with:
  - structured entities created by producers to host a film production. Coficiné is involved only as a lender. It has no stake in the entity, which is wholly owned by the producer. Coficiné does not participate in managing the entity, as activity falls within the remit of the producer. Coficiné, and therefore Natixis, has no power over the relevant activities of these structured entities and has no control under IFRS 10;
  - Film Industry Financing companies (SOFICA). Natixis holds a non-material stake in these SOFICAs and receives management fees at market rates consistent with the services rendered. Natixis does not hold any other interests in these structured entities. They are therefore not subject to consolidation under IFRS 10.

5.2 Interests held in non-consolidated structured entities

The table below shows the (i) carrying amount of interests held by Natixis in structured entities, broken down by major activities, as well as (ii) the maximum exposure to the risk of loss attributable to these interests.

As well as the breakdown of Natixis' interests in these entities, the table below also provides information on the size of the entities. This information is reported on an aggregate basis, in which all entities that Natixis has an interest in, regardless of the level of the interest, are grouped together by business.

The size of structured entities equates:

- for *Securitization*, to the total issues on the liability side of the balance sheet;
- for *Asset Management*, to the fund's net assets;
- for *Structured Financing*, to the amount of the remaining loan outstandings due to banks in the pool (drawn outstandings);
- for other activities, to the total assets.

The maximum risk exposure corresponds to the cumulative amount of interests recorded under balance sheet assets and commitments given, minus contingency reserves recorded under liabilities and guarantees received:

- the "Notional amount of derivatives" item corresponds to the notional amount of option and CDS sales agreed to by Natixis with structured entities;
- guarantees received are guarantees granted by third parties to Natixis to cover its exposure related to structured entities. They are only included on the "Guarantees received" line and are not deducted from the asset items.

AT DECEMBER 31, 2018

Excluding insurance business investments *(in millions of euros)*	31/12/2018				
	Securitization	Asset Management	Structured Financing	Other activities	Total
Financial assets at fair value through profit or loss	**450**	**1,170**	**1,021**	**399**	**3,040**
Trading derivatives	8	70	131	334	542
Trading instruments (excluding derivatives)	371	153	702	51	1,277
Financial instruments measured using the fair value option	-	-	-	-	-
Financial instruments to be valued at fair value through profit or loss	71	947	188	14	1,221
Financial assets at fair value through equity	**-**	**-**	**3**	**0**	**3**
Financial assets at amortized cost	**5,979**	**1,638**	**12,217**	**696**	**20,531**
Other assets	**14**	**40**	**19**	**19**	**92**
TOTAL ASSETS	6,443	2,848	13,260	1,114	23,666
Financial liabilities at fair value through profit or loss (derivatives)	19	204	585	192	1,000
Provisions	6	0	13	2	21
TOTAL LIABILITIES	25	204	598	194	1,021
Financing commitments given	3,918	245	2,380	439	6,982
Guarantee commitments given	261	4,927	2,471	4	7,663
Guarantees received	-	1	3,177	260	3,438
Notional amount of sales of options and CDS	405	155	2,788	262	3,610
MAXIMUM EXPOSURE TO RISK OF LOSS [(A)]	11,021	8,175	17,709	1,557	38,462

(a) Of which €0.2 million at January 1, 2018 for the SFS business lines (excluding CEGC) recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).

Insurance business investments *(in millions of euros)*	31/12/2018				
	Securitization	Asset management	Structured Financing	Other activities	Total
Financial assets at fair value through profit or loss	**-**	**9,157**	**-**	**-**	**9,157**
Trading derivatives	-	-	-	-	-
Trading instruments (excluding derivatives)	-	4,663	-	-	4,663
Financial instruments measured using the fair value option	-	4,494	-	-	4,494
Available-for-sale financial assets	**908**	**2,994**	**-**	**-**	**3,902**
Loans and receivables	**-**	**-**	**-**	**-**	**-**
Held-to-maturity financial assets	**-**	**-**	**-**	**-**	**-**
Other assets	**0**	**-**	**-**	**-**	**0**
TOTAL ASSETS	908	12,151	-	-	13,059
Financial liabilities at fair value through profit or loss (derivatives)	-	-	-	-	-
Provisions	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
Financing commitments given	344	189	-	-	534
Guarantee commitments given	-	-	-	-	-
Guarantees received	-	-	-	-	-
Notional amount of sales of options and CDS	-	-	-	-	-
MAXIMUM EXPOSURE TO RISK OF LOSS [(A)]	1,253	12,340	-	-	13,593
SIZE OF STRUCTURED ENTITIES	97,156	209,688	70,984	1,137	378,965

(a) Of which €267 million at January 1, 2018 for the SFS business line CEGC recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).

AT DECEMBER 31, 2017

(in millions of euros)	31/12/2017 Securitization	Asset management	Structured Financing	Other activities	Total
Financial assets at fair value through profit or loss	**115**	**9,368**	**901**	**308**	**10,693**
Trading derivatives	9	227	65	308	608
Trading instruments (excluding derivatives)	85	4,077	624	1	4,787
Financial instruments measured using the fair value option	21	5,065	213	-	5,298
Available-for-sale financial assets	**841**	**2,876**	**15**	**40**	**3,771**
Loans and receivables	**3,605**	**1,784**	**12,495**	**995**	**18,879**
Held-to-maturity financial assets	-	-	-	-	-
Other assets	**4**	**38**	**39**	**27**	**109**
TOTAL ASSETS	4,565	14,066	13,450	1,371	33,452
Financial liabilities at fair value through profit or loss (derivatives)	54	237	499	37	828
Provisions	-	1	3	1	5
TOTAL LIABILITIES	54	238	503	38	832
Financing commitments given	4,457	488	2,091	530	7,567
Guarantee commitments given	167	5,881	2,057	4	8,109
Guarantees received	-	1	2,807	263	3,070
Notional amount of sales of options and CDS	425	286	2,380	922	4,013
MAXIMUM EXPOSURE TO RISK OF LOSS	9,614	20,720	17,168	2,565	50,066
SIZE OF STRUCTURED ENTITIES	92,996	192,081	61,831	1,258	348,166

For Asset Management entities, guarantees given correspond to capital and/or performance guarantees given to mutual funds *(see Note 5.1.3)*.

5.3 Non-consolidated structured entities in which Natixis is involved only as a sponsor

With respect to information that must be disclosed under IFRS 12, Natixis sponsors a structured entity when the two following indicators are both met:

- Natixis is involved in the creation and structuring of the structured entity;
- Natixis contributes to the entity's success by transferring assets to it or by managing the structured entity's relevant activities.

Where Natixis' participation is simply as an advisor, arranger, custodian or placement agent, the structured entity is presumed not to be sponsored by Natixis.

Natixis plays the role of sponsor for:

- mutual funds initiated by a Natixis management company and in which Natixis holds no stake nor any other interest. Reported income includes management and incentive fees received by Natixis, as well as profits and losses resulting from ongoing transactions with these funds;
- a US activity consisting of originating and selling real estate loans to securitization vehicles, created by Natixis with third parties and in which Natixis holds no interest. Reported income includes structuring fees as well as capital gains and losses on the assignment of receivables.

AT DECEMBER 31, 2018

(in millions of euros)	31/12/2018 Securitization	Asset management	Total	31/12/2017 Securitization	Asset management	Total
Revenues drawn from the entities		**154**	**154**		**184**	**184**
Revenues net of interest		0	0		2	2
Revenues net of fees and commissions		148	148		178	178
Net gains or losses on instruments at fair value through profit or loss		5	5		5	5
Carrying value of the assets transferred from the entity during the year*	**1,181**	**-**	**1,181**	**2,365**	**-**	**2,365**

* *The carrying value of assets transferred to these vehicles corresponds to assets sold by Natixis during 2018 and 2017, where the information on the sold amounts by all investors is not available.*

5.4 Financial support to structured entities

Natixis did not grant any financial support to consolidated or non-consolidated structured entities.

NOTE 6 ACCOUNTING PRINCIPLES AND VALUATION METHODS

6.1 Financial assets (excluding derivatives)

In accordance with IFRS 9 "Financial instruments", on initial recognition, financial assets are recorded at amortized cost, at fair value through other comprehensive income, or at fair value through profit of loss. For debt instruments, the classification depends on the business model applicable to the instruments in question and the characteristics of their contractual cash flows (whether they represent Solely Payments of Principal and Interest (SPPI) or not).

6.1.1 Business model

The business model represents the way in which Natixis manages its financial assets to produce cash flow and revenues. The entity must exercise judgment to determine the business model used.

The choice of business model must be made at a level which reflects the way in which groups of financial assets are managed collectively with a view to achieve a given economic objective. The business model is therefore not determined on an instrument by instrument basis, but rather at a higher level of aggregation, by portfolio.

The choice of business model must take into account all information regarding the manner in which cash flows were generated in the past, along with all other relevant information, for example:

- the way in which the performance of financial assets is assessed and presented to the main executive officers;
- the risks that have an impact on the business model's performance, in particular the way in which these risks are managed;
- the way in which executive officers are paid (for example, if pay is based on the fair value of assets under management or on the contractual cash flows received);
- the frequency, volume and purpose of sales.

IFRS 9 provides for three business models:

- **Hold to collect model**: in this model, financial assets are held in order to receive contractual cash flows over the life of the assets. This model, under which the concept of "holding" is relatively similar to holding to maturity, remains valid if sales are made under the following conditions:
  - the disposals are due to an increase in credit risk,
  - the disposals occur just before maturity and at a price that reflects the contractual cash flows that are still owed,
  - other disposals may also be compatible with the "hold to collect" model's objectives if they are infrequent (even if their value is significant) or if their value is insignificant when considered both individually and overall (even if they are frequent).

  Natixis has established procedures requiring the reporting, prior analysis and regular monitoring of all major plans to sell financial assets held under the Hold to Collect model to ensure that the conditions required to classify assets under this business model are met at all times.

  For Natixis, the hold to collect model applies mainly to financing activities (excluding the loan syndication activity) carried out by Corporate & Investment Banking and Specialized Financial Services;
- **Hold to collect and sell model**: a mixed business model under which assets are managed with the objective of both receiving contractual cash flows and selling financial assets. In this model, financial assets are sold to achieve the purpose of the activity.

  Natixis applies the "hold to collect and sell" model primarily to portfolio management activities for securities in the liquidity reserve.
- **Other model**: a model intended for other financial assets, especially those held for trading, for which the collection of contractual cash flows is incidental.

  This business model applies to the loan syndication activity and the Capital Markets activities carried out by Corporate & Investment Banking.

6.1.2 The SPPI test

A financial asset is considered as basic if its contractual terms give rise, on specific dates, to cash flows that are solely payments of principal and interest on the outstanding amount due.

The principal amount is defined as the financial asset's fair value at its acquisition date. Interest is the consideration for the time value of money and the credit risk incurred on the principal amount, as well as other risks such as liquidity risk, administrative costs and the profit margin.

The instrument's contractual terms must be taken into account to assess whether contractual cash flows are solely payments of principal and interest. All elements that may cast doubts as to whether only the time value of money is represented must therefore be analyzed. For example:

- events that would change the amount and date of the cash flows;
- the applicable interest rate features;
- prepayment and extension options.

For the borrower or lender, a contractual option permitting prepayment of financial instruments does not violate the SPPI test for contractual cash flows if the prepayment amount mainly represents the unpaid amounts of principal and interest and, if applicable, a reasonable additional compensation for the early termination of the contract.

If a clear determination cannot be made through qualitative analysis, quantitative analysis (a "benchmark test") is carried out. This test involves comparing the contractual cash flows for the asset in question with the contractual cash flows of a benchmark asset.

Basic financial assets (those that generate SPPI) are debt instruments such as fixed-rate loans, variable-rate loans without an interest rate tenor mismatch or that are not linked to a security or to a market index, and fixed-rate or variable-rate debt securities.

Any contractual option that creates risk exposure or cash-flow volatility that is not consistent with a basic lending arrangement, such as exposure to fluctuations in the price of stocks or of a market index, or the introduction of leverage, would make it impossible to categorize contractual cash flows as "SPPI".

Non-SPPI financial assets include mutual fund units and convertible bonds or mandatory convertible bonds with a fixed conversion ratio.

Natixis has introduced the operational procedures necessary to analyze the SPPI status of financial assets when they are initially recognized. A specific cash flow analysis is also carried out for securitization fund units or any other financial assets issued by structures that establish an order of payment priority between bearers and create concentrations of credit risk (tranches). Determining the SPPI status of these instruments requires an analysis of the contractual cash flows and credit risk of the assets concerned and of the portfolios of underlying financial assets (according to the look-through approach).

6.1.3 Financial assets at amortized cost

Financial assets recognized at amortized cost correspond to debt instruments, in particular loans and receivables due from credit institutions and customers as well as securities carried at amortized cost such as treasury bills and bonds.

They are measured at amortized cost if they meet the following two conditions:

- the asset is held in a business model whose objective is to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the outstanding amount due, on specific dates. In this case, the asset is considered basic and its cash flows are categorized as SPPI.

They are initially recorded at fair value plus or minus transaction costs. In the case of loans, transaction costs include fees and any expenses directly attributable to setting up the loan.

On subsequent balance sheet dates, they are measured at amortized cost using the effective interest method.

The "effective interest rate" is the rate that discounts estimated future cash flows (payments or receipts) to the value of the debt instrument at inception. This rate includes any discounts and any external transaction income or costs directly related to the issue of the loans, which are treated as an adjustment to the effective yield.

When loans are granted at below-market interest rates, a discount corresponding to the difference between the face value of the loan and the sum of future cash flows discounted at the market interest rate is deducted from the face value of the loan. The market rate of interest is the rate applied by the vast majority of financial institutions at any given time for instruments and counterparties with similar characteristics.

Interest accrued or received on debt instruments is recorded in income under "Interest and similar income" using the effective interest rate method. If the instruments are sold, the gain or loss is recorded in the income statement under "Net gains or losses arising from the derecognition of instruments at amortized cost".

The accounting treatment of transactions recognized at amortized cost under IFRS 9 described above is similar to the treatment previously applied under IAS 39 for transactions recorded as loans and receivables.

Specific case of loans restructured due to the debtor's financial situation

"Restructured" loans correspond to loans with modified terms under which Natixis grants a concession to borrowers facing or likely to face financial difficulties. They are a combination of a concession granted by Natixis and financial difficulties experienced by the borrower.

The modified terms of restructured loans must put the borrower in a more favorable situation (e.g. suspension of interest or principal payment, extension of term, etc.) and are confirmed by the use of amendments that modify the terms of an existing contract or by the full or partial refinancing of an existing loan.

Financial difficulties are determined by observing a number of criteria such as amounts past due for over 30 days or an at-risk rating. The restructuring of a loan does not necessarily result in the counterparty being classified in the Basel default category, as the financial difficulty is addressed before the counterparty is downgraded into the Basel default category.

For loans restructured by amending the terms of the existing contract, with no derecognition of the initial asset, a discount must be recorded, corresponding to the difference between:

- the present value of the contractual cash flows initially expected; and
- the present value of the revised contractual cash flows discounted at the original effective interest rate.

The discount is recorded in the income statement under "Provision for credit losses", taking into account the characteristics of the loan prior to the restructuring operation (non-performing loan). It is written back to net interest income in the income statement over the remaining life of the loan.

If the discount is not material, the effective interest rate of the restructured loan is changed and no discount is recognized.

The restructured loan is reclassified as performing based on expert opinion when no uncertainty remains as to the borrower's capacity to honor the commitment.

A loan is no longer considered as restructured once the following conditions are met:

- a period of two years has passed since the date of the restructuring;
- the loan is recognized as a performing loan at the reporting date;
- no loan is past due by more than 30 days;
- regular and material repayments (principal and interest) have been made over a period of at least one year.

For restructured loans either fully or partially converted into a substantially different asset (such as an equity instrument or an instrument changing from fixed rate to variable rate and vice versa) or that have given rise to a change of counterparty:

- the new instruments are booked at fair value;
- the difference between the carrying amount of the derecognized loan and the fair value of the assets received in exchange is recorded in income under the provision for credit losses;
- any provision previously recorded on the loan is adjusted and fully reversed if the loan is fully converted into a new asset.

6.1.4 Financial assets at fair value through recyclable and non-recyclable other comprehensive income

Financial assets recognized at fair value through other comprehensive income mainly correspond to debt instruments: government securities and bonds.

A debt instrument is valued at fair value through other comprehensive income if it meets the following two conditions:

- the asset is held in a hold to collect business model with the objective of both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the outstanding amount due, on specific dates. In this case, the asset is considered basic and its cash flows are categorized as SPPI.

Debt instruments at fair value through other comprehensive income are initially recognized at their market value, including any transaction costs.

At the reporting date, they are measured at fair value by applying the market price to listed securities, and changes in fair value are recorded under "Gains and losses recognized directly in recyclable other comprehensive income".

Interest accrued or received on debt instruments is recorded in income under "Interest and similar income" using the effective interest rate method. In case of sale, changes in the fair value of debt instruments are transferred to income under "Gains or losses on financial assets at fair value through other comprehensive income".

Specific case of equity instruments

Equity instruments may be measured at fair value through other comprehensive income under an irrevocable option. This irrevocable option applies on a case-by-case basis and only to equity instruments not held for trading purposes.

At the reporting date, they are measured at fair value and changes in fair value are recorded under "Gains and losses recognized directly in non-recyclable other comprehensive income".

Realized and unrealized gains or losses continue to be recognized in equity and are never recognized in income, except for dividends which impact income. Income from the disposal of equity instruments is transferred to "Consolidated reserves". No impairment is recorded on equity instruments measured at fair value through other comprehensive income.

For the record, the treatment of "Available-for-sale assets" under IAS 39 was identical to the accounting treatment to be applied under IFRS 9, with the exception firstly of the treatment of income from the sale of equity instruments, which was transferred from equity to income under "Gains or losses on available-for-sale financial assets" under IAS 39, and with the exception secondly of the provisions relating to impairment.

6.1.5 Financial assets at fair value through profit or loss

Financial assets recorded in the fair value category correspond to:

- financial assets held for trading: these are debt and equity instruments acquired or originated by Natixis principally to be sold in the near term and those forming part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Guarantee deposits and the corresponding margin calls relating to securities sold under repurchase agreements and derivatives transactions recorded under liabilities in the balance sheet are also included in this item;
- financial assets under the fair value option: these are SPPI instruments not held for trading. They are designated at fair value through profit or loss on initial recognition under IFRS 9 only if this option reduces a measurement inconsistency with a related financial asset/liability in income (referred to as an accounting mismatch under IAS 39);
- financial assets at fair value through profit or loss because of their characteristics: these are debt instruments that do not meet the SPPI criteria *(see Note 6.1.2)*, for example mutual fund units, which are considered debt instruments without SPPI characteristics under IFRS 9. Non-SPPI debt instruments held for trading are presented with assets held for trading.

  Non-consolidated investments in associates for which the irrevocable option of measurement at fair value through non-recyclable other comprehensive income has not been adopted are also classified in this category *(see Note 8.1.1)*.

Financial assets at fair value through profit and loss are measured on initial recognition at market value, with transaction costs recognized in the income statement.

The market value is reviewed at each subsequent reporting date in line with the principles outlined in Note 6.6 "Fair value of financial instruments". Changes in value, including coupons, are recorded under "Gains or losses on financial instruments at fair value through profit and loss" in the consolidated income statement, with the exception of interest accrued and due on non-SPPI financial assets, which is recorded under "Interest income".

6.1.6 Recognition date for securities transactions

Securities bought or sold are, respectively, recognized or derecognized on the settlement date, regardless of their accounting category.

Reverse transactions are also recognized on the settlement date. For repurchase and reverse repurchase transactions, a financing commitment received or given respectively is recognized between the transaction date and the settlement date when these transactions are recognized in "Liabilities" and "Loans and receivables" respectively.

When repurchase and reverse repurchase transactions are recognized in "Assets and liabilities at fair value through profit or loss", the repurchase commitment is recognized as a forward interest rate derivative.

6.2 Leases

Transactions where Natixis is the lessor

Leases are classified as finance leases when substantially all of the risks and rewards incidental to ownership are transferred to the lessee. All other leases are classified as operating leases.

IAS 17, which sets forth the accounting treatment of leases, gives five examples of situations where substantially all of the risks and rewards incidental to ownership are transferred to the lessee:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently below the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- the lease term is for the major part of the economic life of the asset;
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- the leased assets are of such a specialized nature that only the lessee can use them without major modifications.

IAS 17 also describes three indicators that individually or in combination could also lead to a lease being classified as a finance lease:

- if the lessee cancels the lease, the lessor's losses associated with the cancellation are borne by the lessee (capital loss on the asset, etc.) ;
- gains or losses from the change in the fair value of the residual value accrue to the lessee;
- the lessee has the ability to continue the lease at a rent that is substantially below the market rent.

At inception, assets held under a finance lease are recognized in the lessor's balance sheet and presented as a receivable at an amount equal to the net investment in the lease, corresponding to the present value of minimum lease payments due from the lessee discounted at the rate of return implicit in the lease, plus any non-guaranteed residual value accruing to the lessor.

Revenues under the finance lease are recognized as income at the interest rate implicit in the lease so as to produce a constant periodic rate of return on the lessor's net investment. The interest rate implicit in the lease is the discount rate that, at the inception of the lease, causes:

- the aggregate present value of the minimum lease payments receivable by the lessor and the non-guaranteed residual value, to be equal to the sum of;
- the fair value of the leased asset and any initial direct costs of the lessor, i.e. the costs incurred specifically by the lessor during the set-up of the leasing contract. These two items form the initial value of the asset.

IAS 17 requires that non-guaranteed residual value be reviewed on a regular basis. If there has been a reduction in the estimated non-guaranteed residual value, the allocation of revenues over the lease term is revised (revised depreciation schedule) and any reduction in respect of amounts accrued is recognized immediately.

Finance lease contract revenues corresponding to interest are recognized in the income statement under "Interest and similar income".

The provisions for finance leases are described in Note 6.3.

Assets provided under operating leases are shown in the balance sheet under property, plant and equipment or intangible assets in the case of equipment leases, and investment property in the case of property leases. Lease income from operating leases is recognized in the income statement on a straight-line basis over the lease term, under "Income or expenses from other activities".

Transactions where Natixis is the lessee

For consolidation purposes, property, plant and equipment used in the business and held under finance leases is restated and reported under "Property, plant and equipment" if it is material. At the inception of the lease term, leased property, plant and equipment is recognized at the lower of fair value and the present value of the minimum lease payments, with a corresponding entry under debt on the liability side of the balance sheet.

Leased assets are depreciated in the same way as owned assets of the same nature.

For operating leases, the leased assets are not recognized in the lessee's assets. Payments made for operating leases are recognized in the income statement on a straight-line basis over the lease term under "expenses from other activities".

6.3 Impairment of assets at amortized cost and at fair value through other comprehensive income and provisions for financing and guarantee commitments

Debt instruments classified as financial assets at amortized cost or at fair value through other comprehensive income, loan commitments and financial guarantee contracts that are not recognized at fair value through profit or loss, as well as lease receivables, are impaired or covered by a provision for expected credit losses (ECL) as of the date of initial recognition.

These financial assets will be divided into three categories depending on the increase in credit risk observed since their initial recognition. An impairment charge shall be recorded on outstanding amounts in each category, as follows:

Stage 1 (or S1)

These are performing loans for which credit risk has not increased materially since initial recognition. Impairment or provision for credit risk on these loans is recorded in the amount of 12-month expected credit losses. Interest income on these loans is recognized through profit or loss using the effective interest rate method applied to the gross carrying amount of the instrument before impairment.

Stage 2 (or S2)

Performing loans for which credit risk has increased materially since initial recognition are transferred to Stage 2. The impairment or the provision for credit risk is determined on the basis of the instrument's expected credit losses at maturity (lifetime ECL). Interest income on these outstandings is recognized through profit or loss using the effective interest rate method applied to the gross carrying amount of the instrument before impairment.

Stage 3 (or S3)

Loans that are "impaired" as defined by IFRS 9 are transferred to this category. These are loans for which there is objective evidence of impairment loss due to an event that represents a counterparty risk occurring after the initial recognition of the instrument in question. This generally concerns, as was the case under IAS 39, receivables for which a default event has been identified as defined in Article 178 of the EU regulation of June 26, 2013 on regulatory requirements for credit institutions. The impairment or provision for credit risk is calculated according to the losses expected over the instrument's residual lifetime (expected losses at maturity) based on the recoverable value of the receivable, i.e. the present value of the estimated recoverable future cash flows after taking the impact of any collateral into account. Interest income is recognized through profit or loss based on the effective interest method rate applied to the net carrying amount of the asset after impairment.

In addition, the standard makes a distinction between purchased or originated credit-impaired (POCI) assets, which correspond to financial assets purchased or created and already impaired for credit risk at their initial recognition and for which the entity does not expect to recover all the contractual cash flows at the date of initial recognition. POCI are impaired based on lifetime expected losses at the reporting date immediately following initial recognition.

For operating lease or lease financing receivables—which fall within the scope of IAS 17—Natixis has opted not to apply the simplified approach proposed by IFRS 9, which involves measuring lifetime expected credit losses so as not to have to identify the significant increase in credit risk since initial recognition.

The principles for measuring the increase in credit risk and expected credit losses applicable to most of the Group's exposures are described below.

The significant increase in credit risk is valued on an individual basis by taking into account all reasonable and justifiable information and by comparing the default risk on the financial instrument at the end of the fiscal year with the default risk on the financial instrument at the date of its initial recognition. Measuring an increase in the risk should, in most cases, lead to a downgrade to Stage 2 before the transaction is individually impaired (Stage 3).

More specifically, the change in credit risk is measured on the basis of the following criteria:

- for Large Corporates, Banks and Sovereigns loan books: an increase in credit risk is measured based on a combination of quantitative and qualitative criteria. The quantitative criterion is based on the change in rating since initial recognition. Additional qualitative criteria are used to categorize as Stage 2 any contracts included on a non-S3 watch list, undergoing adjustments due to financial hardship (forbearance) or more than 30 days past due (the assumption that payments are more than 30 days past due was therefore not refuted). Additional criteria based on the sector rating and level of country risk are also used;
- Individual Customer, Professional Customer, SME, Public Sector and Social Housing loan books: an increase in credit risk is measured based on a combination of quantitative and qualitative criteria. The quantitative criterion is based on the measurement of the change in 12-month probability of default since initial recognition (probability of default measured as a cycle average). Additional qualitative criteria are used to categorize as Stage 2 any contracts rated at-risk, included on a watch list, undergoing adjustments due to financial hardship (forbearance) or more than 30 days past due (the assumption that payments are more than 30 days past due was therefore been refuted). Additional criteria based on the sector rating and level of country risk are also used.

For all of these loan books, the ratings on which the measurement of the increase in risk is based are any available ratings produced by internal systems, as well as external ratings, particularly when an internal rating is not available.

If there is no rating on the date the loan is granted or on the reporting date, it is automatically categorized as Stage 2.

The standard provides that the credit risk of a financial instrument has not increased materially since its initial recognition if this risk is considered to be low at the end of the fiscal year. This provision is applied to certain investment grade debt securities.

If the downgrading since the start is no longer recorded, the impairment is recognized in losses expected within 12 months.

Financial assets where there is objective evidence of impairment loss due to an event which represents a known counterparty risk and which occurs after their initial recognition are considered as being classified as Stage 3. Asset identification criteria are similar to those under IAS 39 and are aligned with the concept of default in prudential terms.

Accordingly, loans and receivables are categorized as Stage 3 if both of the following conditions are met:

- there is objective evidence of impairment on an individual or portfolio basis: there are "triggering events" or "loss events" identifying counterparty risk occurring after the initial recognition of the loans in question. On an individual basis, probable credit risk arises from default events defined in Article 178 of European regulation 575-2013 dated June 26, 2013 relating to prudential requirements applicable to credit institutions. Objective evidence of impairment includes any payments that are past due by at least three months, or regardless of whether any payment has been missed, the observation of financial hardship experienced by the counterparty leading to the expectation that some or all of the amounts owed may not be recovered or to the initiation of legal proceedings;
- these events are liable to lead to the recognition of incurred losses, that is, expected losses for which the probability of occurrence has become certain.

Debt instruments such as bonds or securitized transactions (ABS, CMBS, RMBS, cash CDOs) are considered impaired and are classified as Stage 3 when there is a known counterparty risk. The Group uses the same impairment indicators for debt securities classified at Stage 3 as those used for individually assessing the impairment risk on loans and receivables.

For perpetual deeply subordinated notes that meet the definition of financial liabilities within the meaning of IAS 32, particular attention is also paid if, under certain conditions, the issuer may be unable to pay the coupon or extend the issue beyond the scheduled redemption date.

Impairments for expected credit losses on Stage 3 financial assets are determined as the difference between the amortized cost and the recoverable value of the receivable, i.e. the present value of estimated recoverable future cash flows, whether these cash flows come from the counterparty's activity or from the potential execution of guarantees. For short-term assets (maturity of less than one year), there is no discounting of future cash flows. Impairment is determined globally, without distinguishing between interest and principal. Expected credit losses arising from Stage 3 financing or guarantee commitments are taken into account through provisions recognized on the liability side of the balance sheet. Specific impairment is calculated for each receivable on the basis of the maturity schedules determined based on historical recoveries for each category of receivable.

For the purposes of measuring expected credit losses, pledged assets and other credit enhancements that form an integral part of the contractual conditions of the instrument and that the entity does not recognize separately are taken into account in the estimate of expected cash flow shortfalls.

Loans classified as Stage 3, which would not be impaired following an individual expected recovery analysis, are impaired or provisioned on the basis of a loan loss reserve ratio calibrated based on historical unexpected losses on unprovisioned loans.

Expected credit losses on Stage 1 or Stage 2 assets are calculated using the following formula:

$$\sum_{t} EAD(t) \times PD(t) \times LGD$$

which is the sum, discounted for each projection year, of the product of the EAD, PD and LGD parameters:

- EAD(t) (Exposure At Default): the amount of loss that the institution may be exposed to on the loan in question during year t, including accelerated amortization and credit conversion factors where necessary;
- PD(t) (Probability of Default): the probability that the counterparty will default during year t;
- LGD (Loss Given Default): the amount of unrecovered contractual cash flows after the recovery phase in the event that the counterparty defaults on the loan in question.

Natixis draws on existing concepts and mechanisms to define these inputs, and in particular on internal models developed to calculate regulatory capital requirements (capital adequacy ratios) and on projection models similar to those used in the stress test system. Certain adjustments are made to comply with the specifics of IFRS 9:

- IFRS 9 parameters therefore aim to provide an accurate estimate of losses for accounting provision purposes, whereas prudential parameters are more cautious for regulatory framework purposes. Several safety buffers included in the prudential parameters are therefore restated, such as the PD and LGD downturn add-on, regulatory floors and internal costs);
- the IFRS 9 parameters used to calculate provisions on loans classified as Stage 2 must enable lifetime expected credit losses to be calculated, whereas prudential parameters are defined for the purposes of defining 12-month default rates. 12-month parameters are thus projected over longer timescales.
- IFRS 9 parameters must be forward-looking and take into account the expected economic environment over the projection period, whereas prudential parameters correspond to the cycle’s average estimates (for PD) or bottom-of-the-cycle estimates (for LGD and the flows expected over the lifetime of the instrument). The PD and LGD prudential parameters are therefore also adjusted based on the expected economic environment.

Parameters are adjusted to economic conditions by defining three economic scenarios developed over a three-year period. The central scenario corresponds to the budget scenario, to ensure consistency with financial oversight processes. Two variants—an optimistic view and a pessimistic view—are also developed around this scenario based on observations of macroeconomic parameters.

The central scenario mainly draws on the outlook for the following macro-economic variables:

- the growth rate of the various economies (especially the G7 countries);
- the change in the interest rate curves;
- the forecast change in French real estate prices.

The best case and worst case economic scenarios aim to represent the uncertainty surrounding the estimated economic variables in the central scenario (GDP, inflation rate, unemployment rate, yield curve, price of oil, French real estate, euro/dollar exchange rate and stock market and volatility indices). More specifically, these scenarios are developed, where possible, based on the variability between the various contributions to the market consensuses (maximum and minimum values contributed by the various banks operating in the market place for a given variable). If a consensus is not available for a variable, the best case and worst case scenarios are developed from the observed historical variability of the variable.

The variables defined in each of these scenarios mean that PD and LGD parameters can be altered and an expected credit loss can be calculated for each economic scenario.

Parameters for periods longer than three years are projected on the principle of a gradual return to their long-term average. For consistency, the models used to alter the PD and LGD parameters are based on those developed in the stress test system. These economic scenarios are associated with probabilities of occurrence, ultimately making it possible to calculate an average probable loss used as the IFRS 9 impairment amount.

The method for determining probabilities of occurrence is based on an analysis of the market economic consensus and a measurement of the distance between the Group’s economic scenarios and this market consensus. This means that the closer an economic scenario is to the consensus, the higher its probability of occurrence.

The three scenarios are defined using the same organization and governance as that defined for the budget process, with an annual review based on proposals from the Economic Research Department and approval by the Senior Management Committee. The scenarios’ probability of occurrence is reviewed on a quarterly basis by drawing on the observed changes in the macroeconomic parameters used in the economic scenario.

The parameters thus defined allow credit losses for all rated exposures to be valued, regardless of whether they belong to a scope approved using an internal method or they are processed using the standard method for the calculation of risk weighted assets.

However, certain entities whose own fund requirements are calculated using the standardized method and whose exposures are not integrated into a ratings system have implemented a methodology for calculating provisions on performing loans based on historical loss rates calibrated specifically by the entity.

The mechanism for validating IFRS 9 parameters is fully integrated in the validation mechanism for existing models within Natixis and BPCE Group. As such, model validation undergoes a review process by an independent internal model validation unit.

For debt instruments recognized on the asset side of the balance sheet at amortized cost, impairments are recorded against the line on which the asset was initially shown at its net value (regardless of whether the asset is S1, S2, S3 or POCI). Impairment charges and reversals are recorded in the income statement under “Provision for credit losses”.

For debt instruments recognized on the asset side of the balance sheet against recyclable other comprehensive income, impairments are carried on the liability side of the balance sheet in recyclable other comprehensive income, with a corresponding entry on the income statement under “Provision for credit losses” (irrespective of whether the asset is S1, S2, S3 or POCI).

For loan and financial guarantee commitments, provisions are recorded on the liability side of the balance sheet under “Provisions” (irrespective of whether the commitment is S1, S2, S3 or POCI). Changes in provisions are recognized in the income statement under “Provision for credit losses”.

6.4 Derivative financial instruments and hedge accounting

Derivative financial instruments are recognized at fair value on the balance sheet, regardless of whether they are held for trading or hedging purposes.

Derivative financial instruments held for trading purposes

Derivatives held for trading purposes are recorded in the balance sheet under “Financial assets at fair value through profit or loss” when their market value is positive, and under “Financial liabilities at fair value through profit or loss” when their market value is negative.

After initial recognition, changes in fair value are recorded in the income statement under “Net gains or losses on financial instruments at fair value through profit or loss”. The interest accrued on such instruments is also included on this line.

Special case of embedded derivatives for financial liabilities

An embedded derivative is a component of a host contract which causes some or all of the cash flows of that contract to change in response to changes in an underlying (interest rate, share price, exchange rate or other index).

When the hybrid instrument (host contract and derivative) is not measured at fair value through profit or loss, the embedded derivative is separated from the host contract if it meets the criteria for definition as a derivative and its economic characteristics and associated risks are not closely related to those of the host contract.

Derivatives separated from host contracts in this way are included in assets and liabilities at fair value through profit or loss.

Hedging instruments

In line with the option offered by IFRS 9, Natixis has chosen to continue applying IAS 39 to account for its hedging transactions.

IAS 39 recognizes three types of hedging relationship: cash flow hedges, fair value hedges and hedges of net investments in foreign operations.

Derivatives may only be designated as hedges if they meet the criteria set out in IAS 39 at inception and throughout the term of the hedge. These criteria include formal documentation that the hedging relationship between the derivatives and the hedged items is both prospectively and retrospectively effective. Hedging relationships are presumed to be effective when, retrospectively, changes in the value of the hedging instrument offset changes in the value of the hedged item in a range of 80%-125%.

Cash flow hedging

Cash flow hedging is used to hedge future cash flows from an existing or highly probable future transaction.

Hedging of variable-rate borrowings and issues

Natixis uses interest rate swaps borrowing at fixed rates to fix future costs of interbank borrowings and public/private issues.

Hedging of variable-rate loans

Natixis uses plain vanilla interest rate swaps lending at fixed rates to fix future variable-rate borrowing costs.

Overall hedging of interest rate risk

Cash flow hedges are mainly used to hedge Natixis’ overall interest rate risk.

The documentation for these structural hedges is based on future variable cash management schedules for all variable-rate transactions.

Prospective hedge effectiveness tests involve establishing (by index and currency): cumulative variable-rate borrowings and fixed-rate borrower swaps by maturity bracket, and cumulative variable-rate loans and fixed-rate lender swaps, by maturity bracket.

Hedging is demonstrated if, for each maturity, the nominal amount of the items to be hedged is greater than the notional amount of the hedging derivatives.

Retrospective hedge effectiveness tests are used to verify whether the hedge was effective at different reporting dates. At each such date, changes in the fair value of hedging instruments (excluding accrued interest) are compared with changes in the fair value of the hypothetical derivative instruments hedged (synthetic instruments representative of hedged assets or liabilities and management intentions). To be effective, changes in the fair value of hedging instruments must offset changes in the fair value of hedged items in a range of 80%-125%. Outside these limits, the hedge would no longer qualify.

Accounting for cash flow hedges

The effective portion of the gain or loss on the hedge is recognized directly in equity, while the ineffective portion is taken to income at each reporting date under “Net gains or losses on financial instruments at fair value through profit or loss”. No specific entries are made to hedged items (other than those that would be made if they were not hedged).

If a hedging relationship is discontinued, for example when hedge effectiveness is outside the 80%-125% range, the derivative must be reclassified in financial instruments at fair value through profit or loss, while the cumulative amount relating to the effective portion of the hedge that has been carried directly in recyclable other comprehensive income under "Unrealized or deferred gains or losses" is recycled to income when the hedged item itself affects income.

Fair value hedging

Fair value hedging is intended to hedge the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment.

Overall hedging of interest rate risk

The subsidiary Natixis Financial Products LLC documents overall hedging of its interest rate risk in accordance with fair value hedging rules. To account for these transactions, the subsidiary applies the carve-out provisions of IAS 39 as adopted by the European Union. The accounting treatment of derivative financial instruments designated for accounting purposes as structural fair value hedges is similar to that applied to fair value hedging derivatives. Changes in the fair value of portfolios of hedged instruments are reported on a specific line of the balance sheet ("Revaluation adjustments on portfolios hedged against interest rate risk"), with a corresponding entry in income.

Hedging of fixed-rate loans and borrowings

Natixis uses plain vanilla interest rate swaps lending at fixed rates to protect itself against the impact of unfavorable changes in interest rates on its fixed-rate borrowings and issues. Plain vanilla swaps borrowing at fixed rates are used to protect it from the impact of unfavorable changes in interest rates on its fixed-rate loans and securities.

Documentation of fair value hedges

Prospective hedge effectiveness tests involve verifying that the financial characteristics of the hedged item and the hedging instrument are virtually identical: value date, maturity date, notional amount, fixed rate, and payment frequency.

Retrospective hedge effectiveness tests are used to verify whether the hedge was effective at different reporting dates.

At each such date, changes in the fair value of hedging instruments (excluding accrued interest) are compared with changes in the fair value of the hypothetical assets and liabilities hedged (synthetic instruments representative of hedged assets or liabilities). To be effective, changes in the fair value of hedging instruments must offset changes in the fair value of hedged items in a range of 80%-125%.

Outside these limits, the hedge no longer qualifies for hedge accounting under IFRS.

Accounting for fair value hedges

Changes in the fair value of the derivatives are recognized as income for both the effective and ineffective portions.

Symmetrically, changes in the fair value of the hedged items are recognized as income.

Accordingly, only the ineffective portion of the hedge affects income.

Changes in the fair value of hedging derivatives excluding accrued interest are recorded in income under "Net gains or losses on financial instruments at fair value through profit or loss". Accrued interest relating to these instruments is recorded under "Interest and similar income" or "Interest and similar expenses".

When a hedging relationship is discontinued, the hedging instrument is reclassified in financial instruments at fair value through profit or loss, while the unrealized gain or loss on the hedged item is fixed at its amount on the date the hedge is discontinued and taken to income through to maturity.

Hedging of a net investment in a foreign operation

Net investment hedges are used to hedge the exchange risk arising on net foreign currency investments (consolidated subsidiary or investment). They are accounted for in the same way as cash flow hedges. The effective portion of changes in the fair value of hedging instruments (monetary derivative or liability denominated in foreign currency) is recognized in equity. These changes in fair value are offset against the translation adjustments recognized when the entity was consolidated *(see Note 3.9)*. The ineffective portion of changes in fair value is recognized in income. Unrealized gains or losses recognized directly in equity are transferred to income when all or part of the net investment is sold.

Internal contracts

Many internal contracts involving derivatives used in hedge accounting exist between Natixis and its subsidiaries. To ensure that the transactions meet the hedge accounting criteria for consolidation purposes, Natixis regularly verifies that they have been correctly hedged on the market.

Credit derivatives

Credit derivatives used by Natixis are not considered as financial guarantees but as derivatives falling within the scope of IAS 39. They are classified as assets or liabilities at fair value through profit or loss.

6.5 Transactions in foreign currencies

The method used to account for assets and liabilities relating to foreign currency transactions entered into by Natixis depends upon whether the asset or liability in question is classified as a monetary or a non-monetary item.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the spot rate prevailing at the reporting date. All of the resulting foreign exchange gains and losses are recognized in income, except in two cases:

- only the portion of the foreign exchange gains and losses calculated based on the amortized cost of financial assets at fair value through other comprehensive income is recognized in income, the remainder being recognized in "Gains and losses recognized directly in equity";
- foreign exchange gains and losses from monetary items designated as cash flow hedges or part of a net investment in a foreign entity are recognized in "Gains and losses recognized directly in equity".

Non-monetary items denominated in foreign currencies and measured at historical cost are translated at the exchange rate on the transaction date (or the date of reclassification in equity for the perpetual deeply subordinated notes issued: *see Note 13.3.1*).

Non-monetary items denominated in foreign currencies and measured at fair value are translated at the prevailing exchange rate at the end of the reporting period. Gains or losses on a non-monetary item (e.g. equity instruments) denominated in a foreign currency are recognized as income if the asset is classified as "Financial assets at fair value through profit or loss" and in equity if the asset is classified as "Financial assets at fair value through other comprehensive income", unless the financial asset is designated as a hedged item in a fair value hedge, in which case foreign exchange gains and losses are recorded as income.

6.6 Fair value of financial instruments

General principles

The fair value of an instrument (asset or liability) is the price that would be received to sell an asset or paid to transfer a liability in a standard arm's length transaction between market participants at the measurement date.

Fair value is therefore based on the exit price.

The fair value of an instrument on initial recognition is normally the transaction price, i.e. the price paid to acquire the asset or received to assume the liability.

In subsequent measurements, the estimated fair value of assets and liabilities must be based primarily on observable market data, while ensuring that all inputs used in the fair value calculation are consistent with the price that market participants would use in a transaction.

In this case, fair value consists of a mid-market price and additional valuation adjustments determined according to the instruments in question and the associated risks.

The mid-market price is obtained based on:

- the quoted price if the instrument is quoted on an active market. A financial instrument is regarded as quoted on an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring transactions on an arm's length basis on the main market or, failing that, the most advantageous market;
- valuation techniques if the market for a financial instrument is not active. The techniques used must maximize the use of relevant observable entry data and minimize the use of non-observable entry data. They may refer to observable data from recent transactions, the fair value of similar instruments, discounted cash flow analysis and option pricing models, proprietary models in the case of hybrid instruments or non-observable data when no pricing or market data are available.

Additional valuation adjustments incorporate factors related to valuation uncertainties, such as market, credit and liquidity risks in order to account, in particular, for the costs resulting from an exit transaction on the main market. Similarly, a Funding Value Adjustment (FVA) aiming to account for—through assumptions—costs associated with the funding of future cash flows of uncollateralized derivatives or imperfectly collateralized derivatives is also taken into account.

The main additional Funding Value Adjustments are as follows:

<u>Bid/ask adjustment – Liquidity risk</u>

This adjustment is the difference between the bid price and the ask price corresponding with the selling costs. It reflects the cost requested by a market player in respect of the risk of acquiring a position or of selling at a price proposed by another market player.

<u>Adjustment for model uncertainty</u>

This adjustment takes into account the imperfections of the valuation techniques used—in particular, the risk factors that are not considered, even when observable market inputs are available. This is the case where risks inherent to various instruments differ from those considered by the observable inputs used to value them.

<u>Adjustment for input uncertainty</u>

Observing certain prices or inputs used in valuation techniques may be difficult or the price or input may be too regularly unavailable to determine the selling price. Under these circumstances, an adjustment may be necessary to reflect the probability that market participants might adopt different values for the same inputs when evaluating the financial instrument's fair value.

<u>Value adjustment for counterparty risk (Credit Valuation Adjustment – CVA)</u>

This adjustment applies to valuations that do not account for the counterparty's credit quality. It corresponds to the expected loss related to the risk of default by a counterparty and aims to account for the fact that Natixis cannot recover all the transactions' market value.

The method for determining the CVA is primarily based on the use of market inputs in connection with professional market practices for all counterparty segments included in this calculation. In the absence of liquid market inputs, proxies by type of counterparty, rating and geographic area are used.

<u>Value adjustment for own credit risk (Debit Valuation Adjustment – DVA) and funding valuation adjustment (FVA)</u>

The DVA is symmetrical to the CVA and represents the expected loss, from the counterparty's perspective, on liability valuations of derivative financial instruments. It reflects the impact of Natixis' own credit quality on the valuation of these instruments. The adjustment is made by observing credit spreads on a sample of comparable entities, taking into account the liquidity of Natixis' CDS spread over the period. The funding valuation adjustment (FVA) is taken into account in the DVA calculation.

The following criteria are used to determine whether a market is active:

- the level of activity and trend of the market (including the level of activity on the primary market);
- the length of historical data of prices observed in similar market transactions;
- scarcity of prices recovered by a service provider;
- sharp bid-ask price spread;
- steep price volatility over time or between different market participants.

Control system

The calculation of fair value is subject to control procedures aimed at verifying that fair values are determined or validated by an independent function.

Fair values determined by reference to external quoted prices or market parameters are validated by an independent unit (the Market Data Control Department). Second-level controls are carried out by the Risk Department.

On less liquid markets, other market information, primarily observable data, is used to validate the fair value of instruments.

The factors taken into account include the following:

- the origin of the external source (stock market pages, content contribution services, etc.);
- the consistency of the various sources;
- the frequency at which the data are updated;
- the representative nature of inputs based on recent market transactions.

For fair values determined using valuation models, the control system consists of the independent validation of model construction and of the inputs incorporating these models.

This is carried out under the responsibility of the Risk Department.

It involves verifying that the model is consistent with and relevant to its intended function (price setting, valuation, coverage, measurement and control of risk) and the product to which it applies, based on:

- the theoretical approach: the financial and mathematical foundations of the model;
- the application of the model: the pricing models used to generate risk and earnings data;
- the stability of the model under parametric stress;
- an assessment of the stability and consistency of the numerical methods used;
- the independent re-implementation of the model as part of algorithm validation;
- the comparative analysis of the calibration of model parameters;
- an assessment of the model risk, particularly the comparative analysis of the model with other valuation models, in order to ensure the adequacy of the model and the payoff (the Formula of positive or negative flows attached to the product at maturity);
- the implementation of an adjustment in respect of model risk to account for potential deficiencies in the model or its calibration;
- integration of the model in information systems.

The methods for determining fair value are monitored by a number of bodies including the Observability and Inputs Committee, the Valuation Committee, the Impairment Committee and the Model Validation Committee, which comprise representatives of the Risk Department, the Finance Department, and the Market Data and Valuations Control Department.

Financial assets and liabilities measured and presented at fair value are categorized based on the following scale:

- level 1: market value is determined directly using prices quoted on active markets for identical assets and liabilities;
- level 2: market value is determined using valuation techniques based on significant data that may be directly or indirectly observed on the markets;
- level 3: market value is determined using unrecognized models and/or models based on non-observable market data, where they are liable to materially impact the valuation.

Financial assets and liabilities categorized according to the fair value hierarchy and a description of the key models are presented in Note 8.5.

6.7 Guarantee mechanism for the assets of the former GAPC hive-off vehicle

On November 12, 2009, an arrangement was made by BPCE to protect a portion of the portfolios of the former GAPC hive-off vehicle with retroactive effect at July 1, 2009. With this guarantee mechanism, Natixis was able to free up a significant portion of its equity allocated to segregated assets and to protect itself against the risk of loss from these portfolios subsequent to June 30, 2009. This protective arrangement is based on two mechanisms:

- a sub-participation with the characteristics of a financial guarantee, covering 85% of the face value of assets recognized in "loans and receivables" and "available-for-sale financial assets". Under this guarantee, Natixis is protected from the very first euro in default up to 85% of the default amount;
- two Total Return Swaps (TRS), one in euros and one in US$, transferring to BPCE 85% of unrealized and realized gains and losses on the portfolio of instruments at fair value through profit or loss (cash and derivatives) since July 1, 2009. TRS are derivatives and are therefore carried at fair value on the balance sheet, with a matching entry to income. At the same time, Natixis purchases an option from BPCE which, if exercised, allows it to recover the net gains on this portfolio after a ten-year period in return for the payment of a premium estimated at €367 million. The premium is also recognized at fair value.

The amount of the premium paid in 2009 by Natixis in return for the financial guarantee amounted to €1,183 million.

Since the unrealized capital losses or write-downs on the assets covered by the guarantee have already been recorded in income, the premium was not immediately taken to income or recognized on a straight-line basis.

Instead, the premium is initially recognized on the accruals line and taken to income over the same period, in the same amount and on the same line as:

- reversals of provisions for impairment (in Provision for credit losses);
- the deferred recognition of the discount (under net revenues) arising on October 1, 2008 on assets reclassified within "Loans and receivables" at that date pursuant to the amendment to IAS 39 and IFRS 7 published on October 13, 2008.

At December 31, 2018 (as was the case at December 31, 2017), the financial guarantee now has almost no impact in accounting and prudential terms, as the positions which it backed have almost all been sold or closed.

The same is true of the guarantee comprising TRS and an option, with the option in the money.

6.8 Property, plant and equipment, intangible assets (excluding goodwill) and investment property

Measurement on initial recognition

Investment property, shown separately from other property, plant and equipment on the balance sheet, consists of property held with the aim of generating leasing revenues rather than for operating purposes.

On the first-time adoption of IFRS, property, plant and equipment and investment property were maintained at historical cost as permitted by the options available under IFRS 1, except for property held by insurance companies which is carried at fair value through profit or loss.

Property, plant and equipment and investment property are recorded at their purchase price at the acquisition date, including directly attributable costs (transfer duties, fees, commissions and registration expenses) as well as borrowing costs when these meet the criteria for capitalization set out in IAS 23 "Borrowing Costs".

Computer software developed in-house is recognized under "Intangible assets" at its direct cost of development, which includes the related hardware costs, service costs, payroll costs directly attributable to the production and preparation of the software for use, and borrowing costs when these meet the criteria for capitalization set out in IAS 23 "Borrowing Costs".

Expenses incurred during the development phase are capitalized if they meet the criteria for recognition as intangible assets set out in IAS 38: these include technical feasibility, the intention to complete the asset and use or sell it, the probability that the asset will generate future economic benefits, the availability of resources, and the ability to reliably measure the expenditure attributable to the asset's development. Costs incurred during the research phase are not capitalized but are recognized in expenses.

Subsequent measurement

After initial recognition, assets are measured at cost less accumulated depreciation, amortization and impairment losses. Investment property held by insurance companies is measured at fair value through profit or loss in accordance with IAS 40 and IFRS 4.

Fair value is obtained using a multi-criteria approach based on the capitalization of rents at the market rate combined with a comparison with market transactions.

In accordance with Article R.332-210-1 of the French Insurance Code, a five-year appraisal is conducted by an independent expert approved by the ACPR. Between two appraisals, the market value of property is certified by experts on a half-yearly basis.

Depreciation and amortization

As soon as they are in a condition to be used by Natixis in the manner in which they were intended, property, plant and equipment and intangible assets are depreciated or amortized over their estimated useful lives on a straight-line, declining or increasing balance basis, whichever best reflects the pattern in which the economic benefits are consumed. The residual value of the asset is deducted from its depreciable or amortizable amount when it can be measured reliably. Natixis does not believe it can reliably measure the residual value of items other than land and non-destructible buildings classified as historical monuments. They are therefore assigned a residual value of zero.

In line with IAS 16, a specific depreciation schedule is defined for each significant component of an item of property, plant and equipment which has a different useful life or is expected to consume future economic benefits differently from the item as a whole. For buildings used in the business and investment property, the following components and depreciation periods have been identified:

Component	Depreciation period
Land	NA
Non-destructible buildings classified as historical monuments	NA
Walls, roofs and waterproofing	20 to 40 years
Foundations and framework	30 to 60 years
External rendering	10 to 20 years
Equipment and installations	10 to 20 years
Internal fixtures and fittings	8 to 15 years

Other items of property, plant and equipment are depreciated over their estimated useful lives, generally five to ten years.

Purchased software is amortized on a straight-line basis over its estimated useful life, which in most cases is less than five years. Internally generated software is amortized over its estimated useful life, which cannot exceed fifteen years.

Other intangible assets mainly consist of components of the client portfolio, which are amortized over the term of the contracts (average term of five to eight years for the United States).

The charge to write-down or amortization is recognized in the consolidated income statement under the heading "Depreciation, amortization and impairment of property, plant and equipment and intangible assets".

Write-downs

Assets are tested for impairment whenever there is objective evidence that they may be impaired and at least annually in the case of intangible assets with an indefinite useful life. Natixis considers whether there is any evidence of impairment at each reporting date. If any such evidence exists, the recoverable value of the individual asset is estimated wherever possible; otherwise the recoverable value of the CGU to which the asset belongs is estimated. The recoverable value is the higher of fair value less selling costs and value in use, which is the present value of future cash flows. If the recoverable value of the asset or CGU is lower than its carrying amount, an impairment loss is recognized in income under "Depreciation, amortization and impairment of property, plant and equipment and intangible assets".

Write-downs may be reversed if there has been a change in the conditions that initially resulted in the write-down (for example there is no longer any objective evidence of impairment).

Gains or losses on disposals

Gains or losses on disposals of assets used in the business are recognized in the income statement under "Gains or losses on other assets", while gains and losses on disposals of investment property are recorded within "Income from other activities" or "Expenses from other activities".

Scrapping or discontinuation of fixed assets under construction

The expense incurred from the scrapping of a fixed asset is booked to "Depreciation, amortization and impairment of property, plant and equipment and intangible assets" on the consolidated income statement.

The discontinuation of IT projects under development results in their derecognition. A corresponding expense is posted to "Gains or losses on property, plant and equipment and intangible assets" on the consolidated income statement.

6.9 Non-current assets held for sale and discontinued operations

A non-current asset (or group of assets) is meant to be disposed of when its carrying amount is recovered by means of a sale. This asset (or group of assets) must be immediately available for the sale, and it must be highly likely that the sale will happen within twelve months.

A sale is highly likely if:

- a plan to sell the asset (or group of assets) involving active marketing is made by management;
- a non-binding offer has been submitted by at least one potential buyer;
- it is unlikely that significant changes will be made to the plan or that it will be withdrawn.

The relevant assets are classified in the "Non-current assets held for sale" line item and cease to be amortized as soon as they are reclassified. An impairment loss is recognized if their carrying amount is higher than their fair value less selling costs. Associated liabilities are also identified on a separate line of the balance sheet.

A group held for sale may be a group of CGUs, a CGU or part of a CGU. The Group may include the entity's assets and liabilities, including current assets, current liabilities and assets that are outside the scope of the measurement provisions under IFRS 5. If a non-current asset within the scope of the measurement provisions under IFRS 5 is part of a group held for sale, the measurement provisions under IFRS 5 apply to the Group as a whole, which means that the Group is measured at the lower of its carrying amount or its fair value net of selling costs.

If the sale has not taken place within twelve months of classification in "Non-current assets held for sale", the asset or group of assets ceases to be classified in this category, barring special circumstances independent of Natixis' control.

The subsidiaries for which Natixis has committed to a plan to sell assets are listed in Note 3.6 "Subsidiaries held for sale".

At December 31, 2016, Natixis had entered into a sale agreement relating to one of its life insurance portfolios and securities representing these commitments. The completion of this sale was subject to approval by the ACPR (French Prudential Supervisory Authority). Securities representing insurance commitments initially recognized as "Available-for-sale financial assets" and "Financial assets and liabilities under the fair value through profit or loss option" were reclassified as "Non-current assets held for sale". In accordance with IFRS 5, the reclassified securities were valued according to the provisions of IAS 39 and the technical provision for insurance commitments was discounted. At December 31, 2018, as the transaction had not been completed, it was no longer classified under IFRS 5.

At December 31, 2018, the components (related assets and liabilities) of the EuroTitres business line held for sale in connection with the plan to sell assets presented in Note 3.6, were recorded in accordance with IFRS 5 in two separate lines of the consolidated balance sheet: "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale".

A discontinued operation is a clearly identifiable component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Assets and liabilities relating to discontinued operations are accounted for in the balance sheet in the same way as groups of assets held for sale. Gains or losses from these operations are presented on a separate line of the income statement and include the post-tax gain or loss resulting from operations discontinued before disposal and from the sale or valuation of assets or groups of assets held for sale at fair value less selling costs.

6.10 Financial liabilities at fair value through profit or loss

These are financial liabilities held for trading (including derivatives) or classified in this category on a voluntary basis at initial recognition using the fair value option available under IFRS 9.

Cash guarantee deposits and margin calls with collateral status set up in connection with repurchase agreements and derivative transactions recognized in instruments at fair value through profit or loss are also included in financial liabilities held for trading, as they are closely linked to the activities or instruments that they cover and are an integral part of the business model of the activity to which they relate.

Securities valued under this irrevocable option fall into one of the following three categories:

- instruments that are part of a group of financial assets measured and managed at fair value: the option applies to liabilities managed and measured at fair value, provided the management follows a fair value risk management policy;
- instruments showing an accounting mismatch with a related financial asset/liability: applying the option enables the elimination of accounting mismatches stemming from the application of different valuation rules to instruments managed under a single strategy;
- hybrid instruments with one or more significant, separable embedded derivatives: an embedded derivative is the component of a financial or non-financial hybrid instrument that qualifies as a derivative. The option allows the entire instrument to be measured at fair value, and therefore avoids the need to extract, recognize or separately measure the embedded derivative.

Financial liabilities in this category are carried at fair value at the reporting date and shown in the balance sheet as "Financial liabilities at fair value through profit or loss". Changes in fair value are recognized in income for the period under "Net gains or losses on financial instruments at fair value through profit or loss", except for changes in fair value attributable to own credit risk on financial liabilities at fair value through profit or loss, as such recognition does not create or increase an accounting mismatch. Changes in value attributable to own credit risk are recorded under "Revaluation of own credit risk on financial liabilities at fair value through profit or loss" under "Gains and losses recognized directly in other comprehensive income".

In the event of early redemption of financial liabilities designated at fair value through profit or loss, realized fair value gains or losses attributable to own credit risk are directly transferred from "Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss" to "Consolidated reserves" under equity.

6.11 Liabilities

Debt originated by Natixis that is not classified within financial liabilities at fair value through profit or loss is measured using the amortized cost method and recognized in the balance sheet under "Due to banks", "Customer deposits", "Debt securities" or "Subordinated debt".

On initial recognition, debt securities are measured at their issue price including transaction costs. They are subsequently measured at amortized cost, with issue expenses recognized over the term of the instruments used.

6.12 Derecognition

Natixis derecognizes all or part of a financial asset if the contractual rights over the cash flows from the financial asset expire. Natixis also derecognizes all or part of a financial asset if these contractual rights or substantially all the risks and rewards of ownership are transferred.

If Natixis has neither transferred the contractual rights nor substantially retained all the risks and rewards, Natixis then determines whether it has transferred control of the asset. If control is considered to have been relinquished, the financial asset is derecognized. If the Group retains control of the asset, it remains on the balance sheet to the extent of Natixis' "continuing involvement".

Continuing involvement is evidenced by the existence of contractual conditions such as:

- an option or obligation to repurchase the assets transferred;
- collection of financial compensation linked to the performance of the asset transferred.

A financial liability is derecognized when it is settled, canceled or expires.

Repurchase agreements

a) Assignor

Securities sold are not derecognized. Natixis recognizes a liability representing the commitment to return funds received ("Securities sold under repurchase agreements").

b) Assignee

Securities bought are not recognized but a receivable due from the assignee is recorded representing the funds lent. The amount disbursed in respect of the asset is recognized under "Securities acquired under repurchase agreements".

At subsequent reporting dates, the securities continue to be valued by the assignor in accordance with the rules applicable to the category in which they were initially classified. In the assignee's accounts, the amount receivable from the assignor continues to appear in the balance sheet.

Securities lending and borrowing

Securities lending/borrowing transactions do not involve the transfer of a financial asset within the meaning of IFRS. Consequently, these transactions do not lead to the derecognition of the securities loaned. Securities loaned are not identified in IFRS: they remain recorded in their original IFRS category and measured accordingly. Borrowed securities are not recognized by the borrower.

6.13 Offsetting financial assets and liabilities

In accordance with IAS 32, Natixis offsets financial assets and liabilities, and a net balance is presented on the balance sheet, on the twofold condition that it has the legally enforceable right to offset the recorded amounts, and the intention either to settle the net amount or to simultaneously realize the asset and settle the liability.

Transactions on derivatives and repurchase agreements carried out with clearing houses, whose operating principles meet the two criteria mentioned above, are offset in the balance sheet *(see Note 8.3)*.

6.14 Provisions and contingent liabilities

A provision is a liability of uncertain timing or amount. A liability is a present obligation arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits that can be reliably measured.

The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation at the reporting date. This amount is discounted when the effect of discounting is material. Provisions are reviewed at each reporting date and adjusted if necessary. Provisions recognized on the balance sheet, other than provisions to cover employee benefits, mainly concern provisions for restructuring and provisions for risks and litigation.

a) Provisions for restructuring

A provision for restructuring costs is recognized when the following standard criteria for recognizing provisions and the two following conditions are met:

- there is a detailed formal plan for the restructuring on the closing date, identifying at least:
  - the operations or part of the operations concerned,
  - the principal locations affected,
  - the location, function, and approximate number of employees who will be compensated upon termination of their services,
  - the expenditures that will be undertaken,
  - and the date the plan will be implemented;
- Natixis has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features on the closing date.

Provisions for restructuring costs include only expenditures directly related to the restructuring.

b) Provisions for risks and litigation

A description of the main risks and litigation to which Natixis is exposed is given in Section 3.2.9 of Chapter [3], "Risk factors, risk management and the pillar III report".

No contingent assets or liabilities were recorded.

Changes in provisions are recognized in the income statement on the line items corresponding to the type of future expenditure.

The provisions booked on the liability side of Natixis' financial statements as at December 31, 2018 and as at December 31, 2017, are presented in Note 8.17 "Summary of provisions", and the possible allocations are set out in Note 7.6 "Other income and expenses", Note 7.7 "Operating expenses" and Note 7.8 "Provision for credit losses".

6.15 Employee benefits

In accordance with IAS 19, employee benefits are classified in one of four categories:

- **"short-term benefits"**, including salaries, social security contributions, annual leave, employee profit-sharing, incentive plans, top-up contributions and bonuses payable for the period;
- **"severance payments"**, comprising employee benefits granted in return for termination of a staff member's employment before the normal retirement age, resulting from a decision by the entity, or a decision by the employee to accept a severance package in exchange for terminating their employment;
- **"post-employment benefits"**, such as pensions, other supplementary retirement benefits applicable to the banking industry, end-of-career awards and other contractual benefits payable to retirees;
- **"other long-term employee benefits"**, including long-service awards and deferred compensation payable in cash under Employee Retention and Performance Recognition Plans.

Short-term employee benefits are recognized as an expense in the period in which the employee provides the service in exchange for said benefits.

A provision is accrued for termination benefits when the employer is demonstrably committed to providing such benefits, or when the employer recognizes the costs of restructuring providing for the payment of such benefits.

In accordance with the principles of recognition set out in IAS 19, Natixis has identified the following types of post-employment benefit:

- defined contribution plans, under which an entity has no obligation to pay a specified benefit amount;
- defined benefit plans, under which Natixis has a legal or constructive obligation to pay a specified benefit amount.

Contributions paid under defined contribution plans are expensed in the period in which the employee rendered the service in exchange for said contributions.

A provision is set aside for defined benefit plans based on an actuarial assessment of the benefit obligation using the projected unit credit method. This method draws on demographic and financial assumptions reviewed annually (specifically the discount rate based on the AA Corporate bond rate curve). The value of plan assets is deducted from the actuarial debt. This valuation is carried out on a regular basis by independent actuaries.

Insurance contracts taken up with a related party to Natixis and intended to finance all or part of Natixis' defined-benefit plan commitments are recorded in the asset side of the balance sheet as "Accruals and other assets".

Revaluation adjustments for actuarial debt related to changes in actuarial assumptions and experience adjustments (impact of differences between actuarial assumptions and actual experience) are booked under items not recycled to comprehensive income among "Gains and losses recognized directly in other comprehensive income".

The annual payroll costs recognized in respect of defined-benefit plans consist of:

- the costs of services rendered, representing rights vested by beneficiaries over the period;
- past service costs, arising from possible plan changes or curtailments as well as the effects of possible plan settlements;
- the net interest cost reflecting the impact of unwinding the discount on the net obligation.

Other long-term benefits are valued using the same actuarial method as that applied to post-employment benefits under defined benefit plans, except that liability revaluation items are recognized directly as an expense.

The estimated amount of the expense related to cash-settled variable compensation, subject to the employee's continued service in accordance with the Employee Retention and Performance Recognition plans, is recognized over the vesting period.

6.16 Distinction between debt and equity

In accordance with IAS 32, issued financial instruments are classified as debt or equity depending on whether or not they incorporate a contractual obligation to deliver cash to the holder.

- deeply subordinated notes and preference shares are classified in equity in light of the 2009 renegotiation of a clause making the payment of interest non-optional in the event of positive consolidated income and which has since become discretionary;
- the change over the fiscal year is presented in Note 6.17 "Changes in subordinated debt over the period", and in Note 13.3 "Capital management";
- however, if an instrument is considered equity:
  - its compensation is treated as a dividend and therefore affects equity, as do the taxes related to this compensation,
  - if issued in foreign currencies, it is fixed at its historical value resulting from converting it to euros on the date it was initially classified under equity;
- the share of third party investors in the net assets of dedicated mutual funds included in Natixis' consolidation scope comprises a financial liability recorded on the balance sheet under "Financial liabilities at fair value through profit or loss". The share of third party investors in the profits of the mutual funds is recorded in "Net gains or losses on financial instruments at fair value through profit or loss" in the consolidated income statement;
- the units held by third party investors in dated funds, which are fully consolidated by Natixis, entitling the unit-holders to the repayment of a share of the fund's net assets upon its liquidation, are classified in liabilities on the consolidated balance sheet under "Accruals and other liabilities". The share of third party investors in the fund's profits is recorded under "Interest and similar expenses" on the consolidated income statement.

6.17 Share-based payments

Capital increases reserved for employees

Stock options offered to employees under the Employee Savings Plan, with a discount compared with the average market price for a given period (called the reference price), are encumbered with a lock-up period of five years. The advantage granted is measured as the difference between the fair value of the acquired share, taking into account the lock-up condition and the purchase price paid by the employee on the subscription date, multiplied by the number of shares subscribed.

The lock-up valuation method is based on the cost of a two-step strategy consisting of a five-year forward sale of the locked-up shares and purchasing the same number of shares in cash, by financing the purchase with a loan ultimately repayable at the end of the five years with the income from the forward sale. The loan interest rate is that which would have been granted to a market player seeking a non-affected cash loan repayable in five years with an average risk profile.

The main assumptions applied for valuing the advantages related to capital increases reserved for employees are provided in Note 12.2.4.

Share-based employee retention and performance recognition plans

The variable compensation policy is in keeping with the regulatory framework, including the European regulation CRD IV. It also meets transparency requirements with regard to the ACPR, the ECB and the AMF.

Some plans are settled in Natixis shares, while others are settled in cash indexed to the Natixis share price.

Employee retention and performance plans settled in shares

Under IFRS 2 "Share-based payment", employee free share awards give rise to an expense representing the fair value of the goods or services received at the grant date. This payroll expense is recognized against equity. The fair value of the services received is calculated by reference to the fair value of the shares at the grant date, less the present value of dividends forfeited by employees during the vesting period, taking into account the presence conditions.

The expense is recognized on a straight-line basis over the vesting period. The expense is adjusted over the vesting period to reflect any losses of rights.

Cash-settled employee retention and performance plans indexed to the value of the Natixis share

The accounting treatment applicable to cash-settled share-based payments is governed by IFRS 2 "Share-based payment".

Under IFRS 2, the services acquired and the liability incurred are measured at fair value. Until the liability is settled, debt is remeasured at each reporting date and at the date of settlement, with any changes in fair value recognized in income for the period. The remeasurement of the liability at the reporting date takes into account any changes in the value of the underlying shares, as well as whether or not the presence conditions and performance criteria have been met.

Where the payment of compensation is subject to a continuing service requirement, the corresponding expense is recorded over the vesting period on a straight-line basis. When no service requirement exists, the expense is recognized immediately as a debt. The latter is then remeasured at each reporting date taking into account performance criteria and any changes in the value of underlying shares.

Changes to the terms and conditions of a cash-settled employee retention and performance plan indexed to the value of the Natixis share which would lead to the latter being reclassified as an employee retention and performance plan settled in shares would trigger the derecognition of the debt recorded for the initial plan indexed to the value of the Natixis share and the recognition of a debt equivalent to the services provided for the new employee retention and performance plan settled in shares as at the date of modification. The difference between the recognition in equity and the derecognition of the debt is taken directly to profit or loss.

Detailed information about these plans and their quantified impacts over the period are provided in Note 12.2.2.

6.18 Treasury shares and treasury share derivatives

All treasury shares held by Natixis are deducted from equity regardless of the purpose for which they are acquired/held. Any gains or losses recognized in the parent company financial statements in respect of the sale, measurement or impairment of treasury shares held for trading or available-for-sale are eliminated in the consolidated financial statements through equity.

Treasury share derivatives are recognized differently depending on how they are unwound:

- as equity instruments, if they are unwound by trading a fixed number of treasury shares for a fixed amount of cash or another financial asset, and if this trade is the only possible unwinding method. In such case, the instruments are not subsequently revalued;
- as derivatives, if they are unwound via a net cash settlement or a net treasury shares settlement. In such case, the fair value changes in the instruments are recorded in the income statement.

A contract obligating Natixis to buy its own shares creates a liability in the amount of the discounted acquisition price, regardless of how the derivative is classified, with a corresponding entry in equity.

6.19 Fees and commissions received

The method of accounting for fees and commissions received depends on the end purpose of the services rendered and the method of accounting for the financial instruments to which the service relates.

Fees and commissions that form an integral part of the effective yield on an instrument, for example loan set-up fees, are recognized and amortized as an adjustment to the effective interest rate over the estimated term of the applicable loan. These fees and commissions are recognized as interest income rather than fee and commission income.

Fees for services are analyzed to separately identify their various components (or performance obligations) and assign to each component the share of income due to it. Each component is then recognized in income, according to the type of services rendered and the method of accounting for the financial instruments to which the service rendered is attached:

- fees and commissions for ongoing services, such as guarantee fees or management fees, are deferred over the period during which the service is provided;
- fees and commissions for one-off services, such as business provider fees, are recognized in income as soon as the service is provided.

If uncertainty remains regarding the measurement of a fee amount (performance fee for asset management, variable financial engineering fee, etc.), only the amount for which the Group's entitlement is already assured given the information available on the reporting date is recognized.

6.20 Tax expenses

The tax expense for the year comprises:

- tax payable by French companies at the rate of 34.43% for the fraction of the profit exceeding €500,000 (28% of €0 to €500,000) or at the rate in force locally for foreign companies and branches;
- deferred taxes arising from temporary differences between the carrying amount of assets and liabilities and their tax basis, which are calculated using the balance sheet liability method.

Deferred tax assets and liabilities are calculated at the level of each tax entity in accordance with local tax rules and based on tax rates that have been enacted or substantively enacted at the date the temporary difference will reverse. Deferred taxes are not discounted.

Deferred tax assets are only recognized at the reporting date if the tax entity concerned is likely to recover tax savings over a fixed time period (10 years maximum). These savings will be realized by the deduction of temporary differences or tax loss carryforwards from estimated future taxable income within that time period.

Deferred tax assets and liabilities are offset at the level of each tax entity. The tax entity may either be a single entity or, if applicable, a group of entities of which it is a part, that have elected for Group tax relief.

The tax rate applied to deferred tax assets in France takes into account the tax cuts voted for under the 2017 and 2018 Finance Acts. These acts provide for a gradual reduction of corporate tax, which (excluding the impact of the 3.3% social security contribution) will fall to 31% in 2019 and 28% in 2020, 26.5% in 2021 and 25% in 2022 and thereafter.

As the deferral of the corporate tax rate cut in France planned for the end of 2018 by the government for large groups was not included in the laws voted for or for which voting was under way at December 31, 2018, the deferred taxes recognized at December 31, 2018 continue to be determined based on a gradual reduction of the tax rate starting from 2019.

The reduction of the federal corporate tax rate from 35% to 21% voted for in the United States in December 2017 is applicable from January 1, 2018. The implementation of federal income tax reductions also includes a measure limiting the deduction of tax loss carryforwards and the implementation of a minimum profit-based tax (Base Erosion and Anti-abuse Tax [BEAT] payment). Neither of these changes were deemed likely to have a significant impact on the income gained from the reduction in the federal tax rate.

All temporary differences have been recognized regardless of their recovery or payment date. The net deferred income tax balance is shown in the balance sheet under "Deferred tax assets".

The value-added contribution, or "Cotisation sur la Valeur Ajoutée des Entreprises" (CVAE), is recorded in the accounts as "Operating expenses," since Natixis considers that its calculation is not based on net income.

The Employment Competitiveness Tax Credit (CICE) was considered to fall under IAS 19—Employee Benefits. As a result, this tax credit is presented as a deduction from the related payroll costs.

6.21 Financing and guarantee commitments

a) Financial Guarantees

Off balance sheet commitments

Financial guarantee commitments not classified as derivatives are contracts requiring the issuer to make specific payments to repay the business guaranteed for a loss that it has incurred owing to the failure of a debtor to make the contractual installments due. The exercise of these rights is subject to the occurrence of an uncertain future event.

Financial guarantees given are stated initially at fair value, then subsequently at the higher of:

- the amount initially recognized upon inception less, where appropriate, the amount of amortization recorded in line with the principles outlined in IAS 15 "Revenue from Contracts with Customers". This amortization represents the deferred recognition of the fees received over the period covered by the guarantee; and
- the amount of the provision determined according to the provisions of the expected credit loss model *(see Note 6.3)*.

The provisions are presented in Note 8.17 "Summary of provisions".

All the financial guarantees issued by insurance subsidiaries that also meet the definition of an insurance contract were accounted for in line with the requirements of IFRS 4 "Insurance Contracts" (se*e Note 9)*.

Specific case of guarantees issued to mutual funds

Natixis guarantees the capital and/or returns on units in certain mutual funds. These guarantees are executed solely in the event that the net asset value of each of the units in the fund at maturity is lower than the guaranteed net asset value.

Although similar to derivatives, the capital and/or performance guarantees given by Natixis to certain mutual funds at January 1, 2018 are recognized as financial guarantees and provisioned in keeping with IFRS 9, given how difficult it is to measure the size of the operational risk in the guarantee's fair value.

The market risks and parameters relating to these instruments are currently being analyzed in order to build a valuation model that meets all the requirements of IFRS 13. The expected impact on income should not be material.

At December 31, 2018, these guarantees were included in the scope of the financial instruments eligible for the IFRS 9 impairment model based on counterparty risk.

Guarantee commitments received

There are no IFRS standards covering financial guarantees received (other than derivatives or insurance contracts). In the absence of specific guidance, the accounting treatment applied must be determined by analogy with the accounting treatment prescribed by other standards in similar situations. Accordingly, guarantees received meeting the definition of a financial guarantee for an issuer are accounted for in accordance with:

- IAS 9, for guarantees received in respect of financial assets (debt instruments). The measurement of the expected credit losses associated with financial assets must in fact take into account the flows generated by guarantees considered an integral part of the debt instrument;
- IAS 37, for guarantees received in respect of non-financial liabilities falling within the scope of IAS 37.

The specific treatment applied to the guarantee granted to Natixis by BPCE regarding former GAPC hive-off assets is disclosed in Note 6.7.

b) Financing commitments

Financing commitments are irrevocable commitments by Natixis to grant a loan under pre-defined conditions.

The vast majority of the financing commitments granted by Natixis give rise to loans granted at market rates at the grant date and recognized at amortized cost. As such, and in accordance with IFRS 9, the commitment to lend and the loan itself are considered successive stages of one and the same instrument. The commitment to lend does not, therefore, fall within the scope of IFRS 9: it is treated as an off-balance sheet transaction and is not revalued. Financing commitments are eligible for the provisioning mechanism under IFRS 9, however *(see Note 6.3)*. IFRS 9 provides that the issuer of a financing commitment must apply provisioning criteria to loan commitments that do not fall within the scope of this standard. The provisions recognized in respect of these commitments are presented in Note 8.17 "Summary of provisions".

6.22 Contributions to banking resolution mechanisms

The procedure for setting up the deposit and resolution guarantee fund was changed by a decree dated October 27, 2015. Contributions made to the deposit and resolution guarantee fund may be paid in the form of partner or association certificates and cash security deposits (guarantee of irrevocable commitment) recognized as assets on the balance sheet and contributions (which are non-refundable in the event of a voluntary withdrawal of approval to operate) recorded in income as "Taxes and regulatory contributions" among other operating expenses *(see Note 7.7)*.

Directive 2014/59/EU (BRRD—Bank Recovery and Resolution Directive) which establishes the framework for the recovery and resolution of banks and investment firms and European regulation 806/2014 (SRM regulation) established the introduction of a resolution fund as of 2015. In 2016, this fund became a Single Resolution Fund (SRF) between the member States participating in the Single Supervisory Mechanism (SSM). The SRF is a resolution financing mechanism available to the resolution authority (Single Resolution Board). The latter may use this fund when implementing resolution procedures.

In accordance with delegated regulation 2015/63 and implementing regulation 2015/81 supplementing the BRRD Directive on ex-ante contributions to financing mechanisms for the resolution, the Single Resolution Board set the level of contributions to the Single Resolution Fund for 2017. Contributions paid to the fund may be made in cash security deposits recognized as assets on the balance sheet (15% in cash security deposits) and in contributions recorded in income as "Taxes and regulatory contributions" *(see Note 7.7)*.

6.23 Use of estimates and judgment

In preparing its financial statements, Natixis is required to make certain estimates and assumptions based on available information that is likely to require expert judgment. These estimates and assumptions constitute sources of uncertainty which may affect the calculation of income and expenses in the income statement, the value of assets and liabilities in the balance sheet and/or certain disclosures in the notes to the financial statements. As a result, future results of certain operations may differ significantly from the estimates used in the financial statements at December 31, 2018.

Accounting estimates which require assumptions to be made are mainly used to measure the items set out below:

Financial instruments recorded at fair value

The fair value of hybrid market instruments not traded on an active market is calculated using valuation techniques. Valuations produced using valuation models are adjusted, depending on the instruments in question and the associated risks, to take account of the bid and ask price for the net position, model risks, assumptions regarding the funding cost of future cash flows from uncollateralized or imperfectly collateralized derivatives, as well as counterparty and input risks. The fair values obtained from these methods may differ from the actual prices at which such transactions might be executed in the event of a sale on the market.

The valuation models used to price illiquid financial instruments are described in Note 8.5.

Some of the unlisted equity instruments categorized under IFRS 9 as "Financial assets at fair value through profit or loss" or "Financial assets at fair value through non-recyclable other comprehensive income" consist of investments in non-consolidated companies. The fair value of investments in unlisted non-consolidated companies is obtained principally by using valuation methods based on multiples or DCF (discounted cash flow). Use of these methods requires certain choices and assumptions to be made in advance (in particular, projected expected future cash flows and discount rates).

Impairments for expected credit losses

The impairment model for expected credit losses is based on parameters and assumptions that affect provisions and value adjustments for losses. These parameters and assumptions are based on current and/or historical data, which also include reasonable and justifiable forecasts such as the estimating and weighting of future economic scenarios. Natixis also considers the opinions of its experts when estimating and applying these parameters and assumptions.

Under IAS 39, Natixis assessed whether there was any objective evidence of impairment for loans and receivables, either on an individual basis or collectively by risk category. To identify evidence of impairment, Natixis analyzed trends in a number of objective criteria, but also relied on the judgment of its own expert teams. Similarly, Natixis may use its own expert judgment to adjust the amount of expected losses under the Basel framework, on which the amount of collective impairment is based.

Value of cash-generating units (CGUs)

All goodwill is assigned to a CGU so that it may be tested for impairment. The tests conducted by Natixis consist in comparing the carrying amount of each CGU (including goodwill) with its recoverable value. If the recoverable value is the same as the value in use, it is determined by discounting the annual free cash flows to infinity *(see Note 3.5)*. Use of the discounted cash flow method involves:

- estimating future cash flows. Natixis has based these estimates on forecasts included in its business units' medium-term plans spanning five years;
- projecting cash flows for the last year of the plan to perpetuity, at a rate reflecting the expected annual growth rate;
- discounting cash flows at a specific rate for each CGU.

Fair value of loans and receivables recognized at amortized cost (excluding loans reclassified under the amendment to IAS 39 and IFRS 7)

The fair value of loans not quoted on an active market is determined using the discounted cash flow method. The discount rate is based on an assessment of the rates used by the institution during the period for groups of loans with similar risk characteristics. Loans have been classified into groups with similar risk characteristics based on statistical research enabling factors having an impact on credit spreads to be identified. Natixis also relies on expert judgment to refine this segmentation.

Employee benefits

Natixis calls on independent actuaries to calculate its principal employee benefits. These commitments are determined using assumptions such as the salary growth rate, discount rates and rates of return on plan assets *(see Note 12.2.3)*. These discount rates and rates of return are based on observed market rates at the end of each calculation period (e.g. the yield curve on AA Corporate bonds for discount rates). When applied to long-term benefit obligations, these rates introduce uncertainty into the valuations.

Insurance-related liabilities

Insurance technical reserves are calculated using assumptions and estimates that may lead to adjustments in amounts reported over the subsequent period:

- for personal protection insurance, claims reserves are calculated by modeling claims experience;
- for life insurance, underwriting reserves are computed based on economic and financial assumptions, mortality and morbidity tables, and behavioral statistics, for example concerning surrenders;
- for general insurance, technical reserves comprise provisions for unearned premium income (calculated on an accrual basis and representing the portion of premiums issued during the period that relate to a period after the reporting date) and reserves for claims to be paid, corresponding to known and unknown claims that have occurred but not yet been settled at the reporting date;

- for credit insurance, claims reserves include an estimate of claims reported but not settled at the reporting date. In addition to the amount of claims payable, a provision is set aside for unknown claims, calculated on a statistical basis in reference to the final amount of claims to be paid following settlement of risks and any debt recovery measures. Provisions for debt recovery procedures, representing estimates of expected recoveries, are calculated by applying a terminal recovery rate to all subscription periods not yet settled.

Deferred profit-sharing

The participation rate used to calculate deferred profit-sharing is determined based on payout ratios projected over the term of the medium-term plan and in line with the actual pay-out ratio for the previous fiscal year.

In the event of a deferred profit-sharing asset, a recoverability test is carried out to verify that liquidity requirements arising from an unfavorable economic environment do not force the sale of assets and generate unrealized losses. This recoverability test relies on projected future cash flows based on various economic assumptions about historical redemptions and inflows *(see Note 9.2.5)*.

Deferred taxes

As a precaution, Natixis records a net deferred tax asset linked to its ability to generate taxable income over a given period (10 years maximum), while tax loss carry forwards are deductible with no time limitation in France and the UK or over very long periods (20 years in the US for deficits prior to January 1, 2018).

To this end, Natixis prepares tax business plans based on the medium-term plans for the business lines.

Adjustments for special tax schemes are also implemented.

Other provisions

Provisions recognized in the consolidated balance sheet, other than those relating to financial instruments, employee benefits and insurance policies, mainly concern provisions for litigation, restructuring, fines and penalties.

A provision is raised when it is likely that an outflow of resources embodying economic benefits will be required to settle an obligation arising from a past event, and when the amount of the obligation can be reliably estimated. In order to calculate this amount, Management is required to assess the probability of the risk occurring. Future cash flows are discounted where the impact of discounting is material.

Other

Uncertainties related to Brexit

On June 23, 2016, the UK decided to leave the European Union (Brexit) following a referendum. After the triggering of Article 50 of the treaty on European Union on March 29, 2017, the United Kingdom and the 27 other member countries of the European Union gave themselves two years to prepare for the country's effective withdrawal. Complex negotiations are under way to redefine the new economic relations between the United Kingdom and the European Union. The political and economic consequences of Brexit are still uncertain, however, and the uncertainties are increasing as the exit date approaches and the possibility of a hard exit without a deal takes shape.

Given this situation, Natixis has prepared for the various possible scenarios and is monitoring the progress of the negotiations and their potential consequences, to incorporate them, where necessary, in the assumptions and estimates made when preparing the consolidated financial statements.

Uncertainties related to the application of certain provisions of the BMR

European regulation (EU) 2016/1011 of June 8, 2016 on the indices used as benchmarks ("the Benchmarks regulation" or "BMR") introduces a common framework aimed at guaranteeing the accuracy and integrity of the indices used as benchmarks for financial instruments and contracts, or to measure the performance of investment funds within the European Union.

The purpose of the Benchmarks regulation is to regulate the provision of benchmarks, the provision of data underlying benchmarks, and the use of benchmarks, within the European Union. It provides for a transition period for administrators, who have until January 1, 2020 to be approved or registered. After this date, the use by entities supervised by the EU of benchmarks whose administrators are not approved or registered (or, if they are not located in the EU, are not subject to equivalent or otherwise recognized or approved regulations) will be prohibited.

Under the BMR, the interest rate benchmarks EURIBOR, LIBOR and EONIA have been declared critical, although they may be phased out or their discontinuation may become likely in the future.

Work in the euro zone to propose new indices is not yet complete.

It is therefore difficult at this stage to accurately predict the conditions of a future substitution in existing financial instruments and contracts.

Since the first half of 2018, Natixis has had a project structure tasked with anticipating the impact of the benchmarks' discontinuation in the near future, from a legal, commercial, financial and accounting viewpoint. Regarding this last aspect, particularly close attention is being paid to the issues of fair value, the application of the SPPI criterion, hedging relationships and derecognition.

6.24 Earnings/(loss) per share

Diluted earnings/(loss) per share corresponds to net earnings/(loss) for the period attributable to the Group, divided by the weighted average number of shares, adjusted for the maximum impact resulting from the conversion of dilutive instruments into ordinary shares. Stock options issued are taken into account in calculating diluted earnings/(loss) per share. The conversion of these instruments does not impact net income/(loss) used to calculate diluted earnings/(loss) per share.

	31/12/2018	31/12/2017
Earnings/(loss) per share		
Net earnings/(loss) Group share *(in millions of euros)*	1,577	1,669
Net earnings/(loss) attributable to shareholders *(in millions of euros)* [(a)]	1,480	1,575
Average number of ordinary shares outstanding over the period	3,144,191,001	3,137,311,715
Average number of treasury shares outstanding over the period	2,256,353	1,320,310
Average number of shares used to calculate earnings/(loss) per share	3,141,934,648	3,135,991,405
EARNINGS/(LOSS) PER SHARE *(IN EUROS)*	**0.47**	**0.50**
Diluted earnings/(loss) per share		
Net earnings/(loss) Group share *(in millions of euros)*	1,577	1,669
Net earnings/(loss) attributable to shareholders *(in millions of euros)* [(a)]	1,480	1,575
Average number of ordinary shares outstanding over the period	3,144,191,001	3,137,311,715
Average number of treasury shares outstanding over the period	2,256,353	1,320,310
Number of potential dilutive shares resulting from stock option plans and free share awards [(b)]	8,450,160	6,080,983
Average number of shares used to calculate diluted earnings/(loss) per share	3,150,384,808	3,142,072,388
DILUTED EARNINGS/(LOSS) PER SHARE *(IN EUROS)*	**0.47**	**0.50**

(a) The difference between net income (Group share) and net income/(loss) attributable to shareholders corresponds to the interest generated on deeply subordinated notes and on preference shares, i.e. -€96.5 million at December 31, 2018 and -€94 million at December 31, 2017.

(b) This number of shares refers to the shares granted under the 2016, 2017 and 2018 free performance share plans (PAGA), the 2016, 2017 and 2018 Long-Term Incentive Plans (LTIP) and the 2018 Payment Business Line Plan (PMP).

NOTE 7 NOTES TO THE INCOME STATEMENT

Unless otherwise specified, profit and loss items are not comparable due to IFRS9 application and reclassification of profits and losses from the assurances entities in a specific line.

7.1 Interest margin

"Interest and similar income" and "Interest and similar expenses" comprise interest on fixed-income securities recognized as "Financial assets at fair value through other comprehensive income" and "amortized cost", and interest on loans and receivables to and from banks and customers.

Financial assets and liabilities valued at amortized cost give rise to the recognition of interest calculated using the effective interest rate method.

This line item also includes interest on hedging derivatives.

Interest income also consists of interest on non-SPPI debt instruments not held under a trading model (classified by default as instruments at fair value through profit or loss).

	31/12/2018		
(in millions of euros)	Income	Expense	Net
Financial assets and liabilities at amortized cost	**3,463**	**(2,256)**	**1,207**
Central banks	342	(136)	206
Interest on securities	76	(72)	4
Receivables, loans and borrowings	3,045	(1,395)	1,650
Banks	256	(1,003)	(747)
Customers	2,452	(392)	2,060
Finance leases	337		337
Debt securities and subordinated debt		(653)	(653)
Financial assets at fair value through equity	**97**		**97**
Interest on securities	96		96
Loans and receivables	0		0
Financial instruments to be valued at fair value through profit or loss	**81**		**81**
Loans and receivables	61		61
Interest on securities	20		20
Hedging derivatives	**414**	**(602)**	**(188)**
TOTAL	**4,054**	**(2,859)**	**1,196**

- DECEMBER 31, 2017

(in millions of euros)	31/12/2017 Income	Expense	Net
Central banks	**339**	**(122)**	**217**
Interest on securities	**1,139**	**(369)**	**770**
Loans and receivables	**3,824**	**(1,820)**	**2,004**
Banks	508	(793)	(284)
Customers	2,991	(1,016)	1,975
Finance leases	325	(11)	313
Subordinated debt	**0**	**(87)**	**(87)**
Other	**(0)**	**0**	**(0)**
Hedging instruments	**544**	**(792)**	**(247)**
Interest accrued on impaired receivables (incl. restructured items)	**34**	**0**	**34**
TOTAL [(A)]	**5,880**	**(3,191)**	**2,689**

(a) *Of which €1,371 million of NII in December 2017 for the insurance entities.*

7.2 Net fee and commission income

The first-time application of IFRS 15 did not have an impact on the accounting principles applicable to fee and commission income and expenses.

Natixis records fee and commission income and expenses in income:

- either gradually as the service is rendered as part of the ongoing provision of a service. Guarantee fees and management fees are deferred over the period during which the service is provided;
- or once the service has been rendered, as in the case of business provider fees recorded in income as soon as the service has been provided, and some syndication fees paid for structuring and arrangement.

Fiduciary or similar fees and commissions are those that result in assets being held or invested on behalf of individual customers, pension schemes or other institutions. In particular, trust transactions cover Asset Management and custody activities performed on behalf of third parties.

Fees and commissions that form an integral part of the effective yield on an instrument, such as fees considered to be compensation for loan set-up, are recognized and amortized as an adjustment to the effective interest rate over the estimated term of the applicable loan. These fees and commissions are recognized as interest income rather than fee and commission income.

	31/12/2018			31/12/2017		
(in millions of euros)	Income	Expense	Total	Income	Expense	Total
Interbank transactions	4	(45)	(41)	4	(34)	(30)
Customer transactions	768	(16)	752	707	4	711
Securities transactions	73	(157)	(83)	153	(181)	(28)
Payment services	422	(50)	372	381	(51)	330
Financial Services	460	(728)	(268)	457	(745)	(287)
Fiduciary transactions [(a)]	3,831	0	3,831	3,463	0	3,463
Financing, guarantee, securities and derivative commitments	266	(134)	132	275	(138)	137
Other	143	(1,192)	(1,050)	337	(1,063)	(726)
TOTAL [(B)]	**5,967**	**(2,322)**	**3,645**	**5,777**	**(2,208)**	**3,569**

(a) *Of which performance fees in the amount of €426 million (of which €420 million for Europe) at December 31, 2018, versus €287 million (of which €266 million for Europe) at December 31, 2017.*

(b) *Of which net fee and commission income of -€1,170 million at December 31, 2018, versus -€765 million at December 31, 2017, for insurance activities, for which the related income is presented as "Net income from insurance activities".*

5

7.3 Gains and losses on financial instruments at fair value through profit or loss

This item includes gains and losses on financial assets and liabilities at fair value through profit and loss, whether held for trading or designated under the fair value option or at fair value. This line item also includes interest on these instruments, except for those presented as interest income.

Hedging derivatives include changes in the fair value of derivatives classified as fair value hedges, excluding interest, plus the symmetrical revaluation of the items hedged. They also include the "ineffective" portion of cash flow hedges.

(in millions of euros)	31/12/2018	31/12/2017
Net gains/(losses) on financial assets and liabilities excluding hedging derivatives	**1,757**	**2,783**
Net gains/(losses) on financial assets and liabilities held for trading [(b)]	306	2,351
o/w derivatives not eligible for hedge accounting	*1,955*	*(2,373)*
Net gains/(losses) on financial assets to be valued at fair value through profit or loss	(135)	
Net gains/(losses) on financial assets and liabilities under the fair value option	1,374	495
Other	213	(63)
Hedging derivatives and revaluation of hedged items	**7**	**1**
Ineffective portion of cash flow hedges (CFH)	0	2
Ineffective portion of fair value hedges (FVH)	7	(1)
Changes in fair value hedges	*(75)*	*48*
Changes in hedged items	*82*	*(49)*
TOTAL [(A) (C)]	**1,764**	**2,784**

(a) Insofar as the expenses and income presented in the income statement are classified by type and not by function, the net income of activities on financial instruments at fair value through profit and loss should be considered as a whole. The results presented above do not include the refinancing cost of these financial instruments, which is recorded in interest income or expenses.

(b) "Net gains/(losses) on financial assets and liabilities held for trading" include:

- impairments taken against the fair value of CDS entered into with monoline insurers: a decrease of €39.39 million in cumulative impairments during fiscal year 2018, versus a decrease of €7 million (income) in cumulative impairments at December 31, 2017 (excluding the currency impact and the impact of the BPCE guarantee), bringing cumulative impairments to €23.3 million at December 31, 2018, versus €63.2 million at December 31, 2017;

- at December 31, 2018, recognized own credit risk adjustments to derivatives (debit valuation adjustments or DVA) stood at €13.9 million (income), versus an expense of -€54.7 million at December 31, 2017.

Furthermore, credit risk adjustments related to the valuation of counterparty risk (credit valuation adjustments or CVA) on financial assets amounted to -€27.4 million (expense) at December 31, 2018, versus income of +€78.2 million at December 31, 2017 ;

- the Funding Valuation Adjustment (FVA) used on uncollateralized derivatives or imperfectly collateralized derivatives is also recognized on this line in the amount of -€64.1 million (expense) at December 31, 2018, versus income of €24.7 million at December 31, 2017;

- at December 31, 2018, a net expense of €86 million was recorded for the portfolio of specific products in Asia referred to in the key events. The additional reserves set aside for this portfolio amounted to €173 million;

(c) Of which a +€891 million insurance contribution in 2017, including +€676 million from adjustments to investments in unit-linked products. These transactions are presented in net insurance activity investments in 2018.

7.4 Gains and losses on financial assets at fair value through other comprehensive income

The table below shows net gains and losses in financial assets at fair value through other comprehensive income recognized in net income over the period. They primarily consist of:

- income on the sale of debt instruments net of the impact of hedging instruments;
- dividends on equity instruments.

(in millions of euros)	31/12/2018
Net gains on debt instruments	4
Net gains on loans and receivables	
Net gains on equity instruments (dividends)	2
TOTAL	**6**

Unrealized gains and losses recognized over the period are presented in the "Statement of net income (loss) and gains and losses recorded directly in other comprehensive income".

Net gains or losses on available-for-sale financial assets at December 31, 2017

(in millions of euros)	31/12/2017
Dividends	119
Gains or losses on disposals [b]	330
Impairment of variable-income securities	(27)
Discounts on syndicated loans	4
TOTAL [A]	**426**

(a) Of which €309 million for insurance activities at December 31, 2017, €243 million of which is attributable to the net capital gain from the disposal of insurance investments;

(b) At December 31, 2017, Natixis sold its 15% stake in CACEIS. Gains or losses on disposals recognized under "Net gains or losses on available-for-sale financial assets" stood at €74 million. The value entered directly in equity at the beginning of the period and transferred to the income statement under "Net gains or losses on available-for-sale financial assets" was €31 million.

7.5 Net gains or losses resulting from the derecognition of financial instruments at amortized cost

This line item includes gains and losses resulting from the derecognition of debt securities and loans and receivables recognized at amortized cost, including the impact of hedging instruments.

At December 31, 2018, net gains or losses resulting from the derecognition of instruments at amortized cost include €1.7 million of gains recorded following the sale of financial assets at amortized cost and -€4 million of losses related to the sale of financial assets at amortized cost.

7.6 Other income and expenses

Income and expenses from other operations mainly comprise income and expenses relating to finance leases and investment property.

		31/12/2018		
(in millions of euros)	Notes	Income	Expense	Net
Finance leases	*7.6.1*	188	(187)	1
Investment property		12	(8)	4
Sub-total real estate activities		**200**	**(195)**	**6**
Operating leases		122	(94)	28
Other related income and expenses [a]	*7.6.2*	349	(284)	65
TOTAL		**671**	**(573)**	**99**

(a) Including an expense of €25 million recorded for a legal dispute concerning formula-based investment funds at December 31, 2017.

AT DECEMBER 31, 2017

		31/12/2017		
(in millions of euros)	Notes	Income	Expense	Net
Finance leases	*7.6.1*	200	(215)	(15)
Investment property		114	(30)	83
Sub-total real estate activities		**314**	**(245)**	**69**
Net charge to/reversal of insurance companies' technical reserves			(5,175)	(5,175)
Other insurance income and expenses		10,578	(5,649)	4,929
Sub-total insurance		**10,578**	**(10,824)**	**(246)**
Operating leases		100	(78)	22
Other related income and expenses	*7.6.2*	456	(302)	154
TOTAL		**11,448**	**(11,448)**	**(1)**

7.6.1 Finance leases

(in millions of euros)	31/12/2018			31/12/2017		
	Income	Expense	Net	Income	Expense	Net
Gains or losses on disposals	16	(32)	(16)	34	(61)	(26)
Impairment	0	(0)	(0)	0	(8)	(8)
Other related income and expenses	173	(155)	18	166	(145)	20
TOTAL	**188**	**(187)**	**1**	**200**	**(215)**	**(15)**

7.6.2 Other related income and expenses

(in millions of euros)	31/12/2018	31/12/2017
IT services	0	10
Credit management services [b]	6	53
Other activities [a]	59	91
TOTAL	**65**	**154**

(a) *Of which €86.1 million at December 31, 2017 resulting from the purchase and resale of commodity stocks on behalf of clients, an activity carried out by the entity Contango, which economically hedges its exposure to price changes using futures carried under "Gains or losses on financial instruments at fair value through profit or loss".*

(b) *Credit management services generated €39 million at December 31, 2017. They are presented in "Net income from insurance activities" from January 1, 2018.*

7.7 Operating expenses

Operating expenses mainly comprise payroll costs, including wages and salaries net of rebilled expenses, social security expenses and employee benefits such as pensions (defined benefit plans), and expenses relating to share-based payment recognized in accordance with IFRS 2. A breakdown of these expenses is provided in Note 12.

This item also includes all administrative expenses and external services.

(in millions of euros)	Notes	31/12/2018	31/12/2017
Payroll costs			
Wages and salaries [a]	12.2	(2,861)	(2,759)
o/w share payments [b]		*(46)*	*(62)*
Pension benefits and other long-term employee benefits		(251)	(205)
Social security expenses		(657)	(665)
Incentive and profit-sharing plans		(152)	(179)
Payroll-based taxes		(136)	(138)
Other [c]		(4)	(1)
Total payroll costs		**(4,061)**	**(3,946)**
Other operating expenses			
Taxes other than on income [d]		(347)	(329)
External services		(2,137)	(2,019)
Other		(23)	(86)
Total other operating expenses		**(2,508)**	**(2,434)**
TOTAL		**(6,569)**	**(6,380)**

(a) *Of which €7.5 million in respect of the Competitiveness and Employment Tax Credit at December 31, 2018, versus €8.9 million at December 31, 2017.*

(b) *The amount recognized for 2018 in respect of the retention and performance plans includes an expense of €27 million (versus €76 million at December 31, 2017) for the portion of compensation paid in cash and indexed to the Natixis share price, and an additional expense of €17 million (versus €9 million at December 31, 2017) for the portion of compensation settled in Natixis shares.*

(c) *Of which €1.8 million in expenses at December 31, 2018, versus €1.5 million in expenses at December 31, 2017 for the Coface restructuring plan.*

(d) *Of which a contribution of €163.8 million to the Single Resolution Fund (SRF) at December 31, 2018, versus €121.4 million at December 31, 2017.*

Of which the French systemic banking risk tax (TSB) of €16.5 million at December 31, 2018, versus €24.3 million at December 31, 2017.

Of which the Social Security and Solidarity Contribution (C3S) for €37.7 million at December 31, 2018, versus €47.4 million at December 31, 2017.

7.8 Provision for credit losses

This line item primarily includes income related to the recognition of credit risk as defined by IFRS 9:

- cash flows on provisions and impairments for 12-month and lifetime expected credit losses related to:
  - debt instruments recognized at amortized cost or at fair value through other comprehensive income,
  - lease receivables,
  - loan or guarantee commitments given that do not fit the definition of derivative financial instruments;
- losses on irrecoverable loans, and recoveries of loans previously recognized as losses.

It also includes any impairments recorded in respect of proven default risks associated with counterparties of OTC instruments.

	31/12/2018				
(in millions of euros)	Charges	Net reversals	Write-offs not covered by provisions	Recoveries of bad debts written off	Net
Provisions for impairments of financial assets	**(1,114)**	**1,019**	**(70)**	**14**	**(152)**
Unimpaired financial assets—12-month expected credit losses	(70)	61	0	0	(10)
Unimpaired financial assets—Lifetime expected credit losses	(326)	418	0	0	92
Impaired financial assets—Lifetime expected credit losses	(718)	540	(70)	14	(234)
Contingency reserves	**(361)**	**301**	**(3)**	**0**	**(63)**
Financing commitments—12-month expected credit losses	(30)	31	0	0	1
Financing commitments—Lifetime expected credit losses	(192)	227	0	0	35
Impaired financing commitments—Lifetime expected credit losses	(31)	34	(1)	0	2
Other	(108)	9	(3)	0	(101)
TOTAL	(1,475)	1,320	(74)	14	(215)
Of which:					
Reversals of surplus impairment provisions		*1,320*			
Reversals of utilized impairment provisions		*286*			
Sub-total reversals:		***1,606***			
Write-offs covered by provisions		*(286)*			
Total net reversals:		***1,320***			

AT DECEMBER 31, 2017

This line item mainly reflects net risk recorded on lending transactions and any impairments recorded in respect of proven default risks associated with counterparties of OTC financial instruments.

	31/12/2017				
(in millions of euros)	Charges	Net reversals	Write-offs not covered by provisions	Recoveries of bad debts written off	Net
Contingency reserves	**(101)**	**39**			**(62)**
Financing commitments	(27)	34			7
Other	(75)	5			(70)
Provisions for impairment of financial assets	**(396)**	**246**	**(53)**	**6**	**(196)**
PROVISION FOR CREDIT LOSSES	(497)	286	(53)	6	(258)
o/w					
Reversals of surplus impairment provisions		*286*			
Reversals of utilized impairment provisions		*319*			
Sub-total reversals:		***604***			
Write-offs covered by provisions		*(319)*			
Total net reversals:		***286***			

7.9 Gains or losses on other assets

This item comprises capital gains and losses on the disposal of property, plant and equipment and intangible assets used in operations, as well as capital gains and losses on the disposal of investments in consolidated companies.

	31/12/2018			31/12/2017		
(in millions of euros)	Investments in consolidated companies [a]	Property, plant and equipment and intangible assets [b]	Total	Investments in consolidated companies [c]	Property, plant and equipment and intangible assets [d]	Total
Net capital gains/(losses) on disposals	49	5	54	53	(4)	48
TOTAL	**49**	**5**	**54**	**53**	**(4)**	**48**

(a) *Of which +€7.6 million related to the previously completed disposal of a portion of the Private Equity business, -€2.2 million related to the disposal of Cofacrédit (held by Coface), +€30.9 million related to the disposal of Axeltis, +€11.3 million related to the disposal of Selection 1818 and +€1.3 million related to the disposal of Reich & Tang.*

(b) *Of which +€3.6 million following the disposal and scrapping of intangible assets, and +€1.3 million following the disposal and scrapping of property, plant and equipment.*

(c) *Of which +€21.5 million related to the disposal of Ellisphère and IJCOF, and +€9.9 million related to the disposal of the two Caspian Private Equity companies.*

(d) *Of which -€4.5 million following the scrapping of software.*

7.10 Reconciliation of the tax expense in the financial statements and the theoretical tax expense

(in millions of euros)	31/12/2018	31/12/2017
+ Net income (Group share)	1,577	1,669
+ Net income attributable to non-controlling interests	304	192
+ Income tax charge	781	789
+ Income from discontinued operations		
+ Impairment of goodwill	0	0
- Share in income of associates	(29)	(26)
= Consolidated net income/(loss) before tax, goodwill amortization and share in income of associates	2,632	2,624
+/- Permanent differences [a]	277	201
= Consolidated taxable income/(loss)	2,909	2,825
x Theoretical tax rate	33.33%	33.33%
= Theoretical tax charge	(970)	(942)
+ Contributions and minimum annual tax charges	(4)	(25)
+ Income taxed at reduced rates	(1)	(1)
+ Losses for the period not recognized for deferred tax purposes	(36)	(16)
+ Impact of tax consolidation	23	26
+ Differences in foreign subsidiary tax rates	125	73
+ Tax on prior periods and other tax items [b] [c] [d]	82	96
= Tax charge for the period	(781)	(789)
Of which: taxes payable	(510)	(463)
deferred tax	*(271)*	*(326)*

(a) *The main permanent differences consist of capital gains taxed under the long-term scheme and the impact of the TSB (French systemic banking risk tax) and the contribution to the SRF (single resolution fund), which are non-deductible expenses.*

(b) *Including the tax credits from which Natixis and its subsidiaries benefit.*

(c) *Of which in 2018: +€20 million of provision write-backs for corporate tax refunds relating to non-consolidated entities and that are no longer applicable, +€20 million of adjustments to provisions for tax risks written back following the completion of tax audits in 2018, and +€8 million of tax savings resulting from the offset of previously unrecognized tax losses against 2018 profits (€80.2 million at December 31, 2017).*

(d) *Of which in 2017: -€237.6 million for the derecognition of the previous tax loss for the tax consolidation Group in France, mainly related to the decrease in the corporate tax rate as of 2020, +€104.7 million of income from deferred taxes for the US platforms in light of the tax rates applied to deferred tax assets due to the tax cuts adopted; and +€105.6 million of income from the refund of the 3% tax on dividends paid, further to the decision of the Constitutional Council of October 6, 2017.*

Tax audits:

Natixis S.A.

The company Natixis S.A. was subject to an audit covering the 2008 to 2013 fiscal years, which resulted in the receipt of a reassessment notice in December 2016.

The final notice was received by Natixis during the 2018 fiscal year and the accounting impacts were factored into the accounts at December 31, 2018.

Natixis Germany

Natixis' German subsidiary was subject to an audit covering the 2009 to 2014 fiscal years. At December 31, 2018 Natixis Germany received a draft notification from the German tax authorities. The impact of this reassessment was recognized at December 31, 2018.

NOTE 8 NOTES TO THE BALANCE SHEET

8.1 Financial assets and liabilities at fair value through profit and loss

These assets and liabilities are measured at fair value at the reporting date, with changes in fair value, including interest, recognized in income under "Net gains or losses on financial instruments at fair value through profit and loss", except for:

- interest on hedging derivatives and non-SPPI instruments recorded as interest income and expenses in the income statement; and
- changes in fair value attributable to own credit risk on financial liabilities designated at fair value through profit or loss, recorded in other comprehensive income as "Revaluation of own credit risk on financial liabilities at fair value through profit or loss".

8.1.1 Financial assets at fair value through profit or loss

The table below shows the breakdown of financial assets at fair value through profit and loss by instrument type.

	31/12/2018				01/01/2018			
(in millions of euros)	Financial assets held for trading	Financial assets to be valued at fair value through profit or loss [(a) (b)]	Financial assets designated under the fair value option [(c)]	Total	Financial assets held for trading	Financial assets to be valued at fair value through profit or loss [(a) (b)]	Financial assets designated under the fair value option [(c)]	Total [(e)]
Note			*5.1.1.1*				*5.1.1.1*	
Securities	**34,950**	**3,015**	**0**	**37,965**	**46,491**	**2,938**	**0**	**49,429**
Debt instruments	12,189	2,263	0	14,453	18,457	2,109	0	20,566
Equity instruments	22,761	752	0	23,513	28,033	829		28,863
Financing against reverse repos [(d)]	95,300			95,300	92,023			92,023
Loans and receivables	**3,884**	**1,871**	**2**	**5,757**	**4,422**	**2,297**	**0**	**6,719**
Banks	10	1,031	2	1,042	104	1,150	0	1,254
Customers	3,874	840	0	4,715	4,317	1,147	0	5,465
Derivative instruments not eligible for hedge accounting [(d)]	**57,161**	**0**	**0**	**57,161**	**60,014**	**0**	**0**	**60,014**
Security deposits paid	**17,903**	**0**	**0**	**17,903**	**17,478**	**0**	**0**	**17,478**
TOTAL	**209,198**	**4,886**	**2**	**214,086**	**220,428**	**5,235**	**0**	**225,663**

(a) *The criteria for categorizing financial assets at fair value through profit or loss if they do not meet the SPPI criteria used by Natixis are provided in Note 6.1.2.*

(b) *Financial instruments that must be measured at fair value through profit or loss include non-SPPI debt instruments in the amount of €2,263 million at December 31, 2018, and equity instruments totaling €752 million at December 31, 2018 that we have opted not to recognize in other comprehensive income.*

(c) *Only in the case of an accounting mismatch as defined by IFRS 9 (see Note 6.1.5).*

(d) *The information presented takes into account the impact of offsetting carried out in accordance with IAS 32 (see Note 8.3).*

(e) *Of which €0.18 million at January 1, 2018 for the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).*

8.1.1.1 Conditions for classification of financial assets under the fair value option

For the record, at December 31, 2017, under IAS 39, financial assets were designated at fair value through profit or loss when this choice provided more pertinent information or when these instruments incorporated one or more significant and separable embedded derivatives.

The use of the fair value option was considered to provide more pertinent information in two situations:

- where there is an accounting mismatch between economically linked assets and liabilities. This arose for example in the case of an asset and a hedging derivative when the criteria for hedge accounting were not met;
- where a portfolio of financial assets and liabilities is managed and recognized at fair value as part of a documented policy of asset and liability management.

Financial assets designated at fair value through profit or loss mainly consisted of long-term structured repos indexed to a basket of equities whose risks are managed globally and dynamically. As they are managed using a model that is neither a "hold to collect" nor a "hold to collect and sell" business model, these transactions were recategorized as financial assets at fair value through profit or loss under IFRS 9.

(in millions of euros)	31/12/2017 Carrying amount	Accounting mismatch	Managed on a fair value basis	Embedded derivatives
Loans and receivables due from banks	2,099	2,099		
Loans and receivables due from customers	5,425	2,303	544	2,577
Fixed-income securities	3,134	1,292	247	1,595
Variable-income securities	15,530	13,546	1,984	
Reverse repurchase agreements	44,695		44,695	
TOTAL	**70,882**	**19,240**	**47,470**	**4,172**

8.1.2 Financial liabilities designated at fair value through profit or loss

The table below shows the breakdown of financial liabilities at fair value through profit and loss by instrument type.

	31/12/2018			01/01/2018		
(in millions of euros)	Financial liabilities issued for trading	Financial liabilities designated under the fair value option	Total	Financial liabilities issued for trading	Financial liabilities designated under the fair value option	Total
Notes		*8.1.2.1 and 8.1.2.2*			*8.1.2.1 and 8.1.2.2*	
Securities	**21,062**	**22,132**	**43,194**	**26,090**	**20,535**	**46,625**
Debt securities	301	22,032	22,332	303	20,432	20,735
Subordinated debt	0	100	100	0	103	103
Short sales	20,761	0	20,761	25,786	0	25,786
Repurchased securities [(a)]	**90,812**	**0**	**90,812**	**98,593**	**0**	**98,593**
Liabilities	**14**	**4,579**	**4,593**	**64**	**3,440**	**3,504**
Due to banks	0	67	67	56	78	134
Customer deposits	14	123	137	8	9	18
Other liabilities	0	4,389	4,389	0	3,352	3,352
Derivative instruments not eligible for hedge accounting [(a)]	**57,160**	**0**	**57,160**	**59,600**	**0**	**59,600**
Security deposits received	**12,423**	**0**	**12,423**	**12,999**	**0**	**12,999**
TOTAL	**181,472**	**26,711**	**208,183**	**197,346**	**23,975**	**221,321**

(a) The information presented takes into account the impact of offsetting carried out in accordance with IAS 32 (see Note 6.3).

8.1.2.1 Conditions for classification of financial liabilities under the fair value option

Financial liabilities are designated at fair value through profit and loss when this choice provides more pertinent information or when the instruments incorporate one or more significant and separable embedded derivatives *(see Note 5)*.

The use of the fair value option is considered to provide more pertinent information in two situations:

- where there is an accounting mismatch between economically linked assets and liabilities. In particular, the fair value option is used when hedge accounting conditions are not met: in such cases, changes in the fair value of the hedged item automatically offset changes in the fair value of the hedging derivative;
- where a portfolio of financial assets and liabilities is managed and recognized at fair value as part of a documented policy of asset and liability management.

Liabilities measured at fair value through profit and loss mainly comprise issues originated and structured on behalf of customers for which risks and hedging are collectively managed. These issues include significant embedded derivatives for which changes in value are neutralized, except for those allocated to own credit risk, by those of the derivative instruments hedging them.

Under IAS 39, liabilities designated at fair value also mainly consisted of long-term structured repos indexed to a basket of equities whose risks are managed globally and dynamically. These liabilities, which follow a trading business model as defined by IFRS 9, were recategorized as financial assets at fair value through profit or loss.

	31/12/2018				01/01/2018			
(in millions of euros)	Carrying amount	Accounting mismatch	Managed on a fair value basis	Embedded derivatives	Carrying amount	Accounting mismatch	Managed on a fair value basis	Embedded derivatives
Due to banks	67	6		61	79	8		71
Customer deposits	123	0		123	9	0		9
Debt securities	22,032	17,770		4,261	20,432	16,488		3,944
Subordinated debt	100	0		100	103	0		103
Other liabilities	4,388	4,389		0	3,352	3,352		0
TOTAL	**26,711**	**22,165**		**4,545**	**23,975**	**19,848**		**4,127**

Some liabilities issued and recognized at fair value through profit and loss are covered by a guarantee. The effect of this guarantee is incorporated into the fair value of the liabilities.

8.1.2.2 Financial liabilities under the fair value option and credit risk

The carrying amount of financial liabilities designated at fair value through profit or loss corresponds to their fair value shown on the balance sheet.

The amount contractually due on loans at maturity represents the principal amount outstanding at the reporting date, plus any accrued interest not yet due. The amount contractually due on securities represents their redemption value.

5

Financial liabilities under the fair value option for which credit risk is recognized in shareholders' equity.

	31/12/2018				01/01/2018			
(in millions of euros)	Carrying amount	Amount contractually due at maturity	Difference between carrying amount and amount contractually due at maturity	Cumulative changes in the fair value of financial liabilities, designated at fair value through profit or loss, attributable to credit risk	Carrying amount	Amount contractually due at maturity	Difference between carrying amount and amount contractually due at maturity	Cumulative changes in the fair value of financial liabilities, designated at fair value through profit or loss, attributable to credit risk
Debt securities [a]	22,032	24,547	(2,515)	(111)	20,432	20,246	186	276
Subordinated debt [a]	100	101	(1)	(4)	103	100	2	(2)
TOTAL [B]	**22,132**	**24,648**	**(2,516)**	**(115)**	**20,535**	**20,347**	**188**	**275**

(a) Balancing payments relating to the early redemption of Natixis issues recognized in shareholders' equity over the 2018 fiscal year totaled €5.3 million, versus €5.3 million over the 2017 fiscal year.

(b) The fair value, determined using the calculation method described in Note 8.5, recorded in respect of internal credit risk on Natixis issues, totaled -€114.9 million at December 31, 2018, versus €274.8 million at December 31, 2017. Besides changes in the outstanding amount, this difference reflects changes in the Natixis spread since the close of the previous year's accounts.

Financial liabilities under the fair value option for which credit risk is recognized in net income

	31/12/2018			01/01/2018			
							Cumulative changes
(in millions of euros)	67	64	3	78	75	4	
Customer deposits	123	126	(3)	9	10	(1)	
Other liabilities	4,389	4,389	0	3,352	3,352	0	
TOTAL	**4,579**	**4,579**	**0**	**3,440**	**3,437**	**3**	

8.1.3 Derivatives not eligible for hedge accounting

Derivative financial instruments not eligible for hedge accounting are classified as held for trading, irrespective of the period over which they are expected to be held.

	31/12/2018			01/01/2018		
(in millions of euros)	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Organized market	**630,231**	**1,719**	**2,715**	**770,015**	**1,088**	**1,860**
Interest rate derivatives	479,400	256	629	658,248	107	551
Currency derivatives	151			349		
Equity derivatives	150,015	1,463	2,086	111,418	980	1,308
Credit derivatives					1	1
Other contracts	665					
Over-the-counter	**4,677,487**	**55,442**	**54,445**	**4,921,766**	**58,926**	**57,740**
Interest rate derivatives	3,425,424	36,145	35,649	3,601,244	39,023	38,476
Currency derivatives	1,007,867	13,021	12,383	1,089,015	15,528	14,570
Equity derivatives	118,497	4,810	5,091	107,846	2,587	3,548
Credit derivatives [(a) (b)]	30,807	979	564	38,855	1,153	793
Other contracts	94,892	487	758	84,805	635	354
TOTAL	**5,307,718**	**57,161**	**57,160**	**5,691,781**	**60,014**	**59,600**
o/w banks	*1,701,854*	*38,890*	*36,557*	*1,771,715*	*43,350*	*41,146*
o/w other financial companies	*2,712,919*	*11,606*	*12,858*	*2,848,152*	*9,935*	*11,493*

The notional amounts of derivative financial instruments are merely an indication of the volume of the Group's business on the financial instruments market, and do not reflect the market risks associated with such instruments.

(a) Natixis has contracted Total Return Swaps (TRS) with BPCE. These instruments are used to hedge changes in the fair value recognized since July 1, 2009 on instruments previously linked to the former GAPC hive-off carried at fair value through profit or loss at December 31, 2018 and are included on this line for an amount of €0.1 million in assets (versus €4.5 million at December 31, 2017) and €11.7 million in liabilities (versus €10.3 million at December 31, 2017).

(b) Natixis has contracted a call option with BPCE for the purpose of recovering in 10 years' time any net gains in fair value transferred to BPCE via TRS. The call option was recognized on this line in assets for €569.6 million at December 31, 2018, versus €559.5 million at December 31, 2017.

8.2 Hedging derivatives

Derivatives may only be designated as hedges if they meet the criteria set out in IAS 39 at inception and throughout the term of the hedge. These criteria include formal documentation that the hedging relationship between the derivatives and the hedged items is both prospectively and retrospectively effective. Hedging relationships are presumed to be effective when, retrospectively, changes in the value of the hedging instrument offset changes in the value of the hedged item in a range of 80%-125%.

Cash flow hedges are mainly used by Natixis to hedge the overall interest rate risk. Cash flow hedges are also used by the leasing activity.

Fair value hedging is used to hedge changes in the fair value of fixed-income securities on an individual basis, as well as comprehensive hedging of the interest-rate risk of Natixis Financial Products LLC according to the carve-out provisions of IAS 39.

	31/12/2018			01/01/2018		
(in millions of euros)	Notional	Fair value assets	Fair value liabilities	Notional [(a)]	Fair value assets [(b)]	Fair value liabilities [(c)]
Cash flow hedges	**14,484**	**53**	**105**	**19,008**	**43**	**310**
Over-the-counter	**14,484**	**53**	**105**	**19,008**	**43**	**310**
Interest rate derivatives	14,484	53	105	19,008	43	310
Fair value hedges	**168,500**	**253**	**423**	**344,811**	**296**	**400**
Over-the-counter	**168,500**	**253**	**423**	**344,811**	**296**	**400**
Interest rate derivatives	168,495	253	423	344,665	296	400
Currency derivatives	5			18		
Credit derivatives				128		
TOTAL	**182,984**	**306**	**529**	**363,819**	**339**	**710**

The notional amounts of derivative financial instruments are merely an indication of the volume of the Group's business on the financial instruments market, and do not reflect the market risks associated with such instruments.

(a) Of which €5,769.56 million at January 1, 2018 for the SFS business lines.

(b) Of which €2.6 million at January 1, 2018 for the SFS business lines recognized in non-current assets held for sale as at December 31, 2018.

(c) Of which €193.5 million at January 1, 2018 for the SFS business lines recognized in non-current liabilities held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).

8.2.1 Schedule of hedging derivatives

The table below shows the breakdown of the notional amounts of the derivatives by maturity date.

	31/12/2018				
Notional *(in millions of euros)*	Less than 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total
Interest rate hedges	**30,620**	**85,121**	**42,395**	**24,843**	**182,979**
Cash flow hedges	216	2,871	3,284	8,112	14,484
Fair value hedges	30,403	82,251	39,111	16,730	168,495
Currency hedges	**5**				**5**
Fair value hedges	5				5
TOTAL	**30,624**	**85,121**	**42,395**	**24,843**	**182,984**

8.2.2 Fair value hedging of assets and liabilities

(in millions of euros)	Hedging of interest rate risk		
	31/12/2018		
	Carrying value	of which revaluation of the hedged component	Hedged portion still to be deferred
Assets	**21,168**	**11**	**(2)**
Financial assets at fair value through equity	**8,933**	**(118)**	
Fixed-income securities	8,850	(118)	
Equities and other variable-income securities	83		
Financial assets at amortized cost	**12,235**	**129**	**(2)**
Loans and receivables due from banks	9,732	116	(2)
Loans and receivables due from customers	2,503	13	
Liabilities	**4,664**	**46**	
Financial liabilities at amortized cost	**4,664**	**46**	
Amounts due to banks	3,782	1	
Amounts due to customers	114	(1)	
Debt securities	638	(1)	
Subordinated debt	129	47	

8.2.3 Cash flow hedging of assets and liabilities

	31/12/2018		
	Fair value of hedging derivative [(a)]	o/w effective portion	o/w ineffective portion
Hedging of interest rate risk	(57)	(60)	2
TOTAL	**(57)**	**(60)**	**2**

(a) The asset and liability fair value of the hedging derivatives is presented in net terms.

8.2.3.1 Cash flow hedging – Analysis of other items of comprehensive income

OCI framework	01.01.2018	Change in effective portion	Reclassification of effective portion to profit or loss	Hedged item partially or fully settled	31/12/2018	Balance of hedged portion still to be deferred*
Amount of OCI for CFH transactions	(38)	29	(0)	6	(3)	57
TOTAL	**(38)**	**29**	**(0)**	**6**	**(3)**	**57**

** The basis adjustment model is optional under IAS 39 and mandatory under IFRS 9.*

8.3 Offsetting of financial assets and liabilities

The table below presents the amounts offset on the Natixis balance sheet meeting the criteria set out in IAS 32, as well as the impacts linked to the existence of an enforceable right of set-off under a master netting arrangement or similar agreements that do not meet the criteria set out in IAS 32 dealing with offsetting.

The gross offset amounts reflect derivatives and repurchase agreements with clearing houses for which the criteria set out in IAS 32 are met:

- for OTC derivatives, the information is presented in consideration of the effects of the currency offset between asset valuations and liability valuations of the derivatives;
- for asset switches that have similar nominal amounts and identical maturities and currencies, Natixis presents these transactions as a single financial asset or liability;
- for listed derivatives, the positions recorded under the respective asset and liability items for:
  - index options and futures options are offset by maturity and by currency,
  - equity options are offset by ISIN code and maturity date;
- as regards repurchase agreements, Natixis records on its balance sheet the net value of repurchase and reverse repurchase agreements that:
  - are entered into with the same clearing house,
  - have the same maturity date,
  - involve the same custodian,
  - are made in the same currency.

The impacts linked to the existence of an enforceable right of set-off under master netting arrangements or similar agreements correspond to derivative amounts or outstanding repos covered by master arrangements under which the net settlement criterion or the simultaneous settlement of assets and liabilities cannot be demonstrated or for which the right to set-off cannot be exercised except in the event of the default, insolvency or bankruptcy of one or more counterparties. These amounts are not offset on the balance sheet.

Guarantees received and given in the form of the securities shown in the "Financial instruments" column are recognized at fair value.

5

8.3.1 Financial assets

	31/12/2018			31/12/2017		
	Gross amount of financial assets recognized in the balance sheet*	Gross amount of offset financial liabilities	Net amount of financial assets recognized in the balance sheet	Gross amount of financial assets recognized in the balance sheet*	Gross amount of offset financial liabilities	Net amount of financial assets recognized in the balance sheet
(in millions of euros)	(a)	(b)	(c) = (a) - (b)	(a)	(b)	(c) = (a) - (b)
Financial assets at fair value through profit or loss	**156,299**	**29,101**	**127,198**	**103,213**	**23,536**	**79,677**
Derivatives	*63,200*	*19,147*	*44,052*	*60,723*	*15,071*	*45,652*
Repurchase agreements	*93,100*	*9,954*	*83,146*	*42,490*	*8,465*	*34,025*
Other financial instruments						
Hedging derivatives	**1,981**	**1,834**	**147**	**2,516**	**2,355**	**161**
Loans and receivables due from banks	**700**	**700**		**3,214**	**700**	**2,514**
Repurchase agreements	*700*	*700*		*3,214*	*700*	*2,514*
Other financial instruments						
Loans and receivables due from customers	**2,197**		**2,197**	**50,819**	**5,759**	**45,060**
Repurchase agreements	*2,197*		*2,197*	*50,819*	*5,759*	*45,060*
Other financial instruments						
TOTAL	**161,178**	**31,635**	**129,543**	**159,762**	**32,350**	**127,412**

* *Gross amount of financial assets offset or covered by a master netting or similar arrangement.*

	31/12/2018				31/12/2017			
	Net amount of financial assets recognized in the balance sheet	Amounts not offset related to (a) (d)		Net exposure	Net amount of financial assets recognized in the balance sheet	Amounts not offset related to (a) (d)		Net exposure
		Financial instruments	Guarantees received in cash			Financial instruments	Guarantees received in cash	
(in millions of euros)	(c)	*		(e) = (c) - (d)	(c)	*		(e) = (c) - (d)
Derivatives	44,199	33,083	8,368	2,748	45,813	32,414	9,378	4,021
Repurchase agreements	85,344	85,051		292	81,599	81,576	12	11
Other financial instruments								
TOTAL	**129,543**	**118,134**	**8,368**	**3,041**	**127,412**	**113,990**	**9,390**	**4,032**

* *Including collateral received in the form of securities.*

8.3.2 Financial liabilities

	31/12/2018			31/12/2017		
	Gross amount of financial liabilities recognized in the balance sheet*	Gross amount of offset financial assets	Net amount of financial liabilities recognized in the balance sheet	Gross amount of financial liabilities recognized in the balance sheet *	Gross amount of offset financial assets	Net amount of financial liabilities recognized in the balance sheet
(in millions of euros)	(a)	(b)	(c) = (a) - (b)	(a)	(b)	(c) = (a) - (b)
Financial liabilities designated at fair value through profit or loss	**158,619**	**28,977**	**129,641**	**97,428**	**23,310**	**74,118**
Derivatives	*63,527*	*19,024*	*44,503*	*60,402*	*14,845*	*45,557*
Repurchase agreements	*95,092*	*9,954*	*85,138*	*37,026*	*8,465*	*28,561*
Other financial instruments						
Hedging derivatives	**2,130**	**1,957**	**172**	**2,744**	**2,581**	**163**
Amounts due to banks	**8,558**	**700**	**7,858**	**18,425**	**700**	**17,725**
Repurchase agreements	*8,558*	*700*	*7,858*	*18,425*	*700*	*17,725*
Other financial instruments						
Amounts due to customers	**50**		**50**	**59,391**	**5,759**	**53,632**
Repurchase agreements	*50*		*50*	*59,391*	*5,759*	*53,632*
Other financial instruments						
TOTAL	**169,356**	**31,635**	**137,721**	**177,988**	**32,350**	**145,638**

* *Gross amount of financial liabilities offset or covered by a master netting or similar arrangement.*

	31/12/2018				31/12/2017			
	Net amount of financial liabilities recognized in the balance sheet	Amounts not offset related to (a) (d)			Net amount of financial liabilities recognized in the balance sheet	Amounts not offset related to (a) (d)		
		Financial instruments	Guarantees given in cash	Net exposure		Financial instruments	Guarantees given in cash	Net exposure
(in millions of euros)	(c)	*		(e) = (c) - (d)	(c)	*		(e) = (c) - (d)
Derivatives	44,675	33,408	7,840	3,427	45,720	32,826	9,678	3,216
Repurchase agreements	93,046	92,854	0	192	99,918	99,572	2	344
Other financial instruments								
TOTAL	**137,721**	**126,262**	**7,840**	**3,620**	**145,638**	**132,398**	**9,680**	**3,560**

* *Including collateral received in the form of securities.*

8.4 Financial assets at fair value through comprehensive income

This line item covers debt instruments managed under a "hold to collect and sell" business model, with cash flows that meet SPPI criteria *(see Note 6.1.4)*, such as debt instruments held in the liquidity reserve and equity instruments that Natixis has irrevocably opted to measure at fair value through other comprehensive income.

(in millions of euros)	31/12/2018				01/01/2018			
	Debt instruments				Debt instruments			
	Unimpaired financial assets [(a)]	Impaired financial assets [(b)]	Equity instruments	Total	Unimpaired financial assets [(a)]	Impaired financial assets [(b)]	Equity instruments	Total
Notes	*8.4.1*	*8.4.1*	*8.4.2*		*8.4.1*	*8.4.1*	*8.4.2*	
Securities	**10,673**		**126**	**10,798**	**9,905**	**6**	**71**	**9,982**
Loans and receivables					**(1)**			**(1)**
TOTAL	**10,673**		**126**	**10,798**	**9,904**	**6**	**71**	**9,981**

(a) *Corresponds to unimpaired financial assets for which value adjustments are calculated based on 12-month expected credit losses (Stage 1) or lifetime expected credit losses (Stage 2).*

(b) *Impaired financial assets (Stage 3) are assets for which a default event has been identified as defined in Article 178 of the EU regulation of June 26, 2013 on regulatory requirements for credit institutions.*

8.4.1 Reconciliation table for financial assets at fair value through recyclable other comprehensive income

The tables below show, for each class of instrument, changes over fiscal year 2018 in accounting items and impairments and provisions related to financial assets at fair value through other comprehensive income recyclable to income.

(in millions of euros)	Financial assets at fair value through equity (recyclable) at 31/12/2018									
	Unimpaired assets for which expected credit losses are measured over 12 months *(S1 bucket)*		Unimpaired assets for which expected credit losses are measured on a lifetime basis *(S2 bucket)*		Assets impaired after their origination/acquisition *(S3 bucket)*		Assets impaired on origination/acquisition		Total	
	Gross carrying amount	Value adjustment for credit losses	Gross carrying amount	Value adjustment for credit losses	Gross carrying amount	Value adjustment for credit losses	Gross carrying amount	Value adjustment for credit losses	Gross carrying amount	Value adjustment for credit losses
BALANCE AT 01/01/2018	**9,863**	**0**	**42**	**(1)**	**6**				**9,911**	**(0)**
New originated or acquired contracts	3,533	(0)							3,533	(0)
Changes in contractual cash flows not giving rise to derecognition										
Variations linked to changes in credit risk parameters *(excluding transfers)*	516	0	(0)		(2)				515	0
Financial asset transfers	35	(0)	(35)	0	0	0			0	0
Transfers to S1	35	(0)	(35)	0					0	0
Transfers to S2										
Transfers to S3										
Contracts fully repaid or sold during the period	(3,473)	0			(4)				(3,477)	0
Impairment in value *(write-off)*					0	0			0	0
Variations linked to changes in exchange rates	161	0	(3)	0		(0)			158	0
Changes in the model used										0
Other changes	34	(0)							34	(0)
BALANCE AT 31/12/2018	**10,670**	**(0)**	**4**	**(0)**	**(0)**	**0**	**0**	**0**	**10,673**	**(0)**

8.4.2 Equity instruments at fair value through other comprehensive income

(in millions of euros)	31/12/2018				
		Dividends recognized over the period		Derecognition over the period	
	Fair value	Equity instruments held at 31/12/2018	Equity instruments derecognized during the period	Fair value on date of sale	Cumulative profit or loss on date of sale
Investments in unlisted and unconsolidated companies [(a)]	126	2	0	12	(4)
Other equity instruments	0	0	0	0	0
TOTAL	**126**	**2**	**0**	**12**	**(4)**

(a) *The total amount of changes in fair value reclassified as "Retained earnings" over the period that was related to disposals was -€4 million for fiscal year 2018.*

AVAILABLE-FOR-SALE FINANCIAL ASSETS AT DECEMBER 31, 2017

(in millions of euros)	31/12/2017
Loans outstanding	**18**
▪ Loans and receivables	18
▪ Accrued interest	0
Securities	**58,382**
▪ Fixed-income	49,209
▪ Variable income [(b)]	8,625
▪ Accrued interest	549
Total available-for-sale financial assets before impairment	**58,400**
Impairment of available-for-sale assets	**(515)**
▪ Loans and receivables	(15)
▪ Fixed-income securities	(43)
▪ Variable income securities [(c)]	(458)
TOTAL [(a)]	**57,885**

(a) *Of which €44,444 million for insurance activities at December 31, 2017.*

(b) *Including mutual fund units.*

(c) *In 2017, the permanent impairment of variable-income securities stood at €27 million. This relates to insurance portfolios for €15 million, the impact of which was neutralized by a respective 89% given the profit-sharing mechanism. The 2017 expense can be broken down into additional impairment on securities previously impaired for €18 million, including €7 million for insurance portfolios and an allowance of €9 million for newly impaired securities in accordance with the application of analysis criteria, as defined in the accounting principles and methods, primarily applicable to insurance portfolios.*

8.5 Fair value of financial assets and liabilities carried at fair value in the balance sheet

For financial reporting purposes, the fair value of financial and non-financial instruments has been broken down in accordance with a fair value hierarchy that reflects the observability of data used to make these assessments *(see Note 6.6)*. The three levels of the fair value hierarchy are presented below.

For derivative instruments, fair values are broken down based on the dominant risk factor, i.e. primarily interest rate risk, foreign exchange risk, credit risk and equity risk:

Assets *(in millions of euros)*	31/12/2018			
	Carrying value	Level 1	Level 2	Level 3
Financial assets held for trading	**152,037**	**31,342**	**117,806**	**2,889**
o/w debt instruments in the form of securities	*12,190*	*7,976*	*4,139*	*75*
o/w equity instruments	*22,761*	*22,701*	*60*	
o/w loans and receivables	*99,184*		*96,370*	*2,814*
o/w security deposits paid	*17,903*	*665*	*17,238*	
Derivative instruments not eligible for hedge accounting (positive fair value)	**57,161**	**1,449**	**53,162**	**2,548**
o/w interest rate derivatives	*36,401*	*2*	*36,277*	*122*
o/w currency derivatives	*13,021*		*11,722*	*1,299*
o/w credit derivatives	*979*		*254*	*725*
o/w equity derivatives	*6,272*	*1,193*	*4,677*	*402*
o/w other	*487*	*254*	*233*	
Financial instruments to be valued at fair value through profit or loss	**4,886**	**1,308**	**2,088**	**1,490**
o/w equity instruments	*752*	*175*	*0*	*577*
o/w debt instruments in the form of securities	*2,263*	*1,134*	*268*	*862*
o/w loans and receivables	*1,871*		*1,820*	*51*
Financial assets designated under the fair value option	**2**		**2**	**0**
o/w debt instruments in the form of securities	*0*			*0*
o/w loans and receivables	*2*		*2*	
Hedging derivatives (assets)	**306**		**306**	
o/w interest rate derivatives	*306*		*306*	
Financial assets at fair value through equity	**10,798**	**9,864**	**886**	**48**
o/w equity instruments	*126*	*78*	*0*	*48*
o/w debt instruments in the form of securities	*10,672*	*9,786*	*886*	
o/w loans and receivables				
TOTAL	**225,190**	**43,963**	**174,251**	**6,975**

The data at December 31, 2018 regarding the fair value measurements for the insurance activities are presented in Note 9.4.4.

Liabilities *(in millions of euros)*	31/12/2018			
	Carrying value	Level 1	Level 2	Level 3
Financial liabilities held for trading	**33,485**	**20,690**	**12,796**	
o/w securities issued for trading purposes	*21,062*	*20,690*	*373*	
o/w security deposits received	*12,423*		*12,423*	
Derivative instruments not eligible for hedge accounting (negative fair value)	**57,161**	**1,036**	**54,071**	**2,054**
o/w interest rate derivatives	*36,279*	*0*	*36,087*	*192*
o/w currency derivatives	*12,383*	*0*	*11,340*	*1,042*
o/w credit derivatives	*564*		*313*	*251*
o/w equity derivatives	*7,177*	*813*	*5,795*	*569*
o/w other	*758*	*222*	*535*	
Other financial liabilities held for trading	**90,826**		**89,650**	**1,176**
Financial liabilities designated under the fair value option	**26,711**	**3,726**	**22,800**	**185**
o/w securities under the fair value option	*22,132*		*21,950*	*182*
o/w other financial liabilities under the fair value option	*4,579*	*3,726*	*851*	*3*
Hedging derivatives (liabilities)	**529**		**529**	**0**
o/w interest rate derivatives	*529*		*529*	*0*
TOTAL	**208,712**	**25,451**	**179,846**	**3,415**

AT DECEMBER 31, 2017

Assets *(in millions of* **euros)**	31/12/2017 Carrying value	Level 1	Level 2	Level 3
Financial assets held for trading	113,615	46,332	62,485	4,798
Securities held for trading	**50,381**	**45,655**	**4,575**	**151**
o/w fixed-income securities	*13,033*	*11,206*	*1,676*	*151*
o/w variable-income securities	*37,348*	*34,450*	*2,899*	*0*
Derivative instruments not eligible for hedge accounting (positive fair value)	**60,228**	**677**	**56,566**	**2,985**
o/w interest rate derivatives	*39,209*	*2*	*39,082*	*124*
o/w currency derivatives	*15,651*	*2*	*14,119*	*1,531*
o/w credit derivatives	*1,153*		*389*	*764*
o/w equity derivatives	*3,578*	*533*	*2,484*	*561*
o/w other	*637*	*140*	*492*	*5*
Other financial assets held for trading	**3,006**		**1,344**	**1,662**
Financial assets designated under the fair value option	70,882	14,438	53,110	3,334
Securities under the fair value option	**18,664**	**14,417**	**1,712**	**2,535**
o/w fixed-income securities	*3,134*	*725*	*598*	*1,811*
o/w variable-income securities	*15,530*	*13,692*	*1,114*	*724*
Other financial assets under the fair value option	**52,219**	**22**	**51,398**	**799**
Hedging derivatives (assets)	339		339	0
o/w interest rate derivatives	*339*		*339*	*0*
Available-for-sale financial assets	57,885	49,376	4,527	3,982
Available-for-sale securities – Equity investments	**660**	**91**	**0**	**569**
Other available-for-sale securities	**57,222**	**49,285**	**4,527**	**3,410**
o/w fixed-income securities	*49,704*	*43,491*	*3,217*	*2,997*
o/w variable-income securities	*7,518*	*5,794*	*1,310*	*414*
Other available-for-sale financial assets	**3**			**3**
TOTAL [(a)]	242,721	110,147	120,460	12,114

(a) *The contribution from the insurance entities at December 31, 2017 was a carrying amount of €67,219 million, of which €4,370 million for Level 2 and €5,120 million for Level 3.*

Liabilities *(in millions of euros)*	31/12/2017 Carrying value	Level 1	Level 2	Level 3
Financial liabilities held for trading	85,937	26,340	57,652	1,945
Securities issued for trading purposes	**26,096**	**25,750**	**345**	**0**
Derivative instruments not eligible for hedge accounting (negative fair value)	**59,783**	**590**	**57,249**	**1,945**
o/w interest rate derivatives	*39,099*	*64*	*38,839*	*197*
o/w currency derivatives	*14,681*	*1*	*13,508*	*1,172*
o/w credit derivatives	*793*		*467*	*326*
o/w equity derivatives	*4,856*	*395*	*4,210*	*251*
o/w other	*354*	*130*	*224*	
Other financial liabilities held for trading	**57**		**57**	
Financial liabilities designated under the fair value option	58,948	2,908	54,571	1,469
Securities under the fair value option	20,535		20,162	373
Other financial liabilities under the fair value option	38,414	2,908	34,409	1,097
Hedging derivatives (liabilities)	710		710	
o/w interest rate derivatives	*710*		*710*	
TOTAL	145,595	29,248	112,933	3,414

a) Level 1: Fair value measurement using prices quoted on liquid markets

Level 1 comprises instruments whose fair value is determined based on directly usable prices quoted on active markets.

This mainly includes securities listed on a stock exchange or traded continuously on other active markets, derivatives traded on organized markets (futures, options, etc.) whose liquidity can be demonstrated, and mutual fund units whose NAV is determined and reported on a daily basis.

b) Level 2: Fair value measurement using observable market data

Level 2 fair value comprises instruments other than those mentioned in Level 1 fair value and instruments measured using a valuation technique incorporating inputs that are either directly observable (prices) or indirectly observable (price derivatives) through to maturity. This mainly includes:

Simple instruments

Most over-the-counter derivatives, swaps, credit derivatives, forward rate agreements, caps, floors and plain vanilla options are traded in active markets, i.e. liquid markets in which trades occur regularly.

These instruments are valued using generally accepted models (discounted cash flow method, Black & Scholes model, interpolation techniques), and on the basis of directly observable inputs.

For these instruments, the extent to which models are used and the observability of inputs has been documented.

Instruments measured using Level 2 inputs also include:

- securities that are less liquid than those classified as Level 1, whose fair value is determined based on external prices put forward by a reasonable number of active market makers and which are regularly observable without necessarily being directly executable (prices mainly taken from contribution and consensus databases); where these criteria are not met, the securities are classified as Level 3 fair value;
- securities not quoted on an active market whose fair value is determined based on observable market date. E.g. use of market data published by listed peer companies or the multiple method from techniques commonly used by market participants;
- Greek sovereign securities, whose fair value was recorded under Level 2 given the wide bid-ask price spread on market prices;
- mutual fund units whose NAV is not determined and published on a daily basis, but are subject to regular reporting or offer observable data from recent transactions;
- debt issues measured under the fair value option. The valuation of the "issuer credit risk" component is based on the discounted cash-flow method, using inputs such as yield curves, revaluation spreads, etc. For each issue, this valuation represents the product of its remaining notional amount and its sensitivity, taking into account the existence of calls, and based on the difference between the revaluation spread (based on BPCE's cash reoffer curve at December 31, 2018, as on previous reporting dates) and the average issue spread. Changes in the issuer spread are generally not material for issues with an initial maturity of less than one year.

Complex instruments

Some more hybrid and/or long-maturity financial instruments are measured using a recognized model on the basis of market inputs derived from observable data such as yield curves, implied volatility layers of options, market consensus data or active over-the-counter markets.

The main models for determining the fair value of these instruments are described below by type of product:

- **Equity products**: complex products are valued using:
  - market data;
  - the "payoff", i.e. a calculation of positive or negative cash flows attached to the product at maturity;
  - a model of changes in the underlying asset.

  The products traded may be mono-underlying, multi-underlying or hybrid (e.g. fixed income/equity) products.

  The main models used for equity products are local volatility, local volatility combined with the one-factor Hull & White (H&W1F) model, as well as the Tskew and Pskew models.

  The local volatility model treats volatility as a function of time and the price of the underlying. Its main property is that it considers the implied volatility of the option (derived from market data) relative to its exercise price.

  The hybrid local volatility combined with H&W1F consists of combining the local volatility model described above with a one-factor Hull & White model, described below *(see fixed-income products)*.

  The Tskew model is a valuation model for mono and multi-underlying options. Its principle is to calibrate the distribution of the underlying asset or assets at maturity to standard option prices.

  The Pskew model is similar to the Tskew model. It is used in particular for simple ratchet equity products such as capped or floored ratchet products.

- **Fixed-income products**: fixed-income products generally have specific characteristics which justify the choice of model. The valuation of the payoff will take into account all underlying risk factors.

  The main models used to value and manage fixed-income products are Hull & White models (one-factor and two-factor models or one-factor Hull & White stochastic volatility model), the Hunt Kennedy model and the "smiled" BGM model.

  The Hull & White models are simple pricing models for plain vanilla fixed-income products and can be calibrated easily. Products valued using these models generally contain a Bermudan-type cancellation option (i.e. one that may be exercised at certain dates set at the beginning of the contract).

  SBGM and Hunt Kennedy models are used to value fixed-income products that are sensitive to volatility smiles (i.e. implied change in volatility relative to the exercise price) and to autocorrelation (or correlation between interest rates).

- **Currency products**: currency products generally have specific characteristics which justify the choice of model.

  The main models used to value and manage currency products are local volatility and stochastic models, as well as the hybrid models combining an underlying currency model with two one-factor Hull & White models to understand fixed-income factors.

Inputs relating to all such Level 2 instruments were demonstrated to be observable and documented. From a methodology perspective, observability is based on four inseparable criteria:

- inputs are derived from external sources (primarily a recognized contributor, for example);
- they are updated periodically;
- they are representative of recent transactions;
- their characteristics are identical to the characteristics of the transaction. If necessary, a proxy may be used, provided that the relevance of such an arrangement is demonstrated and documented.

The fair value of instruments obtained using valuation models is adjusted to take account of liquidity risk (bid-ask), counterparty risk, the risk relating to the cost of funding uncollateralized or imperfectly collateralized derivatives, own credit risk (measurement of liability derivative positions), model risk and input risk.

The margin generated when these instruments begin trading is immediately recognized in income.

c) Level 3: Fair value measurement using non-observable market data

Level 3 comprises instruments measured using unrecognized models and/or models based on non-observable market data, where they are liable to materially impact the valuation. This mainly includes:

- unlisted shares whose fair value could not be determined using observable inputs;
- Private Equity securities not listed on an active market, measured at fair value with models commonly used by market participants, in accordance with International Private Equity Valuation (IPEV) standards, but which are sensitive to market fluctuations and whose fair value determination necessarily involves a judgment call;
- structured or representative of private placements, held by the insurance business line;
- hybrid interest rate and currency derivatives and credit derivatives that are not classified in Level 2;
- loans in the syndication process for which there is no secondary market price;
- loans in the securitization process for which fair value is determined based on an expert appraisal;
- investment property whose fair value is obtained using a multi-criteria approach based on the capitalization of rents at the market rate combined with a comparison with market transactions;
- instruments with a deferred day-one margin;
- mutual fund units for which the fund has not published a recent NAV at the valuation date, or for which there is a lock-up period or any other constraint calling for a significant adjustment to available market prices (NAV, etc.) given the low liquidity observed for such securities;
- instruments carried at fair value on the balance sheet and for which data are no longer available due to a freeze in trading in the wake of the financial crisis, which were not reclassified as "Loans and receivables" pursuant to the amendment to IAS 39 and IFRS 7 published on October 13, 2008 *(see below)*. When there is a significant drop in trading in a given market, a valuation model is used based on the only available relevant data.

Plain vanilla derivatives are also classified as Level 3 in the fair value hierarchy when exposure is beyond the liquidity horizon determined by underlying currencies or by volatility surface (e.g., certain foreign currency options and volatility caps/floors).

In accordance with the decree of February 20, 2007, amended by the decree of November 23, 2011, relating to regulatory capital requirements applicable to credit institutions and investment firms, and in accordance with the European Capital Requirements regulation (CRR) of June 26, 2013 on requirements resulting from Basel 3, a description of crisis simulations and ex-post controls (validation of the accuracy and consistency of internal models and modeling procedures) is provided for each model used in Section 3.2.5 of Chapter [3], "Risk factors, risk management and the pillar III report".

Under IAS 9, day-one profit should be recognized only if it is generated by a change in the factors that market participants would consider in setting a price, i.e. only if the model and parameters input into the valuation are observable.

If the selected valuation model is not recognized by current market practices, or if one of the inputs significantly affecting the instrument's valuation is not observable, the trading profit on the trade date cannot be recognized immediately in the income statement. It is taken to income on a straight-line basis over the life of the transaction or until the date the inputs become observable. Any losses incurred at the trade date are immediately recognized in income.

At December 31, 2018, instruments for which the recognition of day-one profit/loss has been deferred included:

- multi-underlying structured equity and index products;
- synthetic loans;
- options on funds (multi-asset and mutual funds);
- structured fixed-income products;
- securitization swaps.

For these instruments, the following table provides the main unobservable inputs as well as value ranges.

Instrument class	Main types of products comprising Level 3 within the instrument class	Valuation techniques used	Main unobservable data	Data ranges unobservable among relevant level 3 products
Credit derivative instruments	Collateralized debt obligations	The default rates are based on the market prices of the underlying PFI bonds and the recovery rates are based on historical ratings agency data	Correlation between the assets, base spread between the cash asset and derivative asset, recovery rate	50% -100%
Interest rate derivatives	Securitization swaps	Discounted cash flow expected based on the underlying portfolio's early redemption assumption	Early redemption rate	[2% - 28%]
	Sticky CMS/Volatility Bond	Valuation models for interest rate options	Mean reversion parameters	[0%; 5%]
	Callable Spread Options and Corridor Callable Spread Options	Model representing several yield curve factors	Mean-reversion spread	[0%; 30%]
	Spread Lock Swap and Spread Lock Option	Bivariate normal model to understand the time value of Spread Lock options, and replication for CMS and TEC Forwards	Spread Lock curve, TEC Forward Volatility and TEC/CMS correlation	Spread-Lock: [+11.65bp, +11.93bp] TEC vol =[17bp, 74bp] TEC-CMS correl = [50%, 90%]
	Volatility cap/floor	Black & Scholes	Interest rate vol. for currencies absent from Totem or long maturities	Interest rate vol.: 4% to 100%
Currency derivative instruments	European barrier call option Asian call option Vanilla digital call option European vanilla call option	Skew Model Local volatility model Black & Scholes	Forex vol. for currency pairs absent from Totem or long maturities	ATM vol.: [1.04% to 20.62%]
Repos and general collateral TRS	TRS and repos indexed to a basket of general collateral equities	Synthetic modeling of the underlying general collateral basket (with an estimated repo) and actuarial valuation for TRS or with a standard hybrid Equity/Fixed Income model for TRS autocall	Repo curve for general collateral baskets	General collateral repo: [-0.78 to +1.5]
Helvetix derivatives	Strip of long-term options, Strip of quanto options, Strip of digital options Spread options and digital spread options	Black & Scholes model Gaussian copula	Forex/forex correlation USDCHF & EURCHF long-term volatility	EURCHF correlation: [47%; 51%] USDCHF correlation: [(74)%; 71%] EURCHF long-term volatility: [8.5%, 10%] USDCHF long-term volatility: [9.5%; 12%] EURUSD long-term volatility: [9.5%; 12%]
Fund-based derivatives	Payoffs as Target Volatility strategy and CPPI on Mutual Funds	The approach used is a hybrid model coupling the local volatility-type multi-underlying equity model with a one-factor Heath-Jarrow-Morton (HJM1F) interest rate model	Fund data	Fund—Interest rate correlation: [-39% to 30%]
Hybrid fixed income/forex derivatives	Long-term PRDC/PRDKO/TARN	Hybrid fixed income/forex options valuation model	Correlation between foreign exchange rates and interest rates as well as long-term volatility levels	AUDJPY and USDJPY correlation: [15% to 50%] Long-term volatility: [8.74% to 15.45%]

Instrument class	Main types of products comprising Level 3 within the instrument class	Valuation techniques used	Main unobservable data	Data ranges unobservable among relevant level 3 products
Hybrid equity/fixed income/forex (FX) derivatives	Long (15Y) callable range accrual note on several asset classes (equity+forex+fixed income)	Hybrid model coupling an equity diffusion, a FX diffusion and a fixed income diffusion	Correlation parameters (equity-FX, equity-fixed income, fixed income-FX)	Equity / USDEUR correlation: [(8)%, 50.7%] Equity / fixed-income correlation: [5%, 47%] USDEUR / IR correlation: [24%; 28%]
Hybrid fixed income/credit derivatives	Long (15Y) callable range accrual note on fixed income and credit (default event)	Hybrid model coupling a fixed income diffusion and a credit diffusion	Correlation inputs (interest rate-credit and volatility-credit)	- Fixed income/Credit correlation: [(20)%] - Credit vol.: Structured by maturity ([2Y: [20%; 75%], 5Y: [20%; 60%], 10Y: [20%; 33%])
Equity derivatives	Multi-underlying payoffs with long maturities	Model for valuing volatility options incorporating correlation between assets	Correlation inputs	Stock/stock correlation: [5.2 to 93.17]

Natixis' policy on transfers between fair value levels

Transfers between fair value levels are reviewed and validated by ad hoc Committees of representatives of various functions, particularly Finance, Risk and Business Lines. The Committee considers various indicators of market activity and liquidity as described in the General Principles.

A review is undertaken for any instrument that ceases to meet these criteria or once again complies with the criteria. Transfers to and from Level 3 are subject to validation.

At December 31, 2018, as explained in the key events, a portfolio of derivatives in Asia underwent a transfer to Level 3 in the fair value hierarchy. For the record, these are products which are indexed to the worst performance of an underlying basket of shares (indices and shares) that allow investors to receive enhanced periodic coupons in return for a risk of loss of capital at maturity, with the possibility that the product may expire early. The outstandings in question have a fair value recorded on the asset side of the balance sheet of €130 million at December 31, 2018.

The bearish market in Asia revealed the limitations of the business model associated with these products and led to the supplementing of the reserve mechanism by introducing an additional reserve to allow for the model's shortcomings. As this reserve requires judgment (specifically the anticipation of changes in market conditions, portfolio behavior, and so on), the valuation of the products to which it relates is no longer directly observable, and so the latter have been transferred to fair value Level 3 from Level 2, where they were classified previously, due to the unobservability of the parameters, the model used and the liquidity observed.

At December 31, 2017, in accordance with this procedure, certain foreign currency options, along with volatility caps and floors, were transferred to Level 3 of the fair value hierarchy depending on in their liquidity horizons, determined by underlying currencies. At December 31, 2017, the net impact on the balance sheet of foreign currency options transferred to Level 3 was €226 million in liabilities *(see Note 8.5.3)*. The income statement was not impacted.

Instruments affected by the financial crisis

a) CDS contracted with credit enhancers (monoline insurers)

Since December 31, 2015, the valuation model used to measure write-downs on CDS contracted with monoline insurers has moved more in line, in terms of method, with the adjustment made for counterparty risk (Credit Valuation Adjustment—CVA). It also takes account of the expected depreciation of exposures and the counterparty spread implied from the market data.

b) Other instruments not exposed to US housing risk measured by Natixis using a valuation model

The section below describes the underlying principles used to value assets resulting from securitization transactions for which no market prices could be identified and which were therefore measured using valuation models:

- Trust Preferred Securities (TruPS) CDOs

  The valuation model is based on projected future cash flows and default rates determined according to a statistical approach that deduces the default probability of banks according to their financial ratios. For other sectors, default rates are estimated considering the current ratings of assets.

- Private Finance Initiative CDS (PFI CDS)

  A valuation model was used, for Private Finance Initiative (PFI) CDS, which was based on an approach calibrated to the market prices of underlying PFI bonds and the use of a uniform collection rate. At December 31, 2018, Natixis no longer had any Private Finance Initiative CDS.

8.5.1 Financial assets and liabilities at fair value measured using level 3 of the fair value hierarchy

December 31, 2018

FINANCIAL ASSETS

					Gains and losses recognized in the period			Transactions carried out in the period		Reclassifications in the period					
					Income statement										
Financial assets *(in millions of euros)*	Level 3 closing balance at 31/12/2017 IAS 39	Reclassifications and restatements	Impact of change	Level 3 opening balance 01/01/2018 IFRS 9	On outstanding transactions at the reporting date	On transactions expired or redeemed during the period	Gains and losses recognized directly in equity	Purchases/ Issues	Sales/ Redemptions	From level 3	To level 3	Other reclassifications	Change in consolidation scope	Translation adjustments	Level 3 closing balance 31/12/2018
Financial assets held for trading	**151**	**2,448**	**0**	**2,598**	**60**	**88**	**0**	**7,550**	**(7,482)**	**(0)**	**14**	**(0)**	**0**	**61**	**2,889**
o/w debt instruments in the form of securities	*151*	*(12)*	*0*	*139*	*(68)*	*1*	*0*	*56*	*(68)*	*(0)*	*14*	*(0)*	*0*	*2*	*75*
o/w loans and receivables	*0*	*2,460*	*0*	*2,460*	*128*	*87*	*0*	*7,493*	*(7,413)*	*0*	*0*	*0*	*0*	*59*	*2,814*
Derivative instruments not eligible for hedge accounting (positive fair value)	**2,981**	**(11)**	**0**	**2,970**	**(38)**	**(129)**	**0**	**172**	**(366)**	**(206)**	**148**	**(2)**	**0**	**0**	**2,548**
o/w interest rate derivatives	*124*	*(10)*	*0*	*114*	*30*	*1*	*0*	*1*	*(41)*	*(0)*	*17*	*0*	*0*	*0*	*122*
o/w currency derivatives	*1,527*	*(1)*	*0*	*1,526*	*(44)*	*(33)*	*0*	*78*	*(49)*	*(178)*	*0*	*0*	*0*	*0*	*1,299*
o/w credit derivatives	*764*	*0*	*0*	*764*	*39*	*(71)*	*0*	*1*	*(8)*	*0*	*0*	*0*	*0*	*0*	*725*
o/w equity derivatives [(a)]	*561*	*0*	*0*	*561*	*-63*	*(21)*	*0*	*91*	*(267)*	*(28)*	*131*	*(2)*	*0*	*0*	*402*
o/w other	*5*	*0*	*0*	*5*	*0*	*(5)*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Other financial assets held for trading	**1,662**	**(1,662)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financial instruments to be valued at fair value through profit or loss	**0**	**1,448**	**0**	**1,448**	**94**	**21**	**(0)**	**183**	**(427)**	**(0)**	**160**	**8**	**0**	**4**	**1,490**
o/w equity instruments	*0*	*1,033*	*0*	*1,033*	*46*	*(1)*	*(0)*	*54*	*(166)*	*(0)*	*0*	*(392)*	*0*	*4*	*577*
o/w debt instruments in the form of securities	*0*	*358*	*0*	*358*	*47*	*22*	*0*	*105*	*(230)*	*0*	*160*	*401*	*0*	*0*	*862*
o/w loans and receivables	*0*	*57*	*0*	*57*	*1*	*0*	*0*	*24*	*(31)*	*0*	*0*	*0*	*0*	*0*	*51*
Financial assets designated under the fair value option	**1,873**	**(1,850)**	**0**	**22**	**0**	**0**	**0**	**0**	**(23)**	**0**	**0**	**0**	**0**	**0**	**0**
o/w debt instruments in the form of securities	*350*	*(329)*	*0*	*21*	*0*	*0*	*0*	*0*	*(21)*	*0*	*0*	*0*	*0*	*0*	*0*
o/w equity instruments	*724*	*(724)*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
o/w loans and receivables	*799*	*(797)*	*0*	*2*	*0*	*0*	*0*	*0*	*(2)*	*0*	*0*	*0*	*0*	*0*	*0*
Financial assets at fair value through equity	**0**	**74**	**0**	**74**	**0**	**0**	**(16)**	**6**	**(16)**	**0**	**0**	**(0)**	**0**	**0**	**48**
o/w equity instruments	*0*	*68*	*0*	*68*	*0*	*0*	*(10)*	*6*	*(16)*	*0*	*0*	*(0)*	*0*	*0*	*48*
o/w debt instruments in the form of securities	*0*	*6*	*0*	*6*	*0*	*0*	*(6)*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
o/w loans and receivables															
Available-for-sale financial assets	**427**	**(427)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(0)**	**0**
TOTAL FINANCIAL ASSETS RECORDED AT FAIR VALUE	**7,094**	**19**	**0**	**7,113**	**115**	**(20)**	**(16)**	**7,909**	**(8,313)**	**(206)**	**322**	**6**	**0**	**66**	**6,975**

(a) *The impact of the transfer to Level 3 of the fair value hierarchy of equity derivatives traded in Asia (see key events) amounted to €130 million at December 31, 2018.*

FINANCIAL LIABILITIES

Financial liabilities *(in millions of euros)*	Level 3 closing balance at 31/12/2017 IAS 39	Reclas-sification	Impact of change	Level 3 opening balance at 01.01.2018 IFRS 9	Gains and losses recognized in the period – Income statement – On outstan-ding transa-ctions at the reporting date	Gains and losses recognized in the period – Income statement – On transactions expired or rede-emed during the period	Gains and losses recognized in the period – Gains and losses recognized directly in equity	Transactions carried out in the period – Purchases/ Issues	Transactions carried out in the period – Sales/ Redem-ptions	Reclassifications in the period – From level 3	Reclassifications in the period – To level 3	Reclassifications in the period – Other reclassi-fications	Change in consolidation scope	Translation adjustments	Level 3 closing balance at 31/12/N
Derivative instruments not eligible for hedge accounting (negative fair value)	**1,945**	**(11)**	**0**	**1,934**	**471**	**(482)**	**0**	**454**	**(162)**	**(176)**	**13**	**2**	**0**	**0**	**2,054**
o/w interest rate derivatives	*197*	*(9)*	*0*	*187*	*(50)*	*(3)*	*0*	*50*	*(1)*	*(1)*	*9*	*0*	*0*	*0*	*192*
o/w currency derivatives	*1,172*	*0*	*0*	*1,172*	*13*	*(18)*	*0*	*47*	*(17)*	*(154)*	*0*	*0*	*0*	*0*	*1,042*
o/w credit derivatives	*326*	*0*	*0*	*326*	*20*	*(142)*	*0*	*49*	*(0)*	*(2)*	*0*	*0*	*0*	*0*	*251*
o/w equity derivatives	*251*	*(1)*	*0*	*250*	*491*	*(319)*	*0*	*308*	*(147)*	*(18)*	*3*	*2*	*0*	*0*	*569*
o/w other	*0*	*0*	*0*	*0*	*(3)*	*0*	*0*	*0*	*3*	*-*	*0*	*0*	*0*	*0*	*0*
Other financial liabilities held for trading	**0**	**1,097**	**0**	**1,097**	**38**	**(78)**	**0**	**1,138**	**(1,019)**	**-**	**0**	**0**	**0**	**0**	**1,176**
Financial liabilities under the fair value option through profit or loss	**1,469**	**(1,097)**	**0**	**373**	**(15)**	**1**	**0**	**11**	**(190)**	**-**	**1**	**0**	**4**	**1**	**185**
o/w securities under the fair value option	*373*	*0*	*0*	*373*	*(14)*	*1*	*0*	*11*	*(190)*	*-*	*1*	*0*	*0*	*1*	*182*
o/w other financial liabilities under the fair value option	*1,097*	*(1,097)*	*0*	*0*	*(1)*	*0*	*0*	*0*	*0*	*-*	*0*	*0*	*4*	*0*	*3*
TOTAL FINANCIAL LIABILITIES RECOGNIZED AT FAIR VALUE	**3,414**	**(11)**	**0**	**3,404**	**495**	**(559)**	**0**	**1,602**	**(1,370)**	**(176)**	**14**	**2**	**4**	**1**	**3,415**

December 31, 2017

FINANCIAL ASSETS

Financial assets *(in millions of euros)*	Level 3 opening balance 01/01/2017	Gains and losses recognized in the period – Income statement [(a)] – On outstanding transactions at the reporting date	Gains and losses recognized in the period – Income statement [(a)] – On transactions expired or redeemed during the period	Gains and losses recognized in the period – Gains and losses recognized directly in equity	Transactions carried out in the period – Purchases/ Issues	Transactions carried out in the period – Sales/ Redemptions	Reclassifications in the period – From level 3	Reclassifications in the period – To level 3	Reclassifications in the period – Other reclassifi-cations	Change in consolidation scope	Translation adjustments	Level 3 closing balance 31/12/2017
Financial assets at fair value through profit and loss – Trading	4,549	146	(101)		6,144	(6,822)	(147)	1,104	(4)	3	(74)	4,798
Fixed-income securities held for trading	**257**	**(3)**	**(1)**		**95**	**(70)**	**(122)**	**1**			**(6)**	**151**
Derivative instruments not eligible for hedge accounting (positive fair value)	**2,949**	**141**	**(123)**		**160**	**(1,218)**	**(24)**	**1,103**	**(4)**	**3**	**(1)**	**2,985**
o/w interest rate derivatives	*83*	*109*	*(8)*		*3*	*(81)*	*(13)*	*35*	*(4)*			*124*
o/w currency derivatives	*995*	*(336)*	*(152)*		*70*	*(101)*	*(3)*	*1,054*		*3*		*1,531*
o/w credit derivatives	*861*	*(63)*	*(0)*			*(30)*	*(4)*				*(1)*	*764*
o/w equity derivatives	*1,004*	*431*	*38*		*86*	*(1,007)*	*(5)*	*14*		*0*		*561*
o/w other	*5*	*0*			*1*							*5*
Other financial assets held for trading	**1,344**	**7**	**23**		**5,841**	**(5,485)**					**(67)**	**1,662**
Financial assets designated under the fair value option through profit or loss	2,891	72	19		2,008	(1,611)	(0)		9		(54)	3,334
Fixed-income securities under the fair value option	1,524	7	10		735	(467)	(0)		5		(3)	1,811
Variable-income securities under the fair value option	756	46	(15)		41	(107)	(0)		4			724
Other financial assets under the fair value option	611	19	24		1,233	(1,037)					(51)	799
Hedging derivatives		**(0)**			**0**							**0**
Available-for-sale financial assets	3,962	1	94	187	324	(600)	(157)	143	17	21	(10)	3,982
Available-for-sale securities – Equity investments	**879**	**(4)**	**97**	**(20)**	**40**	**(438)**		**0**	**1**	**21**	**(8)**	**569**
Other available-for-sale securities	**3,081**	**6**	**(3)**	**208**	**280**	**(161)**	**(157)**	**143**	**17**	**(0)**	**(2)**	**3,410**
o/w fixed-income securities	*2,977*	*(2)*	*(7)*	*204*	*84*	*(147)*	*(157)*	*39*	*6*		*(0)*	*2,997*
o/w variable-income securities	*104*	*8*	*4*	*3*	*196*	*(14)*		*104*	*10*	*0*	*(1)*	*414*
Other available-for-sale financial assets	1	(1)			3	(1)						3
TOTAL FINANCIAL ASSETS RECORDED AT FAIR VALUE	11,401	219	13	187	8,427	(8,984)	(304)	1,246	22	24	(138)	12,114

(a) *The main impacts recognized in the income statement are mentioned in Note 7.3.*

FINANCIAL LIABILITIES

		Gains and losses recognized in the period			Transactions carried out in the period		Reclassifications in the period					
		Income statement										
Financial liabilities *(in millions of euros)*	Level 3 opening balance 01/01/2017	On outstanding transactions at the reporting date	On transactions expired or redeemed during the period	Gains and losses recognized directly in equity	Purchases/ Issues	Sales/ Redemptions	From level 3	To level 3	Other reclassifi-cations	Change in consolidation scope	Translation adjustments	Level 3 closing balance 31/12/2017
Financial liabilities at fair value through profit and loss – Trading	**830**	**(306)**	**(13)**		**360**	**(206)**	**(55)**	**1,335**		**0**		**1,945**
Securities issued for trading purposes			0		0							0
Derivative instruments not eligible for hedge accounting (negative fair value)	**830**	**(306)**	**(13)**		**360**	**(206)**	**(55)**	**1,335**		**0**		**1,945**
o/w interest rate derivatives	*197*	*52*	*(2)*		*5*	*(58)*	*(27)*	*30*				*197*
o/w currency derivatives	*54*	*(189)*	*(21)*		*69*	*(19)*	*(2)*	*1,279*		*0*		*1,172*
o/w credit derivatives	*424*	*(63)*	*(7)*		*0*	*(28)*	*(1)*					*326*
o/w equity derivatives	*154*	*(106)*	*18*		*286*	*(101)*	*(25)*	*25*				*251*
Other financial liabilities held for trading												
Financial liabilities under the fair value option through profit or loss	**771**	**72**	**(79)**		**1,261**	**(607)**		**51**			**(0)**	**1,469**
Securities under the fair value option	93	(6)	(0)		243	(8)		51			(0)	373
Other financial liabilities under the fair value option	678	78	(79)		1,019	(599)						1,097
Hedging derivatives		**0**										**0**
TOTAL FINANCIAL LIABILITIES RECOGNIZED AT FAIR VALUE	**1,601**	**(234)**	**(92)**		**1,621**	**(812)**	**(55)**	**1,385**		**0**	**(0)**	**3,414**

Sensitivity analysis of the fair value of financial instruments measured according to Level 3 – Assets and Liabilities

Sensitivity of the fair value of financial instruments measured using unobservable inputs was estimated at December 31, 2018. With the aid of probable assumptions, this sensitivity was used to estimate the impacts of market fluctuations in uncertain economic environments. This estimate was performed using:

- adjustments to a "standardized[(1)]" variation in unobservable inputs related to additional funding value adjustment assumptions for fixed income, currency and equity instruments. The resulting sensitivity was €192.9 million;
- a flat variation of:
  - +/-50 basis points applied to the margin used for the discounted cash flow expected on TruPS CDOs.

i.e. a sensitivity impact representing a valuation increase of €6.1 million (reflecting an improvement in the above-mentioned inputs) or a valuation decrease of €5.8 million (reflecting a deterioration in said inputs).[(2)]

8.5.2 Restatement of the deferred margin on financial instruments

The deferred margin covers only financial instruments eligible for Level 3 of the hierarchy. It is calculated after determining the valuation adjustments for uncertainty as described in Note 6.6. The outstanding non-amortized amount is recognized on the balance sheet under "Financial instruments marked to market on the income statement" less the market value of the related transactions.

(in millions of euros)	Level 3 closing balance at 31/12/2017 IAS 39	Impact of change	01/01/2018 IFRS 9	Margin on new transactions	Margin recognized during the period	Other changes	31/12/2018
Interest rate derivative instruments	1		1	0	(0)	0	1
Currency derivative instruments							0
Credit derivative instruments	13		13	11	(7)	(1)	16
Equity derivative instruments	63		63	93	(84)	(1)	70
TOTAL	**76**	**0**	**76**	**104**	**(91)**	**(2)**	**87**

(1) The standard deviation of the consensus prices used to evaluate the parameters

(2) Calculated impact before BPCE guarantee

8.5.3 Financial assets and liabilities at fair value: transfers between fair value levels

December 31, 2018

FINANCIAL ASSETS

		At December 31, 2018				
	From	Level 1	Level 2	Level 2	Level 3	Level 3
(in millions of euros)	To	Level 2	Level 1	Level 3	Level 1	Level 2
Financial assets at fair value through profit or loss		**111**	**235**	**322**		**206**
Financial assets held for trading		**89**	**150**	**14**		
o/w debt instruments in the form of securities		*89*	*150*	*14*		
o/w equity instruments						
Derivative instruments not eligible for hedge accounting (positive fair value)		**23**	**85**	**148**		**206**
o/w interest rate derivatives				*17*		
o/w currency derivatives						*178*
o/w equity derivatives [(a)]		*17*	*85*	*131*		*28*
o/w other		*6*				
Financial instruments to be valued at fair value through profit or loss				**160**		
o/w debt instruments in the form of securities				*160*		
Financial assets at fair value through equity		**361**	**205**			
o/w equity instruments						
o/w debt instruments in the form of securities		*361*	*205*			
o/w loans and receivables						

(a) Of which €131 million relating to structured derivatives indexed to shares traded in Asia (see key events) transferred to Level 3 of the fair value hierarchy (see Note 8.5).

FINANCIAL LIABILITIES

		At December 31, 2018				
	From	Level 1	Level 2	Level 2	Level 3	Level 3
(in milions of euros)	To	Level 2	Level 1	Level 3	Level 1	Level 2
Financial liabilities held for trading		**41**	**56**	**14**		**176**
Derivative instruments not eligible for hedge accounting (negative fair value)		**41**	**56**	**13**		**176**
o/w interest rate derivatives				*9*		*1*
o/w currency derivatives						*154*
o/w credit derivatives						*2*
o/w equity derivatives		*34*	*55*	*3*		*18*
o/w other		*7*	*1*			
Financial liabilities designated under the fair value option				**1**		
o/w other financial liabilities under the fair value option				*1*		

December 31, 2017

FINANCIAL ASSETS

	At December 31, 2017				
From	Level 1	Level 2	Level 2	Level 3	Level 3
(in millions of euros) To	Level 2	Level 1	Level 3	Level 1	Level 2
Financial assets held for trading	**413**	**333**	**1,104**		**147**
Securities held for trading	**399**	**326**	**1**		**122**
o/w fixed-income securities	*233*	*239*	*1*		*122*
o/w variable-income securities	*166*	*86*			
Derivative instruments not eligible for hedge accounting (positive fair value)	15	8	1,103		24
o/w interest rate derivatives			*35*		*13*
o/w currency derivatives			*1,054*		*3*
o/w credit derivatives					*4*
o/w equity derivatives	*10*	*7*	*14*		*5*
o/w other	*5*	*1*			
Other financial assets held for trading					
Financial assets designated under the fair value option		**2**			**0**
Securities under the fair value option		2			0
o/w fixed-income securities		*2*			*0*
o/w variable-income securities					*0*
Other financial assets under the fair value option					
Hedging derivatives (assets)					
Available-for-sale financial assets	**209**	**695**	**143**		**157**
Available-for-sale securities – Equity investments					
Other available-for-sale securities	209	689	143		157
o/w fixed-income securities	*209*	*689*	*39*		*157*
o/w variable-income securities			*104*		
Other available-for-sale financial assets		6			

FINANCIAL LIABILITIES

	At December 31, 2017			
From	Level 1	Level 2	Level 2	Level 3
(in millions of euros) To	Level 2	Level 1	Level 3	Level 2
Financial liabilities held for trading	**15**	**92**	**1,335**	**55**
Securities issued for trading purposes	7	69		
Derivative instruments not eligible for hedge accounting (negative fair value)	6	23	1,335	55
o/w interest rate derivatives			*30*	*27*
o/w currency derivatives			*1,279*	*2*
o/w credit derivatives				*1*
o/w equity derivatives	*6*	*23*	*25*	*25*
o/w other	*2*	*0*		
Other financial liabilities held for trading				
Financial liabilities designated under the fair value option			**51**	
Securities under the fair value option			51	
Other financial liabilities under the fair value option				
Hedging derivatives (liabilities)				

8.5.4 Fair value of financial assets and liabilities at amortized cost

December 31, 2018

FINANCIAL ASSETS

(in millions of euros)	At December 31, 2018				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Loans and receivables due from banks at amortized cost	**27,285**	**27,558**		**26,533**	**1,026**
Current accounts overdrawn	*5,697*	*5,699*		*5,699*	
Loans and receivables	*20,641*	*20,911*		*19,885*	*1,026*
Reverse repurchase agreements	*914*	*915*		*915*	
Other	*33*	*33*		*33*	
Loans and receivables due from customers at amortized cost	**69,279**	**69,997**		**48,486**	**21,511**
Current accounts overdrawn	*3,484*	*3,484*		*3,484*	
Other loans and receivables	*59,986*	*60,705*		*39,338*	*21,367*
Reverse repurchase agreements	*3,144*	*3,144*		*3,144*	
Finance leases	*35*	*35*			*35*
Factoring	*2,509*	*2,509*		*2,509*	
Security deposits paid	*109*	*109*			*109*
Other	*11*	*11*		*11*	
Debt instruments in the form of securities at amortized cost	**1,193**	**1,229**		**461**	**767**
TOTAL FINANCIAL ASSETS	**97,757**	**98,784**		**75,480**	**23,304**

FINANCIAL LIABILITIES

(in millions of euros)	At December 31, 2018				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Amounts due to banks	**73,234**	**73,311**		**73,145**	**166**
o/w accounts and deposits	*64,365*	*64,443*		*64,277*	*166*
o/w repurchase agreements	*8,755*	*8,754*		*8,754*	
o/w security deposits received	*88*	*88*		*88*	
o/w other	*26*	*26*		*26*	
Customer deposits	**35,991**	**35,992**		**34,382**	**1,610**
o/w accounts and deposits	*33,802*	*33,803*		*32,202*	*1,601*
o/w repurchase agreements	*63*	*63*		*63*	
o/w other	*2,126*	*2,126*		*2,118*	*8*
Debt securities	**34,958**	**34,959**		**32,839**	**2,120**
Subordinated debt	**3,964**	**4,284**		**3,904**	**380**
TOTAL FINANCIAL LIABILITIES	**148,146**	**148,546**		**144,270**	**4,276**

December 31, 2017

FINANCIAL ASSETS

	At December 31, 2017				
(in millions of euros)	Book value	Fair value	Level 1	Level 2	Level 3
Loans and receivables due from banks	**45 289**	**45 851**	**0**	**44 532**	**1 319**
o/w unlisted fixed-income securities	*298*	*298*	*0*	*101*	*198*
o/w loans and receivables	*30 968*	*31 466*	*0*	*30 345*	*1 121*
o/w reverse repurchase agreements	*7 480*	*7 545*	*0*	*7 545*	*0*
Other [(a)]	*6 543*	*6 542*	*0*	*6 542*	*0*
Customer loans and receivables	**136 768**	**137 434**	**0**	**94 542**	**42 892**
o/w unlisted fixed-income securities	*625*	*635*	*0*	*63*	*572*
o/w loans and receivables	*75 712*	*76 211*	*0*	*35 152*	*41 059*
o/w reverse repurchase agreements	*45 265*	*45 265*	*0*	*45 265*	*0*
o/w finance leases	*11 336*	*11 493*	*0*	*10 232*	*1 260*
Other [(a)]	*3 829*	*3 829*	*0*	*3 829*	*0*
Held-to-maturity assets	**1 885**	**2 198**	**2 026**	**79**	**93**
TOTAL FINANCIAL ASSETS	**183 942**	**185 482**	**2 026**	**139 153**	**44 303**

(a) Including ordinary bank current accounts.

FINANCIAL LIABILITIES

	At December 31, 2017				
(in millions of euros)	Book value	Fair value	Level 1	Level 2	Level 3
Amounts due to banks	**104 318**	**104 631**	**0**	**99 297**	**5 334**
o/w accounts and deposits	*80 434*	*80 748*	*0*	*79 002*	*1 746*
o/w repurchase agreements	*19 475*	*19 475*	*0*	*15 899*	*3 576*
Other [(a)]	*4 409*	*4 409*	*0*	*4 397*	*12*
Customer deposits	**94 571**	**94 580**	**0**	**93 364**	**1 216**
o/w accounts and deposits	*22 815*	*22 824*	*0*	*21 783*	*1 041*
o/w repurchase agreements	*53 835*	*53 835*	*0*	*53 835*	*0*
Other [(a)]	*17 921*	*17 921*	*0*	*17 746*	*175*
Debt securities	**32 574**	**32 574**	**0**	**31 739**	**835**
Subordinated debt	**3 674**	**4 067**	**0**	**3 679**	**388**
o/w subordinated loans	*2 979*	*3 385*	*0*	*2 997*	*388*
o/w subordinated notes	*695*	*683*	*0*	*683*	*0*
TOTAL FINANCIAL LIABILITIES	**235 137**	**235 853**	**0**	**228 080**	**7 774**

(a) Including ordinary bank current accounts.

IFRS 13 requires disclosure in the notes to the financial statements of the fair value, as well as the associated fair value hierarchy, of all financial instruments carried at amortized cost, including loans. The valuation methods used to determine the fair value disclosed in the notes to the financial statements are described below.

Loans classified as "Loans and receivables" and amounts payable under finance leases

The majority of Natixis' loans are variable-rate loans, and their fair value is determined on the basis of discounted future cash flows. The discount rate applied for a given loan is the rate at which Natixis would grant a loan with similar characteristics to a similar counterparty at the reporting date. As these are primarily variable-rate loans, the contractual rate is adjusted according to the trend in market lending rates and in counterparty risk.

The fair value of repurchase agreements is calculated by discounting expected cash flows at the market rate on the closing date and adding a liquidity spread.

If there is a quoted price that meets the criteria of IFRS 13, the quoted price is used.

The fair value of loans with an initial term of less than one year is considered to be the same as their carrying amount. This is also generally the case for financial assets with a term of one year or less and current accounts. The corresponding receivables are classified in Level 2 of the fair value hierarchy. Loans and receivables granted to affiliates are also classified in Level 2 of the fair value hierarchy.

Borrowings and savings

The measurement of the fair value of Natixis' borrowings and debt securities is based on the discounted cash flow method using inputs at the reporting date such as the underlying's interest-rate curve and the spread applied to lending/borrowing between Natixis and Group entities. The fair value of debts maturing in less than one year is considered to be the same as their carrying amount; these debts are classified in Level 2 of the fair value hierarchy, as are debts payable to affiliates.

Investment property recognized at cost

The fair value of investment property (excluding investment property held by insurance companies) is determined by reference to the capitalization of rents, a method widely used by real estate professionals. The capitalization rate applied to the property depends on a number of factors such as location, the quality and type of building, use, type of ownership, quality of lessee and characteristics of the lease, the interest rate and competition in the real estate market.

8.6 Financial assets at amortized cost

These are SPPI financial assets held under a "hold to collect" model. The vast majority of loans granted by the Group are classified in this category.

8.6.1 Loans and receivables due from banks at amortized cost

	31/12/2018			01/01/2018		
(in millions of euros)	Unimpaired financial assets(1)	Impaired financial assets(2)	Total	Unimpaired financial assets (a)	Impaired financial assets (b)	Total (c)
Current accounts overdrawn	5,698	1	5,699	6,435	0	6,435
Loans and receivables	21,589	48	21,637	34,087	63	34,150
Security deposits paid				49	0	49
Value adjustments for credit losses	(2)	(48)	(50)	(4)	(61)	(64)
TOTAL	**27,285**	**0**	**27,285**	**40,567**	**2**	**40,570**

(a) Corresponds to unimpaired financial assets for which value adjustments are calculated based on 12-month expected credit losses (Stage 1) or lifetime expected credit losses (Stage 2).

(b) Impaired financial assets (Stage 3) are assets for which a default event has been identified as defined in Article 178 of the EU regulation of June 26, 2013 on regulatory requirements for credit institutions.

(c) Of which €186 million at January 1, 2018 for the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).

RECONCILIATION TABLE FOR LOANS AND RECEIVABLES DUE FROM BANKS AT AMORTIZED COST

	Loans and receivables due from banks at amortized cost at 31/12/2018									
	Unimpaired assets for which expected credit losses are measured over 12 months *(S1 bucket)*		Unimpaired assets for which expected credit losses are measured on a lifetime basis *(S2 bucket)*		Assets impaired after their origination/acquisition *(S3 bucket)*		Assets impaired on origination/acquisition		Total	
(in millions of euros)	Gross carrying amount	Value adjustment for credit losses	Gross carrying amount	Value adjustment for credit losses	Gross carrying amount	Value adjustment for credit losses	Gross carrying amount	Value adjustment for credit losses	Gross carrying amount	Value adjustment for credit losses
BALANCE AT 01/01/2018	**38,740**	**(0)**	**1,014**	**(3)**	**63**	**(61)**	**0**	**0**	**39,818**	**(64)**
New originated or acquired contracts	12,296	(0)	64	(0)					12,360	(0)
Changes in contractual cash flows not giving rise to derecognition										
Variations linked to changes in credit risk parameters *(excluding transfers)*	(2,745)	1	(52)	(0)	5	(4)			(2,792)	(4)
Financial asset transfers	*72*	*(1)*	*(72)*	*1*	*0*	*0*			*0*	*0*
Transfers to S1	79	(1)	(79)	1					0	0
Transfers to S2	(7)		7						0	0
Transfers to S3										
Transfer to non-current assets held for sale [(b)]	(415)								(415)	
Contracts fully repaid or sold during the period	(22,441)	0	(376)	1	(9)	7			(22,827)	8
Impairment in value *(write-off)*					(11)	11			(11)	11
Variations linked to changes in exchange rates	299	(0)	16	(0)	1	(2)			316	(2)
Changes in the model used										
Other changes		(0)		0					0	0
BALANCE AT 31/12/2018 [(a)]	**25,806**	**0**	**594**	**(2)**	**49**	**(48)**	**0**	**0**	**26,449**	**(50)**

(a) *Gross carrying amount excluding insurance company contributions, in the amount of €887 million at December 31, 2018.*

(b) *Corresponds to the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).*

8.6.2 Loans and receivables due from customers

	31/12/2018			01/01/2018		
(in millions of euros)	Unimpaired financial assets [(a)]	Impaired financial assets [(b)]	Total	Unimpaired financial assets [(a)]	Impaired financial assets [(b)]	Total [(c)]
Reverse repurchase agreements	3,144	0	3,144	4,024	0	4,024
Current accounts overdrawn	3,469	29	3,498	3,796	40	3,836
Finance leases	33	7	40	10,875	609	11,484
Factoring	2,510	0	2,510	7,850	403	8,253
Other	58,866	2,351	61,217	55,514	3,325	58,839
Security deposits paid	109	0	109	0	0	0
Value adjustments for credit losses	(125)	(1,114)	(1,239)	(329)	(1,594)	(1,923)
TOTAL	**68,006**	**1,273**	**69,279**	**81,730**	**2,782**	**84,512**

(a) *Corresponds to unimpaired financial assets for which value adjustments are calculated based on 12-month expected credit losses (Stage 1) or lifetime expected credit losses (Stage 2).*

(b) *Impaired financial assets (Stage 3) are assets for which a default event has been identified as defined in Article 178 of the EU regulation of June 26, 2013 on regulatory requirements for credit institutions.*

(c) *Of which €20,194 million at January 1, 2018 for the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).*

RECONCILIATION TABLE FOR LOANS AND RECEIVABLES DUE FROM CUSTOMERS AT AMORTIZED COST

	Loans and receivables due from customers at amortized cost at 31/12/2018									
	Unimpaired assets for which expected credit losses are measured over 12 months *(S1 bucket)*		Unimpaired assets for which expected credit losses are measured on a lifetime basis *(S2 bucket)*		Assets impaired after their origination/acquisition *(S3 bucket)*		Assets impaired on origination/acquisition		Total	
(in millions of euros)	Gross carrying amount	Value adjustment for credit losses	Gross carrying amount	Value adjustment for credit losses	Gross carrying amount	Value adjustment for credit losses	Gross carrying amount	Value adjustment for credit losses	Gross carrying amount	Value adjustment for credit losses
BALANCE AT 01/01/2018	**36,781**	**(45)**	**45,019**	**(277)**	**4,163**	**(1,510)**	**473**	**(92)**	**86,436**	**(1,923)**
New originated or acquired contracts	21,745	(26)	4,602	(25)	0	0	16	(1)	26,363	(52)
Changes in contractual cash flows not giving rise to derecognition	(187)	2	(40)	1	(9)	(0)	0	0	(236)	3
Variations linked to changes in credit risk parameters *(excluding transfers)*	2,707	32	(6,678)	31	(120)	(187)	(91)	(16)	(4,181)	(139)
Financial asset transfers	*5,054*	*(30)*	*(5,587)*	*31*	*231*	*(43)*	*0*	*0*	*(302)*	*(42)*
Transfers to S1 [(a)]	7,291	(35)	(7,284)	36	(1)	1	0	0	5	3
Transfers to S2	(2,189)	4	2,160	(14)	(278)	32	0	0	(307)	21
Transfers to S3	(48)	1	(463)	9	511	(76)	0	0	(0)	(66)
Transfer to non-current assets held for sale [(b)]	(9,933)	27	(10,204)	96	(1,361)	370	(13)	1	(21,511)	495
Contracts fully repaid or sold during the period	(6,803)	8	(10,024)	54	(734)	176	(29)	10	(17,590)	247
Impairment in value *(write-off)*	0	0	0	0	(255)	255	(4)	4	(259)	259
Variations linked to changes in exchange rates	890	(1)	669	(1)	6	(13)	11	(2)	1,576	(17)
Changes in the model used	0	0	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	220	(68)	0	0	220	(68)
BALANCE AT 31/12/2018 [(A)]	**50,255**	**(31)**	**17,758**	**(91)**	**2,143**	**(1,021)**	**363**	**(96)**	**70,518**	**(1,239)**

(a) *Including the transfer from Stage 2 to Stage 1, due to the improvement over the period of the ratings of the economic sectors to which the transferred amounts are related.*

(b) *Corresponds to the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).*

8.6.2.1 Assets and commitments restructured due to financial difficulties

The following table lists the financial assets (excluding assets held for trading) and financing commitments subject to amendments to original contract terms or refinancing constituting a concession granted due to the debtor's financial situation *(see Note 6.1.3)*.

	31/12/2018					31/12/2017				
	Gross exposures					Gross exposures				
(in millions of euros)	Restructuring: modifications of terms and conditions	Restructuring: refinancing	Total	Value adjustments for credit losses	Guarantees received	Restructuring: modifications of terms and conditions	Restructuring: refinancing	Total	Individual impairments and collective provisions (IAS 39)	Guarantees received
Balance sheet	1,241	120	1,361	357	706	1,656	642	2,298	566	1,030
Off-balance sheet	13	4	16	3		34	15	49	2	23
TOTAL	**1,254**	**123**	**1,377**	**360**	**706**	**1,690**	**658**	**2,348**	**568**	**1,053**

	31/12/2018					31/12/2017				
	Total		Net exposures			Total		Net exposures		
(in millions of euros)	Gross exposures	Value adjustments for credit losses	Unimpaired loans	Impaired loans	Total	Gross exposures	Individual impairments and collective provisions (IAS 39)	Performing loans	Non-performing loans	Total
TOTAL	**1,377**	**360**	**166**	**851**	**1,017**	**2,348**	**568**	**332**	**1,448**	**1,780**
Of which: France	*194*	*77*	*4*	*113*	*117*	*650*	*178*	*268*	*204*	*471*
Other EU	*589*	*192*	*118*	*279*	*398*	*937*	*287*	*20*	*463*	*483*
North America	*120*	*15*	*6*	*100*	*105*	*145*	*8*	*13*	*123*	*136*
Other	*474*	*77*	*38*	*359*	*397*	*617*	*94*	*31*	*658*	*689*

8.6.2.2 Customer finance leases

	31/12/2018			31/12/2017 [a]		
(in millions of euros)	Real estate	Non-real estate	Total	Real estate	Non-real estate	Total
Customer lease financing outstandings		**33**	**33**	**5,930**	**4,862**	**10,792**
Net non-performing outstandings		**2**	**2**	**316**	**99**	**415**
Non-performing loans		7	7	420	141	561
Provisions for impairment of non-performing outstandings		(5)	(5)	(104)	(42)	(146)
TOTAL		**35**	**35**	**6,246**	**4,961**	**11,206**

(a) *Of which mainly the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).*

8.6.2.3 Other loans and receivables due from customers

	31/12/2018			01/01/2018		
(in millions of euros)	Unimpaired financial assets [a]	Impaired financial assets [b]	TOTAL	Unimpaired financial assets [a]	Impaired financial assets [b]	Total [c]
Commercial loans	957	53	1,009	1,029	72	1,101
Export credit	3,220	241	3,461	2,774	327	3,101
Cash and consumer credit	26,169	751	26,920	24,851	1,316	26,168
Equipment loans	7,112	192	7,304	6,947	52	6,999
Home loans	467	12	480	371	12	382
Other customer loans	20,941	1,103	22,043	19,542	1,546	21,087
Value adjustments for credit losses	(121)	(1,099)	(1,220)	(194)	(1,389)	(1,583)
TOTAL	**58,745**	**1,252**	**59,997**	**55,320**	**1,936**	**57,256**

(a) *Corresponds to unimpaired financial assets for which value adjustments are calculated based on 12-month expected credit losses (Stage 1) or lifetime expected credit losses (Stage 2).*

(b) *Impaired financial assets (Stage 3) are assets for which a default event has been identified as defined in Article 178 of the EU regulation of June 26, 2013 on regulatory requirements for credit institutions.*

(c) *Of which €1,535 million at January 1, 2018 for the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).*

DECEMBER 31, 2017

(in millions of euros)	31/12/2017
Commercial loans	1,009
Export credit	2,765
Cash and consumer credit	24,824
Equipment loans	6,927
Home loans	370
Security deposits recognized in respect of reinsurance acceptances	10,258
Other customer loans	19,525
TOTAL	**65,678**

8.6.3 Debt instruments at amortized cost

	31/12/2018			01/01/2018		
(in millions of euros)	Unimpaired financial assets [a]	Impaired financial assets [b]	Total	Unimpaired financial assets [a]	Impaired financial assets [b]	Total
Debt instruments	1,124	206	1,330	841	259	1,100
Value adjustments for credit losses	(6)	(132)	(137)	(3)	(113)	(116)
TOTAL	**1,118**	**75**	**1,193**	**838**	**146**	**984**

(a) *Corresponds to unimpaired financial assets for which value adjustments are calculated based on 12-month expected credit losses (Stage 1) or lifetime expected credit losses (Stage 2).*

(b) *Impaired financial assets (Stage 3) are assets for which a default event has been identified as defined in Article 178 of the EU regulation of June 26, 2013 on regulatory requirements for credit institutions.*

RECONCILIATION TABLE FOR DEBT SECURITIES AT AMORTIZED COST

	Debt securities at amortized cost at 31/12/2018									
	Unimpaired assets for which expected credit losses are measured over 12 months *(S1 bucket)*		Unimpaired assets for which expected credit losses are measured on a lifetime basis *(S2 bucket)*		Assets impaired after their origination/acquisition *(S3 bucket)*		Assets impaired on origination/acquisition		Total	
(in millions of euros)	Gross carrying amount	Value adjustment for credit losses	Gross carrying amount	Value adjustment for credit losses	Gross carrying amount	Value adjustment for credit losses	Gross carrying amount	Value adjustment for credit losses	Gross carrying amount	Value adjustment for credit losses
BALANCE AT 01/01/2018	734		68	(2)	127	(96)	171	(17)	1,100	(116)
New originated or acquired contracts	240		148	(7)					389	(7)
Changes in contractual cash flows not giving rise to derecognition										
Variations linked to changes in credit risk parameters *(excluding transfers)*	71		6	(5)	12	1	(3)	(30)	86	(33)
Financial asset transfers										
Transfers to S1										
Transfers to S2										
Transfers to S3										
Contracts fully repaid or sold during the period	(78)		(126)	8	(52)	10			(256)	18
Impairment in value *(write-off)*					(2)	2			(2)	2
Variations linked to changes in exchange rates	15					(1)			15	(1)
Changes in the model used										
IFRS5 – Entities held for sale										
Other changes			(1)		(1)				(2)	
BALANCE AT 31/12/2018	982		95	(6)	84	(84)	168	(47)	1,330	(137)

8.7 Other information relating to financial assets

8.7.1 Financial assets provided as security against liabilities

The table below shows, inter alia, the carrying amount of:

- the underlying assets of the covered bond issues;
- financial instruments (securities and receivables) deposited with central banks and assignable as collateral to guarantee refinancing operations at any time.

These instruments continue to be disclosed in the consolidated balance sheet in accordance with their original classification.

(in millions of euros)	31/12/2018	01/01/2018 [(a)]
Debt instruments	2,787	2,082
Loans and receivables	2,496	5,321
Other		
TOTAL	**5,282**	**7,403**

(a) *Of which €1.8 million at January 1, 2018 for the SFS business lines recognized in non-current assets held for sale.*

8.7.2 Financial assets transferred

The tables below show financial asset transfers according to the amendment to IFRS 7, which distinguishes two categories of transferred assets: transferred financial assets that are not, partially or wholly, derecognized, and transferred financial assets that are fully derecognized, for which Natixis maintains continuing involvement.

A financial asset is partially or wholly transferred if Natixis transfers the contractual rights to collect cash flow from the financial asset, or retains the contractual rights to collect cash flow from the financial asset but assumes a contractual obligation to pay those cash flows to one or more beneficiaries.

Natixis has continuing involvement in a fully derecognized transferred financial asset if, according to the terms of the transfer, it retains contractual rights or obligations inherent in that asset or obtains or assumes new contractual rights or obligations to that asset.

8.7.2.1 Financial assets transferred but not fully derecognized

Transferred financial assets that are not derecognized are essentially composed of the following instruments:

- repurchase agreements;
- securities lending backed by cash remittals;
- dry securities lending;
- securitization for which the counterparties to the associated debts have recourse only to the transferred assets.

These instruments are considered transferred assets because they are the underlying assets of transactions that organize a transfer between Natixis and the assignee of ownership of the assets and the attached cash flows.

They are kept on the asset side of the consolidated balance sheet because virtually all the benefits and risks are maintained, since the securities must be returned to Natixis (unless Natixis defaults).

Repurchase agreements

(in millions of euros)	31/12/2018 Carrying value of assets	31/12/2018 Carrying value of associated liabilities	01/01/2018 Carrying value of assets	01/01/2018 Carrying value of associated liabilities
Financial assets at fair value through profit or loss	7,455	6,648	14,215	13,524
Financial assets at fair value through equity				
Available-for-sale financial assets			4,617	4,614
Held-to-maturity financial assets (a)			63	63
Loans and receivables at amortized cost				
TOTAL	**7,455**	**6,648**	**18,895**	**18,201**

(a) *"Held-to-maturity financial assets" are exclusively recognized by fully-consolidated insurance companies (see Note 9.4.6).*

Securities lending

(in millions of euros)	31/12/2018 Carrying value of assets	01/01/2018 Carrying value of assets
Financial assets at fair value through profit or loss	2,071	1,656
Available-for-sale financial assets		
TOTAL	**2,071**	**1,656**

Securitization assets for which the counterparties to the associated debts have recourse only to the transferred assets

At December 31, 2018

	31/12/2018				
(in millions of euros)	Carrying value of assets	Carrying value of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities	Net position
Securitization assets	5,596	4,638	5,596	4,638	958
TOTAL	**5,596**	**4,638**	**5,596**	**4,638**	**958**

At December 31, 2017

	31/12/2017				
(in millions of euros)	Carrying value of assets	Carrying value of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities	Net position
Securitization assets	5,472	4,409	5,472	4,409	1,063
TOTAL	**5,472**	**4,409**	**5,472**	**4,409**	**1,063**

At December 31, 2017, €333 million (€349 million at December 31, 2016) in bonds self-underwritten by Natixis and eliminated on consolidation were lent or sold under repurchase agreements.

8.7.2.2 Fully derecognized transferred financial assets for which continuing involvement is maintained

The fully derecognized transferred financial assets for which Natixis maintains continuing involvement include transfers of assets to a deconsolidated securitization vehicle in which Natixis has an interest or an obligation, where these latter do not compromise the transfer of virtually all the advantages and risks attached to the transferred assets.

At December 31, 2018 (as at December 31, 2017), there is no material impact from continuing involvement in a securitization vehicle maintained by Natixis.

8.7.3 Financial assets received as security and able to be sold or reused as security

This heading covers financial assets received as security under financial guarantee agreements with the right to reuse the assets in the absence of any default on the part of the owner of the guarantee.

The fair value of the financial assets received as security that Natixis may sell or reuse as security was €231 billion at December 31, 2018, versus €215 billion at December 31, 2017.

The fair value of the financial assets received as security that were resold or reused as security was €155 billion at December 31, 2018, versus €143 billion at December 31, 2017.

8.7.4 Financial assets that are past due but not impaired

The table below provides, by type of financial instrument, a breakdown of the age of financial assets which were past due but not individually impaired at the reporting date. It does not take into account impairments based on any portfolios that may have been created.

Past due assets are assets in arrears (i.e. missed principal or interest payments), but which have not yet been impaired.

For overdrafts, arrears are counted as of the date when the customer is notified; the amount shown represents the total overdraft.

"Technical" delinquencies, meaning those related to incidents occurring in the collection process and unrelated to the counterparty's financial situation, are not included.

The age of each amount in arrears is determined according to the age of the first missed payment on the balance in question. The breakdown for the period is prepared on the basis of the first missed payment.

Type of assets *(in millions of euros)*	Payment arrears at 31/12/2018 ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year	Total
Loans and receivables due from banks	0				0
Loans and receivables due from customers	1,277				1,277
Other financial assets					
TOTAL	**1,277**				**1,277**

Type of assets *(in millions of euros)*	Payment arrears at 31/12/2017 ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year	Total
Loans and receivables due from banks	5				5
Loans and receivables due from customers	2,291				2,291
Other financial assets					
TOTAL	**2,296**				**2,296**

The data reported in 2017 includes late payments identified by the factoring entities amounting to €1,596 million. These data refer to all outstandings rather than the unpaid amount alone.

The contribution of the SFS entities classified as non-current assets held for sale as at December 31, 2018 *(see Notes 3.6 and 6.9)* was €1,584 thousand as at December 31, 2017.

8.8 Deferred tax assets and liabilities

(in millions of euros)	31/12/2018 Standard	31/12/2018 Deferred tax assets	31/12/2018 Deferred tax liabilities	01/01/2018 Standard	01/01/2018 Deferred tax assets	01/01/2018 Deferred tax liabilities
Sources of deferred tax [(a)]						
Unrealized leasing reserves	0			(788)		
Tax amortization of goodwill [(b)]	(1,266)			(1,201)		
Provision for employee benefits	385			566		
Other non-deducted provisions	1,354			1,268		
Non-deducted accrued expenses (including deferred compensation)	468			281		
Elimination of equalization reserve	(317)			(292)		
Other sources of deferred tax through profit or loss	(121)			(282)		
Ordinary tax losses	7,606			7,801		
Unrecognized sources of deferred tax	(4,568)			(4,105)		
TOTAL SOURCES OF DEFERRED TAX THROUGH PROFIT OR LOSS	**3,542**	**1,416**	**398**	**3,248**	**1,557**	**523**
Sources of deferred tax on recyclable OCI	(388)	2	83	(567)	8	172
Sources of deferred tax on non-recyclable OCI	40	38	23	454	57	(79)
TOTAL SOURCES OF DEFERRED TAX	**3,193**	**1,456**	**505**	**3,185**	**1,622**	**616**

(a) *Positive amounts represent sources of deferred tax giving rise to deferred tax assets, while negative amounts represent sources giving rise to deferred tax liabilities.*

(b) *Deferred tax related to the tax amortization of goodwill in the United States.*

BREAKDOWN OF DEFERRED TAX ASSETS ON LOSSES BY GEOGRAPHIC AREA

(in millions of euros)	31/12/2018	31/12/2017	Legal carryforward period	Max. recognition period
Deferred tax assets on losses by geographic area				
France	709	858	Unlimited	10 years
United States	47	112	Unlimited [a]	10 years [b]
United Kingdom			Unlimited	10 years
Other	110	114		
TOTAL	**866**	**1,084**		

(a) *Except for tax losses that arose prior to January 1, 2018 (limited to 20 years).*

(b) *As for the federal deficit, the "State" and "City" portions may be activated over longer periods (limited to the legal time limit).*

8.9 Non-current assets and liabilities held for sale

The table below presents a breakdown of the "Non-current assets held for sale" and "Liabilities associated with assets held for sale" items by major category.

At December 31, 2018, "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale" consisted of the assets and liabilities of the SFS business lines intended for transfer to BPCE *(see Notes 3.6 and 6.9).*

(in millions of euros)	Notes	31/12/2018	31/12/2017 [a]
Non-current assets held for sale		**25,646**	**738**
Financial assets at fair value through profit or loss		4	
Hedging derivatives		7	
Loans and receivables due from banks and similar items at amortized cost		422	
Loans and receivables due from customers at amortized cost	8.9.1	21,016	
Insurance business investments		2,784	738
Accrual accounts and other assets		605	
Investment property [b]		84	
Property, plant and equipment		428	
Intangible assets		150	
Other assets		146	
Liabilities on assets held for sale		**9,737**	**698**
Hedging derivatives		159	
Debt securities		1,216	
Amounts due to banks	8.9.2	2,079	
Customer deposits		2,150	
Accrual accounts and other liabilities		1,587	
Insurance-related liabilities		2,088	698
Other liabilities		457	
Guarantee commitments given		**11**	
Guarantee commitments received		**5,898**	
Financing commitments given		**13,354**	
Financing commitments received		**496**	
Notional value of hedging derivatives		**4,683**	

(a) *The information reported at December 31, 2017 has not been restated for the impact of the first-time application of IFRS 9 "Financial instruments", in accordance with the option available under this standard.*

(b) *The fair value of investment property at December 31, 2018 was €130 million. At December 31, 2017, the net carrying amount of investment property was €124 million and the associated fair value was €190 million.*

8.9.1 Loans and receivables due from customers at amortized cost

(in millions of euros)	Notes	31/12/2018 Unimpaired financial assets [a]	Impaired financial assets [b]	Total
Loans and receivables				
Reverse repurchase agreements				
Current accounts overdrawn		217	29	247
Finance leases	8.9.1.2	10,740	987	11,727
Factoring		6,265	105	6,370
Other		2,927	240	3,167
Security deposits paid				
Value adjustments for credit losses	8.9.1.1	(125)	(370)	(495)
TOTAL [c]		**20,025**	**991**	**21,016**

(a) *Corresponds to unimpaired financial assets for which value adjustments are calculated based on 12-month expected credit losses or lifetime expected credit losses.*

(b) *Impaired financial assets are assets for which a default event has been identified as defined in Article 178 of the EU regulation of June 26, 2013 on regulatory requirements for credit institutions.*

(c) *The fair value of loans and receivables due from customers at amortized cost was €20,949 million at December 31, 2018. This is classified in Level 2 of the fair value hierarchy.*

8.9.1.1 Reconciliation table for loans and receivables due from customers at amortized cost

	Loans and receivables due from customers at amortized cost at 31/12/2018									
	Unimpaired assets for which expected credit losses are measured over 12 months *(S1 bucket)*		Unimpaired assets for which expected credit losses are measured on a lifetime basis *(S2 bucket)*		Assets impaired after their origination/ acquisition *(S3 bucket)*		Assets impaired on origination/ acquisition		Total	
(in millions of euros)	Gross carrying amount	Value adjustment for credit losses	Gross carrying amount	Value adjustment for credit losses	Gross carrying amount	Value adjustment for credit losses	Gross carrying amount	Value adjustment for credit losses	Gross carrying amount	Value adjustment for credit losses
BALANCE AT 01/01/2018	**8,985**	**(27)**	**10,463**	**(148)**	**1,304**	**(385)**	**3**	**(0)**	**20,754**	**(561)**
New originated or acquired contracts	2,965	(6)	2,589	(15)	0	0	0	0	5,554	(21)
Changes in contractual cash flows not giving rise to derecognition	(59)	2	(3)	(0)	(0)	(0)	0	0	(62)	1
Variations linked to changes in credit risk parameters *(excluding transfers)*	(961)	20	(407)	26	(56)	(11)	11	(1)	(1,413)	33
Financial asset transfers	890	(19)	(1,158)	12	280	(9)	0	0	12	(15)
Transfers to S1 [a]	2,417	(22)	(2,416)	23	(15)	2			(13)	3
Transfers to S2	(1,437)	2	1,505	(18)	(33)	13			35	(3)
Transfers to S3	(91)	1	(247)	8	327	(23)			(11)	(15)
Contracts fully repaid or sold during the period	(1,897)	4	(1,284)	29	(103)	18			(3,285)	50
Impairment in value *(write-off)*					(64)	18	0	0	(64)	18
Variations linked to changes in exchange rates	11	0	5	(0)	0	0			16	0
Changes in the model used		0		0		0		0		0
Other changes										
BALANCE AT 31/12/2018	**9,933**	**(27)**	**10,204**	**(96)**	**1,361**	**(370)**	**13**	**(1)**	**21,511**	**(495)**

(a) *Including the transfer from Stage 2 to Stage 1, due to the improvement over the period of the ratings of the economic sectors to which the transferred amounts are related.*

8.9.1.2 Customer finance leases

(in millions of euros)	31/12/2018 Real estate	Non-real estate	Total
Customer lease financing outstandings	**6,378**	**5,349**	**11,727**
Net impaired outstandings	**486**	**327**	**812**
Impaired loans	620	366	987
Value adjustments for credit losses	(135)	(40)	(174)

8.9.1.3 Assets that are past due but not impaired

Type of assets *(in millions of euros)*	Payment arrears at 31/12/2018 ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year	Total
Loans and receivables due from banks	5				5
Loans and receivables due from customers	2,370				2,370
Other financial assets					
TOTAL	**2,375**				**2,375**

The data reported in 2018 includes late payments identified by the factoring entities amounting to €1,062 million. These data refer to all outstandings rather than the unpaid amount alone.

8.9.1.4 Lessor

Lessor *(in millions of euros)*	31/12/2018 Residual maturity < 1 year	>= 1 year and< 5 years	> 5 years	Total
Finance leases				
Gross investment	2,559	6,392	3,834	12,785
Present value of minimum lease payments receivable	2,408	5,883	3,261	11,552
Unearned finance income	151	509	573	1,233
Operating leases				
Minimum payments receivable under irrevocable leases	3	13	28	44

The comparative data are presented in Note 16.1.1.

Lessor *(in millions of euros)*	31/12/2018 Real estate assets	Non-real estate assets	Total
Finance leases			
Unsecured residual value accruing to lessor	595	16	611

8.9.2 Deposits and loans due to banks at amortized cost

(in millions of euros)	31/12/2018
Current accounts	20
Deposits and loans	1,975
Repurchase agreements	
Security deposits received	
Other liabilities	84
TOTAL	**2,079**

8.9.3 Items subject to cash flow hedging

	31/12/2018		
	Fair value of hedging derivative [(a)]	o/w effective portion	o/w ineffective portion
Hedging of interest rate risk	(145)	(143)	(2)
TOTAL	**(145)**	**(143)**	**(2)**

(a) *The asset and liability fair value of the hedging derivatives is presented in net terms.*

8.9.4 Cash flow hedging – Analysis of other items of comprehensive income

OCI framework	01/01/2018	Change in effective portion	Reclassification of effective portion to profit or loss	Hedged item partially or fully settled	31/12/2018	Balance of hedged portion still to be deferred*
Amount of OCI for CFH transactions	(170)	(53)	80		(143)	
Total	(170)	(53)	80		(143)	

* *The basis adjustment model is optional under IAS 39 and mandatory under IFRS 9.*

5

8.10 Accrual accounts, other assets and liabilities

This heading corresponds to technical accounts, details of which are given below:

8.10.1 Other assets

(in millions of euros)	31/12/2018	01/01/2018 [(c)]
Accrual accounts [(a)]	1,450	1,848
Securities settlement accounts	311	308
Other items	139	331
Security deposits paid	117	100
Other miscellaneous debtors [(b)]	12,254	12,502
Other assets	462	177
TOTAL	**14,733**	**15,267**

(a) *Of which €270 million in contract assets (accrued income) at December 31, 2018.*
(b) *Of which €970 million in trade receivables at December 31, 2018.*
(c) *Of which €487 million at January 1, 2018 for the SFS businesses recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).*

8.10.2 Other liabilities

(in millions of euros)	31/12/2018	01/01/2018 [(b)]
Accrual accounts [(a)]	3,076	3,146
Miscellaneous creditors	9,734	8,984
Securities settlement accounts	136	289
Security deposits received	6	121
Other	1	10
Miscellaneous liabilities	2,406	2,614
TOTAL	**15,359**	**15,165**

(a) *Of which €125 million in contract liabilities (deferred income) at December 31, 2018.*
(b) *Of which €1,225 million at January 1, 2018 for the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).*

8.11 Property, plant and equipment and intangible assets

	31/12/2018			31/12/2017		
(in millions of euros)	Gross value	Impairment and amortization	Net value	Gross value	Impairment and amortization	Net value [b]
Property, plant and equipment	**1,339**	**(919)**	**420**	**1,790**	**(1,032)**	**758**
Land and buildings	477	(322)	156	451	(301)	150
Other	862	(597)	264	1,339	(731)	608
Intangible assets [a]	**1,900**	**(1,221)**	**678**	**2,110**	**(1,378)**	**732**
Leasehold rights	31	(9)	21	44	(14)	30
Software	1,445	(1,060)	385	1,669	(1,228)	441
Other	424	(152)	272	397	(137)	261
TOTAL	**3,239**	**(2,141)**	**1,098**	**3,900**	**(2,410)**	**1,490**

(a) Of which for intangible assets:
- *€240 million at December 31, 2018 and €180 million at December 31, 2017 for the Asset & Wealth Management division;*
- *€86 million at December 31, 2018 and €105 million at December 31, 2017 for the Corporate & Investment Banking division;*
- *€158 million at December 31, 2018 and €139 million at December 31, 2017 for the Insurance division (excluding investment property);*
- *€123 million at December 31, 2018 and €241 million at December 31, 2017 for the Specialized Financial Services division (mainly Natixis Payments Solutions);*
- *€67 million at December 31, 2018 and €64 million at December 31, 2017 for Coface;*
- *€4.4 million at December 31, 2018 and €2 million at December 31, 2017 for the Corporate Center.*

At December 31, 2018, intangible assets reclassified as assets held for sale pursuant to IFRS 5 totaled €150 million.

(b) Of which €145 million at January 1, 2018 for the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).

DECEMBER 31, 2018

(in millions of euros)	Gross value 31/12/2017	Increase	Decrease	Change in consolidation scope and other items	Non-current assets held for sale [a]	Gross value 31/12/2018
Property, plant and equipment	**1,790**	**292**	**(140)**	**0**	**(604)**	**1,339**
Land and buildings	451	22	(2)	18	(11)	477
Other	1,339	271	(138)	(18)	(592)	862
Intangible assets	**2,110**	**228**	**(37)**	**(9)**	**(392)**	**1,900**
Leasehold rights	44	1	(1)	(4)	(9)	31
Software	1,669	121	(27)	30	(347)	1,445
Other	397	106	(9)	(35)	(36)	424
TOTAL	**3,900**	**520**	**(177)**	**(9)**	**(995)**	**3,239**

(a) Corresponds to the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).

DECEMBER 31, 2017

(in millions of euros)	Gross value 01/01/2017	Increase	Decrease	Change in consolidation scope and other items	Gross value 31/12/2017
Property, plant and equipment	**1,679**	**327**	**(162)**	**(54)**	**1,790**
Land and buildings	426	16	(1)	10	451
Other	1,253	310	(161)	(64)	1,339
Intangible assets	**2,006**	**145**	**(31)**	**(10)**	**2,110**
Leasehold rights	47	0	0	(3)	44
Software	1,551	65	(23)	75	1,669
Other	407	80	(8)	(82)	397
TOTAL	**3,684**	**472**	**(193)**	**(64)**	**3,900**

8.12 Assets obtained by taking possession of guarantees

At December 31, 2018 and December 31, 2017, Natixis did not have any assets obtained by taking possession of guarantees on its balance sheet.

8.13 Goodwill

	01/01/2018	31/12/2018							
(in millions of euros)	Opening balance	Acquisitions during the period	IFRS 5 allocations	Disposals	Write-downs	Translation adjustments	Reclassifications	Other changes	Closing balance
Asset & Wealth Management [(a)]	2,986	123	0	(27)	0	63	0	(10)	3,136
Corporate & Investment Banking [(b)]	77	47	0	0	0	4	0	0	129
Insurance	93	0	0	0	0	0	0	0	93
Specialized Financial Services [(c)]	161	20	(27)	0	0	0	0	2	157
Financial investments	281	0	0	0	0	0	0	0	281
Other activities	0	0	0	0	0	0	0	0	0
TOTAL	3,601	190	(27)	(27)	0	67	0	(8)	3,796

(a) *Of which +€122.7 million of goodwill recorded on the acquisition of MV Crédit and -€27 million for the disposals carried out: -€19 million for Axeltis and -€8 million for Selection 1818. In addition, a goodwill adjustment for Investors Mutual Limited (-€9.6 million) and Mirova Althélia (-€0.2 million) was made within the one-year allocation period.*

(b) *Of which +€10.8 million in goodwill recorded on the acquisition of Vermilion and +€36.6 million on the acquisition of Fenchurch.*

(c) *Of which +€20 million in goodwill recorded on the acquisition of Alter CE (Comitéo). A reclassification in the "Financial assets held for sale" aggregate was also recognized in accordance with IFRS 5 in the amount of -€27.5 million: -€9.5 million for Natixis Financement, -€12.2 million for CEGC, -€5.2 million for Midt Factoring and -€0.6 million for Natixis Factor.*

Furthermore, goodwill on entities consolidated using the equity method amounted to €3.3 million at December 31, 2018. Certain goodwill recorded for the United States gives rise to a tax amortization over 15 years due to the difference between the carrying amount of the goodwill and its tax value. This difference in treatment generated a deferred tax liability of €335.8 million as at December 31, 2018.

5

DECEMBER 31, 2017

	01/01/2017	31/12/2017					
(in millions of euros)	Opening balance	Acquisitions during the period	Disposals	Write-downs	Translation adjustments	Reclassification and other activity	Closing balance
Asset & Wealth Management [(a) (b)]	3,073	104	0	0	(191)	0	2,986
Corporate & Investment Banking	87	0	0	0	(10)	0	77
Insurance [(a)]	93						93
Specialized Financial Services [(c)]	64	98	0	0	0	0	163
Coface	282				(1)		281
Corporate Center (excluding Coface)	0						0
TOTAL	3,600	202	0	0	(201)	0	3,601

(a) *Under the new strategic plan, New Dimension (see Note 10), and in line with the creation of the new Insurance business line, the Investment Solutions CGU was split into two separate CGUs: "Asset & Wealth Management" and "Insurance". Goodwill associated with the entities comprising the Asset & Wealth Management and Insurance divisions was mainly reallocated to these two new CGUs according to the entities to which they report, with each entity assigned to only one CGU.*

(b) *Of which +€3.2 million in goodwill recorded on the acquisition of Althelia Ecosphere.*

Of which +€100.4 million in goodwill recorded on the acquisition of Investor Mutual Limited.

(c) *Of which €11.8 million in goodwill recorded on the acquisition of Lakooz by S-Money, €14.3 million on the acquisition of PayPlug and €72.3 million on the acquisition of the Fintech Dalenys. These four companies specialize in new online payment methods.*

Goodwill on entities consolidated using the equity method amounted to €3.2 million at December 31, 2017.

Certain goodwill recorded for the United States gives rise to a tax amortization over 15 years due to the difference between the carrying amount of the goodwill and its tax value. This difference in treatment generated a deferred tax liability of €310.8 million as at December 31, 2017.

8.14 Due to banks and customer deposits

Amounts due to banks and customer deposits are presented by type of deposit (demand or term deposits). They are measured in accordance with IFRS 9 within other financial liabilities using the amortized cost method.

8.14.1 Due to banks

(in millions of euros)	31/12/2018	01/01/2018
Current accounts	3,858	4,116
Deposits and loans	60,532	80,658
Repurchase agreements	8,755	9,648
Security deposits received	88	0
Other liabilities	1	69
TOTAL [(a) (b)]	**73,234**	**94,491**

(a) *Of which €4,715 million for the insurance entities at December 31, 2018, versus €3,521 million at January 1, 2018.*

(b) *Of which €15,341 million at January 1, 2018 for the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).*

The fair value of debts due to banks is provided in Note 8.5.4.

8.14.2 Amounts due to customers

(in millions of euros)	31/12/2018	01/01/2018
Current accounts	22,740	21,333
Deposits and loans	11,031	13,902
Repurchase agreements	63	50
Special savings accounts	201	213
Factoring accounts	347	2,347
Security deposits received		49
Other liabilities	1,579	2,921
Accrued interest	30	24
TOTAL [(a)]	**35,991**	**40,837**

(a) *Of which €2 million at January 1, 2018 for the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 8.9).*

The fair value of customer deposits is presented in Note 8.5.4.

8.15 Debt securities

Debt securities (interest-bearing notes, interbank market securities, etc.) are broken down by type of security, excluding subordinated securities which are included within "Subordinated debt".

(in millions of euros)	31/12/2018	01/01/2018
Money market instruments	32,021	29,531
Bonds	1,471	1,267
Other debt securities	1,466	1,776
TOTAL [(a) (b)]	**34,958**	**32,574**

(a) *Of which €0.448 million for the insurance entities at December 31, 2018, versus €0.467 million at January 1, 2018.*

(b) *Of which €1,367 million at January 1, 2018 for the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).*

The fair value of debt securities is presented in Note 8.5.4.

8.16 Subordinated debt

Subordinated debt differs from advances and bonds issued in that it is repaid after all senior and unsecured creditors, but before the repayment of participating loans and securities and deeply subordinated securities. Subordinated debt is valued at amortized cost.

(in millions of euros)	31/12/2018	01/01/2018
Dated subordinated debt [b]	3,646	3,393
Undated subordinated debt	297	261
Accrued interest	21	20
TOTAL [a]	**3,964**	**3,674**

The main features of the subordinated notes issues are outlined in Chapter [14] of the Pillar III report.

(a) Of which €1,423 million for the insurance entities at December 31, 2018, versus €1,423 million at January 1, 2018.

(b) Subordinated debt issue agreements do not incorporate a clause providing for early redemption in the event that the covenants are not observed.

CHANGES IN SUBORDINATED DEBT OVER THE 2018 FISCAL YEAR

(in millions of euros)	01/01/2018	Issues [a]	Redemptions	Translation adjustments	Changes in scope	Other [b]	31/12/2018
Other dated subordinated debt	**3,393**	**300**	**(10)**	**0**	**0**	**(37)**	**3,646**
Subordinated notes	678	0	(10)	0	0	(2)	667
Subordinated loans	2,715	300	0			(36)	2,980
Other undated subordinated debt	**261**	**0**	**0**	**0**	**0**	**36**	**297**
Deeply subordinated notes	0						0
Subordinated notes	10					36	46
Subordinated loans	251						251
TOTAL	**3,654**	**300**	**(10)**	**0**	**0**	**(2)**	**3,943**

This table does not include accrued interest.

(a) Issues of debts and subordinated notes consist of a€300.5 million issue of a new subordinated note underwritten by BPCE.

(b) Other changes mainly pertained to the revaluation of debts subject to hedging and variations in intra-group securities held by Natixis Funding for the purposes of market making with respect to Natixis' debt on the secondary market.

CHANGES IN SUBORDINATED DEBT OVER THE 2017 FISCAL YEAR

(in millions of euros)	31/12/2016	Issues	Redemptions [a]	Translation adjustments	Changes in scope	Other [b]	31/12/2017
Other dated subordinated debt	**3,907**	**0**	**(540)**	**(0)**	**0**	**25**	**3,393**
Subordinated notes	1,157	0	(500)	(0)	0	25	683
Subordinated loans	2,750	0	(40)				2,710
Other undated subordinated debt	**261**	**0**	**0**	**0**	**0**	**0**	**261**
Deeply subordinated notes	0						0
Subordinated notes	10						10
Subordinated loans	251						251
TOTAL	**4,168**	**0**	**(540)**	**(0)**	**0**	**25**	**3,654**

This table does not include accrued interest.

(a) Loan repayments and securities redemptions comprised:

- the expiry of an EMTN issued in 2006 on January 20, 2017, for -€500 million;

- the repayment of a loan from BPCE on December 7, 2017 for €40 million.

(b) Other changes mainly pertained to the revaluation of debts subject to hedging and variations in intra-group securities held by Natixis Funding for the purposes of market making with respect to Natixis' debt on the secondary market.

5

8.17 Provisions and impairment

The table below does not include value adjustments for credit losses associated with financial assets at amortized cost *(see Note 6.1.3)*, or at fair value through other comprehensive income *(see Note 6.1.4)*, or loan and guarantee commitments given *(see Note 6.21)*.

(in millions of euros)	01/01/2018	Increase	Reversal (utilized provisions)	Reversal (surplus provisions)	Translation adjustments	Other [c]	31/12/2018
Counterparty risks	**827**	**360**		**(301)**	**40**	**(38)**	**888**
Financing and guarantee commitments	159	253		(292)	2	(17)	105
Litigation [a]	646	86			37	(1)	768
Other provisions	21	22		(9)	1	(19)	15
Impairment risks	**35**	**7**	**(4)**	**(2)**		**(15)**	**22**
Long-term investments	21	3	(3)				21
Real estate developments							0
Other provisions	14	4	(1)	(2)		(14)	0
Employee benefit obligations	**671**	**105**	**(93)**	**(6)**	**4**	**(98)**	**584**
Operational risks [b]	**349**	**84**	**(146)**	**(75)**	**2**	**(26)**	**188**
TOTAL CONTINGENCY RESERVES	**1,882**	**557**	**(243)**	**(384)**	**46**	**(177)**	**1,681**

The table does not include value adjustments for credit losses associated with financial assets at fair value through other comprehensive income.

(a) Of which €543.4 million of provisions at December 31, 2018 for Madoff fraud exposure (see Section 3.2.9 of Chapter [3] "Risk factors, risk management and the pillar III report").

(b) Of which €11.4 million of provisions for restructuring costs at December 31, 2018 in respect of the Coface plan.

(c) Of which -€119 million for the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).

DECEMBER 31, 2017

(in millions of euros)	01/01/2017	Increase	Reversal (utilized provisions)	Reversal (surplus provisions)	Translation adjustments	Changes in scope	Other	31/12/2017
Counterparty risks	**741**	**102**	**(0)**	**(41)**	**(94)**		**(21)**	**687**
Financing and guarantee commitments	51	27	0	(34)	(3)		(21)	19
Litigation [a]	676	60	(0)	(1)	(89)		(0)	646
Other provisions	14	15	(0)	(6)	(2)			21
Impairment risks	**55**	**7**	**(4)**	**(23)**	**(1)**		**0**	**35**
Long-term investments	41	2	(1)	(20)	(1)		0	21
Real estate developments	0	0	0					0
Other provisions	14	5	(2)	(3)				14
Employee benefit obligations	**793**	**107**	**(161)**	**(61)**	**(10)**	**0**	**3**	**671**
Operational risks [b] [c]	**405**	**94**	**(89)**	**(59)**	**(7)**	**8**	**(3)**	**349**
TOTAL	**1,994**	**311**	**(255)**	**(185)**	**(111)**	**8**	**(21)**	**1,742**

(a) Of which €388.8 million in provisions at December 31, 2017 in respect of exposure to outstanding Madoff assets, net of insurance. The amount of insurance was €123 million for disputes pertaining to the case (see Section 3.11 of Chapter III, "Risk factors, risk management and the pillar III report").

(b) Of which €2 million at December 31, 2017 in respect of the workforce adjustment plan completed in 2015.

(c) Of which €30.6 million of provisions for restructuring costs at December 31, 2017 in respect of the Coface plan.

8.18 Breakdown of financial assets and liabilities by contractual maturity

The table below presents the balances of financial assets and liabilities by contractual maturity in the balance sheet. Variable-income assets, derivative financial instruments for trading and hedging purposes as well as revaluations of components hedged or unhedged by financial assets and liabilities are considered as having a "perpetual" maturity. Likewise, delinquencies and non-performing loans are deemed to have a "perpetual" maturity.

The technical provisions of insurance companies, which, for the most part are equivalent to demand deposits, are not shown in the table below.

	31/12/2018						
Assets *(in billions of euros)*	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Cash and amounts due from central banks	24						24
Assets at fair value through profit and loss—excluding trading derivatives	0	0	0	2	1	153	157
Derivative instruments not eligible for hedge accounting						57	57
Hedging derivatives						0	0
Financial assets at fair value through other comprehensive income	1	1	1	5	3	0	11
Loans and receivables due from banks	7	1	10	8	1	0	27
Customer loans and receivables	15	5	7	26	13	4	69
Debt instruments at amortized cost	0	0	0	0	0	0	1
Revaluation adjustment on portfolios hedged against interest rate risk							
TOTAL	**48**	**6**	**19**	**41**	**19**	**215**	**347**

Assets *(in billions of euros)* **Insurance business investments**	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Assets at fair value through profit and loss—excluding trading derivatives	0	0	0	1	1	21	22
Available-for-sale financial assets	0	1	2	14	21	10	48
Loans and receivables	0					13	13
Held-to-maturity financial assets		0	0	0	0		1
TOTAL	**0**	**1**	**2**	**15**	**22**	**44**	**85**

	31/12/2018						
Liabilities *(in billions of euros)*	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Due to central banks	0						0
Financial liabilities at fair value through profit or loss	2	0	1	6	14	128	151
o/w repurchase agreements	*1*	*0*	*1*	*3*	*12*	*91*	*109*
Secured debt		*0*	*0*	*2*	*1*	*33*	*37*
o/w senior debt							
Unsecured debt	*0*	*0*	*0*	*0*	*0*	*4*	*5*
o/w senior debt							
Covered bonds							
Trading derivatives						57	57
Hedging derivatives						1	1
Amounts due to credit institutions	20	15	9	24	2	4	73
o/w repurchase agreements	*4*	*1*	*0*	*1*	*3*	*0*	*9*
Amounts due to customers	22	5	6	1	1	0	36
Debt securities	6	13	13	1	1		35
o/w secured debt							
Covered bonds							*1*
Subordinated debt						4	4
FINANCIAL LIABILITIES BY MATURITY	**50**	**34**	**29**	**32**	**17**	**195**	**358**
FINANCING COMMITMENTS GIVEN	**2**	**5**	**8**	**30**	**5**		**50**
GUARANTEE COMMITMENTS GIVEN	**3**	**3**	**7**	**16**	**1**		**30**

FINANCIAL ASSETS AND LIABILITIES AT DECEMBER 31, 2017

Assets *(in billions of euros)*	31/12/2017						
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Cash and balances with central banks	37					0	37
Assets at fair value through profit and loss—excluding trading derivatives	17	12	10	5	8	72	124
Derivative instruments not eligible for hedge accounting						60	60
Hedging derivatives						0	0
Available-for-sale assets	1	2	2	18	23	12	58
Loans and receivables due from banks	22	3	11	2	7	1	45
Customer loans and receivables	45	20	11	30	18	13	137
Revaluation adjustments on portfolios hedged against interest rate risk							
Held-to-maturity financial assets	0	0	1	1	1		2
FINANCIAL ASSETS BY MATURITY	121	37	35	56	57	158	463

Liabilities *(in billions of euros)*	31/12/2017						
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Due to central banks							
Other financial liabilities at fair value through profit and loss	22	11	2	7	14	29	86
o/w repurchase agreements	22	11	2	5	12		52
Secured debt	0	0	0	2	2		4
o/w senior debt							
Unsecured debt	0	0	0	0	0	3	4
o/w senior debt							
Covered bonds							
Trading derivatives						60	60
Hedging derivatives						1	1
Amounts due to credit institutions	35	18	20	25	7	0	104
o/w repurchase agreements	12	3	1	0	3	0	20
Amounts due to customers	75	11	7	1	1	0	94
Debt securities	7	10	14	1	1		32
o/w secured debt							
Covered bonds		0	0	1	0		1
Subordinated debt				1	3		4
FINANCIAL LIABILITIES BY MATURITY	139	50	44	35	26	90	382
FINANCING COMMITMENTS GIVEN	16	3	6	30	5		61
GUARANTEE COMMITMENTS GIVEN	2	3	6	13	6		30

NOTE 9 NOTES ON INSURANCE ACTIVITIES

9.1 Consolidation of insurance entities

Natixis opted to continue applying the provisions set out in IAS 39 for insurance entities *(see Note 2.1)*.

In accordance with ANC recommendation No. 2017-02, Natixis presents its insurance businesses separately on the balance sheet and income statement.

The "Insurance business investments" line on the asset side of the balance sheet consists of insurance business assets representative of:

- Financial investments (i.e. in financial instruments) including advances to policyholders;
- Financial investments in unit-linked products;
- derivative instruments;
- revaluation differences on interest rate risk-hedged portfolios.

Financial investments in securities are classified in the balance sheet under the various categories of investments defined in IAS 39.

The other balances related to the insurance business are aggregated with the balances related to the other balance sheet items by type.

On the liability side of the balance sheet, the "Liabilities related to insurance policies" line consists of:

- insurance companies' technical reserves;
- insurance and reinsurance liabilities, including amounts due to policyholders;
- derivative instruments held by insurance businesses;
- shares of the revaluation on interest rate risk-hedged portfolios;
- the deferred profit-sharing liability.

The income statement line item "Net income from insurance activities" mainly covers:

- premiums written and the change in unearned premium reserves;
- investment income including income from investment properties;
- investment expenses;
- changes in fair value of investments at fair value through profit or loss, as well as gains and losses on the sale of investments, including investment property;
- impairment charges and reversals on investments at amortized cost or at fair value through other comprehensive income;
- amortization of acquisition costs;
- external expenses on policy benefits;
- income and expenses net of reinsurance transfers.

9.2 Accounting principles

9.2.1 Financial assets under IAS 39

At initial recognition, financial assets and liabilities are measured at fair value, corresponding to their acquisition price at that date. Their subsequent accounting treatment depends on their balance sheet classification. In accordance with IAS 39, financial assets are classified in one of the four categories of financial assets set out below:

Financial assets measured at fair value through profit and loss

These are instruments held for trading purposes or designated at fair value through profit or loss on initial recognition in accordance with the fair value option amendment to IAS 39 (published by the IASB in June 2005 and adopted by the European Union on November 15, 2005).

Securities held for trading purposes are those acquired by Natixis principally to be sold in the near term and those forming part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

Securities valued under this option fall into one of the following three categories:

- hybrid instruments that contain one or more significant and separable embedded derivative features;
- instruments belonging to a group of financial assets valued and managed on a fair value basis;
- instruments that present an inconsistency in accounting treatment with a related financial liability.

Held-to-maturity financial assets

These are non-derivative financial assets with fixed or determinable payments and fixed maturities that Natixis has the clear intention and ability to hold through to maturity, other than those that are designated on initial recognition as at fair value through profit or loss (fair value option) or available-for-sale, and those that meet the definition of loans and receivables.

On initial recognition, available-for-sale financial assets are measured at fair value including transaction costs. After initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method and tested for impairment at each reporting date. Where necessary, an impairment charge is recorded in income under "Provision for credit losses". Transactions intended to hedge interest rate risk on these securities are not permitted under IFRS.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, other than those designated as at fair value through profit or loss or available-for-sale. This excludes assets for which the holder cannot recover the majority of the initial investment other than because of a credit deterioration, which should be classified as available-for-sale.

When they are hedged, loans and receivables also include the fair value of the hedged component of assets classified in this category (fair value hedges).

On initial recognition, loans and receivables are measured at fair value (i.e. face value) plus transaction costs and less any discount and transaction revenues. In the case of loans, transaction costs include fees and any expenses directly attributable to setting up the loan.

After initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method and tested for impairment at each reporting date. Where necessary, an impairment charge is recorded in income under "Provision for credit losses".

When loans are granted at below-market interest rates, a discount corresponding to the difference between the face value of the loan and the sum of future cash flows discounted at the market interest rate is deducted from the face value of the loan. The market rate of interest is the rate applied by the vast majority of financial institutions at any given time for instruments and counterparties with similar characteristics.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Securities classified in this category are initially recognized at their market value. At the reporting date, they are remeasured at their market value determined based on the market price for listed instruments.

Gains or losses arising from changes in the fair value (excluding revenues) of available-for-sale financial assets that are not hedged are recognized directly in equity under "Gains and losses recorded directly in equity". Accrued or earned income is recognized in the income statement under "Net income from insurance activities" using the effective interest rate method. Available-for-sale financial assets are tested for impairment at each reporting date. Where there is objective evidence that an asset is impaired and a decline in the fair value has already been recognized directly in equity, the cumulative impairment loss is removed from equity and taken to income under "Provision for credit losses" (debt instruments) or "Net income from insurance activities" (equity instruments).

9.2.2 Provisions for impairments of financial assets

At the reporting date, the relevant entities assess whether there is any objective evidence of individual or collective impairment for loans and receivables. To identify evidence of impairment, they analyze trends in a number of objective criteria, but also rely on the judgment of its own expert teams. Similarly, they may use expert judgment to establish the likely timing of recoveries.

Assets measured at amortized cost and available-for-sale debt instruments

A provision for impairment is set aside as soon as there is reason to believe the issuer may not be able to meet its commitments regarding the payment of principal and interest, such as a default on interest or principal payments. Securities in this category are determined on a case-by-case basis at each reporting date after the portfolios are reviewed.

Available-for-sale equity instruments

The impairment criteria for non-amortizing securities categorized as available-for-sale assets are as follows:

- automatic impairment if there are unrealized losses of more than 50% at the reporting date;
- automatic impairment if there are unrealized losses for a period of more than 24 consecutive months;
- case-by-case analysis of securities presenting unrealized losses of more than 30% at the reporting date;
- case-by-case analysis of securities presenting unrealized losses for more than six consecutive months.

Identified securities give rise to an impairment charge based on their total carrying amount so that their post-impairment value reflects the recoverable value. The impairment charge is never reversed.

In accordance with IFRIC 10, an additional impairment charge will be recognized on investment securities for which a provision has already been made if its value has declined further at the reporting date, regardless of threshold or duration requirements.

9.2.3 Fair value of financial instruments

The general principles of fair value of financial instruments are the same as those presented in Note 6.6.

9.2.4 Reinsurance transactions

Transfers

Insurance transactions are recognized before reinsurance transfers. Reinsurance transfers are recognized in accordance with the terms of the different reinsurance treaties.

Acceptances

Reinsurance acceptance policies are recognized as insurance policies.

Guarantees given or received as part of these transactions are recognized on the balance sheet (cash deposits) or off-balance sheet (securities pledged or received as collateral).

No Natixis reinsurance policies fall under the scope of IAS 39.

9.2.5 Insurance-related liabilities

Policies managed by the insurance subsidiaries of the Coface, Compagnie Européenne de Garanties et Cautions (CEGC) and Natixis Assurances sub-groups meet the definitions of insurance policies and investment contracts with a discretionary participation feature set out in IFRS 4. Accordingly, they result in the recognition of technical reserves in liabilities. These reserves are measured in accordance with French GAAP pending the entry into force of IFRS 17 dealing with technical liabilities of insurance companies.

Technical reserves for insurance policies meet the commitments of insurance companies with regard to policyholders and contract beneficiaries.

In accordance with IFRS 4, insurance technical reserves are calculated using methods stipulated by local regulations. A liability adequacy test is carried out in order to ensure that the insurance liabilities as presented in the consolidated financial statements are sufficient to cover future cash flows estimated at that date. The test is based on a stochastic or deterministic valuation model of discounted future cash flows.

Technical reserves for life-insurance policies are primarily composed of mathematical reserves corresponding to the surrender value of the contract.

Insurance offered primarily covers death, disability, work disability, dependency, damage to persons or property, health, legal protection and financial loss. Related technical reserves are calculated using specialized tables (life, experience and Bureau Commun des Assurances Collectives/BCAC tables).

Technical reserves for non-life insurance policies include reserves for unearned premium income and for claims to be paid (not discounted).

Reserves for unearned premium income are prorated separately for each insurance policy. They correspond to the portion of premium income remaining between the fiscal year-end and the premium due date.

Claims reserves include an estimate of claims reported but not settled at the reporting date. In addition to the amount of claims payable, a provision is set aside for unknown claims, calculated on a statistical basis by reference to the final amount of claims to be paid following settlement of risks and after any debt recovery measures.

Reserves also include economic hazards related to end-of-year premiums as well as a reserve for management fees.

In addition to this statistical estimation, specific reserves are recognized for major disasters based on the probability of default and of severity, estimated on a case-by-case basis.

Policy acquisition costs are expensed to the period. In particular, acquisition costs for non-life insurance policies are expensed over the acquisition period of the premiums: the portion of deferred acquisition costs is calculated pro rata to the unearned premiums at the end of the year.

Pursuant to paragraph 30 of IFRS 4, insurance policies and investment contracts with discretionary participation (life insurance) are measured using shadow accounting, which consists in recognizing the portion of unrealized gains or losses potentially attributable to policyholders as a deferred profit-sharing reserve. The deferred profit-sharing reserve thus reflects the potential entitlement of policyholders to unrealized gains for Financial investments or their portion of unrealized losses. Considering the pay-out ratio in the 2018 budget and in accordance with the pay-out ratio recorded for 2017, the deferred profit-sharing rate adopted at December 31, 2018 was 88% compared with 89% at December 31, 2017.

In the event of net unearned losses, a deferred profit-sharing asset is recognized up to the amount for which future deferred profit-sharing of policyholders is estimated to be highly probable.

Deferred profit-sharing assets and liabilities arise mainly on:

- the revaluation of "available-for-sale financial assets" and "financial assets at fair value through profit or loss";
- the revaluation of real estate assets held to cover insurance policies;
- the restatement in the consolidated financial statements of the capital reserve and the liquidity risk reserve.

The change in the deferred profit-sharing asset and liability is recognized:

- in equity when it relates to changes in the value of "available-for-sale assets";
- in income when it relates to changes in the value of assets "at fair value through profit or loss" or investment property held to cover insurance policies, as well as changes in provisions for prolonged declines in value in "available-for-sale assets".

Application of the shadow accounting mechanism resulted in the recognition of a deferred profit-sharing liability on December 31, 2018 as on December 31, 2017.

(in millions of euros)	2018	2017
Total net deferred profit-sharing asset	-	-
Total net deferred profit-sharing liability	2,115	3,275

In the case of deferred profit-sharing assets, a recoverability test is carried out. Deferred profit-sharing may be recovered depending on the intention and ability of companies to steer future compensation of contracts according to resources. These are sensitive to:

- changes in the equity and bond markets;
- changes in net inflows, which result from the commercial appeal of policies and the propensity of policy holders to renew their contracts;
- available reserves and own resources within companies to hold assets for a period compatible with changes in liabilities and consistent with market cycles.

Prospective analysis of the deferred profit-sharing asset's recoverability is therefore carried out to demonstrate the ability and intention of companies to meet liquidity requirements over the remaining recoverability period without selling investments in unrealized losses. This process corresponds to a forward-looking view of future cash flows, built following regulatory and contractual conditions applied to contracts and with the help of economic scenarios based on historical probability.

9.3 Net income from insurance activities

(in millions of euros)	31/12/2018
Earned premiums	***13,522***
Premiums written	13,698
Change in unearned premium income	(176)
Other income from insurance activities	***37***
Revenue from insurance activities	**133**
Investment income (net of expenses)	**539**
Investment income	1,641
Investment expenses	(99)
Capital gains and losses on disposal of investments (net of reversals, write-downs and amortization)	105
Change in fair value of investments carried at fair value through profit or loss	(1,013)
Change in write-downs on investments	(96)
Amortization of acquisition costs	**27**
Policy benefit expenses	**(11,321)**
Income and expenses net of reinsurance transfers	**(28)**
Reinsurance transfer income	3,182
Reinsurance transfer expenses	(3,210)
NET INCOME FROM INSURANCE ACTIVITIES	**2,910**

9.3.1 Transition between the presentation applicable to insurance companies and to banks

The following table shows a reconciliation between insurance companies' financial statements as presented and how they would translate into the banking format.

		31/12/2018							
		Banking format							
	Total	Net revenues							
Insurance format *(in millions of euros)*		Net income from insurance	Other net revenue items (excl. net income from insurance)	Expenses	Gross operating income	Provision for credit losses	Tax	Other items	Net income
Premiums written	*13,577*	*13,698*	*(121)*	*0*	*13,577*	*0*	*0*	*0*	*13,577*
Change in unearned premium income	*(152)*	*(175)*	*23*	*0*	*(152)*	*0*	*0*	*0*	*(152)*
Earned premiums	13,424	13,522	(98)	0	13,424	0	0	0	13,424
Banking operating income	67	4	63	0	67	0	0	0	67
Revenues and income from other activities	152	133	19	0	152	0	0	0	152
Other operating income	47	33	0	14	47	0	0	0	47
Investment income	*1,748*	*1,641*	*107*	*0*	*1,748*	*0*	*0*	*0*	*1,748*
Investment expenses	*(189)*	*(99)*	*(78)*	*(12)*	*(189)*	*0*	*0*	*0*	*(189)*
Capital gains and losses on disposal of investments (net of reversals, write-downs and amortization)	*104*	*104*	*0*	*0*	*104*	*0*	*0*	*0*	*104*
Change in fair value of investments carried at fair value through profit or loss	*(1,016)*	*(1,013)*	*(3)*	*0*	*(1,016)*	*0*	*0*	*0*	*(1,016)*
Change in write-downs on investments	*(94)*	*(96)*	*2*	*0*	*(94)*	*0*	*0*	*0*	*(94)*
Investment income (net of expenses)	556	539	29	(11)	556	0	0	0	556
Policy benefit expenses	(11,343)	(11,320)	106	(129)	(11,343)	0	0	0	(11,343)
Reinsurance transfer income	*3,140*	*3,182*	*(42)*	*0*	*3,140*	*0*	*0*	*0*	*3,140*
Reinsurance transfer expenses	*(3,168)*	*(3,209)*	*41*	*0*	*(3,168)*	*0*	*0*	*0*	*(3,168)*
Income and expenses net of reinsurance transfers	(29)	(28)	0	0	(28)	0	0	0	(28)
Provision for credit losses	0	0	0	0	0	0	0	0	0
Banking operating expenses	(13)	0	0	(13)	(13)	0	0	0	(13)
Policy acquisition costs	(961)	26	(770)	(217)	(961)	0	0	0	(961)
Amortization of portfolio values and related items	0	1	(1)	0	0	0	0	0	0
Administrative costs	(798)	0	(453)	(345)	(798)	0	0	0	(798)
Other recurring operating income and expenses	(358)	0	(78)	(280)	(358)	(1)	0	0	(359)
Other non-recurring operating income and expenses	(2)	0	3	(3)	0	0	0	(2)	(2)

Insurance format (in millions of euros)	Total	31/12/2018 Banking format							
		Net revenues							
		Net income from insurance	Other net revenue items (excl. net income from insurance)	Expenses	Gross operating income	Provision for credit losses	Tax	Other items	Net income
Operating income (loss)	742	2,910	(1,180)	(984)	745	(1)	0	(2)	742
Finance expenses	(33)	0	(33)	0	(33)	0	0	0	(33)
Share in income of associates	15	0	0	0	0	0	0	15	15
Income taxes	(220)	0	0	(2)	(2)	0	(218)	0	(220)
After-tax income from discontinued activities	0	0	0	0	0	0	0	0	0
Non-controlling interests	(71)	0	0	0	0	0	0	(71)	(71)
CONSOLIDATED NET INCOME	433	2,910	(1,213)	(986)	710	(1)	(218)	(58)	433

9.4 Insurance business investments

(in millions of euros)	Notes	31/12/2018	01/01/2018 [(a)]
Investment property	9.4.3	1,371	1,312
Financial assets at fair value through profit or loss	9.4.1	22,328	22,410
Hedging derivatives			1
Available-for-sale financial assets	9.4.2	47,801	46,898
Loans and receivables	9.4.5	13,137	10,825
Held-to-maturity financial assets	9.4.6	1,291	1,885
Share held by cedents and retrocessionaires in liabilities relating to insurance policies and financial contracts		13,015	11,412
Receivables arising from insurance and assumed reinsurance activities		1,157	1,425
Receivables arising from reinsurance transfers		91	33
Deferred acquisition costs		344	699
Other			
TOTAL		**100,536**	**96,901**

(a) *Of which €2,721 million at January 1, 2018 for the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).*

9.4.1 Financial assets at fair value through profit or loss

(in millions of euros)	Notes	31/12/2018	01/01/2018
Securities held for trading		**4,810**	**4,340**
Debt instruments in the form of securities		-	30
Equity instruments [(a)]		4,810	4,310
Loans and receivables		-	-
Derivative instruments not eligible for hedge accounting		**18**	**214**
Hedging derivatives			
Securities under the fair value option through profit or loss	9.4.1.1	**17,501**	**15,845**
Debt instruments in the form of securities		1,582	204
Equity instruments [(a)]		366	243
Investments backed by unit-linked policies		15,553	15,398
Loans and receivables at fair value through profit and loss	9.4.1.1	**0**	**2,011**
Banks		-	-
Customers		0	2,011
TOTAL		**22,328**	**22,410**

(a) *Including shares in mutual funds.*

9.4.1.1 Conditions for classification of financial assets under the fair value option

Financial assets are designated at fair value through profit or loss when this choice provides more pertinent information or when these instruments incorporate one or more significant and separable embedded derivatives.

The use of the fair value option is considered to provide more pertinent information in two situations:

- where there is an accounting mismatch between economically linked assets and liabilities. This arises for example in the case of an asset and a hedging derivative when the criteria for hedge accounting are not met;
- where a portfolio of financial assets and liabilities is managed and recognized at fair value as part of a documented policy of asset and liability management.

Financial assets designated at fair value through profit or loss mainly consist of financial assets representative of unit-linked policies from insurance activities.

	31/12/2018				31/12/2017			
(in millions of euros)	Carrying amount	Accounting mismatch	Managed on a fair value basis	Embedded derivatives	Carrying amount	Accounting mismatch	Managed on a fair value basis	Embedded derivatives
Loans and receivables due from banks	0	0	0	0	0	0	0	0
Loans and receivables due from customers	0	0	0	0	2,011	2,011	0	0
Debt instruments in the form of securities	2,353	843	0	1,510	2,541	972	0	1,569
Equity instruments	15,148	15,148	0	0	13,667	13,304	363	0
TOTAL	**17,501**	**15,991**	**0**	**1,510**	**18,220**	**16,287**	**363**	**1,569**

9.4.2 Available-for-sale financial assets

The table below shows available-for-sale financial assets by type of instrument (fixed-income securities, variable-income securities). It discloses the gross value before impairment, the amount of impairment and the carrying amount net of impairment.

(in millions of euros)	31/12/2018	01/01/2018
Securities	**48,045**	**47,097**
▪ Debt instruments	40,452	39,225
▪ Equity instruments [a]	7,133	7,401
▪ Accrued interest	460	472
Impairment of available-for-sale assets	**(245)**	**(200)**
▪ Debt instruments	(38)	(15)
▪ Equity instruments [b]	(207)	(184)
TOTAL	**47,801**	**46,898**

(a) Including mutual fund units.

(b) At December 31, 2018, permanent impairment of variable-income securities stood at €69 million, compared with €15 million at December 31, 2017. This expense was 88% offset by the profit-sharing mechanism. The 2018 expense can be broken down into an additional impairment loss on previously impaired securities for €13 million (€7 million at December 31, 2017) and an allowance for newly impaired securities for €56 million (€9 million at December 31, 2017).

9.4.3 Investment property

	31/12/2018			01/01/2018		
(in millions of euros)	Gross value	Impairment and amortization	Net value	Gross value	Impairment and amortization	Net value
Investment property—At fair value	970	0	970	918	0	918
Investment property—At historical cost	40	(13)	27	44	(13)	31
Investment property—UL policies	374	0	374	363	0	363
TOTAL	**1,385**	**(13)**	**1,371**	**1,325**	**(13)**	**1,312**

The fair value of investment property, for which the valuation techniques are described in Note 8.5.3, is classified in Level 3 of the fair value hierarchy of IFRS 13.

Changes in fair value give rise to the symmetrical recognition of a deferred profit-sharing reserve equal to 88% of the related base amount on average at December 31, 2018, compared with 89% at December 31, 2017 *(see Note 9.2.5)*.

9.4.4 Fair value of financial assets and liabilities carried at fair value in the balance sheet

Financial assets and liabilities measured at fair value are categorized based on the fair value hierarchy presented in Notes 5.6 and 8.5.

Assets	31/12/2018			
(in millions of euros)	Book value	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss—Trading	**4,827**	**4,730**	**98**	**0**
Fixed-income securities held for trading	**4,810**	**4,726**	**84**	
o/w debt instruments in the form of securities				
o/w equity instruments	*4,810*	*4,726*	*84*	
Derivative instruments not eligible for hedge accounting (positive fair value)	**18**	**4**	**13**	**0**
o/w interest rate derivatives	*4*		*4*	
o/w currency derivatives	*13*	*3*	*10*	*0*
o/w credit derivatives				
o/w equity derivatives	*1*	*1*		
o/w other	*0*			*0*
Other financial assets held for trading				
Financial assets designated under the fair value option through profit or loss	**17,501**	**14,789**	**1,473**	**1,238**
o/w debt instruments in the form of securities	*1,582*	*89*	*255*	*1,238*
o/w equity instruments	*366*	*83*	*282*	
o/w loans and receivables				
o/w investments backed by unit-linked policies	*15,553*	*14,617*	*936*	
Available-for-sale financial assets	**47,801**	**39,708**	**5,617**	**2,475**
Available-for-sale securities—Equity investments	**208**	**0**	**0**	**208**
Other available-for-sale securities	**47,593**	**39,708**	**5,617**	**2,267**
o/w debt instruments in the form of securities	*40,874*	*34,443*	*4,213*	*2,218*
o/w equity instruments	*6,718*	*5,265*	*1,404*	*49*
o/w other available-for-sale financial assets				
TOTAL	**70,129**	**59,228**	**7,188**	**3,713**

Financial assets at fair value measured using level 3 of the fair value hierarchy

	Level 3 opening balance	Gains and losses recognized in the period		
		Income statement		
(in millions of euros)	01/01/2018	On outstanding transactions at the reporting date	On transactions expired or redeemed at the reporting date	Gains and losses recognized directly in equity
Financial assets at fair value through profit and loss—Trading	**1,465**	**(29)**	**(2)**	**0**
Derivative instruments not eligible for hedge accounting (positive fair value)	**4**	**0**	**0**	**0**
o/w currency derivatives	*4*			
o/w equity derivatives	*0*			
o/w other				
Financial assets designated under the fair value option through profit or loss	**1,461**	**(29)**	**(2)**	**0**
o/w debt instruments in the form of securities	*1,461*	*(29)*	*(2)*	
Available-for-sale financial assets	**3,556**	**5**	**(3)**	**(63)**
Available-for-sale securities—Equity investments	**211**	**(1)**	**0**	**11**
Other available-for-sale securities	**3,345**	**6**	**(3)**	**(74)**
o/w debt instruments in the form of securities	*2,955*	*(0)*	*(3)*	*(67)*
o/w equity instruments	*391*	*6*		*(7)*
o/w other available-for-sale financial assets				
TOTAL FINANCIAL ASSETS RECORDED AT FAIR VALUE	**5,021**	**(24)**	**(5)**	**(63)**

Transactions de la période		Reclassements de la période					
Achats/ Émissions	Ventes/ Remboursements	En dehors du niveau 3	Vers le niveau 3	Autres reclassements	Variation de périmètre	Écart de change	Clôture niveau 3 31/12/2018 31/12/2018
221	**(414)**	**(1)**	**0**	**0**	**(3)**	**0**	**1 238**
0	**(1)**	**0**	**0**	**0**	**(3)**		**0**
	(1)				*(3)*		*0*
					(0)		*0*
0							*0*
221	**(412)**	**(1)**	**0**	**0**	**0**	**0**	**1 238**
221	*(412)*	*(1)*					*1 238*
457	**(359)**	**(1 525)**	**603**	**(196)**	**0**	**1**	**2 475**
33	**(0)**	**0**	**0**	**(46)**	**0**	**1**	**208**
424	**(359)**	**(1 525)**	**603**	**(150)**	**0**	**0**	**2 267**
399	*(164)*	*(1 506)*	*603*				*2 218*
25	*(195)*	*(20)*		*(150)*			*49*
							0
678	(773)	(1 526)	603	(196)	(3)	1	3 713

Financial assets at fair value: transfer between fair value levels

	31/12/2018					
	From	Level 1	Level 2	Level 2	Level 3	Level 3
(in millions of euros)	To	Level 2	Level 1	Level 3	Level 1	Level 2
Financial assets at fair value through profit and loss — Trading		**0**	**2**	**0**	**0**	**(1)**
Financial assets designated under the fair value option through profit or loss		**0**	**2**	**0**	**0**	**(1)**
o/w debt instruments in the form of securities						*(1)*
o/w equity instruments			*2*			
Available-for-sale financial assets		**75**	**9**	**603**	**0**	**(1,525)**
Available-for-sale securities — Equity investments						
Other available-for-sale securities		**75**	**9**	**603**	**0**	**(1,525)**
o/w debt instruments in the form of securities		*56*	*9*	*603*		*(1,506)*
o/w equity instruments		*19*				*(20)*

9.4.5 Loans and receivables

9.4.5.1 Loans and receivables due from banks

(in millions of euros)	31/12/2018	01/01/2018
Outstanding	**378**	**513**
Loans and receivables	377	509
Accrued interest	1	4
Provisions		
TOTAL NET	**378**	**513**

9.4.5.2 Loans and receivables due from customers

(in millions of euros)	31/12/2018	01/01/2018
Outstanding	12,760	10,312
Loans and receivables	12,750	10,306
Accrued interest	10	6
Provisions		
TOTAL (A)	**12,760**	**10,312**

(a) Of which €11,598 million for guarantee deposits made for the acceptance of reinsurance treaties, compared with €10,258 million at December 31, 2017.

9.4.6 Held-to-maturity financial assets

(in millions of euros)	31/12/2018	01/01/2018
Government securities	**1,002**	**1,083**
Gross value	1,002	1,083
Provisions		
Bonds	**289**	**802**
Gross value	290	804
Provisions	(1)	(2)
TOTAL	**1,291**	**1,885**

9.4.7 Fair value of financial assets valued at amortized cost on the balance sheet

	31/12/2018				
(in millions of euros)	Book value	Fair value	Level 1	Level 2	Level 3
Loans and receivables due from banks	**378**	**378**	**4**	**374**	
o/w loans and receivables	*371*	*371*	*4*	*368*	
Other	*6*	*6*		*6*	
Loans and receivables due from customers	**12,760**	**12,760**	**47**	**12,712**	
o/w loans and receivables	*12,760*	*12,760*	*47*	*12,712*	
Held-to-maturity assets	**1,291**	**1,506**	**1,345**	**157**	**3**
TOTAL FINANCIAL ASSETS	**14,428**	**14,643**	**1,396**	**13,244**	**3**

9.5 Liabilities related to insurance policies

(in millions of euros)	31/12/2018	01/01/2018 [(a)]
Technical reserves	**79,732**	**76,597**
Technical reserves relating to insurance policies	43,703	38,865
Technical reserves relating to unit-linked policies	9,845	10,256
Technical reserves relating to financial contracts with a discretionary profit sharing feature	20,118	20,227
Technical reserves relating to financial contracts without a discretionary profit sharing feature	-	
Technical reserves relating to unit-linked policies	3,951	3,974
Deferred profit-sharing liabilities	2,115	3,275
Debts arising from insurance and reinsurance activities	**9,800**	**9,727**
Debts arising from insurance and assumed reinsurance activities	398	488
Debts arising from ceded reinsurance activities	9,402	9,239
Derivatives	**7**	**183**
Derivative instruments not eligible for hedge accounting	7	183
Hedging derivatives	-	
Other liabilities relating to insurance policies	-	
TOTAL	**89,538**	**86,507**

(a) Of which €1,953 million at January 1, 2018 for the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).

9.5.1 Financial liabilities designated at fair value through profit or loss

Information required under IFRS 7 on financial liabilities at fair value through profit or loss is presented in Note 8.1.2.

9.5.2 Due to banks and customer deposits

The information about debts due to banks and customer deposits required by IFRS 7 is presented in Note 8.14.

9.5.3 Debt securities

The information about debt securities required by IFRS 7 is presented in Note 8.15.

9.5.4 Subordinated debt

The information about subordinated debt required by IFRS 7 is presented in Note 8.16.

9.5.5 Information to be disclosed about the temporary exemption from the application of IFRS 9 for insurance activities

	31/12/2018	
(in millions of euros)	Fair value [(a)]	Change in fair value over the period
SPPI financial assets	39,912	(1,492)
Non-SPPI financial assets	3,516	(83)
TOTAL	**43,428**	**(1,575)**

This table does not include financial assets recognized at fair value through profit or loss, or reinsurance activities.

(a) Excluding mutual funds, whose fair value amounted to €5,067 million at December 31, 2018.

Financial assets that don't have a low credit risk

(in millions of euros)	31/12/2018	
	Carrying amount [a]	Fair value
SPPI financial assets	1,475	1,489
TOTAL	**1,475**	**1,489**

(a) Before value adjustment for impairment.

NOTE 10 SEGMENT REPORTING

In November 2017, Natixis presented its new 2018-2020 strategic plan, "New Dimension". New Dimension sets out three strong initiatives aimed at developing solutions offering high added value to our clients: to deepen the transformation of our business model, which we achieved under the New Frontier plan, to allocate a significant portion of our investments to digital technologies, reflecting our clear resolve to differentiate ourselves to become a benchmark in the areas where Natixis' teams boast strong and recognized skills.

The entity has since been organized around four core businesses:

- Asset & Wealth Management, which includes asset management within Natixis Investment Managers and wealth management;
- Corporate & Investment Banking, which advises businesses, institutional investors, insurance companies, banks and public sector entities and offers them a diversified line of financing solutions as well as access to the Capital Markets. Its duties are threefold: to strengthen the bank's customer orientation, to serve as a meeting place between issuers and investors and to roll out the "Originate to Distribute" model to optimize the rotation of the bank's balance sheet via active management of the loan book;
- Insurance, which is BPCE Group's single platform for the distribution of personal insurance and non-life insurance products;
- Specialized Financial Services, which combines Payments and Specialized Financing with Factoring, Leasing, Consumer Finance, Sureties & Financial Guarantees, and Film Industry Financing; and Financial Services with Employee Savings and Securities. These business lines are the key growth drivers for the retail banking business of Groupe BPCE.

Coface, Private Equity (proprietary activity retained until it is put into run-off, and portion of sponsored funds) and Natixis Algeria are considered non-strategic and are now grouped within the Corporate Center.

Based on this new organization, Management monitors divisional performance, draws up business plans and manages the business from an operational perspective. In accordance with IFRS 8 "Operating Segments", this is the segmentation used by Natixis to define its operating segments.

10.1 Asset & Wealth Management

- **Asset Management:** asset management activities are combined within Natixis Investment Managers. They cover all asset categories and are carried out mainly in the US and France. These activities are performed by autonomous entities (specialized asset management companies and specialized distribution units) coordinated by a holding company that ensures the organization's consistency by overseeing its strategic direction. These companies are thus able to focus on their core business and on achieving robust performance while retaining the option of developing their own institutional clientele and drawing on the business line's other support functions, based on appropriate economic models. A number of these asset managers have forged a strong reputation, such as Loomis Sayles, Harris Associates, AEW, H2O, DNCA and Ostrum Asset Management.

  Together, these specialized asset management companies enable the Group to provide a full range of expertise meeting demand from all customer segments. Coverage of the various customer segments is optimized by the organization of distribution around a shared platform and the business franchises developed over the long term by the asset management companies. Since the start of 2014, Private Equity companies for third party clients have been transferred to Natixis Investment Managers and a sponsoring vehicle was set up to monitor Natixis' commitments in the funds. The teams have extensive expertise in equity financing for generally unlisted, small and medium-sized enterprises in France and Europe via sponsored equity holdings. This business line covers the Private Equity segments for third party investors, such as Private Equity deals (top-line funding for mature companies), venture capital (new, innovative companies) and funds of funds.
- **Wealth Management:** this business line covers wealth management activities in France and Luxembourg and asset management. Natixis Wealth Management holds a key place on the French market. The bank mainly develops its customer base from the clientele of the Caisses d'Epargne and Banque Populaire banks, and to a lesser extent from that of Natixis. Private Banking offers advisory services, financial planning and expertise, and fund management solutions.

10.2 Corporate & Investment Banking

Corporate & Investment Banking advises businesses, institutional investors, insurance companies, banks and public sector entities and offers them a diversified line of customized financing solutions as well as access to the Capital Markets.

Building on the technical expertise of its teams, Natixis designs tailored solutions for its customers incorporating the most recent market developments.

In 2016, its organizational structure was adapted to better support its customers, by strengthening strategic dialog, and to accelerate the implementation of the "Originate to Distribute" model. This led to the creation of a new **Investment Banking** business line, whose mission is to develop strategic dialog with customers and incorporates the Acquisition & Strategic Finance, Capital & Rating Advisory, Equity Capital Markets and Strategic

Equity Transactions business lines. It also includes Bond Origination.

In early 2018, CIB changed the way it presents the earnings and analysis of its financing activities with the creation of three new business lines based on four key sectors defined in the New Dimension plan:

- the **Energy & Natural Resources** sector, which comprises Trade Finance, origination and structuring of structured commodity finance;
- the **Real Assets** business line which brings together origination and structuring in three sectors: Infrastructure, Aviation and Real Estate & Hospitality;
- the **Distribution & Portfolio Management** business line, which comprises syndication and structured and vanilla finance portfolio management.

The Equities, Fixed Income, Credit, Forex, Commodities and Global Structured Credit and Solutions businesses remain part of the Global Markets business line, while short-term Trade Finance and the development of the flow offering are combined under Trade and Treasury Solutions.

10.3 Insurance

Natixis Assurances is a holding company for various operating insurance subsidiaries. In March 2014, in accordance with the plan to develop the bancassurance model, Natixis Assurances acquired PPI and casualty insurance subsidiary BPCE Assurances, which it now wholly owns. It offers a full range of individual and group life insurance, personal protection insurance, and property & casualty insurance products for the Banque Populaire and Caisse d'Epargne networks. These diversified, customized solutions are designed for retail and small business customers, farmers, companies and associations.

10.4 Specialized Financial Services

This business line combines a number of service-oriented businesses primarily serving the Caisse d'Epargne and Banque Populaire networks, as well as Natixis customers:

- **Payments:** This business line provides tools, infrastructure, and services for payments: electronic banking, issuance and collection of mass electronic transfers, check processing, service vouchers, e-commerce, etc. Under the "New Dimension" plan, Payments is designed to become a pure player on the payment segment in Europe and accelerate its digital transformation. Thus, the business line recently acquired several start-ups specializing in electronic payment and e-commerce, namely: Payplug, S Money, Dalenys and Comiteo;
- **Factoring:** provides companies with credit management solutions such as financing, insurance, and collection. Natixis Factor uses the Banque Populaire and Caisse d'Epargne networks, which account for a significant portion of its business;
- **Sureties & financial guarantees:** this business line is operated by Compagnie Européenne de Garanties et Cautions (CEGC). It notably includes guarantees for mortgage loans granted to retail and business customers by the Caisse d'Epargne and Banque Populaire networks, along with legal guarantees and financial guarantees;
- **Consumer finance:** this Natixis business line includes a broad range of activities across the entire value chain for revolving loans (marketing, origination, administrative management, out-of-court collection, etc.) and administrative management services for personal loans. These activities are operated by Natixis Financement, which manages revolving loans granted by the BPCE Group networks and manages personal loans granted by the Caisses d'Epargne and by the Banque Populaire banks;
- **Leasing:** this business line provides financing solutions for real estate and non-real estate assets under finance leases or other long-term leasing arrangements;
- **Employee savings plans:** this business line offers companies an employee savings management solution (administration of employee accounts, fund administration and accounting);
- **Securities services:** this business line offers back and middle office services for retail securities custody (account administration, back office outsourcing, office services, depositary control) for the BPCE networks and external clients;
- **Film industry financing:** this business line is operated via Coficiné, a subsidiary specializing in structured loans for film and audiovisual activities in France and Europe.

10.5 Corporate Center

The Corporate Center operates alongside the operating divisions. It combines Natixis' non-strategic business lines: Coface, of which the main activities are credit insurance, factoring abroad, corporate information and rating and accounts receivable, proprietary Private Equity activity, Natixis' stake in certain sponsored funds that is not meant to be kept within Natixis, as well as the Natixis subsidiary in Algeria.

The Corporate Center recognizes the central funding mechanisms and income from Natixis' asset and liability management. To this end, it includes all Treasury activities, including the short-term Treasury business, which has been part of Natixis' Finance Department since the start of 2017 (it was previously part of Corporate & Investment Banking).

It also records income on the bank's portfolio of equity investments not belonging to a division.

In terms of costs, the Corporate Center recognizes the bank's structural costs and the contribution to the Single Resolution Fund.

10.6 Segment information

10.6.1 Segment reporting in the income statement

(in millions of euros)	31/12/2018 Asset & Wealth Management [b]	Corporate & Investment Banking	Insurance	Specialized Financial Services	Coface	Corporate Center (excluding Coface) [c]	Total
Net revenues	**3,419**	**3,123**	**790**	**1,472**	**678**	**135**	**9,616**
2017/2018 change [a]	*10%*	*(9)%*	*8%*	*6%*	*9%*	*(22)%*	*2%*
Expenses	**(2,264)**	**(2,133)**	**(448)**	**(1,004)**	**(488)**	**(486)**	**(6,823)**
2017/2018 change [a]	*4%*	*0%*	*2%*	*7%*	*1%*	*5%*	*3%*
Gross operating income	**1,154**	**990**	**342**	**468**	**190**	**(351)**	**2,793**
2017/2018 change [a]	*23%*	*(24)%*	*16%*	*6%*	*35%*	*21%*	*(1)%*
Provision for credit losses	**(1)**	**(175)**	**0**	**(23)**	**(1)**	**(14)**	**(215)**
2017/2018 change [a]		*52%*		*(68)%*	*(83)%*	*(78)%*	*(17)%*
Net operating income	**1,153**	**815**	**342**	**445**	**189**	**(365)**	**2,578**
2017/2018 change [a]	*23%*	*(32)%*	*16%*	*20%*	*40%*	*3%*	*0%*
Associates	**3**	**12**	**15**	**0**	**0**	**0**	**29**
2017/2018 change [a]	*164%*	*11%*	*13%*		*(74)%*	*(76)%*	*13%*
Other	**37**	**3**	**0**	**1**	**(2)**	**16**	**54**
2017/2018 change [a]	*264%*	*(84)%*				*(20)%*	*11%*
Pre-tax profit	**1,192**	**829**	**356**	**445**	**187**	**(349)**	**2,661**
2017/2018 change [a]	*26%*	*(32)%*	*16%*	*20%*	*38%*	*4%*	*0%*
Net income (Group share)	**644**	**603**	**246**	**299**	**50**	**(266)**	**1,577**
2017/2018 change [a]	*34%*	*(30)%*	*29%*	*19%*	*4%*	*59%*	*(6)%*

This information is determined based on the accounting principles applied in accordance with IFRS as adopted by the European Union at December 31, 2018.

(a) Change between December 31, 2018 and December 31, 2017.

(b) O/w for Asset Management:
- net revenues: €3,274 million;
- expenses: -€2,114 million;
- gross operating income: €1,160 million;
- provision for credit losses: -€5 million;
- pre-tax profit: €184 million.

(c) O/w for short-term treasury:
- net revenues: €114 million;
- expenses: -€60 million;
- gross operating income: -€55 million;
- provision for credit losses: €0 million;
- pre-tax profit: €55 million.

Breakdown of net revenues

(in millions of euros)	Net revenues	2017/2018 change
Asset & Wealth Management	**3,419**	**10%**
Asset Management	3,274	10%
Wealth Management	144	2%
Corporate & Investment Banking	**3,123**	**(9)%**
Capital Markets [a]	1,216	(32)%
Global finance & Investment banking	1,783	5%
Other	123	(508)%
Insurance	**790**	**8%**
Specialized Financial Services	**1,472**	**6%**
Specialized Financing	894	4%
Payment	389	16%
Financial Services	188	2%
Coface	**678**	**9%**
Corporate Center (excluding Coface)	**135**	**(22)%**
TOTAL	**9,616**	**2%**

(a) Of which €1,319 million excluding the net revenues of the XVA desks, which break down into €1,158 million in net revenues for FICT and €161 million for Equities.

DECEMBER 31, 2017

(in millions of euros)	Asset & Wealth Management [b]	Corporate & Investment Banking	Insurance	Specialized Financial Services	Coface	Corporate Center (excluding Coface) [c]	Total
	31/12/2017						
Net revenues	**3,113**	**3,442**	**734**	**1,382**	**624**	**173**	**9,467**
2017/2016 change [a]	15%	8%	12%	2%	(1)%	(6)%	9%
Expenses	**(2,178)**	**(2,132)**	**(439)**	**(939)**	**(484)**	**(462)**	**(6,632)**
2017/2016 change [a]	*10%*	*7%*	*16%*	*6%*	*(9)%*	*(4)%*	*6%*
Gross operating income	**936**	**1,310**	**295**	**443**	**140**	**(290)**	**2,835**
2017/2016 change [a]	*27%*	*10%*	*6%*	*(5)%*	*41%*	*(2)%*	*14%*
Provision for credit losses	**0**	**(115)**	**0**	**(73)**	**(6)**	**(65)**	**(258)**
2017/2016 change [a]	*(60)%*	*(41)%*	*0%*	*27%*	*10%*	*33%*	*(15)%*
Net operating income	**936**	**1,195**	**295**	**371**	**135**	**(355)**	**2,577**
2017/2016 change [a]	*27%*	*19%*	*6%*	*(9)%*	*43%*	*3%*	*19%*
Associates	**1**	**10**	**13**	**0**	**1**	**0**	**26**
2017/2016 change [a]	*(111)%*	*(24)%*	*40%*	*0%*	*(141)%*	*(46)%*	*103%*
Other	**10**	**18**	**0**	**(0)**	**0**	**20**	**48**
2017/2016 change [a]	*(39)%*	*100%*	*0%*	*(100)%*	*(100)%*	*(84)%*	*(52)%*
Pre-tax profit	**947**	**1,223**	**308**	**371**	**136**	**(334)**	**2,651**
2017/2016 change [a]	*27%*	*21%*	*7%*	*(16)%*	*712%*	*55%*	*16%*
Net income (Group share)	**482**	**863**	**191**	**251**	**48**	**(167)**	**1,669**
2017/2016 change [a]	*14%*	*23%*	*14%*	*(13)%*	*2168%*	*(21)%*	*21%*

This information is determined based on the accounting principles applied in accordance with IFRS as adopted by the European Union at December 31, 2017.

(a) Proforma change between December 31, 2017 and December 31, 2016.

(b) O/w for Asset Management:
- net revenues: €2,972 million;
- expenses: -€2,034 million;
- gross operating income: €938 million;
- provision for credit losses: €0 million;
- pre-tax profit: €949 million.

(c) O/w for short-term treasury:
- net revenues: €139.6 million;
- expenses: -€62.7 million;
- gross operating income: €76.9 million;
- provision for credit losses: €0.1 million;
- pre-tax profit: €77.1 million.

Breakdown of net revenues

(en millions d'euros)	Net revenues	2017/2016 change
Asset & Wealth Management	**3,113**	**15%**
Asset Management	2,972	15%
Wealth Management	142	4%
Corporate & Investment Banking	**3,442**	**8%**
Capital Markets [a]	1,781	5%
Global finance & Investment banking	1,690	8%
Other	(30)	(60)%
Insurance	**734**	**12%**
Specialized Financial Services	**1,382**	**2%**
Specialized Financing	862	3%
Payment	336	2%
Financial Services	184	1%
Coface	**624**	**(1)%**
Corporate Center (excluding Coface)	**173**	**(6)%**
TOTAL	**9,467**	**9%**

(a) Of which €1,916 million excluding the net revenues of the XVA desks, which break down into €1,317 million in net revenues for FICT and €599 million for Equities.

10.6.2 Balance sheet segment analysis

	31/12/2018						
(in millions of euros)	Asset & Wealth Management	Corporate & Investment Banking	Insurance	Specialized Financial Services	Coface	Corporate Center (excluding Coface)	Total
Financial assets at fair value through profit or loss	2,101	212,589	(8)	86	27	(708)	214,086
Financial assets at fair value through other comprehensive income	0	3,107	0	4	0	7,687	10,798
Debt instruments at amortized cost	20	885	0	0	0	288	1,193
Loans and receivables due from banks and similar items at amortized cost	1,399	11,448	578	329	292	13,239	27,285
Loans and receivables due from customers at amortized cost	4,668	56,307	(325)	651	2,509	5,468	69,279
Insurance business investments	0	0	96,762	0	3,774	0	100,536
Non-current assets held for sale	0	0	0	25,646	0	0	25,646
Goodwill	3,136	129	93	157	281	0	3,796
Other assets	(5,714)	16,766	(31)	(1,198)	(183)	33,236	42,877
TOTAL ASSETS	**5,611**	**301,230**	**97,069**	**25,677**	**6,700**	**59,209**	**495,496**
Financial liabilities at fair value through profit or loss	287	203,768	4,109	0	0	18	208,183
Deposits and loans due to banks and similar items	2,168	30,618	5,112	14,144	660	20,532	73,234
Deposits and loans due to customers	1,834	19,696	(41)	70	347	14,086	35,991
Debt securities	288	34,144	(1,632)	385	1,538	234	34,958
Liabilities on assets held for sale	0	0	0	9,737	0	0	9,737
Insurance-related liabilities	0	1	87,597	(0)	1,941	0	89,538
Subordinated debt	10	2,531	1,034	0	388	0	3,964
Other liabilities	1,023	10,472	889	1,341	1,827	24,338	39,891
TOTAL LIABILITIES	**5,611**	**301,230**	**97,069**	**25,677**	**6,700**	**59,209**	**495,496**

DECEMBER 31, 2017

	31/12/2017						
(in millions of euros)	Asset & Wealth Management	Corporate & Investment Banking	Insurance	Specialized Financial Services	Coface	Corporate Center (excluding Coface)	Total
Assets at fair value through profit or loss	1,599	158,973	22,628		146	1,152	184,497
Available-for-sale financial assets	190	5,023	42,058	2,180	2,776	5,658	57,885
Loans and receivables due from banks	1,194	26,674	820	350	382	15,869	45,289
Customer loans and receivables	4,333	93,928	10,043	21,641	2,474	4,350	136,768
Held-to-maturity financial assets			1,883		2		1,885
Goodwill	2,987	77	93	163	281		3,601
Other assets	(2,585)	36,381	13,246	843	767	41,409	90,060
TOTAL ASSETS	**7,718**	**321,056**	**90,771**	**25,176**	**6,827**	**68,438**	**519,987**
Financial liabilities at fair value through profit or loss	99	141,012	3,327	(9)	106	350	144,885
Due to banks	2,519	58,007	3,763	15,145	563	24,321	104,318
Customer deposits	1,558	78,296	(43)	2,113	322	12,325	94,571
Debt securities	22	30,219	(1,290)	1,753	1,637	234	32,574
Insurance companies' technical reserves		4	73,087	1,849	1,661		76,601
Subordinated debt	10	2,241	1,034	0	388		3,674
Other liabilities	3,510	11,277	10,892	4,326	2,149	31,208	63,363
TOTAL LIABILITIES	**7,718**	**321,056**	**90,771**	**25,176**	**6,827**	**68,438**	**519,987**

10.7 Other information

DECEMBER 31, 2018

(in millions of euros)	France	Other EU	North America	Other OECD	Other	Total
Net revenues	**5,129**	**1,395**	**2,678**	**198**	**215**	**9,616**
Net income for the period (Group share)	**703**	**297**	**618**	**35**	**(77)**	**1,577**
Financial assets at fair value through profit or loss	153,544	7,634	38,389	14,173	345	214,086
Financial assets at fair value through other comprehensive income	7,700	173	(0)	0	2,925	10,798
Loans and receivables due from banks and similar items at amortized cost	23,894	784	236	219	2,150	27,285
Loans and receivables due from customers at amortized cost	34,816	10,672	13,436	7	10,348	69,279
Insurance business investments	93,345	6,110	145	781	154	100,536
Non-current assets held for sale [(a)]	24,655	915	0	0	76	25,646
Fixed assets	902	135	21	11	30	1,098
Other assets	42,911	(706)	5,284	(141)	(580)	46,767
TOTAL ASSETS	**381,768**	**25,718**	**57,511**	**15,050**	**15,450**	**495,496**

(a) Concerns the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).

DECEMBER 31, 2017

(in millions of euros)	France	Other EU	North America	Other OECD	Other	Total
Net revenues	**4,902**	**1,247**	**2,629**	**195**	**494**	**9,467**
Net income for the period (Group share)	**508**	**285**	**660**	**43**	**173**	**1,669**
Assets at fair value through profit or loss	170,947	7,779	2,127	3,567	77	184,497
Available-for-sale financial assets	51,795	2,967	270	541	2,312	57,885
Loans and receivables	100,770	11,162	48,936	9,831	11,359	182,057
Fixed assets	1,292	102	63	11	22	1,490
Other assets	86,147	(44)	8,382	160	(589)	94,057
TOTAL ASSETS	**410,952**	**21,967**	**59,779**	**14,109**	**13,181**	**519,987**

NOTE 11 RISK MANAGEMENT

11.1 Capital adequacy

The information on capital adequacy required under IAS 1 is presented in Section 3.3.1 of Chapter 3, "Risk factors, risk management and the pillar III report".

11.2 Credit risk and counterparty risk

The information on risk management required under IFRS 7, with the exception of the disclosures given below, is presented in Section 3.2.3 of Chapter 3, "Risk factors, risk management and the pillar III report".

11.2.1 Risk profile

This table, produced for the first time at December 31, 2018, aims to present the breakdown by credit risk category of the various accounting outstandings eligible for IFRS 9 provisioning (broken down into Stages S1, S2 and S3), and the corresponding impairments and provisions. The credit risk categories are represented by the IFRS 9 probability of default ranges associated with the central scenario *(see Note 6.3)*.

	Gross carrying amount								Impairment or provisions for expected credit losses								
								PD scale								PD scale	Net
(in millions of euros)	0.00 to < 0.15	0.15 to < 0.25	0.25 to < 0.50	0.50 to < 0.75	0.75 to < 2.50	2.50 to < 10.0	10.00 to < 100.0	100.0 (default)	0.00 to < 0.15	0.15 to < 0.25	0.25 to < 0.50	0.50 to < 0.75	0.75 to < 2.50	2.50 to < 10.0	10.00 to < 100.0	100.0 (default)	
Debt instruments at fair value through other comprehensive income	**10,672**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**10,672**
S1	10,669	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10,669
S2	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4
S3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Securities at amortized cost	**1,111**	**9**	**0**	**1**	**0**	**0**	**3**	**206**	**6**	**0**	**0**	**0**	**0**	**0**	**0**	**132**	**1,193**
S1	969	9	0	1	0	0	3	0	0	0	0	0	0	0	0	0	982
S2	142	0	0	0	0	0	0	0	6	0	0	0	0	0	0	0	136
S3	0	0	0	0	0	0	0	206	0	0	0	0	0	0	0	132	75
Loans and receivables due from credit institutions and similar items at amortized cost	**26,400**	**0**	**0**	**0**	**0**	**0**	**0**	**49**	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**48**	**26,398**
S1	25,806	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	25,806
S2	594	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0	592
S3	0	0	0	0	0	0	0	49	0	0	0	0	0	0	0	48	0
Loans and receivables due from customers at amortized cost	**65,554**	**460**	**629**	**424**	**622**	**294**	**146**	**2,387**	**118**	**6**	**1**	**0**	**0**	**0**	**0**	**1,114**	**69,278**
S1	47,778	381	609	424	622	294	146	0	31	0	0	0	0	0	0	0	50,223
S2	17,776	79	20	0	0	0	0	0	87	6	1	0	0	0	0	0	17,782
S3	0	0	0	0	0	0	0	2,387	0	0	0	0	0	0	0	1,114	1,273
Financing commitments given	**49,002**	**974**	**0**	**0**	**0**	**0**	**0**	**55**	**63**	**3**	**(0)**	**0**	**0**	**0**	**0**	**5**	
S1	42,326	964	0	0	0	0	0	0	12	1	(0)	0	0	0	0	0	
S2	6,677	11	0	0	0	0	0	0	51	2	(0)	0	0	0	0	0	
S3	0	0	0	0	0	0	0	55	0	0	0	0	0	0	0	5	
Guarantee commitments given	**29,609**	**10**	**2**	**0**	**0**	**0**	**0**	**74**	**13**	**0**	**0**	**0**	**0**	**0**	**0**	**20**	
S1	24,669	0	0	0	0	0	0	0	3	0	0	0	0	0	0	0	
S2	4,940	10	2	0	0	0	0	0	10	0	0	0	0	0	0	0	
S3	0	0	0	0	0	0	0	74	0	0	0	0	0	0	0	20	
TOTAL AT 12.31.2018	**182,349**	**1 453**	**631**	**425**	**622**	**294**	**149**	**2,771**	**202**	**9**	**1**	**0**	**0**	**0**	**0**	**1,320**	

11.2.2 Guarantees received for instruments impaired under IFRS 9

The following table presents the exposure of all of BPCE Group's financial assets to credit and counterparty risk. This exposure to credit risk (determined without taking into account the effect of unrecognized netting and collateral) and counterparty risk is equal to the net carrying amount of the financial assets.

	31/12/2018				
				Guarantees	
Classification of impaired financial instruments [(a)] *(in millions of euros)*	Maximum risk exposure [(b)]	Impairment	Maximum exposure net of impairment [(c)]	Personal guarantees	Collateral
Debt securities—FVOCI R					
Loans and receivables due from banks—FVOCI R					
Customer loans and receivables—FVOCI R					
Debt securities at amortized cost	206	(132)	75	57	
Loans and receivables due from banks at amortized cost	48	(47)	0		
Customer loans and receivables at amortized cost	2,388	(1,114)	1,274	282	577
Financing commitments given	119	(5)	114	8	0
Guarantee commitments given	74	(20)	54	5	13
TOTAL	**2,834**	**(1,319)**	**1,516**	**352**	**589**

(a) Assets impaired after their origination/acquisition (Stage 3) or on their origination/acquisition (POCI).

(b) Gross carrying amount.

(c) Carrying amount on the balance sheet.

DECEMBER 31, 2017 – EFFECTS OF GUARANTEES

(in millions of euros)	31/12/2017						31/12/2016					
	Performing loans	Non-performing loans	Write-downs	Net outstand-ings	Guarantees on non-performing loans	Guarantees on performing loans	Performing loans	Non-performing loans	Write-downs	Net outstand-ings	Guarantees on non-performing loans	Guarantees on performing loans
Loans and receivables due from banks (Excluding repurchase agreements)	**36,533**	**63**	**(69)**	**36,527**	**-**	**279**	**46,335**	**71**	**(71)**	**46,335**	**1**	**306**
Customer loans and receivables (Excluding repurchase agreements)	**79,901**	**4,576**	**(1,975)**	**82,502**	**1,282**	**37,364**	**84,065**	**4,533**	**(2,150)**	**86,448**	**1,510**	**39,690**
Finance leases	10,921	561	(146)	11,336	309	8,221	10,230	144	(71)	10,303	73	6,929
Factoring*	7,850	489	(90)	8,249		467	7,762	237	(51)	7,949		
Other loans and receivables*	61,130	3,526	(1,739)	62,916	973	28,676	66,073	4,152	(2,028)	68,196	1,437	32,761
Financing commitments given	**61,379**	**127**	**(3)**	**61,503**	**36**	**8,331**	**62,467**	**286**	**(2)**	**62,751**	**138**	**9,455**
Financial guarantee commitments given	**30,140**	**106**	**(16)**	**30,230**	**12**	**2,894**	**21,402**	**219**	**(49)**	**21,572**	**18**	**2,062**
TOTAL EXPOSURE AND IMPACT OF GUARANTEES	**207,953**	**4,872**	**(2,064)**	**210,761**	**1,330**	**48,868**	**214,269**	**5,110**	**(2,272)**	**217,106**	**1,667**	**51,513**

* *Data updated since the financial release of December 31, 2017.*

The amounts of the guarantees shown are those used under Basel prudential regulations to reduce capital requirements. Guarantees for insurance companies accounted for using the equity method in the prudential accounting scope are therefore excluded, as are exposures relative to these entities.

(in millions of euros)	31/12/2017			31/12/2016		
	Guarantees on performing loans and loans in default			Guarantees on performing loans and loans in default		
	Personal guarantees	Collateral	Total	Personal guarantees	Collateral	Total
Loans and receivables due from banks (Excluding repurchase agreements)	**279**	**0**	**279**	**306**	**1**	**307**
Customer loans and receivables (Excluding repurchase agreements)	**12,964**	**25,683**	**38,647**	**10,843**	**30,358**	**41,200**
Finance leases	3,695	4,835	8,530	2,975	4,027	7,002
Factoring	467		467			
Other loans and receivables	8,802	20,848	29,650	7,868	26,331	34,198
Financing commitments given	**2,335**	**6,032**	**8,367**	**1,594**	**7,998**	**9,593**
Financial guarantee commitments given	**803**	**2,102**	**2,906**	**541**	**1,539**	**2,080**
TOTAL EXPOSURE AND IMPACT OF GUARANTEES	**16,380**	**33,818**	**50,198**	**13,284**	**39,896**	**53,180**

11.3 Market risk, overall interest rate risk, liquidity risk and structural foreign exchange risk

The disclosures on the management of market risk, overall interest rate risk, liquidity risk and structural foreign exchange risk required under IFRS 7 are presented in Section 3.2.7 of Chapter [3], "Risk factors, risk management and the pillar III report".

NOTE 12 HEADCOUNT, PAYROLL COSTS, COMPENSATION AND EMPLOYEE BENEFITS

12.1 Headcount

Number	31/12/2018	31/12/2017
Headcount [(a)]	21,652	20,898

(a) *Full-time equivalent current employees of Natixis at the reporting date (including the employees of entities restated under IFRS 5 at December 31, 2018).*

The breakdown of the headcount is presented in Note 6.6.1 of Chapter [6], "Non-financial performance report".

12.2 Compensation and employee benefits

Compensation and employee benefits include wages and salaries net of rebilled expenses paid within twelve months of the end of the reporting period in which the services were rendered, deferred cash-settled or equity-settled variable compensation, employee incentives and profit-sharing for the period, the cost of pensions, other employee benefit obligations such as long-service awards and benefits related to capital increases reserved for employees.

Payroll costs totaled €4,061 million at December 31, 2018, versus €3,946 million at December 31, 2017.

12.2.1 Short-term employee benefits

This item includes wages and salaries paid within twelve months of the end of the reporting period in which the related services were rendered, employee incentives and profit-sharing, meeting the definition of short-term benefits under IAS 19R "Employee Benefits". In accordance with this standard, short-term benefits are expensed in the period in which the employees render the services giving rise to such benefits.

12.2.2 Deferred compensation

Share-based employee retention and performance recognition plans

Every year since 2010, Natixis has granted share-based payment plans to certain categories of staff. The accounting treatment of these plans is described in Note 6.17.

Regarding the plan approved by the Board of Directors on February 13, 2018, as these allocations had not yet formally been carried out at the reporting date, these expenses have been estimated using best available estimates of inputs at the reporting date.

Coface has had share-based compensation plans in place since 2014. As the impact of these plans is not material for Natixis at the consolidated level, the characteristics of these plans are not outlined in the paragraphs that follow.

Long-term cash-settled payment plans indexed to the Natixis share price

Year of plan Expenses	Grant date	Initial number of shares granted (*)	Acquisition dates	Number of units acquired by beneficiaries	Fair value of the free share at the valuation date *(in euros)*
			October 2016	1,576,403	
2014 Plan	18/02/2015	4,493,016	October 2017	1,449,399	6.37
			October 2018	-	
			March 2018		
2015 Plan	10/02/2016	6,084,435	March 2019		6.11
			March 2019		
2016 Plan	10/04/2017	2,835,311	March 2020		5.47
			March 2020		
2017 Plan	23/02/2018	2,660,487	March 2021		5.34
			March 2021	988,570	
2018 Plan	26/02/2019	3,260,945	March 2022	1,886,095	2,72

* *The expected number of units at the vesting date is funded by equity swaps.*

Payments under these plans are subject to presence and performance criteria.

Short-term cash-settled payment plans indexed to the Natixis share price

Year of plan	Grant date	Rights acquisition dates	Valuation of the indexed cash unit *(in euros)*	Initial number of indexed cash units granted	Expected number of indexed cash units at the acquisition date	Fair value of the indexed cash unit at the valuation date *(in euros)*
2018 Plan	26/02/2019	26/02/2019	4,66	6 235 792	6 235 792	4,66

The expense associated with the short-term plan is fully recognized in the 2018 financial statements in the amount of €36 million, versus €42 million at December 31, 2017.

Payment plans settled in shares

Year of plan	Grant date	Initial number of shares granted	Acquisition date	Number of units acquired by beneficiaries	Free share price at grant date *(in euros)*	Fair value of the free share at the valuation date *(in euros)*
2013 Plan	31/07/2014	31,955	July 2018		4.83	4.02
2014 Plan	18/02/2015	95,144	February 2019		6.18	3.45
2015 Plan	28/07/2016	3,081,642	March 2018 March 2019		3.43	2.80
2016 Plan	28/07/2016	151,283	July 2020		3.43	1.62
2016 Plan	10/04/2017	3,012,307	March 2019 March 2020		4.28	4.43
2017 Plan	23/05/2017	79,369	May 2021		6.44	3.32
2017 Plan	23/02/2018	2,765,576	March 2020 March 2021		7.06	5.34
2018 Plan	26/02/2019	2,987,841	March 2021 March 2022		4,44	2,73

Payments under these plans are subject to presence and performance criteria.

Expense for the period for retention and performance plans

Expenses *(in millions of euros)*	Expense for 2018			Expense for 2017 *(in millions of euros)*
	Plans settled in shares	Plans settled in cash indexed to the Natixis share price	Total	
Previous retention plans	(14.0)	0.3	(13.7)	(30.7)
Retention plans awarded over the period		(2.6)	(2.6)	(6.2)
TOTAL	**(14.0)**	**(2.3)**	**(16.3)**	**(36.9)**

5

VALUATION INPUTS USED TO CALCULATE THE EXPENSE OF THESE PLANS

	31/12/2018	31/12/2017
Share price	4.12	6.60
Risk-free interest rate	(0.64)%	(0.67)%
Dividend payment rate	11.35%	6.57%
Rights loss rate	4.61%	3.90%

Retention and performance plans settled in cash

Deferred retention and performance bonuses paid in cash are awarded to some staff. These bonuses are subject to presence and performance criteria. In terms of accounting treatment, they are recorded under "Other long-term employee benefits". The estimated expense is based on an actuarial estimate of the probability of these conditions being met. The expense is recognized over the vesting period. The amount recognized in respect of fiscal year 2018 was:

Year of plan *(in millions of euros)*	Grant date	Acquisition dates	Expense for 2018 *(in millions of euros)*	Expense for 2017 *(in millions of euros)*
2013 Plan	19/02/2014	March 2015 March 2016 March 2017		(0.2)
2014 Plan	18/02/2015	March 2016 March 2017 March 2018	0.0	(2.5)
2015 Plan	10/02/2016	March 2017 March 2018	(0.5)	(5.5)
2016 Plan	10/04/2017	March 2018 March 2019	(7.5)	(15.8)
2017 Plan	23/02/2018	March 2019 March 2020	(19.4)	(20.3)
2018 Plan			(29.2)	
TOTAL			**(56.4)**	**(44.4)**

12.2.3 Pensions and other long-term employee benefits

Post-employment defined-contribution plans

Under defined-contribution plans, Natixis pays fixed contributions into a separate entity and has no obligation to pay further contributions.

The main defined-contribution plans available to Natixis employees are operated in France. They include the mandatory pension scheme and the national schemes AGIRC and ARRCO.

Pension plans for which employees can voluntarily opt are operated by certain Natixis entities and are also classified as defined-contribution plans. These entities have a single contribution obligation ("PERCO" contribution).

Contributions paid under defined-contribution plans are expensed for the period in which the services were provided.

(in millions of euros)	31/12/2018	31/12/2017
Contributions expensed under defined-contribution plans	137	210

In 2017, the amount consisted of the €83 million contribution made for outsourcing management of end-of-career awards.

Post-employment defined-benefit plans and other long-term employee benefits

Post-employment defined-benefit plans include all post-employment benefits for which Natixis has committed to pay a specified level of benefits.

Liabilities in respect of these awarded benefits are hedged, in full or in part, by assets composed mainly of outsourced insurance contracts managed by French insurers specializing in retirement. The insurers carry the longevity risk once the annuities are liquidated. Plan assets are invested in the insurers' general funds, which, for the most part, generally consist of bonds. The insurers are subject to French prudential standards and regulations.

The insurers also manage the asset/liability strategy for the portion of the benefit liabilities that they cover.

For the other portion, Natixis has set up interest rate and liquidity hedges backed by long-term cash flows.

Insurance contracts taken up with a related party to Natixis and intended to finance all or part of Natixis' defined-benefit plan commitments are recorded in the asset side of the balance sheet as "Accruals and other assets".

Other long-term employee benefits comprise benefits other than post-employment and termination benefits not wholly due within twelve months of the end of the period in which employees have provided the related services.

These notably include long-service awards and deferred compensation payable in cash twelve months or more after the end of the period.

a) Amounts recognized on the balance sheet at December 31, 2018

The amount of the recognized provision on the liability side of the balance sheet corresponds to the value of the actuarial liabilities under the defined benefit plans, less the market value of the assets to hedge these benefit liabilities.

	31/12/2018					31/12/2017				
	Post-employment defined-benefit plans		Other long-term employee benefits			Post-employment defined-benefit plans		Other long-term employee benefits		
(in millions of euros)	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other benefits	Total	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other benefits	Total
Actuarial liabilities	526	215	51	144	936	577	256	63	123	1,020
Fair value of plan assets	(255)	(102)	0	0	(357)	(270)	(88)	0	0	(359)
Fair value of separate assets [a]	(147)	(27)	0	0	(174)	(171)	(43)	0	0	(214)
Effect of ceiling on assets	2	0	0	0	2	8	0	0	0	8
Net amount recognized in balance sheet	**126**	**86**	**51**	**144**	**406**	**143**	**125**	**63**	**123**	**455**
under liabilities	273	113	51	144	581	315	168	63	123	669
under assets	147	27	0	0	174	171	43	0	0	214

(a) Separate asset components are for the most part segregated in the balance sheets of Natixis insurance subsidiaries (ABP Life Insurance), hedging the benefit liabilities of other entities within the Natixis group of consolidated companies which were transferred to hedge the post-employment benefits of a few categories of employees.

b) Changes in recognized amounts on the balance sheet (Changes in actuarial liabilities)

	12.31.2018					12.31.2017				
	Post-employment defined-benefit plans		Other long-term employee benefits			Post-employment defined-benefit plans		Other long-term employee benefits		
(in millions of euros)	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other benefits	Total	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other benefits	Total
Actuarial liabilities at start of period	577	256	63	123	1,020	636	238	60	125	1,059
Changes recorded in income	**(7)**	**5**	**(3)**	**18**	**14**	**(48)**	**16**	**3**	**(0)**	**(29)**
Service cost	4	14	5	69	92	9	13	5	45	72
Past service cost	0	(0)	0	(0)	(0)	(42)	10	1	0	(30)
o/w plan liquidation and reduction	*0*	*0*	*0*	*0*	*0*	*(41)*	*9*	*0*	*0*	*(32)*
Interest cost	14	4	1	0	19	16	2	0	0	19
Benefits paid	(25)	(11)	(4)	(51)	(91)	(25)	(10)	(3)	(46)	(84)
o/w amounts paid out in respect of plan liquidation	*(11)*	*(6)*	*(2)*	*(28)*	*(48)*	*(12)*	*(5)*	*0*	*0*	*(17)*
Revaluation adjustments on other long-term employee benefits	0	0	(1)	(0)	(1)	0	0	(1)	(0)	(1)
Other	(0)	(1)	(3)	0	(4)	(6)	0	(0)	1	(5)
Changes recognized directly in other comprehensive income with no recycling	**(45)**	**(15)**	**0**	**0**	**(61)**	**23**	**4**	**0**	**0**	**27**
Revaluation adjustments – demographic assumptions	0	(7)	0	0	(6)	(0)	4	0	0	4
Revaluation adjustments – financial assumptions	(26)	(7)	0	0	(34)	26	(2)	0	0	24
Revaluation adjustments – past-experience effect	(19)	(1)	0	0	(21)	(2)	2	0	0	(0)
Translation adjustments	**8**	**0**	**0**	**1**	**9**	**(35)**	**(1)**	**(0)**	**(3)**	**(38)**
Changes associated with non-current assets held for sale [a]	**(10)**	**(31)**	**(10)**	**(1)**	**(52)**					
Changes in scope	**3**	**(0)**	**0**	**0**	**3**	**2**	**0**	**0**	**0**	**2**
Other	**(1)**	**0**	**0**	**3**	**2**	**(1)**	**(2)**	**1**	**0**	**(1)**
Actuarial liabilities at end of period	526	215	51	144	936	577	256	63	123	1,020

(a) Corresponds to the actuarial liabilities, at December 31, 2018, associated with the SFS entities recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).

c) Changes in recognized amounts on the balance sheet (Changes in hedging assets)

PLAN ASSETS

	31/12/.2018			31/12/.2017		
	Post-employment defined-benefit plans			Post-employment defined-benefit plans		
(in millions of euros)	Supplementary pension benefits and other	End-of-career awards	Total	Supplementary pension benefits and other	End-of-career awards	Total
Fair value of assets at start of period	270	88	359	267	9	277
Changes recorded in income	**(3)**	**18**	**15**	**10**	**81**	**91**
Interest income	9	1	10	10	0	10
Contributions received	1	0	1	13	81	94
o/w paid by employer	*1*	*0*	*1*	*13*	*81*	*94*
o/w paid by beneficiaries	*0*	*0*	*0*	*0*	*0*	*0*
Benefits paid	(13)	(0)	(13)	(10)	(0)	(10)
o/w amounts paid out in respect of plan liquidation	*(0)*	*0*	*(0)*	*(3)*	*0*	*(3)*
Other	0	17	17	(2)	0	(2)
Changes recognized directly in other comprehensive income with no recycling	**(22)**	**2**	**(21)**	**25**	**(0)**	**25**
Revaluation adjustments – Return on assets	(22)	2	(21)	25	(0)	25
Translation adjustments	**11**	**0**	**11**	**(29)**	**0**	**(29)**
Changes associated with non-current assets held for sale [(a)]	**(0)**	**(6)**	**(6)**			
Changes in scope	**0**	**0**	**0**	**0**	**0**	**0**
Other	**(1)**	**0**	**(1)**	**(3)**	**(2)**	**(5)**
Fair value of assets at end of period	255	102	357	270	88	359

(a) *Corresponds to the fair value of the plan assets, at December 31, 2018, covering the employee benefits of the SFS entities recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).*

SEPARATE ASSETS

	31/12/2018			31/12/2017		
	Post-employment defined-benefit plans			Post-employment defined-benefit plans		
(in millions of euros)	Supplementary pension benefits and other	End-of-career awards	Total	Supplementary pension benefits and other	End-of-career awards	Total
Fair value of assets at start of period	171	43	214	167	38	205
Changes recorded in income	**(5)**	**(17)**	**(22)**	**(3)**	**0**	**(2)**
Interest income	2	0	3	3	0	3
Contributions received	1	0	1	2	0	2
o/w paid by employer	*1*	*0*	*1*	*2*	*0*	*2*
o/w paid by beneficiaries	*0*	*0*	*0*	*0*	*0*	*0*
Benefits paid	(9)	(0)	(9)	(7)	(0)	(7)
o/w amounts paid out in respect of plan liquidation	*(9)*	*0*	*(9)*	*(7)*	*0*	*(7)*
Other	(0)	(17)	(17)	(0)	0	(0)
Changes recognized directly in other comprehensive income with no recycling	**(14)**	**3**	**(10)**	**7**	**1**	**8**
Revaluation adjustments – Return on assets	(14)	3	(10)	7	1	8
Translation adjustments	**0**	**0**	**0**	**0**	**(0)**	**(0)**
Changes associated with non-current assets held for sale [(a)]	**(6)**	**(2)**	**(7)**			
Changes in scope	**0**	**(0)**	**(0)**	**0**	**0**	**0**
Other	**0**	**(0)**	**(0)**	**0**	**3**	**3**
Fair value of assets at end of period	147	27	174	171	43	214

(a) *Corresponds to the fair value of the separate assets associated with the employee benefits of the SFS entities recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).*

d) Composition of plan assets

	31/12/2018				31/12/2017			
		Fair value of assets				Fair value of assets		
	Weighting by category *(in %)*	Total	Quoted on an active market *(in %)*	Not quoted on an active market *(in %)*	Weighting by category *(in %)*	Total	Quoted on an active market *(in %)*	Not quoted on an active market *(in %)*
Money market	26%	91	92%	8%	23%	82	88%	12%
Equity	19%	66	64%	36%	33%	119	75%	25%
Bonds	24%	87	100%	0%	14%	49	100%	0%
Real estate	2%	6	0%	100%	2%	5	6%	94%
Derivatives	0%	-			0%	-		
Investment funds	29%	104	86%	14%	28%	101	93%	7%
Asset-backed securities	1%	2	0%	100%	1%	2	41%	59%
Structured debt instruments	0%	-			0%	-		
TOTAL	**100%**	**357**	**85%**	**15%**	**100%**	**359**	**85%**	**15%**

e) Post-employment plan revaluation differences

REVALUATION COMPONENTS OF ACTUARIAL LIABILITIES

	31/12/2018			31/12/2017		
	Post-employment defined-benefit plans			Post-employment defined-benefit plans		
(in millions of euros)	Supplementary pension benefits and other	End-of-career awards	Total	Supplementary pension benefits and other	End-of-career awards	Total
TOTAL REVALUATION ADJUSTMENTS AT START OF PERIOD	**275**	**27**	**302**	**266**	**24**	**291**
Revaluation adjustments over the period	(41)	(15)	(57)	8	3	11
Changes associated with non-current assets held for sale [(a)]	0	0	0			
TOTAL REVALUATION ADJUSTMENTS AT END OF PERIOD	**233**	**12**	**245**	**275**	**27**	**302**

(a) Corresponds to the actuarial liability revaluation adjustments generated in 2018 (in respect of post-employment plans) by SFS subsidiaries recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).

PLAN ASSETS

	31/12/2018			31/12/2017		
	Post-employment defined-benefit plans			Post-employment defined-benefit plans		
(in millions of euros)	Supplementary pension benefits and other	End-of-career awards	Total	Supplementary pension benefits and other	End-of-career awards	Total
TOTAL REVALUATION ADJUSTMENTS AT START OF PERIOD	**61**	**0**	**61**	**42**	**0**	**42**
o/w effect of ceiling on assets	**(7)**	**0**	**(7)**	**(6)**	**0**	**(6)**
Revaluation adjustments over the period	(16)	2	(14)	19	(0)	19
o/w effect of ceiling on plan assets	*5*	*0*	*5*	*(1)*	*0*	*(1)*
Changes associated with non-current assets held for sale [(a)]	0	0	0			
TOTAL REVALUATION ADJUSTMENTS AT END OF PERIOD	**45**	**2**	**47**	**61**	**0**	**61**
o/w effect of ceiling on assets	**(2)**	**0**	**(2)**	**(7)**	**0**	**(7)**

(a) Corresponds to the changes in plan asset revaluation adjustments for the SFS subsidiaries recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).

SEPARATE ASSETS

(in millions of euros)	31/12/2018 Post-employment defined-benefit plans Supplementary pension benefits and other	31/12/2018 Post-employment defined-benefit plans End-of-career awards	31/12/2018 Total	31/12/2017 Post-employment defined-benefit plans Supplementary pension benefits and other	31/12/2017 Post-employment defined-benefit plans End-of-career awards	31/12/2017 Total
Total revaluation adjustments at start of period	**51**	**2**	**54**	**44**	**1**	**45**
o/w effect of ceiling on assets						
Revaluation adjustments over the period	(14)	3	(10)	7	1	8
o/w effect of ceiling on plan assets						
Changes associated with non-current assets held for sale [(a)]						
Total revaluation adjustments at end of period	**38**	**5**	**43**	**51**	**2**	**54**
o/w effect of ceiling on assets						

(a) *Corresponds to the changes in separate asset revaluation adjustments (in respect of post-employment plans) by SFS subsidiaries recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).*

f) Analysis of expenses for the period

The annual payroll costs recognized in respect of defined-benefit plans consist of:

- the costs of services rendered, representing rights vested by beneficiaries over the period;
- past service costs, arising from possible plan changes or curtailments as well as the effects of possible plan settlements;
- the net interest cost reflecting the impact of unwinding the discount on the net obligation.

Obligations in respect of other long-term employee benefits are accounted for using the same actuarial valuation method as that used for post-employment defined-benefit obligations, except for revaluation adjustments, which are taken directly to profit or loss.

(in millions of euros)	31/12/2018 Post-employment defined-benefit plans Supplementary pension benefits and other	31/12/2018 Post-employment defined-benefit plans End-of-career awards	31/12/2018 Other long-term employee benefits Long-service awards	31/12/2018 Other long-term employee benefits Other benefits	31/12/2018 Total	31/12/2017 Total
Service cost	4	14	5	69	92	72
Past service cost	0	(0)	0	(0)	(0)	(30)
Interest cost	14	4	1	0	19	19
Interest income	(12)	(1)	0	0	(13)	(13)
Other	0	(1)	(3)	0	(4)	(2)
TOTAL EXPENSE FOR THE YEAR [(A)]	**7**	**15**	**2**	**69**	**94**	**46**

(a) *At December 31, 2017, €41 million of income was recognized in income in connection with the plan reduction following the new collective agreement on complementary health insurance for employees. An expense of €7 million for an additional end-of-career award commitment was also recorded.*

g) Main actuarial assumptions at December 31, 2018

The amount of the provision for post-employment defined-benefit plans is calculated on an actuarial basis using a number of demographic and financial assumptions.

	31/12/2018 France	31/12/2018 Europe	31/12/2018 United States	31/12/2017 France	31/12/2017 Europe	31/12/2017 United States
Discount rate	1.28%	2.40%	4.15%	0.98%	2.25%	3.53%
Inflation rate	1.70%	2.55%	3.00%	1.70%	2.53%	3.00%
Rate of increase in salaries	2.29%	2.58%	4.00%	2.27%	2.55%	4.00%
Rate of increase in healthcare costs	2.77%	4.20%	5.00%	4.18%	1.60%	5.00%
Duration *(in years)*	12	16	13	13	18	18

	31/12/2018				31/12/2017			
	Post-employment defined-benefit plans		Other long-term employee benefits		Post-employment defined-benefit plans		Other long-term employee benefits	
	Supple-mentary pension benefits and other	End-of-career awards	Long-service awards	Other benefits	Supplemen-tary pension benefits and other	End-of-career awards	Long-service awards	Other benefits
Discount rate	2.88%	1.01%	1.16%	2.95%	2.40%	0.81%	0.92%	2.25%
Inflation rate	2.44%	1.71%	1.70%	1.53%	2.41%	1.69%	1.69%	1.55%
Rate of increase in salaries (incl. Inflation)	2.94%	2.27%	2.27%	3.20%	2.85%	2.25%	2.25%	3.08%
Rate of increase in healthcare costs (incl. Inflation)	4.45%				4.43%			
Duration *(in years)*	15	9	9	11	17	10	10	12

The discount rate is determined based on the yields of AA-rated corporate bonds of the same duration. This benchmark is obtained from the Bloomberg "EUR Composite (AA) Zero Coupon Yield" yield curve.

For end-of-career awards and long-service awards, employee turnover is calculated by age bracket and grade based on a three-year average. A rate of 0% is used for employees aged 60 and over.

Wage growth including inflation is determined using the average rate of real compensation growth over the past six years. This wage growth is capped at the maximum nominal rate of increase seen over the same period.

h) Analysis of sensitivity to key assumptions

	31/12/2018				31/12/2017			
	Post-employment defined-benefit plans		Other long-term employee benefits		Post-employment defined-benefit plans		Other long-term employee benefits	
(in percentage)	Supple-mentary pension benefits and other	End-of-career awards	Long-service awards	Other benefits	Supplemen-tary pension benefits and other	End-of-career awards	Long-service awards	Other benefits
+1% change in discount rate	(10.94)%	(5.78)%	(4.13)%	(1.73)%	(12.18)%	(5.83)%	(4.97)%	(2.80)%
-1% change in discount rate	15.09%	6.57%	5.36%	3.50%	15.09%	6.57%	5.36%	3.50%
+1% change in rate of increase in healthcare costs	1.50%				1.50%			
-1% change in rate of increase in healthcare costs	(1.09)%				(1.24)%			
+1% change in rate of increase in salaries and income (incl. inflation)	12.19%	12.29%	8.23%		12.19%	12.29%	8.23%	
-1% change in rate of increase in salaries and income (incl. inflation)	(9.38)%	(9.93)%	(6.79)%		(9.57)%	(10.49)%	(6.96)%	

i) Schedule of non-discounted payments

	31/12/2018		31/12/2017	
	Post-employment defined-benefit plans		Post-employment defined-benefit plans	
(in millions of euros)	Supplementary pension benefits and other	End-of-career awards	Supplementary pension benefits and other	End-of-career awards
n+1 to n+5	125	65	145	61
n+6 to n+10	112	85	127	89
n+11 to n+15	102	79	111	90
n+16 to n+20	106	99	112	111
> n+20	415	172	402	210
TOTAL	**860**	**500**	**898**	**562**

12.2.4 Other share-based plans

a) Employee stock option plans under the Company employee savings plan

Plan	2013	2014	2014	2015	2016	2018
Entity	Natixis	Natixis	Coface	Natixis	Natixis	Natixis
Plan announcement date	04.04.2013	03.14.2014	06.12.2014	03.12.2015	03.10.2016	03.23.2018
Plan maturity	5 years	5 years	5 years	5 years	5 years	5 years
Reference price	3.491 €	5.051 €	10.400 €	6.618 €	4.094 €	6.252 €
Subscription price	2.800 €	4.041 €	8.320 €	5.295 €	3.276 €	5.002 €
Face value discount	19.79%	20.00%	20.00%	19.99%	19.98%	19.99%
Number of shares subscribed	8,439,630	9,951,325	255,347	8,505,624	7,989,447	11,982,805
Total subscribed amount *(in millions of euros)*	€23.6m	€40.2m	€2.1m	€45m	€26m	€60m
Risk-free interest rate	1.26%	0.84%	0.84%	0.14%	0.08%	(0.15)%
Annual security borrowing rate (repos)	0.50%	0.16%	0.16%	0.05%	(0.12)%	0.05%
Market participant's borrowing rate (five years)	6.72%	5.47%	5.47%	4.45%	3.93%	3.34%
Lock-up cost	25.74%	21.28%	21.30%	19.57%	19.43%	16.22%

At December 31, 2018, Natixis recorded an expense of €2.3 million for the discount granted on subscription to employee stock options under the Company employee savings plan, measured taking into account the five-year lock-up period applicable to the issued securities.

For the record, there were no capital increases reserved for employees in 2017.

NOTE 13 CAPITAL MANAGEMENT

13.1 Share capital

Ordinary share	Number of shares	Par value	Capital *(in euros)*
At January 1	3,137,360,238	1.60	5,019,776,381
Capital increase	12,928,354	1.60	20,685,366
AT DECEMBER 31	**3,150,288,592**		**5,040,461,747**

3,716,978 treasury shares at December 31, 2018, and 1,431,936 shares at December 31, 2017.

The capital increase in 2018 is linked to the award of free shares to some Natixis employees under the 2013 and 2016 Retention and Performance Plans, for which payment is share-based *(see Note 6.17 and Note 12.2.2.).*

13.2 Capital management

Natixis' main capital management objectives are to ensure that the Group meets the capital requirements imposed by its external environment and maintains an adequate rating to support its activity and maximize shareholder value.

Natixis adapts the management of its capital structure in line with changes in economic conditions and in the risk profile of its operations. Its objectives, policies and procedures remained unchanged in 2018.

13.3 Equity instruments issued

13.3.1 Perpetual deeply subordinated notes and preference shares

In accordance with IAS 32, issued financial instruments are classified as debt or equity depending on whether or not they incorporate a contractual obligation to deliver cash to the holder.

Since December 31, 2009, issues of perpetual deeply subordinated notes and preference shares have been recognized as equity instruments issued in accordance with a clause concerning dividend payments which has become discretionary, and have been booked to "Consolidated reserves" in the consolidated balance sheet.

The conversion of these debt instruments into equity instruments had generated a gain of €418 million recognized in income on June 30, 2009.

Issues after June 30, 2009 were always classified as equity given the discretionary nature of their interest.

Deeply subordinated notes amounted to €1,978 million, compared with €2,232 million at December 31, 2017, an increase of €254 million corresponding to the redemptions carried out in 2018.

Note that the gross amount of exchange rate fluctuations in deeply subordinated notes in foreign currencies recorded in income at December 31, 2018 amounted to +€47.8 million, or €33.9 million after tax, compared with €103.9 million at December 31, 2017, or €68.1 million after tax.

The main features of the perpetual deeply subordinated notes are outlined in Chapter [14] of the Pillar III report.

13.3.2 Management of the liquidity contract

Natixis entered into a liquidity contract with an independent service provider, and in accordance with the Compliance Charter established with the French Financial Markets Association (Association des Marchés Financiers) on September 23, 2008, approved by the Autorité des Marchés Financiers on October 1, 2008.

Under this contract, this service provider is mandated to intervene in Natixis' treasury shares with a view to increasing transaction liquidity and the trading of Natixis shares so as to avoid price gaps unjustified by market trends.

This authorization is based on the seventeenth resolution of the General Shareholders' Meeting of May 23, 2018. It authorizes Natixis to acquire, at a maximum price of €10 per share, a number of shares not exceeding 10% of the shares making up the capital of Natixis.

Pursuant to this contract, Natixis holds 3,566,311 shares representing €14.7 million as at December 31, 2018.

NOTE 14 COMMITMENTS

14.1 Guarantee commitments

A financial guarantee is a contract that requires the issuer to compensate the holder of the contract for any loss that the holder incurs because a debtor fails to make payment when due. The exercise of these rights is subject to the occurrence of an uncertain future event.

The amounts shown represent the nominal value of the commitment undertaken:

	31/12/2018	01/01/2018
Guarantee commitments given		
To banks	**8,162**	**9,977**
Confirmation of documentary credits	1,202	1,434
Other guarantees	6,960	8,542
To customers	**22,481**	**20,297**
Real estate guarantees	192	188
Administrative and tax bonds	281	350
Other bonds and endorsements given	6,752	6,478
Other guarantees	15,257	13,281
TOTAL GUARANTEE COMMITMENTS GIVEN	**30,643**	**30,273**
Guarantee commitments received from banks	**10,980**	**12,446**

GUARANTEE COMMITMENTS RECONCILIATION TABLE

	Guarantee commitments at 31/12/2018									
	Unimpaired commitments for which expected credit losses are measured over 12 months *(S1 bucket)*		Unimpaired commitments for which expected credit losses are measured on a lifetime basis *(S2 bucket)*		Commitments impaired after their origination/acquisition *(S3 bucket)*		Commitments impaired on origination/acquisition		TOTAL	
(in millions of euros)	Gross exposure	Provisions for losses	Gross exposure	Provisions for losses	Gross exposure	Provisions for losses	Gross exposure	Provisions for losses	Gross exposure	Provisions for losses
BALANCE AT 01/01/2018	**16,314**	**(2)**	**10,303**	**(20)**	**103**	**(17)**	**15**	**(1)**	**26,735**	**(40)**
New HB commitments originated or purchased	7,895	(2)	632	(3)			0	0	8,528	(4)
Variations linked to changes in credit risk parameters *(excluding transfers)*	1,519	3	(763)	8	(38)	(4)	(0)	(0)	718	7
Transfers of guarantee commitments	1,233	(2)	(1,236)	2	8	0			5	0
Transfers to S1 [(a)]	1,527	(2)	(1,523)	2	0	0			4	0
Transfers to S2	(294)	0	294	(0)	2	0			2	0
Transfers to S3	(0)	0	(7)	0	7	0			0	0
Transfer to non-current assets held for sale [(c)]	(11)	0	0	0	0	0			(11)	0
Fully sold, called or matured commitments	(3,136)	0	(4,187)	3	(0)	1	(10)	0	(7,333)	4
Variations linked to changes in exchange rates	855	(0)	197	(0)	1	(0)	0	0	1,053	(0)
Changes in the model used		0				0		-		0
Other changes	0	0	0	0	0	0	-	-	0	0
BALANCE AT 31/12/2018 [(B)]	**24,669**	**(3)**	**4,947**	**(10)**	**74**	**(20)**	**5**	**(1)**	**29,695**	**(34)**

(a) *Including the transfer from Stage 2 to Stage 1, due to the improvement over the period of the ratings of the economic sectors to which the transferred amounts are related.*

(b) *Gross carrying amount excluding insurance company contributions, in the amount of €939 million at December 31, 2018.*

(c) *Corresponds to the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).*

14.2 Financing commitments

The following financing commitments fall within the scope of IFRS 9

- commitments qualified as financial liabilities at fair value through profit or loss if the entity that grants them has a practice of reselling or securitizing loans immediately after they are issued;
- commitments which are settled net (i.e. sold);
- commitments which result in a loan granted at below-market interest rates.

Other financing commitments falling within the scope of IAS 37

A financing commitment given is a contingent liability, defined by IAS 37 as:

- a potential obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation arising as a result of past events but not recognized because:
  - it is not likely that an outflow of economic benefits will be required to settle the obligation, or
  - the amount of the obligation cannot be measured with sufficient reliability.

(in millions of euros)	31/12/2018	01/01/2018
Financing commitments given		
To banks	**5,805**	**2,217**
To customers	**44,227**	**55,275**
Documentary credits	*3,238*	*2,771*
Other confirmed lines of credit	*40,450*	*47,383*
Other commitments	*539*	*5,121*
TOTAL FINANCING COMMITMENTS GIVEN	**50,032**	**57,492**
Financing commitments received		
▪ from banks	7,333	4,220
▪ from customers	88	29
TOTAL FINANCING COMMITMENTS RECEIVED	**7,421**	**4,249**

FINANCING COMMITMENTS RECONCILIATION TABLE

	Financing commitments at 31/12/2018									
	Unimpaired commitments for which expected credit losses are measured over 12 months *(S1 bucket)*		Unimpaired commitments for which expected credit losses are measured on a lifetime basis *(S2 bucket)*		Commitments impaired after their origination/acquisition *(S3 bucket)*		Commitments impaired on origination/acquisition		Total	
(in millions of euros)	Gross exposure	Provisions for losses	Gross exposure	Provisions for losses	Gross exposure	Provisions for losses	Gross exposure	Provisions for losses	Gross exposure	Provisions for losses
BALANCE AT 01/01/2018	**37,332**	**(23)**	**19,879**	**(81)**	**176**	**(14)**	**106**	**(2)**	**57,492**	**(120)**
New HB commitments originated or purchased	21,902	(4)	728	(3)	0	0	0	0	22,631	(7)
Variations linked to changes in credit risk parameters (excluding transfers)	(6,096)	10	(4,412)	12	(101)	5	(19)	(2)	(10,627)	25
Transfers of financing commitments	4,176	(10)	(4,257)	11	45	(0)			(36)	(0)
Transfers to S1 [(a)]	5,091	(12)	(5,072)	12	(21)	0			(2)	0
Transfers to S2	(863)	1	842	(1)	(2)	0			(23)	(0)
Transfers to S3	(51)	0	(28)	0	68	(0)			(11)	(0)
Transfer to non-current assets held for sale [(b)]	(12,950)	13	(340)	1	(64)	3	0	0	(13,354)	17
Fully sold, called or matured commitments	(1,837)	1	(5,318)	11	(10)	2	0	0	(7,166)	15
Variations linked to changes in exchange rates	762	(0)	328	(1)	0	(0)	0	0	1,091	(2)
Changes in the model used										0
Other changes										
BALANCE AT 31/12/2018	**43,290**	**(13)**	**6,609**	**(51)**	**46**	**(3)**	**87**	**(4)**	**50,032**	**(71)**

(a) *Including the transfer from Stage 2 to Stage 1, due to the improvement over the period of the ratings of the economic sectors to which the transferred amounts are related.*

(b) *Corresponds to the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).*

NOTE 15 POST-CLOSING EVENTS

The financial statement of Natixis for 2018 were approved by the Board of Directors on February 12, 2019. Since that date, there have been no material changes in the financial or trading position of Natixis.

NOTE 16 OTHER INFORMATION

16.1 Finance and operating leases

16.1.1 Lessor

Leases as lessor	31/12/2018				31/12/2017 [(a)]			
	Residual maturity			Total	Residual maturity			Total
(in millions of euros)	< 1 year	1-5 years	> 5 years		< 1 year	1-5 years	> 5 years	
Finance leases								
Gross investment	17	22	1	40	2,395	6,461	3,866	12,722
Present value of minimum lease payments receivable	15	20	1	36	2,227	5,911	3,252	11,390
Unearned finance income	2	2	0	4	168	550	614	1,332
Operating leases								
Minimum payments receivable under irrevocable leases	55	206	118	379	51	152	50	252

(a) The data regarding the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 can be found in Note 8.9.1.4.

16.1.2 Lessee

Leases as lessee	31/12/2018			31/12/2017		
(in millions of euros)	Real estate assets	Non-real estate assets	Total	Real estate assets	Non-real estate assets	Total
Finance leases						
Net book value	3		3	3		3

16.1.3 Operating leases as lessee

	31/12/2018	31/12/2017
(in millions of euros)	Minimum future payments	Minimum future payments
Less than 1 year	203	229
1 to 5 years	949	834
More than 5 years	678	569
TOTAL	**1,830**	**1,632**

	31/12/2018	31/12/2017
(in millions of euros)	Expenses	Expenses
Operating leases		**232**
Minimum payments	228	231
Contingent rental payment	0	1
Operating sub-leases		**8**
Revenue from sub-leases	9	8
TOTAL	**238**	**240**

The future minimum payments under operating leases as lessee that cannot be terminated, broken down by due date, representing the due dates of the undiscounted lease payments payable to external counterparties, for the residual lifetime of the operating leases in force at December 31, 2018 and at December 31, 2017, in accordance with the contractual schedules. The lease payment amounts include unrecoverable VAT. Lease expenses are not included.

The sources of the differences between the off-balance sheet amounts and right of use amount estimated in accordance with IFRS 16, at January 1, 2019 on the first-time recognition date (see *Note 2 "Basis of presentation") are* as follows, by type:

- lease payments under contracts already signed but whose underlying assets had not yet been made available on the date of transition to IFRS 16 are not included in the calculation of rights of use and lease liabilities. These lease payments are, however, included in off-balance sheet commitments;
- rights of use and lease liabilities are initially determined by discounting the lease payments over the term of the contracts in accordance with IFRS 16. The lease payments included in off-balance sheet commitments are not discounted;
- rights of use and lease liabilities are initially determined based on lease payments excluding VAT (whether or not it is recoverable). The lease payments included in off-balance sheet commitments at December 31, 2018 and December 31, 2017 include unrecoverable VAT, however;
- contracts relating to low value assets and short-term contracts (including short-term contracts in force on the date of transition to IFRS 16) are excluded from the calculation of rights of use and lease liabilities in accordance with the exemptions provided for by IFRS 16. Short-term contracts are, however, included in off-balance sheet commitments at December 31, 2018 and December 31, 2017.

The estimated right of use amount at January 1, 2019, the date of the first-time application of IFRS 16, is therefore less than the operating lease payment commitment amounts presented in this note.

16.2 Related parties

Relationships among the Group's consolidated companies

5

The main transactions between Natixis and related parties (BPCE and subsidiaries, Banque Populaire network including Banque Populaire banks and their subsidiaries, the Caisse d'Epargne network including the Caisses d'Epargne and their subsidiaries and all the affiliates consolidated using the equity method) are described below:

	31/12/2018			01/01/2018		
(in millions of euros)	BPCE	Banques Populaires	Caisses d'Epargne	BPCE	Banques Populaires	Caisses d'Epargne
Assets						
Financial assets at fair value through profit or loss	17,577	3,139	4,330	13,645	2,967	4,486
Available-for-sale financial assets				564	120	41
Financial assets at fair value through other comprehensive income						
Debt instruments at amortized cost	44	96		52	110	
Loans and receivables due from banks and similar items at amortized cost	17,871	350	106	31,145	381	86
Customer loans and receivables at amortized cost	27	60		90	165	
Insurance business investments	12,826	98	26	12,764	41	260
Non-current assets held for sale [(a)]	326	204	482			
Liabilities						
Financial liabilities designated at fair value through profit or loss	6,304	1,633	3,325	5,225	1,176	3,521
Deposits and loans due to banks and similar items	47,925	1,468	3	68,761	1,879	702
Deposits and loans due to customers	311	83	30	274	52	7
Debt securities						
Subordinated debt	2,597			2,314		
Insurance-related liabilities	0	1	73	1	11	98
Liabilities on assets held for sale [(a)]	434	976	1,131			
Shareholders' equity	1,789			1,823		
Commitments						
Commitments given	11,302	18	85	9,372	21	68
Commitments received [(b)]	10,619	2,965	3,243	5,648	2,710	2,533

(a) Corresponds to the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).
(b) Of which €5,081 million at January 1, 2018 for SFS business lines recognized in non-current assets held for sale as at December 31, 2018 (see Notes 3.6 and 6.9).

Relations with associates and joint ventures are not material.

	31/12/2018			31/12/2017		
(in millions of euros)	BPCE	Banques Populaires	Caisses d'Epargne	BPCE	Banques Populaires	Caisses d'Epargne
Income						
Interest and similar income	95	50	2	213	19	3
Interest and similar expenses	(613)	(4)	(15)	(512)	(12)	(18)
Net fee and commission income	(57)	(373)	(194)	6	(353)	(130)
Net gains or losses on financial instruments at fair value through profit or loss	(494)	156	503	(215)	(28)	(29)
Net gains or losses on available-for-sale financial assets				0	0	2
Gains and losses on financial assets at fair value through other comprehensive income						
Net gains or losses arising from the derecognition of financial assets at amortized cost						
Net gains or losses on financial assets at amortized cost reclassified to financial assets at fair value through profit or loss						
Net gains or losses on financial assets at fair value through other comprehensive income reclassified to financial assets at fair value through profit or loss						
Income and expenses from other activities	(27)	13	17	(34)	13	14
Operating expenses	(75)	1	(21)	(64)	2	(25)

Relations with associates and joint ventures are not material.

Management compensation

(in euros)	31/12/2018	31/12/2017
Natixis directors [(a)]	570,482	570,299
Executive managers [(b)]	13,713,714	12,372,462

(a) *In 2018 and 2017, directors' fees paid to members of the Board of Directors included a fixed portion (€8,000 per person) and a variable portion (€2,000 per Board Meeting, per person). Members of the Audit Committee and the Risk Committee received a fixed payment of €3,000 (€17,000 for its Chairman) and a variable payment of €1,000 per Board Meeting and per person (€2,000 for its Chairman). Members of the Appointments Committee and Compensation Committee received a fixed payment of €2,000 (€15,000 for its Chairman) and a variable payment of €1,000 per Board Meeting and per person (€2,000 for its Chairman). The members of the Strategic Committee received a variable payment of €2,000 and the Chairman of the Strategic Committee received a fixed payment of €12,000.*

(b) *The amounts shown represent the total amount of compensation paid or delivered to the members of the Senior Management Committee.*

Compensation of directors

Compensation for directors is granted as presented in the standardized tables compliant with AMF recommendations in Section 2.4 of the registration document.

The table below shows the compensation paid in the fiscal year.

	FY 2018	FY 2017
Laurent Mignon, Chief Executive Officer until May 31, 2018		
Compensation for the fiscal year	€853,552 [(a)]	€2,623,242 [(a)]
Value of options granted during the fiscal year	€0	N/A
Value of performance shares granted during the fiscal year	€80,000 [(b)]	€192,000 [(b)]
TOTAL	**€933,552**	**€2,815,242**
Laurent Mignon, Chairman of the Board of Directors as of June 1, 2018		
Compensation for the fiscal year	€175,000	
Value of options granted during the fiscal year	€0	
Value of performance shares granted during the fiscal year	€0	
TOTAL	**€175,000**	
François Riahi, Chief Executive Officer as of June 1, 2018		
Compensation for the fiscal year	€996,244 [(c)]	
Value of options granted during the fiscal year	€0	
Value of performance shares granted during the fiscal year	€93,333 [(d)]	
TOTAL	**€1,089,577**	

(a) *Of which a family allowance of €818.*

(b) *Corresponding to the value of the shares on the allocation date, for a fair value of €99,305 for 2017 and €47,460 for 2018.*

(c) *Of which a family allowance of €1,388.*

(d) *Corresponding to an amount on the allocation date, for a fair value of €55,372 for 2018.*

Retiring executive officers

Natixis' Chief Executive Officer receives the retirement benefits plan offered to senior management officers ("hors classification").

I.e. for Laurent Mignon:

- Social Security contributions in tranche A[1];
- mandatory ARRCO contributions in tranche A[1] (14.06%);
- additional ARRCO contributions in tranche B[1] (5.63%);
- AGIRC contributions in tranche B[1] (20.55%) and C[1] (20.55%).

I.e. for François Riahi:

- Social Security contributions in tranche A[1];
- mandatory ARRCO contributions in tranche A[1] (13.31%);
- additional ARRCO contributions in tranche B[1] (4.50%);
- AGIRC contributions in tranche B* (20.55%) and C[1] (20.55%).

The Chief Executive Officer is covered by the mandatory pension plans. He is not covered by the kind of supplementary pension plans described in Article 39 (defined benefit plan) or Article 83 (voluntary defined contribution plan) of the French General Tax Code. Natixis' Chief Executive Officer also makes payments to the Article 82 (in reference to the French General Tax Code) life insurance policy put in place by BPCE Group. The premiums on this policy will be paid by the Chief Executive Officer and not by Natixis. Under this scheme, in 2018, Laurent Mignon, as Chief Executive Officer, paid in €58,667, and François Riahi paid in €68,444.

Severance payments

Severance payments and consideration for non-compete agreement

It is reiterated that, at its February 19, 2014, meeting, the Board of Directors approved a change to its agreement relating to a severance payment for Laurent Mignon and the establishment of a non-compete agreement. These obligations and agreements were submitted to a vote by the shareholders and approved during the Ordinary General Shareholders' Meeting of May 20, 2014 (fifth resolution). At its February 18, 2015 meeting, the Board of Directors approved the renewal of severance payment and the non-compete agreement upon the Chief Executive Officer's reappointment. The corresponding commitments were approved by the General Shareholders' Meeting on May 19, 2015 when Laurent Mignon was re-appointed as Chief Executive Officer.

On May 2, 2018, the Board of Directors decided that François Riahi would, effective from his appointment as Chief Executive Officer, be entitled to the same severance payments and consideration for non-compete agreement as his predecessor, the commitments for which were approved at the May 23, 2018 General Shareholders' Meeting.

Rules for calculating the severance payment

The monthly reference compensation is equal to one-twelfth of the sum of the fixed compensation paid in respect of the last calendar year in activity and the average variable compensation paid over the last three calendar years of activity.

The amount of severance pay is equal to: Monthly Reference Compensation x (12 months +1 month per year of seniority).

The Chief Executive Officer will not receive severance payments in the event of gross negligence or willful misconduct, if he leaves the Company at his initiative to take another position or changes his position within BPCE Group.

Furthermore, in line with the provisions of the Afep-Medef corporate governance code, the right to a benefit is contingent on meeting performance criteria and requirements, such as net income (Group share), ROE and the cost/income ratio reported for the two years prior to leaving the Company. Satisfaction of these criteria will be verified by the Board of Directors as necessary.

1. Average Natixis net income (Group share) for the period in question equal to or higher than 75% of the expected budget average[2] for the period;
2. Average Natixis ROE for the period in question equal to or higher than 75% of the expected budget average* for the period;
3. Natixis' cost/income ratio less than 75% at the time of leaving (last half-year closed).

The amount of the payment shall be determined based on the number of performance criteria met:

- if all three criteria are met: 100% of the agreed payment;
- if two criteria are met: 66% of the agreed payment;
- if one criterion is met: 33% of the agreed payment;
- if none of the criteria is met: no payment will be made.

As a reminder, the amount of the CEO's severance payment, combined with the non-compete indemnity if warranted, may not exceed the equivalent of 24 months of monthly reference compensation, and no severance benefit is to be paid in the event of gross negligence or willful misconduct, if he leaves the Company at his initiative to take another position, or changes his position within BPCE Group.

A non-compete indemnity should the CEO leave office

The non-compete agreement is limited to a period of six months and carries an indemnity equal to six months of fixed compensation, as in force on the date on which the CEO leaves office.

The amount of the severance payment, together with the non-compete indemnity, if applicable, received by the Chief Executive Officer is capped at twenty-four (24) months of the monthly reference compensation (both fixed and variable).

Upon the departure of the Chief Executive Officer, the Board of Directors must make a decision regarding whether to enforce the non-compete clause provided for under this agreement.

(1) Tranche A corresponds to the fraction of annual compensation between €0 and €39,732.
Tranche B corresponds to the fraction of annual compensation between €39,732 and €158,928.
Tranche C corresponds to the fraction of annual compensation between €158,928 and €317,856.

(2) Average performance achieved over the two years prior to leaving (the measurement shall be based on the known results for the four quarters prior to leaving).

NOTE 17 STATUTORY AUDITORS' FEES

The bank's financial statements are audited by two independent accounting firms.

The mandate of Deloitte & Associés was renewed by the shareholders at the General Shareholders' Meeting of May 2016, for a term of six years ending as of the General Shareholders' Meeting called to approve the 2022 financial statements.

PricewaterhouseCoopers Audit was appointed in replacement of KPMG by the shareholders at the General Shareholders' Meeting of May 2016, for a term of six years ending as of the General Shareholders' Meeting called to approve the 2022 financial statements.

The firm Mazars' last six-year mandate starting from May 2012 was not renewed for 2018.

- Deloitte & Associés—6, place de la Pyramide, 92908 Paris La Défence Cedex, represented by signatory partners Charlotte Vandeputte and Jean-Marc Mickeler;
- PricewaterhouseCoopers Audit—63 rue de Villiers 92208 Neuilly-Sur-Seine Cedex, represented by signatory partners Emmanuel Benoist.

Deloitte & Associés and PricewaterhouseCoopers Audit are registered as Statutory Auditors with the "Compagnie Régionale des Commissaires aux Comptes of Versailles" and are under the supervision of the "Haut Conseil du Commissariat aux Comptes".

The Statutory Auditors and their networks were paid the following amounts in return for their duties:

(in thousands of euros)	Deloitte & Associés					PwC					MAZARS					Total				
	2018		2017		Change	2018		2017		Change	2018		2017		Change	2018		2017		Change
	Amount	%	Amount	%	%	Amount	%	Amount	%	%	Amount	%	Amount	%	%	Amount	%	Amount	%	%
Independent audit, certification and examination of the separate and consolidated accounts	**8,682**	**74%**	**8,842**	**69%**	**(2)%**	**7,048**	**65%**	**6,823**	**73%**	**3%**	**1,987**	**56%**	**3,780**	**78%**	**(47)%**	**17,717**	**61%**	**19,445**	**61%**	**(9)%**
Issuer	*3,837*		*3,761*		*2%*	*1,899*		*1,812*		*5%*	*51*		*1,895*		*(97)%*	*5,787*		*7,467*		*(22)%*
Fully-consolidated subsidiaries	*4,845*		*5,081*		*(5)%*	*5,149*		*5,011*		*3%*	*1,936*		*1,885*		*3%*	*11,930*		*11,978*		*0%*
Services other than the certification of accounts	**3,005**	**26%**	**3,889**	**31%**	**(23)%**	**3,754**	**35%**	**2,469**	**27%**	**52%**	**1,559**	**44%**	**1,088**	**22%**	**43%**	**8,319**	**39%**	**7,446**	**39%**	**12%**
Issuer	*1,201*		*1,763*		*(32)%*	*1,843*		*994*		*85%*	*617*		*520*		*19%*	*3,661*		*3,278*		*12%*
Fully-consolidated subsidiaries	*1,805*		*2,126*		*(15)%*	*1,911*		*1,475*		*30%*	*943*		*568*		*66%*	*4,658*		*4,169*		*12%*
TOTAL	**11,688**	**100%**	**12,731**	**100%**	**(8)%**	**10,802**	**100%**	**9,292**	**100%**	**16%**	**3,546**	**100%**	**4,868**	**100%**	**(27)%**	**26,036**	**100%**	**26,891**	**100%**	**(3)%**
o/w fees paid to the Statutory Auditors in France for the certification of accounts	*3,034*					*3,124*														
o/w fees paid to the Statutory Auditors in France for services other than the certification of accounts	*259*					*32*														

Services other than the certification of accounts include:

- reviews of the compliance of certain entities of the group for €2.8 million;
- tax assignments for the US platforms totaling €1 million;
- assignments related to the restructuring of certain business lines equal to €1 million: €0.4 million for the Insurance division, €0.3 million for the Payment division and €0.1 million for the Brokerage business line;

In addition, the fees paid to KPMG totaled €2 million for audit and account certification services and €2.2 million for other services.

The Deputy Auditors are:

- Mireille Berthelot, from BEAS, 6 place de la Pyramide, 92908 Paris La Défense Cedex for Deloitte;
- Jean-Baptiste Deschryver—63 rue de Villiers 92208 Neuilly-Sur-Seine Cedex, for PricewaterhouseCoopers Audit.

NOTE 18 OPERATIONS BY COUNTRY

Article 7 of Law No. 2013-672 of the French Monetary and Financial Code of July 26, 2013, amending Article L.511-45, requires credit institutions to publish information on their locations and activities in each country or territory.

Pursuant to the article referred to above, the table below specifically provides information linked to net revenues, pre-tax profit, income tax and headcount as at December 31, 2018.

18.1 Entity operations by country at December 31, 2018

Country of operation	Activity
SOUTH AFRICA	
COFACE SOUTH AFRICA	Insurance
COFACE SOUTH AFRICA SERVICES	Insurance
ALGERIA	
Natixis Algérie	Bank
GERMANY	
COFACE DEBITOREN	Receivables management and data
COFACE DEUTSCHLAND	Credit insurance and related services
COFACE FINANZ	Factoring
COFACERATING HOLDING	Receivables management and data
COFACERATING.DE	Receivables management and data
KISSELBERG	Insurance
NATIXIS GLOBAL ASSOCIATES GERMANY	Distribution
NATIXIS PFANDBRIEFBANK AG	Credit institution
NATIXIS ZWEIGNIEDERLASSUNG DEUTSCHLAND	Financial institution
AEW CILOGER DEPENDENT BRANCH GERMANY	Distribution
NATIXIS INVESTMENT MANAGERS S.A., ZWEIGNIERDERLAASUNG DEUTSCHLAND	Distribution
AEW INVEST GMBH	Distribution
ARGENTINA	
COFACE ARGENTINA – BRANCH (COFACE EUROPE)	Credit insurance and related services
AUSTRALIA	
NATIXIS AUSTRALIA PTY LTD	Financial institution
NATIXIS GLOBAL ASSOCIATES AUSTRALIA HOLDINGS, LLC	Holding company
COFACE AUSTRALIA (BRANCH-COFACE EUROPE)	Credit insurance and related services
INVESTORS MUTUAL LIMITED	Asset Management
NATIXIS INVESTMENT MANAGERS AUSTRALIA PTY LIMITED	Distribution
AEW ASIA LIMITED AUSTRALIAN BRANCH	Asset Management
AUSTRIA	
COFACE AUSTRIA	Holding company
COFACE CENTRAL EUROPE HOLDING	Holding company
COFACE SERVICES AUSTRIA	Receivables management and data
BELGIUM	
NATIXIS BELGIQUE INVESTISSEMENTS	Investment company
COFACE BELGIUM SERVICES	Business and solvency data
COFACE BELGIUM – BRANCH (COFACE EUROPE)	Credit insurance and related services
DALENYS S.A.	Holding company
BRAZIL	
COFACE DO BRASIL SEGUROS DECREDITO	Credit insurance and related services
NATIXIS BRASIL S.A.	Financial institution
SEGURO BRASILEIRA C.E	Credit insurance and related services
BULGARIA	
COFACE BULGARIA (BRANCH)	Insurance
CANADA	
COFACE CANADA – BRANCH (COFACE EUROPE)	Credit insurance and related services
NATIXIS CANADA	Financial institution
TREZ COMMERCIAL FINANCES LIMITED PARTNERSHIP	Real-estate finance
NATIXIS INVESTMENT MANAGERS CANADA CORP	Asset Management

Country of operation	Activity
NATIXIS INVESTMENT MANAGERS CANADA LP	Asset Management
NATIXIS INVESTMENT MANAGERS CANADA LIMITED	Asset Management
NATIXIS INVESTMENT MANAGERS CAPITAL CORPORATION (FORMERLY NATIXIS IM CANADA INVESTMENT CORPORATION)*	Asset Management
CHILE	
COFACE CHILE S.A.	Insurance
COFACE CHILE – BRANCH (COFACE EUROPE)	Credit insurance and related services
CHINA	
NATIXIS SHANGHAI	Financial institution
NATIXIS BEIJING	Financial institution
VERMILION (BEIJING) ADVISORY COMPANY LIMITED	M&A and Financial advisory services
SOUTH KOREA	
NATIXIS INVESTMENT MANAGERS KOREA LIMITED	Distribution
DENMARK	
COFACE DANMARK – BRANCH (COFACE KREDIT)	Insurance
MIDT FACTORING A/S	Factoring
UNITED ARAB EMIRATES	
NATIXIS DUBAI	Financial institution
NATIXIS INVESTMENT MANAGERS MIDDLE EAST	Distribution
ECUADOR	
COFACE ECUADOR (BRANCH-COFACE EUROPE)	Credit insurance and related services
SPAIN	
COFACE SERVICIOS ESPANA S.L.	Receivables management and data
NATIXIS LEASE MADRID	Equipment and real estate leasing
NATIXIS MADRID	Financial institution
NATIXIS CAPITAL PARTNERS SPAIN	M&A and Financial advisory services
COFACE IBERICA – BRANCH (COFACE EUROPE)	Credit insurance and related services
NATIXIS INVESTMENT MANAGERS, SUCURSAL EN ESPANA	Distribution
UNITED STATES	
AEW CAPITAL MANAGEMENT, INC.	Asset Management
AEW CAPITAL MANAGEMENT, LP	Asset Management
AEW PARTNERS III, INC.	Asset Management
AEW PARTNERS IV, INC.	Asset Management
AEW PARTNERS V, INC.	Asset Management
AEW PARTNERS VI, INC.	Asset Management
AEW PARTNERS VII, INC.	Asset Management
AEW REAL ESTATE ADVISORS, INC.	Asset Management
AEW SENIOR HOUSING INVESTORS INC.	Asset Management
AEW VALUE INVESTORS ASIA II GP LIMITED	Asset Management
AEW VIA INVESTORS, LTD	Asset Management
ALPHASIMPLEX GROUP LLC	Asset Management
ALTERNATIVE STRATEGIES GROUP LLC	Asset Management
AURORA INVESTMENT MANAGEMENT LLC	Asset Management
BLEACHERS FINANCE	Securitization vehicle
CASPIAN CAPITAL MANAGEMENT, LLC	Asset Management
CM REO HOLDINGS TRUST	Secondary markets finance
CM REO TRUST	Secondary markets finance
COFACE NORTH AMERICA	Credit insurance and related services
COFACE NORTH AMERICA HOLDING COMPANY	Holding company

Country of operation	Activity
COFACE NORTH AMERICA INSURANCE COMPANY	Credit insurance and related services
COFACE SERVICES NORTH AMERICA GROUP	Holding company
CREA WESTERN INVESTORS I, INC.	Asset Management
EPI SLP LLC.	Asset Management
GATEWAY INVESTMENT ADVISERS, LLC	Asset Management
HARRIS ALTERNATIVES HOLDING INC.	Holding company
HARRIS ASSOCIATES LP	Asset Management
HARRIS ASSOCIATES SECURITIES, LP	Distribution
LOOMIS SAYLES & COMPANY, INC.	Asset Management
LOOMIS SAYLES & COMPANY, LP	Asset Management
LOOMIS SAYLES ALPHA, LLC.	Asset Management
LOOMIS SAYLES DISTRIBUTORS, INC.	Distribution
LOOMIS SAYLES DISTRIBUTORS, LP	Distribution
MC DONNELL	Asset Management
MSR TRUST	Real-estate finance
NATIXIS ASG HOLDINGS, INC.	Distribution
NATIXIS CASPIAN PRIVATE EQUITY LLC	Asset Management
NATIXIS FINANCIAL PRODUCTS LLC	Derivatives transactions
NATIXIS INVESTMENT CORP.	Portfolio management
NATIXIS NEW YORK	Financial institution
NATIXIS NORTH AMERICA LLC	Holding company
NATIXIS REAL ESTATE CAPITAL LLC	Real-estate finance
NATIXIS REAL ESTATE HOLDINGS LLC	Real-estate finance
VAUGHAN NELSON INVESTMENT MANAGEMENT, LP	Asset Management
NATIXIS US MTN PROGRAM LLC	Issuing vehicle
NATIXIS FUNDING CORP.	Other financial company
NATIXIS SECURITIES AMERICAS LLC	Brokerage
AEW VIF INVESTORS II, INC.	Asset Management
EPI SO SLP LLC.	Asset Management
LOOMIS SAYLES TRUST COMPANY, LLC	Asset Management
NATIXIS US HOLDINGS INC.	Holding company
VERSAILLES	Securitization vehicle
PETER J. SOLOMON COMPANY LP	M&A and Financial advisory services
PETER J. SOLOMON SECURITIES COMPANY LLC	Brokerage
HARRIS ASSOCIATES, INC.	Asset Management
VAUGHAN NELSON INVESTMENT MANAGEMENT, INC.	Asset Management
LOOMIS SAYLES SOLUTIONS, INC.	Asset Management
NATIXIS INVESTMENT MANAGERS HOLDINGS, LLC	Holding company
NATIXIS INVESTMENT MANAGERS, LLC	Holding company
NATIXIS INVESTMENT MANAGERS, LP	Holding company
NATIXIS ADVISORS, LP	Distribution
NATIXIS DISTRIBUTION CORPORATION	Distribution
NATIXIS DISTRIBUTION, LP	Distribution
NATIXIS INVESTMENT MANAGERS INTERNATIONAL, LLC	Distribution
AEW SENIOR HOUSING INVESTORS INC.	Asset Management
AEW VIF INVESTORS, INC.	Asset Management
OSTRUM AM US LLC (FORMERLY NAM US)	Asset Management
MIROVA GLOBAL SUSTAINABLE EQUITY FUND	Asset Management
FRANCE	
1818 IMMOBILIER	Real estate operations
ALLIANCE ENTREPRENDRE	Asset Management
AXELTIS S.A.	Holding company
BPCE ASSURANCES	Insurance company
CO-ASSUR	Insurance brokerage advisory
Coface S.A.	Holding company
COFINPAR	Credit insurance and related services
COGERI	Receivables management and data
COMPAGNIE EUROPEENNE DE GARANTIES ET CAUTIONS	Insurance
DARIUS CAPITAL PARTNERS SAS	Investment advisory services
DORVAL FINANCE	Asset management
FCT NATIXIS EXPORT CREDIT AGENCY	Securitization vehicle
FCT VEGA	Securitization fund
FONDS COLOMBES	Mutual fund investments

Country of operation	Activity
FRUCTIFONDS PROFIL 6	Insurance investment mutual fund
FRUCTIFONDS PROFIL 9	Insurance investment mutual fund
LEASE EXPANSION	IT operational leasing
NALÉA	Securitization vehicle
NATIXIS ALTAIR IT SHARED SERVICES	Data services
NATIXIS CAR LEASE	Extended period vehicle rental
NATIXIS FONCIERE S.A. (formerly SPAFICA)	Real estate investments
NATIXIS FORMATION EPARGNE FINANCIERE	Holding company
NATIXIS FUNDING	Market making on secondary debt market
NATIXIS IMMO DEVELOPPEMENT	Residential real estate development
NATIXIS IMMO EXPLOITATION	Real estate operations
NATIXIS INNOV	Holding company
NATIXIS INTERTITRES	Service vouchers offers
NATIXIS LIFE	Life insurance
NATIXIS LLD	Extended period vehicle rental
NATIXIS MARCO	Investment company (extension of activity)
NATIXIS PRIVATE EQUITY	Private Equity
Natixis S.A.	Credit institution
S.C.I. ALTAIR 1	Real estate operations
S.C.I. ALTAIR 2	Real estate operations
SAS IMMOBILIERE NATIXIS BAIL	Real-estate leasing
SELECTION 1818	Investment product distribution to IWMAs
SEVENTURE PARTNERS	Asset Management
SUD OUEST BAIL	Real-estate leasing
CONTANGO TRADING S.A.	Brokerage company
NATIXIS PARTNERS	M&A and Financial advisory services
FCT LIQUIDITÉ SHORT 1	Securitization vehicle
DNCA COURTAGE	Asset Management
DNCA FINANCE	Asset Management
DNCA MANAGEMENT	Asset Management
NAXICAP PARTNERS	Management of venture capital mutual funds
OSSIAM	Asset Management
VEGA INVESTMENT MANAGERS	Mutual fund holding company
BPCE PRÉVOYANCE (FORMERLY – ABP PREVOYANCE)	Personal protection insurance
BPCE VIE (FORMERLY – ABP VIE)	Insurance
FRUCTIFONCIER	Insurance real estate investments
NAMI INVESTMENT	Insurance real estate investments
AAA ACTIONS AGRO ALIMENTAIRE	Insurance investment mutual fund
BPCE APS	Service provider
FCT PUMACC	Consumer credit securitization vehicle
NATIXIS LEASE	Equipment leasing
OPCI NATIXIS LEASE INVESTMENT	Real estate funds
FONCIÈRE KUPKA	Real estate operations
BPCE RELATION ASSURANCES	Service provider
SPG	Mutual fund
NATIXIS ASSET MANAGEMENT FINANCE	Holding company
REAUMUR ACTIONS (FORMERLY – ABP DIVERSIFIÉ)	Insurance investment mutual fund
NATIXIS ASSURANCES	Insurance company holding company
SCPI FRUCTIFONDS IMMOBILIER	Insurance real estate investments
OPCI FRANCEUROPE IMMO	Insurance investment mutual fund
ABP VIE MANDAT FPCI	Private Equity fund
NATIXIS FINANCEMENT	Consumer finance
NATIXIS COFICINÉ	Finance company (audiovisual)
Natixis Factor	Factoring

Country of operation	Activity
NATIXIS INTERÉPARGNE	Employee savings plan management
NATIXIS PAYMENT SOLUTIONS	Banking services
CICOBAIL	Real-estate leasing
NATIXIS LEASE IMMO	Real-estate leasing
NATIXIS BAIL	Real-estate leasing
NATIXIS ENERGECO	Equipment leasing
OCEOR LEASE REUNION	Equipment leasing
COFACE EUROPE	Credit insurance and related services
FIMIPAR	Buyback of receivables
AEW S.A.	Asset Management
NATIXIS INVESTMENT MANAGERS	Holding company
AEW CILOGER	Real-estate management
NATIXIS WEALTH MANAGEMENT	Credit institution
SELECTIZ	Insurance investment mutual fund
SELECTION PROTECTION 85	Insurance investment mutual fund
SELECTIZ PLUS FCP 4DEC	Insurance investment mutual fund
NATIXIS PAIEMENT HOLDING	Holding company
S-MONEY	Payment services
LAKOOZ	Payment services
PAYPLUG	Payment services
INTER-COOP	Real-estate leasing
MIROVA-ALTHELIA LIMITED, FRANCE BRANCH	Asset management
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 1	Holding company
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 3	Holding company
NATIXIS INVESTMENT MANAGERS DISTRIBUTION FRANCE	Distribution
SEEYOND	Asset Management
DALENYS PAYMENT	Payment services
RENTABILIWEB SERVICES	Internal services provider
RENTABILIWEB MARKETING	Online service
RENTABILIWEB TECHNOLOGIES	Online service
RECOMMERCE	Online service
EOLE COLLATERAL	Securitization vehicle
INVESTIMA 77	Holding company
NATIXIS IM INNOVATION (FORMERLY AEW CO-INVEST)	Asset Management
FLEXTONE PARTNERS SAS (FORMERLY EURO PRIVATE EQUITY FRANCE)	Asset Management
MIROVA	Management of venture capital mutual funds
OSTRUM AM (FORMERLY NATIXIS ASSET MANAGEMENT)	Asset Management
MV CREDIT FRANCE	Holding company
NATIXIS INVESTMENT MANAGERS INTERNATIONAL	Distribution
OSTRUM AM (NEW)	Asset Management
OSTRUM ULTRA SHORT TERM BONDS PLUS SI (C) EUR	Insurance investment mutual fund
ALLOCATION PILOTÉE ÉQUILIBRE C	Insurance investment mutual fund
MIROVA EUROPE ENVIRONNEMENT C	Insurance investment mutual fund
ALTER CE (COMITEO)	Online service for Central works councils
BATI LEASE	Real-estate leasing
BPCE IMMOBILIER EXPLOITATION	Real estate operations
UNITED KINGDOM	
AEW EUROPE ADVISORY LTD	Asset Management
AEW EUROPE CC LTD	Asset Management
AEW EUROPE HOLDING LTD	Asset Management
AEW EUROPE INVESTMENT LTD	Asset Management
AEW EUROPE LLP	Asset Management
AEW GLOBAL ADVISORS (EUROPE) LTD	Asset Management
AEW GLOBAL LTD	Asset Management
AEW GLOBAL UK LTD	Asset Management
COFACE UK SERVICES LTD	Receivables management and data
H2O ASSET MANAGEMENT CORPORATE MEMBER	Asset Management
LOOMIS SAYLES INVESTMENTS LTD (UK)	Asset Management
NATIXIS LONDON	Financial institution

Country of operation	Activity
COFACE UK HOLDING	Holding company
AEW EUROPE PARTNERSHIP	Asset Management
H2O ASSET MANAGEMENT LLP	Asset Management
COFACE UK – BRANCH (COFACE EUROPE)	Credit insurance and related services
NATIXIS INVESTMENT MANAGERS UK LTD	Distribution
MIROVA-ALTHELIA LIMITED	Asset management
NATIXIS ALTERNATIVE HOLDING LIMITED	Holding company
FENCHURCH PARTNERS LLP	M&A and Financial advisory services
VERMILION PARTNERS (UK) LIMITED	Holding company
VERMILION PARTNERS LLP	M&A and Financial advisory services
MV CREDIT LIMITED	Asset Management
MV CREDIT LLP	Asset Management
HONG KONG	
AEW ASIA LIMITED	Asset Management
NATIXIS ASIA LTD	Other financial company
NATIXIS HONG KONG	Financial institution
COFACE HONG KONG – BRANCH (COFACE EUROPE)	Credit insurance and related services
NATIXIS INVESTMENT MANAGERS HONG KONG LIMITED	Asset Management
VERMILION PARTNERS (HOLDINGS) LIMITED	Holding company
VERMILION PARTNERS LIMITED	Holding company
HUNGARY	
COFACE HUNGARY – BRANCH (COFACE AUSTRIA)	Insurance
CAYMAN ISLANDS	
DF EFG3 LIMITED	Holding company
NATIXIS GRAND CAYMAN	Financial institution
IRELAND	
NATINIUM FINANCIAL PRODUCTS	Securitization vehicle
COFACE IRELAND – BRANCH (COFACE EUROPE)	Credit insurance and related services
NEXGEN REINSURANCE DESIGNATED ACTIVITY COMPANY	Reinsurance
PURPLE FINANCE CLO 1	Securitization vehicle
NEXGEN CAPITAL LTD	Structured finance
ISRAEL	
COFACE ISRAEL	Credit insurance
BUSINESS DATA INFORMATION	Marketing and other services
COFACE HOLDING ISRAEL	Holding company
ITALY	
COFACE ASSICURAZIONI SPA	Credit insurance and related services
COFACE ITALIA	Holding company
NATIXIS LEASE MILAN	Equipment and real estate leasing
NATIXIS MILAN	Financial institution
DNCA FINANCE SUCCURSALE MILAN	Asset Management
AEW CILOGER ITALIAN BRANCH	Distribution
NATIXIS INVESTMENT MANAGERS S.A., SUCCURSALE ITALIANA	Distribution
JAPAN	
NATIXIS JAPAN SECURITIES CO, LTD	Financial institution
NATIXIS TOKYO	Financial institution
COFACE JAPAN – BRANCH (COFACE EUROPE)	Credit insurance and related services
NATIXIS INVESTMENT MANAGERS JAPAN CO., LTD	Asset Management
JERSEY	
NATIXIS STRUCTURED PRODUCTS LTD	Issuing vehicle
LATVIA	
COFACE LATVIA INSURANCE -BRANCH (COFACE AUSTRIA)	Insurance
LITHUANIA	
LEID – BRANCH (COFACE AUSTRIA)	Insurance
LUXEMBOURG	
H2O ASSET MANAGEMENT HOLDING	Asset Management
KENNEDY FINANCEMENT LUXEMBOURG	Investment company – Asset Management
KENNEDY FINANCEMENT LUXEMBOURG 2	Central corporate treasury – Asset Management
NATIXIS ALTERNATIVE ASSETS	Holding company

Country of operation	Activity
NATIXIS LIFE	Life insurance
NATIXIS LUXEMBOURG INVESTISSEMENTS	Investment company
NATIXIS PRIVATE EQUITY INTERNATIONAL LUXEMBOURG	Holding company Financial investments
NATIXIS REAL ESTATE FEEDER SARL	Investment company
NATIXIS TRUST	Holding company
DNCA LUXEMBOURG	Asset Management
DAHLIA A SICAR SCA	Private Equity
NATIXIS STRUCTURED ISSUANCE	Issuing vehicle
AEW EUROPE SARL (FORMERLY AEW LUXEMBOURG)	Asset Management
COFACE LUXEMBOURG (BRANCH-COFACE EUROPE)	Credit insurance and related services
AEW Europe Global LUX	Asset Management
ASG MANAGED FUTURES	Asset Management
DNCA ARCHER MID-CAP EUROPE	Asset Management
NATIXIS INVESTMENT MANAGERS S.A.	Distribution
OSTRUM MULTI ASSET GLOBAL INCOME	Asset Management
MV CREDIT SARL	Asset Management
NATIXIS WEALTH MANAGEMENT LUXEMBOURG	Bank
MALAYSIA	
NATIXIS LABUAN	Financial institution
MEXICO	
COFACE HOLDING AMERICA LATINA	Financial data
COFACE SEGURO DE CREDITO MEXICO	Insurance
NATIXIS IM MEXICO, S. DE R.L DE C.V.	Asset management
NEW CALEDONIA	
OCEOR LEASE NOUMEA	Equipment leasing
NETHERLANDS	
COFACE NEDERLAND – BRANCH (COFACE KREDIT)	Insurance
COFACE NEDERLAND SERVICES	Receivables management and data
NATIXIS INVESTMENT MANAGERS, NEDERLANDS	Distribution
RENTABILIWEB INTERNATIONAL	Holding company
RENTABILIWEB FINANCE	Holding company
FONDS TULIP	Insurance investments (Securitization funds)
POLAND	
COFACE POLAND – BRANCH (COFACE AUSTRIA)	Insurance
COFACE POLAND CMS	Financial data
COFACE POLAND FACTORING	Factoring
AEW CENTRAL EUROPE	Asset Management
FRENCH POLYNESIA	
OCEOR LEASE TAHITI	Equipment leasing
PORTUGAL	

Country of operation	Activity
COFACE PORTUGAL – BRANCH (COFACE EUROPE)	Credit insurance and related services
NATIXIS PORTO	Financial institution
CZECH REPUBLIC	
COFACE CZECH INSURANCE – BRANCH (COFACE AUSTRIA)	Insurance
AEW CENTRAL EUROPE CZECH	Distribution
ROMANIA	
AEW CENTRAL EUROPE ROMANIA	Distribution
COFACE ROMANIA CMS	Insurance
COFACE ROMANIA INSURANCE -BRANCH (COFACE AUSTRIA)	Insurance
RENTABILIWEB	Online service
COFACE TECHNOLOGIE – ROMANIA	Data services
RUSSIA	
COFACE RUS INSURANCE COMPANY	Credit insurance
NATIXIS BANK JSC, MOSCOW	Bank
SINGAPORE	
LOOMIS SAYLES INVESTMENTS ASIA PTE LTD	Asset Management
NATIXIS SINGAPORE	Financial institution
AEW ASIA PTE LTD	Asset Management
COFACE SINGAPORE – BRANCH (COFACE EUROPE)	Credit insurance and related services
OSTRUM AM ASIA LTD (FORMERLY NAM ASIA LTD)	Asset Management
SLOVAKIA	
COFACE SLOVAKIA INSURANCE – BRANCH (COFACE AUSTRIA)	Insurance
SWEDEN	
COFACE SVERIGE – BRANCH (COFACE KREDIT)	Insurance
NATIXIS INVESTMENT MANAGERS, NORDICS FILIAL	Distribution
SWITZERLAND	
COFACE RE	Reinsurance
COFACE SWITZERLAND – BRANCH (COFACE EUROPE)	Insurance
FONDS LAUSANNE	Mutual fund investments
NATIXIS INVESTMENT MANAGERS SWITZERLAND SARL	Asset Management
EURO PRIVATE EQUITY	Asset Management
TAIWAN	
COFACE TAIWAN (BRANCH – COFACE EUROPE)	Credit insurance and related services
NATIXIS TAIWAN	Financial institution
NATIXIS INVESTMENT MANAGERS SECURITIES INVESTMENT CONSULTING CO. LTD	Asset Management
TURKEY	
COFACE SIGORTA TURQUIE	Insurance
URUGUAY	
NATIXIS INVESTMENT MANAGERS URUGUAY S.A.	Distribution

18.2 Net revenues, pre-tax profit, taxes and headcount by country at December 31, 2018

Country of operation	Net revenues *(in millions of euros)*	Profit or loss before taxes, including operating taxes	Profit or loss before tax	Corporate income tax	Headcount (FTE)
SOUTH AFRICA	6	2	2	(0)	47
ALGERIA	63	36	35	(9)	779
GERMANY	163	48	44	(19)	586
ARGENTINA	6	3	2	(1)	46
AUSTRALIA	61	41	41	(13)	41
AUSTRIA	22	6	6	(1)	95
BELGIUM	6	(1)	(1)	(0)	33
BRAZIL	16	12	11	(4)	66
BULGARIA	1	0	0	(0)	12
CANADA	22	5	4	(1)	61
CHILE	7	1	1	(0)	46
CHINA	17	6	6	0	63
SOUTH KOREA	1	0	0	0	2
DENMARK	13	2	2	(1)	82
UNITED ARAB EMIRATES	36	19	18	-	51
ECUADOR	2	0	0	(0)	28
SPAIN	119	71	70	(19)	269
UNITED STATES	2,626	839	802	(207)	2,832
FRANCE	5,158	1,425	1,153	(388)	13,341
UNITED KINGDOM	815	529	520	(91)	718
HONG KONG	(48)	(203)	(206)	18	454
HUNGARY	2	1	0	(0)	11
CAYMAN ISLANDS	(18)	(18)	(18)	7	-
IRELAND	7	0	0	(0)	6
ISRAEL	17	2	2	(1)	111
ITALY	171	84	83	(31)	293
JAPAN	36	(4)	(4)	1	133
JERSEY	(2)	(2)	(2)	-	-
LATVIA	-	-	-	-	-
LITHUANIA	3	2	2	(0)	16
LUXEMBOURG	15	(66)	(69)	1	179
MALAYSIA	4	3	3	(0)	4
MEXICO	4	1	1	(0)	56
NEW CALEDONIA	2	1	1	(0)	-
NETHERLANDS	21	5	4	(1)	93
POLAND	21	7	7	(2)	175
FRENCH POLYNESIA	1	0	0	(0)	-
PORTUGAL	2	(1)	(1)	0	336
CZECH REPUBLIC	2	0	0	(0)	8
ROMANIA	7	2	2	(0)	163
RUSSIA	10	2	1	(0)	68
SINGAPORE	112	61	59	(7)	189
SLOVAKIA	1	0	(0)	(0)	8
SWEDEN	2	(1)	(1)	(0)	12
SWITZERLAND	66	48	47	(9)	50
TAIWAN	10	5	4	(1)	39
TURKEY	6	1	1	1	48
URUGUAY	1	0	0	-	1
	9,616	**2,979**	**2,632**	**(781)**	**21,652**

NOTE 19 COMPARATIVE CONSOLIDATION SCOPE

Business lines		Consolidation method at December 31, 2018	12.31.2018		12.31.2017		
			%		%		
Consolidated subsidiaries	Activity		Control	Ownership	Control	Ownership	Country
CORPORATE & INVESTMENT BANKING							
Natixis S.A.	Credit institution	FC	100	100	100	100	France
NATIXIS FUNDING [a]**	Market making on secondary debt market	FC	100	100	100	100	France
Natixis Bank JSC, Moscow	Bank	FC	100	100	100	100	Russia
NATIXIS IMMO DÉVELOPPEMENT	Residential real estate development	FC	100	100	100	100	France
NATIXIS TRUST	Holding company	FC	100	100	100	100	Luxembourg
NATINIUM FINANCIAL PRODUCTS [a]	Securitization vehicle	FC	100	100	100	100	Ireland
NATIXIS BRASIL S.A.	Financial institution	FC	100	100	100	100	Brazil
NATIXIS AUSTRALIA PTY Ltd	Financial institution	FC	100	100	100	100	Australia
NATIXIS REAL ESTATE FEEDER SARL	Investment company	FC	100	100	100	100	Luxembourg
NATIXIS JAPAN SECURITIES CO, LTD	Financial institution	FC	100	100	100	100	Japan
NATIXIS PFANDBRIEFBANK AG [a]	Credit institution	FC	100	100	100	100	Germany
FCT Natixis Export Credit Agency [a]	Securitization vehicle	FC	100	100	100	100	France
CONTANGO TRADING S.A.	Brokerage company	FC	100	100	100	100	France
Natixis Partners [t]	Mergers and acquisitions advisory services	FC	87	87	84	84	France
NATIXIS CAPITAL PARTNERS SPAIN	Mergers and acquisitions advisory services	FC	75	75	75	75	Spain
FCT Liquidité Short 1 [a]	Securitization vehicle	FC	100	100	100	100	France
EOLE Collateral [a] [u]	Securitization vehicle	FC	100	100			France
SPG	Mutual fund	FC	100	100	100	100	France
DF EFG3 Limited	Holding company	FC	100	100	100	100	Cayman Islands
NATIXIS STRUCTURED PRODUCTS LTD	Issuing vehicle	FC	100	100	100	100	Jersey
NATIXIS ASIA LTD	Other financial company	FC	100	100	100	100	Hong Kong
NATIXIS INNOV	Holding company	FC	100	100	100	100	France
NATIXIS LUXEMBOURG INVESTISSEMENTS [l]	Investment company				100	100	Luxembourg
NATIXIS BELGIQUE INVESTISSEMENTS	Investment company	FC	100	100	100	100	Belgium
EDF INVESTISSEMENT GROUPE	Investment company	Equity	6	6	6	6	Belgium
NATIXIS ALTERNATIVE ASSETS	Holding company	FC	100	100	100	100	Luxembourg
NATIXIS MARCO	Investment company (extension of activity)	FC	100	100	100	100	France
NATIXIS STRUCTURED ISSUANCE	Issuing vehicle	FC	100	100	100	100	Luxembourg
Natixis Alternative Holding Limited [j]	Holding company	FC	100	100			Great Britain
Fenchurch Partners LLP [j]	Mergers and acquisitions advisory services	FC	51	51			Great Britain
Investima 77 [i]	Holding company	FC	100	100			France
Vermilion Partners (Holdings) Limited [i]	Holding company	FC	51	51			Hong Kong
Vermilion Partners Limited [i]	Holding company	FC	51	51			Hong Kong
Vermilion Partners (UK) Limited [i]	Holding company	FC	51	51			Great Britain
Vermilion Partners LLP [i]	Mergers and acquisitions advisory services	FC	51	51			Great Britain
Vermilion (Beijing) Advisory Company Limited [i]	Mergers and acquisitions advisory services	FC	51	51			China
BRANCHES							
NATIXIS LONDON	Financial institution	FC	100	100	100	100	Great Britain
NATIXIS HONG KONG	Financial institution	FC	100	100	100	100	Hong Kong
NATIXIS SINGAPORE	Financial institution	FC	100	100	100	100	Singapore
NATIXIS LABUAN	Financial institution	FC	100	100	100	100	Malaysia
NATIXIS SHANGHAI	Financial institution	FC	100	100	100	100	China
NATIXIS MADRID	Financial institution	FC	100	100	100	100	Spain
NATIXIS MILAN	Financial institution	FC	100	100	100	100	Italy
NATIXIS DUBAI	Financial institution	FC	100	100	100	100	United Arab Emirates
NATIXIS NEW YORK	Financial institution	FC	100	100	100	100	United States
NATIXIS GRAND CAYMAN	Financial institution	FC	100	100	100	100	Cayman Islands
NATIXIS Zweigniederlassung Deutschland	Financial institution	FC	100	100	100	100	Germany
NATIXIS TOKYO	Financial institution	FC	100	100	100	100	Japan
NATIXIS BEIJING	Financial institution	FC	100	100	100	100	China
NATIXIS CANADA	Financial institution	FC	100	100	100	100	Canada

Business lines / Consolidated subsidiaries	Activity	Consolidation method at December 31, 2018	12.31.2018 % Control	12.31.2018 % Ownership	12.31.2017 % Control	12.31.2017 % Ownership	Country
NATIXIS TAIWAN	Financial institution	FC	100	100	100	100	Taiwan
NATIXIS PORTO	Financial institution	FC	100	100	100	100	Portugal
NATIXIS Capital Markets							
NATIXIS NORTH AMERICA LLC	Holding company	FC	100	100	100	100	United States
TREZ COMMERCIAL FINANCES LIMITED PARTNERSHIP [(a)]	Real estate finance	FC	100	100	100	100	Canada
Peter J. Solomon Company LP	Mergers and acquisitions advisory services	FC	51	51	51	51	United States
Peter J. Solomon Securities Company LLC	Brokerage	FC	51	51	51	51	United States
NATIXIS FUNDING CORP	Other financial company	FC	100	100	100	100	United States
Versailles	Securitization vehicle	FC	100	0	100	0	United States
Bleachers finance	Securitization vehicle	FC	100	0	100	0	United States
NATIXIS SECURITIES AMERICAS LLC	Brokerage	FC	100	100	100	100	United States
NATIXIS FINANCIAL PRODUCTS LLC	Derivatives transactions	FC	100	100	100	100	United States
NATIXIS REAL ESTATE HOLDINGS LLC	Real estate finance	FC	100	100	100	100	United States
NATIXIS REAL ESTATE CAPITAL LLC	Real estate finance	FC	100	100	100	100	United States
CM REO HOLDINGS TRUST [(a)]	Secondary markets finance	FC	100	100	100	100	United States
CM REO TRUST [(a)]	Secondary markets finance	FC	100	100	100	100	United States
MSR TRUST [(a)]	Real estate finance	FC	100	100	100	100	United States
NATIXIS US MTN PROGRAM LLC	Issuing vehicle	FC	100	100	100	100	United States
NATIXIS CORPORATE SOLUTIONS							
NEXGEN CAPITAL Ltd [(d)]	Structured finance				100	100	Ireland
Nexgen Reinsurance Designated Activity Company*	Reinsurance	FC	100	100	100	100	Ireland
ASSET & WEALTH MANAGEMENT							
Asset Management							
NATIXIS INVESTMENT MANAGERS							
NATIXIS GLOBAL ASSOCIATES GERMANY	Retail	FC	100	100	100	100	Germany
AEW Invest Gmbh [(gg)]	Retail	FC	60	60			Germany
NATIXIS GLOBAL ASSOCIATES AUSTRALIA HOLDINGS, LLC	Holding company	FC	100	100	100	100	Australia
Natixis Investment Managers Australia Pty Limited	Retail	FC	100	100	100	100	Australia
Investors Mutual Limited	Asset Management	FC	52	52	52	52	Australia
Natixis Investment Managers Canada Corp	Asset Management	FC	100	100	100	100	Canada
Natixis Investment Managers Canada LP	Asset Management	FC	100	100	100	100	Canada
Natixis Investment Managers Capital Corporation (formerly Natixis IM Canada Investment Corporation)*	Asset Management	FC	50	50	50	50	Canada
Natixis Investment Managers Canada Limited	Asset Management	FC	100	100	100	100	Canada
AEW CAPITAL MANAGEMENT, INC.	Asset Management	FC	100	100	100	100	United States
AEW CAPITAL MANAGEMENT, LP	Asset Management	FC	100	100	100	100	United States
AEW PARTNERS III, INC. [(dd)]	Asset Management				100	100	United States
AEW PARTNERS IV, INC.	Asset Management	FC	100	100	100	100	United States
AEW PARTNERS V, INC.	Asset Management	FC	100	100	100	100	United States
AEW PARTNERS VI, INC.	Asset Management	FC	100	100	100	100	United States
AEW PARTNERS VII, INC.	Asset Management	FC	100	100	100	100	United States
AEW REAL ESTATE ADVISORS, INC.	Asset Management	FC	100	100	100	100	United States
AEW SENIOR HOUSING INVESTORS INC	Asset Management	FC	100	100	100	100	United States
AEW SENIOR HOUSING INVESTORS II INC	Asset Management	FC	100	100	100	100	United States
AEW value investors Asia II GP Limited	Asset Management	FC	100	100	100	100	United States
AEW VIA INVESTORS, LTD	Asset Management	FC	100	100	100	100	United States
AEW VIF INVESTORS II, INC. [(dd)]	Asset Management				100	100	United States
AEW VIF INVESTORS, INC. [(dd)]	Asset Management				100	100	United States
ALPHASIMPLEX GROUP LLC	Asset Management	FC	100	100	100	100	United States
ALTERNATIVE STRATEGIES GROUP LLC	Asset Management	FC	100	100	100	100	United States
AURORA INVESTMENT MANAGEMENT LLC	Asset Management	FC	100	100	100	100	United States
CASPIAN CAPITAL MANAGEMENT, LLC	Asset Management	FC	100	100	100	100	United States
CREA WESTERN INVESTORS I, INC.	Asset Management	FC	100	100	100	100	United States
EPI SLP LLC [(a)]	Asset Management	FC	60	60	60	60	United States
EPI SO SLP LLC [(a)]	Asset Management	FC	60	60	60	60	United States
GATEWAY INVESTMENT ADVISERS, LLC	Asset Management	FC	100	100	100	100	United States
HARRIS ALTERNATIVES HOLDING INC.	Holding company	FC	100	100	100	100	United States
HARRIS ASSOCIATES LP	Asset Management	FC	100	100	100	100	United States
HARRIS ASSOCIATES SECURITIES, LP	Retail	FC	100	100	100	100	United States
HARRIS ASSOCIATES, INC.	Asset Management	FC	100	100	100	100	United States
LOOMIS SAYLES & COMPANY, INC.	Asset Management	FC	100	100	100	100	United States
LOOMIS SAYLES & COMPANY, LP	Asset Management	FC	100	100	100	100	United States

Business lines / Consolidated subsidiaries	Activity	Consolidation method at December 31, 2018	12.31.2018 % Control	12.31.2018 % Ownership	12.31.2017 % Control	12.31.2017 % Ownership	Country
LOOMIS SAYLES ALPHA, LLC. [(a)]	Asset Management	FC	100	100	100	100	United States
LOOMIS SAYLES DISTRIBUTORS, INC.	Retail	FC	100	100	100	100	United States
LOOMIS SAYLES DISTRIBUTORS, LP	Retail	FC	100	100	100	100	United States
LOOMIS SAYLES SOLUTIONS, INC.	Asset Management	FC	100	100	100	100	United States
LOOMIS SAYLES TRUST COMPANY, LLC [(a)]	Asset Management	FC	100	100	100	100	United States
MC DONNELL	Asset Management	FC	100	100	100	100	United States
Ostrum AM US LLC (formerly NAM US)*	Asset Management	FC	100	100	100	100	United States
NATIXIS ASG HOLDINGS, INC.	Retail	FC	100	100	100	100	United States
NATIXIS CASPIAN PRIVATE EQUITY LLC [(a) (r)]	Asset Management	FC	73	73	55	55	United States
NATIXIS INVESTMENT MANAGERS HOLDINGS, LLC	Holding company	FC	100	100	100	100	United States
NATIXIS INVESTMENT MANAGERS, LLC	Holding company	FC	100	100	100	100	United States
NATIXIS INVESTMENT MANAGERS, LP	Holding company	FC	100	100	100	100	United States
Natixis Advisors, LP	Retail	FC	100	100	100	100	United States
Natixis Distribution Corporation	Retail	FC	100	100	100	100	United States
Natixis Distribution, LP	Retail	FC	100	100	100	100	United States
NATIXIS INVESTMENT MANAGERS INTERNATIONAL, LLC	Retail	FC	100	100	100	100	United States
VAUGHAN NELSON INVESTMENT MANAGEMENT, INC.	Asset Management	FC	100	100	100	100	United States
VAUGHAN NELSON INVESTMENT MANAGEMENT, LP	Asset Management	FC	100	100	100	100	United States
Mirova Global Sustainable Equity Fund [(e)]	Asset Management	FC	38	38			United States
Natixis IM innovation (formerly AEW Co-Invest)	Asset Management	FC	100	100	100	100	France
AEW S.A.	Asset Management	FC	60	60	60	60	France
AEW CILOGER	Real estate management	FC	60	60	60	60	France
ALLIANCE ENTREPRENDRE	Asset Management	FC	100	100	100	100	France
AXELTIS S.A.** [(bb)]	Holding company				100	100	France
DARIUS CAPITAL PARTNERS SAS	Investment advisory services	FC	60	60	60	60	France
DNCA Courtage [(p)]	Asset Management	FC	92	82	83	72	France
DNCA Finance [(p)]	Asset Management	FC	92	82	83	72	France
DNCA Management [(v)]	Asset Management	FC	72	72	42	42	France
DORVAL FINANCE	Asset management	FC	50	50	50	50	France
Flextone Partners SAS (formerly Euro Private Equity France)* [(aa)]	Asset Management	FC	100	100	94	94	France
Mirova	Management of venture capital mutual funds	FC	100	100	100	100	France
Ostrum AM (formerly Natixis Asset Management)* [(ff)]	Asset Management				100	100	France
Natixis Investment Managers International [(ff)]	Retail	FC	100	100			France
Ostrum AM (New) [(ff)]	Asset Management	FC	100	100			France
NATIXIS ASSET MANAGEMENT FINANCE**	Holding company	FC	100	100	100	100	France
NATIXIS FORMATION ÉPARGNE FINANCIÈRE	Holding company	FC	100	100	100	100	France
NATIXIS INVESTMENT MANAGERS	Holding company	FC	100	100	100	100	France
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 1	Holding company	FC	100	100	100	100	France
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 3	Holding company	FC	100	100	100	100	France
NAXICAP PARTNERS	Management of venture capital mutual funds	FC	100	100	100	100	France
OSSIAM [(ii)]	Asset Management	FC	75	75	83	83	France
SEVENTURE PARTNERS [(hh)]	Asset Management	FC	59	59	70	70	France
SEEYOND	Asset Management	FC	100	100	100	100	France
MV Credit France [(y)]	Holding company	FC	100	100			France
AEW EUROPE ADVISORY LTD	Asset Management	FC	60	60	60	60	Great Britain
AEW EUROPE CC LTD	Asset Management	FC	60	60	60	60	Great Britain
AEW EUROPE HOLDING Ltd	Asset Management	FC	60	60	60	60	Great Britain
AEW EUROPE INVESTMENT LTD [(a)]	Asset Management	FC	60	60	60	60	Great Britain
AEW EUROPE LLP [(a)]	Asset Management	FC	60	60	60	60	Great Britain
AEW EUROPE PARTNERSHIP	Asset Management	FC	60	60	60	60	Great Britain
AEW GLOBAL ADVISORS (EUROPE) LTD	Asset Management	FC	100	100	100	100	Great Britain
AEW GLOBAL LTD	Asset Management	FC	60	60	60	60	Great Britain
AEW GLOBAL UK LTD	Asset Management	FC	60	60	60	60	Great Britain
AEW UK INVESTMENT MANAGEMENT LLP	Asset Management	Equity	50	30	50	30	Great Britain
H2O ASSET MANAGEMENT LLP	Asset Management	FC	50	50	50	50	Great Britain
H2O ASSET MANAGEMENT Corporate member	Asset Management	FC	50	50	50	50	Great Britain
LOOMIS SAYLES INVESTMENTS LTD (UK)	Asset Management	FC	100	100	100	100	Great Britain
NATIXIS INVESTMENT MANAGERS UK Ltd	Retail	FC	100	100	100	100	Great Britain
MIROVA-ALTHELIA LIMITED	Asset management	FC	51	51	51	51	Great Britain

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2018	12.31.2018 % Control	12.31.2018 % Ownership	12.31.2017 % Control	12.31.2017 % Ownership	Country
MV Credit Limited (y)	Asset Management	FC	100	100			Great Britain
MV Credit LLP (y)	Asset Management	FC	100	100			Great Britain
AEW ASIA LIMITED	Asset Management	FC	100	100	100	100	Hong Kong
NATIXIS INVESTMENT MANAGERS HONG KONG LIMITED	Asset Management	FC	100	100	100	100	Hong Kong
PURPLE FINANCE CLO 1 (q)	Securitization vehicle	FC	89	89	100	100	Ireland
ASAHI NVEST INVESTMENT ADVISORY CO, LTD	Retail	Equity	49	49	49	49	Japan
NATIXIS INVESTMENT MANAGERS JAPAN CO., LTD	Asset Management	FC	100	100	100	100	Japan
AEW EUROPE SARL (formerly AEW Luxembourg)	Asset Management	FC	60	60	60	60	Luxembourg
AEW Europe Global LUX	Asset Management	FC	100	60	100	60	Luxembourg
H2O ASSET MANAGEMENT HOLDING	Asset Management	FC	50	50	50	50	Luxembourg
KENNEDY FINANCEMENT Luxembourg	Investment company – Asset Management	FC	100	100	100	100	Luxembourg
KENNEDY FINANCEMENT Luxembourg 2	Central corporate treasury – Asset Management	FC	100	100	100	100	Luxembourg
NATIXIS INVESTMENT MANAGERS S.A.	Retail	FC	100	100	100	100	Luxembourg
DNCA Luxembourg (p)	Asset Management	FC	92	82	83	72	Luxembourg
ASG MANAGED FUTURES (w)	Asset Management	FC	25	25	53	53	Luxembourg
DNCA ARCHER MID-CAP EUROPE (w)	Asset Management	FC	24	24	35	35	Luxembourg
Ostrum Multi Asset Global Income (z)	Asset Management	FC	58	58			Luxembourg
MV Credit SARL (y)	Asset Management	FC	100	100			Luxembourg
Natixis IM Mexico, S. de R.L de C.V.	Asset management	FC	100	100	100	100	Mexico
AEW CENTRAL EUROPE	Asset Management	FC	60	60	60	60	Poland
Ostrum AM Asia Ltd (formerly NAM Asia Ltd)*	Asset Management	FC	100	100	100	100	Singapore
AEW Asia Pte Ltd	Asset Management	FC	100	100	100	100	Singapore
LOOMIS SAYLES INVESTMENTS ASIA Pte Ltd	Asset Management	FC	100	100	100	100	Singapore
EURO PRIVATE EQUITY (aa)	Asset Management	FC	100	100	94	94	Switzerland
Natixis Investment Managers Switzerland Sarl	Asset Management	FC	100	100	100	100	Switzerland
NATIXIS INVESTMENT MANAGERS SECURITIES INVESTMENT CONSULTING Co. LTD	Asset Management	FC	100	100	100	100	Taiwan
Natixis Investment Managers Uruguay S.A.	Retail	FC	100	100	100	100	Uruguay
Natixis Investment Managers Korea Limited	Retail	FC	100	100	100	100	South Korea
BRANCHES							
AEW Central Europe Czech	Retail	FC	60	60	60	60	Czech Republic
AEW Central Europe Romania	Retail	FC	60	60	60	60	Romania
AEW Ciloger Dependant Branch Germany (gg)	Retail				60	60	Germany
AEW Europe Italian Branch	Retail	FC	60	60	60	60	Italy
Natixis Investment Managers Distribution France (ff)	Retail				100	100	France
MIROVA-ALTHELIA LIMITED, French Branch	Asset management	FC	100	51	100	51	France
Natixis Investment Managers Middle East	Retail	FC	100	100	100	100	United Arab Emirates
Natixis Investment Managers, Nederlands	Retail	FC	100	100	100	100	Netherlands
Natixis Investment Managers, Nordics filial	Retail	FC	100	100	100	100	Sweden
Natixis Investment Managers S.A., Succursale italiana	Retail	FC	100	100	100	100	Italy
Natixis Investment Managers S.A., Zweignierderlaasung Deutschland	Retail	FC	100	100	100	100	Germany
Natixis Investment Managers, Sucursal en Espana	Retail	FC	100	100	100	100	Spain
DNCA Finance Milan branch (p)	Asset Management	FC	92	82	83	72	Italy
AEW Asia Limited Australian branch	Asset Management	FC	100	100	100	100	Australia
OTHER ENTITIES							
NATIXIS US HOLDINGS INC.	Holding company	FC	100	100	100	100	United States
PRIVATE EQUITY – THIRD PARTY ASSET MANAGEMENT							
NATIXIS PRIVATE EQUITY (f)	Private Equity	FC	100	100	100	100	France
DAHLIA A SICAR SCA (a) (f)	Private Equity	FC	100	100	100	100	Luxembourg
Wealth Management							
NATIXIS Wealth Management Luxembourg*	Bank	FC	100	100	100	100	Luxembourg
GROUPE Natixis Wealth Management							
Natixis Wealth Management**	Credit institution	FC	100	100	100	100	France
VEGA INVESTMENT MANAGERS	Mutual fund holding company	FC	100	100	100	100	France
1818 IMMOBILIER	Real estate operations	FC	100	100	100	100	France
SELECTION 1818** (cc)	Investment product distribution to IWMAs				100	100	France
INSURANCE							
ADIR	Property damage insurance	Equity	34	34	34	34	Lebanon

5

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2018	12.31.2018 % Control	12.31.2018 % Ownership	12.31.2017 % Control	12.31.2017 % Ownership	Country
REAUMUR ACTIONS (FORMERLY – ABP DIVERSIFIÉ) [(a)]	Insurance investment mutual fund	FC	100	100	100	100	France
Ostrum Ultra Short Term Bonds Plus SI (C) EUR [(a)]*	Insurance investment mutual fund	FC	31	31	39	39	France
BPCE IARD (formerly ASSURANCES BANQUE POPULAIRE IARD)	Property damage insurance	Equity	50	50	50	50	France
BPCE Prévoyance (formerly – ABP PRÉVOYANCE)	Personal protection insurance	FC	100	100	100	100	France
BPCE VIE (formerly – ABP VIE)	Insurance	FC	100	100	100	100	France
FRUCTIFONCIER [(a)]	Insurance real estate investments	FC	100	100	100	100	France
NAMI INVESTMENT [(a)]	Insurance real estate investments	FC	100	100	100	100	France
SCPI FRUCTIFONDS IMMOBILIER	Insurance real estate investments	FC	51	51	45	45	France
NATIXIS ASSURANCES	Insurance company holding company	FC	100	100	100	100	France
NATIXIS LIFE	Life insurance	FC	100	100	100	100	Luxembourg
ECUREUIL VIE DÉVELOPPEMENT	Insurance	Equity	51	51	51	51	France
BPCE RELATION ASSURANCES	Service provider	FC	100	100	100	100	France
FRUCTIFONDS PROFIL 6	Insurance investment mutual fund	FC	73	73	78	78	France
FRUCTIFONDS PROFIL 9	Insurance investment mutual fund	FC	84	84	85	85	France
BPCE ASSURANCES	Insurance company	FC	100	100	100	100	France
BPCE APS	Service provider	FC	53	53	50	50	France
AAA ACTIONS AGRO ALIMENTAIRE	Insurance investment mutual fund	FC	40	40	40	40	France
ABP VIE MANDAT FPCI	Private Equity fund	FC	100	100	100	100	France
Fonds TULIP [(z)]	Insurance investments (Securitization funds)	FC	100	100			Netherlands
OPCI FRANCEUROPE IMMO	Insurance investment mutual fund	FC	55	55	63	63	France
SELECTIZ	Insurance investment mutual fund	FC	53	53	47	47	France
SCI DUO PARIS	Real estate management	Equity	50	50	50	50	France
SELECTION PROTECTION 85	Insurance investment mutual fund	FC	27	27	27	27	France
SELECTIZ PLUS FCP 4DEC	Insurance investment mutual fund	FC	50	50	45	45	France
ALLOCATION PILOTÉE ÉQUILIBRE C [(m)]	Insurance investment mutual fund	FC	38	38			France
MIROVA EUROPE ENVIRONNEMENT C [(ee)]	Insurance investment mutual fund	FC	30	30			France
BRANCHES							
NATIXIS LIFE	Life insurance	FC	100	100	100	100	France
SPECIALIZED FINANCIAL SERVICES							
Consumer finance							
NATIXIS FINANCEMENT** [(j)]	Consumer finance	FC	100	100	100	100	France
FCT PUMACC [(a)(j)]	Consumer credit securitization vehicle	FC	100	100	100	100	France
Film industry financing							
NATIXIS COFICINE** [(s)]	Finance company (audiovisual)	FC	91	91	96	96	France
Factoring							
NATIXIS FACTOR** [(j)]	Factoring	FC	100	100	100	100	France
Midt factoring A/S [(j)]	Factoring	FC	100	100	100	100	Denmark
Employee Savings Schemes							
NATIXIS INTERÉPARGNE**	Employee savings plan management	FC	100	100	100	100	France
Guarantees and Sureties							
COMPAGNIE EUROPÉENNE DE GARANTIES ET CAUTIONS [(j)]	Insurance	FC	100	100	100	100	France
Payments							
NATIXIS PAYMENT SOLUTIONS**	Banking services	FC	100	100	100	100	France
NATIXIS PAIEMENT HOLDING	Holding company	FC	100	100	100	100	France
ALTER CE (COMITEO) [(h)]	Online service for Central works councils	FC	70	70			France
S-MONEY	Payment services	FC	100	100	100	100	France
LAKOOZ [(b)]	Payment services	FC	96	96	100	100	France
PAYPLUG [(g)]	Payment services	FC	84	84	79	79	France
NATIXIS INTERTITRES	Service vouchers offers	FC	100	100	100	100	France
Dalenys group							
DALENYS S.A.	Holding company	FC	100	100	61	54	Belgium

Business lines		Consolidation	12.31.2018		12.31.2017		
			%		%		
Consolidated subsidiaries	Activity	method at December 31, 2018	Control	Ownership	Control	Ownership	Country
RENTABILIWEB INTERNATIONAL	Holding company	FC	100	100	100	54	Netherlands
RENTABILIWEB FINANCE	Holding company	FC	100	100	100	54	Netherlands
DALENYS PAYMENT	Payment services	FC	100	100	100	54	France
RENTABILIWEB SERVICES	Internal services provider	FC	100	100	100	54	France
RENTABILIWEB MARKETING	Online service	FC	100	100	100	54	France
RENTABILIWEB TECHNOLOGIES	Online service	FC	100	100	100	54	France
RECOMMERCE	Online service	FC	100	100	100	54	France
RENTABILIWEB	Online service	FC	100	100	100	54	Romania
Lease financing							
CO-ASSUR [jj]	Insurance brokerage advisory	FC	100	100	100	100	France
CICOBAIL** [jj]	Real-estate leasing	FC	100	100	100	100	France
NATIXIS LEASE IMMO** [jj]	Real-estate leasing	FC	100	100	100	100	France
LEASE EXPANSION [jj]	IT operational leasing	FC	100	100	100	100	France
NATIXIS BAIL** [jj]	Real-estate leasing	FC	100	100	100	100	France
NATIXIS ENERGECO** [jj]	Equipment leasing	FC	100	100	100	100	France
NATIXIS LEASE** [jj]	Equipment leasing	FC	100	100	100	100	France
NATIXIS LEASE MADRID [jj]	Equipment and real estate leasing	FC	100	100	100	100	Spain
NATIXIS LEASE MILAN [jj]	Equipment and real estate leasing	FC	100	100	100	100	Italy
NATIXIS LLD [jj]	Extended period vehicle rental	FC	100	100	100	100	France
OPCI NATIXIS LEASE INVESTMENT [a] [x]	Real estate funds				100	100	France
OCEOR LEASE TAHITI** [jj]	Equipment leasing	FC	100	100	100	100	French Polynesia
OCEOR LEASE NOUMEA** [jj]	Equipment leasing	FC	100	99	100	99	New Caledonia
OCEOR LEASE REUNION** [jj]	Equipment leasing	FC	100	100	100	100	France
NATIXIS CAR LEASE [jj]	Extended period vehicle rental	FC	100	100	100	100	France
SUD OUEST BAIL** [jj]	Real-estate leasing	FC	100	100	100	100	France
SAS IMMOBILIÈRE NATIXIS BAIL [a] [jj]	Real-estate leasing	FC	100	100	100	100	France
BATI LEASE [jj]	Real-estate leasing	FC	97	97	97	97	France
INTER-COOP [jj]	Real-estate leasing	FC	100	100	100	100	France
Naléa [a]	Securitization vehicle	FC	100	100	100	100	France
COFACE							
COFACE GROUP							
Coface S.A.	Holding company	FC	42	42	41	41	France
COFACE EUROPE	Credit insurance and related services	FC	42	42	41	41	France
COFACE RE	Reinsurance	FC	42	42	41	41	Switzerland
BUSINESS DATA INFORMATION	Marketing and other services	FC	42	42	41	41	Israel
COFACE BELGIUM SERVICES	Business and solvency data	FC	42	42	41	41	Belgium
COFACE CHILE S.A.	Insurance	FC	42	42	41	41	Chile
COFACE DEBITOREN	Receivables management and data	FC	42	42	41	41	Germany
COFACE DO BRASIL SEGUROS DECREDITO	Credit insurance and related services	FC	42	42	41	41	Brazil
COFACE FINANZ	Factoring	FC	42	42	41	41	Germany
COFACE HOLDING AMERICA LATINA	Financial data	FC	42	42	41	41	Mexico
COFACE HOLDING ISRAEL	Holding company	FC	42	42	41	41	Israel
COFACE ITALIA	Holding company	FC	42	42	41	41	Italy
COFACE NEDERLAND SERVICES	Receivables management and data	FC	42	42	41	41	Netherlands
COFACE NORTH AMERICA	Credit insurance and related services	FC	42	42	41	41	United States
COFACE NORTH AMERICA HOLDING COMPANY	Holding company	FC	42	42	41	41	United States
COFACE NORTH AMERICA INSURANCE COMPANY	Credit insurance and related services	FC	42	42	41	41	United States
COFACE POLAND CMS	Financial data	FC	42	42	41	41	Poland
COFACE POLAND FACTORING	Factoring	FC	42	42	41	41	Poland
COFACE SERVICES AUSTRIA	Receivables management and data	FC	42	42	41	41	Austria
COFACE SERVICES NORTH AMERICA GROUP	Holding company	FC	42	42	41	41	United States
COFACE SERVICIOS ESPANA S.L.	Receivables management and data	FC	42	42	41	41	Spain
COFACE UK HOLDING	Holding company	FC	42	42	41	41	Great Britain
COFACE ROMANIA CMS	Insurance	FC	42	42	41	41	Romania
COFACE RUS INSURANCE COMPANY	Credit insurance	FC	42	42	41	41	Russia
COFACE SEGURO DE CREDITO MEXICO	Insurance	FC	42	42	41	41	Mexico

Business lines / Consolidated subsidiaries	Activity	Consolidation method at December 31, 2018	12.31.2018 % Control	12.31.2018 % Ownership	12.31.2017 % Control	12.31.2017 % Ownership	Country
COFACE SIGORTA TURQUIE	Insurance	FC	42	42	41	41	Turkey
COFACE SOUTH AFRICA	Insurance	FC	42	42	41	41	South Africa
COFACE SOUTH AFRICA SERVICES	Insurance	FC	42	42	41	41	South Africa
COFACE UK SERVICES LTD	Receivables management and data	FC	42	42	41	41	Great Britain
COFACERATING HOLDING	Receivables management and data	FC	42	42	41	41	Germany
COFACERATING.DE	Receivables management and data	FC	42	42	41	41	Germany
COFACREDIT [n]	Credit insurance and related services				15	15	France
COFINPAR	Credit insurance and related services	FC	42	42	41	41	France
COGERI	Receivables management and data	FC	42	42	41	41	France
FIMIPAR**	Buyback of receivables	FC	42	42	41	41	France
COFACE CENTRAL EUROPE HOLDING	Holding company	FC	42	42	41	41	Austria
Kisselberg	Insurance	FC	42	42	41	41	Germany
Fonds Colombes	Mutual fund investments	FC	42	42	41	41	France
Fonds Lausanne	Mutual fund investments	FC	42	42	41	41	Switzerland
SEGURO BRASILEIRA C.E	Credit insurance and related services	FC	42	32	41	31	Brazil
FCT VEGA	Securitization fund	FC	42	42	41	41	France
BRANCHES							
COFACE SVERIGE – BRANCH (COFACE KREDIT)	Insurance	FC	42	42	41	41	Sweden
COFACE IRELAND – BRANCH (COFACE EUROPE)	Credit insurance and related services	FC	42	42	41	41	Ireland
COFACE UK – BRANCH (COFACE EUROPE)	Credit insurance and related services	FC	42	42	41	41	Great Britain
COFACE BELGIUM – BRANCH (COFACE EUROPE)	Credit insurance and related services	FC	42	42	41	41	Belgium
COFACE LUXEMBOURG (BRANCH-COFACE Europe)	Credit insurance and related services	FC	42	42	41	41	Luxembourg
COFACE PORTUGAL – BRANCH (COFACE EUROPE)	Credit insurance and related services	FC	42	42	41	41	Portugal
COFACE IBERICA – BRANCH (COFACE EUROPE)	Credit insurance and related services	FC	42	42	41	41	Spain
COFACE SWITZERLAND – BRANCH (COFACE EUROPE)	Insurance	FC	42	42	41	41	Switzerland
COFACE ISRAEL	Credit insurance	FC	42	42	41	41	Israel
COFACE NEDERLAND – BRANCH (COFACE KREDIT)	Insurance	FC	42	42	41	41	Netherlands
COFACE DANMARK – BRANCH (COFACE KREDIT)	Insurance	FC	42	42	41	41	Denmark
COFACE ARGENTINA – BRANCH (COFACE EUROPE)	Credit insurance and related services	FC	42	42	41	41	Argentina
COFACE CHILE – BRANCH (COFACE EUROPE)	Credit insurance and related services	FC	42	42	41	41	Chile
COFACE CANADA – BRANCH (COFACE EUROPE)	Credit insurance and related services	FC	42	42	41	41	Canada
COFACE HUNGARY – BRANCH (COFACE AUSTRIA)	Insurance	FC	42	42	41	41	Hungary
COFACE POLAND – BRANCH (COFACE AUSTRIA)	Insurance	FC	42	42	41	41	Poland
LEID – BRANCH (COFACE AUSTRIA)	Insurance	FC	42	42	41	41	Lithuania
COFACE ROMANIA INSURANCE – BRANCH (COFACE AUSTRIA)	Insurance	FC	42	42	41	41	Romania
COFACE TECHNOLOGIE – ROMANIA [c]	Data services	FC	42	42			Romania
COFACE CZECH INSURANCE – BRANCH (COFACE AUSTRIA)	Insurance	FC	42	42	41	41	Czech Republic
COFACE SLOVAKIA INSURANCE – BRANCH (COFACE AUSTRIA)	Insurance	FC	42	42	41	41	Slovakia
COFACE LATVIA INSURANCE – BRANCH (COFACE AUSTRIA)	Insurance	FC	42	42	41	41	Latvia
COFACE JAPAN – BRANCH (COFACE EUROPE)	Credit insurance and related services	FC	42	42	41	41	Japan
COFACE SINGAPORE – BRANCH (COFACE EUROPE)	Credit insurance and related services	FC	42	42	41	41	Singapore
COFACE HONG KONG -BRANCH (COFACE EUROPE)	Credit insurance and related services	FC	42	42	41	41	Hong Kong
COFACE ECUADOR (BRANCH-COFACE EUROPE)	Credit insurance and related services	FC	42	42	41	41	Ecuador
COFACE AUSTRALIA (BRANCH-COFACE EUROPE)	Credit insurance and related services	FC	42	42	41	41	Australia
COFACE TAIWAN (BRANCH – COFACE EUROPE)	Credit insurance and related services	FC	42	42	41	41	Taiwan
COFACE BULGARIA (Branch)	Insurance	FC	42	42	41	41	Bulgaria
COFACE ASSICURAZIONI SPA	Credit insurance and related services	FC	42	42	41	41	Italy

Business lines / Consolidated subsidiaries	Activity	Consolidation method at December 31, 2018	12.31.2018 % Control	12.31.2018 % Ownership	12.31.2017 % Control	12.31.2017 % Ownership	Country
COFACE AUSTRIA	Holding company	FC	42	42	41	41	Austria
COFACE DEUTSCHLAND	Credit insurance and related services	FC	42	42	41	41	Germany
CORPORATE CENTER							
Private Equity							
NATIXIS INVESTMENT CORP.	Portfolio management	FC	100	100	100	100	United States
NATIXIS PRIVATE EQUITY INTERNATIONAL Luxembourg [(d)]	Holding company Financial investments				100	100	Luxembourg
Corporate Data Solutions							
Other							
NATIXIS ALGÉRIE	Bank	FC	100	100	100	100	Algeria
NATIXIS ALTAIR IT SHARED SERVICES [(k)]	Data services				100	100	France
S.C.I. ALTAIR 1 [(a)]	Real estate operations	FC	100	100	100	100	France
S.C.I. ALTAIR 2 [(a)]	Real estate operations	FC	100	100	100	100	France
NATIXIS IMMO EXPLOITATION [(a)]	Real estate operations	FC	100	100	100	100	France
BPCE IMMOBILIER EXPLOITATION [(o)]	Real estate operations						France
FONCIÈRE KUPKA [(a)]	Real estate operations	FC	100	100	100	100	France
NATIXIS FONCIÈRE S.A. (formerly – SPAFICA) [(a)]	Real estate investments	FC	100	100	100	100	France

* Change in registered company name in 2018.
** French subsidiaries whose individual prudential oversight is performed based on Group consolidated ratios in accordance with the provisions of regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013 relative to regulatory requirements applicable to credit institutions and investment firms.
(a) Structured entity.
(b) Diluted during the first quarter of 2018 following a capital increase reserved for the founders and the implementation of a bonus share allocation for the founders.
(c) Branch newly consolidated in the first quarter of 2018.
(d) Entity deconsolidated as of January 1, 2018 as the percentage interest fell below eligible levels.
(e) Entity consolidated in the first quarter of 2018 after the percentage interest rose above eligible levels.
(f) NIM bought back the NPE securities held by Natixis S.A. on 01.01.2018. As DAHLIA A SICAR SCA is owned by NPE, it will now be consolidated under NIM.
(g) An additional 5.18% investment in Payplug was completed on 04.17.2018
(h) A 70% stake in Comiteo was acquired on 04.18.2018.
(i) Newly consolidated in the second quarter of 2018 following Investima 77's acquisition of Vermilion Partners on 04.16.2018
(j) Newly consolidated in the second quarter of 2018 following Natixis Alternative Holding Limited's acquisition of Fenchurch Partners LLP.
(k) Business activities of the entity taken over by Natixis S.A. on 04.03.2018.
(l) Entity liquidated in the second quarter of 2018.
(m) Entity consolidated in the second quarter of 2018 after the percentage interest rose above eligible levels.
(n) Entity disposed of on June 22, 2018.
(o) Entity acquired on June 26, 2018 and its activity transferred to Natixis Immo Exploitation effective October 1, 2018.
(p) The ownership interest increased from 72% to 82% after Société de Cadres' percentage interest in DNCA Finance rose from 6% to 9% on January 1, 2018 and some of the put options held by managers at DNCA Finance were exercised in the second and third quarters.
(q) The ownership interest decreased from 100% to 89% after 11% of the fund's equity was sold to outside investors.
(r) The ownership interest increased from 55% to 73% following the buyout of shares from a manager who left the Company in the first quarter of 2018.
(s) Ownership interest decreased in the second quarter of 2018 following the implementation of a bonus share allocation for the Company director.
(t) Ownership interest increased in the second quarter of 2018 following a buyback of the Company directors' shares.
(u) Fund units subscribed on April 3, 2018.
(v) The ownership interest increased from 42% to 72% after some of the put options held by managers at DNCA Management were exercised in the second and third quarters.
(w) The change in the net book value of consolidated UCITS and seed money investments resulted in changes in percentage interests over the period, albeit without affecting the principle behind fund consolidation (maintenance of the percentage interest above eligible thresholds).
(x) Total transfer of assets and liabilities of the Natixis Lease Investment real estate CIU by Natixis Bail in the third quarter of 2018.
(y) Acquisition by NIM in the third quarter of 2018 of the MV Credit group, an asset manager specialized in European private debt.
(z) Entity consolidated in the third quarter of 2018 after the percentage interest rose above eligible levels.
(aa) The ownership interest increased from 94% to 100% following the exercising of the last put options held by the structure's managers in the third quarter of 2018.
(bb) Entity disposed of on November 8, 2018.
(cc) Entity disposed of on November 23, 2018.
(dd) In the fourth quarter of 2018, the three funds AEW Partners III, AEW VIF Investors and AEW VIF Investors II, used for fund management, were liquidated (non-operational shell structures).
(ee) Consolidated in the fourth quarter of 2018 after the percentage interest rose above eligible levels.
(ff) Changes to the consolidation scope in the fourth quarter of 2018 as part of Natixis Investment Managers' reorganization of its investment and distribution activities in Europe.
(gg) In the fourth quarter of 2018, AEW Ciloger Dependant Branch's activity was transferred to the new subsidiary AEW Invest Gmbh.
(hh) In the fourth quarter of 2018, Natixis IM sold part of its securities to the structure's management as part of the reorganization of Seventure's share ownership.
(ii) As part of the reorganization of Ossiam's share ownership, the management increased its stake in the structure in the fourth quarter of 2018, reducing Natixis IM's ownership percentage to 75%.
(jj) Entities treated under IFRS 5 at December 31, 2018.

19.1 Non-consolidated entities at December 31, 2018

Information on entities that are exclusively controlled, jointly controlled or significantly influenced, and controlled structured entities that are not included in the consolidation scope, are available on the Natixis website at:

https://www.natixis.com/natixis/jcms/ala_5507/en/regulated-information-in-france

19.2 Non-consolidated investments at December 31, 2018

Non-consolidated investments at December 31, 2018 representing 10% or more of the capital with a net carrying amount of €5 million or more:

Entities	Country	Share of equity held [(a)]	Amount in shareholders' equity *(in millions of euros)* [(b)]	Amount of income *(in millions of euros)* [(b)]
CE Développement	France	15%	93	0
EFG—Hermes Holding	Egypt	13%	680	60

(a) Directly or indirectly.

(b) Information on equity and income is that of the last fiscal year as adopted by the General Shareholders' Meeting (December 31, 2017).

5.2 Statutory Auditors' report on the consolidated financial statements

Fiscal year ended December 31, 2018

To the General Shareholders' Meeting

OPINION

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we carried out the audit of the Natixis Group's consolidated financial statements for the year ended December 31, 2018, as appended to this report.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2018 and of the results of its operations for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Statutory Auditors' responsibilities for the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from January 1, 2018 to the date of our report and in particular we did not provide any services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014 or under the French Code of Ethics (*code de déontologie*) for statutory auditors.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the fiscal year that are not disclosed in the management report or the notes to the consolidated financial statements are as follows:

- PricewaterhouseCoopers Audit: the main engagements conducted in fiscal year 2018 concerned certification, comfort letters issued in connection with issuance programs, reviews of compliance procedures and services provided as part of restructuring measures.
- Deloitte & Associés: the main engagements conducted in fiscal year 2018 concerned reviews of reporting compliance, either as required by regulations or requested by the regulators, the independent third-party body engagement on the CSR information in the management report, comfort letters issued in connection with issuance programs and certification.

Observation

Without prejudice to the opinion expressed above, we draw your attention to the first-time application of IFRS 9 "Financial instruments" presented in Note 1 "Impact of the first-time application of IFRS 9 as of January 1, 2018" and in Note 2 "Basis of presentation" to the consolidated financial statements.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Impact of the first-time application of IFRS 9 as of January 1, 2018

Risk identified and main judgments

The application of IFRS 9 "Financial instruments" as of January 1, 2018 introduced significant changes in the rules for the classification and measurement as well as the impairment of financial assets, generating financial and operational impacts.

Classification and measurement

According to IFRS 9, the classification of a financial asset is based on the business model (collection, sale or mixed model) and the characteristics of contractual cash flows. Depending on the business model applied and the characteristics of its cash flows, as well as the type of model (debt or equity instruments), the financial asset is measured either at amortized cost or at fair value through other comprehensive income or profit or loss. In light of these criteria, financial instruments were analyzed as of January 1, 2018 in order to classify and measure them according to the procedures provided for by this new standard.

Impairment for expected credit losses (stages 1 and 2)

In addition to the impairment procedures for known credit risk (stage 3), the new impairment rules for expected losses require the recognition of estimated provisions as follows:

- Stage 1 incorporating a 12-month expected loss based on the initial recognition of a financial asset;
- Stage 2 incorporating an expected loss at maturity, in the event of a significant deterioration in the credit risk since the initial recognition.

Estimating these expected credit losses requires a significant degree of judgment, in particular to define:

- Certain input for the calculation of expected credit losses, in particular the Probability of Default and Loss Given Default. This input is established on the basis of models developed internally, taking into account specific sector characteristics;
- Credit risk deterioration criteria;
- The procedures for taking account of macro-economic projections both in the deterioration criteria and in the measurement of expected losses.

We considered the impact of the first-time application of IFRS 9 as at January 1, 2018 to be a key audit matter due to the scope of this new standard, the complexity of its implementation and the significant role of judgment in the estimate of expected losses.

The impact of the first-time application of IFRS 9 as at January 1, 2018 is presented in detail in Note 1 to the consolidated financial statements. The impact of the first-time application of IFRS 9 on opening equity totaled €132 million after the impact of deferred tax, including €125 million related to the implementation of the new impairment model (negative impacts). For more information, please see Notes 6.1 and 6.3 to the consolidated financial statements.

Our audit approach

Classification and measurement

Our main work on first-time application impacts consisted in:

- Reviewing the accounting principles defined by the Group and evaluating their compliance with provisions set out in IFRS 9;
- Verifying the comprehensiveness of the analysis carried out by Natixis to determine the classification of financial assets;
- Testing, based on a sample of contracts, the analyses carried out by the Group of contractual cash flows and business models.

Impairment for expected credit losses (stages 1 and 2)

Our work mainly consisted, together with our credit risk experts, in:

Reviewing methodologies used by Natixis to estimate expected credit losses (credit risk deterioration criteria, input for the calculation of expected credit losses and procedures for establishing macro-economic projections) and verifying that they have been established in compliance with the provisions set out in IFRS 9;

Reviewing the work and conclusions of the Risk division relating to the internal validation of IFRS 9 impairment models;

Performing counter calculations based on a sample of portfolios.

Our information system and data analysis specialists have taken note of the IT system introduced by Natixis to collect, process and control IFRS 9-related data, as well as the general IT controls rolled out within IFRS 9 applications.

Our work also consisted in verifying the information provided in the Notes to the consolidated financial statements relating to the first-time application of IFRS 9.

Impairment of loans and receivables (stages 1, 2 and 3)

Risk identified and main judgments

As part of its financing activities, Natixis Group is exposed to credit and counterparty risks.

In accordance with the "impairment" component of IFRS 9, the Group recognizes impairment and provisions to cover expected loss risks (stage 1 and 2 outstandings) or known loss risks (stage 3 outstandings).

Impairment for expected credit losses (stage 1 and 2) is mainly determined based on models developed by Natixis which includes various input including probability of default, loss given default, forward-looking information, etc.

Outstanding loans bearing a known counterparty risk (stage 3) are the subject of impairments determined essentially on an individual basis. These impairments are determined by management which takes into account estimated recoverable future cash flows.

We considered these impairments to be a key audit matter as it is an area where judgment plays a significant role in the preparation of the financial statements both in terms of the determination of the inputs and procedures for impairment calculations in respect of outstandings in stages 1 and 2 and in the assessment of the individual provisioning level of outstanding loans in stage 3.

Net exposure to credit and counterparty risk totaled €187,172 million at December 31, 2018 including €96,564 million in respect of loans and receivables. Impairment for expected credit losses stood at €1,289 million at December 31, 2018.

Please refer to Notes 6.1, 6.2, 6.3, 6.21, 6.23, 7.8, 8.6, 8.17 and 11.2 to the consolidated financial statements for more details.

Our audit approach

Impairment of outstanding loans in stages 1 and 2

In line with the due diligence procedures in respect of the first-time application of IFRS 9, our work consisted primarily in:

- Taking note of and evaluating the internal control system governing the definition and validation of impairment models and input used to calculate this impairment.
- Assessing the relevance of these inputs used for the calculation of impairments as at December 31, 2018;
- Performing counter calculations on the main loan books;

Impairment of outstanding loans in stage 3

We evaluated the design and tested the effectiveness of the key controls put in place by the Natixis Group in particular those related to:

- The identification of impairment indicators (such as past-due payments) and the counterparty rating process;
- The classification of exposures in stage 3;
- The monitoring of guarantees, their analysis and their valuation;
- The determination of individual impairment losses and the associated governance and validation system.

In addition, we carried out a credit review, based on a sample of files selected on the basis of materiality and risk criteria, in which we:

- Took note of the latest available information on the situation of counterparties whose risk has deteriorated significantly.
- Performed independent analyses of the assumptions used and the estimates of provisions approved by management based on information provided by the institution and external data;
- Verified that estimated impairment allowances were correctly recognized.

We also assessed the information presented in detail in the notes to the consolidated financial statements and required by IFRS 9 in respect of the "impairment" component, as at December 31, 2018.

Provisions for legal and compliance risks

Risk identified and main judgments	Our audit approach
The Natixis Group is involved in litigation before the courts and is the subject of investigations and requests for information from regulatory and tax authorities in different jurisdictions. The assessment of the resulting legal and compliance (including tax) risks reflects management's estimates as of the reporting date. The recognition of a provision and determination of its amount as well as the financial information disclosed require, by their very nature, the exercise of judgment, not least because of the difficulty of estimating the outcome and financial consequences of ongoing proceedings. We therefore considered provisions for legal and compliance risks to be a key audit matter given the sensitivity of these provisions to the assumptions and options adopted by management. Provisions for litigation amounted to €768 million at December 31, 2018. Please refer to Notes 6.23, 7.8, 7.10 and 8.17 to the consolidated financial statements for more details.	We examined the identification, assessment and provisioning arrangements for legal and compliance risks. We took note of the status of ongoing proceedings and the main risks identified by the Natixis Group, mainly through regular discussions with management (and more specifically Natixis S.A.'s legal, compliance and tax departments) and by reviewing the documentation made available to us. Our work also involved assessing the reasonableness of the assumptions and data used by management to estimate the amount of provisions recognized at the reporting date. In particular, we engaged tax law specialists to conduct a critical review of analyses of the tax risks identified by Natixis and the related provisions. We also carried out confirmation procedures with the Group’s legal advisors regarding ongoing proceedings. Finally, we checked that the provisions thus measured were correctly recognized and verified the related disclosures in the notes to the consolidated financial statements.

Assessment of complex derivative financial instruments

Risk identified and main judgments

As part of its Corporate & Investment Banking activity, the Natixis Group holds on its balance sheet a significant portion of complex derivative financial instruments recognized at fair value.

The determination of the fair value of some these derivative financial instruments is based on valuation techniques that include a significant amount of judgment in the choice of methodologies and data used:

- use of adequate internal valuation models;
- determination of valuation inputs unobservable on the market;
- estimation of additional valuation adjustments, to reflect certain market, counterparty or liquidity risks.

We deemed the assessment of complex derivative financial instruments, and in particular those classified in fair value Levels 2 and 3, to be a key audit matter due to:

- the material nature of the exposures and the use of judgment in determining fair value; and
- specific valuation adjustments recognized by Natixis in 2018 on certain products marketed in Asia where the business model used led to the introduction of a hedging strategy that proved to be inadequate in the market conditions in 2018.

At December 31, 2018, Level 2 financial instruments represented assets of €174,251 million and liabilities of €179,846 million. At December 31, 2018, Level 3 financial instruments represented assets of €6,975 million and liabilities of €3,415 million.

For more details, please refer to the paragraph on Key Events as well as to Notes 6.6, 6.23, 8.5 and 8.7 to the consolidated financial statements.

Our audit approach

We examined the internal control procedures and systems for the identification, valuation and accounting of complex derivative financial instruments, in particular those classified in Levels 2 and 3.

We tested the relevant control to our audit, including those relating to:

- the validation and periodic review, by the Risk division, of valuation models;
- the independent verification of valuation inputs;
- the determination of the main valuation adjustments;
- the classification of instruments according to fair value levels.

We carried out these checks with the assistance of our valuation experts, with whom we also carried out independent valuations by examining, based on samples, the assumptions, methodologies and models used to estimate valuations. For 2018, this work focused on the valuation adjustments recognized by Natixis on certain products marketed in Asia.

We also examined, on a sample basis, any variances in margin calls with Natixis' market counterparties, which helped us assess the appropriateness of the valuations.

Insurance technical reserves

Risk identified and main judgments

As part of its insurance business, the Natixis Group recognizes technical reserves that represent its commitments towards policy holders.

We considered the valuation of these reserves to be a key audit matter insofar as they represent a significant amount in the Group's accounts and since some of these reserves require the exercise of judgment in determining the assumptions (e.g. experience tables and behavioral statistics) or calculation models used.

Insurance companies' technical reserves amounted to €79,732 million at December 31, 2018. Please refer to Notes 6.23, 9.2.5, 9.5 and 10.6.2 to the consolidated financial statements for more details.

Our audit approach

We used the actuarial specialists within our firms to assist us in auditing these items.

The main audit procedures applied included, depending on the type of risks covered by the reserves:

- obtain an understanding of the general conditions relating to insurance contracts marketed by the group;
- assessing the methods and assumptions used to calculate those reserves, including their consistency with applicable regulations, market practices and economic and financial conditions;
- testing, on the basis of accounting reconciliations, recurrence tests, or surveys, the reliability of information relating to insurance contracts recorded in the management systems and used for the valuation of technical reserves;
- carrying out, based on a sample of policies, an independent recalculation of certain reserves;
- assessing calculation methods and the result of the liability adequacy test, as required under IFRS 4.

We also verified the information on insurance liabilities disclosed in the notes to the Group's consolidated financial statements.

Deferred tax assets related to tax loss carryforwards

Risk identified and main judgments

The Natixis Group recognizes deferred tax assets at the reporting date in respect of tax loss carryforwards when it is considered likely that the tax entity concerned will have future taxable profits that tax loss carryforwards may be set off against, within a certain timeframe.

The estimate of the ability to generate future taxable profits within this period requires the exercise of judgment on the part of management, including in developing tax business plans, to justify the recognition of deferred tax assets.

We identified this subject as a key audit matter due to the sensitivity of deferred tax assets thus recognized to the assumptions and options adopted by management.

At December 31, 2018, €1,456 million was recognized on Natixis' consolidated balance sheet in respect of deferred tax assets, including €866 million in tax loss carryforwards. Please refer to Notes 6.20, 6.23, 7.10 and 8.8 to the consolidated financial statements for more details.

Our audit approach

We acquired information on how budgetary data is compiled to estimate future taxable profits and assessed the reliability of the process of drawing up the tax business plans that are the basis of our assessment of the probability of the Group recovering its deferred tax assets by:

- examining how the last business plan used as a basis of the estimates was developed and approved;
- checking projected results of previous years against the actual results for those years;
- assessing the reasonableness of the forecast assumptions and the inputs used by management to estimate future profits and the recoverability of recognized deferred tax assets, based on our experience and knowledge of the Group's activities and strategy.

With the help of our tax specialists we verified the appropriateness of the model adopted by management to identify existing tax loss carryforwards to be used, whether through deferred tax liabilities or future taxable profits.

Based on projections made by management, we carried out tests to check that deferred tax asset bases are properly calculated and that the right tax rates are used.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with applicable professional standards in France, the specific verifications required by law and regulations of information about the Group disclosed in your Board of Directors’ Management Report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We certify that the consolidated Non-Financial Performance Report provided for by Article L.225-102-1 of the French Commercial Code is included in the Management Report, it being specified that, in accordance with the provisions of Article L.823-10 of said code, we have not verified the information contained in this report with respect to its fair presentation or consistency with the consolidated financial statements and the information must be the subject of a report by an independent third body.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Natixis S.A. by the General Shareholders' Meetings held on May 24, 2016 in the case of PricewaterhouseCoopers Audit, and on June 16, 1998 in the case of Deloitte & Associés (taking into account the mergers of firms that have occurred since that date). The appointment was previously held by other entities of the Deloitte network for which the full history of appointments cannot be established.

As of December 31, 2018, PricewaterhouseCoopers Audit was in its third year of appointment without interruption. As of that date, the length of Deloitte & Associés' uninterrupted appointment was over 20 years, including 13 years since the combination of the Ixis business of the Caisse Nationale des Caisses d'Epargne (CNCE) and the Natexis Banques Populaires business of Banque Fédérale des Banques Populaires (BFBP), which on November 17, 2006 resulted in the incorporation of Natixis through the transfer of CNCE's subsidiary shares and equity investments to the Natexis Banques Populaires entity, which was renamed Natixis.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, the internal audit of procedures for preparing and processing accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Statutory Auditors’ responsibilities for the audit of the consolidated financial statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance on whether the consolidated financial statements as a whole are free of material misstatements. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains audit evidence regarding the financial information of persons or entities included in the scope of consolidation that he considers sufficient appropriate to express an opinion on the consolidated financial statements. The Statutory Auditor is responsible for the direction, supervision and completion of the audit of the consolidated financial statements as well as for the opinion expressed about those statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris La Défense, March 15, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Emmanuel Benoist	**Jean-Marc MICKELER**
	Charlotte VANDEPUTTE

5.3 Parent company financial statements and notes

NATIXIS COMPARATIVE SEPARATE BALANCE SHEETS

(in millions of euros)

See Note No.	Year ended December 31	2018	2017
	Assets		
3	Cash and balances with central banks	23,858	36,453
5	Government securities and equivalent	34,698	24,334
3	Advances to banks	84,302	98,612
4	*Customer transactions*	*125,963*	*112,390*
22	*o/w institutional operations:*	*839*	*779*
5	Bonds and other fixed-income securities	18,973	22,789
5	Shares and other variable-income securities	48,514	45,057
6	Investments in associates and other long-term investments	172	156
6	Investments in subsidiaries and affiliates	15,136	13,971
10	Intangible assets	99	106
10	Property, plant and equipment	152	137
	Capital subscribed not paid		
6	Treasury shares	35	28
11	Other assets	46,801	47,047
11	ACCRUAL ACCOUNTS	8,165	9,518
	Total assets	406,868	410,598

See Note No.	Off-balance sheet items – Commitments received	2018	2017
35	**Financing commitments**	**39,290**	**33,360**
	Commitments received from banks	29,047	19,868
	Commitments received from customers	10,243	13,492
35	**Guarantee commitments**	**8,743**	**7,056**
	Commitments received from banks	8,743	7,056
35	**Commitments on securities**	**8,212**	**10,231**
35	**Other commitments received**	**10,987**	**9,809**

(in millions of euros)

See Note No.	Year ended December 31	2018	2017
	Liabilities		
12	Due to central banks		
12	Due to banks	96,850	124,254
22	*o/w institutional operations:*	*46*	*46*
13	Customer transactions	113,291	108,125
22	*o/w institutional operations:*	*952*	*851*
14	Debt securities	50,260	44,433
15	Other liabilities	116,100	101,613
15	Accrual accounts	4,968	7,434
22	*o/w institutional operations:*	*1*	
16	Provisions for risks and other expenses	2,192	2,293
18	Subordinated debt	5,535	5,507
	Fund for general banking risks		
	Equity excluding fund for general banking risks	17,672	16,939
20	Subscribed capital	5,040	5,020
20	Issue premium	7,426	7,386
20	Reserves	1,745	1,746
19	Regulated provisions and investment subsidies	2	2
22	*o/w institutional operations:*	*2*	*2*
20	Retained earnings	1,625	1,107
	Net income	1,834	1,678
	TOTAL LIABILITIES	**406,868**	**410,598**

See Note No.	Off-balance sheet items – Commitments given	2018	2017
35	**Financing commitments**	**97,160**	**73,737**
	Commitments given to banks	26,943	19,093
	Commitments given to customers	70,217	54,644
35	**Guarantee commitments**	**41,837**	**39,260**
	Commitments given to banks	9,450	10,647
	Commitments given to customers	32,387	28,613
35	**Commitments on securities**	**8,758**	**10,332**
35	**Other commitments given**	**18,480**	**17,209**

NATIXIS COMPARATIVE SEPARATE INCOME STATEMENTS

(in millions of euros)

See Note No.	Year ended December 31	2018	2017
23	Interest and similar income	7,198	6,216
23	Interest and similar expenses	(6,444)	(5,314)
	Income from variable-income securities	1,500	744
24	Fee and commission income	990	907
	Fee and commission expenses	(631)	(378)
26	Net gains/(losses) on trading portfolio transactions	1,468	1,581
	Net gains/(losses) on transactions on securities held for sale	53	16
27	Other banking operating income	425	368
	Other banking operating expenses	(93)	(146)
	Net revenues	4,466	3,994
29	Operating expenses	(2,629)	(2,562)
	Payroll costs	(1,367)	(1,371)
	Other administrative expenses	(1,262)	(1,191)
	Write-down, amortization and impairment of property, plant and equipment and intangible assets	(77)	(78)
	Gross operating income	1,760	1,354
30	Cost of risk	(228)	(248)
	Operating income	1,532	1,106
31	Net gains/(losses) on fixed assets	33	317
	Income before tax	1,565	1,423
	Non-recurring income		
32	Income taxes	269	255
19	Funding/reversal of funding for general banking risks and regulated provisions	0	0
	INCOME/(LOSS) FOR THE YEAR	1,834	1,678

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING PRINCIPLES AND VALUATION METHODS

Natixis' separate financial statements have been prepared and are presented in accordance with regulation No. 2014-07 of the Autorité des Normes Comptables (ANC—French accounting standards authority) dated November 26, 2014 relating to the financial statements of companies in the banking sector and regulation No. 2014-03 (modified) relating to the French General Accounting Plan (PCG—Plan comptable général).

Financial statements for foreign subsidiaries, prepared in accordance with local rules, are restated in accordance with generally accepted accounting principles in France for the preparation of individual financial statements.

The financial statements for the fiscal year are presented in identical format to those for the previous fiscal year. Generally accepted accounting principles have been applied in compliance with the principle of prudence based on the following principles:

- going concern;
- consistency of accounting methods;
- principle of periodicity.

1. Advances to banks and customer loans

Advances to banks cover all receivables other than those represented by a security, held in connection with banking transactions with credit institutions, including subordinated loans and reverse repo stock and securities. They are broken down between demand loans and deposits and term loans and time deposits.

Customer loans comprise loans to economic operators other than banks, with the exceptions of those represented by a security, and reverse repo stock and securities. They are broken down by type of loan (current accounts overdrawn, commercial loans, cash loans, equipment loans, export credit, subordinated loans, etc.).

Accrued interest is credited to the corresponding receivables item on the income statement.

Fees earned on the granting or acquisition of loans, as well as marginal transaction costs, are recognized using the effective interest rate actuarial method over the effective life of the loan. Recognition is shown as net interest income in net revenues. Fees and transaction costs to be recognized are included in the relevant loan book.

Loans that have been granted on an irrevocable basis but have not yet given rise to any transfer of funds are included in off-balance sheet items under "Financing commitments given".

Performing and non-performing loans are identified separately.

Loans for which there is an identified credit risk, regardless of any guarantees, that makes it probable that Natixis will be unable to recover all or part of the amount owed by the counterparty under the terms and conditions of the loan agreement, are considered to be non-performing. This corresponds to loans for which an event of default as defined in Article 178 of the European regulation dated June 26, 2013 relating to prudential requirements applicable to credit institutions has been identified. In particular, loans that include payments over three months overdue are classified as non-performing loans.

When the initial payments of a loan turned non-performing become regular again, the loan in question can be reclassified as a performing loan.

Loans accelerated by the lender and loans classified among non-performing loans for more than one year for which a write-off is planned are deemed to be irrecoverable.

The reversal of the effect of discounting on impairments of non-performing loans associated with the passage of time is recognized under "Interest and similar expenses" on the income statement.

Specific case of receivables restructured due to the debtor's financial situation

Restructured loans correspond to loans with modified terms under which Natixis grants a concession to borrowers facing or likely to face financial difficulties. They are a combination of a concession granted by Natixis and financial difficulties experienced by the borrower.

The modified terms of restructured loans must put the borrower in a more favorable situation (e.g. suspension of interest or principal payment, extension of term, etc.) and are confirmed by the use of amendments that modify the terms of an existing contract or by the full or partial refinancing of an existing loan.

Financial difficulties are determined by observing a number of criteria such as amounts past due for over 30 days or an at risk rating. The restructuring of a loan does not necessarily result in the counterparty being classified in the Basel default category, as the financial difficulty is addressed before the counterparty is downgraded into the Basel default category.

Specific impairments and provisions

Where there is a risk of partial or total non-recovery of loans or of borrowers breaching their covenants, impairment charges (for non-performing loans) or provisions (for off-balance sheet commitments) corresponding to the amount of the probable loss are recognized on the income statement under "Provision for credit losses". These impairments and provisions are assessed quarterly on a case-by-case basis taking into account an analysis of the risk and available collateral.

Interest corresponding to the remuneration of impaired loans and receivables or to the reversal of the effect of discounting is recognized as interest income.

Impairment losses are calculated as the difference between the gross carrying amount of the receivable and the amounts thought to be recoverable (including flows from the realization of guarantees), discounted at the original effective interest rate for fixed-rate receivables or at the last effective interest rate determined according to the contractual terms for variable-rate receivables.

Impairments on non-performing loans covering risks carried on the asset side of the balance sheet are deduced from the assets in question.

Probable losses stemming from off-balance sheet commitments are recognized as provisions on the liability side of the balance sheet.

Provisions for non-specific credit risk

Financial assets that do not have individually allocated credit risk are included in groups of assets with similar risk characteristics. The composition of these portfolios of similar assets is based on two criteria: geographical risk and sector risk.

Portfolios are reviewed quarterly and, where appropriate, loans in sectors or countries where economic circumstances suggest problems may arise are included in the base for performing loans provisions.

Each group of assets is assessed for objective evidence of impairment based on observable data indicating a likely decrease in the estimated recoverable cash flows for that group of assets. A collective write-down in the balance sheet liabilities is taken against any group of assets showing objective evidence of impairment. Assets belonging to that group, which are subsequently specifically identified as impaired (specific risk), are removed from the collective write-down calculation base.

Provisions for geographic risk are primarily based on each country's internal rating, incorporating different parameters and indicators (political situation, performance of the economy and economic outlook, banking system situation, etc.). Calculation of the impairment loss is based on a correlation table between the internal rating and provisioning rate, with a revision to the rate allocated to a provisioning scale possible.

Provisions for sector risk are based on combinations of indexes specific to each sector (sector growth, cash held by businesses in the sector, cost of commodities, etc.). The method for calculating the impairment loss is the "expected loss" method calculated at maturity.

Loans on the watch list, for which a Basel default has been identified, are written down collectively by sector unless they are already subject to specific write-downs.

Provisions for sector and country risk are shown under liabilities in the balance sheet.

2. Securities portfolio

Securities are, in accordance with Book II—Title 3 "Accounting treatment of securities transactions" of regulation No. 2014-07 of the ANC, classified according to:

- their type: government securities (treasury bills and similar securities), bonds and other fixed-income securities (negotiable debt securities and interbank market instruments), shares and other variable income securities;
- the economic purpose for which they are held, into one of the following categories: held for trading, held for sale, held for investment, other long-term securities, investments in associates and investments in subsidiaries and affiliates.

The buying and selling of securities are recorded in the balance sheet at the settlement-delivery date.

The applicable classification and measurement rules are as follows:

- **Securities held for trading**: securities that are originally bought or sold with the intention of reselling or repurchasing them in the short term, and securities held as part of a market-making operation. Securities bought or sold for the purposes of the specialized management of a trading portfolio are also classed as securities held for trading. To be eligible in this category, these securities must, when initially recognized, be traded on an active market with easily obtainable prices representing actual and regularly occurring market transactions on an arm's length basis.

  On acquisition, securities held for trading are recognized at the price paid including any accrued interest. Transaction costs are recognized in expenses.

  At each balance sheet date, they are measured at market value and the grand total of any valuation difference is recognized on the income statement under the heading, "Balance of transactions on securities held for trading".

- **Securities held for sale**: securities which are not classified in any other category are considered as securities held for sale.

  They are reported on the balance sheet at their purchase price, excluding acquisition costs. Any difference between the purchase price (excluding accrued interest) and the redemption price is recognized in income over the remaining life of the securities.

  They are valued at year-end at the lower of their carrying amount and their market value. Unrealized losses give rise to the recognition of an impairment loss, whose calculation factors in gains from any hedging transactions conducted. Unrealized gains are not recognized.

- **Securities held for investment**: Securities held for investment are dated fixed-income securities acquired with the stated intention of holding them to maturity and for which Natixis has the ability to hold them through to maturity.

  They are reported on the balance sheet at their purchase price, excluding acquisition costs. Any difference between the purchase price and the redemption price is recorded in income over the remaining life of the securities.

  In line with regulatory requirements, unrealized losses are not subject to impairment, unless there is a strong likelihood that the instruments will be sold before maturity due to unforeseen circumstances or if there is a risk of default by the issuer of these instruments. Unrealized gains are not recognized.

- **Investment securities, shares in affiliates and other long-term securities**:
  - **Other long-term securities**: investments made by Natixis in the form of securities, with the intention of forging lasting professional relationships and creating a special relationship with the issuing company, but without any influence over the management of the corporate entities in which investments were made due to the low percentage of voting rights held.

    They are recognized at their acquisition date at the purchase price excluding acquisition costs.

    They are included in the balance sheet at the lower of historical cost or value in use. Unrealized losses are subject to a provision for impairment.
  - **Investments in associates**: investments in the form of securities the durable possession of which is deemed useful to Natixis' business.

    They are recognized at their acquisition date at the purchase price excluding acquisition costs.

These securities are valued individually at the lower of their value in use at the reporting date and their acquisition cost. Unrealized losses are subject to a provision for impairment.

- **Investments in subsidiaries and affiliates**: shares and other variable-income securities in related corporate entities over which Natixis exercises exclusive control, i.e. corporate entities likely to be fully consolidated in Natixis' consolidation scope.

  They are recognized at their acquisition date at the purchase price excluding acquisition costs.

  These securities are valued individually at the lower of their value in use at the reporting date and their acquisition cost. Unrealized losses are subject to a provision for impairment.

The measurement approaches used to determine value in use are the following, as appropriate:

- the net asset method (restated or not);
- the peer comparison method;
- the discounted future cash flows (DCF) method;
- the stock market price method;
- or a combination of these methods.

The DCF method for measuring future cash flows is based on the establishment of business plans prepared by the management of the subsidiaries in question and approved by Natixis' Senior Management. The discount rate on future cash flows is the result of:

- an average rate of return on an investment deemed to be risk-free;
- an average credit spread on the market in which the subsidiary is listed;
- an average beta as reflected in a sample of equivalent companies.
- **Treasury shares**: Natixis holds treasury shares to regulate its share price under a liquidity agreement. These shares are recognized as securities held for trading and follow the same rules as other securities in this category. Moreover, treasury shares acquired through arbitraging on stock market indexes are recognized as securities held for trading.

Treasury shares held for distribution to employees are classified as held for sale and follow the corresponding rules.

Income, value adjustments and proceeds on disposal of securities portfolios are recognized as follows:

- income from variable-income securities is recognized as and when received or when the payment has been subject to a resolution at a Shareholders' Meeting;
- income from fixed-income securities is recognized based on the accrual method;
- value adjustments and proceeds from the disposal of securities are recognized under different headings depending on which portfolio they belong to:
  - under "Net revenues" for securities held for trading and securities held for sale,
  - as a provision for credit losses on fixed-rate securities in the portfolio of securities held for sale or for investment when adjustments in value relate to counterparty risk exposure,
  - under net gains/(losses) on fixed assets:
    - for adjustments in the value of securities held for investment (excluding impairment for risk exposure to a counterparty) when there is a high probability of disposal of such securities held for investment due to unforeseen circumstances and for all proceeds from the disposal of securities held for investment,
    - for investments in associates, investments in subsidiaries and affiliates and other long-term securities.

Reclassifications from the "held for trading" to the "held for sale" and "held for investment" categories and from "held for sale" to "held for investment" are permitted in exceptional market circumstances requiring a change in strategy or when the securities in question have ceased to be tradable on an active market since their acquisition.

The regulation allows banks to sell all or part of the securities reclassified as "held for investment" if the following two conditions are met:

- the transfer was motivated by exceptional circumstances,
- the market for these securities has become active again.

Natixis has carried out no such transfers in its separate financial statements.

3. Property, plant and equipment and intangible assets

Fixed assets are recognized at acquisition cost plus directly attributable transaction costs and borrowing costs accrued during any phase of construction or installation before they come into service.

Internally generated software is carried on the asset side of the balance sheet at its direct development cost, including outsourcing expenses and personnel costs directly attributable to its production and preparation where they meet the criteria for capitalization.

After acquisition, fixed assets are carried at cost less any cumulative write-down, amortization and impairment losses.

As soon as they are in a condition to be used by Natixis in the manner in which they are intended, fixed assets are depreciated or amortized over their estimated useful lives on a straight-line or declining balance basis when this better reflects the economic amortization. The residual value of the asset is deducted from its depreciable or amortizable amount when it can be measured reliably.

In line with applicable accounting principles, a specific amortization schedule is defined for each significant component of an item of property, plant and equipment which has a different useful life or is expected to consume future economic benefits differently from the item as a whole. For buildings comprising business and investment property, the following components and depreciation periods are applied:

- land: non-depreciable
- non-destructible buildings (of historical importance): non-depreciable
- walls, roofs and waterproofing: 20 to 40 years
- foundations and framework: 30 to 60 years
- external rendering: 10 to 20 years
- equipment and installations: 10 to 20 years
- internal fixtures and fittings: 8 to 15 years

Other items of property, plant and equipment are depreciated over their estimated useful lives, generally five to 10 years.

Purchased software is amortized on a straight-line basis over its estimated useful life, which in most cases is less than five years. Internally generated software is amortized over its estimated useful life, which cannot exceed 15 years.

4. Debt securities

This line item comprises debt attributable to freely tradable securities held for sale issued by Natixis in France or in foreign countries, with the exception of subordinated instruments recognized as subordinated debt.

This line item notably includes medium-term notes, interbank market instruments, negotiable debt securities and bonds and other fixed-income securities.

Accrued interest payable relating to these issues is disclosed separately as a related payable, with an offsetting entry in the income statement.

Issue or redemption premiums on bond issues are amortized over the life of the issues in question and the related expense is recognized under the heading "interest and similar expenses" on the income statement.

5. Subordinated debt

This item covers perpetual and dated subordinated notes, for which the redemption in the event of liquidation ranks behind all other creditors. Accrued interest is credited to the corresponding receivables item on the income statement.

Where perpetual subordinated notes are treated as equivalent to amortizing securities, each periodic payment is broken down into the repayment of principal, which is deducted from the nominal amount, and interest, which is charged to the income statement under "interest and similar expenses".

6. Forward financial instruments (futures and options)

The notional amount of these instruments is recorded off-balance sheet for internal monitoring and regulatory purposes, but is not included in the published statement of off-balance sheet items. Details for these instruments are provided in the notes.

The accounting principles applied depend on the instrument involved and the purpose of the transaction (hedging or for trading purposes).

Interest rate and currency trading

These transactions are carried out for four purposes:

- micro-hedging (hedging of specific transactions or positions);
- macro-hedging (overall asset and liability management);
- speculative position-taking;
- specialized management of a trading portfolio.

Gains or losses on specific hedges are recognized in income on a symmetrical basis with the income and expenses of the position or transaction being hedged.

Expenses and income arising from forward financial instruments used to hedge and manage Natixis' overall interest rate risk are recognized over the period of the position. Unrealized gains and losses are not recognized.

The accounting treatment of speculative positions is identical for interest flows. Contracts are marked to market value at each reporting date and any unrealized losses are taken to the income statement as provisions.

Each instrument in the final category is marked to market on an individual basis. Changes in value during the period are recognized immediately on the income statement. Valuations are adjusted for counterparty risk, the position funding cost and the discounted present value of future contractual management costs.

Forward foreign exchange contracts

Outright foreign currency futures or transactions hedging other foreign currency futures are measured based on the forward foreign exchange rate remaining to run on the currency in question. Differences in interest rates or premiums and discounts associated with hedged foreign currency futures are recognized in stages as interest expense or income over the effective term of the transaction.

Options (interest rate, currency and equity) and futures

The notional amount of the underlying instrument of each option or futures contract is recognized with a distinction being made between hedging and trading contracts.

For hedging transactions, income and expenses are recognized in income on a symmetrical basis with the income and expenses of the hedged items.

For non-hedging activities, positions in a class of option or forward contract are marked to market at the reporting dates. Changes in market value are recognized directly in the income statement. However, for instruments traded on over-the-counter markets, gains or losses are recognized on the income statement only upon settlement of these transactions, without effect on the potential setting aside of provisions for the net risk incurred over the life of the instrument.

7. Institutional operations

In accordance with Article 41 of the Amended Finance Act for 1997 (No. 97-1239 of December 29, 2007), amended by Article 121 of the Amended Finance Act for 2008 (No. 2008-1443 of December 30, 2008), of Article 5 of the Amended Finance Act for 2014 (No. 2014-1655 of December 29, 2014) and the agreement signed with the French State on May 10, 2017, Natixis manages certain public procedures on behalf of the French State, mainly consisting of loans and gifts to foreign States conferred in the framework of Public Development Aid, non-concessional loans to foreign States, gifts to the "Fund for Private-Sector Aid and Studies" and the stabilization of interest rates for export credit guaranteed by Coface.

The related transactions, some of which may be guaranteed by the State, are recognized separately in the financial statements. The State and other related creditors have a specific right over the assets and liabilities allocated to these institutional operations. The bank's assets and liabilities relative to these operations are identified on the balance sheet under each of the headings concerned with these operations.

8. Employee benefits

Employee benefits are recognized in "Payroll costs".

They fall into four categories:

"Short-term benefits" including salaries, social security contributions, annual leave, employee profit-sharing, incentive plans, top-up contributions and bonuses payable in the 12 months after they are attributed are expensed in the period in which the corresponding services were rendered.

"Termination benefits" granted to employees upon the termination of their employment and prior to retirement. A provision is accrued for these benefits.

"Post-employment benefits" such as pensions, other supplementary retirement benefits applicable to the banking industry, end-of-career awards and other contractual benefits payable to retirees. Natixis distinguishes between two types of post-employment benefits:

- **defined-contribution plans**, which mainly consist of the social security basic pension scheme and the supplementary schemes Agirc and Arco, under which an entity has no obligation to pay a specified benefit amount. Contributions paid under defined contribution plans are expensed in the corresponding period;
- **defined-benefit plans** under which Natixis has a legal or constructive obligation to pay a specified benefit amount are valued and funded.

  A provision is set aside for defined-benefit plans based on an actuarial assessment of the benefit obligation using the projected unit credit method. This method draws on demographic and financial assumptions. The value of plan assets is deducted from the actuarial debt. This valuation is carried out on a regular basis by independent actuaries.

  Actuarial assumptions are reviewed annually. Differences resulting from changes in actuarial assumptions and experience adjustments (impact of differences between actuarial assumptions and actual experience) give rise to actuarial gains and losses.

  In accordance with recommendation No. 2013-02 of the Autorité des Normes Comptables (ANC—French accounting standards authority) on rules for measuring and recognizing retirement and similar commitments, dated November 7, 2013 (which allowed the partial adoption of revised IAS 19 as adopted by the European Union in June 2012), Natixis chose to maintain the corridor method approach in the parent company financial statements.

  Under this method, Natixis does not recognize the portion of net cumulative actuarial gains and losses that is lower than the greater of (i) 10% of the present value of the defined-benefit obligation and (ii) 10% of the fair value of any plan assets at the end of the previous reporting period. The portion of actuarial gains and losses outside the 10% "corridor" is therefore recognized over the average remaining working lives of the employees participating in the relevant plan.

  In the event of changes to an existing plan or the implementation of a new plan, past service cost is recognized in income over the period until the benefits become vested.

Insurance contracts taken up with a related party to Natixis and intended to finance all or part of Natixis' defined-benefit plan commitments are recorded in the asset side of the balance sheet as "Other assets".

The amount recognized as a provision in the balance sheet represents the present value of the obligation under defined-benefit plans at the closing date:

- minus any past service cost not yet recognized in income;
  - plus or minus any unrecognized actuarial gains or losses in accordance with the corridor principle arising from:
  - experience adjustments linked to demographic variables,
  - changes in actuarial assumptions,
  - differences between expected returns on plan assets and reimbursement rights and their actual returns;
- minus the market value of plan assets at the closing date.

- The annual payroll costs recognized in respect of defined-benefit plans consist of:
  - rights vested by beneficiaries over the period;
  - the interest cost reflecting the impact of unwinding the discount on the obligation;
  - the expected return on plan assets;
  - amortization of actuarial gains and losses and past service costs;
  - the effects of plan curtailments and settlements.

"Other long-term benefits" including long-service awards and deferred compensation payable in cash under Employee Retention and Performance Recognition plans are valued using the same actuarial method as that applied to post-employment benefits under defined-benefit plans, except that actuarial gains and losses are not subject to the corridor method and past service costs are recognized directly as an expense.

The estimated amount of the expense related to cash-settled variable compensation, subject to the employee's continued service in accordance with the Employee Retention and Performance Recognition plans, is recognized over the vesting period.

9. Share-based employee retention and performance recognition plans

Since 2010, Natixis has granted share-based payment plans to certain categories of staff. Some plans are settled in Natixis shares, while others are settled in cash indexed to the Natixis share price. Each plan is a three-year plan, with one-third of the plan settled each year, with the exception of "short-term" plans settled in cash indexed to the Natixis share price, which are settled in the year of granting.

All of these plans are contingent on satisfying service and/or performance requirements.

Cash-settled employee retention and performance plans indexed to the value of the Natixis share

Cash-settled plans indexed to the share price give rise to the recognition of a payroll expense that is measured taking account of the share price on the balance sheet date and the likelihood of satisfying performance/and or service requirements. Where a service requirement exists, the calculated expense is recognized on a straight-line basis over the vesting period. When no service requirement exists, the expense is recognized immediately as a debt. The latter is then remeasured at each reporting date taking into account performance criteria and any changes in the value of underlying shares.

The corresponding expense recognized in the 2018 income statement was €14.9 million versus €42.1 million at December 31, 2017.

Changes to the terms and conditions of a cash-settled employee retention and performance plan indexed to the value of the Natixis share which would lead to the latter being reclassified as an employee retention and performance plan settled in shares would trigger, when the plan provides for the allocation of existing shares, the derecognition of the debt recorded for the initial plan indexed to the value of the Natixis share and the recognition of a liability as a provision for the new employee retention and performance plan settled in shares. The difference between the recognition of the new plan and the derecognition of the preexisting debt is taken directly to profit and loss. When the plan provides for the allocation of new shares, only the derecognition of the debt recorded for the initial plan indexed to the value of the Natixis share is taken to profit and loss.

Employee retention and performance plans settled in shares

Plans settled in shares are recognized in accordance with CRC Regulation No. 2008-15, which provides for the recognition of a liability where there is the likelihood or the certainty that the obligation to grant shares generates an outflow in settlement without an offsetting provision:

- if the granting involves the issue of new shares, Natixis incurs no outflow and, as a result, no expense is recognized;
- if the granting involves the repurchase of shares or the granting of existing shares, an outflow will be recognized when the shares are issued to employees, without an offsetting provision. A provision is then set aside taking account of the entry cost of the shares or the share price on the balance sheet date if the shares have not yet been purchased and the probable number of shares granted to employees. The expense is recognized in stages over the vesting period.

A provision of €120,000 was recorded in the financial statements at December 31, 2018 in respect of plans to be settled in shares (allocation of existing shares), against an expense of €134,000 in 2017.

10. Provisions for risks

A provision for risks is a liability of uncertain timing or amount. A liability is a present obligation arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits that can be reliably measured.

The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation at the reporting date. This amount is discounted when the effect of discounting is material. Provisions are reviewed at each reporting date and adjusted if necessary. Provisions recognized on the balance sheet, other than provisions to cover employee benefits and sector and country risks, mainly concern provisions for restructuring, provisions for disputes, fines and penalties and provisions for other risks.

11. Transactions denominated in foreign currencies

Off-balance sheet receivables, debts and commitments denominated in foreign currencies are converted to euros at the going exchange rate at the balance sheet date through the revaluation of foreign exchange positions. The difference between amounts resulting from the valuation of euro-denominated foreign exchange positions and amounts reported in equivalent euro-denominated foreign exchange positions is recorded in the income statement.

However, exchange differences relating to institutional operations are recognized under accrual accounts.

12. Integration of foreign subsidiaries

The financial statements of foreign subsidiaries, prepared in accordance with local rules, are restated in accordance with generally accepted accounting principles in France, translated into euros when the functional currency is not the euro and included in Natixis' financial statements after the elimination of intra-group transactions.

Items from the balance sheet and income statement are translated at the end of the reporting period.

The difference arising from the translation of foreign subsidiaries' capital allocations are recorded in the accrual accounts.

13. Contributions to banking resolution mechanisms

The procedure for setting up the deposit and resolution guarantee fund was changed by a decree dated October 27, 2015. Contributions made to the deposit and resolution guarantee fund may be paid in the form of partner or association certificates and cash security deposits recognized as assets on the balance sheet and contributions (which are non-refundable in the event of a voluntary withdrawal of approval to operate) recorded in income as "Taxes other than on income" among other operating expenses.

Directive 2014/59/EU (BRRD—Bank Recovery and Resolution Directive) which establishes the framework for the recovery and resolution of banks and investment firms and European regulation 806/2014 (SRM regulation) established the introduction of a resolution fund as of 2015. In 2016, this fund became a Single Resolution Fund (SRF) between the member States participating in the Single Supervisory Mechanism (SSM). The SRF is a resolution financing mechanism available to the resolution authority (Single Resolution Board). The latter may use this fund when implementing resolution procedures.

In accordance with delegated regulation 2015/63 and implementing regulation 2015/81 supplementing the BRRD Directive on ex-ante contributions to financing mechanisms for the resolution, the Single Resolution Board set the level of contributions to the Single Resolution Fund. Contributions paid to the fund may be made in cash security deposits recognized as assets on the balance sheet (15% in cash security deposits) and in contributions recorded in income as "Taxes other than on income".

14. Guarantee mechanism for the assets of the former GAPC hive-off vehicle

On November 12, 2009, an arrangement was made by BPCE to protect a portion of the portfolios of the former GAPC hive-off vehicle(1) with retroactive effect at July 1, 2009. With this guarantee mechanism, Natixis was able to free up a significant portion of its equity allocated to segregated assets and to protect itself against the risk of loss from these portfolios subsequent to June 30, 2009. This protective arrangement was based on two mechanisms:

- a sub-participation in terms of risk which acted as a financial guarantee on 85% of the nominal value of assets recognized as "securities held for investment", "securities held for trading", "securities held for sale" and "receivables". Under this guarantee, Natixis is protected from the very first euro in default up to 85% of the default amount;
- two total return swaps (TRS), one in euros and another in dollars, which transferred to BPCE 85% of the profit or loss recognized as from July 1, 2009. The instruments hedged by these TRS were mostly represented by "securities held for trading" and to a lesser extent by "securities held for sale". At the same time, Natixis bought an option from BPCE which, if exercised, would allow it to recover in 10 years' time any net positive performance by the portfolio in exchange for payment of a premium.

At December 31, 2018 (as was the case at December 31, 2017), the financial guarantee now has almost no impact in accounting and prudential terms, as the positions which it backed have almost all been sold or closed.

The same is true of the guarantee comprising TRS and an option, with the option in the money.

15. Extraordinary gain (loss)

Non-recurring income and expense items are determined based on their amount, their unusual nature with respect to current operations, and the likelihood of the events in question repeating.

16. Corporate income tax

Due to additional contributions, the corporate tax rate used to calculate the expense payable for the year was 34.43% for France. Applicable local corporate tax rates were used for foreign subsidiaries.

17. Changes in accounting methods and comparability of financial statements

There were no changes to accounting methods in respect of the 2018 fiscal year.

(1) The GAPC hive-off vehicle was closed in the second quarter of 2014 in accordance with Natixis' strategic plan.

NOTE 2 HIGHLIGHTS OF THE PERIOD

Occurrence of an exceptional risk

During the fourth quarter of 2018, Natixis recognized a decrease in earnings of €259 million in connection with its "Equity derivatives" activities, due to the occurrence of an exceptional risk related to the deterioration of the Asian markets.

It emerged in the fourth quarter that, for certain specific products managed on behalf of clients in Asia, the business model used led to the introduction of a hedging strategy that proved to be inadequate in the market conditions at year-end.

The products involved are indexed to the worst performance of an underlying basket of shares or index and allow investors to receive enhanced periodic coupons in return for a risk of loss of capital at maturity, with the possibility that the product may expire early.

This situation explains the decrease in earnings recognized by Natixis' Capital Markets activities in the fourth quarter of 2018, amounting to €86 million, plus €173 million of adjustments to cover the management of this stock of products.

This decrease in earnings is exceptional and regards an activity whose revenues did not significantly contribute to the medium-term plan. In no way does it therefore call into question the objectives of the "New Dimension" strategic plan presented in the introduction to the registration document.

Decision to transfer some of its Specialized Financial Services (SFS) business lines to BPCE

On September 12, 2018, Natixis and BPCE announced the planned sale by Natixis and acquisition by BPCE S.A. of the Factoring, Sureties & financial guarantees, Leasing, Consumer finance and Securities services business lines, for €2.7 billion.

This transaction, if completed, will contribute significantly to the achievement of Natixis and BPCE's strategic plans. In particular, it will allow Natixis to step up the development of its asset-light model and BPCE to strengthen its universal banking model.

The sale should take place before the end of the first quarter of 2019, subject to the lifting of conditions precedent and in particular the completion of a capital increase by BPCE subscribed to by the Banque Populaire banks and Caisses d'Epargne and the regulatory approvals.

During the fourth quarter of 2018, the operational implementation of the project was prepared and the various stages which should lead to the completion of the transaction launched.

NOTE 3 INTERBANK AND SIMILAR TRANSACTIONS

(in millions of euros)	2018	2017
Cash and balances with central banks	**23,858**	**36,453**
Advances to banks*	**84,302**	**98,612**
Demand	3,421	4,140
Time	80,881	94,472
Interbank and similar transactions	**108,160**	**135,065**
** o/w subordinated loans*	*0*	*0*
o/w reverse repurchase agreements	*39,162*	*42,622*
o/w accrued interest	*148*	*77*

Non-performing loans amounted to €49 million at December 31, 2018, compared with €63 million at December 31, 2017. At December 31, 2018, as at December 31, 2017, Natixis had no irrecoverable loans due from credit institutions.

Provisions for non-performing loans amounted to -€48 million at December 31, 2018, compared with -€61 million at December 31, 2017.

NOTE 4 TRANSACTIONS WITH CUSTOMERS

(in millions of euros)	2018	2017
Current accounts overdrawn	**3,531**	**3,349**
Commercial loans	**937**	**1,034**
Other customer loans	**121,495**	**108,007**
Cash and consumer credit	28,147	25,104
Equipment loans	4,499	4,361
Export credit	3,119	2,726
Home loans	3	3
Reverse repurchase agreements	63,055	55,417
Subordinated loans	948	945
Other loans	21,724	19,451
TRANSACTIONS WITH CUSTOMERS	**125,963**	**112,390**
o/w accrued interest	*283*	*222*

The amount of perpetual subordinated loans totaled €877 million at December 31, 2018 versus €875 million at December 31, 2017.

Restructured loans as defined in Note 1 amounted to €122 million in performing loans, before impairment, at December 31, 2018 versus €81 million at December 31, 2017. The amount after impairment stood at €119 million at December 31, 2018. No provision for impairment had been recorded at December 31, 2017.

Restructured loans as defined in Note 1 recorded as non-performing or irrecoverable loans amounted to €1,014 million before impairment at December 31, 2018 versus €1,575 million at December 31, 2017. The amount after impairment amounted to €721 million at December 31, 2018 versus €1,151 million at December 31, 2017.

Non-performing loans amounted to €2,150 million at December 31, 2018 versus €2,839 million at December 31, 2017 (of which €223 million at December 31, 2018 relating to irrecoverable loans versus €247 million at December 31, 2017).

Provisions for non-performing loans totaled -€859 million at December 31, 2018 versus -€969 million at December 31, 2017 (of which -€215 million at December 31, 2018 versus -€240 million at December 31, 2017 relating to provisions for irrecoverable loans).

Receivables eligible for refinancing with the Banque de France and/or the European Central Bank amounted to €627 million at December 31, 2018 versus €1,579 million at December 31, 2017.

NOTE 5 BONDS, SHARES AND OTHER FIXED VARIABLE-INCOME SECURITIES

(in millions of euros)	2018				2017			
	Securities held for trading	Securities held for sale	Securities held for investment	Total	Securities held for trading	Securities held for sale	Securities held for investment	Total
Government securities and equivalent [(b)]								
Gross value [(a)]	28,694	5,326	562	34,582	18,160	5,313	655	24,128
Premiums/discounts		71		71		160		160
Accrued interest	5	39	1	45	4	42		46
Write-downs				0				0
Net carrying amount	**28,699**	**5,436**	**563**	**34,698**	**18,164**	**5,515**	**655**	**24,334**
Bonds and other fixed-income securities [(b) (c)]								
Gross value [(a)]	12,929	5,974	145	19,048	17,721	5,036	125	22,882
Premiums/discounts		(16)		(16)		(38)		(38)
Accrued interest	1	27		28		21		21
Write-downs		(87)		(87)		(76)		(76)
Net carrying amount	**12,930**	**5,898**	**145**	**18,973**	**17,721**	**4,943**	**125**	**22,789**
Shares and other variable-income securities [(b) (d)]								
Gross value	47,298	1,234		48,532	43,780	1,300		45,080
Accrued interest				0				0
Write-downs		(18)		(18)		(23)		(23)
Net carrying amount	**47,298**	**1,216**		**48,514**	**43,780**	**1,277**		**45,057**

(a) *For these categories of securities, the gross values shown in the "Securities held for sale" and "Securities held for investment" columns are redemption value.*
(b) *Of which securities loaned for €25,669 million at December 31, 2018 versus €17,079 million at December 31, 2017.*
(c) *Of which Bonds and other listed fixed-income securities for €15,404 million at December 31, 2018 versus €18,856 million at December 31, 2017.*
(d) *Of which Shares and other listed variable-income securities for €47,097 million at December 31, 2018 versus €44,705 million at December 31, 2017.*

The total amount of securities held for investment sold before maturity totaled €15 million in 2017. No sales were recorded for 2018.

Transfers of securities between categories

There were no transfers of securities between categories in 2017 or 2018.

Unrealized capital gains and losses in the investment portfolio

(in millions of euros)	2018	2017
Government securities and equivalent		
Unrealized capital gains	5	30
Unrealized capital losses	(2)	0
Bonds and other fixed-income securities		
Unrealized capital gains	36	17
Unrealized capital losses	(98)	(89)
Shares and other variable-income securities		
Unrealized capital gains	273	274
Unrealized capital losses	(18)	(24)

NOTE 6 INVESTMENT IN SUBSIDIARIES AND AFFILIATES, ASSOCIATES, OTHER LONG-TERM INVESTMENTS AND TREASURY SHARES

(in millions of euros)	2018	2017
Investments	**104**	**106**
Outstanding	122	119
Current account advances		
Translation adjustments		
Write-downs	(18)	(13)
Securities loaned		
Other long-term investments	**67**	**50**
Outstanding [(a)]	89	80
Current account advances		
Translation adjustments		
Write-downs [(b)]	(22)	(30)
Securities loaned		
Accrued interest	1	
INVESTMENTS IN ASSOCIATES AND OTHER LONG-TERM INVESTMENTS	**172**	**156**
Investments in subsidiaries and affiliates	**15,136**	**13,971**
Outstanding [(c)]	15,457	14,235
Current account advances	6	3
Translation adjustments	66	31
Write-downs [(d)]	(393)	(298)
Securities loaned		
Accrued interest	**0**	**0**
INVESTMENTS IN SUBSIDIARIES AND AFFILIATES	**15,136**	**13,971**
Treasury shares	**35**	**28**
Securities held for trading	34	27
Securities held for sale	1	1
Securities loaned		
Long-term investments		
TREASURY SHARES	**35**	**28**

(a) The main changes during 2018 related to:
- the inclusion of Oddo BHF shares for +€20 million;
- the exclusion of Hines Pan European Core Fund shares for -€10 million;
- the exclusion of Colyzeo Investors shares for -€4 million.

(b) The main changes during 2018 related to:
- a reversal of provisions on Hines pan European Core Fund shares for +€4 million;
- a reversal of provisions on Colyzeo Investors shares for +€3 million.

(c) The main changes during 2018 related to:
- the inclusion of Natixis North América LLC shares for +€167 million;
- the increase in the stake in Natixis Global Asset Management in the amount of +€936 million;
- the Contango Trading S.A. capital increase for +€79 million;
- - the Natixis Wealth Management capital increase for +€70 million;
- the Natixis Payment Holding capital increase for +€54 million.

(d) The main changes during 2018 related to:
- a reversal of provisions on Coface shares for €13 million;
- a reversal of provisions on Natixis Asia Ltd shares for €11 million;
- provisions on Contango Trading S.A. shares for -€71 million;
- provisions on Natixis Factor shares for -€69 million.

NOTE 7 INFORMATION ON SHAREHOLDINGS EXCEEDING THE DISCLOSURE THRESHOLD FOLLOWING INVESTMENTS IN FRENCH COMPANIES DURING 2018

The table below was drawn up in accordance with the provisions of Article L.247-1 of the French Commercial Code.

Breach of threshold of 5% of share capital		% at 31/12/2018	Number of shares at 31/12/2018
VIGEO SAS	Unlisted	9.00%	220,332
COFIMAGE 25	Unlisted	73.00%	3,217

NOTE 8 DISCLOSURES CONCERNING SUBSIDIARIES AND ASSOCIATES

Article L.233-15 and R.123-197 of the French Commercial Code

Companies or groups	Listed/ Unlisted	Capital (in thousands of euros)		Shareholders' equity other than capital (A) (in thousands of euros)		Share of capital at 31/12/2018 (in %)
A – BREAKDOWN OF INVESTMENTS WITH A GROSS VALUE OF OVER 1% OF THE REPORTING COMPANY'S CAPITAL						
- Subsidiaries and investments (holdings in excess of 10%)						
COFACE S.A. 1 place Costes et Bellonte – CS20003 92276 Bois-Colombes	L	307,798	EUR	884,393	EUR	41.24%
Compagnie Européenne de Garanties & Cautions 16 RUE HOCHE – TOUR KUPKA B – TSA 39999 92919 LA DEFENCE CEDEX	U	160,996	EUR	175,814	EUR	100.00%
NATIXIS WEALTH MANAGEMENT 115 RUE MONTMARTRE 78002 PARIS	U	129,048	EUR	107,587	EUR	100.00%
NATIXIS ALGÉRIE IMMEUBLE EL KSAR – ZONE D'AFFAIRES MERCURE – LOT 34/35 BAB EZZOUAR 16311 ALGER	U	10,000,002	DZD	11,281,462	DZD	100.00%
NATIXIS Pfandbriefbank AG Im Trutz Frankfurt 55 D-60322 Frankfurt am Main	U	120,000	EUR	5,500	EUR	100.00%
CONTANGO TRADING S.A. 30 AV PIERRE MENDÈS FRANCE 75013 PARIS	U	90,100	EUR	(4,903)	EUR	100.00%
NATIXIS PAYMENT HOLDING 30 AV PIERRE MENDÈS FRANCE 75013 PARIS	U	54,037	EUR	(1,989)	EUR	100.00%
NATIXIS ASSURANCES 30 AV PIERRE MENDÈS FRANCE 75013 PARIS	U	148,014	EUR	1,138,981	EUR	100.00%
NATIXIS FACTOR 30 AV PIERRE MENDÈS FRANCE 75013 PARIS	U	19,916	EUR	183,672	EUR	100.00%
NATIXIS FONCIÈRE 30 AV PIERRE MENDÈS FRANCE 75013 PARIS	U	685	EUR	62,857	EUR	100.00%
NATIXIS FINANCEMENT 30 AV PIERRE MENDÈS FRANCE 75013 PARIS	U	73,802	EUR	36,214	EUR	100.00%
NATIXIS INNOV 47 QUAI D'AUSTERLITZ 75013 PARIS	U	150,060	EUR	6,652	EUR	100.00%
NATIXIS INTERÉPARGNE 30 AV PIERRE MENDÈS FRANCE 75013 PARIS	U	8,891	EUR	18,574	EUR	100.00%
NATIXIS JAPAN SECURITIES CO., Ltd. 1-11-1, MARUNOUCHI, CHIYODA-KU TOKYO 100-6226	U	18,000,000	JPY	1,212,865	JPY	100.00%
NATIXIS LEASE 30 AV PIERRE MENDÈS FRANCE 75013 PARIS	U	267,242	EUR	129,325	EUR	100.00%
NATIXIS TRUST 51 AVENUE JOHN F. KENNEDY L-1855 Luxembourg	U	609,865	EUR	126,347	EUR	100.00%
NATIXIS Marco 47 QUAI D'AUSTERLITZ 75013 PARIS	U	1,000,170	EUR	9,894	EUR	100.00%

* *Of which subsidiaries and investments not covered under A.*
(A) *Excluding income of the year.*
(a) *2018 fiscal year.*

Carrying amount of shares held *(in thousands of euros)*		Loans and receivables received but not yet paid *(in thousands of euros)*	Guarantees and Endorsements given *(in thousands of euros)*	Prior year net revenues [(a)] *(in thousands of euros)*	Prior year income or loss [(a)] *(in thousands of euros)*	Dividends received in 2018 *(in thousands of euros)*
Gross	Net					
				359	122,605	
				183,014	75,163	
				86,748	(15,882)	
				64,084	26,482	
				23,993	0	
				10,289	(71,370)	
				(313)	(2,645)	
				4,135	189,051	
				145,966	34,902	
				78	(2)	
				269,538	52,816	
				934	911	
				97,775	16,326	
				29,219	(3,081)	
				105,885	64,753	
				11,646	(5,760)	
				6,306	6,293	

Companies or groups	Listed/Unlisted	Capital (in thousands of euros)		Shareholders' equity other than capital (A) *(in thousands of euros)*		Share of capital at 31/12/2018 *(in %)*
A – BREAKDOWN OF INVESTMENTS WITH A GROSS VALUE OF OVER 1% OF THE REPORTING COMPANY'S CAPITAL						
- Subsidiaries and investments (holdings in excess of 10%)						
NATIXIS PAYMENT SOLUTIONS 30 AV PIERRE MENDÈS FRANCE 75013 PARIS	U	53,559	EUR	96,307	EUR	100.00%
NATIXIS INVESTMENT MANAGERS 43 AV PIERRE MENDÈS FRANCE 75013 PARIS	U	237,087	EUR	5,677,183	EUR	100.00%
DF EFG3 LIMITED Maples Corporate Services Limited of PO Box 309, Ugland House, Grand Cayman, KY1-1104	U	85,000	USD	9,888	USD	100.00%
NATIXIS NORTH AMERICA LLC 1251 Avenue of the Americas New York, NY 10020	U	2,468,579	USD	(356,021)	USD	100.00%
B – TOTAL DISCLOSURES ON OTHER SUBSIDIARIES AND INVESTMENTS*						
21 – French companies (aggregate)						
22 – Foreign companies (aggregate)						

* *Of which subsidiaries and investments not covered under A.*
(A) *Excluding income of the year.*
(a) *2018 fiscal year.*

	Carrying amount of shares held *(in thousands of euros)*		Loans and receivables received but not yet paid *(in thousands of euros)*	Guarantees and Endorsements given *(in thousands of euros)*	Prior year net revenues (a) *(in thousands of euros)*	Prior year income or loss (a) *(in thousands of euros)*	Dividends received in 2018 *(in thousands of euros)*
	Gross	Net					
					299,598	41,785	
					33,337	63,877	
					4,931	4,931	
					55,388	23,202	
	274,567	231,128	7,013,796	974,119			78,891
	287,703	257,576	3,093,169	8,257,230			48,138

5

NOTE 9 TREASURY SHARES – ASSETS

(in euros)	Number purchased	Purchase price	Average purchase price	Amount sold or canceled	Sale price	Average sale price	Closing number of shares	% of capital held
At January 1, 2018	**240,524,666**	**1,194,662,334**	**4.97**	**235,926,162**	**1,082,002,471**	**4.59**	**4,598,504**	**0.15%**
Price stability	26,165,008	125,997,076	4,82	(25,017,283)	(119,515,381)	4,78		
At December 31, 2018	**266,689,674**	**1,320,659,409**	**4.95**	**260,943,445**	**1,201,517,852**	**4.60**	**5,746,229**	**0.18%**

Nominal amount of share: €1.60.

NOTE 10 FIXED ASSETS

	2018			2017		
(in millions of euros)	Gross	Impairment and amortization	Net	Gross	Impairment and amortization	Net
Operating fixed assets	**2,037**	**(1,786)**	**251**	**1,965**	**(1,722)**	**243**
Intangible assets	1,444	(1,345)	99	1,433	(1,327)	106
Property, plant and equipment	593	(441)	152	532	(395)	137
Non-operating fixed assets	**1**	**(1)**	**0**	**1**	**(1)**	**0**
Intangible assets			0			0
Property, plant and equipment	1	(1)	0	1	(1)	0
INTANGIBLE ASSETS	1,444	(1,345)	99	1,433	(1,327)	106
PROPERTY, PLANT AND EQUIPMENT	594	(442)	152	533	(396)	137

(in millions of euros)	01/01/2018	Acquisitions	Disposals	Other	31/12/2018
Gross value					
Operating intangible assets	**1,433**	**24**	**(13)**	**0**	**1,444**
goodwill	869				869
software	536	10	(7)	17	556
other intangible assets	28	14	(6)	(17)	19
Operating property, plant and equipment	**532**	**62**	**(2)**	**1**	**593**
land and buildings	168	28	1	2	199
other property, plant and equipment	364	34	(3)	(1)	394
Non-operating property, plant and equipment	**1**	**0**	**0**	**0**	**1**
land and buildings	1				1
other property, plant and equipment	0				0
TOTAL	1,966	86	(15)	1	2,038

(in millions of euros)	01/01/2018	Charges	Reversals	Other	31/12/2018
Depreciation and amortization					
Operating intangible assets	**(1,327)**	**(29)**	**11**	**0**	**(1,345)**
goodwill	(864)				(864)
software	(459)	(29)	7		(481)
other intangible assets	(4)		4		0
Operating property, plant and equipment	**(395)**	**(47)**	**3**	**(2)**	**(441)**
land and buildings	(112)	(13)		(7)	(132)
other property, plant and equipment	(283)	(34)	3	5	(309)
Non-operating property, plant and equipment	**(1)**	**0**	**0**	**0**	**(1)**
land and buildings	(1)				(1)
other property, plant and equipment	0				0
TOTAL	**(1,723)**	**(76)**	**14**	**(2)**	**(1,787)**

NOTE 11 ACCRUAL ACCOUNTS AND OTHER – ASSETS

(in millions of euros)	2018	2017
Options	17,630	16,931
Settlement accounts	268	307
Miscellaneous debtors	28,770	29,512
Inventory accounts and similar	133	297
OTHER ASSETS	**46,801**	**47,047**
Collection accounts		4
Adjustment accounts	5,518	6,762
Gains on financial instruments	452	456
Deferred charges and prepayments	991	890
Accrued income	428	368
Other accrual accounts	776	1,038
ACCRUAL ACCOUNTS	**8,165**	**9,518**

NOTE 12 INTERBANK AND SIMILAR TRANSACTIONS

(in millions of euros)	2018	2017
Due to central banks		
Due to banks*	**96,850**	**124,254**
Demand	5,615	9,181
Time	91,235	115,073
Interbank and similar transactions	**96,850**	**124,254**
** o/w repurchase agreements*	*27,966*	*38,314*
o/w accrued interest	*113*	*125*

NOTE 13 CUSTOMER TRANSACTIONS

(in millions of euros)	2018	2017
Special savings accounts	**97**	**38**
Demand		
Time	97	38
Other liabilities*	**113,194**	**108,087**
Demand	16,052	35,368
Time	97,142	72,719
CUSTOMER TRANSACTIONS	113,291	108,125
** o/w repurchase agreements*	*72,466*	*66,235*
o/w accrued interest	*78*	*58*

NOTE 14 DEBT SECURITIES

(in millions of euros)	2018	2017
Interbank market instruments and negotiable debt securities	**29,305**	**27,020**
Bonds	**20,955**	**17,413**
DEBT SECURITIES	50,260	44,433
o/w non-amortizable issue premiums	*402*	*316*

NOTE 15 ACCRUAL ACCOUNTS AND OTHER – LIABILITIES

(in millions of euros)	2018	2017
Miscellaneous creditors	21,876	21,083
Securities transactions	75,270	62,296
o/w trading securities, liabilities on borrowed securities	*54,860*	*36,508*
o/w trading securities, other liabilities on securities	*20,395*	*25,781*
o/w accrued interest	*15*	*7*
Sold options	18,614	17,945
Securities transactions settlement accounts	340	289
OTHER LIABILITIES	116,100	101,613
Unavailable accounts	50	6
Adjustment and suspense accounts	1,828	4,295
Losses on financial instruments	631	657
Deferred income and prepayments	600	581
Accrued charges	924	942
Other accrual accounts	935	953
ACCRUAL ACCOUNTS	4,968	7,434

NOTE 16 PROVISIONS AND IMPAIRMENT

(in millions of euros)	01/01/2018	Charges	Reversals	Translation adjustments	Other	31/12/2018
Provisions for impairment deducted from assets	**(1,435)**	**(678)**	**670**	**(15)**	**38**	**(1,420)**
Banks	(61)	(9)	23	(1)		(48)
Customers	(969)	(467)	597	(12)	(8)	(859)
Investments	(13)	(5)				(18)
Other long-term investments	(30)		9			(21)
Investments in subsidiaries and affiliates	(298)	(167)	39	(1)	34	(393)
Misc securities and creditors	(64)	(30)	2	(1)	12	(81)
Provisions recognized in liabilities	**2,293**	**432**	**(565)**	**32**	**0**	**2,192**
Employee benefits	413	70	(87)	1		397
Off-balance sheet commitments	12	19	(10)			21
Country risk	269	42	(43)	1		269
Specific credit risk	2					2
Provisions for litigation	373	114	(28)	23		482
Sector risk	270	15	(61)	5		229
Forward financial instrument risk	238	96	(11)	1		324
Other	716	76	(325)	1		468

(in millions of euros)	01/01/2017	Charges	Reversals	Translation adjustments	Other [(a)]	31/12/2017
Provisions for impairment deducted from assets	**(1,894)**	**(315)**	**675**	**64**	**35**	**(1,435)**
Banks	(63)	(4)	2	4		(61)
Customers	(1,218)	(276)	473	53	(1)	(969)
Investments	(14)	(3)	4			(13)
Other long-term investments	(35)	(1)	6			(30)
Investments in subsidiaries and affiliates	(530)	(17)	187	5	57	(298)
Misc securities and creditors	(34)	(14)	3	2	(21)	(64)
Provisions recognized in liabilities	**2,436**	**434**	**(538)**	**(75)**	**36**	**2,293**
Employee benefits [(a)]	439	112	(194)	(1)	57	413
Off-balance sheet commitments	12	27	(8)		(19)	12
Country risk	186	87	(1)	(3)		269
Specific credit risk	2					2
Provisions for litigation	364	80	(20)	(51)		373
Sector risk	288	1	(6)	(13)		270
Forward financial instrument risk	251	23	(34)	(2)		238
Other	894	104	(275)	(5)	(2)	716

(a) *Separate asset recognition.*

NOTE 17 HEADCOUNT AND EMPLOYEE BENEFITS

Change in headcount

	31/12/2018	31/12/2017
Technical staff	2,123	2,264
Managers	5,339	5,249
Number of employees	7,462	7,513

Post-employment benefits and other long-term employee benefits

MAIN ACTUARIAL ASSUMPTIONS

	2018				2017			
	Post-employment defined-benefit plan		Other long-term employee benefits		Post-employment defined-benefit plans		Other long-term employee benefits	
By type of obligation	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other
Discount rate	1.56%	1.35%	1.05%	1.65%	1.32%	1.05%	0.80%	1.08%
Expected return on plan assets	1.56%	3.03%	0.50%		1.32%	1.05%	0.80%	

Future salary increases are estimated by grade based on a constant population and a three-year average. At December 31, 2018, this average (including inflation) was 2.28%, the same as at December 31, 2017.

The remaining average working lives of employees, for all benefits, is 12.0 years versus 12.8 years at December 31, 2017.

EMPLOYEE BENEFITS, PLAN ASSETS AND SEPARATE ASSET OBLIGATIONS

(in millions of euros)	31/12/2018	31/12/2017
Gross benefit obligation	483	511
Fair value of plan assets	(121)	(113)
Fair value of separate assets	(173)	(197)
Net obligation	**189**	**201**

BREAKDOWN OF NET OBLIGATION BY PLAN TYPE

(in millions of euros)	2018					2017				
	Post-employment defined-benefit plans		Other long-term employee benefits			Post-employment defined-benefit plans		Other long-term employee benefits		
	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other	Total	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other	Total
Benefit obligation at January 1										
Net obligations recognized	38	37	34	79	188	40	98	32	97	267
Unrecognized actuarial gains and losses	1	(7)		5	(1)	7	(10)		13	10
Unrecognized past service cost		14			14	0	8		1	9
Total net obligation at January 1	**39**	**44**	**34**	**84**	**201**	**47**	**96**	**32**	**111**	**286**
Benefits paid over the period	(1)	(6)	(2)	(43)	(52)	(3)	(5)	(2)	(38)	(48)
Benefits vested over the period	1	8	3	50	62	2	7	3	45	57
Interest cost	3	1			4	3	1		1	5
Expected return on plan assets, gross	(2)	(1)			(3)	(2)				(2)
Change in management fees					0					0
Payments to the fund during the period	(3)				(3)	(4)	(67)			(71)
Payment fees					0					0
Plan amendments recognized over the period		3	(2)		1		3		1	4
Recognized actuarial gains and losses over the period	3		(1)	1	3	1			13	14
Other items		(2)		1	(1)	1		1	(40)	(38)
Change in obligation taken to income	**1**	**3**	**(2)**	**9**	**11**	**(2)**	**(61)**	**2**	**(18)**	**(79)**
Other items (change in consolidation scope, etc.)					0					0
Other changes recognized	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Actuarial gains and losses on benefit obligations	(11)	(10)	(2)	(3)	(26)	1	4		6	11
Actuarial gains and losses/return on plan assets	13	(5)			8	(7)	(1)			(8)
Other actuarial gains and losses					0	1				1
Change in actuarial gains and losses not recognized	**2**	**(15)**	**(2)**	**(3)**	**(18)**	**(5)**	**3**	**0**	**6**	**4**
Plan amendments over the period					0		9			9
Other items					0					0
Other changes not recognized	**0**	**0**	**0**	**0**	**0**	**0**	**9**	**0**	**0**	**9**
Benefit obligation at December 31										
Net obligations recognized	39	40	32	88	199	38	37	34	79	188
Unrecognized actuarial gains and losses	0	(22)	(2)	1	(23)	1	(7)		5	(1)
Unrecognized past service cost		11	2		13		14			14
TOTAL NET OBLIGATION AT DECEMBER 31	**39**	**29**	**32**	**89**	**189**	**39**	**44**	**34**	**84**	**201**

NOTE 18 SUBORDINATED DEBT

(in millions of euros)	2018	2017
Dated subordinated debt	**3,326**	**3,036**
Subordinated notes	726	736
Subordinated loans	2,600	2,300
Undated subordinated debt	**2,181**	**2,433**
Participating loans		36
Subordinated notes	2,181	2,397
Subordinated loans		
Accrued interest	**28**	**38**
TOTAL	**5,535**	**5,507**

Debt representing 10% of the total amount of subordinated debt:

Date of issuance	Maturity date	Currency	Amount of issuance	Frequency of coupon	Rate and duration before first redemption date	Rate after first redemption date	2018	2017	Liabilities convertible into equity	Subordination condition (immediately senior ranking)
27/06/2014	27/06/2026	EUR	900,000,000	Quarterly	Euribor 3M+2%	No redemption clause		900,000,000.00	Non-convertible	Unsecured creditors
29/07/2015	29/07/2027	EUR	1,000,000,000	Quarterly	Euribor 3M+230bp	No redemption clause		1,000,000,000.00	Non-convertible	Unsecured creditors

Perpetual deeply subordinated notes

Natixis issued Perpetual deeply subordinated notes which offer unit-holders fixed rate or variable rate income and which may be redeemed at the end of a set period and then at each coupon anniversary date. In the event of non-redemption at the end of this period, for some of these issues, a variable coupon indexed to the EURIBOR or LIBOR will be paid.

Interest normally due on deeply subordinated notes is mandatory once a dividend has been paid on Natixis shares. However, for any other period, the contractual conditions of deeply subordinated notes state that the issuer may suspend the payment of this interest as non-paid coupons are not deferred.

Due to the existence of a loss-absorption clause, the nominal value of the securities may be reduced in the event of regulatory capital inadequacy to serve as a new basis for determining coupon amounts. The original nominal value may however be reconstituted under certain conditions.

In the event of the liquidation of Natixis and regardless of any reduction to the securities' original nominal value, unit-holders will bear their securities at their original nominal value.

Non-voting shares

The non-voting shares issued by Natixis in November 1985 may only be redeemed if the Company is liquidated but may be eligible for buyback under the terms set out by the law dated January 3, 1983.

Redeemable Subordinated Debt

Redeemable subordinated debt issued by Natixis includes medium- or long-term loans or securities equivalent to ordinary subordinated debt. They are redeemable before the contractual maturity date in the event of liquidation of the issuer, and rank after other creditors but before holders of the super subordinated notes.

Following approval by the banking supervisory authority and at the initiative of the issuing company, redeemable subordinated debt may be subject to early redemption through repurchasing on the stock market, or over the counter in the case of private debt, as of a date set in the issue notice or purchase agreement or in the event of changes to current tax and regulatory rules. In all cases, these redemptions are subject to the approval of the banking supervisory authorities.

NOTE 19 REGULATED PROVISIONS

(in millions of euros)	Revaluation reserve for depreciable fixed assets	Provisions for investment	Accelerated depreciation	Public funds assigned	Total
At January 1, 2017	0	0	0	0	0
Charges					0
Reversals					0
Other				2	2
Activity in 2017	0	0	0	2	2
BALANCE AT DECEMBER 31, 2017	0	0	0	2	2
At January 1, 2018	0	0	0	2	2
Charges					0
Reversals					0
Other					0
Activity in 2018	0	0	0	0	0
BALANCE AT DECEMBER 31, 2018	0	0	0	2	2

5

NOTE 20 CAPITAL, ISSUE PREMIUMS, RESERVES AND RETAINED EARNINGS

(in millions of euros)	Capital	Issue premium	Legal reserve	General reserve	Long-term capital gains regulated reserve	Other reserves	Retained earnings	Total
At January 1, 2017	5,019	7,386	452	1,211	0	2	665	14,735
Appropriation of 2016 earnings			81				442	523
Allocation of free shares	1							1
Activity in 2017	1	0	81	0	0	0	442	524
BALANCE AT DECEMBER 31, 2017	5,020	7,386	533	1,211	0	2	1,107	15,259
At January 1, 2018	5,020	7,386	533	1,211	0	2	1,107	15,259
Appropriation of 2017 earnings							518	518
Allocation of free shares	1			(1)				0
"Mauve" employee shareholding operation	19	40						59
Activity in 2018	20	40	0	(1)	0	0	518	577
BALANCE AT DECEMBER 31, 2018	5,040	7,426	533	1,210	0	2	1,625	15,836

At December 31, 2018, the share capital was composed of 3,150,288,592 shares, each with a par value of €1.60. All shares confer the same rights on their holders, except for treasury shares, which have no voting rights.

The capital increase in fiscal year 2017 corresponds to the allocation of 285,658 free shares to certain Natixis employees, within the scope of Retention and performance plans.

The capital increase in fiscal year 2018 corresponds to the allocation of 945,549 free shares to certain Natixis employees, within the scope of Retention and performance plans, and the creation of 11,982,805 shares under the "MAUVE 2018" transaction.

NOTE 21 TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES

(in millions of euros)	2018	2017
Assets		
Advances to banks	55,246	64,339
Customer loans	27,955	20,888
Bonds and other fixed-income securities	4,600	5,628
Shares and other variable-income securities	2,399	1,994
Liabilities		
Due to banks	62,827	75,828
Customer deposits	23,990	20,364
Debt securities	279	390
Subordinated debt	4,768	4,414
Off-balance sheet		
Financing commitments given to:		
■ banks	14,646	10,719
■ customers	18,894	4,773
Guarantees provided on behalf of:		
■ banks	7,761	8,605
■ customers	9,153	7,260

Under Article 1124-61 of regulation No. 2014-07 on transactions between related parties, Natixis has no additional information to disclose, since these transactions are either excluded from the reporting scope (wholly-owned subsidiaries), or entered into under normal market conditions.

NOTE 22 STATEMENT OF ASSETS, LIABILITIES AND COMMITMENTS RELATED TO MANAGEMENT OF PUBLIC PROCEDURES

(in millions of euros)	2018	2017
Customer transactions	839	779
TOTAL ASSETS	**839**	**779**
Interbank and similar transactions	46	46
Customer transactions	952	851
Other liabilities	1	0
Public funds assigned	2	2
TOTAL LIABILITIES	**1,001**	**899**

NOTE 23 INTEREST AND SIMILAR INCOME

(in millions of euros)	2018	2017
Interest and similar income	**7,198**	**6,216**
Interbank transactions	2,851	1,659
Customer transactions	2,559	2,447
Bonds and other fixed-income securities	211	208
Other interest and similar income	1,577	1,902
Interest and similar expenses	**(6,444)**	**(5,314)**
Interbank transactions	(1,740)	(1,511)
Customer transactions	(2,121)	(1,325)
Bonds and other fixed-income securities	(1,304)	(896)
Other interest and similar expenses	(1,279)	(1,582)
TOTAL	**754**	**902**

Of which -€199 million in interest expense on subordinated debt at December 31, 2018 versus -€202 million at December 31, 2017.

NOTE 24 INCOME FROM VARIABLE-INCOME SECURITIES

(in millions of euros)	2018	2017
Investment in subsidiaries and affiliates	1,482	736
Investments securities and other long-term investments		
Shares and other variable-income securities	18	8
TOTAL	**1,500**	**744**

NOTE 25 FEES AND COMMISSIONS

	2018		2017	
(in millions of euros)	Income	Expense	Income	Expense
Customer transactions	446	(5)	367	(6)
Securities transactions	5	(156)	4	(161)
Forward financial instruments	78	(264)	75	(57)
From financing and guarantee commitments	142	(109)	110	(62)
From other off-balance sheet commitments	80	(12)	99	(12)
From foreign exchange transactions		(16)		(12)
From other Financial Services	19	(35)	36	(41)
From payment services	37	(34)	33	(27)
Ancillary income	8		9	
Other	175		174	
TOTAL	**990**	**(631)**	**907**	**(378)**

NOTE 26 GAINS/(LOSSES) ON TRADING PORTFOLIO TRANSACTIONS

(in millions of euros)	2018	2017
Net gains (losses) on securities held for trading	(1,293)	3,990
Net gains (losses) on foreign exchange transactions	471	386
Net gains (losses) on forward financial instruments	2,290	(2,795)
TOTAL	**1,468**	**1,581**

NOTE 27 GAINS/(LOSSES) ON SECURITIES HELD FOR SALE AND SIMILAR

(in millions of euros)	2018	2017
Securities held for sale		
Gains on disposal	57	48
Losses on disposal	(28)	(28)
Net impairment (Charge)/Reversal	24	(4)
TOTAL	**53**	**16**

NOTE 28 OTHER BANKING INCOME AND EXPENSES

(in millions of euros)	2018	2017
Expenses from income sharing agreements		(11)
Ancillary income	276	256
Share of income from joint banking ventures	3	9
Transfers of operating banking expenses	6	13
Other	47	(45)
TOTAL	**332**	**222**

NOTE 29 OPERATING EXPENSES

(in millions of euros)	2018	2017
Payroll costs	**(1,367)**	**(1,371)**
Wages and salaries	(916)	(899)
Social security expenses [(a) (d)]	(364)	(431)
Incentive and profit-sharing plans	(57)	(72)
Taxes on income	(81)	(87)
Rebilled expenses	34	36
Provisions for risks and other expenses [(b) (d)]	17	82
Other administrative expenses	**(1,262)**	**(1,191)**
Taxes other than on income [(c)]	(232)	(194)
External services	(1,209)	(1,130)
Rebilled expenses	179	133
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	**(77)**	**(78)**
Charges	**(77)**	**(78)**
TOTAL	**(2,706)**	**(2,640)**

(a) *Of which pension costs for €111 million at December 31, 2018 versus €149 million at December 31, 2017.*

(b) *Of which a net provision reversal for the Workforce Adaptation Plan of €2 million at December 31, 2018 versus €4 million at December 31, 2017.*

(c) *Including a contribution of €157 million to the Single Resolution Fund (SRF) at December 31, 2018, versus €116 million at December 31, 2017.*

(d) *Natixis S.A. has opted to outsource a portion of its employee benefits. For 2017, the accounting impact was -€68 million in social security expenses for contributions paid to insurance companies and +€68 million for a reversal of provisions for employee benefits.*

NOTE 30 PROVISION FOR CREDIT LOSSES

(in millions of euros)	2018	2017
Provision for credit losses on asset items	**(185)**	**(100)**
Non-performing loans:	**(164)**	**(54)**
Impairment charges	(361)	(206)
Reversals of impairment charges	459	405
Losses covered	(224)	(252)
Losses not covered	(39)	(3)
Recoveries of bad debts written off	1	2
Securities:	**(21)**	**(46)**
Impairment charges	(22)	(13)
Reversals of impairment charges	2	16
Losses covered	(1)	(49)
Provision for credit losses on liability items	**(43)**	**(148)**
Country risk:	2	(86)
Charges to provisions	(42)	(87)
Reversals of provisions	44	1
Risks and charges:	**(45)**	**(62)**
Charges to provisions	(155)	(118)
Reversals of provisions	110	56
TOTAL	**(228)**	**(248)**

NOTE 31 NET GAINS/(LOSSES) ON FIXED ASSETS

(in millions of euros)	2018	2017
Long-term investments		
Investments in associates and other long-term investments	**28**	**311**
Gains	157	148
Losses	(4)	(107)
Impairment charges	(172)	(21)
Reversals of impairment charges	48	197
Provisions for risks and other expenses	(3)	(4)
Reversals of provisions for risks and other expenses	2	98
Securities held for investment	**1**	**3**
Gains	1	3
Property, plant and equipment and intangible assets	**4**	**3**
TOTAL	**33**	**317**

NOTE 32 INCOME TAXES

(in millions of euros)	2018	2017
Tax at standard rate	(68)	(75)
Tax at reduced rate		
Tax credits	3	3
Impact of tax consolidation	219	191
Other items	115	136
Carry Back		
TOTAL	**269**	**255**

Tax calculation

The tax consolidation agreement at Natixis group is based on the principle of neutrality, whereby each subsidiary determines its tax and contributes to the group tax as if it were not consolidated.

Any tax savings or expense generated by consolidation is recognized by Natixis as the parent company.

Any losses transferred to the parent company give rise to a provision for restitution of corporate tax, deemed to offset the additional Group tax incurred if subsidiaries return to profit, and their tax contribution is decreased by the amount of prior year losses.

Tax audits

Natixis S.A. was subject to an audit covering the 2008 to 2013 fiscal years, which resulted in the reception of a reassessment notice in December 2016.

Final notice was received by Natixis during the 2018 fiscal year and the accounting impacts were factored in the accounts at December 31, 2018.

Natixis' German subsidiary was subject to an audit covering the 2009 to 2014 fiscal years. At December 31, 2018 Natixis Germany received a draft notification from the German tax authorities. The impact of this reassessment was recognized at December 31, 2018.

Settlement of litigation from 2017

The European Court of Justice has ruled the application of a share of costs and expenses, fixed at 5% of dividends received from subsidiaries based in another European Union Member State which, if they had been residents of France, could have belonged to a tax consolidation Group, contrary to the freedom of establishment principle (EJC 2-9-2015, Case C-386/14, Groupe Steria SCA). Natixis, as the Head of the Tax Consolidation Group in France, thus received a reimbursement of the tax unduly paid on the 5% share of costs and expenses for a total of €6 million.

NOTE 33 GEOGRAPHIC INFORMATION

	2018						2017					
(in millions of euros)	France	Other Europe	Americas	Asia	Other	Total	France	Other Europe	Americas	Asia	Other	Total
Interest and similar income and expenses	239	226	(29)	315	2	753	400	216	118	167	1	902
Income from variable-income securities	1,500					1,500	744		1			745
Fee and commission income and expenses	(6)	69	240	56		359	239	64	175	51		529
Net income from investment and trading portfolio transactions	1,332	189	1	(11)	11	1,522	1,422	190	3	(20)	1	1,596
Other banking operating expenses	336	3	(5)	(2)		332	226	1	(1)	(4)		222
TOTAL NET REVENUES	**3,401**	**487**	**207**	**358**	**13**	**4,466**	**3,031**	**471**	**296**	**194**	**2**	**3,994**

NOTE 34 OFF-BALANCE SHEET ITEMS – FORWARD FINANCIAL INSTRUMENTS

(in millions of euros)	Notional 2018	Notional 2017
On organized markets	**479,272**	**659,551**
Forward transactions	473,370	656,105
Options	5,902	3,446
Over the counter	**3,562,951**	**3,895,931**
Forward transactions	3,042,416	3,382,074
Options	520,535	513,857
INTEREST RATE INSTRUMENTS	4,042,223	4,555,482
On organized markets	**151**	**349**
Forward transactions	151	349
Options		
Over the counter	**312,005**	**349,168**
Forward transactions	50,495	103,335
Options	261,510	245,833
EXCHANGE RATE INSTRUMENTS	312,156	349,517
On organized markets	**190,162**	**151,962**
Forward transactions	51,206	35,053
Options	138,956	116,909
Over the counter	**212,715**	**187,680**
Forward transactions	115,504	114,367
Options	97,211	73,313
OTHER INSTRUMENTS	402,877	339,642
o/w hedges		
▪ of interest rate instruments	25,352	22,906
▪ of exchange rate instruments	70	3
▪ of other instruments	7,644	2,383
o/w macro-hedges	161,665	338,391
o/w isolated open positions	258	556

Counterparty risk exposure

	Counterparty risk exposure [a]
Governments and central banks	8,657
Financial institutions	25,909
Other	12,819
TOTAL	47,385

(a) *Exposure calculated based on current Basel 3 standards.*

Information on risk management is presented in Section 3.5 of Chapter [3], “Credit and counterparty risks”.

Fair value of forward financial instruments

(in millions of euros)	2018	2017
Interest rate instruments		
Positive fair value	36,624	39,389
Negative fair value	36,858	39,683
Exchange rate instruments		
Positive fair value	13,029	15,510
Negative fair value	12,385	14,514
Other instruments		
Positive fair value	7,747	5,390
Negative fair value	8,548	5,925

NOTE 35 OFF-BALANCES SHEET ITEMS – COMMITMENTS GIVEN

(in millions of euros)	2018	2017
Financing commitments	**97,160**	**73,737**
Banks	26,943	19,093
Customers	70,217	54,644
Guarantee commitments	**41,837**	**39,260**
Banks	9,450	10,647
Customers	32,387	28,613
Commitments on securities	**8,758**	**10,332**
Other commitments	**18,480**	**17,209**
TOTAL COMMITMENTS GIVEN	166,235	140,538
Financing commitments	**39,290**	**33,360**
Banks	29,047	19,868
Customers	10,243	13,492
Guarantee commitments	**8,743**	**7,056**
Banks	8,743	7,056
Commitments on securities	**8,212**	**10,231**
Other commitments	**10,987**	**9,809**
TOTAL COMMITMENTS RECEIVED	67,232	60,456

NOTE 36 FOREIGN EXCHANGE TRANSACTIONS, FOREIGN CURRENCY LENDING AND BORROWING

(in millions of euros)	2018	2017
Spot transactions		
Currencies purchased and not received	20,944	21,870
Currencies sold and not delivered	21,063	22,775
Foreign currency lending/borrowing		
Currencies loaned and not delivered		34
Currencies borrowed and not received		142
Currency futures and options		
Euros receivable/currencies deliverable	499,895	519,302
Currencies receivable/euros deliverable	524,603	554,333
Currencies receivable/currencies deliverable	250,196	259,839
Currencies deliverable/currencies receivable	249,505	259,406
Premium/discount receivable	3,359	16
Premium/discount payable	2,724	15

NOTE 37 ASSETS AND LIABILITIES BY MATURITY

(in millions of euros)	≤ 3 months	3 months to 1 year	1 to 5 years	> 5 years	Undated	Total
Advances to banks	40,506	19,712	14,275	9,809		84,302
Customer transactions	70,473	11,514	31,203	11,896	877	125,963
Bonds and other fixed-income securities	6,577	5,249	4,487	2,660		18,973
Assets (uses of funds)	**117,556**	**36,475**	**49,965**	**24,365**	**877**	**229,238**
Due to banks	57,758	7,195	28,206	3,691		96,850
Customer transactions	99,081	6,279	4,956	2,975		113,291
Debt securities	16,705	11,567	6,160	15,828		50,260
Liabilities (sources of funds)	**173,544**	**25,041**	**39,322**	**22,494**	**0**	**260,401**

NOTE 38 ESTABLISHMENTS AND OPERATIONS IN NON-COOPERATIVE STATES OR TERRITORIES WITHIN THE MEANING OF ARTICLE 238-0A OF THE FRENCH GENERAL TAX CODE

Article L.511-45 of the French Monetary and Financial Code and the Ministerial Order of October 6, 2009, require banks to disclose in a note to their financial statements their establishments and operations in States and territories that do not have an administrative assistance agreement with France aimed at countering fraud and tax evasion, which provides access to banking information.

These obligations form part of the global struggle against territories that are non-cooperative on tax matters based on the work of various OECD working groups and summits, and are also part of the fight against money laundering and the financing of terrorism.

Monitoring of Natixis' subsidiaries and branches in non-cooperative countries forms an integral part of Natixis' risk monitoring process overseen by the Risk function. This process involves:

- local Risk Officers/functions that have a functional link to the central Risk Control Department;
- specific reporting procedures that respect local constraints but also comply with overall risk requirements.

At December 31, 2018, in accordance with the above-mentioned Article, Natixis hereby reports that it has:

- in the Marshal Islands, €63 million in outstanding financing (net of provisions) and €2 million in financial commitments given;
- in Panama, €106 million in outstanding financing (net of provisions).

Company financial performance over the last five years (Art. 133, 135 and 148 of the French Decree on Commercial Companies

Category	2014	2015	2016	2017	2018
Financial position at year-end					
Share capital	4,986,412,193.60	5,005,004,424.00	5,019,319,328.00	5,019,776,380.80	5,040,461,747.20
Number of shares issued	3,116,507,621	3,128,127,765	3,137,074,580	3,137,360,238	3,150,288,592
Number of bonds redeemable in shares	0	0	0	0	0
Number of bonds convertible into shares	0	0	0	0	0
Overall results of effective operations					
Revenues net of tax	16,744,446,983.44	19,286,206,333.81	20,911,153,316.23	24,812,396,935.44	31,465,230,299.13
Income before tax, depreciation, amortization and provisions	738,855,652.86	872,230,135.57	1,061,747,058.72	1,058,912,618.73	1,610,377,425.74
Income taxes	153,268,232.67	139,005,181.75	364,623,914.40	255,217,927.59	269,538,633.33
Income after tax, depreciation, amortization and provisions	1,305,316,943.00	1,134,225,514.40	1,621,448,753.36	1,678,182,285.17	1,834,308,793.77
Dividends paid [(a)]	1,059,612,591.14	1,094,844,717.75	1,097,976,103.00	1,160,823,288.06	2,457,225,101.76
Operational result per share					
Income after tax, but before depreciation, amortization and provisions	0.29	0.32	0.45	0.42	0.60
Income after tax, depreciation, amortization and provisions	0.42	0.36	0.52	0.53	0.58
Dividend per share	0.34	0.35	0.35	0.37	0.78
Employees					
Number of employees	7,188	7,318	7,387	7,513	7,462
Total payroll costs	783,339,403.98	840,134,680.53	878,011,680.00	899,121,895.31	916,160,105.76
Social security and other employee benefits	389,150,406.91	349,581,989.26	388,380,689.14	503,004,737.45	421,145,026.49

(a) of which for 2018:
- *an ordinary dividend of €945,086,577.60;*
- *an extraordinary dividend of €1,512,138,524.16.*

It is specified that, in the event that it becomes clear that the transfer of the Specialized Financial Services division to BPCE (operation "Smith"), on which the payment of the extraordinary portion of the dividend depends, cannot be completed before the date of the General Shareholders' Meeting, the Board of Directors will adapt the text of the draft resolutions to include (i) a dividend payment reduced to the "ordinary" portion and (ii) the payment at a later date (following the date of the completion of operation "Smith") of an extraordinary dividend, corresponding to the "extraordinary" portion.

5.4 Statutory Auditors’ report on the parent company financial statements

Fiscal year ended December 31, 2018

To the General Shareholders' Meeting of Natixis S.A.,

OPINION

In compliance with the assignment entrusted to us by your General Shareholders’ Meeting, we carried out the audit of the parent company financial statements of Natixis S.A. for the year ended December 31, 2018, as appended to this report.

In our opinion, the parent company financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from January 1, 2018 to the date of our report and in particular we did not provide any services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014 or under the French Code of Ethics (*Code de déontologie*) for statutory auditors.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the fiscal year that are not disclosed in the management report or the notes to the parent company financial statements are as follows:

- Deloitte & Associés: the main engagements conducted in fiscal year 2018 concerned reviews of reporting compliance, either as required by regulations or requested by the regulators, the independent third-party body engagement on the CSR information in the management report, comfort letters issued in connection with issuance programs and certification.
- PricewaterhouseCoopers Audit: the main engagements conducted in fiscal year 2018 concerned certifications and comfort letters issued in connection with issuance programs, reviews of compliance procedures and services provided as part of restructuring measures.

JUSTIFICATION OF OUR ASSESSMENTS - KEY AUDIT MATTERS

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we draw to your attention the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the parent company financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the parent company financial statements as a whole, and in forming our opinion expressed above, and we do not provide a separate opinion on specific items of the parent company financial statements.

Impairment of loans and receivables on an individual basis

Risk identified and main judgments	Our audit approach
Natixis S.A. recognizes provisions on an individual basis to cover incurred credit losses on loans and receivables originated as part of its financing activities. The determination of individual impairment allowances for non-performing loans requires a significant amount of judgment, particularly in terms of identifying impairment and calculating the impairment loss to be recognized. We considered individual impairment to be a key audit matter as it is an area where estimation plays a significant role in the preparation of the financial statements. Advances to banks and customer loans represented €210,265 million at December 31, 2018. Individual impairment losses amounted to €907 million at December 31, 2018. *Please refer to paragraph 1 of Note 1 and to Notes 4, 16 and 30 to the parent company financial statements for more details.*	We evaluated the design and tested the effectiveness of the key controls put in place by Natixis S.A., in particular those related to: ▪ the identification of indicators of impairment (such as past-due payments) and the counterparty rating process; ▪ the classification of exposures as non-performing; ▪ the monitoring and valuation of guarantees; ▪ the determination of individual impairment losses on non-performing loans and the associated governance and validation system. In addition, we carried out a credit review, based on a sample of files selected on the basis of materiality and risk criteria, in which we: ▪ took note of the latest available information on the situation of sensitive and non-performing counterparties; ▪ performed independent analyses of the assumptions used and the estimates of provisions drawn up by management based on information provided by the institution and external data; ▪ verified that estimated impairment allowances were correctly recognized.

Provisions for legal and compliance risks

Risk identified and main judgments	Our audit approach
Natixis S.A. is involved in litigation before the courts and is the subject of investigations and requests for information from regulatory and tax authorities in different jurisdictions. The assessment of the resulting legal and compliance (including tax) risks reflects management's estimates as of the reporting date. The recognition of a provision and determination of its amount as well as the financial information disclosed require, by their very nature, the exercise of judgment, not least because of the difficulty of estimating the outcome and financial consequences of ongoing proceedings. We therefore considered provisions for legal and compliance risks to be a key audit matter given the sensitivity of these provisions to the assumptions and options adopted by management. Provisions for litigation and other risks amounted to €950 million at December 31, 2018 (see Note 16 to the parent company financial statements). *For more details, please refer to paragraph 10 of Note 1 and to Note 16 to the parent company financial statements.*	We examined the identification, assessment and provisioning arrangements for legal and compliance risks. We took note of the status of ongoing proceedings and the main risks identified by Natixis S.A., including through regular discussions with management (and more specifically Natixis S.A.'s legal, compliance and tax departments) and by reviewing the documentation made available to us. Our work also involved assessing the reasonableness of the assumptions and data used by management to estimate the amount of provisions recognized at the reporting date. In particular, we engaged specialists in tax law to conduct a critical review of analyses of the tax risks identified by Natixis S.A. and the related provisions. We also carried out confirmation procedures with Natixis S.A.'s legal advisors regarding ongoing proceedings. Finally, we checked that the provisions thus measured were correctly recognized and verified the related disclosures in the notes to the parent company financial statements.

Valuation of financial instruments not quoted on an active market

Risk identified and main judgments

As part of its Corporate & Investment Banking activity, Natixis S.A. holds financial instruments that are marked-to-market in its balance sheet, including a significant portion of instruments that are not quoted on an active market.

The determination of the market value of these financial instruments is based on valuation techniques that include a significant amount of judgment in the choice of methodologies and data used:

- use of adequate internal valuation models;
- determination of valuation inputs unobservable on the market;
- estimation of additional valuation adjustments, to reflect certain market, counterparty or liquidity risks.

We deemed the valuation of financial instruments not quoted on an active market, to be a key audit matter due to:

- the material nature of the exposures and the use of judgment in determining their valuation;
- specific valuation adjustments recognized by Natixis in 2018 on certain products marketed in Asia where the business model used led to the introduction of a hedging strategy that proved to be inadequate in the market conditions in 2018.

Financial instruments not quoted on an active market are recognized within securities held for sale, securities held for trading and securities held for investment, which represented assets of €39.7 billion at December 31, 2018.

Please refer to paragraph 2 of Note 1 and to Notes 2, 5, 26 and 27 to the parent company financial statements for more details.

Our audit approach

We examined the internal control procedures and systems for the identification, valuation and accounting of financial instruments not quoted on an active market.

We tested the relevant control to our audit, including those relating to:

- the validation and periodic review, by the Risk division, of valuation models;
- the independent verification of valuation inputs;
- the determination of the main valuation adjustments, as well as the value adjustments made.

We carried out these checks with the assistance of our valuation experts, with whom we also carried out independent valuations by examining, on a sample basis, the assumptions, methodologies and models used to estimate the valuation. For 2018, this work focused on the valuation adjustments recognized by Natixis on certain products marketed in Asia.

We also examined, on a sample basis, any variances in margin calls with Natixis' market counterparties, which helped us assess the appropriateness of the valuations.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

Information given in the management report and in the other documents on the financial position and the financial statements provided to shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents on the financial position and the financial statements provided to shareholders, with the exception of the matter below.

The fair presentation and the consistency with the financial statements of the information relating to payment terms mentioned in Article D. 441-4 of the French Commercial Code leads us to make the following observation: as indicated in the management report, this information does not include banking transactions and related transactions, as your Company considers that they do not fall within the scope of information to be reported.

Corporate governance information

We certify the existence, in the section of the management report of the Board of Directors devoted to corporate governance, of the information required under Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

As regards the information provided in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code relating to the compensation and benefits received by the directors and any other commitments made in their favor, we have verified the consistency of that information with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we certify the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the various information items concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights have been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Natixis S.A. by the General Shareholders' Meetings held on May 24, 2016 in the case of PricewaterhouseCoopers Audit, and on June 16, 1998 in the case of Deloitte & Associés (taking into account the mergers of firms that have occurred since that date). The appointment was previously held by other entities of the Deloitte network for which the full history of appointments cannot be established.

As of December 31, 2018, PricewaterhouseCoopers Audit was in its third year of appointment without interruption. As of that date, the length of Deloitte & Associés' uninterrupted appointment was over 20 years, including 13 years since the combination of the Ixis business of the Caisse Nationale des Caisses d'Epargne (CNCE) and the Natexis Banques Populaires business of Banque Fédérale des Banques Populaires (BFBP), which on November 17, 2006 resulted in the incorporation of Natixis through the transfer of CNCE's subsidiary shares and equity investments to the Natexis Banques Populaires entity, which was renamed Natixis.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, the internal audit of procedures for preparing and processing accounting and financial information.

The parent company financial statements have been approved by the Board of Directors.

STATUTORY AUDITORS’ RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the parent company financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the parent company financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We provide the Audit Committee with a report that presents inter alia the extent of the audit and the program of work carried out, as well as the conclusions arising from our work. We also make it aware, when appropriate, of any significant weaknesses we have identified in the internal control system in terms of procedures for preparing and processing accounting and financial information.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the parent company financial statements of the current period and which therefore constitute key audit matters, which we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Paris La Défense and Neuilly-sur-Seine, March 15, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Emmanuel Benoist	Jean-Marc MICKELER
	Charlotte VANDEPUTTE

5.5 Internal control procedures relating to accounting and financial information

5.5.1 PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The Finance Department prepares Natixis' consolidated financial statements and all consolidated regulatory reports (including solvency, liquidity and Resolution-related ratios) using the tools and databases developed and administered by Natixis S.A.

As a listed company, Natixis prepares separate consolidated financial and regulatory statements, although the sub-group it leads has been included in Groupe BPCE's consolidated financial statements since July 1, 2009.

In this regard, the processes for preparing the consolidated financial statements and regulatory reporting are operationally autonomous, but linked to BPCE's processes. The reliability of these processes is based on the following core principles:

- definition, in coordination with BPCE, and dissemination of the accounting and regulatory principles applicable to Natixis companies, including the analysis and interpretation of new standards published during the period;
- documentation and oversight of the different stages in the preparation of these reports;
- audit trails justifying all published accounting and management data, based on the individual contributions made by each entity and restatements made centrally;
- formal, documented first- and second-level controls contributing to the management of risks relating to accounting and financial information (balance sheet, income statement, regulatory and financial information);
- data archiving and security procedures;
- provision of support and appropriate training to the accounting and regulatory reporting teams of those consolidated entities that use the consolidation and data collection tools, thus allowing for best practices to be shared within the Company.

The preparation of the consolidated financial statements also relies on:

- the use of a direct consolidation method, rolled out throughout the Group, allowing for the analysis and control of the consolidation packages of each consolidated company via a formal review process;
- preparation of consolidated financial statements on a quarterly basis. This allows for greater control over financial reporting within tight time frames;
- reporting and reconciliation of intra-group transactions at M-1 and then at M, where M is the reporting month, thus increasing the number of reconciliations and contributing to the preparation of quarterly statements;
- use of an automated control process for individual information provided by the consolidated entities through the use of consolidation packages that incorporate accuracy and consistency checks, which must be complied with before the data can be transmitted;
- individual analysis of all entries impacting consolidated shareholders' equity and the preparation of supporting documents for taxes, including proof of deferred taxes, for each consolidated entity, thus contributing to the substantiation of consolidated shareholders' equity.

For the preparation of the consolidated financial statements and part of its regulatory reporting, Natixis has software that enables it to:

- produce a local IFRS-compliant reporting package, including, for foreign entities, a reporting period foreign currency conversion feature;
- extend its data collection and consolidation processes to regulatory reporting;
- guarantee the consistency of data relating to the banking and insurance consolidation scopes;
- offer retrieval features that can be used to input data into the various reports;
- offer BPCE access to Natixis' data through dedicated interfaces, in keeping with confidentiality rules given that Natixis is listed;
- secure the integration process for consolidation packages received from international entities through the implementation of local first-level controls followed by centralized second-level controls.

In order to perfect its overall data collection system, Natixis is continuing to develop and add new modules or adapt existing modules to new standards (including the update of IFRS 9 as of January 1, 2018 and IFRS 16 as of January 1, 2019), based on its consolidation tool, thus facilitating the compilation and preparation of certain regulatory reports (COREP capital reporting and FINREP).

Lastly, Natixis and Groupe BPCE as a whole ensure the publication of their financial information within a schedule in line with industry-wide practices.

5

5.5.2 PERMANENT CONTROL SYSTEM RELATING TO ACCOUNTING AND FINANCIAL INFORMATION

As part of its duties, and in keeping with the French Ministerial Order of November 3, 2014 on internal control by companies in the banking sector and European supervision by the Single Supervisory Mechanism, Natixis' Internal Audit Department assesses the internal control procedures, with a particular focus on accounting and financial procedures, of all the consolidated entities, whether or not they have credit institution status.

The fact that most subsidiaries have their own management and control functions means that internal control procedures are decentralized and are tailored to the organization of each of the consolidated entities, relying on a multi-tier accounting control process:

- a first-level control where permanent and local controls in operational business lines are integrated into the operating process and formalized in detailed control programs;
- an intermediate level overseen by each entity's financial or compliance or risk departments where second-level controls, independent of operating processes, are performed to ensure the reliability of accounting and regulatory reporting processes and verify the existence and quality of the first-level controls;
- a final level of control carried out by the Internal Audit Department as part of its regular audits.

For accounting, permanent and periodic controls apply to the completion and/or monitoring of:

- for justifying accounts, accuracy and veracity checks, such as the procedures for management/financial account reconciliation (outstandings and income statement), reconciliation of cash accounts and checking and clearing of suspense items;
- consistency checks through analytical reviews;
- checks to make sure income and expenses are allocated to the correct period;
- verification that the presentation complies with accounting rules;
- correct processing of specific transactions in line with the relevant principles;
- verification of financial information (notes to the financial statements, items of financial communication);
- adjustment of anomalies identified at the time of these controls as well as the corresponding analyses and documentation.

These controls are conducted using several accounting systems, whose number is being reduced, however, due to the integration of a significant part of Natixis' consolidated scope. For regulatory reporting, permanent and periodic controls apply to the completion and monitoring of:

- accuracy and veracity checks, such as the management/financial account reconciliation processes, as management data can come from various sources;
- controls of the traceability and completeness of data, throughout the various reporting preparation processes;
- compliance and presentation controls in respect of the regulatory requirements specific to each reporting process;
- quality controls of the data (in accordance with the BCBS 239 program) needed to produce the reports and the quality of the attributes entered into the databases used, allowing the proper breakdown of accounting or management data;
- consistency checks between published reports, where possible and relevant.

For all these scopes, Natixis and its subsidiaries are continuing to upgrade their accounting and financial control procedures and equip themselves with suitable audit trail tools. In this respect, Natixis' Finance Department supervises, assists and monitors the various controls performed by the subsidiaries.

The accounting and financial reporting control system is primarily based on the following fundamental principles:

- separation of the accounting production and control functions;
- and the standardization of control processes within the Group's different business lines and entities: methods, software, reporting and frequency;

It also draws on:

- the application of the principles defined by BPCE, i.e. the scopes governed by the two-level control processes and implementing the coordination of the control teams;
- two kinds of assignments (operational or organizational) to be carried out either as part of the account closing process or in periodic assignments;
- formalized documentation as part of the "Accounting and financial information quality control framework" drawn up by Groupe BPCE. This includes procedures that describe in detail the organization of the system;
- risk mapping showing the nature, the frequency of occurrence and the responsibility by control level across all scopes (accounting and regulatory);
- centralized oversight within the financial, risk or compliance departments, performed by the dedicated Regulatory and Accounting Review team, which reviews first-level controls and also performs second-level controls;
- a risk-based approach, enabling the Review teams to guide and determine the frequency of their controls given the quality of the internal control processes.

For Natixis, the system is organized based on:

- accounting or regulatory production teams, within the business lines or centralized within the Accounting and Ratios Department, that handle all work related to the correct entry of transactions and the collection of data required for regulatory reporting and the implementation of day-to-day controls;
- first-level controls under the hierarchical and/or functional authority of the Accounting and Ratios Department including all monthly and quarterly controls that make these reports more reliable;

- independent second-level controls under the hierarchical authority of the Accounting and Ratios Department and the functional authority of the Compliance Department. The Regulatory and Accounting Review team, aside from managing the system, also performs its own controls, including the review of first-level controls;
- dedicated tools that allow for the automated reconciliation of account entries and centralization of control results using an internal application.

In addition to the operational control tasks delegated to it, the Regulatory and Accounting Review team also fulfills the following duties in respect of the organization of the control function within the Group:

- definition of the control policy applicable to Natixis and its subsidiaries: organizational and operational principles of permanent internal control for accounting, fiscal and regulatory matters, in accordance with the policy established by Groupe BPCE;
- coordination of the control system within the subsidiaries, working with the Review officers appointed by each of the local financial, compliance or risk departments. This takes place through quarterly Review committee meetings, themed workshops, and bilateral cooperation with international entities and platforms;
- monitoring and implementing an accounting and regulatory control environment within each entity by collecting and operating a set of periodic reporting dashboards. The results of these dashboards are then sent to each entity, including a process for alerting the finance, compliance or risk officers.

In 2018, the highlights of the accounting and financial control environment included:

- preserving a strict schedule for preparing the various financial reports;
- the continuation of large-scale projects to streamline the information systems used for market and financing transactions (front- and back-office systems), and the migration of the associated software, which continued in 2018;
- increasingly automated production of liquidity reporting (LCR, NSFR and AER), within the same application chain, reducing the number of manual entries and guaranteeing the auditability of data;
- the continuation of a project to streamline and pool data input by setting up shared data warehouses for all overview functions (Risk, Accounting and Ratios, Financial Oversight and Financial Management) and that already allows the production of the new reports required by the regulator (MREL, SHS and AnaCredit particularly);
- finalizing the introduction within the Asia-Pacific platform of specialized accounting and reconciliation tools that have been gradually used and phased in at Natixis since 2008;
- finalizing the overhaul of the Natixis Factor overview systems;
- implementing the production process and the associated control environment relative to IFRS 9, particularly through the introduction, as of January 1, 2018, of a shared tool for calculating provisions, linked to a database;
- the strengthening of prudential, fiscal and, more generally, manual entry controls, and controls covering the new standards and new reporting requirements;
- the reinforcement of local control system monitoring processes and support for the Review officers, particularly internationally, for all the European, US and Asian platforms.

Work in 2019 will be focused on the following actions:

- implementing the production process and the associated control environment relative to IFRS 16, applicable as of January 1, 2019 and covering leasing activities;
- continuing the progress of the project to streamline the information systems used for market and financing transactions in France and abroad;
- continuing the progress of the project to streamline and pool data used by the various overview systems, for which new, more granular, uses are planned for 2019;
- moving forward with the sale, to BPCE SA, of the Factoring, Sureties & Financial Guarantees, Leasing, Consumer Finance and Securities Services business lines currently operated by Natixis or its specialized subsidiaries, notably by implementing service agreements that will bind BPCE and Natixis, which will continue to carry out certain work on BPCE's behalf;
- continuing with initiatives committed to strengthening second-level controls in accounting and regulatory matters.

5.5.3 EXTERNAL CONTROLS

In addition to the control procedures followed by the Finance Departments responsible for preparing individual or consolidated accounts, the quality of accounting controls is verified by:

- ad hoc audit assignments conducted by BPCE's General Inspection and Natixis' Internal Audit Department;
- inspections carried out by the banking supervisory authorities;
- audits conducted by Statutory Auditors. This work is carried out by a group of firms working in a uniform manner each quarter on most of the entities falling within Natixis' scope of consolidation and whose opinions rely, in particular, on compliance with policies determined and validated beforehand by Natixis and the effectiveness of local internal control procedures.

6

NON-FINANCIAL PERFORMANCE REPORT

6.1 Strategic outlines and organization of the ESR policy

6.1.1 NATIXIS' BUSINESS MODEL

In accordance with the new French regulation on extra-financial reporting *(Déclaration de performance extra-financière)*, the following outlines Natixis' business model and its main impacts on ESR issues.

ADVANTAGES

Ressources
- **More than 18,000 employees** worldwide
- **More than 100** different nationalities
- **78% of the EuroStoxx 50** are Natixis' clients

Financial
- **71% owned** by Groupe BPCE
- **€11.8 bn** of equity
- **High long-term ratings**
  Moodys : A1
  Standard and Poor's : A
  Fitch rating : A+

Our model
- **Beyond Banking:** 67% of revenues from non-banking activities
- **Asset light:** 70% of Real Assets distributed
- **International:** Present in 38 countries

NEW DIMENSION STRATEGIC PLAN (2018-2020)

Business growth 5% Net revenues AAGR 2017/2020 + **Strong management of the resources** 11% CET1 after distribution + **5 cross-functional levers** Digital | Talents | Brand Way We Work | ESR

OUR ACTIVITIES	ASSET & WEALTH MANAGEMENT	CORPORATE AND INVESTEMENT BANKING	INSURANCE	SPECIALIZED FINANCIAL SERVICES
KEY INDICATORS	€808 bn assets under management at the end of 2018	€50.6 bn underwritten in 2018	€60.1 bn of assets under management in life insurance at the end of 2018	Leader of employee savings in France with 2.8 millions of accounts
NBI BY ACTIVITY IN 2018 (IN €M)	3,419	3,169	790	1,472

IMPACTS

Clients
- €65 bn of assets integrating ESG criteria
- 68% of power generation projects are renewable energy
- Systematic green or ISR products offered when opening a new live insurance product
- 8% of hybrid and electric vehicules in the long term rental car fleet

Staff
- Natixis certified as "Top Employer 2019"
- 97.6% of permanent jobs in the world
- More than 20 hours of training per trained employee
- Pride of belonging to Natixis for 79% of employees

Society
- No more financing of coal, tobacco, and extreme oil
- Mirova and Natixis Insurance portfolios announced alignment with 2°C scenario
- Leader in solidarity asset management in France
- Corporate Tax rate 2018: 30 %

6.1.2 STRATEGIC PILLARS OF ESR

As a key source of financing for the economy, Natixis has a role to play in the transition to sustainable development, and since 2017 it has decided to further its environmental and social responsibility (ESR) ambitions.

ESR is one of the main cross-business drivers used to achieve the goals of the New Dimension 2018-2020 strategic plan, which is aimed at creating lasting value. It is backed by enhanced governance, with the establishment of a dedicated department reporting directly to a member of the Senior Management Committee.

Drawing on a strong, widely recognized range of expertise, Natixis' objective in terms of ESR requires the commitment of all of its business lines (CIB, Asset Management, Insurance, Services) and functions, and incorporates all aspects of ESR: environmental, social/societal and economic concerns.

It involves an assessment of the social and environmental risks run by Natixis' business lines, while driving performance and development: ESR fuels the Company's strategic dialog with clients and support their own transition to a more sustainable model, with the development of innovative offers.

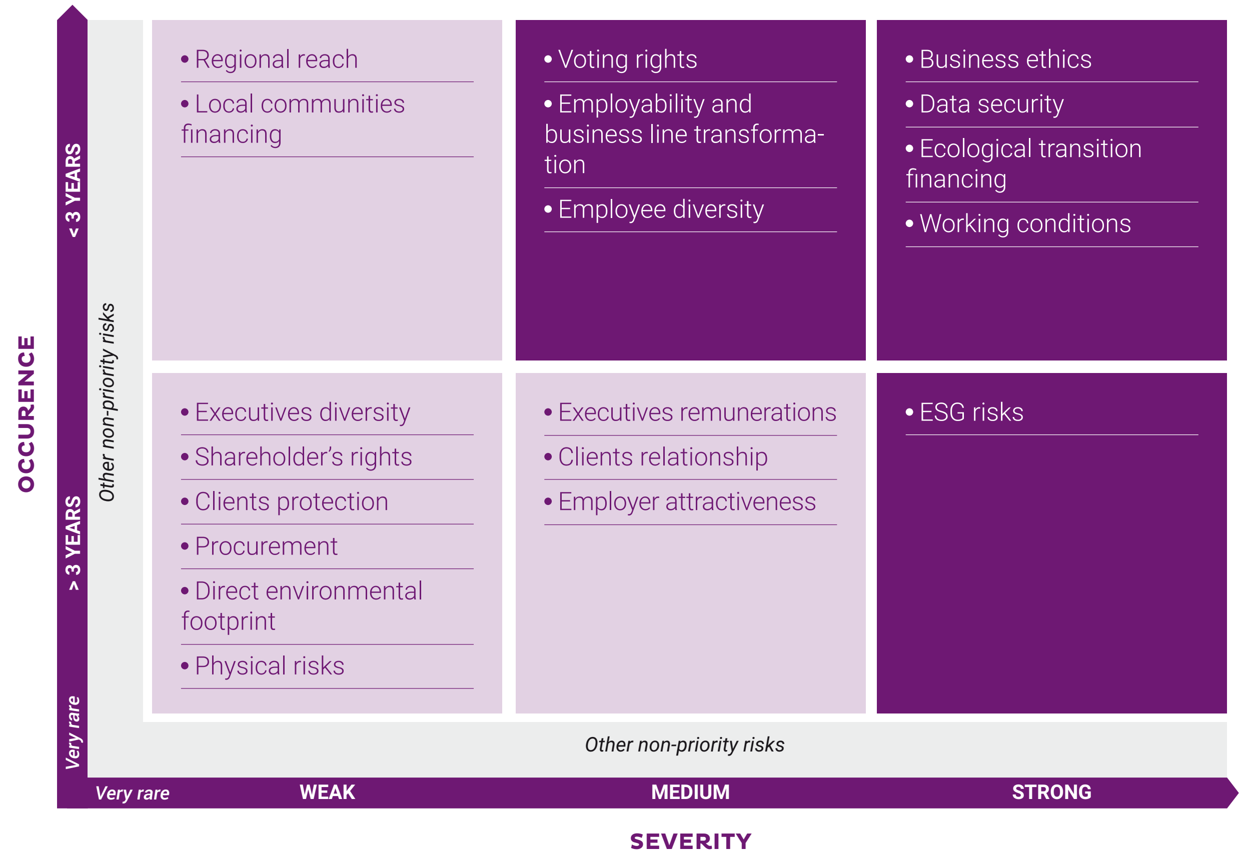
In accordance with the new requirements of the non-financial performance report (the "DPEF" under French regulation), Natixis has described its business model *(see Introduction to this registration document)* and identified the main risks and opportunities arising from the social and environmental impact of its activities, the respect for human rights, and the fight against corruption and tax avoidance.

Natixis contributed to Groupe BPCE's risk rating policy, based on the risk analysis methodology established by the Group Risk, Compliance and Permanent Control division, which established:

- a universe of twenty ESR risks broken down into three types: governance, products and services, and internal operations. These risks were identified in terms of regulations, industry practice, ESG rating agencies' assessment criteria and requests from clients and investors;
- a method for ranking the risks by their frequency and severity;
- an assessment of the corresponding risk management system.

Firstly, the exercise carried out for Natixis made it possible to position risks in a matrix in order to identify priorities.

The analysis performed for Natixis identified eight major ESR issues associated with risks and/or opportunities in terms of ethics, and social and environmental responsibility.



IDENTIFICATION OF THE MAIN ESR ISSUES

Nature of ESR issue	Risk identified	Risk management system	Key performance indicators	See chapter
Ethics/Governance	Conduct risk	▪ Code of Conduct framework	Existence of a Code of Conduct and its implementation	6.2
	Non-compliance risk	▪ Professional ethics and conflicts of interest ▪ Customer protection ▪ Anti-money laundering and counter-terrorist financing policies ▪ Anti-tax fraud measures ▪ Prevention of corruption	Non-compliance risk management	3.2.8
	Data security risk	▪ Information systems security ▪ Personal data protection		3.2.8
Social/Societal	Risks relating to a loss of employee value for members of staff	▪ Training policy	Number of training hours per employee	6.6.1.3
	Risks relating to a lack of diversity among employees	▪ Diversity policy	Presence of women in senior management positions	6.6.1.2
	Social/Societal risks relating to our activities	▪ Socially responsible financing ▪ ESG criteria in investment and financing activities	Social bond origination amount arranged Assets under management in responsible investment products (incorporation of ESG criteria, solidarity investments)	6.3.1.5 6.3.1.3
Environment	Climate risks relating to our activities	Application of the Green Weighting Factor	Description of policy	6.3.2.1
	Other environmental risks (pollution, harm to biodiversity, etc.) relating to our activities	▪ Financing for green and sustainable growth ▪ ESG criteria in investment and financing activities	Outstanding loans used to finance renewable energy and sustainable real estate Integration of the protection of natural capital in our activities	6.3.2.2 6.3.3

The main ESR risks were identified and were already managed in internal risk management systems, in particular the Risk Appetite Framework, which was reviewed in 2018.

Conduct, non-compliance and cybersecurity risks are recognized as material risks that could significantly impact Natixis' financial performance (liquidity, solvency and profitability), its strategic development or its reputation.

Environment and climate risk has been identified as a strategic and reputational risk and will be subject to a materiality assessment in 2019.

Based on this analysis of major ESR risks, Natixis structures its ESR policy to manage risks and seek new opportunities, with three priorities:

Our Social and Environmental Responsibility policy is focused on three key priorities

GREEN AND SUSTAINABLE BUSINESS DEVELOPPEMENT
contribute to the global energy transition and develop a sustainable economic model with our clients

DIRECT IMPACT & ONBOARDING
employees' commitment, manage our direct impacts on the environment, responsible purchasing policy, solidarity initiatives

RISK MANAGEMENT
integration of ESG criteria in our financings and investments

MAJOR ESR PROJECTS FOR 2018/2018

SUSTAINABLE BUSINESS DEVELOPMENT	CSR RISK MANAGEMENT	DIRECT IMPACTS AND MOBILISATION
• Continue the implementation of the Green Weighting Facor: a mechanism favoring the most virtuous financing in terms of impact on the environment • Extend the integration of ESG criteria into the investment products	• Test the CSR risk measurement tool and prepare for its operational deployment • Review and publish CSR policies on the most sensitive sectors	**Direct Impacts** • Apply the best practices in building management of foreign premises • Establish a responsible IT action plan • Develop green spaces **Mobilisation** • Develop CSR training: putting online a CSR MOOC • Develop solidarity actions (skills sponsorship and donation initiatives)

6.1.3 ESR GOVERNANCE

Through its three main areas of focus (internal mobilization, risk management, and sustainable business development), the ESR Department is responsible for steering and coordinating the integration of ESR in Natixis' operations and activities, thus helping to meet growing demand from clients, investors, and corporates to incorporate ESR criteria in their own growth model.

This department is also responsible for all regulatory and strategic ESR reports: registration document, carbon assessment, mobility plan, etc. In addition, it is in charge of relations with international and external stakeholders (clients, employees, ESG rating agencies, NGOs, etc.) with questions on Natixis' ESR policy.

Since 2017, Natixis' ESR policy has been steered by a dedicated ESR Department reporting to Natixis' Corporate Secretariat, a member of the Natixis Senior Management Committee.

The ESR team has eight permanent members of staff backed by a network of correspondents and works in coordination with BPCE's Sustainable Development Department.

To further its analysis and oversee the implementation of its ESR strategy, the ESR team regularly holds an ESR Steering Committee, attended by around twenty senior managers from the main business lines and corporate functions. This Committee discusses ESR best practice for the development of products and services and for internal operations.

A network of 200 ESR correspondents spans all business lines and corporate functions to apply ESR action on the ground and serve as local ESR representatives.

The correspondents from Natixis' business lines (Corporate & Investment Banking, Asset & Wealth Management, Insurance, Specialized Financial Services) take part in business forums aimed at developing ESR in the business lines, while correspondents from the corporate departments (Real Estate and Logistics, Human Resources, Compliance, etc.) are involved in projects to incorporate sustainable development in the Company's operations.

In this context, the Corporate & Investment Banking has established a Green & Sustainable Hub. This operational hub comprises experts who help issuers and investors all around the world by offering them solutions and expertise in green and sustainable financing. Its expertise extends to all asset classes: structuring and origination of loans and investment solutions in partnership with the business lines, which have appointed Green Captains, and in coordination with the ESR Department.

ESR correspondents have also been active in Asset Management for several years (for example at Mirova, Ostrum Asset Management, and AEW Europe) as well as in the Insurance business lines (Natixis Assurances, BPCE Assurances), and in the Specialized Financial Services business lines (Natixis Lease, Natixis Interépargne).

ESR correspondents have been appointed in the overseas offices in 2018 to apply the ESR policy in all geographies.

6.1.4 ESR COMMITMENTS

Natixis' ESR strategy is based on a set of international agreements and consultations within the banking industry, including:

- the United Nations Global Compact since 2007;
- the Carbon Disclosure Project (CDP) since 2007;
- the United Nations Principles for Responsible Investment (UN-PRI) since 2008;
- the Equator Principles since 2010;
- the OECD Guidelines for Multinational Enterprises;
- the Green Bond Principles and the Social Bond Principles (ICMA);
- the Climate Bonds Initiative;
- the Diversity Charter since 2009;
- the Responsible Purchasing Charter since 2017.

In 2018, Natixis also decided to involve all its business lines in measures to preserve biodiversity by joining act4nature, an initiative bringing together French businesses from all sectors of activity. Under this initiative, Natixis has undertaken to incorporate nature in its business strategy and to take real action to provide solutions to preserve and restore biodiversity, ensure that natural resources are used sustainably and that the benefits derived from nature are distributed fairly.

In 2018, Natixis endorsed the UNEP-FI Principles for Responsible Banking, reflecting its commitment to aligning its strategy with the United Nations' Sustainable Development Goals and the Paris Agreement on climate change. This is a natural extension of its pledge to make a real positive contribution to the environment and to society more broadly.

Natixis is also a member of the French Observatory for Corporate social responsibility (ORSE) and of Finance for Tomorrow (Paris Europlace) and as such participates in work to promote responsible finance.

Internationally, Natixis actively contributes to industry-wide green finance initiatives in the Asia-Pacific region through the Hong Kong Green Finance Association.

Contribution to the Sustainable Development Goals (SDGs)

The 193 member states of the United Nations adopted the SDGs at the Sustainable Development Summit in New York in 2015. The SDGs form the 2030 Agenda for sustainable development, a set of 17 global targets aimed at combating inequality, exclusion and injustice, fighting climate change, protecting biodiversity and ending extreme poverty.

Mindful of its role in achieving these goals, Natixis has identified 11 SDGs to which it already makes a material contribution that is set to expand in the years to come, through financing and investments or in its own daily operations.

The following table provides some examples.

	IN OUR ACTIVITIES (FINANCING, INVESTING)	IN HOW WE OPERATE
1 NO POVERTY	Leader in solidarity asset management in favour of job creation or access to accommodation for needed people	Specific wage measures for the lowest salaries
3 GOOD HEALTH AND WELL-BEING	Exclusion of financing and investment in the tobacco industry	Support to the Gustave Roussy Foundation in cancer research
4 QUALITY EDUCATION	Structured bond product focused on educational objectives of sovereign issuers	Transfer of competences and socio-educational support within the framework of solidarity leave
5 GENDER EQUALITY	Planned launch of a fund dedicated to women-led businesses	Programmes to ensure gender equality within the company
7 AFFORDABLE AND CLEAN ENERGY	Major player in financing renewable energies in France and worldwide	100% green electricity supply contract for all buildings in France
8 DECENT WORK AND ECONOMIC GROWTH	Inclusion of social criteria (e.g: human rights) in funding granted	5,000 people working out of France, the majority employed locally
11 SUSTAINABLE CITIES AND COMMUNITIES	Financing of sustainable infrastructures (clean transportation, green buildings)	Environmental certifications of buildings
13 CLIMATE ACTION	Investment strategy aligned with the Paris Agreement (Mirova, Natixis Insurance) Excluding financing projects in coal, tar sands and oil in the Arctic	Commitment to reduce energy consumption of buildings in the Paris region by 30% between 2010 and 2020
14 LIFE BELOW WATER	"Althelia Sustainable Ocean Fund", dedicated to protecting oceans	
15 LIFE ON LAND	"Land Degradation Neutrality Fund", dedicated to neutrality in terms of land degradation	Development of vegetated spaces in buildings
17 PARTNERSHIPS FOR THE GOALS	Two new partnerships in 2018: UNEP Finance – Principles for Responsible Banking, and Act for Nature	Paris Action Climat partnership and "100 hectares" charter from the city of Paris

6.1.5 COMMUNICATIONS WITH STAKEHOLDERS

In the course of its business, Natixis has dealings with various stakeholders, including but not limited to:

Clients

Companies
Institutional
Retail customers
Banque Populaire and Caisse d'Epargne networks

Completion of questionnaires
Invitations to tender
Product development and management
Contracts

Shareholders

Groupe BPCE
Active and inactive employees
Individual shareholders

General Shareholders' Meetings
Meetings and newsletters (specific process for individual shareholders)

Employees

Employees of Natixis S.A. and its subsidiaries
Staff representatives and unions

In-house information
Specific Committees (e.g. Committee for Hygiene, Safety and Working Conditions)

Suppliers and subcontractors

Business
Service providers
Companies in the protected sector

Consultations and calls for tenders
Responsible Supplier Relationship Charter
CSR clauses in contracts

NGOs

Environmental and human rights defense associations

Answers to questions
Meetings

Humanitarian organizations

Partner associations
Research institutes

Donations
Skills sponsorship
Voluntary work by employees

Institutional players, regulators

Financial regulatory authorities

Transmission of information and documents

Rating agencies and external auditors

CSR rating agencies
Auditors

Transmission of information and documents for ratings and audits

Universities and schools

Business and finance universities and schools

Supporting Chairs
Relations with Grandes Ecoles and universities
Campus Awards
Receiving interns, including co-op students

6.1.6 RENOWNED ESR PERFORMANCE

Given the importance placed on ESR ratings by investors, Natixis has increased its communications with ESR rating agencies in an effort to establish more consistent and structured dialog while addressing the areas of focus identified to guide its own ESR initiatives.

Rated by various ESG rating agencies, Natixis has recorded solid performances in social, environmental and governance areas, earning its way onto the major ESR indices (Euronext Vigeo-Eurozone, Stoxx Global ESG Leaders, etc.).

The following table shows the most recent assessments by the top ESR rating agencies and their previous ratings.

Agency	2018 ESR rating	Previous ESR rating	Previous ESR rating
Vigeo	58/100	54/100	55/100
OEKOM	C/Prime	C/Prime	C/Prime
Sustainalytics	82/100	75/100	72/100

6.2 The Natixis Code of Conduct and its implementation

6.2.1 PRESENTATION OF THE CODE OF CONDUCT

The Code of Conduct published in March 2018 summarizes the general rules of conduct that apply at Natixis in a single document. It has three clear objectives:

- to develop a shared corporate culture and encourage members of staff to think about the principles that should be applied and followed in terms of their conduct;
- to manage risks, always taking into account long-term value creation and adapting activities' risk profiles accordingly; and
- to meet the expectations of Natixis' stakeholders (its clients, regulators, shareholders, and investors).

The Code of Conduct was approved by the Natixis Senior Management Committee and by the Board of Directors. It applies to all individuals employed on a permanent or temporary basis at Natixis, or in an entity at least 50% owned by Natixis, whether in France or abroad. Suppliers and contractors are also required to comply with the rules applicable to each Natixis entity, in accordance with the principles of the Code of Conduct.

The Code of Conduct has two main sections. First, it sets out Natixis' commitments (client interests take precedence, ethics, responsibility towards society, protecting the reputation of Natixis and Groupe BPCE). The second section describes the rules of conduct that must guide each member of staff in their actions and decisions.

CONDUCT BEHAVIORS	 BE CLIENT CENTRIC	 BEHAVE ETHICALLY	 ACT RESPONSIBLY TOWARDS SOCIETY	 PROTECT NATIXIS AND GROUPE BPCE ASSETS AND REPUTATION
CORRESPONDING CONDUCT GUIDELINES	• *Protect clients' interests* • *Communicate clearly with clients* • *Protect clients' information and data* • *Handle clients' after-sales requests in a fair and timely manner*	• *Respect employees and ensure their personal development* • *Demonstrate professional ethics* • *Ensure market integrity*	• *Behave in accordance with Natixis commitments with regard to Environmental and Social Responsibility* • *Ensure financial security*	• *Protect assets* • *Ensure business continuity* • *Communicate responsibly with external stakeholders*

These guidelines are illustrated using examples that are representative of the activities and duties performed at Natixis.

The Code of Conduct is available on the Natixis website at: *https://www.natixis.com/natixis/jcms/rpaz5_65435/fr/code-de-conduite*

6.2.2 IMPLEMENTATION OF THE CODE OF CONDUCT AT NATIXIS

Appropriation by employees

A communications campaign was organized in March 2018 following the publication of the Code of Conduct and a new page was added to the Natixis website and Intranet. All staff are required to complete mandatory training on the Code of Conduct and must each commit to complying with the rules. In 2018, more than 99% of members of staff from all departments and all regions received e-learning or face-to-face training. Managers and leaders also ensure that their teams understand and adhere to the Code of Conduct and to the internal policies and procedures ensuring its application.

Bespoke governance

The Global Conduct Committee was set up in June 2018. It is chaired by the Chief Executive Officer and is formed of members of the Natixis Senior Management Committee. The Committee is governed by a Charter that describes its duties and how it functions. The Global Conduct Committee is responsible for all matters concerning the Natixis Code of Conduct and its application by all subsidiaries and direct branches. It is in charge of the oversight and regular monitoring of matters pertaining to the rules of conduct, including updates to the Code and deciding on complex cases. An escalation process is also in place to consult the Committee if required.

The Committee met three times in 2018 to discuss individual cases, approve ESR procedures, and supervise the roll-out of the Code.

Global Conduct Policy

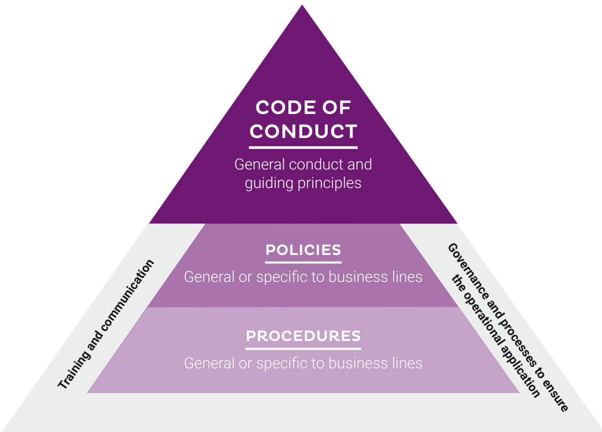
All the Natixis business lines and support functions are in charge of adapting the principles of the Code to their activities. Accordingly, conduct matters have been included in the governance of different Group entities via existing or newly created Conduct Committees.

Governing that are the rules set out in the Global Conduct Policy, which outline:

- the responsibilities imposed by the Code of Conduct and, specifically, how conduct must have a bearing on decisions, both strategic and operational, and on individual behavior;
- the terms of governance and reporting; and
- risk assessment, monitoring of indicators, and the control system. The committees all met at least once in 2018 and reviewed any shortfalls—human resources, risk, compliance or other—with respect to the Code, ensuring that these shortfalls are addressed in the annual appraisals of the employees concerned.

Operating procedures

Compliance with the Code of Conduct is, among others, ensured by the observance of internal policies and procedures. The Code of Conduct is a master document and internal policies and procedures must be consistent with its provisions.



The policies and procedures that apply the principles of the Code of Conduct include:

- risk policies *(see section 3.2.3)*
- the corpus of procedures issued by the Compliance Department (procedures on anti-corruption, anti-money- laundering/terrorist-financing, conflicts of interest, professional ethics, etc.) relating to non-compliance risks *(see section 3.2.8)*;
- ESR sectorial policies *(see section 6.4.1)*
- Responsible purchasing charter *(see section 6.4.2)*
- HR agreements and procedures *(see section 6.6.1)*.

Also in 2018, Natixis adopted **the Charter for Responsible Lobbying and Advocacy Activities** with respect to Governmental Bodies and Officials, available on its website. (https://www.natixis.com/natixis/jcms/rpaz5_65435/fr/code-de-conduite).

With this charter, Natixis ensures the integrity and probity of its lobbying activities in compliance with its Code of Conduct and applicable laws, rules and regulations. It applies to all entities controlled by Natixis and to their employees. It covers lobbying and advocacy activities, which are coordinated by Natixis' Public Affairs Department and its parent company, BPCE. Natixis believes that dialog and respectful discussion of diverging interests are necessary to ensure the correct functioning of the democratic process. To this end, it engages in dialogue with public and government officials on proposed legislative and regulatory requirements that impact Natixis' business as well as its ability to serve its clients.

Natixis is registered with the competent European and national authorities and undertakes to observe the applicable codes of conduct. It has been included in the European Transparency Register since 2017 and is also registered in the French public register of lobbyists with the High Authority for Transparency in Public Life.

To combat tax avoidance, Natixis has control systems to ensure its transactions comply with tax laws and regulations. All new products, new activities and exceptional transactions must be approved with regard to these laws and regulations. In addition, Natixis reports transparently on its organizational structure and operations, and discloses its revenues and the corresponding taxes on a country-by-country basis for greater clarity on the determining factors of its tax expense. It has also adopted the UK HM Revenue & Customs Code of Practice on Taxation for Banks.

Natixis observes transparency rules intended to combat tax avoidance in France and around the world. It applies the Common Reporting Standard (CRS) for the Automatic Exchange Of Information (AEOI) on income received by participating countries' tax residents abroad, as well as US FATCA regulations to prevent tax avoidance involving foreign accounts or entities owned by US taxpayers. (See Chapter 3.2.8.3 Client protection—Know Your Client.)

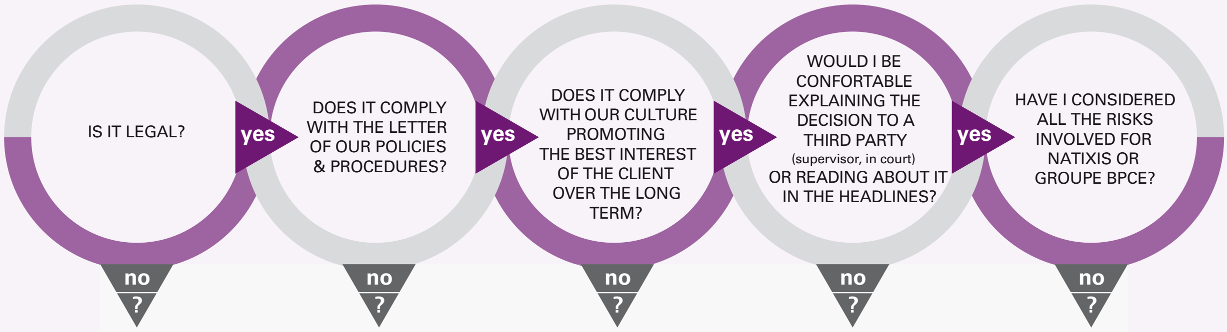
Natixis also incorporates tax fraud in its anti-money laundering system. (See Chapter 3.2.8.4 Financial security.) In general, Natixis maintains professional relations and cooperates with all the tax authorities in the countries in which it does business.

Finally, the code of conduct and the policies and procedures that complement its principles does not have a rule for every situation: it is the responsibility of each individual to exercise his or her personal judgment with regard to their duties and to demonstrate meticulous professional ethics. To do so, the following conduct checklist is provided.

CONDUCT **CHECKLIST**

While the Code of Conduct, as well as relevant internal policies and procedures, provide clear guidelines for behavior, not every situation that arises in day-to-day activities can be directly covered by a rule. Making the right decision will require personal judgment, taking account of Natixis DNA and the spirit of the Code of Conduct principles.

If you are unsure about the consistency of what you intend to do with the Code of Conduct guidelines, ask yourself:



If the answer to one of these questions is no, or if you are unsure about it, please seek guidance from an appropriate authority:

- Ask for help from your line manager, or relevant teams (e.g., Compliance, Environmental and Social Responsibility (ESR), Human Resources, Legal).
- Escalate to the relevant committee (ultimately to the Natixis Conduct committee)

Whistleblowing procedure

The whistleblowing procedure is an integral part of the Conduct system. It allows any member of staff who becomes aware of an inappropriate act or behavior (illegal acts, unethical behavior, violation of the Code of Conduct or the applicable policies and procedures) to inform the competent body within Natixis and receive the guarantees and protection set forth bylaws and regulations.

This procedure is based on a global policy that forms the minimum standard to be applied across Natixis Group. At Natixis S.A., a procedure published in July 2018 updated the existing policy to take into account the latest regulatory changes.

The whistleblowing procedure is open to:

- all individuals with a current employment contract with Natixis, regardless of the type or duration of the contract;
- employees of external companies (suppliers or subcontractors) who work with Natixis either on a permanent or irregular basis.

The process sets out a clear timeline, with:

- immediate acknowledgment of the report;
- notification within 15 business days of the date of acknowledgment of whether the information reported is eligible for further investigation;
- notification within three months of the date of acknowledgment of the steps taken to process the information reported or, if this process has been completed, the action taken (or not taken) based on the information.

The procedure provides protection to the whistleblower (who may in no circumstances be subject to disciplinary action or legal proceeding provided they have acted impartially and in good faith) and ensures the information is treated appropriately and in full confidence, in accordance with the applicable regulations.

At Natixis, each entity, subsidiary and branch office must adapt the overall policy to its activities and specific situation and/or ensure that the policy complies with its own procedures and local regulations.

6.3 Business line contributions to green and sustainable growth

In line with the sustainable development objectives of its New Dimension strategic plan, Natixis accelerated in 2018 the development of innovative financial products and services designed to service the environmental and social ambitions of its clients.

Several key initiatives were launched during the year to drive the transition of each business line towards sustainable finance: the business transforming Green Weighting Factor initiative, the internal working group on natural capital and biodiversity, the expanding integration of environmental, social and governance (ESG) criteria throughout asset management strategies, Natixis Assurances' commitment to align its investments on a climate trajectory compliant with the Paris Agreement.

This pioneer strategy was rewarded by outstanding market and clients' recognition in 2018. Natixis was in particular awarded "most innovative investment bank for climate change and sustainability" by The Banker, and ranked #1 for green bond and ESG research by Euromoney.

In 2019, Natixis intends to consolidate its leading role in sustainable finance innovation, through the full implementation of its Green Weighting Factor and by expanding ESG investing further across all Natixis investment businesses. Natixis pursues its strategic objective to double sustainable finance revenues, by expanding the range of sustainable finance products and services offered to CIB clients, launching new investment solutions in its asset management affiliates, and developing sustainable investments and products for its insurance business. Offering clients investment and financing solutions that effectively address Sustainable Development Goals have today become a key priority.

6.3.1 SUSTAINABLE GROWTH: FINANCING THE TRANSFORMATION IN SOCIETY

Natixis uses the Sustainable Development Goals as a reference framework for all the initiatives stemming from its commitment to society besides the impact on climate change. The 17 Sustainable Development Goals for 2030 are now the benchmark for measuring progress achieved by governments and private sector companies, including financial institutions.

The SDGs are universal, inclusive, interconnected, ambitious targets that provide all of Natixis' business lines with a framework for measuring the impact of their activities, a means of raising employee awareness, a way of encouraging cooperation between business lines, and a source of business opportunities. Natixis has identified the 11 most relevant SDGs in terms of its financing and investment activities, and these goals guide the development of its products and services.

2018 Key Event

Publication of the "Solving the Sustainable Development Goals Rubik's Cube" report

In September 2018, to mark the third anniversary of Agenda 2030, Corporate & Investment Banking's Green & Sustainable Hub (Green Hub) published its first report, entitled, "Solving the Sustainable Development Goals Rubik's Cube—An impact-based toolkit for issuers and investors"[1]. This report describes an innovative method for using the SDGs as a reference framework. It identifies eight tools for incorporating an assessment of an activity's impact on the Sustainable Development Goals in its strategy, financing or asset management approach. The method was tested by three Natixis clients (the Ile-de-France region, ICADE and Essilor) which took part in detailed case studies. The Green Hub was invited to present its conclusions and methodology to the inter-ministerial "Agenda 2030 Roadmap" working group at the French Ministry of the Ecological and Inclusive Transition, which brings together representatives from the private sector and civil society.

6.3.1.1 A growing number of Natixis' asset management companies observe the Principles for Responsible Investment (PRI)

Natixis examines ESG criteria closely when preparing its investment strategies, as sustainable development issues allow it to provide investors with value-creating solutions over the long term.

In 2018, Natixis Investment Managers, which groups the expertise of 26 asset management companies around the world and ranks among the biggest asset management companies (€808 billion in assets under management at December 31, 2018), has pursued its pledge to take **Environmental, Social and Governance (ESG)** issues into consideration in the investment models its 26 affiliates develop autonomously. Recognition of ESG criteria, which have been an integral part of the investment policies of Ostrum AM and Mirova since their creation, is gaining ground in all of Natixis Investment Managers.

The Principles for Responsible Investment (PRI) were published by the United Nations in 2006 as a voluntary commitment encouraging institutional investors and asset managers to incorporate ESG in the management of their portfolios. As of

(1) Link to full report: https://gsh.cib.natixis.com/api_website_feature/files/download/6063/Solving-Sustainable-Development-Goals-Rubik-Cube-Report- Natixis-2018.pdf.

April 2018, 1,961 signatories with $81.7 trillion in assets under management had adopted the PRI[1].

Thirteen Natixis Investment Managers affiliates, which together hold 72% of total assets managed by Natixis Investment Managers affiliates, have signed the PRI, namely AEW, Alliance Entreprendre, DNCA, Flexstone Partners, Investors Mutual Limited, Loomis Sayles, Mirova, MV Credit, Naxicap Partners, Ossiam, Ostrum AM, Seeyond, and Seventure Partners.

Ostrum AM (€257.6 billion in assets under management at December 31, 2018) has been a PRI signatory since 2008 and was rated A and A+ on all its investments in the 2018 assessment cycle (on 2017 performance). These excellent scores were well above the median scores of Ostrum AM's peers. Similarly, AEW (€63.5 billion in assets under management at September 30, 2019), a Natixis Investment Managers affiliate specialized in real estate asset management, has been a PRI signatory since 2009. It was rated A+, ranking it in the 25% best performers in its category.

Four other asset managers affiliated with Natixis Investment Managers intend to sign the PRI in 2019 and to incorporate ESG criteria in their investment decisions, taking the portion of assets managed by Natixis Investment Managers affiliates that have signed the PRI to over 90%.

6.3.1.2 Natixis commits to the new Principles for Responsible Banking (PRB)

Following on from the Principles for Responsible Investment (PRI) established in 2006 and the Principles for Sustainable Insurance (PSI) announced in 2012, a global initiative to increase responsibility in the banking sector was launched in 2018—the Principles for Responsible Banking (PRB). The PRB were drafted by the United Nations Environment Program Finance Initiative (UNEP-FI) and 28 banks and were unveiled at the UNEP-FI annual meeting held in Paris on November 26, 2018, which was also Climate Finance Day.

Natixis was one of the first banks besides the founding members to endorse the PRB on December 10, 2018, as part of its membership of the UNEP-FI. By endorsing the PRB, Natixis undertook to sign the principles when they will be officially confirmed at the end of a six-month public consultation period, in the second half of 2019.

The PRB set out what it means to be a responsible bank and provide the first global framework for incorporating sustainability in all banking activities, be it in terms of strategy, financing, market and advisory activities or their direct impact.

Signatory banks will publicly acknowledge their positive and negative social, environmental and economic impacts. The banks agree to set public targets to address their main negative impacts and to step up their positive impacts in order to contribute to the Sustainable Development Goals (SDGs) and align with the Paris Agreement on climate change.

This endorsement is a monitored commitment. The UNEP-FI plans to exclude from the signatories banks that will not comply with transparency requirements, set up relevant targets and show progress.

By endorsing the PRB, Natixis has pledged to:

1. align its banking activities with the Paris Agreement and the United Nations SDGs;
2. step up its positive impacts and minimize its negative impacts (via its financing and direct activities);
3. act responsibly towards its clients;
4. consult its stakeholders;
5. make targeted, public commitments;
6. report on progress made.

This decision is a natural extension of the commitments already made by Natixis, which has been adjusting its activities to make a real positive contribution to the environment and society for several years now.

In 2019, Natixis will consolidate its internal tools and processes so it can publish details of its progress at least once a year.

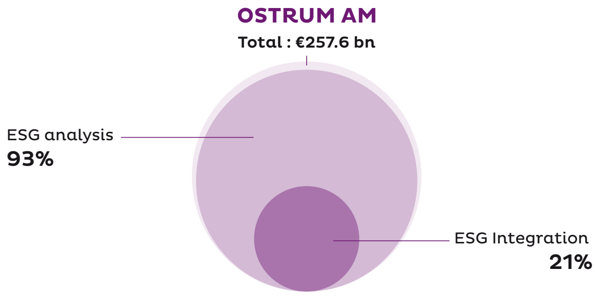
6.3.1.3 Socially responsible investment

The affiliates of Natixis Investment Managers offer a range of solutions built on the conviction that ESG criteria can play an important role in identifying potential risks, seizing opportunities and generating returns for investors. Different levels of ESG criteria are available in the investment strategies applied by fund managers:

- **ESG analysis:** recognition of ESG criteria in the issuer analysis;
- **ESG integration:** incorporation of ESG criteria in investment decisions (including thematic and/or impact investments and exclusion policies);
- **Certification:** certified funds.

Recognition of ESG criteria in the issuer analysis

Ostrum AM systematically incorporates material ESG aspects in its analysis for both its equity and credit funds. The companies it invests in are always asked about ESG issues and how they include them in their business model. This process applies to €240.8 billion in assets under management, representing 93% of its total assets under management.



Incorporation of ESG and exclusion criteria in investment decisions

Societal exclusion policies: Natixis has adopted exclusion policies for sectors and issuers that do not respect certain human rights and fundamental principles of corporate responsibility. Ostrum AM, Mirova, Seeyond and Natixis Assurances apply these policies to their investments, in full compliance with their fiduciary duties towards their customers.

(1) Source: unipri.org

The following sectors and issuers are excluded:

- controversial weapons;
- tobacco[(1)];
- companies deemed the worst offenders (which do not observe the principles of the United Nations Global Compact or the OECD Guidelines for Multinational Enterprises);
- blacklisted countries (those on the FATF list or under US or European embargoes).

In addition, **Natixis Assurances** has gradually incorporated ESG criteria at the start of its investment process to exclude from its discretionary portfolio management mandates and dedicated funds all issuers deemed to be defying the Sustainable Development Goals. As well as excluding the sectors and companies listed above, it removes issuers with a negative rating in Mirova's research from its investment universe. Natixis Assurances' life insurance investments have had no exposure to these issuers since the end of 2017.

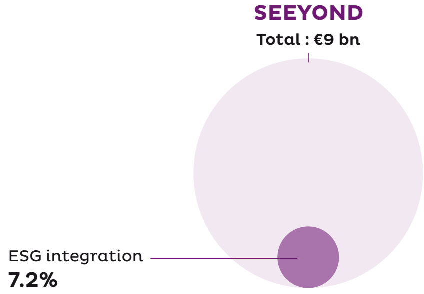
Ostrum AM offers its customers socially responsible products on all its asset classes with a range of investment strategies, representing a total of €54.1 billion, or 21% of its total assets under management:

- **Best in class & Positive screening:** choice of best rated issuers from an investment universe in which issuers with a high ESG risk profile are excluded;
- **Best in universe:** choice of issuers from all sectors with the best ESG performance in the investment universe;
- **Enhanced exclusions:** exclusion of issuers with the highest ESG risk profiles;
- **Smart carbon strategies:** choice of issuers with a limited carbon impact.

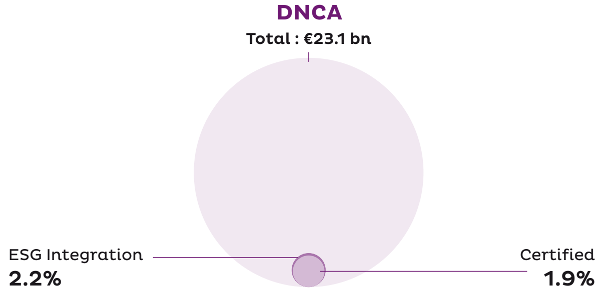
In 2018, Ostrum AM converted a money market fund with €7.1 billion in assets under management into a socially responsible fund using a best in-class approach rounded out by active positive screening. This UCITS—Ostrum Sustainable Trésorerie—has begun the process of obtaining SRI certification.

Mirova, the Group's responsible investment affiliate, always includes ESG criteria in its investment filters on all asset classes, representing €10.1 billion in assets under management.

Seeyond applies active quantitative management seeking optimal rewards for the risk incurred. In equities, the investment team is drawing on Mirova's ESG research expertise to adjust its business model to take ESG criteria into account. One of its equity funds, which applies a minimum volatility[(2)] strategy, already incorporates ESG criteria by allocating investments based on issuers' ESG risks and excluding the riskiest issuers. This fund totals €653 million, or 8% of Seeyond's total assets under management.



DNCA, a leading European equity manager, developed in 2018 its own ESG rating model—Above & Beyond Analysis (ABA)—to analyze its portfolios by rating issuers according to extra-financial criteria. Meetings with company directors and on-site visits also help to enhance the clarity and relevance of the information collected.



DNCA manages six funds with €505 million in assets under management incorporating ESG criteria (or 2.2% of total assets under management). They are part of the Beyond range and follow a two-step investment process:

- exclusion of issuers with ESR risks from the portfolio. This filter meets the requirements set out in the government-recognized SRI certification;
- selection of issuers having a positive impact on the sustainable economic transition.

(1) Except at Seeyond.

(2) Pure equity management strategy that selects stocks based on their volatility and correlation profiles so as to reduce the overall volatility of the equity portfolio.

ODD 5: Gender equality

Innovation in 2019

Mirova thematic fund: presence of women in management bodies

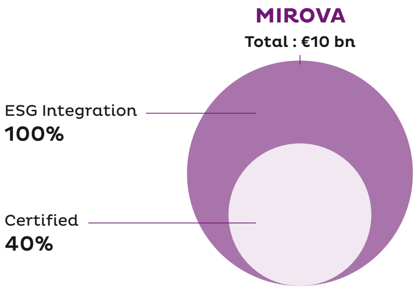
In the first quarter of 2019, Mirova will launch a global equity fund on the theme of the presence of women in companies' executive bodies. Women's presence in senior management positions is a key factor of diversity in companies and proof of their commitment to gender equality. A lack of women in senior management positions is no longer simply seen as a matter of equality and equity—many far-reaching studies have shown that it also has an impact on performance. The fund's investment strategy will select companies where women have a strong presence on management bodies. Mirova has set criteria and built an investment universe of 250 companies around the world and will build a portfolio of around 50 companies from this universe following an active fundamental management approach.

Fund certification

Fund managers who incorporate ESG criteria can seek certification for their funds based on the region in which they are sold (e.g. the SRI, TEEC and Finansol labels in France) and/or the investment sector (e.g. real estate sector).

DNCA manages €445 million in assets in SRI certified funds (European equity, international equity, European infrastructure equity). The certification of three further funds is in progress. The six funds are part of the Beyond range.

Mirova manages €2.8 billion in SRI-certified funds.



ODD 11: Sustainable cities and communities

AEW, the Group's real estate asset management company, set up a working group within the French association of investment property companies (Association française des sociétés de placement immobilier—ASPIM) to create a Real Estate SRI certification in France incorporating criteria covering all environmental, social and governance issues.

The industry-wide working group completed its work in 2018 and the certification process should be launched following the publication of a ministerial decree to this effect in 2019. AEW will seek certification for some of its funds.

In addition, two funds managed by AEW (Logistics and AEW UK Core Fund) were awarded the Green Star 2018 in the Global Real Estate Sustainability Benchmark (GRESB), which covers topics relating to the environment (measures to reduce the environmental footprint), social aspects (relationships with stakeholders and the social impact of activities) and governance (policies and procedures). A renovated building was also awarded the WELL Building Standard certification for employee well-being.

Natixis Assurances systematically includes an ESG-certified unit-linked product (SRI or TEEC certification) in all new life insurance policies. These certified unit-linked products represent €284 million end of 2018.

Several affiliates manage funds with solidarity investment certification *(see 6.3.1.4 Solidarity investment)* or climate certification *(see section 6.3.2 Green growth: financing the energy transition and combating climate change)*.

Voting and engagement policies

Ostrum AM, Mirova and Seeyond place shareholder engagement at the center of their responsible investor approach.

Ongoing constructive dialog is established with companies to encourage them to take better account of environmental, social and governance issues in their strategic planning.

The voting and engagement policies are based on two complementary principles:

- individual ongoing engagement by using voting rights and maintaining dialog with issuers;
- collaborative engagement alongside other investors aimed at raising awareness of the importance of ESG among issuers, government authorities and regulators. Ostrum AM supported 12 commitments in 2018, mostly regarding alignment with the Paris Agreement[1], social risks in the textile supply chain[2], and palm oil[3].

(1) Statement by members of the Institutional Investors Group for Climate Change (IIGCC) to encourage Royal Dutch Shell to better align its policies with the Paris Agreement (18/05/2018).

(2) Initiative on social risk in the textile supply chain organized by Mirova (15/06/2018).

(3) Initiative targeting the Round Table on Sustainable Palm Oil (RSPO) by Ceres (30/07/2018).

ODD 8: Decent work and economic growth

2018 Key event

Ostrum AM's commitment in Bangladesh

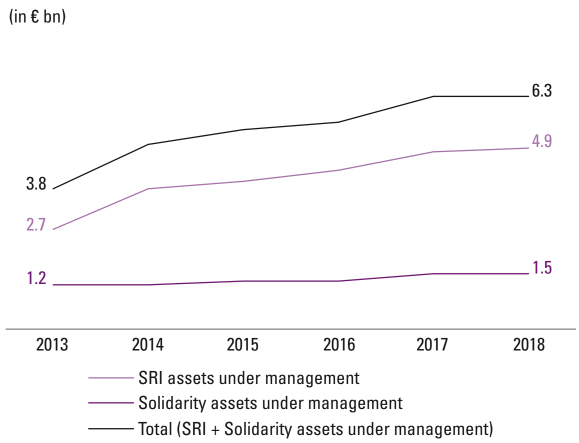
Five years after the collapse of Rana Plaza, which caused the death of over 1,100 workers, this commitment seeks to inform the Bangladesh government, the textile industry, and signatories of the Bangladesh Accord [(1)] and the Alliance [(2)] of the major efforts still required to improve the health and safety of textile workers. Ostrum AM is one of these signatories. In view of investor doubts about this issue, this new commitment also invites sector companies to use their influence to encourage the Bangladesh government to respect human rights and the freedom of association, adopt a regular pay review system and ensure restructuring in the textile sector to protect workers' health, safety and well-being.

6.3.1.4 Solidarity investment

Natixis offers employee savings plans with SRI and/or Finansol (solidarity investment) certification via Natixis Interépargne, a pioneer in responsible, solidarity-based employee savings. Natixis Interépargne was the first company to offer its customers responsible and solidarity employee share ownership plans (SRI and Finansol certified respectively), even before it was legally required to do so.

Natixis Interépargne is fully committed to the sustainable development path, ranking No. 1 in terms of solidarity-based employee savings inflows in France, with over €1.5 billion in AUM [(3)], representing nearly 20% of the solidarity-based employee savings market. SRI assets under management by Natixis Interépargne amount to €4.9 billion, making a total of over €6 billion in certified investments in a market that totals over €20 billion.

EVOLUTION OF NATIXIS INTERÉPARGNE SOLIDARITY AND SRI ASSETS UNDER MANAGEMENT



Natixis Interépargne's savings inflows and Mirova's portfolio management expertise combine to provide financing for sustainable and solidarity-based projects. Projects such as these are developed by investing in companies that strictly observe ESG criteria, or by allocating resources to entities in the social and solidarity-based economy.

Mirova's Insertion Emplois Dynamique fund, which was launched in 1994, was one of the first solidarity-based "90/10" funds dedicated to job creation in France. The solidarity allocation (10% of assets) finances structures with a positive social impact across the country in conjunction with France Active, while the equity allocation (90% of assets) invests in listed companies planning to create jobs in France over 3 years, based on analysis performed by Mirova. The employee headcount in the listed companies in which the fund invests increased by an average of 10% over the review period (2014-2017), while it was stable for CAC 40 companies overall. The portfolio's ESG profile also improved over this period, and its carbon impact improved sharply, with the climate scenario implied by its investments (expected temperature rise) estimated at +1.5°C in June 2018, compared with +4.4°C at the end of 2014. The fund has €576 million in assets under management.

(1) *All investors that signed the first Accord on Fire and Building Safety in Bangladesh: http://bangladeshaccord.org/wp-content/uploads/2013/10/the_accord.pdf*

(2) *All textile companies that joined the first Accord signed in 2013.*

(3) *Excluding the Impact ISR Rendement Solidaire fund and the Cap ISR Mixte Solidaire fund, which are included in SRI AUM.*

ODD 8: Decent work and economic growth

ODD 10: Reduced inequalities

2018 Key event

Strong growth in the Mirova Solidaire fund

The Mirova Solidaire fund recorded strong inflows in 2018, at €20 million, and its assets under management amounted to €183 million at the end of the year. The fund extended its investments to emerging countries for up to 5% of net assets, whereas previously it invested only in projects or unlisted companies with a high social and/or environmental impact in the euro zone. The fund supports microloan providers via the inclusive financing solution, Helenos, based on a public-private partnership that fosters the growth of individual enterprises and solidarity companies founded by persons excluded from the job market. As an example, Helenos financed the FAER foundation in Romania which works in rural areas of Transylvania. It mainly helps farmers invest to expand their activities.

6.3.1.5 Social impact finance

Natixis supported the development of several emblematic social impact financing solutions in 2018: social bonds, loans for projects with social goals, fixed income structured products.

A social bond finances only projects that have a positive social impact on one or more target populations. The projects financed by social bonds include vital infrastructure such as access to clean water, access to basic services like education, and maintaining or developing employment. Since the ICMA launched the Social Bonds Principles in 2017, the volume of social bonds has quadrupled, rising from $2.1 billion in 2016 to $8.8 billion at year-end 2017 (ICMA, 2018). The market is growing fast but it remains small in relation to the green bonds market. Natixis arranged the issuance of three social bonds in 2018.

ODD 8: Decent work and economic growth

BPCE: issuance of the first social bond for local economic development

The inaugural issuance of €300 million in green bonds by BPCE in 2015 was followed by the issuance of social bonds. In September 2018, BPCE and Natixis successfully issued the first social bond for local economic development. This issue was part of Groupe BPCE's Sustainable Bond Framework and it follows two other human development bonds issued earlier in 2018 in Japanese yen.

ODD 1: No poverty

ODD 3: Good health and well-being

African Development Bank: social bond

In 2018, Natixis participated in the issuance by the African Development Bank of a 10-year social bond for €1.25 billion. This bond finances projects for vulnerable people in Africa: excluded and unemployed persons with no access to healthcare.

ODD 2 : Zero hunger

ODD 12: Responsible consumption and production

2018 Key Event

First corporate social bond issue

Natixis worked with Danone on the first ever corporate social bond issue in 2018, raising €300 million over seven years and reflecting growing investor interest in ethical and responsible investments. The food company was the first corporation to complete such a deal aligned with the Social Bond Principles. The proceeds will be assigned to projects with a positive social impact for Danone's stakeholders, for example to encourage responsible farming practices and empower communities and social entrepreneurs.

In 2018, Natixis jointly steered and coordinated a working group on this subject within the French Observatory for Corporate social responsibility (ORSE). It published an initial report on ways to develop the social bonds market and will continue its work in 2019.

Danone: a loan with social objectives

Natixis took part in a €2 billion syndicated loan for Danone that factors in environmental and social criteria. This credit facility includes an innovative payable margin adjustment mechanism that will be reviewed at least once a year based on ESG metrics: the average ESG rating by Vigeo and Sustainalytics and the percentage of sales by subsidiaries covered by B Corp. certification (high level of ESG performance).

ODD 4: Quality education

Innovation in 2018

Fixed income structured issue to finance education

Natixis' Corporate & Investment Banking Green Hub and Sustainable Development Solutions Network (a United Nations initiative) have developed a basket of sovereign bond issues focused on the Quality Education SDG. This innovative investment solution finances governments making the most efforts to achieve their education goals. The methodology selects sovereign issuers based on the budgets they assign to achieve their education goals and applies a governance filter.

The product was developed in 2018 and will be fully sold in 2019.

6.3.2 GREEN GROWTH: FINANCING THE ENERGY TRANSITION AND COMBATING CLIMATE CHANGE

6.3.2.1 GWF: an innovative solution for a greener financing portfolio

ODD 13: Climate action

ODD 15: Life on land

To accelerate its transition to green finance, at Climate Finance Day in Paris in December 2017, Natixis announced the creation of the Green Weighting Factor (GWF)—a solution that will help it gradually align its activities with the objectives of the Paris Agreement.

The GWF is an internal capital allocation model that encourages financing solutions with the most positive impact on the environment and climate change while anticipating potential changes in regulations. It adapts the expected return on different financing solutions depending on their impact on the environment and climate change by using a favorable or adverse adjustment to weighted assets. It is a purely internal model that will have no impact on prudential risk-weighted assets.

Natixis is pursuing two goals with this innovative initiative—first, to ramp up its commitment to green financing by encouraging the funding of more sustainable activities, including by helping clients active in carbon intensive sectors adopt more sustainable practices, and second, to incorporate climate risk more systematically in its assessment of financing opportunities.

Natixis built its GWF methodology throughout 2018, drawing on its own sector expertise and on external consultants specialized in measuring carbon footprints and environmental impacts. Criteria have been set for each sector to classify the purpose of each financing project in terms of its environmental and climate impact. A color rating equivalent to an environmental rating is assigned to each facility depending on criteria and thresholds specific to each sector, in particular the real estate, oil & gas, electricity, mining, transport, infrastructure, water, waste treatment, heating and commodities trading (energy, metals, agriculture) sectors. For non-specific financing lines, Natixis awards its main clients a color rating and it aims to cover 90% of unassigned outstanding loans in 2019.

The GWF methodology is open and scalable and it will incorporate the criteria included in the EU classification system on what can be considered an environmentally sustainable economic activity—the so-called taxonomy—as progress is made by the European Commission Technical Expert Group (TEG).

The color rating assigned to each financing line follows a seven point scale, ranging from dark brown (activities with an extremely harmful effect on the climate and the environment) to dark green (activities with a highly positive impact), with a neutral point for activities having no impact or a very limited impact. The portfolio will be assigned a color rating in full by end 2019.

The GWF was implemented in some of Natixis' information systems at the end of 2018. Its roll-out will continue throughout 2019 and it will gradually apply to new financing facilities granted by Natixis in all business sectors in Europe in 2019 and around the world in 2020.

After the implementation stage, Natixis will set medium-term commitments for its balance sheet decarbonization road map. The GWF will allow it to measure progress on these commitments.

6.3.2.2 Financing and investment in renewable energy

ODD 7: Affordable and clean energy

Renewable energy is constantly setting new records in terms of installed capacity: 157 GW[1] was rolled out around the world in 2017, up from 143 GW in 2016. New solar energy capacity installed in 2018 (98 GW) outstripped new fossil fuel electricity production capacity (70 GW). The proportion of electricity production from renewable sources[2] increased from 11% in 2016 to 12.1% in 2017, representing approximately 1.8 gigatons of CO_2 avoided.

In 2018, Natixis once again played a leading role in renewable energy financing, in particular in Latin America and in offshore wind farms in Europe. Natixis is the world's number five Mandated Lead Arranger in renewable energy financing and is the leading arranger in the Middle East and Africa region[3].

(1) Source: Bloomberg New Energy Finance.

(2) Excluding major hydroelectric dams.

(3) IJ Global Infrastructure Renewables 2018 ranking.

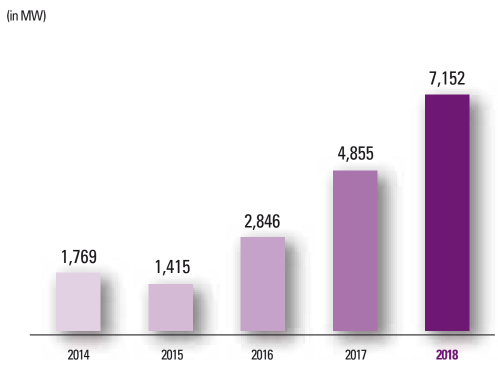
Renewable energy financing

In 2018, CIB's infrastructure financing teams arranged 20 new deals totaling €1.786 billion, representing installed capacity of 7152 MW:

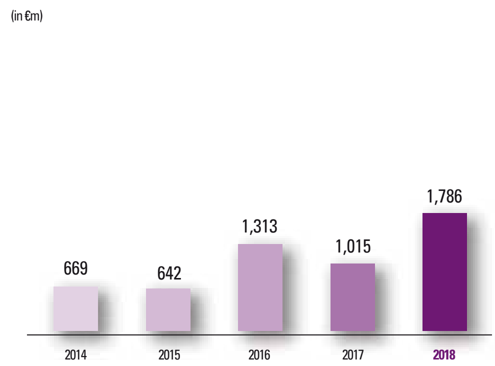
- six onshore wind farms with a total capacity of 1,726 MW;
- five offshore wind farms with a total capacity of 2,749 MW;
- nine PV and concentrated solar power projects with a capacity of 2,677 MW.

Renewable energy accounted for 71% of total financing granted by CIB in the electricity production sector.

TOTAL INSTALLED CAPACITY OF RENEWABLE ENERGY PROJECTS FINANCED BY NATIXIS PER YEAR



AMOUNT ARRANGED BY NATIXIS FOR RENEWABLE ENERGY PROJECTS PER YEAR



2018 Key Events

Financing for the first concentrated solar power system in Latin America

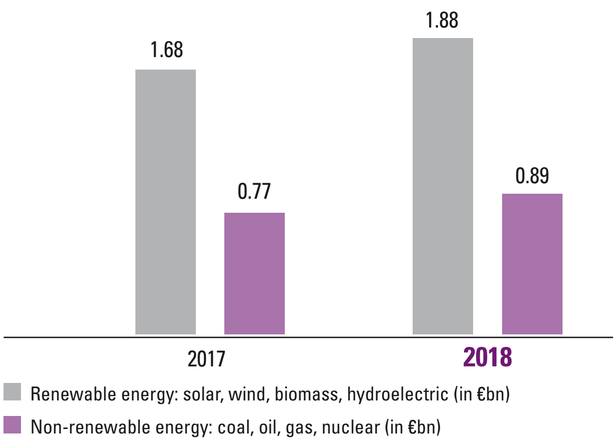
Natixis played a major role in the renewable energy sector in Latin America in 2018. Cerro Dominador, with capacity of 210 MW, was the first project in Latin America to combine PV and concentrated solar power technologies, and is currently the biggest solar power plant in the region.

Project Finance International issues an award for a transaction in the Middle East

Natixis participated in financing a photovoltaic power plant in Sakaka, Saudi Arabia, with installed capacity of 300 MW. The project, which is under construction, is part of the country's National Renewable Energy Program (NREP), which provides for the installation of 3.45 GW in new renewable energy capacity by 2020. Project Finance International (PFI) named this project Middle East and Africa Power Deal of the Year.

At end-2018, renewable energy accounted for 68% of total financing granted by CIB in the electricity production sector.

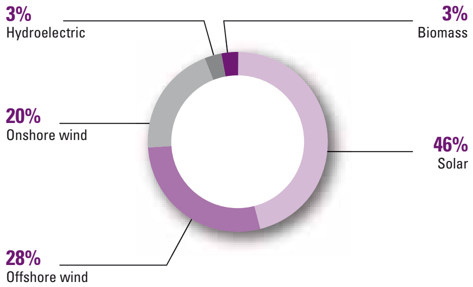
PORTFOLIO EXPOSURE TO RENEWABLE AND NON-RENEWABLE ENERGIES PER YEAR



The portfolio breaks down as follows:

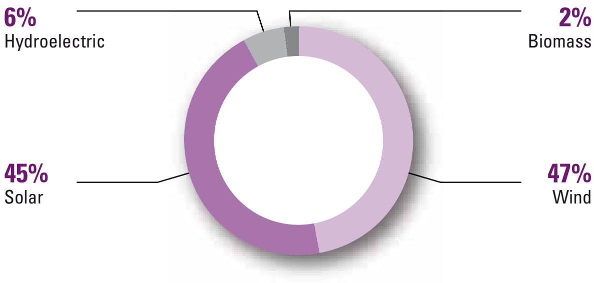
REGIONAL BREAKDOWN OF THE RENEWABLE ENERGY PORTFOLIO (% OF AUM)

SECTORIAL BREAKDOWN OF THE RENEWABLE ENERGY PORTFOLIO (% OF AUM)

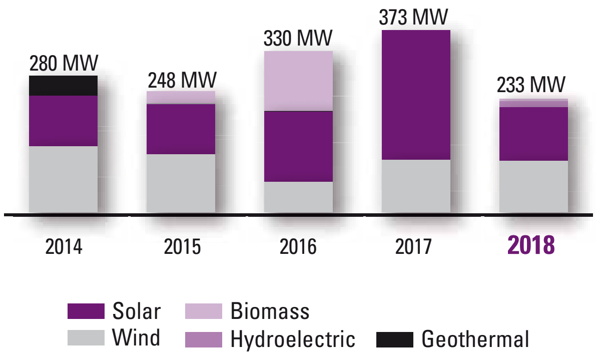


In 2018, Natixis Energeco, which specializes in renewable energy financing in France, financed 28 new projects totaling €350 million. The projects are located in mainland France and the overseas territories, and will provide additional renewable energy capacity of 233 MW.

TOTAL INSTALLED CAPACITY OF RENEWABLE ENERGY PROJECTS FINANCED BY NATIXIS ENERGECO IN 2018



TOTAL INSTALLED CAPACITY OF RENEWABLE ENERGY PROJECTS FINANCED BY NATIXIS ENERGECO PER YEAR



By financing these projects, Natixis Energeco supported technological innovation in storage and floating PV plants.

2018 Key Event

Financing for a floating photovoltaic solar power plant

Natixis Energeco financed an innovative project for Akuo Energy—the first of its kind in France—for the installation of a floating photovoltaic power plant with 50,000 solar panels in Piolenc in the Vaucluse department. The plant's capacity is 17 MWc, equivalent to the electricity consumption of over 5,000 homes. This new technology solves the problem of the lack of available land for new solar energy farms by making use of space not subject to rival demand.

Coordinator for the Neoen IPO, named IPO of the Year by Euronext

Natixis was Global Coordinator for the initial public offering of Neoen, a major player in the renewable energy sector. The deal totaling €697 million was named IPO of the Year by Euronext and ranked in the top 10 IPOs in Europe in 2018 [1]. Neoen was founded in 2008 and is an independent electricity producer specialized in solar and wind power and actively involved in developing cutting-edge storage solutions. The group has assets in nine countries in EMEA, Australia and Latin America, with total installed capacity of 1.8 GW.

(1) Source: Bloomberg.

Investments in renewable energy

Natixis Investment Managers finances renewable energy via the investment funds proposed by its affiliates.

Mirova launched its fourth renewable energy infrastructure fund, Mirova Eurofideme4, in 2018. This fund's strategy differs from that of the previous funds as it incorporates financing for storage and mobile electricity, which have considerable financing requirements, as well as for production capacity. The goal is to achieve the European Union's ambitious greenhouse gas reduction targets. The fund managed by Mirova aims to raise €500 million and the first fundraising phase was held in October, attracting €250 million, including €30 million from Natixis Assurances.

The previous fund, Mirova Eurofideme3, which completed its fundraising in 2016 with €353 million, is now almost fully invested in a diversified portfolio of European renewable energy projects. With its Eurofideme range of funds, Mirova has financed over 170 projects representing installed capacity of 1.8 GW over the past fifteen years.

2018 Key Event

TEEC certification

Ostrum AM obtained TEEC (Energy and Ecological Transition for Climate) certification for its expertise in infrastructure debt for the energy transition in December 2018.

Mirova manages three TEEC certified funds, with total assets under management of €1.3 billion: Mirova Europe Environmental Equity Fund, Mirova Green Bond–Global and Mirova-Eurofideme 3.

The French Ministry for the Environment, Energy and Oceans created the TEEC label in 2015. Certified funds must respect obligations in terms of the activities they finance (renewable energy, construction, circular economy, green transport, agriculture), excluded activities (fossil fuels and the nuclear industry), and how they manage ESG controversies. They must also measure their effective impact on the energy and ecological transition.

6.3.2.3 Financing and investment in mobility and sustainable cities

Sustainable real estate

ODD 11: Sustainable cities and communities

ODD 13: Climate action

In 2018, Natixis considerably expanded its financing and arrangement business in the sustainable real estate sector, with various solutions including mortgage loans, green bonds, securitization vehicles, and green loans. It closed eleven deals, including two green loans that financed over 114,000 m² in green real estate.

2018 Key Events

The DUO towers: the first green certification for a commercial real estate loan in Europe

In February 2018, Natixis obtained the first ever green certification for a commercial real estate loan in Europe for the DUO towers project in Paris—a planned 90,000 m² tower with exceptional levels of energy efficiency. Climate Bonds Initiative awarded the Climate Bond Certified label to the €480 million loan facility set up to finance the project. DUO mandated Oekom Research AG to verify the Low Carbon Buildings Commercial Properties (real estate) standard and report on follow-up of environmental certification, energy consumption and CO_2 emissions. Natixis was retained to complete the certification process.

The PACE program: green securitizations

The PACE (Property Assessed Clean Energy) program allows property owners to finance the installation of equipment to improve their environmental performance (solar panels, heating, ventilation, water consumption). PACE makes these purchases possible at a lower cost and with a longer repayment term than with traditional loans. Natixis has arranged securitizations of PACE outstandings since 2015. Two new deals were arranged in 2018 for a total of €219 million.

AEW, the real estate asset management company, continued its efforts to obtain certification for its portfolio assets throughout 2018. Its buildings received BREEAM, HQE Exploitation, LEED Existing Building or BEPOS (positive energy building) certification.

AEW aims to reduce the energy consumption of part of its portfolio by 38% by 2020. The Greco (Grenelle Compliance) project has reduced energy consumption by 30% in properties for which investors have approved the recommendations, representing 110 properties with a total floor space of 713,000 m².

The consumption monitoring system has also reduced energy use by around 15% and water consumption by 59,000 m^3 on the 90 sites fitted with the system since 2012.

Natixis Assurances monitors and reports annually on the portion of its real estate investments that have environmental certification. At year-end 2018, 33% of real estate assets managed under investment mandates were certified (HQE, BREEAM, etc.). In 2019, its acquisition policy will systematically incorporate environmental criteria. An initial energy performance review was performed on all properties under investment mandates in 2018 with an assessment of carbon emissions. In 2019, Natixis Assurances will set action plans to reduce its buildings' energy consumption in line with its climate commitments[1].

Natixis Assurances also encourages individual policyholders to save energy via its range of home insurance products. The range includes coverage of equipment such as domestic windmills, solar panels or solar-powered water heaters, energy control cabinets, storage batteries and rainwater collection tanks. In addition, as well as managing customer claims, Natixis Assurances advises on using environmentally-friendly products when repairing damage.

Sustainable mobility

ODD 9: Industry, innovation and infrastructure

ODD 13: Climate action

Mobility is crucial to human development. Moving goods and people allows access to goods and services, in particular housing, employment, healthcare, education and culture. However, this has an impact on climate change, air quality, the use of fossil fuels, biodiversity, and health. Transport growth projections expect the number of air passengers to double by 2040 and that there will be nearly two billion vehicles in circulation by 2050. Natixis is committed to developing sustainable, low carbon transport solutions through its financing and investment activities.

Mirova factors in sustainable mobility by encouraging investments in securities issued by vehicle manufacturers and equipment suppliers that propose technical solutions to solve the challenge of offering more and more people mobility solutions while reducing the environmental and social impacts linked to transport. In 2018, Mirova published its conclusions in a report[2] on the ESG issues facing vehicle manufacturers and equipment suppliers, setting out the solutions and risks identified in order to optimize the impact of its investments.

Natixis Car Lease has had electric and hybrid vehicles available for lease since its creation and at the end of 2018, 8% of its leased vehicles were electric or hybrid.

Natixis Assurances offers preferential rates to individuals who travel less than 8,000 km per year in their car: this option applies to 26% of contracts (187,993 contracts), or €64.4 million in annual premiums in 2018. Savings of up to 30% are offered to electric vehicle owners. In the interest of supporting its customers, Natixis Assurances also offers eco-driving courses.

6.3.2.4 Green bonds and green loans

Green bond issuers undertake to use the funds raised to finance projects with a positive impact on the environment. Unlike traditional bonds that can finance all the issuer's activities, a green bond finances traceable investments in measures to improve environmental performance such as energy efficiency, renewable energy, sustainable transport or water management. The green bonds market totals €167.3 billion[3].

In 2018, Natixis arranged 18 green bond issues, confirming its solid positioning on this market, especially in Europe, where Natixis is the number three issuance arranger in euros[4], and in Asia, where it was systematically awarded the role of Green Structuring Advisor.

2018 Key Events

ODD 11: Sustainable cities and communities

Green bond issue for La Poste group

Natixis was Green Structuring Advisor on La Poste group's first green bond issue—a world first for a postal services company. The €500 million raised in November 2018 directly funded projects for the energy transition (solar panels, electric vehicles, green buildings).

ODD 12: Responsible consumption and production

Green bond issue for Beijing Capital

Natixis was Sole Green Structuring Advisor and underwriter for Beijing Capital group's first green bond issue. The $250 million raised over three years cover the water and waste treatment firm's entire solid waste processing chain. The issue was awarded a Green Bonds certificate by the Hong Kong Quality Assurance Agency.

(1) See section on aligning with the objectives of the Paris Agreement.

(2) http://www.mirova.com/Content/Documents/Mirova/publications/VF/DocRecherche/MobiliteConstructeursEtEquipementiers2018.pdf.

(3) Climate Bonds Initiative, 2018.

(4) Euro Green Bonds League Table, Bloomberg 2018.

Natixis is also active in green bond investments through its Natixis Investment Managers affiliates. At year-end 2018, Ostrum AM managed green bond investments totaling €2.4 billion in 155 funds and investment mandates. Of the €1.8 billion in fixed income assets under management by Mirova, €1 billion is invested in green bonds. One of its flagship strategies, applied by the Mirova Global Green Bond Fund, invests solely in green bonds (€294 million).

As well as green bond issuance, in 2018, Natixis also offered two types of green loans: loans earmarked to finance environment-related projects (term loans) and syndicated loans meeting ESG criteria (green revolving credit facilities or green RCF). This activity expanded sharply in 2018, with twelve deals finalized.

ODD 13: Climate change

Innovation in 2018

€4 billion green RCF for EDF

Natixis was Green Structuring Advisor on an innovative transaction for EDF. The syndicated loan's pricing mechanism incorporated the ESR goals set in EDF's CAP 2030 strategic plan: direct CO_2 emissions, use by EDF clients of its online consumption monitoring tools, increase in its fleet of electric vehicles.

6.3.2.5 Development of low carbon structured products

ODD 13: Climate action

A number of innovative sustainable investment solutions were produced in 2018, including fixed income structured products, climate indices, and ESG indices.

Since 2015, Natixis has developed a range of climate indices to meet the need for investment in sectors contributing to the energy and ecological transition in different regions. The selection of securities comprising the indices factors in each issuer's climate score and is based on a transparent method designed by experts in CIB's Green Hub. The range of climate indices managed by Natixis grew in 2018 with the launch of the Euronext[(R)] ECO5E index.

A new range of three Responsible Investment indices sponsored by Euronext was also created, with the latest being launched in September 2018. The methodology was based on the approach followed by Mirova/ISS-Oekom, which reconciles value creation and sustainability. Outstanding amounts sold by Natixis on the Climate and ESG indices total €1.2 billion.

Innovation in 2018

The first Green Repack structured note for a French sovereign issue

The French €9.7 billion green OAT 2039 is currently the biggest green sovereign bond ever issued in Europe. Proceeds will finance projects with a positive environmental, social and societal impact. In 2018, Natixis produced the first green structured note offering investors exposure to both the green OAT 2039 and to a bespoke coupon structure. The environmental qualities of the OAT 2019 Green Repack product were certified by Vigeo-Eiris.

6.3.2.6 Aligning with the objectives of the Paris Agreement

ODD 13: Climate action

The Green Weighting Factor created in 2018 will allow Natixis to decarbonize its balance sheet and gradually align the impact of its financing activities with the objectives of the Paris Agreement, i.e. to limit the global temperature rise at the end of the century to +2°C in relation to the pre-industrial era. Natixis intends to achieve this long-term objective while continuing to finance all economic sectors by increasing the presence of green solutions in its financing activities and helping its clients in the transition to lower carbon activities[(1)].

Natixis is contributing to the objectives of the Paris Agreement in all its financing and investment activities by applying its exclusion policies on the coal industry, oil sands and oil exploration in the Arctic *(see Chapter 6.4.3 Climate risks)*.

As well as applying exclusion policies, several Natixis entities have also committed to aligning their investments with the goals of the Paris Agreement.

In 2015, Mirova and the climate data specialist Carbone4 co-developed a method for measuring the carbon footprint of issuers in different business sectors, named Carbon Impact Analytics (CIA). The CIA model focuses primarily on two indicators:

(1) See introduction on the Green Weighting Factor in Chapter 6.3.1.

- emissions "induced" by the Company's activity with a lifecycle approach that takes into account direct emissions as well as those of its suppliers and products;
- emissions "avoided" thanks to efficiency measures or green solutions.

Particular attention is paid to companies in the sectors with the biggest positive or negative impact on the climate, namely energy, industry, construction and public works, transport, low carbon facilities and solutions.

The methodology was enhanced in 2018 to assess portfolio coherence with the climate scenarios set in the Paris Agreement[(1)], using:

- the CIA methodology;
- climate scenarios from the Intergovernmental Panel on Climate Change (IPCC);
- investment projections from the International Energy Agency (IEA).

Combining data from these three sources produces results that are easy to interpret by providing an assessment in degrees Celsius corresponding to the climate scenario implied by a portfolio's investments.

Using this method, Mirova estimates that the climate scenario for all its equity, bond and infrastructure portfolios stands at +1.5°C, compared with +5°C for the MSCI World index[(2)].

2018 Key Event

Natixis Assurances aligns with the 2°C climate scenario

In 2018, Natixis Assurances made a proactive tangible commitment to combat climate change by aligning its investment policy with the 2°C climate scenario set in the Paris Agreement. Each year, Natixis Assurances will devote nearly 10% of its new investments to green assets, with a target of 10% of its total investments being in green assets by 2030. It invested over €430 million in green bonds in 2018. With this policy, Natixis Assurances intends to encourage and give priority to companies that contribute to the energy and ecological transition. Its commitment covers all its investment portfolios (excluding unit-linked policies).

Natixis is part of a working group with other financial institutions seeking to establish industry-wide principles for calculating the carbon footprint of the portfolios managed by banks, insurers and asset managers. Given the wide variety of its business lines, Natixis is particularly keen to find common principles that will ensure consistency in how it quantifies the carbon footprint of its different activities. These principles will provide a framework in which to establish detailed targets for reducing the carbon footprint as part of the international Science Based Targets for Finance (SBTF) initiative.

6.3.3 GREEN GROWTH: PROTECTING AND DEVELOPING NATURAL CAPITAL

6.3.3.1 The act4nature commitment

ODD 14: Life below water

ODD 15 : Life on land

Natixis is already highly involved in protecting the climate and in July 2018 it decided to commit all its business lines to preserving biodiversity by joining the act4nature[(3)] initiative sponsored by the non-profit Entreprises pour l'Environnement (EpE).

Under this initiative, which includes French firms from all business sectors, Natixis has formally undertaken to take real action to provide solutions to preserve and restore biodiversity, ensure that natural resources are used sustainably and that the benefits derived from nature are distributed fairly.

Natixis has signed up to the ten common principles of the act4nature initiative, which are to:

1. Incorporate biodiversity in its corporate strategy;
2. Maintain dialog with all stakeholders;
3. Measure the direct and indirect impact of its activities on biodiversity;
4. Gradually integrate biodiversity in its decisions;
5. First avoid, then reduce, and finally offset its impacts;
6. Give priority to solutions based on nature;
7. Integrate biodiversity in its dialog with the public authorities in all countries in which it operates;
8. Raise awareness and train employees in biodiversity; promote and encourage their initiatives to protect nature;
9. Assign resources and establish appropriate partnerships to support concrete actions and monitor their progress;
10. Publicly report on the implementation of its commitments.

Natixis will decide and announce individual commitments for its financing and investment activities by the end of 2019, using SMART goals (Specific, Measurable, Agreed upon, Realistic, Time-based).

(1) http://www.mirova.com/Content/Documents/Mirova/publications/VF/DocRecherche/ImpactClimatDesPortefeuilles2018.pdf.

(2) 2017 data.

(3) http://www.act4nature.com/.

To implement these commitments to biodiversity, in 2018 Natixis set up an internal working group on natural capital comprising experts from its different business lines: the ESR Department, financing (CIB and SFS), the CIB Green Hub, representatives from the Asset Management affiliates (Mirova, Ostrum AM, AEW), and Natixis Assurances. Its goal is to produce real solutions to allow Natixis' activities to systematically measure—and mitigate if necessary—the impact of their activities on nature, to systematically integrate biodiversity in dialog with clients in sensitive sectors, and to develop products and services based on nature.

6.3.3.2 Recognition of biodiversity in financing

Natixis already incorporates biodiversity in its project financing activities and in 2019 it will increase its recognition of natural capital preservation in all its activities:

- In accordance with the **Equator Principles**, Natixis requires its clients to examine all the risks and potential impacts of their projects from an environmental, social, health and safety perspective and to take all the necessary steps to minimize and correct the potential impacts. Protecting biodiversity is an integral part of these requirements. The quality of the client's impact studies and management systems is also taken into account when assessing the project. The assessment is generally performed by an independent consultant and it pays particular attention to the preservation of natural and critical habitats, in compliance with the regulations applicable to the project. For projects located in non-designated countries[1], additional action is required to meet the conditions set by the International Finance Corporation[2].
- **Mining activities to extract**, recycle and transform commodities have a significant impact on natural capital and biodiversity. For this reason, Natixis works with its clients to plan, avoid, reduce and offset the impact of these activities at each stage in the investment process. For each transaction, the Energy & Natural Resources (ENR) team ensures that its clients observe the practices required in the sector (Equator Principles, etc.) and Natixis' internal policies.

2018 Key Event

Implementation of a program to combat deforestation by a Natixis client in Ecuador

Natixis participated in financing for the Fruta del Norte Gold project in Ecuador. Lundi Gold, the project developer, documented endangered and vulnerable species using the categories set by the International Union for Conservation of Nature (IUCN). As a result, the Company relocated over 35,000 species of flora and fauna and established a partnership with the Ecuadorian NGO Conservation International. Programs to fight deforestation and encourage sustainable practices on degraded land have been set up and biodiversity monitoring has also been implemented.

- For **agricultural commodities**, Natixis helps its clients with natural capital protection. Natixis participated in an innovative green revolving credit facility for ECOM Agroindustrial Corp. Ltd, a coffee, cocoa, sugar and cotton trading company, for \$216 million over three years and \$433.3 million over one year. The price is indexed to ECOM's environmental and social impact goals, in particular certification and product traceability. The margin reduction is paid to the ECOM Foundation, a non-profit that supports projects for producers and their communities. Part of the reduction is also assigned to the ECOM Department that provides agronomy services and technical assistance to farmers and local communities.

Innovation in 2018

Inclusion of biodiversity criteria in a green loan to Séché Environnement

The first syndicated green loan deal led by Natixis refinanced Séché Environnement's financial debt. The credit agreement takes into account the average rate of progress in biodiversity preservation via four commitments:

1. Adopt initiatives to promote biodiversity;
2. Make biodiversity a priority within the Company;
3. Use biodiversity to inspire stakeholders;
4. Raise awareness of the impact our lifestyle has on global biodiversity.

(1) *As defined in the Equator Principles.*

(2) *IFC performance standards 6: biodiversity conservation and sustainable management of living natural resources.*

6.3.3.3 Thematic investment in natural capital

Mirova has used a platform specialized in preserving biodiversity and natural capital since 2017 and it produces innovative investment solutions to mitigate and adapt to climate change and to protect local regions, biodiversity, soil and marine resources.

ODD 1: No poverty

ODD 2: Zero hunger

ODD 15: Life on land

In response to the depletion of natural capital and land degradation as global issues (relating to food security, human life and ecosystems), the Land Degradation Neutrality (LDN) Fund is an example of the type of innovative public-private partnerships needed to finance the SDGs. The Fund was created by the United Nations[1] and Mirova as a source of transformative capital bringing together public and private investors to fund triple bottom line (economic, social and financial) projects that contribute to Land Degradation Neutrality. The LDN Fund will invest in three crucial sectors: sustainable agriculture, sustainable forestry, and other projects such as green infrastructure or ecotourism as opportunities arise.

The LDN Fund aims to generate positive environmental and socio-economic impacts alongside financial returns. By addressing land degradation, the LDN Fund project aims to deliver the following benefits:

- land degradation neutrality;
- climate change mitigation;
- climate change adaptation;
- improved livelihoods;
- improved biodiversity.

The LDN Fund's first round of fundraising at the end of 2018 raised $60 million. Its investors include public sector entities such as the European Investment Bank, Agence Française de Développement and the Luxembourg government, as well as private investors including Fondaction, Fondation de France, BNP Paribas Cardif, Garance and Natixis Investment Managers. The team is continuing to raise funds with a target of $300 million.

The LDN Fund will use its investments to apply sustainable land management practices on 500,000 hectares of land around the world, to reduce CO_2 by 35 Mt, and to create or improve jobs for over 100,000 people.

2018 Key Event

The Land Degradation Neutrality Fund's first investment

Mirova's Land Degradation Neutrality (LDN) Fund has been operational since its first closing in late 2018 and it has finalized its first transaction with an investment in the Urapi Sustainable Land Use program. The first project developed, financed and launched by Urapi covers four coffees cooperatives in Peru and will rehabilitate nearly 9,000 hectares of degraded land as productive agroforestry systems, capture and reduce 1.3 Mt in CO_2 emissions and improve living conditions for 2,400 producers.

ODD 1: No poverty

ODD 14: Life below water

ODD 13: Climate action

Unhealthy oceans threaten all life on earth and have a particularly strong impact on small island nations and vulnerable coastal communities. Decades of poor management have led to the over-exploitation and degradation of ocean resources, in particular fish stocks and coral reef ecosystems. Improving the management of these natural resources can enhance productivity and operational efficiency and generate attractive returns for all stakeholders.

The Sustainable Ocean Fund (SOF), the second fund in Mirova's Althelia Funds range, invests in companies that harness the ocean's natural capital sustainably, build resilience in coastal ecosystems and create sustainable economic growth. SOF holds a mixed portfolio of assets in the sustainable marine products sector, the circular economy and conservation. The fund focuses on emerging markets and small island nations.

It was launched in 2018 and has raised half of its target of $100 million. It will invest in around twenty sustainable projects, five of which have already started.

SOF's investments will have substantial positive impacts in terms of socio-economic development and the preservation of natural resources. The fund has set the following goals for its ESG impact:

- climate: protection of over 17,500 hectares of mangrove forest from deforestation and degradation (over 9 million tons of CO_2e captured), production of 177,000 tons of fish protein (which has a smaller carbon footprint than beef);
- livelihoods: creation or continuation of over 5,500 jobs in vulnerable coastal communities and indirect support for over 14,000 additional jobs in related value chains and businesses;
- ecosystems: direct protection and sustainable management of over 175,000 ha of marine protected areas in ecosystems with high environmental value.

(1) United Nations Convention to Combat Desertification (UNCCD).

2018 Key Event

SOF's first transaction

SOF made its first investment in Kampachi Farms, Mexico, which sees the development of offshore aquaculture as an urgent environmental matter as well as a considerable economic opportunity. The Company sustainably produces high-quality fish and respects nature at its offshore sites by using innovative biological and engineering solutions and working closely with regulators and the conservation community. The fish is raised in deep water pens four miles off the coast and will be available on the international market in early 2019.

6.3.3.4 Development of the circular economy

ODD 12 : Responsible consumption and production

AEW chairs the Circolab non-profit created in February 2018 to promote the circular economy in the construction and real estate sector and in particular to encourage the reuse of materials via various initiatives: publication of reuse guidelines, promotion of best practices, development of shared tools, creation of an ecosystem of real estate sector players. Circolab currently has around thirty members (public and private sector contracting authorities, construction firms, building materials manufacturers, project managers, associations).

In 2018, it finalized several reports, including a guide on reuse in partnership with the Fédération Française de l'Assurance (French Insurance Federation) and specifications on assessing existing buildings for reuse with the Centre Scientifique et Technique du Bâtiment (a government organization providing research into innovation in the construction industry). A reuse assessment was performed on all renovation projects over 2,000 m². In 2019, Circolab will continue to expand, increasing the number of members and pursuing its work, in particular on Building Information Modeling and maintenance.

2018 Key Event

Reuse of materials and furniture in a building of La Défense

The Circolab non-profit, chaired by AEW, removed construction materials from a tower building in La Défense, Paris to reuse them, with the sale amount estimated at €470,000. In addition, furniture from the staff canteen (over 150 tables and 500 chairs) was donated to a non-profit that is setting up a middle school in Haiti.

6.4 Managing environmental & social risks

6.4.1 INCORPORATING E&S CRITERIA IN FINANCING OPERATIONS AND INVESTMENTS

The ESR Department ensures environment and social (E&S) risks are taken into account in our financing and investment business lines. A risk monitoring team has therefore been assigned to track ESR policies in sensitive sectors, determine which business sectors to exclude from such policies, assess the quality of assessment and monitoring of E&S risks in transactions, and analyze the reputational risk incurred by the parties involved.

Implementation of ESR policies in sensitive sectors

ESR policies have been drawn up and included in the risk policies applied by the business lines working with the most sensitive sectors. These policies cover the following sectors:

Coal industries

Since October 15, 2015, Natixis has undertaken to stop financing coal-fired power plants and thermal coal mining around the world.

Natixis will also no longer provide general-purpose corporate financing to companies for which coal-fired power plants or thermal coal mines account for over 50% of their activity.

This commitment was set out in a sector policy published on Natixis' website at the following address:
https://www.natixis.com/natixis/upload/docs/application/pdf/2016-07/160708_coal_policy_fr.pdf. It also applies to investments made by Ostrum, across all directly managed portfolios, and to Natixis Assurances, across all general-purpose funds. Both Ostrum and Natixis Assurance have stopped investing in industrial companies deriving 50% or more of their business from coal-fired power plants and/or thermal coal mining.

It should be noted that the amount of Natixis' exposure to coal-industry financing has fallen steadily since the commitment made in October 2015. At the end of 2018, financing of thermal coal mines amounted to zero and was residual in coal-fired power plants.

Defense

Since March 2009, Natixis has excluded financing, investment and offers of services to companies involved in manufacturing, storing or trading anti-personnel mines and cluster bombs.

2018 Key Event

Publication of defense sector policy

The commitment made by Natixis in March 2009 was extended to include a Defense sector policy published in June 2018. This policy, which is available for consultation on the Natixis website, extends the scope of arms excluded by the Group and sets specific criteria for conducting transactions, notably with respect to arms exporting and importing countries.

The policy also applies to investment operations undertaken by Natixis, Ostrum, and Natixis Assurances.

https://www.natixis.com/natixis/jcms/rpaz5_68332/fr/politique-sectorielle-dans-le-secteur-de-la-defense

Tobacco

In December 2017, Natixis committed to discontinuing all financing of, or investment in, tobacco producers, wholesalers, and traders as well as tobacco product manufacturers. This exclusion has deepened the bank's commitment to fighting cancer, as patron of the Gustave Roussy foundation since 2011.

2018 Key Event

Publication of Tobacco sector policy

In light of the commitment undertaken in December 2017, Natixis published a detailed account of its tobacco sector policy in May 2018. The latter applies to Natixis, Ostrum and Natixis Assurance's financing, investment and services activities.

For more information please refer to:
https://www.natixis.com/natixis/jcms/lpaz5_67146/fr/politique-sectorielle-tabac

Oil and gas

In December 2017, Natixis committed to stop providing financing for the exploration and production of oil sands and oil in the Arctic region.

2018 Key Event

Publication of oil and gas sector policy

Natixis published its oil and gas sector policy in November 2018. This set out the conditions underlying Natixis' commitment, namely:

- to discontinue the financing of projects involving the exploration, production, transportation and storage of extra-heavy oil and oil derived from oil sands, and related export terminals;
- to no longer provide general purpose corporate financing for, and no longer invest in*, any company of which the aforementioned activities (see above) account for 30% or more of total operations;
- to discontinue financing for onshore or offshore oil exploration and production projects in the Arctic.

For more information please refer to:
https://www.natixis.com/natixis/upload/docs/application/pdf/2018-11/natixis_esr_sector_policy__oil__gas.pdf

* This applies to all Natixis Assurances investments.

This commitment to protect the Arctic upholds the position already adopted by Ostrum and Mirova, which, since 2016, have headed a group of investors having signed a declaration calling for the Arctic region to be protected against oil exploration activities, and for the adherence to national commitments to combat climate change in this particularly hydrocarbon-rich area of the world.

Other industries

Natixis has internal ESR policies for the nuclear, mining & metals, and palm oil sectors. These apply to financing operations and cover the following issues:

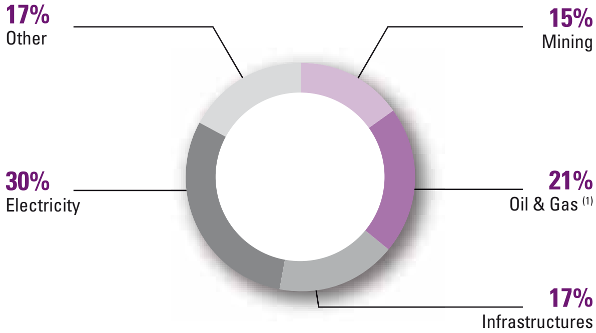
- nuclear: compliance with the strictest international security rules (IAEA, etc.), reliability of technologies, demonstration by the host country and the operator of their capacity to control and operate their nuclear industry, based on specific criteria;
- mining & metals: compliance with international mining industry standards as well as the E&S criteria established by the IFC (World Bank);
- palm oil: traceability and compliance with best practices and applicable standards.

Overview of financing transactions over the last three years

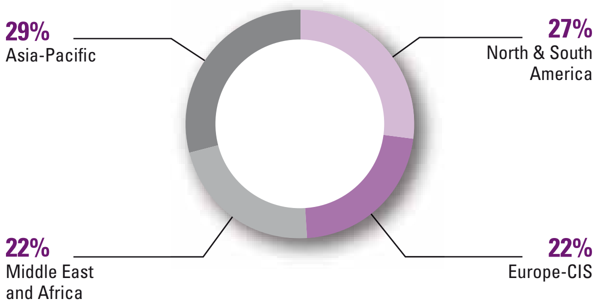
Managing environmental and social risks across Natixis' financing business lines involves analyzing clients and transactions to ensure they comply with its ESR policies and exclusion commitments, analyzing transactions according to the Equator Principles or other evaluation methods, and analyzing controversial issues that its clients may run into.

Over the last three years, 305 such transactions have been managed in this way, with the following sector breakdown:

BREAKDOWN OF THE NUMBER OF PROJECTS REVIEWED BY SECTOR (2016-2018)[1]



BREAKDOWN OF THE NUMBER OF PROJECTS REVIEWED BY GEOGRAPHIC AREA (2016-2018)



Equator Principles

As a signatory of the Equator Principles since December 2010, Natixis applies an industry-wide methodology recognized by 94 member banks and financial institutions aimed at evaluating the E&S risks of the projects it finances and assessing the quality of the management systems used by its clients to manage, minimize, and remedy the impacts they cause as best they can.

This methodology applies to the financing of investments in new projects or the extension of existing projects. For Natixis it mainly concerns infrastructure, energy (oil, gas), electricity and renewable energy, and the mining and metals sectors around the world.

(1) Oil & Gas: special purpose ship and offshore platform included

An organizational structure has been set up to involve both the business lines and the ESR Department in assessing and managing transactions. The process includes an assessment of the quality of existing E&S documentation prepared by the client (or client advisory services, if such documentation has not yet been drafted), the measurement and classification of the potential E&S impacts and risks, and, where necessary, the consultation of external specialists. It also provides for the drafting of an action plan for impact mitigation and correction measures, which is included in the financial documentation. Compliance with the action plan is monitored over the life of the financing facility.

Natixis' credit approval process includes a summary of key issues used to assess a project.

Details of the analysis and decision-making process, the resources used and full information on transactions audited in this way are available in the annual Equator Principles report (published before July 31 each year and available on the Natixis website.[1]

Assessments performed beyond the scope of the Equator Principles

Mindful of the great diversity of client transactions and financing solutions, Natixis ensures the same level of vigilance on the underlying E&S risks of certain types of transactions outside the scope of the Equator Principles. These include acquisition financing transactions not associated with an investment program, financing that is, by nature, for multiple purposes, transactions involving portfolios of assets too large for a dedicated assessment, or certain kinds of assets.

In each of these cases, the quality of governance and management of the E&S risks inherent to the industry in question are assessed on the basis of current international best practices and standards, and the services of external consultants are called upon if necessary.

Analysis of reputational risk associated with involved parties

For all the financing transactions referred to above, and also when deemed necessary for any other transaction, an analysis is performed to determine whether the borrowing company, its operator or main shareholder has a history of poor management of its operations, from an environmental, social or health and safety standpoint.

In the interest of establishing lasting relations with its clients, the objective is to raise awareness among the business lines—before a credit decision is made—of all the situations that can give rise to reputational risk, and where necessary to consider appropriate measures.

A strengthened client assessment system

In respect of French law on duty of vigilance, Natixis is working on an additional tool for assessing the quality of its clients' environmental and social risk management. The system, which is currently being devised, will be used to assess clients of the Corporate & Investment Banking business in the onboarding process and, subsequently, on a regular basis, at a frequency determined on the basis of the nature and degree of E&S risks at hand. The assessment process will gradually be applied to the division's portfolio of existing clients, taking into account the schedule for periodic renewals of financing authorizations.

The screening process will involve two levels of assessment:

- the first level, covering most of the bank's clients, will involve assessing 15 different types of E&S risks relating to the client's governance, social/societal and environmental issues and its supply chain. A dedicated client assessment grid will be applied to each of the 10 business sectors best representing the bank's commitments, taking into account the characteristics of the client's business activity and its office locations. The results of the first assessment will be cross-referenced with those of a systematic controversy check, as facilitated by an external data provider;
- the second level of assessment, focusing on clients identified as being the most sensitive to risk, will involve an in-depth, qualitative analysis of the latter's E&S governance. This generally requires making direct contact with the client in order to specify the systems required for identifying and mitigating the main E&S risks.

This client assessment process is to be built into the bank's existing systems for establishing new client relationships and granting loans, involving the business lines, as well as the Compliance Department, Risks Department and ESR Department. The process is to be implemented following a test phase sometime in 2020.

6.4.2 DUTY OF VIGILANCE

The French law on the duty of vigilance requires Natixis to prepare, publish and implement a duty of vigilance action plan containing measures that can identify and prevent the risks of violating human rights and basic freedoms, harming the environment, and endangering occupational health and safety, associated with the activities conducted by Natixis as well as its subsidiaries, subcontractors and suppliers.

Launched in 2017, the duty of vigilance project is overseen by Natixis' ESR Department and involves several other departments: Purchasing, Human Resources, Logistics, Compliance and Legal.

Several additional projects were initiated at the same time, with the aim of establishing a duty of vigilance plan for Natixis employees at its own offices, and also for its purchases of products and services. Work was also begun to expand the due diligence procedures implemented in respect of the bank's financing activities.

Lastly, Natixis' Compliance Department adapted the bank's whistleblowing system to take new regulations into account (including, in particular, the duty of vigilance, but also the Sapin II law).

Duty of vigilance in purchasing

Since 2017, Natixis' Purchasing Department joined forces with BPCE Procurement to create an economic interest group and share thoughts and ideas on responsible purchasing: The socially responsible purchasing policy is a source of strategic and operational leverage for implementing the BPCE and Natixis ESR policy. The main objective of the policy is to promote more eco-friendly products and services that provide guarantees, and even added value, at the social and societal levels.

(1) https://www.natixis.com/natixis/jcms/ala_5415/fr/gestion-des- risques-environnementaux-et-sociaux

Broader objectives are also pursued through this policy:

- assessing Natixis suppliers using social and environmental responsibility criteria related to their products, services or industries;
- promoting official environmental certifications and eco-designed products;
- encouraging suppliers to be more transparent in describing the environmental characteristics of their products.

In 2017, Natixis participated in a joint initiative involving several French Banking and Insurance companies and signed the Responsible Purchasing Charter. The aim of the charter is to encourage the suppliers of the signatory banks to implement duty of vigilance measures as part of their overall ESR approach. The charter sets a series of commitments that both parties are required to observe, based largely on the basic principles of the United Nations Global Compact in the areas of human rights, labor, the environment and anti-corruption. [1]

Regarding the enforcement of the duty of vigilance law, Natixis alongside BPCE Procurement took part in a concerted effort in the bancassurance industry to map out ESR risks in purchasing activities, involving three other banking groups. The tool, which was delivered in June 2018, enables the following risks to be measured by country and by category of purchase:

Fair practices and ethics	Fraud and corruption
	Protection of personal data
	Copyright and patents
Environment	Consumption of natural resources
	Pollution (air, water, ground)
	Biodiversity
	Carbon emissions
	Waste management
Human rights	Health and safety
	Working conditions
	Discrimination
	Forced labor and modern-day slavery
	Child labor

The tool maps out risks by drawing on the expertise of the chosen supplier for each purchasing category, in addition to statistics on each country, in accordance with recognized standards.

Of the more than 100 purchasing categories in the banking sector, the mapping system identified 13 types of high ESR risk-type purchases. These are to be the subject of targeted duty of vigilance measures:

Under the new consultation procedures conducted by BPCE Procurement in sensitive categories, suppliers are assessed on the basis of their ESR performance:

- ESR questionnaire based on the risk map sent to the supplier;
- the supplier must detail their action plan to deal with the identified ESR risks;
- ESR/Procurement together assess this response;
- ESR grade built into the supplier's overall grade;
- supplier action plan to be implemented where ESR grade is below average;
- monitoring of supplier action plan.

This process was applied in 2018 (e.g. Servers category) and further consultation efforts are scheduled for 2019 (works, vehicles).

Concerning purchases made by Natixis directly in certain sensitive categories (e.g. building work, furniture, promotional objects, etc.), steps have been taken by the Real Estate and Logistics Department to question its main suppliers. In 2019, this process shall also be applied to purchases made by Natixis offices abroad.

To get the vigilance plan up and running, training courses will be provided by BPCE Procurement to help buyers become familiar with the new tools (risk mapping, ESR assessment, and implementation of appropriate risk prevention or mitigation plans).

Duty of vigilance in everyday operations

To map out risks associated with its employees and establishments, Natixis set up two other working groups comprising the Logistics and Human Resources Departments.

A large majority of Natixis' employees and establishments are located in France (83% and 75%, respectively).

The environmental risks associated with Natixis' operations have been ruled out, as its business is not liable to generate serious adverse impacts on the environment. Furthermore, the bank already applies strict environmental regulations in Europe and the US, and has launched several initiatives to limit its impact on the environment (e.g. certified buildings, use of resources, waste management, eco-friendly business travel, etc.).

Regarding the risks incurred by Natixis employees and service providers in terms of human rights, the decision was made to extend efforts in areas deemed most important in view of Natixis' businesses: working conditions, prevention of discrimination, and personal safety.

These issues are already strictly governed by a number of prevailing regulations in France, notably including labor law, the personal and property safety policy, and the Professional Risk Assessment Document. A whole host of internal agreements have also been signed in France (relating to union law, collective bargaining, gender equality, the professional integration and retention of employees with disabilities, and quality of life at work).

Natixis also has a large number of establishments outside France, however, and it needs to ensure that employees and service providers working outside France and Europe are not subject to major occupational health and safety risks.

Natixis has decided to focus on countries in which it has a headcount (excluding financial holdings) of more than 100 employees and on countries deemed to be at risk on the country risk map, based on three indicators:

- gross national income per inhabitant in dollars: GNI/inhabitant *(source: World Bank)*;
- weekly working hours *(source: International Labor Organization)*;
- the index of "violence and repression of workers" *(source: ITUC[2])*.

(1) https://back.bpce-achats.fr/storage/documents/9YMh2ecdXFSrAUhMOp4SKfZWh64bfInkxPnW5izi.pdf

(2) The International Trade Union Confederation represents 340 affiliated organizations across 163 countries.

A questionnaire will be sent out to platforms in the APAC, Americas and EMEA regions to identify standard working conditions in the targeted countries, as well as the specific conditions applicable to Natixis employees and external service providers in the following areas:

- working hours;
- remuneration;
- conditions of dismissal;
- maternity leave;
- welfare protection.

With respect to personal and property safety, a security road map will be rolled out internationally in 2019, notably including country risk monitoring tools with a view to ensuring the safety of Natixis employees and external service providers across all our business locations.

Managing risks in our financing activities

For several years now, Natixis has addressed the human rights and environmental risks incurred by some of its financing activities, most notably by applying the Equator Principles for project financing or specific sector-based policies applied to sensitive sectors.

In addition to these due diligence procedures, Natixis has begun work on measuring the social and environmental risks borne by its clients when they first make contact with the bank. Using questionnaires tailored to each sector and gradually applied to existing and new clients, the project aims to compile a client ranking system based on duty of vigilance categories. *(cf. Chapter 6.4.1).*

Whistleblowing system

The whistleblowing system forms an integral part of Natixis' Code of Conduct and is based on a company-wide policy which sets the minimum standard to be applied throughout Natixis group. In July 2018, Natixis S.A., published an updated version of its existing whistleblowing system, to reflect the latest regulatory changes. The whistleblowing system is available to any person holding an employment contract with Natixis, as well as to employees of external service providers or subcontractors *(cf. Chapter 6.2.1).*

6.4.3 CLIMATE RISKS

As a financial institution and major economic player, Natixis is exposed to climate risk in the running of its operations and business activities.

Incorporating climate risk is a key priority for the bank, given its potential impact on our organization and our financing and investment activities.

Natixis has taken a series of measures to **adapt to the consequences of climate change:**

- climate risks liable to have a direct impact on Natixis are addressed in the Business Continuity Plan (BCP), which includes the management of extreme weather events (e.g. storms, heatwaves, flooding of the Seine, etc.) that could affect the Company's premises around the world. Maximum impact is estimated in the operational risks map, and results in a VaR figure (95% and 99% Value at Risk) that factors in scenario analyses and external data, the quality of the BCP and insurance;
- the environmental/climate risks linked to our business operations are progressively being taken into account insofar as Natixis' clients may themselves be subject to climate risks: these include physical risks (exposure to physical consequences caused directly by climate change) and transition risks (exposure of certain sectors to the adjustments brought about by the transition to a low-carbon economy).

Pursuant to Article 173 of the French Energy Transition Act, Natixis is required to report on the climate risk management tools it has put in place and on its low-carbon strategy.

Measuring the climate change risks associated with our activities: physical and transition risks

Since 2016, Natixis has been part of a working group to improve the incorporation of these risks: specifically, and in line with the Autorité de Contrôle Prudentiel et de Résolution (ACPR—French Prudential Supervisory Authority for the Banking and Insurance Sector), BPCE and Natixis participated in a working group addressing Article 173, Provision V of the Energy Transition for Green Growth Act of August 17, 2015, with a view to drawing up stress test scenarios. The working group reviewed the sectors most exposed to physical risk and to transition risk.

In 2018, Natixis joined the UN Environment Programme Finance Initiative (UNEP-FI) to address climate risks involving 16 international banks. Their aim is to meet the challenges of implementing some of the recommendations made by the Task Force on Climate-Related Financial Disclosure (TCFD) by establishing a joint methodology for conducting stress tests on climate change-related risks (physical and transition risks).

Transition risks

Transition risks can arise where a company's business model needs to be adapted to a low-carbon economy; be it due to the introduction of strict carbon regulations, a change in customer behavior, or technological innovation. These changing market conditions can give rise to stranded assets or a significant loss in revenue, thereby exacerbating the Company's credit risk.

In 2018, Natixis took the innovative step of introducing a Green Weighting Factor, to support its clients in the shift towards lower carbon activities and in gradually lowering their carbon footprint. Climate transition risk will now be systematically taken into account in the assessment of financing opportunities *(see section on Green Weighting Factor: an innovative solution for a greener financing portfolio).*

In accordance with Article 173, Provision VI of the Energy Transition for Green Growth Act, establishing new ESG reporting obligations, certain Natixis subsidiaries have conducted extensive efforts to measure the carbon footprint of their portfolios.

Ostrum AM, Mirova and Natixis Assurance use the "Carbon Impact Analytics method, co-developed by Mirova and Carbone 4, to calculate their portfolios' carbon footprint in terms of CO_2 emissions *(see section on Natixis' alignment with Paris Agreement objectives)*.

This innovative approach covers generated emissions, prevented emissions and overall contribution to the fight against climate change. It assesses investments made relative to a benchmark scenario and compared to the principal market indices.

Applied to the strategies managed by Mirova, the methodology shows that the investments made by the Natixis subsidiary go below the 2°C scenario and are much better than the main benchmark indices.

Physical risks

Climate change results in increased frequency and/or intensity of extreme weather events, such as hurricanes, storms, droughts, and flooding.

The economy stands to suffer from these physical risks, and some sectors and geographic regions are already proving vulnerable to such events, which can result in major financial losses (supply chain breaks, operating losses), alter the value of assets and affect borrower solvency. This could have a knock-on effect on credit and investment portfolios.

Despite this, financial institutions lack the tools needed to analyze portfolio exposure to physical risks. Natixis has therefore committed to the ClimINVEST initiative launched by a consortium of European climate change experts, notably I4CE and Météo France.

This project seeks to co-design and co-produce tools, in conjunction with financial institutions, to facilitate the inclusion of physical climate change risks in decision-making processes. The methods and tools developed will subsequently be made public to ensure these are approved by as many institutions as possible.

Low-carbon strategy

Natixis believes it has a responsibility to actively combat climate change and has developed a proactive strategy aimed at reducing its direct and indirect impacts on the environment resulting from its financing and investment activities.

Direct impact: Each year, Natixis measures its carbon footprint *(see Chapter 6.5.3)* and takes a number of measures to limit its own impact on the climate, namely:

- carbon neutrality of power consumption via renewable energy supply contracts;
- energy-efficient buildings;
- eco-friendly business travel;
- reduced paper consumption;
- waste management.

Indirect impact generated by its business lines: Natixis draws on its investment and financing operations as its key means of action the fight against climate change, both in terms of risk management and business opportunities. Natixis applies a low-carbon strategy across all of its business lines: Asset & Wealth Management, Corporate & Investment Banking, Insurance and Specialized Financial Services *(see Chapter 6.3.2)*.

- **Green Weighting Factor:** To step up its transition to green finance, Natixis is developing a tool to gradually bring its financing activities into line with the Paris Agreement goals for the climate. *(see Chapter 6.3.2);*
- **Green growth financing:** Natixis is a major player in renewable energy and sustainable infrastructure financing, and in green bonds;
- **Investment products helping to combat climate change:** NIM also finances renewable energy via investment funds proposed by its affiliates;
- **Climate risk projects financed by Natixis:** As a signatory of the Equator Principles, Natixis incorporates climate change into the environmental impact assessments conducted on its major projects: borrowers are required to present an analysis of the possible alternatives to their projects, and to report annually on the project's CO_2 emissions once it is in operation;
- **Exclusion of carbon-intensive issuers:** Since 2015, Natixis has ceased all financing and investments in the coal sector and has also undertaken to stop financing oil sands and oil exploration in the Arctic *(see Chapter 6.4.1)*.

6.5 Managing our direct environmental impact

6.5.1 ENVIRONMENTAL MANAGEMENT OF NATIXIS BUILDINGS

The Real Estate and Logistics Department has introduced a total cost approach to its projects and investments that allows it to factor in the environmental impact of its activities. It is especially involved in setting up and monitoring environmental certifications, optimizing energy consumption and ensuring building accessibility.

Natixis and its subsidiaries in France (with the exception of Financial investments and affiliates—*see scopes in Chapter 6.7*) account for 304,834 m^2 in office space and 19,411 workstations, as well as two data centers operated for Groupe BPCE.

Set-up and monitoring of certifications

For the purpose of managing its buildings and offices, Natixis chose to occupy buildings whose design and operation guarantee optimal environmental performance. The bank owns 12 certified buildings (HQE[(1)], BBC[(2)], HPE[(3)] or BREEAM [(4)] certifications), covering a total surface area of 136,646 m^2.

Natixis' data center operating service has ISO 1400[(5)]1 certification.

After receiving ISO 14001 certification for the management of its buildings over several years, the Real Estate and Logistics Department (DIL) launched its *DIL Progress* label in 2017. This specifically covers the DILs commitments in terms of building works, property and data center management, and security, across all its business lines. The ESR aspect includes the key environment-related actions stipulated under the ISO 14001 standard:

- identifying the main sources of environmental impact;
- respecting environmental requirements;
- informing business lines of environmental actions taken.

The first *DIL Progress* audit was conducted by Bureau Veritas Certification in March 2018.

2018 Key Event

Participation in the CUBE 2020 challenge, to save building energy

Natixis took part in the CUBE2020 challenge for the first time in 2018. The contest, which is organized by the IFPEB*, is aimed at saving energy used in buildings. Natixis entered one of its Parisian properties, *47 Quai*. The aim is to achieve an energy saving of at least 10%, by involving employees and teams from the IT, Facilities Management, Communications and ESR departments. Awareness-raising efforts were launched in conjunction with concrete energy-saving actions, both on the IT front (automatic stand-by mode) and in terms of the building (settings).

** IFPEB: Institut Français pour la Performance du Bâtiment—French Institute for Building Efficiency.*

Abroad, Natixis occupies environmentally-certified offices: building *1251*, its New York head office, which houses most of its employees, obtained the LEED gold-level environmental certification for its design and construction. It has also improved its Energy Star score from 69 to 76. In Madrid, following a major overhaul, Natixis' building is in the process of receiving BREEAM certification. Natixis' teams in Hong Kong work in the *ICC* building, which received several certifications for its environmental performances (platinum-level BEAM[(6)] certification, bronze-level LEED[(7)] certification for interior design).

Building accessibility

The Real Estate and Logistics Department implements Natixis' disability policy and carries out various projects aimed at promoting the employment of disabled persons by adapting working conditions to their needs.

In terms of building accessibility specifically, the department takes action to facilitate access to Natixis buildings for the disabled:

- installation of meeting and training rooms accessible to persons with different disabilities (employees or visitors with reduced mobility or who are visually or hearing impaired);
- signage and reserved spots in parking lots and garages.

(1) HQE: French "high environmental quality" standard.
(2) BBC: French "low-energy building" standard.
(3) HPE: French "high energy efficiency" standard.
(4) BREEAM: Building Research Establishment Environmental Assessment Method.
(5) French standard in accordance with ISO 14001: 2004.
(6) BEAM: Building Environmental Assessment Method
(7) LEED: Leader in Energy and Environmental Design

6.5.2 MANAGING RESOURCE CONSUMPTION

The Real Estate and Logistics Department ensures optimum resource management by closely managing the various resources used: energy (electricity, heating and cooling utilities), water and paper. Each building it manages has a budget for energy consumption, which is monitored on a monthly basis.

Natixis has optimized the energy consumption of its buildings for several years with the roll-out of various measures:

- a re-lamping policy with the use of LED light bulbs;
- installation of motion sensor lighting systems;
- Optimization of heating and cooling systems that give greater consideration to temperatures outside the building.

Combining these measures with efforts to raise employee awareness of "eco-gestures" has been steadily reducing energy consumption in Natixis buildings since 2010, per workstation and per m² of rented surface.

Energy consumption

Scope: Natixis France—excluding data centers

Energy	2018	2017	2016
Energy consumption: electricity, heating and cooling of office buildings *(in MWh)*	56,022	56,806	57,397
Energy consumption per workstation *(in MWh)*	2.89	2.90	3.04
Energy consumption per m² of usable rented office space *(in MWh)*	0.18	0.19	0.20
Total heating oil consumption *(in m³)*	15	10	16

Several international platforms implemented actions to improve the efficiency of their buildings:

- lighting: use of motion sensors (Frankfurt, Kazakhstan, Milan), re-lamping for LEDs or energy saving light bulbs (Frankfurt, Istanbul, Kazakhstan, Moscow), automatic switch-off (Madrid, Milan)
- Air conditioning and ventilation systems optimization (Moscow, Kazakhstan).

2018 Key Event

New Paris Climate Action partnership

Following on from the commitment undertaken in 2015, Natixis signed a new Paris Climate Action agreement in October 2018. Natixis thus intends to take part in sustainable development goals (SDG) consistent with the French capital's Climate Plan. In addition, the bank has set a target to reduce the energy consumption of its buildings in the Paris region by 30% between 2010 and 2020.

Since November 2015, Natixis' buildings have run entirely on *green* electricity, i.e. from fully renewable sources of energy, pursuant to the terms of its energy supply contract with Engie. This energy source is guaranteed by the supplier and certified *AlpEnergie 2015*.

Abroad, the Natixis office in Kazakhstan, along with the other 47 residents of the Kulan Business Center building, participated in a pilot project to produce renewable energy on site: the installation of solar panels on the roof of the building parking lot.

Water consumption

Scope: Natixis France

Water	2018	2017	2016
Total consumption of drinking water *(in m^3)*	77,642	72,649	74,217
Consumption per workstation *(in m^3)*	3.99	3.77	3.93
Consumption per m^2 of usable rented surface *(in m^3)*	0.25	0.25	0.25

The increase in water consumption in 2018 was due to the inclusion of two new buildings, the consumption of which was not identified separately in previous years.

Consumption of raw materials

The raw material used the most at Natixis is paper (reams, envelopes, desktop publishing, internal and external printouts, etc.).

Practically all paper (98%) used by Natixis is sustainable forest management-certified (FSC certification[1]).

Abroad, Natixis offices in Madrid and New York have been using recycled paper since 2018.

Scope: Natixis France—letterhead paper and paper reams

Paper	2018	2017	2016
Total paper consumption *(in metric tons)*	266	350	520
Consumption per workstation *(in kg)*	13.70	18.18	27.55

Natixis revised its method for collecting data on paper consumption in 2018 and it now gathers this information directly from its paper supplier.

In 2018, the bank's consumption of paper continued to fall, declining 24% relative to 2017.

Internal consumption (reams of paper, letterhead) has been falling steadily for several years, thanks to awareness-raising initiatives, the widespread use of shared multifunction printers, and the Company-wide roll-out of laptop computers, notably as part of the bank’s *Easy* program. In 2018, a further 9,000 employees were allocated *Easy* laptop computers, giving them the digital tools needed to facilitate agile working and reducing printing needs.

Abroad, Natixis employees also reduce their paper consumption (-11% in Milan, -12% in New York and Frankfurt, -19% in Moscow, -30% in Dubai, -50% in Madrid).

6

6.5.3 CARBON FOOTPRINT MANAGEMENT

Every year, Natixis measures the carbon footprint for Natixis France.

NATIXIS FRANCE CARBON FOOTPRINT

Carbon assessment *(in metric tons of CO_2 equivalent)*	2018	2017	2016
Energy	5,116	5,074	5,156
Staff travel	13,278	13,676	13,254
Fixed assets	17,668	17,156	16,424
Other items	5,068	5,092	6,031
TOTAL	**41,129**	**40,999**	**40,866**

2018 carbon emissions -excluding purchases- were up slightly compared to previous years.

This result can be attributed to an increase in energy consumption (notably the cooling system) and IT assets.

At the same time, however, a decrease in carbon emissions due to staff travel was recorded, with the integration of telecommuting.

In addition to this measure of Natixis direct carbon footprint, Initiatives have been undertaken to address material sources of carbon emissions in the conduct of Natixis’ business, predominantly through the use of financial products offered to its clients: an assessment of the environmental impact of investment vehicles offered by Natixis was performed in certain business lines *(see Chapter 6.3.2.5)*.

(1) *Forest Stewardship Council.*

Carbon emission reduction plans

Based on calculated carbon emissions, a carbon action plan has been implemented in three main areas:

Buildings: optimized occupation of work space and reduction of energy consumption;

Business travel: expanded use of public transportation and "soft" modes of transportation, green company cars, prioritized use of rail travel in the Natixis travel policy, development of videoconferencing and establishment of teleworking program to limit commuting;

IT: streamlining of office printers, with the widespread installation of multifunction printers.

In addition to measuring its carbon footprint, Natixis' subsidiary Ostrum Asset Management has taken active steps to offset 100% of its direct carbon emissions since 2016.

6.5.4 WASTE REDUCTION AND SORTING

Waste reduction

Natixis is taking action to reduce the waste it generates. Having lowered the quantity of paper it consumes, Natixis has begun efforts to reduce that of disposable cups, which are a major source of pollution. It started by taking stock of the type and quantity of disposable cups used. In France, Natixis consumes more than 3.5 million plastic cups every year. This stage will be the starting point from which to implement solutions for reducing consumable items in 2019.

A project to reduce these wastes was initiated in 2018 and will be rolled out in 2019.

Efforts to raise employee awareness (distribution of mugs, green conferences), encourage them to generate less waste by opting for reusable rather than disposable Some Natixis platforms have been leading the way in this area: Dubai, London, New York and the Natixis Interépargne sites in Caen and Charenton have stopped using disposal cups altogether.

Waste sorting

Natixis' waste-sorting activities are conducted as follows:

- sorting and recycling of paper, plastic (bottles, cups) and metal (cans) using collection points, which are gradually being installed in offices to replace individual sorting bins and are systematically installed in new buildings;
- sorting and recycling of plastic pens;
- furniture recycling;
- collection and special disposal of used ink cartridges, batteries and fluorescent and neon tubes.

Scope: Natixis France

Volume of sorted waste	2018	2017	2016
Paper, envelopes and cardboard *(in metric tons)*	578	717	734
Batteries *(in metric tons)*	0.56	1.45	3.34
Cartridges *(in metric tons)*	1.00	3.05	6.77

The volume of paper and ink cartridge waste decreased substantially in 2018, in step with the decline in printouts.

Natixis is also selling its IT equipment to companies specialized in reusing and recycling Waste Electrical and Electronic Equipment (WEEE).

Abroad, Natixis offices in Frankfurt have implemented a system for the recovery and resale of WEEE. The profits of this activity are reinvested in environmental projects worldwide.

Note also that since 2018 a new waste sorting and collection circuit for used aluminum coffee capsules has been introduced in the main buildings consuming such capsules, in conjunction with the bank's coffee supplier and the companies collecting those capsules: La Poste and Paprec. Abroad, Natixis offices in New York have aligned themselves with the approach by installing collection systems for this type of capsule.

2018 Key Event

Awareness of waste sorting

The bank's new collection system for sorting and recycling paper, plastics and cans was presented to the employees assigned to support the initiative during its roll-out across our various buildings.

During the European Week for Waste Reduction, these were shown around the sorting centers run by Paprec, the company in charge of collecting waste for Natixis, giving them greater insight into the sorting chain and recycling process for collected waste.

6.5.5 PROMOTING SUSTAINABLE MOBILITY

Mobility plan

In 2018, Natixis furthered its efforts to promote clean mobility, in accordance with the French Energy Transition for Green Growth Act of 2015, with the publication of an inter-company mobility plan for the Greater Paris region. Five other plans were also drawn up for the main French regions in which Natixis has offices.

The inter-company mobility plan for the Greater Paris region involves more than 20 Group companies and 26 different office buildings, or some 18,000 employees. This enabled Natixis to take fresh steps to reduce the need for employees to travel and to support more environmentally-friends forms of transport.

- **Facilitate telecommuting and remote working to reduce business travel:**
  The system is being rolled out gradually, with more than 5,000 Natixis employees telecommuting at end-December, or over 41% of Natixis' headcount in France.
  The 2018 telecommuting agreement specifies that, in the event of a peak in pollution involving restrictions on car usage, additional telecommuting days would be granted, as would work-from-home authorizations for employees with the means to work remotely. The use of teleconferencing and videoconferencing has been rising steadily, notably with the roll-out of Easy workstations.
- **Expand bicycle infrastructure:**
  Natixis now has 550 indoor bike parking spaces spread across 17 Greater Paris locations (an increase of 200 spaces since 2017) and 52 new outdoor bicycle racks have been installed in front of the 47 Quai building (in the 13th arrondissement of Paris).
- **Facilitate the use of electric bicycles:**
  Parking spaces fitted with charging sockets have been installed: 77 parking spaces (an increase of 20 spaces since 2017).
- **Natixis is developing a green service, for employees using a company car:**
  50 models of hybrid/electric car are now being offered as part of the Natixis car fleet (10% of total selection). The Natixis Company car fleet now includes 7 electric vehicles.
- **Encourage the use of public transport and "soft" modes of transport:**
  Natixis encourages its employees to use public transport systems, which happen to be available close to its offices. It reimburses 60% of employee travel costs. Since 2018, Natixis has also been reimbursing employee subscriptions to public bike-sharing services in full.

2018 Key Event

2018 European Mobility Week

Natixis launched a proactive communication drive for the 2018 European Mobility Week: sending out flyers describing the various measures in the new mobility plan, offering trial runs on electrical and hydrogen-powered bikes as well as electric cars, and organizing a bike repair workshop.

Natixis also launched a new carpool platform, ECOpartage, which is available to all employees of the Groupe BPCE, Natixis and their subsidiaries. The in-house platform facilitates contact between employees wishing to share car journeys.

Car fleet management

The environmental impact of the Company car fleet can be significant. In 2018 alone, Natixis Company cars covered nearly 13.5 million kilometers.

Natixis is therefore selecting more eco-friendly vehicles—in terms of both CO_2 and particulate emissions—under its car policy. The share of electric and hybrid engine vehicles in the bank's car fleet increased substantially in 2018, to 74 vehicles, or 13% of the total fleet, compared to 9% in 2017. Under its car policy, Natixis only provides Senior Management Committee members with rechargeable hybrid vehicles respecting average CO_2 emission rates of 48 mg/km. Diesel cars are being eliminated from the fleet, with their share of the fleet falling from 24% at end 2017 to 7.8% at end 2018 and 44 diesel vehicles due to reach the end of their long-term leasing contracts in 2019.

The average CO_2 emission rate has stabilized at 114 g/km following the implementation of the new WLTP standard, under which car manufacturers are obliged to lower their vehicles' CO_2 emissions.

Business travel policy

Since 2011, Natixis' business travel and expenses policy has set out rules ensuring the safety and comfort of employees during business trips, while contributing to the policy of optimizing the costs and managing the environmental impact of these trips. This policy applies to Natixis and its subsidiaries, excluding Financial Investments in France. The subsidiaries and branches abroad establish travel rules that are consistent with the Group's *Worldwide Travel* policy.

This notably includes rules on business travel that has an environmental impact:

- when a destination can be reached by both rail and air, trains are now compulsory for a number of destinations in France and Europe (depending on journey time);
- economy class is compulsory for domestic flights, flights between European countries and intercontinental flights of less than four hours;

- the use of taxis and the reimbursement of mileage expenses are governed by rules on specific use (approval by manager, exceptional circumstances). Natixis also prefers that its employees use *green taxis* (hybrid vehicles) for business travel.

Business travel data *(in km)*	2018	2017	2016
Train (total)	12,053,828	11,849,431	11,991,183
Total travel by air	33,790,223	34,037,268	29,828,660
Total travel	45,844,051	45,886,699	41,819,843

In 2018, business travels by air decreased slightly while train travel increased.

In terms of urgent courier services in the Paris region, the Real Estate and Logistics Department offers access to bike courier service for distances of less than 3 km. In 2018, 42% of courier services were provided by bike couriers, representing a total distance of over 11,570 km traveled (compared to 4,000 km in 2017).

Abroad, Natixis in Milan has also implemented a bicycle courier service.

6.5.6 MANAGING OUR DIGITAL IMPACT

Given the high level of digitization throughout Natixis' business lines, digital sustainability is a key challenge for Natixis. The digital footprint of Natixis' IT system primarily reflects the equipment rate per employee, the total lifespan of equipment, the rate of internal and/or external re-usage, and printing volumes.

2018 Key Event

Participation in WeGreenIT study

Natixis took part in the WeGreenIT study for the first time in 2018, with a view to quantifying the environmental impact of its IT system. The study, which was organized by WWF France and the Club GreenIT, enabled the bank to take stock of the environmental impact of its information system and identify solutions to reduce it.

With a "mature" company score of 60%, Natixis subsequently demonstrated its ability to implement the right practices needed to reduce the social and environmental impact of its IT system.

Following on from this study, working groups were set up within the IT Department to address the following subjects, in conjunction with the ESR Department: energy, responsible purchasing, waste electrical and electronic equipment, and employee awareness.

Controlled growth in stock of IT equipment

Managing and containing growth in Natixis' stock of IT equipment has been one of the key challenges facing the Infrastructures Department in recent years. This has meant focusing on reducing the number of devices in stock and using equipment to its full potential. The use of technology such as virtual servers, resource overallocation and data compression means that infrastructure growth can now be absorbed without significantly increasing the number of devices required. The number of application servers used by the bank has increased 2.5-fold since 2015, while the quantity of equipment in data centers has shrunk by 5%.

Controlled energy consumption

Natixis has been taking steps to keep its IT-related power consumption in check. Newly-deployed devices are more energy efficient (the new Easy workstations consume close to 50 % less energy than the former workstations) and shared printers become the standard. Pilot trials were conducted on the use of automatic standby mode for multifunction printers, computers and computer screens.

Abroad, Natixis branches in Dubai, Milan and Kazakhstan hold the energy star label for all their hardware. Automatic energy-saving standby systems are also being deployed in Dubai, Madrid, Milan and Moscow. In Kazakhstan, Natixis is maximizing the life of its fixed computers, which have been in operation since 2011.

6.5.7 DEVELOPING GREEN SPACES

Consistent with the *Objectif 100 Hectares* charter signed in 2017, Natixis committed to:

- developing urban farming and landscaping projects for both existing and future Natixis buildings in Paris;
- promoting eco-friendly green spaces in built-up areas, contributing to biodiversity and water management in Paris, with a *zero phyto* and water-saving approach to upkeep;
- sharing its knowledge of the subject with other partners companies, employees and project stakeholders.

A new vegetable garden was created in 2018 *(see 2018 Key Event)* and, thanks to the inclusion of two new office buildings—*Elements* and *Austerlitz 2*—Natixis now has an additional 725m^2 and 2,160m^2 in green space, respectively. Finally, two more beehives were installed on the roof of Natixis buildings in addition to the two existing hives. The first harvests were distributed to employees and clients. Finally, conferences on the protection of biodiversity were organized to raise employee awareness.

2018 Key Event

Natixis opens collaborative vegetable garden

In June 2018, Natixis inaugurated the first collaborative vegetable garden run by its employees on a patio of one of its Parisian buildings. The vegetable garden was designed to take a circular, sustainable approach: using some of the biodegradable waste generated by the adjacent company canteen to make compost, as well as organic plantations and earth, and excluding agrochemicals. Gardening lessons were provided during workshops enabling apprentice gardeners to learn new skills so they can run the garden independently.

The green space helps to improve quality of life at work and foster urban biodiversity in the neighborhood.

Abroad, Natixis offices in Frankfurt committed to a patronage for the planting of apple trees producing local and ancient varieties on a green area of the city.

In New York, Natixis performed cleaning work on its premises to collect and recycle paper documents. In return for this collection, Natixis donated 7,000 trees to the National Arbor Day Foundation.

6.6 Employee mobilization

6.6.1 HUMAN RESOURCES POLICY AND DIVERSITY MANAGEMENT

Natixis is a unique company, enhanced by the richness of its identity and history. It owes its success to the commitment of its people and to the longstanding trust of its clients.

In today's constantly and profoundly changing environment (regulatory changes, digitalization, competition, societal changes), the aim of Natixis' HR policy is to support the Company's transformation by offering solutions to ensure the sustainable performance of all employees in a respectful working environment.

The HR strategy is centered on three objectives: supporting the transformation of the business lines, promoting a positive employee experience, and actively encouraging talented people.

2018 Key Event

Natixis receives Top Employer 2019 certification

For the third year in a row, Natixis submitted its main HR processes and policies for assessment by the Top Employers Institute. The excellence of Natixis' working conditions and its Human Resources environment were certified by a method of analysis used around the world.

6.6.1.1 Supporting the business lines' transformation

In the interest of supporting the transformation of the business lines, the Human Resources Department strives to develop strategic workforce planning, maintain quality employer-employee communications, address the human aspects of change management, support the internationalization of the Natixis business lines, and offer a more agile and streamlined organizational framework and methods of operation based on new leadership roles.

Headcount and work management

Natixis Worldwide staff under contract

The Natixis Worldwide scope covers all of Natixis and its subsidiaries around the world, including Financial investments and entities within the accounting consolidation scope (Coface, Fimipar, Natixis Algérie).

	Natixis Worldwide		
Breakdown by division	**2018**	**2017 [(a)]**	**2016 [(a)]**
Corporate & Investment Banking	3,625	3,704	3,637
Asset & Wealth Management	4,730	4,265	4,241
Insurance	1,882	1,767	1,685
Specialized Financial Services	2,652	4,036	3,742
Payments	1,021		
Support Departments and others	4,582	4,122	3,976
TOTAL, EXCLUDING FINANCIAL INVESTMENTS	**18,492**	**17,894**	**17,281**
Financial Investments[(b)]	5,136	5,099	5,578
TOTAL NATIXIS WORLDWIDE	**23,628**	**22,993**	**22,859**

(a) Data non restated for transfers and restructuring between divisions in 2018

(b) Coface, Private equity, Natixis Algeria

Corporate & Investment Banking: slight decrease in headcount (-2.1%).

A planned partnership between Natixis and ODDO BHF in cash equity activities was submitted to employee representative bodies in late 2017 and was concluded in 2018, with the transfer of research and sales/execution staff from Natixis to ODDO.

Asset & Wealth Management: increase in headcount (+10.9%) due to the inclusion of Natixis Interépargne in this business line.

Insurance: the business line continued to expand, increasing its headcount by 6.5%.

Specialized Financial Services: the headcount fell by -34.3%, mainly due to the transfer of payment activities to the new Payments division and to the transfer of Natixis Interépargne to Asset & Wealth Management.

Payments: creation of the division and increase in headcount due to new investments in Dalenys Payments, E-Cotiz and Sereniplay, Alter CE-Comiteo.

Support Departments and others: headcount up 11.2%.

Some teams were transferred to Corporate & Investment Banking (in particular GTB teams).

The Atlas project to internalize some services provided by external companies continued with further expansion for the Porto branch and an increase in teams in Paris.

Headcount—staff under contract (managed scope)

The **managed scope** covers all of Natixis and its subsidiaries around the world that apply its HR Policies. The indicators provided in Chapter 6.6.1 refer to this scope.

	Managed scope					
	2018		2017 [a]		2016 [a]	
Breakdown by division	France [b]	International	France [b]	International	France [b]	International
Corporate & Investment Banking	1,366	2,014	1,654	1,905	1,700	1,808
Asset & Wealth Management	2,145	242	1,751	253	1,767	226
Insurance	1,833	49	1,714	53	1,636	49
Specialized Financial Services	2,563	28	3,666	25	3,658	24
Payments	653	-				
Support Departments and others	4,283	298	3,992	130	3,976	
	12,843	2,631	12,777	2,366	12,737	2,107
TOTAL		15,475		15,143	14,844	

Breakdown by geographic area *(%)*	2018	2017 [a]	2016 [a]
France [b]	83.0%	84.4%	85.8%
EMEA	7.8%	6.9%	6.2%
North & South America	4.8%	4.7%	4.4%
Asia-Pacific	4.4%	4.1%	3.7%

(a) Data not restated for transfers and restructuring between business lines in 2018.
(b) Including French overseas departments and territories.

Breakdown of headcount *(by number of contracts)*	France 2018	France 2017	France 2016	EMEA 2018	EMEA 2017	EMEA 2016	North & South America 2018	North & South America 2017	North & South America 2016	Asia-Pacific 2018	Asia-Pacific 2017	Asia-Pacific 2016	Total Worldwide 2018	Total Worldwide 2017	Total Worldwide 2016
Headcount under contract	12,843	12,777	12,737	1,201	1,045	914	749	705	650	681	616	543	15,474	15,143	14,844
o/w permanent employment contracts *(%)*	97.4	97.4	97.4	97.3	95.9	95.6	100.0	100.0	100.0	98.1	97.9	97.2	97,6	97.9	97.4
Men *(as a %)*	47.9	48.6	48.4	67.4	64.9	62.4	66.4	67.1	69.2	55.2	56.8	55.8	50.7	50.9	50.4
Women *(as a %)*	52.1	51.4	51.6	32.6	35.1	37.6	33.6	32.9	30.8	44.8	43.2	44.2	49.3	49.1	49.6

Hires / departures[1]	France 2018	France 2017	France 2016	EMEA 2018	EMEA 2017	EMEA 2016	North & South America 2018	North & South America 2017	North & South America 2016	Asia-Pacific 2018	Asia-Pacific 2017	Asia-Pacific 2016	Total Worldwide 2018	Total Worldwide 2017	Total Worldwide 2016
Total new hires	1,469	1,322	1,423	363	288	151	134	129	91	154	144	135	2,120	1,883	1,800
Permanent employment contracts *(%)*	62.0	55.5	58.3	92.3	87.2	75.5	100	100	100	94.2	93.8	91.1	71.9	66.3	64.9
Total departures	1,348	1,276	1,236	169	155	121	101	76	69	93	98	88	1,711	1,605	1,514
o/w resignations	345	289	287	97	66	45	63	37	30	70	62	54	575	454	416
o/w terminations	83	95	70	23	23	16	13	13	20	5	5	3	124	136	109

(1) Including transfers of activities outside the managed scope.

Turnover (permanent employment contracts)	France 2018	France 2017	France 2016	EMEA 2018	EMEA 2017	EMEA 2016	North & South America 2018	North & South America 2017	North & South America 2016	Asia-Pacific 2018	Asia-Pacific 2017	Asia-Pacific 2016	Total Worldwide 2018	Total Worldwide 2017	Total Worldwide 2016
Turnover *(%)*[a]	7.0	5.5	5.8	20.9	19.5	9.5	16.1	14.6	12.6	18.1	19.2	19.4	9.0	7.4	7.1
New hire rate *(%)*[b]	7.5	5.9	6.9	29.2	26.5	11.4	18.3	18.4	14.8	22.3	23.5	24.7	10.4	8.6	8.1
Departure rate *(%)*[c]	6.5	5.1	4.8	12.7	12.6	7.6	14.0	10.8	10.4	13.8	14.9	14.1	7.6	6.3	6.1

(a) Average: (new hire rate + departure rate) / 2.
(b) Number of new hires during the year / average annual headcount.
(c) Number of departures during the year / average annual headcount.

Work management

Over 80% of employees in the Natixis France managed scope, working at 29 different companies, are covered by the collective bargaining agreements of the banking and insurance industries. There are, however, seven separate agreements across the whole scope.

Scope: Natixis France and International (managed scope)

At Natixis S.A., the collective work week is 38 hours and employees also enjoy compensatory time off in lieu of overtime. The current set of agreements on the management of working hours includes several types of contracts (part-time, short-time, special working conditions for employees with disabilities, etc.) and provides for the associated terms and conditions of compensation and social security contributions.

	France 2018	France 2017	France 2016	EMEA 2018	EMEA 2017	EMEA 2016	North & South America 2018	North & South America 2017	North & South America 2016	Asia-Pacific 2018	Asia-Pacific 2017	Asia-Pacific 2016	Total Worldwide 2018	Total Worldwide 2017	Total Worldwide 2016
Part-time workers as a % of headcount[a]	10.5	11.1	11.2	5.3	5.7	6.1	0.5	0.6	0.6	0.1	0.2	0.0	9.2	9.8	10.0
o/w women *(%)*	88.9	89.4	89.7	85.9	88.3	89.3	100.0	100.0	100.0	100.0	100.0	-	88.8	89.4	89.4

(a) Excluding early retirements.

Scope: Natixis France (managed scope)

	France 2018	France 2017	France 2016
Absenteeism as a % of total headcount	6.1	6.2	6.0
Overtime *(in number of hours)*	24,561	19,532	20,924
Overtime *(in annual FTE)*	12.9	10.2	10.9

Quality employer-employee communications

A Group-wide employment framework, quality employer-employee communications, and the ability to reach agreements form a solid framework for change management and transformation.

Group-wide employment framework

Collective negotiations held in recent years in the Natixis France scope reflect a determination to gradually establish a Group-wide employment framework.

This framework currently consists of:

- compensation measures, through a single Natixis employee savings plan, a supplementary collective pension plan, a profit-sharing mechanism, and consistent salary measures;
- internal transfer and career management opportunities;
- actions to promote hiring young people while retaining older employees;
- the same complementary healthcare insurance for all Natixis France employees;
- measures to address employees with disabilities, including a Group-wide policy covering the professional integration and retention of employees with disabilities, and an allocation for children with disabilities.

Employer-employee communications

A BPCE Agreement, applicable to Natixis, covering the careers of employee representatives, reflects the importance placed on employer-employee communications and the career path of employee representatives.

Within the Natixis scope, strategic communications with representative unions were enhanced with the creation in 2017 of the Strategy and Transformation Dialog Committee aimed at establishing a better understanding of the strategy and the transformation of the business lines.

Six agreements applicable to the Natixis France scope were signed in 2018:

2018 Natixis France agreement	Employees covered	Signing date
Amendment no. 5 to the employee savings plan	100%	05/03/2018
2018-2019 agreement on the right to disconnect after hours	100%	06/06/2018
2018-2020 profit-sharing agreement	100%	27/06/2018
2018-2022 telecommuting agreement	100%	29/06/2018
Agreement on transferring leave to the parents of sick children	100%	15/10/2018

In addition to these overall agreements, several agreements were signed by Natixis' French entities in 2018, including five by Natixis S.A.

Change management

Strategic Workforce Planning (SWP) mechanism

Under the collective bargaining agreement signed in June 2017, Natixis formally defined an SWP mechanism aimed at anticipating the bank's changing needs in terms of workforce roles and skills to further its development.

The agreement covers four areas:

- **Management of jobs and transformations**, with the aim of developing a forward-looking view of role changes and defining support measures for employees in positions undergoing change;
- **Mobility, career management and training**, with the aim of helping each employee adapt to changes and grasp new career opportunities;
- **Structural change management**, with the aim of establishing a common framework to support employees during restructuring operations with impacts on employment;
- **Inter-generational cooperation and transmission of skills**, with the aim of promoting the hiring of young employees and developing a "responsible" policy for older staff.

Change management approach

A method has been developed and implemented to address the human aspects of change management (Change@Natixis), with the goal of serving as a framework for any major transformation project. This method addresses the need to better anticipate the impacts of transformation projects on working conditions and better incorporate human factors in the approach to change management.

Simplified structures and new leadership model

In 2018, Natixis simplified its organizational structure by:

- **reducing the number of managerial levels** and making teams larger;
- recognizing talented employees by **creating three leadership roles** (manager-leaders, expert leaders and project leaders);
- applying a **new leadership model** to guide the actions of all leaders and help them drive the Company's transformation.

New ways of working

Designed to simplify work on a daily basis and to facilitate cooperation among teams and job mobility, the Easy program is a collection of initiatives launched in 2017 such as the testing of new workspace arrangements and deployment of new tools to promote more interactive, collaborative and agile working methods. In 2018, several collaborative workspaces were created, impacting the daily lives of over 3,500 members of staff.

Mobility and internationalization

Mobility

Internal mobility is a contributing factor to the Company's performance and forms the core of Natixis' career management system.

The Mobility and Hiring Team was further developed in 2018: the team was entrusted with filling over 89% of job openings in 2018, for a total of 1,031 hires (i.e. 95% of all hires completed). Over 6,000 résumés are managed in the internal job pool.

The Human Resources Department set up an online mobility solution named My Purple Career in 2018 and over half of vacancies are now filled by internal transfers (55.7% in the managed scope in France).

■ MOBILITY[(1)]

Scope: Natixis France and International (managed scope)

	France			EMEA			North & South America			Asia-Pacific			TotalWorldwide		
	2018[(a)]	2017[(a)]	2016[(b)]	2018[(a)]	2017[(a)]	2016[(b)]	2018[(a)]	2017[(a)]	2016[(b)]	2018[(a)]	2017[(a)]	2016[(b)]	2018[(a)]	2017[(a)]	2016[(b)]
Number of internal transfers	1,148	1,044	838	28	42	16	172	135	17	27	21	9	1,380	1,242	880
Internal transfer rate (%)	9.3	8.4	6.9	2.4	4.4	1.9	23.1	19.3	2.6	4.0	3.5	1.7	9.3	8.5	6.2
Job openings filled through internal transfers (%)	55.7	58.9	50.3	7.7	14.2	13.8	55.8	51.5	15.5	15.5	13.0	6.6	47.4	49.9	43.0
Internal transfers between divisions (%)	13.5	10.8	16.8	3.6	7.1	25.0	2.3	0.7	5.9	11.1	-	11.1	11.8	9.4	16.7

(a) Cross-functional transfers have been included since 2017.

(b) No pro-forma data including cross-functional transfers.

Internationalization

As Natixis continues its international expansion, an ambitious program has been implemented to help employees make the cultural adjustment. The program includes a variety of initiatives, such as:

- the development of international **Short-Term Assignments** (STAs) with the aim of sharing practices among employees and developing their intercultural skills. Over 79 STAs have been conducted since the program was launched, including 39 in 2018;
- the establishment of a vast **English program** promoting English as a working language, with initiatives and training tailored to the employee's needs;
- training programs to promote **interculturalism among teams**.

6.6.1.2 Promoting a positive employee experience

To promote a positive employee experience, Natixis regularly supports and measures employee engagement, monitors quality of life in the workplace, and takes an inclusive approach to diversity.

Employee engagement

Compensation policy

Natixis' compensation policy is structured in such a way as to promote employee engagement over the long term and increase the Company's employer appeal, while discouraging excessive risk-taking. Each year, Natixis conducts a study comparing its compensation levels to the external market in a bid to remain competitive.

The compensation policy strictly complies with regulations in Natixis' countries and sectors of operation, including CRD IV, the French law on the separation and regulation of banking activities, Volcker, AIFMD, UCITS V, MiFID II and Solvency.

It also meets transparency requirements vis-à-vis its external stakeholders, such as the ACPR, the ECB and the AMF, but also internal stakeholders. A compensation logbook gives Natixis employees in France an individualized view of their salary, additional forms of compensation, social security coverage, and employee savings plan for the previous year.

The compensation policy is centered on three components and reflects both individual and collective performance:

- fixed compensation reflects, at the individual level, the skills, responsibilities and expertise expected for a position, as well as the role and importance of duties in the organization;
- variable compensation is granted where applicable, based on the achievement of individual and collective targets. Pursuant to the various regulations in force, and to encourage performance over the long term, a significant portion of variable compensation granted to employees identified as risk-takers may be deferred (from 40% to 60% for the highest amounts);

Natixis also encourages its employees in France to contribute to collective performance via incentives, profit-sharing and employee savings mechanisms (employee savings plan and collective pension plan).

(1) Internal transfers are recorded by country/region of arrival.

2018 Key Event

ESR bonus

The New Dimension business plan placed ESR at the center of Natixis' strategy. In 2018, ESR criteria were included in the new profit-sharing agreement (2018-2020) with two goals regarding energy consumption and paper use. As the collective goals were met in 2018, an additional profit-sharing amount will be paid to all employees in 2019.

Furthermore, in 2013, 2014, 2015 and 2016 Natixis gave its employees the opportunity to purchase Natixis shares on preferential terms via employee share ownership programs. A new employee share ownership plan, MAUVE, was launched in 2018. The compensation policy also incorporates the fundamental objectives pursued by Natixis in terms of equality in the workplace and non-discrimination. To this end, in its latest agreement on gender equality in the workplace, Natixis S.A. renewed its commitments to equal pay between men and women and launched new measures to improve efforts to decrease the wage gap between men and women.

In the US, compensation levels and promotion lists are reviewed to ensure equal treatment. In Milan, Natixis monitors compensation with a view to promoting gender equality. In Madrid, a study was conducted on salary differences between men and women, which concluded that no gaps existed for equivalent positions. Lastly, in accordance with UK law, Natixis London published a report on gender pay gaps in 2018.

Natixis also places great importance on the compensation of senior and junior employees.

Information on the compensation policy, especially for employee categories whose professional activities have a significant impact on Natixis' risk profile, is set out in the annual report on compensation policies and practices published each year before the General Shareholders' Meeting.

Scope: Natixis France (managed scope)

	France		
	2018	**2017**	**2016**
Average gross annual compensation of staff under permanent contracts[1] (excl. profit-sharing and employer contributions to the Company savings plan) *(in thousands of euros)*	83.1	80.8	79.9
Average mandatory employee profit-sharing *(in thousands of euros)*	2.9	2.4	2.2
Average voluntary employee profit-sharing *(in thousands of euros)*	5.7	5.2	5.1
Average gross employer contribution paid in respect of the Company savings plan and the collective pension plan (PERCO) *(in thousands of euros)*	3.4	3.2	3.2

(1) Average gross annual compensation is calculated based on full-time permanent employees.

Scope : Natixis France (managed scope) [2]

Amount excluding employer contributions, paid during the reference year

	France		
	2018	**2017**	**2016**
Mandatory employee profit-sharing *(in millions of euros)*	42,2	33,9	30.9
Voluntary employee profit-sharing *(in millions of euros)*	83,6	74,1	71.9

(2) On the accounting consolidation scope : mandatory employee profit sharing : 43,9 M€ in 2018, 51,2 M€ in 2017, 45,9 M€ in 2016. Voluntary employee profit sharing : 108,6 M€ in 2018, 127,4 M€ in 2017, 118,4 M€ in 2016 .

N.B. Total payroll costs (wages and salaries, and voluntary and mandatory profit-sharing schemes) are also reported in Chapter 7.6 "Operating expenses".

Employee Opinion survey

Natixis allows all its employees to complete an internal survey every two years. This survey measures employee engagement and the impact of HR policies, identifies areas for improvement in the Company as a whole and specific to each entity, and gives rise to action plans. Over 12,000 members of staff completed the survey in October 2018, a record participation rate of 77%. In detail. The employee engagement rate remains high (69%) as does pride in being part of Natixis (79%). There is a high level of satisfaction in terms of employees' life-work balance (75%). And a sharp improvement in employees' perception of the impact of new working environments and digital on efficiency (72%).

Quality of life at work

In 2015, the Senior Management Committee signed the 15 Work/Life Balance Commitments charter. The charter was an initiative of the French Ministry of Social Affairs, Health and Women's Rights, and the OPE (French observatory aimed at improving the balance between work and home life), and it encourages signatory companies to take action in favor of a better life-work balance.

Throughout 2018, Natixis continued its efforts to improve quality of life in the workplace via the Work & Life at Natixis program, focused on its four objectives: ensuring conditions that enable employees to deliver high-quality work, improving the quality of relations and cooperation, improving well-being in the workplace, and better addressing the human aspects of transformation projects. Employees' perception of quality of life in the workplace improved in 2018, with an average score of 6.7/10 (versus 6.3 in 2016) in the Employee Opinion survey.

Natixis continued rolling out its telecommuting program in France, with more than 5,000 telecommuters at end-December 2018, or 41% of Natixis employees in France. A new agreement signed in 2018 renewed most of the existing terms while relaxing eligibility rules and the terms of application. The satisfaction rate among participating employees is very high (over 98%) both in terms of their well-being and their performance. Managers have also provided very positive feedback on the homeworking system with a satisfaction rate over 90%.

Other initiatives to improve well-being in the workplace continued with, for example, the opening of a new concierge service at the Austerlitz office following the one opened in Charenton in 2017.

The international offices also organized several initiatives, for example, wellness/health days or wellness weeks were organized throughout the EMEA region during the year.

Natixis also signed the Cancer@work charter, undertaking to provide better support to employees suffering from cancer or a chronic illness.

2018 Key Events

The right to disconnect after hours

In June 2018, Natixis signed an agreement on the right to disconnect after hours to encourage reasonable use of digital devices. All employees are reminded that they are not obliged to log on or reply to queries outside their normal working hours. This principle is reiterated automatically in all internal e-mails.

Occupational health and safety

Natixis has undertaken a number of initiatives within the scope of Natixis S.A. to encourage a proactive policy to prevent stress in the workplace and psychosocial risks.

With the Stress Observatory, employees can complete a stress questionnaire during their periodic medical exam. From a company-wide standpoint, the observatory maintains a statistical database used to measure the global stress level of staff and how it changes over time, based on organizational and geographic criteria. The results are presented each year to the CHSCT (the Health, Safety and Working Conditions Committee).

On the medical front, Natixis S.A. has an occupational health center to provide its staff with complete medical care. Natixis also has a social service staffed with full-time social workers.

Natixis S.A.'s offices and all eligible subsidiaries (those with more than 50 employees) have a CHSCT which, in cooperation with Management and occupational healthcare services, plays an active role in all areas that involve health, safety and working conditions.

Various initiatives, such as preventive campaigns organized by Natixis' staff physician and provision of a 24/7, 365-day-a-year psychological support service available from the office or home, are in place to improve health and well-being in the workplace.

Internal mediation

In 2018, Natixis rolled out an internal mediation service to resolve staff conflicts. Employees were trained in mediation techniques by the French Mediation Institute.

Workplace accidents and absenteeism due to illness

Scope: Natixis France (managed scope)

	France		
Workplace accidents	**2018**	**2017**	**2016**
Frequency of workplace accidents[a] *(number per million hours worked)*	6.6	7.17	5.88
Severity of workplace accidents[b] *(number of days of incapacity per thousand hours worked)*	0.2	0.17	0.11
Absenteeism due to illness (including for occupational illnesses)[c] *(%)*	3.0	3.0	3.0

(a) Frequency rate: (number of accidents with leave/hours worked) x 1,000,000, source INSEE.

(b) Severity rate: (number of days lost due to temporary incapacity/hours worked) x 1,000, source INSEE.

(c) It is not possible to isolate days of sick leave related to occupational illness.

Diversity and equal opportunities

As a signatory of the diversity charter, Natixis is committed to preventing discrimination in every form and at every stage of Human Resources management, including recruitment, training, and management of its employees' careers. With the support of a dedicated diversity and disability management team, and a network of contacts in the business lines, it has established a policy designed to capitalize on the diversity of profiles, experience and skills in its employee base.

In 2018, Natixis focused on continuing its initiatives to promote diversity in four key areas: gender equality in the workplace, cooperation between older and young employees, and the integration and retention of employees with disabilities.

Gender equality in the workplace

Natixis sets gender equality targets in its New Dimension strategic plan, (women accounting for 20% of members of the Senior Management Committee, 30% of Global Leaders—inner leadership circle, 40% among Purple Leaders—extended leadership circle). These objectives were applied in the business lines in 2018.

Within the scope of Natixis France, seven companies have established a collective bargaining agreement on gender equality in the workplace. Within the scope of Natixis S.A., an agreement calls for the implementation of concrete initiatives centered on six priorities: hiring and employment, compensation and equal pay, career development and promotions, professional training, the work/life balance and parenting, and communication and awareness-raising.

The progress achieved by Natixis was recognized by certification body AFNOR, which granted Natixis "Professional Equality" certification in early 2017. A renewal audit will be performed in 2019.

In terms of training, Natixis has set up two talent development programs for its female employees:

- "Réussir sa carrière au féminin" (achieving success in your career as a woman) for managers and experienced executives. 296 female employees of Natixis in France have participated in the program since its launch, including 43 in 2018;
- "Progresser au féminin" (moving forward in your career as a woman) for female technical staff, with the aim of giving them the keys to defining their career path, confirming their ambitions and developing their leadership skills. 143 female employees of Natixis in France have participated in the program since its launch, including 43 in 2018.

Shadowing Day was held once again in 2018, allowing 20 female students from business and engineering schools to shadow a female mentor and see what a typical working day at Natixis is like. This event aims to promote jobs in finance among these young women and to attract them to positions that are still mostly held by men.

International Women's Day provides Natixis the opportunity every year to raise awareness by organizing conferences and testimonials on gender equality in the different countries in which it operates. Accordingly, on March 8, 2018, Natixis broadcast a series of videos showing portraits of women to showcase the careers of women who stand out for their expertise and success in positions often held by men.

2018 Key Events

Natixis rises up the SBF 120 ranking of gender equality in corporate management bodies

Natixis improved its position in the SBF 120 ranking of gender equality in management bodies in 2018, reaching 46th position—ahead of its main competitors. The ranking is published each year by the French Ministry of Women's Rights in partnership with Ethics & Boards and Challenges, based on criteria covering the presence of women in management bodies (Board of Directors, Executive Committee) and the Company's gender equality policy. It also takes into account the presence of women in the Company's top 100 positions.

Natixis takes part in the Marie-Claire think tank on equality

Natixis joined this Think-Tank organized by *Marie-Claire* magazine and associated to the *Connecting Leaders Club,* which brings together personalities from the world of business, media, and culture around the theme of equality. Various meetings on many topics have been organized to discuss and structure proposals for concrete actions for public and private decision-makers.

Natixis' senior management supports the Women in Natixis Network (Winn), which promotes equality in management at Natixis in France and internationally (Algeria, Americas, Dubai, London, Milan and Madrid—the latest city to join Winn in October 2018), and coordinates a network on different aspects of personal and professional development. This organization is sponsored by François Riahi, Chief Executive Officer of Natixis. In 2018, Winn opened to men who can now participate in events and actively support the promotion of gender equality at Natixis. The network had over 1,000 members in 2018 (including 372 in France).

Other noteworthy initiatives promoting gender equality around the world:

Natixis London works with We are the City and Gender Network to share best practices on gender equality. In Milan, Natixis belongs to a network promoting women's access to management positions (ValoreD).

In the Asia-Pacific region, Natixis refers to diversity and equal opportunity in all its handbooks and in its induction process. The DANA (Diversity at Natixis) initiative was launched with a major campaign to raise employee awareness and apply an internal diversity charter. Natixis Hong Kong is involved in the HeforShe program with the Hong Kong Chamber of Commerce.

Scope: Natixis France and International (managed scope)

	France			EMEA			North & South America			Asia-Pacific			Total Worldwide		
	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
% of women in the workforce	52.1	51.4	51.6	32.6	35.1	37.6	33.6	32.9	30.8	44.8	43.2	44.2	49.3	49.1	49.6

	Total Worldwide		
	2018	2017	2016
% of women in the extended leadership circle (Purple Leaders)	30.2	30.4	32.7
% of women in the leadership circle (Global Leaders)	28.0	25.0	26.5
% of women on the Executive Committee	21.2	28.1	24.2
% of women on the Senior Management Committee	27,3	9.1	9.1

With respect to governance, Natixis has six women on its Board of Directors, out of a total of 14 members, and two of the Special Committees (Audit Committee and Strategic Committee) are chaired by women.

Scope: Natixis France (managed scope)

	France		
	2018	2017	2016
Percentage of women among management level staff	44.6	43.8	43.5
Percentage of women among employees receiving promotions	59.3	57.4	61.4
Percentage of women among employees granted individual pay increases	58.9	55.7	54.2
Percentage of women among employees who received training	51.1	51.6	49.2

Initiatives for older employees

Under the Agreement on Employment and SWP signed in 2017, Natixis has set quantified targets and taken steps to encourage the retention of older staff members and end-of-career adjustments.

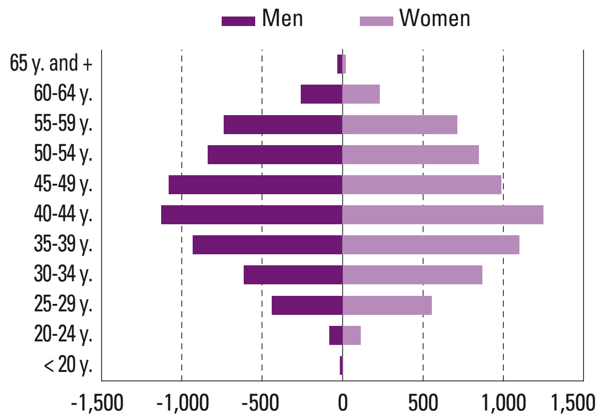
Natixis has committed to maintaining the percentage of employees aged 55 or older at more than 12% of the workforce (the figure was over 15% at year-end 2018), and to ensuring that persons aged 45 and older account for at least 5% of total annual hires.

A part-time employment program for older staff, with support measures, and skills sponsorship initiatives with associations are available to employees over 58. Since its inception in 2015, the skills sponsorship program for older employees provides staff in France with opportunities to volunteer their time over a period of at least one year (one day or two half-days per week) at one of 9 different associations. These associations support different causes, including disabilities, the environment, children's aid and pre-professional integration.

Age pyramid for Natixis France

The average age of Natixis employees in France in 2018 was 43.8.

Scope: Natixis France (managed scope) (excl. early retirees)



Initiatives for young employees

In accordance with the Agreement on Employment and SWP, Natixis has also made commitments in favor of employees under 30, including hiring them under permanent contracts, developing work-study programs and providing induction schemes for new hires.

In France, Natixis aims to hire at least 47% young employees (40,2 % en 2018), offer permanent contracts to 15% of work-study participants (over 14% in 2018), and hire the equivalent of 6% of its workforce under work-study contracts.

Natixis gives students and recent graduates opportunities to learn about the diversity of its professions and, to this end, participates in several forums and has established long-term partnerships promoting closely monitored relations with targeted schools and universities.

Nearly 1,500 work-study participants, 1,400 interns (excluding short-term introductory work placements) and 100 international corporate volunteers worked at Natixis in 2018.

2018 Key Event

Creation of an X-HEC research chair

Natixis, École Polytechnique and HEC Paris created the Business Analytics for Future Banking international teaching and research chair in 2018 to develop data culture and use. The academic chair will allow students to study real-life examples and to discuss with Natixis' experts. The research will further this science in the banking sector, and foster the development of new value-added services.

Professional integration and retention of employees with disabilities

Natixis is committed to a policy to promote the hiring, professional integration and retention of employees with disabilities. Championed by the Mission Handicap team and its network of experts in the business lines, the policy has led to two company agreements while strengthening cooperation with management and delivering tangible results.

Natixis has signed a third agreement in France to establish its commitment over the long term.

Natixis' commitments are as follows:

- **Promoting the retention of employees with disabilities** by adapting positions and working conditions, and providing access to professional training. New measures are regularly taken when a person with a disability joins the Company and for managers responsible for employees with disabilities;
- **Developing a hiring plan** by participating in specialized hiring forums, establishing partnerships with schools and universities, and developing application pools. In 2018, Natixis hired 30 employees with disabilities;
- **Promoting the use of disability-friendly companies** by diversifying the list of approved services and partners. Natixis works with disability-friendly companies via co-contracting agreements, and for the provision of services and personnel;
- **Conducting communication and awareness-raising campaigns** for all Natixis employees.

2018 Key Events

Events organized during European Disability Employment Week (EDEW)

To mark EDEW, 3,500 Natixis employees took part in Handi'days events focused on mental disorders, which are set to be one of the main causes of disability around the world by 2020. A series of conferences featuring testimonials by writers and bloggers were organized, along with workshops and other events.

Scope: Natixis France

Disabled workers on staff	2018	2017	2016	2015
Disabled workers on staff	405	441	360	344
Direct ratio[a] *(%)*	3.32	3.31	3	2.93
Overall ratio[b] *(%)*	4.43	4.44	4.02	3.94

(a) The direct ratio is the ratio of disabled workers to all staff.
(b) The overall ratio includes service contracts with disability-friendly companies.

6.6.1.3 Actively encouraging talented employees

Attracting, retaining and developing talented employees is a cornerstone of Natixis' HR strategy. The Company allocates substantial resources to its talent management and training programs.

Training policy

The training policy aims to meet the challenges arising from the transformation of business activities and skills and new ways of working by creating conditions that foster ongoing learning. This policy maintains employee value on the job market.

It has five major priorities:

- developing the skills needed to accompany the business lines' transformation and maintain the employability of staff in sensitive positions;
- meeting the challenges of the digital transformation and new ways of working;
- developing leadership and supporting changes in management to boost employee engagement;
- enhancing English language skills to further the Company's international growth;
- facilitating employee mobility.

In 2018, the Learning Hub was revamped and improved to centralize all training tools available to staff. It includes access to an online training platform, Vodeclic, which improves employees' skills in office and collaborative software applications. Vodeclic provides employee tutorials on hundreds of software programs and applications, training exercises using case studies, evaluations to validate lessons learned, and a program that can be customized to each employee's needs.

Natixis also has communities of in-house trainers who help disseminate business expertise. These communities of experts will be coordinated and extended in a single trainers' community.

2018 Key Event

Creation of MOON, the MOOC on Natixis' activities

Since 2018, all Natixis employees can access a self-service MOOC about Natixis, its history, its business lines, its activities, its strategic plan, and support for employees. The scalable MOOC includes videos, content, documents and quizzes, and is particularly used to facilitate the integration of new staff.

Launch of THINK DIGITAL, a digital acculturation platform

Since 2018, all Natixis employees can access a self-service digital acculturation platform providing access to a catalog of training courses covering different topics such as data, blockchain, and design thinking. Certificates are also available. The platform uses short videos and quizzes and fun "battles" in which participants can challenge each other.

In 2018, Natixis employees in France received over 287,000 hours of training thus 94,4% of employees took one or more training courses.

Scope: Natixis France (managed scope)

Training	France		
	2018	2017	2016
Number of employees trained	13,402	12,351	11,280
Number of training hours	287,218	225,375	216,834
o/w % of e-learning	24.1	16.6	9.6
Average number of training hours	21.4	18.2	19.2
Employees trained (in %) *	**94,4**	**87,97**	**74,5**
Training topics *(as a % of training hours)*			
Office and IT	8.2	10.5	10.5
Languages	24.9	21.6	15.5
General training	23.6	21.0	26.8
o/w Personal and professional efficiency, Human Resources	17.8	16.8	18.2
o/w Management	5.8	4.2	8.6
Risks and regulations	15.8	12.7	6.4
Business Line	18.5	26.3	30.7
Training resulting in a qualification	3.1	4.3	6.4
Other	6.0	4.0	3.7

Provisional consolidated figures at January 21, 2019, representing at least 90% of hours of training received during the year.
** number of employees trained / (headcount at 31/12/2018 + number of employees out of the scope during the year)*

Management of talented employees

Developing talented employees is a priority of Natixis' HR strategy.

Natixis deploys a structured Talent Management system across all of its entities, which makes it possible to anticipate successions and contribute to the individual development plans of each employee, particularly through people reviews and career committees. In 2018, this system defined or updated all succession plans for Comex members and Natixis Global Leaders.

For all employees, the professional interview is a time of privileged exchange with his manager, dedicated to his professional and career development. It gives rise to the constitution of an individual development plan.

In addition, the Natixis Purple Academy, an internal leadership development academy, offers a variety of educational programs aimed at supporting the bank's transformation, promoting the deployment of the leadership model, and accelerating the development of leaders and talents.

As an example, since 2013, the Natixis Leadership Program (NLP) has enabled 20 young talents to follow a course dedicated to corporate strategy, consisting of training, coaching and seminars.

In 2018, a "Development Journey" program was also launched to support high-potential Purple Leaders in the development of their individual development plan, preparing them for their next career stage.

Performance Management

The annual evaluation interview is an important meeting to evaluate the performance of employees. The objectives can also be reviewed or set during the year to adapt to the pace of the projects. In 2018, 47% of employees had a professional interview and 96% of employees received an annual interview during the 2018-2019 campaign.

6.6.2 COMMUNITY OUTREACH

6.6.2.1 Commitments to solidarity and general-interest projects

Natixis is involved in several solidarity and general-interest projects to benefit the community.

Cancer research

Natixis has been a supporter of the Fondation Gustave Roussy's cancer research since 2011. After its support of three teams researching the personalization of cancer treatment, Natixis renewed its commitment in 2016 by awarding a research grant to three new teams working in three cutting-edge fields of cancer research: immunotherapy, precision medicine and DNA repair.

Gustave Roussy, the leading cancer treatment center in Europe, has always strongly associated care with fundamental and clinical research, earning it world-renowned expertise in therapeutic innovation in cancer research.

In 2018, Natixis organized several events to raise awareness and funds in support of Gustave Roussy. It supported international breast cancer awareness month, Pink October, by taking part in the Odyssea race, and took part in initiatives to raise awareness of men's health issues in November, with internal events for employees.

Support for student solidarity-based projects: the C.A.M.P.U.S. Awards

Each year, Natixis organizes a request for student solidarity projects, the C.A.M.P.U.S. Awards, to encourage student socio-cultural, socio-athletic and sustainable development initiatives. For the seventh edition of the C.A.M.P.U.S. Awards in 2018, 10 projects presented by teams from universities, engineering and business schools were awarded financial support from Natixis (prize money of €5,000, €3,000 and €1,500).

Access to music programs

Natixis has been a sponsor of the Passeurs d'Arts association since 2016. In France, where fewer than 2% of children have access to music programs, Passeurs d'Arts creates children's orchestras predominantly in underprivileged neighborhoods. This initiative facilitates access to musical instrument lessons and uses music as a means to foster participants' socialization and personal development.

6.6.2.2 Natixis' commitments to culture

In 2018, Natixis renewed its support for the Paris Opera Academy, of which it is a founding patron, for three more seasons.

We are proud to support the Academy's "Musicians in residence" program and to contribute to the training of talented young people and the development of a new generation of artists.

Since 2007, Natixis and the Orchestre de Paris have pursued the same goal of sharing French and international music concerts beyond their usual audience. Natixis is supporting the orchestra's program to use digital solutions to make symphonies more accessible. It is setting up a new platform available to all those who are curious and connected—the young and old, and both novices and experienced listeners. The website is due to go live in spring 2019.

Natixis also sponsored the Centre Pompidou's Cubism exhibition from October 17, 2018 to February 25, 2019. The exhibition showcases the inventiveness, depth and wide variety of this movement, which paved the way to modern art. Natixis is proud to have supported this exhibition and to allow visitors to discover or rediscover Cubism, its revolutionary approach and its decidedly modern dimension.

6.6.2.3 Employee participation in solidarity-based initiatives

Many Natixis employees are involved in solidarity-based initiatives, which are encouraged by Natixis as a way to build team spirit. These initiatives demonstrate our employees' commitment to social issues and their determination to rally around a cause.

Sports and solidarity

For the ninth year running, Natixis entered a team into the Course du Cœur charity road race to support the Trans-Forme association in its public awareness campaign on organ donation. For four days and four nights, 14 members of staff took turns to cover the 750 km between Paris and Bourg Saint Maurice (Les Arcs). Staff and their families also turned out in large numbers for the 30th edition of the Financial Community Telethon. Donations to the AFM-Téléthon charity were matched in full by the company.

Humanitarian leave

Since 2013, Natixis has allowed its employees to take humanitarian leave (Congé Solidaire®) to support the non-profit association Planète Urgence. Natixis funds the mission preparation, travel and logistics expenses. In 2018, 29 missions were completed for the protection of biodiversity, social and educational support for young children, and adult skills training in various fields (office tools, project management, etc.), taking the total number of missions organized since the program's launch to 139.

Natixis Assurances allows its members of staff a day's leave each year so they can volunteer with non-profit associations. In 2018, 185 volunteer missions were organized in various areas (helping in charity shops, accompanying underprivileged children on a day trip to the beach, installation of temporary cinemas in children's hospitals, etc.). A total of 589 missions have been carried out with associations since 2014.

Charity collections

In 2018, Natixis and its subsidiaries organized several collections of items to be donated to charity, including books (for Adiflor and Bibliothèques Sans Frontières), work clothes (for La Cravate Solidaire) and toys (for Secours Populaire and the charity Rejoué). A Christmas market in aid of Secours Populaire was also held in various Natixis' offices.

International solidarity

In all its international offices, Natixis establishes partnerships with general-interest associations and mobilizes employee support, beginning in the EMEA region:

The Milan branch took part in a local marathon in support of the Italian cancer research charity, AIRC. It is also a partner of a food bank and of Dynamo Camp (a charity that helps disabled children), which members of staff can volunteer to support.

In Madrid, Natixis entered into a partnership with non-profit organization Caritas to support a solidarity-based supermarket, Tres Olivos, which helps approximately 100 disadvantaged families (basic goods are subsidized to cost 80% less than regular market prices). Tres Olivos receives financial aid from Natixis Madrid employees and contributions are topped up by the company. Natixis Madrid is also a partner of a local food bank.

In Moscow, Natixis funded a charity helping abandoned children in Russia and organized a collection of gifts for elderly people living in retirement homes to mark the new year.

The partnerships with associations in the Americas set up in 2017 continued:

- the Central Park Conservancy and the Brooklyn Bridge Conservancy;
- the Harlem RBI Bids for Kids association, which helps inner-city youth;
- the Wheelchair Sport Federation to give disabled people the opportunity to play their sport recreationally or competitively;

In the US, through the Natixis Community Giving Initiative, Natixis also supports its employees' initiatives by publishing information and organizing collections for various associations.

Lastly, Natixis continues to expand its contributions to charitable causes in the Asia Pacific region, with an increase in staff volunteering activities, including:

- *a* new edition of Hong Kong Volunteering Month. This initiative included a charity walk to distribute items to homeless people, a visit to an organic farm with disabled students and a collection of Christmas gifts for underprivileged children in Hong Kong and Asia.
- participation in the Hong Kong Coastal Cleanup for the fourth year running.
- partnership with Pour un Sourire d'Enfant (PSE), with investments over three years to finance the renovation of a school in Phnom Penh (Cambodia).

6.7 Reporting frameworks and methodology

ESR reporting in 2018 is based on the requirements of the non-financial performance report.

The information in this document covers the 2018 fiscal year. The reporting period considered is one full calendar year, running from January 1 to December 31.

Information on social and environmental performance covers the scope of Natixis France (managed scope), with the exception of Worldwide staff, which are presented in the accounting consolidation scope.

The **managed scope** covers all of Natixis and its subsidiaries around the world whose HR information systems contain data on employees by name. The HR indicators used for the ESR approach pertain to staff under contract. This scope excludes Financial investments. The list of entities in this scope is presented below.

Outside France, the inclusion of entities depends on the relevance of indicators with respect to social and environmental regulations and their ability to integrate monitoring tools or deliver information.

Indicators are broken down by geographic area.

The **Natixis Worldwide** scope covers all of Natixis and its subsidiaries around the world, including Financial Investments and entities within the accounting consolidation scope (Coface, Fimipar, Natixis Algérie).

The following changes in scope took place in 2018:

- In the Natixis Worldwide scope, the Payment Solutions business line, previously part of the Specialized Financial Services division, became a separate division named Payments.
- Within the Managed Scope:
  - Corporate & Investment Banking: activity transfers in France:
    - Internally, to the Support Departments: 228 members of staff,
    - Externally (ODDO): 64 members of staff;
  - Asset & Wealth Management:
    - in France:
      - two companies left the scope: Axeltis and Selection 1818 (68 members of staff),
      - inclusion of Natixis Interépargne, transferred from Specialized Financial Services (462 members of staff);
    - internationally: acquisition of a new company: Ecosphere Capital Limited UK (United Kingdom) (9 members of staff);
  - Specialized Financial Services: activity transfer in France:
    - transfer of Natixis Interépargne to Asset & Wealth Management (462 members of staff);
- Outside the Managed Scope:
  - in France, the Payment Solutions business line acquired a new company: Alter CE–Comiteo (103 members of staff),
  - internationally: the Mergers & Acquisitions business line in the Corporate & Investment Banking division acquired two new companies: Fenchurch Advisory Partners (United Kingdom) and Vermilion Partners Limited (Hong Kong).

SPECIFIC METHODOLOGICAL INFORMATION ON AUDITED DATA

- The headcount includes all employees who have an active employment contract with a Natixis legal entity (managed scope). Interns, apprentices and beneficiaries of a VIE (International Volunteer Program) assignment are not considered. Expatriates and seconded employees are accounted for in their entity of origin.
- Hires include external recruitment to positions with permanent employment contracts or fixed-term employment contracts, transfers from Groupe BPCE and the conversion of all other types of contract (work-study placements, internships, VIE, etc.) into permanent employment contracts or fixed-term employment contracts, and conversions of fixed-term employment contracts into permanent employment contracts.
- Departures include external departures of employees with permanent employment contracts or fixed-term employment contracts and transfers to Groupe BPCE, and conversions from fixed-term employment contracts to permanent employment contracts.
- The absentee rate is the total number of business days absent (due to illness, accidents in the workplace or in transit, maternity or parental leave, etc.) divided by the total number of employee workdays theoretically available.

EXCLUSIONS

Some indicators required in the non-financial performance report are not included as they are considered to be immaterial given the nature of Natixis' operations:

- actions against food waste;
- efforts to combat food poverty, improve animal welfare and ensure responsible, fair, sustainable food supplies.

LIST OF SUBSIDIARIES INCLUDED IN THE ESR REPORTING FRAMEWORK

Natixis France (managed scope)

Division	Business Line	Company
Asset & Wealth Management	Private Equity	Alliance Entreprendre
		Euro Private Equity France
		Naxicap Partners
		Seventure Partners
	Asset Management	Natixis Investment Managers
		Natixis Investment Managers Distribution
		Natixis Asset Management
		Natixis Asset Management Finance
		Axeltis
		Mirova
		Mirova Althelia
	Real Estate Asset Management	AEW Ciloger
	Wealth Management	Natixis Wealth Management
		Sélection 1818
		VEGA Investment Managers
Insurance		BPCE Vie
		BPCE Relation Assurances
		BPCE Assurances
		BPCE Assurances Production Services
Specialized Financial Services	Factoring	Natixis Factor
	Guarantees and Sureties	Compagnie Européenne de Garanties et Cautions
	Consumer finance	Natixis Financement
	Lease financing	Natixis Lease
		Natixis Car Lease
	Film Industry Financing	Natixis Coficiné
		Media Consulting & Investment
	Employee Savings Schemes	Natixis Interépargne
	Payment Solutions	Natixis Payment Solutions
		Natixis Intertitres

Natixis International (managed scope)

Division	Business Line	Company
Corporate & Investment Banking		Natixis Australia Proprietary Limited
		Natixis Banco Múltiplo S.A.
		Natixis Belgique Investissements S.A.
		Natixis Japan Securities Co., Ltd
		Natixis Luxembourg Investissements
		Natixis Moscow Bank (ZAO)
		Natixis North America Inc.
		Natixis Pfandbriefbank AG
		Nexgen Reinsurance Limited
		Natixis Almaty Representative Office
		Natixis Bangkok Representative Office
		Natixis Buenos Aires Representative Office
		Natixis Colombia Representative Office
		Natixis Geneve Representative Office
		Natixis Istanbul Representative Office
		Natixis Jakarta Representative Office
		Natixis Korea Representative Office
		Natixis Lima Representative Office
		Natixis Mexico Representative Office
		Natixis Mumbai Representative Office
		Natixis Beijing Branch
		Natixis Canada Branch
		Natixis Dubai Branch
		Natixis Frankfurt Branch
		Natixis Hong Kong Branch
		Natixis Labuan Branch
		Natixis London Branch
		Natixis Madrid Branch
		Natixis Milan Branch
		Natixis New York Branch
		Natixis Shanghai Branch
		Natixis Singapore Branch
		Natixis Taipei Branch

Division	Business Line	Company
Asset & Wealth Management	Private Equity	Euro Private Equity S.A.
	Asset Management	NGAM Holding International
		Natixis Asset Management Asia Limited
		Natixis Asset Management US LLC
		Mirova Luxembourg SAS
	Real Estate Asset Management	AEW Europe LLP
		AEW Europe SARL
		AEW Europe Global LUX
		AEW Central Europe Sp z o o
		AEW Central Europe – Czech Republic
		AEW Central Europe – Romania
		AEW Europe Italian Branch
		AEW Europe Düsseldorf Branch
	Wealth Management	Natixis Bank
		Natixis Bank – Belgian Branch
Insurance		Natixis Life Luxembourg
Specialized Financial Services	Lease financing	Natixis Lease S.A. Sucursal en España
		Natixis Lease S.A. Succursale Italiana
Support Departments	Operations and Information Systems division	Natixis – Succursale de Porto

6.8 Report by one of the Statutory Auditor on the consolidated Non-Financial Performance Report contained in the Management Report

Fiscal year ended December 31, 2018

To the General Shareholders' Meeting of Natixis S.A.,

In our capacity as Statutory Auditor of Natixis SA, we hereby present our report on the consolidated Non Financial Performance Report for the year ended December 31, 2018 (hereafter referred to as the "Report"), as presented in the Management Report, on a voluntary basis, pursuant to the legal and regulatory provisions of Articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Company's responsibility

The Board of Directors decided to prepare a Report in accordance with legal and regulatory requirements, including a presentation of the company's business model, a description of its main non-financial risks, a presentation of the policies applied with regard to these risks and the results of these policies, including key performance indicators. The Report was prepared according to the company's procedures (hereafter referred to as "the Standard"), the material components of which are presented in the Report and available on the website or from the company's registered office on request.

Independence and quality control

Our independence is defined in Article L.822-11-3 of the French Commercial Code and in our Code of Ethics. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Statutory Auditor's responsibility

On the basis of our work, our responsibility is to provide a reasoned opinion and to express a conclusion of limited assurance on:

- the compliance of the Report with the requirements of Article R. 225-105 of the French Commercial Code;
- the sincerity of the information provided in accordance with paragraph 3 of sections I and II of Article R. 225-105 of the French Commercial Code, namely the results of the policies, including the key performance indicators and the actions taken in respect of the main risks, hereafter referred to as the "Information".

It is not our responsibility, however, to assess:

- the company's observance of other applicable legal and regulatory provisions, notably in terms of its corporate duty of vigilance, the fight against corruption, or tax evasion;
- the compliance of its products and services with the applicable regulations.

Nature and scope of the work

We performed our work in accordance with Articles A. 225-1 et seq. of the French Commercial Code setting out how the independent third party should perform its review and in accordance with the professional code of the Compagnie

Nationale des Commissaires aux Comptes (France's National Association of Statutory Auditors) relating to this assignment, and pursuant to the international standard ISAE 3000 (Assurance engagements other than audits or reviews of historical financial information).

We completed the work needed to assess the Report's compliance with regulatory requirements and the sincerity of the Information reported:

- We familiarized ourselves with all the companies included in the scope of consolidation, the description of the main social and environmental risks relating to these activities and their impact in terms of respect for human rights, and the fight against corruption and tax evasion, as well as the corresponding policies and their effect;
- We assessed the appropriate nature of the Standard in terms of its relevance, completeness, reliability, objectivity, and comprehensible nature, taking best practices in the sector into consideration, where applicable;
- We verified that the Report includes each category of information required under section III of Article L. 225 102 1 regarding social and environmental risks and respect for human rights, and the fight against corruption and tax evasion;
- We verified that the Report includes an explanation of reason justifying the absence of information required under paragraph 2 of section III of Article L. 22-102-1;
- We verified that the Report describes the company's business model and the main risks arising from the activities of all entities included in the scope of consolidation, including, where relevant and reasonable, the risks created by its business relationships, its products and services and its policies, actions and results, including key performance indicators;
- Where relevant in terms of the main risks or policies presented, we verified that the Report includes the information required in section II of Article R. 225-105;
- We assessed the process for selecting and approving the main risks;
- We investigated the existence of internal control and risk management procedures in the company;
- We reviewed the consistency of the results and key performance indicators presented in terms of the main risks and policies described;

- We verified that the Report covers the scope of consolidation, i.e. all the companies included in the scope of consolidation as defined in Article L. 233-16, within the limitations set out in the Report;
- We reviewed the data collection process used to ensure the completeness and sincerity of the Information reported;
- For the key performance indicators and the other quantitative [(a)] results we considered to be the most important, we applied:
  - analytical procedures to verify that the data collected were correctly consolidated and that changes were consistent,
  - detailed tests based on surveys to verify that definitions and procedures were correctly applied and to reconcile data with supporting documents. This review was performed on a selection of contributing entities [(b)] covering between 31% and 100% of consolidated data in the key performance indicators and results selected for these tests;
- We consulted documents and held interviews to corroborate the qualitative information (action and results) we deemed the most important [(c)] ;
- We assessed the overall consistency of the Report based on our understanding of all the companies included within the scope of consolidation.
- We believe that the work we performed while exercising our professional judgment allows us to express a conclusion of limited assurance; a higher level of assurance would have required more extensive work.

Resources and methods

Our work involved five persons and was conducted between January and March 2019.

We were assisted in our work by our experts in sustainable development and corporate social responsibility. We held around ten interviews with the persons responsible for preparing the Report.

Conclusion

Based on our work, we did not observe any significant misstatement likely to call into question the fact that the Non-Financial Performance Report complies with regulatory requirements and that the Information, taken as a whole, is presented in a fair manner, in accordance with the Standard.

Comment

Without prejudice to the conclusion expressed above, and in accordance with the provisions of Article A. 225-3 of the French Commercial Code, we issue the following comment:

- As specified in the Report, Natixis' direct carbon assessment is limited to France and emissions linked to procurement and services were not reported for this fiscal year.

Paris—La Défense, March 15, 2019

One of the Statutory Auditors

Deloitte & Associés

Charlotte VANDEPUTTE	**Julien Rivals**
Partner, Audit	**Partner, Sustainable Development**

(a) Selected quantitative information: French and International employees for the managed scope, Percentage of permanent contracts in France and at the Global level, Total new hires in France, Total departures in France of which resignations and of which Terminations, Percentage of women on the Executive Committee (COMEX), Percentage of women on the Senior Management Committee, Number of employees who receive training, Average number of training hours, Energy consumption: electricity, office buildings' hot and cold fluid, Total paper consumption, Amount of SRI assets for DNCA, Mirova and Ostrum.

(b) Natixis France: Natixis SA Paris and its French subsidiaries (DNCA, Ostrum, Mirova).

(c) Selected quantitative information: Green Weighting Factor: an innovative solution for a greener financing portfolio, Renewable energy financing.

7

LEGAL INFORMATION

7.1 Legal notices and practical information relating to Natixis

Corporate name: NATIXIS

Trading name: NATIXIS

Registration No. (1st page of the bylaws) 542 044 524 RCS PARIS

Registration date: 30/07/1954

Duration of the Company: until 09/11/2093

Corporate purpose (Article 2 of the bylaws) The corporate purpose, in France and elsewhere comprises:

- the conduct of all banking business and related businesses as per the banking law;
- the provision of all investment services as defined in the French Monetary and Financial Code;
- the performance of the specific assignments entrusted by the French State in the economic and financial area, in the framework of special agreements;
- the performance of all brokerage business;
- the acquisition of interests in companies, groups or associations with a direct or indirect connection with the activities referred to above;
- as well as the execution of all private and commercial transactions.

LEI: KX1WK48MPD4Y2NCUIZ63

Website: *www.natixis.com*

The information on the Natixis website is not part of Natixis' registration document, unless it is specifically incorporated by reference.

7.2 Natixis bylaws

Natixis

A joint stock company (société anonyme) with a Board of Directors with share capital of €5,044,925,571.20.

Registered office: 30, avenue Pierre Mendès France – 75013 Paris, Paris Trade and Companies Register No. 542 044 524.

Bylaws

Chapter I: Form of the Company – Name – Registered Office – Duration – Corporate Purpose

Article 1 – Legal form – Name – Registered office and duration

The Company is a joint stock company (société anonyme) with a Board of Directors. It is governed by the regulations governing commercial companies, by the provisions of the French Monetary and Financial Code (Code monétaire et financier) and by these bylaws.

The name of the Company is "Natixis". The Company's registered office is in Paris (13th district), at 30, avenue Pierre Mendès France.

The term of the Company, created on November 20, 1919, was increased to 99 years beginning on November 9, 1994, unless it is extended or dissolved early.

Article 2 – Corporate Purpose

The corporate purpose, in France and elsewhere comprises:

- the conduct of all banking business and related businesses as per the banking law;
- the provision of all investment services as defined in the French Monetary and Financial Code;
- the performance of the specific assignments entrusted by the French State in the economic and financial area, in the framework of special agreements;
- the performance of all brokerage business;
- the acquisition of interests in companies, groups or associations with a direct or indirect connection with the activities referred to above;
- as well as the execution of all private and commercial transactions.

Chapter II: Share capital – Shares – Payments

Article 3 – Share capital

The share capital has been set at €5,044,925,571.20 divided into 3,153,078,482 fully paid-up shares of €1.60 each.

Article 4 – Form and transfer of shares

Shares in the Company may either be registered shares or identifiable bearer shares, at the shareholder's discretion.

They are registered in share accounts and are transferred according to the terms provided for by law and regulations.

Article 5 – Identification of the shareholders

The Company may, under the conditions stipulated by the legislative and regulatory provisions in force, request any organization or authorized intermediary to communicate all information regarding the holders of securities conferring immediately or in the future voting rights in its Shareholders' Meetings, namely their identity, nationality, address, how many securities they own and the restrictions to which these securities may be subject.

Any individual or legal entity owning directly or indirectly, alone or jointly, a fraction of 1% of the voting rights (on the basis of all the voting rights attached to the shares, including those deprived of voting rights), or any multiple of this percentage, shall notify the Company by registered letter with acknowledgment of receipt of the number of votes they possess. This notice must be made within a period of 15 days following each acquisition or sale of this fraction.

In the event of non-compliance with the notification requirement provided for in the previous paragraph and upon request, recorded in the minutes of the meeting from a shareholder representing at least 1% of the voting rights, the shares exceeding the fraction which should have been declared will lose their voting rights for a period of two years following the notification compliance date.

Article 6 – Indivisibility of shares

The shares are indivisible from the Company's perspective.

Joint owners are required to be represented to the Company by a single person chosen among them or by a sole proxy.

Article 7 – Rights and obligations attached to the shares

Except for the rights which may be granted to preferred shares, if any were created, each share entitles its owner to a share in the ownership of the Company's assets which is proportional to the number of shares issued.

Shareholders shall be liable for losses only to the extent of their contributions to the Company's share capital.

The rights and obligations attached to a share follow it. Ownership of a share implies, by the operation of law, acceptance of the Company's bylaws and of the resolutions voted by the General Shareholders' Meeting.

Article 8 – Modification of the capital

The share capital may be increased, amortized or reduced by all procedures and according to all means authorized by law and regulations.

The new shares subscribed will be paid-up according to the decisions voted by the General Shareholders' Meeting or the Board of Directors. Failure to pay-up the shares is sanctioned under the conditions stipulated by the regulations in force.

Chapter III: Administration and control of the Company

Section I: Board of Directors

Article 9 – Structure of the Board of Directors

The Company is managed by a Board of Directors, composed of at least three (3) directors and no more than eighteen (18) directors, subject to the departures stipulated by law in the event of a merger.

The directors are appointed by the Ordinary General Shareholders' Meeting; however, the Board has the right, in the event of the vacancy of one or more seats, due to death or resignation, to appoint replacements temporarily, each for the period remaining in his predecessor's term, subject to ratification by the next General Shareholders' Meeting.

When it has been established, in accordance with the regulations in force, that the percentage of the capital owned by employee shareholders exceeds the threshold established by law, a director is appointed by the Ordinary General Shareholders' Meeting from among the candidates designated for this purpose by the Supervisory Board of the employee mutual fund(s). The director appointed in this capacity is not taken into account in calculating the maximum number of directors referred to in the first paragraph of this Article.

The director appointed in this capacity sits on the Board of Directors and is entitled to vote. He is subject to the same rights and obligations as the Company's other directors.

The number of directors who are over the age of 70 shall not exceed one-third of the number of directors in office. When this percentage is exceeded, the oldest of the directors leaves office at the end of the next Ordinary General Shareholders' Meeting.

Throughout his term, each director shall own at least one hundred and forty (140) Company shares.

Directors are appointed for a term of four (4) years. They may be re-elected. A director's duties end at the end of the Ordinary General Shareholders' Meeting convened to approve the financial statements of the past fiscal year, held the year during which his term expires.

Article 10 – Chairman of the Board of Directors

The Board of Directors elects a Chairman who must be an individual, selected from among its members. The Chairman is elected for the duration of his term as director and may be re-elected.

It determines the Chairman's compensation.

The Board of Directors may, on the proposal of the Chairman, elect one or more Vice-Chairman (Vice-Chairmen) from among its members.

The Chairman's duties end at the latest at the end of the Ordinary General Shareholders' Meeting convened to approve the financial statements of the past fiscal year during which the Chairman reached the age of sixty-five.

The Chairman is responsible for convening the Board of Directors.

He organizes and conducts its work, on which he reports to the General Shareholders' Meeting.

He sees to the smooth operation of the Company's bodies and makes sure in particular that the directors are able to perform their duties.

Article 11 – Meetings of the Board of Directors

11.1 The Board of Directors convenes as often as the Company's interests and legal and regulatory provisions so require, upon notice from its Chairman, either at the registered office or at any other location indicated in the notice, which may be sent by email.

The Board may also be convened by the Chairman at the request of at least one-third of the directors, or at the request of the Chief Executive Officer, on the basis of a specific agenda. The Chairman is bound by the requests made in this manner.

Subject to an emergency such as defined below and the case referred to in Article 14 below, the Board of Directors must be convened with reasonable notice prior to the scheduled date of the meeting. Notices of meetings shall include the detailed agenda for the meeting.

Prior to the meeting, and with sufficient notice, the directors must be given the information enabling them to make an enlightened decision.

Meetings of the Board of Directors are chaired by the Chairman of the Board of Directors or, in his absence, by the oldest director or by one of the Vice-Chairmen, as the case may be.

The Board of Directors may appoint a Secretary, who may or may not be selected from among its members.

Decisions are made at a majority of the votes of the members present or represented. In the event of a tie, the vote of the Chairman of the meeting is the casting vote, except for the appointment of the Chairman of the Board of Directors.

The Board takes valid decisions only if at least one-half of its members are present or deemed present.

The Board of Directors establishes Internal Rules which may stipulate that, except for adopting decisions concerning the preparation of the annual financial statements and the management report as well as for preparing the consolidated financial statements and the Group's management report, the directors who participate in the Board Meeting by video-conference or by using telecommunication means, under the conditions permitted or required by law and the regulations in force, are deemed present for calculating the quorum and the majority.

Minutes of meetings of the Board of Directors shall be prepared, and copies or extracts thereof shall be issued and certified in accordance with the law.

11.2 In the event of an emergency as defined below ("Emergency"), the following accelerated procedure may be applied.

An Emergency is defined as an exceptional situation (i) subject to short notice, imposed by a third party under penalty of foreclosure, where non-compliance might incur damages for the Company or one of its main subsidiaries, or (ii) requiring a rapid response from the Company which is incompatible with the application of the usual notice periods for the Board of Directors.

In the event of an Emergency, the notice and convening periods of the Board of Directors are not subject to Article 11.1 above, provided that the Chairman of the Company's Board of Directors has:

- given prior notice to the directors providing the reason for the Emergency as per the foregoing definition; and
- provided all directors, along with the notice of said meeting, with all the necessary information for their analysis.

Article 12 – Powers of the Board of Directors

12.1 The Board of Directors defines the guidelines for the Company's activities and oversees their implementation. Within the limits of the corporate purpose and the powers expressly granted by law or these bylaws to General Shareholders' Meetings, the Board concerns itself with any matter relating to good business practice and governs the business of the Company through its deliberations. The Board of Directors performs the controls and checks it deems appropriate.

The Chairman or the Chief Executive Officer is required to provide each director with all the documents and information necessary for the performance of his duties.

On the proposal of its Chairman, the Board of Directors may decide to create Committees within the Board responsible for reviewing issues which the Board itself or its Chairman submits to them for their examination and opinion. It determines the structure and powers of these Committees, which conduct their activities under its responsibility.

12.2 In addition to the operations referred to by law and regulations in force, the Internal Rules of the Board of Directors will determine the decisions which will be subject to the prior approval of the Board of Directors.

12.3 The Board of Directors is qualified to decide or authorize the issuing of bonds and all other securities representing debt securities.

The Board of Directors may delegate, to any person of its choosing, the necessary rights to complete, within a period of one year, the issue of such securities and to draw up the procedures.

The designated persons report to the Board of Directors under the conditions determined by the latter.

Article 13 – Compensation of the members of the Board of Directors

Directors' fees may be allocated to the Board of Directors by the General Shareholders' Meeting. The Board distributes them freely among its members.

The Board may also allocate special compensation to the directors in the cases and conditions provided by law.

Section II: Senior Management

Article 14 – Senior Management procedures

The Company's Senior Management is the responsibility of either the Chairman of the Board of Directors, or that of another individual appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The choice between these two methods for exercising Senior Management is made by the Board of Directors which may validly transact business only if:

- the agenda containing this item has been sent out at least 15 days in advance of the Board Meeting;
- at least two-thirds of the directors are present or represented at the meeting.

By way of exception, the first Board Meeting will be held immediately after the Combined General Shareholders' Meeting of April 30, 2009, and the choice of the Senior Management procedure will be made with an ordinary quorum (at least one-half of the directors present or represented).

The shareholders and third parties are informed of this choice under the conditions defined by the legal and regulatory provisions in force.

When the Company's Senior Management is handled by the Chairman of the Board of Directors, the following provisions concerning the Chief Executive Officer will apply to the Chairman of the Board of Directors, who will assume the title of Chairman and Chief Executive Officer.

Article 15 – Chief Executive Officer

The Chief Executive Officer is vested with the broadest powers to act in all circumstances on the Company's behalf. He exercises those powers within the limits of the corporate purpose and subject to the powers expressly reserved for Shareholders' Meetings and the Board of Directors by law and to the provisions and restrictions stipulated by the Internal Rules. He represents the Company in its relations with third parties.

The Board of Directors may appoint a Chief Executive Officer from among the directors or outside their ranks.

The Board of Directors determines the compensation and term in office of the Chief Executive Officer, which shall not exceed that of his term as director when he is a Board member.

The Chief Executive Officer may be dismissed by the Board of Directors at any time.

The Board of Directors may limit the powers of the Chief Executive Officer. However, the limitation of these powers is not enforceable against third parties.

The Chief Executive Officer may delegate a portion of his powers to any corporate officer of his choosing, with or without the option of substituting one for another.

Article 16 – Deputy Chief Executive Officers

On the proposal of the Chief Executive Officer, the Board of Directors may appoint one to five individuals selected from among the directors or outside their ranks, in charge of assisting the Chief Executive Officer, with the title of Deputy Chief Executive Officer.

In conjunction with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers conferred upon the Deputy Chief Executive Officers. They have the same powers with respect to third parties as the Chief Executive Officer.

When a Deputy Chief Executive Officer is a director, his term in office shall not exceed his term on the Board.

Deputy Chief Executive Officers may be dismissed at any time by the Board of Directors on the proposal of the Chief Executive Officer.

The compensation of the Deputy Chief Executive Officer(s) is determined by the Board of Directors.

Article 17 – Liability of directors

Directors are liable vis-à-vis the Company or third parties, either for breaches of the legal or regulatory provisions governing joint stock companies, or for breaches of these bylaws, or for misconduct in their management, under the conditions and subject to the penalties stipulated by the laws in force.

Section III: Control

Article 18 – Non-voting members

The Ordinary General Shareholders' Meeting may appoint one or more non-voting members.

Non-voting members are appointed for a term of four (4) years. A non-voting member's duties end at the end of the Ordinary General Shareholders' Meeting convened to approve the financial statements of the past fiscal year, held in the year during which his term expires. Non-voting members may be re-elected and may be dismissed by the General Shareholders' Meeting.

Non-voting members receive the same information as the directors, and are convened to all meetings of the Board of Directors. They sit on the Board of Directors in an advisory capacity.

They may be appointed temporarily by the Board of Directors subject to the ratification by the next General Shareholders' Meeting.

They may receive compensation, the amount of which is determined by the Board of Directors.

Article 19 – Statutory Auditors

One or several primary Statutory Auditors and, if applicable, one or several substitute Statutory Auditors, are appointed by the General Shareholders' Meeting in accordance with the law. They are vested with the duties and powers conferred upon them by the laws in force.

Chapter IV: General Shareholders' Meetings

Common Provisions

Article 20 – General Shareholders' Meetings

The shareholders' decisions are made in General Shareholders' Meetings, which are qualified as ordinary or extraordinary.

Article 21 – Notices

General Shareholders' Meetings are convened by the Board of Directors or, failing this, under the conditions of Article L.225-103 of the French Commercial Code. Notices are made under the conditions determined by the regulations in force.

Article 22 – Admission to General Shareholders' Meetings – Powers

Shareholders' Meetings include all the shareholders whose securities have no outstanding payments due.

In accordance with Article R.225-85 of the French Commercial Code, the right to take part in the General Shareholders' Meeting is subject to the registration of the shares in the accounts in the name of the shareholder or broker registered on his behalf on the second business day preceding the General Shareholders' Meeting at twelve midnight, Paris time (D-2), or in the accounts of registered shares kept by the Company, or in the accounts of bearer shares kept by the authorized brokers.

For holders of registered shares, such entry in the account by D-2 is sufficient to enable them to attend the meeting.

With respect to holders of bearer shares, proof of their status as a shareholder must be provided directly to the centralizing body of the meeting by the authorized intermediaries holding their bearer share accounts. The intermediaries do so by producing a certificate that must be attached to the voting form or admission card request in the name of the shareholder or the name of the registered intermediary acting on behalf of the shareholder. A certificate is also delivered to shareholders who wish to attend the meeting in person and who have not received an admission card by D-2, twelve midnight Paris time.

A shareholder may always be represented at General Shareholders' Meetings by a duly authorized proxy. This proxy may not represent another person.

Shareholders may vote by post or by proxy in accordance with the legal and regulatory provisions in force. In accordance with the decision of the Board of Directors, shareholders may participate in General Meetings by means of video-conferencing and may vote using all means of telecommunications and remote transmission, including the Internet, in accordance with the applicable regulations at the time of their use. This decision is disclosed in the notice of meeting published in the French official gazette (*Bulletin des Annonces Légales Obligatoires*—BALO). Those shareholders who use the electronic voting form offered on the website created by the meeting organizer, by the required deadline, are considered present or represented shareholders. The electronic form can be filled out and signed directly on that site by any process provided for by the Board of Directors that meets the conditions defined in the first sentence of the second paragraph of Article 1316-4 of the French Civil Code (i.e. the use of a reliable identification procedure guaranteeing that the signature is linked to the form), which may consist of a user name and password.

The proxy or vote cast before the meeting by this electronic method, as well as the receipt that is issued for it, will be considered irrevocable written documents that are enforceable in all cases, with the stipulation that in the event of the disposal of shares before the second business day preceding the meeting at zero hour, Paris time, the Company will, as a result, invalidate or change, depending on the case, the proxy or vote cast before that date and time.

Article 23 – Agenda

The agenda is drafted by the author of the notice.

One or more shareholders, representing at least the required portion of the share capital and acting on the conditions and within the deadlines determined by law, are entitled to request, by registered mail with acknowledgment of receipt, or by email, the entry of draft resolutions onto the meeting's agenda.

Article 24 – Conduct of General Shareholders' Meetings

Shareholders' Meetings are chaired by the Chairman of the Board of Directors, or in the event of his absence, by one of the Deputy Chief Executive Officers, or by a director appointed by the General Shareholders' Meeting.

Scrutineers' duties are performed by the two attending shareholders holding the highest number of shares who accept this position.

A register of attendance is kept in accordance with the regulations in force. General Shareholders' Meetings vote on the quorum and majority conditions stipulated by law.

The Board of Directors may, at the time of the notice, decide to publicly broadcast the entire meeting by video-conference or other telecommunication means. In this case, the decision is transmitted in the announcements and notices of the meetings.

Article 25 – Voting rights

As an exception to Article L.225-123 Paragraph 3 of the French Commercial Code, whereby a voting right equivalent to twice that attributed to other shares may be attributed to fully paid-up shares which have been registered in the name of the same shareholder for at least two years, each member of the meeting has a right to as many votes as they hold or are represented by shares.

Article 26 – Minutes

Decisions of the General Shareholders' Meeting are recorded in minutes entered into a special register and signed by the officers of the meeting.

Minutes are drafted and copies or extracts of proceedings are issued and certified in accordance with the regulations in force.

Following the Company's dissolution and during its liquidation, these copies or extracts are certified by one or more of the liquidators.

Article 27 – Right of discovery

All shareholders are entitled to receive, under the conditions and on the dates stipulated by law, the documents necessary to enable them to make an informed decision on the Company's management and control.

The nature of the documents and the terms and conditions for their dispatch or availability are determined by law and regulations.

Ordinary General Shareholders' Meetings

Article 28 – Date of the meeting

Shareholders are convened annually to an Ordinary General Shareholders' Meeting by the Board of Directors, prior to the end of the fifth month following the close of the fiscal year, on the date, at the time and at the location stated in the notice of the meeting.

Article 29 – Prerogatives

The Ordinary General Shareholders' Meeting, which must be held annually, hears the report on the Company's business drafted by the Board of Directors and presented by its Chairman, as well as the report by the Statutory Auditors and any other report stipulated in the regulations.

It discusses, approves, rejects or adjusts the financial statements and determines the profit to be distributed.

It appoints the directors, the non-voting members and the Statutory Auditors.

It determines the amount of the directors' fees to be allocated to the Board of Directors.

It votes on all proposals entered onto the agenda.

Extraordinary General Shareholders' Meetings

Article 30 – Prerogatives

The Extraordinary General Shareholders' Meeting may be convened at any time either by the Board of Directors or pursuant to any legal provision. It may amend any of the provisions of these bylaws, in particular it can increase or reduce the share capital, extend the Company's duration or decide its early dissolution, however, it cannot change the Company's nationality or increase the shareholders' commitments.

Chapter V: Fiscal year – Parent company financial statements – Appropriation of earnings

Article 31 – Fiscal Year

The Company's fiscal year begins on January 1 and ends on December 31.

Article 32 – Inventory – Annual Financial Statements

Each quarter, a brief statement of the Company's assets and liabilities is prepared. This statement is at the disposal of the Statutory Auditors and is published according to the laws in force.

Furthermore, at the end of each fiscal year, an inventory is drafted of the Company's various assets and liabilities and accounting documents imposed by both the laws governing companies and by banking regulations.

All these documents are placed at the disposal of the Statutory Auditors according to legal and regulatory provisions.

Article 33 – Earnings for the fiscal year – Dividends

From the earnings of each fiscal year, minus any losses carried forward as the case may be, at least 5% is levied to create the legal reserve. This levy ceases to be mandatory when said reserve reaches a sum equal to one-tenth of the share capital. It must be resumed when this reserve falls below one-tenth.

The balance of the earnings constitutes, along with any retained earnings, the distributable profit of which the Ordinary General Shareholders' Meeting disposes freely in the framework of the laws in force, and which it can carry forward, or place on reserve, or distribute partially or entirely, on the proposal of the Board of Directors.

The Ordinary General Shareholders' Meeting may also decide to distribute sums levied from retained earnings or from the reserves at its disposal; in such case, the decision expressly references the reserve items from which the levies are made.

The Ordinary General Shareholders' Meeting may offer an option to the shareholders, for all or a part of the dividend distributed, between payment of the dividend in cash or in shares. In this second option, payment will take place through the allocation of Company shares in accordance with the applicable legal and regulatory provisions.

Under the legal conditions in force, the Board of Directors may decide to pay interim dividends in cash or in shares.

The annual dividends are paid at the dates established by the Board of Directors within a period of nine months following the close of the fiscal year.

Chapter VI: Dissolution – Liquidation

Article 34 – Equity capital below one-half of the share capital

If, due to losses recognized in the accounting documents, the Company's equity falls below one-half of the share capital, the Board of Directors is required, within four months following the approval of the financial statements having revealed these losses, to convene the Extraordinary General Shareholders' Meeting in order to decide whether it is fitting to dissolve the Company early.

Should the Board of Directors fail to convene the Extraordinary General Shareholders' Meeting, the Statutory Auditors may do so.

Article 35 – Dissolution – Liquidation

At the Company's expiry, or in the event of early dissolution, the General Shareholders' Meeting determines the liquidation method, on the proposal of the Board of Directors and subject to the legal requirements in force, and appoints one or more liquidators whose powers it determines.

Chapter VII: Disputes

Article 36 – Disputes

Any dispute arising among the shareholders concerning the performance of these bylaws shall be submitted to the courts having jurisdiction where the Company has its registered office.

7.3 General information on Natixis' capital

7.3.1 FORM AND TRANSFER OF SHARES (CHAPTER II, ARTICLE 4 OF THE BYLAWS)

Shares in the Company may either be registered shares or identifiable bearer shares, at the shareholder's discretion.

They are registered in share accounts and are transferred according to the terms provided for by law and regulations.

7.3.2 SHARE CAPITAL

The share capital was set at €5,044,925,571.20 on March 1, 2019, divided into 3,153,078,482 fully paid-up shares of €1.60 each.

7.3.3 AUTHORIZED BUT UNISSUED CAPITAL – CAPITAL INCREASE AUTHORIZATIONS

The Combined General Shareholders' Meeting of May 23, 2018 granted the Board of Directors financial authorization for a 26-month period to carry out capital increases with cancellation of preferential subscription rights. Under this delegation, the Board of Directors may decide to increase the share capital reserved for members of an employee savings plan, up to the limit of fifty (50) million euros. This delegation substitutes the unused part of any similar prior delegated power given to the Board of Directors by the shareholders in the Combined General Shareholders' Meeting of May 23, 2017, under resolution twenty, with the stipulation that the Mauve 2018 share ownership plan in progress at the time of this General Shareholders' Meeting had been approved by the Board of Directors based on resolution twenty adopted by the Combined General Shareholders' Meeting of May 23, 2017.

The Combined General Shareholders' Meeting of May 23, 2017 granted the Board of Directors financial authorization for a 26-month period to carry out capital increases with retention or cancellation of preferential subscription rights (these authorizations replaced those granted by the Combined General Shareholders' Meeting of May 19, 2015).

The Combined General Shareholders' Meeting of May 23, 2017 resolved that these capital increases, which may not exceed an overall par value ceiling of one and a half (1.5) billion euros, divided into a par value ceiling of €1.5 billion for capital increases with preferential subscription rights and a par value ceiling of €500 million for capital increases without preferential subscription rights, could be carried out either through issuing shares or through issuing securities that give access to share capital, specifically in the form of financial instruments representing debt securities.

This same meeting resolved in particular that under certain circumstances, the Board of Directors may:

- decide to increase capital without preferential subscription rights through an offer as set out in Article L.411-2(II) of the French Monetary and Financial Code (private placement);
- decide to increase capital with waiving of preferential subscription rights with a view to remunerating contributions in kind granted to the Company, within the limit of 10% of the share capital at the time of the issue;
- decide to increase capital via the incorporation of premiums, reserves, retained earnings or other items;
- decide to increase the number of securities to be issued, within the legal limits, in the event of capital increases with or without preferential subscription rights;
- decide to increase the share capital reserved for members of an employee savings plan, up to the par value limit of fifty (50) million euros.

These capital increases will be applied against the amount of the overall ceiling described above. The Combined General Shareholders' Meeting of May 24, 2016 (resolutions nineteen and twenty) authorized the Board of Directors, for a thirty-eight-month period, to carry out one or more free share awards to the employees and directors of Natixis and its affiliates under the following conditions:

- award of free shares in connection with the Long Term Incentive Plan (LTIP): award limited to 0.2% of the Company's share capital at the date of the Board of Directors' decision to award the shares, with a sub-ceiling of 0.03% of the share capital for executive corporate officers. Permanent allocation is contingent on satisfying a performance requirement;
- award of free shares for the payment of a portion of annual variable compensation: award limited to 2.5% of the Company's share capital at the date of the Board of Directors' decision to award the shares, with a sub-ceiling of 0.1% of the capital for executive corporate officers. Permanent allocation is contingent on satisfying one or more performance requirements for the persons referred to in Article L.511-71 of the French Monetary and Financial Code.

This authorization replaces the authorization granted by the Combined General Shareholders' Meeting of May 21, 2013.

Report of the Board of Directors on the use of capital increase authorizations

Free shares in vesting period

The Board of Directors of Natixis, at its meeting on July 31, 2014, by virtue of the authorization granted by the Combined General Shareholders' Meeting of May 21, 2013, resolution seventeen, resolved to award 31,955 free performance shares to the Chief Executive Officer of Natixis. These shares will vest at the end of a vesting period that runs until July 31, 2018, inclusive, provided that presence and performance conditions are met.

The Board of Directors of Natixis, at its meeting on February 18, 2015, by virtue of the authorization granted by the Combined General Shareholders' Meeting of May 21, 2013, resolution seventeen, resolved to award 95,144 free performance shares to the members of the Senior Management Committee, of which 27,321 to the Chief Executive Officer of Natixis. These shares will vest at the end of a vesting period that runs until February 17, 2019, inclusive, provided that presence and performance conditions are met.

The Board of Directors of Natixis, at its meeting on July 28, 2016, by virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution nineteen, decided to award 151,283 free performance shares to the members of the Natixis Senior Management Committee, of which 47,463 to the Chief Executive Officer of Natixis. These shares will vest at the end of a vesting period that runs until July 27, 2020, inclusive, provided that presence and performance conditions are met.

The Board of Directors of Natixis, at its meeting on July 28, 2016, by virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution twenty, decided to award 3,081,642 free shares to the recipients designated by the Board of Directors. These shares will be permanently vested in part on March 1, 2018, and in part on March 1, 2019, provided that presence and/or performance conditions are met (systematic performance conditions applicable to "regulated" categories of staff).

The Board of Directors of Natixis, at its meeting on April 10, 2017, by virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution twenty, decided to award 3,012,307 free shares to the recipients designated by the Board of Directors. These shares will be permanently vested in part on March 1, 2019, and in part on March 1, 2020, provided that presence and/or performance conditions are met (systematic performance conditions applicable to "regulated" categories of staff).

The Board of Directors of Natixis, at its meeting on May 23, 2017, by virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution nineteen, decided to award 79,369 free performance shares to the members of the Natixis Senior Management Committee, of which 29,911 to the Chief Executive Officer of Natixis. These shares will vest at the end of a vesting period that runs until May 22, 2021, inclusive, provided that presence and performance conditions are met.

The Board of Directors of Natixis, at its meeting on April 13, 2018, by virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution twenty, decided to award 3,389,678 free shares to the recipients designated by the Board of Directors, of which 84,775 to the Chief Executive Officer of Natixis. These shares will vest at the end of a vesting period that runs in part until March 1, 2020, March 1, 2021, April 12, 2021 and in part until April 12, 2023 provided that presence and performance conditions are met.

The Natixis Board of Directors, at its meeting on May 23, 2018, by virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution nineteen, decided to award 11,661 performance shares to Laurent Mignon, the Chief Executive Officer of Natixis, and 58,024 performance shares to the members of the Natixis Senior Management Committee. These shares will vest at the end of a vesting period that runs until May 22, 2022, inclusive, provided that presence and performance conditions are met.

The Board of Directors of Natixis, at its meeting on August 2, 2018, by virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution nineteen, resolved to award 13,605 free performance shares to François Riahi, the Chief Executive Officer of Natixis since June 1, 2018. These shares will vest at the end of a vesting period that runs until May 22, 2022, inclusive, provided that presence and performance conditions are met.

Free shares in holding period

The vesting period for the first tranche of the award of a total of 3,081,642 free shares, as resolved by the Board of Directors on July 28, 2016 for the 2016 Plan (by virtue of the authorization granted by the Combined General Shareholders' Meeting of May 27, 2016, resolution twenty) expired on March 1, 2018 for certain employees of the Company and its subsidiaries designated by the Board of Directors.

By decision made on March 1, 2018, by virtue of the authority granted to him by the Board of Directors, the Chief Executive Officer of Natixis acknowledged that the number of shares to be issued to the beneficiaries of the 2016 Plan came to 945,549 new shares.

The Chief Executive Officer then acknowledged the issue of share capital through the incorporation of the special unavailable reserves account amounting to €1,512,878.40 for the issue of 945,549 new shares with a par value of €1.60 each, bringing the Company's capital up from €5,019,776,380.80 to €5,021,289,259.20, and amended the bylaws accordingly (Article 3: Share capital).

Mauve employee share ownership plan

At its meeting on November 7, 2017, the Board of Directors decided to use in 2018 the authorization to carry out a capital increase - without preferential subscription rights - reserved for members of employee savings plans that was granted by the Combined General Shareholders' Meeting of May 23, 2017 (resolution twenty), for the launch of the Mauve 2018 employee share ownership plan with an overall par value ceiling of €50,000,000, representing a maximum of 31,250,000 shares. Accordingly, the Board of Directors invested the Chief Executive Officer with all the necessary powers, in particular to set the Subscription Price and the subscription period for the shares to be issued.

By decision made on March 20, 2018, the Chief Executive Officer of Natixis defined the scope and the timetable for the Mauve 2018 plan.

By decision made on June 26, 2018, the Company's Chief Executive Officer set the share subscription/withdrawal period proposed under the 2018 Mauve plan at June 26 to June 29, 2018, inclusive, and set the Subscription Price for these shares for beneficiaries at €5.002 per share.

By decision made on July 27, 2018, the Chief Executive Officer of Natixis recognized Natixis' capital increase for a total nominal amount of €19,172,488 through the issuance of 11,982,805 new shares each with a par value of €1.60, with an issue premium of €40,765,502.61, bringing the Company's capital up from €5,021,289,259.20 to €5,040,461,747.20, and amended the bylaws accordingly (Article 3: Share capital).

SUMMARY TABLE OF CURRENT AUTHORIZATIONS GRANTED TO THE BOARD OF DIRECTORS BY THE GENERAL SHAREHOLDERS' MEETING AND THEIR USE BY THE BOARD OF DIRECTORS

Date of meeting	Resolution No.	Purpose of authorization	Amount authorized	Duration	Date used	Amount used
24/05/2016	19	To award free shares under the LTIP	0.2% / 0.03% [(c)] of share capital	38 months	28/07/2016 23/05/2017 23/05/2018 02/08/2018	€242,053 [(b)] €126,990 [(b)] €111,496 [(b)] €21,768 [(b)]
24/05/2016	20	To award free shares for payment of a portion of variable compensation	2.5% / 0.1% [(c)] of share capital	38 months	28/07/2016 10/04/2017 13/04/2018	€4,930,627 [(b)] €4,819,691 [(b)] €5,423,485 [(b)]
23/05/2017	13	To carry out a reduction in the share capital by canceling treasury shares	10% of the shares making up the Company's share capital	26 months	None	None
23/05/2017	14	To carry out a capital increase, through the issue—with preferential subscription rights maintained—of shares and/or securities providing access to the Company's share capital or entitling holders to the allotment of debt securities	€1.5bn	26 months	None	None
23/05/2017	15	To carry out a capital increase, through the issue—without preferential subscription rights by a public offer—of shares and/or securities providing access to the Company's share capital or entitling holders to the allotment of debt securities.	€500m [(a)]	26 months	None	None
23/05/2017	16	To carry out a capital increase through the issue—without preferential subscription rights maintained—of shares and/or securities giving access to the Company's share capital or entitling holders to the allotment of debt securities through an offer as set out in Article L.411-2 (II) of the French Monetary and Financial Code	€500m [(a)]	26 months	None	None
23/05/2017	17	To carry out a capital increase through the issue—without preferential subscription rights—of shares and/or securities providing access to the Company's share capital or entitling holders to the allotment of debt securities as remuneration for contributions in kind involving capital stock or securities giving access to capital	10% of the share capital [(a)]	26 months	None	None
23/05/2017	18	To carry out a capital increase through the incorporation of premiums, reserves, retained earnings or other items	€1.5bn [(a)]	26 months	None	None
23/05/2017	19	To increase the number of securities to be issued in the event of capital increases with or without preferential subscription rights	15% of initial issue [(a)]	26 months	None	None
23/05/2017	20	To carry out a capital increase through the issue of shares or securities giving access to the Company's share capital, reserved for members of employee savings plans with waiving of preferential subscription rights in favor of said members	€50m [(a) (b)]	26 months	07/11/2017	€19,172,488
23/05/2018	18	To carry out a capital increase through the issue of shares or securities giving access to the Company's share capital, reserved for members of employee savings plans with waiving of preferential subscription rights in favor of said members	€50m [(a) (b)]	26 months	None	None

(a) *Amount deducted from the ceiling decided in resolution No. 14 of the General Shareholders' Meeting of May 23, 2017 (€1.5 billion).*
(b) *Overall par value ceiling.*
(c) *For executive corporate officers.*

7.3.4 SECURITIES NOT CONFERRING RIGHTS OVER THE SHARE CAPITAL

On November 25, 1985, Banque Française du Commerce Extérieur issued 140,000 non-voting shares with a par value of FRF 5,000 (€762.25). The coupon is payable annually on November 25. Redemptions are at the initiative of the borrower.

At December 31, 2018, 47,000 non-voting shares were outstanding.

7.3.5 OTHER SECURITIES GIVING ACCESS TO CAPITAL

No stock options were granted in fiscal years 2009 to 2018.

SUMMARY OF STOCK OPTION PLANS AT DECEMBER 31, 2018

Plan date	Date of General Shareholders' Meeting	Option exercise start date	Option expiry date	Option exercise price *(in euros)*	Number of remaining beneficiaries	Number of options authorized	Number of options granted	Number of options exercised	Number of options exercisable	Number of options yet to be exercised	Number of options canceled
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL											

SUMMARY OF STOCK OPTION PLANS GRANTED TO NATIXIS EXECUTIVE CORPORATE OFFICERS AT DECEMBER 31, 2018

Plan date	Date of General Shareholders' Meeting	Option exercise start date	Option expiry date	Option exercise price *(in euros)*	Number of beneficiary officers	Number of options awarded to officers	Number of options exercised	Number of options exercisable	Number of options yet to be exercised	Number of options canceled
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL										

Natixis scope of consolidation	Total number of options granted/shares subscribed for	Weighted average price	Plan
Options ***awarded*** by the issuer during the year to the 10 salaried employees of the issuer and of all the companies within its scope who were awarded the most options	0	N/A	N/A
Options ***held*** in respect of the issuer and the companies referred to above, exercised during the period, by the 10 salaried employees of the issuer and of these companies who hold the most options thereby awarded	0	N/A	N/A
	0	N/A	N/A

7.3.6 CHANGES IN THE CAPITAL OVER THE LAST FIVE FISCAL YEARS

	Number of shares at the start of the fiscal year	Number of shares created during the fiscal year	Number of shares at the end of the fiscal year	Share capital *(in euros)*
2014	3,100,295,190	16,167,431	3,116,507,621	4,986,412,193.60
2015	3,116,507,621	11,620,144	3,128,127,765	5,005,004,424.00
2016	3,128,127,765	8,946,815	3,137,074,580	5,019,319,328.00
2017	3,137,074,580	285,658	3,137,360,238	5,019,776,380.80
2018	3,137,360,238	12,928,354	3,150,288,592	5,040,461,747.20

The table below gives details of the amount of additional paid-in capital for each of the transactions impacting the capital.

Fiscal year	Heading	Number of shares	Share capital *(in euros)*	Additional paid-in capital on capital increases *(in euros)*
2013	**At January 1**	**3,086,214,794**	**4,937,943,670.40**	
	Free shares awarded	5,640,766	9,025,226	
	Shares issued in respect of the capital increase reserved for employees	8,439,630	13,503,408	10,127,556
	At December 31	**3,100,295,190**	**4,960,472,304.00**	
2014	**At January 1**	**3,100,295,190**	**4,960,472,304.00**	
	Free shares awarded	6,261,106	10,017,769.60	
	Shares issued in respect of the capital increase reserved for employees	9,951,325	15,922,120	24,291,184.33
	At December 31	**3,116,507,621**	**4,986,412,193.60**	
2015	**At January 1**	**3,116,507,621**	**4,986,412,193.60**	
	Free shares awarded	3,114,520	4,983,232	
	Shares issued in respect of the capital increase reserved for employees	8,505,624	13,608,998.40	31,428,280.68
	At December 31	**3,128,127,765**	**5,005,004,424**	
2016	**At January 1**	**3,128,127,765**	**5,005,004,424**	
	Free shares awarded	957,368	1,531,788.80	
	Shares issued in respect of the capital increase reserved for employees	7,989,447	12,783,115.20	13,390,313.18
	At December 31	**3,137,074,580**	**5,019,319,328**	
2017	**At January 1**	**3,137,074,580**	**5,019,319,328**	
	Free shares awarded	285,658	457,052.80	
	At December 31	**3,137,360,238**	**5,019,776,380.80**	
2018	**At January 1**	**3,137,360,238**	**5,019,776,380.80**	
	Free shares awarded	945,549	1,512,878.40	
	Shares issued in respect of the capital increase reserved for employees	11,982,805	19,172,488	40,765,502.61
	At December 31	**3,150,288,592**	**5,040,461,747.20**	

7.3.7 OTHER INFORMATION ON THE CAPITAL

Natixis has not pledged any of its shares.

7.4 Distribution of share capital and voting rights

7.4.1 DISTRIBUTION OF SHARE CAPITAL AT DECEMBER 31, 2018

At December 31, 2018, Natixis' main shareholders were as follows:

	% capital	% voting rights
BPCE	70.70%	70.78%
Employee shareholding	2.51%*	2.52%
Treasury shares	0.12%	0.00%
Free float	26.67%	26.70%

* *Of which 1.10% held through capital increases reserved for employees.*
Of which 0.67% held outside of employee savings plans by employees and former employees.
Of which 0.74% held under the BPCE Actions Natixis employee share ownership plan, including bearers of Groupe BPCE shares.

As far as Natixis is aware, at this date no shareholders, other than those listed in the above table, owned more than 5% of the capital or voting rights.

According to the Prospectus Regulation, at February 28, 2019, Natixis' main shareholders were as follows:

	% capital	% voting rights
BPCE	70.70%	70.75%
Employee shareholding	2.58%*	2.58%
Treasury shares	0.08%	0.00%
Free float	26.64%	26.67%

* *Of which 1.16% held through capital increases reserved for employees.*
Of which 0.67% held outside of employee savings plans by employees and former employees.
Of which 0.75% held under the BPCE Actions Natixis employee share ownership plan, including bearers of Groupe BPCE shares.

As far as Natixis is aware, at this date no shareholders, other than those listed in the above table, owned more than 5% of the capital or voting rights.

7.4.2 OWNERSHIP OF SHARES BY MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES

Board members, including natural and legal persons, owned 71% of Natixis' capital at December 31, 2018 (almost all of this being owned by BPCE).

The ownership of shares by directors who are individuals is not material.

7.4.3 TREASURY SHARES

Under the share buyback program authorized by the General Shareholders' Meeting of May 23, 2018, Natixis owned 3,716,978 treasury shares at December 31, 2018.

The table below shows the number and percentage of shares held as treasury shares at December 31, 2017, and December 31, 2018.

	Number purchased	Purchase price *(in euros)*	Average purchase price *(in euros)*	Amount sold or canceled	Sale price *(in euros)*	Average sale price *(in euros)*	Final shares	% of capital held
At December 31, 2017	**237,087,883**	**1,194,179,721**	**5.037**	**235,655,947**	**1,093,496,894**	**4.640**	**1,431,936**	**0.05%**
At December 31, 2018	**264,390,208**	**1,354,591,997**	**5.123**	**260,611,350**	**1,242,599,470**	**4.768**	**3,716,978**	**0.12%**

7

7.4.4 EMPLOYEE SHAREHOLDING

At December 31, 2018, the percentage of the capital owned by Natixis employees was 2.51%, of which:

- 1.10% was held through capital increases reserved for employees;
- 0.67% was held outside of employee savings plans by employees and former employees;
- 0.74% was held under the BPCE Actions Natixis employee share ownership plan, including bearers of Groupe BPCE shares.

Free share awards

In accordance with the provisions of Articles L.225-197-1 et seq. of the French Commercial Code:

- the Natixis Board of Directors, at its meeting on February 22, 2012 (by virtue of the authorization granted by the General Shareholders' Meeting of May 27, 2010, resolution eighteen), decided to grant 6,119,373 free shares to certain employees of Natixis and its subsidiaries;
- the Natixis Board of Directors, at its meeting on February 17, 2013 (by virtue of the authorization granted by the General Shareholders' Meeting of May 27, 2010, resolution eighteen), decided to grant 1,724,325 free shares to certain employees of Natixis and its subsidiaries;
- the Natixis Board of Directors, at its meeting on November 6, 2013 (by virtue of the authorization granted by the General Shareholders' Meeting of May 21, 2013, resolution seventeen), decided to grant 90 free shares to the Chief Executive Officer of Natixis;
- the Natixis Board of Directors, at its meeting on July 31, 2014 (by virtue of the authorization granted by the General Shareholders' Meeting of May 21, 2013, resolution seventeen), decided to grant 31,955 performance shares to the Chief Executive Officer of Natixis;
- the Natixis Board of Directors, at its meeting on February 18, 2015 (by virtue of the authorization granted by the General Shareholders' Meeting of May 21, 2013, resolution seventeen) decided to award 95,144 performance shares to the members of the Natixis Senior Management Committee;
- the Natixis Board of Directors, at its meeting on July 28, 2016 (by virtue of the authorization granted by the General Shareholders' Meeting of May 24, 2016, resolution nineteen), decided to award 103,820 performance shares to the members of the Natixis Senior Management Committee and 47,463 to the Chief Executive Officer of Natixis.

  During this same meeting, the Board of Directors (by virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution twenty), decided to award 3,081,642 free shares to the recipients designated by the Board of Directors;
- the Natixis Board of Directors, at its meeting on April 10, 2017 (by virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution twenty), decided to award 3,012,307 free shares to the recipients designated by the Board of Directors;
- the Natixis Board of Directors, at its meeting on May 23, 2017 (by virtue of the authorization granted by the General Shareholders' Meeting of May 24, 2016, resolution nineteen), decided to award 49,458 performance shares to the members of the Natixis Senior Management Committee, and 29,911 shares to the Chief Executive Officer of Natixis;
- the Natixis Board of Directors, at its meeting on April 13, 2018 (by virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution twenty), decided to award 3,389,678 free shares to the recipients designated by the Board of Directors;
- the Natixis Board of Directors, at its meeting on May 23, 2018 (by virtue of the authorization granted by the General Shareholders' Meeting of May 24, 2016, resolution nineteen), decided to award 58,024 performance shares to the members of the Natixis Senior Management Committee, and 11,661 shares to the Chief Executive Officer of Natixis;
- the Natixis Board of Directors, at its meeting on August 2, 2018 (by virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution nineteen), decided to grant 13,605 performance shares to the Chief Executive Officer of Natixis.

Issues of share capital reserved for employees of companies enrolled in the Natixis employee savings plans

In the interest of aligning Natixis employees with the growth and earnings of Natixis over the long term, from 2013 to 2016 inclusive, and in 2018, the Natixis Board of Directors agreed on the principle of using the authorization granted by the General Shareholders' Meeting to carry out a capital increase reserved for the employees of the Natixis group, without their preferential subscription right under the Mauve employee share ownership plan.

The Mauve plan is reserved for Company employees included in the scope determined by the Board of Directors and comprising Natixis S.A. and the subsidiaries and branches of its Asset & Wealth Management, Corporate & Investment Banking, Insurance and Specialized Financial Services business units (excluding Financial Investments) enrolled in the Natixis Employee Savings Plan and in the Natixis International Employee Savings Plan. The scheme is also available to the retirees and pre-retirees of the companies included in this scope.

As part of the Mauve plan, beneficiaries are able to subscribe for Natixis shares (or, for international beneficiaries, under an economically similar formula) on advantageous terms and with the benefit of employer-paid contributions in compliance with the provisions of existing plans within the Natixis group.

The amounts invested in the Mauve plan are locked up for a period of five years. Barring cases of early unlocking applicable to employee savings plans in France, this number may be reduced outside of France based on local legislation and the formula proposed.

At its meeting on November 7, 2017, the Board of Directors of Natixis decided to use in 2018 the authorization to carry out a capital increase—without preferential subscription rights—reserved for members of employee savings plans that was granted by the Combined General Shareholders' Meeting of May 23, 2017 (resolution twenty), for the launch of the Mauve 2018 employee share ownership plan with an overall par value ceiling of €50,000,000, representing a maximum of 31,250,000 shares. In order to implement the Mauve 2018 plan, the Board of Directors invested the Chief Executive Officer with all the necessary powers, in particular to set the Subscription Price and the subscription period for the shares to be issued.

On July 27, 2018, the Chief Executive Officer of Natixis recognized a capital increase for a total amount of €59,937,990.61, corresponding to the issuance of 11,982,805 new shares each with a par value of €1.60, divided into an increase in the nominal value of the capital of €19,172,488 and an issue premium of €40,765,502.61, and amended the bylaws accordingly.

7.4.5 CHANGES IN THE SHAREHOLDER BASE OVER THE PAST THREE YEARS

	Natixis		
At December 31 *(as a percentage)*	**2018**	**2017**	**2016**
BPCE	70.70%	70.99%	71%
Employee shareholding	2.51% [(a)]	2.32%	2.35%
Treasury shares	0.12%	0.05%	0.05%
Free float	26.67%	26.64%	26.60%

(a) Of which 1.10% held through capital increases reserved for employees, 0.67% of which held outside of employee savings plans by employees and former employees and 0.74% of which held under the BPCE Actions Natixis employee share ownership plan, including bearers of Groupe BPCE shares.

7.4.6 NATURAL OR LEGAL PERSONS EXERCISING OR POTENTIALLY EXERCISING CONTROL OVER NATIXIS

As principal shareholder of Natixis, BPCE assumes the responsibilities provided for by banking regulations.

The application of the Afep-Medef corporate governance rules and the rules set out for members of the Board of Directors prevent the risk of abusive exercise of control.

7.5 Information from Article L.225-37-5 of the French Commercial Code

Article L.225-37-5 of the French Commercial Code requires companies whose securities are admitted for trading on a regulated market to make available and explain certain information, where said information may have an impact in the event of a public offer.

Natixis' main shareholder BPCE held 70.70% of the share capital and 70.78% of the voting rights at December 31, 2018. Given its capital structure, Natixis believes that a hostile takeover bid would have very little chance of succeeding.

7.6 Draft resolutions of the Combined General Shareholders' Meeting of May 28, 2019

The draft resolutions below are the drafts available at the date of publication of this registration document. The final versions of these drafts will be published in the French official gazette (BALO) of April 12, 2019 and posted online on the Natixis website: *www.natixis.com.*

7.6.1 REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS SUBMITTED TO THE SHAREHOLDERS' MEETING

The purpose of this report is to present the draft resolutions submitted by your Board of Directors to your General Shareholders' Meeting.

You may refer to this 2018 registration document for the statement on the financial condition, activity and results of Natixis and its group during the past fiscal year and the various disclosures required by the legal and regulatory provisions in effect (also available on the Natixis website: *www.natixis.com*).

Thirty-one resolutions will be submitted to the shareholders at the Combined General Shareholders' Meeting to be held at 3 p.m. on May 28, 2019 at Palais Brongniart, 28 place de la Bourse – 75002 Paris.

These resolutions are categorized into two groups:

- the first twenty-one resolutions (resolutions one to twenty-one) require the approval of the Ordinary General Shareholders' Meeting: (i) approval of the financial statements and appropriation of earnings; (ii) approval of related-party agreements, (iii) approval of the items constituting the total pay and benefits of any kind granted to the Chairman of the Board and the Chief Executive Officer relating to the 2018 fiscal year, (iv) approval of the principles and criteria for determining, distributing and granting the fixed, variable and non-recurring items constituting the total pay and benefits of any kind of the Chairman of the Board and the Chief Executive Officer for 2019, (v) overall budget for compensation paid in fiscal year 2018 to the employees referred to in Article L.511-71 of the French Monetary and Financial Code, (vi) ratification of the co-opting of three (3) directors, (vii) reappointment of five (5) directors, (viii) appointment of one director, (ix) trading by the Company in its own shares;
- The following ten resolutions (resolutions twenty-two to thirty-one) concern extraordinary business (i) the renewal of all financial authorizations and delegations which provide your Company with the necessary financial resources to develop and to implement its strategy, (ii) the powers to complete formalities related to this Combined General Shareholders' Meeting.

Resolutions requiring the approval of the Ordinary General Shareholders' Meeting (resolutions one to twenty-one)

Approval of the financial statements for fiscal year 2018 (resolutions one and two)

In resolutions one and two, the General Shareholders' Meeting is asked to approve the Natixis 2018 parent company and consolidated financial statements, respectively.

Detailed comments on the parent company and consolidated financial statements are provided in the Natixis 2018 registration document.

Appropriation of 2018 earnings (resolution three)

Resolution three covers the appropriation of the corporate earnings of Natixis: payment of a dividend, paid in cash at €0.78 per share (€0.30 for the ordinary portion and €0.48 for the extraordinary portion). Natixis' financial statements at December 31, 2018, showed positive net income of €1,834,308,793,77. After taking into account retained earnings of €1,625,059,649.69, and as the legal reserve exceeded 10% of the share capital, distributable earnings amounted to €3,459,368,443.46.

Resolution three proposes the payment of a total dividend of €2,457,225,101.76 (€945,086,577.60 for the ordinary dividend and €1,512,138,524.16 for the special dividend) charged against distributed earnings, and the allocation of the balance (€1,002,143,341.70) to "Retained earnings".

Consequently, the dividend per share is set at €0.78 (seventy-eight euro cents) and will be charged in full against distributable earnings for fiscal year 2018.

The ex-dividend date is May 31, 2019, with dividends payable as of June 4, 2019.

For individual beneficiaries who are residents for tax purposes in France who hold shares outside a stock saving plan, these dividends are subject to income tax:

- at a single flat-rate withholding tax (**PFU** tax) of 12.8%, the fiscal base of which is the gross amount of dividends (Article 200 A of the French General Tax Code);
- or, at the express and irrevocable option of the beneficiary when declaring his/her income, at the **progressive income tax scale** following the application of an allowance of 40% of the gross amount of dividends (Article 158-3-2° of the French General Tax Code).

Regardless of the tax treatment of dividends for income tax purposes (PFU or progressive income tax scale), the paying establishment located in France must collect:

- a mandatory non-definitive flat-rate withholding tax (**PFO**) at a rate of 12.8% (Article 117 (iv) of the French General Tax Code) as an initial income tax payment, except if individual beneficiaries who are residents for tax purposes in France have applied for an exemption under the conditions set out in Article 242 (iv) of the French General Tax Code;
- **social security charges** of 17.2%.

When the progressive income tax scale is applied to dividends, the portion of social withholding tax corresponding to CSG (contribution sociale généralisée—general social security tax) is deductible from taxable income at a rate of 6.8%.

All of the Company's shares are eligible for this tax treatment.

In accordance with legal provisions, the following dividends were distributed for the three fiscal years prior to fiscal year 2018:

Fiscal year	Number of shares on which a dividend was paid	Dividend per share *(in euros)*	Total *(in euros)*
2015	3,128,127,765	0.35	1,094,844,717.75
2016	3,137,074,580	0.35	1,097,976,103.00
2017	3,137,360,238	0.37	1,160,823,288.06

It should be noted that the distribution of the special dividend depends on Natixis' plan to sell its Factoring, Sureties & Financial Guarantees, Leasing, Consumer Finance and Securities Services business lines to BPCE, and that if this sale cannot be completed before the date of the General Shareholders' Meeting, the Board of Directors will amend the text of the third draft resolution to provide for (i) the payment on June 4, 2019, of the ordinary dividend in an amount equal to that proposed for the ordinary dividend above and (ii) the subsequent payment (at a date after the planned sale is completed) of the "special" dividend in an amount equal to that proposed for the special dividend above. If required, an addendum to this report will be issued.

Related-party agreements (resolution four)

Resolution four concerns the approval of related-party agreements and commitments pursuant to Articles L.225-38 et seq. of the French Commercial Code, authorized by the Board of Directors during fiscal year 2018 and until the Board of Directors' Meeting of February 12, 2019. These agreements are presented in the Statutory Auditors' special report along with those entered into prior to fiscal year 2018 and still effective, which do not need to be re-approved by shareholders *(see Chapter 7 section 7.7 of the Natixis 2018 registration document)*.

Since February 12, 2018, your Board has authorized the following agreements:

- On September 12, 2018, the Board of Directors authorized the Company to enter into a negotiation agreement with respect to the sale of Natixis' Securities & Financial Guarantees (CEGC), Leasing (Natixis Lease), Factoring (Natixis Factor), Consumer Finance (Natixis Financement) and Securities Services (EuroTitres Department) businesses of its Specialized Financial Services division to BPCE.

  Concerned by this agreement are Laurent Mignon, Catherine Halberstadt, Bernard Dupouy, Thierry Cahn, Françoise Lemalle, Alain Condaminas, Alain Denizot, Sylvie Garcelon and Stéphanie Paix in their role as directors.
- On February 12, 2019, the Board of Directors authorized the sale of the Securities & Financial Guarantees (CEGC), Leasing (Natixis Lease), Factoring (Natixis Factor), Consumer Finance (Natixis Financement) and Securities Services (EuroTitres Department) businesses of Natixis' Specialized Financial Services division to BPCE.

  Concerned by this agreement are Laurent Mignon, Catherine Halberstadt, Bernard Dupouy, Thierry Cahn, Françoise Lemalle, Alain Condaminas, Christophe Pinault, Sylvie Garcelon, Philippe Sueur and Nicole Etchegoïnberry in their role as directors.

Opinion on the components of compensation due or granted in respect of the fiscal year ended December 31, 2018, to each executive corporate officer (resolutions five to eight)

Resolutions five and six relate to components of compensation due or granted, between January 1, 2018 and June 1, 2018, to François Pérol, Chairman of the Board of Directors, and to Laurent Mignon, Chief Executive Officer.

Resolutions seven and eight relate to components of compensation due or granted, between June 1, 2018 and December 31, 2018, to Laurent Mignon, Chairman of the Board of Directors, and to François Riahi, Chief Executive Officer.

Compensation and benefits of any kind for the Chairman of the Board of Directors in 2018

In accordance with the principles approved by the General Shareholders’ Meeting on May 23, 2018:

- François Pérol received no compensation in 2018 in connection with his duties as Chairman of the Natixis Board of Directors, from which he resigned with effect at June 1, 2018; and
- Laurent Mignon received €175,000 gross (corresponding to an annual gross amount of €300,000) for fiscal year 2018 in connection with his duties as Chairman of the Natixis Board of Directors, a position which he occupies since June 1, 2018.

Compensation and benefits of any kind for Natixis Chief Executive Officer Laurent Mignon in 2018

Components of Laurent Mignon’s compensation between January 1, 2018 and June 1, 2018, the date on which he resigned from his role of Chief Executive Officer, comply with the principles approved by the General Shareholders’ Meeting on May 23, 2018.

Fixed compensation

The annual fixed compensation of Laurent Mignon is set at €960,000 for full fiscal year 2018, i.e. €400,000 for the period January 1 to June 1, 2018.

Variable compensation

The variable compensation component in respect of 2018 was calculated on the basis of quantitative and strategic criteria first reviewed by the Compensation Committee then validated by the Board of Directors, and submitted to a vote at the General Shareholders’ Meeting on May 23, 2018.

For fiscal year 2018, the target annual variable compensation was set at 120% of the Chief Executive Officer, with a range of between 0 and 156.75% of the target, i.e. a maximum of 188.1% of his fixed compensation. Accordingly, Laurent Mignon's variable compensation target was €1,152,000 for full year 2018, i.e. €480,000 for the period from January 1 to June 1, 2018. The targets for 2018 were as follows:

- 70% quantitative targets, 25% of which based on Groupe BPCE's financial performance (net revenues [4.2%], net income (Group share) of [12.5%] and cost/income ratio [8.3%]) and 45% based on Natixis' financial performance (net revenues [11.25%], net income (Group share) [11.25%], cost/income ratio [11.25%] and ROTE—Return on Tangible Equity [11.25%]);
- 30% individual strategic targets, (i) 15% of which related to the implementation of the 2018-2020 strategic plan: success of the CIB sector approach, Asset Management Active Thinking strategy, the Innove2020 project in the Insurance business line, implementation of the Payments strategy; and (ii) 5% of which related to oversight in terms of supervision and control as provided for in regulations including the implementation of the RAF; and (iii) 5% of which related to the implementation of Natixis transformation; and (iv) 5% of which related to the managerial performance, assessed by taking into account the ability to anticipate developments, make decisions and lead the Group.

The variable compensation amount relative to January 1 to June 1, 2018, which shall be submitted to a vote at the General Shareholders’ Meeting of May 28, 2019, was determined by the Natixis Board of Directors based on the Compensation Committee's recommendation of €452,734, i.e. 94.32% of the target variable compensation:

- €156,889 will be paid in 2019, 50% of which will be indexed to the Natixis share price; and
- €295,845 will be deferred over three years, 50% of which will be indexed to the Natixis share price, and will be paid in thirds in 2020 (100% in cash), 2021 (50% in cash and 50% indexed to the Natixis share price or in shares) and 2022 (100% indexed to the Natixis share price or in shares), provided that the presence and performance conditions are met.

It should be noted that payments in respect of annual variable compensation for 2018 will only be made after the vote at the General Shareholders’ Meeting on May 28, 2019.

Allocation of free performance shares

In keeping with the principle of the Chief Executive Officer's eligibility to receive free performance shares as part of Long-Term Incentive Plans for members of the Senior Management Committee of Natixis (“LTIP CDG”), at its meeting on May 23, 2018, the Board of Directors of Natixis granted 11,661 free performance shares, prorated to the term of office, to Laurent Mignon, which can lead to the acquisition of a maximum of 13,993 shares, depending on the achievement of the performance conditions, i.e. a maximum of 0.00045% of share capital at the allocation date. This allocation corresponds to 20% of Laurent Mignon's gross annual compensation pro-rated for the length of his corporate office during the 2018 financial year. The vesting of performance shares is contingent on the achievement of presence and performance conditions, which are linked to the relative performance (TSR—Total Shareholder Return) of Natixis' share, and to ESR targets.

The annual performance of Natixis' share against the Euro Stoxx Banks index will be compared over the four-year duration of the plan (i.e. fiscal years 2018, 2019, 2020) for each of the annual tranches, each representing 25% of the shares allocated. Based on the relative performance of Natixis’ TSR compared with the average TSR of the Euro Stoxx Banks index, a ratio will be applied for each annual tranche, as follows:

- performance below 90%: no vesting of shares allocated out of the annual tranche;
- performance equal to 90%: 80% of the shares of the annual tranche shall vest;
- performance equal to 100%: 100% of the shares of the annual tranche shall vest;
- performance greater than or equal to 120%: 110% of the shares of the annual tranche shall vest.

The ratio varies in a linear manner between each performance category.

ESR objectives are based on the change in Natixis' ESR performance over the four-year vesting period as assessed by the three ESR rating agencies. The vesting process includes a rating scale corresponding to the ESR assessments of each agency, with requirements becoming more stringent over the last two years.

At the end of the four-year period, the average of the overall annual ratings determines the additional percentage of shares compared to those vested through the achievement of the TSR conditions. The acquisition ceiling in the event of outperformance of TSR and ESR conditions is 120%.

Thirty percent of the shares issued to the executive corporate officer at the end of the vesting period will be subject to a lock-in period ending upon the termination of his office as Chief Executive Officer of Natixis.

Fringe benefits

Laurent Mignon receives a family supplement (€818 in 2018), in accordance with the same rules as those applied to Natixis employees in France.

As a reminder, at its February 10, 2016 meeting, the Board of Directors approved a change to the personal protection insurance and supplemental health insurance of CEO Laurent Mignon, with the intention of bringing his situation in line with that of the other members of BPCE's Management Board. Of particular note is the implementation of a scheme to maintain compensation for a period of 12 months in the event of temporary incapacity to work, a scheme benefiting the other members of the BPCE Management Board. In 2018, €7,066 was declared in benefits in kind for the five-month period of office.

Post-employment benefits

a) Pension Plan

Like all staff, Laurent Mignon is covered by the mandatory pension plans. He is not covered by the kind of supplementary pension plans described in Article 39 (defined benefit plan) or Article 83 (voluntary defined contribution plan) of the French General Tax Code. In addition, the Chief Executive Officer pays into an "Article 82" type life insurance policy (in reference to the French General Tax Code), put in place by Groupe BPCE. The premiums on this policy are paid by Laurent Mignon and not by Natixis. In 2018, as Chief Executive Officer, Laurent Mignon paid €58,667 into this policy.

b) Severance payments and consideration for non-compete agreement

It should be noted that at its February 19, 2014 meeting, the Board of Directors approved a change to its agreement relating to a severance payment upon the termination of Laurent Mignon's term of office and the establishment of a non-compete agreement. These obligations and agreements were submitted to a vote by the shareholders and approved during the Ordinary General Shareholders' Meeting of May 20, 2014 (resolution five). At its meeting on February 18, 2015, the Board of Directors authorized the renewal of severance pay as well as the non-compete agreement upon the Chief Executive Officer's reappointment. The renewal of these obligations and agreements was submitted to a vote by the shareholders and approved during the General Shareholders' Meeting of May 19, 2015 (resolution five).

The method for calculating severance pay is set out in section 2.4 of the 2018 registration document.

These arrangements were not applied upon the termination by Laurent Mignon of his position as Chief Executive Officer of Natixis and are henceforth non-applicable.

Compensation and benefits of any kind for Natixis Chief Executive Officer François Riahi in 2018

Components of François Riahi's compensation as of June 1, 2018, the date on which he was appointed Chief Executive Officer, comply with the principles for the compensation of the Chief Executive Officer applicable at June 1, 2018 and approved by the Board of Directors on May 2, 2018, on the advice of the Compensation Committee.

Fixed compensation

The annual fixed compensation of François Riahi for full fiscal year 2018 is set at €800,000, i.e. €466,667 for the period June 1 to December 31, 2018.

Variable compensation

François Riahi's annual variable compensation in respect of 2018 was calculated on the basis of quantitative and strategic criteria first reviewed by the Compensation Committee then validated by the Board of Directors on May 2, 2018.

For fiscal year 2018, the target annual variable compensation was set at 120% of the CEO's fixed compensation, with a range of between 0 and 156.75% of the target, i.e. a maximum of 188.1% of the fixed compensation amount. Thus, François Riahi's target variable compensation for full year 2018 was €960,000, i.e. €560,000 for the period June 1 to December 31, 2018.

The targets for 2018 were as follows:

- 70% quantitative targets, 25% of which based on Groupe BPCE's financial performance (net revenues [4.2%], net income (Group share) of [12.5%] and cost/income ratio [8.3%]) and 45% based on Natixis' financial performance (net revenues [11.25%], net income (Group share) [11.25%], cost/income ratio [11.25%] and ROTE—Return on Tangible Equity [11.25%]);
- 30% individual strategic targets, (i) 15% of which related to the implementation of the 2018-2020 strategic plan: success of the CIB sector approach, Asset Management Active Thinking strategy, the Innove2020 project in the Insurance business line, implementation of the Payments strategy; and (ii) 5% of which related to oversight in terms of supervision and control as provided for in regulations including the implementation of the RAF; and (iii) 5% of which related to the implementation of Natixis transformation; and (iv) 5% of which related to the managerial performance, assessed by taking into account the ability to anticipate developments, make decisions and lead the Group.

The variable compensation amount relative to June 1 to December 31, 2018, which shall be submitted to a vote at the General Shareholders' Meeting of May 28, 2019, was determined by the Natixis Board of Directors based on the Compensation Committee's recommendation of €528,190, i.e. 94.32% of the target variable compensation:

- €194,853 will be paid in 2019, 50% of which will be indexed to the Natixis share price;
- €333,337 will be deferred over three years, 50% of which will be indexed to the Natixis share price, and will be paid in thirds in 2019 (100% in cash), 2020 (50% in cash and 50% indexed to the Natixis share price or in shares) and 2021 (100% indexed to the Natixis share price or in shares), provided that the presence and performance conditions are met.

It should be noted that payments in respect of annual variable compensation for 2018 will only be made after the vote at the General Shareholders' Meeting on May 28, 2019.

Allocation of free performance shares

In keeping with the principle of the Chief Executive Officer's eligibility to receive free performance shares as part of Long-Term Incentive Plans for members of the Senior Management Committee of Natixis ("LTIP CDG"), at its meeting on August 2, 2018, the Board of Directors of Natixis allocated 13,605 free performance shares, prorated to the term of office, to François Riahi, which can lead to the acquisition of a maximum of 16,326 shares, depending on the achievement of the performance conditions, i.e. a maximum of 0.00045% of share capital at the allocation date.

This allocation corresponds to 20% of his gross annual compensation pro-rated for the length of his corporate office during the 2018 fiscal year.

The vesting of performance shares is contingent on the achievement of presence and performance conditions, which are linked to the relative performance (TSR—Total Shareholder Return) of Natixis' share, and to ESR targets.

The annual performance of Natixis' share against the Euro Stoxx Banks index will be compared over the four-year duration of the plan (i.e. fiscal years 2018, 2019, 2020) for each of the annual tranches, each representing 25% of the shares allocated. Based on the relative performance of Natixis' TSR compared with the average TSR of the Euro Stoxx Banks index, a ratio will be applied for each annual tranche, as follows:

- performance below 90%: no vesting of shares allocated out of the annual tranche;
- performance equal to 90%: 80% of the shares of the annual tranche shall vest;
- performance equal to 100%: 100% of the shares of the annual tranche shall vest;
- performance greater than or equal to 120%: 110% of the shares of the annual tranche shall vest.

The ratio varies in a linear manner between each performance category.

ESR objectives are based on the change in Natixis' ESR performance over the four-year vesting period as assessed by the three ESR rating agencies. The vesting process includes a rating scale corresponding to the ESR assessments of each agency, with requirements becoming more stringent over the last two years.

At the end of the four-year period, the average of the overall annual ratings determines the additional percentage of shares compared to those vested through the achievement of the TSR conditions. The acquisition ceiling in the event of outperformance of TSR and ESR conditions is 120%.

Thirty percent of the shares issued to the executive corporate officer at the end of the vesting period will be subject to a lock-in period ending upon the termination of his office as Chief Executive Officer of Natixis.

Fringe benefits

François Riahi receives a family supplement (€1,388 in 2018), in accordance with the same rules as those applied to Natixis employees in France.

François Riahi receives similar protection as that of Natixis staff in terms of health and personal protection insurance.

Post-employment benefits

a) Pension Plan

Like all staff, the Chief Executive Officer is covered by the mandatory pension plans. He is not covered by the kind of supplementary pension plans described in Article 39 (defined benefit plan) or Article 83 (voluntary defined contribution plan) of the French General Tax Code. In addition, the Chief Executive Officer pays into an "Article 82" type life insurance policy (in reference to the French General Tax Code), put in place by Groupe BPCE. The premiums on this policy are paid by the Chief Executive Officer and not by Natixis. In 2018, as Chief Executive Officer, François Riahi paid €68,445 into this policy.

b) Severance payments and consideration for non-compete agreement

It should be noted that, at its May 2, 2018 meeting, the Board of Directors approved agreements relating to severance payments and the consideration for the non-compete agreement made in favor of François Riahi under the same conditions as those of his predecessor and approved during the May 19, 2015 General Shareholders' Meeting (resolution five).

The characteristics of severance payments and the consideration for the non-compete agreement, along with the method for calculating severance pay are set out in section 2.4 of the 2018 registration document.

Approval of the principles and criteria for determining, distributing and granting the fixed, variable and non-recurring items constituting the total pay and benefits of any kind of the Chairman of the Board and the Chief Executive Officer (resolutions nine and ten)

Resolutions nine and ten concern the approval of the principles and criteria for determining, distributing and granting the fixed, variable and non-recurring items constituting the total pay and benefits of any kind of the Chairman of the Board and the Chief Executive Officer of Natixis for 2019, pursuant to Article L.225-37-2 of the French Commercial Code derived from Law No. 2016-1691 of December 9, 2016, known as the "Sapin II" law.

After consulting with the Compensation Committee and before pay packages are approved by the General Shareholders' Meeting, the Board of Directors determines the various pay components of Natixis' executive corporate officers based on the principles of competitiveness in comparison with market practices for similar positions, and the way said components relate to performance.

Please refer to the detailed information in section 2.4 of the 2018 Natixis registration document.

Chairman of the Board of Directors

The compensation of the Chairman of the Natixis Board of Directors is determined by the Board of Directors in consideration of the Chairman's experience and by benchmarking against the market. Laurent Mignon's annual compensation for his duties as the Chairman of the Board of Directors is set at €300,000.

The Chairman is eligible for directors' fees, but in accordance with the rules applicable within Groupe BPCE, the portion of directors' fees attributable to BPCE directors including the Chairman is granted and paid to BPCE and not to the directors.

Chief Executive Officer

a) The fixed compensation of the Chief Executive Officer is set in accordance with the skills and expertise necessary for performing his duties and in line with common market practice for similar positions.

François Riahi's fixed compensation for fiscal year 2019 remains unchanged from the previous fiscal year at €800,000 gross.

b) Furthermore, the Chief Executive Officer's compensation is closely linked to the Company's performance, specifically through annual variable compensation that is contingent upon the achievement of predetermined objectives, the details and rate of achievement of which (i) are assessed at the end of the fiscal year by the Board of Directors on the basis of the opinion of the Compensation Committee and (ii) are then put to a vote at the General Shareholders' Meeting. Criteria include both quantitative criteria relating to the financial performance of BPCE and Natixis as well as strategic targets.

For fiscal year 2019, the criteria for determining the annual variable compensation approved by the Board of Directors on February 12, 2019, following a review by the Compensation Committee, and which will be put to a vote at the General Shareholders' Meeting on May 28, 2019, are as follows:

Quantitative BPCE's financial performance*	25%	■ 12.5% net income (Group share) ■ 8.3% cost/income ratio ■ 4.2% net revenues
Quantitative criteria Natixis' financial performance	45%	■ 11.25% net revenues ■ 11.25% net income (Group share) ■ 11.25% cost/income ratio ■ 11.25% ROTE
Strategic criteria	30%	■ 5% oversight in terms of supervision and control ■ 15% roll-out of the 2018-2020 Strategic Plan ■ 5% implementation of Natixis transformation ■ 5% managerial performance

* *Underlying data.*

Target set at 120% of the fixed compensation, with a range from 0% up to 156.75% of the target, i.e. a maximum of 188.1% of the fixed compensation.

Methods for paying the Chief Executive Officer's annual variable compensation comply with applicable regulations, especially regulatory provisions relating to control over compensation, as set out in European Directive CRD IV of June 26, 2013, and its enactment into French law in the French Monetary and Financial Code, by the Ordinance of February 20, 2014, and the Ministerial Decree and Order of November 3, 2014. In particular, the payment of a fraction of the variable compensation awarded is deferred over time and is conditional. This payment is staggered in thirds over at least the three fiscal years following the year in which the variable compensation is awarded.

The deferred component of the variable compensation awarded represents at least 40% of the variable contribution granted, while 50% of the annual variable compensation is awarded in the form of shares or equivalent instruments. This rule applies to both the deferred and conditional component of variable compensation allocated and the non-deferred portion of the variable compensation.

It is reiterated that the Chief Executive Officer is prohibited from using hedging or insurance strategies, both during the vesting period of components of deferred variable compensation and during the lock-up period.

c) The Chief Executive Officer is eligible to receive performance shares under the long-term compensation plans for members of the Natixis Senior Management Committee. The vesting of these shares is contingent upon continued service and the achievement of performance conditions. The total of annual variable compensation and performance shares in favor of the Chief Executive Officer during the fiscal year cannot exceed twice his fixed compensation.

d) The Chief Executive Officer also receives social protection benefits whose terms are identical to those applicable to Natixis' employees or implemented by Groupe BPCE for its executive officers.

Overall budget for compensation paid to the employees referred to in Article L.511-71 of the French Monetary and Financial Code during the fiscal year ended December 31, 2018 (resolution eleven)

In accordance with the provisions of Article L.511-73 of the French Monetary and Financial Code, the purpose of resolution eleven is to consult with shareholders at the General Shareholders' Meeting about the overall budget for compensation paid to Natixis employees referred to in Article L.511-71 of the same Code during fiscal year 2018.

The definition of regulated categories of staff at Natixis is primarily based on the principles set out in Directive 2013/36/EU, known as CRD IV, and the Order of November 3, 2014, and is determined according to criteria set by the European Banking Authority (EBA) in its regulatory technical standard published on December 16, 2013, and approved by the European Commission in Commission Delegated regulation (EU) No. 604/2014 of March 4, 2014.

The total amount of compensation paid to the above-mentioned Natixis employees during the fiscal year ended December 31, 2018, which, due to the deferred payment of variable compensation and the system of deferred payment is not equal to the compensation awarded for fiscal year 2018, amounted to €181 million (excluding employer social security charges). This amount includes the fixed compensation paid in 2018, the variable compensation paid in 2018 for 2017, the variable compensation paid in 2018 for previous fiscal years (2015, 2016 and 2017) and the performance shares awarded in 2013, 2014 and 2016 and delivered in 2018.

Ratification of the co-opting of three directors (resolutions twelve to fourteen)

Resolutions twelve to fourteen propose that the shareholders ratify the co-opting as a director of the Company of:

- Laurent Mignon, which took place during the meeting of the Board on June 1, 2018, to replace François Pérol, who resigned, to serve out the remainder of his predecessor's term of office, i.e. until the 2019 General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2018.

  Laurent Mignon, 55 years old, is the President of the BPCE Management Board *(see Laurent Mignon's résumé in Chapter 2 "Corporate Governance" section 2.2 of the 2018 Natixis registration document).*

- Nicole Etchegoïnberry, which took place during the meeting of the Board on December 20, 2018, to replace Stéphanie Paix, who resigned, to serve out the remainder of her predecessor's term of office, i.e. until the 2020 General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2019.

  Nicole Etchegoïnberry, 62 years old, is the Chairwoman of the Caisse d'Epargne Loire-Centre Management Board *(see Nicole Etchegoïnberry's résumé in Chapter 2 "Corporate Governance" section 2.2 of the 2018 Natixis registration document).*

- Christophe Pinault, which took place during the meeting of the Board on December 20, 2018, to replace Alain Denizot, who resigned, to serve out the remainder of his predecessor's term of office, i.e. until the 2019 General Shareholders' Meeting to approve the financial statements for the year ending December 31, 2018.

  Christophe Pinault, 57 years old, is the Chairman of the Caisse d'Epargne et de Prévoyance Bretagne Pays de Loire Management Board.

Reappointment of five directors (resolutions fifteen to nineteen)

In resolutions fifteen to nineteen, shareholders are asked to reappoint the five following directors, whose terms of office expire at the end of this General Shareholders' Meeting:

- Laurent Mignon, President of the BPCE Management Board *(see Laurent Mignon’s résumé in Chapter 2 “Corporate Governance” section 2.2 of the 2018 Natixis registration document)*;
- BPCE, represented by Catherine Halberstadt, Chief Executive Officer, member of the Management Board, in charge of Human Resources *(see Catherine Halberstadt’s résumé in Chapter 2 “Corporate Governance” section 2.2 of the 2018 Natixis registration document)*;
- Catherine Pariset, Chairwoman of the Natixis Audit Committee *(see Catherine Pariset’s résumé in Chapter 2 “Corporate Governance” section 2.2 of the 2018 Natixis registration document)*;
- Bernard Dupouy, Chairman of the Board of Directors of Banque Populaire Aquitaine Centre Atlantique *(see Bernard Dupouy’s résumé in Chapter 2 “Corporate Governance” section 2.2 of the 2018 Natixis registration document)*;
- Christophe Pinault, Chairman of the Caisse d'Epargne et de Prévoyance Bretagne Pays de Loire Management Board .

The directors will be reappointed for a term of four (4) years, i.e. until the end of the Ordinary General Shareholders’ Meeting convened in 2023 to approve the financial statements for the fiscal year ending December 31, 2022.

The Appointments Committee approved the reappointment of the above-mentioned directors.

Appointment of a director (resolution twenty)

Resolution twenty proposes that the shareholders appoint Daniel de Beaurepaire as a director, replacing Philippe Sueur, whose term of office expires at the end of this General Shareholders' Meeting, for a period of four (4) years terminating at the end of the General Shareholders’ Meeting convened in 2023 to approve the financial statements for the fiscal year ended December 31, 2022.

Daniel de Beaurepaire, 68 years old, is Chairman of the Steering and Supervisory Board of Caisse d'Epargne Ile-de-France (*see Daniel de Beaurepaire’s résumé in Chapter 2 “Corporate Governance” section 2.2 of the 2018 Natixis registration document).*

It should be noted that as of November 2018 Henri Proglio has been a director of the Company for over 12 years. Accordingly, and as per the Company's independence criteria, as of this date Henri Proglio is no longer considered as an independent director. The Board of Directors and the Appointments Committee therefore initiated a process to select a new director who would replace Henri Proglio as independent director. This process was in progress at the time of preparing this report. Furthermore, Henri Proglio advised the Board of his resignation from his duties as director upon the selection of his successor. The Board accepted his resignation and asked Henri Proglio to agree to be appointed non-voting member so that the Company can continue to benefit from his experience. This appointment would come into effect upon the termination of his duties as director. Depending on the progress of the selection process for a new director, the Board may add draft resolutions for submission to the General Shareholders' Meeting of May 28, 2018 in order to implement the proposed changes. If applicable, this report will be supplemented with details on the proposed draft resolutions.

Trading by the Company in its own shares (resolution twenty-one)

Resolution twenty-one asks the General Shareholders’ Meeting to renew, for a period of 18 months, the authorization to buy back shares allocated to the Board of Directors.

Thus, the Board of Directors would be authorized to set up a treasury share buyback program up to a limit of 10% of the total number of shares comprising the Company's share capital, or 5% of the total number of shares comprising the Company's share capital acquired with a view to being held and subsequently tendered in connection with a merger, spin-off or asset transfer. The Company cannot under any circumstance own at any given time more than 10% of the shares comprising its share capital. These share purchases would be for the purposes of:

- managing the liquidity contract;
- allocating or transferring shares to employees in respect of their share of the Company profits, Employee Savings plans or share buyback programs and to freely allocate shares or any other form of share allocation to members of staff;
- canceling shares;
- payment or exchange in connection with merger and acquisition transactions.

The maximum share price cannot exceed ten (10) euros per share.

These shares may be bought, sold or transferred at any time (except in the event of a public offer of the Company’s shares) by any means (including block trades or the use of derivatives) in accordance with the regulations in effect *(see below the summary table on the financial resolutions submitted to the shareholders).*

Resolutions requiring the approval of the Extraordinary General Shareholders' Meeting (resolutions twenty-two to thirty-one)

Awarding free shares to employees or corporate officers (resolution twenty-two)

Resolution twenty-two seeks to authorize the Board of Directors to award free new or existing shares to employees of Natixis and related companies or groups, as well as to corporate officers. These free share awards would round out the compensation and employee retention packages that already exist within the Natixis group and link the interests of beneficiaries and shareholders.

This resolution would allow the Group to benefit from the provisions introduced by French Law No. 2015-990 of August 6, 2015 for growth, activity and equality of economic opportunity (Macron law) which in particular modified and relaxed the rules relating to the awarding of free shares (including the related tax regime for companies and the beneficiaries of the attributions).

Moreover, these resolutions seek to reflect certain legislative and regulatory changes seen under the CRD IV Directive and, in particular, rules relating to the compensation policy and practices of credit institutions.

Duration

This delegation will come into effect on June 1, 2019 and remain in force until June 30, 2022.

Limits

The total number of shares which will be awarded under this resolution cannot exceed 2.5% of the share capital of Natixis at the date of the Board of Directors' decision to award the shares. Free share grants to Natixis Executive Officers under this resolution cannot exceed a sub-limit of 0.1% of the share capital of Natixis at the date of the Board of Directors' decision to award the shares (it being noted that these sub-limits would be deducted from the above-mentioned limit).

Implementation methods

Shares will only be allocated permanently following a vesting period, the duration of which will be set by the Board of Directors and which cannot be less than one (1) year. The retention period of shares by their beneficiaries will be, where applicable, set by the Board of Directors, it being noted that, in line with the law, the cumulative duration of the vesting and retention periods cannot be less than two (2) years.

It should be noted that this draft resolution addresses the allocation of performance shares to members of the Senior Management Committee with a view to reinforce the alignment over time with the shareholders' and directors' interests. It also enables the payment of a portion of the variable annual compensation in the form of a conditional and deferred allocation of performance shares pursuant to Article L. 225-197-2 of the French Monetary and Financial Code in application of the relevant European regulation ("CRD IV").

The permanent allocation of all or part of the shares allocated to each beneficiary may be contingent on the achievement of one or several performance conditions, decided on by the Board of Directors, it being noted that for persons referred to in Article L.511-71 of the French Monetary and Financial Code including Natixis executive corporate officers, the existence of such performance conditions will be required in all events.

Shares shall become fully vested and immediately transferable in the event that a beneficiary falling into the second or third categories laid down by Article L.341-4 of the French Social Security Code becomes incapacitated.

This delegation of authority would expressly waive, in favor of the beneficiaries of share allocations, the shareholders' preferential subscription rights to shares that may be issued under this resolution and the corresponding waiver by shareholders in favor of the beneficiaries of said allocations of the part of the reserves, retained earnings, premiums or other items so incorporated, and, more generally, waives all the shareholders' rights to free shares (new or existing) that may be allocated pursuant to the present resolution.

The Board of Directors will have full powers, with the right to sub-delegate said powers in accordance with applicable legislation and regulations, to put this resolution into effect and in particular to determine the identity of the beneficiaries, the number of shares that may be allocated to each of them as well the allocation conditions (e.g. duration of vesting and, where applicable, retention periods).

Reduction in share capital by canceling treasury shares (resolution twenty-three)

Resolution twenty-three asks the Extraordinary General Shareholders' Meeting to renew for a period of 26 months the authorization granted to the Board of Directors to cancel, through a reduction in share capital, all or part of the treasury shares held by Natixis or acquired under the authorization granted by the Ordinary General Shareholders' Meeting, up to 10% of the total share capital over each 24 month period. This authorization cancels and replaces the unused portion of any earlier authorizations to the same effect *(see below the summary table on the financial resolutions submitted to the shareholders)*.

Renewal of financial authorizations and delegations (resolutions twenty-four to thirty)

The Board of Directors was granted financial authorizations and delegations in 2017 which expire during the 2019 fiscal year.

The Extraordinary General Shareholders' Meeting is thus asked to renew these financial authorizations and delegations which are all aimed at entrusting the financial management of your Company to your Board of Directors by allowing it, in particular, to carry out capital increases under the methods and for the reasons set out below and in the summary table that follows.

The aim of these financial authorizations and delegations is to provide your Board of Directors, over a period of 26 months from this Extraordinary General Shareholders' Meeting, flexibility in choosing from a range of types of issue, and to enable the Board—at the appropriate time—to adapt the nature of the financial instruments issued in light of conditions in the French or international financial markets and of the opportunities available in those markets.

Resolution twenty-four thus seeks to grant the Board of Directors the authority to decide to increase the share capital (immediately or at some time in the future), with preferential subscription rights maintained[1].

(1) Terms followed by an asterisk are defined in the index below.

Resolutions twenty-five, twenty-six, twenty-seven and thirty seek to grant the Board of Directors the authority to decide to increase the share capital (immediately or at some time in the future)—by various means—without preferential subscription rights maintained[1].

Your Board of Directors asks that you grant it, for some of these resolutions, the authority to waive these preferential subscription rights. This cancellation could be preferable, even necessary, to issue shares under the best conditions, taking account of market conditions, the nature of the investors concerned by the issue and the type of securities issued, for example, when speed is essential to the success of an issue or when an issue is made on foreign financial markets. Waiving preferential subscription rights may lead to the raising of more capital due to more favorable terms of issue. Finally, this cancellation is sometimes governed by law: in particular, the voting of a delegation to authorize your Board of Directors to issue shares reserved for members of employee savings plans (resolution thirty) would lead, by law, to the waiving of preferential subscription rights to the advantage of the beneficiaries of these issues.

The overall par value limit of these capital increases will not exceed €1.5 billion, divided into a par value sub-limit of €1.5 billion for capital increases with preferential subscription rights and a par value sub-limit of €500 million, i.e. around 10% of the share capital, for capital increases without preferential subscription rights. These capital increases may be carried out either through the issue of shares or through the issue of securities giving access to the share capital or entitling holders to the allotment of debt securities.

Under certain circumstances, the Board of Directors may *(see below the summary table on the financial resolutions submitted to the shareholders)*:

- decide to increase capital without preferential subscription rights through an offer as set out in Article L.411-2(II) of the French Monetary and Financial Code: this is the aim of resolution twenty-six. This resolution would authorize the Board of Directors to carry out private placement transactions[1] for qualified investors or a small circle of investors, within the maximum legal limit of 20% of the share capital per year;
- decide to increase capital with waiving of preferential subscription rights with a view to remunerating contributions in kind granted to the Company, within the limit of 10% of the share capital at the time of the issue: this is the aim of resolution twenty-seven. This resolution aims to authorize the Board of Directors to carry out merger and acquisition transactions through the issue of shares or securities giving access to capital in the Company as remuneration for contributions in kind to the Company in the form of shares or securities giving access to the capital;
- decide to increase capital via the incorporation of premiums, reserves, retained earnings or other items: this is the aim of resolution twenty-eight. This resolution aims to authorize the Board of Directors to carry out, on one or several occasions, capital increases via the incorporation of premiums, reserves, retained earnings or other items for which this is allowable under general law and Company bylaws;
- decide to increase the number of securities to be issued, within the legal limits, in the event of capital increases with or without preferential subscription rights: this is the aim of resolution twenty-nine;
- decide to increase the share capital with waiving of preferential subscription rights reserved for members of an employee savings plan, up to the par value limit of fifty (50) million euros: this is the purpose of resolution thirty. One of the objectives of an implementation of a capital increase reserved for members of an employee savings plan would be to strengthen this detention and involve employees closely in the Company's development.

For each of these delegations (other than that set out in resolution thirty), the Board of Directors cannot, unless granted prior authorization by the General Shareholders' Meeting, make use of the delegation of authority during the entire duration of a public offer launched on the Company's shares by a third party.

If the Board of Directors makes use of an authority delegated to it by your General Shareholders' Meeting, it will establish, at the time of its decision, if necessary and in accordance with the law and the regulations, a supplementary report describing the final conditions of the transaction and indicating its impact on the situation of the holders of the capital stock or securities providing access to capital, particularly with respect to their share in equity. This report, along with any report by the Statutory Auditors, will be made available to the holders of the capital stock or securities providing access to capital and then brought to their attention at the next General Shareholders' Meeting.

These delegations void, as applicable, any unused part of any prior delegated powers for the same purpose given to the Board of Directors.

Powers to complete formalities (resolution thirty-one)

Finally, resolution thirty-one relates to the granting of the powers required to complete the legal formalities and disclosures relating to this Combined General Shareholders' Meeting

The Board of Directors has recommended voting in favor of adopting all the resolutions submitted to this Combined General Shareholders' Meeting.

SUMMARY TABLE ON THE FINANCIAL RESOLUTIONS SUBMITTED TO THE GENERAL SHAREHOLDERS' MEETING BY YOUR BOARD OF DIRECTORS

No.	Purpose	Duration	Reasons for possible uses of the delegated power	Specific ceiling	Price or procedures for determining the price	Other information for comments
21	Authorization to trade in shares of the Company	18 months	**Possible objectives for share buybacks by your Company:** ▪ Implementing option plans to buy shares of the Company or similar plans ▪ Awarding or transferring shares to employees ▪ Awarding free shares to employees or directors ▪ Generally, honoring obligations related to stock option programs or other share allocations to employees or directors of the issuer or a related company ▪ Tendering shares upon exercising rights attached to securities granting rights to capital* ▪ Canceling all or a portion of the securities bought back ▪ Tendering shares in connection with acquisitions, mergers, spin-offs or asset transfers ▪ Promoting the share in the secondary market or the liquidity of the Company's share through an investment services provider in connection with a liquidity contract ▪ Any other goal authorized or that may be authorized by law or regulations in effect	▪ Your Company may at no time hold a number of shares representing more than 10% of its share capital adjusted by transactions affecting it subsequent to this General Shareholders' Meeting ▪ The number of shares acquired with a view to holding them or subsequently tendering them in connection with a merger, spin-off or contribution may not exceed 5% of the share capital ▪ For liquidity contracts, the 10% ceiling is calculated net of the number of shares resold during the authorization period ▪ Overall amount allocated to the buyback program: approximately €3.1 billion	▪ Maximum purchase price of €10 per share (adjustable particularly in the case of a reverse share split)	▪ Unusable authorization during public share offers ▪ The Board of Directors ensures that buybacks are executed in accordance with prudential requirements, such as those established by regulation
22	Awarding free shares to employees and directors	From June 1, 2019 to June 30, 2022	▪ Authorization granted to the Board of Directors to issue free shares to employees of Natixis and related companies or groups as well as to directors ▪ Vesting period: 1 year minimum ▪ Retention period: no minimum (but the vesting and retention periods combined must be at least two years)	▪ Issue limited to 2.5% of the Company's share capital at the date on which the Board of Directors decided to allocate them ▪ Sub-ceiling for executive corporate officers: 0.10% of the share capital		▪ Permanent allocation is contingent on satisfying one or more performance requirements for the persons referred to in Article L.511-71 of the French Monetary and Financial Code
23	Cancellation of treasury shares	26 months	▪ May be used to reduce the capital of your Company	▪ Limited to 10% of the capital in a 24-month period		

No.	Purpose	Duration	Reasons for possible uses of the delegated power	Specific ceiling	Price or procedures for determining the price	Other information for comments
24	Issue of shares and/or securities giving access to the Company's capital* and/or securities granting a right to debt instruments **with** PSRs*	26 months	▪ May be used by your Board of Directors to decide on these issues, on one or more occasions	▪ Overall ceiling: one and a half billion (1.5bn) euros ▪ Ceiling: one and a half billion (1.5bn) to be deducted from the Overall Ceiling* ▪ Ceilings exclude any additional amounts issued in order to preserve the rights of holders of securities giving access to the capital*	▪ Price set by your Board of Directors	▪ May introduce over-subscription privileges* ▪ May issue (i) securities giving access to shares to be issued by a Subsidiary* and/or (ii) shares giving access to existing share capital or entitling holders to the allotment of the debt securities of a third party company ▪ Unusable authorization during public share offers
25	Issue, by public offer, of shares and/or securities giving access to the Company's capital* or granting a right to debt instruments **with waiving** of PSRs*	26 months	▪ May be used by your Board of Directors to decide on these issues and proceed with these allocations to shareholders with waiving of preferential subscription rights, in France or in foreign countries, by public offer ▪ May be used to issue shares or securities giving access to the Company's capital* in consideration for shares in a company meeting the criteria laid down in Article L.225-148 of the French Commercial Code in connection with a public exchange offer initiated by your Company in France or abroad under local rules, in which case your Board of Directors would be free to set the exchange ratio, the pricing rules set out below would not apply	▪ Ceiling: five hundred (500) million euros ▪ Issue to be deducted from the Overall Ceiling* ▪ Ceilings exclude any additional amounts issued in order to preserve the rights of holders of securities giving access to the capital*	▪ Price set by your Board of Directors, at least equal to the Legal Minimum Price*	▪ May issue shares following the issue of securities giving access to your Company's capital by your Company's Subsidiaries* ▪ May issue, by public offer, (i) securities giving access to shares to be issued by a Subsidiary and/or (ii) shares giving access to existing share capital or entitling holders to the allotment of the debt securities of a third party company ▪ May introduce on the French market, circumstances permitting, a non-negotiable priority subscription right* (with over-subscription privileges*, if applicable), to be exercised as determined by the Board of Directors ▪ Unusable authorization during public share offers

No.	Purpose	Duration	Reasons for possible uses of the delegated power	Specific ceiling	Price or procedures for determining the price	Other information for comments
26	Issue with **waiving of PSRs*** of shares and/or securities giving access to the Company's capital* and/or the issue of securities entitling holders to the allotment of debt securities* through an **offer as set out in Article L.411-2(II) of the French Monetary and Financial Code**	26 months	■ May be used by your Board of Directors to decide on these issues and proceed with issues through private placement*	■ Ceiling: five hundred (500) million euros ■ May under no circumstances exceed the legal ceiling set for this type of issue (currently 20% of the share capital per year) ■ Issue to be deducted from the Overall Ceiling* and from the ceiling of €500 million stipulated by the resolution relating to issues by public offer of shares and/or securities giving access to the Company's capital or granting a right to debt instruments with waiving of PSRs ■ Ceilings exclude any additional amounts issued in order to preserve the rights of holders of securities giving access to the capital*	■ Price of shares and securities giving access to the share capital* set in the same way as in resolution twenty-four	■ May issue shares following the issue of securities giving access to your Company's capital by your Company's Subsidiaries* ■ May issue, by public offer, (i) securities giving access to shares to be issued by a Subsidiary and/or (ii) shares giving access to existing share capital or entitling holders to the allotment of the debt securities of a third party company ■ Unusable authorization during public share offers
27	Issue of shares or securities giving access to share capital* as remuneration for contributions in kind involving securities of unlisted companies	26 months	■ May be used to carry out any merger and acquisition transactions	■ 10% of the capital, adjusted for any transactions on the share capital subsequent to this General Shareholders' Meeting ■ Included in the ceiling set out in resolution twenty-eight and in the Overall Ceiling* ■ Ceilings exclude any additional amounts issued in order to preserve the rights of holders of securities giving access to the capital*	■ Your Board of Directors will review the independent appraisers report which focuses on the value of contributions	■ As stipulated by law, this delegation of authority cannot apply to consideration provided in connection with a public exchange offer initiated by your Company *(see resolution twenty-four)* ■ Unusable authorization during public share offers
28	Incorporation of premiums, reserves, retained earnings or other items	26 months	■ May be used to incorporate reserves, retained earnings or other items in the share capital, in order to increase the capital without any need to introduce new capital	■ Overall ceiling: one and a half billion (1.5bn) euros ■ Ceiling to be deducted from the Overall Ceiling*	■ Determination by your Board of Directors of the amounts to be incorporated and of the amount of new share capital and/or the new par value of existing share capital	■ Unusable authorization during public share offers

No.	Purpose	Duration	Reasons for possible uses of the delegated power	Specific ceiling	Price or procedures for determining the price	Other information for comments
29	Increase in the number of securities to be issued in the event of a capital increase with or without PSRs*	26 months	▪ May be used to relaunch a capital increase at the same price as that set for the initial transaction in the event of over-subscription ("Greenshoe" clause)	▪ For each issue, ceiling equal to the limit provided for under regulations in force on the issue date (currently, 15% of the initial issue) ▪ Included in the ceiling for the initial issue and in the Overall Ceiling*	▪ At the same price as that set for the initial transaction	
30	Issue of shares or securities giving access to capital reserved for members of employee savings plans **with preferential subscription rights (PSR)* waived**	26 months	▪ Can be used to develop employee shareholding in France and abroad	▪ Ceiling: fifty (50) million euros ▪ Ceiling to be deducted from the Overall Ceiling*	▪ Price set by your Board of Directors equal to the average of the prices listed on the market during the 20 trading sessions preceding the decision setting the date for the opening of subscription, less the maximum discount set out by law.	

▪ Independent Director	In accordance with the Afep-Medef code and the internal regulations of the Board of Directors (available online on Natixis' website *www.natixis.com*), an independent director is a person who has no ties with the Company, management or Group of a nature liable to compromise their freedom of judgment or create a conflict of interest with the management, Company or Group. Accordingly, an independent member of the Board of Directors may not: in the last five years, be or have been: ▪ an employee or executive corporate officer of the Company, ▪ an employee, executive officer, executive corporate officer or director of a company consolidated under Natixis, ▪ an employee, executive corporate officer or director of BPCE or of a company consolidated by BPCE; be an executive corporate officer of a company in which the Company holds a directorship either directly or indirectly, or in which a designated employee of the Company or an executive corporate officer of the Company (currently or within the last five years) holds a directorship; be a customer, supplier, investment or corporate banker: ▪ that is material for the company or its Group, ▪ or for which the Company or its Group represents a significant portion of such person's business; have close family ties with a director; have been a Statutory Auditor of the company within the last five years; have been a member of the Company's Board of Directors for more than 12 years. Independent director status is lost when 12 years is reached; receive variable compensation in cash or in shares, or any performance-link compensation from the Company.

Related party agreement	Pursuant to Articles L. 225-38 et seq. of the French Commercial Code certain agreements are subject to prior authorization by the Board of Directors. The Statutory Auditors prepare a special report on these agreements which is presented to the General Shareholders' Meeting for its approval ("Related party Agreements Procedure"). These agreements are those, either directly or through an intermediary, between the Company and the following persons: ▪ its Chief Executive Officer; ▪ one of its Deputy Chief Executive Officers; ▪ one of its directors, one of its shareholders holding a fraction of the voting rights greater than 10% or, if it is a corporate shareholder, the Company that controls it in the meaning of Article L.233-3 of the French Commercial Code. The agreements in which any of the above-mentioned persons is indirectly involved are also subject to the Related parties Agreements Procedure. Finally, agreements between companies with common officers are also subject to the Related parties Agreements Procedure. The prior approval of the Board of Directors is reasoned by justifying the interest of the agreement for the Company, in particular by specifying the financial conditions attached.
Priority subscription right	In return for the waiving of PSRs*, your Board of Directors may introduce a priority subscription right (with over-subscription privileges*, if applicable). When it has been established, this right allows shareholders, as is the case with PSRs*, to subscribe to the proposed issue proportionally to the number of old shares that they hold. However, unlike with PSRs*, this priority subscription right may only be exercised during a priority period, which is currently set at a minimum of three trading days shorter than the period set for PSRs*, and is non-negotiable. This priority period will not be applied to all issues: in the same way as for PSRs*, it could be preferable, even necessary, not to apply this priority period in order to issue common shares under the best conditions, for example, when speed is essential to the success of an issue or when an issue is made on foreign financial markets.
Preferential subscription rights/PSR	PSR stands for "preferential subscription rights". For a description of preferential subscription rights and a presentation of reasons for requesting that these preferential subscription rights are waived, see the paragraph entitled "Renewal of financial authorizations and delegations"
Subsidiaries	Companies in which your Company owns, either directly or indirectly, more than 50% of the share capital
Overall Ceiling	General ceiling for capital increases carried out under resolutions twenty-seven to thirty-three, i.e. one and a half billion euros (€1.5 billion)
Private placement	Since April 1, 2009, the law allows for capital increases with waiving of preferential subscription rights, up to 20% of the share capital per year, through offers exclusively available to (i) individuals providing portfolio investment and management services on behalf of third parties, or (ii) qualified investors or a limited circle of investors, provided that such investors act for their own account. Their purpose is to optimize capital raising for the Company and benefit from more favorable market conditions, because this financing method is both faster and simpler than capital increases offered to the public.
Legal Minimum Price	Regulatory minimum issue price set on the issue date, which is currently: ▪ For shares: the average weighted market price during the three trading days on the NYSE Euronext Paris regulated exchange prior to the date on which the subscription price for the capital increase is determined, less 5%, where necessary, after any corrections to this average to take into consideration the difference in the effective date; ▪ For securities giving access to the share capital*: price set in such a way that, for all shares issued as securities giving access to the share capital*, the total amount received by the Company in exchange for these securities giving access to the share capital* is at least equal to the regulatory minimum price per share as determined in the preceding point (as it was on the date on which the securities giving access to the share capital* were issued).
Reference Price	Average of prices of the Company's shares listed on the regulated Euronext Paris market during the 20 trading sessions preceding the decision by your Board of Directors setting the date for the opening of subscription by members of the Company or Group employee savings plan, with a maximum discount of 20%.
Over-subscription (privileges)	Your Board of Directors may, in certain cases, introduce over-subscription privileges for shareholders.If introduced, in the event that subscriptions to new shares (i.e. through the exercise of preferential subscription rights) are insufficient, unsubscribed shares would be allocated to shareholders who would have exercised over-subscription privileges to subscribe to shares in greater quantity than what they could have subscribed to using preferential subscription rights, in proportion to the rights they have and within the limit of their requests.

Securities giving access to the share capital	Characteristics of securities likely to be issued under resolutions twenty-four to thirty: Resolutions twenty-four to thirty submitted to this Shareholders' Meeting will authorize your Board of Directors to issue securities giving access to the share capital of the Company, either through the issue of new shares such as bonds convertible into or redeemable for shares, or bonds with share warrants attached or through the delivery of existing shares such as "OCEANEs" (bonds which are convertible into new shares or exchangeable for existing shares); these securities could either be in the form of debt securities as in the examples given above, or capital securities such as shares with share warrants attached. However, in accordance with the law, capital securities convertible or transformable into debt securities cannot be issued. Conditions for the issuing of shares to which the securities giving access to share capital issued entitle the holder and dates on which these rights may be exercised: Securities giving access to share capital in the form of debt securities (for example, bonds convertible into or redeemable for shares, or bonds with share warrants attached) may entitle holders, either at any time, during set periods, or at set dates, to the allocation of shares. This allocation may be by way of conversion (for example, of convertible bonds into shares), redemption (for example, bonds redeemable in shares), exchange (for example, bonds exchangeable for shares), or the presentation of a warrant (for example, bonds with share warrants attached) or by any other way, during the issue period, regardless of whether the preferential subscription rights of holders of securities issued in this way are waived or not. In accordance with the law, delegations of authority to issue securities giving access to shares to be issued approved by your General Shareholders' Meeting entails the waiving of shareholders' preferential subscription rights to the shares to which the securities issued entitle them. For example, if your General Shareholders' Meeting approves resolution twenty-four, you would, according to law, waive your preferential subscription rights to shares that your Company would issue, where appropriate, to redeem a possible bond redeemable in shares.

7.6.2 AGENDA AND DRAFT RESOLUTIONS OF THE COMBINED GENERAL SHAREHOLDERS' MEETING OF MAY 28, 2019

Notice:

1. The distribution of the special dividend depends on Natixis' plan to sell its Factoring, Sureties & Financial Guarantees, Leasing, Consumer Finance and Securities Services business lines to BPCE. If this sale cannot be completed before the date of the General Shareholders' Meeting, the Board of Directors will amend the text of the third draft resolution to provide for (i) the payment on June 4, 2019 of the ordinary dividend in an amount equal to that initially proposed for the ordinary dividend and (ii) the subsequent payment (at a date after the planned sale is completed) of the "special" dividend in an amount equal to that initially proposed for the special dividend.

2. The procedure for selecting a new independent member of the Board of Directors to replace Henri Proglio, whose term of office ends upon the adjournment of the May 28, 2019 General Shareholders' Meeting, is currently underway. Once the timing of this procedure has been finalized, the Board of Directors will complete the draft resolutions for appointing and re-appointing members of the Board.

Ordinary business

- Reports by the Board of Directors;
- Reports by the Statutory Auditors;
- Review and approval of the financial statements for the fiscal year ended December 31, 2018;
- Review and approval of the consolidated financial statements for the fiscal year ended December 31, 2018;
- Appropriation of earnings for the fiscal year ended December 31, 2018 and setting of the dividend;
- Approval of the agreements and commitments covered by Articles L.225-38 et seq. of the French Commercial Code;
- Approval of the total compensation and benefits of any kind paid or granted to François Pérol, Chairman of the Board of Directors, for the period from January 1 to June 1, 2018, pursuant to Article L.225-100 of the French Commercial Code;
- Approval of the total compensation and benefits of any kind paid or granted to Laurent Mignon, Chief Executive Officer, for the period from January 1 to June 1, 2018, pursuant to Article L.225-100 of the French Commercial Code;
- Approval of the total compensation and benefits of any kind paid or granted to Laurent Mignon, Chairman of the Board of Directors, for the period from June 1 to December 31, 2018, pursuant to Article L.225-100 of the French Commercial Code;
- Approval of the total compensation and benefits of any kind paid or granted to François Riahi, Chief Executive Officer, for the period from June 1 to December 31, 2018, pursuant to Article L.225-100 of the French Commercial Code;
- Approval of the principles and criteria for determining, distributing and granting the fixed, variable and non-recurring items constituting the total compensation and benefits of any kind of the Chairman of the Board of Directors for the 2019 fiscal year, pursuant to Article L.225-37-2 of the French Commercial Code;
- Approval of the principles and criteria for determining, distributing and granting the fixed, variable and non-recurring items constituting the total compensation and benefits of any kind of the Chief Executive Officer for the 2019 fiscal year, pursuant to Article L.225-37-2 of the French Commercial Code;

- Overall budget for compensation paid to the employees referred to in Article L.511-71 of the French Monetary and Financial Code during the fiscal year ended December 31, 2018;
- Ratification of the co-opting of Laurent Mignon as a director;
- Ratification of the co-opting of Nicole Etchegoïnberry as a director;
- Ratification of the co-opting of Christophe Pinault as a director;
- Reappointment of Laurent Mignon as a director;
- Reappointment of BPCE as a director;
- Reappointment of Catherine Pariset as a director;
- Reappointment of Bernard Dupouy as a director;
- Reappointment of Christophe Pinault as a director;
- Appointment of Daniel de Beaurepaire as a director, to replace Philippe Sueur;
- Delegation of authority to the Board of Directors concerning the trading by the Company in its own shares;

Extraordinary business

- Delegation of authority to the Board of Directors to award free shares to employees and corporate officers of the Company and related companies, without preferential subscription rights;
- Delegation to be granted to the Board of Directors to reduce share capital by canceling treasury shares;
- Delegation of authority to the Board of Directors to decide whether to increase share capital through the issue of shares and/or securities providing access to the capital of the Company or entitling holders to the allotment of debt securities, with preferential subscription rights maintained;
- Delegation of authority to the Board of Directors to decide whether to increase share capital through the issue, by public offer, of shares and/or securities providing access to the capital of the Company or entitling holders to the allotment of debt securities, without preferential subscription rights;
- Delegation of authority to the Board of Directors to decide whether to increase share capital through the issue, by an offer as set out in Article L.411-2(II) of the French Monetary and Financial Code, of shares and/or securities providing access to the capital of the Company or entitling holders to the allotment of debt securities, without preferential subscription rights;
- Delegation of powers to the Board of Directors to issue shares and/or securities providing access to the Company's share capital or entitling holders to the allotment of debt securities as remuneration for contributions in kind involving capital stock or securities giving access to capital, without preferential subscription rights;
- Delegation of authority to the Board of Directors to increase the share capital via the incorporation of reserves, retained earnings, premiums or other items;
- Delegation of authority to the Board of Directors to increase the number of securities to be issued in the event of capital increases with or without preferential subscription rights;
- Delegation of authority to the Board of Directors to decide whether to increase share capital through the issue of shares and/or securities providing access to the capital of the Company, reserved for members of employee savings plans with waiving of preferential subscription rights in favor of said members;
- Powers to complete formalities.

The resolutions submitted to voting by the General Meeting are as follows:

Ordinary business

Resolution one (Approval of the 2018 parent company financial statements)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, having reviewed the report of the Statutory Auditors on the parent company financial statements for the fiscal year ended on December 31, 2018, hereby approves said parent company financial statements as presented, including the balance sheet, income statement and notes to the financial statements, as well as the transactions reflected in these financial statements or summarized in these reports.

Resolution two (Approval of the 2018 consolidated financial statements)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, having reviewed the report of the Statutory Auditors on the consolidated financial statements for the fiscal year ended on December 31, 2018, hereby approves said consolidated financial statements as presented, including the balance sheet, income statement and notes to the financial statements, as well as the transactions reflected in these financial statements or summarized in these reports.

Resolution three (Appropriation of earnings for the 2018 fiscal year and setting of the dividend)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby:

- notes that the financial statements finalized as of December 31, 2018, and approved by the shareholders at this meeting show earnings for the 2018 fiscal year of €1,834,308,793.77;
- notes that, after taking into account retained earnings of €1,625,059,649.69 and as the legal reserve exceeds 10% of the share capital, distributable earnings amount to €3,459,368,443.46;
- resolves to appropriate the distributable earnings as follows:

(i) payment to shareholders of a total dividend of €0.78 per share (of which €0.30 represents the ordinary dividend and €0.48 represents the special dividend), and (ii) allocation of the remaining distributable earnings to"Retained earnings".

Based on the share capital at December 31. 2018, on the assumption that no treasury stock existed on that date and without taking into account any shares with immediate dividend rights created after December 31, 2018, distributable earnings will be allocated as follows:

Ordinary dividend	€945,086,577.60
Special dividend	€1,512,138,524.16
Retained earnings	€1,002,143,341.70

It should be noted that dividends are not payable on shares owned by the Company. In the event that, during the payment of these dividends, the Company comes to own some of its own shares, the amounts corresponding to unpaid dividends that would have been payable on these shares will be recognized as retained earnings.

The General Shareholders' Meeting fully empowers the Board of Directors to determine the total amount of the dividend and consequently the amount of the remaining distributable earnings allocated to "Retained earnings," based on the number of treasury shares held on the dividend payment date.

For individual beneficiaries who are residents for tax purposes in France and hold shares outside a stock savings plan, these dividends are subject to income tax:

- at a single flat-rate withholding tax (PFU tax) of 12.8%, the fiscal base of which is the gross amount of dividends (Article 200 A of the French General Tax Code);
- or, at the express and irrevocable option of the beneficiary when declaring their income, at the progressive income tax scale following the application of an allowance of 40% of the gross amount of dividends (Article 158-3-2° of the French General Tax Code).

Regardless of the tax treatment of dividends for income tax purposes (flat tax on capital income [PFU] or progressive income tax scale), the paying establishment located in France must collect:

- a mandatory non-definitive flat-rate withholding tax (PFO) at a rate of 12.8% (Article 117 (iv) of the French General Tax Code) as an initial income tax payment, except if individual beneficiaries who are residents for tax purposes in France have applied for an exemption under the conditions set out in Article 242 (iv) of the French General Tax Code;
- social security charges of 17.2%.

When the progressive income tax scale is applied to dividends, the portion of social withholding tax corresponding to CSG [contribution sociale généralisée—general social security tax] is deductible from taxable income at a rate of 6.8%.

All the Company's shares are eligible for this tax treatment.

The ex-dividend date is May 31, 2019, with dividends payable as of June 4, 2019.

In accordance with legal provisions, the shareholders hereby note that for the three fiscal years prior to fiscal year 2018, the following dividends were distributed:

Fiscal year	Number of shares on which a dividend was paid	Dividend per share *(in euros)*	TOTAL
2015	3,128,127,765	0.35	1,094,844,717.75
2016	3,137,074,580	0.35	1,097,976,103.00
2017	3,137,360,238	0.37	1,160,823,288.06

Resolution four (Approval of the agreements and commitments covered by articles L.225-38 et seq. of the French Commercial Code)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, having reviewed the special report of the Statutory Auditors on the agreements and commitments subject to the provisions of Articles L.225-38 et seq. of the French Commercial Code, hereby approves all provisions of this report and the new agreements mentioned therein (other than those authorized by the Board of Directors on February 13, 2018, which were already submitted to the General Shareholders' Meeting on May 23, 2018), having been authorized by the Board of Directors during the fiscal year ended December 31, 2018, or after this date up until the Board of Directors' Meeting in which the financial statements for the year ended December 31, 2018, were approved.

Resolution five (Approval of the total compensation and benefits of any kind paid or granted to François Pérol, Chairman of the Board of Directors, for the period from January 1 to June 1, 2018, pursuant to Article L.225-100 of the French Commercial Code)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby approves, in accordance with Article L.225-100 of the French Commercial Code, the components of compensation paid or granted to François Pérol, Chairman of the Board of Directors, for the period from January 1 to June 1, 2018, as set out in the corporate governance report, presented in Natixis' 2018 registration document in Chapter 2, Section 2.4 and Chapter 7, Section 7.6.1.

Resolution six (Approval of the total compensation and benefits of any kind paid or granted to Laurent Mignon, Chief Executive Officer, for the period from January 1 to June 1, 2018, pursuant to Article L.225-100 of the French Commercial Code)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby approves, in accordance with Article L.225-100 of the French Commercial Code, the components of compensation paid or granted to Laurent Mignon, Chief Executive Officer, for the period from January 1 to June 1, 2018, as set out in the corporate governance report, presented in Natixis' 2018 registration document in Chapter 2, Section 2.4 and Chapter 7, Section 7.6.1.

Resolution seven (Approval of the total compensation and benefits of any kind paid or granted to Laurent Mignon, Chairman of the Board of Directors, for the period from June 1 to December 31, 2018, pursuant to Article L.225-100 of the French Commercial Code)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby approves, in accordance with Article L.225-100 of the French Commercial Code, the components of compensation paid or granted to Laurent Mignon, Chairman of the Board of Directors, for the period from June 1 to December 31, 2018, as set out in the corporate governance report, presented in Natixis' 2018 registration document in Chapter 2, Section 2.4 and Chapter 7, Section 7.6.1.

Resolution eight (Approval of the total compensation and benefits of any kind paid or granted to François Riahi, Chief Executive Officer, for the period from June 1 to December 31, 2018, pursuant to Article L.225-100 of the French Commercial Code)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby approves, in accordance with Article L.225-100 of the French Commercial Code, the components of compensation paid or granted to François Riahi, Chief Executive Officer, for the period from June 1 to December 31, 2018, as set out in the corporate governance report, presented in Natixis' 2018 registration document in Chapter 2, Section 2.4 and Chapter 7, Section 7.6.1.

Resolution nine (Approval of the principles and criteria for determining, distributing and granting the fixed, variable and non-recurring items constituting the total compensation and benefits of any kind of the Chairman of the Board of Directors for the 2019 fiscal year, pursuant to Article L.225-37-2 of the French Commercial Code)

The General Shareholders' Meeting, deliberating pursuant to the quorum and majority requirements for ordinary business, pursuant to Article L.225-37-2 of the French Commercial Code, hereby approves the principles and criteria for determining, distributing and granting the fixed, variable and non-recurring items constituting the total pay and benefits in kind of the Chairman of the Board of Directors, as set out in the corporate governance report, presented in Natixis' 2018 registration document in Chapter 2, Section 2.4 and Chapter 7, Section 7.6.1.

Resolution ten (Approval of the principles and criteria for determining, distributing and granting the fixed, variable and non-recurring items constituting the total compensation and benefits of any kind of the Chief Executive Officer for the 2019 fiscal year, pursuant to Article L.225-37-2 of the French Commercial Code)

The General Shareholders' Meeting, deliberating pursuant to the quorum and majority requirements for ordinary business, pursuant to Article L.225-37-2 of the French Commercial Code, hereby approves the principles and criteria for determining, distributing and granting the fixed, variable and non-recurring items constituting the total pay and benefits in kind of the Chief Executive Officer, as set out in the corporate governance report, presented in Natixis' 2018 registration document in Chapter 2, Section 2.4 and Chapter 7, Section 7.6.1.

Resolution eleven (Overall budget for compensation paid to the employees referred to in Article L.511-71 of the French Monetary and Financial Code during the fiscal year ended December 31, 2018)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, consulted in accordance with Article L.511-73 of the French Monetary and Financial Code, hereby approves the overall budget for compensation of any kind in the amount of €181 million, paid during the fiscal year ended December 31, 2018, to employees referred to in Article L.511-71 of the same Code.

Resolution twelve (Ratification of the co-opting of Laurent Mignon as a Director)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby ratifies the co-opting by the Board of Directors at its meeting on June 1, 2018, of Laurent Mignon as a Director, to replace François Pérol, who resigned, for the remainder of his term of office, i.e. until the end of the General Shareholders' Meeting convened in 2019 to approve the financial statements for the year ended December 31, 2018.

Resolution thirteen (Ratification of the co-opting of Nicole Etchegoïnberry as a Director)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby ratifies the co-opting by the Board of Directors at its meeting on December 20, 2018, of Nicole Etchegoïnberry as a Director, to replace Stéphanie Paix, who resigned, for the remainder of her term of office, i.e. until the end of the General Shareholders' Meeting convened in 2020 to approve the financial statements for the year ended December 31, 2019.

Resolution fourteen (Ratification of the co-opting of Christophe Pinault as a Director)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby ratifies the co-opting by the Board of Directors at its meeting on December 20, 2018, of Christophe Pinault as a Director, to replace Alain Denizot, who resigned, for the remainder of his term of office, i.e. until the end of the General Shareholders' Meeting convened in 2019 to approve the financial statements for the year ended December 31, 2018.

Resolution fifteen (Reappointment of Laurent Mignon as a Director)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby resolves to reappoint Laurent Mignon as a Director, for a period of four (4) years terminating at the end of the General Shareholders' Meeting convened in 2023 to approve the financial statements for the fiscal year ended December 31, 2022.

Resolution sixteen (Reappointment of BPCE as a Director)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby resolves to reappoint BPCE as a Director, for a period of four (4) years terminating at the end of the General Shareholders' Meeting convened in 2023 to approve the financial statements for the fiscal year ended December 31, 2022.

Resolution seventeen (Reappointment of Catherine Pariset as a Director)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby resolves to reappoint Catherine Pariset as a Director, for a period of four (4) years terminating at the end of the General Shareholders' Meeting convened in 2023 to approve the financial statements for the fiscal year ended December 31, 2022.

Resolution eighteen (Reappointment of Bernard Dupouy as a Director)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby resolves to reappoint Bernard Dupouy as a Director, for a period of four (4) years terminating at the end of the General Shareholders' Meeting convened in 2023 to approve the financial statements for the fiscal year ended December 31, 2022.

Resolution nineteen (Reappointment of Christophe Pinault as a Director)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby resolves to reappoint Christophe Pinault as a Director, for a period of four (4) years terminating at the end of the General Shareholders' Meeting convened in 2023 to approve the financial statements for the fiscal year ended December 31, 2022.

Resolution twenty (Appointment of Daniel de Beaurepaire as a Director, to replace Philippe Sueur)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, and taking due note of the report of the Board of Directors, hereby resolves to appoint Daniel de Beaurepaire as Director, to replace Philippe Sueur whose term of office expires at the end of this General Shareholders' Meeting, for a period of four (4) years terminating at the end of the General Shareholders' Meeting convened in 2023 to approve the financial statements for the fiscal year ended December 31, 2022.

Daniel de Beaurepaire has indicated that he accepts this new term of office and that he does not hold any position, nor is he the subject of any measure, likely to prevent him from exercising this function.

Resolution twenty-one (Delegation of authority to the Board of Directors concerning the trading by the Company in its own shares)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, having reviewed the report of the Board of Directors and in accordance with the provisions of Articles L.225-209 et seq. of the French Commercial Code to buy back the Company's shares or to arrange for them to be bought back and:

1) Resolves that these shares may be purchased to:
   - implement any Company stock option plan in accordance with the provisions of Articles L.225-177 et seq. of the French Commercial Code or any similar plan, or
   - award or transfer shares to employees in connection with their share of Company profits or implement any Company or group employee savings plan (or similar plan) under the conditions provided for by law, in particular Articles L.3332-1 et seq. of the French Labor Code, or
   - award free shares in accordance with the provisions of Articles L.225-197-1 et seq. of the French Commercial Code, or
   - in general, honor obligations related to stock option programs or other share awards to employees or corporate officers of the issuer or a related company based on the provisions of Articles L.225-180 and L.225-197-2 of the French Commercial Code, or
   - remit shares in connection with the exercise of rights attached to securities convertible into the Company's shares, by way of redemption, ordinary conversion, exchange, presentation of a warrant or any other manner, or
   - cancel all or a portion of the shares bought back accordingly, or
   - tender shares (for exchange, payment or another reason) in connection with acquisitions, mergers, spin-offs or contributions, or
   - promote Natixis shares in the secondary market or the liquidity of Natixis shares.

This program is also intended to enable the Company to implement any market practices that might be permitted by the AMF and, more generally, to conduct any other transaction that complies with the regulations in effect. In such a scenario, the Company will notify its shareholders by means of a press release.

2) Resolves that Company share purchases may relate to a number of shares such that:
   - the number of shares that the Company buys during the buyback program may not, at any time, exceed 10% of the shares comprising the Company's share capital, this percentage being applied to a capital amount adjusted in accordance with transactions impacting it subsequent to this General Shareholders' Meeting. It is specified that (i) the number of shares acquired with a view to being held and subsequently tendered in connection with a merger, spin-off or asset transfer may not exceed 5% of its share capital; and (ii) when shares are bought back to promote liquidity under the conditions set out by the General Regulations of the AMF, the number of shares taken into account to calculate the 10% limit provided for by the first paragraph corresponds to the number of shares purchased, net of the number of shares resold during the authorization period,

- the number of shares that the Company holds at any time whatsoever does not exceed 10% of the shares comprising the Company’s share capital on the date in question, pursuant to Article L.225-210 of the French Commercial Code;

3) Resolves that the acquisition, sale or transfer of the shares may take place at any time, except in public offer periods, within the limits authorized by current legal and regulatory provisions, by any means, on regulated markets, multilateral trading platforms, with systematic internalizers or over the counter, including by means of the acquisition or sale of blocks of shares (without limiting the portion of the buyback program that may be realized by this means), by a tender or exchange offer, or by using options or other forward financial instruments, or by the tendering of shares subsequent to the issue of securities giving access to the Company's capital by means of conversion, exchange or redemption, by exercising a warrant or by any other means, either directly or indirectly via an investment services provider.
The maximum purchase price under this resolution will be ten (10) euros per share (or the equivalent value of this amount on the same date in any other currency). This maximum price applies only to purchases decided from the date of this meeting and not to forward transactions entered into by virtue of an authorization given at a previous General Shareholders' Meeting and providing for purchases of shares subsequent to the date of this meeting. The shareholders delegate to the Board of Directors, in the event of a change in the par value of the share, capital increases by capitalization of reserves, free share awards, stock splits or reverse stock splits, distribution of reserves or of any other assets, redemption of capital, or any other transaction affecting the share capital, the power to adjust the maximum purchase price indicated above to take into account the impact of these transactions on the share value;

4) Resolves that the aggregate amount allocated to the share buyback program authorized above may not exceed €3,150,288,592;

5) Fully empowers the Board of Directors, with the right to sub-delegate said power, to decide upon and implement this authorization, to specify its final terms and conditions if necessary and to determine its procedures, in order to carry out the buyback program and, in particular, to place any stock market order, enter into any agreement, allocate or reallocate the shares acquired to meet the objectives sought in accordance with the applicable legal and regulatory provisions, establish the terms and conditions according to which the rights of holders of securities or options will be protected, if appropriate, in accordance with legal, regulatory or contractual provisions, make any filings with the AMF and any other competent authorities, and complete all other formalities and, in general, do whatever is necessary.
The Board of Directors will ensure that these buybacks are executed in accordance with prudential requirements, such as those established by regulation.

This authorization is granted for a period of eighteen (18) months from this meeting. It voids from this day, as applicable, any unused part of any prior delegated power given to the Board of Directors for the purpose of trading in the Company’s shares, particularly that given by the shareholders in resolution seventeen of the Combined General Shareholders’ Meeting of May 23, 2018.

Extraordinary business

Resolution twenty-two (Delegation of authority to the Board of Directors to award free shares to employees and corporate officers of the Company and related companies, without preferential subscription rights)

The General Shareholders’ Meeting, deliberating in accordance with the quorum and majority requirements for extraordinary business, having reviewed the report of the Board of Directors and the Statutory Auditors' special report, in accordance with Articles L.225-197-1 et seq. of the French Commercial Code:

- authorizes the Board of Directors to award, in one or more installments, in France or in foreign countries, new or existing free Company shares to beneficiaries in the categories it shall identify among the employees of the Company or its associates, in accordance with conditions set out in Article L.225-197-2 of the French Commercial Code, or to the corporate officers referred to in Article L.225-197-1 (II) of this same Code;
- assigns the Board of Directors the task of identifying beneficiaries within the above-mentioned categories, the number of free shares that may be awarded to each of them, as well as the conditions and, where appropriate, the criteria for awarding these shares;
- resolves that:

(i) the total number of existing or new free Natixis shares to be allocated cannot exceed 2.5% of the Company's share capital at the date on which the Board of Directors decided to allocate them, with the understanding that (a) this limit does not take into account any possible adjustments which may be made to preserve the rights of beneficiaries in the event of a transaction involving the Company’s share capital and (b) shares already allocated by the Board of Directors at this date will not be taken into consideration for the calculation of this limit,

(ii) the total number of existing or new free Natixis shares to be allocated to executive corporate officers of the Company under this resolution cannot exceed 0.1% of the Company's share capital at the date on which the Board of Directors decided to allocate them (excluding any possible adjustments which may be made to preserve the rights of beneficiaries in the event of a transaction involving the Company’s share capital), with the understanding that this sub-limit would be deducted from the above-mentioned limit of 2.5% of the share capital;

- resolves that:

(i) the allocation of shares to their beneficiaries under this resolution will be definitive at the end of a vesting period, the duration of which cannot be less than one year and will be set by the Board of Directors;

(ii) the retention period of shares by their beneficiaries will be, where applicable, set by the Board of Directors, with the understanding that the cumulative duration of the vesting and retention periods cannot be less than two years;

(iii) in the event that a beneficiary falling into the second or third categories laid down by Article L.341-4 of the French Social Security Code becomes incapacitated, shares will become fully vested and immediately transferable.

- resolves that the vesting of free shares granted under this resolution may be contingent on the achievement of one or several performance conditions, decided on by the Board of Directors, with the understanding that for persons referred to in Article L.511-71 of the French Monetary and Financial Code, including Natixis executive corporate officers, the existence of such performance conditions will be required in all events;
- acknowledges and resolves that this delegation of authority expressly waives, in favor of the beneficiaries of share allocations, the shareholders' preferential subscription rights to shares that may be issued under this resolution and the corresponding waiver by shareholders in favor of the beneficiaries of said allocations of the portion of the reserves, retained earnings, premiums or other items so incorporated, and, more generally, waives all the shareholders' rights to free shares (new or existing) that may be allocated pursuant to this resolution;
- delegates full powers to the Board of Directors, with the right to sub-delegate said powers under the terms set out by law, to implement this delegation of authority in particular to:

(i) set the conditions and, where applicable, the criteria for the allocation of shares;

(ii) determine (a) the identity of beneficiaries, the number of shares allocated to each of them and (b) the conditions for the allocation of said shares;

(iii) in accordance with the law, set the number of allocated free shares that executive corporate officers must retain in registered form for as long as they remain in office;

(iv) resolve, based on such rules as it shall determine, to make the adjustments necessary to take into account the impact of corporate actions on the Company's share capital and, in particular, set the conditions under which the number of shares awarded will be adjusted, and

(v) enter into any agreements, prepare all documents, duly record the completion of capital increases carried out under this delegation of authority subsequent to the vesting of shares awarded and, where appropriate, to amend the bylaws, complete all acts, formalities and declarations required by any and all bodies and, in general, do all that is necessary.

This authorization comes into effect on January 1, 2019, from which date any unused part of any prior delegation with the same purpose shall be void. This authorization shall remain valid until June 30, 2022.

Resolution twenty-three (Delegation to be granted to the Board of Directors to reduce share capital by canceling treasury shares)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for extraordinary business, having reviewed the Board of Directors' report and the special report of the Statutory Auditors, hereby authorizes the Board of Directors to reduce share capital, on one or more occasions, in the proportions and at the time of its choosing, by canceling any number of treasury shares, up to the maximum permitted by law, and in accordance with the provisions of Articles L.225-209 et seq. and Article L.225-213 of the French Commercial Code.

The capital reduction may not involve more than ten percent (10%) of the Company’s share capital in any given twenty four-month period. This upper limit applies to the share capital of the Company after any adjustment that may be made to reflect the impact of capital transactions that are carried out after the date of this General Shareholders' Meeting.

The Shareholders’ Meeting hereby fully empowers the Board of Directors to cancel shares and reduce the share capital as per the terms of this authorization, and accordingly amend the bylaws and complete all related formalities.

This authorization is granted for a period of twenty-six (26) months from this meeting.

It voids from this day, as applicable, any unused part of any prior delegation with the same purpose, and in particular the one granted in resolution thirteen by the Combined General Shareholders' Meeting of May 23, 2017.

Resolution twenty-four (Delegation of authority to the Board of Directors to decide whether to increase share capital through the issue of shares and/or securities providing access to the capital of the Company or entitling holders to the allotment of debt securities, with preferential subscription rights maintained)

The General Shareholders’ Meeting, deliberating in accordance with the quorum and majority for extraordinary business, having reviewed the Board of Directors' report and in accordance with the provisions of Articles L.225-129 et seq. of the French Commercial Code, in particular Article L.225-192-2 of this Code, and with the provisions of Articles L.228-91 et seq. of this Code:

1) Approves the delegation of authority to be granted to the Board of Directors, which it may in turn delegate in accordance with the provisions of law, to decide to increase the share capital, on one or more occasions, in France or abroad, in the proportions and at the time of its choosing, either in euros or in any other currency or currency unit established by reference to more than one currency, by issuing (i) shares, (ii) shares giving access to other shares, either existing or new, or giving access to Company debt securities and/or (iii) securities giving access to shares to be issued by the Company in return for payment or free of charge, and governed by Articles L.228-91 et seq. of the French Commercial Code, with the understanding that such shares or other securities may be subscribed for in cash, as payment for debt, or by the capitalization of reserves, retained earnings or premiums;
2) Approves the delegation of authority to be granted to the Board of Directors, which it may in turn delegate in accordance with the provisions of law, to decide to issue (i) securities giving access to equity securities to be issued by a company in which the Company directly or indirectly owns more than half of the share capital and/or (ii) shares giving access to existing equity securities or giving access to debt securities, of a third party company;
3) Resolves to set the following limits to capital increases authorized in the event of use by the Board of Directors of the present delegation:
   - the par value ceiling on capital increases liable to be carried out immediately or in the future under this delegation of authority is set at one and a half (1.5) billion euros,

- the overall par value ceiling on capital increases liable to be carried out immediately or in the future under this delegation of authority or those granted under resolutions twenty-five, twenty-six, twenty-seven, twenty-eight, twenty-nine and thirty submitted for the approval of this General Shareholders' Meeting is set at one and a half (1.5) billion euros,
- where applicable, the par value of additional shares that may be issued, in the event of new financial transactions, to maintain the rights of bearers of securities giving access to the share capital, will be added to the limits set above;

4) Establishes the effective period of the authorization provided in this resolution at twenty-six (26) months from this General Shareholders' Meeting;

5) In the event that the Board of Directors uses this delegation:

- resolves that preferential subscription rights to the issue(s) shall be reserved for shareholders who might subscribe to shares in proportion to the number of existing shares they hold at that time,
- acknowledges that the Board of Directors may introduce over-subscription privileges,
- acknowledges that this delegation of authority unconditionally and expressly waives, in favor of the holders of securities issued giving access to the Company's capital, the shareholders' preferential subscription rights in respect of the shares to which said securities will give entitlement immediately or at some future date,
- acknowledges that if the share issued is a security that is not a security giving access to equity securities to be issued by a company in which the Company directly or indirectly owns more than half of the share capital, the Company's shareholders have no rights to subscribe to securities issued in this context,
- acknowledges that, pursuant to Article L.225-134 of the French Commercial Code, if shares purchased under preferential subscription rights and over-subscription privileges do not account for all shares issued under the capital increase, the Board of Directors may exercise, under the terms prescribed by law and in the order it chooses, one of the following options:
  - limit the capital increase to the amount subscribed for on condition that such amount is equal to at least three-quarters of the planned capital increase,
  - freely distribute all or part of the shares or, in the case of securities giving access to the share capital, those securities that were to be issued but have not been subscribed for,
  - make a public offering on the French market or internationally of all or part of the shares or (in the case of securities giving access to the share capital) the unsubscribed securities;
- resolves that Company stock warrants may also be freely awarded to existing shareholders, with the understanding that the Board of Directors will have the power to decide that fractional shares shall not be traded and that the corresponding securities will be sold;

6) Resolves that the Board of Directors cannot, unless previously authorized by the General Shareholders' Meeting, use this delegation of authority once a third party has filed a public tender offer to purchase the Company's shares. This prohibition will stand until the public tender offer period ends;

7) Resolves that the Board of Directors will have all necessary powers, which it may in turn delegate in accordance with the provisions of law, to put this delegation of authority into effect, and in particular to:

- decide on a capital increase and determine the securities to be issued,
- decide on the amount of the capital increase, the issue price as well as the amount of any premium that may be required on issuance,
- set the dates and terms of the capital increase and the type, number and characteristics of the securities to be issued. Furthermore, in the case of bonds or other debt securities, decide whether they should be subordinated (and, if applicable, their rank, in accordance with the provisions of Article L.228-97 of the French Commercial Code), set their interest rates (fixed or variable rate of interest, zero coupon or indexed) and stipulate mandatory or optional cases when interest payments shall be suspended or not paid, fix their maturity (fixed-term or perpetual securities), the possibility of reducing or increasing the par value of the securities and the other terms of issue (including the granting of guarantees or security interests) and redemption (including redemption by delivery of assets of the Company). Where appropriate, these securities may carry warrants granting allocation, acquisition or subscription rights to bonds or other debt securities, or provide the Company with the option to issue debt securities (fungible or non-fungible) to make interest payments previously suspended by the Company, or take the form of complex bonds within the meaning of the stock market authorities (e.g., as a result of their terms of redemption or compensation or of other rights such as indexation or options possibilities). Finally, the Board may change, throughout the life of the securities concerned, the terms referred to above, in accordance with applicable procedures,
- determine the procedure for paying up the shares or the securities giving access to shares to be issued immediately or in the future,
- set terms for the exercise of rights (rights to conversion, exchange or redemption as the case may be, including by delivery of Company assets such as securities already issued by the Company) attached to the shares or securities giving access to the share capital and, in particular, set the date, which may be retrospective, from which the new shares will pay dividends, and all other terms and conditions for the completion of the capital increase,
- set terms under which the Company may buy back or exchange on the market, at any time or during specific time periods, the securities issued or to be issued immediately or in the future, with the view to canceling such securities or not, taking into account the applicable legal provisions,
- allow for the option of suspending the exercise of the rights attached to such securities in compliance with the relevant laws and regulations,
- at its sole discretion, apply the cost of the capital increase against the related share premiums and deduct the amounts required for the legal reserve,
- determine and make all adjustments as may be required to recognize the impact of changes in the capital of the Company, in particular changes in the par value of shares, capital increases by capitalization of reserves, free share allocations, splitting or reverse-splitting of shares, distribution of dividends, reserves or premiums or of any other assets, redemption of capital, or any other transaction affecting the equity or share capital (including in the case of a public tender offer and/or in the event of a change of control), and set all other terms on which any rights of holders of

securities giving access to the share capital are to be maintained (including through cash adjustments),

- duly record the completion of each capital increase and modify the bylaws accordingly,
- in general, enter into agreements to ensure the proposed issues are successfully completed, take any measures and carry out any formalities that are appropriate for the issue, listing and financial servicing of securities issued under this delegation of authority and the exercise of associated rights;

8) Resolves that this delegation of authority voids from this day, as applicable, any unused part of any prior delegation with the same purpose, and in particular the one granted in resolution fourteen by the Combined General Shareholders' Meeting of May 23, 2017.

Resolution twenty-five (Delegation of authority to the Board of Directors to decide whether to increase share capital through the issue, through a public offer, of shares and/or securities providing access to the capital of the Company or entitling holders to the allotment of debt securities, without preferential subscription rights)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority for extraordinary business, having reviewed the Board of Directors' report and the Statutory Auditors' special report and in accordance with the provisions of Articles L.225-129 et seq. of the French Commercial Code, in particular Articles L.225-129-2, L.225-135, L.225-136 and L.225-148 of this Code, and with the provisions of Articles L.228-91 et seq. of this Code:

1) Approves the delegation of authority to be granted to the Board of Directors, which it may in turn delegate in accordance with the provisions of law, to decide to increase the share capital, on one or more occasions, in the proportions and at the time of its choosing, in France or abroad, by public offer, either in euros or in any other currency or currency unit established by reference to more than one currency, by issuing (i) shares, (ii) shares giving access to other shares, either existing or new, or giving access to Company debt securities and/or (iii) securities giving access to shares to be issued by the Company for valuable consideration or free of consideration, governed by Articles L.228-91 et seq. of the French Commercial Code, it being stipulated that subscription for such shares or other securities may be in cash, by offset of debt, or by capitalization of reserves, retained earnings or premiums. These securities may in particular be issued as consideration for securities contributed to the Company in connection with a public offer carried out in France or foreign countries under local rules (for example in connection with a reverse merger) relating to securities meeting the conditions set out in Article L.225-148 of the French Commercial Code;

2) Approves the delegation of authority to be granted to the Board of Directors, which it may in turn delegate in accordance with the provisions of law, to issue Company shares further to the issue, by companies in which the Company either directly or indirectly owns more than half of the capital, of securities giving access to shares to be issued by the Company.

This decision unconditionally and expressly waives, in favor of the holders of the securities that may be issued by company's belonging to the Group's companies, the shareholders' preferential subscription rights in respect of shares in the Company to which said securities will give entitlement;

3) Approves the delegation of authority to be granted to the Board of Directors, which it may in turn delegate in accordance with the provisions of law, to decide to issue (i) securities giving access to equity securities to be issued by a company in which the Company directly or indirectly owns more than half of the share capital and/or (ii) shares giving access to existing equity securities or giving access to debt securities, of a third party company;

4) Decides to set the following limits to capital increases authorized in the event of use by the Board of Directors of the present delegation:

   - the total par value of capital increases which may be effected pursuant to this delegation of authority, immediately or in the future, may not exceed five hundred million (500 million) euros, it being noted that the total value of capital increases carried out or likely to be carried out in the future under this delegation of authority will be subject to the overall limit set out in paragraph three of resolution twenty-four of this General Shareholders' Meeting or, where applicable, to the amount of an overall limit stipulated by any similar resolution that may supersede said resolution during the period of validity of the present delegation,
   - the overall par value ceiling on capital increases liable to be carried out immediately or in the future under this delegation of authority or those granted under resolutions twenty-six and twenty-seven submitted for the approval of this General Shareholders' Meeting is set at five hundred million (500 million) euros,
   - where applicable, the par value of any shares that may be issued, in the event of new financial transactions, to maintain the rights of bearers of securities giving access to the share capital, will be added to the limits set above;

5) Establishes the effective period of the authorization provided in this resolution at twenty-six (26) months from this General Shareholders' Meeting;

6) Decides to waive preferential subscription rights to the shares and securities that are the subject of this resolution, allowing the Board of Directors discretion, under the terms of Article L.225-135, paragraph 5 of the French Commercial Code, to grant to the shareholders, for a period and on terms to be set by the Board of Directors in compliance with the applicable law and regulations and for some or all of any issue, a priority subscription period which does not constitute a negotiable right and which must be exercised in proportion to the quantity of shares owned by each shareholder and may be supplemented by a reducible application to subscribe for shares, it being stipulated that securities not subscribed for in this way will be the subject of a public offering in France or abroad;

7) Recognizes that if the subscriptions, including, where applicable, those of shareholders, do not absorb the entire issue, the Board of Directors may limit the issue to the amount of subscriptions received providing that this amount reaches at least three quarters of the issue decided upon;

8) Recognizes that this delegation unconditionally and expressly waives, in favor of the holders of securities issued giving access to shares to be issued by the Company, the shareholders' preferential subscription rights in respect of the shares to which said securities will give entitlement;

9) Decides that the Board of Directors cannot, unless granted prior authorization by the General Shareholders' Meeting, make use of this delegation of authority during the entire duration of a public offer launched on the Company's shares by a third party;

10) Recognizes that, pursuant to Article L.225-136 1 of the French Commercial Code:

- the issue price of shares issued directly will be at least equal to the minimum stipulated by the applicable regulations on the date of the issue (currently, the average weighted market price during the three trading days on the Euronext Paris regulated exchange prior to the date on which the subscription price for the capital increase is determined less, where applicable, a maximum discount of 5%), after, where applicable, any corrections to this average in the event of a difference in the effective dates,
- the issue price of securities giving access to shares to be issued by the Company and the number of shares to which the conversion, redemption or other transformation of each such security giving access to shares to be issued by the Company may give rise will be such that the amount immediately received by the Company together with any amount it may later receive is, for each share issued as a consequence of the issue of these securities, at least equal to the minimum subscription price as provided for in the previous paragraph;

11) Decides that the Board of Directors will have all necessary powers, which it may in turn delegate in accordance with the provisions of law, to put this delegation of authority into effect, and in particular to:

- decide on a capital increase and determine the securities to be issued,
- decide on the amount of the capital increase, the issue price as well as the amount of any premium that may be required on issuance,
- set the dates and terms of the capital increase, the nature, number and characteristics of the securities to be created; additionally, in the case of bonds or other debt securities, to decide whether they should be subordinated or not (and, if applicable, their level of subordination, in accordance with the provisions of Article L.228-97 of the French Commercial Code), set their interest rates (fixed or variable rate of interest, zero coupon or indexed) and provide for mandatory or optional cases for the suspension or non-payment of interest, fix their maturity (fixed-term or perpetual securities), the possibility of reducing or increasing the par value of the securities and the other terms of their issue (including the granting of guarantees or security interests) and amortization (including redemption by delivery of assets of the Company); where applicable, these securities may carry warrants providing entitlement to the allotment, purchase or subscription of bonds or other debt securities, or provide for an option for the Company to issue debt securities (fungible or non-fungible) as a consideration for interest the payment of which may have been suspended by the Company, or take the form of complex bonds within the meaning of the stock market authorities (e.g., as a result of their terms of redemption or remuneration or of other rights such as indexation or options possibilities); amend, during the term of the securities concerned, the terms referred to above, in compliance with applicable formalities,
- determine the procedure for paying up the shares or the securities giving access to shares to be issued immediately or in the future,
- set terms for the exercise of rights (rights to conversion, exchange or redemption as the case may be, including by delivery of Company assets such as treasury shares or securities already issued by the Company) attached to the shares or securities giving access to the share capital and, in particular, set the date, which may be retrospective, from which the new shares will rank for dividend, and all other terms and conditions for the completion of the capital increase,
- set terms under which the Company may buy back or exchange on the market, at any time or during specific time periods, the securities issued or to be issued immediately or in the future, with the view to canceling such securities or not, taking into account the applicable legal provisions,
- allow for the option of suspending the exercise of the rights attached to securities issued in accordance with the relevant laws and regulations,
- in the event of an issue of securities as consideration for securities contributed in connection with a public offer including an exchange component, establish a list of the securities contributed in exchange, establish the conditions for the issue, the exchange ratio as well as, where applicable, the amount of the cash adjustment to be paid without triggering the terms for setting the issue price set out in paragraph ten of this resolution and determine the terms and conditions of the issue whether in connection with a public exchange offer, an alternative takeover bid or tender offer or a public offer covering the acquisition or exchange of the relevant securities against settlement in securities or cash, or a principle takeover bid or tender offer combined with a subsidiary tender offer or takeover bid, or any other form of public offer in compliance with the applicable law and regulations of said public offer,
- at its sole discretion, apply the cost of capital increases against the related share premiums and deduct the amounts required for the legal reserve,
- make all adjustments as may be required as a result of changes in the capital of the Company, in particular changes in the par value of shares, capital increases by capitalization of reserves, free share allocations, splitting or reverse-splitting of shares, distribution of reserves or of any other assets, redemption of capital, or any other transaction affecting the equity or share capital (including in the case of a public tender offer and/or in the event of a change of control), and set the other terms on which any rights of holders of securities giving access to shares are to be preserved,
- duly record the completion of each capital increase and modify the bylaws accordingly,
- in general, enter into agreements to ensure the proposed issues are successfully completed, take any measures and carry out any formalities that are appropriate for the issue, listing and financial servicing of securities issued under this delegation of authority and the exercise of associated rights;

12) Decides that this delegation of authority voids from this day, as applicable, any unused part of any prior delegation with the same purpose, and in particular the one granted in resolution fifteen by the Combined General Shareholders' Meeting of May 23, 2017.

Resolution twenty-six (Delegation of authority to the Board of Directors to decide whether to increase share capital through the issue, through an offer as set out in Article L.411-2(II) of the French Monetary and Financial Code, of shares and/or securities providing access to the capital of the Company or entitling holders to the allotment of debt securities, without preferential subscription rights)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority for extraordinary business, having reviewed the Board of Directors' report and the Statutory Auditors' special report and in accordance with the provisions of Articles L.225-129 et seq. of the French Commercial Code, in particular Articles L.225-129-2, L.225-135 and L.225-136 of this Code, and with the provisions of Articles L.228-91 et seq. of this Code:

1) Approves the delegation of authority to be granted to the Board of Directors, which it may in turn delegate in accordance with the provisions of law, to decide to increase the share capital, on one or more occasions, in the proportions and at the time of its choosing, in France or abroad, through an offer as set out in Article L.441-2 (II) of the French Monetary and Financial Code, either in euros or in any other currency or currency unit established by reference to more than one currency, by issuing (i) shares, (ii) shares giving access to other shares, either existing or new, or giving access to Company debt securities and/or (iii) securities giving access to shares to be issued by the Company for valuable consideration or free of consideration, governed by Articles L.228-91 et seq. of the French Commercial Code, it being stipulated that subscription for such shares or other securities may be in cash, by offset of debt, or by capitalization of reserves, retained earnings or premiums;

2) Approves the delegation of authority to be granted to the Board of Directors, which it may in turn delegate in accordance with the provisions of law, to issue shares further to the issue, by companies in which the Company either directly or indirectly owns more than half of the share capital or by companies which directly or indirectly own more than half of its share capital, of securities giving access to shares to be issued by the Company.

This decision unconditionally and expressly waives, in favor of the holders of the securities that may be issued by company's belonging to the Group's companies, the shareholders' preferential subscription rights in respect of shares in the Company to which said securities will give entitlement;

3) Approves the delegation of authority to be granted to the Board of Directors, which it may in turn delegate in accordance with the provisions of law, to decide to issue (i) securities giving access to equity securities to be issued by a company in which the Company directly or indirectly owns more than half of the share capital and/or (ii) shares giving access to existing equity securities or giving access to debt securities, of a third party company;

4) Decides to set the following limits to capital increases authorized in the event of use by the Board of Directors of the present delegation:

- the par value ceiling on capital increases liable to be carried out immediately or in the future under this delegation of authority is set at five hundred million (500 million) euros,
- the issue of shares pursuant to this delegation of authority may under no circumstance exceed the limits specified by the applicable legislation at the date of the issue (currently 20% of the share capital per year),
- the total value of capital increases carried out or likely to be carried out in the future under this delegation of authority will be subject (i) to the overall limit set out in paragraph three of resolution twenty-four of this General Shareholders' Meeting or, where applicable, to the amount of an overall limit stipulated by any similar resolution that may supersede said resolution during the period of validity of the present delegation and (ii) to the limit set out in paragraph four of resolution twenty-five of this General Shareholders' Meeting or, where applicable, to the amount of a limit stipulated by any similar resolution that may supersede said resolution during the period of validity of the present delegation,
- where applicable, the par value of any shares that may be issued, in the event of new financial transactions, to maintain the rights of bearers of securities giving access to the share capital, will be added to the limits set above;

5) Establishes the effective period of the authorization provided in this resolution at twenty-six (26) months from this General Shareholders' Meeting;

6) Decides to waive the preferential subscription rights of shareholders to the shares and securities covered by the present resolution;

7) Recognizes that if the subscriptions do not absorb the entire issue, the Board of Directors may limit the issue to the amount of subscriptions received providing that this amount reaches at least three quarters of the issue decided upon;

8) Recognizes that this delegation unconditionally and expressly waives, in favor of the holders of securities issued giving access to shares to be issued by the Company, the shareholders' preferential subscription rights in respect of the shares to which said securities will give entitlement;

9) Decides that the Board of Directors cannot, unless granted prior authorization by the General Shareholders' Meeting, make use of this delegation of authority during the entire duration of a public offer launched on the Company's shares by a third party;

10) Recognizes that, pursuant to Article L.225-136 1 of the French Commercial Code:

- the issue price of shares issued directly will be at least equal to the minimum stipulated by the applicable regulations on the date of the issue (currently, the average weighted market price during the three trading days on the Euronext Paris regulated exchange prior to the date on which the subscription price for the capital increase is determined less, where applicable, a maximum discount of 5%), after, where applicable, any corrections to this average in the event of a difference in the effective dates,

- the issue price of securities giving access to shares to be issued by the Company and the number of shares to which the conversion, redemption or other transformation of each such security giving access to shares to be issued by the Company may give rise will be such that the amount immediately received by the Company together with any amount it may later receive is, for each share issued as a consequence of the issue of these securities, at least equal to the minimum subscription price as provided for in the previous paragraph;

11) Decides that the Board of Directors will have all necessary powers, which it may in turn delegate in accordance with the provisions of law, to put this delegation of authority into effect, and in particular to:

- decide on a capital increase and determine the securities to be issued,
- decide on the amount of the capital increase, the issue price as well as the amount of any premium that may be required on issuance,
- set the dates and terms of the capital increase, the nature and characteristics of the securities to be created; additionally, in the case of bonds or other debt securities, to decide whether they should be subordinated or not (and, if applicable, their level of subordination, in accordance with the provisions of Article L.228-97 of the French Commercial Code), set their interest rates (fixed or variable rate of interest, zero coupon or indexed) and provide for mandatory or optional cases for the suspension or non-payment of interest, fix their maturity (fixed-term or perpetual securities), the possibility of reducing or increasing the par value of the securities and the other terms of their issue (including the granting of guarantees or security interests) and amortization (including redemption by delivery of assets of the Company); where applicable, these securities may carry warrants providing entitlement to the allotment, purchase or subscription of bonds or other debt securities, or provide for an option for the Company to issue debt securities (fungible or non-fungible) as a consideration for interest the payment of which may have been suspended by the Company, or take the form of complex bonds within the meaning of the stock market authorities (e.g., as a result of their terms of redemption or remuneration or of other rights such as indexation or options possibilities); amend, during the term of the securities concerned, the terms referred to above, in compliance with applicable formalities,
- determine the procedure for paying up the shares or the securities giving access to shares to be issued immediately or in the future,
- set terms for the exercise of rights (rights to conversion, exchange or redemption as the case may be, including by delivery of Company assets such as treasury shares or securities already issued by the Company) attached to the shares or securities giving access to the share capital and, in particular, set the date, which may be retrospective, from which the new shares will rank for dividend, and all other terms and conditions for the completion of the capital increase,
- set terms under which the Company may buy back or exchange on the market, at any time or during specific time periods, the securities issued or to be issued immediately or in the future, with the view to canceling such securities or not, taking into account the applicable legal provisions,
- allow for the option of suspending the exercise of the rights attached to securities issued in accordance with the relevant laws and regulations,
- at its sole discretion, apply the cost of capital increases against the related share premiums and deduct the amounts required for the legal reserve,
- determine and make all adjustments as may be required as a result of changes in the capital of the Company, in particular changes in the par value of shares, capital increases by capitalization of reserves, free share allocations, splitting or reverse-splitting of shares, distribution of reserves or of any other assets, redemption of capital, or any other transaction affecting the equity or share capital (including in the case of a public tender offer and/or in the event of a change of control), and set the other terms on which any rights of holders of securities giving access to shares are to be preserved,
- duly record the completion of each capital increase and modify the bylaws accordingly,
- in general, enter into agreements to ensure the proposed issues are successfully completed, take any measures and carry out any formalities that are appropriate for the issue, listing and financial servicing of securities issued under this delegation of authority and the exercise of associated rights;

12) Recognizes that this delegation of authority does not void resolution twenty-five of this General Shareholders' Meeting covering public offers, the validity and duration of which is not affected by this authorization;

13) Decides that this delegation of authority voids from this day, as applicable, any unused part of any prior delegation with the same purpose, and in particular the one granted in resolution sixteen by the Combined General Shareholders' Meeting of May 23, 2017.

Resolution twenty-seven (Delegation of powers to be granted to the Board of Directors to issue shares and/or securities providing access to the Company's share capital or entitling holders to the allotment of debt securities as remuneration for contributions in kind involving capital stock or securities giving access to capital, without preferential subscription rights)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for extraordinary business, having reviewed the report of the Board of Directors and the Statutory Auditors' special report, in accordance with Article L.225-147, paragraph 6 of the French Commercial Code:

1) Authorizes the Board of Directors, in accordance with the provisions of law, to carry out, on one or several occasions, a capital increase of up to 10% of the share capital at the time of the issue, this percentage being applied to a capital amount adjusted in accordance with transactions impacting it subsequent to this General Shareholders' Meeting, with a view to remunerating contributions in kind granted to the Company and consisting of capital stock or securities providing access to capital, when the provisions set out in Article L. 225-148 of the French Commercial Code are not applicable, through the issue, on one or several occasions, of (i) shares, (ii) shares giving access to other shares, either existing or new, or giving access to Company debt securities and/or (iii) securities giving access to shares to be issued by the Company, it being noted that the par value ceiling on capital increases carried out or liable to be carried out in the future under this resolution would be deducted from the par value limit for capital increases authorized by this General Shareholders' Meeting in paragraph four of resolution twenty-five and from the overall limit set out in paragraph three of resolution twenty-four or, where applicable, from the limits established under the same kind of resolution which may supersede said resolutions during the period in which this delegation of authority remains valid;

2) Decides that the Board of Directors cannot, unless granted prior authorization by the General Shareholders' Meeting, make use of this delegation of authority during the entire duration of a public offer launched on the Company's shares by a third party;

3) Decides that the Board of Directors will have all necessary powers, in accordance with the provisions of law, to put this resolution into effect, in particular to:

   - decide on a capital increase to be made as consideration for the assets transferred to the Company and determine the nature of the securities to be issued,
   - establish the list of securities to be contributed, approve the valuation of the contributions, set the terms of the issue of securities made as consideration for said contributions, as well as where applicable the amount of the cash adjustment to be paid, approve the granting of specific benefits and reduce, subject to the transferors' consent, the valuation of the contributions or the consideration for specific benefits,
   - determine the characteristics of the securities to be issued as consideration for the contributions in kind and set the terms on which any rights of holders of securities giving access to share capital are to be preserved,
   - at its sole discretion, apply the cost of capital increases against the related share premiums and deduct the amounts required for the legal reserve,
   - duly record the completion of each capital increase and modify the bylaws accordingly,
   - in general, take any measures and carry out any formalities that are appropriate for the issue, listing and financial servicing of securities issued under this delegation of authority and the exercise of associated rights;

4) Establishes the effective period of the authorization provided in this resolution at twenty-six (26) months from this General Shareholders' Meeting;

5) Decides, as necessary, to waive, in favor of holders of capital stock or securities that are the subject of contributions in kind, preferential subscription rights to the shares and securities so issued;

6) Decides that this delegation of authority voids from this day, as applicable, any unused part of any prior delegation with the same purpose, and in particular the one granted in resolution seventeen by the Combined General Shareholders' Meeting of May 23, 2017.

Resolution twenty-eight (Delegation of authority to be granted to the Board of Directors to increase the share capital via the incorporation of reserves, retained earnings, premiums or other items)

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, having reviewed the report of the Board of Directors and in accordance with the provisions of Article L.225-130 of the French Commercial Code:

1) Approves the delegation of authority to be granted to the Board of Directors, which it may in turn delegate in accordance with the provisions of law, to decide to increase the share capital, on one or more occasions, in the proportions and at the time of its choosing via the incorporation of reserves, retained earnings, premiums or other items for which this is allowable under general law and the Company bylaws, by the issue of new share capital or by raising the par value of existing shares or increasing the par value of the share capital or by a combination of these two methods. The total par value of capital increases which may be effected pursuant to this delegation of authority, immediately or in the future, may not exceed one and a half billion (1.5 billion) euros, it being noted that the total par value of capital increases carried out or likely to be carried out in the future under this delegation of authority will be subject to the overall limit set out in paragraph three of resolution twenty-four of this General Shareholders' Meeting or, where applicable, to the amount of an overall limit stipulated by any similar resolution that may supersede said resolution during the period of validity of the present delegation;

2) In the event that this delegation of authority is used by the Board of Directors, delegates all powers to the latter, which it may in turn delegate in accordance with the provisions of law, to put this delegation of authority into effect, and in particular to:

   - define the amount and the nature of the amounts to be incorporated in the share capital, set the number of new shares to be issued and/or the amount by which the par value of existing shares will be increased, to determine the date from which new shares carry rights, even retrospectively, or the date on which an increase in par value takes effect,
   - decide, in the event of free share allocations, that rights not representing a whole number of shares may not be traded and that the shares concerned are to be sold, with the proceeds of the sale being allocated to the holders of such rights in accordance with legal and regulatory requirements,
   - make all adjustments as may be required as a result of changes in the capital of the Company, in particular changes in the par value of shares, capital increases by capitalization of reserves, free share or capital stock allocations, splitting or reverse-splitting of shares, distribution of reserves or of any other assets, redemption of capital, or any other transaction affecting the equity or share capital (including in the case of a public tender offer and/or in the event of a change of control), and set the other terms on which any rights of holders of securities giving access to the share capital are to be preserved,
   - duly record the completion of each capital increase and modify the bylaws accordingly,

- in general, enter into agreements, take any measures and carry out any formalities that are appropriate for the issue, listing and financial servicing of securities issued under this delegation of authority and the exercise of associated rights;

3) Decides that the Board of Directors cannot, unless granted prior authorization by the General Shareholders' Meeting, make use of this delegation of authority during the entire duration of a public offer launched on the Company's shares by a third party;
4) Establishes the effective period of the authorization provided in this resolution at twenty-six (26) months from this General Shareholders' Meeting;
5) Decides that this delegation of authority voids from this day, as applicable, any unused part of any prior delegation with the same purpose, and in particular the one granted in resolution eighteen by the Combined General Shareholders' Meeting of May 23, 2017.

Resolution twenty-nine (Delegation of authority to be granted to the Board of Directors to increase the number of securities to be issued in the event of capital increases with or without preferential subscription rights)

The General Shareholders’ Meeting, deliberating in accordance with the quorum and majority requirements for extraordinary business, having reviewed the report of the Board of Directors and the Statutory Auditors' special report, in accordance with Article L.225-135-1 of the French Commercial Code:

1) Approves the delegation of authority to be granted to the Board of Directors, which it may in turn delegate in accordance with the provisions of law, to decide to increase the number of securities to be issued in the event of an increase in the Company's share capital with or without preferential subscription rights, at the same price as that chosen for the initial issue, within the periods and limits specified by applicable legislation at the date of the issue (currently, within thirty days of the subscription closing date and within the limit of 15% of the initial issue), in particular with a view to granting a "greenshoe" option in accordance with market practices;
2) Decides that the par value of capital increases decided on by the present resolution will be taken into account in the amount of the ceiling or ceilings applicable to the initial issue;
3) Establishes the effective period of the authorization provided in this resolution at twenty-six (26) months from this General Shareholders' Meeting.

Resolution thirty (Delegation of authority to be granted to the Board of Directors to decide whether to increase share capital through the issue of shares and/or securities providing access to the capital of the Company, reserved for members of employee savings plans with waiving of preferential subscription rights in favor of said members)

The General Shareholders’ Meeting, deliberating in accordance with the quorum and majority requirements for extraordinary business, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, in accordance with the provisions of Articles L.225-129-2, L.225-129-6, L.225-138 I and II, L.225-138-1, L.228-91 and L.228-92 of the French Commercial Code, and with the provisions of Articles L.3332-18 to L.3332-24 of the French Labor Code:

1) Approves the delegation of authority to be granted to the Board of Directors, which it may in turn delegate in accordance with the provisions of law, to decide to increase the share capital, on one or more occasions, up to the par value limit of fifty (50) million euros, through the issue of shares or securities giving access to the share capital reserved for members of one or more employee savings plans in place within a company or group of companies in France or abroad, included within the consolidation scope or combination of the accounts of the Company pursuant to Article L.3344-1 of the French Labor Code; it being noted that (i) this resolution may be used to implement schemes with a leverage effect and (ii) the total par value of capital increases which may be effected pursuant to this resolution, immediately or in the future, will be deducted from the overall ceiling provided for in paragraph three of resolution twenty-four of this General Shareholders' Meeting or, where applicable, from the overall ceiling provided for in a similar resolution which may replace the said resolution during the valid term of this delegation of authority and is set without taking into account the par value of shares to be issued to preserve, in accordance with the law and where applicable contractual provisions for other kinds of adjustment, the rights of holders of securities giving access to the share capital;
2) Establishes the effective period of the issue delegation provided for in this delegation of authority at twenty-six (26) months from this General Shareholders' Meeting;
3) Resolves that the issue price for new shares shall be at least equal to the average of the prices listed on the market during the 20 trading sessions preceding the decision setting the date for the opening of subscription, less the maximum discount set out by law on the date that the Board of Directors makes its decision. The Board of Directors can reduce this discount if it deems such a reduction to be appropriate, especially if offering members of the Company savings plan securities on the international market and/or outside of the country to meet requirements imposed by applicable local laws;
4) Authorizes the Board of Directors to grant, free of charge, to the above-mentioned beneficiaries, in addition to shares or securities giving access to capital to be subscribed to in cash, shares or securities giving access to capital to be issued or already issued, to replace all or part of the discount relative to the Reference Price and/or the contribution, with the understanding that the advantage resulting from this granting may not exceed the applicable legal or regulatory limits as set out in Articles L.3332-11 and L.3332-21 of the French Labor Code;
5) Resolves to remove, in favor of the above-mentioned beneficiaries, the preferential subscription right of shareholders to shares or securities giving access to capital whose issue is the subject of this delegation, said shareholders also waiving, in the event that the above-mentioned beneficiaries are granted shares or securities giving access to capital, any rights to said shares or securities giving access to capital, including the portion of reserves, retained earnings or capitalized premiums, due to the free granting of said shares based on this resolution;
6) Authorizes the Board of Directors, under the conditions of this delegation, to carry out the sale of shares to members of a company or group employee savings plan (or similar plan) such as those provided for in Article L.3332-24 of the French Labor Code, with the understanding that sales of shares completed with a discount in favor of members of one or several employee savings plans targeted by this resolution will be applied up to the nominal amount of shares so sold on the amount of ceilings set out in paragraph 1 below;
7) Decides that the Board of Directors will have all necessary powers, which it may in turn delegate in accordance with the

provisions of law, to put this delegation of authority into effect, within the limits and conditions defined above, in particular to:

- draw up, in accordance with legal provisions, the list of companies whose above-mentioned beneficiaries may subscribe to shares or securities giving access to capital thereby issued and who may benefit, if applicable, from free shares or securities giving access to the share capital,
- decide that subscriptions may be carried out directly by the beneficiaries, members of a company or group employee savings plan (or similar plan), or through employee mutual funds or other structures or entities permitted under applicable legal or regulatory provisions,
- determine the conditions, particularly seniority conditions, that beneficiaries of capital increases must meet,
- set the dates for opening and closing subscriptions,
- set the amounts for issues that will be carried out under this authorization and to set, in particular, the issue prices, dates, deadlines, procedures and conditions for subscription, payment, granting and entitlement for securities (even retroactive), the rules for reduction applicable in the event of oversubscription, as well as the other conditions and procedures for issues, within the applicable legal or regulatory limits,
- in the event that free shares or securities giving access to capital are granted, determine the nature, characteristics and number of shares or securities giving access to capital to be issued, the number to grant to each beneficiary, and to set the dates, deadlines, procedures and granting conditions for these shares or securities giving access to capital, within the applicable legal and regulatory limits and in particular to choose either to completely or partially replace the granting of these shares or securities giving access to capital at discounts relative to the Reference Price provided for above, or to apply the equivalent value of these shares or securities to the total amount of the contribution, or to combine these two options,
- in the event that new shares are issued, apply, if applicable, to reserves, retained earnings or issue premiums, the amounts necessary to pay up said shares,
- record the completion of capital increases up to the amount of shares that will be effectively subscribed to,
- if applicable, apply the cost of the capital increase against the related share premiums and deduct the amounts required to bring the legal reserve from this amount to a tenth of the new capital resulting from these capital increases,
- sign any agreements, carry out directly or indirectly through a representative any transactions and formalities, including carrying out formalities due to the capital increases and amending the bylaws accordingly,
- in general, enter into agreements to ensure the proposed issues are successfully completed, take any measures and decisions and carry out any formalities that are appropriate for the issue, listing and financial servicing of securities issued under this delegation of authority and the exercise of associated rights or those due to the capital increases;

8) Decides that this delegation of authority voids from this day, as applicable, any unused part of any prior delegation with the same purpose, and in particular the one granted in resolution eighteen by the Combined General Shareholders' Meeting of May 23, 2018.

Resolution thirty-one (Powers to complete formalities)

The General Shareholders’ Meeting, deliberating in accordance with the quorum and majority requirements for ordinary and extraordinary business, hereby confers all powers to the bearer of an original, a copy, or an extract of the minutes of its deliberations to carry out any and all filings and formalities required by law.

7.7 Statutory Auditors’ special report on related-party agreements and commitments

General Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2018

To the Shareholders,

NATIXIS

30 avenue Pierre Mendès France

75013 Paris

In our capacity as your Company’s Statutory Auditors, we hereby submit our report on related-party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the key features, terms and conditions as well as the reasons justifying the relevance for the Company of the contractual agreements and commitments that have been indicated to us or that we may have identified in the performance of our assignment. It is not our role to comment as to whether they are beneficial, or to ascertain the existence of any other agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code, to assess the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required to inform you, in accordance with Article R. 225-31 of the French Commercial Code, of the execution during the past fiscal year of the agreements and commitments already approved by the General Shareholders’ Meeting.

We performed the procedures we considered necessary to comply with the professional code of the Compagnie Nationale des Commissaires aux Comptes (France’s National Association of Statutory Auditors) relating to this assignment. Our work consisted in verifying that the information provided to us is consistent with the underlying documents from which it was extracted.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL SHAREHOLDERS’ MEETING

Agreements and commitments authorized and entered into during the past fiscal year

In accordance with Article L. 225-40 of the French Commercial Code, we were informed of the following agreements and commitments entered into during the past fiscal year that were approved by the Board of Directors.

1. Negotiation Agreement relating to Natixis selling the Securities & Financial Guarantees (CECG), Leasing (Natixis Lease), Factoring (Natixis Factor), Consumer Finance (Natixis Financement) and Securities Services (EuroTitres Department) businesses of its Specialized Financial Services division to BPCE.

At its September 12, 2018 meeting, the Board of Directors authorized the signing of a Negotiation Agreement relating to the sale by Natixis of the Securities & Financial Guarantees, Leasing, Factoring, Consumer Finance, and Securities Services businesses of its Specialized Financial Services division to BPCE.

The signing of the Negotiation Agreement, which indicates a total sale price of €2.7 billion, is in the interests of the company, given the project’s strategic benefit to Natixis. This is because the transaction will enable Natixis to accelerate the development of its asset-light model. This would allow Natixis to invest up to €2.5 billion over the duration of its New Dimension strategic plan, primarily in asset management activities, compared to the initially planned €1 billion.

This agreement will be presented for approval at the May 28, 2019 General Shareholders' Meeting.

Corporate officers concerned on the applicable date: Laurent Mignon, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Natixis; Catherine Halberstadt, a member of the Management Board of BPCE and permanent representative of BPCE at Natixis; Bernard Dupouy, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis; Thierry Cahn, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis; Françoise Lemalle, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis; Alain Condaminas, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis; and Stéphanie Paix, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis.

This agreement had no financial impact in 2018.

Agreements and commitments authorized and entered into after the reporting period

We have been informed of the following agreements and commitments authorized by the Board of Directors and entered into since the end of the fiscal year.

2. Sale by Natixis of the Securities & Financial Guarantees (CECG), Leasing (Natixis Lease), Factoring (Natixis Factor), Consumer Finance (Natixis Financement) and Securities Services (EuroTitres Department) businesses of its Specialized Financial Services division to BPCE ("Project Smith")

On February 12, 2019, the Board of Directors approved the conditions of Project Smith and authorized the signature of the following agreements:

- the agreement relating to the sale by Natixis to BPCE of all shares held by Natixis in CECG, Natixis Lease, Natixis Factor and Natixis Financement (the "Disposal Agreement");
- the agreement relating to the sale by Natixis to BPCE of the EuroTitres goodwill (the "EuroTitres Agreement"); and
- the following agreements annexed to the Disposal Agreement and to the EuroTitres Agreement (the "Related Agreements"):
  - the service agreement to be concluded between the Company and BPCE covering certain services that must be provided by Natixis (or its subsidiaries) to BPCE (or its subsidiaries) during a transition period and/or for an indefinite period, depending on the type of service,
  - the service agreement to be concluded between Natixis and BPCE covering certain IT services that must be provided by Natixis (or its subsidiaries) to BPCE (or its subsidiaries) during a transition period and/or for an indefinite period, depending on the type of service,
  - the service agreement to be concluded between Natixis and BPCE covering certain services that must be provided by BPCE (or its subsidiaries) to Natixis (or its subsidiaries) during a transition period and/or for an indefinite period, depending on the type of service,
  - a mandate agreement to be concluded between Natixis and BPCE and referred to in the Appendices (G) to the EuroTitres Agreement.

The signing of the Disposal Agreement and the EuroTitres Agreement, which indicates a sale price of €2.7 billion, is in the interests of Natixis, given Project Smith's strategic benefit to Natixis and the fair price. Project Smith has enabled Natixis to improve its strategic growth capacity and achieve, ahead of schedule, its 2020 target CET1 ratio of 11%. It also provides the Company with more strategic flexibility so it can accelerate the implementation of its asset-light model while consolidating its distinctive, high added-value expertise, which is light on capital and low on cost of risk.

These agreements will be presented for approval at the May 28, 2019 General Shareholders' Meeting.

Corporate officers concerned on the applicable date: Laurent Mignon, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Natixis; Catherine Halberstadt, a member of the Management Board of BPCE and permanent representative of BPCE at Natixis; Bernard Dupouy, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis; Thierry Cahn, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis; and Françoise Lemalle, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL SHAREHOLDERS' MEETING

Agreements and commitments authorized during previous fiscal years

In accordance with Article R. 225-30 of the French Commercial Code, we were notified that the following agreements and commitments, already approved by the General Shareholders' Meeting in previous years, were still being executed in the previous fiscal year.

1. Commitments made in favor of François Riahi upon his appointment as Chief Executive Officer

On May 2, 2018, Board of Directors authorized Natixis to sign, in favor of François Riahi:

- An agreement relating to the Chief Executive Officer's severance payment based on performance conditions and criteria, and capping that payment. The Chief Executive Officer will not receive severance payments in the event of gross negligence or willful misconduct, if he leaves the Company at his initiative to take another position or changes his position within Groupe BPCE. Moreover, any severance payment is subject to performance criteria and conditions.
- A non-compete agreement should his term of office as Chief Executive Officer be terminated. This non-compete agreement is limited to a period of six months, and includes a payment equal to six months of the fixed compensation in effect on the date when his corporate office is terminated. It should be noted that the total amount of the severance payment and the non-compete payment may not exceed a cap set at 24 months' monthly reference compensation, as defined in the commitment relating to his severance payment.

During that same meeting, the Natixis Board of Directors decided that François Riahi will also receive:

- Mandatory pension plans as all staff do. With respect to the "article 82” life insurance policy (in reference to the French General Tax Code) put in place by BPCE, the premiums shall be paid by François Riahi.
- Personal protection and health insurance affording protection similar to those of Natixis employees with respect to health and personal protection coverage.

These commitments were approved by the May 23, 2018 General Shareholders' Meeting.

Corporate officers concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Natixis; Laurent Mignon, Chief Executive Officer of Natixis and a member of the Management Board of BPCE; Catherine Halberstadt, a member of the Management Board of BPCE and permanent representative of BPCE at Natixis; Alain Condaminas, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis; Thierry Cahn, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis; Françoise Lemalle, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis; and Stéphanie Paix, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis.

This agreement had no financial impact in 2018.

2. Enrollment of Natixis in the insurance policy taken out by BPCE with Arial CNP Assurances

On August 1, 2017, the Board of Directors authorized the signature of an enrollment rider to the group insurance policy under Article 82 of the French General Tax Code, taken out by BPCE with Arial CNP Assurances for executive officers of Groupe BPCE who do not benefit from the “Pension plan for Groupe BPCE company directors” or the “Natixis pension guarantee” plan. This rider was signed on October 17, 2017.

This rider indirectly affects Laurent Mignon as Chief Executive Officer.

Corporate officers concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE and Chairman of the Board of Directors of Natixis; Laurent Mignon, Chief Executive Officer of Natixis and a member of the Management Board of BPCE; Marguerite Bérard-Andrieu, a member of the Management Board of BPCE and permanent representative of BPCE at Natixis; Alain Condaminas, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis; Thierry Cahn, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis; Françoise Lemalle, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis; and Stéphanie Paix, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis.

This agreement had no financial impact in 2018.

3. Compensation agreement between Natixis and Banque Palatine and amendment to the agreement

On February 10, 2016, the Board of Directors authorized a compensation agreement between Natixis and Banque Palatine designed to offset particular additional costs sustained by Banque Palatine in connection with the transfer of the investment services provided to its clients to Natixis EuroTitres and Caceis, and Caceis, and previously provided by a service provider outside Groupe BPCE. This agreement allows Natixis EuroTitres and Caceis to benefit from additional activity related to services rendered to Banque Palatine clients under the pricing conditions applicable to the services of Groupe BPCE entities.

This agreement was approved by the May 24, 2016 General Shareholders' Meeting.

Corporate officers concerned on the applicable date: BPCE, a Banque Palatine and Natixis director, as represented by Daniel Karyotis on the Natixis Board of Directors and Michel Grass, Banque Palatine and Natixis director.

This agreement had no financial impact in 2018.

On February 9, 2017, the Board of Directors authorized the signing of an amendment to the compensation agreement between Natixis and Banque Palatine originally signed on February 10, 2016, designed to offset particular additional costs sustained by Banque Palatine in connection with the transfer of the investment services provided to its clients to Natixis EuroTitres and Caceis, and previously provided by a service provider outside Groupe BPCE.

This amendment changed the amount of Natixis’ compensation in order to take into account an additional cost that was not anticipated by the parties when the agreement was signed. The Board of Directors of Natixis considered that the agreement allows Natixis (EuroTitres department) to benefit from additional activity related to services rendered to Banque Palatine clients under the pricing conditions applicable to the services of Groupe BPCE entities.

This amendment was rejected by the May 23, 2017 General Shareholders' Meeting.

Corporate officers concerned on the applicable date: BPCE, a Banque Palatine and Natixis director, as represented by Marguerite Bérard-Andrieu on the Natixis Board of Directors and Sylvie Garcelon, Banque Palatine and Natixis director.

The expenses recognized by Natixis in respect of the amendment to the Banque Palatine compensation agreement amounted to €345,000.00 for fiscal year 2018.

4. Memorandum of Understanding and agreements relating to the new partnership agreements between the CNP and BPCE groups

At its meeting of August 6, 2013, the Board of Directors gave François Pérol a mandate to set up an insurance division at Natixis, and to enter into negotiations with CNP Assurances in order for the life insurance business generated by the Group to be brought in-house at Natixis Assurances.

The negotiations conducted with CNP between October 2013 and July 2014 resulted in the determination of the fundamental principles for the future partnership between BPCE, Natixis, and CNP, which were authorized by the Board of Directors on July 31, 2014.

The discussions with CNP continued, and initially resulted in a master memorandum of agreement between CNP Assurances, BPCE, and Natixis, which was authorized by the Board of Directors on November 4, 2014, and then in a Memorandum of Understanding, as well as in various specific agreements referred to in that protocol (“the New Partnership Agreements”), which were authorized by the Board of Directors on February 18, 2015, and where the main provisions are as follows:

7

Memorandum of Understanding between CNP Assurances, BPCE and Natixis, the aim of which is to:

- acknowledge the non-renewal of the current agreements;
- determine, organize, and manage the contractual package formed by the New Partnership Agreements, for which the protocol is the umbrella agreement;
- determine the term of the New Partnership Agreements, namely seven years as from January 1, 2016. At the end of this seven-year period, BPCE will be able to either extend the new partnership agreements for a period of three years as from January 1, 2023, or to purchase CNP's insurance deposit inventory. BPCE will have the option of acquiring the existing portfolio at December 31, 2020 and CNP the option, in 2020 and 2022, of notifying BPCE of its desire to initiate discussions with a view to such sale;
- determine and organize the operation of the Partnership Monitoring Committee (and of any potential sub-committees set up by the latter); and
- more broadly, organize and manage the relations between the Parties under the Renewed Partnership.

Corporate officers concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE, Chairman of the Board of Directors of Natixis and a member of the Board of Directors of CNP Assurances; Laurent Mignon, Chief Executive Officer of Natixis and a member of the Management Board of BPCE; Daniel Karyotis, a member of the Management Board of BPCE and permanent representative of BPCE at Natixis; Alain Condaminas, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis; Catherine Halberstadt, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis; Didier Patault, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis; Thierry Cahn, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis; and Pierre Valentin, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis.

Agreements entered into by CNP Assurances, BPCE, Natixis, and ABP Vie (a subsidiary of Natixis Assurances):

- Quota share reinsurance treaty entered into by CNP Assurances and ABP Vie in the presence of Natixis, with a view to ABP Vie, a Natixis Assurances subsidiary, reinsuring 10% of CNP Assurances' life insurance and accumulation product inventory, which will be distributed by the Caisses d'Epargne network until December 31, 2015, and during the interim period determined in the protocol.
- New business tranche 1 reinsurance treaty entered into by ABP Vie and CNP Assurances in the presence of Natixis: quota share reinsurance by CNP Assurances of 40% of all ABP Vie's life insurance and accumulation products distributed by the Caisses d'Epargne network as from January 1, 2016.
- Tranche 2 new business reinsurance treaty between ABP Vie and CNP Assurances in the presence of BPCE and Natixis: 90% reinsurance by CNP Assurances for new business involving ex-CNP customers.
- Tranche 2 reinsurance matching agreement entered into by ABP Vie, CNP Assurances and BPCE, in the presence of Natixis, the aim of which is to determine the procedures for the management of events:
  - the provision to CNP Assurances of the list of customers covered by BPCE, in accordance with the frequencies and procedures provided for in said agreement, as from the recognition of a market shock (interest-rate shock or behavioral shock), and
  - the implementation of the tests required for the determination and information exchange mechanisms provided for in said agreement to operate properly.
- EuroCroissance matching agreement entered into by CNP Assurances, BPCE, and ABP Vie in the presence of Natixis, the aim of which is to determine the procedures for the management of events (procedures similar to those in the tranche 2 reinsurance matching agreement).

These agreements are part of Natixis and Groupe BPCE's strategic plan and in particular the "Assurément #2016" project.

Corporate officers concerned on the applicable date: François Pérol, Chairman of the Management Board of BPCE, Chairman of the Board of Directors of Natixis and a member of the Board of Directors of CNP Assurances; Laurent Mignon, Chief Executive Officer of Natixis and a member of the Management Board of BPCE; Daniel Karyotis, a member of the Management Board of BPCE and permanent representative of BPCE at Natixis; Alain Condaminas, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis; Catherine Halberstadt, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis; Didier Patault, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis; Thierry Cahn, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis; and Pierre Valentin, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis.

These agreements were approved by the May 19, 2015 General Shareholders' Meeting.

These agreements had no financial impact in 2018.

5. Authorization of an underwriting agreement

On June 25, 2014, the Board of Directors authorized the sale of 79,989,067 Coface shares, with the option of increasing this number to a maximum of 91,987,426 shares sold if the green-shoe option was fully exercised, as part of a retail public offering in France and a global offering for institutional investors both in and outside France, and decided on the definitive sale price of said shares.

The global offering was underwritten by a group of financial institutions:

- headed by Natixis and J.P. Morgan Securities Ltd in the capacity of global coordinators ("the Global Coordinators"); and
- including BNP Paribas, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Morgan Stanley & Co. International plc (the "Joint Lead Managers and Joint Book-Runners" together with the Global Coordinators), as well as Banco Santander S.A., Crédit Agricole Corporate and Investment Bank, Commerzbank Aktiengesellschaft, ING Bank N.V. and Banca IMI S.p.A. (the "Co-Lead Managers", and the Underwriters, together with the Joint Lead Managers and Joint Book-Runners).

On June 25, 2014, the Board of Directors approved the draft agreement, authorized the signing of the underwriting agreement on this basis, and granted all powers to the Chief Executive Officer for the purpose of making any alterations to said draft that do not materially alter its content, and of signing the underwriting agreement in the name and on behalf of Natixis.

Corporate officers concerned on the applicable date:

- *François Pérol, Chairman of the BPCE Management Board and Chairman of the Board of Directors of Natixis;*
- *Laurent Mignon, Chief Executive Officer of Natixis and Chairman of the Board of Directors of Coface;*
- *BPCE, a Natixis and Coface director, as represented by Daniel Karyotis, Chief Financial Officer and a member of the Management Board of BPCE, BPCE's Permanent Representative on the Board of Directors of Natixis.*

This agreement had no financial impact in 2018.

6. The "3a2" debt issuance program in the United States implemented by BPCE and the amendment to the agreement relating to the guarantee granted to BPCE bondholders by the Natixis New York Branch Office on April 9, 2013.

On February 17, 2013, the Board of Directors approved the guarantee given to BPCE by the Natixis NY Branch Office. This guarantee was granted in Natixis' corporate interest, in the event that BPCE re-lends all or part of the USD resources raised from Natixis.

This agreement, signed on April 9, 2013, was approved by the May 21, 2013 General Shareholders' Meeting.

Moreover, on February 19, 2014, the Board of Directors authorized the amendment to this agreement, the purpose of which is to alter the sub-ceilings provided for in Article 4 of the agreement, namely: raising the total maximum nominal amount of the bonds that can be issued by BPCE under Program 3 (a)(2) each year from USD 4 billion to USD 6 billion, and raising the total maximum nominal amount of the proceeds from the bond issues under Program 3 (a)(2) that cannot be re-loaned to Natixis within 90 days of their settlement & delivery from USD 2 billion to USD 3 billion. Furthermore, BPCE may loan securities to Natixis for shorter maturities than those of the bonds, depending on Natixis' needs.

This amendment was approved at the Ordinary General Shareholders' Meeting of May 20, 2014.

Corporate officers concerned on the applicable date:

- *François Pérol, Chairman of the BPCE Management Board and Chairman of the Board of Directors of Natixis;*
- *Stève Gentili, a member of the BPCE Supervisory Board and Natixis director;*
- *Didier Patault, a member of the BPCE Supervisory Board and Natixis director;*
- *Philippe Sueur, Vice-Chairman of the Steering and Supervisory Board of Caisse d'Epargne Ile-de-France and Natixis director;*
- *Thierry Cahn, a member of the BPCE Supervisory Board and Natixis director;*
- *Alain Condaminas, a member of the BPCE Supervisory Board and Natixis director;*
- *Catherine Halberstadt, a member of the BPCE Supervisory Board and Natixis director;*
- *Pierre Valentin, a member of the BPCE Supervisory Board and Natixis director;*
- *Stéphanie Paix, Chairman of the Management Board of Caisse d'Epargne Rhône-Alpes and Natixis director;*
- *BPCE, as represented by Daniel Karyotis, Chief Financial Officer and a member of the Management Board of BPCE and BPCE's Permanent Representative on the Board of Directors of Natixis.*

The income recognized by the Natixis New York branch in respect of this agreement amounted to USD 654,959.00 for the fiscal year ended December 31, 2018.

7. Reciprocal financial guarantee pertaining to the "Neptune" Deal between Natixis S.A. and Natixis Real Estate Capital Inc.

On February 24, 2010, the Board of Directors approved a financial guarantee agreement between Natixis and Natixis Real Estate Capital Inc., mirroring the Neptune guarantee and covering all Gestion Active des Portefeuilles Cantonnés—Workout Portfolio Management (GAPC) assets held by Natixis Real Estate Capital Inc.

This financial guarantee took the legal form of a risk participation to cover Natixis Real Estate Capital Inc., in proportion to a share of a portfolio of assets held by Natixis Real Estate Capital Inc. at June 30, 2009, following the clear failure to pay the amounts due in relation to the assets on the contractually agreed payment date.

Term of the agreement: the agreement will end on the final maturity date.

This agreement was approved by the May 26, 2011 General Shareholders' Meeting.

This agreement had no financial impact in 2018.

8. Preliminary agreement between Natixis and BPCE regarding the guarantee mechanism covering certain GAPC assets and the agreements pertaining to the guarantee.

On August 25, 2009, the Board of Directors approved a preliminary agreement between Natixis and BPCE for the purpose of protecting Natixis against future losses and any earnings volatility caused by assets ring-fenced by its Workout Portfolio Management structure (GAPC).

This preliminary agreement resulted in the signing of several agreements between Natixis and BPCE relating to the guarantee of certain GAPC assets.

On November 12, 2009, the Board of Directors approved a number of agreements regarding the guarantee covering certain GAPC assets, namely:

- The Financial Guarantee agreement, under which BPCE agrees to grant Natixis a financial guarantee (term: the agreement will end on the final maturity date);
- the ISDA Master Agreement and Appendix, between BPCE and Natixis;
- total return swap agreements between Natixis and BPCE, one of which relates to euro-denominated assets and the other to US dollar-denominated assets;
- the Call Option granted by BPCE to Natixis;
- the "Miroir NLI" Reciprocal Financial Guarantee between Natixis and Natixis Luxembourg Investissements;
- the "Miroir NFP" Reciprocal Financial Guarantee between Natixis and Natixis Financial Products Inc.;

7

- the “Miroir NFUSA” Reciprocal Financial Guarantee between Natixis and Natixis Funding USA, LLC;
- the “Miroir IXIS CMNA Australia” Reciprocal Financial Guarantee between Natixis and IXIS CMNA Australia No. 2 SCA;
- the “Miroir NFP” Reciprocal Total Return Swap Agreement between Natixis and Natixis Financial Products Inc.;
- the “Miroir NREC” Reciprocal Total Return Swap Agreement between Natixis and Natixis Real Estate Capital Inc.;
- governance arrangements set up in respect of the GAPC guarantee (specifically including draft operating charters for the Guarantee Supervision Committee and Workout Portfolio Management Committee). These agreements were approved by the May 27, 2010 General Shareholders’ Meeting.

On August 5, 2010, the Board of Directors approved Amendment No. 1 to the financial guarantee dated November 12, 2009 (risk participation) between Natixis and BPCE.

The purpose of this amendment was to clarify how certain provisions of the Guarantee apply to covered assets subject to a write-down.

This amendment was approved by the May 26, 2011 General Shareholders' Meeting.

Corporate officers concerned on the applicable date:

- *François Pérol, Chairman of the BPCE Management Board and Chairman of the Natixis Board of Directors;*
- *Alain Lemaire, a member of the BPCE Management Board and a member of the Natixis Board of Directors;*
- *Yvan de la Porte du Theil, a member of the BPCE Management Board and a member of the Natixis Board of Directors;*
- *Nicolas Duhamel, a member of the BPCE Management Board and Permanent Representative of BPCE, and a member of the Natixis Board of Directors;*
- *Stève Gentili, a member of the BPCE Supervisory Board and a member of the Natixis Board of Directors;*
- *Francis Henry, a member of the BPCE Supervisory Board and a member of the Natixis Board of Directors;*
- *Bernard Jeannin, a member of the BPCE Supervisory Board and a member of the Natixis Board of Directors; and*
- *Didier Patault, a member of the BPCE Supervisory Board and a member of the Natixis Board of Directors.*

The change in the fair value of the total return swaps gave rise to the recognition of an expense of €11,864,372.00 for the fiscal year ended December 31, 2018, in respect of Natixis’ activities, and to an expense of $135,225.00 in respect of the subsidiaries’ activities. This expense was neutralized in Natixis’ accounts by recognizing an offsetting expense against the subsidiaries.

As the premium was immediately recognized in the balance sheet, its revaluation led to the recording of income amounting to €10,111,719.00 for the 2018 fiscal year.

Cancellation payments had no financial impact in 2018.

There was no activation of guarantees in the 2018 fiscal year.

9. Authorization of a related-party agreement on the Chapel Deal between Natixis and BPCE

On May 11, 2011, the Board of Directors approved an agreement on the Chapel Deal between Natixis and BPCE. The Chapel Deal is part of GAPC, within a structured product called Sahara that provides a closer reflection of the rating of high-quality assets held by GAPC. These securities are covered by the “Neptune” Guarantee entered into with BPCE in 2009. To re-establish the equivalent of the Neptune Guarantee, from which Natixis benefited via Sahara, it was proposed that BPCE should guarantee the Chapel security via a total return swap (TRS) at the same time as the Chapel assets were bought back by Natixis.

This agreement was approved by the May 29, 2012 General Shareholders' Meeting.

Corporate officers concerned on the applicable date:

- *François Pérol, Chairman of the BPCE Management Board and Chairman of the Natixis Board of Directors;*
- *Stève Gentili, a member of the BPCE Supervisory Board and Natixis director;*
- *Didier Patault, a member of the BPCE Supervisory Board and Natixis director;*
- *Bernard Jeannin, a member of the BPCE Supervisory Board and Natixis director;*
- *Olivier Klein, a member of the BPCE Management Board and Natixis director;*
- *Jean Criton, a member of the BPCE Supervisory Board and Natixis director;*
- *Philippe Queuille, a member of the BPCE Management Board and Natixis director;*
- *Philippe Sueur, Vice-Chairman of the Steering and Supervisory Board of Caisse d’Epargne Ile-de-France and Natixis director;*
- *Jean-Bernard Mateu, Chairman of the Management Board of Caisse d’Epargne Rhône-Alpes and Natixis director;*
- *BPCE, as represented by Nicolas Duhamel, Chief Financial Officer and a member of the BPCE Management Board and BPCE’s permanent representative on the Natixis Board of Directors.*

This agreement had no financial impact in 2018.

10. Invoicing agreement pertaining to Natixis’ affiliation to BPCE

On February 22, 2012, the Board of Directors authorized a new invoicing agreement pertaining to Natixis’ affiliation to BPCE, in replacement of the existing affiliation agreement.

This new invoicing agreement is aimed at providing a better reflection of the proportion of BPCE’s governance functions that relate to affiliated entities. It provides for annual invoicing based on the actual cost of the tasks performed by BPCE.

Term of the agreement: the agreement will enter into effect for the parties while Natixis is affiliated to BPCE, within the meaning of the provisions of Article L. 511-31 of the French Monetary and Financial Code.

This agreement was approved by the May 29, 2012 General Shareholders' Meeting.

Corporate officers concerned on the applicable date:

- *François Pérol, Chairman of the BPCE Management Board and Chairman of the Natixis Board of Directors;*
- *Stève Gentili, a member of the BPCE Supervisory Board and Natixis director;*
- *Didier Patault, a member of the BPCE Supervisory Board and Natixis director;*
- *Bernard Jeannin, a member of the BPCE Supervisory Board and Natixis director;*
- *Olivier Klein, a member of the BPCE Management Board and Natixis director;*

- *Jean Criton, a member of the BPCE Supervisory Board and Natixis director;*
- *Philippe Queuille, a member of the BPCE Management Board and Natixis director;*
- *Philippe Sueur, Vice-Chairman of the Steering and Supervisory Board of Caisse d'Epargne Ile-de-France and Natixis director;*
- *BPCE, as represented by Nicolas Duhamel, Chief Financial Officer and a member of the BPCE Management Board and BPCE's permanent representative on the Natixis Board of Directors.*

The expenses recognized by Natixis in respect of this agreement amounted to €33,498,302.00 for the fiscal year ended December 31, 2018.

11. Agreement providing for the distribution of Natixis products and services to the regional banks acquired from HSBC by the Banque Populaire Group

On December 18, 2008, the Supervisory Board approved an agreement providing for the distribution of Natixis products and services to the regional banks acquired from HSBC by the Banque Populaire Group, pursuant to which Natixis was to be the exclusive supplier to these banks for the businesses concerned by the agreement as from 2009. The agreement also stipulated that the conditions established between Natixis and the Banque Populaire Group should apply to these banks.

This agreement was approved by the April 30, 2009 General Shareholders' Meeting.

The income recognized in respect of the activation of guarantees in the 2018 fiscal year amounted to €391,454.00.

12. "Click'n Trade" service and partnership agreement between IXIS CIB, CNCE and Banque Palatine

On June 6, 2007, the Supervisory Board approved a service agreement between IXIS CIB, CNCE and Banque Palatine pertaining to CNCE's transfer to Banque Palatine of the operating and technical management of the "Click'n Trade" website, with CNCE retaining ownership of the website, and remaining the forward and cash currency transactions counterparty for IXIS CIB.

Term of the agreement: indefinite

The income recognized by Natixis in respect of this agreement amounted to €92,500.00 for the fiscal year ended December 31, 2018.

13. Letters of joint and several commitment and guarantee terminated or expired

IXIS CIB (previously known as CDC Marchés and then as CDC IXIS Capital Markets) was required to enter into a number of letters of joint and several commitment and guarantee with its various successive shareholders, namely the Caisse des Dépôts (CDC), CDC Finance-CDC IXIS (to which CNCE became the successor in interest following the merger dated December 31, 2004) and CNCE.

Likewise, IXIS CIB was required to enter into letters of joint and several commitment and guarantee with its US subsidiaries, namely Natixis Municipal Products Inc. (formerly CDC Municipal Products Inc.), Natixis Derivatives Inc. (formerly CDC Derivatives Inc.), Natixis Financial Products Inc. (formerly CDC Financial Products Inc.), Natixis Funding Corp. (formerly CDC IXIS Funding Corp.) and Natixis Commercial Paper Corp. (formerly CDC IXIS Commercial Paper Corp.).

All of these letters of joint and several guarantee and commitment had expired or been terminated at the date of this report, but continue to apply retrospectively to all the guaranteed transactions entered into prior to the date on which the underlying joint and several guarantees were terminated or expired, until these transactions have been fully unwound.

In the case of joint and several guarantees entered into with CDC Finance-CDC IXIS, the IXIS CIB creditors for transactions secured under these guarantees that were entered into before the expiry of the respective guarantees may, in accordance with the letter from the Chief Executive Officer of CDC dated October 12, 2004, enforce their rights directly against CDC until the maturity of the guaranteed transactions, as if this commitment had been taken out directly by CDC on behalf of the IXIS CIB creditors.

The conditions governing the payment and calculation of the fees payable by IXIS CIB in respect of the guarantees were defined in an agreement with CDC Finance-CDC IXIS and CNCE.

The expenses recognized by Natixis in respect of these agreements came to €472;998.00 for the fiscal year ended December 31, 2018.

14. Amendment to Laurent Mignon's personal protection and health insurance scheme

On February 10, 2016, the Board of Directors decided to amend the personal protection and health insurance scheme for Laurent Mignon, CEO, to maintain his level of compensation for 12 months in the event he is temporarily unable to work, and confirm his coverage by the personal protection and health insurance scheme for Natixis S.A. employees, as well as the Quatrem death and disability plan extended to certain members of Groupe BPCE senior management, including "Surviving Spouse Annuity".

This decision gives Laurent Mignon social protection similar to that of other members of the BPCE Management Board. This agreement was approved by the May 24, 2016 General Shareholders' Meeting.

Director concerned on the applicable date:

- *Laurent Mignon, Chief Executive Officer of Natixis.*

This agreement had no financial impact in 2018, other than for employer contributions paid under these plans and terminated on June 1, 2018.

15. Renewal as required of the commitments and agreements made in favor of Laurent Mignon

As part of Laurent Mignon's reappointment as Chief Executive Officer for a term of four years, on February 18, 2015, the Board of Directors authorized the renewal, as required, of the commitments and agreements made in favor of Laurent Mignon, namely:

- The commitment related to the severance payment and related amendment n°1, as authorized by the Board of Directors on February 22, 2011, and February 19, 2014. The Chief Executive Officer will not receive severance payments in the event of gross negligence or willful misconduct, if he leaves the Company at his initiative to take another position or changes his position within Groupe BPCE.

The rules for calculating the amount of Laurent Mignon’s severance pay comply with the principles in effect for members of BPCE’s Management Board.

This agreement, along with amendment n°1 to this agreement, were approved by the May 20, 2014 General Shareholders' Meeting;

- The non-compete agreement as authorized by the Board of Directors on February 19, 2014. This non-compete agreement is limited to a period of six months, and includes a payment equal to six months of the fixed compensation in effect on the date when his corporate office is terminated. It should be noted that the total amount of the severance payment and the non-compete payment may not exceed a cap set at 24 months’ monthly reference compensation, as defined in the commitment relating to his severance payment. This provision is in line with the implementation of the New Frontier plan and retention practices. This agreement was approved at the Ordinary General Shareholders' Meeting of May 20, 2014.

These agreements were approved again by the May 19, 2015 General Shareholders' Meeting.

Director concerned on the applicable date:

- *Laurent Mignon, Chief Executive Officer of Natixis.*

This agreement had no financial impact in 2018 and terminated on June 1, 2018.

Neuilly-sur-Seine and Paris La Défense, March 15, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Emmanuel Benoist	Jean-Marc MICKELER
	Charlotte VANDEPUTTE

8

ADDITIONAL INFORMATION

8.1 Statement by the person responsible for the registration document

I hereby declare that, to the best of my knowledge, after having taken all reasonable measures to this end, the information contained in this registration document is true and accurate and contains no omissions liable to impair its significance.

To the best of my knowledge, the financial statements were prepared in accordance with applicable accounting standards and provide a true image of the assets, the financial position and the income of the Company, and all businesses entering in the scope of consolidation, and the management report presents a true picture of changes in the business, of the income and of the financial position of the Company and all the businesses included in the scope of consolidation as well as a description of all the main risks and uncertainties with which they are confronted.

I have obtained a letter from the Statutory Auditors certifying the completion of their work, in which they indicate that they have examined the information relating to the financial position and the financial statements given in this document and have read the entire document.

Paris, March 15, 2019

François Riahi

Chief Executive Officer

8.2 Documents available to the public

Documents concerning Natixis (Articles of Association, bylaws, reports, Code of Conduct, mail and other documents, historical parent company and consolidated financial information, for each of the two fiscal years prior to the publication of this document) are partly included in this document and may be consulted at the Company's head office, preferably on appointment.

This registration document is available in the "Investor Relations" section of the Company's institutional website, *www.natixis.com*.

Any person wishing to obtain additional information about Natixis can request documents free of charge and without obligation:

- by mail: Natixis Communication financière –
  Relations investisseurs Immeuble Arc-de-Seine
  30, avenue Pierre-Mendès-France 75013 Paris
- by telephone: +33 (0) 1 58 19 26 34 or +33 (0) 1 58 32 06 94
- by e-mail: *investorelations@natixis.com*

8

8.3 Cross-reference table of registration document

In order to make this document easier to read, the following cross-reference table outlines the main headings required by Annex 1 of EC regulation No. 809/2004 of April 29, 2004, implementing the so-called "Prospectus" Directive.

	Heading	Registration document page number
15.	**Compensation and benefits**	
15.1.	Amount of compensation and benefits in kind	89 to 105
15.2.	Total amounts paid accrued by the issuer to provide pension, retirement or similar benefits	364 to 372
16.	**Administrative and management bodies practices**	
16.1.	Date of expiration of current terms of office	40 to 63
16.2.	Service contracts with members of the administrative bodies	80
16.3.	Information about the issuer's Audit Committee and Compensation Committee	77-78; 81-82
16.4.	Statement as to whether the issuer complies with the corporate governance regime	66
17.	**Employees**	
17.1.	Number of employees	492
17.2.	Directors' shareholdings and stock options	100; 521-522
17.3.	Arrangements for involving employees in the issuer's capital	290
18.	**Major shareholders**	
18.1.	Shareholders owning more than 5% of the share capital or voting rights	523
18.2.	Different voting rights of the aforementioned shareholders	525
18.3.	Control of the issuer	525
18.4.	Arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in its control	526
19.	**Related-party transactions**	**N/A**
20.	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**	
20.1.	Historical financial information	241 to 394; 403 to 441
20.2.	Pro forma financial information	8-9; 356 to 361
20.3.	Financial statements	241 to 394; 403 to 441
20.4.	Auditing of historical annual financial information	395 to 402; 442 to 446
20.5.	Age of latest financial information	395 to 402; 442 to 446
20.6.	Interim financial and other information	N/A
20.7.	Dividend policy	32; 517; 526
20.8.	Legal and arbitration procedures	158 to 160
20.9.	Significant changes in the issuer's financial or commercial situation	235
21.	**Additional information**	
21.1.	Share capital	431; 523-524
21.2.	Memorandum and bylaws	512 to 517
22.	**Material contracts**	**N/A**
23.	**Third party information and statement by experts and declarations of any interest**	**N/A**
24.	**Documents available to the public**	**565**
25.	**Information on holdings**	**381 to 384**

Pursuant to Article 28 of Commission regulation No. (EC) 809/2004 of April 29, 2004, the following information is incorporated by reference in this registration document:

- the parent company and consolidated financial statements for the year ended December 31, 2017, presented respectively on pages 344 to 381 and 194 to 337, the Statutory Auditors' report thereon, respectively pages 382 to 386 and 338 to 343, and the Group management report, on pages 178 to 192 of the registration document filed with the AMF on March 23, 2018 under number D.18-0172;
- the parent company and consolidated financial statements for the year ended December 31, 2016, presented respectively on pages 351 to 390 and 204 to 348, the Statutory Auditors' report thereon, respectively pages 391 to 392 and 349 to 350, and the Group management report, on pages 188 to 202 of the registration document filed with the AMF on March 21, 2017 under number D.17-0195.

All other chapters of reference documents filed under numbers D.18-0172 and D. 17-0195 that are not mentioned above are either of no material interest to investors or covered elsewhere in this registration document.

8.4 Cross-reference table for the annual financial report

	Heading	Registration document page number
1.	**Parent company financial statements**	**403 to 441**
2.	**Consolidated financial statements**	**241 to 394**
3.	**Management report** ***(see section 8.5 for detail)***	
	■ Analysis of business trend	220 to 224
	■ Analysis of results	225-226
	■ Analysis of financial position	108 to 115; 132 to 142; 147 to 154; 225 to 231
	■ Key financial and non-financial performance indicators	8-9; 451 to 491
	■ Principal risks and uncertainties	109 to 115
	■ Financial risks relating to the effects of climate change and the presentation of the Company's measures to reduce these effects through a low-carbon strategy in all aspects of its business.	479 to 484
	■ Internal control and risk management procedures relating to the preparation and processing of accounting and financial information	447 to 449
	■ Objective and policy for hedging transactions for which hedge accounting is used.	283-284
	■ Payment terms information	235
	■ Information relative to the locations and activities in each country or territory	381 to 394
4.	**Declaration by the person responsible for the registration document**	**564**
5.	**Statutory Auditors' report on the financial statements**	**442 to 446**
6.	**Statutory Auditors' report on the consolidated financial statements**	**395 to 402**
7.	**Statutory Auditors' special report on related-party agreements and commitments**	**555 to 562**
8.	**Statutory Auditors' fees**	**380**

8.5 Cross-reference table for the management report

	Heading	Registration document page number
1.	**Operations during 2018**	
	Consolidated results	241 to 394
	Natixis parent company	403 to 441
2.	**Progress made and difficulties encountered in 2018**	**220 to 224**
3.	**Research and development**	**160**
4.	**Significant events after the reporting period**	**375**
5.	**Trends and outlook**	**12 to 31**
6.	**Risk factors**	**109 to 115**
7.	**Report on corporate governance**	
	Items related to compensation	89 to 105
	Items related to the composition, operation and authority of the Board of Directors	38 to 88
	Structure of the Company's capital	431; 523-524
	Factors likely to be material in the event of a public tender offer (Article L.225-37-5 of the French Commercial Code)	526
	Summary of authorizations to increase the Company's share capital and their use during fiscal 2018	520
8.	**Information relative to the locations and activities in each country or territory**	**381 to 394**
9.	**Key characteristics of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information**	**447 to 449**
10.	**Labor, social and environmental information**	**451 to 507**
11.	**Vigilance action plan**	**481**
Appendices		
	▪ Parent company results for the last five years	441

8.6 Glossary

Acronym/Term	Definition
ABCP	Asset-backed commercial paper, i.e. a marketable debt instrument backed by cash flows from a pool of underlying assets.
ABS	Asset-backed security, i.e. an instrument representing a pool of financial assets (excluding mortgage loans), its performance linked to that of the underlying asset or pool of assets.
ACPR	French Prudential Supervisory Authority for the Banking and Insurance Sector (Autorité de Contrôle Prudentiel et de Résolution), France's banking and insurance supervisor.
ADAM	Association for the Defense of Minority Shareholders (Association de Défense des Actionnaires Minoritaires).
ADIE	Association for the right to economic initiative (Association pour le droit à l'initiative économique)
Afep-Medef	French Association of Private Sector Companies- French Business Confederation (Association Française des Entreprises Privées- Mouvement des Entreprises de France).
AFS	Available-for-sale
AGIRC	Association Générale des Institutions de Retraite des Cadres (General Association for Managers' Pension Institutions).
A-IRB	Advanced Internal Ratings-Based Approach
ALM	Asset and liability management—Management of the financial risks borne by an institution's balance sheet (interest rate, currency, liquidity) and its refinancing policy in order to protect the bank's asset value and/or its future Profitability.
ALM (Committee)	Asset and Liability Management Committee
AM	Asset Management
AMF	French Financial Markets Authority (Autorité des Marchés Financiers)
AML	Anti-money laundering
AML-CTF	Anti-money laundering and counter-terrorism financing
AQR	Asset quality review, which involves the supervisory assessment of risks, the actual review of the quality of assets and stress tests.
ARRCO	Association for the Employee Complementary Pension Scheme (Association pour le Régime de Retraite Complémentaire des Salariés).
AT1	Additional Tier 1 capital
AUM	Assets under management
Back office	An administrative department at a financial intermediary that performs support and post-trading functions.
Backtesting	A method of comparing observed actual losses with expected losses of a model.
Bail-in	A mechanism designed to limit the use of public funds by a failing institution still in operation or in the process of liquidation. The bail-in mechanism grants power to the supervisory authorities to require certain creditors of a credit institution on the brink of failure to convert their debt into shares in the institution and/or to take a loss on their holdings. Under the European accord of June 26, 2015, in the event of capital inadequacy (due to losses), creditors holding subordinated debt, then senior creditors, then unsecured deposits by large corporates, then those of SMEs and finally those of individuals exceeding €100,000 will be bailed-in. However, secured deposits, covered bonds, employee compensation, liabilities related to the institution's vital activities and interbank liabilities with a maturity of less than 7 days should not be affected.
BALO	French Bulletin for Mandatory Legal Announcements (*Bulletin des Annonces Légales Obligatoires*).
Basel 1 (the Basel Accords)	A supervisory framework established in 1988 by the Basel Committee aiming to maintain the solvency and stability of the international banking system by establishing uniform minimum capital requirements for banks on the international level. It established a minimum capital adequacy ratio of 8% in relation to all the risks borne by a bank.
Basel 2 (the Basel Accords)	A supervisory framework aimed at better anticipating and limiting the risks borne by credit institutions. It focuses on banks' credit risk, market risk and operational risk. The terms drafted by the Basel Committee were adopted in Europe through a European Directive and have been applicable in France since January 1, 2008.
Basel 3 (the Basel Accords)	Changes in the supervisory framework for banks, incorporating the lessons drawn from the 2007-2008 financial crisis, meant to complement the Basel 2 accords by enhancing the quality and quantity of the minimum capital requirements applicable to financial institutions. Basel 3 also establishes minimum requirements for liquidity risk management (quantitative ratios), defines measures aimed at limiting procyclicality in the financial system (capital buffers that vary according to the economic cycle) and reinforces requirements for financial institutions deemed to be systemically important.

Acronym/Term	Definition
BCBS	Basel Committee on Banking Supervision, an organization bringing together the central bank governors of the G20 countries tasked with reinforcing the solidity of the global financial system and the effectiveness of prudential supervision and cooperation among bank regulators.
BCP	Business Continuity Plan
BFBP	Banque Fédérale des Banques Populaires.
Bond	A portion of a loan issued in the form of an exchangeable security. For a given issue, a bond grants the same debt claims on the issuer for the same nominal value, the issuer being a company, a public sector entity or a government.
Bookrunner	Main runner or lead manager in the issuance of new equity, debt or securities instruments
Borrowing base lending	A means of asset financing whereby the lender is routinely informed of the value of the borrower's assets pledged as collateral.
Bp	Basis points
BRRD	Banking Recovery and Resolution Directive
CAGR	Compound annual growth rate. Mean annual growth rate over a specified period
Capital adequacy ratio	Ratio of total capital (Tier 1 and 2) to risk-weighted assets (RWA).
CCAN	Natixis Shareholders' Consultative Committee (Comité Consultatif des Actionnaires de Natixis).
CCF	Credit Conversion Factor
CDO	Collateralized debt obligations, i.e. debt securities backed by a pool of assets which can be either bank loans (mortgages) or corporate bonds. Interest and principal payments may be subject to subordination (i.e. through the creation of tranches).
CDPC	Credit Derivatives Products Company, i.e. a business specializing in the sale of coverage against credit default through credit derivatives.
CDS	Credit default swap, i.e. insurance against credit risk in the form of a bilateral financial contract whereby the protection buyer periodically pays a premium to the protection seller, who in turn promises to compensate for any losses on a reference asset (a bond issued by a government, financial institution or company) upon the occurrence of a credit event (bankruptcy, default, deferred payment or restructuring).
CECEI	The former French Credit Institutions and Investment Firms Committee (Comité des Établissements de Crédit et des Entreprises d'Investissement), which has since been incorporated into the Autorité de Contrôle Prudentiel et de Résolution (French Prudential Supervisory Authority).
CEO	Chief Executive Officer
CESU	Chèque Emploi Service Universel (universal service employment voucher).
CET1	Common Equity Tier 1
CFCC	Comité de coordination des fonctions de contrôles (Control Functions Coordination Committee)
CFH	Cash flow hedge
CFO	Chief Financial Officer
CGM	Combined General Shareholders' Meeting
CHSCT	Comité d'Hygiène, de Sécurité et des Conditions de Travail (Committee for Hygiene, Safety and Working Conditions)
CIB	Corporate & Investment Banking
CIC	Cooperative investment certificates
CISO	Chief Information Security Officer
CLOs	Collateralized loan obligation, i.e. a credit derivative product backed by a homogeneous pool of corporate loans.
CMBS	Commercial Mortgage-Backed Securities
CMS	Constant maturity swap, i.e. a swap that allows the buyer to exchange a short-term interest rate for a longer-term interest rate.
CNCE	Caisse Nationale des Caisses d'Epargne
CNIL	Commission Nationale de l'Informatique et des Libertés (an independent administrative authority protecting privacy and personal data)
Code of Conduct	The Natixis Code of Conduct (Ethical Principles) reflects Natixis' DNA; it gathers in a single overarching document all Natixis rules and guidelines in four main fields: be client-centric, behave ethically individually and collectively, act responsibly towards society, protect Natixis and Groupe BPCE assets and reputation. The Code of Conduct applies to all Natixis employees, entities and affiliates over the world, across all business lines. It also applies to our suppliers and all our business partners in their dealings with Natixis.

Acronym/Term	Definition
Collateral	A transferable asset or guarantee pledged to secure reimbursement on a loan in the event that the borrower fails to meet its payment obligations.
Combined ratio	Measure of an insurance company's profitability expressed in terms of the ratio of total costs (incurred losses + expenses) divided by total revenue,
COMEX	Executive Committee
Common Equity Tier 1 ratio	Ratio of Common Equity Tier 1 (CET1) capital to risk-weighted assets. The CET1 ratio is a solvency indicator used in the Basel 3 prudential accords.
Company-controlled stock	A company's ownership share of its own equity, held via its direct or indirect control of one or more other companies. Company-controlled stock does not bestow voting rights and is not included in the calculation of earnings per share.
Cost of risk in basis points	A measure calculated by dividing the net expense of commercial risk by loans outstanding at the beginning of the period.
Cost/income ratio	A ratio indicating the share of net revenues used to cover operating expenses (the Company's operating costs). It is calculated by dividing operating costs by net revenues.
Coverage	Coverage in terms of client support.
Covered bond	A bond for which the reimbursement and payment of interest is backed by returns on a high-quality asset portfolio, often a portfolio of mortgage loans, which serve as collateral. The issuer often manages the payment of cash flows to investors (obligations foncières in France, Pfandbriefe in Germany). This product is mainly issued by financial institutions.
CP	Commercial paper. In the United States, commercial paper is a negotiable debt instrument issued by corporations on the money market.
CPI	Consumer Price Index
CPM	Credit Portfolio Management
CRD	Capital Requirements Directive (EU Directive)
CRD III	An EU Directive under which the proposals of the Basel Committee were enacted into French law in July 2010 and enacted as of December 31, 2011. In July 2009, the Basel Committee published a new set of proposals known as Basel 2.5 on the topic of market risk. The aim was to better account for default and credit migration risk on assets in the trading book (both tranched and untranched assets) and to reduce the procyclicality of value at risk.
CRD IV	A European Directive that enacts the proposals of the Basel 3 framework into French law.
Credit and counterparty risk	The risk of loss from the inability of clients, issuers or other counterparties to honor their financial commitments. Credit risk includes counterparty risk related to market transactions and securitization.
Credit default swap (CDS)	A bilateral financial contract whereby the protection buyer periodically pays a premium to the protection seller, who in turn promises to compensate for any losses on a reference asset (a bond issued by a government, financial institution or company) upon the occurrence of a credit event (bankruptcy, default, deferred payment or restructuring). It is a mechanism to protect against credit risk.
Credit derivative	A financial product whose underlying asset is a credit obligation or debt security (bond). The purpose of the credit derivative is to transfer credit risk without transferring the asset itself for hedging purposes. One of the most common forms of credit derivatives is the credit default swap (CDS).
CRM	Comprehensive Risk Measure
CRR	Capital Requirement regulation (EU regulation)
CVA	Credit valuation adjustment, i.e. the expected loss related to counterparty's default risk. The CVA aims to account for the fact that the full market value of the transactions cannot be recovered. The method for determining the CVA is primarily based on the use of market inputs in connection with the practices of market professionals.
Deleveraging	A reduction in banks' use of leverage, achievable by various means but primarily by a reduction in the size of the balance sheet (by selling assets or slowing down new lending) and/or an increase in equity (through recapitalization or retaining earnings). This financial adjustment process often has negative implications for the real economy, particularly due to the narrowing of the credit channel.
Derivative	A financial security or financial contract whose value changes based on the value of an underlying asset, which may be either financial (equities, bonds, currencies, etc.) or non-financial (commodities, agricultural products) in nature. This change may coincide with a multiplier effect (leverage effect). Derivatives can take the form of either securities (warrants, certificates, structured EMTNs, etc.) or contracts (forwards, options, swaps, etc.). Exchange-traded derivatives contracts are called futures.

Acronym/Term	Definition
District Court	The lower tier of the US federal judicial system.
Dodd-Frank Act	The Dodd-Frank Wall Street Reform and Consumer Protection Act, more commonly known as the Dodd-Frank Act, is the US law on financial regulation adopted in July 2010 in response to the financial crisis. It is an extensive piece of legislation covering numerous subjects including the creation of the Financial Stability Oversight Council, the management of systemically important financial institutions, the regulation of the highest-risk financial activities, a framework for derivatives markets and reinforced regulation of rating agencies. US regulators (Securities and Exchange Commission, Commodity Futures Trading Commission, etc.) are currently developing precise technical standards with regard to these various provisions.
DOJ	US Department of Justice.
DTAs	Deferred tax assets, arising from temporary or timing differences between accounting expenses and tax liabilities.
DVA	Debit Valuation Adjustment, which is symmetrical to the CVA and represents the expected loss, from the counterparty's perspective, on liability valuations of derivative financial instruments. It reflects the impact of the entity's own credit quality on the valuation of these instruments.
EAD	Exposure at default, i.e. the value of exposure to the risk of the debtor defaulting within one year.
Earnings per share	The Company's net income (excluding returns on hybrid securities recognized as equity instruments) divided by the weighted average number of shares outstanding.
EBA	European Banking Authority, established by EU regulation No. 1093/2010 of November 24, 2010. It began operating on January 1, 2011 in London, superseding the Committee of European Banking Supervisors (CEBS). This new body has an expanded mandate. It is in charge of harmonizing prudential standards, ensuring coordination among the various national supervisory authorities and performing the role of mediator. The goal is to establish a Europe-wide supervision mechanism without compromising the ability of the national authorities to conduct the day-to-day supervision of credit institutions.
ECAI	External Credit Assessment Institution, i.e. a credit rating agency that is registered or certified in accordance with EU regulation, or a central bank that issues credit ratings.
ECB	European Central Bank
EDTF	Enhanced Disclosure Task Force
EEA	European Economic Area
EGM	Extraordinary General Shareholders' Meeting
EIB	European Investment Bank
EL	Expected loss, i.e. the value of the loss likely to be incurred given the quality of the structure of the transaction and any measures taken to mitigate risk, such as collateral. It is calculated by multiplying exposure at risk (EAD) by Probability of Default (PD) and by Loss Given Default (LGD).
ELBE	Expected Loss Best Estimate, i.e. the institution's best estimate of expected loss for the defaulted exposure. This estimate takes into account current economic circumstances, exposure status and an estimate of the increase of the loss rate caused by possible additional unexpected losses during the recovery period.
EMEA	Europe, Middle East and Africa
EPP	Employment preservation plan
Equity (tranche)	In a securitization arrangement, the equity tranche refers to the tranche that bears the first losses incurred from defaults within the underlying portfolio.
ESR	Environmental and social responsibility
ETF	Exchange-traded fund, i.e. a type of investment fund that tracks a stock market index or asset.
EU	European Union
EUR	Euro
EURIBOR	Euro Interbank Offered Rate, the benchmark interest rate on the euro zone's money market.
European Securities and Markets Authority (ESMA)	An independent European supervisory authority located in Paris. On January 1, 2011, it replaced the Committee of European Securities Regulators (CESR). It forms part of the European System of Financial Supervision. Its expanded mandate includes the supervision of rating agencies in Europe and the development of technical standards for EU regulations on the functioning of the financial markets (EMIR, MiFID, "Prospectus" Directive).

Acronym/Term	Definition
Expected loss	See EL.
Exposure at default (EAD)	A financial institution's exposure in the event of a counterparty's default. EAD covers on- and off-balance sheet exposures. Off-balance sheet exposures are converted into balance sheet equivalents with the help of internal or regulatory conversion factors (drawdown assumption).
Fair value	The price that would be received to sell an asset or paid to transfer a liability in a standard arm's length transaction between market participants at the measurement date. Fair value is therefore based on the exit price.
FBF	Fédération Bancaire Française (French Banking Federation), a professional body representing all banking institutions in France.
FCPR	Private Equity Investment Fund (Fonds Commun de Placement à Risque)
FED	Federal Reserve System, i.e. the US central bank.
FINREP	Financial Reporting
F-IRB	Foundation Internal Ratings-Based Approach
FSB	Financial Stability Board, whose mandate is to identify vulnerabilities in the global financial system and to implement principles for regulation and supervision in the interest of financial stability. Its members are central bank governors, finance ministers and supervisors from the G20 countries. Its primary objective is to coordinate international efforts by national financial authorities and international standard setters in the regulation and supervision of financial institutions. Conceived at the G20 summit in London in April 2009, the FSB functions as the successor to the Financial Stability Forum, which was founded in 1999 under a G7 initiative.
FTE	Full-time equivalent
FTEC	Fixed-term employment contract
Fully-Loaded	Indicates full compliance with Basel 3 solvency requirements (mandatory from 2019)
FV Adjustment on own senior debt	Calculated using a discounted cash-flow model, contract by contract, including parameters such as swaps curve, and revaluation spread (based on the BPCE reoffer curve).
FX	Foreign exchange
GAAP	Generally accepted accounting principles
GAPC	Workout portfolio management (Gestion active des portefeuilles cantonnés)
GBP	Pound sterling (British pound)
GDP	Gross Domestic Product
GEC	Global Energy & Commodities
GM	General Shareholders' Meeting
Green bonds	Bonds issued by an approved entity (business, local authority or international organization) to finance an eco-friendly and/or sustainability-driven project or activity. These instruments are often used in connection with the financing of sustainable agriculture, the protection of ecosystems, renewable energy and organic farming.
GRI	Global Reporting Initiative—An organization consisting of stakeholders and partners (businesses, audit firms, human rights, environmental protection, labor organizations, and government representatives) which has created a joint framework for the development of sustainability reporting.
Gross exposure	Exposure before the impact of provisions, adjustments and risk reduction techniques.
G-SIBs	Global systemically important banks
G-SIIs	Global systemically important institutions
GWWR	General Wrong Way Risk
Haircut	The percentage by which a security's market value is reduced to reflect its value under a stressed environment (counterparty risk or market stress). The size of the haircut reflects the perceived risk.
Hedge fund	A hedge fund is a speculative investment fund that seeks to generate absolute return through a high degree of management flexibility.
Holding company	The Company that heads a corporate group
HQE	High Environmental Quality (Haute qualité environnementale)
HQLA	High-quality liquid assets
HR	Human Resources
HY	High Yield
IARD	Property and casualty insurance (Incendie, Accidents et Risques Divers).

Acronym/Term	Definition
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBOR	Interbank Offered Rate
ICAAP	Internal Capital Adequacy Assessment Process, a practice required under Pillar II of the Basel Accords to ensure that firms have sufficient capital to cover all their risks
IDFC	Infrastructure Development Finance Company
IFACI	French Institute of Internal Auditing and Control (Institut Français de l'Audit et du Contrôle Internes).
IFRIC 21	International Financial Reporting Interpretations Committee (IFRIC)—IFRIC 21, adopted by the European Union in June 2014, is an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets."
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
Incremental Risk Charge (IRC)	The capital requirement intended to cover issuers' credit migration and default risks for a period of one year for fixed income and loan instruments in the trading book (bonds and CDS). The IRC is a 99.9% value-at-risk measure; i.e. the greatest risk after the elimination of the 0.1% worst-case scenarios.
Insurance risk	Encompasses asset and liability risks (interest rate, valuation, counterparty and forex risk) as well as risks related to the pricing of mortality risk premiums and the risks associated with life and non-life insurance, including pandemics, accidents and natural disasters (such as earthquakes, hurricanes, industrial accidents, acts of terrorism and military conflict).
Investment grade	A long-term rating of a counterparty or underlying issue awarded by a rating agency, ranging from AAA/Aaa to BBB-/Baa3. A rating of BB+/Ba1 or below is considered non-investment grade.
IRB	Internal-ratings based, referring to the Internal Ratings-Based Approach, the measurement of credit risk on the basis of credit ratings as defined by EU regulations.
IRM	Incremental Risk Measure
IRRBB	Interest Rate Risk in the Banking Book. IRRBB designates the current or future risk to which the bank's capital and profits are exposed due to adverse interest rate fluctuations influencing positions in the banking book.
IS	Information system
ISDA	International Swaps and Derivatives Association
ISF	Wealth Tax (Impôt Sur la Fortune)
ISP	Investment service provider
IWMA	Independent wealth management advisor
JV	Joint Venture
L&R	Loans and receivables
LBO	Leveraged buyout
LCR	Liquidity coverage ratio
Leverage effect	The leverage effect accounts for the rate of return on equity based on the after-tax rate of return on invested capital (return on capital employed) and the cost of debt. By definition, it is equal to the difference between the rate of return on equity and the return on capital employed.
Leverage/leveraged financing	Financing through debt
LGD	Loss given default, a Basel 2 credit risk indicator corresponding to loss in the event of default. It is expressed as a percentage (loss rate).
LIBOR	London Interbank Offered Rate
Liquidity	In a banking context, liquidity refers to a bank's ability to cover its short-term commitments. Liquidity also refers to the degree to which an asset can be quickly bought or sold on a market without a substantial reduction in value.
Liquidity coverage ratio (LCR)	A measure introduced to improve the short-term resilience of banks' liquidity risk profiles. The LCR requires banks to maintain a reserve of risk-free assets that can be converted easily into cash on the market in order to cover its cash outflows minus cash inflows over a 30-day stress period without the support of central banks.
Loss alert	A mechanism that warns of loss
Loss Given Default	See LGD
Loss ratio	Total losses paid to settle claims divided by premiums paid

Acronym/Term	Definition
LR	Leverage ratio
LTRO	Long-Term Refinancing Operation, i.e. a long-term loan issued to banks by the ECB.
Market risk	The risk of a loss in value on financial instruments resulting from changes in market parameters, from the volatility of these parameters or from the correlations between these parameters. These parameters are exchange rates, interest rates and the prices of securities (equities, bonds), commodities, derivatives or any other assets, such as real estate assets.
Market stress test	Used in conjunction with internal VaR and SVaR models to assess market risk by calculating potential losses on portfolios in extreme market conditions.
Mark-to-market	A valuation method whereby a financial instrument is appraised at fair value based on its market price.
Mark-to-model	A valuation method whereby, in the absence of a market price, a financial instrument is appraised at fair value based on a financial model using observable and unobservable data.
MDA	Maximum Distributable Amount, a new provision for banks placing restrictions on their dividend, AT1 coupon and bonus payments (under a rule that tightens restrictions as banks deviate from their requirements), if the capital buffers are not met. As these buffers are on top of Pillars I and II, they apply immediately if the bank fails to comply with the combined requirements.
Mezzanine	A form of financing that is a hybrid of equities and debt. In ranking terms, mezzanine debt is subordinated to "senior debt" but still takes priority over equities.
Mid cap	Refers to mid-size market capitalization
Middle office	A department at a financial intermediary that generally performs risk control functions.
MiFID	Markets in Financial Instruments Directive (EU Directive)
MLA	Mandated lead arranger
Monoline	An insurance company that takes part in a credit enhancement operation, backing a debt security issue (e.g. in securitization transactions) with the aim of improving the issue's rating.
MREL	Minimum requirement for own funds and eligible liabilities—Ratio defined in the European Bank Recovery and Resolution Directive indicating the minimum requirement for own funds and eligible liabilities that have to be available to absorb losses in the event of resolution
MRH	Multi-Risk Homeowners' insurance
MTN	Medium Term Note
MTP	Medium-term plan
Mutual fund	Collective investment fund
Natixis business line ROE	ROE for business lines is calculated based on normative capital to which are added goodwill and intangible assets for the business line. Capital is allocated to Natixis business lines on the basis of 10% of their Basel 3 average risk-weighted assets. Business lines receive interest on the normative capital allocated to them. By convention, the interest rate on normative capital is maintained at 3%.
Natixis leverage ratio	This ratio is calculated based on the rules set forth in the Delegated Act, without phase-in except for DTAs on tax-loss carryforwards and with the hypothesis of a roll-out for non-eligible subordinated notes under Basel 3 by eligible notes. Repo transactions with central counterparties are offset in accordance with IAS 32 rules without maturity or currency criteria. The ratio is presented after canceling transactions with affiliates, pending ECB authorization.
Natixis ROE	Results used for ROE calculations are net income (Group share), deducting DSN interest expenses on preferred shares after tax. Equity capital is average shareholders' equity Group share as defined by IFRS, after payout of dividends, excluding average hybrid debt, and excluding unrealized or deferred gains and losses recognized in equity (OCI).
Natixis ROTE	Natixis ROTE is calculated by taking as the numerator net income (Group share) excluding DSN interest expenses on preferred shares after tax. Equity capital is average shareholders' equity Group share as defined by IFRS, after payout of dividends, excluding average hybrid debt, average intangible assets and average goodwill.
NAV	Net asset value
NEF	A financial cooperative that offers savings and loan solutions targeting projects with a social, environmental and/or cultural purpose.
Net book value	Calculated by taking shareholders' equity Group share, restated for hybrids and capital gains on reclassification of hybrids as equity instruments. Tangible net book value is corrected for goodwill on associates, restated goodwill and restated intangible fixed assets.
Net stable funding ratio (NSFR)	This ratio is intended to strengthen the longer-term resilience of banks through additional incentives meant to encourage banks to finance their operations using more structurally stable resources. This long-term structural liquidity ratio, applicable to a one-year period, was formulated to provide a viable structure for asset and liability maturities.
Netting agreement	A contract whereby two parties to a financial contract (forward financial instrument), securities loan or repurchase agreement agree to settle their reciprocal claims under these contracts through a single consolidated net payment, particularly in the event of default or contract termination. A master netting agreement extends this mechanism to different categories of transactions subject to different framework agreements through one all-encompassing contract.

Acronym/Term	Definition
New Deal	A strategic plan implemented by Natixis for the 2009-2012 period.
NGAM	Natixis Global Asset Management
New Frontier	A strategic plan implemented by Natixis for the 2014-2017 period.
New Dimension	A strategic plan implemented by Natixis for the 2018-2020 period.
NPE	Natixis Private Equity
NRE	French law on New Economic regulations (Loi sur les nouvelles Réglementations Économiques)
OCI	Other comprehensive income, which contains the income and expense items (including reclassification adjustments) not included in net income/loss as required or authorized by IFRS.
OECD	Organization for Economic Cooperation and Development
OFAC	US Office of Foreign Assets Control
OFR	Own Funds Requirement: the amount of capital that is required to be held, i.e. 8% of risk-weighted assets (RWA).
OGM	Ordinary General Shareholders' Meeting
Operational risks (including accounting and environmental risks)	The risk of losses or sanctions arising from the failure of internal systems or procedures, human error or external events.
ORSA	Own Risk and Solvency Assessment. As part of European efforts to reform prudential regulation of the insurance industry, ORSA is an internal process undertaken by the institution to assess risk and solvency. It must show its ability to identify measure and manage factors that could have an impact on its solvency or financial situation.
OTC	Over-the-counter
P&L	Profit & Loss
P3CI	A loan covering CCIs (cooperative investment certificates).
PD	Probability of default, i.e. the likelihood that a counterparty of the bank will default within a one-year period.
PEC	Permanent employment contract
PEP	Politically exposed person
PERP	Retirement Savings Plan (Plan d'Épargne Retraite Populaire).
Personal guarantee	Represented by a surety, independent guarantee or letter of intent. In the context of a surety, the guarantor promises to repay the creditor a debtor's obligation in the event the debtor is unable to do so itself. An independent guarantee is a commitment through which the guarantor promises to pay an amount, upon first request or pursuant to agreed terms, in consideration of an obligation taken out by a third party. A letter of intent is an agreement to act or refrain from acting that is intended to support a debtor in meeting its commitment.
Phase-in	Refers to compliance with current solvency requirements, in accordance with the transitional period for the implementation of Basel 3.
Pillar I	Pillar I sets minimum requirements for capital. It aims to ensure that banking institutions hold sufficient capital to provide a minimum level of coverage for their credit risk, market risk and operational risk. The bank can use standardized or advanced methods to calculate its capital requirement.
Pillar II	Pillar II establishes a process of prudential supervision that complements and strengthens Pillar I. It includes:- an analysis by the bank of all of its risks, including those already covered by Pillar I;- an estimate by the bank of the capital requirement for these risks;- a comparison by the banking supervisor of its own analysis of the bank's risk profile with the analysis conducted by the bank, in order to adapt its choice of prudential measures where applicable, which may take the form of capital requirements exceeding the minimum requirements or any other appropriate technique.
Pillar III	Pillar III is concerned with establishing market discipline through a series of reporting requirements. These requirements—both qualitative and quantitative—are intended to improve financial transparency in the assessment of risk exposure, risk assessment procedures and capital adequacy.
Probability of default	See PD
Rating	An appraisal by a financing rating agency (Moody's, Fitch Ratings, Standard & Poor's) of the creditworthiness of an issuer (company, government or other public entity) or a transaction (bond issue, securitization, covered bond). The rating has a direct impact on the cost of raising capital.
Rating agency	An organization that specializes in assessing the creditworthiness of issuers of debt securities, i.e. their ability to honor their commitments (repayment of capital and interest within the contractual period).
RBC	Risk-based capital
Real security	Securities comprising tangible or intangible assets, movable or immovable assets, such as commodities, precious metals, cash, financial instruments or insurance policies.

Acronym/Term	Definition
Regulatory capital requirement	The amount of capital that banks are required to hold, i.e. 8% of risk-weighted assets (RWA).
Resecuritization	The securitization of an exposure that is already securitized where the risk associated with an underlying pool of exposures is tranched and at least one of the underlying exposures is a securitization position.
Risk appetite	The degree of risk, by type and by business, that the institution is prepared to take on in the pursuit of its strategic objectives. Risk appetite can be expressed through either quantitative or qualitative criteria.
Risk Appetite Framework (RAF)	Document describing the interface between the organization's key processes and the implementation of the governance that puts the RAS into action.
Risk Appetite Statement (RAS)	Document setting out, in qualitative and quantitative terms, the risks that the bank is prepared to take.
Risk weight (RW)	The percentage value by which a given exposure is multiplied, used in the calculation of the corresponding risk-weighted assets.
Risk-weighted asset (RWA)	Exposure value multiplied by its risk weight
RMBS	Residential mortgage-backed security, i.e. a debt security backed by a pool of assets consisting of residential mortgage loans.
ROE (Return On Equity)	Net income (excluding returns on hybrid securities recognized as equity instruments) divided by shareholders' equity (restated for hybrid securities), used to measure the profit generated on capital.
RTT	Compensatory time off in lieu of overtime pay (Réduction du Temps de Travail)
RW	Risk weight
RWA	Risk Weighted Assets, or risk-weighted EAD
S&P	Standard & Poor's
SA (Standardized Approach)	Approach used to measure credit risk as defined by EU regulations.
SCPI	Real estate investment trust (Société Civile de Placement Immobilier)
SEC	US Securities and Exchange Commission
Securitization	A transaction whereby credit risk on loan receivables is transferred to investors by an entity through the issuance of negotiable securities. This may involve the transfer of receivables (physical securitization) or the transfer of risks only (credit derivatives). Some securitization transactions are subordinated through the creation of tranches.
SEF	Structured Export Finance
SEPA	Single Euro Payments Area
SFEF	Société de Financement de l'Économie Française (SPV set up by the French government to refinance French banks during the financial crisis).
SFS	Specialized Financial Services
Share	An equity security issued by a corporation, representing a certificate of ownership and conferring on its possessor (the "shareholder") proportional rights in the distribution of any profits or net assets as well as a voting right at the General Shareholders' Meeting.
SIFA	Société d'Investissement France Active—The investment company through which France Active receives solidarity-based savings and invests them in the Social and Solidarity-Based Economy and socially innovative companies.
Small cap	Refers to small-size market capitalization
SMC	Senior Management Committee
SME	Small and medium-sized enterprises
SMI	Small and medium-sized industries
Solvency	Measures the ability of a business or an individual to repay its debt over the medium to long term. For a bank, solvency reflects its ability to cope with the losses that its risk profile is likely to trigger. Solvency analysis is not the same as liquidity analysis. The liquidity of a business is its ability to honor its payments in the normal course of its business, to find new funding sources and to achieve a balance at all times between its incomings and outgoings. For an insurance company, solvency is covered by the Solvency II Directive, see Solvency II.
Solvency II	European Directive on insurance and reinsurance undertakings intended to ensure that they comply at all times with their commitments towards policyholders in view of the specific risks incurred by such businesses. It aims to achieve an economic and prospective assessment of solvency based on three pillars—quantitative requirements (Pillar I), qualitative requirements (Pillar II) and information for the public and the supervisor (Pillar III). Adopted in 2014, it was enacted into national law in 2015 and came into force on January 1, 2016.
Spread	The difference between the actuarial rate of return on a bond and the actuarial rate of return on a risk-free loan with the same duration.

Acronym/Term	Definition
SREP (Supervisory Review and Evaluation)	Methodology for assessing and measuring the risks for each bank. SREP gives the prudential authorities a set of harmonized tools to analyze a bank's risk profile from four different angles: business model, governance and risk management, risk to capital, and risk to liquidity and funding. The supervisor sends the bank the SREP decisions at the end of the process and sets key objectives. The bank must then "correct" these within a specific time.
SRF	Single Resolution Fund
SRI	Socially Responsible Investment
SRM	Single Resolution Mechanism: An EU-level system to ensure an orderly resolution of non-viable banks with a minimal impact on taxpayers and the real economy. The SRM is one of the pillars of the European Banking Union and consists of an EU-level resolution authority (Single Resolution Board—SRB) and a common resolution fund financed by the banking sector (Single Resolution Fund—SRF).
SSM	Single Supervisory Mechanism
Stress test	A bank stress test simulates the behavior of a bank (or Group of banks) under extreme but realistic economic scenarios (i.e. worsened prospects for growth, unemployment and inflation) to assess whether the bank's (or banks') capital reserves are sufficient to absorb such a shock.
Stressed value at risk (stressed VaR)	Like the VaR approach, stressed VaR is calculated based on a fixed econometric model over a continuous 12-month period under a representative crisis scenario relevant to the bank's portfolio, using a "historical simulation" with "one-day" shocks and a confidence interval of 99%. However, unlike VaR, which uses 260 daily fluctuation scenarios on a sliding one-year period, stressed VaR uses a one-year historical window corresponding to a period of significant financial tension.
Structural interest rate and exchange rate risk	The risk of losses or impairment on assets arising from changes in interest rates or exchange rates. Structural interest/exchange rate risks are associated with commercial activities and proprietary transactions.
Structured issue/structured product	A financial instrument combining a bond product and an instrument, such as an option, providing exposure to any asset type (equities, forex, fixed-income, commodities). Such instruments may be backed by a (total or partial) guarantee on the investment. In a different context, the term "structured product" or "structured issue" can also refer to securities resulting from securitization transactions, for which a ranking of bearers is established.
Subordinated notes	Debt securities that are ranked below senior debt in terms of repayment priority.
SVT	Government bond primary dealer (Spécialiste en Valeurs du Trésor).
Swap	An agreement between two counterparties to exchange different assets, or revenues from different assets, until a given date.
SWWR	Specific Wrong Way Risk
Systemically important financial institution (SIFI)	The Financial Stability Board (FSB) coordinates the comprehensive measures intended to reduce the moral hazard and risks posed by global systemically important financial institutions (G-SIFIs) to the global financial system. These institutions meet the criteria established by the Basel Committee as outlined in "Global systemically important banks: Assessment methodology and the additional loss absorbency requirement" and identified in a list published in November 2011. The FSB updates this list in November of each year. To date there are 29 such institutions.
Tier 1	Tier 1 (T1) refers to the portion of a financial institution's prudential capital that is considered to be the most solid. It includes its capital stock and retained earnings allocated to reserves. The ratio of Tier 1 capital to risk-weighted assets is a solvency indicator used in the Basel 1, Basel 2 and Basel 3 prudential accords.
Tier 1 capital	Core capital including the financial institution's consolidated shareholders' equity minus regulatory deductions.
Tier 2 capital	Supplementary capital mainly consisting of subordinated securities minus regulatory deductions.
TLAC	Total Loss Absorbing Capacity
TMO	Average bond market rate (Taux Moyen Obligataire).
Total Capital Ratio	Ratio of overall capital (Tier 1 and Tier 2) to risk-weighted assets.
Transformation risk	The risk associated with assets that are financed by liabilities with different maturities. Because banks' traditional activity is to make longer-term use of liabilities with short maturities, they naturally tend to incur transformation risk, which in turn is a source of liquidity and interest rate risks. Positive term transformation occurs when assets have a longer maturity than liabilities. Negative term transformation occurs when assets are financed by liabilities with longer maturities.
Treasury stock	The equity share held by the Company, especially through the share buyback program. Treasury stock does not bestow voting rights and is not included in the calculation of earnings per share, with the exception of securities held in association with a liquidity contract.
TRS	Total return swap, i.e. a transaction whereby two parties exchange the income generated and any change in value on two different assets over a given time period.
TSS	Deeply subordinated notes (Titres Super Subordonnés), i.e. perpetual bonds with no contractual redemption commitment that pay interest in perpetuity. In the event of liquidation, they are repaid after other creditors (subordinated loans). These securities pay annual interest contingent on the payment of a dividend or the achievement of a specific result.

Acronym/Term	Definition
TUP	Total transfer of assets and liabilities (Transmission Universelle de Patrimoine)
UK	United Kingdom
US	United States of America
USD	US dollar
Value at risk (VaR)	A measure of market risk on a bank's trading book expressed as a monetary value. It allows the entity performing the calculation to appraise the maximum losses liable to be incurred on its trading book. A statistical variable, VaR is always assigned a confidence interval (generally 95% or 99%) and a specific time frame (in practice, one day or 10 days, as the trading positions involved are meant to be unwound within several days).
Volatility	A measurement of the magnitude of an asset's price fluctuation and thus a measurement of its risk. Volatility corresponds to the standard deviation of the asset's immediate returns over a given period.
VSE	Very small enterprises
WWR	Wrong-way risk

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Six Natixis employees personify the company's values in our latest corporate film as they take on a mountain climb challenge and reveal their ingenuity, tenacity, commitment and expertise. BEYOND encapsulates what Natixis is all about.

View the film on the natixis youtube channel.

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