UNIVERSAL REGISTRATION DOCUMENT AND FINANCIAL REPORT

2019

CONTENT

The items in the Annuel Financial Report are identified in the summary using the pictogram ●
The Statement of Non-Financial Performance is identified in the summary using the pictogram ■

TRANSPARENCE LABEL OR

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

NATIXIS
BEYOND BANKING

UNIVERSAL REGISTRATION DOCUMENT 2019

and Annual Financial Report

Natixis, creator of customized solutions in asset management, financing, investment, insurance and payments

natixis.com

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This universal registration document was filed with the French Financial Markets Authority (Autorité des Marchés Financiers – AMF) on March 6. 2020, as the competent authority designated under EU regulation 2017/1129 without prior approval in accordance with Article 9 of said regulation.

The universal registration document of Natixis may be used for the purposes of a public offer of securities or admission of securities for trade on a regulated market if supplemented by a securities note and, where applicable, a summary of all amendments to the universal registration document. All these are approved by the AMF in accordance with EU regulation 2017/1129.

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, in all matters of interpretation, views or opinion expressed in the original language version of the document in French take precedence over the translation.

INTERVIEW

François RIAHI,
Natixis' Chief Executive Officer

Natixis continued to grow in 2019, reflecting its strong strategic choices and solid business model. The company continues to transform to address the wide range of challenges facing the financial industry and thereby better support its clients over the long term.

Can you provide an overview of Natixis' business in 2019?

Natixis posted very sound results in 2019, with steady growth momentum for our business lines, overall costs kept under control and reinforced solvency. In an unstable and changeable environment, these results reflect our strong strategic choices and solid business model.

Our Asset & Wealth Management businesses displayed an increase in revenues and assets under management, while safeguarding margins at the same time. Natixis Investment Managers continued to develop its range with the creation of Vauban Infrastructure Partners and Thematics Asset Management. Our business model – built on a network of individually independent affiliates and a global distribution platform – has proven its strength and its worth in today's tougher environment.

At Corporate & Investment Banking, diversification of our businesses and a steady grip on costs meant we were able to continue creating value despite an increase in the cost of risk and a tougher context for capital markets activities. We also further developed our sectorial approach and boosted our green finance expertise.

Our Insurance division continued to grow – with steady profitability for its business lines – and bolstered its position as a leading insurer in France by developing new products for the Banque Populaire and Caisse d'Epargne banks. Our Payments businesses also posted sound commercial performances, driven in particular by innovative solutions from fintechs.

What progress have you made in implementing the New Dimension strategic plan?

We have made clear strategic decisions over recent years and have demonstrated our ability to adapt permanently to change.

Natixis made the choice not to be a global financial institution active in all businesses, but to instead focus on excelling in key selected business lines.

Take as an example our Asset & Wealth Management division where we have developed our active asset management approach, and where more recently we have launched a project with La Banque Postale Asset Management to become a major player in insurance asset management in Europe and in euro fixed income investment management.

In our Corporate & Investment Banking arm, we reinforced the originate-to-distribute model, focused our expertise on four key sectors and developed a worldwide network of M&A affiliates. In Insurance, we are rolling out our strategy to become a fully-fledged insurer via the INNOVE2020 project, under which we will meet all Groupe BPCE's life and non-life insurance requirements from 2020. In payment services, we set up a team of specialists that unites our historical expertise with technological developments pioneered by fintechs.

Also in keeping with the New Dimension plan, we sold 29.5% of Coface's share capital to Arch Capital Group.

We have also integrated the transition to a low-carbon economy and placed it at the center of our strategy. We set up the Green & Sustainable Hub in our Corporate & Investment Banking division in 2017 to provide both issuers and investors with green finance solutions. Natixis was also the first bank in the world to implement the Green Weighting Factor, an innovative management mechanism to support our clients in their ecological transition.

Our business choices are proving their worth on a daily basis. We are now one of the European financial institutions least exposed to interest rates as a result of our asset-light model, and this is a major advantage in the current low interest rate environment.

What are your medium-term priorities?

We will continue to resolutely roll out our strategic plan, which will be our roadmap for 2020. We will focus on developing and strengthening our range of expertise, while pursuing our transformation to tackle the various challenges facing our industry.

Our businesses have undergone extensive transformation over the past few years and the overall environment has changed at great speed, so we must make our business more robust while remaining agile. We have therefore launched structural projects to enhance the operating model for our support functions, optimize our risk supervision across all levels of the company, and strengthen our business efficiency.

Do you have a message for your clients?

Natixis is renowned for its close client relationships and its ability to effectively address their needs. Our key priority is to keep on building these long-lasting relationships based on mutual trust. We will continue to focus all our attention and resources on providing our clients with high-quality services and solutions on a daily basis.

I would like to thank our clients for placing their trust in us. In a fast-changing and complex world, they can rely on our teams worldwide to be on hand to help their businesses grow.

Natixis at a glance

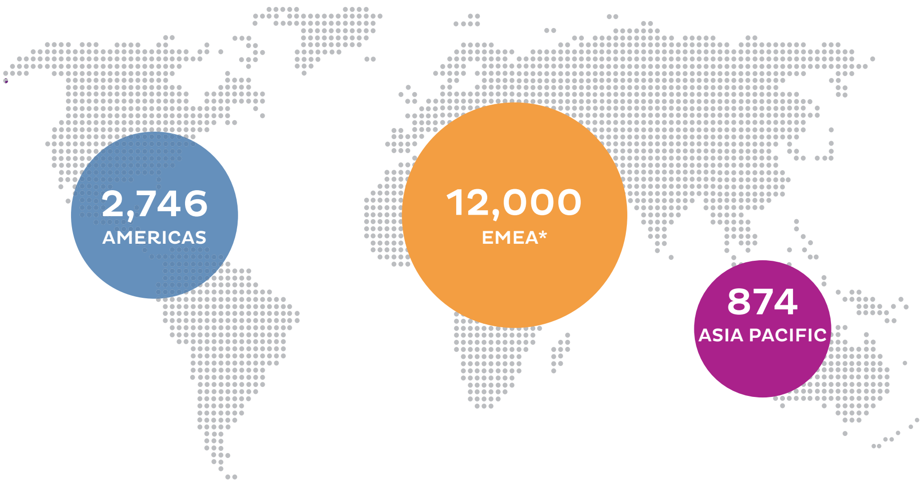
As a creator of customized financial solutions, we help clients realize their projects across the world. We put our Asset & Wealth Management, Corporate & Investment Banking, Insurance and Payments expertise to work so that they can transform their ambitions into reality.

A worldwide presence

Around **16,000** employees in **38** countries

We continue to expand our presence and expertise globally. Our presence in major countries in Europe, Americas, Asia Pacific and the Middle East provides a source of opportunities for our clients.

Our experts offer them solutions and services meeting their needs for the specific features of the markets in which they operate.



** EMEA: Europe, Middle East, Africa. Headcount – end of December 2019 (Excluding Coface, Private Equity, Natixis Algeria).*

A solid financial structure

€9.2 bn*
Net Revenues
+6% vs. 2018**

€1.37 bn*
Net Income (group share)
+3% vs. 2018**

11.3%
CET1 FL
vs. 10.8% en 2018

Long and short-term rating
(As at March 2, 2020)

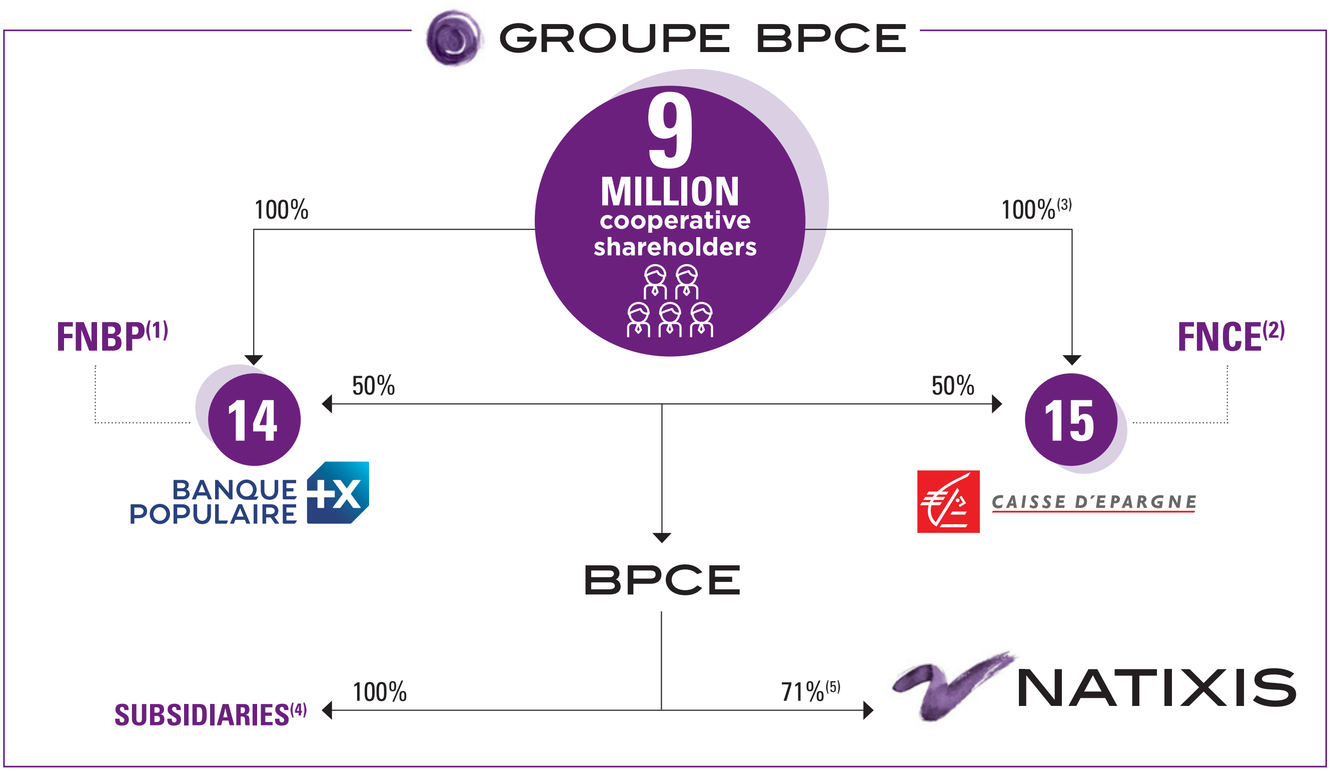
	Standard & Poor's	Moody's	Fitch Ratings
Long Term	A+	A1	A+
Short Term	A-1	P-1	F1
Perspective	Stable	Stable	Stable

* *Excluding exceptional items.*
** *The 2018 figures have restated following the disposal of the retail banking activities as explained in the April 11, 2019 press release.*

Strong business expertise in four areas of activity

ASSET & WEALTH MANAGEMENT	CORPORATE & INVESTMENT BANKING	INSURANCE	PAYMENTS
> Asset Management > Wealth Management > Employee Savings Schemes	> Investment Banking and Mergers & Acquisitions > Financing > Capital Markets > Trade & Treasury Solutions > Coverage	> Life & Personal Protection Insurance > Property & Casualty Insurance	> Issuing > Acquiring > Processing

A subsidiary of BPCE Group*



* Second largest banking group in France: Market shares: 21.9% in customer savings deposits and 21% in customer loans (source: Banque de France Q3 2019 – for all non-financial customers).

(1) Fédération Nationale des Banques Populaires
(2) Fédération Nationale des Caisses d'Epargne
(3) Indirectly through Local Savings Companies
(4) Banque Palatine, subsidiaries grouped together within the Financial Solutions & Expertise division, Oney Bank
(5) Float: 29%

Key figures 2019

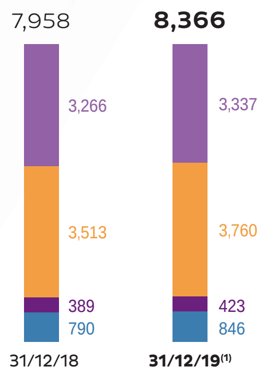
In 2019, Natixis recorded very sound results with each of our four businesses growing revenues faster than costs. This momentum of successive growth is the result of our unwavering implementation of our asset-light strategy and represents a solid base for us to complete our 2018-2020 strategic plan.

NATIXIS INCOME STATEMENT

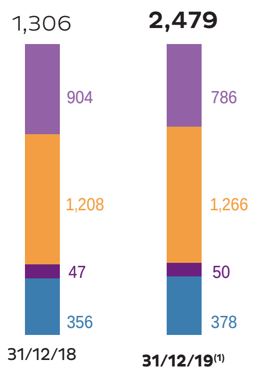
(in millions of euros)	**2019[(1)]**	2018	2017	2016	2015
Net revenues	9,219	9,616	9,467	8,718	8,704
Gross operating income	2,564	2,793	2,835	2,480	2,749
Pre-tax profit	2,945	2,661	2,651	2,287	2,473
NET INCOME (GROUP SHARE)	**1,897**	**1,577**	**1,669**	**1,374**	**1,344**
Cost/Income ratio	72.2%	71.0%	70.1%	71.6%	68.4%
RoE reported	11.1%	9.2%	9.6%	7.9%	7.8%
RoE underlying[(2)]	7.8%	9.4%	9.9%	7.9%	7.8%
RoTE reported	14.3%	11.9%	11.9%	9.9%	9.8%
RoTE underlying[(2)]	10.0%	12.0%	12.3%	9.9%	9.3%

BUSINESS LINES

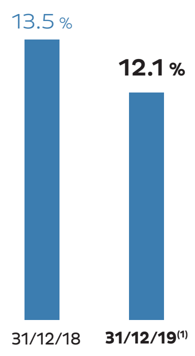
Businesses' net revenues
(in €m)



Businesses' pre-tax profit
(in €m)



Businesses' ROE[(4)] after tax
(in %)

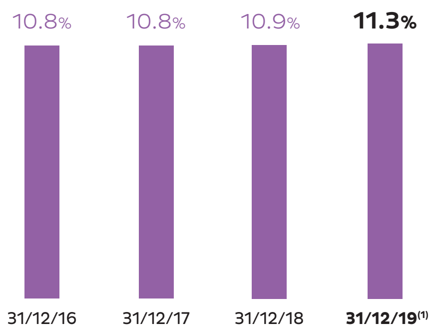


Corporate & Investment   AWM[(3)]   Payments   Insurance

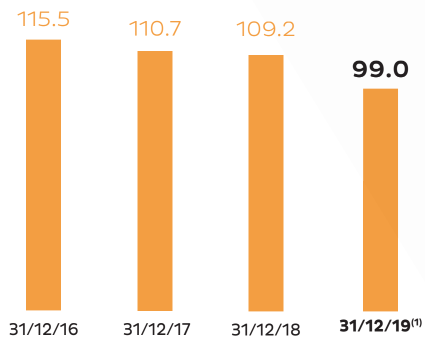
(1) *Following the disposal of the retail banking activities, reported figures.*
(2) *Excluding exceptional items.*
(3) *Asset & Wealth Management.*
(4) *Reported figures including non-recurring items. Excluding non-recurring items, ROE 2018 de 13.7%, ROE 2019 de 12.5%.*

FINANCIAL STRUCTURE

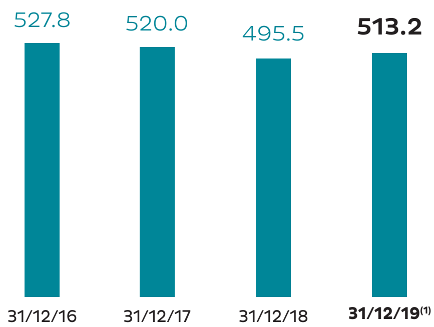
Basel 3 Common Equity Tier 1 (Phased-in)
(in %)



Basel 3 risk-weighted assets (Phased-in)
(in €bn)



Total assets
(in €bn)



STOCK MARKET AND SHAREHOLDING

Net dividend per share in 2019[2]	Pay out ratio[3]	Market capitalisation end 2019	Book value per share 2019[4]	Earnings per share
€0.31	83%	€12.5bn	€5.17	€0.56

(1) Following the disposal of the retail banking activities.
(2) Proposal presented to the May 20, 2020 Shareholder's Meeting.
(3) Based on the reported net income, excluding the capital gains following the disposal of the retail banking activities to BPCE S.A.
(4) After paying out the proposed dividend for the fiscal years in question.

NEW DIMENSION :

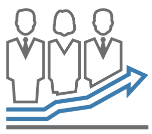
Natixis' 2018-2020 strategic plan

following the success of the New Frontier strategic plan (2014-2017)

The New Dimension ambition: differentiation and sustainable value creation through targeted expertise.

NATIXIS ADOPTED 3 STRATEGIES

DEVELOPING THE BUSINESS LINES



DIVERSIFICATION OF SOURCES OF REVENUES

- A balanced and diversified business model between banking and non-banking activities, the latter representing ~60% in 2019 vs. ~45% in 2017 and ~50% in 2013.
- Outside Europe: >50% of Asset & Wealth Management revenues excluding Europe, 37% for Corporate & Investment Banking CIB.

LOW DEPENDENCE ON INTEREST INCOME

Share of NII in net revenues: 9% in 2019 vs. 12% in 2018 and 33% in 2013.

DIGITAL TRANSFORMATION

Major initiatives across the business lines (user platforms, automation, overhaul of business processes, etc.).

ENHANCED AGILITY

OPERATIONAL EFFICIENCY

Transformation & operational excellence program: target of €300m in recurring annual savings by 2020.

NEW WAYS OF WORKING

- Shared tools and mobile systems for all.
- Increased telecommuting

SIMPLIFYING THE ORGANIZATION

New leadership roles aimed at increasing span of control by 35%.

CAPITAL GENERATION

STRONG VALUE CREATION

- Business lines generating strong and sustainable ROE.
- Significant growth potential thanks to distinct sector expertise.

DISPOSAL OF NATIXIS RETAIL ACTIVITIES

Acceleration of the asset-light model.

MANAGED RWA GROWTH

RWA growth target below net revenue growth forecasts for the period of the strategic plan.

The New Dimension strategic plan is in place across our business lines

Asset & Wealth Management

- Strengthening our brands with Natixis Investment Managers and Ostrum Asset Management, and enhancing our active management capacity with the «Active Thinking» concept.
- Making targeted investments in alternative investment activities, conviction-led investing and solutions.
- Increasing our operational efficiency by merging affiliates, taking operational efficiency actions, and strengthening our customer relationship management within distribution.

Corporate & Investment Banking

- Vigorous development of our four chosen strategic sectors.*
- Strengthening of the originate-to-distribute model by diversifying distribution channels and forming new partnerships.
- Developing the M&A network through the acquisition of four new boutique advisory firms: Fenchurch Advisory Partners (FIG), Vermilion Partners (China), Clipperton (Technology), Azure Capital (Australia).
- Developing the Green & Sustainable Hub and running the Green Weighting Factor.

Insurance

- Realization of Natixis Assurances' ambition to become a fully-fledged insurer for the BPCE Group networks: the Banque Populaire and Caisse d'Epargne banks.
- Renewal of the partnership between BPCE Group and Covéa, and resumption of the Banque Populaire network's new non-life insurance activities.
- Technological development to the highest standards of the customer service industry.
- Higher ratio of unit-linked assets for life-insurance products than the market and our peers.

Payments

- Sustained revenue growth (x1.26 vs. 2017).
- Growth in direct distribution revenues (>40% vs. ~30% in 2017).
- Complete range of payment services structured around three divisions: processing and services, retail solutions, prepaid and issuance.

* *Energy & Natural Resources, Infrastructure, Aviation, Real Estate & Hospitality.*

A governance structure supporting Natixis strategy

Board of Directors
at March 1, 2020

BOARD OF DIRECTORS

2 DIRECTORS FROM BPCE


Laurent Mignon
CHAIRMAN


Catherine Halberstadt

4 DIRECTORS FROM CAISSES D'ÉPARGNE


Nicole Etchegoïnberry


Dominique Duband


Christophe Pinault


Daniel de Beaurepaire

4 DIRECTORS FROM BANQUE POPULAIRE


Thierry Cahn


Alain Condaminas


Bernard Dupouy


Sylvie Garcelon

5 INDEPENDENTS DIRECTORS


Anne Lalou


Catherine Pariset


Bernard Oppetit


Nicolas de Tavernost


Diane de Saint Victor

1 NON-VOTING MEMBER


Henri Proglio


François Riahi
CHIEF EXECUTIVE OFFICER

OTHER ATTENDANTS TO THE BOARD

STATUTORY AUDITORS	CHIEF FINANCIAL OFFICER	CORPORATE SECRETARY	BOARD SECRETARY	SOCIAL AND ECONOMIC COMMITTEE REPRESENTATIVES
Deloitte & Associés Pricewaterhousecoopers	Nathalie Bricker	André-Jean Olivier	Aline Braillard	Sylvie Pellier Laurent Jacquel

12
MEETINGS
(IN 2019)

Directors	Non-voting member	Independents directors	Gender balance	Attendance rate	Training sessions
15	1	1/3	40%	91%	16

Map of expertise for members of the Board of Directors

A detailed map of the expertise of members of the Board of Directors is provided in section 2.2.

10	BANK/INSURANCE
7	FINANCE/ACCOUNTING
7	CORPORATE MANAGEMENT
6	RISK
7	BUSINESS STRATEGY
4	INTERNAL CONTROL/AUDIT
5	BUSINESS TRANSFORMATION AND TECHNOLOGY
3	GOVERNANCE/LEGAL
2	INDUSTRY
2	HUMAN RESOURCES

Special Committees of the Board of Directors at March 1, 2020

	RISK COMMITTEE	AUDIT COMMITTEE	COMPENSATION COMMITTEE	APPOINTMENT COMMITTEE	STRATEGIC COMMITTEE
members	5	5	7	6	16
Attendance	91%	92%	90%	100%	90%
Meeting	9	5	3	3	5

Committed to sustainable finance

Natixis' social and environmental responsibility is part of the New Dimension strategic plan for 2018-2020. Our ESR policy underlies all our activities, business lines and processes.

The ESR policy has three priorities

Direct Impact & Commitment

Raising employee awareness, reducing our impact on the environment, responsible purchasing, involvement in solidarity-based initiatives.

Sustainable business development

Contributing to the energy transition and helping clients move towards a sustainable business model.

Risk management

Including ESG criteria in financing and investment solutions.

Support for the Sustainable Development Goals (SDGs)

Natixis has identified **11 priority goals** in terms of its financing and investment activities and the management of its direct impacts.

The **SDGs guide** all the actions taken under the CSR policy.

1 NO POVERTY · 3 GOOD HEALTH AND WELL-BEING · 4 QUALITY EDUCATION · 5 GENDER EQUALITY · 7 AFFORDABLE AND CLEAN ENERGY · 8 DECENT WORK AND ECONOMIC GROWTH · 11 SUSTAINABLE CITIES AND COMMUNITIES · 13 CLIMATE ACTION · 14 LIFE BELOW WATER · 15 LIFE ON LAND · 17 PARTNERSHIPS FOR THE GOALS

Value creation in 2019

CLIENTS

€110.8bn
in assets incorporating ESG criteria

No.4[1]
global MLA[2] in the renewable energies sector

EMPLOYEES

30%
of women in the Senior Management Committee

20
hours of training per employee

79%
employee pride rate

SOCIETY

Endorsement of the **Women's Empowerment Principles**

Signature of the **Principles for Responsible Banking**

(1) Source : IJGlobal.
(2) MLA : Mandated Lead Arrangers.

Taking action against climate change

Natixis pursues a proactive policy to reduce the impact of its activity on the environment, by integrating the risks linked to climate change, pollution, loss of biodiversity or the increasing scarcity of resources. To comply with the scenario of limiting global warming to 2 °C, Natixis leads its financing and investments towards a low carbon economy.

NATIXIS main actions for environment preservation

ENVIRONMENTAL RISK MANAGEMENT

- Signatory of the Equator Principles since 2010.
- Exclusion policy: selection and exclusion linked to environmental risks. Lowering of the Coal Policy threshold to 25%.
- Environmental and social screening tool of our clients.

FINANCING THE ENERGY TRANSITION

- Renewable energy: €2.1 bn arranged in 2019.
- Green Bonds: €15.1 bn arranged in 2019.
- Sustainable real estate: €490 m financings with certification on asset in 2019.
- Natural capital: €300 m managed by Mirova.

REDUCING OUR DIRECT CARBON FOOTPRINT

- Environmental certification of buildings.
- Signature of the Paris Climate Action agreement.
- 30% reduction in energy consumption since 2010.

DECARBONIZING OUR PORTFOLIOS

- Measurement of the portfolio's carbon footprint and alignment of portfolios with the 2 °C scenario.
- Evaluation of the trajectory of all Mirova's portfolios at 1,5 °C.
- Implementation of the 2 °C alignment of Natixis Assurances' portfolios by 2030.

SHAREHOLDER ENGAGEMENT

- Integration of climate issues and energy performance in shareholder dialog.

Innovation: Natixis is decarbonizing its balance sheet with the Green Weighting Factor

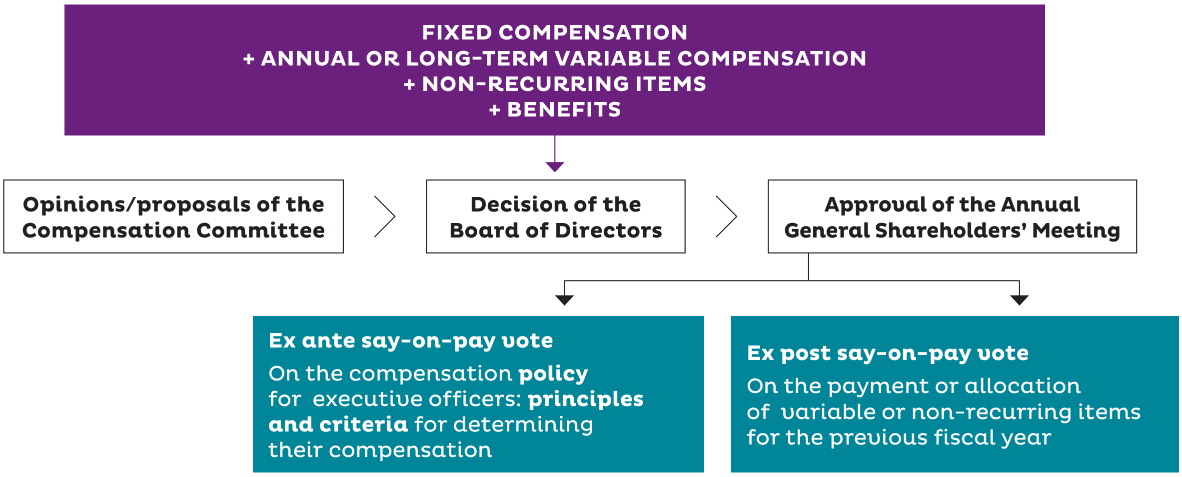
In 2019, Natixis was the first bank to manage the climate impact of its balance sheet using the Green Weighting Factor. This internal capital allocation model adjusts the return on each credit facility according to its impact on the climate. This rating system influences individual decision-making on transactions and encourages teams to favor green financing solutions for an equivalent level of credit risk.

COMPENSATION

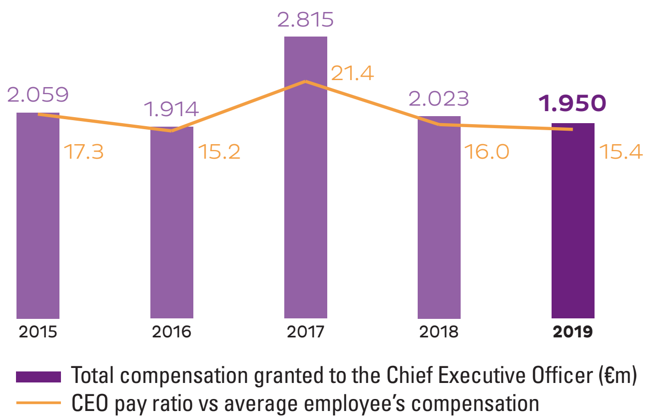
Compensation policy

Natixis' compensation policy is a key factor in implementing its company strategy. The compensation of executive corporate officers is included in the principles of Natixis' overall compensation policy as applied to all its staff. [1]

Governance of executive corporate officer compensation



Total compensation awarded to the Chief Executive Officer vs. equity pay ratio



(1) *Information on the compensation policy, particularly 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.*
More details can be found in Corporate Governance chapter, particularly with regards to the configuration, roles and powers of the Compensation Committee (see 2.3.2.3 of this document).
Detail on the principles and criteria determining the compensation of executive corporate officer can be found in Chapter [2.4] of this document, together with information on various compensation paid during and for the past fiscal year.

1

PRESENTATION OF NATIXIS

1.1 History and links with BPCE

1.1.1 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

2019
BPCE Group and Natixis sign the Principles for Responsible Banking and commit to strategically aligning their activities with the United Nations' Sustainable Development Goals and the Paris Agreement on climate change.
- Natixis becomes the first bank to actively manage the climate impact of its balance sheet by implementing the Green Weighting Factor.
- BPCE Group and Banque Postale Asset Management hold discussions to allow Natixis to become a major European insurance manager and euro fixed income manager.

1.1.2 Financial solidarity mechanism with BPCE

Including Natixis, all the institutions affiliated with the central institution of Groupe BPCE benefit from a guarantee and solidarity mechanism the purpose of which, according to Articles L. 511-31 and L. 512-107-6 of the French Monetary and Financial Code, is to guarantee the liquidity and capital adequacy of all affiliated institutions, and to organize financial support within the Group.

This financial support is based on legislative provisions imposing a legal solidarity mechanism by which the central institution is required to restore the liquidity or solvency of affiliates in difficulty, and/or all affiliates of the Group, by providing, as necessary, the total capacity and regulatory capital of all contributing affiliates. As a result of this fully-engaged legal solidarity mechanism, one or several affiliates cannot be placed in court-ordered liquidation nor be concerned by the resolution measures within the meaning of Directive 2014/59 EU, unless this is the case for all the affiliates.

Accordingly, should Natixis encounter financial difficulty, (i) BPCE would firstly provide support using its own regulatory 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, 2019 totaled €357.8 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) should BPCE's regulatory capital and this mutual guarantee fund prove insufficient, BPCE would draw on (in equal proportions) both the Banque Populaire and Caisse d'Epargne networks' own guarantee funds totaling €900 million and; finally (iv) should recourse to BPCE's regulatory capital and these three guarantee funds prove insufficient, additional sums would be requested from all the Banque Populaire and Caisse d'Epargne banks.

In the event of court-ordered liquidation concerning all the affiliates, the external creditors of all the affiliates are managed by their ranking and in the order of hierarchy in an identical fashion and irrespective of their association with any given affiliated entity. Consequently, holders of AT1 capital and other pari passu securities would be more affected than holders of T2 capital and other pari passu securities, who would be more affected than holders of senior non-preferred external debt, who, in turn, would be more affected than holders of senior preferred external debt. In the event of resolution, identical write-down and/or conversion rates would be applied to the debts and credits of the same ranking and irrespective of their association to any given affiliated entity, and in the order of the hierarchy set out above.

Only the entities not concerned by court-ordered liquidation nor resolution measures and which do not contribute to the Group solidarity mechanism, as is the case of Natixis, are excluded from contributing to the bail-in of other failing affiliates.

It should be noted that the guarantee funds referred to above comprise a Groupe BPCE internal guarantee mechanism activated at the initiative of the BPCE Executive Board, or the competent authority dealing with banking crises which may request their use if deemed necessary.

1.2 Natixis' businesses

1.2.1 Asset & Wealth Management

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

1.2.1.1 Asset Management

Natixis Investment Managers ranks 17th globally by assets under management *(Cerulli Associates: Global Markets 2019 report based on AuM as of December 2018)*.

As a global multi-affiliate asset management business, Natixis Investment Managers includes more than 20 specialized investment managers in the US, Europe and Asia. Based on the Active Thinking[SM] concept, the brand platform of Natixis Investment Managers embodies its commitment to a highly active, conviction-led investment style and its stewardship for a long-term investing approach.

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 distinctive, alpha-generating and diversified suite of investment strategies across traditional and specialized equity, fixed income and alternative asset classes, supported by 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, and its main support functions operate 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 distribution/retail (investment platforms, financial advisors, funds of funds and Private Banking).

For Natixis Investment Managers, 2019 was a year of solid financial performance, from both revenue and profitability standpoints. Despite some headwinds, Natixis Investment Managers was able to navigate these with determination and steadfast resolution, and ended the year on a strong footing. Natixis IM benefited brisk business in capital markets, which marked a stark contrast in 2019 and helped to progressively recover the adverse market effect face in the fourth quarter of 2018.

Following on from 2018's accomplishments, in 2019 was a year of strengthening Natixis Investment Managers' multi-affiliate model, but also a year of execution and internal focus to expand the firm's distribution capabilities, reinforce its product range and improve performance and operational efficiency.

- Natixis Investment Managers has seen strong results in many parts of its business. Its affiliate Mirova, specialised in ESG (Environmental Social and Governance) and impact investing, demonstrated strong growth, reflecting not only the increasing appeal of socially responsible investing but also strong investment performance and the importance of its brand. In a related area, the early success of its affiliate Thematics Asset Management — launched in March 2019 — demonstrates the great potential for alpha generation of thematic equity investing and its tie to ESG themes, which continue to dominate the marketplace in Europe and increasingly in other parts of the world.
- The group strengthened its global equity offering not only with a highly active, conviction-driven range of thematic strategies, but also by acquiring a minority stake in US-based WCM Investment Management. The establishment of a strong distribution partnership with WCM has already proven to be successful with the launch of new products in the US and Europe and asset gathering from new clients for WCM.
- In the illiquid space, Natixis Investment Managers is widening the scope of its strategies and enhancing its distribution capabilities and reach. For instance, the creation of Vauban Infrastructure Partners — an affiliate dedicated to equity investments for the creation, development and operation of social infrastructure, transportation infrastructure, utilities and digital networks — makes a substantial contribution to Natixis Investment Managers' alternative and real assets range. The development of Flexstone Partners validates the strategy of combining its affiliates in the Private Equity advisory space to create a single platform.
- Natixis Investment Managers continues to grow its footprint, reinforcing its presence with insurers and global financial institutions. A joint venture between its affiliate Ostrum Asset Management and La Banque Postale to combine their insurance-related activities and create a leader in the market for European insurers has recently been announced. Natixis Investment Managers also acquired a minority stake in Fiera Capital, its preferred distribution partner in Canada and, although it is still early to see meaningful asset gathering, the pipeline of opportunities is significant. In Asia, which industry wide is expected to be the greatest contributor to global asset growth over the next 10 to 15 years, Natixis Investment Managers has continued to expand the scope of its relationships and the number of affiliates distributed in the region. Adding locally managed investment strategies will be very important to continue to grow in the region.
- In 2019, Natixis Investment Managers continued to strongly enhance its brand visibility through high-level media engagement and global partnerships with thought leadership groups, such as the PRI, G7 Investor Leadership Network, World Economic Forum, Dow Jones, and others. Natixis Investment Managers remains committed to maintaining its place on the global stage to foster its distinctive approach towards active investing.

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, and grow its presence across Europe and in other critical regions, including Asia-Pacific, the Middle East and Latin America. 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, continue investments in digitalization and technology, and expand its global footprint and capabilities, notably in Asia. The firm will also continue to invest in ESG and impact investing, as well as diversity and inclusion, and is committed to making clearly measurable progress in both areas.

Natixis Investment Managers: more than 20 specialized investment managers in the US, Europe and Asia (as of December 2019 – assets under management in billions of euros)

- Active Index Advisors (€2 billion), discretionary index-based strategies
- AEW/AEW Europe (€55.9 billion) real estate asset management, real estate investment trusts (SCPI) and real estate mutual funds (OPCI)
- Alliance Entreprendre (€0.3 billion), Private Equity
- Alpha Simplex Group LLC (€5.2 billion), quantitative investment management
- DNCA Finance (€22.3 billion), fixed income and equities
- Dorval Asset Management (€1.6 billion), flexible management
- Flexstone Partners [(1)] (€3.8 billion), Private Equity
- Gateway Investment Advisers, LLC (€9.8 billion), hedged equity
- H_2O Asset Management (€30.3 billion), global macro multi-strategy and international fixed income
- Harris Associates (€106.7 billion), US and international value stocks
- Investors Mutual Limited (€6.3 billion), value-based Australian equities
- Loomis, Sayles & Co. (€264.8 billion), equities (growth, core, value) and fixed income (core to high yield)
- Mirova (€15 billion), SRI equity and fixed income, infrastructure project financing
- Managed Portfolio Advisors Overlay [(2)] (€14.4 billion), overlay strategies
- MV Credit (€1.9 billion), real assets
- Naxicap Partners (€3.6 billion), Private Equity
- OSSIAM (€4.2 billion), strategy-based ETFs (Exchange Traded Funds)
- Ostrum Asset Management (€261.4 billion), fixed income & equities
- Seeyond (€9.7 billion), structured products and volatility
- Seventure Partners (€0.7 billion), private equity
- Thematics Asset Management (€0.7 billion), international thematics asset management
- Vaughan Nelson Investment Management (€11.6 billion), value stocks and bonds
- Vega Investment Management (€7 billion), bespoke investments solutions
- WCM Investment Management (€43.1 billion)

1.2.1.2 Wealth management

Natixis Wealth Management caters to two client categories: wealth management clients originating from Groupe BPCE's banking networks and from Natixis (Group sourcing), and direct clients (business proprietors, senior executives/company directors and owners of family wealth). It designs and implements wealth management and financial solutions and offers clients a broad spectrum of expertise and solutions covering all facets of their projects — corporate advisory and wealth engineering, advised management, financing, private equity, life insurance, structured products, real estate solutions and diversification — proposed in close collaboration with several Natixis entities. Natixis Wealth Management also works with its wholly-owned subsidiary VEGA Investment Managers — a specialist in multi-management, advisory and open architecture fund selection — and with all subsidiaries of Natixis Investment Managers, in order to supply various products and services to its clients.

After simplifying its business model (divestment of the Sélection 1818 platform focused on independent financial advisors), Natixis Wealth Management continues to reposition its Wealth Management business on the High Net Worth Individuals (HNWI) segment. In 2019, it acquired Massena Partners, an investment management and advisory firm exclusively focused on the HNWI segment. As part of this initiative, Natixis Wealth Management signed a partnership with Essling Capital in order to strengthen its offerings in private equity and real-estate club deals.

Concurrently, Natixis Wealth Management decided to step up its digital transformation and better integrate its expertise within the Group. For the last two years, Natixis Wealth Management has been developing a digital sphere to facilitate and smooth interactions between clients and their prime contact. An interface now enables them to subscribe for life insurance policies in real time, thanks to the introduction of electronic signatures and reductions in administrative constraints.

At year-end 2019, Natixis Wealth Management had €30.4 billion in assets under management, up €4.3 billion or 16% over the period.

(1) Launched in January 2019 and bringing 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.

1.2.1.3 Employee Savings Schemes

Natixis Interépargne, a leader in employee savings

Natixis Interépargne, a Natixis subsidiary, helps companies of all sizes set up and manage their employee and retirement savings plans.

As part of France's number two banking group, Groupe BPCE, it enefits from an extensive local presence via the Banque Populaire and Caisse d'Epargne networks, and uses the financial management solutions provided by Natixis Investment Managers — a specialist in active investment management for employee savings.

For more than 50 years, Natixis Interépargne has been offering companies and savers innovative digital services and solutions designed to deliver an increasingly simple, seamless, and personalized employee savings experience.

In 2019, Natixis Interépargne consolidated its position as a benchmark in employee and retirement savings, with 77,000 client companies, nearly 3 million savers, and a market share of 27.1% in employee savings and 28.9%, in PERCO collective pension plans [1]. With a market share of 24.6% in SRI (socially responsible investment), Natixis Interépargne has confirmed its leadership in this sector of employee savings. The range of employee and retirement plans for SMEs and self-employed professionals has expanded with the enactment of the new PACTE Act for business growth and transformation, and 20,000 new contract subscriptions.

1.2.2 Corporate & Investment Banking

At December 31, 2019, Corporate & Investment Banking (CIB) comprised 3,646 employees (FTEs) in 27 countries around the world: 38.3% of which in France, and 61.7% 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 by drawing on the full range of its expertise in investment banking and mergers & acquisitions on capital markets, and in financing and transaction banking. Its objective is to develop a strategic dialogue with each of its clients over the long term by building a close working relationship with them through a strong regional and international presence.

Corporate & Investment Banking's areas of expertise are:

- **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, fund-raising, 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 team dedicated to Natixis' client coverage. The Coverage 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 dialogue with clients over the long term.

In 2019, Corporate & Investment Banking continued to implement the objectives 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 strategic sectors (energy and natural resources, aerospace, infrastructure, real estate and hospitality).

Natixis also furthered the development of its green finance expertise, for example implementing its Green Weighting Factor, a tool not only for innovative oversight of capital allocation based on the environmental performance of its financing solutions, but also for helping clients achieve their own personal ecological transition. With the Green Weighting Factor, Natixis has also become the first bank to actively steer the impact of its balance sheet on the climate.

All "green" loans receive a discount of up to 50% in their weighted assets, while the weighting of loans with a negative impact on the climate and the environment is increased by up to 24%. By adjusting the expected return on each loan depending on its impact on the environment and the climate, Natixis encourages its teams to favor green financing solutions (for an equivalent level of credit risk). This is a concrete way of contributing to the United Nations Sustainable Development Goals regarding climate change and the environment.

The Green & Sustainable Hub (GSH) continued to drive Corporate & Investment Banking's efforts to promote green and sustainable finance, securing a position as a valued partner for corporate clients, the public sector and investors in navigating the key issues of the ecological and social transitions of tomorrow.

As part of its resolute specialist positioning, GSH's center of expertise is responsible for keeping an active watch over market and regulatory developments, and for focusing the GSH's efforts in the areas of product or methodology investigation and innovation. Publications were issued on three key subjects in 2019: the decryption and critical analysis of the European package on the regulation of sustainable finance, the blue economy, and the vast issue of transitioning to a low-carbon economy, with a special focus on the transition of currently very high-carbon industrial models.

(1) Source: French Asset Management Association (AFG), June 30, 2019.

In 2019, the team further expanded its in-depth knowledge of investors in these green and sustainable finance areas, through multiple interactions (and research) centered on their ESG strategies.

Lastly, the GSH was the driving force behind the strategic development of Corporate & Investment Banking's green and sustainable activities: enhanced development of loans (green loans and sustainability-linked loans) and investment solutions, consolidation on the green bond market, and pioneering of several innovative financing or investment products.

The GSH's expertise in this area has positioned Natixis on the forefront of funding the energy transition (particularly on the emerging market of transition bonds or sustainability-linked bonds), ready to guide our top clients as they implement their own energy transition.

1.2.2.1 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 built on 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 at clients' local needs;
- 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 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;
- A multi-underlying focus, illustrated by the Global Securities Financing team, which operates simultaneously on the fixed income and equity markets.

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

This business line comprises 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 offering clients innovative hedging, investment and financing solutions across all asset classes;
- A Multi-Asset Client Servicing & Execution (MACSE) division coordinating flow products and digital offerings.

Fixed income, credit, forex and commodities markets

(FIC: fixed income, commodities)

On the fixed income markets, Natixis' 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 the Americas (New York, Houston and São Paulo).

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

On the heels of a busy 2018, business expanded significantly in 2019 across all three international platforms.

In Europe, the Merius investment platform, set up in 2016, grew further in the low interest rate environment to exceed €4.4 billion in investment commitments at the end of 2019, confirming investor interest in this innovative solution on the Dutch residential mortgage market. On the European ABS market, Natixis played a key market-making role through a number of major deals in the United Kingdom (5), France (2), Italy and the Netherlands. Natixis also continued to lead the way in private-sector deals with non-banking lenders in Europe. It issued an innovative securitization transaction backed by green assets. On the CLO market, Natixis conducted five major deals totaling some €2.1 billion.

Business once again expanded in the United States, fueled by the CLO market. Natixis is a renowned on this market as an arranger and placement agent, ranking among the top 10 arrangers of broadly syndicated CLOs *(sources: New Issues — Thomson Reuters and Bloomberg)* and as the No. 1 arranger of middle-market CLOs. Outside the CLO segment, Natixis continued to diversify its ABS business through the development of securitizations linked to real assets (aircraft).

Over the course of 2019, Natixis further expanded in the Asia-Pacific region, increasing its presence on the Australian residential mortgage-backed securitization market. Natixis participated in six RMBS deals for different sponsors such as La Trobe and Pepper, including Vermilion 2019-1 for sponsor Columbus Capital which was named "Best Debt Finance Deal for Australia/New Zealand" by FinanceAsia in 2019 alongside other nods for "green" projects. GSCS in Asia continued to distribute US and European products to Asian investors.

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, GMC's marketing teams and ENR Finance's origination teams combined forces to work together.

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. Functional subordination was maintained with the Global Head of Global Markets.

Equity markets

On the equity derivatives market, Natixis offers tailored 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 2019, Natixis further expanded its range to include investment solutions such as dividend offers, structured green bonds, new systematic strategies (e.g. protected equities) and thematic indices (water index). The Equity Derivatives team boasts renowned expertise in solution design as well as distribution and pre/post-trade services.

A number of awards were received in 2019, underscoring the drive and expertise of the Corporate & Investment Banking teams Natixis was in particular named "Most Innovative Investment Bank for Financial Institutions Group" by *The Banker* magazine. This award acknowledges the diversity of solutions proposed and the innovation offered to institutional investors in both the fixed income and equity derivatives markets.

Global Securities Financing

A product of 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 offer them 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, and has 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

Global Markets Research, now CIB Research, complements Natixis' sales strategy. It publishes analyses to guide clients in their investment decisions and contributes to creating financial solutions tailored to clients' needs using models, such as valuation models, risk management models and quantitative asset allocation strategy models (equity derivatives, fixed income, credit, foreign exchange), all backed by technical analyses.

Recognized for the macroeconomic expertise of its Chief Economists in its three international platforms, **CIB Research** also does extensive research in key sectors such as infrastructure, real estate, energy & natural resources, and insurance. In 2019, it launched a new website with an offering tailored to each client, inviting them to rate the publications and select personalized investment themes.

A genuine center of expertise was developed in real estate, combining analyses of macroeconomic flows, valuation models and new publications to guide clients throughout their strategic projects. It also developed expertise in investment themes as varied as electric cars, gas and 5G.

The growing use of big data and machine learning paved the way for the definition and publication of innovative indicators, for example on uncertainty, sentiment and risk.

CIB research also contributes to Natixis' energy transition goals through its joint venture with the Green & Sustainable Hub. Through this collaboration, it has produced extensive research on the theme of water and helped create the Green Weighting Factor.

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, risk management models and quantitative asset allocation strategies.

1.2.2.2 Financing

The three business lines Real Assets (covering aviation, infrastructures, real estate and hospitality), Energy & Natural Resources and Distribution & Portfolio Management are core to Natixis' sector-oriented and originate-to-distribute (O2D) strategy. In 2019, they generated solid results, driven by robust origination and distribution business. The global infrastructure and real estate activities in Europe did especially well.

Energy & Natural Resources

Natixis' ambitions as a leading bank 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. The objective for ENR is to offer its clients the added value needed to foster strategic dialogue and deliver tailored banking solutions with the input of all Corporate & Investment Banking teams.

The ENR franchise has been adapted across the bank's three platforms (EMEA, Asia-Pacific 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 Finance: teams in charge of debt and both structured finance and commodity trade finance;
- ENR Advisory combines M&A advisory services, targeting independent oil companies and mining groups, and a pool of engineers that carry out the technical analysis of the assets involved. In M&A advisory, Natixis is actively working to build up its own teams and relies on the network of affiliates (including PJ SOLOMON in the United States, Vermillion in China and Azure in Australia) to support the growth of this activity, which is central to strategic dialog with its clients;

- GMC: commodity price hedging activity, led by ENR in partnership with the Capital Markets team.

In 2019, this strategic sector-oriented approach resulted in several deals combining financing and price hedging.

In keeping with the bank's sustainable development policy, Natixis arranged multiple deals indexed to environmental, social and governance (ESG) criteria for its clients in the sector. For example, Natixis served as the arranger of the first sustainability-linked pre-export finance facility. Natixis also set up green term facilities for Ghanaian cacao manufacturer Ghana Cocoa Board and agricultural commodities trader Louis Dreyfus Company, and a sustainable revolving facility for grain and oilseed trader Bunge.

In structured financing, Natixis led a number of high-profile, high value-added landmark transactions in all areas of the globe.

The bank continues to pursue external and internal initiatives to digitize international commodities trading. The fintech Komg°®, in which Natixis invested alongside 16 banks and industry players, has delivered multiple additional features (letters of credit, receivables discounting, KYC tools, etc.) on its blockchain platform. The second fund-raising operation conducted in 2019 (during which Natixis increased its stake) should allow Komgo® to expand its development. The platform will ultimately streamline trade among all players in the value chain, including producers, traders, freight forwarders and banks. Several internal initiatives are also in progress with the goal of improving the acquisition and use of our data.

Infrastructure

Natixis has financed over 1,150 projects in more than 25 years of business. It draws its expertise in infrastructure from its in-depth knowledge of the sectors and assets financed. Natixis is a world leader in this area, ranking No. 8 MLA globally in the first nine months of 2019 *(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. In 2019, Natixis finalized its industry bankers groups by hiring several new members, ensuring complete sector and global coverage of all Corporate & Investment Banking solutions.

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 13 partners on the platform, with an investment capacity of nearly €8.3 billion.

In accordance with the strategy initiated under the New Dimension plan, Natixis further developed its sector approach with a now global M&A presence and the addition of new landmark mandates such as the acquisition by Vauban Infrastructures Partners of stakes in Indigo previously owned by Ardan, and the development of Engie Australia & New Zealand's low-carbon assets investment platform.

In 2019, business was dynamic on all three international platforms and in all asset classes, with a key focus on environmental and renewable energy initiatives (Source: IJGlobal) illustrated in particular by strong activity in Latin America.

In Europe and the Middle East, Natixis' commitment to initiatives was highlighted by projects such as Beleolico Srl, the first offshore wind farm in Italy and the Mediterranean (sole arranger); the first French wind farm off the coast of Saint-Nazaire (coordinator for Groupe BPCE); the first wind farm in Saudi Arabia Dumat Al Jandal (arranger, offshore securities agent); and the Taweelah project in Abu Dhabi, set to become the largest desalination plant in the world (initial arranger, documentation bank, facility agent).

In Asia, for example, the funding of the Yunlin project off the coast of Taiwan was named "Best Syndicated Loan" by The Asset, and solar farm Kiamal in Australia was named "Best Project Finance Deal" at Finance Asia's 2019 Achievement Awards.

Natixis also boasts an enviable position as No. 2 MLA globally in the first nine months of 2019 *(source: IJGlobal)*, in the telecommunications sector which is expanding rapidly as a result of the digitization of the economy. Natixis contributed to the development of fiber optics across France. The bank is also very involved in the data center segment.

In the transportation, Natixis participated as financial advisor and debt arranger for the construction of the tramway in Liège, Belgium.

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 manufacturers. 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, FOL, etc.), Natixis is developing a comprehensive investment banking, advisory (M&A, ratings) and hedging offering.

It caters to airlines and aircraft leasing companies, with strong growth in the latter client category. For example, as a senior secured lender for Avollon, the world's third biggest leasing company, Natixis supports Avollon across the continuum of expertise, including leading its $500 million inaugural unsecured term loan facility in 2019.

In 2019, Natixis was named "Asia-Pacific Bank of the Year" by *Airline Economics*, a leading publication in the aviation industry. This award underscored the quality and volume of funds raised by Natixis for its clients in the region this year. Landmark deals highlighted by the publication included the ICBC Leasing French optimized lease (FOL) for 15 aircraft named "Asia-Pacific Tax Lease Deal of the Year".

Among other highly visible, strong value-added deals, Natixis arranged the assurance export-backed financing of two Airbus A380 aircraft for Emirates, named "Deal of the Year" by Airline Economics.

These structures may include asset-based securities (ABS). Natixis helped Stratos with its maiden bond issue backed by a portfolio of 15 aircraft.

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.). Four industry bankers cover the real estate and hospitality sector, offering a comprehensive range of Corporate & Investment Banking solutions to clients in the sector. It draws on its extensive knowledge of the market to offer a broad range of high value-added expertise in accordance with the bank's originate-to-distribute (O2D) model: M&A advisory through seven international boutiques, including Natixis Partners, structured real estate finance (senior, mezzanine, B note) and conventional finance, green-certified financing, bond issues, equities, and hedging.

Natixis capitalized on these areas of expertise, for example, to help Swiss Life Asset Managers acquire a portfolio of high-end Paris offices from Terreis, as the sole advisor to the insurer in this €1.7 billion deal and the arranger of the €507 million mortgage loan. This landmark deal illustrates the success of the bank's sector-based model, as well as its ability to offer its clients the full spectrum of expertise.

Natixis also sets itself apart through its commitment to green and SRI finance. It is, in fact, one of the leading issuers of sustainable and green home loans. In 2019, it arranged funding for the 99 West offices in Berlin subject to Green Loan Principles; a loan indexed to ESG criteria for Capitaland allowing the Singapore-based real estate to install solar panels on six of its buildings; a green corporate loan of €200 million for Gecina with an interest rate indexed to carbon footprint reduction and HQE (high environmental quality) classification criteria.

In Europe, Natixis was ranked No. 1 MLA and bookrunner in 2019 *(source: Dealogic)*, reflecting the vitality of its business and its positioning as a major arranger. The year was highlighted by the arrangement of landmark deals in its four countries of operation: France (funding of rental homes leased to EDF employees by Powerhouse Habitat for €560 million, €271 million in funding for the acquisition of Château La Messardière by LCH, the luxury hospitality branch of LOV Group), Germany (€240 million in residential financing in Berlin for UK investor Phoenix Spree, Italy (financing for a portfolio of offices owned by Générali for €420 million), and Spain (financing for health complex Healthcare Activos as sole arranger for €175 million).

Business was also booming across the United States in all asset classes, both on the syndicated loan market and the CMBS market with highly visible deals such as the $550 million floating-rate loan for the acquisition of the Wilshire Courtyard offices along the Miracle Mile in Los Angeles by Onni Group; the $600 million funding of residential buildings in San Francisco owned by pension funds; and the $230 million floating-rate loan for the mixed-use Congress Square building in Boston's business district for Related Fund Management. Some of these deals were distributed to Asian institutional investors, testifying to the strength of its cross-platform distribution, particularly with this category of investors.

Natixis stands out for the strength of its integrated international 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 2019, it issued €250 million in additional "Pfandbrief" bonds, bringing total issuance since the institution was established to €1.630 billion. Natixis is one of the main players in the CMBS market in the United States, ranking No. 14 as at September 30, *2019 (source: Commercial Mortgage Alert)*.

Distribution & Portfolio Management

Distribution & Portfolio Management (DPM) develops optimal financing solutions for business and attractive investment opportunities for investors. The bank boasts excellent portfolio management and distribution across its three international platforms (Americas, EMEA and Asia-Pacific), made up of 215 professionals. It is in charge of the syndication and active management of the loan book, and therefore proactively manages the credit quality and profitability of financing put in place by Natixis.

Natixis further consolidated its strategic O2D model in 2019, while developing processes and initiatives aimed at optimizing credit risk management. As a key component of the bank's O2D strategy, the Singular digital financing platform was extended to the primary distribution activities. The platform's main purpose is to improve collaboration and visibility across the O2D chain and ultimately provide a better service for clients. With these measures, Natixis was able to continue to accelerate balance-sheet rotation amid tighter regulatory, competitive and macroeconomic constraints.

Trade & Treasury Solutions

Trade & Treasury Solutions (TTS) develops two flagship businesses: Treasury Solutions and Trade Finance.

In Treasury Solutions, TTS helps corporate clients manage, optimize and enhance their cash flow with its multi-bank, paperless centralized account statement service and pooled automated multi-bank cash solutions. TTS designs products that put their cash surpluses to work through paid accounts.

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

TTC focuses on security enhancement systems to combat fraud risks, and on traceability of international payments.

In trade finance, TTS makes it easier for its clients to expand their business internationally via import/export security and financing solutions, such as documentary credit, documentary collections, market guarantees and thanks to its solid banking risk hedging expertise. TTS operates in France and on the Asia-Pacific, Americas and EMEA platforms, and is active in multiple countries through its network of partner banks.

On the financing front, TTS offers to manage the working capital requirements of its clients, using supply chain finance solutions.

TTS also offers Groupe BPCE and its constituent networks its support and expertise in the operational areas affecting its businesses.

In 2019, TTS continued to innovate with a focus on improving the client experience. For example, My Tracked Transfer allows financial companies and institutions to track their international payment transactions in real time. Also, clients can now initiate credit transfers securely from the websites using Instant Payment while securing their bank details with SEPAmail Diamond. Under its open banking strategy, TTS launched another instant payment solution, API, in partnership with Datalog Finance. And in trade finance and supply chain finance, TTS set up electronic signatures for daily transactions, and further developed its Receivables Finance offering on the Marco Polo blockchain platform used by a global network of banks.

TTS' execution of these solutions is ISO 9001-certified (AFNOR 2019 renewal).

1.2.2.3 Investment Banking

The purpose of the Investment Banking business line is to strengthen strategic dialog with clients while offering them the best possible combination of solutions to meet their financing needs. It covers strategic and acquisition finance, primary bond and equity market finance, equity-linked finance (via the Strategic Equity Transaction team that reports to both the Head of Investment Banking and the Head of Global Markets), as well as financial structure and rating advisory services.

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 and Sydney) and the Americas (New York). It offers corporate clients, investment funds, family offices and institutional clients a full range of financing solutions (bonds, loans, private placements) for their various strategic requirements, including acquisitions, shareholder restructuring, investments, debt financing and post-IPO financing. In 2019, Natixis was named No. 1 bookrunner for sponsored loans in France *(source: Dealogic)* and No. 6 in the EMEA region *(source: Refinitiv)*.

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.

In 2019, Strategic and Acquisition Finance turned in a very strong performance on a highly competitive market, landing a wide variety of deals.

In corporate acquisition finance, Natixis took part in two syndicated loans granted to two pharmaceutical companies in Italy. It was mandated by Recordati, as global coordinator, MLA-bookrunner and underwriter, for a €400 million facility aimed at financing the acquisition of rights to Novartis drugs for the treatment of rare diseases.

In the United States, Natixis served as arranger, co-bookrunner, syndication agent and sole issuing bank of a stand-by letter of credit for the acquisition of WEIR Group's Flow Control Department by the world's leading private investment firm, First Reserve.

Natixis also stood out by arranging multiple leveraged buy-outs for investment funds. It served as bookrunner, rating advisor, hedging bank and alongside Natixis Partners (which advised the buyer) in financing the acquisition of Armonea by Colisée.

Natixis secured a position as a strategic partner during the acquisition of heating services group Proxiserve by investment funds Core Infrastructure Fund II (managed by Mirova) and Asterion Industrial Infra Fund, in its role as bookrunner, underwriter, facility agent and sole rating advisor. This deal, consisting of a revolving credit line and a Term Loan B, also included green criteria — which is a first for this type of financing solution.

In France, Natixis was global coordinator and B&D (bill & delivery) agent for SPIE's €600 million bond issue to refinance half the group's senior credit and extend the average maturity of its debt. Natixis had already assisted SPIE with its March 2017 bond issue used to fund the acquisition of SAG, Germany's leading energy infrastructure service provider.

Lastly, in Asia, Natixis acted as arranger, underwriter and bookrunner for a $655 million syndicated debt refinancing loan for Shanghai Pharmaceuticals Group.

Bond origination

Operating on the principal European, American and Asian markets, Natixis serves all types of issuers (corporates, financial institutions, sovereigns/supranationals/agencies), 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.

Natixis completed a number of landmark deals on a highly active bond market in 2019.

In the corporate segment, Natixis led the multi-tranche and multi-currency (EUR/GBP) bond issues of Spanish infrastructure group Abertis and telecom operator Orange.

Natixis also orchestrated several inaugural issues, including FFP (€300 million), Icade Santé (€500 million) and Fosun (€400 million). The bank served as Avolon's bookrunner for two USD issues in 2019.

It continued to expand in the hybrid segment, with bond issues for LarfargeHolcim (€500 million), Accor (€500 million), Eurofins (€300 million) and EDF (€500 million).

Natixis also broadened its expertise in the "project" bond segment. It contributed, as joint lead placement agent, to the success of the private placement issued by FLNG Liquefaction 2, which raised $865 million over an average maturity of 12.3 years.

In this buoyant environment, Natixis proved it was capable of innovating by leading the first Additional Tier 1 benchmark bond (€750 million) on the financial institutions market for La Banque Postale. It also arranged the maiden restricted Tier 1 subordinated debt issue for La Mondiale (€500 million) and the first senior preferred debt issue for UniCredit Bank (€1.25 billion), as well as the HoldCo issue for Sumitomo Mitsui Financial Group, Inc. (€1.25 billion).

Natixis, which signed the Principles for Responsible Banking in September 2019, deepened and demonstrated its commitment to funding the green transition with all categories of issuers.

In France, it participated in the Ceetrus bond issue (€300 million) and the Caffil double-tranche issue (€750 million and €500 million). It structured BNG's inaugural SRI bond issue (€750 million) and ALS' first sustainable bond issue (€1 billion). In Spain, it headed up Iberdrola's hybrid bond issue (€800 million) and in Italy the Enel's inaugural multi-tranche SDG bond (€2.5 billion). In Belgium, Natixis structured the maiden double-tranche bond issue for the Wallonia Region (€1.25 billion) and led the bank's first green sukuk issue for Islamic Development Bank (€1 billion).

Natixis also led several prestigious transactions on the emerging, sovereign, supranational and agency markets, including bond issues by the Kingdom of Morocco (€1 billion), the Sultanate of Oman ($3 billion), the Arab Republic of Egypt ($2 billion), the European Investment Bank (€3 billion), the European Financial Stability Facility (€1 billion), the Belgian State (€6 billion) and the Government of Quebec (€1 billion), which was a first-time mandate for Natixis. Lastly, Natixis headed up the World Bank's inaugural EUR issue (€1.25 billion).

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. It develops advisory services for public tenders or exchange offers, and maintains a corporate broking business that offers clients intermediation services for acquisitions and disposals on the equity market, share buybacks and liquidity contracts.

In 2019, business was brisk on the equity capital markets in France, and Natixis furthered its development in the EMEA region in particular by leading multiple large-scale transactions.

On the IPO market, despite relatively low volumes and a very small number of deals, Natixis was Française des Jeux's global coordinator for France's largest IPO of the decade (€1.9 billion) and first privatization in 15 years. It also took part in its first IPO in Saudi Arabia as joint bookrunner for Arabian Centres.

Natixis drew on its expertise to participate in France's largest capital increase of the year (€711 million) as global coordinator for Tikehau Capital. It also conducted several landmark deals in Europe, acting as global coordinator for Salini Impregilo in Italy, and organizing private placements in Belgium for real estate specialists Warehouses de Pauw (WDP) and Xior Student Housing.

On the convertible bond market, Natixis consolidated its franchise by significantly expanding its business, notably via a series of convertible bond issues for Air France KLM, Atos, Orpea and Veolia. It also served as global coordinator for the maiden issues of two fast-growing global groups: Neoen and Worldline.

Natixis recorded a very strong performance in corporate broking, improving on 2018. Natixis acted as presenting bank in the takeover bids by investment fund CVC on April Group and US fund Searchlight on Latecoere Group. Natixis ODDO-BHF entered into a liquidity agreement with Iliad.

Natixis is ranked No. 3 bookrunner by number of deals and No. 4 by amount in EUR on the equity capital markets (vs. No. 3 and No. 8 in 2018, No. 4 and No. 9 on 2017) in France *(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 (equity stakes, treasury shares, investments). The team uses financing tools, derivatives or any other financial instrument in the interest of Natixis' French and international clients.

It develops a tailored structuring approach and offers clients a comprehensive range of solutions, including the acquisition of securities on the market, the financing of equity investments or economic exposures, the optimization of equity investment management and the establishment of share buyback programs.

The Strategic Equity Transaction team, renowned for its innovative and bespoke solutions, served as co-lead manager and co-bookrunner in the acquisition of Daimler AG shares by BAIC Group via a €2.2 billion syndicated loan.

Financial structure and rating advisory services

This advisory business activity consists of analysing financial structures and credit rating issues for Natixis' corporate and financial institution clients. Its goal is to define the most appropriate equity and debt-based financing solutions for its clients. Given the internationalization and increasing disintermediation of capital markets, clients rely more on ratings, giving this business line increasing strategic importance. It applies its rating advisory expertise to analyze and optimize the impact of major events on clients' ratings, and can even help clients obtain their first rating.

1.2.2.4 Mergers and 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, fund-raising, restructuring and capital protection.

In 2019, Natixis further strengthened its advisory activities by making a strategic investment in Azure Capital. With this Australian boutique, specializing in infrastructure, energy and natural resources, Natixis expanded its international network of seven boutiques already including Natixis Partners (France), Natixis Partners España (Spain), PJ SOLOMON (United States), Fenchurch Advisory (United Kingdom), Vermilion Partners (China) and Clipperton (France),

Multiple large-scale international deals were conducted throughout the year. In France, Natixis advised Swiss Life on its acquisition of a portfolio of 28 prime assets from Terreis for €1.7 billion. In the United States, PJ SOLOMON advised Banijay Group on its acquisition of Endemol Shine Group, formerly co-owned by Disney/Fox and Apollo Global Management. In the United Kingdom, Fenchurch Advisory advised Swiss Re on the sale of its UK division, Reassure, to Phoenix Group for £3.25 billion. In Asia-Pacific, Vermilion Partners advised C. Banner International Holdings Limited on the sale of Hamleys Global Holdings. Also in the Asia-Pacific region, Natixis advised the shareholders of APM Monaco on the sale of 30% of their shares in a consortium led by TPG.

In France, Natixis Partners ranks No. 5 by number of deals *(source: L'Agefi & Mergermarket)*, and more specifically No. 3 by number of deals with midcaps *(source: L'Agefi)*.

1.2.2.5 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 July 1, 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 the closure of GAPC on the aforementioned date. 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 (as described below).

In December 2019, by mutual agreement with BPCE, the two banks terminated the financial guarantee, which became void for Natixis as it could no longer call up the guarantee. Nevertheless, the parties agreed that Natixis will continue to owe BPCE 85% of any moneys collected on the guaranteed assets for a period of three years from the termination of the guarantee. At the same time, the parties terminated all other agreements entered into in respect of the guarantee mechanism established in 2009, i.e. the TRS and the agreements covering the governance of the guarantee.

1.2.3 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 as 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, which develops portfolios for motor and multi-risk home insurance, personal accident insurance, legal protection, healthcare, and property and casualty insurance;
- Corporate Solutions handles Groupe BPCE insurance matters that are not dealt with by its own insurance subsidiaries, e.g. the Group's insurance program.

Natixis' Insurance division had 1,880 full-time equivalent (FTE) employees at the end of 2019, compared to 1,741 at the end of 2018. The Insurance business generated total revenue from direct sales of €12.7 billion in 2019.

The Insurance division comprises 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	Economic Interest Group	France	100%	100%
BPCE IARD	Joint stock company	France	50%	50%
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 all types of policies and agreements with commitments linked to the length of the policyholder's life. It accounts for most of the Personal Insurance business workforce and provides other the entities of the Insurance division with the resources they need for their operations;
- 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, illness 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 terms of location, most of the Insurance division's activity is in France via companies established in France. The Personal Insurance business line, however, owns a Luxembourg-based entity specialized in life insurance products for Wealth Management clients, and is a client of the BPCE networks and non-Group entities in various EU 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 and Caisses d'Epargne savings banks. This strategic drive resulted in the following major structural 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, and in 2017 bought the remaining 40% stake previously held by MACIF and MAIF. As a result of this transaction, Natixis Assurance became the sole shareholder of BCPE Assurances. With the renegotiation of the partnership agreement with Covéa, BPCE Assurances will handle new non-life insurance business with the individual customers of the Banque Populaire banks in addition those of the Caisse d'Epargne banks;
- the renegotiation of the terms of the existing partnership between Groupe BPCE and CNP Assurances, finalized in the first quarter of 2015. 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 and Caisse d'Epargne banks being the main contributors to the business.

Insurance division's operating environment

Launched at the end of 2017, the division's strategic plan, New Dimension 2018-2020, aims to cement Natixis Assurances' 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 the Banque Populaire banks and the Caisse d'Epargne banks (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, for 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 were aimed to improve the sharing of outcomes among the various stakeholders in order to ensure balance between sustainable business competitiveness and solvency protection in the medium term. Similarly, the Personal Insurance business line has responded to the sharp decline in market interest rates by lowering the revaluations incorporated into its policies. This has allowed it to accumulate a significant profit-sharing reserve representing nearly two years of revalued outstandings at the end of 2019. 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, aimed at increasing 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 bucket towards recurring-dividend shares,
  - development of a bucket 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 environment 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, new regulations have 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; Natixis Assurances is continuing to prepare for the application of these standards as of January 1, 2022.

Lastly, 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 its management processes: the business line intends to continue 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 managing estates was also created;
- 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 workstations and customer-initiated transactions through the self-care options gradually being rolled out for many products and management operations;
- continuing to adapt information systems with the aim of improving operational efficiency and service quality: the process aimed at transforming and digitizing the management of claims at BPCE Assurances (Purple#Care project) was launched in 2017 and should be wrapped up in 2020. 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 and the first deliveries will go live in 2020;
- 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. Project #Pop'Timiz, aimed at pooling non-life middle- and back-office activities for the Banque Populaire and Caisse d'Epargne banks, was successfully finalized. The #INNOVE2020 program, in which BPCE Assurance is to become the sole non-life insurance platform for Banque Populaire and Caisse d'Epargne retail customers by 2020, was launched in 2018. New auto, two-wheeler and multi-risk home insurance offers were launched in the Banque Populaire banks in 2019, and will be expanded to both networks by the end of 2020.

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 6% year-on-year to €11.1 billion, driven by business with the networks, strong momentum in personal protection insurance and payment protection insurance. Assets under management were up 14% to €68.4 billion. Revenue from personal protection insurance and payment protection insurance improved 12% to €993 million in 2019.

Non-life insurance

Non-life insurance revenues continued to show growth: premium income from property and casualty insurance totaled €1,577 million, up 6%. Growth was driven by auto (+8%) and multi-risk home insurance (+7%). The contract portfolio grew 5% to 6.1 million policies by end-2019, on the back of strong sales performances in both networks.

1.2.4 Payments

Natixis Payments is a payment services provider that offers a full range of payment solutions and services to all European public and private economic stakeholders.

Through its various entities, including Natixis Payment Solutions for payment processing solutions, Natixis Intertitres, Dalenys, Payplug, Comitéo, Titres Cadeaux, Le Pot Commun, S-money and E-Cotiz, Natixis Payments works across the entire value chain, from issuance, acquisition, online payments, e-wallets, prepaid cards, and everything in between. Natixis Payments therefore provides comprehensive management of domestic, European and international payment instruments. It draws on its robust technological grounding, its fintechs and teams of experts to develop a complete range of innovative solutions with carefully selected partners. Accordingly, 2019 was a year of strategic partnerships for the division, and especially those with VISA:

- with the creation of Xpollens, a white-label "Payments in a Box" solution offering innovative payment services to fintechs, merchants and corporates. With this solution, clients can easily incorporate a complete set of payment services, ranging from issuing instant payment cards to instant payment to account administration;
- and the partnership around the FIFA 2019 Women's World Cup in France to allow fans to use prepaid contactless cards and payment bracelets created for the event. And as premium partners of the Paris 2024 Olympic and Paralympic Games, Visa, Groupe BPCE and Natixis Payments Solutions plan to extend this successful innovative payment experience to spectators and delegations. Group BPCE will also bring Payments division entity E-Cotiz on board for the event.

Other partnerships were also formed with fintechs such as Shopify and PayPlug, with the shared goal of simplifying everyday transactions. Through this collaboration, Shopify users platform can enjoy a user-friendly omnichannel payment solution that offers the highest level of protection against fraudulent transactions.

The organization of the division into three business units reflect all the division's solutions, which cover the entire value chain from issuance, acquisition, e-payment, prepaid to processing:

- a Processing BU, covering mainly Electronic Banking and Flows processing activities;
- a Merchant Solutions BU, covering digital and physical merchant solutions. The e-commerce component is offered by Dalenys and PayPlug, which had an exceptional year building up their markets;
- an Issuing & Prepaid BU, offering a complete set of prepaid products and issuing solutions through its new Xpollens range that runs off the S-money platform.

Natixis Payments also covers all market segments with tailored, user-oriented solutions on the retail, corporate, SME, government, association, financial institution, fintech and individual markets in Europe.

The division kept the recruitment momentum going in 2018, hiring 200 new employees to expand its range of expertise and contribute new essential skills for its development (data, marketing, growth hacking, pricing).

2019 also saw the finalization of a key milestone in the construction of the Payments division: the creation of a Fintech Campus. This crown jewel for the division marked the completion of the merger and synergy optimization initiatives in place for the last several months. Fintech Campus has been hosting S-money since summer 2019 and by 2021 will host all Payment fintechs to create a single hub dedicated to innovation and new payment methods.

1.2.5 Corporate center

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.

Appointments to the Board of Directors

At its meeting on March 27, 2019, the Board of Directors of Coface S.A. co-opted Nathalie Bricker, Chief Financial Officer CFO of Natixis, as a new non-independent director.

At its meeting on October 23, 2019, the Board of Directors of Coface S.A. co-opted Marie Pic-Paris, Chairman of Banque Populaire Rives de Paris, as a non-independent director, replacing Jean-Paul Dumortier who left the Board at the end of his six-year term at Banque Populaire Rives de Paris.

Acquisition of SID – PKZ (Slovenia)

On April 15, 2019, Coface announced the acquisition of 100% of the share capital in SID — PKZ, Slovenia's leading credit insurer. The business is now operated under the new brand Coface PKZ. Created by SID Bank in 2005, SID — PKZ issued €14.3 million in gross premiums in 2018. The transaction had a neutral impact on the Group's capital adequacy ratio. Badwill of €4.7 million was taken to income in the income statement on the consolidation of Coface PKZ. Coface PKZ's contribution (excluding badwill) to the Group's net income at December 31, 2019 was not material.

Coface launches a credit insurance offering in Greece

Greece has undertaken reforms that have opened the door to a promising credit insurance market. The opening of a local entity will extend Coface's long-standing presence in the Mediterranean & Africa region, which accounted for 27% of group revenue in 2019. The impact of the new entity on the Group's financial statements was not material in 2019.

Coface S.A. added to the SBF 120 index

Euronext's Index Steering Committee decided to add Coface S.A. to the SBF 120 index as of June 26, 2019. SBF 120 is one of the flagship indices on the Bourse de Paris, listing the top 120 corporations in terms of market cap and liquidity. This decision came on the heels of the improvement in the liquidity of the Coface share and the increase in its market capitalization, recognizing the enhancement of its fundamentals since the strategic plan, Fit to Win, was implemented.

Approval of the partial internal models approach

On July 25, 2019, Coface filed an application with the ACPR to use the partial internal models approach. On December 4, 2019, it received approval to use this approach to calculate its regulatory capital requirements under Solvency II as from December 31, 2019. Coface's partial internal model has been discussed and extensively examined by the Group's supervisory authority since the pre-application phase was launched in 2016. The model covers the loan underwriting module. The other modules (market risks, counterparty risk, operational risk) continue to use the inputs of the standardized approach.

2019 results

The performance recorded in 2019 meant Coface achieved and surpassed the goals set in the Fit to Win strategic plan. Consolidated revenue increased 5.9% relative to 2018 (on comparable scope and exchange rates), to €1,481.1 million. The combined ratio stood at 77.7%, below the target of 83% across the cycle. The Group ended the year with net income group share of €146.7 million (compared with €122.3 million in 2018), an increase of 20%. Annualized RoATE (return on average tangible equity) stood at 8.9% (9.1% when restated for non-recurring items). The approval of the partial internal models approach by the ACPR marks a major step forward in Coface's move to a more efficient capital model, which is the second goal of the Fit to Win plan. The Group has raised its target solvency ratio to a range of 145% to 175%. At December 31, 2019 the ratio was estimated at 190%. Coface will submit a proposal to shareholders to pay a dividend of €1 per share, representing a payout ratio of over 100% (record earnings per share of €0.97).

Outlook

The end of 2019 raised hopes of a trade agreement signed between the United States and China, while elections in the United Kingdom set the date of the UK's effective withdrawal from the European Union. Leading indicators also stabilized at relatively low levels, especially in manufacturing sectors. Lending terms remain accommodative following central bank action.

But persistent global imbalances and rising corporate debt mean that the risk of default remains high, especially in sectors undergoing major shifts (digitalization, environment) and countries experiencing political crises. Thus, Coface confirms its scenario of a gradual slowdown in global growth and a renewed rise in defaults around the world.

Against this backdrop, Coface completed its Fit to Win plan and drafted a new strategic plan. The new plan will draw on the many successes of the Fit to Win plan and will continue the transformation undertaken in recent years. It will seek to enhance Coface's profitable growth momentum and the robustness of its business model.

The Board of Directors renewed the term of Xavier Durand as Chief Executive Officer for a period of four years. His term will expire at the Annual Shareholders' Meeting called to approve the financial statements for 2023. Xavier Durand and the Management Board will present Coface's new strategic plan on February 25, 2020.

On February 25, 2020, Natixis announced the sale of a 29.5% stake in Coface to Arch Capital Group at a price of €10.70 per share (dividend attached). The closing of the transaction is expected to take 6 to 12 months and to free up ~35bps of CET1 ratio. Following the closing of the transaction, Natixis will no longer be represented at Coface's Board of Directors.

1.3 2020 investor relations calendar

May 6, 2020 After market close (subject to change)	2020 First Quarter Results
May 20, 2020	General Shareholders' Meeting (to approve the 2019 financial statements)
August 3, 2020 After market close (subject to change)	2020 Second Quarter Results
November 5, 2020 After market close (subject to change)	2020 Third Quarter Results

1.4 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 annual financial report and the management report in Chapter 9 of this universal 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, 2020

The board of directors and its special committees

	BOARD OF DIRECTORS	AUDIT COMMITTEE	RISK COMMITTEE	APPOINTMENT COMMITTEE	COMPENSATION COMMITTEE
Number of Members	**16***	**5**	**5**	**6**	**7**
Number of meetings in 2019	**12**	**5**	**9**	**3**	**3**
Attendance rate in 2019	**91%**	**92%**	**91%**	**100%**	**90%**
Laurent Mignon	●				
Catherine Halbertstadt / BPCE	•	•	•		
Thierry Cahn	•			•	
Alain Condaminas	•				•
Bernard Dupouy	•				•
Sylvie Garcelon	•	•			
Nicole Etchegoïnberry	•		•	•	
Daniel de Beaurepaire	•	•		•	
Dominique Duband (since 06/02/2020)	•				
Christophe Pinault	•		•		•
Diane de Saint Victor	•			●	•
Nicolas de Tavernost	•			•	●
Anne Lalou	•			•	•
Catherine Pariset	•	●	•		
Bernard Oppetit	•	•	●		
Henri Proglio (non-voting member)	•				•

● *Chairman/Chairwoman of the Board/Committee* **Including the non-voting member.*

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

Senior Management Committee and Executive Committee

SENIOR MANAGEMENT COMMITTEE

François Riahi • Chief Executive Officer

Nathalie Bricker • Finance

Anne Lebel • Human Resources and Corporate Culture

Jean-François Lequoy • Insurance

André-Jean Olivier • Corporate Secretary's office

Jean Raby • Asset & Wealth Management

Véronique Sani • Technology & Transformation

Pierre-Antoine Vacheron • Payments

Olivier Vigneron • Risks

Marc Vincent • Corporate & Investment Banking

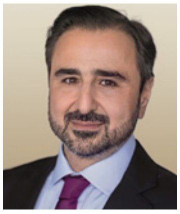
EXECUTIVE COMMITTEE

Stéphane About • EMEA (excl. France) (Corporate & Investment Banking)
Patrick Artus • Chief Economist
Luc Barnaud • Digital and Technology Office (Technology & Transformation)
Beverly Bearden • Human Resources / Natixis Investment Managers (Asset & Wealth Management)
Oliver Bilal • International Sales and Marketing / Natixis Investment Managers (Asset & Wealth Management)
Nathalie Bricker • Finance
Nathalie Broutèle • Non-life insurance (Insurance)
Alain Bruneau • Compliance (Corporate Secretary's office)
Anne-Christine Champion • Real Assets (Corporate & Investment Banking)
Frédéric Chenot • BPCE Network Coordination (Payments)
Fouad Chéhady • Transformation & Business Efficiency (Technology & Transformation)
George-Éric De La Brunière • Natixis Wealth Management (Asset & Wealth Management)
Guillaume de Saint Seine • Coverage (Corporate & Investment Banking)
Anne-Cécile Delas • Trade & Treasury Solutions (Corporate & Investment Banking)
Olivier Delay • Americas (Corporate & Investment Banking)
Sophie Didelot • Enterprise Risk Management (Risks)
Christophe Eglizeau • Natixis Interépargne (Asset & Wealth Management)
Dominique Fraisse • Energy & Natural Resources (Corporate & Investment Banking)
Alain Gallois • Asia-Pacific (Corporate & Investment Banking)
Benoît Gausseron • Communications
David Giunta • U.S. And Canada / Natixis Investment Managers (Asset & Wealth Management)
Stéphane Honig • Strategy
Hervé Housse • Internal Audit
Mohamed Kallala • Global Markets (Corporate & Investment Banking)
Christophe Lanne • Transformation (Asset & Wealth Management)
Christophe Le Pape • Personal Insurance (Insurance)
Anne Lebel • Human Resources and Corporate Culture
Jean-François Lequoy • Insurance
Christian Le Hir • Legal (Corporate Secretary's office)
Cyril Marie • Finance / Natixis Investment Managers (Asset & Wealth Management)
Chloé Mayenobe • Growth and Development (Payments)
Teresa Mora-Grenier • Financial Oversight (Finance)
Stéphane Morin • U.S. Risk and Compliance (Risks and Corporate Secretary's office)
André-Jean Olivier • Corporate Secretary's office
Jean Raby • Asset & Wealth Management
Isabelle Reux-Brown • Distribution & Portfolio Management (Corporate & Investment Banking)
Véronique Sani • Technology & Transformation
Philippe Setbon • Ostrum Asset Management (Asset & Wealth Management)
Cécile Tricon-Bossard • Human Resources
Joseph Pinto • Operations / Natixis Investment Managers (Asset & Wealth Management)
Pierre-Antoine Vacheron • Payments
Olivier Vigneron • Risks
Richard Vinadier • Accounting and Ratios (Finance)
Marc Vincent • Corporate & Investment Banking

2.2 Additional information on the corporate officers

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

First appointed:
co-opted by the Board of Directors
on April 27, 2018
effective as of June 1, 2018
Term expires: 2022 AGM[a]

A graduate of the École Centrale de Paris school of engineering, Sciences Po and the Stanford Executive Program, François Riahi began his career as an 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 2019:

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 S.A. [1] *(since 15/06/2018)*, Natixis Payment Solutions *(since 21/09/2018)*
- Member of the Board of Peter J. Solomon GP LLC *(since 01/06/2018)*
- Member of the Board of Peter J. Solomon Securities Company LLC *(since 30/05/2018)*

Outside Groupe 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

2015	2016	2017	2018
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)	
	Chairman of the Supervisory Board of Natixis Pfandbriefbank AG *(since 01/06/2016)*		(until 28/02/2018)
	Member of the Board: Natixis North America LLC *(since 31/05/2016)*		(until 15/01/2018)
		Permanent Representative of Natixis, Director of Natixis Coficiné *(since 09/01/2017)*	(until 07/02/2018)
		Member of the Board of Natixis Assurances *(from 26/10/2017 to 31/12/2017)*	
			Permanent Representative of BPCE, Member of the Board of: Crédit Foncier de France *(from 01/01/2018 to 31/05/2018)*
			Permanent representative of BPCE, Member of the Board and Deputy Chief Executive Officer of CE Holding *(from 01/01/2018 to 31/05/2018)*

(a) 2022 AGM called to approve the financial statements for the year ended December 31, 2021.
(1) Listed company.

Laurent Mignon

Chairman of the BPCE Management Board

Born December 28, 1963

Nationality: French

Natixis shares held: 153,649

Address:
50 avenue Pierre Mendès-France
75201 Paris Cedex 13

Chairman of the Board of Directors

First appointed: co-opted by the Board of Directors and appointed Chairman of the Board by the Board on June 1, 2018 and ratified at the AGM of May 28, 2019

Term expires: 2023 AGM [(a)]

Member — Strategic Committee

First appointed: Board Meeting of June 1, 2018

KEY ADVISORY SKILLS

- Expertise in strategic matters in banking and financial institutions, as well as the French and international economic and financial environment

Attendance rate in 2019	Board of Directors	Strategic Committee
	100%	100%

A graduate of the HEC business school and Stanford Executive Program, Laurent Mignon worked in several divisions of Banque Indosuez over more than 10 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.

Other offices held in 2019:

Within Groupe BPCE

- Chairman of the Management Board of BPCE *(since 01/06/2018)*
- Chairman of the Board of Directors of Crédit Foncier France *(from 17/05/2018 to 31/07/2019)*
- 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)*

Outside Groupe BPCE

- Chairman of the French Banking Federation *(from 01/09/2018 to 31/08/2019)* and then Member of the Executive Committee *(since 01/09/2019)*
- Chairman of the Association Française des Établissements de Crédit et des Entreprises d'Investissement *(from 01/09/2018 to 31/08/2019)*
- 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)*
- Non-voting member of ODDO BHF SCA *(since 29/03/2019)* and FIMALAC *(since 16/04/2019)*

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

2015	2016	2017	2018
Member of the Board of Lazard Ltd [(1)][(2)] *(since 28/07/2009)*	▸ (until 19/04/2016)		
Chief Executive Officer of Natixis *(since May 2009)*			▸ (until 31/05/2018)
Chairman of the Board of Directors of: Natixis Investment Managers (since 01/09/2010)			▸ (until 01/06/2018)
Coface S.A. [(1)] *(since 22/11/2012)*			▸ (until 15/06/2018)
	Member of the Board of Peter J. Solomon Company LP *(since 08/06/2016)*		▸ (until 30/05/2018)
	Member of the Board of Peter J. Solomon GP, LLC *(since 15/12/2017)*		▸ (until 30/05/2018)
		Member of the Board of Natixis Assurances (since 13/03/2017)	▸ (until 07/06/2018)
			Vice-Chairman of the Fédération Bancaire Française (French Banking Federation) *(from 01/06/2018 to 31/08/2018)*

(a) 2023 AGM called to approve the financial statements for the year ended December 31, 2022.

(1) Listed company.

(2) Company outside Groupe BPCE.

BPCE — Permanent Representative Catherine Halberstadt

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 October 9, 1958

Nationality: French

Natixis shares held: 1,097

Address:
50 avenue Pierre Mendès-France
75201 Paris Cedex 13

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: 2023 AGM [(a)]

Member — Audit Committee

First appointed: Board Meeting of December 21, 2017

Member — Risk Committee

First appointed: Board Meeting of December 21, 2017

Member — Strategic Committee

First appointed: Board Meeting of December 21, 2017

KEY ADVISORY SKILLS

- Expertise in human resources matters
- Extensive knowledge of retail banking and business financing

Attendance rate in 2019	Board of Directors	Audit Committee	Risk Committee	Strategic Committee
	75%	60%	67%	100%

Catherine Halberstadt holds 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 appointed Head of Human Resources, Chief Financial Officer, Chief Operations Officer and, from 2000, Deputy Chief Executive Officer. Catherine Halberstadt became Chief Executive Officer of Natixis Factor in 2008 .

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, she served as the BPCE Management Board Member in charge of Human Resources, Internal Communications and the Corporate Secretary's Office of BPCE. Since November 1, 2018, Catherine Halberstadt has occupied the roles of Member of the BPCE Management Board in charge of Human Resources.

Other offices held in 2019:

Within Groupe BPCE

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

Outside Groupe BPCE

- Member of the Board of Bpifrance Financement *(since 12/07/2013)*, Chairwoman of the Appointment Committee and the Compensation Committee, Chairwoman 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: compliant	French Monetary and Financial Code: compliant

Offices held in previous fiscal years

2015	2016	2017	2018
Member of the Board of Natixis [(1)] *(from 25/05/2012 to 16/11/2015)*			
Member of the Supervisory Board *(from 04/04/2012 to 16/11/2015)* and Risk Committee of BPCE *(from 2013 to 16/11/2015)*			
Chief Executive Officer of Banque Populaire du Massif Central (BPMC) *(since 01/09/2010)*	(until 25/03/2016)		
Permanent Representative of BPMC, Chairwoman 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 01/09/2010)*	(until 25/03/2016)		
Permanent Representative of BPMC, Member of the Committee of Banques d'Auvergne [(2)] *(since 2010)*	(until 25/03/2016)		

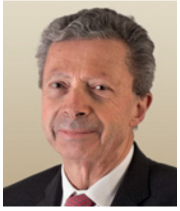
(a) 2023 AGM called to approve the financial statements for the year ended December 31, 2022

(1) Listed company.

(2) Company outside Groupe BPCE.

Daniel de Beaurepaire

(since May 28, 2019)
Chairman of the Steering and Supervisory Board of Caisse d'Epargne Île-de-France



Born September 23, 1950
Nationality: French
Natixis shares held: 1,000
Address:
26-28 rue Neuve Tolbiac
75013 Paris

Director
First appointed: AGM of May 28, 2019
Term expires: 2023 AGM [a]

Member — Appointment Committee
First appointed: Board Meeting of May 28, 2019

Member — Audit Committee
First appointed: Board Meeting of February 6, 2020

Member — Strategic Committee
First appointed: Board Meeting of May 28, 2019

KEY ADVISORY SKILLS
- Internal control
- Auditing
- Accounting
- Extensive knowledge of the banking business

Attendance rate in 2019	Board of Directors	Appointment Committee	Strategic Committee
	86%	100%	75%

A graduate of ESC Rouen and a certified chartered accountant and auditor, Daniel de Beaurepaire began his career in 1978 at audit firm Deloitte, where he was appointed partner in 1985 until his departure in 1995.

From 1996, he worked at the firm International Audit Company, becoming its Chairman in 2005, then joined accounting firm GEA Conseil where he became co-manager in the same year.

He was appointed co-manager of audit firm GEA Finances in 2010 until June 2018.

From 2009 to 2012 Daniel de Beaurepaire was Chairman of Société Locale d'Epargne PME Professionnels, then Director at Locale Épargne Économie Sociale et d'Entreprise from 2013 to 2014.

In 2015 he was appointed Chairman of Société Locale d'Épargne Paris Ouest.

He became member of the Caisse d'Epargne Île-de-France Steering and Supervisory Board in April 2015 which he has chaired since April 2017.

Other offices held in 2019:

Within Groupe BPCE
- Member of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur *(since 29/04/2015)* then Chairman *(since 26/04/2017)*
- Member of the Board of S.A. Compagnie Européenne de Garanties et Cautions *(since 10/07/2018)*
- Member of the Board *(since 16/01/2015)* then Chairman of the Paris Ouest local savings company *(since 26/04/2017)*

Outside Groupe BPCE
- Manager of GEA Conseils *(since January 2005)*
- Chairman of SAS International Audit Company *(since January 2005)*
- Member of the Board and Treasurer of Association Société des Amis de Versailles *(since June 11, 2019)*

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

2015	2016	2017	2018
Manager of GEA Conseils *(since 2010)*			▸ (until 28/06/2018)

(a) 2023 AGM called to approve the financial statements for the year ended December 31, 2022.

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 W
1A place de Haguenau
CS10401
67001 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 — Appointment Committee

First appointed: Board Meeting of September 2, 2017

Member — Strategic Committee

First appointed: Board Meeting of January 28, 2013

KEY ADVISORY SKILLS

- Expertise in legal matters, particularly in business law

Attendance rate in 2019	Board of Directors	Appointment Committee	Strategic Committee
	92%	100%	60%

Thierry Cahn holds a Professional Lawyers' Certificate (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. Since 1985 he has also been Head Tutor at the Institut Universitaire de Technologie (IUT) de Haute Alsace and the CRFPA d'Alsace.

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

Other offices held in 2019:

Within Groupe BPCE

- Chairman of the Board of Directors of Banque Populaire Alsace Lorraine Champagne *(since 30/09/2003)*
- Member *(since July 2009)* then Vice-Chairman of the Supervisory Board *(since 24/05/2019)*, Member of the Cooperative and CSR Committee *(since 24/05/2019)*, and Member of the Audit Committee *(from July 2009 to 24/05/2019)* of BPCE
- 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: compliant	French Monetary and Financial Code: compliant

Offices held in previous fiscal years

2015	2016	2017	2018
▪ None			

(a) 2022 AGM called to approve the financial statements for the year ended 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

KEY ADVISORY SKILLS
- Expertise in Human Resources issues and business transformation
- Extensive knowledge of banking businesses

Attendance rate in 2019	Board of Directors	Compensation Committee	Strategic Committee
	100%	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.

Other offices held in 2019:

Within Groupe BPCE

- Chief Executive Officer of Banque Populaire Occitane *(since October 2006)*
- Chairman and Board Member of Fondation d'Entreprise BP Occitane *(since 20/06/2011)*
- Member of the Board of Ostrum Asset Management *(since 28/09/2018)*, 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)*

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 SORIDEC Gestion *(since 19/06/2015)*

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

2015	2016	2017	2018
Member of the Supervisory Board of Natixis *(from 27/06/2012 to 19/05/2015)*			
Member of the Supervisory Board and Risk Committee of BPCE *(since 16/12/2015)*			(until 31/12/2018)
Permanent Representative of BP Occitane, Manager of SNC Immocarso *(since 2007)*			(until 29/10/2018)
Member of the Board of Natixis Investment Managers International *(since 15/03/2007)*			(until 28/09/2018)

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

Dominique Duband

(since February 6, 2020)
Chairman of the Steering and Supervisory Board of Caisse d'Epargne and Prévoyance Grand Est Europe

Born March 10, 1958

Nationality: French

Natixis shares held: 616

Address:
50 rue de Laxou
54000 Nancy

Director

First appointed:
co-opted by the Board of Directors
on February 6, 2020

Term expires: 2022 AGM [(a)]

Member – Strategic Committee

First appointed: Board Meeting
of February 6, 2020

KEY ADVISORY SKILLS

- Expertise in management and corporate strategy
- Knowledge of the banking business

A graduate of the National School of Public Works of the State (ENTPE) and holding a postgraduate degree in Corporate Administration, Dominique Duband began his career as an engineer in the departmental infrastructure directorate, then the general council of the Meurthe-et-Moselle department in France, before joining urban planning semi-public corporation Solorem in 1989.

In 1991 he joined the Batigère group as a new building operations Manager. After five years in charge of rental management, he became Director of Batigère Nancy in 1997. In 2001 he was appointed to the Batigère group Board, then became Chairman of the Board from 2002 to 2014 and subsequently Chairman of the Supervisory Board from June 2014 to June 2018.

In 2016 he was appointed Director of the Société Locale d'Épargne Meurthe-et-Moselle.

In 2018 he became member of the Supervisory Board of Banque BCP Luxembourg, and has been Chairman of the Steering and Supervisory Board at Caisse d'Epargne Grand Est Europe since May 28, 2018.

Other offices held in 2019:

Within Groupe BPCE:

- Chairman of the Steering and Supervisory Board, Member of the Risk Committee, Chairman of the Compensation Committee and Appointment Committee of Caisse d'Epargne et de Prévoyance Grand Est Europe CEGEE *(since 28/05/2018)*
- Member of the Board of Société Locale d'Épargne Meurthe-et-Moselle *(since 15/02/2016)*
- Member of the Supervisory Board of: Banque BCP Luxembourg *(since 03/07/2018)*

Outside Groupe BPCE:

- Member of the Supervisory Board of: Batigère *(from 29/06/2017 to 25/03/2019)*
- Member of the Board of: Présence Habitat *(since 18/06/2009)*, Érigère *(from 29/06/2009 to 14/06/2019)*, Batigère Rhône-Alpes *(since 19/06/2008)*, Batigère Groupe *(since 20/07/2017)*, Livie *(since 27/06/2018)*, AMLI (association) *(since 18/06/2008)*, Fédération Nationale des S.A. et Fondations d'HLM *(since 16/06/2016)*, Avec Batigère (association) *(since 29/06/2017)*, Fondation d'Entreprise Batigère *(since 22/05/2017)*, GIE Batigère Développement Grand Paris *(from 27/06/2017 to 15/05/2019)*, Coallia Habitat *(since 26/06/2019)*, Coallia (association) *(since 26/06/2019)*
- Permanent representative of the Batigère group, Member of the Supervisory Board of Batigère Île-de-France *(from 26/06/2018 to 31/10/2019)*
- Chairman of the Board of Directors of: Interpart *(since 28/06/2018)*

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

2015	2016	2017	2018
Chairman of the Supervisory Board of Batigère-Sarel [(1)] *(since June 2014)*		(until June 2017)	
Chairman of the Supervisory Board of Batigère [(1)] *(since 29/06/2014)*			(until 18/06/2018)
Permanent representative of Interpart, Member of the Board of Soval [(1)] *(since 18/06/2015)*			(until 19/06/2018)
Permanent representative of Batigère Île-de-France, Member of the Board of Novigère [(1)] *(since 30/06/2014)*			(until 20/06/2018)
Permanent representative of Batigère Sarel, Member of the Board of CILGERE Entreprises Habitat Constructions [(1)] *(since 07/03/2014)*	(until 20/05/2016)		
Chairman of Association Réseau Batigère [(1)] *(from 09/02/2012 to 19/05/2015)*			
Member of the Board of AORIF (association) [(1)] *(since 03/12/2014)*	(until 10/11/2016)		
	Member of the Steering and Supervisory Board of Caisse d'Epargne of Lorraine Champagne Ardenne CELCA *(since 2016)*		(until 2018)

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

(1) 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 August 1, 2017
and ratified at the AGM of May 23, 2018

Term expires: 2023 AGM[(a)]

Member — Compensation Committee

First appointed: Board Meeting of May 28, 2019

Member — Strategic Committee

First appointed: Board Meeting of August 1, 2017

KEY ADVISORY SKILLS

- Expertise in business administration
- In-depth knowledge of retail banking, the regional economy and the economy of the French overseas territories

Attendance rate in 2019	Board of Directors	Compensation Committee	Strategic Committee
	83%	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 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 its 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 Committee and Risk Committee.

Bernard Dupouy also 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 Chairman of the Audit, Risk and Accounting Committee from 2012 to 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.

Other offices held in 2019:

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 and the Appointment Committee *(from 01/08/2018 to 24/05/2019)*, Compensation Committee *(since 02/08/2018)* and Audit Committee of BPCE *(since 24/05/2019)*
- Member of the Board *(since May 2015)* and Vice-Chairman of the Board of Directors *(since 06/06/2018)* of the National Federation of Banques Populaires
- Permanent Representative of BPACA, Member of the Board 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)*
- Permanent Representative of BPACA, Member of the Board of Bordeaux Grands Événements *(from 2013 to 25/04/2019)*, 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 *(from 2008 to 18/03/2019)*
- Manager of SCI Badimo *(since 26/01/2000)*

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

2015	2016	2017	2018
Member of the Board of Crédit Maritime Mutuel du Littoral Sud-Ouest *(from 2012 to 29/01/2015)*			
Member of the Board of Crédit Commercial du Sud-Ouest *(since 2008)* and Chairman of the Audit and Risk Committee *(from 2011 to end-March 2015)*			
Elected member of the Bordeaux Chamber of Commerce and Industry[(1)] *(since 2006)*	(until 23/11/2016)		
Permanent Representative of BPACA, Member of the Board of Crédit Maritime Mutuel du Littoral Sud-Ouest *(since 29/01/2015)*			(until 04/06/2018)
Chairman of the Audit, Risk and Accounts Committee *(since 2012)*			(until 04/06/2018)
	Member of the Board of: Natixis Interépargne *(since 30/11/2016)*		(until 03/08/2018)
	Chairman of Madikera Management 2M SAS *(since 12/07/2016)*		(liquidated on 31/12/2018)
		Member of the Board of BPCE Vie *(since 28/03/2017)*	(until 03/08/2018)

(a) 2023 AGM called to approve the financial statements for the year ended December 31, 2022.

(1) Company outside Groupe BPCE.

Nicole Etchegoïnberry

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

Born December 17, 1956
Nationality: French
Natixis shares held: 1,112
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 and ratified at the AGM of May 28, 2019

Term expires: 2020 AGM [(a)]

Member — Risk Committee

First appointed: Board Meeting of December 20, 2018

Member — Appointment Committee

First appointed: Board Meeting of December 20, 2018

Member — Strategic Committee

First appointed: Board Meeting of December 20, 2018

KEY ADVISORY SKILLS

- In-depth knowledge of retail banking, IT matters and securities

Attendance rate in 2019	Board of Directors 83%	Appointment Committee 100%	Risk Committee 89%	Strategic Committee 100%

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 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 the 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.

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

Other offices held in 2019:

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 to 14/11/2019)* and of BPCE Solutions Credit (formerly Ecureuil Crédit) *(from September 2008 to 31/12/2019)*
- Chairwoman of the Board of Directors of BPCE Services Financiers *(from 17/12/2013 to 27/05/2019)*, and of the "Les Elles du Groupe BPCE" Association *(since 01/10/2012)*
- Member of the Board (since October 2009) and Member of the Risk Committee and Audit Committee, Chairwoman of the Audit Committee *(since September 2019)* of Crédit Foncier de France.
- Member of the Board of BPCE International et Outre-Mer *(since 05/08/2013,* Association Parcours Confiance Loire-Centre *(since 07/07/2009)*
- Vice-Chairwoman of the Board of Directors of Touraine Logement ESH *(since 29/06/2017, Member of the Board since 2014)*
- Permanent Representative of CELC, Member of the Board of: FNCE *(since 01/08/2009)*, GIE IT-CE *(since 21/04/2011)*, ALBIANT-IT S.A. *(since 11/12/2015)*, GIE BPCE IT *(since 24/07/2015)*, Fondation d'entreprise Caisse d'Epargne Loire-Centre *(since 18/12/2015)*, Association Habitat Région *(since 08/12/2010)*

Outside Groupe BPCE

- Member of the Board of Financi'Elles *(since 24/03/2011)*
- Permanent Representative of CELC, Member of the Board of the CANCER@WORK association *(since 12/04/2018)*
- Chairwoman of the Conseil de Développement Métropolitain de Orléans Métropole *(since 13/04/2018)*

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

2015	2016	2017	2018
▪ Permanent Representative of CELC, Member of the Board of Fondation d'Entreprise Caisse d'Epargne pour la solidarité *(from February 2011 to 17/11/2015)*			

(a) 2020 AGM called 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

KEY ADVISORY SKILLS

- Expertise in financial management and corporate strategy

Attendance rate in 2019	Board of Directors	Audit Committee	Strategic Committee
	92%	100%	80%

A graduate of the Sup de Co Nice, 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 Managing Director 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.

Other offices held in 2019:

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

2015	2016	2017	2018
Chief Executive Officer of Bureau du Management Financier (absorbed by CASDEN in 2017) *(since April 2013)*		(until November 2017)	

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

Anne Lalou

Dean of the Web School Factory, Chairwoman of the 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 — Appointment Committee

First appointed: Board Meeting of February 18, 2015

KEY ADVISORY SKILLS

- Entrepreneurial experience
- Expertise in areas relating to M&A, finance, IT and corporate strategy

Attendance rate in 2019	Board of Directors	Appointment Committee	Compensation Committee	Strategic Committee
	92%	100%	100%	100%

A graduate of the ESSEC Business School, Anne Lalou began her career as a manager and then Assistant Director in the M&A Department at Lazard in London then Paris. She was then made Head of Outlook and Development at Havas in Paris. She was Chairwoman and Chief Executive Officer of Havas Édition Électronique before joining Rothschild & Cie as Managing Director.

Anne Lalou joined Nexity in 2002 where she served as Secretary General and Director of Development, before her appointment as Chief Executive Officer of Nexity-Franchises in 2006, then Deputy Chief Executive Officer of the Distribution division until 2011.

Anne Lalou has been Dean of the Web School Factory since 2012, and Chairwoman of the Innovation Factory since 2013.

Other offices held in 2019:

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 of the Web School Factory *(since April 2012)*
- Chairwoman of the Innovation Factory *(since February 2013)*
- Member of the Board *(since 18/03/2014)* and Chairwoman of the Ethics, Quality and CSR Committee of Korian *(since 22/06/2017)*

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

2015	2016	2017	2018
Member of the Board of Kea&Partners *(from December 2013 to 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 S.A.[(1)(2)] *(since 18/03/2014)*		(until 22/06/2017)	

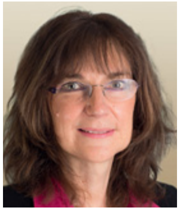
(a) 2022 AGM called to approve the financial statements for the year ended December 31, 2021.

(1) Listed company.

(2) Company outside Groupe BPCE.

Françoise Lemalle

(until February 6, 2020)
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

KEY ADVISORY SKILLS

- Entrepreneurial experience
- Extensive knowledge in accounting and finance
- Auditing

Attendance rate in 2019	Board of Directors 83%	Audit Commitee 100%	Strategic Committee 80%

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[(1)] and a member of the association's Audit Committee since 2013.

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

Other offices held in 2019:

Within Groupe BPCE

- Member of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur *(since 2013)*, 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 *(since 1991)*
- Member of the Board and Member of the Audit Committee: IMF Créa-Sol *(since July 2013)*

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

2015	2016	2017	2018
None			

(a) *2022 AGM called to approve the financial statements for the year ended 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

Address:
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 November 5, 2011

KEY ADVISORY SKILLS

- Recognized financial markets specialist
- Entrepreneurial experience in Europe

Attendance rate in 2019	Board of Directors	Audit Committee	Risk Committee	Strategic Committee
	100%	100%	100%	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 in 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.

Other offices held in 2019:

Within 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 Centaurus Capital

- Member of the Board and Chairman of the Cnova[1] Audit Committee *(since 20/11/2014)*
- Trustee of The Academy of St Martin-in-the-Fields *(since June 2016)*

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

2015	2016	2017	2018
■ Member of the Board of Centaurus Capital International Limited[2] *(until 30/03/2015)*			
■ Member of the Supervisory Board of HLD[2] *(from 2011 to 12/02/2015)*			
■ Trustee of the École Polytechnique Charitable Trust		▸ (until 01/11/2017)	

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

(1) Listed company.

(2) 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: 2023 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

KEY ADVISORY SKILLS

- Specialist knowledge in accounting
- Financial auditing
- Fiscal matters

Attendance rate in 2019	Board of Directors	Audit Committee	Risk Committee	Strategic Committee
	92%	100%	100%	80%

Catherine Pariset holds a master's degree in Management Sciences from Université Paris-Dauphine, and has 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 overseeing the insurance and banking sectors.

Other offices held in 2019:

- Member of the Board, member of the Audit Committee and Risk Committee of the bank PSA Finance *(since 22/02/2019)*

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

2015	2016	2017	2018
	■ 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 *(since 17/02/2016)*	▸ (until 13/09/2017)	
	■ Member of the Audit Committee of Eurodisney *(since 09/11/2016)*	▸ (until 13/09/2017)	

(a) 2023 AGM called to approve the financial statements for the year ended December 31, 2022.

(1) Listed company.

Christophe Pinault

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

Born November 26, 1961
Nationality: French
Natixis shares held: 1,093
Address:
15, avenue de la Jeunesse
CS30327
44703 Orvault Cedex

Director

First appointed: co-opted by the Board of Directors on December 20, 2018 and ratified at the AGM of May 28, 2019

Term expires: 2023 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

KEY ADVISORY SKILLS

- Expertise in internal control
- Risk
- Disputes
- In-depth knowledge of banking businesses

Attendance rate in 2019	Board of Directors	Risk Committee	Compensation Committee	Strategic Committee
	100%	100%	67%	80%

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.

He has been Chairman of the Management Board of Caisse d'Epargne Bretagne and Prévoyance Pays de Loire since April 27, 2018.

Other offices held in 2019:

Within Groupe BPCE

- Chairman of the Management Board of Caisse d'Epargne Bretagne Pays de Loire CEBPL *(since 27/04/2018)*
- Chairman of the Supervisory Board of: Batiroc Bretagne-Pays de Loire *(since 04/05/2018)*, Sodero Gestion SAS *(since 04/05/2018)*, CE Développement SAS *(since 13/12/2016)*
- Chairman of the Board of Directors of Sodero Participations SAS *(since 04/05/2018)*
- Permanent Representative of CEBPL, Member of the Board of GIE IT-CE *(since 14/05/2018)*
- Member of the Board of FNCE *(since 27/04/2018)*, BPCE Assurances *(since 12/06/2007)* and member of the Audit Committee and Risk Committee *(since 05/12/2017)*, Natixis Investment Managers *(since 21/05/2013)* and member of the Audit and Accounts Committee *(since 12/12/2017)* then Chairman *(since 11/09/2018)*, Turbo *(since 18/07/2019)*
- Member of the Board and Treasurer of the Belem Foundation *(since 02/07/2015)*
- Member of the Supervisory Board of Seventure Partners *(since 25/07/2016)*, Alliance Entreprendre SAS *(since 29/06/2016)*
- Member of the Supervisory Board of Caisse d'Epargne Capital *(since 08/11/2016)* then Chairman *(since 14/06/2017)*

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

2015	2016	2017	2018
Member of the Board of Natixis Payment Solutions *(since 24/09/2013)*	(until 29/09/2016)		
Chairman of the Management Board of Caisse d'Epargne et de Prévoyance Côte d'Azur CECAZ *(since 01/07/2013)*			(until 26/04/2018)
Permanent Representative of CECAZ, Member of the Board of: ERILIA *(since 03/06/2016)*			(until 26/04/2018)
Member of the Board of GIE Caisse d'Epargne Syndication Risque *(since 22/05/2014)*			(until 26/04/2018)
			Member of the Board of IXION *(from 29/03/2018 to 12/11/2018)*
			Permanent Representative of CEBPL, Non-Voting Member of ERILIA *(from 14/05/2018 to 12/11/2018)*

(a) *2023 AGM called to approve the financial statements for the year ended December 31, 2022.*

Diane de Saint Victor

(since April 4, 2019)
Secretary General of ABB

Born February 20, 1955
Nationality: French
Natixis shares held: 1,000
Address:
Baarerstrasse 63
6300 Zug,
Switzerland

Independent Director

First appointed: co-opted by the Board of Directors on April 4, 2019 and ratified at the AGM of May 28, 2019

Term expires: 2023 AGM[a]

Chairwoman — Appointment Committee

First appointed: Board Meeting of April 4, 2019

Member — Compensation Committee

First appointed: Board Meeting of April 4, 2019

Member — Strategic Committee

First appointed: Board Meeting of April 4, 2019

KEY ADVISORY SKILLS

- Specialized in legal, governance
- Strategic and M&A matters
- In-depth knowledge of industry in France and abroad

Attendance rate in 2019	Board of Directors	Appointment Committee	Compensation Committee	Strategic Committee
	100%	100%	100%	100%

A lawyer by training with an advanced degree in corporate law and another in international law, Diane de Saint Victor started her career as a lawyer in 1977 before joining Thales in 1987 as a legal consultant. From 1988 to 1993 she was a legal consultant at General Electric in the Healthcare division, and then internationally in France and the United States.

In 1993 she joined Honeywell International where for 10 years she served as Vice-Chairwoman & Chief Legal Officer in various departments in both France and Belgium.

From 2004 to 2006 she was Senior Vice-Chairwoman and Chief Legal Officer of EADS (Airbus) in France.

Since 2007 she has been executive director and Secretary General of ABB.

Other offices held in 2019:

Within ABB group[1]

- Corporate Secretary, Chief Legal Officer *(since 2007)* and member of the Executive Committee of ABB *(from 2007 to 31/10/2019)*
- Vice Chairwoman of the Board of Directors of ABB Asea Brown Boveri Ltd *(from 2007 to 31/10/2019)*
- Member of the Board of Directors of ABB India Ltd [1] *(since 13/11/2019)*, Member of the Audit Committee, the Shareholder Relations Committee and the Corporate Social Responsibility Committee

Outside ABB Group

- Member of the Board of Directors of the US Chamber of Commerce in France *(from 2017 to December 31, 2019)*
- Chairwoman of the Board of Directors of the Compensation Committee and Member of the Audit Committee of Altran Technologies *(since 15/05/2019)*

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

2015	2016	2017	2018
Director at Barclays Bank PLC & Barclays Bank PLC [2] *(since 2013)*		(until 2017)	

(a) *2023 AGM called to approve the financial statements for the year ended December 31, 2022.*
(1) *Listed company.*
(2) *Company outside Groupe BPCE.*

Philippe Sueur

(until May 28, 2019)
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
Date term of office expires: AGM of May 28, 2019
Member — Appointment Committee
First appointed: Board Meeting of December 17, 2014
Date term of office expires: AGM of May 28, 2019
Member — Strategic Committee
First appointed: Board Meeting of May 11, 2011
Date term of office expires: AGM of May 28, 2019

KEY ADVISORY SKILLS
- Recognized academic authority
- Extensive knowledge of local and regional authorities

Attendance rate in 2019	Board of Directors	Appointment Committee	Strategic Committee
	100%	100%	100%

Philippe Sueur holds a postgraduate degree (DES) 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.

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

Other offices held in 2019:

Within Groupe BPCE
- Vice-Chairman of the Steering and Supervisory Board of Caisse d'Epargne Île-de-France *(from 2008 to 24/04/2014)*

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: compliant	French Monetary and Financial Code: compliant

Offices held in previous fiscal years

2015	2016	2017	2018
▪ Chairman of the Steering and Supervisory Board of Caisse d'Epargne Île-de-France *(since 29/04/2014)*		▸ (until 26/04/2017)	
▪ Member of the Board of Syndicat des Transports d'Île-de-France[(1)] *(from 2007 to April 2015)*			
▪ Member of the Board of Agence Foncière et Technique de la Région Parisienne (AFTRP)[(1)] *(from 2007 to April 2015)*			
▪ Member of the Board of BPCE Assurances *(since 23/05/2005)*		▸ (until 17/03/2017)	

(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 — Appointment Committee

First appointed: Board Meeting of December 17, 2014

Member — Strategic Committee

First appointed: Board Meeting of August 6, 2013

KEY ADVISORY SKILLS

- Expertise in strategic
- Management and business development issues

Attendance rate in 2019	Board of Directors	Appointment Committee	Compensation Committee	Strategic Committee
	83%	100%	100%	100%

A graduate of Sciences Po Bordeaux and holding a post-graduate degree (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.

Other offices held in 2019:

Within the RTL group

- Chairman of the Groupe M6[(1)] Management Board *(since May 2000)*
- Chairman and Member of the Board of Société Nouvelle de Distribution *(since June 2019)*
- Member of the Board of Groupe M6 Fondation d'Entreprise *(since 2018)*
- Member of the Supervisory Board of Salto Gestion *(since 16/09/2019)*
- Permanent Representative of M6 Publicité, Member of the Board of Directors of Home Shopping Service S.A. *(since 2013)*, M6 Diffusion S.A. *(since 2013)*, M6 Editions S.A., M6 Événements S.A. *(since 15/03/2012)*
- Permanent Representative of Métropole Télévision, Member of the Board of: Société Nouvelle de Distribution S.A. *(from June 2011 to 27/06/2019)*, Extension TV SAS, C. Productions S.A. *(since 21/10/2012)*, Société d'Exploitation Radio Chic — SERC S.A. *(since 02/10/2017)*, Société de Développement de Radio diffusion — SODERA S.A. *(since 02/10/2017)*, Médiatrie *(since 22/11/2017)*
- Permanent Representative of Métropole Télévision, Chairman of M6 Publicité S.A. *(since 2001)*, Immobilière M6 SAS *(since 2001)*, M6 Bordeaux SAS *(since 2001)*, M6 Interactions SAS *(since 2001)*, M6 Foot SAS (since 2001), M6 Digital Services *(from June 2011 to 01/02/2019)*, M6 Hosting *(from 09/07/2018 to 01/02/2019)*, SNC Catalogue MC SAS *(from 22/07/2016 to 20/06/2019)*, SNC Audiovisuel FF SAS *(from 20/07/2017 to 20/06/2019)*
- Permanent Representative of C. Productions S.A., Member of the Board of M6 Films S.A. *(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 1 *(since 29/10/2003)*

Outside RTL Group

- Member of the Board of GL Events S.A. *(since May 2008)*
- Volunteer member of the Board of the RAISE endowment fund *(since 22/11/2013)*, Polygone S.A. *(since 02/03/2013)*
- Chairman of SPILE, an association under French law 1901, and Chairman of the Groupe M6 Management Board *(since April 2013)*

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			
2015	**2016**	**2017**	**2018**
■ Member of the Board of TF6 Gestion S.A.[2] *(from 2001 to 01/03/2015)*			
■ Permanent Representative of Métropole Télévision[2], Chairman of TCM DA SAS *(since 27/06/2013)*		▸ (until 20/11/2017)	
■ Permanent Representative of M6 Publicité[2], Chairman of the Board of Directors of: M6 Créations SAS[2] *(from 15/09/2014 to 02/01/2015)*			
■ Chairman of the Groupe M6 Fondation d'Entreprise *(since 2011)*	▸ (until 12/07/2016)		
■ Member of the Board of the Football Club des Girondins de Bordeaux *(since 2001)*			▸ (until 06/11/2018)
■ Permanent Representative of Métropole Télévision, Member of the Board of SASP Football Club des Girondins de Bordeaux *(since 2012)*			▸ (until 06/11/2018)
■ Member *(since 18/12/2002) (refer to 2017)*			
		■ then Chairman of the Supervisory Board *(since 02/10/2017)* of Ediradio S.A. (RTL/RTL2/FUN RADIO)	▸ (until 30/04/2018)
		■ Member of the Board of Directors of RTL France Radio *(since 02/10/2017)*	▸ (until 28/06/2018)
		■ Permanent Representative of Métropole Télévision, Member of the Board of IP France S.A. *(since 02/10/2017)*	▸ (until 31/05/2018)
		■ Permanent Representative of Métropole Télévision, Member of the Board of IP France Régions S.A. *(since 02/10/2017)*	▸ (until 31/05/2018)

(a) 2021 AGM called to approve the financial statements for the year ended 31/12/2020.
(1) Listed company.
(2) Company outside Groupe BPCE.

Henri Proglio

Chairman of Henri Proglio Consulting SAS

Born June 29, 1949

Nationality: French

Natixis shares held: 1,000

Address:
9 avenue Mercier
75008 Paris

Non-voting director:

First appointed Board Meeting of April 4, 2019 and ratified at the AGM of May 28, 2019

Term expires: 2023 AGM[(a)]

Member — Compensation Committee

First appointed (as non-voting member): Board Meeting of April 4, 2019

Member — Strategic Committee

First appointed (as non-voting member): Board Meeting of April 4, 2019

Member — Appointment Committee

First appointed: Board Meeting of April 30, 2009

Date term of office expires: Board Meeting of April 4, 2019

KEY ADVISORY SKILLS

- A nationally and internationally recognized industrialist
- Expertise in managing large corporations
- Extensive knowledge of strategic issues

Attendance rate in 2019	Board of Directors	Appointment Committee	Compensation Committee	Strategic Committee
	92%	100%	67%	80%

A graduate of HEC Paris, Henri Proglio began his career in 1972 at Générale des Eaux group (now Veolia Environnement), where he held various positions in Senior Management. In 1990 he was appointed Chairman and CEO of CGEA, a subsidiary specializing 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 appointed Chairman of the School Council of his Alma Mater, HEC.

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

Other offices held in 2019:

- 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: compliant	French Monetary and Financial Code: compliant

Offices held in previous fiscal years

2015	2016	2017	2018
■ Member of the Board of Thales[(2)] *(from 23/12/2014 to 13/05/2015)* ■ Member of the Board of Fennovoima Ltd[(2)] (Finland) *(from March 2015 to November 2015)*			

(a) 2023 AGM called to approve the financial statements for the year ended December 31, 2022.

(1) Listed company.

(2) Company outside Groupe BPCE.

Composition of the Board of Directors at March 1, 2020

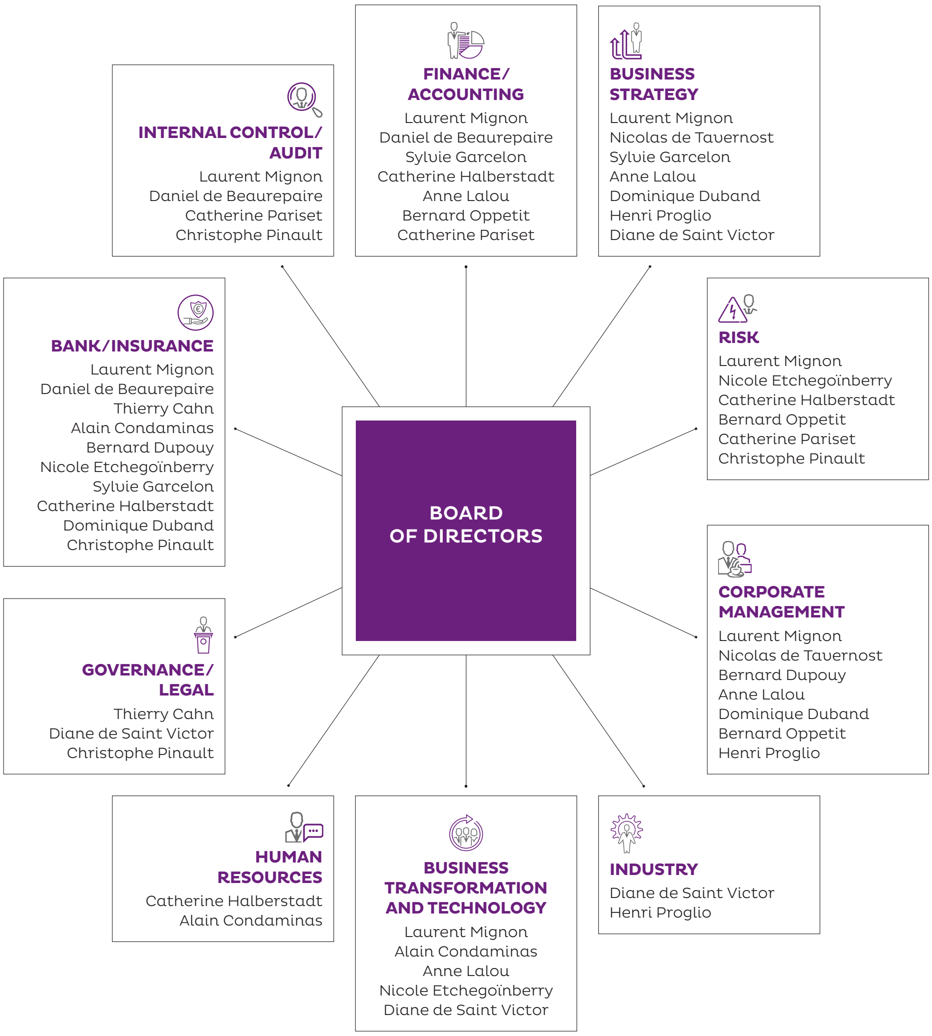
	Age	Attendance rate at Board Meetings and Committees in 2019	Nationality	First appointed	Date term of office expires
Laurent Mignon (President)	56	BoD: 100% SC: 100%	French	01/06/2018	2023 AGM
BPCE Represented by Catherine Halberstadt *(since January 1st 2018)*	61	BoD: 75% RC: 67% AC: 60% SC: 100%	French	25/08/2009	2023 AGM
Daniel de Beaurepaire *(since May 28, 2019)*	69	BoD: 86% App. Com: 100% AC: N/A *(since February 6, 2020)* SC: 75%	French	28/05/2019	2023 AGM
Thierry Cahn	63	BoD: 92% App. Com: 100% SC: 60%	French	28/01/2013	2022 AGM
Alain Condaminas	62	BoD: 100% Comp. Com: 100% SC: 100%	French	29/05/2012	2020 AGM
Dominique Duband *(since February 6, 2020)*	62	N/A	French	06/02/2020	2022 AGM
Bernard Dupouy	64	BoD: 83% Comp. Com: 100% SC: 100%	French	01/08/2017	2023 AGM
Nicole Etchegoïnberry	63	BoD: 83% App. Com: 100% RC: 89% SC: 100%	French	20/12/2018	2020 AGM
Sylvie Garcelon	54	BoD: 92% AC: 100% SC: 80%	French	10/02/2016	2020 AGM
Anne Lalou	56	BoD: 92% Comp. Com: 100% App.Com: 100% SC (Chairman): 100%	French	18/02/2015	2022 AGM
Bernard Oppetit	63	BoD: 100% AC: 100% RC (Chairman): 100% SC: 100%	French	12/11/2009	2022 AGM
Catherine Pariset	66	BoD: 92% AC (Chairman): 100% RC: 100% SC: 80%	French	14/12/2016	2023 AGM
Christophe Pinault	58	BoD: 100% Comp. Com: 67% RC: 100% SC: 80 %	French	20/12/2018	2023 AGM
Non-Voting Member Henri Proglio *(since April 4, 2019)*	70	BoD: 92% App. Com: 100 % *(until April 4, 2019)* Comp. Com: 67% SC: 80%	French	04/04/2019	2023 AGM
Diane de Saint Victor *(since April 4, 2019)*	65	BoD: 100% App. Com. (Chairman): 100% Comp. Com: 100% SC: 100%	French	04/04/2019	2023 AGM
Nicolas de Tavernost	69	BoD: 83% Comp. Com. (Chairman): 100% App. Com: 100% SC: 100%	French	31/07/2013	2021 AGM

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

Map of expertise for members of the Board of Directors

Individually, each member of the Board of Directors contributes 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.

The illustration below outlines the areas of expertise of each member of the Board of Directors. Collectively, the Board's members represent a highly diverse and complementary source of knowledge, skills and experience.



2.3 Management and oversight of corporate governance

This report was prepared in accordance with Article L.225-37 of the French Commercial Code.

The information it contains specifically takes into consideration Annexes 1 and 2 of European delegated regulation (EU) No. 2019/180 of March 14, 2019, as well as recommendation No. 2012-02, as amended, consolidating the recommendations published since 2009, of the Autorité des Marchés Financiers (AMF — French Financial Markets Authority) in its reports on corporate governance and executive compensation, and specifically the AMF's 2019 report, published on December 3, 2019, the activity report from the High Committee on Corporate Governance (HCGE) published on December 19, 2019, and the AMF's guide to compiling registration documents, published 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, 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, June 2018 and January 2020. 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.225-37-3 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

Audit Committee (Article 16.1 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.
Appointment Committee (Article 17.1 of the Code) "It [...] must mostly consist of independent directors."	The number of independent directors on Natixis' Appointment Committee is not greater than half the total number of members, despite the recommendation by the Afep-Medef code. It has a balanced composition (50% independent, 50% non-independent), and the committee is chaired by an independent director. Like the Audit Committee, strictly following the Afep-Medef code recommendations on the composition of the Appointment 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 Appointment Committee are only adopted if the majority of members present, including the Chairman, voted for them.
Compensation Committee (Article 18.1 of the Code) "It [...] must mostly consist of independent directors."	The number of independent directors on the Compensation Committee is not greater than half the total number of members, despite the recommendation by the Afep-Medef corporate governance code. It has a balanced composition (50% independent, 50% non-independent), and the committee is chaired by an independent director. Like the Audit Committee and the Appointment Committee, strictly following the Afep-Medef code recommendations on the composition of the Compensation 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 Compensation Committee are only adopted if the majority of members present, including the Chairman, voted for them.
Session of the Board of Directors held without the executive officers (Article 11.3 of the Code) "It is recommended that at least one meeting not attended by the executive corporate 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 24.6 of the Code) "The non-competition benefits must be paid in installments during its term."	The Chief Executive Officer's non-competition benefit is not 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.

Form of Corporate Governance

To ensure that the governance of Natixis faithfully reflects its shareholding structure, as of 2006, in accordance with the governance procedures registered with the Autorité des Marchés Financiers (AMF — French Financial Markets Authority) when Natixis was formed, the Banque Populaire and Caisse d'Epargne networks (BPCE) have majority and equal representation on Natixis' Board of Directors.

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.

2.3.1 Board of Directors

2.3.1.1 Organization

Natixis' Board of Directors had 15 members at March 1, 2020. It is composed as follows:

- two members from BPCE, namely Laurent Mignon and BPCE itself, represented by Catherine Halberstadt;
- four members from the Banque Populaire banks, namely Thierry Cahn, Alain Condaminas, Bernard Dupouy and Sylvie Garcelon;
- four members from the Caisse d'Epargne banks, namely Daniel de Beaurepaire, Dominique Duband, Nicole Etchegoïnberry and Christophe Pinault;
- five independent members, namely Anne Lalou, Bernard Oppetit, Catherine Pariset, Diane de Saint Victor and Nicolas de Tavernost.

As of April 4, 2019, Natixis' Board of Directors also includes a non-voting member, Henri Proglio. He was an independent director until November 17, 2018, the term of his twelve years' mandate as member of the supervisory board and then as board member of Natixis. His knowledge of the group dating back to 2006, his recognised expertise in financial matters, and his experience in managing large corporations and tackling strategic challenges make for a useful and effective contribution to the Board of Directors. Henri Proglio attends Board Meetings in an advisory capacity. He is also a member of the Compensation Committee and the Strategic Committee.

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. However, two representatives of the Social and Economic Committee attend every Board of Directors' Meeting in an advisory capacity.

It is further specified that, pursuant to article R.225-29 II 5° of the French Commercial Code, no director is bound by an employment contract and/or a services agreement with the Company.

Therefore, one-third of the members of the Board of Directors is independent, in accordance with the Afep-Medef code.

The five independent directors at Natixis are currently Anne Lalou (Director of Web School Factory and Chairwoman of Innovation Factory), Bernard Oppetit (Chairman of Centaurus Capital Limited, which he founded), Catherine Pariset (since released from her professional duties), Diane de Saint Victor (Corporate Secretary of ABB) and Nicolas de Tavernost (Chairman of the Management Board of Groupe M6).

As is the case every year, at its meeting of December 19, 2019, and following the report submitted by the Appointment Committee, Natixis' Board of Directors examined each independent director's expertise, judgment and freedom of thought and expression, specifically with respect to the independence criteria recommended by the Afep-Medef code, and the criteria in the Board's Internal Rules *(see section 2.3.1.2 "Role and Powers of the Board of Directors")*.

The Board of Directors took care to appraise 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.

Furthermore, to date, the independent directors are not in a position of conflict of interest in respect of the non-executive corporate offices they hold in other companies, in accordance with the compliance charter applicable to all Board of Directors' members under which they undertake to inform the Company of any conflict of interest in which they will be involved and to comply with the process related to the handling of the said conflict of interest.

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

Criteria for appraisal [(a)]	Anne Lalou	Bernard Oppetit	Catherine Pariset	Diane de Saint Victor	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	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 universal registration document.*

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 B)*, 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. There were no Natixis directors over the age of 70 at March 1, 2020.

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.

The main changes made to the Board of Directors in 2019 and since January 1, 2020 that are likely to have a material impact on the Company's governance are as follows:

- on April 4, 2019, the Natixis Board of Directors:
  - co-opted with immediate effect Diane de Saint Victor as a director to replace Henri Proglio, who resigned, for the remainder of his term of office, terminating at the end of the Natixis General Shareholders' Meeting convened in 2019 to approve the financial statements for the year ending December 31, 2018, and appointed his successor as member and Chairwoman of the Appointment Committee and member of the Compensation Committee. Diane de Saint Victor is also a member as of right of the Strategic Committee, and
  - appointed Henri Proglio as non-voting member for a term of four (4) years, terminating at the end of the Natixis General Shareholders' Meeting convened in 2023 to approve the financial statements for the year ending December 31, 2022, and member of the Compensation Committee and Strategic Committee;
- on May 28, 2019, the Combined General Shareholders' Meeting of Natixis:
  - ratified the co-opting of Laurent Mignon as director which took place during the meeting of the Board on June 1, 2018, to replace François Pérol for the remainder of his term of office, terminating at the end of the General Shareholders' Meeting convened in 2019 to approve the financial statements for the year ended December 31, 2018,
  - ratified the co-opting of Nicole Etchegoïnberry as director which took place during the meeting of the Board of Directors on December 20, 2018, to replace Stéphanie Paix for the remainder of her term of office, terminating at the end of the General Shareholders' Meeting convened in 2020 to approve the financial statements for the year ended December 31, 2019,
  - ratified the co-opting of Christophe Pinault as director which took place during the meeting of the Board of Directors on December 20, 2018, to replace Alain Denizot for the remainder of his term of office, terminating at the end of the General Shareholders' Meeting convened in 2019 to approve the financial statements for the year ended December 31, 2018,
  - ratified the co-opting of Diane de Saint Victor as director which took place during the meeting of the Board of Directors on April 4, 2019, to replace Henri Proglio for the remainder of his term of office, terminating at end of the General Shareholders' Meeting convened in 2019 to approve the financial statements for the year ended December 31, 2018,

- reappointed Laurent Mignon, Diane de Saint Victor, BPCE, Catherine Pariset, Bernard Dupouy and Christophe Pinault as directors for terms of four (4) years, terminating at the end of the General Shareholders' Meeting convened in 2023 to approve the financial statements for the year ending December 31, 2022,
- appointed Daniel de Beaurepaire as director, replacing Philippe Sueur, 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 ending December 31, 2022,
- ratified the co-opting of Henri Proglio as a non-voting member, which took place during the meeting of the Board of Directors on April 4, 2019, for a term of four (4) years, terminating at the end of the General Shareholders' Meeting convened in 2023 to approve the financial statements for the year ending December 31, 2022;

- On February 6, 2020, the Natixis Board of Directors co-opted Dominique Duband to replace Françoise Lemalle, who resigned, for the reminder of her term of office, terminating at the end of the Natixis General Shareholder's meeting convened in 2022 to approve the financial statements for the year ending December 31, 2021.

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:

2020 AGM	Alain Condaminas, Nicole Etchegoïnberry, Sylvie Garcelon
2021 AGM	Nicolas de Tavernost
2022 AGM	Thierry Cahn, Domínque Duband, Anne Lalou, Bernard Oppetit
2023 AGM	Laurent Mignon, BPCE (represented by Catherine Halberstadt), Daniel de Beaurepaire, Bernard Dupouy, Catherine Pariset, Christophe Pinault, Diane de Saint Victor and the non-voting member, Henri Proglio

After considering the report submitted by the Appointment Committee, the Board of Directors of Natixis discussed, at is meeting held on December 19, 2019 and as it does each year, the best way to balance its membership, especially in terms of the knowledge, expertise and experience contributed by all the 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.

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.

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

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, etc.).

This policy will be applied when a new director is appointed and when the Appointment 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 Appointment Committee for review. The Committee then provides the Board with its opinion.

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 current version of the internal rules, adopted on December 19, 2019, completes 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 Appointment 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 2.3.3.2 "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 Appointment Committee;

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 compensation 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.

It prepares the management report. It approves the report, as set out in Article L.255-37 of the French Commercial Code. It 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.

Among these Internal Rules, which were last amended on December 19, 2019, 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 Chief Executive Officer or, where applicable, one or more Deputy Chief Executive Officers,
  - 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 Appointment Committee (the composition and role of which are described below), which prepares a report for the Board *(see summary table above)*;

- some Board operating procedures are specified in the internal rules:

Except for decisions related to the examination and approval of parent company and consolidated financial statements and deliberations over 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 and its Special Committees' operation, an account of which will be included in Natixis' annual report *(for 2019, see section 2.3.1.4 "Assessment of the Board of Directors' work in 2019")*.

Minutes of Board Meetings are drawn up in accordance with legal and regulatory provisions in force.

B – Compliance charter for members of the Board of Directors

To reaffirm its commitment to good governance, the Board of Directors has adopted a Compliance Charter for its members (appended to the Internal Rules). The purpose of this Charter is to promote the 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 members of Natixis' Board of Directors agree to comply with the guidelines contained in this charter, which are reproduced below.

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, 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.

Members of the Board of 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.

a) Permanent insiders

As per the MAR Regulation, Natixis places the names of directors and non-voting members 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 acknowledgement 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 and non-voting members 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 and the non-voting member agree 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.

b) Reporting obligations

Each director and non-voting member 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 and non-voting members 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 and non-voting member 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

The Appointment Committee examines the situation of each director and non-voting member with regard to potential conflict of interest when they are first appointed and when their mandate is renewed. All directors and non-voting members endeavor to prevent, for the entire duration of their mandate, any conflict that could arise between their own interests and the interests of Natixis. As such, directors and non-voting members strive 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.

A conflict of interest is any situation that risks compromising the ability of a director or non-voting member to make decisions in the best interests of Natixis and to exercise their duties independently of:

- their financial interests;
- their personal or professional relationships with owners of qualifying holdings in Natixis;
- their personal or professional relationships with Natixis personnel;
- any other current or past positions held;
- their personal or professional relationships with external stakeholders.

In the event that a director or non-voting member cannot avoid being in one of these situations, they must immediately inform the Chairman of the Board of Directors, or Natixis' Corporate Secretary if applicable, of any conflict of interest in which they may be involved. The director or non-voting member must specify if they are directly or indirectly connected and in what capacity, and they must contribute to documenting the conflict of interest.

The Chairman of the Board of Directors, or the Corporate Secretary if applicable, shall conclude whether a conflict of interest exists and ensure compliance with the Related Party Agreements Procedure.

If a director or non-voting member finds themselves in a conflict of interest, they must abstain from participating in any discussion within the Board of Directors, or the Special Committee if applicable, connected to the area of their conflict of interest; in such instances, they must abstain from the Board's deliberations and votes, and will not be privy to the section of the minutes related to the area of their conflict of interest.

Article 8: Information/Training

All directors have a duty to learn 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.

Article 9: Application of the Charter

Should a member of Natixis' Board of 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 Board member for any questions about the Code of Conduct.

C – 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.

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.

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. 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 participating in the part of the Board or Special Committee meeting addressing the conflict of interest, and 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.

Summary of Natixis' share transactions disclosed to the AMF by persons discharging managerial responsibilities and by persons closely associated with them

The following table presents the summary of executive officers' transactions involving the company's shares in fiscal year 2019 as disclosed to the Autorité des Marchés Financiers (AMF — French Financial Markets Authority) in accordance with Article L.621-18-2 of the French Monetary and Financial Code and Articles 223-22 to 223-26 of the AMF's General Regulation.

Name	Date	Transaction	Number of shares	Transaction value *(in euros)*
Gils Berrous	01/03/2019	Bonus share allocation (2016 Bonus Share Plan) (b)	19,960	N/A
	01/03/2019	Bonus share allocation (2017 Bonus Share Plan) (c)	6,090	N/A
Pierre Debray	01/03/2019	Bonus share allocation (2016 Bonus Share Plan) (b)	25,995	N/A
	01/03/2019	Bonus share allocation (2017 Bonus Share Plan) (c)	10,718	N/A
Anne Lebel	01/03/2019	Bonus share allocation (2016 Bonus Share Plan) (b)	24,548	N/A
	01/03/2019	Bonus share allocation (2017 Bonus Share Plan) (c)	3,451	N/A
Jean-François Lequoy	01/03/2019	Bonus share allocation (2016 Bonus Share Plan) (b)	29,534	N/A
	01/03/2019	Bonus share allocation (2017 Bonus Share Plan) (c)	10,718	N/A
Laurent Mignon	18/02/2019	Bonus share allocation (2015 Bonus Share Plan) (a)	16,392	N/A
	01/03/2019	Bonus share allocation (2016 Bonus Share Plan) (b)	57,510	N/A
	01/03/2019	Bonus share allocation (2017 Bonus Share Plan) (a)	17,947	N/A
André-Jean Olivier	01/03/2019	Bonus share allocation (2016 Bonus Share Plan) (b)	9,893	N/A
	01/03/2019	Bonus share allocation (2017 Bonus Share Plan) (c)	4,381	N/A
Jean Raby	01/03/2019	Bonus share allocation (2017 Bonus Share Plan) (c)	94,228	N/A
François Riahi	01/03/2019	Bonus share allocation (2016 Bonus Share Plan) (b)	18,828	N/A
Marc Vincent	18/02/2019	Bonus share allocation (2015 Bonus Share Plan) (a)	4,863	N/A
	01/03/2019	Bonus share allocation (2016 Bonus Share Plan) (b)	45,980	N/A
	01/03/2019	Bonus share allocation (2017 Bonus Share Plan) (c)	19,597	N/A

*(a) Bonus share allocation plan approved at the Board of Directors Meeting of February 18, 2015 **(PAGA 2015)**.*
*(b) Bonus share allocation plan approved at the Board of Directors Meeting of July 28, 2016 **(PAGA 2016)**.*
*(c) Bonus share allocation plan approved at the Board of Directors Meeting of April 10, 2017 **(PAGA 2017)**.*

D – 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 8 “General Shareholders’ Meetings”)*.

At its February 12, 2019 meeting, in accordance with regulations in force and Article L.225-38 of the French Commercial Code, the Board authorized 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 agreements 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 December 19, 2019, the Board of Directors authorized new agreements between CNP Assurances, BPCE, Natixis SA and BPCE Vie. The Board of Directors deemed that these agreements were justified in terms of the corporate interest given that they are integrated within the Group’s overall bancassurance business model while at the same time preserving the interests of customers, the level of fees and commissions, and service quality during the period covered by said agreements.

The following agreements were authorized:

- Agreement modifying the new partnership agreements, entered into by CNP Assurances, BPCE, Natixis and BPCE Vie.

  This agreement modifies the Memorandum of Understanding reached in 2015 and several of the new partnership agreements enacted to implement it.

  The agreement, which would entered into force on January 1, 2020, primarily provides for:

  - the extension of the initial expiration date of the existing agreements (currently December 31, 2022) to December 31, 2030 with the possibility of renewing these agreements upon each expiration for successive three-year periods until 2052;
  - a change to the coinsurance breakdown for collective payment protection insurance, to be shared equally (50/50) between CNP Assurances and Groupe BPCE effective January 1, 2020;
- Amendment to the Tranche 1 new business reinsurance treaty, entered into by BPCE Vie and CNP Assurances in the presence of Natixis and pertaining to the quota share reinsurance of euro-denominated guarantees issued by BPCE Vie through life insurance and accumulation contracts for retirement savings by BPCE Vie, and distributed by entities within the Retirement Savings scope with the exception of the contracts identified in Article R. 342-9 of the French Insurance Code.

The details of these agreements can be found in the Statutory Auditors’ Special Report on Related-Party Agreements and Commitments (see Section 8.2.3 of this universal registration document).

On December 19, 2019, the Board of Directors also approved, in accordance with Article L.225-39 of the French Commercial Code, the declassification of the preliminary agreement between Natixis and BPCE related to the protective arrangement for certain Workout Portfolio Management (GAPC) assets and certain agreements related to the guarantee, with the following being considered agreements entered into under normal conditions and pertaining to ongoing transactions:

- Preliminary agreement between Natixis and BPCE regarding the guarantee mechanism covering certain GAPC assets;
- Financial guarantee contract between BPCE and Natixis (as amended by rider no. 1 of August 5, 2010);
- “Euro” Total Return Swap agreement between BPCE and Natixis;
- “Dollar” Total Return Swap agreement between BPCE and Natixis;
- Call option agreement between BPCE and Natixis;
- ISDA Master Agreement and Schedule between BPCE and Natixis;
- Reciprocal financial guarantee contract between Natixis and Natixis Financial Products Inc.; and
- Reciprocal financial guarantee contract between Natixis and Natixis Real Estate Capital Inc.

At its meeting of December 19, 2019, the Board of Directors 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 2019 fiscal year.

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

Review of agreements pertaining to ongoing transactions

A procedure for regularly reviewing agreements pertaining to ongoing transactions and entered into under normal conditions is currently being established and will be submitted to the 2020 Board of Directors.

2.3.1.3 Work of the Board of Directors in 2019

The Board of Directors held a total of 12 meetings in 2019. The attendance rate was 91% for the year as a whole (versus 94% in 2018).

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 Officer, 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. Finally, the representatives of the Social and Economic Committee were invited to every Board of Directors meeting.

The main topics addressed by the Board of Directors in 2019 were as follows:

Financial, cash position and Natixis' commitments	▪ Review of the quarterly and half-yearly financial statements and approval of the annual financial statements (parent company and consolidated) ▪ Approval of the individual financial statements of Natixis S.A. at December 31, 2018 under IFRS ▪ Review and approval of 2020 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 2018 ▪ Feedback on the work of the Audit Committee ▪ Approval of the audit program for 2020
Internal control Risk management Compliance	▪ Feedback on the work of the Risk Committee and the US Risk Committee ▪ Approval and update of the Risk Appetite Framework (RAF) ▪ Annual review of limits as defined in the Order of November 3, 2014 ▪ Approval of contingency plans, particularly in light of the results of the alternative scenarios regarding liquidity positions and risk mitigation factors ▪ Examination of the compliance risk management system and compliance control activity and results ▪ Approval of liquidity risk tolerance ▪ Comments on the H2O file ▪ Approval of strategies, policies, procedures, systems, tools and limits with regard to liquidity risk and underlying assumptions ▪ Approval of the ALM standards ▪ Approval of the new annual report on internal control procedures for AML-CTF/asset freezing ▪ Comments on the autocall action plan in Asia ▪ Comments on the corruption and influence-peddling detection and prevention system ▪ Overview of the senior management report (Volcker Rule) and update on the Volcker sector manual ▪ Comments on interactions with regulators
Corporate governance	▪ Feedback on the work of the Appointment Committee ▪ Approval of the Board of Directors' report on corporate governance ▪ Adoption of a diversity policy for members of the Board of Directors ▪ Update of the directors' Compliance Charter (appended to the Internal Rules) ▪ Appointment of a non-voting member ▪ Reappointment of the Chairman of the Board of Directors ▪ Co-opting of a new director ▪ Composition of Special Committees ▪ Review of independent member status ▪ Review of the summary assessment of the Board of Directors' work in 2018 ▪ 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
Compensation	▪ Feedback on the work of the Compensation Committee ▪ Compensation of the Chairman of the Board of Directors for fiscal year 2018 and principles of compensation for fiscal year 2019 ▪ Compensation of the Chief Executive Officer for fiscal year 2018 and principles of compensation for fiscal year 2019 ▪ Approval of the 2018 annual report on compensation for the regulated population under CRD IV ▪ Allocation of bonus shares as part of the 2019 Long-Term Incentive Plan ▪ Allocation of bonus shares as part of deferred variable compensation ▪ Approval of the compensation policy for directors for fiscal year 2019 ▪ Review of the Risk and Compliance targets for compensation among the regulated population (2018 summary and 2019 targets) ▪ Approval of the performance conditions for the regulated population and renewal of the Long-Term Incentive Plan for Senior Management Committee members ▪ Compensation for the regulated population

Financial transactions and strategy	▪ Renewal of the liquidity contract ▪ Information on the capital increase following the bonus share allocations of the 2016 and 2017 plans ▪ Examination and authorization of strategic projects ▪ Opinion of the Social and Economic Committee on the Company's financial position in accordance with Article L.2312-17 paragraph 2 of the French Labor Code ▪ Opinion of the Social and Economic Committee as part of the consultation on strategic orientations in accordance with Article L.2312-17 paragraph 1 of the French Labor Code ▪ Total transfers of assets and liabilities (TUP) from Natixis subsidiaries to Natixis
Other items	▪ Renewal of bond and warrant issue authorizations for fiscal year 2020 ▪ Approval of the declaration related to the Modern Slavery Act ▪ Presentation of the Green Weighting Factor

Pursuant to the Afep-Medef code, the Board of Directors examined the Company's significant achievements in terms of social and environmental responsibility, particularly with regard to risk management, sustainable business development, communication and relationships with stakeholders, as well as its integration of social and environmental responsibility criteria into compensation and its initiatives to reduce Natixis' environmental footprint. The Green Weighting Factor (GWF) was presented to the Board of Directors in this context. The GWF is an innovative tool used to steer Natixis' climate strategy based on an internal capital allocation model that considers the environmental and climate impact of financing.

2.3.1.4 Assessment of the work of the Board of Directors in 2019

As in previous years, Natixis assessed the work of its Board of Directors and Special 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, 2019), Natixis enlists the services of an independent outside firm to assess the work of its Board and Special Committees. Natixis conducts its own internal assessment for the other years.

As such, for 2019, Natixis conducted an external assessment to review the structure, operation, and makeup of the Board of Directors and its Special Committees and evaluate their overall performance.

This assessment covered the following areas:

- The role of the Board of Directors
- The makeup and size of the Board of Directors
- Director integration and development, including training
- Presentation and circulation of information
- Meetings of the Board of Directors
- The decision-making process
- The Board of Directors and the group's main executive officers
- The Board of Directors and its external environment
- Performance monitoring
- Risk management
- Contributions to strategy
- Contributions to innovation
- Succession plans
- Special Committees

During an individual interview, each director, as well the non-voting member, representatives from the Social and Economic Committee and the Chief Executive Officer completed a questionnaire prepared by the outside firm. Furthermore, as recommended by the Afep-Medef code, as part of the assessment of each director's contribution to the work of the Board of Directors, each respondent was invited to give their opinion on each of the other directors by name, and on the non-voting member, the Chairman of the Board of Directors, the Chief Executive Officer and the members of the Social and Economic Committee.

The results of the interviews were collated in a detailed evaluation report, a summary of which was presented at the meeting of the Board of Directors held on February 6, 2020. Furthermore, the outside firm provided each individual director with a copy of the other directors' assessments of their contribution to the Board of Directors' work.

This report shows that the directors have a very positive view of Natixis' Board of Directors. The directors were unanimously considered to be serious, transparent, constructive, friendly and efficient.

The Chairman of the Board of Directors is unanimously respected by the directors, who have confidence in him, and all the directors think the separation of the roles of Chairman and Chief Executive Officer is working effectively. The directors believe that there is a balance of power within the Board of Directors between internal and external directors, in light of their independent thought and legitimacy.

Regarding the makeup of the Board of Directors, the directors believe that there is a good balance in terms of profiles and experience, with a mutually beneficial culture thanks to the existence of internal and independent directors. The directors are considered to be engaged, proactive and pleasant. In a spirit of ongoing improvement, the directors did suggest improving the technical expertise on the Board (expertise in digital technologies and risks).

The directors believe the Board's handouts are of high quality, well-structured and that they enable a good understanding of the subjects covered. The way the Board operates was deemed to be very professional.

The directors believe that Board meetings are conducted in a courteous and constructive environment, with open debates where participants are free to speak their minds. However, they did comment that meeting agendas could be less full and that decisions could be monitored more closely.

The directors also said that the Board dedicates a significant amount of its time to regulatory issues. They would like the Board to spend more time on long-term, forward-looking projects, specifically increasing the Board's work on the bank's strategy.

The directors also believe that the Board's cohesion could be improved, in particular by organizing informal opportunities for discussion before or after Board meetings.

The training provided to directors is very much appreciated and the training program is deemed to be of very high quality. The effort made in this area is being recognized.

Finally, the directors believe that the work of the committees has improved over recent years and would like to discuss the creation of a CSR committee at a Board meeting.

As a reminder, following the assessment of the Board of Directors and Special Committees conducted in 2018, corrective measures were enacted in 2019, namely:

- the appointment of Diane de Saint Victor, an independent director with an international profile (in-depth knowledge of the industrial sector internationally, with part of her career spent in the United States), and
- enhancements to the training program, with 16 training sessions conducted in 2019 on 13 different topics and a focus on market expertise.

2.3.1.5 Board members training program

In 2019, Natixis renewed the training program for Board members that it started in 2018. The resulting training program is also in line with the existing one for members of the BPCE Supervisory Board.

The program covers three areas:

- "fundamentals" training for new Board members and others interested in participating. It comprises modules to give Board members a useful understanding of the issues discussed at Board Meetings;
- "expertise" training on technical or complex issues so that Board members can properly understand, monitor and validate technical or complex matters discussed at Board Meetings. The modules are spread over the course of the year and cover areas such as accounting and financial matters, risk management, director liability (civil, criminal and regulatory), capital markets activities, compliance principles, cyber security, and so forth;
- "ad hoc" training, provided as and when needed, to give Board members the necessary knowledge and skills to perform their duties. The aim is to deeply examine issues related to the business lines or other topical issues, and memos from the members' secure website that address economic, accounting, regulatory, compliance, legal and other matters.

The training is provided by internal, and occasionally external, trainers.

Sixteen training sessions on 13 different topics were held in 2019. The 2019 training sessions were opened to members of the BPCE Supervisory Board and members of the Social and Economic Committee. Directors were also invited to attend sessions held by BPCE for Supervisory Board members.

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

- Natixis' business lines and the strategic plan (with a focus on CSR challenges);
- prudential, solvency and liquidity regulations;
- the risk management system;
- the US risk framework;
- risk model management;
- capital and financial market activities: rules, operation, controls (with a focus on complex market products and associated risks);
- valuation mechanisms and the new accounting standards;
- the Risk Appetite Framework;
- main principles of compliance and current trends in regulation;
- compensation mechanisms;
- capital planning in the context of the SREP;
- a director's liability (civil, criminal, and regulatory);
- cybersecurity.

2.3.2 Special Committees: offshoots of the Board of Directors

To assist it in its review process, prepare some of its deliberations and comply 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 Appointment Committee and a Strategic Committee, each chaired by an independent director.

2.3.2.1 Audit Committee

A – Organization

In 2019, the Audit Committee had five members. As of March 1, 2020, these members were:

Catherine Pariset	Chairwoman
Bernard Oppetit	Member
BPCE, represented by Catherine Halberstadt	Member
Sylvie Garcelon	Member
Daniel de Beaurepaire *(position previously held by Françoise Lemalle until February 6, 2020)*	Member

The Audit Committee's Chairwoman and members have extensive accounting and financial expertise gained over the course of their professional careers. Catherine Pariset has an auditing career spanning 35 years. Catherine Halberstadt was Chief Executive Officer of Banque Populaire du Massif Central for several years and has 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. Daniel de Beaurepaire has extensive knowledge in accountancy, finance and internal control and auditing. Bernard Oppetit is a financial market specialist and has extensive experience in complex financial products and alternative investment companies.

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.

Changes made to the Audit Committee since January 1, 2020:

Director	Capacity	Date of change	Replaced by
Françoise Lemalle	Member	06/02/2020	Daniel de Beaurepaire

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 Chief Executive Officer 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 2019

The Audit Committee met five times in fiscal year 2019. The attendance rate was 92% for the year as a whole.

Each director's individual attendance rate at 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 Officer, the Chief Risk Officer, the Corporate Secretary as well as the Head of Accounting and Ratios and the Natixis and BPCE Head of Inspection Générale.

For the purposes of performing the 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 2019, 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 2020 budget including the reconciliation with the stress tests and the Risk Appetite Framework ▪ Statutory Auditors' observations ▪ 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 ▪ Review of IFRIC 23 ▪ Presentation of changes to the memorandum on fair value ▪ Statutory Auditors' audit plan for 2019, 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 ▪ Follow-up on the preparation of the 2019 Statutory Auditors' reports on the parent company and consolidated financial statements ▪ Follow-up on Statutory Auditors' fees for 2019 (certification and other assignments) ▪ Review of changes introduced by the Prospectus Directive

2.3.2.2 Risk Committee

A – Organization

In 2019, the Risk Committee had five members. At March 1, 2020 these members were:

Bernard Oppetit	Chairman
Catherine Pariset	Member
BPCE, represented by Catherine Halberstadt	Member
Nicole Etchegoïnberry	Member
Christophe Pinault	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.

Over the course of the 2019 fiscal year, and in compliance with the US Dodd-Frank Act, the US Risk Committee met five times. On October 17 and 18, 2019, 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 in particular:

- 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 Chief Executive Officer;
- 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 General Inspection at Natixis;
- ensuring that the findings of assignments carried out by the General Inspection 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 General Inspection 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 General Inspection 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 General Inspection, the BPCE Head of Inspection Générale, and Natixis' Statutory Auditors. The Chief Risk Officer, the Compliance Officer, and the Natixis Head of General Inspection have permanent direct access to the Risk Committee.

2

C – Work of the Risk Committee in 2019

The Risk Committee met nine times in fiscal year 2019. The attendance rate was 91% for the year as a whole.

Each director's individual attendance rate at 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 2019, the Risk Committee's duties focused on the following items:

Risk management	▪ Key points from the risk dashboard and the bank's risk environment outlook ▪ Update on efforts to align the price policy with risk appetite (P&L upfront, Specialized Financing RWA) and an appraisal of the prices of products and services offered to clients in view of the risk strategy of Natixis Assurances ▪ Annual review of the Risk Appetite Framework (RAF) ▪ Annual review of indicators under the French Ministerial Order of November 3, 2014 ▪ Update on the ECB's market and credit TRIM (Targeted Review of Internal Models) ▪ Update on risk model management ▪ Update on the proposed benchmark reform ▪ Update on H2O and the liquidity risk of Natixis Investment Managers funds and its framework ▪ The BCBS 239 governance framework ▪ Update on internal stress tests (selected scenarios, changes in methodology and results) ▪ Presentation of the ICAAP (Internal Capital Adequacy Assessment Process) ▪ Update on liquidity and the establishment of the LRO (Liquidity Risk Office) ▪ 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 ▪ Check that the compensation policy is compatible with the risks
Internal control	▪ Evaluation of the effectiveness of the internal control framework and the Risks function procedures in place for fiscal year 2018 in accordance with the French Ministerial Order of November 3, 2014 ▪ Review of assignments conducted by Natixis General Inspection and BPCE Inspection Générale during the fiscal year ▪ Monitoring of the implementation of recommendations made by Natixis General Inspection and BPCE Inspection Générale ▪ Presentation of the annual report on internal control ▪ Presentation of the proposed audit program for 2020 ▪ Presentation of the Natixis General Inspection Department's budget
Compliance	▪ Review of the activity and results of compliance control ▪ Update on cybersecurity ▪ Update on the compliance framework and annual update on MiFID II ▪ Evaluation of the effectiveness of the internal control framework and the compliance function procedures in place
Other items	▪ Presentation of the results of the McKinsey audit, alignment of the risk framework, and approval of three-year projected resource needs ▪ Conclusions of the audit on Asset Management's Risk and Compliance framework ▪ Approval of the action plan on autocalls in Asia ▪ Proposed benchmark reform

Over the 2019 fiscal year, the US Risk Committee also worked on the following:

- approval of the revised US Risk Committee (USRC) charter;
- assessment and approval of Enterprise Risk Management and follow-up on work on the ERM project, particularly on risk detection and assessment;
- assessment and approval of the 2019 Compliance Plan;
- review and monitoring of the US Chief Risk Officer's priorities for 2019;
- assessment and review of the roles and responsibilities of the US Chief Risk Officer and the governance of Combined US Operations (CUSO) more generally;
- periodic review of changes to the business and risks of the US platform, including compliance risks;
- periodic review of the platform's regulatory environment;
- follow-up on the project to expand Technology Risk Management;
- periodic follow-up on the findings of the Loan Review and Audit, and in particular the General Inspection's review of credit risk;
- assessment of the conclusions of regulatory reviews and approval (when necessary) of related action plans;
- liquidity risk supervision: review of the risk management system and risk by product and activity;
- reinforcement of the Culture and Conduct framework;
- detailed review of Upstream and GSCS activities;
- examination and approval of the CUSO Risk Appetite Framework (RAF);
- progress update on model validation in the context of the risk model management framework;
- examination and follow-up on specific tasks within the Natixis IM scope, particularly with respect to liquidity risk and strengthening compliance risk indicators.

2.3.2.3 Compensation Committee

A – Organization

The Compensation Committee has seven members.

At March 1, 2020, those members were as follows:

Nicolas de Tavernost	Chairman
Anne Lalou	Member
Diane de Saint Victor	Member
Alain Condaminas	Member
Christophe Pinault	Member
Bernard Dupouy	Member
Henri Proglio (non-voting member)	Member

Three of the members are independent (Anne Lalou, Diane de Saint Victor and Nicolas de Tavernost).

The number of independent directors on the Compensation Committee is not greater than half the total number of members, despite the recommendation by the Afep-Medef corporate governance code. It has a balanced composition (50% independent, 50% non-independent) and is 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 Compensation Committee are adopted if the majority of members present, including the Chairman, vote for them.

Changes made to the Compensation Committee in 2019:

Director	Capacity	Date appointed
Diane de Saint Victor	Member	04/04/2019
Henri Proglio (non-voting member)	Member	04/04/2019
Bernard Dupouy	Member	28/05/2019

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 compensation 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 bonus 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.

C – Work of the Compensation Committee in 2019

The Compensation Committee met three times in fiscal year 2019. The attendance rate was 90% for the year as a whole.

Each director's individual attendance rate at Compensation 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 2019, the Committee focused on the following areas:

Executive corporate officers Senior Management Committee members	■ Approval of the variable compensation factors for 2018 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 2019 put to a vote of the Annual General Shareholders' Meeting on May 20, 2019 ■ Long Term Incentive Plan for Senior Management Committee members ■ Annual analysis of the recommendations of the Afep-Medef code in terms of executive compensation
Compensation policy and regulations	■ Review of regulatory aspects ■ Compensation policy for directors — fiscal year 2019 ■ Deferred pay policy: definition of the performance conditions for the regulated staff for 2019 ■ Review of Natixis' compensation policy, including of the deferred income rules and conditions for paying variable compensation as well as the amounts of variable compensation for each business line ■ Review and monitoring of the achievement of performance conditions applicable to deferred variable compensation ■ Analysis of the compensation of the heads of control functions and the regulated population for fiscal year 2018 ■ Impact of the 2019 special dividend payment on deferred variable compensation plans ■ Review of specific Risk and Compliance targets (2018 review & presentation of 2019 targets) ■ Analysis of compensation awarded to the 100 highest-paid employees ■ 2018 annual report on compensation for the regulated population under CRD IV ■ Information on the calculation of the Equal Pay Index ■ Policy on professional equality between men and women
Employee savings and shareholding	■ Update on employee savings plans ■ Information on the allocation of bonus shares by the Board of Directors on April 12, 2019 ■ Profit-sharing bonus for fiscal year 2018

2.3.2.4 Appointment Committee

A – Organization

The Appointment Committee has six members.

As of March 1, 2020, these members were:

Diane de Saint Victor *(position previously held by Henri Proglio until 04/04/2019)*	Chairwoman
Anne Lalou	Member
Nicolas de Tavernost	Member
Thierry Cahn	Member
Nicole Etchegoïnberry	Member
Daniel de Beaurepaire *(position previously held by Philippe Sueur until 28/05/2019)*	Member

Three of the six members are independent (Anne Lalou, Diane de Saint Victor and Nicolas de Tavernost). The number of independent directors on the Appointment Committee is not greater than half the total number of members, despite the recommendation by the Afep-Medef corporate governance code. It has a balanced composition (50% independent, 50% non-independent) and is 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 Appointment Committee are adopted if the majority of members present, including the Chairwoman, vote for them.

Natixis' Chief Executive Officer is involved as required with the Appointment Committee's work.

The Appointment Committee has been chaired by Diane de Saint Victor since April 4, 2019.

Changes made to the Appointment Committee in 2019:

Director	Capacity	Date of change	Replaced by
Henri Proglio	Chairman	04/04/2019	Diane de Saint Victor
Philippe Sueur	Member	28/05/2019	Daniel de Beaurepaire

B – Role and powers

The responsibilities assigned to Natixis' Appointment 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 Appointment 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 Chief Executive Officers 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 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 Chief Executive Officers and the Chief Risk Officer and making recommendations thereon.

Qualification as an independent director is discussed by the Appointment 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 the Board of Directors' Internal Rules *(see section 2.3.1.2 A of this chapter)*.

C – Work of the Appointment Committee in 2019

The Appointment Committee met three times in fiscal year 2019. The attendance rate was 100%.

Each director's individual attendance rate at Appointment 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 2019, 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 co-option of a new independent director and their appointment as member and Chairman of the Appointment Committee ▪ Opinion on the reappointment of six directors ▪ Opinion on the appointment of a group director ▪ Opinion on the appointment of a non-voting member ▪ Opinion on the diversity policy for members of the Board of Directors ▪ Examination of the qualifications of independent 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

At its December 13, 2019 meeting, the Appointment Committee decided to add succession plans for executive corporate officers (meant to cover both emergencies and planned departures) to the 2020 agenda.

2.3.2.5 Strategic Committee

A – Organization

The Strategic Committee is made up of all the directors and the non-voting member. Depending on the topics being discussed, certain members of Natixis' Senior Management Committee may be invited to participate on the Strategic Committee. External persons may also participate on the Committee.

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 2019

The Strategic Committee meets at least once a year. In 2019, the Strategic Committee met five times.

The attendance rate was 90%.

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 annual off-site meeting on September 25, 2019, the Natixis Strategic Committee analyzed the following points:

- the evolution of Natixis' business mix;
- update on the New Dimension strategic plan;
- focus on Global Markets and Payments activities;
- major trends in our environment (low interest rates, technological and regulatory challenges);
- update on the competitive outlook and reflections on the business line portfolio;
- presentation of the next strategic plan's preparation schedule.

2.3.3 Senior management

2.3.3.1 Chief Executive Officer

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 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 Appointment 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 Articles L.511-13 and L.532-2 of the French Monetary and Financial Code).

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.

2.3.3.2 Executive managers

Pursuant to Article L.511-13 and L.532-2 of the French Monetary and Financial Code, Natixis currently has two executive managers: François Riahi, Chief Executive Officer, and Marc Vincent, Head of Corporate & Investment Banking.

As executive managers, François Riahi 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 capital 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 Appointment Committee.

2.3.3.3 Senior Management Committee

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 Chief Executive Officer. It consists of the heads of Natixis' four main businesses (Asset & Wealth Management, Corporate & Investment Banking, Insurance and Payments) and support functions.

At March 1, 2020, the Senior Management Committee's members, in addition to the Chief Executive Officer, were Nathalie Bricker (Finance), Anne Lebel (Human Resources and Corporate Culture), Jean-François Lequoy (Insurance), André-Jean Olivier (Corporate Secretary), Jean Raby (Asset & Wealth Management), Véronique Sani (Technology and Transformation), Pierre-Antoine Vacheron (Payments), Olivier Vigneron (Risks) and Marc Vincent (Corporate & Investment Banking).

As part of Natixis' New Dimension strategic plan, the company set gender equality 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*).

Work of the Senior Management Committee in 2019

Except where circumstances prevented them from doing so, the members of the Senior Management Committee were present at all meetings in 2019. Representatives from the business lines or different support functions were invited to present projects or policies falling within their departmental remits.

2019 was the second 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 the Specialized Financial Services, and supervised various projects or initiatives. As such, the Senior Management Committee studied and approved all the strategic operations carried out by Natixis, before presenting them to the company's Board of Directors.

Within Asset Management, of note were Natixis Investment Managers' acquisitions of minority stakes in Fiera Capital (the leading independent distribution platform in Canada) and WCM Investment Management (an American investment company), in addition to the creation of two new affiliates, Thematics Asset Management and Vauban Infrastructure Partners. In addition, the Senior Management Committee studied a major project entailing the merger of the mainly insurance-related euro fixed-income management activities of Ostrum Asset Management and La Banque Postale Asset Management, which would pave the way for the establishment of a 100% SRI-oriented European leader.

In Corporate & Investment Banking, of note was Natixis' acquisition of a majority stake in Azure Capital, an Australian M&A advisory boutique, and the opening of a subsidiary in Saudi Arabia.

In Specialized Financial Services, the Senior Management Committee oversaw the completion on March 31, 2019 of Natixis' sale and BPCE's acquisition of the Factoring, Sureties & Financial Guarantees, Leasing, Consumer Finance and Securities Services business lines.

In Insurance, it oversaw the renewal of the non-life insurance partnership agreement between Groupe BPCE and Covéa.

Furthermore, the Senior Management Committee oversaw Natixis' adaptation to changes in the economic and regulatory environment in the banking and insurance sectors. Specifically, it regularly monitored any regulatory changes and initiatives. It launched several projects that aimed to improve Natixis' strength and operational efficiency, including efforts to strengthen the support functions' operating model, work on optimizing risk supervision, an initiative to expand the activities of the Porto branch, and a project to improve the corporate culture and create the "technology & transformation" division, enabling Natixis to focus resources and ambitions on these two key issues in terms of corporate conduct. It also encouraged initiatives to promote agility, specifically by launching an idea-sharing challenge for all employees with a view to promoting projects to simplify operations.

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 in order to generate cost savings. €50m was invested in this program in 2019.

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 executive officers and managers, and all significant projects or investments. It also launched an analysis of Natixis' real estate strategy, in partnership with BPCE as part of the DUO towers project.

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. Specifically, it conducted a crisis management exercise involving a simulated cyber attack. It also paid special attention to conduct issues at its quarterly committee meetings, which were broadened in scope to include culture.

The Senior Management Committee also oversaw the implementation of Natixis' CSR strategy. Specifically in terms of combating climate change, it oversaw the roll-out of 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.

Finally, it began an analysis to provide a basis for preparing the next 2021-2024 strategic plan.

2.3.3.4 Executive Committee

Natixis has an Executive Committee comprising the members of the Senior Management Committee and the heads of certain business lines and support functions essential to the company's success.

The 44-member Executive Committee met quarterly in 2019 at seminars during which its members were invited to provide insight and analysis on the strategies proposed by the Senior Management Committee and to incorporate managerial information for the purposes of distributing it to the teams.

Executive Committee members contributed to the preparation of the 2021-2024 strategic plan as sponsors of cross-business initiatives on specific themes or contributors to these working groups.

Furthermore, they are regularly involved in different company projects, specifically in areas such as human resources (enhancing the leadership model, work on company culture), finance (projects focused on cost control) and the business lines.

2.4 Policies and rules established for determining compensation and benefits of any kind for corporate officers

Natixis' compensation policy is a key component in the implementation of the company's strategy. It is structured in a way that promotes employee engagement over the long term and increases the company's employer appeal, while discouraging excessive risk-taking.

This section first details the principles of the compensation policy and the criteria applicable to compensation of executive corporate officers, which will be submitted for the approval of the next General Shareholders' Meeting, and then provides information on the components of compensation paid during or allocated in respect of the previous fiscal year.

Information on the members, roles and powers of the Compensation Committee are detailed in the previous section of the corporate governance chapter (see section 2.3.2.3).

Pursuant to Article L. 225-100 III of the French Commercial Code, payment of variable and exceptional compensation to executive corporate officers for the 2019 fiscal year is subject to approval by the General Shareholders' Meeting convened to approve the financial statements for said fiscal year.

2.4.1 Compensation policy for corporate officers

Natixis' compensation policy is pivotal to the implementation of a sustainable company strategy. The Board of Directors ensures that it is in line with the corporate interest. It ensures that the different components of compensation are balanced and that the benefits granted are in line with the duties performed. It also ensures that compensation is structured to promote long-term employee engagement and enhance the company's appeal, while discouraging excessive risk taking.

It reflects the individual and collective performance of its business lines and employees, and incorporates financial and qualitative performance criteria, including extra-financial criteria and specifically Social and Environmental Responsibility. It also serves to align over time the interests of Natixis' various stakeholders, ensuring that it is not a source of conflicts of interest between employees and clients, while promoting behaviors that are in line with Natixis' culture and rules of good conduct.

In order to ensure that the process for setting and amending the compensation policy is independent and relevant, the Compensation Committee (whose role is detailed in section 2.3.2.3) conducts an annual analysis of the principles of the compensation policy for corporate officers and formulates proposals for the Board of Directors. Together, they ensure compliance with conflict of interest regulations pursuant to applicable legislation and the Board of Directors' internal rules.

The compensation policy strictly complies with regulations in Natixis' countries and sectors of operation, including the CRD, the French law on the separation and regulation of banking activities, the Volcker Rule, AIFMD, UCITS V, MiFID II and Solvency II.

Compensation of executive corporate officers follows the principles of Natixis' general compensation policy applicable to all employees, especially for employee categories whose professional activities have a significant impact on Natixis' risk profile, details of which are set out in the annual report on compensation policies and practices published each year before the General Shareholders' Meeting.

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.

COMPETITIVENESS
COMPARISON WITH MARKET PRACTICES

+

PERFORMANCE
INDIVIDUAL AND COLLECTIVE FINANCIAL AND EXTRA-FINANCIAL CRITERIA

Pursuant to Article L. 225-37-2 III of the French Commercial Code, in exceptional circumstances, the Board of Directors may adapt certain provisions of the compensation policy provided that this deviation from standard policy is temporary, in the corporate interest and necessary to guarantee the sustainability or viability of the company.

If there is a change in governance or a new corporate officer is appointed, the Board of Directors will ensure compliance with the core principles of the compensation policy and may decide to deviate therefrom depending on the interested parties' profiles.

The policy described below is in line with the compensation policy submitted to the General Shareholders' Meeting in recent years and this version has not undergone any material changes.

2.4.1.1 Members of the Board of Directors

The members of the Board of Directors of Natixis received compensation subject to the terms and conditions set out below.

The overall annual budget for compensation to be allocated to members of the Board of Directors for attendance at Board and Committee Meetings is €650,000 *(see the 36th resolution of the Combined General Shareholders' Meeting of May 19, 2015)*.

Directors' compensation is granted according to the following rules:

	Compensation	
Governing body	Fixed portion (prorated to the term of office)	Variable portion
Board of Directors		
Chairman	€8,000	N/A
Member	€8,000	€2,000/meeting *(capped at seven meetings)*
Audit Committee		
Chairman	€17,000	€2,000/meeting *(capped at six meetings)*
Member	€3,000	€1,000/meeting *(capped at six meetings)*
Risk Committee		
Chairman	€17,000	€2,000/meeting *(capped at six meetings)*
Member	€3,000	€1,000/meeting *(capped at six meetings)*
Appointment Committee		
Chairman	€15,000	€2,000/meeting *(capped at three meetings)*
Member	€2,000	€1,000/meeting *(capped at three meetings)*
Compensation Committee		
Chairman	€15,000	€2,000/meeting *(capped at four meetings)*
Member	€2,000	€1,000/meeting *(capped at four meetings)*
Strategic Committee		
Chairman	N/A	€12,000/meeting *(capped at one meeting)*
Member	N/A	€2,000/meeting *(capped at one 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 compensation of €22,000 per year.

In addition, compensation is earned for participation in the Board's various Special Committees, if applicable.

For example, a director who is a member of the Compensation Committee will collect, in addition to the compensation earned for being a director, fixed compensation of €2,000 per year for participation in the Compensation Committee, plus €1,000 for each meeting of the Compensation Committee attended, with the number of compensated meetings being capped at four, for a maximum total of €6,000 per year, for a 100 % attendance rate.

Furthermore, all directors are members as of right of the Strategic Committee and will collect €2,000 for their participation to the Strategic Committee annual meeting, and will therefore earn a total of €30,000 if they also attended all Board of Directors and Compensation Committee Meetings and the Strategic Committee annual meeting.

The compensation paid to the Chairmen of the Special Committees is greater than that paid to members, given the workload responsibilities involved.

Moreover, in accordance with the rules applicable within Groupe BPCE, the portion of directors' compensation going to BPCE directors (including that of the Chairman) is granted and paid to BPCE and not to the directors.

It is specified that pursuant to article R.225-29-1(II)(5) of the French Commercial Code, the term of office of the Board of Directors' members is detailed in the composition of the Board of Directors (*See section 2.2 of the present chapter*). Furthermore, the appointment and revocation conditions of the Board of Directors' members are referred to in article L. 225-18 paragraph 2 of the French Commercial Code. Any board member can also resign his position without reason. In the event of director's vacancy by death or resignation, the Board of Directors can, between two General Shareholders' meetings, make temporary appointments. Appointments made by the Board of Directors are subject to ratification to the next General Shareholders' meeting. At last, no director is bound by an employment contract and/or a services agreement with the company.

2.4.1.2 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 gross annual fixed compensation for his duties as Chairman of the Board of Directors is €300,000.

The Chairman is eligible for compensation as a member of the Board of Directors but, in accordance with the rules applicable within Groupe BPCE, the portion of compensation attributable to BPCE directors including the Chairman is granted and paid to BPCE and not to the directors.

Pursuant to Article R. 225-29-1(II)(5) of the French Commercial Code, Laurent Mignon was appointed Chairman of Natixis' Board of Directors on June 1, 2018, for the period ending with the adjournment of the 2023 Natixis General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2022. In addition, the criteria for appointing and dismissing the Chairman of the Board of Directors are set out in Article L. 225-47 of the French Commercial Code.

2.4.1.3 Chief Executive Officer

Fixed compensation

The fixed compensation of the 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 2020, François Riahi's gross fixed compensation remains unchanged from the previous fiscal year and amounts to €800,000.

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, including in terms of CSR.

For fiscal year 2020, the criteria for determining the annual variable compensation approved by the Board of Directors on February 6, 2020, following a review by the Compensation Committee, and which will be put to a vote at the General Shareholders' Meeting on May 20, 2020, are as follows:

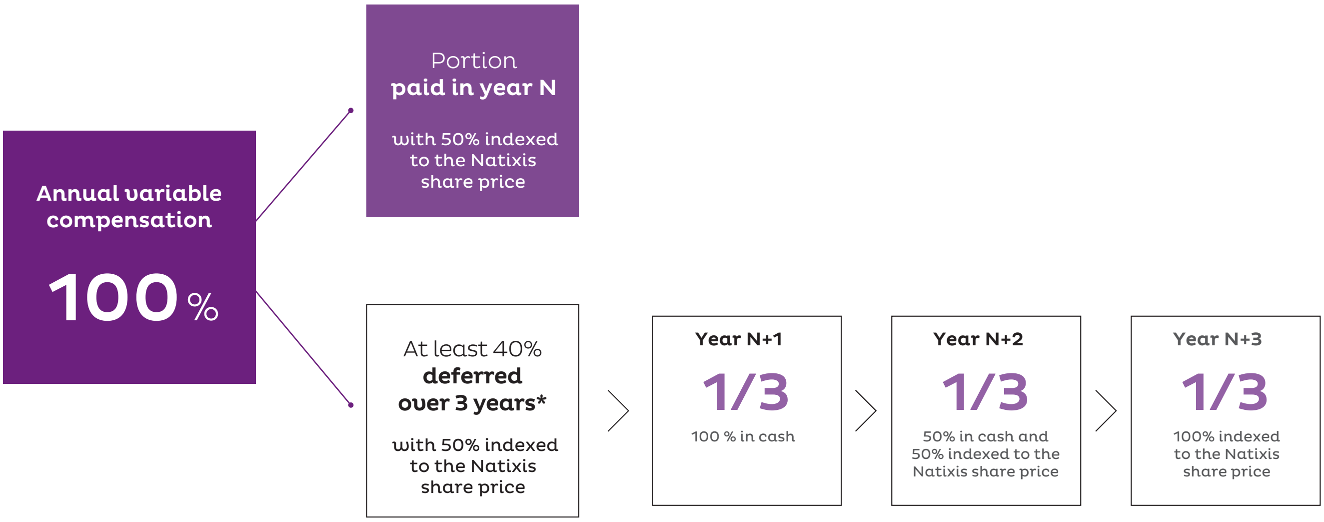
Rules for determining variable compensation for 2020

Target set at 120% of the fixed compensation with a range from 0% 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 ▪ 5% progress on Transformation & Corporate Culture initiatives ▪ 10% preparation of the new Strategic Plan and better distribution to the CE & BP networks ▪ 5% improvement of Natixis' position as a key player in CSR initiatives ▪ 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 the requirement for continued service with Groupe BPCE and performance criteria.



** CRD rules governing the portion of annual variable compensation that must be deferred. Deferred bonuses are subject to a continued service requirement 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

To meet the dual objective of (i) strengthening and ensuring the long-term alignment of shareholder and corporate interests, and (ii) ensuring continued service, 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.

Vesting of these shares is contingent upon meeting the continued service requirement with Groupe BPCE and performance conditions, which are based on both the relative Total Shareholder Return (TSR) achieved on Natixis stock and the fulfillment of CSR 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 2020, 2021, 2022 and 2023, 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.

CSR objectives are based on the change in Natixis' CSR performance over the four-year vesting period as assessed by the three CSR rating agencies. The vesting process includes a rating scale corresponding to the CSR assessments of each agency.

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 CSR 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.

The total of annual variable compensation and bonus 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 receives a family allowance in accordance with the same rules as those applied to Natixis employees in France.

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.

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 (voluntarily defined contribution plan) of the French General Tax Code. Furthermore, 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.

Severance payments

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 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(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.

Non-compete indemnities

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 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.

Disclosure required by Article R. 225-29-1(II)(5) of the French Commercial Code

On April 27, 2018, François Riahi was appointed as Chief Executive Officer, 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 year ending December 31, 2021. In addition, the criteria for appointing and dismissing the Chief Executive Officer are set out in Articles L. 225-51-1 and L. 225-55 of the French Commercial Code.

(1) Average performance achieved over the two years prior to leaving (the measurement shall be based on the known results for the four half-year periods prior to leaving).

2.4.2 Compensation and benefits of any kind for the Chairman of the Board of Directors and the Chief Executive Officer for 2019

The May 28, 2019 General Shareholders' Meeting approved the components of the compensation policy for the Chairman of the Board of Directors and the Chief Executive Officer.

2.4.2.1 Chairman of the Board of Directors – Compensation and benefits of any kind paid during the 2019 fiscal year and/or granted in respect of this fiscal year

In accordance with the principles approved by the General Shareholders' Meeting on May 28, 2019, Laurent Mignon received gross compensation of €300,000 for the 2019 fiscal year in connection with his duties as Chairman of the Natixis Board of Directors.

2.4.2.2 Chief Executive Officer – Total compensation and benefits of any kind paid during the 2019 fiscal year and/or granted in respect of this fiscal year

The components of the Chief Executive Officer's compensation for 2019 comply with the principles approved by the General Shareholders' Meeting on May 28, 2019.

Fixed compensation

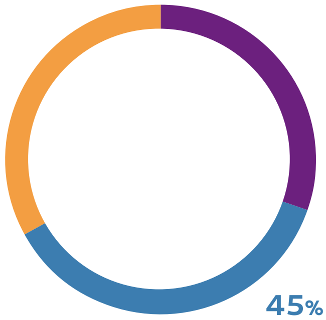
François Riahi's gross fixed compensation for 2019 in connection with his duties as Chief Executive Officer was €800,000 and remains unchanged from the previous year.

The fixed compensation paid to François Riahi during the 2019 fiscal year for his duties as Chief Executive Officer of Natixis represents 41% of the total compensation granted.

Annual variable compensation

The annual variable compensation in respect of fiscal year 2019 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 28, 2019.

The variable compensation target for the 2019 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. François Riahi's full-year variable compensation target was €960,000. The following targets were set for 2019:



- 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.

Given the achievements observed by the Board of Directors after receiving the opinion of the Compensation Committee, the amount of annual variable compensation for 2019 was set as follows:

- in respect of BPCE quantitative criteria: €267,588, or 111.50% of the target;
- in respect of Natixis quantitative criteria: €413,474, or 95,71% of the target;
- in respect of strategic criteria: €307,200, or 106.67% of the target.

Regarding strategic criteria, the Board specifically took into consideration the progress made in the roll-out of the strategic plan, the dynamic distribution of insurance and payments products by the CE and BP networks, as well as the ground covered in CSR commitments and the launch of Green Weighting Factor. The Board also recognized the new momentum injected into Natixis' cultural transformation.

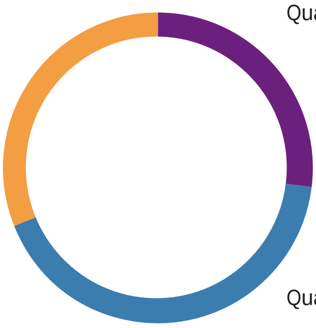
The variable compensation amount for fiscal year 2019, which will be submitted to a vote of the shareholders in May 2020, was determined by the Natixis Board of Directors based on the Compensation Committee's recommendation of 102.94% of the target variable compensation, i.e. €988,262:

- one portion will be paid in 2020, 50% of which will be indexed to the Natixis share price, i.e. €348,212;
- the other portion will be deferred over three years, 50% of which will be indexed to the Natixis share price, i.e. €640,050. This deferred amount will be paid in thirds in 2021 (100% in cash), 2022 (50% in cash and 50% indexed to the Natixis share price in securities) and 2023 (100% indexed to the Natixis share price or in securities), provided that the continued service requirement and performance conditions are met.

Payments in respect of annual variable compensation for 2019 will only be made after the vote at the General Shareholders' Meeting on May 20, 2020.

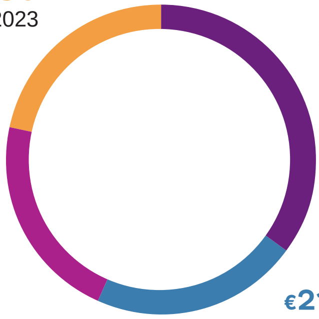
Annual variable compensation for the 2019 fiscal year

François Riahi's annual variable compensation for the 2019 fiscal year



Breakdown of annual variable compensation for the 2019 fiscal year by vesting date

François Riahi, Chief Executive Officer



65% of François Riahi's variable compensation for 2019 is being deferred to 2021, 2022, and 2023, of which 50% is indexed to Natixis' share price.

Free allocation of performance shares

In keeping with the principle of the Chief Executive Officer's eligibility to receive 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 28, 2019, the Board of Directors of Natixis allocated 31,708 performance shares to François Riahi, which can lead to the acquisition of a maximum of 38,049 shares, depending on the achievement of the performance conditions, i.e. a maximum of 0.00101% of share capital at the allocation date.

This allocation corresponds to 20% of François Riahi's gross annual fixed compensation.

Vesting of these shares is contingent upon meeting the continued service requirement with Groupe BPCE and performance conditions, which are based on both the relative Total Shareholder Return (TSR) achieved on Natixis stock and the fulfillment of CSR 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 2019, 2020, 2021 and 2022, 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.

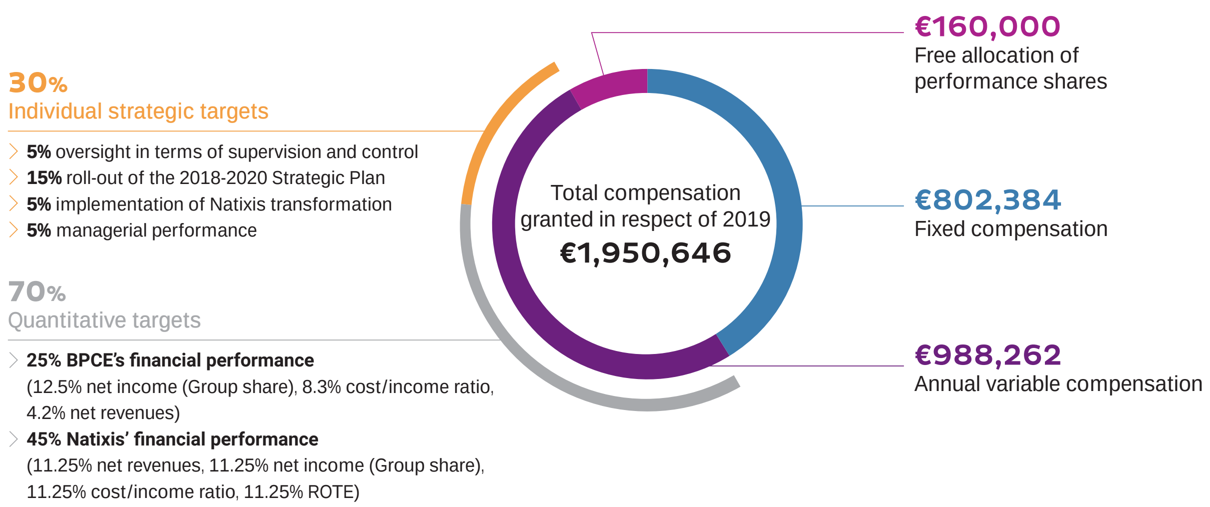
The ratio varies in a linear manner between each performance category.

CSR objectives are based on the change in Natixis' CSR performance over the four-year vesting period as assessed by the three CSR rating agencies. The vesting process includes a rating scale corresponding to the CSR assessments of each agency, with requirements becoming more stringent over the last two years.

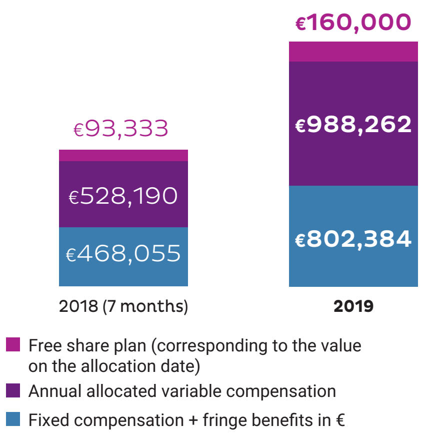
At the end of the four years, the average of the overall annual ratings shall determine the percentage of shares that vest in addition to those vesting under the TSR criteria. In the event that TSR and CSR performance is substantially above target, the percentage of shares of the annual tranche that 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.

Structure of fixed compensation granted to the Chief Executive Officer for fiscal year 2019



Changes to Chief Executive Officer François Riahi's compensation since 2018 (fixed portion + annual variable compensation awarded + performance share plan)



Fringe benefits

The Chief Executive Officer receives a family allowance inaccordance with the same rules as those applied to Natixis employees in France, i.e. €2,324.

François Riahi also receives health benefits and personal protection insurance, the terms of which are identical to those applicable to Natixis' employees or implemented by Groupe BPCE for its executive officers. The corresponding employer contribution amount for this protection is €21,112.

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 (voluntarily defined contribution plan) of the French General Tax Code. Furthermore, 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 Groupe BPCE. The premiums on this policy were paid by the Chief Executive Officer and not by Natixis. In 2019, François Riahi paid €117,333 into his policy.

Severance payments and consideration for non-compete agreement

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 and agreements 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).

(1) Average performance achieved over the two years prior to leaving (the measurement shall be based on the known results for the four half-year periods 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.

A non-compete indemnity should the Chief Executive Officer 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 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.

2.4.2.3 Information on compensation pursuant to Article L. 225-37-3 I, paragraphs 6 and 7 of the French Commercial Code

	2019	2018	2017	2016	2015
Natixis' performance — underlying net income, Group share	**1,370**	**1,607**	**1,715**	**1,372**	**1,344**
Chg. vs. N-1	*-14.70%*	*-6.30%*	*25.00%*	*2.10%*	
Natixis' performance — underlying net revenues	**9,177**	**9,500**	**9,497**	**8,700**	**8,565**
Chg. vs. N-1	*-3.40%*	*0.00%*	*9.20%*	*1.60%*	
Natixis' performance — underlying C/I ratio	**71.30%**	**70.90%**	**68.90%**	**71.40%**	**69.00%**
Chg. vs. N-1	*0.4 pp*	*2.0 pp*	*-2.5 pp*	*2.4 pp*	
Natixis' performance — underlying ROTE	**10.00%**	**12.00%**	**12.30%**	**9.90%**	**9.80%**
Chg. vs. N-1	-2 pp	-0.3 pp	2.4 pp	0.1 pp	
Compensation granted to the Chief Executive Officer (1)	1,950,646	2,023,129	2,815,242	1,914,761	2,059,372
Chg. vs. N-1	*-3.60%*	*-28.10%*	*47.00%*	*-7.00%*	
Average employee compensation (3)	126,915	126,064	131,739	125,697	118,847
Chg. vs. N-1	*0.70%*	*-4.30%*	*4.80%*	*5.80%*	
CEO pay ratio vs. average employee compensation (3)	**15.4**	**16**	**21.4**	**15.2**	**17.3**
Chg. vs. N-1	*-0.6*	*-5.4*	*6.2*	*-2.1*	
CEO pay ratio vs. median employee compensation (3)	**22.9**	**24.4**	**34.9**	**24.5**	**27**
Chg. vs. N-1	*-1.5*	*-10.5*	*10.4*	*-2.5*	
Compensation granted to the Chairman of the Board of Directors (2)	300,000	175,000	0	0	0
Chg. vs. N-1	*71.40%*				
Chairman's pay ratio vs. average employee compensation	**2.4**	**1.4**	N/A	N/A	N/A
Chg. vs. N-1	*1.0*				
Chairman's pay ratio vs. median employee compensation	**3.5**	**2.1**	N/A	N/A	N/A
Chg. vs. N-1	*1.4*				

(1) Compensation granted in respect of each fiscal year and for duties as Chief Executive Officer of Natixis, including bonus share awards. For information, Laurent Mignon was Chief Executive Officer of Natixis until May 31, 2018, and François Riahi was Chief Executive Officer as of June 1, 2018.

(2) Compensation granted in respect of each fiscal year and for duties as Chairman of the Board of Directors of Natixis. For information, François Pérol was Chairman of the Board of Directors of Natixis until May 31, 2018, and Laurent Mignon was Chief Executive Officer as of June 1, 2018.

(3) Average and median compensation awarded to Natixis SA employees each year, including foreign branches, and used to calculate Chief Executive Officer pay ratios, is calculated based on permanent employees for each year (full-time employees on permanent contracts working the entire year, excluding corporate officers) and represents fixed compensation plus total variable compensation granted, including bonus share awards, and any profit-sharing and group incentive plan amounts awarded during the year in respect of the previous fiscal year.

NB: pp: percentage point

2.4.2.4 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 2019	FY 2018
François Riahi, Chief Executive Officer		
Compensation due or granted for the fiscal year	€1,790,646 [(a)]	€996,245 [(a)]
Value of options granted during the fiscal year	0	0
Value of bonus shares granted during the fiscal year	€160,000 [(b)]	€93,333 [(b)]
TOTAL	**€1,950,646**	**€1,089,577**
François Riahi's other compensation for his duties at BPCE	**0**	**€602,359**
Laurent Mignon, Chairman of the Board of Directors		
Compensation due or granted for the fiscal year	€300,000	€175,000
Value of options granted during the fiscal year	0	0
Value of bonus shares granted during the fiscal year	0	0
TOTAL	**€300,000**	**€175,000**
Laurent Mignon's other compensation for his duties at BPCE	**€2,458,800**	**€1,462,790**

(a) Including a family allowance of €2,384 in 2019 and €1,388 in 2018.
(b) Corresponding to the value of the shares on the allocation date, for a fair value of €79,587 for 2019 and €55,372 for 2018.

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 corporate officers 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 corporate officers in connection with their duties over the year, irrespective of the date granted, including securities delivery.

	FY 2019		FY 2018	
	Amounts due or granted	**Amounts paid**	Amounts due or granted [a]	Amounts paid
Laurent Mignon, Chairman of the Board of Directors				
Fixed compensation for corporate office duties	€300,000	€300,000	€175,000	€175,000
Annual variable compensation	€0	€0	€0	€0
Extraordinary compensation	€0	€0	€0	€0
Directors' fees	€0	€0	€0	€0
Benefits in kind	€0	€0	€0	€0
TOTAL	**€300,000**	**€300,000**	**€175,000**	**€175,000**
Laurent Mignon's other compensation for his duties as Chief Executive Officer of Natixis [a]	**0**	**€1,000,371[b]**	**€853,552**	**€1,664,335 [b]**
Laurent Mignon's other compensation for his duties at BPCE	**€2,458,800**	**€1,428,837**	**€1,462,790**	**€700,000**
François Riahi, Chief Executive Officer				
Fixed compensation for corporate office duties	€800,000	€800,000	€466,667	€466,667
Annual variable compensation	€988,262	€749,248[c]	€528,190	€827,706 [c]
Extraordinary compensation	€0	€0	€0	€0
Directors' fees	€0	€0	€0	€0
Benefits in kind	€2,384 [d]	€2,384 [d]	€1,388 [d]	€1,388 [d]
TOTAL	**€1,790,646 [e]**	**€1,551,632**	**€996,245 [e]**	**€1,295,791**
François Riahi's other compensation for his duties at BPCE	**0**	**€111,585**	**€602,359**	**€323,396**

(a) *At its meeting of May 23, 2018, Natixis' Board of Directors also allocated 11,661 bonus 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*

(b) *This amount includes payment of deferred variable compensation and securities delivery in respect of previous years and granted for his duties as Chief Executive Officer of Natixis. Securities delivery under the Senior Management Committee Long-Term Incentive Plans is presented in AMF table No.7. In addition, under social protection, €7,066 in benefits in kind were declared in 2018 for Laurent Mignon.*

(c) *This amount includes payment of deferred variable compensation and securities delivery in respect of previous years and granted for his other duties. Excluding collective variable compensation (group incentive 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.*

(d) *The reported amount corresponds to the family allowance.*

(e) *At its meeting of August 2, 2018, Natixis' Board of Directors also allocated 13,605 bonus 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 and, at its May 28, 2019 meeting, it allocated 31,708 bonus shares valued at €160,000 on the allocation date.*

Compensation paid to François Riahi in 2019 in connection with his duties as Chief Executive Officer of Natixis was composed of €802,384 in fixed compensation and fringe benefits and €749,248 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 2019 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 2015	Deferred securities or similar instruments portion of variable compensation for fiscal year 2016	Deferred cash portion of variable compensation for fiscal year 2016	Deferred cash portion of variable compensation for fiscal year 2017	Cash portion of variable compen sation for fiscal year 2018 paid in March 2019	Portion of instruments similar to securities for fiscal year 2018 paid in October 2019	Total
Laurent Mignon							
Paid in 2019	€280,074	€87,402	€101,581	€380,025	€78,445	€72,844	€1,000,371
Granted (initial amount)	€238,934	€101,581	€101,581	€380,025	€78,445	€78,445	€979,011
François Riahi							
Paid in 2019	€113,964	€91,692	€106,568	€249,128	€97,426	€90,470	€749,248
Granted (initial amount)	€105,158	€106,568	€106,568	€249,128	€97,426	€97,426	€762,274

AMF Table No. 3

Compensation received by non-executive directors of Natixis

Non-executive directors	Fiscal year 2019 [(a)]		Fiscal year 2018 [(a)]	
(in euros)	**Amounts due**	**Amounts paid**	Amounts due	Amounts paid
BPCE				
Compensation				
Natixis director	**44,000**	**44,000**	**63,000**	**63,000**
o/w fixed compensation	*16,000*	*16,000*		
o/w variable compensation	*28,000*	*28,000*		
Member of the Natixis Audit Committee	**6,000**	**6,000**		
o/w fixed compensation	*3,000*	*3,000*		
o/w variable compensation	*3,000*	*3,000*		
Member of the Natixis Risk Committee	**9,000**	**9,000**		
o/w fixed compensation	*3,000*	*3,000*		
o/w variable compensation	*6,000*	*6,000*		
Member of the Natixis Strategic Committee	**4,000**	**4,000**		
o/w fixed compensation	*N/A*	*N/A*		
o/w variable compensation	*4000*	*4,000*		
In respect of Natixis subsidiaries	**34,200**	**29,100**	**37,800**	**42,000**
Laurent Mignon				
Compensation				
Natixis director	N/A [(b)]	N/A [(b)]	N/A [(b)]	N/A [(b)]
Member of the Natixis Strategic Committee	N/A [(b)]	N/A [(b)]	N/A [(b)]	N/A [(b)]
Compensation for his duties as Chief Executive Officer of Natixis	N/A	1,000,371 [(j)]	853,552 [(j)]	1,664,335 [(j)]
Compensation for his duties as Chairman of the Natixis Board of Directors	300,000	300,000	175,000	175,000
BPCE fixed compensation	1,200,000	1,200,000	700,000	700,000
Annual variable compensation in respect of BPCE	1,258,800 [(k)]	228,837 [(l)]	762,790 [(m)]	0
Catherine Halberstadt				
Compensation				
Natixis director	N/A	N/A	N/A	N/A
Member of the Natixis Audit Committee	N/A	N/A	N/A	N/A
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
Fixed compensation in respect of BPCE	500,000	500,000	500,103*	500,103*
Annual variable compensation in respect of BPCE	419,600 [(c)]	352,158 [(d)]	435,970 [(e)]	280,829 [(f)]
Benefits in kind in respect of BPCE	44,080 [(g)]	44,080 [(g)]	44,080 [(g)]	44,080 [(g)]
Other compensation	N/A [(h)]	11,473 [(i)]	N/A [(h)]	0
Daniel de Beaurepaire (office held since May 28, 2019)				
Compensation				
Natixis director	**16,778.08**	**16,778.08**	**N/A**	**N/A**
o/w fixed compensation	*4,778.08*	*4,778.08*		
o/w variable compensation	*12,000*	*12,000*		
Member of the Natixis Appointment Committee	**2,194.52**	**2,194.52**	**N/A**	**N/A**
o/w fixed compensation	*1,194.52*	*1,194.52*		
o/w variable compensation	*1,000*	*1,000*		
Member of the Natixis Strategic Committee	**2,000**	**2,000**	**N/A**	**N/A**
o/w fixed compensation	*N/A*	*N/A*		
o/w variable compensation	*2,000*	*2,000*		

Non-executive directors	Fiscal year 2019 [(a)]		Fiscal year 2018 [(a)]	
(in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
In respect of Natixis subsidiaries	**600**	**0**	**N/A**	**N/A**
In respect of BPCE and/or its subsidiaries	**3,600**	**1,800**	**N/A**	**N/A**
Thierry Cahn				
Compensation				
Natixis director	**22,000**	**22,000**	**22,000**	**22,000**
o/w fixed compensation	*8,000*	*8,000*		
o/w variable compensation	*14,000*	*14,000*		
Member of the Natixis Appointment Committee	**5000**	**5,000**	**4,000**	**4,000**
o/w fixed compensation	*2,000*	*2,000*		
o/w variable compensation	*3,000*	*3,000*		
Member of the Natixis Strategic Committee	**2,000**	**2,000**	**2,000**	**2,000**
o/w fixed compensation	*N/A*	*N/A*		
o/w variable compensation	*2,000*	*2,000*		
In respect of BPCE and/or its subsidiaries	**65,182.79**	**65,182.79**	**23,250**	**45,300**
o/w fixed compensation	*51,732.79*	*51,732.79*		
o/w variable compensation	*13,450*	*13,450*		
Alain Condaminas				
Compensation				
Natixis director	**22,000**	**22,000**	**22,000**	**22,000**
o/w fixed compensation	*8,000*	*8,000*		
o/w variable compensation	*14,000*	*14,000*		
Member of the Natixis Compensation Committee	**5,000**	**5,000**	**6,000**	**6,000**
o/w fixed compensation	*2,000*	*2,000*		
o/w variable compensation	*3,000*	*3,000*		
Member of the Natixis Strategic Committee	**2,000**	**2,000**	**2,000**	**2,000**
o/w fixed compensation	*N/A*	*N/A*		
o/w variable compensation	*2,000*	*2,000*		
In respect of Natixis subsidiaries	**4,800**	**2,400**	**7,200**	**3,600**
In respect of BPCE and/or its subsidiaries	**N/A**	**N/A**	**25,000**	**50,000**
Bernard Dupouy				
Compensation				
Natixis director	**22,000**	**22,000**	**22,000**	**22,000**
o/w fixed compensation	*8,000*	*8,000*		
o/w variable compensation	*14,000*	*14,000*		
Member of the Natixis Compensation Committee	**2,194.52**	**2,194.52**	**N/A**	**N/A**
o/w fixed compensation	*1,194.52*	*1,194.52*		
o/w variable compensation	*1,000*	*1,000*		
Member of the Natixis Strategic Committee	**2,000**	**2,000**	**2,000**	**2,000**
o/w fixed compensation	*N/A*	*N/A*		
o/w variable compensation	*2,000*	*2,000*		
In respect of Natixis subsidiaries	**N/A**	**1,800**	**3,600**	**3,600**
In respect of BPCE and/or its subsidiaries	**24,650**	**24,650**	**11,189.51**	**11,189.51**
o/w fixed compensation	*9,700*	*9,700*		
o/w variable compensation	*14,950*	*14,950*		
Nicole Etchegoïnberry				
Compensation				
Natixis director	**22,000**	**22,000**	**2,263.01**	**2,263.01**
o/w fixed compensation	*8,000*	*8,000*		
o/w variable compensation	*14,000*	*14,000*		
Member of the Natixis Appointment Committee	**5,000**	**5,000**	**N/A**	**N/A**
o/w fixed compensation	*2,000*	*2,000*		
o/w variable compensation	*3,000*	*3,000*		
Member of the Natixis Risk Committee	**9,000**	**9,000**	**N/A**	**N/A**
o/w fixed compensation	*3,000*	*3,000*		
o/w variable compensation	*6,000*	*6,000*		
Member of the Natixis Strategic Committee	**2,000**	**2,000**	**N/A**	**N/A**
o/w fixed compensation	*N/A*	*N/A*		
o/w variable compensation	*2,000*	*2,000*		
In respect of BPCE and/or its subsidiaries	**35,900**	**25,900**	**23,900**	**16,900**
Sylvie Garcelon				
Compensation				
Natixis director	**22,000**	**22,000**	**22,000**	**22,000**
o/w fixed compensation	*8,000*	*8,000*		
o/w variable compensation	*14,000*	*14,000*		
Member of the Natixis Audit Committee	**8,000**	**8,000**	**8,000**	**8,000**
o/w fixed compensation	*3,000*	*3,000*		

Non-executive directors	Fiscal year 2019 [(a)]		Fiscal year 2018 [(a)]	
(in euros)	**Amounts due**	**Amounts paid**	Amounts due	Amounts paid
o/w variable compensation	*5,000*	*5,000*		
Member of the Natixis Strategic Committee	**2,000**	**2,000**	**2,000**	**2,000**
o/w fixed compensation	*N/A*	*N/A*		
o/w variable compensation	*2,000*	*2,000*		
In respect of BPCE and/or its subsidiaries	**20,400**	**20,400**	**10,000**	**10,000**
o/w fixed compensation in respect of BPCE	*4,000*	*4,000*		
o/w variable compensation in respect of BPCE	*5,400*	*5,400*		
Anne Lalou				
Compensation				
Natixis director	**22,000**	**22,000**	**22,000**	**22,000**
o/w fixed compensation	*8,000*	*8,000*		
o/w variable compensation	*14,000*	*14,000*		
Member of the Natixis Appointment Committee	**5,000**	**5,000**	**4,000**	**4,000**
o/w fixed compensation	*2,000*	*2,000*		
o/w variable compensation	*3,000*	*3,000*		
Member of the Natixis Compensation Committee	**5,000**	**5,000**	**5,000**	**5,000**
o/w fixed compensation	*2,000*	*2,000*		
o/w variable compensation	*3,000*	*3,000*		
Chairman of the Natixis Strategic Committee	**12,000**	**12,000**	**12,000**	**12,000**
o/w fixed compensation	*N/A*	*N/A*		
o/w variable compensation	*12,000*	*12,000*		
Françoise Lemalle				
Compensation				
Natixis director	**22,000**	**22,000**	**22,000**	**22,000**
o/w fixed compensation	*8,000*	*8,000*		
o/w variable compensation	*14,000*	*14,000*		
Member of the Natixis Audit Committee	**8,000**	**8,000**	**7,000**	**7,000**
o/w fixed compensation	*3,000*	*3,000*		
o/w variable compensation	*5,000*	*5,000*		
Member of the Natixis Strategic Committee	**2,000**	**2,000**	**2,000**	**2,000**
o/w fixed compensation	*N/A*	*N/A*		
o/w variable compensation	*2,000*	*2,000*		
In respect of BPCE and its subsidiaries	**26,800**	**26,800**	**27,400**	**52,400**
o/w fixed compensation in respect of BPCE	*8,950*	*8,950*		
o/w variable compensation in respect of BPCE	*14,850*	*14,850*		
Bernard Oppetit				
Compensation [(n)]				
Natixis director	**22,000**	**22,000**	**22,000**	**22,000**
o/w fixed compensation	*8,000*	*8,000*		
o/w variable compensation	*14,000*	*14,000*		
Member of the Natixis Audit Committee	**8,000**	**8,000**	**8,000**	**8,000**
o/w fixed compensation	*3,000*	*3,000*		
o/w variable compensation	*5,000*	*5,000*		
Chairman of the Natixis Risk Committee	**29,000**	**29,000**	**29,000**	**29,000**
o/w fixed compensation	*17,000*	*17,000*		
o/w variable compensation	*12,000*	*12,000*		
Member of the Natixis Strategic Committee	**2,000**	**2,000**	**2,000**	**2,000**
o/w fixed compensation	*N/A*	*N/A*		
o/w variable compensation	2,000	2,000		
Catherine Pariset				
Compensation				
Natixis director	**22,000**	**22,000**	**22,000**	**22,000**
o/w fixed compensation	*8,000*	*8,000*		
o/w variable compensation	*14,000*	*14,000*		
Chairman of the Natixis Audit Committee	**27,000**	**27,000**	**27,000**	**27,000**
o/w fixed compensation	*17,000*	*17,000*		
o/w variable compensation	*10,000*	*10,000*		
Member of the Natixis Risk Committee	**9,000**	**9,000**	**9,000**	**9,000**
o/w fixed compensation	*3,000*	*3,000*		
o/w variable compensation	*6,000*	*6,000*		
Member of the Natixis Strategic Committee	**2,000**	**2,000**	**2,000**	**2,000**
o/w fixed compensation	*N/A*	*N/A*		
o/w variable compensation	*2,000*	*2,000*		
Christophe Pinault				
Compensation				
Natixis director	**22,000**	**22,000**	**N/A**	**N/A**
o/w fixed compensation	*8,000*	*8,000*		

Non-executive directors	Fiscal year 2019 [a]		Fiscal year 2018 [a]	
(in euros)	**Amounts due**	**Amounts paid**	Amounts due	Amounts paid
o/w variable compensation	*14,000*	*14,000*		
Member of the Natixis Risk Committee	**9,000**	**9,000**	**N/A**	**N/A**
o/w fixed compensation	*3,000*	*3,000*		
o/w variable compensation	*6,000*	*6,000*		
Member of the Natixis Compensation Committee	**4,000**	**4,000**	**N/A**	**N/A**
o/w fixed compensation	*2,000*	*2,000*		
o/w variable compensation	*2,000*	*2,000*		
Member of the Natixis Strategic Committee	**2,000**	**2,000**	**N/A**	**N/A**
o/w fixed compensation	*N/A*	*N/A*		
o/w variable compensation	*2,000*	*2,000*		
In respect of Natixis subsidiaries	**11,500**	**11,500**	**N/A**	**N/A**
In respect of BPCE and/or its subsidiaries	**7,800**	**7,800**	**N/A**	**N/A**
Henri Proglio				
Compensation				
Natixis director then non-voting member	**22,000**	**22,000**	**22,000**	**22,000**
o/w fixed compensation	*8,000*	*8,000*		
o/w variable compensation	*14,000*	*14,000*		
Chairman of the Natixis Appointment Committee (until April 4, 2019)	**7,821.92**	**7,821.92**	**19,000**	**19,000**
o/w fixed compensation	*3,821.92*	*3,821.92*		
o/w variable compensation	*4,000*	*4,000*		
Member of the Natixis Compensation Committee	**4,000**	**4,000**	**6,000**	**6,000**
o/w fixed compensation	*2,000*	*2,000*		
o/w variable compensation	*2,000*	*2,000*		
Member of the Natixis Strategic Committee	**2,000**	**2,000**	**2,000**	**2,000**
o/w fixed compensation	*N/A*	*N/A*		
o/w variable compensation	2,000	2,000		
Philippe Sueur (office held until May 28, 2019)				
Compensation				
Natixis director	**15,243.84**	**15,243.84**	**22,000**	**22,000**
o/w fixed compensation	*3,243.84*	*3,243.84*		
o/w variable compensation	*12,000*	*12,000*		
Member of the Natixis Appointment Committee	**2,810.96**	**2,810.96**	**4,000**	**4,000**
o/w fixed compensation	*810.96*	*810.96*		
o/w variable compensation	*2,000*	*2,000*		
Member of the Natixis Strategic Committee	**2,000**	**2,000**	**2,000**	**2,000**
o/w fixed compensation	*N/A*	*N/A*		
o/w variable compensation	*2,000*	*2,000*		
Diane de Saint Victor (office held since April 4, 2019)				
Compensation [n]				
Natixis director	**19,961.64**	**19,961.64**	**N/A**	**N/A**
o/w fixed compensation	*5,961.64*	*5,961.64*		
o/w variable compensation	*14,000*	*14,000*		
Chairwoman of the Natixis Appointment Committee	**13,178.08**	**13,178.08**	**N/A**	**N/A**
o/w fixed compensation	*11,178.08*	*11,178.08*		
o/w variable compensation	*2,000*	*2,000*		
Member of the Natixis Compensation Committee	**2,490.41**	**2,490.41**	**N/A**	**N/A**
o/w fixed compensation	*1,490.41*	*1,490.41*		
o/w variable compensation	*1,000*	*1,000*		
Member of the Natixis Strategic Committee	**2,000**	**2,000**	**N/A**	**N/A**
o/w fixed compensation	*N/A*	*N/A*		
o/w variable compensation	*2,000*	*2,000*		

Non-executive directors	Fiscal year 2019 [(a)]		Fiscal year 2018 [(a)]	
(in euros)	**Amounts due**	**Amounts paid**	Amounts due	Amounts paid
Nicolas de Tavernost				
Compensation				
Natixis director	**22,000**	**22,000**	**22,000**	**22,000**
o/w fixed compensation	*8,000*	*8,000*		
o/w variable compensation	*14,000*	*14,000*		
Member of the Natixis Appointment Committee	**5,000**	**5,000**	**4,000**	**4,000**
o/w fixed compensation	*2,000*	*2,000*		
o/w variable compensation	*3,000*	*3,000*		
Chairman of the Natixis Compensation Committee	**21,000**	**21,000**	**23,000**	**23,000**
o/w fixed compensation	*15,000*	*15,000*		
o/w variable compensation	*6,000*	*6,000*		
Member of the Natixis Strategic Committee	**2,000**	**2000**	**2,000**	**2,000**
o/w fixed compensation	*N/A*	*N/A*		
o/w variable compensation	*2,000*	*2,000*		

(*) The difference of €103 compared to the expected amount is due to the 13th-month calculation method applied to the employment contract portion.
(a) Amounts before 30% withholding tax.
(b) Compensation paid to BPCE.
(c) Variable compensation for fiscal year 2019 of which €209,800 (50%) paid in 2020 and the balance (50%) deferred over three years in equal shares of €69,933.
(d) Amount paid in 2019 for the variable compensation for fiscal year 2018, or €217,985, and for the deferred portion of the variable compensation for fiscal year 2017, or €76,769, and for the deferred portion of the variable compensation for fiscal year 2016, or €57,404.
(e) 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.
(f) 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.
(g) Of which €40,000 in housing allowance and €4,080 under "company car" benefits in kind.
(h) Under the terms of her employment contract, Catherine Halberstadt benefits from BPCE S.A.'s group incentive agreement. The individual amount granted to Catherine Halberstadt for the fiscal year in question was unknown on the publication date of the universal registration document for the same fiscal year.
(i) Under the terms of her employment contract, Catherine Halberstadt benefits from BPCE's group incentive agreement paid in 2019 in respect of the 2018 fiscal year.
(j) This amount includes payment of deferred variable compensation and securities delivery in respect of previous years, allocated for his duties as Chief Executive Director of Natixis (until June 1, 2018). The securities delivery under the Senior Management Committee Long-Term Incentive Plans is presented in AMF Table No. 7. In addition, under social protection, €7,066 in benefits in kind were declared in 2018 for Laurent Mignon.
(k) Variable compensation for 2019, of which €377,640 (30%) in 2020 and the balance (70%) deferred over three years in equal shares of €293,720.
(l) Amount paid in 2019 for the variable compensation for fiscal year 2018.
(m) 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.
(n) Before 12.8% withholding tax.

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 2019.

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 2019.

AMF Table No. 6

Bonus shares allocated to each executive corporate officer in 2019

Bonus shares granted by the General Shareholders' Meeting during the period to each corporate officer 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	12/04/2019	10,172 [c]	€49,308 [d]	01/03/2021	01/10/2021	Yes
	12/04/2019	20,345 [c]	€98,615 [d]	01/03/2022	01/10/2022	Yes
François Riahi	28/05/2019	31,708 [a]	€79,587	27/05/2023	27/05/2023	Yes
	12/04/2019	11,461 [c]	€55,556 [d]	01/03/2021	01/10/2021	Yes
	12/04/2019	22,924 [c]	€111,113 [d]	01/03/2022	01/10/2022	Yes

(a) *Bonus shares awarded under the Long-Term Incentive Plan to members of Natixis' Senior Management Committee.*
(b) *30% of the shares issued will be subject to a lock-in period ending upon the termination of his office.*
(c) *Shares allocated as part of the deferred component of annual variable compensation in respect of 2018.*
(d) *Corresponding to the value of the shares on the allocation date.*

AMF Table No. 7

Bonus 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 [(a)]	Vesting conditions
Laurent Mignon	12/02/2015	16,392	[(b)]
	28/07/2016	57,510	[(b)]
	10/04/2017	17,947	[(b)]
François Riahi	10/04/2017	18,828	[(b)]
TOTAL	**N/A**	**110,677**	**N/A**

(a) 30% of the shares issued to corporate officers will be subject to a lock-in period ending upon their termination of office.
(b) Regarding principles of compensation for corporate officers, see section 2.4.1.3 "Annual variable compensation" and "Free allocation of bonus shares".

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 2019:	
Thierry Cahn	N/A
Alain Condaminas	N/A
Daniel de Beaurepaire	N/A
Diane de Saint Victor	N/A
Bernard Dupouy	N/A
Nicole Etchegoïnberry	N/A
Sylvie Garcelon	N/A
Catherine Halberstadt	N/A
Anne Lalou	N/A
Françoise Lemalle	N/A
Laurent Mignon	N/A
Bernard Oppetit	N/A
Catherine Pariset	N/A
Christophe Pinault	N/A
Henri Proglio	N/A
Philippe Sueur	N/A
Nicolas de Tavernost	N/A
2) Natixis CEO in 2019:	
François Riahi	
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 31/12/2019	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-corporate officer 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 2019.

AMF Table No. 10

Record of the allocation of bonus shares for each executive corporate officer

Information on bonus shares allocated	Date of General Shareholders' Meeting	Date of Board of Directors' Meeting	Total number of bonus shares allocated [(a)]	Share vesting date	End of lock-in period [(b)]	Number of vested shares subscribed at December 31, 2019	Cumulative number of lapsed or canceled shares	Allocated shares remaining at the end of the fiscal year
Laurent Mignon	21/05/2013	18/02/2015	27,321	18/02/2019	18/02/2019	16,392	10,929	0
Laurent Mignon	24/05/2016	28/07/2016	47,463	28/07/2020	28/07/2020	-	-	47,463
Laurent Mignon	24/05/2016	28/07/2016	57,510 [(c)]	01/03/2019	01/10/2019	57,510	-	0
Laurent Mignon	24/05/2016	10/04/2017	17,947 [(c)]	01/03/2019	01/10/2019	17,947	-	0
Laurent Mignon	24/05/2016	10/04/2017	35,894 [(c)]	01/03/2020	01/10/2020	-	-	35,894
Laurent Mignon	24/05/2016	23/05/2017	29,911	23/05/2021	23/05/2021	-	-	29,911
Laurent Mignon	24/05/2016	13/04/2018	28,258 [(c)]	01/03/2020	01/10/2020	-	-	28,258
Laurent Mignon	24/05/2016	13/04/2018	56,517 [(c)]	01/03/2021	01/10/2021	-	-	56,517
Laurent Mignon	24/05/2016	23/05/2018	11,661	23/05/2022	23/05/2022	-	-	11,661
Laurent Mignon	24/05/2016	12/04/2019	10,172 [(c)]	01/03/2021	01/10/2021	-	-	10,172
Laurent Mignon	24/05/2016	12/04/2019	20,345 [(c)]	01/03/2022	01/10/2022	-	-	20,345
François Riahi	24/05/2016	13/04/2018	18,525 [(c)]	01/03/2020	01/10/2020	-	-	18,525
François Riahi	24/05/2016	13/04/2018	37,050 [(c)]	01/03/2021	01/10/2021	-	-	37,050
François Riahi	24/05/2016	02/08/2018	13,605	23/05/2022	23/05/2022	-	-	13,605
François Riahi	24/05/2016	28/05/2019	31,708	27/05/2023	27/05/2023			31,708
François Riahi	24/05/2016	12/04/2019	11,461 [(c)]	01/03/2021	01/10/2021	-	-	11,461
François Riahi	24/05/2016	12/04/2019	22,924 [(c)]	01/03/2022	01/10/2022	-	-	22,924

(a) All shares allocated in fiscal years 2015 to 2019 inclusive are subject to performance conditions.
(b) 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.
(c) 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

2019	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, Chairman of the Board of Directors [(c)] Term of office began: June 1, 2018 Term of office ended: the May 2023 General Shareholders' Meeting		X		X		X		X
François Riahi, Chief Executive Officer Term of office began: June 1, 2018 Term of office ended: the May 2022 General Shareholders' Meeting		X	X	[(b)]	X		X	

(a) See section 2.4.1.3 "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 Groupe BPCE. Furthermore, 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 Groupe BPCE. The premiums on this policy were paid by the Chief Executive Officer and not by Natixis. In 2019, François Riahi paid €117,333 into his policy.

(c) Situation presented with respect to his term of office as Chairman of the Board of Directors of Natixis.

2.4.2.5 Components of compensation due or granted with respect to the fiscal year ended December 31, 2019 to the Chief Executive Officer of Natixis

The components of the compensation due or granted to each executive corporate officer in respect of fiscal year 2019 must be submitted to Natixis' General Shareholders' Meeting for approval. For Natixis, this recommendation concerns the compensation of François Riahi.

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/bonus shares and any other long-term compensation;
- signing bonuses;
- contract termination payment: severance payment/non-compete payment;
- supplementary pension plan;
- Directors' compensation;
- 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	€800,000	François Riahi's gross fixed compensation for 2019 for his duties as Chief Executive Officer was €800,000 and is unchanged from the previous year.
Annual variable compensation in respect of 2019	€988,262	The annual variable compensation in respect of fiscal year 2019 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 2019 in accordance with the provisions of the Sapin II law. The variable compensation target for the 2019 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. François Riahi's variable compensation target for the 2019 fiscal year was €960,000. The following targets were set for 2019: ▪ 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%);

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
Annual variable compensation in respect of 2019		▪ 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 2019 was set as follows: ▪ in respect of BPCE quantitative criteria: €267,588 or 111.50% of the target; ▪ in respect of Natixis quantitative criteria: €413,474, or 95.71% of the target; ▪ in respect of strategic criteria: €307,200, or 106.67% of the target. The amount of variable compensation for 2019, which will be put to a vote of the shareholders at the next Annual General Shareholders' Meeting, is therefore 102.94% of the variable compensation target, i.e. 988,262: ▪ one portion will be paid in 2019, 50% of it indexed to the Natixis share price, i.e. €348,212; ▪ the other portion shall be deferred over three years, 50% of it indexed to the Natixis share price, i.e. €640,050. This deferred amount 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 continued service requirement and performance conditions are met.
Multi-year variable compensation	0	In 2019 François Riahi did not receive any multi-year variable compensation.
Extraordinary compensation	0	In 2019 François Riahi did not receive any extraordinary compensation.
Allocation of stock options/ performance shares and any other long-term compensation	31,708 shares	▪ No stock options were granted to François Riahi during fiscal year 2019. ▪ Based on the positive opinion of the Compensation Committee and in keeping with the principle of the Chief Executive Officer's eligibility to receive 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 28, 2019, the Board of Directors of Natixis allocated 31,708 performance shares to François Riahi, which can lead to the acquisition of a maximum of 38,049 shares, depending on the achievement of the performance conditions, i.e. a maximum of 0.00101% of share capital at the allocation date. This allocation corresponds to 20% of François Riahi's gross annual fixed compensation. ▪ Vesting of these shares is contingent upon meeting the continued service requirement and performance conditions, which are based on both the relative Total Shareholder Return (TSR) achieved on Natixis stock and the fulfillment of CSR 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 2019, 2020, 2021 and 2022, 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. ▪ CSR objectives are based on the change in Natixis' CSR performance over the four-year vesting period as assessed by the three CSR rating agencies. The vesting process includes a rating scale corresponding to the CSR assessments of each agency, with requirements becoming more stringent over the 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 CSR 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 corporate officer at the end of the vesting period will be subject to a lock-in period ending upon the termination of his office.

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
Ban on hedging		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.
Contract termination payment: severance payment/non-compete payment	-	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). 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, 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 2019, François Riahi paid €117,333 into his policy.
Directors' compensation	-	In 2019, François Riahi received no compensation in respect of the 2019 fiscal year as part of his responsibilities as a director within Groupe BPCE.
Benefits of any kind	€2,384	The Chief Executive Officer receives a family allowance in accordance with the same rules as those applied to Natixis employees in France.
Healthcare scheme/personal protection insurance		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.

* *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).*

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 Regulation (EU) 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

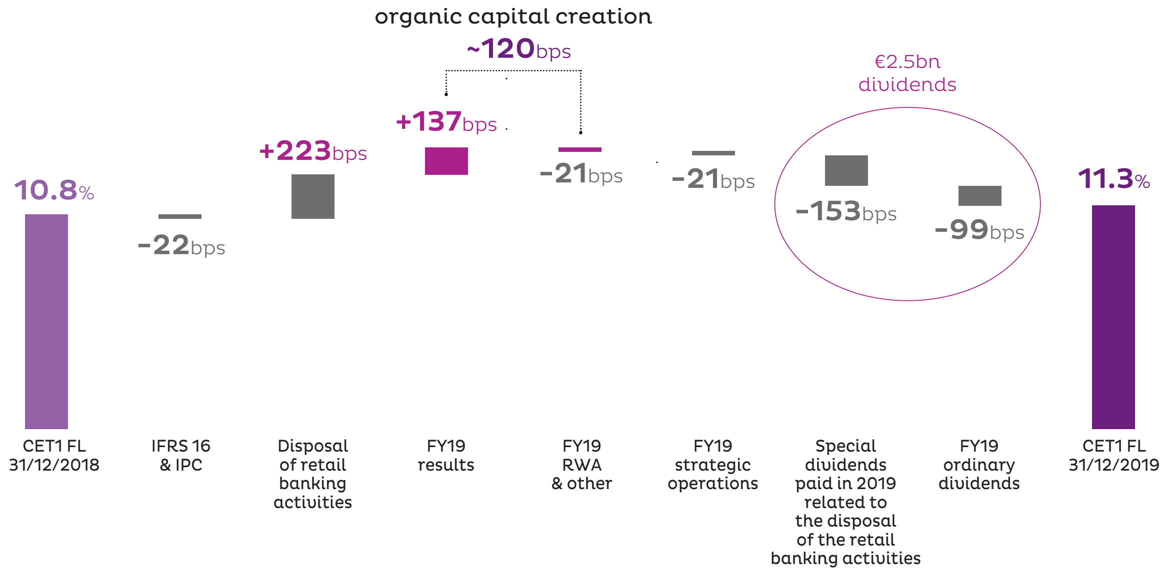
11.3%
CET1 Ratio phased-in

15.7%
Total capital ratio

3.5%
Leverage ratio

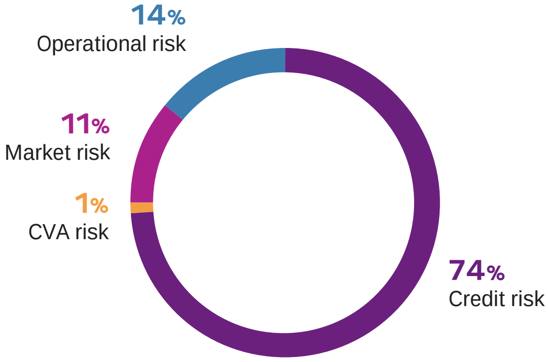
124%
LCR

Financial structure

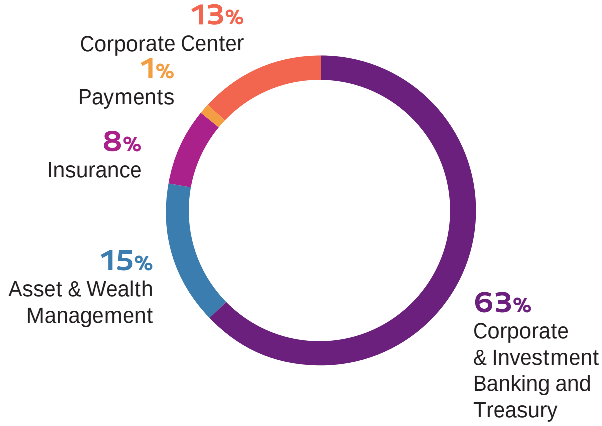


Risk-weighted assets

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. At present, they are identified as material risks which, by Natixis' estimations, could adversely affect the viability of its activities, and are generally measured in terms of the impact these risks could have on Natixis' solvency ratio or net income. After the overhaul of Natixis' risk map in 2019, a number of changes were made to the presentation of the risk factors that featured in the 2018 registration document.

The risks to which Natixis is exposed across all its business lines may arise from several risk factors related to, among other things, macroeconomic and regulatory changes to its operating environment, or relating to implementing its strategy and conducting its business.

Pursuant to Article 16 of Regulation (EU) 2017/1129, known as "Prospectus 3", of June 14, 2017, whose provisions with respect to risk factors came into effect on July 21, 2019, the intrinsic risks of Natixis' business at the date of filing this universal registration document are presented as six main categories:

- credit and counterparty risk;
- financial risk;
- non-financial risk;
- strategic and business risk;
- risk related to Insurance activities;
- risk related to holding Natixis securities.

Credit and counterparty risk

The concentration of credit and counterparty risk may compound Natixis' exposure

Natixis is exposed to credit and counterparty risk through its financing, structuring, trading and settlement activities that are performed in large part by its Corporate & Investment Banking (CIB) division.

Credit and counterparty risk is one of the major risks identified by Natixis and represented 74% of total RWA at December 31, 2019.

At that date, therefore, Natixis' exposure to credit and counterparty risk (Exposure at Default excl. CVA) totaled €265 billion, split primarily between companies (44%), sovereigns (15%), banks and similar items (32%). At 46%, credit and counterparty risk exposure was concentrated in France, while the rest of Europe (EU and non-EU) made up 19%, North America 18% and Asia 8% *(see section 3.2.3.10)*.

Should one or more of its counterparties fail to honor their contractual obligations, Natixis could suffer varying degrees of financial loss depending on the concentration of its exposure to said counterparties. Moreover, should the ratings of counterparties belonging to a single group or single business sector deteriorate significantly, or should a country's economic situation were to worsen, Natixis' credit risk exposure may be compounded.

Natixis' ability to carry out its financing, structuring, trading and settlement transactions also depends, among other factors, on the stability and financial soundness of other financial institutions and market participants. This is because financial institutions are closely interconnected, due in large part to 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 therefore incur financial losses for Natixis.

A material increase in Natixis' impairments or provisions for expected credit losses could adversely affect its results and financial position

As part of its activities, and wherever necessary, Natixis recognizes in provisions for non-performing loans, reflecting actual or potential losses in respect of its loan and receivables portfolio, under "Provision for credit losses" on its income statement. At December 31, 2019, Natixis' provision for credit losses totaled -€332 million.

Since January 1, 2018, Natixis applies IFRS 9 "Financial Instruments," which requires raising provisions as of the 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. *(See Note 6 "Accounting principles and valuation methods" to the consolidated financial statements for the fiscal year ended December 31, 2019 in Chapter 5.1 "Financial Statements").*

Under this framework, performing loans (Stage 1), for which there has been no material increase in credit risk since initial recognition, are provisioned for 12 months of expected losses. Underperforming loans (Stage 2), for which there has been a material increase in credit risk since initial recognition but not to the point of having to classify them 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 based on historical unexpected losses on unprovisioned loans. At December 31, 2019, non-performing loans totaled €3,072 million, of which 23% was attributable to France, 19% to the rest of Europe, and 23% to North America. Natixis' non-performing loan ratio was 4.5% and its coverage ratio for these non-performing loans was 40.9%.

The increase in credit risk between S1 and S2 loans is measured against the following criteria: changes to counterparty ratings (for large corporates, banks and sovereigns loan books) since initial recognition; changes to probability of default within one year (for individual customer, professional customer, SME, public sector and social housing loan books) since initial recognition; placement on the watchlist; forborne status; the ratings of the sector or country of the counterparty; and the existence of one or more contracts more than 30 days past due.

Any deterioration in market conditions or in the economic or political environment or any other problems (including health risks, such as coronavirus) affecting certain countries or business sectors of Natixis' counterparties could therefore substantially increase losses and provisions for losses and deteriorate the provision for credit losses for Natixis. The occurrence of one or more of these events could have a material adverse effect on Natixis' results and financial position.

Reduced or no liquidity of assets such as loans could it more difficult for Natixis to distribute or structure such assets and thus have a negative impact on Natixis' results and financial position

In accordance with the "originate to distribute" model, Natixis originates or acquires certain assets with a view to distribute them at a later stage by way of syndication or securitization. Natixis' origination activity is concentrated in large corporate lending and in specialized financing, while its distribution is at the service of banks and non-banking financial institutions.

If there is less liquidity on the syndication or securitization markets in particular for these assets, or if Natixis is unable to sell or reduce its positions, Natixis may have to bear more credit risk and market risk associated with these assets for longer than anticipated. If there is no liquidity in the secondary markets for these, Natixis may have to reduce its origination activities and thus affect its revenues and relations with its customers, which in turn could have a negative impact on its results and financial position (*see section 4.2.1*). Furthermore, depending on market conditions, Natixis may have to recognize a value adjustment on assets that are 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 the needs of its clients, Natixis operates on the financial markets — namely the debt, forex, commodity and equity markets.

In recent years, the financial markets have fluctuated significantly in a sometimes exceptionally volatile environment which could reoccur and potentially result in significant losses for capital markets activities.

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, and increase the risk of losses from net long positions when prices decline and, conversely, from net short positions when prices rise. As such, Natixis is especially exposed to interest rate and share price fluctuations (*see paragraph 3.2.5.4*).

At December 31, 2019, the market risk (including CVA) associated with Corporate & Investment Banking activities represented 13% of Natixis' total RWA (*see paragraph 3.2.3.10*).

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 rely on observations of past market behavior and on analyses of historical correlations, but could prove unsuitable in certain market configurations (e.g. sharp volatility due to trade tensions between the US and China, or Brexit) due to imperfections in the models used.

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. In some cases, however, 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 amplify 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. In terms of the hedge accounting relationship, at December 31, 2019 the ineffective portion of hedges recorded in income totaled -€18 million (*see Note 7.3 of Chapter 5*).

The fair value of the derivatives portfolio includes additional valuation adjustments that could affect Natixis' net income and equity

The fair value of Natixis' derivatives is determined by factoring in certain additional adjustments in order to account for:

- the quality of the counterparty (credit value adjustment — CVA) by recognizing in the valuation of the derivative instruments the credit risk corresponding to the risk of non-payment of the amounts owed by the associated counterparty;
- Natixis' own credit risk (debt valuation adjustment — DVA) by recognizing in the passive valuation of derivative instruments the risk borne by our counterparties (i.e. potential losses that Natixis causes its counterparties to incur in the event of default or the deterioration of its own credit quality);
- funding risk (funding valuation adjustment — FVA) by recognizing in the valuation of uncollateralized or partially collateralized cost related to the financing costs of future cash flows.

These additional adjustments recognized in the income statement have a direct impact on Natixis' net banking income and equity. For information purposes, at December 31, 2019, the adjustments recognized on financial assets and liabilities held for trading under CVA, DVA and FVA were established at -€1.2 million, -€35.4 million and +€12.8 million respectively (*see Note 7.3 of Chapter 5*).

Natixis' access to certain forms of financing may be adversely affected in the event of a financial crisis or downgrade of its rating or that of the group

Since 2011, Natixis' funding structure has relied on a Joint Refinancing Pool between Natixis and BPCE. Natixis secures a portion of 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 S.A. Natixis is the group's medium- and long-term issuer for structured private sector refinancing transactions.

If the credit ratings of BPCE and therefore of Natixis were downgraded by major rating agencies, or were BPCE struggle to secure funding from the markets, the liquidity of Groupe BPCE, and thus of Natixis, and the corresponding cost of funding could be adversely affected.

Moreover, another crisis affecting the financial markets and/or banking sector, or adverse trends in market conditions could adversely affect Natixis' financial position in terms of CET1 *(see glossary to the universal registration document)* and leverage, its balance sheet, and its results.

Fair value variations of Natixis-held shares due to changes to issuer credit quality may adversely affect Natixis' equity and solvency

This risk concerns Natixis-held shares in the banking book category which are designated at fair value to balance out other comprehensive income (OCI). Natixis is mainly exposed to this risk through the debt instruments it holds as part of its liquid asset buffer. This risk manifests as a decrease in the financial assets' value resulting from changes to credit issuer quality for debt securities (CSRBB — credit spread risk in the banking book). At December 31, 2019, no material increase of the credit risk of the shares held for the purposes of liquidity reserves was observed *(see Note 6.3 of Chapter 5)*.

Non-financial risks

Should Natixis fail to comply with applicable laws and regulations, it could be exposed to heavy fines and other administrative and criminal sanctions likely to have a material adverse effect on its financial position, business and reputation

Compliance risk is defined as the risk of legal, administrative or disciplinary sanctions, but also of financial loss or reputational damage, resulting 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 the last few years there has been a substantial increase in new regulations that have introduced significant changes affecting both the financial markets and relationships between investment service providers and clients or investors. These new regulations (including MiFID II, PRIIPs, Insurance Distribution Directive, Market Abuse regulation, Fourth Anti-Money Laundering and Counter Terrorist Financing Directive, Personal Data Protection Regulation, and the EU Benchmarks Regulation) have major impacts on the company's business processes.

Compliance risk includes, for example, the use of inappropriate means to promote and market the bank's products and services, inadequate management of potential conflicts of interest, disclosure of confidential or privileged information, or failure to comply with new client or supplier due diligence procedures, particularly with respect to financial security (including anti-money laundering and counter terrorist financing, compliance with embargoes, anti-fraud and corruption).

Natixis' Compliance Department oversees compliance risk prevention and mitigation *(see section 3.2.8)*. Natixis nevertheless remains exposed to the risk of fines or other major sanctions imposed by regulatory and supervisory authorities, as well as civil or criminal legal proceedings that could have a material adverse effect on its financial position, business 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

Applicable to all Natixis employees, Natixis' Code of Conduct formalizes the general principles of conduct in force at Natixis, and establishes guidelines for all employees regarding expected behavior when carrying out 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 working on a permanent or temporary basis. This requirement is in addition to commitments to comply with applicable internal rules, and with national and international laws and regulations.

Natixis also requires its suppliers and contractors to comply with the key principles of the Code of Conduct.

To implement the Code of Conduct on a day-to-day basis, Natixis has established a conduct framework with its own committee (the Global Culture and Conduct Committee) and training program. *(For a detailed description of the Code of Conduct and the conduct framework, see section 6.2 of this universal registration document.)*

But even with the adoption of a Code of Conduct and the creation of a conduct framework, Natixis is exposed to potential actions or behaviors by employees, suppliers and contractors that are unethical or not in clients' interest, 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, damage its reputation or shareholder value, and expose Natixis, its employees or stakeholders to criminal, administrative or civil sanctions likely to adversely affect its financial position and business.

An operational failure, or an interruption or failure of Natixis' third-party partners' information systems, or a breach of Natixis' information systems could result in losses or reputational damage

Natixis is exposed to several types of operational risks inherent to banking operations. These risks include process and procedural weaknesses, acts of fraud (both internal and external), system failures or unavailability, as well and cybercrime, and an operational failure related to a health risk could also be identified. Despite the controls and procedures in place, Natixis could be exposed to operational risk through, for example, data input errors, failures in collateral management, and incorrect application of procedures. These types of situations could generate significant compliance and control costs for the affected processes which could have an impact on Natixis' financial position.

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 *(for a description of Natixis' communication and information systems, see the risk management system in section 3.2.8.5)*. 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 instance, Natixis' information systems shut down, even for a short period, it may not be able to meet customers' needs in a timely manner, potentially resulting in lost business opportunities. Therefore, 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, 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. As interconnectivity with customers grows, Natixis may also be increasingly exposed to the risk of operational failure of its customers' information systems.

Lastly, Natixis is exposed to cybercrime risk. Cybercrime covers 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 likely to have material financial and reputational impacts on all companies, and in particular those in the banking sector. Given the increasing sophistication of the criminal enterprises behind cyberattacks, regulatory and supervisory authorities have begun to highlight 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 map of risks relating to IT Systems Security, as well as a far-reaching campaign to raise all employees' awareness on ITSS matters. In 2019, no cybercrime-related incident had a material adverse impact on Natixis' financial position or reputation. However, as cyberattacks are constantly evolving to become increasingly advanced, 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 effect on its business, financial position and reputation. As an example, in 2019 Natixis' information system was targeted by the ransomware Payroll through a phishing campaign. While considered serious, this incident had no financial impact and therefore no consequences on Natixis' reputation.

Natixis cannot guarantee that such interruptions or failures of its communication and information systems, of the systems of third parties, or a breach of its information systems will not occur or, should they 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, or result in reputational damage.

Any damage to Natixis' reputation could affect its competitive position and have a negative impact on its financial position

Natixis' reputation is pivotal to its ability to conduct its business and in particular to meet the objectives set out in its New Dimension strategic plan.

Thanks to Natixis' current reputation, it is able to maintain relationships with its clients, employees, suppliers, partners and investors that are built on trust.

The occurrence, whether once or repeatedly, of one or more of the risks identified in this section, a lack of transparency or communication errors could harm Natixis' reputation. There is greater reputation risk today due to the growing use of social media across the economic sphere. Beyond the inherent negative impact, any damage to Natixis' reputation could also result in lost business, and a drop in Natixis' share price, both of which would weigh on its financial position. An example of this was the liquidity risk controversy involving several funds of Natixis' Asset Management subsidiary, H_2O AM, following the publication of an article in summer 2019 that immediately caused Natixis' share price to fall.

Strategic and business risks

Unfavorable economic or market conditions, and an economic environment of persistently low interest rates can weigh on Natixis' profitability and financial position

Natixis is the Groupe BPCE subsidiary operating in Asset & Wealth Management, Corporate & Investment Banking, Insurance and Payments across three key regions: the Americas, Asia-Pacific and EMEA (Europe, Middle East and Africa), representing 29%, 6% and 65% of net revenues respectively for the fiscal year ended December 31, 2019).

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 Natixis' main markets could have the following negative impacts in particular:

- an increased rate of defaults on loans and receivables and higher provisions for non-performing loans due to the impact on the business and operations of Natixis' customers. 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 volumes 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;
- an adverse change in the market prices of various asset classes could affect the performance of Natixis Investment Managers companies, especially due to a decrease in assets on which management fees are charged;
- 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, were market interest rates to rise in the future, a portfolio featuring significant low 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. As an indication, the sensitivity of the economic value of the main entities within Natixis' consolidated scope to a -200 bps shift calculated as per EBA guidelines represented -€12 million at December 31, 2019 *(see section 3.2.7.4)*.

In addition, the main markets on which Natixis operates may be affected by uncertainties such as those regarding the future relationship between the UK and the EU following Brexit, global trade, the geopolitical context, and any manner of uncertainty (i.e. health risk such as coronavirus). As an indication, at December 31, 2019, net revenues generated by Great Britain-based offices totaled €914 million. These uncertainties could adversely affect Natixis' profitability and financial position.

Natixis may be unable to meet the objectives of its strategic plan. Its financial position and the market value of its securities could be adversely affected

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 subsequent strategic plan. Unveiled on November 20, 2017, the New Dimension plan is aimed at developing high value-added solutions for clients. The strategy is threefold: deepen the transformation of Natixis' business models; invest in digital technologies and external growth opportunities; and endeavor to become clients' point of reference in areas where Natixis' teams are recognized for their strong expertise. *(See pages 8-9 of the universal registration document for a detailed description of the New Dimension strategic plan).*

The New Dimension strategic plan sets out objectives, and while Natixis believes the plan will create numerous opportunities, the company will still need to contend with the uncertainties of potentially volatile financial markets, and arising from changes to the macro-economic context. There is therefore no guarantee that Natixis will achieve the goals of this new strategic plan — any other strategy it announces or undertakes in the future. In particular, under 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 on the basis of 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.

The main financial objectives of the New Dimension strategic plan are to bolster financial strength, with a CET1 ratio set at 11.2% after payout, solid profitability (ROTE — return on tangible equity) of between 14% and 15.5%, and annual growth of 5% of net revenues and 2% of RWA.

If Natixis does not meet these objectives, its financial position and the market value of its securities could be adversely affected.

Legislative and regulatory measures in response to the global financial crisis may have a material impact on Natixis and on the financial and economic environment in which it operates

Legislation and regulations have recently been enacted or put forward with a view to introducing a number of changes, some permanent, in the global financial system. These new measures, aimed at preventing a recurrence of a global financial recession, have changed significantly — and may continue to change — the environment in which Natixis and other financial institutions operate. Natixis is exposed to risk related to these legislative and regulatory changes.

Among the measures that have been or may be adopted could potentially:

- Prohibit or limit some kinds of financial products or activities, thereby partially restricting the diversity of Natixis' sources of income. For example, the introduction a withholding tax on dividends from borrowed securities under certain circumstances could weaken the appeal of some of Natixis' current products.

- Strengthen internal control requirements, which would require investing heavily in human resources and materials for risk monitoring and compliance purposes.
- Amend the capital requirement framework and necessitate investment in internal calculation models. For example, changes related to Basel regulations (especially the revised Basel 3) may require the calculation models for risk-weighted assets in certain activities to be reviewed.
- Strengthen requirements pertaining to personal data protection and cybercrime, as they can lead to higher costs due to additional investments in the bank's information system.
- Tighten regulations on technological innovations in payment services and fintechs.
- Tighten regulations on trading platforms and central counterparties (clearing houses) that could impact the operation of certain market activities (such as activities related to over-the-counter products).
- Require the bank to make a substantial financial contribution to guarantee the stability of the European banking system and limit the impact of a bank failure on public finances and the real economy.

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 enhance its information systems in response to or in preparation for these measures. Despite its efforts, Natixis may also be unable to fully comply with all applicable legislation and regulations and could therefore be subject to financial or administrative penalties. Furthermore, the new legislative and regulatory measures may require Natixis to adapt its businesses, which could affect its results and financial position. Lastly, the new regulations may increase Natixis' overall funding costs or require it to raise new capital at a time when it is costly or difficult to do so.

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 areas of business, which in turn requires qualified employees. A 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.

Natixis' risk management system, which is based on the use of models, may fail and expose Natixis to unidentified or unforeseen risks, and could result in major losses

Natixis' risk management system, which is based on the use of models, may fail and expose Natixis to unidentified or unforeseen risks, possibly resulting in major losses.

Risk management techniques which often use models may prove inadequate for certain types of risks. Certain rating or VaR measurement models *(as defined in section 3.2.5.3)* 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 for a detailed description of the risk management system)*. The measurement metrics and tools used may provide inaccurate conclusions on future risk exposures, mainly because of factors that Natixis may not have 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 using historical averages. Moreover, Natixis' quantitative models do not incorporate all risks. For instance, part of the VaR measurement model is designed on the basis of positive interest-rate environment assumptions. In early 2016, because the interest rate environment for interest rate derivatives was negative, stressed VaR was overestimated by €5 million.

Preventing risks linked to climate change could have a negative impact on the performance of Natixis' activities that operate in sectors with a negative environmental and climate impact

Natixis has committed to adhering to the Paris Agreement to limit global warming to below 2°C by the end of the century. Natixis has announced numerous initiatives to support the energy transition towards a low-carbon economy, and includes initiatives to reduce financing in sectors with a material climate impact.

Accordingly, Natixis has committed to stop financing companies whose main activities include the exploration, production, transportation and storage of oil sands. Natixis has also committed to stop financing projects to explore and produce oil in the Arctic region. Lastly, in 2015 Natixis committed to stop financing the exploration, production, transportation and storage of coal, and includes companies for which these activities represent 50% of their business. In 2019, this percentage was lowered to 25%.

In 2019 Natixis adopted Green Weighting Factor — a tool that uses a color scale to rate a loan book's exposure to climate risk. The aim is to encourage the lending businesses to favor clients and projects whose operations have a less harmful climate impact and at an identical credit risk.

For a more detailed description of Natixis' CSR (corporate social responsibility) policy and commitments, see Chapter 6 (Non-financial performance report) of this universal registration document, as well as section 6.4 for a description of the management of environmental and social risks.

A change in the business mix of Natixis' lending activities in favor of transactions with a positive climate and environmental impact could have a negative impact on Natixis' performance due to lost opportunities in sectors presenting a material environmental impact. Postponing this adjustment in its portfolios could negatively affect the credit quality. But keeping borrowers with a material climate impact in its loan book could have a negative impact on its credit quality should stricter regulations be imposed.

Lastly, in December 2019 the EBA published its Sustainable Finance work plan which will be accompanied by more stringent regulations for the fight against global warming. These regulations may penalize activities with a material climate impact (directly via operational constraints for Natixis client or through higher carbon quota prices). They could also have a negative impact on some of Natixis' activities, such as lending and investment in hydrocarbon sectors, commodities and transportation.

Risks related to Insurance activities

At December 31, 2019, net revenues from the Insurance business line stood at €846 million, which represents 7% of Natixis' total net revenues.

A deterioration in market conditions, and specifically 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 mainly occurs through capital guarantee and return commitments relating to the euro-denominated savings fund scope.

Interest rate risk is one such market risk and is structurally significant for Natixis as its general funds consist primarily of bonds. Fluctuations in interest rates 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 meet their capital guarantees.

Due to the allocation of the general funds, widening spreads and a decline in the equity markets could also have a material adverse impact on the results of Natixis' life insurance business.

A mismatch between the insurer's expected claims expense and the actual benefits paid out Natixis to policyholders could have a material adverse impact on its Non-Life Insurance business, results and financial position

The main risk to which Natixis' Insurance affiliates are exposed in their Non-Life 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, from the assumptions that the affiliates use to price 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 to price the insurance products and establish the related actuarial liabilities. However, there is no guarantee that actual experience will match these estimates, and expected risks, such as pandemics and natural disasters, could result in higher-than-expected pay-outs to policyholders.

To the extent that the actual benefits paid by Natixis to policyholders are higher than the underlying assumptions used to establish 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' Non-Life 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 states 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) obligate 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) amend the terms of previously issued debt instruments.

At December 31, 2019, Natixis' CET1 capital stood at €11.2 billion, total Tier 1 capital at €13.3 billion, and Tier 2 regulatory capital at €2.3 billion. Natixis did not issue any senior non-preferred debt.

As a member of Groupe BPCE, Natixis may be subject to 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 to 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 encompasses 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 Ministerial Order of November 3, 2014 on internal control by companies in the banking, payment services and investment services sector.

It is structured in accordance 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 and establishes the policies on information systems security and business continuity while ensuring they are correctly applied,
  - **the Risk Supervision Division**, which is headed by the Chief Risk Officer, reports directly to senior management 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 Regulatory and Accounting 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 General Inspection Department. The General Inspection 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 that the internal control mechanism is consistent throughout the Company. Second-level permanent and periodic control functions within subsidiaries or business lines 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 structure is to ensure adherence to the following principles:

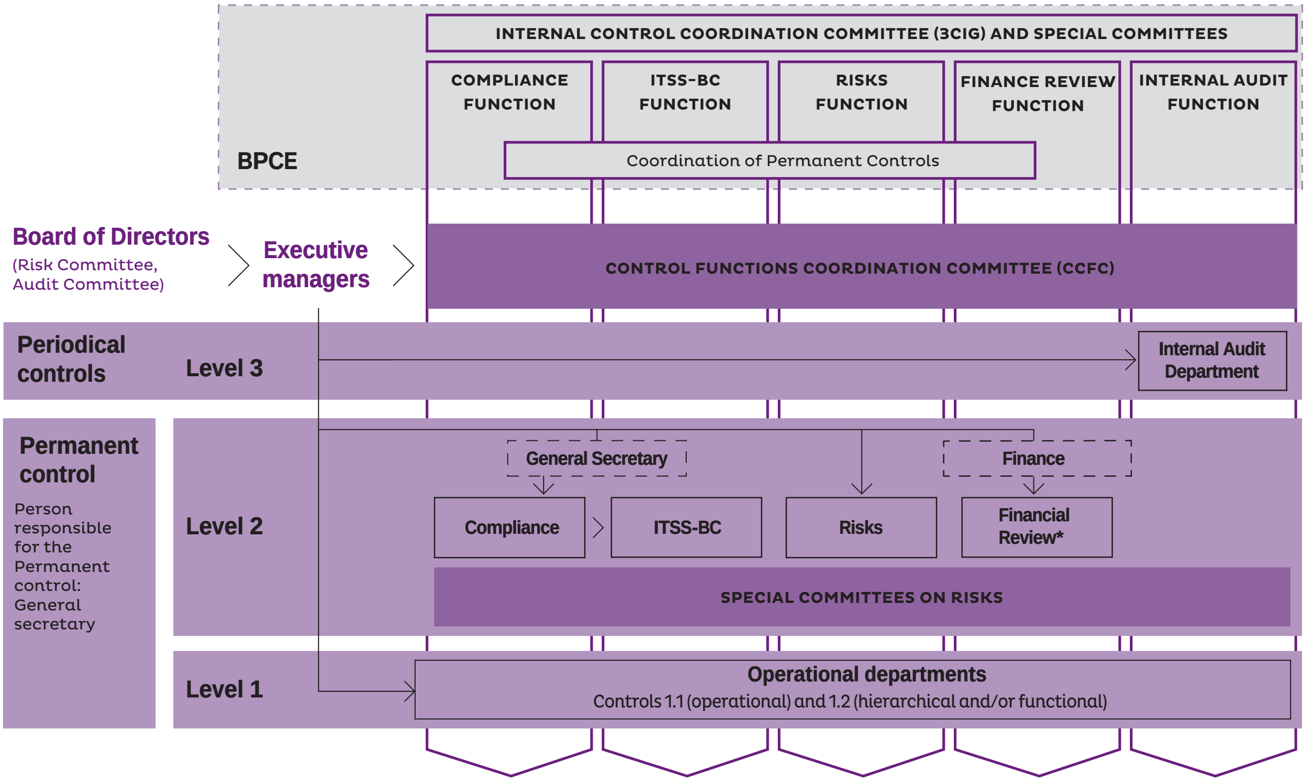
- a strict segregation of duties between units responsible for performing transactions and those that approve them, in particular accounting teams;
- strict independence between the operational and functional units responsible for undertaking and validating transactions, and the units that control them.

The **Control Functions Coordination Committee** coordinates the system as a whole.

The **executive managers**, under the supervision of the Board of Directors, are responsible for implementing Natixis' internal control system in its entirety.

The executive managers regularly inform the **Board of Directors** 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 Monitoring, Compliance and General Inspection, as well as the Head of the Regulatory and Accounting Review team, the Corporate Secretary of BPCE's Risk, Compliance and Permanent Control division 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 four times in 2019.

The conclusions of controls carried out under this system, supplemented with the results of external audits (carried out by BPCE's Inspection Générale, 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 the chain of command or by a functional department responsible for validating these transactions (level 1.2).

The first-level controls are centrally managed through a dedicated tool that is used to consolidate results, identify areas at risk and produce reports. The Compliance Department helps the operational departments or support functions define and update these controls.

At December 31, 2019, 18,409 first-level (1.2) controls were assessed.

3.2.1.4 Second-level permanent controls

Second-level permanent controls are performed by four departments that are independent of operational and support function staff.

The **Compliance Department** performs permanent second-level controls mainly in the following areas of non-compliance: customer protection, professional ethics, market abuse and financial security. At December 31, 2019, 3,225 second-level controls were assessed. *(See section 3.2.8 for more information on the Compliance Department and on ITSS-BC).*

In terms of **IT Systems Security and Business Continuity** (ITSS-BC), the function's main role is to define and monitor security standards *(see section 3.2.8.5)*. 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 each year.

The **Risk Supervision 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 *(see section 3.2 for more detailed information).*

The **Regulatory and Accounting 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 for the accounting, tax declarations and regulatory reports produced by the Finance Department. *(See section 5.5 — Internal control procedures relating to accounting and financial information].)*

3.2.1.5 Periodic controls

Third-level controls, or periodic controls, as defined by the French Ministerial Order of November 3, 2014, are performed by the General Inspection Department.

In this respect, the General Inspection 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 Natixis Head of General Inspection is a standing guest member of the Audit and Risk Committees of Natixis and its subsidiaries, and can speak directly to the Chairman of the Risk Committee. The General Inspection Department has a strong functional link with its BPCE counterpart, in accordance with the Natixis audit charter. In accordance with these principles, the General Inspection Department coordinates a global audit function at Natixis and is part of the Groupe BPCE Internal Audit Function.

The General Inspection 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 Natixis' full scope (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 support functions — including entities in charge of permanent control assignments — and its outsourced activities. For all the business lines, these audits lead to 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 ranked in order of priority to strengthen the mechanisms for controlling and managing audited risks and to make them more comprehensive.

The reports are sent to BPCE's Chairman of the Management Board and General Inspection Department and to Natixis' Chairman of the Risk Committee and senior management, as well as to the audited units.

The General Inspection 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' General Inspection Department is based on an annual Audit Plan drafted and executed jointly with BPCE's Inspection Générale, after consulting the various members of the Senior Management Committee. The Chairmen and Chairwomen of the Audit and Risk Committees are also consulted. This annual program is part of a four-year plan that sets out the intervention frequency and adapts resources to the risks and to the relevant regulatory requirements.

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 General Inspection 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 2019, the General Inspection Department conducted audit assignments on all risk classes to which Natixis' activities are exposed. It dedicated a significant share of its resources to managing the risks related to capital markets activities and the use of models. Several specialist projects involved all General Inspection staff. The most noteworthy included:

- the successful implementation of all recommendations issued by General Inspection in 2017 as part of its self-assessment of its audit activities and in 2018 during a review by an external consultant;
- working groups with representatives from the branches' and subsidiaries' own Audit Departments (DAI) that were run by General Inspection in 2019 to share best practices. Each DAI included a quality review that is independent of its processes in its 2020 plan;
- the hiring of a second data scientist with experience in data management. The tool chosen by Natixis was connected to the main databases and rolled out in all DAIs;
- training provided to all employees in the function's monitoring and coordination systems (related to BPCE's Inspection Générale) and the integration of their projects into said systems. Data management techniques were automatically implemented in all relevant assignments, with support from both data scientists;

- the review of the General Inspection Department's internal structure to improve efficiency and get the audit team more involved in managing assignments and especially staff (recruitment, training and career management);
- the establishment of a new hiring process that shortens response times in order to reduce the impact of turnover on available staff.

Lastly, Natixis' General Inspection Department collaborated with its BPCE counterpart on a number of projects and assignments. The two departments held six meetings in 2019. These meetings provided a forum for addressing matters related to audit plans and practices, as well as matters related to risk assessment and assignment evaluation (Joint General Inspection Coordination Committee).

3.2.2 Risk governance and management system

3.2.2.1 Risk management system

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 Supervision Division (RSD), is structured as an independent and global matrix that covers all scopes and related geographic areas. In 2019, the risk management function was adjusted to better support Natixis' transformation and the ever-increasing number of regulator changes. The organization structure was therefore simplified, with the aim of improving the risk oversight system across Natixis as a whole. This new organization structure notably resulted in:

- the creation of an Enterprise Risk Management (ERM) Department, focusing on key cross-cutting processes and primarily aimed at centralizing the development of regulatory risk and project management models;
- the gathering into a single department, MARPL (Market Activities Risks, P&L and Liquidity), of missions involving the monitoring of market, liquidity, overall interest rate and counterparty risks;
- the creation of the Supervision of Conglomerate, Insurance and Asset Management (SCIAM) Department, dedicated to supervising the Insurance and Asset Management business lines risks and whose main purpose is to bolster the framework for managing these risks using a cross-cutting approach.

The risk management function steers 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-taking decision procedures;
- delegation framework;
- 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 of which is Natixis' Global Risks 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 dedicated function 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 Supervision 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 special committees (Risk Committee, Audit Committee, etc.);
- the executive managers and the special Risk Committees they chair within the bank;
- the central divisions, independent of the businesses;
- the business lines (Asset & Wealth Management, Corporate & Investment Banking, Insurance, and Payments).

3.2.2.3 Risk culture

Natixis is defined by its strong risk culture at every level of the organization.

The risk culture is central to the risk management function's guiding principles, as set out in the Risk Charter. Its priorities are twofold:

- harmonizing best practices within the bank by deploying a compendium of risk policies, standards and procedures covering all the bank's major risks (credit, market, operational and model) and outline the bank's strategic vision and risk appetite;
- deploying a three-pillar strategy in respect of the bank's risk culture:
  - a first pillar seeking to raise awareness and inform, by strengthening the division's digital communications (e-letter Risk in Mind, strengthened presence of the Risk Supervision Division on the internal social network, etc.) and implementation of "Lessons learned" sessions, the aim being to learn from past incidents and share the lessons learned;

- a pillar focused on training with, in addition to mandatory e-learning modules, efforts to promote the training of all employees in specific subjects, notably relating to regulatory changes, onboarding sessions for new colleagues and a "discovery" program to give insight into the business lines and control functions,
- a "career path" pillar incorporating "risk culture" as a recruitment criterion, the introduction of cross-over business/risk pathways and the inclusion of "risk culture" as an employee appraisal criterion.

Initiatives aimed at inculcating the risk culture are run throughout the year. In particular, 2019 saw the first edition of our risk culture week.

The Code of Conduct adopted by Natixis in December 2017 is another 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.

An e-learning module was made mandatory for all employees and was rolled out after adapting the performance indicators and dashboards to each entity.

An analysis was then presented at conduct Committee Meetings held for each entity. They are four-party committees that bring together the business line, Human Resources, Compliance and the Risk Supervision Division.

Lastly, Natixis' compensation policy is structured in a way that encourages the long-term commitment of the company's employees while ensuring appropriate risk management.

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 degree 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 which 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 & Wealth Management, Insurance and Payments), 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 that are intrinsic to its Corporate & Investment Banking, Asset & Wealth Management, Insurance and Payments business activities:

- credit risk generated by Corporate & Investment Banking 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 require setting specific objectives for managing 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;
- within CIB, Natixis' market activities — which aim to meet the needs of its clients and exclude all forms of proprietary trading — incur market risk. 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 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

The risk appetite framework comprises two successive thresholds for each identified risk and selected indicator:

- a detection threshold, setting the risk exposure allocated to each business line; and
- a limit set by the Board of Directors, stating 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 counterparty 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 Senior Management Committee and 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;
- 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 and counterparty risk

Credit risk is the risk of financial loss due to a debtor's inability to honor its contractual obligations. Assessing the probability of default and, in such cases, how much we can expect to recover is a key component of measuring credit quality. Credit risk increases in periods of economic uncertainty, insofar as such conditions may lead to a higher rate of default.

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 these risks because of the transactions it executes with its customers (for example, over-the-counter derivatives [swaps, options, etc.], and repurchase agreements).

Securitization risk

Securitizations are transactions whereby credit risk inherent to a set of exposures is housed in special-purpose entities (generally a special-purpose entity (SPE) or "conduit"), which is then divided into tranches, usually for the purpose of selling them to investors. The 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 notably include the prices of securities (bonds, equities) and raw materials, interest rates, prices derivative financial instruments 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 absence 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, whether this is attributable to employees or information systems, or relate to 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.

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, in order to cause 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 regulations 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.

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 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.

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.). It may be physical in nature (increase in extreme weather events) or related to environmental transition (new carbon regulations).

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 and financial management system 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.

Comprehensive internal stress tests

The purpose of comprehensive internal stress tests is to assess the impact of a baseline economic scenario and of stressed economic 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 Executive Management Committee meeting and presented at a Natixis Senior Management Committee meeting.

They are converted into levels or shocks to economic and financial variables, such as GDP, inflation, employment and unemployment, interest and exchange rates, and stock 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 on the income statement, risk-weighted assets and equity.

The baseline scenario's trajectory is derived from market consensus, forwards and futures.

The first adverse scenario proposed for the 2019 comprehensive internal stress tests featured a return to import duties, sluggish emerging markets and poor macroeconomic prospects in Europe leading to a sharp downturn in US growth. This has a negative impact on the balance sheets of the most heavily indebted companies, leading to credit events and contagion among risky assets due to the high proportion of leveraged loans.

The second adverse scenario combines social tension with a decline in the power of the executive, which then takes steps to shore up purchasing power. The deficit grows, frightening off investors whose ensuing capital flight results in a slowdown.

A reverse stress test scenario featured plummeting US equity indices and a flattening yield curve due to an abrupt decline in growth and inflation. Share volatility indices shoot up, leading to a steep drop in long-term rates. The growth profile for 2020 reflects tighter financial conditions: disappointing earnings and a rise in volatility due to uncertainty over where the economic cycle is going.

These projections are based on internal models, 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 the process of calculating Natixis' solvency trajectory. This impact was measured in terms of net income group share, net revenues and Common Equity Tier 1.

These tests help evaluate the areas where Natixis shows vulnerability or weakness and contribute to the establishment of adaptive or remedial measures.

Regulatory stress tests

Regulatory stress tests comply with the ad hoc requirements of the ECB, the EBA and any other supervisory body: the last regulatory exercise was performed in 2018 using the methodology published by EBA for the ECB. Natixis contributed to the exercise conducted for Groupe BPCE's scope.

Specific stress tests

The specific stress test exercises run by the Natixis Risk Supervision Division are detailed in the dedicated sections of this document (and in particular 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 Supervision 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 Supervision 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 Supervision 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 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 Supervision Division and the bank's various business lines, and are intended to establish a framework for risk-taking while applying 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 businesses (corporates, LBO, aircraft finance, real estate finance, project finance, commodities finance, banks, insurance, etc.) and those of the subsidiaries.

The framework defined by these risk policies distinguishes 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 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, built on 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 the correct application of the risk policy. Overall monitoring also takes place on a quarterly basis (checking compliance with ceilings and the 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 Supervision 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 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 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 as per 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 an initial margin and variation margin call system.

To manage this risk, Natixis set up a framework to manage 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.

From a regulatory standpoint, this risk is presented as two concepts:

- specific wrong-way risk, i.e. 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, i.e. the risk generated when there is a correlation between the counterparty's credit quality and general market factors.

Specific wrong-way is subject 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 defined for each 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 as well as 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 type of counterparty;
- 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 specific internal rating methods for each asset class that are 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" exposure categories.

Ratings are established based on two approaches: statistical, and an approach based on 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	0.52%
BB+	BB+	Ba1	0.84%
BB	BB	Ba2	1.29%
BB-	BB-	Ba3	1.90%
B+	B+	B1	2.73%
B	B	B2	3.82%
B-	B-	B3	5.23%
CCC+	CCC+	Caa1	7.01%
CCC	CCC	Caa2	9.24%
CCC-	CCC-	Caa3	11.98%
CC	CC	Ca	15.32%
C	C	C	19.36%

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, Moody's and DBRS.

The external rating agencies' alphanumeric credit rating scales and the risk weighting coefficients are reconciled 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.

As part of the 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 counterparty risk models and rating models are validated by the validation team of the Groupe BPCE Risk Department or, acting with the authorization of the Groupe BPCE Group Modeling Committee, by the Natixis Risk division's Risk Model Validation team. The Natixis Risk Model Validation team uses a six-fold validation process:

- data and parameters applied by the model: analysis of data quality and representativeness, integrity of controls, error reports, comprehensiveness of data, etc.;
- methodology: analysis of model's underlying theory, analysis of estimates, sizing methods, risk indicators, aggregation rules, model benchmarking, analysis of precision and convergence;
- usage and robustness 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 and stress tests are performed;
- IT development: counter-implementation, code analysis, tests;
- compliance with regulations: gap analysis;
- documentation: analysis of quality and comprehensiveness of methodological documentation received.

The design, modification and ongoing management of the model 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 in charge of designing the rating models and, more generally, calculating credit or counterparty risk, regularly reviews the models which cover the analysis of backtesting and usage tests.

The third line of defense is the General Inspection Department, which annually reviews internal models and compliance with the risk model management framework and the correct application by Model Risk Management of its own policies and procedures.

Where authorization is granted, 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.

This Model Risk Management 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. The Risk Model Oversight Committee is chaired by the Head of the 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 corporates 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 the Rating Analysis Committee (CANO), which meets on a quarterly basis, and by backtesting the various rating models, which is performed between once and four times a year depending on the scope.

The CANO committee:

- serves as a forum for presenting the results of performance and stability measurements;
- analyzes the indicators whose alert thresholds have been exceeded;
- decides on any measures to be taken to correct any deviations or anomalies. These measures may take different forms, including changing rating practices, methodologies, performance analyses or alert threshold values.

Natixis examines differences in severity between the internal ratings and the agency ratings by analyzing 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.

Monitoring and backtesting of internal LGD, CCF and ELBE under the advanced method

The LGD, ELBE 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 Supervision Division's teams to:

- verify that the model is correctly calibrated;
- review the model's discrimination 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 main types of indicators are used:

- population stability indicators: these analyses are used to check 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 require recalibrating the risk input, where appropriate.

Once complete, a backtesting report is produced to represent:

- all the results of 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 their input, and subsequently presented to the various committees to inform the bank's management.

Backtesting of LGDs and PDs by exposure class

	2019 backtesting figures			
	Observed LGDs	Model LGDs	Observed default rate	Estimated PD
Sovereigns	30.16%	48.74%	0.19%	6.41%
Banks	34.47%	63.68%	0.23%	1.01%
Corporate	33.04%	39.19%	0.51%	0.61%

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.

Monitoring and backtesting of counterparty risk model

Backtesting and validation are key items of governance in the Internal Model Method approach. In accordance with general regulatory requirements, the reliability of internal models must be monitored regularly using a comprehensive backtesting program. This process is essential for ensuring the quality and relevance of the results obtained from the models that have been developed and used for both internal risk management, and to meet regulatory obligations.

The counterparty risk backtesting program is designed to validate the key assumptions on which the exposure model is built — stochastic processes for market risk factors, correlations and pricing models — and to identify notable discrepancies in specific model elements.

The developed framework is based on the following two backtests:

- Market risk factor (RF) backtesting, i.e. to assess the predictive capacity of the stochastic processes used to describe the dynamics of unique risk factors;
- Portfolio backtesting: i.e. to assess the full exposure model (stochastic process, correlations and pricing) for portfolios representing Natixis' exposures.

In respect of the market risk factor, backtesting uses historical trends to test RF predictions based on the stochastic processes. Backtesting can be performed ex-post by taking the aggregate historical market data for the selected backtesting period, or, to expand the results over wider time horizons and/or cover a broader range of market conditions. It may also be performed retroactively: this specific approach is called retro-backtesting. Here, the aim is to demonstrate that the models would have worked correctly had they been implemented in earlier periods and are thus suitable for future use.

In terms of exposure, the backtest applies historical Mark-to-Market (MtM) values of static backtesting portfolios to test the predicted future MtM values. In terms of RF, exposures are backtested ex-post by gathering the historical prices achieved, even though retro-backtesting capacities have been introduced for a sub-group of products. The ex-post approach involves duplicating the transactions in the dedicated backtesting portfolios directly in the front-office systems. The ageing process is thus similar to that of real portfolios. Retro-backtesting uses a specific tool to retro-backtest MtM on the main product categories.

The results are factored in at transaction level for historical and retroactive approaches and at several aggregated levels, including the product type and the counterparty for the historical approach only. The transactions considered for static backtesting duplicated in the front-office portfolios were chosen in such a way as to ensure the representativeness of portfolios and are discounted on an annual basis. Present and future prices are taken from the CCR (Counterparty Credit Risk) model engine, current prices being reconciled every quarter with those of the front-office systems, acting as reference.

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
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)	2	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
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
Volatility correction	Financial and other collateral	4	Stochastic models based on historical market prices with assumptions based on internal data and expertise

Main models used for counterparty risk

Calculating the EEPE requires simulating the potential changes in risk factors at future dates over a large number of scenarios using a Monte Carlo approach. The mark-to-market value of each transaction is then remeasured at each simulated time horizon and under each scenario. For offsetting, exposure is then calculated by price aggregation taking into account the legal framework (master agreements and credit support annex) allowing price offsetting and offsetting for collateral exposures. The exposure value for a given counterparty is equal to the sum of the exposure values calculated for all offsetting sets.

The model mainly applies the following elements:

- pricing models for reassessing products on various trajectories;
- modeling the close-out netting framework;
- distribution models of the factors distributed and called during the valuation stage.

Model by asset class
Interest rate/currency distribution model
Basis interest rate/currency distribution model
Equity distribution model
Commodity futures distribution model
Credit distribution model
Inflation distribution model

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 for mitigating the credit risk incurred by the bank in the event of partial or total counterparty default.

Natixis uses a number of credit risk mitigation 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:

  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:

  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:

- vetting by the Legal Department of the documents relating to the collateral and the enforceability of the collateral;
- validation by the Risk Supervision 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), borrower and 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, CDS or private credit insurance) 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 Supervision 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 Supervision 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 Supervision 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 Supervision 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, based on the provision amounts submitted to it individually by the business lines, the Restructuring and Special Affairs Department and the Risk Supervision Division.

This Committee is organized by the Risk Supervision Division and chaired by the Chief Executive Officer and assembles the Chief Risk Officer, members of the Senior Management Committee in charge of the business lines and finance, 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 Supervision 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 the 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 Supervision 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 Supervision 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 2019 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. They consist of three scenarios for the 2020-2022 period: a baseline scenario and its practical adaptation via the bank's provisioning policy, and two credit scenarios (a substantial and global slowdown in the economy and one of social tensions in France).

3.2.3.10 Quantitative information

EAD, RWA and capital requirements by Basel approach and exposure class (NX01)

(Data certified by the Statutory Auditors in accordance with IFRS 7)

	31/12/2019			31/12/2018		
(in millions of euros)	EAD	RWA	OFR	EAD	RWA	OFR
Credit Risk						
Internal approach	**136,517**	**53,854**	**4,308**	**154,895**	**55,647**	**4,452**
Equities	*5,621*	*17,642*	*1,411*	*5,269*	*16,257*	*1,301*
Central governments or central banks	*29,616*	*511*	*41*	*36,350*	*531*	*42*
Other assets				*754*	*204*	*16*
Retail				*692*	*181*	*15*
Corporates	*89,071*	*33,108*	*2,649*	*97,358*	*35,711*	*2,857*
Institutions	*7,816*	*1,187*	*95*	*8,388*	*1,376*	*110*
Securitization	*4,394*	*1,406*	*112*	*6,084*	*1,387*	*111*
Standardized approach	**74,182**	**12,420**	**994**	**65,642**	**20,999**	**1,680**
Central governments or central banks	*7,551*	*1,122*	*90*	*4,469*	*1,525*	*122*
Other assets	*6,150*	*5,352*	*428*	*8,144*	*6,872*	*550*
Retail	*774*	*536*	*43*	*2,377*	*1,716*	*137*
Corporates	*5,075*	*3,621*	*290*	*8,569*	*6,693*	*535*
Institutions	*48,223*	*314*	*25*	*36,011*	*824*	*66*
Defaulted exposures	*97*	*101*	*8*	*580*	*782*	*63*
Exposures secured by mortgages on immovable property	*221*	*91*	*7*	*1,195*	*559*	*45*
Claims on institutions and corporates undergoing a short-term credit assessment	*100*	*46*	*4*	*643*	*413*	*33*
Securitization	*5,990*	*1,237*	*99*	*3,654*	*1,615*	*129*
Sub-total credit risk	**210,699**	**66,274**	**5,302**	**220,537**	**76,646**	**6,132**
Counterparty risk						
Internal approach	**34,888**	**5,531**	**442**	**33,571**	**5,012**	**401**
Central governments or central banks	*3,807*	*120*	*10*	*7,584*	*193*	*16*
Corporates	*18,026*	*4,015*	*321*	*14,762*	*3,362*	*269*
Institutions	*12,673*	*1,365*	*109*	*10,813*	*1,417*	*113*
Securitization	*382*	*32*	*3*	*412*	*40*	*3*
Standardized approach	**18,872**	**645**	**52**	**19,829**	**742**	**59**
Central governments or central banks	*1,282*	*254*	*20*	*1,073*	*214*	*17*
Retail				*1*		
Corporates	*525*	*33*	*3*	*94*	*88*	*7*
Institutions	*16,870*	*274*	*22*	*18,517*	*349*	*28*
Defaulted exposures	*7*	*10*	*1*	*2*	*2*	
Claims on institutions and corporates undergoing a short-term credit assessment	*122*	*64*	*5*	*124*	*85*	*7*
Securitization	*66*	*10*	*1*	*18*	*4*	
CCP default fund exposure	**347**	**234**	**19**	**273**	**185**	**15**
Sub-total counterparty risk	**54,106**	**6,410**	**513**	**53,673**	**5,939**	**475**
Market risk						
Internal approach		**5,826**	**466**		**4,444**	**355**
Standardized approach		**5,378**	**430**		**5,185**	**415**
Equity risk		*462*	*37*		*612*	*49*
Foreign exchange risk		*2,685*	*215*		*2,436*	*195*
Commodities risk		*708*	*57*		*612*	*49*
Interest rate risk		*1,523*	*122*		*1,525*	*122*
Sub-total market risk		**11,204**	**896**		**9,629**	**770**
CVA	**7,671**	**1,336**	**107**	**7,168**	**1,661**	**133**
Settlement-delivery risk		**32**	**3**		**5**	
Operational risk (standardized approach)		**13,733**	**1,099**		**15,345**	**1,228**
Total		**98,990**	**7,919**		**109,225**	**8,738**

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	31/12/2019	o/w off-balance sheet	31/12/2019	o/w off-balance sheet	2018 average
Corporates	**141,038**	**78,700**	**112,701**	**50,399**	**112,969**
Other than SMEs and SF	*117,937*	*68,530*	*92,252*	*42,878*	*92,429*
Specialized Financing (SF)	*21,187*	*9,499*	*18,751*	*7,063*	*18,736*
SMEs	*1,914*	*671*	*1,698*	*459*	*1,804*
Institutions	**92,612**	**42,957**	**85,925**	**36,270**	**85,013**
Central governments or central banks	**42,982**	**6,867**	**42,256**	**6,146**	**46,620**
Governments and central banks	*40,846*	*5,592*	*40,241*	*4,987*	*44,681*
Regional governments or local authorities	*518*	*258*	*513*	*258*	*546*
Public sector entities	*1,618*	*1,018*	*1,502*	*902*	*1,394*
Retail	**1,452**	**120**	**774**	**31**	**652**
Other than SMEs	*818*	*54*	*367*	*12*	*373*
SMEs	*634*	*66*	*407*	*20*	*279*
Securitization	**11,007**	**5,318**	**10,832**	**5,318**	**10,397**
Other assets	**6,150**		**6,150**		**6,631**
Equities	**5,621**	**158**	**5,621**	**158**	**5,376**
Collective investments undertakings					
Exposures secured by mortgages on immovable property	**226**	**9**	**221**	**5**	**221**
Claims on institutions and corporates undergoing a short-term credit assessment	**227**	**128**	**223**	**124**	**247**
Defaulted exposures	**270**	**9**	**104**	**8**	**98**
Total at 31/12/2019	**301,584**	**134,267**	**264,806**	**98,460**	**268,223**
Total at 31/12/2018	**324,348**	**147,014**	**274,210**	**98,208**	**288,587**

EAD by geographic area and by asset 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	**32,707**	**30,391**	**21,992**	**27,611**	**112,701**
Other than SMEs and SF	*27,994*	*23,324*	*18,243*	*22,691*	*92,252*
Specialized Financing (SF)	*3,717*	*6,786*	*3,645*	*4,602*	*18,751*
SMEs	*995*	*281*	*104*	*318*	*1,698*
Institutions	**60,478**	**11,303**	**8,456**	**5,688**	**85,925**
Central governments or central banks	**12,702**	**8,451**	**11,206**	**9,898**	**42,256**
Governments and central banks	*11,360*	*6,965*	*11,104*	*9,885*	*39,314*
International Organizations		*927*			*927*
Multilateral Development Banks					
Regional governments or local authorities	*415*	*98*			*513*
Public sector entities	*926*	*461*	*101*	*13*	*1,502*
Securitization	**5,607**	**725**	**3,988**	**512**	**10,832**
Other assets	**5,048**	**484**	**573**	**45**	**6,150**
Equities	**4,028**	**644**	**789**	**160**	**5,621**
Retail	**635**	**33**		**105**	**774**
Other than SMEs	*343*	*18*		*5*	*367*
SMEs	*292*	*15*		*100*	*407*
Exposures secured by mortgages on immovable property	**220**			**1**	**221**
Claims on institutions and corporates undergoing a short-term credit assessment	**58**	**25**		**140**	**223**
Defaulted exposures	**48**			**56**	**104**
Collective investments undertakings					
Total at 31/12/2019	**121,530**	**52,056**	**47,004**	**44,215**	**264,806**
Total at 31/12/2018	**133,634**	**57,761**	**42,582**	**40,233**	**274,210**

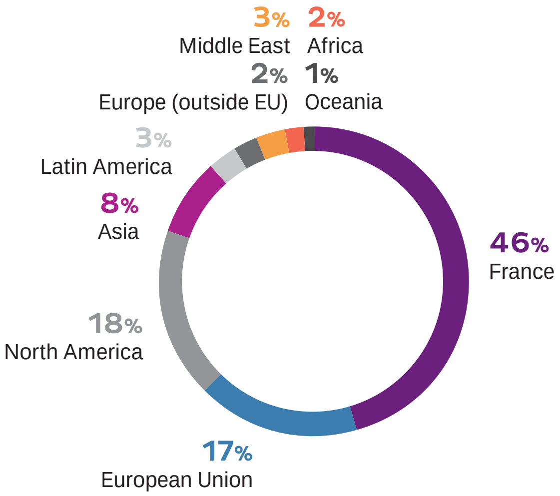
* Europe = European Union + Europe (outside EU).

EAD by geographic area (NX06)

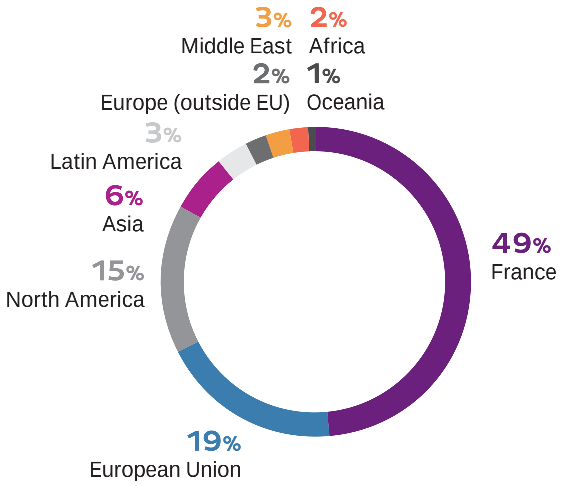
The geographic area corresponds to the debtor risk country.

(Data certified by the Statutory Auditors in accordance with IFRS 7)

At 31/12/2019



At 31/12/2018



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	31/12/2019*	31/12/2018*
Investment Grade	AAA	0.5%	0.2%
	AA+	7.2%	5.7%
	AA	7.0%	12.4%
	AA-	13.6%	12.3%
	A+	6.4%	5.3%
	A	12.5%	12.0%
	A-	9.4%	9.5%
	BBB+	6.9%	7.1%
	BBB	8.6%	8.2%
	BBB-	8.9%	7.9%
Investment Grade		**81.0%**	**80.6%**
Non-Investment Grade	BB+	5.1%	5.0%
	BB	4.6%	4.7%
	BB-	3.4%	3.2%
	B+	2.4%	2.2%
	B	0.9%	0.9%
	B-	0.2%	0.3%
	CCC+	0.1%	0.1%
	CCC		0.1%
	CCC-		
	CC		
	C		
Non-Investment Grade		**16.7%**	**16.5%**
Non-rated	**Non-rated**	**0.5%**	**1.3%**
Default	**D**	**1.8%**	**1.6%**
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 is involved in securitization transactions in various roles:

- 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); Natixis mainly invests in senior securities assets with satisfactory levels of collateral and spreads. Similarly, it applies a sector and geography-based diversification strategy for underlying assets;
- 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' 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 Supervision 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 Natixis' 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.

3.2.4.2 External rating system

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Natixis relies on four external credit rating agencies, among others, 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. 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 risk

3.2.5.1 Targets and policy

(Data certified by the Statutory Auditors in accordance with IFRS 7)

The Risk Supervision Division, via the Markets Activities Risks, P&L and Liquidity division (MARPL), 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 Supervision 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);
- raises 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 (prices) 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 predetermined 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.

Performance monitoring and testing of VaR and SVaR

Natixis' internal model is based on a calculation of VaR and stressed VaR.

To check that the calculation assumptions are respected, particularly the confidence interval of 99%, backtesting calculations are performed on the P&L on a daily basis.

These involve comparing 99% VaR levels with actual and hypothetical daily P&L levels.

The measurements are conducted on Natixis' consolidated accounts and across all of its main activities.

In the event that negative real or hypothetical P&L levels exceed the VaR calculation for the same day, an analysis is performed and explanations provided according to internally-defined criteria.

The regulator is subsequently contacted to inform them of any such exceptions within Natixis' authorized consolidation scope.

In the event of too many exceptions over a period of one year, on a sliding annual basis, an add-on is made to the multiplying factor applied in calculating VaR and SVaR during measurements of Natixis' capital.

Incremental Risk Charge (IRC)

The IRC 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 intrasector 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 Supervision 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 identify the highest-risk scopes and market environments, as well as concentration and contagion links, while "ad hoc" stress tests are used to characterize any current event that could trigger major shifts in the market. Using plausible scenarios drawn from extremely adverse assumptions of risk factors leading to the breach of a loss threshold, reverse stress tests allow Natixis to implement a new risk monitoring and management tool, identify circumstances that may trigger such loss, and adapt the appropriate action plans where necessary. "Ad hoc" stress tests use expected market trends based on economic research that is translated into overall stress-test scenarios. They measure the banks resilience to major current events, and allow hedging strategies to be adapted accordingly.

   All stress test mechanisms are defined by the Risk Supervision 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 Supervision 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 universal 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 MARPL's IPV (Independent Price Verification) teams which, in line with the division's policy, 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 Committee, Market 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.

Validation of models

In accordance with regulatory requirements, Natixis has established internal model validation policies and procedures for evaluating market risk and valuation models. This independent model validation policy is part of its wider risk model management framework.

As part of the 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 market risk models are validated by the Natixis Risk Supervision Division's Risk Model Validation team, under the authorization of the Groupe BPCE Group Modeling Committee. Valuation models are validated by the Valuation Model Validation team, under the authorization of the Groupe BPCE Group Modeling Committee. The Natixis Validation teams use a six-fold validation process:

- data and parameters applied by the model: analysis of data quality and representativeness, integrity of controls, error reports, comprehensiveness of data, etc.;
- methodology: analysis of model's underlying theory, analysis of estimates, sizing methods, risk indicators, aggregation rules, model benchmarking, analysis of precision and convergence;
- usage and robustness 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 and stress tests are performed;
- IT development: counter-implementation, code analysis, tests;
- compliance with regulations: gap analysis;
- documentation: analysis of quality and comprehensiveness of methodological documentation received.

Specifically, the following aspects are assessed in respect of valuation models:

- 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.

The design, modification and ongoing management of the model 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, the team in charge of designing internal or valuation models monitors the models' performance, notably through an analysis of backtesting and usage tests.

The third line of defense is the General Inspection Department, which annually reviews internal models and compliance with the risk model management framework and the correct application by Model Risk Management of its own policies and procedures.

The results of the model validation process performed at Natixis are presented to the Model Oversight Committees for confirmation, then submitted to the Model Risk Management Committee for approval before being sent, in the case of internal models, 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.

This Model Risk Management 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. The Risk Model Oversight Committees are chaired by the Head of the Risk Governance Department; the Risk Model Management Committee is chaired by Natixis' Chief Risk Officer who is a member of the Senior Management Committee.

Natixis' adjustment policy

The MARPL 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;
- adjustments for input uncertainty;
- adjustments for model uncertainty.

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 calculations in respect of market and model-related uncertainties are submitted for independent validation by the Model Risk Management teams.

3.2.5.4 Market risk management quantitative disclosure

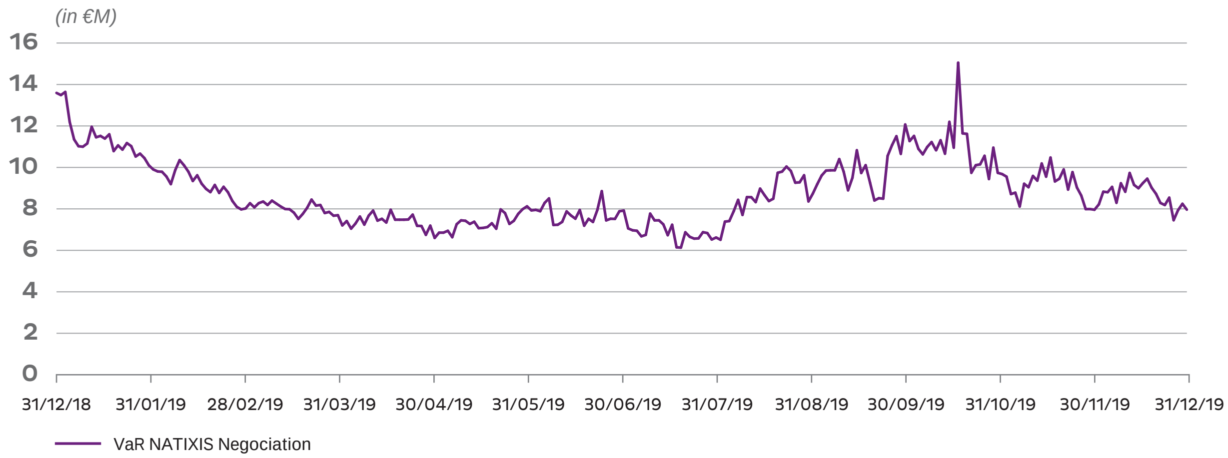
(Data certified by the Statutory Auditors in accordance with IFRS 7)

Change in Natixis VaR

The VaR level for Natixis' trading portfolios averaged €8.8 million. It peaked at €15.1 million on October 16, 2019 and amounted to €8 million at December 31, 2019.

The following chart shows the VaR trading history between December 31, 2018 and December 31, 2019 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)

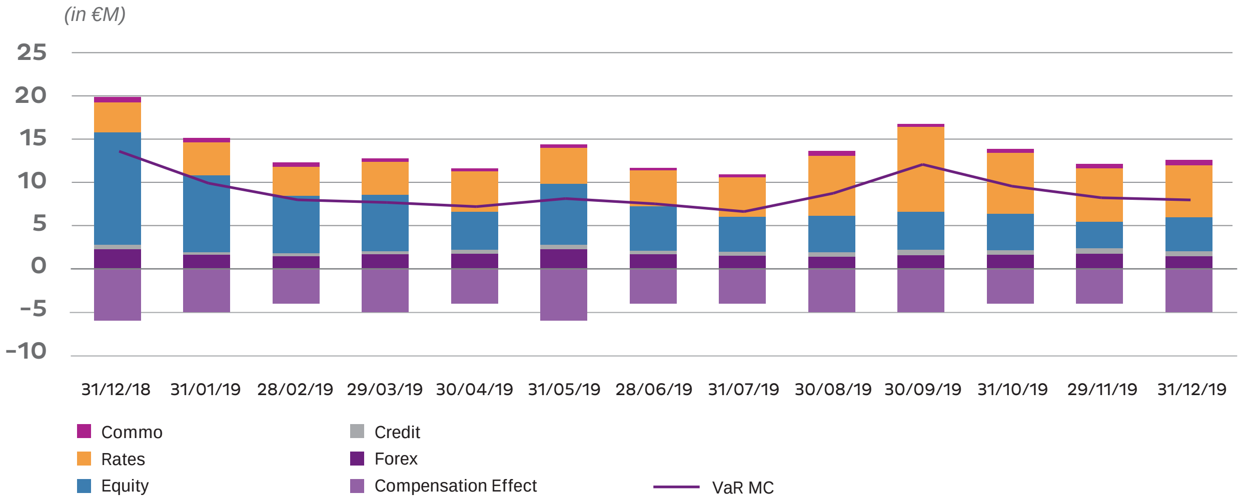
The following table presents the key VaR figures — (99% VaR, 1 day):

(in millions of euros)	
Natixis trading book	**VaR at 31/12/2019**
Natixis	**8.0**
o/w:	
Global Markets	7.9
Equity Markets	*3.7*
Commodities	*0.7*
Fixed Income	*2.8*
Global Securities Financing	*3.7*
XVA	*6.1*
Other run-off activities	1.4

At December 31, 2019, the VaR by business is at a lower level than the previous year (€8 million compared with €13.6 million). This is mostly attributable to the decline of portfolios at Equity Markets business lines and, to a lesser extent, of Global Securities Financing portfolios.

VaR breakdown by risk factors and netting effect

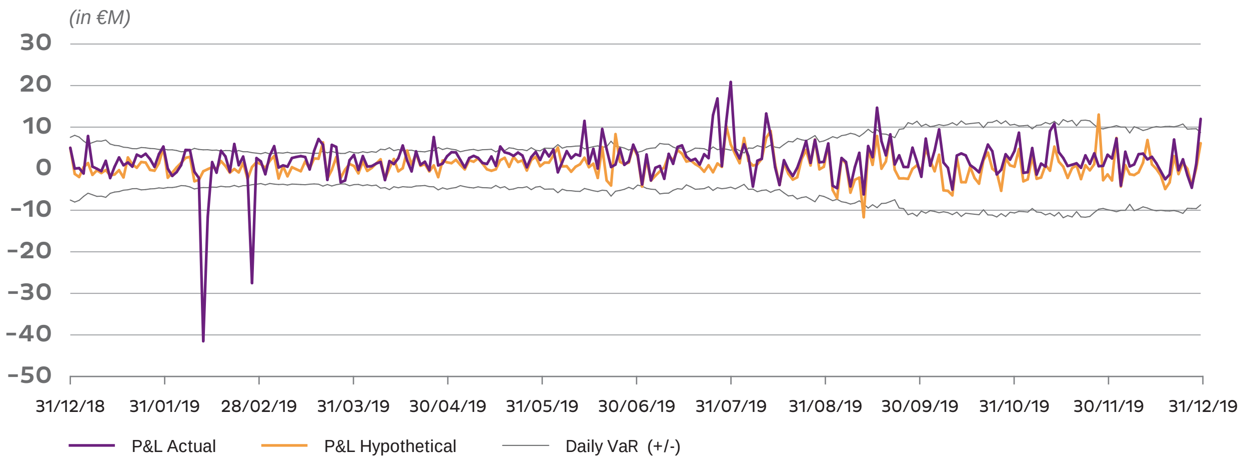
The breakdown of the VaR by risk factor provides a picture of the monthly contribution of the main risks and the netting effects in terms of VaR.



The €5.6 million decline in consolidated VaR is primarily attributable to the decline in equity risk factors relating to the reduction in scope of the equity derivatives portfolio of Equity Markets Asia.

Natixis backtesting for regulatory scope

The following chart shows results of backtesting (ex-post comparison of potential losses, as calculated ex-ante by VaR (99%, 1 day), with hypothetical and actual P&L impacts) on the regulatory scope, and can be used to verify the solidity of the VaR indicator:



In 2019, three actual backtesting exceptions and two hypothetical backtesting events were noted at the Natixis regulatory level.

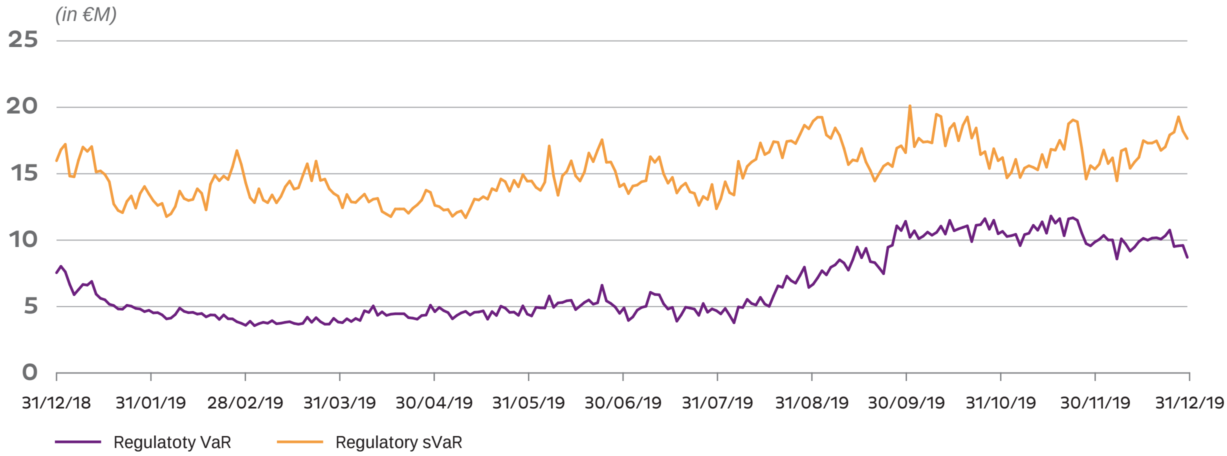
Three actual backtesting exceptions were recorded in the first half of 2019 on February 12, 13 and 27. They were related to the implementation in Asia of a hedging program to protect the equity derivatives portfolio against negative market effects. The losses recorded on these three dates (€42.2 million on February 12, €13 million on February 13, and €28.4 million on February 27) had no impact on the income statement for the first half.

In the second half, two hypothetical backtesting events were noted. The hypothetical losses occurred on July 4 and September 12 and were linked to variations in the interest rate markets on the interest rate and Credit Value Adjustment (CVA) portfolios.

Natixis regulatory stressed VaR

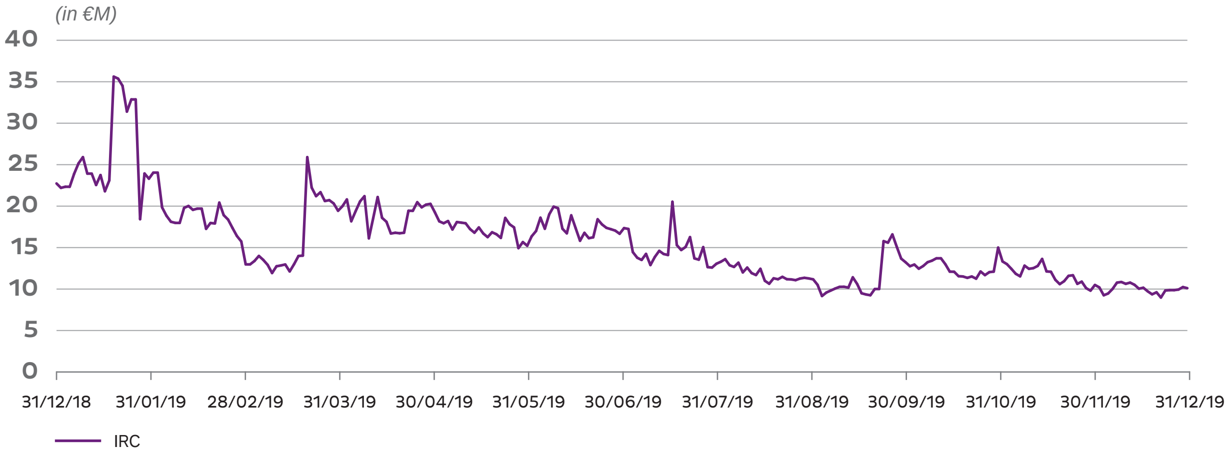
Natixis' regulatory stressed VaR averaged €15.1 million. It peaked at €20.1 million on October 1, 2019 and bottomed out at €11.7 million on May 13, 2019, and stood at €17.6 million at December 31, 2019.

Change in regulatory stressed VaR (1-day 99% VaR) and stressed VaR (1-day 99% SVaR).



IRC indicator

This indicator covers the regulatory scope. Natixis' IRC averaged €15.6 million. It peaked at €35.6 million on January 18, 2019, and bottomed out at €9 million on December 19, 2019, and stood at €10.1 million at December 31, 2019.



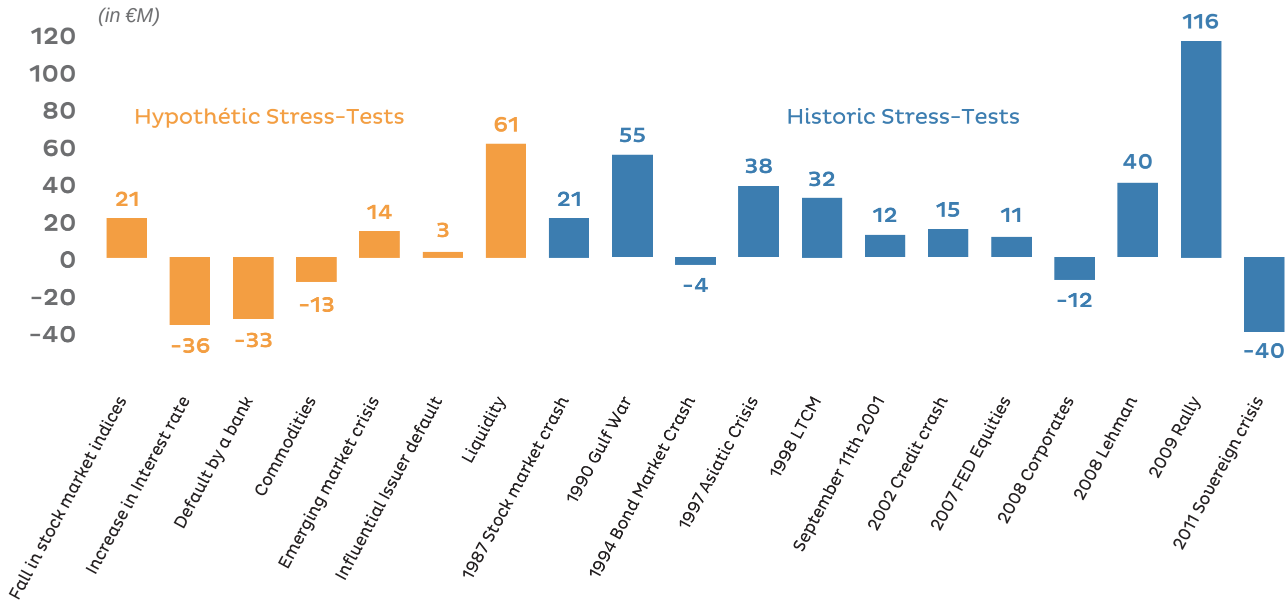
Stress test results for the Natixis scope

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Overall stress test levels reached an average level of €16 million at December 31, 2019, versus -€13 million at December 31, 2018.

The historical stress test replicating the sovereign debt crisis in 2011 gave the maximum loss (-€40 million at December 31, 2019).

Overall stress tests at December 31, 2019



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 system 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 ensures 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 General Inspection 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 & Projects 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 nearly 50 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.).

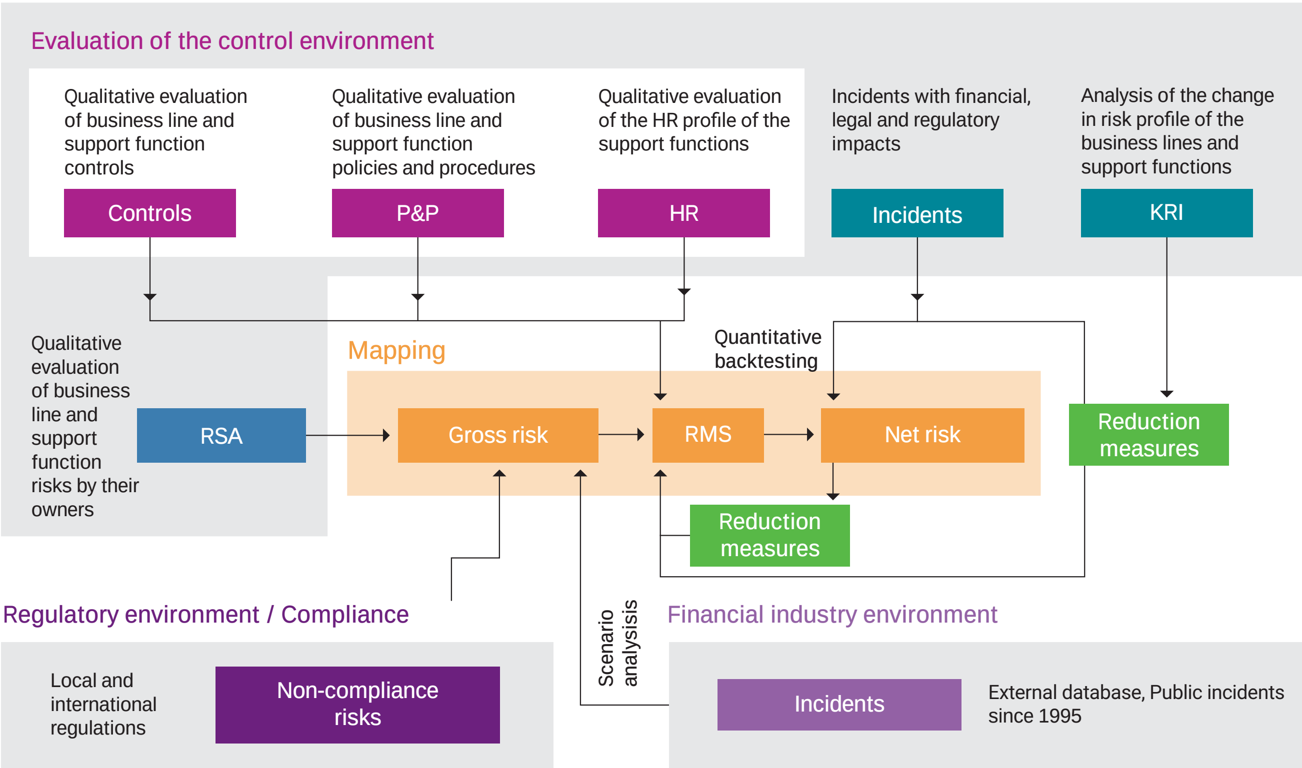
The capital requirements for operational risk are calculated using the standardized approach for all of Natixis' operational divisions. For the purposes of managing its economic capital, Natixis uses an internal methodology to obtain an overall estimation of its level of exposure to operational risk 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:

Business line and support function environment



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 610 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 Payments, Insurance and Wealth Management. 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 Head of the Operational Risk Department) are reported immediately to the business line's management and to Natixis' Chief Risk Officer.

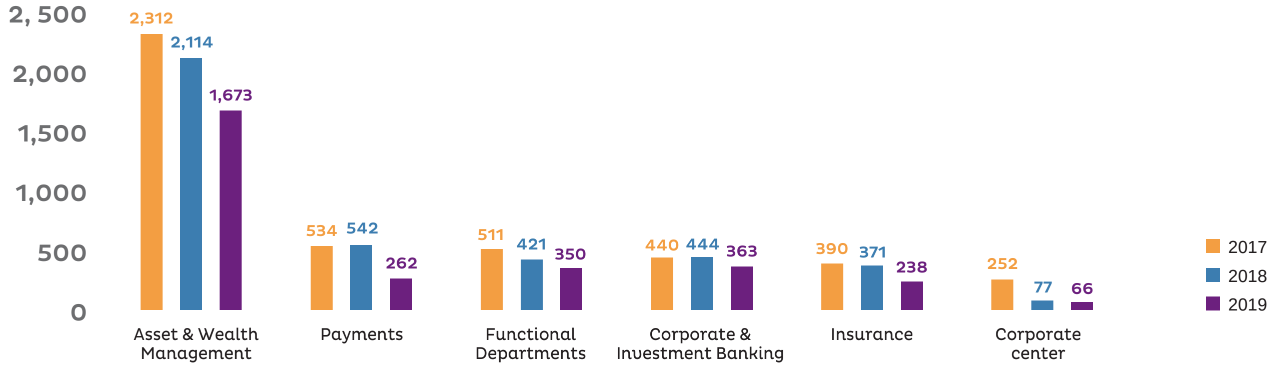
Following an investigation involving all relevant parties, the operational risk manager of the business line compiles a standardized full report, including a factual description of the event, the analysis of the initial cause, the description of the impact and the proposed corrective actions. At every level of the Company, the business line Operational Risk Committees 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.

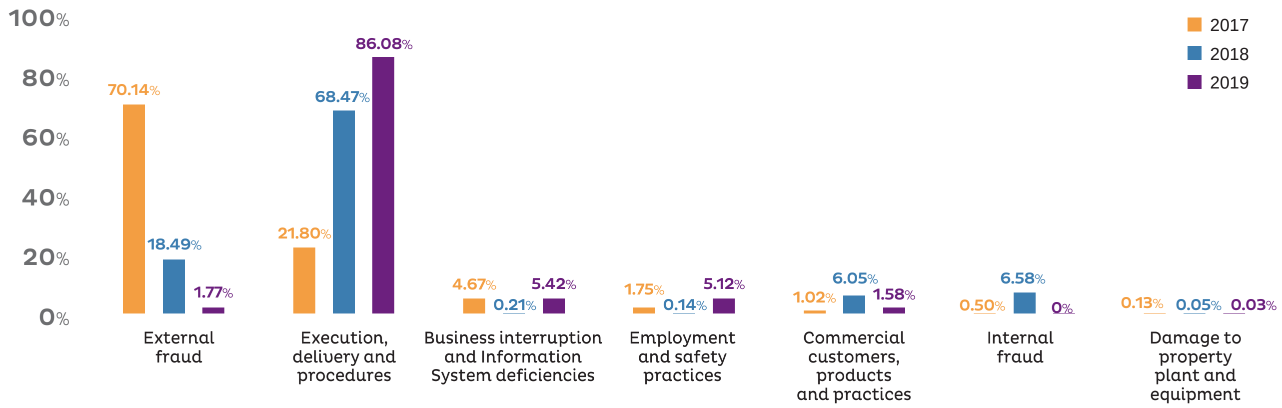
Overall trend of reported incidents

In 2019, nearly 2,950 incidents that occurred in the year (representing 8,250 single 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 Payments, Insurance, and Asset & Wealth Management business lines and the cross-business functions.

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. 72% of the almost 360 corrective actions initiated in 2019 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 according to three priority levels 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 2019, a risk analysis was performed on all of Natixis' business lines and support and control functions. Verifying consistency with the results from General Inspections 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 Corporate Insurance Department is responsible for:

- analyzing insurable operational risks;
- and 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;
- which are pooled with Groupe BPCE (except for 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.

B/ "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;

C/ "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;

D/ "Company Directors Liability" for up to €200 million per claim and per year of insurance;

E/ "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;

F/ "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, Risk Supervision Division and the Corporate & Investment Banking division, the Head of the Joint Refinancing Pool, the Head of Financial Management and BPCE's Head of Financial 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:

- Natixis' entire banking portfolio;
- 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, as first line of defense:
  - 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 Supervision 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 3.3.2.2)*,
  - the Treasury Department (joint refinancing pool), which comes under the authority of the Financial Management Department, is 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 Supervision Division, which is responsible for independently evaluating the structural ALM risk monitoring system, second-level controls on cash and ALM indicators, and the approval of identified ALM methods for use in a model. A dedicated department (MARPL) is also responsible for holding a Market Risk Committee meeting to review the operational limits on banking scopes covered by risk mandates. The Risk Supervision Division also proposes the limits specified under the risk appetite system, which are validated by the Board of Directors.

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 3.2.7.1)*, 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)

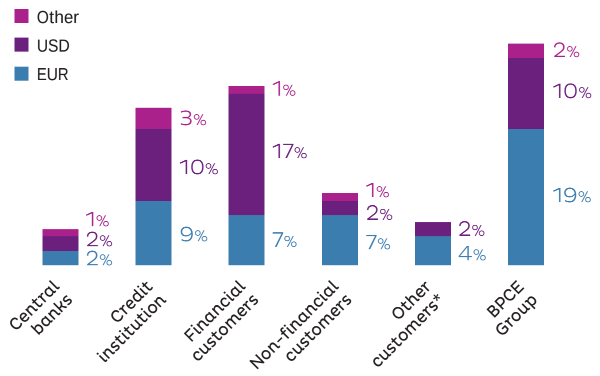
Funding strategy

Natixis' funding structure relies 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 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, 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, Asia and the US.

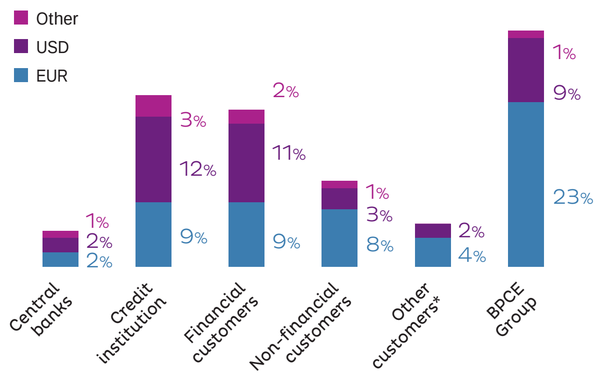
The following charts are established for information purposes on the basis of management data at year-end.

Weight of gross on-balance sheet funding sources by major category of vehicle and/or by customer segment at the end-2019 reporting date



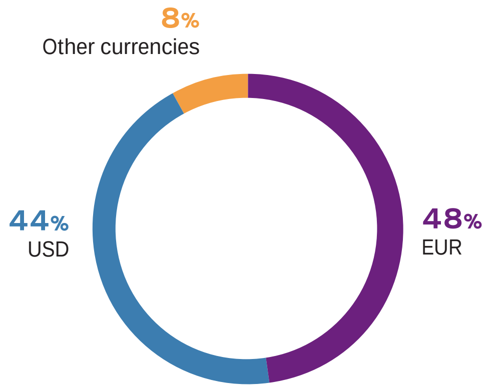
Sources: Management data.

Weight of gross on-balance sheet funding sources by major category of vehicle and/or by customer segment at the end-2018 reporting date

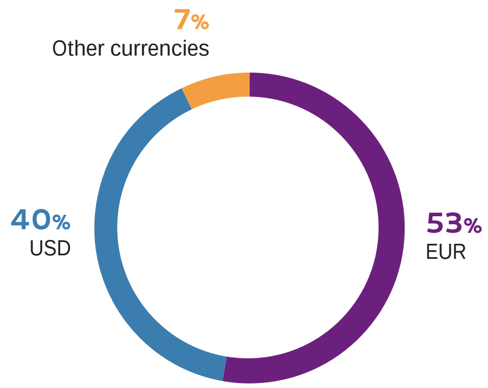


Sources: Management data. Restated following of the disposal of the retail banking activities.

Breakdown of gross funding structure by currency, at current USD exchange rates – 31/12/2019



Breakdown of gross funding structure by currency, at current USD exchange rates – 31/12/2018

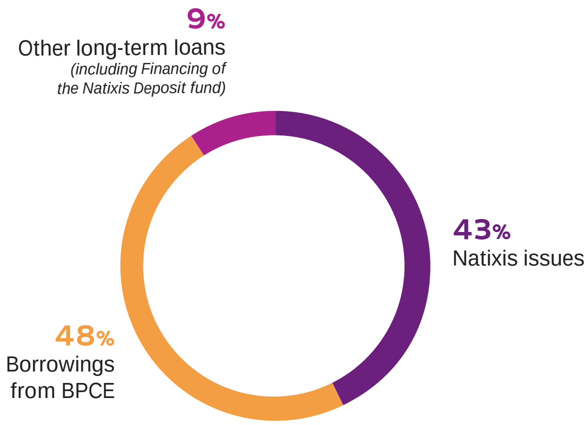


Under its annual medium-term funding program in 2019, Natixis raised €11.5 billion net (€7.4 billion net the value of buybacks and calls) in resources with a term of more than one year versus €14.6 billion in 2018 (€11 billion net the value of buybacks and calls).

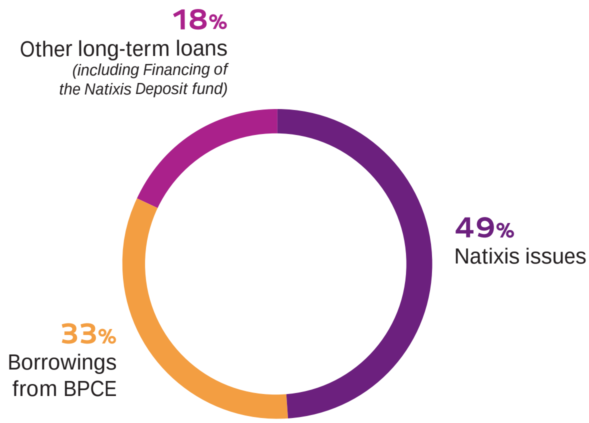
The difference is attributable chiefly to the deconsolidation of SFS entities (mainly the long-term refinancing leasing activity).

Structured private placements account for 40% of this program (marginal in net terms), with the remainder predominantly provided by BPCE as part of the Group's medium-term funding policy approved by the Group ALM Committee.

2019 gross MLT funding program



2018 gross MLT funding program



Comments on the Bank's funding

Short-term funding

2019 was marked by rising uncertainties and by adjustments to developed countries' monetary policies, which enabled the world economy not to suffer too badly from a decline in private investment. The Sino-American trade and Brexit sagas contributed to the anxiety-provoking climate throughout the year, but an agreement between Beijing and Washington, and a new majority in the British parliament allowed decisive progress on those issues. And while they are still far from being definitively settled, the markets are looking at them with less apprehension.

Meanwhile, the fall in banks' dollar reserves, a consequence of the programmed normalization of the Fed's balance sheet, caused severe tension in the American money markets in September. To respond to this situation, the Fed decided to resume purchasing treasury securities and injecting liquidity via reverse repo operations. The American central bank also decided to lower its policy rates three times in 2019 to combat the negative effects of global uncertainties.

The European Central Bank only made a minor adjustment to the "low" rate of its monetary policy, by lowering the deposit facility from -0.40% to -0.50% in September, but it accompanied this gesture with an ambitious monetary stimulus package, characterized largely by the implementation of a tiering system serving to limit the harmful effects of negative rates on the soundness of European financial institutions. It is still too early to fully measure the tiering program's effects; it could have consequences on the cost for banks when raising funds on the money market.

Generally speaking, liquidity was fairly abundant in dollars during the second half, most tellingly in the form of a steady increase in assets in money market funds denominated in dollars. In 2019, the total amount of Natixis issue programs increased. The increase is attributable to the increase in demand for dollar-denominated securities. This phenomenon was focused on the Euro Commercial Paper program under the effect of Asian flows, as well as on the American CD program, resulting from additional interest from local investors. But the increase was partially offset by a decline in the stock of deposits. The market also prepared for the introduction of new benchmarks, with the introduction of the €STR and the reform of the Euribor on the euro. Some transactions have already been made on the European Central Bank's new benchmark.

This transition stage is crucial, because many issues on the money market include a reference to Eonia.

Natixis' short-term issuance program outstandings

(in millions of euros or euro equivalents)	Deposit certificates	Commercial papers
Program ceiling*	45,000	25,352
Outstandings at 31/12/2019	26,746	13,196

* *For certificates of deposit, NEU CP program ceiling only (NEU: New European Medium Term Note)*

Long-term funding

In the medium and long-term funding segment, the credit market performed well over the first-half period, in a highly liquid market (Investment Grade fund inflows) where investors searched for yield. The spread on the senior preferred 5-year € debt of French banks narrowed by -15/-20 bps in the first half to trade on average of E3M+45 bps. The ECB's March announcement of a 3-year TLTRO3 helped tighten spreads. Among other things, it will allow Eurozone banks to reinvest returns on the TLTRO2, paid quarterly from June 2020 to March 2021. The launch of QE2 in November, in the amount of €20 billion monthly, narrowed spreads to by a further -5 bps to E3M+40 bps.

On the long end of the yield curve, the 10-year US Treasury bond ended the year at 1.92%, down -76 bps in 2019. The 10-year Bund closed at -0.19%, down -43 bps.

In these market conditions, Natixis raised a gross total of €14.1 billion in funding in 2019 (of which €590 million in self-held securities and €250 million via Pfandbrief Bank) 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 €5.5 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 31/12/2019	3,116	340	2	4,939
Outstandings at 31/12/2019	15,092	511	188	11,537

3.2.7.3 Structural foreign exchange risk

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Targets and policy

Natixis' Common Equity Tier 1 (CET1) has a weighted currency risk exposure, mainly denominated in US dollars. Natixis' general policy for managing structural exchange risk consists in immunizing the CET1 ratio (CET1 in currency, in relation to RWAs in the same currency) against changes in exchange rates. To this end, it establishes a "structural" foreign-exchange position when it purchases foreign currencies to fund net sustainable, strategic investments abroad, in proportion to the consumption of RWA in the currency in question. Net investments in non-core currencies are still funded by borrowings.

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 (01/01/2019)	Position at market close (31/12/2019)
USD	4,027	4,168
GBP	200	245
DZD	206	190
AUD	144	139
SGD	94	99
HKD	55	70
RUB	39	46
CNY	41	41

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)

In 2019 the system for measuring and monitoring interest rate risk was adapted to factor in the new july 2018 guidelines of the European Banking Authority (EBA), "EBA-GL-2018-02". It dovetails with the implementation of the IRRBB framework within Groupe BPCE, and includes calculations and limits that are adapted to Natixis' prudential banking scope.

The interest rate risk of Natixis' banking portfolio is managed and monitored under the authority of the Asset/Liability Management Committee (ALM Committee), which is chaired by the Chief Executive Officer and attended by the members of the Senior Management Committee in charge of Finance, Risk Supervision Division and the Corporate & Investment Banking division, as well as the Head of the Joint Refinancing Pool, and the Head of Financial Management of Natixis and his BPCE counterpart.

The indicators are:

- A static interest rate gap calculation: to check the (banking) balance sheet's exposure to interest rate risk.
- Sensitivity of economic value calculations: to measure changes in this value according to scenarios defined by the EBA.
- Changes in net interest income calculations: to calculate the sensitivity of net interest income.

The limits of these calculations are validated by an Asset/Liability Management Committee. The calculations are performed by the Finance Department, and the limits are monitored by the MARPL department within the Risk Supervision Division.

Complementing this system is a set of operational interest rate risk calculations (interest rate sensitivity and stress tests) which are managed daily by the MARPL department, and monthly for balance sheet management operations and credit subsidiaries.

Quantitative disclosures

(Data certified by the Statutory Auditors in accordance with IFRS 7)

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, 2019

Maturity *(in millions of euros)*	1 year	3 years	5 years	7 years
Interest rate gap (fixed-rate)	464	75	(198)	(68)

Natixis analyzes the sensitivity of net interest income (ΔNII) to changes in market interest rates using NII stress tests.

At December 31, 2019, the sensitivity of the Bank's NII to changes in interest rates was as follows:

Sensitivity of economic value and net interest income (IRRBB — Table B)

Stress tests are calculated using the progressive regulatory floor approach as well as the multi-currency aggregation method as per the EBA Guidelines of July 2018. The sensitivity presented below relating to NII is that of the first year.

	Δ EVE	Δ NII
Period *(in millions of euros)*	31/12/2019	31/12/2019
Parallel upward shift	12	124
Parallel downward shift	(12)	(79)
Steepening	(125)	
Flattening	74	
Rise in short rates	73	
Fall in short rates	(103)	
Maximum		
Period	**31/12/2019**	
Tier-1 capital	**13,311**	

Given its nature, overall interest rate risk is a marginal risk for Natixis and calls for no special comments.

The stress scenarios set by the European Banking Authority (200 bps parallel upward or downward shift in yield curves, steepening, flattening, rise or fall in short rates with a progressive floor) would lead to a variation of -€125 million in the economic value of the banking book (using the EBA's currency offsetting rules) based on the yield curve steepening scenario at December 31, 2019.

The sensitivity of Natixis' NII to interest rate variations under various stress scenarios in 2019 was relatively low and stable. In the event of a parallel upward shift of +200 bps in the yield curves, sensitivity was positive and represented less than 1.5% of CET1. In the event of a parallel downward shift of -200 bps in the yield curves, sensitivity was negative and represented less than 1% of the 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

	31/12/2019									
(in billions of euros)	**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**	**More than 5 years**	**Undated**
Amounts due to central banks	0.0									0.0
Other financial liabilities held for trading purposes — excluding trading derivatives	129.9	8.1	72.0	11.5	3.7	4.9	2, 4	4.0	4.8	18.6
o/w repurchase agreements	*96.1*	*8.1*	*71.9*	*11.2*	*2.5*	*1.3*	*0.6*	*0.4*	*0.1*	
Secured debt	-	-	-	-	-	-	-	-	-	
Unsecured debt	-	-	-	-	-	-	-	-	-	
Financial liabilities at fair value through profit or loss	30.7	-	1.5	6.7	2.1	4.0	4.1	8.8	3.4	
o/w repurchase agreements	-	-	-	-	-	-	-	-	-	
Secured debt	*1.0*	-	-	*0.9*	*0.1*	*0.0*	*0.0*	*0.0*	*0.0*	
Unsecured debt	*25.6*	-	*1.4*	*2.2*	*2.0*	*4.0*	*4.1*	*8.8*	*3.0*	
Trading derivatives	59.7									59.7
Hedging derivatives	0.7									0.7
Amounts due to banks	72.9	8.8	10.1	15.0	5.6	7.6	8.7	16.1	1.0	0.1
o/w repurchase agreements	*6.9*	*0.6*	*0.8*	*4.2*	*0.6*	*0.8*	-	-	-	
Customer deposits	30.4	17.0	3.2	4.2	1, 2	1.9	0.1	0.3	1.0	1.4
o/w repurchase agreements	*0.1*	*0.0*	*0.1*	-	-	-	-	-	-	
Debt securities	47.7	-	5.2	14.3	12.9	11.7	0.5	2.0	1, 2	
o/w covered bonds	*1.3*	-	*0.0*	*0.0*	*0.0*	*0.0*	*0.2*	*0.8*	*0.3*	
Revaluation adjustments on portfolios hedged against interest rate risk	0.2									0.2
Subordinated debt	4.2	-	0.0	0.0	0.0	0.0	1.4	2.0	0.7	0.0
Total	**376.3**	**33.9**	**92.0**	**51.7**	**25.5**	**30.1**	**17.3**	**33.1**	**12.1**	**80.7**

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.

	31/12/2018									
(in billions of euros)	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
Amounts due to central banks	0.0									0.0
Other financial liabilities held for trading purposes — excluding trading derivatives	124.7	15.2	63.5	9.9	1.8	4.1	1.4	3.7	4.3	20.8
o/w repurchase agreements	*90.9*	*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	28.7	-	1.7	7.3	2.6	3.4	3.1	6.6	4.0	
o/w repurchase agreements	-	-	-	-	-	-	-	-	-	
Secured debt	*1.0*	-	-	*0.1*	*0.0*	*0.0*	*0.8*	*0.0*	*0.0*	
Unsecured debt	*23.1*	-	*1.4*	*2.9*	*2.6*	*3.3*	*2.3*	*6.6*	*4.0*	
Trading derivatives	57.2									57.2
Hedging derivatives	0.7									0.7
Amounts due to banks	76.8	5.9	14.6	14.6	4.8	6.0	9.8	17.8	3.0	0.2
o/w repurchase agreements	*8.7*	*1.5*	*1.5*	*4.7*	-	-	*1.1*	-	-	
Customer deposits	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*	*0.0*	*0.1*	-	-	-	-	-	-	
Debt securities	36.5	-	6.4	12.2	8.5	5.3	1.0	2, 4	0.7	
o/w covered bonds	*1.3*	-	*0.0*	*0.0*	*0.1*	*0.1*	*0.1*	*0.7*	*0.3*	
Revaluation adjustment on portfolios hedged against interest rate risk	0.0									0.0
Subordinated debt	4.3	-	0.0	0.0	0.0	0.0	0.1	2.9	1.2	0.0
TOTAL	**364.9**	**37.0**	**91.4**	**48.0**	**19.0**	**24.2**	**16.2**	**33.9**	**14.3**	**81.0**

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 compliance

The Compliance Department oversees compliance risk prevention and mitigation. It also oversees IT Systems Security, 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 6.2.1 The Natixis Code of Conduct)*, which have been adapted for compliance in the Compliance Manual.

Accordingly, the Compliance Department participates in establishing standards, policies and procedures, and issues its opinion, particularly regarding the oversight of new business, products and organizations.

It also conducts a regulatory watch and works with the Human Resources Department on staff training. 2019 was marked by change and the migration to a new e-learning platform. Compliance has continued its training and awareness-raising initiatives regarding the many changes to regulations in areas such as anti-money laundering and counter terrorist financing, tax evasion and information security.

The Compliance Department coordinates first-level permanent controls of compliance risks. In addition, it sets up and implements second-level permanent controls to ensure that procedures are applied within the business lines and that compliance risks are managed, as part of a risk-based approach *(see 3.2.1 Organization of Natixis' internal control system)*. To this end, the Compliance Department maps compliance risks and ensures that anomalies detected by the relevant business lines are resolved.

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 business line compliance managers 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:

- operational 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 screen 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. This allows 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. They limit the circulation of information on a need-to-know basis, which means that 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 a special tool that 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.

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. This framework is 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 Autorité des Marchés Financiers (AMF — French Financial Markets Authority) or to local regulators, in accordance with the regulations in force. The framework is currently being updated to strengthen its analysis and detection capacity.

The version upgrade of the detection tool for Corporate & Investment Banking is also part of this process.

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, as well as being included in its Code of Conduct. 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 interest of maintaining a high level of customer protection, Natixis strengthened its procedures and introduced additional controls.

This resulted in the implementation of various systems used to manage KYC and other information, establish governance for products offered to clients and preserve their assets. *See section 3.2.8.6* for more information on the GDPR and the protection of clients' personal data. Protection of personal data.

Client information

There is a client information procedure encompassing all the MiFID 2 obligations with respect to client onboarding, as well as the pre- and post-trade information due to clients based on their status as clients, professional clients or eligible counterparty as defined by regulations.

There is also a specific procedure for cost and expense information, and key information documents for packaged products to be provided to non-professional clients, 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.

The customer onboarding tool, known as Client Pass, has been rolled out across all Corporate & Investment Banking locations. It 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.

Protection of client financial instruments and funds

If financial instruments or funds belonging to clients are held, the clients' ownership rights to these assets are maintained and guaranteed. The use of client-owned financial instruments for the institution's own purposes is only permitted if clients have previously given their express consent. Similarly, regulations prohibit the signing of title transfer collateral arrangements with non-professional clients.

Product governance

MiFID 2 and IDD established the principle of product governance, which aims to define and regularly review a target market for all financial instruments and insurance products sold by Natixis and to ensure that the product was sold to the intended target. This includes ensuring that the distribution strategy is consistent with and appropriate for the target market. Product governance applies to all kinds of clients, regardless of their classification, and all products regardless of their level of complexity or trading venue.

Adapting product governance, especially the definition and validation of the target market, to operations is handled through dedicated Committees.

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.

3.2.8.4 Financial security

The Financial Security Department reports to Compliance and manages the anti-money laundering and counter-terrorist financing (AML/CTF), corruption and fraud prevention framework, and ensures that Natixis and its branches and subsidiaries comply with financial sanctions and embargoes.

Natixis' financial security was ramped up in numerous ways in 2019:

- stricter management was implemented for Financial Security's AML-CTF system;
- indicators used by the Financial Security Supervisory Committee (AMLSOC) were enhanced and harmonized for the parent company, subsidiaries and branches, both in France and abroad;
- Natixis' Financial Security teams continued to expand and a Steering and Transformation team tasked with managing key projects, along with the Financial Security Supervisory Committee, was created;
- the international sanction compliance framework continued to be enhanced, especially the system for screening transactions and client databases;
- an oversight Committee for first- and second-level controls that contribute to the financial security risk management system was created;
- the control system was enhanced with the creation and execution of a second-level permanent control plan for the activities of financial security teams in France and abroad.

Anti-money laundering and counter-terrorist financing

As part of its efforts to combat money laundering and terrorist financing, in 2019 Natixis enhanced its AML-CTF framework by integrating the new requirements from texts and reports issued by French, European and international authorities and public bodies.

In accordance with the regulations in force, Natixis' AML-CTF system primarily consists of the following items:

- in-depth and up-to-date information about the business relationship, both before onboarding and throughout the relationship;
- a risk-based approach that categorizes clients based on identified risks;
- a screening system for client databases and transactions that uses automated tools or requests;
- an oversight system using permanent and periodic controls;
- internal transmission of alerts and suspicions to the department authorized to report suspicions to the relevant financial intelligence units;
- an employee training and information system.

In 2019, Natixis' Financial Security enhanced steering tools.

Furthermore, the a priori AML-CTF referral criteria used by Natixis S.A.'s Financial Security were strengthened and redefined as part of reinforcing monitoring across the consolidated scope of Natixis S.A. and its subsidiaries. Accordingly, before a transaction or financing can be prepared, an opinion on cases that meet one or more criteria on the list of referral criteria must be provided by Natixis S.A.'s Financial Security.

As for counter-terrorist financing, Natixis continued its work on the CTF risk map based on an assessment of the exposure of Natixis' business lines, branches and subsidiaries. In addition, the geopolitical watch report is distributed internally, thereby keeping people informed of the latest developments in this area and providing them with guidelines on implementing appropriate vigilance measures and dedicated controls.

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 makes it possible to freeze the accounts of 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.

In 2019, Natixis continued to enhance its international sanction compliance framework by improving screening tools within the framework of projects steered by the Financial Security Department.

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 Natixis' branches and subsidiaries 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 CIB Compliance. 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 (known as "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.

Natixis' Chief Executive Officer is responsible for the corruption prevention program. The anti-corruption framework as a whole is managed and coordinated by a dedicated team within Compliance's Financial Security Department. It relies on a network of anti-corruption officers 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 anti-corruption framework includes:

- **a regularly updated corruption risk map**;
- **standards and procedures.** This includes a policy intended to prevent and detect corruption that is shared with all employees, as well as internal rules on this theme. The various high-risk situations are also managed through dedicated procedures, such as the procedures for preventing and managing conflict-of-interest situations, conducting anti-corruption due diligence when initiating business relationships with third parties and prior to forming partnerships or carrying out merger and acquisition transactions, and supervising recruitment. High-risk practices, including giving/accepting gifts or invitations, patronage initiatives, sponsoring, donations and third-party compensation, are also governed by specific procedures;
- **a control system.** The corruption aspects are fully incorporated within the existing permanent control system, particularly through specific controls covering high-risk situations and practices;
- **a whistleblowing system.** The corruption prevention program is based on Natixis' alert system. Natixis employees can use the alert system to report any facts or events they encounter that may indicate corruption or influence peddling;
- **a training system.** To ensure that these rules and procedures are disseminated and adopted, compulsory e-learning training has been rolled out and specific training sessions have been held for the members of Natixis' Executive Committee and employees who are most likely to be exposed to corruption risk.

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 at 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 regular meetings of a "Cyber security and business continuity" steering Committee. The IT Security Department (which reports to the IT Department) forms the first level and implements all the operational measures for protecting Natixis' IT system. The IT Systems Security and Business Continuity (ITSS-BC) Department, which reports to the Compliance Department, forms the second line of defense. These two lines of defense share a common Security Operating Center (SOC). The center 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 Systems 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 vulnerable IT assets. Risk assessments may be conducted during the annual review or may be completed as part of work done to support another project. In 2019, ITSS-BC monitored close to 450 business line projects, half of which resulted in specific security requirements being issued in order to better manage 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. Consequently, each year around 6000 second-level control operations are carried out, with a special focus on access right controls and intrusion tests on IT assets exposed to the internet.

The risk-based approach was also used to help define 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. Consequently, in 2019, the department continued key projects aimed at better protecting Natixis' IT assets and improving attack detection.

Business continuity

Natixis' business continuity framework combines incident management based on their consequences (unavailability of the IT system, sites, or critical skills or suppliers) with emergency measures specific to each scenario (overflowing of the Seine, cyberattack, etc.).

Natixis regularly tests this entire framework using first- and second-level controls, crisis management exercises and backup solution tests.

Natixis now has a large inventory of laptops that enable it to respond appropriately in the event of a slow-moving crisis (Seine flood, strikes, etc.)

In addition, Natixis has enhanced its cyber crisis continuity framework by implementing a multi-year testing plan and conducting crisis management drills based on cyber-attack scenarios.

3.2.8.6 Personal data protection

Natixis' Data Protection Officer belongs to the ITSS-BC Department and coordinates a network of data privacy liaisons distributed across all Natixis entities.

This function's purpose is to handle all regulations relating to personal data protection and especially to ensure compliance with Europe's General Data Protection regulation (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 has a personal data register and procedures for key processes, such as handling data leaks, processing requests by individuals to exercise their rights, dealing with referrals to the authorities, updating and annually reviewing the register, carrying out the second-level control plan, managing training needs, conducting the regulatory watch and ensuring Privacy by Design/Default in projects.

Internationally, in the EMEA and APAC regions, gap analysis and remediation projects related to GDPR and applicable local regulations were conducted and will continue in 2020. As for the AMER region, the function's organization was restructured and their gap analysis and remediation projects are being prepared for launch in 2020.

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, 2019, the financial consequences of litigation deemed likely to have, or which have in the recent past had, a material impact on the financial position 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 position 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 €551 million at December 31, 2019 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 for Natixis and the outcome of the measures taken by the bank, notably in terms of legal proceedings. 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. On September 24, 2019, the Court ruled against Natixis, overturning the ruling by the Commercial Court of Paris. Natixis filed an appeal with the Court of Cassation in December 2019.

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 trustee 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. In August 2019, Natixis joined the group of defendants that filed a request for permission to appeal the Second Circuit Court's ruling before the Supreme Court. This request for permission is currently before the Supreme Court, which is expected to decide in 2020 whether it will agree to hear the case.

Furthermore, the liquidators of Fairfield Sentry Limited and Fairfield Sigma Limited have initiated a large number of proceedings against investors that previously received payments from these funds for share redemptions (more than 200 proceedings have been filed in New York). Some 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 liquidators 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 found 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 liquidators' common law claims (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. In May 2019, the liquidators appealed the bankruptcy court's ruling before the District Court. The case is ongoing.

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 false and misleading information on account of two messages sent in the second half of 2007, at the beginning of the subprime crisis.

After judicial investigation, a committal for trial was ordered on June 28, 2019.

The committal concerns only one of the messages, disseminated on November 25, 2007, explaining the risks to which Natixis was exposed at the time as a result of the subprime crisis. The second message was dismissed. Maintaining that no offense was committed, Natixis will present its defense, and the Criminal Court will render its judgment.

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, 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. This ruling was upheld by the Paris Court of Appeal on October 22, 2018. MMR Investment Ltd submitted an appeal. The case is ongoing.

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.

UMR and AEW S.A. mutually withdrew the case before the Commercial Court of Paris at the end of November 2019.

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 a subset of claims in one of these proceedings remains subject to appeal) and that the claimants do not have the legal standing to file the suit.

EDA — Selcodis

Through two complaints filed on November 20, 2013, Selcodis and EDA also brought claims before the Commercial Court of Paris against Natixis and two other banking institutions for unlawful agreements, alleging that such actions led to the refusal to grant a guarantee to EDA and to the termination of various loans.

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 considers 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 in February 2015 with regard to Natixis Asset Management's (now Natixis IM International) 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 IM International filed an appeal against this ruling with the French Council of State. In its decision of November 6, 2019, the French Council of State overturned the Enforcement Committee's decision, reducing the fine to €20 million. It let the warning stand.

In addition, UFC-QUE CHOISIR, in its capacity as a consumers' rights non-profit, brought claims before the Paris District Court 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 Court of 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 Natixis subsidiary) 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.

Competition Authority/Natixis Intertitres and Natixis

On October 9, 2015, a company operating in the meal voucher industry lodged a complaint with the Competition Authority to contest industry practices with respect to the issuance and acceptance of meal vouchers. The complaint targeted several French companies operating in the meal voucher industry, including Natixis Intertitres.

In its decision of December 17, 2019, the Competition Authority ruled that Natixis had participated in two practices designed to keep new entrants out of the meal voucher market: the exchange of confidential information and the adoption of a series of agreements intended to lock up the market.

Natixis Intertitres received a fine of €4,360,000, along with two other fines totalling €78,962,000, jointly and severally with Natixis.

This decision was the subject of a press release from the Competition Authority dated December 18, 2019.

Natixis and Natixis Intertitres have decided to appeal this decision as soon as formal notification is received.

Bucephalus Capital Limited/Darius Capital Partners

On June 7, 2019, Bucephalus Capital Limited (a company under English law), together with other firms, brought claims against Darius Capital Partners (a company under French law that is 60% owned by Natixis Investment Managers), before the Commercial Court of Paris to contest the breach of various contractual obligations, particularly with respect to a framework agreement dated September 5, 2013 setting out their contractual relations and various subsequent agreements. Bucephalus Capital Limited claims a total of €178,487,500.

Darius Capital Partners consider these claims to be unfounded.

BCE/Natixis Wealth Management Luxembourg

Following a notice of grievance dated March 18, 2019, the European Central Bank decided on October 21, 2019 to impose an administrative penalty of €1,850,000 on Natixis Wealth Management Luxembourg. The Company had been found to be in breach of the large exposures limit and large exposures reporting requirements between 2016 and 2017. The case is now closed.

AMF/NAM Finance

After inspecting Natixis Asset Management Finance's compliance with its professional obligations, especially "efficient portfolio management" transactions carried out in 2016, the AMF decided on July 17, 2017 to issue a notice of grievance against the firm and refer the case to the AMF Enforcement Committee. On September 25, 2019, the Enforcement Committee fined NAM Finance €1 million. The case is now closed.

AMF/NIM International

While the above-mentioned case was in progress, the AMF decided in early June 2017 to launch a similar inspection of Natixis Investment Managers International. In early June 2018, the AMF decided to issue a notice of grievance against NIM International and refer the case to the AMF Enforcement Committee. On September 25, 2019, the Enforcement Committee fined NIM International €2 million. The case is now closed.

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 (for both Life and Non-Life Insurance), 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: €58.2 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 manage this risk, BPCE Vie has only sold policies with a minimum guaranteed return in recent years: more than 95% of the policies have a zero minimum guaranteed return. The minimum guaranteed return averages 0.13%.

To manage market risk, the sources of return have been diversified, namely via investments in new asset classes (financing the economy, infrastructure, 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. At December 31, 2019, 67% of the fixed-income portfolio is invested in securities rated equal to or 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 Non-Life 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. The concentration of exposure (country, sector, debtors, etc.) may exacerbate credit 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[1]. As regards exposure and portfolio monitoring, the Group has set up a refined management of its risks Accordingly, delinquent payments are analyzed weekly by the Senior Management Committee and monthly by the Group Underwriting Committee. 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:

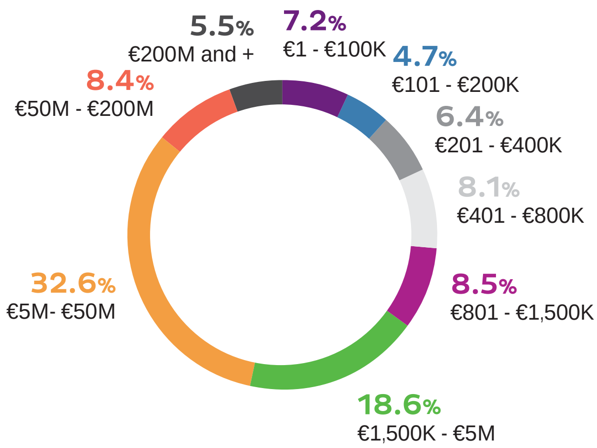
- the centralization of reserves for claims exceeding a certain amount per debtor which are then analyzed ex-post to improve the information, underwriting and recovery activity's performance;
- monitoring at the risk underwriting level, which, above a given level of outstandings based on the Debtor Risk Assessment (DRA), 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 adherence to the Group's credit risk standards.

The following chart shows the breakdown of debtors by total credit risk exposure incurred by Coface at December 31, 2019:



(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.

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 3.9 at December 31, 2019. There is still no exposure to Greek sovereign debt. The Group continued to increase its international diversification in 2019, chiefly in emerging countries, while maintaining exposure in Asia and North America in order to benefit from higher rates of return and to accommodate the various interest rate hikes or lower the cost of current hedging. In 2018, interest rate hedges were applied to a portion of exposure to European sovereign debt; these were sold in the first quarter of 2019;
- 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 2019, Coface systematically set up hedges against the euro in the portfolio combining its European entities, to protect investments in bonds denominated in dollars in particular, 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, 2019, listed equities represented 6% of the investment portfolio. These investments were subject to hedging for 50% 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 92% of the bonds are Investment Grade and therefore have a median rating equal to at least BBB-;
- liquidity risk At December 31, 2019, 48% 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.

3

Exposure to sovereign risk

(This information forms an integral part of the financial statements certified by the Statutory Auditors).

Exposure to sovereign debt (Natixis Assurances and Coface) is presented in the following table as net carrying amount before application of the sharing mechanism between policyholders and insurers specific to life insurance.

Exposure *(Net carrying amount in millions of euros)*	**31/12/2109**
Germany	328
Austria	107
Belgium	1 094
Spain	818
United States	235
France	9 057
Hong Kong	111
Italy	955
Luxembourg	679
Poland	122
Portugal	199
Singapore	100
Slovakia	102
Other sovereign countries	592
TOTAL	**14,499**

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 this universal 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.

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 this universal registration document.

3.2.10.4 Environmental and social risks

The identification and management of these risks are presented in Chapter 6 of this universal registration document.

3.3 Basel 3 Pillar III disclosures

3.3.1 Capital management and capital adequacy

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.

3.3.1.1 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 represents 2.5% of total risk exposures,
  - 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 2019 is 0.25%,
  - 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 process, Natixis must observe a CET1 ratio of 9.2% in 2019, 2% of which in respect of Pillar II (excluding P2G) and 2.5% in respect of the capital conservation buffer, and 0.2% in respect of the countercyclical capital buffer (in 2018, the phased-in CET1 ratio required was 8.44%, of which 1.875% 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 5.1)* 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	21,016	21,016	21,016				
Financial assets at fair value through profit or loss	228,802	228,789	28,730	151,587	3,156	196,925	
Hedging derivatives	325	325		325		94	
Financial assets at fair value through equity	12,076	12,076	11,990		86		
Debt instruments at amortized cost	1,558	1,558	1,558		12		
Loans and receivables due from banks and similar items at amortized cost	48,115	47,558	45,622	1,936		4,345	
Customer loans and receivables at amortized cost	71,089	72,303	68,669	3,634	205	1,903	
Revaluation adjustments on portfolios hedged against interest rate risk							
Insurance business investments	108,053						
Current tax assets	348	295	295				
Deferred tax assets	1,388	1,155	410				745
Accrual accounts and other assets	13,624	13,260	13,260				
Non-current assets held for sale							
Deferred profit-sharing							
Investments in associates	743	3,642	3,426				216
Investment property	0	0	0				
Property, plant and equipment	1,425	1,279	1,279				
Intangible assets	717	479	0				479
Goodwill	3,891	3,516					3,516
TOTAL ASSETS	**513,170**	**407,249**	**196,254**	**157,482**	**3,459**	**203,267**	**4,956**

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.

Liabilities *(in millions of euros)*	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items: 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							
Financial liabilities at fair value through profit or loss	218,279	216,988	(0)	156,347	154	169,503	41,814
Hedging derivatives	626	626				148	626
Deposits and loans due to banks and similar items	71,927	70,376		5,532		2,191	64,845
Deposits and loans due to customers	30,485	30,742	(0)	121		(0)	30,621
Debt securities	47,375	47,025	(32)			32	47,025
Revaluation adjustments on portfolios hedged against interest rate risk	157	157					157
Current tax liabilities	571	494	(0)				494
Deferred tax liabilities	616	376					376
Accrual accounts and other liabilities	16,148	15,937	0				15,937
Liabilities on assets held for sale							
Liabilities related to insurance policies	100,545						
Provisions	1,642	1,514	917				597
Subordinated debt	3,971	3,331	0				3,331
Shareholders' equity (Group share)	19,396	19,396	0				19,396
Share capital & reserves	11,036	11,036					11,036
Consolidated reserves	5,583	5,583	0				5,583
Gains and losses recognized directly in equity	1,093	1,093	0				1,093
Non-recyclable gains and losses recognized directly in equity	(212)	(212)					(212)
Net income	1,897	1,897					1,897
Non-controlling interests	1,430	286	(0)				286
TOTAL LIABILITIES	**513,169**	**407,249**	**885**	**162,000**	**154**	**171,874**	**225,506**

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 between consolidation scopes (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
Coface S.A.	Full consolidation	Equity method	Holding company	France
Coface Europe	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 S.A.	Full consolidation	Equity method	Reinsurance	Switzerland
Fonds Lausanne S.A.	Full consolidation	Equity method	Mutual fund investments	Switzerland
Coface Debitorenmanagement GmbH	Full consolidation	Equity method	Receivables management and data	Germany
Coface Deutschland (formerly Coface Kredit) – BRANCH (Coface Europe)	Full consolidation	Equity method	Credit insurance and related services	Germany
Coface Rating GmbH	Full consolidation	Equity method	Receivables management and data	Germany
Coface Rating Holding GmbH	Full consolidation	Equity method	Receivables management and data	Germany
Kisselberg KG	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 Greece – BRANCH (Coface Europe)	Full consolidation	Equity method	Credit insurance and related services	Greece
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	United Kingdom
Coface UK Holdings Limited	Full consolidation	Equity method	Holding company	United Kingdom
Coface UK Services Ltd	Full consolidation	Equity method	Receivables management and data	United Kingdom
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 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 BV	Full consolidation	Equity method	Receivables management and data	Netherlands
Coface Denmark – BRANCH (Coface Europe)	Full consolidation	Equity method	Insurance	Denmark
Coface Sverige – 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 CE (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
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 Czech Insurance – BRANCH (Coface Europe)	Full consolidation	Equity method	Insurance	Slovakia
Coface Bulgaria – BRANCH (Coface Europe)	Full consolidation	Equity method	Insurance	BULGARIA
Coface Technologie – Roumania – BRANCH (Coface Europe)	Full consolidation	Equity method	Data services	Romania
Coface PKZ	Full consolidation	Equity method	Credit insurance	Slovenia
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

Entity name	Method of accounting consolidation	Method of regulatory consolidation	Description of the entity	Country
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
Nami Investment	Full consolidation	Equity method	Insurance real estate investments	France
BPCE RELATION ASSURANCES (GIE)	Full consolidation	Equity method	Service provider	France
FCT TULIP NOTE – compartment 1	Full consolidation	Equity method	Insurance investments (Securitization funds)	Netherlands
FCT NA F ECO IMM II	Full consolidation	Equity method	Insurance investments (Securitization funds)	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 Équilibre 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

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. From January 1, 2019, only grandfathering provisions remained active after the completion of phasing-in arrangement.

Common Equity Tier One (CET1)

CET1 is calculated using shareholders' equity (excluding reclassified hybrid securities), with the following restatements:

- 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)*;
- 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, 2019, 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, 2019, as required by Commission Implementing Regulation No. 1423/2013 (Annex II) is available on the Natixis website *(www.natixis.com)*.

At December 31, 2019, 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)	31/12/2019
Shareholders' equity	
Capital	5,045
Share premium	4,251
Retained earnings	5,386
Treasury shares	(40)
Other, including items of comprehensive income	881
Other instruments to be reclassified as Additional Tier 1 capital	1,978
Net income	1,897
Total shareholders' equity – Group share	**19,396**
Reclassification as Additional Tier 1 capital	(1,978)
Translation adjustments	(25)
Restatement of dividend forecast (dividend for previous year)	0
Prudential filters	
Own credit risk: Gain on reclassification of hybrid securities	(144)
Own credit risk: liabilities and derivatives net of deferred taxes	84
Prudent valuation adjustment	(390)
Unrealized gains and losses	(3)
Total prudential filters	**(453)**
Deductions	
Dividend proposed for current year and related expenses	(977)
Goodwill	
Amount as per accounting base	(3,516)
Amount of related deferred tax liabilities	347
Amount included in value of investments in associates	(216)
Intangible assets	
Amount as per accounting base	(479)
Minority interests	
Amount as per accounting base	286
Prudential adjustment	(286)
Deferred tax assets (tax loss carry-forwards)	
Amount as per accounting base	(1,155)
o/w portion not including tax loss carry-forwards and impact of netting	459
Prudential adjustment	0
Shortfall of provisions to expected losses	0
Investments in the share capital of financial sector entities	0
Other prudential adjustments	(235)
Total deductions	**(5,772)**
Total Common Equity Tier 1 (CET1)	**11,168**
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	43
Early redemption through exercise of call option	0
Cap due to grandfathering limit	0
Total hybrid instruments	2,165
Deductions	(22)
Other prudential adjustments including phase-in arrangements	0
Total additional Tier 1 capital	**2,143**
Total Tier 1 capital	**13,311**
Subordinated debt instruments	
Amount as per accounting base	3,370
Regulatory adjustment	(375)
Transfer of grandfathering cap on hybrid capital instruments	0
Total Tier 2 instruments	2,996
Surplus of provisions to expected losses	26
Deductions	(760)
Other prudential adjustments including phase-in arrangements	0
Total Tier 2 capital	**2,262**
TOTAL REGULATORY CAPITAL	**15,573**

Pursuant to Commission Implementing Regulation (EU) No. 1423/2013, the audit trail of regulatory capital as described in Appendix IV of the regulation is provided below.

Regulatory capital Appendix IV

Row number	Aggregate wording	(A) Amount on publication date	(B) Regulation (EU) No. 575/2013 Article reference treatment
Common Equity Tier 1 capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	9,296	26 (1), 27; 28, 29, EBA list, 26 (3)
	o/w ordinary shares	9,296	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	3,750	26(1) (C)
3	Accumulated other comprehensive income (and other reserves, to include unrealized gains and losses under the applicable accounting standards)	2,491	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)
5	Minority interests (amount allowed in consolidated CET1)	0	84
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	920	26 (2)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**16,457**	**Sum of lines 1 to 5a**
Common Equity Tier 1 capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(390)	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	(3,864)	36 (1) (b), 37
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)	(696)	36 (1) (C), 38
11	Fair value reserves related to gains or losses on cash flow hedges	(3)	33 (1) (a)
12	Negative amounts resulting from the calculation of expected loss amounts	(112)	36 (1) (d), 40, 159
13	Any increase in equity that results from securitized assets (negative amount)	0	32 (1)
14	Gains or losses on liabilities at fair value resulting from changes in own credit standing	(61)	33 (1) (b)
15	Defined-benefit pension fund assets (negative amount)	0	36 (1) (e), 41
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(40)	36 (1) (f), 42
17	Direct, indirect and synthetic 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
18	Direct, indirect and synthetic 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
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) to (3), 79
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 to 91
20c	o/w securitization positions (negative amount)	0	36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258
20d	o/w free deliveries (negative amount)	0	36 (1) (k) (iii), 379 (3)
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)
22	Amount exceeding the 17.65% threshold (negative amount)	0	48 (1)
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)
24	Other deductions (including irrevocable SRF (Single Resolution Fund) and DGS (Deposit Guarantee and Resolution Fund) payment commitments)	(123)	
25	o/w deferred tax assets arising from temporary differences	0	36 (1) (c), 38, 48 (1) (a)
25a	Losses for the current financial year		36 (1) (a)
25b	Foreseeable tax charges relating to CET1 items (negative amount)		36 (1) (l)
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)**	**(5,289)**	**Sum of lines 7 to 20a, 21, 22 and 25a to 27**
29	**Common Equity Tier 1 (CET1)**	**11,168**	**Line 6 plus line 28**
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	1,791	51, 52
31	o/w classified as equity under applicable accounting standards	1,791	
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	374	486 (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
35	o/w instruments issued by subsidiaries subject to phase out		486 (3)
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**2,165**	**Sum of lines 30, 33 and 34**
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
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
39	Direct, indirect and synthetic 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

Row number	Aggregate wording	(A) Amount on publication date	(B) Regulation (EU) No. 575/2013 Article reference treatment
40	Direct, indirect and synthetic holdings of AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	(22)	56 (d), 59, 79
41	Empty set in the EU		
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)**	**Sum of lines 37 to 42**
44	**Additional Tier 1 (AT1) capital**	**2,143**	**Line 36 plus line 43**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**13,311**	**Sum of lines 29 and 44**
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	2,950	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)
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
49	o/w instruments issued by subsidiaries subject to phase out	0	486 (4)
50	Credit risk adjustments	26	62 (c) et (d)
51	**Tier 2 (T2) capital before regulatory adjustments**	**3,022**	
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
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
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
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 (net of eligible short positions) (negative amount)	(760)	66 (d), 69, 79
56	Empty set in the EU		
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**(760)**	**Sum of lines 52 to 56**
58	**Tier 2 (T2) capital**	**2,262**	**Line 51 plus line 57**
59	**Total capital (TC = T1 + T2)**	**15,573**	**Sum of lines 45 and 58**
60	**Total risk weighted assets**	**98,990**	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	11.28%	92 (2) (a)
62	Tier 1 (as a percentage of risk exposure amount)	13.45%	92 (2) (b)
63	Total capital (as a percentage of total risk exposure amount)	15.73%	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 expressed as a percentage of risk exposure amount)	2.711%	CRD 128, 129, 130, 131, 133
65	o/w capital conservation buffer requirement	2.500%	
66	o/w countercyclical buffer requirement	0.211%	
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%	
68	Common Equity Tier 1 available to meet buffer requirements (as a percentage of risk exposure amount)	4.78%	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)	221	36 (1) (h), 45, 46, 56 (c), 59, 60, 66 (c), 69, 70
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)	496	36 (1) (i), 45, 48
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)	410	36 (1) (c), 38, 48
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	13,299	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)	26	62
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	40,305	62
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) and (5)
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0	484 (3), 486 (2) and (5)
82	Current cap on AT1 instruments subject to phase-out arrangements	545	484 (4), 486 (3) and (5)
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0	484 (4), 486 (3) and (5)
84	Current cap on T2 instruments subject to phase-out arrangements	656	484 (5), 486 (4) and (5)
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0	484 (5), 486 (4) and (5)

3.3.1.4 Changes in regulatory capital, regulatory own fund requirements and ratios in 2019

Regulatory capital and capital adequacy ratio

The 2019 CET1, Tier 1 and total ratios are presented below by major component. The same ratios for 2018 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 7.21%, 8.71% and 10.71%, respectively for 2019, and of 7.34%, 8.84% and 10.84%, respectively for 2020.

Total capital ratio

(in millions of euros)	31/12/2019	31/12/2018
Shareholders' equity (Group share)	**19,396**	**19,916**
Deeply subordinated notes (DSNs)	1,978	1,978
Perpetual subordinated notes (PSN)	0	0
Consolidated shareholders' equity (Group share) net of DSNs and PSNs	**17,418**	**17,938**
Minority interests (amount before phase-in arrangements)	286	241
Intangible assets	(479)	(580)
Goodwill	(3,385)	(3,330)
Dividends proposed to the General Shareholders' Meeting and expenses	(977)	(944)
Deductions, prudential restatements and phase-in arrangements	(1,696)	(1,374)
Total Common Equity Tier 1 capital	**11,168**	**11,951**
Deeply subordinated notes (DSNs) and preference shares	2,165	2,145
Additional Tier 1 capital	0	0
Tier 1 deductions and phase-in arrangements	(22)	(22)
Total Tier 1 capital	**13,311**	**14,074**
Tier 2 instruments	2,996	3,131
Other Tier 2 capital	26	34
Tier 2 deductions and phase-in arrangements	(760)	(761)
Overall capital	**15,573**	**16,477**
Total risk-weighted assets	**98,990**	**109,225**
Credit risk-weighted assets	73,117	84,245
Market risk-weighted assets	11,109	9,635
Operational risk-weighted assets	13,733	15,345
Other risk-weighted assets	1,031	
Capital adequacy ratios		
Common Equity Tier 1 ratio	11.3%	10.9%
Tier 1 ratio	13.4%	12.9%
Total capital ratio	15.7%	15.1%

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	1.50%				
GB – UNITED KINGDOM	1.00%	7,727	2,902		
HK – HONG KONG	2.00%	2,603	823		
IS – ICELAND	1.75%	3	4		
LT – LITHUANIA	1.00%	58	3		
NO – NORWAY	2.50%	514	124		
SE – SWEDEN	2.50%	346	201		
SK – SLOVAKIA	1.50%	15			
BG – BULGARIA	0.50%	4	1		
DK – DENMARK	1.00%	189	148		
FR – FRANCE	0.25%	57,740	33,816		
IE – IRELAND	1.00%	1,664	561		
Sub-total		**70,863**	**38,583**		
Other countries with a 0% risk weight		114,005	30,367		
TOTAL AT 31/12/2019		**184,868**	**68,950**	**0.2108%**	**209**
Total at 31/12/2018		**190,783**	**77,603**	**0.0638%**	**70**

Prudential valuation adjustments (PV1)

(in millions of euros)	Equities	Interest rates	Forex	Credit	Commodities	Total	o/w: in trading portfolio	o/w: in banking book
Liquidation uncertainty, o/w:	226	15	3	10		254	240	14
Average value	43	4		4		51	43	8
Cost of liquidation	65	10	2	5		83	82	1
Concentration	118	1		1		120	114	5
Early termination								
Model risk	19	6				25	12	13
Operational risk	11	1		1		13	13	
Investment and financing costs						8	8	
Unearned credit spreads						14	14	
Future administrative expenses	4	62	1	7	1	75	46	30
Other								
TOTAL ADJUSTMENTS	**260**	**84**	**5**	**18**	**1**	**390**	**333**	**57**

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)	3,129
TOTAL RWA	**10,221**

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)	2019	o/w impact of the disposal of the SFS division to BPCE
Common Equity Tier 1 (CET1)		
Amount at start of period	11,951	
New instruments issued (including share premiums)	4	
Instruments redeemed	0	
Retained earnings from previous periods	(1,713)	(1,509)
Net income/(loss) for the period	1,897	585
Gross dividend proposed	(977)	
Dividend payout in new shares	0	
Changes in other comprehensive income		
Translation adjustments	128	
Available-for-sale assets	154	(70)
Cash flow hedging reserve	108	106
Other	(159)	
Others (including irrevocable SRF (Single Resolution Fund) and FGDR (Deposit Guarantee and Resolution Fund) payment commitments)	(123)	
Minority interests	0	
Filters and deductions not subject to the phase-in arrangements		
Goodwill and intangible assets	46	154
Own credit risk	193	
Other comprehensive income CFH	(108)	(106)
Prudent valuation adjustment	(7)	
Other items	(35)	
Other, including prudential adjustments and phase-in arrangements		
Deferred tax assets that rely on future earnings (excluding temporary differences)	(48)	(96)
Deductions in respect of breaches of capital thresholds	0	
Other	(13)	
Impact of phase-in arrangements	(130)	
o/w impact of changes in phase-in rate	(130)	
o/w impact of change in basis subject to phase-in arrangements	0	
Amount of Common Equity Tier 1 (CET1) at end of period	**11,168**	**(935)**
Additional Tier 1 (AT1) capital		
Amount at start of period	2,123	
New eligible instruments issued	0	
Redemptions during the period	0	
Other, including prudential adjustments and phase-in arrangements	20	
o/w impact of changes in phase-in rate	0	
o/w other impact of changes in base	20	

(in millions of euros)	2019	o/w impact of the disposal of the SFS division to BPCE
Amount of Additional Tier 1 (AT1) capital at end of period	**2,143**	
Tier 1 (Tier1) capital	**13,311**	**(935)**
Tier 2 (Tier2) capital		
Amount at start of period	2,403	
New eligible instruments issued	0	
Redemptions during the period	0	
Other, including prudential adjustments and phase-in arrangements	(141)	(19)
o/w impact of changes in phase-in rate	0	
o/w other impact of changes in base	(141)	(19)
Amount of Tier 2 capital at end of period	**2,262**	**(19)**
TOTAL REGULATORY CAPITAL	**15,573**	**(954)**

Common Equity Tier 1 (CET1) capital totaled €11.2 billion at December 31, 2019, down slightly by -€0.8 billion over the year attributable notably to:

- common net income (excluding the capital gain following the disposal of the retail banking activities) net of dividends forecast at +€0.3 billion;
- changes in other items of comprehensive income (recyclable gains and losses directly recognized in shareholders' equity and exchange rate effect relating to changes in the euro/dollar exchange rate) for +€0.4 billion;
- prudential deductions relating to goodwill and intangible assets (-€0.1 billion), deferred tax assets on losses carried forward (-€0.1 billion) and, for the first time in 2019, security deposits to the SRF and DGS (-€0.1 billion);
- perpetual deeply subordinated notes (pay and conversion impact) for -€0.2 billion.

Accompanying these factors is a -€0.9 billion impact relating to the disposal of the retail banking business and its acquisition by BPCE S.A.: the pay-out of a special dividend of -€1.5 billion over the financial year having been partially offset by a +€0.6 billion capital gain on the disposal.

Additional Tier 1 capital remained stable at €2.1 billion.

Tier 2 capital came down slightly to €2.3 billion, the discount on issuance totaling €0.1 billion for the period.

At €99.0 billion, **risk-weighted assets** decreased by -€10.2 billion in 2019.

Risk-weighted assets at December 31, 2019

(in billions of euros)	Credit Risk	CVA	Market risk	Operational risk	Total RWA
BASEL 3 AT 31/12/2018	**82.6**	**1.7**	**9.6**	**15.3**	**109.2**
Changes in exchange rates	0.3				0.3
Changes in business activity	4.8	(0.3)		0.4	5.9
Improvement in risk parameters	(1.8)		1.6		(0.2)
Acquisitions and disposals of financial investments	(11.7)			(2.0)	(14.7)
Impact of guarantees	(1.5)				(1.5)
BASEL 3 AT 31/12/2019	**72.7**	**1.4**	**11.2**	**13.7**	**99.0**

The €9.9 billion decrease in credit risk over the period was primarily due to the following factors:

- the disposal of the retail banking business of the Specialized Financial Services (SFS) division and its acquisition by BPCE S.A. in the first quarter of 2019 (-€12.7 billion), offset by acquisitions in Asset Management (WCM Investment Management, Fiera Capital and Massena Partners), mergers and acquisitions (Azure Capita) and payments (Titres Cadeaux) for +€1.0 billion;
- the impact of the appreciation of the euro against the dollar (+€0.3 billion);
- an increase in outstandings (+€5.8 billion) concentrated in Corporate & Investment Banking;
- the impact of risk inputs (-€1.8 billion), mainly due to the reduction of exposure maturities;
- a guarantee impact of -€1.5 billion.

The €0.3 billion decrease in CVA can primarily be attributed to changes in by lower exposures at end-2019.

Market risk was up by +€1.6 billion, mostly on the approved scopes, to €11.2 billion at December 31, 2019.

Operational risk decreased by -€1.6 billion. This decrease was related to the disposal of the SFS entities (-€2.0 billion), offset by the replacement of the benchmark indicator for 2019 with that of 2016 (+€0.4 billion), the average calculation using the average indicator for the previous three years.

Basel 3 RWA by main Natixis business line (NX02)

		Basel 3 RWA at 31/12/2019		
Division *(in millions of euros)*	**Total**	Credit [(a)]	Market [(b)]	Operational
Corporate & Investment Banking [(c)]	62,192	45,194	9,986	7,012
Asset & Wealth Management	14,157	9,422		4,735
Insurance	8,269	8,269		
Payments	1,102	334		768
Corporate Center [(d)]	13,270	9,466	2,586	1,218
TOTAL 31/12/2019	**98,989**	**72,684**	**12,573**	**13,733**
TOTAL 31/12/2018	**109,225**	**82,585**	**11,295**	**15,345**

(a) *Including counterparty risk.*
(b) *Of which €32 million of settlement-delivery risk of €1,336 million in CVA RWA.*
(c) *Including Treasury & Collateral Management.*
(d) *Including Financial Investments of €5,440 million.*

3

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, under the New Dimension strategic plan, the fully loaded CET1 ratio beat its 11.0% target by end-2020 by reaching 11.2% at the plan's completion. With a fully-loaded CET1 ratio of 11.28% at December 31, 2019, Natixis is therefore fully 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 (normative and economic) 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

Capital planning today serves to pre-empts short- to medium-term changes: the entry into force of the new CRR2/CRD5 package, and the implementation of the new BRRD2/SRMR2 resolution provisions as part of the SRB policies.

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 and SRB policies regularly updated, the mechanisms and preparing for this new ratio are ongoing.

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 actions needed to converge towards the target ratio under consideration.

Comparison of accounting exposures and leverage exposures (LR1)

Category *(in millions of euros)*	**31/12/2019**	31/12/2018
Total consolidated assets reported in the financial statements	**513,170**	**495,496**
Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(105,920)	(100,864)
(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")		
Adjustments for derivative financial instruments	(28,956)	(26,969)
Adjustment for securities financing transactions (repurchase transactions and other types of collateralized loans)	(15,612)	(17,774)
Adjustment for off-balance sheet items (i.e. conversion of off-balance sheet exposures to credit equivalent amounts)	38,494	39,614
Other adjustments	(19,300)	(16,539)
LEVERAGE RATIO EXPOSURE	**381,876**	**372,964**
o/w exposure related to affiliates	56,614	38,808
Excluding exposure related to affiliates	*325,262*	*334,156*

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 to test a "Financial Communication" leverage ratio (excluding intra-group transactions from the calculation base) of above 4% at each quarter end, to ensure compliance with the minimum regulatory requirement of 3% as applied to the "strict" ratio.
- 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, Natixis met the target it had been set.

Leverage ratio (LR2)

Provisions governing the leverage ratio *(in millions of euros)*	**31/12/2019**	31/12/2018
On-balance sheet exposures		
On-balance sheet items (excluding derivatives and SFTs, but including collateral)	250,582	238,045
(Asset amounts deducted in determining Tier 1 capital)	(5,166)	(4,941)
TOTAL ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS) (SUM OF LINES 1 AND 2)	**245,416**	**233,104**
Derivative exposures		
Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	7,618	6,686
Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	20,578	21,353
Exposure determined under Original Exposure Method		
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework		
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(14,134)	(11,597)
(Exempted CCP leg of client-cleared trade exposures)		
Adjusted effective notional amount of written credit derivatives	13,078	11,238
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(9,010)	(8,766)
TOTAL DERIVATIVE EXPOSURES (SUM OF LINES 4 TO 10)	**18,130**	**18,914**

Provisions governing the leverage ratio *(in millions of euros)*	31/12/2019	31/12/2018
Securities financing transaction exposures		
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	95,448	99,107
(Netted amounts of cash payables and cash receivables of gross SFT assets)	(22,150)	(23,939)
Counterparty credit risk exposure for SFT assets	6,538	6,164
Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No. 575/2013		
Agent transaction exposures		
(Exempted CCP leg of client-cleared SFT exposure)		
TOTAL SECURITIES FINANCING TRANSACTION EXPOSURES (SUM OF LINES 12 TO 15A)	**79,836**	**81,332**
Other off-balance sheet exposures		
Off-balance sheet exposures at gross notional amount	81,622	95,529
(Adjustments for conversion to credit equivalent amounts)	(43,128)	(55,914)
OTHER OFF-BALANCE SHEET EXPOSURES (SUM OF LINES 17 AND 18)	**38,494**	**39,614**
Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off-balance sheet)		
(Exemption of intra-group exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No. 575/2013 (on and off balance sheet))		
(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No. 575/2013 (on and off balance sheet))		
Capital and total exposures		
Tier-1 capital	13,312	14,074
Total leverage ratio exposures (sum of lines 3, 11, 16 and 19)	381,876	372,964
Leverage ratio		
Leverage ratio	3.5%	3.8%
Choice on phase-in arrangements and amount of derecognized fiduciary items		
Choice on phase-in arrangements for the definition of the capital measure		
Amount of derecognized fiduciary items in accordance with Article 429(11) of Regulation (EU) No. 575/2013		
EXPOSURE RELATED TO AFFILIATES	**56,614**	**38,808**
LEVERAGE RATIO EXCLUDING EXPOSURE RELATED TO AFFILIATES	**4.1%**	**4.2%**

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.

The objective of these regulations is to limit Natixis' exposure to the risks associated with a set of counterparties, grouped under a banner known as "Head of Group". Compliance with these regulations is measured daily, ensuring that risk-weighted assets (RWA) relating to each Head of Group are systematically lower than the Large Exposure Limit, currently set at 10% of Natixis' total capital. Natixis complied with this regulation throughout 2019.

3.3.3 Breakdown and changes in risk-weighted assets

3.3.3.1 Credit and counterparty risks

RWA overview (EU OV1)

	RWA		OFR
(in millions of euros)	31/12/2019	31/12/2018	31/12/2019
Credit risk (excluding CCR)	**62,392**	**71,894**	**4,991**
o/w the standardized approach	11,183	19,383	895
Of which the foundation IRB (F-IRB) approach	914	3,193	73
Of which the advanced IRB (A-IRB) approach	33,892	34,810	2,711
o/w equity IRB under the simple risk-weighted approach or the IMA	16,402	14,507	1,312
Counterparty risk	**7,704**	**7,556**	**616**
o/w mark to market	1,496	1,678	120
o/w original exposure			
o/w the standardized approach			
o/w internal model method (IMM)	3,037	2,338	243
o/w risk exposure amount for contributions to the default fund of a CCP	234	185	19
o/w CVA	1,336	1,661	107
Settlement risk	**32**	**5**	**3**
Securitization exposures in the banking book (after the cap)	**2,684**	**3,045**	**215**
o/w IRB approach	918	1,202	73
o/w IRB supervisory formula approach (SFA)	520	224	42
o/w internal assessment approach (IAA)			
o/w the standardized approach	1,246	1,619	100
Market risk	**11,204**	**9,629**	**896**
o/w the standardized approach	5,378	5,185	430
o/w IMA	5,826	4,444	466
Large exposures			
Operational risk	**13,733**	**15,345**	**1,099**
o/w basic indicator approach			
o/w standardized approach	13,733	15,345	1,099
o/w advanced measurement approach			
Amounts below the thresholds for deduction (subject to 250% risk weight)	**1,240**	**1,750**	**99**
Floor adjustment			
TOTAL	**98,990**	**109,225**	**7,919**

Note: The disposal of the retail banking business and its acquisition by BPCE S.A. deducted €11,597 million in RWA at 31/12/2019 covering credit risk only and broken down as follows:

	RWA
(in millions of euros, retail banking activities)	31/12/2019
Credit risk (excluding CCR)	**11,597**
o/w the standardized approach	8,185
o/w the foundation IRB (F-IRB) approach	701
o/w the advanced IRB (A-IRB) approach	2,691
o/w equity IRB under the simple risk-weighted approach or the IMA	20

EAD by rating source – Standardized approach (NX11 Bis)

Exposure class *(in millions of euros)*	FITCH	MOODY'S	STP	BDF	Total
Corporates		**83**	**51**	**108**	**242**
Institutions	**117**	**12**	**113**		**242**
Central governments or central banks	**191**	**328**	**637**	**325**	**1,480**
Governments and central banks		3	15		18
International Organizations					
Multilateral Development Banks					
Regional governments or local authorities	90	4	75		169
Public sector entities	100	321	547	325	1,292
Retail				**1**	**1**
SMEs included in Retail category				1	1
Other exposures included in Retail category					
Exposures secured by mortgages on immovable property					
SMEs included in exposures secured by mortgages on immovable property category					
Other exposures secured by mortgages on immovable property					
Defaulted exposures				1	1
Claims on institutions and corporates undergoing a short-term credit assessment	2	13	153	8	177
TOTAL AT 31/12/2019	**310**	**436**	**954**	**443**	**2,142**
TOTAL AT 31/12/2018	**353**	**279**	**2,786**	**2,956**	**6,374**

Guaranteed exposures by type and internal rating of guarantor (NX17)

	Type of guarantor			
Internal Rating Of Guarantor (S&P Equivalent) *(% breakdown)*	Institutions	Corporates	Central governments and central banks	Retail
AAA	0.2%			
AA+, AA, AA-	32.5%	32.2%	73.5%	
A+, A, A-	58.5%	55.3%	10.7%	
BBB+, BBB, BBB-	8.9%	8.9%	13.7%	
BB+, BB, BB-		2.4%	0.7%	
B+, B, B-		0.4%		
C				
Non-rated*		0.8%	1.3%	
TOTAL AT 31/12/2019	**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	26,689			3,445	3,365		
Institutions	9,107	22	22	621	605		
Corporates	69,572	30,648	27,526	13,213	8,523	1,263	1,263
o/w SME	*1,237*	*247*	*162*	*120*	*3*		
o/w Specialized Lending	*228*	*18,868*	*17,782*	*218*			
Retail							
Secured by real estate property							
o/w SME							
Non-SME							
o/w Qualifying revolving							
Other Retail							
o/w SME							
Non-SME							
Equities	5,621						
Other assets							
Sub-total IRB 31/12/2019	**110,989**	**30,671**	**27,548**	**17,280**	**12,494**	**1,263**	**1,263**
Sub-total IRB 31/12/2018	**123,244**	**37,351**	**33,758**	**14,878**	**11,299**	**1,202**	**1,202**
Standardized approach							
Central governments or central banks	5,845			46	46		
Regional governments or local authorities	256						
Public sector entities	827			4	1		
Multilateral Development Banks							
International Organizations	690						
Institutions	49,442			3,488	3,488		
Corporates	3,795	709	679	1,375	1,360		
o/w SME	*208*	*22*	*22*	*15*			
Retail	527	904	641	8			
o/w SME	*371*	*253*	*193*	*8*			
Secured by mortgages on immovable property		226	226				
o/w SME		*136*	*136*				
Defaulted exposures	92	7	2	1			
Claims on institutions and corporates undergoing a short-term credit assessment	103			2	2		
Collective investments undertakings							
Equities							
Other assets	6,150						
Sub-total SA 31/12/2019	**67,726**	**1,846**	**1,548**	**4,924**	**4,897**		
Sub-total SA 31/12/2018	**67,768**	**3,246**	**2,624**	**10,487**	**9,622**		
TOTAL 31/12/2019	**178,715**	**32,517**	**29,096**	**22,205**	**17,391**	**1,263**	**1,263**
Total 31/12/2018	**191,011**	**40,598**	**36,382**	**25,366**	**20,921**	**1,202**	**1,202**

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	**914**	**914**
Central governments and central banks	185	185
Institutions	44	44
Corporates – SME	347	347
Corporates – Specialized Lending		
Corporates – Other	338	338
Exposures under Advanced IRB	**41,862**	**33,892**
Central governments and central banks	325	325
Institutions	1,144	1,144
Corporates – SME	1,140	1,140
Corporates – Specialized Lending	4,482	4,482
Corporates – Other	34,772	26,801
Retail – Secured by real estate SME		
Retail – Secured by real estate non-SME		

(in millions of euros)	Pre-credit derivatives RWA	RWA
Retail – qualifying revolving		
Retail – SME		
Other retail exposures		
Equity IRB	**17,642**	**17,642**
Other assets		
TOTAL AT 31/12/2019	**60,419**	**52,448**
TOTAL AT 31/12/2018	**61,844**	**54,261**

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	49	30,137	51	30,135
Institutions	41	9,755	45	9,751
Corporates	2,925	113,671	1,900	114,697
o/w SME	*76*	*1,562*	*35*	*1,603*
o/w Specialized Lending	*420*	*19,027*	*133*	*19,314*
Retail				
Secured by real estate property				
o/w SME				
Non-SME				
o/w Qualifying revolving				
Other Retail				
o/w SME				
Non-SME				
Equities	4	5,616		5,621
Other assets				
Sub-total IRB 31/12/2019	**3,020**	**159,179**	**1,996**	**160,203**
Sub-total IRB 31/12/2018	**2,848**	**175,818**	**1,990**	**176,675**
Standardized approach				
Central governments or central banks		5,891		5,891
Regional governments or local authorities		261	5	256
Public sector entities		830		830
Multilateral Development Banks				
International Organizations		690		690
Institutions		52,930		52,930
Corporates		5,884	5	5,880
o/w SME		*246*	*1*	*245*
Retail		1,452	11	1,440
o/w SME		*634*	*2*	*632*
Secured by mortgages on immovable property		226		226
o/w SME		*136*		*136*
Defaulted exposures	263		164	99
Items associated with particularly high risk				
Covered Bonds				
Claims on institutions and corporates undergoing a short-term credit assessment		105		105
Collective investments undertakings				
Equities				
Other assets		6,150		6,150
Sub-total SA 31/12/2019	263	74,419	185	74,497
Sub-total SA 31/12/2018	960	81,003	462	81,501
TOTAL 31/12/2019	**3,283**	**233,597**	**2,181**	**234,700**
TOTAL 31/12/2018	**3,808**	**256,820**	**2,452**	**258,176**

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	27,592	30,595
Institutions	9,294	9,670
Corporates	119,879	122,731
o/w SME	*1,862*	*1,933*
o/w Specialized Lending	*23,085*	*22,754*
Retail		
Secured by real estate property		
o/w SME		
Non-SME		
o/w Qualifying revolving		
Other Retail		
o/w SME		
Non-SME		
Equities	5,621	5,303
Other assets		
Sub-total IRB 31/12/2019	**162,385**	**168,299**
Sub-total IRB 31/12/2018	**181,342**	**181,165**
Standardized approach		
Central governments or central banks	5,845	4,627
Regional governments or local authorities	256	283
Public sector entities	876	780
Multilateral Development Banks		
International Organizations	690	641
Institutions	49,442	51,869
Corporates	5,318	3,676
o/w SME	*283*	*398*
Retail	2,043	1,761
o/w SME	*875*	*610*
Secured by mortgages on immovable property	226	231
o/w SME	*136*	*124*
Defaulted exposures	103	103
Claims on institutions and corporates undergoing a short-term credit assessment	103	143
Collective investments undertakings		
Equities		
Other assets	6,150	6,583
Sub-total SA 31/12/2019	**71,051**	**70,696**
Sub-total SA 31/12/2018	**75,632**	**87,538**
TOTAL 31/12/2019	**233,437**	**238,995**
TOTAL 31/12/2018	**256,974**	**268,703**

* *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	Spain	United Kingdom	Italy	Luxembourg	Netherlands	USA-	Other	Other	Singapore	Japan	Other	Switzerland	Other	Other	Other	Other	**Total**
IRB Approach																			
Central government or central banks	9,946	2,715	494	97	55	444	182	10,455	71	288	808	38	345		66	825	762		27,592
Institutions	1,218	860	323	401	124	196	501	1,252	74	2,608	139	307	15	147	137	312	456	226	9,294
Corporates	35,576	5,610	3,595	5,122	4,363	5,863	3,765	20,133	891	4,940	5,407	1,288	7,639	5,142	1,936	2,474	4,777	1,358	119,879
o/w SME	*972*	*41*	*97*	*114*	*31*	*31*		*83*	*11*	*89*				*4*	*14*	*372*		*3*	*1,862*
o/w specialized loans	*4,099*	*2,210*	*1,111*	*788*	*1,780*	*1,283*	*703*	*4,556*	*186*	*465*	*112*	*934*	*1,979*	*68*	*445*	*74*	*1,526*	*765*	*23,085*
Retail																			
Secured by real estate property																			
o/w SME																			
Non-SME																			
o/w Qualifying Revolving																			
Other Retail																			
o/w SME																			
Non-SME																			
Equities	3,968	110	6	73	22	361	12	709	90	3		21	69	26	1	106	20	23	5,621
Other assets																			
Sub-total IRB 31/12/2019	**50,708**	**9,295**	**4,417**	**5,693**	**4,563**	**6,863**	**4,460**	**32,549**	**1,127**	**7,838**	**6,355**	**1,654**	**8,068**	**5,315**	**2,141**	**3,717**	**6,016**	**1,607**	**162,385**
Sub-total IRB 31/12/2019 by geographic area	**85,999**			**33,676**		**15,847**			**8,068**	**7,456**				**3,717**		**6,016**		**1,607**	**162,385**
Sub-total IRB 31/12/2018 by geographic area	**111,677**			**29,483**		**13,495**			**8,200**	**6,845**				**4,018**		**6,025**		**1,597**	**181,342**
Standardized approach																			
Central government or central banks	430	2				859				293		4,262							5,845
Regional governments or local authorities	205	51																	256
Public sector entities	546	111							114					46		48		10	876
Multilateral Development Banks																			
International Organizations						690													690
Institutions	48,188	257	54	195	26	43	1	370	1	179		25	1	19		70		12	49,442
Corporates	3,866	102	19	21	1	30	47	40		288				8		895			5,318
o/w SME	*230*	*3*								*50*									*283*
Retail	1,839	14	2	16	2	9			2	2			1	14	1	129	1	12	2,043
o/w SME	*721*	*2*	*1*	*5*	*2*	*9*								*12*		*123*			*875*
Secured by mortgages on immovable property	225									1									226
o/w SME	*136*																		*136*
Defaulted exposures	47		1													56			103
Items associated with particularly high risk																			
Covered Bonds																			
Claims on institutions and corporates undergoing a short-term credit assessment	58	22				5				9		9							103
Collective investments undertakings																			
Equities																			
Other assets	5,048	78		403		1		573				21			1	25			6,150
Sub-total SA 31/12/2019	**60,452**	**637**	**76**	**634**	**29**	**1,637**	**48**	**983**	**117**	**773**		**4,316**	**2**	**87**	**2**	**1,222**	**1**	**34**	**71,051**
Sub-total SA 31/12/2019 by geographic area							**63,513**		**1,100**			**5,089**	**2**		**89**	**1,222**	**1**	**34**	**71,051**
Sub-total SA 31/12/2018 by geographic area							**71,620**		**1,222**			**1,149**	**84**		**316**	**1,192**	**11**	**40**	**75,632**
Total 31/12/2019	**111,160**	**9,932**	**4,493**	**6,328**	**4,592**	**8,500**	**4,509**	**33,532**	**1,244**	**8,611**	**6,355**	**5,970**	**8,069**	**5,402**	**2,143**	**4,939**	**6,017**	**1,641**	**233,437**
TOTAL 31/12/2019 BY GEOGRAPHIC AREA	**149,514**			**34,776**		**20,936**			**8,069**	**7,545**			**4,939**			**6,017**		**1,641**	**233,437**
Total 31/12/2018 by geographic area	**183,296**			**30,705**		**14,644**			**8.284**	**7,163**			**5,210**			**6,036**		**1,637**	**256,974**

Included in category A: Other countries for which the sum (Exposure+Provision) is less than €4 billion.

Concentration of exposures by industry or counterparty types (CRB-D)

(in millions of euros)	Admini-strations	Int. commod. trading	Electricity	Finance	Real estate	Base industries	Oil & Gas	Transpo-rtation	Consumer goods	Other (Exposures net of provisions < €4bn)	Services	Distribution	Total
IRB Approach													
Central governments or central banks	25,545			2,047									27,592
Institutions				8,723						571			9,294
Corporates	19	13,336	7,664	16,068	11,782	4,758	18,769	7,635	4,255	35,591			119,879
o/w SME	*1*	*7*	*27*	*49*	*230*	*51*	*54*	*83*	*19*	*1,341*			*1,862*
o/w Specialized Lending		*30*	*4,253*	*406*	*8,474*	*421*	*2,916*	*4,242*		*2,342*			*23,085*
Retail													
Secured by real estate property													
o/w SME													
Non-SME													
o/w Qualifying revolving													
Other Retail													
o/w SME													
Non-SME													
Equities	4		4	4,682	61	10	1	4	12	844			5,621
Other assets													
Sub-total IRB 31/12/2019	**25,568**	**13,336**	**7,668**	**31,519**	**11,843**	**4,768**	**18,770**	**7,639**	**4,267**	**37,006**			**162,385**
Sub-total IRB 31/12/2018	**32,750**	**12,977**	**7,916**	**38,387**	**12,958**	**5,640**	**16,393**	**8,648**	**4,438**	**33,195**	**3,333**	**4,708**	**181,342**
Standardized approach													
Central governments or central banks	5,845												5,845
Regional governments or local authorities	243			13									256
Public sector entities	585			49			180	48		14			876
Multilateral Development Banks													
International Organizations	690												690
Institutions				49,442									49,442
Corporates	5		258	3,566	176	59	77	79	2	1,096			5,318
o/w SME				*66*	*28*	*1*	*13*			*176*			*283*
Retail	1			233	299	2	19			1,490			2,043
o/w SME	*1*			*229*	*209*	*2*	*19*			*416*			*875*
Secured by mortgages on immovable property				11	77		7			130			226
o/w SME				*3*	*69*		*7*			*57*			*136*
Defaulted exposures				93	1					9			103
Claims on institutions and corporates undergoing a short-term credit assessment				92			3			8			103
Collective investments undertakings													
Equities													
Other assets	11			3,028						3,111			6,150
Sub-total SA 31/12/2019	**7,380**		**258**	**56,526**	**553**	**61**	**285**	**126**	**3**	**5,858**			**71,051**
Sub-total SA 31/12/2018	**4,258**	**52**	**122**	**38,923**	**2,006**	**1,223**	**1,110**	**339**	**133**	**24,517**	**1,087**	**1,862**	**75,632**
TOTAL 31/12/2019	**32,948**	**13,336**	**7,926**	**88,045**	**12,396**	**4,829**	**19,055**	**7,766**	**4,270**	**42,864**			**233,437**
TOTAL 31/12/2018	**37,008**	**13,029**	**8,037**	**77,310**	**14,964**	**6,863**	**17,503**	**8,987**	**4,571**	**57,711**	**4,420**	**6,571**	**256,974**

Maturity of exposures (CRB-E)

(in millions of euros)	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	Maturity unspecified	Total balance sheet
IRB Approach						
Central governments or central banks	17,304	1,455	5,020	3,058		26,838
Institutions	2,529	2,388	792	402		6,109
Corporates	2,320	20,612	24,478	11,323		58,733
o/w SME	*97*	*406*	*592*	*135*		*1,230*
o/w Specialized Lending	*683*	*1,306*	*4,577*	*7,573*		*14,138*
Retail						
Secured by real estate property						
o/w SME						
Non-SME						
o/w Qualifying revolving						
Other Retail						
o/w SME						
Non-SME						
Equities		5,228		235		5,463
Other assets						
Sub-total IRB 31/12/2019	**22,152**	**29,683**	**30,290**	**15,018**		**97,143**
Sub-total IRB 31/12/2018	**32,859**	**31,896**	**33,625**	**18,235**		**116,614**
Standardized approach						
Central governments or central banks	5,144	291	410			5,845
Regional governments or local authorities	1	33	39	182		255
Public sector entities	15	34	277	320		646
Multilateral Development Banks						
International Organizations			408	281		690
Institutions	21,434	329	10,114	10,101		41,978
Corporates	550	2,611	476	563		4,200
o/w SME	*13*	*39*	*51*	*80*		*183*
Retail	68	696	844	274		1,881
o/w SME	*32*	*331*	*314*	*112*		*789*
Secured by mortgages on immovable property		12	82	123		217
o/w SME		*5*	*30*	*93*		*128*
Defaulted exposures	71	17	5	8		101
Claims on institutions and corporates undergoing a short-term credit assessment	37	62				99
Collective investments undertakings						
Equities						
Other assets	1,753	3,100		1,297		6,150
Sub-total SA 31/12/2019	**29,073**	**7,185**	**12,654**	**13,149**		**62,060**
Sub-total SA 31/12/2018	**23,628**	**10,654**	**8,022**	**13,507**		**55,811**
TOTAL 31/12/2019	**51,226**	**36,868**	**42,944**	**28,167**		**159,204**
TOTAL 31/12/2018	**70,486**	**53,883**	**38,293**	**33,825**		**196,488**

Sovereign exposures (GOV)

	Banking book			Trading book			
Country *(in millions of euros)*	Assets at amortized cost	Financial assets at fair value through equity	Financial assets under the fair value option	Financial assets to be at fair value through profit or loss	Transaction financial assets (excluding derivatives)	Derivative financial instruments	**Total**
Germany	84	1,845		9	117	(154)	1,901
Austria		697			14	58	769
Belgium		1,185		3	239	64	1,492
Spain*		983		4	61	23	1,072
France	1,880	2,805		63	7,726	558	13,032
Greece*				4			4
Ireland*		452				(5)	447
Italy				108	3,551	0	3,659
Netherlands		361		3	199	(1,722)	(1,158)
Portugal*		238		0	1	(1)	238
Other countries		2,708		1	576	(1,530)	1,755
Total euro zone	1,965	11,274		195	12,484	(2,708)	23,211
Other European Economic Area countries		243		1	2,982	73	3,299
Total other EEA countries	1,965	11,517		196	15,466	(2,635)	26,509
United Kingdom		109		0	2,982	61	3,152
United States		2,051		5	3,813	(146)	5,724
United Arab Emirates	315				3,579	36	3,930
Japan	4,262	77			33	(0)	4,372
Russia					24		24
Republic of China	0	19			2,094	(6)	2,107
Ukraine							
Taiwan, Province of China	1	582					583
Other	799	1,596		35	870	(181)	3,120
TOTAL	**7,341**	**15,842**		**237**	**25,880**	**(2,931)**	**46,369**

* *Countries receiving financial aid from the European Union.*

Quality of forborne credit exposures (NPL1)

(in millions of euros)	Gross carrying value/nominal amount for exposures subject to renegotiation calculations				Accumulated impairments, accumulated negative fair value variations due to credit risk and provisions		Collaterals received and financial guarantees received on forborne exposures	
		Non-performing forborne						
	Performing forborne		o/w defaulted	o/w depreciated	On performing forborne exposures	On non-performing forborne exposures		Of which collaterals and financial guarantees received on non-performing exposures to which forbearance measures have been extended.
Loans and receivables	**180**	**1,144**	**1,144**	**1,129**	**(2)**	**(368)**	**723**	**574**
Due to central banks	*0*	*4*	*4*	*4*	*0*	*(4)*	*0*	*0*
Government institutions	*0*	*2*	*2*	*2*	*0*	*(2)*	*0*	*0*
Banks	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Other financial companies	*0*	*78*	*78*	*78*	*0*	*(41)*	*27*	*27*
Non-financial companies	*180*	*1,058*	*1,058*	*1,044*	*(2)*	*(320)*	*696*	*548*
Households	*0*	*1*	*1*	*1*	*0*	*0*	*1*	*0*
Debt securities	**0**	**63**	**63**	**63**	**0**	**(54)**	**0**	**0**
Loan commitments given	**4**	**15**	**15**	**15**	**0**	**2**	**0**	**0**
TOTAL	**184**	**1,221**	**1,221**	**1,207**	**(1)**	**(420)**	**723**	**574**

Credit quality of performing and non-performing exposures by days past due (NPL3)

(in millions of euros)	Gross carrying value/nominal amount											
	Performing exposures			Non-performing exposures								
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Payment unlikely, but not past due or past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	o/w defaulted
Loans and receivables	**140,851**	**140,195**	**656**	**3,137**	**1,998**	**23**	**149**	**659**	**136**	**72**	**101**	**3,137**
Due to central banks	*21,015*	*21,015*	*0*	*19*	*5*	*0*	*0*	*0*	*0*	*0*	*13*	*19*
Government institutions	*2,183*	*2,183*	*0*	*68*	*3*	*0*	*0*	*39*	*0*	*0*	*26*	*68*
Banks	*48,058*	*48,056*	*2*	*29*	*29*	*0*	*0*	*0*	*0*	*0*	*0*	*29*
Other government institutions	*14,791*	*14,791*	*0*	*98*	*63*	*0*	*0*	*0*	*5*	*0*	*30*	*98*
Non-financial companies	*53,898*	*53,266*	*632*	*2,911*	*1,892*	*22*	*149*	*618*	*130*	*70*	*30*	*2,911*
o/w SME	1,761	1,761	0	122	83	3	5	22	5	4	0	122
Households	905	883	22	13	7	1	1	1	0	1	1	13
Debt securities outstanding	**15,022**	**15,022**	**0**	**155**	**155**	**0**	**0**	**0**	**0**	**0**	**0**	**155**
Due to central banks	*824*	*824*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Government institutions	*6,456*	*6,456*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Banks	*4,136*	*4,136*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Other government institutions	*2,860*	*2,860*	*0*	*89*	*89*	*0*	*0*	*0*	*0*	*0*	*0*	*89*
Non-financial companies	*746*	*746*	*0*	*66*	*66*	*0*	*0*	*0*	*0*	*0*	*0*	*66*
Off-balance sheet amount	**80,751**			**205**								**205**
Due to central banks	*259*			*0*								*0*
Government institutions	*1,905*			*0*								*0*
Banks	*11,306*			*0*								*0*
Other government institutions	*13,669*			*0*								*0*
Non-financial companies	*53,486*			*204*								*204*
Households	*126*			*1*								*1*
TOTAL	**236,625**	**155,217**	**656**	**3,497**	**2,153**	**23**	**149**	**659**	**136**	**72**	**101**	**3,497**

Performing and non-performing exposures and corresponding provisions (NPL4)

(in millions of euros)	Gross carrying value/nominal amount						Accumulated impairments, accumulated negative fair value variations due to credit risk and provisions						Partial disposal from consolidated balance sheet	Received collaterals and financial guarantees	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairments and provisions			Non-performing exposures – accumulated impairments, accumulated negative fair value variations due to credit risk and provisions				On performing exposures	On non-performing exposures
		o/w step 1	o/w step 2		o/w step 2	o/w step 3		o/w step 1	o/w step 2		o/w step 2	o/w step 3			
Loans and receivables	**140,851**	**123,828**	**17,024**	**3,137**		**3,137**	**(122)**	**(40)**	**(82)**	**(1,303)**		**(1,303)**	**0**	**38,092**	**1,256**
Due to central banks	*21,015*	*20,985*	*30*	*19*		*19*	*(1)*	*0*	*(1)*	*(19)*		*(19)*	*0*	*0*	*0*
Government institutions	*2,183*	*1,401*	*783*	*68*		*68*	*(6)*	*0*	*(6)*	*(30)*		*(30)*	*0*	*684*	*36*
Banks	*48,058*	*47,401*	*657*	*29*		*29*	*(2)*	*0*	*(2)*	*(29)*		*(29)*	*0*	*6*	*0*
Other government institutions	*14,791*	*13,150*	*1,641*	*98*		*98*	*(7)*	*(4)*	*(3)*	*(61)*		*(61)*	*0*	*6,176*	*27*
Non-financial companies	*53,898*	*40,019*	*13,879*	*2,911*		*2,911*	*(104)*	*(33)*	*(71)*	*(1,153)*		*(1,153)*	*0*	*30,420*	*1,192*
o/w SME	*1,761*	*1,266*	*495*	*122*		*122*	*(3)*	*(1)*	*(3)*	*(56)*		*(56)*	*0*	*577*	*33*
Households	*905*	*871*	*34*	*13*		*13*	*(3)*	*(2)*	*(1)*	*(10)*		*(10)*	*0*	*805*	*2*
Debt securities outstanding	**15,022**	**14,912**	**110**	**155**		**155**	**(1)**	**0**	**(1)**	**(147)**		**(147)**	**0**	**0**	**0**
Due to central banks	*824*	*824*	*0*	*0*		*0*	*0*	*0*	*0*	*0*		*0*	*0*	*0*	*0*
Government institutions	*6,456*	*6,417*	*39*	*0*		*0*	*0*	*0*	*0*	*0*		*0*	*0*	*0*	*0*
Banks	*4,136*	*4,136*	*0*	*0*		*0*	*0*	*0*	*0*	*0*		*0*	*0*	*0*	*0*
Other government institutions	*2,860*	*2,789*	*71*	*89*		*89*	*(1)*	*0*	*(1)*	*(89)*		*(89)*	*0*	*0*	*0*
Non-financial companies	*746*	*746*	*0*	*66*		*66*	*0*	*0*	*0*	*(59)*		*(59)*	*0*	*0*	*0*
Off-balance sheet amount	**80,751**	**71,857**	**8,895**	**205**		**205**	**73**	**18**	**55**	**53**		**53**		**9,589**	**78**
Due to central banks	*259*	*246*	*14*	*0*		*0*	*0*	*0*	*0*	*0*		*0*		*0*	*0*
Government institutions	*1,905*	*1,638*	*267*	*0*		*0*	*0*	*0*	*0*	*0*		*0*		*311*	*0*
Banks	*11,306*	*11,161*	*145*	*0*		*0*	*1*	*0*	*0*	*0*		*0*		*40*	*0*
Other government institutions	*13,669*	*12,404*	*1,265*	*0*		*0*	*3*	*1*	*2*	*0*		*0*		*298*	*0*
Non-financial companies	*53,486*	*46,287*	*7,198*	*204*		*204*	*69*	*16*	*52*	*53*		*53*		*8,939*	*78*
Households	*126*	*121*	*5*	*1*		*1*	*1*	*0*	*1*	*0*		*0*		*0*	*0*
TOTAL	**236,625**	**210,597**	**26,028**	**3,497**		**3,497**	**(50)**	**(22)**	**(28)**	**(1,397)**		**(1,397)**	**0**	**47,680**	**1,335**

C – Credit risk: standardized approach

Risk weights used under SA by category of exposure and by rating grade (CRD-D)

Asset classes	Agency		Grade	Bucket	Risk weight *(in %)*
Central governments and central banks	FITCH	Long term	1	AAA to AA-	0
					20*
		Short term		F1+ to F1	20*
		Long term	2	A+, A, 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+, A, 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+, A, 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	Agency		Grade	Bucket	Risk weight *(in %)*
Institutions	FITCH	Long term	2	A+, A, 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+, A, 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+, A, 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 classified RGLA or PSE.*

Credit risk exposures: standardized approach – SA – CR exposure and CRM effects (EU CR4)

(in millions of euros)	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet EAD	Off-balance sheet EAD	RWA	RWA density
Central governments and central banks	5,891		5,891		1,031	18%
Regional governments or local authorities	260		255		41	16%
Public sector entities	600	231	600	115	50	7%
Multilateral Development Banks						
International Organizations	690		690			
Institutions*	43,091	9,839	43,091	5,132	314	1%
Corporates	4,745	1,139	4,709	366	3,621	71%
Retail	1,332	120	742	31	536	69%
Secured by mortgages on immovable property	217	9	217	5	91	41%
Defaulted exposures	261	2	96	1	101	105%
Items associated with particularly high risk						
Covered Bonds						
Claims on institutions and corporates undergoing a short-term credit assessment	99	6	99	1	46	46%
Collective investments undertakings						
Equities						
Other assets	6,150		6,150		5,352	87%
TOTAL AT 31/12/2019	**63,336**	**11,345**	**62,540**	**5,651**	**11,183**	**16%**
** O/w exposures related to affiliates*	*96%*	*100%*	*96%*	*100%*		
TOTAL AT 31/12/2018	**57,166**	**24,797**	**56,001**	**5,988**	**19,383**	**31%**

SA – exposures (EAD) by asset classes and risk weights (CR5)

Exposure classes *(in millions of euros)*	Risk Weight																Total	Of which unrated*
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1,250%	Other	Deducted		
Central governments and central banks	5,475									6		410					5,891	5,463
Regional governments or local authorities	51				205												256	205
Public sector entities	490				215		6			4							715	36
Multilateral Development Banks																		
International Organizations	690																690	690
Institutions	46,457	1,293			215		25			233							48,223	47,983
Corporates	474				13	324	1,419	267		2,494	85						5,075	3,496
Retail									774								774	773
Secured by mortgages on immovable property						129	92										221	221
Defaulted exposures										88	9						97	96
Items associated with particularly high risk																		
Covered Bonds																		
Claims on institutions and corporates undergoing a short-term credit assessment					57		26			7	10						100	
Collective investments undertakings																		
Equities																		
Other assets	51									4,424					1,675		6,150	6,141
TOTAL (31/12/2019)	**53,688**	**1,293**			**706**	**453**	**1,568**	**267**	**774**	**7,256**	**104**	**410**			**1,675**		**68,192**	**65,103**
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**

* *Of which €46,912 million in exposure to BPCE Group affiliates and excluding exposures to the French Government at 31/12/2019.*

Detailed exposures under roll-out plan (EU CRE-E)

	31/12/2019				
	% of RWA				% of exposure class involved in roll-out plan
Exposure class	**SA**	**FI**	**IA**	**Total**	
Central governments or central banks	68.7%	11.4%	19.9%	100%	0.0%
Retail	100.0%	0%	0.0%	100%	0.0%
Corporates	9.9%	1.9%	88.3%	100%	0.4%
Institutions	20.9%	2.9%	76.1%	100%	0.1%
Defaulted exposures	100%	0%	0%	100%	0.0%
Exposures secured by mortgages on immovable property	100.0%	0%	0.0%	100%	0.0%
Claims on institutions and corporates undergoing a short-term credit assessment	100%	0%	0%	100%	19.0%
Securitization	46.8%	29.8%	23.4%	100%	0.0%
Equities	0%	100%	0%	100%	0.0%
TOTAL	**11.6%**	**31.8%**	**56.6%**	**100%**	**0.3%**

D – Credit risk: internal ratings-based approach

PD and LGD by geographic area (NX16)

Geographic area *(% breakdown)*	**EAD** *(in millions of euros)*	**PD MP**	**LGD MP**
Africa	4,190	6.3%	27.2%
Europe (outside EU)	6,875	0.7%	26.3%
Other	8,556	0.7%	25.5%
Asia	15,604	1.0%	27.0%
European Union	38,358	1.8%	21.7%
North & South America	48,361	3.3%	20.1%
France	49,460	1.9%	19.8%
TOTAL AT 31/12/2019	**171,405**	**2.2%**	**21.7%**
TOTAL AT 31/12/2018	**188,466**	**2.0%**	**21.5%**

RWA flow statements of credit risk exposure under the IRB approach (CR8)

(in millions of euros)	**RWA**	**OFR**
RWA 31/12/2018	**54,260**	**4,341**
Asset size	2,231	179
Asset quality	(101)	(8)
Model updates	0	0
Methodology and policy	0	0
Acquisitions and disposals	(2,807)	(225)
Foreign exchange movements	117	9
Guarantees	(412)	(33)
Other	(841)	(67)
RWA AT 31/12/2019	**52,448**	**4,196**

IRB – credit risk exposures by portfolio and PD range (CR6)

PD scale *(in millions of euros)*	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF *(in %)*	EAD	Average PD *(in %)*	Number of obligors	Average LGD *(in %)*	Average maturity *(in days)*	RWA	RWA density *(in %)*	Expected loss	Provisions
F-IRB												
Central governments and central banks												
0.00 to <0.15	6			6	0.0%	1	45%	1				
0.15 to <0.25												
0.25 to <0.50	286			286	0.4%	2	45%	192	185	65%		
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	**292**			**292**	**0.0%**	**3**	**45%**	**188**	**185**	**63%**		
Institutions												
0.00 to <0.15	40	10	50%	45	0.0%	14	45%	24	10	21%		
0.15 to <0.25		2	50%	1	0.2%	3	45%	423	1	57%		
0.25 to <0.50		194	75%	146	0.3%	6	11%	625	21	15%		
0.50 to <0.75		86	75%	64	0.5%	2	11%	1,965	12	19%		
0.75 to <2.50					0.8%	5	45%	1		118%		
2.50 to <10.00			50%		2.7%	1	45%	164		163%		
10 to <100												
100.00 (default)												
Sub-total Institutions	**40**	**293**	**74%**	**256**	**0.3%**	**31**	**17%**	**857**	**44**	**17%**		**1**
Corporates												
0.00 to <0.15	4	4	20%	4	0.1%	1	45%	320	1	29%		
0.15 to <0.25					0.2%	1	45%	1,040		52%		
0.25 to <0.50												
0.50 to <0.75					0.6%	1	45%	708		65%		
0.75 to <2.50	193	72	30%	215	1.7%	149	44%	690	220	102%	2	
2.50 to <10.00	201	64	21%	215	4.6%	172	42%	371	266	124%	4	
10 to <100	98	30	21%	104	12.2%	145	44%	497	198	191%	6	
100.00 (default)	76	1	23%	77	100.0%	44	45%	1,625			34	
Subtotal Corporates	**573**	**169**	**25%**	**615**	**16.7%**	**513**	**43%**	**660**	**685**	**111%**	**46**	**64**
Corporates – SME												
0.00 to <0.15					0.0%							
0.15 to <0.25					0.2%	1	45%	1,040		52%		
0.25 to <0.50												
0.50 to <0.75					0.6%	1	45%	708		65%		
0.75 to <2.50	86	43	22%	96	1.9%	101	43%	454	91	95%	1	
2.50 to <10.00	115	40	22%	124	5.1%	134	44%	356	153	124%	3	
10 to <100	55	19	21%	59	12.5%	116	44%	435	103	173%	3	
100.00 (default)	18	1	23%	18	100.0%	42	45%	968			8	
Sub-total Corporates – SME	**275**	**103**	**22%**	**297**	**11.3%**	**395**	**44%**	**441**	**347**	**117%**	**15**	**4**
Corporates – Other												
0.00 to <0.15	4	4	20%	4	0.1%	1	45%	320	1	29%		
0.15 to <0.25												
0.25 to <0.50												
0.50 to <0.75												
0.75 to <2.50	107	28	43%	119	1.5%	48	45%	880	129	108%	1	
2.50 to <10.00	87	23	20%	91	4.0%	38	39%	391	112	123%	1	
10 to <100	42	11	20%	45	11.7%	29	45%	579	96	215%	2	
100.00 (default)	59			59	100.0%	2	45%	1,825			26	
Sub-total Corporates – Other	**298**	**67**	**30%**	**318**	**21.8%**	**118**	**43%**	**864**	**338**	**106%**	**31**	**60**
Equities	5,463	158	100%	5,621		574		183	17,642	314%	86	
Sub-total Equity	**5,463**	**158**	**100%**	**5,621**		**574**		**183**	**17,642**	**314%**	**86**	
F-IRB (excl. equity)												
0.00 to <0.15	49	14	41%	55	0.0%	16	45%	45	11	20%		
0.15 to <0.25		2	50%	1	0.2%	4	45%	503	1	56%		
0.25 to <0.50	286	194	75%	432	0.4%	8	34%	338	207	48%	1	
0.50 to <0.75		86	75%	65	0.5%	3	11%	1,961	12	19%		
0.75 to <2.50	193	72	30%	215	1.7%	154	44%	690	220	102%	2	
2.50 to <10.00	201	64	21%	215	4.6%	173	42%	371	266	124%	4	
10 to <100	98	30	21%	104	12.2%	145	44%	497	198	191%	6	
100.00 (default)	76	1	23%	77	100.0%	44	45%	1,625			34	
TOTAL IRB-F (EXCL. EQUITY)	**904**	**462**	**56%**	**1,163**	**9.0%**	**547**	**38%**	**585**	**914**	**79%**	**46**	**65**

PD scale *(in millions of euros)*	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF *(in %)*	EAD	Average PD *(in %)*	Number of obligors	Average LGD *(in %)*	Average maturity *(in days)*	RWA	RWA density *(in %)*	Expected loss	Provisions
A-IRB												
PD scale												
Central governments and central banks												
0.00 to <0.15	28,190	1,442	61%	29,073	0.0%	223	9%	810	124			
0.15 to <0.25	61			61	0.2%	5	37%	323	16	26%		
0.25 to <0.50	42	7	100%	49	0.4%	10	30%	1,760	24	48%		
0.50 to <0.75												
0.75 to <2.50												
2.50 to <10.00	39	47	100%	86	3.2%	14	47%	2,390	146	169%	1	
10 to <100	1	15	29%	5	20.9%	5	57%	1,360	17	320%	1	
100.00 (default)	49			49	100.0%	7	104%	1,149			49	
Sub-total Central governments or central banks	**28,382**	**1,512**	**62%**	**29,324**	**0.2%**	**264**	**9%**	**816**	**325**	**1%**	**51**	**51**
Institutions												
0.00 to <0.15	5,223	2,126	51%	6,302	0.0%	356	19%	414	366	6%	1	
0.15 to <0.25	401	55	29%	416	0.2%	56	27%	160	82	20%		
0.25 to <0.50	343	170	54%	435	0.3%	34	30%	188	139	32%		
0.50 to <0.75	24	382	20%	100	0.5%	29	43%	776	85	85%		
0.75 to <2.50	43	338	22%	116	1.6%	63	47%	434	141	121%	1	
2.50 to <10.00	106	213	20%	149	3.0%	121	71%	800	330	222%	3	
10 to <100												
100.00 (default)	41		20%	41	100.0%	8	90%	971			41	
Sub-total Institutions	**6,180**	**3,283**	**42%**	**7,560**	**0.7%**	**667**	**23%**	**403**	**1,144**	**15%**	**46**	**45**
Corporates												
0.00 to <0.15	17,675	22,305	53%	29,586	0.1%	937	29%	1,027	4,048	14%	4	
0.15 to <0.25	4,437	6,063	56%	7,862	0.2%	279	28%	1,036	2,165	28%	4	
0.25 to <0.50	7,794	7,399	55%	11,878	0.3%	434	23%	1,181	3,607	30%	9	
0.50 to <0.75	7,867	8,149	54%	12,293	0.5%	475	23%	1,121	4,811	39%	15	
0.75 to <2.50	12,280	9,839	49%	17,121	1.3%	945	23%	1,211	8,892	52%	47	
2.50 to <10.00	4,013	4,755	54%	6,597	4.2%	928	28%	1,246	6,256	95%	76	
10 to <100	248	183	59%	356	14.1%	306	27%	961	487	137%	13	
100.00 (default)	2,703	146	41%	2,763	100.0%	256	35%	755	2,155	78%	1,603	
Subtotal Corporates	**57,016**	**58,838**	**53%**	**88,456**	**3.9%**	**4,560**	**26%**	**1,105**	**32,423**	**37%**	**1,772**	**1,836**
Corporates – SME												
0.00 to <0.15		40	60%	24	0.0%	14	42%	595	3	13%		
0.15 to <0.25	2		20%	2	0.2%	9	22%	1,741	1	29%		
0.25 to <0.50	45	32	91%	75	0.4%	28	40%	682	35	47%		
0.50 to <0.75	93	114	97%	204	0.6%	37	27%	1,065	101	50%		
0.75 to <2.50	312	101	78%	391	1.6%	125	37%	1,106	313	80%	2	
2.50 to <10.00	315	134	96%	444	4.8%	205	40%	1,243	597	134%	9	
10 to <100	2	13	31%	6	12.4%	72	44%	340	11	191%		
100.00 (default)	46	11	87%	56	100.0%	54	38%	1,020	78	140%	25	
Sub-total Corporates – SME	**815**	**446**	**86%**	**1,201**	**7.2%**	**544**	**37%**	**1,106**	**1,140**	**95%**	**37**	**31**
Corporates – Specialized Lending												
0.00 to <0.15	829	602	83%	1,327	0.1%	64	10%	2,390	95	7%		
0.15 to <0.25	936	650	82%	1,468	0.2%	40	15%	1,765	288	20%		
0.25 to <0.50	2,201	1,345	73%	3,184	0.3%	200	8%	1,967	435	14%	1	
0.50 to <0.75	2,430	2,389	68%	4,055	0.5%	193	11%	1,891	884	22%	2	
0.75 to <2.50	4,585	2,519	62%	6,155	1.3%	301	12%	1,959	2,019	33%	10	
2.50 to <10.00	302	237	47%	414	3.4%	46	24%	2,105	335	81%	3	
10 to <100												
100.00 (default)	404	16	27%	408	100.0%	25	44%	1,008	426	104%	95	
Sub-total Corporates – Specialized Lending	**11,688**	**7,760**	**69%**	**17,011**	**3.2%**	**869**	**12%**	**1,942**	**4,482**	**26%**	**111**	**133**
Corporates – Other												
0.00 to <0.15	16,847	21,662	53%	28,235	0.1%	859	30%	964	3,949	14%	4	
0.15 to <0.25	3,499	5,412	53%	6,392	0.2%	230	31%	868	1,877	29%	3	
0.25 to <0.50	5,548	6,021	51%	8,619	0.3%	206	28%	895	3,138	36%	8	
0.50 to <0.75	5,344	5,645	48%	8,034	0.5%	245	29%	734	3,826	48%	12	
0.75 to <2.50	7,382	7,219	44%	10,575	1.2%	519	28%	779	6,560	62%	36	
2.50 to <10.00	3,396	4,384	53%	5,740	4.2%	677	27%	1,184	5,325	93%	65	
10 to <100	246	169	62%	351	14.1%	234	27%	971	477	136%	13	
100.00 (default)	2,252	119	39%	2,299	100.0%	177	34%	703	1,650	72%	1,483	
Sub-total Corporates – Other	**44,514**	**50,632**	**51%**	**70,245**	**4.0%**	**3,147**	**29%**	**902**	**26,801**	**38%**	**1,624**	**1,671**

PD scale *(in millions of euros)*	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF *(in %)*	EAD	Average PD *(in %)*	Number of obligors	Average LGD *(in %)*	Average maturity *(in days)*	RWA	RWA density *(in %)*	Expected loss	Provisions
Retail												
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 <10.00												
10 to <100												
100.00 (default)												
Sub-total Retail												
Retail – qualifying revolving												
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 <10.00												
10 to <100												
100.00 (default)												
Sub-total Retail – qualifying revolving												
Retail – SME												
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 <10.00												
10 to <100												
100.00 (default)												
Sub-total Retail – SME												
Retail – Residential mortgage exposures												
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 <10.00												
10 to <100												
100.00 (default)												
Sub-total Retail – Residential mortgage exposures												
Other retail exposures												
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 <10.00												
10 to <100												
100.00 (default)												
Sub-total – Other retail exposures												
Equities												
Sub-total Equity												
A-IRB												
0.00 to <0.15	51,088	25,873	54%	64,962	0.0%	1,516	19%	871	4,537	7%	5	
0.15 to <0.25	4,899	6,118	56%	8,340	0.2%	340	28%	987	2,263	27%	4	
0.25 to <0.50	8,179	7,576	55%	12,362	0.3%	478	23%	1,148	3,770	31%	9	
0.50 to <0.75	7,891	8,531	53%	12,394	0.5%	504	23%	1,118	4,896	40%	15	
0.75 to <2.50	12,323	10,177	48%	17,237	1.3%	1,008	23%	1,206	9,034	52%	48	
2.50 to <10.00	4,158	5,015	53%	6,832	4.1%	1,063	29%	1,251	6,732	99%	81	
10 to <100	249	198	57%	361	14.2%	311	28%	967	504	139%	13	
100.00 (default)	2,793	146	41%	2,853	100.0%	271	37%	764	2,155	76%	1,693	
TOTAL A-IRB	**91,578**	**63,633**	**53%**	**125,340**	**2.8%**	**5,491**	**22%**	**995**	**33,892**	**27%**	**1,869**	**1,931**

PD scale *(in millions of euros)*	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	Average CCF *(in %)*	EAD	Average PD *(in %)*	Number of obligors	Average LGD *(in %)*	Average maturity *(in days)*	RWA	RWA density *(in %)*	Expected loss	Provisions
PD scale												
Total												
0.00 to <0.15	51,137	25,887	54%	65,017	0.0%	1,532	19%	870	4,548	7%	5	
0.15 to <0.25	4,899	6,120	56%	8,341	0.2%	344	28%	987	2,263	27%	4	
0.25 to <0.50	8,465	7,770	56%	12,793	0.3%	486	24%	1,121	3,977	31%	10	
0.50 to <0.75	7,891	8,617	53%	12,458	0.5%	507	23%	1,123	4,909	39%	15	
0.75 to <2.50	12,516	10,248	48%	17,452	1.3%	1,162	23%	1,199	9,254	53%	50	
2.50 to <10.00	4,359	5,079	53%	7,047	4.1%	1,236	30%	1,224	6,998	99%	85	
10 to <100	346	228	52%	465	13.8%	456	31%	862	702	151%	19	
100.00 (default)	2,869	146	41%	2,930	100.0%	315	37%	787	2,155	74%	1,727	
TOTAL AT 31/12/2019*	**92,483**	**64,096**	**53%**	**126,503**	**2.9%**	**6,038**	**22%**	**991**	**34,806**	**28%**	**1,915**	**1,996**

* *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 *(in millions of euros)*	Residual maturity	On-balance sheet exposure	Off-balance sheet exposure	Total risk weight	EAD	RWA	EL
Category 1	Equal to or more than 2.5 years			50			
Category 2	Equal to or more than 2.5 years			70			
Category 4	Equal to or more than 2.5 years			90			
TOTAL AT 31/12/2019							
TOTAL AT 31/12/2018		**15**			**15**	**12**	

* *Simple risk-weighted approach on specialized lending only applied by the SFS entities sold in BPCE in early 2019.*

CR10 Table – Equities

Equities under the simple risk-weighted approach *(in millions of euros)*	On-balance sheet exposure	Off-balance sheet exposure	Total risk weight	EAD	RWA	OFR
Private Equity exposures	599	158	190	757	1,439	115
Exchange-traded equity exposures	1,495		290	1,495	4,337	347
Other equity exposures	2,872		370	2,872	10,627	850
TOTAL AT 31/12/2019	**4,967**	**158**		**5,125**	**16,402**	**1,312**
TOTAL AT 31/12/2018	**4,399**	**170**		**4,569**	**14,507**	**1,161**

Breakdown of equity exposures by main Natixis business line (NX23)

Division *(in millions of euros)*	31/12/2019 Fair value	31/12/2019 EAD	31/12/2018 Fair value	31/12/2018 EAD
Corporate & Investment Banking	237	237	207	224
Asset & Wealth Management	2,028	2,185	1,423	1,594
Insurance	2,220	2,220	1,960	1,960
Treasury and Collateral Management	-	-	-	-
Specialized Financial Services	-	-	592	592
Payments	28	28	23	23
Corporate Center	946	950	876	876
TOTAL	**5,458**	**5,621**	**5,081**	**5,269**

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 at 31/12/2019	Total at 31/12/2018
Private Equity held in sufficiently diversified portfolios	757			757	769
Other equity exposures	264	92	2,516	2,872	2,532
Listed equities	266	543	687	1,495	1,268
Equity – standardized approach					
TOTAL	**1,287**	**635**	**3,203**	**5,125**	**4,569**

RWA by weighting (excluding impact of thresholds) (NX25)

Type and nature of exposure *(in millions of euros)*	IRB Approach	Standardized approach	Total at 31/12/2019	Total at 31/12/2018
Private Equity held in sufficiently diversified portfolios	1,439		1,439	1,461
Other equity exposures	10,627		10,627	9,368
Listed equities	4,337		4,337	3,678
Equity – standardized approach				
TOTAL	**16,402**		**16,402**	**14,507**

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		94	5,000			5,094	1,299
Original Exposure							
Standardized approach							
Internal Model Method (for derivatives and SFTs)				9,605	1.4	13,447	3,029
Securities Financing Transactions							
Derivatives & Long Settlement Transaction							
From Contractual Cross Product Netting							
Financial collateral simple method (for SFTs)							
Financial collateral comprehensive method (SFTs)						20,813	1,525
VaR for SFTs							
TOTAL AT 31/12/2019							**5,853**

SA – CCR EAD by regulatory portfolio and risk weight (CCR3)

Exposure classes *(in millions of euros)*	Risk Weight											Total EAD	Of which unrated*
	0%	2%	4%	10%	20%	50%	70%	75%	100%	50%	Other		
Central governments or central banks													
Regional governments or local authorities	12				245							257	139
Public sector entities	285				199	277			26			787	174
Multilateral Development Banks													
International Organizations	237											237	237
Institutions	3,395	13,461			10	1			3			16,870	16,868
Corporates	1	499				4			21			525	521
Retail													
Secured by mortgages on immovable property													
Defaulted exposures									1	6		7	6
Items associated with particularly high risk													
Covered Bonds													
Claims on institutions and corporates undergoing a short-term credit assessment					13	96			14			122	
Collective Investment undertakings (CIU)													
Equities													
Other assets													
TOTAL AT 31/12/2019	**3,930**	**13,960**			**467**	**378**			**65**	**6**		**18,806**	**17,945**
TOTAL AT 31/12/2018	**2,855**	**15,938**			**575**	**279**		**1**	**161**	**3**		**19,811**	**19,178**

* *Of which €13,969 million relating to clearing houses (2% flat weighting in accordance with applicable regulation) and €3,237 million relating to BPCE Group affiliates at December 31, 2019*

NI – CCR exposures by portfolio and PD scale (CCR4)

PD scale *(in millions of euros)*	EAD	Average PD *(in %)*	Number of obligors	Average LGD *(in %)*	Average maturity *(in days)*	RWA	RWA density *(in %)*
F-IRB							
Institutions							
0.00 to <0.15	517		23	45%	7	47	9%
0.15 to <0.25	3	0.2%	2	45%	5	1	32%
0.25 to <0.50		0.3%	3	45%	1,161		78%
0.50 to <0.75							
0.75 to <2.50							
2.50 to <10.00	4	2.7%	3	45%	5	5	130%
10.00 to <100.00							
100.00 (default)							
Sub-total	**524**	**0.1%**	**31**	**45%**	**7**	**53**	**10%**
Corporates							
0.00 to <0.15	1,169	0.1%	57	45%	891	194	17%
0.15 to <0.25	12	0.2%	3	45%	51	3	25%
0.25 to <0.50	7	0.3%	4	45%	2,850	4	55%
0.50 to <0.75	6	0.5%	2	45%	5	3	51%
0.75 to <2.50							
2.50 to <10.00	8	2.7%	3	45%	2	9	106%
10.00 to <100.00							
100.00 (default)							
Sub-total	**1,204**	**0.1%**	**69**	**45%**	**884**	**213**	**18%**
Total F-IRB							
0.00 to <0.15	1,690	0.1%	83	45%	624	241	14%
0.15 to <0.25	15	0.2%	5	45%	43	4	26%
0.25 to <0.50	8	0.3%	7	45%	2,825	4	56%
0.50 to <0.75	6	0.5%	2	45%	5	3	51%
0.75 to <2.50							
2.50 to <10.00	12	2.7%	6	45%	3	14	114%
10.00 to <100.00							
100.00 (default)							
Sub-total F-IRB	**1,731**	**0.1%**	**103**	**45%**	**622**	**266**	**15%**
A-IRB							
Central governments and central banks							
0.00 to <0.15	3,722		60	16%	723	31	1%
0.15 to <0.25	24	0.2%	3	37%	100	5	21%
0.25 to <0.50	14	0.4%	2	47%	1,038	13	98%
0.50 to <0.75							
0.75 to <2.50							
2.50 to <10.00	45	3.2%	1	47%	1,234	70	157%
10.00 to <100.00							
100.00 (default)							
Sub-total	**3,804**		**66**	**16%**	**726**	**119**	**3%**
Institutions							
0.00 to <0.15	10,787		353	20%	448	703	7%
0.15 to <0.25	740	0.2%	90	30%	923	221	30%
0.25 to <0.50	382	0.3%	65	30%	570	153	40%
0.50 to <0.75	123	0.5%	37	36%	543	73	59%
0.75 to <2.50	74	1.1%	37	62%	451	95	129%
2.50 to <10.00	44	2.8%	64	50%	696	67	153%
10.00 to <100.00							
100.00 (default)			1				
Sub-total	**12,149**	**0.1%**	**647**	**21%**	**483**	**1,311**	**11%**
Corporates							
0.00 to <0.15	10,428		609	33%	268	725	7%
0.15 to <0.25	1,318	0.2%	188	31%	1,156	372	28%
0.25 to <0.50	894	0.3%	244	26%	1,682	281	32%
0.50 to <0.75	1,372	0.5%	365	27%	1,591	560	41%
0.75 to <2.50	2,273	1.2%	623	28%	1,034	1,243	55%
2.50 to <10.00	432	4.2%	664	33%	942	430	100%
10.00 to <100.00	61	13.3%	441	34%	1,835	103	170%
100.00 (default)	45	100.0%	42	34%	2,161	87	194%
Sub-total	**16,822**	**0.7%**	**3,176**	**31%**	**652**	**3,802**	**23%**

PD scale *(in millions of euros)*	EAD	Average PD *(in %)*	Number of obligors	Average LGD *(in %)*	Average maturity *(in days)*	RWA	RWA density *(in %)*
Corporates – SME							
0.00 to <0.15			1				
0.15 to <0.25		0.2%	3	44%	154		31%
0.25 to <0.50	6	0.4%	8	44%	1,107	3	49%
0.50 to <0.75	6	0.6%	24	44%	106	4	54%
0.75 to <2.50	4	1.7%	64	44%	1,498	4	97%
2.50 to <10.00	6	4.7%	118	42%	810	8	124%
10.00 to <100.00	3	11.8%	99	44%	2,334	7	213%
100.00 (default)		100.0%	8	44%	169		165%
Sub-total	**26**	**3.3%**	**325**	**43%**	**983**	**24**	**95%**
Corporates – Specialized Lending							
0.00 to <0.15	106	0.1%	18	16%	3,347	15	15%
0.15 to <0.25	158	0.2%	27	12%	3,243	22	14%
0.25 to <0.50	345	0.3%	75	14%	3,244	76	22%
0.50 to <0.75	491	0.5%	149	13%	3,200	131	27%
0.75 to <2.50	548	1.2%	146	17%	2,977	247	45%
2.50 to <10.00	67	3.3%	15	27%	2,226	56	84%
10.00 to <100.00							
100.00 (default)	18	100.0%	6	35%	3,500	35	197%
Sub-total	**1,734**	**1.8%**	**436**	**15%**	**3,117**	**583**	**34%**
Corporates – Other							
0.00 to <0.15	10,322		590	33%	236	710	7%
0.15 to <0.25	1,159	0.2%	158	34%	871	349	30%
0.25 to <0.50	543	0.3%	161	33%	694	202	37%
0.50 to <0.75	874	0.5%	192	35%	698	426	49%
0.75 to <2.50	1,721	1.2%	413	31%	414	992	58%
2.50 to <10.00	359	4.4%	531	34%	706	366	102%
10.00 to <100.00	58	13.4%	342	33%	1,808	96	168%
100.00 (default)	27	100.0%	28	33%	1,270	52	193%
Sub-total	**15,063**	**0.6%**	**2,415**	**33%**	**368**	**3,194**	**21%**
Total A-IRB							
0.00 to <0.15	24,936		1,022	24%	414	1,459	6%
0.15 to <0.25	2,082	0.2%	281	31%	1,061	598	29%
0.25 to <0.50	1,290	0.3%	311	27%	1,346	448	35%
0.50 to <0.75	1,495	0.5%	402	28%	1,505	632	42%
0.75 to <2.50	2,347	1.2%	660	29%	1,015	1,338	57%
2.50 to <10.00	520	4.0%	729	36%	947	567	109%
10.00 to <100.00	61	13.3%	441	34%	1,835	103	170%
100.00 (default)	45	100.0%	43	34%	2,161	87	194%
Sub-total A-IRB	**32,775**	**0.4%**	**3,889**	**26%**	**598**	**5,233**	**16%**
TOTAL							
0.00 to <0.15	26,626		1,105	26%	427	1,700	6%
0.15 to <0.25	2,097	0.2%	286	31%	1,053	602	29%
0.25 to <0.50	1,297	0.3%	318	27%	1,355	452	35%
0.50 to <0.75	1,501	0.5%	404	28%	1,499	635	42%
0.75 to <2.50	2,347	1.2%	660	29%	1,015	1,338	57%
2.50 to <10.00	532	4.0%	735	36%	925	581	109%
10.00 to <100.00	61	13.3%	441	34%	1,835	103	170%
100.00 (default)	45	100.0%	43	34%	2,161	87	194%
TOTAL AT 31/12/2019	**34,506**	**0.4%**	**3,992**	**27%**	**599**	**5,499**	**16%**

Credit derivatives exposures (CCR6)

	31/12/2019	
(in millions of euros)	Protection bought	Protection sold
Notional		
Single-name credit default swaps	8,052	7,909
Credit-linked notes		
Total return swaps	134	2,282
Collateralized debt obligations		
Index credit default swaps		
Other credit derivatives	4,632	2,053
CDS Single Name Hedge CVA	178	26
TOTAL NOTIONAL	**12,996**	**12,270**
Fair values		
Positive fair value (asset)	7	196
Negative fair value (liability)	(308)	(49)

RWA flow statements of CCR exposures under internal model method (IMM) (EU CCR7)

(in millions of euros)	RWA amounts	Capital requirements
RWAs as at the end of the previous reporting period (31/12/2018)	**2,338**	**187**
Asset size	400	32
Credit quality of counterparties	210	17
Model updates (IMM only)	(15)	(1)
Methodology and policy (IMM only)		
Acquisitions and disposals		
Foreign exchange movements		
Other	103	8
RWAs as at the end of the current reporting period (31/12/2019)	**3,037**	**243**

Exposures to CCPs (CCR8)

(in millions of euros)	EAD post CRM	RWA
Exposures to QCCPs (total)		**515**
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	10,900	218
(i) OTC derivatives	1,140	23
(ii) Exchange-traded derivatives	5,931	119
(iii) SFTs	3,828	77
(iv) Netting sets where cross-product netting has been approved		
Segregated initial margin		
Non-segregated initial margin	3,069	63
Prefunded default fund contributions	347	234
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		

(in millions of euros)	EAD post CRM	RWA
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	**4,717**	**1,001**
(i) VaR component (including the 3×multiplier)		244
(ii) Stressed VaR component (including the 3×multiplier)		757
All portfolios subject to the standardized method	**2,954**	**335**
Based on Original Exposure Method		
TOTAL SUBJECT TO THE CVA CAPITAL CHARGE 31/12/2019	**7,671**	**1,336**
Total subject to the CVA capital charge 31/12/2018	**7,168**	**1,661**

3.3.3.4 Securitization

A – Accounting methods

(See Chapter 5 – 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)*		
Rating agencies	**IRB Approach**	**Standardized approach**	**Total**
Moody's	397	135	532
DBRS	602	1,368	1,970
Fitch IBCA	475	87	561
Standard & Poor's	372	857	1,229
Not rated	211	2,519	2,730
Transparency		1,090	1,090
Regulatory method	2,719		2,719
TOTAL	**4,775**	**6,056**	**10,832**

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)	Tradi-tional	Syn-thetic	**Sub-total**	Tradi-tional	Syn-thetic	**Sub-total**	Tradi-tional	Syn-thetic	**Sub-total**
SPV with risk transfer									
RMBS							190		190
Consumer ABS				939		939	344		344
Consumer loans							4		4
Re-securitization									
Total Retail				**939**		**939**	**537**		**537**
Corporate loans		2,680	2,680						
ABS				202		202	237		237
ABCP				3,070		3,070			
Collateralized debt obligations	18		18	2,052		2,052	165		165
CMBS	312		312				40		40
Other	7		7	146		146	427		427
Re-securitization									
Wholesale (total) – of which:	**336**	**2,680**	**3,016**	**5,470**		**5,470**	**869**		**869**
TOTAL UNCONSOLIDATED SPV	**336**	**2,680**	**3,016**	**6,409**		**6,409**	**1,406**		**1,406**
Consolidated SPV									
Consumer loans (Retail)									
Corporate loans (Wholesale)	1,516		1,516						
TOTAL CONSOLIDATED SPV	**1,516**		**1,516**						

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							63		63
Consumer ABS							339		339
Consumer loans									
Re-securitization							1		1
RETAIL (TOTAL) – OF WHICH							**403**		**403**
Corporate loans									
ABS							15		15
Collateralized debt obligations							84		84
CMBS									
Other							11		11
Re-securitization							1		1
WHOLESALE (TOTAL)							**112**		**112**

EAD and RWA according to natixis' role in the banking book (NX31-A)

(in millions of euros)	EAD	RWA	OFR
Investor	**1,406**	**447**	**36**
Balance sheet	841	365	29
Off-balance sheet	565	82	7
Originator	**3,016**	**1,120**	**90**
Balance sheet	3,016	1,120	90
Sponsor	**6,409**	**1,117**	**89**
Balance sheet	1,656	212	17
Off-balance sheet	4,753	905	72
TOTAL AT 31/12/2019	**10,832**	**2,684**	**215**
TOTAL AT 31/12/2018	**10,167**	**3,045**	**244**

EAD according to Natixis' role in the securitization trading book (NX31-B)

	31/12/2019		
Role *(in millions of euros)*	**EAD**	**RWA**	**OFR**
Investor	515	203	16
Originator			
Sponsor			
TOTAL AT 31/12/2019	**515**	**203**	**16**
TOTAL AT 31/12/2018	**202**	**196**	**16**

Re-securitization exposures before and after substitution (NX34)

Guarantor rating *(in millions of euros)*	Exposure	Protection	**EAD**
Sub-total			
Sub-total			
TOTAL AT 31/12/2019			
TOTAL AT 31/12/2018			

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)				OFR			
(in millions of euros)	<= 20%	> 20% to 50%	> 50% to 100%	> 100% to 1,250%	= 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	**1,854**	**360**	**153**	**17**	**69**	**1,437**	**40**	**969**	**8**	**498**	**23**	**320**	**105**	**40**	**2**	**26**	**8**
o/w retail underlying	182					182				16				1			
o/w wholesale	1,672	360	153	17	69	1,255	40	969	8	482	23	320	105	39	2	26	8
o/w re-securitization																	
o/w senior debt																	
o/w non-senior																	
Synthetic securitization	**1,504**	**1,062**	**114**				**2,680**				**497**				**40**		
o/w retail underlying																	
o/w wholesale	1,504	1,062	114				2,680				497				40		
o/w re-securitization																	
o/w senior debt																	
o/w non-senior																	
TOTAL EXPOSURES	**3,358**	**1,422**	**267**	**17**	**69**	**1,437**	**2,719**	**969**	**8**	**498**	**520**	**320**	**105**	**40**	**42**	**26**	**8**

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)				OFR			
(in millions of euros)	<= 20%	> 20% to 50%	> 50% to 100%	> 100% to 1,250%	= 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	**428**	**222**	**26**	**2**	**106**	**441**		**245**	**97**	**82**		**116**	**108**	**7**		**9**	**9**
o/w securitization	428	222	26	2	106	441		245	97	82		116	107	7		9	9
o/w retail underlying	383	33		2	5	389		30	3	67		10	1	5		1	
o/w wholesale	45	189	26		100	52		214	93	15		106	106	1		8	8
o/w re-securitization																	
o/w senior debt																	
o/w non-senior																	
Synthetic securitization																	
o/w securitization																	
o/w retail underlying																	
o/w wholesale																	
o/w re-securitization																	
o/w senior debt																	
o/w non-senior																	
TOTAL EXPOSURES	**428**	**222**	**26**	**2**	**106**	**441**		**245**	**97**	**82**		**116**	**108**	**7**		**9**	**9**

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	OFR
SA	**4,897**	**392**
Interest rate risk (general and specific)	1,244	99
Equity risk (general and specific)	310	25
Foreign exchange risk	2,668	213
Commodity risk	675	54
Options	**277**	**22**
Simplified approach		
Delta-plus method	62	5
Scenario approach	216	17
Securitization	**108**	**9**
TOTAL 31/12/2019	**5,283**	**423**
TOTAL 31/12/2018	**5,185**	**415**

VaR, stressed VaR and IRC within the regulatory scope (MR3)

(in millions of euros)	**2019**
VaR (10 day 99%)	
Maximum value	37.4
Average value	20.7
Minimum value	11.3
Value at end of period	27.5
Stressed VaR (10 day 99%)	
Maximum value	61.6
Average value	47.8
Minimum value	37.0
Value at end of period	55.8
Incremental Risk Charge (99.9%)	
Maximum value	35.6
Average value	15.6
Minimum value	9.0
Value at end of period	10.1

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	OFR
Value at risk (Maximum of both values a and b)	**2,102**	**168**
Previous day's VaR (Article 365 (1))	350	28
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)	2,102	168
Stressed VaR (SVaR)	**3,456**	**276**
Latest SVaR (Article 365 (2))	711	57
Average of the daily SVaR (Article 365 (2) of the CRR) during the preceding 60 business days x multiplication factor (Article 366)	3,456	276
Additional default and migration risk	**268**	**21**
Most recent IRC value (incremental default and migration risks calculated in accordance with Section 3 of Articles 370/371)	236	19
Average of the IRC number over the preceding 12 weeks	268	21
Additional default risk on the correlation portfolio		
Most recent risk number for the correlation trading portfolio (Article 377)		
Average of the risk number for the correlation trading portfolio over the preceding 12 weeks		
8% of the own funds requirement in the standardized approach on the most recent risk number for the correlation trading portfolio (Article 338 (4))		
TOTAL 31/12/2019	**5,826**	**466**
TOTAL 31/12/2018	**4,444**	**356**

3.3.3.6 Overall interest rate risk

The measurement and monitoring of interest rate risk is presented in section 3.2 "Risk management – Overall interest rate risks".

3.3.3.7 Operational risks

The operational risk control system is presented in section 3.2 "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 2019.

Template A – Encumbered and unencumbered assets *(in millions of euros)*	Carrying amount of encumbered assets	o/w theoretically-eligible EHQLA and HQLA	Fair value of encumbered assets	o/w theoretically-eligible EHQLA and HQLA	Carrying amount of unencumbered assets	o/w EHQLA and HQLA	Fair value of unencumbered assets	o/w EHQLA and HQLA
Assets of the reporting institution	**52,229**	**20,705**			**350,228**	**18,387**		
Equity instruments	18,531	13,626			11,923	7,397		
Debt securities	14,322	6,592	14,322	6,592	15,564	11,028	15,564	11,028
of which: covered bonds	63	25	63	25	730	599	730	599
of which: asset-backed securities	0	0	0	0	426	0	426	0
of which: issued by general governments	6,588	6,415	6,588	6,415	9,897	9,879	9,897	9,879
of which: issued by financial corporations	5,719	0	5,719	0	3,051	0	3,051	0
of which: issued by non-financial corporations	1,003	99	1,003	99	1,672	559	1,672	559
Other assets	19,450	0			320,658	0		

Template B – Collateral received *(in millions of euros)*	Fair value of encumbered collateral and own encumbered debt securities issued	o/w theoretically-eligible EHQLA and HQLA	Unencumbered – Fair value of collateral received or own debt securities issued available for encumbrance	o/w EHQLA and HQLA
Collateral received by the reporting institution	**166,667**	**149,808**	**55,531**	**18,448**
Call loans	0	0	0	0
Equity instruments	39,181	28,580	27,529	2,746
Debt securities	129,971	121,953	23,428	15,881
of which: covered bonds	1,963	1,449	935	630
of which: asset-backed securities	7,274	3,273	3,345	427
of which: issued by general governments	115,718	115,458	13,770	13,070
of which: issued by financial corporations	2,716	0	2,217	0
of which: issued by non-financial corporations	2,146	590	2,943	904
Loans and receivables other than call loans	0	0	3,115	0
Other collateral received	0	0	1,828	0
Of which:	0	0	0	0
Own debt securities issued besides own secured bonds or own asset-backed securities	**0**	**0**	**1,018**	**0**
Own secured bonds and asset-backed securities issued and not yet given as collateral			**0**	**0**
TOTAL ASSETS, COLLATERAL RECEIVED AND OWN ISSUED DEBT SECURITIES	**218,715**	**149,808**		

Template C – Sources of encumbrance *(in millions of euros)*	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	**137,884**	**134,166**

Template D – Additional information

At December 31, 2019, total balance sheet assets and encumbered guarantees received totaled €218,715 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 €199,628 million;
- encumbered receivables securing covered bond vehicles (Natixis Pfandbriefbank), for a total of €1,120 million;
- encumbered receivables in vehicles other than covered bond asset pools, such as central bank refinancing or other market vehicles, for a total of €4,670 million;
- assets encumbered by the payment of margin calls on derivative positions, for a total of €13,764 million.

Natixis considers that the following assets may not be encumbered in the normal course of its business:

- loans on demand (€29,034 million at 31/12/2019, i.e. 8% of unencumbered assets);
- derivatives (€61,219 million at 31/12/2019, i.e. 17% of unencumbered assets).

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, was implemented in Europe via Regulation (EU) 2019/876 ("CRR2"), which will enter into force, in respect of the NSFR, on June 28, 2021.

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 December 31, 2019

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 non-weighted value (average)			
Quarter ending on (day month year)	31/03/2019	30/06/2019	30/09/2019	31/12/2019	31/03/2019	30/06/2019	30/09/2019	31/12/2019
Number of points used to calculate average	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
Liquid assets								
Total liquid assets					66,457	63,107	61,696	58,127
Cash outflows								
Retail deposits and deposits from small business customers, of which:	2,205	2,437	2,581	2,741	220	244	258	274
Stable deposits	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Less stable deposits	*2,205*	*2,437*	*2,581*	*2,741*	*220*	*244*	*258*	*274*
Unsecured wholesale funding	63,456	59,678	58,550	56,822	49,458	46,499	45,759	44,465
Operational deposits (all counterparties)	*5,259*	*5,327*	*5,528*	*5,615*	*1,315*	*1,332*	*1,382*	*1,404*
Non-operational deposits (all counterparties)	*48,689*	*44,483*	*43,207*	*41,734*	*38,635*	*35,298*	*34,562*	*33,588*
Uncollateralized debt	*9,508*	*9,869*	*9,815*	*9,474*	*9,508*	*9,869*	*9,815*	*9,474*
Secured wholesale funding, of which:					24,483	21,870	19,531	19,807
Additional requirements, of which:	56,830	54,645	52,843	51,585	15,454	15,929	16,395	17,077
Outflows related to derivative exposures and other collateral requirements	*6,541*	*7,035*	*7,862*	*9,474*	*5,885*	*6,361*	*6,683*	*7,237*
Outflows on collateralized debt	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Credit and liquidity facilities	*50,288*	*47,610*	*44,980*	*42,110*	*9,569*	*9,568*	*9,712*	*9,840*
Other contractual funding obligations	18,611	18,620	20,777	20,271	16,513	16,552	18,727	18,191
Other contingent funding obligations	37,749	38,045	37,202	34,840	809	797	877	1,082
TOTAL CASH OUTFLOWS					**106,937**	**101,890**	**101,546**	**100,897**
Cash inflows								
Collateralized lending transactions (o/w reverse repos)	106,198	105,186	106,793	108,159	12,007	11,930	11,957	11,358
Inflows from fully performing exposures	22,100	20,204	19,421	20,122	19,599	18,061	17,581	18,616
Other cash inflows	20,259	21,259	23,942	27,554	15,433	16,576	19,485	22,856
(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	**148,557**	**146,649**	**150,155**	**155,834**	**47,039**	**46,567**	**49,023**	**52,829**
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)	***127,192***	***125,348***	***128,473***	***132,501***	***47,039***	***46,567***	***49,023***	***52,829***
LIQUIDITY BUFFER					**65,884**	**62,843**	**61,533**	**57,783**
TOTAL NET CASH OUTFLOWS					**59,901**	**55,326**	**52,528**	**48,070**
LIQUIDITY COVERAGE RATIO *(IN %)*					**110.9%**	**117.9%**	**121.2%**	**123.7%**

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 ($2.3 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, the US Federal Reserve and, since August 2019, the BoJ. 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, notably setting 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 theauthorization 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.

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 universal 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	Page
Article 435 (a)	(EBA) EU OVA – Bank risk management approach	108 to 115
Article 435 (a)	(EBA) CRA – General information about credit risk	115-116
Article 435 (a)	(EBA) CCRA – Qualitative disclosure related to counterparty credit risk	116-117
Article 435 (a)	(EBA) MRA – Qualitative disclosure requirements related to market risk	127 to 130
Article 436 (b)	EU LI1 – Differences between accounting and regulatory scopes of consolidation and mapping of financial statements with regulatory risk categories	158-159
Article 436 (b)	EU LI3 – Differences between consolidation scopes (entity by entity)	160-161
Article 436 (b)	EU LIA – Explanations of differences between accounting and regulatory exposure amounts	157 to 161
Article 458	(BCBS March 2016) CCyB1 – Geographical distribution of credit exposures used in the countercyclical buffer	160
Article 451	(BCBS March 2016) LR1 – Comparison of accounting exposures and leverage exposures	170
	(BCBS March 2016) LR2 – Leverage ratio	170-171
Article 438 (c) (f)	(EBA) EU OV1 – Overview of RWA	172
Article 438 last paragraph	(EBA) EU CR10 – IRB – Specialized lending and equities under the simple risk-weighted approach	190
Art. 438 (c), (d), (e) and (f)	NX01 – EAD, RWA and EFP by approach and by Basel exposure class	124
Art. 442 (c)	NX03 – Exposures and EAD and by Basel exposure class	125
Art. 442 (d), (e) and (f)	NX05 – EAD by geography and by exposure class	125
Art. 444 (a), (b) and (c)	NX11BIS – EAD by exposure class and by agency – Standardized approach	173
Art. 453 (d)	NX17 – Secured exposure by rating and by type of guarantor	173
Article 442 (a) and (b)	CRBA – Additional disclosure related to the credit quality of assets	263 to 282
Article 442 (c), (g) and (h)	(EBA) EU CR1 – Credit quality of assets	175
Article 453 (a) (e)	(EBA) EU CRC – Qualitative disclosure requirements related to credit risk mitigation techniques	122
Article 453 (f) and (g)	(EBA) EU CR3 – Credit risk mitigation techniques – Overview	174
Article 442 (c)	(EBA) EU CRB-B – Total and average net amount of exposures	176
Article 442 (d)	(EBA) EU CRB-C – Geographical breakdown of exposures	177
Article 442 (e)	(EBA) EU CRB-D – Concentration of exposures by industry or counterparty type	178
Article 442 (f)	(EBA) EU CRB-E – Maturity of exposures	179
Article 444 (a) (d)	(EBA) EU CRD – Qualitative disclosures on banks' use of external credit ratings under the standardized approach for credit risk	183
Article 453 (f) and (g)	(EBA) EU CR4 – Standardized approach – credit risk exposure and Credit Risk Mitigation (CRM) effects	185
Article 444 (e)	(EBA) EU CR5 – EAD by asset class and risk weight	185
Article 452 (a) (c)	(EBA) EU CRE – Qualitative disclosures related to IRB models	186
Article 452 (e) (h) and (j)	(EBA) EU CR6 – IRB – Credit risk exposures by portfolio and PD range	187
Article 453 (g)	(EBA) EU CR7 – Internal rating – Effect on RWA of credit derivatives used as CRM techniques	174
Article 92 (3) and 438 (d)	(EBA) EU CR8 – RWA flow statements of credit risk exposures under IRB	186
	(EBA) EU CCR7 – RWA flow statements of CCR exposures under the IMM	195
Art. 452 (j)	NX16 – Average weighted PD and average weighted LGD by geography	186
Article 439 (e), (f) and (i)	(EBA) EU CCR1 – Analysis of counterparty credit risk (CCR) exposure by approach	192
Article 439 (e) and (f)	(EBA) EU CCR2 – Credit valuation adjustment (CVA) capital charge	196
Article 444 (e)	(EBA) EU CCR3 – Standardized approach of CCR exposures by regulatory portfolio and risk weight	192
Article 452 (e)	(EBA) EU CCR4 – CCR exposures by portfolio and PD scale	193
Article 439 (g) and (h)	(EBA) EU CCR6 – Credit derivative exposures	195
Article 439 (e) and (f)	(EBA) EU CCR8 – Exposures to CCPs	195
Article 449	(BCBS) SECA – Qualitative disclosure requirements related to securitization exposures	196
	(BCBS) SEC1 – Securitization exposures in the banking book	197
	(BCBS) SEC2 – Securitization exposures in the trading book	198
	(BCBS) SEC3 – Securitization exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor	199
	(BCBS) SEC4 – Securitization exposures in the banking book and associated regulatory capital requirements – bank acting as investor	199
Art. 449 (k)	NX33BIS – Banking book EAD by agency	197

CRR Article	Basel Committee/EBA tables and statements	Page
Art. 445	(EBA) EU MR1 – Market risk own funds requirements	200
Article 105 and article 455 (c)	(EBA) EU MRB A – Qualitative disclosures for banks using the Internal Models Approach (IMA)	128 to 130
Article 455 (a) and (b)	(EBA) EU MRB B – Qualitative disclosures for banks using the Internal Models Approach (IMA)	128 to 130
Article 455 (e)	(EBA) EU MR2 – A – Market risk under internal models approach	201
Article 455 (d)	(EBA) EU MR3 – IMA values for trading books	200
Article 455 (g)	(EBA) EU MR4 – Comparison of VaR estimates with gains/losses	200
Article 446	(BCBS) ORA – General qualitative data on operational risk management	134-135
Article 448	(BCBS) Table A – IRRBB management policies and objectives	144
	(BCBS) Table B – NII sensitivity	144
Article 49 (1) and 4	(EBA) EU INS1 – Non-deducted holdings in insurance undertakings	167
Article 4	(BCBS) REMA – Remuneration policy	205
Article 377 (6) and article 105	(BCBS) PV1 – Prudential valuation adjustments	167
Article 99(5) and article 413(3)	(EBA) GOV – Sovereign exposures	180
Article 16(3)	(EBA) NPL 1 – Credit quality of forborne exposures	181
	(EBA) NPL 3: Credit quality of performing and non-performing exposures by days past due	181
	(EBA) NPL 4: Performing and non-performing exposures and corresponding provisions	182

3.3.8 Table index

4

OVERVIEW OF THE **FISCAL YEAR**

4.1 Significant events of 2019

4.1.1 Macroeconomic context

2019 was a year of heightened political and geopolitical uncertainty: the trade war between China and the US, the absence of a Brexit deal and the subsequent political fallout in the UK, the magnitude of the slowdown in China, European elections and the rise of populism, and the Iran-US crisis. Global growth was hit hard, and by summer 2019 the 2019-2020 outlook was revised downward. Nevertheless, the final weeks of 2019 rekindled hopes of a trade agreement between China and the US, and of the UK making an orderly exit from the European Union.

The raising of tariff barriers combined with the prospect of a no-deal Brexit had a direct impact on export volumes and an indirect impact on business. Trade in goods looks set to post just 1.5% annual growth, its lowest since 2015. Global manufacturing output teetered near recession with the PMI manufacturing index dropping below 50 for six consecutive months (averaging 49.6 between May and October), before making a feeble comeback in the last two months of the year. Services output continued to rise, but on the whole was significantly slower over the period.

Global growth will therefore have dropped to its lowest since the recession: Natixis estimates global GDP growth of just 3.1% versus 3.7% in 2018. Current data indicate that US GDP decelerated from 3.1% on average over the first three quarters of 2018 to 2.3% for the same period in 2019. The euro zone experienced a similar slowdown, dropping from 2.1% to 1.3%. Internal growth was resilient, however, and helped to offset the impact of a bleak global environment and the recession in German manufacturing. France's growth also proved sturdy, stabilizing at close to 1.3% year-on-year. Annual GDP growth in China reached the 6% threshold in the third quarter of 2019. Despite fiscal and monetary stimulus, China's growth in the first nine months of 2019 averaged 6.2% compared with 6.7% year-on-year. Meanwhile, the economic situation of most emerging economies deteriorated in 2019. Standing out from the crowd was Japan, whose growth accelerated from 0.5% in 2018 to 1.2% in 2019 over the first nine months of the year.

The economic slowdown, together with relatively low oil prices, kept inflation at low to very low levels. Brent crude averaged €64.20 a barrel in 2019, down 10% on 2018, despite a year-on-year average of +14% in December. Moreover, trade barriers have so far had little impact on inflation, which remained at a modest 2.2% and 1.2% for the US and the euro zone respectively.

In summer 2019, the main central banks (the Fed and the European Central Bank) made a policy U-turn by postponing the end of quantitative easing and holding off on hiking interest rates, thereby delaying the normalization of monetary policies. Faced with slower growth, persistent risks and low inflation, central bank policies were decidedly loose. After seven months of keeping its policy unchanged, the Fed cut interest rates (-25 basis points) in July and did so again at the Federal Open Market Committee meetings in September and October (a total of -75 basis points to reach the 1.5 to 1.75% range at end-2019). The ECB for its part proposed a comprehensive policy package in September, including cutting the interest rate on its deposit facility by 10 bps and introducing a two-tier system, restarting the Asset Purchase Program, and easing TLTRO III conditions (Targeted Long-Term Refinancing Operations). Consequently, 2019 confirmed a return to a long-lasting, historically low interest rate regime.

Against this backdrop, monetary policy expectations weighed more than ever on yield curves, resulting in two phases for interest rates over the year. An overall decrease in yields and flatter yield curves were observed up until mid-August, as all bets were on monetary easing in response to deteriorating macroeconomic conditions and the escalation of the US-China trade war. Euro bond yields reached new lows: in mid-August the 10-year Bund hit -71.8 bps while the 10-year Treasury reached 1.46%. This phase was then followed by a moderate increase in rates and steeper yield curves for the remainder of the year. Accordingly, the USD and EUR 3M-10Y yield curves ended the year higher by 36 bps and 46 bps respectively after respective lows of -51 bps and -3 bps in late August.

Looser central bank monetary policies virtually across the board resulted in geographic spreads compressing throughout the year, as demonstrated by the BTP-Bund spread hitting a trough of 129 bps in October, and the spread between the US 10Y benchmark and the rest of the G7 dropping to 130 bps at the end of the year (versus 160 bps when the year began).

Looking at currencies, 2019 saw further appreciation by the USD on the back of solid growth and a Fed Fund rate that stayed persistently higher than the key rates of other major central banks. As a corollary, the CNY depreciated on a near continuous basis between May and September to nearly 7.2 against the USD, before making a gradual recovery to close the year below 7. Finally, from mid-2019, the GBP steadily appreciated against the EUR, jumping higher in mid-December after the Conservative Party won the general elections. All told, the GBP gained more than 6% against the EUR in 2019.

Despite numerous uncertainties and worsening macroeconomic conditions in 2019, virtually all stock market assets posted outstanding double-digit gains in the wake of this fresh wave of monetary easing. The MSCI World USD index recorded its best performance since 2009 (+25%), as did the Euro Stoxx (+23%). The S&P 500 gained close to 29%, and the CAC40 close to 26%. Also reflecting the unique dynamism of 2019 was the fact that the noteworthy performance of risk assets was matched by the equally strong performance of bonds, especially in the US.

4.1.2 Key events for Natixis' business lines

The sale of Natixis' retail banking activities (Factoring, Sureties and Financial Guarantees, Leasing, Consumer Financing and Securities Services) to BPCE S.A. was finalized in the first quarter of 2019.

Natixis also continued to roll out its New Dimension strategic plan aimed at enhancing its value-added solutions for its clients.

Asset & Wealth Management saw a number of major developments in the **Asset Management** business over the course of 2019.

The following events, projects and initiatives took place in the course of Natixis IM's expansion:

- launch of Thematics Asset Management in March 2019;
- acquisition in April 2019 of a minority stake of 24.9% in US firm WCM Investment Management (WCM). Natixis Investment Managers consequently became WCM's exclusive distributor outside the Company (other than specified exceptions). This long-term partnership gives Natixis Investment Managers the opportunity to offer WCM's investment strategies to international investors, and enable WCM to continue to grow, creating new opportunities for its clients and staff;
- acquisition of an 11% stake in Fiera Capital, the leading publicly traded independent distribution platform in Canada, giving Fiera's clients access to the global active strategies of Natixis Investment Managers. Under this long-term agreement, Fiera Capital becomes the exclusive distributor of Natixis Investment Managers in Canada, thereby giving Fiera Capital's clients access to Natixis Investment Managers' wide array of active investment strategies. In addition, NIM Canada was sold to Fiera Capital in the third quarter of 2019 as part of a strategic partnership that was concluded in the second quarter of 2019;
- launch of Ostrum AM's offering in real asset private debt with:
  - the launch of the private debt management business in Asia by hiring a team of experts based in Hong Kong and Singapore,
  - the launch of the private debt management initiative in the US with the appointment of Brian T. Yorke, who joined the Company on June 12, 2019, as US Head of Loan and Structured Credit Management;
- creation of Vauban Infrastructure Partners, a new affiliate specialized in infrastructure investment, through the transfer of Mirova's current infrastructure team to a new specialized subsidiary;
- announcement by Groupe BPCE and La Banque Postale of a project to deepen and expand their business partnership, entailing the merger of the mainly insurance-related euro fixed-income management activities of Ostrum AM and LBPAM using a shared platform controlled by Natixis IM with a balanced governance structure, guaranteeing the pooling of IT tools and the rights of each party with respect to these IT tools;
- sale of Darius in the fourth quarter of 2019;
- appointment of Joseph Pinto as Chief Operating Officer;
- appointment of Philippe Setbon as CEO of Ostrum Asset Management.

Natixis IM earned the following distinctions over the course of 2019:

- Dan Fuss of Loomis Sayles, who also co-manages the Loomis Sayles Bond Fund, was named Outstanding Portfolio Manager at the 2019 US Morningstar Awards for Investing Excellence;
- Kathryn Kaminski of AlphaSimplex was one of 10 to receive a "Top Women in Asset Management" award from Money Management Executive for her contribution to the Asset Management sector;
- At the Lipper Fund Awards Natixis and its subsidiaries were recognized in several categories and countries (UK, Germany, Switzerland, US, Austria and Taiwan);
- Investment & Pensions Europe (IPE): Natixis Investment Managers was ranked 16th out of the top 400 asset managers in 2019 by AuM and country of main headquarters at December 31, 2018;
- Cerulli Associates Top 50 asset management companies: Natixis Investment Managers was ranked 16th-largest global asset management company;
- InvestmentNews: the Excellence in Diversity & Inclusion Awards recognized Natixis Investment Managers as a champion of diversity;
- Bonhill/InvestmentNews, "Women in Asset Management New York Awards":
  - Gina Szymanski of AEW Capital won the Women in Asset Management New York award for Real Estate;
- FT Adviser Investment 100 Club:
  - The Loomis Sayles US Equity Leaders fund was named the winner in the FTA Investment 100 Club's North American Equity category;
- Citywire Professional Buyer:
  - Eileen Riley of Loomis Sayles was ranked No. 11 in Citywire's 20 top female portfolio managers, up two places from her ranking in 2018.

Natixis Wealth Management continued to evolve thanks to its strong sales drive in the networks as well as in its wealth management business for direct clients.

To offer a complete range of services to both French and international UHNWI (Ultra High Net Worth Individuals) / HNWI (High Net Worth Individuals), it is pursuing the transformation of its business model via:

- the "One Bank" cross-business structure, which has been rolled out and is improving interactions between the two banks, in France and in Luxembourg, as well as the two asset management companies. The functions that were created have streamlined operational processes and improved collective efficiency;
- the acquisition of Massena Partners in June. The offering was rounded out to include unlisted stock, which clients value and more generally provides a means of diversification. It now offers private equity co-investment funds and a real estate deal club, among others;
- the Insurance platform continues to stand out as a recognized partner to the networks thanks to its increasingly digitized solutions. Satisfaction surveys in progress already show that paperless documentation has enhanced the customer experience.
- the implementation of a collective bargaining agreement procedure has helped to better adapt the workforce following the sale of Sélection 1818 in 2018.

For VEGA Investment Managers, the year's highlights were:

- the One Bank project with the first NWM Luxembourg subscriptions in VEGA IM funds;
- the strong momentum of the thematic funds created at the end of 2018;
- signing of the UN-PRI (United Nations — Principles for Responsible Investment) in May 2019.

In **Employee Savings**, sales in the Groupe BPCE distribution networks remained brisk with a 22% increase in new contracts, attributable to the elimination/decrease of the "forfait social" (employee social charge) in companies with less than 250 employees. The final adoption of PACTE (France's Action Plan for Business Growth and Transformation) on May 23, 2019 created new challenges for the development of employee savings as well as retirement savings, and Natixis Interépargne is actively preparing for these.

Corporate & Investment Banking's 2019 highlights included the continued roll-out of New Dimension strategic plan 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 strategic sectors (energy and natural resources, aerospace, infrastructure, real estate and hospitality). Thanks to the diversification of its businesses, the Corporate & Investment Banking business line continues to create value despite less favorable conditions for Capital Markets activities, especially in the first half of 2019.

It continued to develop its expertise in green finance through the Green & Sustainable Hub, which assists clients in their energy transition. Of note, Natixis launched its Green Weighting Factor, making it the first bank to actively steer the impact of its balance sheet on climate. Any "green" financing granted by Corporate & Investment Banking is now awarded a bonus, whereas internal profitability is reduced for any "brown" (i.e., high carbon, climate risk inducing) financing. Ultimately, Natixis is aiming for a financing trajectory that is consistent with the objectives of the Paris Agreement on climate change.

Natixis continued to develop its advisory services, as shown by the "Most Innovative Investment Bank for Financial Institutions Group" Award it received from The Banker in recognition of its close relationship with its institutional clients, as well as its ability to deliver innovative solutions adapted to their needs.

Natixis received numerous awards for its expertise and innovation capabilities in the "green" sector: "Deal of the Year" at the SRP Europe Awards Ceremony 2020; "Social Loan of the Year" and "Green Bond of the Year" at the IFR Awards 2019.

Its three **international** platforms continued to expand while extending their expertise and increasing their visibility:

In **Asia-Pacific**, Natixis expanded its M&A advisory services by making a strategic investment in Azure Capital *(see below)*. It also broadened its franchise in the infrastructure sector by funding its first offshore wind farm (WPD Offshore), and also did its first infrastructure financing project in Taiwan.

It created an organization to improve coordination among its strategic sectors, investment banking and coverage, and thus enhance its client focus and solutions approach. It also implemented a new sales road map for Capital Markets.

In addition, it continued to develop its social initiatives: volunteer work in Cambodia as part of its partnership with PSE For a Child's Smile; and new initiatives as part of the DANA program — Diversity @Natixis Asia (APAC Banking School for sharing knowledge between the Bank's senior and junior staff, Début 2.0 for reinserting banking professionals into the job market).

The **Americas** platform delivered a solid performance in all its business sectors. It continued to expand its range of solutions and strengthen its expertise in structured finance, acquisition finance and Capital Markets. It also developed a new activity to extend the lending business to asset management companies.

It sold its banking license in Brazil where it now has a representation office. It also obtained its broker dealer license in Houston.

Natixis ranked No. 8 on the US market for CLO arrangers *(sources: Bloomberg/Reuters)*. *LatinFinance* magazine also awarded Natixis the "Infrastructure Bank of the Year — Mexico" for the second year running.

The **EMEA** platform enjoyed strong business volumes in the Real Assets sector, particularly in energy and real estate infrastructure projects through the distribution of its assets to a variety of investors and partners. The loan solutions business on the capital markets also made progress.

The London branch worked on its post-Brexit road map which aims to refocus its resources on UK clients. It also developed initiatives to encourage diversity and inclusion.

In the Middle East, Natixis moved ahead on the opening of a Saudi Arabian subsidiary in Riyadh, which is expected to fully operational by the end of the first quarter of 2020. This local presence will allow Natixis to deepen its relationship with Saudi corporate and institutional clients, as well as with family offices.

In **Capital Markets**, Natixis pursued its strategy based on an innovative service offering that adapts to the specific needs of customers. It consolidated its long-standing reputation with institutional investors, insurance companies, mutual insurers and supranational agencies, while strengthening its offering to hedge funds, pension funds, and asset management companies through its dedicated sales force.

Business increased significantly on the credit market. In fixed income, the financial advisory and engineering team created bespoke solutions for its clients, in particular structures that enable growth in a persistently low interest rate environment and amid macro-economic uncertainties. In Equity Derivatives, Natixis continued to flesh out its offering with the addition of thematic indices, such as a water index, for instance.

In its four strategic sectors, Natixis increased its support for its customers by providing a continuum of solutions ranging from financing and investment banking to advisory services. The three business lines Real Assets (Aviation, Infrastructure, Real Estate & Hospitality), Energy and Natural Resources and Distribution and Portfolio Management generated robust activity in both origination and distribution.

The Global Energy & Commodities sector assisted its commodity producing, transforming and trading clients in their development and financing transactions. In keeping with the bank's sustainable development policy, Natixis arranged multiple deals indexed to environmental, social and governance.

The infrastructure sector pursued its efforts in favor of renewable energies, and consolidated its co-investment platform by forming partnerships with institutional investors. There are currently 10 partners on the platform, with an investment capacity of nearly €7.5 billion. Natixis is the world's number 7 MLA in project financing and the number 4 MLA in Europe in infrastructure financing *(source: IJGlobal)*.

The Aviation maintained its strong momentum thanks to innovative structures, particularly in securitization: In 2019, Natixis was voted Bank of the Year in Asia-Pacific by Airline Economics. This award underscored the quality and volume of funds raised by Natixis for its clients in the Asia-Pacific region in 2019.

The Real Estate & Hospitality sector further expanded internationally and diversified its offering. Of note, Natixis was ranked, for the third consecutive year, No. 1 bookrunner and MLA for credit financing in the EMEA region *(source: Dealogic)*.

Natixis also sets itself apart through its commitment to green and SRI finance. It is, in fact, one of the leading issuers of sustainable and green home loans.

Trade & treasury solutions ramped up its international expansion while continuing to develop in France and find innovative ways to improve and secure the customer experience.

Despite a highly competitive market, the **investment banking** business was very buoyant by carrying out a diverse range of deals. Natixis was ranked No. 1 bookrunner for sponsored loans and No. 6 for sponsored loans in the EMEA region *(source: Refinitiv)*.

Natixis completed a number of landmark deals on a highly active bond market in 2019. Natixis, which signed the Principles for Responsible Banking in September 2019, deepened and demonstrated its commitment to funding the green transition with all categories of issuers. Of note, it won *The Banker* magazine's 2019 Deal of the Year award for the Danone social bond issue.

The equity capital markets did brisk business in France and furthered their development with multiple large-scale transactions. On the IPO market, where volumes were on the relatively low side with a very small number of deals, Natixis was Française des Jeux's global coordinator for France's largest IPO of the decade (€1.9 billion) and first privatization in 15 years. In 2019, Natixis/ODDO-BHF was ranked No. 1 (first equal) on the IPO market in France *(source: Natixis)*, by number of deals and by volume; No. 3 bookrunner by number of deals, and No. 4 by euro amount on the French equity capital market *(source: Bloomberg)*.

In 2019, Natixis contained to expand internationally in the area of **M&A.** It also made a strategic investment in Azure Capital. With the acquisition of this Australian boutique specialized in infrastructure, energy and natural resources rounds out Natixis' international network with seven boutiques. In France, Natixis Partners ranks No. 5 by number of deals *(source: L'Agefi & Mergermarket)*, and more specifically No. 3 by number of deals with midcaps *(source: L'Agefi)*.

In 2019 the **Insurance** division reached an important milestone of its New Dimension strategic plan by running major strategic projects that demonstrate the transformation of Natixis Assurances.

In personal insurance a new personal protection insurance line was launched in the Banque Populaire networks in the second quarter of 2019. User-friendly, digital and competitive, the Family Insurance and Funeral Cover offering had a very positive start with a sharp increase in new policies and higher guaranteed payouts, to better meet client requirements.

On December 19, 2019, Groupe BPCE and CNP Assurances confirmed the extension of agreements signed in 2015 between BPCE, Natixis and CNP Assurances from December 31, 2022 to December 31, 2030. These new agreements set out the transition to a 50% payment protection insurance distribution between Natixis Assurances (BPCE Vie and BPCE Prévoyance) and CNP Assurances, and reinsurance by CNP Assurances for 34% of individual payment protection underwritten by BPCE Vie, as of January 1, 2020.

The measures Natixis Assurances has taken for the last few years to adapt to a low interest rate environment have enabled it to maintain satisfactory solvency and profitability in 2019: the persistence of this environment has resulted in the ongoing lowering of revaluation rates and strengthening its profit sharing reserves and OPEX control.

Groupe BPCE's ambition to become a fully-fledged bancassurance specialist and create a distinct **non-life Insurance** business model for individual and business customers within Natixis Assurances was realized after it was agreed, in May 2019, to renew the partnership with Covéa from January 1, 2020. This partnership will focus on insurance of professional risks for customers of the Caisses d'Epargne and Banque Populaire banks. From 2020, Natixis Assurances will handle all new non-life Insurance business from Banque Populaire individual customers together with those of Caisse d'Epargne with the roll-out of the #INNOVE2020 program.

In addition, the Purple#Care claims management transformation and digitalization project to improve customer satisfaction rolled out a new solution for home, personal accident, auto and two-wheeler products.

Lastly, as part of the #Pop'Timiz project aimed at pooling non-life Middle and Back office activities for the Banque Populaire banks and the Caisse d'Epargne banks, the APS platform was rolled out across the Banque Populaire network in 2019.

In **Payments**, a key milestone in the construction of the division was reached in 2019 with the creation of a Fintech Campus. This crown jewel for the division topped of the merger and synergy creation initiatives under way for the last several months. Fintech Campus has already welcomed S Money since summer 2019 and by 2021 will host all Payment fintechs, creating a unique space dedicated to innovation and new payment methods. The division kept the recruitment momentum, completing its range of expertise and contribute new essential skills for its development (data, marketing, growth hacking, pricing).

2019 was also year of strategic partnerships for the division, and particularly those with VISA:

- with the creation of Xpollens, a white-label Payments in a box solution offering innovative payment services to fintechs, merchants and corporates. With this solution, users can easily incorporate a complete range of payment services, ranging from issuing instant payment cards to instant payment to account administration; and
- the solutions implemented for the FIFA 2019 Women's World Cup in France, allowing fans to use prepaid contactless cards and payment bracelets created especially for the occasion. Visa, Groupe BPCE and Natixis Payments Solutions plan to capitalize on this success to offer innovative payment experiences to the spectators and delegations at the Paris 2024 Olympic and Paralympic Games, in their role as premium partners. Groupe BPCE will also involve Payments division entity E-Cotiz in this event.

Other partnerships also involved fintechs such as Shopify and PayPlug, with the shared goal of simplifying everyday operations for merchants. Through this collaboration, users of the Shopify platform will enjoy a user-friendly omnichannel payment solution, offering the highest level of protection against fraudulent transactions.

In additional, business remained buoyant in 2019 both in the division's historical businesses...

- driven by strong growth in payment solutions for which transaction processing volumes continued to rise at a steady pace (+16% for card authorizations and +11% for transaction cards); and
- by the volume of NIT issuance, up 7%, after the entity was selected by the SNCF for its staff restaurant vouchers.

... and fintech activities: the growth of volumes collected by PayPlug and Dalenys, for instance, reached record a record 83% and 21% in 2019 year-on-year.

This development of the business lines went hand-in-hand with:

- a 6.4% increase in **liquidity** needs year-on-year;
- the consumption of Basel 3 **RWA** was stable year-on-year at €99.0 billion.

4.2 Management report at December 31, 2019

For the purposes of comparability, the management report as a whole has been restated for the disposal of the retail banking activities to BPCE S.A.

4.2.1 Consolidated results

(in millions of euros)	**2019**	2018 pro forma	Change 2019/2018 Current	Change 2019/2018 Constant
Net revenues	**9,196**	**8,749**	**5.1%**	**3.1%**
o/w business lines	*8,365*	*7,958*	*5.1%*	*2.9%*
Operating expenses	(6,632)	(6,357)	4.3%	2.4%
Gross operating income	**2,564**	**2,391**	**7.2%**	**5.0%**
Provision for credit losses	(332)	(193)	72.0%	
Operating results	**2,232**	**2,199**	**1.5%**	
Associates	21	29	(27.4)%	
Gains or losses on other assets	687	54		
Change in the value of goodwill	5	0		
Pre-tax profit	**2,945**	**2,281**	**29.1%**	
Income taxes	(669)	(673)	(0.6)%	
Non-controlling interests	(380)	(303)	25.4%	
Net income (Group share)	**1,897**	**1,306**	**45.2%**	
Cost/income ratio	*72.1%*	*72.7%*		
ROE	*11.1%*	*9.2%*		
ROTE	*14.3%*	*11.8%*		

Analysis of changes in the main items comprising the consolidated income statement

Net revenues

Natixis' **net revenues** stood at €9,196 million at December 31, 2019, up 3.1% from 2018 at constant exchange rates.

At €8,365 million, **net revenues generated by the main business lines** were up 2.9% at constant exchange rates versus 2018. The various divisions posted stable or increased revenues. Asset & Wealth Management net revenues gained 4.1% at constant exchange rates. Corporate & Investment Banking net revenues were virtually stable at constant exchange rates. The Insurance and Payments divisions were up 7% and 8.5% respectively.

Financial investments net revenues totaled €772 million in 2019, up 4.1% compared with 2018, €712 million of which for Coface.

The **Corporate Center's** net revenues totaled €59 million in 2019. They include +€19 million for the return of foreign-currency DSNs to the historic exchange rate, versus +€48 million in 2018.

Operating expenses and headcount

Recurring expenses totaled €6,632, up 2.4% at constant exchange rates compared with 2018. Asset & Wealth Management expenses were up 3% at constant exchange rates. CIB expenses came down very slightly by -0.3% at constant exchange rates, while those of the Insurance and Payments divisions rose 7% and 8.5% respectively. Financial investments expenses were up 6.5%. Corporate Center expenses were stable at€497 million, despite increasing the contribution to the Single Resolution Fund to €170 million in 2019 versus €160 million in 2018.

Headcount at the end of the period stood at 19,639 FTE, up 3% year-on-year, with a 2% increase for the business lines and Financial investments, and 6% growth for the Corporate Center with the strengthening of the control functions and the expansion of the IT teams in Porto.

Gross operating income

Gross operating income stood at €2,564 million in 2019, up 5% at constant exchange rates versus 2018.

Pre-tax profit

At €332 million in 2019, **provision for credit losses** was up sharply compared with first-half 2018 where it totaled €193 million. The provision for credit losses of the main business lines as a percentage of assets amounted to 50 basis points in 2019 versus 19 basis points in 2018.

Revenues from **Associates** climbed to €21 million in 2019 versus €29 million in 2018.

Gains or losses on other assets totaled €687 million in 2019, of which €697 million was attributable to the disposal of the retail banking activities to BPCE S.A. in the first quarter of 2019, versus €54 million in 2018.

Change in the value of goodwill reached €5 million in 2019.

Pre-tax profit therefore totaled €2,945 million in 2019 versus €2,281 million in 2018.

Recurring net income (Group share)

The recurring **tax** expenses came to €669 million in 2019, with an effective tax rate of 22.9%.

After incorporating -€304 million in **non-controlling interests**, **net income (Group share)** amounted to €1,897 million in 2019, up sharply from 2018 owing to the exceptional capital gains from the sale of retail banking activities to BPCE S.A.

Consolidated management ROE after tax (excluding non-recurring items) came to 7.8% in 2019, giving an accounting ROE of 11.1%.

Consolidated management ROTE after tax (excluding non-recurring items) came to 10.0% in 2019, giving an accounting ROTE of 14.3%.

4.2.2 Analysis by Natixis main business line

4.2.2.1 Asset & Wealth Management

(in millions of euros)	**2019**	2018 pro forma	Change 2019/2018 Current	Change 2019/2018 Constant
Net revenues	**3,760**	**3,513**	**7.0%**	**4.1%**
Asset Management	*3,511*	*3,274*	*7.2%*	*4.1%*
Wealth Management	*149*	*144*	*3.3%*	*3.3%*
Employee Savings Plans	*100*	*95*	*5.8%*	*5.8%*
Operating expenses	(2,492)	(2,343)	6.3%	3.3%
Gross operating income	**1,268**	**1,170**	**8.4%**	**5.7%**
Provision for credit losses	(8)	(2)		
Pre-tax profit	**1,266**	**1,208**	**4.8%**	
Cost/income ratio	*66.3%*	*66.7%*		
Equity (Average)	*4,477*	*4,180*		
ROE	*14.8%*	*15.7%*		

Recurring expenses of the AWM division increased 7% compared with December 31, 2018 at current exchange rates to €3,760 million (+4.1% at constant exchange rates).

Expenses increased at a slower rate (+6.3% at current exchange rates, or +3.3% at constant exchange rates) to €,2,492 million.

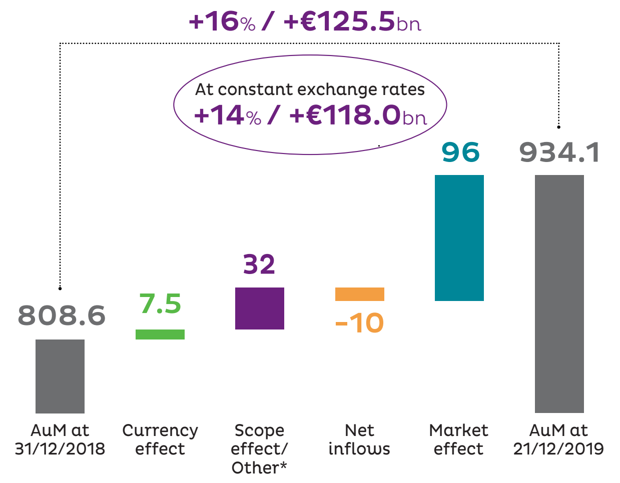
Gross operating income rose 8.4% at current exchange rates (+5.7% at constant exchange rates) to €1,268 million.

At 14.8%, the division's ROE was down 0.9 points from December 31, 2018.

A – Asset Management

Assets under management at end-December 2019 totaled €934.1 billion, up 16% at current exchange rates (+14% at constant exchange rates) compared with December 31, 2018, propelled by a favorable market effect (+€96.0 billion), scope effect (+€32.0 billion), especially after the acquisition of WCM in the second quarter of 2019 (+€34.6 billion), and a positive exchange rate effect (+€7.5 billion), partially offset by net outflows for the year (-€10.0 billion).

Change in assets under management over the year *(in billions of euros)*



** Main 2019 scope effects: Integration of WCM in the US (+$34.6 billion) in Q2; Disposal of NIM Distribution Canada (-$0.8 billion) in Q3; Disposal of Darius in Q4 (-€0.7 billion).*

The business line posted net outflows of €10.0 business line at current exchange rates, i.e. -€10.0 billion on long-term products over the year:

- in the US, long-term net outflows of -€4.0 billion stemming mainly from Harris Associates (-€10.3 billion on equity products) and Gateway Investment Advisers (-€1.8 billion on alternative products), partially offset by in the US from WCM Investment Management (+€4.8 billion on equity products) and Loomis Sales & Co (+€3.8 billion on equity products);
- Dynamic Solutions, outflows of -€4.1 billion mainly from equity products (-€3.6 billion) and structured products (-€1.2 billion);
- in Europe, net outflows of -€2.3 billion primarily from DNCA Finance and H2O (-€3.4 billion and -€3.0 billion respectively on diversified products), partially offset by inflows from Mirova (+€3.2 billion on equity products) and AEW Europe (+€0.7 billion on real estate products);
- small net inflow from Private Equity companies of €69.7 million.

Natixis IM international Distribution contributes to new long-term inflows of €3.6 billion over the year, while Natixis IM US Distribution posted net long-term outflows of -€10.1 billion.

At €859.2 billion, average assets under management at December 31, 2019 were up (0.4%) compared with last year at constant EUR exchange rates. The rate of return on AuM was slightly down to 29.6 points compared with December 31, 2018 at constant exchange rates.

At December 31, 2019, AuM can be broken down into predominantly equity products (29.3%), followed by bond products (28.4%) and life insurance (20.2%).

At December 31, 2019, net revenues climbed 7% to €3,511 million compared with December 31, 2018 (i.e. +4% at constant exchange rates), driven by:

- the sharp increase in the incentive fees of European asset management companies (mainly H2O and DNCA) and US asset management companies (AEW CM);
- an increase in financial products, linked to the positive valuation impact of the seed money portfolio, and the integration of WCM and Fiera;
- other revenue improved by provision reversals for prior litigation.

These increases were partially offset by fees on AuM which declined chiefly in the US following the drop in average AuM and in the commission rate over the period.

Expenses stood at €2,251 million, including non-recurring item, **up 6% compared with December 31, 2018** (+3% at constant exchange rates). Restated for the non-recurring provision reversal recognized in Q1 2018 (prior litigation), the increase in expenses is slightly lower (+5%), driven by higher internal payroll costs (increase in headcount in step with business expansion), operating costs — mostly IT costs (developing tools and running projects) — and documentation and market data costs (price rise and the MiFID impact).

B – Wealth Management

In 2019, **Wealth Management** posted **net inflows of €0.5 billion** mostly on the strength of the B2B Private Banking business brought by the networks, and international wealth management.

Assets under management came to €30.4 billion, up 16% year-on-year, with a €1.5 billion scope effect from the acquisition of Massena. Restated for this effect, AuM increased 11% on 2018.

In parallel, **outstanding loans** were up 2% to €2.1 billion.

In 2019, **the business line's net revenues** were up 3% to €149 million (+€4.7 million) compared with 2018. Restated for the Sélection 1818 and Massena Partners scope effect, the increase is 8%. This increase is mostly due to a strong level of incentive fees recorded in the last quarter of 2019 (+€6.5 million versus 2018), as well as an increase of 8% in fees on AuM over the period.

Expenses stood at €157.5 million, up 5% compared with 2018. Restated for the Sélection 1818 and Massena Partners scope effect, the increase in expenses is 4% higher versus 2018.

C – Employee Savings Plans

Assets under management at December 2019 totaled €27.0 billion, representing an increase of €0.4 billion, or 1% compared with December 31, 2018, thanks to a very favorable market effect (+€3.7 billion) which more than offset negative net placements (-€3.3 billion).

Average assets under management totaled €28.7 billion in 2019, up +5%.

At December 31, 2019, net revenues were up 6% to €100 million compared with December 31, 2018 on the back of account administration products, financial management fees and other products (Car Lease business).

Expenses stood at €83 million, up 5% compared with December 31, 2018, largely due to higher IT costs.

4.2.2.2 Corporate & Investment Banking

(in millions of euros)	2019	2018 pro forma	Change 2019/2018 Current	Constant
Net revenues	**3,337**	**3,266**	**2.2%**	**0.0%**
Global Markets	1,509	1,332	13.3%	11.4%
Fixed Income	*1,118*	*1,159*	*(3.5)%*	*(4.9)%*
Equity	*417*	*171*	*143.7%*	*135.0%*
XVA desk	*(26)*	2		
Financing	1,408	1,438	(2.1)%	(4.8)%
Investment Banking	395	372	6.1%	4.8%
Other items	24	123	(80.2)%	(80.8)%
Operating expenses	(2,235)	(2,202)	1.5%	(0.3)%
Gross operating income	**1,102**	**1,064**	**3.6%**	**0.6%**
Provision for credit losses	(312)	(174)	79.2%	
Pre-tax profit	**786**	**904**	**(13.1)%**	
Cost/income ratio	*67.0%*	*67.4%*		
Equity (Average)	*6,719*	*6,539*		
ROE	*8.4%*	*10.0%*		

In 2019, **Corporate & Investment Banking net income** remained stable compared with 2018 at constant exchange rates, and included income of €68 million for the settlement of the litigation with Société Wallone du Logement, booked as a non-recurring item under financial communication in the third quarter of 2018. Excluding non-recurring item and one-off autocalls in Asia (€259 million in the fourth quarter of 2018), net revenues shed 5.4% at constant exchange rates.

Capital Market revenues totaled €1,509 million in 2019, up 11.4% compared with 2018 at constant exchange rates.

Revenues from **Fixed Income, Forex, Credit, Commodities and Treasury activities** stood at €1,118 million in 2019, down 4.9% on 2018 at constant exchange rates. The following changes were observed in each segment:

- **fixed Income and Forex** revenues fell 23.9%, with the Fixed Income business shedding 23.7% due to a loss of momentum in France and Asia on long-term issuance, while the Forex business decreased 24.3% due to poor currency volatility and lower volumes on the flow activity;
- revenues from **Credit** activities were up 15.1%. The business recorded continued growth in securitization activities, in both the US and Europe;
- revenues from **repo activities**, now split evenly between Fixed Income and Equity, fell 7.5% compared with 2018 on account of stricter regulatory constraints and 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 2019.

Strategic and Acquisition Finance revenues had a limited decrease of 1.2% in a leveraged buyout (LBO) market showing signs of strain.

Revenues from **syndication on the bond market** gained 33.5% compared with 2018. Revenues generated by the primary bond market increased 10.8% while secondary market revenues recovered sharply due to a favorable comparison base effect owed to the recognition in the last quarter of 2018 of the negative impact from the management of debt positions in a highly unfavorable market.

At €417 million, **Equity** revenues increased 135.0% compared with 2018 at constant exchange rates and down slightly (-4.4%) excluding one-off autocalls in Asia. Sales were again focused on new products over the course of 2019.

At €1,408 million, **Financing** revenues including **TTS** (Trade & Treasury Solutions) as well as **Film Industry Financing** (Coficiné) fell 4.8% compared with 2018 at constant exchange rates.

Revenues from **origination and syndication** were down 18.1% compared with 2018, penalized by the decrease in real estate finance securitization activities in the US amid a less dynamic market, especially in the CMBS segment. The revenues of the **financing portfolio** remained stable at constant exchange rates in a context of pressure on margins. **ENR (Energy & Natural Resources) and Trade Finance** revenues drifted lower to 11.2% at constant exchange rates due to a weaker average per-barrel oil price than last year.

Revenues from **Investment Banking,** including **M&A** activities, were up 4.8% year-on-year at constant exchange rates for cumulative revenues of €395 million.

In 2019 Corporate & Investment Banking's **expenses** totaled €2,235 million, up 1.5% at current exchange rates and stable compared with 2018 at constant exchange rates. Excluding Transformation & Business Efficiency costs recognized as a non-recurring item under financial communication, i.e. €27 million in 2019, expenses totaled €2,208 million in 2019, up 0.9% at current exchange rates and down 0.8% at constant exchange rates due to the decrease in variable expenses.

Gross operating income totaled €1,102 million, up 3.6% compared with 2018 at current exchange rates and 0.6% at constant exchange rates. Excluding non-recurring items, the total was €129 million, up 8.4% at constant exchange rates. The **cost/income ratio** stood at 67.0% in 2019 (66.2% excluding non-recurring items), slipping 0.4 point compared with 2018 (67.4%), including non-recurring items.

At €312 million, **provision for credit losses** gained 79.2% compared with 2018 including non-recurring items.

Pre-tax profit stood at €786 million, down 13.1% compared with 2018 at current exchange rates and factoring in a capital loss on the disposal of the Brazil subsidiary (€14.5 million) recognized in the first quarter of 2019 under gains or losses on other assets. Excluding non-recurring items, pre-tax profit totaled €827 million, down 12.9% at constant exchange rates.

ROE after tax totaled 8.4% in 2019, down 1.6 points compared with 2018 (10.0%). Excluding non-recurring items, ROE after tax totaled 8.9%.

4.2.2.3 Insurance

(in millions of euros)	2019	2018 pro forma	Change 2019/2018
Net revenues	**846**	**790**	**7.1%**
Operating expenses	(478)	(448)	6.8%
Gross operating income	**368**	**342**	**7.6%**
Provision for credit losses			
Pre-tax profit	**378**	**356**	**6.0%**
Cost/income ratio	*56.5%*	*56.7%*	
Equity (Average)	*926*	*848*	
ROE	*27.9%*	*29.0%*	

Sales momentum in 2019 was excellent in personal protection insurance, casualty insurance and life insurance.

With €10.1 billion in direct business premiums, life insurance inflows increased by 5% year-on-year, keeping the business robust despite a persistently low interest rate environment, higher capital markets and inflation. Premiums on unit-linked assets totaled €3.1 billion (-3%) and made up 30.6% of total gross inflows in 2019, down 2.6 points to 33.2% year-on-year but outperforming the market by 4 points at end-December 2019 (27%). Inflows invested in the "Euro" fund increased by 9% to €7.0 billion.

Premiums on personal protection and payment protection insurance (€993 million) continued to increase at a steady pace (+12%) without any material impact from the Bourquin amendment and with the launch of the family insurance and funeral insurance in the Banque Populaire network, the impacts of which will only be clear from 2020.

The non-life insurance portfolio grew by 5% to 6.1 million policies. Gross sales inched up 1% with stable results in the Caisse d'Epargne network and a 6% increase in the Banque Populaire network. Acquired premiums gained 6% to €1,577 million, with similar growth for both networks. This increase was driven by the core range, with an 8% jump in both auto insurance and multi-risk home insurance, 7% in personal accident and multirisk personal accident insurance, in line with portfolio growth.

Net revenues for Insurance businesses totaled €846 million, up 7.1% compared with 2018, resulting from:

- 9% net revenue growth in life insurance, propelled by the increase in insurance assets under management (+14%), driven in turn by the ongoing roll-out of the offer in the Caisse d'Epargne network since 2016, and the revaluation of unit-linked policies. Despite the lower interest rates observed again in 2019, diluted yields were offset through the diversification of investment sources (private placements or the direct funding of the economy);
  - 6% net revenue growth in personal protection insurance and in payment protection insurance, reflecting the resilience of the business;
  - 5% increase in property & casualty insurance: claims remained under control despite the higher average cost of physical collateral (auto) and despite extreme weather events in 2019. The combined ratio stood at 91.7% — a slight improvement on 2018.

Operating expenses edged up 6.8% to €478 million. The increase in expenses, which remained below net revenue growth, reflects business development and the implementation of the New Dimension plan's strategic ambitions: deployment of a new individual personal protection insurance offering, the ongoing roll-out of strategic non-life insurance projects (#Innove2020, Purple#Care and #Pop'Timiz) and preparation for the implementation of IFRS 17.

Gross operating income rose 8% to €368 million.

The division's ROE was 27.9%.

4.2.2.4 Payments

(in millions of euros)	2019	2018 pro forma	Change 2019/2018
Net revenues	**423**	**389**	**8.5%**
Operating expenses	(370)	(341)	8.5%
Gross operating income	**52**	**48**	**8.7%**
Provision for credit losses	(2)	(2)	0.6%
Pre-tax profit	**50**	**47**	**7.5%**
Cost/income ratio	*87.6%*	*87.6%*	
Equity (Average)	*375*	*320*	
ROE	*9.1%*	*9.9%*	

Business remained buoyant in 2019 both in the division's historical businesses and in the Fintechs.

The historical businesses were driven by:

- strong growth in payment solutions — transaction processing volumes continued to rise at a steady pace (16% for card authorizations and 10% for transaction cards);
- the NIT business of which the value of its restaurant vouchers, in millions of euros, increased by 6% compared with 2018. This increase is expected to continue, especially with the addition of the SNCF as a client in last quarter of 2019 for its staff restaurant vouchers.

The Fintech business saw higher volumes collected by PayPlug and Dalenys, which reached new records of 83% and 21% respectively in 2019.

Payments revenues increased to €422.5 million, up 8.5% (+€33 million) year-on-year thanks to the scope effect of acquiring Comitéo, integrated since April 2018 (+€2.7 million) and Titres Cadeaux, consolidated since January 2019 (+€8.4 million). Driving this growth was the performance of the historical payments and service vouchers businesses, but also the acquired fintech businesses. Parallel to this, the issuance business (NPS and S-Money) contributed €4.9 million to revenue growth with the launch of specific and innovative payment products and services, such as Xpollens.

The expenses of the Payments division totaled €370 million, up 9% compared with 2018, mostly on account of the human, IT and digital investments needed to develop the division.

Overall, **gross operating income** rose 9% to €52 million.

Pre-tax profit totaled €50 million, up 7.5%.

Payments ROE totaled 9.1% in 2019, a slight year-on-year decrease.

4.2.2.5 Financial investments

(in millions of euros)	2019	2018 pro forma	Change 2019/2018 Current
Net revenues	**772**	**742**	**4.1%**
Coface	*712*	*678*	*5.0%*
Algeria	*71*	*63*	*11.9%*
NPE	*(10)*	*1*	
Operating expenses	(561)	(526)	6.5%
Gross operating income	**211**	**215**	**(1.9)%**
Provision for credit losses	(10)	(1)	
Pre-tax profit	**208**	**220**	**(5.4)%**

A – Coface

2019 revenues were up 7% to €1.5 billion compared with 2018 in all the regions thanks to record high customer retention and improved loan production particularly on mature markets. At constant exchange rates and scope, revenues were up 6% compared with 2018 (integration of Coface PKZ since April 2019).

The loss ratio net of reinsurance was 45.0% and was stable versus 2018 (45.1%), the increase in the frequency of claims in the second half of 2019 having been offset by claims in lower unit amounts, as well as by reversals on previous claims.

The combined ratio net of reinsurance was 77.7%, an improvement of 1.9 point related to the favorable development of the net cost ratio (-1.8 point).

Net revenues in 2019 totaled €712 million, up 5% (4% at constant scope and exchange rate) compared with 2018.

Operating **expenses** grew 6% compared with 2018 to €517 million and up 4% at constant scope and exchange rate, restated for non-recurring expenses under the Fit To Win plan.

B – Natixis Private Equity (run-off)

In 2019, Natixis Private Equity (run-off) pursued its disengagement strategy and decreased its engagements by 19%.

Compared to 2018, cash-at-risk **commitments** fell 22% to €52.6 million (mainly due to the depreciation effect of the Venture funds). At €13.6 million, off-balance sheet commitments were down 6% compared with 2018.

Net **revenues** stood at -€10 million (mostly due to the depreciation of venture capital funds), down €10.8 million compared with 2018.

RWA totaled €155.8 million at December 31, 2019, down 13% compared with 2018 due to distributions and lower valuations.

C – Natixis Algérie

At constant exchange rates, short-term average outstanding loans rose 8% while medium- and long-term outstanding loans decreased by 8%, penalized by the economic and political situation in Algeria. In the same period, customer deposits increased by 6% due to increased current account inflows as well as new term deposit subscriptions.

Off-balance sheet commitments fell by 16%, which was mostly due to guarantee re-issuance and documentary credit because of less foreign corporate investment.

Natixis Algérie posted a 12% increase in **net revenues** to €70.6 million compared with 2018. Excluding the exchange rate effect, net revenues were up 9% with an increase in equity investments and in fee income on forex transactions.

Provision for credit losses came out at -€8.4 million versus a net reversal of €2.2 million for 2018.

4.2.2.6 Corporate Center

(in millions of euros)	2019	2018 pro forma	Change 2019/2018 Current
Net revenues	**59**	**49**	**20.9%**
Operating expenses	(497)	(497)	0.0%
Gross operating income	**(437)**	**(448)**	**(2.3)%**
Provision for credit losses	1	(14)	
Pre-tax profit	**258**	**(453)**	**(157.0)%**

Corporate Center **net revenues** totaled +€59 million at end-December 2019 versus +€49 million at end-December 2018.

- Exchange rate fluctuations on deeply subordinated notes issued in dollars stood at +€19 million in 2019 compared with +€48 million the previous year;
- FVA hedging was valued at +€17 million in 2019 compared with -€55 million in 2018;
- Foreign currency earnings from the repatriation to Natixis S.A. of accumulated retained income in USD was +€3 million in 2019 from the Dubai branch, compared to +€26 million in 2018 for the New York and Singapore branches.

Excluding these items, net revenues reached +€20 million in 2019 compared with +€30 million in 2018; It essentially comprised:

- revenues from Treasury and ALM operations; and
- rebilled expenses from the support functions to entities for the most part linked to Groupe BPCE.

Expenses from the Corporate Center stood at €497 million in 2019 and in 2018.

- The contribution to the Single Resolution Fund totaled €170 million for 2019 versus €160 million in 2018;
- Excluding this item, expenses totaled €327 million in 2019 versus €337 million in 2018; they essentially comprised:
  - expenses from the support functions net reallocations to the Natixis business lines for €108 million in 2019, down €16 million compared with the first half of 2018; this expense balance was rebilled through net revenues at €133 million in 2019 and €130 million in 2018, primarily to the entities of BPCE, as part of the services put in place following the disposal of the retail banking activities to BPCE S.A.,
  - cross-business expenses of €105 million, up €7 million compared with 2018 and linked to various costs.

Gross **operating income** stood at -€437 million in 2019 versus -€448 million in 2018.

The **provision for credit losses** of the Corporate Center reached €1 million. In 2017 it stood at -€14 million which mainly consisted of a €15 million general provision for litigation.

Pre-tax profit was positive at +€258 million in 2019 with the contribution of the capital from the disposal of the retail banking activities to BPCE S.A., representing +€697 million recognized under gains on other assets.

4.2.2.7 Provision for credit losses

The **provision for credit** losses was -€332 million at December 31, 2019, of which -€347 million were in respect of non-performing loans and +€15 million in respect of performing loans. At December 31, 2018, the provision for credit losses totaled -€193 million excluding the disposal of the retail banking activities, of which -€251 million were in respect of non-performing loans and +€58 million in respect of performing loans.

Total provision for credit losses by division

(in millions of euros)	**2019**	2018
Asset & Wealth Management	(8)	(1)
Corporate & Investment Banking	(312)	(174)
Insurance	0	0
Payments	(2)	(2)
Coface	(2)	(1)
Corporate Center	(8)	(15)
TOTAL PROVISION FOR CREDIT LOSSES	**(332)**	**(193)**
Disposal of the retail banking activities	0	(22)
TOTAL PROVISION FOR CREDIT LOSSES	**(332)**	**(215)**

Total provision for credit losses by geographic area *(2019 excluding the disposal of the retail banking activities)*

(in millions of euros)	**2019**	2018
EMEA	(195)	(107)
Central and Latin America	(33)	(5)
North America	(96)	(91)
Asia and Oceania	(8)	10
TOTAL PROVISION FOR CREDIT LOSSES	**(332)**	**(193)**

Appendix to 4.2.2 – Consolidated Results

1 – Management results reclassified as consolidated results in 2019

		Non-recurring items								
(in millions of euros)	**2019 Investor Relations**	AWM	Corporate & Investment Banking	Insurance	Payments	Fin. Invest.	Corporate Center	2019 published	**Contribution disposed scope**	2019 published
Net revenues	**9,177**		**0**				**19**	**9,196**	**22**	**9,219**
Operating expenses	(6,545)	(9)	(27)	(6)	(5)	(8)	(33)	(6,632)	(22)	(6,655)
Gross operating income	**2,633**	**(9)**	**(27)**	**(6)**	**(5)**	**(8)**	**(14)**	**2,564**	**0**	**2,564**
Provision for credit losses	(332)							(332)	0	(332)
Operating results	2,301	(9)	(27)	(6)	(5)	(8)	(14)	2,232	0	2,232
Associates	21							21	0	21
Gains or losses on other assets	5		(15)				697	687	0	687
Change in the value of goodwill	5							5	0	5
Pre-tax profit	**2,331**	**(9)**	**(42)**	**(6)**	**(5)**	**(8)**	**684**	**2,945**	**0**	**2,945**
Income taxes	(612)	3	7	2	2	3	(74)	(669)	0	(669)
Non-controlling interests	(349)					3	(33)	(380)	0	(380)
Net income (Group share)	**1,370**	**(6)**	**(34)**	**(4)**	**(3)**	**(2)**	**577**	**1,897**	**0**	**1,897**
Cost/income ratio	*71.3%*							*72.1%*		*72.2%*

2 – Management results reclassified as consolidated results in 2018

		Non-recurring items								
(in millions of euros)	2018 Investor Relations	AWM	Corporate & Investment Banking	Insurance	Payments	Fin. Invest.	Corporate Center	2018 published	Contribution disposed scope	2018 published
Net revenues	**8,632**		**68**				**48**	**8,749**	**867**	**9,616**
Operating expenses	(6,272)	(21)	(14)	(2)	0	(3)	(45)	(6,357)	(466)	(6,823)
Gross operating income	**2,360**	**(21)**	**54**	**(2)**	**0**	**(3)**	**3**	**2,391**	**401**	**2,793**
Provision for credit losses	(122)		(71)					(193)	(22)	(215)
Operating results	2,238	(21)	(17)	(2)	0	(3)	3	2,199	380	2,578
Associates	29							29	0	29
Gains or losses on other assets	54							54	0	54
Change in the value of goodwill	0							0	0	0
Pre-tax profit	**2,321**	**(21)**	**(17)**	**(2)**	**0**	**(3)**	**3**	**2,281**	**380**	**2,661**
Income taxes	(687)	6	5	1	0	1	2	(673)	(108)	(780)
Non-controlling interests	(304)					1		(303)	(1)	(304)
Net income (Group share)	**1,330**	**(15)**	**(12)**	**(1)**	**0**	**(1)**	**5**	**1,306**	**271**	**1577**
Cost/income ratio	*72.7%*							*72.7%*	*53.7%*	*71.0%*

4.3 Main investments and divestments performed over the period

In line with the strategy of the New Dimension plan, in 2019 Natixis pursued a policy of targeted acquisitions in Asset Management and CIB.

Business line	Investment description
2019	
Asset Management	Acquisition of a minority stake in US asset management company WCM Investment Management (WCM) and conclusion of an international distribution agreement
Asset Management	Conclusion of a strategic partnership agreement with Fiera Capital, the leading publicly traded independent distribution platform in Canada, and acquisition of a minority stake of 11% in its capital
Private Banking	Acquisition of asset manager and investment advisory firm Massena Partners, a partner of Natixis Wealth Management for 20 years. The deal allows Natixis Wealth Management to bolster its Private Equity and real estate club deal offering by leveraging on the long-standing partnerships formed with Massena Partners and other leading players in these segments
Corporate & Investment Banking	Acquisition of a majority stake in Azure Capital, one of Australia's top M&A advisory boutiques
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 integration of both players' equity capital markets activities in France at 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 by Mirova 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

In addition, a number of targeted disposals were carried out.

Business line	Divestment description
2019	
Natixis	Sale of entities performing retail banking activities to BPCE
Asset Management	Sale of the Canadian distribution business to Fiera Capital
Asset Management	Disposal of Darius Capital
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	Disposal of the Axeltis fund distribution platform to MFEX, together with the signing of a long-term partnership to distribute funds on an open-architecture basis
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 Caceis 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

4.4 Post-closing events

On February 6, 2020, the Board of Directors approved the 2019 financial statements. On February 25, 2020, Natixis announced the signing of a preliminary agreement for the sale of 29.5% of its stake in Coface for a unit price of €10.70 per share. After the sale — which, given the regulatory authorizations required, may not be completed until several months after the announcement — Natixis will no longer be represented on Coface's Board of Directors.

4.5 Information concerning Natixis S.A.

4.5.1 Natixis S.A.'s parent company income statement

	2019						2018		
(in millions of euros)	Mainland France	2019/2018 (in %)	Branches	2019/2018 (in %)	Natixis S.A.	2019/2018 (in %)	Mainland France	Branches	Natixis S.A.
Net revenues	**2,479**	**(25)**	**1,452**	**27**	**3,930**	**(12)**	**3,324**	**1,142**	**4,466**
Operating expenses	*(1,907)*	*(4)*	*(731)*	*3*	*(2,638)*	*(3)*	*(1,997)*	*(709)*	*(2,706)*
Gross operating income	**572**	**(57)**	**720**	**67**	**1,292**	**(27)**	**1,327**	**432**	**1,760**
Provision for credit losses	*(312)*	*87*	*(117)*	*93*	*(429)*	*88*	*(167)*	*(61)*	*(228)*
Operating income	**260**	**(78)**	**603**	**62**	**863**	**(44)**	**1,160**	**372**	**1,532**
Gains or losses on long-term investments	*1,258*	*3501*	*1*	*(148)*	*1,259*	*3689*	*35*	*(2)*	*33*
Pre-tax profit	**1,517**	**27**	**604**	**63**	**2,121**	**36**	**1,195**	**370**	**1,565**
Income tax	*218*	*(42)*	*(98)*	*(6)*	*121*	*(55)*	*373*	*(104)*	*270*
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	**1,736**	**11**	**507**	**90**	**2,242**	**22**	**1,568**	**266**	**1,834**

At December 31, 2019, Natixis' gross operating income stood at +€1.292 million, a -€468 million decrease compared with December 31, 2018, due to a €535 decrease in revenues, and despite a €68 million decrease in operating expenses.

Net interest income rose by +€64 million: +€23 million for business in Mainland France and +€41 million for foreign branches. Net fee and commission income increased by +€27 million, resulting from a +€36 million increase in Mainland France and a decrease of -€9 million in business recorded by foreign branches. This change in fee and commission income can be broken down into +€73 million in net fee and commission income on off-balance sheet transactions, -€22 million on transactions with customers, +€35 million in securities transactions, and -€59 million in financial service or payment instrument transactions.

Dividends paid by Natixis subsidiaries decreased by €570 million, of which -€457 can be attributed to the lower dividend paid by the Asset Management subsidiary Natixis Investment Managers, -€186 million to the dividends paid by the subsidiaries of SFS, sold to BPCE, +€45 million from Natixis Assurances and +€28 million from Coface.

Gains on trading book transactions increased by €66 million, i.e. +€93 million for Mainland France and -€26 million for transactions carried out by foreign branches.

Operating expenses fell €68 million, including -€28 million in payroll costs, -€26 million in external services net of rebilling and -€15 million in costs and taxes.

The net provision for credit losses was up €201 million (of which +€145 million for activity in Mainland France) to -€429 million.

Together, these items brought operating income to +€863 million, down -€669 million.

At December 31, 2019, net gains/(losses) on fixed assets amounted to +€1,259 million, largely corresponding to the €1,092 capital gain from the sale to BPCE of the Sureties & Financial Guarantees, Leasing, Factoring, Consumer Finance and Securities Services businesses of the former Specialized Financial Services division.

Net income after tax was +€2,242 million versus +€1,834 million in 2018.

At December 31, 2019, the balance sheet totaled €438,497 million versus €406,868 million at December 31, 2018.

4.5.2 Proposed allocation of earnings

Natixis' financial statements at December 31, 2019, showed positive net income of €2,242,111,898.15 and, taking into account retained earnings of €1,008,081,398.50, showed distributable earnings of €3,250,193,296.65.

The third resolution that will be put before the General Shareholders' Meeting on May 28, 2020, proposes to:

- pay an ordinary dividend of €977,454,329.42 (i.e. €0.31 per share);
- allocate the remaining distributable earnings to retained earnings, i.e. €2,272,738,967.23.

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 €101.5 million) are as follows:

Invoices received but still unpaid at the end of the period

	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
Total amount of invoices affected, including tax *(in millions of euros)*	94.3	1.1	1.6	1.5	3.0	7.2
Percentage of the total amount of purchases, including tax, for the period	6.17%	0.07%	0.10%	0.10%	0.20%	0.47%
Number of invoices concerned	2,673					832

This information does not include banking transactions and related operations.

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

2019 closed on a positive note in terms of the global trade outlook: the risk of a hard Brexit was ruled out, and the US and China reached a partial agreement that was then signed on January 15, 2020. While this progress does not eliminate all the uncertainties (especially the impact of the coronavirus outbreak on global growth and Natixis' businesses, which has yet to be assessed), such progress should bring about a cyclical recovery. Survey data at the beginning of 2020 indicate improvement in the manufacturing sector, which can vary in strength (weak in the euro zone, robust in the US) depending on the region.

Combined with what is expected to remain a loose policy mix (particularly as central banks maintain the status quo) and a relatively tight job market, this cyclical recovery will support growth over the next quarters. We can therefore expect to see a 2.5% increase in GDP in the US in 2020. With the risk of escalation in the US-China trade war now limited, China can expect its growth to slow to 5.7%, which has more to do with structural factors than external trade risks. Recovery in the euro zone will be relatively slack in the first part of the year but is expected to gradually firm up (0.8% expected in 2020 after 1.2% in 2019). France should outperform the euro zone with stable growth in the region of 1.2%, while Germany will see its second consecutive year of weak growth (0.5%).

In 2020, Natixis will complete the implementation of the New Dimension strategic plan to give clients a broader range of high added-value solutions through three powerful initiatives: deepening the transformation of the business model that successfully began under the New Frontier plan; allocating a significant portion of investments to digital technologies; and differentiating itself by taking the lead in areas where Natixis' teams are recognized for their exceptional expertise. All this will take place in a persistently volatile economic and geopolitical setting, especially in light of the coronavirus and its impact on the global economy, despite signs of improvement in the second half of 2019 after 12 lackluster months. This context and volatility make it difficult to predict whether all the New Dimension 2020 goals will be achieved. The plan will come to an end this year and will be succeeded by a new strategic plan that will be presented, together with new medium-term goals, by the end of 2020.

As a reminder, the strategic priorities for Natixis' various divisions are broken 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;
- Payments: becoming a pure play in the European payments industry and accelerating its digital transformation.

4.7 Definitions and alternative performance indicators

Pursuant to Article 19 of Regulation (EU) 2017/1129, the following information is included as reference:

- the overview of the 2018 financial year on pages 219 to 238 of the 2018 Registration Document submitted on March 15, 2019.

  The information is available at the following link:

  https://www.natixis.com/natixis/jcms/ala_5519/en/annual-financial-reports
- the overview of the 2017 financial year on pages 177 to 192 of the 2017 Registration Document submitted on March 23, 2018.

  The information is available at the following link:

  https://www.natixis.com/natixis/jcms/ala_5519/en/annual-financial-reports

Following the disposal of the retail banking businesses to BPCE S.A., finalized on March 31, 2019, the presentation of the business lines is as follows:

- Employee Savings Plans (Natixis Interépargne) moves to the Asset & Wealth Management business line;
- Film Industry Financing (Natixis Coficiné) moves to Corporate & Investment Banking;
- the disposal has no impact on the Insurance business line;
- Payments becomes a business line in its own right;
- Financial Investments is isolated and includes Coface, Natixis Algérie and the Private Equity run-off activities;
- the Corporate Center is refocused on the centralized holding company and ALM functions of Natixis and is responsible for the contribution to the Single Resolution Fund.

To ensure comparability in the presentation of the management report, 2018 figures are presented according to the new organization of the Natixis business lines.

Please note that, 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. However, to ensure comparability, in this management report CIB refers to CIB and the 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.

The earnings of the Natixis business lines are presented in accordance with the Basel 3 regulatory framework. Capital allocation specific to the Insurance businesses is based on the Basel 3 accounting treatment for investments in insurance companies, as enacted in the EU via CRD4 and CRR (the "Danish compromise").

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 the issued share capital of the entities comprising the divisions is eliminated;
- the cost of Tier Two debt subordination is charged to the divisions in proportion to their regulatory capital;
- the divisions are invoiced for an amount representing the bulk of Natixis' overhead. The uninvoiced portion accounts for less than 3% (excluding the Single Resolution Fund) of Natixis' total overhead. 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. 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);
- the calculation of **business line ROE** is 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 by factoring in the tax liability conditions of Natixis' companies in the jurisdictions where they operation. It is determined once a year and does not factor in potential changes over the year linked to deferred taxes,
  - as the denominator, normative capital, calculated on the basis of 10.5% of RWA assigned to the division, plus goodwill and intangible assets related to the division;
- **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 payout 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	31/12/2019	31/12/2018 [a]
Interest and similar income	7.1	3,948	4,054
Interest and similar expenses	7.1	(3,144)	2,859
Fee and commission income	7.2	5,719	5,967
Fee and commission expenses	7.2	(2,197)	(2,322)
Net gains or losses on financial instruments at fair value through profit or loss	7.3	1,986	1,764
Gains and losses on financial assets at fair value through other comprehensive income	7.4	40	6
Net gains or losses resulting from the derecognition of financial instruments at amortized cost	7.5	(10)	(3)
Net income from Insurance businesses	9.3	2,792	2,910
Income from other activities	7.6	251	671
Expenses from other activities	7.6	(167)	(573)
Net revenues		**9,219**	**9,616**
Operating expenses	7.7	(6,208)	(6,569)
Depreciation, amortization and impairment on property, plant and equipment and intangible assets [b]		(447)	(254)
Gross operating income		**2,564**	**2,793**
Provision for credit losses	7.8	(332)	(215)
Net operating income		**2,232**	**2,578**
Share in income of associates		21	29
Gains or losses on other assets	7.9	687	54
Change in value of goodwill		5	
Pre-tax profit		**2,945**	**2,661**
Income tax	7.10	(669)	(781)
Net income/(loss) from discontinued operations			
Net income/(loss) for the period		**2,276**	**1,880**
o/w Group share		1,897	1,577
o/w attributable to non-controlling interests		380	304
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		0.56	0.47
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		0.56	0.47

(a) The information reported at December 31, 2018 has not been restated for the impact of the first-time application of IFRS 16 "Leases", in accordance with the option available under this standard and the amendment to IAS 12 "Income Taxes". The impacts of the first-time application of the amendment to IAS 12 and to IFRS 16 on the opening balance sheet at January 1, 2019 are presented in detail in Notes 1 and 2, respectively.

Income generated by the Factoring, Sureties and Financial Guarantees, Leasing, Consumer Finance and Securities Services business lines (SFS division), sold to BPCE in the first quarter of 2019 (see Note 3.6 and 4.1), has not been restated for the presentation of revenues at December 31, 2018.

(b) Of which the amortization of rights of use recorded under IFRS 16 as applicable from January 1, 2019 (see Note 8.10).

Statement of net income/(loss) and other comprehensive income

(in millions of euros)	31/12/2019	31/12/2018 [(a)]
Net income	**2,276**	**1,880**
Items recyclable to income	**472**	**(15)**
Translation adjustments	**155**	**166**
Revaluation adjustments during the period	137	219
Reclassification to profit or loss	16	(53)
Other reclassifications	1	0
Revaluation of financial assets (debt) instruments at fair value through other comprehensive income	**14**	**(61)**
Revaluation adjustments during the period	21	(56)
Reclassification to profit or loss	(7)	(5)
Other reclassifications	0	0
Revaluation of available-for-sale financial assets	**254**	**(197)**
Revaluation adjustments during the period	389	(265)
Reclassification to profit or loss	(136)	68
Other reclassifications	0	(0)
Revaluation of hedging derivatives	**146**	**41**
Revaluation adjustments during the period	13	35
Reclassification to profit or loss	133	6
Other reclassifications	-	(0)
Share of gains and losses recognized directly in the equity of associates recyclable to income	**7**	**(2)**
Non-current assets held for sale [(b)]	**-**	**(44)**
Tax impact on items recyclable to income	**(103)**	**83**
Items not recyclable to income	**(170)**	**292**
Revaluation adjustments on defined-benefit plans	(51)	32
Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss	(226)	384
Revaluation of equity instruments recognized at fair value through other comprehensive income	47	(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 non-recyclable to income	-	-
Non-current assets held for sale	-	1
Tax impact on items not recyclable to income	61	(119)
Gains and losses recognized directly in other comprehensive income (after income tax)	**302**	**277**
TOTAL INCOME	**2,578**	**2,157**
Group share	*2,129*	*1,869*
Non-controlling interests	*449*	*288*

(a) The information reported at December 31, 2018 has not been restated for the impact of the first-time application of IFRS 16 "Leases", in accordance with the option available under this standard and the amendment to IAS 12 "Income Taxes". The impacts of the first-time application of the amendment to IAS 12 and to IFRS 16 on the opening balance sheet at January 1, 2019 are presented in detail in Notes 1 and 2, respectively.

(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 4.1).

Breakdown of tax on unrealized or deferred gains or losses

	31/12/2019			31/12/2018		
(in millions of euros)	**Gross**	**Income tax**	**Net**	Gross	Income tax	Net
Translation adjustments	155	0	155	166	0	166
Revaluation of financial assets (debt instruments) at fair value through other comprehensive income recyclable to income	14	(3)	11	(61)	18	(43)
Revaluation of available-for-sale financial assets	254	(62)	191	(197)	77	(121)
Revaluation of hedging derivatives	146	(38)	108	41	(12)	29
Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss	(226)	60	(166)	384	(110)	275
Revaluation of equity instruments recognized at fair value through other comprehensive income	47	(12)	34	(7)	1	(7)
Revaluation of hedging derivatives of equity financial assets recognized at fair value through other comprehensive income	0	0	0	0	0	0
Revaluation adjustments on defined-benefit plans	(51)	13	(38)	32	(10)	23
Shares in unrealized or deferred gains/(losses) of associates	9	(2)	7	(4)	2	(2)
Non-current assets held for sale [(a)]				(57)	14	(43)
TOTAL CHANGES IN UNREALIZED OR DEFERRED GAINS OR LOSSES	**346**	**(44)**	**302**	**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 4.1).

Consolidated balance sheet – Assets

(in millions of euros)	Notes	31/12/2019	31/12/2018 [(a)]
Cash, central banks		21,016	24,291
Financial assets at fair value through profit or loss	8.1	228,802	214,086
Hedging derivatives	8.2	325	306
Financial assets at fair value through other comprehensive income	8.4	12,076	10,798
Debt instruments at amortized cost	8.6.3	1,558	1,193
Loans and receivables due from banks and similar items at amortized cost	8.6.1	48,115	27,285
Loans and receivables due from customers at amortized cost	8.6.2	71,089	69,279
o/w institutional operations		852	839
Revaluation adjustments on portfolios hedged against interest rate risk			
Insurance business investments	9.4	108,053	100,536
Current tax assets		348	258
Deferred tax assets		1,388	1,456
Accrual accounts and other assets	8.9	13,624	14,733
Non-current assets held for sale [(b)]		0	25,646
Deferred profit-sharing			
Investments in associates		743	735
Investment property		0	0
Property, plant and equipment	8.10	1,425	420
Intangible assets	8.10	717	678
Goodwill	8.12	3,891	3,796
TOTAL ASSETS		**513,170**	**495,496**

(a) *The information reported at December 31, 2018 has not been restated for the impact of the first-time application of IFRS 16 "Leases", in accordance with the option available under this standard and the amendment to IAS 12 "Income Taxes". The impacts of the first-time application of the amendment to IAS 12 and to IFRS 16 on the opening balance sheet at January 1, 2019 are presented in detail in Notes 1 and 2, respectively.*

(b) *Corresponds to the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 and sold to BPCE in the first quarter of 2019 (see Notes 3.6 and 4.1).*

Consolidated balance sheet – Liabilities and shareholders' equity

(in millions of euros)	Notes	31/12/2019	31/12/2018 [(a)]
Due to central banks		0	9
Financial liabilities at fair value through profit or loss	8.1	218,279	208,183
Hedging derivatives	8.2	626	529
Due to banks and similar items	8.13	71,927	73,234
o/w institutional operations		46	46
Customer deposits	8.13	30,485	35,991
o/w institutional operations		964	952
Debt securities	8.14	47,375	34,958
Revaluation adjustments on portfolios hedged against interest rate risk		157	108
Current tax liabilities		571	505
Deferred tax liabilities	8.8	616	505
Accrual accounts and other liabilities	8.9	16,148	15,359
o/w institutional operations		0	1
Liabilities on assets held for sale [(b)]		0	9,737
Liabilities related to insurance policies	9.5	100,545	89,538
Subordinated debt	8.15	3,971	3,964
Provisions	8.16	1,642	1,681
Shareholders' equity (group share)		19,396	19,916
▪ Share capital & reserves		11,036	11,036
▪ Consolidated reserves		5,583	6,654
▪ Gains and losses recognized directly in equity		1,093	692
▪ Non-recyclable gains and losses recognized directly in equity		(212)	(42)
▪ Net income		1,897	1,577
Non-controlling interests		1,430	1,279
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**513,170**	**495,496**

(a) The information reported at December 31, 2018 has not been restated for the impact of the first-time application of IFRS 16 "Leases", in accordance with the option available under this standard and the amendment to IAS 12 "Income Taxes". The impacts of the first-time application of the amendment to IAS 12 and to IFRS 16 on the opening balance sheet at January 1, 2019 are presented in detail in Notes 1 and 2, respectively.

(b) Corresponds to the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 and sold to BPCE in the first quarter of 2019 (see Notes 3.6 and 4.1).

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, 2017 after appropriation of income	**5,020**	**5,956**	**2,232**	**(25)**	**6,159**
First-time application of IFRS 9					**(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 through other comprehensive income that cannot be reclassified completed during the period					(4)
Change in actuarial gains and losses under IAS 19 R					
Income/loss at December 31, 2018					
Impact of acquisitions and disposals [(d)]					(125)
Other [(e)]					(48)
Shareholders' equity at December 31, 2018	**5,040**	**5,995**	**1,978**	**(27)**	**4,703**
Appropriation of 2018 earnings					1,577
Shareholders' equity at December 31, 2018 after appropriation of income	**5,040**	**5,995**	**1,978**	**(27)**	**6,279**
Capital increase	4	(4)			
Elimination of treasury stock				(13)	(1)
Equity component of share-based payment plans					9
2018 dividend paid in 2019					(2,451)
Total activity related to relations with shareholders	**4**	**(4)**	**0**	**(13)**	**(2,443)**
Issuance and redemption of perpetual deeply subordinated notes and preference shares			0		
Interest paid on perpetual deeply subordinated notes and preference shares					(138)
Change in gains and losses recorded directly in equity					
Appropriation to own credit risk reserve during the period					1
Appropriation to a reserve of income from the sale of equity instruments at FV through other comprehensive income that cannot be reclassified completed during the period					1
Change in actuarial gains and losses under IAS 19 R					
Income/(loss) at December 31, 2019					
Impact of acquisitions and disposals [(f)]					(46)
Other					(8)
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2019	**5,045**	**5,991**	**1,978**	**(40)**	**3,646**

(a) Share 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.

(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, 2019 totaled -€226.4 million (gross amount, with an associated tax impact of +€60.4 million). Balancing payments related to the early redemption of Natixis issues recognized in shareholders' equity at December 31, 2019 totaled -€2 million (gross amount, with an associated tax impact of +€0.7 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, 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);

(d) In 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.

(e) In 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.

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	Remeasurement 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
282	**637**		**(148)**		**(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**
							(1,577)	0		
452	**363**	**(18)**	**(105)**	**(25)**	**83**	**(100)**	**0**	**19,916**	**1,279**	**21,195**
								0		0
								(14)		(14)
								9	1	10
								(2,451)	(301)	(2,752)
0	**0**		**0**		**0**		**0**	**(2,456)**	**(300)**	**(2,757)**
								0		0
								(138)		(138)
112	223	12	2	34	(166)			217	71	288
					(1)			0		0
				(1)				0		0
						(38)		(38)	(2)	(40)
							1,897	1,897	380	2,276
16	(70)	(1)	106			2		7	6	13
								(8)	(3)	(11)
580	**516**	**(6)**	**3**	**9**	**(84)**	**(136)**	**1,897**	**19,396**	**1,430**	**20,826**

(f) At December 31, 2019, shareholders' equity group share included the following:

- the impact of the recognition of new put options granted to minority shareholders relating to acquisitions, for -€44.2 million. These puts concerned the Corporate & Investment Banking business line and its acquisition of M&A advisory firm Azure Capital. A -€9 million put was recognized on 48% of minority interests. In addition, a -€0.3 million put was recorded on Natixis Coficiné minority interests (0.01% of share capital). Furthermore, the Asset & Wealth Management business line (via Natixis Investment Managers) sole part of its stake in Flextone Partners SAS, thus decreasing Natixis' ownership interest from 100% to 84%. A put option on minority interests was recorded on the 16% minority stake for -€3.6 million. In addition, Thematics Asset Management, which was co-founded by its managing partners and Natixis Investment Managers in 2019, was consolidated in the accounts. The intention is for the firm to become Natixis' partner of choice for thematic investing in international equities. Natixis Investment Managers holds put options on minority interests (60%) in the amount of -€30.2 million. At Massena Partners, a put option on minority interests (2%) was recorded in the amount of -€0.9 million. Finally, for the Payments business, a put option on the minority interests at Lakooz (0.1%) was recorded in the amount of -€0.2 million.

- the impact of existing put options granted to minority shareholders at the start of the year, for +€12.7 million. This impact stems from the +€12.7 million change in fair value of these put options over the period, resulting from the negative revaluation of financial debt for +€29.5 million and the effects of unwinding the discount on this financial debt, for -€16.8 million. The transfer of the change in the share of the net minority position of the entities representing these put options had a neutral effect over the period;

- the effect of changes in the percentage of ownership without a loss of control of consolidated entities, in the amount of -€13 million, of which -€4.4 million for Coface and -€11.5 million in losses for the buyout of 49% of the minority interests of Mirova Natural Capital Limited

- the impact of the recycling to profit or loss (resulting from the disposal of the SFS business lines to BPCE) in particular of unrealized reserves on available-for-sale assets from the CEGC portfolio for -€70 million, recyclable hedging derivatives reserves for +€106 million and revaluation adjustments on defined benefit plans for +€2 million;

- the impact of the recycling through profit or loss (resulting from the disposal of Natixis Brasil) of translation adjustments for +€21.9 million and recyclable OCI on fixed income securities for +€0.8 million.

- the effects of translation adjustment recycling for -€5.6 million following the repayment by the Dubai branch of part of its capital (€94.4 million) in order to reduce the Group's global exposure to USD/EUR foreign exchange risk.

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)	31/12/2019	31/12/2018
Pre-tax profit	**2,945**	**2,661**
+/- Net charge to depreciation and amortization of property, plant and equipment and intangible assets	454	341
+/- Writedown of goodwill and other non-current assets	(2)	(6)
+/- Net charge to other provisions (including insurance companies' technical reserves)	8,455	5,778
+/- Share in income of associates	(21)	(29)
+/- Net loss/(gain) on investing activities	(885)	(308)
+/- Net loss/(gain) on financing activities	88	86
+/- Other activity	3,171	(365)
= Total non-cash items included in pre-tax profit and other adjustments	***11,260***	***5,496***
+/- Decrease/(increase) in interbank and money market items	(13,129)	(982)
+/- Decrease/(increase) in customer items	(6,927)	(9,490)
+/- Decrease/(increase) in financial assets or liabilities	(1,808)	(775)
+/- Decrease/(increase) in non-financial assets or liabilities [(d)]	1,349	(2,536)
- Income taxes paid	(630)	(461)
= Net decrease/(increase) in operating assets and liabilities	***(21,145)***	***(14,243)***
Net cash provided/(used) by operating activities	**(6,940)**	**(6,085)**
+/- Decrease/(increase) in financial assets and equity interests [(a)]	2,652	620
+/- Decrease/(increase) in investment property	(80)	129
+/- Decrease/(increase) in property, plant and equipment and intangible assets	(204)	(361)
Net cash provided/(used) by investing operations	**2,368**	**388**
+/- Cash received from/(paid to) shareholders [(b)]	(2,752)	(1,329)
+/- Other cash provided/(used) by financing operations [(c)]	(175)	(142)
Net cash provided/(used) by financing operations	**(2,928)**	**(1,471)**
Cash flow on assets and liabilities held for sale		**(350)**
Impact of exchange rate fluctuations on cash and cash equivalents	**164**	**373**
Net increase/(decrease) in cash and cash equivalents	**(7,336)**	**(7,145)**
Net cash provided/(used) by operating activities	(6,940)	(6,085)
Net cash provided/(used) by investing activities	2,368	388
Net cash provided/(used) by financing activities	(2,928)	(1,471)
Cash flow on assets and liabilities held for sale		(350)
Impact of exchange rate fluctuations on cash and cash equivalents	164	373
Cash and cash equivalents at beginning of period	**23,423**	**30,568**
Cash and balances with central banks	24,280	36,901
Interbank balances	(857)	(6,333)
Cash and cash equivalents at end of period	**16,087**	**23,423**
Cash and balances with central banks	21,014	24,280
Interbank balances	(4,927)	(857)
CHANGE IN CASH AND CASH EQUIVALENTS	**(7,336)**	**(7,145)**

(a) The decrease/(increase) in financial assets and investments in associates included:

- cash flows related to investments in consolidated associates for +€2,631 million, consisting of: the acquisition of a 98% stake in Massena Partners (-€54 million), 52% of Azure Capital (-€10.7 million), 100% of Titres Cadeaux (-€11.5 million), an additional consideration for MV Crédit (-€6.3 million) and for Vermilion (-€1.3 million), the buyout of Caspian PE LLC minority interests (-€3.1 million) and those of Mirova Natural Capital (-€8.3 million), the acquisition of another 9% stake in Coficiné (-€2.4 million), 13% in Natixis Partners (-€11.6 million), 5% in Natixis Partners España (-€1.6 million), 11% in Payplug (-€4.4 million), 5% in Dorval Finance (-€12.3 million), 10% in Darius Capital Partners (-€1.1 million), +€12 million in cash acquired (of which +€10 million on Natixis Investment Managers' acquisitions and +€2 million on Azure Capital), and the disposals of the SFS division's retail banking entities to BPCE (+€2,705 million) and of Natixis Brasil (+€43 million);

- cash flows related to investments in non-consolidated associates for -€395 million, including -€253.1 million related to the stake acquired in WCM Investment Managers and -€85.3 million related to Fiera Capital;

- cash flows related to assets held to maturity (+€416 million).

(b) Cash flows received from/(paid to) shareholders included dividends paid to BPCE in the amount of -€1,737 million and dividends paid to non-Group entities of -€1,105 million.

(c) Cash flows from financing activities can be broken down as follows:

- interest paid on subordinated notes for -€85 million;

- interest paid on deeply subordinated notes recorded in equity for -€90 million.

(d) Including cash flows in relation to lease liabilities, amounting to -€231.8 million at December 31, 2019.

Notes and annexes

Note 1 Basis of presentation

1.1 IFRS standards and IFRIC interpretations applied by the Group

As required by Regulation (EC) No 1606/2002 of July 19, 2002, Natixis has prepared its consolidated financial statements for the year ended December 31, 2019 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.

The financial statements presented for comparative purposes were published by Natixis in the 2018 registration document filed with the Autorité des Marchés Financiers (AMF – French Financial Markets Authority) on March 15, 2019. In accordance with Regulation (EU) 2017/1129 relating to the publication of prospectuses and Commission Delegated Regulation (EU) 2019/980 relating to the information contained in prospectuses, the financial statements for the year ended December 31, 2017, which were published in the 2017 registration document filed with the AMF on March 23, 2018, are included for reference in this registration document.

It should be noted that the new IFRS 9, "Financial Instruments", adopted by the European Commission on November 22, 2016, is retrospectively applicable as of January 1, 2018.

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 elected to take the option offered by IFRS 9 not to apply the standard's provisions pertaining to hedge accounting and to continue applying IAS 39 for the purpose of recognizing hedging transactions, as adopted by the European Union, i.e. excluding certain macro-hedging provisions.

Furthermore, on November 3, 2017, the European Commission adopted the amendment to IFRS 4 on the joint application of IFRS 9 "Financial Instruments" and IFRS 4 "Insurance Contracts", with specific provisions for financial conglomerates, with effect from January 1, 2018. Under European regulations, European financial conglomerates may defer application of IFRS 9 to their Insurance divisions until January 1, 2021 (effective date of application 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.

At its meeting of November 14, 2018, the IASB decided to postpone the effective date of IFRS 17 "Insurance Contracts" by one year until January 1, 2022. The decision was also made to postpone the scheduled temporary exemption from IFRS 9 for insurers to coincide with the application of IFRS 17 from January 1, 2022.

As a financial conglomerate, Natixis elected to apply this provision for its insurance operations, which will continue to be covered by IAS 39. The main entities concerned by this measure are the Coface insurance subsidiaries, Natixis Assurances, BPCE Vie and its consolidated funds, Natixis Life, BPCE Prévoyance, BPCE Assurances and BPCE IARD.

Pursuant to the implementing regulation of November 3, 2017, the Group took the necessary measures to prohibit any transfer of financial instruments between its insurance operations and the rest of the Group that would have a derecognizing impact for the transferring entity, although this restriction is not required for transfers of financial instruments measured at fair value through profit or loss by both sectors involved.

The accounting principles and methods used to prepare the consolidated annual financial statements of Natixis at December 31, 2019 are identical to those used to prepare the consolidated financial statements for the fiscal year ended December 31, 2018, prepared in accordance with IFRS as adopted in the European Union and detailed in Note 2 "Basis of presentation" to the consolidated financial statements for fiscal year 2018 (presented in Chapter 5.1 "Financial data – Consolidated financial statements and notes" of the 2018 Registration Document), with the exception of the following standards, amendments and interpretations, which took effect as of January 1, 2019:

- **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 retrospectively 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. IFRS 16 primarily affects the recognition of operating leases by the lessee, which is required to report leases in the balance sheet under "right of use" on the asset side and under "lease liabilities" on the liabilities side.

  The impacts associated with the first-time application IFRS 16 and the related accounting principles are addressed in Notes 2 and 6.2, respectively.

The IFRS IC conducted an analysis of several subjects over the course of 2019 to decide upon the need to clarify certain aspects of the standard. These notably concern the legally enforceable term of certain indefinite term leases and the impact of non-removable leasehold improvements on the assessment of the legally enforceable lease terms. The IFRS IC's final decision on these issues was published on November 26, 2019. The impacts of these decisions on Natixis' accounts are currently being assessed;

- **IFRIC 23 "Uncertainty over Income Tax Treatments"** adopted by the European Commission on October 23, 2018 with mandatory application from January 1, 2019. This interpretation clarifies the procedures for recognizing and measuring payable and deferred tax if there is uncertainty over the tax treatment applied. Where a reporting entity is uncertain that a particular tax treatment will be accepted by the tax authority in accordance with tax laws in force, the tax treatment in question is an uncertain tax treatment. In the event it is not probable that the tax authority will accept a particular tax treatment, IFRIC 23 states that the amount of the uncertainty to be disclosed in the financial statements shall be estimated using the method that provides the best prediction of the resolution of the uncertainty. To determine this amount, the reporting entity may either use the most likely amount or the expected value of the tax treatment (i.e. the weighted average

(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.

of the various possible scenarios). IFRIC 23 also calls for the assessment of income tax uncertainties to be monitored.

Depending on whether they pertain to current or deferred tax assets or liabilities, tax uncertainties are recognized in the balance sheet under "Deferred tax assets", "Current tax assets", "Deferred tax liabilities" and "Current tax liabilities."

The application of IFRIC 23 at January 1, 2019 had no impact on the amount of Natixis' opening shareholders' equity or on the presentation of uncertainties over income tax treatments in the financial statements. The process used to collect, analyze and monitor uncertainties over income tax treatments was reviewed, however, in the interest of better documenting the compliance of the accounting and measurement methods applied by Natixis with IFRIC 23 requirements.

- **the amendment to IAS 28 "Long-Term Interests in Associates and Joint Ventures"** adopted by the European Commission on February 8, 2019 with mandatory application in Natixis' financial statements from January 1, 2019. Long-term interests are items for which settlement is neither planned nor likely to occur in the foreseeable future that form part of the entity's net investment in the associate or joint venture. The amendment specifies that IFRS 9 "Financial Instruments" (including the provisions related to impairment) apply to financial instruments representing long-term interests in associates or joint ventures where said instruments are not accounted for by the equity method. This amendment had no impact on Natixis' financial statements;
- **the amendment to IAS 19 "Plan Amendment, Curtailment or Settlement"** adopted by the European Commission on March 13, 2019 with mandatory application in Natixis' financial statements from January 1, 2019. This amendment states that, when a change to a plan takes place, the amount of any past service cost and net interest subsequent to the change shall be determined based on updated actuarial assumptions used at the date of the change. This amendment had no impact on Natixis' financial statements.
- **the amendment entitled "Annual Improvements to IFRSs 2015-2017 cycle"** adopted by the European Commission on March 14, 2019. This amendment is part of the annual improvement process that aims to simplify and clarify international accounting standards. The following standards were modified: IFRS 3 "Business Combinations", IFRS 11 "Joint Arrangements", IAS 12 "Income Taxes" and IAS 23 "Borrowing Costs."

  The amendment to IAS 12 (paragraph 57A) specifies whether the impact of taxes on distributions in respect of instruments and coupons paid and recorded in equity under IAS 32 must be recognized in income, as part of other comprehensive income (OCI) or in equity, depending on the origins of the amounts distributed. Accordingly, if the amounts are treated as dividends (within the meaning of IFRS 9), the tax impact must be recognized in income upon recognition of the liability in respect of the obligation to pay dividends. Where they are not assimilated to dividends, tax impacts are recorded in equity.

  As such, interest due on perpetual deeply subordinated notes from January 1, 2019 was classified as dividends and the resulting tax saving is henceforth recognized in income. The tax saving on the payment of coupons to holders of such instruments had hitherto been recorded in consolidated reserves. The impact on the income statement came to +€47.6 million at December 31, 2019.

  The other amendments in "Annual Improvements to IFRSs 2015-2017 cycle" did not have any impact on Natixis' consolidated financial statements;
- **the amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"** published by the IASB on September 26, 2019. These amendments stipulate the exceptions to the application criteria for hedge accounting provided for under IFRS 9 and IAS 39 and specify the information to be provided on the effects of the benchmark interest rate reform. These amendments were adopted by the European Commission on January 15, 2020. The date of their application was set at January 1, 2020, with an option for early application. Natixis opted for early application at December 31, 2019.

  Under these amendments, the entities must, in respect of the hedged items and/or the hedging instruments, apply the assumption that the current benchmark rate will not be changed when assessing compliance with the "highly probable" requirement for future hedged cash flows, and conduct prospective tests of the effectiveness of fair value hedging and cash flow hedging. These amendments also authorize hedging relationships to be maintained if retrospective tests fall outside the 80%-125% range during the transition period. However, the inefficiency of hedging relationships continues to be recognized in the income statement. Finally, these amendments stipulate that a company only has to assess whether a risk component designated as a hedged item based on a benchmark rate is separately identifiable on the date that said designation occurs.

  These amendments apply until such time as uncertainties in relation to the reform are eliminated or the hedging relationships cease to exist.

  Natixis believes all of these hedging contracts, which have either a Bor or Eonia component, are affected by the reform and may therefore benefit from said amendments for as long as uncertainty remains with regard to the contractual changes to be implemented as a result of the regulations, the replacement index to be applied or the period of application of provisional interest rates. Natixis' derivative contracts, loan contracts and borrowings are chiefly exposed to the Euribor, Eonia and Libor rates. Hedging derivatives are presented in Note 8.2. Almost all interest rate swaps used in a hedging relationships are indexed to a Bor or Eonia index.

  The uncertainties arising from the interest rate benchmark reform are presented in Note 6.23.

Natixis has not opted for early application of the following standards, which had not yet entered into force at December 31, 2019:

- **the amendment to IAS 1 and IAS 8 "Definition of Material"** adopted by the European Commission on November 29, 2019 with mandatory application from January 1, 2020. These amendments provide clarification of the term "material" in order to facilitate assessments of the significance, or otherwise, of a piece of information, and to improve the relevance of the information presented in the notes to the financial statements;
- **the amendment to the "Conceptual Framework"** adopted by the European Commission on November 29, 2019 with mandatory application from January 1, 2020. The aim of this amendment is to replace existing references to previous frameworks, in respect of several standards and interpretations, with references to the revised conceptual framework.

- **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 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. A draft amendment "Exposure Draft ED/2019/4 Amendments to IFRS 17" was published on June 26, 2019.

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 requires estimates by group of contracts.

These accounting changes could change the profile of insurance inactivities (particularly for life insurance) and also introduce greater income volatility.

Despite the uncertainties still surrounding implementation of the standard (application date, possible changes in the text, exposure draft published on June 26, 2019), Groupe BPCE's insurance entities have project teams in place tasked with addressing the changes resulting from the standard and are continuing their preparations: examination and documentation of choices permitted by the standard, modeling, adjustments to systems and organizational structures, accounting production and transition strategy, financial communication and change management.

Furthermore, in valuing its financial instruments for the consolidated financial statements established at December 31, 2019, Natixis took into account 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.

1.2 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.

1.3 Year-end

The consolidated financial statements are based on the individual financial statements at December 31, 2019 of the entities included in Natixis' consolidation scope.

1.4 Notes to the consolidated financial statements

Unless otherwise indicated, the figures given in the notes are expressed in millions of euros.

Note 2 Impact of the first-time application of IFRS 16 at January 1, 2019

Natixis began applying IFRS 16 "Leases", which replaced IAS 17 "Leases", on January 1, 2019. The provisions of IFRS 16, as compared to IAS 17, predominantly impact recognition of operating lease by lessees.

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 of the economic benefits arising from use of the asset;
- the right to decide how the asset is used.

From the lessor's standpoint, no impact of the first-time application of IFRS 16 was recorded at January 1, 2019, as the provisions were substantially unchanged relative to IAS 17.

For lessees, IFRS 16 requires that all lease contracts be recorded as fixed assets in the balance sheet such that they convey the right to use the leased asset, with a corresponding financial liability entry under liabilities to reflect the lease and other payments to be made over the term of the lease.

Previously, under IAS 17, operating leases did not lead to the recognition of the lessee's right to use leased assets, and rents were recorded in income.

In accordance with the exemption provided for by IFRS 16, Natixis has not changed the accounting treatment of short-term leases (less than 12 months) or leases relating to low-value underlying assets. Rents pertaining to these leases are expensed over the period under operating expenses. Natixis used the indicative threshold of USD 5,000 provided by the IASB (in the Basis of Conclusions) to define low-value assets and elected to exclude certain contracts where such exceptions have a non-material impact on its financial statements. These notably include vehicle leasing contracts.

Natixis also took the option offered by IFRS 16 to not apply the standard to intangible assets.

Details of the accounting principles applying to leasing contracts are presented in Note 6.2.

2.1 Procedures and impact of first-time application

Given Natixis' activities, IFRS 16 will be applied, to a very large extent, to real estate assets leased for use as offices.

Natixis has chosen the modified retrospective method for the first-time application of this standard. Under this method, lease liabilities are measured based on residual payments at the transition date, using the discount rates appropriate to the residual terms of the leases. The option to not recognize contracts with a residual term of less than 12 months at January 1, 2019 in the balance sheet is applied and initial direct costs are excluded from the measurement of rights of use. Rights of use are measured using the amount of the lease liabilities determined at that date.

No deferred tax is recorded at the initial recognition date, given that the value of the asset is identical to the value of the liability. Deferred tax is recognized when net temporary differences subsequently arise due to changes in amounts recorded for rights of use and lease liabilities.

The application of IFRS 16 had no impact on the amount of Natixis' opening shareholders' equity.

2.1.1 Lease liabilities at January 1, 2019

At January 1, 2019, IFRS 16 lease liabilities recorded under "Accrual accounts and other liabilities" *(Note 8.9)* in the consolidated balance sheet amounted to €1.3 billion. This amount comprised the discounted value of lease payments remaining over the lease term (within the meaning of IFRS 16) at that date. The weighted average discount rate used at that date was 1.52%.

The impact of lease liabilities may be compared with the information presented in Note 16.1 of Chapter 5.1 "Financial data – Consolidated financial statements and notes" in the 2018 Registration Document on the recognition by the lessee of minimum future payments in respect of operating leases and finance leases, including the following differences:

- rents 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. These commitments stood at -€350 million at January 1, 2019;
- lease liabilities are initially determined by discounting the lease payments over the term of the contracts in accordance with IFRS 16. The rents included in off-balance sheet commitments at December 31, 2018 were not discounted. The discounting effect observed at January 1, 2019 amounted to -€104 million;
- lease liabilities are initially determined based on rents excluding VAT (whether or not it is recoverable). The rents recorded as off-balance sheet commitments at December 31, 2018 include non-recoverable VAT, however;
- contracts relating to low-value assets and short-term contracts (including short-term contracts in force at the IFRS 16 transition date) are excluded from the calculation of 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.

The breakdown of lease liabilities and off-balance sheet commitments by contractual maturity are presented in Note 6.1.

2.1.2 Right-of-use assets at January 1, 2019

The initial value of right-of-use assets at January 1, 2019 came to €1.2 billion and is recorded under "Property, Plant and Equipment" *(see Note 8.10)*. It corresponds to (i) the initial amount of lease liabilities (ii) less the amount of provisions for rent-free periods existing at December 31, 2018 recognized in accordance with IAS 17 (subject to reversal at the date of first application and subtracted from the right of use).

Specific information relating to leasing contracts is presented in Note 16.1.

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
Payments	60	5	+/-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 Regulation (EU) No 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 of 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 existing 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 directly and indirectly held by Natixis 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 of 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 of gains/(losses) of associates recognized 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 of 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.

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 that Natixis' percentage of ownership in an entity decreases without resulting in 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 of 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 occurred 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 of IFRS" to not retrospectively restate business combinations made prior 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. 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 of entities or operations under joint control are understood to be combinations in which several operations are combined and all of 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 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 share 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 2019, goodwill increased by +€61 million, excluding translation adjustments (+€34 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.

Subsequent to the sale of the retail banking entities to BPCE, the goodwill associated with these entities and allocated to the former CGU "Specialized Financial Services" is no longer recorded on Natixis' balance sheet. On December 31, 2019, the former CGU "Specialized Financial Services" was divided up into three CGUs: The "Payment" CGU, the "Asset & Wealth Management" CGU (for the Employee Savings Plans business line) and the "Corporate & Investment Banking" CGU (for the Film Industry Financing business line). Goodwill related to the entities not sold to BPCE was symmetrically reallocated to these three CGUs.

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 2020 budget process;
- perpetual growth rate: 2.5% for all valuations;
- discount rate: use of a specific rate for each CGU: 9.1% for Asset & Wealth Management (8.7% in 2018), 11.4% for CIB (10.6% in 2018), 10.6% for Insurance (10.2% in 2018), 9.2% for Coface (9.3% in 2018) and 6.9% for Payment.

The discount rates were determined by factoring in the following:

- for the Insurance and Payment CGUs, the risk-free 10-year French Treasury bond rate, averaged over a depth of 10 years, and for the Asset & Wealth Management and CIB CGUs the average of the 10-year French and US government bond rates, averaged over a depth of 10 years. A risk premium calculated on the basis of a sample of companies which are representative of the CGU is then added to these rates;
- 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, 2019.

A 30 bp increase in discount rates (assumption based on the historical annual variability observed over one year using 2012-2019 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;
- -3.9% for the Corporate & Investment Banking CGU;
- -7.8% for the Insurance CGU;
- -12.9% for the Payment CGU;
- -4.3% 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 -6% 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 higher liquidity costs 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' New Dimension strategic plan sets the combined ratio at below 94%. A one-point deterioration in this ratio each year would lead to a limited fall of 3% in the CGU's value, with no impact on impairment;

- for Payment, with regard to business activity, the CGU has a diversified business model with, on the one hand, a long-standing payments business serving the Groupe BPCE networks, which has generated high volumes of activity over the years (and strong momentum in electronic payments) and, on the other, a portfolio of Fintech companies offering a wide range of products, both to Group clients and externally (digitized securities, merchant solutions, e-commerce, solutions for company works councils, etc.). This business model implies a low level of earnings volatility;
- for Coface, the primary sensitivity vector is the loss ratio. The projected level of this ratio is around 45.6% (net of reinsurance) for 2019. A one-point increase in the loss ratio, relative to the assumptions used for the DCF calculation over all years from 2020, would impact the average multi-criteria value by around 3% and would not lead to the recognition of impairment for the CGU. Furthermore, a valuation at the lowest price in 2019 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 controlled entities 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.

Subsequent to the September 2018 announcement that Natixis planned to sell its Specialized Financial Services division's Factoring, Sureties & Financial Guarantees, Leasing, Consumer Finance and Securities Services business lines to BPCE at December 31, 2018 Natixis continued to fully consolidate the subsidiaries in question 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". Since the deal was finalized in the first quarter of 2019 *(see Notes 3.6 and 4.1)*, the subsidiaries were no longer included in Natixis' scope of consolidation at December 31, 2019.

Natixis had also begun negotiations for the sale of its subsidiary Natixis Brasil. At December 31, 2018, this fully consolidated entity's assets and liabilities 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 were not material. Since the deal was finalized *(see Note 4.2)*, the subsidiary was no longer included in Natixis' scope of consolidation at December 31, 2019.

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

Transfer to BPCE S.A. of the entities of the Specialised Financial Services business lines (SFS)

On September 12, 2018, Natixis and BPCE announced that Natixis planned to sell its Factoring, Sureties & Financial Guarantees, Leasing, Consumer Finance and Securities Services business lines to BPCE S.A. for €2.7 billion.

Since the deal was considered highly probable, the activities in question were recognized in accordance with IFRS 5 in Natixis' consolidated financial statements at December 31, 2018. As a result, the net non-intra-group assets and liabilities of the transferred entities, as well as the assets and liabilities related to the transferred Natixis activities (predominantly associated with EuroTitres), were reclassified within a single balance sheet line (assets and liabilities held for sale). Together, these assets totaled €25,646 million at December 31, 2018 (of which €150 million in intangible assets and €28 million in goodwill). The related liabilities amounted to €9,737 million at December 31, 2018.

In accordance with the established timetable, the subsidiary shares and EuroTitres assets and liabilities were transferred on March 31, 2019 once the conditions precedent had been lifted.

Control of the subsidiaries was gradually transferred to BPCE over the period which, combined with the other characteristics specific to the deal, resulted in loss of control being recognized retroactively at January 1, 2019. Consequently, Natixis did not incorporate income from the subsidiaries sold to BPCE generated in the first quarter prior to the disposal in its consolidated financial statements for the first half of 2019.

Total income from the transaction, after tax and minority interests, was €586 million, including a gross capital gain of €697 million, a tax impact of -€78 million and -€33 million transferred to minority shareholders. The transaction also resulted in the recycling through profit or loss of unrealized reserves on available-for-sale assets from the CEGC portfolio, in the amount of -€70 million, unrealized hedging derivatives reserves for +€106 million, and revaluation adjustments for defined benefit plans for +€2 million, giving an overall impact of +€38 million under "Gains and losses recorded directly in equity".

NIT dispute

On December 18, 2019, the French antitrust body, the Autorité de la Concurrence, published a press release on its website announcing that France's four historical meal voucher companies were to be fined a total of nearly €415 million for price fixing.

On a financial level, the fine incurred by Natixis came to €83.3 million (of which €4.4 million for Natixis Intertitres alone, with Natixis being severally liable for the balance).

As soon as the fine was announced, Natixis acknowledged the competition authorities' ruling but denied all accusations of coordinating its business with its competitors, adding that it was extremely surprised at the decision, which it deemed unfounded and wholly disproportionate. Natixis will appeal this decision and believes it has numerous arguments in its defense with which to challenge it.

In view of the situation, no related provisions were recorded in the accounts at December 31, 2019, since Natixis believes that it has not caused any damage whatsoever or acted in breach of regulations, and that it has solid arguments in this regard.

Partnership between Groupe BPCE, Natixis and La Banque Postale

On December 19, 2019, Groupe BPCE, Natixis and La Banque Postale announced plans to merge some of their Asset Management activities in France, as part of their business partnership.

The plan is to combine Ostrum Asset Management and LBP Asset Management's euro fixed-income and credit management activities as well as their Insurance management activities at Ostrum Asset Management, with a view to creating a player that fully complies with the principles of socially responsible investment (SRI).

Natixis will own 55% of the future joint entity (via its subsidiary Natixis Investment Managers), with LBP owning 45% (via its subsidiary LBP Asset Management), to ensure a balanced governance approach.

4.2 Changes in consolidation scope since January 1, 2019

The main change in the consolidation scope recorded since January 1, 2019 involved the sale of the entities belonging to the former Specialized Financial Services division to BPCE S.A. in the first quarter of 2019 (see above): Natixis Financement, FCT Pumacc, Natixis Factor, Midt Factoring, Compagnie Européenne de Garanties et Cautions (CEGC), Natixis Lease, Co-Assur, Cicobail, Natixis Lease Immo, Lease Expansion, Natixis Bail, Natixis Energeco, Natixis Lease Madrid, Natixis Lease Milan, Natixis LLD, Oceor Lease Tahiti, Oceor Lease Nouméa, Oceor Lease Réunion, Natixis Car Lease, Sud-Ouest Bail, SAS Immobilière Natixis Bail, Batilease and Inter-Coop.

Other changes in scope are presented below.

4.2.1 Corporate & Investment Banking

Newly consolidated entities

- Acquisition by Natixis Holdings (Hong Kong) Limited of M&A Advisory firm Azure Capital in the second quarter of 2019. The following entities were added to the scope of consolidation: Azure Capital Holdings Pty Ltd, Azure Capital Securities Pty Ltd, The Azure Capital Trust and Azure Capital Limited. Natixis exercises control over these entities in accordance with IFRS 10, and fully consolidates them. This transaction generated goodwill of €11.6 million as at December 31, 2019, as determined using the partial goodwill method. Natixis also holds put options on minority interests in the amount of €9.1 million.
- Consolidation of Natixis Holdings (Hong Kong) Limited (the holding company that owns the stake in Azure Capital) in the second quarter of 2019.
- Creation and consolidation of Saudi Arabia Investment Company in the fourth quarter of 2019.

Deconsolidated entities

- Disposal of Natixis Brasil on February 6, 2019.
- Deconsolidation of securitization vehicle FCT Natixis Export Credit Agency in the first quarter of 2019.
- Deconsolidation of Nexgen Reinsurance Designated Activity Company in the third quarter of 2019 following its liquidation.

Changes in percentage of ownership

- In the second quarter of 2019, the interest in Natixis Coficiné increased from 91% to 100% following a buyback of executive officers' shares and the application of IFRS 2 subsequent to the implementation of a bonus share allocation plan.
- In the second quarter of 2019, the interest in Natixis Partners increased from 87% to 100% following a buyback of executive officers' shares and the application of IFRS 2 subsequent to the implementation of a bonus share allocation plan.
- In the third quarter of 2019, the interest in Natixis Partners Spain increased from 75% to 80% following a buyback of executive officers' shares.

4.2.2 Asset & Wealth Management

Newly consolidated entities

- Acquisition of asset manager and investment advisory firm Massena Partners in the second quarter of 2019. The following entities were added to the scope of consolidation: Massena Partners S.A., Massena Wealth Management SARL and the French branch Massena Partners. Natixis exercises control over these entities in accordance with IFRS 10, and fully consolidates them. This transaction generated goodwill of €42.1 million at December 31, 2019, as determined using the partial goodwill method. Natixis also holds put options on minority interests in the amount of €1 million.
- Consolidation of securitization vehicle Purple Finance CLO 2 in the second of quarter 2019, after the percentage interest rose above regulatory thresholds.
- Consolidation of H2O AM France, H2O AM Monaco, H2O Asia, Prometheus Wealth Management, Arctic Blue Capital Management Ltd, Arctic Blue Capital Ltd, Poincaré Holding Ltd and Poincaré Capital Management Ltd, asset managers created or acquired by H2O.
- In May 2019, Natixis Investment Managers bought an 11% stake in Fiera, the leading publicly traded independent distribution platform in Canada. This investment is carried by a holding company, Natixis IM Canada Holdings Ltd, wholly-owned by Natixis IM and now consolidated.
- Consolidation of Mirova US LLC in the second quarter of 2019 for the purpose of restructuring the US operations of Seeyond and Mirova. Seeyond's US operations were consolidated by Natixis Advisors LP, while Mirova's were transferred to a new company, Mirova US, wholly-owned by Mirova.
- AEW Capital Management LP established a new company in Japan, AEW Japan Corporation, with the aim of developing its activities in Asia. This wholly-owned entity was added to the scope of consolidation at end-June 2019.
- AEW Capital Management LP created several legal structures involved in managing several of its new funds: AEW Partners Real Estate Fund VIII, AEW Senior Housing Investors III, AEW Senior Housing Investors IV and AEW Value Investors Asia III. These entities are wholly-owned by AEW Capital Management LP and were added to the scope of consolidation at end-June 2019.
- Consolidation of the following funds in the fourth quarter after the percentage interest rose above regulatory thresholds: Thematics Meta Fund and Thematics AI and Robotics Fund.
- Creation in 2019 and consolidation in the fourth quarter of 2019 of Thematics Asset Management, which is destined to become Natixis' key partner in thematic investment in international equities. Natixis Investment Managers also holds put options on minority interests (60%) in the amount of €30.2 million.
- Creation in 2019 and consolidation in the fourth quarter of 2019 of Vauban Infrastructure Partners, which is destined to become Natixis' preferred partner in international infrastructure investment.
- To further its expansion in Asia, Ostrum created a new company in Hong Kong in 2010, Ostrum AM Hong Kong, which was consolidated in the fourth quarter of 2019.
- Consolidation in the fourth quarter of 2019 of AEW Promote LP Ltd, which arranges financing for the fund AEW European Value Partners, through which AEW collects interest income in relation to fund performance.
- Consolidation in the fourth quarter of 2019 of AEW Partners Real Estate Fund IX, LLC which manages the fund AEW Partners Real Estate IX launched recently in the US by AEW Capital Management, which owns 100% of its capital.

Changes in percentage of ownership

- In accordance with the provisions of the shareholders' agreement establishing Société des Cadres DNCA, which was created in December 2016, the structure's percentage of ownership in DNCA Finance increased from 9% to 12% at January 1, 2019. Subsequently, the percentage interest of DNCA Finance and its subsidiaries (DNCA Courtage, DNCA Luxembourg and DNCA Finance – Milan branch) fell from 82% to 79%.
- In the first quarter of 2019, Natixis Investment Managers finalized the launch of asset management firm Flexstone Partners SAS to house three of its Private Equity affiliates: Euro-PE, Caspian Private Equity and Eagle Asia, in a bid to promote its Private Equity expertise on the international market.

  Under this plan, Caspian PE was contributed to Flexstone Partners SAS. The Caspian PE managers who owned a portion of the Company's share capital exchanged their shares for a percentage interest in Flexstone Partners SAS. Natixis Investment Managers also sold part of its stake in Flexstone Partners SAS to the Company's European managers. Subsequent to these various transactions, Natixis Investment Managers owned 84% of Flexstone Partners SAS as of March 31, 2019 versus 100% at December 31, 2018.
- In the fourth quarter of 2019, the interest in Dorval Finance increased from 50% to 55% following the buyout of shares from company managers.
- In the fourth quarter of 2019, the interest in Darius Capital Partners increased from 60% to 70% following the buyout of shares from company managers.
- In the fourth quarter of 2019, the interest in Mirova Natural Capital Limited and its branch office increased from 51% to 100% following the buyout of shares from company managers.

Deconsolidated entities

- Deconsolidation of Mirova Global Sustainable Equity Fund in the first quarter of 2019 after the percentage interest fell below regulatory thresholds.
- Deconsolidation of Ostrum Multi Asset Global Income from March 31, 2019 after the fund's seed money investment was fully repaid.
- Deconsolidation of Natixis Global Associates Germany and Natixis Global Associates Australia following their liquidation in the third quarter of 2019.
- Deconsolidation of the ASG Managed Futures and DNCA Archer Mid-Cap Europe funds in the third quarter of 2019 after the percentage interest fell below regulatory thresholds.

- Sale of the following entities to Fiera Capital in the third quarter of 2019 in accordance with the investment agreement implemented at Fiera in the second quarter of 2019: Natixis Investment Managers Canada Corp., Natixis Investment Managers Canada LP, Natixis Investment Managers Capital Corporation, Natixis Investment Managers Canada Limited.
- Deconsolidation of AEW Partners IV Inc. and MC Donnel entities in the fourth quarter of 2019 following their liquidation.

4.2.3 Insurance

Newly consolidated entities

- Consolidation in the third quarter of 2019 of the fund NA Financement de l'économie – Immocorp II compartment, after the percentage interest rose above regulatory thresholds.

Deconsolidated entities

- Deconsolidation of the fund Ostrum Ultra Short Term Bonds Plus SI (C) EUR in the first quarter of 2019, after the percentage interest fell below regulatory thresholds.
- Deconsolidation of the following funds in the second quarter of 2019 as the percentage interest fell below regulatory thresholds: Fructifonds Profil 6, Fructifonds Profil 9 and ABP Vie Mandat FCPI.

4.2.4 Payments

Newly consolidated entities

- Acquisition of a 50% stake in Titres Cadeaux from La Banque Postale in the first quarter of 2019 (bringing the percentage of ownership to 100%). Titres Cadeaux manufactures and distributes multi-store gift cards and certificates to individual customers or Works Councils. Natixis exercises control over this entity in accordance with IFRS 10, and fully consolidates it. This transaction generated goodwill of €10.2 million at December 31, 2019.

Changes in percentage of ownership

- The percentage interest in Payplug increased from 84% to 99% following the buyback of the founders' shares in the second and fourth quarters of 2019 and the capital increase conducted in the fourth quarter of 2019 to which Natixis Paiement Holding fully subscribed.
- In the fourth quarter of 2019, the percentage interest in Lakooz increased from 96% to 100% following a buyback of executive officers' shares and the application of IFRS 2 subsequent to the implementation of a bonus share allocation plan in 2017 and conducted at the end of 2019.

4.2.5 Coface

Newly consolidated entities

- Consolidation of the Coface branch in Greece in the first quarter of 2019.
- Acquisition of Coface PKZ, specializing in credit insurance in Slovenia, in the second quarter of 2019. This transaction generated badwill of €4.7 million at December 31, 2019, as determined using the partial goodwill method recognized in profit or loss.

Restructuring

- The Luxembourg branch operations were taken over by Coface Belgium in the first quarter of 2019.
- The Coface Latvia Insurance branch operations were taken over by LEID-SUCC in the first quarter of 2019.

4.2.6 Corporate Center

Deconsolidated entities

- Liquidation of Natixis Investment Corp. on December 27, 2019.

4.3 Interests in subsidiaries

4.3.1 Material non-controlling interests

At December 31, 2019, as at December 31, 2018, the main material subsidiary in which the Group had a non-controlling interest was Coface.

At December 31, 2019

(in millions of euros)				31/12/2019						
				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	57.52%	57.52%	118	1,174	68	7,387	5,462	147	241
H2O	Great Britain	49.99%	49.99%	211	229	186	675	225	423	454
Other entities				51	27	47				
TOTAL				**380**	**1,430**	**301**				

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**				

4.3.2 Impact of changes in percentage holdings in subsidiaries still under control at December 31, 2019

No such material transactions were recorded in 2018 or 2019.

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 2018 or 2019.

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 3.2.7 *"Balance sheet management" in Chapter 3 "Risk factors, risk management and Pillar III" of the universal 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 Pillar III" of the universal 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 does not have interests in partnerships (joint operations and joint ventures) that have a material impact on Natixis' consolidated financial statements.

Associates

Natixis' main investment consolidated using the equity method at December 31, 2019 is the EDF Investment Group (EIG) entity.

Table summarizing investments in associates

	31/12/2019			31/12/2018		
(in millions of euros)	**Value of the investments in associates**	**Net income**	**Gains and losses recorded directly in equity**	Value of the investments in associates	Net income	Gains and losses recorded directly in equity
Joint ventures						
Associates	**743**	**21**	**7**	**735**	**29**	**(2)**
EDF Investment Group (EIG)	520	10	(0)	521	12	(0)
Other entities	223	11	7	214	17	(2)
TOTAL	**743**	**21**	**7**	**735**	**29**	**(2)**

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)	**31/12/2019**	31/12/2018
Valuation method	**Associate**	**Associate**
Dividends received	10	11
Main aggregates		
TOTAL ASSETS	**8,577**	**8,580**
TOTAL DEBT	**49**	**33**
Income statement		
Net operating income	231	264
Income tax	(68)	(78)
Net income	162	186
Gains or losses recorded directly in equity	(5)	(3)

The data for EIG established at December 31, 2019 and December 31, 2018 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)	**31/12/2019**	31/12/2018
Equity of the associate	8,528	8,548
Percentage of ownership	6.11%	6.11%
Natixis' share in the equity of the associate	520	521
Goodwill	-	-
Other	-	-
Value of the investment in the associate	520	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 of 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 of the units,
  - interests held in external securitization vehicles for which Natixis acts simply as a minority investor,
  - 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 of 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 case 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. Natixis does not therefore 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 of 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 of 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 2019, as in 2018, 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 2019, as in 2018, 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 its returns, given its prominent role in choosing and managing acquired receivables as well as managing 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.
- 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.

Excluding Insurance business investments (in millions of euros)	31/12/2019 Securi-tization	31/12/2019 Asset Mana-gement	31/12/2019 Structured Financing	31/12/2019 Other activities	31/12/2019 Total	31/12/2018 Securi-tization	31/12/2018 Asset Mana-gement	31/12/2018 Structured Financing	31/12/2018 Other activities	31/12/2018 Total
Financial assets at fair value through profit or loss	**622**	**1,565**	**1,224**	**598**	**4,009**	**450**	**1,170**	**1,021**	**399**	**3,040**
Trading derivatives	44	109	312	456	920	8	70	131	334	542
Trading instruments (excluding derivatives)	497	445	689	128	1,759	371	153	702	51	1,277
Financial instruments measured using the fair value option	-	-	0	-	0	-	-	-	-	-
Financial instruments to be valued at fair value through profit or loss	81	1,012	223	14	1,330	71	947	188	14	1,221
Financial assets at fair value through equity	**-**	**-**	**3**	**0**	**3**	**-**	**-**	**3**	**0**	**3**
Financial assets at amortized cost	**6,368**	**1,248**	**11,370**	**708**	**19,695**	**5,979**	**1,638**	**12,217**	**696**	**20,531**
Other assets	**14**	**43**	**7**	**6**	**71**	**14**	**40**	**19**	**19**	**92**
TOTAL ASSETS	**7,005**	**2,857**	**12,604**	**1,313**	**23,778**	**6,443**	**2,848**	**13,260**	**1,114**	**23,666**
Financial liabilities at fair value through profit or loss (derivatives)	45	90	903	182	1,221	19	204	585	192	1,000
Provisions	2	0	15	2	19	6	0	13	2	21
TOTAL LIABILITIES	**48**	**90**	**918**	**184**	**1,240**	**25**	**204**	**598**	**194**	**1,021**
Financing commitments given	5,554	246	2,792	394	8,985	3,918	245	2,380	439	6,982
Guarantee commitments given	225	204	3,399	11	3,840	261	4,927	2,471	4	7,663
Guarantees received	243	-	3,899	28	4,171	-	1	3,177	260	3,438
Notional amount of sales of options and CDS	555	-	5,043	377	5,974	405	155	2,788	262	3,610
MAXIMUM EXPOSURE TO RISK OF LOSS	**13,092**	**3,307**	**19,923**	**2,065**	**38,387**	**11,021**	**8,175**	**17,709**	**1,557**	**38,462**

Insurance business investments (in millions of euros)	31/12/2019 Securi-tization	31/12/2019 Asset Mana-gement	31/12/2019 Structured Financing	31/12/2019 Other activities	31/12/2019 Total	31/12/2018 Securit-ization	31/12/2018 Asset Mana-gement	31/12/2018 Structured Financing	31/12/2018 Other activities	31/12/2018 Total
Financial assets at fair value through profit or loss	**-**	**8,594**	**-**	**-**	**8,594**	**-**	**9,157**	**-**	**-**	**9,157**
Trading derivatives	-	-	-	-	-	-	-	-	-	-
Trading instruments (excluding derivatives)	-	2,202	-	-	2,202	-	4,663	-	-	4,663
Financial instruments measured using the fair value option	-	6,392	-	-	6,392	-	4,494	-	-	4,494
Available-for-sale financial assets	**557**	**3,809**	**-**	**-**	**4,366**	**908**	**2,994**	**-**	**-**	**3,902**
Loans and receivables	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Held-to-maturity financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other assets	**0**	**-**	**-**	**-**	**0**	**0**	**-**	**-**	**-**	**0**
TOTAL ASSETS	**557**	**12,403**	**-**	**-**	**12,961**	**908**	**12,151**	**-**	**-**	**13,059**
Financial liabilities at fair value through profit or loss (derivatives)	-	-	-	-	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financing commitments given	53	297	-	-	350	344	189	-	-	534
Guarantee commitments given	-	-	-	-	-	-	-	-	-	-
Guarantees received	-	-	-	-	-	-	-	-	-	-
Notional amount of sales of options and CDS	-	-	-	-	-	-	-	-	-	-
MAXIMUM EXPOSURE TO RISK OF LOSS	**611**	**12,700**	**-**	**-**	**13,311**	**1,253**	**12,340**	**-**	**-**	**13,593**

(in millions of euros)	31/12/2019 Securi-tization	31/12/2019 Asset Mana-gement	31/12/2019 Structured Financing	31/12/2019 Other activities	31/12/2019 Total	31/12/2018 Securi-tization	31/12/2018 Asset Mana-gement	31/12/2018 Structured Financing	31/12/2018 Other activities	31/12/2018 Total
Size of structured entities	102,953	196,157	81,478	792	381,380	97,156	209,688	70,984	1,137	378,965

5

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 both of the following indicators are 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 or 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.

	31/12/2019			31/12/2018		
(in millions of euros)	Securi-tization	Asset Mana-gement	Total	Securi-tization	Asset Mana-gement	Total
Revenues drawn from the entities	**3**	**185**	**188**		**154**	**154**
Revenues net of interest	1	0	1		0	0
Revenues net of fees and commissions	1	142	143		148	148
Net gains or losses on instruments at fair value through profit or loss	1	43	44		5	5
Carrying value of the assets transferred from the entity during the year*	**948**	**-**	**948**	**1,181**	**-**	**1,181**

* *The carrying amount of assets transferred to these vehicles corresponds to the assets sold by Natixis during 2019 and 2018, if the information on the amounts sold by all of the 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 or 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 the Corporate & Investment Banking business;
- **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 resulting from the derecognition of instruments at amortized cost".

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 and sell 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.

6.1.5 Financial assets at fair value through profit or loss

Financial assets recorded in the fair value through profit or loss 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;
- 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 respectively received or given 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

After the sale of its leasing business to BPCE in the first quarter of 2019, Natixis' leasing business line is no longer significant at December 31, 2019 *(see Notes 3.1 and 8.6.2.2)*.

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.

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.

5

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.

Finance lease contract revenues corresponding to interest are recognized in the income statement under "Interest and similar income".

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

The lease contracts taken out by Natixis are recognized on the balance sheet under "right-of-use" on the asset side and under "financial liabilities" on the liabilities side in respect of rents and other payments made over the duration of the lease, unless the lease term is 12 months or less or the underlying asset has a low value, as provided for under IFRS 16. Natixis used the indicative threshold of USD 5,000 provided by the IASB (in the Basis of Conclusions) to define low-value assets and elected to exclude certain contracts where such exceptions have a non-material impact on its financial statements.

Lease term

The use of rights is amortized on a straight-line basis and financial liabilities are amortized on an actuarial basis over the term of the lease. IFRS 16 defines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. In general, the term is 9 years for "3/6/9" real estate leases under French law. Outside France, and particularly in English-speaking countries (e.g., Natixis' US subsidiaries), the term of real estate leases may range from 10 to 15 years. It is stipulated that a lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

Natixis assesses whether it is reasonably certain to exercise an option by considering all relevant facts and circumstances that create an economic incentive for it to exercise, or not to exercise, the option, such as:

- contractual terms and conditions for the optional periods compared with market rates (amount of payments for the lease including payments resulting from termination penalties and residual value guarantees);
- significant leasehold improvements undertaken;
- costs relating to the termination of the lease (negotiation costs, relocation costs, costs of identifying another underlying asset suitable for the lessee's needs, costs associated with returning the underlying asset in a contractually specified condition, etc.);
- the importance of the underlying asset for Natixis' operations considering whether it is a specialized asset or its location;
- its past practice of renewing leases of similar assets, but also its strategy regarding the future use of the assets.

Measurement of lease liabilities

At the lease commencement date, payment taken into account to determine lease liabilities include payments for the right to use the underlying asset during the lease term that are not paid at the commencement date, i.e.:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable. In-substance fixed lease payments are payments that may, in form, contain variability but that, in substance, are unavoidable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- and, where applicable, any amounts expected to be payable by Natixis to the lessor under residual value guarantees, purchase options or payments of penalties for terminating the lease.

Payments taken into account to determine lease liabilities exclude value added tax and housing tax, which fall under the scope of interpretation of IFRIC 21 "Levies", as well as property tax and insurance premiums charged (where applicable) by the lessor, which constitute variable lease payments (where the amounts reimbursed are not contractually predetermined).

In accordance with IFRS 16, lease payments are discounted at the interest rate implicit in the lease, i.e. the lessee's incremental borrowing rate, which is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Natixis applies the marginal rate to its lease payments. This marginal rate depends on the contract term and currency. It also takes into account Natixis' credit spread and the entities being refinanced by Natixis.

Lease liabilities are booked under "Accrual accounts and other liabilities" in the consolidated balance sheet. The interest expense relating to the financial liability is recognized under "Interest and similar expenses".

Recognition of a right-of-use asset

At the inception of the lease, the right-of-use asset is recognized at a value equal to the lease liability amount at that date, adjusting for payments made to the lessor prior to or on that date and not therefore included in the measurement of the lease liability, less any lease incentives received. Where applicable, this amount is adjusted to take into account the initial direct costs incurred by the lessee and an estimate of the costs of dismantling and refitting, to the extent that the terms and conditions of the lease so require, in which case an outflow is likely and can be estimated to a sufficient degree of reliability.

Right-of-use assets are recognized under "Property, Plant and Equipment" in the consolidated balance sheet, within the same line item as assets of the same nature and which are wholly owned.

The right-of-use amortization expense is recorded in the income statement under "Depreciation, amortization and impairment of property, plant and equipment and intangible assets".

The value of rights of use may be subsequently adjusted in the event the lease is amended or the lease term re-estimated, and to factor in any contractual rent changes stemming from the application of an index or rate.

6.3 Impairment of assets at amortized cost and at fair value through other comprehensive income and provisions for financing and guarantee commitments

General principles

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 in 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 in income 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 in income 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 of 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 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 the category of the asset). 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".

Principles the recognition of impairment losses and provisions

Credit risk deterioration criteria

For operating lease or lease financing receivables (falling within the scope of IAS 17 at December 31, 2018, and IFRS 16 at December 31 2019) 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 (measured as a cycle average 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 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 managed under Natixis' liquidity reserve, as defined by Basel 3 regulations. "Investment grade" status refers to securities with a rating of BBB- or higher and equivalent at Standard and Poor's, Moody's or Fitch. .

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 Regulation (EU) No 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.

Provision recording method

Calculating expected losses on Stage 1 or Stage 2 assets

Expected credit losses on Stage 1 or Stage 2 assets are calculated using the following formula:

$$\sum_{t} EAD(t) \; x \; PD(t) \; x \; LGD$$

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:

- interest rates and certain indices (S&P 500 index, US stock market volatility index VIX, etc.);
- certain macro-economic variables, such as GDP, inflation, the unemployment rate and Brent prices.

The best case and worst case economic scenarios aim to represent the uncertainty surrounding the estimated economic variables in the central scenario. 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.

All three scenarios are defined using the same organization structure and governance as for the budget process, with an annual review based on proposals from the Economic Research Department. 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.

At December 31, 2019, the weightings of each scenario were as follows:

- central scenario: 80%;
- optimistic scenario: 10%;
- pessimistic scenario: 10%.

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 Groupe BPCE. As such, model validation undergoes a review process by an independent internal model validation unit.

Calculating expected credit losses on Stage 3 assets

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.

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). 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 "Gains and losses recognized directly in equity" 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). 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 recorded in 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 in 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;
- if the market for a financial instrument is not active, fair value is established using valuation techniques. 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 and credit risk premiums in order to account for the costs resulting from an exit transaction on the main market. Similarly, an assumptions-based Funding Value Adjustment (FVA), aiming to factor in the 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:

Bid/ask adjustment – Liquidity risk

This adjustment is the difference between the bid price and the ask price corresponding with the selling costs. It reflects the remuneration 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.

Adjustment for model uncertainty

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 in valuation.

Adjustment for input uncertainty

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 of different values being used for the same inputs when evaluating the fair value of the financial instrument adopted by the market participants.

Value adjustment for counterparty risk (Credit Valuation Adjustment – CVA)

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 of 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.

Value adjustment for own credit risk (Debit Valuation Adjustment – DVA)

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' credit quality on the valuation of these instruments. The adjustment is made by observing "zéro-coupon" spreads on a sample of comparable entities, taking into account the liquidity of BPCE' "zéro coupon" spread over the period. The funding valuation adjustment (FVA) is taken into account in the DVA calculation.

Identifying an active market

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;
- large bid-ask price spread;
- steep price volatility over time or between different market participants.

The valuation control procedure is presented in section 3.2.5 "Market risks" of Chapter 3 "Risk factors, risk management and Pillar III".

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 former GAPC assets

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 was 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 was protected from the very first euro in default up to 85% of the default amount;

  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 recognized in income, this premium was not immediately recorded either in income or 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 amendments to IAS 39 and IFRS 7 published on October 13, 2008.

  At December 31, 2019, this financial guarantee, which had virtually no impact at December 31, 2018, was terminated and gave rise to a €6.1 million gain;
- 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 had purchased an option from BPCE which 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.

Natixis exercised the option at maturity (i.e. July 1, 2019). Exercising this option had no impact on Natixis' income statement as the changes in the option's fair value were recognized in income at inception. In addition, a reverse TRS was implemented on July 1, the characteristics of which are symmetrical to those of the TRS in euros and in dollars implemented when the guarantee was first arranged.

Note that the TRS and the option had virtually no impact on Natixis' income statement at December 31, 2018.

These two contracts were terminated as of December 31, 2019.

6.8 Property, plant and equipment, intangible assets (excluding goodwill) and investment property

Fixed assets recognized on the balance sheet include property, plant and equipment, intangible assets, and investment property. The rights of use in respect of leased assets (of which the main items are described in Note 6.2) are presented under fixed asset lines corresponding to similar assets owned of which Natixis has full ownership.

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.

For both, the 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	20-40 years
Foundations and framework	30-60 years
External rendering	10-20 years
Equipment and installations	10-20 years
Internal fixtures and fittings	8-15 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 and 10 years in Australia).

Depreciation periods must be reviewed annually and, where applicable, the impact of any change in estimate is recognized prospectively, in income, from the date of the change.

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".

Impairment

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

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, 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 “Deposits from banks”, “Customer deposits”, “Debt securities in issue” 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 of the risks and rewards of ownership are transferred.

If Natixis has neither transferred the contractual rights nor substantially retained all of 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 of 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 Pillar III”.

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, 2019 and as at December 31, 2018, are presented in Note 8.16 “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 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 equity".

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 8.15 "Changes in subordinated debt over the period", and in Note 13.3 "Capital management";
- however, if an instrument is classified as equity:
  - payments on that instrument are treated in the same way as dividends. However, the tax consequences of these distributions are recognized, depending on the origin of the amounts distributed, in the consolidated reserves, as gains or losses recorded directly in equity or in income, in accordance with the amendment to IAS 12 of December 2017 entering into force on January 1, 2019. Accordingly, when the distribution corresponds to the IFRS 9 definition of dividends, the tax consequences are recorded in income. This provision is to be applied to any interest income from deeply super subordinated notes treated as dividends for accounting purposes,
  - 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 bonus 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 the continued service requirements into account.

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 continued service requirement 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 continuing 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, or that of its subsidiaries' shares, with the result that the plan is 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, or that of its subsidiaries' shares, 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 recorded directly in income.

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

Under IFRS 15 "Revenue from contracts with customers", 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. Revenue is recognized in five stages:

- 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.

This approach applies to all contracts with customers except for leases (covered by IFRS 16), 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 be applied first.

The main Natixis activities to which this approach applies are:

- 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.

Commission income is 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.

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.

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.

Fees for structuring and arrangement relating to the arranging of certain customer loans, notably as part of syndication transactions, are recognized in income at the legal date on which the transaction is completed or at the end of the syndication period (in the case of syndicated loans).

Fees and commissions that form an integral part of the effective yield on an instrument, such as fees 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 "Net fee and commission income".

Any mismatch between the date of payment and the date of implementation of the service will generate an assets or liability depending on the type of contract and the nature of the mismatch and will be recorded under "Other assets" and "Other liabilities".

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 deferred tax rate applied in France takes account of the tax cuts introduced by parliament through the various Finance laws. The rate of corporate tax will decline (excluding a social security contribution impact of 3.3%) to 31% in 2020 (for the share of taxable income above €500,000), to 27.5% in 2021 (for all taxable income) and to 25% in 2022 and subsequent years.

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.

As of January 1, 2019, compensation amounting to less than 2.5 times the French minimum wage no longer qualifies for the Competitiveness and Employment Tax Credit (CICE) following the decrease in employer contributions granted thereto. Natixis does not therefore benefit from the CICE in respect of 2019 (since this tax credit fell within the scope of IAS 19 "Employee Benefits", it had been presented as a deduction from the related payroll costs).

6.21 Financing and guarantee commitments

a) Financial Guarantees

Commitments given

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 8.16 "Summary of provisions".

All of 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" *(see 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 were recognized as financial guarantees and provisioned in accordance with IFRS 9 until December 31, 2018, due to the difficulty in determining their fair value. Based on an in-depth review conducted in the first half of 2019, these guarantees were recorded as derivative instruments subject to fair value measurement in accordance with IFRS 13.

They were recorded under "Other bonds and endorsements given" for €5,383 million at December 31, 2018.

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:

- IFRS 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 8.16 "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 French Ministerial Order 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 Regulation (EU) No 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 2019. 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, 2019.

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, modeling 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.

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 at amortized cost

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.

Lease terms

In application of IFRS 16, Natixis uses its own expert judgment when estimating the lease terms to be applied for the recognition of rights of use and lease liabilities.

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.

Liabilities related to insurance policies

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 Non-Life 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 paid 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 tax losses 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, Natixis 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. This deadline was postponed three times, ultimately falling on January 31, 2020. This led into a transition period, running until December 31, 2020, during which time trade agreements concerning the future exchange of goods and services will be negotiated and current European rules will continue to apply.

The political and economic consequences of Brexit are now contingent upon the agreements reached over the course of 2020, bearing in mind that European legislators already consider this schedule much too tight.

In light of this situation, Natixis has prepared for the various possible withdrawal outcomes and will be closely monitoring the conclusions of these negotiations so that, where necessary, these may be factored into the assumptions and estimates made when preparing the consolidated financial statements. The potential non-recognition of British CCP under European regulations is no longer a risk in the short term.

Uncertainties related to the application of certain provisions of the BMR

Regulation (EU) 2016/1011 of June 8, 2016 on the indices used as benchmarks ("the Benchmark 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 Benchmark 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, 2022 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, interest rate benchmarks Euribor, Libor and Eonia have been designated as critical.

In the euro zone, most of the uncertainties surrounding the definition of new benchmark rates were cleared up in the first of half 2019. Indeed, the work done to propose new indices was finalized in the case of Eonia, which became a €STER tracker on October 1, 2019 and will continue to be one until December 31, 2021. The latter will replace the so-called "recalibrated" Eonia from January 1, 2022. As regards the Euribor, a new calculation methodology (recognized by the Belgian regulator as complying with BMR requirements), aimed at switching to a "hybrid" Euribor, was finalized in November 2019.

As far as the Libor is concerned, alternative "risk-free-rates" have been defined for the GBP, USD; CHF and JPY Libor, although proposals are still being developed for forward structures based on these alternative rates. As it stands, there is still significantly more uncertainty surrounding transactions using the Libor.

Since the first half of 2018, Natixis has had a project team in place tasked with anticipating the impacts associated with the benchmark index reform from a legal, commercial, financial and accounting standpoint. Governance involving all four Natixis business lines has been set up to analyze the operational aspects of this issue. In 2019, it focused on the Euribor reform and the transition from Eonia to €STR. A new, more operational phase began in 2020 on the transition and the reduction of exposure to benchmarks that may disappear. It covers the use of new indices, inventory remediation and more active communication with bank clients.

With regard to the latter point, the IASB published the amendments to IFRS 9, IAS 39 and IFRS 7, in respect of hedging-related issues, in September 2019. The amendments to IAS 39 and IFRS 9 provide for temporary exceptions to the requirements set forth by these standards in terms of hedge accounting, while the amendments to IFRS 7 require that, in respect of the hedging relationships to which these exceptions apply, information be provided on the entities' exposure to the IBOR reforms, the way they manage the transition to alternative benchmark rates, and the assumptions or judgments made in order to apply these amendments. Through these amendments, the IASB aims to prevent entities from having to discontinue hedging relationships due to uncertainties associated with the IBOR reform. Talks are underway at the IASB with regard to post-IBOR reform considerations. No draft text has been published at this stage. Accordingly, in respect of this transition, close attention will need to be paid to the potential impacts of the reform in terms of the modification or derecognition of IBOR-indexed financial assets and liabilities, and also the application of the SPPI criterion, fair value and hedging relationships during the transition.

6.24 Earnings 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.

	31/12/2019	31/12/2018
Earnings/(loss) per share		
Net earnings/(loss) Group share *(in millions of euros)*	1,897	1,577
Net earnings/(loss) attributable to shareholders *(in millions of euros)* [(a)]	1,758	1,480
Average number of ordinary shares outstanding over the period	3,152,619,870	3,144,191,001
Average number of treasury shares outstanding over the period	2,446,353	2,256,353
Average number of shares used to calculate earnings/(loss) per share	3,150,173,517	3,141,934,648
EARNINGS/(LOSS) PER SHARE *(IN EUROS)*	**0.56**	**0.47**
Diluted earnings/(loss) per share		
Net earnings/(loss) Group share *(in millions of euros)*	1,897	1,577
Net earnings/(loss) attributable to shareholders *(in millions of euros)* [(a)]	1,758	1,480
Average number of ordinary shares outstanding over the period	3,152,619,870	3,144,191,001
Average number of treasury shares outstanding over the period	2,446,353	2,256,353
Number of potential dilutive shares resulting from stock option plans and bonus share awards [(b)]	7,988,464	8,450,160
Average number of shares used to calculate diluted earnings/(loss) per share	3,158,161,981	3,150,384,808
DILUTED EARNINGS/(LOSS) PER SHARE *(IN EUROS)*	**0.56**	**0.47**

(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. -€138.1 million at December 31, 2019 and -€96.5 million at December 31, 2018 (gross amount of -€141.2 million and tax impact of +€44.7 million).

(b) This number of shares refers to the shares granted under the 2017, 2018 and 2019 Bonus Share Plans (PAGA), the 2016, 2017 and 2019 Long-Term Incentive Plans (LTIP) and the 2018 Payment Business Line Plan (PMP).

Note 7 Notes to the income statement

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).

	31/12/2019			31/12/2018		
(in millions of euros)	**Income**	**Expense**	**Net**	Income	Expense	Net
Financial assets and liabilities at amortized cost	**3,452**	**(2,683)**	**769**	**3,463**	**(2,256)**	**1,207**
Central banks	346	(93)	253	342	(136)	206
Interest on securities	87	(92)	(5)	76	(72)	4
Receivables, loans and borrowings	3,019	(1,447)	1,571	3,045	(1,395)	1,650
Banks	306	(823)	(516)	256	(1,003)	(747)
Customers	2,706	(624)	2,082	2,452	(392)	2,060
Finance leases	6		6	337		337
Debt securities and subordinated debt		(1,031)	(1,031)		(653)	(653)
Lease liabilities [(a)]		(20)	(20)			
Financial assets at fair value through other comprehensive income	**104**		**104**	**97**		**97**
Interest on securities	104		104	96		96
Loans and receivables	0		0	0		0
Financial instruments to be valued at fair value through profit or loss	**56**		**56**	**81**		**81**
Loans and receivables	39		39	61		61
Interest on securities	17		17	20		20
Hedging derivatives	**336**	**(461)**	**(126)**	**414**	**(602)**	**(188)**
TOTAL [(b)]	**3,948**	**(3,144)**	**803**	**4,054**	**(2,859)**	**1,196**

(a) The impacts associated of the first-time application of IFRS 16 are addressed in Note 2.
(b) At December 31, 2018, the SFS division's retail banking entities recognized in assets held for sale contributed +€426.1 million to the interest margin.

5

7.2 Net fee and commission income

The method of accounting for fees and commissions received in respect of services or financial instruments depends on the ultimate purpose of the services rendered and the method of accounting for the financial instruments to which the service relates. The main accounting principles applying are presented in Note 6.19.

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.

As stipulated by the contractual provisions in their prospectuses, performance fees will be paid on certain funds managed by Natixis Investment Managers affiliates that outperform.

	31/12/2019			31/12/2018		
(in millions of euros)	**Income**	**Expense**	**Total**	Income	Expense	Total
Interbank transactions	7	(29)	(22)	4	(45)	(41)
Transactions with customers	553	(2)	551	768	(16)	752
Securities transactions	69	(124)	(55)	73	(157)	(83)
Payment services	473	(61)	412	422	(50)	372
Financial Services	229	(598)	(369)	460	(728)	(268)
Fiduciary transactions [(a)]	4,007	0	4,007	3,831	0	3,831
Financing, guarantee, securities and derivative commitments	235	(117)	118	266	(134)	132
Other [(b)]	147	(1,265)	(1,119)	143	(1,192)	(1,050)
TOTAL [(c)]	**5,719**	**(2,197)**	**3,523**	**5,967**	**(2,322)**	**3,645**

(a) *Of which performance fees in the amount of €627 million (of which €537 million for Europe) at December 31, 2019, versus €426 million (of which €420 million for Europe) at December 31, 2018.*

(b) *Of which net fee and commission income of -€1,243 million at December 31, 2019, versus -€1,170 million at December 31, 2018, for insurance activities, for which the related income is presented as "Net income from insurance activities".*

(c) *At December 31, 2018, the SFS division's retail banking entities recognized in assets held for sale contributed +€107 million to net fee and commission income.*

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)	31/12/2019	31/12/2018
Net gains/(losses) on financial assets and liabilities excluding hedging derivatives	**2,004**	**1,757**
Net gains/(losses) on financial assets and liabilities held for trading [(b)]	5,275	306
o/w derivatives not eligible for hedge accounting	*(463)*	*1,955*
Net gains/(losses) on financial assets to be valued at fair value through profit or loss	268	(135)
Net gains/(losses) on financial assets and liabilities under the fair value option	(3,714)	1,374
Other	175	213
Hedging derivatives and revaluation of hedged items	**(18)**	**7**
Ineffective portion of cash flow hedges (CFH)	0	0
Ineffective portion of fair value hedges (FVH)	(18)	7
Changes in fair value hedges	*(115)*	*(75)*
Changes in hedged items	*97*	*82*
TOTAL [(a)]	**1,986**	**1,764**

(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: an increase of €1.8 million in cumulative impairments during fiscal year 2019, versus a decrease of €39.9 million (income) in cumulative impairments at December 31, 2018 (excluding the currency impact and the impact of the BPCE guarantee), bringing cumulative impairments to €25.1 million at December 31, 2019, versus €23.3 million at December 31, 2018;
- at December 31, 2019, recognized own credit risk adjustments to derivatives (debit valuation adjustments or DVA) stood at -€35.4 million (expense), versus €13.9 million (income) at December 31, 2018.
Furthermore, credit risk adjustments related to the valuation of counterparty risk (credit valuation adjustments or CVA) on financial assets amounted to -€1.2 million (expense) at December 31, 2019 versus an expense of €27.4 million at December 31, 2018;
- the Funding Valuation Adjustment (FVA) used on uncollateralized derivatives or imperfectly collateralized derivatives is also recognized on this line in the amount of €12.8 million (income) at December 31, 2019 versus -€64.1 million (expense) at December 31, 2018;
- over the 2019 fiscal year, the market risks associated with certain transactions comprising the Asia derivatives portfolio (see Note 8.5.d) were transferred to external counterparties. At the same time, the €173 million in provisions recorded at December 31, 2018 were reversed in full over the 2019 fiscal year.

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)	31/12/2019	31/12/2018
Net gains on debt instruments	9	4
Net gains on loans and receivables		
Net gains on equity instruments (dividends)	31	2
TOTAL	**40**	**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".

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, 2019, net gains or losses resulting from the derecognition of instruments at amortized cost include -€7 million in losses recorded following the sale of financial assets at amortized cost and (versus -€4 million at December 31, 2018) and -€3 million of losses related to the sale of debt securities at amortized cost (versus +€1 million at December 31, 2018).

7.6 Other income and expenses

Income and expenses from other operations mainly comprise income and expenses relating to finance leases and investment property.

	31/12/2019			31/12/2018		
(in millions of euros)	**Income**	**Expense**	**Net**	Income	Expense	Net
Finance leases			0	188	(187)	1
Investment property			0	12	(8)	4
Sub-total real estate activities [(a)]	**0**	**0**	**0**	**200**	**(195)**	**6**
Operating leases	30		30	122	(94)	28
Other related income and expenses [(b)]	221	(167)	54	349	(284)	65
TOTAL	**251**	**(167)**	**85**	**671**	**(573)**	**99**

(a) At December 31, 2018, real estate operations were exclusively carried by the SFS division's retail banking entities.

(b) At December 31, 2018, the SFS business lines recognized in non-current assets held for sale as at December 31, 2018 contributed a total of €21 million to other income and expenses (of which +€237 million in income and -€216 million in expenses).

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	**31/12/2019**	31/12/2018
Payroll costs	**12.2**		
Wages and salaries [(a)]		(2,830)	(2,861)
o/w share payments [(b)]		*(54)*	*(46)*
Pension benefits and other long-term employee benefits		(285)	(251)
Social security expenses		(606)	(657)
Incentive and profit-sharing plans		(136)	(152)
Payroll-based taxes		(117)	(136)
Other [(c)]		(6)	(4)
Total payroll costs		**(3,980)**	**(4,061)**
Other operating expenses			
Taxes other than on income [(d)]		(315)	(347)
External services		(1,870)	(2,137)
Other		(43)	(23)
Total other operating expenses		**(2,228)**	**(2,508)**
TOTAL		**(6,208)**	**(6,569)**

(a) Of which €7.5 million in respect of the Competitiveness and Employment Tax Credit (CICE) at December 31, 2018. The CICE was eliminated from January 1, 2019.

(b) The amount recognized for 2019 in respect of the retention and performance plans includes an expense of €44 million (versus €27 million at December 31, 2018) for the portion of compensation paid in cash and indexed to the Natixis share price and an additional expense of €10 million (versus €17 million at December 31, 2018) for the portion of compensation settled in Natixis shares;

(c) Of which €1.8 million at December 31, 2018 related to the Coface restructuring plan;

(d) Of which a contribution of €169.7 million to the Single Resolution Fund (SRF) at December 31, 2019, versus €163.8 million at December 31, 2018;
Of which the Social Security and Solidarity Contribution (C3S) for €33.8 million at December 31, 2019, versus €37.7 million at December 31, 2018.

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.

	31/12/2019					31/12/2018				
(in millions of euros)	**Charges**	**Net reversals**	**Write-offs not covered by provisions**	**Recoveries of bad debts written off**	**Net**	Charges	Net reversals	Write-offs not covered by provisions	Recoveries of bad debts written off	Net
Provisions for impairment of financial assets	**(872)**	**561**	**(9)**	**4**	**(316)**	**(1,114)**	**1,019**	**(70)**	**14**	**(152)**
Unimpaired financial assets – 12-month expected credit losses	(74)	61	0	0	(13)	(70)	61	0	0	(10)
Unimpaired financial assets – Lifetime expected credit losses	(244)	266	0	0	22	(326)	418	0	0	92
Impaired financial assets – Lifetime expected credit losses	(554)	234	(9)	4	(325)	(718)	540	(70)	14	(234)
Contingency reserves	**(275)**	**262**	**(2)**	**0**	**(15)**	**(361)**	**301**	**(3)**	**0**	**(63)**
Financing commitments – 12-month expected credit losses	(29)	26	0	0	(3)	(30)	31	0	0	1
Financing commitments – Lifetime expected credit losses	(166)	174	0	0	8	(192)	227	0	0	35
Impaired financing commitments – Lifetime expected credit losses	(75)	50	(0)	0	(25)	(31)	34	(1)	0	2
Other	(5)	11	(2)	0	4	(108)	9	(3)	0	(101)
TOTAL	**(1,147)**	**823**	**(11)**	**4**	**(332)**	**(1,475)**	**1,320**	**(74)**	**14**	**(215)**
Of which:										
Reversals of surplus impairment provisions		*823*					*1,320*			
Reversals of utilized impairment provisions		*194*					*286*			
Sub-total reversals		***1,017***					***1,606***			
Write-offs covered by provisions		*(194)*					*(286)*			
Total net reversals		***823***					***1,320***			

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.

(in millions of euros)	31/12/2019			31/12/2018		
	Investments in consolidated companies	Property, plant and equipment and intangible assets	TOTAL [a]	Investments in consolidated companies [b]	Property, plant and equipment and intangible assets [c]	TOTAL
Net capital gains/(losses) on disposals	627	60	687	49	5	54
TOTAL	**627**	**60**	**687**	**49**	**5**	**54**

(a) *Including €697.1 million for the sale of the SFS business lines (see Note 3.1) and -€14.7 million for the sale of Natixis Brasil.*

(b) *Including +€7.6 million related to the settlement of the previously completed disposal of a portion of the Private Equity business and -€2.2 million related to the disposal of Cofacrédit (held by Coface).*

(c) *Including +€4.2 million following the disposal and decommissioning of intangible assets.*

7.10 Reconciliation of the tax expense in the financial statements and the theoretical tax expense

(in millions of euros)	31/12/2019	31/12/2018*
+ Net income group share	1,897	1,577
+ Net income (non-controlling interests)	380	304
+ Income tax charge	669	781
+ Income from discontinued operations		
+ Impairment of goodwill	(5)	0
- Share in income of associates	(21)	(29)
= Consolidated net income/(loss) before tax, goodwill amortization and share in income of associates	2,919	2,632
+/- Permanent differences [a]	(110)	277
= Consolidated taxable income/(loss)	2,809	2,909
x Theoretical tax rate [b]	34.43%	34.43%
= Theoretical tax charge	(967)	(1,002)
+ Income taxed at reduced rates	0	(1)
+ Losses for the period not recognized for deferred tax purposes	(7)	(36)
+ Impact of tax consolidation	16	23
+ Differences in foreign subsidiary tax rates	209	153
+ Tax on prior periods and other tax items [c]	80	82
= Tax charge for the period	(669)	(781)
Of which:		
taxes payable	*(522)*	*(510)*
deferred tax	*(147)*	*(271)*

* *Amounts restated relative to the financial statements published in 2018.*

(a) *Permanent differences includes the share of the tax-exempt long-term capital gain relating to the sale of the SFS business lines to BPCE (-€454 million) and the non-deductible capital loss on the disposal of Natixis Brasil (+€14.7 million), as well as the impacts of the non-deductible regulatory contributions of +€130 million at 31/12/2019 versus +€131.4 million at 31/12/2018.*

(b) *In 2019, the theoretical tax rate incorporates the 3.3% social security contribution on the corporate tax amount. For the sake of comparison, 2018 data were restated.*

(c) *Of which in 2019: +€47.5 million in respect of interest due on perpetual deeply subordinated notes and, in 2018, +€20 million for reversals of provisions for corporate tax refunds relating to non-consolidated entities and that are no longer applicable and +€20 million in reversals of provisions for tax risks following the completion of tax audits conducted that year.*

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.

Financial instruments that must be measured at fair value through profit or loss include debt instruments and non-SPPI loans (for which the classification criteria are provided in Note 6.1.2), and equity instruments that we have opted not to recognize in other comprehensive income.

	31/12/2019				31/12/2018			
(in millions of euros)	Financial assets held for trading	Financial assets to be valued at fair value through profit or loss [a]	Financial assets designated under the fair value option [b]	Total	Financial assets held for trading	Financial assets to be valued at fair value through profit or loss [a]	Financial assets designated under the fair value option [b]	Total
Note			*5.1.1.1*				*5.1.1.1*	
Securities	**51,164**	**2,700**	**43**	**53,907**	**34,950**	**3,015**	**0**	**37,965**
Debt instruments	15,004	1,865	43	16,912	12,189	2,263	0	14,453
Equity instruments	36,160	835	0	36,995	22,761	752	0	23,513
Financing against reverse repos [c]	**89,971**			**89,971**	**95,300**			**95,300**
Loans and receivables	**4,612**	**1,715**	**2**	**6,329**	**3,884**	**1,871**	**2**	**5,757**
Banks	13	999	2	1,014	10	1,031	2	1,042
Customers	4,599	716	0	5,315	3,874	840	0	4,715
Derivative instruments not eligible for hedge accounting [c]	**60,880**	**0**	**0**	**60,880**	**57,161**	**0**	**0**	**57,161**
Security deposits paid	**17,715**	**0**	**0**	**17,715**	**17,903**	**0**	**0**	**17,903**
TOTAL	**224,342**	**4,415**	**45**	**228,802**	**209,198**	**4,886**	**2**	**214,086**

(a) The criteria for classifying financial assets at fair value through profit or loss if they do not meet the SPPI criterion used by Natixis are provided in Note 6.1.2.
(b) Only in the case of an accounting mismatch as defined by IFRS 9 (see Note 6.1.5).
(c) The information presented takes into account the impact of offsetting carried out in accordance with IAS 32 (see Note 8.3).

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.

(in millions of euros)	31/12/2019 Financial liabilities issued for trading	31/12/2019 Financial liabilities designated under the fair value option	31/12/2019 Total	31/12/2018 Financial liabilities issued for trading	31/12/2018 Financial liabilities designated under the fair value option	31/12/2018 Total
Note		*8.1.2.1 and 8.1.2.2*			*8.1.2.1 and 8.1.2.2*	
Securities	**18,840**	**24,759**	**43,598**	**21,062**	**22,132**	**43,194**
Debt securities	297	24,659	24,955	301	22,032	22,332
Subordinated debt	0	100	100	0	100	100
Short sales	18,543	0	18,543	20,761	0	20,761
Repurchased securities [(a)]	**96,032**	**0**	**96,032**	**90,812**	**0**	**90,812**
Liabilities	**12**	**3,933**	**3,945**	**14**	**4,579**	**4,593**
Due to banks	0	96	96	0	67	67
Customer deposits	12	139	151	14	123	137
Other liabilities	0	3,699	3,699	0	4,389	4,389
Derivative instruments not eligible for hedge accounting [(a)]	**59,718**	**0**	**59,718**	**57,160**	**0**	**57,160**
Security deposits received	**14,985**	**0**	**14,985**	**12,423**	**0**	**12,423**
TOTAL	**189,587**	**28,692**	**218,279**	**181,472**	**26,711**	**208,183**

(a) The information presented takes into account the impact of offsetting carried out in accordance with IAS 32 (see Note 8.3).

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 6.1.5)*.

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.

(in millions of euros)	31/12/2019 Carrying amount	31/12/2019 Accounting mismatch	31/12/2019 Managed on a fair value basis	31/12/2019 Embedded derivatives	31/12/2018 Carrying amount	31/12/2018 Accounting mismatch	31/12/2018 Managed on a fair value basis	31/12/2018 Embedded derivatives
Due to banks	96	6		90	67	6		61
Customer deposits	139	0		139	123	0		123
Debt securities	24,659	20,569		4,090	22,032	17,770		4,261
Subordinated debt	100	0		100	100	0		100
Other liabilities	3,699	3,699			4,388	4,389		0
TOTAL	**28,693**	**24,274**		**4,419**	**26,711**	**22,165**		**4,545**

Some liabilities issued and recognized under the fair value option through profit or 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.

Financial liabilities under the fair value option for which credit risk is recognized in shareholders' equity

	31/12/2019				31/12/2018			
(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)]	24,659	23,921	738	115	22,032	24,547	(2,515)	(111)
Subordinated debt [(a)]	100	100	0	(1)	100	101	(1)	(4)
TOTAL [(b)]	**24,759**	**24,021**	**738**	**114**	**22,132**	**24,648**	**(2,516)**	**(115)**

(a) *Balancing payments relating to the early redemption of Natixis issues recognized in shareholders' equity over the 2019 fiscal year totaled -€2 million versus €5.3 million over the 2018 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 €113.5 million at December 31, 2019 versus -€114.9 million at December 31, 2018. 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

	31/12/2019			31/12/2018		
(in millions of euros)	Carrying amount	Amount contractually due at maturity	Difference between carrying amount and amount contractually due at maturity	Carrying amount	Amount contractually due at maturity	Difference between carrying amount and amount contractually due at maturity
Due to banks	96	92	4	67	64	3
Customer deposits	139	140	(1)	123	126	(3)
Other liabilities	3,699	3,699	0	4,389	4,389	0
TOTAL	**3,933**	**3,930**	**3**	**4,579**	**4,579**	**0**

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.

	31/12/2019			31/12/2018		
(in millions of euros)	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Organized market	**440,421**	**1,260**	**918**	**630,231**	**1,719**	**2,715**
Interest rate derivatives	335,787	343	215	479,400	256	629
Currency derivatives	60			151		
Equity derivatives	103,030	916	703	150,015	1,463	2,086
Credit derivatives						
Other contracts	1,544			665		
Over-the-counter	**4,885,215**	**59,620**	**58,800**	**4,677,487**	**55,442**	**54,445**
Interest rate derivatives	3,671,207	43,329	40,654	3,425,424	36,145	35,649
Currency derivatives	952,824	12,743	12,588	1,007,867	13,021	12,383
Equity derivatives	139,702	2,452	4,140	118,497	4,810	5,091
Credit derivatives	30,034	602	818	30,807	979	564
Other contracts	91,448	494	600	94,892	487	758
TOTAL	**5,325,636**	**60,880**	**59,718**	**5,307,718**	**57,161**	**57,160**
o/w banks	***1,675,240***	***41,453***	***39,350***	***1,701,854***	***38,890***	***36,557***
o/w other financial companies	***2,933,498***	***12,371***	***14,177***	***2,712,919***	***11,606***	***12,858***

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.

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 hedging was also used by the leasing business, of which most entities were sold to BPCE in the first quarter of 2019 *(see Note 4.1)*.

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.

	31/12/2019			31/12/2018		
(in millions of euros)	**Notional**	**Fair value assets**	**Fair value liabilities**	Notional	Fair value assets	Fair value liabilities
Cash flow hedges	**17,060**	**60**	**100**	**14,484**	**53**	**105**
Over-the-counter	**17,060**	**60**	**100**	**14,484**	**53**	**105**
Interest rate derivatives	16,738	60	100	14,484	53	105
Currency derivatives	322					
Fair value hedges	**180,104**	**265**	**526**	**168,500**	**253**	**423**
Over-the-counter	**180,104**	**265**	**526**	**168,500**	**253**	**423**
Interest rate derivatives	180,104	265	526	168,495	253	423
Currency derivatives				5		
TOTAL	**197,164**	**325**	**626**	**182,984**	**306**	**529**

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.

8.2.1 Schedule of hedging derivatives

The table below shows the breakdown of the notional amounts of the derivatives by maturity date.

	31/12/2019					31/12/2018				
Notional *(in millions of euros)*	Less than 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total	Less than 1 year	1 to 5 years	6 to 10 years	Over 10 years	Total
Interest rate hedges	**26,451**	**85,103**	**51,762**	**33,526**	**196,842**	**30,620**	**85,121**	**42,395**	**24,843**	**182,979**
Cash flow hedges	313	2,436	5,064	8,924	16,738	216	2,871	3,284	8,112	14,484
Fair value hedges	26,138	82,666	46,699	24,601	180,104	30,403	82,251	39,111	16,730	168,495
Currency hedges			**316**	**6**	**322**	**5**				**5**
Cash flow hedges			316	6	322					
Fair value hedges			0	0	0	5				5
TOTAL	**26,451**	**85,103**	**52,078**	**33,532**	**197,164**	**30,624**	**85,121**	**42,395**	**24,843**	**182,984**

8.2.2 Fair value hedging of assets and liabilities

	Hedging of interest rate risk			Hedging of interest rate risk		
	31/12/2019			31/12/2018		
(in millions of euros)	Carrying amount	of which revaluation of the hedged portion	Hedged portion still to be deferred	Carrying amount	of which revaluation of the hedged portion	Hedged portion still to be deferred
Assets	**21,654**	**212**	**1**	**21,168**	**11**	**(2)**
Financial assets at fair value through equity	**10,407**	**28**		**8,933**	**(118)**	
Fixed-income securities	10,198	28		8,850	(118)	
Equities and other variable-income securities	209			83		
Financial assets at amortized cost	**11,247**	**184**	**1**	**12,235**	**129**	**(2)**
Loans and receivables due from banks	7,909	154	1	9,732	116	(2)
Loans or receivables due from customers	3,300	30		2,503	13	
Fixed-income securities	39					
Liabilities	**5,471**	**101**		**4,664**	**46**	
Financial liabilities at amortized cost	**5,471**	**101**		**4,664**	**46**	
Amounts due to banks	3,924	36		3,782	1	
Amounts due to customers	69	(1)		114	(1)	
Debt securities	1,348	13		638	(1)	
Subordinated debt	129	52		129	47	

8.2.3 Cash flow hedging of assets and liabilities

	31/12/2019			31/12/2018		
(in millions of euros)	Fair value of hedging derivative [(a)]	o/w effective portion	o/w ineffective portion	Fair value of hedging derivative (1)	o/w effective portion	o/w ineffective portion
Hedging of interest rate risk	(64)	(63)	(0)	(57)	(60)	2
TOTAL	**(64)**	**(63)**	**(0)**	**(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

(in millions of euros)	01/01/2018	Change in effective portion	Reclassification of effective portion in income	Hedged item partially or fully settled	31/12/2018	Change in effective portion	Reclassification of effective portion to profit or loss	Hedged item partially or fully settled	31/12/2019
Amount of OCI for CFH transactions	(38)	29	(0)	6	(3)	2		(4)	(5)
TOTAL	**(38)**	**29**	**(0)**	**6**	**(3)**	**2**		**(4)**	**(5)**

The hedged portion still to be deferred came to €59 million at December 31, 2019 and €57 million at December 31, 2018.

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 amount of financial assets and financial liabilities recognized (including amounts not offset on the balance sheet which may or may not be subject to master netting arrangements or similar agreements), after indicating the gross offset amounts, correspond to the net balances presented on the balance sheet.

The gross offset amounts reflect repurchase agreements and derivative transactions, most of which carried out 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, liability valuations of the derivatives and variations in margin;
- 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 (unless the custodian has signed up to the T2S platform),
  - are made in the same currency.
- for asset switches that have similar nominal amounts and identical maturities and currencies, Natixis presents these transactions as a single financial asset or liability.

These tables also show the impacts of master arrangements or similar agreements corresponding to derivative amounts or outstanding repos covered by master netting arrangements orì similar agreements 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.

5

8.3.1 Financial assets

	31/12/2019			31/12/2018		
	Gross amount of financial assets offset in the balance sheet*	Gross amount of financial liabilities offset in the balance sheet	Net amount of financial assets recognized in the balance sheet	Gross amount of financial assets offset in the balance sheet*	Gross amount of financial liabilities offset in the balance sheet	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	**198,941**	**48,090**	**150,851**	**181,562**	**29,101**	**152,461**
Derivatives	*88,360*	*27,480*	*60,880*	*76,308*	*19,147*	*57,161*
Repurchase agreements	*110,581*	*20,611*	*89,971*	*105,254*	*9,954*	*95,300*
Hedging derivatives	**2,552**	**2,228**	**325**	**2,140**	**1,834**	**306**
Loans and receivables due from banks	**3,036**	**1,100**	**1,936**	**1,614**	**700**	**914**
Repurchase agreements	*3,036*	*1,100*	*1,936*	*1,614*	*700*	*914*
Loans and receivables due from customers	**3,541**		**3,541**	**3,144**	**0**	**3,144**
Repurchase agreements	*3,541*		*3,541*	*3,144*		*3,144*
TOTAL	**208,070**	**51,418**	**156,652**	**188,460**	**31,635**	**156,826**

* *Gross amount of financial assets offset or covered by a master netting or similar arrangement.*

	31/12/2019				31/12/2018			
	Net amount of financial assets recognized in the balance sheet	Impact of master netting or similar arran-gements*	Guarantees received in cash	Net exposure	Net amount of financial assets recognized in the balance sheet	Impact of master netting or similar arran-gements*	Guarantees received in cash	Net exposure
(in millions of euros)	(c)	(d)	(f)	(g) = (c) – (d)	(c)	(d)	(f)	(g) = (c) – (d)
Derivatives	61,204	40,616	10,170	10,419	57,467	33,083	8,368	16,016
Repurchase agreements	95,448	91,724	93	3,631	99,359	85,051		14,308
TOTAL	**156,652**	**132,340**	**10,263**	**14,050**	**156,826**	**118,134**	**8,368**	**30,323**

* *Including collateral received in the form of securities.*

8.3.2 Financial liabilities

	31/12/2019			31/12/2018		
	Gross amount of financial liabilities offset in the balance sheet*	Gross amount of financial assets offset in the balance sheet	Net amount of financial liabilities recognized in the balance sheet	Gross amount of financial liabilities offset in the balance sheet*	Gross amount of financial assets offset in the balance sheet	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 at fair value through profit or loss	**203,577**	**47,826**	**155,751**	**176,949**	**28,977**	**147,972**
Derivatives	*86,934*	*27,216*	*59,718*	*76,184*	*19,024*	*57,160*
Repurchase agreements	*116,643*	*20,610*	*96,032*	*100,766*	*9,954*	*90,812*
Hedging derivatives	**3,118**	**2,491**	**626**	**2,486**	**1,957**	**529**
Amounts due to banks	**7,988**	**1,100**	**6,888**	**9,455**	**700**	**8,755**
Repurchase agreements	*7,988*	*1,100*	*6,888*	*9,455*	*700*	*8,755*
Amounts due to customers	**121**		**121**	**63**	**0**	**63**
Repurchase agreements	*121*		*121*	*63*		*63*
TOTAL	**214,804**	**51,418**	**163,386**	**188,954**	**31,635**	**157,319**

* *Gross amount of financial assets offset or covered by a master netting or similar arrangement.*

	31/12/2019				31/12/2018			
	Net amount of financial liabilities recognized in the balance sheet	Impact of master netting or similar arran-gements*	Guarantees received in cash	Net exposure	Net amount of financial liabilities recognized in the balance sheet	Impact of master netting or similar arran-gements (*)	Guarantees received in cash	Net exposure
(in millions of euros)	(c)	(d)	(f)	(g) = (c) - (d)	(c)	(d)	(f)	(g) = (c) - (d)
Derivatives	60,345	41,151	9,960	9,233	57,689	33,408	7,840	16,441
Repurchase agreements	103,041	99,904	14	3,124	99,630	92,854	0	6,776
TOTAL	**163,386**	**141,055**	**9,974**	**12,358**	**157,319**	**126,262**	**7,840**	**23,217**

* *Including collateral received in the form of securities.*

5

8.4 Financial assets at fair value through other 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.

	31/12/2019				31/12/2018			
	Debt instruments				Debt instruments			
(in millions of euros)	Unimpaired financial assets [(a)]	Impaired financial assets [(b)]	Equity instruments [(c)]	Total	Unimpaired financial assets [(a)]	Impaired financial assets [(b)]	Equity instruments	Total
Note	*8.4.1*	*8.4.1*	*8.4.2*		*8.4.1*	*8.4.1*	*8.4.2*	
Securities	11,563		513	12,076	10,673		126	10,798
Loans and receivables								
TOTAL	**11,563**		**513**	**12,076**	**10,673**		**126**	**10,798**

(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) *In 2019, Natixis Investment Managers acquired stakes in Fiera Capital in the amount of €85.3 million and in US asset management company WCM Investment Management in the amount of €253.1 million.*

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 2019 in accounting items and impairments and provisions related to financial assets at fair value through other comprehensive income recyclable to income.

	Financial assets at fair value through recyclable other comprehensive income									
	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 adjust-ment for credit losses	Gross carrying amount	Value adjust-ment for credit losses	Gross carrying amount	Value adjust-ment for credit losses	Gross carrying amount	Value adjust-ment for credit losses	Gross carrying amount	Value adjust-ment 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)**
New originated or acquired contracts	1,956	(0)							1,956	(0)
Changes in contractual cash flows not giving rise to derecognition	1								1	
Variations linked to changes in credit risk parameters *(excluding transfers)*	(76)	0	(0)						(76)	0
Financial asset transfers	*(33)*	*0*	*33*	*(0)*						
Transfers to S1										
Transfers to S2	(33)	0	33	(0)						
Transfers to S3										
Contracts fully repaid or sold during the period	(775)	0							(775)	0
Impairment in value *(write-off)*										
Variations linked to changes in exchange rates	86	(0)							86	(0)
Changes in the model used										
Other changes	(299)	0	(4)	0					(303)	0
BALANCE AT 31/12/2019	**11,529**	**(0)**	**33**	**(0)**	**0**	**0**	**0**	**0**	**11,563**	**(0)**

5

8.4.2 Equity instruments at fair value through other comprehensive income

(in millions of euros)	31/12/2019					31/12/2018				
		Dividends recognized over the period		Derecognition over the period			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	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	513	30	0	4	1	126	2	0	12	(4)
Other equity instruments										
TOTAL	**513**	**30**	**0**	**4**	**1**	**126**	**2**	**0**	**12**	**(4)**

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 the models and parameters 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)*	31/12/2019 Carrying amount	Level 1	Level 2	Level 3	31/12/2018 Carrying amount	Level 1	Level 2	Level 3
Financial assets held for trading	**163,461**	**47,785**	**112,452**	**3,224**	**152,037**	**31,342**	**117,806**	**2,889**
o/w debt instruments in the form of securities	*15,004*	*11,870*	*2,793*	*341*	*12,190*	*7,976*	*4,139*	*75*
o/w equity instruments	*36,160*	*35,915*	*185*	*60*	*22,761*	*22,701*	*60*	
o/w loans and receivables	*94,583*		*91,760*	*2,823*	*99,184*		*96,370*	*2,814*
o/w security deposits paid	*17,715*		*17,715*		*17,903*	*665*	*17,238*	
Derivative instruments not eligible for hedge accounting (positive fair value)	**60,880**	**924**	**57,749**	**2,207**	**57,161**	**1,449**	**53,162**	**2,548**
o/w interest rate derivatives	*43,673*	*2*	*42,931*	*741*	*36,401*	*2*	*36,277*	*122*
o/w currency derivatives	*12,743*		*11,767*	*976*	*13,021*		*11,722*	*1,299*
o/w credit derivatives	*602*		*373*	*229*	*979*		*254*	*725*
o/w equity derivatives	*3,368*	*679*	*2,427*	*262*	*6,272*	*1,193*	*4,677*	*402*
o/w other	*495*	*243*	*251*		*487*	*254*	*233*	
Financial instruments to be valued at fair value through profit or loss	**4,415**	**1,313**	**1,793**	**1,308**	**4,886**	**1,308**	**2,088**	**1,490**
o/w equity instruments	*835*	*222*	*0*	*613*	*752*	*175*	*0*	*577*
o/w debt instruments in the form of securities	*1,865*	*1,091*	*127*	*647*	*2,263*	*1,134*	*268*	*862*
o/w loans and receivables	*1,715*		*1,666*	*49*	*1,871*		*1,820*	*51*
Financial assets designated under the fair value option	**45**		**45**		**2**		**2**	**0**
o/w debt instruments in the form of securities	*43*		*43*		*0*			*0*
o/w loans and receivables	*2*		*2*		*2*		*2*	
Hedging derivatives (assets)	**325**		**325**		**306**		**306**	
o/w interest rate derivatives	*325*		*325*		*306*		*306*	
Financial assets at fair value through equity	**12,076**	**11,171**	**585**	**321**	**10,798**	**9,864**	**886**	**48**
o/w equity instruments	*514*	*184*	*8*	*321*	*126*	*78*	*0*	*48*
o/w debt instruments in the form of securities	*11,563*	*10,987*	*576*	*0*	*10,672*	*9,786*	*886*	
o/w loans and receivables								
TOTAL	**241,202**	**61,193**	**172,948**	**7,060**	**225,190**	**43,963**	**174,251**	**6,975**

Liabilities *(in millions of euros)*	31/12/2019 Carrying amount	31/12/2019 Level 1	31/12/2019 Level 2	31/12/2019 Level 3	31/12/2018 Carrying amount	31/12/2018 Level 1	31/12/2018 Level 2	31/12/2018 Level 3
Financial liabilities held for trading	**33,825**	**18,534**	**15,291**	**0**	**33,485**	**20,690**	**12,796**	
o/w securities issued for trading purposes	*18,840*	*18,534*	*306*	*0*	*21,062*	*20,690*	*373*	
o/w security deposits received	*14,985*		*14,985*		*12,423*		*12,423*	
Derivative instruments not eligible for hedge accounting (negative fair value)	**59,718**	**674**	**57,146**	**1,898**	**57,161**	**1,036**	**54,071**	**2,054**
o/w interest rate derivatives	*40,868*		*40,327*	*542*	*36,279*	*0*	*36,087*	*192*
o/w currency derivatives	*12,588*	*0*	*11,863*	*724*	*12,383*	*0*	*11,340*	*1,042*
o/w credit derivatives	*818*		*502*	*316*	*564*		*313*	*251*
o/w equity derivatives	*4,844*	*437*	*4,092*	*315*	*7,177*	*813*	*5,795*	*569*
o/w other	*600*	*238*	*361*	*1*	*758*	*222*	*535*	
Other financial liabilities held for trading	**96,044**		**95,235**	**809**	**90,826**		**89,650**	**1,176**
Financial liabilities designated under the fair value option	**28,692**	**3,696**	**15,627**	**9,368**	**26,711**	**3,726**	**22,800**	**185**
o/w securities under the fair value option	*24,759*		*15,393*	*9,366*	*22,132*		*21,950*	*182*
o/w other financial liabilities under the fair value option	*3,933*	*3,696*	*235*	*2*	*4,579*	*3,726*	*851*	*3*
Hedging derivatives (liabilities)	**626**		**626**		**529**		**529**	**0**
o/w interest rate derivatives	*626*		*626*		*529*		*529*	*0*
TOTAL	**218,905**	**22,904**	**183,926**	**12,075**	**208,712**	**25,451**	**179,846**	**3,415**

The data regarding the fair value measurements for the insurance activities are presented in Note 9.4.4.

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 models and parameters

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 where the underlying derivatives are classified in Level 2.

  Issuer credit risk is also considered as observable. 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, 2019, 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,
  - a "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), modeling 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;
- debt issues measured under the fair value option are classified in Level 3 where the underlying derivatives are classified in Level 3. The associated issuer credit risk is deemed observable and thus classified in Level 2;
- 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 French Ministerial Order of February 20, 2007, amended by the Ministerial Order 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 Pillar III".

Under IAS 9, day-one profit should be recognized in income 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 therefore be recognized immediately in the income statement, but is recorded in 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, 2019, instruments for which the recognition of day-one profit/loss has been deferred included:

- multiple equity and index underlying structured products;
- mono-underlying structured products indexed to sponsored indices;
- 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	Valuation techniques used	Main unobservable data	Min-max observable data ranges
Interest rate derivatives	Sticky CMS/Volatility Bond	Valuation models for interest rate options	Mean reversion parameters	[2.5%; 5%]
Interest rate derivatives	Callable Spread Options and Corridor Callable Spread Options	Model representing several yield curve factors	Mean-reversion spread	[0%; 30%] EUR 30%, USD 25%
Interest rate derivatives	Bermuda Accreting	Adjusted Hull-White one-factor model	Accreting Factor	[75%; 95%]
Interest rate derivatives	Volatility cap/floor	Valuation models for interest rate options	Interest rate vol.	[5%; 80%]
Equity	Plain vanilla derivatives and complex derivatives, equity basket or funds	Different equity option valuation models, equity baskets or funds	Equity volatility	[0.392%; 117.23879%]
			Fund volatility	[20%; 25%]
			Stock/stock correlations	[0.3%; 94.1%]
			Repo for general collateral baskets	[(0.67)%; 0.90%]
Forex	Forex derivatives	Forex options valuation model	Forex volatility	[2.12%; 13.27%]
Forex	Long-term PRDC/PRDKO/TARN	Hybrid fixed income/forex options valuation model	Correlation between forex rates and interest rates as well as long-term volatility levels	Correlation between forex rates and interest rates: [15%; 50%] Long-term volatility: [3.15%; 13.27%]
Credit	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	80%
Credit	Securitization swaps	Discounted cash flow expected based on the underlying portfolio's early redemption assumption	Prepayment rate	5.1% to 24%
Hybrid	Hybrid equity/fixed income/forex (FX) derivatives	Hybrid model coupling an equity diffusion, a FX diffusion and a fixed income diffusion	Equity-Forex correlations	[(55.5)%; 71%]
			Equity-Fixed Income correlations	[(45)%; 40%]
			Fixed Income-Forex	[(40.2)%; 26.55%]
Forex	Helvetix: Strip of long-term options, Strip of quanto options, Strip of digital options	Black & Scholes model	EURCHF/EURUSD correlation	[26%: 40%]
	Helvetix: Spread options and digital spread options	Gaussian copula	USDCHF & EURCHF long-term volatility	USDCHF volatility: [2.54%; 11.07%] EURCHF volatility: [3.1%; 8.69%]

d) Natixis' policy on transfers between fair value levels

Transfers between fair value levels are reviewed and validated by the Valuation Committee, predominantly including representatives of the Finance fonction, 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. The transfers to and from Level 3 presented below are subject to validation by the Valuation Committee.

The main reclassifications in the 2019 fiscal year consisted of Bermuda accreter swaptions (in EUR and AUD), certain complex multi- or mono-underlying derivatives indexed to indices, and associated liabilities measured under the fair value option. These instruments were reclassified from Level 2 to Level 3 of the fair value hierarchy *(see Notes 8.5.1 and 8.5.3)* subsequent to the observability review conducted during the period, which found a lack of observed prices for the corresponding inputs and products, serving as a basis for their reclassification to Level 3 of the fair value hierarchy.

Note: at December 31, 2018, a portfolio of complex derivatives in Asia had been transferred to Level 3 in the fair value hierarchy. The portfolio consisted of products indexed to the worst performance of an underlying Equity basket (indices and shares) allowing 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 had a fair value recorded on the asset side of the balance sheet of €131 million at December 31, 2018. The bear market in Asia had underscored the limitations of the business model associated with these products and led to the reserve mechanism being supplemented by introducing an additional reserve to allow for the model's shortcomings. This reserve was based on expert judgment (including in particular forecast changes in market conditions, portfolio behavior, etc.) and, as a result, the prices of the products subject to expert judgment were no longer directly observable. The products were then transferred from Level 2 to Level 3 of the fair value hierarchy, based on the observability of inputs, the model used and observed liquidity.

e) Instruments affected by the financial crisis

CDS arranged 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 market data.

TruPS (Trust Preferred Securities) CDOs

In 2018, the value of TruPS CDOs was measured using a valuation model. This 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 were estimated considering the current ratings of assets.

At December 31, 2019, the value of TruPS CDOs was marked to market due to the sufficient number of contributions.

8.5.1 Financial assets and liabilities at fair value measured using level 3 of the fair value hierarchy

December 31, 2019

Financial assets *(in millions of euros)*	Level 3 opening balance 01/01/2019	Gains and losses recognized in the period – Income statement – On outstanding transactions at the reporting date	Gains and losses recognized in the period – Income statement – On transactions expired or redeemed at the reporting date	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 to level 3	Reclassifications in the period – To level 3	Reclassifications in the period – Other reclassifications	Change in consolidation scope	Translation adjustments	Level 3 closing balance 31/12/2019
Financial assets held for trading	**2,889**	**65**	**148**		**8,635**	**(8,431)**	**(116)**	**6**	**(0)**		**27**	**3,224**
o/w debt instruments in the form of securities	*75*	*(27)*	*(21)*		*1,350*	*(1,045)*	*(0)*	*6*			*3*	*341*
o/w equity instruments					*60*							*60*
o/w loans and receivables	*2,814*	*92*	*169*		*7,225*	*(7,386)*	*(116)*		*(0)*		*25*	*2,823*
Derivative instruments not eligible for hedge accounting (positive fair value)	**2,548**	**841**	**(343)**		**446**	**(1,488)**	**(339)**	**486**	**0**		**55**	**2,207**
o/w interest rate derivatives	*122*	*306*	*(10)*		*10*	*(63)*	*(5)*	*381*			*1*	*741*
o/w currency derivatives	*1,299*	*(171)*	*(91)*		*279*	*(75)*	*(328)*	*13*			*50*	*976*
o/w credit derivatives	*725*	*64*	*9*		*2*	*(582)*		*1*			*9*	*229*
o/w equity derivatives	*402*	*643*	*(251)*		*155*	*(768)*	*(5)*	*90*	*0*		*(5)*	*262*
o/w other												
Other financial assets held for trading												
Financial instruments to be valued at fair value through profit or loss	**1,490**	**50**	**35**	**(0)**	**32**	**(298)**		**3**	**(5)**	**(4)**	**6**	**1,308**
o/w equity instruments	*577*	*32*	*7*	*(0)*	*30*	*(26)*			*(5)*	*(4)*	*1*	*613*
o/w debt instruments in the form of securities	*862*	*18*	*28*		*0*	*(265)*					*4*	*647*
o/w loans and receivables	*51*				*2*	*(8)*		*3*				*49*
Financial assets designated under the fair value option	**0**	**(0)**									**0**	
o/w debt instruments in the form of securities		*(0)*									*0*	
o/w equity instruments												
o/w loans and receivables												
Financial assets at fair value through equity	**48**	**1**		**26**	**256**	**(2)**			**(8)**		**(0)**	**321**
o/w equity instruments	*48*	*1*		*26*	*256*	*(2)*			*(8)*		*(0)*	*321*
o/w debt instruments in the form of securities												
o/w loans and receivables												
TOTAL FINANCIAL ASSETS RECORDED AT FAIR VALUE	**6,975**	**958**	**(160)**	**26**	**9,369**	**(10,218)**	**(455)**	**495**	**(14)**	**(4)**	**88**	**7,060**

Financial liabilities *(in millions of euros)*	Level 3 opening balance 01/01/2019	Gains and losses recognized in the period – Income statement – On outstanding transactions at the reporting date	Gains and losses recognized in the period – Income statement – On transactions expired or redeemed at the reporting date	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 [(a)]	Reclassifications in the period – Other reclassifications[(a)]	Change in consolidation scope	Translation adjustments	Level 3 closing balance 31/12/2019
Securities issued for trading purposes		**5**			**26**	**(32)**			**0**			
Derivative instruments not eligible for hedge accounting (negative fair value)	**2,054**	**(151)**	**(225)**		**250**	**(264)**	**(401)**	**598**			**39**	**1,898**
o/w interest rate derivatives	*192*	*63*	*(22)*		*45*	*(24)*	*(15)*	*302*			*2*	*542*
o/w currency derivatives	*1,042*	*(32)*	*5*		*89*	*(30)*	*(375)*	*8*			*18*	*724*
o/w credit derivatives	*251*	*65*	*10*		*2*	*(23)*		*1*			*11*	*316*
o/w equity derivatives	*569*	*(249)*	*(218)*		*114*	*(188)*	*(10)*	*287*			*9*	*315*
o/w other		*1*										*1*
Other financial liabilities held for trading	**1,176**	**37**	**(37)**		**1,161**	**(1,526)**	**(2)**					**809**
Financial liabilities under the fair value option through profit or loss	**185**	**475**	**(2)**		**3,339**	**(1,905)**		**4,975**	**2,296**		**5**	**9,368**
o/w securities under the fair value option	*182*	*475*	*(2)*		*3,339*	*(1,905)*		*4,975*	*2,296*		*5*	*9,366*
o/w other financial liabilities under the fair value option	*3*	*(1)*										*2*
TOTAL FINANCIAL LIABILITIES RECOGNIZED AT FAIR VALUE	**3,415**	**365**	**(264)**		**4,776**	**(3,727)**	**(403)**	**5,573**	**2,297**		**44**	**12,075**

The flows presented under the "Reclassifications in the period" columns of the above table are determined on the basis of outstanding transactions at December 31, 2019.

(a) Debt issues were reclassified on a symmetrical basis to Level 3 of the fair value hierarchy along with the underlying instruments, both for instruments deemed unobservable during the period and for issues related to instruments already classified in Level 3 at December 31, 2018 (the latter being recorded under "other reclassifications").

December 31, 2018

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	Gains and losses recognized in the period – Income statement – On outstanding transactions at the reporting date	Gains and losses recognized in the period – Income statement – On transactions expired or redeemed at the reporting date	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 reclassifications	Change in consolidation scope	Translation adjustments	Level 3 closing balance 31/12/2018
Financial assets held for trading	**151**	**2,448**		**2,598**	**60**	**88**		**7,550**	**(7,482)**	**(0)**	**14**	**(0)**		**61**	**2,889**
o/w debt instruments in the form of securities	*151*	*(12)*		*139*	*(68)*	*1*		*56*	*(68)*	*(0)*	*14*	*(0)*		*2*	*75*
o/w loans and receivables		*2,460*		*2,460*	*128*	*87*		*7,493*	*(7,413)*					*59*	*2,814*
Derivative instruments not eligible for hedge accounting (positive fair value)	**2,981**	**(11)**		**2,970**	**(38)**	**(129)**		**172**	**(366)**	**(206)**	**148**	**(2)**		**0**	**2,548**
o/w interest rate derivatives	*124*	*(10)*		*114*	*30*	*1*		*1*	*(41)*	*(0)*	*17*				*122*
o/w currency derivatives	*1,527*	*(1)*		*1,526*	*(44)*	*(33)*		*78*	*(49)*	*(178)*					*1,299*
o/w credit derivatives	*764*			*764*	*39*	*(71)*		*1*	*(8)*					*0*	*725*
o/w equity derivatives [(a)]	*561*			*561*	*(63)*	*(21)*		*91*	*(267)*	*(28)*	*131*	*(2)*			*402*
o/w other	*5*			*5*		*(5)*									
Other financial assets held for trading	**1,662**	**(1,662)**												**0**	
Financial instruments to be valued at fair value through profit or loss		**1,448**		**1,448**	**94**	**21**	**(0)**	**183**	**(427)**	**(0)**	**160**	**8**	**0**	**4**	**1,490**
o/w equity instruments		*1,033*		*1,033*	*46*	*(1)*	*(0)*	*54*	*(166)*	*(0)*		*(392)*	*0*	*4*	*577*
o/w debt instruments in the form of securities		*358*		*358*	*47*	*22*		*105*	*(230)*		*160*	*401*		*0*	*862*
o/w loans and receivables		*57*		*57*	*1*			*24*	*(31)*						*51*
Financial assets designated under the fair value option	**1,873**	**(1,850)**		**22**		**0**			**(23)**					**0**	**0**
o/w debt instruments in the form of securities	*350*	*(329)*		*21*		*0*			*(21)*					*0*	*0*
o/w equity instruments	*724*	*(724)*													
o/w loans and receivables	*799*	*(797)*		*2*					*(2)*					*0*	
Financial assets at fair value through equity		**74**		**74**			**(16)**	**6**	**(16)**			**(0)**	**0**	**0**	**48**
o/w equity instruments		*68*		*68*			*(10)*	*6*	*(16)*			*(0)*	*0*	*0*	*48*
o/w debt instruments in the form of securities		*6*		*6*			*(6)*							*0*	
o/w loans and receivables															
Available-for-sale financial assets	**427**	**(427)**												**(0)**	
TOTAL FINANCIAL ASSETS RECORDED AT FAIR VALUE	**7,094**	**19**		**7,113**	**115**	**(20)**	**(16)**	**7,909**	**(8,313)**	**(207)**	**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 €131 million at December 31, 2018.

Financial liabilities (in millions of euros)	Level 3 closing balance at 31/12/2017 IAS 39	Reclassification	Impact of change	Level 3 opening balance 01/01/2018 IFRS 9	Gains and losses recognized in the period – Income statement – On outstanding transactions at the reporting date	Gains and losses recognized in the period – Income statement – On transactions expired or redeemed at the reporting date	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 to level 3	Reclassifications in the period – To level 3	Reclassifications in the period – Other reclassifications	Change in consolidation scope	Translation adjustments	Level 3 closing balance 31/12/ 2018
Derivative instruments not eligible for hedge accounting (negative fair value)	**1,945**	**(11)**		**1,934**	**471**	**(482)**		**454**	**(162)**	**(176)**	**13**	**2**			**2,054**
o/w interest rate derivatives	*197*	*(9)*		*187*	*(50)*	*(3)*		*50*	*(1)*	*(1)*	*9*				*192*
o/w currency derivatives	*1,172*			*1,172*	*13*	*(18)*		*47*	*(17)*	*(154)*					*1,042*
o/w credit derivatives	*326*			*326*	*20*	*(142)*		*49*	*(0)*	*(2)*					*251*
o/w equity derivatives	*251*	*(1)*		*250*	*491*	*(319)*		*308*	*(147)*	*(18)*	*3*	*2*			*569*
o/w other					*(3)*				*3*						
Other financial liabilities held for trading		**1,097**		**1,097**	**38**	**(78)**		**1,138**	**(1,019)**		**0**				**1,176**
Financial liabilities under the fair value option through profit or loss	**1,469**	**(1,097)**		**373**	**(15)**	**1**		**11**	**(190)**		**1**		**4**	**1**	**185**
o/w securities under the fair value option	*373*			*373*	*(14)*	*1*		*11*	*(190)*		*1*			*1*	*182*
o/w other financial liabilities under the fair value option	1,097	(1,097)			(1)								4		3
TOTAL FINANCIAL LIABILITIES RECOGNIZED AT FAIR VALUE	**3,414**	**(11)**		**3,404**	**495**	**(559)**		**1,602**	**(1,370)**	**(176)**	**14**	**2**	**4**	**1**	**3,415**

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, 2019. With the aid of probable assumptions, this sensitivity was used to estimate the impacts of market fluctuations in uncertain economic environments. This estimate was established using assumptions about additional adjustments to the valuation of interest rate, foreign exchange, credit and equity instruments.

(in millions of euros)	Potential impact on income statement
Shares and other equity instruments, and derivatives	9
Interest rate and/or foreign exchange instruments, and derivatives	21
Credit instruments and derivatives	5
SENSITIVITY OF LEVEL 3 FINANCIAL INSTRUMENTS	**35**

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)	31/12/2018	Margin on new transactions	Margin recognized during the period	Other changes	**31/12/2019**
Interest rate derivative instruments	1	7	(3)	4	9
Currency derivative instruments		2	(1)	0	0
Credit derivative instruments	16	8	(4)	(10)	10
Equity derivative instruments	70	98	(69)	0	99
Repurchase agreements		9	(11)	5	4
TOTAL	**87**	**124**	**(88)**	**(0)**	**122**

5

8.5.3 Financial assets and liabilities at fair value: transfers between fair value levels

Financial assets

		31/12/2019					31/12/2018				
	From	Level 1	Level 2	Level 2	Level 3	Level 3	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	Level 2	Level 1	Level 3	Level 1	Level 2
Financial assets at fair value through profit or loss		**306**	**230**	**495**		**455**	**111**	**235**	**322**		**206**
Financial assets held for trading		**289**	**119**	**6**		**116**	**89**	**150**	**14**		
o/w debt instruments in the form of securities		*233*	*119*	*6*		*0*	*89*	*150*	*14*		
o/w equity instruments		*2*									
o/w loans and receivables						*116*					
o/w security deposits paid		*54*									
Derivative instruments not eligible for hedge accounting (positive fair value)		**16**	**111**	**486**		**339**	**23**	**85**	**148**		**206**
o/w interest rate derivatives				*381*		*5*			*17*		
o/w currency derivatives				*13*		*328*					*178*
o/w credit derivatives				*1*							
o/w equity derivatives [(a)]		*16*	*109*	*90*		*5*	*17*	*85*	*131*		*28*
o/w other			*2*				*6*				
Financial instruments to be valued at fair value through profit or loss				**3**					**160**		
o/w debt instruments in the form of securities									*160*		
o/w loans and receivables				*3*							
Financial assets at fair value through equity		**273**	**588**				**361**	**205**			
o/w equity instruments											
o/w debt instruments in the form of securities		*273*	*588*				*361*	*205*			
o/w loans and receivables											

(a) Of which, €131 million at December 31, 2018 relating to structured derivatives indexed to shares traded in Asia transferred to Level 3 of the fair value hierarchy (see Note 8.5).

Financial liabilities

		31/12/2019					31/12/2018				
	From	Level 1	Level 2	Level 2	Level 3	Level 3	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	Level 2	Level 1	Level 3	Level 1	Level 2
Financial liabilities held for trading		**12**	**199**	**598**		**403**	**41**	**56**	**14**		**176**
Securities held for trading			**83**								
Derivative instruments not eligible for hedge accounting (negative fair value)		**12**	**116**	**598**		**401**	**41**	**56**	**13**		**176**
o/w interest rate derivatives				*302*		*15*			*9*		*1*
o/w currency derivatives				*8*		*375*					*154*
o/w credit derivatives				*1*		*0*					*2*
o/w equity derivatives		*12*	*115*	*287*		*10*	*34*	*55*	*3*		*18*
o/w other			*1*				*7*	*1*			
Other financial liabilities held for trading						**2**					
Financial liabilities designated under the fair value option				**4,975**					**1**		
o/w securities under the fair value option				*4,975*							
o/w other financial liabilities under the fair value option									*1*		

8.5.4 Fair value of financial assets and liabilities at amortized cost

Financial assets

	At December 31, 2019					At December 31, 2018				
(in millions of euros)	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
Loans and receivables due from banks at amortized cost	**48,115**	**48,580**		**48,276**	**303**	**27,285**	**27,558**		**26,533**	**1,026**
Current accounts overdrawn	*5,782*	*5,785*		*5,782*		*5,697*	*5,699*		*5,699*	
Loans and receivables	*40,357*	*40,819*		*40,516*	*303*	*20,641*	*20,911*		*19,885*	*1,026*
Reverse repurchase agreements	*1,936*	*1,937*		*1,937*		*914*	*915*		*915*	
Other	*40*	*40*		*40*		*33*	*33*		*33*	
Loans and receivables due from customers at amortized cost	**71,089**	**71,281**		**49,262**	**22,019**	**69,279**	**69,997**		**48,486**	**21,511**
Current accounts overdrawn	*2,632*	*2,632*		*2,632*		*3,484*	*3,484*		*3,484*	
Other loans and receivables	*62,436*	*62,628*		*40,742*	*21,886*	*59,986*	*60,705*		*39,338*	*21,367*
Reverse repurchase agreements	*3,541*	*3,541*		*3,541*		*3,144*	*3,144*		*3,144*	
Finance leases	*40*	*40*			*40*	*35*	*35*			*35*
Factoring	*2,346*	*2,346*		*2,346*		*2,509*	*2,509*		*2,509*	
Security deposits paid	*93*	*93*			*93*	*109*	*109*			*109*
Other	*1*	*1*		*1*		*11*	*11*		*11*	
Debt instruments in the form of securities at amortized cost	**1,558**	**1,609**		**686**	**923**	**1,193**	**1,229**		**461**	**767**
TOTAL FINANCIAL ASSETS	**120,762**	**121,471**		**98,224**	**23,245**	**97,757**	**98,784**		**75,480**	**23,304**

Financial liabilities

	At December 31, 2019					At December 31, 2018				
(in millions of euros)	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
Due to banks	**71,928**	**72,174**		**71,949**	**225**	**73,234**	**73,311**		**73,145**	**166**
o/w accounts and deposits	*64,917*	*65,162*		*64,937*	*225*	*64,365*	*64,443*		*64,277*	*166*
o/w repurchase agreements	*6,888*	*6,888*		*6,888*		*8,755*	*8,754*		*8,754*	
o/w security deposits received	*65*	*65*		*65*		*88*	*88*		*88*	
o/w other	58	58		58		26	26		26	
Customer deposits	**30,485**	**30,489**		**28,663**	**1,826**	**35,991**	**35,992**		**34,382**	**1,610**
o/w accounts and deposits	*28,320*	*28,324*		*26,944*	*1,380*	*33,802*	*33,803*		*32,202*	*1,601*
o/w repurchase agreements	*121*	*121*		*121*		*63*	*63*		*63*	
o/w other	*2,044*	*2,044*		*1,597*	*446*	*2,126*	*2,126*		*2,118*	*8*
Debt securities	**47,375**	**47,376**		**44,861**	**2,515**	**34,958**	**34,959**		**32,839**	**2,120**
Subordinated debt	**3,971**	**4,307**		**3,686**	**622**	**3,964**	**4,284**		**3,904**	**380**
TOTAL FINANCIAL LIABILITIES	**153,759**	**154,346**		**149,159**	**5,187**	**148,146**	**148,546**		**144,270**	**4,276**

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 recognized at "amortized cost"

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.

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.

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

(in millions of euros)	31/12/2019			31/12/2018		
	Unimpaired financial assets [(a)]	**Impaired financial assets** [(b)]	**Total**	Unimpaired financial assets [(a)]	Impaired financial assets [(b)]	Total
Current accounts overdrawn	5,783	0	5,783	5,698	1	5,699
Loans and receivables	42,335	48	42,383	21,589	48	21,637
Security deposits paid						
Value adjustments for credit losses	(3)	(48)	(51)	(2)	(48)	(50)
TOTAL	**48,115**	**0**	**48,115**	**27,285**	**0**	**27,285**

(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 loans and receivables due from banks at amortized cost

	Loans and receivables due from banks at amortized cost									
	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)**
New originated or acquired contracts	24,396	0	71	0					24,467	0
Changes in contractual cash flows not giving rise to derecognition	(29)	0	0	0	0	0			(29)	0
Variations linked to changes in credit risk parameters *(excluding transfers)*	(7,046)	0	110	(1)	2	0			(6,933)	(2)
Financial asset transfers	*14*	*0*	*(14)*	*0*	*0*	*0*			*0*	*0*
Transfers to S1	20	0	(20)	0	0	0			0	0
Transfers to S2	(6)	0	6	0	0	0			0	0
Transfers to S3	0	0	0	0	0	0			0	0
Transfer to non-current assets held for sale	0	0	0	0	0	0			0	0
Contracts fully repaid or sold during the period	(11,210)	0	(47)	0	(3)	0			(11,259)	0
Impairment in value *(write-off)*					(1)	1			(1)	1
Variations linked to changes in exchange rates	80	0	1	0	1	0			82	0
Changes in the model used										0
Other changes [(c)]	14,835	0	0	0	0	0			14,835	0
BALANCE AT 31/12/2019 [(a)]	**46,846**	**0**	**715**	**(3)**	**48**	**(48)**	**0**	**0**	**47,609**	**(51)**

(a) *Gross carrying amount excluding insurance company contributions, i.e. €558 million at million at December 31, 2019 (versus €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 4.1).*
(c) *Corresponds to outstanding loans with the SFS division's retail banking entities sold to BPCE in the amount of €14,734 million at January 1, 2019.*

5

8.6.2 Loans and receivables due from customers

(in millions of euros)	31/12/2019			31/12/2018		
	Unimpaired financial assets [(a)]	Impaired financial assets [(b)]	Total	Unimpaired financial assets [(a)]	Impaired financial assets [(b)]	Total
Reverse repurchase agreements	3,541	0	3,541	3,144	0	3,144
Current accounts overdrawn	2,625	22	2,646	3,469	29	3,498
Finance leases	38	8	45	33	7	40
Factoring	2,347	0	2,347	2,510	0	2,510
Other	60,749	3,043	63,792	58,866	2,351	61,217
Security deposits paid	93	0	93	109	0	109
Value adjustments for credit losses	(119)	(1,255)	(1,375)	(125)	(1,114)	(1,239)
TOTAL	**69,272**	**1,817**	**71,089**	**68,006**	**1,273**	**69,279**

(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 loans and receivables due from customers at amortized cost

(in millions of euros)	Loans and receivables due from customers at amortized cost									
	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	**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	**50,255**	**(31)**	**17,758**	**(91)**	**2,143**	**(1,021)**	**363**	**(96)**	**70,518**	**(1,239)**
New originated or acquired contracts	16,918	(17)	1,386	(13)	0	0	0	0	18,304	(30)
Changes in contractual cash flows not giving rise to derecognition	225	1	38	(2)	(3)	(5)	0	0	259	(6)
Variations linked to changes in credit risk parameters *(excluding transfers)*	874	4	573	(9)	378	(367)	107	4	1,933	(368)
Financial asset transfers	*(1,892)*	*(6)*	*1,161*	*10*	*731*	*(4)*	*0*	*0*	*0*	*0*
Transfers to S1	741	(10)	(740)	10	0	0	0	0	0	0
Transfers to S2	(2,285)	3	2,356	(5)	(71)	3	0	0	0	0
Transfers to S3	(347)	1	(455)	6	802	(7)	0	0	0	0
Transfer to non-current assets held for sale										
Contracts fully repaid or sold during the period	(15,008)	10	(4,653)	21	(262)	60	(123)	12	(20,046)	103
Impairment in value *(write-off)*					(191)	194	(3)	3	(195)	197
Variations linked to changes in exchange rates	454	0	173	(1)	9	(8)	5	(1)	641	(9)
Changes in the model used		0		0	0	0	0	0	0	0
Other changes [(c)]	1,256	0	(211)	6	4	(29)	1	0	1,050	(23)
BALANCE AT 31/12/2019	**53,083**	**(40)**	**16,224**	**(79)**	**2,809**	**(1,180)**	**349**	**(77)**	**72,464**	**(1,375)**

(a) *Including the transfer from Stage 2 to Stage 1, due to the improvement over the period of the ratings of the economic sectors related to the transferred amounts.*
(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 4.1).*
(c) *Of which €525 million corresponds to outstanding loans with the SFS entities sold to BPCE at January 1, 2019.*

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)*.

(in millions of euros)	31/12/2019					31/12/2018				
	Gross exposures					Gross exposures				
	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	Value adjustments for credit losses	Guarantees received
Balance sheet	1,309	82	1,392	423	723	1,241	120	1,361	357	706
Off-balance sheet	15	4	18	2		13	4	16	3	
TOTAL	**1,324**	**86**	**1,410**	**425**	**723**	**1,254**	**123**	**1,377**	**360**	**706**

(in millions of euros)	31/12/2019					31/12/2018				
	Total		Net exposures			Total		Net exposures		
	Gross exposures	Value adjustments for credit losses	Unimpaired loans	Impaired loans	Total	Gross exposures	Value adjustments for credit losses	Unimpaired loans	Impaired loans	Total
TOTAL	**1,410**	**425**	**182**	**802**	**985**	**1,377**	**360**	**166**	**851**	**1,017**
France	*238*	*90*	*30*	*117*	*148*	*194*	*77*	*4*	*113*	*117*
Other EU	*395*	*145*	*55*	*195*	*250*	*589*	*192*	*118*	*279*	*398*
North America	*346*	*87*	*35*	*224*	*259*	*120*	*15*	*6*	*100*	*105*
Other	*432*	*103*	*62*	*266*	*329*	*474*	*77*	*38*	*359*	*397*

8.6.2.2 Other loans and receivables due from customers

(in millions of euros)	31/12/2019			31/12/2018		
	Unimpaired financial assets [(a)]	Impaired financial assets [(b)]	Total	Unimpaired financial assets [(a)]	Impaired financial assets [(b)]	Total
Commercial loans	823	22	845	957	53	1,009
Export credit	3,130	308	3,438	3,220	241	3,461
Cash and consumer credit	29,872	1,015	30,887	26,169	751	26,920
Equipment loans	7,307	145	7,452	7,112	192	7,304
Home loans	512	8	520	467	12	480
Other customer loans	19,104	1,545	20,649	20,941	1,103	22,043
Value adjustments for credit losses	(116)	(1,239)	(1,355)	(121)	(1,099)	(1,220)
TOTAL	**60,633**	**1,804**	**62,437**	**58,745**	**1,252**	**59,997**

(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.

8.6.3 Debt instruments at amortized cost

(in millions of euros)	**31/12/2019** Unimpaired financial assets [(a)]	Impaired financial assets [(b)]	Total	31/12/2018 Unimpaired financial assets [(a)]	Impaired financial assets [(b)]	Total
Debt instruments	1,551	155	1,706	1,124	206	1,330
Value adjustments for credit losses	(1)	(147)	(148)	(6)	(132)	(137)
TOTAL	**1,550**	**8**	**1,558**	**1,118**	**75**	**1,193**

(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									
	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										
IFRS 5 – Entities held for sale										
Other changes			(1)		(1)				(2)	
BALANCE AT 31/12/2018	**982**		**95**	**(6)**	**84**	**(84)**	**168**	**(47)**	**1,330**	**(137)**
New originated or acquired contracts	724	(0)	57	(0)					781	(0)
Changes in contractual cash flows not giving rise to derecognition										
Variations linked to changes in credit risk parameters *(excluding transfers)*	26	(0)	19	(1)	39	(24)			83	(25)
Financial asset transfers	*0*		*(0)*							
Transfers to S1	0		(0)							
Transfers to S2										
Transfers to S3										
Contracts fully repaid or sold during the period	(306)		(101)	0	(26)	2	(111)	13	(543)	15
Impairment in value *(write-off)*										
Variations linked to changes in exchange rates	14	(0)	1	0	(0)	(0)	(0)		14	(0)
Changes in the model used										
IFRS 5 – Entities held for sale										
Other changes	34		7	6	(5)	14	5	(20)	40	0
BALANCE AT 31/12/2019	**1,474**	**(0)**	**77**	**(1)**	**93**	**(93)**	**63**	**(54)**	**1,706**	**(148)**

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)	**31/12/2019**	31/12/2018
Debt instruments	3,976	2,787
Loans and receivables	2,398	2,496
Other		
TOTAL	**6,374**	**5,282**

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:

- repurchased securities;
- 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 of the benefits and risks are maintained, since the securities must be returned to Natixis (unless Natixis defaults).

5

Repurchase agreements

	31/12/2019		31/12/2018	
(in millions of euros)	**Carrying amount of assets**	**Carrying amount of associated liabilities**	Carrying amount of assets	Carrying amount of associated liabilities
Financial assets at fair value through profit or loss	9,208	8,989	7,455	6,648
Financial assets at fair value through equity				
Loans and receivables at amortized cost				
TOTAL	**9,208**	**8,989**	**7,455**	**6,648**

Securities lending

	31/12/2019	31/12/2018
(in millions of euros)	**Carrying amount of assets**	Carrying amount of assets
Financial assets at fair value through profit or loss	4,255	2,071
Financial assets at fair value through equity		
TOTAL	**4,255**	**2,071**

Securitization assets for which the counterparties to the associated debts have recourse only to the transferred assets

(in millions of euros)	31/12/2019 Carrying amount of assets	Carrying amount of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities	Net position	31/12/2018 Carrying amount of assets	Carrying amount of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities	Net position
Securitization assets	4,809	4,214	4,809	4,214	595	5,596	4,638	5,596	4,638	958
TOTAL	**4,809**	**4,214**	**4,809**	**4,214**	**595**	**5,596**	**4,638**	**5,596**	**4,638**	**958**

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 of the advantages and risks attached to the transferred assets.

At December 31, 2019 (as at December 31, 2018), there was 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 €234 billion at December 31, 2019, versus €231 billion at December 31, 2018.

The fair value of the financial assets received as security that were resold or reused as security was €177 billion at December 31, 2019, versus €155 billion at December 31, 2018.

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 31/12/2019 ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year	Total	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	2				2	0				0
Loans and receivables due from customers	1,404				1,404	1,277				1,277
Other financial assets										
TOTAL	**1,406**				**1,406**	**1,277**				**1,277**

8.8 Deferred tax assets and liabilities

(in millions of euros)	31/12/2019 Standard	31/12/2019 Deferred tax assets	31/12/2019 Deferred tax liabilities	31/12/2018 Standard	31/12/2018 Deferred tax assets	31/12/2018 Deferred tax liabilities
Sources of deferred taxes [(a)]						
Tax amortization of goodwill [(b)]	(1,295)			(1,266)		
Provision for employee benefits	231			385		
Other non-deducted provisions	1,295			1,354		
Non-deducted accrued expenses (including deferred compensation)	535			468		
Elimination of equalization reserve	(321)			(317)		
Other sources of deferred tax through profit or loss	(141)			(121)		
Ordinary tax losses	7,396			7,606		
Unrecognized sources of deferred tax	(4,617)			(4,568)		
TOTAL SOURCES OF DEFERRED TAX THROUGH PROFIT OR LOSS	**3,083**	**1,350**	**476**	**3,542**	**1,416**	**398**
Sources of deferred tax on recyclable OCI	(745)	(7)	164	(388)	2	83
Sources of deferred tax on non-recyclable OCI	274	45	(24)	40	38	23
TOTAL SOURCES OF DEFERRED TAX	**2,612**	**1,388**	**616**	**3,193**	**1,456**	**505**

(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.

5

Breakdown of deferred tax assets on losses by geographic area

(in millions of euros)	31/12/2019	31/12/2018	Legal carryforward period	Max. recognition period
Deferred tax assets on losses by geographic area				
France [(a)]	641	709	Unlimited	10 years
United States	47	47	Unlimited [(b)]	10 years [(c)]
United Kingdom			Unlimited	10 years
Other	101	110		
TOTAL	**789**	**866**		

(a) At 31/12/2019, deferred tax assets on losses were recognized in the amount of €789 million, of which €641 million was activated in respect of the tax consolidation group in France. The base of the tax loss recognized for the tax consolidation group in France amounts to €2,455 million, out of a total stock of tax loss carryforwards of €4,350 million. At December 31, 2019, Natixis conducted tests to measure the potential impact on deferred tax assets of the assumptions applied when implementing its tax business plans. These tests, which notably measure the impact of a +/- 10% change in the GDP growth assumptions applied, confirm the likelihood of Natixis being able to deduct future taxable profits, used to calculate the deferred taxes activated, from tax losses.

(b) Except for tax losses that arose prior to January 1, 2018 (limited to 20 years).

(c) As for the federal deficit, the "State" and "City" portions may be activated over longer periods (limited to the legal time limit).

8.9 Accrual accounts, other assets and liabilities

This heading corresponds to technical accounts, details of which are given below:

8.9.1 Other assets

(in millions of euros)	**31/12/2019**	31/12/2018
Accrual accounts [(a)]	1,342	1,450
Securities settlement accounts	70	311
Other items	203	139
Security deposits paid	155	117
Other miscellaneous debtors [(b)]	11,573	12,254
Other assets	280	462
TOTAL	**13,624**	**14,733**

(a) of which €231 million in contract assets (accrued income) at December 31, 2019 versus €270 million at December 31, 2018.
(b) of which €1,058 million in trade receivables at December 31, 2019 versus €970 million at December 31, 2018.

8.9.2 Other liabilities

(in millions of euros)	**31/12/2019**	31/12/2018
Accrual accounts [(a)]	3,215	3,076
Miscellaneous creditors	9,451	9,734
Securities settlement accounts	24	136
Security deposits received	7	6
Lease liabilities [(b)]	1,164	
Other	3	1
Miscellaneous liabilities	2,285	2,406
TOTAL	**16,148**	**15,359**

(a) Of which €129 million in contract liabilities (prepaid expenses) at December 31, 2019 versus €125 million at December 31, 2018.
(b) The application of IFRS 16 had an impact of €1,318 million at January 1, 2019 (see Note 2).

8.10 Property, plant and equipment and intangible assets

(in millions of euros)	31/12/2019 Gross value	31/12/2019 Depreciation, amortization and impairment	31/12/2019 Net value	31/12/2018 Gross value	31/12/2018 Depreciation, amortization and impairment	31/12/2018 Net value
Property, plant and equipment	2,611	(1,186)	1,425	1,339	(919)	420
Land and buildings	454	(317)	137	477	(322)	156
Rights of use in respect of lease agreements (lessees) [(a)]	1,232	(209)	1,023			
o/w immovable assets	*1,213*	*(202)*	*1,011*			
o/w movable assets	*19*	*(6)*	*13*			
Other	925	(660)	265	862	(597)	264
Intangible assets [(b)]	2,008	(1,291)	717	1,900	(1,221)	678
Goodwill	33	(6)	27	31	(9)	21
Software	1,506	(1,116)	391	1,445	(1,060)	385
Other	468	(169)	298	424	(152)	272
TOTAL	**4,618**	**(2,477)**	**2,142**	**3,239**	**(2,141)**	**1,098**

(a) The impacts associated of the first-time application of IFRS 16 are presented in Note 2.

(b) Of which for intangible assets:
€244 million at December 31, 2019 and €240 million at December 31, 2018 for the Asset & Wealth Management Division;
€91 million at December 31, 2019 and €86 million at December 31, 2018 for the Corporate & Investment Banking Division;
€172 million at December 31, 2019 and €158 million at December 31, 2018 for the Insurance Division (excluding investment property);
€139 million at December 31, 2019 and €123 million at December 31, 2018 for the Specialized Financial Services Division;
€67 million at December 31, 2019 and €67 million at December 31, 2018 for Coface;
€4 million at December 31, 2019 and €4.4 million at December 31, 2018 for the Corporate Center.

At December 31, 2018, intangible assets reclassified as assets held for sale pursuant to IFRS 5 totaled €127 million.

December 31, 2019

(in millions of euros)	Gross value 31/12/2018	Impact FTA IFRS 16	Gross value 1/1/2019	Increase	Decrease	Change in consolidation scope and other items	**Gross value 31/12/2019**
Property, plant and equipment	**1,339**	**1,216**	**2,554**	**155**	**(118)**	**19**	**2,611**
Land and buildings	477		477	13	(49)	12	454
Property, plant and equipment provided under operating leases							
Rights of use in respect of lease agreements (lessees)		1,216	1,216	63	(56)	9	1,232
o/w immovable assets		*1,201*	*1,201*	*58*	*(55)*	*9*	*1,213*
o/w movable assets		*14*	*14*	*6*	*(1)*	*0*	*19*
Other	862		862	78	(13)	(2)	925
Intangible assets	**1,900**		**1,900**	**173**	**(101)**	**35**	**2,008**
Goodwill	31		31		(5)	7	33
Software	1,445		1,445	96	(88)	53	1,506
Other	424		426	77	(8)	(25)	468
TOTAL	**3,239**	**1,216**	**4,454**	**328**	**(219)**	**54**	**4,618**

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 4.1).

8.11 Assets obtained by taking possession of guarantees

At December 31, 2019 and December 31, 2018, Natixis did not have any assets obtained by taking possession of guarantees on its balance sheet.

8.12 Goodwill

At December 31, 2019

(in millions of euros)	01/01/2019 Opening balance	31/12/2019 Acquisitions during the period	Disposals	Write-downs	Translation adjustments	Transfers to equity method	Reclassifications	Other changes	Closing balance
Asset & Wealth Management [(a)]	3,136	42	(2)		30		31	(1)	3,235
Corporate & Investment Banking [(b)]	129	11			4				144
Insurance	93								93
Payments [(c)]	0	10					126		137
Specialized Financial Services [(d)]	157						(157)		(0)
Financial Investments	281				1				282
Other activities	(0)								(0)
TOTAL	**3,796**	**64**	**(2)**	**0**	**34**	**0**	**0**	**(1)**	**3,891**

(a) *Of which +€42.1 million in goodwill recorded on the acquisition of Massena Partners. In addition, a goodwill adjustment of -€1.0 million for MV Crédit was made within the one-year allocation period.*

(b) *Of which +€11.4 million in goodwill recorded on the acquisition of Azure Capital Holdings Pty Ltd.*

(c) *Of which +€10.2 million in goodwill recorded on the acquisition of Titres Cadeaux.*

(d) *The disposal of the SFS division's retail banking entities also altered the presentation of the Natixis CGUs. Within the former SFS CGU, the Payments entities now belong to the "Payments" CGU. The Group reallocated €126 million in goodwill to the Payments CGU, predominantly comprising goodwill recognized on the recent fintech acquisitions in the aforementioned business lines. Natixis Interépargne was reassigned to Asset & Wealth Management (€31 million in "historical" goodwill reallocated).*

Furthermore, goodwill on entities consolidated using the equity method amounted to €3.4 million at December 31, 2019.

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 €346.6 million as at December 31, 2019.

At December 31, 2018

(in millions of euros)	01/01/2018 Opening balance	31/12/2018 Acquisitions during the period	IFRS 5 allocations	Disposals	Write-downs	Translation adjustments	Transfers to equity method	Reclassifications	Other changes	Closing balance
Asset & Wealth Management [(a)]	2,986	123	0	(27)	0	63	0	0	(10)	3,136
Corporate & Investment Banking [(b)]	77	47	0	0	0	4	0	0	0	129
Insurance	93	0	0	0	0	0	0	0	0	93
Specialized Financial Services [(c)]	161	20	(27)	0	0	0	0	0	2	157
Financial Investments	281	0	0	0	0	(0)	0	0	0	281
Other activities	0	0	0	0	0	0	0	0	0	(0)
TOTAL	**3,601**	**190**	**(27)**	**(27)**	**0**	**67**	**0**	**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.

8.13 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.

8.13.1 Due to banks

(in millions of euros)	**31/12/2019**	31/12/2018
Current accounts	5,080	3,858
Deposits and loans	59,888	60,532
Repurchase agreements	6,888	8,755
Security deposits received	65	88
Other liabilities	5	1
TOTAL [(a)]	**71,927**	**73,234**

(a) Including €1,509 million for the insurance entities at December 31, 2019, versus €4,358 million at December 31, 2018.
The fair value of debts due to banks is provided in Note 8.5.4.

8.13.2 Amounts due to customers

(in millions of euros)	**31/12/2019**	31/12/2018
Current accounts	23,529	22,740
Deposits and loans	4,764	11,031
Repurchase agreements	121	63
Special savings accounts	294	201
Factoring accounts	301	347
Security deposits received		
Other liabilities	1,449	1,579
Accrued interest	27	30
TOTAL [(a)]	**30,485**	**35,991**

(a) The fair value of customer deposits is presented in Note 8.5.4.

8.14 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)	**31/12/2019**	31/12/2018
Money market instruments	44,127	32,021
Bonds	1,492	1,471
Other debt securities	1,756	1,466
TOTAL [(a)(b)]	**47,375**	**34,958**

(a) Including €438.7 million for the insurance entities at December 31, 2019, versus €448.3 million at December 31, 2018.
(b) The fair value of debt securities is presented in Note 8.5.4.

8.15 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 notes. Subordinated debt is valued at amortized cost.

(in millions of euros)	31/12/2019	31/12/2018
Dated subordinated debt [b]	3,654	3,646
Undated subordinated debt	297	297
Accrued interest	20	21
TOTAL [a]	**3,971**	**3,964**

The main features of the subordinated note issues are outlined in Chapter 14 of the Pillar III report.

(a) Including €640 million for the insurance entities at December 31, 2019, versus €640 million at December 31, 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 2019 fiscal year

(in millions of euros)	01/01/2019	Issues	Redemptions	Translation adjustments	Changes in scope	Other [a]	31/12/2019
Other dated subordinated debt	**3,646**	**0**	**0**	**0**	**0**	**8**	**3,654**
Subordinated notes	667					8	674
Subordinated loans	2,980						2,980
Other undated subordinated debt	**297**	**0**	**0**	**0**	**0**	**0**	**297**
Deeply subordinated notes	0						0
Subordinated notes	46						46
Subordinated loans	251						251
TOTAL	**3,943**	**0**	**0**	**0**	**0**	**8**	**3,951**

This table does not include accrued interest.

(a) 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 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.

8.16 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)*.

At December 31, 2019

(in millions of euros)	01/01/2019	Increase	Reversal (utilized provisions)	Reversal (surplus provisions)	Translation adjustments	Other	31/12/2019
Counterparty risks	**888**	**275**	**(1)**	**(263)**	**15**	**1**	**916**
Financing and guarantee commitments	105	270	(0)	(250)	1	2	127
Litigation [(a)]	768	0	(0)	(3)	14	0	779
Other provisions	15	5	(0)	(10)	0	(1)	10
Impairment risks	**22**	**4**	**(1)**	**(1)**	**1**	**0**	**24**
Long-term investments	21	4	(1)	(1)	1	0	24
Real estate developments	0	0	0	(0)	0	0	0
Other provisions	0	0	0	0	0	0	0
Employee benefit obligations	**584**	**90**	**(176)**	**(15)**	**5**	**36**	**524**
Operational risks [(b)]	**188**	**51**	**(42)**	**(17)**	**2**	**(3)**	**179**
TOTAL CONTINGENCY RESERVES	**1,681**	**420**	**(220)**	**(296)**	**23**	**35**	**1,642**

The table does not include value adjustments for credit losses associated with financial assets at fair value through other comprehensive income.

(a) of which €551 million of provisions at December 31, 2019 for Madoff fraud exposure (see Section 3.2.9 of Chapter 3 "Risk factors, risk management and Pillar III").

(b) of which €10.5 million of provisions for restructuring costs at December 31, 2019 in respect of the Coface plan.

At December 31, 2018

(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 Pillar III").

(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 4.1).

8.17 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.

	31/12/2019							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**	**Un-dated**	**Total**	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Un-dated	Total
Cash and amounts due from central banks	21					0	21	24						24
Assets at fair value through profit and loss – excluding trading derivatives	0	0		2	1	165	168	0	0	0	2	1	153	157
Derivative instruments not eligible for hedge accounting						61	61						57	57
Hedging derivatives						0	0						0	0
Financial assets at fair value through equity	1	0	0	1	9	1	12	1	1	1	5	3	0	11
Loans and receivables due from credit institutions	7	4	16	10	10	1	48	7	1	10	8	1	0	27
Loans and receivables due from customers	16	5	7	26	13	4	71	15	5	7	26	13	4	69
Debt instruments at amortized cost	0	0	0		1	0	2	0	0	0	0	0	0	1
Revaluation adjustment on portfolios hedged against interest rate risk														
TOTAL	**46**	**10**	**23**	**38**	**34**	**231**	**383**	**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	Un-dated	Total	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Un-dated	Total
Assets at fair value through profit and loss – excluding trading derivatives	0	0	2	0	2	19	23	0	0	0	1	1	21	22
Available-for-sale financial assets	0	0	3	13	25	10	51	0	1	2	14	21	10	48
Loans and receivables	0	0		0		14	14	0					13	13
Held-to-maturity financial assets			0	0	0		1		0	0	0	0		1
TOTAL	**0**	**1**	**2**	**15**	**22**	**43**	**85**	**0**	**1**	**2**	**15**	**22**	**44**	**85**

Liabilities *(in billions of euros)*	31/12/2019 Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Un-dated	Total	31/12/2018 Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Un-dated	Total
Due to central banks								0						0
Financial liabilities at fair value through profit or loss	12	1	0	1	11	133	159	2	0	1	6	14	128	151
o/w repurchase agreements						*96*	*96*	*1*	*0*	*1*	*3*	*12*	*91*	*109*
Secured debt	*12*	*1*	*0*	*1*	*11*	*34*	*59*	*0*	*0*	*0*	*2*	*1*	*33*	*37*
o/w senior debt														
Unsecured debt	*0*	*0*	*0*	*0*	*0*	*4*	*4*	*0*	*0*	*0*	*0*	*0*	*4*	*5*
o/w senior debt														
Covered bonds						*0*	*0*							
Trading derivatives						60	60						57	57
Hedging derivatives						1	1						1	1
Amounts due to credit institutions	17	14	12	24	3	2	72	20	15	9	24	2	4	73
o/w repurchase agreements	*4*	*1*	*1*		*0*	*1*	*7*	*4*	*1*	*0*	*1*	*3*	*0*	*9*
Amounts due to customers	21	4	3	1	2	0	30	22	5	6	1	1	0	36
Debt securities	16	11	17	1	2	0	47	6	13	13	1	1	0	35
o/w secured debt														
Covered bonds										*0*	*1*	*0*		*1*
Subordinated debt			0			4	4						4	4
FINANCIAL LIABILITIES BY MATURITY	**66**	**30**	**33**	**27**	**17**	**200**	**372**	**50**	**34**	**29**	**32**	**17**	**195**	**358**
FINANCING COMMITMENTS GIVEN	**2**	**4**	**8**	**32**	**6**		**52**	**2**	**5**	**8**	**30**	**5**		**50**
GUARANTEE COMMITMENTS GIVEN	**2**	**3**	**6**	**8**	**8**		**26**	**3**	**3**	**7**	**16**	**1**		**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 1.1)*.

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 recognized in income under "Provision for credit losses" (debt instruments) or "Net income from insurance activities" (equity instruments).

9.2.2 Provisions for impairment 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 Liabilities related to insurance policies

Policies managed by the insurance subsidiaries of the Coface 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 2019 budget and in accordance with the pay-out ratio recorded for 2018, the deferred profit-sharing rate adopted at December 31, 2019 was 89% compared with 88% at December 31, 2018.

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, 2019 as on December 31, 2018.

(in millions of euros)	2019	2018
Total net deferred profit-sharing asset	-	-
Total net deferred profit-sharing liability	4,039	2,115

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)	31/12/2019	31/12/2018
Earned premiums	***13,862***	***13,522***
Premiums written	13,881	13,698
Change in unearned premium income	(19)	(176)
Other income from insurance activities	***9***	***37***
Revenue from insurance activities	**138**	**133**
Investment income (net of expenses)	**3,484**	**539**
Investment income	1,792	1,641
Investment expenses	(279)	(99)
Capital gains and losses on disposal of investments (net of reversals, write-downs and amortization)	205	105
Change in fair value of investments carried at fair value through profit or loss	1,833	(1,013)
Change in write-downs on investments	(67)	(96)
Amortization of acquisition costs	**(3)**	**27**
Policy benefit expenses	**(14,661)**	**(11,321)**
Income and expenses net of reinsurance transfers	**(36)**	**(28)**
Reinsurance transfer income	3,455	3,182
Reinsurance transfer expenses	(3,491)	(3,210)
NET INCOME FROM INSURANCE ACTIVITIES [a]	**2,792**	**2,910**

(a) At December 31, 2018, Compagnie Européenne de Garanties et Cautions (CEGC) contributed +€278 million to net income from Insurance businesses.

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.

At December 31, 2019

	31/12/2019								
		Bank format							
		Net revenues							
Insurance format *(in millions of euros)*	TOTAL	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	*13,882*	*13,882*	*0*	*0*	*13,882*	*0*	*0*	*0*	*13,882*
Change in unearned premium income	*(20)*	*(20)*	*0*	*0*	*(20)*	*0*	*0*	*0*	*(20)*
Earned premiums	13,862	13,862	0	0	13,862	0	0	0	13,862
Banking operating income	58	0	58	0	58	0	0	0	58
Revenues and income from other activities	161	138	23	0	161	0	0	0	161
Other operating income	19	9	0	11	19	0	0	0	19
Investment income	*1,908*	*1,792*	*116*	*0*	*1,908*	*0*	*0*	*0*	*1,908*
Investment expenses	*(368)*	*(279)*	*(75)*	*(14)*	*(368)*	*0*	*0*	*0*	*(368)*
Capital gains and losses on disposal of investments (net of reversals, write-downs and amortization)	*262*	*204*	*(5)*	*0*	*200*	*(0)*	*0*	*62*	*262*
Change in fair value of investments carried at fair value through profit or loss	*1,829*	*1,833*	*(4)*	*0*	*1,829*	*0*	*0*	*0*	*1,829*
Change in write-downs on investments	*(73)*	*(67)*	*(6)*	*0*	*(73)*	*1*	*0*	*0*	*(73)*
Investment income (net of expenses)	3,560	3,484	26	(14)	3,497	0	0	62	3,560
Policy benefit expenses	(14,783)	(14,662)	4	(124)	(14,783)	0	0	0	(14,783)
Reinsurance transfer income	*3,465*	*3,455*	*11*	*0*	*3,465*	*0*	*0*	*0*	*3,465*
Reinsurance transfer expenses	*(3,478)*	*(3,491)*	*13*	*0*	*(3,478)*	*0*	*0*	*0*	*(3,478)*
Income and expenses net of reinsurance transfers	(14)	(36)	23	0	(14)	0	0	0	(14)
Provision for credit losses	(2)	0	0	0	0	(2)	0	0	(2)
Banking operating expenses	(13)	0	(0)	(13)	(13)	0	0	0	(13)
Policy acquisition costs	(959)	(3)	(761)	(194)	(959)	0	0	0	(959)
Amortization of portfolio values and related items	0	0	0	0	0	0	0	0	0
Administrative costs	(860)	0	(491)	(369)	(860)	0	0	0	(860)
Other recurring operating income and expenses	(324)	0	(73)	(253)	(327)	0	0	2	(324)
Other non-recurring operating income and expenses	(7)	0	4	(11)	(7)	0	0	0	(7)
Operational income (loss)	**699**	**2,792**	**(1,187)**	**(969)**	**635**	**(2)**	**0**	**65**	**698**
Finance expenses	(32)	0	(33)	(0)	(32)	0	0	0	(32)
Share in income of associates	10	0	0	0	0	0	0	10	10
Income taxes	(208)	0	0	(2)	(2)	0	(205)	0	(208)
After-tax income from discontinued activities	0	0	0	0	0	0	0	0	0
Minority interests	(118)	0	0	0	0	0	0	(118)	(118)
CONSOLIDATED NET INCOME	**351**	**2,792**	**(1,219)**	**(971)**	**600**	**(2)**	**(205)**	**(43)**	**351**

At December 31, 2018

Insurance format *(in millions of euros)*	31/12/2018								
		Bank format							
		Net revenues							
	Total	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)
Operational 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
Minority 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	31/12/2019	31/12/2018
Investment property	9.4.3	1,498	1,371
Financial assets at fair value through profit or loss	9.4.1	23,360	22,328
Hedging derivatives			
Available-for-sale financial assets	9.4.2	51,391	47,801
Loans and receivables	9.4.5	13,994	13,137
Held-to-maturity financial assets	9.4.6	918	1,291
Share held by cedents and retrocessionaires in liabilities relating to insurance policies and financial contracts		15,218	13,015
Receivables arising from Insurance and assumed reinsurance activities		1,265	1,157
Receivables arising from reinsurance transfers		86	91
Deferred acquisition costs		323	344
Other			
TOTAL		**108,053**	**100,536**

9.4.1 Financial assets at fair value through profit or loss

(in millions of euros)	Notes	31/12/2019	31/12/2018
Securities held for trading		**2,286**	**4,810**
Debt instruments in the form of securities			
Other equity instruments issued [(a)]		2,286	4,810
Loans and receivables			
Derivative instruments not eligible for hedge accounting		**19**	**18**
Hedging derivatives			
Securities under the fair value option through profit or loss	**9.4.1.1**	**21,055**	**17,501**
Debt instruments in the form of securities		2,046	1,582
Other equity instruments issued [(a)]		785	366
Investments backed by unit-linked policies		18,224	15,553
Loans and receivables at fair value through profit and loss	**9.4.1.1**	**0**	**0**
Banks			
Customers			
TOTAL		**23,360**	**22,328**

(a) Including mutual fund units.

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.

	31/12/2019				31/12/2018			
(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
Loans and receivables due from banks								
Loans and receivables due from customers								
Debt instruments in the form of securities	2,670	622		2,048	2,353	843		1,510
Equity instruments	18,385	18,385			15,148	15,148		
TOTAL	**21,055**	**19,007**		**2,048**	**17,501**	**15,991**		**1,510**

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 net value after impairment.

(in millions of euros)	31/12/2019	31/12/2018
Securities	**51,592**	**48,045**
■ Debt instruments	42,651	40,452
■ Other equity instruments issued [(a)]	8,509	7,133
■ Accrued interest	432	460
Impairment of available-for-sale assets	**(201)**	**(245)**
■ Debt instruments	(50)	(38)
■ Other equity instruments issued [(b)]	(151)	(207)
TOTAL	**51,391**	**47,801**

(a) Including mutual fund units.

(b) At December 31, 2019, permanent impairment of variable-income securities stood at €53 million, compared with €69 million at December 31, 2018. This expense was 89% offset by the profit-sharing mechanism. The 2019 expense can be broken down into an additional impairment loss on previously impaired securities for €16 million (€13 million at December 31, 2018) and an allowance for newly impaired securities for €37 million (€56 million at December 31, 2018).

9.4.3 Investment property

	31/12/2019			31/12/2018		
(in millions of euros)	Gross value	Depreciation, amortization and impairment	Net value	Gross value	Depreciation, amortization and impairment	Net value
Investment property – At fair value	1,070		1,070	970	0	970
Investment property – At historical cost	40	(14)	26	40	(13)	27
Investment property – UL policies	402		402	374	0	374
TOTAL	**1,512**	**(14)**	**1,498**	**1,385**	**(13)**	**1,371**

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 89% of the related base amount on average at December 31, 2019, compared with 88% at December 31, 2018 *(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 6.6 and 8.5.

Assets *(in millions of euros)*	31/12/2019 Carrying amount	Level 1	Level 2	Level 3	31/12/2018 Carrying amount	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	**23,360**	**17,505**	**4,569**	**1,286**	**22,328**	**19,519**	**1,570**	**1,238**
Income securities held for trading	**2,286**	**2,202**	**84**		**4,810**	**4,726**	**84**	
o/w debt instruments in the form of securities								
o/w equity instruments	*2,286*	*2,202*	*84*		*4,810*	*4,726*	*84*	
Derivative instruments not eligible for hedge accounting (positive fair value)	**19**	**14**	**5**	**0**	**18**	**4**	**13**	**0**
o/w interest rate derivatives	*1*		*1*		*4*		*4*	
o/w currency derivatives	*9*	*6*	*4*	*0*	*13*	*3*	*10*	*0*
o/w credit derivatives								
o/w equity derivatives	*8*	*8*		*0*	*1*	*1*		
o/w other	*0*			*0*	*0*			*0*
Other financial assets held for trading								
Financial assets designated under the fair value option through profit or loss	**21,055**	**15,289**	**4,480**	**1,286**	**17,501**	**14,789**	**1,473**	**1,238**
o/w debt instruments in the form of securities	*2,046*	*98*	*663*	*1,285*	*1,582*	*89*	*255*	*1,238*
o/w equity instruments	*785*	*125*	*659*		*366*	*83*	*282*	
o/w loans and receivables								
o/w investments backed by unit-linked policies	*18,224*	*15,065*	*3,159*	*0*	*15,553*	*14,617*	*936*	
Available-for-sale financial assets	**51,391**	**43,317**	**5,279**	**2,795**	**47,801**	**39,708**	**5,617**	**2,475**
Available-for-sale securities – Equity investments	**240**	**0**	**0**	**240**	**208**	**0**	**0**	**208**
Other available-for-sale securities	**51,151**	**43,317**	**5,279**	**2,554**	**47,593**	**39,708**	**5,617**	**2,267**
o/w debt instruments in the form of securities	*43,033*	*37,311*	*3,189*	*2,534*	*40,874*	*34,443*	*4,213*	*2,218*
o/w equity instruments	*8,118*	*6,006*	*2,091*	*21*	*6,718*	*5,265*	*1,404*	*49*
o/w other available-for-sale financial assets								
TOTAL	**74,751**	**60,822**	**9,848**	**4,081**	**70,129**	**59,228**	**7,188**	**3,713**

Financial assets at fair value measured using level 3 of the fair value hierarchy

At December 31, 2019

(in millions of euros)	Level 3 opening balance 01/01/2019	Gains and losses recognized in the period – Income statement – On outstanding transactions at the reporting date	Gains and losses recognized in the period – Income statement – On transactions expired or redeemed at the reporting date	Gains and losses recognized in the period – Gains and losses recognized directly in equity
Financial assets at fair value through profit or loss	**1,238**	**87**	**(3)**	**0**
Derivative instruments not eligible for hedge accounting (positive fair value)	**0**			
o/w currency derivatives	*0*			
o/w equity derivatives	*0*			
o/w other	*0*			
Financial assets designated under the fair value option through profit or loss	**1,238**	**87**	**(3)**	
o/w debt instruments in the form of securities	*1,238*	*87*	*(3)*	
Available-for-sale financial assets	**2,475**	**(11)**	**51**	**14**
Available-for-sale securities – Equity investments	**208**			**12**
Other available-for-sale securities	**2,267**	**(11)**	**51**	**3**
o/w debt instruments in the form of securities	*2,218*	*(11)*	*(4)*	*3*
o/w equity instruments	*49*		*55*	
o/w other available-for-sale financial assets	*0*			
TOTAL FINANCIAL ASSETS RECORDED AT FAIR VALUE	**3,713**	**76**	**48**	**14**

At December 31, 2018

(in millions of euros)	Level 3 opening balance 01/01/2018	Gains and losses recognized in the period – Income statement – On outstanding transactions at the reporting date	Gains and losses recognized in the period – Income statement – On transactions expired or redeemed during the period	Gains and losses recognized in the period – 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 carried out in the period		Reclassifications in the period					
	Purchases/ Issues	Sales/ Redemptions	From level 3	To Level 3	Other reclassifications	Change in consolidation scope	Translation adjustments	**Level 3 closing balance 31/12/2019**
	201	**(207)**	**(31)**	**0**	**1**	**0**	**0**	**1,286**
	0				**(0)**			
					(0)			
	0							
	201	**(207)**	**(31)**	**0**	**1**			**1,286**
	201	*(207)*	*(31)*		*1*			*1,285*
	740	**(601)**	**(572)**	**685**	**14**	**0**	**1**	**2,795**
	17				**3**		**1**	**240**
	724	**(601)**	**(572)**	**685**	**10**	**0**	**0**	**2,554**
	724	*(507)*	*(572)*	*685*				*2,534*
		(94)			*10*			*21*
								0
	941	**(808)**	**(603)**	**685**	**15**	**0**	**1**	**4,081**

	Transactions carried out in the period		Reclassifications in the period					
	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
	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**

5

Financial assets at fair value: transfer between fair value levels

	31/12/2019					31/12/2018				
From	Level 1	Level 2	Level 2	Level 3	Level 3	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	Level 2	Level 1	Level 3	Level 1	Level 2
Financial assets at fair value through profit or loss	**0**	**0**	**0**	**0**	**31**	**0**	**2**	**0**	**0**	**1**
Financial assets designated under the fair value option through profit or loss	**0**	**0**	**0**	**0**	**31**	**0**	**2**	**0**	**0**	**1**
o/w debt instruments in the form of securities					*31*					*1*
o/w equity instruments							*2*			
Available-for-sale financial assets	**401**	**825**	**685**	**0**	**572**	**75**	**9**	**603**	**0**	**1,525**
Available-for-sale securities – Equity investments										
Other available-for-sale securities	**401**	**825**	**685**	**0**	**572**	**75**	**9**	**603**	**0**	**1,525**
o/w debt instruments in the form of securities	*99*	*544*	*685*		*572*	*56*	*9*	*603*		*1,506*
o/w equity instruments	*302*	*280*				*19*				*20*

9.4.5 Loans and receivables

9.4.5.1 Loans and receivables due from banks

(in millions of euros)	31/12/2019	31/12/2018
Outstanding	**682**	**378**
Loans and receivables	*681*	*377*
Accrued interest	*1*	*1*
Provisions		
TOTAL NET	**682**	**378**

9.4.5.2 Customer loans and receivables

(in millions of euros)	31/12/2019	31/12/2018
Outstanding	**13,312**	**12,760**
Loans and receivables	13,299	12,750
Debt instruments in the form of securities		
Financing against reverse repos		
Other		
Accrued interest	13	10
Provisions		
TOTAL [(a)]	**13,312**	**12,760**

(a) Of which €11,602 million for guarantee deposits made for the acceptance of reinsurance treaties, compared with €11,598 million at December 31, 2018.

9.4.6 Held-to-maturity financial assets

(in millions of euros)	31/12/2019	31/12/2018
Government securities	**636**	**1,002**
Gross value	636	1,002
Provisions	0	0
Bonds	**282**	**289**
Gross value	282	290
Provisions	(1)	(1)
TOTAL	**918**	**1,291**

9.4.7 Fair value of financial assets valued at amortized cost on the balance sheet

	31/12/2019					31/12/2018				
(in millions of euros)	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
Loans and receivables due from banks	**682**	**682**	**3**	**679**		**378**	**378**	**4**	**374**	
o/w loans and receivables	*612*	*612*	*3*	*609*		*371*	*371*	*4*	*368*	
Other	*70*	*70*		*70*		*6*	*6*		*6*	
Loans and receivables due from customers	**13,312**	**13,312**	**51**	**13,259**	**2**	**12,760**	**12,760**	**47**	**12,712**	
o/w loans and receivables	*13,312*	*13,312*	*51*	*13,259*	*2*	*12,760*	*12,760*	*47*	*12,712*	
Held-to-maturity assets	**918**	**1,124**	**1,051**	**71**	**2**	**1,291**	**1,506**	**1,345**	**157**	**3**
TOTAL FINANCIAL ASSETS	**14,912**	**15,118**	**1,106**	**14,009**	**4**	**14,428**	**14,643**	**1,396**	**13,244**	**3**

9.5 Liabilities related to insurance policies

(in millions of euros)	31/12/2019	31/12/2018
Technical reserves	**90,018**	**79,732**
Technical reserves relating to insurance policies	48,724	43,703
Technical reserves relating to unit-linked policies	12,164	9,845
Technical reserves relating to financial contracts with a discretionary profit sharing feature	20,161	20,118
Technical reserves relating to financial contracts without a discretionary profit sharing feature	-	-
Technical reserves relating to unit-linked policies	4,930	3,951
Deferred profit-sharing liabilities	4,039	2,115
Debts arisiing from insurance and reinsurance activities	**10,489**	**9,800**
Debts arising from insurance and assumed reinsurance activities	475	398
Debts arising from ceded reinsurance activities	10,015	9,402
Derivatives	**39**	**7**
Derivative instruments not eligible for hedge accounting	39	7
Hedging derivatives	-	-
Other liabilities relating to insurance politicies	**-**	**-**
TOTAL	**100,545**	**89,538**

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 8.13.

9.5.3 Debt securities

The information about debt securities required by IFRS 7 is presented in Note 8.14.

9.5.4 Subordinated debt

The information about subordinated debt required by IFRS 7 is presented in Note 8.15.

9.5.5 Information to be disclosed about the temporary exemption from the application of IFRS 9 for insurance activities

	31/12/2019		31/12/2018	
(in millions of euros)	Fair value	Change in fair value over the period	Fair value	Change in fair value over the period
SPPI financial assets	43,660	2,011	39,912	(1,492)
Non-SPPI financial assets	3,177	54	3,516	(83)
TOTAL [a]	**46,837**	**2,066**	**43,428**	**(1,575)**

This table does not include financial assets recognized at fair value through profit or loss, or reinsurance activities.

(a) Excluding €5,994 million in mutual funds classified as available-for-sale assets at December 31, 2019 versus €5,067 million at December 31, 2018.

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.

Subsequent to the sale of the Factoring, Sureties and Financial Guarantees, Leasing, Consumer Financing and Securities Services business lines (SFS division) to BPCE S.A., finalized on March 31, 2019, the organizational structure was divided into four business divisions:

- **Asset & Wealth Management**, which includes the asset management activities of Natixis Investment Managers, the wealth management business and employee savings plans;
- **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 focus, 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 Groupe BPCE's single platform for the distribution of personal insurance and non-life insurance products;
- **Payments**, which provides the Banque Populaire/Caisse d'Epargne bank customers and direct customers with payment tools, infrastructures and services.

Coface, Private Equity (proprietary activity retained until it is put into run-off, and portion of sponsored funds) and Natixis Algérie are considered non-strategic and are now grouped within Financial Investments.

Based on this new organizational structure, senior 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 Caisse d'Epargne and Banque Populaire banks, and to a lesser extent from that of Natixis. Wealth management offers advisory services, financial planning and expertise, and fund management solutions.
- **Employee savings plans:** this business line offers companies an employee savings management solution (administration of employee accounts, fund administration and accounting);

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 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 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 & 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 & Treasury Solutions.

Lastly, subsequent to the sale of SFS busines operations to BPCE S.A., the Corporate & Investment Banking division now includes the Film Industry Financing business line, which is operated via Coficiné, a subsidiary specializing in structured loans for film and audiovisual activities in France and Europe.

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 non-profits.

10.4 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 play 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;

10.5 Financial Investments

Financial Investments houses the non-core business lines of Natixis: Coface, of which the main activities are credit insurance, international factoring, corporate information and rating and the management of accounts receivable, as well as the proprietary Private Equity activity, Natixis' stake in certain sponsored funds that it does not intend to retain, as well as the Natixis subsidiary in Algeria.

10.6 Corporate Center

The Corporate Center operates alongside the operating divisions. 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.

10.7 Segment information

10.7.1 Segment reporting in the income statement

At December 31, 2019

	31/12/2019						
(in millions of euros)	Asset & Wealth Management [(b)]	Corporate & Investment Banking	Insurance	Payment	Financial Investments	Corporate Center [(c)(d)]	Total
Net revenues	3,760	3,223	846	423	772	195	9,219
2018/2019 change [(a)]	10%	3%	7%				(4)%
Expenses	(2,492)	(2,170)	(478)	(370)	(561)	(584)	(6,655)
2018/2019 change [(a)]	10%	2%	7%				(2)%
Gross operating income	1,268	1,053	368	52	211	(388)	2,564
2018/2019 change [(a)]	10%	6%	8%				(8)%
Provision for credit losses	(8)	(312)	0	(2)	(10)	1	(332)
2018/2019 change [(a)]		78%					55%
Net operating income	1,260	741	368	50	201	(388)	2,232
2018/2019 change [(a)]	9%	(9)%	8%				(13)%
Associates	1	10	10	0	0	0	21
2018/2019 change [(a)]	(68)%	(10)%	(32)%				(27)%
Other	5	(15)	0	0	7	695	692
2018/2019 change [(a)]	(87)%						
Pre-tax profit	1,266	737	378	50	208	307	2,945
2018/2019 change [(a)]	6%	(11)%	6%				11%
Net income (Group share)	662	527	258	34	50	365	1,897
2018/2019 change [(a)]	6%	(11)%	6%				11%

This information is determined based on the accounting principles applied in accordance with IFRS as adopted by the European Union at December 31, 2019.

(a) Change between December 31, 2019 and December 31, 2018.
(b) O/w for Asset Management:
- Net revenues: €3,511 million;
- expenses: -€2,253 million;
- gross operating income: €1,258 million;
- provision for credit losses: -€6.5 million;
- pre-tax profit: €1,257 million.
(c) O/w for short-term treasury:
- net revenues: €114 million;
expenses: -€65 million;
- gross operating income: €49 million;
- provision for credit losses: €0 million;
- pre-tax profit: €49 million.
(d) Net revenues and operating expenses attributable to the Corporate Center include the residual impact of the activities sold to BPCE in the first quarter, subsequent to their deconsolidation at March 31, 2019. The impact on net revenues came to €22.3 million and the impact on operating expenses amounted to €22.5 million , both are primarily related to EuroTitres

(in millions of euros)	Net revenues	2018/2019 change
Asset & Wealth Management	**3,760**	**10%**
Asset Management	*3,511*	*7%*
Wealth Management	*149*	*3%*
Employee Savings	*100*	*6%*
Corporate & Investment Banking	**3,223**	**3%**
Capital Markets [(a)]	*1,396*	*15%*
Global finance & Investment banking	*1,803*	*1%*
Other	*24*	*(56)%*
Insurance	**846**	**7%**
Payment	**423**	
Financial Investments	**772**	
Corporate Center	**195**	
TOTAL	**9,219**	**(4)%**

(a) Of which €1,535 million excluding the net revenues of the XVA desks, which break down into €1,118 million in net revenues for FICT and €417 million in net revenues for Equities.

At December 31, 2018

	31/12/2018						
(in millions of euros)	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: €1,184 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.

10.7.2 Balance sheet segment analysis

At December 31, 2019:

(in millions of euros)	31/12/2019						
	Asset & Wealth Management	Corporate & Investment Banking	Insurance	Payment	Financial Investments	Corporate Center	Total
Financial assets at fair value through profit or loss	2,076	227,466	4	22	(136)	(630)	228,802
Financial assets at fair value through other comprehensive income	365	3,764		4	1	7,942	12,076
Debt instruments at amortized cost	140	1,019			339	61	1,558
Loans and receivables due from banks and similar items at amortized cost	935	26,004	265	440	604	19,867	48,115
Loans and receivables due from customers at amortized cost	4,461	60,367	(336)	11	2,916	3,670	71,089
Insurance business investments			104,066		3,987		108,053
Non-current assets held for sale		(36)		36			
Goodwill	3,235	144	93	137	282		3,891
Other assets	(5,036)	20,096	(79)	(150)	(23)	24,778	39,586
TOTAL ASSETS	**6,175**	**338,823**	**104,013**	**500**	**7,969**	**55,690**	**513,170**
Financial liabilities at fair value through profit or loss	121	214,322	3,601			235	218,279
Deposits and loans due to banks and similar items	986	42,594	2,114	(198)	518	25,913	71,927
Deposits and loans due to customers	2,597	12,781	(43)	103	1,228	13,819	30,485
Debt securities	670	46,899	(2,357)		1,579	584	47,375
Liabilities on assets held for sale		(251)		250		1	0
Liabilities related to insurance policies			98,512		2,033		100,545
Subordinated debt	10	2,537	1,034		390		3,971
Other liabilities	1,791	19,941	1,152	344	2,220	15,139	40,587
TOTAL LIABILITIES	**6,175**	**338,823**	**104,013**	**500**	**7,969**	**55,690**	**513,170**

At December 31, 2018:

(in millions of euros)	31/12/2018						
	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
Liabilities related to insurance policies	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**

10.8 Other disclosures

At December 31, 2019

(in millions of euros)	France	Other EU	North America	Other OECD	Other	Total
Net revenues	**3,984**	**1,706**	**2,672**	**187**	**669**	**9,219**
Net income for the period – group share	**657**	**517**	**505**	**14**	**203**	**1,897**
Financial assets at fair value through profit or loss	170,943	10,746	36,934	9,906	272	228,802
Financial assets at fair value through other comprehensive income	8,270	265	(7)	2	3,546	12,076
Loans and receivables due from banks and similar items at amortized cost	45,236	521	241	67	2,050	48,115
Loans and receivables due from customers at amortized cost	33,590	10,752	15,354	7	11,386	71,089
Insurance business investments	100,430	6,455	145	838	185	108,053
Non-current assets held for sale						
Fixed assets	1,657	245	120	35	85	2,142
Other assets	31,936	(224)	7,273	4,104	(196)	42,893
TOTAL ASSETS	**392,062**	**28,760**	**60,060**	**14,958**	**17,328**	**513,170**

At 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 4.1).

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 Pillar III".

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 Pillar III".

11.2.1 Risk profile

This table 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)*.

At December 31, 2019

	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	**11,563**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**11,563**
S1	11,529	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11,529
S2	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	33
S3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Securities at amortized cost	**1,551**	**0**	**0**	**0**	**0**	**0**	**0**	**155**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**147**	**1,558**
S1	1,474	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,474
S2	77	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	76
S3	0	0	0	0	0	0	0	155	0	0	0	0	0	0	0	147	8
Loans and receivables due from credit institutions and similar items at amortized cost	**47,542**	**17**	**2**	**0**	**0**	**0**	**0**	**48**	**3**	**0**	**0**	**0**	**0**	**0**	**0**	**48**	**47,558**
S1	46,844	0	2	0	0	0	0	0	1	0	0	0	0	0	0	0	46,846
S2	698	17	0	0	0	0	0	0	2	0	0	0	0	0	0	0	712
S3	0	0	0	0	0	0	0	48	0	0	0	0	0	0	0	48	0
Loans and receivables due from customers at amortized cost	**66,966**	**119**	**253**	**481**	**1,048**	**519**	**6**	**3,072**	**114**	**5**	**0**	**0**	**0**	**0**	**1**	**1,255**	**71,089**
S1	50,776	0	253	481	1,048	519	6	0	39	0	0	0	0	0	1	0	53,043
S2	16,190	119	0	0	0	0	0	0	75	5	0	0	0	0	0	0	16,229
S3	0	0	0	0	0	0	0	3,072	0	0	0	0	0	0	0	1,255	1,817
Financing commitments given	**52,007**	**118**	**0**	**0**	**0**	**0**	**0**	**76**	**57**	**6**	**0**	**0**	**0**	**0**	**0**	**13**	
S1	46,526	0	0	0	0	0	0	0	15	0	0	0	0	0	0	0	
S2	5,481	118	0	0	0	0	0	0	42	6	0	0	0	0	0	0	
S3	0	0	0	0	0	0	0	76	0	0	0	0	0	0	0	13	
Guarantee commitments given	**24,505**	**47**	**1**	**0**	**0**	**0**	**0**	**130**	**9**	**1**	**0**	**0**	**0**	**0**	**0**	**41**	
S1	21,257	0	0	0	0	0	0	0	3	0	0	0	0	0	0	0	
S2	3,247	48	1	0	0	0	0	0	7	1	0	0	0	0	0	0	
S3	0	0	0	0	0	0	0	130	0	0	0	0	0	0	0	41	
TOTAL AT DECEMBER 31, 2019	**204,133**	**301**	**256**	**481**	**1,048**	**519**	**6**	**3,481**	**184**	**12**	**0**	**0**	**0**	**0**	**1**	**1,504**	

At December 31, 2018

(in millions of euros)	Gross carrying amount – PD scale 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)	Impairment or provisions for expected credit losses – PD scale 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)	Net
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 DECEMBER 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 Natixis'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.

Classification of impaired financial instruments [(a)] *(in millions of euros)*	31/12/2019 Maximum risk exposure [(b)]	Impairment	Maximum exposure net of impairment [(c)]	Guarantees – Personal guarantees	Collateral	31/12/2018 Maximum risk exposure [(b)]	Impairment	Maximum exposure net of impairment (3)	Guarantees – 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	155	(147)	8			206	(132)	75	57	-
Loans and receivables due from banks at amortized cost	48	(48)	0			48	(47)	0	-	-
Customer loans and receivables at amortized cost	3,072	(1,255)	1,817	298	945	2,388	(1,114)	1,274	282	577
Financing commitments given	76	(13)	63	5	21	119	(5)	114	8	0
Guarantee commitments given	129	(41)	88	26	26	74	(20)	54	5	13
TOTAL	**3,480**	**(1,504)**	**1,976**	**328**	**992**	**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.

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 Pillar III".

Note 12 Headcount, payroll costs, compensation and employee benefits

12.1 Headcount

Number	31/12/2019	31/12/2018
Headcount [(a)]	19,639	21,652

(a) *Full-time equivalent current employees of Natixis at the reporting date (including 1,989 employees of entities restated under IFRS 5 at December 31, 2018).*

The breakdown of the headcount is presented in Note 6.4.3 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 €3,980 million at December 31, 2019, versus €4,061 million at December 31, 2018.

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 6, 2019, 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, both in respect of the value of the share and dividend assumptions.

Natixis subsidiaries may also implement share-based payment plans based on their own shares. Taken individually, the impact of these plans is not material for Natixis at the consolidated level. As such, their characteristics are not outlined in the paragraphs that follow.

Long-term cash-settled payment plans indexed to the Natixis share price

Year of plan	Grant date	Initial number of units granted*	Acquisition dates	Number of units acquired by beneficiaries	Fair value of the indexed cash unit at the valuation date *(in euros)*
2014 plan	18/02/2015	4,493,016	October 2016 October 2017 October 2018	1,576,403 1,449,399 1,298,335	6.37
2015 plan	10/02/2016	6,084,435	March 2018 March 2019	1,081,907 1,787,527	6.11
2016 plan	10/04/2017	2,835,311	March 2019 March 2020	868,417	5.47
2017 plan	23/02/2018	2,660,487	March 2020 March 2021		5.34
2018 plan	26/02/2019	3,260,945	March 2021 March 2022		2.72
2019 plan	22/01/2020	3,576,462	March 2022 March 2023		2.22

* *The expected number of units at the vesting date is funded by equity swaps.*

Payments under these plans are subject to a continued service requirement 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)*
2019 plan	22/01/2020	22/01/2020	3.88	5,815,898	5,815,898	3.88

The expense associated with the short-term plan is fully recognized in the 2019 financial statements in the amount of €28 million versus €36 million at December 31, 2018.

Payment plans settled in shares

Year of plan	Grant date	Initial number of shares granted	Acquisition dates	Number of units acquired by beneficiaries	Bonus share price at grant date *(in euros)*	Fair value of the bonus share at the valuation date *(in euros)*
2013 plan	31/07/2014	31,955	01/07/2018		4.83	4.02
2014 plan	18/02/2015	95,144	01/02/2019		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	01/07/2020		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	01/05/2021		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
2019 plan	22/01/2020	2,104,431	March 2022 March 2023		3.96	2.22

Payments under these plans are subject to a continued service requirement and performance criteria.

Expense for the period for retention and performance plans

	Expense for 2019			
Expenses *(in millions of euros)*	**Plans settled in shares**	Plans settled in cash indexed to the share price of Natixis or its subsidiaries	Total	Expense for 2018 *(in millions of euros)*
Previous retention plans	(7.7)	(16.7)	(24.4)	(13.7)
Retention plans awarded over the period		(2.9)	(2.9)	(2.6)
TOTAL	**(7.7)**	**(19.6)**	**(27.3)**	**(16.3)**

Valuation inputs used to calculate the expense of these plans

	31/12/2019	31/12/2018
Share price	3.96	4.12
Risk-free interest rate	(0.66)%	(0.64)%
Dividend payment rate	12.83%	11.35%
Rights loss rate	4.72%	4.61%

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 a continued service requirement 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 2019 was:

Year of plan	Grant date	Acquisition dates	Expense for 2019 *(in millions of euros)*	Expense for 2018 *(in millions of euros)*
2015 plan	10/02/2016	March 2017 March 2018		(0.5)
2016 plan	10/04/2017	March 2018 March 2019	(0.5)	(7.5)
2017 plan	23/02/2018	March 2019 March 2020	(9.4)	(19.4)
2018 plan	26/02/2019	March 2020 March 2021	1.1	(29.2)
2019 plan	22/01/2020	March 2021 March 2022	(12.1)	
TOTAL			**(20.9)**	**(56.4)**

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)	31/12/2019	31/12/2018
Contributions expensed under defined-contribution plans	124	137

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 comprised 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, 2019

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.

	31/12/2019					31/12/2018				
	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	Total	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other	Total
Actuarial liabilities	622	238	54	127	1,042	526	215	51	144	936
Fair value of plan assets	(422)	(104)	0	0	(526)	(255)	(102)	0	0	(357)
Fair value of separate assets [(a)]	(32)	(28)	0	0	(61)	(147)	(27)	0	0	(174)
Effect of ceiling on assets	0	0	0	0	0	2	0	0	0	2
NET AMOUNT RECOGNIZED IN BALANCE SHEET	**168**	**105**	**54**	**127**	**455**	**126**	**86**	**51**	**144**	**406**
under liabilities	200	134	54	127	516	273	113	51	144	581
under assets	32	28	0	0	61	147	27	0	0	174

(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)

	31/12/2019					31/12/2018				
	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	Total	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other	Total
Actuarial liabilities at start of period	**526**	**215**	**51**	**144**	**936**	**577**	**256**	**63**	**123**	**1,020**
Changes recorded in income	**(5)**	**3**	**5**	**(15)**	**(12)**	**(7)**	**5**	**(3)**	**18**	**14**
Service cost	7	12	4	28	50	4	14	5	69	92
Past service cost	(2)	0	0	0	(2)	0	(0)	0	(0)	(0)
o/w plan liquidation and reduction	*(2)*	*0*	*0*	*0*	*(2)*	*0*	*0*	*0*	*0*	*0*
Interest cost	15	3	1	0	19	14	4	1	0	19
Benefits paid	(25)	(11)	(3)	(45)	(84)	(25)	(11)	(4)	(51)	(91)
o/w amounts paid out in respect of plan liquidation	*(11)*	*0*	*0*	*0*	*(11)*	*(11)*	*(6)*	*(2)*	*(28)*	*(48)*
Revaluation adjustments on other long-term employee benefits	0	0	4	2	5	0	0	(1)	(0)	(1)
Other	0	0	0	0	(1)	(0)	(1)	(3)	0	(4)
Changes recognized directly in other comprehensive income with no recycling	**95**	**19**	**0**	**0**	**114**	**(45)**	**(15)**	**0**	**0**	**(61)**
Revaluation adjustments – demographic assumptions	(3)	1	0	0	(2)	0	(7)	0	0	(6)
Revaluation adjustments – financial assumptions	83	23	0	0	106	(26)	(7)	0	0	(34)
Revaluation adjustments – past-experience effect	15	(5)	0	0	10	(19)	(1)	0	0	(21)
Translation adjustments	**2**	**0**	**0**	**0**	**3**	**8**	**0**	**0**	**1**	**9**
Changes associated with non-current assets held for sale [(a)]	**0**	**0**	**0**	**0**	**0**	**(10)**	**(31)**	**(10)**	**(1)**	**(52)**
Changes in scope	**0**	**0**	**0**	**0**	**0**	**3**	**(0)**	**0**	**0**	**3**
Other	**5**	**0**	**(1)**	**(1)**	**2**	**(1)**	**0**	**0**	**3**	**2**
Actuarial liabilities at end of period	**622**	**238**	**54**	**127**	**1,042**	**526**	**215**	**51**	**144**	**936**

(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 4.1).

c) Changes in recognized amounts on the balance sheet (Changes in hedging assets)

Plan assets

	31/12/2019			31/12/2018		
	Post-employment defined-benefit plans			Post-employment defined-benefit plan		
(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	**255**	**102**	**357**	**270**	**88**	**359**
Changes recorded in income	**(6)**	**1**	**(5)**	**(3)**	**18**	**15**
Interest income	12	1	14	9	1	10
Contributions received	3	0	3	1	0	1
o/w paid by employer	*3*	*0*	*3*	*1*	*0*	*1*
o/w paid by beneficiaries	*0*	*0*	*0*	*0*	*0*	*0*
Benefits paid	(21)	0	(21)	(13)	(0)	(13)
o/w amounts paid out in respect of plan liquidation	*(11)*	*0*	*(11)*	*(0)*	*0*	*(0)*
Other	0	0	0	0	17	17
Changes recognized directly in other comprehensive income with no recycling	**50**	**1**	**51**	**(22)**	**2**	**(21)**
Revaluation adjustments – Return on assets	50	1	51	(22)	2	(21)
Translation adjustments	**4**	**0**	**4**	**11**	**0**	**11**
Changes associated with non-current assets held for sale (a)	**0**	**0**	**0**	**(0)**	**(6)**	**(6)**
Changes in scope	**0**	**0**	**0**	**0**	**0**	**0**
Other (b)	**119**	**0**	**119**	**(1)**	**0**	**(1)**
Fair value of assets at end of period	**422**	**104**	**526**	**255**	**102**	**357**

(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 4.1).
(b) In 2019, Institution de Prévoyance Austerlitz was transformed into an Institution de Retraite Professionnelle Supplémentaire (IRPS – complementary occupational pension scheme), with the result that the contracts hedging part of Natixis' pension commitments were classified as plan assets.

Separate assets

	31/12/2019			31/12/2018		
	Post-employment defined-benefit plans			Post-employment defined-benefit plan		
(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	**147**	**27**	**174**	**171**	**43**	**214**
Changes recorded in income	**0**	**0**	**0**	**(5)**	**(17)**	**(22)**
Interest income	0	0	0	2	0	3
Plan participant contributions	0	0	0	1	0	1
o/w paid by employer	*0*	*0*	*0*	*1*	*0*	*1*
o/w paid by beneficiaries	*0*	*0*	*0*	*0*	*0*	*0*
Benefits paid	0	0	0	(9)	(0)	(9)
o/w amounts paid out in respect of plan liquidation	*0*	*0*	*0*	*(9)*	*0*	*(9)*
Other	0	0	0	(0)	(17)	(17)
Changes recognized directly in other comprehensive income with no recycling	**2**	**1**	**3**	**(14)**	**3**	**(10)**
Revaluation adjustments – Return on assets	2	1	3	(14)	3	(10)
Translation adjustments	**0**	**0**	**0**	**0**	**0**	**0**
Changes associated with non-current assets held for sale (a)	**0**	**0**	**0**	**(6)**	**(2)**	**(7)**
Changes in scope	**0**	**0**	**0**	**0**	**(0)**	**(0)**
Other (b)	**(117)**	**0**	**(117)**	**0**	**(0)**	**(0)**
Fair value of assets at end of period	**32**	**28**	**60**	**147**	**27**	**174**

(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 4.1).
(b) In 2019, Institution de Prévoyance Austerlitz was transformed into an Institution de Retraite Professionnelle Supplémentaire (IRPS – complementary occupational pension scheme), with the result that the contracts hedging some of Natixis' pension commitments were classified as plan assets.

d) Composition of plan assets

	December 31, 2019				December 31, 2018			
		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	4%	22	41%	59%	26%	91	92%	8%
Equity	21%	108	73%	27%	19%	66	64%	36%
Bonds	51%	267	99%	1%	24%	87	100%	0%
Real estate	2%	8	0%	100%	2%	6	0%	100%
Derivatives	0%	-	0%	0%	0%	-		
Investment funds	23%	119	88%	12%	29%	104	86%	14%
Asset-backed securities	0%	2	0%	100%	1%	2	0%	100%
Structured debt instruments	0%	-	0%	0%		-		
TOTAL	**100%**	**526**	**87%**	**13%**	**100%**	**357**	**85%**	**15%**

e) Post-retirement plan revaluation differences

Revaluation components of actuarial liabilities

	31/12/2019			31/12/2018		
	Post-employment defined-benefit plan			Post-employment defined-benefit plan		
(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	**233**	**12**	**245**	**275**	**27**	**302**
Revaluation adjustments over the period	95	17	112	(41)	(15)	(57)
TOTAL REVALUATION ADJUSTMENTS AT END OF PERIOD	**328**	**30**	**358**	**233**	**12**	**245**

Plan assets

	31/12/2019			31/12/2018		
	Post-employment defined-benefit plan			Post-employment defined-benefit plan		
(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	**45**	**2**	**47**	**61**	**0**	**61**
o/w effect of ceiling on assets	***(2)***	***0***	***(2)***	***(7)***	***0***	***(7)***
Revaluation adjustments over the period	84	1	86	(16)	2	(14)
o/w effect of ceiling on plan assets	*2*	*0*	*2*	*5*	*0*	*5*
TOTAL REVALUATION ADJUSTMENTS AT END OF PERIOD	**129**	**3**	**132**	**45**	**2**	**47**
o/w effect of ceiling on assets	***1***	***0***	***1***	***(2)***	***0***	***(2)***

Separate assets

(in millions of euros)	31/12/2019 Post-employment defined-benefit plan			31/12/2018 Post-employment defined-benefit plan		
	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	**38**	**5**	**43**	**51**	**2**	**54**
o/w effect of ceiling on assets	**0**	**0**	**0**			
Revaluation adjustments over the period	(29)	1	(29)	(14)	3	(10)
o/w effect of ceiling on plan assets						
Total revaluation adjustments at end of period	**7**	**6**	**13**	**38**	**5**	**43**
o/w effect of ceiling on assets						

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 immediately recognized in income.

(in millions of euros)	31/12/2019 Post-employment defined-benefit plan		31/12/2019 Other long-term employee benefits			31/12/2018
	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other	Total	Total
Service cost	7	12	4	28	50	92
Past service cost	(2)	(0)	(0)	0	(2)	(0)
Interest cost	15	3	1	0	19	19
Interest income	(12)	(2)	0	0	(14)	(13)
Other	(1)	0	0	0	(1)	(4)
TOTAL EXPENSE FOR THE YEAR	**7**	**13**	**5**	**28**	**53**	**94**

g) Main actuarial assumptions at December 31, 2019

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.

	31/12/2019			31/12/2018		
	France	Europe	United States	France	Europe	United States
Discount rate	0.40%	1.43%	3.11%	1.28%	2.40%	4.15%
Inflation rate	1.60%	2.32%	2.64%	1.70%	2.55%	3.00%
Rate of increase in salaries	2.27%	2.58%	3.99%	2.29%	2.58%	4.00%
Rate of increase in healthcare costs	2.42%	0.00%	3.90%	2.77%	4.20%	5.00%
Duration *(in years)*	13	18	14	12	16	13

	31/12/2019				31/12/2018			
	Post-employment defined-benefit plan		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	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other
Discount rate	1.91%	0.35%	0.41%	2.07%	2.88%	1.01%	1.16%	2.95%
Inflation rate	2.37%	1.61%	1.61%	1.63%	2.44%	1.71%	1.70%	1.53%
Rate of increase in salaries (incl. inflation)	2.94%	2.26%	2.26%	3.37%	2.94%	2.27%	2.27%	3.20%
Rate of increase in healthcare costs (incl. inflation)	3.00%				4.45%			
Duration *(in years)*	15	9	9	13	15	9	9	11

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 six-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

	31/12/2019				31/12/2018			
	Post-employment defined-benefit plan		Other long-term employee benefits		Post-employment defined-benefit plans		Other long-term employee benefits	
(in percentage)	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
+0.5% change in discount rate	(9.99)%	(5.58)%	(5.14)%	(1.89)%	(10.94)%	(5.78)%	(4.13)%	(1.73)%
-0.5% change in discount rate	11.98%	6.79%	5.66%	1.98%	15.09%	6.57%	5.36%	3.50%
+1% change in rate of increase in healthcare costs	1.19%				1.50%			
-1% change in rate of increase in healthcare costs	(0.99)%				(1.09)%			
+1% change in rate of increase in salaries and income (incl. inflation)	11.39%	12.24%	8.03%		12.19%	12.29%	8.23%	
-1% change in rate of increase in salaries and income (incl. inflation)	(9.93)%	(10.20)%	(7.14)%		(9.38)%	(9.93)%	(6.79)%	

i) Schedule of non-discounted payments

	31/12/2019		31/12/2018	
	Post-employment defined-benefit plan		Post-employment defined-benefit plan	
(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	134	61	125	65
n+6 to n+10	112	81	112	85
n+11 to n+15	104	80	102	79
n+16 to n+20	105	101	106	99
> n+20	392	179	415	172
TOTAL	**847**	**502**	**860**	**500**

12.2.4 Other share-based plans

a) Employee stock option plans under the Company employee savings plan

Plan	2014	2014	2015	2016	2018
Entity	Natixis	Coface	Natixis	Natixis	Natixis
Plan announcement date	14/03/2014	12/06/2014	12/03/2015	10/03/2016	23/03/2018
Plan maturity	5 years	5 years	5 years	5 years	5 years
Reference price	€5.051	€10.40	€6.618	€4.094	€6.252
Subscription price	€4.041	€8.32	€5.295	€3.276	€5.002
Face value discount	20.00%	20%	19.99%	19.98%	19.99%
Number of shares subscribed	9,951,325	255,347	8,505,624	7,989,447	11,982,805
Total subscribed amount *(in millions of euros)*	€40.2m	€2.1m	€45m	€26m	€60m
Risk-free interest rate	0.84%	0.84%	0.14%	0.08%	(0.15)%
Annual security borrowing rate (repos)	0.16%	0.16%	0.05%	(0.12)%	0.05%
Market participant's borrowing rate (five years)	5.47%	5.47%	4.45%	3.93%	3.34%
Lock-up cost	21.28%	21.30%	19.57%	19.43%	16.22%

For the record, there were no capital increases reserved for employees in 2019.

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.

Note 13 Capital management

13.1 Share capital

Ordinary shares	Number of shares	Par value	Capital (in euros)
At January 1	3,150,288,592	1.60	5,040,461,747
Capital increase	2,789,890	1.60	4,463,824
AT DECEMBER 31	**3,153,078,482**		**5,044,925,571**

There were 2,083,199 treasury shares at December 31, 2019, and 3,716,978 shares at December 31, 2018.

The capital increase (in the first half of 2019) corresponds to the allocation of bonus shares to certain Natixis employees under the 2016 and 2017 share-based payment Retention and Performance Plans.

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 2019.

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 at December 31, 2019 (no change compared to December 31, 2018).

Note that the gross amount of exchange rate fluctuations in deeply subordinated notes in foreign currencies recorded in income at December 31, 2019 amounted to +€19 million, or €14.3 million after tax, compared with €47.8 million at December 31, 2018, or €33.9 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 twenty-fourth resolution of the General Shareholders' Meeting of May 28, 2019. 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 has 1,981,426 shares, representing €7.9 million as of December 31, 2019, compared to 3,566,311 shares, representing €14.7 million, 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:

	31/12/2019	31/12/2018
Guarantee commitments given		
To banks	**8,447**	**8,162**
Confirmation of documentary credits	1,851	1,202
Other guarantees	6,595	6,960
To customers	**17,779**	**22,481**
Real estate guarantees	205	192
Administrative and tax bonds	292	281
Other bonds and endorsements given	1,728	6,752
Other guarantees	15,554	15,257
TOTAL GUARANTEE COMMITMENTS GIVEN	**26,226**	**30,643**
Guarantee commitments received from banks	12,229	10,980

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 UCITS were recognized as financial guarantees and provisioned in accordance with IFRS 9 until December 31, 2018, due to the difficulty in determining their fair value.

Based on an in-depth review of the determination of fair value conducted in H1 2019, these guarantees are now recorded as derivatives measured at fair value in accordance with IFRS 13.

It should be noted that, at December 31, 2018, these guarantees were recorded as financial guarantees and an appropriate provision for counterparty risk was set aside in accordance with IFRS 9. They were presented within "Other bonds and endorsements given" for €5,383 million.

Guarantee commitments reconciliation table

(in millions of euros)	Guarantee commitments									
	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	
	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 OBS 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)**
New OBS commitments originated or purchased	9,153	(1)	203	(1)					9,356	(3)
Variations linked to changes in credit risk parameters *(excluding transfers)*	(2,316)	2	(256)	0	(32)	(4)			(2,604)	(2)
Transfers of guarantee commitments	(581)	(1)	529	1	52	0			0	0
Transfers to S1	370	(2)	(370)	2	-	-			0	0
Transfers to S2	(929)	1	929	(1)	0	0			0	0
Transfers to S3	(22)	0	(30)	0	52	0			0	0
Transfer to non-current assets held for sale										
Fully sold, called or matured commitments	(5,840)	0	(1,439)	2	(18)	1			(7,296)	4
Variations linked to changes in exchange rates	325	0	32	0	0	0			357	0
Changes in the model used										
Other changes [(d)]	(4,154)	0	(723)	1	53	(18)	(2)	1	(4,826)	(16)
BALANCE AT 31/12/2019 [(b)]	**21,257**	**(3)**	**3,294**	**(7)**	**129**	**(41)**	**3**	**0**	**24,682**	**(51)**

(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, i.e. €1,544 million (versus €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 4.1).
(d) Mainly comprising guarantees given to UCITS now recognize as derivatives.

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)	31/12/2019	31/12/2018
Financing commitments given		
To banks	**2,533**	**5,805**
To customers	**49,668**	**44,227**
▪ Documentary credits	4,171	3,238
▪ Other confirmed lines of credit	45,005	40,450
▪ Other commitments	492	539
TOTAL FINANCING COMMITMENTS GIVEN	**52,201**	**50,032**
Financing commitments received		
▪ from banks	5,530	7,333
▪ from customers	116	88
TOTAL FINANCING COMMITMENTS RECEIVED	**5,646**	**7,421**

Financing commitments reconciliation table

	Financing commitments									
	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 OBS 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)**
New OBS commitments originated or purchased	11,345	(3)	343	(1)	0	0	0	0	11,688	(4)
Variations linked to changes in credit risk parameters *(excluding transfers)*	(2,863)	4	(2,546)	3	(47)	(4)	(5)	2	(5,462)	5
Transfers of financing commitments	(1,188)	(3)	1,146	3	43	(1)			0	0
Transfers to S1	256	(4)	(256)	4	0	0			0	0
Transfers to S2	(1,415)	1	1,418	(2)	(3)	0			0	0
Transfers to S3	(29)	0	(16)	1	45	(1)			0	0
Transfer to non-current assets held for sale	0	0	0	0	0	0	0	0		
Fully sold, called or matured commitments	(5,148)	1	(418)	0	(21)	1	0	0	(5,586)	2
Variations linked to changes in exchange rates	296	0	80	(1)	0	0	0	0	376	(1)
Changes in the model used										0
Other changes [(c)]	795	(1)	376	(1)	55	(5)	(73)	2	1,153	(6)
BALANCE AT 31/12/2019	**46,527**	**(15)**	**5,590**	**(48)**	**76**	**(12)**	**9**	**0**	**52,201**	**(76)**

(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 4.1).
(c) Gross Bucket 1 exposures comprise outstandings, as at January 1, 2019, with the retail banking entities of the SFS division sold to BPCE.

Note 15 Post-closing events

On February 6, 2020, the Board of Directors approved the 2019 financial statements. On February 25, 2020, Natixis announced the signing of a preliminary agreement for the sale of 29.5% of its stake in Coface for a unit price of €10.70 per share. Consequently, in accordance with IFRS 5, Coface's assets and liabilities have been categorized as non-current assets held for sale since the date of the announcement. A goodwill impairment charge of approximately €100 million (based on the data at December 31, 2019) will also be recognized for this investment. After the sale – which, given the regulatory authorizations required, may not be completed until several months after the announcement – Natixis will no longer be represented on Coface's Board of Directors.

Note 16 Other information

16.1 Lease contracts where Natixis is the lessee

16.1.1 Impact on income of leasing transactions as lessee

The amount recognized for rights of use in respect of lease contracts as lessee came to €1,023 million at December 31, 2019 of which €1,011 million related to leases of real estate *(see Note 8.10)*.

The lease liabilities in respect of lease contracts as lessee came to €1,164 million at December 31, 2019 and are recognized under "Other assets" *(see Note 8.9.2)*.

(in millions of euros)	31/12/2019
Interest expenses on lease liabilities	(20)
Amortization of rights of use	(219)
Variable lease payments not included in the valuation of lease liabilities	(9)
Impact on the income statement of lease agreements recognized in the balance sheet	**(247)**

(in millions of euros)	31/12/2019
Lease expenses on short-term leases	(2)
Lease expenses on low-value assets	(3)
Impact on the income statement of lease agreements not recognized in the balance sheet	**(5)**

Lease expenses related to low-value contracts and short-term contracts are recorded under "Expenses from other activities" in the consolidated income statement.

16.1.2 Income from subleases on right-of-use assets

When Natixis subleases all or part of an asset for which it has taken out a lease, the subleasing contract is subject to a substance-based analysis, similar to the approach taken by the lessors.

Income earned on these contracts is recorded in exactly the same way as it is by the lessor, i.e. under "Income from other activities", in the case of operating leases *(see Note 7.6)*, and under "Interest income", in the case of finance leases *(see Note 7.1)*.

(in millions of euros)	31/12/2019
Sub-lease revenue – operating leases	30
Sub-lease revenue – finance leases	0

16.1.3 Breakdown of lease liabilities and off-balance sheet commitments by contractual maturity

The amounts presented in the table below comprise non-discounted contractual cash flows.

	31/12/2019							
(in millions of euros)	**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**	**More than 5 years**	**Total**
Non-discounted lease liabilities (before deduction of financial expenses)	43	16	59	119	213	451	343	**1,244**

The following table presents future cash outflows not included in the measurement of lease liabilities at December 31, 2019 for leases not yet commenced but representing commitments undertaken by Natixis.

	31/12/2019							
(in millions of euros)	**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**	**More than 5 years**	**Total**
Leases already signed but whose underlying assets have not yet been made available			1	2	2	61	312	**378**

16.2 Lease contracts where Natixis is the lessor

	31/12/2019							31/12/2018			
(in millions of euros)	**< 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**> 5 years**	**Total**	< 1 year	1 to 5 years	> 5 years	Total
Finance leases											
Gross investment	16	11	7	4	2	0	**41**	17	22	1	**40**
Present value of minimum lease payments receivable	14	9	7	4	2	0	**36**	152	20	1	**36**
Unearned finance income	3	2	1	0	0	0	**5**		2	0	**4**
Operating leases											
Minimum payments receivable under irrevocable leases	64	49	41	34	29	94	**311**	55	206	118	**379**

16.3 Related parties

Relationships among the Group's consolidated companies

The main transactions between Natixis and related parties (BPCE and subsidiaries, Banque Populaire group including Banque Populaire banks and their subsidiaries, the Caisse d'Epargne network including the Caisses d'Epargne and their subsidiaries and all of the affiliates consolidated using the equity method) are described below:

	31/12/2019				31/12/2018		
(in millions of euros)	BPCE	O/w Solutions and Financial Expertise division [(a)]	Banques Populaires	Caisses d'Epargne	BPCE	Banques Populaires	Caisses d'Epargne
Assets							
Financial assets at fair value through profit or loss	14,376	224	3,196	5,408	17,577	3,139	4,330
Financial assets at fair value through other comprehensive income							
Debt instruments at amortized cost	52		190		44	96	
Loans and receivables due from banks and similar items at amortized cost	39,663	8,223	418	281	17,871	350	106
Customer loans and receivables at amortized cost	319	267	120		27	60	
Insurance business investments	12,274		172	225	12,826	98	26
Non-current assets held for sale [(b)]					326	204	482
Liabilities							
Financial liabilities designated at fair value through profit or loss	7,970	264	1,590	3,940	6,304	1,633	3,325
Deposits and loans due to banks and similar items	46,359	1,002	1,726	102	47,925	1,468	3
Deposits and loans due to customers	346	51	41	14	311	83	30
Debt securities							
Subordinated debt	2,596				2,597		
Liabilities related to insurance policies	0		0	81	0	1	73
Liabilities on assets held for sale [(b)]					434	976	1,131
Shareholders' equity	1,741				1,789		
Commitments							
Commitments given	2,481	445	100	125	5,236	18	85
Commitments received	7,419	13	253	1,037	10,619	2,965	3,243

(a) *Corresponds to the following entities: Factoring, Consumer Financing, Leasing, Sureties & Financial Guarantees and retail banking;*
(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 4.1).*

Relations with associates and joint ventures are not material.

(in millions of euros)	31/12/2019 BPCE	31/12/2019 O/w Solutions and Financial Expertise division [a]	31/12/2019 Banques Populaires	31/12/2019 Caisses d'Epargne	31/12/2018 BPCE	31/12/2018 Banques Populaires	31/12/2018 Caisses d'Epargne
INCOME							
Interest and similar income	187	36	48	1	95	50	2
Interest and similar expenses	(615)		2	0	(613)	(4)	(15)
Net fee and commission income	(54)	(46)	(377)	(245)	(57)	(373)	(194)
Net gains or losses on financial instruments at fair value through profit or loss	(643)	142	208	1,042	(494)	156	503
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	69	70	3	16	(27)	13	17
Operating expenses	(65)	6	(1)	(15)	(75)	1	(21)

(a) Corresponds to the following entities: Factoring, Consumer Finance, Leasing, Sureties & Financial guarantees and retail banking.

Relations with associates and joint ventures are not material.

Management compensation

(in euros)	31/12/2019	31/12/2018
Natixis directors [a]	615,674	570,482
Executive officers [b]	12,414,147	13,713,714

(a) In 2019 and 2018, compensation 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 Appointment 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 corporate officers

Compensation for corporate officers 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 2019	FY 2018 [(c)]
Laurent Mignon, Chairman of the Board of Directors		
Compensation for the fiscal year	€300,000	€175,000
Value of options granted during the fiscal year	€0	€0
Value of bonus shares granted during the fiscal year	€0	€0
TOTAL	**€300,000**	**€175,000**
François Riahi, Chief Executive Officer		
Compensation for the fiscal year [(a)]	€1,790,646	€996,244
Value of options granted during the fiscal year	€0	€0
Value of bonus shares granted during the fiscal year [(b)]	€160,000	€93,333
TOTAL	**€1,950,646**	**€1,089,577**

(a) Of which a family allowance of €2,384 in 2019 and €1,388 in 2018.

(b) Corresponding to the value of the shares on the allocation date, for a fair value of €79,587 for 2019 and €55,372 for 2018.

(c) Laurent Mignon, Chairman of the Board of Directors as of June 1, 2018 and François Riahi, Chief Executive Officer as of June 1, 2018.

Executive officer pension plans

Natixis' Chief Executive Officer receives the retirement benefits plan offered to senior management officers ("hors classification").

- Social Security contributions in tranche 1 [(1)];
- AGIRC-ARRCO pension regime in tranche 1 [(1)] (13.53%);
- AGIRC-ARRCO supplementary pension regime in tranche 2 capped at 4x the PASS [(1)] (3.86%);
- AGIRC-ARRCO regime in tranche 2 [(1)] (21.59%).

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 2019, 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 2019, François Riahi paid €117,333 into his policy.

Severance payments

Severance payments and consideration for non-compete agreement

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 and agreements 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. 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 Groupe BPCE.

(1) The annual social security contribution ceiling (PASS) is €40,524. Tranche 1 corresponds to the fraction of annual compensation between €0 and €40,524. Tranche 2 corresponds to the fraction of annual compensation between €40,524 and €324,192. Tranche 2 capped at 4x the PASS corresponds to the fraction of annual compensation between €40,524 and €162,096.

(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).

Non-compete indemnity in the event of termination of the CEO'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 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.

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 2021 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 2021 financial statements.

- 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 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:

	Deloitte & Associés					PwC					Mazars					TOTAL				
	2019		2018		Change	2019		2018		Change	2019		2018		Change	2019		2018		Change
(in thousands of euros)	Amount	%	Amount	%	%	Amount	%	Amount	%	%	Amount	%	Amount	%	%	Amount	%	Amount	%	%
Independent audit, certification and examination of the parent company and consolidated accounts	**7,863**	**75%**	**8,682**	**75%**	**(10)%**	**7,805**	**75%**	**7,048**	**65%**	**10%**	**2,066**	**61%**	**1,987**	**56%**	**4%**	**17,734**	**73%**	**17,717**	**61%**	**0%**
Issuer	*3,675*		*3,837*		*(4)%*	*2,064*		*1,899*		*8%*	*0*		*51*		*(5,000)%*	*5,739*		*5,787*		*(1)%*
Fully-consolidated subsidiaries	*4,188*		*4,845*		*(16)%*	*5,741*		*5,149*		*10%*	*2,066*		*1,936*		*6%*	*11,995*		*11,930*		*1%*
Services other than the certification of accounts	**2,591**	**25%**	**3,005**	**25%**	**(16)%**	**2,604**	**25%**	**3,754**	**35%**	**(44)%**	**1,312**	**39%**	**1,559**	**44%**	**(19)%**	**6,507**	**27%**	**8,319**	**39%**	**(28)%**
Issuer	*1,200*		*1,201*		*0%*	*1,278*		*1,843*		*(44)%*	*1,210*		*617*		*49%*	*3,688*		*3,661*		*1%*
Fully-consolidated subsidiaries	*1,391*		*1,805*		*(30)%*	*1,326*		*1,911*		*(44)%*	*102*		*943*		*(825)%*	*2,820*		*4,658*		*(65)%*
TOTAL	**10,454**	**100%**	**11,688**	**100%**	**(12)%**	**10,409**	**100%**	**10,802**	**100%**	**(4)%**	**3,378**	**100%**	**3,546**	**100%**	**(5)%**	**24,242**	**100%**	**26,036**		**(7)%**
of which fees paid to the entity appointed as Statutory Auditor of the consolidating entities for the certification of the accounts	*2,732*					*6,776*					*1,518*					*11,026*				
of which fees paid to the entity appointed as Statutory Auditor of the consolidating entities for services other than the certification of the accounts	*248*					*120*					*1,192*					*1,560*				

Services other than the certification of accounts include:

- technical assistance assignments amounting to 1.1 million;
- assistance with ensuring the compliance of mechanisms implemented amounting to €1.5 million;
- tax audits, primarily performed outside the European Union, amounted to €0.7 million,
- assignments involving services rendered during the acquisition of entities amounting to €0.6 million;
- assistance with changes in standards and regulations amounting to €0.5 million;
- along with other audits including a benchmarking audit on a multi-affiliate model for Asset Management that cost €0.7 million.

In addition, the fees paid to KPMG totaled €1.62 million for audit and account certification services and €3.08 million for other services.

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, 2019.

18.1 Entity operations by country at December 31, 2019

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 PFANDBRIEFBANK AG	Credit institution
NATIXIS ZWEIGNIEDERLASSUNG DEUTSCHLAND	Financial institution
NATIXIS INVESTMENT MANAGERS S.A., ZWEIGNIERDERLASSUNG DEUTSCHLAND	Distribution
AEW INVEST GMBH	Distribution
SAUDI ARABIA	
SAUDI ARABIA INVESTMENT COMPANY	Financial institution
ARGENTINA	
COFACE ARGENTINA – BRANCH (COFACE EUROPE)	Credit insurance and related services
AUSTRALIA	
NATIXIS AUSTRALIA PTY LTD	Financial institution
INVESTORS MUTUAL LIMITED	Asset Management
NATIXIS INVESTMENT MANAGERS AUSTRALIA PTY LIMITED	Distribution
AEW ASIA LIMITED AUSTRALIAN BRANCH	Asset Management
AZURE CAPITAL HOLDINGS PTY LTD	M&A and Financial advisory services
AZURE CAPITAL SECURITIES PTY LTD	Fund management and Equity Capital Markets
THE AZURE CAPITAL TRUST	Holding company
AZURE CAPITAL LIMITED	Holding company
COFACE AUSTRALIA (BRANCH-COFACE EUROPE)	Credit insurance and related services
AUSTRIA	
COFACE AUSTRIA	Holding company
COFACE CENTRAL EUROPE HOLDING	Holding company
COFACE SERVICES AUSTRIA	Receivables management and data
BELGIUM	
COFACE BELGIUM SERVICES	Business and solvency data
COFACE BELGIUM – BRANCH (COFACE EUROPE)	Credit insurance and related services
DALENYS S.A.	Holding company
NATIXIS BELGIQUE INVESTISSEMENTS	Investment company
BRAZIL	
COFACE DO BRASIL SEGUROS DECREDITO	Credit insurance and related services
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 IM CANADA HOLDINGS LTD	Holding company
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

Country of operation	Activity
SOUTH KOREA	
NATIXIS INVESTMENT MANAGERS KOREA LIMITED	Distribution
DENMARK	
COFACE DANMARK – BRANCH (COFACE KREDIT)	Insurance
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 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
AEW EUROPE LLP SPANISH BRANCH	Distribution
UNITED STATES	
AEW CAPITAL MANAGEMENT, INC.	Asset Management
AEW CAPITAL MANAGEMENT, LP	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
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 SO 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
MSR TRUST	Real-estate finance
NATIXIS ASG HOLDINGS, INC.	Distribution
NATIXIS FINANCIAL PRODUCTS LLC	Derivatives transactions
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
NATIXIS US MTN PROGRAM LLC	Issuing vehicle
NATIXIS FUNDING CORP.	Other financial company

5

Country of operation	Activity
NATIXIS SECURITIES AMERICAS LLC	Brokerage
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
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
OSTRUM AM US LLC (FORMERLY NAM US)	Asset Management
PETER J. SOLOMON SECURITIES COMPANY LLC	Brokerage
AEW SENIOR HOUSING INVESTORS INC.	Asset Management
AEW PARTNERS REAL ESTATE FUND VIII LLC	Asset Management
AEW SENIOR HOUSING INVESTORS III LLC	Asset Management
AEW SENIOR HOUSING INVESTORS IV LLC	Asset Management
EPI SLP LLC.	Asset Management
FLEXSTONE PARTNERS LLC (FORMERLY CASPIAN PRIVATE EQUITY, LLC)	Asset Management
VAUGHAN NELSON INVESTMENT MANAGEMENT, LP	Asset Management
MIROVA US LLC	Asset Management
AEW PARTNERS REAL ESTATE FUND IX, LLC	Asset Management
FRANCE	
1818 IMMOBILIER	Real estate operations
ALLIANCE ENTREPRENDRE	Asset Management
BPCE ASSURANCES	Insurance company
Coface S.A.	Holding company
COFINPAR	Credit insurance and related services
COGERI	Receivables management and data
DARIUS CAPITAL PARTNERS SAS	Investment advisory services
DORVAL FINANCE	Asset Management
FCT VEGA	Securitization fund
FONDS COLOMBES	Mutual funds
FRUCTIFONCIER	Insurance real estate investments
NATIXIS ASSURANCES	Insurance company holding company
NATIXIS FORMATION EPARGNE FINANCIERE	Holding company
NATIXIS FUNDING	Market making on secondary debt market
NATIXIS IMMO DEVELOPPEMENT	Residential real estate development
NATIXIS INNOV	Holding company
NATIXIS INTERTITRES	Service vouchers offers
NATIXIS LIFE	Life insurance
NATIXIS MARCO	Investment company – (extension of activity)
NATIXIS PRIVATE EQUITY	Private Equity
Natixis S.A.	Credit institution
SEVENTURE PARTNERS	Asset Management
CONTANGO TRADING S.A.	Brokerage company
NATIXIS PARTNERS	M&A and Financial advisory services
FCT LIQUIDITÉ SHORT 1	Securitization vehicle
DNCA MANAGEMENT	Asset Management
NAXICAP PARTNERS	Management of venture capital mutual funds
OSSIAM	Asset Management
BPCE PRÉVOYANCE (FORMERLY – ABP PRÉVOYANCE)	Personal protection insurance
BPCE VIE (FORMERLY – ABP VIE)	Insurance
NAMI INVESTMENT	Insurance real estate investments
AAA ACTIONS AGRO ALIMENTAIRE	Insurance investment mutual fund
BPCE APS	Service provider
BPCE RELATION ASSURANCES	Service provider
SPG	Mutual fund
NATIXIS ASSET MANAGEMENT FINANCE	Holding company
NATIXIS COFICINÉ	Finance company (audiovisual)
NATIXIS INTERÉPARGNE	Employee savings plan management
NATIXIS PAYMENT SOLUTIONS	Banking services
COFACE EUROPE	Credit insurance and related services
FIMIPAR	Buyback of receivables

Country of operation	Activity
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
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 1	Holding company
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 3	Holding company
DALENYS PAYMENT	Payment services
RENTABILIWEB SERVICES	Internal services provider
RENTABILIWEB MARKETING	Online service
RENTABILIWEB TECHNOLOGIES	Online service
RECOMMERCE	Online service
FONDS TULIP	Insurance investments (Securitization funds)
EOLE COLLATERAL	Securitization vehicle
INVESTIMA 77	Holding company
NATIXIS IM INNOVATION (FORMERLY AEW CO-INVEST)	Asset Management
MIROVA	Management of venture capital mutual funds
MV CREDIT FRANCE	Holding company
OSTRUM AM (NEW)	Asset Management
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
MIROVA NATURAL CAPITAL LIMITED, FRENCH BRANCH (FORMER MIROVA-ALTHELIA LIMITED, FRENCH BRANCH)	Asset Management
DNCA COURTAGE	Asset Management
DNCA FINANCE	Asset Management
FLEXSTONE PARTNERS SAS	Asset Management
SEEYOND	Asset Management
NATIXIS INVESTMENT MANAGERS INTERNATIONAL	Distribution
H_2O AM EUROPE	Asset Management
VEGA INVESTMENT MANAGERS	Mutual fund holding company
MASSENA PARTNERS – BRANCH	Asset Management and investment advisory services
REAUMUR ACTIONS (FORMELY – ABP DIVERSIFIE)	Insurance investment mutual fund
OSTRUM ULTRA SHORT TERM BONDS PLUS SI (C) EUR	Insurance investment mutual fund
SCPI IMMOB EVOLUTIF (FORMERLY FRUCTIFONDS IMMOBILIER)	Insurance real estate investments
OPCI FRANCEUROPE IMMO	Insurance investment mutual fund
FCT NA FINANCEMENT DE L'ÉCONOMIE – COMPARTIMENT IMMOCORP II	Insurance investments (Securitization funds)
TITRES CADEAUX	Service vouchers offers
PAYPLUG	Payment services
NALÉA	Securitization vehicle
NATIXIS IMMO EXPLOITATION	Real estate operations
S.C.I. ALTAIR 1	Real estate operations
S.C.I. ALTAIR 2	Real estate operations
NATIXIS FONCIÈRE S.A. (FORMERLY SPAFICA)	Real estate investments
FONCIÈRE KUPKA	Real estate operations
THEMATICS ASSET MANAGEMENT	Asset Management
VAUBAN INFRASTRUCTURE PARTNERS	Asset Management
UNITED KINGDOM	
AEW EUROPE ADVISORY LTD	Asset Management
AEW EUROPE CC LTD	Asset Management
AEW EUROPE HOLDING LTD	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
H_2O ASSET MANAGEMENT CORPORATE MEMBER	Asset Management
LOOMIS SAYLES INVESTMENTS LTD (UK)	Asset Management
NATIXIS LONDON	Financial institution
COFACE UK HOLDING	Holding company
AEW EUROPE PARTNERSHIP	Asset Management
H_2O ASSET MANAGEMENT LLP	Asset Management
COFACE UK – BRANCH (COFACE EUROPE)	Credit insurance and related services

Country of operation	Activity
NATIXIS INVESTMENT MANAGERS UK Ltd	Distribution
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
AEW EUROPE INVESTMENT LTD	Asset Management
AEW EUROPE LLP	Asset Management
MIROVA NATURAL CAPITAL LIMITED (FORMERLY MIROVA-ALTHELIA LIMITED)	Asset Management
ARTIC BLUE CAPITAL LIMITED	Asset Management
AEW PROMOTE LP LTD	Asset Management
GREECE	
COFACE GREECE– BRANCH (COFACE EUROPE)	Credit insurance and related services
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
NATIXIS INVESTMENT MANAGERS HONG KONG LIMITED	Holding company
POINCARÉ HOLDINGS LTD	Asset Management
POINCARE CAPITAL MANAGEMENT LIMITED	Asset Management
OSTRUM AM HONG KONG LTD	Asset Management
HUNGARY	
COFACE HUNGARY – BRANCH (COFACE AUSTRIA)	Insurance
CAYMAN ISLANDS	
DF EFG3 LIMITED	Holding company
NATIXIS GRAND CAYMAN	Financial institution
ARTIC BLUE CAPITAL MANAGEMENT LIMITED	Asset Management
IRELAND	
NATINIUM FINANCIAL PRODUCTS	Securitization vehicle
COFACE IRELAND – BRANCH (COFACE EUROPE)	Credit insurance and related services
PURPLE FINANCE CLO 1	Securitization vehicle
PURPLE FINANCE CLO 2	Securitization vehicle
ISRAEL	
BUSINESS DATA INFORMATION	Marketing and other services
COFACE HOLDING ISRAEL	Holding company
COFACE ISRAEL	Credit insurance
ITALY	
COFACE ASSICURAZIONI SPA	Credit insurance and related services
COFACE ITALY	Holding company
NATIXIS MILAN	Financial institution
DNCA FINANCE MILAN BRANCH	Asset Management
AEW CILOGER ITALIAN BRANCH	Distribution
NATIXIS INVESTMENT MANAGERS S.A., ITALIAN BRANCH	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
AEW JAPAN CORPORATION	Asset Management
JERSEY	
NATIXIS STRUCTURED PRODUCTS LTD	Issuing vehicle
AEW VALUE INVESTORS ASIA II GP LIMITED	Asset Management
LITHUANIA	
LEID – BRANCH (COFACE AUSTRIA)	Insurance
LUXEMBOURG	
H_2O 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
NATIXIS LIFE	Life insurance

Country of operation	Activity
NATIXIS REAL ESTATE FEEDER SARL	Investment company
NATIXIS TRUST	Holding company
NATIXIS STRUCTURED ISSUANCE	Issuing vehicle
AEW EUROPE SARL (FORMERLY AEW LUXEMBOURG)	Asset Management
AEW EUROPE GLOBAL LUX	Asset Management
NATIXIS INVESTMENT MANAGERS S.A.	Distribution
MV CREDIT SARL	Asset Management
NATIXIS WEALTH MANAGEMENT LUXEMBOURG	Bank
DNCA LUXEMBOURG	Asset Management
DAHLIA A SICAR SCA	Private Equity
MASSENA PARTNERS S.A.	Asset Management and investment advisory services
MASSENA WEALTH MANAGEMENT SARL	Asset Management and investment advisory services
THEMATICS META FUND I/A(USD)	Asset Management
THEMATICS AI & ROBOTICS FUND	Asset Management
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
MONACO	
H_2O AM MONACO SAM	Asset Management
PROMETHEUS WEALTH MANAGEMENT	Asset Management
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
POLAND	
COFACE POLAND – BRANCH (COFACE AUSTRIA)	Insurance
COFACE POLAND CMS	Financial data
COFACE POLAND FACTORING	Factoring
AEW CENTRAL EUROPE	Asset Management
PORTUGAL	
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	Asset Management
H_2O AM ASIA PTE LTD	Asset Management
SLOVAKIA	
COFACE SLOVAKIA INSURANCE – BRANCH (COFACE AUSTRIA)	Insurance
SLOVENIA	
COFACE PKZ	Credit insurance
SWEDEN	
COFACE SVERIGE – BRANCH (COFACE KREDIT)	Insurance
NATIXIS INVESTMENT MANAGERS, NORDICS FILIAL	Distribution

Country of operation	Activity
SWITZERLAND	
COFACE RE	Reinsurance
COFACE SWITZERLAND – BRANCH (COFACE S.A.)	Insurance
FONDS LAUSANNE	Mutual funds
NATIXIS INVESTMENT MANAGERS SWITZERLAND SARL	Asset Management
FLEXSTONE PARTNERS SARL (FORMERLY EURO PRIVATE EQUITY)	Asset Management
TAIWAN	
NATIXIS TAIWAN	Financial institution
NATIXIS INVESTMENT MANAGERS SECURITIES INVESTMENT CONSULTING CO. LTD	Asset Management
COFACE TAIWAN – BRANCH (COFACE EUROPE)	Credit insurance and related services
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, 2019

Country of operation	Net revenues *(in € millions)*	Profit or loss before taxes, including operating taxes	Profit or loss before tax	Corporate income tax	Headcount (FTE)
SOUTH AFRICA	3	(1)	(1)	0	44
ALGERIA	71	28	27	(6)	769
GERMANY	213	89	83	(23)	607
ARGENTINA	4	0	(0)	1	46
AUSTRALIA	57	26	26	(9)	73
AUSTRIA	25	7	7	(1)	86
BELGIUM	9	(3)	(3)	2	38
BRAZIL	12	2	1	(0)	65
BULGARIA	1	(0)	(0)	0	11
CANADA	20	8	7	(2)	26
CHILE	9	3	3	(0)	54
CHINA	19	3	2	(0)	56
SOUTH KOREA	1	0	0	(0)	3
DENMARK	5	1	1	0	16
UNITED ARAB EMIRATES	57	36	36	-	55
ECUADOR	3	1	1	(0)	28
SPAIN	109	60	59	(16)	269
UNITED STATES	2,652	713	679	(170)	2,879
FRANCE	3,984	1,235	1,001	(258)	11,170
UNITED KINGDOM	914	616	606	(108)	693
GREECE	0	(1)	(1)	0	-
HONG KONG	271	94	89	(12)	463
HUNGARY	2	1	0	(0)	12
CAYMAN ISLANDS	3	3	3	-	-
IRELAND	2	(6)	(6)	(0)	5
ISRAEL	18	2	2	(0)	106
ITALY	184	99	98	(26)	278
JAPAN	47	(5)	(6)	(8)	134
JERSEY	(0)	(0)	(0)	-	-
LITHUANIA	4	2	2	(0)	18
LUXEMBOURG	164	106	95	(15)	223
MALAYSIA	5	4	4	(0)	4
MEXICO	3	(2)	(2)	(0)	27
MONACO	80	-	-	-	-
NETHERLANDS	24	8	8	(2)	95
POLAND	25	10	10	(2)	185
PORTUGAL	6	6	5	2	458
CZECH REPUBLIC	3	1	1	(0)	8
ROMANIA	8	3	3	(0)	170
RUSSIA	13	4	4	(2)	66
SINGAPORE	116	47	44	(8)	191
SLOVAKIA	(1)	(2)	(2)	0	8
SLOVENIA	5	5	5	0	67
SWEDEN	4	2	2	1	11
SWITZERLAND	42	23	22	(3)	57
TAIWAN	12	6	5	(1)	17
TURKEY	9	5	4	(1)	47
URUGUAY	1	0	0	-	2
	9,219	**3,239**	**2,924**	**(669)**	**19,639**

Note 19 Comparative consolidation scope

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2019	31/12/2019 % Control	31/12/2019 % Ownership	31/12/2018 % Control	31/12/2018 % 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. [(b)]	Financial institution				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) (i)]	Securitization vehicle				100	100	France
CONTANGO TRADING S.A.	Brokerage company	FC	100	100	100	100	France
Natixis Partners [(r)]	Mergers and acquisitions advisory services	FC	100	100	87	87	France
Natixis Capital Partners Spain [(dd)]	Mergers and acquisitions advisory services	FC	80	80	75	75	Spain
FCT Liquidité Short 1 [(a)]	Securitization vehicle	FC	100	100	100	100	France
EOLE Collateral [(a)]	Securitization vehicle	FC	100	100	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 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	Holding company	FC	100	100	100	100	United Kingdom
Fenchurch Partners LLP	Mergers and acquisitions advisory services	FC	51	51	51	51	United Kingdom
Investima 77	Holding company	FC	100	100	100	100	France
Vermilion Partners (Holdings) Limited	Holding company	FC	51	51	51	51	Hong Kong
Vermilion Partners Limited	Holding company	FC	51	51	51	51	Hong Kong
Vermilion Partners (UK) Limited	Holding company	FC	51	51	51	51	United Kingdom
Vermilion Partners LLP	Mergers and acquisitions advisory services	FC	51	51	51	51	United Kingdom
Vermilion (Beijing) Advisory Company Limited	Mergers and acquisitions advisory services	FC	51	51	51	51	China
Natixis Holdings (Hong Kong) Limited [(o)]	Holding company	FC	100	100			Hong Kong
Azure Capital Holdings Pty Ltd [(n)]	Mergers and acquisitions advisory services	FC	52	52			Australia
Azure Capital Securities Pty Ltd [(n)]	Fund management and Equity capital markets	FC	52	52			Australia
The Azure Capital Trust [(n)]	Holding company	FC	52	52			Australia
Azure Capital Limited [(n)]	Holding company	FC	52	52			Australia
Saudi Arabia Investment Company [(ee)]	Financial institution	FC	100	100			Saudi Arabia
Branches							
NATIXIS LONDON	Financial institution	FC	100	100	100	100	United Kingdom
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 DUBAÏ	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

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2019	31/12/2019 % Control	31/12/2019 % Ownership	31/12/2018 % Control	31/12/2018 % Ownership	Country
NATIXIS CANADA	Financial institution	FC	100	100	100	100	Canada
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 Reinsurance Designated Activity Company (z)	Reinsurance				100	100	Ireland
Film industry financing							
NATIXIS COFICINÉ** (q)	Finance company (audiovisual)	FC	100	100	91	91	France
ASSET & WEALTH MANAGEMENT							
Asset management							
Natixis investment Managers							
NATIXIS GLOBAL ASSOCIATES GERMANY (z)	Distribution				100	100	Germany
AEW Invest Gmbh	Distribution	FC	60	60	60	60	Germany
NATIXIS GLOBAL ASSOCIATES AUSTRALIA HOLDINGS, LLC (z)	Holding company				100	100	Australia
Natixis Investment Managers Australia Pty Limited	Distribution	FC	100	100	100	100	Australia
Investors Mutual Limited	Asset Management	FC	52	52	52	52	Australia
Natixis Investment Managers Canada Corp (cc)	Asset Management				100	100	Canada
Natixis Investment Managers Canada LP (cc)	Asset Management				100	100	Canada
Natixis Investment Managers Capital Corporation (cc)	Asset Management				50	50	Canada
Natixis Investment Managers Canada Limited (cc)	Asset Management				100	100	Canada
Natixis IM Canada Holdings Ltd (v)	Holding company	FC	100	100			Canada
Arctic Blue Capital Management Ltd (u)	Asset Management	FC	50	29			Cayman Islands
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 IV, INC. (gg)	Asset Management				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 Partners Real Estate Fund VIII LLC (y)	Asset Management	FC	100	100			United States
AEW Senior Housing Investors III LLC (y)	Asset Management	FC	100	100			United States
AEW Senior Housing Investors IV LLC (y)	Asset Management	FC	100	100			United States
AEW Partners Real Estate Fund IX, LLC (mm)	Asset Management	FC	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	Distribution	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

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2019	31/12/2019 %		31/12/2018 %		Country
			Control	Ownership	Control	Ownership	
LOOMIS SAYLES & COMPANY, LP	Asset Management	FC	100	100	100	100	United States
LOOMIS SAYLES ALPHA, LLC. (a)	Asset Management	FC	100	100	100	100	United States
LOOMIS SAYLES DISTRIBUTORS, INC.	Distribution	FC	100	100	100	100	United States
LOOMIS SAYLES DISTRIBUTORS, LP	Distribution	FC	100	100	100	100	United States
LOOMIS SAYLES SOLUTIONS, LLC	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 (gg)	Asset Management				100	100	United States
Ostrum AM US LLC (ex-NAM US)	Asset Management	FC	100	100	100	100	United States
NATIXIS ASG HOLDINGS, INC.	Distribution	FC	100	100	100	100	United States
Flexstone Partners LLC (formerly Caspian Private Equity, LLC)* (a) (m)	Asset Management	FC	84	84	73	73	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	Distribution	FC	100	100	100	100	United States
Natixis Distribution Corporation	Distribution	FC	100	100	100	100	United States
Natixis Distribution, LP	Distribution	FC	100	100	100	100	United States
NATIXIS INVESTMENT MANAGERS INTERNATIONAL, LLC	Distribution	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 (f)	Asset Management				38	38	United States
Mirova US LLC(w)	Asset Management	FC	100	100			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
DARIUS CAPITAL PARTNERS SAS (oo)	Investment advisory services	FC	70	70	60	60	France
DNCA Courtage (k)	Asset Management	FC	92	79	92	82	France
DNCA Finance (k)	Asset Management	FC	92	79	92	82	France
DNCA Management	Asset Management	FC	72	72	72	72	France
Dorval Finance (nn)	Asset Management	FC	55	55	50	50	France
Flexstone Partners SAS (l)	Asset Management	FC	84	84	100	100	France
Mirova	Management of venture capital mutual funds	FC	100	100	100	100	France
Natixis Investment Managers International	Distribution	FC	100	100	100	100	France
Ostrum AM (New)	Asset Management	FC	100	100	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	Asset Management	FC	75	75	75	75	France
SEVENTURE PARTNERS	Asset Management	FC	59	59	59	59	France
SEEYOND	Asset Management	FC	100	100	100	100	France
MV Credit France	Holding company	FC	100	100	100	100	France
H2O AM Europe (u)	Asset Management	FC	50	50			France
Thematics Asset Management (ii)	Asset Management	FC	50	40			France
Vauban Infrastructure Partners (jj)	Asset Management	FC	81	81			France
AEW EUROPE ADVISORY LTD	Asset Management	FC	60	60	60	60	United Kingdom
AEW EUROPE CC LTD	Asset Management	FC	60	60	60	60	United Kingdom
AEW EUROPE HOLDING LTD	Asset Management	FC	60	60	60	60	United Kingdom
AEW EUROPE INVESTMENT LTD (a)	Asset Management	FC	60	60	60	60	United Kingdom
AEW EUROPE LLP (a)	Asset Management	FC	60	60	60	60	United Kingdom
AEW EUROPE PARTNERSHIP	Asset Management	FC	60	60	60	60	United Kingdom
AEW GLOBAL ADVISORS (EUROPE) LTD	Asset Management	FC	100	100	100	100	United Kingdom
AEW GLOBAL LTD	Asset Management	FC	60	60	60	60	United Kingdom
AEW GLOBAL UK LTD	Asset Management	FC	60	60	60	60	United Kingdom
AEW UK INVESTMENT MANAGEMENT LLP	Asset Management	Equity	50	30	50	30	United Kingdom
AEW Promote LP Ltd (ll)	Asset Management	FC	100	60			United Kingdom
H2O ASSET MANAGEMENT LLP	Asset Management	FC	50	50	50	50	United Kingdom
H2O ASSET MANAGEMENT Corporate member	Asset Management	FC	50	50	50	50	United Kingdom
LOOMIS SAYLES INVESTMENTS LTD (UK)	Asset Management	FC	100	100	100	100	United Kingdom
NATIXIS INVESTMENT MANAGERS UK LTD	Distribution	FC	100	100	100	100	United Kingdom
Mirova Natural Capital Limited (formerly Mirova-Althelia Limited) (pp)*	Asset Management	FC	100	100	51	51	United Kingdom
MV Credit Limited	Asset Management	FC	100	100	100	100	United Kingdom

5

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2019	31/12/2019 % Control	31/12/2019 % Ownership	31/12/2018 % Control	31/12/2018 % Ownership	Country
MV Credit LLP	Asset Management	FC	100	100	100	100	United Kingdom
Artic Blue Capital Ltd (u)	Asset Management	FC	50	29			United Kingdom
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
Poincaré Holdings Ltd (u)	Asset Management	FC	50	25			Hong Kong
Poincaré Capital Management Ltd (u)	Asset Management	FC	50	25			Hong Kong
Ostrum AM Hong Kong Ltd (kk)	Asset Management	FC	100	100			Hong Kong
PURPLE FINANCE CLO 1	Securitization vehicle	FC	89	89	89	89	Ireland
PURPLE FINANCE CLO 2(t)	Securitization vehicle	FC	71	71			Ireland
ASAHI NVEST INVESTMENT ADVISORY CO, LTD	Distribution	Equity	49	49	49	49	Japan
NATIXIS INVESTMENT MANAGERS JAPAN CO., LTD	Asset Management	FC	100	100	100	100	Japan
AEW Japan Corporation (x)	Asset Management	FC	100	100			Japan
AEW Value Investors Asia III GP Limited (y)	Asset Management	FC	100	100			Jersey
AEW EUROPE SARL (ex-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.	Distribution	FC	100	100	100	100	Luxembourg
DNCA Luxembourg (k)	Asset Management	FC	92	79	92	82	Luxembourg
ASG MANAGED FUTURES (aa)	Asset Management				25	25	Luxembourg
DNCA ARCHER MID-CAP EUROPE (aa)	Asset Management				24	24	Luxembourg
Ostrum Multi Asset Global Income(j)	Asset Management				58	58	Luxembourg
MV Credit SARL	Asset Management	FC	100	100	100	100	Luxembourg
Thematics Meta Fund (ff)	Asset Management	FC	42	42			Luxembourg
Thematics AI and Robotics Fund (ff)	Asset Management	FC	47	47			Luxembourg
Natixis IM Mexico, S. de RL de CV	Asset Management	FC	100	100	100	100	Mexico
H2O AM Monaco SAM (u)	Asset Management	FC	50	50			Monaco
Prometheus Wealth Management SAM (u)	Asset Management	FC	50	25			Monaco
AEW CENTRAL EUROPE	Asset Management	FC	60	60	60	60	Poland
Ostrum AM 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
H2O AM Asia Pte Ltd (u)	Asset Management	FC	50	50			Singapore
Flexstone Partners SARL (ex-Euro Private Equity)* (l)	Asset Management	FC	84	84	100	100	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.	Distribution	FC	100	100	100	100	Uruguay
Natixis Investment Managers Korea Limited	Distribution	FC	100	100	100	100	South Korea
BRANCHES							
AEW Central Europe Czech	Distribution	FC	60	60	60	60	Czech Republic
AEW Central Europe Romania	Distribution	FC	60	60	60	60	Romania
AEW Ciloger Italian Branch	Distribution	FC	60	60	60	60	Italy
Mirova Natural Capital Limited, France office (formerly Mirova-Althelia Limited, France office) (pp)*	Asset Management	FC	100	100	100	51	France
Natixis Investment Managers Middle East	Distribution	FC	100	100	100	100	United Arab Emirates
Natixis Investment Managers, Nederlands	Distribution	FC	100	100	100	100	Netherlands
Natixis Investment Managers, Nordics filial	Distribution	FC	100	100	100	100	Sweden
Natixis Investment Managers S.A., Succursale italiana	Distribution	FC	100	100	100	100	Italy
Natixis Investment Managers S.A., Zweignierderlaasung Deutschland	Distribution	FC	100	100	100	100	Germany
Natixis Investment Managers Spanish Branch	Distribution	FC	100	100	100	100	Spain
AEW Europe LLP Spanish Branch	Distribution	FC	100	60			Spain
DNCA Finance Milan Branch (k)	Asset management	FC	92	79	92	82	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	Private Equity	FC	100	100	100	100	France
DAHLIA A SICAR SCA (a)	Private Equity	FC	100	100	100	100	Luxembourg
Wealth Management							
NATIXIS Wealth Management Luxembourg	Bank	FC	100	100	100	100	Luxembourg
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

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2019	31/12/2019 % Control	31/12/2019 % Ownership	31/12/2018 % Control	31/12/2018 % Ownership	Country
1818 IMMOBILIER	Real estate operations	FC	100	100	100	100	France
Massena Partners S.A.[n]	Asset management and investment advisory services	FC	98	98			Luxembourg
Massena Wealth Management SARL[n]	Asset management and investment advisory services	FC	98	98			Luxembourg
Branches							
Massena Partners — Succ [n]	Asset management and investment advisory services	FC	98	98			France
Employee Savings Schemes							
NATIXIS INTERÉPARGNE**	Employee savings plan management	FC	100	100	100	100	France
INSURANCE							
ADIR	Property damage insurance	Equity	34	34	34	34	Lebanon
REAUMUR ACTIONS (formerly ABP DIVERSIFIE) [a]	Insurance investment mutual fund//	FC	100	100	100	100	France
Ostrum Ultra Short Term Bonds Plus SI (C) EUR [a] [f]	Insurance investment mutual fund	FC			31	31	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 IMMOB EVOLUTIF (formerly FRUCTIFONDS IMMOBILIER)*	Insurance real estate investments	FC	51	51	51	51	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 [p]	Insurance investment mutual fund				73	73	France
FRUCTIFONDS PROFIL 9 [p]	Insurance investment mutual fund				84	84	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	42	42	40	40	France
ABP VIE MANDAT FPCI [p]	Private Equity fund				100	100	France
FONDS TULIP	Insurance investments (Securitization funds)	FC	100	100	100	100	France
OPCI FRANCEUROPE IMMO	Insurance investment mutual fund	FC	53	53	55	55	France
SELECTIZ	Insurance investment mutual fund	FC	55	55	53	53	France
SCI DUO PARIS	Real estate management	Equity	50	50	50	50	France
SELECTION PROTECTION 85	Insurance investment mutual fund	FC	28	28	27	27	France
SELECTIZ PLUS FCP 4DEC	Insurance investment mutual fund	FC	53	53	50	50	France
ALLOCATION PILOTEE EQUILIBRE C	Insurance investment mutual fund	FC	40	40	38	38	France
MIROVA EUROPE ENVIRONNEMENT C	Insurance investment mutual fund	FC	34	34	30	30	France
FCT NA Financement de l'économie – compartiment Immocorp II [bb]	Insurance investments (Securitization funds)	FC	100	100			France
Branches							
NATIXIS LIFE	Life insurance	FC	100	100	100	100	France
Payments							
Consumer finance							
NATIXIS FINANCEMENT** [c]	Consumer finance				100	100	France
FCT PUMACC[a] [c]	Consumer credit securitization vehicle				100	100	France
Factoring							
NATIXIS FACTOR** [c]	Factoring				100	100	France
Midt factoring A/S [c]	Factoring				100	100	Denmark
Guarantees and Sureties							
COMPAGNIE EUROPEENNE DE GARANTIES ET CAUTIONS [c]	Insurance				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

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2019	31/12/2019 % Control	31/12/2019 % Ownership	31/12/2018 % Control	31/12/2018 % Ownership	Country
ALTER CE (COMITEO)	Online service for Central works councils	FC	70	70	70	70	France
TITRES CADEAUX (e)	Service vouchers offers	FC	100	100			France
S-MONEY	Payment services	FC	100	100	100	100	France
LAKOOZ (hh)	Payment services	FC	100	100	96	96	France
PAYPLUG (s)	Payment services	FC	99	99	84	84	France
NATIXIS INTERTITRES	Service vouchers offers	FC	100	100	100	100	France
DALENYS Group							
DALENYS S.A.	Holding company	FC	100	100	100	100	Belgium
RENTABILIWEB INTERNATIONAL	Holding company	FC	100	100	100	100	Netherlands
RENTABILIWEB FINANCE	Holding company	FC	100	100	100	100	Netherlands
DALENYS PAYMENT	Payment services	FC	100	100	100	100	France
RENTABILIWEB SERVICES	Internal services provider	FC	100	100	100	100	France
RENTABILIWEB MARKETING	Online service	FC	100	100	100	100	France
RENTABILIWEB TECHNOLOGIES	Online service	FC	100	100	100	100	France
RECOMMERCE	Online service	FC	100	100	100	100	France
RENTABILIWEB	Online service	FC	100	100	100	100	Romania
Lease financing							
CO-ASSUR(c)	Insurance brokerage advisory				100	100	France
CICOBAIL** (c)	Real estate leasing				100	100	France
NATIXIS LEASE IMMO** (c)	Real estate leasing				100	100	France
LEASE EXPANSION(c)	IT operational leasing				100	100	France
NATIXIS BAIL** (c)	Real estate leasing				100	100	France
NATIXIS ENERGECO** (c)	Equipment leasing				100	100	France
NATIXIS LEASE** (c)	Equipment leasing				100	100	France
NATIXIS LEASE MADRID (c)	Equipment and real estate leasing				100	100	Spain
NATIXIS LEASE MILAN (c)	Equipment and real estate leasing				100	100	Italy
NATIXIS LLD (c)	Extended period vehicle rental				100	100	France
OCEOR LEASE TAHITI** (c)	Equipment leasing				100	100	French Polynesia
OCEOR LEASE NOUMEA** (c)	Equipment leasing				100	99	New Caledonia
OCEOR LEASE REUNION** (c)	Equipment leasing				100	100	France
NATIXIS CAR LEASE (c)	Extended period vehicle rental				100	100	France
SUD OUEST BAIL** (c)	Real estate leasing				100	100	France
SAS IMMOBILIERE NATIXIS BAIL (a) (c)	Real estate leasing				100	100	France
BATI LEASE (c)	Real estate leasing				97	97	France
INTER-COOP (c)	Real estate leasing				100	100	France
COFACE							
COFACE Group							
COFACE S.A.	Holding company	FC	42	42	43	43	France
COFACE EUROPE	Credit insurance and related services	FC	42	42	43	43	France
COFACE RE	Reinsurance	FC	42	42	43	43	Switzerland
BUSINESS DATA INFORMATION	Marketing and other services	FC	42	42	43	43	Israel
COFACE BELGIUM SERVICES	Business and solvency data	FC	42	42	43	43	Belgium
COFACE CHILE S.A.	Insurance	FC	42	42	43	43	Chile
COFACE DEBITOREN	Receivables management and data	FC	42	42	43	43	Germany
COFACE DO BRASIL SEGUROS DE CREDITO	Credit insurance and related services	FC	42	42	43	43	Brazil
COFACE FINANZ	Factoring	FC	42	42	43	43	Germany
COFACE HOLDING AMERICA LATINA	Financial data	FC	42	42	43	43	Mexico
COFACE HOLDING ISRAEL	Holding company	FC	42	42	43	43	Israel
COFACE ITALY	Holding company	FC	42	42	43	43	Italy
COFACE NEDERLAND SERVICES	Receivables management and data	FC	42	42	43	43	Netherlands
COFACE NORTH AMERICA	Credit insurance and related services	FC	42	42	43	43	United States
COFACE NORTH AMERICA HOLDING COMPANY	Holding company	FC	42	42	43	43	United States
COFACE NORTH AMERICA INSURANCE COMPANY	Credit insurance and related services	FC	42	42	43	43	United States
COFACE POLAND CMS	Financial data	FC	42	42	43	43	Poland
COFACE POLAND FACTORING	Factoring	FC	42	42	43	43	Poland
COFACE SERVICES AUSTRIA	Receivables management and data	FC	42	42	43	43	Austria
COFACE SERVICES NORTH AMERICA GROUP	Holding company	FC	42	42	43	43	United States

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2019	31/12/2019 % Control	31/12/2019 % Ownership	31/12/2018 % Control	31/12/2018 % Ownership	Country
COFACE SERVICIOS ESPANA SL	Receivables management and data	FC	42	42	43	43	Spain
COFACE UK HOLDING	Holding company	FC	42	42	43	43	United Kingdom
COFACE ROMANIA CMS	Insurance	FC	42	42	43	43	Romania
COFACE RUS INSURANCE COMPANY	Credit insurance	FC	42	42	43	43	Russia
COFACE SEGURO DE CREDITO MEXICO	Insurance	FC	42	42	43	43	Mexico
COFACE SIGORTA TURKEY	Insurance	FC	42	42	43	43	Turkey
COFACE SOUTH AFRICA	Insurance	FC	42	42	43	43	South Africa
COFACE SOUTH AFRICA SERVICES	Insurance	FC	42	42	43	43	South Africa
COFACE UK SERVICES LTD	Receivables management and data	FC	42	42	43	43	United Kingdom
COFACERATING HOLDING	Receivables management and data	FC	42	42	43	43	Germany
COFACERATING.DE	Receivables management and data	FC	42	42	43	43	Germany
COFINPAR	Credit insurance and related services	FC	42	42	43	43	France
COGERI	Receivables management and data	FC	42	42	43	43	France
FIMIPAR**	Buyback of receivables	FC	42	42	43	43	France
COFACE CENTRAL EUROPE HOLDING	Holding company	FC	42	42	43	43	Austria
Kisselberg	Insurance	FC	42	42	43	43	Germany
Fonds Colombes	Mutual fund investments	FC	42	42	43	43	France
Fonds Lausanne	Mutual fund investments	FC	42	42	43	43	Switzerland
SEGURO BRASILEIRA C.E	Credit insurance and related services	FC	42	42	43	33	Brazil
FCT VEGA	Securitization fund	FC	42	42	43	43	France
Branches							
COFACE SVERIGE – BRANCH (COFACE KREDIT)	Insurance	FC	42	42	43	43	Sweden
COFACE IRELAND – BRANCH (COFACE Europe)	Credit insurance and related services	FC	42	42	43	43	Ireland
COFACE UK – BRANCH (COFACE Europe)	Credit insurance and related services	FC	42	42	43	43	United Kingdom
COFACE BELGIUM – BRANCH (COFACE Europe)	Credit insurance and related services	FC	42	42	43	43	Belgium
COFACE LUXEMBOURG (COFACE Europe) (g)	Credit insurance and related services				43	43	Luxembourg
COFACE PORTUGAL – BRANCH (COFACE Europe)	Credit insurance and related services	FC	42	42	43	43	Portugal
COFACE IBERICA – BRANCH (COFACE Europe)	Credit insurance and related services	FC	42	42	43	43	Spain
COFACE SWITZERLAND – BRANCH (COFACE S.A.)	Insurance	FC	42	42	43	43	Switzerland
COFACE ISRAEL	Credit insurance	FC	42	42	43	43	Israel
COFACE NEDERLAND – BRANCH (COFACE KREDIT)	Insurance	FC	42	42	43	43	Netherlands
COFACE DENMARK – BRANCH (COFACE KREDIT)	Insurance	FC	42	42	43	43	Denmark
COFACE ARGENTINA – BRANCH (COFACE Europe)	Credit insurance and related services	FC	42	42	43	43	Argentina
COFACE CHILE – BRANCH (COFACE Europe)	Credit insurance and related services	FC	42	42	43	43	Chile
COFACE CANADA – BRANCH (COFACE Europe)	Credit insurance and related services	FC	42	42	43	43	Canada
COFACE HUNGARY – BRANCH (COFACE AUSTRIA)	Insurance	FC	42	42	43	43	Hungary
COFACE POLAND – BRANCH (COFACE AUSTRIA)	Insurance	FC	42	42	43	43	Poland
LEID – BRANCH (COFACE AUSTRIA)	Insurance	FC	42	42	43	43	Lithuania
COFACE ROMANIA INSURANCE – BRANCH (COFACE AUSTRIA)	Insurance	FC	42	42	43	43	Romania
COFACE TECHNOLOGIE – ROMANIA	Data services	FC	42	42	43	43	Romania
COFACE CZECH INSURANCE – BRANCH (COFACE AUSTRIA)	Insurance	FC	42	42	43	43	Czech Republic
COFACE SLOVAKIA INSURANCE – BRANCH (COFACE AUSTRIA)	Insurance	FC	42	42	43	43	Slovakia
COFACE LATVIA INSURANCE – BRANCH (COFACE AUSTRIA) (h)	Insurance				43	43	Latvia
COFACE PKZ (n)	Credit insurance	FC	42	42			Slovenia
COFACE JAPAN – BRANCH (COFACE Europe)	Credit insurance and related services	FC	42	42	43	43	Japan
COFACE SINGAPORE – BRANCH (COFACE Europe)	Credit insurance and related services	FC	42	42	43	43	Singapore
COFACE HONG KONG – BRANCH (COFACE Europe)	Credit insurance and related services	FC	42	42	43	43	Hong Kong
COFACE ECUADOR – BRANCH (COFACE Europe)	Credit insurance and related services	FC	42	42	43	43	Ecuador
COFACE AUSTRALIA – BRANCH (COFACE Europe)	Credit insurance and related services	FC	42	42	43	43	Australia
COFACE TAIWAN – BRANCH (COFACE Europe)	Credit insurance and related services	FC	42	42	43	43	Taiwan
COFACE BULGARIA (Branch)	Insurance	FC	42	42	43	43	Bulgaria
COFACE ASSICURAZIONI SPA	Credit insurance and related services	FC	42	42	43	43	Italy

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2019	31/12/2019 % Control	31/12/2019 % Ownership	31/12/2018 % Control	31/12/2018 % Ownership	Country
COFACE AUSTRIA	Holding company	FC	42	42	43	43	Austria
COFACE DEUTSCHLAND	Credit insurance and related services	FC	42	42	43	43	Germany
COFACE GREECE – BRANCH (COFACE Europe) [(d)]	Credit insurance and related services	FC	42	42			Greece
CORPORATE CENTER							
Private Equity							
NATIXIS INVESTMENT CORP. [(gg)]	Portfolio management				100	100	United States
Corporate Data Solutions							
Other							
Naléa [(a)]	Securitization vehicle	FC	100	100	100	100	France
NATIXIS ALGÉRIE	Bank	FC	100	100	100	100	Algeria
SCI ALTAIR 1 [(a)]	Real estate operations	FC	100	100	100	100	France
SCI ALTAIR 2 [(b)]	Real estate operations	FC	100	100	100	100	France
NATIXIS IMMO EXPLOITATION	Real estate operations	FC	100	100	100	100	France
FONCIERE 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 2019.*
- ** *French subsidiaries whose individual prudential oversight is performed based on Group consolidated ratios in accordance with Article 7 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) *Entity disposed of on February 6, 2019.*
- (c) *Entities sold to BPCE in the first quarter of 2019.*
- (d) *Branch consolidated in the first quarter of 2019.*
- (e) *Entity acquired in the first quarter of 2019.*
- (f) *Entity deconsolidated in the first quarter of 2019 after the percentage interest fell below eligible levels.*
- (g) *Business activities transferred to Coface Belgium – Branch (Coface Europe).*
- (h) *Business activities transferred to LEID – Branch (Coface Austria).*
- (i) *Securitization vehicle closed.*
- (j) *Deconsolidated in the first quarter of 2019 after the fund's seed money investment was fully repaid.*
- (k) *In accordance with the provisions of the shareholders' agreement, Société de Cadres' percentage interest in DNCA Finance rose from 9% to 12% on January 1, 2019.*
- (l) *The percentage interest fell to 84% after Natixis IM sold part of its stake to the company's European managers in the first quarter of 2019.*
- (m) *Entity transferred to Flexstone Partners SAS in the first quarter of 2019.*
- (n) *Entity acquired in the second quarter of 2019.*
- (o) *Consolidated in the second quarter of 2019. Natixis Holdings (Hong Kong) Limited is the holding company of the stake in Azure Capital.*
- (p) *Entity deconsolidated in the second quarter of 2019 after the percentage interest fell below eligible levels.*
- (q) *The percentage interest increased from 91% to 100% following a buyback of non-controlling interests and the application of IFRS 2 upon the implementation of a bonus share allocation plan in the second quarter of 2019.*
- (r) *The percentage interest increased from 87% to 100% following a buyback of non-controlling interests and the application of IFRS 2 upon the implementation of a bonus share allocation plan in the second quarter of 2019.*
- (s) *The percentage interest increased from 84% to 99% following the buyback of non-controlling interests in the second and fourth quarters of 2019 and the capital increase conducted in the fourth quarter of 2019 to which Natixis Paiement Holding fully subscribed.*
- (t) *Entity deconsolidated in the second quarter of 2019 after the percentage interest fell below eligible levels.*
- (u) *New H2O subsidiaries consolidated as they are set to become material in the coming periods.*
- (v) *Consolidated in the third quarter of 2019. Natixis IM Canada Holdings Ltd is the holding company of the 11% stake in Fiera, the leading publicly-traded independent distribution platform in Canada.*
- (w) *Change of scope in the second quarter of 2019 in connection with the restructuring of the US operations of Seeyond and Mirova.*
- (x) *New company created by AEW Capital Management LP in order to develop its activities in Asia and added to the consolidation scope at end-June 2019.*
- (y) *New entities created by AEW Capital Management LP in connection with the management of new funds and added to the consolidation scope at end-June 2019.*
- (z) *Deconsolidated in the third quarter of 2019 following the liquidation of the entity.*
- (aa) *Entity deconsolidated in the third quarter of 2019 after the percentage interest fell below eligible levels.*
- (bb) *Entity deconsolidated in the third quarter of 2019 after the percentage interest fell below eligible levels.*
- (cc) *Entities sold to Fiera Capital in the third quarter of 2019 in accordance with the investment agreement implemented at Fiera Capital in the second quarter of 2019.*
- (dd) *The percentage interest increased from 75% to 80% following a buyback of non-controlling interests.*
- (ee) *Entity created and consolidated in the fourth quarter of 2019.*
- (ff) *Entity consolidated in the fourth quarter of 2019 after the percentage interest rose above eligible levels.*
- (gg) *Entity liquidated in December 2019.*
- (hh) *The percentage interest increased from 96% to 100% following buybacks of non-controlling interests and the application of IFRS 2 upon the implementation of a bonus share allocation plan in 2017 which was completed at end-2019.*
- (ii) *Entity created in 2019; it is intended to become Natixis' reference partner in thematic investing in international equities.*
- (jj) *Entity created in 2019; it is intended to become Natixis' reference partner in international infrastructure investment.*
- (kk) *Ostrum created a new company in Hong Kong in 2019 to further its expansion in Asia. The company was consolidated in the fourth quarter of 2019.*
- (ll) *Entity consolidated in the fourth quarter of 2019. It arranges financing for the fund AEW European Value Partners, through which AEW collects interest income in relation to fund performance.*
- (mm) *This entity manages the fund AEW Partners Real Estate IX launched recently in the US by AEW Capital Management, which owns 100% of its capital. This entity was consolidated in the fourth quarter of 2019.*
- (nn) *The percentage of ownership increased from 50% to 55% following the buyout of shares from company managers in the fourth quarter of 2019.*
- (oo) *The percentage of ownership increased from 60% to 70% following the buyout of shares from company managers in the fourth quarter of 2019.*
- (pp) *Mirova purchased the shares of the entity's founders in the fourth quarter of 2019. Consequently, Mirova now owns 100% of Mirova Natural Capital's share capital.*

19.1 Non-consolidated entities at December 31, 2019

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, 2019

Non-consolidated investments at December 31, 2019 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%	99	6
EFG – HERMES HOLDING	Egypt	13%	704	52
FIERA CAPITAL	France	11%	435	(3)

(a) Directly or indirectly.
(b) Information on equity and income is that of the last fiscal year as adopted by the General Shareholders' Meeting (31/12/2018).

In addition, the 25% stake in the share capital of US investment firm WCM Investment Management, which was not consolidated due to the absence of significant influence by Natixis, accounted for a total of €279 million at December 31, 2019.

5.2 Statutory Auditors' report on the consolidated financial statements

Fiscal year ended December 31, 2019

To the General Shareholders' Meeting

Opinion

In compliance with the engagement entrusted to us by your General Shareholders' Meeting, we have audited the accompanying consolidated financial statements of the Natixis Group for the year ended December 31, 2019.

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, 2019, and of the results of its operations for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The audit 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 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, 2019 to the date of our report and specifically we did not provide any services that are prohibited under Article 5, section 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 2019 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 2019 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 changes to the accounting methods relative to the first-time application of IFRS 16 "Leases" and IFRIC 23 "Uncertainty over Income Tax Treatments", as described in Note 1 "Basis of presentation" and in Note 2 "Impact of the first-time application of IFRS 16 at January 1, 2019" to the consolidated financial statements.

Justification of 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 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 expressed above, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Impairment of customer loans and receivables (stages 1, 2 and 3)

Risk identified and main judgments

As part of its financing activities within the Corporate & Investment Banking division, Natixis is exposed to credit risk in respect of loans and receivables and financing commitments given to customers.

In accordance with the "impairment" component of IFRS 9, Natixis recognizes impairment and provisions to cover expected credit losses on outstandings that reflect their classification in stage 1, 2 or 3. The stage that outstandings are assigned to depends on the increase in credit risk observed since their initial recognition.

Impairment for expected credit losses on stage 1 or 2 outstandings is the discounted sum of the product of the exposure at default (EAD), probability of default (PD) and loss given default (LGD) inputs in each projection year, including forward-looking information.

Outstanding loans bearing a known counterparty risk (stage 3) are subject to impairments determined essentially on an individual basis. These impairments are measured 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.

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 whether in terms of classifying outstanding loans in stage 1, 2 or 3, determining the inputs and procedures for impairment calculations in respect of outstandings in stages 1 and 2, and assessing the individual provisioning level of outstanding loans in stage 3.

Net exposure in respect of customer loans and receivables totaled €71,089 million at December 31, 2019. Expected credit losses stood at €1,375 million at December 31, 2019.

Please refer to Notes 6.1, 6.3, 6.21, 6.23, 7.8, 8.6.2, 8.16 and 11.2 to the consolidated financial statements for more details.

Our audit approach

Impairment of outstanding loans in stages 1 and 2

Our work mainly consisted in:

- evaluating Natixis' internal control system governing the classification of outstandings in stages 1 or 2 according to the indicators used to define a significant increase in credit risk;
- evaluating the internal control system governing the validation of internal models and the definition of the inputs used in the calculation of impairment;
- assessing the relevance of these inputs used in the calculation of impairments as at December 31, 2019;
- performing counter calculations on a sample of contracts.

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 indicators of impairment (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 increased significantly;
- 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.

We also assessed the information presented in detail in the notes to the consolidated financial statements and required by IFRS 7 concerning the impairment of financial assets at December 31, 2019.

Provisions for legal and compliance risks

Risk identified and main judgments

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 information disclosed in the notes to the consolidated financial statements 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 €779 million at December 31, 2019.

Please refer to Notes 6.23, 7.8, 7.10 and 8.16 to the consolidated financial statements for more details.

Our audit approach

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 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 financial instruments

Risk identified and main judgments

As part of its capital markets activities within the Corporate & Investment Banking division, the Natixis Group holds on its balance sheet a significant portion of financial instruments recognized at fair value.

Different approaches are used to determine market value depending on the nature and complexity of the instruments: use of directly observable quoted prices (instruments classified in Level 1 of the fair value hierarchy), valuation models with inputs that are mostly observable (instruments classified in Level 2) and valuation models with inputs that are mostly non-observable (instruments classified in Level 3).

In the case of complex financial instruments, particularly those in Level 3 and some in Level 2 of the fair value hierarchy, these approaches may include a significant amount of judgment given:

- The use of internal valuation models;
- The use of valuation inputs unobservable on the market;
- Additional valuation adjustments made, to reflect certain market, counterparty or liquidity risks.

We considered the assessment of complex financial instruments to be a key audit matter due to the material nature of the exposures and the use of judgment in determining fair value.

At December 31, 2019, Level 2 financial instruments represented assets of €172,948 million and liabilities of €183,926 million.

At December 31, 2019, Level 3 financial instruments represented assets of €7,060 million and liabilities of €12,075 million.

For more details, please refer to Notes 6.6, 6.23 and 8.5 to the consolidated financial statements.

Our audit approach

We examined the internal control procedures and systems for the identification, valuation, recognition and classification of complex financial instruments, in particular those classified in Levels 2 and 3.

We tested the key controls that we deemed relevant to our audit, including those relating to:

- the validation and periodic review, by the Risk division, of valuation models and related adjustments;
- the independent verification of valuation inputs;
- the determination of the main valuation adjustments;
- the documentation and periodic review of the observability criteria used to classify complex financial instruments in the fair value hierarchy.

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 market inputs of the valuation models used to estimate the main valuation adjustments at December 31, 2019.

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.

We also assessed the information presented in detail in the notes to the consolidated financial statements and required by IFRS 7 concerning financial instruments at December 31, 2019.

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 policyholders.

We considered the valuation of these reserves to be a key audit matter insofar as they represent a significant amount in the Group's financial statements 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.

The technical reserves of the insurance contracts amounted to €90,018 million at December 31, 2019.

Please refer to Notes 6.23, 9.2.5 and 9.5 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.

Depending on the type of risks covered by the reserves, the main audit procedures applied included:

- obtaining an understanding of the general conditions relating to insurance contracts marketed by the Group;
- appraising the methods and assumptions used to calculate those reserves, including their consistency with applicable regulations, market practices and the economic and financial context;
- testing, on the basis of accounting reconciliation, 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 time frame.

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 issue 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, 2019, €1,388 million was recorded on Natixis' consolidated balance sheet under deferred tax assets, including €789 million in tax loss carryforwards

Please refer to Notes 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;
- comparing projected results of previous years to 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 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 performed tests to check that deferred tax asset bases are properly calculated and that the right tax rates are used.

Recognition and measurement of performance fees

Risk identified and main judgments

For certain funds managed by affiliates of Natixis Investment Managers, the contractual provisions of the prospectus stipulate the payment of a "performance fee" for any fund outperformance. As mentioned in Note 7.2 to the consolidated financial statements, performance fees recorded in the income statement totaled €627 million and made up a large share of the Group's net revenues (€9,219 million).

The existence of multiple end dates and trigger criteria creates complexity not only for the calculation of these fees, but also in determining the various recognition dates for the corresponding income. Furthermore, if uncertainty exists regarding the measurement of a performance fee amount, only the amount for which the Group's entitlement is assured given the information available on the reporting date is recognized (the principles applicable to performance fees are set out in Note 6.19 to the consolidated financial statements).

We therefore considered the recognition and measurement of performance fees to be a key audit matter.

Our audit approach

We examined the calculation and control process for performance fees implemented by affiliates of Natixis Investment Managers. In particular, we tested the periodic reconciliations performed between the performance fees calculated by the management of the affiliates and the recognized amounts and, in the case of funds, the amounts provided by "valuation agents".

Based on a sample of selected funds, we also:

- checked that the benchmark used matches the benchmark referred to in the contractual provisions;
- reconciled the fee amounts determined by management and the recognized amounts;
- in the case of funds, reconciled the recognized performance fees and the fees calculated by the funds' "valuation agents";
- checked that the asset management company recorded the fees at the end of the calculation period specified in the contractual provisions;
- verified the manner in which the Group estimates and integrates any uncertainties into the recognized fee amount.

Specific verifications

In accordance with applicable professional standards in France, we have also performed 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 attest that the consolidated non-financial performance report required 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 the Code, we have not verified the information contained in this report with respect to its fair presentation or the consistency with the consolidated financial statements of the information contained and should be reported on report by an independent third party.

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 at December 31, 2019, PricewaterhouseCoopers Audit was in its fourth year of appointment without interruption. As of that date, the length of Deloitte & Associés' uninterrupted appointment was over 20 years, including 14 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 General Inspection 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 about whether the consolidated 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, 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 and 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, where appropriate, any significant weaknesses we have identified in the internal control system regarding the 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 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 and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss with the Audit Committee any risks to our independence and the related safeguard measures.

Neuilly-sur-Seine and Paris La Défense, March 6, 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Emmanuel Benoist	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	2019	2018
	Assets		
3	Cash and balances with central banks	15,858	23,858
5	Government securities and equivalent	44,221	34,698
3	Advances to banks	87,300	84,302
4	Customer transactions	138,055	125,963
22	*o/w institutional operations:*	*852*	*839*
5	Bonds and other fixed-income securities	15,643	18,973
5	Shares and other variable-income securities	70,504	48,514
6	Investments in associates and other long-term investments	192	172
6	Investments in subsidiaries and affiliates	13,979	15,136
10	Intangible assets	90	99
10	Property, plant and equipment	137	152
	Capital subscribed not paid		
6	Treasury shares	39	35
11	Other assets	45,956	46,801
11	Accrual accounts	6,523	8,165
	TOTAL ASSETS	**438,497**	**406,868**

See Note No.	Off-balance sheet items – Commitments received	2019	2018
35	**Financing commitments**	**34,470**	**39,290**
	Commitments received from banks	33,748	29,047
	Commitments received from customers	722	10,243
35	Guarantee commitments	9,402	8,743
	Commitments received from banks	9,402	8,743
35	Commitments on securities	8,480	8,212
35	**Other commitments received**	**13,950**	**10,987**

(in millions of euros)

See Note No.	Year ended December 31	2019	2018
	Liabilities		
12	Due to central banks		
12	Due to banks	99,615	96,850
22	*o/w institutional operations:*	*46*	*46*
13	Customer transactions	119,320	113,291
22	*o/w institutional operations:*	*965*	*952*
14	Debt securities	62,441	50,260
15	Other liabilities	126,679	116,100
15	Accrual accounts	5,161	4,968
22	*o/w institutional operations:*	*1*	*1*
16	Provisions for risks and other expenses	2,264	2,192
18	Subordinated debt	5,554	5,535
	Fund for general banking risks		
	Equity excluding fund for general banking risks	17,463	17,672
20	Subscribed capital	5,045	5,040
20	Share premium	7,426	7,426
20	Reserves	1,740	1,745
19	Regulated provisions and investment subsidies	2	2
22	*o/w institutional operations:*	2	2
20	Retained earnings	1,008	1,625
	Net income	2,242	1,834
	TOTAL LIABILITIES	**438,497**	**406,868**

See Note No.	Off-balance sheet items – Commitments given	2019	2018
35	**Financing commitments**	**81,064**	**97,160**
	Commitments given to banks	23,348	26,943
	Commitments given to customers	57,716	70,217
35	**Guarantee commitments**	**35,126**	**41,837**
	Commitments given to banks	9,451	9,450
	Commitments given to customers	25,675	32,387
35	**Commitments on securities**	**9,321**	**8,758**
35	**Other commitments given**	**23,862**	**18,480**

Natixis comparative separate income statements

(in millions of euros)

See Note No.	Year ended December 31	2019	2018
23	Interest and similar income	7,683	7,198
23	Interest and similar expenses	(6,866)	(6,444)
24	Income from variable-income securities	931	1,500
	Fee and commission income	1,383	990
25	Fee and commission expenses	(997)	(631)
26	Net gains/(losses) on trading portfolio transactions	1,534	1,468
27	Net gains/(losses) on transactions on securities held for sale	43	53
	Other banking operating income	603	425
28	Other banking operating expenses	(384)	(93)
	Net revenues	**3,930**	**4,466**
29	Operating expenses	(2,559)	(2,629)
	Payroll costs	(1,339)	(1,367)
	Other administrative expenses	(1,220)	(1,262)
	Write-down, amortization and impairment of property, plant and equipment and intangible assets	(79)	(77)
	Gross operating income	**1,292**	**1,760**
30	Provision for credit losses	(429)	(228)
	Operating income	**863**	**1,532**
31	Gains/(losses) on fixed assets	1,258	33
	Income before tax	**2,121**	**1,565**
	Non-recurring income		
32	Income taxes	121	269
19	Funding/reversal of funding for general banking risks and regulated provisions	0	0
	INCOME/(LOSS) FOR THE YEAR	**2,242**	**1,834**

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 more than 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 have not been assigned their own specific 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. In order to be eligible for this category, the securities must be tradable on an active market as of the date of their initial recognition and their market prices must be accessible, representing actual transactions regularly occurring in the market under normal trading conditions.

  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 their lowest carrying amount or 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.
- **Investments in associates, subsidiaries and affiliates and other long-term investments**
  - **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 their lowest historical cost or value in use. Unrealized losses are subject to a provision for impairment.
  - **Investments in associates**: investments in the form of securities that are deemed useful to Natixis' business if held for the long term.

    They are recognized at their acquisition date at the purchase price excluding acquisition costs.

    These securities are valued individually at their lowest 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 their lowest 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, 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.

Depreciation periods must be reviewed annually and, where applicable, the impact of any change in estimate is recognized prospectively, in income, from the date of the change.

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, which in the event of liquidation can only be redeemed after all other creditors' claims have been met. 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 on a prorata basis. 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), 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.

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 variable compensation 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 Arrco, 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 individual 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 party related 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,
    - change in discount rate,
    - 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 they are granted.

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 2019 income statement was €18.0 million versus €14.9 million at December 31, 2018.

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 stipulates 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 French Accounting Committee (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 €12,000 was recorded in the financial statements at December 31, 2019 in respect of plans to be settled in shares (allocation of existing shares), against an expense of €120,000 in 2018.

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 French Ministerial Order 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.

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 Regulation (EU) 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 2019. 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".

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 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;

  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 (under "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, 2019, this financial guarantee, which had virtually no impact at December 31, 2018, was terminated. The termination of the financial guarantee had an impact of +€9.7 million on the income statement at December 31, 2019.

- two Total Return Swaps (TRS), one in euros and one in US dollars, 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.

Natixis exercised the option at maturity (i.e. July 1, 2019). Exercising this option had no impact on Natixis' income statement as the changes in the option's fair value were recognized in income at inception. In addition, a reverse TRS was implemented on July 1, the characteristics of which are symmetrical to those of the TRS in euros and in dollars implemented when the guarantee was first arranged.

Note that the TRS and the option had virtually no impact on Natixis' income statement at December 31, 2018 and that these have been terminated as of December 31, 2019.

15. Non-recurring income

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 2019 fiscal year.

Note 2 Highlights of the period

Transfer of certain Specialized Financial Services (SFS) business lines to BPCE

On September 12, 2018, Natixis and BPCE announced that Natixis planned to sell its Factoring, Sureties & Financial Guarantees, Leasing, Consumer Finance and Securities Services business lines to BPCE SA for €2.7 billion.

In accordance with the established timetable, the subsidiary shares and EuroTitres assets and liabilities were transferred on March 31, 2019 once the conditions precedent had been lifted.

The gain on the disposal amounted to €1.100 million.

Note 3 Events subsequent to closure

On February 6, 2020, the Board of Directors approved the 2019 financial statements. On February 25, 2020, Natixis announced the signing of a preliminary agreement for the sale of 29.5% of its stake in Coface for a unit price of €10.70 per share.

This announcement has no impact on Natixis' separate financial statements. After the sale which, given the regulatory authorizations required, may not be completed until several months after the announcement, Natixis will no longer sit on the Board of Directors of Coface.

Note 4 Interbank and similar transactions

(in millions of euros)	2019	2018
Cash and balances with central banks	**15,858**	**23,858**
Advances to banks*	**87,300**	**84,302**
Demand	4,149	3,421
Time	83,151	80,881
Interbank and similar transactions	**103,158**	**108,160**
** o/w subordinated loans*	*0*	*0*
o/w reverse repurchase agreements	*36,220*	*39,162*
o/w accrued interest	*86*	*148*

Non-performing loans amounted to €48 million at December 31, 2019, compared with €49 million at December 31, 2018. At December 31, 2019, as at December 31, 2018, Natixis had no irrecoverable loans due from credit institutions.

Provisions for non-performing loans amounted to -€48 million at December 31, 2019, compared with -€48 million at December 31, 2018.

Note 5 Transactions with customers, leasing operations and similar

(in millions of euros)	2019	2018
Current accounts overdrawn	**2,564**	**3,531**
Commercial loans	**779**	**937**
Other customer loans	**134,712**	**121,495**
Cash and consumer credit	31,004	28,147
Equipment loans	5,245	4,499
Export credit	3,028	3,119
Home loans	2	3
Reverse repurchase agreements	73,963	63,055
Subordinated loans	878	948
Other loans	20,592	21,724
Transactions with customers	**138,055**	**125,963**
o/w accrued interest	*252*	*283*

The amount of perpetual subordinated loans totaled €808 million at December 31, 2019 versus €877 million at December 31, 2018.

Restructured loans as defined in Note 1 amounted to €183 million in performing loans, before impairment, at December 31, 2019 versus €122 million at December 31, 2018. The amount after impairment amounted to €182 million at December 31, 2019 versus €119 million at December 31, 2018.

Restructured loans as defined in Note 1 recorded as non-performing or irrecoverable loans amounted to €1,093 million before impairment at December 31, 2019 versus €1,014 million at December 31, 2018. The amount after impairment amounted to €744 million at December 31, 2019 versus €721 million at December 31, 2018.

Non-performing loans amounted to €2,856 million at December 31, 2019 versus €2,150 million at December 31, 2018 (of which €195 million at December 31, 2019 relating to irrecoverable loans versus €223 million at December 31, 2018).

Provisions for non-performing loans totaled -€991 million at December 31, 2019 versus -€859 million at December 31, 2018 (of which -€189 million at December 31, 2019 versus -€215 million at December 31, 2018 relating to provisions for irrecoverable loans).

Receivables eligible for refinancing with the Banque de France and/or the European Central Bank amounted to €715 million at December 31, 2019 versus €627 million at December 31, 2018.

Note 6 Bonds, shares and other fixed- and variable-income securities

(in millions of euros)	2019 Securities held for trading	2019 Securities held for sale	2019 Securities held for investment	2019 Total	2018 Securities held for trading	2018 Securities held for sale	2018 Securities held for investment	2018 Total
Government securities and equivalent [(b)]								
Gross value [(a)]	37,959	5,517	631	44,107	28,694	5,326	562	34,582
Premiums/discounts		72	(1)	71		71		71
Accrued interest	5	38		43	5	39	1	45
Impairment				0				0
Net carrying amount	**37,964**	**5,627**	**630**	**44,221**	**28,699**	**5,436**	**563**	**34,698**
Bonds and other fixed-income securities [(b) (c)]								
Gross value [(a)]	9,479	5,927	294	15,700	12,929	5,974	145	19,048
Premiums/discounts		1		1		(16)		(16)
Accrued interest	1	24		25	1	27		28
Write-downs		(83)		(83)		(87)		(87)
Net carrying amount	**9,480**	**5,869**	**294**	**15,643**	**12,930**	**5,898**	**145**	**18,973**
Shares and other variable-income securities [(b) (d)]								
Gross value	69,331	1,200		70,531	47,298	1,234		48,532
Accrued interest				0				0
Write-downs		(27)		(27)		(18)		(18)
Net carrying amount	**69,331**	**1,173**		**70,504**	**47,298**	**1,216**		**48,514**

(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 €33,653 million at December 31, 2019 versus €25,669 million at December 31, 2018.
(c) Of which "Bonds and other listed fixed-income securities" for €14,588 million at December 31, 2019 versus €15,404 million at December 31, 2018.
(d) Of which "Shares and other listed variable-income securities" for €70,213 million at December 31, 2019 versus €47,097 million at December 31, 2018.

Transfers of securities between categories:

There were no transfers of securities between categories in 2018 or 2019.

Unrealized capital gains and losses in the investment portfolio

(in millions of euros)	2019	2018
Government securities and equivalent		
Unrealized capital gains	25	5
Unrealized capital losses	(1)	(2)
Bonds and other fixed-income securities		
Unrealized capital gains	56	36
Unrealized capital losses	(92)	(98)
Shares and other variable-income securities		
Unrealized capital gains	471	273
Unrealized capital losses	(10)	(18)

Note 7 Investment in subsidiaries and affiliates, associates, other long-term investments and treasury shares

(in millions of euros)	2019	2018
Investments	**97**	**104**
Outstanding [a]	103	122
Current account advances		
Translation adjustments	4	
Write-downs [b]	(10)	(18)
Securities loaned		
Other long-term investments	**95**	**67**
Outstanding [c]	114	89
Current account advances		
Translation adjustments		
Write-downs	(19)	(22)
Securities loaned		
Accrued interest		1
INVESTMENTS IN ASSOCIATES AND OTHER LONG-TERM INVESTMENTS	**192**	**172**
Investments in subsidiaries and affiliates	13,979	15,136
Outstanding [d]	14,195	15,457
Current account advances	6	6
Translation adjustments [e]	39	66
Write-downs [f]	(261)	(393)
Securities loaned		
Accrued interest	**0**	**0**
INVESTMENTS IN SUBSIDIARIES AND AFFILIATES	**13,979**	**15,136**
Treasury shares	**39**	**35**
Securities held for trading	38	34
Securities held for sale	1	1
Securities loaned		
Long-term investments		
TREASURY SHARES	**39**	**35**

(a) *The main changes during 2019 related to:*
- *the exclusion of the Fideppp Private Equity investment fund for -€8 million;*
- *the exclusion of Cofimage 23 for -€3 million;*
- *the exclusion of Cofimage 25 for -€2 million;*
- *the exclusion of Dollfus Mieg & Compagnie for -€2 million.*

(b) *The main changes during 2019 related to:*
- *the reversal of provisions on Banco Finantia S.A. for -€2 million;*
- *the reversal of provisions on Dollfus Mieg & Compagnie for -€2 million.*

(c) *The main changes during 2019 related to:*
- *Oddo BHF for +€17 million;*
- *Komgo S.A. for +€2 million*

(d) *The main changes during 2019 related to:*
- *the exclusion of Natixis Lease for -€400 million;*
- *the exclusion of Natixis Financement for -€354 million;*
- *the exclusion of Natixis Factor for -€248 million;*
- *the exclusion of CEGC for -€495 million;*
- *the Natixis Foncière capital reduction for -€35 million;*
- *the exclusion of Natixis Brasil for -€27 million;*
- *the Natixis Trust capital increase for +€50 million;*
- *the Natixis Algérie capital increase for +€72 million;*
- *the Natixis Payment Holding capital increase for +€155 million.*

(e) *The main changes during 2019 related to:*
- *Natixis Brasil for -€18 million;*
- *Natixis Bank for -€2 million.*

(f) *The main changes during 2019 related to:*
- *a reversal of provisions on Coface S.A. for -€89 million;*
- *an addition to the existing provision on Natixis Wealth Management for +€31 million;*
- *a reversal of provisions on Natixis Factor for -€70 million;*
- *an addition to the existing provision on Contango Trading S.A. for +€12 million.*

Note 8 Information on shareholdings exceeding the disclosure threshold following investments in French companies during 2019

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 31/12/2019	Number of shares at 31/12/2019
NOWCP	Unlisted	9.00%	50,000

Note 9 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 units)		Shareholders' equity other than capital [(a)] (in thousands of units)		Share of capital at 31/12/2019 (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	304,064	EUR	876,308	EUR	42.20%
NATIXIS WEALTH MANAGEMENT 115 RUE MONTMARTRE 75002 PARIS	U	129,048	EUR	91,705	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	(76,274)	EUR	100.00%
NATIXIS PAYMENT HOLDING 30 AV PIERRE MENDÈS-FRANCE 75013 PARIS	U	209,237	EUR	(6,668)	EUR	100.00%
NATIXIS ASSURANCES 30 AV PIERRE MENDÈS-FRANCE 75013 PARIS	U	148,014	EUR	1,138,893	EUR	100.00%
NATIXIS INNOV 47 QUAI D'AUSTERLITZ 75013 PARIS	U	150,060	EUR	2,610	EUR	100.00%
NATIXIS INTERÉPARGNE 30 AV PIERRE MENDÈS-FRANCE 75013 PARIS	U	8,891	EUR	18,576	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 TRUST 51 AVENUE JOHN F. KENNEDY L-1855 Luxembourg	U	659,865	EUR	133,855	EUR	100.00%
NATIXIS Marco 47 QUAI D'AUSTERLITZ 75013 PARIS	U	1,000,170	EUR	10,205	EUR	100.00%
NATIXIS PAYMENT SOLUTIONS 30 AV PIERRE MENDÈS-FRANCE 75013 PARIS	U	53,559	EUR	113,065	EUR	100.00%
NATIXIS INVESTMENT MANAGERS 43 AV PIERRE MENDÈS-FRANCE 75013 PARIS	U	237,087	EUR	5,328,819	EUR	100.00%
DF EFG3 LIMITED MAPLES CORPORATE SERVICES LIMITED OF PO BOX 309, UGLAND HOUSE, Grand Cayman, KY1-1104	U	85,000	USD	(5,165)	USD	100.00%
NATIXIS NORTH AMERICA LLC 1251 AVENUE OF THE AMERICAS NEW YORK, NY 10020	U	2,468,579	USD	(329,491)	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 paragraph A.*
(a) *Excluding income of the year.*
(b) *2019 fiscal year.*

Carrying amount of shares held (in thousands of euros)		Loans and receivables received but not yet repaid (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 2019 (in thousands of euros)
Gross	Net					
				3,406	132,677	
				83,874	(5,028)	
				64,865	26,804	
				31,937	3,345	
				(112)	(6,658)	
				(237)	(994)	
				4,724	268,116	
				(820)	(843)	
				102,849	17,332	
				30,070	(3,170)	
				0	3,209	
				6,021	6,008	
				320,099	50,387	
				33,129	136,873	
				3,111	3,111	
				(19,047)	(46,215)	
312,573	275,521	1,452,378	512,647			21,636
276,431	239,729	3,841,402	6,098,910			6,470

5

Note 10 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, 2019	**266,689,674**	**1,320,659,409**	**4.95**	**260,943,445**	**1,201,517,852**	**4.60**	**5,746,229**	**0.18%**
Price stability	28,803,155	93,405,408	3.24	-24,232,817	-99,051,904	4.09		
At December 31, 2019	**295,492,829**	**1,414,064,817**	**4.79**	**285,176,262**	**1,300,569,756**	**4.56**	**10,316,567**	**0.33%**

Nominal amount of share: €1.60.

Note 11 Fixed assets

	2019			2018		
(in millions of euros)	Gross	Impairment and amortization	Net	Gross	Impairment and amortization	Net
Operating fixed assets	**2,017**	**(1,790)**	**227**	**2,037**	**(1,786)**	**251**
Intangible assets	1,403	(1,313)	90	1,444	(1,345)	99
Property, plant and equipment	614	(477)	137	593	(441)	152
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	**1,403**	**(1,313)**	**90**	**1,444**	**(1,345)**	**99**
PROPERTY, PLANT AND EQUIPMENT	**615**	**(478)**	**137**	**594**	**(442)**	**152**

	01/01/2019	Acquisitions	Disposals	Other	31/12/2019
Gross value					
Operating intangible assets	**1,444**	**31**	**(70)**	**(2)**	**1,403**
Goodwill	869	0	(2)	(2)	865
Software	556	12	(68)	2	502
Other intangible assets	19	19	0	(2)	36
Operating property, plant and equipment	**593**	**41**	**(21)**	**1**	**614**
Land and buildings	199	13	(17)	0	195
Other property, plant and equipment	394	28	(4)	1	419
Non-operating property, plant and equipment	**1**	**0**	**0**	**0**	**1**
Land and buildings	1	0			1
Other property, plant and equipment	0	0			0
TOTAL	**2,038**	**72**	**(91)**	**(1)**	**2,018**

	01/01/2019	Charges	Reversals	Other	31/12/2019
Depreciation and amortization					
Operating intangible assets	**(1,345)**	**(26)**	**58**	**0**	**(1,313)**
Goodwill	(864)	0	0		(864)
Software	(481)	(26)	58	0	(449)
Other intangible assets	0				0
Operating property, plant and equipment	**(441)**	**(55)**	**17**	**2**	**(477)**
Land and buildings	(132)	(19)	14	2	(135)
Other property, plant and equipment	(309)	(36)	3		(342)
Non-operating property, plant and equipment	**(1)**	**0**	**0**	**0**	**(1)**
Land and buildings	(1)	0	0	0	(1)
Other property, plant and equipment	0	0	0	0	0
TOTAL	**(1,787)**	**(81)**	**75**	**2**	**(1,791)**

Note 12 Accrual accounts and other – Assets

(in millions of euros)	2019	2018
Options	18,139	17,630
Settlement accounts	21	268
Miscellaneous debtors	27,596	28,770
Inventory accounts and similar	200	133
OTHER ASSETS	**45,956**	**46,801**
Collection accounts		
Adjustment accounts	5,080	5,518
Gains on financial instruments	20	452
Deferred charges and prepayments	346	991
Accrued income	397	428
Other accrual accounts	680	776
ACCRUAL ACCOUNTS	**6,523**	**8,165**

Note 13 Interbank and similar transactions

(in millions of euros)	2019	2018
Due to central banks		
Due to banks*	**99,615**	**96,850**
Demand	9,289	5,615
Time	90,326	91,235
Interbank and similar transactions	**99,615**	**96,850**
** o/w repurchase agreements*	*31,009*	*27,966*
** o/w accrued interest*	*101*	*113*

Note 14 Customer transactions

(in millions of euros)	**2019**	2018
Special savings accounts	**130**	**97**
Demand		
Time	130	97
Other liabilities*	**119,190**	**113,194**
Demand	40,763	16,052
Time	78,427	97,142
Customer transactions	**119,320**	**113,291**
** o/w repurchase agreements*	*86,803*	*72,466*
** o/w accrued interest*	*97*	*78*

Note 15 Debt securities

(in millions of euros)	**2019**	2018
Interbank market instruments and negotiable debt securities	**40,505**	**29,305**
Bonds	**21,936**	**20,955**
DEBT SECURITIES	**62,441**	**50,260**
o/w non-amortizable share premiums	416	402

Note 16 Accrual accounts and other – Liabilities

(in millions of euros)	**2019**	2018
Miscellaneous creditors	23,632	21,876
Securities transactions	85,143	75,270
o/w trading securities, liabilities on borrowed securities	*66,578*	*54,860*
o/w trading securities, other liabilities on securities	*18,552*	*20,395*
o/w accrued interest	*14*	*15*
Sold options	17,883	18,614
Securities transactions settlement accounts	21	340
OTHER LIABILITIES	**126,679**	**116,100**
Unavailable accounts	54	50
Adjustment and suspense accounts	2,880	1,828
Losses on financial instruments	130	631
Deferred income and prepayments	71	600
Accrued charges	951	924
Other accrual accounts	1,075	935
ACCRUAL ACCOUNTS	**5,161**	**4,968**

Note 17 Provisions and impairment

(in millions of euros)	01/01/2019	Charges	Reversals	Translation adjustments	Other	31/12/2019
Provisions for impairment deducted from assets	**(1,420)**	**(578)**	**567**	**1**	**3**	**(1,427)**
Banks	(48)		1	(1)		(48)
Customers	(859)	(482)	353	(6)	3	(991)
Investments	(18)	(1)	12		(3)	(10)
Other long-term investments	(21)	(2)	3			(20)
Investments in subsidiaries and affiliates	(393)	(50)	171	8	3	(261)
Misc. securities and creditors	(81)	(43)	27			(97)
Provisions recognized in liabilities	**2,192**	**445**	**(375)**	**12**	**(10)**	**2,264**
Employee benefits	397	45	(187)		(18)	237
Off-balance sheet commitments	21	62	(35)		1	49
Country risk	269	131	(15)			385
Specific credit risk	2	1	(1)			2
Provisions for litigation	482			9		491
Sector risk	229	84	(94)	1		220
Forward financial instrument risk	324	75	(33)			366
Other	468	47	(10)	2	7	514

(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 [(a)]	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

(a) Separate asset recognition.

Note 18 Headcount and employee benefits

Change in headcount

	31/12/2019	31/12/2018
Technical staff	2,199	2,123
Managers	5,056	5,339
NUMBER OF EMPLOYEES	**7,255**	**7,462**

Post-employment benefits and other long-term employee benefits

Main actuarial assumptions

	2019				2018			
	Post-employment defined-benefit plans		Other long-term employee benefits		Post-employment defined-benefit plans		Other long-term employee benefits	
By type of obligation	Supple-mentary pension benefits and other	End-of-career awards	Long-service awards	Other benefits	Supple-mentary pension benefits and other	End-of-career awards	Long-service awards	Other benefits
Discount rate	0.62%	0.45%	0.25%	0.33%	1.56%	1.35%	1.05%	1.65%
Expected return on plan assets	1.56%	2.96%	0.50%		1.56%	3.03%	0.50%	

Future salary increases are estimated by grade based on a constant population and a three-year average. At December 31, 2019, this average (including inflation) was 2.28%, the same as at December 31, 2018.

The remaining average working lives of employees, for all benefits, is 12.2 years versus 12.0 years at December 31, 2018.

Employee benefits, plan assets and separate asset obligations

(in millions of euros)	31/12/2019	31/12/2018
Gross benefit obligation	492	483
Fair value of plan assets	(248)	(121)
Fair value of separate assets	(60)	(173)
NET OBLIGATION	**184**	**189**

Breakdown of net obligation by plan type

(in millions of euros)	2019					2018				
	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 benefits	Total	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other benefits	Total
Benefit obligation at January 1										
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 January 1	**39**	**29**	**32**	**89**	**189**	**39**	**44**	**34**	**84**	**201**
Benefits paid over the period	(3)	(6)	(2)	(41)	(52)	(1)	(6)	(2)	(43)	(52)
Benefits vested over the period	1	6	3	19	29	1	8	3	50	62
Interest cost	3	1			4	3	1			4
Expected return on plan assets, gross	(2)	(3)			(5)	(2)	(1)			(3)
Change in management fees					0					0
Payments to the fund during the period	(2)				(2)	(3)				(3)
Payment fees					0					0
Plan amendments recognized over the period		3			3		3	(2)		1
Recognized actuarial gains and losses over the period	3		2		5	3		(1)	1	3
Other items	(3)	(17)	(3)	(3)	(26)		(2)		1	(1)
Change in obligation taken to income	**(3)**	**(16)**	**0**	**(25)**	**(44)**	**1**	**3**	**(2)**	**9**	**11**
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	41	9	2	2	54	(11)	(10)	(2)	(3)	(26)
Actuarial gains and losses/ return on plan assets	(10)				(10)	13	(5)			8
Other actuarial gains and losses		2			2					0
Change in actuarial gains and losses not recognized	**31**	**11**	**2**	**2**	**46**	**2**	**(15)**	**(2)**	**(3)**	**(18)**
Plan amendments over the period	1				1					0
Other items		(2)			(2)					0
Other changes not recognized	**1**	**(2)**	**0**	**0**	**(1)**	**0**	**0**	**0**	**0**	**0**
Benefit obligation at December 31										
Net obligations recognized	**36**	**24**	**31**	**63**	**154**	**39**	**40**	**32**	**88**	**199**
Unrecognized actuarial gains and losses	28	(10)	(2)	3	19	0	(22)	(2)	1	(23)
Unrecognized past service cost	1	7	3		11		11	2		13
TOTAL NET OBLIGATION AT DECEMBER 31	**65**	**21**	**32**	**66**	**184**	**39**	**29**	**32**	**89**	**189**

Note 19 Subordinated debt

(in millions of euros)	2019	2018
Dated subordinated debt	**3,326**	**3,326**
Subordinated notes	726	726
Subordinated loans	2,600	2,600
Undated subordinated debt	**2,201**	**2,181**
Participating loans		
Subordinated notes	2,201	2,181
Subordinated loans		
Accrued interest	**27**	**28**
	5,554	**5,535**

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	2019	2018	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	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	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.

The contractual conditions of deeply subordinated notes state that the issuer may suspend (in whole or in part) the payment of 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.

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 20 Regulated provisions

(in millions of euros)	Revaluation reserve for depreciable fixed assets	Provisions for investment	Accelerated depreciation	Public funds assigned	Total
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**
At January 1, 2019	**0**	**0**	**0**	**2**	**2**
Charges					0
Reversals					0
Other					0
Activity in 2019	**0**	**0**	**0**	**0**	**0**
BALANCE AT DECEMBER 31, 2019	**0**	**0**	**0**	**2**	**2**

Note 21 Capital, share premiums, reserves and retained earnings

(in millions of euros)	Capital	Share premium	Legal reserve	General reserve	Long-term capital gains regulated reserve	Other reserves	Retained earnings	Total
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 bonus 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 January 1, 2019	**5,040**	**7,426**	**533**	**1,210**	**0**	**2**	**1,625**	**15,836**
Appropriation of 2018 earnings							(617)	(617)
Allocation of bonus shares	5			(5)				0
Activity in 2019	**5**	**0**	**0**	**(5)**	**0**	**0**	**(617)**	**(617)**
BALANCE AT DECEMBER 31, 2019	**5,045**	**7,426**	**533**	**1,205**	**0**	**2**	**1,008**	**15,219**

At December 31, 2019, the share capital was composed of 3,153,078,482 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 2018 corresponds to the allocation of 945,549 bonus 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.

The capital increase in fiscal year 2019 corresponds to the allocation of 2,789,890 bonus shares to certain Natixis employees, within the scope of Retention and performance plans.

Note 22 Transactions with subsidiaries and affiliates

(in millions of euros)	**2019**	2018
Assets		
Advances to banks	46,595	55,246
Customer loans	31,290	27,955
Bonds and other fixed-income securities	3,602	4,600
Shares and other variable-income securities	3,354	2,399
Liabilities		
Due to banks	58,849	62,827
Customer deposits	30,085	23,990
Debt securities	252	279
Subordinated debt	4,788	4,768
Off-balance sheet		
Financing commitments given to:		
■ banks	8,594	14,646
■ customers	7,201	18,894
Guarantees provided on behalf of:		
■ banks	6,132	7,761
■ customers	7,640	9,153

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 23 Statement of assets, liabilities and commitments related to management of public procedures

(in millions of euros)	**2019**	2018
Customer transactions	852	839
TOTAL ASSETS	**852**	**839**
Interbank and similar transactions	46	46
Customer transactions	965	952
Other liabilities		1
Public funds assigned	2	2
TOTAL LIABILITIES	**1,013**	**1,001**

Note 24 Interest and similar income

(in millions of euros)	2019	2018
Interest and similar income	**7,683**	**7,198**
Interbank transactions	3,271	2,851
Customer transactions	2,564	2,559
Bonds and other fixed-income securities	191	211
Other interest and similar income	1,657	1,577
Interest and similar expenses	**(6,866)**	**(6,444)**
Interbank transactions	(1,750)	(1,740)
Customer transactions	(2,052)	(2,121)
Bonds and other fixed-income securities	(1,551)	(1,304)
Other interest and similar expenses	(1,513)	(1,279)
	817	**754**

Of which -€197 million in interest expense on subordinated debt at December 31, 2019 versus -€199 million at December 31, 2018.

Note 25 Income from variable-income securities

(in millions of euros)	2019	2018
Investment in subsidiaries and affiliates	923	1,482
Investment in associates and other long-term investments		
Shares and other variable-income securities	8	18
TOTAL	**931**	**1,500**

Note 26 Fees and commissions

	2019		2018	
(in millions of euros)	Income	Expense	Income	Expense
Customer transactions	425	(6)	446	(5)
Securities transactions	7	(122)	5	(156)
Forward financial instruments	37	(146)	78	(264)
From financing and guarantee commitments	642	(620)	142	(109)
From other off-balance sheet commitments	89	(16)	80	(12)
From foreign exchange transactions		(16)		(16)
From other Financial Services	17	(33)	19	(35)
From payment services	35	(38)	37	(34)
Ancillary income	6		8	
Other	125		175	
TOTAL	**1,383**	**(997)**	**990**	**(631)**

Note 27 Gains/(losses) on trading portfolio transactions

(in millions of euros)	2019	2018
Net gains (losses) on securities held for trading	5,237	(1,293)
Net gains (losses) on foreign exchange transactions	136	471
Net gains (losses) on forward financial instruments	(3,839)	2,290
TOTAL	**1,534**	**1,468**

Note 28 Gains/(losses) on securities held for sale and similar

(in millions of euros)	2019	2018
Securities held for sale		
Gains on disposal	41	57
Losses on disposal	(39)	(28)
Net impairment (Charge)/Reversal	41	24
TOTAL	**43**	**53**

Note 29 Other banking income and expenses

(in millions of euros)	2019	2018
Expenses from income sharing agreements	(1)	
Ancillary income	280	276
Share of income from joint banking ventures	4	3
Transfers of operating banking expenses	1	6
Other	(65)	47
TOTAL	**219**	**332**

Note 30 Operating expenses

(in millions of euros)	2019	2018
Payroll costs	**(1,339)**	**(1,367)**
Wages and salaries	(916)	(916)
Social security expenses [a]	(463)	(364)
Incentive and profit-sharing plans	(60)	(57)
Taxes on income	(72)	(81)
Rebilled expenses	30	34
Provisions for risks and other expenses [b]	142	17
Other administrative expenses	**(1,220)**	**(1,262)**
Taxes other than on income [c]	(217)	(232)
External services	(1,188)	(1,209)
Rebilled expenses	185	179
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	**(79)**	**(77)**
Charges	**(79)**	**(77)**
TOTAL	**(2,638)**	**(2,706)**

(a) Of which pension costs of €198 million at December 31, 2019 versus €111 million at December 31, 2018.
(b) Of which a provision reversal of €114 million in 2019 for the Institution de Prévoyance Austerlitz.
(c) Including a contribution of €166 million to the Single Resolution Fund (SRF) at December 31, 2019, versus €157 million at December 31, 2018.

5

Note 31 Provision for credit losses

(in millions of euros)	2019	2018
Provision for credit losses on assets	**(303)**	**(185)**
Non-performing loans:	**(286)**	**(164)**
Impairment charges	(393)	(361)
Reversals of impairment charges	268	459
Losses covered	(184)	(224)
Losses not covered	(2)	(39)
Recoveries of bad debts written off	25	1
Securities:	**(17)**	**(21)**
Impairment charges	(24)	(22)
Reversals of impairment charges	14	2
Losses covered	(7)	(1)
Provision for credit losses on liability items	**(127)**	**(43)**
Country risk:	**(116)**	**2**
Charges to provisions	(131)	(42)
Reversals of provisions	15	44
Risks and charges:	**(11)**	**(45)**
Charges to provisions	(150)	(155)
Reversals of provisions	139	110
TOTAL	**(429)**	**(228)**

Note 32 Gains/(losses) on fixed assets

(in millions of euros)	2019 [(a)]	2018
Long-term investments		
Investments in associates and other long-term investments	**1,199**	**28**
Gains	1,164	157
Losses	(95)	(4)
Impairment charges	(54)	(172)
Reversals of impairment charges	186	48
Provisions for risks and other expenses	(2)	(3)
Reversals of provisions for risks and other expenses	0	2
Securities held for investment	**0**	**1**
Gains	0	1
Property, plant and equipment and intangible assets	**59**	**4**
TOTAL	**1,258**	**33**

(a) *Of which, at 31 December 2019, €1,100 million in net gains and losses in connection with the sale of the Specialised Financial Services division to BPCE.*

Note 33 Income taxes

(in millions of euros)	2019	2018
Tax at standard rate	(45)	(68)
Tax at reduced rate		
Tax credits	13	3
Impact of tax consolidation	229	219
Other items	(77)	115
Carry Back		
TOTAL	**121**	**269**

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 SA was subject to an audit covering the 2008 to 2013 fiscal years. 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' subsidiary in Germany was subject to a tax audit covering fiscal years 2009 to 2014. Final notice was received by Natixis during the 2019 fiscal year and the accounting impacts were factored into the accounts at December 31, 2019.

Note 34 Geographic information

	2019						2018					
(in millions of euros)	France	Other Europe	North & South America	Asia	Other	Total	France	Other Europe	North & South America	Asia	Other	Total
Interest and similar income and expenses	381	268	(184)	351	2	818	239	226	(29)	315	2	753
Income from variable-income securities	930					930	1,500					1,500
Fee and commission income and expenses	32	55	242	56	2	387	(6)	69	240	56		359
Net income from investment and trading portfolio transactions	1,862	(294)	2	(3)	9	1,576	1,332	189	1	(11)	11	1,522
Other banking income and expenses	213	9	(1)	(3)	0	218	336	3	(5)	(2)		332
TOTAL NET REVENUES	**3,418**	**38**	**59**	**401**	**13**	**3,929**	**3,401**	**487**	**207**	**358**	**13**	**4,466**

Note 35 Off-balance sheet items – Forward financial instruments

(in millions of euros)	**Notional 2019**	Notional 2018
On organized markets	**335,787**	**479,272**
Forward transactions	333,624	473,370
Options	2,163	5,902
Over the counter	**3,811,367**	**3,562,951**
Forward transactions	3,283,545	3,042,416
Options	527,822	520,535
INTEREST RATE INSTRUMENTS	**4,147,154**	**4,042,223**
On organized markets	**60**	**151**
Forward transactions	60	151
Options		
Over the counter	**285,800**	**312,005**
Forward transactions	35,585	50,495
Options	250,215	261,510
EXCHANGE RATE INSTRUMENTS	**285,860**	**312,156**
On organized markets	**144,559**	**190,162**
Forward transactions	43,041	51,206
Options	101,518	138,956
Over the counter	**225,302**	**212,715**
Forward transactions	141,608	115,504
Options	83,694	97,211
OTHER INSTRUMENTS	**369,861**	**402,877**
o/w hedges		
- of interest rate instruments	26,265	25,352
- of exchange rate instruments	3	70
- of other instruments	2,721	7,644
o/w macro-hedges	171,974	161,665
o/w isolated open positions	309	258

Counterparty risk exposure

	Counterparty risk exposure [(a)]
Governments and central banks	5,088
Financial institutions	25,873
Other	16,878
TOTAL	**47,839**

(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)	2019	2018
Interest rate instruments		
Positive fair value	43,866	36,624
Negative fair value	41,496	36,858
Exchange rate instruments		
Positive fair value	12,736	13,029
Negative fair value	12,525	12,385
Other instruments		
Positive fair value	4,463	7,747
Negative fair value	6,284	8,548

Note 36 Off-balance sheet items – Commitments given

(in millions of euros)	2019	2018
Financing commitments	**81,064**	**97,160**
Banks	23,348	26,943
Customers	57,716	70,217
Guarantee commitments	**35,126**	**41,837**
Banks	9,451	9,450
Customers	25,675	32,387
Commitments on securities	**9,321**	**8,758**
Other commitments	**23,862**	**18,480**
TOTAL COMMITMENTS GIVEN	**149,373**	**166,235**
Financing commitments	**34,470**	**39,290**
Banks	33,748	29,047
Customers	722	10,243
Guarantee commitments	**9,402**	**8,743**
Banks	9,402	8,743
Commitments on securities	**8,480**	**8,212**
Other commitments	**13,950**	**10,987**
TOTAL COMMITMENTS RECEIVED	**66,302**	**67,232**

Note 37 Foreign exchange transactions, foreign currency lending and borrowing

(in millions of euros)	2019	2018
Spot transactions		
Currencies purchased and not received	16,192	20,944
Currencies sold and not delivered	16,715	21,063
Foreign currency lending/borrowing		
Currencies loaned and not delivered		
Currencies borrowed and not received		
Currency futures and options		
Euros receivable/currencies deliverable	416,628	499,895
Currencies receivable/euros deliverable	473,765	524,603
Currencies receivable/currencies deliverable	246,285	250,196
Currencies deliverable/currencies receivable	246,251	249,505
Premium/discount receivable	3,253	3,359
Premium/discount payable	2,602	2,724

Note 38 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	36,730	28,079	14,172	9,850	0	88,831
Customer transactions	80,882	15,016	25,045	16,303	808	138,054
Bonds and other fixed-income securities	3,729	1,888	3,131	6,903	0	15,651
Assets	**121,341**	**44,983**	**42,348**	**33,056**	**808**	**242,536**
Due to banks	57,586	15,536	26,545	3,245		102,912
Customer transactions	108,819	4,759	2,898	2,844		119,320
Debt securities	16,324	25,280	3,970	16,867		62,441
Liabilities	**182,729**	**45,575**	**33,413**	**22,956**	**0**	**284,673**

Note 39 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, 2019, in accordance with the above-mentioned Article, Natixis hereby reports that it has:

- in the Marshal Islands, €67 million in outstanding financing (net of provisions), €2 million in financial guarantees given and €47 million in loan commitments given;
- in Panama, €75 million in outstanding financing (net of provisions) and €80 million in loan commitments given.

Company financial performance over the last five years (Art. 133, 135 and 148 of the French Decree on Commercial Companies)

Category	2015	2016	2017	2018	2019
Financial position at year-end					
Share capital	5,005,004,424.00	5,019,319,328.00	5,019,776,380.80	5,040,461,747.20	5,044,925,571.20
Number of shares issued	3,128,127,765	3,137,074,580	3,137,360,238	3,150,288,592	3,153,078,482
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	19,286,206,333.81	20,911,153,316.23	24,812,396,935.44	31,465,230,299.13	23,040,275,032.80
Income before tax, depreciation, amortization and provisions	872,230,135.57	1,061,747,058.72	1,058,912,618.73	1,610,377,425.74	2,205,278,559.53
Income taxes	139,005,181.75	364,623,914.40	255,217,927.59	269,538,633.33	120,723,077.77
Income after tax, depreciation, amortization and provisions	1,134,225,514.40	1,621,448,753.36	1,678,182,285.17	1,834,308,793.77	2,242,111,898.15
Dividends paid [(a)]	1,094,844,717.75	1,097,976,103.00	1,160,823,288.06	2,457,225,101.76	977,454,329.42
Operational result per share					
Income after tax, but before depreciation, amortization and provisions	0.32	0.45	0.42	0.60	0.74
Income after tax, depreciation, amortization and provisions	0.36	0.52	0.53	0.58	0.71
Dividend per share	0.35	0.35	0.37	0.78	0.31
Employees					
Number of employees	7,318	7,387	7,513	7,462	7,255
Total payroll costs	840,134,680.53	878,011,680.00	899,121,895.31	916,160,105.76	916,358,847.83
Social security and other employee benefits	349,581,989.26	388,380,689.14	503,004,737.45	421,145,026.49	523,163,629.26

(a) o/w for 2018:
- an ordinary dividend of €945,086,577.60;
- a special dividend of €1,512,138,524.16.

5.4 Statutory Auditors' report on the parent company financial statements

Fiscal year ended December 31, 2019

To the General Shareholders' Meeting of Natixis,

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 for the year ended December 31, 2019, 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, 2019 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, 2019 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 2019 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 2019 concerned certification, 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 customer loans and receivables on an individual basis

Risk identified and main judgments

As part of its financing activities within the Corporate & Investment Banking division, Natixis recognizes provisions on an individual basis to cover incurred credit losses on loans and receivables granted to customers.

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.

Receivables due from customers represented €138,055 million at December 31, 2019. Individual impairment losses amounted to €991 million at December 31, 2019.

Please refer to paragraph 1 of Note 1 and to Notes 5, 14 and 31 to the parent company financial statements for more details.

Our audit approach

We evaluated the design and tested the effectiveness of the key controls put in place by Natixis, 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

Natixis 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 €1,005 million at December 31, 2019 (see Note 17 to the parent company financial statements).

For more details, please refer to paragraph 10 of Note 1 and to Note 17 to the parent company financial statements.

Our audit approach

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, including through regular discussions with management (and more specifically Natixis' 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 Natixis' 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 capital markets activities within the Corporate & Investment Banking division, Natixis holds a significant portion of financial instruments on its balance sheet 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, given:

- the use of internal valuation models;
- the use of valuation inputs unobservable on the market;
- additional valuation adjustments made, to reflect certain market, counterparty or liquidity risks.

We considered 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 fair value.

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 €45.6 billion at December 31, 2019.

Please refer to paragraph 2 of Note 1, and to Notes 6, 27 and 28 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 controls that we deemed relevant to our audit, including those relating to:

- the validation and periodic review, by the Risk division, of valuation models and related adjustments;
- 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 main valuation adjustments at December 31, 2019.

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.

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 paid or allocated to 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, 2019, PricewaterhouseCoopers Audit was in its fourth year of appointment without interruption. As of that date, the length of Deloitte & Associés' uninterrupted appointment was over 20 years, including 14 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 General Inspection 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, 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 and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris La Défense, March 6, 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Emmanuel Benoist	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:

- the definition, in coordination with BPCE, and dissemination of the accounting and regulatory principles applicable to Natixis subsidiaries and branches, including the analysis and interpretation of new standards published during the period;
- the 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;
- support and appropriate training for the accounting and regulatory reporting teams of those consolidated entities that use the consolidation and data collection tools so that best practices are shared across 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.

To perfect its overall data collection system, Natixis is continuing to develop its consolidation tool by adding new modules or adapting existing modules to new standards (including the update of IFRS 9 as of January 1, 2018 and IFRS 16 as of January 1, 2019 and changes to FINREP reporting as of June 2020), thus facilitating the compilation and preparation of certain regulatory reports (COREP capital reporting and FINREP), in addition to financial statements for publication.

Natixis is also pursuing its project to streamline and pool data input by phasing in shared data warehouses for all overview functions (Accounting and Ratios, Financial Oversight, Financial and Risk Management), enabling the production of the new regulatory reports (MREL, Anatitres, and AnaCredit).

Lastly, Natixis and Groupe BPCE as a whole ensure the publication of their financial information within a schedule in line with industry-wide practices.

5.5.2 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' General Inspection 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 General Inspection 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 base reconciliation processes, as the management data used for preparing reports 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 types of tasks. The first is operational and consists of performing and reviewing first-level controls, as well as any additional second-level controls (for closing periods or as part of periodic assignments). The second is organizational and involves overseeing and monitoring the control function;
- 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 as part of overseeing and monitoring 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;
- management 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 and, if necessary, the central or local Control Functions Coordination Committees.

In 2019, the highlights of the accounting and financial control environment included:

- preserving a strict schedule for preparing the various financial reports;
- the sale, to BPCE SA, of the factoring, sureties & financial guarantees, leasing, consumer finance and securities services business lines previously operated by Natixis or its specialized subsidiaries, and the associated implementation of service agreements binding BPCE and Natixis, which continue to carry out certain work on BPCE's behalf;
- 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 2019;
- 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). Using a data lake, the project allows the direct generation of certain reports, integrates processes such as intra-group management, and develops new controls by cross-referencing data;
- the continued roll-out of the Group's management tools: on the Asia Pacific platform in financing, and on the US platform in market transactions;
- implementing the production process and the associated control environment relative to IFRS 16, particularly through the introduction, as of January 1, 2019, of a shared tool for calculating the impact of the standards on IFRS accounts, and for preparing associated accounting records;
- the strengthening of accounting and financial information controls, particularly regarding manual inputs, new accounting standards (IFRS 9 and IFRS 16), anti-corruption and tax avoidance regulations;
- 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 2020 will be focused on the following actions:

- the continuation of projects arising from new regulations and standards, such as SURFI 2020 (RUBA — "unified reporting for banks and similar credit institutions"), Basel 3 revised, IFRS 17 (for insurance entities), COREP, the new definition of "default", as well as plans for a daily LCR;
- the ongoing progress of the project to streamline the information systems used for market and financing transactions in France and abroad;
- continuing the implementation of the project to streamline and pool data used by the various overview systems. New functions are anticipated for the Accounting & Ratios division and in the Risk division in 2020;
- a large-scale inventory project to streamline our architecture by integrating one central process for accounting and management data, as well as a single adjustment process at the service of all downstream consumers;
- strengthening finance/risk governance and controls for valuation, observability and fair value hierarchy for financial products;
- the roll-out of the digitalization initiatives launched in 2019: a new expense management tool; a centralized system for overseeing and monitoring closing periods, and for monitoring and reporting on first- and second-level controls in all areas within management's purview. This tool will gradually be rolled out to the subsidiaries and branches;
- continuing with initiatives aimed at 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' General Inspection 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 on, in particular, 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 non-financial reporting (*Déclaration de performance extra-financière*), the following outlines Natixis' business model.

KEY ASSETS

Resources

~ 16,000 employees worldwide	More than 100 different nationalities	78% of the Eurostoxx 50 are Natixis' clients

Financials

71% owned by Groupe BPCE	€11.2 bn of equity	High long-term ratings Moody's: A1 Standard & Poor's: A+ Fitch rating: A+

Our model

Beyond Banking: ~60% of revenues from non-banking activities	Asset light: 60% of Real Assets financing distributed	International: Present in 38 countries

NEW DIMENSION STRATEGIC PLAN (2018-2020)

Business growth 5% NBI CAGR 2017/2020 + Strong management of resources 11.2% CET1 after distribution + 5 cross-functional levers Digital | Talents | Brand Way We Work | ESR

OUR ACTIVITIES	ASSET & WEALTH MANAGEMENT	CORPORATE AND INVESTEMENT BANKING	INSURANCE	PAYMENTS
KEY INDICATORS	€934 bn assets under management at the end of 2019	€43.4 bn of underwriting in 2019	€68.4 bn of assets under management in life insurance at the end of 2019	Payments revenues multiplied by ~ 1.3 since the launch of New Dimension
NBI BY ACTIVITY IN 2019 (IN €M)	3,760	3,337	846	423

Key performance indicators

	KPI	Calculation method	Value in 2019
Business	AWM — Responsible Asset Management	% of AuM with PRI commitment	90%
		% of AuM incorporating ESG criteria in investment decisions	13%
		AuM in ESG labeled or certified investments	€33bn
		Market share in solidarity investments in France	22% (1)
	CIB – Portfolio's environmental impact (2)	Exposure in risk-weighted assets (RWA) – Green Weighting Factor	23% green 26% neutral 51% brown
	CIB — Sustainable loans	Portion underwritten by Natixis	€4.37bn
	CIB – Sustainable bonds	Portion arranged by Natixis	€4.41bn
	AWM – Sustainable bonds	Portion of Natixis investments	€6.8bn
	NA – Green assets	% of green assets invested in 2019	14%
	NA – Climate scenario of investment portfolios	Portfolio temperature in °C at end-2019	2.7°C
	CIB – Renewable energy financing	Installed capacity of projects financed in 2019	7.8 GW
	AWM – Renewable energy investments	Installed capacity of projects in portfolio	5.3 GW
	CIB – Power sector loan book mix	% renewable energy % non-renewable energy	74% 26%
	AWM – Natural capital investments	AuM invested in natural capital strategies	€432m
Direct impact on the environment	Drop in energy consumption	kWh/workstation over 3 years (2017 to 2019)	-14.8%
	Energy consumption from renewable sources	% of energy supplied from renewable source in France	100%
	Drop in paper consumption	Kg of paper/workstation over 3 years (2017 to 2019)	-35%
	Carbon footprint assessment	tCO2eq/FTE in 2019	7.92 tCO_2eq
Social	Training	Training hours per employee	20.8 H
	CSR awareness	Number of people trained on CSR	>1,900
	Gender parity	% of women in executive officer positions (Natixis Purple Leaders)	29.6%
	Integration of disabled employees	% of overall employment rate in 2019	4.83%
	Staff telecommuting	% of employees who telecommute	54%
Societal	Commitment to solidarity-based initiatives	Number of employees involved in solidarity-related projects	>4,000
Risks	Sector policies	Number of sectors covered by sector policies	7
	ESG risk management	Number of ESG risk reviews done in 2019	189

AWM: Asset and Wealth Management

CIB: Corporate and Investment Banking

NA: Natixis Assurances

(1) *Finansol survey – data at 31/12/2018*
(2) *Portfolio – data at 31/12/2018*

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 long term 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 and Wealth Management, Insurance, Payments) and support functions, and incorporates all aspects of ESR: environmental, social and economic topics.

It involves an assessment of the social and environmental risks run by Natixis' business lines, while driving performance and development: ESR will fuel 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, Natixis has described its business model *(see Introduction to this universal 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 has applied 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 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 methodology for ranking the risks by their frequency and severity;
- an assessment of the corresponding risk management systems.

The list of risks and their materiality was reviewed together with the Natixis Risk Department in 2019 to take into account upgrades in the tools used to measure risks that are specific to Natixis, in particular the Risk Appetite Framework.

Compliance risks, conduct risks 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.

In 2019, the social and environmental risks related to financing activities were included in the review of the Risk Appetite Framework. Environmental risks cover both physical and transition climate risks, which are considered material, and other environmental risks (impact on biodiversity, pollution, natural resources).

The risk analysis process placed these risks in a gross risk matrix that identifies the most important risks in terms of their severity and probability of occurrence.

** Linked to our financing activities*

The gross risk matrix identifies eight major risks that are managed using a set of risk management processes, which are assigned key performance indicators.

Main risks identified and risk management systems

Nature of ESR issue	Risks identified	Risk management system	Key performance indicators	See Chapter
Ethics/Governance	Conduct risk	■ Code of Conduct	Application of the Code of Conduct system	6.2
	Non-compliance risk	■ Conflict of interest management ■ Customer protection ■ Anti-money laundering and counter-terrorist financing policies ■ Prevention of corruption	Non-compliance risk management	3.2.8
	Cyber risk	■ Information systems security ■ Personal data protection		
Social	Employability and the transformation of the business lines	■ Training policy	Training hours per employee	6.6.1.3
	Diversity among employees and executive officers	■ Diversity/inclusion policy	Presence of women in senior management positions	6.6.1.2
	Social risks relating to our activities	■ ESG criteria in investment and financing activities	Number of ESG risk reviews	6.4.1
			AUM in solidarity investments	6.3.1.4
Environment	Climate risks relating to our activities	■ Application of the Green Weighting Factor	Financing with the biggest impact on the climate (rated as brown)	6.3.2.1
	Other environmental risks (pollution, harm to biodiversity, etc.) relating to our activities	■ Financing for the energy transition ■ ESG criteria in investment and financing activities	Amount of renewable energy financing arranged during the year	6.3.2.2
			Amount of sustainable building financing (buildings with green certification)	6.3.2.3
			Amount of green bonds arranged during the year	6.3.2.4
			AUM dedicated to natural capital	6.3.3.3

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

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: universal 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 Secretary, who is 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 a 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 support 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 business line 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: the 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 (BPCE Assurances, BPCE Vie).

ESR correspondents were 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;
- the Principles for Responsible Banking (PRB) since 2018;
- the act4nature charter since 2018.

2019 KEY EVENT

Signature of the 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, the PRB are a global initiative launched by the banking industry in 2018.

The PRB were drafted by 30 founding banks – including Natixis – under the United Nations Environment Program Finance Initiative (UNEP-FI) and were officially launched at the United Nations Climate Action Summit in New York on September 22, 2019. At the launch, the unprecedented global coalition brought together 130 signatory banks collectively holding over $47 trillion in assets, representing one third of the global banking sector.

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 agreed 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.

Since 2018, Natixis has involved 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.

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.

They are 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.

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	Several initiatives to improve quality of life in the workplace
4 QUALITY EDUCATION	Creation of a research Chair with EDHEC*infra* dedicated to ESG risk analysis of the infrastructure's investments.	Transfer of competences and socio-educational support within the framework of solidarity leave
5 GENDER EQUALITY	" Women Leaders Equity 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.In-house new mechanism "Green Weightin Factor"	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	Employee participation In the Hong Kong Coastal Cleanup
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'Épargne 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)
Opinion Barometer

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
Skill sponsorship
Voluntary work by employees

Institutional players, regulators

- Financial regulatory authorities

Transmission of information and documents
Contribution to working groups

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 Recognized 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.

Natixis is rated by various ESR rating agencies and has recorded solid performances in social, environmental and governance areas, earning its way onto the major ESR indices: VigéoEiris Europe 120 indices, Stoxx indices including Stoxx Global ESG Leaders, Stoxx Europe 600 ESG-X and Euro Stoxx Low Carbon.

The following table shows the most recent assessments by the top ESR rating agencies and their previous ratings.

Agency	2019 CSR rating	2018 CSR rating	2017 CSR rating
Vigeo	59/100	58/100	54/100
OEKOM	C+/Prime	C/Prime	C/Prime
Sustainalytics	82/100	75/100	75/100
MSCI	AAA	AAA	AAA

Natixis also completes the Carbon Disclosure Project (CDP) questionnaire and was awarded score B for its 2019 reporting.

6.2 Employee conduct and business ethics

6.2.1 The Natixis Code of Conduct

Presentation

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*

Bespoke governance

A dedicated committee, the Global Culture and Conduct Committee, is responsible for governance of conduct-related matters. 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 Culture and 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 overseeing and regularly monitoring matters pertaining to the rules of conduct, including updates to the Code and deciding on individual or operational cases. An escalation process is also in place to consult the Committee if required.

The Global Culture and Conduct Committee meets every quarter or on an *ad hoc* basis to discuss individual cases, approve ESR procedures and supervise their roll-out.

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.

Local adaptations are covered by 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 both strategic and operational decisions 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 2019 and reviewed any shortfalls with respect to the Code — in terms of Human Resources, risk, compliance or other matters — ensuring that these shortfalls were addressed in the annual appraisals of the employees concerned.

All staff are required to complete mandatory training on the Code of Conduct.

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. A cheklist is available to help them do so.

6.2.2 Client protection, financial security and data security

Some ESR issues are identified and managed in the compliance risk prevention and management systems that fall under the Compliance Department's responsibility.

Natixis places great importance on **protecting clients' interests** and it regularly enhances its client information, KYC and complaint handling process.

In terms of **financial security**, Natixis is determined to act with integrity and to fulfill its regulatory obligations regarding its fraud prevention, anti-corruption, anti-money laundering and counter-terrorist financing systems and to observe international sanctions and embargoes.

To tackle **cyber risk** and ensure **personal data protection**, Natixis has a specific department that reports to the Compliance Department — the IT Systems Security and Business Continuity Department.

For more information on these matters, see Chapter 3.2.8 "Compliance risk".

6.2.3 Responsible Lobbying

In 2018, Natixis adopted **the Charter for Responsible Lobbying and Advocacy Activities** with respect to Governmental Bodies and Officials, which is 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.

6.2.4 Combating tax avoidance

To combat tax avoidance, Natixis has control systems to ensure its transactions comply with tax laws and regulations. All new products and new activities 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 Persons. *(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.

6.2.5 Whistleblowing system

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 activity, 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 in regulations. 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 acknowledgement of the report;
- notification within 15 business days of the date of acknowledgement of whether the information reported is eligible for further investigation;
- notification within three months of the date of acknowledgement 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 proceedings in respect of the report, 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.

The whistleblowing system is based on an overall policy which represents the minimum standard to be applied throughout Natixis. Each entity, subsidiary and branch office must adapt the overall policy to its activities and its own 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, all of Natixis' business lines develop innovative financial products and services designed to service its clients' environmental and social ambitions. Several key initiatives were launched over the past two years to drive the transition of each business line towards sustainable finance: the signing of the Principles for Responsible Banking, the introduction of the Green Weighting Factor, the internal working group on natural capital and biodiversity, the integration of environmental, social and governance (ESG) criteria throughout Asset Management strategies, Natixis Assurances' strategy of aligning its investments with the goals of the Paris Agreement.

In the past two years, Natixis has contributed to many innovations in sustainable finance including the first certified green real estate loan and the first green syndicated loan, the first social bond issue by a private company, and the first fund to invest in sustainable ocean management. This pioneering strategy was once again rewarded by industry recognition in 2019. For example, Natixis was named Most Innovative Investment Bank of the year by The Banker.

In 2020, 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 is pursuing its strategic objective to double sustainable finance revenues, by expanding the range of sustainable finance products and services offered to Corporate & Investment Banking 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 the Sustainable Development Goals is 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. The 17 Sustainable Development Goals for 2030 are the benchmark for measuring progress achieved by governments and private sector companies, including financial institutions.

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 2019, Natixis Investment Managers, which groups the expertise of 25 affiliate Asset Management companies around the world and ranks among the world's biggest asset managers (€934 billion in assets under management at December 31, 2019), pursued its pledge to take Environmental, Social and Governance (ESG) issues into consideration in the investment models each of its affiliates develops. Recognition of ESG criteria, which have been an integral part of the investment strategies of Ostrum AM and Mirova since their creation, is gaining ground among all of Natixis Investment Managers' affiliates.

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. In 2019, 2,372 signatories with $86.3 trillion in assets under management had adopted the PRI[1].

Nineteen Natixis Investment Managers affiliates, which together hold 90.1% of total assets managed by Natixis Investment Managers affiliates, had signed the PRI as of December 31, 2019, namely: AEW CILOGER, AEW Capital Management, Alliance Entreprendre, Dorval Asset Management, DNCA, Flexstone Partner, Harris Associates LP, Investors Mutual Limited, Loomis Sayles, Mirova, MV Credit, Naxicap Partners, Ossiam, Ostrum AM, Seeyond, Seventure Partners, Thematics Asset Management, WCM Investment Managers, and Vega Investment Managers. In 2019, Natixis Investment Manager also signed the PRI on behalf of the federation of investment firms it represents.

Ostrum AM (€274.1 billion in assets under management at December 31, 2019) has been a PRI signatory since 2008 and was rated A+ on all its investments in the 2019 assessment cycle (on 2018 performance). This excellent score was well above the median of Ostrum AM's peers. AEW CILOGER (€31.6 billion in assets under management at December 31, 2019), a Natixis Investment Managers affiliate specialized in real estate Asset Management in Europe and a PRI signatory since 2009, enhanced its governance in 2019, allowing it to obtain an A+ rating for strategy and governance. It enhanced its governance by setting up a dedicated ESG Committee in 2019 with 13 members representing its different business lines and countries in which it does business. This Committee meets each quarter to harmonize ESG practice, ensure that all members of staff observe ESG policies, and encourage local initiatives in this area. Naxicap Partners, the French Private Equity specialist, also boasts an A+ rating for strategy and governance, reflecting the high standards of the ESG policy it applies at each stage of its investment process.

(1) *Source: unpri.org*

6.3.1.2 Natixis commits to the new Principles for Responsible Banking (PRB)

As part of its commitment to the PRB, Natixis joined 30 other banks in the United Nations **Collective Commitment to Climate Action**, which sets out concrete and time-bound actions that banks will take to support the energy transition. Accordingly, Natixis undertook to:

- align its portfolios to reflect and finance the low carbon, climate-resilient economy required to limit global warming to well-below 2, striving for 1.5 degrees Celsius;
- take concrete action, within a year of joining, and use its products, services and client relationships to facilitate the economic transition required to achieve climate neutrality;
- be publicly accountable for its climate impact and progress on these commitments.

The implementation of the Green Weighting Factor will enable Natixis to meet these objectives. The Green Weighting Factor is a solution that can be replicated by all banks committed to aligning their portfolios with the transition. Natixis will gradually share it with its peers in 2020, in particular with banks committed to climate action in the United Nations Environment Program Finance Initiative (UNEP-FI), including signatories of the Principles for Responsible Banking (PRB) *(see Chapter 6.3.2.1 GWF: an innovative solution for a greener loan book)*.

6.3.1.3 Socially responsible investment

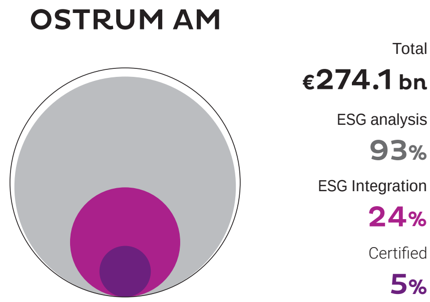
The affiliates of Natixis Investment Managers offer a range of solutions built on the conviction that ESG criteria can play an important role in identifying potential risks, seizing opportunities and generating returns for investors. Different levels of ESG criteria are available in the investment strategies applied by fund managers:

- **ESG analysis**: recognition of ESG criteria in the analysis of issuers, without this systematically having an impact on investment decisions;
- **ESG integration:** incorporation of ESG criteria in investment decisions (including thematic and/or impact investments and exclusion strategies);
- **Certification**: funds certified by recognized third parties (the French SRI label, Greenfin, Finansol, Febelfin, LuxFlag ESG, Nordic Swan EcoLabel, FNG Siegel).

Recognition of ESG criteria in the issuer analysis

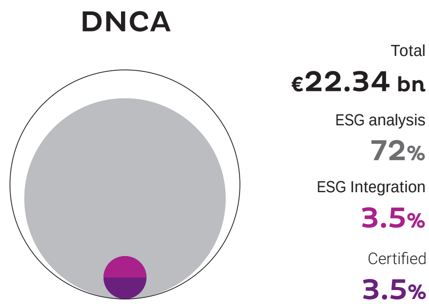
Ostrum AM systematically incorporates material ESG aspects in its analysis for both its equity and credit funds. The companies it invests in are always asked about ESG issues and how they include them in their business model. This process applies to €255.4 billion in assets under management, representing 93% of its total assets under management. Ostrum AM's responsible investment approach applies to all its investments in sovereign assets from emerging and developed countries and over 90% of its debt investments. Since 2019, all its equity investments incorporate ESG dimensions throughout the investment process.

In October 2019, Citywire[1] ranked Ostrum AM fifth out of 220 European investment management firms that are truly committed to ESG.



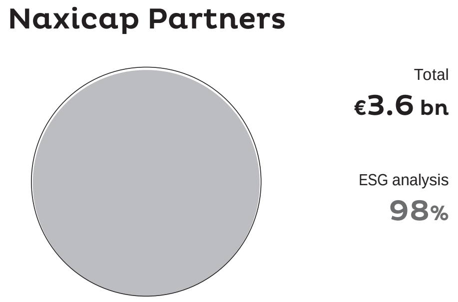
DNCA, a leading European equity manager, developed its own ESG rating model in 2018, called Above & Beyond Analysis (ABA). This model analyzes its portfolios by rating issuers according to ESG criteria focused on two complementary concepts: Corporate social responsibility and the sustainable transition. Regular meetings with the directors of companies in which it invests and on-site visits help to enhance the clarity and relevance of the information collected. In 2019, it rounded out its analysis with three new criteria: contribution to the SDGs, impact, and climate risk.

DNCA manages €22.34 billion in assets, including €16 billion analyzed against ESG criteria (72% of total assets under management).



(1) https://citywireselector.com/news/revealed-the-top-10-fund-houses-truly-committed-to-esg-in-2019/a1280751

Naxicap Partners, a French Private Equity specialist, is involved in LBO and Private Equity financing in all sectors of activity. It applies ESG analysis to all companies in its portfolio in which the total amount invested exceeds €5 million, which account for 98% of assets under management. External auditors perform mandatory pre-investment ESG analysis which takes a detailed look at the main ESG issues in order to establish an action plan for the years to come. Each issue is analyzed in detail, including a review of its materiality for the Company, its strategic importance in the sector, a summary of the Company's ESG performance and appropriate indicators. Naxicap Partners won Private Equity magazine's ESG – sustainable development award in 2019.



Natixis Assurances extended its ESG analysis to its real estate portfolio in 2019:

- certified assets are given priority for new acquisitions. A certification process is included in the business plan for non-certified assets. Acquisitions incorporate objectives set out in an energy convergence plan (to reduce energy use in line with regulations);
- for the existing portfolio, business plans must include an energy convergence plan with short, medium and long-term goals (to reduce energy use in line with regulations). A certification plan is prepared in the same way as for new acquisitions.

Natixis Assurances ultimately aims to fully incorporate ESG criteria, with certification for all its real estate assets (compared with 40% of its portfolio by market value as of the end of 2019).

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. DNCA, Ostrum AM, Mirova, Seeyond, Thematics AM, Ossiam and Natixis Assurances apply these policies to their investments, in full compliance with their fiduciary duties towards their customers. The following sectors and issuers are excluded:

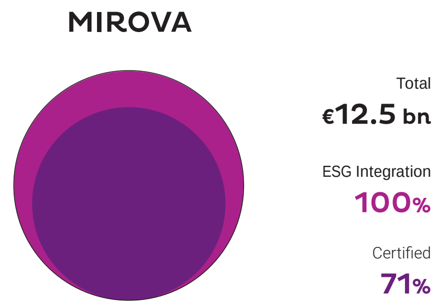
- controversial weapons;
- tobacco [1];
- companies deemed the worst offenders (which do not observe the principles of the United Nations Global Compact or the OECD Guidelines for Multinational Enterprises) [2];
- blacklisted countries (those on the FATF list or under US or European embargo).

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 disregarding the Sustainable Development Goals. As well as excluding the sectors and companies listed above, it removes issuers assigned a negative rating by Mirova's ESG research team 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 €66.6 billion, or 24.3% of its total assets under management:

- **Best in class & Positive screening**: selection of the best rated issuers from an investment universe that excludes issuers with a high ESG risk profile;
- **Best in universe:** selection of issuers from all sectors with the best ESG performance in the investment universe;
- **Bespoke strategies:** strategies co-built with clients for their **dedicated funds or discretionary mandates** to match their ESG philosophy as closely as possible.

Mirova, the Group's sustainable investment affiliate and a pioneer in impact investing, includes ESG criteria in all its investment filters applied to all asset classes, representing €12.5 billion in assets under management. In 2019, Mirova was awarded the 2019 gold prize for management companies [3], which singles out companies whose funds obtain the best financial performance over time.



(1) Except at Seeyond, and only for certified funds at DNCA.
(2) Except at Seeyond, and only for index funds at Seeyond
(3) Warded by the monthly business magazine Mieux Vivre Votre Argent.

2019 KEY EVENT

Mirova Women Leaders Equity Fund

In the first quarter of 2019, Mirova launched 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. Mirova has set criteria and created an investment universe of 250 companies around the world and has built a portfolio of around 50 companies from this universe following an active fundamental management approach. The fund has obtained the French SRI label and it has entered into a partnership with the UN Women French National Committee, to which it donates part of its management fees. Natixis Assurances is committed to supporting projects with a strong social impact and has invested €10 million in this fund.

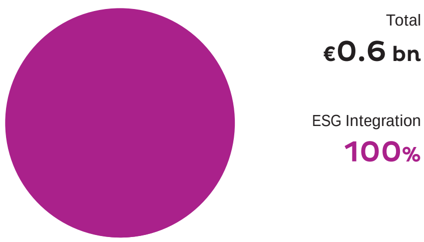
Seeyond, a specialist in active quantitative management, is drawing on Mirova's ESG research expertise to upgrade its business model to take ESG criteria into account. One of its equity funds, which applies a minimum volatility strategy (1), already incorporates ESG criteria by allocating investments based on issuers' ESG risks and excluding the riskiest issuers. This fund totals €940 million, or 9.7% of Seeyond's total assets under management.

SEEYOND

Thematics, an investment management firm specialized in innovative equity themes, incorporates ESG criteria in all its investment processes, covering 100% of assets under management (€600 million):

- definition of investment universe: specific exclusions are applied to each thematic fund in addition to exclusions relating to sector policies. For example, companies producing plastic water bottles are excluded from the water investment strategy and companies with military contracts are excluded from security and artificial intelligence & robotics funds;
- selection: ESG criteria are one of the four risk categories analyzed to select the best risk/reward opportunities;
- investment: thresholds that take ESG scores into account are used to fine tune positions.

Thematics



Ossiam, a specialist in quantitative management of index tracker funds and Exchange Traded Funds (ETFs), applies ESG criteria to four of its funds totaling €770 million (18.3% of assets under management).

ESG criteria are incorporated into investment strategies through a combination of approaches:

- exclusions (controversial activities, tobacco, coal, etc.);
- a best-in-class approach that exclude 30% of securities with the worst ESG scores in a given business sector;
- an approach aimed at reducing the carbon footprint.

In 2019, Ossiam won the innovation award at the Agefi European ETF Awards (2) for its new machine learning approach applied to ESG investments. This strategy uses machine learning techniques to analyzing a multiplicity of financial and ESG indicators in order to identify and select companies with potential performance compare to the defined investment universe.

All new strategies developed by Ossiam are now analyzed to take ESG criteria on Board as additional market data.

Ossiam

AEW CILOGER in Europe, and **AEW Capital Management** in the United States, both of which specialize in real estate investments, are building a corporate culture that respects ESG principles. ESG aspects are considered and discussed with the Investment Committee at the acquisition stage for direct investments.

(1) A pure equity management strategy that selects stocks based on their volatility and correlation profiles to reduce the overall volatility of the equity portfolio.
(2) https://www.agefi.fr/site/european-etf-awards.

Before making any investment decisions, the investment team looks at:

- ESG strategy;
- certifications;
- renewable energy on site or renewable energy certificates purchased;
- risks relating to the water supply and water quality.

AEW CILOGER includes ESG criteria for 16% of its assets, representing a total of €5.2 billion.

2019 KEY EVENT

DNCA develops a proprietary impact analysis model

This approach seeks to generate a significant, measurable environmental and social impact while maximizing the financial return. The model assesses a Company's ability to meet three requirements: additionality (adding value to the market or regulation), intentionality (integration of the Company's strategy) and measurability (using relevant comparable data).

For the time being, this analysis only applies for the management of the DNCA Invest Beyond Semperosa fund. Dedicated impact reporting [(1)] is published each year.

Natixis Assurances has invested €43 million in this fund.

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, Greenfin and Finansol labels in France) and/or the investment sector (e.g. real estate sector).

DNCA has been awarded SRI certification for six of its funds that incorporate ESG criteria, representing €774 million in assets (European equity, international equity, European infrastructure equity). These six funds are part of the Beyond range, and they apply the following ESG criteria:

- 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.

2019 KEY EVENT

Four DNCA funds obtain Febelfin certification — the new label for the European financial center

The new Belgian certification imposes new standards based on the recommendations of the European expert group on promoting sustainability funds among retail investors: transparency, ESG analysis and exclusions with low tolerance thresholds for coal and conventional and unconventional fossil fuels. DNCA was awarded this certification for all the sustainability funds it sells in Belgium. Three equity funds and a mixed fund were certified, representing €685 million in assets under management.

Ostrum AM was awarded the French SRI label for thirteen of its funds in 2019. This accounts for 4.7% of its assets under management, totaling €12.9 billion. Also in 2019, Ostrum AM converted a money market fund with €9 billion in assets under management into a socially responsible fund using a best-in-class approach rounded out by active positive screening. This fund, Ostrum Sustainable Trésorerie, was also certified in 2019.

Ossiam has four SRI-certified funds incorporating ESG and/or carbon reduction criteria (US equities, developed world global equities), representing €537 million or 12.8% of assets under management at year-end 2019.

Mirova manages €4.7 billion in SRI-certified funds.

AEW CILOGER 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 label in France incorporating criteria covering all environmental, social and governance issues. The industry-wide working group completed its work in 2019 and the certification process should be launched following the publication of a ministerial decree to this effect in 2020. AEW CILOGER will seek certification for some of its funds in 2020.

Natixis Assurances systematically includes an ESG-certified unit-linked product (SRI or Greenfin certification) in all new life insurance policies. These certified unit-linked products represented €804 million at the end of 2019.

(1) https://www.dnca-investments.com/fonds/dnca-invest-beyond-semperosa/parts/a-lu1907595398

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**, **Seeyond**, **DNCA**, **Thematics AM** and **Ossiam** place shareholder engagement at the center of their responsible investor approach.

Ongoing constructive dialog is established with the companies in which the fund managers invest 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. In 2019, Ostrum AM supported four new commitments covering gender equality in the workplace [(1)], tobacco [(2)], deforestation and wildfires in the Amazon [(3)], and methane emissions in the oil and gas sectors [(4)].

After performing pre-investment ESG audits, **Naxicap Partners** systematically includes an ESG clause in its shareholders' agreements. This clause includes a commitment to implement a detailed action plan and provide regular information and responses to ESG questionnaires (120 indicators). In addition, Naxicap Partners works with the management of the companies in its portfolio to establish a plan to reduce greenhouse gas emissions and adapt to climate change. In 2020 it began looking at how to factor ESG criteria into the variable compensation of its investment teams and the executive officers of the companies in its portfolio.

In terms of voting policy, the Asset Manager regularly participates in general meetings of companies in which the investment vehicles under management have holdings. Failing this, Naxicap Partners grants powers to other shareholders of the company for the purpose of representing it.

2019 KEY EVENTS

Investor statement on gender equality in the workplace

A group of 66 investors representing over $4 trillion in assets is calling on companies to step up their commitments to gender equality in the workplace. This group of investors is coordinated by Mirova. Natixis Investment Managers, Ostrum AM and Natixis Assurances have also signed this collaborative statement. The statement is supported by UN Women and the United Nations Global Compact. It is part of the Women's Empowerment Principles, which Natixis has signed.

Mirova and Ostrum AM fight deforestation in the Amazon

In September 2019, as media attention was focused on fires in the Amazon, 244 investors, including Mirova and Ostrum AM, signed a declaration to curtail deforestation and wildfires in the Amazon. These investors represent $17.2 trillion in assets under management. More generally, Mirova strives to direct its investments towards companies committed to curb deforestation.

(1) Investor statement on gender equality in the workplace, led by Mirova (September 2019).
(2) Tobacco-Free Finance Pledge, led by Tobacco Free Portfolios.
(3) Investor statement on deforestation and forest fires in the Amazon, organized by the NGO Ceres (September 2019).
(4) Investor Statement on Methane Emissions in Oil & Gas, led by the Institutional Investors Group on Climate Change (IIGCC).

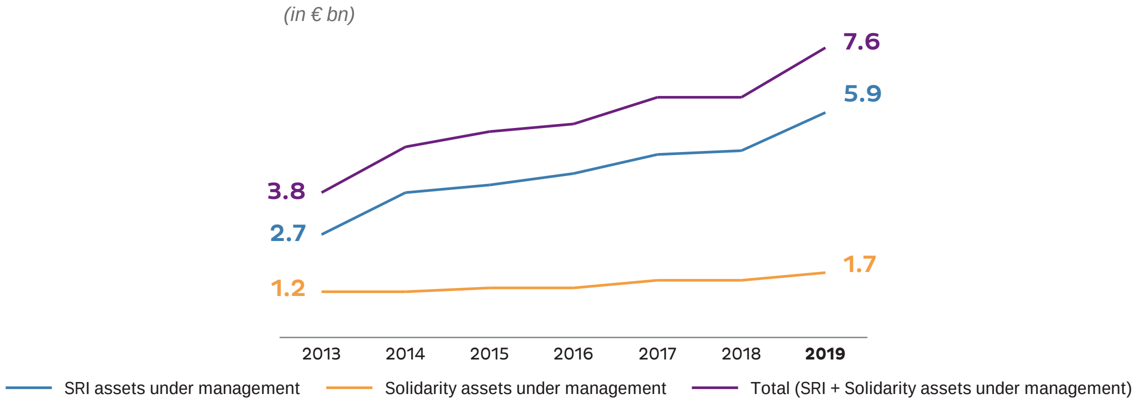
6.3.1.4 Solidarity investment

Natixis offers a range of SRI and solidarity-based employee savings plans 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 (NIE) is committed to sustainability as a pioneer in employee and retirement savings in France with over €33.5 billion in assets under custody. Amounts managed by Natixis (via Natixis Investment Managers) alone account for nearly 21.2% of this market in France, which is estimated to be worth €139 billion by the French Asset Management Association (AFG).

Natixis is also a confirmed leader in responsible company savings plans in France with SRI-certified assets under custody with Natixis Interépargne amounting to €5.8 billion. Solidarity-certified funds amount to more than €1.7 billion. With total assets of over €7.65 billion, Natixis' market share exceeds 25% in SRI and 29.5% in solidarity investments in France.

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 13.1% over the review period (2014-2018), while it rose by 2.7% for CAC 40 companies overall over the same period. 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 at December 31, 2019, compared with +4.4°C at the end of 2014. The fund has €733 million in assets under management.

Mirova manage €967 millions of solidarity assets under management [(1)].

2019 KEY EVENT

The Mirova Solidaire fund tops €200 million

In 2019, the Mirova Solidaire fund surpassed the symbolic €200 million mark in terms of assets under management, with inflows of nearly €20 million over the year. These inflows allowed the fund to invest €10 million in the lodging house scheme run by Habitats & Humanisme. Under this scheme, 20 new lodging houses (low cost individual residences with shared living spaces) will be provided in line with the government's policy of creating 10,000 additional rooms in such houses. The Mirova Solidaire fund was certified a French Impact fund in 2019, which will increase its visibility.

(1) Solidarity Funds (Mirova solidaire) and solidarity-based 90/10 funds.

6.3.1.5 Social impact finance

Natixis supported the development of several emblematic social impact financing solutions in 2019 including a sustainable bond issue with a major social impact and a fixed income structured product.

Sustainable bonds raise funds that may only be used to finance or refinance a series of green or social projects (only social projects for social bonds). The projects financed by social bonds and sustainable 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 increased by 41%, rising from $7.9 billion in 2017 to $11.1 billion at year-end 2018.(1) The market is growing fast but it remains small in relation to the green bonds market. Natixis arranged the issuance of nine sustainable and social bonds in 2019.

Inclusion of social criteria in the Ghana Cocoa Board's sustainable term loan

Natixis co-arranged a sustainable term loan for the Ghana Cocoa Board. This new $300 million loan over three years includes a margin adjustment mechanism based on environmental and social goals. Greater awareness of child labor and empowerment for women through education programs and community support are part of the goals. This deal is one of the first in this sector to encourage environmentally friendly production techniques and improve farmers' livelihoods.

2019 KEY EVENT

Action Logement issues its first sustainable bond for €1 billion

Natixis was lead manager for the first sustainable bond issue by Action Logement, an organization run jointly by the government, employers and unions which finances low cost housing in France. The bond raised €1 billion over 15 years. It will finance the commitments made by employers and union bodies under the €9 billion voluntary investment plan signed with the government in April 2019. The funds raised will finance and refinance social and green projects, for example, the construction and renovation of social housing. The net proceeds will fund contributions to public policy, assistance and services for individuals, and social and capped-rent housing schemes in France.

(1) *https://about.bnef.com/blog/social-bond-market-tops-11-billion-financials-wake/*

6.3.2. Green growth: financing the energy transition and combating climate change

6.3.2.1 GWF: an innovative solution for a greener loan book

To step up its transition to green finance, Natixis has developed a tool to gradually bring its financing activities into line with the Paris Agreement goals for the climate — the Green Weighting Factor (GWF).

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 has 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 finalized its GWF methodology in 2019, 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. 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 rating is based on an assessment of the impact of the financing solution on the climate. It also takes into account its main non-climate environmental impacts (water, pollution, waste, biodiversity) where these are significant. The assessment applies to the asset financed or to the borrower — be it a private company or public sector entity — if the credit facility is not earmarked for a specific asset. An adjustment is applied for each color to calculate the risk-weighted assets used to measure the expected return on the loan.

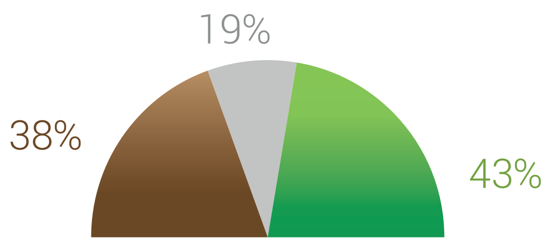
All loans with a green color rating receive a discount of up to 50% in their weighted assets, while the weighting of loans with a negative impact on the climate and the environment is increased by up to 24%.

By adjusting the expected return on each loan depending on its impact on the environment and the climate, Natixis encourages its teams to favor green financing solutions (for an equivalent level of credit risk). This is a concrete way of contributing to the United Nations Sustainable Development Goals regarding climate change and the environment.

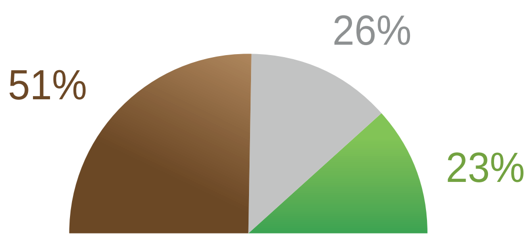
The GWF has been in use since September 2019 and is fully incorporated in the bank's processes and loan approval systems. It will be independently audited by KPMG in 2020.

It applies to €127 billion on Natixis' balance sheet, 70% of which had been rated by the end of 2018:

GWF distribution of the Corporate and Investment Banking balance sheet resulting from the impact analysis relating to 70% of the project scope at 31/12/2018



Nominal exposure



Exposure in risk-weighted assets (RWA)

These indicators will be monitored quarterly as of the end of 2019, and nearly all the loan portfolio will be assigned a rating in 2020.

The GWF methodology is open and scalable and it will be able to 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).

Corporate & Investment Banking's Green and Sustainable Hub published several reports [(1)] in 2019 to raise awareness and understanding of the implications of the TEG's work. These reports include in-depth analysis on the three topics addressed by the TEG in 2019 on the European Commission's request, namely the taxonomy, the new European Green Bond Standard and climate and ESG benchmarks.

6.3.2.2 Financing and investment in renewable energy

Renewable energy is constantly setting new records in terms of installed capacity: 175 GW [(2)] was rolled out in 2018, up from 157 GW in 2017, with a total of 2,356 GW around the world. New solar energy capacity installed in 2018 (98 GW) outstripped new fossil fuel electricity production capacity. The proportion of electricity production from renewable sources has reached 26.1% in 2018 in the world.

In 2019, Natixis once again played a leading role in renewable energy financing, in particular in Asia and Latin America and in offshore wind farms in Europe.

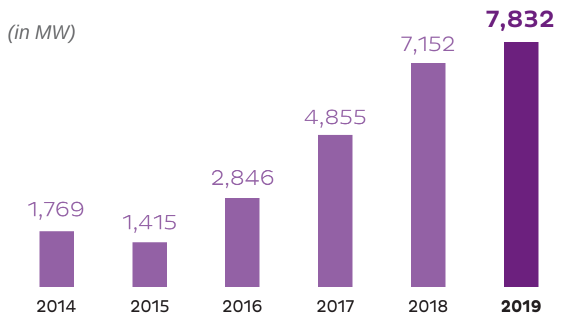
Renewable energy financing

In 2019, CIB's infrastructure financing teams arranged 25 [(3)] new deals totaling €2.1 billion, representing installed capacity of 7,832 MW:

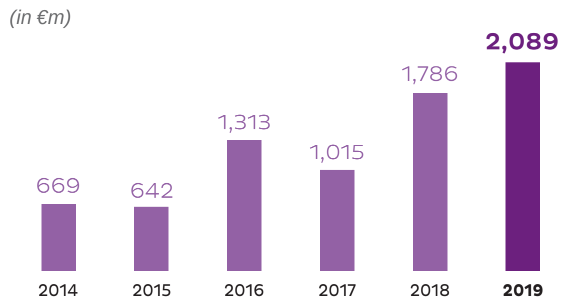
- 8 onshore wind farms with a total capacity of 2,429 MW;
- 3 offshore wind farms with a total capacity of 1,498 MW;
- 15 PV and concentrated solar power projects with a capacity of 3,712 MW.
- 2 hydroelectric facilities with a capacity of 193 MW.

Renewable energy accounted for more than 90% of total financing granted by CIB in the electricity production sector in 2019.

Total installed capacity of renewable energy projects financed by Natixis per year



Amount arranged by Natixis for renewable energy projects per year



2019 KEY EVENTS

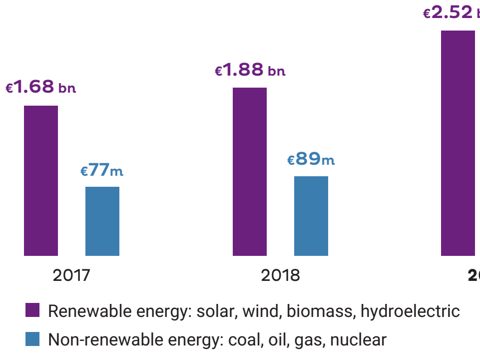
Financing for offshore wind farms in France and internationally

Natixis funded the first offshore wind farm in France off the coast at Saint-Nazaire. This 480 MW wind farm has 80 turbines covering a surface area of 78 km located between 12 km and 20 km offshore and at depths ranging from 12 m to 25 m. It will be operational in 2022 and it is expected to produce the equivalent of 20% of the electricity consumption of the Loire-Atlantique department.

In 2019, Natixis also played a major role in the renewable energy sector in Asia, where it financed the SIHU project, which has a capacity of 640 MW. This offshore wind farm in Taiwan will be China's biggest facility. On completion, it will supply clean energy to over 450,000 homes in Taiwan, saving nearly 916,000 metric tons of CO_2 per year.

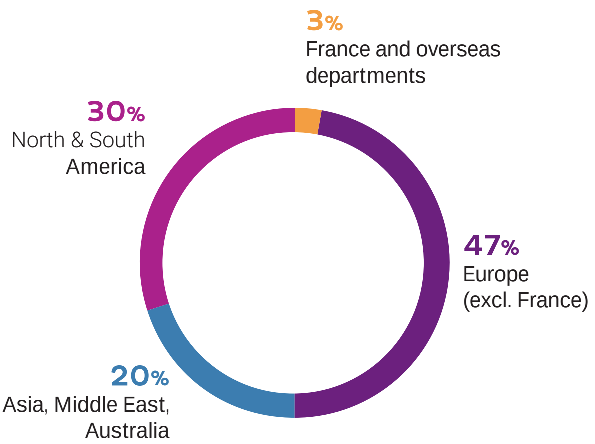
(1) https://gsh.cib.natixis.com/center-of-expertise
(2) Excluding major hydroelectric dams.
(3) 1 deal include solar and wind power, 1 deal include solar, wind and hydro power.

Portfolio exposure to renewable and non-renewable energies per year

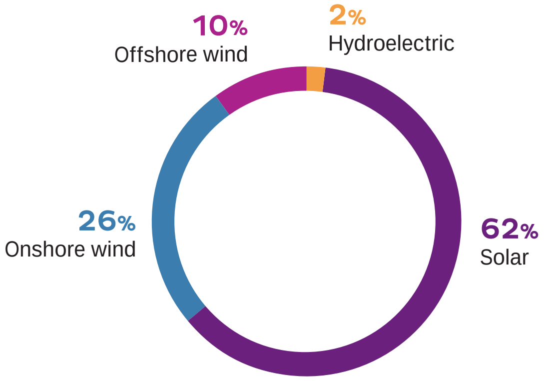


The portfolio breaks down as follows:

Regional breakdown of the renewable energy portfolio (% of AUM)



Sector breakdown of the renewable energy portfolio (% of AUM)



2019 KEY EVENT

Financing for the world's biggest concentrated solar power (CSP) project in the United Arab Emirates

Natixis partially financed the DEWA IV photovoltaic power plant in the United Arab Emirates, with installed capacity of 950 MW. On completion in 2020, it will be the world's biggest concentrated solar power (CSP) project.

The first two phases of the power plant (13 MW and 200 MW) are already in service and the third is under construction and due to be launched before the end of 2020. This new phase will bring an additional 700 MW in installed capacity using two different CSP systems: a 600 MW parabolic trough and a 100 MW central tower (which will be 260 m tall, the biggest in the world) covering a total surface area of 43 km^2 according to the Dubai Electricity and Water Authority (DEWA).

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 Eurofideme 4, 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. At the end of November 2019, Mirova finalized fundraising for €857 million, far exceeding its initial target, and closed the biggest renewable energy fund dedicated to the European market. The Mirova-Eurofideme 4 fund has already made its first investments, with over €300 million invested in projects in France, Portugal, Norway and Spain totaling nearly 600 MW.

2019 KEY EVENT

The first infrastructure funds to obtain Greenfin certification

In December 2018, Ostrum AM obtained Greenfin certification for its expertise in infrastructure debt for the energy transition. Its strategy focuses on renewable energy, water and waste treatment, green mobility, low-energy buildings and digital solutions. It received capital commitments of €80 million in its first fundraising round in September 2019, including a €50 million investment by Natixis Assurances. The fund raised €100 million in 2019.

Mirova manages four Greenfin certified funds, representing total assets under management of €2.4 billion: Mirova Europe Environmental Equity Fund, Mirova Green Bond-Global, Mirova-Eurofideme 3 and Mirova-Eurofideme 4.

The Greenfin label (previously TEEC) was created by the French Ministry of the Ecological and Inclusive Transition to guarantee the quality of green investment funds. It is awarded to financial companies that act in the general interest with transparent, sustainable practices. It excludes funds that invest in the nuclear sector or fossil fuels.

6.3.2.3 Financing and investment in mobility and sustainable cities

2019 KEY EVENT

Natixis and EDHECinfra join forces in an ESG research project for infrastructure

In October 2019, Natixis and EDHECinfra joined forces in a research project to measure the ESG impact and risks of infrastructure investments. The research chair's first task will be to produce an analysis of infrastructure companies' ESG reporting standards and to review the impacts and potential risks. Then, the EDHECinfra team intends to use artificial intelligence to create new databases of ESG risks and impacts – a social acceptability index and an index of the exposure to physical risks arising from climate change.

Sustainable real estate

In 2019, Natixis continued to expand its financing and arrangement business in the sustainable real estate sector, with various solutions including mortgage loans, green bonds, securitization vehicles, and green loans. 12 deals for sustainable real estate were closed in 2019.

2019 KEY EVENTS

ICAWOOD: the first green equity bridge loan

Natixis and ICAMAP closed the first green equity bridge loan for €100 million. This deal, which observes the Loan Market Association's Green Loan Principles, will finance the development of real estate projects using low carbon construction techniques in the Greater Paris area.

Ivanhoé Cambridge: the first green margin loan for the real estate sector

Natixis, acting as green loan coordinator and green structurer, closed the first green margin loan based on the Sustainability Linked Loan Principles, for Ivanhoé Cambridge. Ivanhoé undertook to continually reduce the environmental impact of its properties while efficiently managing its assets. The loan draws on Ivanhoé Cambridge's sustainability commitments and it incorporates a margin adjustment mechanism based on a range of key performance indicators which will generate additional performance for the Group, in particular by improving its GRESB score.

AEW CILOGER continued its efforts to obtain certification for its portfolio assets throughout 2019. Its buildings received BREEAM on construction, LEED existing building, HQE in use, BREEAM in use, BBCA (low-carbon building) or BEPOS (positive energy building) certification. Certified assets amount to €6 billion, or 19% of AEW CILOGER's portfolio. In 2019, seven funds, including two new funds, took part in the Global Real Estate Sustainability Benchmark (GRESB) assessment, 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). Six of these funds achieved a Green Star rating, including one pan-European fund, which obtained a Green Star 4* rating.

In 2019, AEW CILOGER also issued a request for proposals for electricity or gas supplies in buildings where the building manager purchases energy. As a result, 100% renewable energy supply contracts were set up, which will reduce the carbon footprint of its assets under management.

AEW Capital Management took part in the GRESB Assessment for several of its real estate portfolios and was awarded a score of 86/100 for its AEW Core Property Trust fund in 2019, ranking it seventh out of more than 40 funds (equivalent fund universe).

Natixis Assurances monitors and reports annually on the portion of its real estate investments that have environmental certification. At year-end 2019, 52.4% of real estate assets under investment mandates were certified (HQE, BREEAM). Natixis Assurances extended the incorporation of ESG criteria in its real estate portfolio in 2019. In 2020, it will implement an energy convergence plan and continue to obtain certification for the assets in its portfolio. The asset acquisition policy includes identifying, monitoring and managing sustainable development indicators. Natixis Assurances intends to go beyond regulatory requirements and contribute in full to ESG issues in order to build sustainable cities.

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 the event of a claim, policyholders can repair damaged paintwork themselves using eco-friendly paint available at a preferential price. Policyholders also receive assistance and advice on how to save energy.

Sustainable mobility

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.

As the transition to electric vehicles gathers pace, in 2019 Mirova published a report (1) providing insight into the challenges facing the electric vehicle sector and the solutions available and identifying high added value segments in this sector to channel savings towards these companies, which are crucial to the energy transition. Electric vehicles represent a revolution for the automotive industry and for the transport sector as a whole. The technology driving this transformation is constantly changing, leading all stakeholders to review how they perceive mobility.

Natixis Assurances offers preferential rates to individuals who travel less than 8,000 km per year in their car: this option applies to 25.5% of contracts (194,297 policies), or €67.8 million in annual premiums in 2019. 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.

2019 KEY EVENTS

Tramway in Liège

Natixis was financial advisor to the Tram'Ardent consortium on the financing of the public-private partnership for around €430 million. The tramway will have around twenty trams and 21 stops, covering a distance of 11.7 km. It will be able to transport 310 passengers every four and a half minutes and will boost the range of eco-friendly mobility solutions available in the city.

(1) https://www.mirova.com/fr/idees/electrification-des-transports-une-solution-de-transition-ecologique

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 which 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. As of the end of 2019, the green bonds market totaled $225 billion [1].

Natixis arranged 28 green bond issues in 2019, for a total arranged amount of €15.1 billion, confirming its solid positioning on this market, especially in Europe.

2019 KEY EVENT

Société du Grand Paris: the first entirely green Euro Medium Term Note (EMTN) program

In September 2018, Société du Grand Paris launched Europe's biggest sustainable infrastructure project totaling €35 billion. Natixis was joint bookrunner for two green bond issuances, in October 2018 (€1.7 billion over 10 years) and March 2019 (€2 billion over 15 years). This vast project is the biggest transportation project in Europe and it brings many benefits, for example reducing greenhouse gas emissions, improving air quality and reducing travel times. Natixis received a green bond award for this green bond issue at the IFR awards 2019 [2].

Natixis is also active in green bond investments through its Asset Management affiliates. At year-end 2019, Ostrum AM managed green bond investments totaling €4.362 billion in 131 funds and investment mandates. Of the €2.4 billion in fixed income assets under management by Mirova, €1.6 billion is invested in green bonds. One of its flagship strategies, applied by the Mirova Global Green Bond Fund, invests solely in green bonds (€228 million in the Luxembourg registered fund and €33 million in the US fund).

As well as green bond issuance, since 2018, Natixis has also offered two types of green or sustainable loans: loans earmarked to finance environment-related projects (term loans called "green loans") and syndicated loans meeting ESG criteria (green revolving credit facilities or green RCF called "sustainability-linked loans" or "ESG-linked loans"). This activity expanded sharply in 2019, with 40 deals finalized, compared with 12 in 2018.

2019 KEY EVENT

Agrial: the first CSR credit facility for an agricultural cooperative in France

Natixis was CSR agent for a €900 million syndicated loan facility for Agrial, an agricultural cooperative based in Normandy. The credit agreement indexes the loan interest rate to CSR indicators aligned with Agrial's own targets for 2025. These indicators include reducing energy consumption, increasing the sale of pesticides not made using chemical synthesis, and developing organic production.

(1) Climate Bonds Initiative, https://www.climatebonds.net/.
(2) https://www.ifre.com/featured/ifr-awards

6.3.2.5 Development of low carbon structured products

2019 saw strong activity on the core range of climate indices developed since 2015, in particular on the Euronext ECO5E index launched in 2018 and the Climate Orientation, Solactive Climate and Energy Transitions indices.

Structured solutions based on these indices took on innovative forms — structured notes, green bonds and equity linked bonds — to meet the need for investment in sectors contributing to the energy and ecological transition with a range of solutions for both retail and institutional investors in different geographical regions.

Outstanding amounts sold by Natixis on the Climate and ESG indices total €2.4 billion.

2019 KEY EVENT

Natixis and Groupama launch a climate index-linked green bond fully committed to the energy transition

Natixis and Groupama Gan Vie, a Groupama subsidiary, joined forces to launch the first green bond that is fully committed to the energy transition. The product is indexed to the Euronext® Climate Objective 50 Euro EWD5 (ECO5E) index which received a Deal of the Year award by Structured Retail Products (SRP) [1]. It comprises 50 euro zone stocks selected for their environmental commitment and their capacity to offer products and services compatible with a low carbon economy. The funds collected will be invested solely in wind, solar, hydroelectric and biomass projects that respect responsible management criteria. Inflows amounted to €360 million as of the end of 2019.

6.3.2.6 Aligning with the objectives of the Paris Agreement

The **Green Weighting Factor** (GWF) created in 2019 will allow Natixis to decarbonize its balance sheet and gradually align the impact of its financing activities with the central aim of the Paris Agreement, i.e. to limit the global temperature rise 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 [2]. Natixis has given itself one year from the launch of the GWF initiative in September 2019 to determine the speed of its transition. Additional work is ongoing to translate the color ratings under the GWF methodology into a temperature scenario to allow Natixis set a target date for aligning its loan book with the central aim of the Paris Agreement.

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** developed a method for measuring the carbon footprint of issuers in different business sectors. The methodology [3] has been enhanced since 2018 to assess portfolio alignment with the climate scenarios set in the Paris Agreement, using:

- carbon footprint data from an external provider (scope 1, 2 and 3 emissions);
- 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 4.5°C for the MSCI Europe index and 3.8°C for the MSCI World index [4].

Aware of the importance and urgency of the climate challenge, **DNCA** has factored climate issues into its investment approach with the conviction that the ecological transition is both a risk factor and a source of investment opportunities. Its climate approach is based on the work and recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD). The analysis, which uses a proprietary model, assesses the risks facing the issuer and any opportunities associated with its positioning on the ecological transition. The model draws on qualitative evidence and quantitative data:

- the issuer's exposure to climate risk depending on its business sector and geographical footprint.
- an assessment of the issuer's climate strategy.

For the SRI fund range (Beyond range), specific indicators have been developed in addition to traditional carbon measures to assess each fund's position regarding the financing of fossil fuels and green activities.

(1) https://www.structuredretailproducts.com/Event/Awards/a011t00000jfnpcaax?Tab=2
(2) See introduction on the Green Weighting Factor in Chapter 6.3.2.1.
(3) http://www.mirova.com/Content/Documents/Mirova/publications/VF/DocRecherche/ImpactClimatDesPortefeuilles2018.pdf
(4) Data at September 30, 2019.

In 2019, DNCA calculated its carbon footprint on 69% of its portfolio. It was then 195 t eCO_2 per million of revenue. DNCA aims to extend its climate impact analysis to all its equity and corporate bond investments by the end of 2020.

Ossiam has established a framework for measuring its portfolios' transition risk and comparing it with their benchmark. The framework can be applied to several indicators such as:

- greenhouse gas emissions;
- risks associated with the energy transition (measurement of coal, oil or gas reserves);
- impact measurement (measurement of green energy production or impact investments).

3 funds and 1 mandate benefit from this measurement framework (which represent €518 million, or 12.3% of assets under management) have a goal of achieving a 40% reduction (in relation to their benchmark) in their greenhouse gas emissions (scopes 1, 2, 3 upstream emissions), carbon intensity and potential emissions arising from fossil fuel reserves.

In 2019, Ossiam calculated its carbon footprint for 12.3% of its funds and mandate. The 3 funds has a carbon footprint of 241 t eCO_2 per million euros revenue compare to 355 t eCO_2 for the benchmark, and the mandate has a carbon footprint of 209 t eCO_2 per million euros revenue.

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.

At the end of 2019 it was on track to achieve its target, with over €980 million invested in green assets over the year. 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).

Naxicap Partners has supported the International Climate Initiative to help achieve the objectives of the Paris Agreement since 2016. As a signatory, Naxicap has undertaken to:

- acknowledge that climate change will have an impact on the economy that represents both a risk and an opportunity for companies;
- take climate issues into account throughout the investment period;
- perform a progressive measurement of the carbon footprint of its investment portfolio covering companies for which this indicator is material;
- work with the management of these companies to draft a plan to reduce emissions and adapt to climate change.

An initial estimate of the carbon intensity (scope 1 and 2 emissions) [1] of the companies in its portfolio was performed in 2019. This estimation has been realizer over 54% of its asset under management for a carbon footprint of 62 t eCO_2 per million euros invested (on 2018's data). The portfolio's scope 3 emissions will be estimated in 2020, followed by an emission reduction plan for the biggest contributors.

Natixis is involved in several initiatives with other financial institutions seeking to establish industry-wide methodological principles for calculating the carbon footprint of the portfolios managed by banks, insurers and asset managers (including Science Based Targets for Finance, a working group under the UNEP FI). 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 this carbon footprint.

6.3.3 Green growth: protecting and developing natural capital

6.3.3.1 The act4nature commitment

Natixis is already highly involved in protecting the climate and in 2018 it decided to commit all its business lines to preserving biodiversity by joining the act4nature [2] initiative sponsored by the non-profit Entreprises pour l'Environnement (EpE).

Under this initiative, which initially included 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. The French initiative expanded in 2019 to become act4nature International.

Natixis has signed up to the ten common principles of the act4nature International 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 April 2020, using SMART goals (Specific, Measurable, Agreed upon, Realistic, Time-based).

(1) https://www.naxicap.fr/catalogue-2019/#page/I
(2) http://www.act4nature.com/

To implement these commitments to biodiversity, Natixis has had an internal working group on natural capital since 2018 comprising experts from its different business lines: the ESR Department, financing, 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

The Green Weighting Factor introduced in September 2019 now systematically evaluates the impact of financing solutions on biodiversity in relevant sectors as well as the impact of dedicated financing solutions (project or asset financing) on Key Biodiversity Areas.

Natixis already incorporates an in-depth analysis of the impact on biodiversity in its project financing activities and in 2020 it will continue to step up 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 (including the Equator Principles) and Natixis' internal policies.

For **agricultural commodities**, Natixis helps its clients with natural capital protection. Natixis was Senior MLA for an innovative sustainability loan (revolving credit facility) for COFCO International for which it received the "Best Sustainability-Linked Loan" from The Asset [(3)]. This $2.1 billion syndicated loan included ESR objectives, in particular an improvement in agricultural product traceability, primarily soybeans sourced from Brazil. An independent third party will assess the achievement of the objectives each year. If the Company meets the objectives, the interest savings will be invested in sustainable supply chains and health and safety for local communities.

2019 KEY EVENT

Inclusion of sustainable agriculture criteria in the Ghana Cocoa Board's sustainable term loan

Natixis co-arranged a sustainable term loan for the Ghana Cocoa Board. This new $300 million loan over three years will finance production improvement programs and includes a margin adjustment mechanism based on environmental and social goals. One of the goals is the promotion of sustainable agricultural practice (training in these practices, planting of shade trees). This deal is one of the first in this sector to encourage environmentally friendly production techniques and improve farmers' livelihoods (in particular for women and children).

(1) IFC Performance Standard 6: biodiversity conservation and sustainable management of living natural resources.
(2) As defined in the Equator Principles.
(3) https://www.theasset.com/awards/regional-deal-2019

6.3.3.3 Thematic investment in natural capital

Since 2017, Mirova has used an investment platform specialized in preserving biodiversity and natural capital developed both in-house and via the acquisition of Althelia Ecosphère, which was finalized in 2019. Mirova develops innovative investment solutions to mitigate and adapt to climate change, and to protect local regions, biodiversity, soil and marine resources, with €300 million invested in natural capital.

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 aims to deliver the following benefits:

- land degradation neutrality;
- climate change mitigation;
- climate change adaptation;
- improved livelihoods;
- improved biodiversity.

The LDN Fund continued to raise funds throughout 2019, with commitments totaling $150 million and a target of $300 million. The LDN strategy was selected in the Real World Impact Initiative of the Year category at the UNPRI 2019 awards alongside four other finalists, reflecting international acknowledgement of the innovative and relevant nature of this strategy.

After financing its first project in Peru — to provide agroforestry systems for small coffee producers — three new land restoration projects were put forward in Bhutan, Indonesia and Kenya, involving 30,000 small farmers, with the aim of restoring over 45,000 hectares of degraded land and capturing nearly 2 million tons of CO_2.

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.

2019 KEY EVENT

Mirova launches a new strategy to protect the Amazon

Mirova plans to allocate $100 million in sustainable financing to protect, restore or improve living conditions for indigenous populations and to preserve biodiversity in the Amazon. The strategy is managed by Mirova Natural Capital in partnership with the US Agency for International Development (USAID).

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 Althelia Sustainable Ocean Fund (SOF) managed by Mirova, 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 nearly all of its target of $100 million, with more than $92 million raised as of the end of 2019. It will invest in around twenty sustainable projects such as sustainable offshore aquaculture and technology to reduce bycatch and the capture of juvenile fish such incidental capture accounts for 40% of fish caught around the world.

SOF's investments are having 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).

2019 KEY EVENT

Thematics AM launches a water strategy

The Thematics AM water strategy invests in companies in the water sector that are addressing the global imbalance between supply and demand for this essential resource. The fund primarily invests in listed companies whose growth is linked to protecting water resources, improving water use efficiency and developing infrastructure (drinking water supply, waste water collection and treatment, rainwater management). The fund's assets under management amounted to $148 million at year-end 2019.

6.3.3.4 Development of natural capital structured products

In 2019, **Natixis** developed a range of Water and Ocean indices that encompass the challenges and risks relating to water resources and the preservation of marine ecosystems. This methodology addresses both consumption and pollution in sectors in which these issues are material. The impact of companies' activities is analyzed in terms of their efforts to:

- solve water-related problems with equipment or services;
- reduce pressure on water resources;
- manage water pollution risks.

Natixis worked with Euronext to create the Euronext® Water & Ocean Europe 40 EW index. This index, which is based on a holistic methodology, has a balanced sector allocation in order to better meet the challenges related to water. An impact report comparing performance with the benchmark will be produced each year.

6.3.3.5 Development of the circular economy

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 sixty members (public and private sector contracting authorities, construction firms, building materials manufacturers, project managers, and associations).

Several working groups have been created, including one to estimate the goodwill in buildings that are part of the circular economy, during their construction or renovation. Work has also been completed to share best practice for buildings in use and to factor reuse into Building Information Modeling (BIM).

6.4 Managing environmental, social and governance risks

6.4.1 Incorporating ESG criteria in financing operations and investments

Environmental, Social and Governance (ESG) risks are factored into financing and investment activities as part of a global approach involving the business lines, the ESR Department and the control functions. The approach includes drafting and applying ESR policies in the most exposed sectors, determining excluded sectors, and assessing and monitoring ESG risks on transactions and counterparties using various tools and processes.

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

On October 15, 2015, Natixis undertook to stop financing coal-fired power plants and thermal coal mining around the world. It also undertook to 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 pledge was translated into a sector policy applying to its financing, advisory, and capital markets activities and to its other products and services. It also applies to investments made by Ostrum, for all directly managed portfolios, and to Natixis Assurances, for all general-purpose funds. Both Ostrum and Natixis Assurances have stopped investing in industrial companies deriving 50% or more of their business from coal-fired power plants and/or thermal coal mining. Mirova prohibits all investments in the fossil fuel sector.

2019 KEY EVENT

Lowering of the limit from 50% to 25% in the coal sector

Natixis published a new, tougher coal policy on June 28, 2019, extending its exclusion criteria to all infrastructure projects (ports, railways and any other infrastructure or facility) linked to thermal coal. It also lowered the exclusion threshold, which now applies to financing or investing in companies deriving 25% or more of their business from coal-related activities (previously 50%).

https://www.natixis.com/natixis/jcms/lpaz5_8537/fr/integrer-les-risques-environnementaux-et-sociaux-dans-nos-metiers

At the end of 2019, Natixis had no outstanding financing exposure to thermal coal mining activities and only residual exposure to coal power plant and coal infrastructure financing.

Defense

Since March 2009, Natixis has prohibited financing, investment and offers of services to companies involved in manufacturing, storing or trading anti-personnel mines and cluster bombs. 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.

For more information: https://www.natixis.com/natixis/jcms/lpaz5_8537/fr/integrer-les-risques-environnementaux-et-sociaux-dans-nos-metiers

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.

In light of this commitment, Natixis published a detailed account of its tobacco sector policy in May 2018. This policy applies to Natixis, Ostrum and Natixis Assurances' financing, investment and services activities.

For more information: https://www.natixis.com/natixis/jcms/lpaz5_8537/fr/integrer-les-risques-environnementaux-et-sociaux-dans-nos-metiers

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.

In November 2018, Natixis published an oil and gas sector policy setting out the terms of its 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;
- no longer provide general purpose corporate financing for, and no longer invest in [(1)], any company of which the aforementioned activities *(see above)* account for 30% or more of total operations;
- discontinue financing for onshore or offshore oil exploration and production projects in the Arctic.

For more information: *https://www.natixis.com/natixis/jcms/lpaz5_8537/fr/integrer-les-risques-environnementaux-et-sociaux-dans-nos-metiers*

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:

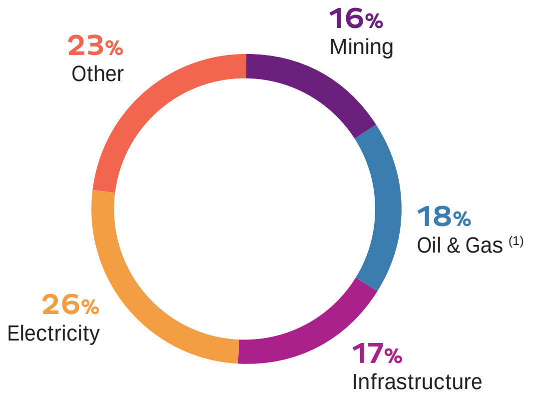
- nuclear: compliance with the strictest international security rules (IAEA, etc.), reliability of technologies, demonstration by the host country and the operator of their capacity to control and operate their nuclear industry, based on specific criteria;
- mining & metals: compliance with international 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

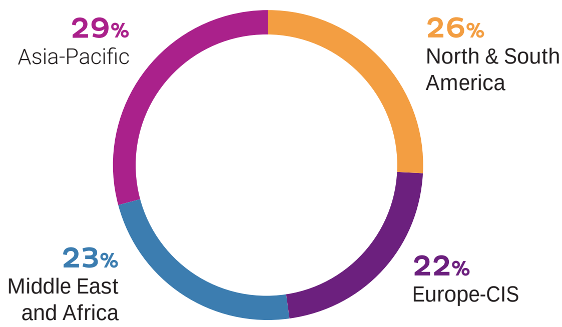
Managing environmental and social risks across Natixis' financing business lines involves analyzing clients and transactions to ensure they comply with its ESR policies and exclusion commitments, analyzing transactions according to the Equator Principles or other evaluation methods, and analyzing controversial issues that its clients may run into.

Over the last three years, 428 such transactions have been managed in this way, with the following sector breakdown:

Breakdown of the number of transactions reviewed by sector (2017-2019)



Breakdown of the number of transactions reviewed by geographic area (2017-2019)



(1) This applies to all Natixis Assurances' investments.

Equator Principles

As a signatory of the Equator Principles since December 2010, Natixis applies an industry-wide methodology recognized by 101 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.

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]).

On November 18, 2019, the banks and other members of the Equator Principles association approved an updated version of the Principles (EP4), which will take effect on July 1, 2020. The new version extends the scope of application of the Principles and strengthens the conditions applied when assessing transactions, in particular in terms of human rights (especially the rights of indigenous communities) and physical and transition risks arising from climate risk. Initiatives have been launched to raise team awareness and organize training.

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. This analysis will be systematically applied when the screening solution described below is rolled out.

A more robust client-assessment system

To identify, measure and monitor its corporate clients' environmental, social and governance (ESG) risks, Natixis has built a complementary solution, named ESR Screening.

2019 KEY EVENT

A solution to screen corporate clients' ESG risks

The new solution will be gradually rolled out in all regions in 2020. It will include two levels of assessment integrated with existing risk management systems.

- The first level will rank clients in a risk category based on the context in which they do business, the maturity of their ESR risk management system, any controversies to which they may be exposed and the type of business relationship they maintain with Natixis.
- The second level will perform an in-depth analysis of the most material ESG risks. The analysis will focus on counterparties identified as being the most at risk and will most often involve direct discussions with the client.

The system will be integrated with client onboarding and loan approval processes to allow the systematic analysis of ESG risks. It will involve the business lines, Compliance, and the Risk and ESR Departments. A far-reaching training and acculturation program will accompany the system's launch throughout the year. The assessment process will gradually be applied to the portfolio of existing clients, taking into account the schedule for periodic renewals of financing authorizations.

(1) https://www.natixis.com/natixis/jcms/ala_5415/en/environmental-and-social-risk-management

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, that are 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.

As such, particular attention is paid to climatic risks : physical and transition risks *(see chapter 6.4.3)*

Lastly, Natixis' Compliance Department has 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) *(see Chapter 6.2.5)*.

Duty of vigilance in purchasing

Since 2017, Natixis' Purchasing Department has 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 added value at the social and societal levels.

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 and BPCE Procurement took part in a concerted effort in the banking and insurance sector to map out ESR risks in purchasing activities, involving three other banking groups. The map, 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
	Personal data protection
	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

It 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.

The mapping system identified 13 types of high ESR risk-type purchases from among more than 100 purchasing categories in the banking sector. These high risk purchases 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:

- the ESR questionnaire based on the risk map is sent to the supplier;
- the supplier must detail their action plan to deal with the identified ESR risks;
- BPCE Procurement/Natixis ESR together assess this response;
- the ESR grade is built into the supplier's overall grade;
- the supplier action plan must be implemented where ESR grade is below average;
- monitoring of the supplier's action plan.

A first set of suppliers in high risk purchasing categories (servers, ATMs, payment cards, furniture) has been assessed under the process applied since 2018 and other categories of suppliers are under assessment.

This system can be used outside the consultation process for suppliers already approved or those that invoice large amounts to Groupe BPCE.

BPCE Procurement has provided training to familiarize the procurement and ESR functions with the system, in the form of morning procurement meetings, classroom-based lessons and specific duty of vigilance e-learning courses.

(1) *https://back.bpce-achats.fr/storage/documents/9YMh2ecdXFSrAUhMOp4SKfZWh64bfInkxPnW5izi.pdf (French only)*

Indicators are used to monitor the roll-out of the duty of vigilance process for high and very high risk procurement categories:

- 31% of relevant procurement categories have been assessed;
- 46% of relevant procurement categories are currently being assessed;
- 100% of BPCE Procurement buyers responsible for these procurement categories have received training.

Duty of vigilance in everyday operations

The environmental risks associated with Natixis' operations are discounted 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 regulations in France (representing nearly 70 % of Natixis employees) 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).

Internationally, the mapping carried out by the Natixis Human Resources Department shows that the working conditions of Natixis employees comply with local regulations or improve them, in particular in terms of working hours and dismissal conditions.

With regard to salaries, beyond compliance with regulatory minima, each entity participates each year in a targeted salary survey on financial services in order to allow the various trades to adapt their remuneration policy and verify their competitiveness.

In terms of social protection, the entities rely either on surveys conducted on a multi-year basis, or on the expertise of the brokers who intervene in the management of these programs to ensure that they are in line with standards of the financial services industry.

Maternity leave is generally more favorable than regulatory provisions and Natixis is considering a minimum leave applicable regardless of the country.

The safety and security of Natixis' employees and service providers are of vital importance. In 2019, the Security Department at Natixis in Paris rolled out solutions for all its offices focused on two major aspects: early warning and self-assessment.

- early warning systems are essential to be able to anticipate and respond quickly to risks and dangerous situations. To allow this, security managers can now access an early warning system on the internet that analyzes safety and security risks arising from geopolitical events;
- the self-assessment and compliance system used for the past three years has been reviewed and rationalized. Its use was extended from France to all offices at the end of 2019.

The international security roadmap has been approved by the Natixis Chief Operating Officer and will be presented to all offices in 2020 in order to establish priorities with the Heads of each office.

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 policies for sensitive sectors.

In addition, the ESR Department is working with the business lines and the Compliance and Risk Departments to implement a solution to identify, assess, and monitor its corporate clients' environmental, social and governance (ESG) risks. The new solution will be integrated with the client onboarding and loan approval processes and will be gradually rolled out across all regions in 2020 *(see 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 *(see Chapter 6.2.5)*.

6.4.3 Climate risks

The environment and climate emergency is one of the biggest challenges facing the world's economies and every one of us.

The world's leading scientists contributing to the Intergovernmental Panel on Climate Change (IPCC) have warned there is only 10 years left to limit global warming to 1,5 ° C and avoid catastrophic environmental (see the IPCC 2018 report https://www.ipcc.ch/sr15/)

The financial sector can and must spearhead the ecological transition by channeling funds into a sustainable economy. As a provider of financial solutions, Natixis has a role to play in this movement.

As a financial institution and major economic player, Natixis is exposed to climate risk in the running of its operations and business activities.

Taking this climate risk into consideration is crucial for the bank in all its areas of business: Asset Management, Financing and investments, insurance and Payments.

Natixis has taken a series of measures to **adapt to the effects of climate change:**

- the consequences of extreme climate events (e.g. storms, heatwaves, flooding of the Seine, etc.) that can directly impact Natixis in France and internationally are addressed in the Business Continuity Plan (BCP). The impact of the different scenarios is assessed in the operational risk map, resulting in the calculation of a VaR (value at risk) that takes into account external data, the quality of the BCP and insurance coverage;
- the climate risks linked to our business operations are 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). Since 2019, these risks have been incorporated into Natixis' risk monitoring system, the Risk Appetite Framework.

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 recognition 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 Program Finance Initiative (UNEP-FI) to address climate risks alongside 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).

In 2019, Natixis took part in banking sector discussions with the ACPR on two major topics: climate strategy and governance, and climate risk metrics. These meetings allowed banks to present and compare their systems and will allow the ACPR to publish a guide to best practice in taking climate risk into account in the first quarter of 2020.

Natixis was invited to present its system for analyzing transition risk in its financing activities by the NGFS (Network for Greening the Financial System), which includes 45 central banks and banking sector supervisors.

Transition risks

Transition risks arise when a company's business model needs to be adapted to a low carbon economy be it due to the introduction of stricter 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 gradually decarbonize its balance sheet. Climate and transition risk will be systematically incorporated into the assessment of financing opportunities *(see Chapter 6.3.2.1 Green Weighting Factor: an innovative solution for a greener loan book).*

Over and above the GWF methodology described above, this initiative has raised awareness of the risks and opportunities associated with climate change among business line and risk management teams. Insofar as since September 2019 each loan file reviewed by the Credit Committee and covered by the initiative must be rated for its climate impact, in-depth discussions are held during the loan approval process on the consequences of climate change on the borrower's activity.

In addition, training for the roll-out of the GWF also raised awareness among business line and risk management teams on the key concepts of climate risk analysis (materiality and intensity of climate risks, life-cycle analysis, supply chain analysis, associated reputation risk).

In accordance with Article 173, Provision VI of the Energy Transition for Green Growth Act establishing new ESG reporting obligations, certain Natixis subsidiaries have made extensive efforts to measure the carbon footprint of their portfolios *(see Chapter 6.3.2.6 Aligning with the objectives of the Paris Agreement)*:

- **Mirova and Natixis Assurances** use the Carbon Impact Analytics method co-developed by Mirova and Carbone 4 to calculate the carbon footprint of their portfolios.

  This innovative approach covers generated emissions, prevented emissions and each company's 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 are below the 2°C scenario and are much better than the main benchmark indices.

  Natixis Assurances has pledged to align its investment policy with the 2°C climate scenario and each year it will its devote nearly 10% of new investments to green assets, with a target of 10% of its total investments being in green assets by 2030;

- **DNCA** factors climate issues into its investment policy by drawing on the work and recommendations of the Taskforce on Climate-related Financial Disclosure (calculation of each company's climate risk exposure and assessment of its climate strategy). DNCA aims to extend its climate impact analysis to all its equity and corporate bond investments by the end of 2020;
- **Ossiam** has established a framework for measuring its portfolios' transition risk and comparing it with their benchmarks. Funds that benefit from this measure have a goal of achieving a 40% reduction in their absolute greenhouse gas emissions, carbon intensity and potential emissions arising from fossil fuel reserves (in relation to their benchmark);
- **Naxicap Partners** has signed up to the International Climate Initiative to help achieve the objectives of the Paris Agreement. An initial estimate of its carbon intensity (scope 1 and 2 emissions) was completed in 2019.

Physical risks

Climate change increases the 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 (interruptions in the supply chain, loss of operations), 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, to produce ideas for such solutions.

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 they are approved by as many institutions as possible. An initial simulation on a portfolio of real estate loans was performed at the end of 2019.

Several activities such as the insurance and real estate financing business lines, in partnership with the ESR Department, met with localized climate data providers to discuss solutions for measuring physical risks for specific portfolios.

Low carbon strategy

13 CLIMATE ACTION

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 emissions *(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.

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 Payments *(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.

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: Natixis Investment Managers also finances renewable energy via the investment funds proposed by its affiliates.

Managing climate risk in projects financed by Natixis *(see chapter 6.4.1):* 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. This framework was strengthened by the EP IV amendment which take account physical and transition risks as set out in the TCFD ans the Paris Agreement.

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.

6.5 Managing our direct environmental impact

In line with its policy of recognizing ESR in its activities, for over ten years, Natixis has actively reduced its direct impact on the environment, which is significant given the number of its employees and offices. This impact reduction policy is broken down into six themes: sustainable real estate, management of resources and carbon emissions, digital sustainability, mobility, waste management, and the protection of biodiversity.

6.5.1 Sustainable real estate

The Real Estate and Logistics Department has introduced a total cost of ownership 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 6.8*) account for 239,228 m^2 in office space and 15,917 workstations, as well as two data centers operated for Groupe BPCE.

Creation and monitoring of certifications

For the purpose of managing its buildings and offices, Natixis has chosen to occupy buildings whose design and operation guarantee optimal environmental performance. The bank has 9 certified buildings (HQE [1], BBC [2], HPE [3] or BREEAM [4] certifications), covering a total surface area of 67,484 m^2.

Natixis' data centers' operating service has ISO 14001 [5] 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 department's commitments in terms of building works, operations 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.

For the past two years, *DIL Progress* certification has been performed by Bureau Veritas Certification.

Abroad, Natixis also 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, Natixis occupies a BREEAM [4] certified building. In Hong Kong, its teams work in the *ICC* building, which has received several certifications for its environmental performance (platinum-level BEAM [6] certification, bronze-level LEED [7] certification for interior design).

6.5.2 Management of resources

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 steadily reduced energy consumption in Natixis buildings since 2010, per workstation and per m^2 of rented surface.

(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.

Energy consumption

Scope: Natixis France — excluding data centers

Energy	2019	2018	2017
Energy consumption: electricity, heating and cooling of office buildings *(in MWh)*	39,345	56,022	55,806
Energy consumption per workstation *(in MWh)*	2,47	2.89	2.90
Energy consumption per m² of usable rented office space *(in MWh)*	0,16	0.18	0.19
Total heating oil consumption *(in m³)*	11	15	10

In 2019, energy consumption fell significantly, notably due to the change in scope (transfer of subsidiaries from the SFS pole to BPCE). Reported at the workplace, we observe a 15% drop in energy consumption between 2018 and 2019.

Following on from the commitment made in 2015, Natixis signed a new Paris Climate Action agreement in October 2018 and intends to contribute to the Sustainable Development Goals (SDGs) that are compatible with the city'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. This target has already been met, with a 40% reduction in consumption per m² since 2010.

2019 KEY EVENT

Natixis won the CUBE 2020 challenge

Natixis took part in the CUBE 2020 challenge organized by the IFPEB (French Institute for Building Efficiency), for the first time in 2018.

The building entered into the competition by Natixis is located in the 13th district of Paris. It has a surface area of 22,402 m², is used by 1,700 employees, and is home to the bank's trading floors. The competition involved the ESR, Logistics, IT, and Communications Departments and the building's occupants, with a goal of reducing energy consumption by 10% over the year.

This goal was more than met, with energy savings of 20% over one year, earning Natixis two medals — gold for energy savings (buildings > 13,000 m² category) and silver for communications.

Several international platforms implemented actions to improve the efficiency of their buildings:

- lighting: use of motion sensors (Frankfurt, Kazakhstan, Milan), re-lamping with LEDs or energy saving light bulbs (Frankfurt, Istanbul, Kazakhstan, Moscow), automatic switch-off (Madrid, Milan);
- air conditioning and ventilation systems optimization (Moscow, Kazakhstan).

Some offices produce power, for example the Liberté 2 site in Charenton has a solar 'carpet' that powers the building's water heating system. The heat produced by Natixis' data centers is used to heat a neighboring aquatics center.

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.

Green energy

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.

Since 2019, Natixis' offices in Germany have been supplied with 100% renewable energy. All its international offices are working towards the same goal.

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 used by Natixis (99%) is sustainable forest management-certified (FSC certification) [1].

Abroad, Natixis offices in Madrid and New York have been using recycled paper since 2018.

(1) FSC: Forest Stewardship Council.

Scope: Natixis France — letterhead paper and paper reams

Paper	2019	2018	2017
Total paper consumption *(in metric tons)*	166	266	350
Consumption per workstation *(in kg)*	10,30	13.70	18.18

In 2019, the bank's consumption of paper continued to fall, declining 25% relative to 2018.

Internal consumption (reams of paper, letterhead) has been falling steadily for several years, thanks to awareness-raising initiatives, the more widespread use of shared multifunction printers, and the company-wide roll-out of laptop computers, notably as part of the bank's Easy program.

6.5.3 Carbon footprint management

Every year, Natixis measures the carbon footprint for Natixis France.

Natixis France carbon footprint

Carbon footprint *(in metric tons of CO_2 equivalent)*	2019	2018	2017
Energy	3,638	5,116	5,074
Procurement	58,003	60,569	56,413
Travel	9,557	13,278	13,676
Fixed assets	6,552	17,668	17,156
Other items	4,207	4,214	5,092
Total	**81,957**	**100,934**	**97,411**
Tons of CO_2 equivalent per person (FTE)	7,92	8.10	7.75

The 2019 carbon footprint is down due to several factors:

- A review of the scope: the SFS subsidiaries transferred in 2019 to BPCE are no longer taken into account in the calculation of Natixis carbon footprint;
- Changes in calculation methodology : exclusion of IT equipment already depreciated in accounting;
- A reduction in energy consumption (see chapter 6.5.2)
- A reduction in the impact of travel : taking into account the teleworking and decrease in business travel by car and plane;
- A significant reduction in GHG emissions linked to office IT fixed assets: In addition to the methodological change to exclude IT equipment already depreciated in accounting, there are 3 improvement vectors:
  - the replacement of desktop computers with laptops facilitates mobility and remote working while reducing energy consumption and greenhouse gas emissions;
  - the rationalization of printers has reduced the number of printers by 33% since 2017;
  - the roll-out of VoIP internet calling systems and the decommissioning of over 28,000 physical telephones reduced telecommunications carbon emissions by 69% in 2019.

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 6.3.2.6)*.

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 (electricity, heating, and cooling);
- **Business travel:** expanded use of public transportation and green means of transportation, green company cars, prioritized use of rail travel in the Natixis travel policy, development of videoconferencing and extension of telecommuting to limit employee travel;
- **IT:** managing the impact of digital *(see Chapter 6.5.6)*.

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 the use 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, until 2018, Natixis consumed and disposed of more than 3.5 million plastic cups every year.

2019 KEY EVENT

Elimination of plastic cups

A campaign to stop the use of disposable plastic cups was organized in all Natixis' offices in France and around the world during European Week for Waste Reduction. Employees were asked to use their own mug or to order one from Natixis' office supplies catalog.

Some subsidiaries led the way in this area: Dubai, London, New York and the Natixis Interépargne sites in Caen and Charenton had already stopped using disposal cups.

Waste sorting

Natixis' waste-sorting activities are conducted as follows:

- sorting and recycling of paper, plastic (bottles, cups) and metal (cans): collection points are installed in offices to replace individual trash cans and are systematically installed in new buildings;
- collection and special disposal of used ink cartridges, batteries and fluorescent and neon tubes;
- sorting and recycling of plastic pens.

Scope: Natixis France

Volume of sorted waste	2019	2018	2017
Paper, envelopes and cardboard *(in metric tons)*	352	578	717
Batteries *(in metric tons)*	0,12	0.56	1.45
Ink cartridges *(in metric tons)*	1,2	1.00	3.05

The volume of paper waste decreased substantially in 2019, in step with the decline in paper consumption.

Natixis also sells its IT equipment to companies specialized in reusing and recycling Waste Electrical and Electronic Equipment (WEEE). It represented 10 metrics tons in 2019.

The recycling of office furniture and carpets is also gaining ground, in particular since Natixis joined the Circolab non-profit in 2019, which promotes the circular economy in the construction and real estate sector.

Since 2018, a new waste sorting and collection circuit for used aluminum coffee capsules has been introduced in the main buildings that use such capsules, in conjunction with the bank's coffee supplier and the companies collecting the capsules.

Abroad, Natixis' offices in New York have aligned themselves with the approach by installing collection systems for this type of capsule.

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.

Raising awareness of waste sorting and waste reduction initiatives

During European Week for Waste Reduction, Natixis employees 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 and recycling process for collected waste.

Zero waste awareness campaigns were organized with a conference hosted by the Zero Waste France non-profit, and practical workshops on producing zero waste on a daily basis held by an employee committed to this movement.

6.5.5 Promoting sustainable mobility

Mobility plan

Since 2018, Natixis has stepped up 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. It enabled Natixis to take fresh steps to reduce the need for employees to travel and to support more environmentally-friendly forms of transport.

Facilitating telecommuting and remote working to reduce business travel: Telecommuting is being rolled out gradually. As of the end of 2019, 5,478 members of staff telecommute, representing 54% of the Natixis scope in France. The telecommuting agreement has been revised since 2018: in the event of a peak in pollution involving restrictions on car usage, additional telecommuting days are granted, as are 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.

Expanding bicycle infrastructure: Natixis has 650 indoor and outdoor bike parking spaces at its offices in Greater Paris. In addition, 15 of its 26 sites in Greater Paris have changing rooms with showers and lockers.

Facilitating the use of electric vehicles: Parking spaces fitted with charging sockets have been installed, with 117 spaces available at the end of 2019 (an increase of 40 spaces since 2018).

Encouraging the use of public transport and green modes of transport: Natixis encourages its employees to use public transport systems, which are widely 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.

2019 KEY EVENT

2019 European Mobility Week

To mark European Mobility Week, Natixis hosted a conference on “The future of green mobility in the Deux Rives neighborhood”. The conference brought together stakeholders from the public and private sectors and addressed cycling, non-polluting means of transport and solutions planned in the 12th and 13th districts of Paris.

Car fleet management

The environmental impact of the company car fleet is significant. Natixis and its subsidiaries have 321 company vehicles, which travelled over 6.5 million km in 2019.

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 2019, to 96 vehicles, or 14% 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 41.5 g/km.

The average CO_2 emission rate of the fleet has stabilized at 115 g/km with the implementation of the new WLTP standard, under which car manufacturers are obliged to lower their vehicles’ CO_2 emissions.

The fleet only has one diesel car, which will be returned in 2020.

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 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)*	2019	2018	2017
Train (total)	7,853,749	12,053,828	11,849,431
Total travel by air	27,441,201	33,790,223	34,037,268
Total travel	**35,294,950**	45,844,051	45,886,699

In 2019, business travel has decreased significantly, particularly given the change in scope (SFS subsidiaries which are no longer taken into account)

For urgent courier services in the Paris region, the Real Estate and Logistics Department offers access to a bicycle courier service for distances of less than 3 km. In 2019, 49% of courier services were provided by bicycle couriers, representing a total distance of over 11,418 km traveled (compared to 4,000 km in 2017). Abroad, Natixis in Milan has also implemented a bicycle courier service.

6.5.6 Digital sustainability

Given the high level of digitization throughout Natixis' business lines, digital sustainability is a key challenge for Natixis. The information system has a very high environmental and social impact throughout the life cycle of its IT hardware: consumption of energy and natural resources, greenhouse gas emissions, waste management, and service accessibility.

Following an initial review in the Green IT report organized by WWF France and the Green IT Club, Natixis decided to implement a structured Digital Sustainability policy with announced aims, dedicated governance and a comprehensive action plan.

2019 KEY EVENT

Natixis signed the Institut Numérique Responsable (Institute for Digital Sustainability) charter

By signing this charter on June 4, 2019, Natixis confirmed its commitment to digital sustainability within its organization, with five fundamental principles:

- to optimize digital tools to limit their impact and consumption;
- to develop inclusive, sustainable services that are accessible to all;
- to foster ethical, responsible digital practice;
- to make digital measurable, transparent and clear;
- to facilitate the emergence of new behaviors and values.

In 2019, the IT Department focused its digital sustainability policy on reducing its direct impacts, ensuring responsible design for its digital services, and promoting new, clear, innovative solutions to address Natixis' social and environmental challenges.

Reducing the impact of digital (Green for IT)

This first pillar of the digital sustainability policy aims to reduce the impact of digital with more responsible purchasing, optimized life cycles for IT equipment and reduced energy consumption.

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 applications used by the bank has increased 2.5-fold since 2015, while the quantity of data center equipment has shrunk by 5%.

In 2019, the IT Department extended the length of use of employees' business smartphones by at least one year, which will generate savings of 58 tons of CO_2 equivalent in 2020.

As part of the optimization of its IT equipment, Natixis enabled the re-use of nearly 7,000 office devices with organizations specialized in the re-use of IT equipment and donated over 1,500 mobile phones, tables and laptops to charities and hospitals.

Natixis has been taking steps to keep its IT-related power consumption in check and thanks to more responsible purchasing, its new equipment uses less energy. The implementation of extended workstation standby settings, which began in 2019 with the aim of reducing user electricity consumption by 40%, is continuing in all buildings in France and around the world.

Responsible eco-design (Green by Design)

The IT Department aims to be able to offer digital services that fulfil Natixis' social and environmental commitments while meeting its business lines' requirements. For example, this involves designing infrastructure responsibly without compromising security, or ensuring we retain only the required data, without losing sight of our regulatory obligations. To find the right balance combining efficiency and simplicity, Natixis' IT teams will have to be innovative, unassuming and agile.

Digital serving ESR (Tech for Good)

This last component of Natixis' digital sustainability policy seeks to provide solutions for measuring the digital impact of Natixis' business lines and its employees' environmental footprint.

Since 2019, all Natixis employees can track their printouts and the associated greenhouse gas emissions. Other indicators regarding e-mail use, business travel and energy use will soon be added to raise employees' awareness of the environmental impact of their professional activity.

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 by banning the use of pesticides and saving water;
- sharing its knowledge of the subject with other partner companies, employees and project stakeholders.

In June 2018, Natixis inaugurated the first shared kitchen garden run by its employees on a patio of one of its Parisian buildings. The kitchen garden was designed to take a circular, sustainable approach by using some of the biodegradable waste generated by the adjacent company canteen to make compost, planting organic plants, and excluding agrochemicals. Gardening workshops allow novices to learn new skills so that they can manage the garden, which improves employees' quality of life at work and urban biodiversity in the neighborhood.

2019 KEY EVENT

Developing new green spaces

In response to a request by employees, two new shared kitchen gardens were created in Natixis' buildings in 2019 — one in Porto and one at the Liberté 2 building in Charenton. Employees were involved in designing the garden in partnership with a specialized firm, and were taught the basics of gardening and informed about the impact it would have on biodiversity.

In Frankfurt, for the past several years, Natixis has financed the planting of an orchard near the city which is home to many animals and plants. The fruit grown in the orchard feeds birds, insects and endangered wild bees, helping to preserve biodiversity in the region.

Lastly, several conferences around biodiversity were organized to raise employee awareness.

6.6 Employee engagement

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 long-standing trust of its clients.

In a profoundly changing environment (be they regulatory, digital, competitive, or societal), 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 has three objectives: to support the transformation of the business lines, promote a positive employee experience, and actively develop talent.

2019 KEY EVENT

Natixis receives Top Employer 2020 certification

For the fourth 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 single method of analysis used around the world.

Natixis ranked on Glassdoor

According to Glassdoor, and based on open reviews submitted to the platform, in 2019 Natixis was one of the 20 French companies offering the best work-life balance. The ranking takes into account employees' perception of Natixis' Work & Life program.

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[1] around the world, including Financial investments and entities within the accounting consolidation scope (Coface, Fimipar, Natixis Algérie).

	Natixis Worldwide		
Breakdown by division	**2019**	**2018 (a)**	**2017 (a)**
Corporate & Investment Banking	3,676	3,625	3,704
Asset & Wealth Management	4,914	4,730	4,265
Insurance	2,033	1,882	1,767
Specialized Financial Services	-	2,652	4,036
Payments	1,061	1,021	-
Support Departments and others	4,593	4,581	4,122
Total, excluding Financial Investments	**16,277**	**18,491**	**17,894**
Financial Investments (b)	5,203	5,136	5,099
Total Natixis Worldwide	**21,480**	**23,627**	**22,993**

(a) Data restated for transfers and restructuring between business lines.

(b) Coface, Private Equity, Natixis Algérie.

The 21,480 contracts in the Natixis Worldwide scope correspond to 19,639 FTE (*) (Management data). Excluding Coface, this figure is 16,389 FTE (Corporate & Investment Banking: 3,646, Asset & Wealth Management: 4,827, Insurance: 1,880, Payments: 998, Support Departments and others: 4,269, Financial Investments: 769).

Using Management data, the global breakdown of the 19,639 FTE employees by business line is as follows: Corporate & Investment Banking: 2,700, Asset & Wealth Management: 4,827, Insurance: 1,880, Payments: 998, Support Departments and others: 5,215, Financial Investments: 4,019 (769 excluding Coface).

(1) Companies in which Natixis directly or indirectly holds at least a 50% interest.

Regional breakdown of contracts *(in %)* (excl. Financial investments)	2019	2018	2017 [a]
France [b]	67.8%	70.9%	70.9%
EMEA	10.5%	7.9%	7.9%
North & South America	16.7%	14.3%	14.3%
Asia-Pacific	5.0%	3.7%	3.7%

(a) Data not restated for transfers and restructuring between business lines between 2018 and 2019.
(b) Including French overseas departments and territories.

Headcount – staff under contract (managed scope)

The **managed scope** covers all of Natixis and its subsidiaries[1] around the world that apply its HR Policies. The indicators provided in Chapter 6.4.3 refer to this scope.

	Managed scope					
	2019		2018 [a]		2017 [a]	
Breakdown by division	France [b]	Intl	France [b]	Intl	France [b]	Intl
Corporate & Investment Banking	1,415	1,968	1,366	2,014	1,654	1,905
Asset & Wealth Management	2,178	608	2,145	242	1,751	253
Insurance	1,974	59	1,833	49	1,714	53
Specialized Financial Services	-	-	2,563	28	3,666	25
Payments	682	-	653	-	-	-
Support Departments and others	4,160	433	4,283	298	3,992	130
	10,409	**3,068**	**12,843**	**2,631**	**12,777**	**2,366**
TOTAL	**13,477**		**15,474**		**15,143**	

Regional breakdown *(in %)*	2019	2018 [a]	2017 [a]
France [b]	77.2%	83.0%	84.4%
EMEA	11.2%	7.8%	6.9%
North & South America	6.0%	4.8%	4.7%
Asia-Pacific	5.6%	4.4%	4.1%

(a) Data not restated for transfers and restructuring between business lines between 2018 and 2019.
(b) Including French overseas departments and territories.

Breakdown of headcount *(by number of contracts)*	France			EMEA			North & South America			Asia-Pacific			Total worldwide		
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
Headcount under contract	**10,409**	**12,843**	**12,777**	**1,509**	**1,201**	**1,045**	**806**	**749**	**705**	**753**	**681**	**616**	**13,477**	**15,474**	**15,143**
o/w permanent employment contracts (as a %)	*97.6*	*97.4*	*97.4*	*97.7*	*97.3*	*95.9*	*100.0*	*100.0*	*100.0*	*98.7*	*98.1*	*97.9*	*97.8*	*97.6*	*97.9*
Men (as a %)	*50.3*	*47.9*	*48.6*	*67.4*	*67.4*	*64.9*	*65.9*	*66.4*	*67.1*	*53.9*	*55.2*	*56.8*	*53.4*	*50.7*	*50.9*
Women (as a %)	*49.7*	*52.1*	*51.4*	*32.6*	*32.6*	*35.1*	*34.1*	*33.6*	*32.9*	*46.1*	*44.8*	*43.2*	*46.6*	*49.3*	*49.1*

	France			EMEA			North & South America			Asia-Pacific			Total Worldwide		
Hires / Departures [(a)]	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
Total new hires	**1290**	**1 469**	**1 322**	**366**	**363**	**288**	**102**	**134**	**129**	**123**	**154**	**144**	**1 881**	**2 120**	**1 883**
% Permanent employment contracts	68,8	62,0	55,5	89,3	92,3	87,2	100	100	100	95,9	94,2	93,8	76,2	71,9	66,3
Total departures	**1205**	**1 348**	**1 276**	**195**	**179**	**155**	**114**	**101**	**76**	**109**	**94**	**98**	**1 623**	**1 722**	**1 605**
o/w resignations	*313*	*345*	*289*	*121*	*97*	*66*	*66*	*63*	*37*	*85*	*70*	*62*	*585*	*575*	*454*
o/w terminations	*78*	*83*	*95*	*15*	*23*	*23*	*9*	*13*	*13*	*8*	*5*	*5*	*110*	*124*	*136*

(a) Including transfers of the activities outside the managed scope. The conversion of fixed-term employment contracts to permanent employment contract are included under both new hires (permanent employment contracts) and departures (fixed-term employment contracts).

	France			EMEA			North & South America			Asia-Pacific			Total worldwide		
Turnover (permanent employment contracts)	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
Turnover *(in %)* [(a)]	**8.8**	**7.0**	**5.5**	**18.7**	**20.9**	**19.5**	**13.5**	**16.1**	**14.6**	**15.2**	**18.1**	**19.2**	**10.4**	**9.0**	**7.4**
New hire rate (in %) [(b)]	*10.0*	*7.5*	*5.9*	*24.7*	*29.2*	*26.5*	*12.8*	*18.3*	*18.4*	*16.1*	*22.3*	*23.5*	*12.0*	*10.4*	*8.6*
Departure rate (in %) [(c)]	*7.5*	*6.5*	*5.1*	*12.7*	*12.7*	*12.6*	*14.3*	*14.0*	*10.8*	*14.2*	*13.8*	*14.9*	*8.8*	*7.6*	*6.3*

(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 85% of employees in the Natixis France managed scope, working at 26 different companies, are covered by the collective bargaining agreements of the banking and insurance industries. There are, however, five separate agreements across the whole 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			EMEA			North & South America			Asia-Pacific			Total worldwide		
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
Part-time workers as a % of headcount [(a)]	10.1	10.6	11.1	3.8	5.3	5.7	0.1	0.5	6.0	0.1	0.1	0.2	8.3	9.2	9.8
o/w women *(in %)*	87.4	88.9	89.4	84.2	85.9	88.3	100	100	100	100	100	100.0	87.2	88.8	89.4

(a) Excluding pre-retirees.

	France		
	2019	2018	2017
Absenteeism as a % of total headcount	5.8	6.1	6.2
Overtime *(in number of hours)*	18,603	24,561	19,532
Overtime *(in annual FTE)*	9.8	12.9	10.2

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:

- a standard framework for the Social and Economic Committee (CSE), the new employee representation body;
- 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 the hiring of young people while retaining older employees;

6

- 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, since 2017, strategic dialog with representative unions has taken place through the Strategy and Transformation Dialog Committee aimed at establishing a better understanding of the strategy and the transformation of the business lines.

Four agreements applicable to the Natixis France scope were signed in 2019:

2018 Natixis France agreement	Signing date
2019 wage agreement	24/01/2019
Agreement on social dialog	13/03/2019
Amendment No. 1 to the NI profit-sharing agreement of June 27, 2018	28/06/2019
Agreement on the payment of an additional profit-sharing bonus for 2018	02/09/2019

In addition to these overall agreements, several agreements were signed by Natixis' French entities in 2019, including nine by Natixis S.A.

Change management

Strategic Workforce Planning (SWP) mechanism

Under the collective bargaining agreement, 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

The "Change@Natixis" method in place since 2018 helps to address the human aspects of change management by serving as a frame of reference for any major transformation. The method was established in-house out of a need to better pre-empt the impact of transformation projects on working conditions, and to improve how the human aspects of change management are taken into consideration.

In 2019, an awareness campaign as well as specific training dedicated to key staff involved in the change-management process (the Leadership Circles, HR managers, project managers, etc.) were developed. Of note was the Change Leaders program which provides specific training for leaders and the human resources teams that support them.

Simplified structures and a new leadership model

In 2018, Natixis launched its program to simplify the organization by:

- **reducing the number of managerial levels** and making teams larger;
- recognizing talented employees by creating **three leadership roles:** manager-leaders, who focus on team development and activity oversight; project leaders, who manage strategic and cross-business projects; and expert leaders, who focus on the development and dissemination of specific expertise;
- applying a **new leadership model** to guide the actions of all leaders and help them drive the Company's transformation.

This move to simplify the organizational structure aims to make the Company more agile and empower its employees, to facilitate decision-making and to foster initiative and innovation. It has been accompanied by efforts to promote the view that leadership is no longer reserved for management.

The simplified organizational structure was deployed in 2019 throughout the Natixis-managed scope.

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. The program continued in 2019, with more than 77% of staff being issued laptops, training sessions on new collaborative working tools, and the provision of new workspaces, known as "Workplaces" for over 3,500 staff, allowing more interactive, collaborative and agile working methods. The Easy program is underpinned by a network of more than 400 correspondents — Easy Pilots — who have been specifically trained in digital tools and facilitate the development of new working habits on a daily basis.

Natixis Internationalization

As Natixis continues its international expansion, a support 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 39 STAs have been conducted in 2019, of which 10 were still in progress at December 31, 2019.
- the implementation of a vast **English program** to promote English as a working language, with initiatives and training tailored to the employee's needs;
- training programs to promote **interculturalism among teams**.

The international internal transfer policy remains applicable to Natixis as a whole.

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 ole 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 70% 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).

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 2019, eight of Natixis' companies in France took part in a wage equality index (see paragraph on "Gender Equality"). And as required by UK law, in 2019 Natixis London published its annual report on the wage gap between men and women.

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.

ESR criteria are factored into Natixis' compensation policy through:

- the inclusion of Natixis' ESR strategy when determining the Chief Executive Officer's variable annual compensation;
- ESR assessment goals set by non-financial agencies for the long-term incentive plan for members of the Senior Management Committee,
- the inclusion of ESR criteria (paper and energy consumption) in Natixis' profit-sharing agreement;
- the inclusion of additional specific ESR goals in certain Natixis subsidiary incentive schemes.
- SRI certification of half of employee savings schemes (PES and PERCO).

6

	France		
	2019	2018	2017
Average gross annual compensation of staff under permanent contracts [(a)] (excl. profit-sharing, incentives and employer contributions to the Company savings plan) *(in thousands of euros)*	89.7[(b)]	83.1	80.8
Average profit-sharing bonus *(in thousands of euros)*	2.8[(c)]	2.9	2.4
Average incentive bonus *(in thousands of euros)*	5.6[(c)]	5.7	5.2
Average gross employer contribution paid in respect of the Company savings plan and the collective pension plan (PERCO) *(in thousands of euros)*	3.3[(c)]	3.4	3.2

(a) Average gross annual compensation is calculated based on full-time permanent employees

(b) Excluding Specialized Financial Services (SFS), disposed on 01/04/2019. It should be noted that the average gross annual compensation of staff under permanent contract in 2018, restated for the exclusion of the SFS division, would be 90.0).

(c) Including the Specialized Financial Services (SFS) division.

Note: The overall contribution amount paid in 2019 totaled €38.67 million (€43.76 in 2018 and €40.55 in 2017)

	France		
Accounting consolidation scope [(a)]	**2019**	2018	2017
Profit-sharing bonuses *(in millions of euros)*	41.5	42.2	33.9
Incentive bonuses *(in millions of euros)*	82.9	83.6	74.1

(a) On the accounting consolidation scope: mandatory employee profit totaled €40.1 million in 2019, €43.9 million in 2018, and €51.2 million in 2017; voluntary employee profit sharing totaled €96.3 million in 2019, €108.6 million in 2018, and €127.4 million in 2017.

N.B. Total payroll costs (wages and salaries, profit-sharing and incentive 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 in 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%. 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%). Employees’ perception of the impact of new working environments and digital on efficiency has improved sharply (72%).

Employee expression

Natixis organizes regular events to allow all members of staff to express their opinions through idea-sharing challenges in various areas such as data or quality of life in the workplace.

2019 KEY EVENTS

Smart & Simple challenge

Under the impetus of Natixis’ Senior Management Committee, the Smart & Simple Challenge for sharing ideas was launched in 2019 to encourage employees to become actors of change within the company. Employees were invited to connect to a platform and put forward their ideas on ways to simplify their everyday life at work. 220 ideas came out of the challenge, and four were selected by the members of the jury for implementation. The challenge gave participants the opportunity to be part of a collaborative and cross-business experience across the organization.

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.

Through its **Work & Life program, Natixis** is committed to pursue its efforts undertaken in 2019 to improve quality of life in the workplace via four objectives: ensuring conditions that enable employees to deliver high-quality work are met, improving the quality of relations and cooperation, improving well-being in the workplace, and better addressing the human aspects of transformation projects. According to the Employee Opinion survey, employees’ perception of quality of life in the workplace improved in 2018, with an average score of 6.7/10.

Natixis continued rolling out its **telecommuting program** in France, with more than 5,000 telecommuters at end-December 2018, or 54.4% 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. There was a 100% satisfaction rate among participating employees both in terms of their well-being and their performance. More than 96% of managers have provided very positive feedback on the telecommuting system.

In terms of well-being in the workplace, to make everyday life easier staff now benefit from a **concierge service** at the Austerlitz and Charenton offices.

Natixis also signed the **Cancer@work** charter, undertaking to provide better support to employees suffering from cancer or a chronic illness. In 2019, Natixis took part in the associations events, including a "job dating" event aimed at candidates looking to return to the working world.

The international offices also organized several initiatives. For example, wellness/health days or wellness weeks were organized throughout the EMEA region during the year.

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.

For every 11 employees, Natixis SA and all its subsidiaries have a dedicated CSE tasked with promoting ways of improving health, safety and working conditions at the workplace.

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.

Workplace accidents and absenteeism due to illness

Scope: Natixis France (managed scope)

	France		
Workplace accidents	**2019**	**2018**	**2017**
Frequency of workplace accidents [(a)] *(number per million hours worked)*	6.11	6.61	7.17
Severity of workplace accidents [(b)] *(number of days of incapacity per thousand hours worked)*	0.13	0.23	0.17
Absenteeism due to illness (including for occupational illnesses) [(c)] *(as a %)*	2.9	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 2019, 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' policy on gender equality in the workplace is upheld in the framework agreement for companies in the France scope, and internationally through voluntary actions.

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, work-life balance and parenting, and communication and raising awareness. Further collective agreements and action plans on this topic are in force in other companies within the scope of Natixis France. The commitments made under these agreements are reviewed every year by dedicated equity committees.

In addition, in 2019 Natixis was part of the publication of a wage equality index between men and women that involve eight of its companies in France. The index is composed of five indicators that give a score out of 100. Every year, a legal entity uses the index to measure equality in the workplace between men and women: gaps in wages, individual salary increases and promotions, the percentage of women who receive an increase after maternity leave, the number of employees of an under-represented sex among the 10 highest-paid positions. 75% of Natixis' indexes were above 75% — the threshold from which corrective action is required.

Natixis set 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. These targets are reviewed by the Senior Management Committee every quarter.

In terms of training, Natixis has set up a talent development program for its female employees: "Réussir sa carrière au féminin" (achieving success in your career as a woman) for managers and experienced executives. 392 female employees of Natixis in France have participated in the program since its launch, including 32 in 2019.

To promote the attractiveness of Natixis**, a "Women in Finance" Shadowing Day** was held for female students from business and engineering schools to experience what it's like to be a woman working at Natixis. The objective was twofold: to show these young women jobs in finance among; and to draw them to jobs that are currently predominantly occupied by men. In 2019, some 50 young women took part in the initiative.

In March 2019, Natixis also attended two conferences on the topic of **Women in Finance** at Dauphine University and Skema Business School in order to promote jobs among female students.

In May 2019, Natixis was a partner at the Women in Sciences event in Paris, which was attended by 130 young women who had come to participate in practical applications of scientific modeling.

Since 2018, Natixis has been part of Marie-Claire magazine **think tank on quality**, in association with Connecting Leaders Club, which brings together well-known leaders in business, media and culture. Many gathering covering a range of themes were held in order to discuss and come up with ideas for concrete actions to be put forward to decision-makers in both the public and private sectors.

International Women's Day provides Natixis the opportunity every year to raise awareness by organizing conferences and testimonials in the different countries in which it operates on gender equality in the workplace.

2019 KEY EVENTS

Launch of the Women Sponsorship program

In 2019, Natixis designed and ran a mentoring program dedicated to the talents of the women from the Purple Leaders community (extended leadership circle). Through the program, 15 women can benefit from the support from a member of the Senior Management Committee or the Comex for a period of one year. The goal is to promote talented women in the company, make them more visible, and encourage them to take on bigger responsibilities at Natixis.

Natixis signs on to the Women Empowerment Principles (WEP)

March 8, 20 presented Natixis with the opportunity to formalize its commitment to UN Women by agreeing to the Women Empowerment Principles (WEP), signed by Natixis Chief Executive Officer François Riahi, thus officially launching the creation of a dedicated fund. On a broader note, for Natixis this commitment is a way of emphasizing the connection between gender equality and economic performance.

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), and coordinates a network on different aspects of personal and professional development. This organization is sponsored by François Riahi, Chief Executive Officer of Natixis. Since 2018, Winn opened to men who can now participate in events and actively support the promotion of gender equality at Natixis. In 2019, there were 1,078 participants globally, including 278 men.

Gatherings such as conferences, workshops and networking events focused on equality and diversity took place throughout the year both in and outside France. They key themes included "Taking action for a more equal society", together with representatives from associations dedicated to addressing inequalities throughout the working lives of girls and women; and a General Shareholders' Meeting on themed "Equality in the banking sector", which took the form of a round-table discussion involving both men and women.

Further afield, other initiatives in favor of equality between women and men took place in 2019:

A signatory of the **Women in Finance Charter,** Natixis London committed to a target of 30% of women in senior management roles within five years. Natixis London also launched its first "Natixis Pride" LGBT network.

In the US, a dedicated support program called **Debut 2.0** was created to help women has they return to the workplace after a long period of absence. In 2019, six women benefited from the program.

In Asia, the DANA (Diversity At Natixis APAC) initiative launched in 2018 continued to engage all employees in combatting stereotypes by signing an internal charter.

In 2019, Natixis Algérie rolled out its Shadowing Day to give young women insights into finance careers.

	France			EMEA			North & South America			Asia-Pacific			Total worldwide		
	2019	2018	2017	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017
% of women in the workforce	49.7	52.1	51.4	32.6	32.6	35.1	34.1	33.6	32.9	46.1	44.8	43.2	46.6	49.3	49.1

	Total worldwide		
	2019	2018	2017
% of women in the extended leadership circle (Purple Leaders)	29.6	29.4	29.2
% of women in the leadership circle (Global Leaders)	26.9	26.3	24.5
% of women on the Executive Committee	26.7	22.2	23.3
% of women on the Senior Management Committee	30.0	27.0	9.1

With respect to governance, Natixis has seven women on its Board of Directors, out of a total of 15 members, and two of the Special Committees (Audit Committee and Strategic Committee) are chaired by women.

	France		
	2019	2018	2017
Percentage of women among management level staff	43.4	44.6	43.8
Percentage of women among employees receiving promotions	57.5	59.3	57.4
Percentage of women among employees granted individual pay increases	57.5	58.9	55.7
Percentage of women among employees who received training	49.5	51.1	51.6

Initiatives for older employees

Under the Agreement on Employment and SWP, Natixis has set quantified targets and taken steps to encourage the retention of older staff members and end-of-career adjustments.

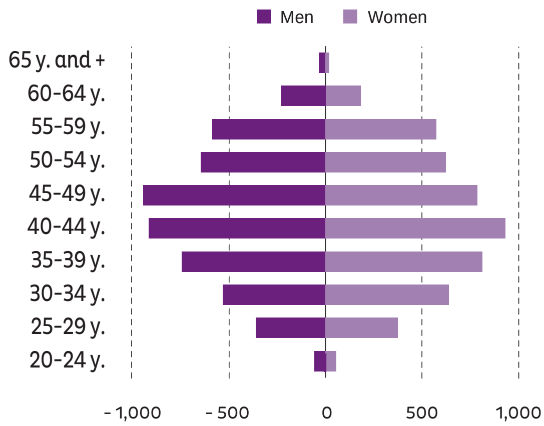
Natixis has committed to maintaining the percentage of employees aged 55 or older at more than 12% of the workforce (the figure was over 16% at year-end 2019), and to ensuring that persons aged 45 and older account for at least 5% of total annual hires.

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 2019 was 44.

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 for 47% of new hires to be young people under 30 (41% in 2019), to offer permanent contracts to 15% of work-study participants (13.8% in 2019), and to 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.

Since 2018 Natixis, in collaboration with Ecole Polytechnique and HEC Paris, have run **Chaire X-HEC** — an international chair for teaching and research aimed at developing a data usage culture. Of note, Natixis organized a Data Challenge in May 2019 for students, and in November took part in a data seminar.

In 2019, Natixis became the partner of the Bachelor Tech & Code Factory of the **Web School Factory**. It is a free three-year training program, including two years of apprenticeship to prepare for a career in coding and digital.

Natixis recruited more than 500 work-study participants, 400 interns (as part of excluding short-term introductory work placements) and 80 international corporate volunteers in 2019.

2018 KEY EVENT

Communication campaign on Natixis' employer promise

To embody the "More than Just a Job" employer promise to employees under 30, Natixis published a series of original documentary-style photographs on numerous social networks to showcase employees who are engaged both in and outside the workplace.

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.

In keeping with this commitment, Natixis has signed a fourth Mission Handicap agreement for a duration of three years as of January 1, 2020.

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 2019, 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.

2019 KEY EVENT

Raising awareness of invisible disabilities

As part of the European Disability Employment Week (EASPD), Natixis' teams across 27 locations in France took part in events about invisible disabilities, which represent 80% of disabilities in the workplace. The week included a conference on diabetes, events about cancer, language and learning difficulties, such as dyslexia and dysphasia, and allowed by discussions between staff and occupational doctors, as well as an online game, to round out the awareness campaign.

Disabled workers on staff	2019	2018	2017
Disabled workers on staff	487	405	441
Direct ratio [(a)] *(in %)*	3.55	3.32	3.31
Overall ratio [(b)] *(in %)*	4.83	4.43	4.44

(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**.

All of Natixis' skills development tools are available on the **Learning Hub**, which works as a single, profile-based point of entry that is connected to the new talent management platform, HR One. The platform centralizes all free-acess resources, and offers a vast range of format and scenarios for learning. It meets everybody's needs through:

- Access to the entire **training offering**, with the option of making requests online, train online, and choose the dates of the desired training;
- Access to mandatory training and follow-up;

- Access to **MOON**, a training platform for learning more about Natixis (its history, businesses, subsidiaries, strategic plan, staff support), in the form of a modular MOOC that includes videos, documents and quizzes;
- Access to **Vodeclic**, a training platform for desktop software and collaborative tools, featuring tutorials on hundreds of software, training drills, knowledge tests, and the possibility of building one's own customized progam;
- Access to **Think Digital**, a platform for acquiring a digital culture through a range of diverse courses (on data, blockchain, design thinking, or personal efficiency) in short formats (videos, quizzes, etc.), certifications, and a fun battle game for trainees to challenge one another;
- Access to mobile applications, such as **English Pocket** (to work on one's English by theme in workplace or team-work scenarios), or the application **Projet Voltaire** (to test one's spelling and revise the basics of the French language in a fun way);

Since 2019, any staff involved in driving or contributing to a project can benefit from a new development program called **Boost Your Project**. It includes a customized framework based on an individual self-assessment, as well as a specific methodology (classroom training, workshops, videos). Most importantly, participants join a community of project managers to share their experiences and best practices.

Natixis also organizes and coordinates **in-house trainer communities** comprising subject-matter experts, to help share specific skills.

In terms of awareness-raising, in 2019 Natixis organized the **Learning Days** to showcase the diversity of training opportunities available to staff, and highlight how important it is to learn every day. A week of talks, workshops, games, interviews, videos and challenges were enjoyed by over 2,000 participants.

To foster a culture of learning, throughout the year Natixis' employees have access to Learning Labs in the form of workshops on tools for building MOOCs and making and editing videos. Over 90 employees took part in these workshops in 2019.

2019 KEY EVENT

Recognition for Natixis' training policy

In 2019, Natixis received two major learning awards. The first was first prize on the "Learning Companies Barometer", awarded at Learn Assembly's French Touch Education event, in recognition of the rapid transformation of Natixis' Learning teams. The second was the "U-Spring" silver trophy in the "Strategic Transformation" category in recognition of Natixis' ability to innovate, as well as the impact of its training policy on the group's overall strategy and organization.

In 2019, Natixis employees in France received over 219,000 hours of training. 91.6% of employees took one or more training courses.

Scope: Natixis France (managed scope).

	France		
Training	**2019**	**2018**	**2017**
Number of employees trained	10,543	13,402	12,351
Number of training hours	219,096	287,218	225,375
o/w % of e-learning	*15.7*	*24.1*	*16.6*
Average number of training hours [(a)]	91.6	94.4	87.9
Average number of training hours per employee	20.8	21.4	18.2
Training topics *(as a % of training hours)*			
Office and IT	9.2	8.2	10.5
Languages	29.1	24.9	21.6
General training	19	23.6	21.0
o/w Personal and professional efficiency, Human Resources	*14.4*	*17.8*	*16.8*
o/w Management	*4.6*	*5.8*	*4.2*
Risks and regulations	16.8	15.8	12.7
Business line	17.6	18.5	26.3
Training resulting in a qualification	1.5	3.1	4.3
Other	6.7	6.0	4.0

Provisional consolidated figures at 07/02/2020, representing at least 90% of hours of training received during the year.

(a) Number of employees trained/(headcount at December 31 + number of employees out of the scope during the year)

Career Management

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 2019, this system was used to establish or update all succession plans for Executive Committee members and the majority of Natixis Global Leaders (inner leadership circle).

The individual development interview is an opportunity for in-depth discussion between all employees and their manager, focused on their professional and career development. An individual career development plan is drawn up following this meeting.

In addition, the Natixis Purple Academy, an internal leadership development academy, offers a variety of educational programs aimed at supporting Natixis' transformation, facilitating the deployment of the leadership model, and accelerating the development of leaders and talents.

As an example, every year since 2013, the **Natixis Leadership Program (NLP)** has enabled a gender-balanced group of 20 young talents to do a course dedicated to corporate strategy, consisting of training, coaching and seminars.

Since 2018, the **Development Journey program** was also launched to support high-potential Purple Leaders in the preparation of their individual development plan, preparing them for their next career move.

Performance Management

The annual appraisal interview is an important meeting to evaluate the performance of employees. Objectives can also be reviewed or set during the year to adapt to the pace of the projects.

In 2019, 66% of employees had an individual development interview and more than 90% of employees received an annual appraisal during the 2019-2020 campaign.

2019 KEY EVENT

New talent-management platform rolled out

In 2019, Natixis acquired a new talent management platform: HR One. Within a single Oracle tool, it will cover all career management and talent development actions (training, monitoring progress in meeting targets, managing performance, individual development plans, etc.). HR One has been rolled out to the Natixis scope, and gives every employee the opportunity to manage their career development information, which makes it easier to implement development actions. The platform also improves information sharing between leaders and HR managers, thereby contributing to more efficient talent development.

Internal transfers

Internal transfers is a contributing factor to the company's performance and forms the core of Natixis' career management system.

The Internal Transfer and Hiring Team was further developed in 2019, and was entrusted with filling over 94% of job openings in 2019, for a total of 1,371 hires.

Employees also have access to an intranet platform called **My Purple Career** that is dedicated to internal transfers. It offers rich content on career management and development (information on various jobs, advice, personal accounts, etc.). In 2019, almost half of the positions in the France scope are made available by internal transfers.

	France			EMEA			North & South America			Asia-Pacific			Total worldwide		
Internal transfers (1)	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017
Number of internal transfers	764	1,148	1,044	31	28	42	19	172	135	22	27	21	836	1,375	1,242
Internal transfer rate *(in %)*	7.4	9.3	8.4	2.3	2.4	4.4	2.4	23.1	19.3	3.0	4.0	3.5	6.3	9.3	8.5
Job openings filled through internal transfers (in %)	46.3	55.7	58.9	8.7	7.7	14.2	15.7	55.8	51.5	15.7	15.5	13.0	36.8	47.4	49.9
Internal transfers between divisions *(in %)*	11.3	13.5	10.8	16.1	3.6	7.1	15.8	2.3	0.7	4.5	11.1	-	11.4	11.8	9.4

(1) Internal transfers are recorded by country/region of arrival.

6.6.2 Commitments to solidarity-related projects

Boosted by its employees' engagement, Natixis supports many projects to reduce inequality, combat disease or poverty and facilitate social integration for vulnerable individuals.

Sports and solidarity

For the tenth year running, Natixis entered a team into the Course du Cœur charity road race to support the Transform association in its public awareness campaign on organ donation. Staff and their families also turned out in large numbers for the Odyssea race in support of breast cancer research and for the Financial Community Telethon. Natixis fully matched employees' registration fees for the Odyssea race to fund cancer research by the Gustave Roussy center and those paid to AFM for the Telethon.

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 2019, 22 missions were completed for the protection of biodiversity, social and educational support for 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 more than 150.

Natixis Assurances allows its members of staff a day's leave each year so that they can do volunteer work with non-profit associations. In 2019, 195 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 784 missions have been carried out with associations since 2014.

Charity collections

In 2019, 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 Rejoué). A Christmas market in aid of Secours Populaire was also held in various Natixis' offices.

2019 KEY EVENT

Launch of the payroll giving scheme

As part of its ESR policy, in December 2019 Natixis launched a simple, innovative and participatory payroll giving scheme. In partnership with MicroDON, the scheme allows Natixis employees in France to donate to one of five charities by making a monthly micro-payment (from a few cents to several euros) which is taken straight from their pay. Natixis matches all donations with a 100% top-up.

Two months after the scheme's launch, the results for December are promising, with more than 424 donors and more than €5,000 raised. In 2020, the MicroDon platform will be rolled out to encourage time giving and offer employees different ways of supporting charity.

Support for student solidarity-based projects: the CAMPUS Awards

Each year, Natixis organizes a request for student solidarity projects, the CAMPUS Awards to encourage student socio-cultural, socio-athletic and sustainable development initiatives. For the seventh edition of the CAMPUS Awards in 2019, 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).

International solidarity

In all its international offices, Natixis establishes partnerships with general-interest associations and mobilizes employee support for solidarity-based projects, 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.
- Many charities are supported in **London**, including Future Frontiers and SOS Villages d'Enfants, which provide funds and daily support to families living in poverty. Staff also took part in various initiatives and events such as the planting of trees and a race in support of diversity.
- 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 several years ago continued:
  - the Central Park Conservancy, Sunrise, Make-a-Wish, the Ronald McDonald Foundation and the Children's Tumor Foundation in support of sick children;

- the charities Dream, Publicolor and Mercy First, which support and help young people and their families in disadvantaged neighborhoods.
- 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 is continuing 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: preparation and distribution of meals for elderly persons, rooftop gardening sessions with disabled students, a coastal cleanup operation and a collection of Christmas gifts for disadvantaged children;
  - support for the charity Pour un Sourire d'Enfant (PSE) continued with the launch of a program of four-week internships for four students.

6.7 Table of reporting on Natixis' main commitments

2019 Non-financial performance report		United Nations Global Compact	PRI	PRB	Equator Principles	SDG	Act4nature
6.1.2	Strategic pillars of ESR						
6.1.3	ESR governance		6	4.6	5, 9, 10		
6.1.4	ESR commitments	1-10	1-6	1-6	1-10	1-17	1-10
6.1.5	Communications with stakeholders			4	5	17	2
6.1.6	Recognized ESR performance			4	5	17	2
6.2.1	The Natixis Code of Conduct	1, 2, 10				1-17	
6.2.2	Customer protection	1-10	2	5	1-10	1-17	1-10
6.3.1	Sustainable growth: financing the transformation in society					1-17	
6.3.1.1	A growing number of Natixis' Asset Management companies observe the Principles for Responsible Investment (PRI)	1-10	1-6	5-6	1-10	1-17	
6.3.1.2	Natixis commits to the new Principles for Responsible Banking (PRB)	1-10	5	1-6	1-10	1-17	
6.3.1.3	Socially responsible investment	1-10	1-6	1-6	1-10		
	Recognition of ESG criteria in the issuer analysis	7	1-6	2	1-10		
	Incorporation of ESG criteria and exclusion policies in investment decisions	7	1-6	2	1-10	5	
	Fund certification	1-10	1-6	1-6	1-10	11	
	Voting and engagement policies	1-10	1-6	1-6	1-10	5, 13	
6.3.1.4	Solidarity investment	4, 7	1-6	1-6	1, 2, 3.4	8.10	
6.3.1.5	Social impact finance	1-10	1, 2, 3	1, 2, 3	2, 3, 10	8, 10, 11	
6.3.2	Green growth: financing the energy transition and combating climate change	7, 8		1, 2	2, 4	13, 15	
6.3.2.1	GWF: an innovative solution	7, 8		1, 2	2, 4	13, 15	4
6.3.2.2	Financing and investment in renewable energy	7, 8	1, 2, 3	1, 2	2, 4	7	
6.3.2.3	Financing and investment in mobility and sustainable cities	7, 8	1, 2, 3	1, 2	2, 4	11, 13	
6.3.2.4	Green bonds and green loans	7, 8	1, 2, 3	1, 2	2, 4	13	
6.3.2.5	Development of low carbon structured products	7, 8		1,2	2,4	13	
6.3.2.6	Aligning with the objectives of the Paris Agreement	7, 8	1-6	1-6	2, 4	13	
6.3.3	Green growth: protecting and developing natural capital	7, 8	1, 2, 3	1, 2, 4	1-10	1, 2, 6, 12, 13, 14, 15	1-10
6.3.3.1	The Act4Nature commitment	7, 8	1, 2, 3	1, 2	2, 4	14, 15	1-10
6.3.3.2	Recognition of biodiversity in financing	7, 8		1, 2	1-10	14, 15	1, 2, 3, 4, 5, 6
6.3.3.3	Thematic investment in natural capital	7, 8	1, 2, 3	1, 2	1-10	1, 2, 13, 14, 15	1, 2, 3, 4, 5, 6
6.3.3.4	Development of natural capital structured products	7, 8		1, 2	1-10	6, 14	1, 2, 3, 4, 5, 6
6.3.3.5	Development of the solidarity-based economy	7,8		1, 2, 4		12	1, 2, 7, 8, 9, 10
6.4.1	Incorporating E&S criteria in financing operations and investments	1-10	1-6	1-6	1-10		
6.4.2	Duty of vigilance	1-10					
6.4.3	Climate risks	7, 8	1, 23	1		13	
6.5.1	Sustainable real estate	7, 8, 9				10, 11	7
6.5.2	Managing resource consumption	7, 8, 9				6, 7, 12	7
6.5.3	Carbon footprint management	7, 8, 9				7, 13	
6.5.4	Waste reduction and sorting	7, 8, 9				12	8
6.5.5	Promoting sustainable mobility	7, 8, 9				11	
6.5.6	Digital sustainability	7, 8, 9				12	
6.5.7	Developing green spaces	7, 8, 9				15	7, 8 9
6.6.1	Human Resources policy and diversity management	3, 4				5, 8	
6.6.1.1	Supporting the business lines' transformation	3				8	
6.6.1.2	Promoting a positive employee experience	4				5, 8	
6.6.1.3	Actively encouraging talented employees					8	
6.6.2	Commitments to solidarity-related projects					1-2-3-4-5-8-10	

6

6.8 Reporting frameworks and methodology

ESR reporting in 2019 is based on the requirements of the non-financial performance report.

The information in this document covers the 2019 fiscal year. The reporting period considered is one full calendar year, running from January 1 to December 31.

Environmental information relating to the direct impact of Natixis relates to the scope of Natixis France, with the exception of certain qualitative information collected from international locations.

Social information 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 [(1)] 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[(1)] 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 2019 :

- In the Natixis Worldwide scope:
  - Specialized Financial Services: sale of the businesses to Groupe BPCE on April 1, 2019 (2,611 employees), excluding Natixis Coficiné and Média Consulting & Investment, transferred to the Corporate & Investment Banking division. SFS is therefore excluded from the scope, without prorata calculation for the indicators.
  - Corporate & Investment Banking: the Mergers & Acquisitions business acquired a new company: Azure Capital Limited (Australia) — 30 employees.
  - Asset Wealth Management:
    - in France, creation of two entities (Natixis Investment Managers P1 and Thematics Asset Management — 8 employees).
    - internationally, the Wealth Management business acquired Massena Partners (Luxembourg) — 29 employees.
- In the managed scope:
  - Corporate & Investment Banking: transfers of business in France:
    - internally, transfer of Coficiné and MCI from the Specialized Financial Services division: 41 employees.
  - Asset & Wealth Management :
    - acquisition of a new company: AEW invest GMBH (Germany) — 29 employees.
    - integration into the managed scope of part of the workforce of Natixis Investment Managers International LLC — 224 employees.

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.

(1) Companies in which Natixis directly or indirectly holds at least a 50% interest.

List of subsidiaries included in the ESR reporting framework

Natixis France (managed scope)

Division	Business Line	Company
Corporate & Investment Banking		Natixis Coficiné
		Media Consulting & Investment
Asset & Wealth Management	Private Equity	Alliance Entreprendre
		Flexstone Partners SAS
		Naxicap Partners
		Seventure Partners
	Asset Management	Natixis Investment Managers
		Natixis Investment Managers International
		Ostrum Asset Management
		Natixis Asset Management Finance
		Mirova
		Mirova Althelia
		Seeyond
	Real Estate Asset Management	AEW Ciloger
	Wealth Management	Natixis Wealth Management
		VEGA Investment Managers
	Employee Savings Schemes	Natixis Interépargne
Insurance	Personal Insurance	BPCE Vie
		BPCE Relation Assurances
	Non-Life Insurance	BPCE Assurances
		BPCE Assurances Production Services
Payments		Natixis Payment Solutions
		Natixis Intertitres
		Titres Cadeaux

Natixis International (managed scope)

Division	Business Line	Company
Corporate & Investment Banking		Natixis Almaty Representative Office
		Natixis Australia Proprietary Limited
		Natixis Banco Múltiplo SA
		Natixis Bangkok Representative Office
		Natixis Beijing Branch
		Natixis Belgique Investissements S.A.
		Natixis Buenos Aires Representative Office
		Natixis Canada Branch
		Natixis Colombia Representative Office
		Natixis Dubai Branch
		Natixis Frankfurt Branch
		Natixis Hong Kong Branch
		Natixis Istanbul Representative Office
		Natixis Jakarta Representative Office
		Natixis Japan Securities Co., Ltd.
		Natixis Labuan Branch
		Natixis Lima Representative Office
		Natixis London Branch
		Natixis Madrid Branch
		Natixis Mexico Representative Office
		Natixis Milan Branch
		Natixis Moscow Bank (ZAO)
		Natixis Mumbai Representative Office
		Natixis New York Branch
		Natixis North America Inc.
		Natixis Pfandbriefbank AG
		Natixis Shanghai Branch
		Natixis Singapore Branch
		Natixis - Singapore - DBU
		Natixis Taipei Branch

Division	Business Line	Company
Asset & Wealth Management	Private Equity	FLEXSTONE PARTNERS S.A.R.L
	Asset Management	Natixis Investment Managers, L.P.
		Natixis IM Australia Pty Limited
		Natixis IM Beijing
		Natixis IM Hong Kong Limited
		Natixis IM International, LLC
		Natixis IM LUX
		Natixis IM Mexico, S. de R.L. de C.V
		Natixis IM Middle East, a branch of Natixis IM UK Limited
		Natixis IM Munich
		Natixis IM, Nederlands
		Natixis IM, Nordics filial
		Natixis IM S.A., Korea Representative Office
		Natixis IM S.A. Oficina de Representación (Colombia)
		Natixis IM S.A., Succursale Italiana
		Natixis IM S.A., Zweigniederlassung Deutschland
		Natixis IM Securities Investment Consulting (Taipei) Co., Ltd.
		Natixis IM Singapore
		Natixis IM, Sucursal en España
		Natixis IM, Switzerland Sàrl_Geneva
		Natixis IM, Switzerland Sàrl_Zurich
		Natixis IM UK Limited

Division	Business Line	Company
		Natixis IM Uruguay S.A.
		Natixis Investment Managers Japan Co., Ltd.
		Ostrum Asset Management U.S. LLC
		Ostrum Asset Management Asia Limited
		Ostrum Asset Management Hong Kong Limited
		Ecosphere Capital Limited UK
		Mirova Luxembourg SAS
		Mirova US
		Vauban Infrastructure Luxembourg SARL
	Real Estate Asset Management	AEW Central Europe / Czech Republic
		AEW Central Europe Sp z o o
		AEW Europe Global LUX
		AEW Europe Italian Branch
		AEW Europe LLP
		AEW Europe SARL
		AEW Invest GMBH
	Wealth Management	Natixis Wealth Management Luxembourg
		Natixis Wealth Management Luxembourg, Belgian branch
Insurance	Personal Insurance	Natixis Life Luxembourg
Support Departments		Natixis - Succursale de Porto

6.9 Report by one of the Statutory Auditors on the Consolidated Non-Financial Performance Report contained in the management report

Fiscal year ended December 31, 2019

To the General Shareholders' Meeting of Natixis S.A.,

In our capacity as Statutory Auditor of Natixis S.A., we hereby present our report on the consolidated non-financial performance report for the year ended December 31, 2019 (hereafter referred to as the "Report"), as presented in the management report, and on a voluntary basis, in accordance with the legal and regulatory provisions of Articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

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".

However, it is not our responsibility to express an opinion on the company's compliance with other applicable legal and regulatory provisions, particularly with regard to the duty of due diligence, anti-corruption measures and taxation, or on the compliance of 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 the activity of all the companies included in the scope of consolidation and the description of the main risks.
- 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 the information provided for in section II of Article R. 225-105, where relevant in terms of the main risks, and includes, where appropriate, an explanation of the reasons for the absence of information required under paragraph 2 of section III of Article L. 225-102-1.
- We verified that the Report describes the company's business model and a description of 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.
- We consulted documents and held interviews to:
  - assess the process for selecting and approving the main risks as well as the consistency of the results, including the key performance indicators presented, in terms of the main risks and policies described;
  - corroborate the qualitative information (action and results) we deemed the most important [(1)] — for qualitative information related to certain risks (corruption and taxation), our review was performed at the level of the consolidating level, and for others at the level of the consolidating entity and on a selection of entities.

(1) *Selected qualitative information: the fight against tax evasion; number of ESG risk reviews; voting and engagement policy; review of the measurement of the portfolio's carbon footprint and/or climate trajectory; review of the roll-out of the Green Weighting Factor.*

- 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 familiarized ourselves with the internal control and risk management procedures established by the entity, and 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 results [(1)] we considered to be the most important, we applied:

- analytical procedures to verify the correct consolidation of collected data as well as the consistency of changes thereto;
- substantive tests, on a sampling basis, to verify the proper application of definitions and procedures, and to reconcile data with supporting documents. This review was performed on a selection of contributing entities [(2)] and covered between 63% and 100% of consolidated data in the key performance indicators and outcomes selected for these tests.

- We assessed the overall consistency of the Report based on our knowledge 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 engaged the skills of five persons between November 2019 and March 2020.

To assist us in our work, we called upon our experts sustainable development and corporate social responsibility experts. We conducted around 10 interviews with the people responsible for preparing the Report.

Conclusion

Based on our work, we did not observe any significant misstatement likely to call into question the compliance of the non-financial performance report with regulatory requirements, and the fair presentation of the Information, taken as a whole, in accordance with the Standard.

Comments

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 comments:

- Only a portion of the group's asset management activities are concerned by the information relative to the integration of ESG criteria in investment activities as well as the methods for measuring portfolios' climate impact;
- The portfolio carbon- and temperature-intensity indicators presented in the Declaration are a voluntary measurement of the impact of the group's investment activities and were excluded from the scope of our work.

Paris—La Défense, March 6, 2020

One of the Statutory Auditors

Deloitte & Associés

Charlotte Vandeputte	**Julien Rivals**
Partner, Audit	**Partner, Sustainable Development**

(1) *Selected quantitative information: French and international employees for the managed scope; percentage of permanent contracts in France; total new hires in France, total departures in France; 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, hot and cold fluid used in office buildings); total paper consumption, greenhouse gas emissions; amount of SRI assets for Ostrum, Mirova, DNCA, Ossiam, Naxicap, Seeyond and Thematics; amount of renewable energy financing arranged during the year; amount of sustainable real estate financing arranged during the year; amount of green bonds arranged during the year.*

(2) *Natixis France: Natixis S.A. Paris and its French subsidiaries (Ostrum, Mirova, DNCA, Ossiam, Naxicap, Seeyond and Thematics)*

7

CAPITAL AND SHARE OWNERSHIP

7.1 General information on Natixis' capital

7.1.1 Share capital

The share capital amounted to €5,049,354,392 on March 1, 2020, divided into 3,155,846,495 fully paid-up shares of €1.60 each.

7.1.2 Changes in Natixis' 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)*
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
2019	3,150,288,592	2,789,890	3,153,078,482	5,044,925,571.20

The table below gives details on the value of share premiums for each corporate action.

Fiscal year	Heading	Number of shares	Share capital *(in euros)*	Share premium on capital increases *(in euros)*
2013	**At January 1**	**3,086,214,794**	**4,937,943,670.40**	
	Bonus 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**	
	Bonus 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**	
	Bonus 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**	
	Bonus 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**	
	Bonus 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**	
	Bonus 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**	
2019	**At January 1**	**3,150,288,592**	**5,040,461,747.20**	
	Bonus shares awarded	2,789,890	4,463,824	
	At December 31	**3,153,078,482**	**5,044,925,571.20**	

7.1.3 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.

7.1.4 Securities not conferring rights to the share capital

On November 25, 1985, Banque Française du Commerce Extérieur, Natixis' predecessor, 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, 2019, 47,000 non-voting shares were outstanding.

7.1.5 Other securities giving access to capital

No stock options were granted in fiscal years 2009 to 2019.

Summary of stock option plans at December 31, 2019

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 awarded	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, 2019

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 of the companies referred to above, that were 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

7.1.6 Other information on the capital

Natixis has not pledged any of its shares.

7.2 Distribution of share capital and voting rights

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.

7.2.1 Distribution of share capital at December 31, 2019

7.2.1.1 Share ownership table

At December 31, 2019, Natixis' main shareholders were as follows:

	% capital	% voting rights
BPCE	70.64%	70.68%
Employee shareholding	2,79%*	2.80%
Treasury shares	0.07%	0.00%
Free float	26.50%	26.52%

** Of which 1.10% held through capital increases reserved for employees.*
0.74% held outside of employee savings plans by employees and former employees.
0.95% held under the BPCE Actions Natixis employee share ownership plan, including holders 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.

7.2.1.2 Ownership of shares by members of management and supervisory bodies

Board members, including natural and legal persons, owned 70,64% of Natixis' capital at December 31, 2019 (of which almost all is owned by BPCE).

The number of shares owned by corporate officers who are natural persons is not material.

7.2.1.3 Treasury shares

Under the share buyback program authorized by the General Shareholders' Meeting of May 28, 2019, Natixis owned 2,083,199 treasury shares at December 31, 2019.

The table below shows the number and the percentage of shares held as treasury shares at December 31, 2019.

	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, 2019	286,989,246	1,446,471,296	5.040	284,795,273	1,343,217,969	4.716	2,083,199	0.07%

7.2.1.4 Employee shareholding

At December 31, 2019, the percentage of share capital owned by Natixis employees was 2.79%, of which:

- 1.10% was held through capital increases reserved for employees;
- 0.74% was held outside of employee savings plans by employees and former employees;
- 0.95% was held under the BPCE Actions Natixis employee share ownership plan, including holders of Groupe BPCE shares.

7.2.2 Distribution of share capital at February 29, 2020

According to the Prospectus Regulation, at February 29, 2020, Natixis' main shareholders were as follows:

	% capital	% voting rights
BPCE	70.64%	70.69%
Employee shareholding	2.71%*	2.72%
Treasury shares	0.08%	0.00%
Free float	26.57%	26.59%

* *1.08% held through capital increases reserved for employees.*
0.73% held outside of employee savings plans by employees and former employees.
0.90% held under the BPCE Actions Natixis employee share ownership plan, including holders 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 share capital or voting rights.

7.2.3 Changes in the shareholder base over the past three years

	Natixis		
At December 31 *(as a percentage)*	**2019**	**2018**	**2017**
BPCE	70.64%	70.70%	70.99%
Employee shareholding	2.79% [(a)]	2.51%	2.32%
Treasury shares	0.07%	0.12%	0.05%
Free float	26.50%	26.67%	26.64%

(a) *Of which 1.10% held through capital increases reserved for employees, 0.74% of which held outside of employee savings plans by employees and former employees and 0.95% of which held under the BPCE Actions Natixis employee share ownership plan, including holders of Groupe BPCE shares.*

7.2.4 Natural or legal persons exercising or potentially exercising control over Natixis

As the main 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.

7.3 Authorizations to increase share capital

7.3.1 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 General Shareholders' Meeting	Resolution No.	Purpose of authorization	Amount authorized	Duration	Date used	Amount used
28/05/2019	25	To award bonus shares to employees and corporate officers of the Company and related companies, without preferential subscription rights	2.5%/0.1% [(b)] of share capital	37 months	None	None
28/05/2019	26	To reduce share capital by canceling treasury shares	10% of the shares constituting the Company's share capital	26 months	None	None
28/05/2019	27	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	€1.5bn [(a)]	26 months	None	None
28/05/2019	28	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	€500m [(a) (c)]	26 months	None	None
28/05/2019	29	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	€500m [(a) (d)]	26 months	None	None
28/05/2019	30	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	10% of share capital [(d)]	26 months	None	None
28/05/2019	31	To carry out a capital increase through the capitalization of reserves, retained earnings, share premiums or other items	€1.5bn [(a) (c)]	26 months	None	None
28/05/2019	32	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 [(e)]	26 months	None	None
28/05/2019	33	To increase share capital through the issue of shares 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	€50m [(a) (c)]	26 months	None	None

(a) Overall par value ceiling.

(b) For executive corporate officers.

(c) Amount deducted from the overall ceiling set in resolution No. 27 of the General Shareholders' Meeting of May 28, 2019 (€1.5 billion).

(d) Amount deducted from the overall ceiling set in resolution No. 27 of the General Shareholders' Meeting of May 28, 2019 (€1.5 billion) and the ceiling decided in resolution No. 28 of said General Shareholders' Meeting (€500 million). The issue of shares may not exceed the limits specified by the applicable legislation at the date of the issue (currently 20% of share capital per year).

(e) Amount deducted from the ceiling set in resolution No. 27 of the General Shareholders' Meeting of May 28, 2019 (€1.5 billion). For each issue, ceiling equal to the limit provided for under regulations in force on the issue date (currently, 15% of the initial issue).

7.3.2 Report of the Board of Directors on the use of capital increase authorizations

Bonus shares in vesting period

By virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution nineteen, the Board of Directors of Natixis decided at its July 28, 2016 meeting to award 151,283 bonus shares to the members of the Natixis Senior Management Committee, including 47,463 shares awarded 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 a continued service requirement and performance conditions are met.

By virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution twenty, the Board of Directors of Natixis decided at its April 10, 2017 meeting to award 3,012,307 bonus shares to the recipients designated by the Board of Directors. One tranche of these shares vested on March 1, 2019, and another tranche will vest on March 1, 2020, provided that a continued service requirement and/or performance conditions are met (systematic performance conditions applicable to "regulated" categories of staff).

By virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution nineteen, the Board of Directors of Natixis decided at its May 23, 2017 meeting to award 79,369 bonus shares to the members of the Natixis Senior Management Committee, including 29,911 shares awarded 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 a continued service requirement and performance conditions are met.

By virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution twenty, the Board of Directors of Natixis decided at its April 13, 2018 meeting to award 3,389,678 bonus shares to the recipients designated by the Board of Directors, including 84,775 shares awarded to the Chief Executive Officer of Natixis. The shares will vest in tranches on March 1, 2020, March 1, 2021, April 12, 2021 and April 12, 2023, provided that a continued service requirement and performance conditions are met.

By virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution nineteen, the Board of Directors of Natixis decided at its May 23, 2018 meeting to award 11,661 bonus shares, prorated to reflect the length of time served in office in 2018, to Laurent Mignon, the Chief Executive Officer of Natixis, and 58,024 bonus 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 a continued service requirement and performance conditions are met.

By virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution nineteen, the Board of Directors of Natixis decided at its August 2, 2018 meeting to award 13,605 bonus 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 a continued service requirement and performance conditions are met.

By virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution twenty, the Board of Directors of Natixis decided at its April 12, 2019 meeting to award 2,600,406 bonus shares to the recipients designated by the Board of Directors, including 64,902 shares awarded to the corporate officers of Natixis. These shares will vest in tranches on March 1, 2021 and March 1, 2022, provided that a continued service requirement and performance conditions are met.

By virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution nineteen, the Board of Directors of Natixis decided at its May 28, 2019 meeting to award 31,708 bonus shares to François Riahi, the Chief Executive Officer of Natixis, and 73,420 bonus shares to the members of the Natixis Senior Management Committee (excluding the Chief Executive Officer). These shares will vest at the end of a vesting period that runs until May 27, 2023, inclusive, provided that a continued service requirement and performance conditions are met.

Bonus shares in holding period

By virtue of the authorization granted by the Combined General Shareholders' Meeting of May 21, 2013, resolution seventeen, the Board of Directors decided at its February 18, 2015 meeting to award a total of 95,144 bonus shares to the members of the Natixis Senior Management Committee, including 27,321 shares awarded to the Chief Executive Officer, in respect of the 2015 Plan. The vesting period for these shares expired on February 18, 2019.

Consequently, in a decision made on February 18, 2019, 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 delivered came to 48,894 shares, which were existing shares previously acquired by the Company under its share buyback program.

By virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution twenty, the Board of Directors decided at its July 28, 2016 meeting to award a total of 3,081,642 bonus shares to certain employees of the Company and its subsidiaries in respect of the 2016 Plan. The vesting period for the last tranche of this award expired on March 1, 2019.

By virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution twenty, the Board of Directors decided at its April 10, 2017 meeting to award 3,012,307 shares to certain employees of the Company and its subsidiaries in respect of the 2017 Plan. The vesting period for the first tranche of this award also expired on March 1, 2019.

Consequently, in a decision made on March 1, 2019, 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 1,842,126 new shares and that the number of shares to be issued to the beneficiaries of the 2017 Plan came to 947,764 new shares.

The Chief Executive Officer thus acknowledged capital increases by capitalization of reserves in the amount of €2,947,401.60 via the issue of 1,842,126 new shares with a par value of €1.60 in respect of the 2016 Plan and in the amount of €1,516,422.40 via the issue of 947,764 new shares with a par value of €1.60 in respect of the 2017 Plan, thereby increasing the Company's share capital from €5,040,461,747.20 to €5,044,925,571.20.

Mauve employee share ownership plan

The Mauve plan is reserved for employees of companies included in the scope determined by the Board of Directors, which comprises Natixis S.A. and the subsidiaries and branches of its Asset & Wealth Management, Corporate & Investment Banking, Insurance and Specialized Financial Services divisions (excluding Financial Investments), who are 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.

Under the Mauve plan, beneficiaries are able to subscribe for Natixis shares (or for a similar alternative if they are international beneficiaries) on advantageous terms and with the benefit of employer-paid contributions in compliance with the provisions of existing plans within Natixis.

Amounts invested in the Mauve plan are locked up for a period of five years, barring cases of early release applicable to employee savings plans in France. This time period may be reduced outside of France based on local legislation and the alternative proposed.

In order to align the interests of Natixis employees with the growth and earnings of Natixis over the long term, the Board of Directors of Natixis agreed to use the authorization granted by the General Shareholders' Meeting to carry out a capital increase reserved for the employees of Natixis, without their preferential subscription right under the Mauve employee share ownership plan, for the years 2013 to 2016 inclusive and again in 2018.

In a resolution dated May 28, 2019, the Combined General Shareholders' Meeting renewed the authorization granted to the Board of Directors to decide whether to increase share capital, in one or more stages, up to a maximum of fifty (50) million euros, through the issue of shares or securities giving access to share capital reserved for members of employee savings plans. It also established that the delegation of authority to issue shares would remain valid for a period of 26 months from the date of said Meeting,

Natixis' Board of Directors did not use this delegation of authority in 2019.

7.4 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 disclose and explain certain information, where said information may have an impact in the event of a public offer.

Natixis' main shareholder BPCE held 70.64% of the share capital and 70.68% of the voting rights at December 31, 2019. Given its capital structure, Natixis believes that a hostile takeover bid would have very little chance of succeeding.

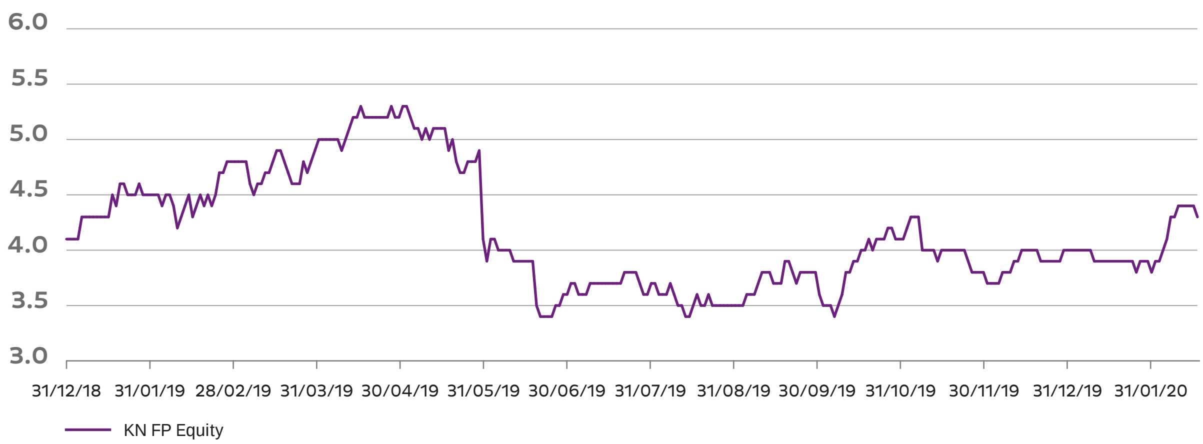
7.5 Key share data at December 31, 2019

Capital	€5,044,925,571.20
Number of shares	3,153,078,482
Stock market capitalization (reference share price = €3.958)	€12,479,884,631.76
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

7.6 Share price information

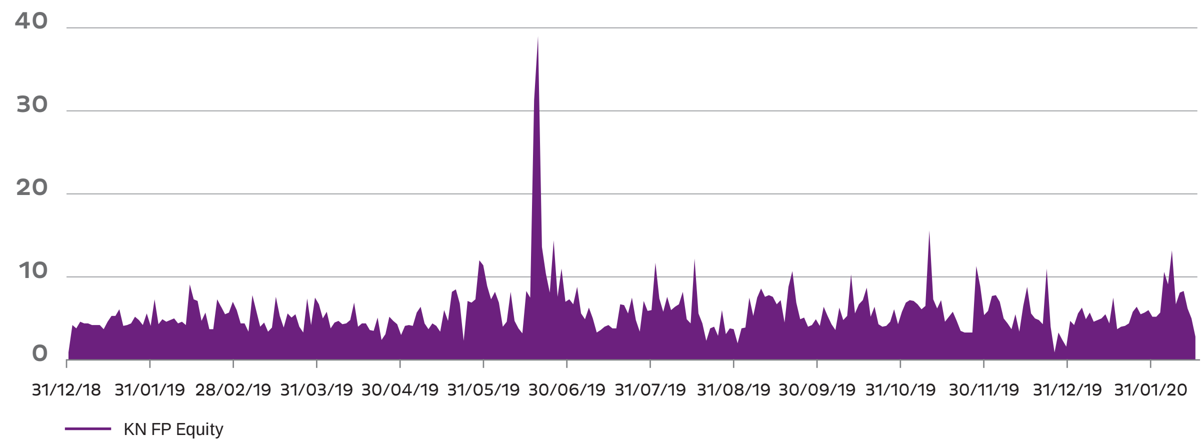
Change in closing share price and number of shares traded

Share price since January 1, 2019 *(in euros)*



Reminder: Natixis shares began trading ex-dividend on May 31, 2019, with a dividend of €0.78 per share.

Daily volumes *(in millions of shares traded)*



In 2019, Natixis' share price decreased by 4% (from €4.12 at December 31, 2018 to €3.96 at December 31, 2019), delivering a return on investment of +14% including dividends paid. Over the same period, the euro zone banking stocks index (DJ Euro Stoxx Bank) rose by 11% (+17% including dividends paid).

The average daily volume of Natixis shares traded on the market amounted to around 5.87 million shares in 2019 versus an average of around 4.77 million shares in 2018.

7.7 Shareholder scorecard

(in euros)	**2019**	2018	2017	2016	2015	2014
Earnings per share [a]	0.56	0.47	0.50	0.41	0.41	0.35
Book value per share [b]	5.17	5.35	5.18	5.38	5.31	5.27
Net dividend per share	0.31	0.78	0.37	0.35	0.35	0.34
Number of shares	3,153,078,482	3,150,288,592	3,137,360,238	3,137,074,580	3,128,127,765	3,116,507,621
Pay-out ratio	83%	64%	74%	85%	85%	97%
Maximum price [c]	5.322	7.426	7.00	5.49	7.74	5.81
Minimum price [c]	3.398	3.938	5.15	3.07	4.82	4.25

(a) *Calculated using the average number of shares (excluding treasury shares) during the period and after accounting for net interest payments on 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 2013, 2014, 2015, 2016, 2017, 2018 and 2019.*

(c) *Closing price.*

7.8 Natixis and its individual shareholders

The individual shareholder relations and communication platform provided by Natixis has 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 9:00 a.m. to 6:00 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 all shareholders' questions *(actionnaires@natixis.com)* and a dedicated e-mail address for the Shareholders' Club *(clubactionnaires@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" section contains extensive editorial content and documents for individual shareholders. It also allows you to subscribe to email alerts.

The following two bodies also coordinate relations with individual investors:

Shareholder Club

Created in November 2007, the Natixis Shareholder Club had 12,104 members at December 31, 2019.

Club members receive the newsletter, the shareholder newsletter and the shareholder guide.

The Shareholder Club website *(clubdesactionnaires.natixis.com)* contains comprehensive information about the Club and its services and allows online registration.

Online video chat sessions have been held to discuss Natixis' earnings and strategy or other economic or stock-market related topics, and recordings of these chats were posted on our website (*www.natixis.com)* and sent to members of the Shareholder Club via our newsletters.

In partnership with École de la Bourse, training on taxation was also made available to members of the Shareholder Club.

At the General Shareholders' Meeting, there is a dedicated Shareholder Club stand for members of the Shareholders' Club.

Under the bank's Sponsorship and Patronage Program, members of the Shareholder Club were invited to attend various sporting and cultural events throughout the year (rugby matches in several French cities, backstage visit to the Bastille Opera House, entry to the "Degas à l'Opéra" exhibition at the Orsay museum, and two concerts performed 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 with individual investors, and in particular the communication tools at their disposal.
- In 2019, the Committee members met with both Natixis Chief Executive Officer François Riahi and Natixis Chief Financial Officer Nathalie Bricker. An important topic of discussion was the General Shareholders' Meetings of 2019 and 2020. The CCAN also worked on the Natixis Shareholders' Meeting with Valentin Germain, a senior consultant at Capitalcom (a firm that specializes in monitoring shareholders' meetings). Members of the CCAN also requested information from Nathalie Bricker concerning the multi-boutique model used in Asset Management.
- In keeping with our focus on corporate social responsibility across all Natixis' businesses, as presented at the General Shareholder's Meeting of May 28, 2019, Natixis Global Head of Environment & Social Responsibility (CSR) Louis Douady provided detailed information on the "Green Weighting Factor," which Natixis is using to speed up the transition to a low-carbon economy. Louis Douady noted that the Natixis Green Weighting Factor is a concrete, innovative system for allocating capital to each financing project according to its impact on the climate.
- The CCAN also met twice with Natixis Head of Investor Relations Damien Souchet to discuss the financial results, the 2018-2020 New Dimension strategic plan as well as changes in the share price (context, impact of analyst ratings and other events influencing the share price).
- At the Committee's request, Natixis Head of Press Relations and Social Media Daniel Wilson gave a presentation on the Group's press relations and social media. He reiterated that the New Dimension strategic plan treats the brand as a strategic lever in raising the profile of Natixis both in France and abroad.
- In addition, on two separate occasions the Committee worked on the project to redesign the Natixis website, particularly the "Investors and Shareholders" section. Some members also took part in user tests. This work was carried out jointly with Natixis' Communications department.
- Finally, following on from the 2018 workshop on the glossary of financial terms, in 2019 the CCAN finalized the document, which aims to answer shareholder questions about financial terminology and now features more than 400 definitions.
- All topics discussed, meeting minutes and videos of member 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. The Committee's charter was revised in 2019.

Natixis undertakes to respond to all applicants.

2019 General Shareholders' Meeting

Natixis held its General Shareholders' Meeting on May 28, 2019. It was presided by Laurent Mignon in his capacity as Chairman of the Natixis Board of Directors. Natixis Chief Executive Officer François Riahi and the members of the Board of Directors were also in attendance. More than 300 Natixis shareholders attended the event at the Palais Brongniart conference center in Paris.

All information concerning the General Shareholders' Meeting is available from the Natixis website via the following link:

Investors & Shareholders >> Shareholder Corner >> Shareholders' Meetings *(www.natixis.com)*

Award won in 2019 – Le Revenu magazine's Gold Trophy for Best Shareholder Relations in the SBF 120 Companies category

The Gold Trophy award recognizes all the Company's efforts to serve individual shareholders and foster an ongoing relationship across all channels of communication.

It unites all assessment criteria used by Le Revenu's editorial team, namely the development of digital communications and the regularity of more traditional forms of communication.

This award also honours Natixis' day-to-day commitment to nurturing dynamic, close relationships with individual shareholders.

Finally, it highlights the efforts made by Natixis' Shareholder Relations team to serve its individual shareholders.

7.9 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 2019, meetings were held in Paris, London, Frankfurt, Dublin, Madrid, Milan, Geneva, Zurich, Boston, New York, Chicago, San Francisco, Toronto, Helsinki, Copenhagen, Tokyo, Singapore, Hong Kong, etc.

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

8

GENERAL SHAREHOLDERS' MEETINGS

8.1 Terms and conditions of attendance by shareholders at Shareholders' Meetings

8.1.1 Convening 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 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.

8.1.2 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' Meeting (OGM)

The OGM is held annually and its 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.

The OGM 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)

The EGM is 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' Meeting (CSM)

The CSM combines the two previous types of meetings (OGM and EGM) on the same date under the same notice of meeting.

8.1.3 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 for them to be able 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, 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.

8.1.4 Shareholder's 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 acknowledgement 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.

8.1.5 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.

8.1.6 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 acknowledgement 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. Major holding notifications must be sent to Natixis' Investor Relations (30 avenue Pierre Mendès-France 75013 Paris).

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).

8.2 Combined General Shareholders' Meeting of May 20, 2020

8.2.1 Agenda

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, 2019;
- Review and approval of the consolidated financial statements for the fiscal year ended December 31, 2019;
- Appropriation of earnings for the fiscal year ended December 31, 2019 and setting of the dividend;
- Approval of the agreements covered by Articles L.225-38 et seq. of the French Commercial Code;
- Approval of the disclosures referred to in Article L.225-37-3(I) of the French Commercial Code, pursuant to Article L.225-100(II) of the French Commercial Code;
- Approval of the fixed, variable and non-recurring items constituting the total compensation and the benefits of any kind paid during fiscal year 2019 or granted in respect of the same fiscal year to the Chairman of the Board of Directors, pursuant to Article L.225-100(III) of the French Commercial Code;
- Approval of the fixed, variable and non-recurring items constituting the total compensation and the benefits of any kind paid during fiscal year 2019 or granted in respect of the same fiscal year to the Chief Executive Officer, pursuant to Article L.225-100(III) of the French Commercial Code;
- Approval of the compensation policy for the Chairman of the Board of Directors, pursuant to Article L.225-37-2 of the French Commercial Code;
- Approval of the compensation policy for the Chief Executive Officer, pursuant to Article L.225-37-2 of the French Commercial Code;
- Approval of the compensation policy for the members of the Board of Directors, 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, 2019;
- Ratification of the co-opting of Dominique Duband as a director;
- Reappointment of Alain Condaminas as a director;
- Reappointment of Nicole Etchegoïnberry as a director;
- Reappointment of Sylvie Garcelon as a director;
- Delegation of authority to the Board of Directors concerning the trading by the Company in its own shares;

Extraordinary business

- Amendment of Article 12 of the bylaws relating to the powers of the Board of Directors;
- Harmonization of Articles 13 and 29 of the bylaws with the new legislative provisions and updating of Articles 14 and 22 of the bylaws;
- Powers to complete formalities.

8.2.2 Report of the Board of Directors on the resolutions submitted to the Combined General Shareholders' Meeting of May 20, 2020

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 the 2019 universal registration document for an overview of 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*).

Nineteen resolutions will be submitted to the shareholders at the Combined General Shareholders' Meeting to be held at 3 p.m. on May 20, 2020 at Palais Brongniart, 25 place de la Bourse — 75002 Paris.

These resolutions can be categorized into two groups:

- the first sixteen resolutions (resolutions one to sixteen) require the approval of the Ordinary General Shareholders' Meeting and relate to: (i) approval of the financial statements and appropriation of earnings; (ii) approval of related-party agreements; (iii) approval of the disclosures referred to in Article L.225-37-3(I) of the French Commercial Code; (iv) approval of the items constituting the total compensation and benefits of any kind paid during fiscal year 2019 or granted in respect of the same fiscal year to the Chairman of the Board and the Chief Executive Officer, (v) approval of the compensation policy for the Chairman of the Board of Directors, the Chief Executive Officer and the members of the Board of Directors; (vi) the overall budget for compensation paid during 2019 to the employees referred to in Article L.511-71 of the French Monetary and Financial Code; (vii) ratification of the co-opting of a director; (viii) the reappointment of three (3) directors, and (ix) the trading by the Company in its own shares;

- the following three resolutions (resolutions seventeen to nineteen) require the approval of the Extraordinary General Shareholders' Meeting and concern (i) amendments to bylaws to bring them into line with legislative and regulatory provisions, and (ii) authority to complete the formalities related to this Combined General Shareholders' Meeting.

Resolutions requiring the approval of the Ordinary General Shareholders' Meeting (resolutions one to sixteen)

Approval of the financial statements for fiscal year 2019 (resolutions one and two)

In resolutions one and two, the General Shareholders' Meeting is asked to approve the 2019 Natixis parent company and consolidated financial statements, respectively.

Detailed notes to the parent company and consolidated financial statements are provided in the 2019 Natixis universal registration document.

Appropriation of 2019 earnings (resolution three)

Resolution three covers the appropriation of the corporate earnings of Natixis: payment of a dividend, paid in cash at €0.31 per share. Natixis' financial statements at December 31, 2019 showed positive net income of €2,242,111,898.15. After taking into account retained earnings of €1,008,081,398.50, and as the legal reserve exceeded 10% of the share capital, distributable earnings amounted to €3,250,193,296.65.

Resolution three proposes (i) to pay a dividend per share of €0.31 (thirty-one euro cents), charged in full against distributable earnings for fiscal year 2019, and (ii) to allocate the remaining distributable earnings to retained earnings.

Based on the share capital at December 31, 2019, 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, 2019, the total dividend will be €977,454,329.42 charged against distributable earnings and the balance (€2,272,738,967.23) will be allocated to retained earnings.

The ex-dividend date will be May 25, 2020, with dividends payable as of May 27, 2020.

For individual beneficiaries who are tax residents of France and hold shares outside of an equity savings plan, these dividends are subject to income tax:

- at a single flat-rate withholding tax (PFU tax) of 12.8%, the tax 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, unless individual beneficiaries who are tax residents of 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.

In accordance with legal provisions, the following dividends were distributed for the three fiscal years prior to fiscal year 2019:

Fiscal year	Number of shares on which a dividend was paid	Dividend per share *(in euros)*	Total *(in euros)*
2016	3,137,074,580	0.35	1,097,976,103.00
2017	3,137,360,238	0.37	1,160,823,288.06
2018	3,150,288,592	0.78	2,457,225,101.76

Related-party agreements (resolution four)

Resolution four concerns the approval of related-party agreements, pursuant to Articles L.225-38 et seq. of the French Commercial Code, authorized by the Board of Directors during fiscal year 2019 and until the Board of Directors' Meeting of February 6, 2020. These agreements are presented in the Statutory Auditors' special report along with those entered into prior to fiscal year 2019 and still effective, which do not need to be re-approved by shareholders *(see Chapter 8, Section 8.2.4 of the 2019 Natixis universal registration document)*.

Since February 12, 2019, your Board has authorized the following agreement:

- On December 19, 2019, the Board of Directors authorized new partnership agreements between CNP Assurances, BPCE, Natixis S.A. and BPCE Vie (the main terms of which are set out in Chapter 8, Section 8.2.4 of the 2019 Natixis universal registration document).

  This agreement applies to Laurent Mignon, Catherine Halberstadt, Bernard Dupouy, Thierry Cahn and Françoise Lemalle in their role as directors.

Approval of the disclosures referred to in Article L.225-37-3 of the French Commercial Code (resolution five)

Resolution five concerns the disclosures referred to in Article L.225-37-3 of the French Commercial Code, pursuant to Article L.225-100(II) of the French Commercial Code, i.e. disclosures relating to the compensation of all corporate officers as referred to in the corporate governance report *(see Chapter 2, Section 2.4 of the 2019 Natixis universal registration document)*, including the compensation of corporate officers whose terms of office have ended and those who were newly appointed during the past fiscal year.

Opinion on the components of compensation paid during or granted in respect of the fiscal year ended December 31, 2019 to each executive corporate officer (resolutions six and seven)

Resolutions six and seven relate to components of compensation paid during fiscal year 2019 or granted in respect of the same fiscal year to Laurent Mignon, Chairman of the Board of Directors, and François Riahi, Chief Executive Officer.

Compensation and benefits of any kind for the Chairman of the Board of Directors in 2019

In accordance with the principles approved by the General Shareholders' Meeting on May 28, 2019, Laurent Mignon received gross compensation of €300,000 for fiscal year 2019 in connection with his duties as Chairman of the Natixis Board of Directors.

Compensation and benefits of any kind for the Chief Executive Officer of Natixis in 2019

The components of François Riahi's compensation for 2019 comply with the compensation policy for the Chief Executive Officer approved by the General Shareholders' Meeting on May 28, 2019.

a) François Riahi's gross fixed compensation for 2019 in connection with his duties as Chief Executive Officer was €800,000 and remains unchanged from the previous year.

b) The annual variable compensation in respect of 2019 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 28, 2019.

- For fiscal year 2019, the variable compensation target 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 his fixed compensation. François Riahi's variable compensation target was €960,000 for full year 2019. The targets for 2019 were as follows: quantitative targets (70%), including 25% based on Groupe BPCE's financial performance (net revenues 4.2%, net income group share 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%);
- Individual strategic targets (30%), including 15% related to the implementation of the 2018-2020 strategic plan; the three other strategic targets, each weighted at 5%, in relation to oversight in terms of supervision and control as provided for by regulations (including the implementation of the Risk Appetite Framework 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 2019 was set as follows:

- In respect of BPCE quantitative criteria: €267,588, or 111.50% of the target
- In respect of Natixis quantitative criteria: €413,474, or 95,71% of the target
- In respect of strategic criteria: €307,200, or 106.67% of the target

The variable compensation amount for fiscal year 2019, which will be submitted to a vote of the shareholders in May 2020, was determined by the Natixis Board of Directors based on the Compensation Committee's recommendation of 102.94% of the target variable compensation, i.e. €988,262:

  - one portion will be paid in 2020, 50% of which will be indexed to the Natixis share price, i.e. €348,212;
  - the other portion will be deferred over three years, 50% of which will be indexed to the Natixis share price, i.e. €640,050. These deferred amounts will be paid in thirds in 2021 (100% in cash), 2022 (50% in cash and 50% indexed to the Natixis share price or in securities) and 2023 (100% indexed to the Natixis share price or in securities), provided that the continued service requirement and performance conditions are met.

It should be noted that payments in respect of annual variable compensation for 2019 will only be made after the vote at the General Shareholders' Meeting on May 20, 2020.

c) In keeping with the principle of the Chief Executive Officer's eligibility to receive bonus shares as part of Long-Term Incentive Plans for members of the Senior Management Committee of Natixis ("LTIP CDG"), at its May 28, 2019 meeting, the Board of Directors of Natixis awarded 31,708 bonus shares to François Riahi. Depending on whether performance conditions are met, this could result in the acquisition of a maximum of 38,049 shares, i.e. up to 0.00101% of share capital at the allocation date.

This allocation corresponds to 20% of François Riahi's gross annual fixed compensation.

Vesting of these shares is contingent upon meeting the continued service requirement and performance conditions, which are based on both the relative Total Shareholder Return (TSR) achieved on Natixis stock and the fulfillment of CSR 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 2019, 2020, 2021 and 2022, 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.

CSR objectives are based on the change in Natixis' CSR performance over the four-year vesting period as assessed by the three CSR rating agencies. The vesting process includes a rating scale corresponding to the CSR assessments of each agency, with requirements becoming more stringent over the 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 CSR 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.

d) Fringe benefits

The Chief Executive Officer receives a family supplement in accordance with the same rules as those applied to Natixis employees in France, i.e. €2,324.

François Riahi receives insurance similar to that of Natixis employees with respect to health and personal protection coverage.

e) 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 (voluntarily defined contribution plan) of the French General Tax Code. Furthermore, in 2019, 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 2019, François Riahi paid €117,333 into his policy.

Severance payments and consideration for non-compete agreement

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

The characteristics of severance payments and the consideration for non-compete agreement, along with the method for calculating severance pay are set out in Section 2.4 of the 2019 Natixis universal registration document.

Approval of the compensation policy for the Chairman of the Board of Directors, the Chief Executive Officer and the members of the Board of Directors (resolutions eight to ten)

Resolutions eight, nine and ten concern the approval of the compensation policy for the Chairman of the Board of Directors, the Chief Executive Officer and the members of Natixis' Board of Directors, presented in the corporate governance report, pursuant to Article L.225-37-2 of the French Commercial Code as amended by Ordinance No. 2019-1234 of November 27, 2019.

After consulting with the Compensation Committee and before pay packages are approved by the General Shareholders' Meeting, the Board of Directors determines the various compensation 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 information contained in the corporate governance report in Section 2.4 of the 2019 Natixis universal registration document.

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, 2019 (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 2019.

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 French Ministerial 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.

Total compensation paid to the above-mentioned Natixis employees during the fiscal year ended December 31, 2019, came to €180 million (excluding employer social security charges). Since variable compensation is paid out in tranches for several years after it is awarded, this amount is not the same as the amount of compensation awarded for fiscal year 2019. Total compensation paid in 2019 includes the fixed compensation paid in 2019, the variable compensation paid in 2019 for previous fiscal years (2016, 2017 and 2018) and the bonus shares awarded in 2015, 2016 and 2017 and delivered in 2019.

Ratification of the co-opting of a director (resolution twelve)

Resolutions twelve proposes that the shareholders ratify the co-opting as a director of the Company of:

Dominique Duband, which took place during the meeting of the Board on February 6, 2020, to replace Françoise Lemalle, who resigned, to serve out the remainder of his predecessor's term of office, i.e. until the 2022 General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2021.

Dominique Duband is 61 years old and serves as the Chairman of the Steering and Supervisory Board of Caisse d'Epargne Grand Est Europe *(see Dominique Duband's résumé in Chapter 2 "Corporate Governance," Section 2.2 of the 2019 Natixis universal registration document)*.

Reappointment of three directors (resolutions thirteen to fifteen)

In resolutions thirteen to fifteen, shareholders are asked to reappoint the following three directors, whose terms of office expire at the end of this General Shareholders' Meeting:

- Alain Condaminas, Chief Executive Officer of Banque Populaire Occitane *(see Alain Condaminas' résumé in Chapter 2 "Corporate Governance" — Section 2.2 of the 2019 Natixis universal registration document)*;

- Nicole Etchegoïnberry, 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 2019 Natixis universal registration document*);
- Sylvie Garcelon, Chief Executive Officer of CASDEN Banque Populaire *(see Sylvie Garcelon's résumé in Chapter 2 "Corporate Governance" — Section 2.2 of the 2019 Natixis universal registration document)*.

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 2024 to approve the financial statements for the fiscal year ending December 31, 2023.

The Appointment Committee approved the reappointment of the above-mentioned directors.

Trading by the Company in its own shares (resolution sixteen)

Resolution sixteen asks the General Shareholders' Meeting to renew, for a period of 18 months, the authorization to buy back shares granted 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 allocate bonus shares or any other form of share allocation to members of staff;
- canceling shares;
- tendering shares (for exchange, payment or another reason) in connection with acquisitions, mergers, spin-offs or asset transfers;
- tendering shares upon exercising rights attached to securities granting rights to capital.

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 the summary table below on the financial resolutions submitted to the shareholders)*.

Resolutions requiring the approval of the Extraordinary General Shareholders' Meeting (resolutions seventeen to nineteen)

Amendment of the bylaws (resolutions seventeen and eighteen)

Resolutions seventeen to eighteen ask the shareholders to amend the Company's bylaws as follows:

- resolution seventeen concerns the amendment of Article 12 of the bylaws relating to the powers of the Board of Directors in order to bring it into line with the new wording of Article L.225-35, paragraph 1 of the French Commercial Code (as amended by French Law No. 2019-486 of May 22, 2019 on business growth and transformation). It would clarify that the Board of Directors determines the guidelines of the Company's activities and ensures their implementation, in accordance with its corporate interest and taking the social and environmental issues associated with its activity into account;
- resolution eighteen concerns the amendment of Articles 13, 14, 22 and 29 of the bylaws:
  - amendment of Articles 13 "Compensation of the members of the Board of Directors" and 29 "Prerogatives" of the Company's bylaws to reflect the new wording of Article L.225-45 of the French Commercial Code (as amended by French Law No. 2019-486 of May 22, 2019 on business growth and transformation) by replacing the term "directors' fees" with "compensation",
  - amendment of Article 14 "Senior Management procedures" of the Company's bylaws updating the wording thereof by removing the reference to the Company's first Board meeting held immediately after the Combined General Shareholders' Meeting of April 30, 2009,
  - amendment of Article 22 "Admission to General Shareholders' Meetings — Powers" of the Company's bylaws removing the reference to Article 1316-4 of the French Civil Code, which has now been repealed.

Powers to complete formalities (resolution nineteen)

Finally, resolution nineteen concerns 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 draft 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
16	Authorization to trade in shares of the Company	18 months	Possible objectives for share buybacks by your Company: ■ Implementing Company stock option plans or similar plans ■ Awarding or transferring shares to employees ■ Awarding bonus shares to employees or directors ■ Generally, honoring obligations related to stock option programs or other share allocations to employees or corporate officers of the issuer or a related company ■ Tendering shares upon exercising rights attached to securities granting rights to capital(1) ■ Canceling all or a portion of the securities bought back ■ Tendering shares in connection with acquisitions, mergers, spin-offs or asset transfers ■ Market making for Natixis stock on the secondary market or ensuring the liquidity of Natixis stock 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 asset transfer 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

Glossary

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 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: ■ in the last five years, be or have been: ▪ an employee or executive corporate officer of the Company, ▪ an employee, 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 directly or indirectly holds a directorship, 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 corporate officer; ■ 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 once a Board member has served for 12 years; ■ receive variable compensation in cash or in shares, or any performance-linked compensation from the Company.

8

(1) See glossary

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 concluded, 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 within the meaning of Article L.233-3 of the French Commercial Code. Agreements in which any of the above-mentioned persons is indirectly involved are also subject to the Related Party Agreements Procedure. Finally, agreements between companies with common officers are also subject to the Related Party Agreements Procedure. The prior approval of the Board of Directors is justified by an explanation of the agreement's value for the Company, in particular by specifying the financial conditions attached.
Securities giving access to the share capital	<u>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:</u> 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 to shares at any time, during set periods, or at established dates. The shares may be provided 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 holders of securities issued in this way have waived their preferential subscription rights. In accordance with the law, when your General Shareholders' Meeting delegates the authority to issue securities giving access to shares to be issued, the preferential subscription rights to the shares to which the securities issued entitle them are waived.

8.2.3 Draft resolution of the Combined General Shareholders' Meeting of May 20, 2020

Ordinary business

Resolution one: Approval of the 2019 parent company financial statements

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, having reviewed the management report and the report of the Statutory Auditors on the parent company financial statements for the fiscal year ended on December 31, 2019, 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 2019 consolidated financial statements

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, having reviewed the management report and the report of the Statutory Auditors on the consolidated financial statements for the fiscal year ended on December 31, 2019, 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 2019 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, 2019, and approved by the shareholders at this meeting show earnings for the 2019 fiscal year of €2,242,111,898.15;
- notes that, after taking into account retained earnings of €1,008,081,398.50 and as the legal reserve exceeds 10% of the share capital, distributable earnings amount to €3,250,193,296.65;
- resolves to appropriate the distributable earnings as follows:

(i) payment to shareholders, as a dividend, of €0.31 per share, and

(ii) allocation of the remaining distributable earnings to "Retained earnings".

Based on the share capital at December 31. 2019, 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, 2019, distributable earnings will be allocated as follows:

Dividend	€977,454,329.42
Retained earnings	€2,272,738,967.23

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 tax residents of France and hold shares outside of an equity savings plan, these dividends are subject to income tax:

- at a single flat-rate withholding tax (PFU tax) of 12.8%, the tax 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, unless individual beneficiaries who are tax residents of 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 25, 2020, with dividends payable as of May 27, 2020.

In accordance with legal provisions, the shareholders hereby note that for the three fiscal years prior to fiscal year 2019, the following dividends were distributed:

Fiscal year	Number of shares on which a dividend was paid	Dividend per share (in euros)	Total (in euros)
2016	3,137,074,580	0.35	1,097,976,103.00
2017	3,137,360,238	0.37	1,160,823,288.06
2018	3,150,288,592	0.78	2,457,225,101.76

Resolution four: Approval of the agreements 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 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 that authorized by the Board of Directors on February 12, 2019, which was already submitted to the General Shareholders' Meeting on May 28, 2019), having been authorized by the Board of Directors and entered into during the fiscal year ended December 31, 2019, or after this date up until the Board of Directors' Meeting in which the financial statements for the year ended December 31, 2019, were approved.

Resolution five: Approval of the disclosures referred to in Article L.225-37-3(I) of the French Commercial Code, pursuant to Article L.225-100(II) of the French Commercial Code

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby approves, pursuant to Article L.225-100(II) of the French Commercial Code, the disclosures referred to in Article L.225-37-3(I) of the French Commercial Code, as set out in the corporate governance report presented in Chapter 2, Section 2.4 and Chapter 8, Section 8.2.2 of the 2019 Natixis universal registration document.

Resolution six: Approval of the fixed, variable and non-recurring items constituting the total compensation and benefits of any kind paid during fiscal year 2019 or granted in respect of the same fiscal year to the Chairman of the Board of Directors, pursuant to Article L.225-100(III) of the French Commercial Code

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby approves, pursuant to Article L.225-100(III) of the French Commercial Code, the fixed, variable and non-recurring items constituting the total compensation and benefits of any paid during fiscal year 2019 or granted in respect of the same fiscal year to Laurent Mignon, Chairman of the Board of Directors, as set out in the corporate governance report presented in Chapter 2, Section 2.4 and Chapter 8, Section 8.2.2 of the 2019 Natixis universal registration document.

Resolution seven: Approval of the fixed, variable and non-recurring items constituting the total compensation and benefits of any kind paid during fiscal year 2019 or granted in respect of the same fiscal year to the Chief Executive Officer, pursuant to Article L.225-100(III) of the French Commercial Code

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby approves, pursuant to Article L.225-100 of the French Commercial Code, the fixed, variable and non-recurring items constituting the compensation and benefits of any paid during fiscal year 2019 or granted in respect of the same fiscal year to François Riahi, Chief Executive Officer, as set out in the corporate governance report presented in Chapter 2, Section 2.4 and Chapter 8, Section 8.2.2 of the 2019 Natixis universal registration document.

Resolution eight: Approval of the compensation policy for the Chairman of the Board of Directors, pursuant to Article L.225-37-2 of the French Commercial Code

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, pursuant to Article L.225-37-2 of the French Commercial Code, hereby approves the compensation policy for the Chairman of the Board of Directors, as set out in the corporate governance report presented in Chapter 2, Section 2.4 and Chapter 8, Section 8.2.2 of the 2019 Natixis universal registration document.

Resolution nine: Approval of the compensation policy for the Chief Executive Officer, pursuant to Article L.225-37-2 of the French Commercial Code

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, pursuant to Article L.225-37-2 of the French Commercial Code, hereby approves the compensation policy for the Chief Executive Officer, as set out in the corporate governance report presented in Chapter 2, Section 2.4 and Chapter 8, Section 8.2.2 of the 2019 Natixis universal registration document.

Resolution ten: Approval of the compensation policy for the members of the Board of Directors, pursuant to Article L.225-37-2 of the French Commercial Code

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, pursuant to Article L.225-37-2 of the French Commercial Code, hereby approves the compensation policy for the members of the Board of Directors, as set out in the corporate governance report presented in Chapter 2, Section 2.4 and Chapter 8, Section 8.2.2 of the 2019 Natixis universal registration document.

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, 2019

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, consulted pursuant to 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 €180 million, paid during the fiscal year ended December 31, 2019, to employees referred to in Article L.511-71 of the same Code.

Resolution twelve: Ratification of the co-opting of Dominique Duband 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 February 6, 2020, of Dominique Duband as a director to replace Françoise Lemalle, who resigned, for the remainder of her term of office, i.e. until the adjournment of the 2022 General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2021.

Resolution thirteen: Reappointment of Alain Condaminas as a director

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby resolves to reappoint Alain Condaminas as a director, for a period of four (4) years ending with the adjournment of the 2024 General Shareholders' Meeting held to approve the financial statements for the fiscal year ending December 31, 2023.

Resolution fourteen: Reappointment of Nicole Etchegoïnberry as a director

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby resolves to reappoint Nicole Etchegoïnberry as a director, for a period of four (4) years ending with the adjournment of the 2024 General Shareholders' Meeting held to approve the financial statements for the fiscal year ending December 31, 2023.

Resolution fifteen: Reappointment of Sylvie Garcelon as a director

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby resolves to reappoint Sylvie Garcelon as a director, for a period of four (4) years ending with the adjournment of the 2024 General Shareholders' Meeting held to approve the financial statements for the fiscal year ending December 31, 2023.

Resolution sixteen: 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, hereby authorizes the Board of Directors, which may further delegate said authority, pursuant to 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 bonus 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
   - tender 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 asset transfers, or
   - market making for Natixis stock in the secondary market or ensuring the liquidity of Natixis stock.

   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 may 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, bonus 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 €3,155,846,495;

5) fully empowers the Board of Directors, which may further delegate said powers, 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 authorization previously delegated to the Board of Directors for the purpose of trading in the Company's shares, particularly that given by the shareholders in resolution twenty-four of the Combined General Shareholders' Meeting of May 28, 2019.

Extraordinary business

Resolution seventeen: Amendment of Article 12 of the bylaws relating to the powers of the Board of Directors

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for extraordinary business, hereby resolves to amend Article 12 "Powers of the Board of Directors" of the Company's bylaws to bring it into line with the new wording of Article L.225-35, paragraph 1 of the French Commercial Code (as amended by French Law No. 2019-486 of May 22, 2019 on business growth and transformation):

Previous wording	New wording
Article 12 — Powers of the Board of Directors 12.1 The Board of Directors determines the orientations of the Company's activity and sees to the implementation thereof. […]	Article 12 — Powers of the Board of Directors 12.1 The Board of Directors determines the orientations of the Company's activity and sees to the implementation thereof, **in accordance with its corporate interest, taking into account the social and environmental issues associated with its activity.** […]

The rest of Article 12 (in particular the rest of Article 12.1 and Articles 12.2 and 12.3) remains unchanged.

Resolution eighteen: Harmonization of Articles 13 and 29 of the bylaws with new legislative provisions and updating of Articles 14 and 22 of the bylaws

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for extraordinary business, hereby resolves:

- to amend as follows Articles 13 "Compensation of the members of the Board of Directors" and 29 "Prerogatives" of the Company's bylaws to reflect the new wording of Article L.225-45 of the French Commercial Code (as amended by French Law No. 2019-486 of May 22, 2019 on business growth and transformation):

Previous wording	New wording
Article 13 — Remuneration of the members of the Board of Directors Directors' fees may be allocated to the Board of Directors by the Shareholders' Meeting. The Board distributes them freely among its members. […]	Article 13 — Remuneration of the members of the Board of Directors **The General Shareholders' Meeting may grant the directors a fixed annual sum as compensation for their activities.** ~~Directors' fees may be allocated to the Board of Directors by the Shareholders' Meeting.~~ The **Board of Directors** distributes ~~them~~ **such sum** freely among its members. […]
The rest of Article 13 remains unchanged.	
Article 29 — Prerogatives The ordinary meeting of the shareholders, which must be held annually, listens to a reading of 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 accounts 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 members of the Board of Directors. It votes on all proposals on the Agenda.	Article 29 — Prerogatives The ordinary meeting of the shareholders, which must be held annually, listens to a reading of 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 accounts 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 members of the Board of Directors.~~ It votes on all proposals on the Agenda.

- to amend as follows Article 14 "Senior Management procedures" of the Company's bylaws to update the wording thereof:

Previous wording	New wording
Article 14 — Management Procedures The Company's management is the responsibility of either the Chairman of the Board of Directors, or that of another individual appointed by the Board of Directors bearing the title of Chief Executive Officer. The choice of these two Management procedures is made by the Board of Directors which may vote valid decisions only if: ▪ the Agenda, containing this item, is sent out at least 15 days prior to the Board meeting; ▪ at least two thirds of the Directors are present or represented.	Article 14 — Management Procedures The Company's management is the responsibility of either the Chairman of the Board of Directors, or that of another individual appointed by the Board of Directors bearing the title of Chief Executive Officer. The choice of these two Management procedures is made by the Board of Directors which may vote valid decisions only if: ▪ the Agenda, containing this item, is sent out at least 15 days prior to the Board meeting; ▪ at least two thirds of the Directors are present or represented.
As an exception, the first Board Meeting will be held immediately after the Joint Meeting of the Shareholders of April 30, 2009, and the choice of the Management procedure will be made with an ordinary quorum (at least one half of the Directors present or represented).	~~As an exception, the first Board Meeting will be held immediately after the Joint Meeting of the Shareholders of April 30, 2009, and the choice of the 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 set forth in the legal and regulatory provision in force.	The shareholders and third parties are informed of this choice under the conditions set forth in the legal and regulatory provision in force.
When the Company's 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 take on the title of Chairman and Chief Executive Officer.	When the Company's 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 take on the title of Chairman and Chief Executive Officer.

- to amend as follows Article 22 "Admission to General Shareholders' Meetings — Powers" of the Company's bylaws removing the reference to Article 1316-4 of the French Civil Code which has now been repealed:

Previous wording	New wording
Article 22 — Admission to General Shareholders' Meetings — Powers	Article 22 — Admission to General Shareholders' Meetings — Powers
[...] Shareholders may vote by postal ballot or by proxy in accordance with the terms and conditions set forth in law and in regulatory provisions. By decision of the Board of Directors, the shareholders can take part in the Meetings via videoconferencing or vote by any means of telecommunication and teletransmission, including the Internet, under the conditions set forth in the regulations that are applicable at the time of using them. This decision is communicated in the notice of meeting published in the B.A.L.O.: Bulletin des Annonces Légales Obligatoires (Gazette of Mandatory Legal Notices). Those shareholders who use for this purpose the electronic voting form made available on the website by the coordinator of the Shareholders' Meeting, within the required timeframes, are considered present or represented. The electronic form can be filled in and signed directly on the site by any means approved by the Board of Directors and meeting the conditions set forth in the first sentence of the second paragraph of Article 1316-4 of the French Civil Code [i.e. the use of a reliable method of identification that guarantees that the signature and the form are linked together]. This can consist, in particular, of a login and a password. The proxy thus given or the vote thus cast before the meeting by these electronic means, and the acknowledgement of receipt issued, shall be considered to be written and irrevocable statements and as demurrable to all parties. It is stipulated that, should securities be transferred before the second business day preceding the meeting at twelve midnight Paris time, the Company shall consequently void or amend, as the case may be, the proxy given or the vote cast before this date and time.	[...] Shareholders may vote by postal ballot or by proxy in accordance with the terms and conditions set forth in law and in regulatory provisions. By decision of the Board of Directors, the shareholders can take part in the Meetings via videoconferencing or vote by any means of telecommunication and teletransmission, including the Internet, under the conditions set forth in the regulations that are applicable at the time of using them. This decision is communicated in the notice of meeting published in the B.A.L.O.: Bulletin des Annonces Légales Obligatoires (Gazette of Mandatory Legal Notices). Those shareholders who use for this purpose the electronic voting form made available on the website by the coordinator of the Shareholders' Meeting, within the required timeframes, are considered present or represented. The electronic form can be filled in and signed directly on the site by any means approved by the Board of Directors **in accordance with the applicable legislative and regulatory provisions**~~ and meeting the conditions set forth in the first sentence of the second paragraph of Article 1316-4 of the French Civil Code [i.e. the use of a reliable method of identification that guarantees that the signature and the form are linked together]. This can consist, in particular, of a login and a password~~. The proxy thus given or the vote thus cast before the meeting by these electronic means, and the acknowledgement of receipt issued, shall be considered to be written and irrevocable statements and as demurrable to all parties. It is stipulated that, should securities be transferred before the second business day preceding the meeting at twelve midnight Paris time, the Company shall consequently void or amend, as the case may be, the proxy given or the vote cast before this date and time.

The rest of Article 22 remains unchanged.

Resolution nineteen: 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.

8.2.4 Statutory Auditors' special report on related-party agreements

General Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2019

To the Shareholders,

NATIXIS S.A.

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.

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 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 whether they are beneficial, or to ascertain the existence of any other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (code de *commerce),* to assess the benefits resulting from these agreements 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 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 submitted for the approval of the General Shareholders' Meeting

Agreements 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 entered into during the past fiscal year that were approved by the Board of Directors.

1. New partnership agreements entered into by CNP Assurances, BPCE, Natixis S.A. and BPCE Vie

At its meeting of December 19, 2019, the Board of Directors authorized the following new partnership agreements between CNP Assurances, BPCE, Natixis S.A. and BPCE Vie:

a) Agreement modifying the new partnership agreements entered into by CNP Assurances, BPCE, Natixis and BPCE Vie: this agreement modifies the Memorandum of Understanding reached in 2015 and several of the new partnerships enacted to implement it. As stated previously, this agreement, which entered into force on January 1, 2020, provides for the extension of the initial expiration date of the existing agreements (currently December 31, 2022) to December 31, 2030 with the possibility of renewing these agreements upon each expiration for successive three-year periods until 2052, and a change to the coinsurance breakdown for collective payment protection insurance, to be shared equally (50/50) between CNP Assurances and Groupe BPCE effective January 1, 2020;

b) Amendment to the Tranche 1 new business reinsurance treaty, entered into by BPCE Vie and CNP Assurances in the presence of Natixis and pertaining to the quota share reinsurance of euro-denominated guarantees issued by BPCE Vie through BPCE Vie life insurance and accumulation contracts for retirement savings, distributed by entities within the Retirement Savings scope, except for the contracts identified in Article R. 342-9 of the French Insurance Code (code des *assurances).*

These agreements will be presented for approval at the May 20, 2020 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, Vice-Chairman 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.

These agreements had no financial impact in 2019.

Agreements already approved by the General Shareholders' Meeting

Agreements approved in previous years that were still being executed in the past fiscal year

In accordance with Article R. 225-30 of the French Commercial Code, we were notified that the following agreements, already approved by the General Shareholders' Meeting in previous years, were still being executed in the past fiscal year.

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 was approved by 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.

Corporate officers concerned on the applicable date: Alain Denizot, a member of the Supervisory Board of BPCE and a member of the Board of Directors of Natixis; Philippe Sueur, a member of the Steering and Supervisory Board of Caisse d'Epargne Ile-de-France and a member of the Board of Directors of Natixis; and Sylvie Garcelon, Chief Executive Officer of Casden Banque Populaire and a member of the Board of Directors of Natixis.

This agreement had no financial impact in 2019.

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:

a) 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");

b) the agreement relating to the sale by Natixis to BPCE of the EuroTitres goodwill (the "EuroTitres Agreement"); and

c) 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 the Company 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 the Company 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 the Company and BPCE and referred to in the Appendix (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 the Company, 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 were approved by 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.

Corporate officers concerned by the transaction: Alain Condaminas, Chief Executive Officer of Banque Populaire Occitane and a member of the Board of Directors of Natixis; Christophe Pinault, Chairman of the Management Board of Caisse d'Epargne et de Prévoyance Bretagne Pays de Loire and a member of the Board of Directors of Natixis; Sylvie Garcelon, Chief Executive Officer of Casden Banque Populaire and a member of the Board of Directors of Natixis; Philippe Sueur, a member of the Steering and Supervisory Board of Caisse d'Epargne Ile-de-France and a member of the Board of Directors of Natixis; and Nicole Etchegoïnberry, Chairwoman of the Management Board of Caisse d'Epargne Loire-Centre and a member of the Board of Directors of Natixis.

Capital gains recognized by Natixis in the parent company financial statements from the disposal of these activities totaled €1,100,187,495.00 in fiscal year 2019.

3. Agreements made in favor of François Riahi upon his appointment as Chief Executive Officer

The Board of Directors of Natixis decided on May 2, 2018 that François Riahi will 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 that 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 2019.

4. 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 2019.

5. Compensation agreement between Natixis and Banque Palatine and amendment to the agreement

On February 10, 2016, the Board of Directors authorized the signing of 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 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 day the compensation agreement was signed:

- *BPCE, a Banque Palatine and Natixis director, as represented by Daniel Karyotis on the Natixis Board of Directors.*
- *Michel Grass, Banque Palatine and Natixis director.*

The expenses recognized by Natixis in respect of this agreement amounted to €345,000.00 for fiscal year 2019.

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 day the amendment to the compensation agreement was signed:

- *BPCE, a Banque Palatine and Natixis director, as represented by Marguerite Bérard-Andrieu on the Natixis Board of Directors.*
- *Sylvie Garcelon, a Banque Palatine and Natixis director.*

This amendment to the Banque Palatine compensation agreement had no financial impact in 2019.

6. 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:

Memorandum of Understanding between CNP Assurances, BPCE and Natixis

The aim of this agreement 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 Memorandum of Understanding 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, 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.
- New business (tranche 2) reinsurance treaty entered into by ABP Vie and CNP Assurances in the presence of BPCE and Natixis: quota share reinsurance by CNP Assurances of 90% of 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 handling events:
  - the provision by BPCE to CNP Assurances of the list of customers covered, 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 to ensure that the determination and information exchange mechanisms provided for in said agreement can 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 2019.

7. 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 2019.

8. 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, Chairwoman 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, 2019.

9. 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 as long as Natixis is affiliated with BPCE, as defined by 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 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*
- *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 €30,823,986.00 for the fiscal year ended December 31, 2019.

10. 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 2019 fiscal year amounted to €109,433.00.

11. "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 €142,500.00 for the fiscal year ended December 31, 2019.

12. 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) entered into a number of letters of joint and several commitment and guarantee between 1996 and 2004 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 entered 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 €427,968.00 for the fiscal year ended December 31, 2019.

Related party agreements that have lapsed or expired

1. Agreements between Natixis and BPCE relating to the guarantee of certain Workout Portfolio Management (GAPC) assets

On December 19, 2019, the Board of Directors acknowledged that the following agreements relating to the above guarantee need no longer be monitored due to having lapsed:

- "Miroir NLI" Reciprocal Financial Guarantee between Natixis and Natixis Luxembourg Investissements;
- "Miroir NFUSA" Reciprocal Financial Guarantee between Natixis and Natixis Funding USA, LLC;
- "Miroir IXIS CMNA Australia" Reciprocal Financial Guarantee between Natixis and IXIS CMNA Australia No. 2 SCA.

These agreements have lapsed following the liquidation/dissolution of these companies.

- "Miroir NFP" Reciprocal Total Return Swap Agreement between Natixis and Natixis Financial Products Inc.;
- "Miroir NREC" Reciprocal Total Return Swap Agreement between Natixis and Natixis Real Estate Capital Inc.

These agreements have lapsed following the exercise of the Termination Option on these contracts.

- 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 and the local committees) have lapsed due to the fulfillment of the corporate purpose of the committees concerned.

All of these agreements were approved by the Board of Directors on November 12, 2009.

The income recognized by Natixis in respect of these agreements amounted to €155,000.00 for fiscal year 2019.

2. Related-party agreement on the Chapel Deal between Natixis and BPCE

On December 19, 2019, the Board of Directors also acknowledged that following the sale of the underlying assets and the expiry of the transaction, it was no longer necessary to monitor the agreement between Natixis and BPCE on the Chapel Deal. This agreement, approved by the Board of Directors on May 11, 2011, has therefore lapsed.

This agreement had no financial impact in 2019.

Neuilly-sur-Seine and Paris-La Défense, March 6, 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Emmanuel Benoist	Charlotte Vandeputte

9

LEGAL AND GENERAL INFORMATION

9.1 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' universal registration document, unless it is specifically incorporated by reference.

9.2 Natixis bylaws

Natixis

A joint stock company (société anonyme) with a Board of Directors and share capital of €5,049,354,392.

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 – Term – Corporate purpose

Article 1 – Legal form – Name, registered office and term

Natixis is a joint stock company (société anonyme) with a Board of Directors. It is governed by the regulations pertaining to 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 Company's 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 €5,049,354,392 divided into 3,155,846,495 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 acknowledgement 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, consisting 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 Board 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 powers 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 acknowledgement 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 forms of telecommunication. In this case, the decision is conveyed 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 and distribution 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.

9.3 Statement of responsibility for the universal 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 universal 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 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.

Paris, March 6, 2020

François Riahi

Chief Executive Officer

9.4 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 universal 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 post: 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*

9.5 Cross-reference table of the universal registration document

The following cross-reference table contains the sections provided for in Annex 1 (as referenced in Annex 2) of the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019, supplementing Regulation (EU) 2017/1129 of the European Parliament and European Council and repealing Commission Regulation (EC) No. 809/2004, and concerns the pages of this universal registration document containing information about each of said sections.

		2019 Universal registration document	Universal registration document filed on August 8, 2019	2018 Registration Document	2017 Registration Document
SECTION 1	**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERT REPORTS AND COMPETENT AUTHORITY APPROVAL**	**542**			
Item 1.1	Person responsible	542	222	564	476
Item 1.2	Declaration of person responsible	542	222	564	476
Item 1.3	Statement or report attributed to a person as an expert	N/A		N/A	N/A
Item 1.4	Information sourced from a third party	N/A		N/A	N/A
Item 1.5	Competent authority approval				
SECTION 2	**STATUTORY AUDITORS**	**370;546**	**221**	**380; 567**	**321; 479**
SECTION 3	**RISK FACTORS**	**101 to 107**	**57**		
SECTION 4	**INFORMATION ABOUT THE ISSUER**	**536**	**217**	**512**	**440 to 444**
SECTION 5	**BUSINESS OVERVIEW**				
Item 5.1	Main activities	4-5; 18 to 30; 546	40	12 to 31; 567	14 to 29; 479
Item 5.2	Main markets	4-5; 345 to 347; 546	207 to 209	356 to 361; 567	293 to 299; 479
Item 5.3	Important events in the development of the issuer's business	212 to 216		220 to 224	179 to 182
Item 5.4	Strategy and objectives	8-9; 12-13; 435 to 494		6 to 7; 237; 452 to 504	3; 392 to 398
Item 5.5	Possible dependence	153		160	169
Item 5.6	Basis for any statements made by the issuer regarding its competitive position	18 to 30; 212 to 222	112 to 117	12 to 31; 220 to 231	14 to 29; 178 to 189
Item 5.7	Investments	225-226; 546	132	234; 567	479
SECTION 6	**ORGANISATIONAL STRUCTURE**				
Item 6.1	If the issuer is part of a group, a brief description of the Group and the issuer's position within the Group. This may be in the form of, or accompanied by, a diagram of the organizational structure if this helps to clarify the structure.	4-5; 16-17	40	12 to 15	8 to 11
Item 6.2	A list of the issuer's significant subsidiaries, including name, country of incorporation or residence, the percentage of share capital owned and, if different, the percentage of voting rights held.	371 to 383		381 to 393	323 to 337
SECTION 7	**OPERATING AND FINANCIAL REVIEW**				
Item 7.1	Financial position	100 to 107; 124 to 134; 139 to 146; 216 to 223; 546	13 to 39, 56 to 68; 118 to 130	108 to 115; 132 to 142; 147 to 154, 225 to 231	100 to 108 135 to 146; 151 to 162, 183 to 189
Item 7.2	Operating results	6; 216-217; 233	34; 118 to 119; 136	8; 225 to 226; 241	12; 183-184; 196

		2019 Universal registration document	Universal registration document filed on August 8, 2019	2018 Registration Document	2017 Registration Document
SECTION 8	**CAPITAL RESOURCES**				
Item 8.1	Information concerning the issuer's capital resources (both short term and long term)	157 to 169; 238-239	75 to 79; 140 to 141	166 to 180; 246 to 247	118 to 126
Item 8.2	Explanation of sources and amounts of the issuer's cash flows and narrative description of the issuer's cash flows	241-242	142 to 143	248 to 249	201
Item 8.3	Information on the issuer's borrowing conditions and funding structure	139 to 143	65 to 67	147 to 151	151 to 155
Item 8.4	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, the issuer's operations	N/A		N/A	N/A
Item 8.5	Information regarding the anticipated sources of funds needed to fulfil commitments referred to in item 5.7.2.	N/A		N/A	N/A
SECTION 9	**REGULATORY ENVIRONMENT**	**157; 162 to 165; 169 to 171; 203 to 205**		**166; 171 to 176; 180 to 182; 211 to 213**	**118; 121 to 126; 155 to 157**
SECTION 10	**TREND INFORMATION**	**228**		**237**	
SECTION 11	**PROFIT FORECASTS OR ESTIMATES**	**N/A**		**N/A**	**N/A**
SECTION 12	**ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT**				
Item 12.1	Administrative and management bodies	10-11. 34 to 76	43 to 48	38 to 88	36 to 83
Item 12.2	Administrative, management, and supervisory bodies and executive management conflicts of interest	64		87	83
SECTION 13	**COMPENSATION AND BENEFITS**				
Item 13.1	Amount of compensation paid and benefits in kind	77 to 98		89 to 105	84 to 97
Item 13.2	Total amounts paid or accrued by the issuer to provide pension, retirement or similar benefits	351 to 359		364 to 372	304 to 312
SECTION 14	**BOARD PRACTICES**				
Item 14.1	Date of expiration of current term of office, if applicable, and period during which the person served in that office.	35 to 54	49 to 52	40 to 63	38 to 60
Item 14.2	Service contracts with members of the administrative bodies	64-65		87	83
Item 14.3	Information about the issuer's Audit Committee and Compensation Committee	68 to 70; 72-73	54	77 to 78; 81 to 82	73 to 74; 77 to 78
Item 14.4	Statement whether the issuer complies with corporate governance regime(s)	57		66	63
Item 14.5	Potential material impacts on corporate governance	35 to 54	49 to 52	40 to 63	38 to 60
SECTION 15	**EMPLOYEES**				
Item 15.1	Number of employees	481		492	420
Item 15.2	Shareholdings and stock options	95; 502-503		100; 521 to 522	93; 447 to 448
Item 15.3	Arrangements for involving employees in the issuer's capital	276		290	242

		2019 Universal registration document	Universal registration document filed on August 8, 2019	2018 Registration Document	2017 Registration Document
SECTION 16	**MAJOR SHAREHOLDERS**				
Item 16.1	Shareholders owning more than 5% of the share capital or voting rights	504-505	217	523	450
Item 16.2	Information as to whether the issuer's major shareholders hold different voting rights, or an appropriate statement to the effect that no such voting rights exist	504-505	217	525	452
Item 16.3	Control of the issuer	505	217	525	452
Item 16.4	Arrangements, known to the issuer, the implementation of which may at a subsequent date result in a change in its control	508		526	453
SECTION 17	**RELATED PARTY TRANSACTIONS**	**367; 546**	**212 to 213**	**377**	**316**
SECTION 18	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**				
Item 18.1	Historical financial information	233 to 383; 392 to 425	135 to 214	241 to 394; 403 to 441; 567	194 to 337; 334 to 381; 479
Item 18.2	Interim financial and other information			N/A	
Item 18.3	Auditing of historical annual financial information	384 to 391; 426 to 430	215 to 216	395 to 402, 442 to 446	338 to 343; 382 to 386; 479
Item 18.4	Pro forma financial information	N/A	N/A	N/A	N/A
Item 18.5	Dividend policy	7; 227; 510; 517; 546		32; 517; 526; 567	30; 444; 454; 479
Item 18.6	Legal and arbitration proceedings	151 to 153	68 to 70	158 to 160	167 to 169
Item 18.7	Significant changes in the issuer's financial position	365	133	235	190
SECTION 19	**ADDITIONAL INFORMATION**				
Item 19.1	Share capital	415; 502 to 505; 546	211; 217	431; 523 to 524	371; 450
Item 19.2	Memorandum and bylaws	537 to 541	217	512 to 517	440 to 444
SECTION 20	**MATERIAL CONTRACTS**	**153**		**160**	**169**
SECTION 21	**AVAILABLE DOCUMENTS**	**543**	**219**	**565**	**477**

Pursuant to Article 19 of Regulation (EU) 2017/1129, the following items are included for reference purposes:

- the parent company and consolidated financial statements for the year ended December 31, 2018, presented respectively on pages 403 to 441 and 241 to 394, the Statutory Auditors' reports thereon, respectively pages 442 to 446 and 395 to 402 of the registration document filed with the AMF on March 15, 2019 under number D.19-0154.

  The information is available at the following link:

  https://www.natixis.com/natixis/jcms/ala_5519/en/annual-financial-reports

- 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 of the registration document filed with the AMF on March 23, 2018 under number D.18-0172.

  The information is available at the following link:

  https://www.natixis.com/natixis/jcms/ala_5519/en/annual-financial-reports

The universal registration document is available for consultation on the AMF website *(www.amf-france.org.com)* and on the Natixis website *(www.natixis.com)*.

9.6 Cross reference table for the annual financial report and the management report

	2019 Universal registration document
Information provided in respect of Article L.451-1-2 of the French Monetary and Financial Code	
Annual financial report	
Consolidated financial statements	233 to 383
Statutory Auditors' report on the consolidated financial statements	384 to 391
Parent company financial statements	392 to 425
Statutory Auditors' report on the parent company's financial statements	426 to 430
Management report	
1 Activity report (Article L.225-100, Article R.225-102 and L.233-6 of the French Commercial Code)	
1.1 Situation and activity over the past year	212 to 217
1.2 Results	216-217
1.3 Key financial and non-financial performance indicators	6 to 9; 12-13
1.4 Analysis of results and financial situation	100 to 107; 124 to 135; 139 to 146; 216 to 222
1.5 Material events after the end of the reporting period	365
1.6 Outlook	228
1.7 Research and development	
1.8 Principal risks and uncertainties	100 to 156
1.9 Indication of financial risks relating to the effects of climate change	472-473
2 Information on share buybacks (Article L.225-211 par. 2 of the French Commercial Code)	**508**
3 Labor, environmental and social information (Article L.225-102-1 of the French Commercial Code)	**435 to 494**
4 Information on office locations and activities (Article 511-45 of the French Monetary and Financial Code)	**371 to 383**
5 Key characteristics of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information	**431 to 433**
6 Duty of Information (Article L.225-37-5 of the French Commercial Code)	**470-471**
Report on corporate governance	
Information concerning governance	34 to 76
Information concerning compensation	77 to 98
Structure of the Company's capital	415; 502 to 505; 546
Information required under Article L.225-37-5 of the French Commercial Code relating to items likely to have an impact in the event of a public tender offer.	508
Table summarizing the authorizations granted in respect of capital increases, in application of Articles L.225-129-1 and L.225-129-2 of the French Commercial Code and the use made of said powers in FY 2019.	506
Pursuant to Articles 212-13 and 221-1 of the AMF's General Regulations, the universal registration document also contains the following information 'in respect of regulated disclosures.	
Statutory Auditors' special report on regulated agreements and commitments	528 to 534
Statutory Auditors' fees	370
Statement of the person responsible for this document	542

9.7 Glossary

Acronym/Term	Definition
A-IRB	Advanced Internal Ratings-Based Approach
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 Defence 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).
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.
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.

Acronym/Term	Definition
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.
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.

Acronym/Term	Definition
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.
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.

Acronym/Term	Definition
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).
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
G-SIBs	Global systemically important banks
G-SIIs	Global systemically important institutions
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

Acronym/Term	Definition
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.
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).
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.

Acronym/Term	Definition
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
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.

Acronym/Term	Definition
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.
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).

Acronym/Term	Definition
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.
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, except for 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 Supersubordonnés), 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.
TUP	Total transfer of assets and liabilities (Transmission Universelle de Patrimoine)
UK	United Kingdom
US	United States of America
USD	US dollar

Acronym/Term	Definition
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

This document is printed in compliance with ISO 14001.2004 for an environmental management system.

TRANSPARENCE LABEL OR

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

Designed & published by LABRADOR INFORMATION DESIGN +33 (0)1 53 06 30 80

Natixis plays an active role in encouraging sustainable development. All of its teams are committed, day in day out, to supporting clients in their ecological transitions.

Natixis thus became the first bank to manage the climate impact of its balance sheet **by implementing the Green Weighting Factor, an innovative tool designed** to encourage environmentally- and climate-friendly financing deals.

PARIS 2024

NATIXIS BEYOND BANKING

PREMIUM PARTNER

PARIS 2024

Registered office:
30, avenue Pierre Mendès France
75013 Paris
Tél. : +33 1 58 32 30 00
www.natixis.com

A joint company with a board of directors with share capital of €5,049,354,392
542 044 524 RCS PARIS

GROUPE BPCE