NATIXIS
BEYOND BANKING

REGISTRATION DOCUMENT AND ANNUAL FINANCIAL REPORT

2017

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NATIXIS
BEYOND BANKING

2017 Registration Document
and Annual Financial Report

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This registration document was filed with the French Financial Markets Authority on March 23, 2018, in accordance with Article 212-13 of the general regulations of the French Financial Markets Authority. It may be used in connection with a financial transaction only if accompanied by a transaction note approved by the French Financial Markets Authority. The document has been prepared by the issuer and its signatories incur liability in this regard. This registration document includes all components of the annual financial report mentioned in Section I of Article L.451-1-2 of the French Monetary and Financial Code and Article 222-3 of the general regulations of the French Financial Markets Authority. A cross-reference table showing documents referred to in Article 222-3 of the general regulations of the French Financial Markets Authority and the corresponding sections of this registration document appear on page 478. The English language version of this report is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate presentation of the original. However, the original language version of the document in French prevails over the translation.

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

INTERVIEW

Laurent Mignon

Natixis' Chief Executive Officer

What were the highlights of 2017 for Natixis?

2017 was a particularly active year for Natixis across all its businesses. Our main financial indicators , particularly in terms of commercial development, profitability and financial solidity, confirm this vitality.

There was growth in all our businesses. In Asset Management, Natixis is now one of the top ten asset managers by revenue. In Corporate & Investment Banking we continued to gain market share and outperformed our competitors in Europe and the United States. Buoyed by strong sales momentum, Insurance also emerged as a sustainable growth driver. The Specialized Financial Services business also continued to expand on the back of its payments and specialized financing activities.

We contined to develop our international presence: almost 50% of our business is now conducted abroad. We also pursued an active acquisition strategy in asset management, payments and insurance: we acquired Investors Mutual Limited, one of Australia's most successful asset managers; we consolidated our payment activities by acquiring Dalenys, a fintech company specialized in e-retailer solutions; and we internalized the entire insurance value chain by acquiring MAIF and MACIF's equity interests in BPCE Assurances in the fourth quarter.

We successfully completed our New Frontier strategic plan. As a result of the dedication and effort of Natixis' 17,000 employees, we are now a solid, profitable company, that is recognized by customers for the quality of its expertise, and take on our new strategic challenges for 2018-2020 with confidence.

"With New Dimension, we will anchor our success over time by deepening the transformation of our business model and investing in digital. We are determined to differentiate ourselves by drawing on our teams' widely recognized expertise to become a leading player and our clients' first point of reference."

What are your ambitions for 2018 and your medium-term vision for Natixis?

The global economic environment is favorable, with solid growth prospects around the world. However, we have observed renewed volatility on the markets in the opening months of 2018, which means we need to remain alert and continue to pay close attention to our risk management, as well as deepen our transformation so that we adapt even faster to change.

2018 marks the first year of our new strategic plan "New Dimension", which is designed to deliver sustainable growth in every one of our businesses.

With New Dimension, we will anchor our success over time by deepening the transformation of our business model (Deepen) and investing in digital (Digitalize). We are determined to differentiate ourselves (Differentiate) by drawing on our teams' widely recognized expertise to become a leading player and our clients' first point of reference.

We firmly believe that maintaining the highest professional standards based on ethics and accountability across our businesses is key to retaining and increasing the invaluable trust and confidence of our customers, our shareholders and all of our partners. In 2018, Natixis will therefore adopt a Code of Conduct which will apply to all employees and stakeholders worldwide.

1

PRESENTATION OF NATIXIS

1.1 Natixis Code of Conduct

Present in almost 40 countries, Natixis, together with all the companies it comprises, operates in a diverse range of businesses. It owes its growth to the trust it has instilled in its clients, teams, shareholders, regulators and in society as a whole.

In the interest of preserving and enhancing this asset, Natixis has decided to establish its Code of Conduct to affirm and formalize its commitment to act in accordance with the highest professional ethics, to put clients' interests first and to act responsibly towards society. It is the result of the collective efforts by all the Natixis business lines and support functions, and was approved by the Senior Management Committee and the Board of Directors.

The Code of Conduct applies to all individuals employed on a permanent or temporary basis at Natixis, or in an entity in which Natixis holds a stake of at least 50%, 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 comprises two key sections. The first defines the commitments making up Natixis' "DNA": to add value to its clients, staff, shareholders and society as a whole. The second section presents all the guidelines, detailed below, to help 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

Be client centric

- *Protect clients' interests*
- *Communicate clearly with clients*
- *Protect clients' information and data*
- *Handle clients' after-sales requests in a fair and timely manner*

Behave ethically

- *Respect employees and ensure their personal development*
- *Demonstrate professional ethics*
- *Ensure market integrity*

Act responsibly towards society

- *Behave in accordance with Natixis commitments with regard to Environmental and Social Responsibility*
- *Ensure financial security*

Protect Natixis and Groupe BPCE assets and reputation

- *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.

All the Natixis business lines and support functions are in charge of adapting, from an operational standpoint and with the assistance of the Compliance Department, the principles of the Code to the performance of their activities.

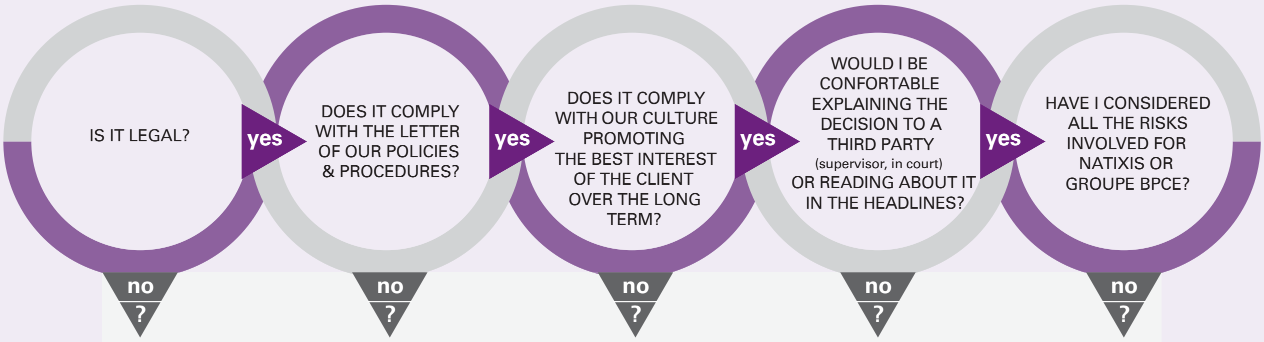
A Conduct Committee, comprising members of Natixis' Senior Management Committee, is in charge of the oversight and regular monitoring of matters pertaining to the rules of conduct, including updates to the Code and deciding on complex cases. An escalation process is also in place to consult the Committee if required.

The Code of Conduct does not, however, 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. To do so, the following conduct checklist is provided:

CONDUCT **CHECKLIST**

While the Code of Conduct, as well as relevant internal policies and procedures, provide clear guidelines for behavior, not every situation that arises in day-to-day activities can be directly covered by a rule. Making the right decision will require personal judgment, taking account of Natixis DNA and the spirit of the Code of Conduct principles.

If you are unsure about the consistency of what you intend to do with the Code of Conduct guidelines, ask yourself:



If the answer to one of these questions is no, or if you are unsure about it, please seek guidance from an appropriate authority:

- Ask for help from your line manager, or relevant teams (e.g., Compliance, Environmental and Social Responsibility (ESR), Human Resources, Legal).
- Escalate to the relevant committee (ultimately to the Natixis Conduct committee)

All staff are required to complete mandatory training on the Code of Conduct and must each commit to complying with the rules. Managers and leaders also ensure that their teams understand and adhere to the Code of Conduct and to the internal policies and procedures ensuring its application.

The Code of Conduct is available on the Natixis website https://www.natixis.com/natixis/jcms/rpaz5_65435/en/code-of-conduct

1.2 Business line presentation

With more than 17,000 employees in 38 countries, Natixis has a number of areas of expertise that are organized into four main business lines: Asset & Wealth Management, Corporate & Investment Banking, Insurance and Specialized Financial Services.

A global player, Natixis has its own client base of companies, financial institutions and institutional investors as well as the client base of individuals, professionals and small and medium-size businesses of Groupe BPCE's banking networks, the second-largest banking group in France[1].

ASSET AND WEALTH MANAGEMENT

ASSET MANAGEMENT
NATIXIS INVESTMENT MANAGERS

26 asset management companies (Natixis Asset Management, Loomis Sayles, Harris Associates, AEW…) applying multiple investment approaches:

- Specialized Fixed Income
- Distinctive Equities
- Insurance Solutions
- Multi-Asset Solutions
- Innovative Alternatives and Real Assets
- Money Market

WEALTH MANAGEMENT
NATIXIS WEALTH MANAGEMENT

- Financial Investment Management
- Wealth management advisory
- Corporate Advisory
- Life Insurance under French and Luxembourg law
- Loans
- Private Equity
- Real-Estate Investments

CORPORATE & INVESTMENT BANKING

COVERAGE

GLOBAL MARKETS

- Fixed Income, Credit, Forex & Commodities Markets
- Equity Markets (Cash & Derivatives)
- Cross-Expertise Research (Equity, Credit, Economic, SRI) & Quantitative Research

GLOBAL FINANCE

- Aviation, Export & Infrastructure Finance
- Commodity and Energy Finance
- Real Estate Finance
- Syndication/distribution
- Global Portfolio Management

GLOBAL TRANSACTION BANKING

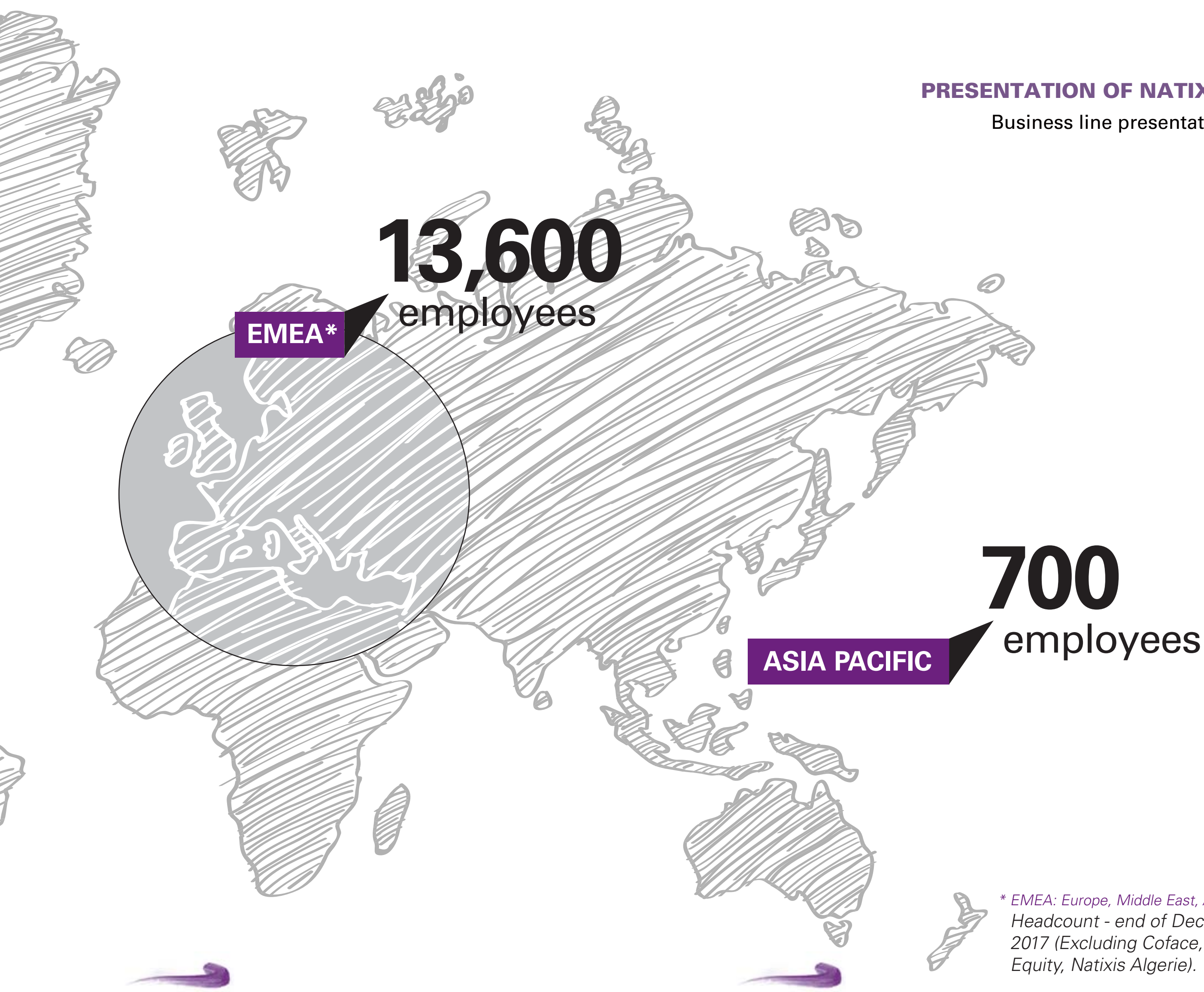
- Trade finance
- Liquidity management
- Cash management for Corporates
- Cash management for Financial Institutions

INVESTMENT BANKING

- Strategic and Acquisition Finance
- Equity & Debt Markets
- Capital & Rating Advisory
- Strategic Equity Transaction

MERGERS AND ACQUISITIONS

(1) Market shares: 21.6% in customer savings deposits, and 21.1% in customer loans (source: Banque de France Q3 2017 – for all non-financial customers).



** EMEA: Europe, Middle East, Africa.*
Headcount - end of December 2017 (Excluding Coface, Private Equity, Natixis Algerie).

INSURANCE

LIFE INSURANCES

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

NON-LIFE INSURANCES

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

SPECIALIZED FINANCIAL SERVICES

PAYMENTS
NATIXIS PAYMENT SOLUTIONS

- Payment and prepaid activities and solutions, in proximity, by internet and by mobile

SPECIALIZED FINANCING

FACTORING
NATIXIS FACTOR

- Management and optimization of customer receivables
- Factoring and financing
- Business information and collection

SURETIES AND FINANCIAL GUARANTEES
COMPAGNIE EUROPÉENNE DE GARANTIES ET CAUTIONS

- Design and development of multiple market surety and financial guarantee services

LEASING
NATIXIS LEASE

- Equipment and real estate lease financing (equipment leasing, real estate leasing, operations leasing, leasing with option to buy, IT operational leasing, Sofergie loans and long-term leasing)

CONSUMER FINANCE
NATIXIS FINANCEMENT

- Redeemable loans
- Personal loan management

FILM INDUSTRY FINANCING
NATIXIS COFICINÉ

- Cash flow or structured loans
- Medium-term or corporate loan

FINANCIAL SERVICES

EMPLOYEE SAVINGS SCHEME
NATIXIS INTERÉPARGNE

- Employee savings schemes
- Pension plans
- Collective non-life and provident insurance
- Employee share ownership

SECURITIES SERVICES
EUROTITRES DEPARTMENT

- Retail and private banking custody with back office functions

1.3 History and links with BPCE

1.3.1 HISTORY

Natixis was formed in 2006 through the combination of Natexis Banques Populaires and various subsidiaries of the Groupe Caisse d'Epargne, notably Ixis Corporate & Investment Bank (Ixis CIB) and Ixis Asset Management (Ixis AM):

- Natixis Banques Populaires itself was created from the contribution in July 1999 of the operating activities of the Caisse Centrale des Banques Populaires, founded in 1921, to Natexis S.A., a holding company that was formed from Crédit National, founded in 1919 and which had acquired a 100% stake in Banque Française du Commerce Extérieur, founded in 1946. At December 31, 2000, Groupe Banque Populaire held 79.23% of Natexis Banques Populaires following a capital increase largely taken up by retail investors;
- Ixis CIB and Ixis AM were originally part of CDC Ixis, itself part of the Caisse des Dépôts. The Ixis CIB and Ixis AM businesses were then contributed to the Caisse Nationale des Caisses d'Epargne (CNCE) as part of the transformation of the Groupe Caisse d'Epargne into a major full-service banking group at the end of 2004.

Natixis was formed by the execution of the following contributions:

- CNCE's contribution to Natexis Banques Populaires of certain subsidiaries and shareholdings in corporate, investment and service banking businesses, as well as a share of the cooperative investment certificates (CCI) issued since 2004 by each Caisse d'Epargne et de Prévoyance; and
- the contribution to Natexis Banques Populaires by SNC Champion, a vehicle set up by the Banque Fédérale des Banques Populaires (BFBP) and the Banques Populaires, of the remaining Caisses d'Epargne CCIs not contributed by CNCE and which had previously been acquired by SNC Champion from CNCE. In addition, CNCE and SNC Champion contributed stakes in Ixis CIB and Ixis AM that they had previously acquired from Sanpaolo IMI.

As a result of these contributions, CNCE and BFBP (directly and indirectly through SNC Champion) each had a 45.52% stake in Natexis Banques Populaires, the name of which was then changed to Natixis.

In addition to these contributions, each Banque Populaire issued CCIs representing 20% of their capital in favor of Natexis Banques Populaires, which has since become Natixis.

Between November 18, 2006 and December 5, 2006, CNCE and BFBP (through SNC Champion) sold some of their Natixis shares on the market via a Retail Public Offering in France for retail investors and a Global Offering for institutional investors both in and outside France. Once the transaction was completed, CNCE and BFBP each held a 34.44% stake in Natixis.

On February 26, 2009, the BFBP Board of Directors and the CNCE Supervisory Board approved the terms and conditions of the merger of their two central institutions, leading to the creation of the number two banking group in France.

- The underlying principles of BPCE, the central institution of Groupe BPCE created by Law No. 2009-715 of June 18, 2009, were approved on June 24, 2009 by the BFBP Board of Directors and the CNCE Supervisory Board. The last step in the formation of Groupe BPCE was completed on July 31, 2009, with the votes at the General Shareholders' Meetings of BFBP, CNCE and BPCE.
- With the formation of Groupe BPCE, BPCE took the place of CNCE and BFBP, becoming the majority shareholder of Natixis.
- Natixis has been affiliated with BPCE since July 31, 2009 (not inclusive), replacing the dual affiliation of Natixis with CNCE and BFBP.

On August 6, 2013, Natixis sold all the cooperative investment certificates (CCIs) that it held internally to the Banque Populaire and Caisse d'Epargne banks. This transaction was part of a move to simplify Natixis' structure.

Groupe BPCE is the No. 2 banking group in France through its two flagship brands: Banque Populaire and Caisse d'Epargne. With 106,500 employees, it serves 31 million customers, of whom 9 million are cooperative shareholders. Groupe BPCE develops a broad range of banking and financial services for a wide variety of customers.

With the 14 Banque Populaire banks, 16 Caisses d'Epargne, Natixis, Crédit Foncier, Banque Palatine and BPCE International et Outre-mer, Groupe BPCE offers its customers a broad range of products and services, including solutions for savings, investment, cash management, financing and insurance.

Groupe BPCE provides a guarantee and solidarity system covering all banks affiliated with it.

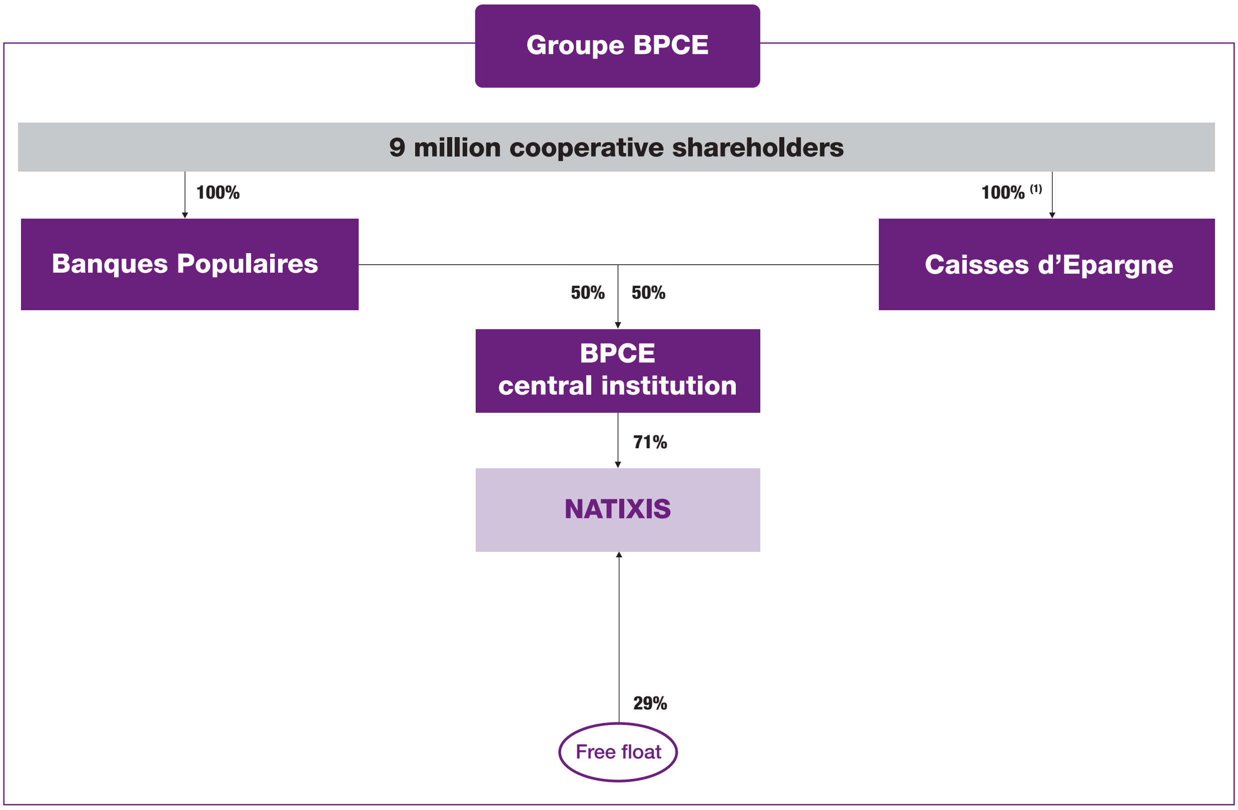
1.3.2 FINANCIAL SOLIDARITY MECHANISM

Pursuant to Article L.511-31 of the French Monetary and Financial Code (Code monétaire et financier), BPCE shall, as the central institution, take any measures necessary to guarantee the liquidity and solvency of Groupe BPCE. Natixis, in its capacity as an institution affiliated with BPCE, is covered by the Groupe BPCE financial solidarity mechanism. Thus, in the event Natixis encounters financial difficulty, (i) BPCE would firstly provide support using its own capital in accordance with its duty as a shareholder; (ii) should this prove insufficient, it would use the mutual guarantee fund created by BPCE, which at December 31, 2016 totaled €362.6 million in assets provided jointly by the Banque Populaire and Caisse d'Epargne networks, and which is increased through an annual contribution (subject to the amounts which would be used in the event of a call for funds); (iii) if BPCE's capital and this mutual guarantee fund should prove insufficient, BPCE would call on (in equal proportions) both the Banque Populaire and Caisse d'Epargne networks' own guarantee funds of €900 million in total and; finally (iv) if calls on BPCE's capital and these three guarantee funds should prove insufficient, additional sums would be requested from all Banques Populaires and Caisses d'Epargne.

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

1.3.3 BPCE ORGANIZATION CHART

At December 31, 2017, BPCE held 71% of the share capital of Natixis (71.02% of voting rights) *(see Section 1.3.2 Financial solidarity mechanism)*. The structure of Groupe BPCE at December 31, 2017 was as follows:



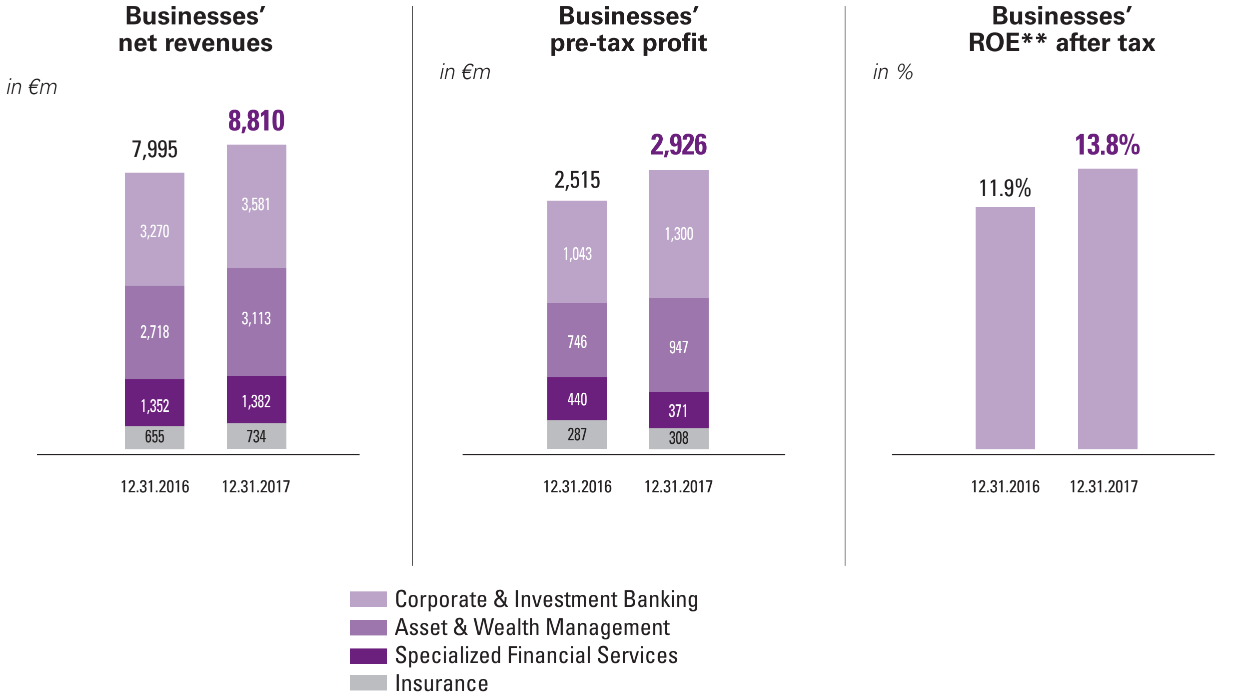
(1) Indirectly through Local Savings Companies

1.4 2017 Key figures

NATIXIS INCOME STATEMENT

(in millions of euros)	2017	2016	2015	2014
Net revenues	9,467	8,718	8,704	7,512
Gross operating income	2,835	2,480	2,749	2,073
Provision for credit losses	(258)	(305)	(291)	(302)
Pre-tax profit	2,651	2,287	2,473	1,838
NET INCOME (GROUP SHARE)	**1,669**	**1,374**	**1,344**	**1,138**
ROTE	*11.9%*	*9.9%*	*9.8%*	*8.3%*
Cost/Income ratio	*70.1%*	*71.6%*	*68.4%*	*72.4%*

BUSINESSES*



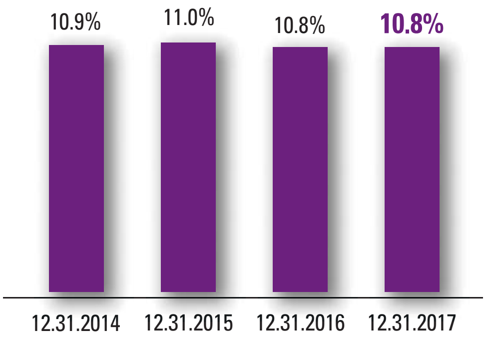
* Pro forma figures reflecting methodological and reporting changes as published on November 13, 2017 (https://www.natixis.com/natixis/upload/docs/application/pdf/2017-11/natixis_pr___restated_quaterly_series.pdf)

** Reported figures including non-recurring items. Excluding non-recurring items, 2017 ROE of 13.8%, 2016 ROE 12.2%.

FINANCIAL STRUCTURE

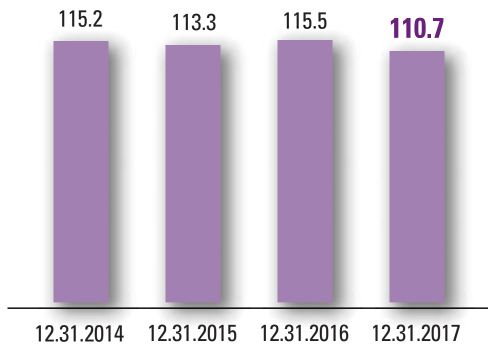
Basel 3 Common Equity Tier 1 ratio (Phased-in)

in %



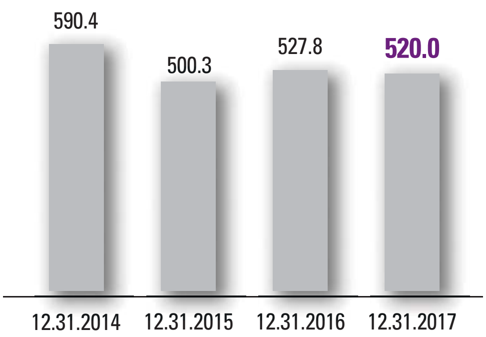
Basel 3 risk-weighted assets (Phased-in)

in €bn



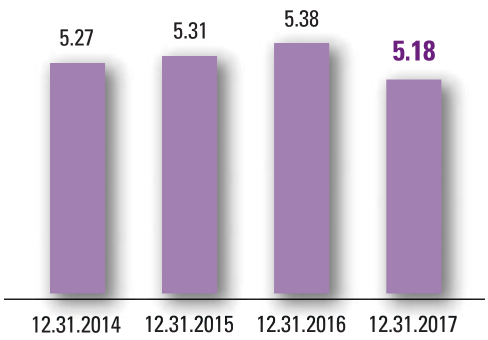
Total assets

in €bn



Book value per share*

in €



OTHER INDICATORS

Long and short-term rating

(As of end-February 2018)

Ratings agency	Long-term	Short-term
Standard & Poor's	**A (positive)**	**A-1**
Moody's	**A2 (positive)**	**P-1**
Fitch	**A (positive)**	**F1**

Net dividend per share in 2017**

€0.37

Payout ratio in 2017

74%

Board of directors

8
Meetings

40%
Gender balance

95%
Global rate of participation in board meeting

33%
Independent directors

Presence in the CSR indexes

EURONEXT STOXX vigeo

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

** Proposal presented to the May 23, 2018 Shareholders' Meeting.

1.5 Natixis' businesses

Natixis is the international corporate and investment banking, asset management, insurance and financial services arm of Groupe BPCE, the second largest banking group in France.

Natixis has a number of areas of expertise that are organized into four main businesses — Asset & Wealth Management, Corporate & Investment Banking, Insurance and Specialized Financial Services — and include the activities of the Corporate Center.

Natixis operates in three key regions: the Americas (28% of net revenues[1]), Asia-Pacific (5% of net revenues[1]) and EMEA (Europe, Middle East and Africa, 67% of net revenues[1]).

1.5.1 ASSET & WEALTH MANAGEMENT

Asset Management and Wealth Management continue to be centered on Natixis' expertise in asset management, among the largest and most profitable asset managers worldwide.

1.5.1.1 Asset Management

In 2017, Natixis announced a series of strategic goals for its Asset Management division in line with its 2018-2020 New Dimension Plan, and its continued commitment to its global multi-affiliate model. To better align with its business model, the Asset Management business was rebranded and a new brand platform was introduced. The newly named Natixis Investment Managers includes 26 specialized investment managers in the US, Europe and Asia. Natixis Investment Managers' new brand platform is based on the Active Thinking℠ concept, reinforcing its commitment to highly active, high-conviction investment management and highlighting its broad range of investment expertise.

Natixis Investment Managers: a global player

Natixis Investment Managers ranks 15th globally by assets under management *(Cerulli Associates: Global Markets 2017 report based on AuM as of December 2016; revenue and operating profit based on ranking of publicly traded asset managers).*

Natixis Investment Managers is a multi-affiliate business with a portfolio of 26 autonomous asset managers providing a diversified suite of distinctive active investment management expertise, with the support of a value-adding holding company. Natixis Investment Managers supports the growth of each affiliate through its global distribution platform, financial support for innovation and global oversight to ensure the consistency of the operational risk management our clients expect.

Natixis Investment Managers' global distribution platform comprises two major segments: institutional investors (public and private pension funds, insurers and banks, sovereign funds and central banks, etc.) and distribution/retail (fund of funds, Private Banking, platforms and IWMAs). Natixis Investment Managers has distribution operations in over 20 countries with its main support functions based in Boston, London and Paris.

For Natixis Investment Managers, 2017 featured solid investment performance, a meaningful increase in its asset base and significant new client wins, and strong financial results. Fund flows rebounded, driven by a well-diversified business mix. European and US affiliates generated €9 billion and €13.9 billion in net inflows respectively. By platform, the international distribution, US and Canadian platforms attracted a roughly equal proportion of net inflows. These inflows were also well-diversified across affiliates.

The macroeconomic environment was very positive throughout the year with strong US growth, renewed optimism in Europe, strong corporate profitability, ample liquidity on the markets, and accommodative monetary policy in Europe. Investment performance was strong across the range of investment affiliates, helping to produce a 15% increase in revenues, 27% increase in operating profits, and €24 billion in net inflows.

Strong net inflows and market action were offset by currency impacts and by the sale of its share in IDFC and the planned transfer of a portion of assets managed for CNP Life insurance. AuM at the beginning of the year stood at €831.5 billion and ended the year at €830.8 billion, a decrease of 6% at a constant euro basis.

Natixis Investment Managers also expanded its affiliate range with the acquisition of a majority ownership stake in Australian equities manager, Investors Mutual Limited (IML), a successful, well-respected manager with a long-term, conservative, quality- and value-based investment style. IML has a long-term performance record across a range of funds with a broad retail client base. The acquisition brings Natixis Investment Managers expertise in Australian equities and additional exposure to the Australian retirement savings market. Over the next decade, the Asia Pacific will be one of the fastest growing markets in the world in terms of assets under management, and the region is critical to the growth of Natixis Investment Managers.

Building on its current leading market position and its innovative and differentiating multi-affiliate business model, Natixis Investment Managers intends to further enhance the reach of its distribution network, continue to diversify its lineup of affiliate investment offerings, simplify its global operating model, and expand its global footprint and capabilities.

(1) See Chapter 5 of this registration document — Note 16.2 of the Appendices to the consolidated financial statements.

Natixis Investment Managers will continue to cement itself as a leading global player in the asset management industry, anchored by mature, market-leading businesses in the US and France, a growing presence across Europe, and continued strong growth in other critical regions, including the Asia-Pacific, the Middle East and Latin America.

Overall, it is targeting an annual revenue growth rate of 6% and net flows of €100 billion for the period 2018-2020. Its objective is to generate more than €1 billion in operating income in 2020 and reach €1 trillion of assets under management by the end of 2020.

Natixis Investment Managers: 26 specialized investment managers in the US, Europe and Asia (at end-2017 — assets under management in billions of euros)

- Natixis Asset Management (€316.3 billion): fixed income, European equities, investment and client solutions, volatility and structured products, global emerging;
- Loomis Sayles (€223.2 billion): equities (growth, core, value) and fixed income (core to high yield);
- Harris Associates (€116.9 billion): US and international value stocks;
- AEW Europe (€27.7 billion): real estate asset management, real estate investment trusts (SCPI) and real estate mutual funds (OPCI);
- AEW Capital Management (€20.8 billion): real estate asset management;
- DNCA Investments (€25.3 billion): fixed income and equities;
- Managed Portfolio Advisors (€9.9 billion): overlay strategies;
- Seeyond* ("NAM US") (€7.2 billion): structured products and volatility;
- H2O Asset Management (€15.8 billion): global macro multi-strategy and international fixed income;
- Gateway Investment Advisers (€10.4 billion): hedged equity;
- McDonnell Investment Management (€9.6 billion): municipal bonds;
- Vaughan Nelson Investment Management (€11.0 billion): value stocks and bonds;
- Mirova (€8.7 billion): SRI equity and fixed income, infrastructure project financing;
- VEGA Investment Managers (€6.6 billion): funds of funds and fund selection;
- Investors Mutual Limited (IML) (€6.4 billion): value-based Australian equities;
- Ossiam (€2.9 billion): strategy-based ETFs (Exchange Traded Funds);
- Dorval Asset Management (€2.5 billion): flexible management;
- Darius Capital Partners (€0.6 billion): alternative investment advisory (hedge funds);
- Alpha Simplex group (€6.5 billion): quantitative investment management;
- Active Investment Advisors (€1.0 billion): discretionary index-based strategies;
- Private Equity Division (€7.9 billion): Alliance Entreprendre, Caspian Private Equity, Euro Private Equity, Naxicap Partners, Seventure Partners.

1.5.1.2 Wealth management

In 2017, Natixis decided to reposition its wealth management business by focusing on the High Net Worth Individuals / Family Office segment to better integrate this expertise within the Group, and by simplifying and digitalizing its business model.

With this in mind, the brand Banque Privée 1818 became Natixis Wealth Management, covering the business in France, Luxembourg and Belgium. Natixis Wealth Management brings together a full range of expertise based on Private Equity, structured products, real estate and asset management solutions offered by Natixis Investment Managers.

In addition, Natixis Wealth Management has developed its own expertise in wealth engineering, credit facilities, corporate finance consulting and securities hedging. Natixis Wealth Management also relies on its asset management subsidiary, VEGA Investment Managers, and on all the affiliates of the group for their specific expertise.

The Wealth Management Division serves two types of clients: group sourcing (the wealth management customers of BPCE banking network and business from Natixis) and direct clients. The Sélection 1818 platform, which addresses Independent Wealth Management Advisors for a clientele mainly "mass affluent" is in the process of being sold.

In 2017, Natixis Wealth Management had net inflows of €1.4 billion and manages a total of €31.6 billion.

** Since January 1, 2018, Seeyond – formerly the quantitative investment division of Natixis Asset Management – has become an investment management company in its own right and an affiliate of Natixis Investment Managers. The AuM figures mentioned above are as of December 31, 2017, ie. before the Seeyond spin-off. Seeyond's AuM are therefore included in Natixis Asset Management's AuM.*

1.5.2 CORPORATE & INVESTMENT BANKING

At December 31, 2017, the Corporate & Investment Banking (CIB) business line comprised 2,984 employees (FTEs) in 30 countries around the world. 52.9% of the employees were located in France, and 47.1% internationally.

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

Corporate & Investment Banking is structured as **five areas of expertise**:

- **Capital Markets (Global Markets)**: a wide range of diversified, standard and bespoke products and solutions on the fixed income, credit, forex, commodities and equities markets;
- **Financing (Global Finance)**: 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;
- **Global Transaction Banking**: trade finance, liquidity management, cash management solutions for corporates and financial institutions, and working with clients to develop their business in France and internationally;
- **Investment Banking**: strategic financing and acquisitions, financing on the primary markets for bonds and equities, financial engineering applied to holdings, and financial structure and rating advisory services;
- **Mergers & Acquisitions**: preparation and execution of disposals and mergers, fundraising, restructuring and capital protection.

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

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

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

In 2017, Corporate & Investment Banking continued to expand internationally: in March 2017, the Asia-Pacific platform opened a branch in Taipei to support its business development in the Greater China region, and obtained a license to provide M&A advisory services in Hong Kong.

On November 20, 2017, Natixis unveiled its new 2018-2020 strategic plan called "New Dimension" under which Corporate & Investment Banking aims to:

- be recognized as a provider of innovative, tailor-made solutions;
- become the go-to-bank in four selected key sectors: Energy and natural resources, Infrastructure, Aviation, Real Estate & Hospitality.

In addition, Corporate & Investment Banking intends to increase business with insurers and financial sponsors, become a leading player in green business and continue to expand internationally with a goal to generate over 40% of its revenues in the Americas and the Asia-Pacific region by the end of the plan.

The business will grow by maintaining very stringent risk and asset-liability management using the O2D model in particular. Starting from high revenues in 2017, Natixis aims to increase the net revenues of its Corporate & Investment Banking business by 3% per annum over the course of the plan, with a return on equity target of 14% in 2020.

As part of this process, in October 2017 Corporate & Investment Banking announced a project to enhance the organizational structure of Global Finance. It includes the creation of an Energy & Natural Resources business line and a Real Assets business line, including the Infrastructure, Aviation and Real Estate & Hospitality businesses. To consolidate the O2D model, the syndication activity in these sectors is being merged with the Global Portfolio Management business, which is also stepping up its role in the active management of the loan book. The aim of this project is to:

- capitalize more effectively on the sector expertise acquired in energy and commodities, infrastructure, aircraft and real estate finance;
- develop commercial relations with customers in these sectors;
- promote the development of the Investment Banking and M&A business lines.

The implementation of this project is scheduled for March 2018.

In keeping with Natixis' strategic ambitions for the green, sustainable economy, Corporate & Investment Banking has continued to consolidate the green franchise, particularly in renewable energy financing, SRI research, green bonds, and "climate equity" investment solutions.

In order to offer new opportunities to issuers and investors globally, in late July 2017, Corporate & Investment Banking set up a Green & Sustainable Hub to deliver a continuum of dedicated solutions and expertise. These include structuring and origination of financing solutions (bonds, credit, securitization), structuring and engineering of investment solutions (equities, rates, credit), market intelligence, and advice for investors and issuers that are clients of the bank.

Among the international initiatives, the Asia-Pacific platform strengthened its local offering and integrated China's Green Finance Committee, an offshoot of the Chinese central bank to better meet the needs of local issuers and investors and support the development of the green banking industry.

On December 6, 2017, Natixis and ODDO BHF announced plans for a long-term partnership on the equity markets (cash equity, equity research, equity capital markets) with a view to delivering a unique solution for investors and issuers that is consistent with the regulatory changes associated with MiFID II.

The aim is to create a leading player on equity broking and equity capital markets in continental Europe. The combination of research and sales teams serving corporate and investors, the strength of Natixis' Corporate & Investment Banking business and ODDO BHF's distribution capabilities should enable them to gain market share.

This partnership will result in:

- the transfer of Natixis' equity broking and equity research activities in France to ODDO BHF;
- the reunion of both players' equity capital markets activities in France under Natixis;
- the acquisition by Natixis of a 5% equity interest in ODDO BHF.

1.5.2.1 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 that tie into its widely recognized research.

Underpinned by extremely rigorous risk management, the capital markets business is based on a strategy focused on delivering solutions in which innovation and responsiveness to clients' specific needs are strong differentiating factors. The financial engineering and sales teams therefore play a central role in this strategy, which focuses squarely on dialog with clients, thereby strengthening long-term relationships.

A multi-underlying approach is being developed for clients, as shown by the creation of the Global Securities Financing team which operates in both the fixed income and equity markets. This approach is being applied in the international platforms, especially in Asia, where a number of specialists have been hired to develop the offer of multi-underlying solutions.

The prestigious "Structured Products House of the Year" award won in Asia for 2017 *(source: AsiaRisk)* reflects the bank's strong position in this highly competitive market.

As a result of the strategy implemented over the past four years, Global Markets delivered an excellent performance in 2017, outperforming the market and with revenues up sharply despite a difficult environment, particularly in the third quarter, which was marked by low volatility.

Fixed income, credit, forex and commodities markets

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

In early January 2017, a cross-business European sales and financial engineering team was created, making financial engineering a key component of the fixed income business. The team is dedicated to driving the development and sale of innovative solutions for clients on the credit, fixed income and forex markets, while increasing the added value of those solutions among target clients.

2017 saw a rise in the intensity and international reach of activities across the three geographical zones, leading to the expansion of the following teams:

- the sales teams in Germany, the United Kingdom (mainly for the sale of securitization assets) and Eastern Europe (mainly for Russian clients);
- the financial engineering, sales and Global Structured Credit & Solutions (GSCS) teams, in order to cover Asian and Australian customers;
- the sales teams for North American and Latin American clients.

The focus on the development of solutions is paralleled by the digitalization of activities, including the increasing electronization of flows. A new digital interface has also been developed to enhance the oversight of business development and ensure better client follow-up.

On the credit market, to address structural issues related to the growing disintermediation of financial markets, the GSCS teams offer clients solutions geared towards efficient asset and liability management, such as advisory and financing solutions for balance sheet reduction, arrangement of alternative financing or regulatory optimization. GSCS launched ABS/CLO trading activities in 2017. This new team complements the existing origination, structuring and syndication business, and means that Natixis is able to offer clients services right across the structured credit value chain.

Business in this market segment was brisk across the three international platforms in 2017. In Europe, the Merius investment platform, which was set up in 2016, reached over €1 billion in investments at the end of 2017, underlining investor interest in this innovative solution on the Dutch residential mortgage market. On the catastrophe (cat) bonds market, Natixis successfully co-arranged and placed an innovative bond issue (including a Rule 144A placement on the US market) worth €90 million, providing the Covéa group with three-year coverage against storm risks in Europe. Growing interaction between the international teams has also led to some major deals, including the BSL (broadly syndicated loan) CLO in early 2017 for US asset manager Voya. The CLO was distributed in the Americas, Europe and Asia, and its equity tranche, placed with Taiwanese investors, was named "Best Insurance Deal of the Year, APAC" *(source: SRP Asia Pacific Awards 2017)*. A good example of our ability to innovate, this tranche was structured to comply with the specific regulatory constraints of Taiwanese insurers and allow them to invest in the equity tranche of this US-originated CLO.

Natixis is a recognized arranger and placement agent in the US CLO market, where it was the sixth largest CLO arranger in 2017 *(source: Thomson Reuters)*. The bank participated in the entry of new issuers into this market, with inaugural deals such as the Nassau 2017-I Ltd CLO and the Pacific Asset Management CLO. It was also involved in a number of landmark transactions, such as the $1.5 billion Fortress Credit Opportunities IX CLO Ltd deal for a subsidiary of the Fortress Investment Group, in which Natixis acted as sole lead manager, and which was placed with US, Japanese, Danish, UK and Australian investors.

On the commodities and energy markets, the Global Markets Commodities (GMC) teams have, over the past three 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.

Under the plans to establish sector-based teams, the GMC business will, in 2018, become a joint venture between the new Energy & Natural Resources business line and Global Markets. The objective is to enhance commercial efficiency in the marketing of commodities products and increase synergies with clients.

Treasury and collateral management

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

Equity markets

On the cash equity market, Natixis is positioned as a Europe-wide broker specializing in the French market, combining a full range of expertise including research, sales and value-added execution products. In 2017, Natixis was voted No. 3 broker in France (up from fifth place in 2016) and No. 1 by French investors in the Extel 2017 survey of 20,000 European investors.

In December 2017, Natixis and ODDO BHF announced plans for a long-term partnership on the equity markets, which would result in the transfer of Natixis' equity brokerage activities in France to ODDO BHF in order to create a leading player in continental Europe.

On the equity derivatives market, Natixis offers integrated services that address the goals and constraints of clients and are based on seven pillars: equity investment solutions, equity finance, algorithmic indexes, legal arrangements and regulatory solutions, fund solutions, hybrid products and Alternative Risk Transfer activities. 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 2017, the equity derivatives business grew substantially and boosted productivity and market share. These positive results are the result of an expanded range of solutions, intensified customer relations and the growing industrialization of our digital solutions, including training platforms such as Massive Online Open Courses (MOOC) for our distributor clients, the E-MAPS pricing platform and the E-TRANSAC portfolio management tool for the secondary market.

This performance also reflects the trading team's capacity to implement optimal risk management under which, in 2017, the equity derivatives trading business was restructured to allow for the management of index and equity positions within two separate books. This new structure is fully in line with Global Markets' strategy to develop innovative, tailor-made solutions for clients, while securing the trading books' current exposures. By optimizing the recycling of solution book risks, the new structure encourages the development of Alternative Risk Transfer solutions that give targeted clients (institutional clients and hedge funds) privileged access to alternative asset class performance drivers.

Natixis received a number of prestigious awards in 2017, underlining the dynamism and expertise of the equity derivatives teams. It was named "Most Innovative Investment Bank for Equity Derivatives" by *The Banker* magazine for the second year in a row *(Investment Banking Awards 2017)*. This international recognition illustrates the bank's ability to generate innovative solutions tailored to the market environment, evolving regulations and the needs of clients, such as solutions incorporating systematic strategies for equity portfolio hedging and investment solutions based on new market indices in Europe (Euronext, Stoxx, FTSE Russell, Standard & Poor's and Sol active) and in Asia and the Americas. In Asia, after two years' collaboration with Natixis, the Korea Exchange launched its first index designed for structured products. In the United States, the New York teams participated in the creation of the new Nasdaq-100 Target 25 Excess Return index. The collaboration with the Asian and US teams has given Natixis access to exclusive operating license for these two indices, demonstrating the bank's expertise in innovative investment solutions.

Global Securities Financing: a joint venture between Fixed Income and Equity Derivatives

Created in late May 2017, Global Securities Financing is a new entity formed mainly from the merger of the Equity Finance (Equity Derivatives) and Securities Financing group (Fixed Income) teams. It aims to promote dialog with our clients in order to provide them with multi-underlying and multi-product solutions. With teams in Paris, London, Frankfurt, New York, Hong Kong and Tokyo, Global Securities Financing's primary areas of expertise are collateralized funding and collateral management (repos, securities lending/borrowing, etc.), repo market-making and credit and sovereign securities lending/borrowing, and index (equity) market-making as well as a solutions department. The pooling of expertise facilitates the development of hybrid solutions as well as innovative products such as the Zephyr Max Violet Note, the alternative investment solution voted Deal of the Year, APAC by *AsiaRisk (source: SRP Asia Pacific Awards 2017)*.

The new 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.

A recognized leader on the share lending/borrowing market, Natixis was named "2017 Best Equity Borrower Globally" (Group 2) and "Best Equity Borrower (Group 2): Relationship Management" for the fourth consecutive year by specialist magazine *Global Investor/ISF (source: Equity Lending Survey 2017 — Global Investor/ISF — The survey distinguishes between Group 1 and Group 2 based on the volume of transactions processed)*.

CVA/DVA desk

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

Research

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

Global Markets research has developed recognized expertise in the following areas: equity research, SRI (socially responsible investment), credit and macroeconomic research, investment strategies, and commodities, fixed income and forex research.

In 2017, the team pursued its research across all asset classes to provide clients with an increasingly wide market perspective. The research function received a number of awards recognizing the expertise of its teams and their commitment to clients:

- "Best 2017 commodities and energy researcher" *(source: Energy Risk Awards 2017)*;
- "Best Credit Research in the Covered Bonds, Distribution and Consumer Goods, Supranationals & Agencies and Utilities categories" and No. 5 in Fixed Income Research 2017 *(source: Euromoney Fixed Income Research Survey 2017)*;
- No. 1 for equity research in France, including 11 awards in seven different sectors: Food & Beverages, Automotive, Retail & Consumer Products, Construction, Energy & Chemicals, Healthcare, Utilities *(source: Thomson Reuters Analyst Awards 2017)*;
- No. 2 in SRI/ESG research in Europe in 2017 *(source: Extel 2017)* and No. 3 in credit research in the ESG/green bonds category in 2017 *(source: Euromoney Fixed Income Research Survey 2017)*.

During 2017, the research teams came together to address the implications of MiFID II, which came into force on January 3, 2018. Aimed at increasing the transparency of the financial markets and stepping up investor protection, this directive requires EU companies providing portfolio management or other investment services to separate trading commissions from the cost of accessing research. As of early 2018, clients will be charged for access to research so that it cannot be considered an inducement.

Over the course of 2017, the teams structured and priced the research offer, and met with eligible clients to make them aware of Natixis' research offering. To facilitate customer compliance, the level of security for access to publications and to the Global Markets research website has been increased for all Natixis clients, while enhancing the user experience of the website.

In December 2017, Natixis and ODDO BHF announced plans for a long-term partnership in order to create a continental European leading player in the equity markets. This partnership will result in the transfer of Natixis' equity research activities in France to ODDO BHF.

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

1.5.2.2 Global finance

Global Finance encompasses advisory, origination, arrangement and syndication activities of structured financing in four sectors (aviation, exports and infrastructure, real estate, energy and commodities), as well as active portfolio management for all the vanilla and structured financing that forms the basis of the O2D (Originate to Distribute) value chain.

Following on from 2016, the reinforcement of the O2D model in 2017 has helped accelerate balance-sheet rotation and improve capacity to serve clients, as reflected by the sharp increase in business levels despite increased regulatory constraints and steeper competition.

Natixis topped the league tables in a number of categories in 2017, including No. 1 bookrunner for syndicated real estate finance in the EMEA region (*source: Dealogic, EMEA Real Estate Loans report at December 31, 2017),* No. 6 MLA for infrastructure finance in Europe and No. 10 globally (*source: IJ Global at December 31, 2017).*

In October 2017, Natixis launched a Global Finance restructuring project as part of the New Dimension strategic plan, and in order to capitalize on its international, multiple business line expertise across four sectors. The project leads to the creation of two dedicated business lines: Energy & Natural Resources and Real Assets *(see above)*.

At the same time, and in order to further consolidate the O2D model, the Global Portfolio Management business line is expected to incorporate syndication transactions and step up its role in the active management of the loan book.

Aviation, export and infrastructure finance

Natixis' offering in aviation, export and infrastructure finance combines its advisory expertise in financial, arrangement, structuring, agent and distribution services. The team is developing optimized financing solutions in both banking and institutional markets.

Drawing on its leading position in infrastructure and aerospace debt vehicles, Natixis consolidated its platform devoted to institutional clients to allow them to invest in this asset class through partnerships. There are currently seven partners on the platform, with an investment capacity of €5.4 billion.

Infrastructure financing saw sustained business activity in the three international platforms and across all asset types — particularly in renewable energy, where Natixis is continuing its mobilization efforts in support of energy transition. Natixis is ranked No. 1 in the Middle East *(source: IJ Global)* after financing of the largest PV power park in the world, Sweihan in Abu Dhabi, and the Mohammed Bin Rashid Al Maktoum solar park in Dubai. In the environmental sector, it is also financing the expansion of the Shuaibah seawater desalination plant in Saudi Arabia. Natixis remains highly active in renewable energy in Europe: for example, it has issued the first project bond in the wind power sector in Italy for Glennmont Partners, and in Asia (wind and solar financing). It also arranged financing in the form of a €400 million high-yield bond for Senvion, one of Europe's leading wind turbine manufacturers. In Canada, it refinanced the Illumination, Glenarm and Goldlight solar power plants on behalf of DIF Infrastructure.

Natixis has become a major player on the PPP and privatization markets in Australia. For example, it financed several renewable energy projects, such as the Willogoleche wind farm in South Australia and the Daydream and Hayman solar farms in Queensland, as well as the construction of two data centers for Airtrunk. In Mozambique, Natixis is financing the construction of a liquefied natural gas production vessel. This €8 billion project is the year's biggest infrastructure financing project globally. In the United States, it refinanced liquidity lines and acted as Issuing Bank for a portfolio of gas power plants in Georgia owned by the Carlyle Group and GE.

The bank also reaffirmed its leading role on the global market for aircraft finance by arranging the acquisition of a Boeing 787 by Air France in the form of a JOLCO, a first for the airline for this type of aircraft, the financing of a fleet of 18 aircraft for aircraft leasing company Vermillion held by Asian conglomerates and assisting in a US dollar-denominated private placement for Goshawk Aviation. Natixis also signed a partnership agreement with the aircraft leasing company Minsheng Financial Leasing, a subsidiary of a Chinese bank seeking to expand its fleet and acquire financing and investment solutions.

Energy and commodities finance

In energy and commodities, Natixis provides global sector-specific coverage for all parties, as well as the arrangement, structuring and distribution of loans specific to these markets: pre-export financing, transactional facilities, borrowing base financing, reserve-based lending, etc.

In 2017, Natixis pursued its initiatives to digitalize commodity trading by creating, in conjunction with IBM and Trafigura, the first blockchain for oil and gas trading. In a sector environment that remains challenging due predominantly low commodity prices, Natixis consolidated its energy and commodities franchise in a highly selective way by supporting its longstanding clients with their financing needs and demonstrated strong resilience.

For example, Natixis assisted Trafigura in an innovative bespoke securitization program, backed by oil and gas inventories, coordinated a $1.7 billion pre-export finance deal for the Russian aluminum producer UC Rusal, renewed a $1.4 billion RCF in favor of the energy trader Gunvor, and financed the Ghana Cocoa Board's cocoa campaign amounting to $1.3 billion. In the Americas, it contributed to the financing of The Washington Companies' acquisition of Dominion Diamond, Canada's No. 1 diamond producer and No. 3 worldwide, and the acquisition of ThyssenKrupp's Brazilian operations by the Latin American steel group Ternium.

Real estate finance

Natixis is a leader on the real estate finance market in Europe and the United States and boasts a comprehensive financing offering, including arrangement of corporate and structured financing across all asset classes, securitization (US), German mortgage covered bonds (Natixis Pfandbriefbank AG), etc.

Natixis was ranked No. 1 bookrunner in real estate syndicated financing in EMEA in 2017 *(source: Dealogic, at June 30, 2017)*, reflecting the vitality of its business and its positioning as a major arranger in the sector. 2017 saw the completion of a number of landmark transactions in France (acquisition finance of €900 million for the Cœur Défense office tower, co-underwriting of the €350 million refinancing of Hyatt hotels, setting up a €1.8 billion syndicated corporate loan for the property company Carmila) in Germany (€157 million in financing for the acquisition of the Eschborn Plaza office complex in Frankfurt, €165 million in financing for the acquisition of office buildings in Düsseldorf), in Italy (€100 million in financing for the development of 148,000 m^2 of warehouse space fully leased to Amazon, €185 million in financing for the acquisition of office properties in Milan, Rome and Bari) and in Spain (co-underwriting of the Colonial corporate loan (€350 million) and co-underwriting in a €582 million corporate loan on behalf of Realia Patrimonio). Natixis Pfandbriefbank AG continued its development in 2017 and, in particular, issued €250 million in additional "Pfandbrief" bonds, bringing total issuance since the institution was established to €1.3 billion.

In the United States, Natixis issued the first ever "green" CMBS. The $72 million securitization is backed by the 85 Broad Street building in New York and refinances part of a first mortgage of $358.6 million. Activity was extremely buoyant across the United States and in all asset types, with high-profile transactions including the financing of the acquisition ($232 million) of the Crossroads III offices in Sunnyvale (California) by Tristar Capital, the refinancing ($270 million) of JW Marriott Chicago, $125 million in financing for the construction of a residential, office and retail complex at One Light Street in Baltimore, and the financing of the acquisition ($240 million) of a complex in Santa Clara (Silicon Valley) by a Hollywood producer and an investment fund.

1.5.2.3 Global Transaction Banking

The Global Transaction Banking (GTB) teams sell Natixis' corporate clients solutions for monitoring, optimizing and enhancing their cash flow and for financing and securing their international trade transactions. They support them over the long-term, at every step of their projects, helping them select and implement the solutions adapted to their needs, in France and across the platforms in Asia-Pacific (Singapore, Shanghai, Hong Kong, Beijing), the Americas (Mexico, New York, São Paulo) and the EMEA region (Madrid, Dubai, Moscow, Milan).

- Trade Finance: Natixis contributes to the international development of its clients by offering solutions to finance and secure their import and export operations (out of Dubai, Hong Kong, Moscow, New York, Paris, São Paulo, Shanghai and Singapore), together with a set of integrated RMB (renminbi) services. It has strong banking risk coverage capabilities and offers a full range of market guarantees.

  It also offers supply chain finance solutions to clients who wish to optimize their cash flow and offer financing to their suppliers.

  Natixis received the "Quality Leader" award for 2017 in the Large Corporate Trade Finance category for France *(source: Greenwich Associate)*.
- Liquidity Management: Natixis offers corporate clients a multi-bank, paperless centralized account statement service as well as automated multi-bank cash solutions.

It delivers products that put their cash surpluses to work through interest-bearing accounts, including deposit accounts, securities accounts and market deposits.

- Cash management for corporate clients: Natixis provides its clients with multi-channel and multi-format solutions to help them manage their transactional activities (payments/receipts/reporting). It complements these solutions with security arrangements to protect against the risk of fraud.
- Cash management for financial institutions: Natixis supports financial institutions in all stages of transaction processing (centralization of payments to and from Europe, optimization and simplification of international payment circuits).

In 2017, Global Transaction Banking's sales activity featured major trade finance deals including the setting up of supply chain finance (receivables finance) solutions in Dubai and New York. The New York GTB teams also set up three standby letter of credit issuance facilities for clients monitored by Insurance coverage.

The GTB experts, together with eight other banks, played an active role in the launch of the we.trade shared platform. This new ecosystem is based on blockchain technology and designed to streamline international trade transactions by connecting companies, their banks, carriers and other players involved in the execution of transactions. This initiative was voted the Innovation 2017 for Trade Finance by *Global Finance* magazine.

Global Transaction Banking developed other digital projects in parallel to this, in connection with Groupe BPCE's strategy. For example, Natixis is a member of the SWIFT global payments innovation (gpi) to improve the transparency and traceability of international payments. As a member of the R3 consortium, Natixis also helped to create new banking infrastructure based on blockchain technology.

It is also involved in the eBAM project to streamline customer bank authorization management.

1.5.2.4 Investment Banking

The objective of Investment Banking business line is to enhance strategic dialog with clients by delivering the best possible combination of solutions to meet their financing needs. It encompasses the activities of strategic financing and acquisitions, financing on the primary markets for bonds and equities, and financial engineering applied to holdings (Strategic Equity Transactions — a team that reports both to the Head of Investment Banking and the Head of Global Markets). It also includes advisory services in financial structuring and rating matters.

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 Europe (Paris, London, Milan and Madrid), Asia (Hong Kong, Singapore and Sydney) and the Americas (New York). It offers corporate clients and investment funds a full range of financing to match their various strategic requirements, including acquisitions, shareholder restructuring and investments. Natixis arranges tailor-made solutions, drawing on the full range of its expertise in M&A advisory, equity market transactions and primary bond issues. It is also recognized for its structuring and placement capacity, thanks to its dedicated syndication and secondary market teams.

The business grew substantially in 2017, with a 45% increase in the volume of acquisition financing arranged, after an already strong 2016. Natixis was ranked No. 6 bookrunner on sponsored loans in the EMEA region by value at December 31, 2017 *(source: Thomson Reuters)*. It consolidated its position with a number of major acquisition finance deals for corporates and was also successful in arranging numerous leveraged buyouts for investment funds.

In France, Natixis was mandated as guarantor bank for LVMH's public takeover bid for the Christian Dior fashion house, in which it acted as MLA/bookrunner and underwriter, and as MLA/bookrunner of a bond issue. Natixis also participated in the acquisition of Cerba Healthcare by Partners group and PSP Investment via the arrangement of a Term Loan B, a senior uncovered bond issue and a revolving credit facility. Natixis also provides financing for general corporate purposes and contributed to the refinancing of Banijay's debt via a syndicated loan, and an inaugural high-yield bond issue. In Spain, it acted as sole arranger and underwriter for the acquisition of a 25% stake in Compania Logistica de Hidrocarburos (CLH) by CVC Capital Partners. Acting as bookrunner, in the UK it arranged financing for the acquisition of the UK company Civica by the Swiss Private Equity firm Partners group. In Italy, Natixis acted as bookrunner and MLA in arranging €5.45 billion for Pirelli's debt financing and then as co-manager in the company's IPO.

In the Asia-Pacific region, Natixis arranged the financing for the acquisition of the industrial company Saint Hubert by the Chinese group Fosun and the Chinese agribusiness firm Beijing Sanyuan Foods, a consortium for which Natixis acted as sole advisor.

In the Americas, having participated in the $12 billion leveraged buyout of Brand Energy by the fund CD&R in 2013, Natixis supported the company's development in 2017 by participating in the $4 billion acquisition of the Safway group.

Bond origination

Operating on the principal European, American and Asian markets, Natixis advises and supports all issuer categories (corporates, financial institutions, sovereigns/supranationals/branches), helping them obtain financing on the euro and foreign-currency bond markets (£, $, ¥), on the green bonds, investment grade, covered bonds, high yield, private placements (euro, dollar, Schuldschein, Formosa), RegS/144 A, Sukuk, senior non-preferred and Tier 2 segments.

In 2017, Natixis strengthened its leading position in the corporate market in the EMEA region, particularly in Italy, and in Asia-Pacific. It was ranked No. 1 bookrunner on the primary bond market in all currencies by French corporate issuers in 2017 *(source: Dealogic)*. It continued its expansion on the covered bond market among financial institutions, in the EMEA region among its Italian, German, Portuguese, Spanish and Belgian clientele and in the Nordic countries (Denmark and Sweden). To address its clients' requirements regarding the Sapin II law, Natixis participated in new senior non-preferred debt instruments, leading large programs for major groups in France and Spain.

Having adopted the Equator Principles in 2010 and signed up to the Paris Green Bonds Statement in 2015, Natixis has actively supported the development of green bonds by stepping up its presence in this market worldwide and across all issuer categories, in euros, dollars and yen.

Finally, Natixis remained very active in emerging markets, including via the Slovak Republic's €1 billion bond issue, in which it acted as joint lead manager.

In 2017, Natixis conducted a number of landmark transactions, confirming its commitment to its clients and its expertise in the following segments:

Green bonds:

- for corporates: Natixis participated in the bond programs of Iberdrola (€750 million) in Spain, of Engie (€1.5 billion in two tranches) in France and of Enel (€1.25 billion) in Italy;
- for financial institutions: in Asia, Natixis led the first-ever euro-denominated green issues of Mizuho Financial group (€500 million) in Japan, of China Three Gorges in China (€650 million) and the first dollar-denominated green issue for DBS Bank, the biggest bank in South-East Asia ($500 million);
- for sovereigns/supranationals/agencies: Natixis acted as joint bookrunner in the RATP and SNCF issues (€500 million and €1.75 billion respectively) in France and the Comunidad de Madrid issue (€700 million) in Spain.

It also acted as joint bookrunner in the first-ever green OAT French treasury bonds (€7 billion) issued by Agence France Trésor (French Republic).

In addition, Natixis helped Groupe BPCE access new sources of liquidity, by assisting it in its first Samurai social-impact bond on the Japanese market (¥58.8 billion).

On the covered bond market, Natixis acted as bookrunner in the programs of Banco Comercial Portugues in Portugal (€1 billion) and Swedbank (€1 billion) in Sweden.

Natixis continued to grow on the investment grade market with Safran's €1 billion variable-rate bond issue and LVMH's €4.5 billion issue.

In terms of US dollar-denominated issues (RegS/144A), Natixis led five headline issues in Africa and the Middle East for the Arab Bank of Egypt ($4 billion), the Republic of Senegal ($1.1 billion), the West African Development Bank ($850 million), the Republic of Côte d'Ivoire ($1.21 billion) and VakifBank ($500 million) in Turkey.

Natixis acted as joint bookunner in the Sukuk issues of the Islamic Development Bank ($1.25 billion) and of Ezdan ($500 million).

Natixis arranged the German law private placement (Schuldschein) of Vilmorin & Cie (€100 million). It was also active on the US PP market, including Bonduelle's first private placement in two tranches ($150 million and $50 million) and that of Goshawk Aviation ($566.5 million).

Natixis acted as bookrunner in the new senior non-preferred segment in issues for BPCE (€1 billion and SEK 750 million), Banco Santander (€1.5 billion) and BBVA (€1.5 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. Natixis is also developing advisory services for carrying out public tenders or exchange offers.

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

During the year, Natixis conducted a number of landmark transactions including a capital increase for Tikehau Capital in the capacity of global coordinator (€702 million), and the initial public offering of Balyo with the associated liquidity contract. It also led the "Océanes" convertible bond issues for Carrefour, Artémis, Vallourec, Elis and Genfit, and "Ornanes" convertible bond programs for Pierre et Vacances in France. Natixis was No. 3 lead bookrunner on equity capital markets in France by number of deals. Natixis was ranked No. 2 lead bookrunner in the equity-linked market in France by number of deals *(source: Bloomberg)*.

In order to strengthen its position as a leading player on the equity capital markets, Natixis is considering a long-term partnership with ODDO BHF *(read earlier in the section)*, as reflected by the plans to merge the two entities' equity capital markets activities in France under Natixis.

Equity-linked finance

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

Financial structure and rating advisory services

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

1.5.2.5 Mergers & acquisitions

The teams specializing in mergers and acquisitions help clients (large and medium-sized commercial and industrial corporations, institutional investors and investment funds) prepare and execute disposals and mergers, fundraising, restructuring and capital protection.

In France, Natixis is currently a leader in Mergers & Acquisitions and is ranked No. 3 in M&A advisory services for mid caps by number of deals and by value *(source: L'Agefi as at December 31, 2017)* and No. 4 in M&A advisory services in France by number of deals *(source: Merger Market as at 31 December 2017)*.

In five years, the bank has established a strong presence among major corporates in France and has developed a regular strategic dialog with them. In 2017, it carried out a number of landmark deals as, for example, financial adviser to Vivendi for the acquisition contract for the 60% stake in Havas held by the Bolloré group. Natixis also continued to expand its business with mid caps and investment funds via Natixis Partners, which notably advised PAI Partners in the sale of Cerba Healthcare to Partners group.

It also pursued its international development. In the United States, it is supported by its subsidiary PJ SOLOMON, which specializes in advising listed and unlisted companies on mergers, acquisitions, capital structure and restructuring transactions. For example, it advised Macquarie in the increase of its ownership interest in APRR. In Europe, the Milan branch strengthened its M&A advisory offering through a number of high-level recruitments, while in Madrid, Natixis Partners Espana confirmed in 2017 its leading position in the Iberian market. Ranked No. 1 by volume and No. 3 by number of deals with Private Equity firms *(source: Transactional Track Record)*, it notably advised CVC Capital Partners in the acquisition of a 25% equity interest in Compania Logistica de Hidrocarburos (CLH), the Spanish leader in the transport and storage of petroleum products. In the Asia-Pacific region, Natixis, acting as exclusive strategic and financial advisor, assisted the Chinese consortium formed of Fosun International and Beijing Sanyuan Foods Co., Ltd. in the acquisition of the dairy producer Saint Hubert.

As part of its strategy to concentrate its energies on four strategic sectors, Corporate & Investment Banking and its affiliates have also built sector-based teams to deliver optimum solutions to clients in these sectors, drawing on the full range of international expertise.

By encouraging cooperation among the international teams, the bank is expanding support for French clients' international operations and assisting international investors wishing to establish themselves on the markets covered by Natixis.

1.5.2.6 Miscellaneous: other run-off activities

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

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

General mechanism of the guarantee

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

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

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

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

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

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

1.5.3 INSURANCE

Insurance division

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

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

Natixis' Insurance division had 1,601 full-time equivalent (FTE) employees at the end of 2017, compared to 1,567 at the end of 2016. The Insurance business's total revenue from direct sales exceeded €11.7 billion in 2017.

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

Group company	Legal form	Location	Share of voting rights	Share 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	50%	50%
BPCE Relation Assurances EIG	Economic Interest Group	France	100%	100%
BPCE IARD	Joint stock company	France	49.48%	49.48%
ADIR	Joint stock company	Lebanon	34%	34%
Ecureuil Vie Développement	Simplified joint-stock company	France	51%	51%

The Group's five largest entities are:

- BPCE Vie, a mixed insurance company that offers a comprehensive range of policies and agreements with commitments that are tied to the length of the policyholder's life. BPCE Vie accounts for the majority of the Personal Insurance business's workforce and provides the other entities of the Insurance division with various resources necessary for operating insurance activities;
- BPCE Prévoyance, a non-life insurance company whose operations include insurance coverage for accidents, sickness and different forms of financial loss;
- 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 IARD, a non-life insurance company that offers a full range of property and casualty insurance products (auto insurance, multi-risk home insurance and legal and multi-risk coverage for professionals).

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

The Insurance division was created in 2014 in line with Groupe BPCE's strategy of becoming a fully-fledged bancassurance player primarily serving clients from the two main banking networks of Groupe BPCE: the Banque Populaire banks and Caisses d'Epargne. This ambition resulted in three operations of structural importance:

- 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. Along with BPCE IARD (49.5%-owned, focused on serving Banque Populaire customers), this acquisition enabled the formation of the non-life insurance business, with BPCE Assurances in a central operational role;
- on November 16, 2017, Natixis Assurances purchased an additional 40% stake in BPCE Assurances from Macif and Maïf. This operation, which made Natixis Assurances the sole shareholder of BPCE Assurances, was in line with the New Frontier strategic plan, which seeks to create a single insurance division within Natixis to serve Groupe BPCE's strategy of becoming a fully-fledged and leading bancassurance player. It also contributed to keeping the value created in non-life insurance within the Company;
- in the first quarter of 2015, Groupe BPCE and CNP Assurances finalized the renegotiation of their partnership. As such, effective January 1, 2016, 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.

Natixis' Insurance division, through its different operational entities, now offers a comprehensive range of life and non-life insurance policies, with the Banque Populaire banks and Caisses d'Epargne the main contributors to the business. On occasion, distribution partnerships have been entered into with third parties related to customer segments and coverage not considered to be a core part of the division's development strategy. In 2013, echoing its strategy to prioritize the allocation of its resources toward harnessing the full potential of the Banque Populaire and Caisse d'Epargne networks, Natixis Assurances decided to discontinue its life insurance business developed via CGPI (independent wealth management advisors) and private banks in view of the major investments needed to develop a market segment characterized by low unit margins and considering the large positions acquired by the established players in this sector. An agreement has been reached to sell this portfolio, which represents €583 million in assets. The completion of this sale is subject to approval by the ACPR.

The activities of Natixis Assurances, which were initially developed for the segment of life insurance policies for retirement savings, have been expanded to incorporate personal and property protection insurance. Accordingly, the development of non-life and personal protection insurance was accelerated in 2011 with the launch of the ABA ("Bancassureur Ambition") sales action plan, which was extended in 2014 through the ABA Pro plan, aimed at permanently establishing a genuine bancassurance culture. These ambitions gradually made the insurance business one of the core priorities for Groupe BPCE, which seeks to create customer loyalty by offering a range of insurance products in addition to developing commercial relations and generating stable revenues that are not correlated with financial risks and the banking business.

The Insurance division's operating environment

Since the launch of the 2014-2017 plan, the Insurance division's business has evolved in an unprecedented and ever-changing environment.

Macroeconomic and financial shifts have resulted in the implementation of monetary policies with significant impacts on life insurance policies for retirement savings, and, to a lesser extent, the non-life insurance business. In particular, historically low interest rates, which are the source of over 80% of revenues for life insurance players, have led to significant changes in product and investment strategies:

- life insurance products introduced since the plan's launch have been aimed at improving the sharing of risks and profits among the various stakeholders in order to guarantee the right balance between sustainable sales competitiveness and solvency protection in the medium term. Similarly, the Personal Insurance business line has responded to the sharp decrease of market interest rates by lowering the revaluations incorporated into its policies. This has allowed it to accumulate a significant profit-sharing reserve representing over a year of revaluations at the end of 2017. This reserve can be used as a significant cushion to supplement "policy" revaluations over the next eight years;
- a variety of commercial initiatives have been undertaken, targeted at end-customers and the business provider networks, to increase the share of inflows and assets invested in unit-linked products;
- the continual 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 toward more direct loans and structures such as securitization funds,
  - an increase in the share of bond issues by corporate entities to the detriment of government bonds, whose returns have become very low,
  - the maintenance of a relatively significant "equity bucket", while retaining a variety of management strategies.

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

- the Solvency II Directive came into effect on January 1, 2016, resulting in changes in organizational structure, operating procedures and the assessment of minimum solvency as required for developed activities. In the current context of historically low interest rates, this change constitutes a major challenge. The division prepared for this challenge by modifying its governance and risk management processes;
- similarly, the entry into force of PRIIPs regulations and the recent changes in the area of payment protection insurance (easier early termination) are likely to result in changes to products and operating procedures;
- finally, the upcoming entry into force of IFRS 9 and IFRS 17 (January 1, 2021) will force the Insurance division to modify its financial and technical steering. A project to achieve this was launched in 2017, upon the publication of IFRS 17.

Finally, the rapid development of digital technology and its application toward 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:

- digitalize its management processes. Thus, the expansion of the life insurance business into the Caisse d'Epargne network has led to the opening of a new management site that employs entirely digital processes. The business line intends to continue pursuing the digitalization 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;
- adapting subscription processes to incorporate new digital tools and align with customer behavior. Already, a significant share of non-life subscriptions is performed remotely and formalized using an electronic signature, and preparations have been made in anticipation of rapid development in these approaches;
- continuing to scale down administrative management activities in favor of in-branch transactions using applications installed on work stations and customer-initiated transactions through the self-care options gradually being rolled out for the majority of products and management operations;
- continuing to adapt information systems with the aim of improving operational efficiency and service quality. For example, the changeover from BPCE Vie's "Life Insurance Savings" management information system, finalized in 2012, was followed in 2016 by changes to BPCE Assurances' management information system for property and casualty insurance. An overhaul of BPCE Assurances' claims compensation information system was launched in 2016 and continued throughout 2017;
- outsourcing low-value-added operations to address changes in activity or to process specific operations for which adequate in-house expertise is not immediately available.

Natixis Assurances' strategy is to develop sustainable business activity across its operations by maintaining the right balance between price competitiveness and the preservation of fundamental technical parameters.

Personal insurance

In Personal Insurance, 2017 was the first full year of sales for the new life and personal protection line on the Caisse d'Epargne network, after being gradually introduced in 2016.

Total revenue from direct sales climbed to €10.3 billion, a substantial increase (+53% versus 2016) boosted by the Caisse d'Epargne network's sales of the new range of products. Assets under management were up 14.5% to €54.7 billion. Revenue from the personal protection insurance and payment protection insurance activities grew to €820 million in 2017, up 8% compared to the previous year.

The year 2017, which was the first full year for the Personal Insurance business line in its newly restructured form, saw the successful implementation of numerous projects, including:

- the move#2018 transformation program, launched in early 2017. The goal of this program is to achieve convergence between distribution and management models on the Banque Populaire and Caisse d'Epargne networks;
- ANAbot, a chatbot that is operational since July 2017. The bot enhances the employee and customer experience by dealing with queries with greater responsiveness.

General insurance

Non-life insurance continued to record strong business growth, in line with the ambitions of Groupe BPCE's 2014-2017 strategic plan "Another way to grow". Overall, property and casualty insurance premium income stood at €1,386 million, representing an 8% increase.

Growth was driven by auto (+12%) and multi-risk home insurance (+9%), primarily due to the positive impact of the Hamon Act (three new policies for each terminated contract in auto insurance, two new policies for each terminated contract in multi-risk home insurance) and the increase in real estate finance. The contract portfolio grew by more than 5% in 2017, totaling 5.6 million policies. This result reflects strong sales performance on both networks. A new multi-risk personal accident solution was launched in December 2017.

The business line's digital transformation continued in 2017. Notable developments in this regard included the growth in distance sales among the Banque Populaire banks and Caisses d'Epargne as a result of an improved customer experience, and more extensive digitalization of claims management through a project to overhaul the claims management system.

1.5.4 SPECIALIZED FINANCIAL SERVICES

Natixis' Specialized Financial Services business line comprises three major business categories, Specialized Financing, Payments and Financial Services, with similar industry and distribution strategies.

These businesses are dedicated to the development of the BPCE networks (the Banque Populaire and Caisse d'Epargne banks, etc.) with which they create strong synergies.

Specialized Financing offers retail, professional and corporate customers a range of services designed to optimize their cash management or support their investment projects: factoring, sureties and guarantees, leasing, consumer finance, and film and audiovisual financing.

Since 2017, all the Groupe BPCE payment activities are organized around Natixis Payment Solutions (transfers, direct debits, electronic payment transactions, etc.): Natixis Intertitres (service vouchers), S-Money, Le Pot Commun (online money pot), E-Cotiz (online fee management solution for non-profits), Depopass (secure peer-to-peer payments).

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

In line with Groupe BPCE's "Together" and "Growing Differently" projects, the 2018-2020 plan again included the aim of further increasing synergies with the Banque Populaire and Caisse d'Epargne networks. It is supplemented by two major ambitions: to pursue an innovation and digitalization strategy to make the businesses 100% digital by 2020, and to become a pure player in payments in Europe.

1.5.4.1 Factoring

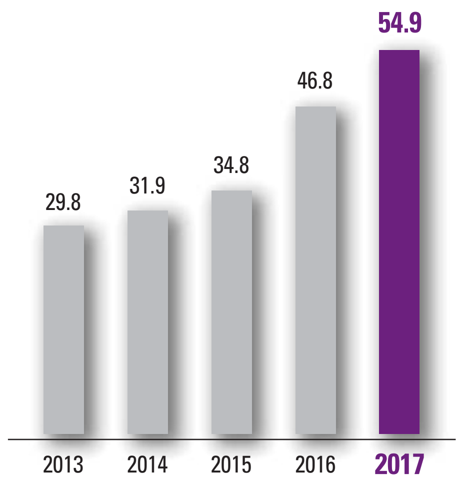
The Natixis Factor subsidiary creates and manages solutions designed to enable companies of all sizes to optimize and manage their accounts receivable: factoring and financing, credit insurance, information and receivables management.

In 2017, Natixis Factor posted annual factored turnover of nearly €53 billion, up 18%, and had a market share of over 18% *(source: ASF at September 30, 2017)*.

With nearly 2,200 new contracts signed this year, Natixis Factor affirmed its leading position and consolidated its historical development strategy: supporting companies, from professionals to major corporate clients. Its client satisfaction rate was 90% at the end of 2017.

The Activ'Tréso digital service was launched in 2017 and offers SMEs a real-time, personalized diagnostic of their credit management solutions as well as recommendations to optimize their cash flow.

FACTORED TURNOVER OVER THE PAST 5 YEARS*
(in billions of euros)



* incl. Midt Factoring since 2016

1.5.4.2 Sureties and Guarantees

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

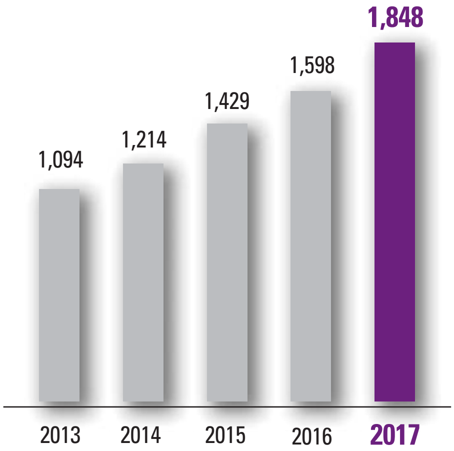
The platform's broad offering caters to individuals and banks, companies and professionals that use financial guarantees to ensure the reliability of credit transactions or to secure contracts, projects and transactions.

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

CEGC ranks second in the French market for mortgage guarantees for individuals and guaranteed over €39 billion in loans in 2017 on a market supported by persistently low interest rates.

It is a leading player in the property administration, third-party management of retail and office space, and residential sector market, issuing some 6,600 guarantees in 2017 with a volume of over €7 billion. In 2017, it guaranteed the completion of nearly 21,000 individual homes in France. CEGC is also present on the business market thanks to its digital offering in market sureties management solutions, with more than 92,000 guarantees issued in 2017, up 16%.

■ CEGC'S REGULATORY GUARANTEES
(in millions of euros)



1.5.4.3 Leasing

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

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

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

New leases were up by 4% to €3.5 billion. In 2017 Natixis Lease saw the addition of BatiLease and InterCoop, two leasing companies part of Crédit Coopératif, to strengthen its commercial footprint in the Hauts-de-France region and jump-start the leasing business in Belgium. Combined, they represent over 133,000 contracts and outstandings of €12.9 billion.

Equipment leasing in mainland France, overseas territories, Spain and Italy recorded a 15% increase with €2.5 billion in new leases. Front Lease, an equipment-leasing sales tool integrated into advisor workstations, contributed to this significant increase in the number of new leases.

With over €475 million in leases arranged, Energeco remained strong in renewable energy financing, performing well in the Caisse d'Epargne network in particular.

Natixis Lease continued to roll out its offer in the Banque Populaire and Caisse d'Epargne banks, recording more than 9,000 new orders in long-term vehicle leasing and posting growth of 17% compared to 2016.

1.5.4.4 Consumer finance

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

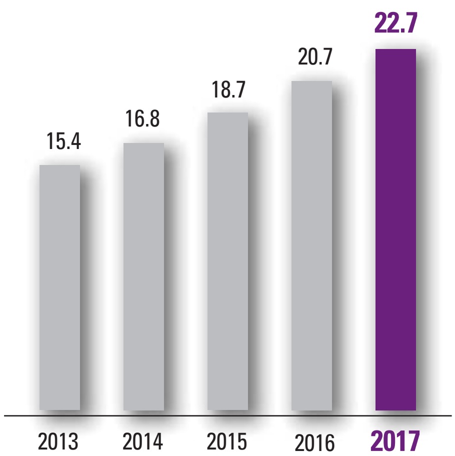
It provides the full range of consumer finance expertise for Groupe BPCE banks: design and marketing, network coordination, credit scoring, management and carrying of loans (revolving credit), collections and litigation. Despite a very restricted consumer financing backdrop during the year, Natixis Financement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

New loans totaled €11.3 billion (of which nearly €1.1 billion for revolving credit and more than €10.2 billion for personal repayment loans).

At December 31, 2017, outstanding loans stood at €22.7 billion, up 10% year-on-year, consolidating the Company's No. 3 spot on the French market *(source: internal Natixis Financement survey)*.

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

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



1.5.4.5 Film industry financing

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

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

At the end of 2017, new financing totaled €580 million, up 3% compared to 2016. In descending order, the loans mainly went towards financing cinematographic works, television programs and movie theaters, with marked development in the audiovisual arena in 2017. Natixis Coficiné managed a total of nearly €685 million in new loans in 2017.

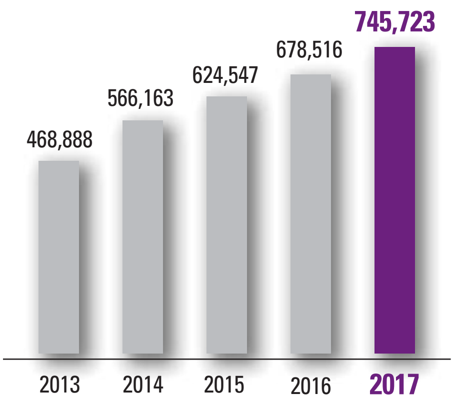
1.5.4.6 Employee savings schemes

In 2017, Natixis Interépargne consolidated its leading position in employee savings account administration in France, with over 2.8 million employee accounts under management, i.e. a market share of 27.6% *(source: AFG at June 30, 2017)*.

The collective pension plan (Perco) has consistently posted robust growth since inception, particularly in the corporate and institutional client segments. The number of Perco accounts increased by 10% year-on-year, with a 29.7% market share of accounts under management *(source: AFG at June 30, 2017)*.

The employee savings offer tailored to SMEs and professionals, distributed by the Banque Populaire and Caisse d'Epargne networks, delivered another strong performance with over 15,000 new contracts. To further optimize the client experience, Natixis Interépargne has based its innovation approach on feedback from companies and Perco clients and on the co-creation of new services. As part of its firm commitment to the digital transformation of its processes and offerings, Natixis Interépargne offers Perco clients a comprehensive range of digital services and online tools (virtual advisor, simulation tools, smartphone and tablet applications enabling mobile transactions, etc.).

■ CHANGE IN THE NUMBER OF COLLECTIVE PENSION PLAN (PERCO) ACCOUNTS



1.5.4.7 Payments

Since early 2017, Natixis Payment Solutions combines all payment solutions and activities — prepaid, local, online and mobile — executed on behalf of the Groupe BPCE banking networks, the direct customers of French banking institutions, new payment service providers and large European corporate clients.

In addition to card and SEPA payment solutions, the business now includes service vouchers (Chèque de Table/Apetiz, Cesu Domalin, Cado Chèque/ Cado Carte), Le Pot Commun (online money pot), E-Cotiz (online fee management platform for non-profits), Depopass (secure peer-to-peer payments). The S-money third-party money collection solutions and the acquisition of PayPlug and Dalenys completed the range of omnichannel retail solutions in France and Europe.

Natixis Payment Solutions is a key payments player in France. In 2017, it managed 21 million cards and boasted 7.1 billion in trading flows, a 10% increase in card transactions, a 64% increase in PayPlug and Dalenys business volumes from retailers, and a 12% increase in restaurant vouchers issued.

Natixis Payment Solutions is pursuing an active policy of launching products that meet new customer uses, whether in e-services for retailers or by developing mobile payment and paperless prepaid solutions.

In 2018 Natixis Payment Solutions will pursue the digital transformation of all its businesses and grow its customer base with the aim to become a pure player in Europe by 2020.

1.5.4.8 Securities

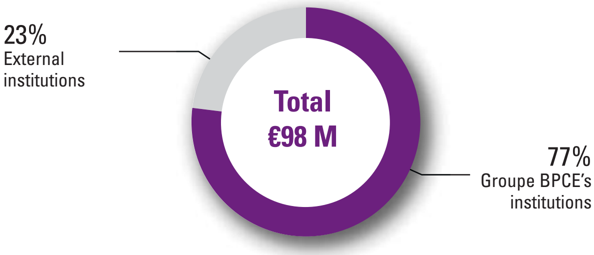
Natixis' EuroTitres Department provides custody services for retail and Private Banking and is the leader in custody services to retail outsourcing.

Natixis manages close to 3.3 million securities accounts for a diversified client base comprising Groupe BPCE's banking networks, other banking institutions with or without retail networks, financial companies and Private Banking asset management firms.

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

Natixis also offers an online exchange solution, the online client range (OIC). This was developed as a white label for integration into each banking institution's environment, with the addition since 2014 of a mobile solution that clients can use to manage their securities accounts using any device: a computer, mobile phone or tablet.

■ REVENUE BREAKDOWN OF EUROTITRES DEPARTMENT BY CUSTOMER TYPE



1.5.5 CORPORATE CENTER

Coface

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

Seventy 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 seeks 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.

Establishment of the Underwriting Department

Created in April 2017 as part of the "Fit to Win" strategic plan, this department is tasked with maintaining the right balance between Coface's sales ambitions and its risk management while contributing to improving customer service. It is structured around four divisions:

- commercial underwriting, which establishes policy underwriting standards for Coface and mediates in commercial decisions in cases regarded as exceptions;
- information, which handles the acquisition and production of relevant and useful information for the purposes of risk underwriting;
- risk underwriting, which establishes and implements the credit risk underwriting policy and ensures it is properly applied;
- disputes, which handles compensation and collections.

By grouping these functions within a single department, Coface is equipping itself with the resources to streamline and accelerate decision-making processes that impact its policies, while also consolidating its ability to fulfill its commitments.

2017 results

Thanks to a favorable economic environment, the initiatives undertaken under the Fit to Win plan led to a major improvement in Coface's results in 2017.

At €1,354.9 million, consolidated revenue was up 0.3% compared to 2016 (at constant scope and exchange rates[(1)]). The net loss ratio improved by 14.1 points to 51.4% while the net cost ratio was stable at 35.2%. Coface ended the year with net income twice that of 2016 (€83.2 million vs. €41.5 million) and a solvency ratio up 16 points to approximately 166%[(2)].

This level slightly exceeds the Group's target range. As such, it was possible to begin leveraging capital management, as foreseen in the Fit to Win plan, by launching share buybacks for a total target amount of €30 million. The Group intends to cancel the shares bought under this operation. Taking into account the dividend payment of €0.34 per share[(3)] proposed to the shareholders of Coface S.A., the capital return to shareholders would, assuming the full execution of the share buyback operation, reach 100% of 2017 earnings.

Outlook

Coface should continue to operation in a favorable economic environment, with global GDP growth expected to reach 3.2% (Coface estimate). The positive trends observed in 2017 should continue into 2018, particularly in the first half of the year. However, price competition remains fierce, making it all the more necessary to improve the quality of service offered to the Group's customers, an important differentiating factor.

This year, Coface will continue implementing the Fit to Win strategic plan with the same determination. The modernization of the Group's culture and the mobilization of its teams around the new values embedded in the Fit to Win strategic plan (client focus, expertise, collaboration, courage and accountability) will be key to the plan's success of the plan.

Coface has already achieved €19 million in cost savings, which is ahead of plan, and maintains its objective of €30 million in savings in 2018. Coface intends to invest €19 million in long-term value creation during the year, with initiatives to boost commercial activity and improve client service, the digital transformation and renewed efforts at developing a partial internal model for the calculation of its required solvency level.

The Group maintains its objective of delivering a net combined ratio of around 83% through the cycle.

(1) Constant scope = excluding State Export Guarantees (revenue of €53.4 million in 2016; €0.6 million in residual revenue booked in Q4 2017). Coface sold this activity on January 1, 2017. Figures impacted by this activity have been restated for the sake of comparison.

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

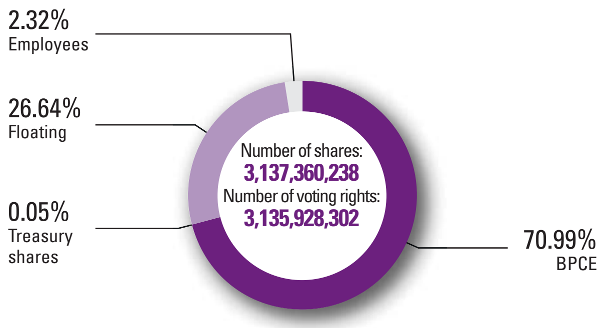
(3) The proposed distribution of €0.34 per share is subject to approval by Coface S.A.'s General Shareholders' Meeting of May 16, 2018.

1.6 Natixis and its shareholders

1.6.1 KEY SHARE DATA AT DECEMBER 31, 2017

Capital	€5,019,776,380.80
Number of shares	3,137,360,238
Stock market capitalization (reference share price = EUR 6.596)	€20,694,028,129.85
Market	Euronext Paris (compartment A), eligible for deferred settlement
ISIN code	FR0000120685
Reuters code	CNAT. PA
Bloomberg France code	KN FP
Stock market indexes	CAC Next 20, SBF Top 80 EW (SBF80), SBF 120, CAC All-Tradable and Euronext 100

1.6.2 BREAKDOWN OF SHARE CAPITAL AT DECEMBER 31, 2017



1.6.3 SHAREHOLDER SCORECARD

(in euros)	2017	2016	2015	2014	2013	2012
Earnings per share (a)	0.50	0.41	0.41	0.35	0.27	0.27
Book value per share (b)	5.18	5.38	5.31	5.27	5.17	5.76
Net dividend per share	0.37	0.35	0.35	0.34	0.16	0.10
Number of shares	3,137,360,238	3,137,074,580	3,128,127,765	3,116,507,621	3,100,295,190	3,086,214,794
Pay-out ratio	74%	85%	85%	97%	59%	37%
Maximum price (c)	7.00	5.49	7.74	5.81	4.27	3.05
Minimum price (c)	5.15	3.07	4.82	4.25	2.12	1.77

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

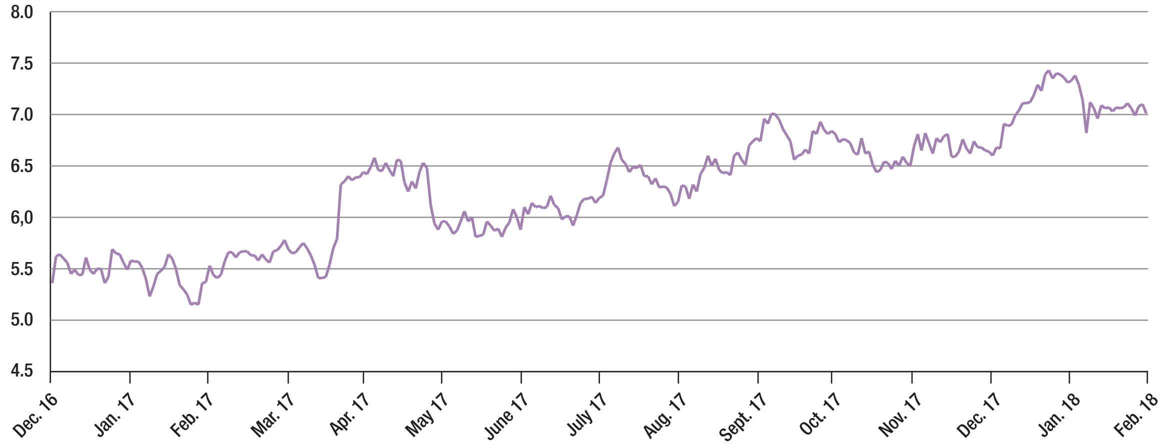
(b) Calculated using the number of shares at December 31 of the year in question and after paying out the proposed dividend for the fiscal years 2013, 2014, 2015, 2016 and 2017.

(c) Closing price.

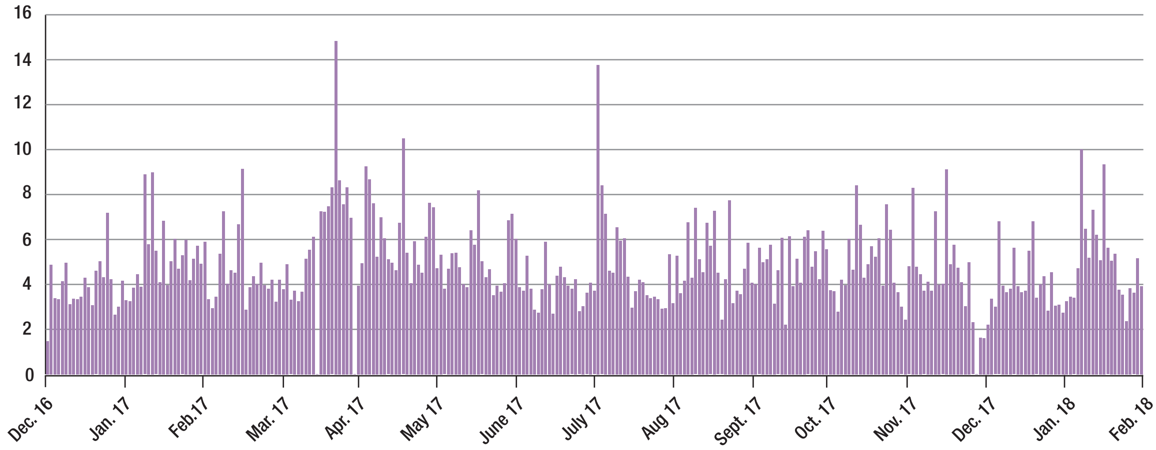
1.6.4 SHARE PRICE INFORMATION

Change in closing share price and number of shares traded

■ SHARE PRICE SINCE JANUARY 1, 2017
(in euros)



■ DAILY VOLUMES
(in millions of shares traded)



In 2017, Natixis' share price increased by 23% (from €5.36 at December 31, 2016 to €6.60 at December 31, 2017). Over the same period, the euro zone banking stocks index (DJ Euro Stoxx Bank) also increased by 11%.

The average daily volume of Natixis shares traded on the market amounted to around 4.9 million in 2017 versus an average of around 6 million in 2016.

1.6.5 NATIXIS AND ITS INDIVIDUAL SHAREHOLDERS

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

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

The following two bodies also coordinate relations with individual investors:

Shareholders' Club

Created in November 2007, the Natixis Shareholders' Club had 15,277 members at December 31, 2017. Membership of the Shareholders' Club is open to any shareholder who holds at least one registered or bearer share.

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

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

The program of activities for 2017 included four Natixis events and four themed events:

- two information meetings about Natixis: one in Lyon in partnership with the Federation of Individual Investors and Investment Clubs (F2iC) and one in Strasbourg in partnership with the Investment magazine *Le Revenu*;
- two live online video chat sessions where individual investors could ask Natixis' representatives questions about the Bank, its business lines, its financial results and its strategy;
- four themed presentations, in the form of web conferences and video chats, which gave our shareholders the opportunity to talk to the economists from Natixis' Economic Research team and to a representative from the École de la Bourse.

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

In partnership with the École de la Bourse, two training modules (on the taxation of dividends and the taxation of capital gains) were also made available to members of the Shareholders' Club in 2017.

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

As part of the bank's Sponsorship and Patronage Program, members of the Shareholders' Club were also invited to attend sporting and cultural events throughout the year, with nearly 400 tickets awarded for rugby matches in 13 French cities.

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. A third of its members are renewed each year, following a call for applications sent via the usual shareholder communication channels.
- The Committee is in charge of all aspects of financial communication to individual investors, and in particular the communication tools at their disposal.
- In 2017, the CCAN worked on the overhaul of Natixis' website, contributing in particular to the "Shareholder Corner" section. It also met with the Deputy Head of Investor Relations to discuss the New Dimension strategic plan. In addition, the Committee carried out work on the 2018 General Shareholders' Meeting to improve the meeting's proceedings.
- Acting in accordance with the Consultative Committee's charter, the members of the committee evaluated the quality of work performed in 2017 and assigned ratings of 8.4 and 9 (out of 10) for the two most recent meetings respectively. The overall member satisfaction rating was 8.4.
- All the topics discussed, reports of meetings and members' video presentations are available on the website.

Call for applications

Every year a third of the Committee is renewed. Throughout the year, interested shareholders are invited to put forward their application.

Conditions of application are available on the website.

Natixis undertakes to respond to all applicants.

2017 General Shareholders' Meeting

Nearly 400 shareholders attended in person and over 10,000 shareholders[1] voted prior to the meeting.

The meeting began with the screening of a film depicting Natixis' economic environment, and questions were addressed from a preliminary survey in which over 200 shareholders participated.

Laurent Mignon then presented the financial statements and the highlights of 2016, followed by the results for the first quarter of 2017. He concluded his presentation with the accomplishments of the New Frontier strategic plan, concluded at the end of the year.

After presenting Natixis' corporate governance, François Pérol gave the floor to Compensation Committee Chairman, Nicolas de Tavernost, who presented the work of the Committee and detailed the compensation of the directors and the regulated population.

During the Q&A session, the discussions focused on, among other topics:

- Natixis and financing in the coal and fossil fuel sectors;
- cybersecurity;
- the financing of the North Dakota Pipeline;
- the performance of the share price since its market launch;
- digitalization;
- François Pérol not receiving compensation as Chairman of the Natixis Board of Directors;
- the upcoming relocation.

The final quorum was 83.44%. Of the 22 resolutions, all were adopted except one concerning a related-party agreement (amendment to the protocol for compensation between Natixis and Banque Palatine). The adopted resolutions included:

- the 2016 financial statements;
- the payment of a dividend in cash of €0.35 per share, which corresponds to a payout ratio of 85%. The dividend was detached on May 26, 2017 and paid starting on May 30, 2017;
- favorable opinions on the components of compensation due or granted in respect of fiscal year 2016 to the Chairman and Chief Executive Officer ("Say on pay") and the budget for compensation paid in 2016 to the regulated population;
- approval of the principles and criteria for determining the components of compensation for the Chairman and Chief Executive Officer in respect of fiscal year 2017;
- changes in the composition of the Board of Directors:
  - reappointment of Nicolas de Tavernost as Director and approval of the co-opting of Catherine Pariset as Director;
- the introduction of a provision allowing Board of Directors Meetings to be convened by email.

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

2017 Distinction — Natixis receives Le Revenu's 2017 Silver Award for Services to shareholders

Natixis' Shareholder Relations team won an award in the SBF120 category (excluding CAC40) **Silver for Services to shareholders** at the Best Shareholder Relations awards held by Le Revenu group.

The award is given in recognition of new, creative and proactive solutions in shareholder services, and recognizes Natixis' Shareholder Relations team's efforts to serve its individual shareholders.

1.5.6 INVESTOR RELATIONS

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

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

Natixis organizes meetings with analysts and institutional investors throughout the year at roadshows or conferences organized by brokers in the main financial marketplaces. In 2017, meetings were held in Paris, London, Dublin, Milan, Frankfurt, Geneva, Boston, New York, Los Angeles, Houston, Montreal, Toronto, Stockholm, Helsinki, Copenhagen, etc.

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

(1) Shareholders had the option of voting online prior to the meeting using the Votaccess platform. This option was chosen by 10,058 shareholders, representing nearly 128 million votes.

1.6.7 2018 INVESTOR RELATIONS CALENDAR

May 17, 2018 After market close (subject to modification)	2018 First Quarter Results
May 23, 2018	General Shareholders' Meeting (to approve the 2017 financial statements)
August 2, 2018 After market close (subject to modification)	2018 Second Quarter Results
November 8, 2018 After market close (subject to modification)	2018 Third Quarter Results

1.6.8 CONTACTS

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

Investor Relations Department

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

Institutional Investors team

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

Email: *investorelations@natixis.com*

Individual shareholders team

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

Email: *actionnaires@natixis.com*

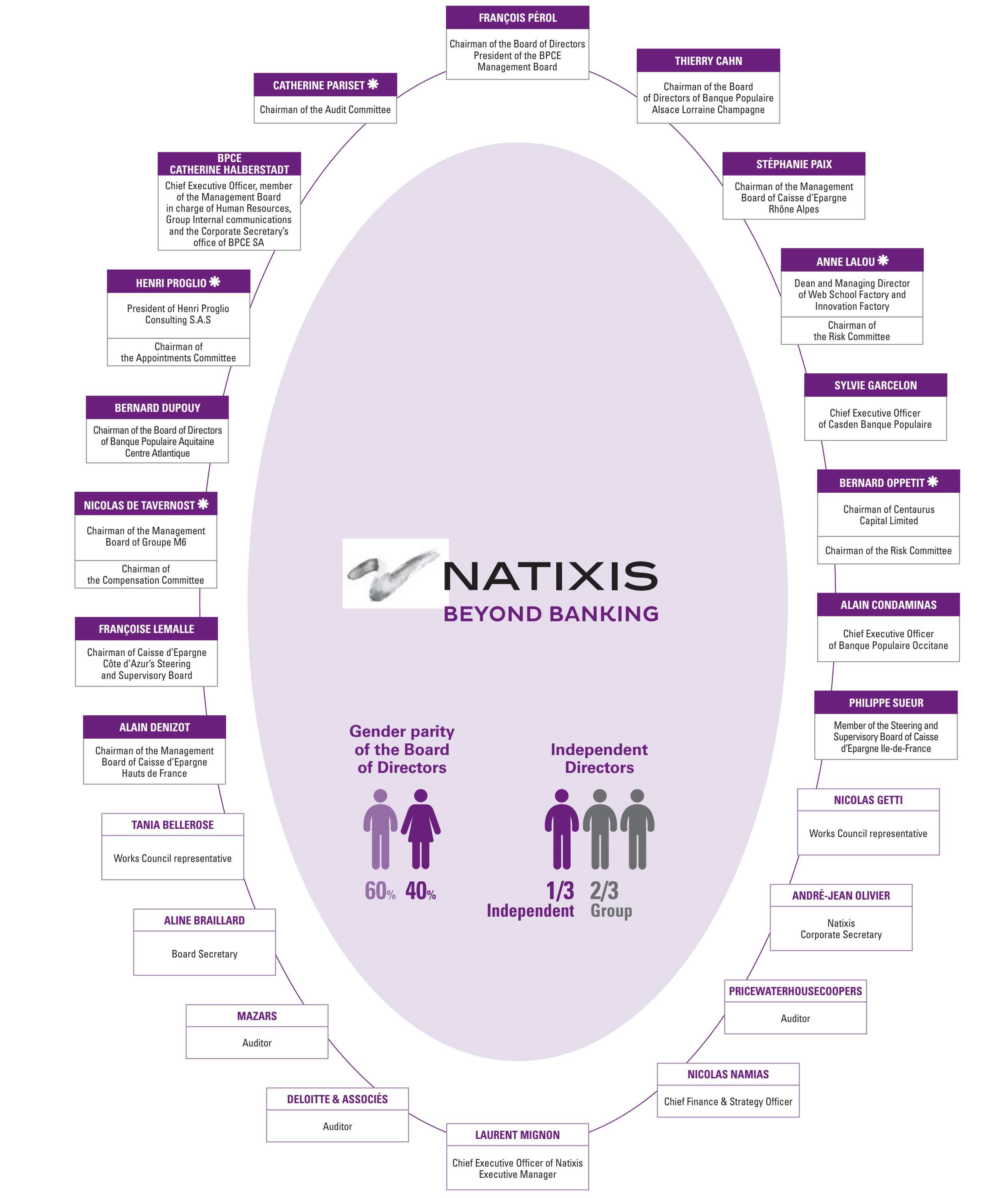
2

CORPORATE GOVERNANCE

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

2.1 Natixis Governance at March 1, 2018

STRUCTURE OF THE BOARD OF DIRECTORS



Directors | Independent Director | Attendants to the Board

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

THE BOARD OF DIRECTORS AND IT SPECIAL COMMITTEES

	Board of Directors	Audit Committee	Risk Committee	Appointments Committee	Compensation Committee
Number of Members	15	5	5	6	5
Number of meetings in 2017	8	5	7	1	4
Attendance rate	95%	92%	89%	100%	96%
François Pérol	●				
Catherine Pariset	○	●	○		
Sylvie Garcelon	○	○			
Françoise Lemalle	○	○			
Bernard Oppetit	○	○	●		
Catherine Halberstadt / BPCE	○	○	○		
Stéphanie Paix	○		○	○	
Alain Denizot	○		○		○
Henri Proglio	○			●	○
Thierry Cahn	○			○	
Philippe Sueur	○			○	
Nicolas de Tavernost	○			○	●
Anne Lalou	○			○	○
Alain Condaminas	○				○
Bernard Dupouy	○				

● *Chairman of the Board / Committee*

All directors are members of the Strategic Committee.

SENIOR MANAGEMENT COMMITTEE AND EXECUTIVE COMMITTEE

MEMBERS OF THE SENIOR MANAGEMENT COMMITTEE

Laurent Mignon – *Chief Executive Officer*

Gils Berrous – *Specialized Financial Services (SFS)*

Norbert Cron – *Operations and IS*

Pierre Debray – *Risks*

Anne Lebel – *Human Resources*

Jean-François Lequoy – *Insurance*

Nicolas Namias – *Finance and Strategy*

André-Jean Olivier – *Corporate Secretariat*

Jean Raby – *Asset and Wealth Management*

Pierre-Antoine Vacheron – *SFS – Payments division*

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

MEMBERS OF THE EXECUTIVE COMMITTEE

Stéphane About – *Operations and IS – Operations*

Carine André – *Operations and IS – Operations*

Patrick Artus – *Chief economist*

Luc Barnaud – *Chief Digital Officer*

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

Franck Bernay – *Operations and IS – Information System*

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

Nathalie Bricker – *Finance and Strategy – Accounting and Ratios*

Nathalie Broutèle – *Insurance – Non-life insurance*

Marc Cattelin – *SFS – EuroTitres*

Fouad Chéhady – *Transformation and Business Efficiency*

Elisabeth De Gaulle – *Corporate Communications*

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

Guillaume de Saint-Seine – *CIB – Coverage*

Anne-Cécile Delas – *CIB – Global Transaction Banking*

Matthieu Duncan – *Asset and Wealth Management – Natixis Asset Management*

Christophe Eglizeau – *SFS – Natixis Interépargne*

Catherine Fournier – *SFS – Natixis Payment Solutions*

Luc François – *CIB – Global Markets*

Alain Gallois – *CIB – Asia/Pacific*

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

Hervé Housse – *General Inspection*

Philippe Jeanne – *Finance and Strategy – Financial Management*

Mohamed Kallala – *CIB – Investment Banking*

Christophe Lanne – *Asset and Wealth Management – Transformation officer*

Christophe Le Pape – *Insurance – Natixis Assurances (Life insurance)*

Christian Le Hir – *Corporate Secretariat – Legal*

Daniel Louis – *Finance and Strategy – Strategy*

Stéphane Morin – *Corporate Secretariat – Compliance*

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

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

Jérôme Terpereau – *SFS – Natixis Financement*

Cécile Tricon-Bossard – *Human Resources*

Didier Trupin – *SFS – Natixis Lease*

Claude Valade – *SFS – Natixis Factor*

2.2 Additional information on the directors' positions

Laurent Mignon
Chief Executive Officer of Natixis

Born December 28,1963
Nationality: French
Natixis shares held: 1,090
Address:
30 avenue Pierre Mendès France
75201 Paris Cedex 13

First appointed: Board Meeting of April 30, 2009
Effective: May 14, 2009
Renewal date: Board Meeting of February 18, 2015
Term expires: 2019 AGM [(a)]

A graduate of HEC and the Stanford Executive Program, Laurent Mignon worked for more than 10 years in various roles at Banque Indosuez, from the trading floor to corporate banking. In 1996, he joined Schroeders in London, then AGF in 1997 as Chief Financial Officer. He was appointed to the 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 and Financial Services and Credit Insurance divisions in 2003 and Chairman of the Executive Committee in 2006. From September 2007 to May 2009, he was associate manager at Oddo et Cie alongside Philippe Oddo.

Laurent Mignon has been Chief Executive Officer of Natixis since 2009 and a member of BPCE's Management Board since August 6, 2013. His term of office was renewed on November 16, 2015.

Other offices held in 2017:

Within Groupe BPCE

- Member of the BPCE Management Board *(since 08.06.2013)*
- Chairman of the Board of Directors of Natixis Investment Managers (formerly Natixis Global Asset Management) *(since 09.01.2010)*, Coface S.A. [(1)] *(since 11.22.2012)*, Natixis Assurances *(since 03.23.2017)*
- Member of the Board of Peter J. Solomon Company LLC *(since 06.08.2016)*

Outside Groupe BPCE

- Member of the Board of: Arkema[1] *(since 10.27.2009)*, AROP (Association pour le Rayonnement de l'Opéra National de Paris) *(since 12.10.2015)*

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

2013	2014	2015	2016
▪ Member of the Board of Sequana [(1) (2)] *(from 10.27.2009 to 06.27.2013)*			
▪ Non-voting member of BPCE (Permanent Representative of Natixis) *(from 08.01.2009 to 07.11.2013)*			
▪ Member of the Board of Lazard Ltd [(1) (2)] *(since 07.28.2009)*			▸ *(until 04.19.2016)*

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

(1) Listed company.

(2) Company outside Groupe BPCE.

François Pérol
President of the BPCE Management Board

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

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

Attendance rate in 2017	Board of Directors:	Strategic Committee:
	100%	100%

François Pérol is a graduate of HEC and the Institut d'Études Politiques de Paris, and alumnae of the École Nationale d'Administration. He held various positions at the Ministry of the Economy and Finance, beginning with the Treasury Department (1994-2002), and then on the Cabinets of Ministers Francis Mer and Nicolas Sarkozy (2002-2004). He then left the administration to join Rothschild & Cie Banque as Managing Partner from 2005 to 2007. François Pérol was appointed Deputy Secretary General to the President of the French Republic from 2007 to 2009.

François Pérol has been President of the BPCE Management Board since 2009.

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

Other offices held in 2017:

Within Groupe BPCE

- President of the Management Board of BPCE *(since 07.31.2009)*
- Chairman of the Board of Directors of Crédit Foncier *(since 04.26.2010)*
- Chairman of CE Holding Participations (formerly CE Holding Promotion) *(since 06.30.2010)*
- Member of the Board of Sopassure *(since 03.23.2009)*
- Permanent Representative of BPCE Maroc, Member of the Board of Banque Centrale Populaire [(1)] *(since 2012)*
- Permanent Representative of BPCE, General Partner of SCA ECUFONCIER *(since 2011)*

Outside Groupe BPCE

- Member of the Board of: CNP Assurances [(1)]*(since 04.21.2009)*

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

Offices held in previous fiscal years

2013	2014	2015	2016
Member *(since 2009)* then Vice-Chairman *(since September 2013)* of the Executive Committee of the Fédération Bancaire Française	then Chairman *(since 09.01.2014)*	*(until 08.31.2015)*	
Member of the Board of Musée d'Orsay [(2)] *(until 09.21.2013)*			
Permanent Representative of BPCE, Manager of SCI Ponant Plus *(since 08.04.2010)*	*(until 12.03.2014)*		
Permanent Representative of BPCE, Chairman of Banque Populaire Création *(since 04.08.2011)*		*(until 12.28.2015)*	
Chairman of the European Savings Banks group		*(until 06.12.2015)*	

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

(1) Listed company.

(2) Company outside Groupe BPCE.

BPCE – Permanent Representative Marguerite Bérard-Andrieu

(until January 1, 2018)

Member of the BPCE Management Board - Chief Executive Officer in charge of Group Finance, Strategy, Legal Affairs and Secretary's Office of the Governing Bodies

BPCE :

Natixis shares held: 2,227,221,174

Address:
50 avenue Pierre Mendès France
75201 Paris Cedex 13

Marguerite Bérard-Andrieu :

Born December 31, 1977

Nationality: French

Natixis shares held: 0

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: 2019 AGM[(a)]

Member – Audit Committee

First appointed: Board Meeting of May 9, 2016

Member – Risk Committee

First appointed: Board Meeting of May 9, 2016

Member – Strategic Committee

First appointed: Board Meeting of May 9, 2016

Attendance rate in 2017	Board of Directors:	Audit Committee:	Risk Committee:	Strategic Committee:
	88%	80%	86%	100%

A graduate of the Paris Institute of Political Studies (Science Po) and Princeton University, and a former student of the prestigious ENA school for civil servants, Marguerite Bérard-Andrieu began her career in 2004 in the Inspection Générale des Finances (French General Inspectorate of Finance).

From 2007 to 2010, she served as a technical advisor, and then as advisor to the President of the French Republic for matters related to employment and social protection. She then ran the Office of the Minister of Labor, Employment and Health from November 2010 to May 2012.

From July 2012 to May 2016, she served on the Executive Management Committee in charge of Strategy, Legal Affairs, the Corporate Secretary's Office and Compliance.

From May 2016 to January 1, 2018, Marguerite Bérard-Andrieu has been the member of the BPCE Management Board and Chief Executive Officer in charge of Group Finance, Strategy, Legal Affairs and Secretary's Office of the Governing Bodies.

Key advisory skills: expertise in banking and M&A strategy, corporate governance, legal affairs, and economic and social policy.

Other offices held in 2017:

Within Groupe BPCE

- Member of the BPCE Management Board – Chief Executive Officer in charge of Group Finance, Strategy Legal Affairs Departments, and Secretary's Office of the Governing Bodies *(from 05.02.2016 to 01.01.2018)*
- Permanent representative of BPCE, Member of the Board of Crédit Foncier *(from 05.01.2016 to 01.01.2018)*, Coface S.A. [(1)] *(from 11.21.2012 to 02.08.2017)*
- Chairman of the Board of Directors of S-Money *(from 07.10.2012 to 02.09.2017)*
- Deputy CEO and Permanent Representative of BPCE, Member of the Board of CE Holding Participations (formerly CE Holding Promotion) *(from 05.03.2016 to 01.01.2018)*

Outside Groupe BPCE

- Member of the Board of SCOR SE [(1)] *(since 04.30.2015)*
- Member of the Board of Havas S.A. [(1)] *(since 05.10.2016)*

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

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

(1) Listed company.

(2) Company outside Groupe BPCE.

Offices held in previous fiscal years			
2013	2014	2015	2016
▪ Permanent Representative of CE Holding Promotion, Member of the Board of Nexity [1] [2] *(since 07.25.2012)*		▸ *(until 09.14.2015)*	
▪ Permanent Representative of BPCE, Member of the Supervisory Board of FLCP [2] *(from 2012 to 09.30.2013)*			
▪ Chairman of the Board of Directors of Meilleurtaux [2] *(from 10.18.2012 to 04.16.2013)*			
▪ Chairman of OTEROM HOLDING SAS *(from 07.10.2012 to 12.04.2013)*			
▪ Permanent Representative of GCE Participations, Member of the Board of Demain S.A. [2] *(from 07.10.2012 to 04.09.2013)*			
▪ Permanent Representative of BOCE, Chairman of the company (SAS) and Board of BPCE DOMAINES *(from 07.10.2012 to end-2013)*			
▪ Permanent Representative of BPCE, Chairman of SAS Issoria *(from 2012 to 07.31.2013)* then Chairman of SAS Issoria	▪ and Chairman of the Board of Directors of SAS ISSORIA *(from 06.30.2014 to 10.03.2014)*		
▪ Permanent Representative of BPCE, Chairman of SAS Issoria International Trading *(from 2012 to 07.31.2013)* then Chairman of SAS Issoria International Trading		▸ *(until 06.10.2015)*	
▪ Member of the Board of Natixis Coficiné *(since 10.26.2012)*			▸ *(until 05.11.2016)*
▪ Member of the Board of BPCE IOM *(since 09.19.2012)*			▸ *(until 05.25.2016)*
▪ Permanent Representative of BPCE, Member of the Board of Banque Palatine *(since 08.30.2012)*			▸ *(until 05.24.2016)*
▪ Member of the Board of Maison France Confort [1] [2] *(since 05.15.2013)*			▸ *(until 05.11.2016)*

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

(1) Listed company.

(2) Company outside Groupe BPCE.

BPCE – Permanent Representative Catherine Halberstadt

(since January 1, 2018)

Member of the BPCE Management Board in charge of Group Human Resources, Internal Communications and the Corporate Secretary's Office of BPCE

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

Adresse :
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: 2019 AGM[(a)]

Member – Audit Committee

First appointed: Board Meeting of December 21, 2017 (effective 01.01.2018)

Member – Risk Committee

First appointed: Board Meeting of December 21, 2017 (effective 01.01.2018)

Member – Strategic Committee

First appointed: Board Meeting of December 21, 2017 (effective 01.01.2018)

Attendance rate in 2017	Board of Directors:	Audit Committee:	Risk Committee:	Strategic Committee:
	N/A	N/A	N/A	N/A

Catherine Halberstadt has a post-graduate degree in financial accounting (DECS) from the École Supérieure de Commerce in Clermont-Ferrand. In 1982, she joined Banque Populaire du Massif Central where she served as Head of Human Resources, then Chief Financial Officer, Chief Operations Officer and, as of 2000, Deputy Chief Executive Officer. In 2008, she became Chief Executive Officer of Natixis Factor.

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

Since January 1, 2016, Catherine Halberstadt occupies the roles of Member of the BPCE Management Board in charge of Human Resources, Internal Communications and the Corporate Secretary's Office of BPCE.

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

Other offices held in 2017:

Within Groupe BPCE

- Member of the BPCE Management Board in charge of Human Resources, Internal Communications and the Corporate Secretary's Office of BPCE *(since 01.01.2016)*
- Member of the Board of Crédit Foncier *(since 05.10.2012)*

Outside Groupe BPCE

- Member of the Board of Bpifrance Financement *(since 07.12.2013)*, Chairman of the Appointments Committee and the Compensation Committee, Member of the Audit Committee and the Risk Committee of Bpifrance Financement *(since 09.24.2015)*

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

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

(1) Listed company.

(2) Company outside Groupe BPCE.

Offices held in previous fiscal years			
2013	**2014**	**2015**	**2016**
▪ Member of the Board of Cie Européenne de Garanties et Cautions *(from 10.27.2011 to 06.14.2013)*			
▪ Chairman of the Audit Committee of Bpifrance Financement [2] *(since 2013)*		*(until 09.24.2015)*	
▪ Member of the Board of Natixis [1] *(since 05.25.2012)*		*(until 11.16.2015)*	
▪ Member of the Supervisory Board *(since 04.04.2012)* and Risk Committee of BPCE *(since 2013)*		*(until 11.16.2015)*	
▪ Chief Executive Officer of Banque Populaire du Massif Central (BPMC) *(since 09.01.2010)*			*(until 03.25.2016)*
▪ Permanent Representative of BPCE, Chairman of SAS Sociétariat BPMC *(since 2011)*			*(until 03.25.2016)*
▪ Permanent Representative of BPMC, Member of the Board of: I-BP, Association des Banques Populaires pour la Création d'Entreprise *(since 09.01.2010)*			*(until 03.25.2016)*
▪ Permanent Representative of BPMC, Member of the Committee of Banques d'Auvergne [2] *(since 2010)*			*(until 03.25.2016)*

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

(1) Listed company.

(2) Company outside Groupe BPCE.

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

Born September 25,1956

Nationality: French

Natixis shares held: 1,000

Address:
Immeuble le Concorde
4 quai Kléber - BP 10401
67000 Strasbourg Cedex

Director

First appointed: co-opted by the Board of Directors on January 28, 2013

and ratified at the AGM of May 21, 2013

Term expires: 2019 AGM[(a)]

Member – Appointments Committee

First appointed: Board Meeting of September 2, 2017

Member – Strategic Committee

First appointed: Board Meeting of January 28, 2013

Attendance rate in 2017	Board of Directors: 88%	Appointments Committee: 100%	Strategic Committee: 100%

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

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

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

Other offices held in 2017:

Within Groupe BPCE

- Chairman of the Board of Directors of Banque Populaire Alsace Lorraine Champagne *(since 09.30.2003)*
- Member of the Supervisory Board and Audit Committee of BPCE *(since July 2009)*

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

2013	2014	2015	2016
▪ Member of the Supervisory Board of Banque Palatine *(from 05.26.2010 to 02.05.2013)*			

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

2

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: OGM of May 29, 2012

Term expires: 2020 AGM[(b)]

Member – Compensation Committee

First appointed: Board Meeting of May 29, 2012

Member – Strategic Committee

First appointed: Board Meeting of May 29, 2012

Attendance rate in 2017	Board of Directors:	Compensation Committee:	Strategic Committee:
	100%	100%	100%

Alain Condaminas has a degree in Economic Sciences and a DESS in Banking and Financial Techniques. He joined the Banque Populaire group 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. He oversaw the merger with Banque Populaire du Tarn et de l'Aveyron in 2003, followed by another with Banque Populaire Toulouse-Pyrénées to form what is now Banque Populaire Occitane.

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

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

Other offices held in 2017:

Within Groupe BPCE

- Chief Executive Officer of Banque Populaire Occitane *(since October 2006)*
- Member of the Supervisory Board and Risk Committee of BPCE *(since 12.16.2015)*
- Chairman of Fondation d'Entreprise BP Occitane *(since 06.20.2011)*
- Member of the Board of: Natixis Asset Management *(since 03.15.2007)*, Caisse Autonome des Retraites des Banques Populaires (CAR-BP) *(since 06.03.2016)*, Institution de Prévoyance des Banques Populaires (IPBP) *(since 06.03.2016)*
- Permanent Representative of BP Occitane, Member of the Board of i-BP *(since 2001)*
- Permanent Representative of BP Occitane, Member of the Investment Committee of Multicroissance *(since 11.01.2016)*
- Permanent Representative of BP Occitane, manager of SNC Immocarso *(since 2007)*

Outside Groupe BPCE

- Permanent Representative of BP Occitane, Member of the Board of IRDI *(since 2006)*
- Permanent Representative of BP Occitane, Member of the Supervisory Board of: SOTEL *(since 2001)*, IRDI Gestion *(since 06.19.2015)*
- Manager of SCI de l'Hers *(since 11.07.2011)*

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

Offices held in previous fiscal years

2013	2014	2015	2016
▪ Permanent Representative of BP Occitane, Vice-Chairman of the Board of Directors of CELAD S.A. [(2)] *(since 2008)*	▸ *(until 06.01.2014)*		
▪ Member of the BPCE Supervisory Board *(since 06.27.2012)*		▸ *(until 05.19.2015)*	

** Member of the Appointments Committee until February 9, 2017.*

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

(2) Company outside Groupe BPCE.

Alain Denizot

Chairman of the Management Board of Caisse d'Epargne Hauts de France (formerly CENFE)

Born October 1,1960

Nationality: French

Natixis shares held: 1,001

Address:
135 Pont de Flandres
59777 Euralille

Director*

First appointed: CGM of May 19, 2015

Term expires: 2019 AGM[(a)]

Member – Compensation Committee

First appointed: Board Meeting of May 19, 2015

Member – Risk Committee

First appointed: Board Meeting of February 9, 2017

Member – Strategic Committee

First appointed: Board Meeting of May 19, 2015

Attendance rate in 2017	Board of Directors:	Compensation Committee:	Risk Committee:	Strategic Committee:
	100%	100%	83%	100%

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

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

Other offices held in 2017:

Within Groupe BPCE

- Chairman of the Management Board of Caisse d'Epargne des Hauts de France (formerly CENFE) *(since 08.06.2011)*
- Chairman of the Board of Directors of Batixia *(since 06.17.2011)*
- Chairman of the Board of Directors of SIA Habitat *(since 12.06.2016)*, Chairman of the Compensation Committee and Member of the Audit Committee
- Member of the Board of Natixis Factor *(since 10.13.2010)*, FNCE, BPCE-IT *(since 05.02.2017)*
- Member of the Supervisory Board of Société Immobilière Grand Hainaut (SIGH) *(since 10.16.2017)*
- Permanent Representative of CEHDF, Member of the Board of: Hainaut Immobilier S.A. *(since 06.17.2014)*, Erilia *(since 06.20.2016)*
- Permanent Representative of CEHDF, Member of the Supervisory Board of IT-CE *(since 12.31.2011)*
- Non-voting member of CE Holding Participations (since 11.17.2016)

Outside Groupe BPCE

- Permanent Representative of CEHDF, Member of the Board of Finorpa SCR and Finorpa Financement *(since 06.30.2016)*, SA Euratechnologies *(since 06.29.2017)*

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

* *Member of the Appointments Committee until February 9, 2017.*

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

(1) Listed company.

(2) Company outside Groupe BPCE.

Offices held in previous fiscal years			
2013	**2014**	**2015**	**2016**
▪ Member of Supervisory Board of Ecureuil Crédit *(since 02.20.2008)*	*(until 2014)*		
▪ Liquidator of Université du Groupe Caisse d'Epargne *(since 04.06.2010)*	*(until 2014)*		
▪ Director of CE Holding Promotion *(since 06.26.2011)*		*(until 09.01.2015)*	
▪ Non-voting member of the BPCE Supervisory Board *(since 05.19.2011)*, then Member of the Supervisory Board and the Audit and Risks Committee of BPCE *(since 05.06.2013)*		*(until 05.22.2015)*	
▪ Chairman of the Supervisory Board of Immobilière Nord France Europe *(since 11.29.2000)*		*(until 12.30.2015)*	
▪ Chairman of Lyderic Invest (1) (2) *(since 11.03.2011)*		*(until 03.09.2015)*	
▪ Permanent Representative of CENFE, Chairman of CENFE Communication *(from 03.31.2011 to 02.25.2013)*			
▪ Permanent Representative of CE Holding Promotion, Member of the Board of Habitat en Région Services and Valoénergie		*(until 09.01.2015)*	
▪ Member of the Board of Habitat en Région *(since 2013)*			*(until 12.14.2016)*
▪ Permanent Representative of CENFE, Chairman of Savoirs pour Réussir en Nord Pas de Calais *(since 06.29.2011)*			*(until 03.08.2016)*
	▪ Permanent Representative of CENFE, Member of the Board of Finovam *(since 12.24.2014)*		*(until 09.19.2016)*
		▪ Permanent Representative of CENFE, Chairman of Immobilière Nord France Europe *(since 02.12.2015)*	*(until 09.19.2016)*
		▪ Permanent Representative of Immobilière Nord France Europe, Chairman of SAS Euroissy Parc *(since 04.24.2015)*	*(until 09.19.2016)*
		▪ Permanent Representative of CENFE, Chairman of: Finorpa Conseil, Finorpa Financement *(Regional Board transition since 12.14.2015)*	*(until 06.30.2016)*
		▪ Member of the Board and Treasurer of Fondation Caisses d'Epargne pour la Solidarité *(since 12.16.2015)*	*(until 10.18.2016)*

** Member of the Appointments Committee until February 9, 2017.*

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

(1) Listed company.

(2) Company outside Groupe BPCE.

Bernard DUPOUY

(since August 1, 2017)

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

Term expires: 2019 AGM [(a)]

Member – Strategic Committee

First appointed: Board Meeting of August 1, 2017

Attendance rate in 2017	Board of Directors:	Strategic Committee:
	100%	100%

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

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

In addition, he was a director of Crédit Maritime Mutuel du Littoral Sud-Ouest from 2012 to 2015, and is now Permanent Representative of BPACA, and a director of Crédit Maritime. Since 2012, he has chaired the Audit, Risk and Accounts Committee of Crédit Maritime.

A well-known entrepreneur in the Aquitaine region, Bernard Dupouy is also Chairman of Villa Primrose, Vice-Chairman of Congrès et Exposition de Bordeaux and director of Union Maritime du Port de Bordeaux.

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

Other offices held in 2017:

Within Groupe BPCE

- Chairman of the Board of Directors of Banque Populaire Aquitaine Centre Atlantique (BPACA) *(since 01.27.2015)*
- Member of the Board of: Fédération Nationale des Banques Populaires *(since May 2015)*, Natixis Interépargne *(since 11.30.2016)* and BPCE Vie *(since 03.28.2017)*
- Permanent Representative of BPACA, Director of Crédit Maritime Mutuel du Littoral du Sud-Ouest *(since 01.29.2015)* and Chairman of the Audit, Risks and Accounts Committee of Crédit Maritime Mutuel *(since 2012)*

Outside Groupe BPCE

- Chairman and Chief Executive Officer of Groupe DUPOUY S.A. *(since 07.22.1993)*
- Chairman and Chief Executive Officer of ETS DUPOUY SBCC *(since 02.01.2004)*
- Chairman of: Villa Primrose *(since 2000)*, Madikera Management 2M SAS *(since 07.12.2016)*
- Vice-Chairman of Congrès et Expositions de Bordeaux SAS *(since 2008)*
- Permanent Representative of BPACA, Director of Bordeaux Grands Événements *(since 2013)*
- Member of the Board of Union Maritime du Port de Bordeaux *(since 2008)*
- Manager of SCI Badimo *(since 01.26.2000)*

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

Offices held in previous fiscal years

2013	2014	2015	2016
▪ Director of Crédit Maritime Mutuel du Littoral Sud-Ouest *(since 2012)*		▸ *(until 01.29.2015)*	
▪ Director of Crédit Commercial du Sud-Ouest *(since 2008)* and Chairman of the Audit and Risks Committee *(since 2011)*		▸ *(until March 2015)*	
▪ Elected member of the Bordeaux Chamber of Commerce and Industry [(2)] *(since 2006)*			▸ *(until 11.23.2016)*

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

(2) Company outside Groupe BPCE.

Sylvie Garcelon

Chief Executive Officer of CASDEN Banque Populaire

Born April 14, 1965
Nationality: French
Natixis shares held: 1,000
Address:
91 cours des Roches - Noisiel
77424 Marne-La-Vallée Cedex 2

Director*

First appointed: co-opted by the Board of Directors on February 10, 2016

Term expires: 2020 AGM(b)

Member – Audit Committee

First appointed: Board Meeting of February 10, 2016

Member – Strategic Committee

First appointed: Board Meeting of February 10, 2016

Attendance rate in 2017	Board of Directors:	Audit Committee:	Strategic Committee:
	88%	80%	100%

A graduate of the Sup de Co Nice business school, Sylvie Garcelon joined the Banque Populaire group in 1987 in the Internal Audit Department. In 1994, she became Corporate Secretary at SBE before joining the Finance Department of BRED in 2000. In 2003, she joined Natexis where she held positions first in Third-Party Asset Management and then at the Information Systems and Logistics Department. In 2006, she was appointed Chief Executive Officer of M.A. Banque, and then Chairman 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 is CEO of CASDEN Banque Populaire since May 2015.

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

Other offices held in 2017:

Within Groupe BPCE

- Chief Executive Officer of CASDEN Banque Populaire *(since May 2015)*
- Chief Executive Officer of Bureau du Management Financier (absorbed by CASDEN in 2017) *(April 2013 to November 2017)*
- Member of the Board of Fondation d'Entreprise Banque Populaire *(since 06.14.2016)*
- Member of the Board of Banque Palatine, Member of the Audit Committee and Risk Committee *(since 10.05.2016)*
- Treasurer of the Fédération Nationale des Banques Populaires *(since 04.04.2017)*

Outside Groupe BPCE

- Member of the Board of CNRS (*since 11.24.2017)*

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

Offices held in previous fiscal years

2013	2014	2015	2016
▪ Chairman of the Management Board of M.A. Banque *(from 2010 to April 2013)* ▪ Member of the Board of ABP Vie S.A. *(from 2006 to end-2013)*			

* *Member of the Risk Committee until February 9,2017.*

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

Michel Grass

(until May 24, 2017)

Chairman of the Board of Directors of Banque Populaire Bourgogne Franche-Comté

Born November 12, 1957
Nationality: French
Natixis shares held: 189
Address:
5 avenue de Bourgogne - BP 63
21802 Quétigny Cedex

Director

First appointed: co-opted by the Board of Directors on February 19, 2014

and ratified at the AGM of May 20, 2014

Term expires: 2019 AGM[(a)]

Member – Compensation Committee

First appointed: Board Meeting of February 9, 2017

Member – Strategic Committee

First appointed: Board Meeting of February 19, 2014

Attendance rate in 2017	Board of Directors:	Compensation Committee:	Strategic Committee:
	100%	100%	N/A

Holding a Master's Degree in Management Sciences from Université Paris 1, Michel Grass began his career in 1983, working in healthcare as a clinic director in Sens. From 1987 to 2010, he founded and ran a regional group of private clinics. In 2000, he became a director at Banque Populaire de Bourgogne, and served as a commercial court judge from 2009.

Michel Grass has been Chairman of Banque Populaire Bourgogne Franche-Comté since 2010.

Since May 19, 2017, Michel Grass is Chairman of the Supervisory Board of BPCE.

Key advisory skills: entrepreneurial experience, knowledge of the regional economic fabric.

Other offices held in 2017:

Within Groupe BPCE

- Chairman of the Board of Directors of Banque Populaire Bourgogne Franche-Comté *(since 2010)*
- Member *(since 05.22.2015)* then Chairman of the Supervisory Board *(since 05.19.2017)*, Chairman of the Risk Committee *(from 05.22.2015 to 06.21.2017)*, Member of the Cooperative and CSR Committee of BPCE *(since 06.21.2017)*

Outside Groupe BPCE

- Member of the Board of S.A. HLM Brennus Habitat *(since 06.16.2014)*

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

Offices held in previous fiscal years

2013	2014	2015	2016
Judge with the Commercial Court of Sens *(since 2009)*	*(until 12.31.2014)*		
Manager of SARL 2G [(2)] *(until 05.17.2013)*			
Secretary of the Conference of Banque Populaire Chairmen *(since 2011)*		*(until 04.02.2015)*	
Vice-Chairman of Fédération Nationale des Banques Populaires *(since 2012)*		*(until 06.09.2015)*	
Member of the Board of Natixis Investment Managers (formerly Natixis Global Asset Management) *(since 02.14.2012)*			*(until 09.13.2016)*
Associate member of the Chamber of Commerce and Industry of Yonne *(since 2012)*			*(until 11.15.2016)*
	Member of the Board of Banque Palatine *(since 02.14.2014)*		*(until 09.13.2016)*
	Deputy Mayor of the city of Sens *(since 03.31.2014)*		*(until 10.21.2016)*
	Vice-Chairman of the Senonais Communauté de Communes *(since 04.17.2014)*		*(until 01.04.2016)*

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

(2) Company outside Groupe BPCE.

Anne Lalou

Dean and Managing Director of Web School Factory, Managing Director 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 submitted for the approval of the AGM on May 19, 2015

Term expires: 2019 AGM[a]

Member – Compensation Committee

First appointed: Board Meeting of February 18, 2015

Member – Appointments Committee

First appointed: Board Meeting of February 18, 2015

Chairman – Strategic Committee

First appointed: Board Meeting of February 18, 2015

Attendance rate in 2017	Board of Directors:	Appointments Committee:	Compensation Committee:	Strategic Committee:
	100%	100%	100%	100%

Anne Lalou is a graduate of l'École Supérieure des Sciences Économiques et Commerciales (ESSEC). She began her career as a manager, and then as Assistant Director in the Mergers & Acquisitions Department at Lazard in London, before being appointed as Head of Customer Prospection and Development at Havas in Paris. She was the Chairman and Chief Executive Officer of Havas Édition Électronique before joining Rothschild & Cie as a manager.

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

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

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

Other offices held in 2017:

Within the Eurazeo group

- Member of the Supervisory Board of: Eurazeo[1] *(since 05.07.2010)*, Foncia Groupe *(since February 2012)*
- Chairman of the Eurazeo[1] CSR Committee *(since 2014)*
- Member of the Eurazeo[1] Financial Committee *(since 2012)*

Outside the Eurazeo group

- Dean and Managing Director of the Web School Factory *(since April 2012)*
- Managing Director of the Innovation Factory *(since February 2013)*
- Member of the Board *(since 03.18.2014)* and Chairman of the Korian Medica S.A.[1] Appointments and Compensation Committee *(from 03.18.2014 to 06.22.2017)*
- Chairman of the Ethics and Quality Committee of Korian Medica S.A.[1] *(since 06.22.2017)*

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

Offices held in previous fiscal years

2013	2014	2015	2016
Chief Executive Officer of Nexity Solutions[2] *(since July 2011)*	▸ *(until May 2014)*		
Member of the Supervisory Board of Medica[2] *(since March 2012)*	▸ *(until March 2014)*		
Member of the Board of Kea & Partners[2] *(since December 2013)*		▸ *(until 02.09.2015)*	
Member of the Supervisory Board of Foncia Holding *(since September 2011)*			▸ *(until September 2016)*

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

(1) Listed company.

(2) Company outside Groupe BPCE.

Françoise Lemalle

Chairman 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

Term expires: 2019 AGM [(a)]

Member – Audit Committee

First appointed: Board Meeting of February 9, 2017

Member – Strategic Committee

First appointed: Board Meeting of July 30, 2015

Attendance rate in 2017	Board of Directors:	Audit Committee:	Strategic Committee:
	88%	75%	100%

As the youngest Certified Public Accountant in the PACA region at the time, having received her CPA degree in 1991, Françoise Lemalle registered with the Compagnie des Commissaires aux Comptes (French National Statutory Auditors Association) in 1993. She headed up an accounting and audit firm of 20 people located in Mougins. She regularly gives training for retailers, craftsmen and independent professionals, notably through local administrative management centers.

In 1999, she became a founding director of local savings company SLE de Cannes, before being elected as its President in 2009. She first sat on the Steering and Supervisory Board as a Non-Voting Director and since 2009 has served as President of the LSC. She also became a member of the Audit Committee in 2009.

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

Since April 2015, Françoise Lamalle is Chairman of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur.

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

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

Other offices held in 2017:

Within Groupe BPCE

- Member of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur *(since 2013)* and then Chairman *(since April 2015)*
- Member of the Supervisory Board and Risk Committee of BPCE *(since 05.22.2015)*
- Chairman 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[(2)] *(since 1991)*
- Member of the Board of IMF Créa-Sol[(2)] *(since July 2013)*

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

Offices held in previous fiscal years

2013	2014	2015	2016
None	None	None	None

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

(2) 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: 2019 AGM[(a)]

Chairman – Risk Committee
First appointed: Board Meeting of December 17, 2014

Member *– Audit Committee
First appointed: Board Meeting of December 17, 2009

Member – Strategic Committee
First appointed: Board Meeting of May 11, 2011

Attendance rate in 2017	Board of Directors: 100%	Audit Committee: 100%	Risk Committee: 100%	Strategic Committee: 100%

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

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

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

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

Other offices held in 2017:

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

Outside the Centaurus Capital group
- Trustee of the École Polytechnique Charitable Trust *(until 11.01.2017)*
- Director and Member of the Cnova [(1)] Audit Committee *(since 11.20.2014)*
- Trustee of The Academy of St Martin-in-the-Fields *(from June 2016 to 11.01.2017)*

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

2013	2014	2015	2016
▪ Member of the Board of: Centaurus Capital International Limited[(2)]		▸ *(until 03.30.2015)*	
▪ Member of the Board of Tigers Alliance Fund Management[(2)] (Vietnam) *(from January 2010 to June 2013)*			
▪ Member of the Advisory Board of Ondra Partners[(2)] *(from 2009 to September 2013)*			
▪ Member of the Supervisory Board of HLD[(2)] (*since 2011)*		▸ *(until 02.12.2015)*	
	▪ Member of the Board of Emolument Ltd[(2)] *(from 09.25.2014 to 11.17.2014)*		

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

** Chairman of the Audit Committee until February 9, 2017.*

(1) Listed company.

(2) Company outside Groupe BPCE

Stéphanie Paix

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

Born March16, 1965
Nationality: French
Natixis shares held: 1,093
Address:
42 bd Eugène Deruelle BP 3276
69404 Lyon Cedex 03

Director*
First appointed: OGM of May 29, 2012
Term expires: 2020 AGM(b)
Member – Risk Committee
First appointed: Board Meeting of December 17, 2014
Member – Appointments Committee
First appointed: Board Meeting of February 9, 2017
Member – Strategic Committee
First appointed: Board Meeting of November 14, 2012

Attendance rate in 2017	Board of Directors:	Risk Committee:	Appointments Committee:	Strategic Committee:
	88%	100%	100%	100%

A graduate of the IEP de Paris with a DESS in corporate tax law from the Université Paris Dauphine, Stéphanie Paix has been with Groupe BPCE since 1988.

She was Inspector and Head of Inspections at Banque Fédérale des Banques Populaires (1988-1994), and joined the Banque Populaire Rives de Paris as Regional Director and then Director of Production and Organization (1994-2002). In 2002, she joined Natexis Banques Populaires, where she was Director of Operations Management and then Director of Cash Management and Operations (2002-2005). In 2006, she became Chief Executive Officer of Natixis Factor, then Chief Executive Officer of Banque Populaire Atlantique (2008-2011).

Stéphanie Paix has been Chairman of the Management Board of Caisse d'Epargne Rhône-Alpes since end-2011.

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

Other offices held in 2017:

Within Groupe BPCE

- Chairman of the Management Board of Caisse d'Epargne Rhône-Alpes (CERA) *(since 12.05.2011)*
- Chairman of the Board of Directors: of Banque du Léman (Switzerland) *(since 2013)*, Rhône Alpes Cinéma *(since 07.26.2016)*
- Chairman of the Comité Régional des Banques de Rhône Alpes *(since 09.13.2017)*
- Member of the Board of CE Holding Participations *(since 09.09.2015)*
- Member of the Supervisory Board and Risk Committee of BPCE *(since 05.22.2015)*
- Permanent Representative of CERA, Member of the Supervisory Board of IT-CE *(since 12.31.2011)*
- Permanent Representative of CERA, Member of the Board of: Fondation d'entreprise CERA *(since 2012)*, Fédération Nationale des Caisses d'Epargne (FNCE) *(since 2012)*, Habitat en Région *(since 2012)*, le Club du Musée Saint-Pierre *(since 2012)*, Fondation entrepreneurs de la Cité *(since 2014)*, GIE BPCE IT *(since 07.16.2015)*, ERILIA *(since 06.03.2016)*
- Permanent Representative of CERA, Treasurer of Fondation Belem *(from May 2013 to 03.01.2017)*
- Permanent Representative of CERA, Manager of SCI dans la ville *(since 05.16.2014)*, SCI Garibaldi Office *(since 05.16.2014)*, SCI Lafayette Bureaux *(since 05.16.2014)*, SCI le Ciel *(since 05.16.2014)*, SCI le Relais *(since 05.19.2014)*

Outside Groupe BPCE

- Chairman of the Supervisory Board of Rhône Alpes PME Gestion *(since 03.13.2012)*
- Member of the Board of Siparex Associés *(since 03.30.2012)*

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

Offices held in previous fiscal years

2013	2014	2015	2016
Chairman of Agence Lucie *(since 04.06.2011)*		*(until 11.25.2015)*	
Representative of CERA, member of the Board of Directors of: Compagnie des Alpes (2) *(since 10.18.2012)*		*(until 02.16.2015)*	
Member of the Board of Crédit Foncier *(since 04.26.2010)*			*(until 05.10.2016)*
		Member of the BPCE Audit Committee *(from 05.22.2015 to 12.16.2015)*	

** Member of the Audit Committee until February 9, 2017.*

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

(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
Term expires: 2019 AGM[a]
Chairman* – Audit Committee
First appointed: Board Meeting of December 14, 2016
Member – Risk Committee
First appointed: Board Meeting of December 14, 2016
Member – Strategic Committee
First appointed: Board Meeting of December 14, 2016

Attendance rate in 2017	Board of Directors:	Audit Committee:	Risk Committee:	Strategic Committee:
	100%	100%	86%	100%

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

Key advisory skills: expertise in accountancy as was as in financial auditing and tax.

Other offices held in 2017:

Outside Groupe BPCE

- Member of the Supervisory Board of Eurodisney SCA[1] *(from 02.17.2016 to 09.13.2017)*
- Member of the Supervisory Board of Eurodisney Associés SCA *(from 02.17.2016 to 09.13.2017)*
- Member of the Eurodisney Audit Committee *(from 11.09.2016 to 09.13.2017)*

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

Offices held in previous fiscal years

2013	2014	2015	2016
None	None	None	None

** Chairman of the Audit Commitee since February 9, 2017.*

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

(1) Listed company.

Henri Proglio
Chairman of Henri Proglio Consulting SAS

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

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

Attendance rate in 2017	Board of Directors:	Appointments Committee:	Compensation Committee:	Strategic Committee:
	100%	100%	100%	100%

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

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

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

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

Other offices held in 2017:

- Chairman of Henri Proglio Consulting SAS *(since 01.09.2015)*
- 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 09.01.2017)*

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

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

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

(1) Listed company.

(2) Company outside Groupe BPCE

Offices held in previous fiscal years			
2013	**2014**	**2015**	**2016**
▪ Chairman and Chief Executive Officer of EDF (1)(2) *(since 11.25.2009)*	▸ *(until 11.22.2014)*		
▪ Member of the Board of FCC (1)(2) Spain *(since 05.27.2010)*	▸ *(until 09.22.2014)*		
▪ Member of High Commission for Transparency and Information on Safety in Nuclear Facilities (2) *(since 11.25.2009)*	▸ *(until 11.22.2014)*		
▪ Member of the National Commission for Sectors of Vital Importance (2) *(since 12.08.2009)*	▸ *(until 02.17.2014)*		
▪ Member of the Committee for Atomic Energy (2) *(since 11.25.2009)*	▸ *(until 11.22.2014)*		
▪ Chairman of EDF Energy Holdings Ltd (2) *(since 03.08.2010)*	▸ *(until 11.22.2014)*		
▪ Member of Board of Edison(2), then Chairman of the Board of Directors *(since 04.24.2012)*	▸ *(until 11.25.2014)*		
▪ Member of the Board of CNP Assurances(1)(2) *(from 2008 to 07.25.2013)*			
▪ Member of the Board of EDF International SAS(2) *(since 12.06.2010)*, EDF Energies Nouvelles(2) *(since 09.21.2011)*	▸ *(until 11.25.2014)*		
▪ Member of the Board of South Stream Transport BV(2) *(since 11.13.2012)*	▸ *(until 11.26.2014)*		
▪ Member of the Board of South Stream Transport AG (2) *(from 12.12.2012 to 06.30.2013)*			
▪ Vice-Chairman of Association EURELECTRIC(2) (Belgium)(since 06.03.2013)	▸ *(until 11.25.2014)*		
	▪ Member of the Board of Dalkia(2) *(from 07.25.2014 to 11.22.2014)*		
	▪ Member of the Board of Thales (2) *(since 12.23.2014)*	▸ *(until 05.13.2015)*	
		▪ Member of the Board of Fennovoima Ltd(2) (Finland) *(until November 2015)*	

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

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

(1) Listed company.

(2) Company outside Groupe BPCE.

Philippe Sueur

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

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

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

Attendance rate in 2017	Board of Directors:	Appointments Committee:	Strategic Committee:
	100%	100%	100%

Philippe Sueur holds a postgraduate degree in political science and history, a doctorate in law, and is an Associate Professor in Roman law and Institutional History. He began his career in 1974 as a Lecturer before becoming a Full Professor at Université d'Amiens and then at Université de Paris III - Sorbonne Nouvelle and Paris-Nord. From 1992 to 2002, he was Dean of the Faculty of Law, 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, Councilor at Large for the Val d'Oise region since 1994, and was Vice-Chairman of CG95, the Val d'Oise regional council, between 2001 and 2008 and then again in 2011. Since April 2015, he is the first Vice-Chairman of the Val d'Oise Regional Council.

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

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

Other offices held in 2017:

Within Groupe BPCE

- Chairman of the Steering and Supervisory Board of Caisse d'Epargne Île-de-France *(from 04.29.2014 to 04.26.2017)*
- Member of the Steering and Supervisory Board of Caisse d'Epargne Île-de-France *(since April 2008)*
- Member of the Board of BPCE Assurances *(from 05.23.2005 to 03.17.2017)*

Outside Groupe BPCE

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

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

Offices held in previous fiscal years

2013	2014	2015	2016
Vice-Chairman of the Steering and Supervisory Board of Caisse d'Epargne Île-de-France *(since 2008)*	*(until 04.29.2014)*		
Member of the Board of Syndicat des Transports d'Île-de-France[(2)] *(since 2007)*		*(until April 2015)*	
Member of the Board of Agence Foncière et Technique de la Région Parisienne (AFTRP)[(2)] *(since 2007)*		*(until April 2015)*	

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

Member of the Compensation Committee until February 9, 2017.

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

(2) 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: OGM of July 31, 2013

Term expires: 2021 AGM[c]

Chairman – Appointments Committee

First appointed: Board Meeting of August 6, 2013

Member – Appointments Committee

First appointed: Board Meeting of December 17, 2014

Member – Strategic Committee

First appointed: Board Meeting of August 6, 2013

Attendance rate in 2017	Board of Directors:	Appointments Committee:	Compensation Committee:	Strategic Committee:
	100%	100%	100%	100%

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

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

Other offices held in 2017:

Within the RTL group

- Chairman of the Groupe M6 [1] Management Board *(since May 2000)*
- Member of the Board of the Football Club des Girondins de Bordeaux *(since 2001)*
- Member *(since 12.18.2002)* and Chairman of the Supervisory Board (*since 10.02.2017)* of Ediradio S.A. (RTL/RTL2/FUN RADIO).
- Member of the Board of Directors of RTL France Radio *(since 10.02.2017)*
- 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 03.15.2012)*
- Permanent Representative of Métropole Télévision, member of the Board of: SASP Football Club des Girondins de Bordeaux, Société Nouvelle de Distribution S.A., Extension TV SAS, C. Productions S.A. *(since 10.21.2012)*, IP France S.A. *(since 10.02.2017)*, IP Régions S.A. *(since 10.02.2017)*, Société d’Exploitation Radio Chic - SERC S.A. *(since 10.02.2017)*, Société de Développement de Radio diffusion - SODERA S.A. *(since 10.02.2017)*
- 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 Web SAS *(since 2001)*, M6 Foot SAS *(since 2001)*, TCM DA SAS *(since 06.27.2013)*, Mandarin Cinéma SAS *(since 07.22.2016)*, Fidélité Films SAS *(since 07.20.2017)*
- 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 (formerly Antena3)[1] *(since 10.29.2003)*
- Member of the Board of Médiamétrie as a Permanent Representative of Immobilière Bayard d’Antin S.A. *(since 11.22.2017)*

Outside RTL group

- Member of the Board of GL Events S.A.[1] *(since May 2008)*
- Volunteer member of the Board of the endowment fund RAISE *(since 11.22.2013)*

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

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

(1) Listed company.

(2) Company outside Groupe BPCE.

Offices held in previous fiscal years			
2013	**2014**	**2015**	**2016**
▪ Member of the Board of Nexans S.A. [2] *(since May 2007)*	▸ *(until 03.31.2014)*		
▪ Member of the Board of TF6 Gestion S.A. [1][2] *(since 2001)*		▸ (until 03.01.2015)	
▪ Permanent Representative of Home Shopping Service[2], member of the Board of MisterGooddeal S.A.[2] *(since 2013)*	▸ (until 03.31.2014)		
▪ Permanent Representative of Métropole Télévision[2], Chairman of M6 Toulouse SAS[2] *(since 2001)*	▸ (until 01.01.2014)		
▪ Permanent Representative of Metropole Télévision[2], Member of the Shareholders' Committee of Multi 4 SAS[2] *(since* 2006)	▸ (until 09.15.2014)		
▪ Chairman of the Groupe M6 Fondation d'Entreprise [2] *(since 2009)*			▸ *(until 07.12.2016)*
	▪ Permanent Representative of M6 Publicité, Chairman of M6 Créations SAS[2] *(since 09.15.2014)*	▸ *(until 01.02.2015)*	

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

(1) Listed company.

(2) Company outside Groupe BPCE.

SUMMARY TABLE OF THE MAKEUP OF THE BOARD OF DIRECTORS AT MARCH 1, 2018

	Age	Attendance rate at Board Meetings and Committees in 2017	Nationality	First appointed	Date term of office expires	Experience and expertise
Directors from BPCE						
François Pérol (Chairman)	54	BoD: 100% SC: 100%	French	04.30.2009	2019 AGM	Expertise in strategic matters concerning banking and financial institutions, as well as the French and international economic and financial environment
BPCE Represented by Catherine Halberstadt	59	N/A	French	01.01.2018	2019 AGM	Expertise in Human Resources issues; extensive knowledge of retail banking and business financing
Independent Directors						
Anne Lalou	54	BoD: 100% Comp Com.: 100% App. Com.: 100% SC (Chairman): 100%	French	02.18.2015	2019 AGM	Entrepreneurial experience, M&A, finance, corporate strategy
Catherine Pariset	64	BoD: 100% AC (Chairman): 100% RC: 86% SC: 100%	French	12.14.2016	2019 AGM	Accounting, financial auditing and taxe
Bernard Oppetit	61	BoD: 100% AC: 100% RC (Chairman): 100% SC: 100%	French	11.12.2009	2019 AGM	Entrepreneurial experience in Europe, financial markets
Henri Proglio	68	BoD: 100% App. Com. (Chairman): 100% Comp Com: 75% SC: 100%	French	04.30.2009	2019 AGM	Managing large businesses, proficiency in strategic issues
Nicolas de Tavernost	67	BoD: 100% Comp. Com. (Chairman): 100% App. Com: 100% SC: 100%	French	07.31.2013	2021 AGM	Proficiency in strategic, management and business development issues
Directors from the Banque Populaire						
Sylvie Garcelon	52	BoD: 88% AC: 80% SC: 100%	French	02.10.2016	2020 AGM	Expertise in financial management and corporate strategy
Thierry Cahn	61	BoD: 88% App. Com: 100% SC: 100%	French	01.28.2013	2019 AGM	Proficiency in legal issues, particularly business law; extensive knowledge of banking businesses
Alain Condaminas	60	BoD: 100% Comp Com: 100% SC: 100%	French	05.29.2012	2020 AGM	Proficiency in Human Resources issues and business transformation, extensive knowledge of banking businesses
Bernard Dupouy	62	BoD: 100% SC: 100%	French	08.01.2017	2019 AGM	Expertise in business administration, with in-depth knowledge of retail banking, the regional economy and French overseas territories

	Age	Attendance rate at Board Meetings and Committees in 2017	Nationality	First appointed	Date term of office expires	Experience and expertise
Directors from the Caisses d'Epargne						
Françoise Lemalle	53	BoD: 88% AC: 75% SC: 100%	French	07.30.2015	2019 AGM	Entrepreneurial experience, extensive knowledge of the accounting, financial and audit fields
Stéphanie Paix	53	BoD: 88% RC: 100% App. Com: 100% SC: 100%	French	05.29.2012	2020 AGM	Extensive knowledge of retail banking and business financing; bank audits
Alain Denizot	57	BoD: 100% Comp Com: 100% RC: 83% SC: 100%	French	05.19.2015	2019 AGM	Expertise in financial management, risks, development and insurance
Philippe Sueur	71	BoD: 100% App. Com: 100% SC: 100%	French	04.30.2009	2019 AGM	Extensive knowledge of local and regional authorities

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

2.3 Management and oversight of corporate governance

The information it contains takes into consideration, in particular, Annex I of European regulation (EC) 809/2004 of April 29, 2004 (amended) as well as recommendation No. 2012-02, consolidating the recommendations published since 2009, of the Autorité des Marchés Financiers (AMF – French Financial Markets Authority) report on corporate governance and director compensation, and specifically the AMF's 2017 report, published on November 22, 2017, the activity report from the High Committee on Corporate Governance (HCGE) published on October 12, 2017, and the Guide for compiling registration documents, also published by the AMF on December 10, 2009, and amended on December 17, 2013, and on April 13, 2015, and lastly, the June 2013 Guide to applying the Afep-Medef corporate governance code for listed companies, supplemented by the HCGE in December 2014, November 2015 and November 2016.

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 and November 2015. The Afep-Medef code is available for consultation at the Company's head office and on the Natixis website: www.natixis.com.

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

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

Audit Committee (Article 15.1 of the Code) "At least two-thirds of the Audit Committee members must be independent."	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). Following the Afep-Medef code recommendations on the composition of the Audit Committee to the letter would require Natixis' independent directors to sit on more than three Special Committees, at the risk of diluting 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.
Appointments Committee (Article 16.1 of the Code) "It [...] must be predominantly comprised of independent directors."	The number of independent directors on Natixis' Appointments Committee is not greater than half the total number of members as recommended 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, following the Afep-Medef code recommendations on the composition of the Appointments Committee to the letter would require that Natixis' independent directors sit on more than three Special Committees, at the risk of diluting 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.
Session of the Board of Directors held without the executive officers (Article 10.3 of the Code) "The Board of Directors must provide for a meeting once a year [...] without the executive or "in-house" directors."	It must be noted that Natixis does not have an executive director: Laurent Mignon 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 director present. However, the Chief Executive Officer is not present at the part of the Board Meeting regarding the determination of his compensation and performance.

Since 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 stems from the desire to create a single custodian of Natixis' best interests and value creation. It permits unity of action, which is an essential requirement in terms of control, responsiveness and foresight in Company management.

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

Following the merger of Banque Fédérale des Banques Populaires (BFBP) and Caisse Nationale des Caisses d'Epargne (CNCE) that resulted in the creation of BPCE, Natixis has been majority owned by BPCE since August 1, 2009. As of December 31, 2017, BPCE held a 71% stake in Natixis.

2.3.1 BOARD OF DIRECTORS

2.3.1.1 Organization

As indicated above, Natixis' Board of Directors had 15 members at March 1, 2018. The members are divided up as follows:

- two members from BPCE, namely François Pérol and BPCE represented by Catherine Halberstadt;
- four members from the Banque Populaire banks, namely Sylvie Garcelon, Thierry Cahn, Alain Condaminas and Bernard Dupouy;
- four members from the Caisse d'Epargne, namely Françoise Lemalle, Stéphanie Paix, Alain Denizot and Philippe Sueur;
- five independent members namely Anne Lalou, Catherine Pariset, Bernard Oppetit, Henri Proglio and Nicolas de Tavernost.

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

One-third of the members of the Board of Directors is independent.

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

As is the case every year, at its meeting of December 21, 2017, and following the report submitted by the Appointments Committee, Natixis' Board of Directors examined each director's expertise, judgment and freedom of thought and expression and, more specifically, compliance with the independence criteria recommended by the Afep-Medef code and incorporated into the Board's Internal Rules *(see 2.3.1.2 "Role and Powers of the Board of Directors").*

The Board of Directors paid special attention to the appraisal of whether the business relationship between the companies in which the independent directors perform director duties, and Natixis or its corporate group, is significant.

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 susceptible to affect the independence of the director's judgment.

To this end, Natixis 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 - namely, Henri Proglio Consulting, Centaurus Capital, M6, and the Web School Factory - exercise their executive duties or corporate offices.

Natixis maintains traditional business relationships with each of these companies.

Natixis' Board of Directors therefore determined that the five above-mentioned independent Board members meet the necessary independence criteria.

Criteria for appraisal*	Anne Lalou	Bernard Oppetit	Catherine Pariset	Henri Proglio	Nicolas de Tavernost
In the last five years, be or have been: - an employee or executive corporate officer of Natixis; - an employee, executive officer, executive corporate officer or director of a company consolidated under the Company; - 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 holds a directorship either directly or indirectly, 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	OK	OK	OK	OK	OK
Is not a major customer, supplier, or corporate or investment banker (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 director	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 (period after which the capacity of Board member ceases)	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 and has not received any significant additional compensation from the Company or Group other than director's fees, including participation in any stock option plan or any other performance-related compensation plan	OK	OK	OK	OK	OK

* *See Section 2.3.1.2.B of this registration document.*

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.

Since April 30, 2009, the Board of Directors has been chaired by François Pérol, Chairman of the BPCE Management Board. At the end of the General Shareholders' Meeting, the Board of Directors, at its meeting of May 19, 2015, unanimously reappointed François Pérol as Chairman of the Board of Directors.

Changes made to the Board of Directors in 2017 and since January 1, 2018:

- on May 23, 2017, the Combined General Shareholders' Meeting of Natixis:
  - ratified the co-opting of Catherine Pariset as a Director by the Board of Directors on December 14, 2016, to replace Laurence Debroux, to serve out the remainder of her predecessor's term of office, i.e. until the General Shareholders' Meeting of 2019 held to approve the financial statements for the year ending on December 31, 2018,
  - renewed the term of office of Nicolas de Tavernost for four years, i.e. until the General Shareholders' Meeting of 2021 held to approve the financial statements for the year ending on December 31, 2020;
- on May 24, 2017, Michel Grass resigned from his position as a Director of Natixis and from his roles as a member of the Compensation Committee and the Strategic Committee following his appointment as Chairman of the Supervisory Board of BPCE;
- on August 1, 2017, the Board of Directors co-opted Bernard Dupouy to replace Michel Grass, to serve out the remainder of his predecessor's term of office, i.e. until the General Shareholders' Meeting of 2019 held to approve the financial statements for the year ending on December 31, 2018;
- on December 21, 2017, the Board of Directors enacted the replacement of Marguerite Bérard-Andrieu with Catherine Halberstadt as Permanent Representative of BPCE on the Board of Directors of Natixis, effective January 1, 2018.

In accordance with the Afep-Medef code's recommendation that terms of office be staggered in such a way so as to avoid reappointing large numbers of directors at once and to promote the balanced re-appointment of directors, Natixis instituted an action plan in May 2018 at its General Shareholders' Meeting whereby four directors resigned before being put forward to the meeting for reappointment.

Current term expiry:

2019 AGM	BPCE, François Pérol, Thierry Cahn, Alain Denizot, Bernard Dupouy, Anne Lalou, Françoise Lemalle, Bernard Oppetit, Catherine Pariset, Henri Proglio, Philippe Sueur
2020 AGM	Alain Condaminas, Sylvie Garcelon, Stéphanie Paix
2021 AGM	Nicolas de Tavernost

Following the report submitted by the Appointments Committee, Board of Directors of Natixis discussed, as it does each year, the desirable balance of its composition, with particular reference to the knowledge, expertise and experience of its members, both individually and collectively. The Board concluded that the range of knowledge, expertise and experience of its members is sufficiently broad, complementary, and balanced to state that:

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

With respect to the principle of gender parity on the Board of Directors, as set out in the Act of January 27, 2011, Natixis had six female directors out of a total of 15, i.e. 40%, since its General Shareholders' Meeting of May 24, 2016. Natixis is therefore in compliance with the provisions of the Copé-Zimmermann Act, and with the relevant recommendations of the Afep-Medef corporate governance code.

At its meeting of December 21, 2017, in accordance with Article L.511-99 of the French Monetary and Financial Code, the Board of Directors, in view of the report submitted by the Appointments Committee, reiterated its gender parity target of 40% on the Board of Directors, meaning six women out of fifteen members, with each replacement of an outgoing director taking this goal into account.

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 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. Only one Natixis director was over the age of 70 at December 31, 2017.

When a director is appointed, his résumé with a career summary and a list of corporate offices are sent to the other directors and to the shareholders.

2.3.1.2 Role and powers of the Board of Directors

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

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

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

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

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

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

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

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

At the proposal of the Chief Executive Officer and after consulting the Appointments Committee, the Board of Directors may, in accordance with the conditions defined in Article 16 of the bylaws, appoint five individuals, in charge of assisting 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). The function of "executive manager" must be performed in a joint stock company (société anonyme) with a Board of Directors by the Chief Executive Officer and the Deputy Chief Executive Officer(s), or by a company director disposing the requisite powers to manage the business of the institution. *(see Section 2.3.3 "Senior Management for more information on executive managers")*;

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

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

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

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

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

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

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

g) verifies the implementation by the executive managers of the supervisory mechanisms to guarantee the effective and prudent management of the Company, specifically the separation of duties and the prevention of conflicts of interest;

h) reviews the governance provision 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) conducts the review and approval of the parent company and consolidated financial statements of the Company, ensuring their accuracy and fairness; it establishes 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 process of publishing and disclosing the quality and reliability of the information intended for publishing and disclosure by Natixis;

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 prior to starting any new term outside the Group by the Chief Executive Officer or the Deputy Chief Executive Officers.

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

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

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

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

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

- circumstances requiring the Board of Directors' prior authorization:
  - the extension of Natixis' activities to new core business lines not currently exercised by the Company,
  - the appointment or dismissal of the CEO or, where applicable, one or more Deputy CEOs,
  - any acquisition or increase in shareholdings, as well as any investments, divestments or the formation of joint ventures by Natixis or any of its main subsidiaries, involving an amount in excess of €100 million, in the event that the Group's structure is modified,
  - any asset transfers, mergers or demergers in which Natixis is involved;
- criteria used to qualify members of the Board of Directors as "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 may not:
  - within the last five years, be or have been:
    - an employee or executive corporate officer of Natixis,
    - an employee, executive officer, executive corporate officer or director of a company consolidated under the Company,

- 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 holds a directorship either directly or indirectly, 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 for which Natixis or the Group represents a significant portion of such person's business;
- 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 when 12 years is reached,
- receive variable compensation in cash or in shares, or any performance-link compensation from Natixis or the Group;

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

- Board operating procedures specified in the Internal Rules:

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

  In addition, with respect to the assessment of the Board of Directors' work, the Internal Rules specify that, at least once a year, an agenda item will be devoted to evaluating the Board's operation, an account of which will be included in Natixis' annual report *(for 2017, see point 2.3.1.4 "Assessment of the Board's work in 2017")*.

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

B – Compliance charter for members of the Board of Directors

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

Before assuming office, every one of Natixis' directors must ensure that he is familiar with the general or specific obligations incumbent upon him, such as those resulting from laws or regulations, bylaws, Internal Rules and this Charter, as well as any other binding texts.

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

Article 1: Attendance

All directors must devote sufficient time and attention to the performance of their duties and regularly attend the meetings of the Board and Committee(s) of which they are a member, as well as the General Shareholders' Meeting. As such, they must ensure that with the number and commitment level of their directorships, they are 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. He undertakes 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. He has six months to acquire the 140 shares stipulated by the bylaws and another 12 months to bring his holding to 1,000 shares.

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

Article 4: Professionalism and Efficiency

A director contributes to the collegiality and efficiency of the work of the Board and Special Committees. He makes recommendations that he feels will improve the Board's operating procedures, specifically during the Board's periodic evaluation.

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

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

Article 5: Confidentiality

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

Article 6: Prevention of Insider Trading

Inside information

In accordance with Regulation 596/2014 of the European Parliament and Council (together with the delegated and enforcement regulations of Article 621-1 of the general regulation of the Autorité des Marchés Financiers (AMF – French Financial Markets Authority), the Market Abuse Regulation (MAR)): "Inside information is any information of a precise nature that has not been made public, relating directly or indirectly to one or more issuers of financial instruments, or to one or more financial instruments, and which, if it were made public, would be likely to have a significant influence on the prices of the relevant financial instruments or on the prices 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 (these covering (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 or inducing on the basis of any inside information received, another person to perform any inside trades; or
- unlawfully disclosing inside information.

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

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

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

Directors are advised of the risk of the execution of transaction on the Natixis share by persons closely associated to them, and in particular:

- 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 closely associated,
  - which is directly or indirectly controlled by such a person,
  - which is set up for the benefit of such a person, or
  - the economic interests of which are substantially equivalent to those of such a person.

The sanctions for such actions are administrative and criminal.

Permanent insiders

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

If a person is not mentioned on this list, that does not mean he is exempted in any way from complying with the laws and regulations and it in no way prejudices his potential insider status.

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

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

Reporting obligations

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

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

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

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

Article 7: Independence and Conflicts of Interest

The director strives to preserve his independence in judgment, decision and action in all circumstances. He refuses to be influenced by any element foreign to the corporate interest of Natixis, which it is his remit to defend.

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

Should this transaction or business relationship be submitted to the Board of Directors, the director or the non-voting in question must abstain from participating in the meeting of the Board of Directors or any one of its Committees regarding the plan in question. Consequently, he does not participate in the Board's deliberations, or in voting on the plan in question, and the section of the minutes relative to the plan in question is not submitted to him.

Article 8: Information/Training

Each director must become familiar with and must request, within the appropriate time, that the Chairman of the Board of Directors and/or the Special Committees of which he is a member, provide the information critical to useful action on the topics on the agenda of the Board or the Special Committees.

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

Article 9: Application of the Charter

Should one of Natixis' directors no longer be in a position to perform his duties in compliance with the Charter, either for his own reasons or for any other reason including those specific to Natixis' rules, he 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 performing his duties.

The Head of Compliance for Natixis is available to each director for any questions about the Code of Conduct.

C – Internal charter on related party agreements

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

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

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

In accordance with current regulations, during fiscal year 2017, the Board of Directors authorized, prior to its signing, a so-called "related party agreement", enrolling Natixis' in the group insurance policy under Article 82 of the French General Tax Code that was entered into by BPCE with Arial CNP Assurances, for the benefit of its executive officers who are not covered by the "Pension scheme applicable to executive directors of Groupe BPCE" or the "Natixis pension guarantee" scheme.

This amendemnt indirectly affects Laurent Mignon as Chief Executive Officer.

It also reviewed all related party agreements that have been authorized by the Board over previous fiscal years, which continued to have an impact during the period.

At its meeting of February 13, 2018, the Board of Directors reviewed all related party agreements that have been authorized by the Board over previous fiscal years, and in particular the amendment to the protocol for compensation between Natixis and Banque Palatine, rejected by the General Shareholders' Meeting of May 23, 2017. This amendment was still in effect over the 2017 fiscal year, during which Natixis booked a total of €800,000 in expenses. The amount corresponds to the additional costs sustained by Banque Palatine which were not anticipated when the protocol for compensation was signed. It was drawn up by factoring in the financial impact resulting from the transfer of the investment services provided to Banque Palatine's clients to Natixis' retail and mutual funds business activities.

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

With regard to Article L225-37.4 2° of the French Code of Commerce which, in the management report, mentions the agreements entered into directly or through an intermediary by, on the one hand, the CEO, one of the directors or one of the shareholders with a voting right of more than 10% in a company and, on the other hand, another company in which the latter directly or indirectly holds more than half the capital, no agreement meets these criteria for fiscal year 2017.

2.3.1.3 Work of the Board of Directors in 2017

The Board of Directors held a total of eight meetings in 2017. The attendance rate was nearly 95% for the year as a whole (versus 92% in 2016).

Each director's attendance at the Board of Directors' Meetings appears in Section 2.2 of this chapter *(see directors' individual fact sheets)*.

Within a reasonable amount of time before a Board Meeting, each director receives a file listing the items on the agenda via a secure website for review and analysis of the issues to be addressed.

The Chief Executive Officer attended all meetings, thereby enabling the Board members to hear his opinion on important issues and to ask him any questions that they deemed to be relevant.

The Chief Finance and Risk Officer, then after October 1, 2017, the Chief Finance and Strategy Officer, the Corporate Secretary and, as and when required, one or more business heads were invited to provide further information on subjects raised in meetings. The Central Works Council representatives also attended the meetings.

In addition, Stéphanie Paix, a Natixis director, spoke at the Investor Day event held on November 20, 2017 during which the strategic plan for 2018-2020, "New Dimension" was presented.

The main topics addressed by the Board of Directors in 2017 were as follows:

Natixis' financial, cash and commitment position	■ Review of the quarterly and half-yearly financial statements and approval of the annual financial statements (parent company and consolidated) ■ Review and approval of 2018 budget ■ Economic and benchmark reviews / Business market review / Life of the stock ■ Review and approval of press releases ■ Adoption of the Board's management report on the use of capital increase authorizations ■ Submission of the work by the Audit Committee
Internal control Risk management Compliance	■ Submission of the work by the Risks and the US Risk Committee ■ Reports on terms for exercising internal control and on measuring and monitoring risk ■ Update of the Risk Appetite Statement and Risk Appetite Framework indicators ■ Approval of the new Natixis Audit Charter ■ Oversight of the provisions of the French Ministerial Order of November 3, 2014: oversight of the internal control governance system, monitoring of aggregate limits by risk type, monitoring of non-compliance risks ■ Liquidity monitoring (liquidity risk tolerance level, emergency plans) ■ Review of whether the product and service prices offered to clients are in line with Natixis' risk strategy ■ Report on internal control activity and results ■ Adoption of the Chairman's report on the Board's work and on internal control and risk management procedures ■ Update of the Volcker Manual ■ Presentation of the senior management report (Volcker Rule) ■ Tracking procedures with regulators
Corporate governance	■ Submission of the work by the Appointments Committee ■ Appointment of two new executive managers ■ Reappointment of one director whose term of office was due to expire ■ Co-opting of one new director ■ Chairman and composition of Special Committees ■ Update of the Internal Rules of the Board of Directors, the Audit Committee, and the Risk Committee ■ Review of the classification of the status of directors as independent members ■ Review of the summary assessment of the Board of Directors' work ■ Convening of the General Shareholders' Meeting and the Annual Meeting for holders of participating securities ■ Approval of the Code of Conduct ■ Review of the related party agreements and guarantees authorized during previous fiscal years ■ Authorization of the signing of a related-party agreement
Compensation	■ Submission of the work by the Compensation Committee ■ Fixed compensation of the Chairman of the Board for fiscal years 2016 and 2017 ■ Determining the fixed and variable compensation of the Chief Executive Officer for fiscal year 2016, setting the fixed compensation of the Chief Executive Officer for fiscal year 2017, and setting the criteria for determining the variable compensation of the Chief Executive Officer for fiscal year 2017 ■ Review of the Risk and Compliance targets for compensation among the regulated population (2016 summary and 2017 targets) ■ Profit-sharing top-up ■ Renewal of rules for allocating directors' fees ■ Enactment of a talent management policy ■ Approval of the performance conditions for the regulated population and renewal of the employee retention and performance plan ■ Allocation of free performance shares to members of the Senior Management Committee ■ Compensation for regulated categories of staff

Financial transactions and strategy	■ Capital increase reserved for members of the Mauve 2018 savings plan ■ Buyback of minority stakes in BPCE Assurances ■ Renewal of the liquidity contract ■ Information on the capital increases following the allocation of free shares of February 2012 and February 2013 ■ Approval of the New Dimension strategic plan for 2018-2020 and review of strategic projects ■ Review of strategic projects ■ Opening/closing of operations and representative offices abroad ■ Total transfers of assets and liabilities (TUP) from Natixis subsidiaries to Natixis
Other items	■ Renewal of bond and warrant issue authorizations for fiscal years 2017 and 2018 ■ Implementation of the process set out in Article L.2323-7-1 of the French Labor Code on strategic guidelines ■ Enactment of a brand platform

At its meeting of December 21, 2017, the Board of Directors presented the Natixis Code of Conduct. The enactment of this Code of Conduct is meant to define and formalize clear, general principles of conduct to be followed by all Natixis employees, to prevent risks by putting the Code's principles into practice (dispensing training to employees, standards for evaluating employee behavior, etc.) and to address the needs of our outside stakeholders (clients, shareholders, and investors).

This Code does not substitute for the existing rules; it is a single Code that applies to all Natixis entities, with general principles of conduct as well as guidelines, policies, and procedures adapted to the business lines. *(refer to Chapter 1 of this registration document)*.

2.3.1.4 Assessment of the work of the Board of Directors and Special Committees in 2017, and follow-up measures

As in previous years, in 2017 Natixis assessed the work of its Board of Directors and specialized Committees, in accordance with recommendations set out in the Afep-Medef code regarding the correct governance of listed companies.

This assessment covered six areas:

1. Review of the structure, operation, and composition of the Board of Directors;
2. Verification of the appropriate preparation and discussion of major issues;
3. Evaluation of the relationship between the directors and the executive officers;
4. Assessment of the work of the Special Committees;
5. Appraisal of each director's contribution;
6. Measuring the general performance of the Board and the Special Committees.

During an individual interview, each Board member completed a detailed questionnaire addressing these areas, and were invited to assess directors' individual contribution according to the following criteria: involvement, attendance, punctuality and adequacy of preparation for board meetings.

The representatives of the Works Council also took part in the assessment of the Board conducted in 2017.

The results of these interviews were included in a detailed assessment report, presented as a summary to the meeting of the Board of Directors held on February 13, 2018.

This report shows that the directors have a very positive view of the Board of Directors.

They believe that it is a high-quality Board where directors are engaged and mindful.

The directors unanimously believe that the performance of the Board of Directors has been satisfactory or very satisfactory. Three-quarters of the directors believe that the Board of Directors and its Special Committees have improved their operations, and a very large majority of directors feel that the Natixis Board outperforms other Boards they have served on.

Suggestions were made by the directors on ways to further improve the running of the Board.

They expressed interest in being kept abreast of Natixis events (like the Investor Day) and have the opportunity to take part.

The directors feel that terms of office could be more evenly staggered in order to meet corporate governance requirements and, at the next General Shareholders' Meeting, would like to advocate for terms of office to be staggered in such a way so as to avoid reappointing large numbers of directors at once in 2019.

With respect to the operation of the Board of Directors, there could be more regular monitoring of external growth opportunities and training content could be further adapted to the businesses.

Finally, with respect to the operation of the Special Committees, the holding of one US Risk Committee per year in New York was requested.

After the assessment work of the Board of Directors and Special Committees conducted in 2016, corrective measures were enacted, in 2017, including:

- broader access to training on the Group's structure and businesses. Additionally, Natixis Board members took part in training sessions held for members of the BPCE Supervisory Board.
- an increase in regulatory matters being addressed (strategic plan, human resources, CSR);
- the streamlining of the Board of Directors file, and the inclusion of the summary reports from the Special Committees;
- the operation of the Audit and Risk committees was modified to allow its members to receive documents even earlier and that the documents in question present the salient points more clearly.

2.3.1.5 Training for the Board members

In 2017, Natixis renewed its training program for Board members that was started in 2016. The resulting training program is also consistent with the existing one for members of the BPCE Supervisory Board.

The program is divided into three areas:

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

For the 2017 fiscal year, seven sessions were held . The training sessions in fiscal year 2017 were opened to members of the BPCE Supervisory Board. Additionally, directors were also invited to attend the training sessions held by BPCE for Supervisory Board members.

2.3.2 SPECIAL COMMITTEES: OFFSHOOTS OF THE BOARD OF DIRECTORS

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

2.3.2.1 Audit Committee

A – Organization

During 2017, the Audit Committee comprised five members: As of March 1, 2018, these members were:

Catherine Pariset *(position previously held by Bernard Oppetit until February 9, 2017)*	Chairman
BPCE, represented by Catherine Halberstadt *(position previously held by Marguerite Bérard-Andrieu until January 1, 2018)*	Member
Sylvie Garcelon	Member
Françoise Lemalle *(position previously held by Stéphanie Paix until February 9, 2017)*	Member
Bernard Oppetit	Member

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

Until February 9, 2017, the Committee was chaired by independent member Bernard Oppetit. Since then, Catherine Pariset chairs the Committee.

Two-thirds of the Audit Committee are not independent members, 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, plus a representative of BPCE). *(See summary table on compliance with Afep-Medef code recommendations in Section 2.3 of this chapter).*

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

- Changes made to the Audit Committee in 2017 and since January 1, 2018:

Director	Capacity	Date of change	Replaced by
Stéphanie Paix	Member	02.09.2017	Françoise Lemalle
Marguerite Bérard-Andrieu	Member, BPCE Permanent Representative	01.01.2018	Catherine Halberstadt

B – Role and powers

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

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

- checking the clarity of information published by Natixis and assessing the relevance of the accounting methods adopted for the creation of Natixis' individual and consolidated financial statements; and

- 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, with sufficient time in advance to allow their presentation Natixis' Board of Directors, as well as 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 and the Group, or the share of those fees in the net sales of the firms and networks, 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; the recommendation of the auditing firm is made following a selection procedure arranged by Natixis;
- reviewing the Statutory Auditors' work schedule, the results of their audits and recommendations, and any follow-up action thereof;
- issuing its opinion on the report presented to it on an annual basis with regard to commercial relations between Natixis or one or more of its subsidiaries, and all or some of the entities forming Groupe BPCE.
- reporting regularly to the Board of Directors on the performance of its duties. It also reports on the results of the certification of the financial statements, the way in which this duty contributed to the integrity of the financial information and the role it played in this process. Any difficulty encountered is reported without delay.

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

- parent and consolidated financial, accounting, and regulatory documents prepared periodically by the Company;
- summary reports by the Company's Statutory Auditors;
- any audit reports concerning the Company;
- accounting policies and methods applied within the Company;
- projected parent and consolidated results at the end of March, June, September and December;
- consolidated budgets and financial statements of the main subsidiaries, 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 2017

The Audit Committee met five times in fiscal year 2017. Its members' attendance rate was 92% for the year as a whole (vs. 76% in 2016).

Each director's attendance at the Audit Committee's Meetings appears in Section 2.2 of this chapter *(see directors' individual fact sheets)*.

Within a reasonable amount of time before a Board meeting, each director receives a file listing the items on the agenda, via a secure website, for review and analysis of the issues to be addressed.

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 the said 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, sufficiently in advance of them being presented to Natixis' Board of Directors.

Depending on its agenda, the Audit Committee also benefited from the presence at its various meetings of the Natixis Chief Finance and Risk Officer, then from October 1, 2017 the Chief Finance and Strategy Officer and the Chief Risk Officer, as well as the Head of Accounting and Ratios, the Heads of Internal Audit for Natixis and BPCE, the Corporate Secretary.

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

In 2017, the Audit Committee's duties focused on the following items in particular:

Financial position	■ Review of the quarterly and half-yearly parent company and consolidated financial statements ■ Review of 2018 budget ■ Statutory Auditors' assignment ■ Results of the sharing arrangements for the US affiliates of Natixis Investment Managers
Other items	■ Follow-ups on IFRS 9, 15, and 16 ■ Update of the Internal Rules of the Audit Committee ■ Appointment of the lead director under the Barnier reform ■ Information on prior authorizations given by the leader of the Audit Committee for the completion of the Statutory Auditors' services ■ Presentation by the Statutory Auditors of the new report from the Barnier reform ■ Follow-up on Statutory Auditors' fees for 2017 (certification and other assignments)

2.3.2.2 Risk Committee

A – Organization

During 2017, the Risk Committee comprised five members. At March 1, 2018 these members were:

Bernard Oppetit	Chairman
Catherine Halberstadt *(position previously held by Marguerite Bérard-Andrieu until January 1, 2018)*	Member
Alain Denizot *(position previously held by Sylvie Garcelon until February 9, 2017)*	Member
Stéphanie Paix	Member
Catherine Pariset	Member

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

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

- Changes made to the Risk Committee in 2017 and since January 1, 2018:

Director	Capacity	Date of change	Replaced by
Sylvie Garcelon	Member	02.09.2017	Alain Denizot
Marguerite Bérard-Andrieu	Member, BPCE Permanent Representative	01.01.2018	Catherine Halberstadt

Over the course of the 2017 fiscal year, and in compliance with the US regulation, the Dodd-Frank Act, the Risk Committee met five times as the US Risk Committee. The US Risk Committee has the same composition as the Risk Committee. It is tasked with monitoring the management of risks related to Joint US Activities.

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 Natixis Board of Directors' responsibility, the Risk Committee's core duties are:

- to advise the Board of Directors on the bank's overall strategy and risk appetite, both current and future;
- to assist the Board of Directors when it checks the implementation of that strategy by the executive managers and by the Head of Risk Management.
- to issue 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 reporting on risks, specifically operational, market or counterparty risks, performed at the behest of the Company's CEO;
- to monitor the effectiveness of the internal control and risk management systems;
- to assist the Board of Directors in determining the guidelines and controlling the implementation by executive managers of the supervisory mechanisms to guarantee the effective and prudent management of the Company, specifically the separation of duties and the prevention of conflicts of interest;
- to review, 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, it presents the Board of Directors with an action plan to remedy it;
- to review, without prejudice, the duties of the Compensation Committee, if 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 time phasing of the expected benefits;
- to assist the Board of Directors in reviewing the aforementioned governance mechanism, in assessing its effectiveness and ensuring that corrective measures have been taken to remedy any shortcomings;
- to regularly examine 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 to industry-based limits.

- to examine 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;
- to give its opinion on the appointment or dismissal of the Head of Internal Audit at Natixis;
- to see to it that the findings of assignments by the Internal Audit Department and by regulatory and supervisory authorities (specifically the Autorité de Contrôle Prudentiel et de Résolution, ACPR – French Prudential Supervisory Authority for the Banking and Insurance Sector) are followed up on; to that end, a summary of reports by the Internal Audit Department on Natixis and its subsidiaries is made to the Risk Committee which also receives all reports from the regulatory and supervisory authorities (specifically the ACPR) on Natixis and its subsidiaries;
- to address Natixis' annual internal audit program, including audits of subsidiaries, with this program being presented to the Committee at least one week prior to its approval.

At the proposal of the Chairman, the Risk Committee may, if deemed appropriate by the Committee and after consulting the Chairman of the Board of Directors, invite to its meetings any Natixis manager (including managers of one of the main subsidiaries or the Chairman of its Risk Committee*) who is able to shed light on the work of the Risk Committee, as well as the Chief Finance and Strategy Officer, the Chief Risk Officer, the Corporate Secretary, the Natixis Head of Internal Audit, the BPCE Head of Internal Audit, and Natixis' Statutory Auditors.

The Chief Risk Officer, the Compliance Officer, and the Natixis Head of Internal Audit have permanent direct access to the Risk Committee.

C – Work of the Risk Committee in 2017

The Risk Committee met seven times in fiscal year 2017. Its members' attendance rate was 89% for the year as a whole (vs. 67% in 2016).

Each director's attendance at the Risk Committee's Meetings appears in Section 2.2 of this chapter *(see directors' individual fact sheets)*.

Within a reasonable amount of time before each Committee Meeting, each director received a file via a secure website containing the items on the agenda for review and analysis in preparation for the meeting.

In 2017, the Risk Committee's duties focused on the following items in particular:

Risk management	▪ Review of the monthly consolidated risk monitoring scorecard (regular updates on credit, market liquidity and operational risks and insurance risk) ▪ Review of the provisions of the French Ministerial Order of November 3, 2014, and of the Risk Appetite Framework (RAF) indicators ▪ Annual review of the Risk Appetite Framework ▪ Presentation of the RAF of the APAC platform ▪ Review of the risk model governance ▪ Check that the compensation policy is compatible with the risks ▪ Meetings on the stress tests (EBA and internal) ▪ Presentation of the final results of the internal stress tests ▪ Presentation on ICAAP (Internal Capital Adequacy Assessment Process) ▪ Presentation on IRRBB (Interest Rate Risk on Banking Book) ▪ Liquidity follow-up: Annual analysis of contingency plans, particularly in light of the results of the alternative scenarios regarding liquidity positions and risk mitigation factors ▪ Follow-up on the BCBS 239 project ▪ Evaluation of the effectiveness of the internal control framework and the procedures in place (risk view) ▪ FRTB project ▪ Appointment of the new Chief Risk Officer ▪ Review of the business risk system of the Specialized Financial Services (SFS) division ▪ Review of whether the product and service prices offered to clients are in line with Natixis' risk strategy. ▪ Follow-up on the risks of the New Dimension strategic plan
Internal control	▪ Review of Natixis and BPCE Internal Audit assignments conducted during the fiscal year ▪ Monitoring implementation of recommendations made by the Internal Audit Departments of Natixis and BPCE ▪ Review of the Chairman's draft report on the work of the Board and on Internal Control in 2016 ▪ Presentation of reports on internal control and risk measurement and monitoring ▪ Approval of the new Natixis Audit Charter ▪ Presentation of the proposed audit program for 2018
Compliance	▪ Supervision of non-compliance risk ▪ Compliance control activity and results ▪ Evaluation of the effectiveness of the internal control framework and the procedures in place (compliance view) ▪ Review of the business continuity mechanism
Other items	▪ Presentation of the latest developments ▪ Updates to the Internal Rules of the Risk Committee ▪ Presentation of the follow-up letters from BPCE to Natixis and Natixis' response to these letters

Over the 2017 fiscal year, the US Risk Committee worked on the following:

- review of priorities, 2017 budget, and plan for the assignment of personnel by the US Chief Risk Officer;
- significant update to the regulatory observations, and corresponding action plans;
- revision of limits and alert thresholds for US RAF indicators with respect to asset quality and operational risks;
- review of regulatory projects and the regulatory analysis schedule;
- update to the Enterprise Risk Management Policy (ERMP);
- approval of the ERMP and alert threshold limits of the US Risk Appetite Framework;
- changes in risks over the period;
- US risk and risk appetite indicators.

2.3.2.3 Compensation Committee

A – Organization

During 2017, the Compensation Committee comprised six members until May 24, 2017, then five members.

As of March 1, 2018, those members were as follows:

Nicolas de Tavernost	Chairman
Alain Condaminas	Member
Alain Denizot	Member
Anne Lalou	Member
Henri Proglio	Member

Three of the five members are independent (Anne Lalou, Henri Proglio and Nicolas de Tavernost). In accordance with Article 17.1 of the Afep-Medef corporate governance code, a majority of the Compensation Committee is composed of independent directors, and the Committee is chaired by an independent director.

- Changes made to the Compensation Committee in 2017.

Director	Capacity	Date of change	Replaced by
Philippe Sueur	Member	02.09.2017	Michel Grass
Michel Grass	Member	05.24.2017	Not replaced

- No change has been made to the Compensation Committee in 2018.

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 February 9, 2017 by the Board of Directors.

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

- the level and terms of compensation 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 level and terms of compensation paid to the CEO and, where applicable, one or more Deputy CEOs, including benefits in kind, pension plans and collective personal protection insurance, as well as the allocation of stock options or share purchases;
- rules for allocating directors' fees to Natixis' directors and the total amount submitted to a decision by Natixis' General Shareholders' Meeting;
- the compliance of Natixis' compensation policy with regulations, including for the category of staff addressed in the French Ministerial Order of November 3, 2014, as well as for employees addressed 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 activities (AIFMD) or insurance activities (Solvency II);
- the annual review of Natixis' compensation policy, specifically those employee categories whose professional activities are likely to have a significant impact on the risk profile of Natixis or the Group;

The Compensation Committee may have cause to review and issue an opinion on the insurance taken out by Natixis to cover its executive officers' liability.

The Compensation Committee reviews proposals related to the employee savings plan, including plans for a capital increase reserved for Natixis employees, and, where applicable, plans for a stock subscription or purchase, or for an allocation of free shares to be submitted to the Board of Directors or the General Shareholders' Meeting for approval.

Natixis' CEO provides the Compensation Committee with any documents that may assist it in performing its duties and to ensure it is fully informed.

It confers with Natixis' Internal Control Departments or outside experts as appropriate.

C – Work of the Compensation Committee in 2017

The Compensation Committee met four times in fiscal year 2017. Its members' attendance rate was 96% for the year as a whole (vs. 100% in 2016).

Each director's attendance record for Compensation Committee Meetings appears in Section 2.2 of this chapter.

Within a reasonable amount of time before a Committee meeting, each director receives via a secure website a file containing the items on the agenda for review and analysis in preparation for the meeting.

In 2017, the Committee focused on the following areas:

Executive corporate officers Senior Management Committee members	▪ Approving the variable compensation factors for 2016 after assessing the quantitative and strategic criteria of the annual variable compensation of executive corporate officers and validating the compensation principles for fiscal year 2017 put to a vote of the Annual General Shareholders' Meeting on May 24, 2017 ▪ Approval of the 2017 conditions of the long-term compensation plan for members of the Senior Management Committee ▪ Analyzing the recommendations of the Afep-Medef in terms of compensating directors
Directors' fees	▪ Reviewing the provisions on disbursing the directors' fees allocated to members of the Board
Compensation policy and regulations	▪ Reviewing the implementation of various regulations governing compensation, including for the "regulated population" addressed in the European CRD IV Directive of June 26, 2013, its enactment into French law in the French Monetary and Financial Code by the Ordinance of February 20, 2014 and by the Ministerial Decree and Order of November 3, 2014, and the Commission Delegated Regulation (EU) of March 4, 2014, as well as for employees addressed 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"), the MiFID or identified categories of staff within asset management activities (European AIFM/UCITS Directive) and insurance activities (European Solvency II Directive) ▪ Reviewing 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 ▪ Reviewing specific Risk and Compliance targets (2016 review & presentation of 2017 targets) ▪ Summary of the Internal Audit Department's report on the implementation of the process for compensating the regulated population under CRD IV ▪ Analyzing compensation awarded to the hundred highest-paid employees ▪ Reviewing and monitoring the achievement of performance conditions applicable to deferred variable compensation and long-term profit-sharing plans ▪ Analyzing the principles for identifying the employee population whose activities have a significant impact on the Company's risk profile as well as the variable compensation budget and structure for that population for fiscal year 2016 ▪ Analyzing the compensation of the heads of control functions for 2016 ▪ Policy on salary and professional equality between men and women - comparative report with 2016
Employee savings and shareholding	▪ Follow-up on existing employee savings plans within Natixis and on Mauve ▪ Profit-sharing top-up for fiscal year 2016

2.3.2.4 Appointments Committee

A – Organization

The Appointments Committee is made up of six members. As of March 1, 2018, these members were:

Henri Proglio	Chairman
Thierry Cahn *(position previously held by Alain Condaminas until February 9, 2017)*	Member
Anne Lalou	Member
Stéphanie *Paix (position previously held by Alain Denizot until February 9, 2017)*	Member
Philippe Sueur	Member
Nicolas de Tavernost	Member

Three of the six members are independent (Anne Lalou, Henri Proglio and Nicolas de Tavernost). The number of independent directors on the Appointments Committee is not greater than half the total number of members as recommended 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 in Section 2.3 of this chapter).*

Natixis' CEO is involved as required with the Appointments Committee's work.

Since February 18, 2015, the Appointments Committee has been chaired by Henri Proglio.

- Changes made to the Appointments Committee in 2017:

Director	Capacity	Date of change	Replaced by
Alain Condaminas	Member	02.09.2017	Thierry Cahn
Alain Denizot	Member	02.09.2017	Stéphanie Paix

- No change has been made to the Appointments Committee in 2018.

B – Role and powers

The roles that devolve to Natixis' Appointments Committee are, in essence, reviewing the selection of directors and members of the Board, and assessing their individual and collective expertise, as well as the effectiveness of the Board of Directors. The Appointments Committee's powers and operating procedures are described in detail in the Internal Rules of the Board of Directors, the latest version of which was approved on December 17, 2014.

The Committee's primary remits are:

- issuing an opinion and, upon request from Natixis' Board, making proposals and recommendations to the Board on the appointment of a CEO and, when appropriate, one or more Deputy CEOs of Natixis;
- issuing an opinion and making recommendations to the Board of Directors on the selection/appointment of directors;
- evaluating the balance and diversity of knowledge, skills and experience that the Board members have, both individually and collectively;
- detailing the duties and the qualifications required for serving on Natixis' Board of Directors, and assessing the time to be spent on that service;
- deciding on a policy and a set of targets for the balanced representation of men and women on the Board of Directors. It prepares a policy with the purpose of 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 remits that are assigned to it, and submitting all 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 reporting this to it;
- periodically scrutinizing the policies of the Board of Directors on selecting and appointing Natixis' executive managers, Deputy CEOs and the Chief Risk Officer and making recommendations thereon.

Qualification as an independent director is discussed by the Appointments Committee, which prepares a report for the Board. Each year, based on this report and before the publication of the annual report, the Board of Directors reviews the situation of each of its members based on independence criteria set out in Article 2.3.2 of the Board of Directors' Internal Rules *(see Section 2.3.1.1 of this registration document)*.

C – Work of the Appointments Committee in 2017

The Appointments Committee met once in fiscal year 2017. Its members' attendance rate was 100% (identical to that of 2016).

Each director's attendance at the Appointments & Compensation Committee's Meetings appears in Section 2.2 of this chapter *(see directors' individual fact sheets)*.

Within a reasonable amount of time before meeting, and via a secure website, each director receives a file containing the items on the agenda in order to review and analyze the matters to be addressed.

In 2017, the Committee focused on the following areas:

Independence of directors	▪ Verifying independence criteria for each director
Evaluating the Board and the directors	▪ Evaluating the Board of Directors' work in 2016 ▪ Analyzing the qualifications needed for the duties carried out on the Board of Directors ▪ Evaluating the balance and diversity of knowledge, skills and experience that the Board members have, both individually and collectively
Gender parity	▪ Deciding on a policy and targets for a balanced representation of men and women on the Board of Directors
Other	▪ Identifying a person or a dominant group within the Board of Directors who might be detrimental to Natixis' interests

On March 14, 2018, and in the interest of spreading out terms of office more evenly, as recommended by the Afep-Medef code, the Appointments Committee took note of the resignation of four directors whose term of office expires at the adjournment of the May 2019 General Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2018. The four directors resigned with effect upon the adjournment of the meeting of the Board on May 23, 2018 taking place before the Annual General Shareholders' Meeting held on the same day, and have agreed to reapply as directors at the same meeting. The Appointments Committee also approved the policy for selecting independent directors.

2.3.2.5 Strategic Committee

A – Organization

The Strategic Committee is made up of all the directors as well as the members of the Senior Management Committee of Natixis.

The Strategic Committee has been chaired by Anne Lalou since February 10, 2016.

B – Role and powers

The scope of responsibility of the Strategic Committee relates to thoroughly examining the global strategy of Natixis and its business lines, and sharing senior management's vision for Groupe BPCE.

In addition, the meetings of this Committee allow the Board of Directors to get to know the management team that works with the Chief Executive Officer better and improve the Board's work methods.

C - Work of the Strategic Committee in 2017

The Strategic Committee meets once a year.

Its members' attendance rate was 100% (identical to that of 2016).

Within a reasonable amount of time before meeting, and via a secure website, each director receives a file containing the items on the agenda in order to review and analyze the matters to be addressed.

In 2017, the Natixis Strategic Committee met to analyze the new 2018-2020 strategic plan, "New Dimension". The presentation covered four key areas:

- the Equity Story, or the results of New Frontier and the move to New Dimension;
- the ambitions of the core business;
- the digital transformation;
- the cross-business drivers.

The directors and the members of the Board used the opportunity to discuss Natixis' strategic priorities going forward, as well as the focus areas of the New Dimension Plan.

2.3.3 SENIOR MANAGEMENT

2.3.3.1 Organization

The Chief Executive Officer is responsible for the Natixis' senior management, in accordance with the Board of Directors' decision of April 30, 2009 to separate the offices of Chairman of the Board and Chief Executive Officer.

On April 30, 2009, the Board appointed Laurent Mignon as Chief Executive Officer starting May 14, 2009 for a six-year term. Laurent Mignon's term of office was renewed by Natixis' Board of Directors on February 18, 2015 for a period of four years, ending after the 2019 General Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2018.

The Chief Executive Officer subsequently set up a Senior Management Committee (CDG), which he chairs, made up of the heads of Natixis' main businesses (Asset & Wealth Management, Corporate & Investment Banking, Insurance and Specialized Financial Services) and support functions.

At March 1, 2018, the members were: Gils Berrous (Specialized Financial Services), Norbert Cron (Operations and Information Systems), Pierre Debray (Risks), Anne Lebel (Human Resources), Jean-François Lequoy (Insurance), Nicolas Namias (Finance and Strategy), André-Jean Olivier (Corporate Secretary), Jean Raby (Asset & Wealth Management), Pierre-Antoine Vacheron (SFS – Payment Activities) and Marc Vincent (Corporate & Investment Banking).

As Natixis' decision-making body, the Senior Management Committee's remit consists of reviewing and approving the Company's core strategy, overseeing its management, notably as regards the effective application of the Company's strategy and budget, all major projects and investments, its organization and Human Resources, the performance of its business lines and its results, and the control of its activities.

Lastly, 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 *(see members of the Executive Committee, Section 2.1 of this chapter)*. The Committee's role mainly focuses on information and monitoring.

Additionally, pursuant to Article L.511-13 of the French Monetary and Financial Code, Natixis' Board of Directors appointed three executive managers: Laurent Mignon, Chief Executive Officer, Gils Berrous, Head of Specialized Financial Services, and Marc Vincent, Head of Corporate & Investment Banking.

In this capacity, Laurent Mignon, Gils Berrous and Marc Vincent stand surety and assume full liability toward the supervisory authorities, specifically the Autorité de Contrôle Prudentiel et de Résolution (ACPR – French Prudential Supervisory Authority for the Banking and Insurance Sector) and the European Central Bank (ECB) for the following activities:

- the bank's effective management, within the meaning of Article L.511-13 of the French Monetary and Financial Code;
- disclosure to the ACPR of any accounting or financial document that the ACPR may request, as well as a response to any request for information or any question, per Articles L.571-4 to L.571-9 of the same Code;
- periodically evaluating and checking 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;
- determining own fund requirements.

In this context, the executive managers are authorized to request and accept 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, on the proposal of the Appointments Committee.

2.3.3.2 Role and powers of the CEO

In accordance with Article 15 of the bylaws, the Chief Executive Officer is vested with the broadest powers to act on behalf of the Company under all circumstances. He exercises those powers within the limits of the corporate purpose and subject to the powers expressly reserved for Shareholders' Meetings and the Board of Directors by law and to the provisions and restrictions stipulated by the Internal Rules. He represents the Company in its relations with third parties.

The Board of Directors may appoint a Chief Executive Officer selected from among its directors or otherwise.

The Chief Executive Officer may delegate a portion of his powers to any corporate officer of his choosing, with or without the option of substituting one for another. In light of this fact, Natixis has a comprehensive system for assigning and monitoring delegations of authority, including signing authority, which encompasses the delegation of Senior Management responsibilities to members of the Senior Management Committee. Furthermore, each business line and support function has defined and regularly updates its own signing authority rules, in keeping with the fundamental principles laid down by Senior Management.

On the Chief Executive Officer's recommendation, the Board of Directors may appoint one to five Deputy Chief Executive Officers from among the directors or otherwise to assist the Chief Executive Officer.

In conjunction with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers conferred upon the Deputy Chief Executive Officers. They have the same powers with respect to third parties as the Chief Executive Officer.

2.3.3.3 Work of the Senior Management Committee in 2017

Following Natixis' conversion into a French société anonyme with a Board of Directors, a Senior Management Committee was set up in early May 2009 in order to examine and validate the Company's main decisions and steer its management.

Barring exceptions, it meets weekly, chaired by the CEO. Except where circumstances prevented them from doing so, the members of the Senior Management Committee were present at all meetings in 2017. Representatives from the business lines or different support functions were invited to present projects or policies falling within their departmental remits.

In 2017, the Senior Management Committee successfully completed the implementation of the "New Frontier" strategic plan across all Natixis business lines.

In this context, the Senior Management Committee studied the opportunities for external growth in Asset Management, M&A and Specialized Financial Services and supervised various projects or initiatives. More broadly, the Senior Management Committee analyzed and approved all the strategic operations conducted by Natixis, before presenting them to the Company's Board of Directors, such as the acquisition of PayPlug, the harmonization of Natixis and Dalenys in the field of payment solutions, the acquisition of a majority stake in Investors Mutual Limited in Australia, the defining between Natixis and ODDO BHF of a long-term partnership project to create an equity markets leader in Continental Europe, and the sale of its stake in CACEIS.

It oversaw the finalization of the Insurance division within Natixis, as part of the "I 2018" project, with the acquisition of 40% of BPCE Assurance from Macif and Maïf. It also finalized the merger of all Natixis' Payment activities dedicated to Groupe BPCE. In addition, the Senior Management Committee was attentive to continuing the development of trade cooperation with the networks.

The Senior Management Committee also sought to consolidate the opportunities offered by digital technology within the Company.

At the same time, the Senior Management Committee, throughout the fiscal year, oversaw the creation of and defined the new strategic plan "New Dimension", a long-term value creation plan for fiscal years 2018, 2019, and 2020, which was officially launched on November 20, 2017.

New Dimension sets out three strong initiatives aimed at developing solutions offering high added value to Natixis 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.

Beyond the strategic plan, the Senior Management Committee oversaw Natixis' adaptation to changes in the economic and regulatory environment in the banking and insurance sectors. It monitors regulatory changes (MiFID II, Volcker rule, Market Abuse Regulation, FRTB, etc.) on a regular basis and makes proposals.

The Senior Management Committee continued to work on implementing the Transformation and Operational Excellence program. As part of this program, Natixis intends to invest heavily in technology and generate costs savings from end-2019. It also sought to simplify the corporate structure, particularly through the plan to reduce the number of managerial levels.

The Senior Management Committee regularly examined the Company's business development and results during its meetings throughout the year. It studied the 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, the Senior Management Committee approved the main management decisions, and reviewed and approved the budget, the capital trajectory, the risk appetite framework, the internal stress tests and the ICAAP report. In addition, it approved the terms and conditions governing mandatory annual negotiations and the compensation review policy, the appointment of senior executives and managers, as well as all significant projects or investments. The Committee also analyzed and approved restructuring propositions, namely the new Corporate & Investment Banking structure, the separation of the Finance and Risk Departments, and the pooling of the Procurement function with BPCE.

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.

Finally, in parallel with the enactment of the Natixis Code of Conduct, a Conduct Committee, which will meet quarterly, was instituted. It is made up of members of the SMC (Corporate Secretary, HR, Risk, and SMC members depending on the agenda) and permanent or ad hoc members of Compliance, ESR, Communication, and business line managers depending on the agenda.

The Committee will be tasked with making decisions on HR situations or challenging situations, regularly overseeing the Natixis conduct system, and making decisions on ESR policies *(for more detailed information on the Code of Conduct, see Chapter 1 of this registration document)*.

2.3.4 GENERAL SHAREHOLDERS' MEETINGS

2.3.4.1 Convening procedure

General Shareholders' Meetings are convened by the Board of Directors or, failing this, under the conditions of Article L.225-103 of the French Commercial Code. Notices of meeting are prepared in accordance with the conditions laid out in the applicable regulations (Article 21 of the bylaws).

Meetings take place either at the registered office or at another location specified in the notice.

2.3.4.2 Different types of meetings

Shareholders' Meetings may take the form of Ordinary, Extraordinary or Combined Meetings depending on the items on the agenda.

Ordinary General Shareholders' Meetings (OGM)

OGMs are held annually and their purpose is to inform shareholders about the running of the Company. Their principal objective is to give an opinion on the financial statements of the previous fiscal year, to determine the appropriation of income, and to set the dividend and the conditions for its payment.

OGMs may also be used to appoint or re-appoint directors and non-voting members as well as to appoint or re-appoint Statutory Auditors and, if necessary, ratify the co-opting of a member of the Board.

Decisions are made by simple majority vote of the shareholders present or represented at the meeting.

Extraordinary General Shareholders' Meeting (EGM)

EGMs are convened each time there are decisions concerning a change in the bylaws, notably in the event of a financial transaction affecting the share capital.

Decisions are made by a two-thirds majority vote of the shareholders present or represented at the meeting.

Combined Shareholders' Meetings (CSM)

CSMs combine the two previous types of meetings (OGM and EGM) on the same date under the same notice of meeting.

2.3.4.3 Conditions for admission

Shareholders' Meetings include all the shareholders whose securities have no outstanding payments due.

Pursuant to Article R.225-85 of the French Commercial Code, those shareholders who can prove their shares are in a custody account *(pursuant to Section seven 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.

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 their authorized intermediaries that hold their bearer share accounts. The intermediaries do so by producing a certificate that must be attached to the voting form or admission card request in the name of the shareholder or the name of the registered intermediary acting on behalf of the shareholder. A certificate is also delivered to shareholders who wish to attend the meeting in person and who have not received an admission card by D-2, 12 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, through remote transmission. 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.

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 his choice) may always represent a shareholder at Shareholders' Meetings. This proxy may not represent another person.

2.3.4.4 Shareholders' rights

In line with the provisions of Article L.225-105 of the French Commercial Code, one or more shareholders holding the requisite portion of the share capital may, subject to the conditions and time frames set by law, request the inclusion of items or draft resolutions on the agenda of the meeting by means of registered letter with acknowledgment of receipt.

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 him to reach an informed opinion on the management and control of the Company. The nature of the documents and the terms and conditions for their dispatch or availability are determined by law and regulations.

2.3.4.5 Conditions for exercising voting rights

In line with the provisions of Article 25 of the bylaws, and exceptionally in the case of granting double voting rights to any fully paid-up shares for which a registered entry for two years under the same shareholder name is demonstrated under Article L.225-123 Section 3 of the French Commercial Code, each member of the meeting has a right to as many votes as they hold or are represented by shares.

2.3.4.6 Identification of shareholders

In line with the provisions of Article 5 of the bylaws, the Company may, subject to the conditions provided for by the laws and regulations in force, request from any authorized organization or intermediary, all information relating to the holders of shares conferring immediately, or in the future, the right to vote at Shareholders' Meetings, notably their identity, nationality, address, the number of shares that they own and the restrictions that may be placed on these shares.

Any individual or legal entity that owns, directly or indirectly, alone or jointly, a 1% share of the voting rights (based on all voting rights attached to the shares, including those deprived of voting rights), or any multiple of this percentage, must notify the Company, by registered letter with acknowledgment of receipt, of the number of voting rights that they possess. This notice must be made within a period of 15 days following each acquisition or sale of this fraction.

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.

Any shareholders holding more than 1% of the voting rights, and having already declared their statutory threshold crossing, may obtain/consult the list of shareholders having crossed the statutory threshold from Natixis' registered office or by contacting Natixis' Investor Relations (30 avenue Pierre Mendès-France 75013 Paris).

2.3.5 INTEGRITY OF DIRECTORS AND CONFLICTS OF INTEREST

In accordance with regulations, a list of the functions performed by the directors of Natixis is included in this document. The knowledge, skills, and experience of the directors, both individually and collectively, give the Board of Directors the breadth of expertise necessary to ensure that the Company is properly run and its business strategy is effective.

2.3.5.1 Disclosure of conviction

To the best of Natixis' knowledge, none of the members of the Board of Directors or Senior Management has been convicted of fraud, subject to bankruptcy, liquidation or receivership, convicted or punished by official or regulatory bodies, disqualified from acting as a member of administrative, management or supervisory bodies of an issuer, or from participating in the management or conduct of the business of an issuer within at least the previous five years.

2.3.5.2 Conflicts of interest

Members of the Natixis Board of Directors include BPCE (Natixis' leading shareholder) as well as employees or individuals holding other jobs within Groupe BPCE, particularly in the Caisse d'Epargne and the Banque Populaire banks. Natixis and its subsidiaries maintain business relations with BPCE and the entities of Groupe BPCE. Furthermore, members of the Natixis Board of Directors include independent directors belonging to third-party groups that can maintain banking or business relations with Natixis or its subsidiaries.

To the best of Natixis' knowledge, these situations do not affect those directors' independence of judgment, decision, and action, and there is no potential conflict of interest between the duties that the Board members owe to Natixis and other duties or private interests. When needed, the Internal Rules of the Board of Directors as well as the Compliance Charter provides for a conflict of interest resolution system for all members of the Board of Directors, and requires those members to notify the Chairman of the Board [or the Corporate Secretary of Natixis] of any conflict of interest, and to abstain from voting on the corresponding resolution.

To the best of Natixis' knowledge, it is hereby stipulated that there are no service agreements binding members of the Board of Directors or Senior Management to the Company that could confer benefits according to the terms of such an agreement and that might by their nature compromise the independence of members or interfere with their decision-making.

2.3.5.3 Notification of transactions performed by persons discharging managerial responsibilities and by persons closely associated with them

During fiscal year 2017, two members of the Natixis Senior Management Committee performed transactions involving Natixis shares:

- Marc Vincent, Co-Director of Corporate & Investment Banking at the time, sold 72,986 shares of Natixis at the unit price of 6.4581 euros, on May 15, 2017;
- Jean Cheval, Chief Finance and Risk Officer at the time, sold 55,316 shares of Natixis at the unit price of 6.4760 euros, on May 24, 2017.

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

2.4.1 COMPENSATION AND BENEFITS OF ANY KIND FOR MEMBERS OF THE BOARD OF DIRECTORS

The members of the Board of Directors of Natixis received directors' fees for the 2017 fiscal year subject to the terms and conditions set out below.

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

Directors' fees are granted according to the following rules:

	Directors' fees	
Governing body	Fixed portion *(prorated to the term of office)*	Variable portion
Board of Directors		
Chairman	N/A	N/A
Member (maximum of €22,000)	€8,000	€2,000/meeting (capped at 7 meetings)
Audit Committee		
Chairman	€17,000	€2,000/meeting (capped at 6 meetings)
Member	€3,000	€1,000/meeting (capped at 6 meetings)
Risk Committee		
Chairman	€17,000	€2,000/meeting (capped at 6 meetings)
Member	€3,000	€1,000/meeting (capped at 6 meetings)
Appointments Committee		
Chairman	€15,000	€2,000/meeting (capped at 2 meetings)
Member	€2,000	€1,000/meeting (capped at 2 meetings)
Compensation Committee		
Chairman	€15,000	€2,000/meeting (capped at 4 meetings)
Member	€2,000	€1,000/meeting (capped at 4 meetings)
Strategic Committee		
Chairman	N/A	€12,000/meeting (capped at 1 meeting)
Member	N/A	€2,000/meeting (capped at 1 meeting)

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

Until December 31, 2017, directors' fees were subject to total withholding tax of 36.5% for residents of France.

2.4.2 COMPENSATION AND BENEFITS OF ANY KIND FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

2.4.2.1 Compensation and benefits of any kind for the Chairman of the Board of Directors, François Pérol, in 2017

In accordance with the principles approved by the General Shareholders' Meeting on May 23, 2017, François Pérol received no compensation in 2017 for his duties as Chairman of the Natixis Board of Directors.

2.4.2.2 Compensation and benefits of any kind for Laurent Mignon in connection with his duties as Chief Executive Officer of Natixis in 2017

The components of Laurent Mignon's compensation for 2017 comply with the principles approved by the General Shareholders' Meeting of May 23, 2017.

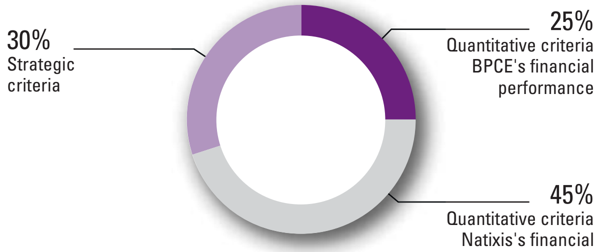
Fixed compensation

The fixed compensation for 2017 for Laurent Mignon was €960,000.

Annual variable compensation

The annual variable compensation in respect of fiscal year 2017 was calculated on the basis of quantitative and strategic criteria first reviewed by the Compensation Committee then validated by the Board of Directors, and submitted to a vote at the General Shareholders' Meeting on May 23, 2017.

The variable compensation target for the 2017 fiscal year was set at €1,152,000, i.e. 120% of Laurent Mignon'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. The following targets were set for 2017:



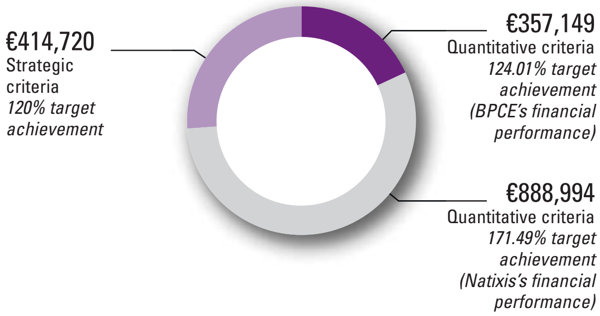
- quantitative targets (70%), of which 25% is based on the financial performance of Groupe BPCE (net revenues [4.2%], net income group share [12.5%] and cost/income ratio [8.3%]) and 45% based on the financial performance of Natixis (net revenues [11.25%], net income group share [11.25%], cost/income ratio [11.25%] and ROTE – Return on Tangible Equity [11.25%]);
- individual strategic targets (30%), of which 10% is for each of the following two targets: the development and launch of the 2018-2020 Strategic Plan and continuation of the digital transformation of Natixis and its businesses. Both of these strategic targets have been assigned a weight of 10%, tied to the development of Natixis' collaboration with Groupe BPCE networks (5%) and to managerial performance assessed based on the ability to anticipate developments, make decisions, lead the Group, and manage executive officers (5%). As recommended by the Compensation Committee, the Natixis Board of Directors set the amount of variable compensation for 2017 at €1,660,863. This amount shall be submitted to a shareholder vote in May 2018 and is equivalent to 144.17% of the target variable compensation:
  - €520,789 will be paid in 2018, 50% of which will be indexed to the Natixis share price,
  - €1,140,074 will be deferred over three years, 50% of which will be indexed to the Natixis share price, and will be paid in thirds in 2019 (100% in cash), 2020 (50% in cash and 50% indexed to the Natixis share price) and 2021 (100% indexed to the Natixis share price or in securities), provided that the presence and performance conditions are met;

With respect to strategic criteria in particular, the Board recognized the progress made in the area of digital transformation (acquisition of fintechs Dalenys, Payplug and S-Money, and the digitalization of the customer experience in partnership with Groupe BPCE, among other digital projects). As for increasing collaboration with Groupe BPCE, synergies in this area for the 2014-2017 period totaled €466 million, exceeding the initial target. Furthermore, Natixis Assurances' acquisition of a 40% equity interest in BPCE Assurances from Macif (25%) and Maïf (15 %) strengthened the collaboration between Natixis and the Groupe BPCE networks, and makes Natixis' insurance arm the sole shareholder of BPCE Assurances, at the service of the networks' customers.

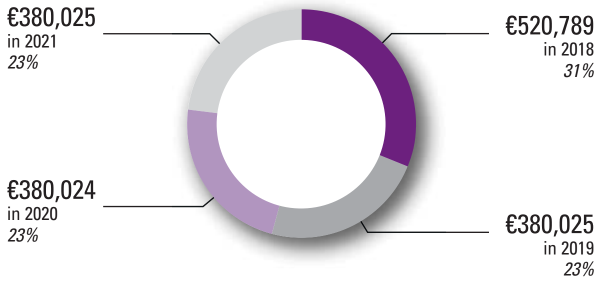
The Board also took into consideration the steps taken in 2017 towards Natixis' transformation, like the launch of the new strategic plan, marking a fresh adaptation of the organization's business model and methods of operation.

It should be noted that payments in respect of annual variable compensation for 2017 will only be made after the vote at the General Shareholders' Meeting on May 23, 2018.

ANNUAL VARIABLE COMPENSATION FOR THE 2017 FISCAL YEAR



BREAKDOWN OF ANNUAL VARIABLE COMPENSATION FOR THE 2017 FISCAL YEAR BY VESTING DATE



69% deferred over 2019, 2020 and 2021, of which 50% is indexed to the Natixis share price.

Free allocation of performance shares

In keeping with the principle of the admissibility of allocating performance shares to the Chief Executive Officer, at its meeting of May 23, 2017, the Board of Directors of Natixis allocated 29,911 performance shares under the 2017 Plan for the Natixis Senior Management Committee, i.e., 0.00095% of share capital at the allocation date, to the Chief Executive Officer of Natixis, with a vesting period of four years. This allocation corresponds to 20% of his gross annual fixed compensation.

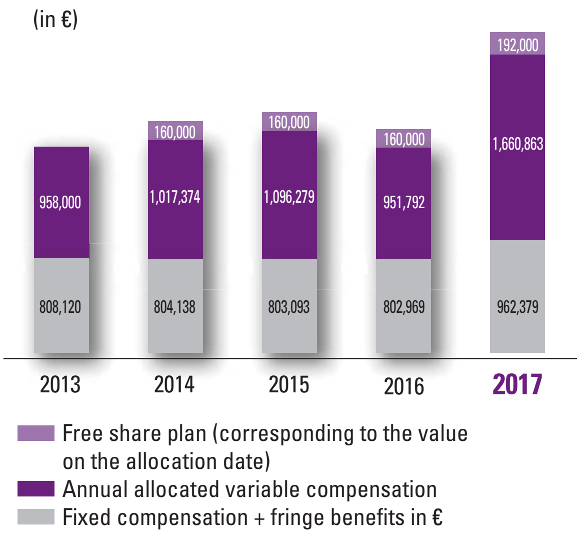
Vesting of these shares is contingent upon the meeting the continued service requirement. This aligns the Chief Executive Officer of Natixis, and the other members of its Senior Management Committee, with the relative performance of Natixis shares and the consistency of this performance. The performance conditions applicable to shares allocated in 2017 differ from the previous plan: the relative performance of Natixis shares is assessed against the average Total Shareholder Return (TSR) of the Euro Stoxx Banks index, and no longer against the median TSR of the institutions making up the index. The purpose of this change is to limit the impact of market volatility on the classification of smaller capitalizations. The annual performance of Natixis shares versus the Euro Stoxx Banks index will be compared every year over the four years covered by the plan, i.e. fiscal years 2017, 2018, 2019 and 2020, for each of the annual tranches, each representing 25% of the shares allocated. Based on the relative performance of Natixis' TSR against the average TSR of the Euro Stoxx Banks index, a ratio will be applied for each annual tranche, as follows:

- performance below 90%: no vesting of shares allocated out of the annual tranche;
- performance equal to 90%: 80% of the shares of the annual tranche shall vest;
- performance equal to 100%: 100% of the shares of the annual tranche shall vest;
- performance equal to 120%: 110% of the shares of the annual tranche shall vest.

The ratio varies in a linear manner between each point.

30% of the shares delivered to the executive corporate officer at the end of the vesting period will be subject to a lock-in period ending with the termination of the office as Chief Executive Officer of Natixis.

CHANGES TO THE CHIEF EXECUTIVE OFFICER'S COMPENSATION SINCE 2013 (FIXED PORTION + ANNUAL VARIABLE COMPENSATION AWARDED + PERFORMANCE-RELATED FREE SHARE PLAN)



Fringe benefits

Laurent Mignon receives a family allowance (€2,379 in 2017), in accordance with the same rules as those applied to Natixis employees in France.

As a reminder, at its February 10, 2016 meeting the Board of Directors approved a change to the personal protection insurance and supplemental health insurance of CEO Laurent Mignon, with the intention of bringing his situation into line with that of the other members of BPCE's Management Board. Of particular note is the implementation of a scheme to maintain compensation for a period of 12 months in the event of temporary incapacity to work, a scheme benefiting the other members of the BPCE Management Board. In 2017, benefits in kind related to this plan amounted to €17,157.

Post-employment benefits

CEO's group pension plan and severance payments

Pension Plan

Like all the staff, Laurent Mignon is covered by the mandatory pension plans. He does not have the kind of supplementary pension plan described in Article 39 or Article 83 (in reference to the French General Tax Code). In accordance with the undertakings given by Laurent Mignon during the past fiscal year, in 2017 the Chief Executive Officer paid €140,800 net (corresponding to €160,000 gross of his annual compensation) 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 will be paid by Laurent Mignon and not by Natixis.

Severance payments and consideration for non-compete agreement

It should be noted that, at its February 19, 2014 meeting, the Board of Directors approved a change to its agreement on severance payment, and the establishment of a non-compete agreement. These obligations and agreements were submitted to a vote by the shareholders and approved during the Ordinary General Shareholders' Meeting of May 20, 2014 (5th resolution). At its February 18, 2015 meeting, the Board of Directors approved the renewal of the severance payment and the non-compete agreement upon the Chief Executive Officer's reappointment.

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 fulfillment of these criteria will be verified by the Board of Directors.

A non-compete indemnity should the CEO leave office

The non-compete agreement is limited to a period of six months and carries an indemnity equal to six months of fixed compensation, as in force on the date on which the CEO leaves office.

In accordance with the recommendations of the Afep-Medef code, 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.

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).

All of these commitments were approved by the General Shareholders' Meeting on May 19, 2015 when Laurent Mignon was re-appointed as Chief Executive Officer.

2.4.3 PRINCIPLES AND CRITERIA FOR DETERMINING, DISTRIBUTING AND AWARDING FIXED, VARIABLE AND NON-RECURRING ITEMS MAKING UP THE TOTAL COMPENSATION AND BENEFITS OF ANY KIND ATTRIBUTABLE TO THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

After consulting with the Compensation Committee and before pay packages are approved by the General Shareholders' Meeting, the Board of Directors determines the various pay components of Natixis' executive corporate officers based on the principles of competitiveness with market practices for similar roles and the way said components relate to performance.

2.4.3.1 Chairman of the Board of Directors

No specific compensation is provided for the position of Chairman of the Natixis Board of Directors which is exercised by the Chairman of the BPCE Management Board, as these duties fall within the scope of his responsibility and are thus included in the definition of his compensation components as Chairman of the BPCE Management Board.

The Chairman remains, however, eligible for directors' attendance fees, but in accordance with the rules applicable within Groupe BPCE, the portion of directors' fees going to BPCE directors (including that of the Chairman) is paid to BPCE and not to the directors.

2.4.3.2 Chief Executive Officer

Fixed compensation

The fixed compensation of Chief Executive Officer Laurent Mignon 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 2018, Laurent Mignon's fixed compensation remains unchanged from the previous fiscal year and amounts to €960,000 gross.

Variable compensation linked to the company's performance

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 both quantitative targets related to the financial performance of BPCE and Natixis. As a reminder, Natixis is deeply embedded in Groupe BPCE in this regard, with intertwined strategic plans aimed at their mutual success. These plans also include targets linked to Natixis' performance as well as strategic targets.

For fiscal 2018, the criteria for determining the annual variable compensation approved by the Board of Directors on February 13, 2018, following a review by the Compensation Committee, and which will be put to a vote at the General Shareholders' Meeting on May 23, 2018, are as follows:

Rules for determining variable compensation for 2018

Target set at 120% of fixed compensation, with a range of between 0 and 156.75% of the target, i.e. a maximum of 188.1% of fixed compensation.

Quantitative criteria BPCE's financial performance	25%	▪ 12.5% net income, group share ▪ 8.3% cost/income ratio ▪ 4.2% net revenues
Quantitative criteria Natixis' financial performance	45%	▪ 11.25% net revenues ▪ 11.25% net income, group share* ▪ 11.25% cost/income ratio ▪ 11.25% ROTE*
Strategic criteria	30%	▪ 5% oversight in terms of supervision and control ▪ 15% roll-out of the 2018-2020 Strategic Plan ▪ 5% implementation of Natixis transformation ▪ 5% managerial performance

* *Excluding non-recurring items.*

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 variable compensation awarded is deferred over time and is conditional. This payment is spread over at least the three fiscal years following the year in which the variable compensation is awarded and is contingent upon meeting presence and performance criteria.

The deferred component of the variable compensation awarded represents at least 40% of the variable contribution granted, while 50% of the annual variable compensation is awarded in the form of shares or equivalent instruments. This rule applies to both the deferred and conditional component of variable compensation awarded and the non-deferred portion of the variable compensation.

As a reminder, the CEO is prohibited from using hedging or insurance strategies, both during the vesting period for components of deferred variable compensation and during the lock-up period.

Free allocation of performance shares

The Chief Executive Officer is eligible to receive 20% of his gross annual fixed compensation as performance shares under the long-term compensation plans for members of the Natixis Senior Management Committee. The vesting of these shares is contingent upon continued service and the achievement of performance conditions. The total of the annual variable compensation and performance share grants in favor of the Chief Executive Officer during the fiscal year cannot exceed twice his fixed gross annual compensation.

Fringe benefits

The Chief Executive Officer also receives social protection benefits whose terms are identical to those applicable to Natixis' employees or implemented by Groupe BPCE for its executive officers.

2.4.3.3 Standardized tables in compliance with AMF recommendations

AMF TABLE NO. 1

Summary of the compensation, stock options and shares granted to each executive corporate officer

	FY 2017	FY 2016
Laurent Mignon, Chief Executive Officer		
Compensation due or granted for the fiscal year	€2,623,242 [(a)]	€1,754,761
Value of options granted during the fiscal year	0	0
Value of performance shares granted during the fiscal year	€192,000 [(b)]	€160,000 [(b)]
TOTAL	**€2,815,242**	**€1,914,761**

(a) o/w a family allowance of €2,379.

(b) Corresponding to the value of the shares on the allocation date, for a fair value of €99,305 for 2017 and €76,890 for 2016.

AMF TABLE NO. 2

Summary of the compensation granted to each executive corporate officer

In the tables below:

- the expression "amounts due or granted" refers to compensation and benefits allocated to directors in connection with their duties over the year, irrespective of the payment date;
- the expression "amounts paid" refers to compensation and benefits actually paid to directors in connection with their duties over the year, irrespective of the date.

	FY 2017		FY 2016	
Laurent Mignon, Chief Executive Officer (office held since May 14, 2009)	**Amounts due or granted [(a)]**	**Amounts paid**	**Amounts due or granted [(a)]**	**Amounts paid**
Fixed compensation for corporate office duties	€960,000	€960,000	€800,000	€800,000
Annual variable compensation	€1,660,863	€1,125,926 [(b)]	€951,792	€984,113 [(b)]
Extraordinary compensation	€0	€0	€0	€0
Directors' fees	€0	€0	€0	€0
Benefits in kind	€2,379 [(c)]	€2,379 [(c)]	€2,969 [(c)]	€2,969 [(c)]
TOTAL	**€2,623,242**	**€2,088,305**	**€1,754,761**	**€1,787,082**

(a) At its July 28, 2016 meeting, the Board of Directors also allocated the CEO 47,463 performance shares valued at €160,000 on the allocation date and, at its May 23, 2017 meeting, it allocated 29,911 performance shares valued at €192,000 on the allocation date.

(b) This amount includes payment of deferred variable compensation in respect of previous years.

(c) The reported amount comprises the family allowance.

In addition, under social protection, €17,157 in benefits in kind were declared in 2017.

Compensation paid to Laurent Mignon in 2017 was composed of €962,379 in fixed compensation and fringe benefits and €1,660,863 in variable compensation, the components of which are broken down below. The performance condition for the deferred portion of variable compensation granted to Laurent Mignon is that Natixis' net operating income should be strictly positive. As this condition was met for the 2017 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: the cash portion is correlated to the market capitalization at the Euribor rate, and the portion indexed to the Natixis share price is correlated to the change in the share price.

	Deferred securities or similar instruments portion of variable compensation for fiscal year 2013	Deferred cash portion of variable compensation for fiscal year 2013	Deferred securities or similar instruments portion of variable compensation for fiscal year 2014	Deferred cash portion of variable compensation for fiscal year 2014	Deferred cash portion of variable compensation for fiscal year 2015	Cash portion of variable compensation for fiscal year 2016 paid in March 2017	Securities or similar instruments portion of variable compensation for fiscal year 2016 paid in October 2017	Total
Paid in 2017	€160,744	€102,442	€134,448	€110,333	€238,934	€171,152	€206,798	€1,124,850
Granted (initial amount)	€102,442	€102,442	€110,333	€110,333	€238,934	€171,152	€171,152	€1,006,788

AMF TABLE NO. 3

Directors' fees and other compensation received by non-executive directors from January 1 to December 31, 2017.

(in euros)	FY 2017 [1]		FY 2016 [1]	
Non-executive directors	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
BPCE				
Directors' fees				
Natixis director	64,000	64,000	60,000	60,000
In respect of Natixis subsidiaries	41,534	23,534	49,900	49,900
Marguerite Bérard-Andrieu (term of office ended January 1, 2018)				
Directors' fees				
Natixis director	N/A	N/A	N/A	N/A
In respect of BPCE and its subsidiaries	N/A	N/A	N/A	N/A
BPCE fixed compensation	600,000	600,000	331,989	331,989
BPCE annual variable compensation	539,250 [2]	112,667 [3]	225,333 [4]	0
BPCE multi-year variable compensation	0	0	0	0
BPCE extraordinary compensation	0	0	0	0
Benefits in kind in respect of BPCE (company car, housing, other)	0	0	0	0
Catherine Halberstadt (office held since January 1, 2018)				
Directors' fees				
Natixis director	N/A	N/A	N/A	N/A
In respect of BPCE and its subsidiaries	N/A	N/A	N/A	N/A
Fixed compensation in respect of BPCE	500,000	500,000	N/A	N/A
BPCE annual variable compensation	449,600 [5]	169,000 [6]	N/A	N/A
BPCE multi-year variable compensation	0	0	N/A	N/A
BPCE extraordinary compensation	0	0	N/A	N/A
Benefits in kind in respect of BPCE (company car, housing, other)	44,080 [7]	44,080 [7]	N/A	N/A
Thierry Cahn				
Directors' fees				
Natixis director	22,000	22,000	22,000	22,000
Member of the Natixis Appointments Committee	2,786.30	2,786.30	N/A	N/A
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
In respect of BPCE and its subsidiaries	22,050	0	22,050	22,050
Other compensation				
Alain Condaminas				
Directors' fees				
Natixis director	22,000	22,000	22,000	22,000
Member of the Natixis Appointments Committee	213.69	213.69	4,000	4,000
Member of the Natixis Compensation Committee	6,000	6,000	6,000	6,000
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
In respect of Natixis subsidiaries	3,600	0	4,800	4,800
In respect of BPCE and its subsidiaries	25,000	0	23,250	23,250
Other compensation				

(in euros)	FY 2017 [1]		FY 2016 [1]	
Non-executive directors	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Alain Denizot				
Directors' fees				
Natixis director	22,000	22,000	22,000	22,000
Member of the Natixis Appointments Committee	213.69	213.69	4,000	4,000
Member of the Natixis Compensation Committee	6,000	6,000	6,000	6,000
Member of the Natixis Risk Committee	7,679.45	7,679.45	N/A	N/A
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
In respect of Natixis subsidiaries	3,600	0	1,800	1,800
In respect of BPCE and its subsidiaries	1,800	1,800	2,400	2,400
Other compensation				
Bernard Dupouy (office held since August 1, 2017)				
Directors' fees				
Natixis director	9,353.42	9,353.42	N/A	N/A
Member of the Natixis Strategic Committee	2,000	2,000	N/A	N/A
In respect of Natixis subsidiaries	2,700	900	N/A	N/A
In respect of BPCE and its subsidiaries				
Other compensation				
Sylvie Garcelon				
Directors' fees				
Natixis director	22,000	22,000	21,333	21,333
Member of the Natixis Audit Committee	7,000	7,000	7,750	7,750
Member of the Natixis Risk Committee	320.54	320.54	8,750	8,750
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
In respect of BPCE and its subsidiaries	7,500	7,500	1,000	1,000
Other compensation				
Michel Grass (term of office ended May 24, 2017)				
Directors' fees				
Natixis director	11,156.16	11,156.16	22,000	22,000
Member of the Natixis Compensation Committee	2,575.34	2,575.34	N/A	N/A
Member of the Natixis Strategic Committee	N/A	N/A	2,000	2,000
In respect of Natixis subsidiaries	N/A	N/A	3,600	3,600
BPCE annual fixed pay	244,444.42	244,444.42	N/A	N/A
In respect of BPCE and its subsidiaries	9,768	0	24,125	24,125
Anne Lalou				
Directors' fees				
Natixis director	22,000	22,000	22,000	22,000
Member of the Natixis Appointments Committee	3,000	3,000	4,000	4,000
Member of the Natixis Compensation Committee	6,000	6,000	6,000	6,000
Member, then Chairman, of the Natixis Strategic Committee	12,000	12,000	12,000	12,000
Other compensation				
Françoise Lemalle				
Directors' fees				
Natixis director	22,000	22,000	22,000	22,000
Member of the Natixis Audit Committee	5,679.45	5,679.45	N/A	N/A
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
In respect of BPCE and its subsidiaries	26,800	1,800	24,450	25,050
Other compensation				
Bernard Oppetit				
Director's fees [8]				
Natixis director	22,000	22,000	22,000	22,000
Member of the Natixis Audit Committee	10,495.89	10,495.89	29,000	29,000
Chairman of the Natixis Risk Committee	29,000	29,000	29,000	29,000
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
Other compensation				
Stéphanie Paix				
Directors' fees				
Natixis director	22,000	22,000	22,000	22,000
Member of the Natixis Audit Committee	1,320.54	1,320.54	9,000	9,000
Member of the Natixis Risk Committee	9,000	9,000	9,000	9,000
Member - Appointments Committee	2,786.30	2,786.30	N/A	N/A
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
In respect of BPCE and its subsidiaries	26,800	1,800	26,550	32,550
Other compensation				

(in euros)	FY 2017 (1)		FY 2016 (1)	
Non-executive directors	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Catherine Pariset				
Directors' fees				
Natixis director	22,000	22,000	2,000	2,000
Chairman of the Natixis Audit Committee	24,504.10	24,504.10	N/A	N/A
Member of the Natixis Risk Committee	9,000	9,000	N/A	N/A
Member of the Natixis Strategic Committee	2,000	2,000	N/A	N/A
Other compensation				
François Pérol				
Directors' fees				
Natixis director	0	0	0	0
Member of the Natixis Strategic Committee	0	0	0	0
In respect of BPCE and its subsidiaries	0	0	0	0
Other compensation				
BPCE fixed compensation	550,000	550,000	550,000	550,000
BPCE annual variable compensation	927,300 (9)	911,621 (10)	697,125 (11)	855,160 (12)
BPCE multi-year variable compensation	0	0	0	0
BPCE extraordinary compensation	0	0	0	0
Benefits in kind in respect of BPCE (company car, housing (13), other)	0	0	0	0
Henri Proglio				
Directors' fees				
Natixis director	22,000	22,000	22,000	22,000
Chairman of the Natixis Appointments Committee	17,000	17,000	19,000	19,000
Member of the Natixis Compensation Committee	5,000	5,000	6,000	6,000
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
Other compensation				
Philippe Sueur				
Directors' fees				
Natixis director	22,000	22,000	22,000	22,000
Member of the Natixis Appointments Committee	3,000	3,000	4,000	4,000
Member of the Natixis Compensation Committee	1,213.69	1,213.69	6,000	6,000
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
In respect of Natixis subsidiaries	1,500	0	N/A	N/A
In respect of BPCE and its subsidiaries	600	600	9,900	10,500
Other compensation				
Nicolas de Tavernost				
Directors' fees				
Natixis director	22,000	22,000	22,000	22,000
Member of the Natixis Appointments Committee	3,000	3,000	4,000	4,000
Chairman of the Natixis Compensation Committee	23,000	23,000	23,000	23,000
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
Other compensation				

(1) Amounts before 36.5% withholding tax.

(2) Variable compensation for fiscal year 2017, of which €251,808 (40%). Marguerite Bérard-Andrieu relinquished her right to the deferred components of variable compensation in respect of 2017.

(3) Amount paid in 2017 for the variable compensation for fiscal year 2016, or €112,667.

(4) Variable compensation for fiscal year 2016, of which €112,667 (50%) paid in 2017 and the balance (50%) deferred over three years in equal shares of €37,556. Marguerite Bérard-Andrieu, who resigned from her position, will not receive the deferred components of variable compensation in respect of 2016 which were allocated to her by the Supervisory Board at its meeting of February 9, 2017.

(5) Variable compensation for fiscal year 2017, of which €224,800 (50%) paid in 2018 and the balance (50%) deferred over three years in equal shares of €74,933.

(6) Amount paid in 2017 for the variable compensation for fiscal year 2016, or €169,000.

(7) Of which €40,000 in housing allowance.

(8) Before 30% withholding tax.

(9) Variable compensation for fiscal year 2017, of which €370,920 (40%) paid in 2018 and the balance (60%) deferred over three years in equal shares of €185,460.

(10) Amount paid in 2017 for the variable compensation for fiscal year 2016, i.e. €278,850, for the deferred portion of the variable compensation for fiscal year 2015, i.e. €184,655, for the deferred portion of the variable compensation for fiscal year 2014, i.e. €211,414 and for the deferred portion of the variable compensation for fiscal year 2013, i.e. €236,701.

(11) Variable compensation for fiscal year 2016, of which €278,850 (40%) paid in 2017 and the balance (60%) deferred over three years in equal shares of €139,425.

(12) Amount paid in 2016 for the variable compensation for fiscal year 2015, i.e. €330,983, for the deferred portion of the variable compensation for fiscal year 2014, i.e. €189,470, for the deferred portion of the variable compensation for fiscal year 2013, i.e. €212,146 and for the deferred portion of the variable compensation for fiscal year 2012, i.e. €122,561.

(13) Housing allowance waived since 2010.

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
TOTAL	**n/a**	**n/a**	**€0**	**0**	**n/a**	**n/a**

No subscription or call options were granted in fiscal year 2017.

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
TOTAL	**n/a**	**0**	**n/a**

No subscription or call options were exercised in fiscal year 2017.

AMF TABLE NO. 6
Free shares allocated to each executive corporate officer in 2017

Free shares granted by the General Shareholders' Meeting during the period to each director by the issuer and by all Group companies	Plan date	Number of options granted during the period	Value of options according to the method adopted for the consolidated financial statements	Date vested	Date of transferability [d]	Performance conditions
Laurent Mignon [a]	05.23.2017	29,911	€99,305	05.23.2021	05.23.2021	Yes
	04.10.2017	17,947 [b]	€101,581 [c]	03.01.2019	10.01.2019	Yes
	04.10.2017	35,894 [b]	€203,163 [c]	03.01.2020	10.01.2020	Yes

(a) Shares allocated to Laurent Mignon by Natixis and every Natixis group company for his duties as CEO of Natixis.

(b) 30% of the vested shares must be held for the full term of office as Chief Executive Officer of Natixis or any other executive office at Natixis, including as a Member of the Natixis Senior Management Committee.

(c) Shares allocated as part of the deferred component of annual variable compensation in respect of 2016.

(d) Corresponding to the value of the shares on the allocation date.

AMF TABLE NO. 7
Free shares that became transferable during the period for each executive corporate officer

Name of executive corporate officer	No. and date of plan	Number of shares that became transferable during the period	Vesting conditions
Laurent Mignon	n/a	0	n/a
TOTAL	**n/a**	**0**	**n/a**

No free shares became transferable for Laurence Mignon in fiscal year 2017.

AMF TABLE NO. 8
Group (Natixis, BPCE, Caisse d'Epargne, Banque Populaire) – Record of purchase or subscription options granted

Information on purchase and subscription options	Plan
Date of General Shareholders' Meeting	n/a
Date of Management Board decision	n/a
Number of exercisable options, including those exercisable by:	
1) Natixis directors in 2017:	
Marguerite Bérard-Andrieu	n/a
Thierry Cahn	n/a
Alain Condaminas	n/a
Alain Denizot	n/a
Bernard Dupouy	n/a
Sylvie Garcelon	n/a
Michel Grass	n/a
Catherine Halberstadt	n/a
Anne Lalou	n/a
Françoise Lemalle	n/a
Bernard Oppetit	n/a
Stéphanie Paix	n/a
Catherine Pariset	n/a
François Pérol	n/a
Henri Proglio	n/a
Philippe Sueur	n/a
Nicolas de Tavernost	n/a
2) Natixis CEO in 2017:	
Laurent Mignon	n/a
Vesting date	n/a
Expiry date	n/a
Subscription price (in euros)	n/a
Terms of exercise (for plans with several tranches)	n/a
Number of shares subscribed at 12.31.2017	n/a
Cumulative number of lapsed and canceled subscription options	n/a
Cumulative number of outstanding subscription options at end of period	n/a

AMF TABLE NO. 9
Stock options or call options granted to the top ten non-director employees and options exercised by them

	Total number of options granted/shares subscribed or bought	Weighted average price	Plan
Options ***granted*** during the fiscal year by the issuer and any company included in the scope of allocation, to the top ten salaried employees of the issuer and of any company included in this scope holding the highest number of options granted	0	n/a	n/a
Options ***held*** in respect of the issuer and the companies referred to above, exercised during the period, by the top ten salaried employees of the issuer and of these companies holding the highest number of options purchased or subscribed	0	n/a	n/a

No subscription or call options were granted or exercised by Natixis employees in fiscal year 2017.

AMF TABLE NO. 10
Record of the allocation of free shares for each executive corporate officer

Information on free shares allocated	Date of General Shareholders' Meeting	Date of Board of Directors' meeting	Total number of free shares allocated [(a)] o/w number allocated to:	Share vesting date	End of lock-in period	Number of shares subscribed at 12.31.2017	Cumulative number of lapsed or canceled shares	Allocated shares remaining at the end of the fiscal year
Laurent Mignon	05.21.2013	11.06.2013	90	03.01.2016	03.01.2018 [(b)]	90	-	90
Laurent Mignon	05.21.2013	07.31.2014	31,955	08.01.2018	08.01.2018 [(c)]	31,955	-	31,955
Laurent Mignon	05.21.2013	02.18.2015	27,321	02.18.2019	02.18.2019 [(c)]	27,321	-	27,321
Laurent Mignon	05.24.2016	07.28.2016	47,463	07.28.2020	07.28.2020 [(c)]	47,463	-	47,463
Laurent Mignon	05.24.2016	07.28.2016	28,755 [(d)]	03.01.2018	10.01.2018 [(c)]	28,755 [(d)]	-	28,755 [(d)]
Laurent Mignon	05.24.2016	07.28.2016	57,510 [(d)]	03.01.2019	10.01.2019 [(c)]	57,510 [(d)]	-	57,510 [(d)]
Laurent Mignon	05.24.2016	04.10.2017	17,947 [(d)]	03.01.2019	10.01.2019 [(c)]	17,947 [(d)]	-	17,947 [(d)]
Laurent Mignon	05.24.2016	04.10.2017	35,894 [(d)]	03.01.2020	10.01.2020 [(c)]	35,894 [(d)]	-	35,894 [(d)]
Laurent Mignon	05.24.2016	05.23.2017	29,911	05.23.2021	05.23.2021 [(c)]	29,911	-	29,911

(a) All shares allocated in fiscal years 2014 through 2017 are subject to performance conditions. This does not apply to the 90 shares allocated in 2013. The 31,955 shares allocated in 2014, 27,321 shares allocated in 2015 and 47,463 shares allocated in 2016 are subject to performance conditions.

(b) All vested shares are subject to a lock-in requirement for the full term of office.

(c) 30% of the vested shares are subject to a lock-in requirement for the full term of office as Chief Executive Officer of Natixis or any other executive office at Natixis, including as a Member of the Natixis Senior Management Committee.

(d) Shares allocated as part of the deferred component of annual variable compensation in respect of 2015 and 2016.

AMF TABLE NO. 11
Situation of executive corporate officers

FY 2017	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)]		Consideration paid relative to a non-compete clause [(a)]	
Executive corporate officers	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Laurent Mignon, CEO Term of Office began: May 14, 2009 [(c)] Term of office ended: after the May 2019 General Shareholders' Meeting		X	X [(b)]		X		X	

(a) See Section 2.4.2.2 "Severance payments and consideration for non-compete agreement".

(b) Laurent Mignon, like all staff, is covered by the mandatory pension plan. He is not covered by the kind of supplementary pension plans described in Article 39 (defined benefit plan) or Article 83 (voluntary defined contribution plan) of the French General Tax Code. In accordance with the undertakings given by Laurent Mignon during the past fiscal year, in 2017 the Chief Executive Officer paid €140,800 net (corresponding to €160,000 gross of his annual compensation) 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 will be paid by Laurent Mignon and not by Natixis.

(c) Re-appointed at the February 18, 2015 Board of Directors' meeting.

2.4.3.4 Components of compensation due or granted in respect of the fiscal year ended December 31, 2017 to Laurent Mignon, Chief Executive Officer of Natixis

The components of the compensation due or granted to each executive corporate officer in respect of fiscal year 2017 must be submitted to Natixis' General Shareholders' Meeting for approval. For Natixis, this recommendation concerns the compensation of Laurent Mignon.

The components of compensation concerned are:

- fixed compensation;
- annual variable compensation;
- deferred annual variable compensation;
- multi-year variable compensation;
- extraordinary compensation;
- allocation of stock options/performance shares and any other long-term compensation;
- signing bonuses;
- contract termination payment: severance payment/non-compete payment;
- supplementary pension plan;
- directors' fees;
- benefits of any kind.

Components of compensation due or granted in respect of the fiscal year ended which are subject to approval or have been approved by the General Shareholders' Meeting relating to related-party agreements and commitments procedures	Amount	Comments
Fixed compensation	€960,000	Laurent Mignon's gross annual fixed compensation in respect of his office as CEO, which had been unchanged since he took office in 2009, was adjusted for fiscal year 2017 to €960,000, given its substantial gap with market practices.
Annual variable compensation in respect of 2017	€1,660,863	The variable compensation in respect of fiscal year 2017 was calculated on the basis of quantitative and strategic criteria first reviewed by the Compensation Committee then validated by the Board of Directors, then submitted to a shareholder vote in May 2017. Variable compensation consists of: ▪ quantitative targets (70%), of which 25% is based on the financial performance in relation to the Groupe BPCE budget (net revenues [4.2%], net income group share [12.5%] and cost/income ratio [8.3%]) and 45% is based on the financial performance of Natixis (net revenues [11.25%], net income group share [11.25%], cost/income ratio [11.25%] and Return on Tangible Equity [11.25%]); ▪ individual strategic targets (30%) related to the development and launch of the 2018-2020 Strategic Plan and continuation of the digital transformation of Natixis and its businesses. Each of these targets has been assigned a weight of 10%, with 5% tied to the following two criteria: the development of Natixis' collaboration with the Groupe BPCE networks and managerial performance. Annual variable compensation can represent a maximum of 156.75% of the target variable compensation, i.e. 188.1% of the fixed compensation. In 2017, it amounted to €1,152,000. Given the achievements observed by the Board of Directors after receiving the opinion of the Compensation Committee, the amount of annual variable compensation for 2017 was set as follows: ▪ in respect of BPCE quantitative criteria: €357,149, or 124.01% of the target; ▪ in respect of Natixis quantitative criteria: €888,994, or 171.49% of the target; ▪ in respect of strategic criteria: €414,720, or 120% of the target. The amount of annual variable compensation for 2017 that will be put to a shareholder vote at the next General Shareholders' Meeting therefore totals €1,660,863, i.e., 144.17% of the annual variable compensation target. ▪ €520,879 will be paid in 2018, 50% of which will be indexed to the Natixis share price and paid in October 2018; ▪ €1,140,074 will be deferred over three years, 50% of which will be indexed to the Natixis share price, and will be paid in 2019 (100% in cash), 2020 (50% in cash and 50% indexed to the Natixis share price or in shares) and 2021 (100% indexed to the Natixis share price or in shares), provided that the presence and performance conditions are met.
Multi-year variable compensation	0	In 2017 Laurent Mignon did not receive any multi-year variable compensation.
Extraordinary compensation	0	In 2017 Laurent Mignon did not receive any extraordinary compensation.

Components of compensation due or granted in respect of the fiscal year ended which are subject to approval or have been approved by the General Shareholders' Meeting relating to related-party agreements and commitments procedures	Amount	Comments
Allocation of stock options/performance shares and any other long-term compensation	29,911 shares	▪ No stock options were granted to Laurent Mignon during fiscal year 2017. ▪ On May 23, 2017, based on the positive opinion of the Compensation Committee, Natixis' Board of Directors granted 29,911 performance shares to Laurent Mignon under the 2017 Plan for the Natixis Senior Management Committee. ▪ This plan aligns the Natixis Chief Executive Officer, along with the other members of the Senior Management Committee, with the relative performance of the Natixis share and the consistency of this performance. The annual performance of Natixis shares versus the Euro Stoxx Banks index will be compared every year over the four years covered by the plan, i.e. fiscal years 2017, 2018, 2019 and 2020, for each of the annual tranches, each representing 25% of the shares allocated. Based on the relative performance of Natixis' TSR compared with the average TSR of the Euro Stoxx Banks index, a ratio will be applied for each annual tranche, as follows: – performance below 90%: no vesting of shares allocated out of the annual tranche, – performance equal to 90%: 80% of the shares of the annual tranche shall vest, – performance equal to 100%: 100% of the shares of the annual tranche shall vest, – performance equal to 120%: 110% of the shares of the annual tranche shall vest. The ratio varies in a linear manner between each performance category. Finally, 30% of the shares delivered to the director at the end of the Vesting Period will be subject to a lock-in period ending with the termination of the office as Chief Executive Officer of Natixis.
Ban on hedging		The CEO is prohibited from using hedging or insurance strategies, both during the vesting period of components of deferred variable compensation and during the lock-up period.
Contract termination payment: severance payment/non-compete payment	-	It should be noted that, at its February 19, 2014 meeting, the Board of Directors approved a change to its agreement relating to a severance payment and the establishment of a non-compete agreement. These undertakings and agreements were subject to a shareholder vote and approved at the Ordinary General Shareholders' Meeting of May 20, 2014 (5th resolution). At its February 18, 2015 meeting, the Board of Directors approved the renewal of severance payment and the non-compete agreement upon the Chief Executive Officer's reappointment. **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 of employment and the average variable compensation paid over the last three calendar years of employment. *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 accordance with the provisions of the Afep-Medef corporate governance code, the right to severance pay is subject to a number of criteria and performance conditions, such as net income group share, ROE and the cost/income ratio over the two years preceding the departure. Satisfaction of these criteria will be verified by the Board of Directors as necessary. **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. In accordance with the recommendations of the Afep-Medef code, 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. 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).

Components of compensation due or granted in respect of the fiscal year ended which are subject to approval or have been approved by the General Shareholders' Meeting relating to related-party agreements and commitments procedures	Amount	Comments
Supplementary pension plan	Groupe BPCE Article 82 mechanism	Laurent Mignon, like all staff, is covered by the mandatory pension plan. He does not have the kind of supplementary pension plan described in Article 39 (defined benefit plan) or Article 83 (defined contribution plan) of the French General Tax Code. In accordance with the undertakings given by Laurent Mignon during the past fiscal year, in 2017 the Chief Executive Officer paid €140,800 net (corresponding to €160,000 gross of his annual compensation) 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 will be paid by Laurent Mignon and not by Natixis.
Directors' fees	-	In 2017, Laurent Mignon received no director's fees in respect of the 2017 fiscal year as part of his responsibilities within Groupe BPCE.
Benefits of any kind	€2,379	On February 6, 2015, Laurent Mignon relinquished his right to a company car. Laurent Mignon received payment of a family allowance, in accordance with the plan in force for Natixis' employees.
Healthcare scheme/personal protection insurance		At its February 10, 2016 meeting, the Board of Directors approved a change to the personal protection insurance and supplemental health insurance of CEO Laurent Mignon, so that he would benefit from similar social protection as the other members of BPCE's Management Board, with the implementation of a scheme to maintain compensation for a period of 12 months in the event of temporary incapacity to work, which represented €17,157 in benefits in kind in 2017. The components of the Chief Executive Officer's social protection and complementary scheme are subject to related party agreements.

3

RISKS AND CAPITAL ADEQUACY

3.1 Summary of annual risks

This chapter presents information regarding risks and capital adequacy in accordance with the following regulatory requirements:

- requirements in respect of accounting standards (IFRS 7, etc.);
- requirements in respect of the European regulation of June 26, 2013 (CRR) and the European CRD IV Directive implementing the Basel 3 reforms in Europe.

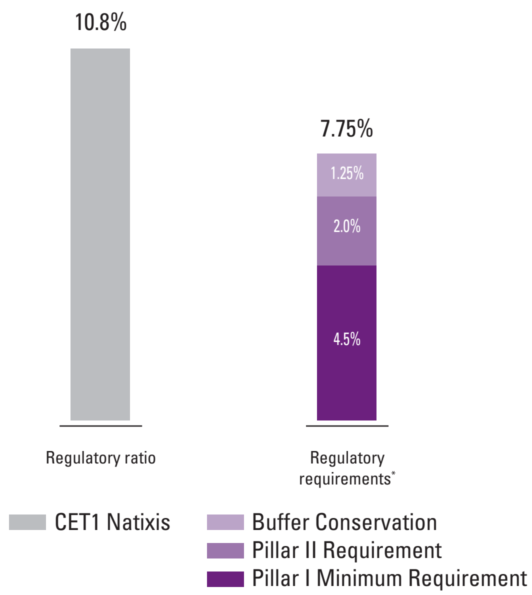
In addition, since 2013 Natixis has been working to implement all the recommendations of the working group organized by the Financial Stability Board (FSB) for the purpose of improving banks' financial communication about risks (Enhanced Disclosure Task Force, EDTF). A table cross-referencing the EDTF's recommendations with the information published in the registration document is provided in Chapter 8.

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".

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 "Risk and Pillar III report" (the report and the cross-reference table are available on the Natixis website – *www.natixis.com*, under Investors & shareholders, Regulated Information in France).

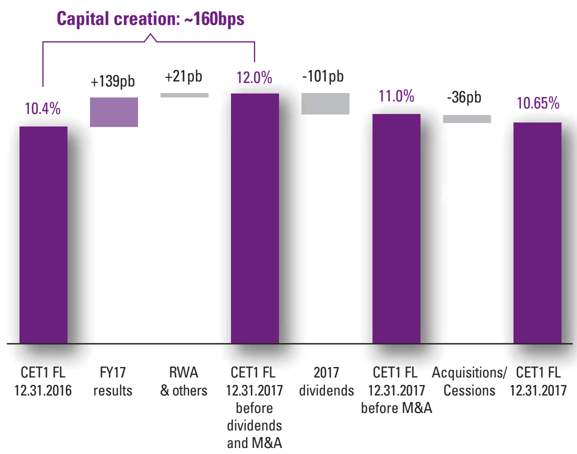
3.1.1 KEY RISKS FIGURES

CET1

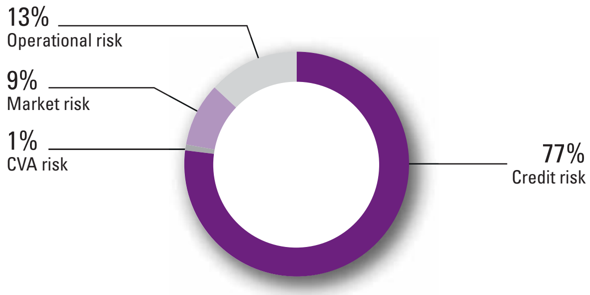


** ECB Minimum prudential requirements based on the supervisory review and evaluation process (SREP). Excluding P2G.*

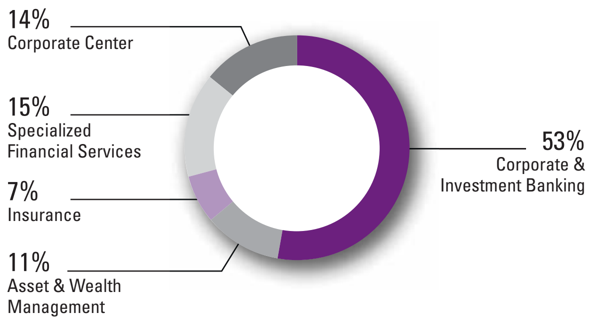
FINANCIAL STRUCTURE



CAPITAL REQUIREMENTS BY RISK TYPE



CAPITAL REQUIREMENTS BY MAIN BUSINESS



3.1.2 RISK FACTORS

Overview of risks to which Natixis is exposed

Natixis is exposed to a number of types of risks associated with its Asset & Wealth Management, Corporate & Investment Banking, Insurance, and Specialized Financial Services businesses, including in particular the following:

- *credit risk*, which is the risk of financial loss relating to the failure of a counterparty to honor its contractual obligations. The counterparty may be a bank, a financial institution, an industrial or commercial enterprise, a government, an investment fund, or a natural person. Credit risk arises from financing activities and guarantees, and also in other activities where Natixis is exposed to the risk of counterparty default, such as its trading, Capital markets, Insurance and settlement activities;
- *market risk*, which is the risk of loss generated by any negative fluctuations in market parameters, such as interest rates, share prices, foreign exchange rates and commodity values. Market risk arises in connection with substantially all the activities of Natixis. It includes both direct exposures to market parameters arising from activities such as trading and Asset Management (where commissions are largely based on the market value of managed portfolios), as well as the risk of mismatches between assets and liabilities (for example, where assets carry different interest rate bases or currencies than liabilities);
- *liquidity risk*, which is the risk that Natixis will be unable to honor its commitments to its creditors due to the mismatching of maturities between assets and liabilities, or that Natixis may be unable to sell assets and realize their value at a time when it needs to do so in order to meet its obligations to creditors;
- *operational risk*, which is the risk of losses due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Operational risk also includes non-compliance and reputational risk, including legal and tax-related risks, and the risk to the image of Natixis that may arise in cases of non-compliance with legal or regulatory obligations, or with ethical standards;
- *insurance risk* is the risk to profits arising from any discrepancy between expected and incurred claims under insurance policies issued by Natixis group insurance companies.

Each of these risks is discussed in further detail in this Chapter. Quantitative information relating to these risks and their potential impact on Natixis' business, results and financial condition are set out in Chapter 3 of the registration document. That section also discusses Natixis' risk mitigation measures. Any inadequacy of Natixis' risk management strategy to address any of the foregoing risks could affect its business, results and financial position.

Risks related to ties with BPCE

Natixis' principal shareholder has a significant influence on certain corporate actions

At December 31, 2017, Natixis' main shareholder, BPCE, held 71% of its share capital (and 71.02% of its voting rights). BPCE is therefore in a position to exercise significant influence over the appointment of Natixis' directors and executive officers, and on any other corporate decisions requiring shareholder approval. BPCE's interests in relation to these decisions may differ from those of other Natixis shareholders.

Natixis' risk management policies and procedures are subject to the approval and control of BPCE

Natixis is part of Groupe BPCE, a major French mutual banking group. Under French law, BPCE, as the central institution of Groupe BPCE, is required to ensure that all of Groupe BPCE complies with regulations in force governing the banking sector in France in areas such as regulatory capital adequacy, risk appetite and risk management requirements. As a result, BPCE has been vested with significant rights of approval over important aspects of Natixis' risk management policies. In particular, BPCE has the power to approve the appointment or removal of Natixis' Chief Risk Officer, as well as certain aspects of risk management such as the approval of credit limits and the classification of loans granted to joint Natixis and Groupe BPCE customers as non-performing loans. BPCE's own interests concerning risk management may differ from those of Natixis.

Natixis' funding of its activities depends on BPCE

Natixis obtains a portion of the funding for its activities from Groupe BPCE through the public and private issuance of medium- and long-term vanilla debt (senior and subordinate) by BPCE, which is the main issuer of medium- and long-term debt in Groupe BPCE. If the credit ratings of BPCE were downgraded by major rating agencies, or if BPCE were to experience difficulties in obtaining financing in the markets (including as a result of financial or operational problems with entities other than Natixis that are part of Groupe BPCE), the cost of funding and liquidity of Natixis could be adversely affected.

Risks related to macroeconomic conditions and regulatory developments

Adverse market or economic conditions may negatively affect the net revenues, profitability and financial condition of Natixis

The businesses of Natixis are sensitive to changes in the financial markets and more generally to economic conditions in France, Europe and the rest of the world. Economic conditions in the markets where Natixis operates could in particular have some or all of the following impacts:

- adverse economic conditions could affect the business and operations of Natixis' customers, resulting in an increased rate of default on loans and receivables;
- a decline in market prices of bonds, shares and commodities could impact many of the businesses of Natixis, including in particular trading, investment banking and Asset Management revenues;
- macro-economic policies adopted in response to actual or anticipated economic conditions could have unintended effects, and are likely to impact market parameters such as interest rates and foreign exchange rates, which in turn could affect the businesses of Natixis that are most exposed to market risk;
- perceived favorable economic conditions generally or in specific business sectors could result in asset price bubbles, which could in turn exacerbate the impact of corrections when conditions become less favorable;
- a significant economic disruption (such as the global financial crisis of 2008 or the European sovereign debt crisis of 2011) could have a severe impact on all the activities of Natixis, particularly if the disruption is characterized by an absence of market liquidity that makes it difficult to sell certain categories of assets at their estimated market value or at all.

On the whole, the economic conditions of the markets in which Natixis operates are favorable. There is no guarantee, however, that such conditions will continue. European markets may be affected by a number of factors, including ongoing uncertainty regarding commercial and other relationships between the United Kingdom and the European Union following the UK's decision to leave the EU. Markets in the United States may be affected by recently enacted tax reforms or by a tendency towards political stalemate, which has resulted in government shutdowns and affected credit and currency markets. Asian markets could be impacted by factors, such as slower-than-expected rates of economic growth in China or by geopolitical tensions on the Korean peninsula. Share prices could fall from their current historically high levels, the impact of which could be exacerbated if the correction is particularly rapid or if broad groups of market participants withdraw assets from share-based products at the same time. Credit markets and the value of fixed income assets could be adversely affected if interest rates were to rise sharply as the European Central Bank, the Federal Reserve Bank and other central banks begin to scale back the extraordinary support measures they put in place in response to recent adverse economic conditions. Commodity prices could be impacted by unpredictable geopolitical factors in regions such as the Middle East and Russia. More generally, increased volatility of financial markets could adversely affect Natixis' trading and investment positions in the debt, currency, commodity and equity markets, as well as its positions in other investments. Severe market disruptions and extreme market volatility have occurred in recent years and may occur again in the future, which could result in significant losses for Natixis' Capital markets activities. Such losses may extend to a broad range of trading and hedging products, including swaps, forward and future contracts, options and structured products. Volatility of financial markets makes it difficult to predict trends and implement effective trading strategies; it also increases the risk of losses from net long positions when prices decline and, conversely, from net short positions when prices rise. Such losses, if significant, could have an adverse effect on Natixis' results of operations and financial condition.

It is difficult to predict when economic or market downturns will occur, and which markets will be most significantly impacted. If economic or market conditions in France or elsewhere in Europe, or global markets more generally, were to deteriorate or become more volatile, Natixis' operations could be disrupted, and its business, results of operations and financial condition could be adversely affected.

An economic environment characterized by sustained low interest rates could adversely affect the profitability and financial condition of Natixis

During periods of low interest rates, Natixis may be unable to lower its funding costs sufficiently to offset reduced income from lending at such rates. Low interest rates may also negatively affect the profitability of the Insurance activities of Natixis because Insurance affiliates may not be able to generate an investment return sufficient to cover amounts paid out on certain of their Insurance products. Low interest rates may also adversely affect commissions charged by Natixis Asset Management affiliates on money market and other fixed income products. Furthermore, if market interest rates were to rise in the future, a portfolio featuring significant amounts of lower interest rate loans and fixed income securities as a result of an extended period of low interest rates would be expected to decline in value at a time when Natixis' cost of funding could increase. If Natixis' hedging strategies are ineffective or provide only a partial hedge against such a change in value, Natixis could incur losses.

Legislative action and regulatory measures in response to the global financial crisis may materially impact Natixis and the financial and economic environment in which it operates

Legislation and regulations have recently been enacted or proposed with a view to introducing a number of changes, some permanent, in the global financial environment. While the objective of these measures is to avoid a recurrence of the global financial crisis, the new measures have changed substantially, and may continue to change, the environment in which Natixis and other financial institutions operate.

The measures that have been or may be adopted include more stringent capital and liquidity requirements, taxes on financial transactions, limits or taxes on employee compensation over specified levels, limits on the types of activities that commercial banks can undertake (particularly proprietary trading and investment and ownership in private equity funds and hedge funds), new ring-fencing requirements relating to certain activities, restrictions on the types of entities permitted to conduct swaps activities, restrictions on certain types of activities or financial products such as derivatives, mandatory write-downs or conversions into equity of certain debt instruments, enhanced recovery and resolution regimes, revised risk-weighting methodologies (particularly with respect to Capital markets, financing and Insurance businesses), periodic stress testing and the creation of new and strengthened regulatory bodies. Moreover, the general political environment has evolved unfavorably for banks and the financial industry, resulting in additional pressure on legislative and regulatory bodies to adopt more stringent regulatory measures, despite the fact that these measures can have adverse consequences on lending and other financial activities, and on the economy.

The continuing uncertainty regarding the new legislative and regulatory measures makes its impossible to predict what impact they will have on Natixis. Natixis has incurred and may continue to incur significant costs in connection with updating or expanding its compliance structures and information technology systems in response to, or in anticipation of, the new measures. Despite its efforts, Natixis might find itself unable to achieve full compliance with all applicable legislation and regulations, in which case it may be subject to penalties. Moreover, the new legislative and regulatory measures could require significant changes to Natixis' business and/or adversely impact the results of operations and financial condition of Natixis. The new regulations may require Natixis to raise new capital at a time when it is costly or difficult to do so, or could increase the overall funding costs of Natixis.

Risks related to Natixis' operations

Natixis may not achieve the goals of its strategic plan

Natixis may be unable to meet the objectives set out in its "New Dimension" strategic plan for the period from 2018 to 2020, or in any future or replacement strategic plan. The New Dimension plan, announced on November 20, 2017, aims to contribute to the development of high value-added solutions for Natixis' clients. The strategy focuses on three initiatives: deepening the transformation of Natixis' business models; investing in digital technologies; and seeking to become clients' key representatives in areas where Natixis' teams have developed strong and recognized expertise.

The New Dimension strategic plan contains forward-looking information and guidelines, and while Natixis believes the plan provides a number of opportunities, it will face uncertainties given the potentially volatile state of financial markets and the global economy, and there is no guarantee that Natixis will achieve the goals of this new strategic plan or any other strategy it announces or undertakes in future periods. In particular, in connection with the New Dimension strategic plan, Natixis announced certain financial targets, including profitability and risk-weighted asset growth rates, capital generation targets and shareholder dividend objectives, as well as targets for regulatory capital ratios and strategic initiatives and priorities. The financial objectives were established primarily for purposes of planning and allocation of resources, are based on a number of assumptions, and do not constitute projections or forecasts of anticipated results. The actual results of Natixis are likely to vary (and could vary significantly) from these targets. If Natixis does not realize these objectives, its financial condition and the market value of its securities could be adversely affected.

A substantial increase in asset impairment charges in respect of Natixis' loan and receivables portfolio could adversely affect its results of operations and financial condition

In connection with its lending activities, Natixis periodically establishes asset impairment charges, whenever necessary, to reflect actual or potential losses in respect of its loan and receivables portfolio, which are recorded in its profit and loss account under "cost of risk." Natixis' overall level of such asset impairment charges is based upon its assessment of prior loss experience, the volume and type of lending being conducted, industry standards, past due loans, economic conditions and other factors related to the recoverability of various loans. Although Natixis uses its best efforts to establish an appropriate level of asset impairment charges, its lending activities may require it to increase its charges for loan losses in the future as a result of increases in non-performing assets or for other reasons, such as deteriorating market conditions or factors affecting particular countries. Any significant increase in charges for loan losses or a significant change in the estimate of the risk of loss inherent in Natixis' portfolio of non-impaired loans, as well as the occurrence of loan losses in excess of the charges recorded with respect thereto, could have an adverse effect on the results of operations and financial condition of Natixis.

Changes in the fair value of Natixis' securities and derivatives portfolios and its own debt could have an impact on the carrying value of such assets and liabilities, and thus on its net income and shareholders' equity

The carrying values of Natixis' securities and derivatives portfolios and certain other assets are adjusted as of each financial statement date. The valuation adjustments include a component that reflects the credit risk inherent in Natixis' own debt. Most of the adjustments are made on the basis of changes in fair value of the assets or liabilities during an accounting period, with the changes recorded either in the income statement or directly in shareholders' equity. Changes that are recorded in the income statement, to the extent not offset by opposite changes in the fair value of other assets, affect net revenues and, as a result, net income. In certain cases, fair value adjustments affect shareholders' equity and, as a result, Natixis' capital adequacy ratios. More generally, fair value adjustments may be required as a result of inherent uncertainty in the models and parameters used in the valuation of Natixis' securities and derivatives portfolios. This is particularly true where securities or derivatives are complex or do not have publicly quoted market prices, and valuation is based on internally-generated or otherwise non-standard modeling that ultimately relies to some degree on Natixis' estimates and judgment.

Changes in accounting principles may have an impact on Natixis' financial statements and capital ratios and result in additional costs

Applicable accounting principles evolve and change over time, and Natixis' financial statements and capital ratios are exposed to the risk of changes to such principles. For example, in July 2014, the International Accounting Standards Board published IFRS 9 "Financial Instruments," which replaced IAS 39 as from January 1, 2018, after its adoption by the European Union. The standard amends and complements the rules on the classification and measurement of financial instruments. It includes a new impairment model based on expected credit losses ("ECL"), while the current model is based on provisions for incurred losses, and new rules on general hedge accounting. The new approach based on ECL could result in substantial additional impairment charges for Natixis and add volatility to its regulatory capital ratios, and the costs incurred by Natixis relating to the implementation of such norms may have a negative impact on its results of operations.

Natixis may generate lower revenues from brokerage and other fee-based businesses during market downturns

A market downturn is likely to lower the volume of transactions that Natixis executes for its customers and in its capacity as a market maker, thus reducing net revenues from these transactions. In addition, Asset Management fees charged by Natixis to its customers are often based on the value or performance of the portfolios, so that any market downturn, legislative, regulatory or policy change or political or geopolitical event that reduces the value of the assets under management in such portfolios or increases the amount of redemptions would reduce Natixis' revenues from its Asset & Wealth Management businesses.

Independent of market changes, any under-performance of Natixis' Asset Management business may result in a decrease in assets under management (in particular, as a result of mutual fund redemptions) and in lower fees, premiums and other portfolio management income earned by Natixis.

Demand for Asset Management products could vary on the basis of a variety of factors, some of which are outside the control of Natixis

Demand for Asset Management products and services, which represents a significant share of the overall net revenues and net income of Natixis, can be significantly affected by numerous factors beyond management's control. Adverse developments can reduce the amount of new funds invested by Natixis' clients, and can cause investors to withdraw assets from the funds and portfolios that Natixis manages. The factors beyond the control of Natixis that can significantly impact demand for its Asset Management products and services include the following elements:

- the macroeconomic climate, globally and, more specifically, in the countries in which Natixis markets its products, which impacts the capacity of individuals to save money and to invest (directly or indirectly) in Asset Management products and which can also affect demand of institutional investors for these products;
- the level of equity markets globally and in the principal regions in which Natixis' products are distributed, which can impact the attractiveness of Asset Management products for investors and thus affect the level of investments in Natixis' funds;
- the level of interest rates in financial markets generally, and yield on products that compete with Natixis' Asset Management products, such as bank savings deposits and bonds;
- tax incentives that favor other investment products; or
- regulatory initiatives in the financial markets, which may provide incentives to banks to distribute Asset Management products or, conversely, to seek to increase deposits at the expense of Asset Management products.

Moreover, if Natixis is unable to maintain a satisfactory level of performance with respect to its Asset Management products, clients may withdraw funds or may decline to renew investment mandates.

If these or other factors were to adversely affect demand for Natixis' products, net inflows would be reduced and, as a result, assets under management would be lower, causing a reduction in Natixis' net revenues and negatively impacting its results of operations.

Claims experienced by Natixis Insurance affiliates could be inconsistent with the assumptions they use to price their products and establish their reserves

The earnings of the Insurance affiliates of Natixis depend significantly on the extent to which the actual claims or annuities paid (in the case of life insurance) are consistent with the assumptions used to set the prices for their products and establish the technical provisions. Natixis uses its own experience and industry data to make actuarial and loss ratio estimates, including to determine the pricing of insurance products and establishing the related actuarial liabilities. However, there can be no assurance that actual experience will match these estimates, and unanticipated risks such as pandemic diseases or natural disasters could result in loss experience inconsistent with the relevant pricing and reserving assumptions. To the extent that the actual benefits paid by Natixis to policyholders are higher than the underlying assumptions used in initially establishing the future policy benefit reserves, or events or trends cause Natixis to change the underlying assumptions, Natixis may be exposed to greater than expected liabilities, which may adversely affect Natixis' Insurance business, results of operations and financial condition.

Despite the risk management policies, procedures and methods in place, Natixis may be exposed to unidentified or unanticipated risks likely to give rise to significant losses

Natixis' risk management policies and procedures may not be effective in limiting its exposure to all types of market environments or all types of risk, including risks that Natixis has not been able to identify or preempt. Furthermore, the risk management procedures and policies used by Natixis do not guarantee effective risk reduction in all market configurations. These procedures may not be effective against certain risks, particularly those that Natixis has not previously identified or anticipated. Some of Natixis' qualitative tools and metrics used to manage risk are based on its use of observed historical market behavior. Natixis then carries out a mostly statistical analysis to quantify its risk exposure. The tools and metrics used may provide inaccurate conclusions on future risk exposures, mainly because of factors that Natixis has not anticipated or correctly assessed in its statistical models, or because of unexpected and unprecedented market trends. This inaccuracy would limit Natixis' ability to manage its risks. Consequently, the losses borne by Natixis could prove far greater than those forecast based on historical averages. Moreover, Natixis' quantitative models do not incorporate all risks. Certain risks are subject to a more qualitative analysis that could prove insufficient and thus expose Natixis to significant and unanticipated losses. In addition, while no material issue has been identified to date, the risk management systems are subject to the risk of operational failure, including fraud.

The hedging strategies implemented by Natixis do not eliminate all risk of loss

Natixis could suffer losses if any of the instruments and hedging strategies it uses to hedge the various types of risk to which it is exposed prove ineffective. Many of these strategies are based on observation of historical market behavior and historical correlation analysis. For example, if Natixis holds a long position in an asset, it could hedge the risk by taking a short position in another asset whose past performance has allowed it to offset the performance of the long position. However, in some cases, Natixis may only be partially hedged, or its strategies may not fully hedge future risks or effectively reduce risk in all market configurations, or may even cause an increase in risks. Any unexpected change in the market can also reduce the effectiveness of these hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may increase the volatility of Natixis' reported earnings.

Natixis may encounter difficulties in identifying, executing and integrating its policy in relation to acquisitions or joint ventures

Natixis may consider external growth or partnership opportunities from time to time. While Natixis closely reviews the companies it plans to acquire and the joint ventures it plans to engage in, it is generally not feasible for these reviews to be exhaustive. As a result, Natixis may have to assume unforeseen liabilities. Similarly, the expected benefits of an acquisition or joint venture may not be obtained, expected synergies may only be partly achieved (or not achieved at all), or the transaction may give rise to higher-than-expected costs. Natixis may also encounter difficulties in consolidating a new entity. The failure of an announced external growth operation or the failure to consolidate the new entity or joint venture is likely to materially affect Natixis' profitability. This situation could also lead to the departure of key employees. Insofar as Natixis may feel compelled to offer its employees financial incentives in order to retain them, this situation could also result in increased costs and an erosion of profitability. In the case of joint ventures, Natixis is subject to additional risks and uncertainties in that it may be dependent on systems, controls and personnel not under its control and which could subject Natixis to liability, losses or reputational damage. In addition, conflicts or disagreements between Natixis and its joint venture partners may undermine the benefits sought by the joint venture.

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' employees are one of its most important resources and across the Financial Services industry, competition to attract qualified employees is intense. Natixis' results depend on its ability to attract new employees and to retain and motivate existing employees.

Increased competition, both in Natixis' home market of France, its largest market, and internationally, could adversely affect Natixis' net revenues and profitability

Natixis' primary business lines contend with fierce competition in France and in other areas of the world where it is firmly established. Heightening this competition is consolidation, whether in the form of mergers and acquisitions or through alliances and cooperation. Consolidation has created a number of firms that, like Natixis, have the ability to offer a wide range of products and services. Natixis competes with other entities on many levels, including transaction execution, products and services offered, innovation, reputation and price. If Natixis is unable to maintain its competitiveness in France or in its other major markets with attractive and profitable product and service offerings, it may lose market share in important areas of its business or incur losses on some or on all of its operations. In addition, downturns in the global economy or in the economies of Natixis' major markets are likely to increase competitive pressure, as increased price pressure lowers business volumes for Natixis and its competitors. New and more competitive competitors could also enter the market. Subject to separate or more flexible regulation, or to other requirements relating to prudential ratios, these new market participants may be able to offer more competitive products and services.

Technological advances and the growth of e-commerce have made it possible for non-bank institutions to offer products and services that traditionally were banking products, and for financial institutions and other companies to provide electronic and Internet-based financial solutions, including electronic securities trading. These new players may exert downward price pressure on Natixis' products and services and affect Natixis' market share. In addition, new payment systems and currencies, such as bitcoin, and new technologies facilitating transaction processing, such as blockchain, have become increasingly common. It is difficult to predict the effects of the emergence of such new technologies, which face comparatively little regulation, but their increased use may reduce the market share of, or redirect amounts that might have otherwise been invested in portfolios operated by, more established financial institutions such as Natixis.

The financial soundness and behavior of other financial institutions and market participants could have an adverse impact on Natixis

Natixis' ability to carry out its operations could be affected by the financial soundness of other financial institutions and market participants. Financial institutions are closely interconnected mainly as a result of their trading, clearing, counterparty and financing operations. The default of a sector participant, or mere rumors or questions surrounding one or more financial institutions or the finance industry as a whole, have, in the past, led to a widespread contraction in liquidity in the market and, in the future, could lead to additional losses or defaults.

Natixis is exposed to numerous financial counterparties, such as investment service providers, commercial or investment banks, mutual funds and hedge funds, as well as other institutional clients with which it conducts transactions in the ordinary course of business. Natixis is therefore exposed to a risk of insolvency should one of its counterparties or customers fail to meet their commitments. This risk would be compounded if the assets held as collateral by Natixis were unable to be sold or if their price was insufficient to cover all of Natixis' exposure to loans or derivatives in default. In addition, fraud or misappropriation committed by financial sector participants may have a highly detrimental impact on financial institutions due to interconnected nature of institutions operating in the financial markets. The potential losses arising from the above-mentioned risks could have a significant bearing on Natixis' results.

An extended market decline may reduce the liquidity of assets and make it more difficult to sell them, potentially giving rise to significant losses

In some of Natixis' businesses, a prolonged fall in asset prices could threaten business levels or reduce liquidity in the market concerned. This situation would expose Natixis to significant losses were it unable to rapidly close out its potentially loss-making positions. This is particularly true in relation to intrinsically illiquid assets. Certain assets, such as derivatives traded between banks, that are not traded on a stock exchange, regulated market, or offset through a clearing house are generally valued using models rather than on the basis of the market price. Given the difficulty in monitoring changes in prices of these assets, Natixis could suffer unforeseen losses.

In addition, Natixis originates or acquires certain assets with a view to their subsequent resale or distribution through channels such as syndication or securitization. A reduction in the liquidity of the markets for such assets or the syndication or securitization markets more generally, or the inability of Natixis to sell or reduce its positions in such assets for any other reason, may compel Natixis to bear more credit risk and market risk associated with such assets for a longer period than it initially anticipated. The absence of liquidity in the secondary markets for such assets may require Natixis to reduce its origination activities, which would impact revenues and could affect its relations with customers, which in turn could adversely affect its results of operations and financial condition.

Natixis is exposed to emerging risks, including risks relating to cyber security

Natixis is confronted with new types of risk that have emerged in recent years, in particular cyber risk, and may become exposed to other emergent risks in the future. Cyber risk is caused by a malicious and/or fraudulent act, perpetrated digitally in an effort to manipulate data (personal, banking/insurance, technical or strategic data), processes and users, with the aim of causing material losses to companies, their employees, partners and clients. Cyber risk has become a top priority in the field of operational risks. A company's data assets are exposed to new, complex and evolving threats liable to have material financial and reputational impacts on all companies, and specifically those in the banking sector. Given the increasing sophistication of criminal enterprises behind cyber attacks, regulatory and supervisory authorities have begun highlighting the importance of ICT (Information and Communication Technology) risk management.

Natixis has made the resilience of its technical infrastructures, business continuity, and data transmission security a top priority, both in terms of preempting and being capable of responding to threats. However, as cyber attacks are constantly evolving to become increasingly complex, these efforts may not be sufficient to fully protect Natixis, its employees, its partners and client. Despite the precautions taken by Natixis, such attacks could potentially disrupt client services or result in the alternation or disclosure of confidential data, or even disrupt business. The consequences in terms of data recovery and verification costs or reputational harm could have a negative impact on Natixis' business, operating results and financial situation.

Any interruption or failure of Natixis' information systems, or those of third parties, may result in lost business and other losses

Like most of its competitors, Natixis relies heavily on its communication and information systems to process high volumes of increasingly complex transactions for its businesses. Any breakdown, interruption or failure of these systems could result in errors or interruptions to customer relationship management, general ledger, deposit, transaction and/or loan processing systems. If, for example, Natixis' information systems failed, even for a short period, it would be unable to meet customers' needs in a timely manner and could thus lose transaction opportunities. Likewise, a temporary breakdown of Natixis' information systems, despite back-up systems and contingency plans, could result in considerable information retrieval and verification costs, and even a decline in its business if, for instance, such a breakdown occurred during the implementation of hedging transactions. The inability of Natixis' systems to accommodate an increasing volume of transactions could also undermine its business development capacity. Natixis is also exposed to the risk of an operational failure or interruption by one of the clearing agents, foreign exchange markets, clearing houses, custodians or other financial intermediaries or external service providers it uses to execute or facilitate its securities transactions. With growing interconnectivity with customers, Natixis may also be increasingly exposed to the risk of operational failure of its customers' information systems. Natixis cannot guarantee that such breakdowns or interruptions in its systems or in those of other parties will not occur or, if they do occur, that they will be adequately resolved.

Unforeseen events may interrupt Natixis' operations and cause substantial losses and additional costs

Unforeseen events, such as a severe natural disaster, pandemic, terrorist attacks, or any other state of emergency, could lead to a sudden interruption of Natixis' operations and cause substantial losses insofar as they are not covered or are insufficiently covered by an insurance policy. These losses could relate to property, financial assets, market positions and key employees. Such unforeseen events may, additionally, disrupt Natixis' infrastructure, or that of third parties with which it conducts business, and could also lead to additional costs (such as relocation costs of employees affected) and increase Natixis' costs (in particular insurance premiums). Subsequent to such events, Natixis may be unable to insure certain risks, resulting in an increase in Natixis' overall risk. Other adverse unforeseen changes may occur in political, military or diplomatic environments and may create social instability or an uncertain legal environment that may negatively impact the demand for the products and services offered by Natixis.

Tax laws applicable in the countries where Natixis operates could have a material impact on Natixis' results

Natixis is subject to the tax regulations in force in the various countries in which it operates. As an international group doing business in several countries, Natixis has structured its commercial and financial activities in light of diverse regulatory requirements and its commercial and financial objectives. Natixis aims to create value in serving its customers by drawing on the synergies and sales capacities of its various entities.

Natixis is required to comply with recently adopted reporting requirements which are part of the global fight against tax evasion and, more generally, with any mechanisms that could be adopted being part of the global fight against tax evasion. 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, and observes the Code of Practice on Taxation for Banks.

These new reporting requirements, and more generally, any mechanisms adopted to enhance cooperation between tax administrations in the fight against tax evasion, will subject Natixis to additional administrative burdens and to costly reporting obligations.

The tax regime applied to Natixis' operations, intra-group transactions or reorganizations (past or future) managed by Natixis or its affiliates and financial products sold to customers, is based on Natixis' own interpretations of applicable tax laws and regulations, on the opinions received from independent tax advisers and occasionally on authorizations or rulings by the tax authorities. Since tax laws and regulations in the various jurisdictions in which Natixis operates may not always provide clear-cut or definitive guidelines, there can be no assurance that the tax authorities will not seek to challenge such interpretations in the future, in which case Natixis could be subject to tax reassessments. More generally, any failure to comply with the tax laws or regulations of the countries in which Natixis operates may result in reassessments, late payment interests, fines and penalties.

Furthermore, tax laws and regulations may change, and there may be changes in their interpretation and application by the relevant authorities, especially in the context of international and European initiatives.

The occurrence of any of the preceding factors may result in an increase in the tax burden of Natixis and have a material adverse effect on its business, results of operations and financial condition.

Natixis' profitability and business outlook could be adversely affected by reputational, legal and compliance risk

Natixis' reputation is essential in attracting and retaining its customers. The use of inappropriate means to promote and market its products and services and the inadequate management of potential conflicts of interest, legal and regulatory requirements, compliance issues, money laundering laws, information security policies and sales and trading practices may damage Natixis' reputation. Its reputation could also be harmed by any inappropriate employee behavior, fraud or misappropriation of funds committed by participants in the financial sector to which Natixis is exposed, any decrease, restatement or correction of its financial results and any legal or regulatory action that has a potentially unfavorable outcome. Any damage caused to Natixis' reputation could be accompanied by a loss of business likely to threaten its results and its financial position.

Inadequate management of these issues could also give rise to additional legal risk for Natixis and lead to civil or criminal legal proceedings with potentially significant damages claimed against Natixis, or expose Natixis to sanctions from the regulatory authorities. Natixis currently is and will likely in the future be the subject of legal actions. Actions instituted against Natixis (including ongoing proceedings) could result in judgments, settlements, fines, or penalties, which could increase Natixis' operational and litigation costs and result in material losses.

Holders of Natixis securities may suffer losses if Natixis undergoes resolution proceedings

The Directive 2014/59/EU dated May 15, 2014, on Bank Recovery and Resolution Directive (the "**BRRD**") and the Single Resolution Mechanism introduced by EU Regulation No. 806/2014 of July 15, 2014, as enacted into French law by decree-Law No. 2015-1024 dated August 20, 2015, provide resolution authorities with the power to "bail in" capital instruments and eligible liabilities of an issuing institution such as Natixis, meaning writing them down or (except in the case of shares) converting them to equity or other instruments, if resolution proceedings are initiated in respect of the issuing institution. A resolution proceeding may be initiated in respect of an institution if it or the group to which it belongs is failing or likely to fail, there is no reasonable prospect that another measure would avoid such failure within a reasonable time period, and a resolution measure is required to ensure the continuity of critical functions, to avoid a significant adverse effect on the financial system, to protect public funds by minimizing reliance on extraordinary public financial support, and to protect client funds and assets, in particular those of depositors. Resolution authorities must write down capital instruments such as shares before initiating resolution proceedings, if the issuing institution is failing or likely to fail (and there is no reasonable prospect that another measure would avoid such failure within a reasonable time period) or requires extraordinary public support. Thereafter, the bail-in power may be exercised by a resolution authority in respect of any remaining capital instruments, subordinated debt instruments, senior non-preferred debt instruments and finally senior preferred debt instruments, in reverse order of seniority, excluding certain limited categories of liabilities.

The use of these powers by a resolution authority could result in the full or partial write-down or conversion to equity (or other instruments) of shares or other securities of Natixis. In addition, the BRRD provides resolution authorities with broader powers to implement other resolution measures, which may include, among other things, the sale of the institution's business to a third party or a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments.

As a member of Groupe BPCE, a resolution proceeding with respect to Natixis would in all likelihood be linked to a resolution proceeding in respect of 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. Even if the resolution proceeding results from a difficulty encountered in a Groupe BPCE entity other than Natixis, it is possible that bail-in or other powers could be exercised in respect of Natixis, or that a controlling stake in Natixis could be sold to a third party or a bridge institution, in connection with a resolution proceeding initiated in respect of Groupe BPCE.

If the financial condition of Natixis or of Groupe BPCE deteriorates, or is perceived to deteriorate, the existence of the bail-in powers and other resolution powers could cause the market value of the shares and other securities of Natixis to decline more rapidly than would be the case in the absence of such powers. Public financial support would not be available except as a last resort, after resolution tools, including the bail-in power, have been fully exhausted.

3.2 Organization of Natixis' internal control system

Natixis' internal control system covers all the steps taken by the institution to measure, monitor and manage the risks that are inherent to its various activities in accordance with legal and regulatory requirements. The system complies with the provisions set forth in the French Order of November 3, 2014, on internal control by companies in the banking, payment services and investment services sector.

It is structured in a manner consistent with the principles set out by BPCE, with the objective of ensuring a consolidated approach to risk within the framework of the control exercised by the shareholding group.

The objective is to ensure the effectiveness and quality of the Company's internal operations, the reliability of accounting and financial information distributed both internally and externally, the security of operations, and compliance with laws, regulations and internal policies.

3.2.1 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 oversees second-level controls of operational risk (compliance and other operational risks),
  - **the IT Systems Security and Business Continuity (ITSS-BC) function**, which reports to the Compliance Department, assesses the risks, establishes the information systems security and business continuity policies and ensures their correct application,
  - **the Risk Division**, which is headed by the Risk Officer, reports directly to the Chief Executive Officer since October 1, 2017, and is responsible for measuring, monitoring and managing the risks inherent to the business activities, in particular market risk, credit risk and operational 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 Internal Audit Department. The Internal Audit Department reports to the Chief Executive Officer and performs periodic audits to assess the risks to which the businesses are exposed and ensure the effectiveness of the entire internal control system.

The Corporate Secretary is **responsible for permanent controls** and ensures their consistency and effectiveness.

Natixis **organizes its control functions on a global basis** in order to ensure consistency of the internal control mechanism throughout the company. Second-level permanent and periodic control functions within subsidiaries or businesses report to Natixis' corresponding central control departments, either on a functional basis in the case of subsidiaries or on a hierarchical basis in the case of business lines.

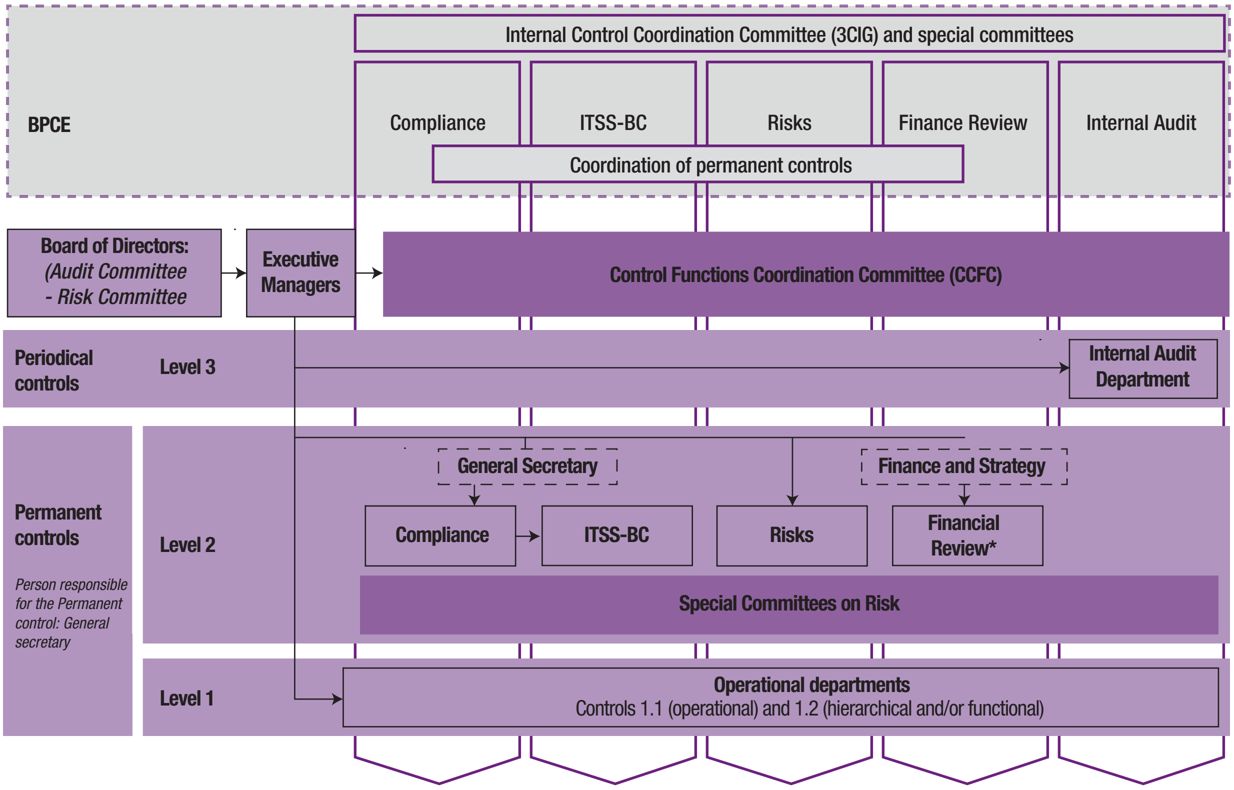
The purpose of this organization is to ensure adherence to the following principles:

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

Coordinating the system as a whole is the **Control Functions Coordination Committee**.

The Executive Managers, under the supervision of the Board of Directors, are responsible for implementing Natixis' internal control system in its entirety. As such, they designate the persons in charge of the Risk Management, Permanent Control and Compliance Control functions, who report to them on their assignments.

The **Board of Directors** is regularly kept informed, by the executive managers, of all significant risks, risk management policies and changes made thereto.



** Accounting, fiscal and regulatory controls performed by the Finance Review department, reporting hierarchically to the Accounting and Ratios department within Finance and Strategy, and functionally to the Compliance Department.*

3.2.2 CONTROL FUNCTIONS COORDINATION COMMITTEE

The Control Functions Coordination Committee (CFCC) is chaired by the Natixis Chief Executive Officer or his substitute, the Corporate Secretary. Its members are the Heads of Risk, Compliance, Internal Audit, as well as the Head of the Regulatory and Accounting Review Team, the Corporate Secretary of the Risk Department, Compliance and Permanent Controls of BPCE and, as required, certain operational or functional managers. The CCFC 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 report 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 ensure that the conclusions from these undertakings are taken into account by the operational business lines.

The CFCC met four times in 2017.

The conclusions of controls carried out under this system, supplemented with the results of external audits (carried out by BPCE's Internal Audit Department, the Statutory Auditors, the regulators/supervisors, etc.) are reported to the Board of Directors via its extensions, the Audit Committee and the Risk Committee.

3.2.3 FIRST-LEVEL PERMANENT CONTROLS

First-level permanent controls are carried out by operational or functional staff on the transactions they perform, following internal procedures and legal and regulatory requirements. Transactions may be subject to a control by operational staff themselves (level 1.1.) and to a separate control by line management or by a functional department responsible for validating these transactions (level 1.2).

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

At December 31, 2017, 2,152 level 1.2 controls were reported (mostly on a quarterly basis).

3.2.4 SECOND-LEVEL PERMANENT CONTROLS

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

The **Compliance Department** performs permanent second-level controls on operational risks mainly in the following areas of non-compliance: Customer protection, professional ethics, market abuse and financial security. At December 31, 2017, 4,162 second-level controls were assessed. *(For more information on Compliance and on ITSS-BC, refer to section 3.10)*

In terms of **IT Systems Security and Business Continuity** (ITSS-BC), the department's main role is to define and monitor security standards *(see section 3.10.5)*. 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 every year.

The **Risk Division** performs controls on credit risk, counterparty risk, market risk, liquidity and overall interest rate risk, and operational risk. Specific risks related to the Insurance and Asset Management activities are included in these controls, and its scope of action extends to all the entities within Natixis' consolidation scope. *(For more detailed information, see sections 3.5, 3.6, 3.8 and 3.9)*

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 covering the accounting, tax declarations and regulatory reports produced by the Finance Department. *(See Chapter 5 section 5.5 – Internal control procedures relating to accounting and financial information)*

3.2.5 PERIODIC CONTROLS

Third-level controls, or periodic controls, within the meaning of the French Order of November 3, 2014, are performed by the Internal Audit Department.

In this respect, the Internal Audit Department is independent of all operational entities and support functions. With no operational role, it can never find itself in a position of conflict of interest. It reports to Natixis' Chief Executive Officer. The Internal Audit Department has a strong functional link with its BPCE counterpart, in accordance with the Natixis audit charter, revised in 2017. In accordance with these principles, the Internal Audit Department coordinates a global audit function at Natixis and is part of the Groupe BPCE Internal Audit Function.

The Internal Audit Department reports on all its activities and projects to the Risk Committee, which then presents a summary report to the Board of Directors.

It conducts audits across the whole of Natixis (parent company, subsidiaries and branches) and covers all classes of risk arising from the various business activities carried out. It has full and unrestricted access to all information, confidential or otherwise. Its field of investigation encompasses all of Natixis' operational activities, its functional departments – notably including entities in charge of permanent control assignments – and its outsourced activities. For all the business lines, these audits result in an assessment of the suitability of existing control points in the processes audited as well as an appraisal of the risks arising from the relevant activities. It makes use of recurrent work in the area carried out by operational departments and permanent control teams. The audits lead to recommendations by order of priority to strengthen the comprehensiveness and robustness of the mechanisms for controlling or managing the risks audited.

The reports are sent to Natixis' Chairman and Senior Management, to the audited units and to the Internal Audit Department of BPCE.

The Internal Audit Department monitors the implementation of recommendations and presents its findings to the Management Board, the Risk Committee and the Board of Directors. To this end, it performs due diligence and carries out follow-up audits.

The work of Natixis' Internal Audit Department is based on an annual Audit Plan drafted and executed jointly with Groupe BPCE's General Inspection, and after consulting the Senior Management Committee. It is part of a four-year plan that sets out the intervention frequency and adapts resources to the risks.

The Audit Plan may be revised during the year at the request of Senior Management or if required by circumstances. In addition to conventional audit assignments, the Internal Audit Department is also able to carry out ad hoc audits in order to address issues arising during the year and not initially included in the Audit Plan.

Natixis' annual and multi-year audit plans are approved by its Chief Executive Officer. The Annual Audit Plan is examined by the Risk Committees of Natixis and BPCE.

In 2017, the Internal Audit Department conducted audit assignments on all risk classes to which Natixis' activities are exposed. It dedicates a significant share of its resources to assignments of a regulatory nature, by working with Natixis on its new obligations (Basel internal models, US regulations), as well as assignments conducted in Natixis' subsidiaries pursuant to audit agreements entered into with them.

Several specialist projects involved all Internal Audit staff in 2017. These included in particular:

- performing a self-assessment on the quality of audits, using the BCBS regulatory framework and the IIA's Best Practices as reference;
- strengthening the organization and resources of Natixis' Internal Audit function by improving the efficiency of the recruitment process, further promoting diversity and stepping up internationalization;
- deepening the current relationship between the Internal Audit Department, BPCE's Internal Audit Department and the nine international and subsidiary audit teams by enhancing resource sharing;

- upgrading the teams' skills through technical and professional training initiatives;
- improving the quality of audits, through efforts to reduce the turnaround times for audit reports and recommendation follow-ups, and to prioritize and limit the number of recommendations;
- resuming drafting and update work on audit guides carried out jointly with BPCE's Internal Audit Department;
- strengthening the system for following up recommendations by bringing in the final phase of tightening the alert system for recommendations whose implementation is significantly overdue.

Lastly, Natixis' Internal Audit Department collaborated with its BPCE counterpart on a number of areas. Accordingly, the two departments held seven meetings in 2017. These meetings provided a forum for addressing issues related to auditing programs and practices, as well as topics associated with risk assessment and assignment evaluation (General Inspections Coordination Committee).

3.3 Governance and risk management system

3.3.1 GENERAL ORGANIZATION

(Data certified by the statutory Auditors in accordance with IFRS 7)

The risk management governance is a structured organization involving all the levels of the bank:

- the Board of Directors and its specialized Committees (Risk Committee, Audit Committee, etc.);
- the Executive Managers and the specialized Risk Committees they chair within the bank;
- the central divisions, independent of the businesses;
- and the businesses (Asset & Wealth Management, Corporate & Investment Banking, Insurance, Specialized Financial Services).

The Board of Directors and its Committees

The Board of Directors (and its extension, the Risk Committee) gives the final approval of Natixis' risk appetite and supervises its application.

Under the Natixis Board of Directors' responsibility, the Risk Committee's primary duties are:

- to advise the Board of Directors on the bank's overall strategy and risk appetite, both current and future;
- to assist the Board of Directors when it checks the implementation of that strategy by the executive managers and by the Chief Risk Officer.

The Risk Committee met seven times in fiscal year 2017.

In addition, and since July 2016, the Risk Committee meets as the US Risk Committee as per the US regulatory requirements of the Dodd Frank Act. The US Risk Committee has the same structure as the Risk Committee, and is responsible for the supervision of the risks linked to Natixis' activities on US soil ("Combined US Operations").

The key duties of Natixis' Audit Committee are:

- to check the clarity of information published by Natixis and assess the relevance of the accounting methods adopted for the creation of Natixis' individual and consolidated financial statements; and
- to assess the quality of internal control, specifically the consistency of the systems for measuring, monitor and control risk, and, as and when needed, propose implementation of supplementary actions in this sense.

The Audit Committee met five times in fiscal year 2017.

The Bank's executive managers and Special Committees on risk

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

At least one of the bank's executive managers chairs the Bank's main Special Committees on risk:

- the Global Risk Committee (GRC), the Credit Committee, the Market Risk Committee, the Operational Risk Committee, the Watchlist and Provisions Committee;
- the ALM Committee;
- the Control Functions Coordination Committee;
- the Natixis Investment Committee.

The Board of Directors is regularly kept informed, by the Executive Managers, of all significant risks, risk management policies and changes made thereto.

Central divisions

Reporting to the Chief Financial and Strategy Officer,

- the **Accounting and Ratios division** is responsible for accounting and regulatory information;
- the **Financial Management division** oversees ALM and its framework (standards, limits, etc.);
- the **Financial and Taxation Oversight division** is in charge of the budget process and ensures adherence to tax laws.

The **Risk Division**, which reports to the Chief Executive Officer since October 1, 2017, is responsible for measuring, monitoring and managing the risks inherent to the business activities, in particular market risk, credit risk and operational risk;

The **Compliance Department,** reporting to the Corporate Secretary, is responsible mainly for managing non-compliance risk and for overseeing the control system.

The **Legal Department,** also reporting to the Corporate Secretary, ensures the security and legal regulatory compliance of the businesses.

The **Internal Audit Department** reports to the Chief Executive Officer and performs audits by reviewing existing control points in the audited processes and in assessing the risks incurred by the businesses under review.

The **Human Resources Department** is involved in the compensation policy and oversees its application.

The central departments provide senior management with necessary information on the risk developments and the management of the bank.

The businesses

Each Natixis entity is responsible for the first-level management of its risks within its scope.

Level-one permanent controls are performed by operational staff on the transactions carried out in accordance with internal procedures and legislative and regulatory requirements. The controls can be performed by a functional department tasked with approving the relevant transactions.

3.3.2 RISK CULTURE

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

The risk culture is central to the Risk Division's guiding principles, as set out in the Risk Charter. It has four areas of focus:

- harmonizing good practices within the bank through the roll-out of a body of risk policies, standards and procedures that cover all the bank's major risks (credit, market and operational) and outline the bank's strategic vision and risk appetite;
- running global communication campaigns (posters, golden rules, information on the Intranet and radio), and implementing a new e-learning module — now mandatory for all staff — on operational risks;
- setting up mandatory training on matters relating to model risk management (model life cycles);
- promoting all-staff training on key subjects relating to regulatory developments.

Furthermore, the new Code of Conduct adopted by Natixis in December 2017 is an effective means of inculcating the risk culture, as it defines the rules of conduct applicable to all employees and encourages greater involvement and accountability. Four guiding principles serve as the building blocks of Natixis' DNA and are adapted to each profession and function. The rules are divided into the following themes:

- be client-centric;
- behave ethically;
- act responsibly towards society;
- protect Natixis' and Groupe BPCE's assets and reputation.

A Conduct Committee was also formed at the top-most level of the Bank and involves members of the Senior Management Committee.

Lastly, Natixis' compensation policy is structured to encourage the long-term commitment of the Company's employees while ensuring the appropriate risk management.

3.3.3 RISK APPETITE

(Data certified by the statutory Auditors in accordance with IFRS 7)

Natixis' risk appetite is defined as the nature and the level of risk that the bank is willing to take within the bounds of its business model and strategy.

It is consistent with Natixis' strategic plan, budget process and business activities, and falls within Groupe BPCE's general framework on risk appetite, comprising two components:

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.

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, and 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, market activities, Asset & Wealth Management, Insurance, Services and Specialized Financing), responding to the needs of its clients and those of Groupe BPCE.

The bank seeks sustainable and consistent profitability in balance with its consumption of scarce resources (capital, liquidity, balance sheet). It declines any engagement with activities that it does not master.

Activities with high risk/profitability ratios are subject to strict selection and oversight. Market risk management in particular has a highly selective investment approach, coupled with limited tolerance for extreme risk, and very close monitoring.

Natixis incurs risks intrinsically as part of its Corporate & Investment Banking, Asset Management, Insurance and Specialized Financial Services activities:

- credit risk generated by Corporate & Investment Banking, lending activities from Specialized Financial Services is managed under specific risk policies adapted by business and subsidiary, concentration limits defined by counterparty, sector and country, and through extensive monitoring of portfolio. 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 framework. As BPCE provides a liquidity and capital adequacy guarantee, Natixis applies BPCE's risk policies to its own organization. These two risks give rise to specific objectives which contribute to the management of scarce resources with 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 in order to be able to cope with stress situations;
- market risk is incurred from Natixis' market activities within the CIB, which aim to meet the needs of its clients, with the exception of proprietary trading. This risk is managed according to a body of risk policies and specific qualitative and quantitative indicators;
- operational risk is intrinsic to all the Bank's business lines and functions and is managed using a shared data collection tool. The framework, which has been rolled out across the business lines and geographic regions, is used to map risks and implement corrective and preventive actions plans accordingly;
- Natixis is committed to strictly observe 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. The interest of the client is therefore put first, and the bank – irrespective of the activity, entity or geographic region – is dedicated to operating at the highest level of ethical standards, and in line with the best standards of transaction execution and security. Together with Groupe BPCE, Natixis closely monitors its reputation risk using indicators that combine an ex-ante/ex-post approach.

Risk Appetite Framework

For each identified risk and selected indicator, the risk appetite operating mechanism relies on two successive levels:

- an overall limit setting the risk envelope allocated to the business lines;
- and a warning threshold on the maximum risk which, if exceeded, would pose a risk to Natixis' continuity and/or stability.

This operational framework is applied by type of risk (credit and concentration risk, market risk, liquidity and leverage risk, operational risk, solvency risk, etc.) and draws on Natixis' preexisting measuring and reporting systems.

It is regularly reviewed and consolidated, and is presented to the Board of Directors' Risk Committee.

The risk appetite framework forms part of Natixis main processes, especially regarding:

- risk identification: every year risks are mapped in order to have an overview of the risks to which Natixis is or could be exposed. With this approach it is possible to identify material risks, the indicators of which are included in the risk appetite framework;
- in the budget process and overall stress tests.

In accordance with regulations concerning systemic financial institutions, Groupe BPCE has drawn up a recovery and resolution plan (PRR).

3.3.4 RISK TYPOLOGY

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Natixis is exposed to a set of risks inherent to its activities, which may change, particularly as a result of regulatory requirements.

Credit risk

Credit risk is the risk of financial loss due to a debtor's inability to honor its contractual obligations. Assessing the probability of a debtor's inability to repay and, in this event, the projected recovery is a key component of measuring credit quality. The debtor may be a bank, an industrial or a commercial company, a sovereign State and its various entities, an investment fund, or a natural person. Credit risk increases in periods of economic uncertainty, insofar as such conditions may lead to a higher rate of default.

Credit risk affects lending operations as well as other operations exposing Natixis to the risk of counterparty default, notably its trading operations in financial instruments on Capital markets and its settlement-delivery operations.

Counterparty risk

Counterparty risk on market transactions is a component of credit risk and represents a potential loss in the event of counterparty default. Counterparty risk evolves as market parameters fluctuate.

Natixis is exposed to this risk because of the transactions it executes with its customers (for example, over-the-counter derivatives [swaps, options, etc.], securities lending and borrowing, and repurchase agreements).

Securitization risk

Securitizations are transactions involving credit risk inherent in a set of exposures housed in special-purpose entities (usually a securitization fund or "conduit"), which is then divided into tranches, usually for the purpose of selling them to investors. The special-purpose entity (SPE) issues units that may in some cases be subscribed for directly by investors, or by a multi-seller conduit which refinances the purchases of its shares by issuing short-maturity notes (treasury notes or commercial paper).

Rating agencies assess the creditworthiness of the units available-for-sale 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 performances of the underlying exposures;
- the subordination of tranches, defined by the transaction, determines the distribution of losses over the term of the risk transfer.

Market risk

Market risk is the risk of loss in value caused by any adverse fluctuations in market parameters. These parameters include, in particular, bond prices, interest rates, securities and commodities prices, derivatives prices and prices of all other assets, particularly foreign exchange rates.

Asset liquidity is also 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 be unable to be traded at its estimated value.

The lack of liquidity may lead to reduced access to capital markets, unforeseen cash or capital requirements, or legal restrictions.

Operational risk

Operational risk is the risk of loss due to inadequate or failed internal processes, human resources, information systems, or external events with financial, regulatory, legal or reputational impacts.

The Groupe BPCE Insurance Department is tasked with analyzing insurable operational risks and taking out appropriate insurance coverage. Natixis and its subsidiaries benefit from insurance policies pooled with Groupe BPCE against potentially significant consequences resulting from fraud, embezzlement and theft, operating losses or the incurring of Natixis' civil liability or that of its subsidiaries or the employees for which it is responsible.

Overall interest rate risk

Natixis' overall interest rate risk is defined as the risk of losses on the banking portfolio stemming from 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 reset 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 mismatching of maturities between assets and liabilities. This risk could arise, for example, in the event of massive withdrawals of customer deposits, a crisis of confidence, or an overall market liquidity crisis. As a corporate and investment bank, this risk for Natixis results primarily from mismatched positions between transactions with contractual maturities, as Natixis has fewer stable and permanent customer resources than retail banks and partly funds its operations on the markets.

Structural foreign exchange risk

Structural foreign exchange risk is defined as the risk of transferable equity loss generated by an adverse fluctuation in exchange rates against the Group currency used in the consolidated accounts due to mismatches between the currency of net investments refinanced by purchases of 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.

Non-compliance risk

Non-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 instructions from the executive body, notably issued in accordance with the policies of the supervisory body. This risk is a sub-category of operational risk, by definition.

Cyber risk

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.

The transformation of banking information systems, the new technologies it heralds and the increased outsourcing of the related services offer cybercriminals new opportunities to carry out increasingly sophisticated and industrialized attacks. To address this issue, Natixis has restructured its departments in charge of IT security and set up a cyber Security Operating Center (SOC) that works directly with Groupe BPCE's Computer Emergency Response Team (CERT).

Within the Compliance Department, the IT Systems Security Department's Risks and Controls team forms the second line of defense, and assesses the risk borne by each entity. It also supports the businesses' initiatives to ensure their full compliance with security requirements.

Natixis has also begun the overhaul of its information security model for 2020, with the aim to adapt the security framework to current developments, strengthen the protection of our most sensitive assets and improve the SOC's detection capabilities.

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 in French regulation as the risk of any legal dispute with a third party, arising from an inaccuracy, omission or deficiency that may be attributable to the Company's operations.

Other risks

Insurance business-related risk: insurance risk is the risk to profits of any difference between expected and incurred claims. Depending on the Insurance product in question, the risk varies according to macroeconomic changes, changes in customer behavior, changes in public healthcare policy, pandemics, accidents and natural disasters (such as earthquakes, industrial accidents or acts of terrorism or war).

Strategic risk is the risk inherent to the strategy chosen or resulting from Natixis' inability to implement its strategy.

Climate risk is the increased vulnerability of businesses to variations in climate indices (temperature, rainfall, wind, snow, etc.).

Environmental and social risks: Natixis' environmental and social risks arise from the operations of the clients and companies in which Natixis invests.

3.3.5 STRESS TESTS

Natixis has developed a comprehensive stress test mechanism to dynamically monitor and manage risks.

The set is an integral part of the risk management framework and contributes to Natixis' capital and regulatory requirements planning process.

Natixis' stress test mechanism is structured as follows:

- global internal and external exercises;
- periodic regulatory exercises;
- specific exercises by scope.

Global internal stress tests

The purpose of global internal stress tests is to assess the impact of a central scenario and of stressed scenarios on Natixis' income statement, risk-weighted assets and equity.

The scenarios proposed by Economic Research team are approved by Natixis' Senior Management and are translated as levels or shocks to economic and financial variables, such as GDP, inflation, employment and unemployment, interest and exchange rates, and commodity prices, over a three-year period. These variables are factored into projection models used by Natixis to apply stress to the various aggregates of the income statement, risk-weighted assets and equity.

One scenario for 2017 suggested an economically fragile Europe and the breakup of the United Kingdom: European bank recapitalization, drop in the petrol price, the breakup of the United Kingdom with the independence of Scotland and a balance of payments in crisis.

Another scenario drew on the main risks revealed by the 2016-2018 EBA scenario: an upturn in risk premiums amplified by lower liquidity on the secondary market, weak profitability of financial industry players, risk linked to the sustainability of public and private debt according to countries and risks linked to parallel financing.

These projections are based on internal modeling which are either based on the sensitivities or trends observed in financial and economic variables, or on internal historical data.

The results of the stress tests are submitted for approval by the Senior Management Committee and presented to the Risk Committee of the Board of Directors. They have been analyzed as part of building Natixis' solvency trajectory. The impact was measured in terms of provisions for credit losses, net income (Group share), net revenues and Common Equity Tier 1.

Regulatory stress tests

Regulatory stress tests comply with the ad hoc requirements of the ECB, the EBA and any other supervisor: the last regulatory exercise was performed in 2016 using the methodology published by EBA for the ECB.

Specific stress tests

The specific stress test exercises performed by the Natixis Risk division are detailed in the dedicated sections of this document (namely with regard to the credit stress tests detailed in Section 3.5, Subsection 3.5.7 "Commitment monitoring framework", as well as the market stress tests detailed in Section 3.7, subsection 3.7.3 "Methodology for measuring market risk").

3.4 Capital management and capital adequacy

3.4.1 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 with immediate effect. The CRD IV was enacted into French law by the French Ministerial Order of November 3, 2014.

This regulatory framework, aimed at reinforcing the financial strength of banking institutions, has resulted in:

- a stricter definition of the capital items eligible to meet regulatory capital requirements;
- reinforced regulatory capital requirements, in particular for counterparty risk on derivatives;
- higher ratios to observe, specifically regarding CET1 capital and capital buffers:
  - a capital conservation buffer, which will have to represent 2.5% of total risk exposures by 2019,
  - a contracyclical capital buffer, i.e. the average of the contracyclical capital buffer of each country in which Natixis holds risk exposures, weighted by the amount of said exposures. The rate applied in France is 0%,
  - a systemic risk buffer, i.e. an additional requirement for global systemically important banks (G-SIBs), such as BPCE. Natixis is not subject to this buffer,
- in addition, other mechanisms have been introduced, including mechanisms to limit dividend payouts, interest on Additional Tier One (AT1) subordinated debt and variable compensation (Maximum Distributable Amount, or MDA).

All of these new provisions were accompanied by a phase-in mechanism, with the aim of gradually implementing the new requirements.

As under Basel 2, the Basel 3 regulatory provisions are divided into three pillars:

- Pillar I: a set of rules defining the measurement of risks and capital based on various possible methodologies and minimum observable requirements;
- Pillar II: a mechanism governing the role of the banking supervisory authorities, allowing them to define specific regulatory capital requirements for each institution in accordance with their risks and internal governance and oversight systems;
- Pillar III: requires institutions to disclose several 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 continued in 2016. 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 2017 process, Natixis must observe a phased-in CET1 ratio of 8.375% in 2018, 2% of which in respect of Pillar II (excluding P2G) and 1.875% in respect of the capital conservation buffer. These items do not include the level of the contracyclical capital buffer, which was very low at December 31, 2017, and the measurement of which is based on exposures to countries applying non-zero contracyclical capital buffers.

3.4.2 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 2017 Natixis registration document, Note 17 of Chapter 5)* are included in the regulatory consolidation scope; the Group’s insurance companies are accounted for under the equity method in the regulatory consolidation scope.

DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND THE MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES (EU LI 1)

			Carrying values of items				
Assets *(in millions of euros)*	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitization framework	Subject to the market risk framework	Not subject to regulatory capital requirements or subject to deduction from capital
Cash, central banks	36,901	36,901	36,901				
Financial assets at fair value through profit or loss	184,497	161,725	13,712	104,709	818	142,838	
Hedging derivatives	339	337		337		154	
Available-for-sale financial assets	57,885	10,923	9,349		1,766	7	
Loans and receivables due from banks	45,289	44,006	36,493	7,480		6,110	
Customer loans and receivables	136,768	127,773	82,365	45,271	557	42,985	
Revaluation adjustments on portfolios hedged against interest rate risk							
Held-to-maturity financial assets	1,885						
Current tax assets	577	460	460				
Deferred tax assets	1,585	1,490	879				611
Accrual accounts and other assets	46,624	32,898	32,898		3		
Non-current assets held for sale	738	40	40				
Deferred profit-sharing							
Investments in associates	734	3,949	3,717				232
Investment property	1,073	124	124				
Property, plant and equipment	758	698	698				
Intangible assets	732	511					511
Goodwill	3,601	3,215					3,215
TOTAL ASSETS	**519,987**	**425,049**	**217,636**	**157,797**	**3,144**	**192,094**	**4,568**

Note: Carrying values under the scope of regulatory consolidation are not equal to the sum of risk type breakdown. This is because exposure can be subject to several types of risks.

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	144,885	142,710		94,646	588	108,167	21,383
Hedging derivatives	710	710		710		(156)	
Due to banks	104,318	101,157		16,443		13,915	84,715
Customer deposits	94,571	94,769		53,835		53,766	40,934
Debt securities	32,574	32,139					32,139
Revaluation adjustments on portfolios hedged against interest rate risk	138	138					138
Current tax liabilities	532	451					451
Deferred tax liabilities	620	346					346
Accrual accounts and other liabilities	37,936	28,073					28,073
Liabilities on non-current assets held for sale	698						
Insurance companies' technical reserves	76,601						
Contingency reserves	1,742	1,589	19				1,570
Subordinated debt	3,674	3,035					3,035
Shareholders' equity (Group share)	**19,795**	**19,795**					**19,795**
Share capital and reserves	10,976	10,976					10,976
Consolidated reserves	6,697	6,697					6,697
Unrealized or deferred gains or losses	772	772					772
Other gains or losses	(318)	(318)					(318)
Net income	1,669	1,669					1,669
Minority interests	1,192	137					137
TOTAL LIABILITIES	**519,986**	**425,049**	**19**	**165,634**	**588**	**175,692**	**232,716**

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

3.4.3 COMPOSITION OF CAPITAL

In accordance with the provisions introduced by the CRR and with the national provisions defined by the ACPR, regulatory capital (calculated based on shareholders' equity in accordance with the accounting balance sheet), comprises three categories, as described below.

Each category comprises liability items extracted from the consolidated financial statements and restated by automatically applying deductions, either directly or subject to thresholds.

Until 2021, regulatory capital is subject to phase-in arrangements and grandfathering provisions to support the roll-out of the CRR.

Common Equity Tier One (CET1)

CET1 is calculated using shareholders' equity (excluding reclassified hybrid securities), with the following restatements:

- deductions not subject to phase-in arrangements:
  - estimated dividend,
  - goodwill and intangible assets,
  - recyclable unrealized gains and losses on hedging derivatives,
  - own credit risk on debts issued and financial instruments (Debit Value Adjustment),
  - prudent valuation adjustments,
  - expected loss on equity positions and shortfall of provisions on expected losses on credit positions,
  - revaluation adjustments on defined-benefit pension plan commitments;
- deductions subject to phase-in arrangements:
  - non-bank non-controlling interests,
  - bank non-controlling interests exceeding the limits set by regulations,
  - deferred tax assets dependent on future earnings, but not related to temporary differences,
  - 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)*.

Additional Tier One (AT1) capital

AT1 capital comprises:

- subordinated debt instruments recognized as AT1 after applying phase-in arrangements;
- deductions made from this category via the phase-in provisions applied to CET1;
- any surplus deduction of Tier 2 capital *(see below)*.

The Risk and Pillar III report contains detailed information on debt instruments recognized in Additional Tier 1 capital and their characteristics at December 31, 2017, as required by Commission Implementing Regulation No. 1423/2013 (Annex II).

Tier Two (T2) capital

T2 capital comprises:

- subordinated debt instruments recognized as T2 capital after applying phase-in arrangements;
- deductions made from this category via the phase-in provisions applied to CET1;
- any surplus provisions related to expected losses.

The Risk and Pillar III report contains detailed information on debt instruments recognized in Tier 2 capital and their characteristics at December 31, 2017, as required by Commission Implementing Regulation No. 1423/2013 (Annex II) - Pillar III available on the Natixis website (*www.natixis.com*).

At December 31, 2017, 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)	12.31.2017
Shareholders' equity	
Capital	5,020
Issue premium	4,210
Retained earnings	6,235
Treasury shares	(25)
Other, including items of comprehensive income	453
Other instruments to be reclassified as Additional Tier 1 capital	2,232
Net income	1,669
Total shareholders' equity – Group share	**19,795**
Reclassification as Additional Tier 1 capital	(2,232)
Translation adjustments	17
Restatement of dividend forecast (dividend for previous year)	0
Prudential filters after phase-arrangements	
Own credit risk: Gain on reclassification of hybrid securities	(170)
Own credit risk: liabilities and derivatives net of deferred taxes	181
Prudent valuation adjustment	(262)
Unrealized gains and losses	16
Total prudential filters	**(236)**
Deductions after phase-in arrangements	
Dividend proposed for current year and related expenses	(1,160)
Goodwill	
Amount as per accounting base	(3,215)
Amount of related deferred tax liabilities	311
Amount included in value of investments in associates	(227)
Intangible assets	
Amount as per accounting base	(511)
Minority interests	
Amount as per accounting base	137
Prudential adjustment including phase-in arrangements	(137)
Deferred tax assets (tax loss carry-forwards)	
Amount as per accounting base	(1,490)
o/w portion not including tax loss carry-forwards and impact of netting	700
Prudential adjustment including phase-in arrangements	316
Shortfall of provisions to expected losses	0
Investments in the share capital of financial sector entities	0
Other prudential adjustments including phase-in arrangements	(95)
Total deductions	**(5,370)**
Total Common Equity Tier 1 (CET1)	**11,975**
Hybrid capital instruments	
Amount as per accounting base	
Other equity instruments	2,232
Residual gain on reclassification as equity	170
Nominal value adjustment during the period	(4)
Early redemption through exercise of call option	0
Leveling due at the grandfathering limit	0
Total hybrid instruments	2,397
Deductions	(22)
Other prudential adjustments including phase-in arrangements	(79)
Total additional Tier 1 capital	**2,297**
Total Tier 1 capital	**14,271**
Subordinated debt instruments	
Amount as per accounting base	3,081
Regulatory adjustment	(126)
Transfer of grandfathering leveling on hybrid capital instruments	0
Total Tier 2 instruments	2,955
Surplus of provisions to expected losses	0
Deductions	(760)
Other prudential adjustments including phase-in arrangements	74
Total Tier 2 capital	**2,269**
TOTAL PRUDENTIAL CAPITAL	**16,540**

3.4.4 CHANGES IN REGULATORY CAPITAL, REGULATORY OWN FUND REQUIREMENTS AND RATIOS IN 2017

Regulatory capital and capital adequacy ratio:

The 2017 CET1, Tier 1 and total ratios are presented below by major component. The same ratios for 2016 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 5.75%, 7.25% and 9.25%, respectively for 2017, and 6.375%, 7.875% and 9.875%, respectively for 2018.

TOTAL CAPITAL RATIO

(in millions of euros)	12.31.2017	12.31.2016
Shareholders' equity (Group share)	**19,795**	**19,836**
Deeply subordinated notes (DSN)	2,232	1,611
Perpetual subordinated notes (PSN)	0	0
Consolidated shareholders' equity (Group share), net of DSNs and PSNs	**17,563**	**18,225**
Minority interests (amount before phase-in arrangements)	137	90
Intangible assets	(511)	(521)
Goodwill	(3,131)	(2,945)
Dividends proposed to the General Shareholders' Meeting and expenses	(1,160)	(1,130)
Deductions, prudential restatements and phase-in arrangements	(924)	(1,245)
Total Common Equity Tier 1 capital	**11,975**	**12,474**
Deeply subordinated notes (DSN) and preference shares	2,397	1,979
Additional Tier 1 capital	0	0
Tier 1 deductions and phase-in arrangements	(101)	(208)
Total Tier 1 capital	**14,271**	**14,244**
Tier 2 instruments	2,955	3,082
Other Tier 2 capital	0	100
Tier 2 deductions and phase-in arrangements	(686)	(628)
Overall capital	**16,540**	**16,799**
Total risk-weighted assets	**110,697**	**115,524**
Credit risk-weighted assets	86,182	90,704
Market risk-weighted assets	9,730	11,111
Operational risk-weighted assets	14,784	13,709
Capital adequacy ratios		
Common Equity Tier 1 ratio	10.8%	10.8%
Tier 1 ratio	12.9%	12.3%
Total capital ratio	14.9%	14.5%

The change in prudential capital under Basel 3/CRR over the period is shown below:

CHANGES IN PRUDENTIAL CAPITAL AFTER APPLYING PHASE-IN ARRANGEMENTS

(in millions of euros)	Fiscal Year 2017
Common Equity Tier 1 (CET1)	
Amount at start of period	12,474
New instruments issued (including issue premiums)	0
Instruments redeemed	0
Retained earnings from previous periods	(380)
Net income/(loss) for the period	1,669
Gross dividend proposed	(1,160)
Dividend payout in new shares	0
Changes in other comprehensive income	
Translation adjustments	(667)
Available-for-sale assets	8
Cash flow hedging reserve	108
Others	(145)
Others	4
Minority interests	0
Filters and deductions not subject to the phase-in arrangements	
Goodwill and intangible assets	(176)
Own credit risk	258
Other comprehensive income CFH	(108)
Prudent valuation adjustment	(5)
Other	(22)
Other, including prudential adjustments and phase-in arrangements	
Deferred tax assets that rely on future earnings (excluding temporary differences)	325
Deductions in respect of breaches of capital thresholds	66
Others	(25)
Impact of phase-in arrangements	(251)
o/w impact of changes in phase-in rate	(104)
o/w impact of change in basis subject to phase-in arrangements	(147)
Amount of Common Equity Tier 1 (CET1) at end of period	**11,975**
Additional Tier 1 (AT1) capital	
Amount at start of period	1,770
New eligible instruments issued	833
Redemptions during the period	(364)
Other, including prudential adjustments and phase-in arrangements	57
o/w impact of changes in phase-in rate	(98)
o/w other impact of changes in basis	155
Amount of Additional Tier 1 (AT1) capital at end of period	**2,297**
Tier 1 capital	**14,271**
Tier 2 capital	
Amount at start of period	2,555
New eligible instruments issued	0
Redemptions during the period	0
Other, including prudential adjustments and phase-in arrangements	(286)
o/w impact of changes in phase-in rate	104
o/w other impact of changes in basis	(390)
Amount of Tier 2 capital at end of period	**2,269**
TOTAL PRUDENTIAL CAPITAL	**16,540**

The following changes in Basel 3/CRR regulatory capital were recorded in 2017, after applying phase-in arrangements.

Common Equity Tier 1 (CET1) capital totaled €12 billion at December 31, 2017, down €0.5 billion over the year.

Shareholders' equity (Group share) remained stable for the year at €19.8 billion, as the incorporation of net income for the year in the amount of €1.67 billion and the issuance of new deeply subordinated instruments in the amount of €0.5 billion (net the value of exercised calls) were primarily offset by the negative impact of translation adjustments in the amount of -€0.67 billion, dividend payments for 2016 in the amount of -€1.1 billion and the impact of acquisitions (including puts on minority interests) in the amount of -€0.34 billion.

CET1 capital included a provision for 2017 dividends payable in cash in the amount of €1.16 billion (i.e. €0.37 per share) and was impacted by goodwill on acquisitions (-€0.2 billion). Even though the phase-in period for deductions is coming to an end, the substantial reduction of the tax base for deferred tax assets to be deducted (-€0.325 billion) more than offset this impact.

Aside from the items above, **Additional Tier 1 capital** rose by €0.5 billion, primarily due to two issuances worth $500 million each for a total of €833 million and the exercise of a call option in October 2017 (€364 million of euros). The balance was primarily due to the change in the phase-in rate applied on items deducted from AT1 capital, as well as the items subject to these provisions.

Tier 2 capital was down by -€0.3 billion for the year due to the impact of the prudential haircut on instruments eligible as Tier 2 capital, a reduction in excess provisions over expected losses and changes in the impact of phase-in arrangements over the period.

At €110.7 billion, **risk-weighted assets** decreased €4.8 billion over the year.

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RISK-WEIGHTED ASSETS AT DECEMBER 31, 2017

(in billions of euros)	Credit risk	CVA	Market risk	Operational risk	Total RWA
BASEL 3 AT 12.31.2016	**86.9**	**3.8**	**11.1**	**13.7**	**115.5**
Changes in exchange rates	(2.2)				(2.2)
Changes in business activity	4.5	(2.6)		1.1	2.9
Improvement in risk parameters	(3.1)		(1.4)		(4.5)
Acquisitions and disposals of financial investments	(0.4)				(0.4)
Impact of guarantees	(0.6)				(0.6)
BASEL 3 AT 12.31.2017	**85.0**	**1.2**	**9.7**	**14.8**	**110.7**

The -€1.9 billion decrease in credit risk over the period was primarily due to the following factors:

- an increase in outstandings (+€4.5 billion), driven mainly by a higher level of activity;
- the impact of the dollar's depreciation (-€2.2 billion);
- an improvement in risk inputs (improved ratings, shortening of maturities), amounting to -€3.1 billion;
- a guarantee effect of -€0.6 billion.
- a net impact of acquisitions and disposals of -€0.4 billion.

The -€2.6 billion decrease in counterparty risk can primarily be attributed to changes in volumes and the establishment of hedges.

Market risk fell -€1.4 billion due to changes in risk inputs and positions.

Operational risk was up +€1.1 billion due to the replacement of the benchmark indicator for fiscal year 2017 with that of fiscal year 2014 (standard practice is to calculate operational risk using the average indicator for the previous three years).

3.4.5 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.

As a result, under the New Frontier strategic plan, the target fully loaded CET1 ratio, without taking into account phase-in measures except for those concerning deferred tax assets, ranged from 9.5% to 10.5%, with the target fully loaded CET1 ratio for the end of the plan (i.e. December 31, 2017) set at 10.5%.

With a fully loaded CET ratio without taking into account phase-in measures (before impact of IFRS 9), Natixis exceeded this target.

The new plan, entitled "New Dimension", has set the target CET1 ratio after dividends at 11%.

The capital planning system adapts all processes with the aim of ultimately meeting the requirements of the supervisory authorities, shareholders and investors:

- continuously maintaining the targets set in terms of capital adequacy;
- developing an internal approach for measuring capital requirements and overseeing Natixis' resilience under stress scenarios (ICAAP);

- projecting capital requirements specific to business line activity, within the framework of Natixis' overall capital adequacy policy;
- anticipating regulatory changes and their impact on Natixis' various business lines.
- implementing a system for analyzing the capital consumption of the businesses and their profitability on the basis of Basel 3/CRR risk-weighted assets;
- allocating capital to the business lines, within the framework of strategic plan and annual budget procedures, taking into account business requirements, profitability and balance between the core business divisions.

Outlook

The European MREL ratio introduced by the BRRD directive is applicable to Natixis, unless otherwise stipulated, according to the methods still to be defined by the Single Resolution Board

Together with Groupe BPCE as a whole, Natixis contributed to collecting detailed information on liabilities, as required by the SRB in 2017. As the BRRD directive is currently under review, the mechanisms for managing and preparing for this new ratio are not yet finalized.

BASEL 3 RWA BY MAIN NATIXIS BUSINESS (NX02)

(in millions of euros)	Basel 3 RWA			
Division	**Total**	**Credit [a]**	**Market [b]**	**Operational**
Corporate & Investment Banking[c]	58,991	42,931	8,739	7,321
Asset & Wealth Management	11,652	6,935		4,717
Insurance	7,201	7,201		
Specialized Financial Services	16,681	14,426		2,255
Corporate Center[d]	16,172	13,492	2,189	491
TOTAL AT 12.31.2017	**110,697**	**84,985**	**10,928**	**14,784**
TOTAL AT 12.31.2016	**115,524**	**86,968**	**14,847**	**13,709**

(a) *Including counterparty risk.*
(b) *Including settlement-delivery risk of €1,198 million in CVA RWA.*
(c) *Including Treasury & Collateral Management*
(d) *Including Financial Investments*

3.4.6 OTHER REGULATORY RATIOS

Large exposures ratio

Regulations on the monitoring of large exposures were revised in 2014 and are now part of the CRR. They aim to prevent an excessive concentration of risks for sets of counterparties that are related in such a way that if one encountered financial problems, the others would also be likely to experience funding or repayment problems. The standard is based on a standing obligation: all risks associated with a single counterparty may not exceed 25% of the bank's total capital. Natixis complied with this requirement in 2016.

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 regulator as of January 1, 2014. Its publication is mandatory as of January 1, 2015.

Natixis is already prepared to calculate and publish its leverage ratio (according to the rules set out in the Delegated Act) and to implement the balance sheet oversight needed to converge towards the target ratio under consideration.

3

3.5 Credit and counterparty risks

The risk control framework is overseen by the Risk division with the strong involvement of all the bank's businesses and support functions. All the internal standards, policies and procedures are consistent with BPCE's framework and are reviewed periodically to take into account the results of internal controls, regulatory changes and the bank's risk appetite.

Credit risk management and control are performed in accordance with the segregation of duties. Accordingly, together with the other divisions, the Risk division is in charge of monitoring credit risk through various sections that:

- define the credit risk 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 methodologies and internal rating models;
- implement second-level permanent controls;
- monitor exposures and report to Natixis' Senior Management.

Working with the businesses, the main duty of the Risk division is to provide an opinion, based on all relevant and useful information, on the risks taken by the bank.

Credit decisions are made within the limit authorizations granted jointly to the business lines and to certain members of the Risk function, and are approved personally by the Chief Executive Officer or any other person he authorizes to that end. They are sized by counterparty category and internal credit rating, and by the nature and duration of the commitment. Furthermore, these authorizations can be exercised only when the transaction satisfies the different criteria set out in the risk policy of each sector and activity.

In conjunction with BPCE, Natixis has defined the rating methods applicable to the asset classes held jointly.

3.5.1 TARGETS AND POLICY

Natixis' risk policies have been defined as a component of the bank's overall risk appetite and credit risk control and management framework. The policies are the product of consultation between the Risk division and the bank's various business lines, and are intended to establish a framework for risk-taking while outlining risk appetite and Natixis' strategic vision for each business line or sector.

Natixis now has some 20 risk policies, which are regularly revised and cover the various Corporate & Investment Banking business lines (corporate, LBO, aircraft finance, real estate finance, project finance, commodities finance, banks, Insurance, etc.) and the subsidiaries' various activities (e.g. leasing for Natixis Lease and factoring for Natixis Factor, etc.).

The framework these risk policies set out makes a distinction between recommendations based on good practices, and strict (qualitative or quantitative) supervisory criteria, any deviation from which affects the decision-making process and the usual system of limit authorizations.

The quantitative framework is generally based on:

- commitment ceilings by business line or sector;
- commitment sub-limits by type of counterparty, type of product, or sometimes by geographic region.

This framework helps to monitor the concentration of the banks' commitments in relation to a given sector or type of risk.

The qualitative framework is for its part structured around the following criteria:

- business sectors: preferred sectors, banned sectors;
- targets: customers to be targeted or excluded based on various criteria (size, rating, country of operation, etc.);
- structuring: maximum durations, financial ratios, contractual clauses, collateral arrangement, etc.
- products.

Checks are carried out as required during the individual processing of loan applications to ensure that the risk policy is being correctly applied. Overall monitoring also takes place on a quarterly basis (checking of compliance with ceilings and number of deviations) and is presented to the Global Risk Committees.

3.5.2 GENERAL PRINCIPLES OF APPROVAL

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Natixis' credit risk measurement and management procedures are based on:

- a standardized risk-taking process, structured via a system of limit authorizations and decision-making Committees;
- independent analyses carried out by the Risk division during the loan approval 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.

3.5.3 COUNTERPARTY RISK MANAGEMENT

(Data certified by the Statutory Auditors in accordance with IFRS 7)

The principles of counterparty risk management are based on:

- measuring exposure to counterparty risk;
- counterparty risk limits and allocation procedures;
- a value adjustment in respect of counterparty risk (credit valuation adjustment);
- counterparty risk mitigation;
- factoring in 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 values 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.

Limit framework on counterparty risk

The limits are defined depending on the counterparty risk profile and after analysis of all information relevant and useful for decision-making purposes.

The limits are in line with Natixis' credit approval process and are reviewed and approved either by means of delegated authority or by the Credit Committees.

The limits are monitored daily using the dedicated consolidation systems to ensure compliance with the supervision mechanisms.

Credit valuation adjustment

Natixis includes credit valuation adjustments (CVA) in the valuation of derivative instruments.

These adjustments correspond to the expected loss related to a counterparty's default risk and aims to account for the fact that Natixis cannot recover all the transactions' market value.

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:

- the 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;
- appendices 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;
- the use of clearing houses, which stand in for their members by bearing most of the counterparty risk. To do this, they use initial margins and a variation margin call system.

To manage this risk, Natixis set up a management framework for the risks borne by clearing houses.

Wrong-way risk

Wrong-way risk refers to the risk that Natixis' exposure to a counterparty is heavily correlated with the counterparty's probability of default.

This risk is represented in regulations by two concepts:

- specific wrong-way risk: referring to the risk generated when, due to the nature of the transactions entered into with a counterparty, there is a direct link between its credit quality and the amount of the exposure;
- general wrong-way risk: referring to the risk generated when there is a correlation between the counterparty's credit quality and general market factors.

Specific wrong-way risk gives rise to specific own funds requirements (Article 291.5 of the European regulation of June 26, 2013, on prudential requirements for credit institutions and investment firms) and to prior approval of specific limits.

General wrong-way risk is covered in the wrong-way risk stress tests defined by asset class.

3.5.4 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 parameters, including probability of default (PD), corresponding to a rating, and loss given default (LGD), which is expressed as a percentage.

Pursuant to regulatory requirements, all counterparties in the banking book and the related exposures must have an internal rating if they:

- carry a loan or are assigned a credit limit;
- guarantee a loan;
- issue securities used as collateral for a loan.

The internal rating mechanism is based on:

- internal rating methodologies specific to the various Basel asset classes and consistent with Natixis' risk profile; there is a unique rating procedure and methodology for each asset class;
- an IT system used for managing the successive stages of the rating process, from the initiation of the process to the approval and logging of the complete process;
- procedures and controls that place internal ratings at the heart of the risk-management system, from transaction origination to ex post analysis of defaulting counterparties and the losses incurred on the relevant loans;
- periodic reviews of rating methodologies, the method for calculating the LGD and the underlying risk parameters.

With respect to country risk, the system is based on sovereign ratings and the establishment of a rating for each country that is the highest possible rating that can be given to non-sovereign counterparties. These ratings are reviewed annually or more often if necessary.

Since September 30, 2010, Natixis has used internal rating methods specific to the different asset classes approved by the Autorité de Contrôle Prudentiel et de Résolution (ACPR — French Prudential Supervisory Authority), and that use the advanced internal ratings-based method (A-IRB) to rate "corporate", "sovereign", "bank", "Specialized Financing institutions" and some categories of consumer finance exposures.

Ratings are established based on two approaches, namely statistical approaches and expert appraisals.

The rating scale varies according to the type of counterparty and includes 21 notches for major corporations, 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.

3

INDICATIVE CORRESPONDENCES BETWEEN INTERNAL RATINGS BASED ON EXPERT APPRAISAL AND EXTERNAL AGENCY RATINGS (CORPORATES, BANKS, SPECIALIZED FINANCING INSTITUTIONS) (EDTF 15)

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	0.18%
BBB	BBB	Baa2	0.33%
BBB-	BBB-	Baa3	0.55%
BB+	BB+	Ba1	0.88%
BB	BB	Ba2	1.34%
BB-	BB-	Ba3	1.97%
B+	B+	B1	2.82%
B	B	B2	3.93%
B-	B-	B3	5.36%
CCC+	CCC+	Caa1	7.17%
CCC	CCC	Caa2	9.42%
CCC-	CCC-	Caa3	12.20%
CC	CC	Ca	15.57%
C	C	C	19.63%

External rating system

For outstandings measured using the standardized approach, Natixis uses external rating systems of the agencies Fitch Ratings, Standard & Poor's and Moody's.

The reconciliation of the external rating agencies' alphanumeric credit rating scales and the risk weighting coefficients is performed in accordance with the note published by the ACPR Method for calculating prudential ratios within the CRD IV (Capital Requirements Directive IV).

When a bank portfolio exposure does not have 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 exposure rating of the issuer (or of the guarantor, if applicable).

3.5.5 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 validation of models is part of the broader framework of model risk management.

Within the Model Risk & Risk Governance Department, which reports to the Chief Risk Officer, the Model Risk Management team is in charge of model life cycle governance and standards. The various stages of a model's life cycle (design, IT development, validation and use) are clearly documented and the roles and responsibilities of everyone involved in the model are specified in detail.

Internal rating models are validated by the validation team of the Groupe BPCE Risks, Compliance and Permanent Control division or, acting with the authorization of the Groupe BPCE Group Modeling Committee, by the Natixis Risk division's Model Risk Management team. In accordance with Groupe BPCE's validation charter, validation covers a review of the relevance, consistency and integrity of models as well as the accuracy of input and output data used. The validation process comprises four steps:

- quantitative analysis: analysis of proxies, sizing methods, risk indicators, aggregation rules, etc.;
- performance and governance analysis: model backtesting and benchmarking analysis, precision and consistency analysis, stress tests;
- analysis of data quality and implementation of the model: analysis of the quality and representativeness of data, integrity of controls, error reports, comprehensiveness of data, etc.;
- use test: the validation team ensures that the internal models are used by qualified staff, that usage procedures are documented and up to date, that ex post controls are performed, etc.

The design, modification and ongoing management of the model (including backtesting) are performed by the model designers on behalf of the model owner. Model Risk Management, an independent unit, is consulted on any new model or any adjustment or update to an existing model. Each year, this team conducts a periodic review of ratings, covering, among other things, analysis of backtesting and use tests.

The third line of defense, represented by the Internal Audit Division, performs annual reviews of the internal rating models as well as compliance with the model risk management framework and the correct application by Model Risk Management of its own policies and procedures.

The findings and results of the model validation process performed at Natixis are presented to the Risk Model Oversight Committee for confirmation, then submitted to the Model Risk Management Committee for approval before being sent to the Standards and Methods Committee of the Groupe BPCE Risks, Compliance and Permanent Control division for final validation and possible submission to the regulator. The Risk Model Oversight Committee is chaired by the Head of the Model Risk & Risk Governance Department, while the Model Risk 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 approval 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-based approaches, as well as their robustness over time according the regulatory requirements. The monitoring methods are defined through a backtesting procedure tailored to each type of model.

For Natixis, the Corporate (including structured finance), Interbank and Sovereign portfolios, which are handled using dedicated rating tools, have the lowest default rates (Low Default Portfolios). These portfolios are backtested in accordance with their specific nature, namely the low number of defaults and the difficulty in creating and maintaining a PD scale based on internal data.

The backtesting procedure, which draws on these data (and sometimes external data in the case of backtesting of the banking model or the Major Corporate rating grids particularly), consists of two stages: an analysis of the absolute performance, which is based on the default rate and internal migrations, and an analysis of the relative performance, which is based on a comparison with external ratings. Alerts are triggered by performance rules and indicators as necessary.

These checks are carried out through several processes, such as quarterly meetings of the Rating Analysis Committee (CANO) and the backtesting of the various rating models, which is carried out between once and four times a year depending on the scope.

The role of this Committee is to:

- provide a forum for the presentation of the results of performance and stability measurements;
- analyze the indicators whose alert thresholds have been exceeded;
- decide on any measures to be taken to correct any deviations or anomalies. These measures may take different forms, including changes to rating practices, methodologies, performance analyses or alert threshold values.

The severity of the internal ratings compared with the agency ratings is examined. Natixis therefore analyzes all the internal ratings of counterparties that are also rated by the rating agencies (Standard and Poor's, Moody's and Fitch). The extent to which the risk assessments are aligned can be determined through these analyses.

The change in the portfolio's credit quality over one year is also analyzed by looking at internal rating migrations. Additional indicators are also calculated to verify the internal risk ranking (Gini Index, average rating, previous year's ratings, ratings of counterparties that have defaulted, etc.) and provide statistics as a supplement to the qualitative analyses.

CANO meetings are chaired by the Heads of the Individual Risk and Consolidated Credit Risk departments within the Risk division, or by their representatives. The follow-up on the decisions made during committee meetings are presented at subsequent meetings, particularly if thresholds have been breached and this situation has not been rectified.

All of these analyses are also presented each quarter to the Chief Risk Officer and sent to the regulator.

Monitoring and backtesting of internal LGD, CCF and ELBE under the advanced method

The LGD, ELBE *(see glossary)* and CCF *(see glossary)* levels for the different lending scopes are backtested at least once a year (based on internal data), as are the rating models and the associated PD for the purpose of verifying the reliability of the estimates over time.

LGD, CCF and ELBE are backtested by the Risk division's teams to:

- verify that the model is correctly calibrated;
- assess the model's discriminating power;
- assess the model's stability over time.

The parameters of the models for the Specialized Financing and collateral (financial or otherwise) scope are regularly updated, so that they reflect actual conditions as accurately as possible. Both the market parameters and the recovery parameters are updated.

The losses and estimates produced by the models are compared based on historical data covering a period as long as possible.

The indicators defined for backtesting are used both to validate the model and measure its performance. Two types of indicators are used;

- population stability indicators: these analyses are used to verify that the population observed is still similar to the population that was used to build the model. The model may be called into question if the segmentation variables or the LGDs result in excessively large distribution differences. All of these indicators are compared against the benchmark indicators (usually those calculated when the model was built or those issued by external data or agencies). These analyses are applicable to both expert appraisal-based models and statistical models;
- model performance indicators: the model's performance is measured to validate the segmentation and also to quantify, overall, the differences between the forecast and actual figures. This is achieved by using statistical indicators, which are compared against those calculated during modeling.

The losses given default models (internal LGD) are assessed:

- 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 the financed asset.

The results of the backtesting may result in the risk parameter's recalibration, where appropriate.

A backtesting report is produced once backtesting is complete. This report includes:

- all the results for the backtesting indicators used;
- any additional analyses;
- an overall opinion of the results in accordance with the Group's standards.

The report is then submitted for review to the internal validation team (Model Risk Management) then presented to the various Committees for escalation to the bank's management.

BACKTESTING OF LGDS AND PDS BY EXPOSURE CLASS

	Figures resulting from backtesting			
	Observed LGD	Model LGD	Observed default rate	Estimated PD
Sovereigns	31.30%	48.20%	0.23%	6.52%
Financial institutions	37.91%	50.44%	0.26%	1.15%
Corporates	29.35%	40.45%	0.42%	0.88%

This table provides a general summary of the system's performance but differs from the annual backtesting performed within the Group, which is 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.

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
	Financial institutions	3	Expert analysis-based rating models using quantitative criteria (accounting balance sheet) and qualitative criteria (questionnaire). Model per type of counterparty and per geographic area
	Corporates (incl. SMEs)	12	Expert analysis-based rating models by business sector for Corporates and statistical models for SMEs (scores)
	Specialized Financing	6	Expert analysis-based rating models by type of financed asset
	Retail SMEs	10	Statistical models by business sector
	Consumer Finance	1	Rating model based on credit history since 2002. The model includes segmentation and a score
LGD	Sovereigns	1	Qualitative 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.
	Financial institutions	1	Qualitative model based on internal and external defaults by type of counterparty. LGD assessed in this model include defaults occurring in periods of decline.
	Corporates (incl. SMES)	4	Statistical models (decision trees or assessment of recoverable assets) by type of financed asset. The safety buffers included in the LGD models serve to cover periods of decline (primarily via bootstrap techniques).
	Specialized Financing	4	Models used to assess assets on resale. Assumptions of asset disposals are based on adverse scenarios to determine a conservative LGD assessment
	Leasing	3	Statistical models (decision trees) by type of financed asset. The safety buffers included in the LGD models serve to cover periods of decline (primarily via bootstrap techniques).
	Consumer Finance	1	Rating model based on credit history since 2002. The model includes segmentation and a score
CCF	Corporate Financing (including SMEs), Financial institutions and Sovereigns	1	Model calibrated on internal defaults and segmentation by type of product and type of counterparty
	Consumer Finance	1	Rating model based on credit history since 2002. The model includes segmentation and a score
Correction for volatility	Financial and other collateral	5	Stochastic models based on historical market prices with assumptions based on internal data and expertise.

3.5.6 CREDIT RISK MITIGATION TECHNIQUES

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Credit risk mitigation is a technique to reduce the credit risk incurred by the bank in the event of counterparty default which can be partial or total.

Natixis uses a number of credit risk reduction techniques including netting agreements, personal guarantees, asset guarantees or the use of credit-default swaps (CDS) for hedging purposes.

Risk mitigation techniques involve two types of guarantee:

- non-financial or personal collateral:

  With this type of collateral, one or more guarantors commit to pay the creditor in the event of borrower default. It includes personal guarantees, on-demand guarantees and credit derivatives.
- financial or real collateral, or secured loans:

  With a pledge of financial collateral, the creditor is granted real security rights to one or more assets belonging to the borrower or guarantor. Forms of collateral include cash deposits, securities, commodities (such as gold), real estate assets, mortgage-backed securities, life insurance policy pledges.

Collateral eligibility is governed by the following process:

- validation by the Legal Department of the documents relating to the collateral and the enforceability of the collateral;
- validation by the Risk division.

The bank also performs the valuation of collateral in accordance with regulatory provisions and periodically reviews these valuations should any adjustments be required.

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 so as to settle payment arrears under the legal document governing the transaction,
  - the guarantee is an obligation secured by a legal document that established the guarantor's liability,
  - the guarantor covers all types of payment to be made by the borrower in question;
- financial guarantee: eligibility is determined by the relevant legal framework, the nature of the guarantee (financial collateral, real collateral or netting agreement) and borrower, as well as liquidity. It must be valued at least once a year and meet all of these conditions:
  - all the legal documents are binding to all parties and are legally valid in all relevant jurisdictions,
  - the bank has the right to realize or take ownership of the collateral in case of default, insolvency or bankruptcy,
  - there is no material positive link between the quality of the counterparty credit and the value of the collateral,
  - the asset must be liquid and its value sufficiently stable over time for its realization to be certain.

In terms of monitoring, collateral and netting agreements are:

- analyzed, when a loan application is approved or reviewed, to ascertain the suitability of the instrument or guarantee provided as well as any associated improvement in risk quality;
- checked, processed and documented based on standard contracts or contracts approved by the Legal Department;
- subject to registration and monitoring procedures in the risk administration and management systems.

Similarly, providers of sureties (via signature guarantees or CDS) are examined, rated and monitored, as with debtors.

Natixis may take steps to reduce commitments in order to lower concentration risk by counterparty, sector and geographic area. Concentration risk is rounded out with an analysis, based on stress test methodologies (migration of ratings according to macroeconomic scenarios). Natixis may buy credit-default swaps and enter into synthetic securitization transactions in order to reduce all or part of the credit risk exposure attached to some assets by transferring the risk to the market. CDS-protected loans remain on Natixis' balance sheet, but bear the counterparty risk attached to the credit-default swap sellers, which are generally OECD banks. Transactions with non-bank third parties are fully collateralized in cash. These transactions are subject to decision-making and monitoring procedures that apply to derivative transactions.

3.5.7 COMMITMENT MONITORING FRAMEWORK

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Measuring and monitoring systems

Natixis' commitments are measured and monitored on a daily basis using dedicated consolidation systems. An IT system enables comprehensive consolidation of limits and credit exposures across a scope covering all of Natixis' exposure to credit risk and most of that of its subsidiaries.

The Risk division provides Senior Management and the bank's business line heads with reports analyzing Natixis' risks: trend analyses, dashboards, stress test results, etc.

Credit risk is supervised by making the various business lines accountable, and by various second-level control measures overseen by a dedicated Risk division team.

As regards to limit breaches, the dedicated monthly committee analyzes changes in limit breaches using specific indicators (number, notional, duration, business lines concerned, etc.), and examines major breaches and monitors their correction.

Any deterioration in the level of risk is identified as it arises and is immediately reported to the Risk division and the relevant business, in accordance with both the counterparty watch list, specific provisioning and alert procedures.

It is then put on the watch list, as decided by the Risk division or the competent Credit Committee depending on the amount of exposure.

Corporate & Investment Banking risks are monitored by the Restructuring and Special Affairs Department (DRAS), which intervenes in difficult cases where necessary. The Litigation Department handles collections of loans in litigation.

Monitoring of non-performing and disputed loans and provisioning mechanism

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Individual provisions

The Natixis Watch List and Provisions Committee meets once a quarter and covers all the Bank's business lines. It reviews all non-performing loans under watch that may give rise to provisions or adjustments to existing provisions, and decides on the amount of provisioning necessary.

This Committee is organized by the Risk division and chaired by the Chief Executive Officer and assembles the Chief Risk Officer, members of the Senior Management Committee in charge of the business lines, the Accounting and Ratios division and the heads of the relevant support functions.

It draws on a structure of preparatory committees that are jointly steered by the Risk division and each of the bank's business lines.

Collective provisions

In addition to individual provisions, Natixis also sets aside provisions to cover country risk and sector risk. These collective provisions are based on groups of homogeneous assets and formed according to three criteria:

- ratings for loans to private individuals and professionals;
- sector risk;
- geographic risk for other counterparties (corporate, sovereign, etc.).

For the latter, the search for objective evidence of impairment is undertaken through analysis and close monitoring of business sectors and countries. Such evidence typically arises from a combination of micro or macroeconomic factors specific to the industry or country concerned. When necessary, an expert opinion is sought to refine the results of this review.

Sector provisions are determined at a quarterly meeting of the Sector Provision Committee, whose role is to decide, as appropriate, whether to recognize provisions for new sectors or reverse provisions for sectors for which provisions have previously been recognized, based on the market trends in each sector and on the market reviews.

Stress tests

The credit stress test system covers Natixis scopes subject to the A-IRB, F-IRB and standardized approaches. In keeping with market practices, it selects scenarios that replicate plausible crisis situations and high degrees of severity, 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. New subsidiary scopes and models have therefore been added to the stress scenarios since the stress test program was first introduced. The Risk division regularly works on improving the methods used and adding to the scopes defined for the stress scenarios, with particular attention paid to the market stress requirements.

New scenarios were reviewed in 2017 and presented to the Global Risk Committee and 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 risks teams and with Groupe BPCE, and comprising three scenarios for the 2018-2020 period: a reference scenario (i.e., a central scenario of economic recovery in a context of rising oil prices) and two credit scenarios (a crisis in the Italian and French economies and a scenario of prolonged low interest rates);
- specific business line scenarios to factor in risks that would not have been covered by the macroeconomic scenarios. Standard scenarios are therefore defined (an average of three per business line) based on business line types (Banks, Corporates, Insurance, Aerospace, etc.).

This stress testing is regularly calculated for the Natixis consolidation scope to evaluate the risk generated in the event of an adverse trend in the economic and financial data. The results are regularly presented to the Global Risk Committee, which also validates the selected scenarios. The stress-testing approach factors in counterparty ratings and default rates (stressed PD scales, migration matrices, specific downgrades per sovereign counterparty, and so on) and includes stresses on the unsecured LGD (Corporates, Banks and Sovereigns, etc.) and the secured LGD (asset or collateral values by business line).

The scenarios, as well as the models and methods selected to assess their impact, are documented, and this documentation is reviewed on each update.

3.5.8 QUANTITATIVE DISCLOSURES

EAD, RWA AND OWN FUNDS REQUIREMENTS BY BASEL APPROACH AND CATEGORY OF EXPOSURE (NX01)

	12.31.2017			12.31.2016*		
(in millions of euros)	EAD	RWA	OFR	EAD	RWA	OFR
Credit risk						
Internal approach	**177,471**	**60,782**	**4,863**	**175,830**	**65,643**	**5,251**
Equities	5,446	16,548	1,324	5,620	16,826	1,346
Central governments or central banks	47,832	601	48	36,305	748	60
Other assets	717	188	15	934	233	19
Retail	620	181	14	813	217	17
Corporates	107,942	39,971	3,198	115,021	43,496	3,480
Institutions	9,706	2,219	178	9,632	2,719	217
Securitization	5,208	1,074	86	7,505	1,404	112
Standardized approach	**66,452**	**17,532**	**1,402**	**70,860**	**13,526**	**1,082**
Equities				118	259	21
Central governments or central banks	6,012	1,549	124	8,503	2,027	162
Other assets	8,177	8,526	682	7,306	6,538	523
Retail	2,631	1,937	155	2,571	1,892	151
Corporates	3,274	2,428	194	1,916	1,257	100
Institutions	41,573	549	44	46,759	538	43
Exposures at default	374	477	38	206	215	17
Exposure secured by mortgages on immovable property	1,025	498	40	221	97	8
Collective investment undertakings				282	282	23
Exposures to institutions and corporates with a short-term credit assessment	382	200	16	2,315	124	10
Securitization	3,004	1,368	109	663	297	24
Sub-total credit risk	**243,923**	**78,314**	**6,265**	**246,690**	**79,169**	**6,333**
Counterparty risk						
Internal approach	**33,305**	**5,756**	**460**	**36,048**	**7,047**	**564**
Central governments or central banks	6,424	105	8	4,069	195	16
Corporates	13,594	3,694	295	15,579	4,371	350
Institutions	13,065	1,911	153	15,528	2,364	189
Securitization	222	46	4	872	117	9
Standardized approach	**21,132**	**659**	**53**	**19,093**	**479**	**38**
Central governments or central banks	955	128	11	2,150	134	11
Retail	1			2	1	
Corporates	60	15	1	140	5	
Institutions	19,843	365	29	16,639	298	24
Exposures at default	2	3				
Exposures to institutions and corporates with a short-term credit assessment	270	147	12	162	41	3
Securitization	1	1				
CCP default fund exposure	**368**	**256**	**21**	**285**	**273**	**22**
Sub-total counterparty risk	**54,805**	**6,671**	**534**	**55,426**	**7,799**	**624**
Market risk						
Internal approach		**4,229**	**338**		**5,437**	**435**
Standardized approach		**5,491**	**439**		**5,646**	**452**
Equity risk		432	34		414	33

	12.31.2017			12.31.2016*		
(in millions of euros)	EAD	RWA	OFR	EAD	RWA	OFR
Foreign exchange risk		2,586	207		2,916	233
Commodities risk		720	58		708	57
Interest rate risk		1,753	140		1,608	129
Sub-total market risk		**9,720**	**777**		**11,083**	**887**
CVA	**8,389**	**1,198**	**96**	**11,129**	**3,736**	**299**
Settlement-delivery risk		**10**	**1**		**28**	**2**
Operational risk (standardized approach)		**14,784**	**1,183**		**13,709**	**1,097**
TOTAL		**110,697**	**8,856**		**115,524**	**9,242**

* *Pro forma 12.31.2016 CCP default fund exposure is transferred to counterparty risk.*

EXPOSURE AND EAD BY BASEL CATEGORY OF EXPOSURE (NX03)

(Data certified by the Statutory Auditors in accordance with IFRS 7)

(in millions of euros)	Exposure		EAD		
Category of exposure	12.31.2017	o/w off-balance sheet	12.31.2017	o/w off-balance sheet	2017 average
Corporates	**154,624**	**75,050**	**124,870**	**45,615**	**126,309**
Other than SMEs and SF	128,199	65,884	100,955	38,740	103,069
Specialized Financing (SF)	21,391	8,326	19,336	6,271	18,745
SMEs	5,034	840	4,579	604	4,495
Institutions	**92,795**	**45,168**	**84,555**	**36,929**	**79,664**
Central governments or central banks	**61,989**	**9,154**	**61,223**	**8,389**	**62,913**
Central governments or central banks	60,254	8,132	59,614	7,492	61,207
Regional governments or local authorities	584	282	583	282	645
Public sector entities	1,151	740	1,026	615	1,061
Retail	**14,631**	**11,297**	**3,252**	**85**	**3,112**
Other than SMEs	13,783	11,253	2,450	73	2,319
SMEs	848	44	802	12	793
Securitization	**8,560**	**4,319**	**8,435**	**4,319**	**8,148**
Other assets	**8,894**		**8,894**		**8,971**
Equities	**5,451**	**170**	**5,446**	**171**	**5,630**
Collective investment undertakings					**121**
Exposure secured by mortgages on immovable property	**1,087**	**124**	**1,025**	**62**	**481**
Exposures to institutions and corporates with a short-term credit assessment	**653**	**271**	**652**	**270**	**1,149**
Exposures at default	**706**	**12**	**376**	**4**	**277**
TOTAL AT 12.31.2017	**349,390**	**145,565**	**298,728**	**95,844**	**296,775**
TOTAL AT 12.31.2016	**346,452**	**139,601**	**302,116**	**95,917**	**293,584**

EAD BY GEOGRAPHIC AREA AND BY BASEL ASSET CLASS (NX05)

(Data certified by the Statutory Auditors in accordance with IFRS 7)

(in millions of euros)

Category of exposure	France	Europe*	North America	Other	Total
Corporates	**51,747**	**33,644**	**16,816**	**22,663**	**124,870**
Other than SMEs and SF	43,806	26,803	12,366	17,979	100,954
Specialized Financing (SF)	4,365	6,339	4,294	4,338	19,336
SMEs	3,576	502	156	346	4,580
Institutions	**50,395**	**16,157**	**11,315**	**6,688**	**84,555**
Central governments or central banks	**34,094**	**7,877**	**13,525**	**5,727**	**61,223**
Central governments or central banks	32,961	6,909	13,437	5,724	59,031
International organizations		583			583
Multilateral development banks					
Regional governments or local authorities	346	237			583
Public sector entities	787	148	88	3	1,026
Securitization	**4,341**	**362**	**2,985**	**747**	**8,435**
Other assets	**7,925**	**634**	**296**	**39**	**8,894**
Equities	**4,637**	**467**	**192**	**150**	**5,446**
Retail	**3,168**	**21**	**1**	**62**	**3,252**
Other than SMEs	2,432	14	1	3	2,450
SMEs	736	7		59	802
Exposure secured by mortgages on immovable property	**1,001**	**24**			**1,025**
Exposures to institutions and corporates with a short-term credit assessment	**3**	**19**	**7**	**623**	**652**
Exposures at default	**345**	**2**		**29**	**376**
Collective investment undertakings					
TOTAL AT 12.31.2017	**157,656**	**59,207**	**45,137**	**36,728**	**298,728**
TOTAL AT 12.31.2016	**139,729**	**59,243**	**63,937**	**39,207**	**302,116**

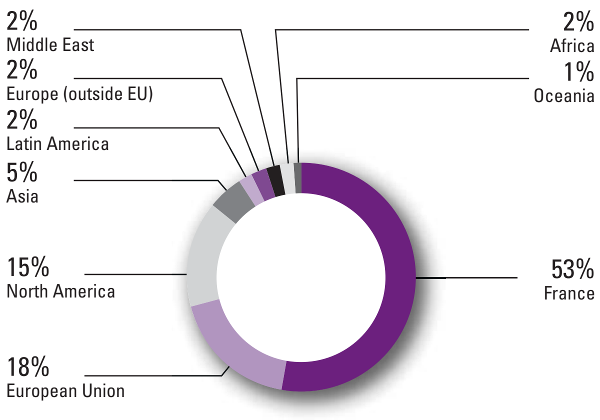
* *Europe = European Union + Europe outside EU*

EAD BY GEOGRAPHIC AREA (NX06)

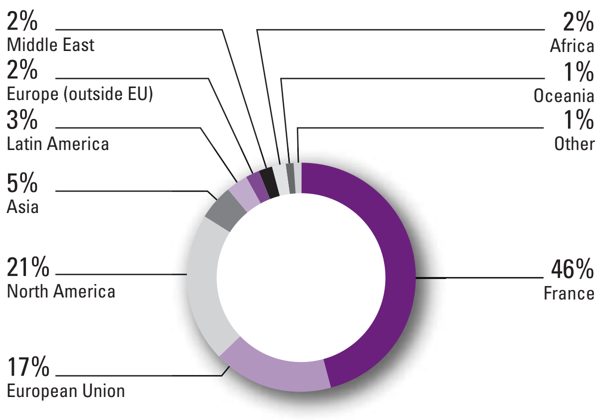
The geographic area corresponds to the debtor risk country.

(Data certified by the Statutory Auditors in accordance with IFRS 7)

AT 12.31.2017



AT 12.31.2016



3

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	12.31.2017 (*)	12.31.2016 (*) (**)
Investment Grade	AAA		0.2%
	AA+	6.8%	14.8%
	AA	17.0%	3.8%
	AA-	12.2%	9.3%
	A+	4.2%	5.3%
	A	9.0%	11.3%
	A-	8.8%	8.4%
	BBB+	6.8%	7.1%
	BBB	8.0%	8.1%
	BBB-	7.4%	9.1%
Investment Grade		**80.2%**	**77.4%**
Non-Investment Grade	BB+	5.5%	5.0%
	BB	4.2%	5.0%
	BB-	3.4%	4.3%
	B+	2.2%	2.1%
	B	0.6%	1.0%
	B-	0.4%	0.4%
	CCC+	0.1%	0.3%
	CCC	0.1%	0.2%
	CCC-		
	CC		
	C		
Non-Investment Grade		**16.5%**	**18.3%**
Non-rated	**Non-rated**	**1.3%**	**1.6%**
Default	**D**	**2.0%**	**2.7%**
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).

(**) The figures published at December 31, 2016, have been adjusted for the reclassification of the Banque de France counterparty from AA+ to AA.

3.6 Securitization transactions

3.6.1 GENERAL POLICY

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Natixis has securitized assets on its acquired balance sheet:

- as an investor, through transactions for its clients, through derivative transactions and, to a marginal degree, through its market-making activity on certain ABS (particularly Asset-Backed Commercial Paper);
- as a sponsor, i.e. on transactions for its clients to create and manage ABS programs;
- as an originator, i.e. as part of its refinancing activities when Natixis securitizes certain portfolios of loans granted to customers.

This activity is carried out in line with Natixis' general "originate-to-distribute" strategy.

Natixis mainly invests in assets with high levels of collateral, spreads and seniority. Natixis also applies a sector-specific and geographic diversification strategy to underlying assets.

Natixis' credit decision-making process is followed for all securitization transactions. Three criteria are considered for securitization transactions, 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 planned tranching must be submitted, along with an analysis of the associated guarantees.

A counter-analysis is then carried out by the Risk division and, if necessary, a quantitative analysis of the portfolio's default risks. Transactions are examined and decisions are made based on all of 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 Groupe BPCE's securitization positions as well as the associated potential risks and, if necessary, deciding on an appropriate course of action;
- the second is underpinned by a quantitative (ratings, valuations) and qualitative analysis of securitization positions for the purpose of segmenting the portfolio on the basis of risk levels.

The results of these analyses are written up and discussed in a quarterly presentation at the meeting of the Watch List and Provisions Committee.

Furthermore, the liquidity risk is managed as part of the global monitoring of the Group's activities, particularly with the help of ALM indicators subject to limits, such as liquidity gaps and hedging ratios.

3.6.2 EXTERNAL RATING SYSTEM

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Natixis relies on four external rating agencies for securitization transactions: Moody's, DBRS, Fitch IBCA and Standard & Poor's. These agencies cover all types of exposures.

3.6.3 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' regulatory consolidation scope: Versailles and Bleachers/Mountcliff. For both vehicles, Natixis plays a predominant role in the selection and management of acquired receivables as well as the management of the issuance program, thus giving it power over the conduits' relevant activities and influence over the amount of their returns. In contrast, given that Natixis is not part of the governing body holding the power to decide on Magenta's relevant activities, this conduit is not consolidated in Natixis' regulatory consolidation scope.

3.7 Market risks

3.7.1 TARGETS AND POLICY

(Data certified by the Statutory Auditors in accordance with IFRS 7)

The Risk Management function 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 includes the strategic review of global risk envelopes, business line 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.

3.7.2 ORGANIZATION OF MARKET RISK MANAGEMENT

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Market risk control is based on a limit authorization structure that is overseen by the Global Risk Committee and in which the Market Risk Committee, chaired by the Chief Executive Officer or the delegated representative, plays an essential role.

The Risk division:

- defines risk measurement and fair value adjustment methods;
- examines annual limit reviews (including risk appetite) and ad hoc requests for modifications (VaR, stress tests, operational indicators, loss alerts);
- provides alerts for areas at risk relating to the business lines or to Natixis' Senior Management;
- is responsible for the daily analysis and measurement of risks, daily reporting, and notifying front office and management of any breaches;
- approves and monitors the pricing models (pricers) and associated reserves used in front office management tools;
- defines and validates the models and methodologies for the institution's internal model, used in particular to calculate regulatory capital charges;
- defines standards and procedures common to all entities (subsidiaries and branches) carrying market risks and ensures that those standards and procedures continue to evolve.

3.7.3 METHODOLOGY FOR MEASURING MARKET RISK

(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 in January 2009. Natixis thus uses VaR to calculate capital requirements for market risks within approved scopes, and to manage and supervise market risks. The approved scope covers the majority of Corporate & Investment Banking activities.

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.

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) is updated weekly.

All the trading portfolios are subject to adequate risk monitoring and supervision systems, in accordance with the market risk policies in force. A VaR limit is set at an overall level and for each business.

These measurements give a snapshot of VaR and help identify potential losses in each business, based on a pre-determined confidence level (99%) and time period (one 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).

Both general and specific risk are calculated from a single model that incorporates the correlation between risk factors.

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 VaR (SVaR)

As part of 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 rolling one-year period, stressed VaR uses a one-year historical window corresponding to a period of significant financial tension.

The stressed period currently used by Natixis covers the period between September 1, 2008, and August 30, 2009, as it is the most conservative for calculating stressed VaR.

As is the case for VaR, the 10-day holding period used by Natixis involves extrapolating from the one-day stressed VaR by multiplying it by the square root of 10.

Incremental Risk Charge (IRC)

The IRC (Incremental Risk Charge) is the capital charge required to cover rating migration risk and the default within one year of issuers for approved products in terms of specific interest rate risk. This calculation mainly concerns bond products and CDS (credit default swaps). 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 revalued based on various scenarios. Thus, for each scenario, positions may be downgraded, upgraded or go into default.

The liquidity horizon, which represents the time required to sell a position or hedge it in unfavorable market conditions, used in the IRC calculation model is one year for all positions and all issuers.

The calibration of the transition matrix is based on Standard & Poor's historical transition data. For both corporates and sovereigns, the historical depth exceeds 20 years. For issuers not rated by S&P, restatements are performed internally.

Correlation assumptions are based on the rating of each issuer's creditworthiness within the IRC horizon (one year). The simulation process is based on intra-sector correlation parameters.

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 has an internal model validation policy and procedures. This model validation phase is an essential 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. Operational indicators are also used to measure and manage activity risks:

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 regularly submitted to the Market Risk Committee. 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 the 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 historic stress tests covering the most significant events since 1987, the year of the stock market crash, including the Lehman collapse in the 2008 period and the terrorist attack of September 11, 2001, through to the sovereign debt crisis in 2011.
   - **hypothetical stress tests** are used to simulate changes in market parameters for all the activities, based on plausible assumptions regarding one market's predicted response compared with another's, depending on the nature of the initial stress. Stresses are determined through a joint effort involving the Risk Division, the front office and Economic Research. A series of seven scenarios has 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 a rise in “peripheral” yields.

Specific stress tests are also calculated daily in the management tools for all the portfolios and are governed by limits. They are set on the basis of the same severity standard and are aimed at identifying the main loss areas by portfolio.

In addition, reverse stress tests are used to highlight the most high-risk scopes and market environments as well as concentration and contagion links. This mechanism is based on plausible scenarios drawn from extremely adverse assumptions on the fulfillment of risk factors leading to the breach of a loss threshold, and allows Natixis to implement a new risk monitoring and steering tool, identify circumstances that may trigger this loss and adapt the appropriate action plans where necessary.

All stress test mechanisms are defined by the Risk division, which is responsible for defining principles, methodology and calibration and scenario choices. The Stress Test Committee is responsible for the operational implementation of stress tests and meets on a monthly basis. The Committee approves work to be carried out, its workload and determines the annual IT budget.

2) loss alerts by portfolio and aggregated by business line, which alert management and the Risk division if losses reach a certain threshold over a given month or on a cumulative basis since the beginning of the year. These thresholds are set by the Market Risk Committee according to the characteristics of each portfolio, past performance and budgetary targets.
3) finally, the supervisory framework includes operational indicators on an overall and/or by business basis, which focus on more directly observable criteria (sensitivity to changes in the underlying and to volatility, correlation, nominals, etc.). The limits of these qualitative and quantitative indicators are set in line with the VaR and stress test limits.

Independent valuation control

The valuation of Natixis’ various market products forms part of the independent control system made up of dedicated procedures.

In accordance with the provisions of IAS 39, financial instruments are recognized at their fair value. *(See Chapter 5 of the Natixis 2017 registration document for further information regarding fair value accounting methodologies.)*

Fair value determination is subject to a control procedure aimed at verifying that the valuation of financial instruments is determined and validated by an independent function in terms of prices and/or valuation models.

Independent price verification

Independent price verification is carried out by the "Service des Résultats" department’s IPV (Independent Price Verification) teams, which, in accordance with the division’s Charter, control the market inputs used in the valuation process for the bank’s transactions. The review of market inputs may lead to valuation adjustments recognized in economic results and the financial statement.

IPV governance is based in particular on:

- a supervision mechanism overseen by committees (Observability and Inputs Committee, Valuation Committee, Market Risk Committee);
- a policy and set of procedures, explaining the validation and escalation system;
- comprehensive reporting;
- the mapping and internal classification of data;
- dedicated tools.

Moreover, the Market Risk Department’s teams carry out level two monthly controls of market inputs.

Validation of valuation models

Valuation models used by the front office are subject to independent validation by Model Risk Management, a dedicated team within the Model Risk & Risk Governance department of the Risk division.

This independent validation verifies the evaluation of financial instruments traded and the suitability of the model. In keeping with the validation procedure, these reviews cover the following areas:

- theoretical and mathematical validation of the model, and analysis of assumptions and their justification in the model documentation;
- algorithm validation and comparison to alternative models (benchmarking);
- analysis of the stability and consistency of the numerical method used, and the model’s stability in a stress scenario;
- assessment of implied risk factors and calibration, analysis of input data and identification of upstream models;
- measurement of modeling risk and validation of the associated reserve methodology.

These models may be subject to backtesting and monitoring in terms of quality and solidity to ensure that the applied risk parameters correspond to the value ranges projected upon their validation. These models also undergo a periodic review; the depth of the review and the period covered depend on the materiality of the model. The outcomes of the validation work are presented at meetings of the Valuation Models Oversight Committee, at which the designers and validators of models come together on a quarterly basis to possibly debate matters from their respective viewpoints. The Committee’s findings are brought to the attention of the Model Risk Management Committee, chaired by the Chief Risk Officer, who is a member of the Senior Management Committee. The role of this Committee is to oversee model risk for all of Natixis' activities by approving validation reports and associated remedial plans on the one hand and by tracking consolidated model risk indicators on the other.

Natixis' adjustment policy

The Market Risk Department is tasked with defining and implementing the adjustment policy for Capital market activities' management results.

The aim of this policy is twofold:

- ensuring the reliability of the result announced by applying the principle of prudence;
- protecting Natixis from adverse events that cannot be easily hedged or that are non-hedgeable.

The adjustment policy thus defines the principles for calculating adjustments for market risks to financial instruments measured at fair value.

Adjustments for market risks are divided into:

- adjustments for the cost of position reversals/liquidity positions in an active market;
- adjustments for uncertainty relating to observable and unobservable valuation inputs and modeling risks in non-active markets;
- adjustments specific to risks inherent to positions (discontinuity risks, risks relating to uncertainty regarding size, etc.);
- adjustments for modeling risk to hedge model-related uncertainties (numerical method, calibration, etc.).

The shocks applied and methodologies used are updated on a continuous basis.

Adjustment amounts are updated on a monthly basis and reported to Natixis' Senior Management. Changes in methodology applied to the calculation of adjustments are submitted to the Model Risk & Risk Governance teams for independent valuation.

3.7.4 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 €6.9 million. It peaked at €8.7 million on May 17, 2017, and bottomed out at €5.2 million on April 6, 2017, standing at €5.3 million at December 29, 2017.

The following chart shows the VaR trading history between December 30, 2016, and December 31, 2017, for the entire scope.

OVERALL NATIXIS VAR – TRADING PORTFOLIO (1 DAY 99% VAR)

Breakdown of total trading VaR by portfolio

(Data certified by the Statutory Auditors in accordance with IFRS 7)

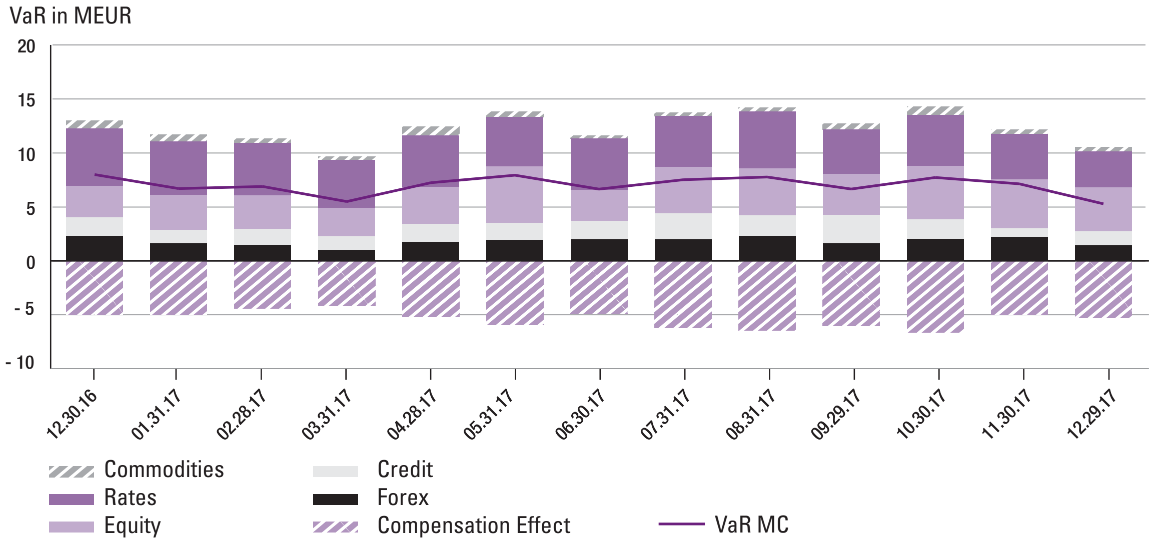
The following table presents the key VaR figures:

(in millions of euros)

Natixis trading portfolio	VaR as of 12.31.2017
Natixis	**5.3**
Corporate & Investment Banking	**5.3**
o/w	
Global Markets	5.4
Equity Markets	2.7
Commodities	0.5
Fixed Income	4.4
Global Securities Financing	3.0
Run off activities	2.0

VaR breakdown by risk factors and compensation effect

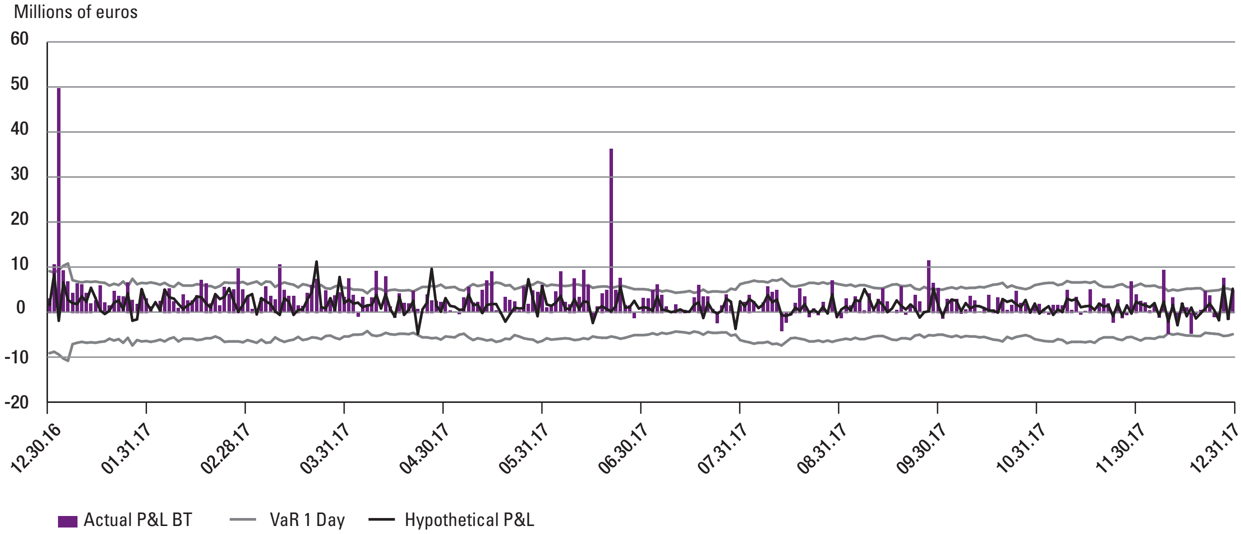
The breakdown of the VaR by risk factor provides a picture of the monthly contribution of the main risks and the compensation effects in terms of VaR. Throughout the year, interest rate risk continued to predominate over equity, foreign exchange and credit risks.



Natixis backtesting for regulatory scope

The following chart shows results of backtesting (ex-post comparison of potential losses, as calculated ex-ante by VaR, with actual P&L impacts) on the regulatory scope, and can be used to verify the reliability of the VaR indicator:

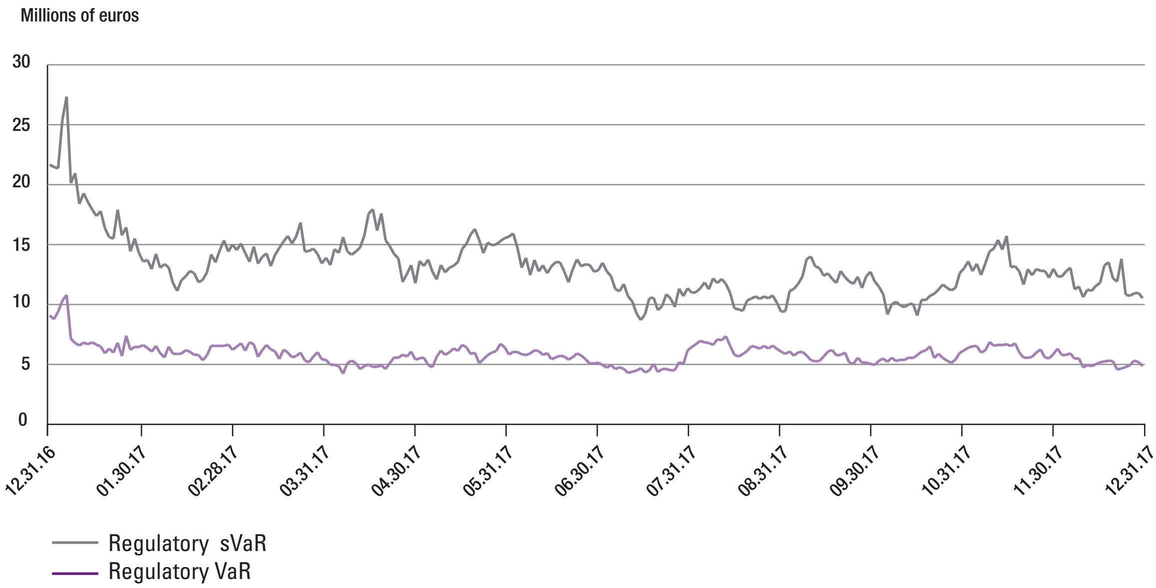
No backtesting exceptions were observed for the scope.



STRESSED VAR

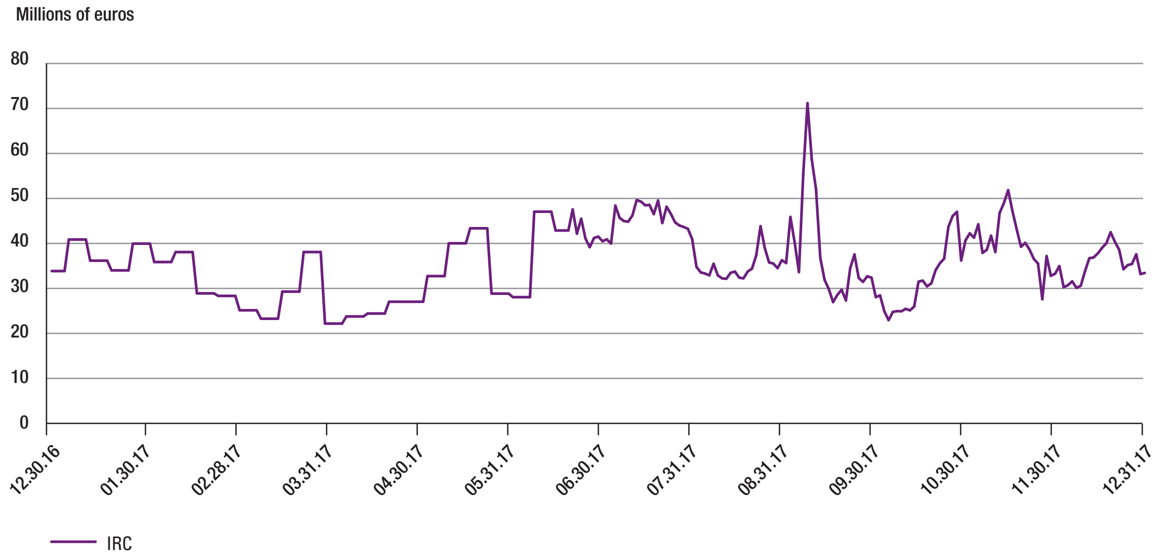
The Stressed Regulatory VaR level averaged €13.2 million. It peaked at €27.3 million on January 5, 2017, and bottomed out at €8.7 million on July 14, 2017.

Change in regulatory Stressed VaR and VaR.



IRC INDICATOR

This indicator covers the regulatory scope. Natixis' IRC level averaged €35.5 million. It peaked at €71.2 million on September 7, 2017, and bottomed out at €22.2 million on March 31, 2017, and stood at €33.4 million at December 29, 2017.



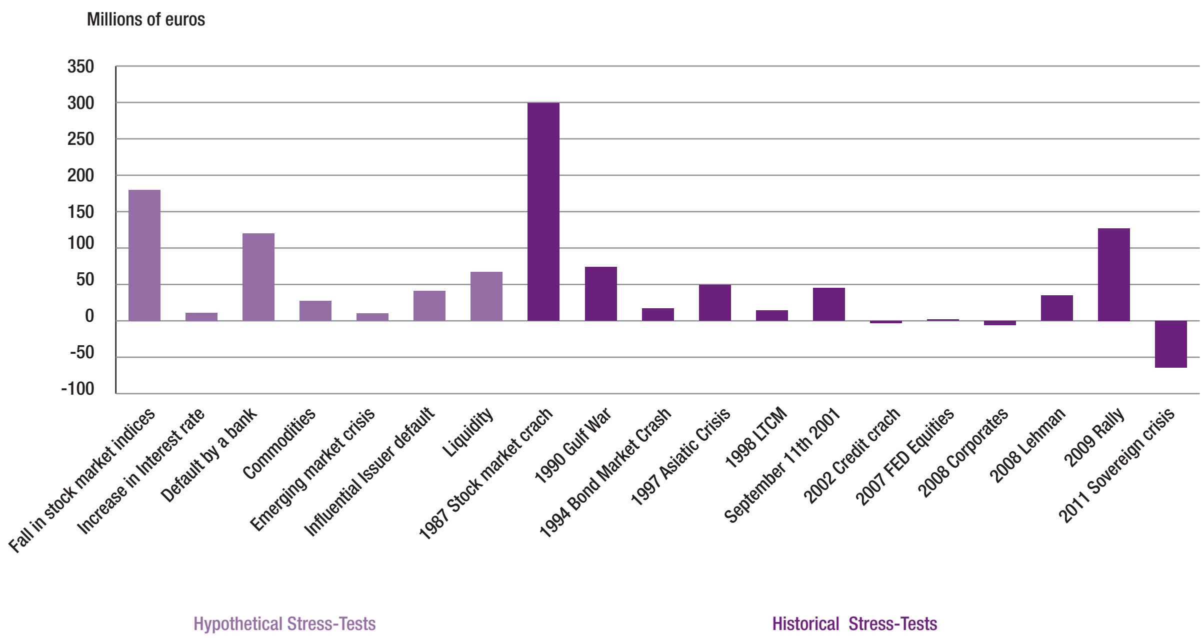
Stress test results for the Natixis scope

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Overall stress test levels reached a positive average level of €55 million at December 29, 2017, versus -€41 million at December 30, 2016.

The historical stress test replicating the sovereign debt crisis in 2011 gave the maximum loss (-€64 million at December 29, 2017).

OVERALL STRESS TESTS AT DECEMBER 31, 2017



3.8 Operational risks

3.8.1 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 six operational risk management criteria:

- four 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, and an operational risk management indicator measuring the progress of corrective actions;
- a qualitative indicator measuring the compliance of the framework;
- a new indicator for cyber risk.

The operational risk management framework identifies, measures, monitors and controls the level of operational risks for all of the Company's business lines and support functions in France and abroad.

3.8.2 ORGANIZATION

The Operational Risk function is responsible for monitoring and managing 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;
- investigating serious incidents including an escalation process;
- qualitative and quantitative mapping of potential risks;
- 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, a specialized body that oversees operational risk policy, monitors Natixis' exposure and makes final decisions on hedging and reduction. It is the operational extension of the executive body and, as such, possesses full decision-making powers for issues within its area of responsibility. This Committee meets quarterly and is attended by Compliance, ITSS-BC and the Internal Audit Division. It is chaired by the Chief Executive Officer or his substitute the Chief Risk Officer, with the Head of the Operational Risk Department acting as secretary.

The standing members of the Operational Risk function, apart from the Head of the department, are the departments' Heads of Operational Risk and the data & methods officer.

Business-line Operational Risk Committees and support functions are offshoots of Natixis' Operational Risk Committee. They closely manage each business line's operational risk exposure. These Committees are organized according to the function's governance matrix (location and business lines). They are chaired by the Head of the relevant business line with the participation of Compliance and are coordinated by the Operational Risk Department, which acts as Committee secretary.

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 risks (loss of access to premises or information systems, or loss of employee availability) to which Natixis is exposed.

The function has some 60 staff members (operational risk managers) dedicated to operational risk management. Within their designated scopes (subsidiary, business line or support function), they are responsible for instilling the operational risk culture, reporting 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.

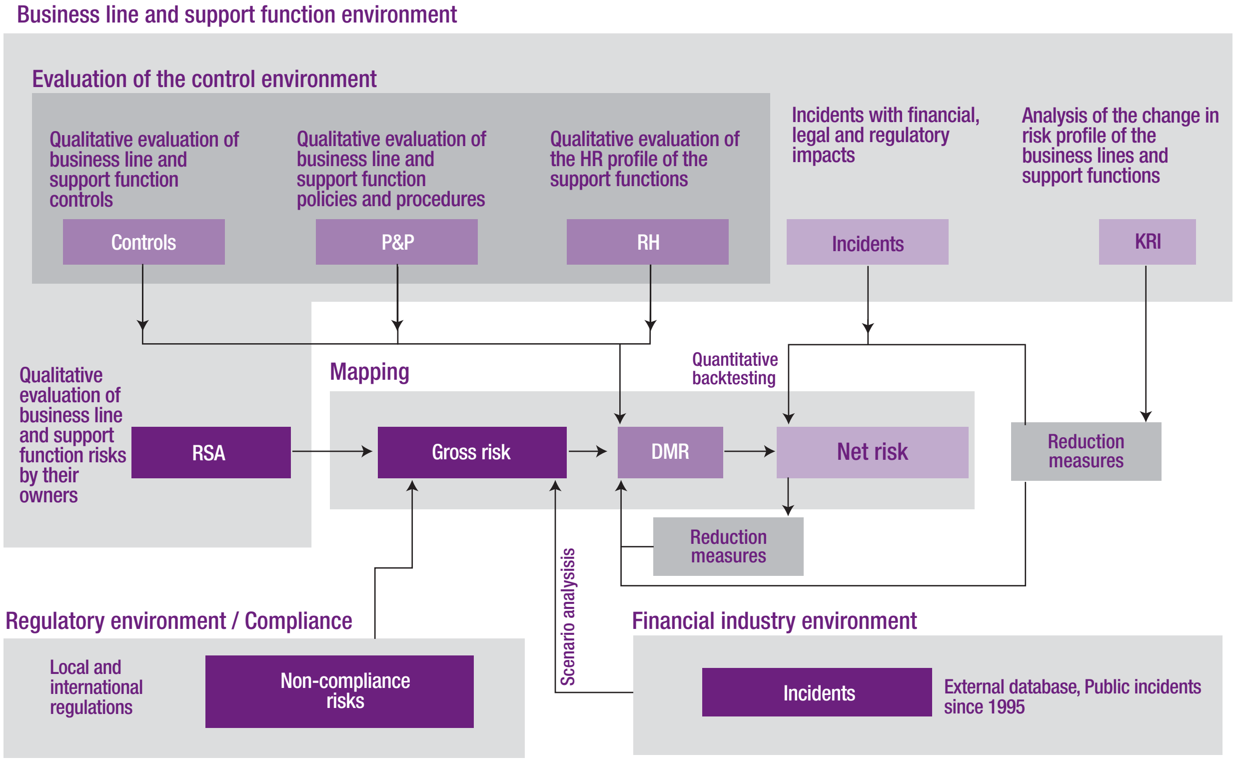
Overseeing this framework is a single overarching information system that has been deployed across the Company's entities, business lines and support functions in France and internationally. It is available in French and English and hosts all the components of the operational risk oversight system (incidents, 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. However, 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 VaR calculation based on risk mapping, factoring in identified incidents for backtesting and known external losses.

3.8.3 OPERATIONAL RISK MONITORING

Risk mapping

Risk mapping is central to operational risk monitoring:



KRI: Key risk indicator
RMS: Risk management system
RSA: Risk self-assessment
HR: Human Resources
P&P: Policies and Procedures

Every year the Operational Risk Department, 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 of 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 700 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.

3

Identifying losses and incidents

Listing and analyzing incidents

Incidents are listed as they occur. In 2017, an optional reporting threshold of, respectively, €5,000 for the Corporate & Investment Banking and Asset Management business lines and €1,500 for Specialized Financial Services, Insurance and Private Banking was introduced in line with BPCE standards. A single definition of "serious incident" is used, in compliance with Groupe BPCE standards (€300,000 gross). All serious incidents (above the defined threshold or deemed serious by the business line and the Operational Risk Department) are reported immediately to the business line's management and to Natixis' Chief Risk Officer.

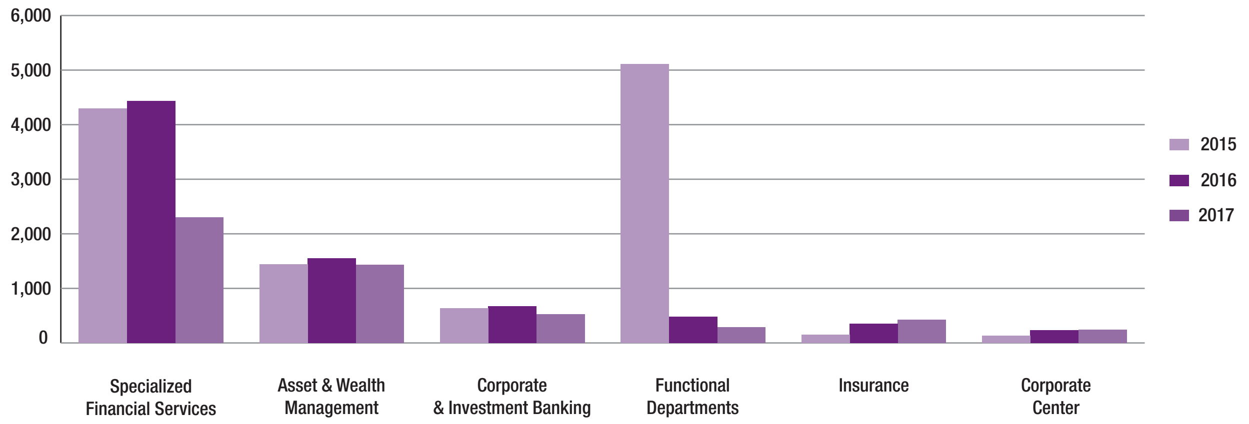
Following an investigation involving all relevant parties, the operational risk manager of the business line compiles a standardized full report, including a factual description of the event, the analysis of the initial cause, the description of the impact and the proposed corrective actions. At all levels of the Bank, the business line Operational Risk Committees review their serious incidents, decide on the corrective actions to be implemented, propose the relevant deadlines and targets, and monitor their progress. 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.

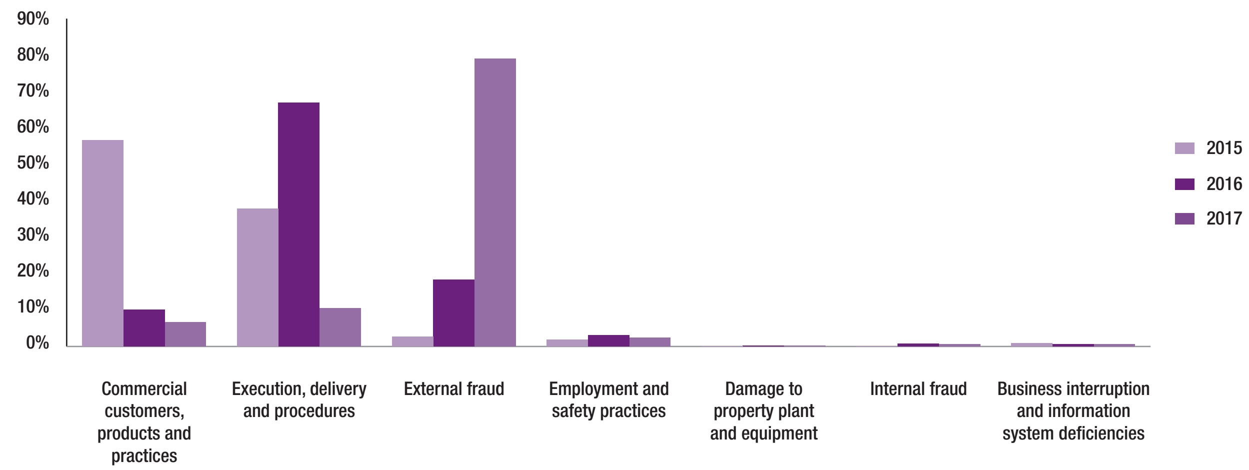
Overall trend of reported incidents

In 2017 over 5,300 reported incidents (a single incident potentially comprising several individual incidents) were entered into the collection tool by the business lines. The Specialized Financial Services division makes up close to half of the number of reported incidents, but accounts for only 11% of impacts. However, Corporate & Investment Banking activities in France and abroad account for more than 80% of the amount of losses and provisions reported in 2017, with these activities representing only 10% of the listing in number.

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. These corrective actions are actively managed by the designated implementation managers (of more than 500 corrective actions set up in 2017, nearly 60% have been completed) and monitored by the business line and central Operational Risk Committees. They are also assigned one of three levels of priority reflecting the risks incurred and whether or not they are associated with a serious incident. 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.

3.8.4 RISK PROFILE

In 2017, a risk analysis was performed on all of Natixis' business lines and on its support and control functions. Consistency reviews with internal audit findings and permanent control results helped highlight the biggest risks in each scope and set priorities for corrective actions to improve the risk management system. 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.

The Company's risk profile features two main categories of risk with a strong potential impact: business line risk, concentrated under Corporate & Investment Banking, and overall risk that the Bank is exposed to as a whole (cyber risk, regulatory risk, loss of access to premises or information systems, or of availability of employees). Appropriate risk management systems are put in place to cover them, including safeguarding of processes and controls, raising employee awareness, business continuity plans, information system security and insurance policies.

3.8.5 OPERATIONAL RISK INSURANCE

The Groupe BPCE Insurance Department is tasked with:

- analyzing insurable operational risks;
- taking out appropriate insurance coverage (direct insurance and/or transfer).

Natixis and its subsidiaries benefit from the guarantees provided by the following main policies:

- covering its insurable operational risks;
- and which are pooled with Groupe BPCE (with the sole exception of the policy described in point a) below.

- A combined "Global Banking (Damages to *Valuables and Fraud)" & "Profess*ional Liability" policy with a total maximum payout of €148 million per year of insurance (of which €1*33 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 €109.5 million under "Professional Civil Liability" coverage and €109 million under "Fraud" coverage in excess of the applicable deductibles.

- "Regulated Intermediation Liability" *(in three areas: Financial Intermediation, Insurance Intermediation, Real Estate Transactions/Management)* with a total maximum payout of €10 million per claim and per year.
- "Operating Civil Liability" covering €100 million per claim, as well as a "Subsidiary Owner Civil Liability"/"Post Delivery-Reception Civil Liability" coverage extension for up to €30 million per claim and per year of insurance.
- "Company Directors Liability" for up to €200 million per claim and per year of insurance.
- "Property Damage" to Buildings and their contents *(including IT equipment)* and the consecutive "losses in banking activities", for up to €300 million per claim.
- "Protection of Digital Assets against cyber risks" and the consecutive "losses in banking activities", for up to €100 million per claim and per insured year.

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 (or the coverage is obtained locally by Natixis' US subsidiaries or branches).

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.

3.9 Overall interest rate, liquidity and structural foreign exchange risks

3.9.1 GOVERNANCE AND STRUCTURE

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Natixis' asset and liability management (ALM) 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 and Strategy, Risks and the Corporate & Investment Banking division, the Head of the Joint Refinancing Pool, the Head of Financial Management and BPCE's Head of Asset/Liability Management. The Committee meets every two months and is mainly responsible for:

- defining and monitoring Natixis' ALM;
- approving the major principles in terms of structural balance sheet risks (structure, delegation of authority, fund transfer pricing, etc.) in compliance with the standard ALM framework set up by BPCE;
- validating ALM assumptions and conventions underlying calculations for metrics used to manage and monitor ALM risks;
- validating limits related to liquidity, overall interest rate[(1)] and structural foreign exchange indicators;
- validating the overall funding policy in conjunction with BPCE ALM;
- supervising structural balance-sheet risks and compliance with limits, including managing excessive leverage risk since 2015;
- supervising the main balance sheet aggregates and their development.

The ALM Committee's monitoring scope includes:

- the banking book of Natixis and its main credit subsidiaries for overall interest rate risk;
- Natixis' entire scope of consolidation for liquidity risk (excluding insurance subsidiaries, which do not present intrinsic liquidity risks and which are monitored and managed separately in respect of ALM risks);
- Natixis' entire consolidation scope for structural foreign exchange risk.

In the interest of fulfilling its duties and to be able to apply the main principles of asset-liability management and ALM control, the ALM Committee delegates certain operational tasks to:

- **the Financial Management Department**:
  - **the ALM Department** is responsible for updating ALM principles, standards, conventions and limits. It submits them to the ALM Committee for approval under the oversight of the Risk Department 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 3.9.2.6 and the following sections)*;
  - **the Treasury Department and the joint refinancing pool**, which came under the authority of the Financial Management Department in 2017 *(see Section 3.9.2.1)*, are responsible for covering the funding requirements of the business lines, providing operational management of liquidity risk in accordance with applicable risk mandates and limits, implementing the Natixis medium-term refinancing policy adopted by the ALM Committee and operationally managing compliance with the regulatory liquidity ratio;
- **the Risk division**, in charge or reviewing ALM conventions and limits, keeping the Market Risk Committee informed of the validation of overall interest rate risk limits applied to Capital markets activities within the banking scope, and performing Level 2 controls of ALM and the Treasury Department's indicators;
- subsidiaries afforded a measure of leeway in terms of management and which implement local governance and a dedicated ALM mechanism, such as a **local ALM Committee**, and oversee their structural ALM risks, placed under the general supervisory authority of the ALM Committee.

3.9.2 MANAGEMENT OF LIQUIDITY AND FUNDING RISK

3.9.2.1 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.

(1) *Excluding those related to banking portfolios for Capital markets activities that are presented to the Market Risk Committee.*

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 pre-defined 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.

3.9.2.2 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 and 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;
- supervision 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;
- supervision 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;
- supervision 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 3.9.2.4)*;
- market depth tests conducted by the Joint Refinancing Pool: these liquidity tests aim to explore the limits established by our counterparties on our issues.

3.9.2.3 Business continuity plan under liquidity stress

(Data certified by the Statutory Auditors in accordance with IFRS 7)

The aim of this Business Continuity Plan ("BCP under Liquidity Stress") is to ensure that, in the event of a liquidity crisis altering the Group's ability to obtain funding, all resources are used in a coordinated and optimized manner to allow the Group to meet its current and future financial obligations and thus maintain business continuity.

Given that Natixis is supervised by BPCE, in its capacity as the central institution, and given the close interactions between BPCE and Natixis in terms of liquidity management within the framework of the joint refinancing pool *(see section 3.9.2.1)*, this plan is defined in accordance with the Groupe BPCE business continuity plan, in the event of a crisis affecting access to liquidity for Natixis, BPCE and/or the entire banking system.

A governance system (dedicated teams and Committees, activation and de-activation 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.

3.9.2.4 Funding principles and structure

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Funding strategy

As indicated in section 3.9.2.1, since mid-2011 Natixis' funding structure has been rooted in the organization of 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, to reduce market financing and funding costs.

In particular, Natixis' funding model is based on strong centralization of liquidity and liquidity access points through three Treasury platforms (Paris, New York and Hong Kong).

2017 saw the consolidation of the diversification strategy undertaken in recent years, as liquidity spreads fell and the business lines' refinancing needs stabilized. The favorable market environment made it possible to focus on optimizing the efficiency of refinancing and the cost of the resources raised (due to its impact on other ALM constraints), rather than seeking asset growth. This led to:

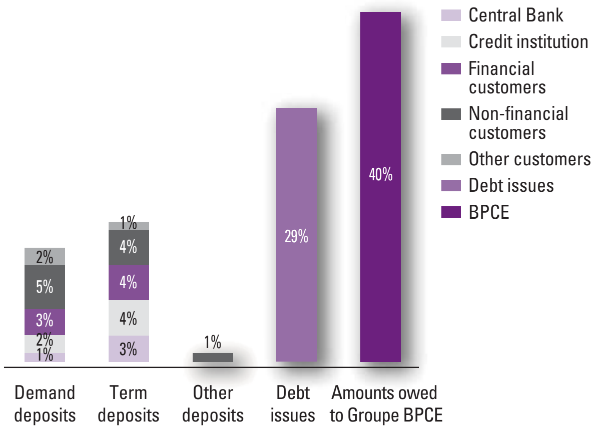
- increased growth and rotation of structured issues in private placement, particularly in Asia, supporting the strategy of distributing "solution" Global Markets offers that generate greater value;
- the establishment of a strategy for the circulation of liquidity raised through private placements within the Group, aimed at improving asset/liability matching;
- the consolidation of "corporate" liquidity inflows through various product offers (account administration, accounts, open deposits with notice dates, "Natixis Deposit" specialized professional fund, EETCs, etc.).

Thanks to these actions, Natixis maintained a stable refinancing structure on both a yearly and quarterly basis.

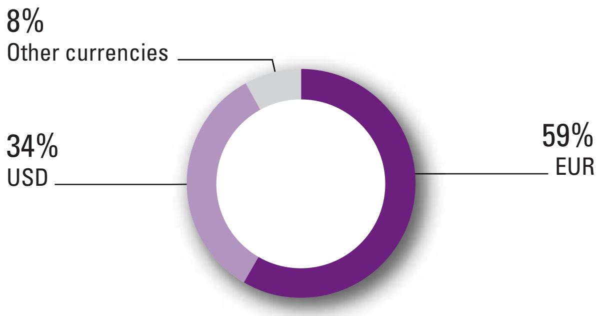
Finally, the weight of resources provided by the Group was as always linked to the BPCE/Natixis Joint Refinancing Pool, cross-exchanges of liquidity for the purpose of managing and maximizing liquidity gaps and regulatory ratios, and the Group policy, making BPCE the sole public issuer in the long-term segment.

The following charts are established for information purposes on the basis of management data at year-end.

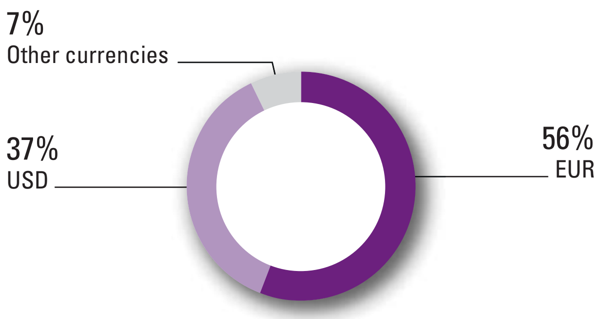
GROSS WEIGHT OF ON-BALANCE SHEET FUNDING SOURCES, BY MAJOR CATEGORY OF VEHICLE AND/OR BY CUSTOMER SEGMENT AT END-2017 REPORTING DATE



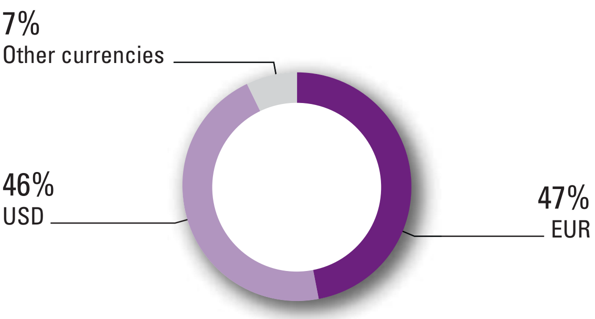
BREAKDOWN OF GROSS FUNDING STRUCTURE BY CURRENCY, AT CURRENT USD EXCHANGE RATES – 12.31.2017



BREAKDOWN OF GROSS FUNDING STRUCTURE BY CURRENCY, AT CONSTANT USD EXCHANGE RATES – 12.31.2017

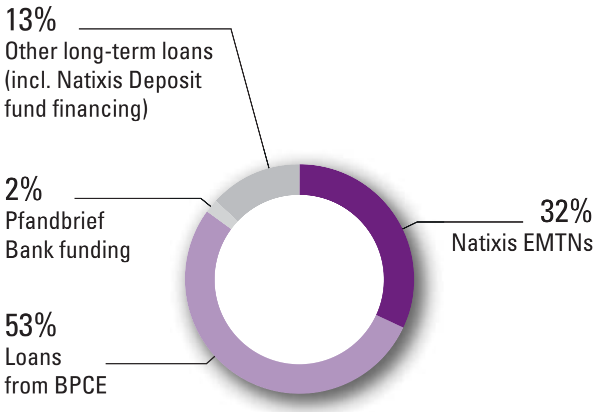


BREAKDOWN OF GROSS FUNDING STRUCTURE BY CURRENCY, AT CURRENT USD EXCHANGE RATES – 12.31.2016

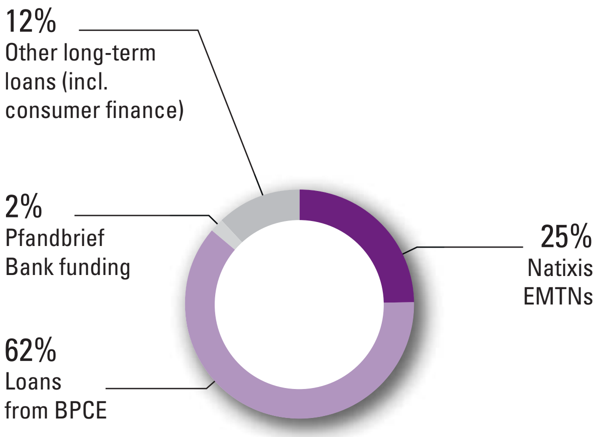


Under its annual medium-term funding program, in 2017 Natixis raised €12.2 billion net in resources with a term of more than one year (versus €17.3 billion in 2016). 32% of this program was achieved via structured private placements, with the remainder predominantly provided by BPCE as part of the Group's medium-term funding policy approved by the Group ALM Committee.

2017 NET MLT FUNDING PROGRAM



2016 NET MLT FUNDING PROGRAM



Bank funding

Short-term funding

The year 2017 was marked by strong global growth, with inflation remaining moderate in the developed economies.

The stock markets rose throughout the year, boosted by prospects of lower taxes and deregulation by the US administration.

One notable highlight was the relatively mild reaction by the financial markets to political shakeups like the French elections, geopolitical tension between the United States and North Korea and difficulties faced by the Trump administration.

The dangers of sudden deflation subsided over the year, allowing central banks to proceed more confidently with the monetary policy normalization called for by the current economic environment. The Federal Reserve hiked its key rate on three occasions in 2017, raising it to 1.5%, while the Bank of England made do with just one 0.25% increase.

While the European Central Bank (ECB) has yet to start raising its key rates, it cut in half its asset purchasing program (to €30 billion a month) effective the beginning of 2018.

For now, the impact of these moves by central banks on long rates has remained modest and yield curves have significantly flattened, suggesting that the markets are awaiting the moment when economic activity calls for significant, long-lasting monetary stimulus.

Investor interest in bank issues has remained strong in this context of regular and abundant liquidity. Search for yield in money market funds in the current low interest rate environment favors liabilities with maturities above six months. Natixis has scaled down the use of its refinancing programs. Outstandings on its short-term programs fell by €13.42 billion compared with the end of 2016 (a reduction of €5.45 billion on CDs and €7.97 billion on ECP), reflecting a reduction in its external financing requirements.

NATIXIS' SHORT-TERM ISSUANCE PROGRAM OUTSTANDINGS

(in millions of euros or euro equivalents)	Certificates of Deposit	Commercial Papers
Program amount	45,000 [(a)]	24,507
Outstandings at 12.31.2017	20,897 [(b)]	5,312

(a) NEU CP program only.
(b) Outstandings of the NEU CP and US CD programs.

Long-term funding

In 2017, growth figures for the United States and Europe reaffirmed the strength of their respective economies, with the IMF estimating GDP growth of 2.2% in the United States and 2.1% in Europe in 2017. However, the accommodative monetary policies of the Federal Reserve and ECB have yet to achieve target inflation (PCE US price index 1.8%, Eurozone PCI 1.5%). The persistent weakness of inflation can be largely attributed to moderate rises in wages and oil prices.

In the United States, the positive economic situation led the Federal Reserve to gradually raise interest rates (+25 bp in March and again in June and December). On the long end of the curve, 10-year US Treasuries dropped 4 bp to 2.41% in 2017. The near-stagnant performance of long rates is due to low inflation. The curve's flattening is attributable to doubts surrounding US policy and its effect on medium-term growth.

In Europe, the ECB announced in October 2017 that it would extend its quantitative easing program an additional nine months to September 2018 while reducing its monthly purchases from €60 billion to €30 billion. The yield on the 10-year Bund, which was at -0.18% at the start of the year, ended the year at 0.43%. There was high volatility in the 10Y yield in the first half of the year mainly due to France-related risk in the months preceding the presidential election.

On the European credit market, bank spreads on unsecured senior debt continued to narrow throughout the year. The five-year credit spread of French banks on senior unsecured preferred debt ended the year at Euribor3M+15 bp, a decline of 29 bp from 2017. For the first time, the volume of non-preferred debt (MREL/TLAC eligible) issued by European banks (€104 billion) exceeded that of preferred debt (€80 billion).

Against this market backdrop, Natixis raised a total of €22.3 billion in funding in 2017 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 €6.5 billion.

NATIXIS' MEDIUM- AND LONG-TERM DEBT ISSUANCE PROGRAM

(in millions of euros or euro equivalents)	EMTN	NEU MTN	USMTN	Bond issues
Issues at 12.31.2017	8,237	500	44	5,821
Outstandings at 12.31.2017	13,649	730	213	8,806

3.9.2.5 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 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 wished to establish as a minimum requirement as from 2018, is still in the observation period; a legislative proposal was submitted by the European Commission on November 23, 2016, to enact the NSFR within the European Union.

To date, European regulations require:

- compliance with the LCR as from October 1, 2015; required minimum ratio of 80% on January 1, 2017, and 100% from January 1, 2018;
- quarterly statements on stable funding, which are entirely descriptive (amounts and terms) without any weighting applied.

Natixis determines its LCR on a consolidated basis and operationally manages its liquidity position and liquidity coverage requirements relative to these new metrics, having set a minimum ratio of 100%. Natixis regularly assesses its contribution to the Group's NSFR based on its interpretation of known legislation.

Liquid asset buffers

The Delegated Act on the LCR, adopted on October 10, 2014, defined 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.

LIQUIDITY RATIO (LCR) AT 12.31.2017

	12.31.2017	
(in millions of euros)	Non risk-weighted value*	Risk-weighted value*
Total high quality liquid assets (HQLA)		
Total high quality liquid assets (HQLA)		55,008
Cash outflows		
Retail deposits and deposits from small business customers	1,875	187
Unsecured wholesale funding, of which:	55,586	40,691
Operational deposits	5,021	1,255
Non-operational deposits	45,608	34,478
Unsecured debt	4,957	4,957
Secured wholesale funding		24,023
Additional requirements, of which:	52,710	14,159
Outflows related to derivative exposures and other collateral requirements	5,512	5,010
Credit and liquidity facilities	47,198	9,149
Other contractual funding obligations	14,601	12,198
Other contingent funding obligations	30,703	799
Total cash outflows		**92,058**
Cash inflows		
Transactions collateralized by securities	75,101	8,600
Inflows from fully performing exposures	27,063	24,934
Other cash inflows	12,886	8,266
Total cash inflows	**115,049**	**41,799**
Total HQLA		**55,008**
TOTAL NET CASH OUTFLOWS		**50,259**
Liquidity Coverage Ratio (%)		**109%**

* *Weighting refers to the discounts applied to liquid assets and to inflow/outflow rates applied to the cash inflow/outflow base. Non risk-weighted liquid assets are presented at market value. The non risk-weighted value of cash inflows/outflows is the outstanding value at 30 days or was determined in accordance with the calculation methods recommended by regulations.*

Natixis' LCR was 109% at December 31, 2017, with total liquid assets of €55.0 billion according to the eligibility rules of the Delegated Act, i.e. surplus liquidity of €4.7 billion. The liquid asset buffer consists predominantly of central bank deposits and sovereign securities.

In the denominator, cash outflows (€92.1 billion) are primarily generated by the run-off of deposits (€40.7 billion), repurchase agreements maturing within 30 days (€24.0 billion) and other cash outflows (€14.2 billion). Other cash outflows include outflows related to market-stressed collateral requirements and outflows that would be subsequent to an up to 3-notch downgrade in Natixis' credit rating by the rating agencies. The cash inflows recorded (€41.8 billion) were due to loans (including BPCE or financial customers) reaching maturity (€24.9 billion) and to repurchase agreements maturing within 30 days (€8.6 billion).

3.9.2.6 Reserves and operational management of ratios

Operational liquidity reserves

From an operational standpoint, Natixis has two liquidity reserves that contribute to Groupe BPCE's reserves:

- a reserve of liquid assets eligible for central bank collateralized refinancing operations to secure intra-day settlements; this relatively stable reserve is made up of central bank loans and securities, and is located in Paris (about €4 billion in the 3G Pool) and New York (approximately $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 and the US Federal Reserve. Since 2015, a portion of assets in this reserve has been under "dedicated" management in special portfolios, with an allocation strategy focused on the list of financial instruments considered as Level 1 and Level 2 HQLA as defined by LCR

regulations in force. The liquidity of the portfolios (mainly subject to delegated management by Natixis Asset Management from 2015 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 to reserve this liquidity for the deposit facility to ensure its continuous availability; accordingly, this surplus liquidity is also included in the amount of assets reported in the LCR numerator.

Oversight of the short-term liquidity ratio

In June 2013, Natixis established a governance system for the management of the LCR *(see section 3.9.2.5)*, having set an LCR limit higher than 100% from the end of 2013 (greater than the regulatory requirements in force). The oversight of the LCR is part of a Groupe BPCE framework under the aegis of the Groupe BPCE Finance division. Natixis' LCR hedging is organized in close cooperation with BPCE and is managed by the Joint Refinancing Pool, acting with the authorization of the Financial Management Department on the basis of its forecasts. Within this framework, the strategy for the Natixis scope aims to hedge the LCR above 100% with a safety buffer of around €5 billion in order to deal with any last-minute contingencies, through BPCE adjustments. The structural over-hedge of the Group's LCR above the 100% threshold for an 80% regulatory limit at end-2017, is borne by BPCE.

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 3.9.1)*;
- a dedicated risk policy for excessive leverage risk; notably, the ALM Committee decided on early adoption of a target leverage ratio well above the 3% minimum requirement currently recommended by the Basel Committee, in keeping with the Bank's transformation strategy towards an asset-light model, as advocated by the New Frontier plan;
- an overall limit and an alert threshold applied to Natixis' leverage ratio, proposed by the ALM Committee and approved by the Risk Committee.

In accordance with the operational oversight established by the Financial Management Department in partnership with the business lines, Natixis successfully achieved its target leverage ratio. This target ratio is higher than the regulatory requirement, which will enter into force in Europe on a still-unknown date. As such, Natixis maintained a leverage ratio of above 4% in 2017. As in 2016, management and oversight of this ratio were achieved by setting constraints for activities (such as repos and securities lending transactions, derivative contracts, etc.) that are not RWA-intensive but are balance sheet-intensive.

COMPARISON OF ACCOUNTING EXPOSURES AND LEVERAGE EXPOSURES (LR1)

(in millions of euros)

	Category	12.31.2017	12.31.2016
1	Total consolidated assets reported in the financial statements	519,987	527,860
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(94,937)	(85,135)
3	(Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measurement, in accordance with Article 429 (13) of Regulation (EU) No. 575/2013 "CRR")		
4	Adjustments for derivative financial instruments	(29,265)	(38,832)
5	Adjustment for securities financing transactions (repurchase transactions and other types of collateralized loans)	(19,927)	(20,183)
6	Adjustment for off-balance sheet items (i.e. conversion of off-balance sheet exposures to credit equivalent amounts)	36,079	37,038
7	Other adjustments	(15,660)	(19,129)
8	**LEVERAGE RATIO EXPOSURE***	**396,276**	**401,619**
***	***o/w exposure related to affiliates***	***47,251***	***50,540***
***	***Excluding exposure related to affiliates***	***349,025***	***351,079***

3.9.3 STRUCTURAL FOREIGN EXCHANGE RISK

(Data certified by the Statutory Auditors in accordance with IFRS 7)

3.9.3.1 Targets and policy

Given the presence of risk-weighted assets in foreign currencies (mostly USD), the aim of Natixis' structural foreign exchange risk policy is to protect the Common Equity Tier 1 ratio (CET 1) against exchange rate fluctuations. To this end, it establishes a "structural" foreign-exchange position that is restated for translation adjustments when it purchases foreign currencies to fund strategic long-term net investments in foreign entities, while non-strategic net investments in local currencies are funded with loans.

3.9.3.2 Monitoring system

The CET 1 ratio's sensitivity to exchange rate fluctuations is regularly assessed by the ALM Committee.

3.9.4 OVERALL INTEREST RATE RISK

3.9.4.1 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.

3.9.4.2 Overall interest rate risk management system

(Data certified by the Statutory Auditors in accordance with IFRS 7)

This risk is measured in terms of the sensitivity of a portfolio's economic value by bp on the yield curve and by currency. For the largest portfolios it is controlled through limits approved and monitored by the Market Risk Committee, chaired by the CEO. In accordance with the French Ministerial Order of November 3, 2014, an overall limit was also defined and approved by the Board of Directors.

The Treasury Department, which centralizes most positions, also performs yield curve distortion stress tests which are also governed by limits.

These stress tests aim to estimate potential economic losses in the event of extreme market configurations. They are performed daily in the management systems and were defined to account for differentiated or non-differentiated shocks on the IBOR, OIS, deposit and repo curves with steepening and/or translation scenarios.

The Risk division calculates indicators and monitors limits daily for Treasury and monthly for ALM operations and credit subsidiaries.

The Bank's interest rate risk monitoring framework is based on economic sensitivity measures subject to an overall limit. It is supplemented by two other measurements that are periodically reported to the Group as part of the overall interest rate risk monitoring consolidation process: interest rate gap measurements (fixed-rate assets-liabilities) and measurements of NII sensitivity to interest rate variations.

3.9.4.3 Quantitative information

(Data certified by the Statutory Auditors in accordance with IFRS 7)

The sensitivity of Natixis' main entities to interest rates variations represented a total of €1,8 million (for an immediate parallel shift of 1 bp in the yield curve) at December 31, 2017. This sensitivity is primarily due to the effect of the spread on USD accreting transactions.

This indicator is calculated monthly.

MEASURE OF SENSITIVITY TO A +1 BP VARIATION IN INTEREST RATES, BY MATURITY AT DECEMBER 31, 2017

(in millions of euros)	< 1 year	1-5 years	> 5 years	Total sensitivity
EUR	(255)	119	(239)	(375)
USD	137	66	1 975	2 178
Other	7	(33)	54	28

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, 2017

Maturity *(in millions of euros)*	1 year	3 years	5 years	7 years
Interest rate gap (fixed-rate)	1,553	658	(15)	315

Finally, Natixis analyzes the sensitivity of net interest income (ΔNII) to changes in market interest rates using NII stress tests. At December 31, 2017, the sensitivity of the Bank’s NII to changes in interest rates was as follows:

NII SENSITIVITY AND ECONOMIC VALUE OF EQUITY (IRRBB – TABLE B)

	ΔEVE		ΔNII	
Period from 12.31.2016 to 12.31.2017 *(in millions of euros)*	12.31.2017	12.31.2016	12.31.2017	12.31.2016 pro forma
Parallel upward shift (+200 bp)	331	127	159.3	137.5
Parallel downward shift (-200 bp)	(467)	(205)	(159.3)	(137.5)

Given its nature, overall interest rate risk is a marginal risk for Natixis and calls for no special comments. The Basel 2 normative shock (immediate +/-200 bp shift in the yield curves) would lead to a variation of €467 million in the portfolio’s economic value at December 31, 2017. This sensitivity is very low given the size of the banking book and represents less than 2% of the bank's CET1 capital.

The sensitivity of Natixis’ NII to interest rate variations under various stress scenarios in 2016 was relatively low. In the event of a parallel upward shift of +200 bp in the yield curve, sensitivity was positive and represented less than 1.2% of net revenues.

3.9.5 OTHER INFORMATION

3.9.5.1 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 purpose of this appendix is to show the portion of assets pledged as a guarantee or collateral, and the corresponding liabilities, in accordance with the requirements of the Ministerial Order of December 19, 2014.

Template A – Assets	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets of the reporting institution	**51,815**		**369,251**	
Equity instruments	20,554	20,554	14,582	14,582
Debt securities	10,805	10,805	14,864	14,864
Other assets	21,766		341,440	

Template B – Collateral received	Fair value of encumbered collateral received and own debt securities issued	Fair value of collateral received and own debt securities issued and available for encumbrance
Collateral received by the reporting institution	**143,288**	**65,920**
Equity instruments	32,279	37,944
Debt securities	109,682	17,635
Other guarantees		10,814
Debt securities issued besides own secured bonds or own asset-backed securities		2,447

Template C – Encumbered assets/collateral received and associated liabilities	Associated liabilities, contingent liabilities or securities lent	Assets, collateral received and debt securities issued besides secured bonds or securities backed by encumbered assets
Carrying amount of selected financial liabilities	190,373	194,162

Template D – Information on the extent of asset encumbrance

At December 31, 2017, Natixis' encumbered assets amounted to €194,612 million, of which:

- €174,370 million in encumbered securities for corporate actions and issues of securities;
- €4,936 million in encumbered receivables in mechanisms other than secured bonds;
- €1,005 million in receivables securing secured bond issues;
- €15,780 million in encumbered assets in respect of margin calls on derivatives.

3.9.5.2 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

	12.31.2017									
Liabilities *(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
Due to central banks	-	-	-	-	-	-	-	-	-	-
Other financial liabilities at fair value through profit or loss	87	2	22	15	3	3	3	8	5	26
o/w repurchased securities	*35*	*2*	*21*	*10*	*1*	-	-	*1*	-	-
o/w secured liabilities	*1*	-	-	-	-	-	-	*1*	-	-
o/w unsecured liabilities	*21*	-	*1*	*2*	*2*	*2*	*2*	*7*	*5*	-
Trading derivatives	60	-	-	-	-	-	-	-	-	60
Hedging derivatives	1	-	-	-	-	-	-	-	-	1
Due to banks	105	13	27	17	5	14	6	20	3	-
o/w repurchased securities	*20*	*5*	*7*	*6*	*1*	*1*	-	-	-	-
Customer deposits	96	27	40	11	4	6	1	-	2	5
Debt securities	33	-	6	10	6	9	1	1	-	-
o/w covered bonds	*1*	-	-	-	-	-	-	*1*	-	-
Subordinated debt	4	-	-	-	-	-	-	3	1	-
TOTAL	**385**	**42**	**96**	**54**	**18**	**31**	**11**	**31**	**10**	**92**

The information contained in the above table excludes Insurance activities.

	12.31.2016									
Liabilities *(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
Due to central banks	-	-	-	-	-	-	-	-	-	-
Other financial liabilities at fair value through profit or loss	85	1	27	10	3	3	3	6	9	23
o/w repurchased securities	*37*	*1*	*26*	*7*	*1*	*1*	-	*1*	-	-
o/w secured liabilities	*3*	-	-	-	-	-	-	*1*	*2*	-
o/w unsecured liabilities	*19*	-	-	*2*	*1*	*2*	*2*	*4*	*8*	-
Trading derivatives	65	-	-	-	-	-	-	-	-	65
Hedging derivatives	2	-	-	-	-	-	-	-	-	2
Due to banks	103	16	25	17	6	9	10	17	3	-
o/w repurchased securities	*19*	*4*	*6*	*6*	*1*	*2*	-	-	-	-
Customer deposits	87	26	36	11	2	6	1	1	1	3
Debt securities	49	-	17	12	7	12	1	1	-	-
o/w covered bonds	*1*	-	-	-	-	-	-	*1*	-	-
Subordinated debt	5	-	-	-	-	-	-	1	4	-
TOTAL	**396**	**43**	**105**	**50**	**18**	**30**	**14**	**26**	**16**	**93**

The information contained in the above table excludes Insurance activities.

3.9.5.3 Monitoring of rating triggers

In the event the Bank's external credit rating is downgraded, it may be required to provide additional collateral to investors under agreements that include rating triggers. In particular, in calculating the liquidity coverage ratio (LCR), the amounts of these additional cash outflows and additional collateral requirements are measured. These amounts comprise the payment the bank would have to make within 30 calendar days in the event its credit rating were downgraded by as much as three notches.

They are covered under the LCR management policy and were estimated at 2 billion in EUR equivalent at December 31, 2017, versus 3.1 billion at December 31, 2016.

3.10 Non-compliance risk

See 3.3.4 "Risk typology" for a definition of non-compliance risk

3.10.1 ORGANIZATION OF COMPLIANCE

The Compliance Department oversees the non-compliance risk prevention and mitigation system. It also oversees IT Systems Security and Business Continuity. Its scope of action encompasses Natixis, its subsidiaries and branches in France and abroad thanks to its functional structure. Natixis' Compliance Department has several tools for executing its functions.

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 Natixis' Code of Conduct *(see Chapter 1)*, which are also included, as regards compliance, in the Compliance Manual.

Accordingly, the Compliance Department participates in establishing standards, policies and procedures, and issues its opinion, particularly regarding supervision of new business, products and organizations.

The Compliance Department also performs a regulatory watch and works with the Human Resources Department on staff training. In 2017, it stepped up its training and awareness programs focused on new regulatory developments, including anti-money laundering, terrorist financing, the prevention of corruption, the MiFID II Directive (financial instrument markets), client protection and preventing conflicts of interest. Over 49,000 training and awareness initiatives took place in 2017, either as classroom training or e-learning.

The Compliance Department is responsible for coordinating first-level permanent risk controls, and sets up and implements second-level permanent risk controls to ensure that procedures are applied within the business lines and that non-compliance risks are mitigated, as part of a risk-based approach *(see 3.2 Organization of Natixis' internal control system)*. To this end, the Compliance Department maps non-compliance risk and ensures the resolution of anomalies detected by the relevant business lines.

The Compliance Department reports to the members of Natixis' Senior Management Committee and the Board of Directors (Risk Committee) on the main risks detected, and on the implementation and effectiveness of the measures to address these risks. It helps draft the reports required by regulators and acts in accordance with the rules set out by Groupe BPCE.

Functional structure

The Compliance Department reports to the Corporate Secretary and functions independently of the operational departments. At Natixis S.A. level, the Compliance heads report hierarchically to Natixis' Chief Compliance Officer. At subsidiary and branch level, there is a direct reporting line between the subsidiary and branch compliance heads and Natixis' Chief Compliance Officer (prior approval for the assignment, appointment or removal of subsidiaries' compliance heads, participation in annual performance and career advancement reviews, approval of annual work plans and fulfillment of reporting and alert requirements vis-à-vis Natixis' Compliance Department).

The operating rules of the Compliance Department are set out in a charter approved by Natixis' Senior Management Committee.

Tools

The Compliance Department is equipped with a set of tools to cover all the areas within its remit, namely:

- behavioral analysis tools, used in conjunction with KYC tools, to detect money laundering and internal fraud and prevent terrorist financing;
- data-comparison systems to verify client databases and filter transactions to ensure compliance with embargoes;
- tools to track sensitive transactions, keep insider lists, manage conflicts of interest and detect instances of market abuse.

3.10.2 EMPLOYEES AND PROFESSIONAL ETHICS

Conflicts of interest

Conflicts of interest are prevented by:

- setting up and monitoring of information barriers;
- using risk maps to identify situations posing a risk of conflict of interest;
- checking compensation policies;
- being compliant with the rules of good conduct applicable to Natixis staff.

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 as required.

Whenever the risk of compromising a customer's interests becomes unavoidable in spite of the internal procedures in place, Natixis informs the customer of the nature of the conflict of interest before taking action on the customer's behalf, allowing the customer to make an informed decision on whether to proceed with the transaction.

Circulation of information

Information barriers are put in place and reviewed each time the organizational structure changes in order to prevent the unwarranted circulation of confidential information. These barriers function as partitions between business lines and departments, setting limits to the circulation of information on a need-to-know basis. As such, information is transmitted only in the customer's interest and only to employees who absolutely require the information to carry out their duties. These barriers may be organizational, physical or electronic and may be permanent or temporary. Natixis has set up a permanent and complete information barrier separating its Asset Management business activities within Natixis Asset Management from its other activities.

Pursuant to regulations in force, the entry of sensitive transactions into a specific tool that allows Compliance to rapidly identify issuers to be placed on the watch list or on the prohibition list, as well as employees to be placed on the insider list.

In 2017, Natixis continued to implement the Automatic Exchange of Tax Information regulation across all its French and international operations concerned and located in a country that has implemented the Common Reporting Standard (CRS). This regulation requires the identification of non-residents who own assets, more specifically financial accounts in the books of Natixis.

Handling of customer complaints

The system ensures that:

- customers receive transparent information on how their complaints are being handled;
- complaints are handled effectively; and
- corrective action is enforced to remedy any problems identified.

Market integrity

Natixis is equipped with a system to detect transactions that could constitute market abuse. Dedicated teams using a specialist surveillance tool process alerts and analyze potential market abuse. Transactions that could constitute market abuse are reported to the French Financial Markets Authority (AMF) and to local regulators, in accordance with the regulations in force. In 2017, the supervision processes and system underwent an in-depth review, and in 2018 the system will be updated to strengthen their analysis and detection capabilities.

3.10.3 CUSTOMER PROTECTION

Defending customers' interests is a core concern of Natixis' activities and is reflected in the policies of each entity in France and abroad. In all circumstances, employees are required to serve customers with diligence, loyalty, honesty and professionalism, and to offer financial products and services that are appropriate to customers' abilities and needs. Accordingly, and in the interest of maintaining a high level of customer protection, in the fourth quarter of 2017 Natixis began a cross-functional review of its permanent control system covering this area for completion in the first half of 2018.

Customer information

There is a customer information procedure encompassing all the MiFID II obligations on customer onboarding, as well as pre- and post-trade information due to customers according to their MiFID category.

There is also a specific procedure on costs, expenses, and on key information documents for packaged products to be provided to non-professional customers before trade, thus ensuring Natixis' compliance with PRIIPS obligations.

Know Your Customer (KYC)

The procedures for customer onboarding are in line with the various regulatory requirements governing money laundering, terrorist financing, management, financial sanctions and international embargoes for the entities in question.

3.10.4 FINANCIAL SECURITY

The role of the Financial Security Department is to manage the system dedicated to anti-money laundering and counter-terrorist financing (AML/CTF), anti-corruption and anti-fraud, and ensure the compliance of Natixis and its subsidiaries with financial sanctions and embargoes.

Anti-money laundering and terrorist financing

As part of the fight against money laundering and terrorist financing, and in accordance with regulations, Natixis has set up a framework that builds in:

- KYC and due diligence obligations, in line with a risk-based approach, on customer onboarding, periodic reviews and throughout the business relationship;
- a transaction monitoring and control system based on automated tools or requests that report alerts and suspicions to Natixis' Financial Security Department;
- a procedure for reporting "suspicious" transactions to the relevant financial intelligence unit in a timely manner;
- regular employee training and information to ensure compliance with these obligations.

As regards counter-terrorist financing, heightened vigilance measures have been implemented in the form of behavioral analysis tools. These measures identify risk factors and enable the application of in-depth and adapted due diligence procedures.

Any transaction that is detected as potentially contributing to terrorist activities or potentially benefiting persons or entities linked to such activities warrants a suspicion report to the relevant financial intelligence unit.

Compliance with financial sanctions and embargoes

Natixis has implemented a framework to ensure compliance with regulations on applicable financial sanctions and embargoes.

The framework draws on systems that verify client databases and filter transactions with a view to identify, on an ongoing basis, any person or entity subject to financial sanctions, specifically account freezes or restricted access to bank financing. It can apply account freezes aimed at Natixis clients in a timely manner, as well as prevent any transaction linked to sectors, goods or technologies that are subject to restrictions or bans pursuant to embargo measures. The jurisdictions subject to embargo undergo constant supervision and heightened diligence as part of a prudent and restrictive approach to prevent interpretation of regulatory scope.

A team focused on financial sanctions provide assistance and advice to the Bank's business lines and entities.

Anti-fraud measures

The anti-fraud measures are steered by the Anti-Fraud Coordination Unit in collaboration with the concerned business lines. This unit is also in charge of drafting and implementing standards and principles for fraud risk management and of coordinating the anti-fraud officers' network across the subsidiaries and branches of Natixis in France and abroad.

More specifically, risk linked to Capital markets 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, as this continuously evolving fraud is particularly widespread and has evolved to impact the different commercial banking business lines. Lastly, the risk of information leakage, which has become a major risk, is subject to a specific control and investigation employing the expertise of fraud and IS security experts as well as the legal and HR functions as necessary.

Prevention of corruption

To comply with the requirements set out in Article 17 of the law of December 9, 2016, on transparency, prevention of corruption and the modernization of the economy ("Sapin II"), in 2017 Natixis carried out a campaign to strengthen and align some of the rules and procedures of its compliance framework to the best international standards in corruption prevention.

These rules and procedures aim to identify high-risk situations by drawing on prevention and management of situations of conflicts of interest, conducting anti-corruption due diligence when initiating business relationships with third parties (clients, suppliers, intermediaries), and prior to forming partnerships or carrying out merger and acquisition transactions and by supervising recruitments.

They also endeavor to evaluate the situation of third-parties in terms of corruption and influence-peddling issues (reputation and background analysis), identify the factors of exposure to corruption risk (such as the presence of public decision-makers among the direct or indirect beneficiaries of a transaction), ensure the economic justification of the role of various participants in a transaction, check that effective payments of funds are justified, etc.

They also set out to avoid the risk of impropriety through which certain practices could give rise to giving/accepting gifts or invitations, payments as part of patronage or sponsoring initiatives, donations or third-party compensation.

The rules and procedures of this prevention framework are set out in Natixis' anti-corruption Policy that is applicable to all its entities and employees.

Internationally, Natixis ensures strict compliance with local regulations, such as the UK Bribery Act and the Foreign Corrupt Practices Act.

3.10.5 IT SYSTEMS SECURITY AND BUSINESS CONTINUITY

The objectives of IT Systems Security and Business Continuity Department, which is organized as a function, are to protect Natixis' information assets, identify risks (relating to information availability, integrity, confidentiality and traceability), to request, where applicable, a remediation plan to be put in place, to provide expertise and advice to the business lines and to keep the overall crisis set-up in working order. To meet these objectives, the department draws on its own resources to provide cross-business functions. It also relies on representatives within the business lines (IT Systems Security managers and Business Continuity Plan managers) and the IT Department.

The ITSS-BC Department coordinates its activities based on risks. It employs a method which identifies, in terms of operational risk, the risk situations of concern to the business lines and their IT assets that may be vulnerable. This method has since been adopted by Groupe BPCE. Risk assessments can be conducted during the annual review or can result from supporting a project. In 2017, the ITSS-BC monitored close to 300 business line projects, half of issued specific security requirements in order to better mitigate risks.

In light of these risks, the ITSS-BC Department runs an annual second-level permanent control plan covering all areas of IT System Security, with a tight focus on the control of access rights. The user access management overhaul program that began in 2012 was concluded in 2017. The tool manages approximately 1.2 million access rights for over 21,000 employees and contractors. The controls also check compliance with the security policy. Natixis was an active participant in the review of Groupe BPCE's IT system security policy, which comprised some 400 rules at end-2017.

Close tracking of upgrade requests – set up in the fourth quarter of 2017 – should also reduce Natixis' exposure to ITSS and BC risks.

In addition, Natixis acquired a new tool for monitoring IT security incidents which also makes it easier to report serious incidents to the relevant regulators.

Natixis' departments in charge of IT Systems Security (ITSS-BC and the Information Systems Security Department) defined a joined strategic plan for 2018-2020 which aims to improve measures to mitigate cyber attack risk. The plan sets out to transform our security model: from the current fortress (restricted access and protected by a single line of defense) to a system similar to that used in airports (more open, but with increased protection of sensitive assets).

As regards the Business Continuity Plan, the BCP and IT Contingency Plan (ICP) plans were merged to increase their effectiveness.

The 2017 second-level control plan covered most of the entities and critical IT infrastructures and was supplemented with a large-scale "Telework" test involving almost 700 staff and emergency drills.

The Seine Flooding ("Crue de Seine") project was successfully completed: new protection measures have been installed and successfully tested; the Paris IT network was secured as was most of the access of the international platforms to the network; and a new fallback solution offering greater accessibility for staff was tested. Lastly, the new real estate strategy is being implemented as leases expire.

Natixis is steadily strengthening its business continuity system to contend with cyber threats. A crisis unit is in place, emergency procedures have been distributed on what to do in case of known cyber attacks (ransomware, DDos, etc.), and we are currently reviewing ways of boosting our resilience to extreme shocks.

3.10.6 PERSONAL DATA PROTECTION

Natixis is committed to protecting the personal data of customers and employees alike. As such:

- processes involving the use of personal data are conducted pursuant to the French Data Protection Act and, when necessary, are declared to the Commission Nationale de l'Informatique et des Libertés (CNIL – French Data Protection Authority) or the international equivalent;
- Natixis takes the necessary measures to guarantee the confidentiality of such data and to keep the persons whose data are being processed informed so that they can fully exercise their rights of access and rectification.

This is ensured at two levels of the organization: CNIL coordination (Compliance) and local CNIL representatives in every business line.

Compliance with the General Data Protection Regulation (GDPR) is in progress: a body of procedures is being established, as is a register of personal data as well as an inventory – for each relevant operation – of security requirements to be compliant, and a deputy manager in charge of personal data protection has been recruited.

3.11 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, 2017, the financial consequences of litigation deemed likely to have, or which have in the recent past had, a material impact on the financial situation of Natixis and/or Natixis and its consolidated subsidiaries as a whole, or on their profitability or their business, have been included in Natixis' consolidated financial statements.

The most significant disputes are described below. Their inclusion in the list does not indicate that they will necessarily have an impact on Natixis and/or its consolidated subsidiaries. The other disputes are deemed unlikely to have a material impact on Natixis' financial situation or profitability and/or that of Natixis and its consolidated subsidiaries as a whole, or have not reached a stage where it can be determined whether they will have such an impact.

3.11.1 LEGAL AND ARBITRATION PROCEEDINGS

Madoff fraud

Outstanding Madoff assets, net of insurance, were estimated at €388.8 million at December 31, 2017, and were fully provisioned at this date. The effective impact of this exposure will depend on both the extent of recovery of assets invested in Natixis' name and the outcome of the measures taken by the bank, primarily legal. With this in mind, Natixis has appointed law firms to assist it in these recovery efforts. 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 confirmed (like the Commercial Court before it) the liability of the first-line insurers, in the amounts of the policies taken out, for the losses incurred by Natixis as a result of the Madoff fraud. The implementation of this ruling by all of the insurers is ongoing. In January and February 2017, both of the first-line insurers submitted an appeal to the Court of Cassation. The hearing was held on January 31, 2018. Deliberations are in progress and the case has been transferred to the Second Civil Chamber of the Commercial Division of the Court of Cassation. A new investigation will take place within the Commercial Division.

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, requesting that the case be dismissed on a preliminary basis or prior to any ruling on merit, 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. The case is ongoing.

Furthermore, the liquidators of Fairfield Sentry Limited and Fairfield Sigma Limited have initiated numerous proceedings against investors having previously received payments from these funds for redemptions of shares (over 200 proceedings have been filed in New York). 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 trustees to modify their initial claim. The defendants jointly responded in May and June 2017 and are awaiting the announcement of the hearing date.

Criminal complaint coordinated by ADAM

In March 2009, the Paris public prosecutor's office (Parquet de Paris) launched a preliminary investigation into a complaint filed by Natixis minority shareholders and coordinated by the Association de Défense des Actionnaires Minoritaires (ADAM – Association for the Defense of Minority Shareholders). As the plaintiffs have initiated civil proceedings, a judicial investigation opened in 2010. On February 14, 2017, Natixis came under investigation for two messages sent in the second half of 2007, at the beginning of the subprime crisis.

The judicial investigation is still being conducted.

Natixis Asset Management (formerly CDC Gestion) – Profit sharing

In 2012, a complaint was filed against Natixis Asset Management before the Paris District Court (Tribunal de Grande Instance de Paris) by 187 former employees of CDC Gestion (current name Natixis Asset Management). The subject of the complaint is the legal recognition of their rights to common law profit-sharing schemes from 1989 to 2001.

Following the application for a priority preliminary ruling on the issue of administrative constitutionality raised by Natixis Asset Management on the interpretation of an article of the French Labor Code, on August 1, 2013, the Constitutional Council declared the first paragraph of Article L.442-9 of the French Labor Code in its version prior to Law No. 2004-1484 of December 30, 2005, to be unconstitutional and ruled that employees of companies whose share capital is predominantly held by public entities cannot call for a profit-sharing scheme to be applicable to them for the period during which the provisions declared unconstitutional were in force.

In September 2014, the Paris District Court ruled in favor of Natixis Asset Management and dismissed all of the employees' complaints. The employees appealed the ruling to the Paris Court of Appeal. On May 9, 2016, the Court of Appeal upheld the ruling and rejected the appeal filed by the plaintiffs. Employees have collectively submitted an appeal to the Court of Cassation. In a ruling on February 28, 2018, the Court of Cassation rejected the employees' collective appeal.

MMR claim

In 2007, Ixis Corporate & Investment Bank (the predecessor of Natixis) issued EMTNs (Euro Medium Term Notes) indexed to a fund that invested in the Bernard Madoff Investment Securities fund. Renstone Investments Ltd (the apparent predecessor of MMR Investment Ltd) is alleged to have subscribed, via a financial intermediary acting as the placement agent, for these bonds in the amount of $50 million.

In April 2012, MMR Investment Ltd filed a joint claim against Natixis and the financial intermediary before the Commercial Court of Paris, claiming not to have received the bonds, despite having paid the subscription price to the financial intermediary. The claim mainly concerns the reimbursement of the subscription price of the bonds and, and as an alternative, the annulment of the subscription on the grounds of defect in consent. On February 6, 2017, the Commercial Court of Paris dismissed all of MMR Investment Ltd's claims.

MMR Investment Ltd filed an appeal on March 27, 2017. The case is ongoing.

Union Mutualiste Retraite

In June 2013, Union Mutualiste Retraite filed three complaints against AEW Europe in relation to the acquisition and management of two real estate portfolios in Germany between 2006 and 2008. The amounts claimed by Union Mutualiste Retraite total €139 million.

On January 19, 2016, the Commercial Court of Paris ordered a stay of proceedings on the merits of the case, pending a final decision by the Paris Court of Appeal as requested by AEW Europe in early July 2015 in the context of an appeal for annulment (“appel-nullité”) submitted against the ruling of the Commercial Court of July 1, 2015, which had declared the legal action by the claimants to be admissible. In an order dated July 17, 2017, the Paris Court of Appeal ruled the AEW Europe annulment to be inadmissible.

On October 25, 2016, the Commercial Court of Paris ordered the two insurance schemes involved to honor, in respect of AEW Europe, the sanctions covered by the policies that may be ruled in favor of UMR in connection with the litigation and to cover the defense costs incurred by AEW Europe. One of the insurers concerned appealed this decision on December 7, 2016.

The case is ongoing.

Securitization in the United States

Since 2012, five separate legal proceedings regarding residential mortgage-backed security (RMBS) transactions executed between 2001 and mid-2007 have been initiated against Natixis Real Estate Holdings LLC before the New York Supreme Court.

Two of these proceedings relate to accusations of fraud. One was dismissed in 2015 as time-barred. Some claims related to the second proceeding were also dismissed as time-barred. That case, for the remaining claims, is currently in the discovery phase, and Natixis believes that it has meritorious defenses.

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 securitizations. 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 applicable statute of limitations and that the claimants do not have the legal standing to file the suit, and intends to defend itself vigorously.

Another lawsuit was filed before a US federal court against Natixis Real Estate Holdings LLC and several subsidiaries, alleging violations of the False Claims Act in RMBS activities. Natixis filed a motion to dismiss the case in January 2017. Its request was granted in September 2017; as such, the dispute is now closed.

EDA – Selcodis

On June 18, 2013, through two separate complaints, Selcodis and EDA brought proceedings before the Commercial Court of Paris against Compagnie Européenne de Garanties et Cautions for the sudden termination of commercial relations following the refusal by the latter to grant EDA a guarantee.

Through two new complaints filed on November 20, 2013, Selcodis and EDA also brought claims before the Commercial Court of Paris against Natixis, BRED and CEGC for unlawful agreements, alleging that such actions led to the refusal by CEGC to grant a guarantee to EDA and to the termination of various loans by BRED.

Selcodis is asking for compensation for the losses purportedly suffered as a result of the court-ordered liquidation of its EDA subsidiary, and is requesting that the defendants be ordered to pay damages and interest, which it assesses to be €32 million. For its part, EDA is requesting that the defendants be ordered to bear the asset shortfall in its entirety, with its amount being calculated by the court-appointed receiver.

Natixis and CEGC consider all of these claims to be unfounded.

These two cases (EDA – SELCODIS) are ongoing.

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 former directors amount to €285 million.

Natixis considers these accusations to be unfounded.

Following an objection as to jurisdiction, the Tribunal of Siena referred the case to the Tribunal of Florence on February 23, 2016. The case is still in progress before the Tribunal of Florence.

Formula funds

Following an inspection by the AMF (French Financial Markets Authority) in February 2015 on Natixis Asset Management’s compliance with its professional obligations, particularly the management of its formula funds, the AMF's Enforcement Committee delivered its decision on July 25, 2017, issuing a warning and a fine of €35 million. The Enforcement Committee found a number of failings concerning the redemption fees charged to funds and structuring margins.

Natixis Asset Management is mounting a rigorous defense against this decision and has filed an appeal with the French Council of State. The case is ongoing.

In addition, UFC-QUE CHOISIR, in its capacity as a consumers' rights non-profit, brought claims before the Paris District Court (Tribunal de Grande Instance de Paris) on March 5, 2018, against the asset management company to obtain compensation for the financial losses suffered by the holders of the formula funds in question.

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. SWL appealed this ruling to the Mons Court of Appeal on March 2, 2015. 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.

Natixis submitted an appeal to the Court of Cassation on January 18, 2017.

Furthermore, on March 16, 2017, Natixis filed an appeal with the Paris Court of Appeal challenging the appeal ruling's legal enforceability in France, and on August 3, 2017, Natixis summoned the Walloon regional authority to appear before the Namur Court of First Instance regarding the appeal of its performance bond as part of the aforementioned swap agreement.

3.11.2 SITUATION OF DEPENDENCY

Natixis is not dependent on any patent or license, or on any industrial, commercial or financial supply contract.

3.12 Other risks

3.12.1 RISKS RELATED TO INSURANCE ACTIVITIES

Natixis Assurances

Natixis Assurances is the Insurance division of Natixis and is structured into two businesses:

- the personal Insurance business, focused on developing portfolios in life insurance, savings and retirement capitalization, as well as provident insurance;
- the non-life insurance business, focused on developing portfolios for motor and multi-risk home insurance, personal accident insurance, legal protection, healthcare and property and casualty insurance.

Given the predominance of the Investment Solutions activity, the main risks to which Natixis Assurance is exposed are financial. The Company is also exposed to underwriting risks (life and non-life), as well as counterparty risk.

Market risk

Market risk is in large part borne by the subsidiary BPCE Vie on the financial assets that underpin its commitments with guaranteed principal and returns (euro-denominated policies: €48.5 billion on the main fund balance sheet). The Company is exposed to asset depreciation risk (fall in the equity or real estate market, wider spreads, interest rate hikes) and to the risk of lower interest rates which would generate insufficient capital to meet its guaranteed rate of return. In response to this risk, in recent years BPCE Vie has only sold policies with a minimum guaranteed return: more than 90% of the policies have a zero minimum guaranteed return. The minimum guaranteed return averages 0.15%.

To manage market risk, the sources of return have been diversified, namely via investments in new asset classes (financing the economy, low-volatility equity, etc.). This diversification is managed by a strategic allocation, defined on a yearly basis, that takes into account regulatory constraints, commitments to policyholders and commercial requirements.

Credit risk

Credit risk is monitored and managed in compliance with Natixis Assurances' standards and internal limits. As of December 31, 2017, 67% of the fixed-income portfolio is invested in securities rated higher than A-.

Life insurance underwriting risk

The main risk to which life insurance underwriting is exposed is linked to the Investment Solutions activity. In an especially low interest-rate environment, the biggest risk is that of fewer redemptions and/or excessive inflows in euro-denominated vehicles, as reinvestments in securities dilute the main fund's return. To prioritize inflows in unit-linked policies, measures have been taken, such as the creation of unit-linked policy products and communication campaigns, and a communication campaign targeting customers and the network.

Non-life insurance underwriting risk

The general insurance underwriting risk to which Natixis Assurances is exposed is borne by its subsidiary BPCE Assurances:

- premium risk: in order to ensure that the premiums paid by the policyholders corresponds to 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 motor insurance, for instance). This monitoring policy also contributes to detecting potential risks arising from large claims, and to arranging 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 who are subject to a financial rating by at least one of the three internationally recognized rating agencies, and who 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 main types of risk (strategic risk, credit risk, financial risk, operational and non-compliance risk, and reinsurance risk), of which the two principal risks are credit risk and financial risk.

Credit risk

Credit risk is defined as the risk of loss, due to non-payment by a debtor, of a receivable owed to a policyholder of the Group. Coface manages credit risk through a number of procedures, whose scope includes the approval of the terms of policies relating to products, pricing, monitoring of credit risk hedges and portfolio diversification. Credit risk can be exacerbated due to the concentration of exposure (country, sector, debtor, etc.) and is modeled as premium risk, reserve risk and disaster risk Traditionally, Coface makes a distinction between frequency risk and event risk:

- frequency risk represents the risk of a sudden material increase in delinquency by a high number of debtors. This risk is measured for each region and country by monitoring the instantaneous loss ratio[1] and the monthly indicator that breaks down the changes in domestic/export credit by DRA[2] and business sector, by acceptance rate on the DRA scale, or by product line (deposit, single risks). As regards exposure and portfolio monitoring, the Group has set up a refined management of its risks based on a sector/country breakdown. Missed payments are thus analyzed weekly by the Group Management Board and monthly by Coface's Underwriting Committee. This risk is mitigated by Coface Re reinsurance. Loss ratios for the different underwriting regions are also monitored at the consolidated Coface level;
- event risk represents the risk of abnormally high losses recorded for the same debtor or group of debtors, or of an accumulation of losses for the same country. Even 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:

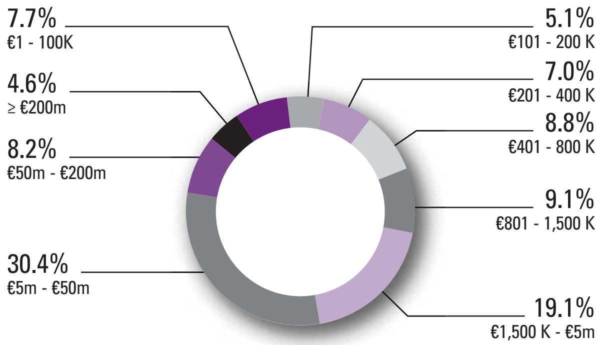
- the centralization of claims reserves exceeding a certain amount per debtor which are then analyzed ex-post to improve the information, underwriting and recovery activity's performance;
- monitoring at the risk underwriting level, which, above a given level of DRA-based outstandings, generates an approval and the establishment of an overall budget by Coface's Underwriting Department; and
- a DRA-based risk assessment system covering all debtors.

Diversification of the credit risk portfolio

Coface maintains a diversified credit risk portfolio, in order to minimize the risk of debtor default, a slowdown in a given business sector, or an adverse event in a given country having a disproportionate impact on its overall claims expense. The insurance policies also contain clauses allowing credit limits to be changed mid-contract. Furthermore, the fact that the great 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.

Second-level controls are set up to ensure that the Group's credit risk standards are observed.

The following chart analyzes the breakdown of debtors by total credit risk exposure incurred by Coface at December 31, 2017:



Financial risk

Coface has implemented an investment policy that incorporates the management of financial risk through the definition of its strategic allocation, as well as 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 constantly 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 3.6 at December 31, 2017. Coface still has no exposure to Portuguese and Greek sovereign debt. The Group continued to increase its international diversification in 2017, particularly in the developed countries of North America, in order to benefit from higher rates of return and to follow the various interest rate hikes. Interest rate hedges were applied to a portion of exposure to European sovereign debt;
- foreign exchange risk: the majority of Coface's investment instruments are denominated in euros. Subsidiaries and branches using other currencies must observe the same principles of congruence. In 2017 systematic hedging operations against the euro were arranged in the portfolio containing all of Coface's European entities, to hedge bond investments denominated in dollar, British pound and Australian dollar;
- 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, 2017, listed equities represented 7.5% of the investment portfolio. These investments were subject to hedging for 30% of the invested portfolio through the purchase of put options on Eurostoxx indices. This hedging can be adjusted in line with investments and the amount of unrealized capital gains or losses on shares held;

(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, particularly so that underwriters can monitor the change in their portfolio and detect any deterioration in order to introduce corrective actions as early as possible.

(2) Debtor Risk Assessment: Assessment of debtors using a Group-wide grid.

- 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 89% of the bonds are Investment Grade and therefore have a median rating equal to at least BBB-;
- liquidity risk; At December 31, 2017, 52% of the bond portfolio had a maturity of less than three years. The vast majority of the portfolio is listed on OECD markets and carries a liquidity risk that is currently considered as low.

Level 2 controls on compliance with Coface's investment policy are also carried out.

CEGC

Compagnie Européenne de Garanties et Cautions is the Group's multiple business line security and guarantee platform. It is exposed to underwriting risk, market risk and the risk of the reinsurers defaulting, as well as operational risk.

In 2017 underwriting risk was managed effectively, reflected by a level of claims 26% of earned premiums. New committed risks on the balance sheet, particularly those on refinanced mortgage loans, made for a good risk profile.

As part of the Solvency 2 supervisory regime, which came into effect on January 1, 2016, CEGC submitted an application to certify its internal assessment model for underwriting risks on mortgage guarantees for retail customers. The ACPR (French Prudential Supervisory Authority for the Banking and Insurance Sector) approved the model in March 2017. CEGC's partial internal model therefore meets the specific requirement applicable to mortgage loan guarantors to improve the robustness of the French banking system for home loans.

CEGC submitted the new annual quantitative statements required by the Solvency II regulations, accompanied by the qualitative and quantitative reports intended for the supervisor (RSR) and the public (SFCR).

Underwriting risk

Underwriting risk is the main risk incurred by CEGC. It is essentially a counterparty risk, as the commitments given by CEGC to beneficiaries of guarantees result in direct exposure to underwriters. These regulated commitments recorded on the liabilities side of the balance sheet amounted to €1.85 billion at December 31, 2017 (up 15.7% compared to the end of 2016). This increase was in line with fiscal year 2016, driven mainly by mortgage guarantees for individual customers.

CEGC'S OUTSTANDINGS (IN MILLIONS OF EUROS)

CEGC's activities	December 2017	Change December 2017 versus December 2016
Individual customers	1,658	16.3%
Individual home builders	20	17.6%
Property administrators - Realtors	11	22.2%
Corporates	29	38.1%
Real estate developers	15	(16.7%)
Professional customers	70	7.7%
Social economy - Social housing	42	23.5%
Run-off activities	5	(37.5%)
TOTAL	**1,849**	**15.7%**

Market risk

CEGC holds an investment portfolio of about €1.92 billion on its balance sheet as at December 31, 2017, hedging underwriting provisions. The portfolio is up 13.62% since the end of 2016. In 2017 CEGC set up an investment program in the real estate segment (which has an allocation target of 10%). Market risk from the investment portfolio is limited by the Company's investment choices.

The Company's risk limits are set out in the Asset Management agreement established with Natixis Asset Management. By collecting surety insurance premiums at the time of commitment, CEGC does not require funding. Neither does CEGC carry transformation risk: the investment portfolio is entirely backed by equity and technical reserves.

(in millions of euros)	12.31.2017 Net balance sheet value of the provision	12.31.2017 % breakdown	12.31.2017 Fair value	12.31.2016 Net balance sheet value of the provision	12.31.2016 % breakdown	12.31.2016 Fair value
Equity	137	7.2%	164	130	7.7%	155
Bonds	1,338	69.8%	1,476	1,244	73.5%	1,387
Diversified	131	6.8%	137	111	6.6%	115
Cash	124	6.5%	124	119	7.0%	119
Real estate	169	8.8%	174	63	4.2%	99
FCPR	14	0.7%	19	18	1.0%	22
Other	3	0.2%	2	1	0.1%	1
TOTAL	**1,915**	**100%**	**2,096**	**1,686**	**100%**	**1,899**

Reinsurance risk

CEGC hedges its liability portfolio by implementing a reinsurance program tailored to its activities.

In loan guarantees, reinsurance is used as a way to manage regulatory capital by protecting guarantee beneficiaries in the event of an economic scenario giving rise to a loss of up to 2% of outstanding guaranteed loans.

In the Corporate segments, the program is used to protect CEGC’s capital by covering high-severity risks. It has been calibrated to protect against three individual loss events (loss related to a counterparty or a group of counterparties) which could have a significant impact on the Corporate segment’s income statement.

Any modification of the reinsurance program (reinsurers, pricing, structure) is subject to the validation of the Capital and Solvency Management Committee chaired by a corporate officer.

Reinsurer default risk is governed by counterparty concentration and rating limits. CEGC's reinsurance programs are underwritten by a broad panel of international reinsurers with a minimum rating of A on the S&P scale.

3.12.2 STRATEGY RISK

Strategy risks is defined as:

- the risk inherent to the strategy chosen;
- or resulting from Natixis’ inability to implement its strategy.

Strategy risks are monitored by the Board of Directors, supported by its Strategic Committee, which examines the strategies guiding Natixis’ activities at least once a year. The Board of Directors also approves strategic investment projects and any transactions, particularly acquisitions and disposals, that are likely to significantly affect Natixis’ results, the structure of its balance sheet or its risk profile.

Senior Management is in charge of defining and steering Natixis’ strategy, with assistance from the Senior Management Committee.

The membership of these various bodies is presented in Chapter 2 of the 2017 Natixis registration document. The Internal Rules of the Board of Directors, including the procedure for calling meetings, can be found in Chapter 2, paragraph 2.3.1, of the registration document.

3.12.3 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 2017 Natixis registration document.

3.12.4 ENVIRONMENTAL AND SOCIAL RISKS

The identification and management of these risks are presented in Chapter 6 of 2017 Natixis registration document.

3.13 At-risk exposures

(These data form an integral part of the financial statements certified by the Statutory Auditors).

Natixis was exposed to the following risks at December 31, 2017.

EXPOSURE TO MONOLINE INSURERS

In 2017, value adjustments went down by €10 million (excluding the effect of the BPCE guarantee) to €63 million at December 31, 2017, versus €73 million at December 31, 2016.

	Data at 12.31.2017			Data at 12.31.2016		
(in millions of euros)	Notional amount	Pre-value adjustment exposure	Value adjustments	Notional amount	Pre-value adjustment exposure	Value adjustments
Protection for CLOs	-	-	-	68	4	-
Protection for RMBS	36	5	-	44	7	-
Other risks	1,466	257	(63)	1,840	342	(73)
TOTAL	**1,502**	**262**	**(63)**	**1,952**	**353**	**(73)**

(in millions of euros)	12.31.2017	12.31.2016
Pre-value adjustment exposure	262	353
Value adjustments	(63)	(73)
RESIDUAL EXPOSURE	**199**	**280**
Discount *(in %)*	24%	21%

EUROPEAN RMBS

Net exposure to UK RMBS

UK RMBS *(in millions of euros)*	Net exposure at 12.31.2016	Change in value in 2017	Other changes	Net exposure at 12.31.2017	AAA	AA	A	BBB	BB	B	CCC	CC
Trading book	40	-	(11)	29	8	10	3	7	-	1	-	-
TOTAL	**40**	**-**	**(11)**	**29**	**8**	**10**	**3**	**7**	**-**	**1**	**-**	**-**

NET EXPOSURE TO SPANISH RMBS

Spanish RMBS *(in millions of euros)*	Net exposure at 12.31.2016	Change in value in 2017	Other changes	Net exposure at 12.31.2017	AAA	AA	A	BBB	BB	B	CCC	CC
Trading book	-	-	11	11	-	6	1	3	1	-	-	-
TOTAL	**0**	**0**	**11**	**11**	**-**	**6**	**1**	**3**	**1**	**-**	**-**	**-**

CMBS

CMBS *(in millions of euros)*	Net exposure as at 12.31.2016	Change in value in 2017	Other changes	Net exposure at 12.31.2017
Trading book	0	-	1	1
Loans and receivables portfolio	28	-	118	146
TOTAL	**28**	**0**	**119**	**147**

Breakdown by rating	% breakdown
AAA	48%
AA	8%
A	2%
BBB	3%
BB	1%
NR	38%
TOTAL	**100%**

Breakdown by country	% breakdown
USA	99%
Europe	1%
TOTAL	**100%**

EXPOSURES TO COUNTRIES RECEIVING FINANCIAL ASSISTANCE

At December 31, 2017, exposures to sovereign risk in countries receiving financial aid or facing uncertainties (political, currency, etc.) were as follows:

(in millions of euros)	12.31.2017 [a]				12.31.2016 [a]			
	Sovereign securities	Derivatives (b)	Other	Total	Sovereign securities	Derivatives (b)	Other	Total
Spain [c]	916	4	10	930	1,088	5	4	1,097
Greece [c]	0			0	2	-	-	2
Ireland [c]	185	(4)		181	162	-	-	162
Portugal [c]	154			154	101	-	-	101
Russia	1	0	10	11	2	2	23	27
Venezuela			58	58	-	-	70	70
TOTAL	**1,255**	**0**	**79**	**1,334**	**1,355**	**7**	**97**	**1,459**

(a) *Excluding corporates.*
(b) *Including credit derivatives.*
(c) *Countries receiving financial aid from the European Union.*

At December 31, 2017, exposure to non-government risk, in particular Greece and countries facing uncertainties (political, currency, etc.), directly held by Natixis stood as follows:

(in millions of euros)	Gross exposure at December 31, 2017 [(a)]			Total gross exposure	Provisions [(b)]	Net exposure at December 31, 2017
	Bank	Asset financing and structured transactions [(c)]	Corporate			
Greece [(d)]	5	182	22	209	(25)	185
Russia	525	419	328	1,272	(6)	1,265
Ukraine	0	118	25	143	(8)	134
TOTAL	**530**	**718**	**375**	**1,624**	**(39)**	**1,585**

(a) Gross exposure: gross carrying amount on the balance sheet at December 31, 2017.

(b) Individual and collective provisions.

(c) Exposure corresponds mainly to the "shipping finance" sector amounting to €81 million at December 31, 2017.

(d) Countries receiving financial aid from the European Union.

(in millions of euros)	Gross exposure at December 31, 2016 [(a)]			Total gross exposure	Provisions [(b)]	Net exposure at December 31, 2016
	Bank	Asset financing and structured transactions [(c)]	Corporate			
Greece [(d)]	23	228	63	314	(60)	254
Russia	722	619	712	2,053	(5)	2,048
Ukraine	-	207	28	234	(23)	211
TOTAL	**745**	**1,054**	**802**	**2,601**	**(88)**	**2,513**

(a) Gross exposure: gross carrying amount on the balance sheet at December 31, 2016.

(b) Individual and collective provisions.

(c) Exposure corresponds mainly to the "shipping finance" sector amounting to €134 million at December 31, 2016.

(d) Countries receiving financial aid from the European Union.

4

OVERVIEW OF THE FISCAL YEAR

4.1 Management report at December 31, 2017

4.1.1 NOTE ON METHODOLOGY

In accordance with European regulation 809/2004 relating to information contained in prospectuses, the financial statements for the year ended December 31, 2015, that were published in the 2016 registration document filed with the AMF on March 21, 2017, are included for reference in this document.

Starting from the publication of annual earnings for 2017, the presentation of the divisions as well as the standards used to assess their performance are those included in the New Dimension plan presented in November 2017.

Accordingly, the presentation of the divisions includes the following developments:

- Investment Solutions has been split into two divisions:
  - Asset & Wealth Management;
  - Insurance;
- within Corporate & Investment Banking:
  - Global Finance and Investment Banking are now two distinct business lines,
  - the creation of Global Securities & Financing (GSF), a joint venture between FIC and Equity derivatives. The joint venture comprises Securities Financing Group (SFG, formerly part of FIC) and Equity Finance (formerly part of Equity). GSF's revenues are divided equally between Equity and FIC.
- within Specialized Financial Services, the Payments business has been extracted from Payment Services to form a separate, stand-alone business line;
- Financial Investments has been eliminated and is henceforth incorporated in the Corporate Center.

In addition, to comply with the requirements of the French law on the separation of banking activities, the Short-Term Treasury and Collateral Management activities, which used to be part of Global Markets, were transferred to the Finance Department on April 1, 2017. Nevertheless, to ensure comparability, in this management report CIB refers to CIB including Short-Term Treasury and Collateral Management activities.

In addition, the following changes to the standards used to **assess the performance of the divisions** have been factored in:

- regulatory capital allocated to the business lines was increased from 10% to 10.5% of Basel 3 average RWA;
- rate of return on capital was reduced from 3% to 2%.

As a reminder, the earnings of the Natixis business lines have been presented in accordance with Basel 3 regulations. Capital is specifically allocated to the Insurance business lines based on the Basel 3 accounting treatment for investments in insurance companies, as enacted into EU law by CRD IV and CRR ("Danish compromise"). The capital allocated to CEGC takes into account its exclusion from the "Danish compromise". It is based on a 250% risk weighting of the value of the securities held by CEGC, which is the prudential treatment under the threshold mechanism applied to holdings of equity instruments issued by financial entities.

The conventions used to determine the earnings generated by the various business divisions are as follows:

- the business divisions record the return on regulatory capital allocated to them. By convention, the rate of return on regulatory capital is 2%;
- the return on share capital of the entities that form the divisions is eliminated;
- the cost of Tier 2 subordinated debt is now charged to the divisions in proportion to their regulatory capital;
- the divisions are invoiced for an amount representing the bulk of Natixis' overhead. The uninvoiced portion accounts for less than 3%, excluding the Single Resolution Fund (SRF), of Natixis' total overhead. The Single Resolution Fund contribution is covered by the Corporate Center and is not charged back to the divisions.

Deeply subordinated notes (DSNs) are classified as equity instruments; interest expense on those instruments is not recognized in the income statement.

ROE and ROTE for Natixis and the business lines are calculated as follows:

- the profit measure used to determine **Natixis' ROE** is net income (Group share), minus the post-tax interest expense on DSNs. The equity used is average shareholders' equity (Group share) under IFRS, after distribution of dividends, excluding average hybrid debt, and eliminating unrealized or deferred gains and losses recognized in equity;
- **Business line ROE** is calculated using:
  - as the numerator: the business line's pre-tax profit, as per the aforementioned rules, to which a normative tax is applied. The normative tax rate is determined for each of the divisions while taking into account the tax liability conditions of Natixis' companies in the jurisdictions where they operate. It is determined once a year and does not factor in potential changes to the effective tax rate during the year;
  - as the denominator: regulatory capital, calculated on the basis of 10.5% of RWA assigned to the division, plus goodwill and intangible assets related to the 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 distribution of dividends, excluding average hybrid debt, average intangible assets and average goodwill.

4.1.2 KEY EVENTS FOR THE PERIOD

4.1.2.1 Context

In 2017, Natixis operated in an environment marked by the ongoing normalization of the global economy and a rebound in international trade demonstrating the improvement in economic conditions.

The global economy ended 2017 on solid ground: annual growth was at a one-year high of 3.9% in the third quarter, marking the fifth consecutive quarter of acceleration. Contributing to the global upturn were the emerging economies, whose currencies stabilized to trigger sharp disinflation, allowing some central banks (Brazil, Russia, India and Indonesia) to ease monetary conditions. Global trade also recovered. Inflation remained under control, going no higher than 2.9% globally.

Against this backdrop, the French economy has grown at a quarterly pace of +0.5% since the end of 2016, mostly on the back of private consumption. Inflation continued its steady rise following the rally in oil prices. Averaged over the year, inflation (CPI) should reach 1% in 2017, up +0.2% from 2016 but still moderate and with little impact on purchasing power. Thanks to persistently favorable lending conditions (low interest rates, tax reduction under the Pinel scheme, interest-free loans), and despite the slight rise in interest rates, home loan demand from French households picked up significantly in the first half of the year before slowing down in the third quarter on account of fewer renegotiations. In contrast, corporate demand for loans continued to heat up. Lastly, the new government's finance bill reaffirms France's determination to uphold its European commitments to consolidate public finances. The government aims to simultaneously reduce public spending and the tax and social contributions rate, thereby lowering the public deficit by two GDP points and debt by five GDP points. As a result of these strategies for the French economy, the 10-year OAT ended the year at only 20 bp above the German benchmark—its narrowest spread since 2010, but still wider than pre-financial crisis levels.

Share prices continued to soar to new highs, propelled by the improved global economic environment and continued support from flexible monetary conditions. US equity prices (S&P 500) rose to 24 times earnings at the end of 2017, their highest in 15 years. It is important to note, however, that this inflation of asset prices is partly sustained by money created by central banks. The global monetary base again increased by almost 9% a year, surpassing global GDP by value. While the Federal Reserve began to gradually shrink its balance sheet in October by no longer reinvesting all the assets purchased under quantitative easing as they mature, the ECB started tapering its net bond purchases (from €60 billion to €30 billion per month) as of January 2018. As for US interest rates, 10-year Treasury yields ended 2017 where they started, at 2.4%. As the Fed hiked its key interest rates three times over the year, this flattened the US curve considerably. The 10-year/2-year US Treasury spread was just 57 bp at end-2017 versus 133 bp year-on-year.

4.1.2.1 Key events for Natixis' business lines

Against this backdrop, Natixis successfully completed its New Frontier strategic plan, having achieved or surpassed the key objectives set out four years ago. These were focused on growing revenues, managing its balance sheet and risks, and the improving the rate of return on equity through the implementation of its asset-light model.

The plan's success provided a solid foundation for the launch of the New Dimension plan, which Natixis is now undertaking. New Dimension sets out three powerful initiatives aimed at developing solutions offering high added value to our clients: to deepen the transformation of our business models that we successfully began under the New Frontier plan, to allocate a significant portion of our investments to digital technologies and to differentiate ourselves by becoming a leading player in the areas where Natixis' teams are recognized for their exceptional skills.

In 2017, Natixis consolidated its positions and continued to develop its main business lines, which cater to both the BPCE networks and its own clientele.

In **Asset & Wealth Management**, the **Asset Management** business underwent major changes.

In 2017, Natixis Global Asset Management (NGAM) changed its name to become **Natixis Investment Managers**. This reflects the multi-affiliate model of the Asset Management business line, which offers investment solutions from a diversified range of asset managers, combined with advisory and support services that are essential for building high-performance portfolios, irrespective of the market. In conjunction with its name change, Natixis Investment Managers launched a new brand platform centered on Active Thinking^{SM}.

In addition, Asset Management pursued the development of its multi-boutique model. Highlights of Natixis IM's development included:

- at the end of March, Natixis IM sold its 25% stake in the IDFC entities (India).
- in late September, Mirova (a company in which Natixis IM indirectly holds a 100% stake) acquired a 51% equity interest in Althelia, a London-based asset-management firm specializing in impact investing (investments with a strong social and environmental impact). The aim is to create a European natural capital investment platform managed by teams based in London and Paris.
- in October, a 51.9% equity interest was acquired in Investors Mutual Limited (IML), an Australian value-focused equities fund manager. This significant purchase (over €6 billion in AuM) is in line with the business's strategic development ambitions in Asia-Pacific.

Natixis IM earned the following distinctions:

- AGEFI/Global Invest Forum Awards: Vincent Chailley, Head of Investments at H2O Asset Management, a subsidiary of Natixis Investment Managers, won the award for "Best Manager in 2017";
- Australian Fund Managers Foundation: The three Investors Mutual Limited (IML) small cap funds (IML Small Cap Fund, IML Smaller Companies Fund and IML Future Leaders Fund) won the Golden Calf at these awards;

- Gestion de Fortune - Service Provider Awards (Palmarès des fournisseurs 2018) (January 2018): H20 won the special "Company of the Year" (all categories) award. H2O also won the award for "Best Asset Management Company" in the "AuM over €5 billion" category, while DNCA came second in the same category;
- at the Citywire France Awards 2017, H2O and Dorval were recognized as follows:
  - H2O Asset Management - Best Asset Management Firm, Global Flexible Bonds category,
  - Bruno Crastes, H2O Asset Management - Best Fund Manager, Global Flexible Bonds category,
  - Louis Bert and Stéphane Furet, Dorval Asset Management - Best Fund Manager, French Equities category;
- Citywire Italia: Bruno Crastes, CEO of H2O, was named "Best Asset Manager" in the Global Flexible Bonds category;
- Natixis Asset Management won the "Innovative Provider of the Year" award for its AEW Real Return Fund at the inaugural ceremony of the Insurance Asset Management Awards;
- Gestion de Fortune - The 2017 Globes de la Gestion awards:
  - Natixis Actions US Growth managed by Loomis took first prize in the "US Equities" category,
  - DNCA Miuri managed by DNCA took first prize in the "Absolute Performance" category.

In 2017, **Private Banking**, now called **Natixis Wealth Management**, enjoyed solid sales momentum in its individual, business owner and senior executive customer segments, bringing its assets under management up to €31.6 billion at the end of 2017 (including VEGA IM, in which Natixis Investment Management owns a 60% interest).

Natixis Wealth Management consolidated its operational foothold by bringing its sales teams together under a single department. Investments in digital projects, such as the go-live of a digital onboarding interface or online subscription to e-dédiance policies through the Caisses d'Epargne, completed the Bank's adaptation to its current environment. Regulation-related projects, such as MiFID 2 or the implementation of IFRS 9, also took up resources in 2017.

VEGA Investment Managers recorded €6.6 billion in assets under management, up 12% year-on-year. The flagship VEGA Euro Rendement fund (five-star Morningstar rating), which totaled €855 million at end-2017, generated strong inflows thanks to the commercial success of the Sélectiz range in the Caisse d'Epargne and Banque Populaire banks.

With €6.4 billion in assets under management at December 31, 2017, **Sélection 1818** represented more than 5% of the distribution platform market and came second in the Gestion de Fortune awards in the banking platform category.

In 2017, the final year of the New Frontier strategic plan (2014-2017), **Corporate & Investment Banking**'s business and profitability grew substantially. Its three international platforms continued to expand while extending their expertise and increasing their visibility.

Its London and Dubai branches continued to develop business in the EMEA region. It strengthened its franchise in real estate finance in Germany and in advisory services in Italy and Spain.

The Americas platform delivered a superb performance in all its business sectors, and continued to enhance its product range and cement its expertise, particularly in structured finance and acquisitions, M&A advisory services and securitization, ranking No. 6 CLO arranger in the US *(source: Thomson Reuters)*. It consolidated its positioning in Latin America, where it was classed No. 8 bookrunner for syndicated loans by volume *(source: Dealogic)*.

The Asia-Pacific platform pursued its selective development strategy in all its areas of operation. Most notably, it converted its representative office in Taiwan into a branch in order to be more accessible to clients and offer a more comprehensive range of services. It was also granted a license in Hong Kong to offer M&A advisory services. It strengthened its expertise in financing and SRI investment solutions by creating a dedicated team and developing green bond issues.

In November 2017, Corporate & Investment Banking presented its strategic objectives as part of Natixis' new strategic plan, New Dimension 2018-2020:

- to be recognized as a bank that offers innovative solutions;
- to become a leading bank in four key sectors (energy and natural resources, aviation, infrastructure, real estate and hospitality). To this end, the CIB announced a project to restructure Global Finance in order to better capitalize on the expertise acquired in these sectors. The project aims to develop commercial relationships with clients in these sectors by offering them a complete set of expertise, and by promoting the development of the CIB business lines and M&A activity;
- to increase business with insurers and investment funds;
- to become a leading player in the green market (relying on the new Green & Sustainable Hub, created in July 2017, to deliver a continuum of dedicated solutions and expertise);
- and to continue to expand internationally with the goal of generating more than 40% of its revenues in the Americas and the Asia-Pacific region by the end of the plan.

In addition, Natixis and ODDO BHF announced plans for a long-term partnership on the equity markets (cash equity, equity research, equity capital markets) in order to implement a unique solution for investors and issuers that is consistent with the regulatory changes associated with MiFiD 2. As part of this partnership, Natixis' equity research and equity brokerage businesses in France will be transferred to ODDO BHF, thereby creating a market leader in continental Europe, and the equity capital market activities of both entities will be merged under Natixis.

In **Capital Markets**, Natixis pursued its growth through innovative and bespoke client-focused solutions, as recognized by a number of awards: "Structured Product House of the Year 2017" in Asia *(source: AsiaRisk – Structured Product House of the Year)* and, for the second year running, "Most Innovative Investment Bank for Equity Derivatives" *(source: The Banker, Investment Banking Awards 2017)*.

Natixis expanded its business abroad by building up its Fixed Income teams and focusing on diversifying the solutions it offers in equity derivatives. It has formed two partnerships in South Korea and in the US (creation of the Kospi 3 index, in partnership with Korea Exchange, and the Nasdaq-100 Target 25 Excess Return index for which it has an exclusive operating license). Accordingly, the Fixed Income business created a cross-business European Sales and Financial Engineering team to place financial engineering at the heart of its strategy.

The new Global Securities Financing business, resulting mainly from the merger of the Equity Finance (Equity Derivatives) and Securities Financing group (Fixed Income) teams, aims to enhance dialog with clients by providing a multi-underlying and multi-product offering underpinned by the following expertise: collateralized funding and collateral management (repos, securities borrowing/lending, etc.), market-making for repos, credit and sovereign securities borrowing/lending and market making on indices (equities). The business also helps the bank adapt to changes in the market and regulatory constraints, and gives an overview of its equity and fixed income assets, helping to manage them more efficiently and comprehensively.

In 2017, Global Markets research continued its development in all asset classes, and received a number of awards recognizing the expertise of its teams and their commitment to clients. The teams also concerted their efforts to respond to the requirements of MiFID 2 by informing eligible clients of the new directive and providing them with Natixis' new service fees.

To comply with the obligations of the French law on the separation of banking activities, the Treasury and Collateral Management team, which used to report to Global Markets, has reported to the Finance Department since April 1, 2017.

In **Structured Finance**, Natixis carried out large-scale, high value-added financing transactions in the aviation, infrastructure, real estate, energy and commodities sectors, for which it has gained recognition in the form of many "deal of the year" awards from top publications. The strength of the O2D model was proven by the strong performance of the business, despite regulatory constraints and increased competition. Consolidating its main franchises, Natixis was ranked No. 1 bookrunner in syndicated real estate finance in the EMEA region *(source: Dealogic, December 31, 2017)*, No. 6 Mandated Lead Arranger (MLA) in infrastructure financing in Europe and No. 10 worldwide *(source: IJ Global, December 31, 2017)*.

Natixis remained committed to renewable energy financing where it was ranked No. 1 in the Middle East. It also launched its first green CMBS issue in the US, opening the way for new eco-responsible investment opportunities. Moreover, Natixis ramped up its investment in digital solutions by creating, with its client Trafigura and IBM, the first commodity trading blockchain for processing crude oil transactions in the US (named as one of Global Finance magazine's "The Innovators 2017 – Trade Finance").

Global Transaction Banking, together with eight other banks, helped launch the we.trade shared platform aimed at streamlining international trade transactions. The initiative was named as one of Global Finance magazine's "The Innovators 2017 – Trade Finance." Natixis also became a member of the SWIFT Global Payments Innovation (GPI) initiative aimed at improving the transparency and traceability of international payments. As regards Supply Chain Finance, a financing solution (Receivable) was set up in Dubai for two major clients in the telecommunications sector, and in New York for two US companies in the aerospace and aluminum sectors.

In **Investment Banking**, Strategic and Acquisition Finance continued to grow at a fast pace. Natixis was ranked No. 2 bookrunner for sponsored loans in France and No. 6 in the EMEA region by value *(source: Thomson Reuters)*. It arranged large-scale cross-border transactions, particularly in Asia-Pacific. It also led a number of leveraged buyouts for investment funds in Europe and internationally.

Through its global network of origination teams, the bank consolidated its franchise on the euro bond market, particularly in the green bond segment. It also worked with the new senior non-preferred notes and strengthened its presence in emerging markets, where it has developed its USD issue capacity.

Natixis' Equity Capital Markets teams executed large-scale transactions, including capital increases, initial public offerings, convertible bond issues and tender offers. Natixis was ranked No. 3 lead bookrunner on equity capital markets in France by number of deals and No. 4 by volume in 2017 *(source: Bloomberg)* and tied for No. 2 lead bookrunner in the equity-linked market in France by number of deals in 2017 *(source: Bloomberg)*.

Natixis is currently a leader in **Mergers & Acquisitions** in France and is ranked No. 4 in M&A advisory services by number of deals *(source: Merger Market, December 31, 2017)*, and No. 3 in M&A advisory services for mid-caps by number of deals and by value *(source: Agefi, December 31, 2017)*. While still working alongside major corporate clients, Natixis has expanded its business with mid-caps and investment funds via Natixis Partners. At the same time, Natixis continued to develop internationally, including in the US (via PJ Solomon), Asia and southern Europe (Spain and Italy). Corporate & Investment Banking also continued to grow its sector M&A teams focused on infrastructure, energy and natural resources.

As for **Insurance,** a 40% stake in BPCE Assurances was purchased from Macif and Maïf on November 16, 2017. This operation, which made Natixis Assurances the sole shareholder of BPCE Assurances, was in line with the New Frontier strategic plan, which seeks to create a single insurance division within Natixis to serve Groupe BPCE's strategy of becoming a fully-fledged, leading bancassurance player. It also contributed to keeping the value created in non-life insurance within the Company.

In non-life insurance, the improvement of the customer experience transformed remote sales within the Banque Populaire and Caisse d'Epargne network, boosting the share of sales to 25%. Parallel to that, the project to overhaul the claims management system was launched with the aim of transforming claims management and converting it into a fully digital process.

In Personal Insurance, 2017 was the first full year that the new life and personal protection insurance line was marketed on the Caisse d'Epargne network, after being gradually introduced in 2016. Sales on the new offering in 2017 totaled €5,333 million for almost 380,000 policies sold in Investment Solutions, while in personal protection insurance sales totaled €23 million for nearly 371,000 policies.

The Move#2018 transformation program, the goal of which is to achieve convergence between distribution and management models on the Banque Populaire and Caisse d'Epargne networks, was also launched in early 2017.

The **Specialized Financial Services** division stepped up its relations with the BPCE networks and rolled out new products and services and new tools adapted to changes in distribution and customer needs in an increasingly digital world.

In keeping with last year, several initiatives were run as part of the innovation and digital transformation program with the goal of designing the business models of tomorrow and improving operational efficiency in an environment of strictly controlled operating expenses.

The innovative solutions launched across the business lines in 2017 include:

- Natixis Lease's launch of MyCarLease, a pricing and subscription application for operating leases aimed at professional customers;
- Natixis Financement's development of an entirely digital subscription process for personal loans in the Banque Populaire network;
- the roll-out of several products and services at Natixis Payment Solutions:
  - the Paylib mobile payment solution, supplementing Apple Pay, enabling all users to make contactless payments with their smartphone,
  - Garmin Pay, a new contactless payment solution launched with Caisse d'Epargne Ile-de-France in partnership with Garmin, the first sports smartwatch manufacturer to offer this service,
  - the October 2017 launch of SmartPOS, a comprehensive payment and loyalty solution for retailers;
- Natixis Interépargne's launch of the Amplus solution to help its corporate clients' staff learn about and develop a personalized investment strategy for retirement while monitoring it in real time.

In addition, as announced at the end of 2016, all Groupe BPCE Payments teams were merged with Natixis Payment Solutions in order to be more efficient and competitive. Natixis Intertitres (service vouchers), S-Money, Le Pot Commun (online fundraising), E-Cotiz (payments for non-profits), Depopass (secure peer-to-peer payments). This new structure, which serves both business development and priority areas (payment security, data management, etc.), combines a commercial focus and technological thinking with an entrepreneurial approach. With this merger comes an external growth policy with the addition of numerous start-ups to enhance retailer services:

- PayPlug, a system enabling small retailers and VSBs to accept bank card payments online or via smartphone without the need for a device;
- Dalenys, which strengthens Natixis' presence on the European payment solutions market for retailers and e-retailers.

Lastly, in October Leasing acquired two real estate leasing companies, BatiLease and InterCoop, from Crédit Coopératif to strengthen its commercial footprint in the Hauts-de-France region and jump-start the leasing business in Belgium.

This development of the businesses went hand-in-hand with strict financial management:

- liquidity needs remained under control in 2017 and posted an 8% decrease year-on-year;
- the consumption of Basel 3 RWA was down 4% year-on-year to €110.7 billion.

In light of the earnings generated over the course of 2017, a dividend payment of €0.37 per share, i.e. 74% of distributable profits, will be proposed at the General Shareholders' Meeting that will take place on May 23, 2018.

4.1.3 CONSOLIDATED RESULTS

(in millions of euros)	2017	2016 pro forma	Change 2017/2016 %	Change 2017/2016 %*
Net revenues	**9,467**	**8,718**	**8.6%**	**9.4%**
o/w main business lines*	***8,810***	***7,995***	***10.2%***	***11.0%***
Expenses	(6,632)	(6,238)	6.3%	7.0%
Gross operating income	**2,835**	**2,480**	**14.3%**	**15.4%**
Provision for credit losses	(258)	(305)	(15.5)%	
Net operating income	**2,577**	**2,174**	**18.5%**	
Associates	26	13		
Gains or losses on other assets	48	175		
Change in value of goodwill	0	(75)		
Pre-tax profit	**2,651**	**2,287**	**15.9%**	
Taxes	(789)	(822)		
Minority interests	(192)	(90)		
Net income (Group share)	**1,669**	**1,374**	**21.4%**	
Cost/income ratio	*70.1%*	*71.6%*		
Equity (average)	*16,352*	*16,384*		
ROE	*9.6%*	*7.9%*		
ROTE	*11.9%*	*9.9%*		

* *At constant exchange rates.*

Analysis of changes in the main items comprising the consolidated income statement

Net revenues

Natixis' **net revenues** stood at €9,467 million at December 31, 2017, up 9.4% from 2016 at constant exchange rates.

At €8,810 million, **net revenues generated by the main business lines**[1] were up 11.0% at constant exchange rates versus 2016. The different divisions posted higher revenues overall: an increase of 16% at constant exchange rates for Asset & Wealth Management, 10% for Corporate & Investment Banking; 12% for Insurance and 2% for the SFS division.

The **Corporate Center's net revenues** stood at €657 million in 2017, of which €624 million for Coface. They include -€104 million for the return of foreign-currency DSNs to the historic exchange rate, versus €9 million in 2016.

Meanwhile, revenue synergies achieved with the BPCE networks exceeded the strategic plan's targets.

Operating expenses and headcount

Recurring expenses totaled €6,632 million, up 7.0% at constant exchange rates compared to 2016. At constant exchange rates, costs increased 11% for the Asset & Wealth Management division, 8% for the CIB division, 16% for the Insurance division and 6% for SFS. Corporate Center expenses were down €883 million in 2017 compared to €948 million in 2016. They include €484 million in expenses for Coface and €121 million for the Single Resolution Fund contribution.

Headcount was up 1% year-on-year, as the headcount increase in the business lines (+4%) was partially offset by the drop in Coface's headcount (-7%) and by the scope effect resulting from the disposal of Corporate Data Solutions, while the headcount in the support departments was up 6% (IT, control functions).

Gross operating income

Gross operating income stood at €2,835 million in 2017, up 15.4% at constant exchange rates versus 2016.

Pre-tax profit

The **provision for credit losses** was €258 million in 2017, down 15.5% compared to 2016. The provision for credit losses of the main business lines as a percentage of assets amounted to 23 basis points in 2017 versus 34 basis points in 2016.

Revenues from **Associates** climbed to €26 million in 2017 versus €13 million in 2016.

Gains or losses on other assets reached €48 million in 2017, including €21.5 million following the disposal of the Ellisphere subsidiary (Financial Investments) in the first half of the year and €18 million following the liquidation of a holding company in the second half of the year. This item totaled €175 million in 2016, mainly due to the capital gain on the sale of the Montmartre building (€97 million) within the Corporate Center.

Change in the value of goodwill was nil in 2017. In 2016, this line item consisted of a goodwill impairment loss of €75 million on Coface.

Pre-tax profit therefore amounted to €2,651 million in 2017 versus €2,287 million in 2016.

(1) Under the New Dimension plan's presentation of the divisions, the notion of "Net revenues generated by the main business lines" now includes the Asset & Wealth Management, CIB, Insurance and SFS divisions, and no longer includes Coface.

Recurring net income (Group share)

The recurring **tax** expense came to €789 million in 2017. The effective tax rate was 30% in 2017.

After incorporating -€192 million in **minority interests**, **recurring net income (Group share)** amounted to €1,669 million in 2017, up 21.4% compared to 2016.

Consolidated management ROE after tax (excluding non-recurring items) came to 9.9% in 2017, giving an accounting ROE of 9.6%.

4.1.4 ANALYSIS BY NATIXIS MAIN BUSINESS LINE

4.1.4.1 Asset & Wealth Management

(in millions of euros)	2017	2016 pro forma	Change 2017/2016 %	%*
Net revenues	**3,113**	**2,718**	**14.5%**	**16.0%**
Asset Management	*2,972*	*2,582*	*15.1%*	*16.7%*
Wealth Management	*142*	*136*	*4.1%*	*4.1%*
Expenses	(2,178)	(1,981)	9.9%	11.4%
Gross operating income	**936**	**737**	**26.9%**	**28.6%**
Provision for credit losses	0	1	(60.3)%	
Pre-tax profit	**947**	**746**	**27.0%**	
Cost/income ratio	*69.9%*	*72.9%*		
Equity (average)	*3,773*	*3,696*		
ROE	*12.8%*	*11.5%*		

* *At constant USD exchange rates.*

Asset & Wealth Management posted a sharp revenue increase of 14.5% for the period to €3,113.2 million (+16.0% at constant exchange rates).

Expenses also rose, but to a lesser degree, by 9.9% (+11.4% at constant exchange rates).

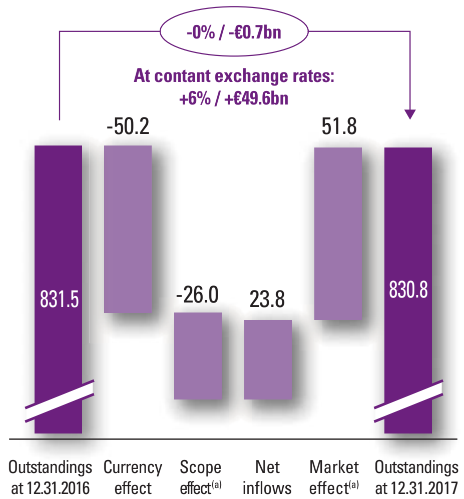
Gross operating income climbed substantially by 26.9% (+28.6% at constant exchange rates) to €935.7 million.

At 12.8%, the division's ROE improved by 1.3 points compared to 2016.

A – Asset Management

Assets under management stood at €830.8 billion at end-December 2017, remaining stable at current exchange rates (+6% at constant exchange rates) year-on-year. These were driven by very favorable inflows and market effects, but penalized by the impact of exchange rates and the scope effect, chiefly the transfer of CNP's AuM (-€22.7 million) and the disposal of IDFC in Asia (-€7.9 billion), which were partially offset by the purchase of IML in Asia (€6.0 billion).

■ CHANGE IN ASSETS UNDER MANAGEMENT OVER THE YEAR (in billions of euros)



(a) 2017 scope effects:
- in Europe, the transfer of a portion of CNP's life insurance assets under management to Banque Postale (-€22.7 billion) in Q3 2017 and purchase of Althelia in Q4 2017;
- in Asia, the sale of IDFC in Q1 2017 (-€7.9 billion) and purchase of IML in Asia (€6.0 billion) in Q4 2017;
- in the US, the gradual disposal of Aurora (-€0.8 billion) that began in April 2016 and the adjustment of methodology at Alpha Simplex (-€0.8 billion) in Q3 2017.

The business line recorded **net inflows of €23.8 billion** over the year, €27.2 billion of which in long-term products, with positive net inflows across the regions:

- in the US, net inflows totaled €13.9 billion, boosted by Harris Associates in equity products, Loomis in bond products and, to a lesser extent, Alpha Simplex in alternative products;
- net inflows in Europe totaled €9.0 billion, driven by diversified products (NAM, H2O, DNCA and Mirova), equities (DNCA, Mirova and Dorval) and bonds (H2O and DNCA), partially offset by outflows in life insurance and money market products (NAM);

At €820.1 billion, average assets under management at December 31, 2017, were up (+5.9%) compared to 2016 (at constant EUR exchange rates).

The average rate of return on AuM gained 4.5% to reach 29.5bp, i.e. 1.3 bp higher compared to December 31, 2016, at constant exchange rates. At December 31, 2017, the AUM breakdown revealed a preponderance of bond products (28.4%), followed by equity products (25.4%) and life insurance (21.5%).

At December 31, 2017, net revenues stood at €2,971.7 million, up 15% year-on-year (i.e. 17% at constant exchange rates), driven by higher fees on AuM across the regions due to the increase in average AuM and in the commission rate over the period, the rise in incentive fees of European asset management companies, and the increase in financial products.

Expenses stood at €2,033.8 million, up 10% compared to December 31, 2016 (+12% at constant exchange rates). This increase was mainly attributable to the variable compensation expenses of asset management companies in Europe and the US for the most part and, to a lesser extent, to fixed payroll costs linked to the increase in average headcount and pay rises.

B – Wealth Management

At December 31, 2017, **Wealth Management** posted **net inflows of €1.4 billion**, driven essentially by the strong performance of international wealth management and the private management services provided by the networks.

Assets under management stood at €31.6 billion, up 9.0% for the period.

In 2017, Wealth Management's **net revenues** rose €5.5 million to €141.5 million (+4%) compared to 2016, which is a €19.2 million increase (+15%) excluding scope effect(1) and non-recurring items(2).

The increase in net revenues was underpinned by a high level of incentive fees in 2017, after zero fees in 2016, successful structured products campaigns and other drivers, as well as the increase in commission fees on assets connected to the business.

4

4.1.4.2 Corporate & Investment Banking

(in millions of euros)	2017	2016 pro forma	Change 2017/2016 %	Change 2017/2016 % *
Net revenues	**3,581**	**3,270**	**9.5%**	**10.4%**
Global Markets	*1,921*	*1,780*	*7.9%*	*8.6%*
Fixed Income & Treasury	*1,317*	*1,238*	*6.4%*	*6.9%*
Equity	*599*	*493*	*21.4%*	*21.9%*
XVA desks	*5*	*49*	*(88.9)%*	*(88.9)%*
Global Finance	*1,328*	*1,281*	*3.7%*	*4.9%*
Investment Banking	*362*	*285*	*27.2%*	*27.9%*
Other	*(30)*	*(75)*	*(59.9)%*	*(64.0)%*
Expenses	(2,194)	(2,046)	7.3%	7.9%
Gross operating income	**1,387**	**1,224**	**13.3%**	**14.6%**
Provision for credit losses	(115)	(195)	(41.1)%	
Pre-tax profit	**1,300**	**1,043**	**24.7%**	
Cost/income ratio	*61.3%*	*62.6%*		
Equity (average)	*6,810*	*7,197*		
ROE	*13.5%*	*10.0%*		

* *At constant exchange rates.*

In 2017 Corporate & Investment Banking's **net revenues** totaled €3,581 million, up 10.4% compared to 2016 at constant exchange rates.

Capital market revenues totaled €1,921 million in 2017, up 8.6% compared to 2016.

(1) Transfer of the business to Natixis IM Distribution as part of the Défi project in Q3 2016 (net revenues of €4.6 million and €4.8 million in expenses).

(2) €9.1 million in exceptional indemnities paid to the networks as part of the changes to the B2C (Business to Consumer) value sharing rules.

Revenues from **Fixed Income, Forex, Credit, Commodities and Treasury activities** stood at €1,317 million in 2017, up 6.9% on 2016. The following changes were observed in each segment:

- revenues from **Fixed Income and Forex** were down 2.4%. **Fixed Income** grew 7.1% thanks to very strong sales momentum, especially in Asia, while **Forex** was down 24.1%. Weaker currency volatility in 2017, compared to 2016 which was characterized by deep uncertainty surrounding Brexit and the US elections at the end of the year, reduced flow volumes;
- revenues from **Credit** activities were up 10.2% compared to 2016. The business recorded ongoing growth in securitization activities, in both Europe and the US, while the roll-out of these activities in Asia continued;
- Revenues from **repo activities** were up 19.1% compared to 2016, powered by strong business in both France and the US, and taking into account increased revenues from the solutions offering.

Strategic and Acquisition Finance revenues rose thanks to positive market conditions that helped generate high transaction volumes during the period.

Revenues from **syndication on the bond market** were down compared to 2016, including an increase in revenues generated on the primary bond market. The dynamism of the first half of 2017 was more than offset by a slowdown in market-making activity for sovereign debt on the secondary market, due to the uncertainty surrounding the French election results in the first half of the year.

At €599 million, **Equity** revenues grew by 21.4% year-on-year at constant exchange rates, buoyed by **Equity Derivatives,** with strong performance from the Solutions activities, thanks to the consolidation and international roll-out of its offering and of Equity Finance.

At €1,328 million, **Global Finance** including **GTB** (Global Transaction Banking) increased its revenues by 4.9% compared to 2016 at constant exchange rates.

In origination, new business increased by 4.0% compared to 2016 with a particularly strong uptrend in structured finance and especially in real estate finance in the US. Origination revenues rose compared to 2016, as substantial fees and commissions were recorded for the period in the infrastructure, aviation and real estate finance segments. Commodity Trade Finance remained strong in 2017, boosted by an increase in drawn outstandings in response to better per barrel oil prices compared to the year before.

Revenues from **Investment Banking** including **M&A** activities were up 27.9% at constant exchange rates compared to 2016 for accumulated revenues of €362 million, including scope effect for the consolidation of US subsidiary Peter J. Solomon company (PJSC) revenues since the end of the second quarter of 2016. The **Investment Banking** business also benefited from strong growth in Strategic and Acquisition Finance, brisk trade on the equity capital markets when European banks carried out several capital increases in the first half of 2017, and robust M&A activity, driven by Natixis Partners France and Spain.

In 2017 Corporate & Investment Banking's **expenses** totaled €2,194 million, up 7.9% compared to 2016 at constant exchange rates.

Gross operating income amounted to €1,387 million, up 14.6% compared to 2016. The **cost/income ratio** was 61.3% in 2017, up 1.3 points compared to 2016 (62.6%).

At €115 million, the **provision for credit losses** fell 40.9% compared to 2016 which saw higher levels of provisioning on oil sector exposures due to the sharp decline in the price per barrel that lasted until early 2016.

ROE after tax totaled 13.5% in 2017, up 3.5 points compared to 2016 (10.0%), thanks to a decrease in risk-weighted assets (RWA) together with higher earnings.

4.1.4.3 Insurance

(in millions of euros)	2017	2016 pro forma	Change *(%)*
Net revenues	**734**	**655**	**12.0%**
Expenses	(439)	(378)	16.2%
Gross operating income	**295**	**277**	**6.4%**
Provision for credit losses	0	0	
Pre-tax profit	**308**	**287**	**7.5%**
Cost/income ratio	*59.8%*	*57.6%*	
Equity (average)	*863*	*808*	
ROE	*22.1%*	*20.8%*	

In terms of business levels, the sales momentum in all the Insurance segments was particularly robust in 2017.

With €9.5 billion in direct business premiums, life insurance inflows were up by 59% compared to 2016 as a result of the market roll-out of savings policies (life insurance and accumulation policies) in the Caisse d'Epargne network, with 2017 being the first full year of distribution. In 2017 inflows were more directed at unit-linked assets, thanks to the launch of the new Sélectiz range. Premiums on unit-linked assets totaled €3.3 billion (+160%) and made up 35% of total gross inflows, up 14 points year-on-year and 7 points higher than the market rate (late-November data).

Premiums on Personal Protection and Payment Protection insurance (€820 million) continued to increase at a steady pace (+8%).

In a competitive market that is being transformed by digital innovation, non-life insurance continued to grow rapidly on the back of the favorable effects of the Hamon Act and the growth of real estate finance in the networks. Consequently, the Banque Populaire banks and the Caisse d'Epargne sold 1.3 million non-life insurance policies in 2017. This is an increase of 2.4% compared to 2016, buoyed by strong momentum in automotive (+3%) multi-risk home (+6%) and personal accident coverage policies (+15%). The number of policies under management grew by 5% to €5.6 million for the Banque Populaire and Caisse d'Epargne networks. Earned premiums increased by 8% to €1,386 million.

Net revenues for Insurance businesses totaled €733.9 million, up 12.0% compared to 2016, resulting from:

- strong net revenue growth in life insurance (up 20%), propelled by considerable growth in assets under management (up 15%), supported in turn by the roll-out of the offer in the Caisse d'Epargne network. Despite the persistently low interest-rate environment in 2017, lower bond yields were offset by the diversification of sources of investment (in private placements or the direct financing of the economy);
- the stability of net revenues in Personal Protection insurance and in Payment Protection insurance, as growth was offset by a deterioration in claims expense from 2016;
- the growth in Property & Casualty Insurance net revenues (+13%), attributable to lower costs for extreme weather events in 2017 compared to 2016, an improvement in the past claims expense and fewer large claims in 2017 compared to 2016. The combined ratio stood at 92.1%, a slight improvement on 2016.

Operating expenses were up 16.2% to €438.7 million, as the business developed and the strategic ambitions fell into place: the roll-out of the new life insurance range in the Caisses d'Epargne, the launch of strategic non-life insurance projects (overhaul of the claims information system) and the wind-down of the Assurément#2016, Impulse and Paris Digitaux (digital challenges) initiatives.

Gross operating income rose 6.4% to €295 million.

At 22.1%, the division's ROE improved by 1.3 points compared to 2016.

4.1.4.4 Specialized Financial Services

(in millions of euros)	2017	2016 pro forma	Change *(%)*
Net revenues	**1,382**	**1,352**	**2.2%**
Specialized Financing	***862***	***840***	***2.6%***
Factoring	*158*	*158*	*0.0%*
Sureties & Financial Guarantees	*200*	*191*	*4.7%*
Leasing	*216*	*213*	*1.6%*
Consumer Finance	*265*	*257*	*3.2%*
Film Industry Financing	*23*	*21*	*6.2%*
Payments	***336***	***329***	***2.2%***
Financial Services	***184***	***183***	***0.6%***
Employee Savings Schemes	*91*	*89*	*2.9%*
Securities Services	*93*	*94*	*(1.5)%*
Expenses	(939)	(885)	6.0%
Gross operating income	**443**	**466**	**(4.9)%**
Provision for credit losses	(73)	(57)	27.2%
Pre-tax profit	**371**	**440**	**(15.9)%**
Cost/income ratio	*67.9%*	*65.5%*	
Equity (average)	*1,929*	*1,745*	
ROE	*13.0%*	*16.5%*	

Specialized Financing posted solid momentum overall.

With €54.9 billion in factoring revenues in France, up 17%, the **Factoring business** boasted market share of 18.5% at September 30, 2017.

Leasing developed its business serving the Banque Populaire and Caisse d'Epargne networks. Its new business, more than half of which is in equipment leasing, was up 4% year-on-year.

Consumer Finance achieved record sales, with an annual increase of 9% for total new loan production, 10% of which was for personal loans, while revolving loans remained virtually stable.

After two outstanding years, **Sureties and Guarantees** maintained strong business volumes, with a very active loan guarantee market for retail customers, especially during the first half of the year, in a low interest-rate environment.

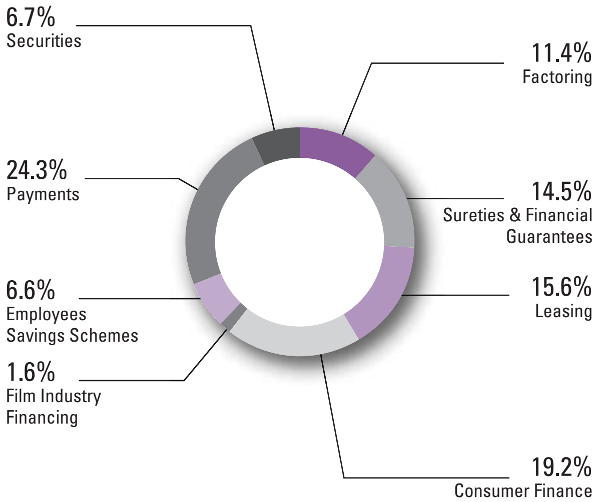
The **Payments** business did well, particularly in Electronic Banking and Service Vouchers. Electronic Banking continued to grow, particularly in clearing transactions, which rose by 10%. The Flows and Services business turned in a more mixed performance, with national check processing down and mass transaction processing up. Service Vouchers performed well once again, with its Chèque de Table meal vouchers boosting its market share by 1.2 points to 17.7% in 2017. Combined revenue generated by PayPlug and Dalenys' Merchant Acquiring activities increased a substantial 64% compared with 2016.

The **Financial Services** business remained strong.

Assets under management in **Employee Savings Schemes** continued to climb and posted annual growth of 11%.

Securities Services recorded a 2% increase in transaction volumes in 2017. The service offering to the networks continued to expand.

BREAKDOWN OF 2017 SFS NET REVENUES BY BUSINESS LINE



Net revenues totaled €1,382 million in 2017, up 2%.

Specialized Financing revenues picked up by 3%. Sureties and Guarantees posted 5% net revenue growth. Consumer Finance and Leasing gained 3% and 2% respectively.

Revenues from the **Payments** business were up 2%, supported by the consistently strong Electronic Banking and Service Vouchers activities.

Revenues from **Financial Services excluding Payments** were up 1% with net revenues from Employee Savings Schemes up 3%.

At €939 million in 2017, Specialized Financial Services **expenses** were up 6% compared to 2016, a result largely owed to scope changes for the Payments and Leasing business lines.

Overall, **gross operating income** shed 5% to €443 million.

At €73 million, the **provision for credit losses** increased mainly due to collective provisions.

ROE stood at 13.0% in 2017, down 3.5 points, mostly as a result of acquisitions.

4.1.4.5 Corporate Center (Excluding Short-Term Treasury and Collateral Management activities)

(in millions of euros)	2017	2016 pro forma	Change *(%)*
Net revenues	**657**	**723**	**(9.1)%**
Coface	*624*	*629*	*(0.8)%*
Corporate Center excluding Coface	*33*	*94*	*(64.7)%*
Expenses	**(883)**	**(948)**	**(6.9)%**
Gross operating income	**(226)**	**(225)**	**0.4%**
Provision for credit losses	(71)	(54)	31.8%
Pre-tax profit	**(275)**	**(228)**	**20.6%**

Net revenues from the Corporate Center stood at €657 million versus €723 million in 2016.

Net revenues from Coface in 2017 reached €624 million, down slightly on 2016 (-0.8%). The increase in net revenues came to 26% at constant exchange rates, corrected for scope effect and non-recurring items[(1)] related to the transfer of state guarantees to BPI France in the fourth quarter of 2016.

2017 revenues slid 4% to €1.4 billion compared to 2016. Credit insurance, which accounts for 95% of revenues, was down 4% while factoring was up 2%. At constant scope and exchange rates, total revenue was stable (+0.3%).

(1) Non-recurring net revenues of €77.2 million (indemnity) and non-recurring expenses of €21.7 million recorded in the fourth quarter of 2016.

The loss ratio net of reinsurance was 51.4% compared to 65.5% in 2016, i.e. an improvement of 14.1 points thanks to the efficiency of claims expense management plans and an improved economic climate.

Net revenues from the Corporate Center **excluding Coface** stood at €33 million versus €94 million in 2016. In this scope in 2017:

- exchange rate fluctuations of deeply subordinated notes issued in dollars stood at -€104 million in 2017 compared to €9 million in 2016;
- the sale of the equity interest in Caceis in the last quarter of 2017 generated €74 million in capital gains;
- the net revenues of Corporate Data Solutions totaled €10 million, down €32 million compared to 2016 due to the full withdrawal from the business in June 2017.

Excluding these elements, net revenues stood at €53 million in 2017 versus €43 million in 2016, with improved revenues from Treasury and ALM operations, which benefited from more favorable refinancing conditions.

Expenses from the Corporate Center stood at €883 million in 2017 versus €948 million in 2016.

Expenses from **Coface** came to €484 million, down 9% compared to 2016 or a limited increase of 1% at constant scope and exchange rates, and restated for non-recurring costs[(1)] linked to the transfer of state guarantees to BPI France.

Expenses from the Corporate Center **excluding Coface** were for:

- the contribution to the Single Resolution Fund totaling €121 million in 2017 versus €114 million in 2016;
- the expenses of the Corporate Data Solutions, Natixis Private Equity (Finance division) and Natixis Algérie businesses;
- as well as the support function expenses not invoiced to the Natixis business lines.

The **provision for credit losses** of the Corporate Center totaled €71 million in 2017 and mainly consisted of a €60 million general provision for litigation.

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4.1.4.6 Provision for credit losses

The **provision for credit losses** was -€258 million at December 31, 2017, of which -€237 million for specific risks and -€21 million in collective provisions. At December 31, 2016, the provision for credit losses totaled -€305 million.

TOTAL PROVISION FOR CREDIT LOSSES BY DIVISION

(in millions of euros)	2017	2016
Asset & Wealth Management	0	1
Corporate & Investment Banking	(115)	(195)
Insurance	0	0
Specialized Financial Services	(72)	(57)
Coface	(6)	(5)
Corporate Center	(65)	(49)
TOTAL PROVISION FOR CREDIT LOSSES	**(258)**	**(305)**

TOTAL PROVISION FOR CREDIT LOSSES BY GEOGRAPHIC AREA

(in millions of euros)	2017	2016
EMEA	(257)	(265)
Central and Latin America	(19)	33
North America	29	(71)
Asia and Oceania	(11)	(2)
TOTAL PROVISION FOR CREDIT LOSSES	**(258)**	**(305)**

(1) Non-recurring net revenues of €77.2 million (indemnity) and non-recurring expenses of €21.7 million recorded in the fourth quarter of 2016.

4.2 Post-closing events

Refer to Note 14, "Post-Closing Events", in Chapter 5.1, Consolidated Financial Statements and Notes.

4.3 Information concerning Natixis S.A.

4.3.1 NATIXIS S.A.'S PARENT COMPANY INCOME STATEMENT

	2017						2016		
	2017/2016		2017/2016		2017/2016				
(in millions of euros)	Mainland France	(%)	Branches	(%)	Natixis S.A.	(%)	Mainland France	Branches	Natixis S.A.
Net revenues	**2,676**	**(5)**	**1,317**	**(0)**	**3,994**	**(4)**	**2,818**	**1,323**	**4,141**
Operating expenses	*(2,021)*	*6*	*(619)*	*(2)*	*(2,640)*	*4*	*(1,905)*	*(632)*	*(2,537)*
Gross operating income	**655**	**(28)**	**698**	**1**	**1,354**	**(16)**	**913**	**691**	**1,604**
Provision for credit losses	*(162)*	*99*	*(86)*	*(52)*	*(248)*	*(5)*	*(81)*	*(180)*	*(261)*
Operating income	**494**	**(41)**	**612**	**20**	**1,106**	**(18)**	**831**	**511**	**1,343**
Net gains/(losses) on fixed assets	*320*	*(456)*	*(3)*	*3*	*317*	*(443)*	*(90)*	*(3)*	*(92)*
Pre-tax profit	**813**	**10**	**610**	**20**	**1,423**	**14**	**742**	**509**	**1,250**
Income tax	*308*	*(30)*	*(53)*	*(30)*	*255*	*(30)*	*440*	*(75)*	*365*
Funding/reversal of funding for general banking risks and regulated provisions	*0*	*N/A*	*0*	*N/A*	*0*	*N/A*	*7*	*0*	*7*
Net income/(loss)	**1,121**	**(6)**	**557**	**28**	**1,678**	**3**	**1,188**	**434**	**1,621**

At December 31, 2017, Natixis generated gross operating income of +€1,354 million, down -€250 million compared to December 31, 2016, due to a €147 million decrease in net revenues, plus an increase of €103 million in operating expenses.

Net interest income was stable (+€7 million). Net fee and commission income rose by €27 million, resulting from a +€11 million increase in business in Mainland France and an increase of +€16 million in business recorded by foreign branches. This change is mainly attributable to a +€20 million gain in net fee and commission income on futures and forward financial instruments, combined with a +€36 million increase in net fee and commission income on customer transactions, related to the development of the "Originate to Distribute" model and advisory services, minus a -€34 million decrease in net fee and commission income on securities transactions.

Dividends paid by Natixis subsidiaries fell by €307 million. €146 million of this decrease can be attributed to the reduced dividend paid by asset management subsidiary Natixis Investment Managers, €42 million to the reduced dividend paid by the Natixis Private Equity subsidiary and €23 million from the decrease on behalf of Coface S.A.

Gains on trading book transactions declined by €187 million. Restated for a specific transaction completed in 2016 with a corresponding entry booked to gains/losses on securities held for sale, the change in gains on trading book transactions amounted to +€4 million, i.e. -€22 million for Mainland France activity and +€18 million for transactions carried out by foreign branches.

Furthermore, once restated for the above-mentioned 2016 transaction, the change in net income/(loss) on securities held for sale totaled -€43 million, with no material impact on the 2017 fiscal year.

Finally, other income and expenses rose by +€175 million, including +€69 million from provisions for litigation on financial instruments. These provisions had been recorded in 2016, but similar impacts were not recognized for 2017.

Operating expenses were up €103 million, including +€28 million in payroll costs due to a significant headcount increase and higher variable expenses, +€56 million in external services net of reinvoicing, and +€9 million in regulatory taxes and costs (including +€6 million for the Single Resolution Fund). Changes in external services were mainly concentrated in external assistance (+€29 million) and consulting fees (+€12 million) related primarily to the development of regulatory projects and real estate leasing expenses (+12 million).

The net provision for credit losses was down €14 million to -€248 million (of which -€94 million for the branches). The 2016 expense had been affected by efforts to establish provisions for struggling counterparties in the oil & gas and commodity sectors, which ceased in 2017.

Together, these items brought operating income to +€1,106 million, down €236 million.

At December 31, 2017, net gains/(losses) on fixed assets amounted to +€317 million. The balance for fiscal year 2017 is mainly attributable to the capital gain earned on the disposal of CACEIS securities for €84 million before tax and to the downward adjustment of the provision recorded on Coface equity investments (reversal of provision of €111.9 million).

Net income after tax was €1,678 million versus €1,621 million in 2016.

At December 31, 2017, the balance sheet totaled €410,598 million vs. €424,543 million at December 31, 2016.

4.3.2 PROPOSED ALLOCATION OF EARNINGS

Natixis' financial statements at December 31, 2017, showed positive net income of €1,678,182,285.17 and, taking into account retained earnings of €1,107,367,314.03, showed distributable profits of €2,785,549,599.20.

The third resolution that will be put before the General Shareholders' Meeting on May 23, 2018, proposes to:

- pay a total dividend of €1,160,823,288.06;
- allocate the remaining distributable profits to retained earnings, i.e. €1,624,726,311.14.

4.3.3 PAYMENT TERMS

Pursuant to Article D.441-4 of the French Commercial Code, the following table breaks down supplier invoices that have been received but remain unpaid at the reporting date (for a total amount including tax of €37.2 million):

Invoices received but still unpaid at the end of the period	0 day (for reference)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day or more)
Total amount of invoices affected, including tax (in millions of euros)	28.5	5.2	0.5	0.3	2.8	8.7
Percentage of the total amount of puchases, including tax, for the period	1.67%	0.30%	0.03%	0.02%	0.16%	0.51%
Number of invoices affected	1,615					679

For debt and receivables associated with Natixis SA clients, please refer to Note 37 of Chapter 5.3 on assets and liabilities by maturity, which provides information on their residual maturity.

Appendix to 4.1.3 – Consolidated results

1 – MANAGEMENT RESULTS RECLASSIFIED AS CONSOLIDATED RESULTS IN 2017

(in millions of euros)	2017 Financial communication	Non-recurring items AWM	CIB	Insurance	SFS	Corporate Center	2017 published
Net revenues	**9,497**	**0**	**0**	**0**	**0**	**(30)**	**9,467**
Expenses	(6,540)	(2)	(3)	(23)	(8)	(57)	(6,632)
Gross operating income	**2,957**	**(2)**	**(3)**	**(23)**	**(8)**	**(86)**	**2,835**
Provision for credit losses	(258)						(258)
Net operating income	**2,699**	**(2)**	**(3)**	**(23)**	**(8)**	**(86)**	**2,577**
Associates	26						26
Gains or losses on other assets	30		18				48
Change in value of goodwill	0						0
Pre-tax profit	**2,755**	**(2)**	**15**	**(23)**	**(8)**	**(86)**	**2,651**
Taxes	(848)	1	1	7	3	47	(789)
Minority interests	(192)						(192)
NET INCOME (GROUP SHARE)	**1,715**	**(1)**	**16**	**(16)**	**(5)**	**(39)**	**1,669**
Cost/income ratio	*68.9%*						*70.1%*

2 – MANAGEMENT RESULTS RECLASSIFIED AS CONSOLIDATED RESULTS IN 2016

(in millions of euros)	2016 Financial communication	Non-recurring items AWM	CIB	Insurance	SFS	Corporate Center	2016 published
Net revenues	**8,700**	**0**	**(69)**	**0**	**0**	**87**	**8,718**
Expenses	(6,208)	0	0	0	0	(31)	(6,238)
Gross operating income	**2,493**	**0**	**(69)**	**0**	**0**	**56**	**2,480**
Provision for credit losses	(305)						(305)
Net operating income	**2,187**	**0**	**(69)**	**0**	**0**	**56**	**2,174**
Associates	13						13
Gains or losses on other assets	79					97	175
Change in value of goodwill	0					(75)	(75)
Pre-tax profit	**2,278**	**0**	**(69)**	**0**	**0**	**78**	**2,287**
Taxes	(794)	0	24	0	0	(52)	(822)
Minority interests	(113)					23	(90)
NET INCOME (GROUP SHARE)	**1,372**	**0**	**(45)**	**0**	**0**	**48**	**1,374**
Cost/income ratio	*71.4%*						*71.6%*

5

FINANCIAL DATA

5.1 Consolidated financial statements and notes

CONSOLIDATED BALANCE SHEET – ASSETS

(in millions of euros)	Notes	12.31.2017	12.31.2016
Cash, central banks		36,901	26,704
Financial assets at fair value through profit or loss	6.1	184,497	187,628
Hedging derivatives	6.2	339	1,220
Available-for-sale financial assets	6.4	57,885	54,990
Loans and receivables due from banks	6.5	45,289	58,783
o/w institutional operations			
Customer loans and receivables	6.5	136,768	140,303
o/w institutional operations		*779*	*758*
Revaluation adjustments on portfolios hedged against interest rate risk			
Held-to-maturity financial assets	6.6	1,885	2,066
Current tax assets		577	436
Deferred tax assets	6.8	1,585	1,908
Accrual accounts and other assets	6.9	46,624	46,109
Non-current assets held for sale		738	947
Deferred profit-sharing			
Investments in associates	3.4	734	666
Investment property	6.10	1,073	1,084
Property, plant and equipment	6.10	758	672
Intangible assets	6.10	732	744
Goodwill	6.12	3,601	3,600
TOTAL ASSETS		**519,987**	**527,859**

CONSOLIDATED BALANCE SHEET – LIABILITIES AND SHAREHOLDERS' EQUITY

(in millions of euros)	Notes	12.31.2017	12.31.2016
Due to central banks			
Financial liabilities at fair value through profit or loss	6.1	144,885	146,226
Hedging derivatives	6.2	710	2,011
Due to banks	6.13	104,318	101,374
o/w institutional operations		*46*	*46*
Customer deposits	6.13	94,571	86,472
o/w institutional operations		*851*	*844*
Debt securities	6.14	32,574	48,921
Revaluation adjustments on portfolios hedged against interest rate risk		138	193
Current tax liabilities		532	554
Deferred tax liabilities	6.8	620	685
Accrual accounts and other liabilities	6.9	37,936	44,464
o/w institutional operations		*0*	*0*
Liabilities on non-current assets held for sale		698	813
Insurance companies' technical reserves	6.15	76,601	68,810
Provisions	6.16	1,742	1,994
Subordinated debt	6.17 and 6.18	3,674	4,209
Shareholders' equity (Group share)		19,795	19,836
Share capital and reserves		*10,976*	*10,895*
Consolidated reserves		*6,697*	*6,417*
Gains and losses recorded directly in equity		*772*	*1,323*
Non-recyclable gains and losses recorded directly in equity		*(318)*	*(174)*
Net income/(loss)		*1,669*	*1,374*
Non-controlling interests		1,192	1,296
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**519,987**	**527,859**

CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Notes	12.31.2017	12.31.2016
Interest and similar income	7.1	5,880	5,111
Interest and similar expenses	7.1	(3,191)	(2,457)
Fee and commission income	7.2	5,777	5,164
Fee and commission expenses	7.2	(2,208)	(2,011)
Net gains or losses on financial instruments at fair value through profit or loss	7.3	2,784	2,119
Net gains or losses on available-for-sale financial assets	7.4	426	216
Income from other activities	7.5	11,448	20,840
Expenses from other activities	7.5	(11,448)	(20,265)
Net revenues		**9,467**	**8,718**
Operating expenses	7.6	(6,390)	(5,997)
Depreciation, amortization and impairment on property, plant and equipment and intangible assets		(242)	(241)
Gross operating income		**2,835**	**2,480**
Provision for credit losses	7.7	(258)	(305)
Net operating income		**2,577**	**2,174**
Share in income of associates		26	13
Gains or losses on other assets	7.8	48	175
Change in value of goodwill			(75)
Pre-tax profit		**2,651**	**2,287**
Income tax	7.9	(789)	(822)
Net income/(loss) from discontinued operations			
Net income/(loss) for the period		**1,861**	**1,465**
o/w:			
■ Group share		1,669	1,374
■ Share attributable to non-controlling interests		192	90
Earnings/(loss) per share *(in euros)*			
Net income/(loss) attributable to shareholders *(see Note 5.24)* – Group share – per share, calculated on the basis of the average number of shares over the period, excluding treasury shares.		0.50	0.41
Diluted earnings/(loss) per share *(in euros)*			
Net income/(loss) attributable to shareholders *(see Note 5.24)* – 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 free shares.		0.50	0.41

STATEMENT OF NET INCOME (LOSS) AND OTHER COMPREHENSIVE INCOME

(in millions of euros)	Notes	12.31.2017	12.31.2016
Net income		**1,861**	**1,465**
Revaluation adjustments on defined-benefit plans		4	(53)
Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss		(185)	(156)
Tax impact on items not recyclable to income		33	71
Share of gains and losses recognized directly in the equity of associates not recyclable to income			
Items not recyclable to income		**(148)**	**(139)**
Translation adjustments	8.1	(677)	129
Revaluation of available-for-sale financial assets	8.1	(58)	273
Revaluation of hedging derivatives	8.1	180	51
Tax impact on items recyclable to income	8.2	(21)	(107)
Share in gains/(losses) of associates recorded directly in equity and recyclable to profit or loss		(3)	3
Items recyclable to income		**(580)**	**349**
Gains and losses recognized directly in items of comprehensive income (net of tax)		**(728)**	**210**
TOTAL INCOME		1,133	1,675
Group share		*969*	*1,568*
Non-controlling interests		*164*	*107*

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros)	Share capital & reserves		Consolidated reserves		
	Capital	Reserves related to share capital[a]	Other equity instruments issued[b]	Elimination of treasury stock	Other consolidated reserves
Shareholders' equity at December 31, 2015 after appropriation of income	**5,005**	**5,864**	**1,213**	**(12)**	**6,173**
Initial application of IFRS 9 for financial liabilities designated at fair value through profit or loss[c]					**(32)**
Capital increase	14	12			
Elimination of treasury stock				13	4
Equity component of share-based payment plans					5
2015 dividend paid in 2016					(1,094)
Total activity related to relations with shareholders	**14**	**12**	**0**	**13**	**(1,084)**
Issuance and redemption of perpetual deeply subordinated notes and preference shares			398		0
Interest paid on perpetual deeply subordinated notes and preference shares					(78)
Change in gains and losses recorded directly in equity					
Appropriation to own credit risk reserve during the period					(8)
Change in actuarial gains and losses under IAS 19R					
Income/(loss) at December 31, 2016					
Impact of acquisitions and disposals[d]					(158)
Other					(8)
Shareholders' equity at December 31, 2016	**5,019**	**5,875**	**1,611**	**1**	**4,805**
Appropriation of 2016 earnings		81			1,293
Shareholders' equity at December 31, 2016 after appropriation of income	**5,019**	**5,956**	**1,611**	**1**	**6,098**
Capital increase	0	(0)			
Elimination of treasury stock				(25)	(0)
Equity component of share-based payment plans					10
2016 dividend paid in 2017					(1,098)
Total activity related to relations with shareholders	**0**	**(0)**	**0**	**(25)**	**(1,087)**
Issuance and redemption of perpetual deeply subordinated notes and preference shares			621		0
Interest paid on perpetual deeply subordinated notes and preference shares					(94)
Change in gains and losses recorded directly in equity					
Appropriation to own credit risk reserve during the period					(4)
Change in actuarial gains and losses under IAS 19R					
Income/(loss) at December 31, 2017					
Impact of acquisitions and disposals[e]					(344)
Other[f]					(80)
Shareholders' equity at December 31, 2017	**5,020**	**5,956**	**2,232**	**(25)**	**4,490**

(a). Issue premiums, legal reserve, contractual reserves, long-term capital gains reserve and other Natixis reserves.

(b) Other equity instruments issued: refers to perpetual deeply subordinated notes. At December 31, 2017, BPCE subscribed to two new issuances of perpetual deeply subordinated notes for a total amount of €897 million, while the repayment of -€276 million for perpetual deeply subordinated notes issued in 2017 was recognized. At December 31, 2016, BPCE had subscribed to a new issuance of perpetual deeply subordinated notes worth €400 million (in January 2016), while the partial repayment of -€2 million had been recognized.

(c) Data restated for the impact of the early application of the provisions of IFRS 9 "Financial instruments" on financial liabilities designated at fair value through profit or loss as from January 1, 2016.
The impact of the early application of provisions relating to financial liabilities under IFRS 9 "Financial instruments" recognized under "Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss" in opening shareholders' equity corresponds to own credit spread at January 1, 2016, i.e. €49 million (gross amount) and an associated tax impact of -€17 million (see Note 1.1).
"Changes in fair value attributable to own credit risk on financial liabilities designated at fair value through profit or loss" for the 2016 fiscal year recognized in shareholders' equity, unrealized and realized, totaled -€156.5 million (gross amount, with an associated tax impact of +€53.9 million). Balances relating to the early repayment of Natixis issues recognized in shareholders' equity in 2016 totaled +€12 million (gross amount, with an associated tax impact of -€4 million).
"Changes in fair value attributable to own credit risk on financial liabilities designated at fair value through profit or loss" at December 31, 2017 recognized in shareholders' equity, unrealized and realized, totaled -€185.3 million (gross amount, with an associated tax impact of +€48.5 million). Balances relating to the early repayment of Natixis issuances recognized in shareholders' equity at December 31, 2017, totaled +€5.3 million (gross amount, with an associated tax impact of -€1.8 million).

(d). In 2016, shareholders' equity (Group share) included the following:
-€73 million in call options granted to minority shareholders in Peter J. Solomon Company (PJSC);
-€24 million in call options granted to minority shareholders in Ciloger;
-€65 million related to the revaluation and unwinding of the discount on call options granted to minority shareholders of DNCA France;
-€18 million for the acquisition of 40% of AEW Europe;
-€44 million in translation adjustments following the repayment of USD 400 million in retained earnings by the New York branch.

Gains/(losses) recorded directly in equity								
Recyclable			Non-recyclable					
Translation adjustments	Available-for-sale assets	Hedging derivatives	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
825	**459**	**(289)**		**(78)**	**0**	**19,160**	**1,341**	**20,500**
			32			**0**		**0**
						26		26
						17		17
						5		5
						(1,094)	(111)	(1,205)
						(1,046)	**(111)**	**(1,157)**
						398		398
						(78)		(78)
168	170	34	(103)			269	20	289
			8			0		0
				(33)		(33)	(3)	(36)
					1,374	1,374	90	1,465
(41)	0					(199)	(43)	(241)
(2)						(9)	1	(8)
950	**629**	**(255)**	**(62)**	**(111)**	**1,374**	**19,836**	**1,296**	**21,131**
					(1,374)	0		
950	**629**	**(255)**	**(62)**	**(111)**	**0**	**19,836**	**1,296**	**21,131**
						0		0
						(26)		(26)
						10		10
						(1,098)	(79)	(1,176)
0	**0**	**0**	**0**		**0**	**(1,113)**	**(79)**	**(1,191)**
						621		621
						(94)		(94)
(645)	(13)	108	(137)			(688)	(28)	(715)
			4			0		0
				(11)		(11)		(11)
					1,669	1,669	192	1,861
(22)	21			(0)		(345)	(190)	(535)
						(80)	0	(80)
282	**637**	**(148)**	**(196)**	**(123)**	**1,669**	**19,795**	**1,192**	**20,987**

(e) At December 31, 2017, shareholders' equity (Group share) included the following:

-€111 million for the revaluation and unwinding of the discount on call options granted to minority shareholders of DNCA France (-€63.1 million), Ciloger (-€16.1 million), Dorval (-€29 million), Darius (-€6.7 million) and Lakooz (+€3.8 million);

-€38 million for the acquisition of the 100% stake held by BPCE in S-Money and its subsidiary Lakooz, which occurred in two stages (51% in the first half of 2017 and 49% in the second half of 2017);

+€18 million for the acquisition of Bati Lease and InterCoop from Crédit Coopératif;

-€94 million for the buyback of 40% of BPCE Assurances from minority interests (Macif and Maif);

-€7 million for the buyout of Ossiam shares from one of its managers;

+€8 million for the disposal of Ellisphere;

-€62 million for the public tender offer for Dalenys issued to its minority shareholders in December;

-€56 million in call options granted to minority shareholders in IML (Investors Mutual Limited);

-€4 million in call options granted to minority shareholders in PayPlug.

(f) At December 31, 2017, other reclassifications included -€87 million related to the elimination of capital gains on reclassification following the repayment of a line of perpetual deeply subordinated notes.

5

NET CASH FLOW STATEMENT

The balance of cash and cash equivalents consists of the net balances on cash and amounts due from central banks, as well as 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 relating 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 affiliates, 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)	12.31.2017	12.31.2016
Pre-tax profit	**2,651**	**2,287**
+/- Net charge to depreciation and amortization of property, plant and equipment and intangible assets	320	304
+/- Writedown of goodwill and other non-current assets	(5)	78
+/- Net charge to other provisions (including insurance companies' technical reserves)	7,536	4,493
+/- Share in income of associates	(26)	(13)
+/- Net loss/(gain) on investing activities	(418)	(481)
+/- Net loss/(gain) on financing activities	87	139
+/- Other activity	(1,939)	(1,123)
= Total non-cash items included in pre-tax profit and other adjustments	**5,556**	**3,398**
+/- Decrease/(increase) in interbank and money market items	(1,958)	7,266
+/- Decrease/(increase) in customer items	14,212	(706)
+/- Decrease/(increase) in financial assets or liabilities	(18,739)	(203)
+/- Decrease/(increase) in non-financial assets or liabilities	(5,551)	1,662
- Income taxes paid	(213)	(488)
= Net decrease/(increase) in operating assets and liabilities	**(12,249)**	**7,531**
Net cash provided/(used) by operating activities	**(4,042)**	**13,216**
+/- Decrease/(increase) in financial assets and equity interests[(a)]	200	196
+/- Decrease/(increase) in investment property	50	143
+/- Decrease/(increase) in property, plant and equipment and intangible assets	(324)	(62)
Net cash provided/(used) by investing operatoins	**(74)**	**278**
+/- Cash received from/(paid to) shareholders[(b)]	(1,176)	(1,179)
+/- Other cash provided/(used) by financing operations[(c)]	(127)	(884)
Net cash provided/(used) by financing operations	**(1,303)**	**(2,063)**
Cash flow on assets and liabilities held for sale	**(1)**	**(6)**
Impact of exchange rate fluctuations on cash and cash equivalents	**(1,981)**	**887**
Net increase/(decrease) in cash and cash equivalents	**(7,401)**	**12,312**
Net cash provided/(used) by operating activities	(4,042)	13,216
Net cash provided/(used) by investing activities	(74)	278
Net cash provided/(used) by financing activities	(1,303)	(2,063)
Cash flow of assets and liabilities held for sale	(1)	(6)
Impact of exchange rate fluctuations on cash and cash equivalents	(1,981)	887
Cash and cash equivalents at beginning of period	**37,969**	**25,656**
Cash and balances with central banks	26,703	21,190
Interbank balances	11,266	4,466
Cash and cash equivalents at end of period	**30,568**	**37,969**
Cash and balances with central banks	36,901	26,703
Interbank balances	(6,333)	11,266
CHANGE IN CASH AND CASH EQUIVALENTS	**(7,401)**	**12,312**

(a) Decrease/(increase) in financial assets and investments in associates, including in particular:

- *cash flows related to held-to-maturity assets in the amount of +€224 million for 2017 (versus +€316 million for 2016);*
- *cash flows related to investments in consolidated affiliates in the amount of -€460 million from the purchase of 52% of Investors Mutual Limited (-€104 million), 54% of Danelys (-€91 million), S-Money and its subsidiary Lakooz (-€39 million), 97% of Bati Lease and its subsidiary InterCoop (-€38 million), 79% of PayPlug (-€21 million), 51% of Althelia Ecosphere (-€3 million), the acquisition of an additional 13.67% of Ossiam (-€5 million), the buyback of 40% of BPCE Assurances from minority interests (-€272 million), +€14 million in cash acquired (including +€10 million for the consolidation of securitization vehicle Purple Finance CLO 1 and +€4 million for the acquisition of IML), the disposal of Ellisphere (+€55 million), IJCOF Corporate (+€9 million) and IDFC (+€35 million), and the partial exercise of the put option on Euro Private Equity (-€1 million).*
- *cash flows related to investments in non-consolidated affiliates in the amount of +€416 million, including +€380 million for the disposal of our 15% stake in CACEIS.*

(b) Cash flows received from/(paid to) shareholders included dividends paid to BPCE in the amount of -€780 million and dividends paid to non-group entities for -€396 million.

(c) Cash flows from financing activities can be broken down as follows:

- *a positive change in perpetual deeply subordinated notes in the amount of +€621 million, partly from two new issuances subscribed to by BPCE for $500 million each, with the first occurring in the first quarter and the second in the last quarter of 2017 (equivalent to +€474 million and +€423 million, respectively), and partly from the repayment in the final quarter of an issuance measured at fair value in 2009 when initially recognized in equity in the amount of +€276 million;*
- *the expiry of an EMTN issued in 2006 on January 20, 2017, for -€500 million and the repayment of a loan from BPCE on December 7, 2017 for -€40 million;*
- *interest paid on subordinated notes for -€115 million;*
- *interest paid on deeply subordinated notes recorded in equity for -€94 million.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 BASIS OF PRESENTATION

1.1 IFRS standards and IFRIC interpretations applied by the Group

As required by European regulation 1606/2002 of July 19, 2002, Natixis has prepared its consolidated financial statements for the year ended December 31, 2017, 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 (previously referred to as the statement of net income/[loss], gains and losses recorded directly in equity), 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 2016 registration document filed with the Autorité des Marchés Financiers (AMF – French Financial Markets Authority) on March 21, 2017. In accordance with European regulation 809/2004 relating to information contained in prospectuses, the financial statements for the year ended December 31, 2015, that were published in the 2015 registration document filed with the AMF on March 10, 2016, are incorporated for reference into this registration document.

Texts in force since January 1, 2017

- The amendment to IAS 7 "Statement of Cash Flows" entitled "Disclosure Initiative" adopted by the European Commission on November 6, 2017, with mandatory application from January 1, 2017, to Natixis' financial statements. This amendment is intended to enhance the disclosures made regarding changes in debt arising from financing activities, whether or not these changes result from cash flows. This amendment had no impact on Natixis' financial statements;
- The amendment to IAS 12 "Income Taxes" entitled "Recognition of deferred tax assets for unrealized losses" adopted by the European Commission on November 6, 2017, with mandatory application from January 1, 2017, to Natixis' financial statements. This amendment is intended to clarify the accounting on deferred tax assets for unrealized losses on debt instruments measured at fair value. This amendment had no impact on Natixis' financial statements;

Natixis did not opt for early application of the following standards adopted by the European Union at December 31, 2017, but which had not yet entered into force:

- **The new standard, IFRS 9 "Financial instruments,"** was adopted by the European Commission on November 22, 2016 and will be applicable retrospectively as of January 1, 2018. However, as permitted by the standard, Natixis has opted for early application of the provisions relating to financial liabilities designated at fair value through profit or loss in Natixis' financial statements as of January 1, 2016 (see below).

  IFRS 9 defines the new rules for classifying and measuring financial assets, the new impairment methodology for credit risk on financial assets, and hedge accounting, except for macro-hedging, which the IASB is currently studying in a separate draft standard. The following treatments will apply to fiscal years beginning as of January 1, 2018, replacing the accounting standards currently used to recognize financial instruments. Pursuant to the transitional provisions of IFRS 9, Natixis does not intend to provide comparative information for its financial statements.

Classification and Measurement

On initial recognition, financial assets were classified at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss. For debt instruments, this depended on how the entity managed its financial instruments (its business model) and the characteristics of their contractual cash flows (Solely Payments of Principal & Interest – "SPPI").

Business model

The entity's business model represents the way in which it manages its financial assets to produce cash flow. The entity must exercise judgment to determine the business model used.

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;
- risks which 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.

Moreover, 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 achieving a given economic objective. The business model is therefore not decided on an instrument-by-instrument basis, but rather at a higher level of aggregation, by portfolio.

The standard uses three business models:

- a business model for which the objective is to hold financial assets in order to receive contractual cash flows ("hold to collect" model); However, classification under this model, under which the concept of "holding" is relatively similar to holding to maturity, remains valid if disposals occur 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,

(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.

- 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);

  For Natixis, the "hold to collect" model would apply to financing activities (excluding the loan syndication activity) carried out by Corporate & Investment Banking and Specialized Financial Services;

- a mixed business model under which assets are managed with the objective of both receiving contractual cash flows and disposing of financial assets ("hold to collect and sell" model). Natixis would apply the "hold to collect and sell" model primarily to portfolio management activities for securities in the liquidity reserve; and
- 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 would apply to the loan syndication activity and the capital markets activities carried out by Corporate & Investment Banking.

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 assets (i.e., those with SPPI cash flows) 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-basic ("non-SPPI") financial assets include mutual fund units and convertible bonds or mandatory convertible bonds with a fixed conversion ratio.

Debt instruments (loans, receivables or debt securities) may be valued at amortized cost or at fair value through other comprehensive income or at fair value through profit and loss.

A debt instrument is valued at amortized cost if it meets 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, on specific dates, give rise to cash flows that are solely payments of principal and interest on the outstanding amount due. In this case, the asset is considered basic and its cash flows are categorized as SPPI.

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 business model whose twofold objective is to collect contractual cash flows and sell financial assets; and
- the contractual terms of the financial asset, on specific dates, give rise to cash flows that are solely payments of principal and interest on the outstanding amount due. In this case, the asset is considered basic and its cash flows are categorized as SPPI.

Debt instruments that are held under the "hold to collect" and "hold to collect and sell" models but do not meet SPPI criteria are measured at fair value through profit or loss.

Debt instruments held under a business model for other financial assets, especially those held for trading, are measured at fair value through profit or loss.

SPPI debt instruments held under the "hold to collect" and "hold to collect and sell" business models can only be designated at fair value through profit or loss if doing so reduces an inconsistency in profit or loss (known as an "accounting mismatch" under IAS 39).

Finally, if a renegotiation or other modification of a contract does not result in derecognition, the standard requires that it be identified. In the event of modification, any profit or loss must be recognized as income. The gross carrying amount of the financial asset must be recalculated so that it is equal to the renegotiated or modified contractual cash flows discounted to their present value using the original effective interest rate.

Equity instruments are recorded by default at fair value through profit or loss unless the entity has irrevocable elected to value them at fair value through other comprehensive income (provided they are not held for trading purposes and accordingly classified as financial assets at fair value through profit or loss), without the option of subsequently reclassifying gains or losses to profit or loss (i.e., with no recycling).

Embedded derivatives will no longer be recognized separately from their host contract when these are financial assets

For **financial liabilities**, the classification and measurement rules set out in IAS 39 are carried forward to IFRS 9 unchanged, with the exception of those applicable to financial liabilities that the entity chooses to record at fair value through profit or loss (fair value option), for which revaluation adjustments related to changes in own credit risk are recorded under gains and losses recognized directly in other comprehensive income, without being subsequently reclassified to profit or loss.

Since 2016, Natixis has opted for early application of the provisions related to the recognition of gains and losses on financial liabilities designated under the fair value option, as provided for by IFRS 9 "Financial instruments", adopted by the European Commission on November 22, 2016. According to these new provisions, the amount of changes in fair value of financial liabilities designated under the fair value option, attributable to changes in credit risk on these liabilities, is recognized as other comprehensive income, where such recognition does not create or increase an accounting mismatch in profit or loss.

Consequently, at January 1, 2016, Natixis recognized, under "Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss" in opening shareholders' equity for fiscal year 2016, the fair value of the issuer spread, i.e. €49 million (gross amount).

Under "Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss", Natixis recognized €144.5 million in gains and losses in non-recyclable other comprehensive income for fiscal year 2016 (gross amount) and €180 million for fiscal year 2017 (gross amount).

The provisions of IAS 39 on the derecognition of financial assets and liabilities will be carried forward unchanged to IFRS 9.

Impairment

IFRS 9 requires a single impairment model that is forward-looking and based not on incurred credit losses but on expected credit losses calculated across all portfolios recognized at amortized cost or at fair value through other comprehensive income (recyclable), as well as on finance lease receivables under IAS 17 and on contract assets under IFRS 15. This single impairment model will also apply to the provisioning of financing commitments that fall outside the current standard's scope (for their evaluation) and the provisioning of financial guarantee commitments, except for those measured at fair value through profit or loss.

The new impairment framework under IFRS 9 generally requires one-year expected losses to be recorded upon initial recognition (stage 1), and subsequently, if the credit risk has deteriorated significantly since initial recognition, expected losses at maturity should be recognized (stage 2). Thirdly, if credit quality deteriorates to the point that recoverability is threatened, a provision must be set aside for expected loss at maturity (stage 3), which is the same as the requirement under IAS 39 for individual impairment of loans in default *(see Note 5.3)*; Impairment shall be recognized in accordance with the following three categories:

- Stage 1
  - there is no significant deterioration in credit risk since initial recognition,
  - impairment for credit risk is recorded in the amount of 12-month expected credit losses,
  - interest income is recognized through profit or loss using the effective interest rate method applied to the gross carrying amount of the asset before impairment;
- Stage 2
  - in the event of a significant increase in credit risk since initial recognition, the financial asset is transferred from category 1 to this category,
  - impairment for credit risk is determined on the basis of the instrument's expected credit losses at maturity,
  - interest income is recognized through profit or loss using the effective interest rate method applied to the gross carrying amount of the asset before impairment;
- Stage 3
  - if there is objective evidence of impairment arising from one or more events occurring after initial recognition,
  - impairment for credit risk continues to be calculated based on the instrument's expected credit losses at maturity,
  - interest income is recognized through profit or loss based on the effective interest method applied to the net carrying amount of the asset after impairment.

Moreover, the standard makes the 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.

On initial recognition, an effective interest rate must be adjusted based on credit quality: estimated recoverable cash flows take expected credit losses into account. Subsequent impairment will be calculated by re-estimating recoverable cash flows based on the re-estimated effective interest rate. A gain may be recognized through profit or loss if the revised cash flow estimate exceeds recoverable cash flows.

Hedging transactions

IFRS 9 introduces an amended hedge accounting model which is better aligned with risk management activities.

Implementation of IFRS 9

Considering the major changes introduced by IFRS 9, Natixis is carrying out implementation work as part of the organization of a project involving all affected business lines and support functions.

Launched in H1 2015, IT analysis, design and development work continued during fiscal year 2016 and the first half of 2017. The second half of 2017 was primarily dedicated to revenue, finalizing work on model calibration, completing documentation and adapting processes resulting from the implementation of this new standard within the framework of change management.

Work carried out on Classification and Measurement shows that the majority of financial assets that were recognized at amortized cost under IAS 39 until December 31, 2017 will continue to meet the conditions to be recognized at amortized cost under IFRS 9, and similarly, that the majority of financial assets classified as available-for-sale assets or as assets at fair value through profit or loss under IAS 39 will continue to be measured at fair value through other comprehensive income or profit or loss under IFRS 9.

Reclassifications identified include:

For financing portfolios:

- repurchase agreements designated under the fair value option through profit or loss under IAS 39 for the purpose of comprehensive management at fair value and subject to a trading business model will be recognized as "Financial assets at fair value through profit or loss";
- repurchase agreements classified as loans and receivables under IAS 39 and subject to a trading business model under IFRS 9 will be recognized as "Financial assets at fair value through profit or loss".

The vast majority of financing and receivables will continue to be classified and measured at amortized cost. Regarding these financing receivables, Natixis holds a portfolio of fixed income loans that bear a symmetrical repayment clause: Questions regarding the interpretation of these clauses and whether or not these instruments should be considered "basic" were referred to the IASB (International Accounting Standards Board) in December 2016. The amendment was published by the IASB on October 12, 2017, and will be mandatory as of January 1, 2019. Natixis will apply it early, as of January 1, 2018, as soon as the amendment text is adopted by the European Commission. This amendment opens up the possibility of categorizing these instruments as basic, thereby enabling them to be recognized at amortized cost or in accordance with the "hold to collect and sell" model provided that they are held in a "hold to collect" business model under IFRS 9.

For securities portfolios, reclassification should mainly relate to:

- debt securities held in the liquidity reserve, which under IAS 39 were recognized as available-for-sale assets and which, as they were held under a "hold to collect and sell" business model, will be reclassified as financial assets at fair value through OCI recyclable to profit or loss;
- mutual fund and private equity investment fund units, except for those in the insurance business, classified as equity instruments under IAS 39 and recognized as "Available-for-sale assets" or as "Financial assets under the fair value option", that are considered under IFRS 9 as debt instruments with non-basic characteristics and as a result will be recognized as "Financial assets at fair value through profit or loss";
- investments in associates recognized as available-for-sale assets under IAS 39 which, as allowed under a special option provided for by IFRS 9, will either be recognized as "Financial assets at fair value through profit or loss" or as "Financial assets at fair value through OCI" (non-recyclable even in the event of disposal). Dividends continue to be recognized in income only if opting for the latter category.

Reclassification between financial assets at amortized cost and financial assets at fair value have a net impact on Natixis' consolidated shareholders' equity due to the difference in the method used to measure these assets. Nevertheless, as these reclassifications are limited or affect assets whose fair value does not vary significantly from their value at cost due notably to the residual maturity of the transactions in question, these reclassifications are not expected to have a material impact on Natixis' opening equity at January 1, 2018.

Regarding the implementation of new impairment provisions:

Material impairment will mainly be measured using a combination of historical internal data, most of which comes from the current risk monitoring system and is adapted to the characteristics of the portfolios. Measurement of material impairment will take into account:

- for loans and financing and guarantee commitments: changes to the counterparty's rating between the grant date and the reporting date, the counterparty's status within Natixis' credit risk monitoring framework (including "forbearance" status), the non-technical unpaid amount, and the internal rating of the sector or country to which the counterparty belongs;
- for debt securities: IFRS 9 allows us to assume 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 could be applied to certain investment grade debt securities.

  For non-investment grade debt securities, criteria identical to those mentioned above for loans and financing and guarantee commitments will be applied.

To calculate impairment, Natixis will use regulatory capital requirement calculation models and the projection models used for regulatory stress tests.

The impairment calculation method will be based on three major parameters: probability of default (PD), loss given default (LGD) and exposure at default (EAD). Impairment losses will be the product of PD, LGD and EAD over the life of the instrument (Tier 2) or over a one-year horizon (Tier 1). Impairment loss calculations will include a discounting factor at the reporting date based on the effective interest rate or an approximation of it.

Specific adjustments will be made to factor in current conditions and forward-looking macroeconomic projections. Measurements may therefore, in some cases, differ significantly from those used to calculate regulatory capital requirements due to the associated safety buffers and their "through-the-cycle" applicability, as neither of these elements are factored in when evaluating the parameters used to determine provisions under IFRS 9 in accordance with the standard. Accordingly:

- IFRS 9 parameters will therefore aim to provide the most accurate estimate of losses possible for accounting provision purposes, whereas prudential parameters will be more cautious for regulatory framework purposes. Several of these safety buffers will be restated;
- IFRS 9 parameters must allow losses to be estimated until the contract's maturity, whereas prudential parameters will be defined to estimate 12-month losses. 12-month parameters will thus be projected over longer timescales.

Parameters will be adjusted to suit the economic context by defining reasonable and justifiable economic scenarios matched with their probability of occurrence. The projection mechanism will also draw on the budget process. Three economic scenarios (the base case budget scenario, along with optimistic and pessimistic views of this scenario), combined with their respective probabilities, will therefore be defined over a three-year time line. The scenarios and weightings will be defined using analysis produced by Natixis' Economic Research department and management's expert judgment.

The models which will be introduced to calculate impairment will be developed or harmonized centrally to ensure that methods are consistent throughout Natixis, Groupe BPCE and other entities, including Natixis Financement, depending on the type of exposures in question.

Committees will be established as part of the impairment calculation and control framework. They will be composed of members of various Natixis departments, including the Finance Department and Risk Department, along with experts. The purpose of these committees will be to propose parameters and macroeconomic scenarios for approval and to ensure that assumptions are consistent.

The new provisioning model could lead the amount of impairments for credit risk to increase insofar as all financial assets will be assessed based on expected credit losses over a horizon of at least 12 months. Furthermore, the volume of financial assets to which lifetime expected credit losses are applied will be greater than the volume of financial assets for which objective evidence of impairment exists as set out in IAS 39.

In terms of hedge accounting:

Like Groupe BPCE, Natixis has chosen the option offered by IFRS 9 of not applying its provisions relating to hedge accounting and of continuing to apply IAS 39 for hedge accounting transactions. Considering the limited number of asset reclassifications, the majority of hedge accounting transactions recognized according to IAS 39 will continue to be recognized in the same manner as of January 1, 2018.

Furthermore, information included in the notes to the financial statements will comply with the provisions of IFRS 7 as amended by IFRS 9.

In terms of applying IFRS 9 to insurance activities:

The amendment to IFRS 4 applying IFRS 9 “Financial Instruments” with IFRS 4 “Insurance Contracts” with specific provisions for financial conglomerates, was adopted on November 3, 2017 and is applicable as of January 1, 2018. This European regulation will allow European financial conglomerates to defer application of IFRS 9 to their insurance divisions until January 1, 2021 (effective date of the new IFRS 17 "Insurance Contracts" standard) as long as they:

- do not transfer financial instruments between the insurance division and other divisions of the conglomerate (with the exception of instruments at fair value through profit or loss);
- indicate the insurance entities that apply IAS 39;
- provide specific additional information in the Notes.

As a financial conglomerate, Natixis intends to apply this provision for its insurance entities, which will continue to be covered by IAS 39. The main entities concerned by this measure are CEGC, the Coface insurance subsidiaries, Natixis Assurances, BPCE Vie and its consolidated funds, Natixis Life, ADIR, BPCE Prévoyance, BPCE Assurances and BPCE IARD.

- **The new IFRS 15 standard “Revenue from Contracts with Customers”** was adopted by the European Commission on September 22, 2016 and is applicable retrospectively from January 1, 2018. The amendment entitled “Clarifications to IFRS 15”, adopted by the European Commission on October 31, 2017, is also mandatory from January 1, 2018.

IFRS 15 will replace current standards and interpretations on revenue recognition and imposes a single model for accounting for revenue arising from contracts with customers.

Under IFRS 15, the entity must recognize income arising from ordinary activities at an amount that reflects the consideration that the entity expects to receive in exchange for the transfer of goods and services promised to customers.

IFRS 15 thus introduces a new five-stage general approach for the recognition of income:

- identification of contracts with customers;
- identification of specific performance obligations (or items) to be recognized separately from one another;
- determination of overall transaction price;
- allocation of transaction price to the various specific performance obligations;
- recognition of revenue when performance obligations are met.

IFRS 15 applies to all contracts with customers except for leases (covered by IAS 17), insurance contracts (covered by IFRS 4) and financial instruments (covered by IFRS 9). If specific stipulations relating to revenue or contract costs are specified under a different standard, these will first be applied.

Natixis started to analyze the impact of the application of this new standard in the second half of 2016 and has now completed this work.

This analysis drew on assessments carried out within the entities affected and was used to identify the main items that could be involved, including:

- fee and commission income, notably those relating to banking services when this income is not included in the effective interest rate, or those relating to asset management or financial engineering services;
- income from other activities, in particular for services included in leases.

This work confirmed that Natixis is only very slightly affected by certain issues related to first-time application of IFRS 15 that have been identified within other banking institutions such as real estate development, loyalty programs and telephony.

Based on the work performed, Natixis does not expect any material impact upon the first-time application of IFRS 15, on either opening equity at January 1, 2018 or on income and expense items in fiscal 2018.

Pursuant to the option available under IFRS 15, Natixis does not intend to provide comparative information in its financial statements.

- **IFRS 16 “Leases”**, adopted by the European Commission on October 31, 2017, will replace IAS 17 “Leases” and interpretations related to the accounting of these contracts. It will be applicable retrospectively as of January 1, 2019, according to specific phase-in conditions.

Under IFRS 16, lease contracts shall be accounted such that they identify an asset and convey the right to use this asset for a period of time.

From the lessor's perspective, the impact is expected to be limited, as the provisions will not change substantially in relation to the current IAS 17.

For lessees, the standard requires that all lease contracts be recorded in the balance sheet such that they convey the right to use the leased asset which must be recognized under fixed assets with a corresponding financial liability entry under liabilities to reflect the leases and the remaining payments over the duration of the lease contract. Natixis has decided to opt for the exception included in the standard of not modifying the accounting method for short-term leases (less than 12 months) or leases related to low value underlying assets (unit replacement cost of €5,000 at the most).

The right to use the asset will be amortized on a straight-line basis and the financial liability will be calculated an actuarial basis over the duration of the lease contract. The interest expense on the financial liability and amortization expense on the right of use will be recognized separately in income. In contrast, under existing IAS 17, operating leases are not recorded in the balance sheet and only the related lease income is recognized in the income statement.

Work on estimating the amount of the rights of use to be recorded in the balance sheet began in 2016 and continued in 2017. At this stage, the implementation of IFRS 16 will mainly affect real estate assets leased for operational purposes as offices. Natixis expects this to have a material impact on fixed assets (i.e., Property, plant and equipment and Intangible assets) and on Financial liabilities in the balance sheet.

For the first-time application of this standard, Natixis has chosen the modified retrospective method, which recognizes the cumulative impact at January 1, 2019, with no comparison with 2018, and listing in the Notes to the financial statements any of the standard's impacts on the various items in said financial statements.

In addition, when drawing up the consolidated financial statements at December 31, 2017, Natixis also took the following into account:

- for the valuation of financial instruments: the recommendation published on October 15, 2008 by the AMF, the Conseil National de la Comptabilité (CNC – French National Accounting Board), the Commission Bancaire (French Banking Commission) and the Autorité de Contrôle des Assurances et des Mutuelles (ACAM – French insurance regulator), and the guide published by the IASB on October 31, 2008, entitled "Measuring and disclosing the fair value of financial instruments in markets that are no longer active". These two texts underline the importance of using judgment to determine fair value in illiquid markets. As a result of this recommendation, at December 31, 2017, Natixis does not systematically apply models using observable data, as with previous reporting periods, in view of the lack of market liquidity affecting some asset classes;
- for financial reporting on risk exposure: the recommendations issued by the Financial Stability Forum (FSF), as adapted for France. Details on risk exposure, presented in the format recommended by the Commission Bancaire in its May 29, 2008 statement "Presentation note regarding the French application of the FSF's recommendations for financial transparency", have been incorporated into Section 3.13 of the chapter on "Risks and Capital Adequacy" of the registration document.

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 2 and 5 below.

1.3 Year-end

The consolidated financial statements are based on the individual financial statements at December 31, 2017, 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 CONSOLIDATION METHODS AND PRINCIPLES

2.1 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 line *(in millions of euros)*	Total balance sheet	Net revenues	Net income
Corporate & Investment Banking	250	15	+/-2
Asset & Wealth Management	60	5	+/-2
Insurance	60	5	+/-2
Specialized Financial Services	60	12	+/-2
Coface and Corporate Center	60	5	+/-2

By way of exception to the thresholds described above, and in order to comply with Article 19 of (EU) regulation No. 575/2013, the consolidation threshold was reduced to €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 book value of the mutual funds higher than 0.5% of Natixis Assurances' investments;
- the total amount of entities excluded from the scope does not represent more than 5% of total investments.

The consolidation scope includes all material entities over which Natixis exercises exclusive control, joint control or significant influence. IFRS stipulates three types of control: exclusive control, joint control and significant influence. Determining the type of control that exists is not limited to identifying the voting rights held, but also involves an analysis of the economic and legal relations between the various entities being analyzed.

In determining whether it exercises control or significant influence, Natixis considers all current voting rights and any potential voting rights to the extent that they are currently exercisable or convertible and to the extent that they have influence over relevant activities of the entity. 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 17 of the financial statements.

The percentage of ownership and voting rights held is indicated for each entity within the consolidation scope. The percentage of ownership represents the equity share held by Natixis, directly and indirectly, in the entities within the consolidation scope. The percentage of ownership is used to determine Natixis' share in the net assets of the owned company.

2.2 The notion of control and consolidation methods

2.2.1 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 4). The control of an entity will be analyzed using three cumulative criteria:

- influence over relevant activities of the entity;
- 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 to the returns received by the other investors, etc.)*;
- rights held by other parties (withdrawal rights, early redemption rights, rights on termination 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, therefore Natixis does have control pursuant to IFRS 10 and the entity in question will be subject to full consolidation.

Full consolidation involves replacing the book value of the investments by the full value of all the subsidiary's assets and liabilities.

The share of non-controlling interests in shareholders' equity and in income appear separately on the balance sheet, income statement and the statement of net income/(loss) and other comprehensive income.

2.2.2 Joint control: joint-ventures and joint operations

Natixis exercises joint control when, 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 when 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 to that company's net assets. They are consolidated using the equity method. Consolidation by the equity method involves replacing the book value of the investments in the owner's account by Natixis' interest in the shareholders' equity and income of the owned entity. 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 liabilities side of the balance sheet under "Shareholders' equity (Group share" and in income under "Share in income of associates" in the consolidated income statement and under "Share in gains/(losses) of associates recorded directly in equity" in the statement of net income/(loss) and other comprehensive income. Goodwill related to joint-ventures is included in the book value.
- 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 book value, an impairment is recorded under "Share in income of associates" in the consolidated income statement.

  When 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 into account in future losses. In such cases, the investment is presented as zero. The associates' additional losses are only provisioned when Natixis has a legal or implied obligation to hedge them or when it has made payments on behalf of the company.

  At December 31, 2016, the impairment tests conducted resulted in a write-down of €12.6 million in the equity-accounted investment in the IDFC entities belonging to the Investment Solutions division. This impairment was included in the "Share in income of associates" in the income statement. Goodwill after impairment included in the book value of the equity investment totaled €4.3 million. IDFC entities were disposed of in 2017 and the gain on disposal arising from the sale of entities and the closing of NGAM Asia amounted to €0.6 million at December 31, 2017 *(see Note 3.2)*.
- Joint operations are partnerships in which the parties exercising joint control of the arrangement have rights to the assets, and obligations for the liabilities, related to the arrangement. An investment in a joint operation is recorded by incorporating all the interests held in the joint operation, i.e. its 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 on the consolidated balance sheet, consolidated income statement and statement of net income/(loss) and other comprehensive income.

2.2.3 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. Significant influence is presumed to exist when Natixis directly or indirectly owns at least 20% of the voting rights of the company in question. IAS 28 defines companies over which 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 assets designated at fair value through profit and loss, pursuant to the option available under IAS 28.

Furthermore, in terms of Natixis' stake in EFG Hermès, held through DF EFG 3 Limited, although the share of voting rights held represents 12.9%, it was analyzed as subject to consolidation according to the equity method due in particular to the number of seats held by Natixis on the company's Board of Directors. Nevertheless, it is not consolidated in the December 31, 2016 or December 31, 2017 financial statements as the company's financial statements are not consolidated in IFRS format. The stake was acquired for $85 million. It is recognized in "Available-for-sale financial assets" at a value of €87.5 million at December 31, 2017, compared to €96.4 million at December 31, 2016.

2.3 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 interest share and the share acquired in the entity's net assets at this date is recorded in "Consolidated reserves". In the event of a decrease in Natixis' percentage of ownership in an entity without loss of control, the difference between the selling price and the book value of the share of interests sold is also recorded in "Consolidated reserves".

The assumption of control through successive purchases of securities from an entity previously recognized in available-for-sale (AFS) financial assets is shown as two transactions taking place upon the assumption of control:

- the disposal of securities previously classified as available-for-sale financial assets; and
- the acquisition of all the securities held after the assumption of control.

In such cases, goodwill is determined only once based on the fair value of the assets acquired and 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 retained equity share is measured at fair value and the gains or losses on disposal are recognized among "Gains or losses on other assets" in the consolidated income statement.

Gains or losses on disposals of associates are presented among "Gains or losses on other assets" in the consolidated income statement.

2.4 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 of ownership in the subsidiary in question unless the put option is associated with Natixis holding a call option, and the call and put options give immediate entitlement to the economic benefits attached to the underlying shares.

The granting of put options to minority shareholders which do not transfer to Natixis the risks and benefits associated with the underlying shares prior to exercise, result in the recognition of a liability for the estimated present value of the option's exercise price. The corresponding receivable is booked to equity, deducted in part from minority interests in the amount of their book value, with the rest 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 are presented in "Net income/(loss for the period – share attributable to minority interests" on the consolidated income statement.

2.5 Business combinations and goodwill

The following accounting treatment is applied to business combinations giving rise to control:

- IFRS 3 before revision if they are prior to January 1, 2010, except for those that occurred before January 1, 2004. On the initial application date of IFRS, Natixis chose the option offered by IFRS 1 "First-Time Adoption" to not retrospectively restate business combinations previous to January 1, 2004 pursuant to IFRS 3;
- revised IFRS 3 (IFRS 3R) if they occur after January 1, 2010. IFRS 3R can be applied prospectively to business combinations if their acquisition date is the same or later than the adoption date of IFRS 3R.

In accordance with IFRS 3 (pre- or post-revision), business combinations are recorded using the acquisition method. Under the acquisition method, the identifiable assets and liabilities of the acquired entity are measured at their fair value at the valuation date.

The method used to measure minority interests and goodwill varies 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 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 share of interest held in the acquired entity prior to the purchase date, and the amount of minority interests (determined using the partial or 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 amount.

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 book value of "Investments in associates" under assets if it is positive; however, it cannot subsequently be amortized. It is tested for impairment, at least once per year *(see Note 2.2.2.)*. If it is negative, it is immediately recognized in income under "Share in income of associates".

Specific case of business combinations carried out under joint control

Combinations between entities or operations under joint control are understood to be combinations in which several operations are combined and all 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 historic carrying amount to such transactions. According to this method, the difference between the price paid and Natixis' share in the historic 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 purchase 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 measurement and recognition of 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:

<u>Goodwill on contributed entities</u>

As the contributions were recognized at their net carrying amount under IFRS, no valuation adjustments have been recorded on the various assets and liabilities contributed. The difference between the acquisition cost and the Group's interest in the net assets of the contributed entities does not constitute goodwill within the meaning of IFRS 3, since the acquisition cost takes into account the real value of the shares, while the contributions were recognized at their net carrying amount. Each of the differences observed was recognized in "Consolidated reserves".

An amount of €3.170 billion was charged against the issue premium in this respect at December 31, 2006.

<u>Goodwill on other transactions</u>

The goodwill arising from the transaction resulting in the creation of Natixis amounted to €484 million, which breaks down as follows: €229 million on IAMG, €21 million on IXIS CIB and €8 million on 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 related to the former IXIS CIB has been totally 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 2017, goodwill increased by +€202 million, excluding translation losses (-€201 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.

On December 31, 2017, under the new strategic plan, New Dimension *(see Note 9)*, and in line with the creation of the new Insurance division, the Investment Solutions CGU was split into two separate CGUs: "Asset & Wealth Management" and "Insurance". Goodwill related to the entities making up both of these new divisions was symmetrically reallocated to both new CGUs.

At December 31, 2016, the former Corporate Data Solutions CGU was made up of only Ellisphere and IJCOF. As these entities were disposed of in the first half of 2017 *(see Note 3.1)*, CDS no longer had any assets and its related goodwill was no longer included on the consolidated balance sheet at December 31, 2017.

Value in use is determined principally by discounting the expected future cash flows from the CGU (Discounted Cash Flows (DCF) method) on the basis of the five-year medium-term business plans drawn up by Natixis.

The following assumptions have been used:

- estimated future cash flows: forecast data drawn from multi-year plans established by the business lines and updated as part of Natixis' "New Dimension" strategic plan;
- perpetual growth rate: 2.5% for all valuations;
- discount rate: use of a specific rate for each CGU: 9.7% for Asset & Wealth Management and 11.5% for Insurance (9.8% for Investment Solutions in 2016), 12.2% for Specialized Financial Services (11.3% in 2016), 10.8% for Coface (10.5% in 2016) and 11.4% for Corporate & Investment Banking (11% in 2016).

The discount rates were determined by factoring in the following:

- for the Asset & Wealth Management, Insurance, Specialized Financial Services and Corporate & Investment Banking CGUs, the risk-free interest rate of the Euro-Bund zone, averaged over a depth of 10 years, plus a risk premium calculated according to a sample of CGU-representative companies;

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- for the Coface CGU, the interest-rate references used were determined according to a similar method as applied to the other CGUs, using samples of equivalent companies for insurance and factoring activities.

These tests did not result in the recognition of impairment losses at December 31, 2017.

At December 31, 2016, tests carried out on the Coface CGU following an increase in the loss ratio level, as mentioned in the press release dated July 4, 2016 (an indication of a deterioration in the recoverable value), led to the impairment of goodwill on Coface in the amount of €75 million (€31 million group share). The net amount of goodwill after impairment was €281.9 million at December 31, 2016;

A 20 bp increase in discount rates (assumption based on the historical annual variability observed over one year using 2012-2017 historical data) combined with a 50 bp reduction in perpetual growth rates would help to reduce the value in use of CGUs by:

- -7.1% for the Asset & Wealth Management CGU;
- -3.3% for the Corporate & Investment Banking CGU;
- -5.3% for the Insurance CGU;
- -3.6% for the Specialized Financial Services CGU;
- -2.6% 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 variations in key assumptions does not significantly affect the recoverable amount of CGUs:

- for Asset & Wealth Management, a 10% decline in the equity markets (uniform decline across all years) would have a -8% negative impact on the CGU's recoverable value and would not lead to the recognition of an impairment loss;
- 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 impact 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 strategic plan, New Dimension, sets this ratio at below 94%. A one-point deterioration in this ratio each year from 2018 in relation to the assumptions used for to value the CGU would lead to a limited fall of 3% in this value, with no impact on impairment;
- for Specialized Financial Services, a one-point rise in the three-month EURIBOR applied to Factoring and recreating a "2008-2009" (drop in production and increased cost of risk) type crisis on Leasing would have an -6% negative impact on the recoverable amount of the CGU and would have no impact in terms of impairment;
- for Corporate & Investment Banking, sensitivity to the dollar or to the performance of the CAC would have a limited impact on net revenues and would not lead to any impairment being recorded;
- for Coface, the primary sensitivity vector is the loss ratio. The projected level of this ratio is below 54% (net of reinsurance) for 2017. A one-point increase in the loss ratio, relative to the assumptions used for the DCF calculation over all years from 2018, would impact the average multi-criteria value by less than 5% and would not lead to the recognition of impairment on the CGU. Furthermore, a valuation at the lowest price in 2017 would lead to a limited impact on the weighted average valuation of the various methods (-2%).

2.6 Subsidiaries held for sale

The assets and liabilities of subsidiaries which Natixis intends to sell within a maximum period of 12 months, and for which it is actively seeking a buyer, are identified separately on two specific lines of the consolidated balance sheet as non-current assets and liabilities *(see Note 5.9)*.

Natixis had started discussions regarding the disposal of part of its stake in Caspian, entities belonging to the Investment Solutions division. At December 31, 2016, Natixis maintained the full consolidation of its subsidiaries and, in accordance with the provisions of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", combined the assets and liabilities of those entities under two separate balance sheet line items: "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale". As the disposal was completed in fiscal year 2017, these entities are no longer included in Natixis' consolidation scope as at December 31, 2017.

Natixis had also started discussions regarding the disposal of its subsidiaries Ellisphere and IJCOF, entities belonging to the Corporate Data Solutions division. At December 31, 2016, Natixis had maintained the full consolidation of Ellisphere and, in accordance with the provisions of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", combined the assets and liabilities of that entity under two separate balance sheet line items: "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale". IJCOF, consolidated using the equity method, was also treated in accordance with IFRS 5, and the stake was recorded under "Non-current assets held for sale". As the disposal was completed in fiscal year 2017, these entities are no longer included in Natixis' balance sheet as at December 31, 2017.

2.7 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 from internal transactions carried out between fully-consolidated entities is eliminated. The internal results of the entities consolidated using the equity method are eliminated to the extent of Natixis' share of interest in the joint-venture or associate.

2.8 Consolidation of insurance companies

The following rules are applied to consolidate the financial statements of insurance subsidiaries:

- income and expenses are classified by type in accordance with banking accounting principles and not as a function of expense;
- balance sheet items are included under the corresponding line items of the financial statements presented in the banking format.

Insurance company investments are classified in the balance sheet under the various categories of investments defined in IAS 39.

Policies managed by the insurance subsidiaries of the Coface, Compagnie Européenne de Garanties et Cautions (CEGC) and Natixis Assurances sub-groups meet the definitions of insurance policies and investment contracts with a discretionary participation feature set out in IFRS 4. Accordingly, they result in the recognition of technical reserves in liabilities. These reserves are measured in accordance with French GAAP pending publication of an IFRS standard 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 2017 budget and in accordance with the pay-out ratio recorded for 2016, the deferred profit-sharing rate adopted at December 31, 2017 was 89% compared with 87% at December 31, 2016.

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, 2017 as on December 31, 2016.

(in millions of euros)	2017	2016
Total net deferred profit-sharing asset	-	-
Total net deferred profit-sharing liability	3,275	3,108

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 historic probability.

2.9 Institutional operations

Natixis

In accordance with Article 41 of the Amended Finance Act for 1997 (No. 97-1239 of December 29, 2007), amended by Article 121 of the Amended Finance Act for 2008 (No. 2008-1443 of December 30, 2008), of Article 5 of the Amended Finance Act for 2014 (No. 2014-1655 of December 29, 2014) and the agreement signed with the French State on May 10, 2017, Natixis manages certain public procedures on behalf of the French State, mainly consisting of loans and gifts to foreign States conferred in the framework of Public Development Aid, non-concessional loans to foreign States, gifts to the "Fund for Private-Sector Aid and Studies" and the stabilization of interest rates for export credit guaranteed by 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.

Coface

At December 31, 2016, Coface ceded its activity managing state export guarantees on behalf of the French government to BpiFrance. The teams and information systems dedicated to this activity were transferred from January 2, 2017.

The management of state export guarantees represented approximately 4% of Coface's consolidated revenues in 2016.

As a reminder, for this activity, premiums paid by customers, claims covered and amounts recovered as a result of these guarantees were paid over to the State. Accordingly, they were not included in the Group's consolidated financial statements. Expenses relating to public procedures management were mainly incurred in delivering State guarantees, managing claims, and recovering debts covered by the guarantees.

On December 31, 2016, Coface received, in return for this transfer, an indemnity which corresponded to a non-recurring gain of €77 million (gross amount) and which was recognized in the financial statements. The net gain, after taking into account direct and indirect costs, totaled €75 million (gross amount).

2.10 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 historic 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 exchange differences recognized in transferable equity under "Translation adjustments".

Natixis elected to use the option available under IFRS 1 on first-time adoption, namely to transfer the cumulative balance of 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 3 CONSOLIDATION SCOPE

3.1 Key events

In 2017, Natixis acquired the 100% stake held by BPCE in S-Money and its subsidiary Lakooz in two stages (51% in the first half of 2017 and 49% in the second half of the year). These two companies specialize in new online payment methods.

As the acquisition took place between entities under the same ownership structure, the assets and liabilities of the acquired entities were recorded at their book value in Natixis' consolidated financial statements and the difference between the price paid and Natixis' share in the book value of the acquired entity's assets and liabilities was deducted from shareholders' equity in the amount of €19.8 million.

The acquisition of the remaining 49% stake in the second half of 2017 was treated like the impact of changes to the percentage of ownership in consolidated entities without loss of control. Its impact on equity was a decrease in the amount of €18.6 million.

The past goodwill recorded in BPCE's consolidated financial statements, calculated using the full goodwill method, which would have been recognized when Groupe BPCE entered Lakooz' capital, was recorded in Natixis' financial statements for the amount recorded by BPCE, i.e. €11.8 million.

Natixis exercises control over these two entities within the meaning of IFRS 10, and fully consolidates them.

In 2017, Natixis had finalized the acquisition of PayPlug, a fintech company specialized in online payments for very small businesses and SMEs.

Following the capital increase carried out immediately after the acquisition, Natixis held 78.54% of PayPlug's share capital as at December 31, 2017.

The company's management holds shares alongside Natixis and exit provisions are in place which, if exercised, allows Natixis to acquire all the remaining capital. The promise to buy/sell shares led to the recognition of put options on minority shareholders, for €5.8 million.

Natixis exercises control over this entity within the meaning of IFRS 10, and fully consolidates it.

This transaction generated goodwill of €14.3 million as at December 31, 2017, as determined using the partial goodwill method.

In addition, in the fourth quarter of 2017, Natixis - via Natixis Belgique Investissements - finalized the acquisition of 54.3% of Dalenys (representing 61.3% of voting rights) from Dalenys' main shareholders.

Following this acquisition, Natixis Belgique Investissements made a mandatory public bid offering €9 per share for all outstanding Dalenys shares, with the initial acceptance period running from December 11, 2017, to January 22, 2018. Consequently, at December 31, 2017, Natixis recognized a financial liability of €77.5 million.

Via Natixis Belgique Investissements, Natixis exercises control over Dalenys within the meaning of IFRS 10, and fully consolidates the entity.

This transaction generated goodwill of €72.3 million as at December 31, 2017, as determined using the partial goodwill method.

Natixis, via Mirova, a subsidiary of Natixis Investment Managers, also finalized the acquisition of Althelia Ecosphère, an asset management company specialized in impact investing in natural capital (global warming and protection of local regions, biodiversity, ground resources and maritime resources).

Through Mirova, Natixis held 51% of Althelia Ecosphère's capital at December 31, 2017. Natixis exercises control over this entity within the meaning of IFRS 10, and fully consolidates it.

This transaction generated goodwill of €3.2 million as at December 31, 2017, as determined using the partial goodwill method.

Furthermore, Natixis, via Natixis Assurances, finalized the acquisition of 40% of BPCE Assurances from Macif (25%) and Maif (15%). Following this transaction, Natixis Assurances is the sole shareholder of BPCE Assurances.

As this acquisition had no impact on Natixis' control, goodwill was charged directly against shareholders' equity in the amount of €94 million.

At December 31, 2017, Natixis acquired majority interests in InterCoop and Bati Lease from Crédit Coopératif, a BPCE subsidiary. It holds a 100% and 96.77% interest in these entities, respectively.

As the acquisition of InterCoop and Bati Lease took place between entities under the same ownership structure, the assets and liabilities of the acquired entities were recorded at their book value in Natixis' consolidated financial statements and the difference between the price paid and Natixis' share in the book value of the acquired entity's assets and liabilities was added (negative goodwill) to shareholders' equity in the amount of €18.4 million.

Natixis exercises control over these two entities within the meaning of IFRS 10, and fully consolidates them.

Furthermore, Natixis, via Natixis Investment Managers, acquired a majority stake (51.9%) in the Australian investment management company Investors Mutual Limited (IML).

The company's management holds shares alongside Natixis and exit provisions are in place which, if exercised, would allow Natixis to acquire all the remaining capital. The promise to buy/sell shares led to the recognition of put options on minority shareholders, for €57.9 million.

Via Natixis Investment Managers, Natixis exercises control over IML within the meaning of IFRS 10, and fully consolidates the entity.

This transaction generated goodwill of €100.4 million as at December 31, 2017, as determined using the partial goodwill method.

Finally, in terms of the activities of Corporate Data Solutions, Natixis sold Ellisphere and its subsidiary IJCOF Corporate in the first half of 2017. Since 2016, these entities had been treated under IFRS 5 owing to ongoing negotiations for their disposal. The full sale of these entities outside Natixis generated a capital gain (excluding the tax impact) of €21.5 million. After these disposals, the Corporate Data Solutions Division no longer held any assets and its holding company Natixis HCP was absorbed by Natixis (via a total transfer of assets and liabilities) in June 2017. This transfer had no impact on the consolidated financial statements as it was an internal restructuring operation.

3.2 Changes in consolidation scope since January 1, 2017

The main changes in scope since January 1, 2017 are as follows:

3.2.1 Corporate & Investment Banking

Deconsolidated entities

- Deconsolidation of Natixis Corporate Solutions Ltd as of January 1, 2017 as the percentage interest fell below eligible levels.
- Liquidation of Nexgen Financial Holding Ltd. in the fourth quarter of 2017.

Changes in percentage of ownership

- The ownership interest in Natixis Partners decreased from 92% to 84% following the award of free shares to executive officers in the fourth quarter of 2017.

3.2.2 Asset & Wealth Management

Newly consolidated entities

- Acquisition of 52% of Investors Mutual Limited, an equities fund manager, on October 4, 2017.
- Acquisition via Mirova of 51% of Althelia Ecosphère, which specializes in natural capital investment, on October 9, 2017. After the transaction, Althelia Ecosphère was renamed Mirova-Althelia and opened a branch in France.
- Consolidation of AEW Europe Global Lux in the third quarter of 2017. This previously non-consolidated interest was consolidated as part of implementing group AEW Europe's seed money financing mechanism. Indeed, after La Banque Postale acquired a stake, this entity should bring in new seed money investments with funding from Natixis Investment Managers and LBP.
- Consolidation of the Purple Finance CLO 1 securitization vehicle in the fourth quarter of 2017.
- Consolidation of the ASG Managed Futures and DNCA Archer Mid-Cap Europe funds in the fourth quarter of 2017 after the percentage interest rose above eligible levels.
- Opening of an Australian office of AEW Asia Limited, a subsidiary of AEW Capital Management in Hong Kong, in 2017. This entity was consolidated in the fourth quarter of 2017.
- The NAM activities dedicated to volatility management products and structured products were carried to NAM Austerlitz 1, previously presented as investments in non-consolidated affiliates in Natixis IM's consolidated financial statements. As part of this transaction, NAM Austerlitz 1 was renamed Seeyond and is now a consolidated entity.

Deconsolidated entities

- Deconsolidation of the Ossiam Emerging Market Minimum fund in the first quarter of 2017 as the percentage interest fell below eligible levels.
- Disposal during the first quarter of 2017 of two Private Equity entities: Natixis Private Equity Caspian IA, LP and Natixis Private Equity Caspian IB, LP.
- On March 20, 2017, disposal by Natixis Investment Managers of its holdings in IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited. These holdings were previously held directly by NGAM Asia. As NGAM Asia was a holding company whose sole purpose was to carry Natixis Investment Managers Group's shares in IDFC, the decision was made to close this structure on March 27, 2017.
- Following the restructuring of AEW Europe's businesses in France in the third quarter of 2017, NAMI AEW Europe and AEW Europe SGP were absorbed by AEW CILOGER.

Changes in percentage of ownership

- In the first quarter of 2017, the ownership interest in DNCA Finance, DNCA Courtage and DNCA Luxembourg fell from 75% to 72% following the increase in Société de Cadres' percentage of ownership in DNCA Finance from 3% to 6%.
- The ownership interest in Euro Private Equity SA and Euro Private Equity France increased from 80% to 94% following the acquisition of an additional 14% of the share capital (10% in the second quarter of 2017 and 4% in the fourth quarter) in accordance with the initial protocol agreement signed on the entity's acquisition.
- The ownership interest in Ossiam rose from 64% to 83% following the buyout of managers' shares.

Changes in registered company names

- Following the restructuring of AEW Europe's businesses in France in the third quarter of 2017, Ciloger was renamed AEW CILOGER and AEW Europe was renamed AEW SA.
- In the fourth quarter of 2017, NGAM (Natixis Global Asset Management) changed its registered company name and the entity is now called Natixis Investment Managers. Consequently, all the entities bearing the acronym NGAM have changed name.
- In the fourth quarter of 2017, Banque Privée 1818 changed its registered company name and is now called Natixis Wealth Management.

3.2.3 Insurance

Newly consolidated entities

- Consolidation of the Selectiz fund in the third quarter of 2017 after the percentage interest rose above eligible levels.
- Consolidation of SCI Duo Paris in the third quarter of 2017.
- Consolidation of the Selection Protection 85 and Selectiz Plus FCP 4Dec funds after the percentage interest rose above eligible levels.

Deconsolidated entities

- Deconsolidation of ABP Alternatif Offensif in the first quarter of 2017 as the percentage interest fell below eligible levels.

Changes in percentage of ownership

- The ownership interest in BPCE Assurances rose from 60% to 100% following the buyback of shares held by minority interests (MACIF and MAIF) in the fourth quarter of 2017. This acquisition of additional shares also had the effect of increasing the ownership interest in BPCE APS, which rose from 30% to 50%.

3.2.4 Specialized Financial Services

Newly consolidated entities

- The holding company Natixis Paiement Holding was consolidated in the first quarter of 2017. This company holds the entities in Natixis' Payments business.
- Acquisition of 51% of S-Money and 85% of its subsidiary Lakooz, which specialize in new payment methods, on February 9, 2017. The remaining 49% of S-Money was acquired on October 30, 2017, taking the ownership interest to 100%. The remaining 15% minority stake in Lakooz was acquired on November 10, 2017, taking the ownership interest in the company to 100%.
- Acquisition of 79% of PayPlug, which also specializes in new payment methods, on April 3, 2017.
- Acquisition of 54% of Dalenys SA on October 31, 2017.
- Acquisition of 95% of Bati Lease, a real estate leasing company, on October 2, 2017. An additional 2% stake was purchased from minority shareholders in the fourth quarter of 2017, taking the ownership interest in the company to 97%.
- Acquisition of 100% of Inter-Coop, a real estate leasing company, on October 2, 2017.

Restructuring

- Natixis Consumer Finance IT was absorbed by Natixis Financement through a total transfer of assets and liabilities (TUP) on April 30, 2017.
- Natixis Consumer Finance was absorbed into Natixis S.A. by total transfer of assets and liabilities on April 30, 2017.

Deconsolidated entities

- Liquidation of the securitization vehicle Nordri on June 19, 2017.
- SCI Champs-Elysées, SCI La Boétie and SCI Saccef were deconsolidated in the fourth quarter of 2017 after the percentage interest fell below eligible levels.

3.2.5 Coface

Changes in percentage of ownership

- In the first quarter of 2017, Coface's ownership interest in Coface Central Europe Holding increased from 75% to 100% following the reimbursement of capital to minority shareholders. This transaction modified the ownership interests in Coface Poland CMS and Coface Romania CMS.

3.2.6 Corporate Center

Deconsolidated entities

- Disposal of IJCOF Corporate on April 7, 2017.
- Disposal of Ellisphere on April 13, 2017.

Restructuring

- Natixis HCP was absorbed into Natixis S.A. by total transfer of assets and liabilities on June 27, 2017.

3.3 Interests in subsidiaries

3.3.1 Material non-controlling interests

At December 31, 2017, the main material subsidiary in which the group had a non-controlling interest was Coface. At December 31, 2017, the main subsidiaries in which the group had a non-controlling interest were Coface and BPCE Assurances.

At December 31, 2017

(in millions of euros)				12.31.2017						
				Non-controlling interests			Concise financial information about entities			
Name of entity	Place of establishment	Percentage interest in non-controlling interests	Percentage control of non-controlling interests (if different)	Income attributable to the owners of non-controlling interests over the period	Amount of non-controlling interests in the subsidiary	Dividends paid to the owners of non-controlling interests	Total assets	Total debt (liabilities - equity)	Net income	Total income
Coface	France	58.62%	58.62%	33	1,082	12	7,360	5,554	83	76
H2O	Great Britain	49.99%	49.99%	83	89	28	256	78	167	165
Other entities				76	20	39				
TOTAL				**192**	**1,192**	**79**				

At December 31, 2016

(in millions of euros)				12.31.2016						
				Non-controlling interests			Concise financial information about entities			
Name of entity	Place of establishment	Percentage interest in non-controlling interests	Percentage control of non-controlling interests (if different)	Income attributable to the owners of non-controlling interests over the period	Amount of non-controlling interests in the subsidiary	Dividends paid to the owners of non-controlling interests	Total assets	Total debt (liabilities - equity)	Net income	Total income
Coface	France	58.67%	58.67%	8	1,082	44	7,061	5,301	42	58
BPCE Assurances	France	40.00%	40.00%	23	165	8	1,833	1,420	59	66
H2O*	Great Britain	49.99%	49.99%	29	35	55	107	37	58	52
Other entities*				30	13	4				
TOTAL				**90**	**1,296**	**111**				

* *H2O data have been added since the disclosure made in 2016.*

3.3.2 Impact of changes to percentage holdings in subsidiaries still under control at December 31, 2017

(in millions of euros)	The Group's % interest at the beginning of the period	The Group's % interest at the end of the period	Impact of changes in the percentage on Equity	
			Group share	Share of non-controlling interests (change in investment)
Buyout by Natixis of minority shareholders'investments	60.00	100.00	(94)	(179)
BPCE Assurance				

3.3.3 Impact of the loss of control during the period of a subsidiary in which an interest is retained

No such transaction was recorded in either 2016 or 2017.

3.3.4 Material restrictions

Natixis is subject to liquidity risk supervision, which requires it to establish a liquidity pool limiting the use of the assets constituting it *(see Note 3.9.2 "Management of liquidity and funding risk" of Chapter 3, "Risks and Capital Adequacy, of the registration document).*

Furthermore, some entities are subject to local regulations concerning liquidity and solvency.

The share of encumbered assets that cannot be freely used is presented in Section 3.9 of Chapter 3, "Risks and Capital Adequacy," of the registration document.

Despite the application of exchange controls in some countries, Natixis did not encounter difficulties transferring the dividends of subsidiaries located in these countries during the period.

Assets representative of unit-linked policies from insurance activities measured under the fair value through profit or loss option are held for the benefit of policyholders.

3.4 Interests in partnerships and associates

3.4.1 Types of partnerships and associates with which Natixis has dealings

Partnerships (joint operations and joint-ventures)

Natixis Financement is a stakeholder in partnerships in the form of sociétés en participation (SEPs), with a lending institution (Banque Populaire bank or Caisse d'Epargne). The purpose of these SEPs is to ensure the origination, distribution, marketing, management and out-of-court collection of:

- personal repayment loans granted by the Banque Populaire or Caisse d'Epargne network;
- revolving credit products granted by Natixis Financement to the customers of the Banque Populaire or Caisse d'Epargne network.

Through these partnerships, the various associates contribute human and material resources and skills. The associates remain the owners of the property or rights available for use by the company (even in the event of the company's liquidation). The company's income is shared in accordance with allocation criteria set out in the bylaws. Decisions concerning the relevant activities of the SEPs are made unanimously. These partnerships are joint operations as defined in IFRS 11.

Natixis does not have interests in joint-ventures having a material impact on Natixis' consolidated financial statements.

Associates

The main investment by Natixis consolidated using the equity method at December 31, 2017 is the EDF Investment Group (EIG) entity.

Table summarizing investments in associates

At December 31, 2017

(in millions of euros)	Value of the investments in associates	Net income	Gains or losses recorded directly in equity
Joint-ventures			
Affiliates	**734**	**26**	**(3)**
EDF Investment Group (EIG)	521	10	(0)
Other entities	213	15	(3)
TOTAL	**734**	**26**	**(3)**

At December 31, 2016

(in millions of euros)	Value of the investments in associates	Net income	Gains or losses recorded directly in equity
Joint-ventures			
Affiliates	**666**	**13**	**2**
EDF Investment Group (EIG)	524	14	0
Other entities	142	(1)	2
TOTAL	**666**	**13**	**2**

3.4.2 Summarized financial information pertaining to material joint-ventures and associates

Summarized financial data pertaining to material associates and joint-ventures under significant influence are presented below.

	EDF Investment Group (EIG)	
(in millions of euros)	12.31.2017	12.31.2016
Valuation method	**Affiliate**	**Affiliate**
Dividends received	11	23
Main aggregates		
Total assets	8,583	8,634
Total debt	57	62
Income statement		
Net operating income	*247*	*292*
Income tax	*(77)*	*(67)*
Net income	*170*	*225*
Gains or losses recorded directly in equity	(5)	6

The data for EIG established at December 31, 2017 and December 31, 2016 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 5.

See below the reconciliation table for financial information with the book value under the equity method.

	EDF Investment Group (EIG)	
(in millions of euros)	12.31.2017	12.31.2016
Equity of the associate	8,526	8,571
Percentage of ownership	6.11%	6.11%
Natixis' share in the equity of the associate	521	524
Goodwill	-	-
Other	-	-
Value of the investment in the associate	521	524

3.4.3 Nature and scope of restrictions

Natixis did not encounter significant restrictions on interests held in associates and joint-ventures.

3.4.4 Risks associated with interests in joint-ventures and associates held by entities

Further to the application of the equity method, there is no unrecognized share of losses over the period in joint-ventures or associates.

NOTE 4 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 the administrative tasks only and the relevant activities are directed by means of contractual arrangements.

Structured entities generally have one or more of the following characteristics:

- restricted and narrowly-defined activities and objectives;
- or non-existent equity, i.e. 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.

4.1 Scope of structured entities with which Natixis has dealings

4.1.1 General principles

In accordance with IFRS 12, Natixis discloses information for all the structured entities in which it holds interests and for which it acts in one or more of the following roles:

- originator/structurer/arranger;
- placement agent;
- manager of relevant activities;
- or any other role in which it has a decisive impact on the structuring or management of the transaction.

Interest in an entity is understood to mean a contractual or non-contractual relationship that exposes the entity to the risk of variable returns associated with the performance of another entity. Interests in other entities may be evidenced by, among others, the ownership of equity instruments or debt securities as well as by other links, such as financing, cash loans, credit enhancement and the issuance 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 and the lending/borrowing of securities and repos,
  - guarantees and plain vanilla financing granted to family SCIs or certain holdings;
- external structured entities for which Natixis acts simply as an investor. This mainly includes:
  - investments in external mutual funds not managed by Natixis, with the exception of those in which Natixis owns virtually all the shares,
  - interests held in external securitization vehicles for which Natixis acts simply as a minority investor (exposure to these funds is included in the information disclosed with regard to exposures as recommended by the Financial Stability Forum (FSF)),
  - a restricted scope of interests held in real estate funds and external Private Equity funds for which Natixis acts simply as a minority investor.

The structured entities with which Natixis has dealings can be categorized into four groups: entities created within the context of structured financing, asset management funds, securitization vehicles and entities established for other types of transactions.

In accordance with IFRS 10, consolidation analyses for structured entities are performed taking into account all the criteria referred to in paragraph 2.2.1.

4.1.2 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 around a specific financial transaction on behalf of a customer.

Auto-pilot mechanisms are generally in place for these structures. In the case of leasing contracts, the transaction must be structured such that its income always amounts to zero. As such, only default events would be capable of modifying the structured entity's income, by leading to the disposal of the rights to the assets once the guarantees have been exercised. Natixis has the power to have the assets sold in the event of a default event, acting either alone or via the bank syndicate 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. As such, Natixis does not have power over such entities' relevant activities.

When auto-pilot mechanisms are not in place for these structures, it is generally the sponsor who oversees activities which are relevant and which generate returns. As previously, Natixis' rights as lender are protective rights limited to the amount of its receivable. As such, Natixis does not have power over such entities' relevant activities.

In addition, Natixis is rarely a shareholder in such entities and, when it is, it generally holds a minority interest. The entities for which Natixis is the majority shareholder are limited in number and do not have a material impact on the consolidated financial statements.

4.1.3 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 the management companies of Natixis Investment Managers and Natixis Wealth Management.

The compensation of Natixis Investment Managers and Natixis Wealth Management as managers is marginal compared to 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 several shares;
- Natixis Assurances may take out interests in mutual funds managed by Natixis Investment Managers via its insurance subsidiaries. These interests are subscribed in the form of euro-denominated or unit-linked insurance policies:
  - Euro-denominated policies are policies under which the insured party receives a minimum guaranteed return plus the major share of the surpluses generated by the insurance company's main fund. Any shortfall between the fund's return and the minimum guaranteed return is borne by the insurer, which thus incurs the risks,
  - Unit-linked policies are policies under which the insured party selects the funds in which the insurer invests on its behalf. The value of the insurer's interest in such funds is reflected in the insurance policies. Invested funds representing unit-linked policies are consolidated under IFRS 10 if all the control criteria are met cumulatively and if the funds have a material impact;
- other Natixis entities and business lines may hold minority interests, intended mainly to meet cash investment needs.

A fund is subject to consolidation:

- if Natixis acts as principal, i.e. if Natixis is a manager and is non-revocable by a limited number of persons and if Natixis holds a large enough material interest to conclude that it controls the fund; or
- if Natixis is not a manager but owns virtually all the shares.

Non-guaranteed mutual funds subject to consolidation but not consolidated due to their materiality are listed in Note 17.1.

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.

Just as for non-guaranteed mutual funds, guaranteed mutual funds are subject to consolidation under IFRS 10 whenever Natixis acts as principal (e.g. Natixis acts as an irrevocable manager and holds a material interest). Guaranteed mutual funds subject to consolidation but not consolidated due to their materiality are listed in Note 17.1.

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 the management companies of Natixis Investment Managers (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 non-revocable by a limited number of persons and holds material variable returns). Real estate funds subject to consolidation but not consolidated due to their materiality are listed in Note 17.1.

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 has typically managed.

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 non-revocable by a limited number of persons and holds material variable returns). Private Equity funds subject to consolidation but not consolidated due to their materiality are listed in Note 17.1.

4.1.4 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 the 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 related 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 shares 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 shares 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 and pending securitization;
- credit risk intermediary between the market and the securitization entity.

In 2017, Natixis disposed of a portfolio of loans granted to French and European businesses by purchasing protection in the form of a perfectly collateralized on-demand guarantee. Securitization vehicles subject to consolidation but not consolidated due to their materiality are listed in Note 17.1.

In 2017, Natixis also completed various securitization transactions for commercial real estate financing originated by Natixis Real Estate Capital LLC.

Natixis is also the sponsor of two ABCP (asset-backed commercial paper) conduits: Magenta and Versailles.

The Versailles conduit is consolidated, with Natixis holding power over activities relevant to the conduit enabling it to influence the amount of its returns, given its prominent role in the choosing and management of acquired receivables as well as the management of the issuance program.

In contrast, given that Natixis is not part of the governing body holding the power to decide on activities relevant to the Magenta conduit, it is not consolidated in Natixis' accounts.

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. Therefore, Natixis is 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 to 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.

4.1.5 Other transactions

- Natixis controls a certain number of vehicles whose purpose is to manage operating property and non-operating property. The relevant activity is mainly the management of property as sources of returns for shareholders. Natixis generally has power over these activities. Such SPEs are consolidated once Natixis has a material interest and if they are material to the consolidated financial statements of Natixis.
- The Natixis Lease sub-group owns a certain number of structured entities which own real estate assets. Two of them are consolidated to the extent that Natixis has power over the relevant activities and is significantly exposed to the variability of returns. Entities subject to consolidation but not consolidated due to their lack of materiality are listed in Note 17.1.
- CEGC controls two SCIs holding the business line's operating property and a third SCI holding real estate assets. These three SCIs were no longer consolidated at December 31, 2017 *(see Note 3.2)*.
- 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. Therefore, they are not subject to consolidation under IFRS 10.

4.2 Interests held in non-consolidated structured entities

The table below shows the (i) book value 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 under balance sheet liabilities;
- for Asset Management, to the fund's net assets;
- for Structured Financing, to the amount of remaining loans outstanding due to banks in the pool (drawn outstandings);
- for other activities, to the total assets.

The maximum risk exposure corresponds to the cumulative amount of interests recorded under balance sheet assets and commitments given, minus contingency reserves recorded under liabilities and guarantees received:

- the "Notional amount of derivatives" item corresponds to the notional amount of option and CDS sales agreed to by Natixis with structured entities;
- guarantees received are guarantees granted by third parties to Natixis to cover its exposure related to structured entities. They are only included on the "Guarantees received" line and are not deducted from the asset items.

At December 31, 2017

	12.31.2017				
(in millions of euros)	Securitization	Asset Management	Structured Financing	Other activities	Total
Financial assets at fair value through profit or loss	**115**	**9,368**	**901**	**308**	**10,693**
Trading derivatives	9	227	65	308	608
Trading instruments *(excluding derivatives)*	85	4,077	624	1	4,787
Financial instruments at fair value through profit or loss	21	5,065	213	-	5,298
Available-for-sale financial assets	**841**	**2,876**	**15**	**40**	**3,771**
Loans and receivables	**3,605**	**1,784**	**12,495**	**995**	**18,879**
Held-to-maturity financial assets	**-**	**-**	**-**	**-**	**-**
Other assets	**4**	**38**	**39**	**27**	**109**
TOTAL ASSETS	4,565	14,066	13,450	1,371	33,452
Financial liabilities at fair value through profit or loss *(derivatives)*	**54**	**237**	**499**	**37**	**828**
Provisions	**-**	**1**	**3**	**1**	**5**
TOTAL LIABILITIES	54	238	503	38	832
Financing commitments given	**4,457**	**488**	**2,091**	**530**	**7,567**
Guarantees given	**167**	**5,881**	**2,057**	**4**	**8,109**
Guarantees received	**-**	**1**	**2,807**	**263**	**3,070**
Notional amount of sales of options and CDS	**425**	**286**	**2,380**	**922**	**4,013**
MAXIMUM EXPOSURE TO RISK OF LOSS	9,614	20,720	17,168	2,565	50,066
SIZE OF STRUCTURED ENTITIES	92,996	192,081	61,831	1,258	348,166

For Asset Management entities, guarantees given correspond to capital and/or performance guarantees given to mutual funds (see Note 4.1.3).

At December 31, 2016

	12.31.2016				
(in millions of euros)	Securitization	Asset Management	Structured Financing	Other activities	Total
Financial assets at fair value through profit or loss	**234**	**9,380**	**718**	**150**	**10,482**
Trading derivatives	45	422	98	108	673
Trading instruments *(excluding derivatives)*	99	4,087	350	42	4,578
Financial instruments at fair value through profit or loss	90	4,871	269	-	5,231
Available-for-sale financial assets	**409**	**1,978**	**21**	**23**	**2,432**
Loans and receivables	**1,809**	**2,295**	**12,962**	**1,456**	**18,522**
Held-to-maturity financial assets	**-**	**-**	**-**	**-**	**-**
Other assets	**8**	**38**	**13**	**3**	**62**
TOTAL ASSETS	2,460	13,692	13,715	1,632	31,499
Financial liabilities at fair value through profit or loss *(derivatives)*	**41**	**182**	**467**	**42**	**733**
Provisions	**-**	**1**	**4**	**27**	**32**
TOTAL LIABILITIES	41	183	471	69	764
Financing commitments given	**3,959**	**245**	**1,882**	**1,009**	**7,095**
Guarantees given	**211**	**7,151**	**1,430**	**6**	**8,798**
Guarantees received	**12**	**1**	**3,073**	**80**	**3,166**
Notional amount of sales of options and CDS	**1,709**	**116**	**2,716**	**726**	**5,267**
MAXIMUM EXPOSURE TO RISK OF LOSS	8,327	21,203	16,666	3,266	49,461
SIZE OF STRUCTURED ENTITIES	80,079	148,202	78,519	1,318	308,118

For Asset Management entities, guarantees given correspond to capital and/or performance guarantees given to mutual funds (see Note 4.1.3).

4.3 Non-consolidated structured entities in which Natixis is involved only as a sponsor

With respect to information that must be disclosed under IFRS 12, Natixis sponsors a structured entity when the two following indicators are both met:

- Natixis is involved in the creation and structuring of the structured entity; and
- Natixis contributes to the entity's success by transferring assets to it or by managing the structured entity's relevant activities.

Where Natixis' participation is simply as an advisor, arranger, custodian or placement agent, the structured entity is presumed not to be sponsored by Natixis.

Natixis plays the role of sponsor for:

- mutual funds initiated by a Natixis management company and in which Natixis holds no stake nor any other interest. Reported income includes management and incentive fees received by Natixis, as well as profits and losses resulting from ongoing transactions with these funds;
- a US activity consisting of originating and selling real estate loans to securitization vehicles, created by Natixis with third parties and in which Natixis holds no interest. Reported income includes structuring fees as well as capital gains and losses on the assignment of receivables.

At December 31, 2017

(in millions of euros)	12.31.2017 Securitization	Asset Management	Total
Revenues drawn from the entities	**-**	**184**	**184**
Revenues net of interest	-	2	2
Revenues net of fees and commissions	-	178	178
Net gains or losses on instruments at fair value through profit or loss	-	5	5
Book value of the assets transferred from the entity over the year [(a)]	**2,365**	**-**	**2,365**

(a) The book value of assets transferred to these vehicles corresponds to assets sold by Natixis during 2017, where the information on the sold amounts by all investors is not available.

At December 31, 2016

(in millions of euros)	12.31.2016 Securitization	Asset Management	Total
Revenues drawn from the entities	**-**	**230**	**230**
Revenues net of interest	-	3	3
Revenues net of fees and commissions	-	214	214
Net gains or losses on instruments at fair value through profit or loss	-	14	14
Book value of the assets transferred from the entity over the year [(a)]	**1,797**	**-**	**1,797**

(a) The book value of assets transferred to these vehicles corresponds to assets sold by Natixis during 2016, where the information on the sold amounts by all investors is not available.

4.4 Financial support to structured entities

Natixis did not grant any financial support to consolidated or non-consolidated structured entities.

NOTE 5 ACCOUNTING PRINCIPLES AND VALUATION METHODS

5.1 Financial assets and liabilities (excluding derivatives)

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.

As stated in Note 2.2.3, Natixis has elected to use the option provided by IAS 28 and IAS 31, i.e. not to account for interests held by Private Equity subsidiaries using the equity method if they are designated as "Financial assets measured at fair value through profit or loss". In accordance with the fair value option amendment, Private Equity investments less than 20%-owned are also recognized as "Financial assets measured at fair value through profit or loss", since managing and measuring these investments at fair value is a well-established practice within Private Equity companies.

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 5.6 "Fair value of financial instruments". Any changes including accrued interest are recorded in "Net gains or losses on financial instruments at fair value through profit or loss" in the consolidated income statement.

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. The vast majority of loans granted by the Group are classified in this category. 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.

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.

An outstanding 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 outstanding is recognized as a performing loan at the reporting date;
- defaults on payment have occurred in the past 30 days;
- regular and material repayments (principle 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 giving rise to a change of counterparty:

- the new instruments are booked at fair value;
- the difference between the book value of the derecognized loan (or portion of the loan) and the fair value of the assets received in exchange is entered as a loss under provision for credit losses;
- any previous provision created on the loan is adjusted on the basis of the discounting of the new recoverable flows from the non-derecognized portion of the loan and is reversed in full if the loan is converted into new assets.

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. Assets in this category include Natixis' investments in non-consolidated companies. 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.

The fair value of listed non-consolidated investments corresponds to their last listed price prior to the reporting date. The fair value of unlisted non-consolidated investments is obtained using the P/E (price/earnings) ratio or DCF (discounted cash flow) valuation methods or share in (revalued on non-revalued) equity.

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 "Interest and similar income" using the effective interest rate method. Available-for-sale financial assets are tested for impairment at each reporting date. Where there is objective evidence that an asset is impaired and a decline in the fair value has already been recognized directly in equity, the cumulative impairment loss is removed from equity and taken to income under "Provision for credit losses" (debt instruments) or "Net revenues" (equity instruments).

Determining whether there is objective evidence of impairment is based on a multi-criteria approach and independent expert opinions, particularly in the case of debt instruments. Evidence of impairment includes:

- for debt instruments: default on interest or principal payments, existence of mediation, warning or legal reorganization procedures; counterparty bankruptcy and any other indicator pointing to a material decline in the counterparty's financial position, such as losses on completion projected by discounted cash flow models;
- for equity instruments (excluding investments in unlisted companies): any item suggesting that the entity will not be able to recover all or part of its initial investment. Securities presenting an unrealized capital loss of over 30% on their face value, or presenting an unrealized capital loss for a period of more than six months, are systematically tested for impairment. The test involves a qualitative analysis considering a variety of factors such as share price performance over a given period or information relating to the issuer's financial position. Where necessary, an impairment loss is recognized based on the market price at the reporting date. Irrespective of this analysis, an impairment loss is systematically recognized when securities present an unrealized capital loss of over 50% at the reporting date, or an unrealized capital loss on their face value for a period of more than 24 months;
- for investments in unlisted, non-consolidated companies: unrealized capital losses of over 20% on their face value for a period of more than 18 months, or significant changes in the technological, market, economic or legal environment having an unfavorable impact on the issuer, suggesting that the amount invested in the equity instrument may not be recoverable;
- shares in private equity investment funds (FCPRs), net asset value alone is not enough to determine whether there is any evidence that the initial investment might not be recovered. This is because net asset value during the investment phase is reduced by start-up costs (structuring and brokerage fees, etc.). Accordingly, for investments of this type which are not quoted on an active market, the following impairment principles apply:
  - impairment is recognized if, at the reporting date, the position and results of the fund are in line with the business plan,
  - if this is not the case, the business plan must be revised in order to determine whether the securities should be impaired.

If the fair value of an available-for-sale financial asset increases during a subsequent period, and this increase can be objectively linked to an event occurring after the impairment loss was charged to income:

- reversals of impairment losses on equity instruments are recorded in equity rather than in the income statement;
- reversals of impairment losses on debt instruments are recorded in the amount of the previously recorded impairment loss.

In accordance with IFRIC 10, impairment losses recorded against equity instruments at interim reporting dates are frozen in income and cannot be reversed until the securities are sold.

Recognition date for securities transactions

Securities bought or sold are, respectively, recognized or derecognized on the settlement date, regardless of their accounting category.

Reverse transactions are also recognized on the settlement date. For repurchase and reverse repurchase transactions, a financing commitment received or given respectively is recognized between the transaction date and the settlement date when these transactions are recognized in "Liabilities" and "Loans and receivables" respectively. When repurchase and reverse repurchase transactions are recognized in "Assets and liabilities at fair value through profit or loss", the repurchase commitment is recognized as a forward interest rate derivative.

5.2 Leases

Transactions where Natixis is a lessor

Leases are classified as finance leases when substantially all the risks and rewards incidental to ownership are transferred to the lessee. All other leases are classified as operating leases.

IAS 17, which sets forth the accounting treatment of leases, gives five examples of situations where substantially all the risks and rewards incidental to ownership are transferred to the lessee:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently below the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- the lease term is for the major part of the economic life of the asset;
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all the fair value of the leased asset;
- the leased assets are of such a specialized nature that only the lessee can use them without major modifications.

IAS 17 also describes three indicators that individually or in combination could also lead to a lease being classified as a finance lease:

- if the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee;
- gains or losses from the change in the fair value of the residual value accrue to the lessee;
- the lessee has the ability to continue the lease at a rent that is substantially below the market rent.

At inception, assets held under a finance lease are recognized in the lessor's balance sheet and presented as a receivable at an amount equal to the net investment in the lease, corresponding to the present value of minimum lease payments due from the lessee discounted at the rate of return implicit in the lease, plus any non-guaranteed residual value accruing to the lessor.

Revenues under the finance lease are recognized as income at the interest rate implicit in the lease so as to produce a constant periodic rate of return on the lessor's net investment. The interest rate implicit in the lease is the discount rate that, at the inception of the lease, causes:

- the aggregate present value of the minimum lease payments receivable by the lessor and the non-guaranteed residual value, to be equal to the sum of;
- the fair value of the leased asset and any initial direct costs of the lessor, i.e., the costs incurred specifically by the lessor during the set-up of the leasing contract. These two items form the initial value of the asset.

IAS 17 requires that non-guaranteed residual value be reviewed on a regular basis. If there has been a reduction in the estimated non-guaranteed residual value, the allocation of revenues over the lease term is revised (revised depreciation schedule) and any reduction in respect of amounts accrued is recognized immediately.

Finance lease contract revenues corresponding to interest are recognized in the income statement under "Interest and similar income".

Provisions for finance leases are determined using the same method as that described for loans and receivables.

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 a lessee

For consolidation purposes, property, plant and equipment used in the business and held under finance leases is restated and reported under "Property, plant and equipment" where material. At the inception of the lease term, leased property, plant and equipment is recognized at the lower of fair value and the present value of minimum lease payments, with a corresponding entry under debt on the liabilities side of the balance sheet.

Leased assets are depreciated in the same way as owned assets of the same nature.

For operating leases, the leased assets are not recognized in the lessee's assets. Payments made for operating leases are recognized in the income statement on a straight-line basis over the lease term under "expenses from other activities".

5.3 Credit risk on assets classified as loans and receivables

a) Assets individually assessed for impairment

At each reporting date, Natixis reviews assets classified as loans and receivables to determine whether there is any objective evidence of impairment arising from one or more events occurring after initial recognition and having an impact on estimated future cash flows. This generally concerns receivables for which an event of default has been identified as defined in Article 178 of the EU regulation of June 26, 2013 on regulatory requirements for credit institutions. Objective evidence of impairment, notwithstanding the existence of security, includes any payments that are past due by at least three months, or regardless of whether any payment has been missed, the observation of difficulties experienced by the counterparty leading to the expectation that some or all of the amounts owed may not be recovered.

When evidence of impairment exists, Natixis calculates the estimated recoverable amount discounted at the original effective interest rate, taking into account the impact of any available guarantees. Impairment is recognized as the difference between the net carrying amount of the loan and its estimated recoverable amount.

The impairment loss is recorded against the line on which the asset was initially shown for its net amount. Impairment charges and reversals are recorded in the income statement under "Provision for credit losses".

Loans in default are reclassified as performing loans once a normal business relationship has resumed with the counterparty. However, this may not occur before the end of the observation period during which payments may have resumed.

b) Assets collectively assessed for impairment

Financial assets measured at amortized cost for which there is no objective evidence of impairment are included in a group of assets with similar risk characteristics. Where objective evidence of impairment is found to exist for a given group of assets, a collective impairment loss is recorded regardless of whether the risk has yet affected one or more individual loans.

Financial assets are grouped according to three characteristics: credit rating for loans to individual and small business customers, and sector risk and geographic risk for corporate, sovereign and other similar counterparties.

In the first risk group comprising individual and small business customers, pre-disputed loans are recognized as impaired.

For the other two risk classes (industry and geographic risk), objective evidence of impairment is based on in-depth analysis and monitoring of business sectors and countries. Such evidence typically arises from a combination of micro or macroeconomic factors specific to the industry or country concerned.

For industry risk, the Sector Risk section of the Risk Division prepares a segment analysis included in a rating scale equivalent to the one used for rating major corporations. The rating procedure is based on the determination of an inherent score that is adjusted according to the position in the cycle, inherent fragility, whether or not there is an outside threat, and the positioning of the Natixis portfolio. Sectors whose rating is BB- or lower are automatically reviewed for their potential provisioning.

For geographic risk, the analysis takes into account the sovereign rating, which itself includes a number of inputs such as the country's political situation, its ability to withstand a severe shock, and the fundamentals of the economy (e.g. GDP per capita, external debt), government efficiency, economic performance and economic outlook. In turn, each of these inputs is itself measured by one or more indicators. Qualitative information from specialist independent agencies is also considered.

Loans on the watch list, for which a Basel default has been identified, are written down collectively unless they are already subject to specific write-downs.

Where a group of financial assets is found to be impaired, the impairment loss is calculated based on the expected losses arising on each exposure within the Group, in accordance with Basel provisions.

Since risk measurement under the terms of Basel 2 is generally based on the probability of default within one year, the calculation of expected losses is adjusted to reflect the probability of default over the remaining term of the majority of the loans affected.

Where necessary, Natixis calls on the opinion of experts to adjust the results of this calculation to the Natixis group's actual risks.

The impairment loss is recorded against the line on which the asset was initially shown for its net amount. Impairment charges and reversals are recorded in the income statement under "Provision for credit losses".

5.4 Derivative financial instruments and hedge accounting

In line with IAS 39, 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.

Specific case of embedded derivatives

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.

Derivative financial instruments used for hedging purposes

IAS 39 recognizes three types of relationship between derivatives and hedged items to qualify as hedge accounting: cash flow hedges, fair value hedges and hedges of a net investment in a foreign operation.

Derivatives may only be designated as hedges if they meet the criteria set out in IAS 39 at inception and throughout the term of the hedge. These criteria include formal documentation that the hedging relationship between the derivatives and the hedged items is both prospectively and retrospectively effective. Hedging relationships are presumed to be effective when, retrospectively, changes in the value of the hedging instrument offset changes in the value of the hedged item in a range of 80%-125%.

Cash flow hedging

Cash flow hedging is used to hedge future cash flows from an existing or highly probable future transaction.

Hedging of variable-rate borrowings and issues

Natixis uses interest rate swaps borrowing at fixed rates to fix future costs of interbank borrowings and public/private issues.

Hedging of variable-rate loans

Natixis uses plain vanilla interest rate swaps lending at fixed rates to fix future variable-rate borrowing costs.

Overall hedging of interest rate risk

Cash flow hedges are mainly used to hedge Natixis' overall interest rate risk.

The documentation for these structural hedges is based on future variable cash management schedules for all variable-rate transactions.

Prospective hedge effectiveness tests involve establishing (by index and currency): cumulative variable-rate borrowings and fixed-rate borrower swaps by maturity bracket, and cumulative variable-rate loans and fixed-rate lender swaps, by maturity bracket.

Hedging is demonstrated if, for each maturity, the nominal amount of the items to be hedged is greater than the notional amount of the hedging derivatives.

Retrospective hedge effectiveness tests are used to verify whether the hedge was effective at different reporting dates. At each such date, changes in the fair value of hedging instruments (excluding accrued interest) are compared with changes in the fair value of the hypothetical derivative instruments hedged (synthetic instruments representative of hedged assets or liabilities and management intentions). To be effective, changes in the fair value of hedging instruments must offset changes in the fair value of hedged items in a range of 80%-125%. Outside these limits, the hedge would no longer qualify.

Accounting for cash flow hedges

The effective portion of the gain or loss on the hedge is recognized directly in equity, while the ineffective portion is taken to income at each reporting date under "Net gains or losses on financial instruments at fair value through profit or loss". No specific entries are made to hedged items (other than those that would be made if they were not hedged).

If a hedging relationship is discontinued, for example when hedge effectiveness is outside the 80%-125% range, the derivative must be reclassified in financial instruments at fair value through profit or loss, while the cumulative amount relating to the effective portion of the hedge that has been carried directly in equity under "Unrealized or deferred gains or losses" is recycled to income when the hedged item itself affects income.

Fair value hedging

Fair value hedging is intended to hedge the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment.

Overall hedging of interest rate risk

The subsidiary Natixis Financial Products LLC documents overall hedging of its interest rate risk in accordance with fair value hedging rules. To account for these transactions, the subsidiary applies the carve-out provisions of IAS 39 as adopted by the European Union. The accounting treatment of derivative financial instruments designated for accounting purposes as structural fair value hedges is similar to that applied to fair value hedging derivatives. Changes in the fair value of portfolios of hedged instruments are reported on a specific line of the balance sheet ("Revaluation adjustments on portfolios hedged against interest rate risk"), with a corresponding entry in income.

Hedging of fixed-rate loans and borrowings

Natixis uses plain vanilla interest rate swaps lending at fixed rates to protect itself against the impact of unfavorable changes in interest rates on its fixed-rate borrowings and issues. Plain vanilla swaps borrowing at fixed rates are used to protect it from the impact of unfavorable changes in interest rates on its fixed-rate loans and securities.

Documentation of fair value hedges

Prospective hedge effectiveness tests involve verifying that the financial characteristics of the hedged item and the hedging instrument are virtually identical: value date, maturity date, notional amount, fixed rate, and payment frequency.

Retrospective hedge effectiveness tests are used to verify whether the hedge was effective at different reporting dates.

At each such date, changes in the fair value of hedging instruments (excluding accrued interest) are compared with changes in the fair value of the hypothetical assets and liabilities hedged (synthetic instruments representative of hedged assets or liabilities). To be effective, changes in the fair value of hedging instruments must offset changes in the fair value of hedged items in a range of 80%-125%.

Outside these limits, the hedge no longer qualifies for hedge accounting under IFRS.

Accounting for fair value hedges

Changes in the fair value of the derivatives are recognized as income for both the effective and ineffective portions.

Symmetrically, changes in the fair value of the hedged items are recognized as income.

Accordingly, only the ineffective portion of the hedge affects income.

Changes in the fair value of hedging derivatives excluding accrued interest are recorded in income under "Net gains or losses on financial instruments at fair value through profit or loss". Accrued interest relating to these instruments is recorded under "Interest and similar income" or "Interest and similar expenses".

When a hedging relationship is discontinued, the hedging instrument is reclassified in financial instruments at fair value through profit or loss, while the unrealized gain or loss on the hedged item is fixed at its amount on the date the hedge is discontinued and taken to income through to maturity.

Hedging of a net investment in a foreign operation

Net investment hedges are used to hedge the exchange risk arising on net foreign currency investments (consolidated subsidiary or investment). They are accounted for in the same way as cash flow hedges. The effective portion of changes in the fair value of hedging instruments (monetary derivative or liability denominated in foreign currency) is recognized in equity. These changes in fair value offset translation adjustments recognized when the entity is consolidated *(see Note 2.10)*. 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.

5.5 Currency trading

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 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 available-for-sale financial assets is recognized in income, with the remainder being recognized in "Gains and losses recognized directly in equity";
- foreign exchange gains and losses arising on monetary items designated as cash flow hedges or as part of a net investment in a foreign operation 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 perpetual deeply subordinated notes issued: *see Note 12.3.1*).

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 when the asset is classified as "Financial assets at fair value through profit or loss" and in equity when the asset is classified as "Available-for-sale financial assets", unless the financial asset is designated as a hedged item in a fair value hedge, in which case foreign exchange gains and losses are recorded as income.

5.6 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, credit and liquidity risks in order to account, in particular, for the costs resulting from an exit transaction on the main market. Similarly, a Funding Value Adjustment (FVA) aiming to account for – through assumptions – costs associated with the funding of future cash flows of uncollateralized derivatives or imperfectly collateralized derivatives is also taken into account.

The main additional Funding Value Adjustments are as follows:

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 cost requested by a market player in respect of the risk of acquiring a position or of selling at a price proposed by another market player.

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 to value them.

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 that market participants might adopt different values for the same inputs when evaluating the financial instrument's fair value.

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 a counterparty's default risk and aims to account for the fact that Natixis cannot recover all the transactions' market value.

The method for determining the CVA is primarily based on the use of market inputs in connection with professional market practices for all counterparty segments included in this calculation. In the absence of liquid market inputs, proxies by type of counterparty, rating and geographic area are used.

Value adjustment for own credit risk (Debit Valuation Adjustment – DVA) and funding valuation adjustment (FVA)

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 credit spreads on a sample of comparable entities, taking into account the liquidity of Natixis' CDS spread over the period. The funding valuation adjustment (FVA) is taken into account in the DVA calculation.

The following criteria are used to determine whether a market is active:

- the level of activity and trend of the market (including the level of activity on the primary market);
- the length of historical data of prices observed in similar market transactions;
- scarcity of prices recovered by a service provider;
- sharp bid-ask price spread;
- steep price volatility over time or between different market participants.

Control system

The calculation of fair value is subject to control procedures aimed at verifying that fair values are determined or validated by an independent function.

Fair values determined by reference to external quoted prices or market parameters are validated by an independent unit (the Market Data Control Department). Second-level controls are carried out by the Risk Department.

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On less liquid markets, other market information, primarily observable data, is used to validate the fair value of instruments.

The factors taken into account include the following:

- the origin of the external source (stock market pages, content contribution services, etc.);
- the consistency of the various sources;
- the frequency at which the data are updated;
- the representative nature of inputs based on recent market transactions.

For fair values determined using valuation models, the control system consists of the independent validation of model construction and of the inputs incorporating these models.

This is carried out under the responsibility of the Risk Department.

It involves verifying that the model is consistent with and relevant to its intended function (price setting, valuation, coverage, measurement and control of risk) and the product to which it applies, based on:

- the theoretical approach: the financial and mathematical foundations of the model;
- the application of the model: the pricing models used to generate risk and earnings data;
- the stability of the model under parametric stress;
- an assessment of the stability and consistency of the numerical methods used;
- the independent re-implementation of the model as part of algorithm validation;
- the comparative analysis of the calibration of model parameters;
- an assessment of the modeling risk, particularly the comparative analysis of the model with other valuation models, in order to ensure the adequacy of the model and the payoff (the Formula of positive or negative flows attached to the product at maturity);
- the implementation of an adjustment in respect of modeling risk to account for potential deficiencies in the model or its calibration;
- integration of the model in information systems.

The methods for determining fair value are monitored by a number of bodies including the Observability and Inputs Committee, the Valuation Committee, the Impairment Committee and the Model Validation Committee, which comprise representatives of the Risk Department, the Finance Department, and the Market Data and Valuations Control Department.

Fair value hierarchy

For financial reporting purposes, IFRS 13 requires fair value measurements applied to financial and non-financial instruments to be allocated to one of three fair value levels:

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 shares of UCITS whose NAV is determined and reported on a daily basis.

b) Level 2: Fair value measurement using observable market data

Level 2 fair value comprises instruments other than those mentioned in Level 1 fair value and instruments measured using a valuation technique incorporating inputs that are either directly observable (prices) or indirectly observable (price derivatives) through to maturity. This mainly includes:

Simple instruments

Most over-the-counter derivatives, swaps, credit derivatives, forward rate agreements, caps, floors and plain vanilla options are traded in active markets, i.e. liquid markets in which trades occur regularly.

These instruments are valued using generally accepted models (discounted cash flow method, Black & Scholes model, interpolation techniques), and on the basis of directly observable inputs.

For these instruments, the extent to which models are used and the observability of inputs has been documented.

Instruments measured using level 2 inputs also include:

- securities that are less liquid than those classified as Level 1, whose fair value is determined based on external prices put forward by a reasonable number of active market makers and which are regularly observable without necessarily being directly executable (prices mainly taken from contribution and consensus databases); where these criteria are not met, the securities are classified as Level 3 fair value;
- securities not quoted on an active market whose fair value is determined based on observable market date. E.g. use of market data published by listed peer companies or the multiple method from techniques commonly used by market participants;
- Greek sovereign securities, whose fair value was recorded under Level 2 given the wide bid-ask price spread on market prices;
- shares of UCITS 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 at fair value through profit and loss. 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, 2017, as on previous reporting dates) and the average issue spread. Changes in the issuer spread are generally not material for issues with an initial maturity of less than one year.

Complex instruments

Some more hybrid and/or long-maturity financial instruments are measured using a recognized model on the basis of market inputs derived from observable data such as yield curves, implied volatility layers of options, market consensus data or active over-the-counter markets.

The main models for determining the fair value of these instruments are described below by type of product:

- **Equity products**: complex products are valued using:
  - market data;
  - the "payoff", i.e. a calculation of positive or negative cash flows attached to the product at maturity;
  - a model of changes in the underlying asset.

The products traded may be mono-underlying, multi-underlying or hybrid (e.g. fixed income/equity) products.

The main models used for equity products are local volatility, local volatility combined with the one-factor Hull & White (H&W1F) model, as well as the Tskew and Pskew models.

The local volatility model treats volatility as a function of time and the price of the underlying. Its main property is that it considers the implied volatility of the option (derived from market data) relative to its exercise price.

The hybrid local volatility combined with H&W1F consists of combining the local volatility model described above with a one-factor Hull & White model, described below *(see fixed-income products)*.

The Tskew model is a valuation model for mono and multi-underlying options. Its principle is to calibrate the distribution of the underlying asset or assets at maturity to standard option prices.

The Pskew model is similar to the Tskew model. It is used in particular for simple ratchet equity products such as capped or floored ratchet products.

- **Fixed-income products**: fixed-income products generally have specific characteristics which justify the choice of model. The valuation of the payoff will take into account all underlying risk factors.

The main models used to value and manage fixed-income products are Hull & White models (one-factor and two-factor models or one-factor Hull & White stochastic volatility model), the Hunt Kennedy model and the "smiled" BGM model.

The Hull & White models are simple pricing models for plain vanilla fixed-income products and can be calibrated easily. Products valued using these models generally contain a Bermudan-type cancellation option (i.e. one that may be exercised at certain dates set at the beginning of the contract).

SBGM and Hunt Kennedy models are used to value fixed-income products that are sensitive to volatility smiles (i.e. implied change in volatility relative to the exercise price) and to autocorrelation (or correlation between interest rates).

- **Currency products:** currency products generally have specific characteristics which justify the choice of model.

The main models used to value and manage currency products are local volatility and stochastic models, as well as the hybrid models combining an underlying currency model with two one-factor Hull & White models to understand fixed-income factors.

Inputs relating to all such Level 2 instruments were demonstrated to be observable and documented. From a methodology perspective, observability is based on four inseparable criteria:

- inputs are derived from external sources (primarily a recognized contributor, for example);
- they are updated periodically;
- they are representative of recent transactions;
- their characteristics are identical to the characteristics of the transaction. If necessary, a proxy may be used, provided that the relevance of such an arrangement is demonstrated and documented.

The fair value of instruments obtained using valuation models is adjusted to take account of liquidity risk (bid-ask), counterparty risk, the risk relating to the cost of funding uncollateralized or imperfectly collateralized derivatives, own credit risk (measurement of liability derivative positions), 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;
- instruments with a deferred day-one margin;
- shares of UCITS 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.) in respect of the low liquidity observed for such shares;
- 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.

In accordance with the decree of February 20, 2007, amended by the decree of November 23, 2011, relating to regulatory capital requirements applicable to credit institutions and investment firms, and in accordance with the European Capital Requirements Regulation (CRR) of June 26, 2013 on requirements resulting from Basel 3, a description of crisis simulations and ex-post controls (validation of the accuracy and consistency of internal models and modeling procedures) is provided for each model used in Section 3.7 of Chapter 3, "Risk and Capital Adequacy".

Under IAS 39, day-one profit should be recognized only if it is generated by a change in the factors that market participants would consider in setting a price, i.e. only if the model and parameters input into the valuation are observable.

If the selected valuation model is not recognized by current market practices, or if one of the inputs significantly affecting the instrument's valuation is not observable, the trading profit on the trade date cannot be recognized immediately in the income statement, but is taken to income on a straight-line basis over the life of the transaction or until the date the inputs become observable. Any losses incurred at the trade date are immediately recognized in income.

At December 31, 2017, instruments for which the recognition of day-one profit/loss has been deferred included:

- multi-underlying structured equity and index products;
- synthetic loans;
- options on funds (multi-asset and mutual funds);
- structured fixed-income products;
- securitization swaps.

For these instruments, the following table provides the main unobservable inputs as well as value ranges.

Instrument class	Main types of products comprising Level 3 within the instrument class	Valuation techniques used	Main unobservable data	Data ranges unobservable among relevant level 3 products
Credit derivative instruments	CDOs, Index tranche	Technique for estimating defaults given correlation effects and recovery modeling	Correlation curve specific to the portfolio underlying the CDO	5% -95% [(a)]
	Private Finance Initiative CDS (other than CDS on securitization assets)	Extrapolation from prices based on the recovery assumption	Recovery rate	60%-100%
Interest rate derivatives	Securitization swaps	Discounted cash flow expected based on the underlying portfolio's early redemption assumption	Early redemption rate	2%-17%
	Sticky CMS/Volatility Bond	Valuation models for interest rate options	Mean reversion parameters	[1%; 5%]
	Callable Spread Options and Corridor Callable Spread Options	Model representing several yield curve factors	Spread mean-reversion	[0%; 30%]
	Spread Lock Swap and Spread Lock Option	Bivariate normal model to understand the time value of Spread Lock options, and replication for CMS and TEC Forwards	Spread Lock curve TEC Forward Volatility and TEC/CMS correlation	Spread-Lock: [+2.28 bp, +29.94 bp] TEC vol. = [50 bp, 70 bp] TEC-CMS correl. = [70%, 95%]
	Volatility cap/floor	Black & Scholes	Interest rate vol. for currencies absent from Totem or long maturities	Interest rate vol.: 4.69% to 101.36%
Currency derivative instruments	European barrier call option Asian call option, Vanilla digital call option, European call option	Skew Model, Local volatility model, Black & Scholes,	Forex vol. for currency pairs absent from Totem or long maturities	ATM vol.: 0.84% to 22.25%
Repos and general collateral TRS	TRS and repos indexed to a basket of general collateral equities	Synthetic modeling of the underlying general collateral basket (with an estimated repo) and actuarial valuation for TRS or with a standard hybrid Equity/Fixed Income model for TRS autocall	Repo curve for general collateral baskets	General collateral repo: -0.84 to +0.5
Helvetix derivatives	Strip of long-term options, Strip of quanto options, Strip of digital options Options spread and digital options spread	Black & Scholes model Gaussian copula	Forex/forex correlation Long-term USD/CHF & EUR/CHF volatility	EUR/CHF correlation: 36.7%; 40.9% Long-term volatility: 9% -16% USD/CHF correlation: -69.10%; -78.80% Long-term volatility: 9% -15%

Instrument class	Main types of products comprising Level 3 within the instrument class	Valuation techniques used	Main unobservable data	Data ranges unobservable among relevant level 3 products
Fund-based derivatives	Payoffs as Target Volatility strategy and CPPI on Mutual Funds	The approach used is a hybrid model coupling the local volatility-type multi-underlying equity model with a one-factor Heath-Jarrow-Morton (HJM1F) interest rate model	Fund data	Fund correlation - Interest rates: -40% to 25%
Hybrid fixed income/forex derivatives	Long-term PRDC/PRDKO/TARN	Hybrid fixed income/forex options valuation model	Correlation between foreign exchange rates and interest rates as well as long-term volatility levels	AUDJPY/USDJPY correlation: 15% -50% Long-Term volatility: 8% to 15%
Hybrid derivative instruments Equity/Fixed Income/Forex (FX)	Long (15Y) callable range accrual note on several asset classes (equity+forex+fixed income)	Hybrid model coupling an equity diffusion, an FX diffusion and a fixed income diffusion	Correlation parameters (equity-FX, equity-fixed income, fixed income-FX)	- EQ/FX = [20%, 50%] - EQ/IR = [30%, 50%] - FX/IR = [20%, 30%]
Hybrid fixed income/credit	Long (15Y) callable range accrual note on fixed income and credit (default event)	Hybrid model coupling a fixed income diffusion and a credit diffusion	Correlation inputs (interest rate-credit and volatility-credit)	- Fixed income/Credit correlation: [-13%, 3%] - Credit vol.: Structured by maturity ([2Y, 200%], [5Y, 60%], [10Y, 51%])
Equity derivatives	Multi-underlying payoffs with long maturities	Model for valuing volatility options incorporating correlation between assets	Correlation inputs	Stock/stock correlation: 18.4 to 92.13

(a) *As all transactions including this kind of data are back-to-back derivatives, this item, which justifies the level-3 classification, is fully hedged.*

Natixis' policy on transfers between fair value levels

Transfers between fair value levels are reviewed and validated by ad hoc Committees of representatives of various functions, particularly Finance, Risk and Business Lines. The Committee considers various indicators of market activity and liquidity as described in the General Principles.

A review is undertaken for any instrument that ceases to meet these criteria or once again complies with the criteria. Transfers to and from Level 3 are subject to validation.

At December 31, 2017, in accordance with this procedure, certain foreign currency options, along with volatility caps and floors, were transferred to Level 3 of the fair value hierarchy depending on in their liquidity horizons, determined by underlying currencies. At December 31, 2017, the net impact on the balance sheet of foreign currency options transferred to Level 3 was €226 million in liabilities *(see Notes 6.7.5.2 and 6.18.2)*. The income statement was not impacted.

Pursuant to this procedure, multi-underlying equity products with residual maturity of between four and five years were transferred to Level 3 of the fair value hierarchy during 2016 *(see Note 6.7.5.2)*.

Instruments affected by the financial crisis

a) CDS contracted with credit enhancers (monoline insurers and CDPCs)

Since December 31, 2015, the valuation model used to measure write-downs on CDS contracted with monoline insurers has moved more in line, in terms of method, with the adjustment made for counterparty risk (Credit Valuation Adjustment – CVA). It also takes account of the expected depreciation of exposures and the counterparty spread implied from the market data.

The method used for determining provisions for contracts with CDPCs (Credit Derivatives Product Companies) was refined by applying a transparency-based approach to the underlying assets, based on an estimate of exposure at the time of default, with the PD and LGD based on the tranche's maturity. A stress factor of 1.2 was applied to the probabilities of default thus determined for the underlyings, based on a recovery rate of 27%. Counterparties are associated with a probability of default whenever the losses resulting from the calculation exceed the CDPC's net available assets.

As CDPC positions reached maturity in 2017, reserves previously recorded (adjusted reserve and general reserve) using the above-mentioned method were fully reversed.

b) Other instruments not exposed to US housing risk measured by Natixis using a valuation model

The section below describes the underlying principles used to value assets resulting from securitization transactions for which no market prices could be identified and which were therefore measured using valuation models:

CLOs

At December 31, 2017, Natixis no longer held any CLO positions valued using a scoring model. This scoring model defining the level of risk associated with certain structures was applied based on a series of criteria.

Trust Preferred Securities (TruPS) CDOs

The valuation model is based on projected future cash flows and default rates determined according to a statistical approach that deduces the default probability of banks according to their financial ratios. For other sectors, default rates are estimated considering the current ratings of assets.

Private Finance Initiative CDS (PFI CDS)

The valuation model used, for Private Finance Initiative (PFI) CDS, is based on an approach calibrated to the market prices of underlying PFI bonds and the use of a uniform collection rate.

Instruments not carried at fair value on the balance sheet

IFRS 13 requires disclosure in the notes to the financial statements of the fair value, as well as the associated fair value hierarchy, of all financial instruments carried at amortized cost, including loans. The valuation methods used to determine the fair value disclosed in the notes to the financial statements are described below.

Loans classified as "Loans and receivables" and amounts payable under finance leases

The majority of Natixis' loans are variable-rate loans, and their fair value is determined on the basis of discounted future cash flows. The discount rate applied for a given loan is the rate at which Natixis would grant a loan with similar characteristics to a similar counterparty at the reporting date. As these are primarily variable-rate loans, the contractual rate is adjusted according to the trend in market lending rates and in counterparty risk.

The fair value of repurchase agreements is calculated by discounting expected cash flows at the market rate on the closing date and adding a liquidity spread.

If there is a quoted price that meets the criteria of IFRS 13, the quoted price is used.

The fair value of loans with an initial term of less than one year is considered to be their book value. This is also generally the case for financial assets with a term of one year or less and current accounts. The corresponding receivables are classified in Level 2 of the fair value hierarchy. Loans and receivables granted to affiliates are also classified in Level 2 of the fair value hierarchy.

Borrowings and savings

The measurement of the fair value of Natixis' borrowings and debt securities is based on the discounted cash flow method using inputs at the reporting date such as the underlying's interest-rate curve and the spread applied to lending/borrowing between Natixis and Group entities. The fair value of debts maturing in less than one year is considered to be the book value; these debts are classified in Level 2 of the fair value hierarchy, as are debts payable to affiliates.

Investment property recognized at cost:

The fair value of investment property (excluding investment property held by insurance companies) is determined by reference to the capitalization of rents, a method widely used by real estate professionals. The capitalization rate applied to the property depends on a number of factors such as location, the quality and type of building, use, type of ownership, quality of lessee and characteristics of the lease, the interest rate and competition in the real estate market.

5.7 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 is based on two mechanisms:

- a sub-participation with the characteristics of a financial guarantee, covering 85% of the face value of assets recognized in "loans and receivables" and "available-for-sale financial assets". Under this guarantee, Natixis is protected from the very first euro in default up to 85% of the default amount;
- two Total Return Swaps (TRS), one in euros and one in US$, transferring to BPCE 85% of unrealized and realized gains and losses on the portfolio of instruments at fair value through profit or loss (cash and derivatives) since July 1, 2009. TRS are derivatives and are therefore carried at fair value on the balance sheet, with a matching entry to income. At the same time, Natixis purchases an option from BPCE which, if exercised, allows it to recover the net gains on this portfolio after a ten-year period in return for the payment of a premium estimated at €367 million. The premium is also recognized at fair value.

The amount of the premium paid in 2009 by Natixis in return for the financial guarantee amounted to €1,183 million.

Since the unrealized capital losses or write-downs on the assets covered by the guarantee have already been recorded in income, the premium was not immediately taken to income or recognized on a straight-line basis.

Instead, the premium is initially recognized on the accruals line and taken to income over the same period, in the same amount and on the same line as:

- reversals of provisions for impairment (in Provision for credit losses);
- the deferred recognition of the discount (under net revenues) arising on October 1, 2008 on assets reclassified within "Loans and receivables" at that date pursuant to the amendment to IAS 39 and IFRS 7 published on October 13, 2008.

At December 31, 2017 (as was the case at December 31, 2016), the financial guarantee now has almost no impact in accounting and prudential terms, as the positions which it backed have almost all been sold or closed.

The same is true of the guarantee comprising TRS and an option, with the option in the money.

5.8 Property, plant and equipment, intangible assets (excluding goodwill) and investment property

Measurement on initial recognition

Investment property, shown separately from other property, plant and equipment on the balance sheet, consists of property held with the aim of generating leasing revenues rather than for operating purposes.

On the first-time adoption of IFRS, property, plant and equipment and investment property were maintained at historical cost as permitted by the options available under IFRS 1, except for property held by insurance companies which is carried at fair value through profit or loss.

Property, plant and equipment and investment property are recorded at their purchase price at the acquisition date, including directly attributable costs (transfer duties, fees, commissions and registration expenses) as well as borrowing costs when these meet the criteria for capitalization set out in IAS 23 "Borrowing Costs".

Computer software developed in-house is recognized under "Intangible assets" at its direct cost of development, which includes the related hardware costs, service costs, payroll costs directly attributable to the production and preparation of the software for use, and borrowing costs when these meet the criteria for capitalization set out in IAS 23 "Borrowing Costs".

Expenses incurred during the development phase are capitalized if they meet the criteria for recognition as intangible assets set out in IAS 38: these include technical feasibility, the intention to complete the asset and use or sell it, the probability that the asset will generate future economic benefits, the availability of resources, and the ability to reliably measure the expenditure attributable to the asset's development. Costs incurred during the research phase are not capitalized but are recognized in expenses.

Subsequent measurement

After initial recognition, assets are measured at cost less accumulated depreciation, amortization and impairment losses. Investment property held by insurance companies is measured at fair value through profit or loss in accordance with IAS 40 and IFRS 4.

Fair value is obtained using a multi-criteria approach based on the capitalization of rents at the market rate combined with a comparison with market transactions.

In accordance with Article R.332-210-1 of the French Insurance Code, a five-year appraisal is conducted by an independent expert approved by the ACPR. Between two appraisals, the market value of property is certified by experts on a half-yearly basis.

Depreciation and amortization

As soon as they are in a condition to be used by Natixis in the manner in which they were intended, property, plant and equipment and intangible assets are depreciated or amortized over their estimated useful lives on a straight-line, declining or increasing balance basis, whichever best reflects the pattern in which the economic benefits are consumed. The residual value of the asset is deducted from its depreciable or amortizable amount when it can be measured reliably. Natixis does not believe it can reliably measure the residual value of items other than land and non-destructible buildings classified as historical monuments. They are therefore assigned a residual value of zero.

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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	N/A
Non-destructible buildings classified as historical monuments	N/A
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).

The charge to write-down or amortization is recognized in the consolidated income statement under the heading "Depreciation, amortization and impairment of property, plant and equipment and intangible assets".

Write-downs

Assets are tested for impairment whenever there is objective evidence that they may be impaired and at least annually in the case of intangible assets with an indefinite useful life. Natixis considers whether there is any evidence of impairment at each reporting date. When any such evidence exists, the recoverable amount of the individual asset is estimated wherever possible; otherwise the recoverable amount of the CGU to which the asset belongs. The recoverable amount is the higher of fair value less selling costs and value in use, which is the present value of future cash flows expected to be derived from continuing use of the asset or cash-generating unit. If the recoverable amount of the asset or CGU is lower than its book value, 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.

5.9 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 book value is recovered by means of a sale. This asset (or group of assets) must be immediately available for the sale, and it must be highly likely that the sale will happen within twelve months.

A sale is highly likely if:

- a plan to sell the asset (or group of assets) involving active marketing is made by management;
- a non-binding offer has been submitted by at least one potential buyer;
- it is unlikely that significant changes will be made to the plan or that it will be withdrawn.

The relevant assets are classified in the "Non-current assets held for sale" line item and cease to be amortized as soon as they are reclassified. An impairment loss is recognized if their book value is higher than their fair value less costs to sell. Associated liabilities are also identified on a separate line of the balance sheet.

If the disposal has not taken place within twelve months of classification in "Non-current assets held for sale", the asset ceases to be classified in this category, barring special circumstances independent of Natixis' control.

At December 31, 2016, Natixis had entered into a sale agreement related to one of its life insurance portfolios and securities representing these commitments. The completion of this sale was subject to approval by the ACPR (French Prudential Supervisory Authority). Securities representing insurance commitments initially recognized as "Available-for-sale financial assets" and "Financial assets and liabilities under the fair value through profit or loss option" were reclassified as "Non-current assets held for sale". In accordance with IFRS 5, the reclassified securities were valued according to the provisions of IAS 39 and the technical provision of insurance commitments was discounted. At December 31, 2017, since Natixis had not yet obtained the above-mentioned approval, their classification under IFRS 5 was maintained as the completion of the sale was outside of Natixis' control.

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 disposal groups held for sale at fair value less costs to sell.

5.10 Financial liabilities at fair value through profit or loss

These include financial liabilities held for trading (including derivative financial instruments) and those designated as at fair value on initial recognition pursuant to the option available under IAS 39. The conditions for applying IAS 39 were described in the amendment to the standard published in June 2005.

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. These are recognized in "Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss" under "Gains and losses recognized directly in other comprehensive income" in accordance with IFRS 9, for which this component was applied early by Natixis as of January 1, 2016 *(see the Statement of changes in shareholders' equity)*.

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.

5.11 Debt

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.

5.12 Derecognition

In accordance with IAS 39, Natixis derecognizes all or part of a financial asset if the contractual rights to the cash flows from the financial asset expire. Natixis also derecognizes all or part of a financial asset if these contractual rights or substantially all the risks and rewards of ownership are transferred.

If Natixis has neither transferred the contractual rights nor substantially retained all the risks and rewards, Natixis then determines whether it has transferred control of the asset. If control is considered to have been relinquished, the financial asset is derecognized. If the Group retains control of the asset, it remains on the balance sheet to the extent of Natixis' "continuing involvement".

Continuing involvement is evidenced by the existence of contractual conditions such as:

- an option or obligation to repurchase the assets transferred;
- collection of financial compensation linked to the performance of the asset transferred.

A financial liability is derecognized when it is settled, canceled or expires.

Repurchase agreements

a) Assignor

Securities sold are not derecognized. Natixis recognizes a liability representing the commitment to return funds received ("Securities sold under repurchase agreements").

b) Assignee

Securities bought are not recognized but a receivable due from the assignee is recorded representing the funds lent. The amount disbursed in respect of the asset is recognized under "Securities acquired under repurchase agreements".

At subsequent reporting dates, the securities continue to be valued by the assignor in accordance with the rules applicable to the category in which they were initially classified. In the assignee's accounts, the amount receivable from the assignor continues to appear in the balance sheet.

Securities lending and borrowing

Securities lending/borrowing transactions do not involve the transfer of a financial asset within the meaning of IFRS. Consequently, these transactions do not lead to the derecognition of the securities loaned. Securities loaned are not identified in IFRS: they remain recorded in their original IFRS category and measured accordingly. Borrowed securities are not recognized by the borrower.

5.13 Offsetting financial assets and liabilities

In accordance with IAS 32, Natixis offsets financial assets and liabilities, and a net balance is presented on the balance sheet, on the twofold condition that it has the legally enforceable right to offset the recorded amounts, and the intention either to settle the net amount or to simultaneously realize the asset and settle the liability.

Transactions on derivatives and repurchase agreements carried out with clearing houses, whose operating principles meet the two criteria mentioned above, are offset in the balance sheet *(see Note 6.3)*.

5.14 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.

In 2016, Coface booked a provision for restructuring in respect of the workforce adaptation plan. This plan included 148 early retirements and voluntary redundancies and mainly affected entities located in France and Germany. The residual amount of the provision for this plan at December 31, 2017 is stated in Noted 6.16.2.

b) Provisions for risks and litigation

A description of the main risks and litigation to which Natixis is exposed is given in Section 3.11 of Chapter 3, "Risk and Capital Adequacy".

No contingent assets or liabilities were recorded.

Provisions booked on the liabilities side of Natixis' financial statements as at December 31, 2017 and as at December 31, 2015, are discussed in Note 6.16.2 "Contingency reserves" and possible allocations are specified in Note 7.5 "Other income and expenses", Note 7.6 "Operating expenses" and Note 7.7 "Provision for credit losses".

Changes in provisions are recognized in the income statement on the line items corresponding to the type of future expenditure.

5.15 Employee benefits

In accordance with IAS 19, employee benefits are classified in one of four categories:

- **"short-term benefits"**, including salaries, social security contributions, annual leave, employee profit-sharing, incentive plans, top-up contributions and bonuses payable for the period;
- **"severance payments"**, comprising employee benefits granted in return for termination of a staff member's employment before the normal retirement age, resulting from a decision by the entity, or a decision by the employee to accept a severance package in exchange for terminating their employment;
- **"post-employment benefits"**, such as pensions, other supplementary retirement benefits applicable to the banking industry, end-of-career awards and other contractual benefits payable to retirees;
- **"other long-term employee benefits"**, including long-service awards and deferred compensation payable in cash under Employee Retention and Performance Recognition Plans.

Short-term employee benefits are recognized as an expense in the period in which the employee provides the service in exchange for said benefits.

A provision is accrued for termination benefits when the employer is demonstrably committed to providing such benefits, or when the employer recognizes the costs of restructuring providing for the payment of such benefits.

In accordance with the principles of recognition set out in IAS 19, Natixis has identified the following types of post-employment benefit:

- defined contribution plans, under which an entity has no obligation to pay a specified benefit amount;
- defined benefit plans, under which Natixis has a legal or constructive obligation to pay a specified benefit amount.

Contributions paid under defined contribution plans are expensed in the period in which the employee rendered the service in exchange for said contributions.

A provision is set aside for defined benefit plans based on an actuarial assessment of the benefit obligation using the projected unit credit method. This method draws on demographic and financial assumptions reviewed annually (specifically the discount rate based on the AA Corporate bond rate curve). The value of plan assets is deducted from the actuarial debt. This valuation is carried out on a regular basis by independent actuaries.

Insurance contracts taken up with a related party to Natixis and intended to finance all or part of Natixis' defined-benefit plan commitments are recorded in the asset side of the balance sheet as "Accruals and other assets".

Revaluation adjustments for actuarial debt related to changes in actuarial assumptions and experience adjustments (impact of differences between actuarial assumptions and actual experience) are booked under items not recycled to comprehensive income among "Gains and losses recognized directly in 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.

5.16 Distinction between debt and equity

In accordance with IAS 32, issued financial instruments are classified as debt or equity depending on whether or not they incorporate a contractual obligation to deliver cash to the holder.

- Deeply subordinated notes and preference shares are classified in equity in light of the 2009 renegotiation of a clause making the payment of interest non-optional in the event of positive consolidated income and which has since become discretionary;

  The change over the fiscal year is presented in Note 6.17 "Changes in subordinated debt over the period", and in Note 12 "Capital management".
- However, if an instrument is considered equity:
  - its compensation is treated as a dividend and therefore affects equity, as do the taxes related to this compensation,
  - if issued in foreign currencies, it is fixed at its historical value resulting from converting it to euros on the date it was initially classified under equity;
- The share of third party investors in the net assets of dedicated mutual funds included in Natixis' consolidation scope comprises a financial liability recorded on the balance sheet under "Financial liabilities at fair value through profit or loss". The share of third party investors in the profits of the mutual funds is recorded in "Net gains or losses on financial instruments at fair value through profit or loss" in the consolidated income statement;
- The units held by third party investors in dated funds, which are fully consolidated by Natixis, entitling the unit-holders to the repayment of a share of the fund's net assets upon its liquidation, are classified in liabilities on the consolidated balance sheet under "Accruals and other liabilities". The share of third party investors in the fund's profits is recorded under "Interest and similar expenses" on the consolidated income statement.

5.17 Share-based payments

Capital increases reserved for employees

Stock options offered to employees under the Employee Savings Plan, with a discount compared to 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 11.2.4.

Share-based employee retention and performance recognition plans

In accordance with the principles set out in Directive 2013/36/EU, known as "CRD IV", and the Decree of November 3, 2014 and according to the criteria determined 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, Natixis has set up a deferred variable compensation plan applicable to the so-called "regulated" categories of staff and to a certain number of employees not covered by the provisions of the Decree of November 3, 2014. Some plans are settled in Natixis shares, while others are settled in cash indexed to the Natixis share price.

Employee retention and performance plans settled in shares:

Under IFRS 2 "Share-based payment", employee free share awards give rise to an expense representing the fair value of the goods or services received at the grant date. This payroll expense is recognized against equity. The fair value of the services received is calculated by reference to the fair value of the shares at the grant date, less the present value of dividends forfeited by employees during the vesting period, taking into account the presence conditions.

The expense is recognized on a straight-line basis over the vesting period. The expense is adjusted over the vesting period to reflect any losses of rights.

Cash-settled employee retention and performance plans indexed to the value of the Natixis share:

The accounting treatment applicable to cash-settled share-based payments is governed by IFRS 2 "Share-based payment".

Under IFRS 2, the services acquired and the liability incurred are measured at fair value. Until the liability is settled, debt is remeasured at each reporting date and at the date of settlement, with any changes in fair value recognized in income for the period. The remeasurement of the liability at the reporting date takes into account any changes in the value of the underlying shares, as well as whether or not the presence conditions and performance criteria have been met.

Where the payment of compensation is subject to a continuing service requirement, the corresponding expense is recorded over the vesting period on a straight-line basis. When no 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 which would lead to the latter being reclassified as an employee retention and performance plan settled in shares would trigger the derecognition of the debt recorded for the initial plan indexed to the value of the Natixis share and the recognition of a debt equivalent to the services provided for the new employee retention and performance plan settled in shares as at the date of modification. The difference between the recognition in equity and the derecognition of the debt is taken directly to profit or loss.

The details of these plans and their quantified impacts over the period are provided in Note 11.2.2.

5.18 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.

5.19 Fees and commissions received

The method of accounting for fees and commissions received depends on the end purpose of the services rendered and the method of accounting for the financial instruments to which the service relates.

Fees and commissions for one-off services, such as business provider fees, are recognized in income as soon as the service is provided.

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 that form an integral part of the effective yield on an instrument, for example loan set-up fees, are recognized and amortized as an adjustment to the effective interest rate over the estimated term of the applicable loan. These fees and commissions are recognized as interest income rather than fee and commission income.

5.20 Tax expenses

The tax expense for the year comprises:

- tax payable by French companies at the rate of 44.43% for the 2017 fiscal year and of 34.43% for the 2016 fiscal year, and by foreign companies and branches at the local rate. In 2017, the French rate of 44.43% included exceptional and additional contributions of 5%, adopted as part of the Amended Finance Act for 2017, which are applicable only for 2017 and affect businesses with revenue exceeding €1 billion and €3 billion, respectively, with companies whose revenue exceeds €3 billion being required to pay both the exceptional and additional contributions;
- deferred taxes arising from temporary differences between the book value 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 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.

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.

The tax rate applied to deferred tax assets in France takes into account the tax cuts set out under the 2017 and 2018 Finance Acts. These acts provide for a gradual reduction of corporate tax, which (excluding the impact of the 3.3% social security contribution) will fall to 28% in 2020, 26.5% in 2021 and 25% in 2022 and thereafter.

Other tax reforms passed in 2017 include the US tax cuts, which apply to income for fiscal years starting on or after January 1, 2018. The implementation of federal income tax reductions also includes a measure limiting the deduction of tax loss carryforwards and the implementation of a tax similar to corporate tax (Base Erosion and Anti-abuse Tax [BEAT] payment). Neither of these changes were deemed likely to have a significant impact on the income gained from the reduction in the federal tax rate.

All temporary differences have been recognized regardless of their recovery or payment date. The net deferred income tax balance is shown in the balance sheet under "Deferred tax assets".

The value-added contribution, or "Cotisation sur la Valeur Ajoutée des Entreprises" (CVAE), is recorded in the accounts as "Operating expenses," since Natixis considers that its calculation is not based on net income.

The Employment Competitiveness Tax Credit (CICE) was considered to fall under IAS 19 – Employee Benefits. As a result, this tax credit is presented as a deduction from the related payroll costs.

On October 6, 2017, the French Constitutional Council declared Article L.235 ter ZCA of the French General Tax Code in its version resulting in Law No. 2015-1786 of the December 29, 2015 Amended Finance Act for 2015 to be unconstitutional. This article introduced an additional 3% contribution on distributed earnings.

Until 2016, in accordance with IAS 12, the expense related to this contribution was recorded under tax for the period during which the payout decision was made. This amounted to €20.9 million for the 2016 fiscal year. In 2017, reimbursements received for the 2012 to 2016 fiscal years were recognized under tax for a total of €105.6 million.

5.21 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.

In accordance with paragraph 43 of the amendment to IAS 39 and IFRS 4 (published by the IASB in August 2005 and adopted by the European Union), financial guarantees given are carried at their fair value plus any transaction costs directly attributable to the issuance of the guarantees. For independent agreements entered into at market rates, fair value at the inception of the agreement is equal in theory to the amount of premium(s) received. All financial guarantees issued within Natixis are entered into at market rates.

Subsequently, financial guarantees are stated 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 18 "Revenue". This amortization represents the deferred recognition of the fees received over the period covered by the guarantee; and
- the value determined under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", which is the amount that the entity would normally pay to settle the obligation or to transfer it to a third party.

All 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", as permitted by paragraph AG64 (a) of the amendment.

Specific case of guarantees issued to mutual funds

Natixis guarantees the capital and/or returns on shares in certain mutual funds. These guarantees are executed solely in the event that the net asset value of each of the shares in the fund at maturity is lower than the guaranteed net asset value. Under IAS 39, these guarantees represent derivative instruments.

However, given the predominant impact of operational risk on the fair value of the guarantee, guarantees granted to mutual funds are treated as financial guarantees.

Guarantee commitments received

There are no IFRS standards prescribing the accounting treatment of financial guarantees received. In the absence of specific guidance, the accounting treatment applied must be determined by analogy with the accounting treatment prescribed by other standards in similar situations. Accordingly, guarantees received meeting the definition of a financial guarantee for an issuer are accounted for in accordance with:

- IAS 39, for guarantees received in respect of financial instruments;
- IAS 37, for guarantees received in respect of 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 5.7.

b) Financing commitments

All financing commitments granted by Natixis give rise to loans granted at market rates at the grant date. The drawn-down portion of these commitments is classified in "Loans and receivables". These financing commitments are contingent liabilities and are recognized in accordance with IAS 37. On initial recognition, they are not entered in the balance sheet. A provision is recognized in liabilities if the cost of the commitment exceeds the associated revenues.

5.22 Contributions to banking resolution mechanisms

The procedure for setting up the deposit and resolution guarantee fund was changed by a decree dated October 27, 2015. Contributions made to the deposit and resolution guarantee fund may be paid in the form of partner or association certificates and cash security deposits (guarantee of irrevocable commitment) recognized as assets on the balance sheet and contributions (which are non-refundable in the event of a voluntary withdrawal of approval to operate) recorded in income as "Taxes and regulatory contributions" among other operating expenses *(see Note 7.6)*.

Directive 2014/59/EU (BRRD - Bank Recovery and Resolution Directive) which establishes the framework for the recovery and resolution of banks and investment firms and European regulation 806/2014 (SRM regulation) established the introduction of a resolution fund as of 2015. In 2016, this fund became a Single Resolution Fund (SRF) between the member States participating in the Single Supervisory Mechanism (SSM). The SRF is a resolution financing mechanism available to the resolution authority (Single Resolution Board). The latter may use this fund when implementing resolution procedures.

In accordance with Delegated Regulation 2015/63 and Implementing Regulation 2015/81 supplementing the BRRD Directive on ex-ante contributions to financing mechanisms for the resolution, the Single Resolution Board set the level of contributions to the Single Resolution Fund for 2017. Contributions paid to the fund may be made in cash security deposits recognized as assets on the balance sheet (15% in cash security deposits) and in contributions recorded in income as "Taxes and regulatory contributions" *(see Note 7.6)*.

5.23 Use of estimates in preparing the financial statements

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, 2017.

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 5.6.

Impairment of loans and receivables

At the reporting date, Natixis assesses whether there is any objective evidence of impairment for loans and receivables, either on an individual basis or collectively by risk category. To identify evidence of impairment, Natixis analyzes trends in a number of objective criteria, but also relies on the judgment of its own expert teams. Similarly, Natixis may use its expert judgment to establish the likely timing of recoveries (where the aim is to calculate the amount of individual impairment losses), or to adjust the amount of expected losses under the Basel framework, on which the amount of collective provision is based.

Valuation of unlisted equity instruments classified as "Available-for-sale financial assets"

Unlisted equity instruments classified as available-for-sale financial assets primarily 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).

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 amount. Where the recoverable amount equals the value in use, it is determined by discounting annual free cash flows to infinity *(see Note 2.5)*. Use of the discounted cash flow method involves:

- estimating future cash flows. Natixis has based these estimates on forecasts included in its business units' medium-term plans spanning five years;
- projecting cash flows for the last year of the plan to perpetuity, at a rate reflecting the expected annual growth rate;
- discounting cash flows at a specific rate for each CGU.

Fair value of loans and receivables recognized at amortized cost (excluding loans reclassified under the amendment to IAS 39 and IFRS 7)

The fair value of loans not quoted on an active market is determined using the discounted cash flow method. The discount rate is based on an assessment of the rates used by the institution during the period for groups of loans with similar risk characteristics. Loans have been classified into groups with similar risk characteristics based on statistical research enabling factors having an impact on credit spreads to be identified. Natixis also relies on expert judgment to refine this segmentation.

Employee benefits

Natixis calls on independent actuaries to calculate its principal employee benefits. These commitments are determined using assumptions such as the salary growth rate, discount rates and rates of return on plan assets *(see Note 11.2.3)*. These discount rates and rates of return are based on observed market rates at the end of each calculation period (e.g. the yield curve on AA Corporate bonds for discount rates). When applied to long-term benefit obligations, these rates introduce uncertainty into the valuations.

Insurance-related liabilities

Insurance technical reserves are calculated using assumptions and estimates that may lead to adjustments in amounts reported over the subsequent period:

- for personal protection insurance, claims reserves are calculated by modeling claims experience;
- for life insurance, underwriting reserves are computed based on economic and financial assumptions, mortality and morbidity tables, and behavioral statistics, for example concerning surrenders;
- for general insurance, technical reserves comprise provisions for unearned premium income (calculated on an accrual basis and representing the portion of premiums issued during the period that relate to a period after the reporting date) and reserves for claims to be paid, corresponding to known and unknown claims that have occurred but not yet 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 different economic assumptions about historical redemptions and inflows *(see Note 2.8)*.

Deferred taxes

As a precaution, Natixis records a net deferred tax asset linked to its ability to generate taxable income over a given period (10 years maximum), while tax loss carry forwards are deductible with no time limitation in France and the UK or over very long periods (20 years in the US for deficits prior to January 1, 2018).

To this end, Natixis prepares tax business plans based on the medium-term plans for the business lines.

Adjustments for special tax schemes are also implemented.

Other provisions

Provisions recognized in the consolidated balance sheet, other than those relating to financial instruments, employee benefits and insurance policies, mainly concern provisions for litigation, restructuring, fines and penalties.

A provision is raised when it is likely that an outflow of resources embodying economic benefits will be required to settle an obligation arising from a past event, and when the amount of the obligation can be reliably estimated. In order to calculate this amount, Management is required to assess the probability of the risk occurring. Future cash flows are discounted where the impact of discounting is material.

5.24 Earnings/(loss) per share

Diluted earnings/(loss) per share corresponds to net earnings/(loss) for the period attributable to the Group, divided by the weighted average number of shares, adjusted for the maximum impact resulting from the conversion of dilutive instruments into ordinary shares. Stock options issued are taken into account in calculating diluted earnings/(loss) per share. The conversion of these instruments does not impact net income/(loss) used to calculate diluted earnings/(loss) per share.

	12.31.2017	12.31.2016
Earnings/(loss) per share		
Net earnings/(loss) attributable to the Group *(in millions of euros)*	1,669	1,374
Net income/(loss) attributable to shareholders *(in millions of euros)* [(a)]	1,575	1,296
Average number of ordinary shares issued and outstanding over the period	3,137,311,715	3,132,934,277
Average number of treasury shares issued and outstanding over the period	1,320,310	2,175,601
Average number of shares used to calculate earnings/(loss) per share	3,135,991,405	3,130,758,676
EARNINGS/(LOSS) PER SHARE (IN EUROS)	**0.50**	**0.41**
Diluted earnings/(loss) per share		
Net earnings/(loss) attributable to the Group *(in millions of euros)*	1,669	1,374
Net income/(loss) attributable to shareholders *(in millions of euros)* [(a)]	1,575	1,296
Average number of ordinary shares issued and outstanding over the period	3,137,311,715	3,132,934,277
Average number of treasury shares issued and outstanding over the period	1,320,310	2,175,601
Number of potential dilutive shares resulting from stock option and free share plans [(b)]	6,080,983	3,539,546
Average number of shares used to calculate diluted earnings/(loss) per share	3,142,072,388	3,134,298,222
DILUTED EARNINGS/(LOSS) PER SHARE (IN EUROS)	**0.50**	**0.41**

(a) The difference between net earnings/(loss) attributable to the Group and net income/(loss) attributable to shareholders corresponds to the interest generated on deeply subordinated notes and on preference shares, i.e. -€94 million at December 31, 2017 and -€78 million at December 31, 2016;

(b) This number of shares refers to the shares granted under the 2016 and 2017 performance-related free share plans (PAGA), the 2016 and 2017 Long Term Incentive Plans (LTIP) and the 2013 conditional share award plan (PACA).

NOTE 6 NOTES TO THE BALANCE SHEET

6.1 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 value, including interest, recognized in income 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, which are recognized as "Revaluation of own credit risk on financial liabilities at fair value through profit or loss" under other comprehensive income *(see Note 8.1)* for which this component of IFRS 9 is applied early.

6.1.1 Financial assets at fair value through profit or loss

At December 31, 2017, financial assets at fair value primarily comprised securities and derivative instruments.

(in millions of euros)	Notes	12.31.2017	12.31.2016
Securities held for trading		**50,381**	**46,116**
Fixed-income securities		13,033	12,302
Variable-income securities [(a)]		37,348	33,813
Loans and receivables held for trading		**3,006**	**2,871**
Banks		1,254	1,521
Customers		1,752	1,350
Derivative instruments not eligible for hedge accounting [(b)]	6.1.3	**60,228**	**69,754**
Securities at fair value through profit and loss	6.1.1.2	**63,358**	**61,633**
Securities services		18,664	14,593
Fixed income		*3,134*	*3,278*
Variable income [(a)]		*15,530*	*11,316*
Reverse repos [(b)]		44,695	47,040
Loans and receivables at fair value through profit and loss	6.1.1.1 and 6.1.1.2	**7,524**	**7,254**
Banks		2,099	1,793
Customers		5,425	5,461
TOTAL [(c)]		**184,497**	**187,628**

(a) *Including shares in mutual funds.*
(b) *The information presented takes into account the impact of offsetting carried out in accordance with IAS 32 (see Note 6.3).*
(c) *of which €22,733 million for insurance activities at December 31, 2017, and €17,325 million at December 31, 2016.*

6.1.1.1 Loans and receivables measured under the fair value option through profit or loss and credit risk

Exposure to credit risk represents a significant share of the fair value of loans and receivables designated at fair value through profit or loss shown on the balance sheet.

Natixis did not purchase protection to hedge against credit risk associated with loans and receivables classified as fair value instruments through profit or loss for the 2017 and 2016 fiscal years.

6.1.1.2 Conditions for classification of financial assets under the fair value option through profit or loss

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 measured under the fair value through profit or loss option consist primarily of long-term structured repos indexed to a basket of equities whose risks are managed globally and dynamically, as well as financial assets representative of unit-linked policies from insurance activities and, to a lesser extent, assets with embedded derivatives for which the principle of separation was not adopted.

(in millions of euros)	12.31.2017 Carrying amount	Accounting mismatch	Managed on a fair value basis	Embedded derivatives	12.31.2016 Carrying amount	Accounting mismatch	Managed on a fair value basis	Embedded derivatives
Loans and receivables due from banks	2,099	2,099			1,793	1,793		
Loans and receivables due from customers	5,425	2,303	544	2,577	5,461	1,643	269	3,549
Fixed-income securities	3,134	1,292	247	1,595	3,278	1,526	341	1,411
Variable-income securities	15,530	13,546	1,984		11,316	9,277	2,039	
o/w repurchased securities	44,695		44,695		47,040		47,040	
TOTAL	**70,882**	**19,240**	**47,470**	**4,172**	**68,887**	**14,239**	**49,689**	**4,960**

6.1.2 Financial liabilities at fair value through profit or loss

At December 31, 2017, financial liabilities at fair value through profit or loss primarily comprised derivatives not used as hedging instruments.

Securities classified as instruments held for trading essentially comprise short sales of financial assets.

(in millions of euros)	Notes	12.31.2017	12.31.2016
Instruments held for trading		85,937	88,787
Securities services		26,096	23,153
Derivative instruments not eligible for hedge accounting (a)	6.1.3	59,783	65,285
Other liabilities		57	349
Instruments designated at fair value through profit or loss	6.1.2.1 and 6.1.2.2	58,948	57,439
Securities services		20,535	18,564
Repurchased securities (a)		34,974	37,364
Other liabilities		3,440	1,511
TOTAL (B)		**144,885**	**146,226**

(a) *The information presented takes into account the impact of offsetting carried out in accordance with IAS 32 (see Note 6.3).*

(b) *of which €3,436 million for insurance activities at December 31, 2017, and €1,470 million at December 31, 2016.*

6.1.2.1 Financial liabilities designated under the fair value option through profit or loss 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 the related credit risk is recognized in "Other comprehensive income"

(in millions of euros)	12.31.2017 Book value	Amount contractually due at maturity	Difference between book value 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 (b)	12.31.2016 Book value	Amount contractually due at maturity	Difference between book value 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 (b)
Debt securities (a)	20,432	20,246	186	276	18,469	18,555	(86)	106
Subordinated debt (a)	103	100	2	(2)	95	100	(6)	(11)
TOTAL (B)	**20,535**	**20,346**	**188**	**274**	**18,564**	**18,655**	**(91)**	**95**

(a) *Balances relating to the early repayment of Natixis issues recognized in shareholders' equity over the 2017 fiscal year totaled €4.5 million, versus €12.4 million over the 2016 fiscal year.*

(b) *The fair value, determined using the method described in Note 5.6, recorded in respect of internal credit risk on Natixis issues totaled €274.8 million at December 31, 2017 versus €95.1 million at December 31, 2016. 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.

(in millions of euros)	12.31.2017 Book value	12.31.2017 Amount contractually due at maturity	12.31.2017 Difference between book value and amount contractually due at maturity	12.31.2016 Book value	12.31.2016 Amount contractually due at maturity	12.31.2016 Difference between book value and amount contractually due at maturity
Due to banks	78	75	4	10	7	3
Customer deposits	9	10	-1	2	2	0
Other liabilities [(a)]	38,326	38,257	69	38,863	38,788	75
TOTAL	**38,413**	**38,342**	**72**	**38,875**	**38,797**	**78**

(a) *Other liabilities primarily comprise a portfolio of structured repos managed according to a dynamic approach, as well as vanilla repos with short-term maturities.*

6.1.2.2 Conditions for classification of financial liabilities under the fair value option through profit or loss

Financial liabilities are designated at fair value through profit and loss when this choice provides more pertinent information or when the instruments incorporate one or more significant and separable embedded derivatives *(see Note 5.1)*.

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 valued using the fair value through profit or loss option consist mainly of long-term structured repos indexed to a basket of equities whose risks are managed globally and dynamically, as well as issues originated and structured for customers whose risks and hedges are managed collectively. 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)	12.31.2017 Book value	12.31.2017 Accounting mismatch	12.31.2017 Managed on a fair value basis	12.31.2017 Embedded derivatives	12.31.2016 Book value	12.31.2016 Accounting mismatch	12.31.2016 Managed on a fair value basis	12.31.2016 Embedded derivatives
Due to banks	78	8		71	10	10		
Customer deposits	9			9	2			2
Debt securities	20,432	16,488		3,944	18,469	15,166		3,303
Subordinated debt	103			103	95			95
o/w repurchased securities	34,974	1,097	33,877		37,364	677	36,687	
Other liabilities	3,352	3,352			1,499	1,500		
TOTAL	**58,948**	**20,945**	**33,877**	**4,127**	**57,439**	**17,352**	**36,687**	**3,400**

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.

6.1.3 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.

	12.31.2017			12.31.2016		
(in millions of euros)	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Organized market	**770,015**	**1,087**	**1,859**	**911,499**	**3,180**	**3,563**
Interest rate derivatives	658,248	107	551	833,609	0	2
Currency derivatives	349			2,108		
Equity derivatives	111,418	980	1,308	75,781	3,180	3,561
Credit derivatives						
Other items						
Over-the counter	**4,898,058**	**59,141**	**57,984**	**4,896,420**	**66,574**	**61,732**
Interest rate derivatives	3,577,537	39,102	38,608	3,485,422	38,544	35,184
Currency derivatives	1,089,015	15,651	14,681	1,154,074	22,075	20,361
Equity derivatives	107,846	2,598	3,548	100,108	3,340	4,510
Credit derivatives [(a) (b)]	38,855	1,153	793	62,447	1,434	844
Other items	84,805	637	354	94,369	1,182	833
TOTAL	**5,668,073**	**60,228**	**59,843**	**5,807,919**	**69,754**	**65,295**
o/w banks	*1,771,715*	*43,350*	*41,146*	*2,142,024*	*49,092*	*44,745*
o/w other financial companies	*2,848,152*	*9,935*	*11,493*	*2,481,363*	*9,136*	*10,103*

The notional amounts of derivative financial instruments are merely an indication of the volume of the Group's business on the financial instruments market, and do not reflect the market risks associated with such instruments.

(a) *Natixis has contracted Total Return Swaps (TRS) with BPCE. These instruments are used to hedge changes in the fair value recognized since July 1, 2009 on instruments previously linked to the former GAPC hive-off carried at fair value through profit or loss at December 31, 2017 and are included on this line for an amount of €4.5 million in assets (versus €24.7 million at December 31, 2016) and €10.3 million in liabilities (versus €2.4 million at December 31, 2016).*

(b) *Natixis has contracted a call option with BPCE for the purpose of recovering in 10 years time any net gains in fair value transferred to BPCE via TRS. The call option was recognized on this line in assets for €559.5 million at December 31, 2017 versus €553.6 million at December 31, 2016.*

6.2 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 hedging is mainly used by Natixis and the leasing business as a structural hedge against interest rate risk.

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.

	12.31.2017			12.31.2016		
(in millions of euros)	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Cash flow hedges	**19,008**	**43**	**310**	**20,239**	**70**	**550**
Over-the counter	**19,008**	**43**	**310**	**20,239**	**70**	**550**
Interest rate derivatives				20,239	70	550
Fair value hedges	**344,811**	**296**	**400**	**548,724**	**1,150**	**1,462**
Over-the counter	344,683	296	400	548,724	1,150	1,462
Interest rate derivatives	344,665	296	400	548,671	1,150	1,462
Currency derivatives	18			53		
Credit derivatives	128					
TOTAL	**363,819**	**339**	**710**	**568,963**	**1,220**	**2,011**

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.

6.3 Offsetting 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 detailed in Note 5.13 as well as the impacts linked to the existence of an enforceable right of set-off under a master netting arrangement or similar agreements that do not meet the criteria set out in IAS 32 dealing with offsetting.

The gross offset amounts reflect derivatives and repurchase agreements with clearing houses for which the criteria set out in IAS 32 are met:

- for OTC derivatives, the information is presented in consideration of the effects of the currency offset between asset valuations and liability valuations of the derivatives;
- for asset switches that have similar nominal amounts and identical maturities and currencies, Natixis presents these transactions as a single financial asset or liability;
- for listed derivatives, the positions recorded under the respective asset and liability items for:
  - index options and futures options are offset by maturity and by currency,
  - equity options are offset by ISIN code and maturity date;
- as regards repurchase agreements, Natixis records on its balance sheet the net value of repurchase and reverse repurchase agreements that:
  - are entered into with the same clearing house,
  - have the same maturity date,
  - involve the same custodian,
  - are made in the same currency.

The impacts linked to the existence of an enforceable right of set-off under master netting arrangements or similar agreements correspond to derivative amounts or outstanding repos covered by master arrangements under which the net settlement criterion or the simultaneous settlement of assets and liabilities cannot be demonstrated or for which the right to set-off cannot be exercised except in the event of the default, insolvency or bankruptcy of one or more counterparties. These amounts are not offset on the balance sheet.

Guarantees received and given in the form of the securities shown in the "Financial instruments" column are recognized at fair value.

6.3.1 Financial assets

	12.31.2017			12.31.2016		
	Gross amount of financial assets recognized in the balance sheet*	Gross amount of offset financial liabilities	Net amount of financial assets recognized in the balance sheet	Gross amount of financial assets recognized in the balance sheet*	Gross amount of offset financial liabilities	Net amount of financial assets recognized in the balance sheet
(in millions of euros)	(a)	(b)	(c) = (a) - (b)	(a)	(b)	(c) = (a) - (b)
Financial assets at fair value through profit or loss	**103,213**	**23,536**	**79,677**	**116,535**	**24,130**	**92,405**
Derivatives	*60,723*	*15,071*	*45,652*	*68,257*	*16,628*	*51,629*
Repurchase agreements	*42,490*	*8,465*	*34,025*	*48,278*	*7,502*	*40,776*
Other financial instruments						
Hedging derivatives	**2,516**	**2,355**	**161**	**3,308**	**3,077**	**231**
Loans and receivables due from banks	**3,214**	**700**	**2,514**	**4,236**		**4,236**
Repurchase agreements	*3,214*	*700*	*2,514*	*4,236*		*4,236*
Other financial instruments						
Customer loans and receivables	**50,819**	**5,759**	**45,060**	**47,815**	**12,572**	**35,243**
Repurchase agreements	*50,819*	*5,759*	*45,060*	*47,815*	*12,572*	*35,243*
Other financial instruments						
TOTAL	**159,762**	**32,350**	**127,412**	**171,894**	**39,779**	**132,115**

* *Gross amount of financial assets offset or covered by a master netting or similar arrangement.*

(in millions of euros)	12/31/2017 Net amount of financial assets recognized in the balance sheet (c)	12/31/2017 Amounts not offset related to (a) (d) Financial instruments (*)	12/31/2017 Amounts not offset related to (a) (d) Guarantees received in cash	12/31/2017 Net exposure (e) = (c) - (d)	12/31/2016 Net amount of financial assets recognized in the balance sheet (c)	12/31/2016 Amounts not offset related to (a) (d) Financial instruments (*)	12/31/2016 Amounts not offset related to (a) (d) Guarantees received in cash	12/31/2016 Net exposure (e) = (c) - (d)
Derivatives	45,813	32,414	9,378	4,021	51,860	34,036	12,057	5,767
Repurchase agreements	81,599	81,576	12	11	80,255	80,053	44	158
Other financial instruments								
TOTAL	127,412	113,990	9,390	4,032	132,115	114,089	12,101	5,925

6.3.2 Financial liabilities

(in millions of euros)	12/31/2017 Gross amount of financial liabilities recognized in the balance sheet* (a)	12/31/2017 Gross amount of offset financial assets (b)	12/31/2017 Net amount of financial liabilities recognized in the balance sheet (c) = (a) - (b)	12/31/2016 Gross amount of financial liabilities recognized in the balance sheet* (a)	12/31/2016 Gross amount of offset financial assets (b)	12/31/2016 Net amount of financial liabilities recognized in the balance sheet (c) = (a) - (b)
Financial liabilities at fair value through profit or loss	**97,428**	**23,310**	**74,118**	**103,696**	**23,874**	**79,822**
Derivatives	60,402	14,845	45,557	66,918	16,372	50,546
Repurchase agreements	37,026	8,465	28,561	36,778	7,502	29,276
Other financial instruments						
Hedging derivatives	**2,744**	**2,581**	**163**	**3,640**	**3,333**	**307**
Amounts due to credit institutions	**18,425**	**700**	**17,725**	**11,318**		**11,318**
Repurchase agreements	18,425	700	17,725	11,318		11,318
Other financial instruments						
Amounts due to customers	**59,391**	**5,759**	**53,632**	**51,791**	**12,572**	**39,219**
Repurchase agreements	59,391	5,759	53,632	51,791	12,572	39,219
Other financial instruments						
TOTAL	177,988	32,350	145,638	170,445	39,779	130,666

(in millions of euros)	12/31/2017 Net amount of financial liabilities recognized in the balance sheet (c)	12/31/2017 Amounts not offset related to (a) (d) Financial instruments (*)	12/31/2017 Amounts not offset related to (a) (d) Guarantees received in cash	12/31/2017 Net exposure (e) = (c) - (d)	12/31/2016 Net amount of financial liabilities recognized in the balance sheet (c)	12/31/2016 Amounts not offset related to (a) (d) Financial instruments (*)	12/31/2016 Amounts not offset related to (a) (d) Guarantees received in cash	12/31/2016 Net exposure (e) = (c) - (d)
Derivatives	45,720	32,826	9,678	3,216	50,853	34,957	11,768	4,128
Repurchase agreements	99,918	99,572	2	344	79,814	79,535	8	271
Other financial instruments								
TOTAL	145,638	132,398	9,680	3,560	130,667	114,492	11,776	4,399

6.4 Available-for-sale financial assets

The table below shows available-for-sale financial assets by type of instrument (loans outstanding, fixed-income securities, variable-income securities). It discloses the gross value before impairment, the amount of impairment and the net value after impairment.

Available-for-sale financial assets are tested for impairment at the end of each reporting period (i.e. every quarter). When there is objective evidence of impairment and a reduction in fair value has previously been recognized in equity, the aggregate impairment loss is removed from equity and taken to income.

(in millions of euros)	12.31.2017	12.31.2016
Loans outstanding	**18**	**16**
Loans and receivables	18	16
Accrued interest	0	
Securities services	**58,382**	**55,538**
Fixed-income	49,209	47,611
Variable-income [(a)]	8,625	7,363
Accrued interest	549	564
Total available-for-sale financial assets before impairment	**58,400**	**55,554**
Impairment of available-for-sale assets	**(515)**	**(563)**
Loans and receivables	(15)	(14)
Fixed-income securities	(43)	(36)
Variable-income securities [(b)]	(458)	(513)
TOTAL [(c)]	**57,885**	**54,990**

(a) Including shares in mutual funds.

(b) In 2017, permanent impairment of variable-income securities stood at €27 million compared with €58 million in 2016. This expense involves insurance portfolios for €15 million (€40 million for 2016), the impact of which is neutralized at 89% and 87.0% respectively for 2017 and 2016 given the profit-sharing mechanism. The 2017 expense is divided between an additional impairment on previously-impaired securities for €18 million, including €7 million related to the insurance portfolios (€21 million in 2016, including €5 million on insurance portfolios), newly-impaired provisions on securities tied to the application of analysis criteria as defined in accounting principles and methods for €9 million mainly related to insurance portfolios (€37 million in 2016 mainly related to insurance portfolios).

(c) Of which €44,444 million for insurance activities at December 31, 2017, and €41,048 million at December 31, 2016.

6.5 Loans and receivables

6.5.1 Loans and receivables due from banks

(in millions of euros)	Notes	12.31.2017	12.31.2016
Outstanding		**45,358**	**58,854**
Performing loans	6.5.2	*45,295*	*58,783*
Non-performing loans		*63*	*71*
PROVISIONS		**(69)**	**(71)**
TOTAL NET [(a)]		**45,289**	**58,783**

The fair value of loans and receivables due from banks is provided in Note 6.7.6.

(a) Of which €1,296 million for insurance activities at December 31, 2017, and €1,152 million at December 31, 2016.

6.5.2 Performing loans to banks

(in millions of euros)	12.31.2017	12.31.2016
Loans and receivables	31,013	37,654
Current accounts overdrawn	6,429	8,401
Unlisted fixed-income securities	296	1,298
Reverse repos	7,495	11,306
Accrued interest	62	125
TOTAL	**45,295**	**58,783**

6.5.3 Customer loans and receivables

(in millions of euros)	Notes	12.31.2017	12.31.2016
Outstanding		**138,743**	**142,454**
Performing loans	6.5.3.2	*134,167*	*137,920*
Non-performing loans		*4,576*	*4,534*
Provisions		**(1,975)**	**(2,151)**
Total net [(a)]		**136,768**	**140,303**

The fair value of customer loans and receivables is provided in Note 6.7.6.

(a) of which €10,850 million for insurance activities at December 31, 2017, and €11,587 million at December 31,2016.

6.5.3.1 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 5.1)*.

	12.31.2017					12.31.2016				
	Gross exposures					Gross exposures				
(in millions of euros)	Restructuring: modifications of terms and conditions	Restructuring: refinancing	Total	Individual impairments and collective provisions	Guarantees received	Restructuring: modifications of terms and conditions	Restructuring: refinancing	Total	Individual impairments and collective provisions	Guarantees received
Balance sheet	1,656	642	2,298	566	1,030	2,283	834	3,117	717	1,664
Off-balance sheet exposure	34	15	49	2	23	173	20	193	0	3
TOTAL	**1,690**	**658**	**2,348**	**568**	**1,053**	**2,456**	**854**	**3,310**	**718**	**1,667**

	12.31.2017					12.31.2016				
	Total		Net exposures			Total		Net exposures		
(in millions of euros)	Gross exposures	Individual impairments and collective provisions	Performing loans	Non-performing loans	Total	Gross exposures	Individual impairments and collective provisions	Performing loans	Non-performing loans	Total
Total	**2,348**	**568**	**332**	**1,448**	**1,780**	**3,310**	**718**	**566**	**2,026**	**2,592**
o/w:										
France	*650*	*178*	*268*	*204*	*471*	*740*	*178*	*291*	*271*	*562*
Other EU	*937*	*287*	*20*	*463*	*483*	*1,312*	*410*	*90*	*812*	*902*
North America	*145*	*8*	*13*	*123*	*136*	*630*	*31*	*57*	*536*	*593*
Other	*617*	*94*	*31*	*658*	*689*	*628*	*98*	*128*	*407*	*535*

6.5.3.2 Performing loans to customers

(in millions of euros)	Notes	12.31.2017	12.31.2016
Finance leases	6.5.3.3	10,792	10,133
Other loans and receivables	6.5.3.4	65,678	67,459
Current accounts overdrawn		3,795	4,477
Unlisted fixed-income securities		467	3,771
Reverse repos		45,209	43,962
Factoring		7,850	7,762
Other		2	1
Accrued interest		375	355
TOTAL		**134,168**	**137,920**

6.5.3.3 Customer finance leases

(in millions of euros)	12.31.2017			12.31.2016		
	Real estate	Non-real estate	Total	Real estate	Non-real estate	Total
Customer lease financing outstandings	**5,930**	**4,862**	**10,792**	**5,644**	**4,489**	**10,133**
Net non-performing outstandings	**316**	**99**	**415**	**48**	**26**	**74**
Non-performing loans	*420*	*141*	*561*	*96*	*49*	*145*
Provisions for impairment of non-performing outstandings	*(104)*	*(42)*	*(146)*	*(48)*	*(23)*	*(71)*
TOTAL	**6,246**	**4,961**	**11,206**	**5,692**	**4,515**	**10,207**

At December 31, 2017, non-performing loans include all positions with defaulting counterparties, even though Natixis owns the assets subject to the contracts. In 2016, non-performing loans only included unpaid amounts in respect of counterparties in default.

6.5.3.4 Other customer loans and receivables

(in millions of euros)	12.31.2017	12.31.2016
Commercial loans	1,009	838
Export credit	2,765	3,292
Cash and consumer credit	24,824	24,014
Equipment loans	6,927	7,597
Home loans	370	346
Security deposits recognized in respect of reinsurance acceptances	10,258	10,825
Other customer loans	19,525	20,547
TOTAL	**65,678**	**67,459**

6.6 Held-to-maturity financial assets

(in millions of euros)	12.31.2017	12.31.2016
Government securities		
Gross value	*1,083*	*1,104*
Provisions		
Net government securities	**1,083**	**1,104**
Bonds		
Gross value	*804*	*964*
Provisions	*(2)*	*(2)*
Net bonds	**802**	**962**
TOTAL	**1,885**	**2,066**

The fair value of held-to-maturity financial assets is provided in Note 6.7.6.

"Held-to-maturity financial assets" are exclusively recognized by fully-consolidated insurance companies at December 31, 2017 and December 31, 2016.

6.7 Other information relating to financial assets

6.7.1 Financial assets provided as security against liabilities

The table below shows, inter alia, the book value 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)	12.31.2017	12.31.2016
Debt instruments	2,082	2,365
Loans and receivables	5,321	5,909
TOTAL	**7,403**	**8,274**

6.7.2 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.

6.7.2.1 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 the benefits and risks are maintained, since the securities must be returned to Natixis (unless Natixis defaults).

5

REPURCHASE AGREEMENTS

	12.31.2017		12.31.2016	
(in millions of euros)	Book value of transferred assets	Book value of associated liabilities	Book value of transferred assets	Book value of associated liabilities
Financial assets at fair value through profit or loss	14,215	13,524	10,979	10,741
Available-for-sale financial assets	4,617	4,614	4,295	4,317
Held-to-maturity financial assets	63	63		
Loans and receivables at amortized cost				
TOTAL	**18,895**	**18,201**	**15,274**	**15,058**

SECURITIES LENDING

	12.31.2017	12.31.2016
(in millions of euros)	Book value of transferred assets	Book value of transferred assets
Financial assets at fair value through profit or loss	1,656	2,889
Available-for-sale financial assets		
TOTAL	**1,656**	**2,889**

SECURITIZATION FOR WHICH THE COUNTERPARTIES TO THE ASSOCIATED DEBTS HAVE RECOURSE ONLY TO THE TRANSFERRED ASSETS

	12.31.2017				
(in millions of euros)	Book value of transferred assets	Book value of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities	Net position
Asset-backed securities	5,472	4,409	5,472	4,409	1,063
TOTAL	**5,472**	**4,409**	**5,472**	**4,409**	**1,063**

At December 31, 2017, €333 million (€349 million at December 31, 2016) in bonds self-underwritten by Natixis and eliminated on consolidation were lent or sold under repurchase agreements.

	12.31.2016				
(in millions of euros)	Book value of transferred assets	Book value of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities	Net position
Asset-backed securities	7,543	5,654	7,543	5,654	1,889
TOTAL	**7,543**	**5,654**	**7,543**	**5,654**	**1,889**

6.7.2.2 Fully derecognized transferred financial assets for which continuing involvement is maintained

The fully derecognized transferred financial assets for which Natixis maintains continuing involvement include transfers of assets to a deconsolidated securitization vehicle in which Natixis has an interest or an obligation, where these latter do not compromise the transfer of virtually all the advantages and risks attached to the transferred assets.

At December 31, 2017 (as at December 31, 2016), there is no material impact from continuing involvement in a securitization vehicle maintained by Natixis.

6.7.3 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 financial assets received as security that Natixis may sell or reuse as security was €215 billion at December 31, 2017, versus €205 billion at December 31, 2016.

The fair value of financial assets received as security that were resold or reused as security was €143 billion at December 31, 2017, versus €128 billion at December 31, 2016.

6.7.4 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 impaired at the reporting date. It does not take into account any portfolio impairment losses which may be assessed.

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.

	Payment arrears at 12.31.2017				
Type of assets *(in millions of euros)*	≤ 90 days	> 90 days ≤ 180 days	> 180 days and ≤ 1 year	> 1 year	Total
Loans and receivables due from banks	5				5
Customer loans and receivables	2,291				2,291
Other financial assets					
TOTAL	**2,296**				**2,296**

The data reported in 2017 includes late payments identified by the factoring entities amounting to €1,596 million. These data refer to all outstandings rather than the unpaid amount alone.

	Payment arrears at 12.31.2016				
Type of assets *(in millions of euros)*	≤ 90 days	> 90 days ≤ 180 days	> 180 days and ≤ 1 year	> 1 year	Total
Loans and receivables due from banks	12				12
Customer loans and receivables	2,147				2,147
Other financial assets					
TOTAL	**2,159**				**2,159**

The data reported in 2016 includes late payments identified by the factoring entities amounting to €1,514 million. These data refer to all outstandings rather than the unpaid amount alone.

6.7.5 Fair value of financial assets carried at fair value in the balance sheet

The table below presents the fair value of all financial assets, whether or not they are recognized at fair value in the balance sheet.

The fair value of financial assets carried at fair value in the balance sheet is broken down according to the hierarchy of inputs used to value the assets, as described in Note 5.6.

Assets *(in millions of euros)*	At December 31, 2017				At December 31, 2016			
	Book value	Level 1	Level 2	Level 3	Book value	Level 1	Level 2	Level 3
Financial assets held for trading	**113,615**	**46,332**	**62,485**	**4,798**	**118,741**	**40,575**	**73,616**	**4,549**
Securities held for trading	**50,381**	**45,655**	**4,575**	**151**	**46,116**	**39,653**	**6,206**	**257**
o/w fixed-income securities	*13,033*	*11,206*	*1,676*	*151*	*12,302*	*9,034*	*3,011*	*257*
o/w variable-income securities	*37,348*	*34,450*	*2,899*	*0*	*33,813*	*30,619*	*3,195*	
Derivatives not eligible for hedge accounting (positive fair value)	**60,228**	**677**	**56,566**	**2,985**	**69,754**	**922**	**65,883**	**2,949**
o/w interest rate derivatives	*39,209*	*2*	*39,082*	*124*	*38,544*	*0*	*38,461*	*83*
o/w currency derivatives	*15,651*	*2*	*14,119*	*1,531*	*22,199*	*5*	*21,199*	*995*
o/w credit derivatives	*1,153*		*389*	*764*	*1,434*		*572*	*861*
o/w equity derivatives	*3,578*	*533*	*2,484*	*561*	*6,520*	*738*	*4,778*	*1,004*
o/w other	*637*	*140*	*492*	*5*	*1,057*	*179*	*873*	*5*
Other financial assets held for trading	**3,006**		**1,344**	**1,662**	**2,871**		**1,527**	**1,344**
Financial assets designated under the fair value option through profit or loss	**70,882**	**14,438**	**53,110**	**3,334**	**68,887**	**11,088**	**54,908**	**2,891**
Securities under the fair value option through profit or loss	**18,664**	**14,417**	**1,712**	**2,535**	**14,593**	**11,088**	**1,226**	**2,280**
o/w fixed-income securities	*3,134*	*725*	*598*	*1,811*	*3,278*	*642*	*1,112*	*1,524*
o/w variable-income securities	*15,530*	*13,692*	*1,114*	*724*	*11,316*	*10,446*	*114*	*756*
Other financial assets under the fair value option through profit or loss	**52,219**	**22**	**51,398**	**799**	**54,294**		**53,683**	**611**
Hedging derivatives (assets)	**339**		**339**	**0**	**1,220**		**1,220**	
o/w interest rate derivatives	*339*		*339*	*0*	*1,220*		*1,220*	
Available-for-sale financial assets	**57,885**	**49,376**	**4,527**	**3,982**	**54,990**	**46,600**	**4,428**	**3,962**
Available-for-sale securities - Equity investments	**660**	**91**	**0**	**569**	**979**	**100**	**0**	**879**
Other available-for-sale securities	**57,222**	**49,285**	**4,527**	**3,410**	**54,010**	**46,500**	**4,428**	**3,081**
o/w fixed-income securities	*49,704*	*43,491*	*3,217*	*2,997*	*48,139*	*41,864*	*3,298*	*2,977*
o/w variable-income securities	*7,518*	*5,794*	*1,310*	*414*	*5,871*	*4,637*	*1,131*	*104*
Other available-for-sale financial assets	**3**			**3**	**1**			**1**
TOTAL	**242,721**	**110,147**	**120,460**	**12,114**	**243,838**	**98,263**	**134,173**	**11,401**

6.7.5.1 Financial assets at fair value measured using level 3 of the fair value hierarchy

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(in millions of euros)	Level 3 opening balance 01.01.2017	Gains and losses recognized in the period		
		Income statement [a]		
		On outstanding transactions at the reporting date	On transactions expired or redeemed at the reporting date	Gains and losses recognized directly in equity
Financial assets at fair value through profit and loss - Trading	**4,549**	**146**	**(101)**	
Fixed-income securities held for trading	**257**	**(3)**	**(1)**	
Derivative instruments not eligible for hedge accounting (positive fair value)	**2,949**	**141**	**(123)**	
o/w interest rate derivatives	*83*	*109*	*(8)*	
o/w currency derivatives	*995*	*(336)*	*(152)*	
o/w credit derivatives	*861*	*(63)*	*(0)*	
o/w equity derivatives	*1,004*	*431*	*38*	
o/w other	*5*	*0*		
Other financial assets held for trading	**1,344**	**7**	**23**	
Financial assets designated under the fair value option through profit or loss	**2,891**	**72**	**19**	
Fixed-income securities under the fair value option through profit or loss	**1,524**	**7**	**10**	
Variable-income securities under the fair value option through profit or loss	**756**	**46**	**(15)**	
Other financial assets under the fair value option through profit or loss	**611**	**19**	**24**	
Hedging derivatives		**(0)**		
Available-for-sale financial assets	**3,962**	**1**	**94**	**187**
Available-for-sale securities - Equity investments	**879**	**(4)**	**97**	**(20)**
Other available-for-sale securities	**3,081**	**6**	**(3)**	**208**
o/w fixed-income securities	*2,977*	*(2)*	*(7)*	*204*
o/w variable-income securities	*104*	*8*	*4*	*3*
Other available-for-sale financial assets	**1**	**(1)**		
TOTAL FINANCIAL ASSETS RECORDED AT FAIR VALUE	**11,401**	**219**	**13**	**187**

(a) *The main impacts recognized in the income statement are mentioned in Note 7.3.*

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 12.31.2017
6,144	(6,822)	(147)	1,104	(4)	3	(74)	4,798
95	(70)	(122)	1			(6)	151
160	(1,218)	(24)	1,103	(4)	3	(1)	2,985
3	(81)	(13)	35	(4)			124
70	(101)	(3)	1,054		3		1,531
	(30)	(4)				(1)	764
86	(1,007)	(5)	14		0		561
1							5
5,841	(5,485)					(67)	1,662
2,008	(1,611)	(0)		9		(54)	3,334
735	(467)	(0)		5		(3)	1,811
41	(107)	(0)		4			724
1,233	(1,037)					(51)	799
0							0
324	(600)	(157)	143	17	21	(10)	3,982
40	(438)		0	1	21	(8)	569
280	(161)	(157)	143	17	(0)	(2)	3,410
84	(147)	(157)	39	6		(0)	2,997
196	(14)		104	10	0	(1)	414
3	(1)						3
8,427	(8,984)	(304)	1,246	22	24	(138)	12,114

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(in millions of euros)	Level 3 opening balance 01.01.2016*	Gains and losses recognized in the period: Income statement [(a)]: On outstanding transactions at the reporting date	On transactions expired or redeemed at the reporting date	Gains and losses recognized directly in equity
Financial assets at fair value through profit and loss - Trading	**3,933**	**875**	**(382)**	
Fixed-income securities held for trading	**343**	**1**	**5**	
Derivative instruments not eligible for hedge accounting (positive fair value)	**2,856**	**869**	**(390)**	
o/w interest rate derivatives	*863*	*(239)*	*(154)*	
o/w currency derivatives	*529*	*577*	*(65)*	
o/w credit derivatives	*1,117*	*(29)*	*(95)*	
o/w equity derivatives	*343*	*559*	*(76)*	
o/w other	*5*			
Other financial assets held for trading	**735**	**5**	**3**	
Financial assets under the fair value option through profit or loss	**3,353**	**9**	**48**	
Fixed-income securities under the fair value option through profit or loss	**1,409**	**(5)**	**2**	
Variable-income securities under the fair value option through profit or loss	**939**	**(5)**	**14**	
Other financial assets under the fair value option through profit or loss	**1,006**	**19**	**32**	
Hedging derivatives				
Available-for-sale financial assets	**3,681**	**33**	**5**	**(7)**
Available-for-sale securities - Equity investments	**880**	**31**	**3**	**(4)**
Other available-for-sale securities	**2798**	**1**	**2**	**(3)**
o/w fixed-income securities	*2683*	*1*		*(3)*
o/w variable-income securities	*116*		*2*	
Other available-for-sale financial assets	**2**	**1**		
TOTAL FINANCIAL ASSETS RECORDED AT FAIR VALUE	**10,967**	**917**	**(329)**	**(7)**

(a) The main impacts recognized in the income statement are mentioned in Note 7.3.

	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 12.31.2016
	2,480	(2,023)	(315)	136	(168)		12	4,549
	356	(450)		1			1	257
	501	(493)	(315)	135	(214)		0	2,949
	5	*(104)*	*(315)*	*135*	*(109)*			*83*
	10	*(56)*						*995*
	18	*(44)*			*(105)*			*861*
	467	*(288)*						*1,004*
								5
	1,623	(1,080)			46		11	1,344
	2,127	(2,661)	(0)	135	(132)		10	2,891
	359	(237)			(5)		1	1,524
	83	(153)	(0)		(127)		4	756
	1,685	(2,272)		135			6	611
	822	(403)	(207)	46	(6)		(2)	3,962
	46	(75)			(0)		(2)	879
	776	(326)	(207)	46	(6)			3,081
	766	*(310)*	*(200)*	*46*	*(6)*			*2,977*
	10	*(16)*	*(7)*					*104*
		(1)						1
	5,430	(5,087)	(522)	317	(306)		20	11,401

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, 2017. With the aid of probable assumptions, this sensitivity was used to estimate the impacts of market fluctuations in uncertain economic environments. This estimate was performed using:

- adjustments to a standardized[1] variation in unobservable inputs related to assumptions of additional valuation for fixed income, currency and equity instruments. The resulting sensitivity was €17.1 million;
- a flat variation of:
  - +/-50 basis points applied to the margin used for the discounted cash flow expected on TruPS CDOs.

  i.e. a sensitivity impact representing a valuation increase of €9.9 million (reflecting an improvement in the above-mentioned inputs) or a valuation decrease of €9.4 million (reflecting a deterioration in said inputs[2]).

6.7.5.2 Financial assets at fair value: transfer between fair value levels

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		At December 31, 2017				
	From	Level 1	Level 2	Level 2	Level 3	Level 3
(in millions of euros)	To	Level 2	Level 1	Level 3	Level 1	Level 2
Financial assets held for trading		**413**	**333**	**1,104**		**147**
Securities held for trading		399	326	1		122
o/w fixed-income securities		*233*	*239*	*1*		*122*
o/w variable-income securities		*166*	*86*			
Derivative instruments not eligible for hedge accounting (positive fair value)		15	8	1,103		24
o/w interest rate derivatives				*35*		*13*
o/w currency derivatives				*1,054*		*3*
o/w credit derivatives						*4*
o/w equity derivatives		*10*	*7*	*14*		*5*
o/w other		*5*	*1*			
Other financial assets held for trading						
Financial assets designated under the fair value option through profit or loss			**2**			**0**
Securities under the fair value option through profit or loss			2			0
o/w fixed-income securities			*2*			*0*
o/w variable-income securities						*0*
Other financial assets under the fair value option through profit or loss						
Hedging derivatives (assets)						
Available-for-sale financial assets		**209**	**695**	**143**		**157**
Available-for-sale securities - Equity investments						
Other available-for-sale securities		209	689	143		157
o/w fixed-income securities		*209*	*689*	*39*		*157*
o/w variable-income securities				*104*		
Other available-for-sale financial assets			6			

(1) i.e. the standard deviation of consensus prices used to measure the inputs.

(2) Impact determined before taking the BPCE guarantee into account.

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	At December 31, 2016					
	From	Level 1	Level 2	Level 2	Level 3	Level 3
(in millions of euros)	To	Level 2	Level 1	Level 3	Level 1	Level 2
Financial assets held for trading		**17**	**429**	**136**		**315**
Securities held for trading		17	429	1		
o/w fixed-income securities		*17*	*56*	*1*		
o/w variable-income securities			*373*			
Derivative instruments not eligible for hedge accounting (positive fair value)				135		315
o/w interest rate derivatives				*135*		*315*
o/w currency derivatives						
o/w credit derivatives						
o/w equity derivatives						
o/w other						
Other financial assets held for trading						
Financial assets desginated under the fair value option through profit or loss				**135**		
Securities under the fair value option through profit or loss						
o/w fixed-income securities						
o/w variable-income securities						
Other financial assets under the fair value option through profit or loss				135		
Hedging derivatives (assets)						
Available-for-sale financial assets		**312**	**702**	**46**		**207**
Available-for-sale securities - Equity investments						
Other available-for-sale securities		312	702	46		207
o/w fixed-income securities		*291*	*699*	*46*		*200*
o/w variable-income securities		*21*	*3*	*0*		*7*
Other available-for-sale financial assets						

6.7.6 Financial assets valued at amortized cost

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(in millions of euros)	At December 31, 2017				
	Book value	Fair value	Level 1	Level 2	Level 3
Loans and receivables due from banks	**45,289**	**45,851**	**0**	**44,532**	**1,319**
o/w unlisted fixed-income securities	*298*	*298*	*0*	*101*	*198*
o/w loans and receivables	*30,968*	*31,466*	*0*	*30,345*	*1,121*
o/w reverse repurchased securities	*7,480*	*7,545*	*0*	*7,545*	*0*
*Other**	*6,543*	*6,542*	*0*	*6,542*	*0*
Customer loans and receivables	**136,768**	**137,434**	**0**	**94,542**	**42,892**
o/w unlisted fixed-income securities	*625*	*635*	*0*	*63*	*572*
o/w loans and receivables	*75,712*	*76,211*	*0*	*35,152*	*41,059*
o/w reverse repurchased securities	*45,265*	*45,265*	*0*	*45,265*	*0*
o/w finance leases	*11,336*	*11,493*	*0*	*10,232*	*1,260*
*Other**	*3,829*	*3,829*	*0*	*3,829*	*0*
Held-to-maturity assets	**1,885**	**2,198**	**2,026**	**79**	**93**
TOTAL FINANCIAL ASSETS	**183,942**	**185,482**	**2,026**	**139,153**	**44,303**

* *Including ordinary bank current accounts.*

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(in millions of euros)	At December 31, 2016				
	Book value	Fair value	Level 1	Level 2	Level 3
Loans and receivables due from banks	**58,783**	**59,281**	**0**	**50,744**	**8,537**
o/w unlisted fixed-income securities	*1,328*	*1,334*	*0*	*1,311*	*23*
o/w loans and receivables	*37,657*	*38,153*	*0*	*36,913*	*1,240*
o/w reverse repurchased securities	*11,312*	*11,318*	*0*	*4,044*	*7,274*
*Other**	*8,486*	*8,476*	*0*	*8,476*	*0*
Customer loans and receivables	**140,303**	**140,566**	**0**	**78,925**	**61,640**
o/w unlisted fixed-income securities	*3,926*	*3,947*	*0*	*303*	*3,644*
o/w loans and receivables	*77,604*	*77,697*	*0*	*34,695*	*43,002*
o/w reverse repurchased securities	*43,996*	*43,995*	*0*	*33,132*	*10,864*
o/w finance leases	*10,267*	*10,415*	*0*	*6,285*	*4,130*
*Other**	*4,511*	*4,511*	*0*	*4,510*	*0*
Held-to-maturity assets	**2,066**	**2,479**	**2,180**	**200**	**99**
TOTAL FINANCIAL ASSETS	**201,153**	**202,325**	**2,180**	**129,869**	**70,276**

* *Including ordinary bank current accounts.*

6.8 Deferred tax assets and liabilities

(in millions of euros)	12.31.2017	12.31.2016
Main sources of deferred tax [a]		
Flow-through entities	(2)	(2)
Unrealized leasing reserves	(788)	(578)
Elimination of equalization reserve	(292)	(312)
Financial instruments at fair value through equity	(707)	(668)
Fair value of Private Equity business	(109)	(92)
Provisions for employee benefits	566	486
Other non-deducted provisions	1,268	1,372
Non-deducted accrued expenses (including deferred compensation)	281	259
Unrealized gains on mutual funds	(36)	19
Tax losses carried forward and similar	7,801	7,980
Internal credit risk on issues	275	95
Tax amortization of goodwill [b]	(1,201)	(1,363)
Other temporary differences	18	206
TOTAL SOURCES OF DEFERRED TAX, GROSS	**7,074**	**7,402**
Unrecognized sources of deferred tax assets	(4,105)	(3,826)
TOTAL SOURCES OF DEFERRED TAX, NET	**2,969**	**3,576**
Total deferred tax recognized	**965**	**1,223**
o/w:		
deferred tax assets	*1,585*	*1,908*
deferred tax liabilities	*(620)*	*(685)*

(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.

The change in deferred taxes on items whose variation is recorded directly in reserves is presented in Note 8.2 "Breakdown of tax on gains and losses recognized in other comprehensive income". At December 31, 2017, this amount was +€14 million compared to -€37 million at December 31, 2016. Other changes in deferred taxes for the period are booked to profit or loss.

Breakdown of deferred tax assets on losses by geographic area:

(in millions of euros)	12.31.2017	12.31.2016	Legal carryforward period	Max. recognition period
Deferred tax assets on losses by geographic area				
France	858	1,106	Unlimited	10 years
United States	112	197	20 years [a]	10 years [b]
United Kingdom			Unlimited	10 years
Other	114	40		
TOTAL	**1,084**	**1,343**		

(a) For tax losses that arose prior to January 1, 2018;

(b) As for the federal deficit, the "State" and "City" portions may be activated over longer periods (limited to the legal time limit).

6.9 Accrual accounts, other assets and liabilities

This heading corresponds to technical accounts, details of which are given below:

6.9.1 Other assets and liabilities

ASSETS

(in millions of euros)	Notes	12.31.2017	12.31.2016
Other assets	6.9.1.1	31,028	31,768
Accrual accounts (excluding insurance)		2,025	2,753
Insurance accrual accounts	6.9.3.1	13,570	11,588
TOTAL		**46,624**	**46,109**

LIABILITIES

(in millions of euros)	Notes	12.31.2017	12.31.2016
Other liabilities	6.9.1.2	25,066	29,642
Accrual accounts (excluding insurance) [(a)]		3,143	5,844
Insurance accrual accounts	6.9.3.2	9,728	8,978
TOTAL		**37,937**	**44,464**

(a) Including the outstanding non-amortized amount of the margin not recognized in income on the transaction date ("Day One Profit") of €76 million at December 31, 2017 versus €74 million at December 31, 2016 (see Note 6.9.2).

6.9.1.1 Other assets

(in millions of euros)	12.31.2017	12.31.2016
Securities settlement accounts	308	243
Other items	573	982
Security deposits paid	17,645	20,589
Other miscellaneous debtors	12,468	9,907
Accrued interest	33	47
TOTAL	**31,028**	**31,768**

6.9.1.2 Other liabilities

(in millions of euros)	12.31.2017	12.31.2016
Miscellaneous creditors	8,984	7,780
Securities settlement accounts	289	262
Security deposits received	13,169	19,363
Other	2,624	2,237
TOTAL	**25,066**	**29,642**

6.9.2 Restatement of the deferred margin on financial instruments

The table below shows the deferred day-one margin on instruments priced using valuation techniques drawing on non-observable inputs or market models not commonly used classified as Level 3 in the fair value hierarchy: at the start of the period, at the end of the period, and changes during the period.

The instruments on which the day-one margin is deferred are described in Note 5.6.

(in millions of euros)	12.31.2017	12.31.2016
Deferred margin at the beginning of the period	74	82
Margin arising on new transactions	100	53
Margin recognized during the period	(97)	(62)
Other changes		
DEFERRED MARGIN AT THE END OF THE PERIOD	**76**	**74**

6.9.3 Insurance accrual accounts

6.9.3.1 Insurance accrual accounts – Assets

(in millions of euros)	12.31.2017	12.31.2016
Reinsurers' share of technical reserves	11,412	9,503
Insurance receivables	1,252	1,186
Reinsurance receivables	33	46
Accrued premium income	173	181
Deferred acquisition costs	699	670
Other		3
TOTAL	**13,570**	**11,589**

6.9.3.2 Insurance accrual accounts - Liabilities

(in millions of euros)	12.31.2017	12.31.2016
Insurance liabilities	507	316
Reinsurance liabilities	179	120
Cash deposits received from reinsurers	9,042	8,539
Other liabilities		3
TOTAL	**9,728**	**8,978**

6.10 Property, plant and equipment, intangible assets, investment property

6.10.1 Changes in property, plant and equipment and intangible assets over the period

(in millions of euros)	12.31.2017 Gross value	12.31.2017 Impairment and amortization	12.31.2017 Net value	12.31.2016 Gross value	12.31.2016 Impairment and amortization	12.31.2016 Net value
Property, plant and equipment	**1,790**	**(1,032)**	**758**	**1,679**	**(1,007)**	**672**
Land and buildings	451	(301)	150	426	(285)	141
Other	1,339	(731)	608	1,253	(722)	531
Intangible assets (a)	**2,110**	**(1,378)**	**732**	**2,006**	**(1,262)**	**744**
Leasehold rights	44	(14)	30	47	(14)	33
Software	1,669	(1,228)	441	1,551	(1,118)	433
Other	397	(136)	261	407	(129)	278
TOTAL	**3,900**	**(2,410)**	**1,490**	**3,684**	**(2,269)**	**1,415**

(a) Of which for intangible assets:
- *€180 million at December 31, 2017 and €193 million at December 31, 2016 for the Asset & Wealth Management Division;*
- *€105 million at December 31, 2017 and €113 million at December 31, 2016 for the Corporate & Investment Banking Division;*
- *€139 million at December 31, 2017 and €157 million at December 31, 2016 for the Insurance Division;*
- *€241 million at December 31, 2017 and €214 million at December 31, 2016 for the Specialized Financial Services Division;*
- *€64 million at December 31, 2017 and €61 million at December 31, 2016 for Coface;*
- *€2 million at December 31, 2017 and €6 million at December 31, 2016 for the Corporate Center.*

At December 31, 2017, intangible assets reclassified as assets held for sale pursuant to IFRS 5 totaled €0 million compared to €11 million at December 31, 2016.

(in millions of euros)	Gross value 01.01.2017	Increase	Decrease	Change in consolidation scope and other items	Gross value 12.31.2017
Property, plant and equipment	**1,679**	**327**	**(162)**	**(54)**	**1,790**
Land and buildings	426	16	(1)	10	451
Other	1,253	310	(161)	(64)	1,339
Intangible assets	**2,006**	**145**	**(31)**	**(10)**	**2,110**
Leasehold rights	47			(3)	44
Software	1,551	65	(23)	75	1,669
Other	407	80	(8)	(82)	397
TOTAL	**3,684**	**472**	**(193)**	**(64)**	**3,900**

(in millions of euros)	Gross value 01.01.2016	Increase	Decrease	Change in consolidation scope and other items	Gross value 12.31.2016
Property, plant and equipment	**1,701**	**253**	**(261)**	**(13)**	**1,679**
Land and buildings	500	22	(118)	22	426
Other	1,201	230	(143)	(36)	1,253
Intangible assets	**1,961**	**128**	**(46)**	**(38)**	**2,006**
Leasehold rights	52	1	(6)	0	47
Software	1,547	45	(31)	(10)	1,551
Other	362	82	(8)	(28)	407
TOTAL	**3,662**	**381**	**(307)**	**(51)**	**3,684**

6.10.2 Investment property

(in millions of euros)	12.31.2017 Gross value	12.31.2017 Impairment and amortization	12.31.2017 Net value	12.31.2016 Gross value	12.31.2016 Impairment and amortization	12.31.2016 Net value
Investment property						
At fair value (a)	918		918	947		947
At historical cost	352	(198)	155	327	(190)	137
TOTAL	**1,270**	**(198)**	**1,073**	**1,274**	**(190)**	**1,084**

The fair value of investment property, for which the valuation techniques are described in Notes 5.6 and 5.8, is classified in Level 3 of the fair value hierarchy of IFRS 13.

(a) Insurance company investments. 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, 2017 compared to 87.0% at December 31, 2016 (see Note 2.8).

6.10.3 Fair value of investment property

The fair value of investment property is obtained by discounting the rental yield of these assets at the market rate.

(in millions of euros)	12.31.2017 Net value	12.31.2017 Fair value	12.31.2016 Net value	12.31.2016 Fair value
Operating leases	96	168	106	164
Finance leases - ITNL	59	76	32	36
TOTAL	**155**	**244**	**137**	**201**

6.11 Assets obtained by taking possession of guarantees

(in millions of euros)	12.31.2017	12.31.2016
Investment property	-	-
Equity and debt instruments		76
TOTAL	**-**	**76**

6.12 Goodwill

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(in millions of euros)	01.01.2017 Opening balance	12.31.2017 Acquisitions during the period	Disposals	Write-downs	Translation adjustments	Reclassification and other activity	Closing balance
Asset & Wealth Management [(a) (b)]	**3,073**	**104**			**(191)**		**2,986**
Asset Management	3,001	104			(191)		2,914
Wealth management	72						72
Corporate & Investment Banking	**87**				**(10)**		**77**
Strategic and Acquisition Finance	87				(10)		77
Insurance [(a)]	**93**						**93**
Specialized Financial Services [(c)]	**64**	**98**					**163**
Employee Savings Schemes	31						31
Sureties & Financial Guarantees	12						12
Consumer Finance	10						10
Payments	6	98					104
Factoring	6						6
Coface	**282**				**(1)**		**281**
Corporate Center (excluding Coface)	**0**						**0**
TOTAL	**3,600**	**202**			**(201)**		**3,601**

(a) Under the new strategic plan, New Dimension (see Note 9), and in line with the creation of the new Insurance business line, the Investment Solutions CGU was split into two separate CGUs: "Asset & Wealth Management" and "Insurance". Goodwill associated with the entities comprising the "Asset & Wealth Management" and "Insurance" Divisions was mainly reallocated to these two new CGUs according to the entities to which they report, with each entity assigned to only one CGU;

(b) Including €3.2 million for the goodwill recorded on the acquisition of Althelia Ecosphere.

Including €100.4 million for the goodwill recorded on the acquisition of Investor Mutual Limited.

(c) Including €11.8 million in goodwill recorded on the acquisition of Lakooz by S-Money, €14.3 million on the acquisition of PayPlug and €72.3 million on the acquisition of Fintech Dalenys. These four companies specialize in new online payment methods.

Goodwill on entities consolidated using the equity method amounted to €3.2 million at December 31, 2017.

Certain goodwill recorded on the United States gives rise to a tax amortization over 15 years due to the difference between the book value of the goodwill and its fiscal value. This difference in treatment generated a deferred tax liability of €310.8 million as at December 31, 2017.

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	01.01.2016	12.31.2016					
(in millions of euros)	Opening balance	Acquisitions during the period	Disposals	Write-downs	Translation adjustments	Reclassification and other activity	Closing balance
Asset & Wealth Management	**3,013**	**20**	**(1)**		**42**		**3,073**
Asset Management	2,941	20	(1)		42		3,001
Wealth management	72						72
Corporate & Investment Banking [(a)]	**5**	**76**			**6**		**87**
Strategic and Acquisition Finance	5	76			6		87
Insurance	**93**						**93**
Specialized Financial Services	**59**				**0**	**6**	**64**
Employee Savings Schemes	31						31
Sureties & Financial Guarantees	12						12
Consumer Finance	10						10
Payments	6						6
Factoring					0	6	6
Financial Investments [(b)]	**357**			**(75)**	**1**	**(1)**	**282**
Coface	357			(75)	1	(1)	282
Other activities	**31**		**(3)**			**(28)**	**0**
TOTAL	**3,558**	**96**	**(4)**	**(75)**	**49**	**(23)**	**3,600**

(a) Including €3.4 million in goodwill recorded on the acquisition of Natixis Capital Partners Spain (previously named 360 Corporate), which provides M&A advisory services, and €72.4 million in goodwill recorded on the acquisition of PJSC, specialized in M&A and restructuring advisory services;

(b) At December 31, 2016 an impairment charge was recorded on goodwill on Coface, in the amount of €75 million (see Note 2.5). The €281.9 million in goodwill recorded at December 31, 2016 includes €116.5 million in group share, and €165.4 million for non-controlling interests.

Goodwill on entities consolidated using the equity method amounted to €7.8 million at December 31, 2016.

At December 31, 2016, goodwill of €23.2 million carried by Ellisphère was reclassified as Non-current assets held for sale.

Certain goodwill recorded on the United States gives rise to a tax amortization over 15 years due to the difference between the book value of the goodwill and its fiscal value. This difference in treatment generated a deferred tax liability of €530.4 million as at December 31, 2016.

6.13 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 IAS 39 within other financial liabilities using the amortized cost method.

6.13.1 Due to banks

(in millions of euros)	12.31.2017	12.31.2016
Current accounts and accrued interest	**4,116**	**6,726**
Deposits and loans	**80,564**	**75,642**
demand	*3,891*	*5,297*
term	*76,673*	*70,345*
Repurchased notes		
demand		
term		
Repurchased securities	**19,470**	**18,780**
demand	*4,841*	*5,305*
term	*14,630*	*13,475*
Other liabilities	**69**	**60**
Accrued interest	**99**	**165**
TOTAL	**104,318**	**101,374**

The fair value of amounts due to banks is presented in Note 6.19.

6.13.2 Customer deposits

(in millions of euros)	12.31.2017	12.31.2016
Current accounts	**21,332**	**21,700**
demand	*12,438*	*13,567*
term	*8,894*	*8,133*
Deposits and loans	**13,901**	**15,965**
demand	*4,977*	*7,369*
term	*8,924*	*8,596*
Repurchased securities	**53,798**	**45,599**
demand	*22,348*	*11,872*
term	*31,450*	*33,727*
Special savings accounts	**213**	**179**
Factoring accounts	**2,347**	**2,335**
Accrued interest	**58**	**60**
Other	**2,922**	**634**
TOTAL	**94,571**	**86,472**

The fair value of customer deposits is presented in Note 6.19.

6.14 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)	12.31.2017	12.31.2016
Money market instruments	29,510	44,420
Bonds	1,265	2,700
Other debt securities	1,776	1,770
Accrued interest	22	31
TOTAL	**32,574**	**48,921**

The fair value of customer deposits is presented in Note 6.19.

6.15 Insurance companies' technical reserves

In order to reflect their obligations toward policyholders, insurance companies record under liabilities technical reserves determined on the basis of statistical calculations.

Provisions for unearned premium income reflect the portion (calculated on an accrual basis) of premiums issued during the fiscal year that relate to a period after the reporting date.

Reserves for life-insurance policies are primarily composed of mathematical reserves corresponding to the surrender value of the contract.

Life insurance loss reserves cover the capital payable upon the occurrence of a loss. In credit insurance and non-life insurance, they include an estimate of the total cost of losses reported but not yet settled at the end of the reporting period. Accrued losses are topped up by a reserve for unknown losses calculated on a statistical basis.

The deferred profit-sharing reserve represents the portion of unrealized gains or losses on investments potentially attributable to policyholders.

Other technical reserves include reserves for financial contingencies and for deferred acquisition costs.

(in millions of euros)	12.31.2017	12.31.2016
Mathematical reserves	**65,723**	**58,943**
Life insurance	51,493	48,415
Representing unit-linked contracts	14,230	10,528
Loss reserves	**3,277**	**3,028**
Profit-sharing reserves (a)	**5,177**	**4,657**
Other technical reserves	**2,425**	**2,182**
TOTAL	**76,602**	**68,810**

(a) At December 31, 2017, net deferred profit-sharing liabilities amounted to €3,275 million, compared with deferred profit-sharing liabilities of €3,108 million at December 31, 2016 (see Note 2.8).

6.16 Provisions and impairment

6.16.1 Summary of provisions and impairment

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	01.01.2017	Increase	Reversal (utilized provisions) [(a)]	Reversal (surplus provisions) [(b)]	Translation adjustments	Changes in scope	Other [(c)]	12.31.2017
Provisions for impairment deducted from assets	**3,285**	**678**	**(327)**	**(488)**	**(98)**	**27**	**56**	**3,132**
Provisions for loans and receivables	2,185	462	(324)	(316)	(82)	27	91	2,044
Impairment losses taken on available-for-sale financial assets	563	37	(1)	(75)	(0)	(2)	(7)	515
Other impairment	536	179	(2)	(98)	(16)	2	(29)	573
Provisions recognized in liabilities	**2,268**	**342**	**(298)**	**(194)**	**(111)**	**8**	**(22)**	**1,994**
Contingency reserves	1,994	311	(254)	(185)	(111)	8	(21)	1,742
Provisions for current tax	273	32	(43)	(9)	(0)		(1)	252
TOTAL	**5,553**	**1,020**	**(625)**	**(682)**	**(209)**	**35**	**34**	**5,126**

The amounts shown in the above table include write-downs of assets held by life insurance companies. They are shown without the impact of changes in insurance company technical reserves.

(a) *Of which €144 million in reversals used following disposals of receivables made during the year.*

(b) *Of which €10 million in reversals not used following disposals of receivables made during the year.*

(c) *Of which a €3.4 million change in actuarial assumptions for employee benefits recorded directly in other comprehensive income with no recycling.*

Impact on the income statement *(in millions of euros)*	Charges	Reversals	Net impact
Net revenues	**(340)**	**418**	**78**
Operating expenses	(152)	284	132
Impairment and amortization of property, plant and equipment and intangible assets	(0)	1	1
Gross operating income	**(492)**	**703**	**211**
Provision for credit losses	(497)	604	108
Gains or losses on other assets			-
Pre-tax profit	**(989)**	**1,307**	**318**
Income tax	(32)	53	21
NET INCOME	**(1,020)**	**1,359**	**339**

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	01.01.2016	Increase	Reversal (utilized provisions) [a]	Reversal (surplus provisions) [b]	Translation adjustments	Changes in scope	Other [c]	12.31.2016
Provisions for impairment deducted from assets	**3,334**	**749**	**(320)**	**(406)**	**21**	**15**	**(108)**	**3,285**
Provisions for loans and receivables	2,320	588	(296)	(302)	18		(144)	2,185
Impairment losses taken on available-for-sale financial assets	538	63		(41)	(1)	1	3	563
Other impairment	476	99	(24)	(64)	3	14	33	536
Provisions recognized in liabilities	**1,907**	**377**	**(162)**	**(81)**	**26**	**3**	**199**	**2,268**
Contingency reserves	1,668	318	(146)	(76)	26	3	202	1,994
Provisions for current tax	239	59	(16)	(5)	0		(3)	273
TOTAL	5,241	1,126	(482)	(487)	47	17	91	5,553

The amounts shown in the above table include write-downs of assets held by life insurance companies. They are shown without the impact of changes in insurance company technical reserves.

The amounts shown in the above table include write-downs of assets held by life insurance companies. They are shown without the impact of changes in insurance company technical reserves.

(a) Of which €122 million in reversals used following disposals of receivables made during the year.

(b) Of which €30 million in reversals not used following disposals of receivables made during the year.

(c) Of which: a €53 million change in actuarial assumptions for employee benefits recorded directly in other comprehensive income with no recycling.

Impact on the income statement *(in millions of euros)*	Charges	Reversals	Net impact
Net revenues	**(332)**	**179**	**(153)**
Operating expenses	(182)	137	(45)
Impairment and amortization of property, plant and equipment and intangible assets	(6)	4	(2)
Gross operating income	**(520)**	**319**	**(201)**
Provision for credit losses	(548)	616	68
Gains or losses on other assets	-	-	
Pre-tax profit	**(1,067)**	**935**	**(132)**
Income tax	(59)	21	(37)
NET INCOME	(1,126)	956	(170)

6.16.2 Contingency reserves

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(in millions of euros)	Notes	01.01.2017	Increase	Reversal (utilized provisions)	Reversal (surplus provisions)	Translation adjustments	Changes in scope	Other	12.31.2017
Counterparty risks		**741**	**102**	**(0)**	**(41)**	**(94)**		**(21)**	**687**
Financing and guarantee commitments		51	27		(34)	(3)		(21)	19
Legal disputes [a]		676	60	(0)	(1)	(89)		(0)	646
Other provisions		14	15	(0)	(6)	(2)			21
Impairment risks		**55**	**7**	**(4)**	**(23)**	**(1)**		**0**	**35**
Long-term investments		41	2	(1)	(20)	(1)		0	21
Real estate developments		0	0						0
Other provisions		14	5	(2)	(3)				14
Employee benefit obligations	11	**793**	**107**	**(161)**	**(61)**	**(10)**	**0**	**3**	**671**
Operational risks [b][c]		**405**	**94**	**(89)**	**(59)**	**(7)**	**8**	**(3)**	**349**
TOTAL		1,994	311	(255)	(185)	(111)	8	(21)	1,742

(a) of which €388.8 million in provisions at December 31, 2017 in respect of exposure to outstanding Madoff assets, net of insurance. The amount of insurance was €123 million for disputes pertaining to the case (see Chapter [3], Section [3.11], "Risk and Capital Adequacy").

(b) of which €2 million at December 31, 2017 in respect of the workforce adjustment plan completed in 2015.

(c) of which €30.6 million of provisions for restructuring costs at December 31, 2017 in respect of the Coface plan.

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(in millions of euros)	Notes	01.01.2016	Increase	Reversal (utilized provisions)	Reversal (surplus provisions)	Translation adjustments	Changes in scope	Other	12.31.2016
Counterparty risks		**751**	**30**	**(36)**	**(27)**	**22**		**2**	**741**
Financing and guarantee commitments		54	4	(1)	(7)	1		1	51
Legal disputes [(a)]		680	20	(30)	(15)	21			676
Other provisions		17	6	(4)	(6)	0		1	14
Impairment risks		**67**	**5**	**(10)**	**(8)**	**0**		**(0)**	**55**
Long-term investments		53	2	(8)	(6)	0			41
Real estate developments		0	0		(0)				0
Other provisions		14	3	(2)	(1)			(0)	14
Employee benefit obligations	11	**568**	**99**	**(69)**	**(31)**	**3**	**2**	**220**	**793**
Operational risks [(b) (c)]		**281**	**185**	**(32)**	**(10)**	**1**	**0**	**(19)**	**405**
TOTAL		**1,668**	**318**	**(146)**	**(76)**	**26**	**3**	**202**	**1,994**

(a) *of which €479.9 million in provisions at December 31, 2016 in respect of outstanding Madoff assets, net of insurance.*
(b) *of which €5.5 million at December 31, 2016 in respect of the workforce adjustment plan completed in 2015.*
(c) *of which €42 million of provisions for restructuring costs at December 31, 2016 in respect of the Coface plan (see Note 5.14).*

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6.17 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)	12.31.2017	12.31.2016
Dated subordinated debt[(a)]	3,393	3,907
Undated subordinated debt	261	261
Accrued interest	20	40
TOTAL	**3,674**	**4,208**

The main features of subordinated notes issues are outlined in the Chapter [14] of the Pillar III report.
(a) *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 2017 fiscal year

(in millions of euros)	12.31.2016	Issues	Redemptions[(a)]	Translation adjustments	Changes in scope	Other[(b)]	12.31.2017
Other dated subordinated debt	**3,907**	**0**	**(540)**	**(0)**		**25**	**3,393**
Subordinated notes	1,157	0	(500)	(0)		25	683
Subordinated loans	2,750		(40)				2,710
Other undated subordinated debt	**261**						**261**
Deeply subordinated notes							
Subordinated notes	10						10
Subordinated loans	251						251
TOTAL	**4,168**	**0**	**(540)**	**(0)**		**25**	**3,654**

This table does not include accrued interest.
(a) *Loan repayments and securities redemptions comprised:*
- *the expiry of an EMTN issued in 2006 on January 20, 2017, for -€500 million;*
- *the repayment of a loan from BPCE on December 7, 2017 for €40 million.*

(b) *Other changes mainly pertained to the revaluation of debts subject to hedging and variations in intra-group securities held by Natixis Funding for the purposes of market making with respect to Natixis' debt on the secondary market.*

Changes in subordinated debt over the 2016 fiscal year

(in millions of euros)	12.31.2015	Issues[(a)]	Redemptions[(b)]	Translation adjustments	Changes in scope[(c)]	Other	12.31.2016
Other dated subordinated debt	**4,551**	**300**	**(956)**	**(1)**		**12**	**3,907**
Subordinated notes	1,145	0		(1)		12	1,157
Subordinated loans	3,406	300	(956)				2,750
Other undated subordinated debt	**261**						**261**
Deeply subordinated notes							
Subordinated notes	10						10
Subordinated loans	251						251
TOTAL	**4,812**	**300**	**(956)**	**(1)**		**12**	**4,168**

This table does not include accrued interest.

(a) Issues concerned a loan of €300 million from BPCE to Natixis;

(b) Loan repayments and securities redemptions comprised:

- the repayment of a loan from BPCE for €480 million;

- the repayment of a loan from BPCE for €476 million.

(c) 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. This involved the line of participating loans from November 1985 and the DSN issues from July 2003, December 2006 and May 2007

6.18 Fair value of financial liabilities carried at fair value in the balance sheet

The table below presents the fair value of all financial liabilities, whether or not they are recognized at fair value in the balance sheet.

The fair value of financial liabilities carried at fair value in the balance sheet is broken down according to the hierarchy of inputs used to value the assets, as described in Note 5.6.

	At December 31, 2017				At December 31, 2016			
Liabilities *(in millions of euros)*	Book value	Level 1	Level 2	Level 3	Book value	Level 1	Level 2	Level 3
Financial liabilities held for trading	**85,937**	**26,340**	**57,652**	**1,945**	**88,787**	**22,868**	**65,089**	**830**
Securities issued for trading purposes	**26,096**	**25,750**	**345**	**0**	**23,137**	**22,113**	**1,024**	
Derivative instruments not eligible for hedge accounting (negative fair value)	**59,783**	**590**	**57,249**	**1,945**	**65,285**	**756**	**63,700**	**830**
o/w interest rate derivatives	*39,099*	*64*	*38,839*	*197*	*35,176*	*31*	*34,949*	*197*
o/w currency derivatives	*14,681*	*1*	*13,508*	*1,172*	*20,728*	*1*	*20,672*	*54*
o/w credit derivatives	*793*		*467*	*326*	*844*		*420*	*424*
o/w equity derivatives	*4,856*	*395*	*4,210*	*251*	*8,071*	*523*	*7,394*	*154*
Other	*354*	*130*	*224*		*466*	*201*	*265*	
Other financial liabilities held for trading	**57**		**57**		**365**		**365**	
Financial liabilities designated under the fair value option through profit or loss	**58,948**	**2,908**	**54,571**	**1,469**	**57,439**	**1,170**	**55,498**	**771**
Securities under the fair value option through profit or loss	20,535		20,162	373	18,564		18,471	93
Other financial liabilities under the fair value option through profit or loss	38,414	2,908	34,409	1,097	38,875	1,170	37,027	678
Hedging derivatives (liabilities)	**710**		**710**		**2,011**		**2,011**	**1**
o/w interest rate derivatives	*710*		*710*		*2,011*		*2,011*	*1*
TOTAL	**145,595**	**29,248**	**112,933**	**3,414**	**148,238**	**24,039**	**122,598**	**1,601**

6.18.1 Financial liabilities at fair value measured using level 3 of the fair value hierarchy

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(in millions of euros)	Level 3 opening balance 01.01.2017	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 liabilities at fair value through profit and loss - Trading	**830**	**(306)**	**(13)**	
Securities issued for trading purposes			0	
Derivative instruments not eligible for hedge accounting (negative fair value)	**830**	**(306)**	**(13)**	
o/w interest rate derivatives	*197*	*52*	*(2)*	
o/w currency derivatives	*54*	*(189)*	*(21)*	
o/w credit derivatives	*424*	*(63)*	*(7)*	
o/w equity derivatives	*154*	*(106)*	*18*	
Other financial liabilities held for trading				
Financial liabilities under the fair value option through profit or loss	**771**	**72**	**(79)**	
Securities under the fair value option through profit or loss	93	(6)	(0)	
Other financial liabilities under the fair value option through profit or loss	678	78	(79)	
Hedging derivatives		**0**		
TOTAL FINANCIAL LIABILITIES RECOGNIZED AT FAIR VALUE	**1,601**	**(234)**	**(92)**	

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(in millions of euros)	Level 3 opening balance 01.01.2016*	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 liabilities at fair value through profit and loss - Trading	**1,560**	**(27)**	**(409)**	
Securities issued for trading purposes	24	(12)		
Derivative instruments not eligible for hedge accounting (negative fair value)	**1,536**	**(14)**	**(408)**	
o/w interest rate derivatives	*707*	*(20)*	*(212)*	
o/w currency derivatives	*17*	*43*		
o/w credit derivatives	*504*	*(14)*	*(82)*	
o/w equity derivatives				
Other financial liabilities held for trading	308	(23)	(115)	
Financial liabilities at fair value through profit or loss – fair value option	**712**	**72**	**(48)**	
Securities under the fair value option through profit or loss	36	(6)	(1)	
Other financial liabilities under the fair value option through profit or loss	676	79	(47)	
Hedging derivatives	**0**			
TOTAL FINANCIAL LIABILITIES RECOGNIZED AT FAIR VALUE	**2 272**	**45**	**(456)**	**(0)**

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 12.31.2017
360	**(206)**	**(55)**	**1,335**		**0**		**1,945**
0							0
360	**(206)**	**(55)**	**1,335**		**0**		**1,945**
5	*(58)*	*(27)*	*30*				*197*
69	*(19)*	*(2)*	*1,279*		*0*		*1,172*
0	*(28)*	*(1)*					*326*
286	*(101)*	*(25)*	*25*				*251*
1,261	**(607)**		**51**			**(0)**	**1,469**
243	(8)		51			(0)	373
1,019	(599)						1,097
							0
1,621	(812)	(55)	1,385		0	(0)	3,414

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 12.31.2016
111	**(194)**	**(48)**	**52**	**(216)**			**830**
13	(18)	(6)					
99	**(176)**	**(42)**	**52**	**(216)**			**830**
41	*(66)*	*(11)*	*(1)*	*(242)*			*197*
2	*(8)*						*54*
0	*(59)*	*(3)*	*53*	*25*			*424*
56	*(43)*	*(28)*					*154*
664	**(633)**		**3**				**771**
68	(3)						93
596	(629)		3				678
776	(827)	(48)	55	(216)		0	1,601

6.18.2 Financial liabilities at fair value: transfer between fair value levels

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	At December 31, 2017			
From	Level 1	Level 2	Level 2	Level 3
(in millions of euros) To	Level 2	Level 1	Level 3	Level 2
Financial liabilities held for trading	**15**	**92**	**1,335**	**55**
Securities issued for trading purposes	7	69		
Derivative instruments not eligible for hedge accounting (negative fair value)	6	23	1,335	55
o/w interest rate derivatives			*30*	*27*
o/w currency derivatives			*1,279*	*2*
o/w credit derivatives				*1*
o/w equity derivatives	*6*	*23*	*25*	*25*
Other	*2*	*0*		
Other financial liabilities held for trading				
Financial liabilities designated under the fair value option through profit or loss			**51**	
Securities under the fair value option through profit or loss			51	
Other financial liabilities under the fair value option through profit or loss				
Hedging derivatives (liabilities)				

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	At December 31, 2016			
From	Level 1	Level 2	Level 2	Level 3
(in millions of euros) To	Level 2	Level 1	Level 3	Level 2
Financial liabilities held for trading	**5**	**2**	**53**	**48**
Securities issued for trading purposes	5	2		6
Derivative instruments not eligible for hedge accounting (negative fair value)			53	42
o/w interest rate derivatives			*1*	*11*
o/w currency derivatives				
o/w credit derivatives			*53*	*3*
o/w equity derivatives			*0*	*28*
Other				
Other financial liabilities held for trading				
Financial liabilities designated under the fair value option through profit or loss			**3**	
Securities under the fair value option through profit or loss				
Other financial liabilities under the fair value option through profit or loss			3	
Hedging derivatives (liabilities)				

6.19 Fair value of financial liabilities valued at amortized cost

DECEMBER 31, 2017

	At December 31, 2017				
(in millions of euros)	Book value	Fair value	Level 1	Level 2	Level 3
Due to banks	**104,318**	**104,631**	**0**	**99,297**	**5,334**
o/w accounts and deposits	*80,434*	*80,748*	*0*	*79,002*	*1,746*
o/w repurchased securities	*19,475*	*19,475*	*0*	*15,899*	*3,576*
*Other**	*4,409*	*4,409*	*0*	*4,397*	*12*
Amounts due to customers	**94,571**	**94,580**	**0**	**93,364**	**1,216**
o/w accounts and deposits	*22,815*	*22,824*	*0*	*21,783*	*1,041*
o/w repurchased securities	*53,835*	*53,835*	*0*	*53,835*	*0*
*Other**	*17,921*	*17,921*	*0*	*17,746*	*175*
Debt securities	**32,574**	**32,574**	**0**	**31,739**	**835**
Subordinated debt	**3,674**	**4,067**	**0**	**3,679**	**388**
o/w subordinated loans	*2,979*	*3,385*	*0*	*2,997*	*388*
o/w subordinated notes	*695*	*683*	*0*	*683*	*0*
TOTAL FINANCIAL LIABILITIES	**235,137**	**235,853**	**0**	**228,080**	**7,774**

* *Including ordinary bank current accounts.*

DECEMBER 31, 2016

	At December 31, 2016				
(in millions of euros)	Book value	Fair value	Level 1	Level 2	Level 3
Due to banks	**101,374**	**101,514**		**91,758**	**9,756**
o/w accounts and deposits	*75,861*	*76,002*		*75,109*	*893*
o/w repurchased securities	*18,784*	*18,784*		*10,429*	*8,355*
*Other**	*6,728*	*6,728*		*6,220*	*508*
Amounts due to customers	**86,472**	**86,511**		**47,721**	**38,789**
o/w accounts and deposits	*24,131*	*24,158*		*20,442*	*3,715*
o/w repurchased securities	*45,624*	*45,636*		*13,455*	*32,180*
*Other**	*16,717*	*16,717*		*13,824*	*2,894*
Debt securities	**48,921**	**48,694**		**30,136**	**18,558**
Subordinated debt	**4,209**	**4,558**		**3,782**	**776**
TOTAL FINANCIAL LIABILITIES	**240,976**	**241,276**		**173,397**	**67,880**

* *Including ordinary bank current accounts.*

6.20 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.

	12.31.2017						
Assets *(in billions of euros)*	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Cash and balances with central banks	37					0	37
Assets at fair value through profit and loss - excluding trading derivatives	17	12	10	5	8	72	124
Derivative instruments not eligible for hedge accounting						60	60
Hedging derivatives						0	0
Available-for-sale assets	1	2	2	18	23	12	58
Loans and receivables due from banks	22	3	11	2	7	1	45
Customer loans and receivables	45	20	11	30	18	13	137
Revaluation adjustments on portfolios hedged against interest rate risk							
Held-to-maturity financial assets	0	0	1	1	1		2
FINANCIAL ASSETS BY MATURITY	**121**	**37**	**35**	**56**	**57**	**158**	**463**

	12.31.2017						
Liabilities *(in billions of euros)*	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
Due to central banks							
Other financial liabilities at fair value through profit and loss	22	11	2	7	14	29	86
o/w repurchased securities	*22*	*11*	*2*	*5*	*12*		*52*
Guaranteed debts	*0*	*0*	*0*	*2*	*2*		*4*
o/w senior debt							
Unsecured liabilities	*0*	*0*	*0*	*0*	*0*	*3*	*4*
o/w senior debt							
Covered bonds							
Trading derivatives						60	60
Hedging derivatives						1	1
Amounts due to credit institutions	35	18	20	25	7	0	104
o/w repurchased securities	*12*	*3*	*1*	*0*	*3*	*0*	*20*
Amounts due to customers	75	11	7	1	1	0	94
Debt securities	7	10	14	1	1		32
o/w guaranteed debts							
Covered bonds		*0*	*0*	*1*	*0*		*1*
Subordinated debt				1	3		4
FINANCIAL LIABILITIES BY MATURITY	**139**	**50**	**44**	**35**	**26**	**90**	**382**
FINANCING COMMITMENTS GIVEN	**16**	**3**	**6**	**30**	**5**		**61**
GUARANTEE COMMITMENTS GIVEN	**2**	**3**	**6**	**13**	**6**		**30**

12.31.206

Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
27						27
21	14	9	5	7	61	118
					70	70
					1	1
2	2	2	17	25	7	55
36	3	9	3	7	0	59
50	16	12	29	31	2	140
0		0	1	1		2
136	**35**	**33**	**55**	**70**	**142**	**472**

12.31.2016

Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	Total
19	13	4	7	13	25	81
19	*13*	*3*	*5*	*12*		*53*
0	*0*	*0*	*1*	*1*	*23*	*26*
0	*0*	*0*	*0*	*0*	*1*	*2*
					65	65
					2	2
35	8	13	34	10	1	101
9	*3*	*3*	*1*	*3*		*19*
66	9	8	1	3	0	86
17	11	18	1	1	0	49
		0	*1*	*0*		
1		0	1	3	0	4
137	**42**	**43**	**43**	**30**	**94**	**389**
17	**4**	**5**	**31**	**6**		**63**
1	**2**	**6**	**7**	**7**		**22**

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 available-for-sale financial assets, and interest on loans and receivables to and from banks and customers.

These line items also include interest on held-to-maturity financial assets.

Financial assets and liabilities valued at amortized cost give rise to the recognition of interest calculated using the effective interest rate method.

Negative interest is deducted from interest income when income from a financial asset debt instrument is negative and is deducted from interest expenses when income from a financial liability debt instrument is positive.

	12.31.2017			12.31.2016		
(in millions of euros)	Income	Expenses	Net	Income	Expenses	Net
Central banks	**339**	**(122)**	**217**	**173**	**(89)**	**84**
Securities	**1,139**	**(369)**	**770**	**1,192**	**(318)**	**874**
Loans and receivables	**3,824**	**(1,820)**	**2,004**	**3,389**	**(1,198)**	**2,191**
Banks	508	(793)	(284)	370	(690)	(320)
Customers	2,991	(1,016)	1,975	2,672	(497)	2,175
Finance leases	325	(11)	313	347	(11)	336
Subordinated debt	**0**	**(87)**	**(87)**	**1**	**(139)**	**(138)**
Hedging instruments	**544**	**(792)**	**(247)**	**339**	**(713)**	**(374)**
Interest accrued on impaired loans and receivables (incl. restructured items)	**34**	**0**	**34**	**17**	**0**	**17**
Total[a]	5,880	(3,191)	2,689	5,111	(2,457)	2,654

(a) Of which €1,371 million of NII in December 2017 versus €1,330 million in December 2016 for insurance activities.

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. Fees and commissions for one-off services, such as business provider commissions, are recognized in income as soon as the service is provided. Fees and commissions for ongoing services such as guarantee commissions or management fees are recognized over the service period.

Fiduciary or similar fees and commissions are those that result in assets being held or invested on behalf of individual customers, pension schemes or other institutions. In particular, trust transactions cover asset management and custody activities performed on behalf of third parties.

Fees and commissions that form an integral part of the effective yield on an instrument, such as fees on financing commitments given or loan set-up fees, are recognized and amortized as an adjustment to the effective interest rate over the estimated term of the applicable loan. These fees and commissions are recognized as interest income rather than fee and commission income.

(in millions of euros)	12.31.2017 Income	12.31.2017 Expenses	12.31.2017 Net	12.31.2016 Income	12.31.2016 Expenses	12.31.2016 Net
Interbank transactions	4	(34)	(30)	2	(30)	(29)
Customer transactions	707	4	711	661	(18)	643
Securities transactions	153	(181)	(28)	132	(150)	(18)
Payment services	381	(51)	330	369	(45)	324
Financial Services	457	(745)	(287)	379	(671)	(292)
Fiduciary transactions	3,463	0	3,463	3,074	0	3,074
Financing, guarantee, securities and derivative commitments[a]	275	(138)	137	225	(141)	84
Other	337	(1,063)	(726)	323	(954)	(631)
Total[b]	**5,777**	**(2,208)**	**3,569**	**5,164**	**(2,011)**	**3,154**

(a) The premium, which amounted to €6.4 million at December 31, 2017 versus €7.4 million at December 31, 2016, paid to BPCE in respect of the guarantee given against the former GAPC hive-off assets classified as "Loans and receivables" and "Available-for-sale financial assets" is recognized in expenses pro rata to the write-back of the provisions and the discounts recognized in respect of reclassifications during the period.

The €0.4 million charge for pro rating the premium at December 31, 2017 (€75 million in 2016) is recognized under "Guarantee commissions" in 2017 and under "Provision for credit losses" in 2016.

(b) Of which -€765 million in net fees in December 2017 versus -€604 million in December 2016 for insurance activities.

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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 or loss, whether held for trading or designated at fair value through profit or loss, including interest.

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)	12.31.2017	12.31.2016
Net gains/(losses) on financial assets and liabilities excluding hedging derivatives	**2,783**	**2,115**
Net gains/(losses) on financial assets and liabilities held for trading[a]	2,351	1,983
o/w derivatives not eligible for hedge accounting	*(2,373)*	*1,791*
Net gains/(losses) on other financial assets and liabilities under the fair value option through profit or loss[b]	*495*	*41*
Other	*(63)*	*91*
Hedging instruments and revaluation of hedged items	**1**	**3**
Ineffective portion of cash flow hedges (CFH)	2	1
Ineffective portion of fair value hedges (FVH)	(1)	2
Changes in fair value of fair value hedges	*48*	*(15)*
Changes in fair value of hedged items	(49)	18
Total[c][d]	**2,784**	**2,119**

(a) "Net gains/(losses) on financial assets and liabilities held for trading" include:

- impairments taken against the fair value of CDS entered into with monoline insurers: a decrease of €7 million in cumulative impairments was recognized (income) during 2017, versus income of €18.6 million at December 31, 2016 (excluding the currency impact and the impact of the BPCE guarantee), bringing cumulative impairments to €63.2 million at December 31, 2017 versus €72.9 million at December 31, 2016;

- a reversal of the full portfolio-based provision recorded on exposures in respect of CDPCs (Credit Derivative Product Companies) was recorded at December 31, 2017 in the amount of €0.6 million.

At December 31, 2016, a €3.8 million reversal was carried out, bringing the cumulative balance of the portfolio-based provision to €0.6 million;

- at December 31, 2017, recognized own credit risk adjustments to derivatives (debit valuation adjustments or DVA) stood at -€54.7 million versus an expense of -€22.1 million at December 31, 2016.

Furthermore, credit risk adjustments related to the valuation of counterparty risk (credit valuation adjustments or CVA) on financial assets amounted to €78.2 million (income) at December 31, 2017 versus an expense of -€20.6 million at December 31, 2016;

- the Funding Valuation Adjustment (FVA) used on uncollateralized derivatives or imperfectly collateralized derivatives is also recognized on this line in the amount of €24.7 million (income) at December 31, 2017 versus income of €67.6 million at December 31, 2016.

(b) Income of €47.1 million was recorded at December 31, 2016 corresponding to the recycling of foreign exchange gains and losses arising on the reimbursement by certain entities of capital in foreign currencies or equity items treated as capital.

(c) 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.

(d) of which €891 million for insurance activities at December 31, 2017, versus €253 million at December 31, 2016.

7.4 Net gains or losses on available-for-sale financial assets

Net gains or losses on available-for-sale financial assets principally comprise:

- gains or losses on sales of available-for-sale financial assets and financial assets recognized at their amortized cost;
- permanent losses in value and dividends payable on variable-income securities, charged to "Available-for-sale financial assets".

The impairment of fixed-income securities classified as available-for-sale is charged to "Provision for credit losses".

(in millions of euros)	12.31.2017	12.31.2016
Dividends	119	112
Gains or losses on disposals[(a)]	330	161
Impairment of variable-income securities	(27)	(58)
Discounts on syndicated loans	4	1
Total[(b)]	**426**	**216**

(a) *In addition, at December 31, 2017, Natixis disposed of its 15% stake in CACEIS. Gains or losses on disposals recognized under "Net gains or losses on available-for-sale financial assets" stood at €74 million. The value entered directly as equity at the beginning of the period and transferred to the income statement under "Net gains or losses on available-for-sale financial assets" was €31 million.*

(b) *Of which €309 million for insurance activities at December 31, 2017, and €119 million at December 31, 2016.*

7.5 Other income and expenses

Income and expenses from other operations mainly comprise income and expenses relating to finance leases and investment property.

This item also includes income and expenses relating to insurance and reinsurance activities, in particular life insurance premium income, paid benefits and claims, and changes in insurance liabilities.

		12.31.2017			12.31.2016		
(in millions of euros)	Notes	Income	Expenses	Net	Income	Expenses	Net
Finance leases	7.5.1	200	(215)	(15)	186	(204)	(18)
Investment property		114	(30)	83	104	(34)	70
Sub-total Real Estate Activities		**314**	**(245)**	**69**	**290**	**(237)**	**52**
Net charge to/reversal of insurance companies' technical reserves			(5,175)	(5,175)		(14,547)	(14,547)
Other insurance income and expenses	7.5.2	10,578	(5,649)	4,929	19,943	(5,061)	14,882
Sub-total Insurance[(a)]		**10,578**	**(10,824)**	**(246)**	**19,943**	**(19,608)**	**335**
Operating leases		100	(78)	22	86	(64)	22
Other related income and expenses[(b)]	7.5.3	456	(302)	154	521	(355)	166
TOTAL		**11,448**	**(11,448)**	**(1)**	**20,840**	**(20,265)**	**575**

(a) *The share in insurance income and expenses relating to the partnership with CNP Assurances regarding receivables arising on reinsurance activities linked to reinsured policies amounted to €11.9 billion at December 31, 2016.*

(b) *Including an expense of €25 million recorded in respect of a legal dispute concerning formula-based investment funds, taking the total amount recognized for this dispute to €35 million at December 31, 2017.*

7.5.1 Finance leases

	12.31.2017			12.31.2016		
(in millions of euros)	Income	Expenses	Net	Income	Expenses	Net
Gains or losses on disposals	34	(61)	(26)	15	(43)	(28)
Write-downs	0	(8)	(8)	0	(2)	(2)
Other related income and expenses	166	(145)	20	170	(159)	11
TOTAL	**200**	**(215)**	**(15)**	**186**	**(204)**	**(18)**

7.5.2 Other insurance income and expenses

(in millions of euros)	12.31.2017	12.31.2016
Life insurance premium income	8,116	17,440
Personal protection insurance premium income	1,303	1,250
Credit insurance premium income	1,014	1,061
Paid benefits and claims	(5,573)	(4,966)
Other income/(expenses)	68	98
TOTAL	**4,929**	**14,882**

7.5.3 Other related income and expenses

(in millions of euros)	12.31.2017	12.31.2016
IT services	10	14
Credit management services	53	88
Other activities[(a)(b)]	91	63
TOTAL	**154**	**166**

(a) *Of which +€86.1 million at December 31, 2017 versus +€72.9 million at December 31, 2016 resulting from the purchase and resale activity of commodity stocks on behalf of clients carried out by the entity Contango, which economically hedges its exposure to price changes using futures carried under "Gains or losses on financial instruments at fair value through profit or loss".*

(b) *At December 31, 2016, -€69 million was recognized in relation to the provision for a legal dispute with SWL (Société Wallone du Logement).*

7.6 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. The details of these expenses are provided in Note 11.

This item also includes all administrative expenses and external services.

(in millions of euros)	Notes	12.31.2017	12.31.2016
Payroll costs	11.2		
Wages and salaries[(a)]		(2,759)	(2,571)
o/w share-based payments[(b)]		*(62)*	*(48)*
Pensions and other employee benefits		(205)	(188)
Social security expenses		(665)	(611)
Incentive and profit-sharing plans		(179)	(164)
Payroll-based taxes		(138)	(137)
Other[(c)]		(1)	(55)
Total payroll costs		**(3,946)**	**(3,726)**
Other operating expenses			
Taxes other than on income[(d)]		(329)	(273)
External services		(2,029)	(1,926)
Other		(86)	(72)
Total other operating expenses		**(2,444)**	**(2,271)**
TOTAL		**(6,390)**	**(5,997)**

(a) *Of which €8.9 million in respect of the Competitiveness and Employment Tax Credit at December 31, 2017 versus €7.6 million at December 31, 2016.*

(b) *The amount recognized for 2017 in respect of the retention and performance plans includes an expense of €76 million (versus €59 million at December 31, 2016) for the portion of compensation paid in cash and indexed to the Natixis share price and an additional expense of €9 million (versus €5 million at December 31, 2016) for the portion of compensation settled in Natixis shares.*

(c) *Of which €1.5 million in income at December 31, 2017 versus €19 million in expenses at December 31, 2016 for the Coface restructuring plan.*

(d) *Including a contribution of €121.4 million to the Single Resolution Fund (SRF) at December 31, 2017, versus €114.5 million at December 31, 2016;*
Including the tax of €24.3 million on systemic banking risks (SBT) at December 31, 2017 versus €29.1 million at December 31, 2016;
Including the Social Security and Solidarity Contribution (C3S) for €47.4 million at December 31, 2017 (€27 million at December 31, 2016), of which a non-recurrent additional expense of €19 million for the Investment Solutions Division linked to a partnership with CNP Assurances.

7.7 Provision for credit losses

This line item mainly reflects net risk recorded on lending transactions: net provisions for reversals of individual and collective provisions, loans and receivables written off during the period and recoveries on bad debts written off.

It also includes any impairments recorded in respect of proven default risks associated with counterparties of OTC instruments.

"Impairment of individual loans" includes impairment recognized against securities classified as "Loans and receivables" and fixed-income securities classified within available-for-sale financial assets.

	12.31.2017					12.31.2016				
(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
Contingency reserves	**(101)**	**39**			**(62)**	**(30)**	**28**			**(2)**
Financing commitments	(27)	34			7	(4)	7			3
Other	(75)	5			(70)	(26)	21			(5)
Provisions for impairments of financial assets	**(396)**	**246**	**(53)**	**6**	**(196)**	**(532)**	**258**	**(51)**	**22**	**(303)**
Provision for credit losses	(497)	286	(53)	6	(258)	(562)	286	(51)	22	(305)
o/w										
Reversals of surplus impairment provisions		*286*					*285*			
Reversals of utilized impairment provisions		*319*					*331*			
Sub-total reversals:		***604***					***616***			
Write-offs covered by provisions		*(319)*					*(331)*			
Total net reversals:		***286***					***285***			

7.8 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.

	12.31.2017			12.31.2016		
(in millions of euros)	Investments in consolidated companies[(a)]	Property, plant and equipment and intangible assets[(b)]	TOTAL	Investments in consolidated companies[(c)]	Property, plant and equipment and intangible assets[(d)]	Total
Net capital gains/(losses) on disposals	53	(4)	48	48	127	175
TOTAL	**53**	**(4)**	**48**	**48**	**127**	**175**

(a) Including +€21.5 million on the disposal of Ellisphère and IJCOF, +€9.9 million on the disposal of the two Caspian Private Equity companies, and +€18.1 million from the liquidation of Nexgen Financial Holding.

(b) Primarily for discarding software programs.

(c) At December 31, 2016, disposals mainly related to, in the Investment Solutions Division, Capital Growth Management for +€17.5 million, Reich and Tang for €4.8 million, Snyder for +€8.3 million, as well as Kobrick for -€0.6 million and in terms of Corporate Data Solutions, the disposals of HCP NA LLC and Altus for +€10.9 million and Graydon for +€6.9 million.

(d) At December 31, 2016, disposals mainly related to the sale of operating property by the Specialized Financial Services Division for €30 million (gross amount) and by the Corporate center for €96.7 million (gross amount).

7.9 Reconciliation of the tax expense in the financial statements and the theoretical tax expense

(in millions of euros)	12.31.2017	12.31.2016
+ Net income/(loss) group share	1,669	1,374
+ Net income/(loss) attributable to non-controlling interests	192	90
+ Income tax charge	789	822
+ Income from discontinued operations		
+ Impairment of goodwill	0	75
- Share in income of associates	(26)	(13)
= Consolidated net income/(loss) before tax, goodwill amortization and share in income of associates	**2,624**	**2,348**
+/- Permanent differences[(a)]	201	222
= Consolidated taxable income/(loss)	**2,825**	**2,570**
x Theoretical tax rate	33.33%	33.33%
= Theoretical tax charge	**(942)**	**(857)**
+ Contributions and minimum annual tax charges	(25)	(9)
+ Income taxed at reduced rates	(1)	0
+ Losses for the period not recognized for deferred tax purposes	(16)	(22)
+ Impact of tax consolidation	26	18
+ Differences in foreign subsidiary tax rates	73	(2)
+ Tax credits	34	45
+ Tax on prior periods and other tax[(b)(c)(d)(e)]	62	5
= Tax charge for the period	**(789)**	**(822)**
Of which:		
taxes payable	(463)	(176)
deferred tax	*(326)*	*(646)*

(a) The main permanent differences consist of capital gains taxed under the long-term scheme and tax-exempt earnings of foreign subsidiaries. Permanent differences also included the impacts of the SBT and SRF, both of which are non-deductible expenses.

(b) Of which: -€237.6 million for the derecognition of the previous tax loss on the tax consolidation group in France mainly related to the decrease in the corporate tax rate as of 2020 (derecognition of -€158 million at December 31, 2016), and +€104.7 million in income on deferred tax assets on US platforms in light of the change in the tax rates applied to deferred tax assets due to the tax cuts adopted.

(c) In 2016, including income relating to Natixis' claim on the taxation in previous fiscal years of dividends and capital gains on the disposal of CCIs as well as the impact of tax audits.

(d) Of which: tax savings of +€80.2 million resulting from the offset of previously unrecognized tax losses against 2017 profits (€5 million at December 31, 2016).

(e) Of which +€105.6 million in income from the refund of the 3% tax on dividends paid, further to the decision of the Constitutional Council of October 6, 2017 versus an expense of -€21 million at December 31, 2016.

Tax audits

Natixis S.A.

Natixis S.A. was subject to an audit covering the 2008 to 2013 fiscal years. Following this audit, Natixis S.A. received a reassessment notice dated December 19, 2016. Natixis S.A. intends to contest the majority of the proposed adjustments and has recorded a provision for the estimated risk.

Natixis Germany

Natixis' German subsidiary is currently subject to an audit covering the 2009 to 2014 fiscal years. A reassessment notice regarding the refund of withholding tax in respect of dividends and covering the 2009 fiscal year was received in December 2016. Natixis Germany intends to contest the proposed adjustment.

Natixis Investment Managers P1

The audit which initially covered the 2010 and 2011 fiscal years was extended to 2012 to 2014. Natixis Investment Managers P1 (formerly NGAM P1) received an audit proposal on December 23, 2016.

Following an appeal at a higher level, the proposed adjustments were partially abandoned.

The net impact of these procedures were entirely recognized at December 31, 2016 and resulted in an expense of -€23.6 million.

NOTE 8 STATEMENT OF NET INCOME/(LOSS) AND OTHER COMPREHENSIVE INCOME

8.1 Change in gains and losses recorded directly in other comprehensive income

(in millions of euros)	Activity in 2017	Activity in 2016
Revaluation adjustments on defined-benefit plans	**4**	**(53)**
Other changes	*4*	*(53)*
Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss	**(185)**	**(156)**
Other changes	*(185)*	*(156)*
Items not recyclable to income	**(181)**	**(209)**
Translation adjustments	**(677)**	**129**
Reclassification to income	*(22)*	*(42)*
Other changes	*(655)*	*172*
Revaluation of available-for-sale financial assets	**(58)**	**273**
Reclassification to income	*(152)*	*(77)*
Other changes	*94*	*350*
Revaluation of hedging derivatives	**180**	**51**
Reclassification to income	*83*	*84*
Other changes	*98*	*(34)*
Share of gains and losses recognized directly in the equity of associates recyclable to income	**(3)**	**3**
Reclassification to income	*(0)*	*0*
Other changes	*(3)*	*2*
Items recyclable to income	**(559)**	**456**
Tax	**12**	**(36)**
TOTAL	**(728)**	**210**

8.2 Breakdown of tax on gains and losses recognized in other comprehensive income

	12.31.2017			12.31.2016		
(in millions of euros)	Gross	Taxes	Net	Gross	Taxes	Net
Translation adjustments	(677)		(677)	129		129
Revaluation of available-for-sale financial assets	(58)	51	(7)	273	(89)	183
Revaluation of hedging derivatives	180	(72)	108	51	(17)	33
Items recorded definitively in other items of comprehensive income	4	(16)	(12)	(53)	17	(36)
Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss	(185)	49	(137)	(156)	54	(103)
Shares in unrealized or deferred gains/(losses) of associates	(6)	3	(3)	4	(1)	3
TOTAL CHANGES IN UNREALIZED OR DEFERRED GAINS OR LOSSES	**(742)**	**14**	**(728)**	**247**	**(37)**	**210**

NOTE 9 SEGMENT REPORTING

In November 2017, Natixis presented its new 2018-2020 strategic plan, "New Dimension". New Dimension sets out three strong initiatives aimed at developing solutions offering high added value to our clients: to deepen the transformation of our business model, which we achieved under the New Frontier plan, to allocate a significant portion of our investments to digital technologies, reflecting our clear resolve to differentiate ourselves to become a benchmark in the areas where Natixis' teams boast strong and recognized skills.

The entity has since been organized around four core businesses:

- **Asset & Wealth Management**, which includes asset management within Natixis Investment Managers and wealth management;
- **Corporate & Investment Banking**, which advises businesses, institutional investors, insurance companies, banks and public sector entities and offers them a diversified line of financing solutions as well as access to the capital markets. Its duties are threefold: to strengthen the bank's customer orientation, to serve as a meeting place between issuers and investors and to roll out the "Originate to Distribute" model to optimize the rotation of the bank's balance sheet via active management of the loan book;
- **Insurance**, which is Groupe BPCE's single platform for the distribution of personal insurance and non-life insurance products;
- **Specialized Financial Services**, which combines Payments and Specialized Financing with Factoring, Leasing, Consumer Finance, Sureties & Financial Guarantees, and Film Industry Financing; and Financial Services with Employee Savings and Securities. These business lines are the key growth drivers for the retail banking business of Groupe BPCE.

Coface, Private Equity (proprietary activity retained until it is put into run-off, and portion of sponsored funds) and **Natixis Algeria** are considered non-strategic and are now grouped within the Corporate Center.

Based on this new organization, Management monitors divisional performance, draws up business plans and manages the business from an operational perspective. In accordance with IFRS 8 "Operating Segments", this is the segmentation used by Natixis to define its operating segments.

9.1 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, DNCA and Natixis 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 encompasses wealth management activities in France and Luxembourg, financial planning solutions, and services for independent wealth management advisors (IWMAs). 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.

9.2 Corporate & Investment Banking

Corporate & Investment Banking advises businesses, institutional investors, insurance companies, banks and public sector entities and offers them a diversified line of customized financing solutions as well as access to the capital markets.

Building on the technical expertise of its teams, Natixis designs tailored solutions for its customers incorporating the most recent market developments.

In 2016, its organizational structure was adapted to better support its customers, by strengthening strategic dialog, and to accelerate the implementation of the "Originate to Distribute" model. This led to the creation of two new business lines:

- **Investment Banking**, whose mission is to develop strategic dialog with customers and incorporates the Strategic and Acquisition Finance, Capital & Rating Advisory, Equity Capital Markets, Strategic Equity Transactions and Corporate Loan Structuring business lines. It also includes Bond origination;
- **Global Finance** which combines all the players in the "Originate to Distribute" chain:
  - loan origination;
  - loan syndication;
  - portfolio Management.

The Equities, Fixed Income, Credit, Forex, Commodities and "Global Structured Credit and Solutions" businesses remain part of the **Global Markets** business line and the Trade Finance and the developing of the flow offering are combined under "**Global Transaction Banking**".

9.3 Insurance

Natixis Assurances is a holding company for various operating insurance subsidiaries. In March 2014, in accordance with the plan to develop the bancassurance model, Natixis Assurances acquired PPI and casualty insurance subsidiary BPCE Assurances, which it now wholly owns. It offers a full range of individual and group life insurance, personal protection insurance, and property & casualty insurance products for the Banque Populaire and Caisse d'Epargne networks. These diversified, customized solutions are designed for retail and small business customers, farmers, companies and associations.

9.4 Specialized Financial Services

This business line combines a number of service-oriented businesses primarily serving the Caisse d'Epargne and Banque Populaire networks, as well as Natixis customers:

- **Payments:** This business line provides tools, infrastructure, and services for payments: electronic banking, issuance and collection of mass electronic transfers, check processing, e-commerce, etc. Under the "New Dimension" plan, Payments is designed to become a pure player on the payment segment in Europe and accelerate its digital transformation. Thus, the business line recently acquired several start-ups specializing in electronic payment and e-commerce, namely: Payplug, S Money, and Dalenys;
- **Factoring**: provides companies with credit management solutions such as financing, insurance, and collection. Natixis Factor uses the Banque Populaire and Caisse d'Epargne networks, which account for a significant portion of its business;
- **Sureties & Financial Guarantees:** this business line is operated by Compagnie Européenne de Garanties et Cautions (CEGC). It notably includes: guarantees for mortgage loans granted to retail and business customers by the Caisse d'Epargne and Banque Populaire networks, along with legal guarantees and financial guarantees;
- **Consumer Finance:** this Natixis business line includes a broad range of activities across the entire value chain for revolving loans (marketing, origination, administrative management, out-of-court collection, etc.) and administrative management services for personal loans. These activities are operated by Natixis Financement, which manages revolving loans granted by the Groupe BPCE networks and manages personal loans granted by the Caisse d'Epargne and by the Banque Populaire banks;
- **Leasing:** this business line provides financing solutions for real estate and non-real estate assets under finance leases or other long-term leasing arrangements;
- **Employee Savings Schemes** this business line offers a comprehensive range of B2B employee benefits planning products based on employee savings (administration of employee accounts, fund administration and accounting) and employment services vouchers;
- **Securities Services:** this business line offers back and middle office services for retail securities custody (account administration, back office outsourcing, office services, depositary control) for the BPCE networks and external clients;
- **Film Industry Financing:** this business line is operated via Coficiné, a subsidiary specializing in structured loans for film and audiovisual activities in France and Europe.

9.5 Corporate Center

The Corporate Center operates alongside the operating divisions. It combines Natixis' non-strategic business lines: Coface, of which the main activities are credit insurance, factoring abroad, corporate information and rating and accounts receivable, proprietary private equity activity, Natixis' stake in certain sponsored funds that is not meant to be kept within Natixis, as well as the Natixis subsidiary in Algeria.

The Corporate Center recognizes the central funding mechanisms and income from Natixis' asset and liability management. To this end, it includes all Treasury activities, including the short-term Treasury business, which has been part of Natixis' Finance Department since the start of 2017 (it was previously part of Corporate & Investment Banking).

It also records income on the bank's portfolio of equity investments not belonging to a division. As such, Coface's non-core activities (service activities mainly) were grouped under Corporate Data Solutions at the beginning of 2013. As of December 31, 2017, following the disposal of Ellisphère and IJCOF Corporate in 2017, Corporate Data Solutions no longer held any entities.

In terms of costs, the Corporate Center recognizes the bank's structural costs and the contribution to the Single Resolution Fund.

9.6 Segment information

9.6.1 Segment reporting in the income statement

	12.31.2017						
	Asset & Wealth Management[a]	Corporate & Investment Banking	Insurance	Specialized Financial Services	Coface	Corporate Center (excluding Coface)[b]	Total
Net revenues	**3,113**	**3,442**	**734**	**1,382**	**624**	**173**	**9,467**
2016/2017 change[c]	*15%*	*8%*	*12%*	*2%*	*(1)%*	*(6)%*	*9%*
Expenses	**(2,178)**	**(2,132)**	**(439)**	**(939)**	**(484)**	**(462)**	**(6,632)**
2016/2017 change[c]	*10%*	*7%*	*16%*	*6%*	*(9)%*	*(4)%*	*6%*
Gross operating income	**936**	**1,310**	**295**	**443**	**140**	**(290)**	**2,835**
2016/2017 change[c]	*27%*	*10%*	*6%*	*(5)%*	*41%*	*(2)%*	*14%*
Provision for credit losses	**0**	**(115)**	**0**	**(73)**	**(6)**	**(65)**	**(258)**
2016/2017 change[c]	*(60)%*	*(41)%*	*0%*	*27%*	*10%*	*33%*	*(15)%*
Net operating income	**936**	**1,195**	**295**	**371**	**135**	**(355)**	**2,577**
2016/2017 change[c]	*27%*	*19%*	*6%*	*(9)%*	*43%*	*3%*	*19%*
Associates	**1**	**10**	**13**	**0**	**1**	**0**	**26**
2016/2017 change[c]	*(111)%*	*(24)%*	*40%*	*0%*	*(141)%*	*(46)%*	*103%*
Other	**10**	**18**	**0**	**(0)**	**0**	**20**	**48**
2016/2017 change[c]	*(39)%*	*100%*	*0%*	*(100)%*	*(100)%*	*(84)%*	*(52)%*
Pre-tax profit	**947**	**1,223**	**308**	**371**	**136**	**(334)**	**2,651**
2016/2017 change[c]	*27%*	*21%*	*7%*	*(16)%*	*712%*	*55%*	*16%*
Net income (group share)	**482**	**863**	**191**	**251**	**48**	**(167)**	**1,669**
2016/2017 change[c]	*14%*	*23%*	*14%*	*(13)%*	*2168%*	*(21)%*	*21%*

This information is determined based on the accounting principles applied in accordance with IFRS as adopted by the European Union at December 31, 2017.

(a) o/w for Asset Management:
- Net revenues: €2,972 million;
- Expenses: -€2,034 million;
- Gross operating income: €938 million;
- Provision for credit losses: €0 million;
- Pre-tax profit: €949 million.

(b) o/w for Short-term Treasury :
- Net revenues : €139.6 million ;
- Expense : -€62.7 million ;
- Gross operating income: €76.9 million ;
- Provision for credit losses: €0.1 million ;
- Pre-tax profit: €77.1 million.

(c) Variation between December 31, 2016 and December 31, 2016 (pro forma figures).

Breakdown of net revenues

(in millions of euros)	Net revenues	2016/2017 change
Asset & Wealth Management	**3,113**	**15%**
Asset Management	2,972	15%
Private Banking	142	4%
Corporate & Investment Banking	**3,442**	**8%**
Capital Markets[a]	1,781	5%
Global finance & Investment banking	1,690	8%
Other	(30)	(60)%
Insurance	**734**	**12%**
Specialized Financial Services	**1,382**	**2%**
Specialized Financing	862	3%
Payment	336	2%
Financial Services	184	1%
Coface	**624**	**(1)%**
Corporate Center (excluding Coface)	173	(6)%
TOTAL	**9,467**	**9%**

(a) Including €1,916 million excluding net revenues of the XVA desks, which break down into €1,317 million in net revenues for FICT and €599 million for Equities.

DECEMBER 31, 2016 PRO FORMA

12.31.2016 – pro forma[a]	Asset & Wealth Management[b]	Corporate & Investment Banking	Insurance	Specialized Financial Services	Coface	Corporate Center (excluding Coface)[c]	Total
Net revenues	2,718	3,180	655	1,352	629	184	8,718
Expenses	(1,981)	(1,985)	(378)	(885)	(530)	(480)	(6,238)
Gross operating income	737	1,195	277	466	100	(296)	2,480
Provision for credit losses	1	(195)	0	(57)	(5)	(49)	(305)
Net operating income	738	1,000	277	409	94	(345)	2,174
Associates	(9)	14	9	0	(2)	1	13
Other	17	0	0	31	(75)	128	100
Pre-tax profit	746	1,014	287	440	17	(216)	2,287
Net income (Group share)	423	703	168	289	2	(211)	1,374

This information is determined based on the accounting principles applied in accordance with IFRS as adopted by the European Union at December 31, 2016.

(a) This information is presented according to the new business line structure adopted by Natixis at December 31, 2017.

(b) o/w for Asset Management:
Net revenues: €2,582 million;
Expenses: -€1,843 million;
Gross operating income: €739 million;
Provision for credit losses: €0 million;
Pre-tax profit: €747 million.

(c) o/w for short-term Treasury :
- Net revenues: €90 million ;
- Expenses: -€61 million;
- Gross operating income: €29 million;
- Provision for credit losses: -€0.2 million;
- Pre-tax profit: 28.8 million.

Breakdown of net revenues

(in millions of euros)	Net revenues
Asset & Wealth Management	**2,718**
Asset Management	*2,582*
Private Banking	*136*
Corporate & Investment Banking	**3,180**
Capital Markets[a]	*1,690*
Global finance & Investment banking	*1,566*
Other	*(75)*
Insurance	**655**
Specialized Financial Services	**1,352**
Specialized Financing	*840*
Payment	*329*
Financial Services	*183*
Coface	**629**
Corporate Center (excluding Coface)	**184**
TOTAL	**8,718**

(a) Including €1,731 million excluding net revenues of the XVA desks, which break down into €1,238 million in net revenues for FICT and €493 million for Equities.

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	12.31.2016						
(in millions of euros)	Corporate & Investment Banking	Investment Solutions*	Specialized Financial Services	Coface	Other financial investments	Corporate Center	Total
Net revenues	**3,322**	**3,364**	**1,350**	**605**	**94**	**(17)**	**8,718**
2015/2016 change[a]	*9%*	*(4)%*	*3%*	*(11)%*	*(36)%*	*564%*	*0%*
Expenses	**(2,032)**	**(2,350)**	**(880)**	**(560)**	**(81)**	**(336)**	**(6,238)**
2015/2016 change[a]	*9%*	*(1)%*	*3%*	*2%*	*(39)%*	*86%*	*5%*
Gross operating income	**1,291**	**1,014**	**470**	**45**	**14**	**(353)**	**2,480**
2015/2016 change[a]	*8%*	*(11)%*	*4%*	*(65)%*	*(18)%*	*93%*	*(10)%*
Provision for credit losses	**(195)**	**1**	**(57)**	**(5)**	**(32)**	**(17)**	**(305)**
2015/2016 change[a]	*(1)%*	*(85)%*	*(2)%*	*(24)%*	*179%*	*(16)%*	*5%*
Net operating income	**1,095**	**1,014**	**413**	**40**	**(18)**	**(370)**	**2,174**
2015/2016 change[a]	*10%*	*(11)%*	*5%*	*(67)%*	*(441)%*	*82%*	*(12)%*
Associates	**14**	**1**	**0**	**(2)**	**1**	**0**	**13**
2015/2016 change[a]	*(48)%*	*(97)%*	*0%*	*(371)%*	*(115)%*	*(50)%*	*(72)%*
Other	**0**	**17**	**31**	**(75)**	**18**	**110**	**100**
2015/2016 change[a]	*(100)%*	*(308)%*	*(7,717)%*	*12,881%*	*(164)%*	*1,777%*	*(426)%*
Pre-tax profit	**1,109**	**1,032**	**444**	**(37)**	**0**	**(260)**	**2,287**
2015/2016 change[a]	*8%*	*(11)%*	*13%*	*(130)%*	*(101)%*	*32%*	*(8)%*
Net income (Group share)	**767**	**589**	**291**	**(23)**	**(19)**	**(229)**	**1,374**
2015/2016 change[a]	*12%*	*(14)%*	*16%*	*(214)%*	*22%*	*(19)%*	*2%*

This information is determined based on the accounting principles applied in accordance with IFRS as adopted by the European Union at December 31, 2016.

* *o/w for Asset Management:*
- *Net revenues: €2,547 million;*
- *Expenses: -€1,830 million;*
- *Gross operating income: €717 million;*
- *Provision for credit losses: €0 million;*
- *Pre-tax profit: €725 million.*

(a) Variation between December 31, 2016 and December 31, 2015 (pro forma figures).

(in millions of euros)	Net revenues	2015/2016 change
Corporate & Investment Banking	**3,322**	**9%**
Global Markets[a]	1,802	23%
Global Finance & Investment Banking	1,592	0%
Other	(72)	-
Investment Solutions	**3,364**	**(4)%**
Asset Management	2,547	(8)%
Insurance	647	11%
Private Banking	136	(6)%
Other	33	5%
Specialized Financial Services	**1,350**	**3%**
Specialized Financing	838	6%
Financial Services	512	(1)%
Coface	**605**	**(11)%**
Other financial investments	**94**	**(36)%**
Corporate Center	**(17)**	**-**
TOTAL	**8,718**	**%**

(a) Including €1,753 million excluding net revenues of the XVA desks, which break down into €1,219 million in net revenues for FICT and €534 million for Equities.

9.6.2 Balance sheet segment analysis

	12.31.2017						
(in millions of euros)	Asset & Wealth Management	Corporate & Investment Banking	Insurance	Specialized Financial Services	Coface	Corporate Center (excluding Coface)	Total
Assets at fair value through profit or loss	1,599	158,973	22,628		146	1,152	184,497
Available-for-sale financial assets	190	5,023	42,058	2,180	2,776	5,658	57,885
Loans and receivables due from banks	1,194	26,674	820	350	382	15,869	45,289
Customer loans and receivables	4,333	93,928	10,043	21,641	2,474	4,350	136,768
Held-to-maturity financial assets			1,883		2		1,885
Goodwill	2,987	77	93	163	281		3,601
Other assets	(2,585)	36,381	13,246	843	767	41,409	90,060
TOTAL ASSETS	**7,718**	**321,056**	**90,771**	**25,176**	**6,827**	**68,438**	**519,987**
Financial liabilities at fair value through profit or loss	99	141,012	3,327	(9)	106	350	144,885
Due to banks	2,519	58,007	3,763	15,145	563	24,321	104,318
Customer deposits	1,558	78,296	(43)	2,113	322	12,325	94,571
Debt securities	22	30,219	(1,290)	1,753	1,637	234	32,574
Insurance companies' technical reserves		4	73,087	1,849	1,661		76,601
Subordinated debt	10	2,241	1,034	0	388		3,674
Other liabilities	3,510	11,277	10,892	4,326	2,149	31,208	63,363
TOTAL LIABILITIES	**7,718**	**321,056**	**90,771**	**25,176**	**6,827**	**68,438**	**519,987**

- DECEMBER 31, 2016 PRO FORMA

	12.31.2016						
(in millions of euros)	Asset & Wealth Management	Corporate & Investment Banking	Insurance	Specialized Financial Services	Coface	Corporate Center(excluding Coface)	Total
Assets at fair value through profit or loss	1,753	167,368	17,253	0	73	1,182	187,628
Available-for-sale financial assets	145	4,554	39,179	1,933	2,637	6,542	54,990
Loans and receivables due from banks	1,114	36,010	460	401	423	20,375	58,783
Customer loans and receivables	5,045	97,951	10,651	20,198	2,432	4,026	140,303
Held-to-maturity financial assets	0	0	2,063	0	3	0	2,066
Goodwill	3,074	87	93	64	282	0	3,600
Other assets	(2,578)	44,958	11,501	678	682	25,248	80,489
TOTAL ASSETS	**8,553**	**350,927**	**81,202**	**23,274**	**6,530**	**57,373**	**527,859**
Financial liabilities at fair value through profit or loss	85	144,495	1,462	0	8	177	146,226
Due to banks	3,682	53,312	3,698	13,757	443	26,482	101,374
Customer deposits	1,285	72,038	(79)	2,032	366	10,830	86,472
Debt securities	(265)	46,604	(1,007)	1,737	1,591	262	48,921
Insurance companies' technical reserves		9	65,546	1,598	1,657	0	68,810
Subordinated debt	10	656	1,180	125	475	1,764	4,209
Other liabilities	3,756	33,813	10,403	4,025	1,991	17,860	71,848
TOTAL LIABILITIES	**8,553**	**350,927**	**81,202**	**23,274**	**6,530**	**57,373**	**527,859**

FIGURES PUBLISHED IN 2016

	12.31.2016						
(in millions of euros)	Corporate & Investment Banking	Investment Solutions	Specialized Financial Services	Coface	Other financial investments	Corporate Center	Total
Assets at fair value through profit or loss	167,368	19,005	0	73	122	1,059	187,628
Available-for-sale financial assets	4,554	39,325	1,933	2,637	2	6,541	54,990
Loans and receivables due from banks	36,010	1,575	401	423	534	19,840	58,783
Customer loans and receivables	97,951	15,697	20,198	2,432	702	3,324	140,303
Held-to-maturity financial assets	0	2,064	0	3	0	0	2,066
Goodwill	87	3,168	64	282	0	0	3,600
Other assets	44,958	8,923	678	682	(329)	25,578	80,489
TOTAL ASSETS	**350,927**	**89,755**	**23,274**	**6,530**	**1,032**	**56,342**	**527,859**
Financial liabilities at fair value through profit or loss	144,495	1,547	0	8	3	174	146,226
Due to banks	53,312	7,380	13,757	443	295	26,187	101,374
Customer deposits	72,038	1,206	2,032	366	920	9,910	86,472
Debt securities	46,604	(1,272)	1,737	1,591	70	192	48,921
Insurance companies' technical reserves	9	65,546	1,598	1,657	0	0	68,810
Subordinated debt	656	1,189	125	475	(53)	1,817	4,209
Other liabilities	33,813	14,153	4,025	1,991	(202)	18,068	71,848
TOTAL LIABILITIES	**350,927**	**89,749**	**23,274**	**6,530**	**1,032**	**56,348**	**527,859**

9.7 Other disclosures

DECEMBER 31, 2017

(in millions of euros)	France	Other EU	North America	Other OECD	Other	Total
Net revenues	**4,902**	**1,247**	**2,629**	**195**	**494**	**9,467**
Net income for the period (group share)	**508**	**285**	**660**	**43**	**173**	**1,669**
Assets at fair value through profit or loss	170,947	7,779	2,127	3,567	77	184,497
Available-for-sale financial assets	51,795	2,967	270	541	2,312	57,885
Loans and receivables	100,770	11,162	48,936	9,831	11,359	182,057
Fixed assets	1,292	102	63	11	22	1,490
Other assets	86,147	(44)	8,382	160	(589)	94,057
TOTAL ASSETS	**410,952**	**21,967**	**59,779**	**14,109**	**13,181**	**519,987**

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(in millions of euros)	France	Other EU	North America	Other OECD	Other	Total
Net revenues	**4,714**	**1,022**	**2,510**	**108**	**364**	**8,718**
Net income for the period (group share)	**639**	**153**	**483**	**6**	**93**	**1,374**
Assets at fair value through profit or loss	167,413	15,596	1,934	2,407	278	187,628
Available-for-sale financial assets	49,689	2,958	287	450	1,607	54,990
Loans and receivables	116,265	13,706	47,959	10,760	10,396	199,086
Fixed assets	1,209	98	79	7	23	1,415
Other assets	61,919	(501)	23,499	116	(294)	84,740
TOTAL ASSETS	**396,495**	**31,857**	**73,757**	**13,741**	**12,011**	**527,859**

NOTE 10 RISK MANAGEMENT

10.1 Capital adequacy

The information on capital adequacy required under IAS 1 is presented in Section [3.4] of Chapter [3], "Risk and Capital Adequacy".

10.2 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 [3.5] of Chapter [3], "Risk and Capital Adequacy."

10.2.1 Gross exposure to credit risk

The following table sets out the exposure of all of Natixis' financial assets to credit risk. This exposure does not take into account guarantees, sureties, credit default swaps, collateral on OTC forward financial instruments, the impact of netting agreements and other credit enhancements. It corresponds to the net value of the financial assets on the balance sheet, after taking all impairments into account (individually or collectively assessed).

(in millions of euros)	Performing loans	Non-performing loans	Write-downs	Net outstandings 12.31.2017	Net outstandings 12.31.2016
Financial assets at fair value through profit or loss (excluding variable-income securities)	131,619	0	0	131,619	142,499
Hedging derivatives	339	0	0	339	1,220
Available-for-sale financial assets (excluding variable-income securities)	49,692	83	(57)	49,718	48,140
Loans and receivables due from banks	45,295	63	(69)*	45,289	58,783
Customer loans and receivables	134,168	4,576	(1,975)*	136,768	140,303
Held-to-maturity financial assets	1,888	0	(3)	1,885	2,066
Financing commitments given	61,229	126	(3)	61,352	62,631
Financial guarantee commitments given	30,162	106	(16)	30,252	22,307
TOTAL GROSS EXPOSURE	**454,391**	**4,954**	**(2,123)**	**457,220**	**477,949**

* *Including collective provisions.*

The reclassification of consolidated accounting volumes as gross exposure and exposure at default with respect to prudential credit risk is presented in Section [3.4] of Chapter [3], "Risk and Capital Adequacy".

10.2.2 Impact of guarantees

	12.31.2017						12.31.2016					
(in millions of euros)	Performing loans	Non-performing loans	Write-downs	Net outstandings	Guarantees on non-performing loans	Guarantees on performing loans	Performing loans	Non-performing loans	Write-downs	Net outstandings	Guarantees on non-performing loans	Guarantees on performing loans
Loans and receivables due from banks *(Excluding repurchase agreements)*	36,533	63	(69)	36,527	-	279	46,335	71	(71)	46,335	1	306
Customer loans and receivables *(Excluding repurchase agreements)*	79,901	4,576	(1,975)	82,502	1,282	37,364	84,065	4,533	(2,150)	86,448	1,510	39,690
Finance leases	10,921	561	(146)	11,336	309	8,221	10,230	144	(71)	10,303	73	6,929
Factoring*	7,850	489	(90)	8,249		467	7,762	237	(51)	7,949		
Other loans and receivables*	61,130	3,526	(1,739)	62,916	973	28,676	66,073	4,152	(2,028)	68,196	1,437	32,761
Financing commitments given	**61,379**	**127**	**(3)**	**61,503**	**36**	**8,331**	**62,467**	**286**	**(2)**	**62,751**	**138**	**9,455**
Financial guarantee commitments given	**30,140**	**106**	**(16)**	**30,230**	**12**	**2,894**	**21,402**	**219**	**(49)**	**21,572**	**18**	**2,062**
TOTAL EXPSOURE AND IMPACT OF GUARANTEES	**207,953**	**4,872**	**(2,064)**	**210,761**	**1,330**	**48,868**	**214,269**	**5,110**	**(2,272)**	**217,106**	**1,667**	**51,513**

* *Data updated since the financial release of December 31, 2016.*

The amounts of the guarantees shown are those used under Basel prudential regulations to reduce capital requirements. Guarantees for insurance companies accounted for by the equity method in the prudential accounting scope are therefore excluded, as are exposures relative to these entities.

	12.31.2017			12.31.2016		
	Guarantees on performing loans and loans in default			Guarantees on performing loans and loans in default		
(in millions of euros)	Personal guarantees	Collateral	Total	Personal guarantees	Collateral	Total
Loans and receivables due from banks *(Excluding repurchase agreements)*	**279**	**0**	**279**	**306**	**1**	**307**
Customer loans and receivables *(Excluding repurchase agreements)*	**12,964**	**25,683**	**38,647**	**10,843**	**30,358**	**41,200**
Finance leases	3,695	4,835	8,530	2,975	4,027	7,002
Factoring	467		467			
Other loans and receivables	8,802	20,848	29,650	7,868	26,331	34,198
Financing commitments given	**2,335**	**6,032**	**8,367**	**1,594**	**7,998**	**9,593**
Financial guarantee commitments given	**803**	**2,102**	**2,906**	**541**	**1,539**	**2,080**
TOTAL EXPSOURE AND IMPACT OF GUARANTEES	**16,380**	**33,818**	**50,198**	**13,284**	**39,896**	**53,180**

10.2.3 Breakdown of individual and collective provisions by geographic area

	12.31.2017						12.31.2016					
Geographic areas *(in millions of euros)*	Individual risks	Collective risks	Total risks	Individual risk write-downs	Collective risk write-downs	Total write-downs	Individual risks	Collective risks	Total risks	Individual risk write-downs	Collective risk write-downs	Total write-downs
France	1,938	9,062	11,000	760	111	870	1,523	8,875	10,398	729	104	833
Other Western European countries	1,473	9,196	10,668	492	133	624	1,430	9,438	10,868	559	84	643
Eastern Europe	143	1,143	1,286	34	8	42	176	1,949	2,125	50	11	61
North America	326	4,713	5,039	62	49	111	852	5,758	6,609	123	81	204
Central and Latin America	286	1,919	2,205	89	24	113	216	1,853	2,069	125	17	141
Africa and the Middle East	469	2,984	3,454	180	39	220	518	4,412	4,930	187	64	251
Asia-Pacific	236	3,857	4,093	57	27	83	395	4,114	4,509	79	24	103
TOTAL	**4,871**	**32,873**	**37,744**	**1,673**	**391**	**2,064**	**5,110**	**36,399**	**41,509**	**1,851**	**384**	**2,236**

10.2.4 Breakdown of collective provisions by business sector

Business sectors *(% breakdown)*	12.31.2017	12.31.2016
Oil & gas	17.1%	24.1%
Real estate	16.8%	12.2%
Retail - Trade	16.5%	7.7%
Electricity	5.2%	6.4%
Services	5.2%	3.1%
Holding companies and conglomerates	4.1%	4.9%
Pharmaceuticals/Healthcare	4.1%	2.7%
International trade, commodities	3.3%	4.0%
Food	3.3%	2.5%
Base industries	3.1%	8.9%
Media	2.8%	3.1%
Finance	2.6%	2.8%
Transportation	2.5%	2.7%
Utilities	2.1%	2.6%
Technology	1.9%	2.5%
Tourism/Hotels/Leisure	1.8%	1.9%
Consumer goods	1.6%	1.7%
Mechanical and electrical engineering	1.3%	0.7%
Construction	1.2%	2.0%
Administrations	1.2%	0.2%
Automotive	1.1%	0.8%
Telecommunications	0.7%	1.2%
Other	0.7%	1.3%
Aerospace/Defense	0.0%	0.0%
Securitizations	0.0%	0.0%
TOTAL	**100.0%**	**100.0%**

10.2.5 Change in collective provisions

(in millions of euros)	Provisions at 01.01.2017	Additions (+) Reversals (-)	Translation adjustments	Provisions at 12.31.2017
By sector	302	28	(12)	318
By region	82	(7)	(3)	72
TOTAL	**384**	**21**	**(15)**	**390**

(in millions of euros)	Provisions as at 01.01.2016	Additions (+) Reversals (-)	Translation adjustments	Provisions at 12.31.2016
By sector	289	10	3	302
By region	77	5	1	82
TOTAL	**366**	**15**	**4**	**384**

10.3 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 Sections [3.7] and [3.9] of Chapter [3], "Risk and Capital Adequacy".

NOTE 11 HEADCOUNT, PAYROLL COSTS, COMPENSATION AND EMPLOYEE BENEFITS

11.1 Headcount

Number	12.31.2017	12.31.2016
Headcount[(a)]	20,898	20,759

(a) Full-time equivalent current employees of Natixis at the reporting date.

An itemized headcount is shown in Note 6.3.1 "Change in headcount" in Chapter 6 "Corporate social responsibility".

11.2 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 €3,946 million at December 31, 2017 versus €3,726 million at December 31, 2016.

11.2.1 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.

11.2.2 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 5.17.

Regarding the plan approved by the Board of Directors on February 13, 2018, as these allocations had not yet formally been carried out at the reporting date, these expenses have been estimated using best available estimates of inputs at the reporting date.

Coface has had share-based compensation plans in place since 2014. As the impact of these plans is not material for Natixis at the consolidated level, the characteristics of these plans are not outlined in the paragraphs that follow.

Long-term cash-settled payment plans indexed to the Natixis share price

Year of plan	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)*
			October 2015	1,682,810	
			October 2016	1,610,145	
2013 Plan	02.19.2014	5,095,419	October 2017	1,468,937	
			October 2016	1,576,403	
			October 2017	1,449,399	
2014 Plan	02.18.2015	4,493,016	October 2018	-	6.37
			March 2018		
2015 Plan	02.10.2016	6,084,435	March 2019		6.11
			March 2019		
2016 Plan	04.10.2017	2,835,311	March 2020		5.47
			March 2020		
2017 Plan	02.23.2018	2 660 487	March 2021		5.34

* *The expected number of units at the vesting date is funded by equity swaps.*

Payments under these plans are subject to presence and performance criteria.

As a reminder, at December 31, 2016, following changes to the terms and conditions of the 2015 employee retention and performance plan indexed to the value of the Natixis share, this plan was reclassified as an employee retention and performance plan paid in Natixis free shares *(see below)*. The resulting impact of this change recognized in profit or loss for fiscal year 2016 totaled €5.3 million.

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)*
2017 Plan	02.23.2018	02.23.2018	7,06	5 313 272	5 313 272	7,06

The expense associated with the short-term plan is fully recognized in the 2017 financial statements in the amount of €42 million versus €38 million at December 31, 2016.

Payment plans settled in shares

Year of plan *(Expenses in millions of euros)*	Grant date	Initial number of shares granted	Acquisition dates	Number of units acquired by beneficiaries	Free share price at grant date *(in euros)*	Fair value of the free share at the valuation date *(in euros)*
2013 Plan	07.31.2014	31,955	July 2018		4.83	4.02
2014 Plan	02.18.2015	95,144	February 2019		6.18	3.45
2015 Plan	07.28.2016	3,081,642	March 2018 March 2019		3.43	2.80
2016 Plan	07.28.2016	151,283	July 2020		3.43	1.62
2016 Plan	04.10.2017	3,012,307	March 2019 March 2020		4.28	4.43
2017 Plan	05.23.2017	79,369	May 2021		6.44	3.32
2017 Plan	02.23.2018	2 765 576	March 2020 March 2021		7,06	5,34

Payments under these plans are subject to presence and performance criteria.

Expense for the period for retention and performance plans

	Expense for 2017			
Expenses *(in millions of euros)*	Plans settled in shares	Plans settled in cash indexed to the Natixis share price	Total	Expense for 2016 *(in millions of euros)*
Previous retention plans	(9.1)	(21.6)	(30.7)	(15.6)
Retention plans awarded over the period		(6.2)	(6.2)	(6.6)
TOTAL	**(9.1)**	**(27.8)**	**(36.9)**	**(22.2)**

Valuation inputs used to calculate the expense of these plans:

	12.31.2017	12.31.2016
Share price	6.60	5.36
Risk-free interest rate	(0.67)%	0.00%
Dividend payment rate	6.57%	6.09%
Rights loss rate	3.90%	4.25%

Retention and performance plans settled in cash

Deferred retention and performance bonuses paid in cash are awarded to some staff. These bonuses are subject to presence and performance criteria. In terms of accounting treatment, they are recorded under "Other long-term employee benefits". The estimated expense is based on an actuarial estimate of the probability of these conditions being met. The expense is recognized over the vesting period. The amount recognized in respect of fiscal year 2017 was:

Year of plan Expenses	Grant date	Acquisition dates	Expense for 2017 *(in millions of euros)*	Expense for 2016 *(in millions of euros)*
2012 Plan	02.17.2013	March 2014 March 2015 March 2016		(0.2)
2013 Plan	02.19.2014	March 2015 March 2016 March 2017	(0.2)	(2.8)
2014 Plan	02.18.2015	March 2016 March 2017 March 2018	(2.5)	(7.3)
2015 Plan	02.10.2016	March 2017 March 2018	(5.5)	(16.2)
2016 Plan	04.10.2017	March 2018 March 2019	(15.8)	(15.6)
2017 Plan	02.23.2018	March 2019 March 2020	(20.3)	
TOTAL			**(44.4)**	**(42.1)**

11.2.3 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)	12.31.2017	12.31.2016
Contributions expensed under defined-contribution plans	210	122

Including the €83 million contribution made for outsourcing management of end-of-career awards.

Post-employment defined-benefit plans and other long-term employee benefits

Post-employment defined-benefit plans include all post-employment benefits for which Natixis has committed to pay a specified level of benefits.

Liabilities in respect of these awarded benefits are hedged, in full or in part, by assets 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, 2017

The amount of the recognized provision on the liabilities 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.

	12.31.2017					12.31.2016				
	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	577	256	63	123	1,020	636	238	60	125	1,059
Fair value of plan assets	(270)	(88)	0	0	(359)	(267)	(9)	0	0	(276)
Fair value of separate assets[(a)]	(171)	(43)	0	0	(214)	(167)	(38)	0	0	(205)
Effect of ceiling on assets	8	0	0	0	8	6	0	0	0	6
Net amount recognized in balance sheet	**143**	**125**	**63**	**123**	**455**	**208**	**190**	**60**	**125**	**584**
under liabilities	315	168	63	123	669	374	229	60	125	789
under assets	171	43	0	0	214	167	38	0	0	205

(a) *Separate asset components are for the most part segregated in the balance sheets of Natixis insurance subsidiaries (ABP Life Insurance), hedging the benefit liabilities of other entities within the Natixis group of consolidated companies which were transferred to hedge the post-employment benefits of a few categories of employees.*

b) Changes in recognized amounts on the balance sheet (Changes in actuarial liabilities)

	12.31.2017					12.31.2016				
	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	**636**	**238**	**60**	**125**	**1,059**	**596**	**218**	**55**	**116**	**985**
Changes recorded in income	**(48)**	**16**	**3**	**(0)**	**(29)**	**(16)**	**5**	**6**	**9**	**2**
Service cost	9	13	5	45	72	9	12	4	39	64
Past service cost	(42)	10	1	0	(30)	(19)	(3)	(0)	0	(23)
o/w plan liquidation and reduction	*(41)*	*9*	*0*	*0*	*(32)*	*(20)*	*(4)*	*(0)*	*0*	*(25)*
Interest cost	16	2	0	0	19	18	4	1	0	22
Benefits paid	(25)	(10)	(3)	(46)	(84)	(23)	(8)	(2)	(32)	(65)
o/w amounts paid out in respect of plan liquidation	*(12)*	*(5)*	*0*	*0*	*(17)*	*(13)*	*0*	*0*	*(21)*	*(34)*
Revaluation adjustments on other long-term employee benefits	0	0	(1)	(0)	(1)	0	0	2	1	2
Other	(6)	0	(0)	1	(5)	(2)	1	1	0	1
Changes recognized directly in other comprehensive income with no recycling	**23**	**4**	**0**	**0**	**27**	**56**	**19**	**0**	**0**	**75**
Revaluation adjustments – demographic assumptions	(0)	4	0	0	4	3	5	0	0	7
Revaluation adjustments – financial assumptions	26	(2)	0	0	24	53	17	0	0	70
Revaluation adjustments – past-experience effect	(2)	2	0	0	(0)	1	(3)	0	0	(2)
Translation adjustments	**(35)**	**(1)**	**(0)**	**(3)**	**(38)**	**(0)**	**0**	**0**	**1**	**1**
Changes in scope	**2**	**0**	**0**	**0**	**2**	**2**	**0**	**0**	**0**	**2**
Other	**(1)**	**(2)**	**1**	**0**	**(1)**	**(2)**	**(4)**	**(0)**	**(0)**	**(7)**
Actuarial liabilities at end of period	**577**	**256**	**63**	**123**	**1,020**	**636**	**238**	**60**	**125**	**1,059**

c) Changes in recognized amounts on the balance sheet (Change in hedging assets)

PLAN ASSETS

(in millions of euros)	12.31.2017 Post-employment defined-benefit plans: Supplementary pension benefits and other	12.31.2017 Post-employment defined-benefit plans: End-of-career awards	12.31.2017 Total	12.31.2016 Post-employment defined-benefit plans: Supplementary pension benefits and other	12.31.2016 Post-employment defined-benefit plans: End-of-career awards	12.31.2016 Total
Fair value of assets at start of period	267	9	277	423	7	430
Changes recorded in income	**10**	**81**	**91**	**0**	**2**	**2**
Interest income	10	0	10	11	0	11
Contributions received	13	81	94	1	1	2
o/w paid by employer	*13*	*81*	*94*	*1*	*1*	*2*
o/w paid by beneficiaries	*0*	*0*	*0*	*0*	*0*	*0*
Benefits paid	(10)	(0)	(10)	(11)	0	(11)
o/w amounts paid out in respect of plan liquidation	*(3)*	*0*	*(3)*	*(4)*	*0*	*(4)*
Other	(2)	0	(2)	(0)	0	0
Changes recognized directly in other comprehensive income with no recycling	**25**	**(0)**	**25**	**6**	**(0)**	**6**
Revaluation adjustments - Return on assets	25	(0)	25	6	(0)	6
Translation adjustments	**(29)**	**0**	**(29)**	**(1)**	**0**	**(1)**
Changes in scope	**0**	**0**	**0**	**0**	**0**	**0**
Other	**(3)**	**(2)**	**(5)**	**(161)**	**(0)**	**(161)**
Fair value of assets at end of period	270	88	359	267	9	276

SEPARATE ASSETS

(in millions of euros)	12.31.2017 Post-employment defined-benefit plans: Supplementary pension benefits and other	12.31.2017 Post-employment defined-benefit plans: End-of-career awards	12.31.2017 Total	12.31.2016 Post-employment defined-benefit plans: Supplementary pension benefits and other	12.31.2016 Post-employment defined-benefit plans: End-of-career awards	12.31.2016 Total
Fair value of assets at start of period	167	38	205	0	39	39
Changes recorded in income	**(3)**	**0**	**(2)**	**(1)**	**(0)**	**(1)**
Interest income	3	0	3	3	1	4
Contributions received	2	0	2	2	0	2
o/w paid by employer	*2*	*0*	*2*	*2*	*0*	*2*
o/w paid by beneficiaries	*0*	*0*	*0*	*0*	*0*	*0*
Benefits paid	(7)	(0)	(7)	(7)	(1)	(7)
o/w amounts paid out in respect of plan liquidation	*(7)*	*0*	*(7)*	*(7)*	*0*	*(7)*
Other	(0)	0	(0)	0	0	0
Changes recognized directly in other comprehensive income with no recycling	**7**	**1**	**8**	**9**	**(0)**	**8**
Revaluation adjustments - Return on assets	7	1	8	9	(0)	8
Translation adjustments	**0**	**(0)**	**(0)**	**0**	**0**	**0**
Changes in scope	**0**	**0**	**0**	**0**	**(0)**	**(0)**
Other	**0**	**3**	**3**	**159**	**0**	**159**
Fair value of assets at end of period	171	43	214	167	38	205

d) Composition of plan assets

	12.31.2017				12.31.2016			
		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	23%	82	88%	12%	3%	9	57%	43%
Equity	33%	119	75%	25%	29%	79	84%	16%
Bonds	14%	49	100%	0%	25%	71	97%	4%
Real estate	2%	5	6%	94%	2%	5	6%	95%
Derivatives	0%	-			7%	19	0%	100%
Investment funds	28%	101	93%	7%	34%	92	91%	9%
Asset-backed securities	1%	2	41%	59%	0%	1	0%	100%
Structured debt instruments	0%	-			0%	-		
TOTAL	**100%**	**359**	**85%**	**15%**	**100%**	**276**	**81%**	**19%**

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e) Post-retirement plan revaluation differences

REVALUATION COMPONENTS OF ACTUARIAL LIABILITIES

	12.31.2017			12.31.2016		
	Post-employment defined-benefit plans			Post-employment defined-benefit plans		
(in millions of euros)	Supplementary pension benefits and other	End-of-career awards	Total	Supplementary pension benefits and other	End-of-career awards	Total
Total revaluation adjustments at start of period	**266**	**24**	**291**	**207**	**5**	**211**
Revaluation adjustments over the period	8	3	11	60	20	80
Total revaluation adjustments at end of period	**275**	**27**	**302**	**266**	**24**	**291**

PLAN ASSETS

	12.31.2017			12.31.2016		
	Post-employment defined-benefit plans			Post-employment defined-benefit plans		
(in millions of euros)	Supplementary pension benefits and other	End-of-career awards	Total	Supplementary pension benefits and other	End-of-career awards	Total
Total revaluation adjustments at start of period	**42**	**0**	**42**	**63**	**0**	**63**
o/w effect of ceiling on assets	**(6)**	**0**	**(6)**	**(13)**	**0**	**(13)**
Revaluation adjustments over the period	19	(0)	19	(21)	(0)	(21)
o/w effect of ceiling on plan assets	(1)	0	(1)	7	0	7
Total revaluation adjustments at end of period	**61**	**0**	**61**	**42**	**0**	**42**
o/w effect of ceiling on assets	**(7)**	**0**	**(7)**	**(6)**	**0**	**(6)**

SEPARATE ASSETS

(in millions of euros)	12.31.2017 Post-employment defined-benefit plans			12.31.2016 Post-employment defined-benefit plans		
	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 o/w effect of ceiling on assets	**44**	**1**	**45**	**2**	**0**	**2**
Revaluation adjustments over the period o/w effect of ceiling on plan assets	7	1	8	42	1	43
Total revaluation adjustments at end of period o/w effect of ceiling on assets	**51**	**2**	**54**	**44**	**1**	**45**

f) Analysis of expenses for the period

The annual payroll costs recognized in respect of defined-benefit plans consist of:

- the costs of services rendered, representing rights vested by beneficiaries over the period;
- past service costs, arising from possible plan changes or curtailments as well as the effects of possible plan settlements;
- the net interest cost reflecting the impact of unwinding the discount on the net obligation.

Obligations in respect of other long-term employee benefits are accounted for using the same actuarial valuation method as that used for post-employment defined-benefit obligations, except for revaluation adjustments, which are taken directly to profit or loss.

(in millions of euros)	12.31.2017 Post-employment defined-benefit plans		Other long-term employee benefits			12.31.2016
	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other	Total	Total
Service cost	9	13	5	45	72	64
Past service cost	(42)	10	1	0	(30)	(23)
Interest cost	16	2	0	0	19	22
Interest income	(12)	(0)	0	0	(13)	(15)
Other	(3)	0	(0)	1	(2)	1
TOTAL EXPENSE FOR THE YEAR(A)	**(33)**	**26**	**7**	**46**	**46**	**50**

(a) *Of which €41 million in income recognized as income at December 31, 2017 for plan cuts in response to the new collective agreement on complementary health insurance for employees, as well as a -€7 million expense in additional commitment for end-of-career awards.*

g) Main actuarial assumptions at December 31, 2017

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.

	12.31.2017			12.31.2016		
	France	Europe	United States	France	Europe	United States
Discount rate	0.98%	2.25%	3.53%	0.97%	2.43%	4.06%
Inflation rate	1.70%	2.53%	3.00%	1.60%	2.60%	3.00%
Rate of increase in salaries	2.27%	2.55%	4.00%	2.42%	2.39%	4.00%
Rate of increase in healthcare costs	4.18%	1.60%	5.00%	4.10%	4.40%	5.00%
Duration *(in years)*	13	18	18	15	19	14

	12.31.2017				12.31.2016			
	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	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other
Discount rate	2.40%	0.81%	0.92%	2.25%	2.68%	0.87%	0.70%	2.66%
Inflation rate	2.41%	1.69%	1.69%	1.55%	2.35%	1.66%	1.72%	1.38%
Rate of increase in salaries (incl. Inflation)	2.85%	2.25%	2.25%	3.08%	2.96%	2.29%	2.48%	3.25%
Rate of increase in healthcare costs (incl. Inflation)	4.43%				4.26%			
Duration *(in years)*	17	10	10	12	15	12	9	15

The discount rate is determined based on the yields of AA-rated corporate bonds of the same duration. This benchmark is obtained from the Bloomberg "EUR Composite (AA) Zero Coupon Yield" yield curve.

For end-of-career awards and long-service awards, employee turnover is calculated by age bracket and grade based on a three-year average. A rate of 0% is used for employees aged 60 and over.

Wage growth including inflation is determined using the average rate of real compensation growth over the past six years. This wage growth is capped at the maximum nominal rate of increase seen over the same period.

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h) Analysis of sensitivity to key assumptions

	12.31.2017				12.31.2016			
	Post-employment defined-benefit plans		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
+1% change in discount rate	(12.18)%	(5.83)%	(4.97)%	(2.80)%	(11.43)%	(6.09)%	(5.24)%	(2.80)%
-1% change in discount rate	15.09%	6.57%	5.36%	3.50%	14.02%	6.43%	5.78%	3.36%
+1% change in rate of increase in healthcare costs	1.50%				6.12%			
-1% change in rate of increase in healthcare costs	(1.24)%				(4.44)%			
+1% change in rate of increase in salaries and income (incl. inflation)	12.19%	12.29%	8.23%		14.00%	12.63%	9.30%	
-1% change in rate of increase in salaries and income (incl. inflation)	(9.57)%	(10.49)%	(6.96)%		(9.28)%	(10.86)%	(8.20)%	

i) Schedule of non-discounted payments

	12.31.2017		12.31.2016	
	Post-employment defined-benefit plans		Post-employment defined-benefit plans	
(in millions of euros)	Supplementary pension benefits and other	End-of-career awards	Supplementary pension benefits and other	End-of-career awards
n+1 to n+5	145	61	145	50
n+6 to n+10	127	89	135	76
n+11 to n+15	111	90	121	86
n+16 to n+20	112	111	123	95
> n+20	402	210	561	223
TOTAL	**898**	**562**	**1,085**	**530**

11.2.4 Other share-based plans

a) Employee stock option plans under the Company employee savings plan

Plan	2013	2014	2014	2015	2016
Entity	Natixis	Natixis	Coface	Natixis	Natixis
Plan announcement date	04.04.2013	03.14.2014	06.12.2014	03.12.2015	03.10.2016
Plan maturity	5 years	5 years	5 years	5 years	5 years
Reference price	€3,491	€5,051	€10.40	€6,618	€4,094
Subscription price	€2,800	€4,041	€8.32	€5,295	€3,276
Face value discount	19.79%	20.00%	20%	19.99%	19.98%
Number of shares subscribed	8,439,630	9,951,325	255,347	8,505,624	7,989,447
Total subscribed amount *(in millions of euros)*	€23.6m	€40.2m	€2.1m	€45m	€26m
Risk-free interest rate	1.26%	0.84%	0.84%	0.14%	0.08%
Annual security borrowing rate (repos)	0.50%	0.16%	0.16%	0.05%	(0.12)%
Market participant's borrowing rate (five years)	6.72%	5.47%	5.47%	4.45%	3.93%
Lock-up cost	25.74%	21.28%	21.30%	19.57%	19.43%

As a reminder, at December 31, 2016, Natixis recorded an immaterial expense for the discount given upon 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.

There was no Company employee savings plan for employees during the 2017 fiscal year.

NOTE 12 CAPITAL MANAGEMENT

12.1 Share capital

Ordinary shares	Number of shares	Par value	Capital in euros
At January 1	3,137,074,580	1.60	5,019,319,328
Capital increase	285,658	1.60	457,053
AT DECEMBER 31	**3,137,360,238**		**5,019,776,381**

1,431,936 treasury shares at December 31, 2017, and 1,457,006 shares at December 31, 2016.

The capital increase in 2017 is linked to the award of free shares to some Natixis employees under the 2012 and 2013 Retention and Performance Plans, for which payment is share-based *(see Note 5.17 and Note 11.2.2.)*.

12.2 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 2017.

12.3 Equity instruments issued

12.3.1 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 €2,232 million, compared with €1,611 million at December 31, 2016, an increase of €621 million corresponding to issues and redemptions made during 2017.

Note that the gross amount of exchange rate fluctuations in deeply subordinated notes in foreign currencies recorded in income at December 31, 2017 amounted to €103.9 million, or €68.1 million after tax, compared with €9.4 million at December 31, 2016, or €6.1 million after tax.

The main features of undated deeply subordinated notes are outlined in the Chapter [14] of the Pillar III report.

12.3.2 Liquidity contract management

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 twelfth resolution of the General Shareholders' Meeting of May 23, 2017. It authorizes Natixis to acquire, at a maximum price of €10 per share, a number of shares not exceeding 10% of the shares making up the capital of Natixis.

Pursuant to this contract, Natixis holds 1,219,389 shares representing €8 million as at December 31, 2017.

NOTE 13 COMMITMENTS

13.1 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:

(in millions of euros)	12.31.2017	12.31.2016
Guarantee commitments given		
To banks	**9,976**	**2,790**
Confirmation of documentary credits	1,434	1,638
Other guarantees	8,542	1,152
To customers	**20,292**	**19,566**
Real estate guarantees	188	226
Administrative and tax bonds	350	347
Other bonds and endorsements given	6,473	8,915
Other guarantees	13,281	10,077
TOTAL COMMITMENTS FOR GUARANTEES GIVEN	**30,268**	**22,356**
Guarantee commitments received from banks	**12,446**	**10,861**

13.2 Financing commitments

In accordance with IAS 39 (paragraph 2), financing commitments outside the scope of IAS 39 are recognized in accordance with IAS 37, "Provisions, contingent liabilities and contingent assets".

The following financing commitments fall within the scope of IAS 39:

- commitments classified as financial liabilities at fair value through profit or loss. If an entity has a practice of reselling or securitizing loans immediately after they are issued, these loans are accounted for in accordance with IAS 39 as from the date the loan commitment is undertaken;
- 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)	12.31.2017	12.31.2016
Financing commitments given		
▪ To banks	2,599	1,933
▪ To customers	58,756	60,700
Documentary credits	*2,771*	*4,444*
Other confirmed lines of credit	*47,621*	*51,787*
Other commitments	*8,364*	*4,470*
TOTAL FINANCING COMMITMENTS GIVEN	**61,355**	**62,633**
Financing commitments received		
▪ from banks	4,303	9,289
▪ from customers	6,182	4,209
TOTAL FINANCING COMMITMENTS RECEIVED	**10,485**	**13,498**

NOTE 14 POST-CLOSING EVENTS

No post-closing events have taken place since December 31, 2017.

NOTE 15 OTHER INFORMATION

15.1 Finance and operating leases

15.1.1 Leases as lessor

Leases as lessor *(in millions of euros)*	12.31.2017 Residual maturity < 1 year	1-5 years	> 5 years	Total	12.31.2016 Residual maturity < 1 year	1-5 years	> 5 years	Total
Gross investment	2,395	6,461	3,866	12,722	2,198	5,961	3,629	11,788
Present value of minimum lease payments receivable	2,227	5,911	3,252	11,390	2,020	5,328	2,956	10,303
Unearned finance income	168	550	614	1,332	178	633	673	1,485
Operating leases								
Minimum payments receivable under irrevocable leases	51	152	50	252	46	147	46	239

Leases as lessor *(in millions of euros)*	12.31.2017 Real estate assets	Non-real estate assets	Total	12.31.2016 Real estate assets	Non-real estate assets	Total
Finance leases						
Unsecured residual value accruing to lessor	569	11	580	612	8	620

15.1.2 Leases as lessee

Leases as lessee *(in millions of euros)*	12.31.2017 Real estate assets	Non-real estate assets	Total	12.31.2016 Real estate assets	Non-real estate assets	Total
Finance leases						
Net book value	3		3	3		3

15.1.3 Operating leases as lessee

(in millions of euros)	12.31.2017 Minimum future payments	12.31.2016 Minimum future payments
Less than 1 year	229	197
1 year to 5 years	834	721
More than 5 years	569	275
TOTAL	**1,632**	**1,193**

(in millions of euros)	12.31.2017 Expenses	12.31.2017 Expenses
Operating leases	**232**	**183**
Minimum payments	231	183
Contingent rental payment	1	-
Operating sub-leases	**8**	**6**
Revenue from sub-leases	8	6
TOTAL	**240**	**189**

15.2 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, Caisse d'Epargne group including the Caisses d'Epargne and their subsidiaries and all affiliates consolidated by the equity method) are described below:

	12.31.2017			12.31.2016		
(in millions of euros)	BPCE	Banque Populaire group	Caisse d'Epargne group	BPCE	Banque Populaire group	Caisse d'Epargne group
ASSETS						
Assets at fair value through profit or loss	17,755	2,967	4,444	14,407	3,416	5,817
Available-for-sale financial assets	563	120	42	969	210	33
Loans and receivables due from banks	29,046	381	86	38,281	573	137
Customer loans and receivables	10,280	165		10,974	105	
Held-to-maturity financial assets						
LIABILITIES						
Financial liabilities at fair value through profit or loss	5,225	731	698	8,534	984	842
Due to banks	68,816	2,323	839	56,083	1,392	985
Customer deposits	264	52	11	497	8	21
Debt securities						
Subordinated debt	2,314			2,355		2
Equity (DSNs and shareholder advances)	1,823			927		(0)
INCOME						
Interest and similar income	213	19	3	232	25	4
Interest and similar expenses	(512)	(12)	(18)	(525)	(10)	(56)
Net fee and commission income	6	(353)	(130)	21	(310)	(20)
Net gains or losses on financial instruments at fair value through profit or loss	(215)	(28)	(29)	(587)	314	833
Net gains or losses on available-for-sale financial assets	0	0	2	(0)	0	1
Income and expenses from other activities	(34)	13	14	(20)	9	(11)
Operating expenses	(64)	2	(25)	(54)	0	(21)
COMMITMENTS						
Commitments given	9,372	21	68	1,311	52	63
Commitments received	5,651	2,710	2,530	9,650	2,315	2,123

Relations with associates and joint-ventures are not material.

Management compensation

(in euros)	12.31.2017	12.31.2016
Natixis directors[(a)]	570,299	565,833
Executive managers[(b)]	12,372,462	14,485,940

(a) *In 2017 and 2016, directors' fees paid to members of the Board of Directors included a fixed portion (€8,000 per person) and a variable portion (€2,000 per Board Meeting, per person). Members of the Audit Committee and the Risk Committee received a fixed payment of €3,000 (€17,000 for its Chairman) and a variable payment of €1,000 per Board Meeting and per person (€2,000 for its Chairman). Members of the Appointments Committee and Compensation Committee received a fixed payment of €2,000 (€15,000 in 2015 for its Chairman) and a variable payment of €1,000 per Board Meeting and per person (€2,000 for its Chairman). The members of the Strategic Committee received a variable payment of €2,000 and the Chairman of the Strategic Committee received a fixed payment of €12,000.*

(b) *The amounts shown represent the total amount of compensation paid or delivered to the members of the Senior Management Committee.*

Compensation of directors

Compensation for directors is granted as detailed 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 2017	FY 2016
Laurent Mignon, CEO		
Compensation for the fiscal year	€2,623,242[a]	€1,754,761
Value of options granted during the fiscal year	n/a	n/a
Value of performance shares granted during the fiscal year	€192,000[b]	€160,000
TOTAL	**€2,815,242**	**€1,914,761**

(a) O/w a family allowance of €2,379.

(b) Corresponding to the value of the shares on the allocation date, for a fair value of €99,305 for 2017 and €76,890 for 2016.

Retiring directors

Natixis' Chief Executive Officer enjoys the retirement benefits plan offered to upper management officers ("hors classification"):

- Social Security contributions in tranche A[1];
- mandatory ARRCO contributions in tranche A[1](14.06%);
- additional ARRCO contributions in tranche B[2] (5.63%);
- AGIRC contributions in tranches B[2] (20.55%) and C[3] (20.55%).

There are no contributions beyond tranche C[3].

Laurent Mignon, the Chief Executive Officer, is covered by the mandatory pension plans. He is not covered by the kind of supplementary pension plans described in Article 39 (defined benefit plan) or Article 83 (voluntary defined contribution plan) of the French General Tax Code. In accordance with the commitments made by Laurent Mignon during the past fiscal year, in 2017 the Chief Executive Officer paid €140,800 net (corresponding to €160,000 gross of his annual compensation) 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 will be paid by Laurent Mignon and not by Natixis.

Severance payments

Severance payments and consideration for non-compete agreement

It should be noted that, at its February 19, 2014 meeting, the Board of Directors approved a change to its agreement on severance payment, and the establishment of a non-compete agreement. These obligations and agreements were submitted to a vote by the shareholders and approved during the Ordinary General Shareholders' Meeting of May 20, 2014 (fifth resolution). At its February 18, 2015 meeting, the Board of Directors approved the renewal of the severance payment and the non-compete agreement upon the Chief Executive Officer's reappointment.

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 fulfillment of these criteria will be verified by the Board of Directors.

A non-compete indemnity should the CEO leave office

The non-compete agreement is limited to a period of six months and carries an indemnity equal to six months of fixed compensation, as in force on the date on which the CEO leaves office.

In accordance with the recommendations of the Afep-Medef code, 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.

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 pay (both fixed and variable).

All of these commitments were approved by the General Shareholders' Meeting on May 19, 2015 when Laurent Mignon was re-appointed as Chief Executive Officer.

(1) Tranche A corresponds to the fraction of annual compensation between €0 and €39,228.

(2) Tranche B corresponds to the fraction of annual compensation between €39,228 and €156,912.

(3) Tranche C corresponds to the fraction of annual compensation between €156,921 and €313,824.

15.3 Insurance companies

15.3.1 Insurance company results

The insurance industry companies within Natixis' scope of consolidation are: Coface and its subsidiaries, Natixis Assurances and its subsidiaries (life insurance, personal protection insurance, property and casualty insurance) and CEGC (Compagnie Européenne de Garanties et de Cautions).

The following table shows a reconciliation between insurance companies' financial statements as presented and how they would translate into the banking format. It also shows the consolidated contribution by insurance companies in banking format.

The main reclassifications concern general operating expenses, which are reported by function in the insurance format and by type in the banking format.

As regards net revenues, in the interest of consistency, insurance income and expenses that are similar to banking income and expenses (principally interest and fees and commissions) are reclassified under the corresponding line items in the banking format. Technical reserves and claims expenses are charged to net revenues rather than recognized as provisions for credit losses.

Balance sheet reclassifications are not material. Most of the balance sheet line items specific to insurance companies are shown under "insurance company investments" on the asset side and under "insurance companies' technical reserves" on the liabilities side. Receivables and related payables, shown under accrued income, prepaid expenses and other assets or deferred income, accrued charges and other liabilities in the insurance format are reclassified in the same lines as the principal in the banking format.

AT DECEMBER 31, 2017

(in millions of euros)	12.31.2017 Insurance format Total	12.31.2017 Banking format Net revenues	Expenses	Gross operating income	Provision for credit losses	Tax	Other items	Net income
Premiums written	*13,496*	*13,496*		*13,496*				*13,496*
Change in unearned premium income	*(259)*	*(259)*		*(259)*				*(259)*
Earned premiums	13,237	13,237		13,237				13,237
Banking operating income	72	72		72				72
Revenues and income from other activities	174	174		174				174
Other operating income	47	28	19	47				47
Investment income	*1,758*	*1,758*		*1,758*				*1,758*
Investment expenses	*(210)*	*(197)*	*(12)*	*(210)*				*(210)*
Capital gains and losses on disposal of investments (net of reversals, write-downs and amortization)	*254*	*277*		*277*			*(24)*	*254*
Change in fair value of investments carried at fair value through profit or loss	*813*	*813*		*813*				*813*
Change in write-downs on investments	*(25)*	*(25)*		*(25)*				*(25)*
Investment income (net of expenses)	**2,588**	**2,625**	**(12)**	**2,612**			**(24)**	**2,588**
Policy benefit expenses	**(13,443)**	**(13,329)**	**(114)**	**(13,443)**				**(13,443)**
Reinsurance transfer income	*3,031*	*3,031*		*3,031*				*3,031*
Reinsurance transfer expenses	*(3,054)*	*(3,054)*		*(3,054)*				*(3,054)*
Income and expenses net of reinsurance transfers	**(22)**	**(22)**		**(22)**				**(22)**
Provision for credit losses	(4)				(4)			(4)
Banking operating expenses	(14)		(14)	(14)				(14)
Policy acquisition costs	(945)	(728)	(218)	(945)				(945)
Amortization of portfolio values and related items								
Administrative costs	(754)	(369)	(384)	(754)				(754)
Other recurring operating income and expenses	(316)	(72)	(242)	(316)	(1)			(316)
Other operating income and expenses	(4)	(3)	(1)	(4)				(4)
Operating income (loss)	**617**	**1,612**	**(967)**	**645**	**(5)**		**(24)**	**617**
Finance expenses	(34)	(34)		(34)				(34)
Share in income of associates	14						14	14
Income taxes	(205)		(1)	(1)		(203)		(206)
After-tax income from discontinued activities								
Non-controlling interests	(55)						(55)	(55)
CONSOLIDATED NET INCOME	**336**	**1,578**	**(968)**	**610**	**(5)**	**(204)**	**(65)**	**336**

AT DECEMBER 31, 2016

	12.31.2016	12.31.2016						
		Banking format						
(in millions of euros)	Insurance format Total	Net revenues	Expenses	Gross operating income	Provision for credit losses	Tax	Other items	Net income
Premiums written	*21,733*	*21,733*		*21,733*				*21,733*
Change in unearned premium income	*(169)*	*(169)*		*(169)*				*(169)*
Earned premiums	21,563	21,563		21,563				21,563
Banking operating income	71	71		71				71
Revenues and income from other activities	234	234		234				234
Other operating income	19	3	16	19				19
Investment income	*1,739*	*1,739*		*1,739*				*1,739*
Investment expenses	*(247)*	*(237)*	*(9)*	*(247)*				*(247)*
Capital gains and losses on disposal of investments (net of reversals, write-downs and amortization)	*125*	*85*		*85*			*40*	*125*
Change in fair value of investments carried at fair value through profit or loss	*235*	*235*		*235*				*235*
Change in write-downs on investments	*(47)*	*(47)*		*(47)*				*(47)*
Investment income (net of expenses)	**1,805**	**1,774**	**(9)**	**1,765**			**40**	**1,805**
Policy benefit expenses	**(21,166)**	**(21,063)**	**(103)**	**(21,166)**				**(21,166)**
Reinsurance transfer income	*1,956*	*1,956*		*1,956*				*1,956*
Reinsurance transfer expenses	*(1,996)*	*(1,996)*		*(1,996)*				*(1,996)*
Income and expenses net of reinsurance transfers	**(40)**	**(40)**		**(40)**				**(40)**
Provision for credit losses	(4)				(4)			(4)
Banking operating expenses	(13)		(13)	(13)				(13)
Policy acquisition costs	(916)	(690)	(226)	(916)				(916)
Amortization of portfolio values and related items	(75)						(75)	(75)
Administrative costs	(681)	(324)	(357)	(681)				(681)
Other recurring operating income and expenses	(299)	(68)	(230)	(299)			(0)	(299)
Other operating income and expenses	85	78	(25)	53			31	85
Operating income (loss)	**582**	**1,537**	**(947)**	**591**	**(5)**		**(5)**	**582**
Finance expenses	(41)	(41)		(41)				(41)
Share in income of associates	7						7	7
Income taxes	(225)		(2)	(2)		(224)		(225)
After-tax income from discontinued activities								
Non-controlling interests	(32)						(32)	(32)
CONSOLIDATED NET INCOME	**291**	**1,496**	**(949)**	**548**	**(5)**	**(224)**	**(29)**	**291**

15.3.2 Insurance company contributions to the consolidated income statement

(in millions of euros)	12.31.2017	12.31.2016
Interest and similar income	1,418	1,373
Interest and similar expenses	(63)	(66)
Fee and commission income	309	360
Fee and commission expenses	(1,117)	(1,007)
Net gains or losses on financial instruments at fair value through profit or loss	896	250
Net gains or losses on available-for-sale financial assets	309	119
Income from other activities	10,719	20,136
Expenses from other activities	(10,893)	(19,670)
Net revenues	**1,578**	**1,496**
Operating expenses	(913)	(895)
Depreciation, amortization and impairment on property, plant and equipment and intangible assets	(55)	(53)
Gross operating income	**610**	**548**
Provision for credit losses	(5)	(5)
Net operating income	**605**	**543**
Share in income of associates	14	7
Gains or losses on other assets	(24)	71
Change in value of goodwill	0	(75)
Pre-tax profit	**595**	**546**
Income tax	(176)	(224)
After-tax income from discontinued activities or activities currently being disposed of	0	0
Net income	**419**	**322**
Non-controlling interests	(83)	(31)
NET INCOME (GROUP SHARE)	**336**	**291**

15.4 Fees paid to the Statutory Auditors

The bank's financial statements are audited by three 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.

The mandate of Mazars was renewed by the shareholders at the General Shareholders' Meeting of May 2012, for a term of six years ending as of the General Shareholders' Meeting called to approve the 2018 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 – 185, avenue Charles-de-Gaulle – 92524 Neuilly-sur-Seine Cedex represented by signatory partners Charlotte Vandeputte and Jean-Marc Mickeler;
- Mazars – Immeuble Exaltis 61, rue Henri-Régnault – 92075 La Défense Cedex, represented by signatory partners Charles De Boisriou and Emmanuel Dooseman;
- PricewaterhouseCoopers Audit – 63 rue de Villiers 92208 Neuilly-Sur-Seine Cedex, represented by signatory partners Agnès Hussherr and Patrice Morot.

Deloitte & Associés, Mazars and PricewaterhouseCoopers Audit are registered as Statutory Auditors with the "Compagnie Régionale des Commissaires aux Comptes of Versailles" and 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				
	2017		2016			2017		2016			2017		2016			2017		2016		
(in thousands of euros)	Amount	%	Amount	%	Change %	Amount	%	Amount	%	Change %	Amount	%	Amount	%	Change %	Amount	%	Amount	%	Change %
Independent audit, certification and examination of the separate and consolidated accounts	**8,842**	**69%**	**7,565**	**59%**	**17%**	**6,823**	**73%**	**5,692**	**63%**	**20%**	**3,780**	**78%**	**3,067**	**62%**	**23%**	**19,445**	**61%**	**16,324**	**61%**	**19%**
Issuer	*3,761*		*2,998*		*25%*	*1,812*		*1,037*		*75%*	*1,895*		*1,230*		*54%*	*7,467*		*5,265*		*42%*
Fully-consolidated subsidiaries	*5,081*		*4,567*		*11%*	*5,011*		*4,655*		*8%*	*1,885*		*1,837*		*3%*	*11,978*		*11,059*		*8%*
Services other than the certification of accounts	**3,889**	**31%**	**5,301**	**41%**	**(27)%**	**2,469**	**27%**	**3,413**	**37%**	**(28)%**	**1,088**	**22%**	**1,854**	**38%**	**(41)%**	**7,446**	**39%**	**10,568**	**39%**	**(30)%**
Issuer	*1,763*		*927*		*90%*	*994*		*1,362*		*(27)%*	*520*		*786*		*(34)%*	*3,278*		*3,076*		*7%*
Fully-consolidated subsidiaries	*2,126*		*4,374*		*(51)%*	*1,475*		*2,050*		*(28)%*	*568*		*1,068*		*(47)%*	*4,169*		*7,492*		*(44)%*
TOTAL	**12,731**	**100%**	**12,867**	**100%**	**(1)%**	**9,292**	**100%**	**9,105**	**100%**	**2%**	**4,868**	**100%**	**4,921**	**100%**	**(1)%**	**26,891**		**26,893**		**0%**

Pursuant the 2016 Barnier reform, "Other procedures and services directly related to the Statutory Auditors' assignment" as well as "Other services" are included together under "Services other than the certification of accounts" since 12.31.2016.

Services other than the certification of financial statements mainly included assignments for the move#2018 project relating to BPCE Vie for €669,000 performed by Deloitte, assignments relating to the FRTB project for Natixis Paris for €449,000 performed by Mazars, the BCBS standard 239 project for Natixis Paris for €674,000 by Deloitte, assistance with the ECB bad loans assignment with Natixis Paris for €265,000 by Deloitte, the EMIR project at Natixis Paris for €237,000 by PwC and recurrent Tax Services assignments for NIM for €595,000 mainly performed by PwC (€527,000).

In addition, the fees paid to KPMG totaled €1.7 million for audit and account certification services and €3.3 million for other services.

The Deputy Auditors are:

- Mireille Berthelot, from BEAS, avenue Charles de Gaulle (92200) Neuilly-sur-Seine for Deloitte;
- Franck Boyer, Immeuble Exaltis – 61, rue Henri-Régnault – 92075 La Défense Cedex for Mazars;
- Jean-Baptiste Deschryver – 63 rue de Villiers 92208 Neuilly-Sur-Seine Cedex, for PricewaterhouseCoopers Audit.

NOTE 16 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, 2017.

16.1 Entity operations by country at December 31, 2017

Country of operation	Activity
SOUTH AFRICA	
COFACE SOUTH AFRICA	Insurance
COFACE SOUTH AFRICA SERVICES	Insurance
ALGERIA	
NATIXIS ALGERIE	Bank
GERMANY	
COFACE DEBITOREN	Receivables management and data
COFACE DEUTSCHLAND	Credit insurance and related services
COFACE FINANZ	Factoring
COFACERATING HOLDING	Receivables management and data
COFACERATING.DE	Receivables management and data
KISSELBERG	Insurance
NATIXIS GLOBAL ASSOCIATES GERMANY	Retail
NATIXIS PFANDBRIEFBANK AG	Credit institution
NATIXIS ZWEIGNIEDERLASSUNG DEUTSCHLAND	Financial institution
AEW CILOGER DEPENDANT BRANCH GERMANY	Distribution
NATIXIS INVESTMENT MANAGERS S.A, ZWEIGNIERDERLAASUNG DEUTSCHLAND	Distribution
ARGENTINA	
COFACE ARGENTINA -BRANCH (COFACE EUROPE)	Credit insurance and related services
AUSTRALIA	
NATIXIS AUSTRALIA PTY LTD	Financial institution
NATIXIS GLOBAL ASSOCIATES AUSTRALIA HOLDINGS, LLC	Holding company
COFACE AUSTRALIA (BRANCH-COFACE EUROPE)	Credit insurance and related services
INVESTORS MUTUAL LIMITED	Asset Management
NATIXIS INVESTMENT MANAGERS AUSTRALIA PTY LIMITED	Distribution
AEW ASIA LIMITED AUSTRALIAN BRANCH	Asset Management
AUSTRIA	
COFACE AUSTRIA	Holding company
COFACE CENTRAL EUROPE HOLDING	Holding company
COFACE SERVICES AUSTRIA	Receivables management and data

Country of operation	Activity
BELGIUM	
NATIXIS BELGIQUE INVESTISSEMENTS	Investment company
COFACE BELGIUM SERVICES	Business and solvency data
COFACE BELGIUM - BRANCH (COFACE EUROPE)	Credit insurance and related services
DALENYS S.A.	Holding company
BRAZIL	
COFACE DO BRASIL SEGUROS DECREDITO	Credit insurance and related services
NATIXIS BRASIL S.A.	Financial institution
SEGURO BRASILEIRA C.E	Credit insurance and related services
BULGARIA	
COFACE BULGARIA (BRANCH)	Insurance
CANADA	
COFACE CANADA - BRANCH (COFACE EUROPE)	Credit insurance and related services
NATIXIS CANADA	Financial institution
TREZ COMMERCIAL FINANCES LIMITED PARTNERSHIP	Real-estate finance
NATIXIS INVESTMENT MANAGERS CANADA CORP	Asset Management
NATIXIS INVESTMENT MANAGERS CANADA LP	Asset Management
NATIXIS INVESTMENT MANAGERS CORPORATION	Asset Management
NATIXIS INVESTMENT MANAGERS CANADA LIMITED	Asset Management
CHILE	
COFACE CHILE S.A.	Insurance
COFACE CHILE -BRANCH (COFACE EUROPE)	Credit insurance and related services
CHINA	
NATIXIS SHANGHAI	Financial institution
NATIXIS BEIJING	Financial institution
SOUTH KOREA	
NATIXIS INVESTMENT MANAGERS KOREA LIMITED	Distribution

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Country of operation	Activity
DENMARK	
COFACE DANMARK - BRANCH (COFACE KREDIT)	Insurance
MIDT FACTORING A/S	Factoring
UNITED ARAB EMIRATES	
NATIXIS DUBAI	Financial institution
NATIXIS INVESTMENT MANAGERS MIDDLE EAST	Distribution
ECUADOR	
COFACE ECUADOR (BRANCH-COFACE EUROPE)	Credit insurance and related services
SPAIN	
COFACE SERVICIOS ESPANA S.L.	Receivables management and data
NATIXIS LEASE MADRID	Equipment and real estate leasing
NATIXIS MADRID	Financial institution
NATIXIS CAPITAL PARTNERS SPAIN	Mergers and acquisitions advisory services
COFACE IBERICA -BRANCH (COFACE EUROPE)	Credit insurance and related services
NATIXIS INVESTMENT MANAGERS, SUCURSAL EN ESPANA	Distribution
UNITED STATES	
AEW CAPITAL MANAGEMENT, INC.	Asset Management
AEW CAPITAL MANAGEMENT, LP	Asset Management
AEW PARTNERS III, INC.	Asset Management
AEW PARTNERS IV, INC.	Asset Management
AEW PARTNERS V, INC.	Asset Management
AEW PARTNERS VI, INC.	Asset Management
AEW PARTNERS VII, INC.	Asset Management
AEW REAL ESTATE ADVISORS, INC.	Asset Management
AEW SENIOR HOUSING INVESTORSINC	Asset Management
AEW VALUE INVESTORS ASIA II GP LIMITED	Asset Management
AEW VIA INVESTORS, LTD	Asset Management
AEW VIF INVESTORS, INC.	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

Country of operation	Activity
COFACE SERVICES NORTH AMERICA GROUP	Holding company
CREA WESTERN INVESTORS I, INC.	Asset Management
EPI SLP LLC.	Asset Management
GATEWAY INVESTMENT ADVISERS, LLC	Asset Management
HARRIS ALTERNATIVES HOLDING INC	Holding company
HARRIS ASSOCIATES LP	Asset Management
HARRIS ASSOCIATES SECURITIES, LP	Distribution
LOOMIS SAYLES & COMPANY, INC.	Asset Management
LOOMIS SAYLES & COMPANY, LP	Asset Management
LOOMIS SAYLES ALPHA, LLC.	Asset Management
LOOMIS SAYLES DISTRIBUTORS, INC.	Distribution
LOOMIS SAYLES DISTRIBUTORS, LP	Distribution
MC DONNELL	Asset Management
MSR TRUST	Real-estate finance
NAM US	Asset Management
NATIXIS ASG HOLDINGS, INC.	Distribution
NATIXIS CASPIAN PRIVATE EQUITY LLC	Asset Management
NATIXIS FINANCIAL PRODUCTS LLC	Derivatives transactions
NATIXIS INVESTMENT CORP.	Portfolio management
NATIXIS NEW YORK	Financial institution
NATIXIS NORTH AMERICA LLC	Holding company
NATIXIS REAL ESTATE CAPITAL LLC	Real estate finance
NATIXIS REAL ESTATE HOLDINGS LLC	Real estate finance
NH PHILADELPHIA PROPERTY LP	Real estate finance
VAUGHAN NELSON INVESTMENT MANAGEMENT, LP	Asset Management
NATIXIS US MTN PROGRAM LLC	Issuing vehicle
NATIXIS FUNDING CORP	Other financial company
NATIXIS SECURITIES AMERICAS LLC	Brokerage
AEW VIF INVESTORS II, INC.	Asset Management
EPI SO SLP LLC.	Asset Management
LOOMIS SAYLES TRUST COMPANY, LLC	Asset Management
NATIXIS US HOLDINGS INC.	Holding company
VERSAILLES	Securitization vehicle
PETER J. SOLOMON COMPANY LP	Mergers and acquisitions advisory services
PETER J. SOLOMON SECURITIES COMPANY LLC	Brokerage
HARRIS ASSOCIATES, INC.	Asset Management
VAUGHAN NELSON INVESTMENT MANAGEMENT, INC.	Asset Management
LOOMIS SAYLES SOLUTIONS, INC.	Asset Management
NATIXIS INVESTMENT MANAGERS HOLDINGS, LLC	Holding company
NATIXIS INVESTMENT MANAGERS, LLC	Holding company

Country of operation	Activity
NATIXIS INVESTMENT MANAGERS, LP	Holding company
NATIXIS ADVISORS, LP	Distribution
NATIXIS DISTRIBUTION CORPORATION	Distribution
NATIXIS DISTRIBUTION, LP	Distribution
NATIXIS INVESTMENT MANAGERS INTERNATIONAL, LLC	Distribution
FRANCE	
1818 IMMOBILIER	Real estate operations
ALLIANCE ENTREPRENDRE	Asset Management
AXELTIS S.A.	Holding company
BPCE ASSURANCES	Insurance company
CO-ASSUR	Insurance brokerage advisory
COFACE S.A.	Holding company
COFINPAR	Credit insurance and related services
COGERI	Receivables management and data
COMPAGNIE EUROPEENNE DE GARANTIES ET CAUTIONS	Insurance
DARIUS CAPITAL PARTNERS SAS	Investment advisory services
DORVAL FINANCE	Asset Management
EURO PRIVATE EQUITY FRANCE (FORMERLY DAHLIA PARTNERS)	Asset Management
FCT NATIXIS EXPORT CREDIT AGENCY	Securitization vehicle
FCT VEGA	Securitization fund
FONDS COLOMBES	Mutual funds
FRUCTIFONDS PROFIL 6	Insurance investment mutual fund
FRUCTIFONDS PROFIL 9	Insurance investment mutual fund
LEASE EXPANSION	IT operational leasing
MIROVA ENVIRONMENT AND INFRASTRUCTURE	Management of venture capital mutual funds
NALÉA	Securitization vehicle
NATIXIS ALTAÏR IT SHARED SERVICES	Data services
NATIXIS ASSET MANAGEMENT	Asset Management
NATIXIS CAR LEASE	Extended period vehicle rental
NATIXIS FONCIERE SA (formerly SPAFICA)	Real estate investments
NATIXIS FORMATION EPARGNE FINANCIERE	Holding company
NATIXIS FUNDING	Market making on secondary debt market
NATIXIS IMMO DEVELOPPEMENT	Residential real estate development
NATIXIS IMMO EXPLOITATION	Real estate operations
NATIXIS INNOV	Holding company
NATIXIS INTERTITRES	Service vouchers offers

Country of operation	Activity
NATIXIS LIFE	Life insurance
NATIXIS LLD	Extended period vehicle rental
NATIXIS MARCO	Investment company (extension of activity)
NATIXIS PRIVATE EQUITY	Financial investments
Natixis S.A.	Credit institution
S.C.I. ALTAIR 1	Real estate operations
S.C.I. ALTAIR 2	Real estate operations
SAS IMMOBILIERE NATIXIS BAIL	Real estate leasing
SELECTION 1818	Investment product distribution to IWMAs
SEVENTURE PARTNERS	Asset Management
SUD OUEST BAIL	Real estate leasing
CONTANGO TRADING SA	Brokerage company
NATIXIS PARTNERS	Mergers and acquisitions advisory services
FCT LIQUIDITÉ SHORT 1	Securitization vehicle
DNCA COURTAGE	Asset Management
DNCA FINANCE	Asset Management
DNCA MANAGEMENT	Asset Management
NAXICAP PARTNERS	Management of venture capital mutual funds
OSSIAM	Asset Management
VEGA INVESTMENT MANAGERS	Mutual fund holding company
NATIXIS ULTRA SHORT TERM BONDS PLUS	Insurance investment mutual fund
BPCE PRÉVOYANCE (FORMERLY - ABP PRÉVOYANCE)	Personal protection insurance
BPCE VIE (FORMERLY – ABP VIE)	Insurance
FRUCTIFONCIER	Insurance real estate investments
NAMI INVESTMENT	Insurance real estate investments
AAA ACTIONS AGRO ALIMENTAIRE	Insurance investment mutual fund
BPCE APS	Service provider
FCT PUMACC	Consumer credit securitization vehicle
NATIXIS LEASE	Equipment leasing
OPCI NATIXIS LEASE INVESTMENT	Real estate funds
FONCIERE KUPKA	Real estate operations
BPCE RELATION ASSURANCES	Service provider
SPG	Mutual fund
AEW COINVEST	Asset Management
NATIXIS Asset Management FINANCE	Holding company
REAUMUR ACTIONS (FORMELY - ABP DIVERSIFIE)	Insurance investment mutual fund

Country of operation	Activity
NATIXIS ASSURANCES	Insurance company holding company
SCPI FRUCTIFONDS IMMOBILIER	Insurance real estate investments
OPCI FRANCEUROPE IMMO	Insurance investment mutual fund
ABP VIE MANDAT FPCI	Private Equity funds
NATIXIS FINANCEMENT	Consumer finance
NATIXIS COFICINÉ	Finance company (audiovisual)
Natixis Factor	Factoring
NATIXIS INTERÉPARGNE	Employee savings plan management
NATIXIS PAYMENT SOLUTIONS	Banking services
CICOBAIL	Real estate leasing
NATIXIS LEASE IMMO	Real estate leasing
NATIXIS BAIL	Real estate leasing
NATIXIS ENERGECO	Equipment leasing
OCEOR LEASE REUNION	Equipment leasing
COFACE EUROPE	Credit insurance and related services
FIMIPAR	Buyback of receivables
AEW S.A.	Asset Management
NATIXIS INVESTMENT MANAGERS	Holding company
AEW CILOGER	Real-estate management
NATIXIS WEALTH MANAGEMENT	Credit institution
SELECTIZ	Insurance investment mutual fund
SELECTION PROTECTION 85	Insurance investment mutual fund
SELECTIZ PLUS FCP 4DEC	Insurance investment mutual fund
NATIXIS PAIEMENT HOLDING	Holding company
S-MONEY	Payment services
LAKOOZ	Payment services
PAYPLUG	Payment services
BATILEASE	Real-estate leasing
INTER-COOP	Real-estate leasing
MIROVA-ALTHELIA LIMITED, FRANCE BRANCH	Asset Management
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 1	Holding company
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 3	Holding company
NATIXIS INVESTMENT MANAGERS DISTRIBUTION FRANCE	Distribution
SEEYOND	Asset Management
DALENYS PAYMENT	Payment services
RENTABILIWEB SERVICES	Internal services provider
RECOMMERCE	Online service
RENTABILIWEB MARKETING	Online service
RENTABILIWEB TECHNOLOGIES	Online service

Country of operation	Activity
UNITED KINGDOM	
AEW EUROPE ADVISORY LTD	Asset Management
AEW EUROPE CC LTD	Asset Management
AEW EUROPE HOLDING LTD	Asset Management
AEW EUROPE INVESTMENT LTD	Asset Management
AEW EUROPE LLP	Asset Management
AEW GLOBAL ADVISORS (EUROPE) LTD	Asset Management
AEW GLOBAL LTD	Asset Management
AEW GLOBAL UK LTD	Asset Management
COFACE UK SERVICES LTD	Receivables management and data
H2O ASSET MANAGEMENT CORPORATE MEMBER	Asset Management
LOOMIS SAYLES INVESTMENTS LTD (UK)	Asset Management
NATIXIS LONDON	Financial institution
COFACE UK HOLDING	Holding company
AEW EUROPE PARTNERSHIP	Asset Management
H2O ASSET MANAGEMENT LLP	Asset Management
COFACE UK - BRANCH (COFACE EUROPE)	Credit insurance and related services
NATIXIS INVESTMENT MANAGERS UK LTD	Distribution
MIROVA-ALTHELIA LIMITED	Asset Management
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
HUNGARY	
COFACE HUNGARY - BRANCH (COFACE AUSTRIA)	Insurance
CAYMAN ISLANDS	
NATIXIS NEW YORK BRANCH	Financial institution
DF EFG3 LIMITED	Holding company
IRELAND	
NATINIUM FINANCIAL PRODUCTS	Securitization vehicle
NEXGEN CAPITAL LTD	Structured finance
COFACE IRELAND - BRANCH (COFACE EUROPE)	Credit insurance and related services
NEXGEN REINSURANCE DESIGNATED ACTIVITY COMPANY	Reinsurance
PURPLE FINANCE CLO 1	Securitization vehicle
ISRAEL	
COFACE ISRAEL	Credit insurance
ISRAEL	
BUSINESS DATA INFORMATION	Marketing and other services
COFACE HOLDING ISRAEL	Holding company

Country of operation	Activity
ITALY	
COFACE ASSICURAZIONI SPA	Credit insurance and related services
COFACE ITALIA	Holding company
NATIXIS LEASE MILAN	Equipment and real estate leasing
NATIXIS MILAN	Financial institution
DNCA FINANCE SUCCURSALE MILAN	Asset Management
AEW CILOGER ITALIAN BRANCH	Distribution
NATIXIS INVESTMENT MANAGERS S.A, SUCCURSALE ITALIANA	Distribution
JAPAN	
NATIXIS JAPAN SECURITIES CO, LTD	Financial institution
NATIXIS TOKYO	Financial institution
COFACE JAPAN - BRANCH (COFACE EUROPE)	Credit insurance and related services
NATIXIS INVESTMENT MANAGERS JAPAN CO., LTD	Asset Management
JERSEY	
NATIXIS STRUCTURED PRODUCTS LTD	Issuing vehicle
LATVIA	
COFACE LATVIA INSURANCE - BRANCH (COFACE AUSTRIA)	Insurance
LITHUANIA	
LEID - BRANCH (COFACE AUSTRIA)	Insurance
LUXEMBOURG	
H2O ASSET MANAGEMENT HOLDING	Asset Management
KENNEDY FINANCEMENT LUXEMBOURG	Investment company - Asset Management
KENNEDY FINANCEMENT LUXEMBOURG 2	Central corporate treasury - Asset Management
NATIXIS ALTERNATIVE ASSETS	Holding company
NATIXIS BANK	Bank
NATIXIS LIFE	Life insurance
NATIXIS LUXEMBOURG INVESTISSEMENTS	Investment company
NATIXIS PRIVATE EQUITY INTERNATIONAL LUXEMBOURG	Holding company Financial investments
NATIXIS REAL ESTATE FEEDER SARL	Investment company
NATIXIS TRUST	Holding company
DNCA LUXEMBOURG	Asset Management
DAHLIA A SICAR SCA	Financial investments
NATIXIS STRUCTURED INSSUANCE	Issuing vehicle
AEW EUROPE SARL (FORMERLY AEW LUXEMBOURG)	Asset Management
COFACE LUXEMBOURG (BRANCH-COFACE EUROPE)	Credit insurance and related services
AEW Europe Global LUX	Asset Management
ASG MANAGED FUTURES	Asset Management
DNCA ARCHER MID-CAP EUROPE	Asset Management
NATIXIS INVESTMENT MANAGERS DISTRIBUTION	Distribution
MALAYSIA	
NATIXIS LABUAN	Financial institution
MEXICO	
COFACE HOLDING AMERICA LATINA	Financial data
COFACE SEGURO DE CREDITO MEXICO	Insurance
NATIXIS IM MEXICO, S. DE R.L DE C.V.	Asset Management
NEW CALEDONIA	
OCEOR LEASE NOUMEA	Equipment leasing
NETHERLANDS	
COFACE NEDERLAND - BRANCH (COFACE KREDIT)	Insurance
COFACE NEDERLAND SERVICES	Receivables management and data
NATIXIS INVESTMENT MANAGERS, NEDERLANDS	Distribution
RENTABILIWEB INTERNATIONAL	Holding company
RENTABILIWEB FINANCE	Holding company
POLAND	
COFACE POLAND - BRANCH (COFACE AUSTRIA)	Insurance
COFACE POLAND CMS	Financial data
COFACE POLAND FACTORING	Factoring
AEW CENTRAL EUROPE	Asset Management
FRENCH POLYNESIA	
OCEOR LEASE TAHITI	Equipment leasing
PORTUGAL	
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
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
NATIXIS ASSET MANAGEMENT ASIA LIMITED	Asset Management

Country of operation	Activity
SLOVAKIA	
COFACE SLOVAKIA INSURANCE - BRANCH (COFACE AUSTRIA)	Insurance
SWEDEN	
COFACE SVERIGE - BRANCH (COFACE KREDIT)	Insurance
NATIXIS INVESTMENT MANAGERS, NORDICS FILIAL	Distribution
SWITZERLAND	
COFACE RE	Reinsurance
COFACE SWITZERLAND - BRANCH (COFACE Europe)	Insurance
EURO PRIVATE EQUITY S.A.	Asset Management
FONDS LAUSANNE	Mutual funds
NATIXIS INVESTMENT MANAGERS SWITZERLAND SARL	Asset Management

Country of operation	Activity
TAIWAN	
COFACE TAIWAN (BRANCH - COFACE EUROPE)	Credit insurance and related services
NATIXIS TAIWAN	Financial institution
NATIXIS INVESTMENT MANAGERS SECURITIES INVESTMENT CONSULTING CO. LTD	Asset Management
TURKEY	
COFACE SIGORTA TURQUIE	Insurance
URUGUAY	
NATIXIS INVESTMENT MANAGERS URUGUAY S.A.	Distribution
RENTABILIWEB MARKETING	Online service

16.2 Net revenues, pre-tax profit, taxes and headcount by country at December 31, 2017

Country of operation	Net revenues *(in millions of euros)*	Profit or loss before taxes, including operating taxes	Corporate income tax	Headcount (FTE)
SOUTH AFRICA	3	(1)	-	53
ALGERIA	52	11	(3)	747
GERMANY	175	58	(16)	629
ARGENTINA	8	3	(1)	43
AUSTRALIA	45	24	(8)	37
AUSTRIA	24	9	(2)	103
BELGIUM	10	1	(2)	207
BRAZIL	11	4	(1)	70
BULGARIA	1	1	-	10
CANADA	12	0	(0)	60
CHILE	6	0	(0)	43
CHINA	14	(2)	(0)	79
SOUTH KOREA	-	(1)	-	2
DENMARK	14	4	(2)	77
UNITED ARAB EMIRATES	38	19	-	56
ECUADOR	2	0	(0)	25
SPAIN	110	13	(2)	254
UNITED STATES	2,613	837	(148)	2,710
FRANCE	4,903	1,267	(470)	12,950
UNITED KINGDOM	562	339	(67)	641
HONG KONG	254	125	(17)	354
HUNGARY	2	1	(0)	13
CAYMAN ISLANDS	12	12	-	-
IRELAND	2	1	-	7
ISRAEL	15	2	(0)	109
ITALY	171	60	(13)	283
JAPAN	55	11	(1)	133
JERSEY	1	1	-	-
LATVIA	-	-	(0)	-
LITHUANIA	2	1	(0)	17
LUXEMBOURG	113	60	(20)	183
MALAYSIA	1	1	-	4
MEXICO	3	(2)	(1)	58
NEW CALEDONIA	2	1	(1)	-
NETHERLANDS	21	6	(1)	78
POLAND	21	7	(1)	206
FRENCH POLYNESIA	1	0	(0)	-
PORTUGAL	4	(4)	(0)	166
CZECH REPUBLIC	2	1	-	8
ROMANIA	9	3	(1)	83
RUSSIA	10	1	(1)	72
SINGAPORE	83	31	0	175
SLOVAKIA	1	1	(0)	8
SWEDEN	2	(0)	-	10
SWITZERLAND	65	50	(9)	50
TAIWAN	5	(2)	0	33
TURKEY	7	1	(1)	52
URUGUAY	0	0	-	1
	9,467	**2,953**	**(789)**	**20,898**

NOTE 17 COMPARATIVE CONSOLIDATION SCOPE

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2016	12.31.2017 % Control	12.31.2017 % Ownership	12.31.2016 % Control	12.31.2016 % 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 DEVELOPPEMENT	Residential real estate development	FC	100	100	100	100	France
NATIXIS TRUST	Holding company	FC	100	100	100	100	Luxembourg
NATINIUM FINANCIAL PRODUCTS[a]	Securitization vehicle	FC	100	100	100	100	Ireland
NATIXIS BRASIL S.A.	Financial institution	FC	100	100	100	100	Brazil
NATIXIS AUSTRALIA PTY Ltd	Financial institution	FC	100	100	100	100	Australia
NATIXIS REAL ESTATE FEEDER SARL	Investment company	FC	100	100	100	100	Luxembourg
NATIXIS JAPAN SECURITIES CO, LTD	Financial institution	FC	100	100	100	100	Japan
NATIXIS PFANDBRIEFBANK AG[a]	Credit institution	FC	100	100	100	100	Germany
FCT Natixis Export Credit Agency[a]	Securitization vehicle	FC	100	100	100	100	France
CONTANGO TRADING S.A.	Brokerage company	FC	100	100	100	100	France
NATIXIS PARTNERS[dd]	Mergers and acquisitions advisory services	FC	84	84	92	92	France
NATIXIS CAPITAL PARTNERS SPAIN	M&A and Financial advisory services	FC	75	75	75	75	Spain
FCT LIQUIDITÉ SHORT 1[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 LUXEMBOURG INVESTISSEMENTS	Investment company	FC	100	100	100	100	Luxembourg
NATIXIS BELGIQUE INVESTISSEMENTS	Investment company	FC	100	100	100	100	Belgium
EDF INVESTISSEMENT GROUPE	Investment company	Equity	6	6	6	6	Belgium
NATIXIS ALTERNATIVE ASSETS	Holding company	FC	100	100	100	100	Luxembourg
NATIXIS MARCO	Investment company (extension of activity)	FC	100	100	100	100	France
NATIXIS STRUCTURED ISSUANCE	Issuing vehicle	FC	100	100	100	100	Luxembourg
Branches							
NATIXIS LONDON	Financial institution	FC	100	100	100	100	Great Britain
NATIXIS HONG KONG	Financial institution	FC	100	100	100	100	Hong Kong
NATIXIS SINGAPORE	Financial institution	FC	100	100	100	100	Singapore
NATIXIS LABUAN	Financial institution	FC	100	100	100	100	Malaysia
NATIXIS SHANGHAI	Financial institution	FC	100	100	100	100	China
NATIXIS MADRID	Financial institution	FC	100	100	100	100	Spain
NATIXIS MILAN	Financial institution	FC	100	100	100	100	Italy
NATIXIS DUBAI	Financial institution	FC	100	100	100	100	United Arab Emirates
NATIXIS NEW YORK	Financial institution	FC	100	100	100	100	United States
NATIXIS NEW YORK Branch	Financial institution	FC	100	100	100	100	Cayman Islands
NATIXIS Zweigniederlassung Deutschland*	Financial institution	FC	100	100	100	100	Germany
NATIXIS TOKYO	Financial institution	FC	100	100	100	100	Japan
NATIXIS BEIJING	Financial institution	FC	100	100	100	100	China
NATIXIS CANADA	Financial institution	FC	100	100	100	100	Canada
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	M&A and Financial 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
NH PHILADELPHIA PROPERTY LP[a]	Real estate finance				100	100	United States
MSR TRUST[a]	Real estate finance	FC	100	100	100	100	United States

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2016	12.31.2017 % Control	12.31.2017 % Ownership	12.31.2016 % Control	12.31.2016 % Ownership	Country
NATIXIS US MTN PROGRAM LLC	Issuing vehicle	FC	100	100	100	100	United States
Natixis Corporate Solutions							
NEXGEN FINANCIAL HOLDINGS Ltd[z]	Holding company				100	100	Ireland
NATIXIS CORPORATE SOLUTIONS Ltd[b]	Structured finance				100	100	Ireland
NEXGEN CAPITAL Ltd	Structured finance	FC	100	100	100	100	Ireland
NEXGEN REINSURANCE DESIGNATED ACTIVITY COMPANY*	Reinsurance	FC	100	100	100	100	Ireland
ASSET & WEALTH MANAGEMENT							
Asset Management							
Groupe Natixis Investment Managers							
NATIXIS GLOBAL ASSOCIATES GERMANY	Retail	FC	100	100	100	100	Germany
NATIXIS GLOBAL ASSOCIATES AUSTRALIA HOLDINGS, LLC	Holding company	FC	100	100	100	100	Australia
NATIXIS INVESTMENT MANAGERS AUSTRALIA PTY LIMITED*[y]	Retail	FC	100	100	100	100	Australia
INVESTORS MUTUAL LIMITED [u]	Asset Management	FC	52	52			Australia
NATIXIS INVESTMENT MANAGERS CANADA CORP.*[y]	Asset Management	FC	100	100	100	100	Canada
NATIXIS INVESTMENT MANAGERS CANADA LP*[y]	Asset Management	FC	100	100	100	100	Canada
NATIXIS INVESTMENT MANAGERS CORPORATION*[y]	Asset Management	FC	50	50	50	50	Canada
NATIXIS INVESTMENT MANAGERS CANADA LIMITED*[y]	Asset Management	FC	100	100	100	100	Canada
AEW CAPITAL MANAGEMENT, INC.	Asset Management	FC	100	100	100	100	United States
AEW CAPITAL MANAGEMENT, LP	Asset Management	FC	100	100	100	100	United States
AEW PARTNERS III, INC.	Asset Management	FC	100	100	100	100	United States
AEW PARTNERS IV, INC.	Asset Management	FC	100	100	100	100	United States
AEW PARTNERS V, INC.	Asset Management	FC	100	100	100	100	United States
AEW PARTNERS VI, INC.	Asset Management	FC	100	100	100	100	United States
AEW PARTNERS VII, INC.	Asset Management	FC	100	100	100	100	United States
AEW REAL ESTATE ADVISORS, INC.	Asset Management	FC	100	100	100	100	United States
AEW SENIOR HOUSING INVESTORS INC.	Asset Management	FC	100	100	100	100	United States
AEW value investors Asia II GP Limited	Asset Management	FC	100	100	100	100	United States
AEW VIA INVESTORS, LTD	Asset Management	FC	100	100	100	100	United States
AEW VIF INVESTORS II, INC.	Asset Management	FC	100	100	100	100	United States

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2016	12.31.2017 % Control	12.31.2017 % Ownership	12.31.2016 % Control	12.31.2016 % Ownership	Country
AEW VIF INVESTORS, INC.	Asset Management	FC	100	100	100	100	United States
ALPHASIMPLEX GROUP LLC	Asset Management	FC	100	100	100	100	United States
ALTERNATIVE STRATEGIES GROUP LLC	Asset Management	FC	100	100	100	100	United States
AURORA INVESTMENT MANAGEMENT LLC	Asset Management	FC	100	100	100	100	United States
CASPIAN CAPITAL MANAGEMENT, LLC	Asset Management	FC	100	100	100	100	United States
CREA WESTERN INVESTORS I, INC.	Asset Management	FC	100	100	100	100	United States
EPI SLP LLC[a]	Asset Management	FC	60	60	60	60	United States
EPI SO SLP LLC[a]	Asset Management	FC	60	60	60	60	United States
GATEWAY INVESTMENT ADVISERS, LLC	Asset Management	FC	100	100	100	100	United States
HARRIS ALTERNATIVES HOLDING INC.	Holding company	FC	100	100	100	100	United States
HARRIS ASSOCIATES LP	Asset Management	FC	100	100	100	100	United States
HARRIS ASSOCIATES SECURITIES, LP	Retail	FC	100	100	100	100	United States
HARRIS ASSOCIATES, INC.	Asset Management	FC	100	100	100	100	United States
LOOMIS SAYLES & COMPANY, INC.	Asset Management	FC	100	100	100	100	United States
LOOMIS SAYLES & COMPANY, LP	Asset Management	FC	100	100	100	100	United States
LOOMIS SAYLES ALPHA, LLC.[a]	Asset Management	FC	100	100	100	100	United States
LOOMIS SAYLES DISTRIBUTORS, INC.	Retail	FC	100	100	100	100	United States
LOOMIS SAYLES DISTRIBUTORS, LP	Retail	FC	100	100	100	100	United States
LOOMIS SAYLES SOLUTIONS, INC.	Asset Management	FC	100	100	100	100	United States
LOOMIS SAYLES TRUST COMPANY, LLC[a]	Asset Management	FC	100	100	100	100	United States
MC DONNELL	Asset Management	FC	100	100	100	100	United States
NAM US	Asset Management	FC	100	100	100	100	United States
NATIXIS ASG HOLDINGS, INC.	Retail	FC	100	100	100	100	United States
NATIXIS CASPIAN PRIVATE EQUITY LLC[a]	Asset Management	FC	55	55	55	55	United States
NATIXIS INVESTMENT MANAGERS HOLDINGS, LLC*[y]	Holding company	FC	100	100	100	100	United States
NATIXIS INVESTMENT MANAGERS, LLC*[y]	Holding company	FC	100	100	100	100	United States
NATIXIS INVESTMENT MANAGERS, LP*[y]	Holding company	FC	100	100	100	100	United States
NATIXIS ADVISORS, LP*[y]	Retail	FC	100	100	100	100	United States

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2016	12.31.2017 % Control	12.31.2017 % Ownership	12.31.2016 % Control	12.31.2016 % Ownership	Country
Natixis Distribution Corporation*[y]	Retail	FC	100	100	100	100	United States
Natixis Distribution, LP*[y]	Retail	FC	100	100	100	100	United States
NATIXIS INVESTMENT MANAGERS INTERNATIONAL, LLC*[y]	Retail	FC	100	100	100	100	United States
VAUGHAN NELSON INVESTMENT MANAGEMENT, INC	Asset Management	FC	100	100	100	100	United States
VAUGHAN NELSON INVESTMENT MANAGEMENT, LP	Asset Management	FC	100	100	100	100	United States
AEW COINVEST	Asset Management	FC	100	100	100	100	France
AEW SA*[r]	Asset Management	FC	60	60	60	60	France
AEW EUROPE SGP[r]	Asset Management				60	60	France
AEW CILOGER*[r]	Real estate management	FC	60	60	60	60	France
ALLIANCE ENTREPRENDRE	Asset Management	FC	100	100	100	100	France
AXELTIS SA**	Holding company	FC	100	100	100	100	France
DARIUS CAPITAL PARTNERS SAS	Investment advisory services	FC	60	60	60	60	France
DNCA COURTAGE[f]	Asset Management	FC	83	72	83	75	France
DNCA FINANCE[f]	Asset Management	FC	83	72	83	75	France
DNCA MANAGEMENT	Asset Management	FC	42	42	42	42	France
DORVAL FINANCE	Asset Management	FC	50	50	50	50	France
EURO PRIVATE EQUITY FRANCE (FORMERLY DAHLIA PARTNERS)[j]	Asset Management	FC	94	94	80	80	France
MIROVA ENVIRONMENT AND INFRASTRUCTURE	Management of venture capital mutual funds	FC	100	100	100	100	France
NAMI AEW EUROPE[r]	Asset Management				60	60	France
NATIXIS ASSET MANAGEMENT	Asset Management	FC	100	100	100	100	France
NATIXIS ASSET MANAGEMENT FINANCE**	Holding company	FC	100	100	100	100	France
NATIXIS FORMATION EPARGNE FINANCIERE	Holding company	FC	100	100	100	100	France
NATIXIS INVESTMENT MANAGERS*[y]	Holding company	FC	100	100	100	100	France
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 1*[y]	Holding company	FC	100	100	100	100	France
NATIXIS INVESTMENT MANAGERS PARTICIPATIONS 3*[y]	Holding company	FC	100	100	100	100	France
NAXICAP PARTNERS	Gestion de FCPR	FC	100	100	100	100	France
OSSIAM[m]	Asset Management	FC	83	83	64	64	France
SEVENTURE PARTNERS	Asset Management	FC	70	70	70	70	France
SEEYOND[ff]	Asset Management	FC	100	100			France
AEW EUROPE ADVISORY LTD	Asset Management	FC	60	60	60	60	Great Britain
AEW EUROPE CC LTD	Asset Management	FC	60	60	60	60	Great Britain
AEW EUROPE HOLDING Ltd	Asset Management	FC	60	60	60	60	Great Britain

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2016	12.31.2017 % Control	12.31.2017 % Ownership	12.31.2016 % Control	12.31.2016 % Ownership	Country
AEW EUROPE INVESTMENT LTD[a]	Asset Management	FC	60	60	60	60	Great Britain
AEW EUROPE LLP[a]	Asset Management	FC	60	60	60	60	Great Britain
AEW EUROPE PARTNERSHIP	Asset Management	FC	60	60	60	60	Great Britain
AEW GLOBAL ADVISORS (EUROPE) LTD	Asset Management	FC	100	100	100	100	Great Britain
AEW GLOBAL LTD	Asset Management	FC	60	60	60	60	Great Britain
AEW GLOBAL UK LTD	Asset Management	FC	60	60	60	60	Great Britain
AEW UK INVESTMENT MANAGEMENT LLP	Asset Management	Equity	50	30	50	30	Great Britain
H2O ASSET MANAGEMENT LLP	Asset Management	FC	50	50	50	50	Great Britain
H2O ASSET MANAGEMENT Corporate member	Asset Management	FC	50	50	50	50	Great Britain
LOOMIS SAYLES INVESTMENTS LTD (UK)	Asset Management	FC	100	100	100	100	Great Britain
NATIXIS INVESTMENT MANAGERS UK Ltd * [y]	Retail	FC	100	100	100	100	Great Britain
MIROVA-ALTHELIA LIMITED[aa]	Asset Management	FC	51	51			Great Britain
AEW ASIA LIMITED	Asset Management	FC	100	100	100	100	Hong Kong
NATIXIS INVESTMENT MANAGERS HONG KONG LIMITED*[y]	Asset Management	FC	100	100	100	100	Hong Kong
IDFC AMC TRUSTEE COMPANY Ltd[c]	Investment advisory services				25	25	India
IDFC ASSET MANAGEMENT COMPANY Ltd[c]	Investment advisory services				25	25	India
PURPLE FINANCE CLO 1[cc]	Securitization vehicle	FC	100	100			Ireland
ASAHI NVEST INVESTMENT ADVISORY CO, LTD	Retail	Equity	49	49	49	49	Japan
NATIXIS INVESTMENT MANAGERS JAPAN CO., LTD*[y]	Asset Management	FC	100	100	100	100	Japan
AEW EUROPE SARL (formerly AEW Luxembourg)	Asset Management	FC	60	60	60	60	Luxembourg
AEW EUROPE GLOBAL LUX[p]	Asset Management	FC	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*[y]	Retail	FC	100	100	100	100	Luxembourg
OSSIAM ETF EM MI[b]	Asset Management				42	42	Luxembourg
DNCA Luxembourg[f]	Asset Management	FC	83	72	83	75	Luxembourg
ASG MANAGED FUTURES[v]	Asset Management	FC	53	53			Luxembourg
DNCA ARCHER MID-CAP EUROPE[v]	Asset Management	FC	35	35			Luxembourg

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2016	12.31.2017 % Control	12.31.2017 % Ownership	12.31.2016 % Control	12.31.2016 % Ownership	Country
Natixis IM Mexico, S. de R.L de C.V.*[(y)]	Asset Management	FC	100	100	100	100	Mexico
AEW CENTRAL EUROPE	Asset Management	FC	60	60	60	60	Poland
Natixis Asset Management 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
NATIXIS GLOBAL ASSET MANAGEMENT ASIA Pte[(d)]	Asset Management				100	100	Singapore
EURO PRIVATE EQUITY SA[(j)]	Asset Management	FC	94	94	80	80	Switzerland
NATIXIS Investment Managers Switzerland Sarl*[(y)]	Asset Management	FC	100	100	100	100	Switzerland
NATIXIS INVESTMENT MANAGERS SECURITIES INVESTMENT CONSULTING Co. LTD*[(y)]	Asset Management	FC	100	100	100	100	Taiwan
NATIXIS Investment Managers Uruguay S.A.*[(y)]	Retail	FC	100	100	100	100	Uruguay
NATIXIS Investment Managers Korea Limited*[(y)]	Retail	FC	100	100	100	100	South Korea
Branches							
AEW Central Europe Czech	Retail	FC	60	60	60	60	Czech Republic
AEW Central Europe Romania	Retail	FC	60	60	60	60	Romania
AEW Ciloger Dependant Branch Germany	Retail	FC	60	60	60	60	Germany
AEW Europe Italian Branch	Retail	FC	60	60	60	60	Italy
NATIXIS Investment Managers Distribution France * [(y)]	Retail	FC	100	100	100	100	France
MIROVA-ALTHELIA LIMITED, France branch[(aa)]	Asset Management	FC	100	51			France
NATIXIS Investment Managers Middle East*[(y)]	Retail	FC	100	100	100	100	United Arab Emirates
NATIXIS Investment Managers, Nederlands*[(y)]	Retail	FC	100	100	100	100	Netherlands
NATIXIS Investment Managers, Nordics filial*[(y)]	Retail	FC	100	100	100	100	Sweden
Natixis Investment Managers S.A, Succursale Italiana*[(y)]	Retail	FC	100	100	100	100	Italy
NATIXIS Investment Managers S.A, Zweignierderlaasung Deutschland*[(y)]	Retail	FC	100	100	100	100	Germany
NATIXIS Investment Managers, Sucursal en Espana*[(y)]	Retail	FC	100	100	100	100	Spain
DNCA Finance Milan branch	Asset Management	FC	83	72	83	75	Italy
DNCA Finance Munich branch[(q)]	Asset Management				83	75	Germany
AEW Asia Limited Australian branch[(ee)]	Asset Management	FC	100	100			Australia
Other entities							
NATIXIS US HOLDINGS INC.	Holding company	FC	100	100	100	100	United States
PRIVATE EQUITY - THIRD PARTY ASSET MANAGEMENT							
DHALIA A SICAR SCA[(1)]	Financial investments	FC	100	100	100	100	Luxembourg
NATIXIS PRIVATE EQUITY CASPIAN IA, LP[(a) (c)]	Financial investments				46	46	United States
NATIXIS PRIVATE EQUITY CASPIAN IB, LP[(a) (c)]	Financial investments				27	27	United States
Wealth Management							
NATIXIS BANK	Bank	FC	100	100	100	100	Luxembourg
Groupe Natixis Wealth Management							
NATIXIS WEALTH MANAGEMENT**[(x)]	Credit institution	FC	100	100	100	100	France
VEGA INVESTMENT MANAGERS	Mutual fund holding company	FC	100	100	100	100	France
1818 IMMOBILIER	Real estate operations	FC	100	100	100	100	France
SELECTION 1818**	Investment product distribution to IWMAs	FC	100	100	100	100	France
INSURANCE							
ADIR	Property damage insurance	Equity	34	34	34	34	Lebanon
ABP ALTERNATIF OFFENSIF[(a) (b)]	Fund of hedge funds				100	100	France
REAUMUR ACTIONS (FORMELY - ABP DIVERSIFIE)[(a)] *	Insurance investment mutual fund	FC	100	100	100	100	France
Natixis Ultra Short Term Bonds Plus[(a)]	Insurance investment mutual fund	FC	39	39	47	47	France
BPCE IARD (formerly ASSURANCES BANQUE POPULAIRE IARD)	Property damage insurance	Equity	50	50	50	50	France
BPCE PRÉVOYANCE (formerly - ABP PRÉVOYANCE)	Personal protection insurance	FC	100	100	100	100	France
BPCE VIE (formerly – ABP VIE)	Insurance	FC	100	100	100	100	France
FRUCTIFONCIER[(a)]	Insurance real estate investments	FC	100	100	100	100	France
NAMI INVESTMENT[(a)]	Insurance real estate investments	FC	100	100	100	100	France
SCPI FRUCTIFONDS IMMOBILIER	Insurance real estate investments	FC	45	45	54	54	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 DEVELOPPEMENT	Insurance	Equity	51	51	51	51	France
BPCE RELATION ASSURANCES	Service provider	FC	100	100	100	100	France
FRUCTIFONDS PROFIL 6	Insurance investment mutual fund	FC	78	78	78	78	France
FRUCTIFONDS PROFIL 9	Insurance investment mutual fund	FC	85	85	85	85	France

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2016	12.31.2017 % Control	12.31.2017 % Ownership	12.31.2016 % Control	12.31.2016 % Ownership	Country
BPCE ASSURANCES[w]	Insurance company	FC	100	100	60	60	France
BPCE APS	Service provider	FC	50	50	50	30	France
AAA ACTIONS AGRO ALIMENTAIRE	Insurance investment mutual fund	FC	40	40	33	33	France
ABP VIE MANDAT FPCI	Private Equity funds	FC	100	100	100	100	France
OPCI FRANCEUROPE IMMO	Insurance investment mutual fund	FC	63	63	60	60	France
SELECTIZ[n]	Insurance investment mutual fund	FC	47	47			France
SCI DUO PARIS[o]	Real estate management	Equity	50	50			France
SELECTION PROTECTION 85[v]	Insurance investment mutual fund	FC	27	27			France
SELECTIZ PLUS FCP 4DEC[v]	Insurance investment mutual fund	FC	45	45			France
Branches							
NATIXIS LIFE	Life insurance	FC	100	100	100	100	France
SPECIALIZED FINANCIAL SERVICES							
Consumer Credit							
NATIXIS CONSUMER FINANCE[g]	Holding company				100	100	France
NATIXIS FINANCEMENT**	Consumer Credit	FC	100	100	100	100	France
NATIXIS CONSUMER FINANCE IT[h]	Consumer Credit				100	100	France
FCT PUMACC[a]	Consumer credit securitization vehicle	FC	100	100	100	100	France
Film industry financing							
NATIXIS COFICINE**	Finance company (audiovisual)	FC	96	96	96	96	France
Factoring							
NATIXIS FACTOR**	Factoring	FC	100	100	100	100	France
MIDT FACTORING A/S	Factoring	FC	100	100	100	100	Denmark
Employee savings schemes							
NATIXIS INTEREPARGNE**	Employee savings plan management	FC	100	100	100	100	France
Guarantees and sureties							
COMPAGNIE EUROPEENNE DE GARANTIES ET CAUTIONS	Insurance	FC	100	100	100	100	France
SCI CHAMPS-ELYSEES[a] [bb]	Real estate management				100	100	France
SCI LA BOETIE[a] [bb]	Real estate management				100	100	France
SCI SACCEF[a] [bb]	Real estate management				100	100	France
Payments							
NATIXIS PAYMENT SOLUTIONS**	Banking services	FC	100	100	100	100	France
NATIXIS PAIEMENT HOLDING[e]		FC	100	100			France
S-MONEY[e]	Payment services	FC	100	100			France
LAKOOZ[e]	Payment services	FC	100	100			France
PAYPLUG[l]	Payment services	FC	79	79			France
NATIXIS INTERTITRES	Service vouchers offers	FC	100	100	100	100	France
Dalenys group							
DALENYS S.A.[s]	Holding company	FC	61	54			Belgium

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2016	12.31.2017 % Control	12.31.2017 % Ownership	12.31.2016 % Control	12.31.2016 % Ownership	Country
RENTABILIWEB INTERNATIONAL[s]	Holding company	FC	100	54			Netherlands
RENTABILIWEB FINANCE[s]	Holding company	FC	100	54			Netherlands
DALENYS PAYMENT[s]	Payment services	FC	100	54			France
RENTABILIWEB SERVICES[s]	Internal services provider	FC	100	54			France
RENTABILIWEB MARKETING[s]	Online service	FC	100	54			France
RENTABILIWEB TECHNOLOGIES[s]	Online service	FC	100	54			France
RECOMMERCE[s]	Online service	FC	100	54			France
RENTABILIWEB[s]	Online service	FC	100	54			Romania
Lease financing							
CO-ASSUR	Insurance brokerage advisory	FC	100	100	100	100	France
CICOBAIL**	Real estate leasing	FC	100	100	100	100	France
NATIXIS LEASE IMMO**	Real estate leasing	FC	100	100	100	100	France
LEASE EXPANSION	IT operational leasing	FC	100	100	100	100	France
NATIXIS BAIL**	Real estate leasing	FC	100	100	100	100	France
NATIXIS ENERGECO**	Equipment leasing	FC	100	100	100	100	France
NATIXIS LEASE**	Equipment leasing	FC	100	100	100	100	France
NATIXIS LEASE MADRID	Equipment and real estate leasing	FC	100	100	100	100	Spain
NATIXIS LEASE MILAN	Equipment and real estate leasing	FC	100	100	100	100	Italy
NATIXIS LLD	Extended period vehicle rental	FC	100	100	100	100	France
OPCI NATIXIS LEASE INVESTMENT[a]	Real estate funds	FC	100	100	100	100	France
OCEOR LEASE TAHITI**	Equipment leasing	FC	100	100	100	100	French Polynesia
OCEOR LEASE NOUMEA**	Equipment leasing	FC	100	99	100	99	New Caledonia
OCEOR LEASE REUNION**	Equipment leasing	FC	100	100	100	100	France
NATIXIS CAR LEASE	Long-term vehicle leasing	FC	100	100	100	100	France
SUD OUEST BAIL**	Real estate leasing	FC	100	100	100	100	France
SAS IMMOBILIERE NATIXIS BAIL[a]	Real estate leasing	FC	100	100	100	100	France
BATI LEASE [t]	Real estate leasing	FC	97	97			France
INTER-COOP [t]	Real estate leasing	FC	100	100			France
NALÉA[a]	Securitization vehicle	FC	100	100	100	100	France
NORDRI[a] [k]	Securitization vehicle				100	100	France
COFACE							
Coface group							
COFACE S.A.	Holding company	FC	41	41	41	41	France
COFACE EUROPE	Credit insurance and related services	FC	41	41	41	41	France
COFACE RE	Reinsurance	FC	41	41	41	41	Switzerland
BUSINESS DATA INFORMATION	Marketing and other services	FC	41	41	41	41	Israel
COFACE BELGIUM SERVICES	Business and solvency data	FC	41	41	41	41	Belgium
COFACE CHILE S.A.	Insurance	FC	41	41	41	41	Chile

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2016	12.31.2017 % Control	12.31.2017 % Ownership	12.31.2016 % Control	12.31.2016 % Ownership	Country
COFACE DEBITOREN	Receivables management and data	FC	41	41	41	41	Germany
COFACE DO BRASIL SEGUROS DECREDITO	Credit insurance and related services	FC	41	41	41	41	Brazil
COFACE FINANZ	Factoring	FC	41	41	41	41	Germany
COFACE HOLDING AMERICA LATINA	Financial data	FC	41	41	41	41	Mexico
COFACE HOLDING ISRAEL	Holding company	FC	41	41	41	41	Israel
COFACE ITALIA	Holding company	FC	41	41	41	41	Italy
COFACE NEDERLAND SERVICES	Receivables management and data	FC	41	41	41	41	Netherlands
COFACE NORTH AMERICA	Credit insurance and related services	FC	41	41	41	41	United States
COFACE NORTH AMERICA HOLDING COMPANY	Holding company	FC	41	41	41	41	United States
COFACE NORTH AMERICA INSURANCE COMPANY	Credit insurance and related services	FC	41	41	41	41	United States
COFACE POLAND CMS	Financial data	FC	41	41	41	31	Poland
COFACE POLAND FACTORING	Factoring	FC	41	41	41	41	Poland
COFACE SERVICES AUSTRIA	Receivables management and data	FC	41	41	41	41	Austria
COFACE SERVICES NORTH AMERICA GROUP	Holding company	FC	41	41	41	41	United States
COFACE SERVICIOS ESPANA S.L.	Receivables management and data	FC	41	41	41	41	Spain
COFACE UK HOLDING	Holding company	FC	41	41	41	41	Great Britain
COFACE ROMANIA CMS	Insurance	FC	41	41	41	31	Romania
COFACE RUS INSURANCE COMPANY	Credit insurance	FC	41	41	41	41	Russia
COFACE SEGURO DE CREDITO MEXICO	Insurance	FC	41	41	41	41	Mexico
COFACE SIGORTA TURQUIE	Insurance	FC	41	41	41	41	Turkey
COFACE SOUTH AFRICA	Insurance	FC	41	41	41	41	South Africa
COFACE SOUTH AFRICA SERVICES	Insurance	FC	41	41	41	41	South Africa
COFACE UK SERVICES LTD	Receivables management and data	FC	41	41	41	41	Great Britain
COFACERATING HOLDING	Receivables management and data	FC	41	41	41	41	Germany
COFACERATING.DE	Receivables management and data	FC	41	41	41	41	Germany
COFACREDIT	Credit insurance and related services	Equity	15	15	15	15	France
COFINPAR	Credit insurance and related services	FC	41	41	41	41	France
COGERI	Receivables management and data	FC	41	41	41	41	France
FIMIPAR**	Buyback of receivables	FC	41	41	41	41	France
COFACE CENTRAL EUROPE HOLDING	Holding company	FC	41	41	41	31	Austria
Kisselberg	Insurance	FC	41	41	41	41	Germany
Fonds Colombes	Mutual funds	FC	41	41	41	41	France
Fonds Lausanne	Mutual funds	FC	41	41	41	41	Switzerland
SEGURO BRASILEIRA C.E	Credit insurance and related services	FC	41	31	41	31	Brazil
FCT VEGA	Securitization fund	FC	41	41	41	41	France
Branches							
COFACE SVERIGE - BRANCH (COFACE KREDIT)	Insurance	FC	41	41	41	41	Sweden
COFACE IRELAND - BRANCH (COFACE Europe)	Credit insurance and related services	FC	41	41	41	41	Ireland
COFACE UK - BRANCH (COFACE Europe)	Credit insurance and related services	FC	41	41	41	41	Great Britain
COFACE BELGIUM - BRANCH (COFACE EUROPE)	Credit insurance and related services	FC	41	41	41	41	Belgium
COFACE LUXEMBOURG (BRANCH-COFACE Europe)	Credit insurance and related services	FC	41	41	41	41	Luxembourg
COFACE PORTUGAL - BRANCH (COFACE Europe)	Credit insurance and related services	FC	41	41	41	41	Portugal
COFACE IBERICA -BRANCH (COFACE Europe)	Credit insurance and related services	FC	41	41	41	41	Spain
COFACE SWITZERLAND - BRANCH (COFACE Europe)	Insurance	FC	41	41	41	41	Switzerland
COFACE ISRAEL	Credit insurance	FC	41	41	41	41	Israel
COFACE NEDERLAND - BRANCH (COFACE KREDIT)	Insurance	FC	41	41	41	41	Netherlands
COFACE DANMARK - BRANCH (COFACE KREDIT)	Insurance	FC	41	41	41	41	Denmark
COFACE ARGENTINA -BRANCH (COFACE Europe)	Credit insurance and related services	FC	41	41	41	41	Argentina
COFACE CHILE -BRANCH (COFACE Europe)	Credit insurance and related services	FC	41	41	41	41	Chile
COFACE CANADA - BRANCH (COFACE Europe)	Credit insurance and related services	FC	41	41	41	41	Canada
COFACE HUNGARY - BRANCH (COFACE AUSTRIA)	Insurance	FC	41	41	41	41	Hungary
COFACE POLAND - BRANCH (COFACE AUSTRIA)	Insurance	FC	41	41	41	41	Poland
LEID - BRANCH (COFACE AUSTRIA)	Insurance	FC	41	41	41	41	Lithuania

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2016	12.31.2017 % Control	12.31.2017 % Ownership	12.31.2016 % Control	12.31.2016 % Ownership	Country
COFACE ROMANIA INSURANCE -BRANCH (COFACE AUSTRIA)	Insurance	FC	41	41	41	41	Romania
COFACE CZECH INSURANCE - BRANCH (COFACE AUSTRIA)	Insurance	FC	41	41	41	41	Czech Republic
COFACE SLOVAKIA INSURANCE - BRANCH (COFACE AUSTRIA)	Insurance	FC	41	41	41	41	Slovakia
COFACE LATVIA INSURANCE -BRANCH (COFACE AUSTRIA)	Insurance	FC	41	41	41	41	Latvia
COFACE JAPAN - BRANCH (COFACE Europe)	Credit insurance and related services	FC	41	41	41	41	Japan
COFACE SINGAPORE - BRANCH (COFACE Europe)	Credit insurance and related services	FC	41	41	41	41	Singapore
COFACE HONG KONG -BRANCH (COFACE Europe)	Credit insurance and related services	FC	41	41	41	41	Hong Kong
COFACE ECUADOR (BRANCH-COFACE Europe)	Credit insurance and related services	FC	41	41	41	41	Ecuador
COFACE AUSTRALIA (BRANCH-COFACE Europe)	Credit insurance and related services	FC	41	41	41	41	Australia
COFACE TAIWAN (BRANCH - COFACE Europe)	Credit insurance and related services	FC	41	41	41	41	Taiwan
COFACE BULGARIA (Branch)	Insurance	FC	41	41	41	41	Bulgaria
COFACE ASSICURAZIONI SPA	Credit insurance and related services	FC	41	41	41	41	Italy
COFACE AUSTRIA	Holding company	FC	41	41	41	41	Austria
COFACE DEUTSCHLAND	Credit insurance and related services	FC	41	41	41	41	Germany
CORPORATE CENTER							
Financial investments							
NATIXIS INVESTMENT CORP.	Portfolio management	FC	100	100	100	100	United States
NATIXIS PRIVATE EQUITY INTERNATIONAL LUXEMBOURG	Holding company Financial investments	FC	100	100	100	100	Luxembourg
NATIXIS PRIVATE EQUITY	Financial investments	FC	100	100	100	100	France
Corporate Data Solutions							
NATIXIS HCP(g)	Holding company				100	100	France
ELLISPHERE(i)	Information				100	100	France
IJCOF Corporate(i)	Receivables management				42	42	France
Other							
NATIXIS ALGERIE	Bank	FC	100	100	100	100	Algeria
NATIXIS ALTAIR IT SHARED SERVICES	Data services	FC	100	100	100	100	France
S.C.I. ALTAIR 1(a)	Real estate operations	FC	100	100	100	100	France
S.C.I. ALTAIR 2(a)	Real estate operations	FC	100	100	100	100	France
NATIXIS IMMO EXPLOITATION(a)	Real estate operations	FC	100	100	100	100	France
FONCIERE KUPKA(a)	Real estate operations	FC	100	100	100	100	France
NATIXIS FONCIERE S.A. (formerly SPAFICA)(a)	Real estate investments	FC	100	100	100	100	France

* *Change in registered company name in 20*

** *French subsidiaries whose individual prudential oversight is performed based on Group consolidated ratios in accordance with the provisions of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013 relative to regulatory requirements applicable to credit institutions and investment firms.*

(a) *Structured entity.*

(b) *Deconsolidated in the first quarter of 2017 as the percentage interest fell below eligible levels.*

(c) *Entity disposed in the first quarter of 2017.*

(d) *Structure closed on March 27, 2017.*

(e) *Consolidation and 51%-acquisition of the entity on February 9, 2017. The remaining 49% of the S-Money entity was acquired on October 30, 2017, taking the ownership interest to 100%. The 15% minority interest in Lakooz were bought in the fourth quarter of 2017.*

(f) *Drop in percentage interest on January 1, 2017 following the increase in Société de Cadres' holding in DNCA Finance from 3% to 6%.*

(g) *Business activities of the entity taken over by Natixis S.A. in the second quarter of 2017.*

(h) *Business activities of the entity taken over by Natixis Financement in the second quarter of 2017.*

(i) *Entity disposed in the second quarter of 2017.*

(j) *Change in ownership interest following the buyout of an additional 14% minority interest (10% in the second quarter and 4% in the fourth quarter) in accordance with the Euro Private Equity acquisition protocol.*

(k) *Early liquidation of the securitization vehicle on June 19, 2017.*

(l) *Entity acquired on April 3, 2017.*

(m) *Increase in ownership interest following the buyout of shares from managers who left the structure in the second and third quarter of 2017.*

(n) *Entity consolidated in the third quarter of 2017 after the percentage interest rose above eligible levels.*

(o) *Entity consolidated in the third quarter of 2017.*

(p) *Entity consolidated in the third quarter of 2017 as part of implementing Group AEW Europe's seed money financing mechanism.(q) Entity liquidated in the third quarter of 2017.*

(q) *Entity liquidated in the third quarter of 2017.*

(r) *Following the restructuring of AEW Europe's businesses in France in the third quarter of2017, CILOGER was renamed AEW CILOGER and AEW Europe was renamed AEW SA. In addition, NAMI AEW Europe and AEW Europe SGP were absorbed by AEW CILOGER.*

(s) *Entity acquired by Natixis Belgique Investissements on October 31, 2017.*

(t) *Acquisition of these two entities, formerly held by Crédit-Coopératif, on October 2, 2017.*

(u) *Entity acquired on October 4, 2017.*

(v) Consolidation in the fourth quarter of 2017 after the percentage interest rose above eligible levels.
(w) Buyback in the fourth quarter of 2017 of 40% held by minority interests (MACIF and MAIF).
(x) Banque Privée 1818 changed its registered company name and is now called Natixis Wealth Management.
(y) NGAM (Natixis Global Asset Management) changed its registered company name and the entity is now called NIM (Natixis Investment Managers). Consequently, all the entities bearing the acronym NGAM have changed name.
(z) Entity liquidated in the fourth quarter of 2017.
(aa) Entity acquired on October 9, 2017. After the transaction, Althelia Ecosphère was renamed Mirova-Althelia and opened a branch in France.
(bb) Entities deconsolidated in the fourth quarter of 2017 as the percentage interest fell below eligible levels.
(cc) Securitization vehicle consolidated in the fourth quarter of 2017.
(dd) Natixis' ownership interest in the entity decreased from 92% to 84% following the free allocation of shares to executive officers in the fourth quarter of 2017.
(ee) AEW Asia Limited, a subsidiary of AEW Capital Management in Hong Kong, opened an Australian office in 2017. This entity was consolidated in the fourth quarter of 2017.
(ff) The NAM activities dedicated to volatility management products and structured products were carried to NAM Austerlitz 1, previously presented as investments in non-consolidated affiliates in Group Natixis IM's financial statements. As part of this transaction, NAM Austerlitz 1 was renamed Seeyond and is now a consolidated entity.
(gg) Entity disposed in the fourth quarter of 2017.

17.1 Non-consolidated entities at December 31, 2017

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

17.2 Non-consolidated investments at December 31, 2017

Non-consolidated investments at December 31, 2017 representing 10% or more of the capital with a net book value 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]
BANCO FINANTIA	Portugal	11%	424	19

(a) Directly or indirectly.
(b) Information on equity and income is that of the last fiscal year as adopted by the General Shareholders' Meeting (12.31.2016).

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5.2 Statutory Auditors' report on the consolidated financial statements

Fiscal year ended December 31, 2017

To the Natixis General Shareholders' Meeting,

OPINION

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we carried out the audit of the Natixis group's consolidated financial statements for the year ended December 31, 2017, as appended to this report.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2017 and of the results of its operations for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

The 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 audit 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, 2017 to the date of our report and in particular we did not provide any services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014 or under the French Code of Ethics (*code de déontologie*) for statutory auditors.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the fiscal year that are not disclosed in the management report or the notes to the consolidated financial statements are as follows:

- PricewaterhouseCoopers Audit: the main engagements conducted in fiscal year 2017 related to the issuance of comfort letters and reviews of compliance procedures.
- Deloitte & Associés: the main engagements conducted in fiscal year 2017 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 in connection with issuance programs and certification.
- Mazars: in addition to the FRTB project referred to in Note 15.4 to the consolidated financial statements, the main engagements carried out in fiscal year 2017 related to the issuance of certificates and comfort letters, and reviews of compliance procedures.

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 judgement, 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 loans and receivables on an individual basis

Risk identified and main judgements

The Natixis group recognizes provisions on an individual basis to cover incurred credit losses on loans and receivables originated as part of its financing activities.

The determination of individual impairment allowances for non-performing loans requires a significant amount of judgement, 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.

Net exposure to credit and counterparty risk totaled €462,482 million at December 31, 2017 including €182,057 million in respect of loans and receivables. Individual impairment losses amounted to €1,620 million at December 31, 2017.

Please refer to Notes 5.1, 5.2, 5.3, 5.23, 6.5, 6.16.1, 7.7 and 10.2 to the consolidated financial statements for more details

Our audit approach

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 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 judgements

The Natixis group is involved in litigation before the courts and is the subject of investigations and requests for information from regulatory and tax authorities in different jurisdictions.

The assessment of the resulting legal and compliance (including tax) risks reflects management's estimates as of the reporting date.

The recognition of a provision and determination of its amount as well as the financial information disclosed require, by their very nature, the exercise of judgement, 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 key point of the audit given the sensitivity of these provisions to the assumptions and options adopted by management.

Provisions for litigation totaled €646 million at December 31, 2017 (provisions for litigation Note 6.16.2).

For further details, please refer to Notes 5.14, 5.23, 6.16, 7.7 and 7.9 to the consolidated

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 Group, mainly through regular discussions with management (and more specifically Natixis S.A.'s legal, compliance and tax departments) and by reviewing the documentation made available to us.

Our work also involved assessing the reasonableness of the assumptions and data used by management to estimate the amount of provisions recognized at the reporting date. In particular, we engaged tax law specialists to conduct a critical review of analyses of the tax risks identified by Natixis and the related provisions.

We also carried out confirmation procedures with the Group's legal advisors regarding ongoing proceedings.

Finally, we checked that the provisions thus measured were correctly recognized and verified the related disclosures in the notes to the consolidated financial statements.

Valuation of financial instruments classified in Level 3 of the fair value hierarchy

Risk identified and main judgements

As part of its Corporate and Investment Banking activity, the Natixis Group holds on its balance sheet a significant portion of financial instruments classified in Level 3 of the fair value hierarchy.

The determination of the fair value of Level 3 financial instruments is based on valuation techniques that include a significant amount of judgement in the choice of methodologies and data used:

determination of valuation inputs that are not observable on the market;

use of internal valuation models;

estimation of additional valuation adjustments, to reflect certain market, counterparty or liquidity risks.

We considered financial instruments classified in Level 3 of the fair value hierarchy to be a key audit matter due to the material nature of the exposures and the use of judgement in determining fair value.

At December 31, 2017, Level 3 financial instruments represented assets of €12,114 million and liabilities of €3,414 million.

Please refer to Notes 5.6, 5.23, 6.7.5 and 6.18 to the consolidated financial statements for more details.

Our audit approach

We familiarized ourselves with the internal control procedures governing the identification, valuation and recognition of financial instruments classified in Level 3; for example, we spoke with the departments in charge of first- and second-level controls and acquired information about the work carried out during the closing of the accounts.

We tested the controls we considered relevant to our audit, particularly those related to:

- the validation and periodic review, by the Risk Division, of valuation models,
- the independent verification of the 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.

We also examined, on a sample basis, any variances in margin calls with Natixis' market counterparties, which helped us assess the appropriateness of the valuations.

Insurance technical reserves

Risk identified and main judgements

As part of its insurance business, the Natixis Group recognizes technical reserves that represent its commitments towards policy holders.

We considered the valuation of these reserves to be a key audit matter insofar as they represent a significant amount in the Group's accounts and since some of these reserves require the exercise of judgement in determining the assumptions (e.g. experience tables and behavioral statistics) or calculation models used.

Insurance company technical reserves totaled €76,602 million at December 31, 2017, including €51,493 million in reserves for the life insurance business.

Please refer to Notes 2.8, 5.23, 6.9.3, 6.15, 7.5 and 15.3 to the consolidated financial statements for more details.

Our audit approach

We used the actuarial specialists within our firms to assist us in auditing these items.

The main audit procedures applied included, depending on the type of risks covered by the reserves:

- Reviewing the general terms and conditions of insurance policies sold by the Group,
- Assessing the methods and assumptions used to calculate those reserves, including their consistency with applicable regulations, market practices and economic and financial conditions,
- Testing on the basis of reconciliation, recurrence tests, or samples, the reliability of information relating to insurance policies recorded in the management systems and used to assess technical reserves,
- Carrying out an independent recalculation of certain reserves, based on a sample of policies if necessary,
- 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 losses carryforwards

Risk identified and main judgements	Our audit approach
The Natixis Group recognizes deferred tax assets at the reporting date in respect of tax loss carryforwards when it is considered likely that the tax entity concerned will have future taxable profits that tax loss carryforwards may be set off against, within a certain timeframe. The estimate of the ability to generate future taxable profits within this period requires the exercise of judgement on the part of management, including in developing tax business plans, to justify the recognition of deferred tax assets. We identified this subject as a key audit matter due to the sensitivity of deferred tax assets thus recognized to the assumptions and options adopted by management. *At December 31, 2017, €1,585 million was recognized on Natixis' consolidated balance sheet in respect of deferred tax assets, including €1,084 million in tax loss carryforwards.* *Please refer to Notes 5.20, 5.23 and 6.8 to the consolidated financial statements for more details*	We acquired information on how budgetary data is compiled to estimate future taxable profits and assessed the reliability of the process of drawing up the tax business plans that are the basis of our assessment of the probability of the Group recovering its deferred tax assets by: ▪ examining how the last business plan used as a basis of the estimates was developed and approved; ▪ checking projected results of previous years against the actual results for those years; ▪ assessing the reasonableness of the forecast assumptions and the inputs used by management to estimate future profits and the recoverability of recognized deferred tax assets, based on our experience and knowledge of the Group's activities and strategy. With the help of our specialists we verified the appropriateness of the model adopted by management to identify existing tax loss carryforwards to be used, whether through deferred tax liabilities or future taxable profits. Based on projections made by management, we carried out tests to check that deferred tax asset bases are properly calculated and that the right tax rates are used. In particular, with the help of our specialists, we checked that account had been taken of legislative developments during the year involving changes in tax rates in France and the United States.

AUDIT OF INFORMATION ABOUT THE GROUP DISCLOSED IN THE MANAGEMENT REPORT

We have also performed, in accordance with applicable professional standards in France, the specific verification required by law 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Natixis by the General Shareholders' Meetings held on May 24, 2016 in the case of PricewaterhouseCoopers Audit, on November 17, 2006 in the case of Mazars 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, 2017, PricewaterhouseCoopers Audit was in its second year of appointment without interruption and Mazars was in its twelfth year. As of that date, the length of Deloitte & Associé's uninterrupted appointment was over 20 years, including 12 years since the combination of the Ixis business of the Caisse Nationale des Caisses d'Epargne (CNCE) and the Natexis Banques Populaires business of Banque Fédérale des Banques Populaires (BFBP), which on November 17, 2006 resulted in the incorporation of Natixis through the transfer of CNCE's subsidiary shares and equity investments to the Natexis Banques Populaires entity, which was renamed Natixis.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, the internal audit of procedures for preparing and processing accounting and financial information.

The consolidated financial statements have been approved by Natixis S.A.'s Board of Directors.

Statutory Auditors' responsibilities for the audit of the consolidated financial statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance on whether the consolidated financial statements as a whole are free of material misstatements. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, 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 judgement 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 that he considers 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, subsequent circumstances or events 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 are inadequate, to issue a qualified opinion or a disclaimer of opinion.

- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtains audit evidence regarding the financial information of persons or entities included in the scope of consolidation that he considers sufficient appropriate to express an opinion on the consolidated financial statements. The Statutory Auditor is responsible for the direction, supervision and completion of the audit of the consolidated financial statements as well as for the opinion expressed about those statements.

Report to the Audit Committee

We provide the Audit Committee with a report that presents *inter alia* the extent of the audit and the programme 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 judgement, 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 as laid down in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris La Défense, March 23, 2018

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
Charlotte Vandeputte	Agnès Hussherr	Charles de Boisriou
Jean-Marc Mickeler	Patrice Morot	

5.3 Parent company financial statements and notes

NATIXIS COMPARATIVE SEPARATE BALANCE SHEETS

(in millions of euros)

See Note No.	Year ended December 31	2017	2016
	ASSETS		
3	Cash and balances with central banks	36,453	26,532
5	Government securities and equivalent	24,334	23,431
3	Advances to banks	98,612	105,564
4	Customer transactions	112,390	135,622
22	*o/w institutional operations:*	*779*	*758*
5	Bonds and other fixed-income securities	22,789	24,801
5	Shares and other variable-income securities	45,057	41,359
6	Investments in associates and other long-term investments	156	443
6	Investments in subsidiaries and affiliates	13,971	13,931
10	Intangible assets	106	113
10	Property, plant and equipment	137	130
	Capital subscribed not paid		
6	Treasury shares	28	8
11	Other assets	47,047	42,116
11	Accrual accounts	9,518	10,493
	TOTAL ASSETS	**410,598**	**424,543**

(in millions of euros)

See Note No.	Off-balance sheet items – Commitments received	2017	2016
35	**Financing commitments**	**33,360**	**32,890**
	Commitments received from banks	19,868	25,530
	Commitments received from customers	13,492	7,360
35	**Guarantee commitments**	**7,056**	**7,268**
	Commitments received from banks	7,056	7,268
35	**Commitments on securities**	**10,231**	**12,822**
35	**Other commitments received**	**9,809**	**7,048**

(in millions of euros)

See Note No.	Year ended December 31	2017	2016
	LIABILITIES		
12	Due to central banks		
12	Due to banks	124,254	118,718
22	*o/w institutional operations:*	*46*	*46*
13	Customer transactions	108,125	121,330
22	*o/w institutional operations:*	*851*	*844*
14	Debt securities	44,433	56,378
15	Other liabilities	101,613	96,312
15	Accrual accounts	7,434	7,362
22	*o/w institutional operations:*		
16	Provisions for risks and other expenses	2,293	2,436
18	Subordinated debt	5,507	5,651
	Fund for general banking risks		
	Equity excluding fund for general banking risks	16,939	16,356
20	Subscribed capital	5,020	5,019
20	Issue premium	7,386	7,386
20	Reserves	1,746	1,665
19	Regulated provisions and investment subsidies	2	
22	*o/w institutional operations:*	*2*	
20	Retained earnings	1,107	665
	Net income	1,678	1,621
	TOTAL LIABILITIES	**410,598**	**424,543**

(in millions of euros)

See Note No.	Off-balance sheet items – Commitments given	2017	2016
35	**Financing commitments**	**73,737**	**75,142**
	Commitments given to banks	19,093	17,026
	Commitments given to customers	54,644	58,116
35	**Guarantee commitments**	**39,260**	**28,241**
	Commitments given to banks	10,647	3,242
	Commitments given to customers	28,613	24,999
35	**Commitments on securities**	**10,332**	**12,250**
35	**Other commitments given**	**17,209**	**19,426**

NATIXIS COMPARATIVE SEPARATE INCOME STATEMENTS

(in millions of euros)

See Note No.	Year ended December 31	2017	2016
23	**Interest and similar income**	**6,216**	**4,884**
23	**Interest and similar expenses**	**(5,314)**	**(3,989)**
24	**Income from variable-income securities**	**744**	**1,052**
	Fee and commission income	**907**	**851**
25	**Fee and commission expenses**	**(378)**	**(348)**
26	**Net gains/(losses) on trading portfolio transactions**	**1,581**	**1,767**
27	**Net gains/(losses) on transactions on securities held for sale**	**16**	**(123)**
	Other banking operating income	**368**	**175**
28	**Other banking operating expenses**	**(146)**	**(128)**
	Net revenues	**3,994**	**4,141**
29	**Operating expenses**	**(2,562)**	**(2,468)**
	Payroll costs	(1,371)	(1,343)
	Other administrative expenses	(1,191)	(1,125)
	Write-down, amortization and impairment of property, plant and equipment and intangible assets	**(78)**	**(69)**
	Gross operating income	**1,354**	**1,604**
30	**Cost of risk**	**(248)**	**(261)**
	Operating income	**1,106**	**1,343**
31	**Net gains/(losses) on fixed assets**	**317**	**(93)**
	Income before tax	**1,423**	**1,250**
	Non-recurring income		
32	**Income taxes**	**255**	**364**
19	**Funding/reversal of funding for general banking risks and regulated provisions**	**0**	**7**
	INCOME/(LOSS) FOR THE YEAR	**1,678**	**1,621**

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 setter) dated November 26, 2014 relating to the financial statements of companies in the banking sector and Regulation No. 2016-07 dated November 4, 2016 relating to the French General Accounting Plan (PCG – Plan comptable général).

The financial statements for the fiscal year are presented in identical format to those for the previous fiscal year. Generally accepted accounting principles have been applied in compliance with the principle of prudence based on the following principles:

- Going concern;
- Consistency of accounting methods;
- Principle of periodicity.

1. Advances to banks and customer loans

Advances to banks cover all receivables other than those represented by a security, held in connection with banking transactions with credit institutions, including subordinated loans and reverse repo stock and securities. They are broken down between demand loans and deposits and term loans and time deposits.

Customer loans comprise loans to economic operators other than banks, with the exceptions of those represented by a security, and reverse repo stock and securities. They are broken down by type of loan (current accounts overdrawn, commercial loans, cash loans, equipment loans, export credit, subordinated loans, etc.).

Accrued interest is credited to the corresponding receivables item on the income statement.

Fees earned on the granting or acquisition of loans, as well as marginal transaction costs, are recognized using the effective interest rate actuarial method over the effective life of the loan. Recognition is shown as net interest income in net revenues. Fees and transaction costs to be recognized are included in the relevant loan book.

Loans that have been granted on an irrevocable basis but have not yet given rise to any transfer of funds are included in off-balance sheet items under "Financing commitments given".

Performing and non-performing loans are identified separately.

Loans for which there is an identified credit risk, regardless of any guarantees, that makes it probable that Natixis will be unable to recover all or part of the amount owed by the counterparty under the terms and conditions of the loan agreement, are considered to be non-performing. This corresponds to loans for which an event of default as defined in Article 178 of the European regulation dated June 26, 2013 relating to prudential requirements applicable to credit institutions has been identified. In particular, loans that include payments over three months overdue are classified as non-performing loans.

When the initial payments of a loan turned non-performing become regular again, the loan in question can be reclassified as a performing loan.

Loans accelerated by the lender and loans classified among non-performing loans for more than one year for which a write-off is planned are deemed to be irrecoverable.

The reversal of the effect of discounting on impairments of non-performing loans associated with the passage of time is recognized under "Interest and similar expenses" on the income statement.

Specific case of receivables restructured due to the debtor's financial situation

Restructured loans correspond to loans with modified terms under which Natixis grants a concession to borrowers facing or likely to face financial difficulties. They are a combination of a concession granted by Natixis and financial difficulties experienced by the borrower.

The modified terms of restructured loans must put the borrower in a more favorable situation (e.g. suspension of interest or principal payment, extension of term, etc.) and are confirmed by the use of amendments that modify the terms of an existing contract or by the full or partial refinancing of an existing loan.

Financial difficulties are determined by observing a number of criteria such as amounts past due for over 30 days or an at risk rating. The restructuring of a loan does not necessarily result in the counterparty being classified in the Basel default category, as the financial difficulty is addressed before the counterparty is downgraded into the Basel default category.

Specific write-downs

Where there is a risk of partial or total non-recovery of loans or of borrowers breaching their covenants, impairment charges or provisions corresponding to the amount of the probable loss are recognized on the income statement under "Provision for credit losses". Impairment is 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.

Write-downs for non-specific credit risk

Financial assets that do not have individually allocated credit risk are included in groups of assets with similar risk characteristics. The composition of these portfolios of similar assets is based on two criteria: geographical risk and sector risk.

Portfolios are reviewed quarterly and, where appropriate, loans in sectors or countries where economic circumstances suggest problems may arise are included in the base for performing loans provisions.

Each group of assets is assessed for objective evidence of impairment based on observable data indicating a likely decrease in the estimated recoverable cash flows for that group of assets. A collective write-down in the balance sheet liabilities is taken against any group of assets showing objective evidence of impairment. Assets belonging to that group, which are subsequently specifically identified as impaired (specific risk), are removed from the collective write-down calculation base.

Provisions for geographic risk are primarily based on each country's internal rating, incorporating different parameters and indicators (political situation, performance of the economy and economic outlook, banking system situation, etc.). Calculation of the impairment loss is based on a correlation table between the internal rating and provisioning rate, with a revision to the rate allocated to a provisioning scale possible.

Provisions for sector risk are based on combinations of indexes specific to each sector (sector growth, cash held by businesses in the sector, cost of commodities, etc.). The method for calculating the impairment loss is the "expected loss" method calculated at maturity.

Loans on the watch list, for which a Basel default has been identified, are written down collectively by sector unless they are already subject to specific write-downs.

Provisions for sector and country risk are shown under liabilities in the balance sheet.

2. Securities portfolio

Securities are, in accordance with Book II - Title 3 "Accounting treatment of securities transactions" of Regulation No. 2014-07 of the ANC, classified according to:

- their type: government securities (treasury bills and similar securities), bonds and other fixed-income securities (negotiable debt securities and interbank market instruments), shares and other variable income securities;
- the economic purpose for which they are held, into one of the following categories: held for trading, held for sale, held for investment, other long-term securities, investments in associates and investments in subsidiaries and affiliates.

The buying and selling of securities are recorded in the balance sheet at the settlement-delivery date.

The applicable classification and measurement rules are as follows:

- **securities held for trading:** securities that are originally bought or sold with the intention of reselling or repurchasing them in the short term, and securities held as part of a market-making operation. Securities bought or sold for the purposes of the specialized management of a trading portfolio are also classed as securities held for trading. To be eligible in this category, these securities must, when initially recognized, be traded on an active market with easily obtainable prices representing actual and regularly occurring market transactions on an arm's length basis.

On acquisition, securities held for trading are recognized at the price paid including any accrued interest. Transaction costs are recognized in expenses.

At each balance sheet date, they are measured at market value and the grand total of any valuation difference is recognized on the income statement under the heading, "Balance of transactions on securities held for trading".

- **securities held for sale**: securities which are not classified in any other category are considered as securities held for sale.
- They are reported on the balance sheet at their purchase price, excluding acquisition costs. Any difference between the purchase price (excluding accrued interest) and the redemption price is recognized in income over the remaining life of the securities.
- They are valued at year end at the lower of their carrying amount and their market value. Unrealized losses give rise to the recognition of an impairment loss, whose calculation factors in gains from any hedging transactions conducted. Unrealized gains are not recognized.
- **securities held for investment**: securities held for investment are dated fixed-income securities acquired with the stated intention of holding them to maturity and for which Natixis has the ability to hold them through to maturity.

They are reported on the balance sheet at their purchase price, excluding acquisition costs. Any difference between the purchase price and the redemption price is recorded in income over the remaining life of the securities.

In line with regulatory requirements, unrealized losses are not subject to impairment, unless there is a strong likelihood that the instruments will be sold before maturity due to unforeseen circumstances or if there is a risk of default by the issuer of these instruments. Unrealized gains are not recognized.

- **Investment securities, shares in affiliates and other long-term securities:**
  - **other long-term securities:** investments made by Natixis in the form of securities, with the intention of forging lasting professional relationships and creating a special relationship with the issuing company, but without any influence over the management of the corporate entities in which investments were made due to the low percentage of voting rights held.

    They are recognized at their acquisition date at the purchase price excluding acquisition costs.

    They are included in the balance sheet at the lower of historical cost or value in use. Unrealized losses are subject to a provision for impairment.
  - **investments in associates:** investments in the form of securities the durable possession of which is deemed useful to Natixis' business.

They are recognized at their acquisition date at the purchase price excluding acquisition costs.

These securities are valued individually at the lower of their value in use at the reporting date and their acquisition cost. Unrealized losses are subject to a provision for impairment.

- **investments in subsidiaries and affiliates:** shares and other variable-income securities in related corporate entities over which Natixis exercises exclusive control, i.e. corporate entities likely to be fully consolidated in Natixis' consolidation scope.

  They are recognized at their acquisition date at the purchase price excluding acquisition costs.

  These securities are valued individually at the lower of their value in use at the reporting date and their acquisition cost. Unrealized losses are subject to a provision for impairment.

The measurement approaches used to determine value in use are the following, as appropriate:

- the net asset method (restated or not);
- the peer comparison method;
- the discounted future cash flows (DCF) method;
- the stock market price method;
- or a combination of these methods.

The DCF method for measuring future cash flows is based on the establishment of business plans prepared by the management of the subsidiaries in question and approved by Natixis' senior management. The discount rate on future cash flows is the result of:

- an average rate of return on an investment deemed to be risk-free;
- an average credit spread on the market in which the subsidiary is listed;
- an average beta as reflected in a sample of equivalent companies.
- **Treasury shares:** Natixis holds treasury shares to regulate its share price under a liquidity agreement. These shares are recognized as securities held for trading and follow the same rules as other securities in this category. Moreover, treasury shares acquired through arbitraging on stock market indexes are recognized as securities held for trading.

Treasury shares held for distribution to employees are classified as held for sale and follow the corresponding rules.

Income, value adjustments and proceeds on disposal of securities portfolios are recognized as follows:

- income from variable-income securities is recognized as and when received or when the payment has been subject to a resolution at a Shareholders' Meeting;
- income from fixed-income securities is recognized based on the accrual method;
- value adjustments and proceeds from the disposal of securities are recognized under different headings depending on which portfolio they belong to:
  - under "Net revenues" for securities held for trading and securities held for sale,
  - as a provision for credit losses on fixed-rate securities in the portfolio of securities held for sale or for investment when adjustments in value relate to counterparty risk exposure,
  - under net gains/(losses) on fixed assets:
    - for adjustments in the value of securities held for investment (excluding impairment for risk exposure to a counterparty) when there is a high probability of disposal of such securities held for investment due to unforeseen circumstances and for all proceeds from the disposal of securities held for investment;
    - for investments in associates, investments in subsidiaries and affiliates and other long-term securities.

Reclassifications from the "held for trading" to the "held for sale" and "held for investment" categories and from "held for sale" to "held for investment" are permitted in exceptional market circumstances requiring a change in strategy or when the securities in question have ceased to be tradable on an active market since their acquisition.

The regulation allows banks to sell all or part of the securities reclassified as "held for investment" if the following two conditions are met:

- the transfer was motivated by exceptional circumstances,
- the market for these securities has become active again.

Natixis has carried out no such transfers in its separate financial statements.

3. Property, plant and equipment and intangible assets

Fixed assets are recognized at acquisition cost plus directly attributable transaction costs and borrowing costs accrued during any phase of construction or installation before they come into service.

Internally generated software is carried on the asset side of the balance sheet at its direct development cost, including outsourcing expenses and personnel costs directly attributable to its production and preparation where they meet the criteria for capitalization.

After acquisition, fixed assets are carried at cost less any cumulative write-down, amortization and impairment losses.

As soon as they are in a condition to be used by Natixis in the manner in which they are intended, fixed assets are depreciated or amortized over their estimated useful lives on a straight-line or declining balance basis when this better reflects the economic amortization. The residual value of the asset is deducted from its depreciable or amortizable amount when it can be measured reliably.

In line with applicable accounting principles, a specific amortization schedule is defined for each significant component of an item of property, plant and equipment which has a different useful life or is expected to consume future economic benefits differently from the item as a whole. For buildings comprising business and investment property, the following components and depreciation periods are applied:

Land:	non-depreciable
Non-destructible buildings (of historical importance):	non-depreciable
Walls, roofs and waterproofing:	20 to 40 years
Foundations and framework:	30 to 60 years
External rendering:	10 to 20 years
Equipment and installations:	10 to 20 years
Internal fixtures and fittings:	8 to 15 years

Other items of property, plant and equipment are depreciated over their estimated useful lives, generally five to 10 years.

Purchased software is amortized on a straight-line basis over its estimated useful life, which in most cases is less than five years. Internally generated software is amortized over its estimated useful life, which cannot exceed 15 years.

4. Debt securities

This line item comprises debt attributable to freely tradable securities held for sale issued by Natixis in France or in foreign countries, with the exception of subordinated instruments recognized as subordinated debt.

This line item notably includes medium-term notes, interbank market instruments, negotiable debt securities and bonds and other fixed-income securities.

Accrued interest payable relating to these issues is disclosed separately as a related payable, with an offsetting entry in the income statement.

Issue or redemption premiums on bond issues are amortized over the life of the issues in question and the related expense is recognized under the heading "interest and similar expenses" on the income statement.

5. Subordinated debt

This item covers perpetual and dated subordinated notes, for which the redemption in the event of liquidation ranks behind all other creditors. Accrued interest is credited to the corresponding receivables item on the income statement.

Where perpetual subordinated notes are treated as equivalent to amortizing securities, each periodic payment is broken down into the repayment of principal, which is deducted from the nominal amount, and interest, which is charged to the income statement under "interest and similar expenses".

6. Forward financial instruments (futures and options)

The notional amount of these instruments is recorded off-balance sheet for internal monitoring and regulatory purposes, but is not included in the published statement of off-balance sheet items. Details for these instruments are provided in the notes.

The accounting principles applied depend on the instrument involved and the purpose of the transaction (hedging or for trading purposes).

Interest rate and currency trading

These transactions are carried out for four purposes:

- micro-hedging (hedging of specific transactions or positions);
- macro-hedging (overall asset and liability management);
- speculative position-taking;
- specialized management of a trading portfolio.

Gains or losses on specific hedges are recognized in income on a symmetrical basis with the income and expenses of the position or transaction being hedged.

Expenses and income arising from forward financial instruments used to hedge and manage Natixis' overall interest rate risk are recognized over the period of the position. Unrealized gains and losses are not recognized.

The accounting treatment of speculative positions is identical for interest flows. Contracts are marked to market value at each reporting date and any unrealized losses are taken to the income statement as provisions.

Each instrument in the final category is marked to market on an individual basis. Changes in value during the period are recognized immediately on the income statement. Valuations are adjusted for counterparty risk, the position funding cost and the discounted present value of future contractual management costs.

Forward foreign exchange contracts

Outright foreign currency futures or transactions hedging other foreign currency futures are measured based on the forward foreign exchange rate remaining to run on the currency in question. Differences in interest rates or premiums and discounts associated with hedged foreign currency futures are recognized in stages as interest expense or income over the effective term of the transaction.

Options (interest rate, currency and equity) and futures

The notional amount of the underlying instrument of each option or futures contract is recognized with a distinction being made between hedging and trading contracts.

For hedging transactions, income and expenses are recognized in income on a symmetrical basis with the income and expenses of the hedged items.

For non-hedging activities, positions in a class of options or forward contracts are revalued on situation in the market value. When these financial instruments are not sides on active markets, this value is generally determined from internal models integrating if necessary valuable adjustments determined according to the concerned instruments and the associated risks (market risk, model, liquidity and counterparty). The variations of market value are directly registered in income statement. However, for instruments handled on mutual agreements, the earnings and the losses are registered in income statement only in the outcome of the transactions without prejudice to the possible constitution of reserves, over the life of the instrument, at the level of the incurred net risk.

7. Institutional operations

In accordance with Article 41 of the Amended Finance Act for 1997 (No. 97-1239 of December 29, 2007), amended by Article 121 of the Amended Finance Act for 2008 (No. 2008-1443 of December 30, 2008), of Article 5 of the Amended Finance Act for 2014 (No. 2014-1655 of December 29, 2014) and the agreement signed with the French State on May 10, 2017, Natixis manages certain public procedures on behalf of the French State, mainly consisting of loans and gifts to foreign States conferred in the framework of Public Development Aid, non-concessional loans to foreign States, gifts to the "Fund for Private-Sector Aid and Studies" and the stabilization of interest rates for export credit guaranteed by Coface.

The related transactions, some of which may be guaranteed by the State, are recognized separately in the financial statements. The State and other related creditors have a specific right over the assets and liabilities allocated to these institutional operations. The bank's assets and liabilities relative to these operations are identified on the balance sheet under each of the headings concerned with these operations.

8 Employee benefits

Employee benefits are recognized in "Payroll costs".

They fall into four categories:

"Short-term benefits" including salaries, social security contributions, annual leave, employee profit-sharing, incentive plans, top-up contributions and bonuses payable in the 12 months after they are attributed are expensed in the period in which the corresponding services were rendered.

"Termination benefits" granted to employees upon the termination of their employment and prior to retirement. A provision is accrued for these benefits.

"Post-employment benefits" such as pensions, other supplementary retirement benefits applicable to the banking industry, end-of-career awards and other contractual benefits payable to retirees. Natixis distinguishes between two types of post-employment benefits:

- **defined-contribution plans**, which mainly consist of the social security basic pension scheme and the supplementary schemes Agirc and Arco, under which an entity has no obligation to pay a specified benefit amount. Contributions paid under defined contribution plans are expensed in the corresponding period;
- **defined-benefit plans** under which Natixis has a legal or constructive obligation to pay a specified benefit amount are valued and funded.

A provision is set aside for defined-benefit plans based on an actuarial assessment of the benefit obligation using the projected unit credit method. This method draws on demographic and financial assumptions. The value of any plan assets is deducted from the obligation to determine the provision to be recognized on the balance sheet. 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 setter) on rules for measuring and recognizing retirement and similar commitments, dated November 7, 2013 (which allowed the partial adoption of revised IAS 19 as adopted by the European Union in June 2012), Natixis chose to maintain the corridor method approach in the parent company financial statements.

Under this method, Natixis does not recognize the portion of net cumulative actuarial gains and losses that is lower than the greater of (i) 10% of the present value of the defined-benefit obligation and (ii) 10% of the fair value of any plan assets at the end of the previous reporting period. The portion of actuarial gains and losses outside the 10% "corridor" is therefore recognized over the average remaining working lives of the employees participating in the relevant plan.

In the event of changes to an existing plan or the implementation of a new plan, past service cost is recognized in income over the period until the benefits become vested.

The amount recognized as a provision in the balance sheet represents the present value of the obligation under defined-benefit plans:

- minus any past service cost not yet recognized in income,
- plus or minus any unrecognized actuarial gains or losses in accordance with the corridor principle arising from:
  - experience adjustments linked to demographic variables,
  - changes in actuarial assumptions,
  - differences between the actual return and expected return on plan assets;
- minus the market value of plan assets.

Insurance contracts taken up with a related party to Natixis and intended to finance all or part of Natixis' defined-benefit plan commitments are recorded in the asset side of the balance sheet as "Other assets".

The annual payroll costs recognized in respect of defined-benefit plans consist of:

- rights vested by beneficiaries over the period;
- the interest cost reflecting the impact of unwinding the discount on the obligation;
- the expected return on plan assets;
- amortization of actuarial gains and losses and past service costs;
- the effects of plan curtailments and settlements.

"Other long-term benefits" including long-service awards and deferred compensation payable in cash under Employee Retention and Performance Recognition plans are valued using the same actuarial method as that applied to post-employment benefits under defined-benefit plans, except that actuarial gains and losses are not subject to the corridor method and past service costs are recognized directly as an expense.

The estimated amount of the expense related to cash-settled variable compensation, subject to the employee's continued service in accordance with the Employee Retention and Performance Recognition plans, is recognized over the vesting period.

9. Share-based employee retention and performance recognition plans

Since 2010, Natixis has granted share-based payment plans to certain categories of staff. Some plans are settled in Natixis shares, while others are settled in cash indexed to the Natixis share price. Each plan is a three-year plan, with one-third of the plan settled each year, with the exception of "short-term" plans settled in cash indexed to the Natixis share price, which are settled in the year of granting.

All of these plans are contingent on satisfying service and/or performance requirements.

Cash-settled employee retention and performance plans indexed to the value of the Natixis share

Cash-settled plans indexed to the share price give rise to the recognition of a payroll expense that is measured taking account of the share price on the balance sheet date and the likelihood of satisfying performance/and or service requirements. Where a service requirement exists, the calculated expense is recognized on a straight-line basis over the vesting period. When no service requirement exists, the expense is recognized immediately as a debt. The latter is then remeasured at each reporting date taking into account performance criteria and any changes in the value of underlying shares.

The corresponding expense recognized in the 2017 income statement was €42.1 million versus €33.8 million at December 31, 2016.

Changes to the terms and conditions of a cash-settled employee retention and performance plan indexed to the value of the Natixis share which would lead to the latter being reclassified as an employee retention and performance plan settled in shares would trigger, when the plan provides for the allocation of existing shares, the derecognition of the debt recorded for the initial plan indexed to the value of the Natixis share and the recognition of a liability as a provision for the new employee retention and performance plan settled in shares. The difference between the recognition of the new plan and the derecognition of the preexisting debt is taken directly to profit and loss. When the plan provides for the allocation of new shares, only the derecognition of the debt recorded for the initial plan indexed to the value of the Natixis share is taken to profit and loss.

Employee retention and performance plans settled in shares

Plans settled in shares are recognized in accordance with CRC Regulation No. 2008-15, which provides for the recognition of a liability where there is the likelihood or the certainty that the obligation to grant shares generates an outflow in settlement without an offsetting provision:

- if the granting involves the issue of new shares, Natixis incurs no outflow and, as a result, no expense is recognized;
- if the granting involves the repurchase of shares or the granting of existing shares, an outflow will be recognized when the shares are issued to employees, without an offsetting provision. A provision is then set aside taking account of the entry cost of the shares or the share price on the balance sheet date if the shares have not yet been purchased and the probable number of shares granted to employees. The expense is recognized in stages over the vesting period.

A provision of €134,000 was recorded in the financial statements at December 31, 2017 in respect of plans to be settled in shares (allocation of existing shares), against an identical expense in this respect in 2016.

10. Provisions for risks

A provision for risks is a liability of uncertain timing or amount. A liability is a present obligation arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits that can be reliably measured.

The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation at the reporting date. This amount is discounted when the effect of discounting is material. Provisions are reviewed at each reporting date and adjusted if necessary. Provisions recognized on the balance sheet, other than provisions to cover employee benefits and sector and country risks, mainly concern provisions for restructuring, provisions for disputes, fines and penalties and provisions for other risks.

11. Transactions denominated in foreign currencies

Off-balance sheet receivables, debts and commitments denominated in foreign currencies are converted to euros at the going exchange rate at the balance sheet date through the revaluation of foreign exchange positions. The difference between amounts resulting from the valuation of euro-denominated foreign exchange positions and amounts reported in equivalent euro-denominated foreign exchange positions is recorded in the income statement.

However, exchange differences relating to institutional operations are recognized under accrual accounts.

12. Integration of foreign subsidiaries

The financial statements of foreign subsidiaries, prepared in accordance with local rules, are restated in accordance with generally accepted accounting principles in France, translated into euros when the functional currency is not the euro and included in Natixis' financial statements after the elimination of intra-group transactions.

Items from the balance sheet and income statement are translated at the end of the reporting period.

The difference arising from the translation of foreign subsidiaries' capital allocations are recorded in the accrual accounts.

13. Contributions to banking resolution mechanisms

The procedure for setting up the deposit and resolution guarantee fund was changed by a decree dated October 27, 2015. Contributions made to the deposit and resolution guarantee fund may be paid in the form of partner or association certificates and cash security deposits recognized as assets on the balance sheet and contributions (which are non-refundable in the event of a voluntary withdrawal of approval to operate) recorded in income as "Taxes other than on income" among other operating expenses.

Directive 2014/59/EU (BRRD - Bank Recovery and Resolution Directive) which establishes the framework for the recovery and resolution of banks and investment firms and European regulation 806/2014 (SRM regulation) established the introduction of a resolution fund as of 2015. In 2016, this fund became a Single Resolution Fund (SRF) between the member States participating in the Single Supervisory Mechanism (SSM). The SRF is a resolution financing mechanism available to the resolution authority (Single Resolution Board). The latter may use this fund when implementing resolution procedures.

In accordance with Delegated Regulation 2015/63 and Implementing Regulation 2015/81 supplementing the BRRD Directive on ex-ante contributions to financing mechanisms for the resolution, the Single Resolution Board set the level of contributions to the Single Resolution Fund. Contributions paid to the fund may be made in cash security deposits recognized as assets on the balance sheet (15% in cash security deposits) and in contributions recorded in income as "Taxes other than on income".

14. Guarantee mechanism for the assets of the former GAPC hive-off vehicle

On November 12, 2009, an arrangement was made by BPCE to protect a portion of the portfolios of the former GAPC[1] 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 in terms of risk which acted as a financial guarantee on 85% of the nominal value of assets recognized as "securities held for investment", "securities held for trading", "securities held for sale" and "receivables". Under this guarantee, Natixis is protected from the very first euro in default up to 85% of the default amount;
- two total return swaps (TRS), one in euros and another in dollars, which transferred to BPCE 85% of the profit or loss recognized as from July 1, 2009. The instruments hedged by these TRS were mostly represented by "securities held for trading" and to a lesser extent by "securities held for sale". At the same time, Natixis bought an option from BPCE which, if exercised, would allow it to recover in 10 years' time any net positive performance by the portfolio in exchange for payment of a premium.

At December 31, 2017 (as was the case at December 31, 2016), the financial guarantee now has almost no impact in accounting and prudential terms, as the positions which it backed have almost all been sold or closed.

The same is true of the guarantee comprising TRS and an option, with the option in the money.

15. 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 44.43% 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 2017 fiscal year.

As a reminder, for the 2016 fiscal year, a modification in the accounting treatment of the technical loss on merger pursuant to ANC regulation n° 2015-06 applicable as of January 1, 2016, was recorded. Pursuant to this regulation, the loss should be broken down and recognized according to the various natures of underlying assets to which it is allocated. This allocation could only be applied at the first time application of the regulation according to existing capital gains at the merger date, i.e. according the extra-accounting allocation originally applied.

The application of this regulation led to the recognition of €269.5 million in "investments in subsidiaries and affiliates" corresponding to the merger losses accounted for as part of the total transfer of assets and liabilities of Natixis Garantie to Natixis, based on existing capital gains at this date and according to the allocation.

(1) The GAPC hive-off vehicle was closed in the second quarter of 2014 in accordance with Natixis' strategic plan.

NOTE 2 HIGHLIGHTS OF THE PERIOD

For fiscal year 2017, Natixis has recognized the total transfer of assets and liabilities of Natixis Consumer Finance which had an impact of €61.5 million on gross capital gains. It also recognized the total transfer of assets and liabilities of Natixis HCP, with all of Corporate Data Solutions' activities sold, for an impact of -€76.4. Moreover, Natixis disposed of its remaining stake in CACEIS for a gross impact before taxes of €84.6 million.

The Montreal, Taiwan and Porto subsidiaries opened in 2016 and were included in Natixis' separate financial statements as at December 31, 2016.

NOTE 3 INTERBANK AND SIMILAR TRANSACTIONS

(in millions of euros)	2017	2016
Cash and balances with central banks	**36,453**	**26,532**
Advances to banks*	**98,612**	**105,564**
Demand	4,140	25,390
Time	94,472	80,174
Interbank and similar transactions	**135,065**	**132,096**
**o/w subordinated loans*	*0*	*40*
o/w reverse repurchased securities	*42,622*	*43,248*
o/w accrued interest	*77*	*96*

At December 31, 2017 Natixis no longer had any perpetual subordinated loans; at December 31, 2016 the amount of perpetual subordinated loans totaled €40 million.

Non-performing loans amounted to €63 million at December 31, 2017, compared with €71 million at December 31, 2016. At December 31, 2017, as at December 31, 2016, Natixis had no irrecoverable loans due from credit institutions.

Provisions for non-performing loans amounted to -€61 million at December 31, 2017, compared with -€635 million at December 31, 2016.

NOTE 4 TRANSACTIONS WITH CUSTOMERS

(in millions of euros)	2017	2016
Current accounts overdrawn	**3,349**	**4,721**
Commercial loans	**1,034**	**850**
Other customer loans	**108,007**	**130,051**
Cash and consumer credit	25,104	24,787
Equipment loans	4,361	5,342
Export credit	2,726	3,253
Home loans	3	2
Reverse repurchased securities	55,417	75,280
Subordinated loans	945	887
Other loans	19,451	20,500
CUSTOMER TRANSACTIONS	**112,390**	**135,622**
o/w accrued interest	*222*	*199*

The amount of perpetual subordinated loans totaled €875 million at December 31, 2017 versus €816 million at December 31, 2016

Restructured loans as defined in Note 1 amounted to €81 million in performing loans at December 31, 2017 versus €289 million at December 31, 2016.

Restructured loans as defined in Note 1 recorded as non-performing or irrecoverable loans amounted to €1,575 million before impairment at December 31, 2017 versus €2,240 million at December 31, 2016. The amount after impairment amounted to €1,151 million at December 31, 2017 versus €1,672 million at December 31, 2016.

Non-performing loans amounted to €2,839 million at December 31, 2017 versus €3,479 million at December 31, 2016 (of which €247 million at December 31, 2017 relating to irrecoverable loans versus €282 million at December 31, 2016).

Provisions for non-performing loans totaled -€969 million at December 31, 2017 versus -€1,218 million at December 31, 2016 (of which -€240 million at December 31, 2017 versus -€274 million at December 31, 2016 relating to provisions for irrecoverable loans).

Receivables eligible for refinancing with the Banque de France and/or the European Central Bank amounted to €1,579 million at December 31, 2017 versus €1,470 million at December 31, 2016.

NOTE 5 BONDS, SHARES AND OTHER FIXED VARIABLE-INCOME SECURITIES

	2017				2016			
	Securities held for trading	Securities held for sale	Securities held for investment	Total	Securities held for trading	Securities held for sale	Securities held for investment	Total
Government securities and equivalent[b]								
Gross value[a]	18,160	5,313	655	24,128	16,550	5,687	781	23,018
Premiums/discounts		160		160		354	1	355
Accrued interest	4	42		46	11	46	1	58
Write-downs				0				0
Net carrying amount	**18,164**	**5,515**	**655**	**24,334**	**16,561**	**6,087**	**783**	**23,431**
Bonds and other fixed-income securities[b][c]								
Gross value(a)	17,721	5,036	125	22,882	18,221	5,321	1,276	24,818
Premiums/discounts		(38)		(38)		32	0	32
Accrued interest		21		21		26	30	56
Write-downs		(76)		(76)		(105)	0	(105)
Net carrying amount	**17,721**	**4,943**	**125**	**22,789**	**18,221**	**5,274**	**1,306**	**24,801**
Shares and other variable-income securities[b][d]								
Gross value	43,780	1,300		45,080	39,992	1,396		41,388
Accrued interest				0				0
Write-downs		(23)		(23)		(29)		(29)
Net carrying amount	**43,780**	**1,277**		**45,057**	**39,992**	**1,367**		**41,359**

(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 €17,079 million at December 31, 2017 versus €15,695 million at December 31, 2016.

(c) Of which Bonds and other listed fixed-income securities for €18,856 million at December 31, 2017 versus €18,488 million at December 31, 2016.

(d) Of which Shares and other listed variable-income securities for €44,705 million at December 31, 2017 versus €40,128 million at December 31, 2016.

The total amount of securities held for investment sold before maturity totaled €15 million in 2017, compared with €38 million for fiscal year 2016.

Transfers of securities between categories

There were no transfers of securities between categories in 2016 or 2017.

Unrealized capital gains and losses in the investment portfolio

(in millions of euros)	2017	2016
Government securities and equivalent		
Unrealized capital gains	30	17
Unrealized capital losses	0	0
Bonds and other fixed-income securities		
Unrealized capital gains	17	13
Unrealized capital losses	(89)	(118)
Shares and other variable-income securities		
Unrealized capital gains	274	271
Unrealized capital losses	(24)	(30)

NOTE 6 INVESTMENT IN SUBSIDIARIES AND AFFILIATES, ASSOCIATES, OTHER LONG-TERM INVESTMENTS AND TREASURY SHARES

(in millions of euros)	2017	2016
Investments	**106**	**389**
Outstanding[(a)]	119	403
Current account advances		
Translation adjustments		
Write-downs	(13)	(14)
Securities loaned		
Other long-term investments	**50**	**54**
Outstanding	80	89
Current account advances		
Translation adjustments		
Write-downs	(30)	(35)
Securities loaned		
Accrued interest		
INVESTMENTS IN ASSOCIATES AND OTHER LONG-TERM INVESTMENTS	**156**	**443**
Investments in subsidiaries and affiliates	**13,971**	**13,931**
Outstanding[(b)]	14,235	14,560
Current account advances	3	2
Translation adjustments[(c)]	31	(101)
Write-downs[(d)]	(298)	(530)
Securities loaned		
Accrued interest	**0**	**0**
INVESTMENTS IN SUBSIDIARIES AND AFFILIATES	**13,971**	**13,931**
Treasury shares	**28**	**8**
Securities held for trading	27	7
Securities held for sale	1	1
Securities loaned		
Long-term investments		
TREASURY SHARES	**28**	**8**

(a) Of which disposal of CACEIS shares for €295 million.

(b) The main changes during 2017 related to:

- *the valuation of Nushi shares for -€103 million;*
- *the valuation of Natixis Algérie shares for -€14 million;*
- *the total transfer of assets and liabilities of Natixis HCP for -€50 million;*
- *the total transfer of assets and liabilities of Natixis Consumer Finance for -€353 million;*
- *the inclusion of Natixis Financement shares for +€354 million in the scope of Natixis Consumer Finance's TUP;*
- *the Natixis Funding capital reduction for €63 million;*
- *the disposal of Nexgen Financial Holding shares for €58 million.*

(c) The main changes during 2017 related to:

- *the valuation of Nushi shares for +€103 million;*
- *the valuation of Natixis Algérie shares for +€14 million.*

(d) The main changes during 2017 related to:

- *a reversal of provisions on Coface shares for €112 million;*
- *a reversal of provisions on Natixis HCP shares for €50 million;*
- *a reversal of provisions on Nexgen Financial Holding shares for €31 million;*
- *a reversal of provisions on CEGC shares for €27 million.*

NOTE 7 INFORMATION ON SHAREHOLDINGS EXCEEDING THE DISCLOSURE THRESHOLD FOLLOWING INVESTMENTS IN FRENCH COMPANIES DURING THE YEAR

he 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 12.31.2017	Number of shares at 12.31.2017
NATIXIS FINANCEMENT	Unlisted	100.00%	7,380,195
COFIMAGE 24	Unlisted	81.72%	4,086
ECRINVEST 24	Unlisted	100.00%	3,700
ECRINVEST 25	Unlisted	100.00%	3,700
ECRINVEST 26	Unlisted	100.00%	3,700

NOTE 8 DISCLOSURES CONCERNING SUBSIDIARIES AND ASSOCIATES (ARTICLE L.233-15 AND R.123-197 OF THE FRENCH COMMERCIAL CODE)

Companies or groups	Listed/Unlisted	Capital *(in thousands of units)*		Shareholders' equity other than capital[A] *(in thousands of units)*		Share of capital at 12.31.2017 *(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 SA 1 place Costes et Bellonte – CS20003 92276 Bois-Colombes	L	314,496	EUR	939,774	EUR	41.24%
Compagnie Européenne de Garanties & Cautions 16 rue Hoche – Tour Kupka B – TSA 39999 92919 La Defence Cedex	U	160,996	EUR	175,814	EUR	100.00%
Natixis Wealth Management 115 rue Montmartre 78002 Paris	U	88,402	EUR	83,949	EUR	100.00%
Natixis Algérie Immeuble El Ksar – Zone d'affaires Mercure – Lot 34/35 Bab Ezzouar – 16311 Alger	U	10,000,002	DZD	11,466,227	DZD	100.00%
NATIXIS Pfandbriefbank AG Im Trutz Frankfurt 55 D-60322 Frankfurt am Main	U	120,000	EUR	5,500	EUR	100.00%
Natixis Asia Limited Suite 1911-1922-19 F Two 88 Queensway Pacific Place - Hong Kong	U	632,395	HKD	-159,989	HKD	100.00%
Natixis Assurances 30 av. Pierre-Mendes-France 75013 Paris	U	148,014	EUR	1,136,333	EUR	100.00%
Natixis Factor 30 av. Pierre-Mendes-France 75013 Paris	U	19,916	EUR	183,673	EUR	100.00%
Natixis Fonciere 30 av. Pierre-Mendes-France 75013 Paris	U	685	EUR	62,575	EUR	100.00%
Natixis Financement 30 av. Pierre-Mendes-France 75013 Paris	U	73,802	EUR	36,528	EUR	100.00%
Natixis Innov 47 quai d'Austerlitz 75013 Paris	U	150,060	EUR	6,482	EUR	100.00%
Natixis Interepargne 30 av. Pierre-Mendes-France 75013 Paris	U	8,891	EUR	18,574	EUR	100.00%
Natixis Japan Securities Co., Ltd. 1-11-1, Marunouchi, Chiyoda-Ku Tokyo 100-6226	U	18,000,000	JPY	1,024	JPY	100.00%
Natixis Lease 30 av. Pierre-Mendes-France 75013 Paris	U	267,242	EUR	298,513	EUR	100.00%
Natixis Trust 51 avenue John F. Kennedy L-1855 Luxembourg	U	609,865	EUR	126,345	EUR	100.00%
Natixis Marco 47 quai d'Austerlitz 75013 Paris	U	1,000,170	EUR	8,796	EUR	100.00%
Natixis Payment Solutions 30 av Pierre-Mendes-France 75013 Paris	U	53,559	EUR	75,365	EUR	100.00%

Gross *(in thousands of euros)*	Net *(in thousands of euros)*	Loans and receivables received but not yet paid *(in thousands of euros)*	Guarantees and Endorsements given *(in thousands of euros)*	Prior year net revenues[(a)] *(in thousands of euros)*	Prior year income or loss[(a)] *(in thousands of euros)*	Dividends received in 2017 *(in thousands of euros)*
				2,845	20,815	
				219,509	117,705	
				68,405	-6,080	
				48,403	8,564	
				21,922	0	
				6,037	4,528	
				251	156,869	
				141,069	28,752	
				0	1,783	
				270,651	41,364	
				3,243	3,171	
				93,081	15,271	
				42,672	11,080	
				-95,698	-160,665	
				5,415	-557	
				20,909	20,901	
				279,270	41,951	

Companies or groups	Listed/Unlisted	Capital *(in thousands of units)*		Shareholders' equity other than capital[(A)] *(in thousands of units)*		Share of capital at 12.31.2017 *(in %)*
A - BREAKDOWN OF INVESTMENTS WITH A GROSS VALUE OF OVER 1% OF THE REPORTING COMPANY'S CAPITAL						
Subsidiaries and investments (holdings in excess of 10%)						
Natixis Private Equity 5-7 rue de Monttessuy 75007 Paris	U	404,851	EUR	57,372	EUR	100.00%
Natixis Investment Managers 21 quai d'Austerlitz 75013 Paris	U	178,252	EUR	3,704,386	EUR	100.00%
DF EFG3 Limited Maples Corporate Services Limited Of Po Box 309, Ugland House Grand Cayman, Ky1-1104	U	85,000	USD	0	USD	100.00%
Nushi 399 Boylston St 13th Floor Ma 02116 Boston United States Of America	U	1,227,285	USD	3,390,447	USD	15.00%
B - TOTAL DISCLOSURES ON OTHER SUBSIDIARIES AND INVESTMENTS*						
21 - French companies (aggregate)						
22 - Foreign companies (aggregate)						

* *Of which subsidiaries and investments not covered under A.*
(A) *Excluding income of the year.*
(a) *2017 fiscal year.*

Gross *(in thousands of euros)*	Net *(in thousands of euros)*	Loans and receivables received but not yet paid *(in thousands of euros)*	Guarantees and Endorsements given *(in thousands of euros)*	Prior year net revenues (a) *(in thousands of euros)*	Prior year income or loss (a) *(in thousands of euros)*	Dividends received in 2017 *(in thousands of euros)*
				44,618	43,093	
				30,346	998,969	
				8,233	8,233	
				172,890	172,890	
298,680	224,545	7,265,741	914,433			29,450
413,651	375,167	2,497,163	6,884,468			13,556

NOTE 9 TREASURY SHARES – ASSETS

(in euros)	Number purchased	Purchase price	Average purchase price	Amount sold or canceled	Sale price	Average sale price	Closing number of shares	% of capital held
At January 1, 2017	**215,716,771**	**1,060,742,725**	**4.92**	**214,034,383**	**950,870,218**	**4.44**	**1,682,388**	**0.05%**
Price stability	24,808,190	151,385,685	6.10	21,891,779	131,850,142	6.02		
At December 31, 2017	**240,524,961**	**1,212,128,410**	**5.04**	**235,926,162**	**1,082,720,360**	**4.59**	**4,598,799**	**0.15%**

Nominal amount of share: €1.60.

NOTE 10 FIXED ASSETS

	2017			2016		
	Gross	Impairment and amortization	Net	Gross	Impairment and amortization	Net
Operating fixed assets	**1,965**	**(1,722)**	**243**	**1,895**	**(1,652)**	**243**
Intangible assets	1,433	(1,327)	106	1,405	(1,292)	113
Property, plant and equipment	532	(395)	137	490	(360)	130
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	**1,433**	**(1,327)**	**106**	**1,405**	**(1,292)**	**113**
PROPERTY, PLANT AND EQUIPMENT	**533**	**(396)**	**137**	**491**	**(361)**	**130**

	01.01.2017	Acquisitions	Disposals	Other	12.31.2017
Gross value					
Operating intangible assets	**1,405**	**28**	**0**	**0**	**1,433**
Goodwill	869				869
Software	486	19		31	536
Other intangible assets	50	9		(31)	28
Operating property, plant and equipment	**490**	**55**	**(5)**	**(8)**	**532**
Land and buildings	185	10		(27)	168
Other property, plant and equipment	305	45	(5)	19	364
Non-operating property, plant and equipment	**1**	**0**	**0**	**0**	**1**
Land and buildings	1				1
Other property, plant and equipment	0				0
TOTAL	**1,896**	**83**	**(5)**	**(8)**	**1,966**

	01.01.2017	Charges	Reversals	Other	12.31.2017
Depreciation and amortization					
Operating intangible assets	**(1,293)**	**(35)**	**0**	**1**	**(1,327)**
Goodwill	(864)				(864)
Software	(425)	(35)		1	(459)
Other intangible assets	(4)				(4)
Operating property, plant and equipment	**(360)**	**(44)**	**5**	**4**	**(395)**
Land and buildings	(113)	(12)		13	(112)
Other property, plant and equipment	(247)	(32)	5	(9)	(283)
Non-operating property, plant and equipment	**(1)**	**0**	**0**	**0**	**(1)**
Land and buildings	(1)				(1)
Other property, plant and equipment	0				0
TOTAL	**(1,654)**	**(79)**	**5**	**5**	**(1,723)**

NOTE 11 ACCRUAL ACCOUNTS AND OTHER – ASSETS

(in millions of euros)	2017	2016
Options	16,931	11,179
Settlement accounts	307	225
Miscellaneous debtors	29,512	30,263
Inventory accounts and similar	297	449
OTHER ASSETS	**47,047**	**42,116**
Collection accounts	4	
Adjustment accounts	6,762	7,083
Gains on financial instruments	456	154
Deferred charges and prepayments	890	1,067
Accrued income	368	735
Other accrual accounts	1,038	1,454
ACCRUAL ACCOUNTS	**9,518**	**10,493**

NOTE 12 INTERBANK AND SIMILAR TRANSACTIONS

(in millions of euros)	2017	2016
Due to central banks		
Due to banks*	**124,254**	**118,718**
Demand	9,181	12,499
Time	115,073	106,219
INTERBANK AND SIMILAR TRANSACTIONS	**124,254**	**118,718**
** o/w repurchased securities*	*38,314*	*36,249*
o/w accrued interest	*125*	*185*

NOTE 13 CUSTOMER TRANSACTIONS

(in millions of euros)	2017	2016
Special savings accounts	**38**	**48**
Demand		
Time	38	48
Other liabilities*	**108,087**	**121,282**
Demand	35,368	31,188
Time	72,719	90,094
CUSTOMER TRANSACTIONS	**108,125**	**121,330**
** o/w repurchased securities*	*66,235*	*78,272*
o/w accrued interest	*58*	*80*

NOTE 14 DEBT SECURITIES

(in millions of euros)	2017	2016
Interbank market instruments and negotiable debt securities	**27,020**	**40,291**
Bonds	**17,413**	**16,087**
DEBT SECURITIES	**44,433**	**56,378**
o/w non-amortizable issue premiums	*316*	*402*

NOTE 15 ACCRUAL ACCOUNTS AND OTHER – LIABILITIES

(in millions of euros)	2017	2016
Miscellaneous creditors	21,083	26,361
Securities transactions	62,296	58,231
o/w trading securities, liabilities on borrowed securities	*36,508*	*35,465*
o/w trading securities, other liabilities on securities	*25,781*	*22,752*
o/w accrued interest	*7*	*14*
Sold options	17,945	11,475
Securities transactions settlement accounts	289	245
OTHER LIABILITIES	**101,613**	**96,312**
Unavailable accounts	6	10
Adjustment and suspense accounts	4,295	3,812
Losses on financial instruments	657	671
Deferred income and prepayments	581	686
Accrued charges	942	855
Other accrual accounts	953	1,328
ACCRUAL ACCOUNTS	**7,434**	**7,362**

NOTE 16 PROVISIONS AND IMPAIRMENT

(in millions of euros)	01.01.2017	Charges	Reversals	Translation adjustments	Other[a]	12.31.2017
Provisions for impairment deducted from assets	**(1,894)**	**(315)**	**675**	**64**	**35**	**(1,435)**
Banks	(63)	(4)	2	4		(61)
Customers	(1,218)	(276)	473	53	(1)	(969)
Investments	(14)	(3)	4			(13)
Other long-term investments	(35)	(1)	6			(30)
Investments in subsidiaries and affiliates	(530)	(17)	187	5	57	(298)
Misc securities and creditors	(34)	(14)	3	2	(21)	(64)
Provisions recognized in liabilities	**2,436**	**434**	**(538)**	**(75)**	**36**	**2,293**
Employee benefits[a]	439	112	(194)	(1)	57	413
Off-balance sheet commitments	12	27	(8)		(19)	12
Country risk	186	87	(1)	(3)		269
Specific credit risk	2					2
Provisions for litigation	364	80	(20)	(51)		373
Sector risk	288	1	(6)	(13)		270
Forward financial instrument risk	251	23	(34)	(2)		238
Other	894	104	(275)	(5)	(2)	716

(a) Separate asset recognition.

(in millions of euros)	01.01.2016	Charges	Reversals	Translation adjustments	Other[(a)]	12.31.2016
Provisions for impairment deducted from assets	**(1,642)**	**(646)**	**445**	**(12)**	**(39)**	**(1,894)**
Banks	(65)	(1)	4	(1)		(63)
Customers	(1,155)	(404)	353	(12)		(1,218)
Investments	(9)	(6)	1			(14)
Other long-term investments	(42)		7			(35)
Investments in subsidiaries and affiliates	(281)	(231)	18		(36)	(530)
Misc securities and creditors	(90)	(4)	62	1	(3)	(34)
Provisions recognized in liabilities	**2,660**	**473**	**(855)**	**16**	**142**	**2,436**
Employee benefits[(a)]	281	63	(47)	0	142	439
Off-balance sheet commitments	16	5	(9)	0	0	12
Country risk	156	104	(75)	1	0	186
Specific credit risk	6	1	(5)	0	0	2
Provisions for litigation	344	20	(12)	12	0	364
Sector risk	272	22	(9)	3	0	288
Forward financial instrument risk	845	52	(646)	0	0	251
Other	740	206	(52)	0	0	894

(a) Separate asset recognition.

NOTE 17 HEADCOUNT AND EMPLOYEE BENEFITS

Change in headcount

	12.31.2017	12.31.2016
Technical staff	2,264	2,165
Managers	5,249	5,222
NUMBER OF EMPLOYEES	7,513	7,387

Post-employment benefits and other long-term employee benefits

MAIN ACTUARIAL ASSUMPTIONS

	2017				2016			
	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	1.32%	1.05%	0.80%	1.08%	1.22%	0.95%	0.65%	1.05%
Expected return on plan assets	1.32%	1.05%	0.80%		1.22%	0.95%	0.65%	

Future salary increases are estimated by grade based on a constant population and a three-year average. At December 31, 2017, this average (including inflation) was 2.28% versus 2.50% at December 31, 2016.

The remaining average working lives of employees, for all benefits, is 12.8 years versus 15.7 years at December 31, 2016.

EMPLOYEE BENEFITS, PLAN ASSETS AND SEPARATE ASSET OBLIGATIONS

(in millions of euros)	12.31.2017	12.31.2016
Gross benefit obligation	511	525
Fair value of plan assets	(113)	(96)
Fair value of separate assets	(197)	(143)
Net obligation	**201**	**286**

BREAKDOWN OF NET OBLIGATION BY PLAN TYPE

	2017					2016				
	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
Benefit obligation at January 1										
Net obligations recognized	40	98	32	97	267	35	92	29	85	241
Unrecognized actuarial gains and losses	7	(10)		13	10	(3)	(22)		7	(18)
Unrecognized past service cost	0	8		1	9	1	11		1	13
Total net obligation at January 1	**47**	**96**	**32**	**111**	**286**	**33**	**81**	**29**	**93**	**236**
Benefits paid over the period	(3)	(5)	(2)	(38)	(48)	(1)	(4)	(1)	(27)	(33)
Benefits vested over the period	2	7	3	45	57	2	6	2	39	49
Interest cost	3	1		1	5	4	2		1	7
Expected return on plan assets, gross	(2)				(2)	(5)				(5)
Change in management fees					0					0
Payments to the fund during the period	(4)	(67)			(71)	(2)				(2)
Payment fees					0					0
Plan amendments recognized over the period		3		1	4		3			3
Recognized actuarial gains and losses over the period	1			13	14	1	(1)	1		1
Other items	1		1	(40)	(38)	6	0			6
Change in obligation taken to income	**(2)**	**(61)**	**2**	**(18)**	**(79)**	**5**	**6**	**2**	**13**	**26**
Other items (change in consolidation scope)					0					0
Other changes recognized	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Actuarial gains and losses on benefit obligations	1	4		6	11	22	11	1	6	40
Actuarial gains and losses/return on plan assets	(7)	(1)			(8)	(9)				(9)
Other actuarial gains and losses	1				1	(3)				(3)
Change in actuarial gains and losses not recognized	**(5)**	**3**	**0**	**6**	**4**	**10**	**11**	**1**	**6**	**28**
Plan amendments over the period		9			9					0
Other items					0					0
Other changes not recognized	**0**	**9**	**0**	**0**	**9**	**0**	**0**	**0**	**0**	**0**
Benefit obligation at December 31										
Net obligations recognized	38	37	34	79	188	40	98	32	97	267
Unrecognized actuarial gains and losses	1	(7)		5	(1)	7	(10)		13	10
Unrecognized past service cost		14			14	0	8		1	9
Total net obligation at December 31	**39**	**44**	**34**	**84**	**201**	**47**	**96**	**32**	**111**	**286**

NOTE 18 SUBORDINATED DEBT

(in millions of euros)	2017	2016
Dated subordinated debt	**3,036**	**3,576**
Subordinated notes	736	1,236
Subordinated loans	2,300	2,340
Undated subordinated debt	**2,433**	**2,014**
Participating loans	36	36
Subordinated notes	2,397	1,978
Subordinated loans		
Accrued interest	**38**	**61**
	5,507	**5,651**

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	2017	2016	Liabilities convertible into equity	Subordination condition (immediately senior ranking)
06.27.2014	06.27.2026	EUR	900,000,000	Quarterly	Euribor 3M+2%	No redemption clause	900,000,000.00	900,000,000.00	Non-convertible	Unsecured creditors
07.29.2015	07.29.2027	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.

Interest normally due on deeply subordinated notes is mandatory once a dividend has been paid on Natixis shares. However, for any other period, the contractual conditions of deeply subordinated notes state that the issuer may suspend the payment of this interest as non-paid coupons are not deferred.

Due to the existence of a loss-absorption clause, the nominal value of the securities may be reduced in the event of regulatory capital inadequacy to serve as a new basis for determining coupon amounts. The original nominal value may however be reconstituted under certain conditions.

In the event of the liquidation of Natixis and regardless of any reduction to the securities' original nominal value, unit-holders will bear their securities at their original nominal value.

Non-voting shares

The non-voting shares issued by Natixis in November 1985 may only be redeemed if the company is liquidated but may be eligible for buyback under the terms set out by the law dated January 3, 1983.

Redeemable Subordinated Debt

Redeemable subordinated debt issued by Natixis includes medium- or long-term loans or securities equivalent to ordinary subordinated debt. They are redeemable before the contractual maturity date in the event of liquidation of the issuer, and rank after other creditors but before holders of the super subordinated notes.

Following approval by the banking supervisory authority and at the initiative of the issuing company, redeemable subordinated debt may be subject to early redemption through repurchasing on the stock market, or over the counter in the case of private debt, as of a date set in the issue notice or purchase agreement or in the event of changes to current tax and regulatory rules. In all cases, these redemptions are subject to the approval of the banking supervisory authorities.

NOTE 19 REGULATED PROVISIONS

(in millions of euros)	Revaluation reserve for depreciable fixed assets	Provisions for investment	Accelerated depreciation	Public funds assigned	Total
At January 1, 2016	0	5	2	2	9
Charges					0
Reversals		(5)	(2)		(7)
Other				(2)	(2)
Activity in 2016	0	(5)	(2)	(2)	(9)
BALANCE AT DECEMBER 31, 2016	0	0	0	0	0
At January 1, 2017	0	0	0	0	0
Charges					0
Reversals					0
Other				2	2
Activity in 2017	0	0	0	2	2
BALANCE AT DECEMBER 31, 2017	0	0	0	2	2

NOTE 20 CAPITAL, ISSUE PREMIUMS, RESERVES AND RETAINED EARNINGS

(in millions of euros)	Capital	Issue premium	Legal reserve	General reserve	Long-term capital gains regulated reserve	Other reserves	Retained earnings	Total
At January 1, 2016	5,005	7,372	395	1,211	0	4	681	14,668
Appropriation of 2015 earnings			57				(16)	41
Allocation of free shares	1					(2)		(1)
“Mauve” employee shareholding operation	13	14						27
Activity in 2016	14	14	57	0	0	(2)	(16)	67
BALANCE AT DECEMBER 31, 2016	5,019	7,386	452	1,211	0	2	665	14,735
At January 1, 2017	5,019	7,386	452	1,211	0	2	665	14,735
Appropriation of 2016 earnings			81				442	523
Allocation of free shares	1							1
Activity in 2017	1	0	81	0	0	0	442	524
BALANCE AT DECEMBER 31, 2017	5,020	7,386	533	1,211	0	2	1,107	15,259

At December 31, 2017, the share capital was composed of 3,137,360,238 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 2016 corresponds to the allocation of 957,368 free shares to certain Natixis employees, within the scope of Retention and performance plans, and the subscription of 7,989,447 shares relating to the share issue reserved for employees under the employee shareholding plan.

The capital increase in fiscal year 2017 corresponds to the allocation of 285,658 free shares to certain Natixis employees, within the scope of Retention and performance plans.

NOTE 21 TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES

(in millions of euros)	2017	2016
Assets		
Advances to banks	64,339	65,399
Customer loans	20,888	38,914
Bonds and other fixed-income securities	5,628	6,245
Shares and other variable-income securities	1,994	1,854
Liabilities		
Due to banks	75,828	59,865
Customer deposits	20,364	36,815
Debt securities	390	287
Subordinated debt	4,414	4,016
Off-balance sheet		
Financing commitments given to:		
■ banks	10,719	6,541
■ customers	4,773	5,551
Guarantees provided on behalf of:		
■ banks	8,605	478
■ customers	7,260	4,756

Under Article 1124-61 of Regulation No. 2014-07 on transactions between related parties, Natixis has no additional information to disclose, since these transactions are either excluded from the reporting scope (wholly-owned subsidiaries), or entered into under normal market conditions.

NOTE 22 STATEMENT OF ASSETS, LIABILITIES AND COMMITMENTS RELATED TO MANAGEMENT OF PUBLIC PROCEDURES

(in millions of euros)	2017	2016
Customer transactions	779	758
TOTAL ASSETS	**779**	**758**
Interbank and similar transactions	46	46
Customer transactions	851	844
Other liabilities	0	0
Public funds assigned	2	0
TOTAL LIABILITIES	**899**	**890**

NOTE 23 INTEREST AND SIMILAR INCOME

(in millions of euros)	2017	2016
Interest and similar income	**6,216**	**4,884**
Interbank transactions	1,659	1,368
Customer transactions	2,447	2,025
Bonds and other fixed-income securities	208	257
Other interest and similar income	1,902	1,234
Interest and similar expenses	**(5,314)**	**(3,989)**
Interbank transactions	(1,511)	(1,623)
Customer transactions	(1,325)	(464)
Bonds and other fixed-income securities	(896)	(746)
Other interest and similar expenses	(1,582)	(1,156)
	902	**895**

Of which -€202 million in interest expense on subordinated debt at December 31, 2017 versus -€229 million at December 31, 2016.

NOTE 24 INCOME FROM VARIABLE-INCOME SECURITIES

(in millions of euros)	2017	2016
Investment in subsidiaries and affiliates	736	1,037
Investments securities and other long-term investments		
Shares and other variable-income securities	8	15
TOTAL	**744**	**1,052**

NOTE 25 FEES AND COMMISSIONS

	2017		2016	
(in millions of euros)	Income	Expenses	Income	Expenses
Customer transactions	367	(6)	320	(11)
Securities transactions	4	(161)	1	(109)
Forward financial instruments	75	(57)	50	(53)
From financing and guarantee commitments	110	(62)	141	(101)
From other off-balance sheet commitments	99	(12)	80	(5)
From foreign exchange transactions		(12)		(13)
From other financial services	36	(41)	37	(32)
From payment services	33	(27)	26	(24)
Ancillary income	9		9	
Other	174		187	
TOTAL	**907**	**(378)**	**851**	**(348)**

NOTE 26 GAINS/(LOSSES) ON TRADING PORTFOLIO TRANSACTIONS

(in millions of euros)	2017	2016
Net gains (losses) on securities held for trading	3,990	23
Net gains (losses) on foreign exchange transactions	386	200
Net gains (losses) on forward financial instruments	(2,795)	1,544
TOTAL	**1,581**	**1,767**

NOTE 27 GAINS/(LOSSES) ON SECURITIES HELD FOR SALE AND SIMILAR

(in millions of euros)	2017	2016
Securities held for sale		
Gains on disposal	48	75
Losses on disposal	(28)	(207)
Net impairment (Charge)/Reversal	(4)	9
TOTAL	**16**	**(123)**

NOTE 28 OTHER BANKING INCOME AND EXPENSES

(in millions of euros)	2017	2016
Expenses from income sharing agreements	(11)	(37)
Ancillary income	256	221
Share of income from joint banking ventures	9	8
Transfers of operating banking expenses	13	11
Other	(45)	(156)
TOTAL	**222**	**47**

NOTE 29 OPERATING EXPENSES

(in millions of euros)	2017	2016
Payroll costs	**(1,371)**	**(1,343)**
Wages and salaries	(899)	(878)
Social security expenses[(a)(d)]	(431)	(328)
Incentive and profit-sharing plans	(72)	(61)
Taxes on income	(87)	(88)
Rebilled expenses	36	28
Provisions for risks and other expenses[(b)(d)]	82	(16)
Other administrative expenses	**(1,191)**	**(1,125)**
Taxes other than on income[(c)]	(194)	(185)
External services	(1,130)	(1,080)
Rebilled expenses	133	140
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	**(78)**	**(69)**
Charges	**(78)**	**(69)**
TOTAL	**(2,640)**	**(2,537)**

(a) *Of which pension costs for €149 million at December 31, 2017 versus €74 million at December 31, 2016.*

(b) *Of which a net provision reversal for the Workforce Adaptation Plan of €4 million at December 31, 2017 versus €9 million at December 31, 2016.*

(c) *Including a contribution of €116 million to the Single Resolution Fund (SRF) at December 31, 2017, versus €110 million at December 31, 2016.*

(d) *Natixis S.A. has opted to outsource a portion of its employee benefits. For 2017, the accounting impact was -€68 million in social security expenses for contributions paid to insurance companies and +€68 million for a reversal of provisions for employee benefits.*

NOTE 30 PROVISION FOR CREDIT LOSSES

(in millions of euros)	2017	2016
Provision for credit losses on asset items	**(100)**	**(661)**
Non-performing loans:	**(54)**	**(673)**
Impairment charges	(206)	(335)
Reversals of impairment charges	405	307
Losses covered	(252)	(650)
Losses not covered	(3)	(9)
Recoveries of bad debts written off	2	14
Securities:	**(46)**	**12**
Impairment charges	(13)	(5)
Reversals of impairment charges	16	62
Losses covered	(49)	(45)
Provision for credit losses on liability items	**(148)**	**400**
Country risk:	**(86)**	**(29)**
Charges to provisions	(87)	(104)
Reversals of provisions	1	75
Risks and charges:	**(62)**	**429**
Charges to provisions	(118)	(78)
Reversals of provisions	56	507
TOTAL	**(248)**	**(261)**

NOTE 31 NET GAINS/(LOSSES) ON FIXED ASSETS

(in millions of euros)	2017	2016
Long-term investments		
Investments in associates and other long-term investments	**311**	**(182)**
Gains	148	17
Losses	(107)	(7)
Impairment charges	(21)	(238)
Reversals of impairment charges	197	27
Provisions for risks and other expenses	(4)	(3)
Reversals of provisions for risks and other expenses	98	22
Securities held for investment	**3**	**0**
Gains	3	0
Property, plant and equipment and intangible assets	**3**	**89**
TOTAL	**317**	**(93)**

NOTE 32 INCOME TAXES

(in millions of euros)	2017	2016
Tax at standard rate	(75)	(106)
Tax at reduced rate		(1)
Tax credits	3	4
Impact of tax consolidation	191	137
Other items[(a)]	136	330
Carry Back		
TOTAL	**255**	**364**

(a) For 2016, including income relating to Natixis' claim on the taxation in previous fiscal years of dividends and capital gains on the disposal of CCIs as well as the impact of tax audits.

Tax calculation

With some exceptions, 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 was subject to an audit covering the 2008 to 2013 fiscal years. Following this audit, Natixis S.A. received a reassessment notice dated December 19, 2016. Natixis S.A. intends to contest the majority of the proposed adjustments and has recorded a provision for the estimated risk.

Natixis' German subsidiary is currently subject to an audit covering the 2009 to 2014 fiscal years. A reassessment notice regarding the refund of withholding tax in respect of dividends and covering the 2009 fiscal year was received in December 2016. Natixis Germany intends to contest the proposed adjustment.

Settlement of ongoing litigation

2017

On October 6, 2017, the Constitutional Council declared Article L.235 ter ZCA of the French General Tax Code in its version resulting in Law No. 2015-1786 of the December 29, 2015 Amended Finance Act for 2015 to be unconstitutional. This Article introduced an addition 3% contribution on distributed earnings. Until 2016, the expense related to this contribution was recorded under the tax line for the period during which the payout decision was made. This amounted to €20.9 million for the 2016 fiscal year. In 2017, reimbursements received for the 2012 to 2016 fiscal years were recognized under tax for a total of €105.6 million plus interest on arrears.

2016

- The European Court of Justice has ruled the application of a share of costs and expenses, fixed at 5% of dividends received from subsidiaries based in another European Union Member State which, if they had been residents of France, could have belonged to a tax consolidation group, contrary to the freedom of establishment principle (EJC 2-9-2015, Case C-386/14, Groupe Steria SCA). Natixis, as the head of the tax consolidation group in France, thus received a reimbursement of the tax unduly paid on the 5% share of costs and expenses for a total of €6 million.
- The Taxation of Dividends and CCI redemption proceeds from previous fiscal years: until 2013, Natixis held a 20% stake in the Banque Populaire and the Caisse d'Epargne banks, in the form of cooperative investment certificates (CCIs). This entire stake was bought back in August 2013. All dividends paid on the CCIs and all net proceeds from the 2013 buyback were subject to corporate tax in application of Article 145, 6 b ter of the French General Tax Code, which limits the application of the investment income exemption scheme to equity securities carrying voting rights. This condition was ruled unconstitutional by the ruling of July 8, 2016 of the French Constitutional Court (Natixis Ruling n° 2016-553 QPC). The French Council of State then canceled the doctrine of administrative law (CE Natixis No. 397316 dated October 5, 2016) and the Finance Minister amended it in the October 5 Official Bulletin. On this basis, which makes a tax gain almost certain, the latter was recorded in the financial statements at December 31, 2016 for previous fiscal years in the amount of €326.0 million plus interest on arrears.

NOTE 33 GEOGRAPHIC INFORMATION

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	2017						2016					
	France	Other Europe	Americas	Asia	Other	Total	France	Other Europe	Americas	Asia	Other	Total
Interest and similar income and expenses	400	216	118	167	1	902	216	233	300	146		895
Income from variable-income securities	744		1			745	1,016	13	24			1,053
Fee and commission income and expenses	239	64	175	51		529	229	36	191	46		502
Net income from investment and trading portfolio transactions	1,422	190	3	(20)	1	1,596	1,602	43		(1)		1,644
Other banking operating expenses	226	1	(1)	(4)		222	47	3	2	(5)		47
TOTAL NET REVENUES	**3,031**	**471**	**296**	**194**	**2**	**3,994**	**3,110**	**328**	**517**	**186**	**-**	**4,141**

NOTE 34 OFF-BALANCE SHEET ITEMS – FORWARD FINANCIAL INSTRUMENTS

(in millions of euros)	Notional 2017	Notional 2016
On organized markets	**659,551**	**840,740**
Forward transactions	656,105	831,870
Options	3,446	8,870
Over the counter	**3,895,931**	**4,012,043**
Forward transactions	3,382,074	3,381,693
Options	513,857	630,350
INTEREST RATE INSTRUMENTS	**4,555,482**	**4,852,783**
On organized markets	**349**	**2,012**
Forward transactions	349	2,012
Options		
Over the counter	**349,168**	**438,796**
Forward transactions	103,335	148,264
Options	245,833	290,532
EXCHANGE RATE INSTRUMENTS	**349,517**	**440,808**
On organized markets	**151,962**	**118,274**
Forward transactions	35,053	34,398
Options	116,909	83,876
Over the counter	**187,680**	**202,893**
Forward transactions	114,367	98,290
Options	73,313	104,603
OTHER INSTRUMENTS	**339,642**	**321,167**
o/w hedges		
▪ of interest rate instruments	22,906	26,508
▪ of exchange rate instruments	3	3
▪ of other instruments	2,383	5,274
o/w macro-hedges	338,391	545,766
o/w isolated open positions	556	335

Counterparty risk exposure

	Counterparty risk exposure [(a)]
Governments and central banks	7,362
Financial institutions	28,966
Other	11,518
TOTAL	**47,846**

(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)	2017	2016
Interest rate instruments		
Positive fair value	39,389	39,561
Negative fair value	39,683	36,932
Exchange rate instruments		
Positive fair value	15,510	22,036
Negative fair value	14,514	20,278
Other instruments		
Positive fair value	5,390	8,860
Negative fair value	5,925	9,577

NOTE 35 OFF-BALANCES SHEET ITEMS – COMMITMENTS GIVEN

(in millions of euros)	2017	2016
Financing commitments	**73,737**	**75,142**
Banks	19,093	17,026
Customers	54,644	58,116
Guarantee commitments	**39,260**	**28,241**
Banks	10,647	3,242
Customers	28,613	24,999
Commitments on securities	**10,332**	**12,250**
Other commitments	**17,209**	**19,426**
TOTAL COMMITMENTS GIVEN	140,538	135,059
Financing commitments	**33,360**	**32,890**
Banks	19,868	25,530
Customers	13,492	7,360
Guarantee commitments	**7,056**	**7,268**
Banks	7,056	7,268
Commitments on securities	**10,231**	**12,822**
Other commitments	**9,809**	**7,048**
TOTAL COMMITMENTS RECEIVED	60,456	60,028

NOTE 36 FOREIGN EXCHANGE TRANSACTIONS, FOREIGN CURRENCY LENDING AND BORROWING

(in millions of euros)	2017	2016
Spot transactions		
Currencies purchased and not received	21,870	16,819
Currencies sold and not delivered	22,775	16,924
Foreign currency lending/borrowing		
Currencies loaned and not delivered	34	190
Currencies borrowed and not received	142	1,170
Currency futures and options		
Euros receivable/currencies deliverable	519,302	471,991
Currencies receivable/euros deliverable	554,333	506,568
Currencies receivable/currencies deliverable	259,839	273,380
Currencies deliverable/currencies receivable	259,406	290,173
Premium/discount receivable	16	2
Premium/discount payable	15	2

NOTE 37 ASSETS AND LIABILITIES BY MATURITY

(in millions of euros)	≤ 3 months	3 months to 1 year	1 to 5 years	> 5 years	Undated	Total
Advances to banks	59,770	16,525	9,188	13,129		98,612
Customer transactions	66,470	6,036	23,658	15,351	875	112,390
Bonds and other fixed-income securities	12,014	3,158	2,953	4,664		22,789
Assets (uses of funds)	**138,254**	**25,719**	**35,799**	**33,144**	**875**	**233,791**
Due to banks	77,772	17,376	25,384	3,722		124,254
Customer transactions	91,256	6,903	4,183	5,783		108,125
Debt securities	13,683	11,871	5,900	12,979		44,433
Liabilities (sources of funds)	**182,711**	**36,150**	**35,467**	**22,484**	**0**	**276,812**

NOTE 38 STATUTORY AUDITORS' FEES

(in millions of euros)	2017	2016
Audit		
Independent audit, certification and examination of the separate and consolidated accounts	7.5	5.3
Services other than the certification of accounts	3.3	3.1
TOTAL	**10.8**	**8.4**

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, 2017, in accordance with the above-mentioned article, Natixis hereby reports that it has:

- in the Marshal Islands, €78 million in outstanding financing (net of provisions) and €7 million in loan commitments given.
- in Panama, €119 million in outstanding financing (net of provisions), €3 million in loan commitments given and €19 million in financial commitments given.

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Company financial performance over the last five years (Articles 133, 135 and 148 of the French Decree on Commercial Companies)

Category	2013	2014	2015	2016	2017
Financial position at year-end					
Share capital	4,960,472,304.00	4,986,412,193.60	5,005,004,424.00	5,019,319,328.00	5,019,776,380.80
Number of shares issued	3,100,295,190	3,116,507,621	3,128,127,765	3,137,074,580	3,137,360,238
Number of bonds redeemable in shares	0	0	0	0	0
Number of bonds convertible into shares	0	0	0	0	0
Overall results of effective operations					
Revenues net of tax	16,577,825,962.70	16,744,446,983.44	19,286,206,333.81	20,911,153,316.23	24,812,396,935.44
Income before tax, depreciation, amortization and provisions	2,259,385,434.57	738,855,652.86	872,230,135.57	1,061,747,058.72	1,058,912,618.73
Income taxes	-212,587,222.83	153,268,232.67	139,005,181.75	364,623,914.40	255,217,927.59
Income after tax, depreciation, amortization and provisions	2,323,073,936.17	1,305,316,943.00	1,134,225,514.40	1,621,448,753.36	1,678,182,285.17
Dividends paid	496,047,230.40	1,059,612,591.14	1,094,844,717.75	1,097,976,103.00	1,160,823,288.06
Operational result per share					
Income after tax, but before depreciation, amortization and provisions	0.66	0.29	0.32	0.45	0.42
Income after tax, depreciation, amortization and provisions	0.75	0.42	0.36	0.52	0.53
Dividend per share	0.16	0.34	0.35	0.35	0.37
Employees					
Number of employees	7,367	7,188	7,318	7,387	7,513
Total payroll costs	734,627,077.69	783,339,403.98	840,134,680.53	878,011,680.00	899,121,895.31
Social security and other employee benefits	365,395,752.03	389,150,406.91	349,581,989.26	388,380,689.14	503,004,737.45

5.4 Statutory Auditors' report on the parent company financial statements

Fiscal year ended December 31, 2017

To the General Shareholders' Meeting of Natixis S.A.,

OPINION

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we carried out the audit of the parent company financial statements of Natixis S.A. for the year ended December 31, 2017, as appended to this report.

In our opinion, the parent company financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under these standards are further described in the "Statutory Auditors' responsibilities for the audit of the parent company 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, 2017 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:

- PricewaterhouseCoopers Audit: the main engagements conducted in fiscal year 2017 related to the issuance of comfort letters and reviews of compliance procedures.
- Deloitte & Associés: the main engagements conducted in fiscal year 2017 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 in connection with issuance programs and certification.
- Mazars: the main engagements conducted in fiscal year 2017 related to the issuance of certificates and comfort letters, and reviews of internal control systems for regulatory projects or regulated processes.

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 judgement, were of most significance in our audit of the parent company financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the parent company financial statements as a whole, and in forming our opinion expressed above, and we do not provide a separate opinion on specific items of the parent company financial statements.

Impairment of loans and receivables on an individual basis

Risk identified and main judgements	Our audit approach
Natixis S.A. recognizes provisions on an individual basis to cover incurred credit losses on loans and receivables originated as part of its financing activities. The determination of individual impairment allowances for non-performing loans requires a significant amount of judgement, 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. *Exposures to credit and counterparty risks from transactions with customers totaled €112,390 million at December 31, 2017, including €51,645 million in respect of credit transactions. Individual impairment losses amounted to €969 million at December 31, 2017.* *Please refer to paragraph 1 of Note 1 and to Notes 4, 16 and 30 to the parent company financial statements for more details.*	We evaluated the design and tested the effectiveness of the key controls put in place by Natixis S.A., in particular those related to: ▪ the identification of indicators of impairment (such as past-due payments) and the counterparty rating process, ▪ the classification of exposures as non-performing, ▪ the monitoring and valuation of guarantees, ▪ the determination of individual impairment losses on non-performing loans and the associated governance and validation system. In addition, we carried out a credit review, based on a sample of files selected on the basis of materiality and risk criteria, in which we: ▪ took note of the latest available information on the situation of sensitive and non-performing counterparties, ▪ performed independent analyses of the assumptions used and the estimates of provisions drawn up by management based on information provided by the institution and external data, ▪ verified that estimated impairment allowances were correctly recognized.

Provisions for legal and compliance risks

Risk identified and main judgements	Our audit approach
Natixis S.A. is involved in litigation before the courts and is the subject of investigations and requests for information from regulatory and tax authorities in different jurisdictions. The assessment of the resulting legal and compliance (including tax) risks reflects management's estimates as of the reporting date. The recognition of a provision and determination of its amount as well as the financial information disclosed require, by their very nature, the exercise of judgement, 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 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 €1,089 million at December 31, 2017 (see Note 16 to the parent company financial statements).* *For more details, please refer to paragraph 10 of Note 1 and to Note 16 to the parent company financial statements.*	We examined the identification, assessment and provisioning arrangements for legal and compliance risks. We took note of the status of ongoing proceedings and the main risks identified by Natixis S.A., including through regular discussions with management (and more specifically Natixis S.A.'s legal, compliance and tax departments) and by reviewing the documentation made available to us. Our work also involved assessing the reasonableness of the assumptions and data used by management to estimate the amount of provisions recognized at the reporting date. In particular, we engaged specialists in tax law to conduct a critical review of analyses of the tax risks identified by Natixis S.A. and the related provisions. We also carried out confirmation procedures with Natixis S.A.'s legal advisors regarding ongoing proceedings. Finally, we checked that the provisions thus measured were correctly recognized and verified the related disclosures in the notes to the parent company financial statements.

Valuation of financial instruments not quoted on an active market

Risk identified and main judgements	Our audit approach
As part of its Corporate & Investment Banking activity, Natixis S.A. holds securities that are marked-to-market on the asset side of its balance sheet, including a significant portion of financial instruments that are not quoted on an active market. The determination of the market value of these financial instruments is based on valuation techniques that include a significant amount of judgement in the choice of methodologies and data used: ▪ determination of valuation inputs that are not observable on the market; ▪ use of internal valuation models; ▪ estimation of additional valuation adjustments, 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 judgement in determining their value. *Financial instruments not quoted on an active market are recognized within securities held for sale and securities held for trading, which represented assets of €91 billion at December 31, 2017.* *Please refer to paragraph 2 of Note 1 and to Notes 5, 26 and 27 to the parent company financial statements for more details.*	We familiarized ourselves with the internal control procedures governing the valuation and recognition of financial instruments that are not quoted on an active market; for example, we spoke with the departments in charge of first- and second-level controls and acquired information on the work carried out during the closing of the accounts. We tested the controls we considered relevant to our audit, particularly those related to: ▪ the validation and periodic review, by the Risk Division, of valuation models, ▪ the independent verification of valuation inputs, ▪ the determination of the main valuation adjustments, as well as the value adjustments made. We carried out these checks with the assistance of our valuation experts, with whom we also carried out independent valuations by examining, on a sample basis, the assumptions, methodologies and models used to estimate the main valuation adjustments. 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.

AUDIT OF THE MANAGEMENT REPORT AND OTHER DOCUMENTS ADDRESSED TO SHAREHOLDERS

We have also performed, in accordance with applicable professional standards in France, the specific verifications required by law.

Information disclosed in the management report and in the other documents addressed to shareholders on the financial position and the parent company financial statements

We have no matters to report as to the fair presentation and the consistency with the parent company financial statements of the information given in the Board of Directors' management report, and in the other documents addressed to shareholders with respect to the financial position and the parent company financial statements.

Corporate governance information

We certify the existence, in the section of the Board of Directors' management report devoted to corporate governance, of the information required under Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

As regards the information provided in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code relating to the compensation and benefits received by the directors and any other commitments made in their favor, we have verified the consistency of that information with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we certify the accuracy and fair presentation of this information.

Regarding information on factors that your Company considered likely to be material in the event of a public takeover or swap bid, provided pursuant to Article L. 225-37-5 of the French Commercial Code, we verified the consistency of the information with the source documents that were sent to us. On the basis of our work, we have no matters to report regarding 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, on November 17, 2006 in the case of Mazars 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, 2017, PricewaterhouseCoopers Audit was in its second year of appointment without interruption and Mazars was in its twelfth year. As of that date, the length of Deloitte & Associé's uninterrupted appointment was over 20 years, including 12 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 PARENT COMPANY FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, the internal audit of procedures for preparing and processing accounting and financial information.

The parent company financial statements have been approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE PARENT COMPANY FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the parent company financial statements. Our objective is to obtain reasonable assurance on whether the parent company 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 judgement throughout the audit and furthermore:

identifies and assesses the risks of material misstatement of the parent company financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that he considers 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, subsequent circumstances or events 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 parent company 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 programme 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 judgement, 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 as laid down in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris La Défense, March 23, 2018

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
Charlotte Vandeputte	Agnès Hussherr	Charles de Boisriou
Jean-Marc Mickeler	Patrice Morot	

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 and liquidity 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 the BPCE consolidation group formed by the Banque Populaire and the Caisse d'Epargne banks 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 process is based on the following core principles:

- definition and dissemination of the accounting and regulatory principles applicable to Natixis companies, including the analysis and interpretation of new standards published during the period;
- documentation and oversight of the different stages in the preparation of these reports;
- audit trails justifying all published accounting and management data, based on the individual contributions made by each entity and restatements made centrally;
- formal, documented first- and second-level controls contributing to the management of risks relating to accounting and financial information (balance sheet, income statement, regulatory and financial information);
- data archiving and security procedures;
- provision of support and appropriate training to the accounting and regulatory reporting teams of those consolidated entities that use the consolidation and data collection tools, thus allowing for best practices to be spread within the Company.

The preparation of the consolidated financial statements also relies on:

- the use of a direct consolidation method, rolled out throughout the Group, allowing for the analysis and control of the consolidation packages of each consolidated company via a formal review process;
- preparation of consolidated financial statements on a quarterly basis. This allows for greater control over financial reporting within tight time frames;
- reporting and reconciliation of intra-group transactions at M-1 and then at M, where M is the reporting month, thus increasing the number of reconciliations and contributing to the preparation of quarterly statements;
- use of an automated control process for individual information provided by the consolidated entities through the use of consolidation packages that incorporate accuracy and consistency checks, which must be complied with before the data can be transmitted;
- individual analysis of all entries impacting consolidated shareholders' equity and the preparation of supporting documents for taxes, including proof of deferred taxes, for each consolidated entity, thus contributing to the final calculation 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;
- enable BPCE to access Natixis data through dedicated interfaces;
- secure the integration process for consolidation packages received from international entities through the implementation of local first-level controls followed by centralized second-level controls.

In order to perfect its overall data collection system, Natixis is continuing to develop and add new modules or adapt existing modules to new standards (including the update of IFRS 9 as of January 1, 2018) in its consolidation package, thus facilitating the compilation and preparation of certain regulatory filings (COREP capital reporting and FINREP).

Lastly, Natixis and Groupe BPCE as a whole ensure the publication of their financial information in accordance with the industry-wide schedule.

5

5.5.2 PERMANENT CONTROL SYSTEM RELATING TO ACCOUNTING AND FINANCIAL INFORMATION

As part of the regulatory process introduced by the Single Supervisory Mechanism regarding the internal control systems of credit institutions, Natixis' Internal Audit Department uses the results of the periodic audits it performs to assess internal control procedures. There is a particular focus on accounting and financial procedures of all consolidated entities, whether or not they have credit institution status.

The fact that most subsidiaries have their own management and control functions means that internal control procedures are decentralized and are tailored to the organization of each of the consolidated entities, relying on a multi-tier accounting control process:

- a first-level control where permanent and local controls in operational business lines are integrated into the operating process and formalized in detailed control programs;
- an intermediate level overseen by each entity's financial or compliance or risk departments where second-level controls, independent of operating processes, are performed to ensure the reliability of accounting and regulatory reporting processes and verify the existence and quality of the first-level controls;
- a final level of control carried out by the Internal Audit Department as part of its regular audits.

For accounting, permanent and periodic controls apply to the completion and 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 the currently diversified accounting systems which are due to be streamlined for a significant part of Natixis' consolidated scope.

For regulatory reporting, permanent and periodic controls apply to the completion and monitoring of:

- accuracy and veracity checks, such as the management/financial account reconciliation processes, as management data can come from various sources;
- controls of the traceability and completeness of data, throughout the various reporting preparation processes;
- compliance and presentation controls in respect of the regulatory requirements specific to each reporting process;
- quality controls of the data (in accordance with the BCBS 239 program) needed to produce the reports and the quality of the attributes entered into the databases used, allowing the proper breakdown of accounting or management data;
- consistency checks between published reports, where possible and relevant.

For all these scopes, Natixis and its subsidiaries are continuing to upgrade their accounting and financial control procedures and equip themselves with suitable audit trail tools. In this respect, Natixis' Finance Department supervises, assists and monitors the various controls performed by the subsidiaries.

The accounting and financial reporting control system is primarily based on the following fundamental principles:

- separation of the accounting production and control functions;
- and the standardization of control processes within the Group's different business lines and entities: methods, software, reporting and frequency;

It also draws on:

- the application of the principles defined by BPCE, i.e. the scopes governed by the two-level control processes and implementing the coordination of the control teams;
- two kinds of assignments (operational or organizational) to be carried out either as part of the account closing process or in periodic assignments;
- formalized documentation as part of the "Accounting and financial information quality control framework" drawn up by Groupe BPCE. It 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 or accounting departments, performed by the dedicated Regulatory and Accounting Review team, which also review first-level controls and performs second-level controls;
- a risk-based approach, enabling the Review teams to guide and determine the frequency of their controls given the quality of the internal control processes.

For Natixis, the system is organized based on:

- accounting or regulatory production teams, within the business lines or centralized within the Accounting and Ratios Department, that handle all work related to the correct entry of transactions and the collection of data required for regulatory reporting and the implementation of day-to-day controls;
- first-level controls under the hierarchical and/or functional authority of the Accounting and Ratios Department including all monthly and quarterly controls that make these reports more reliable;

- independent second-level controls under the hierarchical authority of the Accounting and Ratios Department and the functional authority of the Compliance Department. The Regulatory and Accounting Review team, aside from managing the system, also performs its own controls, including the review of first-level controls;
- dedicated tools that allow for the automated reconciliation of account entries and centralization of control results using an internal application.

In addition to the operational control tasks delegated to it, the Regulatory and Accounting Review team also fulfills the following duties in respect of the organization of the control function within the Group:

- definition of the control policy applicable to Natixis and its subsidiaries: organizational and operational principles of permanent internal control for accounting, fiscal and regulatory matters, in accordance with the policy established by Groupe BPCE;
- coordination of the control system within the subsidiaries, working with the Review officers appointed by each of the local financial, compliance or risk departments. This takes place through quarterly revision 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 accounting or finance officers.

In 2017, the highlights of the accounting and financial control environment included:

- preserving a strict schedule for preparing the various financial filings;
- the continuation of large-scale projects to streamline the information systems used for market transactions (front- and back-office systems), and the migration of the associated software, which continued in 2017;
- increasingly automated production of liquidity reporting (LCR, NSFR and AER), within the same application chain, reducing the number of manual entries and guaranteeing the auditability of data;
- the continuation of a project to streamline and pool data input by setting up shared data warehouses for all overview functions (Risk, Accounting and Ratios, Financial Oversight and Financial Management);
- the launch of a project to enable the introduction within the Asia-Pacific platform of specialized tools that have been progressively used and phased in at Natixis since 2008;
- the continued overhaul of the Natixis Factor overview systems which in 2017 saw the deployment within the subsidiary of specialized accounting and reconciliation tools;
- the work and discussions on the adjustment of production processes to IFRS 9, mainly on account of the new provisioning mechanism and the creation of a shared tool for calculating provisions, linked to a database;
- the strengthening of prudential, fiscal and, more generally, manual entry controls;
- the reinforcement of monitoring processes of local control systems and support for the Review officers, particularly those covering Algeria and the EMEA platform.

Work in 2018 will be focused on:

- implementing the production process and the associated control environment relative to IFRS 9, applicable as of January1, 2018;
- continuing the progress of the project to streamline the information systems used for market transactions (back office systems);
- continuing the progress of the project to streamline and pool of data used by the various overview systems, which are set to be used for the first time in 2018 to produce certain prudential reports;
- finalizing the overhaul of the Natixis Factor overview systems, particularly in the areas of risk and financial management;
- in the Asian entities, deploying specialized accounting and reconciliation tools;
- adjusting the production and control processes in accordance with IFRS 16, relative to leases;
- continuing initiatives committed to strengthening second-level controls in accounting and regulatory matters.

5.5.3 EXTERNAL CONTROLS

In addition to the control procedures followed by the Finance Departments responsible for preparing individual or consolidated accounts, the quality of accounting controls is verified by:

- ad hoc audit assignments conducted by BPCE's General Inspection and Natixis' Internal Audit Department;
- inspections carried out by the banking supervisory authority;
- audits conducted by Statutory Auditors. This work is carried out by a group of firms working in a uniform manner each quarter on most of the entities falling within Natixis' scope of consolidation and whose opinions rely, in particular, on compliance with policies determined and validated beforehand by Natixis and the effectiveness of local internal control procedures.

6

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

6.1 Strategic outlines and organization of the ESR policy

As a key source of financing for the economy, Natixis has a role to play in the transition to sustainable development, and in 2017 decided to further its environmental and social responsibility (ESR) ambitions.

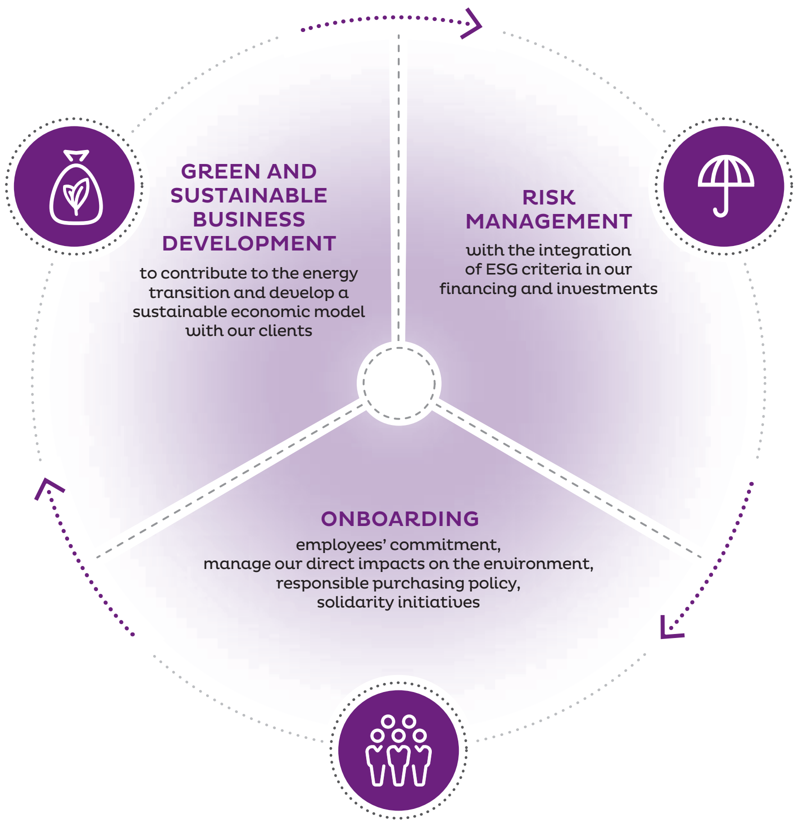
ESR is one of the main cross-business drivers used to achieve the goals of the "New Dimension" 2018-2020 strategic plan, which is aimed at creating lasting value. It is backed by enhanced governance, with the establishment of a dedicated department reporting directly to a member of the Senior Management Committee.

Drawing on a strong, widely recognized range of expertise, Natixis' objective in terms of ESR requires the commitment of all of its various business lines (CIB, Asset Management, Insurance, Services) and functions, and incorporates all aspects of ESR: environmental, social/societal and economic.

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 customers and support their own transition to a more sustainable model, with the development of innovative offers.

6.1.1 STRATEGIC PILLARS OF ESR

Our environmental and social responsibility policy rests on three key pillars: onboarding, risk management and green and sustainable business development.



MAJOR ESR PROJECTS FOR 2017/2018

GREEN AND SUSTAINABLE BUSINESS DEVELOPMENT	Design and implement a green incentive : internal mechanism aiming at promoting the most virtuous financing in terms of climate impact. Define a common ESG investment framework and develop the integration of ESG criteria in our investment policies to be adapted by each investment business .
RISK MANAGEMENT	Build and implement an Environmental and Social screening tool for our financings. Review and publish sectorial policies on the most sensitives sectors. Implement « the Duty of Care » regulation.
DIRECT IMPACT AND ONBOARDING	Manage our direct environmental impact: • Implement our Mobility Plan to improve employees' transportation • Develop green areas within our buildings • Extend the new waste sorting system • Manage our resource consumption and carbon emission Onboarding: • Publish our Code of Conduct and lay down the relevant rules regarding ESR • Take ESR criteria into account in our compensation policy • Offer trainings on ESR issues • Develop solidarity initiatives

6.1.2 ESR GOVERNANCE

Since 2017, Natixis' ESR policy has been steered by a dedicated department reporting to Natixis' Corporate Secretariat, a member of the Natixis Senior Management Committee.

The ESR team, consisting of seven permanent employees, has integrated the CSR function in place at Natixis since 2004. It is backed by a network of officers and works in coordination with BPCE's Sustainable Development Department.

Representatives from different 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 the officers of the functional departments (Real Estate and Logistics, Human Resources, Compliance, etc.) are involved in projects to incorporate sustainable development in the Company's operations.

Through its three main areas of focus (internal mobilization, risk management business development), the ESR Department is responsible for steering and coordinating the integration of ESR in Natixis' operation and activities, thus helping to meet the growing demand of customers, investors and corporates for the incorporation of ESR criteria in their own growth model.

It is also responsible for all regulatory and strategic ESR reports: registration document, carbon assessment, mobility plan, etc. Finally, it is charge of relations with international and external stakeholders with questions regarding Natixis' ESR policy (customers, employees, ESG rating agencies, NGOs, etc.).

At the same time, ESR governance is being established in the different business lines, for example with the creation of a Green Hub in the Corporate & Investment Banking business line. This operational hub comprises experts who help issuers and investors all around the world by offering them solutions and expertise in green, sustainable financing. Its expertise is applied to all asset classes: structuring and origination of loans and investment solutions in partnership with the business lines, which have appointed Green Captains, and in coordination with the ESR Department.

The Asset Management business line has had ESR officers for several years now (e.g. at Natixis Asset Management, Natixis Assurances, AEW Europe). Other business lines of the Specialized Financial Services division (Natixis Lease, Natixis Interépargne) and Insurance division (BPCE Assurances) also initiated an ESR approach in 2017 and designated ESR managers in charge of preparing an ESR road map specific to their business.

6.1.3 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.

Natixis is also a member of the French Observatory for Corporate Social Responsibility (ORSE) and as such participates in the work of the ORSE Finance Club.

Contribution to the Sustainable Development Goals (SDGs)

Adopted in 2015 by the 193 Member States of the United Nations at the Sustainable Development Summit in New York, the SDGs form the 2030 Agenda for sustainable development, a set of 17 global targets aimed at combating inequality, exclusion and injustice, fighting climate change, protecting biodiversity and ending extreme poverty.

Mindful of its role in achieving these goals, Natixis has identified eight 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.

	IN OUR ACTIVITIES (LENDING, INVESTING…)	IN OUR CORPORATE CITIZENSHIP
1 NO POVERTY	Natixis is N°1 in solidarity asset management[1], distributing funds that actively contribute to creating jobs, for people in difficulty.	
3 GOOD HEALTH AND WELL-BEING	Natixis has committed to end financing and investment for the tobacco industry as it is a public health issue.	Since 2011, Natixis is an active sponsor of the French Fondation Gustave Roussy for research against cancer.
5 GENDER EQUALITY		Natixis implements several programs to promote gender equality in the workplace.
7 AFFORDABLE AND CLEAN ENERGY	Natixis actively participate to the financing of renewable energies in France and Worldwide, and that is a major part of its ESR strategic plan.	Since November 2015 Natixis' buildings run on "green" electricity, i.e. from fully renewable sources of energy, pursuant to the terms of its energy.
8 DECENT WORK AND ECONOMIC GROWTH		Natixis helps develop local employment through its international operations: more than 5,000 Natixis employees work in its offices abroad. Virtually all of these employees are recruited locally.
11 SUSTAINABLE CITIES AND COMMUNITIES	Natixis finances sustainable infrastructures (clean transportation, green buildings...) and through its subsidiary AEW Europe, provides eco-responsible real estate management.	Several Natixis Buildings have environmental certifications attesting to their environmental performance. Included in Natixis' real estate are 10 buildings with HQE, BBC or BREEAM certifications.
13 CLIMATE ACTION	Apart from the financing of renewable energies, Natixis has taken various initiatives to fight climate change: Natixis Asset Management, Mirova and Natixis Assurances measure and reduce their portfolio carbon exposure, offer products with climate certifications... Natixis committed to ending financing in the coal industry and the financing of oil coming from tar sands or from the Arctic region.	Natixis committed itself to reduce the carbon impact of its buildings in Ile-de-France by 20 % by 2020, compared to 2010).
15 LIFE ON LAND	Mirova launched the "Land Degradation Neutrality Fund" in order to finance projects that significantly contribute to land degradation neutrality.	

(1) according to the 2016 Finansol survey

In 2017, Natixis drafted its Code of Conduct, a shared framework defining the main guidelines to be followed by employees in their relations with the Company's stakeholders: our customers, teams and shareholders, as well as society at large (see Chapter 1).

The goal is for each employee to act with the highest professional ethics and a keen sense of responsibility, notably by embracing Natixis' corporate and social responsibility commitments.

The Code of Conduct stresses that Natixis endeavors to meet environmental challenges and to make a positive social and societal impact.

In its business lines, Natixis supports the energy transition and the emergence of a sustainable economic model by developing eco-friendly activities and helping its customers achieve their own transition. As a signatory of the Equator Principles since 2010, Natixis assesses and manages the environmental and social risks associated with major projects it finances and observes a set of policies governing sensitive business sectors.

In its effort to reduce its direct environmental impacts, Natixis signed the Paris Climate Action Partnership Agreement in 2015, and each employee is called on to help reduce the Company's resource consumption.

Finally, Natixis also aims to prevent objectionable behavior and act responsibly towards society: as a signatory of the United Nations Global Compact, Natixis undertakes to observe human rights in the conduct of its businesses and to combat terrorist financing, money laundering, corruption and tax evasion.

All aspects of the new Code of Conduct, published in first-quarter 2018, will be implemented in detail, notably including ESR, and will be addressed in training courses given to all Natixis employees.

6.1.4 COMMUNICATIONS WITH STAKEHOLDERS

In the course of its business, Natixis has dealings with various stakeholders, including but not limited to:

Clients

Companies
Institutional
Retail customers
Banque Populaire and Caisse d'Epargne networks

Completion of questionnaires
Invitations to tender
Product development and management
Contracts

Shareholders

Groupe BPCE
Active and inactive employees
Individual shareholders

General Shareholders' Meetings
Meetings and newsletters (specific process for individual shareholders)

Employees

Employees of Natixis S.A. and its subsidiaries
Staff representatives and unions

In-house information
Specific Committees (e.g. Committee for Hygiene, Safety and Working Conditions)

Suppliers and subcontractors

Business
Service providers
Companies in the protected sector

Consultations and calls for tenders
Responsible Supplier Relationship Charter
CSR clauses in contracts

NGOs

Environmental and human rights defense associations

Answers to questions
Meetings

Humanitarian organizations

Partner associations
Research institutes

Donations
Skills sponsorship
Voluntary work by employees

Institutional players, regulators

Financial regulatory authorities

Transmission of information and documents

Rating agencies and external auditors

CSR rating agencies
Auditors

Transmission of information and documents for ratings and audits

Universities and schools

Business and finance universities and schools

Supporting Chairs
Relations with Grandes Ecoles and universities
Campus Awards
Receiving interns, including co-op students

6.1.5 RENOWNED ESR PERFORMANCE

Given the importance placed on ESR ratings by investors, Natixis has increased its communications with ESR rating agencies in an effort to establish more consistent and structured dialog while addressing the areas of focus identified to guide its own ESR initiatives.

Rated by various ESG rating agencies, Natixis has recorded solid performances in social, environmental and governance areas, earning its way onto the major ESR indices (Euronext Vigeo – Eurozone, Stoxx Global ESG Leaders, etc.).

The following table shows the most recent assessments of the top ESR rating agencies and their previous rating.

Agency	ESR rating (year of last rating)	ESR rating (previous year)
Vigéo	54/100	55/100
OEKOM	C/prime	C/prime
Sustainalytics	75/100	72/100

6.2 Business line contributions to green and sustainable growth

2017 drew to a close with the One Planet Summit, where the commitments undertaken in the 2015 Paris Agreement on Climate were ramped up and players in both the public and private sector launched a powerful drive to combat global warming.

Participating States established tight deadlines calling for the implementation rules of the Agreement to be finalized by the end of 2018. Meanwhile, a number of private-sector players, including Natixis, set ambitious targets in terms of investments in low-carbon technologies (e.g. French Business Climate Pledge) and supervision of carbon-intensive industries (e.g. Climate Action 100+).

The event also paved the way for the Paris Agreement to enter the real economy, by inviting the participation of corporations and the finance industry.

Financial players boast substantial leverage to make this transition happen, with the influence to steer their investments and financing activities towards sectors and projects with a reduced impact on the environment. To this end, they will need to conduct an extensive analysis of the way they allocate financing and how to gradually decarbonize their investment portfolios.

The purpose of “green finance” is to support companies and/or projects that benefit the environment, for example by cutting down on pollution and carbon emissions, improving energy efficiency, and attenuating and adapting to climate change.

Responsible finance has a broader objective, namely to meet the challenges of establishing a sustainable society on both the social and/or societal fronts, for example by bringing solidarity-based products to market.

Natixis has long been committed, alongside its customers, to the development of a sustainable global economy. Drawing on its different business lines, it boasts a panel of expertise covering all the challenges and issues of environmental and social responsibility, and several ESR franchises are development drivers in accordance with its new strategic plan: renewable energy financing, a range of responsible investment solutions incorporating ESG criteria, development of green bonds, and sustainable real estate.

6.2.1 SUPPORTING THE DEVELOPMENT OF THE ENERGY TRANSITION AND COMBATING CLIMATE CHANGE

Renewable energy is on the rise and constantly setting new records in terms of installed capacity: 161 GW were installed in 2016 (153 GW in 2015), totaling 2,017 GW in installed capacity, i.e. 9% more than in 2015 according to the International Energy Agency.

PV power accounted for the lion's share of installed capacity in 2016 (47%), followed by wind farms (34%) and hydropower (15.5%).

In 2016, renewable energy made up 62% of new electrical facilities, confirming its growing share of the global energy mix. This trend was driven by energy policies and the decline in production costs, making renewable energy increasingly competitive with coal-fired electrical power. Today, 24.5% of global electricity generation comes from renewable energy sources, and should increase to 28% by 2021. Future growth will also be led by the growing share of electricity in the global energy mix.

China has consolidated its position as the undisputed leader in solar PV power, representing nearly half of additional capacities, and in wind power, with China claiming over 40% of new installations. For its part, France ranks among the Top 10 countries equipped with renewable energy facilities, having recently recorded a modest improvement in its ranking (+0.6 GW in solar power and +1.6 GW in wind power).

Renewable energy financing

Natixis supports the development of renewable energies around the world through its local offices, particularly in Europe, the Middle East, Australia, and North and South America. Financing activity was very robust in 2017, especially in the fast-growing offshore wind power sector and in the Middle East, where Natixis has secured a position as a top-tier creditor supporting renewable energy projects. Natixis is No. 3 in the MENA (Middle East and North Africa) region, according to the rankings established by leading publication IJ Global.

In the Corporate & Investment Banking division, the Global Infrastructure and Projects (GIP) team financed 14 new deals in 2017 for a total amount of €6.89 billion (of which €2.218 billion arranged by Natixis) and a total capacity of 4,851 MW:

- four offshore wind farms with a total capacity of 1,715 MW;
- three onshore wind farms with a capacity of 404 MW;
- seven solar PV projects with a capacity of 2,732 MW.

At end-2017, renewable energy accounted for almost 75% of the loans granted by GIP in the electricity sector.

2017 Key Events

Flagship projects funded in the United Arab Emirates

Natixis played a key role in financing the two largest solar PV projects in the world, totaling $1.3 billion: the Mohammed bin Rashid Al Maktoum solar park in Dubai (800 MW) and the Sweihan solar plant in Abu Dhabi (1,177 MW_p).

Both strategic projects for the two Emirates will play a critical role in supplying clean energy at an extremely competitive cost (less than $30 per MWh). The Mohammed bin Rashid Al Maktoum solar park will be fully operational in 2020, and the Emirate plans to increase its total capacity to 5,000 MW by 2030. The park spans 16 km^2 and will generate 2.5 million MWh per year. It uses an innovative technology that moves the solar panels to face the sun and will ultimately lead to savings of 6.5 million metric tons of CO_2 per year.

Natixis Lease subsidiary Natixis Energeco is an active supporter of renewable energies in mainland France and overseas territories.

In 2017, Natixis Energeco financed 35 new deals for a total arranged amount of €429 million.

These transactions are located in France and will add 373.5 MW to the following sectors:

- wind power: 107 MW;
- solar power: 266.5 MW.

2017 Key Events

Partnership with Akuo Energy and the EIB

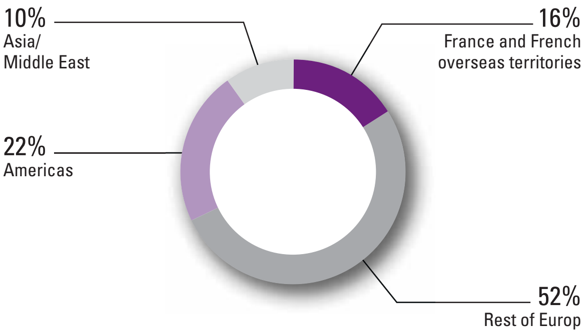
On Climate Finance Day in December 2017, Natixis Energeco announced the renewal of its partnership with Akuo Energy and the European Investment Bank (EIB), and also signed a tripartite agreement to roll out a new investment program of €330 million in renewable energy assets owned by Akuo Energy. The program is set to finance around 40 assets, with total installed capacity of nearly 400 MW.

The high number of solar PV calls for tender in 2017 significantly increased the volume of projects and triggered a constant decline in purchase prices.

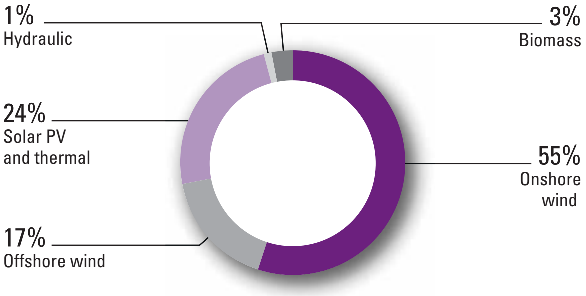
To satisfy our customers' growing needs for cost management, Natixis Energeco amended its credit application processes, offsetting a 70% rise in the number of deals carried out.

The "Sofergie" portfolio of project finance and leasing activities arranged by Natixis represented more than 26 GW at end-2017, which can be broken down as follows:

GEOGRAPHIC BREAKDOWN OF THE RENEWABLE ENERGY PORTFOLIO AT 12.31.2017



SECTORAL BREAKDOWN OF THE RENEWABLE ENERGY PORTFOLIO AT 12.31.2017



In addition to these financing activities, Natixis' responsible investment subsidiary Mirova invests in energy transition projects via the Mirova-Eurofideme 3 fund managed by Mirova's Renewable Energy Infrastructure team.

Mirova-Eurofideme 3 completed three new innovative deals in France this year:

- it helped Corsica's No. 1 renewable energy producer, Corsica Sole, finance the construction of six solar PV plants in Corsica (37 MWc), some of which will be combined with storage capacities to extend their electricity production time and provide the stability required by the manager of the island network;

- it continued its partnership with Engie Green, acquiring 50% of two solar PV parks in southern France (18 MW_p), bringing the combined capacity of solar parks co-owned by Engie Green and Mirova to 90 MW_p;
- it bought an entire portfolio of wind power projects (27 MW) developed by Amiens-based green energy producer H2Air, helped by a senior credit facility issued by Natixis Energeco.

In Europe, Mirova-Eurofideme 3 strengthened its partnership with Austrian developer RP Global, thus far focusing predominantly on wind power projects in France and hydroelectric dams in Portugal. The partnership was expanded in 2017 to include a portfolio of wind farms in Croatia (80 MW), commissioned in 2014 and 2016, and benefiting from special rates on the electricity generated for 14 years.

2017 Key Event

Energy Investor of the Year, Europe

At the end of 2017, Mirova-EuroFideme 3 had a total of 16 investments for a total of approximately €240 million (out of the fund's €350 million capacity) since its inception, helping to finance nearly 680 MW in renewable energy projects.

As a result, Mirova was named "Energy Investor of the Year, Europe" by *Infrastructure Investor* magazine in March 2017, and took the "Best Green Strategy" award for the third straight year at the Infrastructure, Land Planning & Real Estate Summit in June 2017.

Sustainable infrastructure and real estate financing

Incorporating environmental performance criteria into infrastructure and real estate financing is a top priority in the energy transition, one pursued by several Natixis business lines:

AEW Europe's ESR policy in real estate asset management

AEW Europe, a subsidiary of Natixis Investment managers and La Banque Postale Asset Management, provides real estate investment advisory and real estate asset management services for third parties. AEW Europe includes a range of environmental criteria when making acquisitions and managing its portfolio:

- for the acquisition of new buildings, only energy-efficient buildings having obtained environmental certification (HQE[1], BREEAM[2], LEED[3] or BBC[4]) are accepted;
- for the purchase of existing buildings, environmental performance assessments are systematically carried out and are included in the provisional spending budget for environmental improvements;
- for the portfolio under management, actions plans have been implemented, in relation to home-owners and renters, to improve environmental performance and comply with the energy transition for green growth act.

Following the certification programs conducted in 2017, three existing buildings and five new buildings were awarded HQE/BBC or HQE Exploitation certification.

AEW Europe also conducted energy audit campaigns on building portfolios in order to prepare a plan for cutting energy consumption by 38% in accordance with the Grenelle Environmental Act. These campaigns are part of the Greco (Grenelle Compliance) project which, since 2012, has already covered a portfolio of nearly 250 properties.

In the interest of furthering its initiatives for better managing energy usage, and in order to better monitor the performance of buildings in use, an energy and water consumption monitoring system has been up and running at 90 sites since 2012, representing average cost savings of 15% on the equipped buildings. Furthermore, an environmental information system for all assets in its portfolio has been under development since 2015. With this system, the properties' environmental performance can be centrally managed and monitored.

Lastly, AEW Europe took part in a working group organized by the French association of investment property companies (Association française des sociétés de placement immobilier – ASPIM), aimed at drafting and publishing a "Real Estate SRI certification" in 2018.

2017 Key Event

AEW Europe: recognized environmental policy

In the UN-PRI international assessment, AEW Europe was ranked in Category A+, i.e. in the top-performing 25% of companies in a sample of 163 international peers reviewed on the basis of PRI criteria.

And, in the latest Global Real Estate Sustainability Benchmark (GRESB) survey, Logistis, AEW UK Core Fund, ERAFP and PBW 1, four funds managed by AEW Europe, were awarded the Green Star 2017 ranking for their environmental performance.

(1) HQE: Haute Qualité Environnementale (French "high environmental quality" standard).

(2) BREEAM: Building Research Establishment Environmental Assessment Method.

(3) LEED: Leadership in Energy and Environmental Design

(4) BBC: Bâtiment Basse Consommation (French "low-energy building" standard).

Green real estate assets financed by Corporate & Investment Banking

In 2017, the New York branch arranged its first Green Bond CMBS using an environmental certification, and launched a PACE bond securitization program to finance the installation of solar PV panels and energy-improvement works *(see details in Chapter 6.2.3)*.

Other offers and commitments targeting the energy transition and the prevention of climate change

Mirova, Natixis' subsidiary specializing in responsible investment, offers various investment strategies aimed at combating climate change and protecting the environment:

- development of environmental equity strategies (Europe and Global);
- introduction of environmental themes in multi-thematic strategies (Euro, Europe and Global);
- support for the development of Green Bonds;
- measurement and monitoring of the carbon impact of equity and fixed income strategies.

2017 Key Event

Launch of the "Land Degradation Neutrality Fund"

This investment vehicle, designed to support the Sustainable Development Goals and sustainable land management in particular (goal 15) was officially launched at the 13th Conference of the Parties (COP 13) to the United Nations Convention to Combat Desertification (UNCCD) in Ordos, China.

The fund has a target size of $300 million and its purpose is to raise public and private-sector capital to finance projects making a significant contribution to land degradation neutrality by promoting sustainable land management practices, aimed at preventing the degradation of fertile land and restoring already damaged land. The fund is supported by a large network of partners, including the European Investment Bank (EIB), which actively contributed to the design and structuring of the vehicle, and the French Development Agency (AFD).

In 2017, Mirova also finalized the purchase of a 51% stake in Althelia Ecosphere, an asset management company specializing in impact investing.

The new entity, renamed Mirova-Althelia, has set its sights on becoming the European leader in natural capital investment, i.e. protection of the Earth's ecosystem, biodiversity, soil and maritime resources. At end-2017, Mirova-Althelia managed AuM of €100 million in the Althelia Climate Fund.

Natixis Assurances is fulfilling its role in the transition to a lower-carbon economy by working to establish best practices. Climate change is an issue that concerns society and the economy as a whole, but also generates particularly high insurance risks that need to be addressed now.

In 2017, Natixis Assurances joined the anti-global warming initiatives announced on December 7 by the French Insurance Federation.

For two years now, Natixis Assurances has no longer directly invested its general-purpose funds in the coal industry, in accordance with Natixis' exclusion policy.

By the end of 2018, Natixis will include an ESG- and/or Climate-certified unit-linked vehicle in its offer, for any new life insurance policy taken out.

Also in 2017, Natixis Assurances also signed onto the joint issuers/investors initiative launched by the French Insurance Federation, in partnership with MEDEF, on the transparency of climate data.

In home insurance, Natixis Assurances has developed a variety of offers, such as multi-risk home guarantees for sustainable development installations (solar panels, energy storage batteries, rainwater collection tanks, etc.).

In auto assurance, Natixis Assurances grants discounts to drivers who drive less than 8,000 km per year and to owners of electric cars. The goal for 2018 is to target excellence in personal and property safety, while developing products and applying virtuous processes.

In addition to renewable energy financing via Natixis Energeco, **Natixis Lease** has already established an electric car offer with Natixis Car Lease. The goal is to roll out ESR offers in the other business lines as well: equipment leases, real estate leases, operating leases, etc.).

Natixis made new pro-climate commitments at the One Planet Summit: Two years after discontinuing loans to the coal industry worldwide, Natixis announced that it would be implementing an internal Green Incentive mechanism in 2018 to strengthen the alignment of its financing activities with the goals of the Paris Agreement along with its contribution to the transition to a low-carbon economy. *(see Chapter 6.3.5 for details)*.

Natixis is also committed to ceasing its financing of oil extraction from oil sands or companies whose activities are mainly based on the production of oil derived from oil sands. Lastly, Natixis will no longer finance the exploration and production of oil in the Arctic. *(see Chapter 6.3.3 for details)*.

6.2.2 DEVELOPMENT OF SUSTAINABLE INVESTMENT SOLUTIONS

Natixis examines ESG criteria closely when preparing its investment strategies, designed to provide investors with value-creating solutions over the long term.

The consideration of ESG criteria, which have structured the investment policy enacted by Natixis Asset Management and Mirova from the beginning, is gradually being adopted by Natixis' Asset Management and Insurance business lines.

Natixis Asset Management's responsible investment policy

Natixis Asset Management has been committed to sustainable development and socially responsible investment (SRI) for nearly 30 years[1]. It decided to take additional steps in recent years by developing a responsible management approach that it applies to all its investment processes.

The aim of this approach is to facilitate the integration of sustainability criteria in investment decisions across the board, in accordance with the recommendations of the leading international standards such as the United Nations Principles for Responsible Investment (UN-PRI), of which Natixis AM has been a signatory since 2008.

This approach is the result of an extensive analysis conducted over several years, centered around four key commitments and special pro-climate initiatives implemented daily by the investment teams depending on the specific characteristics of their asset class:

- **Understanding sustainable development priorities**

  Natixis Asset Management relies on proprietary extra-financial research expertise, developed and conducted by 12 dedicated experts working at Mirova.

  The analysts perform a review of ESG opportunities and risks, assessing both the incorporation of sustainable development priorities in an issuer's business model and consideration of the associated ESG risks.

  All of these ratings are made available to the portfolio management teams, which take part in sustainable development awareness-raising and training initiatives.

- **ESG integration and exclusion policies**

  Natixis Asset Management has adopted two complementary approaches in all areas of portfolio management expertise to improve the way it handles extra-financial concerns:

    - identification of ESG criteria to be included, based on the specific features of each asset class: The portfolio management teams assess the materiality of ESG criteria, thereby gradually identifying how they will include these criteria in their analysis of issuers,

  - exclusion of certain issuers involved in controversial weapons activities, or who have breached the principles of the United Nations Global Compact and/or the OECD Guidelines for Multinational Enterprises, from Natixis Asset Management's investment universe.

- **Voting and engagement policy**

  The purpose of this policy is to encourage issuers to improve their ESG practices by initiating a constructive dialog with them and exercising Natixis Asset Management's voting rights at General Shareholders' Meetings:

    - in 2017, Natixis Asset Management participated in 1,528 Annual General Shareholders' Meetings with a voting rate of 99.8%. In the same year, 282 companies were the focus of individual dialog initiatives, while 124 companies were the focus of collaborative engagement initiatives.
      In addition, through the collaborative platform launched by Mirova (of which it is a member), Natixis Asset Management continued its efforts to initiate dialog on complex issues calling for close monitoring of the practices used by the companies in question:

  - **social impacts: working conditions and human rights**, particularly in the supply chains of several major textile manufacturers and companies in the Information and Communication Technology (ICT) sector;

  - **direct environmental impacts:** Natixis Asset Management maintains a dialog with companies exposed to the risk of exploration in the Arctic Ocean;

- **co-construction and promotion of RI/ESG standards** with SRI professionals: active involvement in over 15 Market Committees and dedicated working groups; support of academic research, signing of numerous Investor Statements, etc.

SRI and solidarity-based investing made considerable strides in 2017, both in terms of assets under management and the percentage of AuM managed by Natixis Asset Management.

	2017	2016	2015
SRI and solidarity assets under management *(in billions of euros)* in Natixis AM open-ended, dedicated and employee savings funds[a]	19.5	17.2	16.4
SRI and solidarity assets under management relative to Natixis Asset Management's total AuM *(as a %)*[a]	5.62	4.95	4.98

(a) Source: Natixis Asset Management at 12.31.2017 in open-ended, dedicated and employee saving funds.

Natixis Assurances' investment policy

After signing the UN-PRI in June 2016 to formally establish its responsible investment goals, Natixis Assurances now includes ESG (Environment, Social and Governance) criteria in its investment process and publishes the carbon footprint of over 65% of its investments.

This approach, gradually being rolled out to its directly held asset classes, is founded on three pillars, as described in the energy transition report available on its website:

(1) Natixis Impact Nord Sud Développement – Natixis' first solidarity-based investment fund – was created in 1985. A full range of SRI and solidarity-based investment funds has since been developed.

- ratings on issuer ESG commitments;
- definition of investment themes and a selective investment approach;
- transparency: Natixis Assurances transparently communicates and reports on changes in the carbon footprint of its investments.

Engagement by the Natixis Private Equity business line

Through its six asset management companies, Natixis provides a comprehensive range of products and services across the Private Equity business worldwide. Three of these companies specialize in direct investment in unlisted companies: Naxicap Partners and Alliance Entreprendre (growth capital and leveraged buyouts in France and in Europe), and Seventure Partners (venture capital in France). Three companies offer advisory and investment management services: Euro-Private Equity in Europe, Caspian Private Equity in the United States and Eagle Asia Management in Asia.

Since 2015, Euro Private Equity and Naxicap Partners have been signatories of the Principles for Responsible Investment (PRI). In addition to the PRI, Naxicap Partners made a commitment to the IC20 (2020 Carbon Initiative) to contribute to the COP21 goal of limiting global warming to two degrees. The aim is to reduce the greenhouse gas emissions of its investments and to publish the direct and indirect carbon footprint of companies held in its portfolios by 2020.

Euro Private Equity established a responsible investment policy outlining its commitments as an asset management company, including its due diligence, post-investment and reporting commitments.

It works in partnership with Mirova, an affiliate of Natixis Investment Managers, to help it integrate ESG criteria into its investment policy. For Euro Private Equity, Mirova played an advisory role in the drafting of its ESG charter and development of an assessment grid to check the ESG commitment of the relevant portfolio managers.

Naxicap Partners has implemented an ambitious ESG integration policy and formally established an ESG charter including criteria for excluding certain industries and activities. It put together a four-person ESG team: a Head of ESG focused exclusively on this function was hired, two members of the Investor Relations team devote part of their time to ESG, and one member of the Management Board coordinates the team's activity.

Naxicap Partners' official ESG policy details the steps that must be followed in the investment process, which are strictly monitored by the Middle Office, including: the obligation to conduct a pre-investment ESG analysis, the performance of an ESG audit by external specialists, the inclusion of an ESG clause in the shareholders' agreement, the preparation of an action plan discussed by company Supervisory Boards, and a seller's ESG audit when the investment is sold. Each company's ESG performance is monitored, based in particular on annual data collection on specific indicators. A report published once a year, available online, summarizes and analyses the data, while highlighting interesting initiatives and points of improvement.

6.2.3 SUPPORT FOR THE DEVELOPMENT OF GREEN BONDS

Green bonds raise funds earmarked for environmental and/or social projects. Since 2013 we have seen exponential growth in this market, backed by international climate agreements and the concerted efforts of governments and the private sector: total issue volumes increased from $36 billion in 2014 to over $140 billion in 2016.

With this strong increase has come a more diversified range of issuers (public entities, banks, private entities) and formats (senior non-preferred, hybrids, etc.) and more participation from outside France, particularly with the arrival of India and of China (China accounted for over half of green bond issues in 2016). 2017 saw a strong movement towards market standardization, with a rise in the listing segments on international exchanges and the publication of guidelines by various regulators.

Major institutional investors are now looking to invest in the segment in accordance with increasingly rigorous governance for such issues.

Natixis is an active member of the Green Bond Principles initiative and several of its business lines are actively participating in this impressive market growth:

Natixis' Corporate & Investment Banking division facilitated several green bond issues in 2017, in both the private and public sector: Agence France Trésor, ENEL, CDC, SNCF Réseau, CTG, DBS, Engie, EIB, AFD, Mizuho, etc.

Mirova, also a signatory of the Green Bond Principles, has implemented a specific global green bond strategy and manages €1.2 billion in green bonds through its various funds and mandates.

Lastly, the Natixis and Mirova Green & Sustainable research teams have developed special expertise in Green Bonds and published a series of studies in the field.

2017 Key Event

Green Bond CMBS in New York

The NY Corporate & Investment Banking branch arranged the first Green Bond CMBS (Commercial Mortage Backed Security), using the LEED Platinum environmental certification on a recently renovated Wall Street building to obtain green certification from German research firm Oekom.

As a result, it was able to issue a $72 million green-specific tranche out of a total issue of $300 million.

Another example of financial engineering expertise employed to issue green bonds was the securitization of PACE (Property Assessed Clean Energy) bonds in the United States by the Natixis New York branch for its client, Renew Financial. The PACE program is a tax incentive mechanism offered in certain states to fund the installation of solar panels and energy efficiency improvements in individual homes, with loans that are repaid through the property tax bill. The bank securitized PACE bonds in California and Florida to issue, as the Sole Structuring Agent, $206 million in green bonds rated GB1 (Green Bond 1: Excellent) by Moody's.

6.2.4 CONTRIBUTION TO ECONOMIC AND SOCIAL DEVELOPMENT

Natixis is the corporate, investment, insurance and financial services arm of Groupe BPCE. Its activities are entirely dedicated to providing financial advice and support to its business customers and contributing to the social and economic advancement of the countries where it operates.

It helps develop local employment through its international operations: nearly 5,000 Natixis employees work in its offices, branches and subsidiaries abroad (*see section 6.4.3)*. Virtually all of these employees are recruited locally.

Furthermore, through its subsidiary Mirova, Natixis is the French market leader in solidarity-based investment, allowing it to support numerous companies that provide social or environmental value, including the creation of jobs or low-income housing for disadvantaged people, organic farming projects and development projects in the southern hemisphere.

In 2017, Mirova boasted 31.2% market share (based on total AUM in solidarity-based funds). It is also the No. 1 asset management company in solidarity-based investment solutions in France, with 23.1% market share (source: Finansol survey).

6.3 Management of ESG risks in our business lines

Natixis incurs a number of risks in the course of its business, including compliance risk, corruption risk, and the risk of harming the environment or violating human rights. The systems in place to manage and prevent such risks were expanded in 2017.

6.3.1 COMPLIANCE RISKS

Compliance and strict adherence to professional rules of conduct are vital concerns at Natixis. Through its preventative and monitoring activities, the Compliance Department contributes to the trust afforded by its customers, the markets and the regulators.

Natixis' Compliance Department oversees the systems governing the prevention of money laundering and terrorist financing, prevention of fraud, information system security, business continuity and personal data protection.

For more information on these initiatives, see Chapter 3.10 of this registration document.

6.3.2 PREVENTION OF CORRUPTION

Corruption is a fraudulent and unethical act subject to heavy criminal and administrative penalties.

In 2007, Natixis signed the United Nations Global Compact, which states in Principle 10: "Businesses should work against corruption in all its forms, including extortion and bribery." Natixis has therefore made a public commitment to combat corruption. Consequently, Natixis denounces corruption in all forms and in all circumstances. It tolerates no act of corruption from its employees or any persons acting for or on its behalf.

To comply with the requirements set out in Article 17 of the law of December 9, 2016 on transparency, prevention of corruption and the modernization of the economy ("Sapin II"), in 2017 Natixis carried out a campaign to strengthen and align the rules and procedures of its compliance framework with the top international standards in corruption prevention.

Further information on these initiatives is provided in Chapter 3.10.4.

6.3.3 INCORPORATING SOCIAL AND ENVIRONMENTAL CRITERIA IN FINANCING OPERATIONS AND INVESTMENTS

Environmental and social criteria in Corporate & Investment Banking's financing business lines are assessed by the new ESR Department, which ensures the quality of the assessment, monitors E&S risks in transactions, analyzes reputational risk of involved parties, and implements ESR policies in sensitive sectors.

Assessing and monitoring E&S risks

Equator Principles

As a signatory of the Equator Principles since December 2010, Natixis applies an industry-wide methodology recognized by 89 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 the infrastructure, energy (oil, gas), electricity and renewable energy, mining and metals sectors around the world.

It has set up an organization in which the business lines and the ESR team are jointly involved in assessing and managing transactions. The process includes an assessment of the quality of existing E&S documentation prepared by the client (or advisory services if such documentation has not yet been drafted), the measurement and classification of the potential E&S impacts and risks, and, if 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 throughout the lifetime of the financing facility.

A summary of key issues used to assess a project is part of Natixis' credit approval process.

The detail of this analysis and decision process, the means put in place and all the information required on the operations audited under the process are presented in detail in the annual Equator Principles report (published every year before July 31 and available on the Natixis website):
https://www.natixis.com/natixis/jcms/ala_5415/en/environmental-and-social-risk-management.

Assessments performed beyond the scope of the Equator Principles

Natixis is aware that it provides a wide range of transactions and financing solutions to its clients, and applies the same level of diligence to the E&S risks underlying certain types of transaction that fall outside the scope of the Equator Principles.

Such transactions include external growth financing deals not associated with a physical investment program, general-purpose corporate financing, portfolios of assets that are too large for a dedicated assessment, or certain kinds of assets.

In each of these cases, the quality of the 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

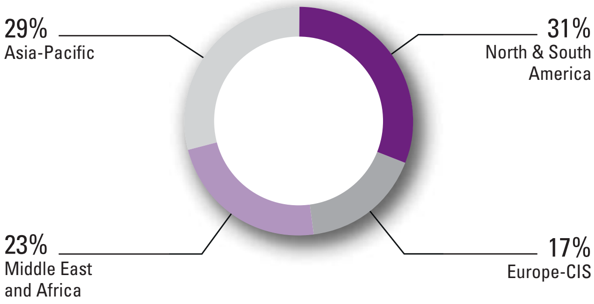
For all the financing transactions referred to above, and also when deemed necessary for any other transaction, an analysis is performed to determine whether the borrowing company, its operator or main shareholder has a history of poor management in its operations, from an environmental, social or health and safety standpoint.

With the goal of establishing lasting relations with its clients, the purpose of this assessment 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 envisage appropriate measures.

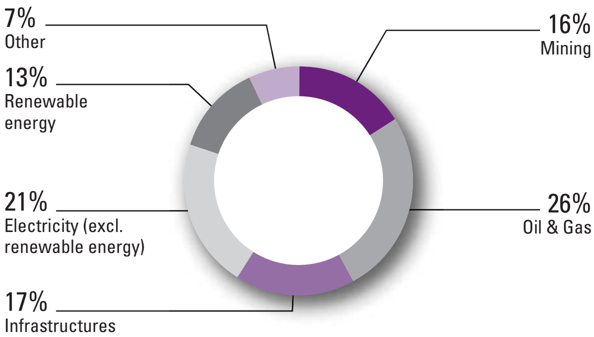
Overview of financing transactions over the last three years

212 transactions were subject to an assessment, E&S risk monitoring and/or reputational risk analysis over the last three years, including 89 transactions in 2017 alone, up 35% compared to 2016.

BREAKDOWN OF THE 212 TRANSACTIONS BY GEOGRAPHIC AREA (CONSOLIDATED DATA FOR 2015, 2016 AND 2017)



BREAKDOWN OF THE 212 TRANSACTIONS BY SECTOR (CONSOLIDATED DATA FOR 2015, 2016 AND 2017)



Implementation of ESR policies for sensitive sectors

For the most sensitive sectors, ESR policies for internal use were established and integrated into the Risk Policies of the business lines working in the sectors in question.

To date, ESR policies have been set up for financing activities in the following sectors, based on the guidelines set out below:

- **Defense:** very specific criteria apply to each transaction, setting out rules for the types of equipment accepted and the eligibility conditions of import and export countries. These criteria are an addition to Natixis' exclusion policy *(see next inset)*;
- **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;
- **Oil, gas and mining industries:** selection of operations that demonstrate their operators' ability to manage the environmental, social, health and safety aspects of their activities, in adherence with current regulations, international standards (IFC, World Bank) and industry recommendations and best practice. Oil sands and oil projects in the Arctic are excluded *(see next inset)*;
- **Mobile assets used for offshore oil and gas production:** adherence to maritime and sector-specific regulations; selection of assets according to operator quality, their country of establishment (ensign) and the certifying body according to well-established and recognized classifications;
- **Palm oil:** traceability and compliance with best practice and applicable standards.

Exclusion policies

Exclusion policies are announced to the public and implemented in different sectors:

- **Controversial weapons:** Since March 2009, Natixis has refused to finance, invest in or offer services to companies involved in manufacturing, storing or trading antipersonnel mines and cluster bombs.
- This policy applies to the financing of these companies, to proprietary investment, as well as to third-party asset management by Natixis Asset Management;
- **Coal sector:** Since October 2015, Natixis has undertaken to stop financing coal-fired power plants and thermal coal mining around the world. Natixis also no longer provides general-purpose corporate financing to companies for which coal-fired power plants or thermal coal mining account for over 50% of their activity.

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This commitment also applies to investments made by Natixis Asset Management, covering all directly managed portfolios, and to Natixis Assurances, which no longer invests its general-purpose funds in industrial companies deriving 50% or more of their business from coal-fired power plants and/or thermal coal mining.

It should be noted that the amount of Natixis' exposure to coal-industry financing has fallen steadily since the undertaking made in October 2015. At the end of 2017, financing of thermal coal mines amounted to zero and was residual in coal-fired power plants.

2017 Key Event

Discontinued financing of oil derived from oil sands and exploration/production of oil in the Arctic

In December 2017, Natixis made a commitment to no longer finance the exploration, production, transportation and storage of oil derived from oil sands, all around the world.

It also committed to stop financing companies whose activities are mainly based on the production of oil derived from oil sands.

Furthermore, it has stopped financing oil exploration and production projects in the Arctic.

More information is available in the press release. *https://www.natixis.com/natixis/upload/docs/application/pdf/2017-12/pr_natixis_-_new_commitments_-_december_11_2017.pdf*

This commitment to protect the Arctic upholds the position already adopted by Natixis Asset Management and Mirova, which since 2016 have headed a group of investors that signed a declaration calling for the Arctic region to be protected against oil exploration activities, and for adherence to national commitments to combat climate change in this particularly hydrocarbon-rich area of the world.

2017 Key Event

Discontinued financing and investment in the tobacco industry

This decision, announced by Natixis in December 2017, applies to tobacco producers, wholesalers and traders, as well as tobacco product manufacturers. It is applicable to all Natixis business lines worldwide: Corporate & Investment Banking, Specialized Financial Services, Insurance and Asset Management.

Natixis sees tobacco as a major danger to public health, and this exclusion has deepened its commitment to the fight against cancer, as a supporter of Fondation Gustave Roussy since 2011.

More information is available in the press release.
https://www.natixis.com/natixis/upload/docs/application/pdf/2017-12/natixis_pr_-_tobacco_exclusion_12_19_2017.pdf

6.3.4 DUTY OF CARE

The French law on the duty of care requires Natixis to prepare, publish and implement a duty of care action plan containing measures that can identify and prevent the risks of violating human rights and basic freedoms, harming the environment, and endangering occupational health and safety, associated with the activities conducted by Natixis, its subsidiaries, sub-contractors and suppliers.

Launched in 2014, the duty of care project is overseen by Natixis' ESR Department and involves several other departments as well: Purchasing, Human Resources, Logistics, Compliance and Legal.

Several additional projects were initiated at the same time, with the aim of establishing a duty of care plan for Natixis employees at its own offices, and also applied to purchases of products and services. Work was also begun to expand the due diligence procedures implemented in the bank's financing activities.

Lastly, Natixis' Compliance Department adapted the bank's whistleblowing system to take new regulations into account (including in particular the duty of care, but also the Sapin 2 Act).

Duty of care in purchasing

In September 2017, Natixis' Purchasing Department joined forces with BPCE Procurement, the Groupe BPCE economic interest group dedicated to purchasing. Natixis is working alongside BPCE Procurement as part of a concerted approach in the bancassurance industry, with the help of three other banking groups, to map out ESR risks in purchasing activities. This tool, scheduled for delivery in late March 2018, will be used to measure the following risks, by country and by category of purchase:

Fair practices and ethics	Fraud and corruption
	Protection of personal data
	Copyright and patents
Environment	Consumption of natural resources
	Pollution (air, water, ground)
	Biodiversity
	Carbon emissions
	Waste management
Human rights	Health and safety
	Working conditions
	Discrimination
	Forced labor and modern-day slavery
	Child labor

The tool maps out risks by drawing on the expertise of the chosen supplier for each purchasing category, in addition to statistics on each country, in accordance with recognized standards. Natixis' ESR Department helped verify the sources and indicators for risks to the environment, health and safety, and human rights.

Based on the resulting risk map and purchases made by Natixis, the next target will be purchasing categories presenting the highest levels of risk.

Existing suppliers for Groupe BPCE (including Natixis) in these categories will be assessed for their ESR performance, with the results shared with the suppliers. Based on the results, an improvement plan can be established, subject to review at the six-month point.

To get the duty of care plan up and running, training courses will be provided by BPCE Procurement to help buyers become familiar with the new tools (risk mapping, ESR assessment, implementation of appropriate risk prevention or mitigation plans).

Furthermore, an indicator will be defined to monitor the percentage of calls for tender including an ESR assessment of bidding suppliers.

Duty of care in everyday operations

To map out risks associated with its employees and establishments, Natixis set up two other working groups comprising the Logistics and Human Resources Departments.

The large majority of its employees and establishments are located in France (73% and 75%, respectively).

Environmental risks associated with Natixis' operations have been ruled out, as its business is not likely 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 (e.g. certified buildings, use of resources, waste management, eco-friendly business travel, etc.).

In terms of human rights risks, the HR working group used the UN definition of Human Rights: "Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education and many more. Everyone is entitled to these rights, without discrimination."

Regarding the risks incurred by Natixis employees and service providers, the decision was made to further efforts on the areas deemed most important in view of Natixis' businesses: working conditions (compensation, working hours, dismissal conditions, maternity leave), prevention of discrimination, and personal safety.

These issues are already strictly governed by a number of prevailing regulations in France, including in particular labor law, the personal and property safety policy, and the Professional Risk Assessment Document.

Internal agreements have also been signed, covering the following issues in France:

- union law;
- collective bargaining;
- gender equality;
- professional integration and retention of employees with disabilities;
- quality of life at work.

Natixis also has several establishments outside France, however, and it is necessary to ensure that employees and service providers working outside France and Europe are not subject to major occupational health and safety risks.

Using the map of country risks established by the Procurement working group, efforts were begun to identify the human rights, safety and environmental risks incurred by our employees/service providers in all 48 of the bank's countries of operation.

In 2018, the bank will focus specifically on countries where these risks are highest and on countries with more than 100 Natixis employees, regardless of the level of risk.

Research will be carried out on local regulations in these countries, occupational health and safety conditions applicable for Natixis employees, and the use of local external service providers.

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 and policies applied to sensitive sectors *(see Chapter 6.3.3)*.

In addition to these due diligence procedures, Natixis has launched a project to measure the social and environmental risks impacting its customers at the beginning of the banking relationship. Developed with the aid of an external consultant, the aim of the project is to build an environmental and social risk analysis tool that can be used to assign customers to appropriate duty of care categories. The tool will be based on questionnaires specific to each sector and gradually rolled out to existing and new customers. E&S risk assessment processes and governance will be defined in 2018 for the purpose of implementing the new tool.

Whistleblowing system

Natixis updated its whistleblowing system in 2017 to reflect the latest regulatory changes. The global policy is considered to be the minimum standard applied throughout Natixis and at all Natixis subsidiaries and branches around the world.

The whistleblowing system is available to any person holding an employment contract with Natixis, and to employees of external service providers or sub-contractors.

Any internal or external employees who believe they have witnessed an illegal activity, unethical behavior, or a breach of our Code of Conduct or applicable policies and procedures is entitled to use this system.

Natixis protects whistleblowers. Under no circumstances may they be subject to any disciplinary action or legal proceeding, provided they have acted impartially and in good faith.

6.3.5 CLIMATE RISKS

As a financial institution and major economic player, Natixis is exposed to climate risk in the running of its operations and business activities.

Incorporating climate risk is a key priority for the bank, given its potential impact on our organization and our financing and investment activities.

Natixis has taken a series of measures to **adapt to the consequences of climate change**:

- Climate risks liable to have a direct impact on Natixis are addressed in the Business Continuity Plan (BCP), which includes the management of extreme weather events (e.g. storms, heatwaves, flooding of the Seine, etc.) that could affect the company's premises around the world. Maximum impact is estimated in the operational risks map, and results in a VaR figure (95% and 99% Value at Risk) that factors in scenario analyses and external data, the quality of the BCP and insurance.
- The environmental/climate risks linked to our business operations are progressively taken into account insofar as Natixis' clients can be subject to climate risks: these include physical risks (exposure to physical consequences caused directly by climate change) and transition risks (exposure of certain sectors to the adjustments brought about by the transition to a low-carbon economy).

Pursuant to Article 173 of the French Energy Transition Act, Natixis is required to report on the climate risk management tools it has put in place and on its low-carbon strategy.

Measuring the climate change risks associated with our activities: physical and transition risks

Since 2016, Natixis has been part of a working group to improve the incorporation of these risks: Specifically, and in line with the Autorité de Contrôle Prudentiel et de Résolution (ACPR – French Prudential Supervisory Authority for the Banking and Insurance Sector), BPCE and Natixis participated in a working group addressing Article 173, Provision V of the Energy Transition for Green Growth Act of August 17, 2015, with a view to draw up stress test scenarios. The working group reviewed the sectors most exposed to physical risk and to transition 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 conducted an extensive effort to measure the carbon footprint of their portfolio.

Natixis Asset Management uses the Carbon Impact Analytics[1] method co-developed by Mirova and Carbone 4 to calculate the carbon footprint of portfolios.

This innovative approach covers generated emissions, prevented emissions and overall contribution to the fight against climate change. It assesses investments made relative to a benchmark scenario and against the principal market indices.

Applied to the strategies managed by Mirova, the methodology shows that the investments made by the Natixis subsidiary are generally in line with – if not below – the 2°C scenario and much better than the main benchmark indices.

Natixis Asset Management has also published a carbon report in the annual report of its main funds since December 31, 2016, in accordance with the requirements of the Energy Transition Act.

Lastly, Natixis Assurance has published its ESG investment policy, which includes the carbon footprint of its investments, as assessed using the "Carbon Impact Analytics[1]" method. The assessments are measured in metric tons of CO_2 equivalent per million euros invested for each asset class (equities, fixed income) and changes are monitored for each portfolio. The carbon footprint is converted into a temperature increase, used to estimate the convergence gap relative to the 2°C target set by the Paris Agreement.

According to the last assessment (at December 31, 2016), 65% of the Natixis Assurances portfolio had been subject to a carbon footprint assessment: 85% of fixed income investments and 30% of equity funds (dedicated funds).

In the interest of assessing physical risks, Natixis and Mirova supported Carbone 4 in the development of the new CRIS method.

(1) Description of the Carbon Impact Analytics method.

2017 Key Event

Launch of the Climate Risk Impact Screening (CRIS) method

The CRIS method, designed by Carbone 4, is used to assess the physical risks incurred by financial players as a result of climate change. This method is an operational response to growing demand for information on the potential impacts of climate change on infrastructures, businesses and even national economies.

CRIS aims to provide physical risk indicators, covering individual issuers and portfolios, based on seven direct climate hazards and nine indirect climate hazards, 60 sector vulnerability profiles and 210 sovereign vulnerability profiles. The method is applicable to multi-asset investment portfolios (stocks and corporate bonds, infrastructure and sovereign bonds).

Low-carbon strategy

Natixis believes it has a responsibility to actively combat climate change and has developed an active strategy aimed at reducing its direct and indirect impacts on the environment resulting from its financing and investment activities.

Direct impact: Each year, Natixis measures its carbon footprint *(see Chapter 6.4.1.2)* and takes a number of measures to limit its own impact on the climate, namely:

- carbon neutrality of power consumption via renewable energy supply contracts;
- energy-efficient buildings;
- eco-friendly business travel;
- reduced paper consumption;
- waste management.

Indirect impact generated by its business lines: In addition, Natixis draws on its investment and financing operations as its key means of action in the fight against climate change, both in terms of risk management and business opportunities. Natixis applies a low-carbon strategy in all its business lines: Corporate & Investment Banking, Specialized Financial Services, Asset Management and Insurance.

- **Green growth financing:** Natixis is a market leader in renewable energy and sustainable infrastructure financing, and in green bonds *(see Chapter 6.2.3)*.
- **Investment products helping to combat climate change:** Mirova, the investment firm of Natixis Asset Management specialized in socially responsible investment, offers a range of vehicles dedicated to the fight against climate change *(see Chapter 6.2.2)*.
- **Climate risk management of projects financed by Natixis:** As a signatory of the Equator Principles, Natixis incorporates climate change in its environmental impact assessments of its major projects: borrowers are required to present an analysis of the possible alternatives to their projects, and to report annually on the project's CO_2 emissions once it is in operation.
- **Exclusion of carbon-intensive issuers:** Since 2015, Natixis has ceased all financing and investments in the coal sector and has also undertaken to stop financing oil sands and oil exploration in the Arctic *(see Chapter 6.3.3)*.
- **New initiative to steer the new business portfolio towards greener projects:** Green Incentive Mechanism.

From a broader standpoint, Natixis believes that adjusting the tools used to steer its business lines would have a positive influence on the structure and impact of its financing activities by strengthening their alignment with the goals of the Paris Agreement and its contribution to the transition to a low-carbon economy. To this end, the bank has taken steps to implement an internal Green Incentive Mechanism.

2017 Key Event

Launch of an internal Green Incentive Mechanism

In honor of Climate Finance Day held in late 2017, Natixis CEO Laurent Mignon announced that Natixis would be rolling out an internal Green Incentive Mechanism.

Without waiting for regulations to change, Natixis will begin applying a new internal mechanism in 2018 aimed at incorporating environmental risks and promoting greener financing compared to more traditional financing operations.

The mechanism will apply to all Natixis financing activities in Corporate & Investment Banking and Specialized Financial Services around the world.

The mechanism's practical details will be clarified after an impact study is performed, based as much as possible on existing market taxonomies. The ultimate goal is to better integrate physical and transition risks associated with the expected enhancement of public climate policies in an effort to achieve the goals of the Paris Agreement.

It will subsequently lead to a modification of the indicators used for capital allocation and oversight of Natixis’ business lines. The Green Incentive Mechanism will also improve the internal ROE on projects with a positive impact on the climate and environment.

6.4 Internal mobilization and management of our direct impacts

The considerations inherent in our internal operations are critical to the success of our overall ESR policy. They can be found in many aspects of our business:

- management of our direct impact on the environment, which is material on a scale covering all Natixis employees and establishments (over 17,000 employees in 48 countries);
- the responsible purchasing policy used to select suppliers and sub-contractors offering environmental and social guarantees;
- the HR policy guiding the company's transformation, including solutions to ensure the sustainable performance of all employees in a respectful working environment, thus securing their full engagement;
- contribution to the community and mobilization of employee support for solidarity-based projects.

6.4.1 MANAGING OUR DIRECT ENVIRONMENTAL IMPACT

Natixis, like any company, has an impact on the environment in terms of both resource consumption and the production of waste and carbon emissions. To reduce this impact, Natixis has adopted an environmental policy that rests on four main pillars: managing buildings in an environmentally sustainable manner, managing resource consumption, combating global warming, preventing and sorting waste, and managing mobility.

6.4.1.1 Environmental management of Natixis buildings

The Real Estate and Logistics Department has introduced a total cost approach to its projects and investments that allows it to factor in the environmental impact of its activities. It is especially involved in setting up and monitoring environmental certifications, optimizing energy consumption and ensuring building accessibility.

Natixis and its subsidiaries in France (with the exception of Financial investments and affiliates – *see scopes in Chapter 6.5*) account for 295,617 m² in office space and 19,257 workstations, as well as three data centers (two of which are operated for Groupe BPCE).

Set-up and monitoring of certifications

For the purpose of managing its buildings and offices, Natixis chose to occupy buildings whose design and operation guarantee optimal environmental performance. The bank works in 10 certified buildings (HQE[1], BBC[2], HPE[3] or BREEAM[4] certifications), covering a total surface area of 106,000 m².

Since 2009, Natixis has also been ISO 9001[5] and 14001[6] certified for the management of 12 of its buildings (representing 220,279 m² or 74% of its total surface area in France). These certifications were renewed in 2015 for a period of three years. In addition, the ISO 14001 certificate was expanded to include the operating departments of Natixis' data centers.

2017 Key Event

Natixis signs the "Objectif 100 Hectares" Charter

On March 2, 2017, Natixis signed the "Objectif 100 Hectares" Charter aimed at developing and promoting green spaces in Paris. The goal is to establish a new urban planning model allowing more room for nature, with the ambitious target of covering 100 hectares of roofs, walls and building fronts in the capital city with plant life. Natixis has undertaken to:

- develop urban farming and landscaping projects for both existing and future Natixis buildings in Paris;
- promote eco-friendly green spaces in built-up areas, contributing to biodiversity and water management in Paris, with a "zero phyto" (pesticide-free) and low-water approach to upkeep;
- share knowledge on the subject with other partner companies, employees and project stakeholders.

(1) *HQE: Haute Qualité Environnementale (French "high environmental quality" standard).*
(2) *BBC: Bâtiment Basse Consommation (French "low-energy building" standard).*
(3) *HPE: Haute Performance Énergétique (French "high energy efficiency" standard).*
(4) *BREEAM: Building Research Establishment Environmental Assessment Method.*
(5) *French standard in accordance with ISO 9001: 2000.*
(6) *French standard in accordance with ISO 14001: 2004.*

Internationally, Natixis occupies environmentally certified offices: Building 1251, its New York head office which houses most of its employees, obtained the LEED[1] gold-level environmental certification for its design and construction.

Natixis' teams in Hong Kong work in the "ICC" building, which received several certifications for its environmental performances (platinum-level BEAM[2] certification, bronze-level LEED certification[1] for interior design).

Building accessibility

The Real Estate and Logistics Department implements Natixis' disability policy and carries out various projects aimed at promoting the employment of disabled persons by adapting working conditions to their needs.

In terms of building accessibility specifically, the department aims to go beyond regulatory requirements to facilitate access to disabled persons to Natixis buildings:

- Installation of meeting and training rooms accessible to persons with different disabilities (employees or visitors with reduced mobility or who are visually or hearing impaired);
- "Just bip" assistance system: available in buildings marked with a color sticker at the entrance, staff and/or visitors can use this service to notify the building's security station of their presence and request assistance via their smartphone;
- Signage and reserved spots in parking lots and garages.

Resources allocated to the prevention of environmental risks and pollution

The people responsible for the management, operation and technical maintenance of the group's buildings receive in-depth training in this field. These teams keep up to date in surveillance and alert procedures, as well as protocols and resources dedicated to the prevention of environmental risks and pollution.

To this end, 17 exercises were conducted in 2017, notably including simulations such as:

- accidental spills of pollutants,
- proliferation of bacteria.

The main technical managers in the Real Estate and Logistics Department have also received training in Groupe BPCE's regulatory and environmental charter, which specifies the regulatory and environmental obligations to be observed for each type of outfitting and renovation operation. This charter also contains standards relating to environmental certifications.

6.4.1.2 Managing resource consumption and combating global warming

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 14001-certified building has a budget for its 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;
- heating and cooling systems that give greater consideration to temperatures outside the building.

Combining these measures with efforts to raise employee awareness of "eco-gestures" has been steadily reducing energy consumption in Natixis buildings since 2010.

Energy consumption

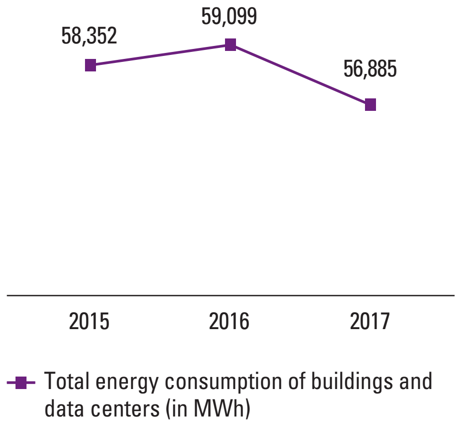
Scope: Natixis France

Energy	2017	2016	2015
Total energy consumption of buildings and data centers *(in MWh)*	56,885	59,099	58,352
Energy consumption: electricity, heating and cooling utilities in office buildings – excluding data centers *(in MWh)*	55,806	57,397	55,151
Energy consumption of the data centers *(in MWh)*	1,079	1,702	3,201
Energy consumption per workstation *(in MWh)*, excl. data centers	2.90	3.04	3.03
Energy consumption per m² of usable floor space *(in MWh)*, excl. data centers	0.19	0.20	0.19
Total gas consumption *(in m³)*	0	0	0
Total heating oil consumption *(in m³)*	10	16	14

(1) LEED: Leadership in Energy and Environmental Design

(2) BEAM: Building Environmental Assessment Method

■ ENERGY CONSUMPTION (IN MWH)



Natixis recorded a 4% reduction in the energy consumption of its buildings in 2017 (vs. an increase in 2016).

Since November 2015, Natixis' buildings have run 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'Pure 2015).

Water consumption

Scope: Natixis France

Water	2017	2016	2015
Total consumption of drinking water *(in m^3)*	72,649	74,217	65,766
Consumption *(in m^3 per workstation)*	3.77	3.93	3.61
Consumption *(in m^3 per m^2 of usable floor space)*	0.25	0.25	0.23

Water consumption decreased slightly in 2017 after climbing in 2016 due to several leaks in the buildings.

Consumption of raw materials

The raw material used the most at Natixis is paper (reams, envelopes, desktop publishing, internal and external printouts, etc.). All paper used by Natixis is sustainable forest management-certified (FSC[1] and PEFC[2] certifications) and some is made from recycled fibers.

Scope: Natixis France – letterhead paper and paper reams

Paper	2017	2016	2015
Total paper consumption *(in metric tons)*	309	326	353
Percentage of recycled and/or eco-certified paper *(as a %)*	100	100	99
Consumption per workstation *(in kg)*	16.04	17.25	19.38

Everyday consumption by employees (reams of paper, letterhead paper) is steadily falling. General installation of multi-function printers offering the "my print" function, combined with awareness-raising initiatives, has positively contributed to this trend.

In desktop publishing, paper consumption was stable (173 metric tons in 2016 versus 172 metric tons in 2015).

Several Natixis business lines have taken steps to optimize or reduce paper consumption on behalf of customers:

- Natixis Intertitres was the first player on the payment voucher market to use 100% recycled paper to print its Chèque de Table® restaurant vouchers and accompanying documents. It has also offered a restaurant voucher card, Apetiz, since 2014. Apetiz is a more eco-friendly and sustainable prepaid payment solution with a three-year validity period, which reduces the quantity of packaging and number of deliveries;
- As part of the digital transformation of its services, Natixis Interépargne launched its e-statements and 100% of its processing of employee incentives and profit-sharing is now paperless. It will be extending these services to all its customers via its Premium Digital offer;
- Launched in 2015, the Centre d'Expertise et de Relation Client (CERC – Center for Expertise and Customer Relations) in Villeneuve d'Ascq has decided to go paperless by developing an entirely digital management process.

Employee training and awareness-raising

Regular communication raises employee awareness of sustainable development in an effort to reduce their impact on the environment, with communication campaigns on workplace eco-gestures. In 2017, several articles were published via internal communication media (Intranet, magazine, etc.) and events were held for staff during Sustainable Development Week.

(1) Forest Stewardship Council.

(2) Program for the Endorsement of Forest Certification schemes.

2017 Key Event

Awareness campaign on ICT energy consumption

In the modern digital era, the business world simply cannot function without information and communication technologies (ICTs). They are used to hold remote meetings, send documents, do research, and so much more. It is estimated that, altogether, digital technologies are responsible for 10% of the world's electricity consumption.

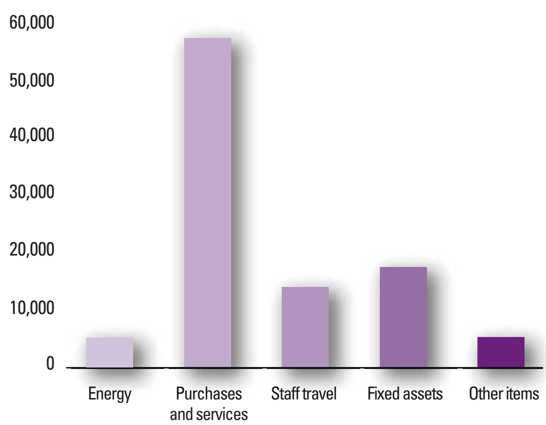
In honor of sustainable development Week, Natixis encouraged its employees to be frugal and expedient in their everyday use of ICTs: e-mail and document management, online research, etc.

Combating climate change

Each year, Natixis performs a Carbon Assessment covering the scope of Natixis France (managed scope, excluding data centers), for the purpose of:

- meeting regulatory requirements (Grenelle 2 Act, Energy Transition Act);
- providing Natixis with the tools needed to reduce its impact on the environment;
- monitoring its commitment to reducing the bank's energy consumption and Scope 1 and 2 carbon emissions under the Paris Climate Action Partnership Agreement.

NATIXIS FRANCE CARBON ASSESSMENT



Results of the Natixis France carbon assessment (managed scope, excluding data centers)

Carbon assessment (metric tons of CO2 equivalent)	2017	2016	2015
Energy	5,074	5,156	4,846
Purchases and services	56,413	48,724	45,296
Staff travel	13,676	13,254	12,354
Fixed assets	17,156	16,424	14,817
Other	5,092	6,031	4,354
Total	97,411	89,589	81,847

2017 carbon emissions were up significantly compared to previous years.

This result can be attributed to an increase in headcount (12,560 FTEs in 2017 versus 12,300 in 2016), but also in the number of business trips (primarily by air), fixed assets (IT equipment) and the amount of purchases.

At the same time, however, a decrease in carbon emissions was recorded as a result of reduced energy consumption in Natixis buildings in 2017, despite the increase in headcount and m^2 taken into consideration (298,697 m^2 in 2017 versus 291,555 m^2 in 2016).

Breakdown of carbon emissions by scope

The carbon assessment established by Natixis covers a broad scope, including Scope 1, 2 and 3 emissions.

Scope 3 was the largest source of emissions, with purchases of supplies (paper, stationery, furniture, etc.) and services (intellectual services, multiple technical maintenance services, IT assistance, employee meals, etc.). Scope 3 also includes staff travel, real estate, computer hardware, freight and waste.

For 2017, the breakdown was as follows:

Fiscal Year 2017	**Carbon emissions** *(in metric tons of CO_2 equivalent)*
Scope 1: direct combustion of fossil fuels and refrigerant gas leaks	2,797
Scope 2: electricity and heating/cooling networks	3,948
Scope 3: purchases, fixed assets, business travel, other	90,665
TOTAL	**97,411**

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 customers: an assessment of the environmental impact of investment vehicles offered by Natixis was performed in certain business lines *(see Chapter 6.3.5)*.

Carbon emission reduction plans

Based on calculated carbon emissions, a carbon action plan has been implemented in three main areas:

- **Buildings:** optimized occupation of work space and reduction of energy consumption;
- **Business travel:** expanded use of public transportation and "soft" modes of transportation, green company cars, prioritized use of train travel in the Natixis travel policy, development of videoconferencing and establishment of a telecommuting program to limit commuting;
- **IT:** streamlining of office printers, with the widespread installation of multi-function printers.

2017 Key Event

Natixis confirms its commitment to the Paris Climate Action Partnership Agreement

In signing the Paris Climate Action Partnership Agreement in 2015, Natixis undertook to reduce the energy consumption and carbon emissions of its buildings in the Greater Paris area by 20% (compared to 2010).

A preliminary assessment showed that, on a same-scope basis (i.e. in the buildings located in the Greater Paris area and continuously occupied by Natixis since 2010), energy consumption fell 28% from 2010 to 2016. Scope 1 and 2 emissions generated by these buildings were also reduced by 25%.

The goal now is to maintain this performance until 2020.

6.4.1.3 Waste management and prevention

Waste-sorting is managed by the Real Estate and Logistics Department and consists of the following:

- sorting and recycling of paper, plastic (bottles, cups) and metal (cans) using individual sorting bins or collection points gradually installed in the offices;
- collection and special disposal of used ink cartridges and batteries;
- recovery of WEEE (Waste Electrical and Electronic Equipment) by recycling companies;
- sorting and recycling of plastic pens.

Scope: Natixis France

Volume of sorted waste	2017	2016	2015
Paper, envelopes and boxes *(in metric tons)*	717	734	791
Batteries *(in metric tons)*	1.45	3.34	5
Cartridges *(in metric tons)*	3.05	6.77	14
WEEE *(in metric tons)*	73	60	44
Fluorescent and neon tubes *(in metric tons)*	0.43	0.74	0.71
TOTAL SORTED WASTE *(IN METRIC TONS)*	**837**	**856**	**1,190**
Ordinary industrial waste – not sorted *(in metric tons)*	578	534	116

The volume of paper and ink cartridge waste came down significantly, in line with the decline in printouts.

In the ISO 14001 certified scope of operation managed by the Real Estate and Logistics Department (74% of the surface area occupied in France), the main waste products are sorted and then recycled: paper and boxes, batteries, cartridges and WEEE.

It should be noted that paper and cartridge waste recorded a continuous decline due to decreased printing.

Initiatives are in place to gradually recover metal (cans) and plastic waste (bottles, cups), as new sorting systems are installed.

Hazardous industrial waste (WEEE, solvents, paint, varnish, infectious waste, etc.) is recycled or disposed of properly.

2017 Key Event

European Week for Waste Reduction (EWWR)

Natixis organized several events during EWWR, aimed at promoting sorting and recycling of office waste: New waste collection systems were presented for the sorting and recycling of paper, plastic and aluminum cans, and waste recovery and recycling specialist Paprec gave a workshop describing the waste sorting chain and recycling process.

6.4.1.4 Managing business travel

Mobility plan

In 2017, Natixis furthered its efforts to promote clean mobility, in accordance with the French Energy Transition for Green Growth Act of 2015. Article 51 of the Act states that any company with at least 100 employees working at the same site, located within the scope of an urban travel plan, is required to prepare a mobility plan for 2018.

The mobility plan is a document submitted to the Transportation Authority, identifying the initiatives undertaken by the company to encourage alternative means of transportation to individual cars.

Since 2011, Natixis has provided its employees with several different solutions to help them organize themselves differently or adopt different methods of transportation in a bid to protection the environment. Accordingly, the mobility plan was based on already existing initiatives and is part of a long-term project spanning a five-year period.

By implementing a mobility plan for the Greater Paris area, along with five other plans for its main regional areas of operation, Natixis was able to announce new measures to streamline the organization of business travel while observing three primary objectives:

- reducing the need for travel;
- optimizing car or motorcycle travel;
- encouraging the use of public or “soft” modes of transportation.

To raise employee awareness of the mobility plan, Natixis launched a communication campaign during European Mobility Week: special events were organized, flyers were distributed, and employees were asked to complete a survey on their travel habits and expectations in terms of home-office commutes and travel between Natixis locations.

2017 Key Event

Launch of the Greater Paris Area mobility plan

This inter-company mobility plan covers more than 20 different companies and will apply to 26 Natixis, BPCE and subsidiary sites starting in 2018. In addition to its existing initiatives, Natixis made the following four key commitments:

- development of infrastructures to encourage bike travel;
- installation of charging stations for electric cars and motorcycles;
- development of telecommuting;
- launch of a carpooling application.

Car fleet management

The environmental impact of the company car fleet can be significant. In 2017 alone nearly 14 million kilometers were driven. Natixis is therefore selecting more eco-friendly vehicles – in terms of both CO_2 and particulate emissions – under its car policy.

In 2017, maximum CO_2 emissions were reduced and capped at the following levels:

- 115 g/km for service vehicles;
- 135 g/km for commercial vehicles;
- 165 g/km for other vehicles.

Since 2014 Natixis also committed to a policy of gradually eliminating the use of diesel cars. The car policy no longer offers diesel cars to Natixis managers. This policy was expanded in 2015 to include company cars used by sales staff.

Use of gas and electric hybrid cars is also on the rise, making up 9% of the company car fleet at end-2017 versus 6% at end-2016.

As diesel engine vehicles are being replaced in favor of gas and/or hybrid electric vehicles, the average CO_2 emission rate of Natixis’ fleet fell from 116 g in 2014 to 114 g in 2017. This downtrend should accelerate as manufacturers expand their range of clean vehicles and as regulatory measures evolve (restricted traffic areas, fuel tax recovery, measurement of polluting emissions).

Business travel policy

Since 2011, the business travel and expenses policy has set rules ensuring the safety and comfort of employees during business trips, while contributing to the policy of optimizing the costs and managing the environmental impact of these trips. This policy applies to Natixis and its subsidiaries, excluding Financial investments in France. The subsidiaries and branches abroad establish travel rules that are consistent with the “Worldwide Travel” policy.

This includes rules on travel that have 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); In 2017, travel by train was made compulsory between Paris and Bordeaux;
- 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 per kilometer 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 travel;

- when vehicles are used on a short-term rental basis, the category depends on the circumstances (number and type of people transported);
- the use of alternatives to travel should be preferred (conference calls, video conferences and web conferences). Use of these alternatives further increased at Natixis in 2017: 58,288 video conferences were held in 2017 (compared to 52,000 in 2016).

These rules are fully accessible on the Intranet. A travel agency listed to cover the worldwide scope has been tasked with applying these rules to travel booked by employees.

Business travel data *(in km)*	**2017**	**2016**	**2015**
Total travel by rail	**11,849,431**	**11,991,183**	**11,758,527**
Total travel by air	**34,037,268**	**29,828,660**	**30,964,296**
Total travel	**45,886,699**	**41,819,843**	**42,722,823**

Air travel increased significantly in 2017, driven by the expansion of international business.

In terms of urgent courier services in the Paris region, the Real Estate and Logistics Department has suggested using bike couriers for distances under 3 km. In 2017, 33% of courier services were provided by bike couriers, representing a total distance of over 4,000 km traveled.

6.4.2 RESPONSIBLE PURCHASING POLICY

In 2017, Natixis' Purchasing Department joined forces with BPCE Procurement to create an economic interest group and share thoughts and ideas on responsible purchasing: The socially responsible purchasing policy is a source of strategic and operational leverage for implementing the BPCE and Natixis ESR policy. The main objective of the policy is to promote more eco-friendly products and services that provide guarantees, and even added value, at the social and societal levels.

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.

A variety of tools have been made available to buyers and suppliers:

- a set of "responsible purchasing standards" that set out the regulatory or recommended social and environmental criteria for the most commonly purchased product categories;
- a Supplier Relations Charter incorporating its sustainable development values;
- sustainable development clauses in calls for tender and contracts.

Natixis' ESR Department took part in the "developing responsible procurement" project implemented under the Groupe BPCE CSR approach, including an action plan with three priority objectives: optimizing the environmental and social impact of purchases, contributing to the economic and social development of the regions, and promoting best business practices.

An extensive analysis was conducted on how to simply and efficiently assess the ESR performance of suppliers, based on a questionnaire that was tested by several Groupe BPCE banks and is set for broader deployment in 2018.

2017 Key Event

Responsible Purchasing Charter

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 care 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.

In keeping with previous years, the Purchasing Department conducted an ESR survey in 2017 of 30 service providers (IT services, advisory services, call centers, catering, energy, mail services, IT hardware, transportation). None of the companies that responded were given an overall score that posed a high risk for Natixis.

Lastly, in accordance with its Disability agreement, Natixis reiterated its commitments to companies working with disabled persons in 2017, maintaining the established budgets and significantly increasing new services provided by these companies, including management of meeting rooms and increased co-contracting during new calls for tender on mail and archiving services.

The budget for disability-friendly companies in 2017 was €2.9 million, up from previous years (€2.3 million in 2015 and €2.5 million in 2016).

6.4.3 HUMAN RESOURCES POLICY AND DIVERSITY MANAGEMENT

Natixis is a unique company, enhanced by the richness of its identity and history. It owes its success to the commitment of its people and to the longstanding trust of its customers.

In today's constantly and profoundly changing environment (regulatory changes, digitization, competition, societal changes), the aim of Natixis' HR policy is to support the company's transformation by offering solutions to ensure the sustainable performance of all employees in a respectful working environment.

The HR strategy is centered around three objectives: supporting the transformation of the business lines, promoting a positive employee experience, and actively encouraging talented people.

2017 Key Event

Natixis receives "Top Employer 2018" certification

For the second year in a row, Natixis submitted its main HR processes and policies for assessment by the Top Employers Institute. The excellence of Natixis' working conditions and its Human Resources environment were certified by a method of analysis used around the world.

6.4.3.1 Supporting the transformation of the business lines

In the interest of supporting the transformation of the business lines, the Human Resources Department strives to develop strategic workforce planning, maintain quality employer-employee communications, address the human aspects of change management, support the internationalization of the Natixis business lines, and offer a more agile and streamlined organizational framework and methods of operation based on new leadership roles.

Headcount and work management

"Natixis Worldwide" staff under contract

The "Natixis Worldwide" scope covers all of Natixis and its subsidiaries around the world, including Financial investments and entities within the accounting consolidation scope (Coface, Fimipar, Natixis Algérie).

	Natixis Worldwide		
Breakdown by division	2017	2016[a]	2015[a]
Corporate & Investment Banking	3,704	3,637	3,508
Asset & Wealth Management	4,265	4,241	3,959
Insurance	1,767	1,685	1,700
Specialized Financial Services	4,036	3,742	3,743
Support Departments and others	4,122	3,976	3,972
TOTAL, EXCLUDING FINANCIAL INVESTMENTS	17,894	17,281	16,882
Financial Investments[c]	5,099	5,578	5,941
TOTAL NATIXIS WORLDWIDE	22,993 [d]	22,859	22,823

Breakdown by region (%) (excl. Financial Investments)	2017	2016[a]	2015[a]
France[b]	73.2%	74.8%	75.0%
EMEA	8.2%	6.7%	6.5%
North & South America	14.8%	15.0%	15.2%
Asia-Pacific	3.8%	3.5%	3.3%

Breakdown by region (%) (incl. Financial Investments)	2017	2016[a]	2015[a]
France[b]	60.9%	62.8%	61.9%
EMEA	20.6%	19.4%	19.5%
North & South America	13.8%	13.5%	14.5%
Asia-Pacific	4.7%	4.4%	4.2%

(a) Data restated for transfers and restructuring between divisions.
(b) Including French overseas departments and territories.
(c) Coface, Private Equity, Natixis Algérie.
(d) 22,993 Natixis Worldwide permanent-contract staff = 20,898 FTEs[1]. Excl. Coface, the number of FTEs was 17,771.
(1) Total breakdown of the 20,898 FTEs by business line: Corporate & Investment Banking: 2,984, Asset & Wealth Management: 4,228, Insurance: 1,601, Specialized Financial Services: 3,777, Support Departments and others: 4,432, Financial Investments: 3,877. The employees of the Corporate & Investment Banking support functions have been reassigned to the Support Departments and to International Operations. The breakdown of FTEs by entity for the Corporate & Investment Banking and Support Departments was 3,639 and 3,778.

Corporate & Investment Banking: slight headcount increase (+1.8%).

A proposed Cash Equity partnership between Natixis and ODDO BHF was submitted to the employee representative bodies at the end of 2017. It is scheduled for implementation in mid-2018 and will notably include the transfer of research and sales/execution teams from Natixis to ODDO.

Asset & Wealth Management: stable headcount (+0.6%).

Insurance: the business line continued to expand, increasing its headcount by +4.9%.

Specialized Financial Services: headcount up +7.9%. New internal and external investments were carried out in the Payment Solutions business line, including in particular the acquisition of PayPlug, Dalenys Payment, and S'Money and its subsidiaries.

Support Departments and others: headcount up +3.7%. Natixis implemented the Atlas Project in 2016, which called for internalizing some of the services provided by external companies by creating a new activity in Portugal (Porto). A total of 640 jobs will be created over three years (o/w 530 Natixis contracts – 130 signed in 2017). Natixis has also committed to hiring 150 new Information System Department employees in France.

Headcount – staff under contract (managed scope)

The **Managed Scope** covers all of Natixis and its subsidiaries around the world, for which HR information systems contain data on employees by name. This scope applies to directly or indirectly owned companies in which Natixis holds at least a 50% interest. **The indicators provided in Chapter 6.4.3 pertain to staff in the Managed Scope.**

	Managed scope					
	2017		2016[a]		2015[a]	
	Fr[b]	Intl	Fr[b]	Intl	Fr[b]	Intl
Corporate & Investment Banking	1,654	1,905	1,700	1,808	1,761	1,703
Asset & Wealth Management	1,751	253	1,767	226	1,479	214
Insurance	1,714	53	1,636	49	1,650	50
Specialized Financial Services	3,666	25	3,658	24	3,656	24
Support Departments and others	3,992	130	3,976		3,972	
Financial Investments[c]						
	12,777	2,366	12,737	2,107	12,518	1,991
	15,143		14,844		14,509	

Breakdown by region *(%)*	2017	2016[a]	2015[a]
France[b]	84.4%	85.8%	86.3%
EMEA	6.9%	6.2%	6.0%
North & South America	4.7%	4.4%	4.3%
Asia-Pacific	4.1%	3.7%	3.4%

(a) Data restated for transfers and restructuring between divisions.

(b) Including French overseas departments and territories.

(c) Coface, Private Equity, Natixis Algérie.

Breakdown by permanent employment contract and by gender	France			EMEA			North & South America			Asia-Pacific			Total International		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Headcount by contract type	12,777	12,737	12,518	1,045	914	877	705	650	628	616	543	486	2,366	2,107	1,991
o/w permanent employment contracts *(as a %)*	97.4	97.4	97.3	95.9	95.6	94.7	100	100	100	97.9	97.2	96.9	97.6	97.4	96.9
Men *(as a %)*	48.6	48.4	48.4	64.9	62.4	63.3	67.1	69.2	70.1	56.8	55.8	55.1	63.4	62.8	63.4
Women *(as a %)*	51.4	51.6	51.6	35.1	37.6	36.7	32.9	30.8	29.9	43.2	44.2	44.9	36.6	37.2	36.6

	France			EMEA			North & South America			Asia-Pacific			Total International		
Hires/departures[a]	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Total new hires	1,322	1,423	1,263	288	151	162	129	91	111	144	135	110	561	377	383
Permanent employment contracts (as a %)	*55.5*	*58.3*	*51.9*	*87.2*	*75.5*	*72.2*	*100*	*100*	*100*	*93.8*	*91.1*	*89.1*	*91.8*	*87.0*	*85.1*
Total departures	1,276	1,236	1,012	155	121	100	76	69	85	98	88	60	329	278	245
o/w resignations	*289*	*287*	*247*	*66*	*45*	*44*	*37*	*30*	*57*	*62*	*54*	*50*	*165*	*129*	*151*
o/w terminations	*95*	*70*	*79*	*23*	*16*	*16*	*13*	*20*	*9*	*5*	*3*	*2*	*41*	*39*	*27*

(a) Including incoming/outgoing transfers (excl. the managed scope), with the exception of Bati Lease S.A. (consolidated in December 2017).
Since 2016, staff whose fixed-term contracts were changed to permanent contracts have been added to new hires and deducted from departures (no pro forma in 2015).

6

Work management

84.6% of employees in the Natixis France (managed scope), working at 29 different companies, are covered by the collective bargaining agreements of the banking and insurance industries. There are, however, seven separate agreements across the whole scope, containing specific details depending on the sector.

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.

Scope: Natixis France and International (managed scope)

	France			EMEA			North & South America			Asia-Pacific			Total International		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Part-time staff *(as a %)*[(a)]	11.1	11.2	11.4	5.7	6.1	6.3	0.6	0.6	0.6	0.2	0.0	0.2	2.7	2.8	3.0

(a) Excl. early retirees.

Scope: Natixis France (managed scope)

	France		
	2017	2016	2015
Absenteeism as a % of total headcount	5.4	5.6	5.3
Overtime *(in number of hours)*	19,532	20,924	21,433
Overtime *(in annual FTE)*	10.2	10.9	11.8

Quality employer-employee communications

A groupwide employment framework, quality employer-employee communications, and the ability to reach agreements form a solid framework for change management and transformation.

Groupwide employment framework

Collective negotiations conducted in recent years in the Natixis France scope reflect a determination to gradually establish a Groupwide employment framework.

This framework currently consists of:

- compensation measures, through a single Natixis employee savings plan, a supplementary collective pension plan, a profit-sharing mechanism, and consistent salary measures;
- internal transfer and career management opportunities;
- actions to promote hiring young people while retaining older employees;
- a single mutual healthcare plan for all Natixis France employees, established under an agreement signed in October 2017 with all unions. As of January 1, 2018, all Natixis employees in France will be covered by the same plan (guarantees, premium structure, manager, and conditions for coverage of the premium by the employer);
- measures to address employees with disabilities, including a groupwide 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, was signed in January 2016, covering the professional path of employee representatives. This agreement reflects the importance placed on employer-employee communications and the career path of employee representatives.

It was expanded by a new BPCE Agreement signed in December 2017, including the return to work of employees holding corporate office.

Within the Natixis scope, strategic communications with representative unions were increased, with the creation in 2017 of the Strategy and Transformation Dialog Committee aimed at establishing a better understanding of strategic choices and the transformation of the business lines.

Nine agreements applicable to the Natixis France scope were signed in 2017:

2017 Natixis agreement	% of employees covered	Signing date
2017-2019 Agreement on the professional integration and retention of employees with disabilities	100	01.30.2017
Amendment No. 2 to extend the Agreement on employment	100	03.13.2017
Amendment to the Agreement on the Natixis Consolidated Committee	100	03.17.2017
Agreement on the Strategy and Transformation Dialog Committee	100	03.17.2017
Collective bargaining agreement on employment and SWP (strategic workforce planning)	100	06.30.2017
Collective bargaining agreement on cross-functional mobility, with the aim of streamlining the bank's structure	100	06.30.2017
Agreement on the allocation of additional profit-sharing in respect of fiscal year 2016	100	09.18.2017
Agreement on additional healthcare guarantees and reimbursement of healthcare costs	100	10.19.2017
Amendment No. 3 to the Natixis supplementary collective pension plan	100	10.19.2017

In addition to these overall agreements, 68 agreements were signed by Natixis' French entities in 2017.

Change management

Strategic Workforce Planning (SWP) mechanism

Under the collective bargaining agreement signed in June 2017, replacing the agreement on employment of September 2013, 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 "sensitive" positions;
- **mobility, career management and training**, with the aim of helping each employee adapt to changes and grasp new career opportunities;
- **structural change management**, with the aim of establishing a common framework to support employees during restructuring operations with impacts on employment;
- **inter-generational cooperation and transmission of skills**, with the aim of promoting the hiring of young employees and developing a "responsible" policy for older staff.

Change management approach

A method was developed and implemented in 2017 to address the human aspects of change management, with the goal of serving as a framework for any major transformation project.

This method falls under the scope of the commitments made in the Collective Agreement on Quality of Life in the Workplace, and addresses the need to better anticipate the impacts of transformation projects on working conditions and better incorporate human factors in the approach to change management.

Simplified structures and new leadership model

In 2017, Natixis began working to simplify its organizational structure by:

- **reducing the number of managerial levels** and making teams larger;
- recognizing talented employees by **creating three leadership roles** (manager-leaders, expert leaders and project leaders);
- establishing a **new leadership model,** based on Natixis *Purple Touch,* to guide the actions of all leaders and help them drive the company's transformation.

To further this effort, a collective agreement on cross-functional mobility was entered into in June 2017 with the unions, defining a harmonized framework to allow each entity to implement its structural plans and manage changes in leadership roles.

The establishment of simplified structures and new leadership roles will continue through the end of 2018.

Mobility and internationalization

Mobility

Internal mobility is a contributing factor to the Company's performance and forms the core of Natixis' career management system.

The Mobility and Hiring Team, created in 2014, was further developed in 2017: the team was entrusted with filling over 85% of job openings in 2017, for a total of 757 hires (i.e. 94% of all hires completed). Over 4,000 résumés are managed in the internal job pool.

The HR Department renewed its "Get into the move" mobility awareness campaign in 2017:

Today, over half of job openings are reserved for internal transfers (58.9% within the Natixis France managed scope).

Scope: Natixis France and International (managed scope).

	France			EMEA			North & South America			Asia-Pacific			Total International		
	2017 [a]	2016 [b]	2015 [b]	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Number of internal transfers [c]	1,044	838	786	42	16	38	135	17	27	21	9	6	198	42	71
Internal transfer rate *(as a %)*	8.4	6.9	7.1	4.4	1.9	4.6	19.3	2.6	4.3	3.5	1.7	1.2	8.8	2.0	3.6
Job openings filled through internal transfers *(as a %)*	58.9	50.3	54.3	14.2	13.8	23.6	51.5	15.5	20.1	13.0	6.6	5.6	27.6	11.6	17.7
Internal transfers between divisions *(as a %)*	10.8	16.8	25.4	7.1	25.0	5.3	0.7	5.9	-	-	11.1	-	2.0	14.3	2.8

(a) 2017 cross-functional transfers in France (118) and internationally (142).

(b) No pro-forma data including cross-functional transfers either in France or internationally.

(c) Internal transfers are recorded by country/region of arrival.

Internationalization

Natixis internationalization moves forward, an ambitious program has been implemented to help employees make the cultural adjustment. The program includes a variety of initiatives, such as:

- the development of **Short-Term Assignments** (STAs) with the aim of sharing practices among employees and developing their intercultural skills. Over 40 STAs have been conducted since the program was launched in early 2016;
- the establishment of a vast **English program** promoting English as a working language, with initiatives and training tailored to the employee's needs;
- training programs to promote **interculturalism among teams**.

6

6.4.3.2 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 develops a diversity-inclusive approach.

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 to the external market in a bid to maintain competitive compensation.

The compensation policy strictly complies with regulations in Natixis' countries and sectors of operation, including CRD IV, SRAB (Separation and Regulation of Banking Activities), Volcker, AIFMD, UCITS V, MiFID II and Solvency.

It also meets transparency requirements vis-à-vis its external stakeholders, such as the ACPR, the ECB and the AMF, but also internal stakeholders. A compensation "logbook" gives Natixis employees in France an individualized view of their salary, additional forms of compensation, social security coverage, and employee savings plan for the previous year.

The compensation policy is centered on three components and reflects both individual and collective performance:

- fixed compensation reflects, at the individual level, the skills, responsibilities and expertise expected for a position, as well as the role and importance of duties in the organization;
- variable compensation is granted where applicable, based on the achievement of individual and collective targets. Pursuant to the various regulations in force, and to encourage performance over the long term, a significant portion of variable compensation granted to employees identified as risk-takers may be deferred (from 40% to 60% for the highest amounts);
- Natixis also encourages its employees in France to contribute to collective performance via incentives, profit-sharing and employee savings mechanisms (employee savings plan and collective pension plan). In 2017, Natixis subsidiaries encouraged their employees to take part in the ESR performance of their entities via their incentive agreements. The indicators used in these agreements range from reducing paper consumption to recycling to management of e-mail usage.

Furthermore, in 2013, 2014, 2015 and 2016 Natixis gave its employees the opportunity to purchase Natixis shares under preferential conditions via employee share ownership operations. A new employee share ownership plan is currently under review for fiscal year 2018.

The compensation policy also incorporates the fundamental objectives of equality in the workplace and non-discrimination pursued by Natixis. To this end, in its latest agreement on gender equality in the workplace, Natixis S.A. renewed its commitments to equal pay between men and women, and launched new measures to improve efforts to decrease the wage gap between men and women.

In the US, compensation levels and promotion lists are reviewed to ensure equal treatment. In Milan, Natixis monitors compensation with a view to promoting gender equality. In Madrid, a study was conducted on salary differences between men and women, which concluded that no gaps existed for equivalent positions. Lastly, in accordance with UK law, Natixis London will publish a report on gender pay gaps in 2018.

Natixis also places great importance on the compensation of senior and junior employees.

Information on the compensation policy, especially for employee categories whose professional activities have a significant impact on the risk profile of Natixis, is set out in the annual report on compensation policies and practices published each year before the General Shareholders' Meeting.

Scope: Natixis France (managed scope)

	France		
	2017	2016	2015
Average gross annual compensation of staff under permanent contracts (excl. profit-sharing and employer contributions to the Company savings plan) *(in thousands of euros)*	80.8	79.9	80.3
Mandatory employee profit-sharing *(in millions of euros) **	51.2	45.9	32.4
Voluntary employee profit-sharing *(in millions of euros) **	127.4	118.4	125.3
Total employer contribution paid in respect of the Company savings plan and the collective pension plan (PERCO) *(in millions of euros)*	40.5	38.8	35.6

* *Consolidated data at January 19, 2018*

Within the scope of Natixis France (managed scope), the amount of profit-sharing per employee paid in 2017 in respect of 2016 averaged €2,367, the amount of incentives (voluntary profit-sharing) averaged €5,184, and the amounts of the contribution paid per beneficiary averaged €2,337 for the employee savings plan and €644 for the collective pension plan (PERCO).

Employee opinion survey

All Natixis employees are asked to complete an internal survey every two years. Each survey gives rise to action plans implemented across the Company. Over 10,000 employees participated in the last survey conducted in late 2016. This survey was designed to measure employee engagement and the impact of HR policies, and to identify areas for improvement in the Company as a whole and specific to each entity.

Quality of life at work

At the end of 2015, the Senior Management Committee signed the "15 Work/Life Balance Commitments" charter. An initiative of the French Ministry of Social Affairs, Health and Women's Rights, and by the OPE (French observatory aimed at improving the balance between work and home life), the charter encourages signatory companies to take action in favor of a better work-balance.

In 2017, Natixis stepped up its efforts to develop quality of life at work, in line with the four objectives of the 2016 Quality of Life in the Workplace agreement: ensuring conditions that enable employees to deliver high-quality work, improving the quality of relations and cooperation, improving well-being in the workplace, and better addressing the human aspects of transformation projects.

Natixis continued rolling out its telecommuting program this year in France, with more than 2,500 telecommuters at end-2017, i.e. 25% of employees within the scopes of operation where the program has been implemented.

Other initiatives were taken to improve well-being in the workplace, including for example the opening of a concierge service in Charenton, provision of two new services (emergency and occasional childcare) in addition to the proposal of cribs, funded since 2015 by Natixis, and an information platform called "My Family Solutions."

The **"Work & Life at Natixis"** program launched in 2016, both in France and abroad, ensures that all Natixis entities can share and expand these different initiatives. In 2017, the second annual "Work & Life Week" provided an opportunity to hold conferences on the collaborative workplace, as well as various local events in Paris, the provinces and abroad.

Several international initiatives are also worthy of note: Throughout the EMEA region, "wellness/health days" or "wellness weeks" were organized in the course of the year. These initiatives were widely approved by all participating staff.

2017 Key Events

Natixis takes first place in the Quality of Life in the Workplace category at the "Victoires des Leaders du Capital Humain" Awards

Natixis received the top award for its "Work & Life at Natixis" program, deemed to be practical, collaborative, visible and central to the Company's strategy. Created by the Leaders League and "Décideurs Magazine", this award acknowledges best practices adopted by companies on the CAC 40, the SBF 120, ISEs and growing companies.

Launch of the Easy program

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 such as the testing of new workspace arrangements and deployment of new tools to promote more interactive, collaborative and agile working methods.

Occupational health and safety

In the interest of preventing stress and psychosocial risks, Natixis has undertaken a number of initiatives within the scope of Natixis France to encourage a proactive policy to prevent stress at the workplace and psychosocial risks. A collective bargaining agreement was signed in 2010 and is a cornerstone of this preventive policy.

In 2016 negotiation began with the unions to consolidate this approach, through the Committee on Psychosocial Risk Prevention and Monitoring, as well as tools to assess stress and the social environment in the workplace.

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.

On the medical front, Natixis S.A. has a Full-Service Medical Department to provide its staff with complete medical care. Natixis also has a social service staffed with full-time social workers.

Natixis S.A.'s offices, and all eligible subsidiaries (50-employee threshold), have a CHSCT which, in cooperation with Management and occupational healthcare services, plays an active role in all areas that involve health, security and working conditions.

Various initiatives, such as preventive campaigns organized by Natixis' staff physician, and provision of a 24/7, 365-day-a-year psychological support service available from the office or home, are in place to improve health and well-being in the workplace.

2017 Key Event

Internal mediation pilot program

In 2017, Natixis tested an internal mediation service to resolve interpersonal conflicts. A team of mediators (dubbed the “Feedback & Mediation Team”), made up of six non-HR employees, was created and trained by the French Mediation Institute.

Workplace accidents and absenteeism due to illness

Scope: Natixis France (managed scope)

	France		
	2017	2016	2015
Frequency of workplace accidents[a] *(by number per million hours worked)*	7.17	5.80	6.66
Severity of workplace accidents[b] *(by number of days of incapacity per thousand hours worked)*	0.17	0.11	0.14
Absenteeism due to illness (including for occupational illnesses)[c] *(as a %)*	2.7	2.8	2.5

(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 occupation illness.*

Noteworthy international initiatives included:

In Frankfurt, “Health Day” was organized in September 2017 and included a host of activities: prevention of back pain, eye exams, shiatsu massage, meditation, balanced nutrition, etc. Natixis Frankfurt also offers preventive health assessments with, if necessary, the provision of special chairs and office equipment, and medical supervision.

In Milan, a partnership was set up with a cancer research association that provides information and training sessions.

In Dubai, healthcare professionals offer health assessments and raise employee awareness on the importance of good posture and methods to alleviate tension and reduce stress.

In Moscow, as of 2017 Natixis employees receive two annual medical exams.

Diversity and equal opportunity

As a signatory of the diversity charter since 2009, 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, experiences and skills in its employee base.

In 2017, Natixis focused on continuing its initiatives to promote diversity in four key areas: gender equality in the workplace, continued employment of older employees, hiring of young employees, and the professional integration and retention of employees with disabilities.

Gender equality in the workplace

Within the scope of Natixis France, seven companies have established a collective bargaining agreement on gender equality in the workplace. Within the scope of Natixis S.A., a 3-year agreement (2017-2019) calls for the implementation of concrete initiatives centered on six priorities: hiring and employment, compensation and wage equality, career development and promotions, professional training, the work/life balance and parenting, communication and awareness-raising.

The progress achieved by Natixis was recognized by certification body AFNOR, which granted Natixis “Professional Equality” certification in early 2017. This certification will be subject to regular audits.

In terms of training, Natixis has set up two talent development programs for its female employees:

- “Réussir sa carrière au féminin” (achieving success in your career as a woman) for managers and experienced executives. 253 female employees of Natixis in France have participated in the program, established in 2011, including 51 in 2017;
- “Progresser au féminin” (moving forward in your career as a woman) for female technical staff, with the aim of giving them the keys to defining their career path, confirming their ambitions and developing their leadership skills. 100 female employees of Natixis in France have participated in the program, established two years ago, including 36 in 2017.

2017 Key Event

First Annual Shadowing Day

Natixis invited 20 female students from business and engineering schools to take part in Shadowing Day: each student shadowed a female mentor to see what a typical day working at Natixis is like. There was a twofold objective for Natixis: raising the awareness of young women about occupations in the financial industry and encouraging them to pursue jobs that are still predominantly held by men.

Natixis participated in the third survey conducted by Financi'Elles (an industry federation of internal networks promoting diversity) on "Confidence and Diversity" given to managers in the banking, finance and insurance sector. 21% of Natixis' male and female managers took part in the survey, which revealed that global perceptions are improving on the issues of diversity, but improvements still need to be made, particularly regarding stereotypes. After the survey, the Senior Management Committee committed to an action plan including the establishment of a sponsorship program for high-potential women by company directors.

Natixis' Senior Management supports the WINN (Women in Natixis Network) – a network created in 2012 of women in executive positions. CEO Laurent Mignon has been the sponsor of WINN since its inception.

WINN promotes gender diversity within Natixis' management and runs a women's network that focus on various themes pertaining to professional and personal development. In 2017, Winn had over 800 members, 400 of which internationally across the Winn Hong Kong, Winn London, Winn Americas and Winn Dubai networks, plus the newly created Winn Algeria network.

Natixis London also works with "We are the City" and "Gender Network" to share best practices on gender equality. In Milan, Natixis belongs to a network promoting women's access to management positions ("ValoreD").

Other noteworthy initiatives promoting gender equality:

When hiring in the United States, Natixis looks for applicants from a variety of backgrounds to fill all types of positions.

In the Asia-Pacific Region, Natixis refers to diversity and equal opportunity in all the handbooks across the region and in its induction process as well.

In Frankfurt, the bank helps female employees find spaces in daycare facilities for their young children and thus make it easier for them to return to work.

Scope: Natixis France and International (managed scope)

Gender diversity *(as a %)*	France			EMEA			North & South America			Asia-Pacific			Total International		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Percentage of women in the workforce	51.4	51.6	51.6	35.1	37.6	36.7	32.9	30.8	29.9	43.2	44.2	44.9	36.6	37.2	36.6
Percentage of women executives	25.3	28.7	23.5	0	0	n/a	50	28.6	n/a	0	0	n/a	23.5	13.3	n/a
Percentage of women on the Executive Committee	21.4	20.5	12.1	0	0	n/a	100	0	n/a	0	0	n/a	100.0	0	n/a
Percentage of women in the workforce working part-time (a)	89.4	89.7	90.9	88.3	89.3	90.9	100	100	100	100	0	100	89.2	90.0	91.7

(a) *Excl. early retirees.*

Scope: Natixis France (managed scope).

With respect to governance, Natixis has six women on its Board of Directors, out of a total of 14 members, and two of the Special Committees (Audit Committee and Strategic Committee) are chaired by women.

	France		
	2017	2016	2015
Percentage of women executives	43.8	43.5	43.1
Percentage of women promoted	57.4	61.4	60.3
Percentage of women granted individual pay increases	55.7	54.2	54.6
Percentage of women who received training	51.5	49.2	51.1

Initiatives for older employees

Under the Agreement on Employment and SWP signed in 2017, in line with the Agreement on Employment of 2013, Natixis has set quantified targets and plans to implement mechanisms to promote the retention of older staff members and end-of-career adjustments.

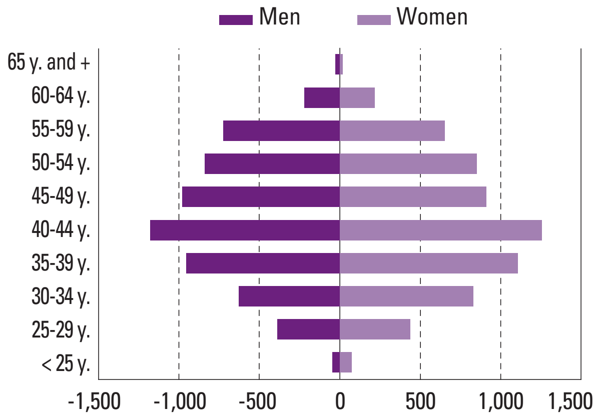
Natixis committed to maintaining at least a 12% representation rate of employees aged 55 and older in its workforce, and to hire at least 5% of employees aged 45 and older out of total annual hires.

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 2017 was 43.9.

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 acclimation services for new hires.

In France, Natixis aims to hire at least 47% young employees, offer permanent contracts to 15% of work-study participants, and hire the equivalent of 6% of its workforce under work-study contracts.

Natixis gives students and recent graduates opportunities to learn about the diversity of its professions and, to this end, participates in several forms and has established long-term partnerships promoting closely monitored relations with targeted schools and universities.

2017 Key Event

Sponsorship agreement with Université Paris-Dauphine

In 2017, Natixis entered into a sponsorship agreement with the Paris-Dauphine Foundation and University to support the “Talents de l’Université” program. This program is designed for high-level artistic and athletic students and young entrepreneurs and adjusts their schedule to allow them to complete their studies while pursuing their artistic and athletic interests.

This partnership has strengthened the relations maintained between Natixis and Université Paris-Dauphine for several years now, with Natixis serving as a partner of the Master's in Investment Banking and Capital markets since its inception.

Nearly 1400 work-study participants, 1200 interns (excluding short-term introductory work placements) and 100 international corporate volunteers worked at Natixis in 2017.

Professional integration and retention of employees with disabilities

Since 2011, Natixis has been 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, has strengthened cooperation with management and delivered tangible results.

Keeping this initiative going over the long term, a third Disability agreement covering Natixis France for the 2017-2020 period was signed with all employee unions.

Natixis’ commitments are as follows:

- **Promoting the retention of employees with disabilities** by adapting positions and working conditions, and providing access to professional training. In 2017, Natixis implemented almost 80 new disability compensation measures.
- **Developing a hiring plan** by participating in specialized hiring forums, establishing partnerships with schools and universities, and developing application pools. In 2017, Natixis hired 20 employees with disabilities;
- **Promoting the use of disability-friendly companies** by diversifying the list of approved services and partners. The number of calls for tender in this sector has significantly increased, primarily by renewing co-contracting, on-site service and supply contracts *(see section 6.4.2)*.
- **Conducting communication and awareness-raising campaigns** for all Natixis employees.

2017 Key Events

Events organized during European Disability Employment Week (EDEW)

Over the course of EDEW, Natixis offered a program of events centered on innovation and inclusive technologies. Two exceptional projects (bionic hand and exoskeletons) and the Roger Voice app (an app that subtitles phone conversations for the deaf and hearing-impaired) were presented by their designers to Natixis employees.

Natixis also took part in the first annual HandiTech Trophy awards organized under the aegis of the Minister of State for Disabled People and the Minister of State for the Digital Sector, both of whom report to the Prime Minister, and handed out the "Employment" award to AsperTeam, the first company to offer comprehensive support to people with autism.

Scope: Natixis France.

Disabled workers on staff	2017	2016	2015
Disabled workers on staff	441	360	344
Direct ratio[a] *(as a %)*	3.31	3	2.93
Overall ratio[b] *(as a %)*	4.44	4.02	3.94

(a) The direct ratio is the ratio of disabled workers to all staff.
(b) The overall ratio includes service contracts with disability-friendly companies.

Natixis has also launched various international initiatives in favor of persons with disabilities: in most countries of operation, there are laws in place to protect employees with disabilities, and Natixis undertakes to promote opportunities for all employees.

Natixis has hired several employees with disabilities at its international offices (e.g. Frankfurt, Milan, Madrid, Moscow). These employees are provided with the necessary arrangements in terms of accessibility, equipment (special chairs and offices) and work management (e.g. adjusted hours and work days).

6.4.3.3 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 aim of the training policy is to meet the Company's transformation priorities and to secure career development paths. It meets the bank's changing needs in terms of professions and skills and maintains employee value on the market.

The policy is centered on four goals: preparing and supporting transfers within the Company, building managerial skills and consolidating shared practices, strengthening team professionalism, and supporting major business line projects and programs.

In 2017, efforts along these lines were focused on providing new leadership training courses to all Natixis leaders, ramping up the development of digital skills and improving English skills.

2017 Key Event

Launch of the "Vodeclic" training platform

In the interest of encouraging self-training and helping employees become adept at using office and collaborative applications, an innovative training platform called Vodeclic was rolled out in 2017.

The platform provides employee tutorials on hundreds of office and collaborate software programs and applications, training exercises using case studies, evaluations to validate lessons learned, and a program that can be customized to each employee's needs.

In 2017, Natixis employees in France received over 225,000 hours of training. 96.7% of employees took one or more training courses.

Scope: Natixis France (managed scope)

	France		
	2017	2016	2015
Number of employees trained	12,351	11,280	10,944
Number of training hours	225,375	216,834	215,888
o/w % of e-learning	16.6	9.6	13.3
Training topics (as a % of training hours)			
■ Office and IT	10.5	10.5	12.3
■ Languages	21.6	15.5	16.6
■ General training	21.0	26.8	25.0
o/w Personal and professional efficiency, Human Resources	16.8	18.2	-
o/w Management	4.2	8.6	-
■ Risks and regulations	12.7	6.4	8.7
■ Job training	26.3	30.7	27.5
■ Training resulting in a degree	4.3	6.4	7.6
■ Other	4.0	3.7	2.4

Provisional consolidated figures at 01.21.2018, representing at least 90% of hours of training received during the year.

Management of talented employees

Developing talented employees is a cornerstone of Natixis' HR strategy.

The annual evaluation is a valuable tool for assessing employee performance. It now covers the leadership model and serves to revise and establish employee target year-round.

The professional evaluation is held at least once every two years and provides an invaluable opportunity for managers and their employees to discuss professional and career development.

In 2017, 47% of employees had a professional evaluation and 96% of employees were evaluated during the 2016-2017 campaign.

In 2017, a revised, harmonized groupwide Talent Management program was rolled out at all Natixis entities. Through individual appraisals and career committees, the program anticipates succession needs and builds an individual development plan for each employee including steps for career advancement.

In addition, the Natixis "Purple Academy" created in 2015 offers a variety of educational programs aimed at supporting the bank's transition, promoting the deployment of the leadership model, and accelerating the development of company directors, leaders and talents.

6.4.4 COMMUNITY OUTREACH

6.4.4.1 Commitments to solidarity and general-interest projects

Natixis is involved in several solidarity and general-interest projects to benefit the community.

Cancer research

Natixis has been a supporter of the Fondation Gustave Roussy's cancer research since 2011. After its support of three teams researching the personalization of cancer treatment, Natixis renewed its commitment in 2016 by awarding a research grant to three new teams working in three cutting-edge fields of cancer research: immunotherapy, precision medicine and DNA repair.

Gustave Roussy, the leading cancer treatment center in Europe, has always strongly associated care with fundamental and clinical research, earning it world-renowned expertise in therapeutic innovation in cancer research.

In 2017, Natixis served as a partner on two events offered by Gustave Roussy: a concert held at Gaveau Hall to support ovary cancer research, and a digital campaign carried out during international breast cancer awareness month Pink October. Natixis also joined forces with Gustave Roussy and Racing 92, as the official sponsor of "Movember", an international month aimed at promoting awareness of men's health issues, for the last ten years.

Access to music programs

Natixis has been a sponsor of the "Passeurs d'arts" association since 2016. In France, less than 3% of children have access to music programs, Passeurs d'Art creates children's orchestras predominantly in underprivileged neighborhoods to promote music education.

Support for social and profession re-integration

Natixis works with the Clubhouse France association to provide help to people suffering from serious mental disorders. The association serves as a link between the medical treatment and work experience of people suffering from serious mental disorders through an innovative and non-medical mutual aid program: the Clubhouse, which provides support services and activities to promote their social and professional re-integration.

Aid for victims of natural disasters

Natixis answered the call to solidarity for the Antilles put out by the Fondation de France to provide aid to populations devastated by the destruction of Hurricane Irma in September 2017.

Support for student solidarity-based projects

Each year, Natixis organizes a request for student solidarity projects: the C.A.M.P.U.S. Awards, to encourage student socio-cultural, socio-athletic and sustainable development initiatives. For the Sixth Annual C.A.M.P.U.S. Awards in 2017, 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).

6.4.4.2 Employee participation in solidarity-based initiatives

Many Natixis employees are involved in solidarity-based initiatives, which are encouraged by Natixis as a way to build team spirit. These initiatives demonstrate our employees' commitment to social issues and their determination to rally around a cause.

Sports and solidarity

For the eighth year running, Natixis entered a team into the "Course du Cœur" charity road race to support the Trans-Forme association in its public awareness campaign on organ donation. Staff and their families also turned out in large numbers for the 30th edition of the Telethon of the Financial Community. The amounts paid to the AFM were matched in full by the company.

Volunteer leave

Since 2013, Natixis has been allowing its staff to use their leave to go on solidarity missions with charity associations under the sponsorship of Planète Urgence. Natixis funds the mission preparation, journey and logistics expenses. In 2017, 24 missions were carried out for the protection of biodiversity, educational support for very young children, and adult skills training in various fields (office suites, project management, skills transfers, etc.).

Since 2014 Natixis has given employees with more than one year of seniority an extra day of leave to do charity work for associations. In 2017, there were 126 volunteer missions in projects as diverse as helping at food banks and charity clothing stores, manning stands for Christmas toy distribution, setting up temporary movie theaters at children's hospitals, and more.

A leg-up on community projects

In 2017 Natixis organized the sixth annual "The Boost" event, a call for projects to support individual or collective initiatives led by employees. Projects are selected by an employee vote on the Natixis Intranet and cover a variety of environmental, humanitarian, cultural and athletic initiatives. Since its creation in 2011, "The Boost" has enabled the support of nearly 25 projects in and outside France.

Professional integration of youth

Since 2011 Natixis managers have been involved in the "Nos Quartiers ont des Talents" program aimed at helping young people from priority neighborhoods or disadvantaged backgrounds to find their first job. In 2017, Natixis mentored an additional 28 young people.

International solidarity

Across all international platforms, Natixis establishes partnerships with general-interest associations and mobilizes employee support, beginning in the EMEA region:

In London, Natixis has created a Solidarity Committee allowing the Company and its employees to support various charitable local, national and international organizations (Spitafields Crypt Trust, Cancer Research UK, SOS village d'enfants, etc.). The Committee also organizes solidarity operations involving employees, such as preparation and distribution of meals to the homeless, and provides bins to collect food and clothing donations.

The Milan branch participates in a local Marathon to support charities and makes donations to several non-profit organizations as DYNAMO CAMP, ACRA and VIDAS. Natixis Milan also has a partnership with Italian research association AIRC.

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.

In Moscow, Natixis employees participate in a solidarity race for children with disabilities.

Partnerships were continued or initiated with several associations in North and South America in 2017:

- the Central Park Conservancy and the Brooklyn Bridge Conservancy;
- the "Harlem RBI Bids for Kids" association, which helps inner-city youth;
- the Wheelchair Sport Federation to give disabled people the opportunity to play their sport recreationally or competitively;

- the Susan G. Komen Breast Cancer Foundation;
- the Red Cross in the US and Mexico, to help the victims of the hurricane in Houston and the earthquake in Mexico;
- the "Seeds por progress" association, which supports education for children in rural coffee-growing communities in Nicaragua.

In the US, through the "Natixis Community Giving Initiative", Natixis also supports its employees' initiatives by publishing information and organizing collections for various associations.

Lastly, Natixis continues to expand its contributions to charitable causes in the Asia Pacific region, with an increase in staff volunteering activities:

- participation in charity runs in support of environmental causes in Hong Kong, China, Japan and Australia;
- the establishment of "Hong Kong Volunteering Month" encouraging employees to volunteer in support of underprivileged communities or environmental protection;
- participation in the Hong Kong Coastal Cleanup for the third year running.

6.5 Reporting frameworks and methodology

The ESR report for 2017 is based on the following standards:

- the social and environmental information set out in the Grenelle 2 Act and the energy transition for green growth act, which govern reporting structure;
- the GRI 4 framework[1].

The information in this document covers the 2017 fiscal year. The reporting period considered is one full calendar year, running from January 1 to December 31.

Information on social and environmental performance covers the scope of Natixis France (managed scope), with the exception of Worldwide and FTS staff including in the accounting consolidation scope.

The Managed Scope covers all of Natixis and its subsidiaries[2] around the world, on which HR information systems contain data on employees by name. The HR indicators used for the ESR approach pertain to staff under contract. This scope excludes Financial investments. The list of entities in this scope is presented below.

Outside France, the inclusion of entities depends on the relevance of indicators with respect to social and environmental regulations and their ability to integrate monitoring tools or deliver information.

Indicators are broken down by geographic area.

The **"Natixis Worldwide"** scope covers all of Natixis and its subsidiaries around the world, including Financial Investments and entities within the accounting consolidation scope (Coface, Fimipar, Natixis Algérie).

The following changes in scope took place in 2017:

• Within the Natixis Worldwide scope, the Investment Solutions division was split into two new divisions: Asset & Wealth Management and Insurance.

Within the Managed Scope:

- in France, in the Asset & Wealth Management division, AEW Europe, AEW Europe SGP, NAMI-AEW Europe and Ciloger were combined to form AEW Ciloger;
- in the Specialized Financial Services division, Natixis Intertitres joined the Payment Solutions business line;
- outside France, a new Natixis S.A. branch was created in Portugal, reporting to the Support Departments division.

• Outside the Managed Scope:

- in France, the Payment Solutions business line was expanded through the acquisition of six companies: S-Money, Lakooz, Payplug, e-cotiz, Serenipay and Dalenys Payment;
- in the Specialized Financial Services division, Bati Lease S.A. joined the Lease Financing business line;
- outside France, the financial investment in Ellisphere was sold;
- the only remaining financial investment is Natixis Algérie.

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 on 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 on permanent employment contract or fixed-term employment contracts and transfers to Groupe BPCE, and conversions from fixed-term employment contracts to permanent employment contracts.

• SRI and solidarity assets under management include open-ended, dedicated (to Natixis' clients) and employee savings funds that take into account environmental, social and governance criteria and are managed by Natixis Asset Management.

• Purchasing that includes sustainable development criteria takes into account contracts within which a sustainable development clause has been signed by the vendor.

• The absentee rate is the total number of business days absent (due to illness, accidents in the workplace or in transit, maternity or parental leaves, etc.) divided by the total number of employee workdays theoretically available.

EXCLUSIONS

Some pollution indicators have not been included as they are considered to be irrelevant given the nature of Natixis' operations, which do not generate any serious or specific pollution:

- measures for the prevention, reduction or remediation of discharges into the air, water or ground that are seriously damaging to the environment;
- the consideration of noise pollution and all types of pollution specific to a particular activity.

Natixis also believes that information about land use is not relevant as, given the layout of its buildings, which are often multi-story, their footprint is limited.

Likewise, actions against food waste were not included, this item being immaterial to the nature of Natixis' operations. The same holds true for biodiversity protection. Natixis did not record any environmental provisions or guarantees in 2017.

Lastly, considering its business sector, occupational illnesses are not significant and do not require specific monitoring.

(1) GRI: the Global Reporting Initiative, a multi-stakeholder association that develops and disseminates an internationally recognized sustainable development reporting framework.

(2) 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
Asset & Wealth Management	Private Equity	Alliance Entreprendre
		Euro Private Equity France
		Naxicap Partners
		Seventure Partners
	Asset Management	Natixis Investment Managers
		Natixis Investment Managers Distribution
		Natixis Asset Management
		Natixis Asset Management Finance
		Axeltis
		Mirova
		Mirova Althelia
	Real Estate Asset Management	AEW Ciloger
	Wealth Management	Natixis Wealth Management
		Sélection 1818
		VEGA Investment managers
Insurance		BPCE Vie
		BPCE Relation Assurances
		BPCE Assurances
		BPCE Assurances Production Services
Specialized Financial Services	Factoring	Natixis Factor
	Guarantees and Sureties	Compagnie Européenne de Garanties et Cautions
	Consumer Credit	Natixis Financement
	Lease Financing	Natixis Lease
		Natixis Car Lease
	Film Industry Financing	Natixis Coficiné
		Media Consulting & Investment
	Employee Savings Scheme	Natixis Interépargne
	Payment Solutions	Natixis Payment Solutions
		Natixis Intertitres

Natixis International (managed scope)

Division	Business Line	Company
Corporate & Investment Banking		Natixis Australia Proprietary Limited
		Natixis Banco Múltiplo S.A.
		Natixis Belgique Investissements S.A.
		Natixis Japan Securities Co., Ltd
		Natixis Luxembourg Investissements
		Natixis Moscow Bank (ZAO)
		Natixis North America Inc.
		Natixis Pfandbriefbank AG
		Nexgen Reinsurance Limited
		Natixis Almaty Representative Office
		Natixis Bangkok Representative Office
		Natixis Buenos Aires Representative Office
		Natixis Colombia Representative Office
		Natixis Geneve Representative Office
		Natixis Istanbul Representative Office
		Natixis Jakarta Representative Office
		Natixis Korea Representative Office
		Natixis Lima Representative Office

Division	Business Line	Company
		Natixis Mexico Representative Office
		Natixis Mumbai Representative Office
		Natixis Beijing Branch
		Natixis Canada Branch
		Natixis Dubai Branch
		Natixis Frankfurt Branch
		Natixis Hong Kong Branch
		Natixis Labuan Branch
		Natixis London Branch
		Natixis Madrid Branch
		Natixis Milan Branch
		Natixis New York Branch
		Natixis Shanghai Branch
		Natixis Singapore Branch
		Natixis Taipei Branch
Asset & Wealth Management	Private Equity	Euro Private Equity S.A.
	Asset Management	NGAM Holding International
		Natixis Asset Management Asia Limited
		Natixis Asset Management US LLC
		Mirova Luxembourg SAS
	Real Estate Asset Management	AEW Europe LLP
		AEW Europe SARL
		AEW Europe Global LUX
		AEW Central Europe Sp z o o
		AEW Central Europe – Czech Republic
		AEW Central Europe – Romania
		AEW Europe Italian Branch
		AEW Europe Düsseldorf Branch
	Wealth Management	Natixis Bank
		Natixis Bank – Belgian Branch
Insurance		Natixis Life Luxembourg
Specialized Financial Services	Lease financing	Natixis Lease S.A. Sucursal en España
		Natixis Lease S.A. Succursale Italiana
Support Departments	Operations and Information Systems division	Natixis – Succursale de Porto

6.6 Report by one of the Statutory Auditors, a designated independent third-party body, on the consolidated social, environmental and societal information contained in the management report

Fiscal year ended December 31, 2017

To the shareholders,

In our capacity as the Statutory Auditors to the company Natixis S.A. appointed as an independent third-party body, accredited by the French Accreditation Commission (COFRAC) under No. 3-1048, we hereby present our report on the consolidated social, environmental and societal information (hereinafter the "CSR Information") prepared for the fiscal year ended December 31, 2017, as presented in the Management Report, pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code.

Company's responsibility

The Board of Directors is responsible for drawing up a Management Report including the CSR Information provided for in Article R. 255-105-1 of the French Commercial Code, in accordance with the standard applied by the Company (hereinafter the "Standard"), a summary of which is provided in the Management Report. This Standard is available from the Company's registered office on request.

Independence and quality control

Our independence is defined by regulatory texts, the French code of ethics (code de déontologie) of our profession and the requirements of Article L. 822-11 of the French Commercial Code. 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

It is our responsibility, on the basis of our work:

- to certify that the ESR Information required is included in the management report, or that any omission is explained pursuant to the third Sub-Paragraph of Article R.225-105 of the French Commercial Code (Certificate of inclusion of the ESR Information);
- to draw a conclusion expressing reasonable assurance on the fact that all the significant aspects of the ESR Information, taken as a whole, are presented in a fair manner, in accordance with the Standards (Reasoned opinion on the fairness of the ESR Information).

It is not our responsibility, however, to assess any other applicable legal provisions, including in particular those provided for in Article L. 225-102-4 of the French Commercial Code (vigilance plan) and by Act no. 2016-1691 of December 9, 2016 on the prevention of corruption (the Sapin II Act).

Our work was performed by a team of five people over a period of approximately four weeks between December 2017 and March 2018. We called upon our CSR experts to help us perform this work.

We performed our work in accordance with the order dated May 13, 2013, defining the conditions under which the independent third party performs its engagement; 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 for the conclusion on the fairness of the information[1].

I CERTIFICATE OF INCLUSION OF ESR INFORMATION

Nature and scope of the work

We familiarized ourselves with the presentation of the sustainable development Standards, in accordance with the social and environmental consequences linked to the company's activities and to its commitments, and, where applicable, to the resulting initiatives or programs, on the basis of meetings with the managers of the departments concerned. We compared the CSR Information set out in the management report with the list provided for by Article R. 225-105-1 of the French Commercial Code. In the event that some consolidated information was missing, we checked that explanations had been provided in accordance with the provisions of Sub-Paragraph 3 of Article R. 225-105 of the French Commercial Code. We verified that the CSR Information covers the scope of consolidation, i.e., the company, its subsidiaries as defined by Article L. 233-1 and the controlled entities as defined by Article L. 233-3 of the French Commercial Code, within the limitations set out in the methodological note accompanying the CSR Information presented in the management report.

Conclusion

Based on this work, we hereby certify that the CSR Information required is included in the management report.

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

II REASONED OPINION ON THE FAIRNESS OF THE ESR INFORMATION

Nature and scope of the work

We held meetings with six individuals responsible for preparing the CSR Information at the departments in charge of gathering the information, and where applicable, with the individuals responsible for the internal control and risk management procedures, in order to:

- assess 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;
- ascertain that an information-gathering, compilation, processing and control process had been implemented, with a view to the completeness and consistency of the Information, and familiarize ourselves with the internal control and risk management procedures relating to the preparation of the ESR Information.

We determined the nature and extent of our checks and controls in accordance with the nature and significance of the CSR Information, in view of the company's specific features, the social and environmental challenges posed by its business activities, its sustainable development strategy and of best practices in the sector.

Regarding the ESR Information that we considered to be the most important[1]:

- at the level of the consolidating entity, we consulted the documentary sources, and held meetings in order to corroborate the qualitative information (organization, policies and initiatives), implemented analytical procedures on the quantitative information, checked the calculation and consolidation of the data on the basis of spot checks, and ascertained that they were coherent and consistent with the other information provided in the management report;
- at the level of a representative sample of entities selected by us[2] on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The sample selected in this way represented 69% of staff between 23% and 100% of the other quantitative information published.

For the remaining consolidated ESR Information, we assessed its consistency based on our understanding of the company.

Finally, we have assessed the relevance of the related explanations, where applicable, regarding the total or partial absence of certain information.

We believe that the sampling methods and the size of the samples chosen by us while exercising our professional judgement allow us to express a conclusion of limited assurance; a higher level of assurance would have required more extensive work. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR Information cannot be totally eliminated.

Conclusion

Based on our work, we did not observe any significant misstatement likely to call into question the fact that the ESR Information, taken as a whole, is presented in a fair manner, in accordance with the Standard.

Neuilly-sur-Seine, March 23, 2018

One of the Statutory Auditors,

Deloitte & Associés

Charlotte Vandeputte	Julien Rivals
Partner	Partner, sustainable development

*(1) **Quantitative social indicators**: Global staff at 31/12/2017, Total number of hires, Total number of departures including redundancies, Percentage of women in the senior executive category, Percentage of women in the Executive Committee, Total number of training hours. training hours.*
***Quantitative environmental indicators**: Energy consumption: electricity, heating and cooling utilities in office buildings - excluding data centers (in MWh), Energy consumption of data centers, Energy consumption of buildings and data centers, Carbon footprint assessment.*
***Qualitative societal indicators**: SRI and solidarity assets under management (in billions of euros).*
***Qualitative information**: Adherence to international agreements (contribution to SDG), climate risks, organization of employer-employee communication, duty of care (management of risks related to duty of vigilance).*

(2) Natixis France.

7

LEGAL INFORMATION

7.1 Natixis bylaws

Natixis

A joint stock company (société anonyme) with share capital of €5,021,289,259.20.

Registered office: 30, avenue Pierre Mendès France – 75013 Paris 542 044 524 Paris Trade Registry.

Bylaws

Chapter I: Form of the Company – Name – Registered Office – Duration – Corporate Purpose

Article 1 – Legal form – Name – Registered office and duration

The Company is a joint stock company (société anonyme) with a Board of Directors. It is governed by the regulations governing commercial companies, by the provisions of the French Monetary and Financial Code (Code monétaire et financier) and by these bylaws.

The name of the Company is "Natixis". The Company's registered office is in Paris (13th district), at 30, avenue Pierre Mendès France.

The term of the Company, created on November 20, 1919, was raised to 99 years beginning on November 9, 1994, unless it is extended or dissolved early.

Article 2 – Corporate Purpose

The corporate purpose, in France and elsewhere comprises:

- the conduct of all banking business and related businesses as per the banking law;
- the provision of all investment services as defined in the French Monetary and Financial Code;
- the performance of the specific assignments entrusted by the French State in the economic and financial area, in the framework of special agreements;
- the performance of all brokerage business;
- the acquisition of interests in companies, groups or associations with a direct or indirect connection with the activities referred to above;
- as well as the execution of all private and commercial transactions.

Chapter II: Share capital – Shares – Payments

Article 3 – Share capital

The share capital has been set at €5,021,289,259.20 divided into 3,138,305,787 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 of any organization or authorized intermediary communication of all information regarding the holders of securities conferring immediately or in the future voting rights in its Shareholders' Meetings, in particular their identity, nationality, address, the number of securities they own and the restrictions to which these securities may be subject.

Any individual or legal entity owning directly or indirectly, alone or jointly, a fraction of 1% of the voting rights (on the basis of all the voting rights attached to the shares, including those deprived of voting rights), or any multiple of this percentage, shall notify the Company by registered letter with acknowledgment of receipt of the number of votes they possess. This notice must be made within a period of 15 days following each acquisition or sale of this fraction.

In the event of non-compliance with the notification requirement provided for in the previous paragraph and upon request, recorded in the minutes of the meeting from a shareholder representing at least 1% of the voting rights, the shares exceeding the fraction which should have been declared will lose their voting rights for a period of two years following the notification compliance date.

Article 6 – Indivisibility of shares

The shares are indivisible from the Company's perspective.

Joint owners are required to be represented to the Company by a single person chosen among them or by a sole proxy.

Article 7 – Rights and obligations attached to the shares

Except for the rights which may be granted to preferred shares, if any were created, each share entitles its owner to a share in the ownership of the Company's assets which is proportional to the number of shares issued.

Shareholders shall be liable for losses only to the extent of their contributions to the Company's share capital.

The rights and obligations attached to a share follow it. Ownership of a share implies, by the operation of law, acceptance of the Company's bylaws and of the resolutions voted by the General Shareholders' Meeting.

Article 8 – Modification of the capital

The share capital may be increased, amortized or reduced by all procedures and according to all means authorized by law and regulations.

The new shares subscribed will be paid-up according to the decisions voted by the General Shareholders' Meeting or the Board of Directors. Failure to pay-up the shares is sanctioned under the conditions stipulated by the regulations in force.

Chapter III: Administration and control of the Company

Section I: Board of Directors

Article 9 – Structure of the Board of Directors

The Company is managed by a Board of Directors, composed of at least three (3) directors and no more than eighteen (18) directors, subject to the departures stipulated by law in the event of a merger.

The directors are appointed by the Ordinary General Shareholders' Meeting; however, the Board has the right, in the event of the vacancy of one or more seats, due to death or resignation, to appoint replacements temporarily, each for the period remaining in his predecessor's term, subject to ratification by the next General Shareholders' Meeting.

When it has been established, in accordance with the regulations in force, that the percentage of the capital owned by employee shareholders exceeds the threshold established by law, a director is appointed by the Ordinary General Shareholders' Meeting from among the candidates designated for this purpose by the Supervisory Board of the employee mutual fund(s). The director appointed in this capacity is not taken into account in calculating the maximum number of directors referred to in the first paragraph of this Article.

The director appointed in this capacity sits on the Board of Directors and is entitled to vote. He is subject to the same rights and obligations as the Company's other directors.

The number of directors who are over the age of 70 shall not exceed one-third of the number of directors in office. When this percentage is exceeded, the oldest of the directors leaves office at the end of the next Ordinary General Shareholders' Meeting.

Throughout his term, each director shall own at least one hundred and forty (140) Company shares.

Directors are appointed for a term of four (4) years. They may be re-elected. A director's duties end at the end of the Ordinary General Shareholders' Meeting convened to approve the financial statements of the past fiscal year, held the year during which his term expires.

Article 10 – Chairman of the Board of Directors

The Board of Directors elects a Chairman who must be an individual, selected from among its members. The Chairman is elected for the duration of his term as director and may be re-elected.

It determines the Chairman's compensation.

The Board of Directors may, on the proposal of the Chairman, elect one or more Vice-Chairman (Vice-Chairmen) from among its members.

The Chairman's duties end at the latest at the end of the Ordinary General Shareholders' Meeting convened to approve the financial statements of the past fiscal year during which the Chairman reached the age of sixty-five.

The Chairman is responsible for convening the Board of Directors.

He organizes and conducts its work, on which he reports to the General Shareholders' Meeting.

He sees to the smooth operation of the Company's bodies and makes sure in particular that the directors are able to perform their duties.

Article 11 – Meetings of the Board of Directors

11.1 The Board of Directors convenes as often as the Company's interests and legal and regulatory provisions so require, upon notice from its Chairman, either at the registered office or at any other location indicated in the notice, which may be sent by email.

The Board may also be convened by the Chairman at the request of at least one-third of the directors, or at the request of the Chief Executive Officer, on the basis of a specific agenda. The Chairman is bound by the requests made in this manner.

Subject to an emergency such as defined below and the case referred to in Article 14 below, the Board of Directors must be convened with reasonable notice prior to the scheduled date of the meeting. Notices of meetings shall include the detailed agenda for the meeting.

Prior to the meeting, and with sufficient notice, the directors must be given the information enabling them to make an enlightened decision.

Meetings of the Board of Directors are chaired by the Chairman of the Board of Directors or, in his absence, by the oldest director or by one of the Vice-Chairmen, as the case may be.

The Board of Directors may appoint a Secretary, who may or may not be selected from among its members.

Decisions are made at a majority of the votes of the members present or represented. In the event of a tie, the vote of the Chairman of the meeting is the casting vote, except for the appointment of the Chairman of the Board of Directors.

The Board takes valid decisions only if at least one-half of its members are present or deemed present.

The Board of Directors establishes Internal Rules which may stipulate that, except for adopting decisions concerning the preparation of the annual financial statements and the management report as well as for preparing the consolidated financial statements and the group's management report, the directors who participate in the Board Meeting by videoconference 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 on pain of foreclosure, where non-compliance might incur damages for the Company or one of its main subsidiaries, or (ii) requiring a rapid response from the Company which is incompatible with the application of the usual notice periods for the Board of Directors.

In the event of an Emergency, the notice and convening periods of the Board of Directors are not subject to Article 11.1 above, provided that the Chairman of the Company's Board of Directors has:

- given prior notice to the directors providing the reason for the Emergency as per the foregoing definition; and
- provided all directors, along with the notice of said meeting, with all the necessary information for their analysis.

Article 12 – Powers of the Board of Directors

12.1 The Board of Directors defines the guidelines for the Company's activities and oversees their implementation. Within the limits of the corporate purpose and the powers expressly granted by law or these by-laws to General Shareholders' Meetings, the Board concerns itself with any matter relating to good business practice and governs the business of the Company through its deliberations. The Board of Directors performs the controls and checks it deems appropriate.

The Chairman or the Chief Executive Officer is required to provide each director with all the documents and information necessary for the performance of his duties.

On the proposal of its Chairman, the Board of Directors may decide to create Committees within the Board responsible for reviewing issues which the Board itself or its Chairman submits to them for their examination and opinion. It determines the structure and powers of these Committees, which conduct their activities under its responsibility.

12.2 In addition to the operations referred to by law and regulations in force, the Internal Rules of the Board of Directors will determine the decisions which will be subject to the prior approval of the Board of Directors.

12.3 The Board of Directors is qualified to decide or authorize the issuing of bonds and all other securities representing debt securities.

The Board of Directors may delegate, to any person of its choosing, the necessary rights to complete, within a period of one year, the issue of such securities and to draw up the procedures.

The designated persons report to the Board of Directors under the conditions determined by the latter.

Article 13 – Compensation of the members of the Board of Directors

Directors' fees may be allocated to the Board of Directors by the General Shareholders' Meeting. The Board distributes them freely among its members.

The Board may also allocate exceptional compensation to the directors in the cases and subject to the 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 bearing the title of Chief Executive Officer.

The choice between these two Senior Management procedures is made by the Board of Directors which may take valid decisions 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

The primary and substitute Statutory Auditors are appointed by the Ordinary General Shareholders' Meeting under the conditions stipulated by 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 their authorized intermediaries that hold their bearer share accounts. The intermediaries do so by producing a certificate that must be attached to the voting form or admission card request in the name of the shareholder or the name of the registered intermediary acting on behalf of the shareholder. A certificate is also delivered to shareholders who wish to attend the meeting in person and who have not received an admission card by D-2, twelve midnight, Paris time.

A shareholder may always be represented at General Shareholders' Meetings by a duly authorized proxy. This proxy may not represent another person.

Shareholders may vote by post or by proxy in accordance with the legal and regulatory provisions in force. In accordance with the decision of the Board of Directors, shareholders may participate in General Meetings by means of video-conferencing and may vote using all means of telecommunications and remote transmission, including the Internet, in accordance with the applicable regulations at the time of their use. This decision is disclosed in the notice of meeting published in the French official gazette (*Bulletin des Annonces Légales Obligatoires* – BALO).

Those shareholders who use the electronic voting form offered on the website created by the meeting organizer, by the required deadline, are considered present or represented shareholders. The electronic form can be filled out and signed directly on that site by any process provided for by the Board of Directors that meets the conditions defined in the first sentence of the second paragraph of Article 1316-4 of the French Civil Code (i.e. the use of a reliable identification procedure guaranteeing that the signature is linked to the form), which may consist of a user name and password.

The proxy or vote cast before the meeting by this electronic method, as well as the receipt that is issued for it, will be considered irrevocable written documents that are enforceable in all cases, with the stipulation that in the event of the disposal of shares before the second business day preceding the meeting at zero hour, Paris time, the Company will, as a result, invalidate or change, depending on the case, the proxy or vote cast before that date and time.

Article 23 – Agenda

The agenda is drafted by the author of the notice.

One or more shareholders, representing at least the required portion of the share capital and acting on the conditions and within the deadlines determined by law, are entitled to request, by registered mail with acknowledgment of receipt, or by e-mail, 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 videoconference or telecommunication means. This decision is transmitted, as the case may be, 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, on the conditions and on the dates stipulated by law, the documents necessary to enable them to make an informed decision on the Company's management and control.

The nature of the documents and the terms and conditions for their dispatch or availability are determined by law and regulations.

Ordinary General Shareholders' Meetings

Article 28 – Date of the meeting

Shareholders are convened annually to an Ordinary General Shareholders' Meeting by the Board of Directors, prior to the end of the fifth month following the close of the fiscal year, on the date, at the time and at the location stated in the notice of the meeting.

Article 29 – Prerogatives

The Ordinary General Shareholders' Meeting, which must be held annually, hears the report on the Company's business drafted by the Board of Directors and presented by its Chairman, as well as the report by the Statutory Auditors and any other report stipulated in the regulations.

It discusses, approves, rejects or adjusts the financial statements and determines the profit to be distributed.

It appoints the directors, the non-voting members and the Statutory Auditors.

It determines the amount of the directors' fees to be allocated to the Board of Directors.

It votes on all proposals entered onto the agenda.

Extraordinary General Shareholders' Meetings

Article 30 – Prerogatives

The Extraordinary General Shareholders' Meeting may be convened at any time either by the Board of Directors or pursuant to any legal provision. It may amend any of the provisions of these bylaws, in particular it can increase or reduce the share capital, extend the Company's duration or decide its early dissolution, however, it cannot change the Company's nationality or increase the shareholders' commitments.

Chapter V: Fiscal year – Parent company financial statements – Appropriation of earnings

Article 31 – Fiscal Year

The Company's fiscal year begins on January 1 and ends on December 31.

Article 32 – Inventory – Annual Financial Statements

Each quarter, a brief statement of the Company's assets and liabilities is prepared. This statement is at the disposal of the Statutory Auditors and is published according to the laws in force.

Furthermore, at the end of each fiscal year, an inventory is drafted of the Company's various assets and liabilities and accounting documents imposed by both the laws governing companies and by banking regulations.

All these documents are placed at the disposal of the Statutory Auditors according to legal and regulatory provisions.

Article 33 – Earnings for the fiscal year – Dividends

From the earnings of each fiscal year, minus any losses carried forward as the case may be, at least 5% is levied to create the legal reserve. This levy ceases to be mandatory when said reserve reaches a sum equal to one-tenth of the share capital. It must be resumed when this reserve falls below one-tenth.

The balance of the earnings constitutes, along with any retained earnings, the distributable profit of which the Ordinary General Shareholders' Meeting disposes freely in the framework of the laws in force, and which it can carry forward, or place on reserve, or distribute partially or entirely, on the proposal of the Board of Directors.

The Ordinary General Shareholders' Meeting may also decide to distribute sums levied from retained earnings or from the reserves at its disposal; in such case, the decision expressly references the reserve items from which the levies are made.

The Ordinary General Shareholders' Meeting may offer an option to the shareholders, for all or a part of the dividend distributed, between payment of the dividend in cash or in shares. In this second option, payment will take place through the allocation of Company shares in accordance with the applicable legal and regulatory provisions.

Under the legal conditions in force, the Board of Directors may decide to pay interim dividends in cash or in shares.

The annual dividends are paid at the dates established by the Board of Directors within a period of nine months following the close of the fiscal year.

Chapter VI: Dissolution – Liquidation

Article 34 – Equity capital below one-half of the share capital

If, due to losses recognized in the accounting documents, the Company's equity falls below one-half of the share capital, the Board of Directors is required, within four months following the approval of the financial statements having revealed these losses, to convene the Extraordinary General Shareholders' Meeting in order to decide whether it is fitting to dissolve the Company early.

Should the Board of Directors fail to convene the Extraordinary General Shareholders' Meeting, the Statutory Auditors may do so.

Article 35 – Dissolution – Liquidation

At the Company's expiry, or in the event of early dissolution, the General Shareholders' Meeting determines the liquidation method, on the proposal of the Board of Directors and subject to the legal requirements in force, and appoints one or more liquidators whose powers it determines.

Chapter VII: Disputes

Article 36 – Disputes

Any dispute arising among the shareholders concerning the performance of these bylaws shall be submitted to the courts having jurisdiction where the Company has its registered office.

7.2 General information on Natixis' capital

7.2.1 FORM AND TRANSFER OF SHARES (CHAPTER II, ARTICLE 4 OF THE BYLAWS)

Shares in the Company may either be registered shares or identifiable bearer shares, at the shareholder's discretion.

They are registered in share accounts and are transferred according to the terms provided for by law and regulations.

7.2.2 SHARE CAPITAL

The share capital was set at €5,021,289,259.20 on March 1, 2018, divided into 3,138,305,787 fully paid-up shares of €1.60 each.

7.2.3 AUTHORIZED BUT UNISSUED CAPITAL – CAPITAL INCREASE AUTHORIZATIONS

The Combined General Shareholders' Meeting of May 23, 2017, granted the Board of Directors financial authorization for a 26-month period to carry out capital increases with retention or cancellation of preferential subscription rights (these authorizations replaced those granted by the Combined General Shareholders' Meeting of May 19, 2015).

The Combined General Shareholders' Meeting resolved that these capital increases, which may not exceed an overall par value ceiling of one and a half (1.5) billion euros, divided into a par value ceiling of €1.5 billion for capital increases with preferential subscription rights and a par value ceiling of €500 million for capital increases without preferential subscription rights, could be carried out either through issuing shares or through issuing securities that give access to share capital, specifically in the form of financial instruments representing debt securities.

This same meeting resolved in particular that under certain circumstances, the Board of Directors may:

- decide to increase capital without preferential subscription rights through an offer as set out in Article L.411-2(II) of the French Monetary and Financial Code (private placement);
- decide to increase capital with waiving of preferential subscription rights with a view to remunerating contributions in kind granted to the Company, within the limit of 10% of the share capital at the time of the issue;
- decide to increase capital via the incorporation of premiums, reserves, retained earnings or other items;
- decide to increase the number of securities to be issued, within the legal limits, in the event of capital increases with or without preferential subscription rights;
- decide to increase the share capital reserved for members of an employee savings plan, up to the par value limit of fifty (50) million euros.

These capital increases will be applied against the amount of the overall ceiling described above.

The Combined General Shareholders' Meeting of May 24, 2016 (resolutions nineteen and twenty) authorized the Board of Directors, for a 38-month period, to carry out one or more free share awards to the employees and directors of Natixis and its affiliates under the following conditions:

- award of free shares in connection with the Long Term Incentive Plan (LTIP): award limited to 0.2% of the Company's share capital at the date of the Board of Directors' decision to award the shares, with a sub-ceiling of 0.3% of the share capital for executive corporate officers. Permanent allocation is contingent on satisfying a performance requirement;
- award of free shares for the payment of a portion of annual variable compensation: award limited to 2.5% of the Company's share capital at the date of the Board of Directors' decision to award the shares, with a sub-ceiling of 0.1% of the capital for executive corporate officers. Permanent allocation is contingent on satisfying one or more performance requirements for the persons referred to in Article L.511-71 of the French Monetary and Financial Code.

This authorization replaces the authorization granted by the Combined General Shareholders' Meeting of May 21, 2013.

Report of the Board of Directors on the use of capital increase authorizations

Free shares in vesting period

- The Board of Directors of Natixis, at its meeting on July 31, 2014, by virtue of the authorization granted by the General Shareholders' Meeting of May 21, 2013, resolution seventeen, resolved to award 31,955 free performance shares to the Chief Executive Officer of Natixis. These shares will vest at the end of a vesting period that runs until July 31, 2018, inclusive, contingent upon the meeting of presence and performance criteria.
- The Board of Directors of Natixis, at its meeting on February 18, 2015, by virtue of the authorization granted by the General Shareholders' Meeting of May 21, 2013, resolution seventeen, resolved to award 95,144 free performance shares to the members of the Senior Management Committee, of which 27,321 to the Chief Executive Officer of Natixis. These shares will vest at the end of a vesting period that runs until February 17, 2019, inclusive, contingent upon the meeting of presence and performance criteria.
- The Board of Directors of Natixis, at its meeting on July 28, 2016, by virtue of the authorization granted by the General Shareholders' Meeting of May 24, 2016, resolution nineteen, decided to award 151,283 free performance shares to the members of the Natixis Senior Management Committee, of which 47,463 to the Chief Executive Officer of Natixis. These shares will vest at the end of a vesting period that runs until July 27, 2020, inclusive, contingent upon the meeting of presence and performance criteria.

- The Board of Directors of Natixis, at its meeting on July 28, 2016, by virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution twenty, decided to award 3,081,642 free shares to the recipients designated by the Board of Directors. These shares will be permanently vested in part on March 1, 2018, and in part on March 1, 2019, subject to presence and/or performance conditions (systematic performance conditions applicable to "regulated" categories of staff).
- The Board of Directors of Natixis, at its meeting on April 10, 2017, by virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution twenty, decided to award 3,012,307 free shares to the recipients designated by the Board of Directors. These shares will be permanently vested in part on March 1, 2019, and in part on March 1, 2020, subject to presence and/or performance conditions (systematic performance conditions applicable to "regulated" categories of staff).
- The Board of Directors of Natixis, at its meeting on May 23, 2017, by virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution nineteen, decided to award 79,369 free performance shares to the members of the Natixis Senior Management Committee, of which 29,911 to the Chief Executive Officer of Natixis. These shares will vest at the end of a vesting period that runs until May 22, 2021, inclusive, contingent upon the meeting of presence and performance criteria.

Free shares in holding period

The vesting period for the final tranche of the award of a total of 6,119,373 free shares, as resolved by the Board of Directors on February 22, 2012, for the 2012 Plan (by virtue of the authorization granted by the Combined General Shareholders' Meeting of May 27, 2010, resolution eighteen), and the vesting period for the first two tranches of the award of a total of 1,724,325 free shares, as resolved by the Board of Directors on February 17, 2013, under the 2013 Plan (by virtue of the authorization granted by the Combined General Shareholders' Meeting of March 27, 2010, resolution eighteen), expired on March 3, 2017, for beneficiaries transferred abroad at the time of vesting.

In a ruling made on March 3, 2017, 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 2012 Plan came to 225,808 new shares and that the number of shares to be issued to the beneficiaries under the 2013 Plan came to 59,850 new shares.

The Chief Executive Officer then acknowledged the issue of share capital through the incorporation of the special unavailable reserves account amounting to €361,292.80 through the issue of 225,808 new shares with a par value of €1.60 each for the 2012 Plan, and amounting to €95,760 for the issue of 59,850 new shares with a par value of €1.60 each for the 2013 Plan, bringing the Company's capital up from €5,019,319,328 to €5,019,776,380.80, and amended the bylaws accordingly (Article 3: Share Capital).

Mauve employee share ownership plan

At its meeting on November 7, 2017, the Board of Directors decided to use in 2018 the authorization to carry out a capital increase – without preferential subscription rights – reserved for members of employee savings plans that was granted by the Combined General Shareholders' Meeting of May 23, 2017 (resolution twenty), for the launch of the Mauve 2018 employee share ownership plan with an overall par value ceiling of €50,000,000, representing a maximum of 31,250,000 shares. In order to implement the Mauve 2018 plan, the Board of Directors invested the Chief Executive Officer with all the necessary powers, in particular to set the Subscription Price and the subscription period for the shares to be issued.

SUMMARY TABLE OF CURRENT AUTHORIZATIONS GRANTED TO THE BOARD OF DIRECTORS BY THE GENERAL SHAREHOLDERS' MEETING AND THEIR USE BY THE BOARD OF DIRECTORS

Date of meeting	Resolution No.	Purpose of authorization	Amount authorized	Duration	Date used	Amount used
05.24.2016	19	To award free shares under the LTIP	0.2% / 0.03%[c] of share capital	38 months	07.28.2016 05.23.2017	€242,053[b] €126,990[b]
05.24.2016	20	To award free shares for payment of a portion of variable compensation	2.5% / 0.1%[c] of share capital	38 months	07.28.2016 04.10.2017	€4,930,627[b] €4,819,691[b]
05.23.2017	13	To carry out a reduction in the share capital by canceling treasury shares	10% of the shares making up the Company's share capital	26 months	None	None
05.23.2017	14	To carry out a capital increase, through the issue – with preferential subscription rights maintained – of shares and/or securities providing access to the Company's share capital or entitling holders to the allotment of debt securities	€1.5bn	26 months	None	None
05.23.2017	15	To carry out a capital increase, through the issue – without preferential subscription rights by a public offer – of shares and/or securities providing access to the Company's share capital or entitling holders to the allotment of debt securities.	€500m[a]	26 months	None	None
05.23.2017	16	To carry out a capital increase through the issue – without preferential subscription rights maintained – of shares and/or securities giving access to the Company's share capital or entitling holders to the allotment of debt securities through an offer as set out in Article L.411-2 (II) of the French Monetary and Financial Code	€500m[a]	26 months	None	None
05.23.2017	17	To carry out a capital increase through the issue – without preferential subscription rights – of shares and/or securities providing access to the Company's share capital or entitling holders to the allotment of debt securities as remuneration for contributions in kind involving capital stock or securities giving access to capital	10% of the share capital[a]	26 months	None	None
05.23.2017	18	To carry out a capital increase through the incorporation of premiums, reserves, retained earnings or other items	€1.5bn[a]	26 months	None	None
05.23.2017	19	To increase the number of securities to be issued in the event of capital increases with or without preferential subscription rights	15% of initial issue[a]	26 months	None	None
05.23.2017	20	To carry out a capital increase through the issue of shares or securities giving access to the Company's share capital, reserved for members of employee savings plans with waiving of preferential subscription rights in favor of said members	€50m[a] [b]	26 months	None	None

(a) *Amount deducted from the ceiling decided in resolution No. 14 of the General Shareholders' Meeting of May 23, 2017 (€1.5 billion).*

(b) *Overall par value ceiling.*

(c) *For executive corporate officers.*

7.2.4 SECURITIES NOT CONFERRING RIGHTS OVER THE SHARE CAPITAL

On November 25, 1985, Banque Française du Commerce Extérieur issued 140,000 non-voting shares with a par value of FRF 5,000 (€762.25). The coupon is payable annually on November 25. Redemptions are at the initiative of the borrower.

At December 31, 2017, 47,000 non-voting shares were outstanding.

7.2.5 OTHER SECURITIES GIVING ACCESS TO CAPITAL

At December 31, 2017, there were no exercisable stock options.

On November 17, 2006, the Combined General Shareholders' Meeting authorized the Natixis Management Board to grant, on one or more occasions, stock options to some, or all, employees or directors of the Company or of related companies, within the meaning of Article L.225-180 of the French Commercial Code. This authorization involved a maximum of 10,000,000 shares (i.e. 15,400,000 shares following the adjustment resulting from the September 2008 capital increase).

In 2007, the Natixis Management Board resolved to grant stock options to certain employees and directors of Natixis, Groupe Banque Populaire and Groupe Caisse d'Epargne.

On May 24, 2007, the Combined General Shareholders' Meeting once again authorized the Natixis Management Board to grant stock options to some, or all, employees or directors of the Company or of related companies, within the meaning of Article L.225-180 of the French Commercial Code. This authorization also involved a maximum of 10,000,000 shares (i.e. 15,400,000 shares following the adjustment resulting from the September 2008 capital increase).

In 2008, the Natixis Management Board approved a plan to grant stock options to certain employees and directors of Groupe Banque Populaire and Groupe Caisse d'Epargne. The directors of these two groups waived their right to their options.

No stock options were granted in fiscal years 2009 to 2017.

SUMMARY OF STOCK OPTION PLANS AT DECEMBER 31, 2017

Plan date	Date of General Shareholders' Meeting	Option exercise start date	Option expiry date	Option exercise price *(in euros)*	Number of remaining beneficiaries	Number of options authorized	Number of options granted	Number of options exercised	Number of options exercisable	Number of options yet to be exercised	Number of options canceled
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL											

SUMMARY OF STOCK OPTION PLANS GRANTED TO NATIXIS EXECUTIVE CORPORATE OFFICERS AT DECEMBER 31, 2017

Plan date	Date of General Shareholders' Meeting	Option exercise start date	Option expiry date	Option exercise price *(in euros)*	Number of beneficiary officers	Number of options awarded to officers	Number of options exercised	Number of options exercisable	Number of options yet to be exercised	Number of options canceled
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL										

Natixis scope of consolidation	Total number of options granted/shares subscribed for	Weighted average price	Plan
Options ***awarded*** by the issuer during the year to the 10 salaried employees of the issuer and of all the companies within its scope who were awarded the most options	0	n/a	n/a
Options ***held*** in respect of the issuer and the companies referred to above, exercised during the period, by the 10 salaried employees of the issuer and of these companies who hold the most options thereby awarded	0	n/a	n/a
	0	n/a	n/a

7.2.6 CHANGES IN THE CAPITAL OVER THE LAST FIVE FISCAL YEARS

	Number of shares at the start of the fiscal year	Number of shares created during the fiscal year	Number of shares at the end of the fiscal year	Share capital *(in euros)*
2013	3,086,214,794	14,080,396	3,100,295,190	4,960,472,304.00
2014	3,100,295,190	16,167,431	3,116,507,621	4,986,412,193.60
2015	3,116,507,621	11,620,144	3,128,127,765	5,005,004,424.00
2016	3,128,127,765	8,946,815	3,137,074,580	5,019,319,328.00
2017	3,137,074,580	285,658	3,137,360,238	5,019,776,380.80

The table below gives details of the amount of additional paid-in capital for each of the transactions impacting the capital.

Fiscal year	Heading	Number of shares	Share capital *(in euros)*	Additional paid-in capital on capital increases *(in euros)*
2013	**At January 1**	**3,086,214,794**	**4,937,943,670.40**	
	Free shares awarded	5,640,766	9,025,226	
	Shares issued in respect of the capital increase reserved for employees	8,439,630	13,503,408	10,127,556
	At December 31	**3,100,295,190**	**4,960,472,304.00**	
2014	**At January 1**	**3,100,295,190**	**4,960,472,304.00**	
	Free shares awarded	6,261,106	10,017,769.60	
	Shares issued in respect of the capital increase reserved for employees	9,951,325	15,922,120	24,291,184.33
	At December 31	**3,116,507,621**	**4,986,412,193.60**	
2015	**At January 1**	**3,116,507,621**	**4,986,412,193.60**	
	Free shares awarded	3,114,520	4,983,232	
	Shares issued in respect of the capital increase reserved for employees	8,505,624	13,608,998.40	31,428,280.68
	At December 31	**3,128,127,765**	**5,005,004,424**	
2016	**At January 1**	**3,128,127,765**	**5,005,004,424**	
	Free shares awarded	957,368	1,531,788.80	
	Shares issued in respect of the capital increase reserved for employees	7,989,447	12,783,115.20	13,390,313.18
	At December 31	**3,137, 074,580**	**5,019,319,328**	
2017	**At January 1**	**3,137, 074,580**	**5,019,319,328**	
	Free shares awarded	285,658	457,052.80	
	At December 31	**3,137,360, 238**	**5,019,776,380.80**	

7.2.7 OTHER INFORMATION ON THE CAPITAL

Natixis has not pledged any of its shares.

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7.3 Distribution of share capital and voting rights

7.3.1 DISTRIBUTION OF SHARE CAPITAL AT DECEMBER 31, 2017

At December 31, 2017, Natixis' main shareholders were as follows:

	% capital	% voting rights
BPCE	70.99%	71.02%
Employee shareholding	2.32%*	2.33%
Treasury shares	0.05%	0.00%
Free float	26.64%	26.65%

* *Of which 0.95% held through capital increases reserved for employees.*
Of *which 0.68% held outside of employee savings plans by employees and former employees.*
Of *which 0.69% held under the BPCE Actions Natixis employee share ownership plan, including bearers of Groupe BPCE shares.*

As far as Natixis is aware, there are no shareholders, other than those listed in the above table, who own more than 5% of the capital or voting rights.

7.3.2 OWNERSHIP OF SHARES BY MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES

Board members, including natural and legal persons, owned 71% of Natixis' capital at December 31, 2017 (almost all of this being owned by BPCE).

The ownership of shares by directors who are individuals is not material *(please see the preceding pages for details of stock options granted by the Company to certain employees and directors).*

7.3.3 TREASURY SHARES

Under the share buyback program authorized by the General Shareholders' Meeting of May 23, 2017, Natixis owned 1,431,936 treasury shares at December 31, 2017.

The table below shows the number and percentage of shares held as treasury shares at December 31, 2016, and December 31, 2017.

	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, 2016	215,221,174	1,060,742,090.84	4.929	213,764,168	961,866,504.39	4.500	1,457,006	0.05%
At December 31, 2017	**237,087,883**	**1,194,179,721**	**5.037**	**235,655,947**	**1,093,496,894**	**4.640**	**1,431,936**	**0.05%**

7.3.4 EMPLOYEE SHAREHOLDING

At December 31, 2017, the percentage of the capital owned by Natixis employees was 2.32%, of which:

- 0.95% was held through capital increases reserved for employees;
- 0.68% was held outside of employee savings plans by employees and former employees;
- 0.69% was held under the BPCE Actions Natixis employee share ownership plan, including bearers of Groupe BPCE shares.

Free share awards

In accordance with the provisions of Articles L.225-197-1 et seq. of the French Commercial Code:

- the Natixis Board of Directors, at its meeting on February 22, 2012 (by virtue of the authorization granted by the General Shareholders' Meeting of May 27, 2010, resolution eighteen), decided to grant 6,119,373 free shares to certain employees of Natixis and its subsidiaries;
- the Natixis Board of Directors, at its meeting on February 17, 2013 (by virtue of the authorization granted by the General Shareholders' Meeting of May 27, 2010, resolution eighteen), decided to grant 1,724,325 free shares to certain employees of Natixis and its subsidiaries;
- the Natixis Board of Directors, at its meeting on November 6, 2013 (by virtue of the authorization granted by the General Shareholders' Meeting of May 21, 2013, resolution seventeen), decided to grant 90 free shares to the Chief Executive Officer of Natixis;
- the Natixis Board of Directors, at its meeting on July 31, 2014 (by virtue of the authorization granted by the General Shareholders' Meeting of May 21, 2013, resolution seventeen), decided to grant 31,955 performance shares to the Chief Executive Officer of Natixis;
- the Natixis Board of Directors, at its meeting on February 18, 2015 (by virtue of the authorization granted by the General Shareholders' Meeting of May 21, 2013, resolution seventeen) decided to award 95,144 performance shares to the members of the Natixis Senior Management Committee;
- the Natixis Board of Directors, at its meeting on July 28, 2016 (by virtue of the authorization granted by the General Shareholders' Meeting of May 24, 2016, resolution nineteen), decided to award 103,820 performance shares to the members of the Natixis Senior Management Committee and 47,463 to the Chief Executive Officer of Natixis.

  At this same meeting, the Board of Directors (by virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution twenty), decided to award 2,995,377 free shares to employees eligible for the 2016 employee retention and performance recognition plan, and 86,265 shares to the Chief Executive Officer of Natixis;
- the Natixis Board of Directors, at its meeting on April 10, 2017 (by virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution twenty), decided to award 3,012,307 free shares to the recipients designated by the Board of Directors;
- the Natixis Board of Directors, at its meeting on May 23, 2017 (by virtue of the authorization granted by the General Shareholders' Meeting of May 24, 2016, resolution nineteen), decided to award 49,458 performance shares to the members of the Natixis Senior Management Committee, and 29,911 shares to the Chief Executive Officer of Natixis.

Issues of share capital reserved for employees of companies enrolled in the Natixis employee savings plans

In the interest of aligning Natixis employees with the growth and earnings of Natixis over the long term, from 2013 to 2016 inclusive, the Natixis Board of Directors agreed on the principle of using the authorization granted by the General Shareholders' Meeting to carry out a capital increase reserved for the employees of the Natixis Group, without their preferential subscription right under the Mauve employee share ownership plan.

The Mauve plan is reserved for Company employees included in the scope determined by the Board of Directors and comprising Natixis S.A. and the subsidiaries of its Corporate & Investment Banking, Insurance and Asset & Wealth Management and Specialized Financial Services business units (excluding Financial Investments) enrolled in the Natixis Employee Savings Plan and in the Natixis International Employee Savings Plan. The scheme is also available to the retirees and pre-retirees of the companies included in this scope.

As part of the Mauve plan, beneficiaries are able to subscribe for Natixis shares (or, for international beneficiaries, under an economically similar formula) on advantageous terms and with the benefit of employer-paid contributions in compliance with the provisions of existing plans within the Natixis Group.

The amounts invested in the Mauve plan are locked up for a period of five years. Barring cases of early unlocking applicable to employee savings plans in France, this number may be reduced outside of France based on local legislation and the formula proposed.

At its meeting on November 7, 2017, the Board of Directors of Natixis decided to use in 2018 the authorization to carry out a capital increase – without preferential subscription rights – reserved for members of employee savings plans that was granted by the Combined General Shareholders' Meeting of May 23, 2017 (resolution twenty), for the launch of the Mauve 2018 employee share ownership plan with an overall par value ceiling of €50,000,000, representing a maximum of 31,250,000 shares. In order to implement the Mauve 2018 plan, the Board of Directors invested the Chief Executive Officer with all the necessary powers, in particular to set the Subscription Price and the subscription period for the shares to be issued.

7.3.5 CHANGES IN THE SHAREHOLDER BASE OVER THE PAST THREE YEARS

	Natixis		
At December 31 *(as a percentage)*	**2017**	**2016**	**2015**
BPCE	70.99%	71%	71.20%
Employee shareholding	2.32% (a)	2.35%	2.27%
Treasury shares	0.05%	0.05%	0.07%
Free float	26.64%	26.60%	26.46%

(a) Of which 0.95% held through capital increases reserved for employees, 0.68% of which held outside of employee savings plans by employees and former employees and 0.69% of which held under the BPCE Actions Natixis employee share ownership plan, including bearers of Groupe BPCE shares.

7.3.6 NATURAL OR LEGAL PERSONS EXERCISING OR POTENTIALLY EXERCISING CONTROL OVER NATIXIS

BPCE assumes the responsibilities provided for by banking regulations as principal shareholder of Natixis.

The application of corporate governance rules and the rules set out for members of the Board of Directors prevent the risk of abusive exercise of control.

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 make available and explain certain information, where said information may have an impact in the event of a public offer.

Natixis' main shareholder BPCE held 70.99% of the share capital and 71.02% of the voting rights at December 31, 2017. Given its capital structure, Natixis believes that a hostile takeover bid would have very little chance of succeeding.

7.5 Draft resolutions of the Combined General Shareholders' Meeting of May 23, 2018

The draft resolutions below are the drafts available as of the date of publication of this registration document. The final versions of these drafts will be published in the French official gazette (BALO) of April 11, 2018, and posted online on the Natixis website: www.natixis.com.

7.5.1 REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS SUBMITTED TO THE SHAREHOLDERS' MEETING

The purpose of this report is to present the draft resolutions submitted by your Board of Directors to your General Shareholders' Meeting.

You may refer to this 2017 registration document for the statement on the financial condition, activity and results of Natixis and its group during the past fiscal year and the various disclosures required by the legal and regulatory provisions in effect (also available on the Natixis website: www.natixis.com).

Twenty-one resolutions will be submitted to the shareholders at the Combined General Shareholders' Meeting to be held at 3 p.m. on May 23, 2018, at Palais Brongniart, 28 place de la Bourse – 75002 Paris.

These resolutions can be categorized into two groups:

- the first seventeen resolutions (resolutions one to seventeen) require the approval of the Ordinary General Shareholders' Meeting: (i) approval of the financial statements and appropriation of earnings, (ii) approval of related-party agreements, (iii) approval of the items constituting the total pay and benefits of any kind granted to the Chairman of the Board and the Chief Executive Officer relating to the 2017 fiscal year, (iv) approval of the principles and criteria for determining, distributing and granting the fixed, variable and non-recurring items constituting the total pay and benefits of any kind of the Chairman of the Board and the Chief Executive Officer for 2018, (v) overall budget for compensation paid in fiscal year 2017 to the employees referred to in Article L.511-71 of the French Monetary and Financial Code, (vi) ratification of the co-opting of one director, (vii) the appointment of four (4) directors following their resignation to encourage the staggering of directors' terms of office, (viii) acknowledgment that the mandate of a principal Statutory Auditor and a substitute Statutory Auditor have expired and (ix) trading by the Company in its own shares;
- the following four resolutions (resolutions eighteen to twenty-one) require the approval of the Extraordinary General Shareholders' Meeting and concern (i) delegation of authority to the Board of Directors to decide whether to increase share capital through the issue of shares or securities providing access to the Company's share capital reserved for members of employee savings plans without preferential subscription rights in favor of said members, (ii) the amendment of Article 19 (Statutory Auditors) of the Company's bylaws, (iii) delegation of authority to the Board of Directors to make the necessary amendments to the bylaws in order to ensure that they comply with legislative and regulatory provisions and (iv) powers to complete formalities related to this Combined General Shareholders' Meeting.

Resolutions requiring the approval of the Ordinary General Shareholders' Meeting (resolutions one to seventeen)

Approval of the financial statements for fiscal year 2017 (resolutions one and two)

In resolutions one and two, the General Shareholders' Meeting is asked to approve the Natixis 2017 parent company and consolidated financial statements, respectively.

Detailed comments on the parent company and consolidated financial statements are provided in the Natixis 2017 registration document.

Appropriation of 2017 earnings (resolution three)

Resolution three covers the appropriation of the corporate earnings of Natixis: payment of an ordinary dividend, paid in cash at €0.37 per share. Natixis' parent company financial statements as at December 31, 2017, show net income of €1,678,182,285.17 After taking into account retained earnings of €1,107,367,314.03 and as the legal reserve exceeds 10% of the share capital, distributable earnings amount to €2,785,549,599.20

Resolution three proposes to:

- pay a total dividend of €1,160,823,288.06;
- allocate the remaining distributable earnings to retained earnings, i.e. €1,624,726,311.14[1].

Consequently, the dividend per share is set at €0.37 (thirty-seven euro cents) and will be charged in full against distributable earnings for fiscal year 2017.

The dividend will be detached from the share on May 28, 2018, and paid starting on May 30, 2018.

For individual beneficiaries who are residents for tax purposes in France who hold shares outside a stock saving plan, these dividends are subject to income tax:

(1) This amount is estimated based on the amount of share capital at December 31, 2017. It will be adjusted depending on the number of shares entitled to dividend payouts.

- a single flat-rate withholding tax (PFU tax) of 12.8%, the fiscal base of which is the gross amount of the 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 (flat tax on capital income (PFU) or progressive income tax scale), the paying establishment located in France must collect:

- a mandatory non-definitive flat-rate withholding tax (PFO) at a rate of 12.8% (Article 117 (iv) of the French General Tax Code) as an initial income tax payment, except if individual beneficiaries who are residents for tax purposes in France have applied for an exemption under the conditions set out in Article 242 (iv) of the French General Tax Code;
- social security charges of 17.2%.

All of the Company's shares are eligible for this tax treatment.

In accordance with legal provisions, we remind you that for the three fiscal years prior to fiscal year 2017, the following dividends were distributed:

Fiscal year	Number of shares on which a dividend was paid	Dividend per share *(in euros)*	Total *(in euros)*
2014	3,116,507,621	0.34	1,059,612,591.14
2015	3,128,127,765	0.35	1,094,844,717.75
2016	3,137,074,580	0.35	1,097,976,103.00

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 2017 and until the Board of Directors' Meeting of February 13, 2018. These agreements are presented in the Statutory Auditors' special report along with those entered into prior to fiscal year 2017 and still effective, which do not need to be resubmitted to the shareholders *(see Chapter 7 section 7.6 of the Natixis 2017 registration document)*.

Only one agreement has been authorized and entered into since the last General Shareholders' Meeting. On August 1, 2017, the Board of Directors authorized the signature of an adhesion rider to the group insurance policy under Article 82 of the French General Tax Code, subscribed by BPCE with Arial CNP Assurance for company directors of Groupe BPCE who do not benefit from the "Pension plan for company directors of Groupe BPCE" or the "Natixis pension guarantee" pension plan." This rider was signed on October 17, 2017. It indirectly concerns Laurent Mignon as Chief Executive Officer.

Since the start of 2018, no agreement has been approved under the procedure set out in Article L.225-38 of the French Commercial Code.

Opinion on the components of compensation paid or granted in respect of the fiscal year ended December 31, 2017, to each executive corporate officer (resolutions five and six)

Resolutions five and six cover components of compensation paid or granted in respect of the fiscal year ended December 31, 2017, to each of the Company's executive corporate officers, i.e.: François Pérol, Chairman of the Board of Directors, and Laurent Mignon, Chief Executive Officer.

Compensation and benefits of any kind for the Chairman of the Board of Directors in 2017

In accordance with the principles approved by the General Shareholders' Meeting on May 23, 2017, François Pérol received no compensation in 2017 in connection with his duties as Chairman of the Natixis Board of Directors.

Compensation and benefits of all kinds for Laurent Mignon in connection with his duties as Chief Executive Officer of Natixis in 2017

The components of Laurent Mignon's compensation for 2017 comply with the principles approved by the General Shareholders' Meeting on May 23, 2017.

a) Laurent Mignon's fixed compensation was €960,000 for fiscal year 2017. His annual variable compensation in respect of 2017 was calculated on the basis of quantitative and strategic criteria first reviewed by the Compensation Committee then validated by the Board of Directors, and submitted to a vote at the General Shareholders' Meeting on May 23, 2017.

b) For fiscal year 2017, the target annual variable compensation was set at €1,152,000, i.e. 120% of Laurent Mignon'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. The following targets were set for 2017:

- 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 of [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%) (i) of which 10% allocated to each of the following two objectives: (x) the development and launch of the 2018-2020 strategic plan, and (y) the continued progress in the digital transformation of Natixis and its business lines and (ii) of which 5% allocated to each of the following two strategic objectives: (x) the development of Natixis' collaboration with Groupe BPCE networks and (y) managerial performance assessed based on the ability to anticipate developments, make decisions, lead the Group, and manage executive officers.

As recommended by the Compensation Committee, the Natixis Board of Directors set the amount of variable compensation for 2017 at €1,660,863. This amount shall be submitted to a vote at the General Shareholders' Meeting of May 23, 2018, and is equivalent to 144.17% of the target variable compensation:

- €520,789 will be paid in 2018, 50% of which will be indexed to the Natixis share price;

- €1,140,074 will be deferred over three years, 50% of which will be indexed to the Natixis share price, and will be paid in thirds in 2019 (100% in cash), 2020 (50% in cash and 50% indexed to the Natixis share price or in shares) and 2021 (100% indexed to the Natixis share price or in shares), provided that the presence and performance conditions are met.

With respect to strategic criteria, the Board noted progress made with the digital transformation (acquisition of fintechs Dalenys, PayPlug and S-Money, along with the development, in collaboration with Groupe BPCE, of a number of digital projects such as the digitalization of the client experience). As for the development of Natixis' collaboration with Groupe BPCE networks, synergies over the 2014-2017 period amounted to €446 million, exceeding the initial target. Furthermore, in 2017 Natixis' collaboration with Groupe BPCE networks was strengthened by Natixis' Assurances acquisition of 40% of BPCE Assurances from Macif (25%) and Maif (15%). Once this transaction was completed, Natixis Assurances became the sole shareholder of BPCE Assurances serving network customers.

In addition, the Board took under consideration steps made in 2017 to transform Natixis, including the launch of the new strategic plan, which envisions a new reworking of the organization's business model and operating methods.

It should be noted that payments in respect of annual variable compensation for 2017 will only be made after the vote at the General Shareholders' Meeting on May 23, 2018.

c) In keeping with the principle of the Chief Executive Officer's eligibility to receive free performance shares, at its meeting on May 23, 2017, the Board of Directors of Natixis allocated 29,911 free performance shares, i.e. 0.00095% of share capital at the allocation date, to the Chief Executive Officer of Natixis under the 2017 Plan for the Natixis Senior Management Committee. The performance shares allocated should vest after four years, as long as the continued service requirement and performance criteria are met. This allocation corresponds to 20% of his gross annual fixed compensation.

This aligns the Chief Executive Officer of Natixis, and the other members of its Senior Management Committee, with the relative performance of Natixis shares and the consistency of this performance. The performance conditions applicable to shares allocated in 2017 differ from the previous plan: the relative performance of Natixis shares is assessed against the average Total Shareholder Return (TSR) of the Euro Stoxx Banks index, and no longer against the median TSR of the institutions making up the index. The purpose of this change is to limit the impact of market volatility on the classification of smaller capitalizations. The annual performance of Natixis shares versus the Euro Stoxx Banks index will be compared every year over the four years covered by the plan, i.e. fiscal years 2017, 2018, 2019 and 2020, for each of the annual tranches, each representing 25% of the shares awarded. Based on the relative performance of Natixis' TSR against 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.

Thirty percent of the shares issued to the executive corporate officer at the end of the vesting period will be subject to a lock-in period ending upon the termination of his office as Chief Executive Officer of Natixis.

d) Fringe benefits

Laurent Mignon receives a family supplement (€2,379 in 2017), in accordance with the same rules as those applied to Natixis employees in France.

As a reminder, at its February 10, 2016, meeting, the Board of Directors approved a change to the personal protection insurance and supplemental health insurance of CEO Laurent Mignon, with the intention of bringing his situation in line with that of the other members of BPCE's Management Board. Of particular note is the implementation of a scheme to maintain compensation for a period of 12 months in the event of temporary incapacity to work, a scheme benefiting the other members of the BPCE Management Board. In 2017, €17,157 was declared in benefits in kind.

e) Post-employment benefits:

CEO's group pension plan and severance payments

Pension Plan

Like all staff, Laurent Mignon is covered by the mandatory pension plans. He is not covered by the kind of supplementary pension plans described in article 39 (defined benefit plan) or article 83 (voluntary defined contribution plan) of the French General Tax Code. In accordance with the undertakings given by Laurent Mignon during the past fiscal year, in 2017 the Chief Executive Officer paid €140,800 net (corresponding to €160,000 gross of his annual compensation) 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 will be paid by Laurent Mignon and not by Natixis.

Severance payments and consideration for non-compete agreement

It is reiterated that, at its February 19, 2014, meeting, the Board of Directors approved a change to its agreement relating to a severance payment and the establishment of a non-compete agreement. These obligations and agreements were submitted to a vote by the shareholders and approved during the Ordinary General Shareholders' Meeting of May 20, 2014 (resolution five). At its meeting on February 18, 2015, the Board of Directors authorized the renewal of severance pay as well as the non-compete agreement upon the Chief Executive Officer's reappointment.

The method for calculating severance pay is set out in section 2.4 of the 2017 registration document.

Approval of the principles and criteria for determining, distributing and granting the fixed, variable and non-recurring items constituting the total pay and benefits in kind of the Chairman of the Board and the Chief Executive Officer (resolutions seven and eight)

Resolutions seven and eight concern the approval of the principles and criteria for determining, distributing and granting the fixed, variable and non-recurring items constituting the total pay and benefits of any kind of the Chairman of the Board and the Chief Executive Officer of Natixis for 2018, pursuant to Article L.225-37-2 of the French Commercial Code derived from Law No. 2016-1691 of December 9, 2016, known as the "Sapin 2" law.

After consulting with the Compensation Committee and before pay packages are approved by the General Shareholders' Meeting, the Board of Directors determines the various pay components of Natixis' executive corporate officers based on the principles of competitiveness in comparison with market practices for similar positions, and the way said components relate to performance.

Please refer to the detailed information in section 2.4 of the 2017 Natixis registration document.

Chairman of the Board of Directors

No specific compensation is provided for the position of Chairman of the Natixis Board of Directors which is exercised by the President of the BPCE Management Board, as these duties fall within the scope of his responsibility and are thus included in the definition of his compensation components as President of the BPCE Management Board.

The Chairman remains, however, eligible for directors' attendance fees, but in accordance with the rules applicable within Groupe BPCE, the portion of directors' fees going to BPCE directors (including that of the Chairman) is granted and paid to BPCE and not to the directors.

Chief Executive Officer

a) The fixed compensation of the Chief Executive Officer is set in accordance with the skills and expertise necessary for performing his duties and in line with common market practice for similar positions.

For fiscal year 2018, Laurent Mignon's fixed compensation remains unchanged from the previous fiscal year and amounts to €960,000 gross.

b) Furthermore, the Chief Executive Officer's compensation is closely linked to the Company's performance, specifically through annual variable compensation that is contingent upon the achievement of predetermined objectives, the details and rate of achievement of which (i) are assessed at the end of the fiscal year by the Board of Directors on the basis of the opinion of the Compensation Committee and (ii) are then put to a vote at the General Shareholders' Meeting. Criteria include quantitative criteria relating 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 plans also include targets linked to Natixis' performance as well as strategic targets.

For fiscal year 2018, the criteria for determining the annual variable compensation approved by the Board of Directors on February 13, 2018, following a review by the Compensation Committee, and which will be put to a vote at the General Shareholders' Meeting on May 23, 2018, are as follows:

Rules for determining variable compensation for 2018

Target set at 120% of fixed compensation, with a range of between 0% and 156.75% of the target, i.e. a maximum of 188.1% of fixed compensation.

Quantitative criteria BPCE's financial performance	25%	■ 12.5% net income, group share ■ 8.3% cost/income ratio ■ 4.2% net revenues
Quantitative criteria Natixis' financial performance	45%	■ 11.25% net revenues ■ 11.25% net income (Group share)* ■ 11.25% cost/income ratio ■ 11.25% ROTE*
Strategic criteria	30%	■ 5% oversight in terms of supervision and control ■ 15% roll-out of the 2018-2020 Strategic Plan ■ 5% implementation of Natixis transformation ■ 5% managerial performance

* *Excluding non-recurring items.*

Methods for paying the Chief Executive Officer's annual variable compensation comply with applicable regulations, especially regulatory provisions relating to control over compensation, as set out in European Directive CRD IV of June 26, 2013, and its enactment into French law in the French Monetary and Financial Code, by the Ordinance of February 20, 2014, and the Ministerial Decree and Order of November 3, 2014. In particular, the payment of a fraction of the variable compensation awarded is deferred over time and is conditional. This payment is staggered over at least the three fiscal years following the year in which the variable compensation is awarded.

The deferred component of the variable compensation awarded represents at least 40% of the variable contribution granted, while 50% of the annual variable compensation is awarded in the form of shares or equivalent instruments. This rule applies to both the deferred and conditional component of variable compensation allocated and the non-deferred portion of the variable compensation.

It is reiterated that the CEO is prohibited from using hedging or insurance strategies, both during the vesting period of components of deferred variable compensation and during the lock-up period.

c) The Chief Executive Officer is eligible to receive performance shares equivalent to 20% of his fixed compensation under the long-term compensation plans for members of the Natixis Senior Management Committee. The vesting of these shares is contingent upon continued service and the achievement of performance conditions. The total of the annual variable compensation and allocation of performance shares in favor of the Chief Executive Officer during the fiscal year cannot exceed twice his fixed gross annual compensation.

d) The Chief Executive Officer also receives social protection benefits whose terms are identical to those applicable to Natixis' employees or implemented by Groupe BPCE for its executive officers.

Overall budget for compensation paid to the employees referred to in Article L.511-71 of the French Monetary and Financial Code during the fiscal year ended December 31, 2017 (resolution nine)

In accordance with the provisions of Article L.511-73 of the French Monetary and Financial Code, the purpose of resolution nine 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 2017.

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 Decree 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.

With regard to those criteria, these individuals are identified either by applying 15 qualitative criteria on account of their functions, their level of responsibility and their authority to materially commit the Company to transactions in terms of credit and risk profiles, or by considering their total level of compensation during the preceding fiscal year, consistent with the three quantitative criteria defined by regulation.

Regulated categories of staff at Natixis during the 2017 fiscal year came to a total of 321 employees:

Of which 266 staff members identified by qualitative criteria:

- directors, i.e. 15 individuals;
- members of Natixis' Senior Management Committee, i.e. 12 individuals;
- key staff responsible for control functions (Internal Audit Department, Risk and Compliance) and other support functions who are not members of the management bodies listed above, i.e. 57 individuals;
- key staff responsible for important business lines and foreign locations (excluding Asset Management and Insurance) who have not already been identified by the criteria mentioned above, i.e. 41 individuals;
- individuals with authority to take, approve or veto a decision on credit risk exposure and who are responsible for market risk exposure exceeding materiality thresholds and who have not already been identified by the criteria above, i.e. 141 individuals.

Of which 55 employees identified using quantitative criteria:

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

The functions concerned include senior bankers, heads of structured finance activities and, regarding capital market activities, structured product engineers and heads of sales.

In accordance with current regulations, Natixis has established a strict regulatory framework for the variable compensation of employees belonging to regulated categories of staff. A significant share of this compensation is indexed to the performance of Natixis shares, with payment deferred to a later date and contingent upon meeting presence and performance criteria.

Information on the compensation policy, especially for employee categories whose professional activities are likely to have a significant impact on the risk profile of Natixis, is set out in the annual report on compensation policies and practices published each year before the General Shareholders' Meeting.

The total amount of compensation paid to the above-mentioned Natixis employees during the fiscal year ended December 31, 2017, which, due to the deferred payment of variable compensation and the system of deferred payment is not equal to the compensation awarded for fiscal year 2017, amounted to €175.69 million (excluding employer social security charges). This amount includes the fixed compensation paid in 2017, the variable compensation paid in 2017 for 2016, the variable compensation paid in 2017 for previous fiscal years (2013, 2014 and 2015) and the performance shares awarded in 2012 and 2013 and delivered in 2017.

Ratification of the co-opting of a director (resolution ten)

Resolution ten proposes that the shareholders ratify the co-opting of Bernard Dupouy as a Director of the Company, which took place at the Board of Directors' Meeting of August 1, 2017, replacing Michel Grass who has resigned, for the duration of the latter's remaining term of office, until the end of the General Shareholders' Meeting called in 2019 to approve the financial statements for the fiscal year ended on December 31, 2018.

Bernard Dupouy, 62 years old, is Chairman of the Board of Directors of Banque Populaire Aquitaine Centre Atlantique *(see Bernard Dupouy's résumé in Chapter 2 "Corporate Governance" section 2.2 of the 2017 Natixis registration document).*

Appointment of four directors following their resignation to encourage the staggering of directors' terms of office (resolutions eleven to fourteen)

The Board of Directors recalls that the terms of office of eleven (11) of directors (out of the fifteen (15) currently serving directors) will expire at the end of the General Shareholders' Meeting convened to approve the financial statements for the fiscal year ended December 31, 2018.

To (i) avoid renewing large numbers of directors in 2019 all at once, and (ii) to stagger renewals more evenly (in line with the recommendations of the Afep-Medef Corporate Governance Code), Bernard Oppetit, Anne Lalou, Thierry Cahn and Françoise Lemalle (i) resigned as directors of the Company with effect from the end of the Board of Directors' meeting of May 23, 2018, prior to the General Shareholders' Meeting on the same day and (ii) have agreed to reapply as directors at the same General Shareholders' Meeting.

Consequently, under resolutions 11 to 14, the shareholders are asked to reappoint :

- Bernard Oppetit, Chairman of Centaurus Capital Limited (see Bernard Oppetit's résumé in Chapter 2, section 2.2 of the 2017 Natixis registration document);
- Anne Lalou, Managing Director of the Web School Factory and of the Innovation Factory (see Anne Lalou's résumé in Chapter 2, section 2.2 of the 2017 Natixis registration document);
- Thierry Cahn, Chairman of the Board of Directors of Banque Populaire Alsace Lorraine Champagne (see Thierry Cahn's résumé in Chapter 2, section 2.2 of the 2017 Natixis registration document);
- Françoise Lemalle, Chairman of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur (see Françoise Lemalle's résumé in Chapter 2, section 2.2 of the 2017 Natixis registration document);

as directors, following their resignation, for a period of four (4) years terminating at the end of the General Shareholders' Meeting convened in 2022 to approve the financial statements for the fiscal year ended December 31, 2021.

To balance out the number of directors' terms of office expiring every year, the above "procedure" is expected to be applied at the next Annual General Shareholders' Meetings.

Acknowledgment that the mandate of a principal Statutory Auditor and a substitute Statutory Auditor have expired, and non-renewal of said mandates (resolutions fifteen and sixteen)

In resolution fifteen, shareholders are asked not to renew the statutory auditor's mandate of the firm Mazars S.A. which expires at the end of the next General Shareholders' Meeting, as Natixis complies with its legal obligations in terms of number of auditors (Article L.823-2 of the French Commercial Code).

In resolution sixteen, shareholders are asked to acknowledge the expiry of the mandate of substitute Statutory Auditor Franck Boyer and not to provide for a replacement (contingent on the adoption of resolution 19 pertaining to the amendment of Article 19 of the Company's bylaws).

Trading by the Company in its own shares (resolution seventeen)

Resolution seventeen asks the General Shareholders' Meeting to renew, for a period of 18 months, the authorization to buy back shares allocated to the Board of Directors.

The Board of Directors would thus be authorized to set up a treasury share buyback program up to a limit of 10% of the total number of shares comprising the Company's share capital, or 5% of the total number of shares comprising the Company's share capital acquired with a view to being held and subsequently tendered in connection with a merger, spin-off or asset transfer. The Company cannot under any circumstance own at any given time more than 10% of the shares comprising its share capital. These share purchases would be for the purposes of:

- managing the liquidity contract;
- allocating or transferring shares to employees in respect of their share of the Company profits, Employee Savings plans or share buyback programs and to freely allocate shares or any other form of share allocation to members of staff;
- canceling shares;
- payment or exchange in connection with merger and acquisition transactions.

The maximum share price cannot exceed ten (10) euros per share.

These shares may be bought, sold or transferred at any time (except in the event of a public offer of the Company's shares) by any means (including block trades or the use of derivatives) in accordance with the regulations in effect *(see below the summary table on the financial resolutions submitted to the shareholders)*.

Resolutions requiring the approval of the Extraordinary General Shareholders' Meeting (resolutions eighteen to twenty-one)

Delegation of authority to the Board of Directors to decide whether to increase share capital through the issue of shares and/or securities providing access to the Company's capital reserved for members of employee savings plans with waiving of preferential subscription rights in favor of said members (resolution eighteen)

Resolution eighteen asks the General Shareholders' Meeting to delegate authority to the Board of Directors to decide on a capital increase without preferential subscription rights reserved for members of employee savings plans, up to a par value limit of fifty (50) million euros. Such a capital increase would be aimed at closely aligning employees with the Company's development.

This capital increase would be deducted from the overall ceiling of €1.5 billion decided by the General Shareholders' Meeting of May 23, 2017, in resolution fourteen.

If the Board of Directors makes use of an authority delegated to it by your General Shareholders' Meeting, it will establish, at the time of its decision, if necessary and in accordance with the law and the regulations, a supplementary report describing the final conditions of the transaction and indicating its impact on the situation of the holders of the capital stock or securities providing access to capital, particularly with respect to their share in equity. This report, along with any report by the Statutory Auditors, will be made available to the holders of the capital stock or securities providing access to capital and then brought to their attention at the next General Shareholders' Meeting.

This delegation voids, as applicable, any unused part of the delegation granted in resolution twenty by the General Shareholders' Meeting on May 23, 2017, with the stipulation that the Mauve 2018 share ownership plan in progress at the time of this meeting had been approved by the Board of Directors at its meeting of November 7, 2017, based on resolution twenty adopted by the Combined General Shareholders' Meeting of May 23, 2017.

A detailed description of the Company's business since the start of the fiscal year underway is included in the 2017 Natixis registration document.

A summary of the methods for determining the issue price are included in the table appended to this report.

Amendment of Article 19 of the bylaws (resolution nineteen)

Resolution nineteen concerns the amendment of Article 19 of the bylaws which is aimed at harmonizing this article with Article L.823-1 of the French Commercial Code as drafted in Law No. 2016-1691 of December 9, 2016, known as the "Sapin II" Law.

Henceforward, the appointment of a substitute Statutory Order is only mandatory when the principal Statutory Auditor is natural person or a single-person company.

Delegation of authority to the Board of Directors to make the necessary amendments to the bylaws in order to ensure that they comply with legislative and regulatory provisions (resolution twenty)

Resolution twenty asks shareholders to delegate powers to the Board of Directors which are necessary for ensuring that the bylaws comply with legislative and regulatory provisions, as provided for in Article L.225-36 of the French Commercial Code, contingent upon ratification of these amendments by the next General Shareholders' Meeting.

Powers to complete formalities (resolution twenty-one)

Finally, resolution twenty-one relates to the granting of the powers required to complete the legal formalities and disclosures relating to this Combined General Shareholders' Meeting.

The Board of Directors has recommended voting in favor of adopting all of the resolutions submitted to this Combined General Shareholders' Meeting.

SUMMARY TABLE ON THE FINANCIAL RESOLUTIONS SUBMITTED TO THE SHAREHOLDERS' MEETING BY YOUR BOARD OF DIRECTORS

No.	Subject	Duration	Reasons for possible uses of the delegated power	Specific ceiling	Price or procedures for determining the price	Other information and comments
17	Authorization to trade in shares of the Company	18 months	Possible objectives for share buybacks by your Company: ■ Implementing option plans to buy shares of the Company or similar plans ■ Awarding or transferring shares to employees ■ Awarding free shares to employees or directors ■ Generally, honoring obligations related to stock option programs or other share allocations to employees or directors of the issuer or a related company ■ Tendering shares upon exercising rights attached to securities granting rights to capital ■ Canceling all or a portion of the securities bought back ■ Tendering shares in connection with acquisitions, mergers, spin-off or asset transfers ■ Promoting the share in the secondary market or the liquidity of the Company's share through an investment services provider in connection with a liquidity contract that meets the terms of the compliance charter recognized by the AMF (French Financial Markets Authority) ■ 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 Shareholders' Meeting ■ The number of shares acquired with a view to holding them or subsequently tendering them in connection with a merger, spin-off or contribution may not exceed 5% of the share capital ■ For liquidity contracts, the 10% ceiling is calculated net of the number of shares resold during the authorization period ■ Overall amount allocated to the buyback program: approximately €3.1 billion	Maximum purchase price of €10 per share	■ 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
18	Issue of shares or securities giving access to capital reserved for members of employee savings plans **with preferential subscription rights (PSR)* waived**	26 months	■ Can be used to develop employee shareholding in France and abroad	■ Ceiling: fifty (50) million euros ■ Ceiling to be deducted from the Overall Ceiling*	Price set by your Board of Directors within a limit of a minimum issue price for shares or securities giving access to capital of: - 80% of the Reference Price* - 70% of the Reference Price* where the lock-up period provided for under the plan is 10 years or more	

* Overall ceiling	General ceiling for capital increases carried out under resolutions fourteen to twenty of the General Shareholders' Meeting of May 23, 2017, i.e. one and a half billion euros (€1.5 billion).
* Preferential subscription rights/PSR	PSR stands for "preferential subscription rights". "Preferential subscription right" refers to the right of each shareholder to subscribe to a number of new shares proportionate to their existing interest in the capital for a period of at least five trading days after the opening of the subscription period. This right is detachable and exchangeable for the duration of the subscription period.
* Reference Price	Average of prices of the Company's shares listed on the regulated Euronext Paris market during the 20 trading sessions preceding the decision by your Board of Directors setting the date for the opening of subscription by members of the Company or group employee savings plan (or similar plan).

7.5.2 AGENDA AND DRAFT RESOLUTIONS OF THE COMBINED GENERAL SHAREHOLDERS' MEETING OF MAY 23, 2018

Ordinary business

- Reports by the Board of Directors;
- Reports by the Statutory Auditors;
- Approval of the 2017 parent company financial statements;
- Approval of the 2017 consolidated financial statements;
- Appropriation of earnings;
- Approval of the agreements covered by Articles L.225-38 et seq. of the French Commercial Code;
- Approval of the total compensation and benefits of any kind paid or granted to the Chairman of the Board of Directors relating to the 2017 fiscal year;
- Approval of the total compensation and benefits of any kind paid or granted to the Chief Executive Officer relating to the 2017 fiscal year;
- Approval of the principles and criteria for determining, distributing and granting the fixed, variable and non-recurring items constituting the total pay and benefits in kind of the Chairman of the Board of Directors for fiscal year 2018;
- Approval of the principles and criteria for determining, distributing and granting the fixed, variable and non-recurring items constituting the total pay and benefits in kind of the Chief Executive Officer for fiscal year 2018;
- Overall budget for compensation paid to the employees referred to in Article L.511-71 of the French Monetary and Financial Code during fiscal year 2017;
- Ratification of the co-opting of Bernard Dupouy;
- Appointment of Bernard Oppetit as a director, following his resignation to encourage the staggering of directors' terms of office;
- Appointment of Anne Lalou as a director, following his resignation to encourage the staggering of directors' terms of office;
- Appointment of Thierry Cahn as a director, following his resignation to encourage the staggering of directors' terms of office;
- Appointment of Françoise Lemalle as a director, following his resignation to encourage the staggering of directors' terms of office;
- Noting of expiry of the mandate of the firm Mazars S.A., principal Statutory Auditor, and non-renewal of said mandate;
- Noting of expiry of the mandate of Franck Boyer, substitute Statutory Auditor, and non-renewal of said mandate;
- Authorization to be granted to the Board of Directors concerning the trading by the Company in its own shares;

Extraordinary business

- Delegation of authority to the Board of Directors to decide whether to increase share capital through the issue of shares and/or securities providing access to the capital of the Company, reserved for members of employee savings plans with waiving of preferential subscription rights in favor of said members;
- Amendment of Article 19 "Statutory Auditors" of the Company's bylaws;
- Delegation of authority to the Board of Directors to make the necessary amendments to the bylaws in order to ensure that they comply with legislative and regulatory provisions;
- Powers to complete formalities.

The resolutions submitted to voting by the General Meeting are as follows:

Ordinary business

Resolution one *(Approval of the 2017 parent company financial statements)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, having reviewed the report of the Statutory Auditors on the parent company financial statements for the fiscal year ended on December 31, 2017, hereby approves the 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 2017 consolidated financial statements)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, having reviewed the report of the Statutory Auditors on the consolidated financial statements for the fiscal year ended on December 31, 2017, hereby approves the 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)*

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, 2017, and approved by the shareholders at this meeting show earnings for the 2017 fiscal year of €1,678,182,285.17;
- notes that, after taking into account retained earnings of €1,107,367,314.03 and as the legal reserve exceeds 10% of the share capital, distributable earnings amount to €2,785,549,599.20;
- resolves to appropriate the distributable earnings as follows:

(i) payment to shareholders of €0.37 per share, and

(ii) allocation of the remaining distributable earnings to "Retained earnings".

Based on the share capital at December 31, 2017, and on the assumption that no treasury stock existed on that date, this should break down as follows:

To the dividend	€1,160,823,288.06
To retained earnings	€1,624,726,311.14

For individual beneficiaries who are residents for tax purposes in France who hold shares outside a stock saving plan, these dividends are subject to income tax:

- a single flat-rate withholding tax (PFU tax) of 12.8%, the fiscal base of which is the gross amount of dividends (Article 200 A of the French General Tax Code);
- or, at the express and irrevocable option of the beneficiary when declaring his/her income, at the progressive income tax scale following the application of an allowance of 40% of the gross amount of dividends (Article 158-3-2° of the French General Tax Code).

Regardless of the tax treatment of dividends for income tax purposes (PFU or progressive income tax scale), the paying establishment located in France must collect:

- a mandatory non-definitive flat-rate withholding tax (PFO) at a rate of 12.8% (Article 117 iv of the French General Tax Code) as an initial income tax payment, except if individual beneficiaries who are residents for tax purposes in France have applied for an exemption under the conditions set out in Article 242 (iv) of the French General Tax Code;
- social withholding tax at a rate of 17.2%.

All of the Company's shares are eligible for this tax treatment.

In accordance with legal provisions, the shareholders hereby note that for the three fiscal years prior to fiscal year 2017, the following dividends were distributed:

Fiscal year	Number of shares on which a dividend was paid	Dividend per share *(in euros)*	Total *(in euros)*
2014	3,116,507,621	0.34	1,059,612,591.14
2015	3,128,127,765	0.35	1,094,844,717.75
2016	3,137,074,580	0.35	1,097,976,103.00

The dividend will be detached from the share on May 28, 2018, and paid starting on May 30, 2018.

It is specified that dividends are not payable on shares owned by the Company. In the case where, 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.

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 and commitments subject to the provisions of Articles L.225-38 and seq. of the French Commercial Code, hereby approves all provisions of this report and the new agreements mentioned therein (other than those authorized by the Board of Directors on February 9, 2017, which were already submitted to the General Shareholders' Meeting on May 23, 2017), having been authorized by the Board of Directors during the fiscal year ended December 31, 2017, or after this date up until the Board of Directors' Meeting in which the financial statements for the year ended December 31, 2017, were approved.

Resolution five *(Approval of the total compensation and benefits of any kind paid or granted to the Chairman of the Board of Directors for fiscal year 2017)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby approves, in accordance with Article L.225-100 of the French Commercial Code, the components of compensation paid or granted in respect of the fiscal year ended December 31, 2017, to François Pérol, Chairman of the Board of Directors, as set out in the corporate governance report, presented in Natixis' 2017 registration document in Chapter 2, Section 2.4 and Chapter 7, Section 7.5.1.

Resolution six *(Approval of the total compensation and benefits of any kind paid or granted to the Chief Executive Officer for fiscal year 2017)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby approves, in accordance with Article L.225-100 of the French Commercial Code, the components of compensation paid or granted in respect of the fiscal year ended December 31, 2017, to Laurent Mignon, Chief Executive Officer, as set out in the corporate governance report, presented in Natixis' 2017 registration document in Chapter 2, Section 2.4 and Chapter 7, Section 7.5.1.

Resolution seven *(Approval of the principles and criteria for determining, distributing and granting the fixed, variable and non-recurring items constituting the total pay and benefits in kind of the Chairman of the Board of Directors for fiscal year 2018)*

The General Shareholders' Meeting, deliberating pursuant to the quorum and majority requirements for ordinary business, pursuant to Article L.225-37-2 of the French Commercial Code, hereby approves the principles and criteria for determining, distributing and granting the fixed, variable and non-recurring items constituting the total pay and benefits in kind of the Chairman of the Board of Directors, as set out in the corporate governance report, presented in Natixis' 2017 registration document in Chapter 2, Section 2.4 and Chapter 7, Section 7.5.1.

Resolution eight *(Approval of the principles and criteria for determining, distributing and granting the fixed, variable and non-recurring items constituting the total pay and benefits in kind of the Chief Executive Officer for fiscal year 2018)*

The General Shareholders' Meeting, deliberating pursuant to the quorum and majority requirements for ordinary business, pursuant to Article L.225-37-2 of the French Commercial Code, hereby approves the principles and criteria for determining, distributing and granting the fixed, variable and non-recurring items constituting the total pay and benefits in kind of the Chief Executive Officer, as set out in the corporate governance report, presented in Natixis' 2017 registration document in Chapter 2, Section 2.4 and Chapter 7, Section 7.5.1.

Resolution nine *(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, 2017)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, consulted in accordance with Article L.511-73 of the French Monetary and Financial Code, hereby approves the overall budget for compensation of any kind in the amount of €175.69 million, paid during the fiscal year ended December 31, 2017, to employees referred to in Article L.511-71 of the same Code.

Resolution ten *(Approval of the co-opting of Bernard Dupouy 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 August 1, 2017, of Bernard Dupouy as a director, to replace Michel Grass, who resigned, for the remainder of his term of office, i.e. until the end of the General Shareholders' Meeting convened in 2019 to approve the financial statements for the year ended December 31, 2018.

Resolution eleven *(Appointment of Bernard Oppetit as a director, following his resignation to encourage the staggering of directors' terms of office)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, and taking due note of the report of the Board of Directors, hereby resolves to reappoint Bernard Oppetit as a director, following his resignation, in order to encourage the staggering of directors' terms of office, for a period of four (4) years terminating at the end of the General Shareholders' Meeting convened in 2022 to approve the financial statements for the fiscal year ended December 31, 2021.

Bernard Oppetit has indicated that he accepts this new term of office and that he does not hold any position nor is he the subject of any measure likely to prevent him from exercising this function.

Resolution twelve *(Appointment of Anne Lalou as a director, following his resignation to encourage the staggering of directors' terms of office)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, and taking due note of the report of the Board of Directors, hereby resolves to reappoint Anne Lalou as a director, following her resignation, in order to encourage the staggering of directors' terms of office, for a period of four (4) years terminating at the end of the General Shareholders' Meeting convened in 2022 to approve the financial statements for the fiscal year ended December 31, 2021.

Anne Lalou has indicated that she accepts this new term of office and that she does not hold any position nor is she the subject of any measure likely to prevent her from exercising this function

Resolution thirteen *(Appointment of Thierry Cahn as a director, following his resignation to encourage the staggering of directors' terms of office)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, and taking due note of the report of the Board of Directors, hereby resolves to reappoint Thierry Cahn as director, following his resignation, in order to encourage the staggering of directors' terms of office, for a period of four (4) years terminating at the end of the General Shareholders' Meeting convened in 2022 to approve the financial statements for the fiscal year ended December 31, 2021.

Thierry Cahn has indicated that he accepts this new term of office and that he does not hold any position nor is he the subject of any measure likely to prevent him from exercising this function

Resolution fourteen *(Appointment of Françoise Lemalle as a director, following his resignation to encourage the staggering of directors' terms of office)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, and taking due note of the report of the Board of Directors, hereby resolves to reappoint Françoise Lemalle as director, following her resignation, in order to encourage the staggering of directors' terms of office, for a period of four (4) years terminating at the end of the General Shareholders' Meeting convened in 2022 to approve the financial statements for the fiscal year ended December 31, 2021.

Françoise Lemalle has indicated that she accepts this new term of office and that she does not hold any position nor is she the subject of any measure likely to prevent her from exercising this function

Resolution fifteen *(Noting of expiry of the mandate of the firm Mazars S.A., principal Statutory Auditor, and non-renewal of said mandate)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, and noting the expiry of the mandate of the firm Mazars S.A. at the end of this meeting, hereby resolves not to replace it.

Resolution sixteen *(Noting of expiry of the mandate of Franck Boyer, substitute Statutory Auditor, and non-renewal of said mandate)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business and noting the expiry of the mandate of substitute Statutory

Auditor Franck Boyer at the end of this meeting, hereby resolves, in accordance with applicable laws and contingent upon the adoption of resolution nineteen below, not to replace him.

Resolution seventeen *(Authorization to be granted to the Board of Directors concerning the trading by the Company in its own shares)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, having reviewed the report of the Board of Directors and in accordance with the provisions of Articles L.225-209 and seq. of the French Commercial Code, hereby authorizes the Board of Directors, with the right to sub-delegate said powers, 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 and 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 and seq. of the French Labor Code, or
- freely award shares in accordance with the provisions of Articles L.225-197-1 and seq. of the French Commercial Code, or
- in general, honor obligations related to stock option programs or other share awards to employees or directors of the issuer or a related company based on the provisions of Articles L.225-180 and L.225-197-2 of the French Commercial Code, or
- remit shares in connection with the exercise of rights attached to securities convertible into the Company's shares, by way of redemption, ordinary conversion, exchange, presentation of a warrant or any other manner; or
- cancel all or a portion of the shares bought back accordingly, or
- tender shares (for exchange, payment or another reason) in connection with acquisitions, mergers, spin-offs or contributions, or
- promote Natixis shares in the secondary market or the liquidity of Natixis shares through an investment service provider in connection with a liquidity contract that meets the terms of the compliance charter recognized by the Autorité des Marchés Financiers.

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 the shares are bought back to promote liquidity under the conditions set out by the General Regulations of the AMF, the number of shares taken into account to calculate the 10% limit provided for by the first paragraph corresponds to the number of shares purchased, net of the number of shares resold during the authorization period,
- the number of shares that the Company holds at any time whatsoever does not exceed 10% of the shares comprising the Company's share capital on the date in question, pursuant to Article L.225-210 of the French Commercial Code;

3) Resolves that the acquisition, sale or transfer of the shares may take place at any time, except in public offer periods, within the limits authorized by current legal and regulatory provisions, by any means, on regulated markets, multilateral trading platforms, with systematic internalizers or over the counter, including by means of the acquisition or sale of blocks of shares (without limiting the portion of the buyback program that may be realized by this means), by a tender or exchange offer, by using options or other forward financial instruments traded on regulated markets, multilateral trading platforms, with systematic internalizers or over the counter, or by the tendering of shares subsequent to the issue of securities giving access to the Company's capital by means of conversion, exchange or redemption, by exercising a warrant or by any other means, either directly or indirectly via an investment services provider.

The maximum purchase price under this resolution will be ten (10) euros per share (or the equivalent value of this amount on the same date in any other currency). This maximum price applies only to purchases decided from the date of this meeting and not to forward transactions entered into by virtue of an authorization given at a previous General Shareholders' Meeting and providing for purchases of shares subsequent to the date of this meeting. The shareholders delegate to the Board of Directors, in the event of a change in the par value of the share, capital increases by capitalization of reserves, free share awards, stock splits or reverse stock splits, distribution of reserves or of any other assets, redemption of capital, or any other transaction affecting the share capital, the power to adjust the maximum purchase price indicated above to take into account the impact of these transactions on the share value;

4) Resolves that the aggregate amount allocated to the share buyback program authorized above may not exceed €3,138,305,787;

5) Fully empowers the Board of Directors, with the right to sub-delegate said power, to decide upon and implement this authorization, to specify its final terms and conditions if necessary and to determine its procedures, in order to carry out the buyback program and, in particular, to place any stock market order, enter into any agreement, allocate or reallocate the shares acquired to meet the objectives sought in accordance with the applicable legal and regulatory provisions, establish the terms and conditions according to which the rights of holders of securities or options will be protected, if appropriate, in accordance with legal, regulatory or contractual provisions, make any filings with the AMF and any other competent authorities, and complete all other formalities and, in general, do whatever is necessary.

The Board of Directors will ensure that these buybacks are executed in accordance with prudential requirements, such as those established by regulation.

This authorization is granted for a period of eighteen (18) months from this meeting. It voids from this day, as applicable, any unused part of any prior delegated power given to the Board of Directors for the purpose of trading in the Company's shares, particularly that given by the shareholders in resolution twelve of the Combined General Shareholders' Meeting of May 23, 2017.

Extraordinary business

Resolution eighteen *(Delegation of authority to the Board of Directors to decide whether to increase share capital through the issue of shares and/or securities providing access to the capital of the Company, reserved for members of employee savings plans with waiving of preferential subscription rights in favor of said members)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for extraordinary business, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, in accordance with the provisions of Articles L.225-129-2, L.225-129-6, L.225-138 I and II, L.225-138-1, L.228-91 and L.228-92 of the French Commercial Code, and with the provisions of Articles L.3332-18 through L.3332-24 of the French Labor Code:

1) Delegates to the Board of Directors, with the right to sub-delegate said power under the terms set out by law, its authority to decide whether to increase share capital, in one or more stages, in France or abroad, by a maximum amount of fifty (50) million euros, through the issue of shares or securities giving access to capital reserved for members of employee savings plans implemented in one company or a group of companies in France or elsewhere, falling within the scope of consolidation or combining financial statements pursuant to Article L.3344-1 of the French Labor Code; with the understanding that (i) this resolution may be used to implement leverage effect formulas and (ii) the par value ceiling on capital increases carried out or liable to be carried out in future under this delegation of authority will be applied against the amount of the overall ceiling established in paragraph three of resolution fourteen submitted at the General Shareholders' Meeting of May 23, 2017, or, where appropriate, to the overall ceiling established under the same kind of resolution which may supersede said resolution during the period in which this delegation of authority remains valid and is set without taking into account the par value of shares to be issued to safeguard, in accordance with the law and if necessary the contractual stipulations providing for other adjustments, the rights of holders of securities giving access to the Company's capital;

2) Resolves that the delegation of issue granted under this delegation shall be valid for twenty-six (26) months from the date of this meeting;

3) Resolves that the issue price for new shares or securities giving access to capital shall be determined under the conditions provided for by law, in particular Articles L.3332-18 and seq. of the French Labor Code and shall be at least equal to 80% of the Reference Price (as defined below) or to 70% of the Reference Price where the lock-up period provided for under Article L.3332-25 of the French Labor Code is greater than or equal to 10 years; for the purposes of this paragraph, the Reference Price means the average of the prices listed for the Company's stock on the regulated Euronext Paris market during the 20 trading sessions preceding the decision setting the date for the opening of subscription for members of a Company or group employee savings plan (or similar plan);

4) Authorizes the Board of Directors to grant, free of charge, to the above-mentioned beneficiaries, in addition to shares or securities giving access to capital to be subscribed to in cash, shares or securities giving access to capital to be issued or already issued, to replace all or part of the discount relative to the Reference Price and/or the contribution, with the understanding that the advantage resulting from this granting may not exceed the applicable legal or regulatory limits as set out in Articles L.3332-11 and L.3332-21 of the French Labor Code;

5) Resolves to remove, to the benefit of the above-mentioned beneficiaries, the preferential subscription right of shareholders to shares or securities giving access to capital whose issue is the subject of this delegation, said shareholders also waiving, in the event that the above-mentioned beneficiaries are granted shares or securities giving access to capital, any rights to said shares or securities giving access to capital, including the portion of reserves, retained earnings or capitalized premiums, due to the free granting of said shares based on this resolution;

6) Authorizes the Board of Directors, under the conditions of this delegation, to carry out the sale of shares to members of a Company or group employee savings plan (or similar plan) such as those provided for in Article L.3332-24 of the French Labor Code, with the understanding that sales of shares completed with a discount in favor of members of one or several employee savings plans targeted by this resolution will be applied up to the nominal amount of shares so sold on the amount of ceilings set out in paragraph 1 below;

7) Resolves that the Board of Directors shall be fully empowered to implement this delegation of authority, with the right to sub-delegate said power under the terms set out by law, in order to:

- draw up, in accordance with legal provisions, the list of companies whose above-mentioned beneficiaries may subscribe to shares or securities giving access to capital thereby issued and who may benefit, if applicable, from freely granted shares or securities giving access to capital,
- decide that subscriptions may be carried out directly by the beneficiaries, members of a Company or group employee savings plan (or similar plan), through employee mutual funds or other structures or entities permitted under applicable legal or regulatory provisions,
- determine the conditions, particularly seniority conditions, that beneficiaries of capital increases must meet,
- set the dates for opening and closing subscriptions,
- set the amounts for issues that will be carried out under this authorization and to set, in particular, the issue prices, dates, deadlines, procedures and conditions for subscription, payment, granting and entitlement for securities (even retroactive), the rules for reduction applicable the event of oversubscription, as well as the other conditions and procedures for issues, within the applicable legal or regulatory limits,

- in the event that free shares or securities giving access to capital are granted, determine the nature, characteristics and number of shares or securities giving access to capital to be issued, the number to grant to each beneficiary, and to set the dates, deadlines, procedures and granting conditions for these shares or securities giving access to capital, within the applicable legal and regulatory limits and in particular to choose either to completely or partially replace the granting of these shares or securities giving access to capital at discounts relative to the Reference Price provided for above, or to apply the equivalent value of these shares or securities to the total amount of the contribution, or to combines these two options,
- in the event that new shares are issued, apply, if applicable, to reserves, retained earnings or issue premiums, the amounts necessary to pay up said shares,
- record the completion of capital increases up to the amount of shares that will be effectively subscribed to,
- if applicable, apply the cost of the capital increase against the related share premiums and deduct the amounts required to bring the legal reserve from this amount to a tenth of the new capital resulting from these capital increase,
- sign any agreements, carry out directly or indirectly through a representative any transactions and formalities, including carrying out formalities due to the capital increases and amending the bylaws accordingly,
- in general, enter into agreements to ensure the proposed issues are successfully completed, take any measures and decisions and carry out any formalities that are appropriate for the issue, listing and financial servicing of securities issued under this delegation of authority and the exercise of associated rights or those due to the capital increases;

8) Resolves that this delegation voids, from this day, the unused part of any similar prior delegated power given to the Board of Directors by the shareholders in the Combined General Shareholders' Meeting of May 23, 2017, under resolution twenty, with the stipulation that the Mauve 2018 share ownership plan in progress at the time of this meeting had been approved by the Board of Directors at its meeting of November 7, 2017, based on resolution twenty adopted by the Combined General Shareholders' Meeting of May 23, 2017.

Resolution nineteen *(Amendment of Article 19 "Statutory Auditors" of the Company's bylaws)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for extraordinary business, hereby resolves to amend Article 19 "Statutory Auditors" of the Company's bylaws in order to reflect the new drafting of Article L.823-1 of the French Commercial Code (as amended by Law No. 2016-1691 of December 9, 2016, known as the "Sapin II" Law):

Previous drafting	New drafting
Article 19 – Statutory Auditors	Article 19 – Statutory Auditors
The primary and substitute Statutory Auditors are appointed by the Ordinary General Shareholders' Meeting under the conditions stipulated by law. They are vested with the duties and powers conferred upon them by the laws in force.	**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.

Resolution twenty *(Delegation of authority to the Board of Directors to make the necessary amendments to the bylaws to ensure that they comply with legislative and regulatory provisions)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for extraordinary business, having taken note of the report by the Board of Directors and pursuant to the provisions of Article L.225-36 of the French Commercial Code, hereby authorizes the Board of Directors to make the necessary amendments to the Company's bylaws to ensure that they comply with legislative and regulatory provisions, contingent upon ratification of these amendments at the next Extraordinary General Shareholders' Meeting.

Resolution twenty-one *(Powers to complete formalities)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary and extraordinary business, hereby confers all powers to the bearer of an original, a copy, or an extract of the minutes of its deliberations to carry out any and all filings and formalities required by law.

7.6 Statutory Auditors' special report on related-party agreements and commitments

General Shareholders' Meeting called to approve the financial statements for the fiscal year ended December 31, 2017

To the Shareholders,

In our capacity as your Company's Statutory Auditors, we hereby submit our report on related-party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the key features, terms and conditions as well as the reasons justifying the relevance for the Company of the contractual agreements and commitments that have been indicated to us or that we may have identified in the performance of our assignment. It is not our role to comment as to whether they are beneficial, or to ascertain the existence of any other agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code, to assess the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required to inform you, in accordance with Article R. 225-31 of the French Commercial Code, of the execution during the past fiscal year of the agreements and commitments already approved by the General Shareholders' Meeting.

We performed the procedures we considered necessary to comply with the professional code of the Compagnie Nationale des Commissaires aux Comptes (France's National Association of Statutory Auditors) relating to this assignment. Our work consisted in verifying that the information provided to us is consistent with the underlying documents from which it was extracted.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL SHAREHOLDERS' MEETING

Agreements and commitments authorized during the past fiscal year

In accordance with Article L. 225-40 of the French Commercial Code, we were informed of the following agreements and commitments approved by the Board of Directors.

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.

Directors concerned at the date on which the agreement was signed:

- *François Pérol, President of the BPCE Management Board, Chairman of the Natixis Board of Directors,*
- *Laurent Mignon, Chief Executive Officer of Natixis and member of the BPCE Management Board,*
- *Marguerite Bérard-Andrieu, member of the BPCE Management Board and permanent representative of BPCE at Natixis,*
- *Alain Condaminas, member of the BPCE Supervisory Board and member of the Natixis Board of Directors,*
- *Thierry Cahn, member of the BPCE Supervisory Board and member of the Natixis Board of Directors,*
- *Françoise Lemalle, member of the BPCE Supervisory Board and member of the Natixis Board of Directors, and*
- *Stéphanie Paix, member of the BPCE Supervisory Board and member of the Natixis Board of Directors.*

This agreement had no financial impact in 2017.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL SHAREHOLDERS' MEETING

Agreements and commitments authorized during previous fiscal years

In accordance with Article R. 225-30 of the French Commercial Code, we were notified of the ongoing execution in the previous fiscal year of the following agreements and commitments, already approved by the General Shareholders' Meeting in previous years.

1. 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 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.

Directors concerned at the date on which the agreement was signed:

- *BPCE, Member of the Board and shareholder of Banque Palatine and Natixis, represented by Daniel Karyotis on the Natixis Board of Directors*
- *Michel Grass, Member of the Board of Banque Palatine and Natixis*

This agreement had no financial impact in 2017.

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 16, 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 protocol 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.

Directors concerned at the date on which the amendment to the compensation agreement was signed:

- *BPCE, represented by Marguerite Bérard-Andrieu on the Natixis Board of Directors.*
- *Sylvie Garcelon, Member of the Board of Banque Palatine and Natixis*

The expense recognized by Natixis in respect of the amendment to the cancellation agreement amounted to €800,000 (including tax) for fiscal year 2017.

2. Amendment to Laurent Mignon's personal protection and health insurance scheme

On February 10, 2016, the Board of Directors decided to amend the personal protection and health insurance scheme for Laurent Mignon, CEO, to maintain his level of compensation for 12 months in the event he is temporarily unable to work, and confirm his coverage by the personal protection and health insurance scheme for Natixis S.A. employees, as well as the Quatrem death and disability plan extended to certain members of Groupe BPCE senior management, including "Surviving Spouse Annuity".

This decision gives Laurent Mignon social protection similar to that of other members of the BPCE Management Board. This agreement was approved by the May 24, 2016 General Shareholders' Meeting.

Director concerned at the date on which the agreement was signed:

- *Laurent Mignon, Chief Executive Officer of Natixis.*

This agreement had no financial impact in 2017, other than for employer contributions paid under these plans.

3. Renewal as required of the commitments and agreements made in favor of Laurent Mignon

As part of Laurent Mignon's reappointment as Chief Executive Officer for a duration of four years, on February 18, 2015, the Board of Directors authorized the renewal, as required, of the commitments and agreements made in favor of Laurent Mignon, namely:

- The commitment related to the severance payment and related amendment n°1, as authorized by the Board of Directors on February 22, 2011, and February 19, 2014. The Chief Executive Officer will not receive severance payments in the event of gross negligence or willful misconduct, if he leaves the Company at his initiative to take another position or changes his position within Groupe BPCE. The rules for calculating the amount of Laurent Mignon's severance pay are compliant with the principles in effect for members of BPCE's Executive Board. This agreement, along with amendment n°1 to this agreement, were approved by the May 20, 2014 General Shareholders' Meeting.
- The non-compete agreement as authorized by the Board of Directors on February 19, 2014. This non-compete agreement is limited to a period of six months, and includes a payment equal to six months' fixed compensation, as paid on the date when his corporate office is terminated, on the understanding that the total amount of the severance payment and the non-compete payment may not exceed a cap set at 24 months' monthly compensation, as defined in the commitment relating to his severance payment. This provision is in line with the implementation of the New Frontier plan and retention practices. This agreement was approved at the Ordinary General Shareholders' Meeting of May20, 2014.

These agreements were approved again by the May 19, 2015 General Shareholders' Meeting.

Director concerned at the date on which the agreement was signed:

- *Laurent Mignon, Chief Executive Officer of Natixis.*

This agreement had no financial impact in 2017.

4. Memorandum of Understanding and agreements relating to the new partnership agreements between the CNP and BPCE groups

At its meeting of August 6, 2013, the Board of Directors assigned 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 which is to:

- acknowledge the non-renewal of the Current Agreements;
- determine, organize, and manage the contractual package formed by the New Partnership Agreements, for which the protocol is the umbrella agreement;
- determine the term of the New Partnership Agreements, namely seven years as from January 1, 2016. At the end of this seven-year period, BPCE will be able to either extend the new partnership agreements for a period of three years as from January 1, 2023, or to purchase CNP's insurance deposit inventory. BPCE will have the option of acquiring the existing portfolio at December 31, 2020, and CNP the option, in 2020 and 2022, of notifying BPCE of its desire to initiate discussions with a view to such sale;
- determine and organize the operation of the Partnership Monitoring Committee (and of any potential sub-committees set up by the latter); and
- more broadly, organize and manage the relations between the Parties under the Renewed Partnership.

  Directors concerned at the date on which the agreement was signed:

  - *François Pérol, President of the BPCE Management Board, Chairman of the Natixis Board of Directors, and member of the CNP Assurances Board of Directors,*
  - *Laurent Mignon, Chief Executive Officer of Natixis and member of the BPCE Management Board,*
  - *Daniel Karyotis, member of the BPCE Management Board, and permanent representative of BPCE at Natixis,*
  - *Alain Condaminas, member of the BPCE Supervisory Board, and member of the Natixis Board of Directors,*
  - *Catherine Halberstadt, member of the BPCE Supervisory Board, and member of the Natixis Board of Directors,*
  - *Didier Patault, member of the BPCE Supervisory Board and member of the Natixis Board of Directors,*
  - *Thierry Cahn, member of the BPCE Supervisory Board and member of the Natixis Board of Directors, and*
  - *Pierre Valentin, member of the BPCE Supervisory Board and member of the Natixis Board of Directors.*

Agreements entered into by CNP Assurances, BPCE, Natixis, and ABP Vie (a subsidiary of Natixis Assurances)

- Quota share reinsurance treaty entered into by CNP Assurances and ABP Vie in the presence of Natixis, with a view to ABP Vie, a Natixis Assurances subsidiary, reinsuring 10% of CNP Assurances' life insurance and accumulation product inventory, which will be distributed by the Caisses d'Epargne network until December 31, 2015, and during the interim period determined in the protocol.
- New business tranche 1 reinsurance treaty entered into by ABP Vie and CNP Assurances in the presence of Natixis: quota share reinsurance by CNP Assurances of 40% of all ABP Vie's life insurance and accumulation products distributed by the Caisses d'Epargne network as from January 1, 2016.
- New business tranche 2 reinsurance treaty entered into by ABP Vie and CNP Assurances in the presence of BPCE and Natixis: quota share reinsurance of 90% of the new business from former CNP customers by CNP Assurances.
- Tranche 2 reinsurance matching agreement entered into by ABP Vie, CNP Assurances and BPCE, in the presence of Natixis, the aim of which is to determine the procedures for the management of events:
  - the provision to CNP Assurances of the list of customers covered by BPCE, in accordance with the frequencies and procedures provided for in said agreement, as from the recognition of a market shock (interest-rate shock or behavioral shock); and
  - the implementation of the tests required for the proper operation of the determination and information exchange mechanisms provided for in said agreement.
- 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.

Directors concerned at the date on which the agreement was signed:

- *François Pérol, President of the BPCE Management Board, Chairman of the Natixis Board of Directors, and member of the CNP Assurances Board of Directors,*
- *Laurent Mignon, Chief Executive Officer of Natixis and member of the BPCE Management Board,*
- *Daniel Karyotis, member of the BPCE Management Board and permanent representative of BPCE at Natixis,*
- *Alain Condaminas, member of the BPCE Supervisory Board, and member of the Natixis Board of Directors,*
- *Catherine Halberstadt, member of the BPCE Supervisory Board, and member of the Natixis Board of Directors,*
- *Didier Patault, member of the BPCE Supervisory Board and member of the Natixis Board of Directors,*
- *Thierry Cahn, member of the BPCE Supervisory Board and member of the Natixis Board of Directors, and*
- *Pierre Valentin, member of the BPCE Supervisory Board and member of the Natixis Board of Directors.*

These agreements were approved by the May 19, 2015 General Shareholders' Meeting.

These agreements had no financial impact in 2017.

5. Authorization of an underwriting agreement

On June 25, 2014, the Board of Directors authorized the sale of 79,989,067 Coface shares, with the option of increasing this number to a maximum of 91,987,426 shares sold if the green-shoe option was fully exercised, as part of a retail public offering in France and a global offering for institutional investors both in and outside France.

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.

Directors concerned at the date on which the agreement was signed:

- *François Pérol, President of the BPCE Management Board, Chairman of the Natixis Board of Directors.*
- *Laurent Mignon, Chief Executive Officer of Natixis.*
- *BPCE, Member of the Board and shareholder of Natixis, represented by Daniel Karyotis, Chief Financial Officer and Member of the BPCE Management Board, BPCE's Permanent Representative on the Natixis Board of Directors.*

This agreement had no financial impact in 2017.

6. The "3a2" debt issuance program in the United States implemented by BPCE and the amendment to the agreement relating to the guarantee granted to the 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.

Directors concerned at the date on which the agreement was signed:

- *François Pérol, President of the BPCE Management Board, Chairman of the Natixis Board of Directors.*
- *Stève Gentili, Member of the BPCE Supervisory Board, Natixis Director.*
- *Didier Patault, Member of the BPCE Supervisory Board, Natixis Director.*
- *Philippe Sueur, Vice-Chairman of the Steering and Supervisory Committee of Caisse d'Epargne Ile-de-France, Natixis Director.*
- *Thierry Cahn, Member of the BPCE Supervisory Board, Natixis Director.*
- *Alain Condaminas, Member of the BPCE Supervisory Board, Natixis Director.*
- *Catherine Halberstadt, Member of the BPCE Supervisory Board, Natixis Director.*
- *Pierre Valentin, Member of the BPCE Supervisory Board, Natixis Director.*
- *Stéphanie Paix, Chairman of the Management Board of Caisse d'Epargne Rhône-Alpes, Natixis Director.*
- *BPCE, represented by Daniel Karyotis, Chief Financial Officer and Member of the BPCE Management Board, BPCE's Permanent Representative on the Natixis Board of Directors.*

The income recognized by the Natixis New York branch in respect of this agreement amounted to €737,934 for the fiscal year ended December 31, 2017.

7. Reciprocal financial guarantee pertaining to the "Neptune" Deal between Natixis S.A. and Natixis Real Estate Capital Inc.

On February 24, 2010, the Board of Directors approved a financial guarantee agreement between Natixis and Natixis Real Estate Capital Inc., mirroring the Neptune guarantee and covering all GAPC assets held by Natixis Real Estate Capital Inc.

This financial guarantee took the legal form of a risk participation to cover Natixis Real Estate Capital Inc., in proportion to a share of a portfolio of assets held by Natixis Real Estate Capital Inc. at June 30, 2009, following the clear failure to pay the amounts due in relation to the assets on the contractually agreed payment date.

Term of the agreement: the agreement will end on the final maturity date.

This agreement was approved by the May 26, 2011 General Shareholders' Meeting.

This agreement had no financial impact in 2017.

8. Preliminary agreement between Natixis and BPCE regarding the guarantee mechanism covering certain GAPC assets and the agreements pertaining to the guarantee.

On August 25, 2009, the Board of Directors approved a preliminary agreement between Natixis and BPCE for the purpose of protecting Natixis against future losses and any earnings volatility caused by assets ring-fenced by its Workout Portfolio Management structure (GAPC).

This preliminary agreement resulted in the signing of several agreements between Natixis and BPCE relating to the guarantee of certain GAPC assets.

On November 12, 2009, the Board of Directors approved a number of agreements regarding the guarantee covering certain GAPC assets, namely:

- the Financial Guarantee agreement, under which BPCE agrees to grant Natixis a financial guarantee;
- the ISDA Master Agreement and Appendix, between BPCE and Natixis;
- total return swap agreements between Natixis and BPCE, one of which relates to euro-denominated assets and the other to US dollar-denominated assets;
- the Call Option granted by BPCE to Natixis;
- the "Miroir NLI" Reciprocal Financial Guarantee between Natixis and Natixis Luxembourg Investissements;
- the "Miroir NFP" Reciprocal Financial Guarantee between Natixis and Natixis Financial Products Inc.;
- the "Miroir NFUSA" Reciprocal Financial Guarantee between Natixis and Natixis Funding USA, LLC;
- the "Miroir IXIS CMNA Australia" Reciprocal Financial Guarantee between Natixis and IXIS CMNA Australia No. 2 SCA;
- the "Miroir NFP" Reciprocal total return swap agreement between Natixis and Natixis Financial Products Inc.;
- the "Miroir NREC" Reciprocal total return swap agreement between Natixis and Natixis Real Estate Capital Inc.;
- governance arrangements set up in respect of the GAPC guarantee (specifically including draft operating charters for the Guarantee Supervision Committee and Workout Portfolio Management Committee). These agreements were approved by the May 27, 2010 General Shareholders' Meeting.

On August 5, 2010, the Board of Directors approved Amendment No. 1 to the financial guarantee dated November 12, 2009 (risk participation) between Natixis and BPCE.

The purpose of this amendment was to clarify the application of certain of the Guarantee's provisions to covered assets subject to a write-down.

This amendment was approved by the May 26, 2011 General Shareholders' Meeting.

Directors concerned at the date on which the agreement was signed:

- *François Pérol, President of the BPCE Management Board, Chairman of the Natixis Board of Directors.*
- *Alain Lemaire, Member of the BPCE Management Board, Member of the Natixis Board of Directors.*
- *Yvan de la Porte du Theil, Member of the BPCE Management Board, Member of the Natixis Board of Directors.*
- *Nicolas Duhamel, Member of the BPCE Management Board, Permanent Representative Member of the Natixis Board of Directors.*
- *Stève Gentili, Member of the BPCE Supervisory Board, Member of the Natixis Board of Directors.*
- *Francis Henry, Member of the BPCE Supervisory Board, Member of the Natixis Board of Directors.*
- *Bernard Jeannin, Member of the BPCE Supervisory Board, Member of the Natixis Board of Directors, and*
- *Didier Patault, Member of the BPCE Supervisory Board, Member of the Natixis Board of Directors.*

The change in the fair value of the total return swaps gave rise to the recognition of an expense of €5,512,905 for the fiscal year ended December 31, 2017, in respect of Natixis' activities, and to an expense of USD 416,159 in respect of the subsidiaries' activities. This expense was neutralized in Natixis' accounts by recognizing an offsetting expense against the subsidiaries.

As the premium was immediately recognized in the balance sheet, its revaluation led to the recording of income amounting to €5,902,269 for the 2017 fiscal year.

The income recognized by Natixis in respect of cancellation payments amounted to €28,730 in the 2017 fiscal year.

There was no activation of guarantees in the 2017 fiscal year.

9. Authorization of a related-party agreement on the Chapel Deal between Natixis and BPCE

On May 11, 2011, the Board of Directors approved an agreement on the Chapel Deal between Natixis and BPCE. The Chapel Deal is part of GAPC (workout portfolio management), within a structured product called Sahara that provides a closer reflection of the rating of high-quality assets held by GAPC. These securities are covered by the "Neptune" Guarantee entered into with BPCE in 2009. To re-establish the equivalent of the Neptune Guarantee, from which Natixis benefited via Sahara, it was proposed that BPCE should guarantee the Chapel security via a total return swap (TRS) at the same time as the Chapel assets were bought back by Natixis.

This agreement was approved by the May 29, 2012 General Shareholders' Meeting.

Directors concerned at the date on which the agreement was signed:

- *François Pérol, President of the BPCE Management Board, Chairman of the Natixis Board of Directors.*
- *Stève Gentili, Member of the BPCE Supervisory Board, Natixis Director.*
- *Didier Patault, Member of the BPCE Supervisory Board, Natixis Director.*
- *Bernard Jeannin, Member of the BPCE Supervisory Board, Natixis Director.*
- *Olivier Klein, Member of the BPCE Management Board, Natixis Director.*
- *Jean Criton, Member of the BPCE Supervisory Board, Natixis Director.*
- *Philippe Queuille, Member of the BPCE Management Board, Natixis Director.*
- *Philippe Sueur, Vice-Chairman of the Steering and Supervisory Committee of Caisse d'Epargne Ile-de-France, Natixis Director.*
- *Jean-Bernard Mateu, Chairman of the Management Board of Caisse d'Epargne Rhône-Alpes, Natixis Director.*
- *BPCE, represented by Nicolas Duhamel, Chief Financial Officer and Member of the BPCE Management Board, BPCE's permanent representative on the Natixis Board of Directors.*

This agreement had no financial impact in 2017.

10. Invoicing agreement pertaining to Natixis' affiliation to BPCE

On February 22, 2012, the Board of Directors authorized a new invoicing agreement pertaining to Natixis' affiliation to BPCE, in replacement of the existing affiliation agreement.

This new invoicing agreement is aimed at providing a better reflection of the proportion of BPCE's governance functions that relate to affiliated entities. It provides for annual invoicing based on the actual cost of the tasks performed by BPCE.

Term of the agreement: the agreement will enter into effect for the parties while Natixis is affiliated to BPCE, within the meaning of the provisions of Article L. 511-31 of the French Monetary and Financial Code.

This agreement was approved by the May 29, 2012 General Shareholders' Meeting.

Directors concerned at the date on which the agreement was signed:

- *François Pérol, President of the BPCE Management Board, Chairman of the Natixis Board of Directors.*
- *Stève Gentili, Member of the BPCE Supervisory Board, Natixis Director.*
- *Didier Patault, Member of the BPCE Supervisory Board, Natixis Director.*
- *Bernard Jeannin, Member of the BPCE Supervisory Board, Natixis Director.*
- *Olivier Klein, Member of the BPCE Management Board, Natixis Director.*
- *Jean Criton, Member of the BPCE Supervisory Board, Natixis Director.*
- *Philippe Queuille, Member of the BPCE Management Board, Natixis Director.*
- *Philippe Sueur, Vice-Chairman of the Steering and Supervisory Committee of Caisse d'Epargne Ile-de-France, Natixis Director.*
- *BPCE, represented by Nicolas Duhamel, Chief Financial Officer and Member of the BPCE Management Board, BPCE's permanent representative on the Natixis Board of Directors.*

The expenses recognized by Natixis in respect of this agreement amounted to €33,340,383.00 for the fiscal year ended December 31, 2017.

11. Agreement providing for the distribution of Natixis products and services to the regional banks acquired from HSBC by the Banque Populaire Group

On December 18, 2008, the Supervisory Board approved an agreement providing for the distribution of Natixis products and services to the regional banks acquired from HSBC by the Banque Populaire Group, pursuant to which Natixis was to be the exclusive supplier to these banks for the businesses concerned by the agreement as from 2009. The agreement also stipulated that the conditions established between Natixis and the Banque Populaire Group should apply to these banks.

This agreement was approved by the April 30, 2009 General Shareholders' Meeting.

The income recognized in respect of the activation of guarantees in the 2017 fiscal year amounted to €537,244.

12. "Click'n Trade" service and partnership agreement between IXIS CIB, CNCE and Banque Palatine

On June 6, 2007, the Supervisory Board approved a service agreement between IXIS CIB, CNCE and Banque Palatine pertaining to CNCE's transfer to Banque Palatine of the operating and technical management of the "Click'n Trade" website, with CNCE retaining ownership of the website, and remaining the forward and cash currency transactions counterparty for IXIS CIB.

The income recognized by Natixis in respect of this agreement amounted to €92,500 for the fiscal year ended December 31, 2017.

13. Letters of joint and several commitment and guarantee terminated or expired

IXIS CIB (previously known as CDC Marchés and then as CDC IXIS Capital Markets) was required to enter into a number of letters of joint and several commitment and guarantee with its various successive shareholders, namely the Caisse des Dépôts (CDC), CDC Finance - CDC IXIS (to which CNCE became the successor in interest following the merger dated December 31, 2004) and CNCE.

Likewise, IXIS CIB has been required to enter into letters of joint and several commitment and guarantee with its US subsidiaries, namely Natixis Municipal Products Inc. (formerly CDC Municipal Products Inc.), Natixis Derivatives Inc. (formerly CDC Derivatives Inc.), Natixis Financial Products Inc. (formerly CDC Financial Products Inc.), Natixis Funding Corp. (formerly CDC IXIS Funding Corp.) and Natixis Commercial Paper Corp. (formerly CDC IXIS Commercial Paper Corp.).

All of these letters of joint and several guarantee and commitment had expired or been terminated at the date of this report, but continue to apply retrospectively to all the guaranteed transactions entered into prior to the date on which the underlying joint and several guarantees were terminated or expired, until these transactions have been fully unwound.

In the case of joint and several guarantees entered into with CDC Finance-CDC IXIS, the IXIS CIB creditors for transactions secured under these guarantees that were entered into before the expiry of the respective guarantees may, in accordance with the letter from the Chief Executive Officer of CDC dated October 12, 2004, enforce their rights directly against CDC until the maturity of the guaranteed transactions, as if this commitment had been taken out directly by CDC on behalf of the IXIS CIB creditors.

The conditions governing the payment and calculation of the fees payable by IXIS CIB in respect of the guarantees were defined in an agreement with CDC Finance-CDC IXIS and CNCE.

The expenses recognized by Natixis in respect of these agreements came to €697,455 for the fiscal year ended December 31, 2017.

French original signed in Neuilly-sur-Seine and Paris La Défense on March 23, 2018

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
Charlotte Vandeputte	Agnès Hussherr	Charles de Boisriou
Jean-Marc Mickeler	Patrice Morot	Emmanuel Dooseman

8

ADDITIONAL INFORMATION

8.1 Statement by the Person responsible for the registration document

I hereby declare that, to the best of my knowledge, after having taken all reasonable measures to this end, the information contained in this registration document is true and accurate, and contains no omissions liable to impair its significance.

To the best of my knowledge, the financial statements were prepared in accordance with applicable accounting standards and provide a true image of the assets, the financial position and the income of the Company, and all businesses entering in the scope of consolidation, and the management report presents a true picture of changes in the business, of the income and of the financial position of the Company and all the businesses included in the scope of consolidation as well as a description of all the main risks and uncertainties with which they are confronted.

I have obtained a letter from the Statutory Auditors certifying the completion of their work, in which they indicate that they have examined the information relating to the financial position and the financial statements given in this document and have read the entire document.

Paris, France, March 23, 2018

Laurent Mignon

Chief Executive Officer

8.2 Documents available to the public

Documents concerning Natixis (Articles of Association, bylaws, reports, Code of Conduct, mail and other documents, historical parent company and consolidated financial information, for each of the two fiscal years prior to the publication of this document) are partly included in this document and may be consulted at the Company's head office, preferably on appointment.

This registration document is available in the "Investor Relations" section of the Company's institutional website, *www.natixis.com*.

Any person wishing to obtain additional information about Natixis can request documents free of charge and without obligation:

- by mail: Natixis Communication financière - Relations investisseurs Immeuble Arc-de-Seine 30, avenue Pierre-Mendès-France 75013 Paris
- by telephone: +33 (0) 1 58 19 26 34 or +33 (0) 1 58 32 06 94
- by e-mail: *investorelations@natixis.com*

8.3 Cross-reference table of registration document

In order to make this document easier to read, the following cross-reference table outlines the main headings required by Annex 1 of EC regulation No. 809/2004 of April 29, 2004, implementing the so-called "Prospectus" Directive.

Pursuant to Article 28 of Commission regulation No. (EC) 809/2004 of April 29, 2004, the following information is incorporated by reference in this registration document:

- the parent company and consolidated financial statements for the year ended December 31, 2016, presented respectively on pages 351 to 390 and 204 to 348, the Statutory Auditors' report thereon, respectively pages 391 to 392 and 349 to 350, and the Group management report, on pages 188 to 202 of the registration document filed with the AMF on March 21, 2017 under number D.17-0195;
- the parent company and consolidated financial statements for the year ended December 31, 2015, presented respectively on pages 338 to 372 and 206 to 335, the Statutory Auditors' report thereon, respectively pages 373 to 374 and 336 to 337, and the Group management report, on pages 190 to 204 of the registration document filed with the AMF on March 10, 2016 under number D.16-0127;

All other chapters of reference documents filed under numbers D.17-0195 and D. 16-0127 that are not mentioned above are either of no material interest to investors or covered elsewhere in this registration document.

8.4 Cross-reference table for the annual financial report

Heading	Registration document page number
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2. Consolidated financial statements	**194 to 337**
3. Management report (see 8.5 for detail)	
■ Analysis of business trend	178 to 182
■ Analysis of results	183-184
■ Analysis of financial position	100 to 105; 118 to 146; 151 to 162; 178 to 192
■ Key financial and non-financial performance indicators	12-13; 399 to 432
■ Principal risks and uncertainties	101 to 108
■ Financial risks relating to the effects of climate change and the presentation of the company's measures to reduce these effects through a low-carbon strategy in all aspects of its business.	406 to 411
■ Internal control and risk management procedures relating to the preparation and processing of accounting and financial information	387 to 389
■ Objective and policy for hedging transactions for which hedge accounting is used.	231-232
■ Payment terms information	183
■ Information relative to the locations and activities in each country or territory	323 to 329
4. Declaration by the person responsible for the registration document	**476**
5. Statutory Auditors' report on the financial statements	**382 to 386**
6. Statutory Auditors' report on the consolidated financial statements	**338 to 343**
7. Statutory Auditors' special report on related-party agreements and commitments	**468 to 474**
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8.5 Cross-reference table for the management report

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1.	**Operations during 2017**	
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2.	**Progress made and difficulties encountered in 2016**	**178 to 182**
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8.	**Information relative to the locations and activities in each country or territory**	**323 to 329**
9.	**Key characteristics of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information**	**387 to 389**
10.	**Labor, social and environmental information**	**391 to 435**
11.	**Vigilance action plan**	**408 to 410**
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	Parent company results for the last five years	381

8.6 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	Reference in Pillar III report	Page of Pillar III report	Page of registration document
Risk governance and management				
Article 435 (1)	(EBA) EU OVA - Bank risk management approach	2.1 Governance & 2.2 Risk management organization	12-13	113-114
		2.4 Risk appetite	14-15	114-115
		2.7 Stress tests	27	117
Article 435 (1)	(EBA) CRA - General information about credit risk	5.1. Credit risk control organization	58	127
		5.2. Credit policy	58-59	127
Article 435 (1)	(EBA) CCRA - Qualitative disclosure related to counterparty credit risk	6.1. Counterparty risk management	84	128
Article 435 (1)	(EBA) MRA - Qualitative disclosure requirements related to market risk	8.1. Market risk management	100	140
Linkages between financial statements and regulatory exposures				
Article 436 (b)	EU LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statements with regulatory risk categories	Table 1	31	119-120
Article 436 (b)	EU LI3 - Differences between consolidation scopes (entity by entity)	Table 2	33	
Article 436 (b)	EU LIA – Explanations of differences between accounting and regulatory exposure amounts	3.2 Prudential consolidation scope	31 to 35	118 to 120
Macro-prudential supervisory measures				
Article 458	(BCBS March 2016) CCyB1 – Geographical distribution of credit exposures used in the countercyclical buffer	Table 6	45	
Leverage ratio				
Article 451	(BCBS March 2016) LR1 – Comparison of accounting exposures and leverage exposures	Table 55	115	157
	(BCBS March 2016) LR2 – Leverage ratio	Appendix 3	160	
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Article 438 (c) (f)	(EBA) EU OV1 - Overview of RWA	Table 11	53	
Article 438 last paragraph	(EBA) EU CR10 - IRB - Specialized lending and equities	Table 32	81	
Art. 438 (c), (d), (e) and (f)	NX01 - EAD, RWA and EFP by approach and by Basel exposure class	Table 10	52	135-136
Art. 442 (c)	NX03 - Exposures and EAD and by Basel exposure class	Table 12	54	136
Art. 442 (d), (e) and (f)	NX05 - EAD by geography and by exposure class	Table 13	55	137
Art. 444 (a), (b) and (c)	NX11BIS - EAD by exposure class and by agency – Standardized approach	Table 14	56	
Art. 453 (d)	NX17 - Secured exposure by rating and by type of guarantor	Table 15	56	
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Article 442 (a) and (b)	CRBA - Additional disclosure related to the credit quality of assets		59	135; 227 to 247

CRR Article	Basel Committee/ EBA tables and statements	Reference in Pillar III report	Page of Pillar III report	Page of registration document
Article 442 (c), (g) and (h)	(EBA) EU CR1 - Credit quality of assets	Table 18	64	
Article 453 (a) (e)	(EBA) EU CRC - Qualitative disclosure requirements related to credit risk mitigation techniques	5.5. Credit risk mitigation techniques	60-61	133
Article 453 (f) and (g)	(EBA) EU CR3 - Credit risk mitigation techniques – Overview	Table 16	62	
Article 442 (c)	(EBA) EU CRB-B - Total and average net amount of exposures	Table 19	65	
Article 442 (d)	(EBA) EU CRB-C - Geographical breakdown of exposures	Table 20	66	
Article 442 (e)	(EBA) EU CRB-D - Concentration of exposures by industry or counterparty type	Table 21	67	
Article 442 (f)	(EBA) EU CRB-E - Maturity of exposures	Table 22	68	
Credit risk – Standardized approach				
Article 444 (a) (d)	(EBA) EU CRD - Qualitative disclosures on banks' use of external credit ratings under the standardized approach for credit risk	5.6. Credit risk: standardized approach	69	129
Article 453 (f) and (g)	(EBA) EU CR4 - Standardized approach – credit risk exposure and Credit Risk Mitigation (CRM) effects	Table 24	71	
Article 444 (e)	(EBA) EU CR5 - EAD by asset class and risk weight	Table 25	71	
Credit risk – IRB				
Article 452 (a) (c)	(EBA) EU CRE - Qualitative disclosures related to IRB models	5.7. Credit risk: internal ratings-based approach	72 to 76	128 to 132
Article 452 (e)(h) and (j)	(EBA) EU CR6 - IRB – Credit risk exposures by portfolio and PD range	Table 31	77 to 80	
Article 453 (g)	(EBA) EU CR7 - Internal rating – Effect on RWA of credit derivatives used as CRM techniques	Table 17	63	
Article 92 (3) and 438 (d)	(EBA) EU CR8 - RWA flow statements of credit risk exposures under IRB	Table 30	77	
Art. 452 (j)	NX16 - Average weighted PD and average weighted LGD by geography	Table 27	73	
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Article 439 (e), (f) and (i)	(EBA) EU CCR1 - Analysis of counterparty credit risk (CCR) exposure by approach	Table 36	85	
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Article 444 (e)	(EBA) EU CCR3 - Standardized approach of CCR exposures by regulatory portfolio and risk weight	Table 37	86	
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	(EBA) EU CCR6 - Credit derivative exposures	Table 39	89	
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Article 449	(BCBS) SECA – Qualitative disclosure requirements related to securitization exposures	7.2. Management of risks related to securitization transactions	94-95	139
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CRR Article	Basel Committee/ EBA tables and statements	Reference in Pillar III report	Page of Pillar III report	Page of registration document
	(BCBS) SEC3 - Securitization exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor	Table 48	98	
	(BCBS) SEC4 - Securitization exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as investor	Table 49	98	
Art. 449 (k)	NX33BIS - Banking book EAD by agency	Table 42	95	
Market risk				
Art. 445	(EBA) EU MR1 - Market risk own funds requirements	Table 50	104	
Article 105 and Article 455 (c)	(EBA) EU MRB A - Qualitative disclosures for banks using the Internal Models Approach (IMA)	8.3 Methodology for measuring market risk	102-103	140 to 142
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Article 446	(BCBS) ORA – General qualitative data on operational risk management	10. Operational risk	124 to 127	147 to 150
	(BCBS) OR1 – Change in operational losses	Table 61	126	
	(BCBS) OR3 – Change in operational losses declared in 2017 - Corep approach	Table 62	126	
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Article 448	(BCBS) Table A – IRRBB management policies and objectives	9.4. Management of structural interest rate risk	117	158
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Article 450	(BCBS) REMA – Remuneration policy	First update of the Pillar III report		

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8.8 EDTF recommendation cross-reference table

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	29	Counterparty risks on market transactions	84	128
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8.9 Cross-reference table of Environmental and Social Responsibility Information

Grenelle 2 Law Reference (proposed decree)	Designation	Corresponding GRI 4 indicators	Registration document page number
Art. R.225-105	The report of the Board of Directors or the Executive Board presents (…) the way in which the Company takes into account the social and environmental consequences of its activity, as well as its social commitments in terms of sustainable development	N/A	392
Art. R.225-105-1-I 1°(a)	**1/Labor information** a) Employment ▪ Total workforce and employee distribution by gender and geographic region ▪ New hires and layoffs ▪ Compensation	G4-10, LA1, LA12, EC6, G4-51-52-53-54, EC1, EC5	420
Art. R.225-105-1-I 1°(b) Art. R.225-105-1-II 1°(b)	b) Work management ▪ Scheduling of work hours ▪ Absenteeism	N/A, LA7	422
Art. R.225-105-1-I 1°(c)	c) Labor relations ▪ The organization of employer-employee communication ▪ Collective bargaining agreements	LA4	422
Art. R.225-105-1-I 1°(d) Art. R.225-105-1-II 1°(d)	d) Health and safety ▪ Health and safety standards ▪ Agreements signed with unions or employee representatives in terms of health and safety at work ▪ Work accidents, including frequency and severity, and work-related illnesses	LA5, LA8, LA9, LA6, LA7	425
Art. R.225-105-1-I 1°(e)	e) Training ▪ Policy application ▪ The total number of training hours	LA9, LA10, LA11, HR2	429
Art. R.225-105-1-I 1°(f)	f) Diversity and equal opportunity Policy implemented and measures taken to promote it: ▪ Gender equality ▪ Employment and integration of disabled employees ▪ The fight against discrimination and the promotion of cultural diversity	LA2, LA12, LA13	426
Art. R.225-105-1-II 1°(g)	g) Promotion and respect of the International Labor Organization's fundamental conventions: ▪ On protecting freedom of association and the right to collective bargaining ▪ On eliminating discrimination in employment and occupation ▪ On eliminating forced or compulsory labor ▪ On abolishing child labor	LA13, HR7, HR6	408
Art. R.225-105-1-I 2°(a) Art. R.225-105-1-II 2°(a)	**2/Environmental information** a) General environmental policy ▪ Company organization to consider environmental issues and, if applicable, evaluation or certification procedures for environmental concerns ▪ Training and information for employees regarding the protection of the environment ▪ Resources allocated to the prevention of environmental risks and pollution ▪ Amount of provisions and guarantees for environmental risks	EN27, G4-43, N/A	412

Grenelle 2 Law Reference (proposed decree)	Designation	Corresponding GRI 4 indicators	Registration document page number
Art. R.225-105-1-I 2°(b)	b) Pollution ▪ The prevention, reduction or compensation of air, water and land emissions that seriously damage the environment ▪ Taking into account noise pollution and all types of pollution specific to a particular activity	Not material, Not material	
Art. R.225-105-1-I 2°(c) Art. R.225-105-1-II 2°(c)	c) The circular economy Pollution and waste management Sustainable resource use The use of water ▪ The use of raw materials and measures taken to make more efficient use of them ▪ Energy consumption and measures taken to improve energy efficiency and the use of renewable energy sources ▪ Land use	EN8, EN9, EN1, EN2, EN3, EN4, Not material	413
Art. R.225-105-1-I 2°(d) Art. R.225-105-1-II 2°(d)	d) Contribution to adapting to and fighting climate change ▪ Greenhouse gas emissions ▪ Adapting to the impact of climate change	EN 15-16-17, EN 18-19, EN6-EN7	415
Art. R.225-105-1-I 2°(e)	e) Biodiversity protection ▪ Measures taken to preserve biodiversity	Not material	
Art. R.225-105-1-I 3°(a)	**3/Corporate social information** a) The Company's territorial impact on the local population ▪ In relation to jobs and regional development ▪ Upon surrounding and local communities	EC6-7-8-9, SO1	405
Art. R.225-105-1-I 3°(b)	b) Relationships with stakeholders ▪ Conditions of dialog with interested parties ▪ Acts of support, partnership or sponsorship	G4-26, G4-37, EC7	395
Art. R.225-105-1-I 3°(c) Art. R.225-105-1-II 1°(c)	c) Subcontractors and suppliers ▪ Purchasing policies that take into account social and environmental issues ▪ The importance of sub-contracting and the social and environmental responsibilities in relation to service providers and sub-contractors	LA14-15, EN32-33, HR5-9-11	419
Art. R.225-105-1-II 3°(d)	d) Fair practices ▪ Measures taken to avoid corruption ▪ Measures taken to safeguard the health and safety of consumers	G4 56-58, SO 3-4-5	406
Art. R.225-105-1-II 3°(e)	e) Other human rights initiatives	HR1-2-7-8-9-10	396
Art. R.225-105-2	The independent third-party organization called to give its opinion (…) on social and environmental information that appears or should appear on the report		436

8.10 Glossary

Acronym/Term	Definition
ABCP	Asset-backed commercial paper, i.e. a marketable debt instrument backed by cash flows from a pool of underlying assets.
ABS	Asset-backed security, i.e. an instrument representing a pool of financial assets (excluding mortgage loans), its performance linked to that of the underlying asset or pool of assets.
ACPR	French Prudential Supervisory Authority for the Banking and Insurance Sector (Autorité de Contrôle Prudentiel et de Résolution), France's banking and insurance supervisor.
ADAM	Association for the Defense of Minority Shareholders (Association de Défense des Actionnaires Minoritaires).
ADIE	Association for the right to economic initiative (Association pour le droit à l'initiative économique)
Afep-Medef	French Association of Private Sector Companies- French Business Confederation (Association Française des Entreprises Privées- Mouvement des Entreprises de France).
AFS	Available-for-sale
AGIRC	Association Générale des Institutions de Retraite des Cadres (General Association for Managers' Pension Institutions).
A-IRB	Advanced Internal Ratings-Based Approach
ALM	Asset and liability management - Management of the financial risks borne by an institution's balance sheet (interest rate, currency, liquidity) and its refinancing policy in order to protect the bank's asset value and/or its future Profitability.
ALM (Committee)	Asset and Liability Management Committee
AM	Asset Management
AMF	French Financial Markets Authority (Autorité des Marchés Financiers)
AML	Anti-money laundering
AML-CTF	Anti-money laundering and counter-terrorism financing
AQR	Asset quality review, which involves the supervisory assessment of risks, the actual review of the quality of assets and stress tests.
ARRCO	Association for the Employee Complementary Pension Scheme (Association pour le Régime de Retraite Complémentaire des Salariés).
AT1	Additional Tier 1 capital
AUM	Assets under management
Back office	An administrative department at a financial intermediary that performs support and post-trading functions.
Backtesting	A method of comparing observed actual losses with expected losses of a model.
Bail-in	A mechanism designed to limit the use of public funds by a failing institution still in operation or in the process of liquidation. The bail-in mechanism grants power to the supervisory authorities to require certain creditors of a credit institution on the brink of failure to convert their debt into shares in the institution and/or to take a loss on their holdings. Under the European accord of June 26, 2015, in the event of capital inadequacy (due to losses), creditors holding subordinated debt, then senior creditors, then unsecured deposits by large corporates, then those of SMEs and finally those of individuals exceeding €100,000 will be bailed-in. However, secured deposits, covered bonds, employee compensation, liabilities related to the institution's vital activities and interbank liabilities with a maturity of less than 7 days should not be affected.
BALO	French Bulletin for Mandatory Legal Announcements (Bulletin des Annonces Légales Obligatoires).
Basel 1 (the Basel Accords)	A supervisory framework established in 1988 by the Basel Committee aiming to maintain the solvency and stability of the international banking system by establishing uniform minimum capital requirements for banks on the international level. It established a minimum capital adequacy ratio of 8% in relation to all the risks borne by a bank.
Basel 2 (the Basel Accords)	A supervisory framework aimed at better anticipating and limiting the risks borne by credit institutions. It focuses on banks' credit risk, market risk and operational risk. The terms drafted by the Basel Committee were adopted in Europe through a European Directive and have been applicable in France since January 1, 2008.
Basel 3 (the Basel Accords)	Changes in the supervisory framework for banks, incorporating the lessons drawn from the 2007-2008 financial crisis, meant to complement the Basel 2 accords by enhancing the quality and quantity of the minimum capital requirements applicable to financial institutions. Basel 3 also establishes minimum requirements for liquidity risk management (quantitative ratios), defines measures aimed at limiting procyclicality in the financial system (capital buffers that vary according to the economic cycle) and reinforces requirements for financial institutions deemed to be systemically important.
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.

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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 banking income.
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.

Acronym/Term	Definition
ECAI	External Credit Assessment Institution, i.e. a credit rating agency that is registered or certified in accordance with EU regulation, or a central bank that issues credit ratings.
ECB	European Central Bank
EDTF	Enhanced Disclosure Task Force
EEA	European Economic Area
EGM	Extraordinary General Shareholders' Meeting
EIB	European Investment Bank
EL	Expected loss, i.e. the value of the loss likely to be incurred given the quality of the structure of the transaction and any measures taken to mitigate risk, such as collateral. It is calculated by multiplying exposure at risk (EAD) by Probability of Default (PD) and by Loss Given Default (LGD).
ELBE	Expected Loss Best Estimate, i.e. the institution's best estimate of expected loss for the defaulted exposure. This estimate takes into account current economic circumstances, exposure status and an estimate of the increase of the loss rate caused by possible additional unexpected losses during the recovery period.
EMEA	Europe, Middle East and Africa
EPP	Employment preservation plan
Equity (tranche)	In a securitization arrangement, the equity tranche refers to the tranche that bears the first losses incurred from defaults within the underlying portfolio.
ESR	Environmental and social responsibility
ETF	Exchange-traded fund, i.e. a type of investment fund that tracks a stock market index or asset.
EU	European Union
EUR	Euro
EURIBOR	Euro Interbank Offered Rate, the benchmark interest rate on the eurozone'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
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.
G-SIBs	Global systemically important banks
G-SIIs	Global systemically important institutions
GWWR	General Wrong Way Risk
Haircut	The percentage by which a security's market value is reduced to reflect its value under a stressed environment (counterparty risk or market stress). The size of the haircut reflects the perceived risk.
Hedge fund	A hedge fund is a speculative investment fund that seeks to generate absolute return through a high degree of management flexibility.
Holding company	The company that heads a corporate group
HQE	High Environmental Quality (Haute qualité environnementale)
HQLA	High-quality liquid assets
HR	Human Resources
HY	High Yield
IARD	Property and casualty insurance (Incendie, Accidents et Risques Divers).
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBOR	Interbank Offered Rate
ICAAP	Internal Capital Adequacy Assessment Process, a practice required under Pillar II of the Basel Accords to ensure that firms have sufficient capital to cover all their risks
IDFC	Infrastructure Development Finance Company
IFACI	French Institute of Internal Auditing and Control (Institut Français de l'Audit et du Contrôle Internes).
IFRIC 21	International Financial Reporting Interpretations Committee (IFRIC) - IFRIC 21, adopted by the European Union in June 2014, is an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets."
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
Incremental Risk Charge (IRC)	The capital requirement intended to cover issuers' credit migration and default risks for a period of one year for fixed income and loan instruments in the trading book (bonds and CDS). The IRC is a 99.9% value-at-risk measure; i.e. the greatest risk after the elimination of the 0.1% worst-case scenarios.
Insurance risk	Encompasses asset and liability risks (interest rate, valuation, counterparty and forex risk) as well as risks related to the pricing of mortality risk premiums and the risks associated with life and non-life insurance, including pandemics, accidents and natural disasters (such as earthquakes, hurricanes, industrial accidents, acts of terrorism and military conflict).
Investment grade	A long-term rating of a counterparty or underlying issue awarded by a rating agency, ranging from AAA/Aaa to BBB-/Baa3. A rating of BB+/Ba1 or below is considered non-investment grade.
IRB	Internal-ratings based, referring to the Internal Ratings-Based Approach, the measurement of credit risk on the basis of credit ratings as defined by EU regulations.
IRM	Incremental Risk Measure
IRRBB	Interest Rate Risk in the Banking Book. IRRBB designates the current or future risk to which the bank's capital and profits are exposed due to adverse interest rate fluctuations influencing positions in the banking book.
IS	Information system
ISDA	International Swaps and Derivatives Association
ISF	Wealth Tax (Impôt Sur la Fortune)
ISP	Investment service provider
IWMA	Independent wealth management advisor
JV	Joint Venture
L&R	Loans and receivables
LBO	Leveraged buyout
LCR	Liquidity coverage ratio
Leverage effect	The leverage effect accounts for the rate of return on equity based on the after-tax rate of return on invested capital (return on capital employed) and the cost of debt. By definition, it is equal to the difference between the rate of return on equity and the return on capital employed.
Leverage/leveraged financing	Financing through debt

Acronym/Term	Definition
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

Acronym/Term	Definition
Rating	An appraisal by a financing rating agency (Moody's, Fitch Ratings, Standard & Poor's) of the creditworthiness of an issuer (company, government or other public entity) or a transaction (bond issue, securitization, covered bond). The rating has a direct impact on the cost of raising capital.
Rating agency	An organization that specializes in assessing the creditworthiness of issuers of debt securities, i.e. their ability to honor their commitments (repayment of capital and interest within the contractual period).
RBC	Risk-based capital
Real security	Securities comprising tangible or intangible assets, movable or immovable assets, such as commodities, precious metals, cash, financial instruments or insurance policies.
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.

Acronym/Term	Definition
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.
SREP (Supervisory Review and Evaluation)	Methodology for assessing and measuring the risks for each bank. SREP gives the prudential authorities a set of harmonized tools to analyze a bank's risk profile from four different angles: business model, governance and risk management, risk to capital, and risk to liquidity and funding. The supervisor sends the bank the SREP decisions at the end of the process and sets key objectives. The bank must then "correct" these within a specific time.
SRF	Single Resolution Fund
SRI	Socially Responsible Investment
SRM	Single Resolution Mechanism: An EU-level system to ensure an orderly resolution of non-viable banks with a minimal impact on taxpayers and the real economy. The SRM is one of the pillars of the European Banking Union and consists of an EU-level resolution authority (Single Resolution Board - SRB) and a common resolution fund financed by the banking sector (Single Resolution Fund – SRF).
SSM	Single Supervisory Mechanism
Stress test	A bank stress test simulates the behavior of a bank (or Group of banks) under extreme but realistic economic scenarios (i.e. worsened prospects for growth, unemployment and inflation) to assess whether the bank's (or banks') capital reserves are sufficient to absorb such a shock.
Stressed value at risk (stressed VaR)	Like the VaR approach, stressed VaR is calculated based on a fixed econometric model over a continuous 12-month period under a representative crisis scenario relevant to the bank's portfolio, using a "historical simulation" with "one-day" shocks and a confidence interval of 99%. However, unlike VaR, which uses 260 daily fluctuation scenarios on a sliding one-year period, stressed VaR uses a one-year historical window corresponding to a period of significant financial tension.
Structural interest rate and exchange rate risk	The risk of losses or impairment on assets arising from changes in interest rates or exchange rates. Structural interest/exchange rate risks are associated with commercial activities and proprietary transactions.
Structured issue/structured product	A financial instrument combining a bond product and an instrument, such as an option, providing exposure to any asset type (equities, forex, fixed-income, commodities). Such instruments may be backed by a (total or partial) guarantee on the investment. In a different context, the term "structured product" or "structured issue" can also refer to securities resulting from securitization transactions, for which a ranking of bearers is established.
Subordinated notes	Debt securities that are ranked below senior debt in terms of repayment priority.
SVT	Government bond primary dealer (Spécialiste en Valeurs du Trésor).
Swap	An agreement between two counterparties to exchange different assets, or revenues from different assets, until a given date.
SWWR	Specific Wrong Way Risk
Systemically important financial institution (SIFI)	The Financial Stability Board (FSB) coordinates the comprehensive measures intended to reduce the moral hazard and risks posed by global systemically important financial institutions (G-SIFIs) to the global financial system. These institutions meet the criteria established by the Basel Committee as outlined in "Global systemically important banks: Assessment methodology and the additional loss absorbency requirement" and identified in a list published in November 2011. The FSB updates this list in November of each year. To date there are 29 such institutions.
Tier 1	Tier 1 (T1) refers to the portion of a financial institution's prudential capital that is considered to be the most solid. It includes its capital stock and retained earnings allocated to reserves. The ratio of Tier 1 capital to risk-weighted assets is a solvency indicator used in the Basel 1, Basel 2 and Basel 3 prudential accords.
Tier 1 capital	Core capital including the financial institution's consolidated shareholders' equity minus regulatory deductions.
Tier 2 capital	Supplementary capital mainly consisting of subordinated securities minus regulatory deductions.
TLAC	Total Loss Absorbing Capacity
TMO	Average bond market rate (Taux Moyen Obligataire).
Total Capital Ratio	Ratio of overall capital (Tier 1 and Tier 2) to risk-weighted assets.
Transformation risk	The risk associated with assets that are financed by liabilities with different maturities. Because banks' traditional activity is to make longer-term use of liabilities with short maturities, they naturally tend to incur transformation risk, which in turn is a source of liquidity and interest rate risks. Positive term transformation occurs when assets have a longer maturity than liabilities. Negative term transformation occurs when assets are financed by liabilities with longer maturities.
Treasury stock	The equity share held by the company, especially through the share buyback program. Treasury stock does not bestow voting rights and is not included in the calculation of earnings per share, with the exception of securities held in association with a liquidity contract.
TRS	Total return swap, i.e. a transaction whereby two parties exchange the income generated and any change in value on two different assets over a given time period.

Acronym/Term	Definition
TSS	Deeply subordinated notes (Titres Super Subordonnés), i.e. perpetual bonds with no contractual redemption commitment that pay interest in perpetuity. In the event of liquidation, they are repaid after other creditors (subordinated loans). These securities pay annual interest contingent on the payment of a dividend or the achievement of a specific result.
TUP	Total transfer of assets and liabilities (Transmission Universelle de Patrimoine)
UK	United Kingdom
US	United States of America
USD	US dollar
Value at risk (VaR)	A measure of market risk on a bank's trading book expressed as a monetary value. It allows the entity performing the calculation to appraise the maximum losses liable to be incurred on its trading book. A statistical variable, VaR is always assigned a confidence interval (generally 95% or 99%) and a specific time frame (in practice, one day or 10 days, as the trading positions involved are meant to be unwound within several days).
Volatility	A measurement of the magnitude of an asset's price fluctuation and thus a measurement of its risk. Volatility corresponds to the standard deviation of the asset's immediate returns over a given period.
VSE	Very small enterprises
WWR	Wrong Way Risk

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