



Risk and Pillar III Report **2017**

UPDATE AS OF MARCH 31, 2018



Table of contents

Update by chapter of the Risk and Pillar III Report 2017

Summary

| | | |
|-----------------|---|-----------|
| 1 | Key Figures | 4 |
| 4 | Credit risk and counterparty risk | 9 |
| 4.1 | Credit and counterparty risks | 9 |
| 5 | Credit risk | 12 |
| 5.7 | Credit risk: internal ratings-based approach | 12 |
| 9 | Overall interest rate, liquidity and structural foreign exchange risks | 13 |
| 9.2 | Management of liquidity and funding risk | 13 |
| 14 | Compensation | 14 |
| Appendix | Leverage ratio common disclosure template (LR2) | 23 |



Risk and Pillar III Report **2017**

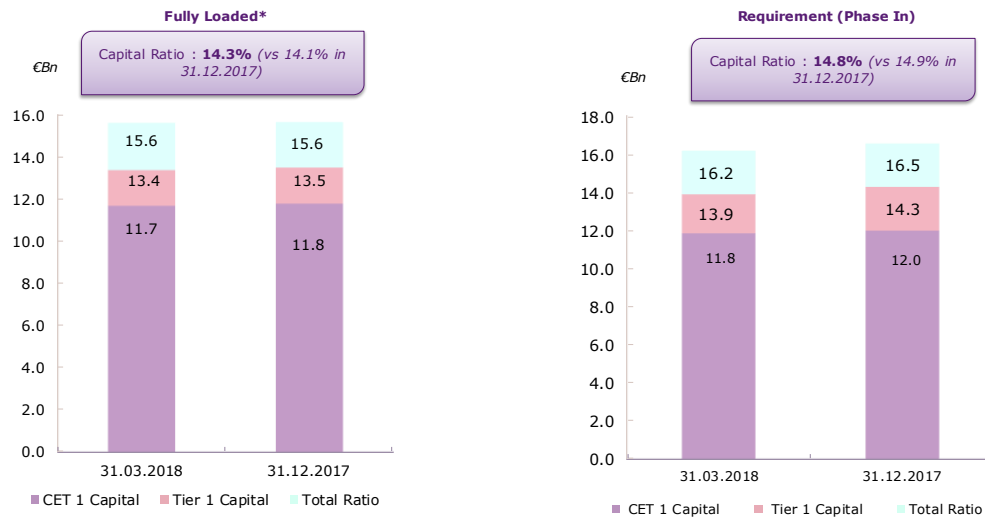
Update as of March 31, 2018



1

KEY FIGURES AS OF MARCH 31, 2018

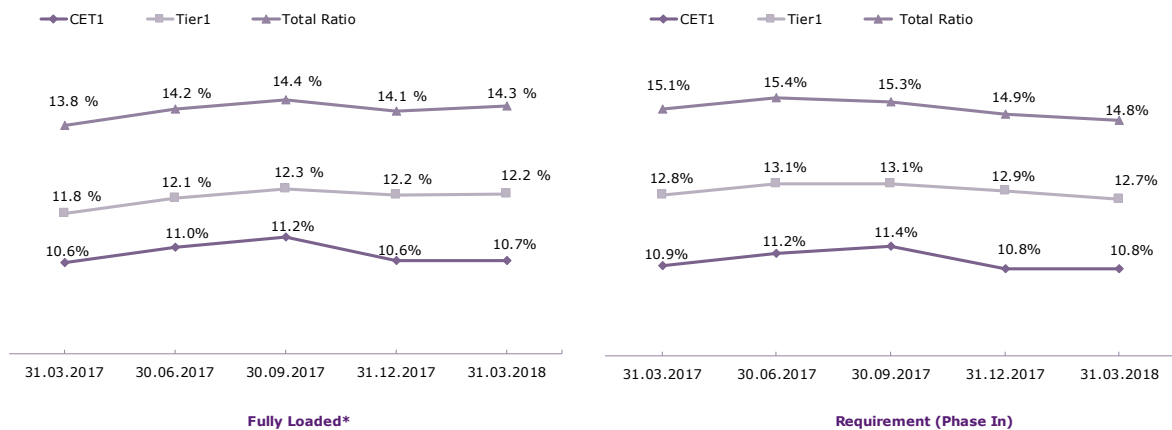
■ Main capital and solvency ratio figures



* Fully loaded, i.e. applying all CRD IV rules without transitional measures

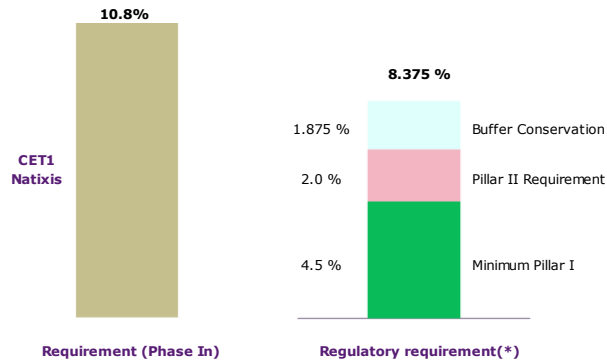
| (in Billion of euros) | Fully Loaded | | Requirement (Phase In) | |
|----------------------------|---------------|---------------|------------------------|---------------|
| | 31.03.2018 | 31.12.2017 | 31.03.2018 | 31.12.2017 |
| Common equity (CET1) | 11.7 | 11.8 | 11.8 | 12.0 |
| Tier 1 | 13.4 | 13.5 | 13.9 | 14.3 |
| Total capital | 15.6 | 15.6 | 16.2 | 16.5 |
| Risk weighted assets | 109.5 | 110.7 | 109.5 | 110.7 |
| Ratio CET1 | 10.7 % | 10.6 % | 10.8 % | 10.8 % |
| Ratio Tier 1 | 12.2 % | 12.2 % | 12.7 % | 12.9 % |
| Total capital ratio | 14.3 % | 14.1 % | 14.8 % | 14.9 % |

■ Changes in main capital ratio figures



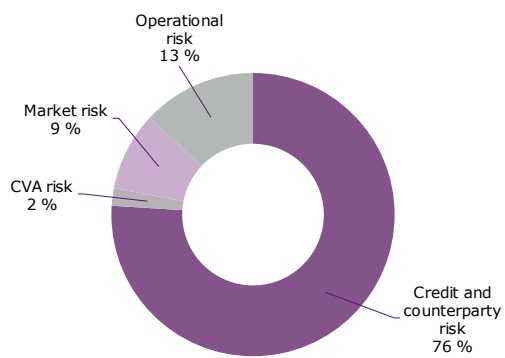
* without transitional measures

■ CET1

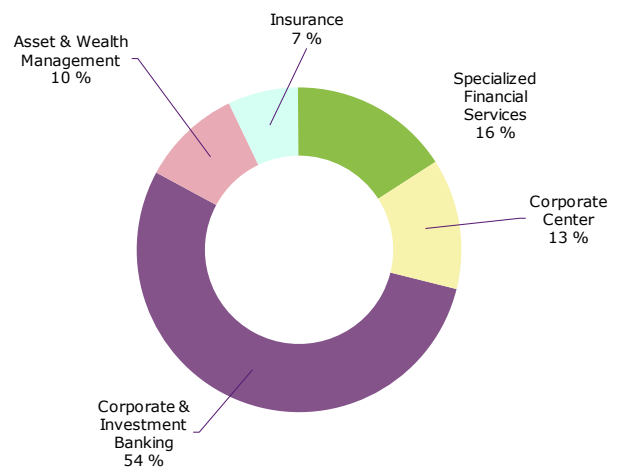


(*) ECB Minimum prudential requirements based on the supervisory review and evaluation process (SREP). Excluding P2G

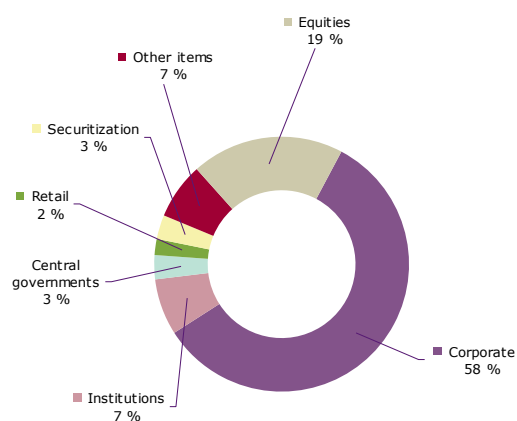
■ Capital requirements by risk type



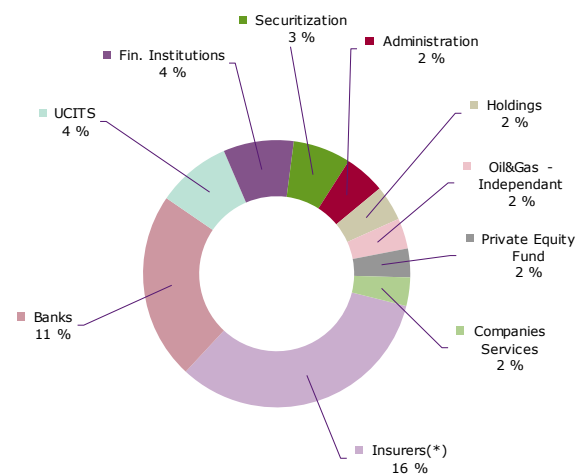
■ Capital requirements by key business line



Credit and counterparty RWA by category of exposure

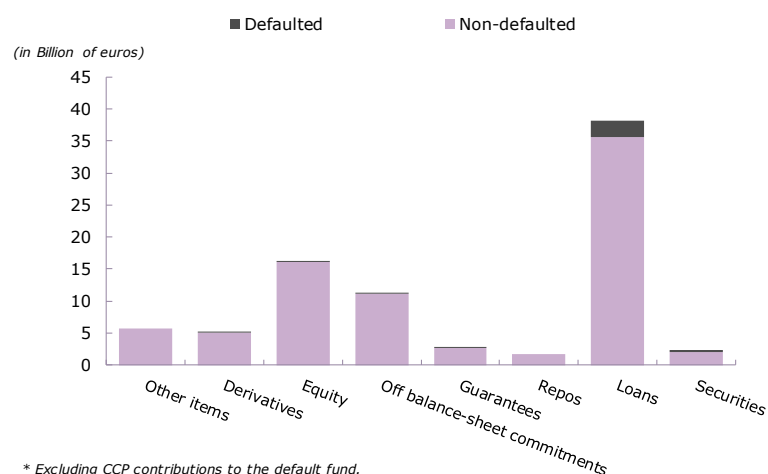


Credit and counterparty RWA on the 10 main business sectors



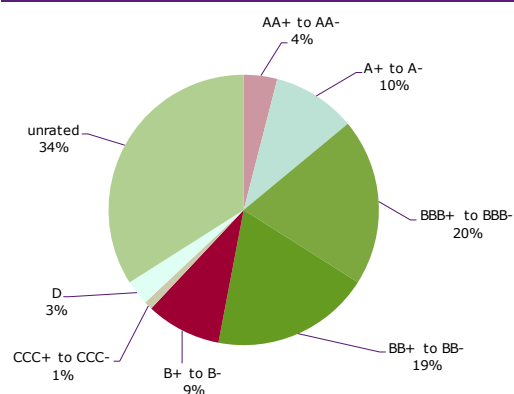
* Including interest held in insurance companies

Credit and counterparty RWA by type of exposure with default/non-default*



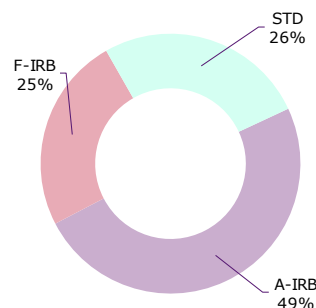
* Excluding CCP contributions to the default fund.

RWA by S&P Grade*



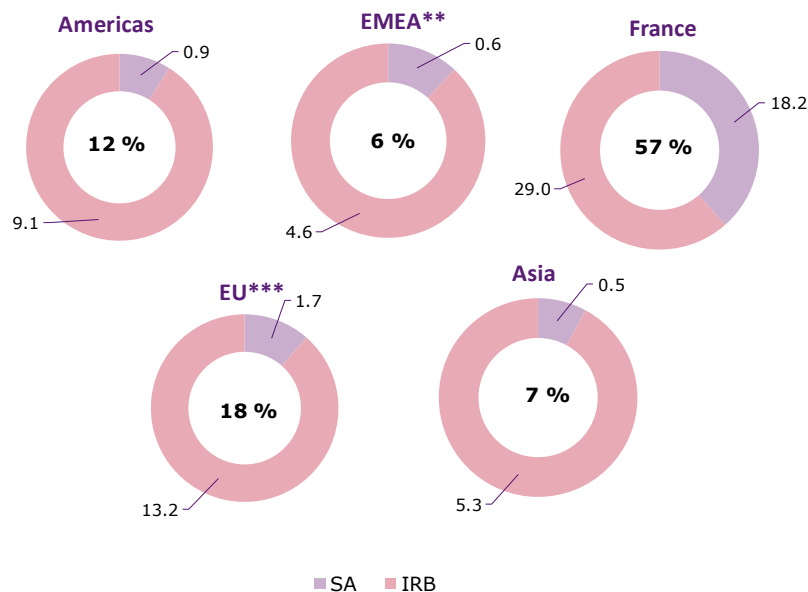
* Excluding exposures with French State (deferred tax assets - DTAs), direct investments and with contributions to the default fund of a CCP

Credit and counterparty RWA by approach



Credit and counterparty RWA by geographical area(*) and approach

(in Billion of euros)

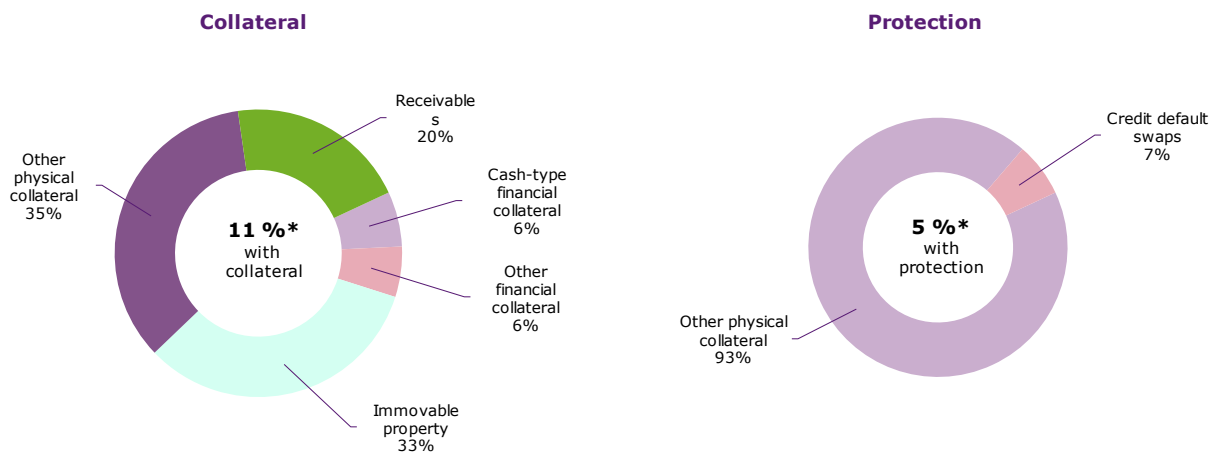


*Country risk

** Excluding EU

*** EU excluding France : also including supranational third parties

Exposure by credit risk mitigation technique

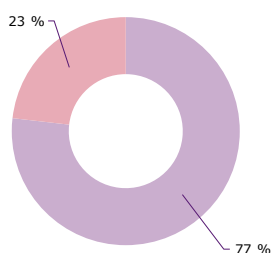


* Total exposure net of provisions

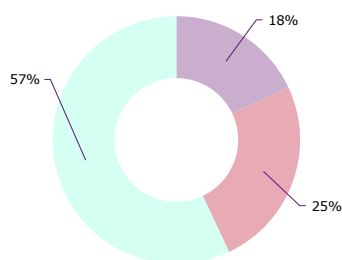
* Total exposure net of provisions

■ Securitization exposures in the Banking Book

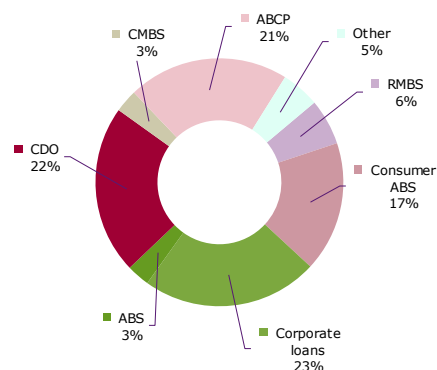
EAD by type of securitization



EAD by role



EAD by underlying



■ Classic securitization ■ Synthetic securitization ■ Investor ■ Originator ■ Sponsor

■ Leverage Ratio

Requirement (Phase In)

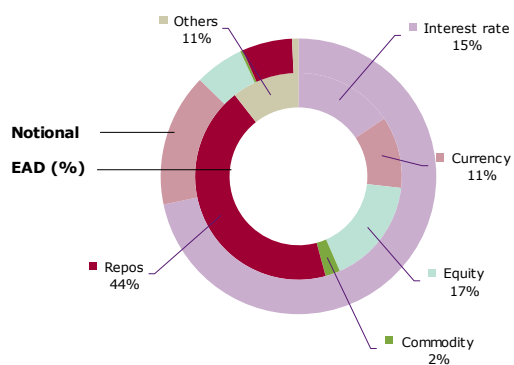
(in billion of euros)

| | 31.03.2018 | 31.12.2017 |
|--|--------------|--------------|
| Capital CET 1 | 13.9 | 14.3 |
| Total assets on the prudential balance sheet | 415.5 | 425.0 |
| Adjustments for derivative financial instruments | - 27.3 | - 29.3 |
| Adjustments for securities financing transactions ¹ | - 17.3 | - 19.9 |
| Adjustment for off-balance sheet items | 40.9 | 36.1 |
| Other adjustments | - 16.8 | - 15.7 |
| Total leverage ratio exposure | 395.0 | 396.3 |
| Regulatory Ratio | 3.5 % | 3.6 % |
| <i>of which deals with BPCE affiliates</i> | <i>60.4</i> | <i>47.3</i> |
| Ratio without affiliates* | 4.1 % | 4.1 % |

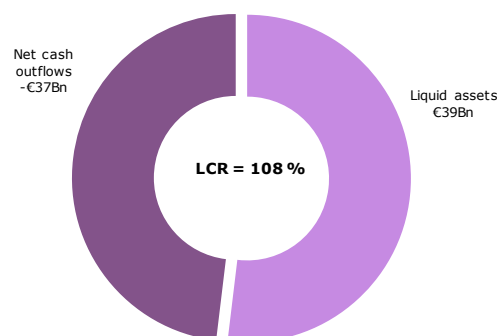
*Following the article 429(7) of the delegated act vision allowing Institutions to exclude exposures with affiliates (BPCE and subsidiaries, Banques Populaires, Caisses d'Epargne), (pending approval request from ECB).

■ Counterparty Risk

Notional and EAD by underlying



■ Liquidity Coverage Ratio



4

CREDIT RISK AND COUNTERPARTY RISK

4.1 Credit and counterparty risks

■ TABLE 10 (NX01): EAD, RWA AND OFR BY BASEL APPROACH AND BY CATEGORY OF EXPOSURE

| | 31.03.2018 | | | 31.12.2017 | | |
|--|----------------|---------------|----------------------|----------------|---------------|----------------------|
| (in millions of euros) | EAD | RWA | Capital Requirements | EAD | RWA | Capital Requirements |
| Credit risk | | | | | | |
| Internal approach | 148,365 | 55,366 | 4,429 | 177,471 | 60,782 | 4,863 |
| Equities | 5,280 | 16,064 | 1,285 | 5,446 | 16,548 | 1,324 |
| Central governments or central banks | 31,848 | 557 | 45 | 47,832 | 601 | 48 |
| Other items | 746 | 195 | 15 | 717 | 188 | 15 |
| Retail | 611 | 172 | 14 | 620 | 181 | 14 |
| Corporates | 94,746 | 35,092 | 2,807 | 107,942 | 39,971 | 3,198 |
| Institutions | 9,983 | 2,298 | 184 | 9,706 | 2,219 | 178 |
| Securitization | 5,151 | 988 | 79 | 5,208 | 1,074 | 86 |
| Standardized approach | 89,448 | 20,947 | 1,676 | 66,452 | 17,532 | 1,402 |
| Central governments or central banks | 5,347 | 1,309 | 105 | 6,012 | 1,549 | 124 |
| Other items | 9,707 | 5,464 | 437 | 8,177 | 8,526 | 682 |
| Retail | 2,456 | 1,799 | 144 | 2,631 | 1,937 | 155 |
| Corporates | 9,378 | 8,696 | 696 | 3,274 | 2,428 | 194 |
| Institutions | 56,912 | 743 | 59 | 41,573 | 549 | 44 |
| Exposures in default (only STD) | 669 | 744 | 60 | 374 | 477 | 38 |
| Exposures secured by mortgages on immovable property | 1,066 | 499 | 40 | 1,025 | 498 | 40 |
| Exposures to institutions and corporates with a short-term credit assessment | 603 | 243 | 19 | 382 | 200 | 16 |
| Securitization | 3,310 | 1,450 | 116 | 3,004 | 1,368 | 109 |
| Sub-total credit risk | 237,813 | 76,313 | 6,105 | 243,923 | 78,314 | 6,265 |
| Counterparty Risk | | | | | | |
| Internal approach | 36,166 | 5,849 | 468 | 33,305 | 5,756 | 460 |
| Central governments or central banks | 6,409 | 112 | 9 | 6,424 | 105 | 8 |

| | | | | | | |
|--|---------------|----------------|--------------|---------------|----------------|--------------|
| Corporates | 15,859 | 3,810 | 305 | 13,594 | 3,694 | 295 |
| Institutions | 13,695 | 1,894 | 151 | 13,065 | 1,911 | 153 |
| Securitization | 203 | 33 | 3 | 222 | 46 | 4 |
| Standardized approach | 24,084 | 676 | 54 | 21,132 | 659 | 53 |
| Central governments or central banks | 923 | 136 | 11 | 955 | 128 | 11 |
| Retail | 1 | 1 | | 1 | | |
| Corporates | 41 | 13 | 1 | 60 | 15 | 1 |
| Institutions | 22,919 | 420 | 34 | 19,843 | 365 | 29 |
| Exposures in default (only STD) | 2 | 3 | | 2 | 3 | |
| Exposures to institutions and corporates with a short-term credit assessment | 197 | 103 | 8 | 270 | 147 | 12 |
| Securitization | 1 | | | 1 | 1 | |
| CCP default fund exposures | 409 | 245 | 20 | 368 | 256 | 21 |
| Sub-total counterparty risk | 60,659 | 6,770 | 542 | 54,805 | 6,671 | 534 |
| Market risk | | | | | | |
| Internal approach | | 4,199 | 336 | | 4,229 | 338 |
| Standardized approach | | 5,778 | 462 | | 5,491 | 439 |
| Equity risk | | 616 | 49 | | 432 | 34 |
| Foreign exchange risk | | 2,745 | 220 | | 2,586 | 207 |
| Commodities risk | | 652 | 52 | | 720 | 58 |
| Interest rate risk | | 1,765 | 141 | | 1,753 | 140 |
| Sub-total market risk | | 9,977 | 798 | | 9,720 | 777 |
| CVA | 8,520 | 1,645 | 131 | 8,389 | 1,198 | 96 |
| Settlement-delivery risk | | 8 | 1 | | 10 | 1 |
| Operational risk (standardized approach) | | 14,784 | 1,183 | | 14,784 | 1,183 |
| TOTAL | | 109,497 | 8,760 | | 110,697 | 8,856 |

■ TABLE 11 (EU OV1): OVERVIEW OF RWA

| | RWA | | Minimum capital requirements |
|---|----------------|----------------|------------------------------|
| | 31.03.2018 | 31.12.2017 | 31.03.2018 |
| <i>(in millions of euros)</i> | | | |
| <i>Credit risk (excluding CCR)</i> | <i>71,773</i> | <i>73,837</i> | <i>5,742</i> |
| Of which : standardised approach | 19,497 | 16,164 | 1,560 |
| Of which : foundation IRB (FIRB) approach | 3,094 | 7,316 | 247 |
| Of which : advanced IRB (AIRB) approach | 35,221 | 35,845 | 2,818 |
| Of which : equity IRB under the simple risk-weighted approach or the IMA | 13,961 | 14,513 | 1,117 |
| <i>CCR</i> | <i>8,382</i> | <i>7,823</i> | <i>671</i> |
| Of which : mark to market | 4,827 | 4,697 | 386 |
| Of which : original exposure | | | |
| Of which : standardised approach | | | |
| Of which : internal model method (IMM) | | | |
| Of which : risk exposure amount for contributions to the default fund of a CCP | 245 | 256 | 20 |
| Of which : CVA | 1,645 | 1,198 | 132 |
| <i>Settlement risk</i> | <i>8</i> | <i>10</i> | <i>1</i> |
| <i>Securitisation exposures in the banking book (after the cap)</i> | <i>2,470</i> | <i>2,488</i> | <i>198</i> |
| Of which : IRB approach | 854 | 898 | 68 |
| Of which : IRB supervisory formula approach (SFA) | 167 | 221 | 13 |
| Of which : internal assessment approach (IAA) | | | |
| Of which : standardised approach | 1,450 | 1,368 | 116 |
| <i>Market risk</i> | <i>9,977</i> | <i>9,720</i> | <i>798</i> |
| Of which : standardised approach | 5,778 | 5,491 | 462 |
| Of which : IMA | 4,199 | 4,229 | 336 |
| <i>Large exposures</i> | | | |
| <i>Operational risk</i> | <i>14,784</i> | <i>14,784</i> | <i>1,183</i> |
| Of which : basic indicator approach | | | |
| Of which : standardised approach | 14,784 | 14,784 | 1,183 |
| Of which : advanced measurement approach | | | |
| <i>Amounts below the thresholds for deduction (subject to 250% risk weight)</i> | <i>2,102</i> | <i>2,035</i> | <i>168</i> |
| <i>Floor adjustment</i> | | | |
| Total | 109,497 | 110,697 | 8,760 |

5

CREDIT RISK

5.7 Credit risk: internal ratings-based approach

5.7.4 EXPOSURE TO CREDIT RISK ACCORDING TO THE INTERNAL RATING SYSTEM

■ TABLE 30 (CR8): RWA FLOW STATEMENTS OF CREDIT RISK EXPOSURE UNDER THE IRB APPROACH

(in millions of euros)

| | RWA | Capital Requirements |
|----------------------------|---------------|----------------------|
| RWAs at 31.12.2017 | 59,708 | 4,777 |
| Asset size | - 1,496 | - 120 |
| Asset quality | - 526 | - 42 |
| Model updates | - 73 | - 6 |
| Methodology and policy | - 2,798 | - 224 |
| Acquisitions and disposals | | |
| Foreign exchange movements | - 276 | - 22 |
| Other | - 161 | - 13 |
| RWA at 31.03.2018 | 54,378 | 4,350 |

9

OVERALL INTEREST RATE, LIQUIDITY AND STRUCTURAL FOREIGN EXCHANGE RISKS

9.2 Management of liquidity and funding risk

9.2.6 RESERVES AND OPERATIONAL MANAGEMENT OF RATIOS

9.2.6.3 Oversight of the leverage ratio

■ TABLE 55 (LR1): COMPARISON OF ACCOUNTING EXPOSURES AND LEVERAGE EXPOSURES

(in millions of euros)

| | Items | 31.03.2018 | 31.12.2017 |
|-----|---|----------------|----------------|
| 1 | Total assets as per published financial statements | 512,357 | 519,987 |
| 2 | Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation | (96,907) | (94,937) |
| 3 | (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR") | | |
| 4 | Adjustments for derivative financial instruments | (27,301) | (29,265) |
| 5 | Adjustments for securities financing transactions "SFTs" | (17,347) | (19,927) |
| 6 | Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures) | 40,943 | 36,079 |
| 7 | Other adjustments | (16,767) | (15,661) |
| 8 | Total leverage ratio exposure | 394,978 | 396,276 |
| (*) | of which exposure with affiliates | 60,432 | 47,251 |
| (*) | excluding exposure related to affiliates | 334,520 | 349,025 |

14

COMPENSATION

Remuneration policies and practices report 2017 financial year

- ▶ **GENERAL PRINCIPLES APPLICABLE TO ALL NATIXIS EMPLOYEES**

- ▶ **GOVERNANCE OF THE REMUNERATION POLICY**

- ▶ **COMPENSATION OF EMPLOYEES WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON NATIXIS' RISK PROFILE IN ACCORDANCE WITH THE CRD IV REGULATION ("REGULATED" CATEGORIES OF STAFF)**

- ▶ **QUANTITATIVE INFORMATION ON THE COMPONENTS OF COMPENSATION AWARDED IN 2017 TO THE CRD IV-REGULATED CATEGORIES OF STAFF**

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

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

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

GENERAL PRINCIPLES APPLICABLE TO ALL NATIXIS EMPLOYEES

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

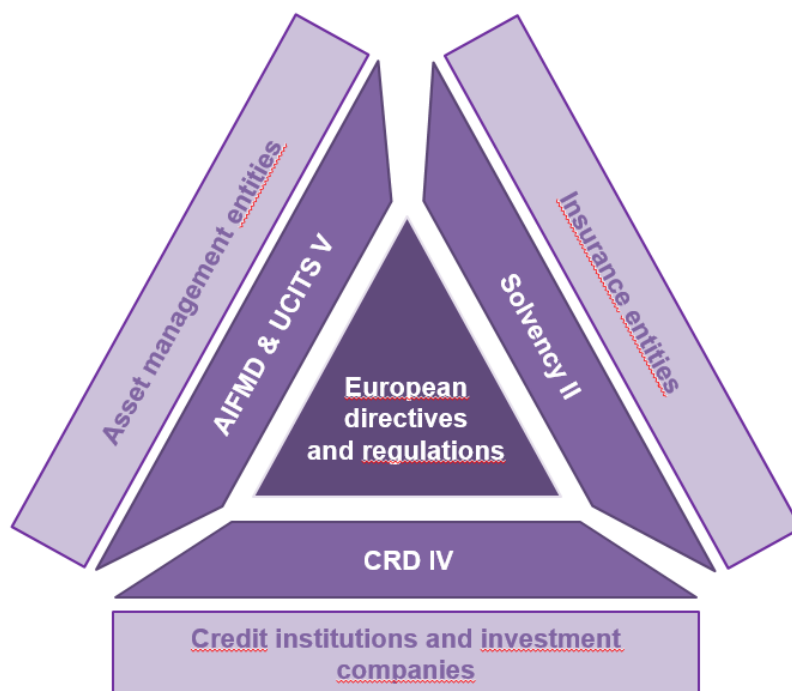
The overall compensation of Natixis employees is structured around the following three components:

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

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

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

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



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

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

GOVERNANCE OF THE REMUNERATION POLICY

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

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

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

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

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

The Risk and Compliance divisions' management teams are involved in the process of identifying regulated employees and in setting the specific annual risk and compliance objectives applied to regulated persons, front-office market activities employees, and employees addressed in French Law no. 2013-672 on the Separation and Regulation of Banking Activities ("SRAB") and Section 619 of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Volcker Rule").

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

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

► Composition and role of the Natixis Compensation Committee

During the 2017 financial year, the Compensation Committee was composed of six members until May 24, and then five members thereafter.

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 and Henri Proglio and Nicolas de Tavernost). In accordance with Article 17.1 of the Afep-Medef Corporate Governance Code, the Compensation Committee is largely made up of independent directors and is chaired by an independent director.

▪ Changes in the membership of the Compensation Committee during 2017.

| Director | Capacity | Date of change | Replaced by |
|----------------|----------|----------------|--------------|
| Philippe Sueur | Member | 2/9/2017 | Michel Grass |
| Michel Grass | Member | 5/24/2017 | Not replaced |

▪ There have been no changes in the membership of the Compensation Committee since the start of the 2018 financial year.

The role of Natixis' Compensation Committee is to prepare the decisions that Natixis' Board of Directors makes with regard to compensation, particularly Natixis employees who have a significant impact on the company's risks. The Compensation Committee's powers and operating procedures are detailed in its Internal Rules, the latest version of which was approved on February 9, 2017 by the Board of Directors.

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

- the level and terms of compensation of the Chairman of Natixis' Board of Directors including, benefits in kind, the pension and providence plan and allocations of share subscription or purchase options;
- the level and terms of compensation of the CEO and, where applicable, of the deputy CEO(s), including, benefits in kind, the pension and providence plan and allocations of share subscription or purchase options;
- the rules on the distribution of directors' fees to Natixis directors and the total amount subject to the decision of the Natixis General Meeting;
- the conformity of Natixis' remuneration policy to the regulations, including employees addressed in the Order of November 3, 2014, and for employees addressed in French Law no. 2013-672 on the Separation and Regulation of Banking Activities ("SRAB") and Section 619 of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Volcker Rule") or regulated categories of staff within Asset Management activities (AIFMD) or insurance activities (Solvency 2);
- the annual review of Natixis' remuneration policy, and specifically of the remuneration policy applied to categories of staff whose professional activities are likely to have a material impact on the risk profile of Natixis or the group.

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

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

The Committee confers with Natixis' Internal Control Departments or outside experts as needed.

The Compensation Committee met four times during the 2017 financial year. The rate of attendance of its members was 96% over the year (vs. 100% in the 2016 financial year).

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

► Work of the Compensation Committee in 2017

In 2017, the Committee focused on the following areas:

| | |
|---|---|
| Executive corporate officers Senior Management Committee members | <ul style="list-style-type: none"> ▪ Approval of variable compensation components for 2016 following evaluation of the quantitative and strategic criteria for the annual variable compensation of managing corporate officers and validation of the compensation principles for 2017 submitted to the vote of the General Shareholders' Meeting on May 24, 2017 ▪ Approval of the terms, in 2017, of the long-term compensation plan for members of the General Management Committee ▪ Reviewing the Afep-Medef recommendations regarding the compensation of corporate officers |
| Directors' fees | <ul style="list-style-type: none"> ▪ Reviewing the provisions on disbursing the directors' fees allocated to members of the Board |
| Compensation policy and regulations | <ul style="list-style-type: none"> ▪ Reviewing the implementation of the various regulations applicable to matters of compensation, including those applied to the "regulated population" addressed in the European CRD4 Directive of June 26, 2013, its transposition into French law in the French Monetary and Financial Code by the Order of February 20, 2014 and by the 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 U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Volcker Rule"), the MIFID regulation and for identified categories of staff involved in asset management activities (European AIFM/UCITS Directive) and insurance activities (European Solvency 2 Directive) ▪ Reviewing Natixis' remuneration policy, including a review of the rules on deferrals and the payment terms for variable compensation as well as the amounts of variable compensation by business line ▪ Reviewing specific Risk and Compliance objectives (2016 balance sheet review & presentation of 2017 objectives) ▪ Summary of the General Audit report on the implementation of the process to allocate compensation to the regulated population under CRD4 ▪ Analysing the compensation awarded to the 100 highest paid employees ▪ Reviewing and monitoring the performance conditions applicable to deferred variable compensation and long-term profit sharing plans ▪ Analysis of the principles for identification of the categories of staff whose activities have a material impact on the company's risk profile, as well as and the envelope and structure of variable compensation for these categories in the 2016 financial year ▪ Analysis of the compensation of the heads of control functions for 2016 ▪ Policy on equal pay and professional gender equality – 2016 comparative status report |
| Employee savings and shareholding | <ul style="list-style-type: none"> ▪ Update on existing employee savings schemes within Natixis and on Mauve ▪ Additional profit sharing for 2016 |

COMPENSATION OF EMPLOYEES WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON NATIXIS' RISK PROFILE IN ACCORDANCE WITH THE CRD IV REGULATION ("REGULATED" CATEGORIES OF STAFF)

The remuneration policy applicable to Natixis' regulated employees comes within the scope of the general compensation principles adopted by Natixis and those set forth by Directive 2013/36/EU (CRD IV), transposed into French law in the French Monetary and Financial Code by the Order of February 20, 2014 and the decree and order of November 3, 2014. The scope of employees concerned is defined in accordance with Delegated Regulation 604/2014 of March 4, 2014.

► 2017 CRD IV scope of regulated categories of staff

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

The employees in question are notified of their status.

The regulated population at Natixis during the 2017 fiscal year came to a **total of 321** employees, including:

266 employees identified through qualitative criteria:

- the directors, i.e. **15** individuals;
- the members of Natixis' General Management Committee, i.e. **12** individuals;
- the key managers of the control functions (Internal Audit, Risk, Compliance) and of the other support functions who are not members of the above bodies, i.e. **57** individuals;
- the key managers of the business lines and major geographical locations (excluding Asset Management and Insurance) and who are not already identified by the above criteria, i.e. **41** individuals;
- the individuals with credit authorizations and responsibility for market risks reaching the thresholds defined by the regulations and who are not already identified by the above criteria, i.e. **141** individuals.

55 employees identified based on quantitative criteria:

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

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

► Remuneration policy applied to CRD IV "regulated" categories of staff

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

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

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

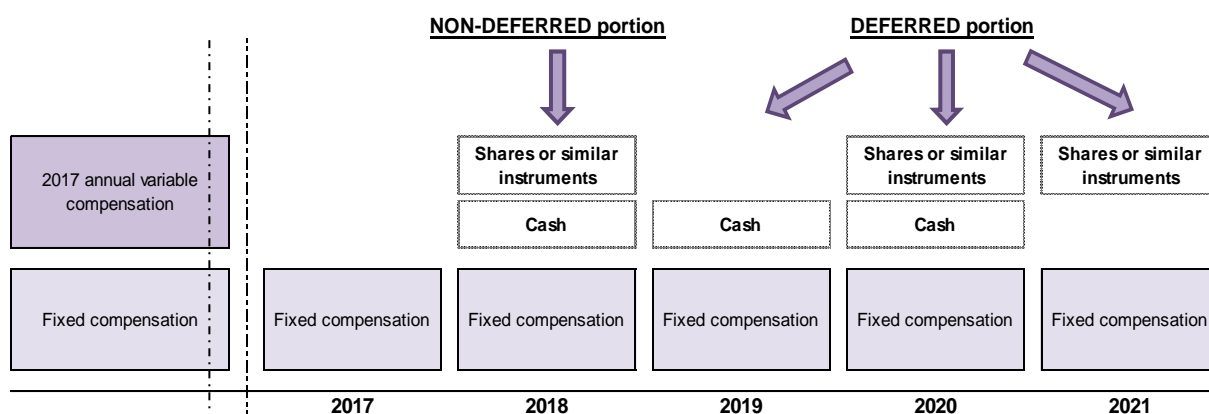
The compensation of the members of the Board of Directors and the CEO are detailed in Section 2 of the Natixis Reference Document.

The remuneration policy for regulated employees under the CRD IV forms part of the general principles applicable to all Natixis employees, and also responds to the rules of governance and specific compensation structures.

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

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

2017 COMPENSATION STRUCTURE FOR REGULATED CATEGORIES OF STAFF - PAYMENT YEARS



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

The vesting of deferred components of variable compensation is contingent on satisfying performance requirements linked to the results of the company, and/or the business line, and/or the product line, and on Natixis' compliance with regulations on equity capital requirements. These conditions are clearly indicated when this compensation is awarded.

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

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

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

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

Finally, the variable compensation components granted to all regulated categories of staff comply with the rules governing caps on variable compensation relative to fixed compensation, as defined by regulations.

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

In 2017, 44% of "regulated" employees received variable compensation ranging from 100% to 200% of their fixed compensation.

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

QUANTITATIVE INFORMATION ON THE COMPONENTS OF COMPENSATION AWARDED IN 2017 TO THE CRD IV-REGULATED CATEGORIES OF STAFF

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

| Awarded compensation Financial year 2017 | Senior Management Committee | Board of Directors | Corporate & Investment Banking | Control functions | Other | Total |
|---|-----------------------------|--------------------|--------------------------------|-------------------|--------|---------|
| Number of employees | 12 | 15 | 223 | 44 | 27 | 321 |
| Fixed compensation | 6 150 | 570 | 68 574 | 7 849 | 5 717 | 88 860 |
| Variable compensation | 10 291 | - | 81 061 | 4 188 | 5 227 | 100 767 |
| Total compensation | 16 441 | 570 | 149 635 | 12 037 | 10 944 | 189 627 |

| | Directors & Senior Management Committee | Other | Total |
|---|---|---------|---------|
| Number of employees | 27 | 294 | 321 |
| Total compensation | 17 011 | 172 616 | 189 627 |
| - incl. fixed compensation | 6 720 | 82 140 | 88 860 |
| - incl. variable compensation | 10 291 | 90 476 | 100 767 |
| - incl. non deferred | 3 881 | 46 388 | 50 269 |
| - incl. cash | 1 941 | 25 314 | 27 255 |
| - incl. shares or equivalent instruments | 1 940 | 21 074 | 23 014 |
| - incl. other instruments | - | - | - |
| - incl. Deferred | 6 410 | 44 088 | 50 498 |
| - incl. cash | 3 109 | 22 114 | 25 223 |
| - incl. shares or equivalent instruments | 3 301 | 21 974 | 25 275 |
| - incl. other instruments | - | - | - |
| Unvested variable compensation | 6 477 | 81 587 | 88 064 |
| Deferred compensation paid | 2 909 | 52 335 | 55 244 |
| - Amount of reductions to deferred compensation | - | - | - |

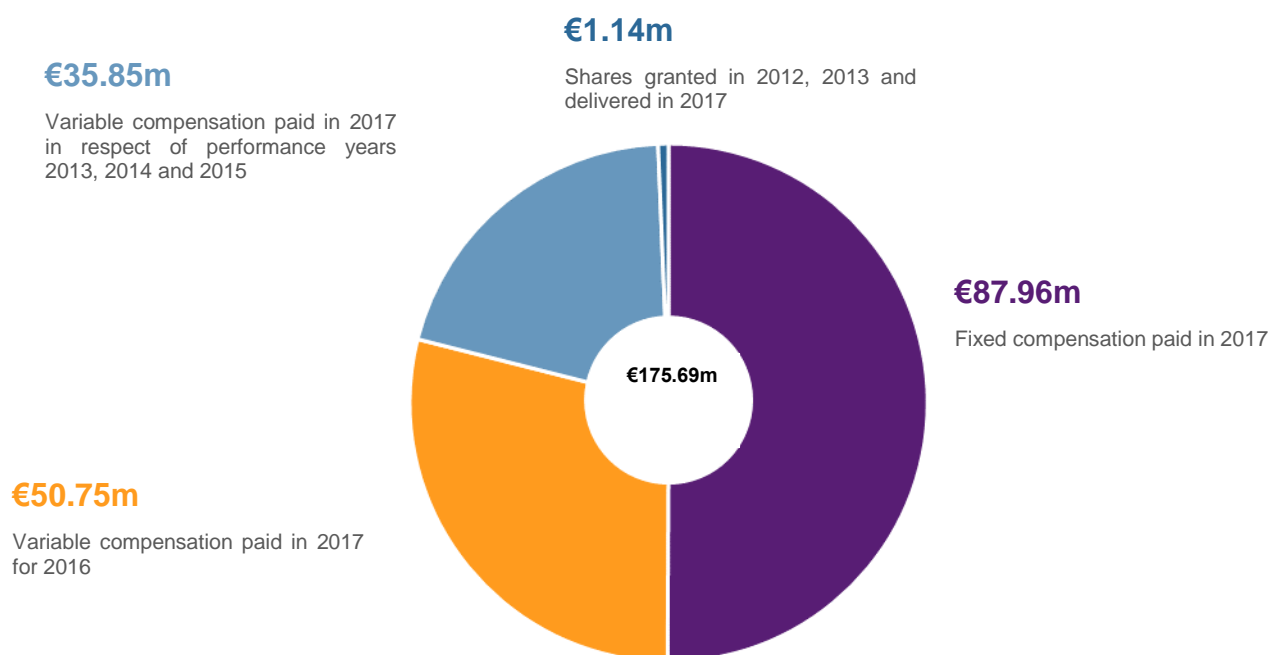
| | |
|-------------------------|-------|
| Severance payments paid | 2 673 |
| Number of beneficiaries | 8 |

| | |
|---------------------------|-------|
| Amounts paid to new hires | 2 759 |
| Number of beneficiaries | 4 |

In the 2017 financial year, 41 “regulated” employees, of whom 59% were located outside France, benefited from a total compensation exceeding 1 million euros.

| Total compensation | Number of employees |
|---------------------------------|---------------------|
| From 1 000 000 to 1 500 000 EUR | 21 |
| From 1 500 000 to 2 000 000 EUR | 10 |
| From 2 000 000 to 2 500 000 EUR | 4 |
| From 2 500 000 to 3 000 000 EUR | 4 |
| From 3 000 000 to 3 500 000 EUR | 2 |
| From 3 500 000 to 4 000 000 EUR | - |
| From 4 000 000 to 4 500 000 EUR | - |
| From 4 500 000 to 5 000 000 EUR | - |

QUANTITATIVE INFORMATION ON COMPENSATION PAID IN THE 2017 FINANCIAL YEAR



The amounts paid in the 2017 financial year representing deferred amounts from previous financial years' variable compensation plan are different from amounts of variable compensation awarded for fiscal year 2016 due to the change in Natixis' share price.

| <i>Amounts in €M excluding employer's contribution</i> | Award value | Payment value* |
|--|--------------------|-----------------------|
| 2016 variable compensation | 46.86 | 50.75 |
| 2013, 2014 and 2015 Variable compensation | 31.52 | 35.85 |
| Free shares | 0.54 | 1.14 |
| Total | 78.92 | 87.74 |

**Including Buy-back of deferred*

APPENDIX

Leverage ratio common disclosure template (LR2)

(in millions of euros)

| | | 31.03.2018 | 31.12.2017 |
|--|--|------------|------------|
| On-balance sheet exposures (excluding derivatives and SFTs) | | | |
| 1 | On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral) | 261,500 | 267,356 |
| 2 | (Asset amounts deducted in determining Tier 1 capital) | (4,467) | (4,401) |
| 3 | <i>Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)</i> | 257,033 | 262,955 |
| Derivative exposures | | | |
| 4 | Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin) | 7,621 | 7,442 |
| 5 | Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method) | 22,690 | 21,650 |
| EU-5a | Exposure determined under Original Exposure Method | | |
| 6 | Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework | | |
| 7 | (Deductions of receivables assets for cash variation margin provided in derivatives transactions) | (12,299) | (11,259) |
| 8 | (Exempted CCP leg of client-cleared trade exposures) | | |
| 9 | Adjusted effective notional amount of written credit derivatives | 18,909 | 16,194 |
| 10 | (Adjusted effective notional offsets and add-on deductions for written credit derivatives) | (16,755) | (14,199) |
| 11 | <i>Total derivative exposures (sum of lines 4 to 10)</i> | 20,166 | 19,828 |
| Securities financing transaction exposures | | | |
| 12 | Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions | 94,184 | 97,341 |
| 13 | (Netted amounts of cash payables and cash receivables of gross SFT assets) | (23,028) | (25,782) |
| 14 | Counterparty credit risk exposure for SFT assets | 5,681 | 5,855 |
| EU-14a | Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013 | | |
| 15 | Agent transaction exposures | | |
| EU-15a | (Exempted CCP leg of client-cleared SFT exposure) | | |
| 16 | <i>Total securities financing transaction exposures (sum of lines 12 to 15a)</i> | 76,837 | 77,414 |
| Other off-balance sheet exposures | | | |
| 17 | Off-balance sheet exposures at gross notional amount | 103,769 | 93,169 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | (62,827) | (57,090) |

| | | | |
|---|--|---------|---------|
| 19 | Other off-balance sheet exposures (sum of lines 17 to 18) | 40,942 | 36,079 |
| Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet) | | | |
| EU-19a | (Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet)) | | |
| EU-19b | (Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet)) | | |
| Capital and total exposures | | | |
| 20 | Tier 1 capital | 13,880 | 14,271 |
| 21 | Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b) | 394,978 | 396,276 |
| Leverage ratio | | | |
| 22 | Leverage ratio | 3.5% | 3.6% |
| Choice on transitional arrangements and amount of derecognised fiduciary items | | | |
| EU-23 | Choice on transitional arrangements for the definition of the capital measure | | |
| EU-24 | Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013 | | |
| (*) | of which exposure related to affiliates | 60,432 | 47,251 |
| (*) | Leverage Ratio excluding exposure related to affiliates | 4.1% | 4.1% |



Registered office:
30, avenue Pierre Mendès France
75013 Paris
Tel.: +33 1 58 32 30 00
www.natixis.com

A joint company with a Board of Directors with share capital of €5,021,289,259.20
542 044 524 RCS PARIS

