NATIXIS
BEYOND BANKING

2016

REGISTRATION DOCUMENT AND ANNUAL FINANCIAL REPORT

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TRANSPARENCE LABEL OR

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

Registration Document 2016

and Annual Financial Report

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This registration document was filed with the French Financial Markets Authority on March 21, 2017, 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 486.

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 2016 for Natixis?

Despite a tough first quarter on the financial markets and a particularly challenging context more broadly speaking, the third year of our New Frontier strategic plan was very positive for Natixis. Our core businesses displayed an increase in revenues again this year, with a total of €8bn across 2016, driven by solid commercial momentum, our teams' steady commitment and our clients' enduring trust, while also staging a rise in profitability.

With the roll-out of our asset-light model, which is the very foundation of our business strategy, we expanded our range of solutions at Corporate & Investment Banking, based on this approach that relies less on own capital. We can now boast greater capabilities to build effective financing solutions for our clients as a result of our successful implementation of the originate-to-distribute model, which reinforces new business volumes while reducing our risk-weighted assets.

We also developed new franchises at a steady pace, particularly in Mergers & Acquisitions, with two acquisitions – Natixis Partners in 2015 and PJ Solomon in 2016. Meanwhile, our international platforms continued to expand rapidly, with our Asian platform especially standing out. Lastly, robust momentum in our Global Markets, Global Finance and Investment Banking businesses confirmed the positive impact of our new organizational structure for Corporate & Investment Banking, which we implemented during the first half of 2016.

In 2016 we also actively built on our Investment Solutions business in keeping with our strategic targets. Natixis Global Asset Management is one of the main asset managers worldwide with €832bn in assets under management and is built on a multi-affiliated business model that offers substantial margins. 2016 also saw the bank successfully roll out the life insurance and personal protection insurance ranges across the Caisse d'Epargne network, in line with our Assurément#2016 program, thereby marking a major strategic achievement for the group.

We unlocked further synergies with all the various Groupe BPCE networks this year, particularly through our Specialized Financial Services businesses, which continue to develop with a strong digital focus.

Our Core Tier 1 ratio under Basel 3 stood at 10.8% at December 31, 2016, which is well above the ECB's own capital requirements for 2017. We were again committed to actively managing our capital throughout the year, creating value for our shareholders. As a result we will propose, at our General Shareholders' Meeting, to distribute €1.1bn, representing 85% of the net income i.e. a cash dividend of €0.35 per share.

"The extensive transformation of all our businesses is gaining pace with the execution of the Transformation and Business Efficiency program and is set to provide us with a stronger platform from which to attain our new strategic goals out to 2020."

What are your ambitions for 2017 and your medium-term vision for Natixis?

We are embarking on 2017 amidst unprecedented geopolitical conditions, particularly in the United States and Europe, with a busy electoral schedule and a number of uncertainties surrounding these events.

2017 will be the last year of New Frontier for Natixis, and we will continue to actively implement our strategic plan right until its full completion. 2017 will also be an important year for us as we will announce our new strategy goals for the next three years, from 2018 to 2020.

In the last quarter of 2016, we launched our ambitious Transformation and Business Efficiency plan, which involves significant investment in new technologies, and will enable us to generate €250m in savings each year from end-2019 onwards. This program involves an in-depth review of our business and organizational structure and an analysis of the way we work together within the company, with the aim of making us ever more agile and more efficient, and poised to take full advantage of the wealth of opportunities offered by new digital trends. We will march on with the transformation of our business model in 2017, stepping up the expansion of businesses that do not require significant capital investment: Asset Management, Investment Banking and M&A, and Payments. With this goal in mind, we announced the creation of a single business line bringing together all of Groupe BPCE's payment solutions entities within Natixis. We will also further continue our efforts to address the important matter of energy transition in all our business lines.

Our challenge for the years ahead will be to keep Natixis resolutely on its current path of growth and profitability on a sustainable basis, and this goal will be the focus of our forthcoming strategic plan to be announced in November 2017.

1

PRESENTATION OF NATIXIS

1.1 Presentation of Natixis

With over 16,000 staff in 36 countries, we are the international financing, investment management, insurance and financial services arm of Groupe BPCE, the second-largest banking group in France[1].

Our client base comprises large corporations, financial institutions, investors and clients of Groupe BPCE's networks. We innovate for them, we build industrial processes consistent with best market practices and we devise ingenious and customized financial solutions. Our clients harness the expertise of our three core business.

- Corporate & Investment Banking,
- Investment Solutions & Insurance,
- Specialized Financial Services.

We advise and support our clients throughout the world in pursuit of the success of their projects. Our teams are geared to constructing a lasting relationship with each client, founded on mutual confidence.

We endeavor to ensure our day-to-day behavior and business activities are consistent with our responsibility to society and the environment. We encourage the development of renewable energies, strive to reduce our direct impacts on the environment and support solidarity initiatives.

INVESTMENT SOLUTIONS & INSURANCE

INVESTMENT SOLUTIONS

ASSET MANAGEMENT

Natixis Global Asset Management

20 asset management companies (Natixis Asset Management, Loomis-Sayles, Harris Associates, Harris associates, AEW…) applying multiple investment approachs :

- "Multi-boutique" structure with around twenty management companies with multiple investment approaches
- Global distribution platform covering Europe, the US, Asia and the Middle East

PRIVATE BANKING

Banque Privée 1818

Natixis Private Banking Luxembourg and Belgium

- Financial Investment Management
- Wealth management advisory
- Corporate Advisory
- Life Insurance under French and Luxembourg law
- Loans
- Diversification
- Real-Estate investments

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

CORPORATE & INVESTMENT BANKING

COVERAGE

GLOBAL MARKETS

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

GLOBAL FINANCE

- Aviation, Export & Infrastructure
- Global Energy & Commodities
- Real Estate Finance
- Syndication/Distribution
- Global Portfolio Management

GLOBAL TRANSACTION BANKING

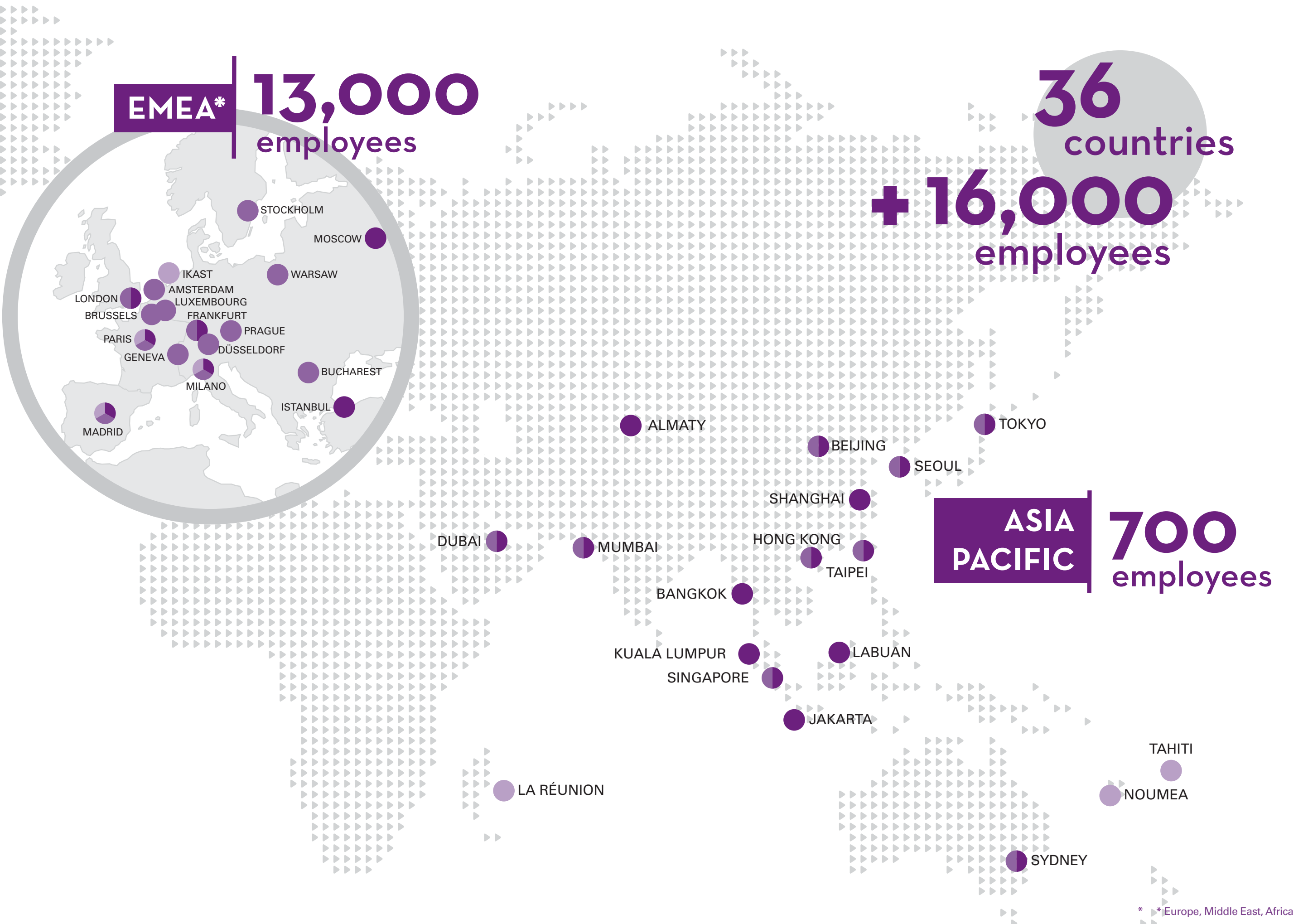
- Trade Finance
- Liquidity Management
- Cash Management for Corporates
- Cash Management for Financial Institutions

INVESTMENT BANKING

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

MERGERS & ACQUISITIONS

[1] Market shares : 21,6% in customer savings deposits, and 20,7% in customer loans (Source : Banque de France Q3 2016).



* Europe, Middle East, Africa

Headcount – end of December 2016
(Excluding financial investments)

SPECIALIZED FINANCIAL SERVICES

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, 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 loans

FINANCIAL SERVICES

EMPLOYEE SAVINGS SCHEME
Natixis Interépargne
Natixis Intertitres
- Employee savings plans
- Pension plans
- Collective non-life and provident insurance
- Employee share ownership
- Prepaid vouchers

PAYMENTS
Natixis Payment Solutions
- Payment management for every type of transaction and exchange system

SECURITIES SERVICES
EuroTitres Department
- Retail and private banking custody with back office functions

FINANCIAL INVESTMENTS

Coface
- Credit insurance
- Factoring (Germany, Poland)

Corporate Data Solutions

Natixis Private Equity

Natixis Algérie

1.2 History and links with BPCE

1.2.1 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 banks and Caisses d'Epargne. 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. Groupe BPCE and its 108,000 employees serve 31.2 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 15 Banque Populaire banks, 17 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.

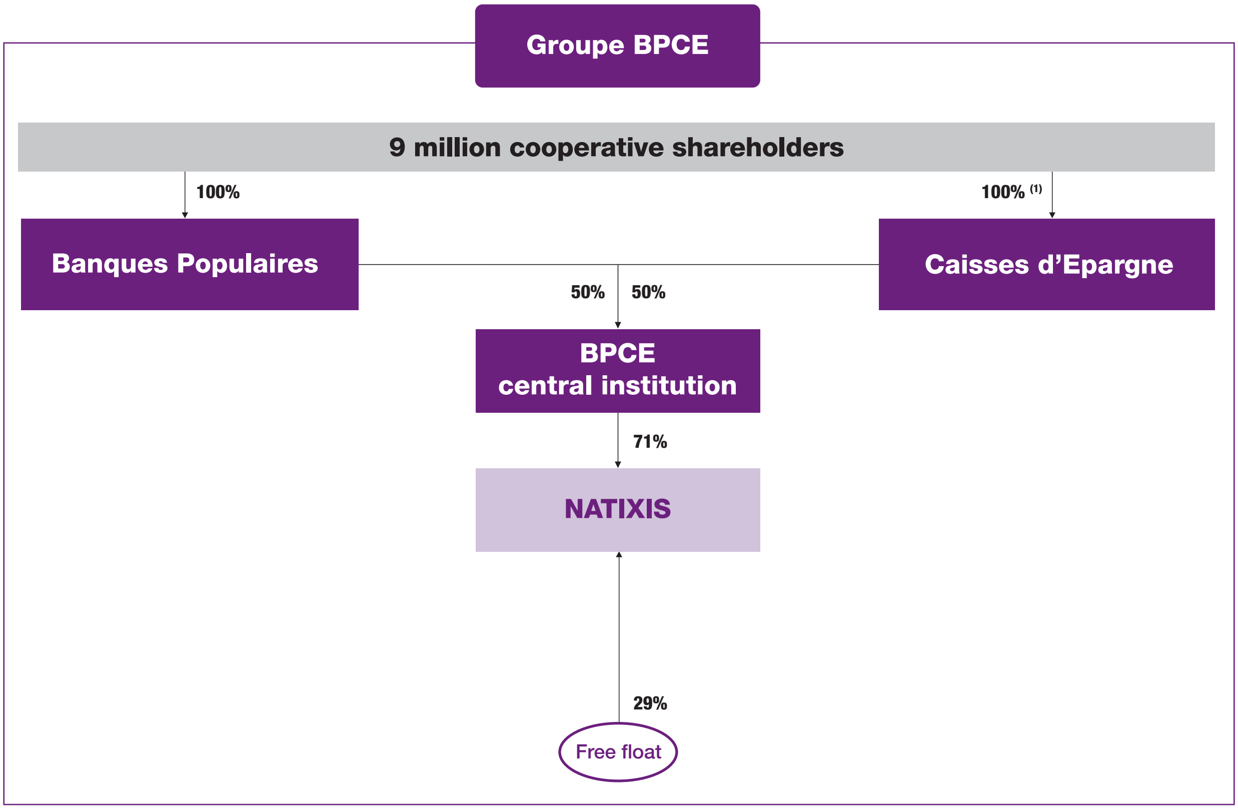
1.2.2 FINANCIAL SOLIDARITY MECHANISM

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

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

1.2.3 BPCE ORGANIZATION CHART

At December 31, 2016, BPCE held 71% of the share capital of Natixis (71.03% of voting rights) *(see Section 1.2.2 Financial solidarity mechanism)*. The structure of Groupe BPCE at December 31, 2016 was as follows:



(1) Indirectly through Local Savings Companies

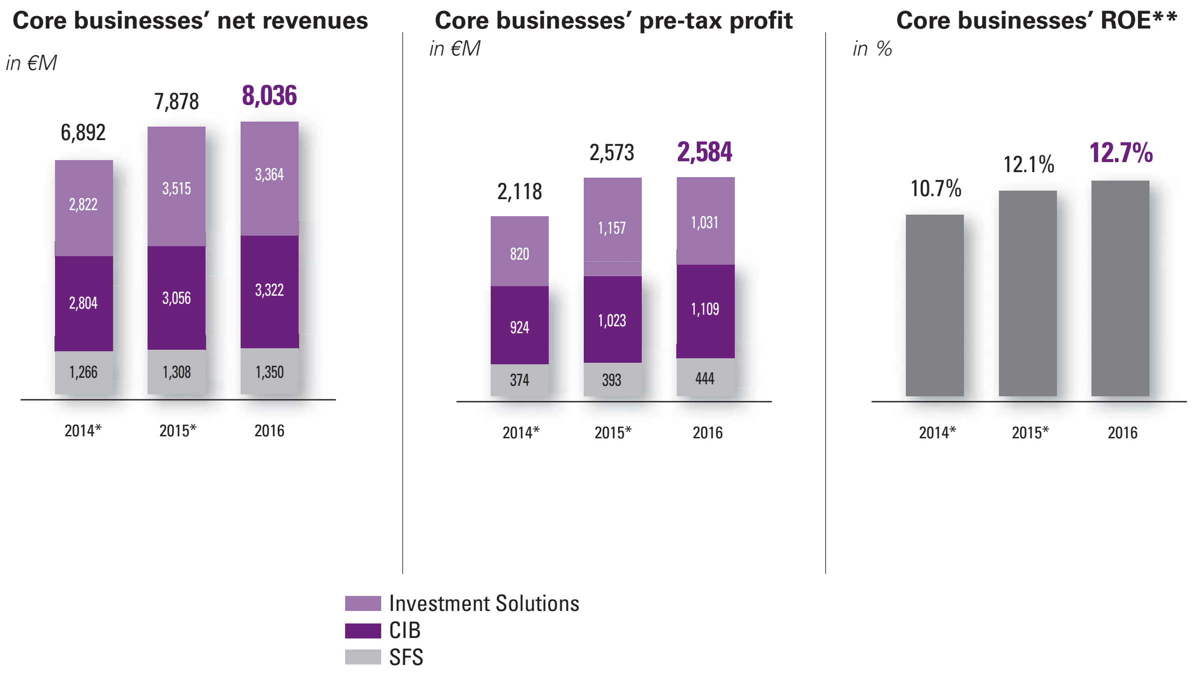
1.3 2016 Key figures

NATIXIS INCOME STATEMENT

(in millions of euros)	2016	2015	2014
Net revenues	8,718	8,704	7,512
Gross operating income	2,480	2,749	2,073
Cost of risk	(305)	(291)	(302)
Pre-tax profit	2,287	2,473	1,838
NET INCOME (GROUP SHARE) RESTATED	**1,374**	**1,344**	**1,138**

ROTE	*9.9%*	*9.8%*	*8.3%*
Cost/Income ratio	*71.6%*	*68.4%*	*72.4%*

CORE BUSINESSES' NET REVENUES

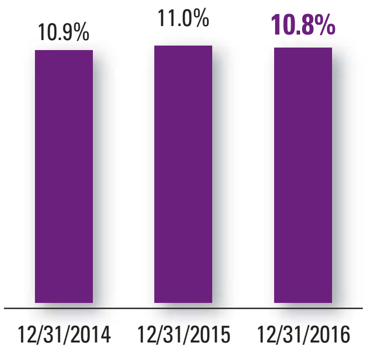


* *Pro forma data, see section 4.1.1 "Methodology" for exceptional ite ms and Appendix to 4.1.3 "Consolidated results".*

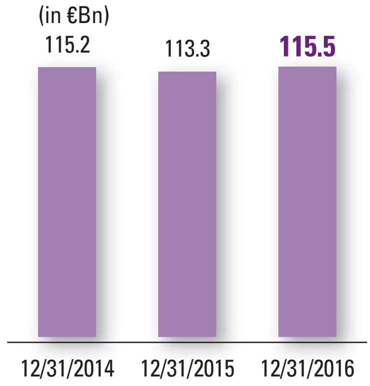
** *Reported figures including non-recurring items. Excluding non-recurring items, 2016 ROE of 13.1%, 2015 ROE 12.1%, 2014 ROE of 11.3%.*

FINANCIAL STRUCTURE

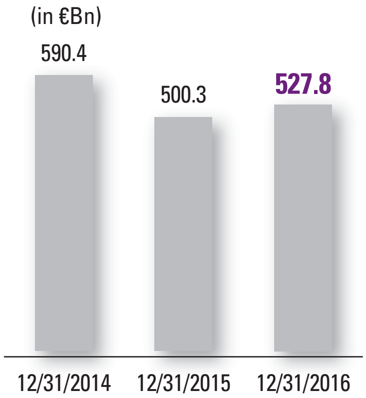
Basel 3 Common Equity Tier 1 ratio (Phased-in)



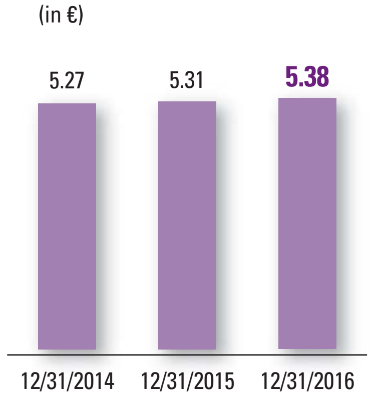
Basel 3 risk-weighted assets (Phased-in)



Total assets



Book value per share*



OTHER INDICATORS

Long and short-term ratings

(As of end-febuary 2017)

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

Net dividend per share in 2016**
€0.35

Payout ratio in 2016
85%

Board of directors

8 **Meetings**

40% **Gender balance**

92% **Global rate of participation in board meeting**

33% **Independent directors**

Presence in the CSR indexes

EURONEXT · STOXX ESG Leaders Indices · vigeo

* *After paying out the proposed dividend for the fiscal years in question.*
** *Proposal presented to the May 23, 2017 Shareholders' Meeting.*

1.4 Natixis' businesses

Natixis is the international corporate, investment, insurance and financial services arm of Groupe BPCE, the second biggest bank in France.

Natixis offers its clients the expertise of its three core businesses - Corporate & Investment Banking, Investment Solutions & Insurance and Specialized Financial Services - and incorporates the businesses of its financial investments.

Natixis operates in three key regions: the Americas (29% of net revenues[(1)]), Asia-Pacific (3.5% of net revenues[(1)]) and EMEA (Europe, Middle East and Africa, 67.5% of net revenues[(1)]).

1.4.1 INVESTMENT SOLUTIONS & INSURANCE

The Natixis Investment Solutions & Insurance core business incorporates Asset Management, Insurance and Private Banking, making up two divisions: Asset Management and Private Banking, and Insurance. In 2014, the purchase of BPCE Assurances by Natixis, together with the new partnership initiated with Groupe BPCE and CNP Assurances, led to the creation of a single insurance division that allows Groupe BPCE to operate as a fully-fledged bancassurance player. In 2016, Natixis carried out restructuring for the business in accordance with the New Frontier strategic plan objectives.

The Asset Management and Private Banking division is centred on Natixis' expertise in asset management - an area in which Groupe BPCE has global ambitions, boasting internationally recognized asset management expertise and distribution structures that are adapted to the specificities and regulations of markets where it operates. The division also strives to strengthen the positioning of the Banque Populaire and Caisse d'Epargne networks in the financial savings and Private Banking segments in France, while seeking new inroads in international growth.

Natixis Global Asset Management continues to strengthen its multi-boutique, multi-affiliate model and further its international development. Two-thirds of Natixis Global AM's employees of around 3,700 work outside France and chiefly in the United States, the world's biggest asset management market. Natixis Global AM also has a global distribution platform of more than 800 people, as well as a leading position in the US mutual fund segment. Private Banking has a platform in Luxembourg, where its approximately 100 employees are working to develop the business in Europe, while Private Equity offers a global range of funds via asset management firms in Europe, the United States and Asia.

The Insurance division covers three major activities: personal insurance, general insurance and insurance solutions.

1.4.1.1 Asset Management

Operating within the Investment Solutions & Insurance core business, Natixis' Asset Management business develops a wide range of investment solutions in the form of funds, dedicated products and mandates across asset classes (money market, bonds, equities, real estate, alternative, diversified and Private Equity) for all types of customers.

Asset Management: a global player

These businesses fall under the **Natixis Global Asset Management** holding company. It ensures the overall consistency of asset management operations by developing a global distribution platform and overseeing the financial and strategic management of over 20 specialized asset management and investment service companies in Europe, the US and Asia. Combined, the entities have about 3,700 staff (headcount increased in 2016), around 2,000 of whom are in the US, holding key positions in Europe (chiefly in France) and expanding in Asia-Pacific and, more recently, Latin America and Canada.

Natixis Global Asset Management's business model is based on a global distribution platform serviced by multi-specialist asset management companies to meet the needs of a broad international client base. Drawing on its diverse range of portfolio management skills, strong distribution network and flexible business model, Natixis Global AM has consolidated its position as a major international asset management player. At end-2015, the Company was ranked 16th global asset manager *(Cerulli Quantitative Update: Global Markets 2016 ranked Natixis Global Asset Management, S.A. as the 16th largest asset manager in the world based on assets under management in US dollars as of December 31, 2015).*

After acquisition of DNCA Finance in 2015, an acclaimed French asset management company with nearly €20 billion in AuM at end-2016, in 2016 Natixis Global Asset Management pursued its growth strategy and investment policy to ensure the steady expansion of its investment expertise and bolster its global distribution platform. In Europe, the merger between AEW Europe and Ciloger (La Banque Postale), creating the No. 3 player in the French retail market for real estate asset management, was finalized at end-2016. Within Natixis Global AM's international distribution arm, a department dedicated to the clients of Groupe BPCE's retail networks, namely Caisses d'Epargne and the Banque Populaire banks, was created through the merger of the management and distribution teams of Banque Privée 1818 and Natixis Asset Management to further the development of the "DEFI" financial savings project. In the US, the sale of Natixis Global AM's interests in Snyder and CGM was completed, as was the closure of Aurora.

Against a backdrop of sluggish global economic growth, 2016 proved to be a year of contrasts for asset management, with both high market volatility and, especially, a decline in US and European financial indices in the second half of the year.

In keeping with the reversal of the inflow trend in the second half of 2015, and this after nearly three years of strong commercial inflows, 2016 proved a mixed bag for Natixis Global Asset Management, with a growing assets-under-management amount and shrinking inflows.

Global assets under management rose to a record high of €831.5 billion versus €801.1 billion in 2015, an increase of +2% on a constant euro basis. The €30 billion increase in assets under management was due to the combined effect of three key factors: positive foreign exchange (+€12 billion) and market effects (+€33 billion) and a negative net outflow effect (-€12.3 billion). The scope effect was negligible in 2016. Global net outflows were mostly from the US (-€20.5 billion), while Europe and Asia remained positive at +€7.7 billion and +€0.6 billion, respectively.

(1) See Chapter 5 of this Registration Document - note 16.2 of the Appendices to the consolidated financial statements.

Asset management firms affiliated with Natixis Global Asset Management are supported by all the regional components of the global distribution platform. Its purpose is to collect assets for the asset management firms, and covers mostly the retail business in North America, as well as Europe, the Middle East, Latin America and Asia-Pacific.

2016 was a year of contrasts for the global platform as well as for asset management firms. The persistent growth in the distribution of high added-value "alternative" products by affiliates reflects their marketing efforts in this specialist area. Global assets under distribution represent more than 30% of Natixis Global Asset Management's total assets, proving the effectiveness of this distribution channel.

The platform already has a strong US market presence, and in 2016 furthered its development internationally in Asia, Europe and Canada. The distribution business performed well with major accounts and global consultants in Asia-Pacific, Japan and Australia, in the retail market in Europe and the United Kingdom, and in France and Spain. A strategy to extend coverage to several Latin American countries (Mexico, Uruguay and Colombia) is underway since 2014.

In France, the distribution platform was significantly improved in 2016 by the DEFI project, which aims to substantially increase the Banque Populaire and Caisse d'Epargne network's sales of asset management solutions from Natixis Global Asset Management's European affiliates.

International distribution 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). The support functions are based in Boston, London and Paris and provide coverage services via a "global key accounts" strategy.

All told, as a provider of comprehensive investment solutions, Natixis Global Asset Management now has distribution operations in over 20 countries. For the last five years, the business has been using the "durable portfolio construction" approach, which factors in current market volatility and the new expectations of financial investors who want bespoke advisory services as part of a long-term customer relationship. This approach has a global reach and an array of solutions on an international scale. It also offers the opportunity to invest in the Natixis Global Asset Management brand via international marketing and public relations initiatives that have enhanced the brand's visibility and recognition. The goal is to promote a single strategy, platform and message worldwide.

Asset Management business in Europe

The European Asset Management business posted €411.2 billion in assets under management at end-2016 versus €390.6 billion in 2015, an increase of 5%. This was primarily the result of positive inflow and market effects.

In 2016, European asset management companies maintained their positive momentum, posting net inflows of €7.7 billion. Natixis Asset Management, the biggest of these companies by AuM, contributed to this momentum, as did the smaller asset managers: AEW Europe, H20 Asset Management, Mirova, Dorval AM.

These companies posted strong activity, backed by high-quality expertise, product performance and the support of the distribution teams, and are also making headway with international clients, with an increasingly significant share of sales directed abroad. Accordingly, in 2016 there was a marked increase in the percentage of Natixis Asset Management and its subsidiaries' AuM stemming from international sources.

European asset management companies at end-2016 *(assets under management in billions of euros):*

- Natixis Asset Management (€337.1 billion): fixed income, European equities, investment and client solutions, volatility and structured products, global emerging and responsible investing;
- DNCA Finance (€19.8 billion): fixed income and equities;
- AEW Europe (€26 billion): real estate asset management, real estate investment trusts (SCPI) and real estate mutual funds (OPCI);
- H2O Asset Management (€11.5 billion): global macro multi-strategy and international fixed income;
- Mirova (€6.4 billion): SRI equity and fixed income, infrastructure project financing;
- VEGA Investment Managers (€5.8 billion): funds of funds and fund selection;
- Ossiam (€2.2 billion): strategy-based ETFs (Exchange Traded Funds);
- Dorval Asset Management (€0.9 billion): flexible management;
- Emerise ("NAM Asia") (€0.6 billion): Asian equities;
- Darius Capital Partners (€0.4 billion): alternative investment advisory (hedge funds);
- Seeyond ("NAM US") (€0.4 billion): structured products and volatility.

Natixis Asset Management (NAM) and its subsidiaries make up one of the leading asset managers in Europe. The company offers proven expertise in the main asset classes and portfolio management styles. It also provides privileged access to the complementary expertise of VEGA Investment Managers (specializing in fund selection and fund of funds management), Dorval Finance (flexible portfolio management) and H20 Asset Management (global macro alternative investment management) from London.

Structured into six specialized divisions (Fixed Income, European Equities, Investment and Client Solutions, Volatility and Structured Products, Global Emerging and Responsible Investment), Natixis Asset Management's shift towards a European multi-boutique model has resulted in strong brands and renowned teams. Thus, in addition to NAM's Fixed Income, European Equities and Investment and Client Solutions teams, Mirova is dedicated to infrastructure project financing and holds a leading position in several areas of SRI (socially responsible investment), while Seeyond specializes in structured and volatility products and launched an activity in the United States.

This diversification of business expertise has been accompanied by an expanded range of more comprehensive, specialized and increasingly recognized asset management solutions.

In Europe, increasing the sales of asset management companies internationally, developing synergies with other Natixis activities and businesses, and helping to boost the Group's financial savings (DEFI project) remain major priorities. DEFI (DEvelopment of FInancial Savings) aims to boost financial savings inflows in France, primarily through life insurance, by significantly increasing the percentage of unit-linked policies (financial savings are currently focused on guaranteed or protected vehicles). To this end, a new range of investment solutions was created that brings together select funds from asset management firms affiliated with Natixis Global Asset Management. DEFI also has a digital component, LEA (Active Savings), a flexible digital tool for account managers and clients.

Since the end of 2016, AEW Europe, an asset management company specializing in real estate, is 60%-owned by Natixis Global AM (following its acquisition of Caisse des Dépôt's 40% stake in the business) and 40%-owned by La Banque Postale in exchange for the transfer of Ciloger, an asset management company specializing in SCPIs. AEW Europe operates in nine European countries, with a particularly strong presence in Paris and London. After the merger with Ciloger, it managed €26 billion in real estate assets at end-2016, a substantial increase from 2015. The level of transactions (acquisitions and disposals) for real estate management reached a record high and fundraising was also very strong. The Company continued to pursue its strategic plan with auspicious business prospects based on development and international diversification opportunities amid considerable institutional and retail investor interest in real estate.

Together with its US and Asian partners, it forms the AEW platform dedicated to managing real estate assets, and a world leader in real estate investment advisory and asset management, with nearly €50 billion in AuM at end-2016. In total, AEW has over 600 employees, and offices in Boston, London, Paris and Hong Kong. AEW offers its clients a broad range of real estate investment products, including sector-specific funds, mandates and listed real estate securities, and uses a wide spectrum of investment strategies.

All of Natixis' European asset management companies provide a full range of products and services covering all traditional asset classes, as well as expertise in areas offering high added value. They have received numerous awards for investment performance, for the unique features of their investment funds and for their commitment to sustainable development.

Asset Management business in North America and Asia

Assets under management for the United States affiliates totaled $427.4 billion at end-2016, a slight decrease from $438.4 billion at end-2015. In Asia, assets under management climbed to €8.1 billion versus €7 billion at end-2015.

In the US, where investors are turning to passive strategies amid sharp volatility in the equity market and extremely low interest rates, the decrease in assets under management was mainly attributable to the substantial outflows experienced by Harris Associates - the largest of our US affiliates by amount of AuM, after Loomis and Sayles - and to a change in scope with the sales of CGM and Snyder, along with the Aurora closure. This decline is consistent with a general downturn that hit the US mutual fund market in 2016.

In contrast, the assets under management of Loomis and Sayles (fixed income and equity), Vaughan Nelson IM (equity) and AEW Capital Management (real estate assets) increased. In addition, NGAM Canada, acquired in 2014, launched its activity on the Canadian retail market with support from the US distribution teams.

The group's US asset management companies directly provide distribution services in its areas of expertise for institutional clients in the United States. In the retail banking segment, they enjoy the strong support of the distribution platform, which provides asset management products, advisory and structuring capabilities, and related services that can be tailored to different markets and distribution channels. This platform supplies both volume retailers and private investment advisors.

US and Asian asset management companies at end-2016

(assets under management in billions of dollars):

- Loomis Sayles ($240.2 billion): equities (growth, core, value) and fixed income (core to high yield);
- Harris Associates ($108.5 billion): US and international value stocks;
- AEW Capital Management ($23.7 billion): real estate asset management;
- Vaughan Nelson Investment Management ($12.9 billion): value stocks and bonds;
- Gateway Investment Advisers ($11.6 billion): hedged equity;
- McDonnell Investment Management ($11.5 billion): municipal bonds;
- Managed Portfolio Advisors ($10.4 billion): overlay strategies;
- Alpha Simplex Group ($6.3 billion) quantitative investment management;
- Aurora Investment Management ($1 billion): funds of hedge funds;
- NGAM Canada L.P. ($0.7 billion): delegated management;
- Active Investment Advisors ($0.7 billion): discretionary index-based strategies;
- IDFC (25%-owned, €8.1 billion): Indian stocks and bonds.

The Private Equity business line

Since April 2014, the Group's Private Equity business line reports to Natixis Global Asset Management under the name Private Equity Division and offers new alternative long-term investment solutions.

NGAM Private Equity division's assets rose from €6.3 billion at end-2015 to €7 billion at end-2016, nearly 90% of which was on behalf of third-party investors. Assets have increased by a multiple of 3.5 since refocusing our strategy on third-party accounts.

They cover several Private Equity segments (Venture Capital, LBOs/Growth capital, Advisory/Funds of funds) through a multi-affiliate structure that provides access to the complementary areas of expertise of six independent, international asset management companies.

Private Equity companies at end-2016 *(assets under management in billions of euros):*

- Naxicap Partners (€2.4 billion): majority or minority LBOs, private equity in the SME segment primarily in France;
- Euro Private Equity (€1.9 billion): investment advisory in the international private assets segment, funds of funds and co-investment;
- Caspian Private Equity (€1.8 billion): investment advisory in the US private assets segment, funds of funds and co-investment;
- Seventure Partners (€0.7 billion): European venture capital focusing on life sciences and digital technologies, primarily in Europe;
- Alliance Entreprendre (€0.2 billion): LBO and growth capital in France.
- Eagle Asia partners (€0.1 billion): Funds of funds, Asia.

1.4.1.2 Private Banking

The Natixis Private Banking business is dedicated to the financial planning of its private investors. It comprises Banque Privée 1818, geared towards the French market, and Natixis Private Banking, whose teams are based in Luxembourg and Belgium. At end-2016, its assets under management totaled €29.1 billion.

The Private Banking teams bring together the full range of expertise to address all aspects of financial planning, from wealth engineering, corporate advisory, credit facilities and club deals (individual investors grouping together to buy an asset of their choice). For its asset management offering, Private Banking works with its company VEGA Investment Managers (€6 billion in AuM). With a five-star rating from Morningstar and assets in excess of €300 million, "VEGA Euro Rendement" was awarded the 2016 *Globe d'Argent de la Gestion* in the Wealth Fund category by Gestion de Fortune magazine and its partner Quantalys. This outstanding performance recognizes VEGA Investment Managers' active management based on meticulous and responsive stock selection.

The Private Banking business focuses on three customer segments: the wealth management customers of the Groupe BPCE banking network, some 640 independent wealth management advisors with access to a wide range of investment products and services via the Sélection 1818 distribution platform, and direct clients, mainly introduced by Natixis.

In 2016, Banque Privée 1818 maintained its strong sales momentum with net inflows of nearly €1.5 billion.

Serving the Groupe BPCE networks

Banque Privée 1818 serves the Banque Populaire, Caisse d'Epargne and BPCE International and Outre-mer networks. It offers them sophisticated products and services to satisfy the growing needs of their customers in the areas of Private Banking and wealth management. It offers a vast array of services: delegated management, a selection of UCITS, a real estate offering, corporate advisory services, and life insurance policies via a platform. Banque Privée 1818 is therefore Groupe BPCE's open-architecture broker.

Gross inflows from Groupe BPCE's banking networks reached €1.1 billion in 2016, with assets rising to a total of €7.6 billion (figures include the transfer of a percentage of assets from the networks to Natixis Global Asset Management's distribution platform).

Wealth management

Business owners and senior executives in France and abroad represent the core target markets of Private Banking teams in charge of direct customers (€7.5 billion in assets under management at end-2016). They work closely with Natixis' Coverage teams to roll out innovative and customized wealth-management solutions to meet the specific needs of this demanding customer segment.

In 2016 Banque Privée 1818 garnered considerable success in the area of corporate advisory services. For the fourth year in a row, the team also maintained its ranking as a market leader in the "best investment bank for managerial team support" category, bestowed by Décideurs magazine, thus consolidating its role as a management advisory services provider on LBO deals. It has also succeeded in expanding this expertise to the family business market.

There is a solid bond between the wealth management teams of Coverage and Natixis Partner, lending to the execution of a large-scale private investment banking deal for a strategic client of the Lille regional division.

Sélection 1818, the platform for independent wealth management professionals

With €6.2 billion in assets under management at end-2016 and 638 active IWMAs, Sélection 1818 won two awards: the Editors' Choice award in the banking platform category at the Pyramides de la Gestion de Patrimoine awards ceremony, held by Investissement Conseils magazine, and 3rd third place in the banking platform category of the Service Provider Awards (Palmarès des Fournisseurs), held by Gestion de Fortune magazine.

Despite difficult and highly competitive business conditions, Sélection 1818 collected gross inflows of €946 million.

1.4.1.3 Insurance

Natixis' "Assurance" offering provides a wide range of insurance products for retail customers, independent professionals and, to a lesser extent, corporate clients. Life insurance and retirement products, primarily distributed by the Banque Populaire banks until December 2015, were rolled out in the Caisse d'Epargne network on January 1, 2016 as part of the "Millevie" product range. The personal protection insurance business recorded consistent growth. It features a wide variety of solutions distributed by the Groupe BPCE networks, ranging from death benefit, work cessation and dependency products to payment protection insurance. In fact, personal protection insurance products were rolled out in the Caisses d'Epargne in 2016, while payment protection insurance was rolled out in the Crédit Foncier network. Lastly, car and home insurance products available to retail customers through the Banque Populaire and Caisse d'Epargne networks are rounded out by an offering geared towards professional customers.

Natixis Assurances operates in Luxembourg through its subsidiary Natixis Life, and in Lebanon through an equity stake in a subsidiary in partnership with a local private bank.

Natixis Assurances' total revenue from direct sales exceeded €8.0 billion in 2016, including premiums generated by associate company BPCE IARD.

Personal insurance

Total revenue from direct sales climbed to €6.8 billion, a substantial increase (+37% versus 2015) boosted by the Caisse d'Epargne network's sales of the new range of products, which totaled €1,839 million for the savings segment and €3 million for individual personal protection insurance. Assets under management rose by 8.4%.

2016 was marked by significant growth in life-insurance revenue, which totaled €6.0 billion, a +42% increase compared to the previous year. The new range of life-insurance and retirement products sold since January 1 in the Caisses d'Epargne network contributed 31% of revenue. Unit-linked policies rose by 0.7% compared to the previous year, reaching 21.3% in keeping with the strategic plan's goal to focus inflows on unit-linked vehicles.

Revenue from the personal protection insurance and payment protection insurance activities grew to €759 million in 2016, up 8% compared to the previous year. The new range of personal protection insurance products sold in the Caisse d'Epargne network resulted in the sale` of 91,000 policies. Payment protection insurance accounted for 79% of total personal protection insurance premiums in 2016.

The new range of products and new features in the Caisse d'Epargne network has been successfully rolled out.

General insurance

Natixis Assurances continued to record strong business growth driven by Groupe BPCE's ambitions under its "Growing Differently" strategic plan for 2014-2017. Overall, property and casualty insurance premium income totaled €1,287 million, representing a 9% increase.

Growth was driven by auto (+12%) and multi-risk home insurance (+10%), 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 considerable efforts made by the networks. The policy portfolio grew by more than 7% in 2016, resulting in a total of 5.2 million policies.

The digital transformation of the business continued in 2016, with an increase in the percentage of policies taken out using electronic signatures and/or through remote sales.

Insurance solutions

The Insurance Solutions Department handles insurance segments for Groupe BPCE that are not dealt with by its insurance subsidiaries, e.g. the Group's insurance program.

1.4.2 CORPORATE & INVESTMENT BANKING

At December 31, 2016, the Corporate and Investment Banking (CIB) core business comprised 2,987 employees (FTEs) in 29 countries around the world. 53.5% of the employees were located in France, and 46.5% internationally.

Corporate & Investment Banking advises corporate clients, institutional investors, financial sponsors and public sector entities. It offers them a wide range of financing, hedging and capital market investment solutions, vanilla and structured financing, M&A advisory services and Global Transaction Banking services. Natixis draws on the technical expertise of its teams and its renowned research department to develop solutions adapted to the specific needs of each and every client.

On March 15, 2016, Corporate & Investment Banking initiated a project to improve its organizational structure. This project is being implemented in France and internationally as of July 27, 2016. In line with the New Frontier strategic plan, this new organizational structure will enhance client support through strengthened strategic dialog, take its originate-to-distribute (O2D) model to the next stage, and further expand the growth of its business lines internationally.

Corporate & Investment Banking will now be structured as **five business lines:**

- **Capital Markets (Global Markets):** offering a wide range of diversified, standard and bespoke products on the fixed income, credit, forex, commodities and equities markets;
- **Financing (Global Finance):** combining origination, syndication and management for the structured finance portfolio to strengthen the O2D model;
- **Global Transaction Banking:** a comprehensive range of trade finance, liquidity management, cash management solutions for corporates and financial institutions, and helping clients develop their business in France and internationally;
- **Investment Banking:** this business line was created to reinforce strategic dialog with clients by offering them the optimal combination of solutions to meet their financing needs;
- **Mergers & Acquisitions:** developing business to better support clients in their M&A transactions.

These business lines are adapted locally across the three **international platforms:**

- **Americas** (seven countries: the United States, Canada, Mexico, Colombia, Brazil, Peru and Argentina);
- **Asia-Pacific** (11 locations: Australia, China, South Korea, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, Taiwan and Thailand);
- **EMEA** (Europe except France, the Middle East and Africa): five branches (London, Frankfurt, Milan, Madrid and Dubai), two subsidiaries (Moscow and Frankfurt) and three representative offices (Almaty, Johannesburg and Istanbul).

In 2016, Corporate and Investment Banking expanded its international development efforts with the opening of a representative office in Colombia and the continued development of its Latin American platform, the transformation of its representative office in Montreal into a branch, the expansion of its offices in Houston, the granting of regulatory authorization to open a branch in Taipei in 2017 in support of Natixis' business development in the Greater China region, and the opening of a representative office in Geneva.

Corporate & Investment Banking has a cross-business **Coverage** team dedicated to Natixis' client coverage. The team sees clients through every stage of their development. It anticipates their needs and offers them targeted advice on the challenges they face by offering them tailored solutions that draw from Natixis' full range of products and services. Organized by client type (financial institutions and the public sector, financial sponsors and corporates), the Coverage function works closely with the bank's various business lines. It supports clients in France through a strong regional presence, and internationally with the support of all the Natixis teams working in 36 countries. This structure helps foster in-depth strategic dialog with clients, a high degree of responsiveness and long-term, personalized and close working relationships.

1.4.2.1 Global Markets (Capital Markets)

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

Equity markets

Present on French and international cash equity and equity derivative markets, Natixis offers its clients investment, financing and hedging products that range from the simplest to the most innovative solutions.

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. Three distribution platforms – in Paris, London and New York – are available for institutional investors, corporates and network clients. In 2016, the bank continued its international franchise development while maintaining its business with its core French clientele.

Natixis' **equity derivatives** team provides concrete solutions for insurers, pension funds, asset managers, hedge funds, private banks, bank and insurance distribution networks and wealth management advisors. To address the goals and constraints of clients, it offers integrated services comprising equity investment solutions, equity finance, algorithmic indices, legal arrangements and regulatory solutions, fund solutions, hybrid products and alternative risk transfer activities.

Natixis maintains a very active and innovative digital presence. It was the first bank to offer its distributor clients "MOOC" (Massive Online Open Course) training platforms, complete with videos, tutorials and quizzes, helping them improve the quality of their commercial operations. The bank also offers private banks a real-time pricing tool for the primary market (E-MAPS), as well as a portfolio management tool for the secondary market (E-TRANSAC). Clients also get access to a brand new web interface devoted to proprietary indexes *(www.nxsindices.com),* as well as an online synthetic prime brokerage platform (Natixis Synthetic Services).

Natixis received a number of prestigious awards in 2016, underlining the dynamism and expertise of its equity derivatives teams. It was named Most Innovative Investment Bank for Equity Derivatives by *The Banker* magazine (*Investment Banking Awards 2016*). This international recognition illustrates the bank's ability to generate solutions consistent with the market environment, evolving regulations and client needs. Solutions include the launch of new products on new market indices (Euronext, STOXX, FTSE Russell, Standard & Poor's and Solactive), and solutions incorporating systematic strategies for equity portfolio hedging. The insurer support platform was also recognized for the second consecutive year by UK-based *StructuredRetailProduct*s, which gave Natixis the Best Insurance Deal (EMEA region) award as part of its 2016 *European Structured Products Award*s. The bank was also a market leader in securities lending/borrowing transactions. In 2016, for the fourth year in a row, the magazine *Global Investor/IS*F, in its 2016 *Equity Lending Surve*y, named Natixis Most Innovative Equity Borrower (award for Group 2) and Best Equity Borrower Globally, EMEA, Asia and Americas (Group 2 rated by Group 2). *[Note: The survey distinguishes between Group 1 and Group 2 based on the quality and volume of global transactions processed. Group 1 is made up of the world's 15 biggest lenders and 15 biggest borrowers (by volume only). The remaining counterparties not classified among Group 1 are in Group 2 (20 lenders and 20 borrowers)].*

Fixed income, credit, forex, commodities and treasury markets

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

In a complex and volatile market environment marked by negative interest rates, in 2016 Natixis reaffirmed its ability to keep its market risks and expenses under control, reduce its use of equity capital and grow for the benefit of its increasingly international client base.

In 2016, the **Fixed Income** business continued to implement the strategy adopted in 2015. The financial engineering teams now play a central role, shifting the model from a flow approach to a solutions platform. The focus is now on designing innovative and simple solutions that are better adapted to the needs of clients, thereby strengthening long-term working relationships.

A new business line was formed in Fixed Income business in 2016, the Securities Financing Group (SFG) - a merger of the Fixed Income and Treasury businesses' repo and collateral management activities. The aim of the new business line is to give an overview of these activities and pool the expertise of the teams – the SFG team now working with all the Fixed Income products – and to comply with the French law of July 26, 2013 on the separation and regulation of banking activities.

In the credit business, through a cross-functional approach to securitization, asset and liability management, advisory services and portfolio restructuring (Global Structured Credit & Solutions – GSCS), Natixis offers its clients innovative, cutting-edge solutions to meet requirements related to the evolving external environment and issues like balance sheet reduction, the use of resources, obtaining alternative financing and more. Natixis has a strong presence among clients in Europe and the United States. It is ranked as the ninth-largest loan contributor to US CMBS transactions (*source: Commercial Mortgage Alert*) and the sixth-largest arranger of US CLOs (*source: Thomson Reuters*). In early 2016, Natixis decided to expand its franchises in Asia with the creation of a team based in Hong Kong. This strategy has already yielded results on an operational level, with a capital call financing transaction finalized for a major Private Equity firm in Singapore. Natixis now offers global origination and structuring coverage as part of its GSCS product range.

In the fixed income and forex markets, Natixis continued to expand its product range, maintaining strong business levels in Europe and gaining significant market share in Asia.

The Fixed Income business offers both investment and hedging solutions through cash products (government bonds) and derivatives.

Natixis also offers a comprehensive range of forex products (spot, forward foreign exchange instruments, vanilla and exotic currency options), and works with its structuring team to develop bespoke hedging solutions.

Natixis also operates in Moscow, Shanghai and Dubai, and develops its offering in local and sovereign debt, as well as in the currencies of these countries, to offer a complete range of fixed income, credit and forex solutions.

On the **commodities and energy** markets, the Global Markets Commodities teams have, over the past two years, developed a unique range of flow products and solutions for the bank's clients in Asia, the Americas and Europe. Natixis has adopted a model that is strongly client-focused and founded on the development of tailored and innovative solutions that meet clients' risk management needs. This approach draws on the expertise of the derivatives markets teams, combined with that of the financing and economic research teams.

In **treasury** activities, the BPCE/Natixis joint refinancing pool continued to collect the necessary resources to finance the development strategy of the group's business lines on the global level (implementation of a diversification policy with regard to clientele and the product range). In an ever-changing environment and evolving market context in view of recent political developments (Brexit, US elections), the pool continues to optimize liquidity and collateral management to navigate the impacts of new regulations and minimize the impacts of financial market volatility.

In the first quarter of 2016, and in accordance with the provisions of the French law of July 26, 2013 on the separation and regulation of banking activities, the repos and collateral management market-making activities were transferred to the Securities Financing Group business line within Fixed Income.

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 generate by these exposures.

Research

Research is an integral part of Natixis' commercial strategy. Every day, the Research Department publishes analyses to guide clients in their investment decisions and contributes to creating financial solutions tailored to clients' needs.

Cross-expertise research brings one of the market's biggest research teams to the capital markets, with a focus on six areas of expertise: equity, credit, economies, investment strategies, commodities, rates and forex. It also has an experienced SRI (socially responsible investment) team dedicated to analysing ESG (environmental, social and governance) criteria. In 2016, Global Markets Research increased the number of its publications (especially cross-expertise) and investment recommendations and held more conferences to give clients access to cross-disciplinary expertise based on joint analyses and targeted research. The Research Department received several awards in 2016, recognizing the expertise of its teams and their commitment to clients. For the first time, Natixis was named Commodities Research House of the Year as part of the 2016 *Energy Risk Awards*. On the credit research side, the team was recognized by *Euromoney* magazine for the fifth consecutive year, earning the Best Credit Research Award in the covered bonds, supranationals & agencies and utilities categories. It ranked in the top five of most categories *(source: Euromoney Fixed Income Research Survey 2016)*. The Equity Research Department was also ranked second in France, and received nine awards (in Food & Beverages, Insurance, Retail & Consumer Products, Construction, Energy & Chemicals, Utilities), as part of the 2016 Thomson Reuters Analyst Awards.

The Quantitative Research Department supports the bank's financial innovation process and ensures that it remains competitive in today's fast-changing markets by developing pricing and risk management models, as well as quantitative asset allocation strategies.

1.4.2.2 Global Finance & Investment Banking

Global Finance (Financing)

Global Finance handles the origination, arrangement and syndication of structured financing, as well as portfolio management for all the vanilla and structured financing that forms the foundation of the O2D value chain. This new business line was created to reinforce distribution through a resolute focus on the interests of different categories of investors.

Global Finance encompasses origination activities for aviation, export and infrastructure finance, energy and commodities finance and real estate finance. Syndication is a cross-business function and therefore makes full use of the distribution process and distribution channels.

To optimize the use of the bank's resources in the interest of its clients, Natixis has integrated its credit portfolio optimization activities into its financing activities. The business line's role is to manage the entire portfolio (i) from a credit perspective to pre-empt risk and (ii) from a resources' perspective (RWA and liquidity) via optimization measures. This new team is also tasked with developing a comprehensive vision of the portfolio (risks and resources) in line with the decision-making process for new operations. The establishment of this team is aimed at accelerating the O2D strategy by devising and implementing a portfolio strategy that will enable the bank to adapt to upcoming regulatory changes.

The reinforcement of the O2D model 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 competition. By focusing on the O2D model, and specifically the distribution component, the Americas platform acted as associate bookrunner for 89.5% of the structured financing and 37.5% of the high-yield financing that it granted in 2016.

In 2016, Natixis boasted strong positions and was ranked No. 3 bookrunner for real estate finance in the EMEA region *(source: Dealogic)*, No. 10 arranger globally in project financing *(source: Thomson Reuters)* and the leading arranger of renewable energy infrastructure financing in the EMEA region and fifth in the world *(source: IJ Global)*.

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 the banking and institutional markets.

Drawing on its leading position in infrastructure debt vehicles, Natixis consolidated its platform devoted to institutional clients, enabling them to invest in this asset class through partnerships. In 2016, this platform, which now includes seven partners, was extended to aircraft assets. It also expanded beyond Europe, with the two most recent partnerships being concluded with South Korean investors and denominated in US dollars. This enables these partnerships to be set up on non-euro zone assets, such as the projects for the Rabec power plant in Saudi Arabia, a refinery in Mexico and the MGT biomass plant in the United Kingdom. Natixis is continuing its mobilization efforts in support of the energy transition, particularly in offshore wind farms with the Merkur project in Germany and the Beatrice project in the United Kingdom.

Infrastructure financing saw sustained business activity across all international platforms. In the Asia Pacific region, for example, Natixis financed a number of transactions conducted within a privatization framework, such as the financing of the Transgrid and Ausgrid transmission networks and the Port of Melbourne in Australia, as well as greenfield projects including the financing of the Hawaiki submarine cable linking New Zealand and the United States.

The bank also reaffirmed its leading role on the global market for aircraft finance by arranging the financing of a fleet of 22 aircraft for aircraft leasing company Goshawk Aviation Limited, and of two aircraft for Etihad, and by assisting the launch of new French airline French Blue by financing its first aircraft.

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 2016, Natixis opened a representative office in Geneva to be closer to its clients and expand its origination platform. The bank also joined the Essdocs digital platform (electronic bills of lading for ship transport). In a sector environment that remains challenging due to the low prices of many commodities, Natixis consolidated its energy and commodities franchise in a highly selective manner by supporting its long-standing clients with their financing needs. Trade finance activities demonstrated strong resilience. For example, Natixis renewed a borrowing base of $3 billion for Trafigura, set up a $1.67 billion RCF for Gunvor, financed the Ghana Cocoa Board's cocoa campaign amounting to $1.8 billion and financed the Oyu Tolgoi copper and gold mine in Mongolia.

Real estate finance

In real estate finance, Natixis is a leading player in Europe and the United States and boasts a comprehensive financing offering: arrangement of corporate and specialized financing, securitization, German mortgage covered bonds (Natixis Pfandbriefbank AG), etc.

In 2016, business activity was strong in Europe (€300 million in mortgage refinancing for 11 office blocks in Paris for Foncière des Régions, €450 million in mortgage financing for the acquisition of a portfolio of nine hotels in Germany by Event Hotels/FDM Management, financing for the acquisition of office properties by Cegereal Group for a total of €525 million, acquisition of Grandi Stazioni by Antin, ICAMAP and Borletti) as well as in the United States ($750 million in financing for the construction of a residence in New York by Extell Development, $285 in financing for the acquisition of seven hotels in Manhattan by Cindat Capital Management Limited and Hersha Hospitality Trust, financing of 13 health facilities located in New Jersey, New York and Florida in the amount of $91.5 million, etc.). In Europe, in a continuation of the policy to reduce liquidity consumption, over €2 billion in assets were booked within Pfandbriefbank with existing issuances exceeding €1 billion. Following several past issuances of under €100 million, it issued its first Pfandbrief public bond in the amount of €250 million with a 10-year maturity and at interest rates below that of the Euribor in 2016. In 2016, Natixis securitized a total of $1.9 billion in CMBS (commercial mortgage-backed security) transactions in the United States, a more competitive market experiencing strong pressure on spreads. Natixis also offers warehousing services, an area in which it is one of the top players. It assisted Fortress and A10 Capital with the issuance of their CLOs (collateralized loan obligations) in the amounts of $250 million and $160 million, respectively.

Global Transaction Banking

The Global Transaction Banking (GTB) teams develop and provide Natixis' corporate clients with solutions for monitoring, optimizing and enhancing their cash flow and financing and securing their international trade transactions. They support them over the long-term, at every step of their projects, helping with the selection and implementation of solutions adapted to their needs, both in France and internationally via the platforms in the Asia Pacific region (Singapore, Shanghai, Hong Kong), the Americas (New York, São Paulo) and the EMEA region (Dubai, Moscow).

- Trade finance: Natixis contributes to the international development of its clients by offering them a comprehensive range of services for financing their activities while limiting their risk exposure.
- Liquidity management: Natixis offers account keeping and management solutions, and provides centralization tools for treasury management, as well as cash investment solutions.
- Cash management for corporate clients: Natixis provides its clients with multi-channel and multi-format solutions to help them manage their transactional activities (payments and receipts, reporting), in France, Europe or internationally. Natixis complements these solutions with security arrangements to protect against the risk of fraud.

GTB also has a cash management function aimed at financial institutions. The close relationships built with its numerous banking partners enable Natixis to ensure comprehensive coverage of their clients' activities.

In 2016, GTB rounded out its international offering for its major corporate clients with a supply chain finance solution, adding to its standard trade finance solution. This solution helps buyers and suppliers optimize their working capital.

Natixis sold the 32-day notice account product to corporate clients who already had a tiered interest-bearing current account with Natixis and wanted to invest their cash surpluses for more than one month at an enhanced rate.

Furthermore, in partnership with Bank of China, GTB launched the Africa to China offering that allows Natixis' banking correspondents to initiate trade payments in RMB (Renminbi) to mainland China.

Investment Banking

The Investment Banking business line was created in the context of CIB's new organizational structure. Its objective is to strengthen dialog with clients by offering them the best possible combination of solutions to meet their financing needs. It encompasses the activities of acquisition and strategic finance, financing on the primary markets for bonds and equities, financial engineering applied to holdings (Strategic Equity Transactions). With the restructuring of the CIB, these teams report to both the Head of Investment Banking and to the Head of Global Markets. The Investment Banking business line also includes advisory services in financial structure and rating matters.

Acquisition and strategic finance

Natixis is a world-class player in acquisition and strategic finance, with over 20 years of global experience in this sector. Following on from 2015, 2016 saw very strong activity. Natixis performed very well, both in France and internationally, in major acquisition financing transactions.

In corporate acquisition financing, Natixis arranged large-scale cross-border deals by working with Chinese group ChemChina on two acquisitions in Europe: that of Swiss agrochemical company Syngenta (the largest transcontinental transaction conducted by a Chinese company, with Natixis acting as MLA/bookrunner for €12.7 billion in financing) and of German company KraussMaffei (the world leader in plastic material transformation equipment), with Natixis acting as MLA/bookrunner for €925 million in financing. It also carried out landmark operations in Italy (acquisition of Artsana by Investindustrial and the financing of ACS Dobfar, a private pharmaceutical group specializing in antibiotics), as well as Spain and Northern Europe.

Having participated in 2015 in the financing of the acquisition ($12 billion) of US-based Airgas by Air Liquide, in 2016 Natixis acted as associate bookrunner for the refinancing of this loan through a capital increase and a long-term USD debt issue.

Furthermore, Natixis participated in the acquisition of Darty by Fnac via the arrangement of a revolving credit facility and a bridge loan refinanced by a high-yield debt issue and a term loan.

Globally, it also arranged several leveraged buyouts for investment funds: Natixis finalized the financing for the acquisition of Foncia by Bridgepoint, and of Eurazeo, Artsana (Italy) by Investindustrial and Academic Colleges Group by Pacific Equity Partners, marking the revival of this business in Australia. It also continued its impressive growth in Scandinavia by arranging the financing Nordic Capital's acquisition of GreenFood.

Bond origination

As a key player on the market for euro-denominated bonds, Natixis' expertise is renowned among all issuer categories, including corporate clients, financial institutions, and sovereigns/supranationals/agencies. Notably, it led a bond issue (€3 billion) across three tranches for Sanofi, the first company to achieve a negative yield on such a long maturity (three years). The deal was named Europe Investment-Grade Corporate Bond of the Year by *IFR*.

Through its origination team operating on the primary European, American and Asian markets, Natixis advises and supports its clients internationally, helping them obtain financing on the foreign-currency bond markets.

Natixis has a very strong presence in the EMEA region, particularly among its Italian, Spanish, Portuguese and Belgian clientele. While maintaining its lead in covered bonds in 2016 (*source: Dealogic*) in Spain, the bank arranged landmark transactions in Italy (reopening of the T2 market for UBI), the United Kingdom and Germany. Natixis was joint bookrunner in a €6 billion issue for the Kingdom of Belgium. It also arranged and swapped the first-ever covered bond issuance for a Turkish bank.

In the Asia Pacific region, the bank led several major transactions, including the issuance of the first euro-denominated covered bond by Singapore-based bank UOB, the perpetual bonds of Aluminium Corporation of China (as joint global coordinator) and China Aluminium International Engineering Corporation and the first euro-denominated bond by ChemChina Group (as joint global coordinator), issued by CNCR Capital Limited and secured by Chemchina.

The Asia Pacific platform also played an important role in the financing of Groupe BPCE, particularly through issuances on the Japanese market, where it supported the Group with the issue of the first tier-two samurai bond for retail investors.

Natixis continued developing its expertise in US dollar issues, particularly in the Middle-East (Tunisia, Lebanon and Morocco) and in Asia, with its first US dollar-denominated issue for Chinese company Chalco ($500 million). It also acted as co-bookrunner in a senior bond issue for Springleaf ($1 billion) in the United States.

In 2016, it reaffirmed its commitment to its clients on the following segments:

- Covered bonds: Natixis led the inaugural bond issues of United Overseas Bank in Singapore (€500 million) and of Vakifbank in Turkey (€500 million), for which it received the Best Inaugural Covered Bond Award for 2016 by specialist publication *The Covered Bond Report*;
- Green bonds: Natixis was also active bookrunner in an issuance for Foncière des Régions (€500 million);
- Issues in USD (RegS/144A): Natixis participated as active bookrunner in an issuance by Oman, totaling $4 billion.
- High Yield: Natixis continued its growth on this market with a €650 million issue for FNAC;
- Euro PPs: Natixis acted as arranger in a €35 million issuance by CA Animation;
- OAT French Treasury bonds: Natixis was co-lead manager in the issue of European inflation-linked OATs for the French government (€4 billion);
- Global Medium Term Notes range (RegS/144A): Natixis was the sole arranger for this $10 billion program for Egypt.

Equity capital markets

The Equity Capital Markets (ECM) business provides clients with tailored advisory services for all transactions that affect their capital structure: IPOs, capital increases and convertible or exchangeable bond issues. ECM is also developing advisory services for carrying out public tenders or exchange offers. At the same time, the team maintains a corporate broking business that offers clients intermediation services for acquisitions and disposals on the equity market, share buybacks and liquidity contracts.

Natixis is a leader on the equity capital markets in France. In 2016, it was again ranked No. 1 bookrunner in France for capital increases with preferential subscription rights (PSR) *(source: Bloomberg)*.

In 2016, Natixis conducted a number of landmark transactions including capital increases for Air Liquide as bookrunner and joint lead manager (€3.3 billion) and a non-dilutive convertible bond issue for LVMH as global coordinator and associate bookrunner ($600 million) in France. It also conducted its first capital increase in the United Kingdom as MLA/bookrunner, supporting Phoenix Group with the acquisition of Abbey Life (£735 million).

Strategic Equity Transactions

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 clients.

Capital Investment and Rating Advisory

This advisory business line focuses on the analysis of financial structures and financing and rating strategies. 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.

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 accordance with the objectives of the New Frontier strategic plan, Natixis has become, in the span of four years, a major player in mergers and acquisitions in France, ranking fourth in terms of number of completed deals in 2016 (*source: Thomson Reuters*). The bank has established a strong presence among major corporate clients in France, developing a regular dialog with them. In 2015, the bank continued its development in France with mid-caps and investment funds, acquiring Leonardo & Co., now called Natixis Partners.

Furthermore, Natixis has developed its operations internationally. Adding to the expertise already present in Italy, in Asia and in Spain following the acquisition in late 2015 of 360 Corporate Finance (renamed Natixis Partners España), in June 2016 the bank finalized the acquisition of 51% of Peter J. Solomon Company (PJSC) in the United States. PJSC specializes in providing independent advisory services to listed and unlisted companies on M&A and capital structure and restructuring transactions. The New York-based company also has well-established sector expertise in distribution, oil and gas and infrastructure. Its integration allows Natixis to establish global M&A advisory franchises in the commodities and infrastructure sectors, with the formation of teams focused on these sectors. These teams already work in close collaboration with local experts in commodities and infrastructure financing.

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 our domestic markets (for example, Asian companies that invest in France or the United States).

1.4.2.3 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 sell 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.

1.4.3 SPECIALIZED FINANCIAL SERVICES

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

These businesses form a core part of the development of the BPCE networks: the Banque Populaire banks, Caisses d'Epargne, etc.

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 industry financing.

Financial Services combines payment activities (credit transfers, direct debits, electronic payment transactions, etc.), securities account administration and financial market transactions (retail and Private Banking custody), and employee savings (profit-sharing and incentive plans, etc.) and pension schemes (individual and collective pension plans), service vouchers, and collective personal protection insurance.

In line with Groupe BPCE's "Together" project, the goal of further increasing synergies with the Banque Populaire and Caisse d'Epargne networks was included in the 2014-2017 "Growing Differently" plan. This is a key focus for Specialized Financial Services.

1.4.3.1 Factoring

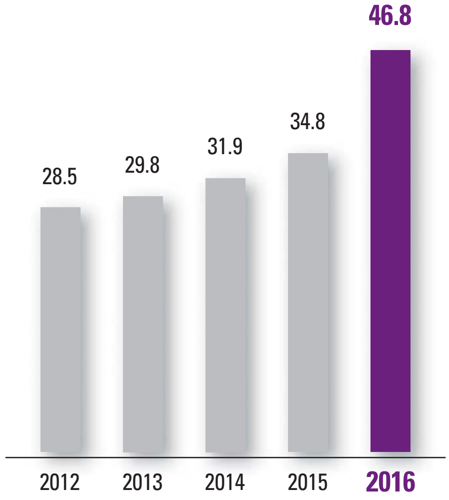
The Natixis Factor subsidiary creates and manages solutions designed to enable companies of all sizes to optimize and manage their accounts receivable: factoring and financing, credit insurance, information and receivables management.

In 2016, Natixis Factor posted annual factored turnover of nearly €45 billion, up 29%, and had a market share of over 16% (*source: ASF at September 30, 2016).*

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 91% in the four rounds of surveys conducted in 2016.

To improve the customer experience, its smartphone application provides customers with permanent access to the key indicators of their factoring contracts.

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



1.4.3.2 Sureties and Financial 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 or 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/transfers, equipment, commercial property) and social economy and social housing operators (medium- and long-term loan sureties). The contractual, tax or regulated financial guarantees support 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.

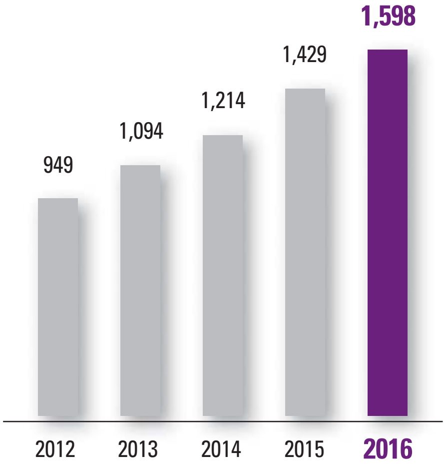
CEGC ranks second in the French market for mortgage guarantees for individuals and guaranteed nearly €29 billion in loans in 2016 in a market underpinned by continuing low interest rates resulting in a high percentage of loan renegotiations.

It is a leading player in the property administration, third-party management of retail and office space, and residential sector market, issuing some 12,000 guarantees with a volume of over €6 billion. It guaranteed the completion of nearly 16,000 individual homes in France. CEGC is also present on the business market, owing in particular to its digital offering in market sureties management solutions, with more than 80,000 guarantees issued in 2016, up 17%.

CEGC Conseil, a dedicated intermediation subsidiary, offers new real estate insurance products, particularly in construction insurance.

On November 30, 2016, CEGC entered into a partnership with Cautialis to acquire Cautialis' customers, and will ensure complete business continuity. The partnership strengthens CEGC's position as a multi-market operator in sureties and financial guarantees.

CEGC'S REGULATORY GUARANTEES
(in millions of euros)



1.4.3.3 Leasing

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. Social economy and institutional players are also among Natixis Lease's customers. 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'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 14% to €3.4 billion.

Equipment leasing in mainland France, overseas territories, Spain and Italy recorded a 21% increase with €2.2 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 €270 million in new leases, Natixis Lease remained strong in renewable energy financing, performing well in the Banque Populaire network in particular.

Natixis Lease continued to roll out its offer in the Banque Populaire banks and Caisses d'Epargne, recording more than 7,700 new orders in long-term vehicle leasing and posting growth of 24% compared to 2015.

1.4.3.4 Consumer Finance

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

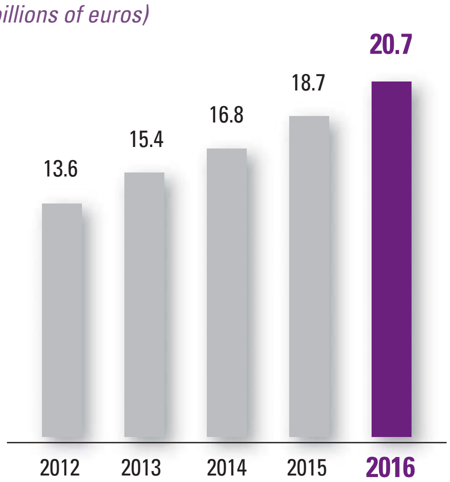
It provides the full range of consumer finance expertise for Groupe BPCE banks: design and marketing, network coordination, credit scoring, management and carrying of loans (revolving credit), collections and litigation. Despite a very restricted consumer financing backdrop during the year, Natixis Financement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

New loans totaled €10.4 billion (nearly €1.1 billion for revolving credit and nearly €9.3 billion for personal repayment loans).

At December 31, 2016, outstanding loans stood at €20.7 billion, up 10% year-on-year, consolidating the Company's No. 3 spot on the French market *(source: annual reports, Natixis Financement survey)*.

These solid performances allowed the Caisses 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)



1.4.3.5 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 entertainment venues.

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

At the end of 2016, managed financing totaled €886 million, up 12% compared to 2015. In descending order, the loans went to financing cinematographic works, television programs and movie theaters. In 2016, Natixis Coficiné managed a total of nearly €600 million in new loans.

1.4.3.6 Employee savings schemes

In 2016, 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 28.2% *(source: AFG at June 30, 2016).*

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 9% year-on-year, with a 31.3% market share of accounts under management *(source: AFG at June 30, 2016).*

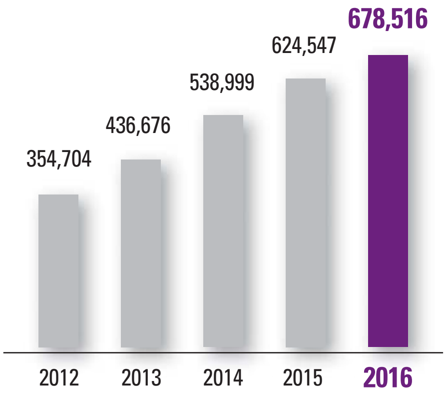
The employee savings offer tailored to SMEs and professionals, distributed by the Banque Populaire and Caisse d'Epargne networks, delivered another strong performance with over 15,500 new contracts. In order to optimize the client experience, Natixis Interépargne placed listening to companies and Perco clients as well as the co-creation of new services at the heart of its innovation approach. Firmly committed 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.).

Payment vouchers, such as Chèque de Table®, Apetiz® and CESU Domalin®, issued by Banque Populaire banks, Caisses d'Epargne and Natixis posted stable growth and an increase of 8% to €1,056 million in the total equivalent amount, mainly to companies and local authorities.

Drawing on the expertise of Natixis Payment Solutions, the leading player in France and in Europe in payment transactions and of Groupe BPCE in payment solutions, continued the preliminary work for the roll-out of the second generation of Apetiz® cards, following the launch of the first Apetiz® card (virtual meal voucher) in 2014.

In 2016, Titres Cadeaux, a joint venture with La Banque Postale, continued its development by expanding the scope of its CA DO Carte multi-brand prepaid gift vouchers. Sales of So Chic gift boxes increased. A new website was launched, enabling individual customers to manage their card account. In 2016, issues of CA DO Chèque and CA DO Carte came to an equivalent amount of €120.3 million.

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



1.4.3.7 Payments

Natixis Payment Solutions designs and develops payment platforms and services. A leading player in payment-related services in France and Europe, Natixis Payment Solutions acts, within Groupe BPCE's networks and among its clients, as a provider of innovative and secure payment solutions, particularly with regards to e-payments.

Natixis Payment Solutions processes and oversees cash and sales payment flows of Banque Populaire banks, the Caisses d'Epargne, major French banking institutions and new payment market players, such as Payment services providers.

With close to 20% market share, placing it third among payments processors in France *(source: GIE CB April 2016),* Natixis Payment Solutions processed nearly 7.2 billion mass transactions in 2016.

In electronic banking, Natixis Payment Solutions is also developing a full range of services for the bank distribution networks, ranging from product design to technical and marketing support solutions while incorporating the client's goals and expectations. It supports the development of markets for companies, professionals and individuals and has an active policy of launching new products. Natixis Payment Solutions managed over 22 million cards and processed some 4.1 billion card transactions in 2016.

CHANGE IN NUMBER OF TRANSACTIONS PER PREPAID CARD (CARDHOLDERS AND RETAILERS)
(in billions of transactions)

1.4.3.8 Securities services

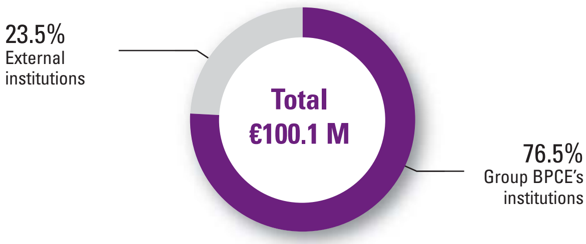
Natixis' EuroTitres Department provides custody services for retail and Private Banking and is the leader in custody services to retail outsourcing.

Natixis manages 3.4 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 offer 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 EURO TITRES DEPARTMENT BY CUSTOMER TYPE



1.4.4 FINANCIAL INVESTMENTS

Coface

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

To support the development of its corporate clients, both in France and abroad, Coface offers credit insurance solutions aimed at protecting companies against the risk of financial default by their purchasers. It also strives to help its clients assess and anticipate risks, allowing them to make informed decisions. Coface thus offers comprehensive, detailed risk analysis of countries, sectors and companies around the world. This analysis draws on its unrivaled global network through which it offers its services in 100 countries.

Appointment of Xavier Durand as Chief Executive Officer of Coface

At the Coface Board of Directors' Meeting of January 15, 2016, under the Chairmanship of Laurent Mignon, the decision was made to appoint Xavier Durand to the position of Chief Executive Officer. This appointment became effective following the Board of Directors' Meeting February 9, 2016. Jean-Marc Pillu continued in his role as Chief Executive Officer of Coface until that date.

Fit to Win strategic plan

Coface presented its new strategic plan, Fit to Win, at its first Investors Day held on September 22, 2016 in London. The purpose of the plan is to position Coface as the most agile partner in the sector, while shifting towards a more effective capital model.

Fit to Win will be run over a three-year period and has the ambition to restore Coface's financial performance by way of three operational transformation drivers:

(a) reinforce its risk management expertise and the quality of information – particularly emerging market information;

(b) improve operational efficiency within its client-focused business model; and

(c) implement differentiated growth strategies in the Group's markets of operation, giving preference to the principle of value creation rather than growth.

With Fit to Win, Coface has set itself a target to deliver a return on average tangible equity (ROATE) of at least 9% over the cycle after optimizing its capital model.

The Fit to Win is running according to expectations.

Transfer of state export guarantees management

Coface sold its export state guarantees management business to Bpifrance on December 31, 2016. The teams and information systems dedicated to the business were transferred from January 2, 2017.

The management of export state guarantees is a service that Coface provided on behalf of the French government and represented 4% of Coface's consolidated revenues in 2016.

In exchange for the transfer, Coface received compensation corresponding to a one-off gain of €75 million before tax, recognized in its financial statements for the fiscal year ended December 31, 2016.

2016 results

Over the year 2016, which marked the start of Coface's transformation, the group posted revenues of €1,411 million, down 3.6% (excluding exchange rate effects) on 2015. The loss ratio net of reinsurance was 65.5%, within the target range, and owing to strict expense control, the cost ratio net of reinsurance was 31.9%.

Coface successfully concluded the transfer of the export state guarantee management business and launched its three-year strategic plan Fit to Win, which is now well under way.

Net income (group share) came to €41.5 million and includes €36.5 million of non-recurring items linked to the transfer of the export state guarantee management business and the deployment of the Fit to Win strategy [(1)].

The new Solvency II supervisory regime came into effect on January 1, 2016. Calculated according to the standard formula, the capital ratio required to cover insurance and factoring risks remained high at around 150% [(2)] at December 31, 2016, and within the Company's target range of 140%-160%.

Outlook

Coface is fully focused on the execution of its Fit to Win strategy, and the effects of the initiatives already in place should start to bear fruit.

Coface's priority in 2017 will be to continue the implementation of its strategic plan, while remaining mindful to adapt to the risk environment.

In view of the first signs of improvement observed at this stage, the Company expects its loss ratio net of reinsurance to be below 61% in 2017.

Based on the wins of the operational efficiency measures already in place under the Fit to Win plan, Coface forecasts cost savings of €10 million in 2017; restructuring investments and expenses should total €21 million in 2017.

(1) €75.0 million in income related to the transfer of the export state guarantee management business in France, a €38.6 million gain related to the review of employee benefits (of which €5.1 million related to actuarial rates and €14.1 million related to a reversal of a provision), or a total of €55.6 million before tax.

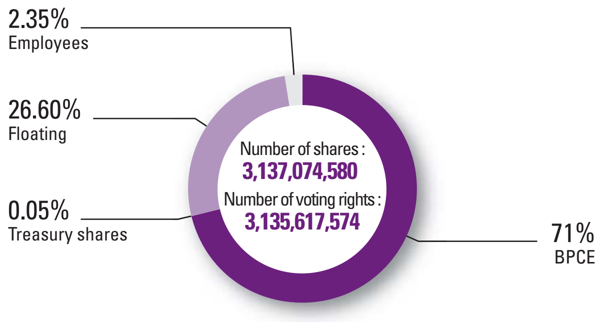
(2) Coverage ratio estimated according to interpretation of the standard Solvency II formula. Unaudited.

1.5 Natixis and its shareholders

1.5.1 KEY SHARE DATA AT DECEMBER 31, 2016

Share capital	**€5,019,319,328**
Number of shares	3,137,074,580
Stock market capitalization (reference share price = EUR 5.360)	€16,814,719,748.80
Market	Eurolist 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 80, SBF 120, CAC All-Tradable and Euronext 100

1.5.2 BREAKDOWN OF SHARE CAPITAL AT DECEMBER 31, 2016



1.5.3 SHAREHOLDER SCORECARD

(in euros)	2016	2015	2014	2013	2012	2011
Earnings per share [(a)]	0.41	0.41	0.35	0.27	0.27	0.43
Book value per share [(b)]	5.38	5.31	5.27	5.17	5.76	5.35
Net dividend per share	0.35	0.35	0.34	0.16	0.10	0.10
Number of shares	3,137,074,580	3,128,127,765	3,116,507,621	3,100,295,190	3,086,214,794	3,082,345,888
Pay-out ratio	85%	85%	97%	59%	37%	24%
Maximum price	5.49	7.74	5.81	4.27	3.05	4.39
Minimum price	3.07	4.82	4.25	2.12	1.77	1.67

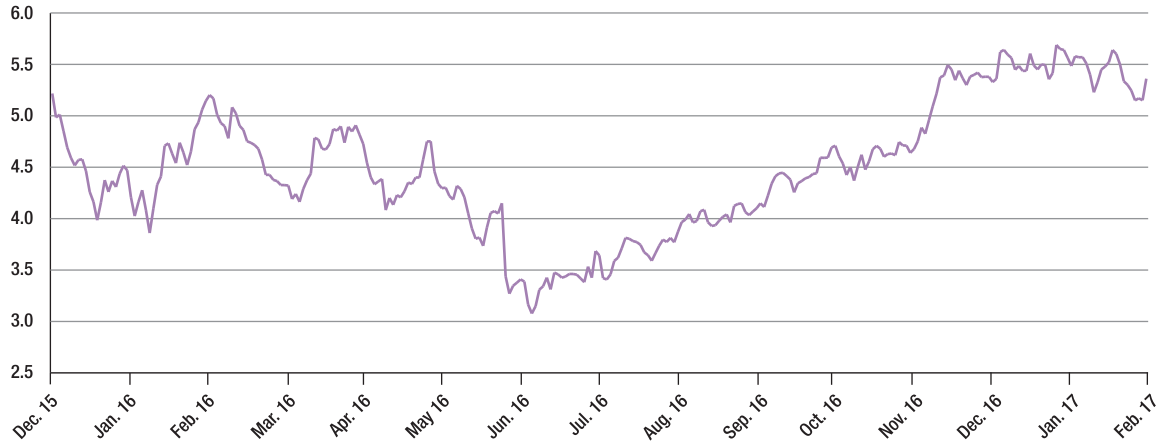
(a) *Calculated using the average number of shares (excluding treasury shares) during the period and after accounting for net interest payments on the deeply subordinated notes after tax.*

(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 and 2016.*

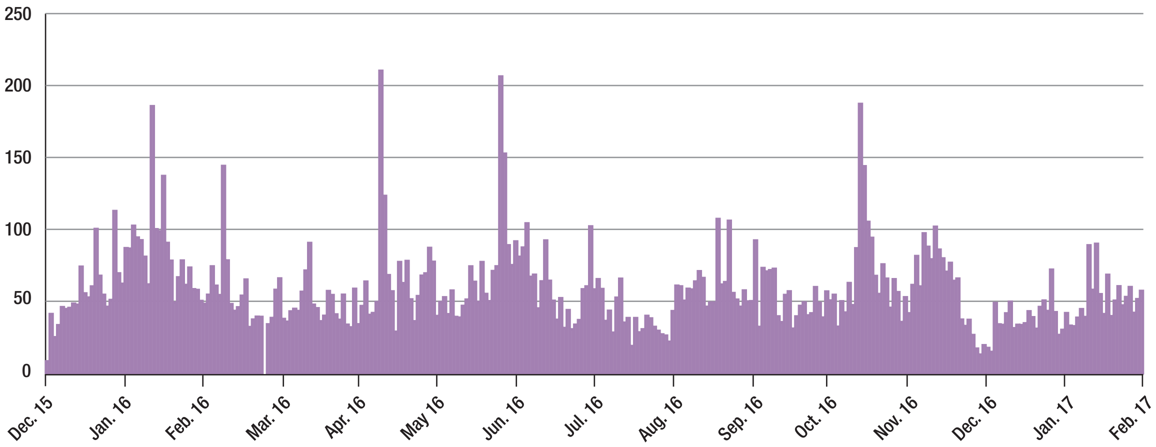
1.5.4 SHARE PRICE INFORMATION

Change in closing share price and number of shares traded

■ SHARE PRICE SINCE JANUARY 1, 2016 *(in euros)*



■ DAILY VOLUMES *(in millions of shares traded)*



In 2016, Natixis' share price decreased by 3% (from €5.22 at December 31, 2015 to €5.36 at December 31, 2016). Over the same period, the euro zone banking stocks index (DJ Euro Stoxx Bank) also decreased by 8%.

The average daily volume of Natixis shares traded on the market amounted to around 6 million in 2016 versus an average of around 4.6 million in 2015.

1.5.5 NATIXIS AND ITS INDIVIDUAL SHAREHOLDERS

The Natixis individual shareholder relations and communication platform has three main access points:

- a toll-free shareholder number (from a landline in France: 0800 41 41 41) is 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 highlights of the latest results, and the upcoming events of the Shareholders' Club. Information officers are also on hand to provide a personalized response to shareholders;
- a dedicated e-mail address (actionnaires@natixis.com), managed directly by the Individual Shareholder Relations team, enables individual shareholders to send questions to Natixis;
- the website *(www.natixis.com):*
  - provides information on Natixis,
  - provides a comprehensive archive of the Company's press releases, calendar and financial news in the "Investors & Shareholders" section,
  - includes all editorial content and documents for shareholders in the "Shareholder Corner".

The following two bodies also coordinate relations with individual investors:

Shareholders' Club

Membership of the Shareholders' Club is open to any shareholder who holds at least one registered or bearer share.

At the General Shareholders' Meeting, there is a dedicated "Shareholders' Club" stand aimed at Club members and at all shareholders requiring information on joining the Club or on Natixis.

Shareholders' Club members are regularly updated on Natixis news through:

- monthly newsletters focusing on Club highlights and company financial news;
- an interactive multimedia version of the Shareholder Annual Newsletter containing the minutes of the General Shareholders' Meeting.

Club members can access the dedicated website (clubdesactionnaires.natixis.com) containing information about the Club and its program of activities (interactive Shareholder Annual Newsletters, meetings, conferences, video conferences, video chats, sponsorship events, etc.).

In 2016, the program of activities included four Natixis events and two themed events.

Two information meetings about Natixis, organized in partnership with the Federation of Individual Investors and Investment Clubs (F2iC), were held respectively in Montpellier and Annecy. In addition, Natixis held two live video Q&A with its shareholders.

All four of these events gave individual investors a chance to ask Natixis' representatives about the bank, its businesses, financial results and strategy.

The two themed presentations, which took the form of conferences/web conferences and video chats, gave our shareholders the opportunity to talk to the economists from our Economic Research team. Recordings of these events were then made available to our shareholders on our website and sent to our Shareholders' Club members through our Newsletters.

In partnership with the École de la Bourse, four training modules were also made available to Shareholders' Club members in 2016, covering the taxation of dividends, capital gains and PEA share saving plans, as well as the fundamentals of asset allocation.

Over the year, Shareholders' Club members were also invited to sporting and cultural events under the bank's Sponsorship and Patronage program and were consequently given the opportunity to take advantage of tickets to rugby matches.

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 communications media used to inform shareholders.
- The Committee is in charge of all aspects of financial communication to individual investors, and in particular the communication tools at their disposal.
- In 2016, CCAN met with the Head of Investor Relations in order to discuss Natixis' financial results and strategic plans. Recent economic events were discussed with Natixis' Head of Economic Research. Finally, in order to facilitate the work of Committee members outside of meetings, the cybersecurity project lead for Natixis Information Systems Security presented a digital tool for making contributions.
- 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.

2016 General Shareholders' Meeting

On May 24, 2016, the General Shareholders' Meeting called to approve the 2015 financial statements was attended by some 400 individual shareholders.

Aside from Chairman François Pérol and CEO Laurent Mignon, the Board members were also present, including the chairpersons of the various Special Committees.

In preparation for this meeting Natixis launched a preliminary survey, as it does every year, so that shareholders could decide which subjects they wished to see discussed during the meeting. The meeting agenda was based on these responses (more than 200).

After the screening of a film on the economic environment, Laurent Mignon presented the financial statements and highlights of 2015, and the results for the first quarter of 2016. He concluded with a progress report on the "New Frontier" 2014-2017 strategic plan.

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 CEO and the regulated population.

The Q&A session lasted nearly an hour. The introduction of Internet Voting (VPI) led to a significant increase in the overall number of shareholders that issued instructions (votes and powers): +83% (compared to the meeting of May 2015). With an 83.94% quorum, all resolutions were adopted.

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

2016 Awards – Two Trophées de Bronze from Le Revenu for 2016 Best Shareholder Relations.

At the awards ceremony for Best Shareholder Relations organized by Le Revenu Group, Natixis' Shareholder Relations team won two awards in the SBF120 category (excluding CAC40):

- The Grand Trophée de Bronze for Shareholder Relations. This award is based on three themes: Shareholders' Meetings, shareholder services and digital communications.
- The Trophée de Bronze for shareholder services.

These awards recognize the efforts made by Natixis' Shareholder Relations team 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 2015, meetings were held in Paris, London, Dublin, Madrid, Frankfurt, Geneva, Boston, New York, San Francisco, Los Angeles, San Diego, New Port Beach, Montreal, Tokyo, Hong Kong, etc.

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

1.5.7 2017 INVESTOR RELATIONS CALENDAR

May 9, 2017 After market close (subject to modification)	2016 First Quarter Results
May 23, 2017	General Shareholders' Meeting (to approve the 2015 financial statements)
August 1, 2017 After market close (subject to modification)	2016 Second Quarter Results
November 7, 2017 After market close (subject to modification)	2016 Third Quarter Results
November 20, 2017 Investor Day	2018-2020 New Strategic plan presentation

1.5.8 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

E-mail: *investorelations@natixis.com*

Individual shareholders team

Telephone: +33(0)800 41 41 41 (French toll-free number)

E-mail: *actionnaires@natixis.com*

2

CORPORATE GOVERNANCE

This section is an extract from the Chairman of the Board's report on the Board's composition, the preparation and organization of its work on the internal control and risk management procedures implemented by Natixis, including information regarding the mandates of directors and their compensation.

2.1 Natixis Governance at March 1, 2017

STRUCTURE OF THE BOARD OF DIRECTORS

NATIXIS BOARD OF DIRECTORS

- **CATHERINE PARISET** ✱ – Chairman of the Audit Committee
- **BPCE - MARGUERITE BÉRARD ANDRIEU** – Member of the Management Board - Chief Executive Officer in charge of the Group Finance, Strategy, Legal Affairs divisions and Group Company Secretary
- **STÉPHANIE PAIX** – Chairman of the Management Board of Caisse d'Epargne Rhône-Alpes
- **SYLVIE GARCELON** – Chief Executive Officer of Casden Banque Populaire
- **BERNARD OPPETIT** ✱ – Chairman of Centaurus Capital; Chairman of the Risk Committee
- **MICHEL GRASS** – Chairman of the Board of Directors of Banque Populaire Bourgogne Franche-Comté
- **FRANÇOIS PÉROL** – Chairman of the Board of Directors – Chairman of the BPCE Management Board
- **NICOLAS DE TAVERNOST** ✱ – Chairman of the Management Board of Groupe M6; Chairman of the Compensation Committee
- **ANNE LALOU** ✱ – Dean and Managing Director of Web School Factory; Chairman of the Strategic Committee
- **ALAIN CONDAMINAS** – Chief Executive Officer of Banque Populaire Occitane
- **ALAIN DENIZOT** – Chairman of the Management Board of Caisse d'Epargne Nord France Europe
- **PHILIPPE SUEUR** – Chairman of the Steering and Supervisory Board of Caisse d'Epargne Ile-de-France
- **HENRI PROGLIO** ✱ – Chairman of Henri Proglio Consulting; Chairman of the Appointments Committee

Director and Member of the Strategic Committee | ✱ 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.

SENIOR MANAGEMENT COMMITTEE AND EXECUTIVE COMMITTEE

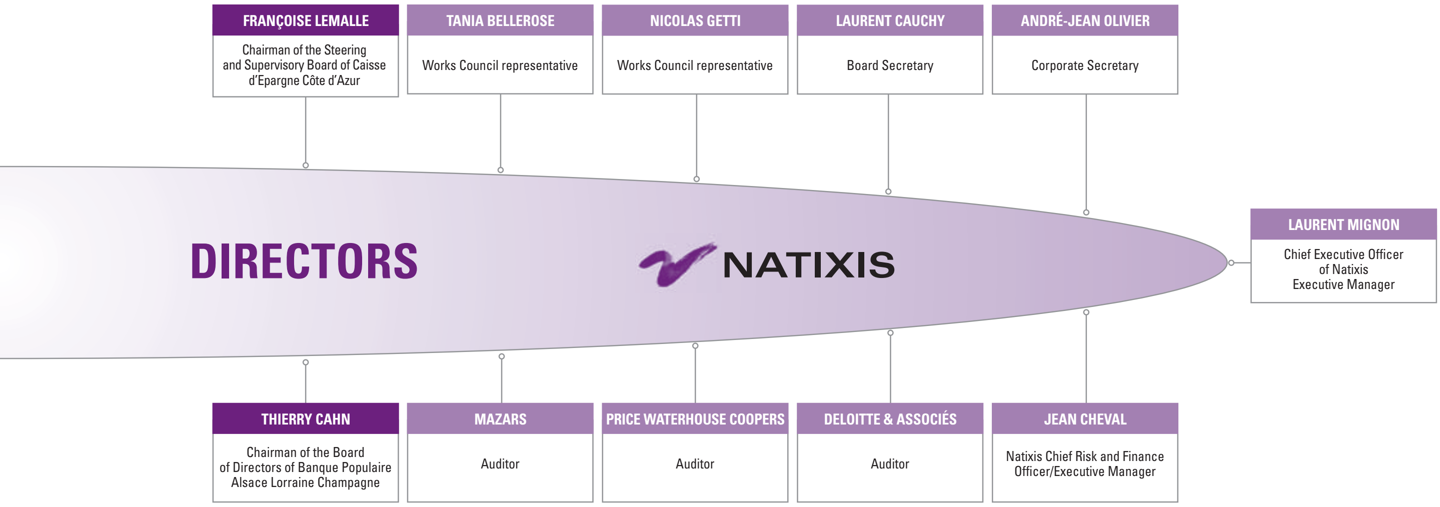
MEMBERS OF SENIOR MANAGEMENT

Laurent Mignon - *Chief Executive Officer*

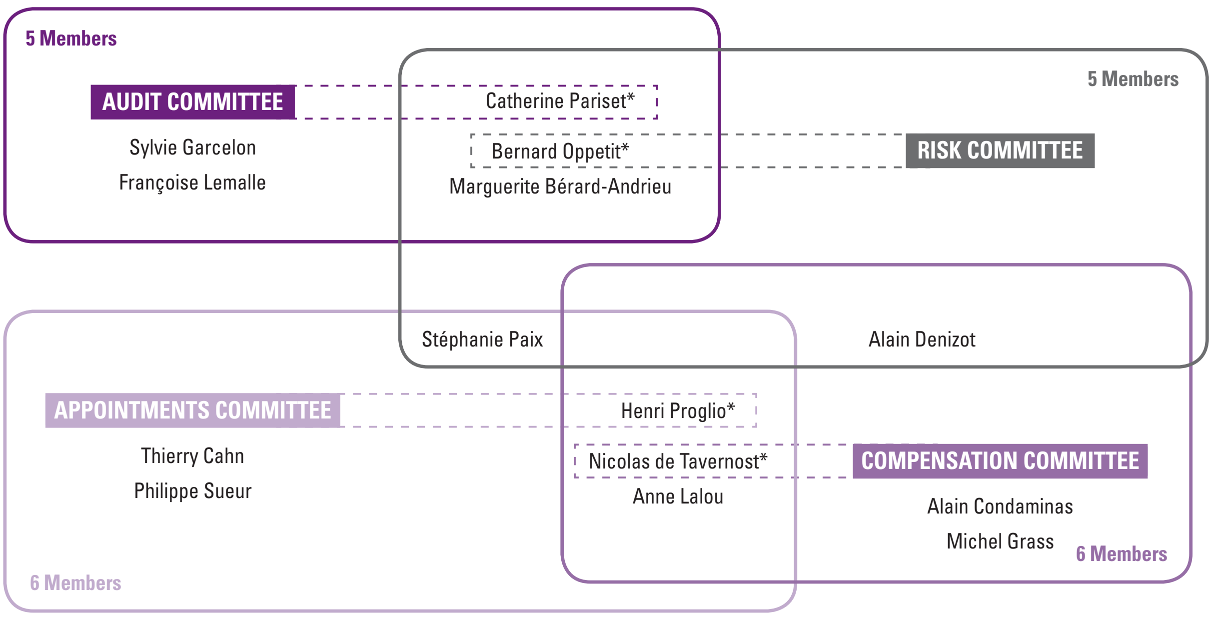
Gils Berrous - *Specialized Financial Services*
Jean Cheval - *Finance and Risks*
Norbert Cron - *Operations and IS*
Anne Lebel - *Human Resources*
Jean-François Lequoy - *Investment Solutions - Insurance*
André-Jean Olivier - *Corporate Secretariat*
Jean Raby - *Investment Solutions – Asset Management and Private Banking*
François Riahi - *Deputy Head Corporate & Investment Banking CIB*
Marc Vincent - *Deputy Head Corporate & Investment Banking CIB*

MEMBERS OF EXECUTIVE COMMITTEE

Stéphane About – *CIB - Americas*
Patrick Artus – *Chief Economist*
Carine André – *Operations and IS - Operations*
Luc Barnaud – *Chief Digital Officer*
Franck Bernay – *Operations and IS - Information Systems*
Nathalie Bricker – *Finance and Risks - Accounting and Ratios*
Nathalie Broutèle – *Insurance - Natixis Assurances*
Stéphane Caminati – *SFS - Natixis Interépargne*
Marc Cattelin – *SFS - EuroTitres*
Elisabeth De Gaulle – *Communications and CSR*
Georges-Erice De La Brunière – *Asset Management and Private Banking - Banque Privée 1818*
Guillaume de Saint-Seine – *CIB - Coverage*
Pierre Debray – *CIB – Global Finance*
Anne-Cécile Delas – *CIB - Global Transaction Banking*
Pierre-Henri Denain – *CIB - EMEA Europe (excl.France), Middle East, Africa)*
Matthieu Duncan – *Asset Management and Private Banking - Natixis Asset Management*
Christophe Eglizeau – *Transformation and Business Efficiency*
Catherine Fournier – *SFS - Natixis Payment Solutions*
Luc François – *CIB – Global Markets*
Alain Gallois – *CIB – Asia-Pacific*
John Hailer – *Asset Management and Private Banking - Natixis Global Asset Management US and Asia*
Hervé Housse – *General Inspection*
Philippe Jeanne – *Finance and Risks - Financial Management*
Mohamed Kallala – *CIB - Investment Banking*
Christophe Lanne – *Risks*
Christophe Le Pape – *Insurance - Natixis Assurances*
Christian Le Hir – *Corporate Secretariat - Chief Legal Officer*
Stéphane Morin – *Corporate Secretariat - Compliance*
Nicolas Namias – *Strategy*
Dominique Sabassier – *Investment Solutions – Asset Management and Private Banking - 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*

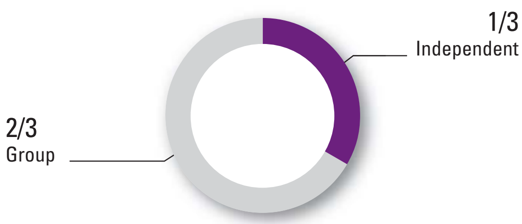


SPECIAL COMMITTEES OF THE BOARD OF DIRECTORS

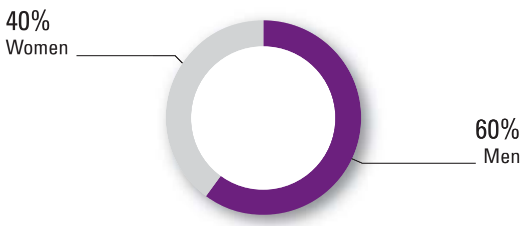


* Chairman of the Committee

INDEPENDENT DIRECTORS



GENDER PARITY OF THE BOARD OF DIRECTORS



2.2 Additional information on the directors’ positions

Laurent Mignon
Chief Executive Officer of Natixis

Date of birth: 12.28.1963

Nationality: French

Natixis shares held: 1,090

Address:
30 avenue Pierre Mendès France
75201 Paris Cedex 13

First appointed: Board Meeting of 04.30.2009
Effective 05.14.2009
Renewal date: Board Meeting of 02.18.2015
Term expires: 2019 AGM [b]

A graduate of HEC and the Stanford Executive Program, Laurent Mignon worked for more than 10 years in various positions 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. These corporate offices were renewed in February and November 2015 respectively.

Other offices held in 2016:

Within Groupe BPCE

- Member of the BPCE Management Board *(since 08.06.2013)*
- Chairman of the Board of Directors of: Natixis Global Asset Management, Coface SA *(since 11.22.2012),* Peter J. Solomon Company LLC *(since 06.08.2016)*

Outside Groupe BPCE

- Member of the Board of: Arkema [1] *(since 10.27.2009)*, Lazard Ltd [1] *(from 07.28.2009 to 04.19.2016)*, AROP (Association pour le Rayonnement de l’Opéra) *(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

2012	2013	2014	2015
Member of the Board of Sequana[1][2] *(since 10.27.2009)*	*(until 2013)*		
Non-voting member of BPCE (Permanent Representative of Natixis) *(since 08.01.2009)*	*(until 07.11.2013)*		
Permanent Representative of Natixis, Member of the Board of Compagnie française d’assurance pour le commerce; Member and Chairman of the Board of Directors *(from 05.15.2012 to 12.19.2012)*			
Chairman of Coface Holding SAS *(until 11.22.2012)*			

(b) 2019 AGM called to approve the financial statements for the year ended 12.31.2018.
(1) Listed company.
(2) Company outside Groupe BPCE.

Francois Pérol

Chairman of the BPCE Management Board

Date of birth: 11.06.1963
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 04.30.2009
(Chairman of the Board: Board Meeting of 04.30.2009)
Term expires: 2019 AGM [b]

Member – Strategic Committee
First appointed: Board Meeting of 05.11.2011

Attendance rate in 2016	Board of Directors: 100%	Strategic Committee: 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 Republic from 2007 to 2009.

François Pérol has been Chairman 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 2016:

Within Groupe BPCE

- Chairman 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 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: compliant	French Monetary and Financial Code: compliant

Offices held in previous fiscal years

2012	2013	2014	2015
Chairman of the Board of Directors of BPCE IOM *(from 07.15.2009 to 12.20.2012)*			
Member of the Executive Committee of the Fédération Bancaire Française (French Banking Federation)	Vice-Chairman *(since September 2013)*	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)*
Permanent Representative of BPCE, Manager of SNC Bankeo *(from 08.05.2010 to 11.22.2012)*			
Member of the Board of Crédit Immobilier et Hôtelier-CIH (Morocco) *(until 2012)*			
Chairman of the European Savings Banks Group			*(until 06.12.2015)*

(b) 2019 AGM called to approve the financial statements for the year ended 12.31.2018. (1) Listed company. (2) Company outside Groupe BPCE.

BPCE – Permanent Representative Daniel Karyotis (until 05.01.2016)

Chief Executive Officer of Banque Populaire Auvergne Rhône Alpes (since 10.11.2016)

BPCE:

Natixis shares held: N/A

Address:
50 avenue Pierre Mendès France
75201 Paris Cedex 13

Daniel Karyotis

Date of birth: 02.09.1961

Nationality: French

Natixis shares held: 0

Address:
4 boulevard Eugène Deruelle
69003 Lyon

Director *(until 05.01.2016)*
First appointed: co-opted by the Board of Directors on 08.25.2009 and ratified at the CSM of 05.27.2010
Term expires: 2019 AGM [b]

Member – Audit Committee *(until 05.01.2016)*
First appointed: Board Meeting of 01.28.2013

Member – Risk Committee *(until 05.01.2016)*
First appointed: Board Meeting of 12.17.2014

Member – Strategic Committee *(until 05.01.2016)*
First appointed: Board Meeting of 01.28.2013

Attendance rate in 2016	Board of Directors: 100%	Audit Committee: 80%	Risk Committee: 67%	Strategic Committee: 100%

After earning a degree from the Institut d'Études Politiques in Paris and the Centre de Perfectionnement à l'Analyse Financière, followed by a postgraduate degree in financial and economic analysis, Daniel Karyotis began his career with Société Générale on the financial markets. From there, he moved to Standard & Poor's where he covered the banking sector, and then joined Caisse d'Epargne Champagne-Ardenne (CECA) where he held various management positions between 1992 and 1997.

A member of the Management Board and Chief Executive Officer of Caisse d'Epargne du Pas-de-Calais from 1998 to 2001, he was appointed Chairman of the Management Board of CECA in January 2002. In February 2007, he became Chairman of the Management Board of Banque Palatine.

Daniel Karyotis is also a member of the Société Française des Analystes Financiers (SFAF – French Society of Financial Analysts).

Daniel Karyotis was Chief Finance, Risk and Operations Officer and a member of the BPCE Management Board from 2012 to 2016.

Daniel Karyotis is Chief Executive Officer of Banque Populaire Auvergne Rhône Alpes since October 11, 2016.

Key advisory skills: expertise in all areas of bank management.

Other offices held in 2016:

Within Groupe BPCE

- Chief Executive Officer of Banque Populaire Auvergne Rhône Alpes (formerly BP des Alpes) *(since 10.11.2016)*
- Non-voting member of BPCE *(since 11.08.2016)*
- Permanent Representative of Banque Auvergne Rhône Alpes, Vice-Chairman of Banque de Savoie *(since 10.11.2016)*
- Permanent Representative of Banque Auvergne Rhône Alpes, Member of the Board: i-BP *(since 10.11.2016)*, Compagnie des Alpes *(since 10.11.2016)*, Pramex International *(since 10.11.2016)*
- Member of the BPCE Management Board – Finance, Risk and Operations *(from 12.01.2012 to 05.01.2016)*
- Deputy Chief Executive Officer of CE Holding Promotion *(from 05.06.2013 to 06.03.2016)*
- Permanent Representative of BPCE, Member of the Board and Chairman of the Audit Committee of Crédit Foncier *(from 12.11.2012 to 05.01.2016)*
- Permanent Representative of BPCE, Member of the Board of CE Holding Participation (formerly CE Holding Promotion) *(from 05.06.2013 to 05.03.2016)*
- Chief Executive Officer of Banque Populaire du Massif *Central (from 05.02.2016 to 12.07.2016)*
- Chief Executive Officer of Banque Populaire Loire et Lyonnais *(from 10.28.2016 to 12.07.2016)*

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

Offices held in previous fiscal years			
2012	**2013**	**2014**	**2015**
▪ Chairman of the Management Board of Banque Palatine *(from February 2007 to 12.01.2012)*			
▪ Chairman of the Supervisory Board of Palatine Asset Management *(from 2007 to 12.04.2012)*			
▪ Member of the Board of Coface *(from 2007 to 11.21.2012)*			
▪ Permanent Representative of Banque Palatine, Member of the Supervisory Board of GCE Capital *(from 2007 to 12.18.2012)*			
▪ Permanent Representative of Banque Palatine, Member of the Board of OCBF *(from 2007 to 12.18.2012)*			
▪ Permanent Representative of Banque Palatine, Member of the Board of Palatine Etoile 9 *(from 2011 to 12.18.2012)*			
▪ Member of the Board of Coface SA *(since 11.21.2012)*	▸ *(until 02.05.2013)*		
	▪ Member of the Board of Nexity [1] *(since 12.18.2013)*		▸ *(until 05.27.2015)*

(c) 2019 AGM convened to approve the financial statements for the year ending 12.31.2018. (1) Listed company.

BPCE – Permanent representative Marguerite Bérard-Andrieu (since 05.01.2016)

Member of the BPCE Management Board – Chief Executive Officer in charge of the Group Finance, Strategy and Legal Affairs Departments, and of the Corporate Secretariat

BPCE:

Natixis shares held: 2,227,221,174

Address:
50 avenue Pierre Mendès France
75201 Paris Cedex 13

Marguerite Bérard-Andrieu

Date of birth: 12.31.1977

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 08.25.2009 and ratified at the CSM of 05.27.2010

Term expires: 2019 AGM [(b)]

Member – Audit Committee

First appointed: Board Meeting of 05.09.2016

Member – Risk Committee

First appointed: Board Meeting of 05.09.2016

Member – Strategic Committee

First appointed: Board Meeting of 05.09.2016

Attendance rate in 2016	Board of Directors: 88%	Audit Committee: 50%	Risk Committee: 38%	Strategic Committee: 100%

A graduate of the Paris Institute of Political Studies (Science Po) and the University of Princeton, 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 questions related to employment and social protection. She then ran, from November 2010 to May 2012, the Office of the Minister of Labor, Employment and Health.

From July 2012 to May 2016, she served on the General Management Committee, responsible for Strategy, Legal Affairs, the Group Company Secretary's Office and Compliance.

Since May 2016, she Member of the BPCE Management Board and Chief Executive Officer in charge of the Group Finance, Strategy and Legal Affairs Departments and Corporate Secretariat.

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

Other offices held in 2016:

Within Groupe BPCE

- Member of the BPCE Management Board – Chief Executive Officer in charge of the Group Finance, Strategy and Legal Affairs Departments, and of the Corporate Secretariat
- Permanent representative of BPCE, Member of the Board of: Crédit Foncier *(since 05.01.2016)*, Banque Palatine *(from 08.30.2012 to 05.24.2016)*, Coface SA [(1)] *(since 11.21.2012)*
- Chairman of the Board of Directors of S-Money *(since 07.10.2012)*
- Deputy CEO and Permanent Representative of BPCE, Member of the Board of CE Holding Participations (formerly CE Holding Promotion) *(since 05.03.2016)*
- Member of the Board of: BPCE IOM *(from 09.19.2012 to 05.25.2016)*, Natixis Coficiné *(from 10.26.2012 to 05.11.2016)*
- Chairman of the Board of Directors of SAS ISSORIA *(from 06.30.2014 to 05.10.2016)*

Outside Groupe BPCE

- Member of the Board of SCOR SE [(1)] *(since 04.30.2015)*, Havas SA [(1)] *(since 05.10.2016)*, Maison France Confort [(1)] *(from 05.15.2013 to 05.11.2016)*

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

Offices held in previous fiscal years			
2012	**2013**	**2014**	**2015**
▪ Permanent Representative of CE Holding Promotion, Member of the Board of Nexity [1][2] *(since 07.25.2012)*			▸ *(until 04.09.2015)*
▪ Permanent Representative of BPCE, Member of the Supervisory Board of FLCP [2] *(since 2012)*	▸ *(until 09.30.2013)*		
▪ Chairman of the Board of Directors of Meilleurtaux [2] *(since 10.18.2012)*	▸ *(until 04.16.2013)*		
▪ Chairman of OTEROM HOLDING SAS *(since 07.10.2012)*	▸ *(until 12.04.2013)*		
▪ Permanent Representative of GCE Participations, Member of the Board of Demain SA [2] *(since 07.10.2012)*	▸ *(until 04.09.2013)*		
▪ Permanent Representative of BPCE, Chairman of the company (SAS) and Board of BPCE DOMAINES *(since 07.10.2012)*	▸ *(until 2013)*		
▪ Permanent Representative of BPCE, Chairman of Issoria SAS *(since 2012)*	▸ (*until 07.31.2013),* then Chairman of Issoria SAS	▪ and Chairman of the Board of the company (from 06.30.2014 until 10.03.2014)	
▪ Permanent Representative of Issoria International Trading SAS	▸ *(until 07.31.2013),* then Chairman of the SAS		▸ *(until 06.10.2015)*

(b) 2019 AGM convened to approve the financial statements for the year ending 12.31.2018. (1) Listed company. (2) Company outside Groupe BPCE.

Thierry Cahn

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

Date of birth: 09.25.1956
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 01.28.2013 and ratified at the CSM of 05.21.2013
Term expires: 2019 AGM [b]

Member – Appointments Committee
First appointed: Board Meeting of 02.09.2017

Member – Strategic Committee
First appointed: Board Meeting of 01.28.2013

Attendance rate in 2016	**Board of Directors:** 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. Since 1985, he has also 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 2016:

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

2012	2013	2014	2015
▪ Member of Supervisory Board of Banque Palatine *(since 05.26.2010)*	▸ *(until 02.05.2013)*		

(b) 2019 AGM called to approve the financial statements for the year ended 12.31.2018

Alain Condaminas

Chief Executive Officer of Banque Populaire Occitane

Date of birth: 04.06.1957

Nationality: French

Natixis shares held: 1,000

Address:
33-43 avenue Georges Pompidou
31135 Balma Cedex

Director
First appointed: OGM of 05.29.2012
Term expires: 2020 AGM (c)

Member – Compensation Committee
First appointed: Board Meeting of 05.29.2012

Member – Appointments Committee
First appointed: Board Meeting of 12.17.2014

Member – Strategic Committee
First appointed: Board Meeting of 05.29.2012

Attendance rate in 2016	**Board of Directors:** 100%	**Appointments Committee and:** 100%	**Compensation Committee:** 100%	**Strategic Committee:** 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. In 2003 he oversaw the merger with Banque Populaire du Tarn et de l'Aveyron, 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 2016:

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:** compliant	**French Monetary and Financial Code:** compliant

Offices held in previous fiscal years			
2012	**2013**	**2014**	**2015**
▪ Permanent Representative of BP Occitane, Vice-Chairman of the Board of Directors of CELAD SA [2] *(since 2008)*		*(until 06.01.2014)*	
▪ Non-voting member of the Supervisory Board of BPCE *(from 07.31.2009 to 06.26.2012)*			
▪ Member of the Board of Directors of Natixis Interépargne *(from 09.30.2010 to 06.29.2012)*			
▪ Permanent Representative of BP Occitane, Member of the Supervisory Board of ABP IARD *(from 12.06.2006 to 07.10.2012)*			
▪ Member of the BPCE Supervisory Board *(since 06.27.2012)*			*(until 05.19.2015)*

(c) 2020 AGM convened to approve the financial statements for the year ending 12.31.2019. (2) Company outside Groupe BPCE.

Laurence Debroux (until 12.13.2016)

Member of the Management Board – Chief Financial Officer of Heineken

Date of birth: 07.25.1969
Nationality: French
Natixis shares held: 1,000
Address:
Tweede Weteringplantsoen 21,
1017 ZD Amsterdam
The Netherlands

Independent Director ***(until 12.13.2016)***
First appointed: co-opted by the Board of Directors on 04.01.2010 and ratified at the CSM of 05.27.2010
Term expires: 2019 AGM (b)

Member – Audit Committee ***(until 12.13.2016)***
First appointed: Board Meeting of 04.01.2010

Member – Risk Committee ***(until 12.13.2016)***
First appointed: Board Meeting of 12.17.2014

Member (d) – Audit Committee ***(until 12.13.2016)***
First appointed: Board Meeting of 05.11.2011

Attendance rate in 2016	Board of Directors:	Audit Committee:	Risk Committee:	Strategic Committee*:
	25%	33%	25%	0%

Laurence Debroux is an HEC graduate and began her career in 1992 at Merrill Lynch Bank. From 1993 to 1996 she worked in the Finance division of Elf Aquitaine. In 1996 she joined Sanofi first as Chief Financing & Treasury Officer and then as Chief Financial Officer before becoming Director of Strategy and being promoted to the Executive Committee of Sanofi-Aventis.

Laurence Debroux was Chief Financial and Administrative Officer of the JCDecaux Group from 2010 until 2015, before joining Heineken NV in Amsterdam on March 1, 2015. She was appointed to the group's Executive Board as Chief Financial Officer at the General Shareholders' Meeting of April 23, 2015.

Key advisory skills: expertise in issues related to finance, communications and business strategy.

Other offices held in 2016:

- Member of the Executive Board - Chief Financial Officer *(since 04.24.2015)*
- Member of the Board of HEC (2) *(since 06.10.2016)*

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

Offices held in previous fiscal years

2012	2013	2014	2015
Member of the Executive Board – Chief Financial & Administrative Officer of JCDecaux (2) *(since 2010)*			▸ *(until 01.15.2015)*
Member of the Board of: Média Aéroports de Paris SAS (2) *(since 09.07.2011)*, JCDecaux Bolloré Holding SAS (2) *(since May 2011)*			▸ *(until 01.15.2015)*
Member of the Supervisory Board of Médiakiosk SAS (2) *(since 11.30.2011)*			▸ *(until 01.15.2015)*
	Member of the Board of: Bpifrance Participations *(until 07.12.2013)*, Bpifrance Investissement *(until 07.12.2013)*	▸ *(until 12.31.2014)*	
		Member of the Board and Member of the APG/SGA (2) Audit Committee *(from 05.21.2014 to 12.31.2014)*	

*(b) 2019 AGM convened to approve the financial statements for the year ending 12.31.2018. * Chairman until 02.10.2016.*
(1) Listed company. (2) Company outside Groupe BPCE.

Alain Denizot

Chairman of the Management Board of Caisse d'Epargne Nord France Europe (CENFE)

Date of birth: 10.01.1960
Nationality: French
Natixis shares held: 1,001
Address:
135 Pont de Flandres
59777 Euralille

Director
First appointed: AGM of 05.19.2015
Term expires: 2019 AGM [(b)]

Member – Compensation Committee
First appointed: Board Meeting of 05.19.2015

Member – Risk Committee
First appointed: Board Meeting of 02.09.2017

Member – Strategic Committee
First appointed: Board Meeting of 05.19.2015

Attendance rate in 2016	Board of Directors:	Appointments Committee*:	Compensation Committee:	Strategic Committee:
	88%	100%	100%	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. In 2000, he joined Caisse d'Epargne de Flandre 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 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 2016:

Within Groupe BPCE

- Chairman of the Management Board of Caisse d'Epargne Nord France Europe *(since 08.06.2011)*
- Chairman of the Board of Directors of Baxia *(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 and Treasurer of: Fondation Caisses d'Epargne pour la Solidarité (FCEs) *(from 12.16.2015 to 10.18.2016)*
- Member of the Board of: Natixis *(since 2015.05.19),* Natixis Factor *(since* 10.13.2010), FNCE, Habitat en Région *(until 12.14.2016),* Erilia *(since 06.20.2016)*
- Permanent Representative of CENFE, Chairman of: Savoirs pour Réussir Nord Pas de Calais *(from 06.29.2011 to 03.08.2016),* Immobilière Nord France Europe *(until 09.19.2016)*
- Permanent Representative of CENFE, Member of the Board of Hainaut Immobilier SA *(since 06.17.2014)*
- Permanent Representative of CENFE, Member of the Supervisory Board of IT-CE *(since 12.31.2011)*
- Permanent Representative of Immobilière Nord France Europe, Chairman of SAS Euroissy Parc *(from 04.24.2015 to 09.19.2015)*
- Non-voting member of CE Holding Participations *(since 11.17.2016)*

Outside Groupe BPCE

- Permanent Representative of CENFE, Member of the Board of Finorpa SCR and Finorpa Financement *(since 06.30.2016)*
- Permanent Representative of CENFE, Chairman *(Regional Board transition from 12.14.2015 to 06.30.2016):* Finorpa Conseil, Finorpa Financement
- Permanent Representative of CENFE, Member of the Board of Finovam *(from 12.24.2014 until 09.19.2016)*

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

Offices held in previous fiscal years			
2012	**2013**	**2014**	**2015**
▪ Member of Supervisory Board of Ecureuil Crédit *(since 02.20.2008)*		*(until 2014)*	
▪ Member of the Board of: CE Holding Promotion *(since 06.26.2011)*			*(until 09.01.2015)*
▪ Liquidator of Université du Groupe Caisse d'Epargne *(since 04.06.2010)*		*(until 2014)*	
▪ 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 11.29.2010)*			*(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 *(since 03.31.2011)*	*(until 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 Appointments Committee until February 9, 2017. (b) 2019 AGM called to approve the financial statements for the year ended 12.31.2018. (1) Listed company. (2) Company outside Groupe BPCE.*

2

Sylvie Garcelon (since 02.10.2016)

Chief Executive Officer of CASDEN Banque Populaire

Date of birth: 04.14.1965

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 02.10.2016
Term expires: 2020 AGM [c]

Member – Audit Committee
First appointed: Board Meeting of 02.10.2016

Member – Strategic Committee
First appointed: Board Meeting of 02.10.2016

Attendance rate in 2016	Board of Directors:	Audit Committee:	Risk Committee*:	Strategic Committee:
	88%	100%	86%	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. She was appointed CEO of M.A. Banque in 2006, 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, Risks 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 2016:

Within Groupe BPCE

- Deputy Chief Executive Officer of CASDEN Banque Populaire *(since May 2015)*
- Chief Executive Officer of Bureau du Management Financier (BMF – formerly Banque Monétaire et Financière) *(since April 2013)*
- 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)*

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

2012	2013	2014	2015
▪ Chairman of the Management Board of M.A. BANQUE *(since 2010)*	▸ *(until April 2013)*		
▪ Member of the Board of Directors of ABP Vie S.A. *(since 2006)*	▸ *(until 2013)*		

* *Member of the Risk Committee until 02.09.2017. (c) 2020 AGM convened to approve the financial statements for the year ending 12.31.2019*

Michel Grass

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

Date of birth: 11.12.1957
Nationality: French
Natixis shares held: 189
Address:
5 avenue de Bourgogne - BP63
21802 Quétigny Cedex

Director
First appointed: co-opted by the Board of Directors on 02.19.2014 and ratified at the OGM of 05.20.2014
Term expires: 2019 AGM [b]

Member – Compensation Committee
First appointed: Board Meeting of 02.09.2017

Member – Strategic Committee
First appointed: Board Meeting of 02.19.2014

Attendance rate in 2016	Board of Directors:	Strategic Committee:
	100%	100%

Holding a degree in Management Sciences from Université de 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 the Board of Directors of Banque Populaire Bourgogne Franche Comté since 2010.

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

Other offices held in 2016:

Within Groupe BPCE

- Member of the Board of Directors of Banque Populaire Bourgogne Franche Comté *(since 06.22.2000)* and then Chairman *(since 2010)*
- Member of the Supervisory Board and Risk Committee of BPCE *(since 05.22.2015)*
- Member of the Board of: Banque Palatine *(from 02.14.2014 to 09.13.2016)*, Natixis Global Asset Management *(from 02.14.2012 to 09.13.2016)*

Outside Groupe BPCE

- Deputy Mayor of the city of Sens *(until 10.21.2016)*
- Vice-Chairman of the Senonais Communauté de Communes *(from 04.17.2014 to 01.04.2016)*
- Associate member of the Chamber of Commerce and Industry of Yonne *(until 11.15.2016)*
- Member of the Board of SA HLM Brennus Habitat *(since 06.16.2014)*

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

Offices held in previous fiscal years

2012	2013	2014	2015
▪ Judge with the Commercial Court of Sens (since *2009)*		▸ *(until 12.31.2014)*	
▪ Manager of SARL 2G	▸ *(until 05.17.2013)*		
▪ Chairman of: Fédération Hospitalisation Privée Bourgogne Franche Comté, Commission Économique Hospitalisation Privée *(until 2012)*			
▪ Member of the Board of: Fédération Hospitalisation Privée, SA *CAHPP (until 2012)*			
▪ Secretary of the Conference of Banque Populaire Chairmen *(since 2011)*			▸ *(until 02.04.2015)*
▪ Vice-Chairman of Fédération Nationale des Banques Populaires *(since 2012)*			▸ *(until 06.09.2015)*

(b) 2019 AGM called to approve the financial statements for the year ended 12.31.2018.

Anne Lalou

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

Date of birth: 12.06.1963

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 02.18.2015 and submitted for the approval of the AGM on 05.19.2015

Term expires: 2019 AGM [b]

Member – Compensation Committee

First appointed: Board Meeting of 02.18.2015

Member – Appointments Committee

First appointed: Board Meeting of 02.18.2015

Chairman – Strategic Committee

First appointed: Board Meeting of 02.18.2015

Attendance rate in 2016	Board of Directors:	Appointments Committee and:	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 2016:

Within the Eurazeo Group

- Member of the Supervisory Board of: Eurazeo [1] *(since 05.07.2010)*, Foncia Groupe *(since February 2012)*
- Member of the Supervisory Board of Foncia *Holding (until September 2016)*
- Chairman of the Eurazeo [1] CSR Committee *(since 2014)*
- Chairman of the Eurazeo [1] Financial Committee *(since 2012)*

Outside Eurazeo Group

- Chief Executive Officer of the Web School Factory *(since April 2012)*
- Chief Executive Officer of the Innovation Factory *(since February 2013)*
- Member and Chairman of the Korian Medica SA [1] Appointments and Compensation Committee *(since 2014)*

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

Offices held in previous fiscal years

2012	2013	2014	2015
Chief advisor at Kea & Partners [2] *(from September 2011 to September 2012)*			
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 05.19.2015)*

*(b) 2019 AGM called to approve the financial statements for the year ended 12.31.2018. * Chairman since 10.02.2016.*
(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)

Date of birth: 01.15.1965
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 07.30.2015
Term expires: 2019 AGM [b]

Member – Audit Committee
First appointed: Board Meeting of 02.09.2017

Member – Strategic Committee
First appointed: Board Meeting of 07.30.2015

Attendance rate in 2016	Board of Directors:	Strategic Committee:
	100%	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 conducts training courses for retailers, craftsmen and independent professionals, notably through local administrative management centers.

In 1999, she became the founding Director of local savings company SLE de Cannes before being elected as Chairman of this same local savings company in 2009. She first sat on the Steering and Supervisory Committee as a non-voting member, and since 2009 has served as Chairman. 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.

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

Key advisory skills: Entrepreneurial experience, extensive knowledge of the accounting, financial and audit fields.

Other offices held in 2016:

Within Groupe BPCE

- Member of the Steering and Supervisory Board of Caisse d'Epargne Côte d'Azur *(since 2009)* 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 *(formerly CE Holding Promotion) (since 09.09.2015)*
- Permanent Representative of Caisse d'Epargne Côte d'Azur, Member of the Board of: FNCE *(since April 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)*
- Treasurer of the Benjamin Delessert Association *(since 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

2012	2013	2014	2015
None	None	None	None

(b) 2019 AGM called to approve the financial statements for the year ended 12.31.2018. (2) Company outside Groupe BPCE.

Bernard Oppetit

Chairman of Centaurus Capital Limited

Date of birth: 08.05.1956
Nationality: French
Natixis shares held: 1,000
Address:
33 Cavendish Square
London W1G0PW
England

Independent Director
First appointed: co-opted by the Board of Directors on 11.12.2009 and ratified at the CSM of 27.05.2010
Term expires: 2019 AGM (b)

Chairman – Audit Committee
First appointed: Board Meeting of 12.17.2009

Chairman – Risk Committee
First appointed: Board Meeting of 12.17.2014

Member – Strategic Committee
First appointed: Board Meeting of 05.11.2011

Attendance rate in 2016	Board of Directors:	Audit Committee*:	Risk Committee:	Strategic Committee:
	100%	100%	100%	100%

With a degree from the École Polytechnique, Bernard Oppetit forged his career with the Paribas group from 1979 to 2000, first in Paris, then 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 2016:

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
- Director and Member of the Cnova (1) Audit Committee *(since 11.20.2014)*
- Trustee of The Academy of St Martin-in-the-Fields *(since June 2016)*

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

Offices held in previous fiscal years

2012	2013	2014	2015
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) *(since January 2010)*	*(until June 2013)*		
Member of the Advisory Board of Ondra Partners (2) *(since 2009)*	*(until 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)*	

** Chairman of the Audit Committee until 02.09.2017. (b) 2019 AGM called to approve the financial statements for the year ended 12.31.2018. (1) Listed company. (2) Company outside Groupe BPCE.*

Stéphanie Paix

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

Date of birth: 03.16.1965
Nationality: French
Natixis shares held: 1,093
Address:
42 bd Eugène Deruelle BP 3276
69404 Lyon Cedex 03

Director
First appointed: OGM of 05.29.2012
Term expires: 2020 AGM [c]

Member – Risk Committee
First appointed: Board Meeting of 12.17.2014

Member – Appointments Committee
First appointed: Board Meeting of 02.09.2017

Member – Strategic Committee
First appointed: Board Meeting of 11.14.2012

Attendance rate in 2016	Board of Directors:	Audit Committee*:	Risk Committee:	Strategic Committee:
	100%	100%	88%	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.

Inspector and Head of Inspections at Banque Fédérale des Banques Populaires (1988-1994), she 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 2016:

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)
- Member of the Board of Crédit Foncier *(until 05.10.2016),* CE Holding Promotion *(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 *(since May 2013)*
- 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: compliant	French Monetary and Financial Code: compliant

Offices held in previous fiscal years			
2012	**2013**	**2014**	**2015**
▪ Chief Executive Officer of Banque Populaire Atlantique (BPA) *(from 2008 to 01.30.2012)*			
▪ Representative of BPA, Chairman of: Ouest Croissance, Ludovic de Besse *(from 2008 to 01.30.2012)*			
▪ Representative of BPA, Member of the Board of Directors of: C3B Immobilier, i-BP Portzamparc, Association des BP pour la Création d'Entreprise *(from 2008 to 01.30.2012)*			
▪ Representative of BPA, member of the Supervisory Board of: Atlantique Mur Régions, Ouest Croissance Gestion *(from 2008 to 01.30.2012)*			
▪ Representative of BPA, ex-officio member of Crédit Maritime Atlantique *(from 2008 to 01.30.2012)*			
▪ Representative of BPA, Treasurer of Comité des Banques de Pays de la Loire FBF *(from 2008 to 01.30.2012)*			
▪ Representative of Ouest Croissance, Member of the Board of BP Développement *(from 2010 to 01.30.2012)*			
▪ Representative of FNBP, Chairman of the Association Française de la Micro-Finance *(from 2010 to 01.30.2012)*			
▪ Member of the Board of FNBP *(from 2009 to 01.30.2012)*			
▪ Member of the Board of Natixis Algérie *(from 09.06.2007 to 10.05.2012)*			
▪ Member of the Board of Natixis Assurances *(from 09.29.2010 to 02.06.2012)*			
▪ Member of the Board of BPCE Achats *(from 06.15.2010 to 03.15.2012)*			
▪ Chairman of Agence Lucie *(since 04.06.2011)*			▸ *(until 11.25.2015)*
▪ Co-Manager of Atlantique Plus *(from 01.28.2011 to 01.24.2012)*			
▪ Representative of CERA, member of the Board of Directors of: Compagnie des Alpes [(2)] *(since 10.18.2012)*			▸ *(until 02.16.2015)*
▪ Permanent representative of BPCE, member of the Board of Compagnie des Alpes [(2)] *(from 03.05.2012 to 10.18.2012)*			
			▪ Member of the BPCE Audit Committee *(from 05.22.2015 to 11.16.2015)*

** Member of the Audit Committee until 02.09.2017. (c) 2020 AGM convened to approve the financial statements for the year ending 12.31.2019. (2) Company outside Groupe BPCE.*

Catherine Pariset (since 12.14.2016)

Date of birth: 08.22.1953
Nationality: French
Natixis shares held: acquisition in progress
Address:
19 rue Ginoux
75015 Paris

Director
First appointed: co-opted by the Board of Directors on 12.14.2016
Term expires: 2019 AGM [b]

Chairman - Audit Committee
First appointed: Board Meeting of 12.14.2016

Member – Risk Committee
First appointed: Board Meeting of 12.14.2016

Member – Strategic Committee
First appointed: Board Meeting of 12.14.2016

Attendance rate in 2015	Board of Directors:	Audit Committee*:	Risk Committee:	Strategic Committee:
	N/A	N/A	N/A	N/A

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 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. Since the General Shareholders' Meeting of February 17, 2016, Catherine Pariset is Member of the Supervisory Board of Eurodisney.

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

Other offices held in 2016:

Outside Groupe BPCE

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

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

Offices held in previous fiscal years

2012	2012	2014	2015
None	None	None	None

** Chairman of the Audit Committee since 02.09.2017.(b) 2019 AGM convened to approve the financial statements for the year ending 12.31.2018.*

(1) Listed company.

Henri Proglio

President of Henri Proglio Consulting SAS

Date of birth: 06.29.1949

Nationality: French

Natixis shares held: 1,000

Address:
151 boulevard Haussmann
75008 Paris

Independent Director*
First appointed: AGM of 04.30.2009
Term expires: 2019 AGM [(b)]

Chairman – Appointments Committee
First appointed: Board Meeting of 12.17.2014

Member – Compensation Committee
First appointed: Board Meeting of 04.30.2009

Member – Strategic Committee
First appointed: Board Meeting of 05.11.2011

Attendance rate in 2016	Board of Directors:	Appointments Committee:	Compensation Committee:	Strategic Committee:
	88%	100%	100%	100%

A graduate of HEC, 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.

Henri Proglio was Chairman and Chief Executive Officer of EDF from 2009.

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

Other offices held in 2016:

- President of Henri Proglio Consulting SAS *(since 01.09.2015)*
- Honorary Chairman of EDF *(since 2015)*
- Member of the Board of: Dassault Aviation[(1)(2)] *(since 2008)*, ABR Management [(2)] (Russia) *(since 2014)*, Akkuyu Nuclear JSC [(2)] (Turkey) *(since 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			
2012	**2013**	**2014**	**2015**
▪ 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 *(since 11.25.2009)*		▸ *(until 11.22.2014)*	
▪ Member of the National Commission for Sectors of Vital Importance *(since 12.08.2009)*		▸ *(until 02.17.2014)*	
▪ Member of the Committee for Atomic Energy *(since 11.25.2009)*		▸ *(until 11.22.2014)*	
▪ Chairman of EDF Energy Holdings Ltd (2) *(since 03.08.2010)*		▸ *(until 11.25.2014)*	
▪ Chairman 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) *(since 2008)*	▸ *(until 07.25.2013)*		
▪ Chairman of the Board of Directors of Transalpina di Energia (2) *(from02.08.2010 to 05.24.2012)*			
▪ Member of the Supervisory Board of Veolia Eau (2) *(from 12.30.2009 to 12.12.2012)*			
▪ Member of the Board of Veolia Propreté (2) *(from 2009 to 05.03.2012)*			
▪ Member of the Board of Veolia Environnement (1)(2) *(from 21.16.2010 to 10.22.2012)*			
▪ 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) *(since 12.12.2012)*	▸ *(until 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 11.17.2006 to 04.30.2009. (b) 2019 AGM called to approve the financial statements for the year ended 12.31.2018. (1) Listed company. (2) Company outside Groupe BPCE.*

Philippe Sueur

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

Date of birth: 07.04.1946
Nationality: French
Natixis shares held: 4,000
Address:
57 rue du Général de Gaulle
95880 Enghien-les-Bains

Director*
First appointed: AGM of 04.30.2009
Term expires: 2019 AGM [(b)]

Member – Appointments Committee
First appointed: Board Meeting of 12.17.2014

Member – Strategic Committee
First appointed: Board Meeting of 05.11.2011

Attendance rate in 2016	Board of Directors	Appointments Committee	Compensation Committee	Strategic Committee
	100 %	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 Councillor 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.

Since April 29, 2014, Philippe Sueur has been Vice-Chairman 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 2016:

Within Groupe BPCE

- Chairman of the Steering and Supervisory Board of Caisse d'Epargne Île-de-France *(since 04.29.2014)*
- Member of the Board of BPCE Assurances *(since 2011)*

Outside Groupe BPCE

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

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

Offices held in previous fiscal years

2012	2013	2014	2015
▪ 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)] (STIF) *(since 2007)*			▸ *(until April 2015)*
▪ Member of the Board of Agence Foncière et Technique de la Région Parisienne [(2)] (AFTRP) *(since 2007)*			▸ *(until April 2015)*

** Member of the Supervisory Board of Natixis from 11.17.2006 to 04.30.2009. (b) 2019 AGM convened to approve the financial statements for the year ending 12.31.2018. (2) Company outside Groupe BPCE.*

Nicolas de Tavernost
Chairman of the Groupe M6 Management Board

Date of birth: 08.22.1950
Nationality: French
Natixis shares held: 1,000
Address:
89 Avenue Charles de Gaulle
92575 Neuilly-sur-Seine Cedex

Independent director
First appointed: OGM of 07.31.2013
Term expires: 2017 AGM [a]

Chairman – Compensation Committee
First appointed: Board Meeting of 08.06.2013

Member – Appointments Committee
First appointed: Board Meeting of 12.17.2014

Member – Strategic Committee
First appointed: Board Meeting of 08.06.2013

Attendance rate in 2016	Board of Directors:	Appointments Committee:	Compensation Committee:	Strategic Committee:
	88%	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. 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 2016:

Within the RTL Group

- Chairman of the Groupe M6 [1] Management Board (*since May 2000)*
- Chairman of Fondation d'Entreprise Groupe M6 *(until 07.12.2016)*
- Member of the Board of the Football Club des Girondins de Bordeaux *(since 2001)*
- Member of the Supervisory Board of Ediradio SA (RTL/RTL2/FUN RADIO) *(since 2002)*
- Permanent Representative of M6 Publicité, member of the Board of Directors of: Home Shopping Service SA (since 2013), M6 Diffusion SA *(since 2013),* M6 Editions SA, M6 EVENEMENTS SA (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 SA, Extension TV SAS, C. productions SA *(since 10.21.2012)*
- Permanent Representative of Métropole Télévision, Chairman of: M6 Publicité SA *(since 2001),* Immobilière M6 SAS (since 2001), M6 Bordeaux SAS *(since 2001),* M6 Interactions SAS *(since 2001),* M6 Web SAS *(since 2001),* M6 Foot *SAS (since 2001),* TCM DA SAS *(since 06.27.2013),* Mandarin Cinéma *(since 07.22.2016)*
- Permanent Representative of C.Productions SA, Member of the Board of M6 Films SA *(since 01.01.2015)*
- Permanent Representative of Métropole Télévision, Managing Partner of SCI 107 ave Charles de Gaulle *(since 2001)*
- Representative of RTL Group of the Supervisory Board and Vice-Chairman of the Compensation Committee of Atresmedia [1] (formerly Antena3) *(since 10.29.2003)*

Outside RTL Group

- Member of the Board of: GL Events SA [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: compliant	French Monetary and Financial Code: compliant

Offices held in previous fiscal years			
2012	**2013**	**2014**	**2015**
▪ Member of the Board of Nexans SA (1)(2) (since May 2007)		▸ *(until 03.31.2014)*	
▪ Chairman of: M6 Publicité (2), M6 Web (2), M6 Interactions (2) *(from 2001 to 2012)*			
▪ Member of the Board of: Home Shopping Service (2) (HSS) *(since 2001 to 2012)*, Extension TV(2) (Série Club) *(since 2001 to 2012)* and Société Nouvelle de Distribution (2) (SND) *(from 2002 to 2012)*			
▪ Member of the Board of TF6 Gestion SA (2) *(since 2001)*			▸ *(until 03.01.2015)*
	▪ Permanent Representative of Home Shopping Service(2), member of the Board of MisterGooddeal SA (2) *(since 2013)*	▸ *(until 03.31.2014)*	
	▪ Permanent Representative of Métropole Télévision (2) Chairman of M6 Toulouse SAS (2)	▸ *(until 01.01.2014)*	
	▪ Permanent Representative of Metropole Télévision, Member of the Shareholders' Committee of Multi 4 SAS (2)	▸ *(until 09.15.2014)*	
		▪ Permanent Representative of M6 Publicité, Chairman of: M6 Créations SAS *(since 09.15.2014)*	▸ *(until 01.02.2015)*

(a) 2017 AGM called to approve the financial statements for the year ended 12.31.2016. (1) Listed company. (2) Company outside Groupe BPCE.

2.3 Management and oversight of corporate governance

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

The information it contains takes into consideration, in particular, Annex I of European Regulation (EC) 809/2004 of April 29, 2004 (modified) as well as recommendations N°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 2016 report, published on November 17, 2016, the activity report from the High Committee on Corporate Governance (HCGE) published October 2016, 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.

In accordance with Article 26 of Act No. 2008-649 of July 3, 2008, involving various provisions to adapt Company law to EU law, the Corporate Governance Code, to which reference has voluntarily been made when preparing this report, is 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.

- 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 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 partly owned by BPCE since August 1, 2009. As of December 31, 2016, BPCE held a 71% stake in Natixis.

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

In accordance with the "apply or explain" rule provided for in Article L.225-37 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:

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 Caisses d'Epargne and the Banque Populaire banks, in addition to a representative of BPCE). Following the AFEP-Medef code recommendations on the composition of the Audit 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 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.
Committee in charge of selecting or appointing directors **Committee in charge of compensation (Articles 16.1 and 17.1 of the Code)** *"It [...] must be predominantly comprised of independent directors."*	The number of independent directors on the Natixis Appointments Committee and Compensation Committee is not greater than half the total number of members, as recommended by the AFEP-Medef Corporate Code. They have 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 and the Compensation 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 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.
Session of the Board of Directors held without the executive directors (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, [...] at which the evaluation of the Chairman's, Chief Executive Officer's and Deputy Chief Executive's respective performance shall be carried out [...], and the participants shall reflect on the future of the company's executive management."*	It must be noted that Natixis does not have an executive director: Laurent Mignon is the Chief Executive Officer of Natixis but not 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.

2.3.1 BOARD OF DIRECTORS

2.3.1.1 Organization

As indicated above, Natixis' Board of Directors had 15 members at March 1, 2017. The members are divided up as follows:

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

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

Catherine Pariset was co-opted by the Natixis Board of Directors at its meeting on December 14, 2016 and is released of her professional duties. Anne Lalou is the Dean of the Web School Factory, and CEO of the Innovation Factory. Bernard Oppetit is Chairman of Centaurus Capital, which he founded. Henri Proglio is Chairman of Henri Proglio Consulting. Nicolas de Tavernost is Chairman of the Management Board of Groupe M6.

Pursuant to Articles L.225-23 and L.225-27-1 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 each of the Board of Directors' Meetings in an advisory capacity.

As is the case every year, at its meeting of December 14, 2016, and following the report submitted by the Appointments Committee, Natixis' Board of Directors examined each director's expertise, judgement 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 or not 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 who is essential to all requirements of the Company' – to both assess the importance of business relationships, identify any situation of dependency on Natixis, and finally gauge whether these relationships are of a nature to affect the independence of the director's judgement.

To carry out this work, Natixis analyzes a range of indices, criteria and parameters including: the length, degree and nature of the banking, trade or consulting relationships; the volume of commitments and the weight of Natixis compared to the total indebtedness; and the Company's liquidity requirements.

Based on this review, it determined that Natixis is not the "reference banker" for the companies in which its independent directors exercise their executive duties or corporate offices, namely Henri Proglio Consulting, Centaurus Capital, M6, and the Web School Factory.

Natixis maintains traditional business relationships with each of these companies.

Consequently, the Natixis Board of Directors 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
Has not held any salaried positions or corporate offices in the last five years with BPCE, Natixis or any of its subsidiaries	OK	OK	OK	OK	OK
Is not a director in any company in which Natixis directly or indirectly holds a Board membership or in which an employee or director of Natixis holds or has held a Board membership in the last five years	OK	OK	OK	OK	OK
Is not a major customer, supplier, or corporate or investment banker 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	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 Shareholders' Meeting of May 19, 2015. This change applies not only to terms of office renewed at the General Shareholders' Meeting but also to any new terms of office and terms in progress.

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 2016:
  - on February 10, 2016, the Board of Directors of Natixis co-opted Sylvie Garcelon to replace Catherine Halberstadt for the remainder of her predecessor's term of office, namely until the end of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2015.
  - on May 9, 2016, the Board of Directors of Natixis enacted the replacement of Daniel Karyotis with Marguerite Bérard-Andrieu as the Permanent Representative of BPCE as of May 1, 2016;
  - on May 24, 2016, the General Shareholders' Meeting of Natixis:
  - ratified the co-opting on July 30, 2015 of Françoise Lemalle to replace Pierre Valentin for the remainder of her predecessor's term of office, namely until the end of the General Shareholders' Meeting called to approve in 2019 the financial statements for the fiscal year ending December 31, 2018 (9th resolution),
  - ratified the co-opting of Sylvie Garcelon (10th resolution),
  - renewed, for a period of four years, namely until the end of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2019, the terms of office of Sylvie Garcelon and Stéphanie Paix, as well as the term of office of Alain Condaminas (11th, 12th and 13th resolutions).
  - on December 14, 2016, the Board of Directors of Natixis co-opted Catherine Pariset to replace Laurence Debroux, who resigned, for the remainder of her predecessor's term of office, namely until the end of the General Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2018.
- No changes made to the Board of Directors since January 1, 2017.

In order to follow the AFEP-Medef code's recommendation that terms of office be staggered in such a way as to avoid reappointing large numbers of directors at once and promote the balanced re-appointment of directors, Natixis instituted an action plan in 2012. Thus, the terms of office of four directors will be staggered compared to those of the other members.

Current term expiration:

2017 AGM	Nicolas de Tavernost
2019 AGM	BPCE, François Pérol, Thierry Cahn, Catherine Pariset, Michel Grass, Anne Lalou, Bernard Oppetit, Alain Denizot, Henri Proglio, Philippe Sueur, Françoise Lemalle
2020 AGM	Alain Condaminas, Sylvie Garcelon, Stéphanie Paix

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.

Pursuant to the new Article L.511-99 of the French Monetary and Financial Code, the Board of Directors, in view of the report by the Appointments and Compensation Committee, at its meeting of December 14, 2016, set a gender parity target to maintain a minimum of 40% women within the Board of Directors.

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-C)*, the Directors are asked to hold at least one thousand (1,000) Company shares within 18 months of joining the Board.

In accordance with the law, 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 had reached the age of 70 at December 31, 2016.

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

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

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

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

At the proposal of the Chief Executive Officer and after consulting the Appointments Committee, the Board of Directors may, in accordance with the conditions defined in Article 16 of the bylaws, appoint five individuals, 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 (within the meaning of 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 the 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 with regards to 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 Chairman's 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.

In addition, the Chairman of the Board of Directors 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 it that the operation of the Board runs smoothly, by creating a climate of discussion that is conducive to constructive decision-making. He ensures that the Board spends the required time on its duties.

B Internal rules

In addition to the legal and statutory requirements with which it complies, the Board of Directors has adopted a set of internal rules governing its operation and setting out the rights and duties of its members. These are sent to each member at the time of his appointment. The complete Internal Rules of Natixis' Board of Directors are available on the website *www.natixis.com.*

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 a new core business 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 judgement 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 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 director 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; The status of independent director falls away after a period of 12 years;
  - receive variable compensation in cash or in shares, or any performance-linked compensation from Natixis or the Group.

Directors representing major shareholders in Natixis or BPCE, in either a direct or indirect capacity, may be considered independent if these shareholders do not participate in the control Natixis. However, above the 10% threshold of Natixis share capital or voting rights, the Board shall, based on a report from the Appointments Committee, systematically review the member's independence, taking into account the structure of Natixis' share capital and the existence of any potential conflicts of interest.

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 2016, see point 2.3.1.4 – Assessment of the Board's work in 2016).

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

C 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;
- performing any transactions on the financial instruments it has issued, directly or indirectly, on its own behalf or on behalf of another, on or off the market, before that information has been made public;
- disclosing that information to any third party, including within Natixis, unless it is within the normal context of performing his duties;
- recommending or ordering that a transaction be performed on the basis of that 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. pre-emptive 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:
  - entity run, administered, managed or controlled by the director or his spouse, child, live-in parent or for which one of them receives the majority of economic benefits, 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 judgement, 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 paragraph 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.

D Internal charter on related party agreements

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

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

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

In accordance with regulations in effect during fiscal year 2016, the Board approved related party agreements prior to their signing. 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 9, 2017, the Board of Directors reviewed all related party agreements that have been authorized by the Board over previous fiscal years, which continued to have an impact over the period. Based on the criteria used for its initial approval, the Board of Directors upheld the authorization of all of these agreements. It was nevertheless decided to declassify certain agreements that had lapsed on account of the realization of their purpose, and to requalify as current agreements those agreements that no longer met the conditions of regulated conventions. The Board also approved an amendment to the financial conditions of a previously authorized agreement, specifically the amendment to the protocol for compensation between Natixis and Banque Palatine. The amendment modifies Natixis' compensation amount for additional costs incurred by the parties when signing the protocol. Additional costs partly relate to technical adjustments to make the counterparty's information system compatible with Natixis' information system, EuroTitres, partly to specific developments to secure migration (s*ee Statutory Auditors' special report in Chapter 7 "Legal Information")*

With regard to Article L.225-102-1 of the French Commercial Code, 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 having a greater than 10% voting right in a company and, on the other hand, another company in which this latter directly or indirectly holds more than half the capital, no agreement meets these criteria for fiscal year 2016.

2.3.1.3 Work of the Board of Directors in 2016

The Board of Directors held a total of eight meetings in 2016. The attendance rate was nearly 92% for the year as a whole (versus 91% in 2015).

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

At least four days before a Board Meeting, each director receives in principle 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. At each meeting, he reviewed the economic environment and benchmarks, as well as business conditions.

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

The main topics addressed by the Board of Directors in 2016 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 2017 budget ▪ Economic and benchmark reviews/Business review/life of the stock ▪ Review and approval of press releases ▪ Adoption of the Board's management report ▪ Adoption of the Board of Directors' report on the use of capital increase authorizations
Internal control Risk management	▪ Establishment of a US Risk Committee in accordance with the US regulation, the Dodd-Franck Act, and ratification of its Internal Rules ▪ Submission of the work by the Audit Committee, 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 ▪ Review of the Audit reforms and its impact on Natixis ▪ Oversight of the provisions of the 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, approval of the Business Continuity Plan which is an integral part of Natixis' risk management program ▪ Information on the changes to risk model governance within Groupe BPCE ▪ 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
Corporate governance	▪ Submission of the work by the Appointments Committee ▪ Reappointment of directors whose term of office was due to expire ▪ Appointment/Co-opting of new directors ▪ Chairmanship and composition of Special Committees ▪ Impact the "MAR" Regulation on transactions on the Natixis share ▪ Update of the Internal Rules of the Board of Directors and the Special 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 ▪ Authorization of the signature of various related party agreements ▪ Implementation of the process set out in Article L.2323-7-1 of the French Labor Code on strategic guidelines
Compensation	▪ Submission of the work by the Compensation Committee ▪ Fixed compensation of the Board Chairman ▪ Fixed and variable compensation of the CEO ▪ Authorization of commitments/agreements in favor of the CEO ▪ Profit-sharing top-up ▪ Renewal of rules for allocating directors' fees ▪ Establishment of an employee retention and performance plan ▪ Performance-related free share allocation 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 2016 savings plan ▪ Information on the capital increases following the allocation of free shares of February 2012, February 2013 and November 2013 ▪ Review of strategic plan and strategic projects ▪ Equity stake in Peter J. Solomon and in PayPlug
Other	▪ Renewal of issue authorizations (bonds, warrants, certificates of deposit, negotiable medium-term notes, euro commercial paper) ▪ Presentation of the senior management report (Volcker Rule) ▪ Presentation of the follow-up letters and correspondence from the AMF, the ECB and the ACPR, and Natixis' response to these follow-up letters and correspondence ▪ Meeting on the consequences of Brexit ▪ Opening/closing of branches and representative branches internationally

2.3.1.4 Assessment of the work of the Board of Directors and specialized Committees

As in previous years, in 2016 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.

As for the 2010 and 2013 fiscal years, in 2016 Natixis used the services of an outside firm. For the 2011, 2012 and 2015 fiscal years, Natixis carried out an internal assessment, based on individual interviews and a questionnaire.

For the 2014 fiscal year, Natixis decided to review monitoring of decisions made as a result of the in-depth assessments carried out between 2010 and 2013.

This assessment covered six areas:

- the composition of the Board of Directors;
- the duties and work of the Board of Directors;
- the organization and operation of the Board of Directors;
- relations/interaction within the Board of Directors and with Management;
- specialized committees;
- the individual contribution of the directors.

Every member of the Board of Directors completed a questionnaire prepared by the outside firm as part of an individual interview lasting approximately one hour.

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 9, 2017.

According to the report, the directors have a very positive view of Natixis' Board of Directors, which they see as a high-level structure whose directors are committed and hard-working.

A large majority of the Board's directors think that Natixis' Board of Directors perform better than the other boards they sit on.

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

Regarding the Board's composition, it was suggested to include more international profiles, given the Company's operations, and to broaden access to the training module that explains the organization of the Group's business lines.

In terms of the Board's duties and work, it was suggested to address more non-regulatory issues, agenda permitting, and to involve directors more upstream in certain subjects.

Lastly, on matters of the Board's organization and operation, it was suggested to pursue efforts to improve the conciseness of files submitted to the Board, giving preference to consultation with the business line manager concerned with the matter under review.

2.3.1.5 Board member training

In 2015, Natixis expanded its existing training program for Board members. The resulting training program is also consistent with the existing one for members of the BPCE Supervisory Board.

Implemented in 2016, the training campaign is now threefold:

- a training program on "fundamentals" for new Board members and others who wish to receive it. This training is structured around five modules that provide Board members with useful knowledge for a proper 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. It is 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 posted on the corporate governance site, the provision of e-learning on targeted subjects (money laundering, fraud, etc.), and Board members' participation in certain events held by Natixis business lines/departments.

For the 2016 fiscal year, ten sessions were held as part of the various training programs offered by Natixis. Ten Natixis directors attended one or more of these training sessions.

2.3.2 SPECIAL COMMITTEES: OFFSHOOTS OF THE BOARD OF DIRECTORS

To assist in its review process and prepare some of its deliberations, Natixis' Board of Directors surrounded itself with a number of Special Committees.

At its December 17, 2014 meeting, Natixis' Board of Directors decided to create a Risk Committee separate from the Audit Committee, and to split the existing Appointments and Compensation Committee into two independent Committees, in order to comply with the new provisions of the French Monetary and Financial Code. The duties previously assigned to the Audit Committee were divided between the Audit Committee and the Risk Committee, and supplemented with the new texts. Likewise, the duties previously assigned to the Appointments and Compensation Committee were split between the Appointments Committee and the Compensation Committee and duly completed.

Since the 2015 fiscal year, Natixis' Board of Directors has held 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 2016, the Audit Committee comprised five members: As of March 1, 2017, these members were:

Catherine Pariset *(position previously held by Bernard Oppetit until February 9, 2017)*	Chairman
Marguerite Bérard-Andrieu *(position previously held by Daniel Karyotis until May 1, 2016)*	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 (Ms. Pariset and Mr. Oppetit).

Until February 9, 2017 the Committee was chaired by independent member Mr. Oppetit. Since then, Ms. Pariset now 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 Caisses 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. Ms. Pariset is recognized for her expertise in accountancy and financial auditing. Ms. Bérard-Andrieu has extensive experience as a Chief Finance Officer, a position she holds at BPCE. Ms. Garcelon is CEO of CASDEN Banque Populaire, and as such possession solid financial experience. Ms. Lemalle has extensive knowledge in the accountancy and finance, as well as in auditing. Mr. 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 2016:
  - on February 10, 2016, Sylvie Garcelon was appointed a member of the Audit Committee, to replace Catherine Halberstadt;
  - on May 9, 2016, Marguerite Bérard-Andrieu was appointed a member of the Audit Committee, to replace Daniel Karyotis.
  - on December 14, 2016, Catherine Pariset was appointed a member of the Audit Committee, to replace Laurence Debroux.
- Changes made to the Audit Committee since January 1, 2017:

Director	Capacity	Date of change	Replaced by
Stéphanie Paix	Member	02.09.2017	Françoise Lemalle

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
- assessing the quality of internal control, specifically the consistency of the systems for measuring, monitoring and controlling risk, and, as and when needed, proposing implementation of supplementary actions in this sense.

The remit of the Audit Committee also includes:

- 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 regards 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 regards 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; reporting 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 2016

The Audit Committee met six times in fiscal year 2016. Its members' attendance rate was 76% for the year as a whole (vs. 87% in 2015).

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

At least four days before a Committee Meeting, each director received a file via a secure website containing the items on the agenda in order to be able to review and analyze the topics 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, at least two days before they were 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, as well as the Head of Accounting and Ratios, the Head of Risk, the Heads of Internal Audit for Natixis and BPCE, the Corporate Secretary and the Head of Compliance for Natixis.

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 2016, 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 2017 budget ▪ Statutory Auditors' assignment ▪ Compensation policy of NGAM (US and Asia) ▪ Monitoring the size of the balance sheet
Other	▪ Reform of the audit

2.3.2.2 Risk Committee

A Organization

During 2016, the Risk Committee comprised five members. As of March 1, 2016, these members were:

Bernard Oppetit	Chairman
Marguerite Bérard-Andrieu *(position previously held by Daniel Karyotis 05.01.2016)*	Member
Alain Denizot *(position previously held by Sylvie Garcelon until 02.09.2017)*	Member
Stéphanie Paix	Member
Catherine Pariset *(position previously held by Laurence Debroux until 12.13.2016)*	Member

Two of the five members are independent members (Ms. Pariset and Mr. 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 2016:
  - on February 10, 2016, Sylvie Garcelon was appointed a member of the Risk Committee, to replace Catherine Halberstadt.
  - on May 9, 2016, Marguerite Bérard-Andrieu was appointed a member of the Risk Committee, to replace Daniel Karyotis.
  - on December 14, 2016, Catherine Pariset was appointed a member of the Risk Committee, to replace Laurence Debroux.
- Changes made to the Risk Committee since January 1, 2017:

Director	Capacity	Date of change	Replaced by
Sylvie Garcelon	Member	02.09.2017	Alain Denizot

Over the course of the 2016 fiscal year, and in compliance with the US regulation, the Dodd-Frank Act, the Risk Committee met twice as the US Risk Committee, the first meeting taking place in July 2016. The US Risk Committee has the same members as the Risk Committee, and is tasked with monitoring the management of risks relating to "joint US activities".

B Role and powers

Natixis' Risk Committee has internal rules specifying its powers and its operating procedures, which was approved by the Board of Directors on December 17, 2014 and amended on February 9, 2017.

Now, 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.

The remit of the Risk Committee is also:

- 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 de facto directors 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 examine compliance risk monitoring-related items at least once a year, pursuant to Article 253 of the 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 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 and the Compliance Officer have permanent access to the Risk Committee.

C Work of the Risk Committee in 2016

The Risk Committee met eight times in fiscal year 2016. Its members' attendance rate was 67% for the year as a whole (vs. 83% in 2015).

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

At least, four days before a Committee Meeting, each director received in principle a file via a secure website containing the items on the agenda in order to review and analyze the matters to be addressed.

In 20 the Risk Committee's duties focused on the following items in particular:

Internal audit and 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 Ministerial Order of November 3, 2014 and of the Risk Appetite Framework indicators ▪ Review of the risk model governance ▪ Meeting on the US Risk Committee ▪ Review of the Chairman's draft report on the work of the Board and on Internal Control in 2015 ▪ Review of Natixis' exposure to the Energy sector ▪ Presentation of reports on internal control and risk measurement and monitoring ▪ Meetings on the stress tests (EBA and internal) ▪ Presentation of the final results of internal stress tests ▪ Presentation of the proposed audit program for 2017 ▪ Presentation on the risks of the Insurance business lines and their oversight ▪ Risk control procedures in place in the Asset Management business line ▪ Presentation of mandatory risk matters in 2017 ▪ Review of Natixis and BPCE Internal Audit assignments conducted during fiscal year 2016 ▪ Monitoring implementation of recommendations made by the Internal Audit Departments of Natixis and BPCE ▪ Presentation of the follow-up letters from the ECB and the ACP addressed to Natixis, and Natixis' response to these letters
Compliance	▪ Review of the business continuity mechanism ▪ Activity and result of compliance control ▪ Compliance risk monitoring ▪ Analysis of changes in the risk profile by area ▪ 2017 compliance action plan
Other	▪ Presentation of the latest developments

Over the 2016 fiscal year, the US Risk Committee reviewed the following:

- the governance, control and oversight plan for Natixis' risks in the United States (or "enhanced prudential standards");
- various matters related to liquidity risk and, in particular, the risk management framework, the contingency funding plan, and the liquidity risk of significant business lines and product offerings;
- US risk and risk appetite indicators;
- regulatory observations made by US regulators and supervisors.

2.3.2.3 Compensation Committee

A Organization

During 2016, the Compensation Committee comprised six members.

As of March 1, 2017, those members were as follows:

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

Three of the six members are independent (Ms. Lalou and Messrs. Proglio and de Tavernost). The number of independent directors on the Compensation 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 the Committee is chaired by an independent director. *(see Summary table on compliance with AFEP-Medef code recommendations in Section 2.3 of this chapter).*

- No change was made to the Compensation Committee in 2016.
- One change has been made to the Compensation Committee since January 1, 2017.

Director	Capacity	Date of change	Replaced by
Philippe Sueur	Member	02.09.2017	Michel Grass

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 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 2016

The Compensation Committee met four times in fiscal year 2016. Its members' attendance rate was 100% for the year as a whole (identical to that of 2015).

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

At least four days before each meeting, each director usually received via a secure website a file containing the items on the agenda in order to be able to review and analyze the topics addressed.

In 2016, the Committee focused on the following areas:

Executive corporate officers Senior Management Committee members	▪ Deciding on the fixed compensation of the Chief Executive Officer for fiscal year 2016 ▪ Deciding on the fixed compensation of the Chairman of the Board for fiscal year 2016 ▪ Deciding on the variable compensation of the Chief Executive Officer for fiscal year 2015 and paid in 2016 ▪ Deciding on the criteria to be applied in calculating the variable compensation of the Chief Executive Officer for fiscal year 2016 ▪ Consulting with shareholders on the individual compensation of executive corporate officers ("say on pay") ▪ Review of agreements and commitments made on behalf of the Chief Executive Officer ▪ Renewal of the principle of the award of a long-term incentive 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 compliance of Natixis' compensation policy with regulations, 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") or identified categories of staff within Asset Management activities (European AIFMD Directive) and insurance activities (European Solvency II Directive) ▪ Reviewing Natixis' compensation policy, including a review of the structure and the amounts of variable compensation by business line ▪ Reviewing specific Risk and Compliance targets (2015 review / 2016 targets) ▪ Analyzing compensation awarded to the highest-paid employees ▪ Reviewing and monitoring the achievement of performance conditions applicable to deferred variable compensation and long-term profit-sharing plans established within Natixis ▪ Variable compensation budget and structure for the "regulated" population for fiscal years 2015 and 2016 ▪ Analyzing the compensation of the heads of control functions ▪ Policy on salary and professional equality
Employee savings and shareholding	▪ Presenting the existing employee savings plans at Natixis ▪ Analyzing the procedures for the capital increase reserved for employees (Mauve 2016)
Other	▪ Report on the audit carried out by BPCE's Internal Audit Department on the regulated categories of staff.

2.3.2.4 Appointments Committee

A Organization

The Appointments Committee is made up of six members. As of March 1, 2017, 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 (Ms. Lalou and Messrs. Proglio and 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 is chaired by Henri Proglio.

- No change was made to the Appointments Committee in 2016:
- Changes made to the Appointments Committee since January 1, 2017:

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

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' de facto directors, 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 2016

The Appointments Committee met twice in fiscal year 2016. Its members' attendance rate was 100% for the year as a whole (identical to that of 2015).

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

At least four days before meeting, in principle each director received a file via a secure website containing the items on the agenda in order to review and analyze the matters to be addressed.

In 2016, the Committee focused on the following areas:

Selecting/appointing directors	▪ Composition of the Special Committees of the Board of Directors ▪ Selection of the new independent director to replace Laurence Debroux ▪ Reappointment of three directors whose term of office was due to expire
Independence of directors	▪ Verifying independence criteria for each director
Evaluating the Board and the directors	▪ Evaluating the Board of Directors' work in 2016 ▪ Evaluating the knowledge, skills and experience of directors, both individually and collectively ▪ 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

2.3.2.5 Strategic Committee

A Organization

The Strategic Committee meets once a year. The members of the Board of Directors and members of the Senior Management Committee are invited to this meeting.

The Strategic Committee was chaired by Laurence Debroux, an independent director, from its inception in 2011 until February 10, 2016. The Board of Directors, at its meeting of February 10, 2016, appointed Anne Lalou as Chairman of the Strategic Committee to replace Laurence Debroux.

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.

In 2016 Natixis' Strategic Committee met to review four matters:

- the implementation of the New Frontier plan and the launch of the new 2018-2020 strategic plan;
- Natixis' business lines in the context of low interest rates and Basel 4 considerations;
- digital transformation and its impact on Natixis' business lines;
- transformation and operational excellence.

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. Mr. Mignon's term of office was renewed by Natixis' Board of Directors on February 18, 2015 for a period of four years, to end 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 that he chairs, made up of the heads of Natixis' three core businesses (Corporate & Investment Banking, Investment Solutions & Insurance, Specialized Financial Services), and support functions.

At March 1, 2017 the members were: Gils Berrous (Specialized Financial Services), Jean Cheval (Finance and Risks), Norbert Cron (Operations and Information Systems), Anne Lebel (Human Resources), Jean-François Lequoy (Investment Solutions & Insurance), André-Jean Olivier (Corporate Secretariat), François Riahi (Corporate & Investment Banking), Jean Raby (Investment Solutions – Asset Management and Private Banking), and Marc Vincent (Corporate & Investment Banking).

As Natixis' decision-making body, the Senior Management Committee's remit is to examine and validate the Company's core strategy and oversee 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 two Executive Managers ("Dirigeants effectifs"): Laurent Mignon, Chief Executive Officer, and Jean Cheval, Chief Finance and Risk Officer.

In this capacity, Messrs. Mignon and Cheval stand surety for, 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 Senior 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 Order of November 3, 2014 on internal control of banking sector businesses.

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.

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 this regard, in 2010 and 2011 Natixis overhauled its entire system of delegating authority, including signing authority, which resulted in the delegation of Senior Management responsibilities to members of the Senior Management Committee.

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 2016

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 under the Chairmanship of the CEO. Except where circumstances prevented them from doing so, the members of the Senior Management Committee were present at all meetings in 2016. Representatives from the business lines or different support functions were invited to present projects or policies falling within their departmental remits.

After its official launch at the end of 2013, the Senior Management Committee undertook the de facto implementation of the New Frontier strategic plan in all Natixis business lines.

In this context, the Senior Management Committee studied the opportunities for external growth in asset management, M&A and SFS and supervised various plans projects or initiatives. More generally, the Senior Management Committee studied and approved all the strategic operations carried out by Natixis, before presenting them to the Company's Board of Directors, such as the acquisition of a majority holding in Peter J. Solomon Company, the merger of AEW and Ciloger, and the acquisition of PayPlug.

It supervised the conclusion of the Insurance division within Natixis, as part of the "Assurément#2016" project. It also oversaw the project to merge 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 identify the opportunities offered by digital technology within the Company, and defined the work to be carried out for that purpose under the "paris digitaux" (digital challenges) initiative. It then examined the findings from these projects and approved the resulting action plans before their implementation.

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. In particular, it oversaw the implementation of the provisions of the law on banking activity separation and regulation in France, and the Volcker Rule in the United States. In addition, it ensured that the adaptations required pursuant to Directive CRDIV on governance or adaptation of HR processes relative to risk-takers were implemented. Lastly, it reviewed the impact of regulatory developments (Market Abuse Regulation, MiFID 2, etc.) as well as prudential developments (Basel 3).

The Senior Management Committee defined the key priorities of its 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 committed to improving the quality of life in the workplace.

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.

The Senior Management Committee approved the main management decisions and reviewed and approved the budget after in-depth communication with the business lines. It also 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. In addition, it examined and approved several restructuring projects, including the reorganization of the Corporate & Investment Banking business.

Finally, 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.

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 earnings, 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 paragraph 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.

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.

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, it is their authorized intermediaries which hold accounts of bearer shares which prove their clients' status as a shareholder directly to the centralizing body of the meeting. They do so by producing a certificate that they attach 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 wishing 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.

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 acknowledgement 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 Paragraph 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, or any multiple of this percentage, must notify the Company, by registered letter with acknowledgement of receipt, of the number of voting rights that they possess. This notice must be made within a period of 15 days following each acquisition or sale of this fraction.

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 POTENTIAL CONFLICTS OF INTEREST

2.3.5.1 Competence and integrity of directors

In accordance with regulations, a list of the functions performed by the corporate officers of Natixis is included in this document. The brief summary of their curriculum vitae shows that they all possess recognized business expertise acquired through their positions as executives of banks or large industrial companies or as former bank executives.

In accordance with the enforcement decree of EU Directive 2003/71 (Article 14.1 of Appendix 1 of Regulation 809/2004), 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 Contracts binding the Company and the directors and Senior Management

In accordance with EU regulations, 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.

Natixis and its subsidiaries maintain business relationships with their main shareholder and Board member BPCE or some of its subsidiaries.

2.3.5.3 Conflicts of interest

Members of the Natixis Board of Directors include Natixis' main shareholder BPCE, as well as salaried employees of Groupe BPCE. Moreover, Natixis maintains business relationships with its shareholder and Board member BPCE. Natixis considers that this situation does not constitute a conflict of interest.

Banking relationships between Natixis and the Groups chaired by the independent members of the Board are not of a nature liable to affect the impartiality of their judgement.

Directors must refrain from acting in conflict of interest with Natixis or the companies it controls. Specifically, when there is a planned transaction 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), the director or non-voting director in question must inform the Chairman of the Board of Directors as soon as he has knowledge of such a plan, and inform him that he is directly or indirectly interested and in what capacity. The director or non-voting director 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."

2.4 Description of the compensation policy at Natixis

Natixis' compensation policy is a key driver for implementing Company strategy. The policy aims to offer competitive levels of compensation relative to the market benchmark and is structured to encourage the long-term commitment of the Company's employees while ensuring appropriate risk management. It reflects the individual and collective performance of its business lines and employees.

Natixis regularly compares its practices to those of comparable French and international banking operators to ensure that its compensation policy is competitive and appropriate for each of its businesses.

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 as well as the position's role and weight within the organization. It is determined based on the particularities of each business line in its local market;
- variable compensation, awarded based on the company's results and the achievement of predetermined quantitative and qualitative targets;
- collective compensation associated with employee savings plans, especially in France.

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

2.4.1 DECISION-MAKING PROCESS USED TO DEFINE THE COMPENSATION POLICY

2.4.1.1 General principles

The system of corporate governance set up by Natixis provides for a complete review of its compensation policies and ensures they are implemented in compliance with the guidelines. The policy is developed by the Human Resources Department, in conjunction with the business lines. It is reviewed each year and complies with the principles defined by the regulators as well as the social security and tax laws in force in Natixis' countries of operation.

There are several stages of approval in the decision-making process, starting with the subsidiaries, business lines and divisions, then Natixis' Human Resources Department and senior management, and finally Natixis' Board of Directors on the recommendation of the Compensation Committee. Variable compensation budgets are defined according to the annual economic performances generated by the business lines, including provisions for credit losses, liquidity and capital costs, and in accordance with the decisions taken regarding Natixis' ability to meet its regulatory capital obligations. The definition of overall budgets, and their breakdown by business line, also include the aforementioned economic factors referred, other qualitative analytical aspects such as competitor practices, general conditions on the markets in which the results were obtained, factors liable to have temporarily impacted the business line's performance or the development stage of the business lines in question.

The individual components of variable compensation packages are based on the achievement of individual quantitative and qualitative targets established at the start of the year. For regulated categories of staff and Front Office employees in the capital markets activities, individual targets systematically include the observation of risk and compliance rules.

The compensation system for risk control and compliance staff, and, in general, support staff and staff tasked with the validation of transactions, is based on specific objectives. It is independent of the system for the business lines whose transactions they validate or control.

The Risk Department and the Compliance Department are involved in the regulated employee identification process and in the determination of specific annual risk and compliance targets applied to regulated categories of staff, Front Office staff in the capital markets activities or the employees referred to by 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 Risk Department and the Compliance Department are also involved in any decisions to reduce or eliminate deferred variable compensation components currently being vested, in the event of behavior liable to expose Natixis to an unusual material risk.

The compensation policy is also independently reviewed each year by the Internal Audit Department.

2.4.1.2 Composition and role of the Natixis Compensation Committee

The composition and work of the Compensation Committee are described in Section 2.3.2.3. of this chapter.

2.4.2. COMPENSATION OF EMPLOYEES WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL IMPACT ON NATIXIS' RISK PROFILE ("REGULATED" CATEGORIES OF STAFF)

The compensation policy applicable to Natixis' regulated employees is aligned with the general compensation principles adopted by Natixis and those set forth by Directive 2013/36/EU (CRD IV), enacted 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. The scope of employees covered is defined in accordance with Delegated Regulation 604/2014 of March 4, 2014.

2.4.2.1 2016 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 the bank 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.

Regulated categories of staff at Natixis during the 2016 fiscal year came to **a total of 328 employees, including:**

264 employees identified based on qualitative criteria:

- directors, i.e. **15** individuals;
- members of Natixis' Senior Management Committee, i.e. **11** individuals;
- key staff responsible for control functions (Internal Audit, Risk, Compliance) and other support functions who are not members of the management bodies listed above, i.e. **52**individuals;
- key staff responsible for major business lines and foreign operations (excluding Asset Management and Insurance) who have not already been identified based on the above criteria, i.e. **28** 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 established by regulations and who have not already been identified based on the above criteria, i.e. **158** individuals.

64 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 of structured finance activities and, in capital markets activities, structured product engineers and heads of sales.

2.4.2.2 Compensation policy applied to "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 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.

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.

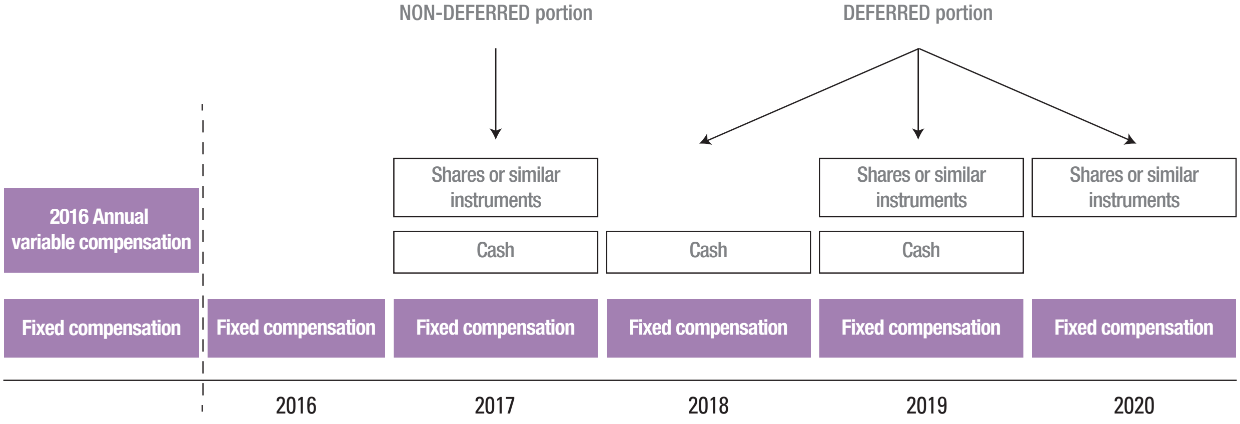
For other "regulated" categories of staff, the amount and conditions of payment of variable compensation are submitted to the Compensation Committee, then validated by the Board of Directors.

Above a given threshold (€100k 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.

The members of the Senior 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.

■ 2016 COMPENSATION STRUCTURE FOR REGULATED CATEGORIES OF STAFF - RECORD OF PAYMENTS



The vesting of deferred components of variable compensation is contingent on satisfaying 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 capital requirements. These conditions are clearly indicated when this compensation is awarded.

The components of deferred variable compensation in the process of being vested may be canceled or eliminated, in the event of behavior liable to expose Natixis to an unusual material risk.

Furthermore, regulated categories of staff, as well as Front Office employees in the capital markets activities, are specifically required to meet predetermined annual objectives in terms of risks and compliance: adherence to risk and compliance rules is systematically taken into consideration 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.

All recipients 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 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.

This threshold allows Natixis to maintain the necessary flexibility between variable compensation and real performance, and to hire and retain employees by offering them competitive pay packages. In this respect, it should be noted that Natixis operates on highly specialized labor markets, both outside the European Economic Area where local operators are not subject to regulatory caps on variable compensation, and within the European financial community vis-à-vis financial operators unaffected by CRD IV. In 2016, 42% of "regulated" categories of staff received variable compensation ranging from 100% to 200% of their fixed compensation.

Finally, Natixis applies variable compensation governance mechanisms to the Front Office employees of its capital 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.

2.4.3. COMPENSATION FOR MEMBERS OF MANAGEMENT BODIES

2.4.3.1 Compensation and benefits of any kind for the Chairman of the Board of Directors

Since 2009 and each year thereafter, the Chairman of the Board has consistently waived any and all compensation for his position as Chairman of the Board.

2.4.3.2 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 2016 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:

- Members of the Board of Directors:
  - fixed portion: €8,000 per year (prorated to the term of office),
  - variable portion: €2,000 per meeting, capped at seven meetings,

  i.e. €22,000 maximum in total;
- Members of Special Committees:
  - Audit Committee:

    Chairman:
  - fixed portion: €17,000 per year (prorated to the term of office),
  - variable portion: €2,000 per meeting, capped at six meetings,

    Members of the Audit Committee:
  - fixed portion: €3,000 per year (prorated to the term of office),
  - variable portion: €1,000 per meeting, capped at six meetings,
  - Risk Committee:

    Chairman:
  - fixed portion: €17,000 per year (prorated to the term of office),
  - variable portion: €2,000 per meeting, capped at six meetings,

    Members of the Risk Committee:
  - fixed portion: €3,000 per year (prorated to the term of office),
  - variable portion: €1,000 per meeting, capped at six meetings,
  - Compensation Committee:

    Chairman:
  - fixed portion: €15,000 per year (prorated to the term of office),
  - variable portion: €2,000 per meeting, capped at four meetings,

    Members of the Compensation Committee:
  - fixed portion: €2,000 per year (prorated to the term of office),
  - variable portion: €1,000 per meeting, capped at four meetings,
  - Appointments Committee:

    Chairman:
  - fixed portion: €15,000 per year (prorated to the term of office),
  - variable portion: €2,000 per meeting, capped at two meetings,

    Members of the Appointments Committee:
  - fixed portion: €2,000 per year (prorated to the term of office),
  - variable portion: €1,000 per meeting, capped at two meetings,
  - Strategic Committee:

    Chairman: variable portion: €12,000 per meeting, capped at one meeting
  - Members of the Strategic Committee: variable portion: €2,000 per meeting, capped at one 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.

As of January 1, 2013, directors' fees are subject to total withholding tax of 36.5% for residents of France.

2.4.3.3 Compensation and benefits of any kind for Laurent Mignon in connection with his duties as Chief Executive Officer of Natixis

Monetary compensation

Fixed compensation

The fixed gross annual compensation of Laurent Mignon in connection with his duties as CEO of Natixis was €800,000 for the 2016 fiscal year and has remained unchanged since he took office in 2009.

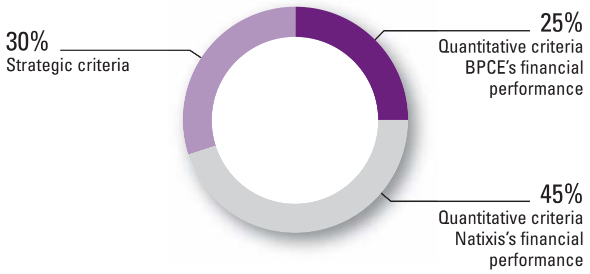
Annual variable compensation

The structure of annual variable compensation has been determined based on quantitative and strategic criteria submitted for review beforehand to the Compensation Committee and subsequently approved by the Board of Directors.

For the 2016 fiscal year, the variable compensation target was set at €960,000, i.e. 120% of Laurent Mignon's fixed compensation, with a range of between 0% and 156.75% of the target and 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% 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 5% is for each of the following three targets: the continued development of the asset-light model, synergies with the Banque Populaire and Caisse d'Epargne networks, and managerial performance. The final strategic target, namely the digital transformation of Natixis and its businesses, accounts for the remaining 15%.

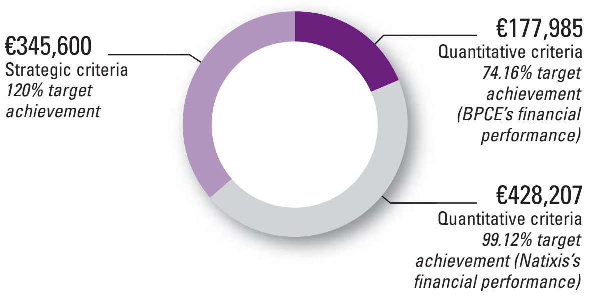
RULES FOR DETERMINING ANNUAL VARIABLE COMPENSATION FOR 2016



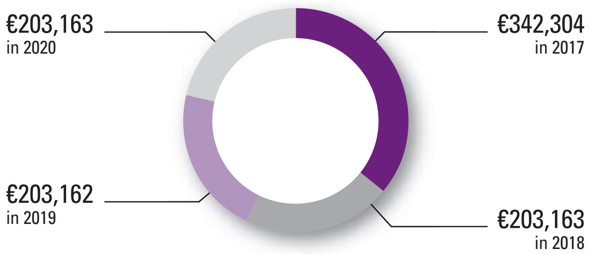
The amount of variable compensation for fiscal year 2016 was set by the Natixis Board of Directors, upon the recommendation of the Compensation Committee, at €951,792, i.e. 99.14% of the target variable compensation:

- €342,304 will be paid in 2017, 50% of which will be indexed to the Natixis share price;
- €609,488 will be deferred over three years, 50% of which will be indexed to the Natixis share price, and will be paid in thirds in 2018, 2019 and 2020, provided that the employment and performance conditions are met.

ANNUAL VARIABLE COMPENSATION FOR THE 2016 FISCAL YEAR



BREAKDOWN OF ANNUAL VARIABLE COMPENSATION FOR THE 2016 FISCAL YEAR BY VESTING DATE



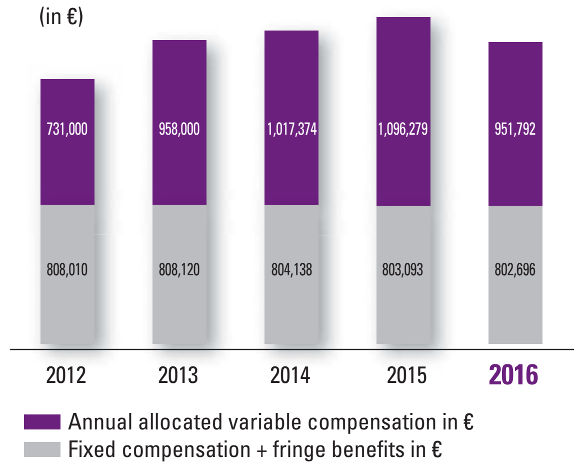
64% deferred over 2018-2019-2020, of which 50% is indexed to the Natixis share price.

Compensation paid to the CEO in the form of stock options or performance shares

- No stock options were granted to Laurent Mignon during fiscal year 2016.
- In order to align shareholders' interests with those of executive officers over time, based on the positive opinion of the Compensation Committee, Natixis' Board of Directors, at its meeting of July 28, 2016, granted the free allocation of: 47,463 performance shares, i.e. 0.00151% of the share capital at the allocation date, to the Chief Executive Officer of Natixis, with a vesting period of four years. This grant fell within the authorization granted by Natixis' General Shareholders' Meeting held on May 24, 2016 in its 19th resolution. The Chief Executive Officer of Natixis is thus aligned with the relative performance of the Natixis share and the consistency of this performance. Relative performance is tested annually: if Natixis' annual TSR is higher than the median annual TSRs of the institutions in the EuroStoxxBank index for four consecutive years, 80% of the allocated shares will be vested. For each year where the annual TSR is lower than the median, a penalty of 20% will be applied. Moreover, if the relative performance of Natixis' TSR measured over the whole vesting period is lower than the top two thirds of the TSR of the institutions in the EuroStoxxBank index, 20% of the allocated shares will be lost. Furthermore, 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.
- As a reminder, the executive corporate officer received the following free performance share allocations in respect of previous fiscal years:
  - At its February 18, 2015 meeting, Natixis' Board of Directors granted 27,321 free performance shares to the Chief Executive Officer of Natixis, subject to a vesting period of four years.
  - At its July 31, 2014 meeting, Natixis' Board of Directors granted 31,955 performance shares to the executive corporate officer of the Company.

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.

CHANGE IN THE ANNUAL FIXED AND VARIABLE COMPENSATION OF THE CHIEF EXECUTIVE OFFICER SINCE 2012



RULES FOR DETERMINING VARIABLE COMPENSATION OF THE CHIEF EXECUTIVE OFFICER FOR 2017

At its meeting on February 9, 2017, and on the advice of the Compensation Committee, for fiscal year 2017 the Board of Directors approved the increase of the Chief Executive Officer's fixed compensation which, at €960,000, is unchanged since taking the position in 2009, and is not aligned with market practice for similar positions. Moreover, Groupe BPCE plans to take out an "article 82" type life insurance policy for Group directors who do not have a supplementary pension plan. Accordingly, and should Groupe BPCE adopt this plan, the Chief Executive Officer of Natixis has committed to a yearly payment of €160,000 into this "article 82" type life insurance policy.

Quantitative and strategic criteria for determining the Chief Executive Officer's annual variable compensation for 2017 were approved by the Board of Directors on February 9, 2017 after review by the Compensation Committee, as was the target which was set at 120% of fixed compensation, with a range of 0% to 156.75% of the target.

Rules for determining variable compensation for 2017

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%**	▪ 10% development and launch of the 2018-2020 Strategic Plan ▪ 10% ongoing digital transformation of Natixis and its businesses ▪ 5% development of Natixis' collaboration with the Groupe BPCE networks ▪ 5% managerial performance

* *Excluding non-recurring items.*

The Chief Executive Officer, like the rest of Natixis' Senior Management Committee, is eligible for performance shares awarded by the Board of Directors of Natixis, aligning the CEO with the relative performance of the Natixis share price, in order to gradually align shareholders' interests with those of executive officers.

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.

Benefits in kind

Laurent Mignon receives a family allowance (€2,969 in 2016), in accordance with the same rules as those applied to Natixis employees in France.

Other benefits

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, 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. In 2016, benefits in kind related to this plan amounted to €15,895.

Post-employment benefits

CEO's group pension plan and severance payments

Pension Plan

Laurent Mignon does not benefit from a supplementary pension plan.

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.

2.4.3.4 Standardized tables in compliance with AMF recommendations

AMF TABLE NO. 1
Summary of the compensation, stock options and shares granted to each executive corporate officer

	FY 2016	FY 2015
Laurent Mignon, CEO		
Compensation due or granted for the fiscal year	€1,754,761 (a)	€1,899,372
Value of options granted during the fiscal year	0	0
Value of performance shares granted during the fiscal year	€160,000 (b)	€160,000 (b)
TOTAL	**€1,914,761**	**€2,059,372**

(a) o/w a family allowance of €2,969.
(b) Value of shares at the grant price.

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 of allocation.

Laurent Mignon, CEO (office held since May 14, 2009)	FY 2016		FY 2015	
	Amounts due or granted [(a)]	Amounts paid	Amounts due or granted [(a)]	Amounts paid
Fixed compensation for corporate office duties	€800,000	€800,000	€800,000	€800,000
Annual variable pay	€951,792	€984,113 [(b)]	€1,096,279	€1,083,450 [(b)]
Extraordinary compensation	€0	€0	€0	€0
Directors' fees	€0	€0	€0	€0
Benefits in kind	€2,969 [(c)]	€2,969 [(c)]	€3,093	€3,093
TOTAL	**€1,754,761**	**€1,787,082**	**€1,899,372**	**€1,886,542**

(a) *At its February 18, 2015 meeting, the Board of Directors also awarded the CEO 27,321 performance shares valued at €160,000 and, at its July 28, 2016 meeting, it awarded 47,463 performance shares valued at €160,000.*

(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 €15,895 in benefits in kind were declared.

Compensation paid to Laurent Mignon in 2016 was composed of €802,969 in fixed compensation and fringe benefits and €984,113 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 2016 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 2012	Deferred cash portion of variable compensation for fiscal year 2012	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	Cash portion of variable compensation for fiscal year 2015 paid in March 2016	Securities or similar instruments portion of variable compensation for fiscal year 2015 paid in October 2016	Total
Paid in 2016	€126,310	€73,158	€100,825	€103,256	€84,331	€110,594	€189,738	€195,901	€984,113
Granted (initial amount)	€72,174	€72,174	€102,442	€102,442	€110,333	€110,333	€189,738	€189,738	€949,374

AMF TABLE NO. 3

Directors' fees and other compensation received by non-executive directors from January 1 to December 31, 2016.

(in euros) Non-executive directors	FY 2016 [1] Amounts due	FY 2016 [1] Amounts paid	FY 2015 [1] Amounts due	FY 2015 [1] Amounts paid
BPCE				
Directors' fees				
Natixis director	60,000	60,000	62,000	62,000
In respect of Natixis subsidiaries	49,900	49,900	42,500	42,000
Daniel Karyotis (term of office ended May 1, 2016)				
Directors' fees				
Natixis director			N/A	N/A
In respect of BPCE and its subsidiaries			N/A	N/A
BPCE corporate office[2]	167,833	167,833	500,000	500,000
BPCE annual variable compensation	112,667 [3]	362,865 [4]	401,191 [5]	283,586 [6]
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
Marguerite Bérard-Andrieu (office held since May 2, 2016)				
Directors' fees				
Natixis director			N/A	N/A
In respect of BPCE and its subsidiaries			N/A	N/A
BPCE corporate office	331,989	331,989	N/A	N/A
BPCE annual variable compensation	225,333 [7]	0	N/A	N/A
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)	0	0	N/A	N/A
Thierry Cahn				
Directors' fees				
Natixis director	22,000	22,000	22,000	22,000
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
In respect of BPCE and its subsidiaries	22,050	22,050	23,625	23,625
Other compensation				
Alain Condaminas				
Directors' fees				
Natixis director	22,000	22,000	20,000	20,000
Member of the Natixis Appointments Committee	4,000	4,000	4,000	4,000
Member of the Natixis Compensation Committee	6,000	6,000	5,000	5,000
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
In respect of Natixis subsidiaries	4,800	4,800	2,857	2,857
In respect of BPCE and its subsidiaries	23,250	23,250	7,016.67	7,016.67
Other compensation				
Laurence Debroux (term of office ended December 13, 2016)				
Directors' fees				
Natixis director	12,000	12,000	12,000	12,000
Member of the Natixis Audit Committee	5,000	5,000	6,000	6,000
Member of the Natixis Risk Committee	5,000	5,000	6,000	6,000
Member of the Natixis Strategic Committee	0	0	12,000	12,000
Other compensation				
Alain Denizot				
Directors' fees				
Natixis director	22,000	22,000	11,333	11,333
Member of the Natixis Appointments Committee	4,000	4,000	2,333	2,333
Member of the Natixis Compensation Committee	6,000	6,000	2,333	2,333

(in euros) **Non-executive directors**	FY 2016 (1) Amounts due	FY 2016 (1) Amounts paid	FY 2015 (1) Amounts due	FY 2015 (1) Amounts paid
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
In respect of Natixis subsidiaries	1,800	1,800	1,800	1,800
In respect of BPCE and its subsidiaries	2,400	2,400	13,391.67	12,191.67
Other compensation				
Sylvie Garcelon (office held since February 10, 2016)				
Directors' fees				
Natixis director	21,333	21,333	N/A	N/A
Member of the Natixis Audit Committee	7,750	7,750	N/A	N/A
Member of the Natixis Risk Committee	8,750	8,750	N/A	N/A
Member of the Natixis Strategic Committee	2,000	2,000	N/A	N/A
In respect of BPCE and its subsidiaries	1,000	1,000	N/A	N/A
Other compensation				
Michel Grass				
Directors' fees				
Natixis director	22,000	22,000	22,000	22,000
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
In respect of Natixis subsidiaries	3,600	3,600	4,800	4,800
In respect of BPCE and its subsidiaries	24,125	24,125	23,266.67	23,266.67
Other compensation				
Anne Lalou				
Directors' fees				
Natixis director	22,000	22,000	19,333	19,333
Member of the Natixis Appointments Committee	4,000	4,000	3,833	3,833
Member of the Natixis Compensation Committee	6,000	6,000	3,833	3,833
Member, then Chairman, of the Natixis Strategic Committee	12,000	12,000	2,000	2,000
Other compensation				
Françoise Lemalle				
Directors' fees				
Natixis director	22,000	22,000	10,000	10,000
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
In respect of BPCE and its subsidiaries	24,450	24,450	16,266.67	15,666.67
Other compensation				
Bernard Oppetit				
Directors' fees(8)				
Natixis director	22,000	22,000	22,000	22,000
Chairman of the Natixis Audit Committee	29,000	29,000	27,000	27,000
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	9,000	9,000	8,000	8,000
Member of the Natixis Risk Committee	9,000	9,000	9,000	9,000
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
In respect of BPCE and its subsidiaries	26,550	32,550	33,891.67	33,891.67
Other compensation				
Catherine Pariset (office held since December 14, 2016)				
Directors' fees				
Natixis director	2,000	2,000	N/A	N/A
Member of the Natixis Audit Committee	N/A	N/A	N/A	N/A

(in euros) Non-executive directors	FY 2016 [1] Amounts due	FY 2016 [1] Amounts paid	FY 2015 [1] Amounts due	FY 2015 [1] Amounts paid
Member of the Natixis Risk Committee	N/A	N/A	N/A	N/A
Member of the Natixis Strategic Committee	N/A	N/A	N/A	N/A
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 corporate office	550,000	550,000	550,000	550,000
BPCE annual variable compensation	697,125 [9]	855,160 [10]	827,457 [11]	732,556 [12]
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	5,288	5,288
Henri Proglio				
Directors' fees				
Natixis director	22,000	22,000	20,000	20,000
Chairman of the Natixis Appointments Committee	19,000	19,000	19,000	19,000
Member of the Natixis Compensation Committee	6,000	6,000	5,000	5,000
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
Other compensation				
Philippe Sueur				
Directors' fees				
Natixis director	22,000	22,000	20,000	20,000
Member of the Natixis Appointments Committee	4,000	4,000	4,000	4,000
Member of the Natixis Compensation Committee	6,000	6,000	5,000	5,000
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
In respect of BPCE and its subsidiaries	9,900	10,500	7,500	7,500
Other compensation				
Nicolas de Tavernost				
Directors' fees				
Natixis director	22,000	22,000	22,000	22,000
Member of the Natixis Appointments Committee	4,000	4,000	4,000	4,000
Chairman of the Natixis Compensation Committee	23,000	23,000	21,000	21,000
Member of the Natixis Strategic Committee	2,000	2,000	2,000	2,000
Other compensation				

(1) Amounts before 36.5% withholding tax.

(2) Housing allowance of €66,000 for 2015 and €22,000 for 2016 is included in the fixed compensation in connection with his corporate office.

(3) Variable compensation for fiscal year 2016, of which €56,533 (50%) paid in 2017 and the balance (50%) deferred over three years in equal shares of €18,778.

(4) Amount paid in 2016 for the variable compensation for fiscal year 2015, i.e. €200,596, for the deferred portion of the variable compensation for fiscal year 2014, i.e. €76,554 and for the deferred portion of the variable compensation for fiscal year 2013, i.e. €85,715.

(5) Variable compensation for fiscal year 2015, of which €200,596 (50%) paid in 2016 and the balance (50%) deferred over three years in equal shares of €66,865. The final allocated amount in 2017 will be €74,608 (after application of an index ratio).

(6) Amount paid in 2015 for the variable compensation for fiscal year 2014, i.e. €206,511, and for the deferred portion of the variable compensation for fiscal year 2013, i.e. €77,075.

(7) 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.

(8) Before 30% withholding tax.

(9) 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.

(10) 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.

(11) Variable compensation for fiscal year 2015, of which €330,983 (40%) paid in 2016 and the balance (60%) deferred over three years in equal shares of €165,491. The final allocated amount in 2017 will be €184,655 (after application of an index ratio).

(12) Amount paid in 2015 for the variable compensation for fiscal year 2014, i.e. €340,743, for the deferred portion of the variable compensation for fiscal year 2013, i.e. €190,762, for the deferred portion for fiscal year 2012, i.e. €110,207 and for the deferred portion for fiscal year 2011, i.e. €90,844.

(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 2016.

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 2016.

TABLE NO. 6
Free shares granted to each executive corporate officer

Free shares granted by the General Shareholders' Meeting during the period to each executive corporate officer by the issuer and by all Group companies	Plan date	Number of options granted during the period	Value of options according to the method adopted for the consolidated financial statements	Date vested	Date of transferability [(b)]	Performance conditions
Laurent Mignon [(a)]	07.28.2016	47,463	€160,000	07.28.2020	07.28.2020	Yes

(a) *Free shares awarded to Laurent Mignon by Natixis and every Natixis group company for his duties as CEO of Natixis. Indicated valuation based on grant price.*

(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.*

AMF TABLE NO. 7
Free shares that became transferable during the period for each executive corporate officer

Free shares that became transferable during the period for each 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 2016.

Note: the 90 free shares granted by the Board of Directors at its November 6, 2013 meeting and delivered March 1, 2016 are non-transferable during the entire term of office of the Chief Executive Officer.

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:	n/a
1) Natixis directors in 2016:	**n/a**
Marguerite Bérard-Andrieu	n/a
Thierry Cahn	n/a
Alain Condaminas	n/a
Laurence Debroux	n/a
Alain Denizot	n/a
Michel Grass	n/a
Daniel Karyotis	n/a
Anne Lalou	n/a
Françoise Lemalle	n/a
Bernard Oppetit	n/a
Stéphanie Paix	n/a
Catherine Pariset	n/a
Francois Pérol	n/a
Henri Proglio	n/a
Philippe Sueur	n/a
Nicolas de Tavernost	n/a
2) Natixis CEO in 2016:	**n/a**
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 12.31.2016	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

Subscription or purchase 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
	0	n/a	n/a

No subscription or call options were granted or exercised by Natixis employees in fiscal year 2016.

AMF TABLE NO. 10
Record of the award of free shares for each executive corporate officer

Information on free shares awarded	Date of General Shareholders' Meeting	Date of Board of Directors' Meeting	Total number of free shares awarded [(a)] o/w number allocated to:	Share vesting date	End of lock-in period	Number of shares subscribed at 12.31.2016	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 [(d)]	47,463	-	47,463

(a) No performance conditions are attached to the 90 shares allocated in 2013. The 31,955 shares awarded in 2014, 27,321 shares awarded in 2015 and 47,463 shares awarded 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 vested shares are subject to a lock-in requirement for the full term of office.

(d) 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.

AMF TABLE NO. 11
Situation of executive corporate officers

FY 2016 Executive corporate officers	Employment contract		Supplementary pension plan		Payments or benefits due, or likely to be due, as a result of the termination or change of office [(b)]		Consideration paid relative to a non-compete clause [(b)]	
	Yes	No	Yes	No	Yes	No	Yes	No
Laurent Mignon, CEO Term of office began: May 14, 2009 [(c)] Date term of office expires: after the May 2019 General Shareholders' Meeting		X		X [(a)]	X		X	

(a) Pension plan benefits for all personnel.

(b) See Section 2.4.3.3 "Severance payments and consideration for non-compete agreement."

(c) Re-appointed at the February 18, 2015 Board of Directors' Meeting.

2.4.3.5 Components of compensation due or granted in respect of the fiscal year ended December 31, 2016 to Laurent Mignon, Chief Executive Officer of Natixis

In accordance with the AFEP-Medef corporate governance code, the components of the compensation due or granted to each executive corporate officer in respect of fiscal year 2016 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	€800,000	Gross fixed compensation in respect of fiscal year 2016. Laurent Mignon's gross annual fixed compensation in respect of his office as CEO has remained unchanged since he took office.
Annual variable compensation in respect of 2016	€951,792	The variable compensation in respect of fiscal year 2016 was calculated on the basis of quantitative and strategic criteria first reviewed by the Compensation Committee then validated by the Board of Directors. 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 continued development of the asset-light model, synergies with the BP and CE networks, and managerial performance. Each of these three criteria is given a weighting of 5%, while 15% is related to the digital transformation of Natixis and its businesses. Annual variable compensation can represent a maximum of 156.75% of the target variable compensation, which in 2016 was €960,000. Based on the criteria set by the Board of Directors following the proposal of the Compensation Committee and the achievements observed by the Compensation Committee and the Board of Directors, the amount of variable compensation was calculated as follows: ■ in respect of BPCE quantitative criteria: €177,985, or 74.16% of the target; ■ in respect of Natixis quantitative criteria: €428,207, or 99.12% of the target; ■ in respect of strategic criteria: €345,600, or 120% of the target. The amount of variable compensation for fiscal year 2016 was therefore set at €951,792 i.e. 99.14% of the target variable compensation: ■ €342,304 will be paid in 2017, 50% of which will be indexed to the Natixis share price; ■ €609,488 will be deferred over three years, 50% of which will be indexed to the Natixis share price, and will be paid by third in 2018, 2019 and 2020, provided that the employment and performance conditions are met.
Multi-year variable compensation	0	In 2016 Laurent Mignon did not receive any multi-year variable compensation.
Extraordinary compensation	0	In 2016 Laurent Mignon did not receive any extraordinary compensation.
Allocation of stock options/performance shares and any other long-term compensation	47,463 shares	■ No stock options were granted to Laurent Mignon during fiscal year 2016. ■ Based on the positive opinion of the Compensation Committee, and as approved by Natixis shareholders at the May 24, 2016 General Shareholders' Meeting in the 19th resolution, Natixis' Board of Directors, at its meeting of July 28, 2016, granted the allocation of 47,463 free shares to the Company's Chief Executive Officer, i.e. 0.00151% of Natixis' share capital at the allocation date. The Chief Executive Officer of Natixis is thus aligned with the relative performance of Natixis stocks and the consistency of this performance. Relative performance is tested annually: if Natixis' annual TSR is higher than the median TSRs of the institutions in the EuroStoxxBank index for four consecutive years, 80% of the allocated shares will be vested. For each year where the annual TSR is lower than the median, a penalty of 20% will be applied. Moreover, if the relative performance of Natixis' TSR measured over the whole vesting period is lower than the top two thirds of the TSR of the institutions in the EuroStoxxBank index, 20% of the allocated shares will be lost. 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.

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
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 pay (both fixed and variable).
Supplementary pension plan	-	Laurent Mignon does not benefit from a supplementary pension plan.
Directors' fees	-	In 2016 Laurent Mignon received no director's fees in respect of the 2016 fiscal year as part of his responsibilities within Groupe BPCE.
Benefits of any kind	€2,969	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. The components of the Chief Executive Officer's social protection and complementary scheme are subject to related party agreements. In 2016, the total amount of benefits in kind was €15,895.

2.5 Report of the Chairman of the Board of Directors on internal control and risk management procedures

INTRODUCTION

The Chairman's report on internal control procedures is drawn up in accordance with Article L.225-37 of the French Commercial Code. Its purpose is to provide a summary presentation of Natixis' internal control system as applied to its different business activities. It also reports on the financial risks relating to the effects of climate change and the Company's measures to reduce these effects through a low-carbon strategy in all aspects of its business.

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. 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.

Natixis' internal control system notably complies with the provisions set forth in the French Ministerial Order of November 3, 2014 on internal control by companies in the banking, payment services and investment services sector. It is structured in 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.

2.5.1 GENERAL ORGANIZATION

In accordance with the new provisions of the French Monetary and Financial Code introduced by the Ordinance of February 24, 2014 and the Ministerial Order of November 3, 2014, the powers of the Natixis Board of Directors regarding internal controls and risk management were increased significantly during fiscal year 2015.

In late 2014, Natixis modified its governance system by creating a Risk Committee separate from the Audit Committee and tasked in particular with advising the Board of Directors on strategy and risk appetite and with assisting the latter in its control function *(see Section 2.3.2.2 Role and powers of the Risk Committee)*. To carry out its mandate, the Risk Committee has full information on Natixis' situation regarding risk. It may, if necessary, use the services of the Head of Risk Management or external experts. It may also interview any Natixis manager who could help to shed light on the work of the Risk Committee.

The Board of Directors now regularly approves and revises 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 *(see Section 2.3.1.3 Work of the Board of Directors in 2016)*.

The Executive Managers, under the supervision of the Board of Directors, are responsible for implementing the whole of Natixis' internal control system. 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.

The internal control system, which covers Natixis' entire scope of activities, is based on the following organizational 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.

Natixis' **internal control system** is based on a structure that distinguishes:

- **first-level permanent controls,** carried out by operational staff on the transactions they perform, following internal procedures and legal and regulatory requirements (level 1.1 control). Transactions may be subject to separate first-level controls (level 1.2) by line management or by a functional department responsible for validating transactions (accounting, legal or middle office functions);
- **second-level permanent controls,** performed by four independent central departments that operate under the responsibility of the Corporate Secretary:
  - **the Compliance and Permanent Control Department,** which reports to the Corporate Secretary, is notably responsible for managing compliance risk, organizing the first-level permanent control system, and for second-level control of operational risk (compliance and other operational risks),
  - **the IT Systems Security and Business Continuity (ITSS-BC) function,** which reports to the Compliance Department, establishes the information systems security and business continuity policies and verifies that they are correctly applied,

- **the Risk Department,** which reports to the Chief Finance and Risk Officer, 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 Department, which reports functionally to the Compliance Department, verifies the quality and accuracy of accounting and regulatory information;

- **periodic controls,** carried out by the Internal Audit Department. The Internal Audit Department reports to the Chief Executive Officer and performs audits that give rise to an assessment of existing points of control in the audited processes and an evaluation of the risks in respect of the audited activities.

Natixis organizes its control functions on a global basis to ensure consistency of the internal control mechanism throughout the whole company. The internal control system thus covers all risks and extends to all business lines and subsidiaries within Natixis. Local second-level permanent and periodic control functions within subsidiaries or business lines report to Natixis' corresponding central control departments, either on a functional basis in the case of subsidiaries or on a hierarchical basis in the case of business lines.

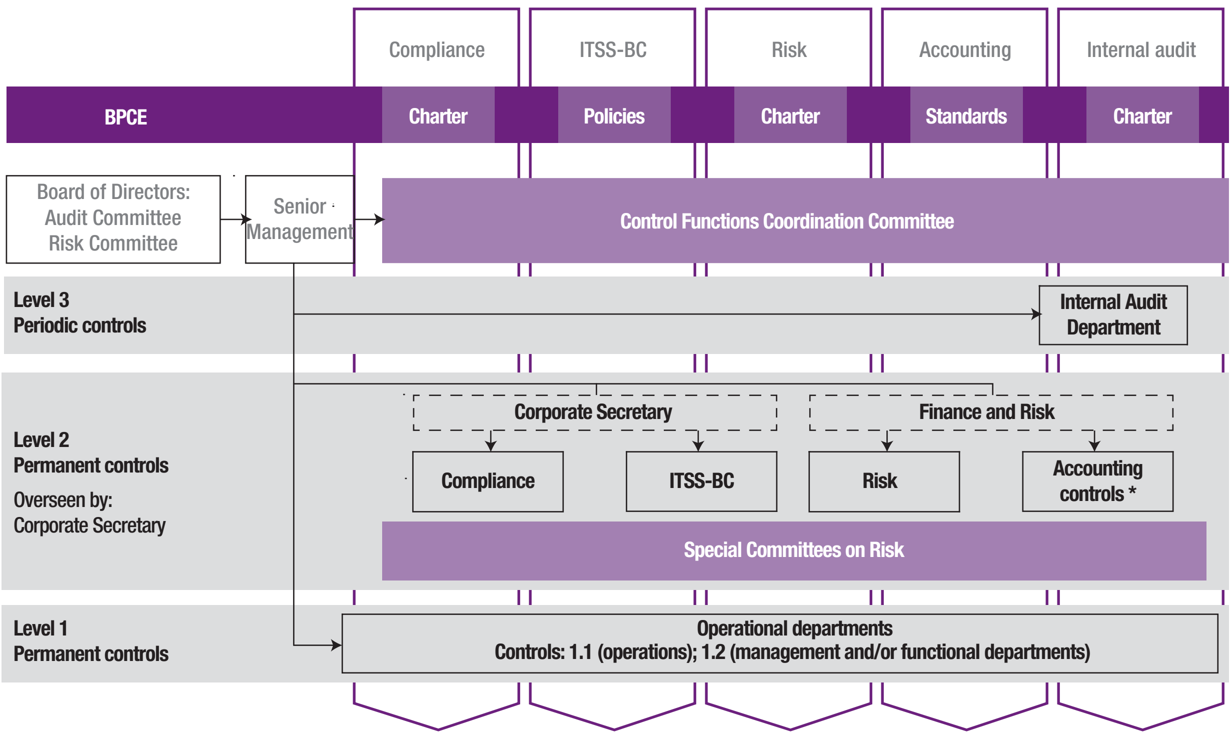
The overall internal control system is coordinated by the Control Functions Coordination Committee (CFCC), which is chaired by the Natixis Chief Executive Officer or his substitute, the Corporate Secretary. It is attended by the Chief Finance and Risk Officer and the Heads of Risk, Compliance and Internal Audit, as well as Heads of operational or functional departments as necessary. The role of the CFCC is to:

- address all issues pertaining to the organization and planning of controls;
- highlight areas of emerging or recurring risk within the scope under consideration and report any significant anomalies observed to the executive body;
- provide 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 2016.

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.

ORGANIZATION OF NATIXIS' INTERNAL CONTROL MECHANISM



** Accounting review performed by the Finance Department. Proper application of accounting procedures checked by Compliance.*

2.5.2 FIRST-LEVEL PERMANENT CONTROLS

First-level permanent controls are an essential component of Natixis' internal control system.

These controls are carried out by operational or functional departments under managerial supervision. These departments are responsible for:

- checking that transaction processing procedures are adhered to and compliant;
- justifying account balances for active accounts relating to the transactions they execute.

Operational staff carry out their transactions in compliance with:

- the charters and procedures that govern and structure Natixis' risk processes (such as the procedure governing the credit decision process, the market risk management charter, the charter for measuring, controlling and managing operational risks, the charter for managing compliance risks, etc.);
- the charter formally defining areas of responsibility for country managers in Natixis' foreign operations and organizing relations with Heads of the business lines represented locally;
- the Compliance Manual, which was updated in February 2015, and which sets out all the main Compliance principles applicable to Natixis staff. In particular, this covers conflicts of interest, anti-money laundering, embargoes, professional ethics, confidential information and inside information, market abuse, information systems security and business continuity.

To complement the controls carried out by operational staff on their own transactions (level 1.1 controls), a separate level 1.2 control is performed by:

- operational management, which takes a second look at transactions carried out;
- a functional department that is independent of the operational department responsible for executing the transaction, which validates or records the transactions (Middle Office, Accounting, Legal Department, etc.).

The Compliance Department organizes the first-level control mechanism for operational risk, particularly compliance risk. It helps each operational and functional department define and update the controls they are responsible for. The first-level controls are centralized in a dedicated tool that is used to consolidate results, identify areas at risk and produce reports. At the end of December 2016, 2,078 controls were reported (mostly on a monthly basis).

2.5.3 SECOND-LEVEL PERMANENT CONTROLS: COMPLIANCE AND PERMANENT CONTROLS

General organization

- The Compliance Department develops best practices for preventing and managing compliance risk at Natixis, thereby helping to prevent financial loss and the associated reputation risk. It acts in accordance with instructions prescribed by BPCE and its scope of action covers Natixis, its subsidiaries and branches.
- The Compliance Department's main responsibilities are to:
  - ensure a legal and regulatory watch relating to compliance, in conjunction with the legal function;
  - define standards and methods for assessing compliance, control and reporting risks. These standards are devised in order to ensure market integrity and that customers' interests take priority, and to prevent conflicts of interest (including independence in third-party account management) as well as to counter money laundering and terrorist financing;
  - establish and maintain a compliance risk map;
  - ensure the execution of second-level permanent controls (including controlling compliance with standards and the application of procedures); In 2016, 2,419 second-level controls were performed;
  - issue a written compliance opinion regarding all new activities, structures, processes, products and transactions, as well as significant changes to existing products. This opinion is accompanied by a right of veto or appeal within the New Product Committees;
  - intervene in an advisory role in order to support activities with a view to ensuring security and compliance with standards;
  - contribute to employee training in conjunction with the Human Resources Department;
  - centralize the reporting of any anomalies within the meaning of the Ministerial Order of November 3, 2014, at subsidiary or business-line level, with a view to their consolidation by the Natixis group and their communication to BPCE; and define the conditions for operating the alert mechanism provided for by this article whilst respecting the confidentiality of declaring parties;
  - prepare regular summary reports, notably for Natixis' and BPCE's senior management.

- organizational structure

The Compliance Department reports to the Corporate Secretary and functions independently of the operational departments.

The Corporate Secretary is responsible for permanent control, as defined in the Ministerial Order of November 3, 2014.

- Subsidiaries and branches

As part of a broader Compliance function, Natixis' Compliance Department provides direction and impetus to Compliance managers in subsidiaries and branches through a "direct" link. Compliance managers in subsidiaries and branches report to the executive body or, exceptionally, if the size of the entity warrants it, to a permanent control manager who, in turn, reports to the executive body, and to Natixis' Chief Compliance Officer through a strong functional link of a hierarchical nature.

This "direct" link is reflected in:

- Natixis' Chief Compliance Officer being required to issue prior approval for the secondment, appointment or removal of a subsidiary's Compliance manager;
- Natixis' Chief Compliance Officer participating in annual performance and career advancement reviews;
- the obligation to send information to Natixis' Chief Compliance Officer.

For business lines operated by the parent company, Compliance managers report directly and hierarchically to Natixis' Chief Compliance Officer.

The Compliance Function Charter details the function's operating procedures.

Focus of the compliance control mechanism

Natixis' Compliance mechanism focuses on the following two key areas:

Ethics/Compliance

At Natixis, the Code of Conduct refers to the set of rules applicable to the professional conduct expected of our employees when providing investment services. These rules are set out in the general regulation of the Autorité des Marchés Financiers (AMF – French Financial Markets Authority) and are meant to safeguard the integrity of the markets and ensure that customers' interests prevail.

To define these rules, ensure that they are fully known to all Natixis employees and correctly applied, the Compliance Department uses a company-wide "Conduct/Ethics/Training" function, rolled out to each core business and each business line, including all subsidiaries, by the Compliance managers.

In 2016, two policies were overhauled: the policy on conflicts of interest, replacing the standards on conflicts of interest and the organization of the circulation of information; and the policy on professional ethics. The purpose of these two new policies is to harmonize the frameworks concerned within the group. These policies, as well as the procedures applied to Natixis S.A., concerning external interests, gifts, invitations and personal transactions, will be disseminated from early 2017 and throughout the year to the entities concerned. Moreover, the framework for monitoring rules of professional ethics took was overhauled in 2016 and will be deployed to all the relevant entities in France and abroad in 2017 with a view to consolidate the overall framework.

The coming into effect of major regulatory changes in 2016 was accompanied with some 25,000 training sessions on combating money laundering and the financing of terrorism, the law on the separation and regulation of banking activities/Volcker Rule, the business continuity plan and preventing market abuse. Natixis also rounded out its training offering with digital courses, available in France and abroad, on the aforementioned regulations, but also on professional ethics. In the area of cybersecurity, training on avoiding phishing continued.

Financial security

The Financial Security Department, which reports to Compliance management, oversees the system for combating money laundering, terrorist financing and fraud at Natixis and its subsidiaries. In addition to this standing supervisory task, the Financial Security Department may directly spearhead specific initiatives on behalf of some business lines.

The key achievements in 2016 included:

- analyzing and implementing the ACPR and Tracfin joint guidelines, issued in November 2015;
- preparing the application, at the end of 2016, of the fourth European Directive on combating money laundering;
- vigilance with respect to tax fraud and the assessment work linked to the "Panama Papers" affair;
- improving the operating rules for mechanisms, namely Norkom and Actimize, used to detect unusual transactions;
- monitoring transactions with respect to EU and US embargoes, and in particular the changes to the embargo against Iran.

Vigilance and measures to counter social engineering-type payment fraud were maintained. More specifically, an action plan was defined to combat increasing instances of SEPA direct debt and B2B fraud.

Regarding the fight against fraud, the risk associated with capital markets activities is subject to close monitoring and specific first-level and second-level controls, with the help of the SAFIR Compliance tool.

Vigilance and prevention measures regarding payment fraud based on social engineering are ongoing, as this type of fraud is constantly changing and remains a significant challenge. Concerning the risk of information leakage, a specific control, investigation and resolution mechanism is in place, employing the expertise of fraud and IS security experts as well as the legal and HR functions as necessary.

2.5.4 SECOND-LEVEL PERMANENT CONTROLS: IT SYSTEMS SECURITY AND BUSINESS CONTINUITY

General organization

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 works closely with correspondents (Head of ITSS and the Head of Business Continuity Planning) or with the IT Department.

IT Systems Security

In terms of IT Systems Security (ITSS), the function's main roles are to define and monitor security standards. The second-level control plan has two parts, one shared with Groupe BPCE and another specific to Natixis. 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).

The ITSS function helps the business lines assess their risks, conduct their business activities and inform their staff. It also runs cross-business projects aimed at strengthening security (user access management, network security, etc.).

Business continuity

In 2016 the function maintained its test and drill program and migrated BGC Worldwide to the Sanaga V2 BCP management software on June 15. In addition, it continued the deployment of the new CMMP (Crisis Mobile Memo Pocket) tool for crisis unit members – a crisis kit for smartphone and tablet that has been installed on over 600 devices so far.

A new BCP e-learning module was made available in February. Some 5,200 staff have completed the training so far, i.e. a 99% pass rate of the evaluation test.

Second-level permanent controls on BCP were performed on 30 entities. These were supplemented with 116 tests and drills carried out in 2016 (including a "Telework" test involving 600 staff).

The Seine Flooding project, following on from the Senior Management emergency response drill in 2015, was adapted in three areas: protection of real estate assets and reorientation of the real estate policy, enhancement of the resilience of the information system, and adaptation of back-up systems. These adaptations will continue in 2017. The flooding of the Seine in June 2016 provided an opportunity to apply the Flooding Risk Plan, and two sites were evacuated as a preventative measure during only one working day.

2.5.5 RISK MONITORING AND CONTROLS

The Natixis Risk function is part of the Groupe BPCE mechanism organized into functions, with the relationship between the shareholding central body and its subsidiary Natixis being governed by the Group Risk Charter.

Its scope of action extends to the following risks:

- credit and counterparty risk (including country risk);
- market risk;
- overall interest rate, liquidity and structural foreign-exchange risk;
- operational risk;
- specific risks related to the Insurance and Asset Management activities;
- and covers all entities consolidated by Natixis.

The Risk Management function is organized as an independent and global division in a matrix structure than covers all scopes and geographic regions.

Its core duties are to:

- propose a risk appetite system for Natixis in line with the Bank's strategy, and the application, regular updating and close monitoring of the system;
- define methods and standards that make it possible to measure risks and approve risk taking (models, reports, limits, limit authorizations) in compliance with Groupe BPCE's standards and the regulations;
- provide a second opinion on business-line cases based on workflow and Committees, for which the Risk function undertakes preparation and supervision and acts as secretary;
- set out supervision and risk monitoring procedures at the individual and consolidated level;
- provide information to the Natixis Board of Directors and Risk Committee based on summary information and one-off analysis;
- produce risk reports for the Senior Management Committee, the business lines, BPCE and regulatory authorities.
- foster a risk culture at all levels and share best practices within the organization.

Natixis' risk governance authority is the Global Risk Committee, chaired by Chief Executive Officer. It defines the key areas of risk policy, analyzes the major risks and approves the main risk standards and methods implemented. For more detailed information, refer to Chapter 3 "Risk Management" of the registration document.

In 2016 the Risk Management function made significant progress to strengthen the work of the Corporate Secretariat and thus consolidate the governance and management of risk models as well as the function's control architecture.

- Creation of an independent team, delegated by BPCE, to validate internal risk models. The team reviews advanced market risk and counterparty risk models, as well as LGD models specific to Natixis. This validation is a necessary step that precedes all model authorization or extension requests made to the supervisory authorities.

- Creation of a permanent risk control team in charge of the second-level monitoring of the Risk Division's processes, procedures and their correction application, and of the Division's risk indicators.
- Launch of the FRTB (Fundamental Review of the Trading Book) program, which is a major reform of the market risk measurement framework.

2.5.5.1 Credit and counterparty risk (including country risk)

Identifying and analyzing credit issuance risks

The Risk Management Function is responsible for analyzing counterparty credit risk. It conducts this counter-analysis using a formalized credit file for each counterparty and beneficiary group, including all information relevant and useful for decision-making purposes:

- information regarding the customer, its business and its environment;
- external data: ratings allocated by rating agencies, sector analysis, country risk and sovereign risk analyses, etc.;
- internal data regarding commitments, collateral and guarantees;
- a summary of all the credit risks incurred by Natixis and the effects of the proposed transactions on profitability and regulatory ratios.

Credit decisions are made either under limit authorizations granted jointly to business lines and certain members of the Risk function (workflow process) or by the relevant Credit Committees, using counter-analysis. These mandates are set out formally and granted individually by the Chief Executive Officer or by any person whom he authorizes to that end. They are sized according to the counterparty's category and internal credit rating, and the nature and duration of the commitment. Furthermore, these authorizations can be exercised only when the facility under consideration satisfies the different criteria set out in the risk policy of each sector and activity.

Credit risk management requires a risk rating, an LGD and commitment or transaction monitoring procedures in accordance with the Ministerial Order of November 3, 2014.

Natixis uses the advanced internal ratings based approach for each counterparty and each commitment for the purposes of managing credit risks (decision-making, monitoring, etc.). In concert with BPCE, it has defined the rating methods applicable to the asset classes held jointly.

Credit and counterparty risk monitoring

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 managers with reports analyzing Natixis' risks: trend analyses, scorecards, stress test results, etc.

Credit risk is supervised by making the various business lines accountable, and by various control measures overseen by a dedicated Risk Division team. As regards limit breaches, the dedicated monthly Committee Meeting analyzes changes in limit breaches using specific indicators (number, total, duration, business lines concerned, etc.), and examines major breaches and monitors their correction.

Cases showing deterioration in the level of risk are identified as they arise and reported immediately to the Risk Division and the business line concerned, in accordance with both the counterparty watch list, specific provisioning and alert procedures.

Quarterly monitoring of watch-listed counterparties and the process for determining specific additions to and reversals of provisions are examined simultaneously. This examination relies on preparatory Committees organized by the Risk Division and the managers of the various business lines within the bank.

Regarding the monitoring of counterparty risk in market transactions, specific indicators are produced on a regular basis and provides for value adjustments (credit value adjustments or CVAs), as well as for specific correlation risk.

Monitoring of non-performing and disputed loans

Specific 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 members of the Senior Management Committee in charge of the business lines, Finance and Risk, the Chief Risk Officer and the heads of the relevant support functions.

Collective provisions

In addition to specific 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.).

The search for objective evidence of impairment is undertaken using analysis and close monitoring of business sectors and countries. When necessary, an expert opinion is sought to refine the results of this review.

Industries and countries subject to provisions are determined based on an analysis performed by the Risk Division as part of special monitoring activities.

2.5.5.2 Market risks

The duties and organization of Natixis' market risk control system are described in the Natixis Market Risk Management Charter, which is approved by Natixis' Global Risk Committee.

The charter defines:

- the principles and system for managing Natixis' market risks;
- the conditions under which market risk limits are examined, allocated and monitored;
- the respective roles of the business-line front offices, the Market Risk Department and the Natixis Market Risk Committee.

Natixis' Market Risk Committee meets once a month and is chaired by the Chief Executive Officer or his duly appointed delegate, a member of the Senior Management Committee. The Committee Chairman is the only person authorized to rule on all the cases presented.

The Risk Division:

- defines risk measurement and fair value adjustment methods and submits them to the Market Risk Committee for approval;
- suggests limits or examines limit requests (VaR, stress tests, operational limits, loss alerts);
- provides alerts for areas at risk relating to the business lines or to senior management;
- is responsible for the daily analysis and measurement of risks, daily reporting, and notifying front office and management of any breaches;
- approves the pricing models (pricers) used by front office management tools.

Procedures specify the operational breakdown of the mechanism described in the Natixis market risk regulation charter. They also describe in detail the limit authorization system as well as the two decision-making levels (front office and the Market Risk Division).

Special reports on each business line are sent daily to the relevant operational staff and managers. A global market risk report is also distributed daily to senior management, BPCE and front office managers.

2.5.5.3 Overall interest rate, liquidity and structural foreign exchange risks

The structural balance sheet risks of Natixis are managed and monitored on a consolidated basis under the authority of the Asset/Liability Management Committee (the "ALM Committee"). This Committee is chaired by the Chief Executive Officer, and includes members of the Senior Management Committee in charge of, respectively, Finance and Risks and Corporate & Investment Banking, as well as the Head of Risk, the Head of Global Markets, the Head of the Single Treasury and Central Bank Collateral Management 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:

- validating the main asset/liability management rules (including those relating to internal liquidity pricing), agreements, indicators and limits (including liquidity budgets allocated to the business lines as part of the budget procedure) used to monitor, manage and supervise structural balance sheet risks, all within the standard ALM framework set up by BPCE;
- validating the overall refinancing policy in conjunction with BPCE ALM;
- supervising the main balance sheet aggregates and their developments;
- supervising structural and balance sheet risks, including excessive leverage risk and compliance with limits.

The ALM Committee's monitoring scope includes:

- 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;
- the banking portfolios of Natixis and its credit subsidiaries for overall interest rate risk.

Natixis' ALM is based on the following organization:

- the Financial Management Department proposes ALM standards to the ALM Committee and executes the Committee's decisions;
- Natixis' contribution to the BPCE/Natixis single treasury and central bank collateral management pool since 2011 is aimed at refinancing all business lines in accordance with the established rules and limits, and executing the decisions of the ALM Committee delegated by the Financial Management Department;
- Natixis' Market Risk Department is in charge of monitoring ALM limits. It also performs the second-level control of the ALM indicators produced by the Financial Management Department and the liquidity management team, and of certain regulatory (liquidity coverage ratio, LCR) indicators on items within its remit.

Under this organizational framework:

- the BPCE/Natixis single treasury and central bank collateral management pool, placed under the supervision of BPCE, coordinates the operational management of the Group's refinancing needs in order to secure and optimize access to liquidity for the entire Group and its businesses;
- circulation of cash between both balance sheets is governed by pricing rules and rules on managing conflicts of interest that have been documented and approved by the Group ALM Committee;
- subsidiary and non-subsidiary activities without ALM risk management mandates from the ALM Committee transfer management of their risk to the Treasury through individual matching contracts: this primarily involves Corporate and Investment Banking's financing activities;
- subsidiary and non-subsidiary activities that possess ALM risk management mandates match their net needs with Treasury subject to rules and limits set by the ALM Committee. These comprise the market activities and the activities of the specialized credit subsidiaries, which do not have access to the refinancing market.

2.5.5.4 Operational risks

The Operational Risk function, led by the Operational Risk Department is responsible for monitoring and managing risks arising from failures attributable to operating procedures, employees and internal systems or arising from outside events.

The duties and organization of Operational Risk Department staff as described in the operational risk policies and procedures validated by the Natixis Operational Risk Committee are designed to know, control and reduce Natixis' operational risks, in compliance with Groupe BPCE standards.

Operational risk knowledge relies on the application of procedures for detecting, analyzing and measuring such risks:

- 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 control and reduction of operational risks relies on operational risk control procedures including:

- drawing up and monitoring action plans (or corrective actions);
- tracking the levels of risk control mechanisms.

The Operational Risk function is rolled out globally on a matrix basis according to activity and location. It also raises employee awareness of operational risks using training and information tools and by working closely with the business lines in order to understand their issues and to assist them in anticipating and managing their operational risks.

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 Department. It is chaired by the Chief Executive Officer or his substitute the Chief Finance and 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 divisions' Heads of Operational Risk and the data and 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.

Operational Risk function governance has served to accompany change and reorganization in the banking business lines, while also maintaining constant efforts to increase the security of procedures through action plans which are regularly followed up at all levels of the Company.

2.5.5.5 Specific risks related to the Insurance and Asset Management activities

The entities of the Insurance (CEGC, Natixis Assurances and Coface) and Asset Management activities bear the primary responsibility for defining, monitoring and managing their levels of risk, producing reports of a high quality, and ensuring the accuracy and completeness of the data used to control and monitor their risks.

For more detailed information see Chapter 3 "Risk Management" of the registration document.

2.5.6 INTERNAL CONTROL PROCEDURES RELATING TO ACCOUNTING AND FINANCIAL INFORMATION

2.5.6.1 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 banks and the Caisses d'Epargne 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;
- the preparation of consolidated financial statements on a quarterly basis, the result of which is a better level of control of financial information. In 2016 the schedule for integrating consolidation packages was adjusted to expedite the publication of financial statements;
- 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 roll out new modules in its consolidation package, thus facilitating the compilation and preparation of certain regulatory filings (COREP capital reporting and FINREP).

Finally, Natixis, and more broadly Groupe BPCE, are involved in the industry-wide movement to bring publication dates forward.

2.5.6.2 Internal control of 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 accounting departments where second-level controls, independent of operating processes, are performed to ensure the reliability of accounting and regulatory reporting processes and verify the exhaustive nature 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:

- accuracy and veracity checks, such as the management/financial account reconciliation procedures (outstandings and income statement), clearing of suspense items, and more generally the justification of all accounts;
- consistency checks through analytical reviews;
- checks that income and expenses are allocated correctly;
- 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 various accounting systems in place throughout the consolidated Group.

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 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 regulatory reporting control system is primarily based on the following fundamental principles:

- separation of the accounting production and control functions;
- standardization of control processes within the Group's different business lines and entities: methods, software, reporting and frequency;
- ensuring the size of the team is suited to the objectives set.

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 of the different control levels 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 carries out 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 fulfils 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;
- coordination of the control system within the subsidiaries, working with the Review officers appointed by each of the local financial or accounting 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 deploying 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 2016, the highlights of the accounting and financial control environment included:

- a tighter timetable for publishing the various financial reports;
- the continuation of a large-scale project to streamline the information systems used for market transactions (front and back office systems), and the migration of the associated software, which began in the second half of 2014 and continued in 2016;
- a new 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);
- a new project to redo Natixis Factor's overview systems to enable the introduction within the subsidiary of specialized tools that have been progressively used and phased in at Natixis since 2008;
- stronger prudential and fiscal controls;
- enhanced monitoring of local control systems and support for the Review officers, particularly those in the international CIB platforms.

Work in 2017 will be focused on:

- continuing the progress of the project to streamline the information systems used for market transactions (front and back office systems);
- continuing the progress of the project to streamline and pool the entry of data used by the various overview systems;
- 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, as well as the review of the associated control processes;
- the continued overhaul of the Natixis Factor overview systems and the launch of a similar project on the Asia platform which complements the deployment of the target tools;
- specific measures to automate the production of certain data/reports as part of the Transformation and Operational Excellence project launched in 2016 by Senior Management;
- continuing initiatives committed to strengthening second-level controls in regulatory and tax matters.

2.5.6.3 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;
- audits required by the Single Supervisory Mechanism in its role as banking regulator;
- audits conducted by Statutory Auditors. This work is carried out by three 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.

2.5.7 PERIODIC CONTROLS

Third-level control – or periodic control – is the responsibility of the Internal Audit Department.

The Internal Audit Department reports directly to Natixis' Chief Executive Officer. It has strong functional ties with Groupe BPCE's General Inspection, in accordance with the principles approved by the CECEI (the French Credit Institutions and Investment Firms Committee) in its decision of November 15, 2007, the BPCE General Inspection's charter and Natixis' internal audit charter as revised in 2013. Also in accordance with these principles, the Internal Audit Department coordinates a global 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.

Natixis' Internal Audit Department is responsible for verifying the Bank's controls and is one of the bodies responsible for the proper operation of the Bank's internal control system within the meaning of the Ministerial Order of November 3, 2014. In this respect, it is independent of all operational entities and support functions. It has no operational role and can therefore never find itself in a position of conflict of interest.

The Internal Audit Department conducts audit assignments 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. In all business lines, it carries out in-depth analyses of operations, as well as the front-to-back processes by which operations are carried out. These analyses lead to an assessment of the suitability of existing control points in the processes audited as well as an appraisal of the risks arising from the relevant activities. They lead to recommendations to strengthen the comprehensiveness and robustness of the mechanisms for controlling or managing the risks audited. These recommendations are ranked by order of priority.

The Internal Audit Department's reports are sent to Natixis' Chairman and senior management as well as to the audited units. In addition, Groupe BPCE's General Inspection receives a copy of all internal audit reports issued by Natixis' Internal Audit Department, in accordance with the provisions approved by the CECEI in its decision of November 15, 2007, as well as those set out in Groupe BPCE's General Inspection charter.

The Internal Audit Department monitors recommendations, and presents its audit to Senior Management, the Risk Committee and the Board of Directors. For the due diligence and follow-up audits it conducts, it makes use of the relevant work carried out on a recurring basis by the operational departments and permanent control teams.

The work of Natixis' Internal Audit Department is based on an annual Audit Plan drafted and executed jointly with Groupe BPCE's General Inspection, which aims to optimize the allocation of audit resources across the scope covered. It is part of a four-year plan that sets out the intervention frequency and adapts resources to the risks to be controlled.

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 and by BPCE's General Inspection. The Annual Audit Plan is examined by the Risk Committee. In 2016 the Internal Audit Department conducted audit assignments on all risk classes to which Natixis' activities are exposed. It devoted a growing 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 2016. These included in particular:

- strengthening the organization and resources of Natixis' Internal Audit function by supporting internal transfers for more senior inspectors and improving the effectiveness of the recruitment process;
- deepening the current relationship between the Internal Audit Department and the nine international and subsidiary audit teams by holding a plenary seminar with the entire function, and the continued development of specialized resource pooling (IT, quants, etc.);
- upgrading the skills of the Internal Audit teams by stepping up technical and professional training for inspectors, a more organized system for sharing knowledge, and the revamp of the general and specialized tests used in the recruitment process;
- improving the quality of audits, through efforts to reduce the turnaround times for audit reports and recommendation follow-ups, and to systematically integrate the "client" focus areas of the New Frontier strategy:

- continuing workshops focusing on the consolidation of the Audit Department's internal standards and procedures, in particular for Human Resources management, communication and reporting, the international expansion of Natixis and risk assessments conducted jointly with BPCE's General Inspection;
- enhancing the recommendations monitoring system, with the effective deployment of the dedicated software Reco! proposed by BPCE across the entire Natixis scope, and the tightening of the alert system to flag recommendations where the implementation is too far behind schedule (currently being validated by Groupe BPCE);

A large quantity of work was carried out in coordination with BPCE's General Inspection. To this end, BPCE's General Inspection and Natixis' Internal Audit Department held seven meetings in 2016. 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).

2.5.8 CLIMATE RISKS

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.

Incorporating climate risks

As a financial institution, Natixis is exposed to climate risk in the running of its operations and business activities.

The climate risks having 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 as part of the operational risks map, and results in a V@R 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 they themselves be subject to climate risks: these include physical risks (exposure to physical consequences caused directly by climate change) and transition risks (exposure of certain sectors to the adjustments brought about by the transition to a low-carbon economy). The issues linked to global warming are already incorporated in the lending policies of certain business lines.

As such, the risk policy in the commodities sector has restrictions in place for transactions with independent producer operating in the Gulf of Mexico on account of the risk of cyclones hitting this region.

In 2016 Natixis was 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 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.

Low-carbon strategy

Natixis has put in place a number of measures to limit its own impact on the climate, namely:

- energy-efficient buildings, in order to reduce its energy consumption;
- optimization of business travel and its vehicle fleet;
- responsible purchasing policies that incorporate environmental criteria.

All these measures have contributed to steadily reducing Natixis' carbon footprint, which is measured every year. (see 2016 Natixis Registration Document, Chapter 6).

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 has put in place a low-carbon strategy for all its business activities: Corporate & Investment Banking, Investment Solutions and Insurance, Specialized Financial Services.

- Financing green growth: Natixis is a market leader in renewable energy and sustainable infrastructure financing, and in green bonds (see 2016 Natixis Registration Document, Chapter 6).
- Investment products helping to combat climate change Mirova, the investment firm of Natixis Asset Management, and specialized in responsible investment, offers a range of material on the fight against climate change (see 2016 Natixis Registration Document, Chapter 6).
- Managing the climate risks of major 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 of their projects, and to report annually on the project's CO2 emissions once it is in operation.
- Sector and exclusion policies: Natixis has drawn up specific policies applicable to the following sensitive sectors: energy, mining, offshore oil platforms, nuclear, defense, palm oil. Where necessary, these policies address issues related to the energy transition.

Since 2015 Natixis has also committed itself to no longer finance coal-fired plants or thermal coal mines, nor companies whose business is over 50%-reliant on this sector. This decision resulted from the incorporation of the credit risks associated with this sector, and from a desire to support the energy transition. The policy was the subject of a detailed publication that covered financing, asset management and insurance.

New strategic guidelines

At the end of 2016 work was carried out to make CSR a cross-business factor of Natixis' next strategic plan. As a result, CSR risks should be included in the company's lending policies vis-a-vis the most sensitive sectors, and the business lines should adopt a low-carbon requirement which will include governance and adapted resources.

2.6 Statutory Auditors' report on the report of the Chairman of the Board of Directors

STATUTORY AUDITORS' REPORT ON THE REPORT BY THE CHAIRMAN OF THE NATIXIS BOARD OF DIRECTORS, PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE

Fiscal year ended December 31, 2016

To the shareholders,

In our capacity as the Statutory Auditors of Natixis, and in accordance with Article L. 225-235 of the French Commercial Code, we hereby report on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of the French Commercial Code for the year ended December 31, 2016.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the Company and containing the other disclosures required by Article L. 225-37 of the French Commercial Code, particularly in terms of corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information; and
- to certify that this report contains the other disclosures required by Article L. 225-37 of the French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with the professional standards applicable in France.

INFORMATION CONCERNING INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

Professional standards require that we implement procedures aimed at assessing the fairness of the information provided in the Chairman's report regarding internal control and risk management procedures in respect of the preparation and processing of the accounting and financial information. These procedures primarily consisted in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based, and the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;
- determining whether any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we may have noted during the course of our assignment are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information provided regarding the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L. 225-37 of the French Commercial Code.

OTHER DISCLOSURES

We certify that the Chairman's report includes the other disclosures required by Article L.225-37 of the French Commercial Code.

French original signed in Neuilly-sur-Seine and Paris-La-Défense, on March 21, 2017,

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
Charlotte Vandeputte	Agnès Hussherr	Charles de Boisrou
Jean-Marc Mickeler	Patrice Morot	Emmanuel Dooseman

3

RISKS AND CAPITAL ADEQUACY

3.1 Introduction

This chapter presents information regarding risks and capital adequacy in accordance with the following regulatory requirements:

- requirements in respect of accounting standards (IFRS 7, IFRS 4, 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.

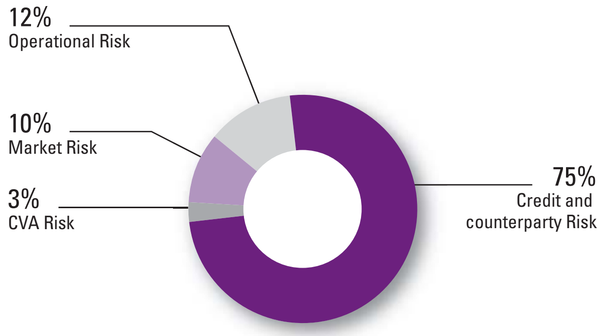
In addition, since 2013 Natixis has been working to implement all the recommendations of the working group organized by the Financial Stability Board (FSB) for the purpose of improving banks' financial communication about risks (Enhanced Disclosure Task Force, EDTF). A table cross-referencing the EDTF's 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".

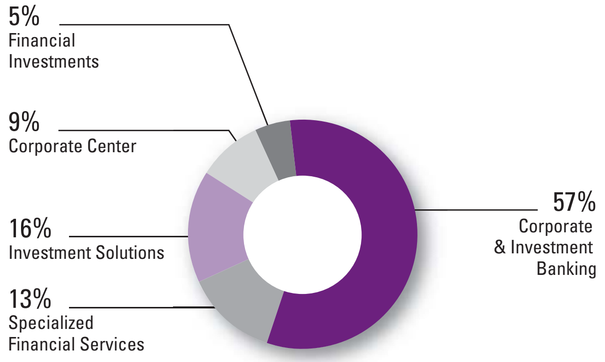
Under Pillar III of the Basel Accords, detailed, standardized information on items related to the Basel 3 report and to prudential publications is published in the "Risk and Pillar III Report" (the report and the cross-reference table are available on the Natixis website - www.natixis.com, under Investors & Shareholders, Regulated Information in France).

3.1.1 SUMMARY OF ANNUAL RISKS

CAPITAL REQUIREMENTS BY RISK TYPE



CAPITAL REQUIREMENTS BY KEY BUSINESS LINE



3.1.2 RISK FACTORS

Natixis is exposed to a number of different risk factors that may be classified into the following categories:

- risks related to the macroeconomic environment and the financial crisis;
- risks related to its ties with BPCE;
- risks related to Natixis' operations and the banking sector;
- other risks including risks related to Natixis' reputation and image, and changes to laws and regulations.

A detailed description of Natixis' risk management systems is set out in the following chapters of this report, and in the report of the Chairman of the Board of Directors on Internal Control and Risk Management Procedures *(See Natixis 2016 registration document – Chapter 2, Section 2.5).*

The risk factors listed below are not the only factors incurred by Natixis. Other risks and uncertainties of which Natixis is not aware or which are not deemed material may also have an adverse impact on Natixis' operations, financial position or results.

3.1.2.1 Risks related to the macroeconomic environment and the financial crisis

Adverse market or economic conditions and increased regulatory requirements may negatively affect the net revenues, profitability and financial position of Natixis

Natixis' businesses are sensitive to changes in the financial markets and more generally to economic conditions in France, Europe and the rest of the world.

Global trade slowed further in 2016 as commodities rebounded, with the price of Brent oil gaining 90% over its low point in January 2016. This rebound loosened the grip on exporting economies, especially in emerging countries. However, by halting the inflation freefall in importing countries, the upturn eroded consumer spending capacity in developed countries. The resulting lower growth in these countries weighed on the global economy as a whole.

Against this backdrop, the French economy improved only mildly. While growth was above 1% for the second year running, French GDP was only 4% above its 2008 pre-crisis peak. Nevertheless, company profits picked up again and real estate began making a comeback.

Aside from the ongoing uncertainty and instability of the economic situation, the financial and banking markets were highly focused on other major events such as the Brexit vote in the UK, the referendum on Senate reform in Italy, the Austrian presidential elections in December, and the surprise election of the Republican candidate as the next US president. As the equity markets hit peaks of volatility sparked by the Brexit vote and the US presidential election, the fixed income markets underwent a reversal towards the end of the year that saw yield curves steepen substantially.

The global economic outlook promises to remain mediocre for both 2016 and 2017, with an economic downturn in Europe and especially France (return of inflation, slowdown in consumer spending, profit erosion for companies with energy-intensive production lines) liable to have repercussions on provisions for credit losses and adversely affect Natixis' capital adequacy. Furthermore, election results in the euro zone (Germany, France, Netherlands) may have a long-term upward effect on European sovereign debt risk premiums, thus impacting growth and fiscal solvency in euro zone countries.

The Brexit process is another big question mark. Its economic and political consequences remain uncertain, with the potential to trigger huge disruptions on the financial markets. Such developments could potentially have a negative impact on the environment in which financial institutions operate, and consequently may have an impact on Natixis' financial position.

In response to the financial crisis and under the impetus of international and domestic regulators, governments (including countries in which Natixis entities operate) have either adopted, or are in the process of submitting to parliament, a number of regulatory measures which are a breakaway from the current framework (MiFID 2, the review of the standardized approach on credit risk, the fundamental review of the trading book, etc.).

The implementation and observation of these measures could result in:

- an increase in capital and liquidity requirements;
- a structural increase in funding costs;
- an increase in some of Natixis' costs (compliance costs, restructuring, etc.);
- a change in tax laws in Natixis' countries of operation.

It is too early to accurately determine the scale and the impact these measures (in particular those still being examined or not yet finalized) could have on financial markets in general and on Natixis in particular.

3.1.2.2 Risks related to ties with BPCE

Natixis' principal shareholder has a significant influence on certain corporate actions

At December 31, 2016, Natixis' main shareholder, BPCE, held 71% of its share capital (and 71.03% 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

As the central institution, BPCE is required to ensure that all of Groupe BPCE – to which Natixis belongs – 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 Group BPCE customers as non-performing loans. BPCE's own interests concerning risk management may differ from those of Natixis.

Natixis refinances through BPCE

Natixis refinances medium and long-term public and private-sector vanilla issues (senior and subordinate) at Groupe BPCE level through BPCE S.A. In the event market conditions deteriorate in the future, BPCE, which obtains financing on the international debt markets, among other sources, may have difficulty issuing debt instruments under reasonable terms and conditions.

3.1.2.3 Risks related to Natixis' operations and the Banking sector

Natixis is exposed to risks intrinsically associated with its Corporate & Investment Banking, Insurance, Asset Management and Specialized Financial Services activities:

- credit risk is the risk of loss on Natixis' receivables due to a debtor's inability to honor its contractual obligations. It includes counterparty risk inherent in market transactions, country risk (including sovereign risk) and risk associated with securitizations;
- market risk is the risk of loss generated by any negative fluctuations in market inputs impacting corporate and investment banking activities;
- operational risk is the risk of losses due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences;
- 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;
- structural interest rate and foreign exchange risks are defined as the risk of loss triggered by interest rate fluctuations in the banking book or adverse movements in exchange rates in the scope of banking activities;
- non-compliance and reputational risk (including legal and tax-related risks) are generated by the failure to observe provisions specific to banking and financial activities, including legislative or regulatory provisions, or in terms of professional and ethical standards;
- insurance risk is the risk to profits by any discrepancy between expected and incurred claims.

These risks are described in greater detail in Pillar III, Chapter 2, and in Chapter 3 of the registration document dealing with the extent of these risks and the impact they may have on Natixis' results and on the organization and management of these risks.

2016 was clearly an eventful year, which started off with deep concerns gripping the financial markets over the Chinese economic slowdown, followed by the unexpected outcome of the Brexit vote, then by the US elections, which generated major volatility throughout the campaign, while the year ended with the Italian referendum on constitutional reform.

Emerging risks

This series of events took place amid widespread uncertainty, which has given rise to new types of risk in recent years:

- cyber risk is the risk 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 customers.

  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, the regulatory and supervisory authorities have begun highlighting the importance of ICT (Information and Communication Technology) risk management.

  Natixis has adopted this approach and has made the resilience of its technical infrastructures, business continuity, and data transmission security a top priority, both in terms of anticipating and being capable of responding to threats.

  The bank is constantly strengthening its data protection resources and incident management processes. Oversight of cyber risk, based on strict management of information systems and the associated risks, is part of an integrated system involving the IS, Operational Risk, Information System Security Risk and Business Continuity Risk Departments:
- interest rate conditions: from a structural standpoint, Natixis' banking operations have relatively low sensitivity to absolute interest rate levels due to the structure of their portfolios, consisting predominantly of floating-rate assets, to its rapid balance sheet rotation and very low risk tolerance. Persistently low interest rates may nevertheless have consequences on Natixis' profitability, and particularly on its insurance activities. Indeed, a very low interest rate environment could heavily dilute the returns of Natixis Assurances' main fund and therefore reduce the margins we earn on euro-denominated policies.

3.1.2.4 Other risks

New strategy

The New Frontier 2014-2017 strategic plan, the guidelines of which are in line with Groupe BPCE's plan, aims to create a value-added customer solutions bank dedicated entirely to customers. The strategy focuses on four areas of strength: to become an "asset-light" bank; to pursue and step up the internationalization of the business lines; to create a single Insurance division at the service of Groupe BPCE; and further the development of synergies with the Caisse d'Epargne and Banque Populaire networks.

While Natixis believes that these strategic guidelines provide a number of opportunities, it will continue to face uncertainties given the current state of the global economy, and there is no guarantee that it will achieve the goals of this new strategy.

Should Natixis decide to sell some of its operations, the selling price could be lower than expected and Natixis might continue to bear significant risks stemming from these operations as a result of liability guarantees or indemnities that it might have to grant to the buyers.

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 and the competition to attract qualified employees is intense. Natixis' results depend on its ability to attract new employees and to retain and motivate existing employees.

Future events may differ from those reflected in the assumptions used by management to prepare Natixis' financial statements, which may expose Natixis to unexpected future losses

Pursuant to the IFRS standards and interpretations currently in force, Natixis is required to use certain estimates to prepare its financial statements, including accounting estimates to determine provisions relating to loans and non-performing loans, provisions relating to possible litigation, and the fair value of certain assets and liabilities. If the values used for these items by Natixis should prove significantly inaccurate, particularly in the event of major and/or unexpected market trends, or if the methods by which they are determined should change under future IFRS standards or interpretations, Natixis may be exposed to unexpected losses.

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, as management fees charged by Natixis to its customers are often based on the value or performance of the portfolios, any market downturn that reduces the value of these portfolios or increases the amount of redemptions would reduce Natixis' revenues from its Asset Management and Private Banking 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.

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 anticipate. 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, an acquisition or joint venture may not live up to expectations, 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.

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 accounts, 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 would be able to offer more competitive products and services.

Technological advances and the growth of e-commerce have made it possible for non-deposit taking 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.

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 several 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 usual manner. 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.

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 a large number 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 of time, 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.

Natixis is subject to significant regulation in France and in several other countries around the world where it operates; regulatory actions and changes could adversely affect Natixis' business and results

Several supervisory and regulatory regimes apply to Natixis in all the countries where it conducts its business. In addition to reputational risk, failure to comply with these regulations could expose Natixis to significant intervention by regulatory authorities and to fines, public warnings by the authorities, suspensions of operations or, in extreme cases, withdrawal of Natixis' operating license. The Financial Services industry has been under increased scrutiny from several regulatory authorities in recent years, and the penalties and fines imposed by these regulatory authorities have increased – a trend that may be accelerated in the current financial context. Natixis' operations and income may be affected by various measures and actions taken by French and European regulatory authorities, by the European Union, by foreign governments, or by other international organizations. Such constraints could limit Natixis' ability to develop its businesses or to pursue certain operations. The nature and impact of these potential changes in regulatory policies and actions are unpredictable and Natixis has no way of controlling them. Such changes could include, but are not limited to, the following:

- monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policies liable to significantly influence investor decisions, in particular in markets where Natixis operates;
- general changes in regulatory requirements, notably prudential rules relating to the regulatory capital adequacy framework;
- changes in rules and procedures relating to internal controls;
- changes in the competitive environment and prices;
- changes in financial reporting rules;
- expropriation, nationalization, price controls, exchange controls, confiscation of assets and changes in legislation relating to foreign ownership rights; and
- any adverse change in the political, military or diplomatic environments creating social instability or an uncertain legal situation capable of affecting the demand for the products and services offered by Natixis.

Tax laws applicable to business sectors in which Group entities operate around the world, such as the Banking, Insurance and Financial Services sectors, have a material impact on Natixis' results

Natixis is subject to the tax regulations in force in its various countries of operation. Changes in these regulations may have a material impact on the effective tax rate on its activities. Natixis aims to create value in serving its customers by drawing on the synergies and sales capacities of its various entities. Its operations are managed locally, in accordance with national, regional and international tax rules, depending on the type of operation in question. 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. Natixis observes the Code of Practice on Taxation for Banks.

The structuring of Natixis' intra-group transactions and financial products sold to customers is rooted in Natixis' own interpretations of applicable tax laws and regulations, based on the opinions received from independent tax advisers and occasionally on authorizations or rulings by the tax authorities. 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 adjustments.

Natixis' profitability and business outlook could be adversely affected by reputational and legal 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 cause an increase in the number of legal proceedings and the amount of damages claimed against Natixis, or expose Natixis to sanctions from the regulatory authorities.

Natixis shareholders may suffer losses if Natixis must undergo resolution proceedings

The EU directive for bank recovery and resolution (BRRD) and the Single Resolution Mechanism (defined below) as enacted into French law by a legislative decree dated August 20, 2015 (Order 2015-1024 of August 20, 2015, setting forth various provisions for adapting French legislation to comply with European Union financial law) empower resolution authorities to write down Natixis securities or, in the case of debt securities, to convert them into equity.

Resolution authorities can write down or convert Natixis equity instruments if the issuing institution or group to which it belongs goes into default or is likely to do so (and if there is no reasonable prospect that another measure may prevent this default within a reasonable time), or becomes unsustainable or requires exceptional public assistance (with some exceptions). They must write down or convert equity instruments before launching resolution proceedings, or if such steps are necessary to ensure the institution remains sustainable. Equity instruments must be written down or converted in order of priority, so that Common Equity Tier 1 instruments are written down first, then additional Tier 1 instruments are written down or converted into equity instruments, followed by Tier 2 instruments.

After initiating resolution proceedings, resolution authorities have the ability (known as bail-in power) to write down or convert remaining equity instruments (including those issued when converting equity instruments before resolution). If writing down or converting equity instruments is not enough to restore financial stability to the institution, bail-in power may be applied to the write-down or conversion of eligible liabilities, such as Natixis senior non-preferred securities or preferred securities. Taking eligible liabilities into account, bail-in power would initially apply to the write-down or conversion of subordinated debt other than Tier 2 instruments, then to senior debt in the same order used for liquidation proceedings, so that senior non-preferred securities would be written down or converted before senior preferred securities.

Resolution proceedings may be initiated against Groupe BPCE if (i) the Group's default has been established or can be predicted, (ii) there is no reasonable prospect that another measure may prevent this default within a reasonable time and (iii) a resolution measure is required to achieve the resolution's objectives: (a) guarantee continuity of critical services, (b) ensure there is no major negative impact on financial stability, (c) protect the government's resources by minimizing the use of exceptional public financial assistance and (d) protecting the funds and assets of customers, especially depositors. An institution is considered to be in default when it does not comply with the terms of its approval to operate, whether it requests exceptional public financial assistance (with a limited number of exceptions) or the value of its liabilities exceeds that of its assets.

Aside from bail-in powers, resolution authorities have been granted expanded powers so that they can implement other resolution measures for institutions in default or, in some cases, for the groups to which they belong. These measures include but are not limited to: the sale of all or some of the institution's businesses to a third party or to a bridge bank, separation of assets, replacement or substitution of the institution as a debtor to debt instruments, changes to the terms of debt instruments (including modification of the maturity and/or the amount of interest payable and/or the temporary suspension of payments), suspension of its ability to trade or officially list financial instruments, the dismissal of management, or the appointment of a temporary administrator (special manager) and issuance of capital or equity.

The resolution authorities are currently the Resolution College of the Autorité de Contrôle Prudentiel et de Résolution (ACPR - French Prudential Supervisory Authority for the Banking and Insurance Sector) and the Single Resolution Board established by Regulation (EU) No. 806/2014 of the European Parliament and the Council of July 15, 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions in the framework of a Single Resolution Mechanism and a Single Resolution Fund (the "Single Resolution Mechanism"). Under the Single Resolution Mechanism, the ACPR's Resolution College is responsible for implementing resolution plans in accordance with the instructions of the Single Resolution Board.

The resolution authorities' use of the powers described above may lead to the write-down or conversion of all or some of the debt and equity instruments issued by Natixis, or may significantly affect the resources available to Natixis to pay such instruments. In addition, under certain market conditions, the interpretation held by market stakeholders regarding the existence of such powers may negatively influence the market value of debt and equity instruments issued by Natixis.

3.2 Governance and risk management organization

3.2.1 GOVERNANCE

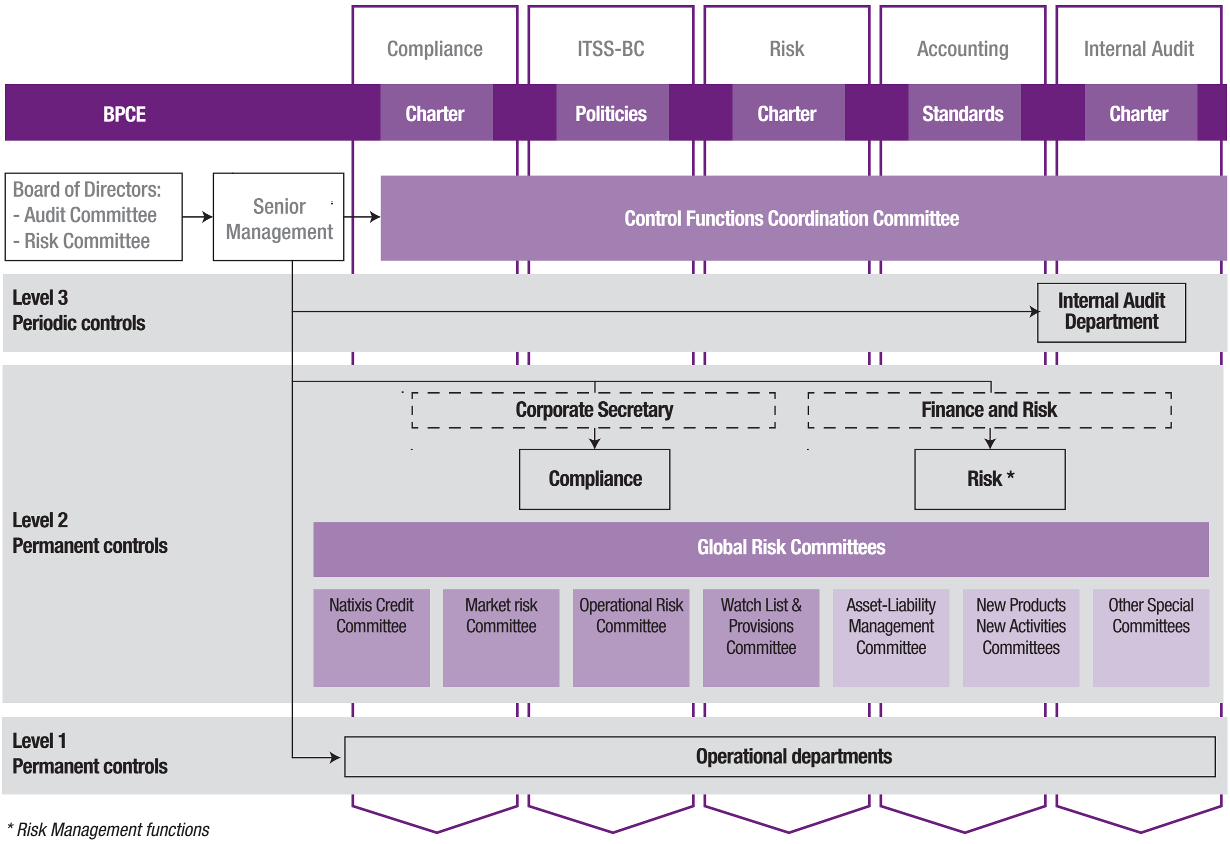
(Data certified by the Statutory Auditors in accordance with IFRS 7)

Natixis' general risk management system is managed in accordance with banking regulations (French Ministerial Order of November 3, 2014 on internal control) and the European Capital Requirements Regulation (CRR no 575/2013) and Capital Requirements Directive 4 (CRD IV) as well as by governance guidelines laid down by its central shareholder, BPCE.

The system described below relies on three levels of coordinated cross-controls, the details of which are described in Chapter 2 Section 2.5.1 "Chairman's report on internal control procedures".

The risk management governance is a structured organization involving all the levels of the bank:

- the Board of Directors and its Special Committees (Risk Committee, Audit Committee, etc.);
- the Executive Managers ("dirigeants effectifs") and the Special Committees on Risk they chair within the bank;
- the central divisions, independent of the businesses;
- and the businesses (Corporate & Investment Banking, Investment Solutions & Insurance, Specialized Financial Services).



* *Risk Management functions*

Risk management at Natixis includes independent control functions, each of which monitors the risks within its scope of responsibility.

The risk management function is highly integrated, has short decision-making channels, and cross-business ties via dedicated teams. Its operating methods are described in detail in Chapter 2, Section 2.5, "Chairman's report on internal control procedures" and Sections 3.4, 3.6 and 3.7 of this chapter.

The Risk Management function recommends risk policies consistent with those of Groupe BPCE to Senior Management for approval, and makes proposals to the executive body concerning principles and rules in the following areas:

- risk acceptance procedures;
- limit authorizations;
- risk assessment;
- risk supervision.

It plays an essential role within the Committee structure, the highest-level Committee being Natixis' Global Risk Committee, which meets once per quarter.

It regularly reports on its work, submitting its analyses and findings to Natixis' Executive Managers, to Natixis' Board of Directors, and to Groupe BPCE. A risk consolidation team generates an overview through the use of scorecards that report on risks and risk management.

- To fulfill these responsibilities, the Risk Division uses an IT system tailored to the activities of Natixis' core business lines and which applies the department's modeling and quantification methods for each type of risk.

Natixis' structural balance sheet risks are managed and monitored under the authority of the Asset/Liability Management Committee (the "ALM Committee") whose membership and duties are described in detail in Chapter 2, Section 2.5, "Chairman's report on internal control procedures" (and in Section 3.8, "Overall interest rate risk, liquidity risk and structural foreign exchange risk").

The ALM Committee's monitoring scope includes the overall interest rate risk, liquidity risk and structural foreign exchange risk.

The Compliance function oversees the non-compliance risk management system of Natixis S.A. and of its French and international branches and subsidiaries. It is also in charge of preventing fraud risk and of information systems security/business continuity.

Its operating rules are governed by a charter that is signed off by the Senior Management Committee.

Preventive action through advisory, raising awareness and training are the key drivers of the Compliance function to enhance Natixis' non-compliance risk management.

3.2.2 RISK CULTURE

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

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

- harmonization of best 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 risks) and outline the bank's strategic vision and risk appetite;
- implementation of e-learning campaigns addressing operational risks;
- promotion of training for every employee in specific subjects, related especially to regulatory changes.

In addition, the Compliance Manual is an effective means of embedding the risk culture by highlighting the enhanced supervision in key areas including professional ethics, putting client interests first, enhanced corruption and fraud prevention, combating the financing of terrorism and the management of embargoes, information system security, and business continuity. Training on compliance matters is also dispensed to all the bank's staff.

Lastly, Natixis' compensation policy is structured to encourage the long-term commitment of the Company's employees while ensuring appropriate risk management.

3.2.3 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.

3.2.3.1 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 management, insurance, and specialized financial services), 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 in activities in which it is not fully compliant.

Activities with high risk/return ratios are subject to strict selection and oversight. Market risk management in particular has a highly selective approach, coupled with limited tolerance for extreme risk, and very close monitoring.

Natixis follows a strategy of diversifying its sources of financing as well as those of Groupe BPCE, and manages its capital adequacy ratio in order to be able to cope with stress situations.

Natixis' most important asset is its reputation and its relationship with its clients. The client's interest is therefore put first, and the bank is dedicated to operating at the highest level of ethical standards, and in line with the best standards of transaction execution and security in all its activities, entities and geographic regions of operation.

Natixis is committed to strictly observing the laws, regulations and norms governing its activities, in France and internationally, in the realm of financial security (anti-money laundering, terrorism, corruption and fraud), compliance and client protection.

3.2.3.2 Risk Appetite Framework

The risk appetite operating mechanism relies on two successive levels for each identified risk and selected indicator:

- 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' pre-existing 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 with regards to:

- 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).

3.2.4 STRESS TESTS

Natixis has developed a comprehensive stress tests mechanism to dynamically monitor and manage risks.

It is an integral part of the risk management framework and contributes to Natixis' capital and regulatory requirements planning process.

The stress test mechanism is structured as follows:

- global internal and external exercises;
- specific exercises by scope;
- periodic regulatory exercises.

Global internal stress tests

The purpose of global internal stress tests is to assess the impact of a central scenario and of a stressed scenario on a bank's income statement, risk-weighted assets and equity.

The scenarios are prepared by the Economic Research team in collaboration with Natixis' various support functions, and are approved by Senior Management.

The scenarios are translated as levels or as shocks to economic and financial variables, such as GDP, inflation, employment and unemployment, interest and exchange rates, stock prices and commodity prices, over a three-year period. These variables are factored into projection models used by the Group to apply stress to the various aggregates of the income statement, risk-weighted assets and equity.

The results are reported to the Group's Senior Management and to the Risk Committee.

The adverse scenario used for 2016 was based on a political and economic crisis in the euro zone: withdrawal of Greece, widening sovereign credit spreads, growth in unemployment rates, increased easing of monetary policies to tackle deflation.

The impact of this adverse scenario was presented at the Senior Management Committee and Risk Committee Meeting, and was 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 two regulatory exercises were performed in 2014 and in 2016 using the methodology published by EBA for the ECB.

Specific stress tests

The specific stress tests 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 Chapter 3, Section 3.4.7 on the "Commitment monitoring procedures", Section 3.4.7.1 on "Impact of stress scenarios" and the market stress tests detailed in Chapter 3, Section 3.6.3 on "Methodology for measuring market risk", Section 3.6.3.4 on "Stress tests").

3

3.2.5 RISK TYPOLOGY

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Natixis is exposed to a set of risks inherent to its activities, which may change, particularly as a result of regulatory requirements.

Credit risk

Credit risk is the risk of loss on Natixis' receivables 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 whereby the credit risk inherent to a set of exposures is housed in a special-purpose entity (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 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 performance of the underlying exposures;
- the subordination of tranches, defined by the transaction, determines the distribution of losses over the term of the risk transfer.

Market risk

Market risk is the risk of loss in value caused by any adverse fluctuations in market parameters. These parameters include, 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, or due to external events, whether deliberate, accidental or natural occurrences. Internal procedures include, but are not limited to, Human Resources and information systems. External events include, but are not limited to, natural disasters, fraud or terrorist attacks. Furthermore, any interruptions or failures of Natixis or third party information systems may result in lost earnings and thus generate losses. Similarly, unforeseen events may cause an interruption in the continuity of Natixis' operations, thus generating material losses and additional costs.

Legal risk is also a component of operational risk.

The Insurance Department, which reports to Natixis' Insurance division, is tasked with analyzing insurable operational risks and taking out appropriate insurance coverage. Insurance policies bought from leading insurers provide coverage 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 fixing dates. This is therefore classed as a secondary risk at the bank level.

Liquidity risk

Liquidity risk is the risk that Natixis will be unable to honor its commitments to its creditors due to the 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 unfavorable fluctuation in exchange rates against the currency used in the consolidated accounts due to a mismatch between the currency of net investments refinanced by purchases of 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 and reputational risk (including legal and tax risks)

Non-compliance risk is defined by French regulations as the risk of a legal, administrative or disciplinary penalty, accompanied by significant financial losses, that arises from a failure to comply with the provisions specific to banking and financial activities, whether these are stipulated by laws or regulations, with professional or ethical standards, 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. Non-compliance risk may have consequences that go beyond a pure loss of economic value, however, and may damage the institution's reputation. The bank handles non-compliance risk accordingly.

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.

Natixis is also exposed to the following risks:

- **Risk related to insurance activities:** 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).
- **Strategy risk** is the risk inherent to the strategy chosen or resulting from Natixis' inability to implement its strategy.
- **Climate risk:** 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 Risks and capital adequacy

3.3.1 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 capital requirements;
- reinforced own funds 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 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 II Requirement (P2R) as well as Pillar II Guidance (P2G).

As a result of the SREP 2016 process, Natixis must observe a phased-in CET1 ratio of 7.75% in 2017, 2% of which in respect of Pillar II (excluding P2G) and 1.25% 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, 2016 and whose measurement is based on exposures to countries applying non-zero contracyclical capital buffers.

3.3.2 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 2016 Natixis registration document, Note 17 of Chapter 5.1)* are included in the regulatory consolidation scope; the Group's insurance companies are accounted for under the equity method in the regulatory consolidation scope.

DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY SCOPES OF CONSOLIDATION AND THE MAPPING OF FINANCIAL STATEMENT CATEGORIES WITH REGULATORY RISK CATEGORIES (EU LI 1)

			Carrying values of items				
(in millions of euros) **Assets**	**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 capital requirements or subject to deduction from capital**
Cash, central banks	26,704	26,704	26,704				
Financial assets designated at fair value through profit or loss	187,628	170,324	2,244	116,745	812	166,337	
Hedging derivatives	1,220	1,219		1,219		989	
Available-for-sale financial assets	54,990	11,287	11,261		92	12	14
Loans and receivables due from banks	58,783	57,647	43,406	11,312	3,414	11,212	
Customer loans and receivables	140,303	130,445	86,443	43,996	62	43,972	
Revaluation adjustments on portfolios hedged against interest rate risk							
Held-to-maturity financial assets	2,066						
Current tax assets	436	310	310				
Deferred tax assets	1,908	1,914	1,132				782
Accrual accounts and other assets	46,109	34,227	34,227		6		
Non-current assets held for sale	947	241	200				41
Deferred profit-sharing							
Investments in associates	666	3,974	3,722				252
Investment property	1,084	101	101				
Property, plant and equipment	672	609	609				
Intangible assets	744	510					510
Goodwill	3,600	3,213					3,213
TOTAL ASSETS	**527,860**	**442,725**	**210,359**	**173,272**	**4,386**	**222,521**	**4,812**

(in millions of euros) **Liabilities**	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 capital requirements or subject to deduction from capital
Due to central banks							
Financial liabilities at fair value through profit or loss	146,226	145,763		102,616	293	134,344	6,846
Hedging derivatives	2,011	2,011		2,011		1,022	
Due to banks	101,374	97,947		15,756		14,758	82,192
Customer deposits	86,472	86,675		45,624		45,519	41,050
Debt securities	48,922	48,515					48,515
Revaluation adjustments on portfolios hedged against interest rate risk	193	193					193
Current tax liabilities	555	456					456
Deferred tax liabilities	685	449					449
Accrual accounts and other liabilities	44,464	35,309					35,309
Liabilities on non-current assets held for sale	813	107					107
Insurance companies' technical reserves	68,810						
Contingency reserves	1,994	1,804	51				1,753
Subordinated debt	4,209	3,570					3,570
Shareholders' equity (group share):	**19,836**	**19,836**					**19,836**
Share capital and reserves	10,895	10,895					10,895
Consolidated reserves	6,417	6,417					6,417
Unrealized or deferred gains or losses	1,323	1,323					1,323
Other gains or losses	(174)	(174)					(174)
Net income	1,375	1,375					1,375
Non-controlling interests	1,296	90					90
TOTAL LIABILITIES	**527,860**	**442,725**	**51**	**166,007**	**293**	**195,643**	**240,365**

3.3.3 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 accounting capital (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, 2016, 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, 2016, as required by Commission Implementing Regulation No. 1423/2013 (Annex II).

At December 31, 2016, 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)	12.31.2016
Shareholders' equity	
Capital	5,019
Issue premium	4,210
Retained earnings	6,471
Treasury shares	0
Other, including items of comprehensive income	1,150
Other instruments to be reclassified as Additional Tier 1 capital	1,611
Net income	1,374
Total shareholders' equity – group share	**19,836**
Reclassification as Additional Tier 1 capital	(1,611)
Translation adjustments	(86)
Restatement of dividend forecast (dividend for previous year)	0
Prudential filters after phase-in arrangements	
Own credit risk: Gain on reclassification of hybrid securities	(257)
Own credit risk: liabilities and derivatives net of deferred taxes	9
Prudent valuation adjustment	(257)
Unrealized gains and losses	(8)
Total prudential filters	**(513)**
Deductions after phase-in arrangements	
Dividend proposed for current year and related expenses	(1,130)
Goodwill	
Amount as per accounting base	(3,213)
Amount of related deferred tax liabilities	530
Amount included in value of investments in associates and non-current assets	(262)
Intangible assets	
Amount as per accounting base (including non-current assets: 11)	(521)
Non-controlling interests	
Amount as per accounting base	90
Prudential adjustment including phase-in arrangements	(89)
Deferred tax assets (tax loss carry-forwards)	
Amount as per accounting base	(1,914)
o/w portion not including tax loss carry-forwards and impact of netting	799
Prudential adjustment including phase-in arrangements	669
Shortfall of provisions to expected losses	0
Investments in the share capital of financial sector entities	0
Other prudential adjustments including phase-in arrangements	(112)
Total deductions	**(5,152)**
Total Common Equity Tier 1 (CET1)	**12,474**
Hybrid capital instruments	
Amount as per accounting base	
Other equity instruments	1,611
Residual gain on reclassification as equity	257
Nominal value adjustment during the period	111
Early redemption through exercise of call option	0
Leveling due to the grandfathering limit	0
Total hybrid instruments	1,979
Deductions	(62)
Other prudential adjustments including phase-in arrangements	(146)
Total Additional Tier 1 (AT1)	**1,770**
Total Tier 1 capital	**14,244**
Subordinated debt instruments	
Amount as per accounting base (before elimination of company-controlled stock: 21)	3,591
Regulatory adjustment	(509)
Transfer of grandfathering leveling on hybrid capital instruments	0
Total Tier 2 instruments	3,082
Surplus of provisions to expected losses	100
Deductions	(760)
Other prudential adjustments including phase-in arrangements	133
Total Tier 2 capital	**2,555**
TOTAL PRUDENTIAL CAPITAL	**16,799**

3.3.4 CHANGES IN REGULATORY CAPITAL, REGULATORY OWN FUNDS REQUIREMENTS AND RATIOS IN 2016

Regulatory capital and capital adequacy ratio:

The CET1, Tier 1 and total ratios are presented below by major component. The same ratios for 2015 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 5.125%, 6.625% and 8.625%, respectively for 2016, and 5.75%, 7.25% and 9.25%, respectively for 2017.

REGULATORY CAPITAL AND CAPITAL ADEQUACY RATIO

(in millions of euros)	12.31.2016	12.31.2015
Shareholders' equity (group share)	**19,836**	**19,160**
Deeply subordinated notes (DSN)	1,611	1,213
Perpetual subordinated notes (PSN)	0	0
Consolidated shareholders' equity group share, net of DSNs and PSNs	**18,225**	**17,947**
Non-controlling interests (amount before phase-in arrangements)	90	116
Intangible assets	(521)	(522)
Goodwill	(2,945)	(2,904)
Dividends proposed to the General Shareholders' Meeting and expenses	(1,130)	(1,127)
Deductions and prudential restatements and phase-in arrangements	(1,245)	(1,079)
Total Common Equity Tier 1 capital	**12,474**	**12,432**
Deeply subordinated notes (DSN) and preference shares	1,979	1,571
Additional Tier 1 capital	0	0
Tier 1 deductions and phase-in arrangements	(208)	(269)
Total Tier 1 capital	**14,244**	**13,733**
Tier 2 instruments	3,082	3,020
Other Tier 2 capital	100	58
Tier 2 deductions and phase-in arrangements	(628)	(567)
Overall capital	**16,799**	**16,245**
Total risk-weighted assets	**115,524**	**113,331**
Credit risk-weighted assets	90,704	88,356
Market risk-weighted assets	11,111	12,257
Operational risk-weighted assets	13,709	12,719
Capital adequacy ratio		
Common Equity Tier 1 ratio	10.8%	11.0%
Tier 1 ratio	12.3%	12.1%
Overall ratio	14.5%	14.3%

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)	2016
Common Equity Tier 1 (CET1)	
Amount at start of period	12,432
New instruments issued (including issue premiums)	28
Instruments redeemed	0
Retained earnings from previous periods	(253)
Net income/(loss) for the period	1,374
Gross dividend proposed	(1,130)
Dividend payout in new shares	0
Changes in other comprehensive income	
Translation adjustments	125
Available-for-sale assets	170
Cash flow hedging reserve	34
Others	(95)
Others	2
Non-controlling interests	0
Filters and deductions not subject to the phase-in arrangements	
Goodwill and intangible assets	(40)
Own credit risk	112
Other comprehensive income CFH	(34)
Prudent valuation adjustment	33
Other	(2)
Other, including prudential adjustments and phase-in arrangements	
Deferred tax assets that rely on future earnings (excluding temporary differences)	672
Deductions in respect of breaches of capital thresholds	(66)
Others	12
Impact of phase-in arrangements	(897)
o/w impact of changes in phase-in rate	(88)
o/w impact of change in base subject to phase-in arrangements	(809)
Amount of Common Equity Tier 1 (CET1) at end of period	**12,474**
Additional Tier 1 (AT1) capital	
Amount at start of period	1,302
New eligible instruments issued	400
Redemptions during the period	(4)
Other, including prudential adjustments and phase-in arrangements	73
o/w impact of changes in phase-in rate	76
o/w other impact of changes in base	(3)
Amount of Additional Tier 1 (AT1) capital at end of period	**1,770**
Tier 1 capital	**14,244**
Tier 2 capital	
Amount at start of period	2,512
New eligible instruments issued	300
Redemptions during the period	0
Other, including prudential adjustments and phase-in arrangements	(257)
o/w impact of changes in phase-in rate	(74)
o/w other impact of changes in base	(183)
Amount of Tier 2 capital at end of period	**2,555**
TOTAL PRUDENTIAL CAPITAL	**16,799**

The following changes in Basel 3/CRR regulatory capital were recorded in 2016, after applying phase-in arrangements:

Common Equity Tier 1 (CET1) capital totaled €12.5 billion at December 31, 2016, up €0.1 billion over the year.

The €0.68 billion increase in accounting shareholders' equity, group share, to €19.8 billion was mainly due to the incorporation of +€1.37 billion in net income for the year, the positive impact of the dollar's appreciation on translation adjustments, amounting to +€0.1 billion, and the positive change in unrealized gains and losses on insurance company portfolios, amounting to +€0.15 billion. These items were partially offset by the dividend payment for 2015 (-€1.1 billion), payment of interest on subordinated equity instruments (-€0.08 billion) and the cumulative impact of the Ciloger and PJ Solomon acquisitions (-€0.15 billion). Finally, the issuance of €0.4 billion in subordinated instruments recognized as equity was prudentially reclassified as AT1.

CET1 capital included a provision for 2016 dividends payable in cash in the amount of €1.1 billion (i.e. €0.35 per share). It also reflects the impact of the gradual application of phase-in arrangements (-€0.1 billion over the year), and particularly the entry into force on October 1, 2016 of revised phase-in arrangements on the deduction of deferred tax assets for unrealized losses.

In addition to the above items, **AT1 capital** increased by €0.5 billion, stemming mainly from a €400 million issuance. 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.

T2 capital was stable over the year: the positive impact of the issuance of €0.3 billion in T2-eligible instruments (via BPCE) was offset, first by the gradual run-off of instruments ineligible for grandfathering arrangements, and second by the change in the impact of phase-in arrangements over the period.

At €115.5 billion, **risk-weighted assets** climbed €2.2 billion over the year. It should be noted that the BPCE guarantee concerning former GAPC exposures no longer has an impact on Natixis RWA.

RISK-WEIGHTED ASSETS AT DECEMBER 31, 2016

(in billions of euros)	Credit risk	CVA	Market risk	Operational risk	Total RWA
BASEL 3 AT 12.31.2015	**83.7**	**4.7**	**12.2**	**12.7**	**113.3**
Changes in exchange rates	0.4				0.4
Changes in business activity	4.0	(0.3)		1.0	4.7
Improvement in risk parameters	(0.9)	(1.0)	(1.6)		(3.5)
Acquisitions and disposals of financial investments					
Impact of guarantees	(0.3)	0.4	0.4		0.9
BASEL 3 AT 12.31.2016	**86.9**	**3.8**	**11.1**	**13.7**	**115.5**

The +€3.2 billion rise in credit risk over the period was primarily due to the following factors:

- an increase in outstandings (+€4.0 billion) notably due to a higher level of activity (+€2.5 billion) and an increase in the book value of investments in insurance companies (+€1.4 billion);
- the impact of the dollar's appreciation (+€0.4 billion);
- an improvement in risk inputs (improved ratings, shortening of maturities), amounting to -€0.9 billion;
- a guarantee effect of -€0.3 billion.

The -€0.9 billion decrease in CVA risk can be primarily attributed to changes in volumes and the establishment of a hedge.

Market risk fell -€1.1 billion, with the change in risk inputs (-€1.6 billion) offset by the elimination of the aforementioned BPCE guarantee of +€0.4 billion.

Operational risk was up +€1.0 billion as the benchmark indicator for fiscal year 2016 was replaced by that of fiscal year 2013 (standard practice is to calculate operational risk using the average indicator for the previous three years).

3.3.5 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.

In accordance with our strategic plan, Natixis' capital planning set a target fully loaded CET1 ratio of 9.5% to 10.5%, without taking into account phase-in measures except for those concerning deferred tax, as the target fully loaded CET1 ratio for the end of the current plan (i.e., December 31, 2017) is 10.5%.

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 in stress scenarios;

- projecting capital requirements specific to business line activity, within the framework of Natixis' overall capital adequacy policy;
- implementing a system for analyzing the capital consumption of the business lines 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

While total loss-absorbing capacity (TLAC) requirements only apply to global systemically important banks (G-SIBs) such as Groupe BPCE (a resolution entity), the European MREL (minimum requirements for eligible liabilities) ratio introduced by the BRRD directive should apply to Natixis, although the target level has yet to be defined.

Accordingly, Natixis helped collect detailed data on liabilities, as required by the Single Resolution Board (SRB) in 2016. The oversight and projection mechanisms applicable to this new ratio are currently being developed.

BASEL 3 RWA BY KEY NATIXIS BUSINESS LINE (NX02)

(in millions of euros)		Basel 3 RWA at 12.31.2016		
Division	**TOTAL**	**Credit [a]**	**Market[b]**	**Operational**
Corporate & Investment Banking	66,134	46,977	12,538	6,619
Investment Solutions	18,067	13,747	1	4,319
Specialized Financial Solutions	15,406	13,151		2,255
Corporate Center	10,200	7,776	2,308	116
Financial Investments	5,717	5,317		400
TOTAL AT 12.31.2016	**115,524**	**86,968**	**14,847**	**13,709**
TOTAL AT 12.31.2015	**113,331**	**83,677**	**16,935**	**12,719**

(a): Including counterparty risk.

(b): Including settlement-delivery risk of €3,736 million in CVA RWA.

3.3.6 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 accounting 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 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. After an observation period, the leverage ratio may become more restrictive under Pillar I as of 2018.

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.

3.4 Credit and counterparty risks (including country risk)

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 departments, 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 Senior Management.

Working with the business lines, 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.

3.4.1 TARGETS AND POLICY

Natixis' risk policies have been defined, starting in 2010-2011, as a component of the bank's overall risk appetite and credit risk control and management system. The policies are the product of consultation between the Risk Division and the bank's various business lines, and are intended to establish a framework for risk-taking while outlining risk appetite and Natixis' strategic vision by translating it into the risk appetite for each business line or sector.

Natixis now has nearly 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, hedge funds, 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 applied correctly. Overall monitoring also takes place on a quarterly basis (checking of compliance with ceilings and number of deviations) and is presented to the Global Risk Committees.

3.4.2 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.

3.4.3 COUNTERPARTY RISK MANAGEMENT

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.

3.4.3.1 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.

3.4.3.2 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.

3.4.3.3 Credit valuation adjustment (CVA)

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 aim 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.

3.4.3.4 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.

3.4.3.5 Wrong-way risk

Wrong-way risk refers to the risk that Natixis' exposure to a counterparty is heavily correlated with the counterparty's probability of default.

This risk is represented in regulations by two concepts:

- specific wrong-way risk: referring to the risk generated when, due to the nature of the transactions entered into with a counterparty, there is a direct link between its credit quality and the amount of the exposure;
- general wrong-way risk: referring to the risk generated when there is a correlation between the counterparty's credit quality and general market factors.

Specific wrong-way risk gives rise to specific own funds requirements (Article 291.5 of the European Regulation of June 26, 2013 on prudential requirements for credit institutions and investment firms) and to prior approval of specific limits. General wrong-way risk is covered through WWR stress scenarios by asset class.

3.4.4 RATING SYSTEM

3.4.4.1 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), which is expressed as 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" and some categories of consumer finance exposures.

Ratings are established based on two approaches, namely statistical approaches and expert appraisals.

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	0.05%
A-	A-	A3	0.10%
BBB+	BBB+	Baa1	0.20%
BBB	BBB	Baa2	0.36%
BBB-	BBB-	Baa3	0.60%
BB+	BB+	Ba1	0.95%
BB	BB	Ba2	1.43%
BB-	BB-	Ba3	2.10%
B+	B+	B1	3.00%
B	B	B2	4.16%
B-	B-	B3	5.63%
CCC+	CCC+	Caa1	7.51%
CCC	CCC	Caa2	9.82%
CCC-	CCC-	Caa3	12.65%
CC	CC	Ca	16.10%
C	C	C	20.24%

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.

3.4.4.2 External rating system

For outstandings measured using the standardized approach, Natixis uses external rating systems of the agencies Fitch Ratings, Standard & Poor's and Moody's. The table below presents the breakdown of risk exposure by external agency for asset classes measured using the standardized approach, excluding:

- exposures to equities;
- pool-based exposures (acquired portfolios) and third parties grouped into homogeneous risk classes;
- securitization positions;
- unrated positions;
- other items that do not represent a credit obligation.

The reconciliation of the external rating agencies' alphanumeric credit rating scales and the risk weighting coefficients is performed in accordance with the note published by the ACPR: Method for calculating prudential ratios within the CRD IV (Capital Requirements Directive IV).

When a bank portfolio exposure does not have a directly applicable external credit rating, the Bank's customer standards allow – on a case-by-case basis and after analysis – the application of a rating based partially on an internal or exposure rating of the issuer (or of the guarantor, if applicable).

3.4.5 VALIDATION OF INTERNAL MODELS

3.4.5.1 Validation of models

In accordance with regulatory requirements, Natixis has established internal model validation policies and procedures for evaluating credit risk. This model validation phase is required for their use.

Accordingly, an internal and independent validation team within the Corporate Secretariat of the Risk Division, reporting to the Chief Risk Officer, ensure the relevance and consistency of the models, as well the accuracy of the data used. The validation process comprises four steps, in accordance with the delegation of competence of Groupe BPCE:

- *quantitative analysis:* analysis of proxies, sizing methods, risk indicators, aggregation rules, etc.
- *performance and governance analysis:* model backtesting, precision and consistency analysis, stress tests, analysis of model suitability, etc.
- *analysis of data quality and implementation of the model:* analysis of the quality and representativeness of data, integrity of controls, error reports, comprehensiveness of data, etc.
- *use test:* the validation team ensures that the internal models are used by qualified staff, that usage procedures are documented, that ex-post controls are performed, etc.

The conclusions and results of the model validation process are presented to the Risk Model Governance Committee and submitted to the Global Risk Committee before being sent to the Groupe BPCE Standards and Methods Committee for approval.

Main internal models used by Natixis

MAIN INTERNAL MODELS: PD, LGD AND CFF (EU CRE)

Modeled input	Portfolio	Number of models	Description/Methodology
PD	Sovereigns	2	Expert analysis-based rating models using macroeconomic criteria and the assessment of legal and political risks
	Institutions	4	Expert analysis-based rating models using quantitative criteria (accounting balance sheet) and qualitative criteria (questionnaire). One model per type of counterparty and per geographic area
	Corporates (incl. SMEs)	14	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
	Institutions	2	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)	9	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
	Retail SMEs	2	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	Sovereigns	1	Model calibrated on internal defaults and segmentation by type of product and type of counterparty
	Institutions	1	Model calibrated on internal defaults and segmentation by type of product and type of counterparty
	Corporates (incl. SMEs)	1	Model calibrated on internal defaults and segmentation by type of product and type of counterparty
	Specialized Financing	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

3.4.5.2 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 LGD estimates and rating models and LGD grids or probability of default scales (Corporate, Banks, Sovereign and LGD Secured). 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 tool performance monitoring and backtesting of PD

The rating systems are periodically checked and undergo external benchmarking to ensure the consistency of ratings produced using the expert appraisal and quantitative methods, 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 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 the Rating Analysis 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. This aspect of the analysis process gives an overview of the positioning of the Bank's credit portfolio.

Additional indicators are also calculated to verify the internal risk ranking (Gini Index, average rating, previous year's ratings, ratings of counterparties that have defaulted) and provide statistics as a supplement to the qualitative analyses.

Rating Analysis Committee Meetings (CANO) are chaired by the heads of the Individual Risk and Consolidated Credit Risk sections 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

LGD 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 losses and estimates produced by the models are compared based on historical data covering as long a period as possible.

The losses given default are calculated:

- on a statistical basis for the Corporate asset class;
- based on internal and external histories and an external benchmark for banks and sovereigns;
- using stochastic models if there is a claim against an asset.

Losses given default, which are determined using internal methods for calculating capital requirements, are also monitored quarterly during Rating Analysis Committee Meetings. Corporate and Bank LGD monitoring has therefore been rolled out over the past few months and is gradually being extended to all the A-IRB approved portfolios (Specialized Financing and Sovereigns).

The LGD, ELBE *(see glossary)* and CCF *(see glossary)* levels for the different lending scopes are backtested at least once a year based on the updated internal data, as are the rating models and the associated PD, to verify the reliability of the estimates over Time. The parameters of the models for the Specialized Financing and Financial Collateral scope are regularly updated, so that they reflect the business lines' actual conditions as accurately as possible. Both the market parameters and the recovery parameters are updated.

The indicators defined for backtesting are used both to measure the model's performance and to validate the model currently used.

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 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 backtesting report and the reviews are presented to the Chief Risk Officer and the Group Risk Standards and Methods Committee (BPCE CNMRG).

As part of its oversight function, the Risk Division makes sure the rules and commitments underpinning the Bank's IRBA approval process are respected, and also ensures that the tools and processes used are working properly and that data quality and consistency are good. It also runs training and provides support to Bank employees.

3.4.6 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 garantee :

- 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.

The eligibility of collateral is defined according to a strict process comprising:

- an approval framework drawn up by the Legal Division, with a legal document covering the acceptance of the collateral and the Bank's enforcement policy;
- the risk monitoring framework, based on credit risk policies, the loan approval procedure and the mechanism for preventing the concentration of risks on certain collateral. In accordance with regulatory provisions, the bank performs the valuation of guarantees 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 Division;
- 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.

In the particular case of mitigators of credit risk generated by derivative and lending/borrowing transactions, their real value is included in current exposure calculations and simulated in accordance with the market risk factor diffusion model for simulated future exposures.

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 nonbank third parties are fully collateralized in cash. These transactions are subject to decision-making and monitoring procedures that apply to derivative transactions.

3.4.7 COMMITMENT MONITORING PROCEDURES

(Data certified by the Statutory Auditors in accordance with IFRS 7)

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 Management function provides Senior Management and the bank's business line heads with reports analyzing Natixis' risks: trend analyses, scorecards, stress test results, etc.

Periodic reviews of sector-based risk policies also help to ensure that the risk envelopes allocated by the Global Risk Committee, chaired by the Chief Executive Officer, are observed. This risk undergoes sector monitoring by the Risk Division, which, among other things, results in the production of half-yearly market reviews covering the majority of the business sectors, for which the focus (especially in geographic terms) is tailored to the make-up of Natixis' portfolio. The purpose of this process is to:

- monitor new information about each sector (main events and changes in trends);
- monitor objective indicators specific to each sector;
- assess the change in the risks inherent to each sector;
- regularly rate business sectors/sub-sectors, independently of the individual counterparty rating process.

In particular, it is used to review the change in Natixis' exposures by business sector and the distribution of these exposures by geographic region and by rating. Aside from this regular and systematic monitoring, this sector monitoring may also give rise to occasional reports describing emerging sector risks or issuing warnings about changes in specific sector risks.

The limits governing country exposure (country caps) are examined at least once a year and approved by the Global Risk Committee in light of the countries' ratings and situations. Where there has been a significant change in a country, an analysis is presented to the Credit Risk Committee in order to adapt the monitoring and procedures relative to the country in question.

Moreover, the Credit Committee's decisions regarding transactions with a significant exposure in terms of the total amount, country situation or type of the transaction under review are based on an analysis of country risk.

At its monthly meetings, the Limit Breach Committee analyzes breaches of predefined limits using specific indicators (number, total, duration, business lines concerned, etc.), examines significant breaches and monitors their correction.

Loans with deteriorating risk levels are identified as they arise and are reported immediately to the Risk Division and the business line concerned, in accordance with the counterparty watch list, individual provision and alert procedures.

They are then considered for the watch list, a decision which falls upon the Risk Department 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.

3.4.7.1 Impact of stress scenarios

The credit stress test system covers Natixis scopes subject to the A-IRB, F-IRB and standardized approaches. It is based on choosing scenarios that replicate plausible crisis situations and high degrees of severity, in keeping with market practices, while taking past events, market trends and the environment into account so that purely historical or theoretical scenarios are eliminated.

The system is a true risk management tool, with scenarios that are regularly introduced and revised. 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 presented to the Global Risk Committee in 2016. 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 stress scenarios for the 2017-2019 period: a reference scenario (i.e., a central scenario of slow economic recovery in a context of deflation) and two credit scenarios (i.e., European crises amid rising petrol prices and a successful Brexit), one of which was implemented as part of overall stress tests (i.e., economic fragility in Europe together with deflationary tension or, again, Brexit);
- 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.

3.4.7.2 Monitoring of non-performing and disputed loans and impairment 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 members of the Senior Management Committee in charge of the business lines, Finance and Risk, the Chief Risk Officer 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 risks, 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 appraisal 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.

3.4.8 COUNTERPARTY AND CREDIT RISK EXPOSURE

EAD, RWA AND CAPITAL REQUIREMENT BY APPROACH AND BY BASEL EXPOSURE CATEGORY (NX01)

	12.31.2016			12.31.2015 [(a)]		
(in millions of euros)	EAD	RWA	Capital requirement	EAD	RWA	Capital requirement
Credit risk						
Internal approach	**175,830**	**65,643**	**5,251**	**157,675**	**60,867**	**4,869**
Equities	5,620	16,826	1,346	5,485	16,380	1,310
Central governments or central banks	36,305	748	60	30,801	562	45
Other items	934	233	19	893	234	19
Retail	813	217	17	778	231	18
Corporates	115,021	43,496	3,480	103,529	39,367	3,150
Institutions	9,632	2,719	217	8,568	3,093	247
Securitization	7,505	1,404	112	7,621	1,000	80
Standardized approach	**70,860**	**13,526**	**1,082**	**82,239**	**14,866**	**1,189**
Equities	118	259	21	87	87	7
Central governments or central banks	8,503	2,027	162	5,262	1,899	152
Other items	7,306	6,538	523	8,151	8,094	648
Retail	2,571	1,892	151	2,390	1,709	137
Corporates	1,916	1,257	100	2,318	1,491	119
Institutions	46,759	538	43	61,162	581	46
Exposures at default	206	215	17	588	649	52
Exposures secured by mortgages on immovable property	221	97	8	199	92	7
Collective investment undertaking	282	282	23	5	5	
Exposures to institutions and corporates with a short-term credit assessment	2,315	124	10	1,855	151	12
Securitization	663	297	24	222	108	9
CCP default fund exposure	**285**	**273**	**22**	**213**	**196**	**16**
Sub-total credit risk	**246,975**	**79,442**	**6,355**	**240,127**	**75,929**	**6,074**
Counterparty Risk						
Internal approach	**36,048**	**7,047**	**564**	**34,207**	**6,932**	**555**
Central governments or central banks	4,069	195	16	3,473	22	2
Corporates	15,579	4,371	350	14,186	4,225	339
Institutions	15,528	2,364	189	15,952	2,580	206
Securitization	872	117	9	596	105	8
Standardized approach	**19,093**	**479**	**38**	**21,434**	**816**	**65**
Central governments or central banks	2,150	134	11	1,518	86	7
Retail	2	1				
Corporates	140	5		1,934	141	11
Institutions	16,639	298	24	17,566	281	22

(in millions of euros)	12.31.2016 EAD	12.31.2016 RWA	12.31.2016 Capital requirement	12.31.2015 [(a)] EAD	12.31.2015 [(a)] RWA	12.31.2015 [(a)] Capital requirement
Exposures at default				284	285	23
Exposures to institutions and corporates with a short-term credit assessment	162	41	3	132	23	2
Securitization						
Sub-total counterparty risk	**55,141**	**7,526**	**602**	**55,641**	**7,748**	**620**
Market risk						
Internal approach		**5,437**	**435**		**6,863**	**549**
Standardized approach		**5,646**	**452**		**5,371**	**430**
Equity risk		414	33		285	23
Foreign exchange risk		2,916	233		2,588	207
Commodities risk		708	57		1,110	89
Interest rate risk		1,608	129		1,388	111
Sub-total market risk		**11,083**	**887**		**12,234**	**979**
CVA	**11,129**	**3,736**	**299**	**12,297**	**4,678**	**374**
Settlement-delivery risk		**28**	**2**		**23**	**2**
Operational risk (standardized approach)		**13,709**	**1,097**		**12,719**	**1,017**
TOTAL		**115,524**	**9,242**		**113,331**	**9,066**

(a) Pro forma 2015: €37,079 million of EAD reclassified from "Exposures to institutions and corporates with a short-term credit assessment" to "Institutions".

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	**12.31.2016**	**o/w off-balance sheet**	**12.31.2016**	**o/w off-balance sheet**	**2016 average**
Corporates	**161,916**	**77,809**	**132,656**	**48,708**	**129,380**
Other than SMEs and SF	135,382	68,937	108,606	42,219	106,691
Specialized Financing (SF)	22,744	8,254	20,478	5,988	19,133
SMEs	**3,790**	**618**	**3,572**	**501**	**3,556**
Institutions	**92,250**	**38,284**	**88,843**	**34,876**	**68,156**
Governments or central banks	**51,381**	**7,468**	**51,027**	**7,117**	**51,152**
Central governments or central banks	49,048	6,265	48,818	6,035	48,680
Regional governments or local authorities	902	444	899	443	933
Public sector entities	1,431	759	1,310	639	1,539
Retail	**14,350**	**10,922**	**3,386**	**114**	**3,460**
Other than SMEs	13,493	10,859	2,565	83	2,444
SMEs	**857**	**63**	**821**	**31**	**1,016**
Securitization	**9,129**	**4,699**	**9,040**	**4,699**	**9,673**
Other items	**8,240**		**8,240**		**7,819**
Equities	**5,747**	**226**	**5,738**	**226**	**5,704**
Collective investment undertaking	**282**		**282**		**125**
Exposures secured by mortgages on immovable property	**235**	**29**	**221**	**14**	**208**
Exposures to institutions and corporates with a short-term credit assessment	**2,478**	**162**	**2,477**	**162**	**17,325**
Exposures at default	**444**	**2**	**206**	**1**	**582**
TOTAL 12.31.2016	**346,452**	**139,601**	**302,116**	**95,917**	**293,584**
TOTAL 12.31.2015	**339,812**	**135,516**	**295,768**	**92,365**	**302,289**

EAD BY GEOGRAPHIC AREA AND BY ASSET CLASS (NX05)

(in millions of euros) Category of exposure	France	Europe*	North America	Other	Total
Corporates					
Other than SMEs and SF	46,717	28,865	15,643	17,381	108,606
Specialized Financing (SF)	4,563	6,378	3,868	5,669	20,478
SMEs	2,845	355	19	353	3,572
Sub-total	**54,125**	**35,598**	**19,530**	**23,403**	**132,656**
Institutions	**54,818**	**15,738**	**11,527**	**6,760**	**88,843**
Governments or central banks					
Central governments or central banks	9,029	4,232	27,921	5,308	46,490
International organizations				530	530
Multilateral development banks		28		1,769	1,797
Regional governments or local authorities	539	358		3	900
Public sector entities	912	348	47	3	1,310
Sub-total	**10,480**	**4,966**	**27,968**	**7,613**	**51,027**
Securitization	**3,183**	**1,037**	**4,271**	**549**	**9,040**
Other items	**7,646**	**372**	**162**	**60**	**8,240**
Equities	**4,914**	**460**	**197**	**167**	**5,738**
Retail					
Other than SMEs	2,565				2,565
SMEs	745	5		71	821
Sub-total	**3,310**	**5**		**71**	**3,386**
Exposures secured by mortgages on immovable property	**221**				**221**
Exposures to institutions and corporates with a short-term credit assessment	**752**	**862**	**282**	**581**	**2,477**
Exposures at default	**133**	**70**		**3**	**206**
Collective investment undertaking	**147**	**135**			**282**
TOTAL 12.31.2016	**139,729**	**59,243**	**63,937**	**39,207**	**302,116**
TOTAL 12.31.2015	**160,934**	**60,147**	**38,876**	**35,811**	**295,768**

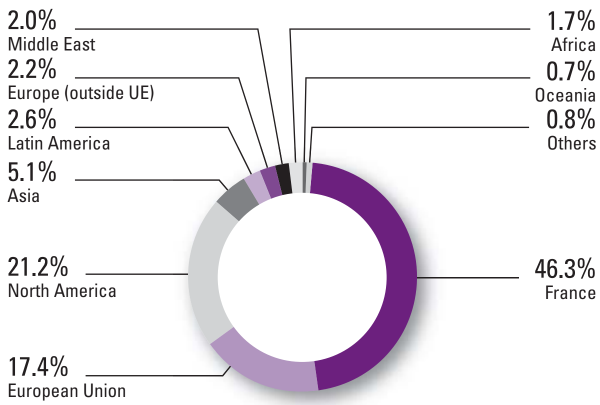
* Europe = European Union + Europe (outside EU)

EAD BY GEOGRAPHIC AREA (NX06)

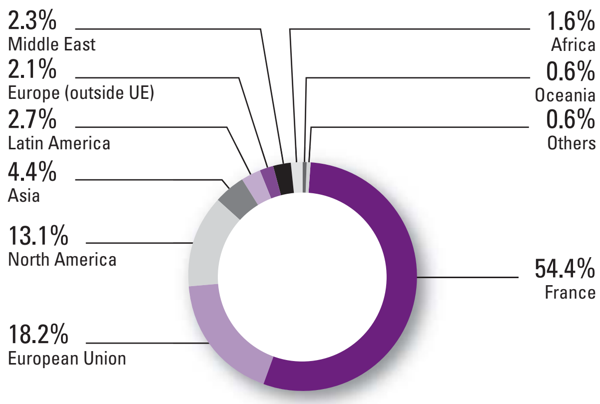
The geographic area corresponds to the debtor risk country.

(Data certified by the Statutory Auditors in accordance with IFRS 7)

AT 12.31.2016



AT 12.31.2015



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 homogenous risk classes;
- securitization positions.

(% of breakdown) Grade	Internal rating	12.31.2016	12.31.2015
Investment Grade	AAA	0.2%	0.1%
	AA+	16.2%	14.0%
	AA	2.4%	1.6%
	AA-	9.3%	7.6%
	A+	5.3%	6.9%
	A	11.3%	11.8%
	A-	8.4%	8.2%
	BBB+	7.1%	8.0%
	BBB	8.1%	8.5%
	BBB-	9.1%	8.8%
Investment Grade		**77.4%**	**75.5%**
Non-Investment Grade	BB+	5.0%	5.4%
	BB	5.0%	4.7%
	BB-	4.3%	4.3%
	B+	2.1%	2.7%
	B	1.0%	1.3%
	B-	0.4%	0.5%
	CCC+	0.3%	0.2%
	CCC	0.2%	0.2%
Non-Investment Grade		**18.3%**	**19.3%**
Non-rated	**Non-rated**	**1.6%**	**2.4%**
Default	**D**	**2.7%**	**2.8%**
TOTAL		**100.0%**	**100.0%**

3.5 Securitization

3.5.1 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.

Natixis mainly invests in assets with high levels of collateral, spreads and seniority. Natixis also applies a sector 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 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.

3.5.2 EXTERNAL RATING SYSTEM

Natixis relies on four external rating agencies for its securitization transactions: Moody's, DBRS, Fitch IBCA and Standard & Poor's. These agencies cover all types of exposures.

3.5.3 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.

3.6 Market risks

3.6.1 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 is mainly based on 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.

3.6.2 ORGANIZATION OF MARKET RISK MANAGEMENT

(Data certified by the Statutory Auditors in accordance with IFRS 7)

The Risk Division defines the principles for measuring risk, submits them to Senior Management for approval and monitors their effective implementation and follow-up. It validates market product valuation models and regularly ensures that models used are consistent with market developments and changes in best practices.

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 Department's main roles are:

- the definition of risk measurement methods and risk indicators;
- the analysis and daily control of market risks and the corresponding reporting for each business;
- the validation of valuation models ("pricers");
- the examination of annual limit reviews (including risk appetite) and ad hoc requests (VaR, stress tests, operational indicators, loss alerts);
- the definition of provisioning and fair value adjustment policies (for liquidity risks, risks related to non-hedgeable parameters, model risks, etc.);
- the drawing up and transmission of all consolidated reports presented to management and to control and supervisory bodies;
- the introduction of standards and procedures common to all entities (subsidiaries and branches) carrying market risks;
- the production of the VaR, the stressed VaR, the IRC (the Incremental Risk Charge, see Glossary), the stress tests and the backtesting;
- the production of monitoring indicators in accordance with the French Law on the Separation and Regulation of Banking and the Volcker Rule;
- the continued use of activities mapping in accordance with regulatory requirements.

3.6.3 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 Group entity.

Different techniques are used to measure market risk:

3.6.3.1 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 but also to manage and supervise market risks.

The model is based on a calculation by computer simulation, based on Monte Carlo-type methodology taking into account a portfolio's possible non-linear characteristics with respect to different risk factors.

VaR is calculated and monitored daily for all the Natixis trading portfolios. Market data used in the valuation of portfolios (share prices, indices, interest rates, exchange rates, commodity rates 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 (1 day).

To this end, a statistical model has been constructed to track the combined behavior of market parameters affecting portfolio value. The calculation method is based on an econometric model whose standard deviations are calculated as being the maximum (risk factor by risk factor) standard deviations calculated over rolling 12-month and 3-month periods. This method makes VaR more responsive if the markets suddenly become more volatile.

For the calculation of VaR, the portfolio's holding horizon is set at one day for risk monitoring and 10 days for the calculation of capital. The 10-day holding period involves extrapolating from the one-day VaR by multiplying it by the square root of 10.

All decisions regarding risks factors are revised annually in Committee Meetings attended by all parties concerned (Risk Department, front office and P&L division). Quantitative, objective tools are used to measure the relevance of risk factors. The aim is to ensure consistency between VaR calculations, results and sensitivities (use of the same 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.

3.6.3.2 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.

3.6.3.3 Incremental Risk Charge (IRC)

The IRC (Incremental Risk Charge) is the capital charge required to cover rating migration risk and the default within one year of issuers for approved products in terms of specific interest rate risk. Calculated using a Monte Carlo internal simulation model, the IRC is a 99.9% value at risk which corresponds to the largest risk after eliminating the 0.1% of the worst outcomes over a period of one year.

Rating and default migrations are simulated using an issuer correlation model and migration matrices over a capital horizon of one year. Positions are 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 and 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.

3.6.3.4 Stress tests

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 and operational indicators.

The regulator has authorized Natixis to use these new indicators to determine its capital requirement since December 31, 2011:

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 reviewed on a continuous basis. They are performed daily and can be grouped into two categories:

   - **historic stress tests** consist of reproducing sets of changes in market parameters observed during past crises in order to create an ex-post simulation of the P&L changes recorded. While stress tests do not have any predictive value, they do make it possible to gauge the exposure of the portfolio to known scenarios;
   - **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 Department, the front office and Natixis economists;

   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, co-chaired by the Chief Risk Officer and the Head of Global Markets, 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 Department if losses reach certain thresholds 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. Lastly, 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.

3.6.3.5 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 2016 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 P&L division's IPV teams, which 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 the Market Risk Department.

This validation verifies the evaluation of financial instruments traded and the suitability of the model. In accordance with its charter, this validation covers the following aspects:

- the theoretical and mathematical validation of the model;
- the analysis of the stability and consistency of the numerical method used;
- the model's stability in a stress scenario;
- the assessment of implied risk factors;
- the measurement of modeling risk;
- the definition of the reserve policy in terms of modeling risk;
- the assessment of the model's observability.

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 by the Model Validation Committee, which meets once per quarter. This Committee is tasked with verifying that the bank's model risks have been properly identified, quantified and supervised and with documenting the follow-up on the recommendations issued in model validation notes.

Through benchmarking, these models are compared with marketplace practices, thus reinforcing the validation of internal modeling choices.

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 senior management. A quarterly summary of changes in methodology applied to the calculation of adjustments is presented during Market Risk Committee Meetings.

3.6.4 MEASUREMENT METHODOLOGY OF MARKET RISK MANAGEMENT

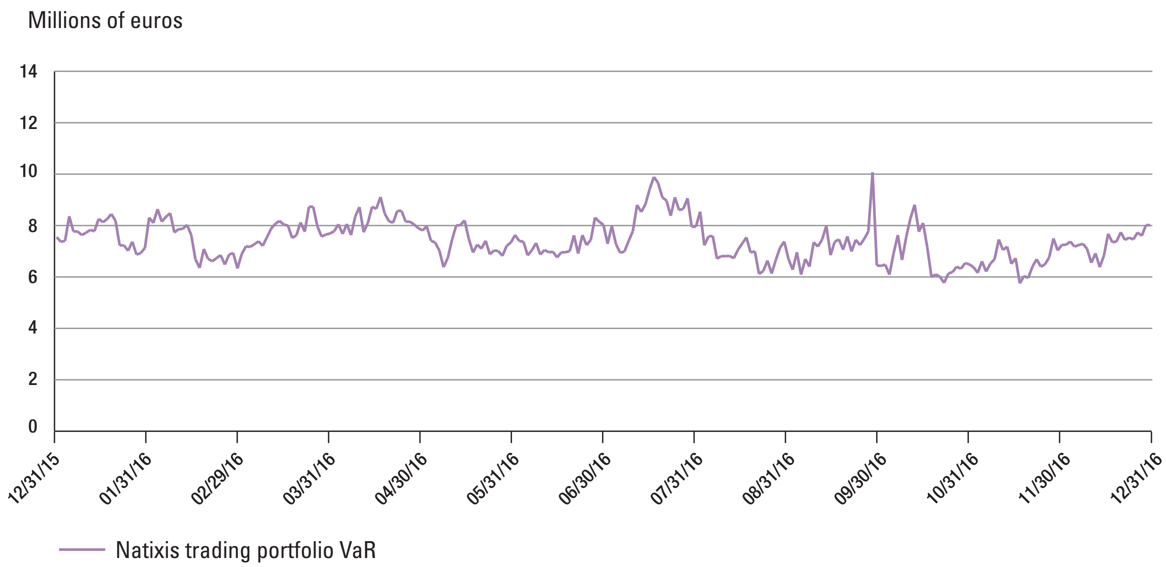
(Data certified by the Statutory Auditors in accordance with IFRS 7)

Change in Natixis VaR

The VaR level for Natixis' trading portfolios averaged €7.4 million. It peaked at €10 million on September 29, 2016 and bottomed out at €5.7 million on November 17, 2016, standing at €8 million at December 31, 2016.

The following chart shows the VaR trading history between December 31, 2015 and December 31, 2016, for the entire scope.

OVERALL NATIXIS VAR– TRADING PORTFOLIO (1 DAY 99% VAR)



Breakdown of total trading VaR by portfolio

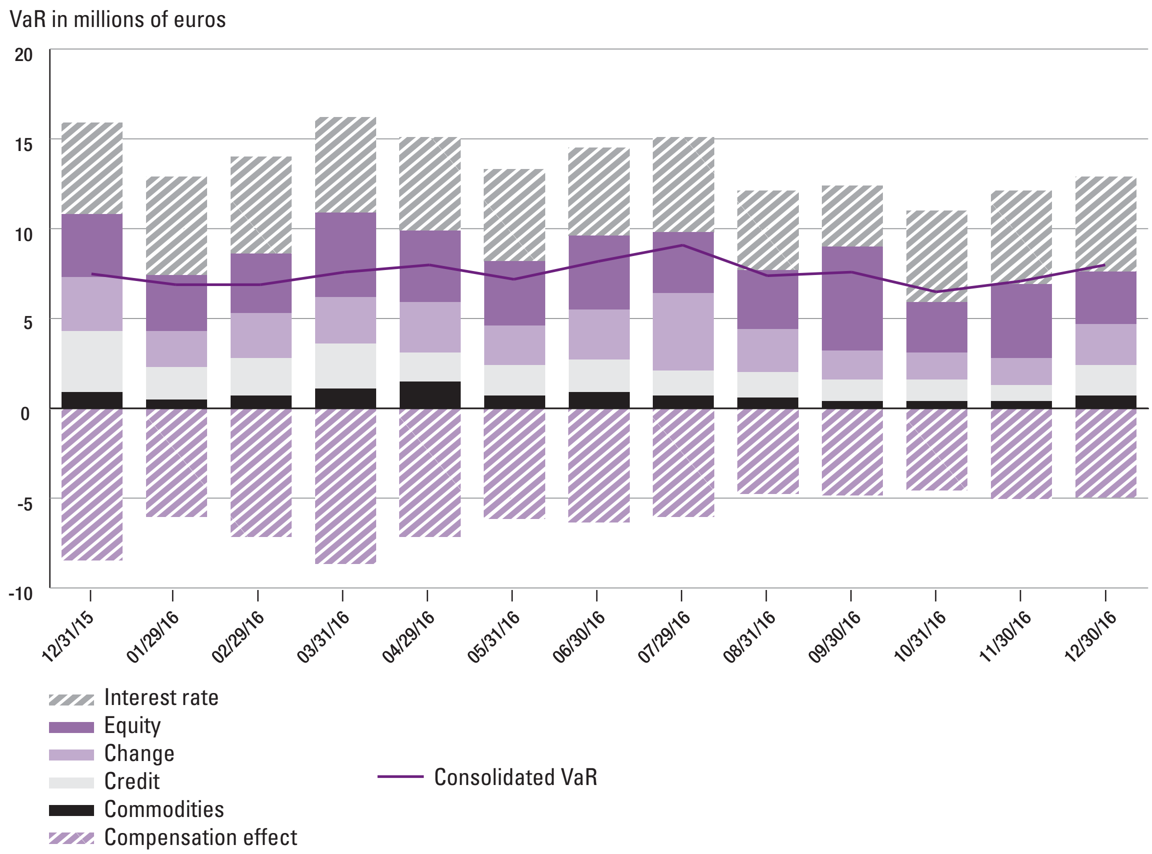
(Data certified by the Statutory Auditors in accordance with IFRS 7)

The following table presents the key VaR figures:

(in millions of euros) Natixis trading portfolio	VaR as of 12.31.2016
Natixis	**8.0**
Corporate & Investment Banking	**8.0**
o/w	
Global Market	8.1
Equity Markets	5.1
Commodities	0.5
Fixed-Income	5.7
Run off activities	1.6

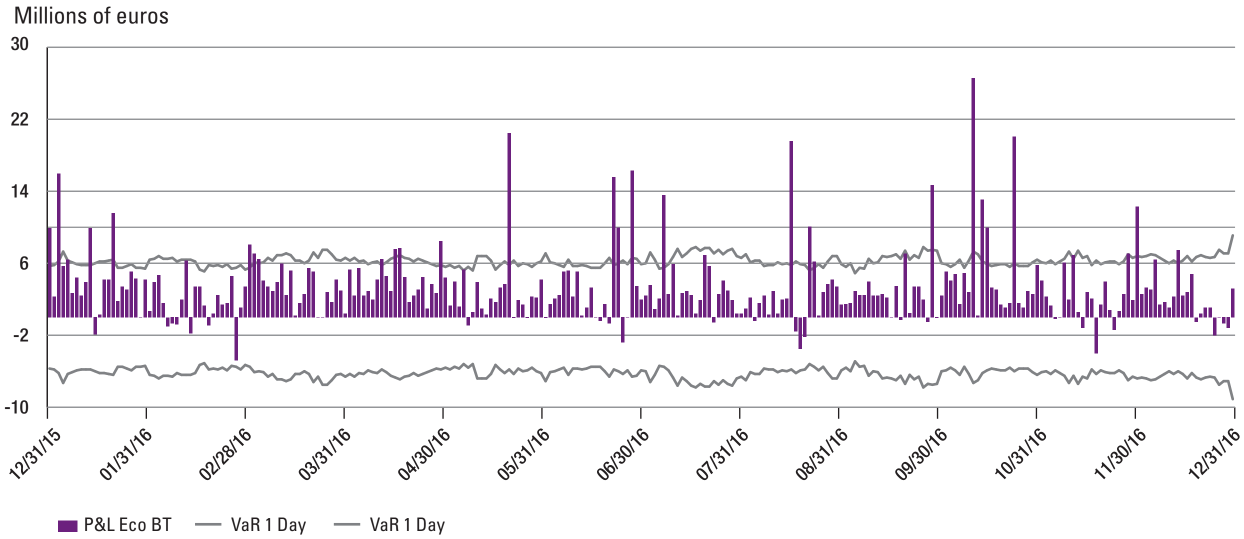
VaR breakdown by risk factors and compensation effect

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:

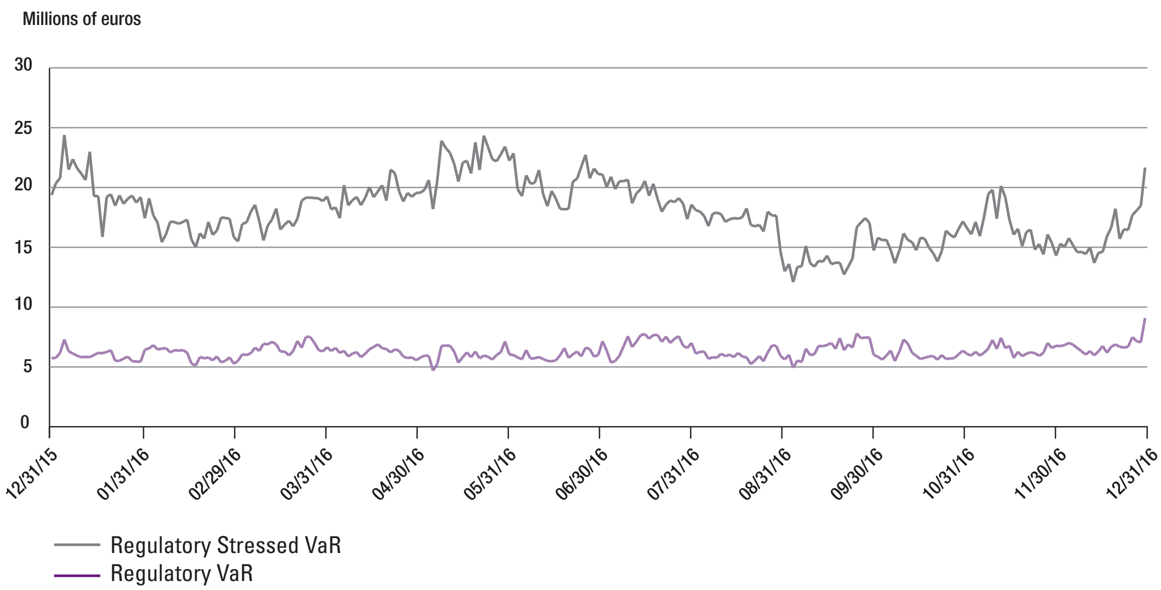


No backtesting exceptions were observed for the scope.

STRESSED NATIXIS VAR

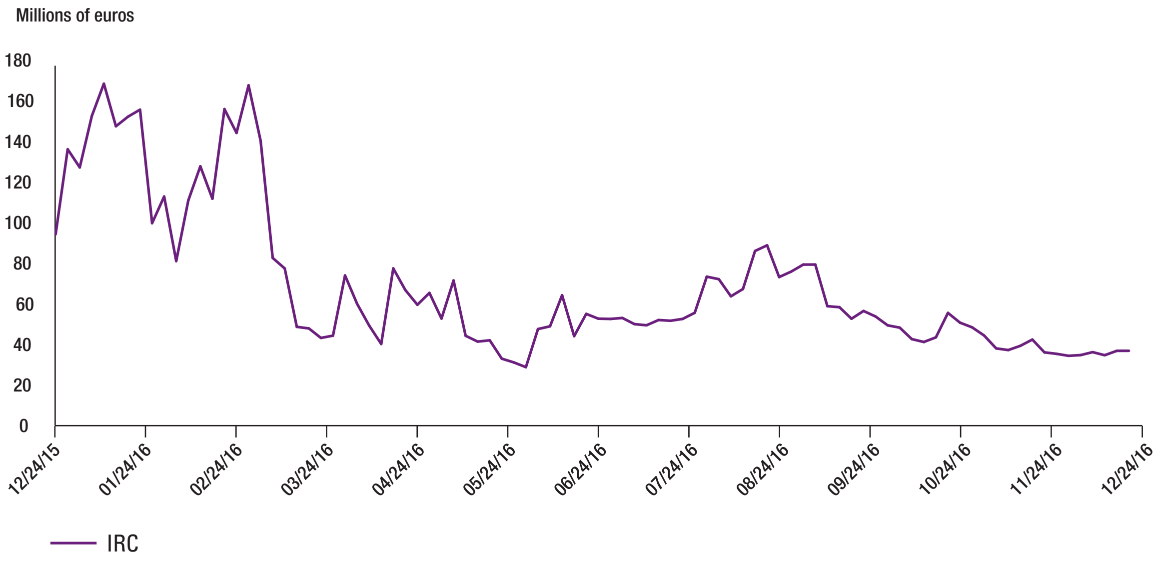
The Stressed Regulatory VaR level averaged €6.28 million. It peaked at €9.1 million on December 30, 2016 and bottomed out at €4.7 million on May 10, 2016.

Change in regulatory Stressed VaR and End-of-period VaR.



IRC INDICATOR

This indicator covers the regulatory scope. Natixis' IRC level averaged €69.7 million. It peaked at €171 million on January 22, 2016 and bottomed out at €29.2 million on September 23, 2016 and stood at €37.4 million at December 30, 2016.



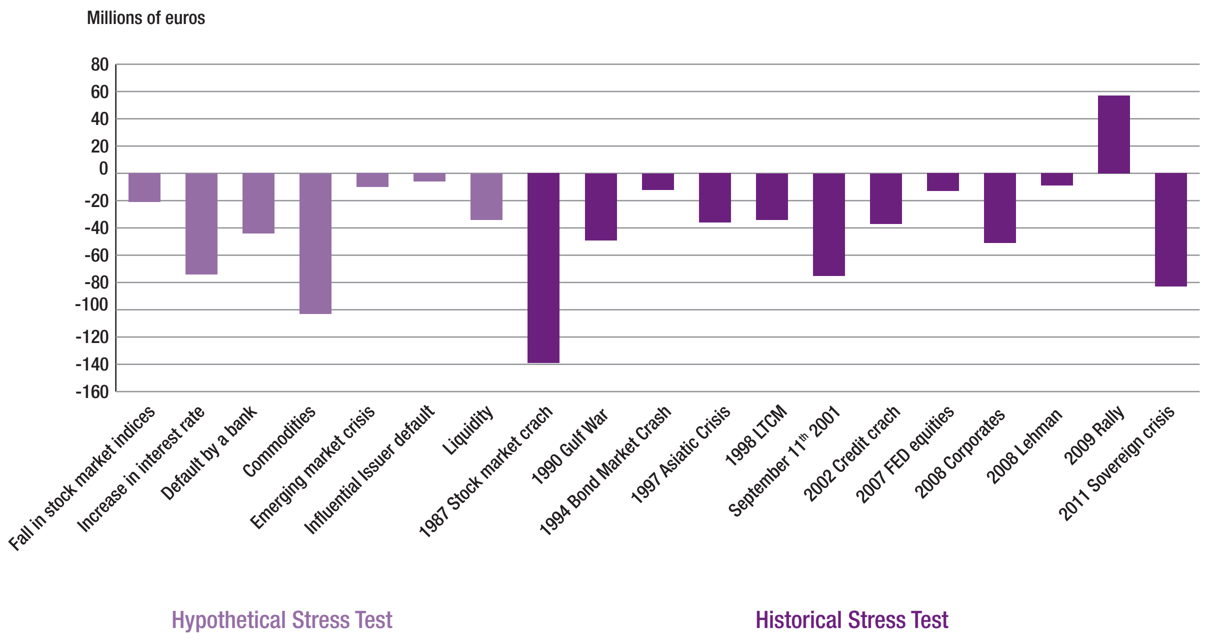
Stress test results for the Natixis scope

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Overall stress test levels increased compared to 2015, averaging -€40.68 million at December 30, 2016, versus -€28.1 million December 31, 2015.

The historical stress test replicating the 1987 equity market crash gave the maximum loss (-€139 million at December 30, 2016).

OVERALL STRESS TESTS AS AT DECEMBER 31, 2016



3.7 Operational risks

3.7.1 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 five operational risk management criteria:

- four quantitative indicators: one historical indicator measuring the cost of risk, one forward indicator measuring the cost of risk, 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.

The operational risk management framework identifies, measures, monitors and controls the level of operational risks for all the Company's business lines and support functions in France and abroad.

The main tasks and governance of the Operational Risk Department are described in Chapter 2, Section 2.5, "Chairman's report on internal control procedures", of the 2016 Natixis registration document.

3.7.2 ORGANIZATION

The structure of the Operational Risk function mirrors the organization of:

- the core businesses 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 50 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, often involving several operational risk managers where the support or control functions are involved, or where the processes have an impact on several 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 required to manage operational risk (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 against information from other functions (accounting, compliance, legal, IT Systems Security, etc.).

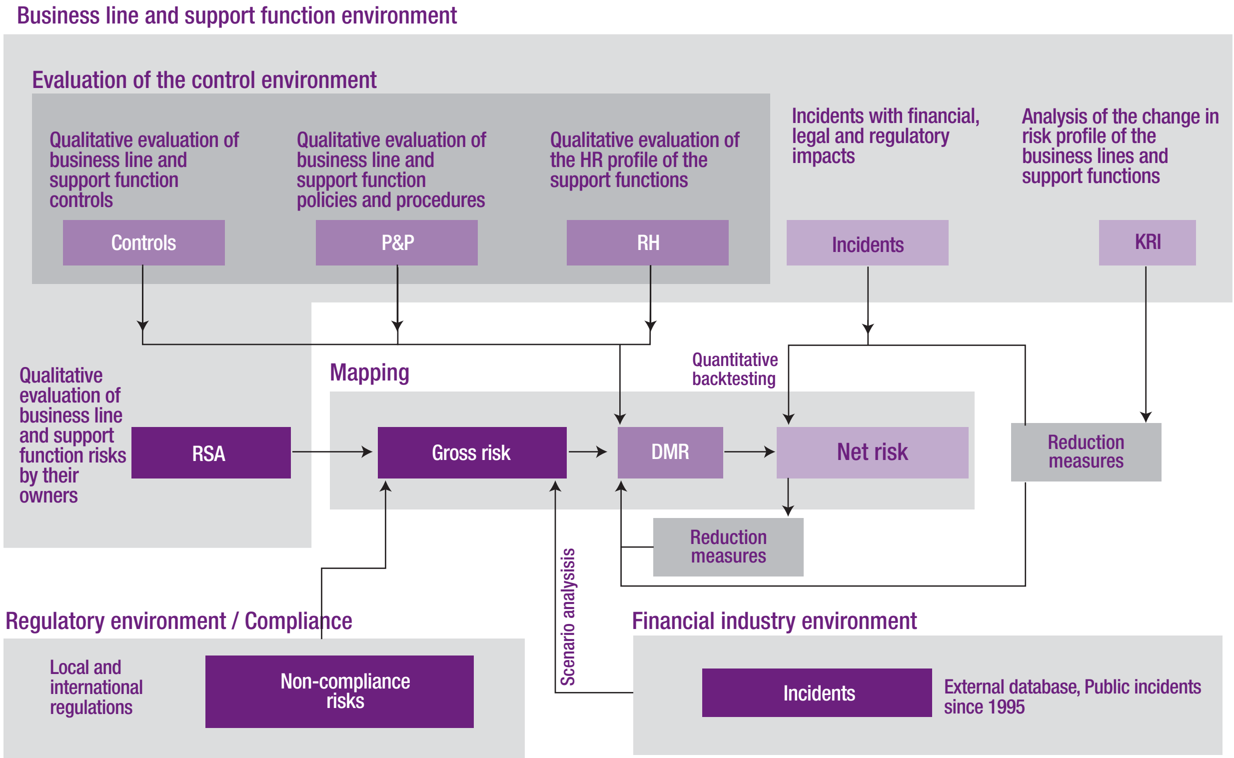
The capital requirements for operational risk are calculated using the standardized approach for all of Natixis' operational divisions. However, Natixis uses an internal methodology to obtain an overall estimation of its level of exposure to operational risk by business line entity, geographic region and in certain high-risk situations. The methodology uses a VaR calculation based on risk mapping and factors in identified incidents for backtesting and known external losses.

3.7.3 OPERATIONAL RISK MONITORING

3.7.3.1 Risk mapping

Risk mapping is central to operational risk monitoring:

OPERATIONAL RISK MAPPING FRAMEWORK



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. It is carried out for all the bank's business activities and it is checked for consistency through backtesting by drawing on incident history.

The risk mapping process serves to identify the Natixis' exposed business lines and its biggest risks in order to be able to manage them. The mapping of extreme risk situations (occurring infrequently, such as major natural disasters, pandemics, and attacks) draws on external data on incidents in the financial industry, especially for establishing frequency. Also factored in are assumptions on unrealized net revenue items and the effectiveness of risk management mechanisms, as well as contingency and business continuity plans.

In addition to risk mapping, there are over 600 key risk indicators (KRIs) in place with corresponding limits, and 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 risk indicators are submitted to the Operational Risk Committee for approval, and any breach of their thresholds, triggering a systematic alert, may result in an action to be carried out immediately or requiring Committee approval.

3.7.3.2 Identifying losses and incidents

Listing and analyzing incidents

Losses are listed without a threshold and as they are incurred. 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.

Once an investigation has been carried out on all relevant parties, the operational risk manager compiles a standardized full report with 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 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.

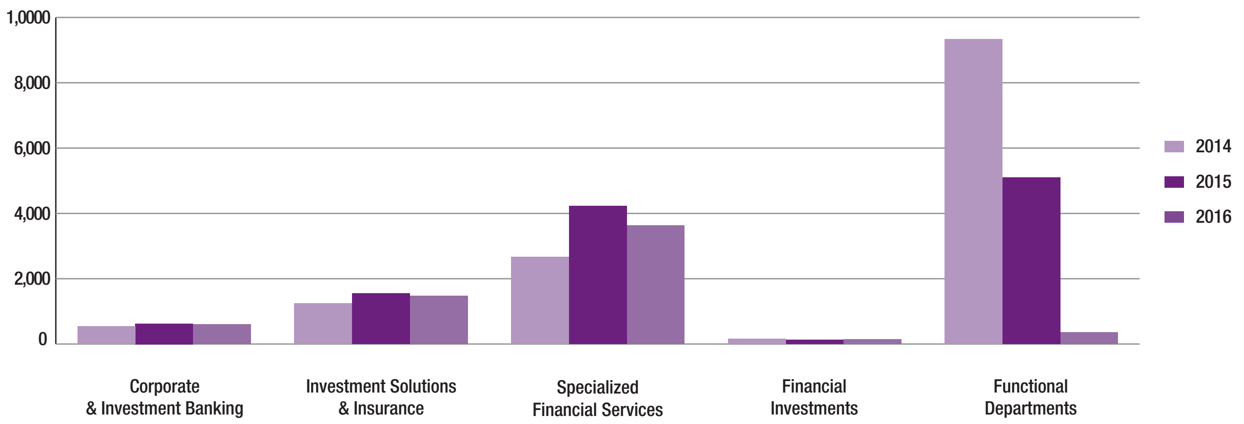
Overall trend of reported incidents

In 2016 over 6,000 reported incidents (a single incident potentially comprising several individual incidents) were entered into the collection tool by the business lines. The losses had a low-to-nil impact, and concerned primarily the back office and IT support functions.

The Specialized Financial Services division makes up close to half of the number of reported incidents, but accounts for only 13% of impacts. However, Corporate & Investment Banking activities in France and abroad account for more than half of the amount of losses and provisions reported in 2016, with these activities representing only 10% of the listing in number.

3

BREAKDOWN OF REPORTED INCIDENTS BY BUSINESS AND DATE



BREAKDOWN OF REPORTED INCIDENTS BY NET AMOUNT BY DATE AND BASEL CATEGORY

Measures to reduce risk

Natixis has implemented measures in every business line and support function to monitor the corrective actions to reduce the Bank's exposure to operational risks. These corrective actions, of which there were approximately 150 at end-2016, are monitored by the business line and central Operational Risk Committees. A central alert system has been set up to detect corrective actions that are taking too long to implement.

3.7.4 RISK PROFILE

In 2016 a risk analysis was performed on all of Natixis' business lines and support functions. It included a plan to strengthen the independent control functions' mapping. The Corporate and 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 Bank's risk profile features two main risk categories: business line risk, concentrated under Corporate & Investment Banking, and overall risk (loss of access to premises or information systems, or of availability of employees).

3.7.5 OPERATIONAL RISK INSURANCE

The Insurance Department, which reports to Natixis' Insurance division, is tasked with analyzing insurable operational risks and taking out appropriate insurance coverage (direct insurance and/or transfer).

- The main risks analyzed are:
  - internal or external fraud;
  - drop in the value of securities;
  - liability risk (civil operating and professional liability, as well as executive officers' and directors' civil liability);
  - damage to operating assets (buildings and their contents, IT hardware and data), and loss of banking business resulting from this damage.
- The insurance plans were renewed on January 1, 2016, and have been pooled in whole or in part with Groupe BPCE.

Natixis and its subsidiaries benefit from the guarantees provided by the combined "Banker's Blanket Bond" (securities and fraud) and Company Civil Liability policies providing coverage of €148 million per claim per insurance year, of which €133 million have been pooled with Groupe BPCE.

This coverage applies worldwide, except for professional civil liability, where the guarantee does not extend to permanent establishments in the United States (coverage for US operations is purchased locally by subsidiaries or branches).

- "Civil Operating Liability" coverage is provided by the civil operating liability group insurance plan taken out by BPCE S.A., for up to €100 million per claim.
- "Executive Officers' Civil Liability" coverage is provided by the executive officers' and directors' civil liability group insurance plan taken out by BPCE S.A., for up to €200 million per claim per insurance year.
- Coverage for the buildings housing Natixis' operations in France, their contents, IT risks and the resulting loss of banking business is provided by the "All Risks & Resulting Loss of Banking Business" group insurance policy taken out by BPCE S.A. (reconstruction and/or replacement cost, capped at €300 million per claim).
- Coverage for intangible computer damage (damage to data without physical damage to the hardware containing it) and the resulting loss of banking business is provided by the "Intangible Computer Damage/Loss of Banking Business" group insurance policy taken out by BPCE S.A., for coverage of up to €60 million per claim and per year.

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.

3.8 Overall interest rate, liquidity, structural foreign exchange risks

3.8.1 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)** chaired by the Chief Executive Officer, and composed of the members of the Senior Management Committee in charge of Finance and Risks and of the Corporate & Investment Banking division, the Head of Global Markets, the Chief Risk Officer, 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 in order 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**, which is responsible for updating ALM principles, standards, conventions and limits, and submits them to the ALM Committee for approval, under the oversight of the Risk Department, and which supervises structural ALM risks on a consolidated basis while verifying the overall consistency of the ALM system. The department is also in charge of managing the balance sheet, regulatory liquidity ratios and leverage ratio *(see Section 3.8.2.6 and the following sections);*
- **the Treasury Department and the joint refinancing pool** *(see Section 3.8.2.1),* 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 funding 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.

3.8.2 MANAGEMENT OF LIQUIDITY AND FUNDING RISK

3.8.2.1 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 Banque Populaire 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 regulatory requirements;
- 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.

3.8.2.2 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. In accordance with regulations, in 2015 Natixis established governance, an overall limit and an alert threshold applied specifically to the coverage ratio, as recommended by the ALM Committee and monitored monthly. Furthermore, in compliance with regulations and within the framework of the bank's risk appetite, in 2015 Natixis 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;
- 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 3.8.2.4);*
- market depth tests conducted by the Joint Refinancing Pool: these liquidity tests aim to explore the limits established by our counterparties on our issues.

3.8.2.3 Business continuity plan under liquidity stress

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 3.8.2.1)*, 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.

3.8.2.4 Funding principles and structure

(Data certified by the Statutory Auditors in accordance with IFRS 7)

Funding strategy

As indicated in section 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 pre-defined 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).

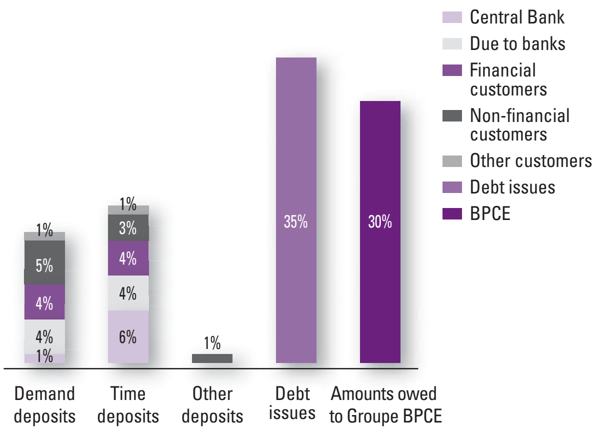
Over the course of the year, in line with Group policy, Natixis continued to diversify its funding sources as in 2015. Efforts were focused on developing customer deposits in terms of current accounts and structured issues placed with investors.

The strategy to collect and diversify customer funds that began four years ago continued into 2016, mainly through the Liquidity Line of the Corporate & Investment Banking division, focused on customer inflows. The funds collected by this business line continued to grow compared to last year, with increased diversification (particularly through the product offer of the "Natixis Deposit" fund) and the improved efficiency of these resources from a "regulatory liquidity" standpoint.

Finally, the weight of net 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.

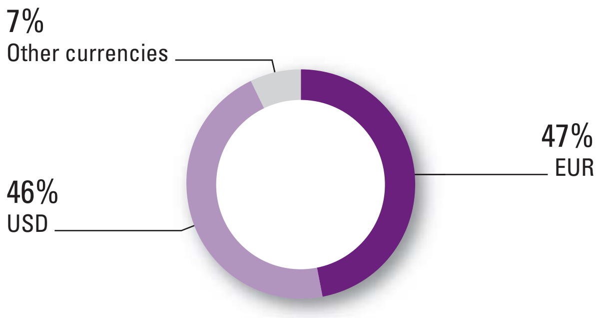
The following charts are established on the basis of management data.

GROSS WEIGHT OF ON-BALANCE SHEET FUNDING SOURCES, BY MAJOR CATEGORY OF VEHICLE AND/OR BY CUSTOMER SEGMENT AT END-2016

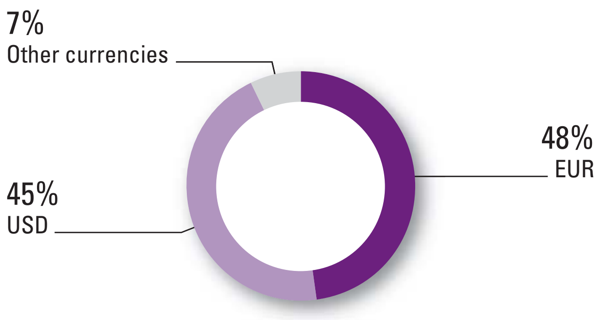


The funding structure was stable overall at December 31, 2016, in terms of gross resources, with a slight increase in the percentage represented by foreign currency. This was due to the rise in USD-denominated structured issues carried out for diversification purposes, and due to the currency effect.

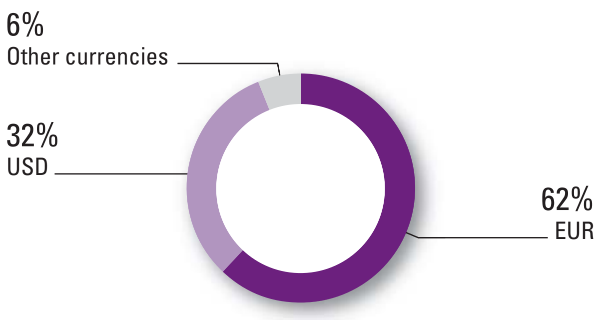
12.31.2016: BREAKDOWN OF GROSS FUNDING STRUCTURE BY CURRENCY, AT CURRENT USD EXCHANGE RATES



12.31.2016: BREAKDOWN OF GROSS FUNDING STRUCTURE BY CURRENCY, AT CONSTANT USD EXCHANGE RATES

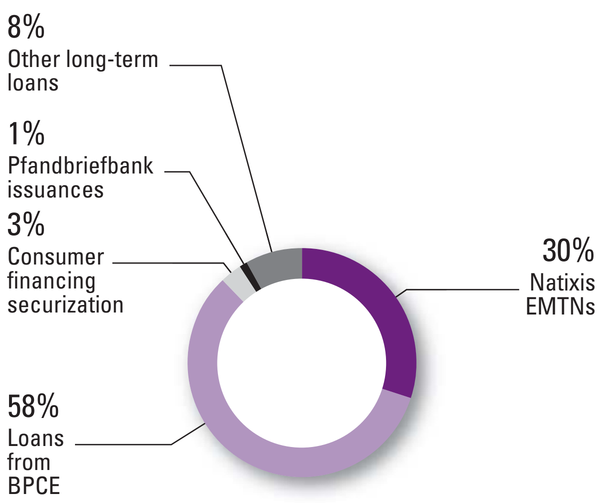


12.31.2015: BREAKDOWN OF GROSS FUNDING STRUCTURE BY CURRENCY, AT CURRENT USD EXCHANGE RATES

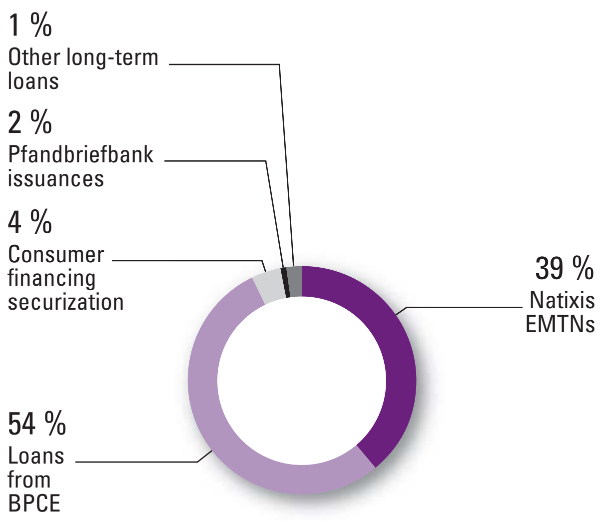


Under its annual medium-term funding program, in 2016 Natixis raised €18.6 billion in resources with a term of more than one year (versus €14.2 billion in 2015) and an average lifespan of approximately three years. 30% of this program was achieved via structured private placements, with the remainder predominantly provided by BPCE as part of the Group's medium-term funding policy approved by the Group ALM Committee.

2016 NET MLT FUNDING PROGRAM



2015 NET MLT FUNDING PROGRAM



Bank funding

Short-term funding

Election results in 2016 called the worldwide shift to economic globalization into question. The United Kingdom's likely exit from the European Union, combined with the election of a new administration in the United States have heightened uncertainties.

In Europe, the European Central Bank warded off looming deflation by slightly lowering its key interest rates in March (cutting the key rate to 0% and the deposit facility rate to -0.40%). It also expanded its bond buying (quantitative easing) program by increasing monthly purchases from €60 billion to €80 billion from March 2016 to March 2017, and extending the facility to at least the end of 2017.

These developments were accompanied by a new bank debt refinancing facility (TLTRO II), which offers preferential terms to banks that increase their outstanding loans in the non-financial sector. These decisions contributed to a slight decrease in euro zone yields, which nevertheless was large enough to take the short end of curve into negative territory. In this unfavorable environment, Natixis' NEU CP[1] issuance outstandings fell by just under €3 billion. However, investors still largely preferred long investment periods for this type of instrument, focusing their purchases on the one-year maturity range.

In the United States, the Fed, having long considered that external risks and a fragile financial environment justify stable interest rates, finally raised its key interest rates by 25 bp in December. Meanwhile, the short-dated debt market in the United States was rattled by the enactment of the money market reform, triggering a massive shift of assets from prime funds to funds invested in government bonds (for over $1 trillion). However, the emergence of a new type of investor (previously more accustomed to debt with longer maturities, now drawn by the higher yields offered by the money market segment) softened the impact of this reform, thereby boosting outstandings in our US programs in 2016.

NATIXIS' SHORT-TERM ISSUANCE PROGRAM OUTSTANDINGS

(in millions of euros or euro equivalents)	Certificates of Deposit	Commercial Paper
Program amount	45,000*	26,230
Outstandings at 12.31.2016	26,352**	13,282

* *NEU CP program only.*

** *Outstandings of the NEU CP and US CD programs.*

(1) *NEU CP: "Negotiable European Commercial Paper," the new commercial name for CDNs used on the market place (reform enacted by decree on May 30, 2016, subsequent to the opinion of the European Central Bank issued on March 30, 2016).*

Long-term funding

The beginning of 2016 saw marked volatility on the financial markets on the back of disappointing macroeconomic data from China, which cast doubt over the strength of its economic growth and global growth potential on the whole. The movement in favor of safe-haven assets caused long rates on US government bonds – as well as those of certain euro zone countries (Germany in particular) – to decline in the first two months of the year.

As inflation forecasts were pared down on both sides of the Atlantic after commodity prices plunged, in March the European Central Bank decided to take action by lowering the deposit facility rate by 10 bp to -0.40%, and by raising the amount of its asset purchase (quantitative easing) program from €60 billion to €80 billion. Long rates continued to decline in the first half of the year. The yield on the German 10-year Bund, which stood at 0.63% at the start of the year, hit a low of -0.18% in early July. US government bonds fell 89 bp to 1.36% over the same period.

In the second half of the year, encouraging macroeconomic data out of the US (GDP, improved household consumption) pushed up US long rates. In November rates were further boosted with the election of Donald Trump whose program to revive economic activity in the US includes, among other things, a 10-year $1 trillion infrastructure investment plan. In Europe, long rates followed suit, albeit to a lesser extent. The US 10-year ended the year at +2.44%, and yield on the German 10-year Bund at 0.20%.

In the credit market in Europe, bank spreads on unsecured senior debt widened at the start of the year, but tightened overall in 2016 following the European Central Bank's quantitative easing asset purchase program and the implementation of TLTRO II.

In France, systemically important banks (BNP, BPCE, Crédit Agricole, Société Générale) were able to issue senior non-preferred bonds – a new type of debt security passed into French law in December 2016. The bonds that banks choose to issue under this new type of debt security will be eligible for application of the new TLAC ratio. In the hierarchy of creditors, holders of these instruments will be ranked "senior" to subordinated debt, but "junior" to "senior preferred debt".

Against these market conditions, Natixis raised a gross total of €22.8 billion under its medium- and long-term funding program (versus €14.5 billion in 2015). As the only long-term issuer in the public issues segment, BPCE provided Natixis with financing for a total euro-equivalent amount of €10.7 billion.

3

NATIXIS' MEDIUM- AND LONG-TERM DEBT ISSUANCE PROGRAM

(in millions of euros or euro equivalents)	EMTN	NEU MTN[a]	USMTN	Bond issues
Issues at 12.31.2016	6,353	0	66	3,407
Outstandings at 12.31.2016	12,289	575	272	7,714

(a) NEU MTN: "Negotiable European Medium Term Note", the new commercial name of BMTNs used on the marketplace (reform enacted by decree on May 30, 2016 subsequent to the opinion of the European Central Bank issued on March 30, 2016).

3.8.2.5 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; the minimum requirement, which was initially set at 60%, was 70% on December 31, 2016 and will rise to 80% on January 1, 2017, ultimately reaching 100% on 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 12.31.2016

	12.31.2016	
	Non risk-weighted value*	Risk-weighted value*
Liquid assets	**51,429**	**46,119**
Cash and central bank deposits (Level 1)	25,099	25,099
Sovereign securities and equivalents (Level 1)	10,166	10,166
Other liquid assets (in accordance with the CRR)	16,164	10,854
Cash outflows	**(267,554)**	**(101,723)**
Non-financial customer deposits	(27,901)	(9,913)
Financial customer deposits	(33,346)	(33,346)
Debt issued	(16,274)	(16,274)
Transactions collateralized by securities	(91,420)	(11,759)
Credit and liquidity facilities	(46,111)	(8,721)
Other cash outflows	(52,502)	(21,710)
Cash inflows	**125,550**	**59,085**
Transactions collateralized by securities	68,456	6,415
Loans	35,825	33,279
Other cash inflows	21,269	19,391
TOTAL NET CASH OUTFLOWS		**(42,638)**
Liquidity Coverage Ratio (%)		**108%**

* *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 108% at December 31, 2016, with total liquid assets of €46.1 billion according to the eligibility rules of the Delegated Act, i.e. surplus liquidity of €3.5 billion. The liquid asset buffer consists predominantly of central bank deposits (€25.1 billion) and sovereign securities (€10.2 billion). In the denominator, cash outflows (€101.7 billion) are primarily generated by the run-off of deposits (€43.3 billion), repurchase agreements maturing within 30 days (€11.8 billion) and other cash outflows (€21.7 billion). Other cash outflows mainly include outflows related to market-stressed collateral requirements and outflows subsequent to a 3-notch downgrade in Natixis' credit rating by the rating agencies. Nearly half of the cash inflows recorded (€59.1 billion) were due to loans (including BPCE or financial customers) reaching maturity (€33.3 billion) and to repurchase agreements maturing within 30 days (€6.4 billion).

3.8.2.6 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 have been under discretionary management 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 portfolio under discretionary management 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 3.8.2.5*), 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 BPCE Group Finance Division. Natixis' LCR hedging is organized in close cooperation with BPCE and is managed by the Joint Refinancing Pool, acting with the authorization of the Financial Management Department on the basis of its forecasts. Within this framework, the strategy for the Natixis scope aims to hedge the LCR above 100% with a safety buffer of €3 billion to €5 billion in order to deal with any last-minute contingencies, through BPCE adjustments. The structural over-hedge of the Group's LCR, i.e. around 15% to 20% above the 100% threshold for a 70% regulatory limit at end-2016, 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, in 2015 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 3.8.1);*
- 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 achieved its target leverage ratio, which is higher than the regulatory requirement that will enter into force in 2018. Accordingly, after restatement of exposure to Groupe BPCE affiliates(1), Natixis maintained its leverage ratio above 4% in 2016. As in 2015, 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.

(1) As part of leverage ratio oversight, and for the purposes of financial communication, transactions with affiliates (i.e. BPCE and its subsidiaries, the Banques Populaires banks and Caisses d'Epargnes) are excluded from the leverage exposure measurement, in accordance with Article 429(7) of the Delegated Act. This treatment is contingent upon prior authorization from the ECB, which is currently in progress as per the conditions set out in Article 113(6).

COMPARISON OF ACCOUNTING EXPOSURES AND LEVERAGE EXPOSURES

	(in millions of euros)	12.31.2016
1	Total consolidated assets reported in the financial statements	442,725
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	
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	(38,832)
5	Adjustment for securities financing transactions (SFT)	(20,183)
6	Adjustment for off-balance sheet items (i.e. conversion of off-balance sheet exposures to credit equivalent amounts)	37,038
7	Other adjustments	(19,129)
8	**LEVERAGE RATIO EXPOSURE**	**401,619**
*	**o/w exposure related to affiliates**	**50,540**

3.8.3 STRUCTURAL FOREIGN EXCHANGE RISK

3.8.3.1 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.

3.8.3.2 Monitoring system

The CET 1 ratio's sensitivity to exchange rate fluctuations is regularly assessed by the ALM Committee. The Committee sets an acceptable variation range on the dollar for this sensitivity and a monitoring report is presented during its meetings.

The following table shows the impact that a 10% depreciation or appreciation in the main foreign currencies would have on the CET 1 ratio at December 31, 2016.

IMPACT ON CET1 RATIO (IN BASIS POINTS)

Currency	Impact on the CET1 ratio of 10% depreciation	Impact on the CET1 ratio of 10% appreciation
USD	1.19	(1.40)
GBP	1.16	(1.41)
BRL	(0.56)	0.69
CNY	(0.32)	0.40
DZD	(0.63)	0.77
HKD	(0.73)	0.89
RUB	(0.43)	0.53
SGD	(1.34)	1.64

3.8.4 OVERALL INTEREST RATE RISK

3.8.4.1 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.

3.8.4.2 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 balance sheet management operations and credit subsidiaries.

3

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.

3.8.4.3 Quantitative disclosures

The sensitivity of the major Natixis entities to a variation in interest rates represented a total of €87 million (for an immediate parallel shift of +1% in the yield curve) at December 31, 2016. 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 +100 BP VARIATION IN INTEREST RATES, BY MATURITY AT DECEMBER 31, 2016

(in millions of euros)	< 1 year	1-5 years	> 5 years	Total sensitivity
EUR	(11.2)	69.5	(59.9)	(1.6)
USD	27.4	(6.2)	(67.8)	89.0
Other	0.8	(2.8)	1.4	(0.7)

Interest rate gap indicators factor in all asset and liability positions and variable-rate positions until the next interest reset date: they compare the amount of liability exposures to the amount of asset exposures using the same interest rate index and over different maturities.

The maturity schedule is determined statically. The interest rate gap indicator is calculated quarterly.

INTEREST RATE GAP BY MATURITY AT DECEMBER 31, 2016

(in millions of euros)

Maturity	1 year	3 years	5 years	7 years
Interest rate gap (fixed-rate)	706	972	(2,164)	(669)

Finally, Natixis analyzes the sensitivity of net interest income (ΔNII) to changes in market interest rates using NII stress tests. At December 31, 2016, 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)

(In millions of euros)	ΔEVE		ΔNII
Period from 12.31.2015 to 12.31.2016	**2016**	**2015**	**12.31.2016**
Parallel upward shift (+200 bp)	127	214	137.5
Parallel downward shift (-200 bp)	(205)	(271)	(56.7)

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 €205 million in the portfolio's economic value at December 31, 2016. 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.

3.8.5 OTHER INFORMATION

3.8.5.1 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.

ENCUMBERED AND UNENCUMBERED ASSETS AT 12.31.2016 (IN MILLIONS OF EUROS)

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	**75,936**		**346,235**	
Equity instruments	23,470	23,470	8,710	8,710
Debt securities	23,488	23,488	8,152	8,152
Other assets	27,758		348,016	

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	**119,002**	**72,135**
Equity instruments	25,889	34,457
Debt securities	93,113	35,966
Other guarantees		4,804
Debt securities issued besides own secured bonds or own asset-backed securities		1,611

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	182,702	193,490

Template D – Information on the extent of asset encumbrance

At December 31, 2016, Natixis’ encumbered assets amounted to €75,936 million, of which:

- €48,204 million in encumbered securities for corporate actions and issues of securities;
- €4,692 million in encumbered receivables in mechanisms other than secured bonds;
- €745 million in receivables securing secured bond issues;
- €22,296 million in encumbered assets in respect of margin calls on derivatives.

3.8.5.2 Breakdown of financial liabilities by contractual maturity

BREAKDOWN OF FINANCIAL LIABILITIES BY CONTRACTUAL MATURITY

(in billions of euros)	12.31.2016									
Liabilities	**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.

(in billions of euros)	12.31.2015									
Liabilities	**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	93	-	30	14	3	6	4	5	9	24
o/w repurchased securities	*48*	-	*30*	*11*	*2*	*2*	*2*	*1*	-	-
o/w secured liabilities	*4*	-	-	-	-	*1*	-	*1*	-	-
o/w senior debt	-	-	-	-	-	-	-	-	-	-
o/w unsecured liabilities	*15*	-	-	*1*	*1*	*2*	*1*	*2*	*8*	-
o/w senior debt	-	-	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-	-	-	-
Trading derivatives	70	-	-	-	-	-	-	-	-	70
Hedging derivatives	2	-	-	-	-	-	-	-	-	2
Due to banks	115	14	16	29	22	6	10	16	2	-
o/w repurchased securities	*14*	*5*	*3*	*6*	-	-	-	-	-	-
Customer deposits	64	29	20	6	2	2	-	-	2	2
Debt securities	41	-	4	17	4	9	4	-	3	-
o/w secured liabilities	-	-	-	-	-	-	-	-	-	-
Covered bonds	*1*	-	-	-	-	-	-	-	-	-
Insurance companies' technical reserves	-	-	-	-	-	-	-	-	-	-
Revaluation adjustments on portfolios hedged against interest rate risk	-	-	-	-	-	-	-	-	-	-
Subordinated debt	6	-	-	-	-	1	-	-	4	-
TOTAL	**392**	**43**	**70**	**67**	**31**	**24**	**18**	**21**	**20**	**98**

The information contained in the above table excludes insurance activities.

3.8.5.3 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 3.1 billion in EUR equivalent at December 31, 2016, versus 3.5 billion at December 31, 2015.

3.9 Compliance and reputational risk, legal risks

3.9.1 COMPLIANCE AND REPUTATIONAL RISK

3.9.1.1 Organization of Compliance at Natixis

Functional structure

The Compliance Department is in charge of establishing best practices to prevent and manage the risk of non-compliance with banking and financial regulations. It also oversees IT Systems Security and business continuity. Reporting to the Corporate Secretary, the Compliance Department functions independently of the operational departments. It acts in accordance with the rules set out by Groupe BPCE. Its scope of action encompasses all the business lines and support functions of Natixis, the subsidiaries and branches in France and abroad.

The operating rules of the Compliance and Permanent Control function are set out in a charter approved by Natixis' Senior Management Committee. For the business lines operating within the parent company, the Heads of Compliance report hierarchically to Natixis' Chief Compliance Officer. There is a "direct" reporting line between the subsidiary and branch compliance heads and Natixis' Chief Compliance Officer. Through this line, Natixis' Chief Compliance Officer issues prior approval for the assignment, appointment or removal of subsidiaries' compliance heads, participates in annual performance and career advancement reviews, approves annual work plans and fulfills reporting and alert requirements vis-à-vis Natixis' Compliance Department.

Responsibilities

The function advises and assists all employees on how to prevent compliance risks when performing their duties, and participates in establishing new standards, policies and procedures. To ensure the proper oversight of new activities, structures and new or modified products, the function issues formal notices to help secure Natixis' activities.

The function carries out second-level controls to ensure the compliance of transactions with banking and financing regulations, and ensures that anomalies detected by the relevant business lines are remedied. Training and awareness-raising initiatives are regularly conducted so that employees can demonstrate adequate levels of knowledge and vigilance.

Lastly, it reports to the members of the Senior Management Committee and the Board of Directors (Risk Committee) on the main risks detected and on the implementation and effectiveness of the means to address these risks.

Tools

The function is equipped with a set of tools to cover all the areas under its responsibility, including:

- behavioral analysis tools, used in conjunction with KYC tools, to detect money laundering and internal fraud, verify compliance with embargoes and prevent terrorist financing;
- tools to monitor sensitive transactions, keep lists of insiders and manage conflicts of interest.

3.9.1.2 Employees and professional ethics

Conflicts of interest

The prevention of conflicts of interest is ensured through:

- employee compliance with professional obligations;
- the set-up and monitoring of information barriers;
- the use of risk maps to identify situations posing a risk of conflict of interest;
- the verification of compensation policies;
- the keeping of a conflict of interest catalog; and
- compliance with Natixis' employee Code of Conduct, which covers gifts and invitations received or offered, personal transactions, the performance of duties outside of Natixis and offices and investments held in a personal capacity.

Conflicts of interest are 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 arising at various levels;
- close monitoring by Compliance with the help of ODEON, a transactional conflict detection tool;
- an escalation process for mediating unresolved conflicts of interest if needed; and
- a conflict of interest management commission tasked with mediating unresolved conflicts of interest if needed.

Whenever the risk of compromising a customer's interests becomes unavoidable in spite of the internal procedures in place, Natixis informs the customer of the nature of the conflict of interest before taking action on the customer's behalf, allowing the customer to make an informed decision on whether to proceed with the transaction.

Circulation of information

Information barriers are put in place and reviewed each time the organizational structure changes in order to prevent the unwarranted circulation of confidential information. These barriers function as partitions between business lines and departments, setting limits to the circulation of information on a need-to-know basis. As such, information is transmitted only in the customer's interest and only to employees who absolutely require the information to carry out their duties. These barriers may be organizational, physical or electronic and may be permanent or temporary. Natixis has set up a permanent 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 ODEON allows Compliance to rapidly identify issuers to be placed on the watchlist or on the prohibition list, as well as employees to be placed on the insider list.

Common provisions

The provisions concerning conflicts of interest and the circulation of information are enforced through formalized procedures, regular training and follow-up controls using a risk-based approach.

Whistleblowing policy

Since 2005, Natixis has implemented a procedure that allows employees to report any action or professional activity that they suspect as improper or incompatible with banking provisions.

The whistleblowing policy provides for an internal procedure that makes it possible to report anomalies with respect to the implementation of banking compliance obligations. The procedure is optional. There is no penalty imposed on employees who do not use this procedure. Employees who do use the procedure are entitled to strict confidentiality, and they may not be penalized or subject to unequal treatment as a result of their report. This procedure is not intended to replace conventional reporting methods at Natixis, such as the escalation of anomalies to the higher levels of the organization. Alerts raised using this procedure are addressed to the compliance head and/or Chief Compliance Officer.

3.9.1.3 Customer protection

Defending the primacy of customer interests is a defining principle 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.

Handling of customer complaints

Natixis has established a system that ensures that:

- customers receive transparent information on how their complaints are being handled;
- complaints are handled effectively;
- corrective action is enforced to remedy any problems identified.

Know Your Customer (KYC) and customer information

In addition, Natixis has established a policy governing new client relationships. The procedures are in line with the various regulatory requirements governing money laundering, terrorist financing and international embargoes for the entities in question.

In 2016, Natixis implemented the Automatic Exchange of Tax Information regulation across all its French and international operations concerned and located in countries that have 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.

Prevention of corruption

The prevention of corruption is handled by an overall system of financial security. Natixis is a signatory to the United Nations Global Compact and upholds its principles.

Processes and procedures are implemented to prevent, manage and supervise:

- conflicts of interest;
- fraud and money laundering;
- political contributions and contributions to public officials;
- donations, patronage and sponsorship; and
- gifts and benefits.

All employees are called upon to exercise vigilance against pressure and solicitation and in situations such as those involving abnormally high or overcharged commissions and informal and private interactions with public companies.

On the international level, Natixis ensures strict compliance with local regulations such as the UK Bribery Act and the Foreign Corrupt Practices Act.

3.9.1.4 Financial security

The purpose of the Financial Security section, which is part of the Compliance Department, is to organize anti-money laundering and counter-terrorist financing (AML – CTF) measures and to ensure compliance with embargoes and anti-fraud measures, both for Natixis and its subsidiaries.

In addition to this standing supervisory task, it may directly spearhead special efforts on behalf of certain business lines.

Anti-money laundering and terrorist financing

To combat money laundering, Natixis has introduced:

- due diligence and KYC obligations on customer onboarding and throughout the customer relationship;
- a procedure for reporting "suspicious" transactions to the relevant financial intelligence unit; and
- regular employee training and information to ensure compliance with these obligations.

Regarding terrorist financing, funds, financial assets or economic resources identified as likely to benefit persons or entities linked to terrorist-related activities are automatically frozen. Natixis must meet two obligations:

- continuously checking that customers do not appear on the official lists of persons or entities suspected of participating in terrorist financing; and
- promptly introducing permanent control procedures to detect and freeze funds belonging to persons or entities appearing on these lists.

Anti-fraud measures

Natixis is fully committed to guaranteeing a secure environment for customers, partners and employees. Natixis' anti-fraud culture is also continuously reinforced and deployed through regular awareness-building campaigns for employees and customers and specific controls of activities that are especially at risk.

Anti-fraud measures are steered by the Financial Security Department's Anti-Fraud Coordination Unit in collaboration with the relevant business lines. This unit is also in charge of drafting and implementing standards and principles for fraud risk management and of coordinating the anti-fraud officers' network across the subsidiaries and branches of Natixis in France and abroad.

More specifically, the risk associated with Capital markets activities is subject to close monitoring and specific first-level and second-level controls, with the help of the SAFIR Compliance tool. Social engineering-type payment fraud is subject to constant vigilance and specific prevention measures, as this continuously evolving fraud is particularly widespread. Concerning the risk of information leakage, a specific control, investigation and resolution mechanism is in place, employing the expertise of fraud and IS security experts as well as the legal and HR functions as necessary.

3.9.1.5 IT Systems Security and Business Continuity

The ITSS-BC Department coordinates its activities according to risks incurred. It employs a method which identifies, in terms of operational risk, areas of risk for the business lines and their IT assets that may be vulnerable. Based on this cross-verification, a map of IT systems security and business continuity risks is produced and action plans to reduce these risks are defined. The IT Department implements the technical solutions devised to respond to the security and continuity needs expressed by the business lines.

The main issues addressed are business line support (particularly with their digital transformation), the prevention of cyber-threats, the user authorization management framework and the reinforcement of our control plan. The overhaul of user authorization management was initiated in 2012 to review all management processes, tools, the documentation of application profiles, the setting of business line profiles and the reauthorization of user rights and the associated controls.

At end-2016, all business line entities had been reviewed except for several foreign entities. In terms of advice and support to business lines, all projects submitted to the IT Commitment Committee are required to undergo security analysis. At the start of the project, the business lines express their security requirements to the IT Department, which responds by implementing the appropriate technical solutions.

3.9.1.6 Protection of personal data

Natixis is committed to protecting the personal data of customers and employees alike. Accordingly:

- Processes involving the use of personal data are conducted pursuant to the French Data Protection Act and, in most cases, are declared to the Commission Nationale de l'Informatique et des Libertés (CNIL – French Data Protection Authority) in France or to the competent authorities internationally;
- 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 (Legal Department) and local CNIL representatives in every business line.

In 2016, the following actions were taken:

- all processes declared to CNIL were integrated in a shared tool for referencing the use of personal data;
- awareness-building measures were taken to take stock of regulatory changes and to integrate personal data protection in all new projects;
- the organizational standardization process in place to ensure compliance with the General Data Protection Regulation upon its entry into force was initiated.

3.9.2 LEGAL RISK

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, 2016, 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.

3.9.2.1 Legal and arbitration proceedings

Class action lawsuits in the United States relating to Municipal Guaranteed Investment Contract transactions

In March 2008, Natixis and Natixis Funding Corp. were named among the defendants in multiple class-action and individual lawsuits filed by and on behalf of certain state, county and municipal bond issuers in the US federal courts in New York, Washington D.C. and California. The plaintiffs alleged that providers and brokers of municipal derivatives conspired to fix prices, rig bids and allocate customers beginning in 1992. The various lawsuits, as initially filed, named more than 30 other US and European banks and brokers as defendants in all. The lawsuits were grouped in federal court (the United States District Court for the Southern District of New York) under the caption "Municipal Derivatives Antitrust Litigation."

Some plaintiffs sought to certify a class of all state, local and municipal government entities, independent government agencies and private entities that purchased municipal derivatives from the banks and brokers named as defendants beginning in 1992, and sought to recover alleged damages resulting from the alleged anticompetitive activities.

These civil claims arose out of investigations in the industry that were performed beginning in late 2006 by certain government agencies, including the US Internal Revenue Service ("IRS"), the Department of Justice ("DOJ") Anti-Trust division, the US Securities and Exchange Commission ("SEC") and state prosecutors.

Over the course of the litigation, several defendants entered into settlements with the plaintiffs. Although Natixis denied and continues to deny the allegations of wrongdoing and any liability in these proceedings, Natixis Funding Corp., together with other remaining class action defendants, reached a final settlement in early 2016. The class, under the terms of this settlement, includes all state, local and municipal government entities, independent government agencies and private entities that purchased, by negotiation, competitive bidding or auction, municipal derivatives from Natixis Funding Corp. or any other provider defendant or alleged co-conspirator, or municipal derivative transactions brokered by any broker or alleged co-conspirator, in the US or its territories. Natixis Funding Corp. paid $28,452,500 in respect of the class action and $1,497,000 to a group of 22 state Attorneys General.

The settlement is applicable to Natixis and its affiliates and encompasses all claims that were or could have been included in the nationwide consolidated class action or submitted by the group of Attorneys General, and is binding on all class members except for certain individual claimants who chose to exclude themselves from the class. The class action settlement received court approval in July 2016, bringing an end to the legal proceedings.

Furthermore, by the end of 2016 Natixis had negotiated agreements with each of the individual claimants outside the class, none of which involved a material amount.

Madoff fraud

Outstanding Madoff assets, net of insurance, were estimated at €479.9 million at December 31, 2016, 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 (primarily legal) measures taken by the bank. 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. 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 the insurers is ongoing. In January and February 2017, both of the first-line insurers submitted an appeal to the Court of Cassation.

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 recent ruling (November 2016) by the bankruptcy court dismissed a number of restitution claims initiated by the trustee on the grounds of extraterritoriality. The case is still in progress.

Furthermore, the liquidators of Fairfield Sentry Limited and Fairfield Sigma Limited have initiated a large number of 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 and established a procedural timetable until May 2017 for the defendants to respond.

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 was 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. The timetable for court proceedings is still unknown.

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.

SEEM

In January 2013, Natixis received a compulsory third-party joinder at the request of SEEM. This company seeks a joint sanction against Natixis, asking that Cube Energy SCA and its general partner Natixis Environnement & Infrastructures Luxembourg S.A. (NEIL – a Natixis subsidiary at the time) be ordered to pay approximately €30 million, alleging that Cube Energy SCA, via its general partner NEIL, acted in breach of its duty of loyalty to its partner SEEM.

The Commercial Court of Paris acquitted Natixis in its ruling handed down on November 8, 2016. Some plaintiffs launched an appeal against this ruling in February 2017.

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 €103 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.

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 still in progress.

Securitization in the United States

Since 2012, 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 of them has been dismissed as time-barred. Some claims related to the second proceedings have already been dismissed for exceeding deadlines. Furthermore, Natixis has appealed the decision for not dismissing the entirety of the claims.

Three further claims have been brought against Natixis, purportedly on behalf of certificate holders. Natixis considers the claims brought against it to be unfounded for multiple reasons, not least because the statute of limitation has expired and the claimants do not have the legal standing to file the suit, and intends to defend itself vigorously.

Another lawsuit has been 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, which examined the case upon notification of the complaint in August 2016, also considers these claims to be unfounded and intends to defend itself vigorously.

EDA – SELCODIS

On June 18, 2013, through two separate complaints, Selcodis and EDA brought proceedings before the Commercial Court of Paris against Compagnie Européenne de Garanties et Cautions for the sudden termination of commercial relations following the refusal by the latter to grant EDA a guarantee.

Through two new complaints filed on November 20, 2013, Selcodis and EDA also brought claims before the Commercial Court of Paris against Natixis, BRED and CEGC for unlawful agreements, alleging that such actions led to the refusal by CEGC to grant a guarantee to EDA and to the termination of various loans by BRED.

Selcodis is asking for compensation for the losses purportedly suffered as a result of the court-ordered liquidation of its 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

An inspection by the AMF (French Financial Markets Authority) took place in February 2015 on Natixis Asset Management's compliance with its professional obligations, particularly the management of its formula funds. In July 2016, the AMF issued a statement of objections to Natixis Asset Management for non-compliance with its professional obligations, alleging the unwarranted and unjustified charging of redemption fees to unitholders, exceeding the maximum rate for management fees in relation to these redemption fees and structuring margins, and inaccurate and misleading reporting of these management fees in annual reports. Natixis Asset Management denies these allegations and submitted its observations to the AMF on November 14, 2016. The case is ongoing.

Société Wallonne du Logement

On May 17, 2013, Société Wallonne du Logement (SWL) filed a complaint against Natixis before the Charleroi Commercial Court (Belgium), contesting the legality of a swap agreement entered into between SWL and Natixis in March 2006 and requesting that it be annulled.

All of SWL's claims were dismissed in a ruling by the Charleroi Commercial Court on November 28, 2014. 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.

3.9.2.2 Situation of dependency

Natixis is not dependent on any patent or licence, or on any industrial, commercial or financial supply contract.

3.10 Other risks

3.10.1 RISKS RELATED TO INSURANCE ACTIVITIES

(These data form an integral part of the financial statements certified by the Statutory Auditors)

Natixis Assurances

Natixis Assurances is the Insurance division of Natixis and is structured into two businesses:

- the personal insurance business, focused on developing portfolios for life insurance, investment and retirement savings, and personal protection 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 Assurances is exposed are financial. The company is also exposed to underwriting risks (life and non-life), as well as counterparty risk.

Market risk

Market risk is in large part borne by the subsidiary BPCE Vie via the financial assets underpinning its principal and guaranteed returns commitments (euro-denominated policies, €45.5 billion on the main fund balance sheet). The company is exposed to asset impairment risk (fall in the equity or real estate market, wider spreads, interest rate hikes) as well as the risk of lower interest rates which would generate insufficient capital to meet its guaranteed rate. To deal with this risk, BPCE Vie has only sold policies without a minimum guaranteed return in recent years: more than 90% of the policies have a zero minimum guaranteed return. The minimum guaranteed return averages 0.16%.

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, 2016, 61% 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 non-life 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 the risk of loss generated by the portfolio of insurance policies. 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. 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 large 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 (Debtor Risk Assessment) and business sector, by acceptance rate on the DRA scale, or by product line (deposit, single risks). In order to monitor exposures and portfolios, the Group established a more extensive risk oversight system, covering 38 sectors and 5 levels of country risk (a total of 150 risk levels). Accordingly, delinquent payments are analyzed weekly by the Senior Management Committee and monthly by Coface's Underwriting Committee. Loss ratios for the different underwriting regions are also monitored at the consolidated Coface level;
- event risk represents the risk of abnormally high losses recorded for the same debtor or group of debtors, or of an accumulation of losses for the same country. 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:

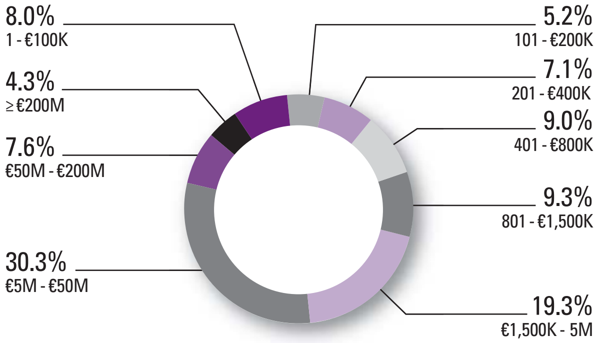
- the centralization of claims reserves exceeding a certain amount per debtor (currently €0.5 million for all of Coface's underwriting centers), which are then analyzed ex-post to improve the performance of the Information, Underwriting and Recovery activity;
- monitoring at the risk underwriting level, 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.

Level 2 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, 2016:



Financial Risk

Coface has implemented an investment policy that incorporates the management of financial risk through the definition of its strategic allocation, regulations governing insurance companies and constraints related to the management of its liabilities. Management of financial risks is thus based on a rigorous system of standards and controls which is regularly reviewed:

- interest rate risk and credit risk: The majority of Coface's allocations are in fixed-income products, ensuring stable and recurring revenues. The overall modified duration[(2)] of the bond portfolio is deliberately capped at 4 and stood at 3.6 at December 31, 2016. Coface still has no exposure to Portuguese and Greek sovereign debt. Coface has limited exposure to Italian, Spanish and Irish sovereign debt as part of a defined risk budget;
- 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 2016, Coface systematically set up hedges against the EUR in the portfolio combining its European entities, to protect investments in bonds denominated in USD, GBP, CAD and AUD;
- 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, 2016, listed equities represented 4.3% of the investment portfolio and were subject to partial, discretionary hedging through the purchase of put options on indices, to mitigate any external shocks;

(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) Modified duration measures a bond's loss in value in the event of an interest rate hike. For example, bonds with a modified duration of 3 will see a 3% reduction in their market value if interest rates increase by 1%.

- 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 [1] equivalent to at least BBB-;
- liquidity risk: nearly 52% of the bond portfolio was due to mature in less than three years at December 31, 2016. 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 2016 underwriting risk was managed effectively, reflected by a level of claims 25% below earned premiums. The new risks incurred on the balance sheet, particularly risks on refinanced mortgage loans, have a good risk profile.

The French regulator's plan to tighten prudential requirements on mortgage loan guarantees led CEGC to underwrite a new reinsurance program. The close to €1 billion capacity acquired under the program covers the risk of loss in the event of an economic recession that would exceed CEGC's financial resources within a limit of 2% of outstanding guaranteed mortgage loans.

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 €1.60 billion at December 31, 2016 (up 11.8% compared to the end of 2015). This increase was in line with fiscal year 2015, driven mainly by mortgage guarantees for retail customers.

CEGC'S OUTSTANDINGS (IN MILLIONS OF EUROS)

CEGC's activities	December 2016	Change (December 2016 versus December 2015)
Individual customers	1,426	11.4%
Single-family home builders	17	21.4%
Property administrators – Realtors	9	28.6%
Businesses	21	23.5%
Real estate developers	18	38.5%
Professional customers	65	10.2%
Social economy – Social housing	34	21.4%
Run-off activities	8	(27.3%)
TOTAL	**1,598**	**11.8%**

(1) (3) Second lowest rating of the three available ratings from the three international rating agencies. If one of the ratings is only provided for two of the agencies, the lowest rating will be considered. If a rating is only available for one of the agencies, this rating will be considered.

Market risk

CEGC held an investment portfolio of about €1.70 billion on its balance sheet at December 31, 2016, up 15.23% since the end of 2015. Market risk from the investment portfolio is limited by the Company's investment choices. Its risk limits are set forth in the portfolio management mandate established with Natixis Asset Management. By collecting surety insurance premiums at the time of commitment, CEGC does not require funding. Nor does CEGC carry transformation risk: the investment portfolio is entirely backed by equity and technical reserves.

	12.31.2016			12.31.2015		
(in millions of euros)	Gross balance sheet value of the provision	% breakdown	Market value	Gross balance sheet value of the provision	% breakdown	Market value
Equities	130	7.7%	155	131	8.9%	154
Bonds	1,244	73.5%	1,387	1,081	73.6%	1,183
Diversified	111	6.6%	115	110	7.5%	117
Cash	119	7.0%	119	54	3.7%	54
Real estate	70	4.2%	99	71	4.8%	93
Private Equity investment funds	18	1.0%	22	20	1.4%	23
Other	1	0.1%	1	1	0.1%	1
TOTAL	**1,693**	**100%**	**1,899**	**1,470**	**100%**	**1,626**

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 recession leading to a loss of up to 2% of outstanding guaranteed loans.

In the Corporate segments, the program is used to protect CEGC's capital by 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 director.

Reinsurer default risk is governed by counterparty concentration and rating limits. CEGC's reinsurance programs are underwritten by a broad panel of international reinsurers with a minimum rating of A on the S&P scale.

3.10.2 STRATEGY RISKS

Strategy risks consist of:

- 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 and supported by its Strategic Committee, which approves the strategies guiding Natixis' activities and reviews them 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 2016 Natixis registration document. The Internal Rules of the Board of Directors, including the procedure for calling meetings, can be found in Chapter 2, Section 2.3.1, of the registration document.

3.10.3 CLIMATE RISKS

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.

Incorporating climate risks

As a financial institution, Natixis is exposed to climate risk in the running of its operations and business activities.

Climate risks with 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 offices around the world. Maximum impact is estimated as part of the operational risk 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.

Environmental/climate risks linked to our business operations are progressively taken into account insofar as Natixis' clients may themselves be subject to climate risks: these include physical risks (exposure to physical consequences caused directly by climate change) and transition risks (exposure of certain sectors to the adjustments brought about by the transition to a low-carbon economy).

Issues linked to global warming are already incorporated in the lending policies of certain business lines. As such, the risk policy in the commodities sector has restrictions in place for transactions with independent producers operating in the Gulf of Mexico on account of the risk of cyclones hitting this region.

In 2016 Natixis took part in industry initiatives 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 industry initiatives addressing Article 173 of the energy transition for green growth act of August 17, 2015, with a view to drawing up stress test scenarios. These initiatives assessed the sectors most exposed to physical risk and to transition risk.

Low-carbon strategy

Natixis has established a number of measures to limit its own impact on the climate, namely:

- energy-efficient buildings that reduce energy consumption;
- optimization of business travel and its vehicle fleet;
- responsible purchasing policies that incorporate environmental criteria.

All these measures have helped steadily reduce Natixis' carbon footprint, which is measured every year *(see 2016 Natixis registration document, Chapter 6).*

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 has put in place a low-carbon strategy for all its business activities: Corporate & Investment Banking, Investment Solutions & Insurance, Specialized Financial Services.

- **financing of green growth:** Natixis is a market leader in renewable energy and sustainable infrastructure financing, and in green bonds;
- **investment products helping to combat climate change:** Mirova, the investment firm of Natixis Asset Management, and specialized in responsible investment, offers a range of vehicles dedicated to the fight against climate change;
- **management of the climate risks of major projects financed by Natixis:** as a signatory of the Equator Principles, Natixis takes climate change into account when assessing the environmental impact 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;
- **sector and exclusion policies:** Natixis has drawn up specific policies for the following sensitive sectors: energy, mining, offshore oil platforms, nuclear, defense and palm oil. Where necessary, these policies address issues related to the energy transition.

Since 2015 Natixis has also committed itself to no longer finance coal-fired plants or thermal coal mines, nor companies that conduct more than 50% of their business this sector. This decision is the result of considering the credit risks associated with this sector, and of the desire to support the energy transition. The policy was the subject of a detailed report that covered financing, asset management and insurance.

New strategic guidelines

At the end of 2016 work was begun to make CSR a cross-business component of Natixis' next strategic plan. As a result, CSR risks should be factored into the company's lending policies for the most sensitive sectors, and the business lines should adopt a low-carbon requirement that will include governance and adapted resources.

3.10.4 ENVIRONMENTAL AND SOCIAL RISKS

The identification and management of these risks are presented in Chapter 6 of 2016 Natixis registration document.

3.11 At-risk exposures

(These data form an integral part of the financial statements certified by the Statutory Auditors.)

Natixis was exposed to the following risks at December 31, 2016.

EXPOSURE TO MONOLINE INSURERS

In 2016, value adjustments went down by €33 million (excluding the effect of the BPCE guarantee) to €736 million at December 31, 2016, versus €106 million at December 31, 2015.

	Data at 12.31.2016			Data at 12.31.2015		
(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	-	124	7	-
Protection for RMBS	44	7	-	50	8	(1)
Other risks	1,840	342	(73)	2,364	431	(105)
TOTAL	**1,952**	**353**	**(73)**	**2,538**	**446**	**(106)**

(in millions of euros)	12.31.2016	12.31.2015
Pre-value adjustment exposure	353	446
Value adjustments	(73)	(106)
RESIDUAL EXPOSURE	**280**	340
Discount (%)	21%	24%

EUROPEAN RMBS

Net exposure to UK RMBS

(in millions of euros) UK RMBS	Net exposure at 12.31.2015	Change in value in 2016	Other changes	Net exposure at 12.31.2016	AAA	AA	A	BBB	BB	B	CCC	C
Trading book	4	-	36	40	30	7	-	3	-	-	-	-
TOTAL	**4**	**-**	**36**	**40**	**30**	**7**	**-**	**3**	**-**	**-**	**-**	**-**

Net exposure to Spanish RMBS

(in millions of euros) Spanish RMBS	Net exposure at 12.31.2015	Change in value in 2016	Other changes	Net exposure at 12.31.2016
Trading book	13	-	(13)	0
TOTAL	**13**	**0**	**(13)**	**0**

CMBS

(in millions of euros) CMBS	Net exposure as at 12.31.2015	Change in value in 2016	Other changes	Net exposure as at 12.31.2016
Trading book	3	-	(3)	-
Loans and receivables portfolio	0	-	28	28
TOTAL	**3**	**0**	**25**	**28**

Breakdown by rating	% breakdown
NR	100%
TOTAL	**100%**

Breakdown by country	% breakdown
Other	100%
TOTAL	**100%**

EXPOSURES TO COUNTRIES RECEIVING FINANCIAL ASSISTANCE

At December 31, 2016 exposures to sovereign risk in countries receiving financial aid or facing uncertainties (political, currency, etc.) were as follows:

	12.31.2016 [a]				12.31.2015 [a]			
(in millions of euros)	Sovereign securities	Derivatives [b]	Other	Total	Sovereign securities	Derivatives [b]	Other	Total
Spain*	1,088	5	4	1,097	1,076	5	4	1,085
Greece*	2	-	-	2	0	-	-	0
Ireland*	162	-	-	162	172	-	-	172
Portugal*	101	-	-	101	109	-	-	109
Russia	2	2	23	27	14	2	-	16
Venezuela	-	-	70	70	33	(30)	58	61
TOTAL	**1,355**	**7**	**97**	**1,459**	**1,404**	**(23)**	**62**	**1,443**

* *Countries receiving financial aid from the European Union.*

(a) *Excluding corporates.*

(b) *Including credit derivatives.*

At December 31, 2016 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, 2016 [(a)]			Total gross exposure	Provisions [(b)]	Net exposure at December 31, 2016
	Bank	Asset financing and structured transactions [(c)]	Corporate			
Greece*	23	228	63	314	(60)	254
Russia	722	619	712	2,053	(5)	2,048
Venezuela	-	207	28	234	(23)	211
TOTAL	**745**	**1,054**	**802**	**2,601**	**(88)**	**2,513**

** Countries receiving financial aid from the European Union.*

(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 versus €145 million at December 31, 2015.

(in millions of euros)	Gross exposure at December 31, 2015 [(a)]			Total gross exposure	Provisions [(b)]	Net exposure at December 31, 2016
	Bank**	Asset financing and structured transactions [(c)]	Corporate			
Greece*	36	234	22	291	(59)	232
Russia	474	985	683	2,143	(31)	2,112
Venezuela	3	173	12	188	(18)	169
TOTAL	**513**	**1,392**	**717**	**2,621**	**(108)**	**2,513**

** Countries receiving financial aid from the European Union.*

*** Amount adjusted versus December 31, 2015.*

(a) Gross exposure: gross carrying amount on the balance sheet at December 31, 2015.

(b) Individual and collective provisions.

(c) Exposure corresponds mainly to the "shipping finance" sector amounting to €145 million at December 31, 2015.

4

OVERVIEW OF THE FISCAL YEAR

4.1 Management report at December 31, 2016

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, 2014, that were published in the 2015 registration document filed with the AMF on March 10, 2016, are incorporated for reference into this document.

The **presentation of the divisions in 2016** is unchanged relative to December 31, 2015.

Among the divisions, in 2016 Corporate & Investment Banking adopted a new global structure comprising five business lines (Mergers & Acquisitions, Financing, Investment Banking, Capital Markets and Global Transaction Banking), including a cross-business coverage team. Consequently, calculations were performed pro forma in respect of 2015 data.

Review of the divisions' performance

The earnings of the Natixis divisions have been presented in accordance with Basel 3 regulations.

Capital is allocated to Natixis business lines on the basis of 10% of their Basel 3 average risk-weighted assets.

Capital allocation specific to the insurance businesses is based on the Basel 3 accounting treatment for investments in insurance companies, as stated in 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 structure's securities, which is the prudential treatment under the threshold mechanism applied to the holding of capital instruments issued by financial entities.

The **conventions applied 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 normative capital remained at 3%;
- the return on share capital of the entities comprising the divisions is eliminated;
- as of 2016, the cost of Tier two debt subordination, previously assigned to the Corporate Center, is now charged to the divisions pro rata to their regulatory capital;
- the divisions are invoiced for an amount representing the bulk of Natixis' overhead. The Single Resolution Fund (SRF) contribution is covered by the Corporate Center and is not charged back to the divisions.

Deeply subordinated notes (DSNs) are classified as equity instruments, while interest expense on these instruments is not recognized in the income statement.

ROE and ROTE for Natixis and the business lines are calculated as follows:

- the result used to determine **Natixis' ROE** is net income (Group share), from which DSN interest expense is deducted, net of tax effects. The equity used is average annual shareholders' equity (Group share) under IFRS, after distribution of dividends, excluding average hybrid debt, eliminating unrealized or deferred gains and losses recognized in equity;
- the calculation of **business line ROE** is based on:
  - as the numerator, the business line's pre-tax profit, as per the aforementioned rules, to which a normative tax is applied. This traces the business line's average tax conditions and is updated at the start of every fiscal year,
  - as the denominator, regulatory capital, calculated on the basis of 10% of RWA assigned to the division, plus goodwill and intangible fixed assets related to the division. Regarding Investment Solutions, as of 2016 a deferred tax liability related to goodwill is recognized following a change in accounting treatment in 2015.
- **Natixis' ROTE** is determined using, as the numerator, net income (Group share) minus interest paid on DSNs net of tax. The equity used is average annual shareholders' equity (Group share) under IFRS, after distribution of dividends, excluding average hybrid debt, average intangible fixed assets and average goodwill.

In 2016 the allocation of the cross-business functions' expenses to the SFS division was reviewed to more accurately reflect the functions' contribution to the division. Accordingly, the Corporate Center and SFS expenses were calculated on a pro forma basis in respect of 2015

Lastly, the 2014 data presented in the Natixis key figures are prepared pro forma of data published in 2015.

4.1.2 KEY EVENTS FOR THE PERIOD

Natixis pursued its New Frontier strategic plan to become a bank turn into a wholly client-focused bank offering substantial value-added financial solutions. The plan reached a milestone in 2016 with the acquisition of 51% in Peter J. Solomon Company, a New York-based independent consultancy specialized in mergers and acquisitions, capital structure and restructuring. Natixis also disengaged from non-strategic businesses, selling Altus (Financial Investments) in the first quarter.

Moreover, Natixis bolstered its positions on its core businesses and continued their development, with a focus on the BPCE networks and its own clientele.

Within the **Investment Solutions** division, the **Asset Management** business line pursued the growth and management of its multi-boutique model.

Highlights of Natixis Global Asset Management's (NGAM) development in the first half of the year included:

- the sale in early January of NGAM's 50% stake in Capital Growth Management (CGM) in the US;
- the sale in early January of NGAM's entire stake in Snyder in the US;
- the announcement in April of the progressive closing of Aurora in the US, until early 2017.

Highlights in the second half of 2016 included the merger, at the end of October, of AEW Europe and Ciloger (La Banque Postale) to create the third biggest player on the French retail market in real estate asset management, with combined AuM in excess of €25 billion. In June 2016, in the run-up to the merger of AEW Europe and Ciloger, NGAM acquired a 40% stake in AEW Europe previously held by CDC. Since the merger, La Banque Postale holds a 40% stake in AEW Europe's capital, in exchange for the transfer of Ciloger.

NGAM won a number of awards in the second half of 2016, including:

- Investment & Pensions Europe: NGAM was placed 15th out of the 400 main asset management companies in Europe; NGAM was placed 11th out of the 120 main asset management companies for corporate clients in Europe; NGAM was placed 2nd out of the main asset management companies in France;
- Institutional Investor: NGAM was placed 6th out of the 100 main asset management companies in Europe;
- FERI EuroRating Awards (Germany and Switzerland): the Natixis Actions US Growth fund was named the No. 1 fund in the North American equities category;
- Sommet Infrastructures, Aménagement du Territoire et Immobilier (SIATI): Mirova won the award for best green infrastructure renewable energy fund strategy;
- Citywire:

The awards for best investment manager went to:

  - Aziz Hamzaogullari, Loomis Sayles & Cie, in the North American equity category,
  - Carl Auffret, DNCA, in the European equity category,
  - Bruno Crastes, H2O AM, in the global bonds category,
  - Louis Bert and Stéphane Furet, Dorval AM, in the equity France category.

H2O Asset Management won the award for best three-year fund in the "Alternatif Global Macro" category.

Dorval Asset Management won the award for best fund in the equity France category;

- *Mieux Vivre Votre Argent* magazine: the Employee Savings Plan prize was won jointly by Natixis Interépargne/NAM, and the gold prize was won NAM for its Caisse d'Epargne range;
- Financial News Awards 2016: H2O was named Boutique Manager of the year in bond management;
- AGEFI AMtech day Awards: DNCA won the award for best website in 2016 by AGEFI AMtech day in the asset management category;
- Global Capital: Chris Wigley of Mirova was named "Most Impressive Green/SRI Investor" in the green bonds category, and Mirova was named "Most Impressive Green/SRI Investment firm";
- Gestion de Fortune awards: H2O Asset Management was named Best Asset Management Company in 2016, in the asset management company category, and has over €5 billion in AuM;
- World Finance: NAM won the award for best French asset management company;
- 2016 MSCI/European Property Investment Awards: NAMI AEW Europe won in the France balanced fund category for its fund FRANCEUROPE Immo.

In January 2017, and for the second time in his career, David Herro, Chief Executive Officer of International Equity at Harris Associates, was named 2016 International Stock Fund Manager of the Year in the United States by Morningstar.

Finally, Natixis Global Asset Management was ranked 1st in the US fund family category of the annual Barron's/Lipper ranking based on an assessment of 2016 performance.

Private Banking maintained a solid sales momentum in 2016 among its individual, business owner and senior executive customer segments, with inflows at around €1.5 billion.

The commercial cooperation with the Banque Populaire banks and Caisses d'Epargne went from strength to strength in 2016, the networks delivering a solid performance in the area of wealth management: +28% for Caisses d'Epargne and +74% for Banques Populaires.

In 2016, la Banque Privée 1818 made substantial gains by increasing its loan outstandings by 14% to €1.6 billion.

With €6.2 billion in assets under management at December 31, 2016, Sélection 1818 won two awards: the Editors' Choice award in the banking platform category at the Pyramides de la Gestion de Patrimoine awards ceremony held by Investissement Conseil magazine, and third place in the banking platform category of the Service Provider Awards (Palmarès des Fournisseurs) held by *Gestion de fortune* magazine.

VEGA Investment Managers manages has some €6 billion in AuM. With a five-star Morningstar rating and assets above €300 million, VEGA Euro Rendement won the 2016 Globe d'Argent de la Gestion in the Wealth Fund category, awarded by Gestion de Fortune magazine and its partner Quantalys. This outstanding performance recognizes VEGA Investment Managers' active management approach based on meticulous and responsive stock selection.

In **Insurance,** the Assurément#2016 campaign concluded with the launch of the life and personal protection insurance offering in the Caisses d'Epargne network product range. The new offering was piloted with two Caisses d'Epargne in January, and then rolled out in June and October. Since mid-October, all Caisses d'Epargne sell the new insurance offering, making Natixis Assurances the exclusive insurer of all new business generated by the network on these products.

The new partnership agreements between BPCE and CNP came into effect on January 1, 2016. To facilitate the run-off of Caisse d'Epargne's existing assets at CNP, the parties' interests were aligned via a cross-reinsurance mechanism, namely:

- the approval of quota-share reinsurance amounting to 10% of Caisse d'Epargne life insurance established by CNP on December 31, 2015 (€11.7 billion);
- the sale of quota-share reinsurance amounting to 40% of new life insurance business in euros generated by the Caisse d'Epargne network.

In addition, Natixis Assurances co-insured 34% of new business generated on collective payment protection policies distributed by the BPCE networks of which CNP is now the lead insurer.

Lastly, as part of the innovation strategy, the Insurance business line is committed to seeing through its digital transformation both internally for its staff, and externally for its customers and parters - a commitment that is already bearing fruit. The Centre d'Expertise et de Relation Client (CERC – Center for Expertise and Customer Relations) was launched in 2016 as part of the Assurément#2016 campaign to align with market quality standards. The networks' advisors now also have access to the "Process Game" life insurance interactive simulation tool based on artificial intelligence technology. In general insurance, the OWI semantic analysis tool for customer email queries was also introduced, and over 60% of multi-risk policies for personal accident insurance and legal protection insurance are signed electronically in the Banques Populaires network.

In 2016 the **Corporate & Investment Banking** core business adopted a new global structure comprising five business lines (Mergers & Acquisitions, Financing, Investment Banking, Capital Markets and Global Transaction Banking), including a cross-business coverage team. Launched in July, the new structure meets three objectives: to better support its customers, optimize the roll-out of the Originate-to-Distribute (O2D) model, and enhance the expansion of businesses abroad.

The Corporate & Investment Banking business lines continued to pursue their structural projects in line with strategy targets.

The bank consolidated its international Mergers & Acquisitions franchise with the conclusion in June 2016 of the 51% acquisition in Peter J. Solomon Company (PJSC) in the US. This deal expands Natixis' global M&A advisory franchise into commodities and infrastructure. Natixis is ranked No. 4 in M&A advisory in France by number of deals concluded in 2016 *(source: Thomson Reuters).*

In Investment Banking, business in Acquisition & Strategic Finance was brisk. Natixis arranged massive cross-border deals, including the acquisitions in Europe of Syngenta and KraussMaffei by the Chinese group ChemChina - the first being the biggest cross-continental transaction by a Chinese company. Internationally, it arranged several leveraged buyouts for investment funds, and was ranked No. 2 bookrunner for leveraged financing in France, and No. 6 in the EMEA regions in number of operations *(source: Dealogic).*

Through its global network of origination teams, the bank consolidated its euro-bond market franchise and acted in landmark deal, including a €6 billion issue for the Kingdom of Belgium. It continued to develop its expertise in currency issues, namely in the Middle East and Asia where it coordinated its first US dollar issue for the Chinese company Chalco ($500 million). Natixis was ranked No. 2 bookrunner on the primary bond market by number of euro-denominated deals with French corporate issuers in 2016 *(Source: Dealogic).*

Natixis is a leader on the equity capital markets in France. In 2016 it was again ranked No. 1 bookrunner in France for capital increases with preferential subscription rights (PSR) *(source: Bloomberg).*

In structured finance, it carried out large-scale, high value-added structured financing transactions in the aviation, export, infrastructure, energy and commodities, and real estate sectors. The business's stellar performance proved the strength of the O2D model, despite regulatory constraints and heightened competition. Natixis was in fact names No. 1 Arranger in structured renewable energy infrastructure finance in EMEA, and No. 5 globally *(source: IJ Global),* as well as No. 3 bookrunner for real estate finance in the EMEA region in 2016 *(source: Dealogic).*

In Capital Markets, Natixis pursued its growth in equity derivatives where it stood out for its ability to come up with innovative ways to adapt to the market and regulatory environment. The Banker magazine named Natixis "Most Innovative Investment Bank for Equity Derivatives" (Investment Banking Awards 2016). In 2016, for the fourth year in a row, the magazine Global Investor/ISF (Equity Lending Survey 2016) named Natixis "Most Innovative Equity Borrower 2016" (award for Group 2) and "2016 Best Equity Borrower Globally, EMEA, Asia and Americas" (Group 2 rated by Group [1]).

The Fixed Income business pursued the strategy it implemented in 2015 to shift from a flow logic to a solutions offering, and is now focused on designing simple, innovative solutions to best meet customer needs.

Global Markets research increased its publication output (especially cross-expertise) and investment recommendations, and held more conferences. The teams were recognized for their expertise and client focus in commodities ("Customers Research House of the Year" at the Energy Risk Awards 2016), credit ("Best Credit Research for 2016 in Europe across 3 categories: Agencies & supranational – Covered bonds – Utilities" by Euromoney) and equity (No. 2 equity research in France, with nine awards at the Thomson Reuters Analyst Awards 2016).

Global Transaction Banking rounded out its international offering for its major corporate customers with a supply chain finance solution to complement its standard trade finance solution. Furthermore, in partnership with Bank of China, the business line launched the Africa to China offering that allows Natixis' banking correspondents initiative trade payments in RMB (Renminbi) to mainland China.

Natixis continued to expand internationally. Despite a challenging market and regulatory environment, the Americas platform delivered a superb performance in all its business sectors. It continued to strengthen its product offering, particularly in capital markets, and expanded its M&A advisory capacities by opening a representative office in Colombia and transforming its representative office in Montreal into a branch.

In Asia-Pacific Natixis continued the selective development of its presence, expertise and offering. Notably, the Taiwanese regulator approved the opening of a branch in Taipei in 2017.

The bank continued to pursue growth in EMEA, particularly through its London and Dubai branches. It remained the leader in bond issues in the financial sector, particularly in Spain, and demonstrated its dynamism in acquisition and project financing.

(1) The survey distinguishes between Group 1 and Group 2 participants based on the quality and volume of global transactions processed. Group 1 is made up of the world's 15 biggest lenders and 15 biggest borrowers (by volume only). The remaining counterparties are in Group 2 (20 lenders and 20 borrowers).

The **Specialized Financial Services** core businessn increased synergies with the BPCE networks by rolling out new products and services, as well as tools adapted to changes in distribution and customer needs in an increasingly digitized world.

Many innovative solutions were launched in 2016:

- in cooperation with VISA, Natixis Payment Solutions developed a technological solution that, since July 19, gives Banque Populaire and Caisse d'Epargne customers access to the new exclusively French Apple Pay payment system;
- in collaboration with Samsung Electronics France, the Cheil communications agency and Orange Business Services, Natixis Interépargne launched an innovative digital package, comprising touch screens and a facial recognition system, that promotes employee savings plans;
- EuroTitres developed a mobile securities solution to enable Caisse d'Epargne customers to manage their accounts, place orders and consult their balance from their smartphone.

The **Specialized Financial Services** business lines helped to set up a digital transformation and innovation program to design the business models of tomorrow and make operational efficiency gains amid stricter management of operating expenses.

Furthermore, in the interest of efficiency and competitiveness gains, all Natixis' Payments activities for Groupe BPCE were merged and given a new development outlook via:

- a strategy to address the European markets and leverage on new digital business models;
- an ambitious external growth policy, which will enable organic growth.

The **Financial Investments** core business pursued its disengagement strategy with the sale in 2016 of Altus and Graydon within Corporate Data Solutions.

The development of the core businesses went hand-in-hand with strict financial management. RWA increased moderately by 2% year-on-year to €115.5 billion at December 31, 2016. Corporate & Investment Banking's RWA dropped by 5% year-on-year to €66.1 billion at December 31, 2016.

4.1.3 CONSOLIDATED RESULTS

(in millions of euros)	2016	2015 pro forma	Change 2016/2015 %	%*
Net revenues	**8,718**	**8,704**	**+0.2%**	**+0.1%**
Expenses	(6,238)	(5,955)	+4.8%	+4.6%
Gross Operating Income	**2,480**	**2,749**	**(9.8)%**	**(9.8)%**
Provision for credit losses	(305)	(291)	+5.1%	
Net operating income	**2,174**	**2,458**	**(11.5)%**	
Associates	13	46	(72.5)%	
Gains or losses on other assets	175	(31)		
Change in value of goodwill	(75)	0		
Pre-tax profit	**2,287**	**2,473**	**(7.5)%**	
Tax	(822)	(971)	(15.3)%	
Minority interests	(90)	(158)	(42.7)%	
Net income (Group share)	**1,374**	**1,344**	**+2.3%**	
Cost/income ratio	*71.6%*	*68.4%*		
Equity (Average)	*16,384*	*16,608*		
ROE	*7.9%*	*7.8%*		
ROTE	*9.9%*	*9.8%*		

* *At constant exchange rates.*

Analysis of changes in the main items comprising the consolidated income statement

Net revenues

Natixis' **net revenues** stood at €8,718 million at December 31, 2016, up 0.2% from December 31, 2015.

Excluding the impact of the revaluation of own senior debt [(1)], net revenues climbed 2% thanks to the dynamism of the core businesses (+2%, or +3% excluding non-recurring items [(2)]).

The net revenue gains of the core businesses contrasted with the 4% decrease in Investment Solutions, the 9% increase for Corporate & Investment Banking (+11% excluding non-recurring items [(2)]) and the 3% increase in Specialized Financial Services business.

Investment Solutions net revenues fell 4%, pulled down by the Asset Management business line (-8%), while the Insurance was up (+11%) in all segments.

Corporate & Investment Banking net revenues gained 9% (+11% excluding non-recurring items) despite tight controls on capital resources.

In the capital markets business, up 23% on 2015, revenues in Fixed Income and Forex (+22%) were spearheaded by Fixed Income, which enjoyed vibrant sales in Asia and France. Equities posted revenue growth of 10%, buoyed by Equity Derivatives.

The accumulated revenues from the Global Finance and Investment Banking businesses were stable compared to 2015.

Specialized Financial Services posted net revenues up 3%, driven by Specialized Financing business with Group networks. Financial Services were resilient, with virtually stable net revenues.

Natixis generated €341 million in **revenue synergies** with the BPCE networks at end-2016, on target with the €400 million objective of the strategic plan

At €699 million, **Financial Investments** net revenues fell 16% on 2015 (-25% once restated for the one-off compensation received by Coface for the sale of the state guarantee management business). This decrease was essentially due to lower earnings from Coface, which experienced an increase in claims.

The **Corporate Center's** net revenues came out at -€17 million in 2016.

Operating expenses and headcount

Recurring expenses totaled €6,238 million, including a €114 million contribution to the Single Resolution Fund, up 5% compared to 2015 at constant exchange rates. The increase was mainly attributable to Corporate & Investment Banking (+9%, +4% for fixed expenses excluding the Peter J. Solomon Company scope effect), while in Investment Solutions expenses were down 1%, and in Specialized Financial Services a limited increase of 3%.

Natixis' **headcount** (excluding financial investments) increased 3% year-on-year to 16,311 FTEs at end-2016 on account of the expansion of Corporate & Investment Banking (acquisition of Peter J. Solomon Company) and Investment Solutions.

Gross Operating Income

Recurring gross operating income came out at €2,480 million in 2016, down 10% on 2015. Excluding the impact of the revaluation of own senior debt, gross operating income was down 5%. Excluding non-recurring items [(2)], core business GOI was up 2%.

(1) The impact of net revenues of the revaluation of Natixis' own senior debt was nil in 2016, due to the early application in Q4 of the amendment to IFRS 9 relative to the accounting of internal credit risk, versus +€139 million in 2015.

(2) SWL legal dispute for the Corporate & Investment Banking division (-€69 million in the third quarter of 2016).

The **cost/income ratio** increased by 3.2 points to 71.6%. Excluding the impact of the revaluation of own senior debt, the cost/income ratio deteriorated 2.1 points year-on-year.

Pre-tax profit

Provision for credit losses came to €305 million in 2016, up 5% on 2015, reflecting mainly the provisioning effort in the Oil & Gas sector recorded in the first half of 2016.

The share in income from associates, consisting mainly of contributions from Investment Solutions and Financial Investments, was down compared to 2015, totaling €13 million.

The item **"Gains or losses on other assets"** includes gains related to the sale of CGM and Snyder entities to Asset Management and Altus within Financial Investments in the first quarter, gains related to the sale of an apartment block to CEGC (€31 million) in the second quarter, and in the third quarter the sale of the Montmartre building, which generated a capital gain of €97 million. This item totaled €175 million for the year versus -€31 million in 2015, including a -€29.6 million impairment linked to CDS (Corporate Data Solutions) activities.

The item **"Change in the value of goodwill"** was -€75 million in 2016 after the goodwill impairment on Coface in the second quarter.

Thus, **pre-tax profit** came to €2,287 million in 2016 versus €2,473 in 2015, down 7.5%. It includes an impact of nil from the revaluation of own senior debt versus €139 million in 2015. Excluding this impact, pre-tax profit fell 2% between 2015 and 2016.

Recurring net income (Group share)

The recurring **tax** expense came to -€822 million in 2016.

After incorporating -€90 million in **non-controlling interests, recurring net income (Group share)** stood at €1,374 million versus €1,344 million in 2015.

Consolidated management ROE after tax stood at 7.9% in 2016.

Natixis' **CET1 CRD IV phased-in ratio** stood at 10.8% at December 31, 2016 versus 11% at December 31, 2015.

4

4.1.4 ANALYSIS BY NATIXIS BUSINESS LINE

4.1.4.1 Investment Solutions

(in millions of euros)	2016	2015 pro forma	Change 2016/2015 %	Change 2016/2015 % *
Net revenues	**3,364**	**3,515**	**(4.3)%**	**(4.4)%**
Asset Management	*2,547*	*2,755*	*(7.5)%*	*(7.7)%*
Private Banking	*136*	*145*	*(5.7)%*	*(5.7)%*
Private Equity funds	*33*	*31*	*+6.1%*	*+6.1%*
Insurance	*647*	*584*	*+10.8%*	*+10.8%*
Expenses	(2,350)	(2,376)	(1.1)%	(1.3)%
Gross Operating Income	**1,014**	**1,139**	**(11.0)%**	**(11.1)%**
Asset Management	*717*	*855*	*(16.1)%*	*(16.3)%*
Private Banking	*(1)*	*7*		
Private Equity funds	*27*	*24*	*+10.5%*	*+10.5%*
Insurance	*271*	*253*	*+7.1%*	*+7.1%*
Provision for credit losses	1	4	(84.6)%	
Pre-tax profit	**1,031**	**1,157**	**(10.8)%**	
Cost/income ratio	*69.9%*	*67.6%*		
Equity (Average)	*4,422*	*4,352*		
ROE	*13.3%*	*15.8%*		

* *At constant USD exchange rates.*

Investment Solutions posted a 4.3% increase in revenues year-on-year to €3,363.7 million (down -4.4% at constant exchange rates).

Expenses were down 1.1% (1.3% at constant exchange rates) compared to 2015, with a decrease in Asset Management expenses due to slower business activity, while expenses in the Insurance segment increased largely on the back of the business line's expansion, as well as the roll-out of a new Investment Solutions and Personal Protection Insurance offering in the Caisses d'Epargne network.

Gross operating income was down 11.0% (11.1% at constant exchange rates) to €1,013.8 million.

Provision for credit losses regained positive territory at €0.5 million attributable to Private Banking.

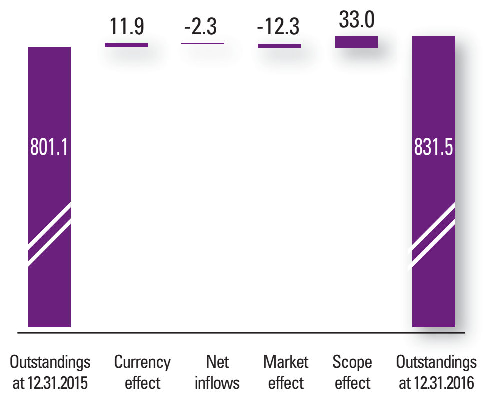
Pre-tax profit totaled €1,031.5 million, up 10.8% at current exchange rates.

At 13.3%, **ROE** fell by 2.5 points compared to 2015.

Asset Management

Assets under management stood at €831.5 billion at December 31, 2016 - up €30.4 billion (+3.8%) compared to December 31, 2015 at current exchange rates, or 2.3% at constant exchange rates - thanks to the exchange rate and the highly auspicious market effect.

CHANGE IN ASSETS UNDER MANAGEMENT OVER THE YEAR *(in billions of euros)*



The business line recorded **net outflows of -€12.3 billion** over the period:

- Europe posted net inflows of €7.0 billion, driven in large part by NAM, AEW Europe in real estate products, and H2O in various other products;
- in the US, the €20.5 billion in net outflows was essentially attributable to Harris Associates on equity products;
- net inflows generated by Private Equity firms came to nearly €700 million (mainly Naxicap Partners asset management company).

At €782.4 billion, **average assets under management** were stable (-0.3%) compared to 2015 (at constant EUR exchange rates).

The average rate of return on AuM stood at 28.3 bp, down 3% year-on-year.

At end-2016 **net revenues** stood at €2,547.2 million, down 7.5% on the same period in 2015 (-7.7% at constant exchange rates), weighed down by the fall in incentive fees in European asset management companies, which had reached a very high level in 2015, and the fall in fees on AuM in US asset management companies.

Expenses came to €1,830.4 million, down 3.7% on 2015 (-3.9% at constant exchange rates) with a sharp drop in variable compensation fees (chiefly for asset management companies in the US and Distribution entities).

Private Banking

At December 31, 2016, **Private Banking** posted net **inflows of €1.5 billion,** driven essentially by the strong performance in international wealth management and the private management services provided by the networks.

Assets under management gained 4.0% over the year to €29.1 billion, with an unfavorable scope effect of €1.2 billion. Restated for this effect, AuM would be up 9% for the period.

The business's **net revenues** stood at €136.4 million for the period, down 6% (-€8.3 million) compared to 2015, i.e. a €6.7 million decrease excluding the scope effect (-€1.6 million), due to the absence of incentive fees in 2016 (compared to a strong year in 2015) together with the decline in transaction fees. These decreases were partially offset by the strong performance of structured products abroad.

Expenses came to €137.5 million, down 1% on 2015, with a scope effect of €1.6 million (transfer of business to NGAM Distribution under the DEFI project). Excluding the scope effect, expenses were up +1% to €0.9 million, largely attributable to advisory fees linked to the implementation of strategic projects, and to IT fees linked to fewer projects on standby in 2016.

Insurance

In terms of business levels, sales momentum across the Insurance segments was satisfactory in 2016.

With €6 billion in direct business premiums, life insurance inflows were up sharply by 42% compared to 2015 as a result of the launch of savings policies (life insurance and accumulation projects) now distributed by the Caisses d'Epargne network. The business line and distribution networks prioritized unit-linked policies, for which premiums were up 47% to €1.28 million, representing more than 21% of total gross inflows. Inflows invested in the "Euro" fund increased by 40% to €4.7 billion. In the historical scope (Banques Populaires), gross inflows continued to shift (-3% in the Euro fund and +4% in unit-linked policies).

Premiums on Personal Protection and Payment Protection insurance (€759 million, up 8%) continued to grow at a rapid pace: personal protection insurance premiums were up 4%, and payment protection insurance premiums maintained a high growth rate (up 9%).

Operating on mature and highly competitive markets, the Property and Casualty Insurance business continued to benefit from the boost of France's Hamon Act, a consumer protection bill enacted in January 2015 that offers market share opportunities. The results in 2016 were 35% in new Automotive policies and 25% in new MRH policies. Compared to 2015, the 1.2 million new policies gained by the BP and CE networks represented a 2% increase, driven by Automotive policies (+7%) and Multi-Risk Home Guarantees (+3%). The number of policies under management grew by 7% to €5.2 million for the BP and CE networks. Premiums earned on Property & Casualty Insurance increased by more than 9% to €1,287 million, driven by growth in Multi-Risk Home Guarantees (+10%) and Automotive Guarantees (+12%).

Net revenues for Insurance businesses totaled €647 million, up 10.8% compared to 2015, resulting from:

- strong net revenue growth in Life Insurance (€230 million/+13%), propelled by considerable growth in assets (+8%), supported in turn by the offering's deployment in the Caisse d'Epargne network. Likewise, investments made in private placements or the direct financing of the economy partially offset lower bond yields by 26 bp in a historically low interest rate environment;
- after a subdued fiscal year in 2015 (-7% vs. 2014), the 24% net revenue growth (€171 million vs. €138 million) posted in Personal Protection insurance and in Payment Protection insurance was the result of a volume effect (sales +8%) and a drop in the loss ratio (-2.6 points on last year, standing at 26.0%);
- the moderate growth in Property & Casualty Insurance net revenues (€225 million/+5%), largely due to the impact on the loss ratio (+2.6 points) of the extreme weather events in May/June, together with the period of drought. The overall combined ratio was up slightly to 92.5% due to the deterioration of the Automotive combined ratio and, to a lesser extent, the Multi-Risk Home combined ratio.

Operating expenses were up 13.5% to €376 million.

4.1.4.2 Corporate & Investment Banking

(in millions of euros)	2016	2015 pro forma	Change 2016/2015 %	Change 2016/2015 %*
Net revenues	**3,322**	**3,056**	**+8.7%**	**+8.6%**
Global Markets	*1,802*	*1,466*	*+22.9%*	*+22.8%*
FICT	*1,219*	*1,035*	*+17.7%*	*+17.6%*
Equity	*534*	*484*	*+10.2%*	*+10.1%*
CVA/DVA desk	*49*	*(54)*		
Global Finance & Investment Banking	*1,592*	*1,587*	*+0.4%*	*+0.2%*
Other	*(72)*	*3*		
Expenses	(2,032)	(1,861)	+9.1%	+8.9%
Gross Operating Income	**1,291**	**1,194**	**+8.1%**	**+8.1%**
Provision for credit losses	(195)	(198)	(1.4)%	
Pre-tax profit	**1,109**	**1,023**	**+8.4%**	
Cost/income ratio	*61.2%*	*60.9%*		
Equity (Average)	*6,861*	*7,413*		
ROE	*11.2%*	*9.2%*		

* *At constant exchange rates.*

In 2016 Corporate & Investment Banking's **net revenues** totaled €3,322 million, up 8.6% compared to 2015 at constant exchange rates. Restated for non-recurring items related to the provision for a legal dispute with the counterparty Wallonne du Logement in the third quarter of 2016 (€68.6 million recognized under Other in Corporate & Investment Banking net revenues), revenue was up 11% at constant exchange rates to €3,391 million.

Capital market revenues totaled €1,802 million in 2016, up 23% compared to 2015.

Revenues from **Fixed Income, Forex, Credit, Commodities and Cash Management** stood at €1,219 million in 2016, up 18% on 2015. The following changes were observed in each segment:

- revenues from **Fixed Income and Forex** were up 22% to €494 million, a performance largely owed to Fixed Income activities which gained 35% to €326 million on the back of brisk business with major corporate clients in Asia and France. Forex activities were up 8% to €149 million, capitalising on the currency volatility generated by political uncertainties that led clients to hedge their risks;
- revenues from **Credit** were up 28% on 2015 to €292 million, spurred by the continued growth of securitization and loan activities, and by the development of the Solutions business in the secondary credit segment which, in 2015, was penalized by wide credit spreads across the board;

At €534 million, **Equities** revenues grew by 10%, buoyed by Equity Derivatives, with the Solutions activities revenues up 52% year-on-year and Equity Finance up 10%.

At €1,592 million, the accumulated revenues from **Global Finance** and **Investment Banking** were stable compared to 2015.

In the origination activity, new business in the commodities structured finance franchise continued to struggle in the unfavorable investment climate, despite the rebound in the oil price in the year, while the aircraft financing franchise recorded strong business levels, particularly in Asia-Pacific. Financing portfolio revenues were down 5% year-on-year, still impacted by lower average portfolio margins due to progressive inventory renewal. Commodities Trade Finance remained sturdy in 2016 with 4% revenue growth on an increase in drawn outstandings.

Revenues generated by **Investment Banking** including **M&A** activities were up 16% in comparison to 2015, benefiting from the integration, from the second quarter of 2016, of the revenues of subsidiary Peter J. Solomon Company (PJSC) in the US, strong business in acquisition & strategic finance, and the highly dynamic M&A France business led by Natixis Partners.

In 2016 Corporate & Investment Banking's **expenses** totaled €2,032 million, up 9% compared to 2015 at constant exchange rates.

Gross operating income totaled €1,291 million, up 8% compared to 2015. The **cost/income ratio** was 61.2% in 2016, down 0.3 points compared to 2015 (60.9%).

At €195 million, **provision for credit losses** came down 1% compared to 2015, with fewer provisions in the second half of 2016 (€71 million).

On the basis of average risk-weighted assets (RWA), the **equity allocated** to Corporate & Investment Banking totaled €6.9 billion in 2016, down by nearly €0.6 billion compared to 2015.

ROE after tax was 11.2% in 2016, up 2 points on 2015 (9.2%).

4.1.4.3 Specialized Financial Services

(in millions of euros)	2016	2015 pro forma	Change
Net revenues	**1,350**	**1,308**	**+3.2%**
Specialized Financing	***838***	***792***	***+5.8%***
Factoring	*160*	*144*	*+11.1%*
Sureties & Financial Guarantees	*189*	*159*	*+18.2%*
Leasing	*211*	*208*	*+1.2%*
Consumer Financing	*258*	*262*	*(1.4)%*
Film Industry Financing	*22*	*20*	*+10.6%*
Financial Services	***512***	***516***	***(0.8)%***
Employee savings schemes	*128*	*128*	*(0.6)%*
Payments	*290*	*287*	*+1.1%*
Securities services	*94*	*101*	*(6.4)%*
Expenses	(880)	(856)	+2.9%
Gross Operating Income	**470**	**452**	**+3.9%**
Provision for credit losses	(57)	(57)	(2.3)%
Pre-tax profit	**444**	**393**	**+12.9%**
o/w Specialized Financing	369	309	+19.5%
o/w Financial Services	*88*	*93*	*(4.9)%*
Cost/income ratio	*65.2%*	*65.4%*	
Equity (Average)	*1,674*	*1,653*	
ROE	*17.4%*	*15.2%*	

Specialized Financing was dynamic on the whole in 2016.

With €44.9 billion in factoring revenues in France, up 29%, **Factoring** boasted market share of close to 16.1% at December 31, 2016.

Leasing continued to shift its focus on serving the Banque Populaire and Caisse d'Epargne networks. New business, primarily in equipment leasing, was up 14% year-on-year.

Consumer Finance saw an annual increase of 11% in new personal loans and 2% growth in revolving credit.

After an exceptional performance in 2015, **sureties and guarantees** maintained very strong business levels, with a very active loan guarantee market for retail customers and a context of low interest rates, favorable to loan renegotiations and redemptions.

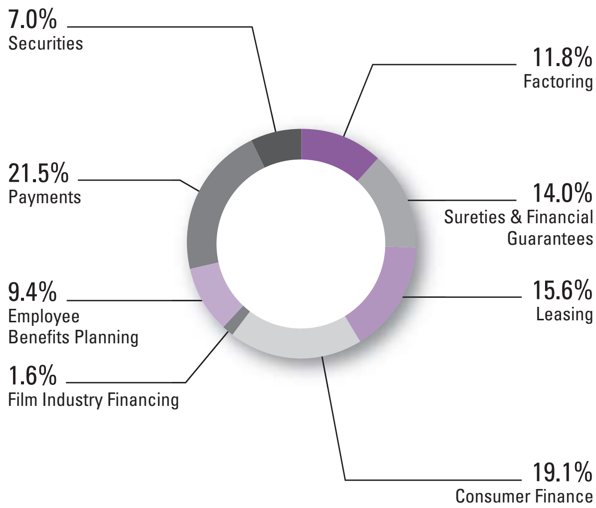
The **Financial Services** business was again sturdy in 2016.

Assets under management in **Employee Savings Plans** climbed to €24.2 billion. Securities Services renewed its strong performance, taking its 2016 market share gain in Chèque de Table meal vouchers to 16.5% (up 0.5 point).

The **Payments** business was strong, particularly in Electronic Banking. The number of cards and clearing transactions rose by 3% and 9% respectively. The Flows and Services business was more contrasted, with national check processing down 17% and mass transaction processing up by 6%.

Securities Services transactions decreased 21% in 2016. Assets under custody totaled €142 billion, down 17%. The service offering to the networks continued to expand.

■ BREAKDOWN OF 2016 SFS NET REVENUES BY BUSINESS LINE



Net revenues totaled €1,350 million in 2016, up 3% despite persistently challenging market conditions in France.

Specialized Financing revenues picked up by almost 6%. Sureties and guarantees posted 18% growth in its net revenues, with a sharp increase in earned premiums mainly in refinancing for mortgage loans granted to retail customers. Factoring net revenues increased 11% year-on-year.

Financial Services revenues were virtually stable.

Specialized Financial Services recorded **expenses** of €880 million at end-2016, up 3% on 2015.

Overall, **gross operating income** was up 4% to €470 million.

The **provision for credit losses,** down 2% to €57 million, is under control.

Pre-tax profit increased 13% to €444 million.

ROE came to 17.4%, up 2.2 points.

4.1.4.4 Financial Investments

(in millions of euros)	2016	2015 pro forma	Change
Net revenues	**699**	**828**	**(15.5)%**
Coface	*605*	*680*	*(11.0)%*
Corporate Data Solutions	*42*	*82*	*(49.0)%*
NPE	*(2)*	*(3)*	*(38.6)%*
Natixis Algérie	*54*	*67*	*(19.6)%*
Ho Chi Minh	*0*	*1*	
Expenses	(640)	(640)	(6.0)%
Gross Operating Income	**59**	**147**	**(59.7)%**
Provision for credit losses	(37)	(18)	
Pre-tax profit	**(37)**	**97**	
Cost/income ratio	*91.6%*	*82.3%*	

Coface

2016 revenue slipped 5% to €1.4 billion. Credit insurance, which accounts for 95% of revenue, was down 6%, while factoring was stable. At constant exchange rates, revenue was down 4% on 2015.

The **loss ratio** net of reinsurance was 65.5% compared to 52.5% in 2015, i.e. a deterioration of 12.9 points due to an increase in claims in the emerging countries.

Net revenues in 2016 reached €605.1 million, down 11% on 2015. Corrected for non-recurring items linked to the transfer of the state guarantees business to Bpifrance (compensation of €77.2 million gross) at constant exchange rates, the decrease in net revenues was 21% compared to 2015.

Operating expenses saw a small increase of 2% to €559.8 million euros, but was down 1% at constant exchange rates and excluding non-recurring items (-€2.2 million attributable to the compensation received and -€19.4 million in restructuring costs).

Gross operating income stood at €45.3 million versus €129.8 million in 2015 (down 65%).

Corporate Data Solutions

Net revenues in 2016 reached €42.0 million, down 49% compared to 2015 due to material changes to the scope. Restated for scope effect, net revenues were up 3% between the two periods.

In 2016 the following sales and transfers took place at CDS:

- transfer of Midt Factoring to SFS on January 1, 2016;
- sale of Altus and HCP NA on March 31, 2016;
- sale of Graydon on September 15, 2016.

As such, at December 31, 2016, CDS comprised only Ellisphère and HCP.

Natixis Private Equity (NPE)

In 2016 Natixis Private Equity pursued its disengagement strategy.

Compared to 2015, Natixis' share of cash-at-risk **commitments** fell 3% to €98 million at December 31, 2016. At €51 million, off-balance sheet commitments doubled compared to the previous year following the sale of Natixis' stake in two Mirova-managed funds to its subsidiary NPE in the first quarter.

Net revenues increased €1.2 million compared to 2015 to -€1.9 million.

RWA totaled €422 million at December 31, 2016, up 10% year-on-year, on account of the Mirova funds buyout. Excluding the integration of the Mirova funds, RWA decreased €41 million compared to 2015.

Natixis Algérie

New loan activity was limited given the context of scarce and costly liquidity. At constant exchange rates and on an annual average basis, short-term outstandings fell 23%, medium- and long-term outstandings increased 11%, and leasing outstandings fell 15% compared to 2015. Off-balance sheet commitments decreased 1%, and conditions were favorable for sureties due to the decrease in documentary credits.

Compared to 2015, **Natixis Algérie** posted a 20% decrease in net revenues to €54.2 million. Excluding the exchange rate effect, net revenues were down 12%.

4.1.4.5 Corporate Center

(in millions of euros)	2016	2015 pro forma	Change
Net revenues	**(17)**	**(3)**	
o/w Issuer Spread	*0*	*139*	
o/w Exchange rate fluctuations of DSNs issued in foreign currency	*9*	*32*	*(70.8)%*
Expenses	(336)	(180)	+86.4%
Gross Operating Income	**(353)**	**(183)**	**+93.1%**
Provision for credit losses	(17)	(183)	(16.0)%
Pre-tax profit	**(260)**	**(197)**	**+32.1%**

Net revenues from the Corporate Center came out at -€17 million versus -€3 million in 2015. The issuer spread is recognized under equity as of 2016 in application of IFRS 9. Excluding issuer spread and exchange rate fluctuations of deeply subordinated notes issued in dollars, net revenues rose from -€173 million in 2015 to -€27 million in 2015; in 2016 the Corporate Center benefited from the cheaper financing of products for hedging forex and fixed income risks.

Corporate Center **expenses** were the expenses not re-invoiced to the Natixis business lines.

The Single Resolution Fund contribution is covered by the Corporate Center and came to €114 million in 2016 versus €43 million in 2015. Excluding this item, the expenses of the Corporate Center were up €85 million between the two fiscal years, in line with regulatory, digital transformation and business efficiency plans.

4.1.4.6 Provision for credit losses

The **provision for credit losses** was -€305.4 million at December 31, 2016, of which -€290.9 million in respect of individual risk and -€14.5 million in collective provisions. At December 31, 2015, the provision for credit losses (excluding GAPC) totaled -€290.8 million.

OVERALL PROVISION FOR CREDIT LOSSES BY DIVISION

(in millions of euros)	2016	2015
Investment Solutions	0.5	2.5
Corporate & Investment Banking	(195.2)	(197.9)
Specialized Financial Services	(56.9)	(58.3)
Financial Investments	(37.1)	(18.1)
Others	(16.7)	(19.0)
OVERALL PROVISION FOR CREDIT LOSSES	**(305.4)**	**(290.8)**

OVERALL PROVISION FOR CREDIT LOSSES BY GEOGRAPHIC AREA

(in millions of euros)	2016	2015
EMEA	(265.4)	(275.7)
Central and Latin America	32.8	(0.2)
North America	(71.0)	5.2
Asia and Oceania	(1.8)	(20.1)
OVERALL PROVISION FOR CREDIT LOSSES	**(305.4)**	**(290.8)**

4.2 Post-closing events

Refer to Note 14, "Post-Closing Events", in Chapter 5.1, Consolidated Financial Statements and Notes.

Excluding the items referred to in the aforementioned note, there have been no material changes in the Group's financial and commercial position since the end of the fiscal year for which the financial statements have been audited.

4.3 Information concerning Natixis S.A.

4.3.1 NATIXIS S.A.'S PARENT COMPANY INCOME STATEMENT

	2016						2015		
		2016/2015		2016/2015		2016/2015			
(in millions of euros)	Mainland France	(in %)	Branches	(in %)	Natixis S.A.	(in %)	Mainland France	Branches	Natixis S.A.
Net revenues	**2,818**	**19**	**1,323**	**18**	**4,141**	**19**	**2,360**	**1,124**	**3,483**
Operating expenses	*(1,905)*	*11*	*(632)*	*20*	*(2,537)*	*13*	*(1,716)*	(528)	(2,244)
Gross operating income	**913**	**42**	**691**	**16**	**1,604**	**29**	**644**	**595**	**1,239**
Provision for credit losses	*(81)*	*34*	*(180)*	*72*	*(261)*	*58*	*(61)*	(105)	(165)
Operating income	**831**	**43**	**511**	**4**	**1,343**	**25**	**583**	**490**	**1,074**
Net gains/(losses) on fixed assets	*(90)*	*12*	*(3)*	*450*	*(92)*	*14*	*(80)*	(0)	(81)
Pre-tax profit	**742**	**47**	**509**	**4**	**1,250**	**26**	**503**	**490**	**993**
Income tax	*440*	*120*	*(75)*	*23*	*365*	*162*	*200*	(61)	139
Funding/reversal of funding for general banking risks and regulated provisions	*7*	*N/A*	*0*	*N/A*	*7*	*N/A*	*2*	0	2
Net income	**1,188**	**68**	**434**	**1**	**1,621**	**43**	**705**	**429**	**1,134**

At December 31, 2016, Natixis generated gross operating income of +€1,604 million, an increase of +€365 million compared to December 31, 2015, thanks to a €658 million improvement in net revenues, less an increase of €293 million in operating expenses.

Net interest income rose by +€61 million. Net fee and commission income fell by €25 million, resulting from a -€51 million decrease in business Mainland France and an increase of +€26 million in business earnings by foreign branches (strong business levels on the platforms).

Dividends paid by Natixis subsidiaries climbed €215 million. €127 million of this increase are attributable to the Natixis Global Asset Management subsidiary and €68 million to a dividend pay-out by the Private Equity activities.

Gains on trading book transactions climbed €835 million, i.e. +€602 million for Mainland France activity and +€233 million for transactions carried out by foreign branches. Foreign branches recorded income from the unwinding of a transaction for €182 million, with a corresponding entry booked to gains/(losses) on securities held for sale under net revenues which were down overall -€303 million. In terms of French activity, the increase in gains on trading book transactions are attributable to the structure of the Global Markets portfolios (CIB division) in 2016, which gave priority to customer derivatives transactions. It is also attributable to the change in market inputs (primarily interest rate and foreign exchange inputs).

Operating expenses were up €293 million, including +€114 million in payroll costs due to a significant headcount increase and higher variable expenses related to the rise in net revenues, +€71 million in external services net of reinvoicing, mainly due to the rise in costs associated with regulatory projects, and +€76 million in regulatory taxes and costs (including the contribution to the Single Resolution Fund).

The net provision for credit losses was up -€96 million (of which -€21 million in Mainland France) to -€261 million, including in particular efforts to establish provisions for loans to counterparties in the oil & gas and commodity sectors.

Combined, these items raised operating income by +€269 million to +€1,343 million.

At December 31, 2016, net gains/(losses) on fixed assets amounted to -€92 million (an increase of -€11 million). The balance for fiscal year 2016 is mainly attributable to the capital gain earned on the disposal of the renovated Rue Montmartre property and the provision recorded under Coface equity investments.

Net income after tax was +€1,621 million versus €1,134 million in 2015.

At December 31, 2016, the balance sheet totaled €424,543 million vs. €394,698 million at December 31, 2015.

4.3.2 PROPOSED ALLOCATION OF EARNINGS

Natixis' financial statements at December 31, 2016 showed positive net income of €1,621,448,753.36 and, taking into account retained earnings of €664,526,514.69, showed distributable profits of €2,285,975,268.05.

The third resolution that will be put before the General Shareholders' Meeting on May 23, 2017 proposes:

- the allocation of €81,072,437.67 to the legal reserve;
- a total dividend pay-out of €1,097,976,103.00;
- the allocation of the remaining distributable profits to retained earnings, i.e. €1,106,926,727.38.

4.3.3 PAYMENT TERMS

Pursuant to Article L.441-6-1 and D. 441-4 of the French Commercial Code, the following table breaks down unpaid supplier invoices by due date:

Due dates after December 31	Weighting as a % 12.31.2016	Weighting as a % 12.31.2015
< 2 months	77.4%	82.1%
2-4 months	9.0%	9.2%
4-6 months	4.3%	5.0%
> 6 months	9.3%	3.7%
TOTAL	**100.0%**	**100.0%**

Appendix to 4.1.3 – Consolidated Results

1 - MANAGEMENT RESULTS RECLASSIFIED AS CONSOLIDATED RESULTS IN 2016

(in millions of euros)	2016 Financial communication	Exceptional items		2016 published
		Corporate and Investment Banking	Other	
Net revenues	**8,700**	**(69)**	**87**	**8,718**
Expenses	(6,208)		(31)	(6,238)
Gross Operating Income	**2,493**	**(69)**	**56**	**2,480**
Provision for credit losses	(305)			(305)
Net operating income	**2,187**	**(69)**	**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**	**(69)**	**78**	**2,287**
Tax	(794)	24	(52)	(822)
Minority interests	(113)		23	(90)
NET INCOME (GROUP SHARE)	**1,372**	**(45)**	**48**	**1,374**
Cost/income ratio	*71.4%*			*71.6%*

2 - MANAGEMENT RESULTS RECLASSIFIED AS CONSOLIDATED RESULTS IN 2015

The 2015 transition table is a pro forma statement of the reclassification of the contribution to the Single Resolution Fund as pre-tax profit and of the reclassification of exchange rate fluctuations on foreign-currency DSNs as non-recurring items.

(in millions of euros)	2015 Financial communication	Non-recurring items	2015 published
Net revenues	**8,533**	**171**	**8,704**
Expenses	(5,955)		(5,955)
Gross Operating Income	**2,578**	**171**	**2,749**
Provision for credit losses	(261)	(30)	(291)
Net operating income	**2,317**	**141**	**2,458**
Associates	46		46
Gains or losses on other assets	(1)	(30)	(31)
Change in value of goodwill	0		0
Pre-tax profit	**2,361**	**112**	**2,473**
Tax	(924)	(47)	(971)
Minority interests	(158)		(158)
NET INCOME (GROUP SHARE)	**1,280**	**64**	**1,344**
Cost/income ratio	*69.8%*		*68.4%*

5

FINANCIAL DATA

5.1 Consolidated financial statements and notes

CONSOLIDATED BALANCE SHEET – ASSETS

(in millions of euros)	Notes	12.31.2016	12.31.2015
Cash, central banks		26,704	21,190
Financial assets at fair value through profit or loss	6.1	187,628	191,639
Hedging derivatives	6.2	1,220	1,035
Available-for-sale financial assets	6.4	54,990	52,673
Loans and receivables due from banks	6.5	58,783	71,462
o/w institutional operations			
Customer loans and receivables	6.5	140,303	107,189
o/w institutional operations		*758*	*682*
Revaluation adjustments on portfolios hedged against interest rate risk			
Held-to-maturity financial assets	6.6	2,066	2,298
Current tax assets		436	483
Deferred tax assets	6.8	1,908	2,316
Accrual accounts and other assets	6.9	46,109	42,967
Non-current assets held for sale		947	22
Deferred profit-sharing			
Investments in associates	3.4	666	698
Investment property	6.10	1,084	1,274
Property, plant and equipment	6.10	672	680
Intangible assets	6.10	744	770
Goodwill	6.12	3,600	3,559
TOTAL ASSETS		**527,859**	**500,257**

CONSOLIDATED BALANCE SHEET – LIABILITIES AND SHAREHOLDERS' EQUITY

(in millions of euros)	Notes	12.31.2016	12.31.2015
Due to central banks			
Financial liabilities at fair value through profit or loss	6.1	146,226	158,990
Hedging derivatives	6.2	2,011	1,918
Due to banks	6.13	101,374	113,743
o/w institutional operations		*46*	*46*
Customer deposits	6.13	86,472	64,090
o/w institutional operations		*844*	*818*
Debt securities	6.14	48,921	40,426
Revaluation adjustments on portfolios hedged against interest rate risk		193	227
Current tax liabilities		554	539
Deferred tax liabilities	6.8	685	426
Accrual accounts and other liabilities	6.9	44,464	39,937
o/w institutional operations		*0*	*4*
Liabilities on assets held for sale		813	9
Insurance companies' technical reserves	6.15	68,810	52,915
Provisions	6.16	1,994	1,668
Subordinated debt	6.17 and 6.18	4,209	4,869
Shareholders' equity (group share):		19,836	19,160
Share capital and reserves		*10,895*	*10,812*
Consolidated reserves		*6,417*	*6,088*
Gains and losses recorded directly in equity		*1,323*	*995*
Non-recyclable gains and losses recorded directly in equity		*(174)*	*(78)*
Net income/(loss)		*1,374*	*1,344*
Non-controlling interests		1,296	1,341
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**527,859**	**500,257**

CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Notes	12.31.2016	12.31.2015
Interest and similar income	7.1	5,111	4,763
Interest and similar expenses	7.1	(2,457)	(2,393)
Fee and commission income	7.2	5,164	5,312
Fee and commission expenses	7.2	(2,011)	(1,895)
Net gains or losses on financial instruments at fair value through profit or loss	7.3	2,119	1,985
Net gains or losses on available-for-sale financial assets	7.4	216	609
Income from other activities	7.5	20,840	6,998
Expenses from other activities	7.5	(20,265)	(6,675)
Net revenues		**8,718**	**8,704**
Operating expenses	7.6	(5,997)	(5,735)
Depreciation, amortization and impairment on property, plant and equipment and intangible assets		(241)	(220)
Gross operating income		**2,480**	**2,749**
Provision for credit losses	7.7	(305)	(291)
Net operating income		**2,174**	**2,458**
Share in income of associates		13	46
Gains or losses on other assets	7.8	175	(31)
Change in value of goodwill		(75)	0
Pre-tax profit		**2,287**	**2,473**
Income tax	7.9	(822)	(971)
Net income/(loss) from discontinued operations			
Net income/(loss) for the period		**1,465**	**1,502**
o/w:			
▪ Groupe share		1,374	1,344
▪ Non-controlling interest share		90	158
Earnings/(loss) per share *(in euros)*			
Net income/(loss) attributable to shareholders (see Note 5.23) – Group share – per share, calculated on the basis of the average number of shares over the period, excluding treasury shares		0.41	0.41
Diluted earnings/(loss) per share *(in euros)*			
Net income/(loss) attributable to shareholders (see Note 5.23) – Group share – per share, calculated on the basis of the average number of shares over the period, excluding treasury shares and including shares that could be issued on the exercise of stock options and bonus shares		0.41	0.41

STATEMENT OF NET INCOME/(LOSS) AND OTHER COMPREHENSIVE INCOME

(in millions of euros)	Notes	12.31.2016	12.31.2015
Net income		**1,465**	**1,502**
Revaluation adjustments on defined-benefit plans		(53)	77
Revaluation of own credit risk on financial liabilities at fair value through profit or loss		(156)	
Tax impact on items not recyclable to income		71	(28)
Share of gains and losses recognized directly in the equity of associates not recyclable to income			
Items not recyclable to income		**(139)**	**49**
Translation adjustments	8.1	129	432
Revaluation of available-for-sale financial assets	8.1	273	(120)
Revaluation of hedging derivatives	8.1	51	98
Tax impact on items recyclable to income	8.2	(107)	16
Share of gains and losses recognized directly in the equity of associates recyclable to income		3	(2)
Items recyclable to income		**349**	**424**
Gains and losses recognized directly in items of comprehensive income (net of tax)		**210**	**473**
TOTAL INCOME		**1,675**	**1,974**
Group share		*1,568*	*1,822*
Non-controlling interests		*107*	*152*

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital and reserves		Consolidated reserves		
(in millions of euros)	Capital	Reserves related to share capital [a]	Other equity instruments issued [b]	Elimination of treasury stock	Other consolidated reserves
Pro forma shareholders' equity at January 1, 2015	**4 986**	**5 780**	**989**	**(11)**	**6 704**
Capital increase	19	26			
Elimination of treasury stock				(1)	1
Equity component of share-based payment plans					2
2014 dividend paid in 2015					(1 059)
Total activity related to relations with shareholders	**19**	**26**		**(1)**	**(1 057)**
Issuance and redemption of deeply subordinated notes and preference shares			224		
Interest paid on deeply subordinated notes and preference shares					(56)
Change in gains and losses recorded directly in equity					
Change in actuarial gains and losses under IAS19 R					
Income/(loss) as of December 31, 2015					
Impact of acquisitions and disposals [c]					(180)
Other [d]					(526)
Shareholders' equity at December 31, 2015	**5 005**	**5 807**	**1 213**	**(12)**	**4 886**
Appropriation of 2015 earnings		57			1 287
Shareholders' equity as of December 31, 2015 after appropriation of income	**5 005**	**5 864**	**1 213**	**(12)**	**6 173**
Initial application of IFRS 9 for financial liabilities under the fair value option through profit or loss [e]					**(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**		**13**	**(1 084)**
Issuance and redemption of deeply subordinated notes and preference shares			398		0
Interest paid on 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 IAS19 R					
Income/(loss) as of December 31, 2016					
Impact of acquisitions and disposals [f]					(158)
Other					(8)
Shareholders' equity at December 31, 2016	**5 019**	**5 875**	**1 611**	**1**	**4 805**

(a) Issue premiums, legal reserve, contractual reserves, long-term capital gains reserve and other Natixis reserves.

(b) Other equity instruments issued: undated deeply subordinated notes. BPCE subscribed to a new €400 million undated deeply subordinated note in January 2016 as well as a partial repayment of -€2 million.

(c) At December 31, 2015, the call options awarded to the minority shareholders of DNCA France and Natixis Partners were recorded under equity for -€189 million.

(d) At December 31, 2015, other changes included -€424 million related to the recognition of a deferred tax liability on the tax amortization of goodwill and -€142 million related to the withdrawal of capital gains on reclassification following the repayment of a line of undated deeply subordinated notes subscribed for by BPCE.

(e) The impact of the early application of provisions relating to financial liabilities under IFRS9 "Financial instruments" recognized under "Revaluation of own credit risk on financial liabilities 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 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 over the 2016 fiscal year totaled +€12 million (gross amount, with an associated tax impact of -€4 million).

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 at fair value through profit or loss	Revaluation adjustments on defined-benefit plan commitments	Net income (Group share)	Shareholders' equity (Group share)	Non-controlling interests	Total consolidated equity
393	**697**	**(527)**		**(125)**	**0**	**18 886**	**1 289**	20 176
						45		45
						0		0
						2		2
						(1 059)	(74)	(1 133)
						(1 012)	**(74)**	(1 086)
						224		224
						(56)		(56)
473	(240)	238				471	(7)	464
				46		46	2	48
					1 344	1 344	158	1 501
						(180)	(28)	(207)
(42)	2	1				(564)	(1)	(565)
825	**459**	**(289)**		**(78)**	**1 344**	**19 160**	**1 341**	20 500
					(1 344)	0		
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

(f) 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 purchase 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 USD400 million in retained earnings by the New York branch.

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 on-demand deposits with and loans from credit institutions.

Changes in cash generated by operating activities consist of cash flows generated by Group activities, with the exception of those 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)	31.12.2016	31.12.2015
Pre-tax profit	**2,287**	**2,473**
+/- Net charge to depreciation and amortization of property, plant and equipment and intangible assets	304	282
+/- Writedown of goodwill and other non-current assets	78	5
+/- Net charge to other provisions (including insurance companies' technical reserves)	4,493	2,875
+/- Share in income of associates	(13)	(46)
+/- Net loss/(gain) on investing operations	(481)	(264)
+/- Net loss/(gain) on financing operations	139	137
+/- Other activity	(1,123)	948
= Total non-cash items included in pre-tax profit and other adjustments	**3,398**	**3,939**
+/- Decrease/(increase) in interbank and money market items	7,266	(14,074)
+/- Decrease/(increase) in customer items	(706)	3,419
+/- Decrease/(increase) in financial assets or liabilities	(203)	(24,452)
+/- Decrease/(increase) in non-financial assets or liabilities	1,662	(955)
- Income taxes paid	(488)	(286)
= Net decrease/(increase) in operating assets and liabilities	**7,531**	**(36,349)**
Net cash provided/(used) by operating activities	**13,216**	**(29,937)**
+/- Decrease/(increase) in financial assets and equity interests [a]	196	139
+/- Decrease/(increase) in investment property	143	98
+/- Decrease/(increase) in property, plant and equipment and intangible assets	(62)	(283)
Net cash provided/(used) by investing operations	**278**	**(46)**
+/- Cash received from/(paid to) shareholders [b]	(1,179)	(1,088)
+/- Other cash provided/(used) by financing operations [c]	(884)	701
Net cash provided/(used) by financing operations	**(2,063)**	**(387)**
Cash flow of assets and liabilities held for sale	**(6)**	**15**
Impact of exchange rate changes on cash and cash equivalents	**887**	**3,281**
Net increase/(decrease) in cash and cash equivalents	**12,312**	**(27,075)**
Net cash provided/(used) by operating activities	13,216	(29,937)
Net cash provided/(used) by investing operations	278	(46)
Net cash provided/(used) by financing operations	(2,063)	(387)
Cash flow of assets and liabilities held for sale	(6)	15
Impact of exchange rate changes on cash and cash equivalents	887	3,281
Cash and cash equivalents at beginning of period	**25,656**	**52,732**
Cash and balances with central banks	21,190	56,598
Interbank balances	4,466	(3,866)
Cash and cash equivalents at end of period	**37,969**	**25,656**
Cash and balances with central banks	26,703	21,190
Interbank balances	11,266	4,466
CHANGE IN CASH AND CASH EQUIVALENTS	**12,312**	**(27,075)**

(a) Decrease/(increase) in financial assets and investments in associates, including in particular:
- flows related to assets held to maturity (+€316 million);
- flows related to investments in consolidated affiliates totaling -€154 million, corresponding to the acquisition of Peter J. Solomon Company (-€78 million), 40% of AEW Europe and Coinvest (-€42 million), +€19 million of cash acquired from the acquisition of Ciloger, the disposal of Snyder Capital Management (+€1 million) and Capital Growth Management (+€16 million), the partial exercise of the put option on DNCA (-€69 million) and Euro Private Equity (-€1 million);
- flows related to investments in non-consolidated affiliates for +€48 million.

(b) Flows from or to shareholders include:
- dividends paid to BPCE (-€780 million) and dividends paid outside the Group (-€425 million);
- the capital increase reserved for employees (see Notes 5.17 and 11.2.4) (+€26 million).

(c) Flows from financing activities can be broken down as follows:
- issue of a subordinated loan (+€300 million) subscribed for by BPCE;
- maturity of two issuances of subordinated debt (-€956 million) subscribed for by BPCE;
- interest paid on subordinated notes (-€150 million);
- interest paid on deeply subordinated notes recorded as equity (-€78 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, 2016 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 2015 registration document filed with the Autorité des Marchés Financiers (AMF – French Financial Markets Authority) on March 10, 2016. In accordance with European regulation 809/2004 relating to information contained in prospectuses, the financial statements for the year ended December 31, 2014, that were published in the 2014 registration document filed with the AMF on March 12, 2015, are incorporated for reference into this registration document.

Texts in force since January 1, 2016

- The amendment to IAS 19 "Employee benefits" entitled "Defined benefit plans: employee contributions" adopted by the European Commission on December 17, 2014, with mandatory application from January 1, 2016 to Natixis' financial statements. This amendment applies to contributions by employees and third parties to defined benefit plans. The aim is to clarify and simplify accounting for contributions that are independent of employee seniority (e.g. employee contributions calculated as a fixed percentage of salary), which may be recognized as a reduction in the cost of services for the period during which the service is rendered instead of being allocated to the periods of service. This amendment had no impact on Natixis' financial statements ;
- The amendment entitled "Annual improvements to IFRS, 2010-2012 cycle", adopted by the European Commission on December 17, 2014, with mandatory application from January 1, 2016 to Natixis' financial statements. This amendment stems from the annual improvement process aimed at simplifying and clarifying international accounting standards. The following standards have been amended: IFRS 2 "Share-based payment", IFRS 3 "Business combinations", IFRS 8 "Operating segments", IAS 16 "Property, plant and equipment" and IAS 24 "Related party disclosures". This amendment had no impact on Natixis' financial statements ;
- The amendment to IFRS 11 "Joint Arrangements" entitled "Accounting for Acquisitions of Interests in Joint Operations" adopted by the European Commission on November 24, 2015, with mandatory prospective application from January 1, 2016 to Natixis' financial statements. This amendment clarifies how to account for the acquisition of an interest in a joint operation that constitutes a business as defined under IFRS 3 "Business Combinations". Accordingly, IFRS 3 guidelines should be applied in respect of the interest acquired. This amendment had no impact on Natixis' financial statements ;
- The amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" entitled "Clarification of Acceptable Methods of Depreciation and Amortization", adopted by the European Commission on December 2, 2015, with mandatory application from January 1, 2016 to Natixis' financial statements. This amendment stipulates that the use of revenue-based methods to calculate the depreciation or amortization of an asset is not appropriate and should not be used for property, plant and equipment. This amendment had no impact on Natixis' financial statements ;
- The amendment entitled "Annual improvements to IFRS, 2012-2014 cycle", adopted by the European Commission on December 15, 2015, with mandatory application from January 1, 2016 to Natixis' financial statements. This amendment stems from the annual improvement process aimed at simplifying and clarifying international accounting standards. The following standards have been amended: IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", IFRS 7 "Financial Instruments: Disclosures", IAS 19 "Employee Benefits" and IAS 34 "Interim Financial Reporting". This amendment had no impact on Natixis' financial statements ;
- The amendment to IAS 1 "Presentation of Financial Statements" entitled "Disclosure Initiative" adopted by the European Commission on December 18, 2015, with mandatory application from January 1, 2016 to Natixis' financial statements. This amendment aims to encourage companies to apply professional judgement in determining what information to disclose in their financial statements and to improve the effectiveness of disclosure. This amendment had no impact on Natixis' financial statements ;
- The amendment to IAS 27 "Separate Financial Statements" entitled "Equity Method in Separate Financial Statements" adopted by the European Commission on December 18, 2015, with mandatory application from January 1, 2016 to Natixis' financial statements. This amendment allows entities to use the equity method described in IAS 28 "Investments in Associates" to account for investments in subsidiaries, joint-ventures and associates in their separate financial statements. This amendment had no impact on Natixis' consolidated financial statements ;

(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.*

- The amendment to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" entitled "Investment Entities: Applying the Consolidation Exception" adopted by the European Commission on September 22, 2016 and with mandatory application from January 1, 2016 to Natixis' financial statements. These amendments aim to clarify the applicable rules in terms of the consolidation of investment entities and entities consolidated using the equity method. This amendment had no impact on Natixis' financial statements
- Through early application, provisions related to the recognition of gains and losses on financial liabilities designated under the fair value option through profit or loss, 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 through profit or loss, attributable to changes in credit risk on these liabilities, shall be recognized as other comprehensive income, where such recognition does not create or increase an accounting mismatch in profit or loss. These provisions apply retrospectively.

  In line with the option offered by IFRS 9, Natixis has elected not to restate comparative periods. Consequently, Natixis recognized, under "Revaluation of own credit risk on financial liabilities at fair value through profit or loss" in opening shareholders' equity at January 1, 2016, the fair value of the issuer spread, i.e. €49 million (gross amount).

  Under "Revaluation of own credit risk on financial liabilities at fair value through profit or loss", Natixis recognized €144.1 million in gains and losses on non-recyclable comprehensive income for fiscal year 2016 (gross amount).

Natixis did not opt for early application of the following standards adopted by the European Union at December 31, 2016 but which had not yet entered into force:

- The new standard, IFRS 15 "Revenue from Contracts with Customers", adopted by the European Commission on September 22, 2016 with application from January 1, 2018 according to specific phase-in conditions. It will replace the current standards and interpretations on revenue recognition.

  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 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. Failing this, the provisions of IFRS 15 apply.

  Natixis began to analyze the impact of the application of this new standard in the second half of 2016 and this work will be completed during the 2017 fiscal year.
- The new standard, IFRS 9 "Financial instruments" adopted by the European Commission on November 22, 2016 and applicable retroactively as of January 1, 2018, except under the conditions referred to above, provisions relating to financial liabilities at fair value through profit or loss, for which Natixis has applied the option offered by the standard of applying them in advance to the financial statements as of January 1, 2016.

The new standard introduces:

- a new classification model for financial assets, based on the type of instrument (debt or equity instrument):
  - for debt instruments, the standard revises the distinction between amortized cost and fair value, based on the business model for financial assets and their contractual cash flow characteristics. The business model depends on how Natixis manages its financial assets in order to generate cash flow and create value. Only "basic" instruments whose contractual conditions allow for solely payments of principle and interest at specific dates may be classified at amortized cost (if they are held under a "hold to collect" business model) or at fair value through other comprehensive income (if they are held under a "hold to collect and sell" business model),
  - for equity instruments, fair value through profit or loss becomes the default classification. Classification at fair value through shareholders' equity remains possible as an option and under certain conditions;
- 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 provisioning for financing commitments which fall outside the current standard's scope (for their evaluation) and provisioning for financial guarantee commitments.

  Under the new framework, it will no longer be necessary to identify an event of default to record an impairment. IFRS 9 generally requires one-year expected losses to be recorded upon initial recognition, and subsequently, if the counterparty risk has deteriorated significantly since initial recognition, expected losses at maturity should be recognized. Thirdly, if credit quality deteriorates to the point that recoverability is threatened, a provision must be set aside for expected losses at maturity, which is the same as the requirement under IAS 39 for individual impairment of loans in default (see Note 5.3);
- a new hedge accounting model that is more in line with risk management activities.

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 should be completed by the end of H1 2017. The second half of 2017 will be dedicated to revenue, finalizing work on model calibration, completing documentation and adapting processes imposed by the implementation of this new standard within the framework of change management.

Work carried out on Classification and Measurement for the time being shows that the majority of financial assets that were recognized at amortized cost under IAS 39 will continue to meet the conditions to be recognized at amortized cost under IFRS 9, and conversely, 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 under IFRS 9.

Reclassifications identified at this stage 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 lease receivables will continue to be classified and measures at amortized cost. Nevertheless, Natixis has certain fixed-rate loans with symmetric repayment clauses in its portfolio, a marketplace issue raised with the IASB Board in December, which is expected to rule on whether such instruments should be considered as "basic" or not over the course of 2017;
- for security 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 recyclable OCI,
  - mutual fund and FCPR units classified as equity instruments under IAS 39 and recognized as "Available-for-sale assets" or as "Financial assets under the fair value option through profit or loss", which 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 IFRS 9, subject to an individualized option, 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 for unrealized gains and losses, even in the event of disposal and recyclable for dividend),
  - securitization units held for the purpose of GSCS (Global Structured Credit and Solutions) activities, which are currently recognized as "Loans and receivables" and will not fulfill the characteristics of a basic instrument and which must be recognized as financial assets at fair value through profit or loss;

  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 there are very few such reclassifications and those carried out affect assets whose value does not differ significantly from cost value, these reclassifications are not expected to have a material impact, in terms of amount, on Natixis' opening shareholders' equity on January 1, 2018.

Regarding the implementation of new impairment provisions:

- To calculate impairment, Natixis will use regulatory capital requirement calculation models and the projection models used for regulatory stress tests. Specific adjustments will be made to reflect the maturity of outstandings, current conditions and expected economic and financial projections. Measurements may therefore, in some cases, differ significantly from those used to calculate regulatory capital requirements due to the associated safety buffers and as they are "through-the-cycle".

  The models which will be introduced to calculate impairment will be centralized to ensure that methods are consistent throughout Natixis and Groupe BPCE, depending on the type of asset.
- Material impairment will be measured using a combination of indicators, the majority of which are included in the current risk monitoring system and adapted to the characteristics of the portfolios. These criteria include: the counterparty's rating (internal, or external where there is no internal rating), the non-technical unpaid amount, the counterparty's Watch List status (incorporating the forbearance status), and the internal sector rating of the sector or country to which the counterparty belongs.

  Quantified impact simulations carried out to date still include simplified options which cannot reasonably guarantee that estimates are sufficiently reliable to be published.

In terms of hedge accounting:

Natixis, like Groupe BPCE, 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.

Pursuant to the option available under IFRS 9, Natixis does not intend to provide comparative information for its financial statements.

- IFRS 16 "Leases" 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, subject to adoption by the European Union.

  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. 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. Interest expenses on financial debt and depreciation charge for the right of use will be carried separately in income. In contrast, under existing IAS 17, operating leases are not recorded in the balance sheet and only the related rental charge is recognized in the profit and loss statement.

The estimated amount of the rights of use to be recorded in the balance sheet is currently being assessed. Natixis expects a major impact on Fixed assets and on financial liabilities in the balance sheet.

In addition, in drawing up the consolidated financial statements at December 31, 2016, Natixis also took the following into account:

- with regard to 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 judgement to determine fair value in illiquid markets. As a result of this recommendation, as at December 31, 2016, 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;
- with regard to financial reporting on risk exposure, the recommendations applicable in France resulting from the Financial Stability Forum (FSF). Details of 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 3.11 of the chapter on "Risk Management 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, 2016, 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.

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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:

Core businesses *(in millions of euros)*	Total balance sheet	Net revenues	Net income
Corporate & Investment Banking	250	15	+/-2
Investment Solutions	60	5	+/-2
Specialized Financial Services	60	12	+/-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 is decreased 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 stipulate three types of control: exclusive control, joint control and significant influence. Determining the type of control that exists is not limited to identifying the voting rights held, but also involves an analysis of the economic and legal relations existing between the various entities being analyzed.

In determining whether it exercises control or 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 judgement 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, the entity in question will be subject to consolidation pursuant to IFRS 10.

IAS 27 defines control as the power to govern the operational and financial policies of an entity to obtain benefit from its activities. This definition applied to all entities, with the exception of special purpose entities, for which the SIC 12 interpretation established control indicators. Control is determined on the basis of voting rights under IAS 27, whereas SIC 12 attached high importance to the right to the majority of economic benefits and to the right to exposure to the majority of risks relating to the special purpose entity.

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 equal to or higher than 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.

  Tests resulted in a write-down of €12.6 million in the equity-accounted investment in the IDFC entity, an entity belonging to the Investment Solutions division. This impairment is 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 at December 31, 2016.
- 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 or loss, pursuant to the option available under IAS 28.

In terms of Natixis' stake in EFG Hermès, held through DF EFG 3 Limited, although the share of voting rights held represents 11.8%, it was analyzed as subject to consolidation according to the equity method due in particular to the number of seats held on the company's Board of Directors. Nevertheless, it is not consolidated in the December 31, 2016 financial statements as the company's financial statements are not consolidation in IFRS format. The stake was acquired for $85 million. It is recognized in "Available-for-sale financial assets" at a value of €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' interest 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 non-controlling 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 non-controlling interests subject to put options are presented in "Net income for the period – portion attributable to non-controlling 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 retroactively restate business combinations previous to January 1, 2004 pursuant to IFRS 3;
- Revised IFRS 3 (IFRS 3R) if they occur after January 1, 2010. Indeed, IFRS 3R can be applied prospectively to business combinations where the 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 purchase method. Under the purchase 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 non-controlling 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 non-controlling 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 non-controlling 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 non-controlling 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 non-controlling 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 and 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 purchase method for consolidation purposes, in accordance with IFRS 3.

Goodwill arising in connection with the above-mentioned business combination on December 31, 2006 was accounted for as follows:

Goodwill on contributed entities

As the contributions were recognized at their net carrying amount under IFRS, no valuation adjustments have been recorded 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.

Goodwill on other transactions

The goodwill arising from business combinations 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 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 2016, goodwill decreased by €6.6 million, excluding translation gains (€48.1 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. Ex-UGT Corporate Data Solution (CDS) is now limited to IJCOF, an entity consolidated using the equity method, Ellisphère, an entity to which goodwill of €23 million is attributed and the HCP holding company to which no goodwill is attributed. Considering the disposal plans for Ellisphère and IJCOF (see Note 2.6) and the absence of goodwill for HCP, UGT CDS was not subject to an impairment test at December 31, 2016, as the disposal value of Ellisphère and IJCOF did not require an impairment to be recognized in the financial statements at December 31, 2016.

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 medium-term plans established in conjunction with the core business lines as part of Natixis' strategic plan and Coface's "Fit to win" plan ;
- perpetual growth rate: 2.5% for all valuations;
- discount rate: use of a specific rate for each CGU: 9.8% for Investment Solutions (9.7% in 2015), 11.3% for Specialized Financial Services (11.2% in 2015), 10.5% for Coface (unchanged from 2015) and 11% for Corporate & Investment Banking (10.9% in 2015).

The discount rates were determined by factoring in the following:

- for the Investment Solutions, 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;
- 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.

At June 30, 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).

At December 31, 2016, tests carried out did not result in the recognition of an additional impairment of goodwill on Coface. The net amount of goodwill after impairment amounted to €281.9 million at December 31, 2016 versus €357 million at December 31, 2015.

A 20 bp increase in discount rates (assumption based on the historical annual variability observed over the past four years) combined with a 50 bp reduction in perpetual growth rates would help to reduce the value in use of CGUs by:

- -6.5% for the Investment Solutions CGU;
- -3.7% for the Specialized Financial Services CGU;
- -3.0% for the Corporate & Investment Banking CGU;
- -4.3% for the Coface CGU,

and would not result in an impairment recorded for those CGUs except for the Coface CGU for which an additional €40 million impairment (€16.5 million group share) should then be recorded.

Similarly, the sensitivity of future business-plan cash flows to variations in key assumptions does not significantly affect the recoverable amount of CGUs:

- for Investment Solutions, a 10% decline in the "equity" markets would have a negative impact limited to 3% on the recoverable value of the CGU and would not lead to the booking of an impairment loss;
- for Specialized Financial Services, a one point drop 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 8% 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. A target level of 51% for this ratio (net of reinsurance) was applied to conduct the CGU's impairment test at December 31, 2016. A one point increase in this loss ratio for all years as of 2017 compared with the trajectory used for the DCF, would have an impact on the average multi-criteria value and would lead to the recognition of an impairment of €40 million (€16.5 million group share) for the CGU. Furthermore, a valuation at the lowest price in 2016 would lead to a limited impact on the weighted average valuation of the various methods.

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).

On December 31, 2014, Natixis initiated discussions regarding the sale of its subsidiary Altus GTS Inc. At December 31, 2014 and December 31, 2015, Natixis maintained the full consolidation of its subsidiary and combined, in accordance with the provisions of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", 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". As the disposal was completed during 2016, with an impact of €10.9 million on "Gains and losses on other assets", this entity was no longer included in Natixis' consolidation scope as at December 31, 2016.

Moreover, at December 31, 2015, Snyder Capital Management, a fully-consolidated subsidiary of the Investment Solutions division, was also treated in accordance with IFRS 5, with the presentation of its assets and liabilities organized into the two balance sheet items: "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale". As the disposal was completed during 2016, with an impact of €8.3 million on "Gains and losses on other assets", the subsidiary was no longer included in Natixis' consolidation scope as at December 31, 2016.

Furthermore, at December 31, 2015, Capital Growth Management, a subsidiary of the Investment Solutions division consolidated using the equity method, was also treated in accordance with IFRS 5, and the stake recorded under "Non-current assets held for sale". In accordance with IFRS 5, securities were measured at their net book value, without taking into account the share of income generated after the classification as "Non-current assets held for sale". As the disposal was completed during 2016, with an impact of €17.5 million on "Gains and losses on other assets", this entity was no longer included in Natixis' balance sheet as at December 31, 2016.

Natixis has also started discussions regarding the disposal of a share of its stake in Caspian, an entity belonging to the Investment Solutions division. At December 31, 2016, Natixis maintained the full consolidation of its subsidiaries and combined, in accordance with the provisions of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", 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".

Finally, at December 31, 2016, Natixis had started discussion regarding the disposal of its subsidiaries Ellisphère and IJCOF, entities belonging to the Corporate Data Solution division. At December 31, 2016, Natixis maintained the full consolidation of Ellisphère and combined, in accordance with the provisions of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", 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 recorded under "Non-current assets held for sale". In accordance with IFRS 5, securities were measured at their net book value, without taking into account the share of income generated after the classification as "Non-current assets held for sale".

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 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, 2016 was 87% compared with 90% at December 31, 2015.

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, 2016 as on December 31, 2015.

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(in millions of euros)	2016	2015
Total net deferred profit-sharing asset	-	-
Total net deferred profit-sharing liability	3,108	2,805

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 September 21, 2011, and its June 24, 2015 amendment, 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.

Coface

Revenues derived from the management of public procedures represent the fees paid by the French State. The methods and principles of this compensation are set in a financial agreement dated February 24, 2012 between the State and Coface.

In 2016, this activity resulted in a margin of €7.5 million versus €12.6 million for 2015.

Premiums paid by customers, claims covered and amounts recovered as a result of these guarantees are paid over to the State. Accordingly, they are not included in the Group's consolidated financial statements. Expenses relating to public procedures management are mainly incurred in delivering State guarantees, managing claims, and recovering debts covered by the guarantees.

At December 31, 2016, Coface sold its management of state export guarantees activity to BpiFrance. The teams and information systems dedicated to this activity were transferred from January 2, 2017.

The management of state export guarantees is a service which Coface carried out on behalf of the French State and which represented around 4% of consolidated revenue in 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 for the fiscal year ended December 31, 2016. 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

Groupe BPCE and CNP Assurances signed a new partnership agreement that took effect on January 1, 2016. It follows the expiry on December 31, 2015 of the distribution agreements between the two companies, and Groupe BPCE's decision to assign the design and management of all savings and pension fund contracts sold by the Caisse d'Epargne network to Natixis Assurances from January 1, 2016.

The new partnership covers a seven-year period and includes the following provisions:

- the establishment of an exclusive collective payment protection insurance partnership between CNP Assurances and Natixis Assurances on the one hand, and all the Groupe BPCE networks on the other. This partnership is based on a co-insurance agreement (66% for CNP Assurances and 34% for Natixis Assurances);
- the implementation of specific provident insurance partnerships with (i) an offer from CNP Assurances covering the main collective provident insurance guarantees for Groupe BPCE's professional and corporate customers, coupled with a dependency component; and (ii) a targeted partnership for dependency and tenant guarantees as part of the individual provident insurance range;
- a gradual withdrawal by CNP Assurances from the savings and pension fund activities performed with the Caisses d'Epargne, including the progressive phasing out of new subscriptions in 2016, the ongoing collection of subsequent payments into existing contracts and provisions to align the interests of CNP Assurances and Groupe BPCE regarding the management of existing policy assets. Outstanding savings contracted with the Caisses d'Epargne have been transferred to Natixis Assurances under a 10% quota share reinsurance agreement, including related transfers (see Note 6.5.2);
- conversely, CNP Assurances reinsures 40% of new euro pension fund contracts distributed by Caisse d'Epargne network and issued by Natixis Assurances over the period 2016-2019.

In 2016, Natixis, via Natixis North America LLC, concluded the acquisition of the US advisory firm Peter J. Solomon Company (PJSC), which provides advisory services on mergers and acquisitions and corporate restructuring.

At December 31, 2016 Natixis held 51% of PJSC's capital, and has the option to acquire the remaining shares by 2026 by exercising share purchase and sale promises.

Via Natixis North America LLC, Natixis exercises control over PJSC within the meaning of IFRS 10, and fully consolidates the entity.

This transaction generated goodwill of €72 million as at December 31, 2016, as determined using the partial goodwill method.

During 2016 Natixis, via Natixis Global Asset Management (NGAM), completed the merger of AEW Europe and Ciloger, one of the French leaders in real estate asset management for retail investors. Following this transaction; Natixis Global Asset Management will hold 60% of AEW Europe's capital and La Banque Postale 40%.

Natixis holds a controlling interest in AEW Europe, through NGAM, in accordance with IFRS 10 and consolidates it using the full consolidation method.

This transaction generated goodwill of €19.7 million, as determined using the partial goodwill method.

3.2 Changes in consolidation scope since January 1, 2016

The changes in scope since January 1, 2016 were as follows:

3.2.1 Corporate and Investment Banking

Newly consolidated entities

- Acquisition of 75% of the share capital and voting rights in Natixis Capital Partners Spain on January 29, 2016.
- Creation of the SPG Sicav on April 21, 2016.
- Acquisition of 51% of the share capital and voting rights in the following entities on June 7, 2016:
  - Peter J. Solomon Company LP;
  - Peter J. Solomon Securities Company LLC.
- Acquisition during the third quarter of 2016 of DF EFG 3 Limited.
- Creation of the Natixis Canada subsidiary during the third quarter of 2016.
- Creation of the Natixis Taiwan and Porto subsidiary during the fourth quarter of 2016.

Deconsolidated entities

- Liquidation during the fourth quarter of 2016 of Natixis Funding UK LLP.

3.2.2 Investment Solutions

Newly consolidated entities

- Consolidation of ABP Vie Mandat FCPI, a Private Equity fund, in the second quarter of 2016, when ownership interest thresholds were crossed.
- Acquisition by AEW Europe in the fourth quarter of 2016 of Ciloger. Following the financial transaction, AEW Europe's capital is 60%-owned by Natixis and 40% by Banque Postale.
- Consolidation of Ossiam Emerging Market Minimum Variance, an asset management fund, in the fourth quarter of 2016, when ownership interest thresholds were crossed.
- Consolidation of OPCI Franceurope Immo, an insurance investment fund, in the fourth quarter of 2016, when ownership interest thresholds were crossed.
- Creation and consolidation of NGAM Korea in December 2016.

Deconsolidated entities

- The following entities were disposed of on January 2, 2016:
  - Capital Growth Management LP;
  - Snyder Capital Management Inc;
  - Snyder Capital Management LP.
- The following entities were liquidated in January 2016:
  - MC Management Inc;
  - MC Management LP;
  - Kobrick Funds LLC.
- Deconsolidation of the asset management fund Natixis Credit Opportunities I/A EUR in the first quarter of 2016 as the percentage interest fell below eligible levels.
- Deconsolidation of Harris Associates Investment Trust in the fourth quarter of 2016.

Changes in percentage interest

- The interest in Ecureuil Vie Développement increased from 49% to 51% following the acquisition of the 2% previously held by CNP Assurances in the first quarter of 2016.
- In 2016, the percentage interest in DNCA Management increased from 8.2% to 42.5% following several buyouts of shares owned by the company's managers. These transactions increased the interest in DNCA's entities, which rose from 71% to 75% for the following entities: DNCA Finance, DNCA Courtage, DNCA Luxembourg.
- In the second quarter of 2016, the interest in Euro Private Equity S.A. and Euro Private Equity France increased from 70% to 80% following the acquisition of an additional 10% of the share capital in accordance with the initial protocol agreement signed on the entity's acquisition.
- In the second quarter of 2016, the ownership interest in Sélection 1818 increased from 75% to 100% following the exercise of put options on minority shareholders.
- The ownership interest in AEW Coinvest increased from 60% to 100% following the acquisition in the second quarter of 2016 of the 40% previously held by the Caisse des Dépôts et Consignations.
- The ownership interest in Ossiam rose from 62% to 64% following the purchase of 900 shares on June 13, 2016.

Restructuring

- Absorption of DNCA et Cie by DNCA Finance during the fourth quarter of 2016.

3.2.2 Financial investments

Deconsolidated entities

- Disposal of HCP NA LLC and Altus GTS Inc on March 31, 2016.
- Disposal of Graydon Holding on September 15, 2016.

3.3 Interests in subsidiaries

3.3.1 Material non-controlling interests

The main subsidiaries in which non-controlling interests are material at December 31, 2016 are Coface and BPCE Assurances, as in the previous fiscal year.

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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
Other entities				59	48	59				
TOTAL				**90**	**1,296**	**111**				

At December 31, 2015

(in millions of euros)				12.31.2015						
				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	58.68%	58.68%	57	1,101	45	6,883	5,116	126	120
BPCE Assurances	France	40.00%	40.00%	22	146	7	1,632	1,266	56	52
Other entities				78	93	22				
TOTAL				**158**	**1,341**	**74**				

3.3.2 Impact of changes to percentage holdings in subsidiaries still under control at Saturday, December 31, 2016

During fiscal year 201, as in 2015, Natixis did not make any significant disposals in subsidiaries still under control.

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 2015 or 2016.

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 3.8.2. "Liquidity Risk and Refinancing Strategy" of Chapter [3], "Risk Management 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 3.8 of Chapter [3], "Risk Management 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 option through profit or loss 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, 2016 is the EDF Investment Group (EIG) entity. This entity met the definition of "joint-venture" at December 31, 2013, when IFRS 11 was initially adopted. Following a change in governance in the first half of 2014, this entity now falls under the definition of "associate".

Table summarizing investments in associates:

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**

* *The percentage of ownership and voting rights at 12.31.15 are 6.11 % each.*

At December 31, 2015

(in millions of euros)	Value of the investments in associates	Net income	Gains or losses recorded directly in equity
Joint-ventures			
Affiliates	**698**	**46**	**(2)**
EDF Investment Group (EIG)*	538	27	(1)
Other entities	160	19	(1)
TOTAL	**698**	**46**	**(2)**

* *The percentage of ownership and voting rights at 12.31.2015 are 6.11% each.*

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)	12.31.2016	12.31.2015
Valuation method	**Affiliate**	**Affiliate**
Dividends received	23	11
Main aggregates		
Total assets	8,634	9,420
Total debt	62	610
Income statement		
Net operating income	*292*	*663*
Income tax	*(67)*	*(174)*
Net income	*225*	*489*
Gains or losses recorded directly in equity	6	(12)

* *The data for EIG established at December 31, 2015 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)	12.31.2016	12.31.2015
Equity of the associate	8,571	8,810
Percentage of ownership	6.11%	6.11%
Natixis' share in the equity of the associate	524	538
Goodwill	-	-
Other	-	-
Value of the investment in the associate	524	538

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;
- low 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 non-controlling 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

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 NGAM and Banque Privée 1818.

The compensation of NGAM and Banque Privée 1818 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 NGAM and Banque Privée 1818 is assessed according to the combined interests held by the entities and business lines within Natixis' consolidated scope:

- as managers, NGAM and Banque Privée 1818 do not invest in the funds and generally own only several shares;
- Natixis Assurances may take out interests in mutual funds managed by NGAM 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, which were not consolidated under SIC 12, are now 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.

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).

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 NGAM (AEW Europe, AEW Capital Management, 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).

Private equity funds

As part of its Private Equity operations, Natixis makes equity investments in unlisted companies via venture capital vehicles (Fonds Communs de Placement à Risque – FCPRs – venture capital 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).

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.

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

The NGAM sub-group 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 NGAM nor any other Natixis entity holds a material interest in these funds. Therefore, Natixis is not significantly exposed to the variability of returns. Consequently, no such fund was consolidated as of December 31, 2016.

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.
- CEGC controls two SCIs which hold the business line's operating property. CEGC also controls a third SCI which owns real estate assets.
- 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 outstanding loans 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.
-

	31.12.2016				
(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)*.

(in millions of euros)	31.12.2015				
	Securitization	Asset Management	Structured Financing	Other activities	Total
Financial assets at fair value through profit or loss	**307**	**5,799**	**617**	**104**	**6,827**
Trading derivatives	148	249	137	104	637
Trading instruments *(excluding derivatives)*	138	1,524	152	-	1,814
Financial instruments at fair value through profit or loss	22	4,026	328	-	4,376
Available-for-sale financial assets	**361**	**2,546**	**31**	**330**	**3,268**
Loans and receivables	**2,869**	**2,619**	**10,918**	**2,155**	**18,562**
Held-to-maturity financial assets	-	-	-	-	-
Other assets	**51**	**54**	**3**	**27**	**135**
TOTAL ASSETS	**3,588**	**11,018**	**11,570**	**2,616**	**28,792**
Financial liabilities at fair value through profit or loss *(derivatives)*	**36**	**446**	**369**	**22**	**874**
Provisions	-	**0**	**7**	**4**	**10**
TOTAL LIABILITIES	**36**	**446**	**376**	**26**	**884**
Financing commitments given	**3,150**	**1,538**	**1,918**	**866**	**7,472**
Guarantees given	**372**	**9,181**	**1,171**	**173**	**10,896**
Guarantees received	**33**	**908**	**10,213**	**7**	**11,161**
Notional amount of sales of options and CDS	**1,834**	**31**	**2,068**	**725**	**4,658**
MAXIMUM EXPOSURE TO RISK OF LOSS	**8,911**	**20,860**	**6,507**	**4,369**	**40,647**
SIZE OF STRUCTURED ENTITIES	**78,955**	**140,132**	**48,586**	**2,017**	**269,690**

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.

	31.12.2016		
(in millions of euros)	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*	**1,797**	**-**	**1,797**

* 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.

	31.12.2015		
(in millions of euros)	Securitization	Asset Management	Total
Revenues drawn from the entities	**70**	**1,192**	**1,261**
Revenues net of interest			
Revenues net of fees and commissions		993	993
Net gains or losses on instruments at fair value through profit or loss	70	199	268
Book value of the assets transferred from the entity over the year*	**2,369**		**2,369**

* The book value of assets transferred to these vehicles corresponds to assets sold by Natixis during 2015, 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 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, 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 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 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 past since the date of the restructuring;
- the outstanding is recognized as a performing loan at the reporting date;
- no 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;
- for shares in venture capital 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:
  - no 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 industry 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): (i) cumulative variable-rate borrowings and fixed-rate borrower swaps by maturity bracket, and (ii) 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 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:

- if the instrument is quoted on an active market, fair value is its quoted price. 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:

<u>Bid/ask adjustment – Liquidity risk</u>

This adjustment is the difference between the bid price and the ask price corresponding with the selling costs. It reflects the cost requested by a market player in respect of the risk of acquiring a position or of selling at a price proposed by another market player.

<u>Adjustment for model uncertainty</u>

This adjustment takes into account the imperfections of the valuation techniques used – in particular, the risk factors that are not considered, even when observable market inputs are available. This is the case where risks inherent to various instruments differ from those considered by the observable inputs used to value them.

<u>Adjustment for input uncertainty</u>

Observing certain prices or inputs used in valuation techniques may be difficult or the price or input may be too regularly unavailable to determine the selling price. Under these circumstances, an adjustment may be necessary to reflect the probability that market participants might adopt different values for the same inputs when evaluating the financial instrument's fair value.

<u>Value adjustment for counterparty risk (Credit Valuation Adjustment – CVA)</u>

This adjustment applies to valuations that do not account for the counterparty's credit quality. It corresponds to the expected loss related to 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.

<u>Value adjustment for internal credit risk (Debit Valuation Adjustment – DVA) and funding valuation adjustment (FVA)</u>

The DVA is symmetrical to the CVA and represents the expected loss, from the counterparty's perspective, on liability valuations of derivative financial instruments. It reflects the impact of Natixis' credit quality on the valuation of these instruments. The adjustment is made by observing credit spreads on a sample of comparable entities, taking into account the liquidity of Natixis' CDS spread over the period. The funding valuation adjustment (FVA) is taken into account in the DVA calculation.

The following criteria are used to determine whether a market is active:

- the level of activity and trend of the market (including the level of activity on the primary market);
- the length of historical data of prices observed in similar market transactions;
- scarcity of prices recovered by a service provider;
- sharp bid-ask price spread;
- steep price volatility over time or between different market participants.

Control system

The calculation of fair value is subject to control procedures aimed at verifying that fair values are determined or validated by an independent function.

Fair values determined by reference to external quoted prices or market parameters are validated by an independent unit (the Market Data Control Department). Second-level controls are carried out by the Risk Department.

On less liquid markets, other market information, primarily observable data, is used to validate the fair value of instruments.

The factors taken into account include the following:

- the origin of the external source (stock market pages, content contribution services, etc.);
- the consistency of the various sources;
- the frequency at which the data are updated;
- the representative nature of inputs based on recent market transactions.

For fair values determined using valuation models, the control system consists of the independent validation of model construction and of the inputs incorporating these models.

This is carried out under the responsibility of the Risk Department.

It involves verifying that the model is consistent with and relevant to its intended function (price setting, valuation, coverage, measurement and control of risk) and the product to which it applies, based on:

- the theoretical approach: the financial and mathematical foundations of the model;
- the application of the model: the pricing models used to generate risk and earnings data;
- the stability of the model under parametric stress;
- an assessment of the stability and consistency of the numerical methods used;
- the independent re-implementation of the model as part of algorithm validation;
- the comparative analysis of the calibration of model parameters;
- an assessment of the modeling risk, particularly the comparative analysis of the model with other valuation models, in order to ensure the adequacy of the model and the pay-off;
- 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, 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 and Portuguese 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 or 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 the notional amount outstanding and its sensitivity, taking into account the existence of calls and the difference between the revaluation spread (based on the BPCE cash reoffer curve at December 31, 2016 as for previous closing 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.

Hybrid 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 "pay-off", 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 pay-off 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, internal 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 judgement call;
- structured or representative of private investment portfolios, held by the insurance business line;
- hybrid fixed-income and currency instruments 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 CRR regulation 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 3.6 of Chapter [3], "Risk Management 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, 2016, instruments for which the recognition of day-one profit/loss has been deferred included:

- multi-underlying structured equity and index products;
- synthetic financing;
- 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 Option and Corridor Callable Spread Option	Model representing several interest rate curve factors	Spread mean-reversion	10% - 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: -13bp/+24bp
Capital Protected Note	Mono-underlying pay-offs, with capital guarantee, indexed on an issuer cash/CDS basis, including a call at par clause at Natixis' discretion	Modeling which inputs the volatility of the cash-cds basis, rescaled for price volatility, and reinput to a Black model combined with a numeric method capable of incorporating early exercise.	Volatility of cash-cds basis	2.02% - 4.54%
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	-1.11%/+0.33%
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/USD correlation: 28.59%; 44.53% USD/CHF correlation: -75.58%; -85.97% Long-term volatility: 12% - 15%
Fund-based derivatives	Pay-offs 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	Interest rate - Index correlation: 12% - 47%
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	Correlation between AUDJPY and USDJPY: 17% - 61% Long-Term Volatility: 13% - 18%
Hybrid derivative instruments Equity/Fixed Income/Forex (FX)	Long (15Y) callable range accrual note on several asset classes (equity+forex+fixed income)	Hybrid model coupled with equity, forex and interest rate diffusion.	Correlation parameters (equity-FX, equity-fixed income, fixed income-FX)	- EQ/FX = 24% - EQ/IR = 40.56% - FX/IR = 27%

Instrument class	Main types of products comprising Level 3 within the instrument class	Valuation techniques used	Main unobservable data	Data ranges unobservable among relevant Level 3 products
Hybrid fixed income/forex derivatives	Long-dated interest rate and credit callable range accrual notes (15Y) (default event)	Hybrid model coupled with interest rate diffusion and credit diffusion.	Fixed income-credit and credit volatility correlation parameters	Fixed income/Credit correlation: 0% - Credit Vol: Structured by maturity ([2Y, 200%], [5Y, 56%], [10Y, 51%])
Equity derivatives	Multi-underlying pay-offs with long maturities	Model for valuing volatility options incorporating correlation between assets	Correlation inputs	51% - 74%

(a) *As all transactions including this kind of data are back-to-back derivatives; the correlation input, which justifies the level-3 classification, is thus 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 prior validation.

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).

In 2015, in accordance with this procedure, Capital Protected Notes, Helvetix derivatives, as well as repos and general collateral TRS were transferred to Level 3 of the fair value hierarchy (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 current method 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.

In addition to these provisions, a general reserve also takes into account the volatility of the fair value of the contracts.

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

A scoring model was used defining the level of risk associated with certain structures 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.

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.

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.

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.

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.

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 four 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 entered into a sale agreement related to one of its life insurance portfolios and securities representing these commitments. The completion of this sale is nonetheless subject to approval by the ACPR. Securities representing insurance commitments initially recognized as "Available-for-sale financial assets" and "Financial assets and liabilities under the fair value option through profit or loss" were reclassified as "Non-current assets held for sale". In accordance with IFRS 5, reclassified securities are valued according to the provisions of IAS 39 and the technical provision of insurance commitments is discounted.

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. The latter is recognized in "Revaluation of own credit risk on financial liabilities at fair value through profit or loss" under "Gains and losses recognized directly in other comprehensive income" in accordance with IFRS 9, for which this component is applied early by Natixis (see the statement of changes in shareholders' 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 2013, Natixis booked a provision for restructuring in its financial statements in respect of the workforce adaptation plan. The residual amount of the provision at December 31, 2016 is stated in Noted 6.16.2.

In 2016, Coface booked a provision for restructuring of €42 million.

The plan includes early retirement and voluntary redundancies and mainly affects entities located in France and Germany.

- France: the early retirement plan was presented to employee representative bodies on December 13, 2016 and relates to 64 positions.
- Germany: the voluntary redundancy plan was presented to employee representative bodies on November 30, 2016 and relates to 84 positions.

b) Provisions for risks and litigation

A description of the main risks and litigation to which Natixis is exposed is given in Section 3.9 of Chapter [3], "Risk Management and Capital Adequacy".

No contingent assets or liabilities were recorded.

Provisions booked on the liabilities side of Natixis' financial statements as at December 31, 2015 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.

<u>Employee retention and performance plans settled in shares</u>

Under IFRS 2 "Share-based payment", employee bonus share awards give rise to an expense representing the fair value of the goods or services received at the grant date. This payroll expense is recognized against equity. The fair value of the services received is calculated by reference to the fair value of the shares at the grant date, less the present value of dividends forfeited by employees during the vesting period, taking 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 presence conditions, the corresponding expense is recorded over the vesting period on a straight-line basis as long as the settlement does not occur during the year of attribution, in which case the cost is immediately taken into account on the income statement.

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 34.43% for the 2016 fiscal year and of 38% for the 2015 fiscal year, and by foreign companies and branches at the local rate. In 2015, the French rate of 38% included the additional contribution of 10.7% passed in December 2013 (French Finance Act for 2014) affecting the 2013, 2014 and 2015 fiscal years;
- 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.

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.

The amended Finance Act of August 2012 introduced an additional contribution in the case of distribution of dividends in the form of cash flows. In accordance with IAS 12, the expense related to taxes on dividend payouts is 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 and €31.0 million for 2015.

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 GROUP 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 other than on income" 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 2016, 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 2016. 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" (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 judgement. 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, 2016.

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 judgement of its own expert teams. Similarly, Natixis may use its expert judgement 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 book value 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 judgement 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 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).

To this end, Natixis prepares tax business plans over rolling periods as from the last tax reporting period, and based on growth assumptions used in 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.

	12.31.2016	12.31.2015 [c]
Earnings/(loss) per share		
Net earnings/(loss) attributable to the Group (in millions of euros)	1,374	1,344
Net income/(loss) attributable to shareholders (in millions of euros) [a]	1,296	1,288
Average number of ordinary shares issued and outstanding over the period	3,132,934,277	3,123,389,399
Average number of treasury shares issued and outstanding over the period	2,175,601	1,477,399
Average number of shares used to calculate earnings/(loss) per share	3,130,758,676	3,121,912,000
EARNINGS/(LOSS) PER SHARE *(IN EUROS)*	**0.41**	**0.41**
Diluted earnings/(loss) per share		
Net earnings/(loss) attributable to the Group (in millions of euros)	1,374	1,344
Net income/(loss) attributable to shareholders (in millions of euros) [a]	1,296	1,288
Average number of ordinary shares issued and outstanding over the period	3,132,934,277	3,123,389,399
Average number of treasury shares issued and outstanding over the period	2,175,601	1,477,399
Number of potential dilutive shares resulting from stock option and bonus share plans [b]	3,539,546	1,272,861
Average number of shares used to calculate diluted earnings/(loss) per share	3,134,298,222	3,123,184,861
DILUTED EARNINGS/(LOSS) PER SHARE *(IN EUROS)*	**0.41**	**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. -€78 million at December 31, 2016 and -€56 million at December 31, 2015.

(b) This number of shares refers to the shares granted under the 2016 performance-related free share plan (PAGA), the 2016 Long Term Incentive Plan 2016 (LTIP) and the 2012 and 2013 conditional share award plans (PACA).

(c) Earnings/(loss) for 2015 factors in the change in own credit risk on financial liabilities through profit or loss, stated in Note 7.3 at the gross amount including taxes.

NOTE 6 NOTES TO THE BALANCE SHEET

6.1 Financial assets and liabilities designated at fair value through profit or 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, 2016, financial assets at fair value primarily comprised securities and derivative instruments.

(in millions of euros)	Notes	12.31.2016	12.31.2015
Securities held for trading		**46,116**	**48,489**
Fixed-income securities		12,302	19,916
Variable-income securities [(a)]		33,813	28,573
Loans and receivables held for trading		**2,871**	**2,621**
Banks		1,521	1,709
Customers		1,350	912
Derivative instruments not eligible for hedge accounting [(b)]	6.1.3	**69,754**	**70,546**
Securities at fair value through profit or loss	6.1.1.2	**61,633**	**64,460**
Securities		14,593	13,202
Fixed-income		*3,278*	*3,554*
Variable-income [(a)]		*11,316*	*9,648*
Reverse repos [(b)]		47,040	51,257
Loans and receivables under the fair value option through profit or loss	6.1.1.1 and 6.1.1.2	**7,254**	**5,523**
Banks		1,793	1,100
Customers		5,461	4,424
TOTAL		**187,628**	**191,639**

(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).

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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 2015 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 at under the fair value option through profit or loss 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.

	12.31.2016				12.31.2015			
(in millions of euros)	Book value	Accounting mismatch	Managed on a fair value basis	Embedded derivatives	Book value	Accounting mismatch	Managed on a fair value basis	Embedded derivatives
Loans and receivables due from banks	1,793	1,793			1,100	1,100		
Loans and receivables due from customers	5,461	1,643	269	3,549	4,424	141	530	3,753
Fixed-income securities	3,278	1,526	341	1,411	3,554	1,659	379	1,515
Variable-income securities	11,316	9,277	2,039		9,648	7,890	1,758	
o/w repurchased securities	47,040		47,040		51,257		51,257	
TOTAL	**68,887**	**14,239**	**49,689**	**4,960**	**69,983**	**10,790**	**53,925**	**5,268**

6.1.2 Financial liabilities at fair value through profit or loss

At December 31, 2016, 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	12.31.2016	12.31.2015
Instruments held for trading		**88,787**	**94,153**
Securities services		23,153	23,181
Derivative instruments not eligible for hedge accounting [(a)]	6.1.3	65,285	70,207
Other liabilities		349	765
Instruments designated at fair value through profit or loss	6.1.2.1 and 6.1.2.2	**57,439**	**64,837**
Securities services		18,564	15,531
Repurchased securities [(a)]		37,364	48,080
Other liabilities		1,511	1,225
TOTAL		**146,226**	**158,990**

(a) The information presented takes into account the impact of offsetting carried out in accordance with IAS 32 (see Note 6.3).

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 related credit risk is recognized in "Other comprehensive income".

	12.31.2016			
(in millions of euros)	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
Debt securities [b]	18,469	18,555	(86)	106
Subordinated debt [b]	95	100	(6)	(11)
TOTAL [A]	**18,564**	**18,656**	**(91)**	**95**

(a) *The fair value, determined using the method described in Note 5.6, recorded in respect of internal credit risk on Natixis issues totaled €95.1 million at December 31, 2016 versus €49 million at December 31, 2015. Besides changes in the outstanding amount, this difference reflects changes in the Natixis spread since the close of the previous year's accounts.*

(b) *Balances relating to the early repayment of Natixis issues recognized in shareholders' equity over the 2016 fiscal year totaled +€12.4 million.*

Financial liabilities under the fair value option for which credit risk is recognized in net income.

	12.31.2016			12.31.2015		
(in millions of euros)	Book value	Amount contractually due at maturity	Difference between book value and amount contractually due at maturity	Book value	Amount contractually due at maturity	Difference between book value and amount contractually due at maturity
Due to banks	10	7	3	90	89	1
Customer deposits	2	2	0	29	22	7
Debt securities [b]				15,437	15,440	(3)
Subordinated debt [b]				95	101	(6)
Other liabilities [a]	38,863	38,788	75	49,187	49,163	24
TOTAL	**38,875**	**38,797**	**78**	**64,837**	**64,813**	**24**

(a) *Other liabilities comprise a portfolio of structured repos managed according to a dynamic approach, as well as vanilla repos with short-term maturities.*

(b) *The fair value recorded in respect of internal credit risk on issues at December 31, 2015 was reclassified at January 1, 2016 under "Revaluation of own credit risk on financial liabilities at fair value through profit or loss" in opening shareholders' equity, as Natixis had opted for the early application of the provisions of IFRS 9 related to own credit spreads for financial liabilities designated at fair value (see Note 1.1).*

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 or 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)	12.31.2016				12.31.2015			
	Book value	Accounting mismatch	Managed on a fair value basis	Embedded derivatives	Book value	Accounting mismatch	Managed on a fair value basis	Embedded derivatives
Due to banks	10	10			90	90		
Customer deposits	2			2	29			29
Debt securities	18,469	15,166		3,303	15,437	12,877		2,560
Subordinated debt	95			95	95			95
o/w repurchased securities	37,364	677	36,687		48,080	647	47,433	
Other liabilities	1,499	1,500			1,106	1,106		
TOTAL	**57,439**	**17,352**	**36,687**	**3,400**	**64,837**	**14,720**	**47,433**	**2,684**

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.

(in millions of euros)	12.31.2016			12.31.2015		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Organized market	**911,499**	**3,180**	**3,563**	**782,882**	**2,179**	**2,570**
Interest rate derivatives	833,609	0	2	734,437	2	1
Currency derivatives	2,108			201		
Equity derivatives	75,781	3,180	3,561	48,244	2,177	2,569
Credit derivatives						
Other items						
Over-the counter	**4,896,420**	**66,574**	**61,732**	**6,489,276**	**68,367**	**67,637**
Interest rate derivatives	3,485,422	38,544	35,184	5,014,965	44,112	41,524
Currency derivatives	1,154,074	22,075	20,361	1,235,861	18,280	19,876
Equity derivatives	100,108	3,340	4,510	98,397	2,322	3,631
Credit derivatives [(a) (b)]	62,447	1,434	844	68,031	2,305	1,639
Other items	94,369	1,182	833	72,022	1,349	968
TOTAL	**5,807,919**	**69,754**	**65,295**	**7,272,158**	**70,546**	**70,207**
o/w banks	*2,142,024*	*49,092*	*44,745*	*2,585,377*	*52,320*	*49,047*
o/w other financial companies	*2,481,363*	*9,136*	*10,103*	*3,583,809*	*8,434*	*9,572*

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, 2016 and are included on this line for an amount of €24.7 million in assets (versus €32.6 million at December 31, 2015) and €2.4 million in liabilities (versus €34.9 million at December 31, 2015).

(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 €553.6 million at December 31, 2016 versus €576.5 million at December 31, 2015.

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.

	12.31.2016			12.31.2015		
(in millions of euros)	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Cash flow hedges	**20,239**	**70**	**550**	**20,804**	**91**	**630**
Over-the counter	**20,239**	**70**	**550**	**20,804**	**91**	**630**
Interest rate derivatives	20,239	70	550	20,804	91	630
Fair value hedges	**548,724**	**1,150**	**1,462**	**366,795**	**944**	**1,288**
Over-the counter	**548,724**	**1,150**	**1,462**	**366,795**	**944**	**1,288**
Interest rate derivatives	548,671	1,150	1,462	366,694	944	1,288
Currency derivatives	53			101		
TOTAL	**568,963**	**1,220**	**1,462**	**387,599**	**1,035**	**1,918**

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 derivatives, the information is presented in consideration of the effects of the currency offset between asset valuations and liability valuations of the derivatives;
- 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

(in millions of euros)	12.31.2016 Gross amount of financial assets recognized in the balance sheet* (a)	12.31.2016 Gross amount of offset financial liabilities (b)	12.31.2016 Net amount of financial assets recognized in the balance sheet (c) = (a) - (b)	12.31.2015 Gross amount of financial assets recognized in the balance sheet* (a)	12.31.2015 Gross amount of offset financial liabilities (b)	12.31.2015 Net amount of financial assets recognized in the balance sheet (c) = (a) - (b)
Financial assets at fair value through profit or loss	**116,535**	**24,130**	**92,405**	**125,409**	**28,039**	**97,370**
Derivatives	*68,257*	*16,628*	*51,629*	*71,231*	*17,943*	*53,288*
Repurchase agreements	*48,278*	*7,502*	*40,776*	*53,386*	*10,095*	*43,290*
Other financial instruments				*792*		*792*
Hedging derivatives	**3,308**	**3,077**	**231**	**1,636**	**1,254**	**382**
Loans and receivables due from banks	**4,236**		**4,236**	**10,623**		**10,623**
Repurchase agreements	*4,236*		*4,236*	*8,739*		*8,739*
Other financial instruments				*1,884*		*1,884*
Customer loans and receivables	**47,815**	**12,572**	**35,243**	**27,990**	**3,971**	**24,020**
Repurchase agreements	*47,815*	*12,572*	*35,243*	*27,958*	*3,971*	*23,988*
Other financial instruments				*32*		*32*
TOTAL	**171,894**	**39,779**	**132,115**	**165,658**	**33,264**	**132,394**

* *Gross amount of financial assets offset or covered by a master netting or similar arrangement.*

(in millions of euros)	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)	12.31.2015 Net amount of financial assets recognized in the balance sheet (c)	12.31.2015 Amounts not offset related to (a) (d): Financial instruments *	12.31.2015 Amounts not offset related to (a) (d): Guarantees received in cash	12.31.2015 Net exposure (e) = (c) - (d)
Derivatives	51,860	34,036	12,057	5,767	53,669	36,358	12,414	4,897
Repurchase agreements	80,255	80,053	44	158	76,017	75,421	167	429
Other financial instruments					2,708	1,492		1,215
TOTAL	**132,115**	**114,089**	**12,101**	**5,925**	**132,394**	**113,271**	**12,582**	**6,542**

* *After taking into account collateral received in the form of securities.*

6.3.2 Financial liabilities

(in millions of euros)	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)	12.31.2015 Gross amount of financial liabilities recognized in the balance sheet* (a)	12.31.2015 Gross amount of offset financial assets (b)	12.31.2015 Net amount of financial liabilities recognized in the balance sheet (c) = (a) - (b)
Financial liabilities at fair value through profit or loss	**103,696**	**23,874**	**79,822**	**115,026**	**27,830**	**87,196**
Derivatives	*66,918*	*16,372*	*50,546*	*70,158*	*17,734*	*52,423*
Repurchase agreements	*36,778*	*7,502*	*29,276*	*44,765*	*10,095*	*34,670*
Other financial instruments				*103*		*103*
Hedging derivatives	**3,640**	**3,333**	**307**	**1,994**	**1,463**	**531**
Due to banks	**11,318**		**11,318**	**12,883**		**12,883**
Repurchase agreements	*11,318*		*11,318*	*12,597*		*12,597*
Other financial instruments				*286*		*286*
Customer deposits	**51,791**	**12,572**	**39,219**	**29,466**	**3,971**	**25,495**
Repurchase agreements	*51,791*	*12,572*	*39,219*	*29,466*	*3,971*	*25,495*
Other financial instruments						
TOTAL	**170,445**	**39,779**	**130,666**	**159,369**	**33,264**	**126,105**

* *Gross amount of financial liabilities offset or covered by a master netting or similar arrangement.*

(in millions of euros)	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 given in cash	12.31.2016 Net exposure (e) = (c) - (d)	12.31.2015 Net amount of financial liabilities recognized in the balance sheet (c)	12.31.2015 Amounts not offset related to (a) (d): Financial instruments *	12.31.2015 Amounts not offset related to (a) (d): Guarantees given in cash	12.31.2015 Net exposure (e) = (c) - (d)
Derivatives	50,853	34,957	11,768	4,128	52,954	36,349	12,145	4,460
Repurchase agreements	79,814	79,535	8	271	72,762	72,397	20	345
Other financial instruments					390	222		167
TOTAL	**130,667**	**114,492**	**11,776**	**4,399**	**126,105**	**108,968**	**12,164**	**4,973**

* *After taking into account collateral received in the form of securities.*

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)	12.31.2016	12.31.2015
Loans outstanding	**16**	**17**
Loans and receivables	16	17
Accrued interest		
Securities services	**55,538**	**53,194**
Fixed-income	47,611	45,541
Variable-income [(a)]	7,363	7,086
Accrued interest	564	567
Total available-for-sale financial assets before impairment	**55,554**	**53,211**
Impairment of available-for-sale assets	**(563)**	**(538)**
Loans and receivables	(14)	(15)
Fixed-income securities	(36)	(32)
Variable-income securities [(b)]	(513)	(491)
TOTAL	**54,990**	**52,673**

(a) *Including shares in mutual funds.*

(b) *In 2016, permanent impairment of variable-income securities stood at €58 million compared with €44 million in 2015. This expense involves insurance portfolios for €40 million (€33 million for 2015), the impact of which is neutralized at 87% and 90.0% respectively for 2016 and 2015 given the profit-sharing mechanism. The 2016 expense is divided between an additional impairment on previously-impaired securities for €21 million, including €5 million related to the insurance portfolios (€29 million in 2015, including €17 million on insurance portfolios), newly-impaired provisions on securities tied to the application of analysis criteria as defined in accounting principles and methods for €37 million mainly related to insurance portfolios (€15 million in 2015 mainly related to insurance portfolios).*

6.5 Loans and receivables

6.5.1 Loans and receivables due from banks

(in millions of euros)	Notes	12.31.2016	12.31.2015
Outstanding		**58,854**	**71,535**
Performing loans	*6.5.1.1*	*58,783*	*71,455*
Non-performing loans		*71*	*80*
PROVISIONS		**(71)**	**(73)**
NET TOTAL		**58,783**	**71,462**

The fair value of loans and receivables due from banks is provided in Note 6.7.6.

6.5.1.1 Performing loans to banks

(in millions of euros)	12.31.2016	12.31.2015
Loans and receivables	37,654	52,993
Current accounts overdrawn	8,401	8,012
Unlisted fixed-income securities	1,298	1,220
Reverse repos	11,306	9,082
Accrued interest	125	148
TOTAL	**58,783**	**71,455**

6.5.2 Customer loans and receivables

(in millions of euros)	Notes	12.31.2016	12.31.2015
Outstanding		**142,454**	**109,436**
Performing loans [(a)]	*6.5.2.1*	*137,920*	*104,880*
Non-performing loans		*4,534*	*4,556*
Provisions		**(2,151)**	**(2,247)**
NET TOTAL		**140,303**	**107,189**

(a) The variation mainly corresponds to a cash deposit of €10.5 billion with CNP Assurances as part of the reinsurance treaty covering 10% of CNP's savings outstandings. This cash deposit is backed by technical reserves for an amount identical to the balance sheet assets representing obligations in respect of policyholders. (see Note 3.1).

The fair value of customer loans and receivables is provided in Note 6.7.6.

6.5.2.1 Assets and commitments restructured due to financial difficulties

The following table lists the financial assets (excluding assets held for trading) and financing commitments subject to amendments to original contract terms or refinancing constituting a concession granted due to the debtor's financial situation (see Note 5.1).

	12.31.2016					12.31.2015				
	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
On-balance sheet exposure	2,283	834	3,117	717	1,664	1,992	775	2,767	554	1,524
Off-balance sheet exposure	173	20	193	0	3	41	2	43		3
TOTAL	**2,456**	**854**	**3,310**	**718**	**1,667**	**2,033**	**777**	**2,810**	**554**	**1,526**

	12.31.2016					12.31.2015				
	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	**3,310**	**718**	**566**	**2,026**	**2,592**	**2,810**	**554**	**369**	**1,888**	**2,256**
o/w:										
France	740	178	291	271	562	699	139	298	262	560
Other EU	*1,312*	*410*	*90*	*812*	*902*	*1,210*	*331*	*51*	*828*	*879*
North America	*630*	*31*	*57*	*536*	*593*	*115*	*3*	*4*	*107*	*112*
Other	*628*	*98*	*128*	*407*	*535*	*787*	*81*	*15*	*690*	*706*

6.5.2.2 Performing loans to customers

(in millions of euros)	Notes	12.31.2016	12.31.2015
Finance leases	6.5.2.3	10,133	10,194
Other loans and receivables	6.5.2.4	67,459	53,378
Current accounts overdrawn		4,477	3,446
Unlisted fixed-income securities		3,771	4,134
Reverse repos		43,962	27,311
Factoring		7,762	6,118
Other		1	12
Accrued interest		355	287
TOTAL		**137,920**	**104,880**

6.5.2.3 Customer finance leases

(in millions of euros)	12.31.2016 Real estate	12.31.2016 Non-real estate	12.31.2016 Total	12.31.2015 Real estate	12.31.2015 Non-real estate	12.31.2015 Total
Customer lease financing outstandings	**5,644**	**4,489**	**10,133**	**6,044**	**4,149**	**10,194**
Net non-performing outstandings	**48**	**26**	**74**	**78**	**28**	**105**
Non-performing loans	*96*	*49*	*145*	*163*	*158*	*321*
Provisions for impairment of non-performing outstandings	*(48)*	*(23)*	*(71)*	*(85)*	*(130)*	*(216)*
TOTAL	**5,692**	**4,515**	**10,207**	**6,122**	**4,177**	**10,299**

6.5.2.4 Other customer loans and receivables

(in millions of euros)	12.31.2016	12.31.2015
Commercial loans	838	611
Export credit	3,292	2,934
Cash and consumer credit	24,014	22,110
Equipment loans	7,597	7,573
Home loans	346	334
Security deposits recognized in respect of reinsurance acceptances	10,825	368
Other customer loans	20,547	19,448
TOTAL	**67,459**	**53,378**

6.6 Held-to-maturity financial assets

(in millions of euros)	12.31.2016	12.31.2015
Government securities		
Gross value	*1,104*	*1,102*
Provisions		
Net government securities	**1,104**	**1,102**
Bonds		
Gross value	*964*	*1,199*
Provisions	*(2)*	*(2)*
Net bonds	**962**	**1,197**
TOTAL	**2,066**	**2,298**

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, 2016 and December 31, 2015.

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)	12.31.2016	12.31.2015
Debt instruments	2,365	1,927
Loans and receivables	5,909	5,897
TOTAL	**8,274**	**7,825**

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).

REPURCHASE AGREEMENTS

(in millions of euros)	12.31.2016 Book value of transferred assets	12.31.2016 Book value of associated liabilities	12.31.2015 Book value of transferred assets	12.31.2015 Book value of associated liabilities
Financial assets at fair value through profit or loss	10,979	10,741	17,860	17,913
Available-for-sale financial assets	4,295	4,317	3,823	3,822
Held-to-maturity financial assets				
Loans and receivables at amortized cost				
TOTAL	**15,274**	**15,058**	**21,683**	**21,735**

SECURITIES LENDING

(in millions of euros)	12.31.2016 Book value of transferred assets	12.31.2015 Book value of transferred assets
Financial assets at fair value through profit or loss	2,889	2,832
Available-for-sale financial assets		
TOTAL	**2,889**	**2,832**

SECURITIZATION FOR WHICH THE COUNTERPARTIES TO THE ASSOCIATED DEBTS HAVE RECOURSE ONLY TO THE TRANSFERRED ASSETS

	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	**7543**	**5654**	**7543**	**5654**	**1889**

At December 31, 2016, €349 million (€329 million at December 31, 2015) in bonds self-underwritten by Natixis and eliminated on consolidation were lent or sold under repurchase agreements.

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(in millions of euros)	12.31.2015				
	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	8,241	6,926	8,241	6,926	1,314
TOTAL	**8241**	**6926**	**8241**	**6926**	**1314**

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, 2016 (as at December 31, 2015), 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 €205 billion at December 31, 2016, versus €222 billion at December 31, 2015.

The fair value of financial assets received as security that were resold or reused as security was €128 billion at December 31, 2016, versus €134 billion at December 31, 2015.

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 12.31.2016				
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.

	Payment arrears at 12.31.2015				
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	7				7
Customer loans and receivables	2,041				2,041
Other financial assets					
TOTAL	**2,048**				**2,048**

The data reported in 2015 includes late payments identified by the factoring entities amounting to €1,642 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.

	At December 31, 2016				At December 31, 2015			
Assets *(in millions of euros)*	**Book value**	**Level 1**	**Level 2**	**Level 3**	**Book value**	**Level 1**	**Level 2**	**Level 3**
Financial assets held for trading	**118,741**	**40,575**	**73,616**	**4,549**	**121,656**	**42,385**	**75,338**	**3,933**
Securities held for trading	**46,116**	**39,653**	**6,206**	**257**	**48,489**	**41,958**	**6,189**	**343**
o/w fixed-income securities	*12,302*	*9,034*	*3,011*	*257*	*19,916*	*16,217*	*3,357*	*343*
o/w variable-income securities	*33,813*	*30,619*	*3,195*		*28,573*	*25,741*	*2,832*	
Derivative instruments not eligible for hedge accounting (positive fair value)	**69,754**	**922**	**65,883**	**2,949**	**70,546**	**427**	**67,263**	**2,856**
o/w interest rate derivatives	*38,544*	*0*	*38,461*	*83*	*44,113*		*43,250*	*863*
o/w currency derivatives	*22,199*	*5*	*21,199*	*995*	*18,280*	*5*	*17,746*	*529*
o/w credit derivatives	*1,434*		*572*	*861*	*2,305*		*1,188*	*1,117*
o/w equity derivatives	*6,520*	*738*	*4,778*	*1,004*	*4,499*	*332*	*3,824*	*343*
o/w other	*1,057*	*179*	*873*	*5*	*1,349*	*89*	*1,255*	*5*
Other financial assets held for trading	**2,871**		**1,527**	**1,344**	**2,621**		**1,886**	**735**
Financial assets under the fair value option through profit or loss	**68,887**	**11,088**	**54,908**	**2,891**	**69,983**	**8,393**	**58,237**	**3,353**
Securities under the fair value option through profit or loss	**14,593**	**11,088**	**1,226**	**2,280**	**13,202**	**8,393**	**2,462**	**2,348**
o/w fixed-income securities	*3,278*	*642*	*1,112*	*1,524*	*3,554*	*906*	*1,239*	*1,409*
o/w variable-income securities	*11,316*	*10,446*	*114*	*756*	*9,648*	*7,487*	*1,222*	*939*
Other financial assets under the fair value option through profit or loss	**54,294**		**53,683**	**611**	**56,781**		**55,775**	**1,006**
Hedging derivatives (assets)	**1,220**		**1,220**		**1,035**		**1,035**	
o/w interest rate derivatives	*1,220*		*1,220*		*1,035*		*1,035*	
Available-for-sale financial assets	**54,990**	**46,600**	**4,428**	**3,962**	**52,673**	**41,787**	**7,205**	**3,681**
Available-for-sale securities – Equity investments	**979**	**100**	**0**	**879**	**883**	**3**		**880**
Other available-for-sale securities	**54,010**	**46,500**	**4,428**	**3,081**	**51,787**	**41,784**	**7,205**	**2,798**
o/w fixed-income securities	*48,139*	*41,864*	*3,298*	*2,977*	*46,075*	*37,432*	*5,960*	*2,683*
o/w variable-income securities	*5,871*	*4,637*	*1,131*	*104*	*5,712*	*4,352*	*1,245*	*116*
Other available-for-sale financial assets	**1**			**1**	**2**			**2**
TOTAL	**243,838**	**98,263**	**134,173**	**11,401**	**245,347**	**92,565**	**141,815**	**10,967**

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 01.01.2016 (*)	Gains and losses recognized in the period – Income statement (1) – On outstanding transactions at the reporting date	Gains and losses recognized in the period – Income statement (1) – On transactions expired or redeemed at the reporting date	Gains and losses recognized in the period – Gains and losses recognized directly in equity
Financial assets at fair value through profit or loss - 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)**

(1) The main impacts counted in 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 reclas-sifications	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
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

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In millions of euros	Level 3 opening balance 01.01.2015	Gains and losses recognized in the period: Income statement [1]: 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 or loss - Trading	**3 315**	**242**	**(397)**	
Fixed-income securities held for trading	**444**	**1**	**3**	
Derivative instruments not eligible for hedge accounting (positive fair value)	**2 494**	**241**	**(400)**	
o/w interest rate derivatives	*1 353*	*4*	*(442)*	
o/w currency derivatives	*8*		*1*	
o/w credit derivatives	*1 000*	*265*	*(5)*	
o/w equity derivatives	*133*	*(33)*	*46*	
o/w other		*5*		
Other financial assets held for trading	**376**			
Financial assets under the fair value option through profit or loss	**3 885**	**33**	**(43)**	
Fixed-income securities under the fair value option through profit or loss	**1 290**	**77**	**(1)**	
Variable-income securities under the fair value option through profit or loss	**996**	**2**	**(16)**	
Other financial assets under the fair value option through profit or loss	**1 600**	**(46)**	**(26)**	
Hedging derivatives				
Available-for-sale financial assets	**3 750**	**(7)**	**28**	**(41)**
Available-for-sale securities - Equity investments	**955**	**10**	**28**	**(28)**
Other available-for-sale securities	**2 775**	**1**		**(13)**
o/w fixed-income securities	*2 616*	*1*		*(13)*
o/w variable-income securities	*158*			*1*
Other available-for-sale financial assets	**20**	**(18)**		
TOTAL FINANCIAL ASSETS RECORDED AT FAIR VALUE	**10 950**	**268**	**(412)**	**(41)**

(1) *The main impacts counted in 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 reclas-sifications	Change in consolidation scope	Translation adjustments	Level 3 closing balance 31.12.2015
1 357	(1 247)	(68)	669			63	3 933
452	**(544)**	**(29)**	**6**			**9**	**343**
171	**(327)**	**(39)**	**663**			**53**	**2 856**
	(173)	(33)	154				863
	(4)	(2)	527				529
	(147)					4	1 117
171	(3)	(4)	(17)			49	343
							5
734	**(376)**					**1**	**735**
1 985	(2 718)	(22)	50	3		180	3 353
302	**(290)**		**29**	**1**		**2**	**1 409**
54	**(124)**		**2**	**2**		**23**	**939**
1 629	**(2 303)**	**(22)**	**20**			**155**	**1 006**
1 397	(997)	(540)	103	(4)	(11)	3	3 681
36	**(109)**		**0**	**(2)**	**(11)**	**0**	**880**
1 361	**(888)**	**(540)**	**103**	**(2)**		**3**	**2 798**
1 357	(873)	(486)	80				2 683
3	(16)	(55)	23	(2)		3	116
							2
4 739	(4 963)	(630)	822	(1)	(11)	246	10 967

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, 2016. 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:

- a standardized[1] variation in unobservable inputs related to assumptions of additional valuation adjustments for fixed income, currency and equity instruments. The resulting sensitivity was €12.8 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 €10.5 million (reflecting an improvement in the above-mentioned inputs) or a valuation decrease of €10.1 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, 2016				
	Level 1	Level 2	Level 2	Level 3	Level 3
(in millions of euros)	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 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					

(1) I.e. the standard deviation of consensus prices used to measure the inputs.

(2) Impact determined before taking the BPCE guarantee into account.

DECEMBER 31, 2015

	At December 31, 2015				
	Level 1	Level 2	Level 2	Level 3	Level 3
(in millions of euros)	Level 2	Level 1	Level 3	Level 1	Level 2
Financial assets held for trading	**386**	**901**	**669**		**68**
Securities held for trading	386	901	6		29
o/w fixed-income securities	*83*	*901*	*6*		*29*
o/w variable-income securities	*302*				
Derivative instruments not eligible for hedge accounting (positive fair value)			663		39
o/w interest rate derivatives			*154*		*33*
o/w currency derivatives [(a)]			*527*		*2*
o/w credit derivatives					
o/w equity derivatives [(b)]			*(17)*		*4*
o/w other					
Other financial assets held for trading					
Financial assets under the fair value option through profit or loss			**50**		**22**
Securities under the fair value option through profit or loss			30		
o/w fixed-income securities			*29*		
o/w variable-income securities			*2*		
Other financial assets under the fair value option through profit or loss			20		22
Hedging derivatives (assets)					
Available-for-sale financial assets	**77**	**49**	**103**		**540**
Available-for-sale securities – Equity investments					
Other available-for-sale securities	77	49	103		540
o/w fixed-income securities	*69*	*49*	*80*		*486*
o/w variable-income securities	*8*		*23*		*55*
Other available-for-sale financial assets					

(a) For Helvetix derivatives, the contribution of valuation adjustments became very significant with respect to the fair value of these instruments taken as a whole. Natixis therefore transferred them to Level 3 of the fair value hierarchy in 2015.

(b) TRS and repos indexed to a basket of equities were transferred to Level 3 of the fair value hierarchy in 2015 subsequent to a change in the valuation model based on proprietary data.

The transfer amounts are as determined in the last valuation prior to the change in level of the fair value hierarchy.

6.7.6 Financial assets valued at amortized cost

DECEMBER 31, 2016

(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 [(a)]	*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 [(a)]	*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**

(a) Including ordinary bank current accounts.

DECEMBER 31, 2015

(in millions of euros)	At December 31, 2015 Book value	Fair value	Level 1	Level 2	Level 3
Loans and receivables due from banks	**71,462**	**72,005**		**66,987**	**5,017**
o/w unlisted fixed-income securities	*1,251*	*1,251*		*1,251*	*0*
o/w loans and receivables	*53,056*	*53,594*		*49,341*	*4,253*
o/w reverse repurchased securities	*9,087*	*9,091*		*8,327*	*764*
Other [(a)]	*8,069*	*8,069*		*8,068*	*0*
Customer loans and receivables	**107,189**	**108,496**		**51,032**	**57,463**
o/w unlisted fixed-income securities	*4,366*	*4,748*		*700*	*4,048*
o/w loans and receivables	*61,625*	*62,325*		*9,720*	*52,605*
o/w reverse repurchased securities	*27,324*	*27,325*		*27,317*	*8*
o/w finance leases	*10,378*	*10,614*		*9,850*	*764*
Other [(a)]	*3,497*	*3,485*		*3,446*	*38*
Held-to-maturity assets	**2,298**	**2,800**	**2,488**	**199**	**113**
TOTAL FINANCIAL ASSETS	**180,949**	**183,300**	**2,488**	**118,218**	**62,594**

(a) Including ordinary bank current accounts.

6.8 Deferred tax assets and liabilities

(in millions of euros)	12.31.2016	12.31.2015
Main sources of deferred tax [(a)]		
Flow-through entities	(2)	(4)
Unrealized leasing reserves	(578)	(482)
Elimination of equalization reserve	(312)	(335)
Financial instruments at fair value through equity	(668)	(239)
Fair value of Private Equity business	(92)	(110)
Provisions for employee benefits	486	418
Other non-deducted provisions	1,372	1,277
Non-deducted accrued expenses (including deferred compensation)	259	227
Unrealized gains on mutual funds	19	17
Tax losses carried forward and similar	7,980	7,960
Internal credit risk on issues	95	(39)
Tax amortization of goodwill [(b)]	(1,363)	(1,319)
Other temporary differences	206	208
TOTAL SOURCES OF DEFERRED TAX, GROSS	**7,402**	**7,579**
Unrecognized sources of deferred tax assets	(3,826)	(2,196)
TOTAL SOURCES OF DEFERRED TAX, NET	**3,576**	**5,383**
Total deferred tax recognized	**1,223**	**1,890**
o/w:		
deferred tax assets	*1,908*	*2,316*
deferred tax liabilities	*(685)*	*(426)*

(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, 2016, this amount was -€36 million compared to -€12 million at December 31, 2015. 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)	12.31.2016	12.31.2015	Legal carryforward period	Max. recognition period
Deferred tax assets on losses by geographic area				
France	1,106	1,417	Unlimited	10 years
United States	197	486	20 years	10 years
United Kingdom		91	Unlimited	10 years
Other	40	32		
TOTAL	**1,343**	**2,026**		

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	12.31.2016	12.31.2015
Other assets	6.9.1.1	31,768	30,699
Accrual accounts (excluding insurance)		2,753	2,267
Insurance accrual accounts	6.9.3.1	11,588	10,001
TOTAL		**46,109**	**42,967**

LIABILITIES

(in millions of euros)	Notes	12.31.2016	12.31.2015
Other liabilities	6.9.1.2	29,642	26,916
Accrual accounts (excluding insurance) [(a)]		5,844	4,493
Insurance accrual accounts	6.9.3.2	8,978	8,528
TOTAL		**44,464**	**39,937**

(a) Including the outstanding non-amortized amount of the margin not recognized in income on the transaction date ("Day One Profit") of €74 million at December 31, 2016 versus €82 million at December 31, 2015 (see Note 6.9.2).

6.9.1.1 Other assets

(in millions of euros)	12.31.2016	12.31.2015
Securities settlement accounts	243	82
Other items	982	762
Security deposits paid	20,589	20,165
Other miscellaneous debtors	9,907	9,653
Accrued interest	47	37
TOTAL	**31,768**	**30,699**

6.9.1.2 Other liabilities

(in millions of euros)	12.31.2016	12.31.2015
Miscellaneous creditors	7,780	7,924
Securities settlement accounts	262	157
Security deposits received	19,363	16,810
Other	2,237	2,025
TOTAL	**29,642**	**26,916**

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)	12.31.2016	12.31.2015
Deferred margin at the beginning of the period	82	54
Margin arising on new transactions	53	83
Margin recognized during the period	(62)	(55)
Other changes		
DEFERRED MARGIN AT THE END OF THE PERIOD	**74**	**82**

At December 31, 2015, the deferred day-one margin on TRS and repos linked to a basket of equities, reclassified in Level 3 in the fair value hierarchy during the year (see Note 6.7.5.1), amounted to €35.6 million.

6.9.3 Insurance accrual accounts

6.9.3.1 Insurance accrual accounts – Assets

(in millions of euros)	12.31.2016	12.31.2015
Reinsurers' share of technical reserves	9,503	8,395
Insurance receivables	1,186	1,027
Reinsurance receivables	46	52
Accrued premium income	181	178
Deferred acquisition costs	670	347
Other	3	2
TOTAL	**11,589**	**10,001**

6.9.3.2 Insurance accrual accounts – Liabilities

(in millions of euros)	12.31.2016	12.31.2015
Insurance liabilities	316	347
Reinsurance liabilities	120	132
Cash deposits received from reinsurers	8,539	8,046
Other liabilities	3	3
TOTAL	**8,978**	**8,528**

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)	12.31.2016 Gross value	12.31.2016 Impairment and amortization	12.31.2016 Net value	12.31.2015 Gross value	12.31.2015 Impairment and amortization	12.31.2015 Net value
	1,679	**(1,007)**	**672**	**1,701**	**(1,020)**	**680**
Land and buildings	426	(285)	141	500	(317)	183
Other	1,253	(722)	531	1,201	(703)	498
Intangible assets [(a)]	**2,006**	**(1,262)**	**744**	**1,961**	**(1,191)**	**770**
Leasehold rights	47	(14)	33	52	(17)	35
Software	1,551	(1,118)	433	1,547	(1,064)	484
Other	407	(129)	278	362	(110)	251
TOTAL	**3,684**	**(2,269)**	**1,415**	**3,662**	**(2,211)**	**1,451**

(a) Of which for intangible assets:
- *€119 million at December 31, 2015 and €113 million at December 31, 2016 for the Corporate & Investment Banking division;*
- *€366 million at December 31, 2015 and €349 million at December 31, 2016 for the Investment Solutions division, of which €31 million for BPCE Assurances;*
- *€194 million at December 31, 2015 and €214 million at December 31, 2016 for the Specialized Financial Services division;*
- *€71 million at December 31, 2015 and €61 million at December 31, 2016 for Coface;*
- *€8 million at December 31, 2015 and €6 million at December 31, 2016 for Other interests.*
- *At December 31, 2016, the amount of intangible assets reclassified as held-for-sale assets under IFRS 5 was €11 million.*

(in millions of euros)	Gross value 01.01.2016	Increase	Decrease	Change in consolidation scope and other items	Gross value 01.01.2016
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**

(in millions of euros)	Gross value 01.01.2015	Increase	Decrease	Change in consolidation scope and other items	Gross value 01.01.2015
Property, plant and equipment	**1,544**	**224**	**(136)**	**68**	**1,701**
Land and buildings	442	9	(4)	53	500
Other	1,102	216	(132)	15	1,201
Intangible assets	**1,838**	**155**	**(22)**	**(10)**	**1,961**
Leasehold rights	52	0	(0)	0	52
Software	1,374	106	(12)	79	1,547
Other	411	50	(10)	(89)	362
TOTAL	**3,382**	**380**	**(158)**	**58**	**3,662**

6.10.2 Investment property

(in millions of euros)	12.31.2016 Gross value	12.31.2016 Impairment and amortization	12.31.2016 Net value	12.31.2015 Gross value	12.31.2015 Impairment and amortization	12.31.2015 Net value
Investment property						
At fair value [a]	947		947	1,054		1,054
At historical cost	327	(190)	137	460	(239)	221
TOTAL	**1,274**	**(190)**	**1,084**	**1,513**	**(239)**	**1,274**

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 87% of the related base amount on average at December 31, 2016 compared to 90.0% at December 31, 2015 (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)	12.31.2016 Net value	12.31.2016 Fair value	12.31.2015 Net value	12.31.2015 Fair value
Operating leases	106	164	180	233
Finance leases – ITNL	32	36	41	53
TOTAL	**137**	**201**	**221**	**286**

6.11 Assets obtained by taking possession of guarantees

(in millions of euros)	12.31.2016	12.31.2015
Investment property	-	
Equity and debt instruments	76	-
TOTAL	**76**	

6.12 Goodwill

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(in millions of euros)	1.1.2016 Opening balance	12.31.2016 Acquisitions during the period	Disposals	Write-downs	Translation adjustments	Reclassification and other activity	Closing balance
Corporate & Investment Banking [(a)]	**5**	**76**			**6**		**87**
Natixis Partners	5						5
Natixis Partners Spain		4					4
Peter j. Solomon Company		73			6		78
Investment Solutions	**3,106**	**20**	**(1)**		**42**		**3,167**
Natixis Asset Management	2,928	20	(1)		42		2,988
Natixis Assurances	93						93
Private Banking	72						72
Private Equity - third party management	13						13
Specialized Financial Services	**59**				**0**	**6**	**64**
Natixis Interépargne	31						31
Sureties and Guarantees	12						12
Natixis consumer finance	10						10
Natixis Intertitres	6						6
Factoring					0	6	6
Financial investments	**357**			**(75)**	**1**	**(1)**	**282**
Coface [(b)]	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.

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(in millions of euros)	1.1.2015 Opening balance	Acquisitions during the period [(a)]	Disposals	Write-downs	Translation adjustments	Reclassification and other activity	12.31.2015 Closing balance
Corporate & Investment Banking		**5**					**5**
Natixis Partners		5					5
Investment Solutions	**2,365**	**581**	**(2)**		**153**	**9**	**3,106**
Natixis Asset Management [(a)]	2,186	581	(2)		153	9	2,927
Natixis Assurances	93						93
Private Banking	72						72
Private Equity - third party management	13						13
Specialized Financial Services	**59**						**59**
Natixis Interépargne	31						31
Sureties and Guarantees	12						12
Natixis consumer finance	10						10
Natixis Intertitres	6						6
Financial investments	**356**				**1**		**357**
Coface	356				1		357
Other activities	**27**					**4**	**31**
TOTAL	**2,807**	**586**	**(2)**		**154**	**13**	**3,558**

(a) *Including €579.5 million for the goodwill recorded on the acquisition of DNCA Finance during 2015.*
Goodwill on entities consolidated using the equity method amounted to €27.8 million at December 31, 2015.
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 generated a deferred tax liability of €483.5 million at December 31, 2015 (see Note 15.5).

6.13 Due to banks and customer deposits

Amounts due to banks and customer deposits are presented by type of deposit (demand or time 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)	12.31.2016	12.31.2015
Current accounts and accrued interest	**6,726**	**5,974**
Accounts and deposits	**75,642**	**93,818**
demand	*5,297*	*3,281*
time	*70,345*	*90,538*
Repurchased notes		
demand		
time		
Repurchased securities	**18,780**	**13,750**
demand	*5,305*	*2,841*
time	*13,475*	*10,908*
Other liabilities	**60**	**18**
Accrued interest	**165**	**183**
TOTAL	**101,374**	**113,743**

The fair value of amounts due to banks is presented in Note 6.19.

6.13.2 Customer deposits

(in millions of euros)	12.31.2016	12.31.2015
Current accounts	**21,700**	**24,827**
demand	*13,567*	*21,045*
time	*8,133*	*3,782*
Accounts and deposits	**15,965**	**10,902**
demand	*7,369*	*3,787*
time	*8,596*	*7,115*
Repurchased securities	**45,599**	**25,987**
demand	*11,872*	*15,326*
time	*33,727*	*10,661*
Special savings accounts	**179**	**122**
Factoring accounts	**2,335**	**1,079**
Accrued interest	**60**	**42**
Other	**634**	**1,131**
TOTAL	**86,472**	**64,090**

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)	12.31.2016	12.31.2015
Money market instruments	**44,420**	**36,097**
Bonds	**2,700**	**2,474**
Other debt securities	**1,770**	**1,824**
Accrued interest	**31**	**30**
TOTAL	**48,921**	**40,426**

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)	12.31.2016	12.31.2015
Mathematical reserves	**58,943**	**44,106**
Life insurance [(a)]	48,415	35,885
Representing unit-linked contracts [(a)]	10,528	8,221
Loss reserves	**3,028**	**2,657**
Profit-sharing reserves [(b)]	**4,657**	**4,143**
Other technical reserves	**2,182**	**2,008**
TOTAL	**68,810**	**52,914**

(a) The difference mainly corresponds to technical reserves representing life insurance contracts related to the reinsurance treaties signed as part of the partnership with CNP for €11,600 million at December 31, 2016.

(b) At December 31, 2016, net deferred profit-sharing liabilities amounted to €3,108 million, compared with deferred profit-sharing liabilities of €2,805 million at December 31, 2015 (see Note 2.8).

6.16 Provisions and impairment

6.16.1 Summary of provisions and impairment

	1.1.2016	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.

(a) Of which €122 million in reversals used following disposals of receivables made during the year (vs. €139 million at December 31, 2015).

(b) Of which €30 million in reversals not used following disposals of receivables made during the year (vs. €30 million at December 31, 2015).

(c) Of which: a €53 million change (€77 million change in 2015) in actuarial assumptions for employee benefits recorded directly in non-recyclable equity.

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)**

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	1.1.2015	Increase	Reversal (utilized provisions) [a]	Reversal (surplus provisions) [b]	Translation adjustments	Other [c]	12.31.2015
Provisions for impairment deducted from assets	**3,527**	**702**	**(310)**	**(716)**	**68**	**63**	**3,334**
Provisions for loans and receivables	2,392	547	(306)	(369)	64	(8)	2,320
Impairment losses taken on available-for-sale financial assets	806	45		(303)	1	(10)	538
Other impairment	329	110	(4)	(44)	3	82	476
Provisions recognized in liabilities	**1,835**	**271**	**(139)**	**(90)**	**87**	**(57)**	**1,907**
Contingency reserves	1,598	245	(129)	(74)	86	(58)	1,668
Provisions for current tax	238	26	(10)	(16)	1	0	239
TOTAL	**5,362**	**973**	**(449)**	**(806)**	**155**	**6**	**5,241**

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 €139 million in reversals used following disposals of receivables made during the year (vs. €180 million at December 31, 2014).

(b) Of which €30 million in reversals not used following disposals of receivables made during the year (vs. €42 million at December 31, 2014).

(c) Of which: a €77 million change in actuarial assumptions in 2015 for employee benefits recorded directly in non-recyclable equity.

Impact on the income statement *(in millions of euros)*	Charges	Reversals	Net impact
Net revenues	**(298)**	**439**	**141**
Operating expenses	(128)	161	33
Impairment and amortization of property, plant and equipment and intangible assets	(0)	0	0
Gross operating income	**(425)**	**600**	**175**
Provision for credit losses	(524)	628	104
Gains or losses on other assets			
Pre-tax profit	**(950)**	**1,228**	**278**
Income tax	(23)	26	3
NET INCOME	**(973)**	**1,254**	**281**

6.16.2 Contingency reserves

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(in millions of euros)	Notes	1.1.2016	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 Madoff net outstandings.

(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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(in millions of euros)	Notes	1.1.2015	Increase	Reversal (utilized provisions)	Reversal (surplus provisions)	Translation adjustments	Other	12.31.2015
Counterparty risks		**659**	**47**	**(8)**	**(25)**	**77**	**1**	**751**
Financing and guarantee commitments		63	6	(0)	(9)	3	(8)	54
Legal disputes [(a)]		588	33	(5)	(10)	74	(0)	680
Other provisions		9	7	(3)	(5)		10	17
Impairment risks		**48**	**28**	**(3)**	**(3)**	**1**	**(5)**	**67**
Long-term investments		34	24	(3)	(1)	1	(2)	53
Real estate developments		0	0		(0)			0
Other provisions		14	4		(2)		(3)	14
Employee benefit obligations	**11**	**637**	**96**	**(83)**	**(4)**	**6**	**(83)**	**568**
Operational risks [(b)]		**253**	**74**	**(34)**	**(41)**	**1**	**29**	**281**
TOTAL		**1,598**	**245**	**(129)**	**(74)**	**86**	**(58)**	**1,668**

(a) *Of which €475 million in provisions at December 31, 2016 in respect of Madoff net outstandings.*

(b) *Of which €14.7 million at December 31, 2015 in respect of the workforce adjustment plan completed in 2015.*

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 securities. Subordinated debt is valued at amortized cost.

(in millions of euros)	12.31.2016	12.31.2015
Dated subordinated debt [(a)]	3,907	4,551
Undated subordinated debt	261	261
Accrued interest	40	57
TOTAL	**4,208**	**4,869**

The main features of undated subordinated securities are outlined in Chapter 14 of "Risk Pillar III report 2016".

(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 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.

Changes in subordinated debt over the 2015 fiscal year

(in millions of euros)	12.31.2014	Issues [a]	Redemptions [b]	Translation adjustments	Changes in scope	Other [c]	12.31.2015
Other dated subordinated debt	**3,694**	**1,000**	**(113)**	**(0)**		**(30)**	**4,551**
Subordinated notes	1,252		(77)	(0)		(30)	1,145
Subordinated loans	2,441	1,000	(36)				3,406
Other undated subordinated debt	**261**						**261**
Deeply subordinated notes							
Subordinated notes	10						10
Subordinated loans	251						251
TOTAL	**3,955**	**1,000**	**(113)**	**(0)**		**(30)**	**4,812**

This table does not include accrued interest.

(a) Issues concerned a loan of €1 billion from BPCE to Natixis.

(b) Loan repayments and securities redemptions comprised:

- redemption of subordinated notes for €77 million;

- the repayment of a loan from BPCE for €25 million;

- the repayment of a loan from BPCE for €10.5 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, 2016				At December 31, 2015			
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	**88,787**	**22,868**	**65,089**	**830**	**94,153**	**23,213**	**69,380**	**1,560**
Securities issued for trading purposes	**23,137**	**22,113**	**1,024**		**23,181**	**22,707**	**450**	**24**
Derivative instruments not eligible for hedge accounting (negative fair value)	**65,285**	**756**	**63,700**	**830**	**70,207**	**506**	**68,165**	**1,536**
o/w interest rate derivatives	*35,176*	*31*	*34,949*	*197*	*41,525*	*75*	*40,743*	*707*
o/w currency derivatives	*20,728*	*1*	*20,672*	*54*	*19,876*	*8*	*19,851*	*17*
o/w credit derivatives	*844*		*420*	*424*	*1,639*		*1,135*	*504*
o/w equity derivatives	*8,071*	*523*	*7,394*	*154*	*6,199*	*352*	*5,540*	*308*
Other	*466*	*201*	*265*		*968*	*72*	*896*	
Other financial liabilities held for trading	**365**		**365**		**765**		**765**	
Financial liabilities under the fair value option through profit or loss	**57,439**	**1,170**	**55,498**	**771**	**64,837**	**87**	**64,038**	**712**
Securities under the fair value option through profit or loss	18,564		18,471	93	15,531		15,496	36
Other financial liabilities under the fair value option through profit or loss	38,875	1,170	37,027	678	49,306	87	48,543	676
Hedging derivatives (liabilities)	**2,011**		**2,011**	**1**	**1,918**		**1,918**	
o/w interest rate derivatives	*2,011*		*2,011*	*1*	*1,918*		*1,918*	
TOTAL	**148,238**	**24,039**	**122,598**	**1,601**	**160,907**	**23,300**	**135,336**	**2,272**

6.18.1 Financial liabilities at fair value measured using level 3 of the fair value hierarchy

DECEMBER 31, 2016

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	On transactions expired or redeemed at the reporting date	Gains and losses recognized directly in equity
Financial liabilities at fair value through profit or 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	*308*	*(23)*	*(115)*	
Other financial liabilities held for trading				
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)**

DECEMBER 31, 2015

In millions of euros	Level 3 opening balance 01.01.2015	Gains and losses recognized in the period	
		Income statement	
		On outstanding transactions at the reporting date	On transactions expired or redeemed at the reporting date
Financial liabilities at fair value through profit or loss - Trading	**2 254**	**430**	**(573)**
Securities issued for trading purposes	10		1
Derivative instruments not eligible for hedge accounting (negative fair value)	**2 244**	**430**	**(574)**
o/w interest rate derivatives	*1 597*	*288*	*(535)*
o/w currency derivatives	*9*	*(3)*	*1*
o/w credit derivatives	*526*	*44*	*(74)*
o/w equity derivatives	*113*	*100*	*34*
Other financial liabilities held for trading			
Financial liabilities at fair value through profit or loss – fair value option	**14**	**3**	**79**
Securities under the fair value option through profit or loss		3	
Other financial liabilities under the fair value option through profit or loss	14		79
Hedging derivatives			
TOTAL FINANCIAL LIABILITIES RECOGNIZED AT FAIR VALUE	**2 269**	**433**	**(494)**

	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**

	Transactions carried out in the period		Reclassifications in the period					
	Purchases/ Issues	Sales/ Redemptions	From level 3	To level 3	Other reclassifications	Change in consolidation scope	Translation adjustments	Level 3 closing balance 31.12.2015
	106	**(163)**	**(594)**	**93**			**6**	**1 560**
	64	(52)						24
	42	**(111)**	**(594)**	**93**			**6**	**1 536**
		(110)	(569)	35				707
		(1)		12				17
	1						6	504
	41		(26)	46				308
		(145)	(4)	765				712
		(1)		33				36
		(144)	**(4)**	**731**				**676**
	106	**(308)**	**(598)**	**858**			**6**	**2 272**

6.18.2 Financial liabilities at fair value: transfer between fair value levels

DECEMBER 31, 2016

	At December 31, 2016			
	Level 1	Level 2	Level 2	Level 3
(in millions of euros)	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 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)				

DECEMBER 31, 2015

	At December 31, 2015			
	Level 1	Level 2	Level 2	Level 3
In millions of euros	Level 2	Level 1	Level 3	Level 2
Financial liabilities held for trading	**29**	**15**	**93**	**594**
Securities issued for trading purposes	29	15		
Derivative instruments not eligible for hedge accounting (negative fair value)			93	594
o/w interest rate derivatives			*35*	*569*
o/w currency derivatives [(a)]			*12*	
o/w credit derivatives				
o/w equity derivatives [(b)]			*46*	*26*
Other				
Other financial liabilities held for trading				
Financial liabilities under the fair value option through profit or loss [(b)]			**765**	**4**
Securities under the fair value option through profit or loss			33	
Other financial liabilities under the fair value option through profit or loss			731	4
Hedging derivatives (liabilities)				

(a) For Helvetix derivatives, the contribution of valuation adjustments became very significant with respect to the fair value of these instruments taken as a whole. Natixis therefore transferred them to Level 3 of the fair value hierarchy in 2015.

(b) TRS and repos indexed to a basket of equities were transferred to Level 3 of the fair value hierarchy in 2015 subsequent to a change in the valuation model based on proprietary data.

The transfer amounts are as determined in the last valuation prior to the change in level of the fair value hierarchy.

6.19 Fair value of financial liabilities valued at amortized cost

DECEMBER 31, 2016

(in millions of euros)	At December 31, 2016				
	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 [(a)]	*6,728*	*6,728*		*6,220*	*508*
Customer deposits	**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 [(a)]	*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**

(a) Including ordinary bank current accounts.

DECEMBER 31, 2015

(in millions of euros)	At December 31, 2015				
	Book value	Fair value	Level 1	Level 2	Level 3
Due to banks	**113,743**	**114,064**		**105,940**	**8,125**
o/w accounts and deposits	*93,598*	*93,919*		*89,120*	*4,798*
o/w repurchased securities	*13,752*	*13,753*		*10,426*	*3,327*
Other [(a)]	*6,393*	*6,393*		*6,393*	*0*
Customer deposits	**64,090**	**64,119**		**55,271**	**8,848**
o/w accounts and deposits	*14,712*	*14,735*		*8,190*	*6,545*
o/w repurchased securities	*25,998*	*26,005*		*23,701*	*2,303*
Other [(a)]	*23,379*	*23,379*		*23,379*	*0*
Debt securities	**40,426**	**40,415**		**36,757**	**3,658**
Subordinated debt	**4,869**	**5,108**		**5,108**	**0**
o/w subordinated loans	*3,691*	*3,956*		*3,956*	*0*
o/w subordinated notes	*1,178*	*1,152*		*1,152*	*0*
TOTAL FINANCIAL LIABILITIES	**223,128**	**223,706**		**203,075**	**20,631**

(a) 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 an "undated" maturity. Likewise, delinquencies and non-performing loans are deemed to have an "undated" maturity.

The technical provisions of insurance companies, which, for the most part are equivalent to demand deposits, are not shown in the table below.

	12.31.2016						
Assets *(in billions of euros)*	Less than 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undated	Total
Cash and balances with central banks	27						27
Assets at fair value through profit or loss - excluding trading derivatives	21	14	9	5	7	61	118
Derivative instruments not eligible for hedge accounting						70	70
Hedging derivatives						1	1
Available-for-sale assets	2	2	2	17	25	7	55
Loans and receivables due from banks	36	3	9	3	7	0	59
Customer loans and receivables	50	16	12	29	31	2	140
Revaluation adjustments on portfolios hedged against interest rate risk							
Held-to-maturity financial assets	0		0	1	1		2
FINANCIAL ASSETS BY MATURITY	**136**	**35**	**33**	**55**	**70**	**142**	**472**

	12.31.2016						
Liabilities *(in billions of euros)*	Less than 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undated	Total
Due to central banks							
Other financial liabilities at fair value through profit or loss	19	13	4	7	13	25	81
o/w repurchased securities	*19*	*13*	*3*	*5*	*12*		*53*
Secured liabilities	*0*	*0*	*0*	*1*	*1*	*23*	*26*
o/w senior debt							
Unsecured liabilities	*0*	*0*	*0*	*0*	*0*	*1*	*2*
o/w senior debt							
Covered bonds							
Trading derivatives						65	65
Hedging derivatives						2	2
Due to banks	35	8	13	34	10	1	101
o/w repurchased securities	*9*	*3*	*3*	*1*	*3*		*19*
Customer deposits	66	9	8	1	3	0	86
Debt securities	17	11	18	1	1	0	49
o/w guaranteed debts							
Covered bonds			*0*	*1*	*0*		
Subordinated debt	1		0	1	3	0	4
FINANCIAL LIABILITIES BY MATURITY	**137**	**42**	**43**	**43**	**30**	**94**	**389**
FINANCING COMMITMENTS GIVEN	**17**	**4**	**5**	**31**	**6**		**63**
GUARANTEES GIVEN	**1**	**2**	**6**	**7**	**7**		**22**

	12.31.2015						
	Less than 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undated	Total
	21						21
	20	12	5	10	11	62	121
						71	71
						1	1
	3	1	4	13	24	7	53
	31	14	15	3	8	0	71
	35	13	10	26	21	2	107
	0	0	0	1	1		2
	110	**40**	**34**	**54**	**65**	**144**	**447**

	12.31.2015						
	Less than 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undated	Total
	48	4	5	3	4	25	89
	48	4	5	1	3	1	62
	0	0	0	1	1	24	26
	0	0	0	1	0		1
						70	70
						2	2
	28	21	27	25	11	1	114
	7	2	2	0	2	1	14
	51	6	5	1	1	0	64
	5	16	15	2	2	0	40
	0		1	1	3	0	5
	133	**48**	**53**	**31**	**21**	**98**	**384**
	14	**4**	**7**	**29**	**5**		**61**
	1	**1**	**7**	**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 when income from a financial liability debt instrument is positive.

	12.31.2016			12.31.2015		
(in millions of euros)	Income	Expenses	Net	Income	Expenses	Net
Central banks	**173**	**(89)**	**84**	**148**	**(33)**	**115**
Securities	**1,192**	**(318)**	**874**	**1,176**	**(321)**	**854**
Loans and receivables	**3,389**	**(1,198)**	**2,191**	**3,066**	**(1,213)**	**1,852**
Banks	370	(690)	(320)	539	(782)	(243)
Customers	2,672	(497)	2,175	2,149	(403)	1,746
Finance leases	347	(11)	336	378	(28)	349
Subordinated debt	**1**	**(139)**	**(138)**	**0**	**(137)**	**(137)**
Hedging instruments	**339**	**(713)**	**(374)**	**356**	**(688)**	**(332)**
Interest accrued on impaired loans and receivables (including restructured items)	**17**	**0**	**17**	**18**	**0**	**18**
TOTAL	**5,111**	**(2,457)**	**2,654**	**4,763**	**(2,393)**	**2,370**

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.

	12.31.2016			12.31.2015		
In millions of euros	Income	Expenses	Net	Income	Expenses	Net
Interbank transactions	2	(30)	(29)	2	(30)	(28)
Customer transactions	661	(18)	643	657	(5)	652
Securities transactions	132	(150)	(18)	159	(135)	25
Payment services	369	(45)	324	354	(51)	303
Financial services	379	(671)	(292)	342	(702)	(359)
Fiduciary transactions	3,074	0	3,074	3,219		3,219
Financing, guarantee, securities and derivative commitments [(a)]	225	(141)	84	244	(128)	116
Other	323	(954)	(631)	334	(844)	(510)
TOTAL	**5,164**	**(2,011)**	**3,154**	**5,312**	**(1,895)**	**3,417**

(a) The premium, which amounted to €7.4 million at December 31, 2016 versus €84.6 million at December 31, 2015, 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 expense in respect of the premium was €75 million at December 31, 2016 (€10 million in 2015) and was recognized under "Provision for credit losses" (€9 million in 2015), without a material impact on net revenues, versus €1 million in 2015 recognized under "Guarantee commissions" (€1 million in 2015).

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)	12.31.2016	12.31.2015
Net gains/(losses) on financial assets and liabilities excluding hedging derivatives	**2,115**	**1,969**
Net gains/(losses) on financial assets and liabilities held for trading [(b)]	1,983	1,721
o/w derivatives not eligible for hedge accounting	*1,791*	*(428)*
Net gains/(losses) on other financial assets and liabilities under the fair value option through profit or loss [(d)]	41	372
Other [(c)]	91	(124)
Hedging instruments and revaluation of hedged items	**3**	**16**
Ineffective portion of cash flow hedges (CFH)	1	17
Ineffective portion of fair value hedges (FVH)	2	(1)
Changes in fair value of fair value hedges	*(15)*	*57*
Changes in fair value of hedged items	*18*	*(58)*
Total [(a)]	**2,119**	**1,985**

(a) Insofar as the expenses and income presented in the income statement are classified by type and not by function, the net income of activities on financial instruments at fair value through profit or loss should be considered as a whole. The results presented above do not include the refinancing cost of these financial instruments, which is recorded in interest income or expenses.

(b) "Net gains/(losses) on financial assets and liabilities held for trading" include:

- Impairments taken against the fair value of CDS entered into with monoline insurers: a decrease of €18.6 million in cumulative impairments was recognized (income) during 2016, versus income of €1.8 million at December 31, 2015 (excluding the currency impact and the impact of the BPCE guarantee), bringing cumulative impairments to €72.9 million at December 31, 2016 versus €106 million at December 31, 2015,

- A €3.8 million reversal at December 31, 2016 of the portfolio-based provision recorded on exposures in respect of CDPCs (Credit Derivatives Product Companies), bringing the cumulative balance to €0.6 million.
At December 31, 2015, a €6.7 million reversal was carried out, bringing the cumulative balance of the portfolio-based provision to €4.4 million,

- At December 31, 2016, recognized own credit risk adjustments to derivatives (debit valuation adjustments or DVAs) stood at -€22.1 million versus income of -€4.9 million at December 31, 2015.
Furthermore, credit risk adjustments related to the valuation of counterparty risk (credit valuation adjustments or CVAs) on financial assets amounted to -€20.6 million at December 31, 2016 versus an expense of -€1.6 million at December 31, 2015,

- The Funding Valuation Adjustment (FVA) used on uncollateralized derivatives or imperfectly collateralized derivatives is also recognized on this line in the amount of €67.6 million at December 31, 2016 versus -€64.2 million at December 31, 2015.

(c) O/w +€47.1 million 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.

(d) At December 31, 2015, net gains and losses include the valuation of the issuer spread on issues carried out by Natixis and designated under the fair value option through profit or loss with a positive €138.2 million impact on income. This impact is now recognized under "Other comprehensive income" pursuant to IFRS 9.

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)	12.31.2016	12.31.2015
Dividends	112	134
Gains or losses on disposals	163	520
Impairment of variable-income securities	(58)	(44)
TOTAL	**216**	**609**

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.

		12.31.2016			12.31.2015		
(in millions of euros)	Notes	Income	Expenses	Net	Income	Expenses	Net
Finance leases	7.5.1	186	(204)	(18)	251	(239)	13
Investment property		104	(34)	70	105	(44)	61
Sub-total Real Estate Activities		**290**	**(237)**	**52**	**357**	**(283)**	**74**
Net charge to/reversal of insurance companies' technical reserves			(14,547)	(14,547)		(1,830)	(1,830)
Other insurance income and expenses	7.5.2	19,943	(5,061)	14,882	6,127	(4,105)	2,022
Sub-total Insurance [(a)]		**19,943**	**(19,608)**	**335**	**6,127**	**(5,935)**	**192**
Operating leases		86	(64)	22	80	(58)	22
Other related income and expenses	7.5.3	521	(355)	166	433	(399)	34
TOTAL		**20,840**	**(20,265)**	**575**	**6,998**	**(6,675)**	**323**

(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 (see Note 3.1).

7.5.1 Finance leases

	12.31.2016			12.31.2015		
(in millions of euros)	Income	Expenses	Net	Income	Expenses	Net
Gains or losses on disposals	15	(43)	(28)	15	(43)	(27)
Write-downs	0	(2)	(2)		(7)	(7)
Other related income and expenses	170	(159)	11	236	(189)	47
TOTAL	**186**	**(204)**	**(18)**	**251**	**(239)**	**13**

7.5.2 Other insurance income and expenses

(in millions of euros)	12.31.2016	31.12.2015
Life insurance premium income	17,440	3,720
Personal protection insurance premium income	1,250	1,125
Credit insurance premium income	1,061	1,117
Paid benefits and claims	(4,966)	(4,025)
Other income/(expenses)	98	86
TOTAL	**14,882**	**2,022**

The amount of premium income factors in the implementation of the reinsurance treaties covering 10% of CNP's savings outstandings *(see Note 7.5).*

7.5.3 Other related income and expenses

(in millions of euros)	12.31.2016	31.12.2015
IT services	14	16
Credit management services	88	139
Other activities [(a)] [(b)]	63	(121)
TOTAL	**166**	**34**

(a) Of which +€72.9 million at December 31, 2016 versus -€80 million at December 31, 2015 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) Of which -€69 million at December 31, 2016 related 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	12.31.2016	12.31.2015
Payroll costs	**11.2**		
Wages and salaries [(a)]		(2,571)	(2,529)
o/w share-based payments [(c)]		*(48)*	*(46)*
Pensions and other employee benefits		(188)	(218)
Social security expenses		(611)	(590)
Incentive and profit-sharing plans		(164)	(158)
Payroll-based taxes		(137)	(135)
Other [(b)]		(55)	21
Total payroll costs		**(3,726)**	**(3,610)**
Other operating expenses			
Taxes other than on income [(d)]		(273)	(222)
External services		(1,926)	(1,827)
Other		(72)	(76)
Total other operating expenses		**(2,271)**	**(2,125)**
TOTAL		**(5,997)**	**(5,735)**

(a) Of which +€7.6 million in respect of the Competitiveness and Employment Tax Credit at December 31, 2016 versus +€7.9 million at December 31, 2015.

(b) Of which -€19 million at December 31, 2016 related to the Coface restructuring plan.

(c) The amount recognized for 2016 in respect of the retention and performance plans includes an expense of -€59 million (versus -€67 million at December 31, 2015) for the portion of compensation paid in cash and indexed to the Natixis share price and an additional expense of -€5 million (versus -€1 million at December 31, 2015) for the portion of compensation settled in Natixis shares.

(d) Including a contribution of €114.5 million to the Single Resolution Fund (SRF) at December 31, 2016, versus -€44 million at December 31, 2015;
Including the tax of €29.1 million on systemic banking risks (SBT) at December 31, 2016 versus -€31 million at December 31, 2015.

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.

(in millions of euros)	12.31.2016 Charges	Net reversals	Write-offs not covered by provisions	Recoveries of bad debts written off	Net	12.31.2015 Charges	Net reversals	Write-offs not covered by provisions	Recoveries of bad debts written off	Net
Contingency reserves	**(30)**	**28**			**(2)**	**(47)**	**25**			**(22)**
Financing commitments	(4)	7			3	(6)	9			3
Other	(26)	21			(5)	(41)	16			(25)
Provisions for impairments of financial assets	**(532)**	**258**	**(51)**	**22**	**(303)**	**(586)**	**293**	**(46)**	**70**	**(269)**
Provision for credit losses	(562)	286	(51)	22	(305)	(632)	318	(46)	70	(291)
o/w										
Reversals of surplus impairment provisions		*285*					*318*			
Reversals of utilized impairment provisions		*331*					*310*			
Sub-total reversals:		***616***					***628***			
Write-offs covered by provisions		*(331)*					*(310)*			
Total net reversals:		***285***					***318***			

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.

(in millions of euros)	12.31.2016 Investments in consolidated companies [(a)]	Property, plant and equipment and intangible assets [(b)]	TOTAL	12.31.2015 Investments in consolidated companies [(c)]	Property, plant and equipment and intangible assets	TOTAL
Net capital gains/(losses) on disposals	48	127	175	(29)	(1)	(31)
TOTAL	**48**	**127**	**175**	**(29)**	**(1)**	**(31)**

(a) Disposal mainly relate 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.

(b) Disposals mainly relate 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).

(c) Including a -€29.6 million impairment charge on Kompass International, a consolidated subsidiary treated under IFRS 5 at June 30, 2015, which was sold in July 2015. No tax impact was recorded at December 31, 2015.

7.9 Reconciliation of the tax expense in the financial statements and the theoretical tax expense

(in millions of euros)	12.31.2016	12.31.2015
+ Net income/(loss) group share	1,374	1,344
+ Net income/(loss) attributable to non-controlling interests	90	158
+ Income tax charge	822	971
+ Income from discontinued operations		
+ Impairment of goodwill	75	0
- Share in income of associates	(13)	(46)
= Consolidated net income/(loss) before tax, goodwill amortization and share in income of associates	**2,348**	**2,427**
+/- Permanent differences [a]	222	176
= Consolidated taxable income/(loss)	**2,570**	**2,603**
x Theoretical tax rate	33.33%	33.33%
= Theoretical tax charge	**(857)**	**(868)**
+ Contributions and minimum annual tax charges	(9)	(21)
+ Income taxed at reduced rates	0	(1)
+ Losses for the period not recognized for deferred tax purposes	(22)	(19)
+ Impact of tax consolidation	18	28
+ Differences in foreign subsidiary tax rates	(2)	(11)
+ Tax credits	45	20
+ Prior year tax[b] [c]	63	(72)
+ Other items [d]	(58)	(28)
= Tax charge for the period	**(822)**	**(971)**
Of which:		
taxes payable	*(176)*	*(425)*
deferred tax	*(646)*	*(546)*

(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: -€158 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 -€51 million at December 31, 2015).

(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 (see below).

(d) Of which: -€21 million of dividend taxes (-€31 million at December 31, 2015) and tax savings of +€5 million resulting from the offset of previously unrecognized tax losses against 2016 profits (€14 million at December 31, 2015).

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.

NGAM P1

The audit which initially covered the 2010 and 2011 fiscal years was extended to 2012 to 2014. 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.

Settlement of ongoing litigation

- The EuropeanCourt 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 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 banks and the Caisses d'Epargne, 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 n°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.
- Reimbursement of flat-rate tax credits related to aerospace financing transactions intended to eliminate double taxation for €13 million: during the audit the tax authorities granted certain companies that were members of the tax group of which Natixis is the parent company and which receive fees from financial leases on aerospace assets the right to increase the amount of flat-rate tax credits directly offset against corporate tax payable from 66.67% to 100%.

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 2016	Activity in 2015
Revaluation adjustments on defined-benefit plans	**(53)**	**77**
Other changes	*(53)*	*77*
Revaluation of own credit risk on financial liabilities at fair value through profit or loss	**(156)**	
Other changes	*(156)*	
Items not recyclable to income	**(209)**	**77**
Translation adjustments	**129**	**432**
Reclassification to income	*(42)*	*(1)*
Other changes	*172*	*433*
Revaluation of available-for-sale financial assets	**273**	**(120)**
Reclassification to income	*(77)*	*(123)*
Other changes	*350*	*3*
Revaluation of hedging derivatives	**51**	**98**
Reclassification to income	*84*	*144*
Other changes	*(34)*	*(47)*
Share of gains and losses recognized directly in the equity of associates recyclable to income	**3**	**(2)**
Reclassification to income	*0*	*(1)*
Other changes	*2*	*(1)*
Items recyclable to income	**456**	**408**
Tax	**(36)**	**(12)**
TOTAL	**210**	**473**

8.2 Breakdown of tax on gains and losses recognized in other comprehensive income

	12.31.2016			12.31.2015		
(in millions of euros)	Gross	Taxes	Net	Gross	Taxes	Net
Translation adjustments	129		129	432		432
Revaluation of available-for-sale financial assets	273	(89)	183	(120)	(125)	(245)
Revaluation of hedging derivatives	51	(17)	33	98	141	239
Items recorded definitively in other items of comprehensive income	(53)	17	(36)	77	(28)	49
Revaluation of own credit risk on financial liabilities at fair value through profit or loss	(156)	54	(103)			
Shares in unrealized or deferred gains/(losses) of associates	4	(1)	3	(4)	2	(2)
TOTAL CHANGES IN UNREALIZED OR DEFERRED GAINS OR LOSSES	**247**	**(37)**	**210**	**483**	**(10)**	**473**

NOTE 9 SEGMENT REPORTING

In 2012, in light of regulatory constraints and the persistently uncertain economic environment, Natixis forged ahead with its transformation policy. In particular, in terms of Corporate and Investment Banking, its organization was adapted to place customer relations at the core of development and, as a result, the division previously named Wholesale Banking is now known as "Corporate & Investment Banking".

The entity is organized around three core businesses:

- **Corporate and 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;
- **Investment Solutions,** which includes Asset Management, Insurance, Private Banking and the Private Equity for third party clients business line that resulted from the spin-off of Natixis Private Equity in 2010;
- **Specialized Financial Services,** which includes Factoring, Lease Financing, Consumer Credit, Guarantees, Film Industry Finance, Employee Benefits Planning, and Payment and Securities Services. These services are the key growth drivers for the retail banking business of Groupe BPCE.

This organizational structure was confirmed as part of Natixis' 2014-2017 Strategic Plan, **"New Frontier".**

Coface, Corporate Data Solutions, Private Equity businesses (proprietary funds and share of sponsored funds) and **Natixis Algérie** are managed as financial holdings due to their lower synergies with Natixis' other businesses. The Ho Chi Minh branch was sold to BPCE International in October 2015.

In 2011, **Coface** refocused on its core business lines (credit insurance and factoring in Germany and Poland), grouped under **Coface**.

Non-strategic activities (primarily service activities) stemming from Coface have been grouped under **Corporate Data Solutions** and are now managed directly by Natixis' Finance Department.

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 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, combined with its widely recognized, award-winning research capabilities, 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 business lines "Acquisition & Strategic Finance", Capital & Rating Advisory, Equity Capital Markets, Strategic Equity Transactions and Corporate Loan Structuring. 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 remains part of the **Global Markets** business line and those of Trade Finance and the developing of flow offering part of **"Global transaction banking"**.

9.2 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:

- **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 Network, and more recently the Banque Populaire network, 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 Caisses d'Epargne and by the Banque Populaire banks;
- **Leasing:** this business line provides financing solutions for real estate and non-real estate assets under finance leases or other long-term leasing arrangements;
- **Employee Benefits Planning:** 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 securities services;

- **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;
- **Payments:** this business line provides payments tools, infrastructure and services, including electronic banking, issuance and collection of high-volume electronic transfers and check processing;
- **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.

9.3 Investment Solutions

- **Asset Management:** asset management activities are combined within Natixis Global Asset Management. 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 them 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 the NGAM Distribution platform and the business franchises developed over the long term by the Asset Management companies, mainly with various client groups. The management companies continue to handle distribution via the shareholder retail banking networks in France;
- **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. It offers a comprehensive range of individual and collective life insurance, personal protection insurance and property and casualty insurance solutions. These diversified, customized solutions are designed for retail and small business customers, farmers, companies and associations;
- **Private Banking:** this business line encompasses wealth management activities in France and Luxembourg, financial planning solutions, and services for independent wealth management advisors (IWMAs). Banque Privée 1818, created from the merger between Banque Privée Saint Dominique (BPSD) and La Compagnie 1818, has taken its place as a major player on the French market. The bank mainly develops its customer base from the clientele of the Caisses d'Epargne and Banque Populaire banks, and to a lesser extent from that of Natixis. Private Banking offers advisory services, financial planning and expertise, and fund management solutions;
- **Private Equity for third party clients:** at the start of 2014, NCI's asset management companies were transferred to Natixis Global Asset Management 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.

9.4 Coface

Coface's main activities are credit insurance, international factoring solutions, business information and ratings (credit and marketing), receivables management (from issuance through to collection), and management of public procedures on behalf of the French State. Most of Coface's revenue is derived from its international operations.

Since 2011, Coface has refocused on its core business lines (credit insurance and factoring in Germany and Poland).

Natixis carried out an initial public offering on 58.65% of Coface's share capital in June 2014.

9.5 Other Financial investments

Other Financial investments notably include:

- the Private Equity business (non-core activities), covering proprietary Private Equity transactions and Natixis' share of certain sponsored funds not held by Natixis. Since the October 2010 sale to AXA Private Equity of the majority of the proprietary operations in France, the international segment (divided into several small teams of investors) has been gradually divested, with the most recent divestment carried out in the second quarter of 2015. The teams have extensive expertise in equity financing for generally unlisted, small and medium-sized enterprises outside France via equity holdings;
- corporate Data Solutions: Coface's non-core activities (service activities mainly) were grouped under Corporate Data Solutions at the beginning of 2013. At the end of December 2016, the main entity is Ellisphère;
- Natixis' subsidiary in Algeria.

9.6 Corporate Center

The Corporate Center operates alongside the operating divisions. As such, it recognizes the central funding mechanisms and income from Natixis' asset and liability management. It also records income on the bank's portfolio of equity investments not belonging to a division, and the revaluation of the Group's own debt.

In terms of costs, the Corporate Center recognizes the bank's structural costs and certain restructuring costs not allocated to the businesses.

9.7 Segment information

9.7.1 Segment reporting in the income statement

	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)%*	*(7717)%*	*12881%*	*(164)%*	*1777%*	*(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.

(a) Variation between December 31, 2016 and December 31, 2015 (pro forma figures).

* *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.*
- *Income before tax: +€725 million.*

(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 the net revenues of the XVA desks, which breaks down into €1,219 million in net revenues for FICT and €534 million for Equities.*

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	12.31.2015						
	Corporate & Investment Banking	Investment Solutions*	Specialized Financial Services	Coface	Other Financial investments	Corporate Center	Total
Net revenues	3,056	3,515	1,308	680	148	(3)	8,704
Expenses	(1,861)	(2,376)	(856)	(550)	(131)	(180)	(5,955)
Gross operating income	1,194	1,139	452	130	17	(183)	2,749
Provision for credit losses	(198)	4	(58)	(7)	(11)	(20)	(291)
Net operating income	996	1,142	394	123	5	(203)	2,458
Associates	27	22	0	1	(4)	0	46
Other	0	(8)	(0)	(1)	(28)	6	(31)
Pre-tax profit	1,023	1,157	393	123	(26)	(197)	2,473
Net income (group share)	684	688	251	21	(16)	(285)	1,344

This information is determined based on the accounting principles applied in accordance with IFRS as adopted by the European Union at December 31, 2015.

This information is presented according to the analytical structure of businesses adopted by Natixis at December 31, 2016.

(*) *o/w for asset management:*

- Net revenues: €2,755 million.

- Expenses: -€1,900 million.

- Gross Operating Income: +€855 million.

- Provision for credit losses: +€1.3 million.

- Income before tax: +€858 million.

(in millions of euros)	Net revenues
Corporate & Investment Banking	**3,056**
Global Markets [(a)]	*1,466*
Global Finance & Investment Banking	*1,587*
Other	*3*
Investment Solutions	**3,515**
Asset Management	*2,755*
Insurance	*584*
Private Banking	*145*
Other	*32*
Specialized Financial Services	**1,308**
Specialized financing	*792*
Financial services	*516*
Coface	**680**
Other Financial investments	**148**
Corporate Center	**(3)**
TOTAL	**8,704**

(a) Including €1,519 million excluding the net revenues of the XVA desks, which breaks down into €1,035 million in net revenues for FICT and €484 million for Equities.

FIGURES PUBLISHED IN 2015

	12.31.2015						
(in millions of euros)	Corporate & Investment Banking	Investment Solutions	Specialized Financial Services	Coface	Financial investments	Other activities	Total
Net revenues	**3,056**	**3,515**	**1,308**	**680**	**(3)**	**149**	**8,704**
2015/2014 change	*9%*	*25%*	*3%*	*(1)%*	*(77)%*	*(336)%*	*16%*
Expenses	**(1,861)**	**(2,376)**	**(848)**	**(550)**	**(7)**	**(312)**	**(5,955)**
2015/2014 change	*9%*	*19%*	*2%*	*(1)%*	*(12)%*	*14%*	*9%*
Gross operating income	**1,194**	**1,139**	**460**	**130**	**(10)**	**(164)**	**2,749**
2015/2014 change	*10%*	*39%*	*6%*	*(2)%*	*(52)%*	*(51)%*	*33%*
Pre-tax profit	**1,023**	**1,157**	**401**	**123**	**(10)**	**(221)**	**2,473**
2015/2014 change	*11%*	*41%*	*7%*	*(3)%*	*(54)%*	*(36)%*	*35%*
Net income (group share)	**684**	**688**	**256**	**21**	**(10)**	**(296)**	**1,344**
2015/2014 change	*13%*	*26%*	*7%*	*(62)%*	*(54)%*	*14%*	*18%*

This information is determined based on the accounting principles applied in accordance with IFRS as adopted by the European Union at December 31, 2015.

9.7.2 Balance sheet segment analysis

	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**

	12.31.2015						
(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	177,127	12,807	0	62	130	1,513	191,639
Available-for-sale financial assets	2,681	39,693	1,655	2,551	2	6,091	52,673
Loans and receivables due from banks	47,109	1,329	1,596	479	386	20,564	71,462
Customer loans and receivables	78,205	4,749	18,503	2,321	760	2,652	107,189
Held-to-maturity financial assets	0	2,295	0	4	0	0	2,298
Goodwill	5	3,108	64	356	23	3	3,559
Other assets	37,998	6,628	503	595	(767)	26,478	71,437
TOTAL ASSETS	**343,125**	**70,609**	**22,321**	**6,368**	**535**	**57,300**	**500,257**
Financial liabilities at fair value through profit or loss	157,101	1,159	0	7	0	723	158,990
Due to banks	70,396	5,379	14,527	346	(8)	23,102	113,743
Customer deposits	45,767	875	740	404	815	15,489	64,090
Debt securities	37,409	(672)	1,673	1,613	102	301	40,426
Insurance companies' technical reserves	4	49,989	1,429	1,494	0	0	52,915
Subordinated debt	965	1,239	192	477	(238)	2,235	4,869
Other liabilities	31,484	12,635	3,759	2,027	(136)	15,455	65,223
TOTAL LIABILITIES	**343,125**	**70,602**	**22,321**	**6,367**	**535**	**57,306**	**500,257**

Figures published in 2015

	12.31.2015						
(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	177,127	12,807	0	62	130	1,513	191,639
Available-for-sale financial assets	2,681	39,693	1,655	2,551	2	6,091	52,673
Loans and receivables due from banks	47,109	1,329	1,596	479	0	20,864	71,462
Customer loans and receivables	78,205	4,749	18,503	2,321	76	3,444	107,189
Held-to-maturity financial assets	0	2,295	0	4	0	0	2,298
Goodwill	5	3,108	59	356	0	31	3,559
Other assets	37,998	6,628	530	595	(624)	26,309	71,437
TOTAL ASSETS	**343,125**	**70,609**	**22,221**	**6,368**	**416**	**58,351**	**500,257**
Financial liabilities at fair value through profit or loss	157,101	1,159	0	7	0	723	158,990
Due to banks	70,396	5,379	14,527	346	(200)	23,403	113,743
Customer deposits	45,767	875	740	404	0	16,304	64,090
Debt securities	37,409	(672)	1,673	1,613	22	381	40,426
Insurance companies' technical reserves	4	49,989	1,429	1,494	0	0	52,915
Subordinated debt	965	1,239	192	477	(30)	2,026	4,869
Other liabilities	31,484	12,635	3,759	2,027	(209)	15,520	65,223
TOTAL LIABILITIES	**343,125**	**70,602**	**22,321**	**6,367**	**416**	**58,357**	**500,257**

9.8 Other disclosures

DECEMBER 31, 2016

(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**

DECEMBER 31, 2015

(in millions of euros)	France	Other EU	North America	Other OECD	Other	Total
Net revenues	**4,417**	**1,301**	**2,556**	**107**	**322**	**8,704**
Net income for the period (group share)	**372**	**394**	**495**	**11**	**72**	**1,344**
Assets at fair value through profit or loss	170,069	16,278	2,649	2,470	174	191,639
Available-for-sale financial assets	47,686	2,771	243	345	1,627	52,673
Loans and receivables	112,940	14,036	38,565	3,744	9,365	178,651
Fixed assets	1,249	87	81	7	26	1,451
Other assets	69,328	131	7,061	(113)	(563)	75,843
TOTAL ASSETS	**401,272**	**33,303**	**48,600**	**6,453**	**10,628**	**500,257**

NOTE 10 RISK MANAGEMENT

10.1 Capital adequacy

The information on capital adequacy required under IAS 1 is presented in section 3.3 of Chapter 3, "Risk Management 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 3.4 of Chapter 3, "Risk Management 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 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 12.31.2016	Net outstandings 12.31.2015
Financial assets at fair value through profit or loss (excluding variable-income securities)	142,499	0	0	142,499	153,418
Hedging derivatives	1,220	0	0	1,220	1,035
Available-for-sale financial assets (excluding variable-income securities)	48,116	74	(50)	48,140	46,078
Loans and receivables due from banks	58,783	71	(71)*	58,783	71,462
Customer loans and receivables	137,920	4,534	(2,151)*	140,303	107,189
Held-to-maturity financial assets	2,069	0	(3)	2,066	2,298
Financing commitments given	62,347	286	(2)	62,631	60,558
Financial guarantee commitments given	22,137	219	(49)	22,307	22,389
TOTAL GROSS EXPOSURE	**475,090**	**5,184**	**(2,326)**	**477,949**	**464,427**

* *Including collective provisions.*

The reclassification of consolidated accounting volumes as gross exposure and exposure at default with respect to prudential credit risk (presented in Section 3.4 of Chapter 3, "Risk Management and Capital Adequacy") involves the following key operations:

- exclusion of equity-accounted insurance companies in the prudential scope;
- exclusion of exposure classified in the trading scope;
- inclusion of all netting agreements on market transactions;
- restatement of factoring positions to take into account exposure to the risk of default and a position in risk dilution;
- application of a credit-equivalent conversion factor on financing and guarantee commitments.

10.2.2 Impact of guarantees

	12.31.2016						12.31.2015					
(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)*	**46,335**	**71**	**(71)**	**46,335**	**1**	**306**	**61,548**	**80**	**(73)**	**61,555**	**3**	**30**
Customer loans and receivables *(Excluding repurchase agreements)*	**84,065**	**4,533**	**(2,150)**	**86,448**	**1,510**	**39,690**	**78,033**	**4,556**	**(2,247)**	**80,342**	**1,466**	**37,135**
Finance leases	10,230	144	(71)	10,303	73	6,929	10,272	321	(216)	10,377	105	7,949
Factoring	7,762			7,762			6,118			6,118		
Other loans and receivables	66,073	4,389	(2,079)	68,383	1,437	32,761	61,643	4,235	(2,031)	63,847	1,361	29,186
Financing commitments given	62,467	286	(2)	62,751	138	9,455	60,631	48	(1)	60,678	7	8,765
Financial guarantee commitments given	21,402	219	(49)	21,572	18	2,062	21,567	161	(52)	21,675	9	1,872
TOTAL EXPSOURE AND IMPACT OF GUARANTEES	**214,269**	**5,110**	**(2,272)**	**217,106**	**1,667**	**51,513**	**221,778**	**4,846**	**(2,374)**	**224,250**	**1,485**	**47,802**

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.

	12.31.2016			12.31.2015		
	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)*	**306**	**1**	**307**	**31**	**2**	**33**
Customer loans and receivables *(Excluding repurchase agreements)*	**10,843**	**30,358**	**41,200**	**10,283**	**28,318**	**38,601**
Finance leases	2,975	4,027	7,002	3,465	4,588	8,053
Factoring						
Other loans and receivables	7,868	26,331	34,198	6,818	23,729	30,547
Financing commitments given	**1,594**	**7,998**	**9,593**	**1,768**	**7,004**	**8,772**
Financial guarantee commitments given	**541**	**1,539**	**2,080**	**589**	**1,292**	**1,881**
TOTAL EXPOSURE AND IMPACT OF GUARANTEES	**13,284**	**39,896**	**53,180**	**12,671**	**36,615**	**49,287**

10.2.3 Breakdown of individual and collective provisions by geographic area

	12.31.2016						12.31.2015					
Geographic areas (in millions of euros)	Individual risks	Collective risks	Total risks	Write-downs individual risks	Write-downs collective risks	Total write-downs	Individual risks	Collective risks	Total risks	Write-downs individual risks	Write-downs collective risks	Total write-downs
France	1,523	8,875	10,398	729	104	833	1,571	8,569	10,140	875	100	975
Other Western European countries	1,430	9,438	10,868	559	84	643	1,538	8,106	9,644	548	94	643
Eastern Europe	176	1,949	2,125	50	11	61	248	1,961	2,209	60	30	90
North America	852	5,758	6,609	123	81	204	377	5,510	5,887	129	63	192
Central and Latin America	216	1,853	2,069	125	17	141	226	1,467	1,693	168	12	180
Africa and the Middle East	518	4,412	4,930	187	64	251	382	2,978	3,360	156	34	191
Asia-Pacific	395	4,114	4,509	79	24	103	503	3,407	3,910	71	33	104
TOTAL	**5,110**	**36,399**	**41,509**	**1,851**	**384**	**2,236**	**4,846**	31,997	36,843	2,008	366	2,374

10.2.4 Breakdown of collective provisions by business sector

Business sectors *(% breakdown)*	12.31.2016	12.31.2015
Oil & gas	24,1%	18,6%
Real estate	12,2%	10,1%
Base industries	8,9%	12,3%
Retail/trade	7,7%	5,4%
Electricity	6,4%	7,2%
Services	4,9%	2,8%
Holding companies and conglomerates	4,0%	11,0%
Pharmaceuticals/Healthcare	3,1%	1,8%
International trade, commodities	3,1%	3,3%
Transportation	2,8%	8,4%
Food	2,7%	1,9%
Finance	2,7%	3,9%
Tourism/Hotels/Leisure	2,6%	2,3%
Utilities	2,5%	1,7%
Media	2,5%	2,7%
Construction	2,0%	0,6%
Technology	1,9%	0,7%
Consumer goods	1,7%	2,1%
Mechanical and electrical engineering	1,3%	0,7%
Telecommunications	1,2%	0,8%
Administrations	0,8%	1,2%
Automotive	0,7%	0,3%
Other	0,2%	0,2%
TOTAL	**100,0%**	**100,0%**

10.2.5 Change in collective provisions

(in millions of euros)	Provisions as at 01.01.16	Additions (+) Reversals (-)	Translation adjustments	Provisions as at 12.31.16
By sector	289	10	3	302
By region	77	5	1	82
TOTAL	**366**	**15**	**4**	**384**

(in millions of euros)	Provisions as at 01.01.15	Additions (+) Reversals (-)	Translation adjustments	Provisions as at 12.31.15
By sector	328	(50)	11	289
By region	47	28	3	77
TOTAL	**375**	**(22)**	**14**	**366**

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 3.6 and 3.8 of Chapter 3, “Risk Management and Capital Adequacy”.

NOTE 11 HEADCOUNT, PAYROLL COSTS, COMPENSATION AND EMPLOYEE BENEFITS

11.1 Headcount

(number)	12.31.2016	12.31.2015
Headcount*	20,759	20,617

* *Full-time equivalent current employees of Natixis at the reporting date.*

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 €3,726 million at December 31, 2016 versus €3,609 million at December 31, 2015.

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 9, 2017, 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. These inputs relate to the share value and dividend assumptions.

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.

5

Long-term cash-settled payment plans indexed to the Natixis share

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)*
			September 2014	1,895,722	
			October 2015	1,810,143	
2012 Plan	17/02/2013	5,275,539	October 2016	1,808,948	
			October 2015	1,682,810	
			October 2016	1,610,145	
2013 Plan	19/02/2014	5,095,419	October 2017	-	5,17
			October 2016	1,576,403	
			October 2017	-	
2014 Plan	18/02/2015	4,493,016	October 2018	-	4,92
			March 2018		
2015 Plan	10/02/2016	6,084,435	March 2019		4,46
			March 2019		
2016 Plan	23/02/2017	2,926,434	March 2020		3,86

Payments under these plans are subject to presence and performance criteria.

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 has been reclassified as an employee retention and performance plan paid in Natixis bonus shares *(see below)*. The resulting impact of this change recognized in profit or loss for the period totaled €5,3 million.

Short-term cash-settled payment plans indexed to the Natixis share

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)*
2016 Plan	23.02.2017	23.02.2017	5,3	6,152,016	6,152,016	5,3

The corresponding expense associated with the short-term plan, estimated based on the probability of the presence condition being met, is fully recognized in the 2016 financial statements in the amount of €38 million.

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)*
			March 2014	531,233		
			March 2015	507,835		
2012 Plan	2.17.2013	1,656,630	March 2016	591,657	2,84	
2013 Plan	7.31.2014	31,955	July 2018		4,83	4,02
2014 Plan	2.18.2015	95,144	February 2019		6,18	3,45
			March 2018			
2015 Plan	7.28.2016	3, 081, 642	March 2019		3,43	2,60
2016 Plan	7.28.2016	151,283	July 2020		3,43	1,62
			March 2019			
2016 Plan	02.23.2017	2,871,472	March 2020		5,3	3,86

Payments under these plans are subject to presence and performance criteria.

Expense for the period for retention and performance plans

Expense *(in millions of euros)*	Expense for 2016			Expense for 2015 *(in millions of euros)*
	Plans settled in shares	Plans settled in cash indexed to the Natixis share	Total	
Previous retention plans	(4.9)	(10.7)	(15.6)	(25.8)
Retention plans awarded over the period		(6.6)	(6.6)	(8.4)
TOTAL	**(4.9)**	**(17.3)**	**(22.2)**	**(34.2)**

Valuation inputs used to calculate the expense of these plans

	12.31.2016	12.31.2015
Share price	5,36	5,22
Risk-free interest rate	0,00%	0,00%
Dividend payment rate	6,09%	6,26%
Rights loss rate	4,25%	4,50%

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 2016 was:

Year of plan Expenses *(in millions of euros)*	Grant date	Acquisition dates	Expense for 2016 *(in millions of euros)*	Expense for 2015 *(in millions of euros)*
2011 Plan	2.22.2012	March 2013 March 2014 March 2015		(0,3)
2012 Plan	2.17.2013	March 2014 March 2015 March 2016	(0,2)	(2,7)
2013 Plan	2.19.2014	March 2015 March 2016 March 2017	(2,8)	(6,9)
2014 Plan	2.18.2015	March 2016 March 2017 March 2018	(7,3)	(13,0)
2015 Plan	2.10.2016	March 2017 March 2018	(16,2)	(10,9)
2016 Plan	02.23.2017		(15,6)	
TOTAL			**(42,1)**	**(33,8)**

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 million of euros)	12.31.2016	12.31.2015
Contributions expensed under defines-contribution plans	122	123

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, 2016

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.

	31/12/2016					31/12/2015				
	Post-employment defined-benefit plans		Other long-term employee benefits			Post-employment defined-benefit plans		Other long-term employee benefits		
	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other	Total	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other	Total
Actuarial liabilities	**636**	**238**	**60**	**125**	**1,059**	**596**	**218**	**55**	**116**	**985**
Fair value of plan assets	(267)	(9)	0	0	(276)	(423)	(7)	0	0	(430)
Fair value of separate assets [(a)]	(167)	(38)	0	0	(205)	0	(39)	0	0	(39)
Effect of ceiling on assets	6	0	0	0	6	13	0	0	0	13
Net amount recognized in balance sheet	*208*	*190*	*60*	*125*	*584*	*186*	*172*	*55*	*116*	*530*
under liabilities	374	229	60	125	789	186	211	55	116	569
under assets	167	38	0	0	205	0	39	0	0	39

(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)

	12.31.2016					12.31.2015				
	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	**596**	**218**	**55**	**116**	**985**	**656**	**228**	**53**	**103**	**1,040**
Changes recorded in income	(16)	5	6	9	2	(10)	17	2	11	20
Service cost	9	12	4	39	64	11	13	4	42	71
Past service cost	(19)	(3)	(0)	0	(23)	(15)	5	0	0	(10)
o/w plan liquidation and reduction	*(20)*	*(4)*	*(0)*	*0*	*(25)*	*(15)*	*4*	*0*	*0*	*(11)*
Interest cost	18	4	1	0	22	18	3	1	0	22
Benefits paid	(23)	(8)	(2)	(32)	(65)	(25)	(6)	(3)	(31)	(65)
o/w amounts paid out in respect of plan liquidation	*(13)*	*0*	*0*	*(21)*	*(34)*	*(12)*	*(3)*	*(2)*	*(22)*	*(39)*
Revaluation adjustments on other long-term employee benefits	0	0	2	1	2	0	0	0	(1)	(0)
Other	(2)	1	1	0	1	1	2	(0)	(0)	2
Changes recognized directly in non-recyclable equity	**56**	**19**	**0**	**0**	**75**	**(80)**	**(23)**	**0**	**0**	**(104)**
Revaluation adjustments - demographic assumptions	3	5	0	0	7	(6)	(19)	0	0	(24)
Revaluation adjustments - financial assumptions	53	17	0	0	70	(60)	(6)	0	0	(66)
Revaluation adjustments - past-experience effect	1	(3)	0	0	(2)	(15)	1	0	0	(14)
Translation adjustments	**(0)**	**0**	**0**	**1**	**1**	**28**	**0**	**0**	**1**	**29**
Changes in scope	**2**	**0**	**0**	**0**	**2**	**0**	**(1)**	**(0)**	**0**	**(1)**
Other	**(2)**	**(4)**	**(0)**	**(0)**	**(7)**	**3**	**(2)**	**0**	**0**	**0**
Actuarial liabilities at end of period	**636**	**238**	**60**	**125**	**1,059**	**596**	**218**	**55**	**116**	**985**

c) Changes in recognized amounts on the balance sheet (Change in hedging assets)

PLAN ASSETS

(in millions of euros)	12.31.2016			12.31.2015		
	Post-employment defined-benefit plans			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
Fair value of assets at start of period	**423**	**7**	**430**	**404**	**5**	**409**
Changes recorded in income	**0**	**2**	**2**	**4**	**2**	**6**
Interest income	11	0	11	13	0	13
Contributions received	1	1	2	9	1	10
o/w paid by employer	*1*	*1*	*2*	*9*	*1*	*10*
o/w paid by beneficiaries	*0*	*0*	*0*	*0*	*0*	*0*
Benefits paid	(11)	0	(11)	(18)	(0)	(18)
o/w amounts paid out in respect of plan liquidation	*(4)*	*0*	*(4)*	*(8)*	*0*	*(8)*
Other	(0)	0	0	0	2	2
Changes recognized directly in non-recyclable equity	**6**	**(0)**	**6**	**(11)**	**0**	**(11)**
Revaluation adjustments - Return on assets	6	(0)	6	(11)	0	(11)
Translation adjustments	**(1)**	**0**	**(1)**	**23**	**(0)**	**23**
Changes in scope	**0**	**0**	**0**	**0**	**0**	**0**
Other	**(161)**	**(0)**	**(161)**	**3**	**0**	**3**
Fair value of assets at end of period	**267**	**9**	**276**	**423**	**7**	**430**

SEPARATE ASSETS

	12.31.2016			12.31.2015		
	Post-employment defined-benefit plans			Post-employment defined-benefit plans		
(in millions of euros)	Supplementary pension benefits and other	End-of-career awards	Total	Supplementary pension benefits and other	End-of-career awards	Total
Fair value of assets at start of period	**0**	**39**	**39**	**0**	**37**	**37**
Changes recorded in income	**(1)**	**(0)**	**(1)**	**0**	**0**	**0**
Interest income	3	1	4	0	0	0
Contributions received	2	0	2	0	0	0
o/w paid by employer	*2*	*0*	*2*	*0*	*0*	*0*
o/w paid by beneficiaries	*0*	*0*	*0*	*0*	*0*	*0*
Benefits paid	(7)	(1)	(7)	0	(0)	(0)
o/w amounts paid out in respect of plan liquidation	*(7)*	*0*	*(7)*	*0*	*0*	*0*
Other	0	0	0	0	0	0
Changes recognized directly in non-recyclable equity	**9**	**(0)**	**8**	**0**	**1**	**1**
Revaluation adjustments - Return on assets	9	(0)	8	0	1	1
Translation adjustments	**0**	**0**	**0**	**0**	**0**	**0**
Changes in scope	**0**	**(0)**	**(0)**	**0**	**0**	**0**
Other	**159**	**0**	**159**	**0**	**0**	**0**
Fair value of assets at end of period	**167**	**38**	**205**	**0**	**39**	**39**

d) Composition of plan assets

DECEMBER 31, 2016

		Fair value of assets		
	Weighting by category *(in %)*	Total	Quoted on an active market *(in %)*	Not quoted on an active market *(in %)*
Money market	3%	9	57%	43%
Equity	29%	79	84%	16%
Bonds	25%	71	97%	4%
Real estate	2%	5	6%	95%
Derivatives	7%	19	0%	100%
Investment funds	34%	92	91%	9%
Asset-backed securities	0%	1	0%	100%
Structured debt instruments	0%	-		
TOTAL	**100%**	**276**	**81%**	**19%**

DECEMBER 31, 2015

	Weighting by category *(in %)*	Fair value of assets		
		Total	Quoted on an active market *(in %)*	Not quoted on an active market *(in %)*
Money market	6%	24	30%	70%
Equity	36%	155	78%	22%
Bonds	51%	220	73%	27%
Real estate	1%	6	0%	100%
Derivatives	3%	11	1%	99%
Investment funds	3%	13	42%	58%
Asset-backed securities	0%	1	0%	100%
Structured debt instruments	0%	-		
TOTAL	**100%**	**430**	**68%**	**32%**

e) Post-retirement plan revaluation differences

REVALUATION COMPONENTS OF ACTUARIAL LIABILITIES

	12.31.2016			12.31.2015		
	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	**207**	**5**	**211**	**273**	**28**	**301**
Revaluation adjustments over the period	60	20	80	(67)	(23)	(90)
Total revaluation adjustments at end of period	**266**	**24**	**291**	**207**	**5**	**211**

PLAN ASSETS

	12.31.2016			12.31.2015		
	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	**63**	**0**	**63**	**84**	**0**	**84**
o/w effect of ceiling on assets	*(13)*	*0*	*(13)*	*0*	*0*	*0*
Revaluation adjustments over the period	(21)	(0)	(21)	(21)	0	(21)
o/w effect of ceiling on plan assets	*7*	*0*	*7*	*(13)*	*0*	*(13)*
Total revaluation adjustments at end of period	**42**	**0**	**42**	**63**	**0**	**63**
o/w effect of ceiling on assets	*(6)*	*0*	*(6)*	*(13)*	*0*	*(13)*

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.

	12.31.2016					12.31.2015
	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	
Service cost	9	12	4	39	64	71
Past service cost	(19)	(3)	(0)	0	(23)	(10)
Interest cost	18	4	1	0	22	22
Interest income	(14)	(1)	0	0	(15)	(13)
Other	(2)	0	1	0	1	0
TOTAL EXPENSE FOR 2016	**(8)**	**12**	**6**	**40**	**50**	**69**

g) Main actuarial assumptions at December 31, 2016

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.

	12.31.2016			12.31.2015		
	France	Europe	United States	France	Europe	United States
Discount rate	0,97%	2,43%	4,06%	1,68%	2,96%	4,23%
Inflation rate	1,60%	2,60%	3,00%	1,70%	2,68%	3,00%
Rate of increase in salaries	2,42%	2,39%	4,00%	2,57%	2,41%	4,00%
Rate of increase in healthcare costs	4,10%	4,40%	5,00%	4,20%	4,40%	5,00%
Duration (in years)	15	19	14	15	18	14

	12.31.2016				12.31.2015			
	Post-employment defined-benefit plans		Other long-term employee benefits		Post-employment defined-benefit plans		Other long-term employee benefits	
	Supple-mentary pension benefits and other	End-of-career awards	Long-service awards	Other	Supple-mentary pension benefits and other	End-of-career awards	Long-service awards	Other
Discount rate	2,68%	0,87%	0,70%	2,66%	3,06%	1,50%	1,38%	3,27%
Inflation rate	2,35%	1,66%	1,72%	1,38%	2,38%	1,73%	1,71%	2,08%
Rate of increase in salaries (incl. Inflation)	2,96%	2,29%	2,48%	3,25%	3,07%	2,58%	2,70%	3,46%
Rate of increase in healthcare costs (incl. Inflation)	4,26%				4,34%			
Duration (in years)	15	12	9	15	16	11	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.

Future salary increases are estimated by grade based on a constant population and a three-year average.

h) Analysis of sensitivity to key assumptions

	12.31.2016			
	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
+ 0.5% change in discount rate	(11.43)%	(6.09)%	(5.24)%	(2.80)%
- 0.5% change in discount rate	14,02%	6,43%	5,78%	3,36%
+ 1% change in rate of increase in healthcare costs	6,12%			
- 1% change in rate of increase in healthcare costs	(4.44)%			
+ 1% change in rate of increase in salaries and income (incl. inflation)	14,00%	12,63%	9,30%	
- 1% change in rate of increase in salaries and income (incl. inflation)	(9.28)%	(10.86)%	(8.20)%	

	12.31.2015			
	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
+ 1% change in discount rate	(15.30)%	(10.51)%	(8.39)%	(2.97)%
- 1% change in discount rate	19,66%	12,39%	9,72%	3,12%
+ 1% change in rate of increase in healthcare costs	7,25%			
- 1% change in rate of increase in healthcare costs	(5.81)%			
+ 1% change in rate of increase in salaries and income (incl. inflation)	15,49%	12,29%	9,04%	
- 1% change in rate of increase in salaries and income (incl. inflation)	(12.96)%	(10.57)%	(7.98)%	

i) Schedule of non-discounted payments

- DECEMBER 31, 2016

(in millions of euros)	Post-employment defined-benefit plans	
	Supplementary pension benefits and other	End-of-career awards
n+1 to n+5	145	50
n+6 to n+10	135	76
n+11 to n+15	121	86
n+16 to n+20	123	95
> n+20	561	223
TOTAL	**1,085**	**530**

- DECEMBER 31, 2015

(in millions of euros)	Post-employment defined-benefit plans	
	Supplementary pension benefits and other	End-of-career awards
n+1 to n+5	138	47
n+6 to n+10	127	78
n+11 to n+15	119	89
n+16 to n+20	119	88
> n+20	579	226
TOTAL	**1,081**	**527**

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	4.4.2013	3.14.2014	6.12.2014	3.12.2015	3.10.2016
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)	€23.6 m	€40.2 m	€2.1 m	€45 m	€26 m
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%

At December 31, 2016, like in 2015, 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.

NOTE 12 CAPITAL MANAGEMENT

12.1 Share capital

Ordinary shares	Number of shares	Par value	Capital in euros
At January 1	3,128,127,765	1.60	5,005,004,424
Capital increase	8,946,815	1.60	14,314,904
At December 31	3,137,074,580		5,019,319,328

* *1,458,006 in treasury shares at December 31, 2016, and 2,257,822 shares at December 31, 2015.*

The capital increase in 2016 is linked to:

- the allocation of bonus shares to some Natixis employees under the 2012 Retention and Performance Plans, for which payment is share-based (see Note 5.17 and Note 11.2.2.);

- the subscription to the share issue reserved for employer shareholding plan.

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 2016.

12.3 Equity instruments issued

12.3.1 Undated 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 undated deeply subordinated securities and preference shares have been recognized as equity instruments issued in accordance with a clause concerning dividend payments which has become discretionary, and have been booked to "Consolidated reserves" in the consolidated balance sheet.

The conversion of these debt instruments into equity instruments had generated a gain of €418 million recognized in income on June 30, 2009.

Issues after June 30, 2009 were always classified as equity given the discretionary nature of their interest.

Deeply subordinated notes amounted to €1,611 million, compared with €1,213 million at December 31, 2015, an increase of €398 million corresponding to issues and redemptions made during 2016.

Note that the gross amount of exchange rate fluctuations in deeply subordinated notes in foreign currencies recorded in income at December 31, 2016 amounted to +€9.4 million, or +€6.1 million after tax, compared with €32 million at December 31, 2015, or €21 million after tax.

The main features of undated deeply subordinated securities are outlined in the Chapter 14 of "Risk and Pillar III report 2016".

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 eighteenth resolution of the General Shareholders' Meeting of May 24, 2016. 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 1,121,885 shares representing €6.2 million as at December 31, 2016.

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)	12.31.2016	12.31.2015
Guarantee commitments given		
To banks	**2,790**	**2,495**
Confirmation of documentary credits	1,638	1,819
Other guarantees	1,152	676
To customers	**19,566**	**19,946**
Real estate guarantees	226	264
Administrative and tax bonds	347	330
Other bonds and endorsements given	8,915	9,977
Other guarantees	10,077	9,376
TOTAL COMMITMENTS FOR GUARANTEES GIVEN	**22,356**	**22,441**
Guarantee commitments received from banks	**10,861**	**10,294**

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)	12.31.2016	12.31.2015
Financing commitments given		
To banks	**1,933**	**2,414**
To customers	**60,700**	**58,145**
Documentary credits	4,444	3,022
Other confirmed lines of credit	51,787	49,192
Other commitments	4,470	5,931
TOTAL FINANCING COMMITMENTS GIVEN	**62,633**	**60,559**
Financing commitments received		
from banks	**9,289**	**5,690**
from customers	**4,209**	**391**
TOTAL FINANCING COMMITMENTS RECEIVED	**13,498**	**6,081**

NOTE 14 POST-CLOSING EVENTS

No post-closing events have taken place since December 31, 2016.

NOTE 15 OTHER INFORMATION

15.1 Finance and operating leases

15.1.1 Leases as lessor

Leases as lessor *(in millions of euros)*	12.31.2016				12.31.2015			
	Residual maturity				Residual maturity			Total
	< 1 year	1-5 years	> 5 years	Total	< 1 year	1-5 years	> 5 years	
Finance leases								
Gross investment	2,198	5,961	3,629	11,788	2,181	5,743	3,882	11,806
Present value of minimum lease payments receivable	2,020	5,328	2,956	10,303	2,013	5,163	3,202	10,378
Unearned finance income	178	633	673	1,485	168	580	680	1,428
Operating leases								
Minimum payments receivable under irrevocable leases	46	147	46	239	33	85	19	137

Leases as lessor *(in millions of euros)*	12.31.2016			12.31.2015		
	Real estate assets	Non-real estate assets	Total	Real estate assets	Non-real estate assets	Total
Finance leases						
Unsecured residual value accruing to lessor	612	8	620	862	8	870

15.1.2 Leases as lessee

Leases as lessee *(in millions of euros)*	12.31.2016			12.31.2015		
	Real estate assets	Non-real estate assets	Total	Real estate assets	Non-real estate assets	Total
Finance leases						
Net book value	3		3	4		4

15.1.3 Operating leases as lessee

(in millions of euros)	12.31.2016 Minimum future payments
Less than 1 year	197
1 year to 5 years	721
More than 5 years	275
TOTAL	**1,193**

(in millions of euros)	12.31.2016 Expenses
Operating leases	183
Minimum payments	183
Contingent rental payment	0
Operating sub-leases	6
Revenue from sub-leases	6
TOTAL	**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:

	12.31.2016			12.31.2015		
(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	14,407	3,416	5,817	11,778	3,678	7,231
Available-for-sale financial assets	969	210	33	2,253	279	25
Loans and receivables due from banks	38,281	573	137	50,770	502	78
Customer loans and receivables	10,974	105		140	105	
Held-to-maturity financial assets						
LIABILITIES						
Financial liabilities at fair value through profit or loss	8,534	984	842	11,275	1,356	1,047
Due to banks	56,083	1,392	985	81,401	850	980
Customer deposits	497	8	21	265	90	30
Debt securities					8	
Subordinated debt	2,355		2	3,026		2
Equity (DSNs and shareholder advances)	927		(0)	553		15
INCOME						
Interest and similar income	232	25	4	389	23	6
Interest and similar expenses	(525)	(10)	(56)	(626)	(26)	(23)
Net fee and commission income	21	(310)	(20)	17	(309)	(3)
Net gains or losses on financial instruments at fair value through profit or loss	(587)	314	833	(578)	81	258
Net gains or losses on available-for-sale financial assets	(0)	0	1	12	0	14
Income and expenses from other activities	(20)	9	(11)	(40)	7	(12)
Operating expenses	(54)	0	(21)	(83)	1	(19)
COMMITMENTS						
Commitments given	1,311	52	63	1,414	120	67
Commitments received	9,650	2,315	2,123	4,483	2,222	1,572

Relations with associates and joint-ventures are not material.

Management compensation

(in euros)	12.31.2016	12.31.2015
Natixis directors [(a)]	565,833	552,496
Executive officers [(b)]	14,485,940	15,437,066

(a) *In 2016 and 2015, 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 Appointment 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 at December 31, 2016 and December 31, 2015 represent the total amount of compensation paid or delivered to the members of the Senior Management Committee in 2016 and 2015 respectively.*

Compensation of directors

Compensation for directors is granted as detailed in the standardized tables compliant with AMF recommendations in parts 2.4 of the registration document.

The table below shows the compensation paid in the fiscal year.

	FY 2016	FY 2015
Laurent Mignon, CEO		
Compensation for the fiscal year	1,754,761 €	1,899,372 €
Value of options granted during the fiscal year	n/a	n/a
Value of performance shares granted during the fiscal year	160,000 €	160,000 €
TOTAL	**1,914,761 €**	**2,059,372 €**

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 [(1)] (5.63%);
- AGIRC contributions in tranches B [(1)] (20.55%) and C [(1)] (20.55%).

There are no contributions beyond tranche C [(1)].

Severance payments

With regard to calculation of severance payments for the duties of Chief Executive Officer, the Board of Directors, on the advice of the Compensation Committee, authorized during the meeting of February 22, 2011, the commitment establishing the terms and conditions for compensation due or liable to be due to Laurent Mignon in the event he no longer performs the duties of Chief Executive Officer. This commitment was also approved by the Combined General Shareholders' Meeting of May 26, 2011 *(see resolution Six).* In its session on February 19, 2014, Natixis' Board of Directors reviewed the commitment related to the severance payment to the Chief Executive Officer, in order to define the Monthly Reference Compensation (1/12th the fixed compensation paid for the last calendar year of activity and the average of variable compensation granted over the last three calendar years of activity) used to determine the payment amount. This agreement was subject to a shareholder vote and approved at the Ordinary General Shareholders' Meeting of May 20, 2014 *(see resolution Five).* The Board of Directors Meeting of February 18, 2015 authorized the renewal of the severance payment.

At the end of this commitment, it is expected that the Chief Executive Officer will not receive severance payments if he leaves the Company at his initiative to perform new duties or changes his position within Groupe BPCE, or if he leaves office due to serious misconduct or negligence. Furthermore, in accordance with the provisions of the AFEP-Medef code of corporate governance, the right to compensation is subject to a certain number of criteria and performance conditions (unchanged since 2011).

Members of the Board of Directors do not benefit from severance payments in relation to their function with Natixis.

Furthermore, the Board of Directors Meeting of February 19, 2014 authorized the potential implementation of a non-compete clause in the event the CEO leaves office. The Board of Directors Meeting of February 18, 2015 authorized the renewal of this agreement.

This non-compete clause is limited to a period of six months and is associated with an indemnity equal to six months of fixed compensation, as in force at the date on which the CEO leaves office.

In the event a severance payment is made to the CEO, the total amount of this indemnity and the non-compete indemnity may not exceed a ceiling of twenty-four months of monthly reference compensation. The Board of Directors will have to decide whether or not to apply the provisions of the non-compete clause at the time the CEO leaves office.

All of these obligations and agreements were submitted to a vote by the shareholders and approved at the General Shareholders' Meeting of May 19, 2015.

(1) *Tranche A corresponds to the fraction of annual compensation between €0 and €38,616*
Tranche B corresponds to the fraction of annual compensation between €38,616 and €154,464
Tranche C corresponds to the fraction of annual compensation between €154,464 and €308,928.

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, 2016

	12.31.2016	12.31.2016						
	Insurance format	Banking format						
(in millions of euros)	Total	Net revenues	Expenses	Gross operating income	Provision for credit losses	Tax	Other items	Net income
Premium 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**

AT DECEMBER 31, 2015

	12.31.2015	12.31.2015						
	Insurance format	Banking format						
In millions of euros	Total	Net revenues	Expenses	Gross operating income	Provision for credit losses	Tax	Other items	Net income
Premiums written	*7,506*	*7 506*		*7 506*				*7 506*
Change in unearned premium income	*(240)*	*(240)*		*(240)*				*(240)*
Earned premiums	7,265	7,265		7,265				7,265
Banking operating income	71	71		71				71
Revenues and income from other activities	243	243		243				243
Other operating income	36	5	32	36				36
Investment income	*1,496*	*1,496*		*1,496*				*1,496*
Investment expenses	*(280)*	*(271)*	*(8)*	*(280)*				*(280)*
Capital gains and losses on disposal of investments (net of reversals, write-downs and amortization)	*533*	*533*		*533*				*533*
Change in fair value of investments carried at fair value through profit or loss	*116*	*116*		*116*				*116*
Change in write-downs on investments	*(34)*	*(34)*		*(34)*				*(34)*
Investment income (net of expenses)	**1,831**	**1,839**	**(8)**	**1,831**				**1,831**
Policy benefit expenses	**(7,140)**	**(7,044)**	**(96)**	**(7,140)**				**(7,140)**
Reinsurance transfer income	*1,557*	*1,557*		*1,557*				*1,557*
Reinsurance transfer expenses	*(1,474)*	*(1,474)*		*(1,474)*				*(1,474)*
Income and expenses net of reinsurance transfers	**83**	**83**		**83**				**83**
Provision for credit losses	(5)				(5)			(5)
Banking operating expenses	(14)	(0)	(14)	(14)				(14)
Policy acquisition costs	(879)	(645)	(234)	(879)				(879)
Amortization of portfolio values and related items								
Administrative costs	(595)	(252)	(342)	(594)	(2)			(595)
Other recurring operating income and expenses	(283)	(58)	(223)	(281)	(1)		(1)	(283)
Other operating income and expenses	(31)	1	(5)	(4)			(27)	(31)
OPERATING INCOME (LOSS)	**583**	**1,509**	**(891)**	**618**	**(7)**		**(28)**	**583**
Finance expenses	(45)	(45)	(0)	(45)				(45)
Share in income of associates	13						13	13
Income taxes	(193)		(2)	(2)		(190)		(193)
After-tax income from discontinued activities								
Non-controlling interests	(80)						(80)	(80)
CONSOLIDATED NET INCOME	**279**	**1,464**	**(893)**	**571**	**(7)**	**(190)**	**(94)**	**279**

15.3.2 Insurance company contributions to the consolidated income statement

(in millions of euros)	12.31.2016	12.31.2015
Interest and similar income	1,373	1,092
Interest and similar expenses	(66)	(154)
Fee and commission income	360	350
Fee and commission expenses	(1,007)	(904)
Net gains or losses on financial instruments at fair value through profit or loss	250	302
Net gains or losses on available-for-sale financial assets	119	518
Income from other activities	20,136	6,250
Expenses from other activities	(19,670)	(5,992)
Net revenues	**1,496**	**1,464**
Operating expenses	(895)	(850)
Depreciation, amortization and impairment on property, plant and equipment and intangible assets	(53)	(43)
Gross operating income	**548**	**571**
Provision for credit losses	(5)	(7)
Net operating income	**543**	**564**
Share in income of associates	7	13
Gains or losses on other assets	71	(28)
Change in value of goodwill	(75)	0
Pre-tax profit	**546**	**549**
Income tax	(224)	(190)
After-tax income from discontinued activities or activities currently being disposed of	0	
Net income	**322**	**358**
Non-controlling interests	(31)	(80)
NET INCOME (GROUP SHARE)	**291**	**279**

15.4 Accounting change in the recognition of tax amortization of goodwill under deferred taxes

The accounting treatment of tax amortization of goodwill recognized on the 2000 acquisition of sub-group Nvest by Ixis Asset Management was reviewed over the period.

Note: in accordance with US tax laws, this goodwill is amortized for tax purposes over 15 years, generating a temporary difference between the book value of goodwill (which cannot be amortized) and its tax base (amortized over time).

In 2005, when IFRS were implemented, it was determined that this difference could only be reversed in the event NGAM sold its shares in the US holding company or in the event of the partial disposal of shares in affiliates, in the form of an equity deal carried out from France, with the resulting capital gains generated and taxed in France.

Consequently, under IAS 12.51 which takes into account the method used to settle/recover the value of the related assets to measure deferred tax assets and liabilities, the accounting treatment applied up to now in Natixis' consolidated financial statements was to use the tax rate applicable to long-term capital gains.

IFRIC's July 2014 publication of additional information on "IAS 12 Income Taxes: recognition of deferred tax for a single asset in a corporate wrapper" in its Interpretations Committee Agenda Decisions provided a clarification leading to the consideration that, starting with paragraph 51 of IAS 12 which takes into account the method for recovering or settling assets (in our case, up to now, the disposal of shares from France), a deferred tax liability should be recorded both on the temporary difference relating to the asset (in this case goodwill) in the subsidiary, on an inside basis, and the temporary difference relating to the consolidated shares (outside basis), arising from the difference between the consolidated book value under IFRS of the shares and their tax base (where the Company does not control the reversal of this difference).

The application of this accounting change resulted in the recognition of a deferred tax liability at January 1, 2015 in the amount of €423.8 million with a corresponding reduction in shareholders' equity (-€383.0 million in consolidated reserves and -€40.8 million in foreign currency translation reserves) for deferred tax on an inside basis as explained above. A deferred tax liability expense was also recorded in respect of 2015 (last year of amortization) for -€33 million. Natixis continues not recognizing deferred tax liabilities on an outside basis insofar as it controls the reversal of the temporary difference.

15.5 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 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 them networks were paid the following amounts in return for their duties:

	Deloitte & Associés					PWC					MAZARS					TOTAL				
	2016		2015		Change	2016		2015		Change	2016		2015		Change	2016		2015		Change
(in thousands of euros)	Amount	(%)	Amount	%	%	Amount	%	Amount	%	%	Amount	%	Amount	%	%	Amount	%	Amount	%	%
Independent audit, certification and examination of the separate and consolidated accounts	**7,565**	**59%**	**6,276**	**46%**	**21%**	**5,692**	**63%**	**4,246**	**58%**	**34%**	**3,067**	**62%**	**3,106**	**70%**	**(1)%**	**16,324**	**61%**	**13,628**	**54%**	**20%**
Issuer	*2,998*		*2,098*		*43%*	*1,037*		*0*		*100%*	*1,230*		*1,259*		*(2)%*	*5,265*		*3,357*		*57%*
Fully consolidated subsidiaries	*4,567*		*4,178*		*9%*	*4,655*		*4,246*		*10%*	*1,837*		*1,847*		*(1)%*	*11,059*		*10,272*		*8%*
Services other than the certification of accounts	**5,301**	**41%**	**7,320**	**54%**	**(28)%**	**3,413**	**37%**	**3,103**	**42%**	**10%**	**1,854**	**38%**	**1,315**	**30%**	**41%**	**10,568**	**39%**	**11,738**	**46%**	**(10)%**
Issuer	*927*		*867*		*7%*	*1,362*		*1,420*		*(4)%*	*786*		*377*		*108%*	*3,076*		*2,665*		*15%*
Fully-consolidated subsidiaries	*4,374*		*6,453*		*(32)%*	*2,050*		*1,683*		*22%*	*1,068*		*938*		*14%*	*7,492*		*9,073*		*(17)%*
TOTAL	**12,867**	**100%**	**13,596**	**100%**	**(5)%**	**9,105**	**100%**	**7,349**	**100%**	**24%**	**4,921**	**100%**	**4,421**	**100%**	**11%**	**26,893**		**25,366**	**100%**	**6%**

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" at December 31, 2016.

Services other than the certification of accounts mainly include continuing preparation for the launch of the Insurance division's product line in the Caisses d'Epargne from 2016 via a program entitled Assurément#2016 at BPCE Vie at a cost of €2,5 million conducted by Deloitte Conseil, work on the Onboarding and Volker projects for €390 thousand and €430 thousand respectively conducted by PWC (projects Onboarding) at Natixis Paris, and work related to the FRTB project at Natixis Paris for € 779 thousand invoiced by Mazars.

In addition, the fees paid to KPMG stand at €2,3 million for audit services and €1,4 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, 2016.

16.1 Entity operations by country at December 31, 2016

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
NGAM SA ZWEIGNIERDERLAASUNG DEUTSCHLAND	Retail
NATIXIS FRANKFURT	Financial institution
AEW EUROPE GERMAN BRANCH	Retail
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
NGAM AUSTRALIA	Retail
COFACE AUSTRALIA (BRANCH-COFACE EUROPE)	Credit insurance and related services
AUSTRIA	
COFACE AUSTRIA	Holding company
COFACE CENTRAL EUROPE HOLDING	Holding company
COFACE SERVICES AUSTRIA	Receivables management and data
BELGIUM	
NATIXIS BELGIQUE INVESTISSEMENTS	Investment company
COFACE BELGIUM SERVICES HOLDING	Business and solvency data
COFACE BELGIUM - BRANCH (COFACE EUROPE)	Credit insurance and related services
BRAZIL	
COFACE DO BRASIL SEGUROS DECREDITO	Credit insurance and related services
NATIXIS BRASIL SA	Financial institution
SEGURO BRASILEIRA C.E	Credit insurance and related services
BULGARIA	
COFACE BULGARIA (BRANCH)	Insurance
CANADA	
TREZ COMMERCIAL FINANCES LP	Real estate finance
NGAM CANADA FINANCIAL CORPORATION	Asset Management
NGAM CANADA FINANCIAL LIMITED PARTNERSHIP	Asset Management
NGAM CANADA INVESTMENT CORPORATION	Asset Management
NGAM CANADA LIMITED	Asset Management
COFACE CANADA - BRANCH (COFACE EUROPE)	Credit insurance and related services
NATIXIS CANADA	Financial institution
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	
NGAM KOREA	Retail

Country of operation	Activity
DENMARK	
COFACE DANMARK - BRANCH (COFACE KREDIT)	Insurance
MIDT FACTORING A/S	Factoring
UNITED ARAB EMIRATES	
NATIXIS DUBAI	Financial institution
NGAM MIDDLE EAST	Retail
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
NGAM SUCURSAL EN ESPANA	Retail
NATIXIS CAPITAL PARTNERS SPAIN	Mergers and acquisitions advisory services
COFACE IBERICA -BRANCH (COFACE EUROPE)	Credit insurance and related services
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

Country of operation	Activity
COFACE NORTH AMERICA HOLDING COMPANY	Holding company
COFACE NORTH AMERICA INSURANCE COMPANY	Credit insurance and related services
COFACE SERVICES NORTH AMERICA GROUP	Holding company
CREA WESTERN INVESTORS I, INC.	Asset Management
EPI SLP LLC.	Asset Management
GATEWAY INVESTMENT ADVISERS, LLC	Asset Management
HARRIS ALTERNATIVES HOLDINGINC	Holding company
HARRIS ASSOCIATES LP	Asset Management
HARRIS ASSOCIATES SECURITIES, LP	Retail
LOOMIS SAYLES & COMPANY, INC.	Asset Management
LOOMIS SAYLES & COMPANY, LP	Asset Management
LOOMIS SAYLES ALPHA, LLC.	Asset Management
LOOMIS SAYLES DISTRIBUTORS, INC.	Retail
LOOMIS SAYLES DISTRIBUTORS, LP	Retail
MC DONNELL	Asset Management
MSR TRUST	Real estate finance
NAM US	Asset Management
NATIXIS ASG HOLDINGS, INC	Retail
NATIXIS CASPIAN PRIVATE EQUITY LLC	Asset Management
NATIXIS FINANCIAL PRODUCTS LLC	Derivatives transactions
NATIXIS GLOBAL ASSET MANAGEMENT HOLDINGS, LLC	Holding company
NATIXIS GLOBAL ASSET MANAGEMENT, LLC	Holding company
NATIXIS GLOBAL ASSET MANAGEMENT, LP	Holding company
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
NGAM ADVISORS, LP	Retail
NGAM DISTRIBUTION CORPORATION	Retail
NGAM DISTRIBUTION, LP	Retail
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

Country of operation	Activity
NATIXIS SECURITIES AMERICAS LLC	Brokerage
AEW VIF INVESTORS, INC.	Asset Management
EPI SO SLP LLC.	Asset Management
LOOMIS SAYLES TRUST COMPANY, LLC	Asset Management
NGAM INTERNATIONAL, LLC	Retail
NATIXIS US HOLDINGS INC	Holding company
NATIXIS PRIVATE EQUITY CASPIAN IA, LP	Financial investments
NATIXIS PRIVATE EQUITY CASPIAN IB, LP	Financial investments
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
FRANCE	
1818 IMMOBILIER	Real estate operations
ALLIANCE ENTREPRENDRE	Asset Management
AXELTIS SA	Holding company
BANQUE PRIVÉE 1818	Credit institution
BPCE ASSURANCES	Insurance company
CO-ASSUR	Insurance brokerage advisory
COFACE SA	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

Country of operation	Activity
NATIXIS ALTAÏR IT SHARED SERVICES	Data services
NATIXIS ASSET MANAGEMENT	Asset Management
NATIXIS CAR LEASE	Long-term vehicle leasing
NATIXIS CONSUMER FINANCE	Holding company
NATIXIS CONSUMER FINANCE IT	Consumer Finance
NATIXIS FONCIERE SA (formerly SPAFICA)	Real estate investments
NATIXIS FORMATION EPARGNE FINANCIERE	Holding company
NATIXIS FUNDING	Market making on secondary debt market
NATIXIS GLOBAL ASSET MANAGEMENT	Holding company
NATIXIS GLOBAL ASSET MANAGEMENT PARTICIPATIONS 1	Holding company
NATIXIS GLOBAL ASSET MANAGEMENT PARTICIPATIONS 3	Holding company
NATIXIS HCP	Holding company
NATIXIS IMMO DEVELOPPEMENT	Residential real estate development
NATIXIS IMMO EXPLOITATION	Real estate operations
NATIXIS INNOV	Holding company
NATIXIS INTERTITRES	Service vouchers offers
NATIXIS LIFE	Life insurance
NATIXIS LLD	Long-term vehicle leasing
NATIXIS MARCO	Investment company (extension of activity)
NATIXIS PRIVATE EQUITY	Financial investments
NATIXIS S.A.	Credit institution
NGAM DISTRIBUTION, FRANCE BRANCH	Retail
NORDRI	Securitization vehicle
S.C.I. ALTAIR 1	Real estate operations
S.C.I. ALTAIR 2	Real estate operations
SAS IMMOBILIERE NATIXIS BAIL	Real estate leasing
SCI LA BOETIE	Real estate management
SCI SACCEF	Real estate management
SELECTION 1818	Investment product distribution to IWMAs
SEVENTURE PARTNERS	Asset Management
SUD OUEST BAIL	Real estate leasing
CONTANGO TRADING SA	Brokerage company
NATIXIS PARTNERS	M&A advisory services
FCT LIQUIDITÉ SHORT 1	Securitization vehicle
DNCA COURTAGE	Asset Management
DNCA FINANCE	Asset Management
DNCA MANAGEMENT	Asset Management

Country of operation	Activity
NAXICAP PARTNERS	Management of venture capital mutual funds
OSSIAM	Asset Management
VEGA INVESTMENT MANAGERS	Mutual fund holding company
ABP ALTERNATIF OFFENSIF	Fund of hedge funds
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
SCI CHAMPS-ELYSEES	Real estate management
NATIXIS LEASE	Equipment leasing
OPCI NATIXIS LEASE INVESTMENT	Real estate funds
FONCIERE KUPKA	Real estate operations
BPCE RELATION ASSURANCES	Service provider
ELLISPHERE	Information
SPG	Mutual fund
AEW COINVEST	Asset Management
AEW EUROPE SA	Asset Management
AEW EUROPE SGP	Asset Management
NAMI AEW EUROPE	Asset Management
NATIXIS ASSET MANAGEMENT FINANCE	Holding company
REAUMUR ACTIONS (FORMELY - ABP DIVERSIFIE)	Insurance investment mutual fund
NATIXIS ASSURANCES	Insurance company holding company
SCPI FRUCTIFONDS IMMOBILIER	Insurance real estate investments
OPCI FRANCEUROPE IMMO	Insurance investment mutual fund
ABP VIE MANDAT FPCI	Private Equity 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

Country of operation	Activity
NATIXIS ENERGECO	Equipment leasing
OCEOR LEASE REUNION	Equipment leasing
COFACE EUROPE	Credit insurance and related services
FIMIPAR	Buyback of receivables
CILOGER	Real estate management
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
NGAM UK LTD	Retail
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
HONG KONG	
AEW ASIA LIMITED	Asset Management
NATIXIS ASIA LTD	Other financial company
NATIXIS HONG KONG	Financial institution
NATIXIS GLOBAL ASSET MANAGEMENT HONG KONG	Asset Management
COFACE HONG KONG -BRANCH (COFACE EUROPE)	Credit insurance and related services
HUNGARY	
COFACE HUNGARY - BRANCH (COFACE AUSTRIA)	Insurance
CAYMAN ISLANDS	
NATIXIS NEW YORK BRANCH	Financial institution
DF EFG 3 LIMITED	Holding company
IRELAND	
NATINIUM FINANCIAL PRODUCTS	Securitization vehicle
NATIXIS CORPORATE SOLUTIONS LTD	Structured finance
NEXGEN CAPITAL LTD	Structured finance
NEXGEN FINANCIAL HOLDINGS LTD	Holding company
NEXGEN REINSURANCE LTD	Reinsurance

Country of operation	Activity
COFACE IRELAND - BRANCH (COFACE EUROPE)	Credit insurance and related services
ISRAEL	
COFACE ISRAEL	Credit insurance
ISRAEL	
BUSINESS DATA INFORMATION	Marketing and other services
COFACE HOLDING ISRAEL	Holding company
ITALY	
COFACE ASSICURAZIONI SPA	Credit insurance and related services
COFACE ITALIA	Holding company
NATIXIS LEASE MILAN	Equipment and real estate leasing
NATIXIS MILAN	Financial institution
NGAM SA, ITALY BRANCH	Retail
AEW EUROPE ITALIAN BRANCH	Retail
JAPAN	
NATIXIS ASSET MANAGEMENT JAPAN CO., LTD	Asset Management
NATIXIS JAPAN SECURITIES CO, LTD	Financial institution
NATIXIS TOKYO	Financial institution
COFACE JAPAN - BRANCH (COFACE EUROPE)	Credit insurance and related services
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

Country of operation	Activity
NATIXIS TRUST	Bank
DNCA LUXEMBOURG	Asset Management
DAHLIA A SICAR SCA	Financial investments
NATIXIS STRUCTURED INSSUANCE	Issuing vehicle
AEW EUROPE SARL (FORMERLY AEW LUXEMBOURG)	Asset Management
NGAM S.A.	Retail
OSSIAM ETF EM MI	Asset Management
COFACE LUXEMBOURG (BRANCH-COFACE EUROPE)	Credit insurance and related services
MALAYSIA	
NATIXIS LABUAN	Financial institution
MEXICO	
COFACE HOLDING AMERICA LATINA	Financial data
COFACE SEGURO DE CREDITO MEXICO	Insurance
NGAM MEXICO	Asset Management
NEW CALEDONIA	
OCEOR LEASE NOUMEA	Equipment leasing
NETHERLANDS	
COFACE NEDERLAND - BRANCH (COFACE KREDIT)	Insurance
COFACE NEDERLAND SERVICES	Receivables management and data
NGAM, DUTCH SUBSIDIARY	Retail
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	Retail
ROMANIA	
AEW CENTRAL EUROPE ROMANIA	Retail
COFACE ROMANIA CMS	Insurance
COFACE ROMANIA INSURANCE - BRANCH (COFACE AUSTRIA)	Insurance

Country of operation	Activity
RUSSIA	
COFACE RUS INSURANCE COMPANY	Credit insurance
NATIXIS MOSCOW	Bank
SINGAPORE	
ABSOLUTE ASIA AM	Asset Management
LOOMIS SAYLES INVESTMENTS ASIA PTE LTD	Asset Management
NATIXIS GLOBAL ASSET MANAGEMENT ASIA PTE	Asset Management
NATIXIS SINGAPORE	Financial institution
AEW ASIA PTE LTD	Asset Management
COFACE SINGAPORE - BRANCH (COFACE EUROPE)	Credit insurance and related services
SLOVAKIA	
COFACE SLOVAKIA INSURANCE - BRANCH (COFACE AUSTRIA)	Insurance
SWEDEN	
COFACE SVERIGE - BRANCH (COFACE KREDIT)	Insurance

Country of operation	Activity
NGAM, NORDIC SUBSIDIARY	Retail
SWITZERLAND	
COFACE RE	Reinsurance
COFACE SWITZERLAND - BRANCH (COFACE EUROPE)	Insurance
EURO PRIVATE EQUITY SA	Asset Management
FONDS LAUSANNE	Mutual funds
NGAM SWITZERLAND SARL	Asset Management
TAIWAN	
NGAM SECURITIES INVESTMENT CONSULTING CO. LTD	Asset Management
COFACE TAIWAN (BRANCH - COFACE EUROPE)	Credit insurance and related services
NATIXIS TAIWAN	Financial institution
TURKEY	
COFACE SIGORTA TURQUIE	Insurance
URUGUAY	
NGAM URUGUAY	Retail

16.2 Net revenues, pre-tax profit, taxes and headcount by country

Country of operation	Net revenues *(in millions of euros)*	Profit or loss before taxes, including operating taxes	Corporate income tax	Headcount (FTE)
SOUTH AFRICA	4.6	0.8	(0.2)	58
ALGERIA	54.2	11.4	(2.7)	745
GERMANY	171.8	34.3	(9.3)	673
ARGENTINA	7.9	3.1	(0.5)	45
AUSTRALIA	17.6	5.1	(2.1)	34
AUSTRIA	22.6	7.2	(1.9)	105
BELGIUM	3.3	(2.6)	0.8	38
BRAZIL	9.1	3.1	(0.5)	72
BULGARIA	1.2	0.6	(0.1)	10
CANADA	11.1	0.4	1.9	49
CHILE	5.8	0.7	(0.3)	45
CHINA	6.7	(16.8)	3.4	50
SOUTH KOREA	0.0	(0.5)	-	2
DENMARK	12.3	1.8	(0.1)	75
UNITED ARAB EMIRATES	29.0	17.0	-	54
ECUADOR	1.9	0.5	0.0	24
SPAIN	106.4	5.4	1.7	278
UNITED STATES	2,496.1	797.4	(298.9)	2,587
FRANCE	4,713.5	1,240.8	(330.9)	13,247
UNITED KINGDOM	388.6	190.7	(121.9)	635
HONG KONG	189.8	72.0	(10.5)	342
HUNGARY	1.2	0.2	0.1	13
CAYMAN ISLANDS	3.1	3.1	-	-
IRELAND	0.4	(2.1)	(0.6)	7
ISRAEL	11.1	0.2	(0.3)	102
ITALY	178.1	101.8	(36.8)	287
JAPAN	42.5	(0.8)	(0.5)	130
JERSEY	0.0	(0.1)	-	-
LATVIA	0.3	(0.3)	0.1	6
LITHUANIA	1.9	1.2	(0.2)	14
LUXEMBOURG	85.0	48.3	(2.9)	184
MALAYSIA	1.2	0.6	(0.0)	5
MEXICO	2.9	(2.6)	2.2	58
NEW CALEDONIA	2.1	0.9	(0.5)	-
NETHERLANDS	14.2	1.9	(0.1)	72
POLAND	20.8	8.5	(1.9)	193
FRENCH POLYNESIA	1.2	0.4	(0.1)	-
PORTUGAL	4.1	1.2	(0.3)	26
CZECH REPUBLIC	0.5	0.0	0.2	8
ROMANIA	7.6	1.8	(0.4)	80
RUSSIA	14.2	7.3	(1.4)	66
SINGAPORE	40.1	(3.8)	(4.8)	187
SLOVAKIA	(0.1)	(0.7)	0.1	9
SWEDEN	2.1	(0.7)	(0.0)	14
SWITZERLAND	21.9	9.7	(2.3)	47
TAIWAN	1.5	(0.7)	0.0	28
TURKEY	6.2	(0.1)	0.1	56
URUGUAY	0.3	0.1	-	1
TOTAL	**8,718.1**	**2,548.0**	**(822.4)**	**20,759**

Full-time equivalent current employees of Natixis at the reporting date.

Income tax corresponds to the tax payable and deferred tax excluding taxes other than on income classified in operating income.

NOTE 17 COMPARATIVE CONSOLIDATION SCOPE

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2016	12.31.2016 % Control	12.31.2016 % Ownership	12.31.2015 % Control	12.31.2015 % Ownership	Country
CORPORATE & INVESTMENT BANKING							
NATIXIS S.A.	Credit institution	FC	100	100	100	100	France
NATIXIS FUNDING [1] **	Market making on secondary debt market	FC	100	100	100	100	France
NATIXIS MOSCOW	Bank	FC	100	100	100	100	Russia
NATIXIS IMMO DEVELOPPEMENT	Residential real estate development	FC	100	100	100	100	France
NATIXIS TRUST	Bank	FC	100	100	100	100	Luxembourg
NATINIUM FINANCIAL PRODUCTS [1]	Securitization vehicle	FC	100	100	100	100	Ireland
NATIXIS BRASIL SA	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 [1]	Credit institution	FC	100	100	100	100	Germany
FCT Natixis Export Credit Agency [1]	Securitization vehicle	FC	100	100	100	100	France
CONTANGO TRADING SA	Brokerage company	FC	100	100	100	100	France
NATIXIS FUNDING UK LLP [1] [19]	Issuing vehicle				100	100	United Kingdom
Natixis Partners	M&A advisory services	FC	92	92	92	92	France
Natixis Capital Partners Spain [2]	M&A advisory services	FC	75	75			Spain
FCT Liquidité Short 1 [1]	Securitization vehicle	FC	100	100	100	100	France
SPG [10]	Mutual fund	FC	100	100			France
DF EFG3 Limited [18]	Holding company	FC	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

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2016	12.31.2016 % Control	12.31.2016 % Ownership	12.31.2015 % Control	12.31.2015 % Ownership	Country
Natixis Structured Issuance	Issuing vehicle	FC	100	100	100	100	Luxembourg
BRANCHES							
NATIXIS LONDON	Financial institution	FC	100	100	100	100	United Kingdom
NATIXIS HONG KONG	Financial institution	FC	100	100	100	100	Hong Kong
NATIXIS SINGAPORE	Financial institution	FC	100	100	100	100	Singapore
NATIXIS LABUAN	Financial institution	FC	100	100	100	100	Malaysia
NATIXIS SHANGHAI	Financial institution	FC	100	100	100	100	China
NATIXIS MADRID	Financial institution	FC	100	100	100	100	Spain
NATIXIS MILAN	Financial institution	FC	100	100	100	100	Italy
NATIXIS 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 FRANKFURT	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 [16]	Financial institution	FC	100	100			Canada
NATIXIS TAIWAN [20]	Financial institution	FC	100	100			Taiwan
NATIXIS PORTO [20]	Financial institution	FC	100	100			Portugal
NATIXIS CAPITAL MARKETS							
NATIXIS NORTH AMERICA LLC	Holding company	FC	100	100	100	100	United States
TREZ COMMERCIAL FINANCES LP [1]	Real estate finance	FC	100	100	100	100	Canada
Peter J. Solomon Company LP [8]	M&A advisory services	FC	51	51			United States
Peter J. Solomon Securities Company LLC [8]	Brokerage	FC	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

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2016	12.31.2016 % Control	12.31.2016 % Ownership	12.31.2015 % Control	12.31.2015 % Ownership	Country
CM REO HOLDINGS TRUST (1)	Secondary markets finance	FC	100	100	100	100	United States
CM REO TRUST (1)	Secondary markets finance	FC	100	100	100	100	United States
NH PHILADELPHIA PROPERTY LP (1)	Real estate finance	FC	100	100	100	100	United States
MSR TRUST (1)	Real estate finance	FC	100	100	100	100	United States
Natixis US MTN Program LLC	Issuing vehicle	FC	100	100	100	100	United States
NATIXIS CORPORATE SOLUTIONS							
NEXGEN FINANCIAL HOLDINGS LTD	Holding company	FC	100	100	100	100	Ireland
NATIXIS CORPORATE SOLUTIONS LTD	Structured finance	FC	100	100	100	100	Ireland
NEXGEN CAPITAL LTD	Structured finance	FC	100	100	100	100	Ireland
NEXGEN REINSURANCE LTD	Reinsurance	FC	100	100	100	100	Ireland
INVESTMENT SOLUTIONS							
Asset Management							
NATIXIS GLOBAL ASSET MANAGEMENT							
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
NGAM Australia	Retail	FC	100	100	100	100	Australia
NGAM Canada Financial Corporation	Asset Management	FC	100	100	100	100	Canada
NGAM Canada Financial Limited Partnership	Asset Management	FC	100	100	100	100	Canada
NGAM Canada Investment Corporation	Asset Management	FC	50	50	50	50	Canada
NGAM Canada Limited	Asset Management	FC	100	100	100	100	Canada
AEW CAPITAL MANAGEMENT, INC.	Asset Management	FC	100	100	100	100	United States
AEW CAPITAL MANAGEMENT, LP	Asset Management	FC	100	100	100	100	United States
AEW PARTNERS III, INC.	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 INVESTORSINC	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, INC.	Asset Management	FC	100	100	100	100	United States
AEW VIF INVESTORS, INC.	Asset Management	FC	100	100	100	100	United States

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2016	12.31.2016 % Control	12.31.2016 % Ownership	12.31.2015 % Control	12.31.2015 % Ownership	Country
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
CAPITAL GROWTH MANAGEMENT, LP (3)	Asset Management				50	50	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 (1)	Asset Management	FC	60	60	100	60	United States
EPI SO SLP LLC (1)	Asset Management	FC	60	60	100	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 INVESTMENT TRUST (23)	Asset Management				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
KOBRICK FUNDS, LLC (4)	Asset Management				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. (1)	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 (1)	Asset Management	FC	100	100	100	100	United States
MC DONNELL	Asset Management	FC	100	100	100	100	United States
MC MANAGEMENT, INC. (4)	Holding company				100	100	United States
MC MANAGEMENT, LP (4)	Holding company				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 (1)	Asset Management	FC	55	55	55	55	United States

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2016	12.31.2016 % Control	12.31.2016 % Ownership	12.31.2015 % Control	12.31.2015 % Ownership	Country
NATIXIS GLOBAL ASSET MANAGEMENT HOLDINGS, LLC	Holding company	FC	100	100	100	100	United States
NATIXIS GLOBAL ASSET MANAGEMENT, LLC	Holding company	FC	100	100	100	100	United States
NATIXIS GLOBAL ASSET MANAGEMENT, LP	Holding company	FC	100	100	100	100	United States
NGAM Advisors, LP	Retail	FC	100	100	100	100	United States
NGAM Distribution Corporation	Retail	FC	100	100	100	100	United States
NGAM Distribution, LP	Retail	FC	100	100	100	100	United States
NGAM INTERNATIONAL, LLC	Retail	FC	100	100	100	100	United States
SNYDER CAPITAL MANAGEMENT, INC. (3)	Asset Management				100	100	United States
SNYDER CAPITAL MANAGEMENT, LP (3)	Asset Management				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 (14)	Asset Management	FC	100	100	60	60	France
AEW EUROPE SA	Asset Management	FC	60	60	60	60	France
AEW EUROPE SGP	Asset Management	FC	60	60	100	60	France
CILOGER (21)	Real estate management	FC	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 & Cie (24)	Asset Management				80	71	France
DNCA Courtage (12)	Asset Management	FC	83	75	100	71	France
DNCA Finance (12)	Asset Management	FC	83	75	100	71	France
DNCA Management (12)	Asset Management	FC	42	42	8	8	France
Dorval Finance	Asset Management	FC	50	50	50	50	France
Euro Private Equity France (formerly Dahlia Partners) (15)	Asset Management	FC	80	80	100	70	France
Mirova Environment and Infrastructure	Management of venture capital mutual funds	FC	100	100	100	100	France
NAMI AEW EUROPE	Asset Management	FC	60	60	100	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 GLOBAL ASSET MANAGEMENT	Holding company	FC	100	100	100	100	France

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2016	12.31.2016 % Control	12.31.2016 % Ownership	12.31.2015 % Control	12.31.2015 % Ownership	Country
NATIXIS GLOBAL ASSET MANAGEMENT PARTICIPATIONS 1	Holding company	FC	100	100	100	100	France
NATIXIS GLOBAL ASSET MANAGEMENT PARTICIPATIONS 3	Holding company	FC	100	100	100	100	France
NAXICAP PARTNERS	Management of venture capital mutual funds	FC	100	100	100	100	France
OSSIAM (11)	Asset Management	FC	64	64	62	62	France
SEVENTURE PARTNERS	Asset Management	FC	70	70	70	70	France
AEW EUROPE ADVISORY LTD	Asset Management	FC	60	60	100	60	United Kingdom
AEW EUROPE CC LTD	Asset Management	FC	60	60	100	60	United Kingdom
AEW EUROPE HOLDING Ltd	Asset Management	FC	60	60	100	60	United Kingdom
AEW EUROPE INVESTMENT LTD (1)	Asset Management	FC	60	60	100	60	United Kingdom
AEW EUROPE LLP (1)	Asset Management	FC	60	60	100	60	United Kingdom
AEW EUROPE PARTNERSHIP	Asset Management	FC	60	60	100	60	United Kingdom
AEW GLOBAL ADVISORS (EUROPE) LTD	Asset Management	FC	100	100	100	100	United Kingdom
AEW GLOBAL LTD	Asset Management	FC	60	60	100	60	United Kingdom
AEW GLOBAL UK LTD	Asset Management	FC	60	60	100	60	United Kingdom
AEW UK INVESTMENT MANAGEMENT LLP	Asset Management	Equity	50	30	50	30	United Kingdom
H2O ASSET MANAGEMENT LLP	Asset Management	FC	50	50	50	50	United Kingdom
H2O ASSET MANAGEMENT Corporate member	Asset Management	FC	50	50	50	50	United Kingdom
LOOMIS SAYLES INVESTMENTS LTD (UK)	Asset Management	FC	100	100	100	100	United Kingdom
NGAM UK Ltd	Retail	FC	100	100	100	100	United Kingdom
AEW ASIA LIMITED	Asset Management	FC	100	100	100	100	Hong Kong
NATIXIS GLOBAL ASSET MANAGEMENT HONG KONG	Asset Management	FC	100	100	100	100	Hong Kong
IDFC AMC TRUSTEE COMPANY LTD	Investment advisory services	Equity	25	25	25	25	India
IDFC ASSET MANAGEMENT COMPANY LTD	Investment advisory services	Equity	25	25	25	25	India
ASAHI NVEST INVESTMENT ADVISORY CO., LTD	Retail	Equity	49	49	49	49	Japan
NATIXIS ASSET MANAGEMENT JAPAN CO., LTD	Asset Management	FC	100	100	100	100	Japan
AEW EUROPE SARL (formerly AEW Luxembourg)	Asset Management	FC	60	60	100	60	Luxembourg
DNCA Luxembourg (12)	Asset Management	FC	83	75	100	71	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

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2016	12.31.2016 % Control	12.31.2016 % Ownership	12.31.2015 % Control	12.31.2015 % Ownership	Country
KENNEDY FINANCEMENT Luxembourg 2	Central corporate treasury - Asset Management	FC	100	100	100	100	Luxembourg
Natixis Credit Opportunities I/A EUR [6]	Asset Management				33	33	Luxembourg
NGAM S.A.	Retail	FC	100	100	100	100	Luxembourg
OSSIAM ETF EM MI [22]	Asset Management	FC	42	42			Luxembourg
NGAM Mexico	Asset Management	FC	100	100	100	100	Mexico
AEW CENTRAL EUROPE	Asset Management	FC	60	60	100	60	Poland
ABSOLUTE ASIA AM	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	Asset Management	FC	100	100	100	100	Singapore
EURO PRIVATE EQUITY SA [15]	Asset Management	FC	80	80	70	70	Switzerland
NGAM Switzerland SARKL	Asset Management	FC	100	100	100	100	Switzerland
NGAM SECURITIES INVESTMENT CONSULTING CO. LTD	Asset Management	FC	100	100	100	100	Taiwan
NGAM URUGUAY	Retail	FC	100	100	100	100	Uruguay
NGAM Korea [25]	Retail	FC	100	100			South Korea
BRANCHES							
AEW Central Europe Czech	Retail	FC	60	60	100	60	Czech Republic
AEW Central Europe Romania	Retail	FC	60	60	100	60	Romania
AEW Europe German Branch	Retail	FC	60	60	100	60	Germany
AEW Europe Italian Branch	Retail	FC	60	60	100	60	Italy
NGAM Distribution, France branch	Retail	FC	100	100	100	100	France
NGAM Middle East	Retail	FC	100	100	100	100	United Arab Emirates
NGAM Dutch subsidiary	Retail	FC	100	100	100	100	Netherlands
NGAM Nordic subsidiary	Retail	FC	100	100	100	100	Sweden
NGAM SA Italy branch	Retail	FC	100	100	100	100	Italy
NGAM S.A. Zweignierderlaasung Deutschland	Retail	FC	100	100	100	100	Germany
NGAM Sucursal en España	Retail	FC	100	100	100	100	Spain
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 [1]	Financial investments	FC	46	46	46	46	United States
NATIXIS PRIVATE EQUITY CASPIAN IB, LP [1]	Financial investments	FC	27	27	27	27	United States
Private Banking							
NATIXIS BANK	Bank	FC	100	100	100	100	Luxembourg
COMPAGNIE 1818 GROUP							
BANQUE PRIVEE 1818 **	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 ** [13]	Investment product distribution to IWMAs	FC	100	100	75	75	France
INSURANCE							
ADIR	Property damage insurance	Equity	34	34	34	34	Lebanon
ABP ALTERNATIF OFFENSIF [1]	Fund of hedge funds	FC	100	100	100	100	France
REAUMUR ACTIONS (formerlyABP DIVERSIFIE) [1] *	Insurance investment mutual fund	FC	100	100	100	100	France
Natixis Ultra Short Term Bonds Plus [1]	Insurance investment mutual fund	FC	47	47	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 [1]	Insurance real estate investments	FC	100	100	100	100	France
NAMI INVESTMENT [1]	Insurance real estate investments	FC	100	100	100	100	France
SCPI FRUCTIFONDS IMMOBILIER	Insurance real estate investments	FC	54	54	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 [7]	Insurance	Equity	51	51	49	49	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	84	84	France
BPCE ASSURANCES	Insurance company	FC	60	60	60	60	France
BPCE APS	Service provider	FC	50	30	60	30	France
AAA ACTIONS AGRO ALIMENTAIRE	Insurance investment mutual fund	FC	33	33	33	33	France
ABP VIE MANDAT FPCI [9]	Private Equity funds	FC	100	100			France
OPCI FRANCEUROPE IMMO [22]	Insurance investment mutual fund	FC	60	60			France

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2016	12.31.2016 % Control	12.31.2016 % Ownership	12.31.2015 % Control	12.31.2015 % Ownership	Country
BRANCHES							
NATIXIS LIFE	Life insurance	FC	100	100	100	100	France
SPECIALIZED FINANCIAL SERVICES							
Consumer Finance							
NATIXIS CONSUMER FINANCE	Holding company	FC	100	100	100	100	France
NATIXIS FINANCEMENT **	Consumer Finance	FC	100	100	100	100	France
NATIXIS CONSUMER FINANCE IT	Consumer Finance	FC	100	100	100	100	France
FCT PUMACC [(1)]	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
NATIXIS INTERTITRES	Service vouchers offers	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 [(1)]	Real estate management	FC	100	100	100	100	France
SCI LA BOETIE [(1)]	Real estate management	FC	100	100	100	100	France
SCI SACCEF (1)	Real estate management	FC	100	100	100	100	France
Payments							
NATIXIS PAYMENT SOLUTIONS **	Banking services	FC	100	100	100	100	France
Leasing							
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	Long-term vehicle leasing	FC	100	100	100	100	France
OPCI NATIXIS LEASE INVESTMENT [(1)]	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 [(1)]	Real estate leasing	FC	100	100	100	100	France
Naléa [(1)]	Securitization vehicle	FC	100	100	100	100	France
Nordri [(1)]	Securitization vehicle	FC	100	100	100	100	France
FINANCIAL INVESTMENTS							
COFACE GROUP							
COFACE SA	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
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	31	31	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	United Kingdom
COFACE ROMANIA CMS	Insurance	FC	41	31	31	31	Romania
COFACE RUS INSURANCE COMPANY	Credit insurance	FC	41	41	41	41	Russia

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2016	12.31.2016 % Control	12.31.2016 % Ownership	12.31.2015 % Control	12.31.2015 % Ownership	Country
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	United Kingdom
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	31	31	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	31	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	United Kingdom
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

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2016	12.31.2016 % Control	12.31.2016 % Ownership	12.31.2015 % Control	12.31.2015 % Ownership	Country
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
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

Business lines Consolidated subsidiaries	Activity	Consolidation method at December 31, 2016	12.31.2016 % Control	12.31.2016 % Ownership	12.31.2015 % Control	12.31.2015 % Ownership	Country
COFACE DEUTSCHLAND	Credit insurance and related services	FC	41	41	41	41	Germany
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	Holding company	FC	100	100	100	100	France
ELLISPHERE	Information	FC	100	100	100	100	France
GRAYDON HOLDING (17)	Receivables management and data				28	28	Netherlands
IJCOF Corporate	Receivables management	Equity	42	42	42	42	France
HCP NA LLC (formerly COFACE COLLECTION NORTH AMERICA HOLDING LLC) (5)	Receivables management and data				100	100	United States
Altus GTS Inc. (5)	Receivables management and data				100	100	United States
Other							
NATIXIS ALGERIE	Bank	FC	100	100	100	100	Algeria
OTHER ACTIVITIES							
NATIXIS ALTAÏR IT SHARED SERVICES	Data services	FC	100	100	100	100	France
S.C.I. ALTAIR 1 (1)	Real estate operations	FC	100	100	100	100	France
S.C.I. ALTAIR 2 (1)	Real estate operations	FC	100	100	100	100	France
NATIXIS IMMO EXPLOITATION (1)	Real estate operations	FC	100	100	100	100	France
FONCIERE KUPKA (1)	Real estate operations	FC	100	100	100	100	France
NATIXIS FONCIERE SA (formerly SPAFICA) (1)	Real estate investments	FC	100	100	100	100	France

** Change in registered company name in 2016.*

*** 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.*

(1) Structured entity.

(2) Entity acquired on January 29, 2016.

(3) Disposal of entity on January 2, 2016.

(4) Entity liquidated in January 2016.

(5) Disposal of entity on March 31, 2016.

(6) Deconsolidation in the first quarter of 2016 as the percentage interest fell below eligible levels.

(7) The ownership interest is 51% following the acquisition of the 2% stake held by CNP Assurances.

(8) Entity acquired on June 7, 2016.

(9) Consolidation in the second quarter of 2016 after thresholds were exceeded.

(10) Entity created on April 21, 2016.

(11) Change in ownership interest due to the acquisition on June 13, 2016 of interests held by a manager who left the structure.

(12) Change in ownership interest due to acquisitions in 2016 of interests held by company managers. These transactions increased the interest in DNCA's entities.

(13) Change in ownership interest following the exercise during the second quarter of 2016 of put options on minority shareholders.

(14) Change in ownership interest following the acquisition in the second quarter of 2016 by NGAM of 40% previously owned by CDC.

(15) Change in ownership interest following the acquisition on an additional 10% of equity in accordance with the initial protocol signed upon acquisition of the entity.

(16) Creation of the subsidiary during the third quarter of 2016.

(17) Entity sold on September 15, 2016.

(18) Consolidation during the third quarter of 2016 after taking possession of the asset.

(19) Entity liquidated in the fourth quarter of 2016.

(20) Creation of the subsidiary during the fourth quarter of 2016.

(21) Acquisition of the entity during the fourth quarter of 2016.

(22) Consolidation in the fourth quarter of 2016 after thresholds were exceeded.

(23) Deconsolidation during the fourth quarter of 2016 (display correction)

(24) Entity absorbed by DNCA Finance during the fourth quarter of 2016.

(25) Creation and consolidation of the subsidiary in December 2016.

5.2 Statutory Auditors' report on the consolidated financial statements

Fiscal year ended December 31, 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the Natixis group's consolidated financial statements, as appended to this report;
- the justification of our assessments;
- the specific verifications required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France; those standards require that we plan and perform the audit in order to obtain reasonable assurance on whether the consolidated financial statements are free of material misstatements. An audit involves performing procedures, using sampling techniques or other methods of selection to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also involves assessing the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the Group's assets and liabilities and financial position, 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.

Without calling into question the opinions expressed above, we draw your attention to Notes 1.1, 5.10, 6.1 and 7.3 to the consolidated financial statements which outline the impact of the early application, as of the fiscal year ended December 31, 2016, of certain provisions of IFRS 9 "Financial Instruments", in line with the option provided by the standard, relating to the recognition of own credit risk on financial liabilities at fair value through profit or loss.

II JUSTIFICATION OF OUR ASSESSMENTS

Pursuant to the provisions of Article L 823-9 of the French Commercial Code regarding the justification of our assessments, we would draw the following items to your attention:

Measurement of financial instruments

The Group uses internal models and methodologies to measure financial instruments that are not traded on an active market, as well as to record certain impairment charges, as mentioned in Notes 5.6, 5.10, 5.23, 6.7.5 and 6.18 to the consolidated financial statements. We examined the control procedures relating to the validation of models used and to the definition of the parameters chosen to assess the observability of these models.

Impairment and provisions for credit

The Group recognizes impairment of assets and provisions to cover the credit and counterparty risks inherent to its activities (Notes 5.1, 5.2, 5.3, 5.23, 6.5, 6.16.1, 7.7 and 10.2 to the consolidated financial statements). We reviewed the control procedures relating to the monitoring of credit and counterparty risk, the assessment of non-recoverability risks, and the calculation of the corresponding individual and collective impairment charges and provisions.

Impairment of available for-sale assets

The Group recognizes impairment charges on available for-sale assets when there is objective evidence that such assets have suffered a decline in value (Notes 5.1, 6.4, 7.4 and 7.7 to the consolidated financial statements). We reviewed the control procedures relating to the identification of evidence of impairment and measurement of the largest impairment charges as well as the estimates made in recognizing impairment charges to cover the decline in value of these assets, where applicable.

Insurance-related liabilities

The Group records underwriting provisions in respect of risks relating to insurance policies (Notes 2.8, 5.23, 6.15, 7.5 and 15.3 to the consolidated financial statements). We reviewed the methodology used to measure these insurance policies, as well as the main assumptions and parameters used.

Measurement of goodwill

The Group is updating its measurement of goodwill carried in its consolidated balance sheet (Notes 2.5, 5.23 and 6.12 to the consolidated financial statements). We reviewed the methodology used to perform this work as well as the main assumptions and parameters.

Recognition of deferred taxes

The Group has recognized deferred tax assets in respect of tax loss carry-forwards (Notes 5.20, 5.23 and 6.8 to the consolidated financial statements). We examined the main estimates and assumptions on which the recognition of deferred tax assets was based.

Employee benefit obligations

The Group records provisions to cover employee benefit obligations (Notes 5.15, 5.23, 6.16.1 and 11.2.3 to the consolidated financial statements). We reviewed the methodology used to measure these commitments, as well as the main assumptions and parameters used.

Provisions recognized in liabilities

The Group records provisions to cover the contingencies and litigation arising from its business activities (Notes 5.14, 5.23, 6.16 and 7.7 to the consolidated financial statements). We examined the methodology used by management to identify and assess these risks, as well as to measure the amount of provisions it considers necessary.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion that we formed, which is expressed in the first section of this report.

III SPECIFIC VERIFICATION

As required by law, we also specifically verified the information presented in the Group's Management report, in accordance with the professional standards applicable in France.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

French original signed in Neuilly-sur-Seine and Paris-La-Défense, on March 21, 2017,

The Statutory Auditors

DAELOITTE & ASSOCIES	PricewaterhouseCoopers Audit	MAZARS
Charlotte Vandeputte	Agnès Hussherr	Charles de Boisriou
Jean-Marc Mickeler	Patrice Morot	Emmanuel Dooseman

5.3 Parent company financial statements and notes

NATIXIS COMPARATIVE SEPARATE BALANCE SHEETS

(in millions of euros)

See note No.	Year ended December 31	2016	2015
	ASSETS		
3	Cash and balances with central banks	26,532	20,983
5	Government securities and equivalent	23,431	27,615
3	Advances to banks	105,564	122,411
4	Customer transactions	135,622	108,596
22	*o/w institutional operations:*	*758*	*682*
5	Bonds and other fixed-income securities	24,801	20,213
5	Shares and other variable-income securities	41,359	32,345
6	Investments in associates and other long-term investments	443	435
6	Investments in subsidiaries and affiliates	13,931	13,873
10	Intangible assets	113	398
10	Property, plant and equipment	130	166
	Capital subscribed not paid		
6	Treasury shares	8	14
11	Other assets	42,116	39,647
11	Accrual accounts	10,493	8,002
	TOTAL ASSETS	**424,543**	**394,698**

See note No.	Off-balance sheet items – Commitments received	2016	2015
35	**Financing commitments**	**32,890**	23,576
	Commitments received from banks	**25,530**	17,296
	Commitments received from customers	7,360	6,280
35	Guarantee commitments	7,268	5,201
	Commitments received from banks	**7,268**	5,201
35	Commitments on securities	12,822	7,919
35	**Other commitments received**	**7,048**	**7,836**

(in millions of euros)

See note No.	Year ended December 31	2016	2015
	LIABILITIES		
12	Due to central banks		
12	Due to banks	118,718	147,629
22	*o/w institutional operations:*	*46*	*46*
13	Customer transactions	121,330	88,043
22	*o/w institutional operations:*	*844*	*818*
14	Debt securities	56,378	44,930
15	Other liabilities	96,312	81,223
15	Accrual accounts	7,362	8,281
22	*o/w institutional operations:*	*0*	*2*
16	Provisions for risks and other expenses	2,436	2,660
18	Subordinated debt	5,651	6,121
	Fund for general banking risks		
	Equity excluding fund for general banking risks	16,356	15,811
20	Subscribed capital	5,019	5,005
20	Issue premium	7,386	7,372
20	Reserves	1,665	1,610
19	Regulated provisions and investment subsidies	0	9
22	*o/w institutional operations:*	*0*	*2*
20	Retained earnings	665	681
	Net income	1,621	1,134
	TOTAL LIABILITIES	424,543	394,698

(in millions of euros)

See note No.	Off-balance sheet items- Commitments given	2016	2015
35	**Financing commitments**	**75,142**	**72,166**
	Commitments given to banks	17,026	10,712
	Commitments given to customers	58,116	61,454
35	**Guarantee commitments**	**28,241**	**26,941**
	Commitments given to banks	3,242	3,489
	Commitments given to customers	24,999	23,452
35	**Commitments on securities**	**12,250**	**7,792**
35	**Other commitments given**	**19,426**	**19,469**

NATIXIS COMPARATIVE SEPARATE INCOME STATEMENTS

(in millions of euros)

See note No.	Year ended December 31	2016	2015
23	**Interest and similar income**	**4,884**	**4,609**
23	**Interest and similar expenses**	**(3,989)**	**(3,775)**
24	**Income from variable-income securities**	**1,052**	**837**
25	**Fee and commission income**	**851**	**917**
	Fee and commission expenses	**(348)**	**(390)**
26	**Net gains/(losses) on trading portfolio transactions**	**1,767**	**932**
27	**Net gains/(losses) on transactions on securities held for sale**	**(123)**	**180**
28	**Other banking operating income**	**175**	**283**
	Other banking operating expenses	**(128)**	**(110)**
	Net revenues	**4,141**	**3,483**
29	**Operating expenses**	**(2,468)**	**(2,206)**
	▪ Payroll costs	(1,343)	(1,228)
	▪ Other administrative expenses	(1,125)	(978)
	Write-down, amortization and impairment of property, plant and equipment and intangible assets	**(69)**	**(38)**
	Gross operating income	**1,604**	**1,239**
30	**Provision for credit losses**	**(261)**	**(165)**
	Operating income	**1,343**	**1,074**
31	**Net gains/(losses) on fixed assets**	**(93)**	**(81)**
	Income before tax	**1,250**	**993**
	Non-recurring income		
32	**Income taxes**	**364**	**139**
19	**Funding/reversal of funding for general banking risks and regulated provisions**	**7**	**2**
	INCOME/(LOSS) FOR THE YEAR	**1,621**	**1,134**

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. 2014-03 dated June 5, 2014 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 an internal rating/provisioning rate correlation table.

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 the 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:	20-40 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 10 years.

Purchased software is amortized on a straight-line basis over its estimated useful life, which in most cases is less than five years. Internally generated software is amortized over its estimated useful life, which cannot exceed 15 years.

4 Debt securities

This line item comprises debt attributable to freely tradable securities held for sale issued by Natixis in France or in foreign countries, with the exception of subordinated instruments recognized as subordinated debt.

This line item notably includes medium-term notes, interbank market instruments, negotiable debt securities and bonds and other fixed-income securities.

Accrued interest payable relating to these issues is disclosed separately as a related payable, with an offsetting entry in the income statement.

Issue or redemption premiums on bond issues are amortized over the life of the issues in question and the related expense is recognized under the heading "interest and similar expenses" on the income statement.

5 Subordinated debt

This item covers perpetual and dated subordinated notes, for which the redemption in the event of liquidation ranks behind all other creditors. Accrued interest is credited to the corresponding receivables item on the income statement.

Where perpetual subordinated notes are treated as equivalent to amortizing securities, each periodic payment is broken down into the repayment of principal, which is deducted from the nominal amount, and interest, which is charged to the income statement under "interest and similar expenses".

6 Forward financial instruments (futures and options)

The notional amount of these instruments is recorded off-balance sheet for internal monitoring and regulatory purposes, but is not included in the published statement of off-balance sheet items. Details for these instruments are provided in the notes.

The accounting principles applied depend on the instrument involved and the purpose of the transaction (hedging or for trading purposes).

Interest rate and currency trading

These transactions are carried out for four purposes:

- micro-hedging (hedging of specific transactions or positions);
- macro-hedging (overall asset and liability management);
- speculative position-taking;
- specialized management of a trading portfolio.

Gains or losses on specific hedges are recognized in income on a symmetrical basis with the income and expenses of the position or transaction being hedged.

Expenses and income arising from forward financial instruments used to hedge and manage Natixis' overall interest rate risk are recognized over the period of the position. Unrealized gains and losses are not recognized.

The accounting treatment of speculative positions is identical for interest flows. Contracts are marked to market value at each reporting date and any unrealized losses are taken to the income statement as provisions.

Each instrument in the final category is marked to market on an individual basis. Changes in value during the period are recognized immediately on the income statement. Valuations are adjusted for counterparty risk, the position funding cost and the discounted present value of future contractual management costs.

Forward foreign exchange contracts

Outright foreign currency futures or transactions hedging other foreign currency futures are measured based on the forward foreign exchange rate remaining to run on the currency in question. Differences in interest rates or premiums and discounts associated with hedged foreign currency futures are recognized in stages as interest expense or income over the effective term of the transaction.

Options (interest rate, currency and equity) and futures

The notional amount of the underlying instrument of each option or futures contract is recognized with a distinction being made between hedging and trading contracts.

For hedging transactions, income and expenses are recognized in income on a symmetrical basis with the income and expenses of the hedged items.

For non-hedging activities, positions in a class of option or forward contract are marked to market at the reporting dates. Changes in market value are recognized directly in the income statement. However, for instruments traded on over-the-counter markets, gains or losses are recognized on the income statement only upon settlement of these transactions, without effect on the potential setting aside of provisions for the net risk incurred over the life of the instrument.

7 Institutional operations

In accordance with Article 41 of the Amended Finance Act for 1997 (No. 97-1239 of December 29, 2007), amended by Article 121 of the Amended Finance Act for 2008 (No. 2008-1443 of December 30, 2008), of Article 5 of the Amended Finance Act for 2014 (No. 2014-1655 of December 29, 2014) and the agreement signed with the French State on September 21, 2011, and its June 24, 2015 amendment, 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, unless the payment takes place in the year of granting, in which case the expense is recognized immediately on the income statement.

The corresponding expense recognized in the 2016 income statement was €33.8 million versus €35.5 million at December 31, 2015.

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.

Natixis has modified the 2016 employee retention and performance plan allocated for services provided in 2015. The Board of Directors, on July 28, 2016, decided to replace this plan with a bonus share plan, with the granting of new shares.

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, 2016 in respect of plans to be settled in shares (allocation of existing shares), against an expense of €122,000 in this respect in 2015.

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 (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 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 2016, 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 2016. 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.

15 Non-recurring income

Non-recurring income and expense items are determined based on their amount, their unusual nature with respect to current operations, and the likelihood of the events in question repeating.

16 Corporate income tax

Due to additional contributions, the corporate tax rate used to calculate the expense payable for the year was 34.43% for France. Applicable local corporate tax rates were used for foreign subsidiaries.

17 Changes in accounting methods and comparability of financial statements

ANC regulation n°2015-06 applicable as of January 1, 2016 modified the accounting treatment of fixed assets. The modifications concern in particular:

- the definition of the commercial fund
- the criteria allowing to determine if a fixed asset has a limited operating life or not
- the modalities of accounting of technical loss of merger
- as well as the rules of depreciation and impairment of the tangible and intangible assets. In particular, as regards the commercial fund and by exception in the general principle, the impairments cannot be any more taken back in result.

Only the evolutions of the rules of accounting of technical loss of merger affected the accounts from Natixis in January 1st, 2016. Indeed, in application of this new regulation, technical loss of merger has to be from now on:

- broken down and recognized according to the different type of underlying asset to which it is allocated (property, plant and equipment, intangible assets, and non-current financial assets). Only residual losses that are not broken down must be recognized in goodwill;
- amortized and depreciated according to the same rules as those applicable to the underlying assets to which it is allocated.

The regulation sets out phase-in measures for the recognition of losses accounted for before January 1, 2016:

- either according to existing capital gains at the merger date, i.e. according to the extra-accounting allocation originally applied;
- or according to existing capital gains at the date on which the regulation was first applied (i.e. January 1, 2016), in this case existing capital gains must be re-examined.

The application as of January 1, 2016 of this change in method 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

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 - ASSETS

(in millions of euros)	2016	2015
Cash and balances with central banks	**26,532**	**20,983**
Advances to banks *	**105,564**	**122,411**
Demand	25,390	14,727
Time	80,174	107,684
Interbank and similar transactions	**132,096**	**143,394**
** o/w subordinated loans*	*40*	*91*
o/w reverse repurchased securities	*43,248*	*45,754*
o/w accrued interest	*96*	*129*

The amount of perpetual subordinated loans totaled €40 million at December 31, 2016, the same as at December 31, 2015.

Non-performing loans amounted to €71 million at December 31, 2016, compared with €80 million at December 31, 2015. At December 31, 2016, as at December 31, 2015, Natixis had no irrecoverable loans due from credit institutions.

Provisions for non-performing loans amounted to -€63 million at December 31, 2016, compared with -€65 million at December 31, 2015.

NOTE 4 TRANSACTIONS WITH CUSTOMERS - ASSETS

(in millions of euros)	2016	2015
Current accounts overdrawn	**4,721**	**3,235**
Commercial loans	**850**	**577**
Other customer loans	**130,051**	**104,784**
Cash and consumer credit	24,787	21,731
Equipment loans	5,342	5,670
Export credit	3,253	2,829
Home loans	2	2
Reverse repurchased securities	75,280	51,040
Subordinated loans	887	783
Other loans	20,500	22,729
CUSTOMER TRANSACTIONS	**135,622**	**108,596**
o/w accrued interest	*199*	*138*

The amount of perpetual subordinated loans totaled €816 million at December 31, 2016 versus €648 million at December 31, 2015.

Restructured loans as defined in Note 1 amounted to €289 million in performing loans at December 31, 2016 versus €181 million at December 31, 2015.

Restructured loans as defined in Note 1 recorded as non-performing or irrecoverable loans amounted to €2,240 million before impairment at December 31, 2016 versus €1,615 million at December 31, 2015. The amount after impairment amounted to €1,672 million at December 31, 2016 versus €1,167 million at December 31, 2015.

Non-performing loans amounted to €3,479 million at December 31, 2016 versus €3,198 million at December 31, 2015 (of which €282 million at December 31, 2016 relating to irrecoverable loans versus €294 million at December 31, 2015).

Provisions for non-performing loans totaled -€1,218 million at December 31, 2016 versus -€1,154 million at December 31, 2015 (of which -€274 million at December 31, 2016 versus -€279 million at December 31, 2015 relating to provisions for irrecoverable loans).

Receivables eligible for refinancing with the Banque de France and/or the European Central Bank amounted to €1,470 million at December 31, 2016 versus €1,929 million at December 31, 2015.

NOTE 5 BONDS, SHARES AND OTHER FIXED AND VARIABLE-INCOME SECURITIES

(in millions of euros)	2016				2015			
	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)]	16,550	5,687	781	23,018	22,148	4,397	695	27,240
Premiums/discounts		354	1	355		332	1	333
Accrued interest	11	46	1	58	2	39	1	42
Write-downs				0				0
Net carrying amount	**16,561**	**6,087**	**783**	**23,431**	**22,150**	**4,768**	**697**	**27,615**
Bonds and other fixed-income securities [(b) (c)]								
Gross value [(a)]	18,221	5,321	1,276	24,818	14,144	5,023	1,137	20,304
Premiums/discounts		32	0	32		34	(1)	33
Accrued interest		26	30	56		25	30	55
Write-downs		(105)	0	(105)		(124)	(55)	(179)
Net carrying amount	**18,221**	**5,274**	**1,306**	**24,801**	**14,144**	**4,958**	**1,111**	**20,213**
Shares and other variable-income securities [(b) (d)]								
Gross value	39,992	1,396		41,388	30,944	1,418		32,362
Accrued interest				0				0
Write-downs		(29)		(29)		(17)		(17)
Net carrying amount	**39,992**	**1,367**		**41,359**	**30,944**	**1,401**		**32,345**

(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 €15,695 million at December 31, 2016 versus €11,525 million at December 31, 2015.

(c) Of which Bonds and other listed fixed-income securities for €18,488 million at December 31, 2016 versus €13,667 million at December 31, 2015.

(d) Of which Shares and other listed fixed-income securities for €40,128 million at December 31, 2016 versus €31,932 million at December 31, 2015.

The total amount of securities held for investment sold before maturity totaled €38 million in 2016, compared with €10 million for fiscal year 2015.

Transfers of securities between categories:

There were no transfers of securities between categories in 2015 or 2016.

Unrealized capital gains and losses in the investment portfolio:

(in millions of euros)	2016	2015
Government securities and equivalent		
Unrealized capital gains	17	30
Unrealized capital losses	0	
Bonds and other fixed-income securities		
Unrealized capital gains	13	14
Unrealized capital losses	(118)	(144)
Shares and other variable-income securities		
Unrealized capital gains	271	193
Unrealized capital losses	(30)	(40)

NOTE 6 INVESTMENT IN SUBSIDIARIES AND AFFILIATES, ASSOCIATES, OTHER LONG-TERM INVESTMENTS AND TREASURY SHARES

(in millions of euros)	2016	2015
Investments	**389**	**398**
Outstanding	403	407
Current account advances		
Translation adjustments		
Write-downs	(14)	(9)
Securities loaned		
Other long-term investments	**54**	**37**
Outstanding	89	80
Current account advances		
Translation adjustments		
Write-downs	(35)	(43)
Securities loaned		
Accrued interest		
INVESTMENTS IN ASSOCIATES AND OTHER LONG-TERM INVESTMENTS	**443**	**435**
Investments in subsidiaries and affiliates	**13,931**	**13,873**
Outstanding [a] [b]	14,560	14,214
Current account advances	2	1
Translation adjustments	(101)	(61)
Write-downs [a] [c]	(530)	(281)
Securities loaned		
Accrued interest	**0**	**0**
INVESTMENTS IN SUBSIDIARIES AND AFFILIATES	**13,931**	**13,873**
Treasury shares	**8**	**14**
Securities held for trading	7	12
Securities held for sale	1	2
Securities loaned		
Long-term investments		
TREASURY SHARES	**8**	**14**

(a) The application of ANC regulation n°2015-06 as of January 1, 2016 led to the recognition of €269 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 (gross amount: €306 million, impairment: €36 million).

(b) The main changes during 2016 related to:
- *the acquisition of SPV DFEFG3 shares for €80 million;*
- *the Natixis Assurances capital increase for €206 million;*
- *the Natixis Global Asset Management capital increase (dividends paid in shares) for €221 million;*
- *the Natixis Private Equity capital reduction for €310 million;*
- *the Nexgen Financial Holdings Ltd capital reduction for €96 million;*

(c) The main changes in the 2016 fiscal year was the charge to provisions of Coface SA securities for €179 million.

NOTE 7 INFORMATION ON SHAREHOLDINGS EXCEEDING THE DISCLOSURE THRESHOLD FOLLOWING INVESTMENTS IN FRENCH COMPANIES DURING THE YEAR

The table below was drawn up in accordance with the provisions of Article L.247-1 of the French Commercial Code:

Breach of threshold of 5% of share capital		% at 12.31.2016	Number of shares at 12.31.2016
COFIMAGE 23	Unlisted	74,62%	4,477
OPEN FINANCIAL REGULATION EUROPE	Unlisted	100,00%	2
ECRINVEST 21	Unlisted	100,00%	3,700
NATIXIS PAYMENT HOLDING (ECRINVEST 22)	Unlisted	100,00%	3,700
ECRINVEST 23	Unlisted	100,00%	3,700
INVESTIMA 75	Unlisted	100,00%	3,700
INVESTIMA 76	Unlisted	100,00%	3,700
INVESTIMA 77	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 12.31.2016 *(%)*
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	C	314,496 EUR	884,791 EUR	41,24%
CACEIS 1/3 place Valhubert 75013 PARIS	NL	633,000 EUR	490,407 EUR	15,00%
Compagnie Européenne de Garanties & Cautions 16 RUE HOCHE - TOUR KUPKA B - TSA 39999 92919 LA DEFENCE CEDEX	NL	160,996 EUR	175,814 EUR	100,00%
BANQUE PRIVEE 1818 50 AVENUE MONTAIGNE 78008 PARIS	NL	88,402 EUR	77,602 EUR	100,00%
NATIXIS ALGERIE IMMEUBLE EL KSAR - ZONE D'AFFAIRES MERCURE - LOT 34/35 BAB EZZOUAR 16311 ALGER	NL	10,000,002 DZD	10,584,578 DZD	100,00%
NATIXIS Pfandbriefbank AG Im Trutz Frankfurt 55 D-60322 Frankfurt am Main	NL	120,000 EUR	668 EUR	100,00%
NATIXIS ASIA LIMITED SUITE 1911-1922-19 F TWO 88 QUEENSWAY PACIFIC PLACE - Hong Kong	NL	632,395 HKD	(248,334 HKD)	100,00%
NATIXIS ASSURANCES 30 AV PIERRE MENDES FRANCE 75013 PARIS	NL	148,014 EUR	1,137,690 EUR	100,00%
NATIXIS CONSUMER FINANCE 30 AV PIERRE MENDES FRANCE 75013 PARIS	NL	35,340 EUR	319,646 EUR	100,00%
NATIXIS FACTOR 30 AV PIERRE MENDES FRANCE 75013 PARIS	NL	19,916 EUR	183,661 EUR	100,00%
NATIXIS FONCIERE 30 AV PIERRE MENDES FRANCE 75013 PARIS	NL	685 EUR	62,764 EUR	99,99%
NATIXIS FUNDING 30 AV PIERRE MENDES FRANCE 75013 PARIS	NL	67,555 EUR	1,811 EUR	100,00%
NATIXIS INNOV 47 QUAI D'AUSTERLITZ 75013 PARIS	NL	150,060 EUR	6,243 EUR	100,00%
NATIXIS INTEREPARGNE 30 AV PIERRE MENDES FRANCE 75013 PARIS	NL	8,891 EUR	18,577 EUR	100,00%
NATIXIS JAPAN SECURITIES CO., Ltd. 1-11-1, MARUNOUCHI, CHIYODA-KU TOKYO 100-6226	NL	18,000,000 JPY	(1,637,511 JPY)	100,00%

Book value of investments *(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 [c] *(in thousands of euros)*	Prior year income or loss [c] *(in thousands of euros)*	Dividends received in 2016 *(in thousands of euros)*	Remarks
Gross	Net						
				2,269	75,381		
				100,376	100,321		(b)
				196,402	75,248		
				77,278	6,348		
				56,295	8,738		
				18,959	-		
				22,807	10,802		
				313	127,165		
				39,164	38,565		
				142,252	34,117		
				-	(190)		
				3,120	1,716		
				4,385	3,765		
				92,430	13,061		
				28,850	(6,748)		

Companies or groups	Listed/ unlisted	Capital *(in thousands of units)*	Shareholders' equity other than capital [(a)] *(in thousands of units)*	Share of capital at 12.31.2016 *(%)*
NATIXIS LEASE 30 AV PIERRE MENDES FRANCE 75013 PARIS	NL	267,242 EUR	318,506 EUR	99,81%
NATIXIS TRUST 51 AVENUE JOHN F. KENNEDY L-1855 Luxembourg	NL	609,865 EUR	126,042 EUR	100,00%
NATIXIS Marco 47 QUAI D'AUSTERLITZ 75013 PARIS	NL	1,000,170 EUR	8,331 EUR	100,00%
NATIXIS PAYMENT SOLUTIONS 30 AV PIERRE MENDES FRANCE 75013 PARIS	NL	53,559 EUR	55,387 EUR	100,00%
NATIXIS PRIVATE EQUITY 5-7 RUE DE MONTTESSUY 75007 PARIS	NL	404,851 EUR	57,266 EUR	100,00%
NEXGEN Financial Holding Ltd 12 Lower Leeson Street Dublin 2 Dublin	NL	0 EUR	17,454 EUR	100,00%
NATIXIS GLOBAL ASSET MANAGEMENT 21 Quai d'Austerlitz 75013 PARIS	NL	178,252 EUR	3,833,637 EUR	100,00%
DF EFG3 LIMITED 0 Maples Corporate Services Limited of PO Box 309, Ugland House, Grand Cayman, KY1-11040	NL	85,000 USD	0 USD	100,00%
NUSHI 399 BOYLSTON ST 13TH FLOOR MA 02116 BOSTON United States of America	NL	1,227,285 USD	3,382,814 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.*

(b) *For these lines, details of shareholder's equity, revenue and income correspond to the most recent audited data (at December 31, 2015).*

(c) *2016 fiscal year.*

Book value of investments *(in thousands of euros)* Gross	Book value of investments *(in thousands of euros)* Net	Loans and receivables received but not yet paid *(in thousands of euros)*	Guarantees and endorsements given *(in thousands of euros)*	Prior year net revenues [c] *(in thousands of euros)*	Prior year income or loss [c] *(in thousands of euros)*	Dividends received in 2016 *(in thousands of euros)*	Remarks
				9,835	19,710		
				3,845	6,040		
				10,084	10,066		
				276,743	40,914		
				14,601	25,477		
				97,476	8,800		
				28,720	177,601		
				-	-		
				204,080	204,080		
338,307	222,772	8,312,781	37,496			14,370	
313,499	260,410	3,170,313	4,904,783			49,156	

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, 2016	**190,074,649**	**950,944,887**	**5,00**	**187,321,230**	**835,473,224**	**4,46**	**2,753,419**	**0,09%**
Price stability	25,642,122	109,797,838	4,28	26,713,153	115,396,994	4,32		
At December 31, 2016	**215,716,771**	**1,060,742,725**	**4,92**	**214,034,383**	**950,870,218**	**4,44**	**1,682,388**	**0,05 %**

Nominal amount of share: €1.60

NOTE 10 FIXED ASSETS

	2016			2015		
	Gross	Impairment and amortization	Net	Gross	Impairment and amortization	Net
Operating fixed assets	**1,895**	**(1,652)**	**243**	**2,227**	**(1,663)**	**564**
Intangible assets	1,405	(1,292)	113	1,700	(1,302)	398
Property, plant and equipment	490	(360)	130	527	(361)	166
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	**1,405**	**(1,292)**	**113**	**1,700**	**(1,302)**	**398**
PROPERTY, PLANT AND EQUIPMENT	**491**	**(361)**	**130**	**528**	**(362)**	**166**

	1.1.2016	Acquisitions	Disposals	Other	12.31.2016
Gross value					
Operating intangible assets	**1,700**	**28**	**(17)**	**(306)**	**1,405**
Goodwill [(a)]	1,191	0	(16)	(306)	869
Software	471	14	(1)	2	486
Other intangible assets	38	14	0	(2)	50
Operating property, plant and equipment	**527**	**63**	**(100)**	**0**	**490**
Land and buildings	234	22	(97)	26	185
Other property, plant and equipment	293	41	(3)	(26)	305
Non-operating property, plant and equipment	**1**	**0**	**0**	**0**	**1**
Land and buildings	1	0	0	0	1
Other property, plant and equipment	0	0	0	0	0
TOTAL	**2,228**	**91**	**(117)**	**(306)**	**1,896**

(a) The application of ANC regulation n°2015-06 as of January 1, 2016 led to the recognition of €269 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 (of which a gross amount of €306 million and impairment: €36 million).

	1.1.2016	Charges	Reversals	Other	12.31.2016
Depreciation and amortization					
Operating intangible assets	**(1,302)**	**(32)**	**5**	**36**	**(1,293)**
Goodwill [(a)]	(904)	0	4	36	(864)
Software	(394)	(32)	1	0	(425)
Other intangible assets	(4)	0	0	0	(4)
Operating property, plant and equipment	**(361)**	**(40)**	**38**	**3**	**(360)**
Land and buildings	(136)	(12)	35	0	(113)
Other property, plant and equipment	(225)	(28)	3	3	(247)
Non-operating property, plant and equipment	**(1)**	**0**	**0**	**0**	**(1)**
Land and buildings	(1)	0	0	0	(1)
Other property, plant and equipment	0	0	0	0	0
TOTAL	**(1,664)**	**(72)**	**43**	**39**	**(1,654)**

(a) The application of ANC regulation n°2015-06 as of January 1, 2016 led to the recognition of €269 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 (of which a gross amount of €306 million and impairment: €36 million).

NOTE 11 ACCRUAL ACCOUNTS AND OTHER – ASSETS

(in millions of euros)	2016	2015
Options	11,179	10,689
Settlement accounts	225	37
Miscellaneous debtors	30,263	28,375
Inventory accounts and similar	449	546
OTHER ASSETS	**42,116**	**39,647**
Collection accounts		129
Adjustment accounts	7,083	5,471
Gains on financial instruments	154	131
Deferred charges and prepayments	1,067	1,139
Accrued income	735	352
Other accrual accounts	1,454	780
ACCRUAL ACCOUNTS	**10,493**	**8,002**

NOTE 12 INTERBANK AND SIMILAR TRANSACTIONS - LIABILITIES

(in millions of euros)	2016	2015
Due to central banks		
Due to banks *	**118,718**	**147,629**
Demand	12,499	10,810
Time	106,219	136,819
INTERBANK AND SIMILAR TRANSACTIONS	**118,718**	**147,629**
** o/w repurchased securities*	*36,249*	*45,902*
o/w accrued interest	*185*	*185*

NOTE 13 CUSTOMER TRANSACTIONS - LIABILITIES

(in millions of euros)	2016	2015
Special savings accounts	**48**	**32**
Demand		
Time	48	32
Other liabilities *	**121,282**	**88,011**
Demand	31,188	38,643
Time	90,094	49,368
CUSTOMER TRANSACTIONS	**121,330**	**88,043**
(*) o/w repurchased securities	*78,272*	*49,360*
o/w accrued interest	*80*	*38*

NOTE 14 DEBT SECURITIES

(in millions of euros)	2016	2015
Interbank market instruments and negotiable debt securities	**40,291**	**31,960**
Bonds	**16,087**	**12,970**
DEBT SECURITIES	**56,378**	**44,930**
o/w non-amortizable issue premiums	*402*	*424*

NOTE 15 ACCRUAL ACCOUNTS AND OTHER – LIABILITIES

In millions of euros	2016	2015
Miscellaneous creditors	26,361	23,221
Securities transactions	58,231	46,731
o/w trading securities, liabilities on borrowed securities	*35,465*	*23,964*
o/w trading securities, other liabilities on securities	*22,752*	*22,755*
o/w accrued interest	*14*	*12*
Sold options	11,475	11,158
Securities transactions settlement accounts	245	113
OTHER LIABILITIES	**96,312**	**81,223**
Unavailable accounts	10	16
Adjustment and suspense accounts	3,812	3,578
Losses on financial instruments	671	723
Deferred income and prepayments	686	707
Accrued charges	855	974
Other accrual accounts	1,328	2,283
ACCRUAL ACCOUNTS	**7,362**	**8,281**

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NOTE 16 PROVISIONS AND IMPAIRMENT

(in millions of euros)	01.01.2016	Charges	Reversals	Translation adjustments	Other [1]	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 (1)	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

(1) Separate asset recognition.

(in millions of euros)	01.01.2015	Charges	Reversals	Translation adjustments	Other	31.12.2015
Provisions for impairment deducted from assets	**(1,688)**	**(457)**	**524**	**(49)**	**28**	**(1,642)**
Banks	(101)	(1)	37	(3)	3	(65)
Customers	(1,213)	(369)	431	(32)	28	(1,155)
Investments	(6)	(3)				(9)
Other long-term investments	(53)	(1)	12			(42)
Investments in subsidiaries and affiliates	(224)	(83)	31	(5)		(281)
Misc securities and creditors	(91)		13	(9)	(3)	(90)
Provisions recognized in liabilities	**2,704**	**455**	**(595)**	**96**	**0**	**2,660**
Employee benefits [(1)]	305	57	(83)	1	1	281
Off-balance sheet commitments	28	12	(23)		(1)	16
Country risk	148	47	(42)	3		156
Specific credit risk	1	10	(5)			6
Provisions for litigation	311	1	(11)	43		344
Sector risk	315	13	(66)	10		272
Forward financial instrument risk	912	206	(311)	38		845
Other	684	109	(54)	1		740

NOTE 17 HEADCOUNT AND EMPLOYEE BENEFITS

Change in headcount

	12.31.2016	12.31.2015
Technical staff	2,165	2,163
Managers	5,222	5,155
NUMBER OF EMPLOYEES	**7,387**	**7,318**

Post-employment benefits and other long-term employee benefits

MAIN ACTUARIAL ASSUMPTIONS

	2016				2015			
	Post-employment defined-benefit plan		Other long-term employee benefits		Post-employment defined-benefit plans		Other long-term employee benefits	
By type of obligation	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other	Supplementary pension benefits and other	End-of-career awards	Long-service awards	Other
Discount rate	1,22 %	0,95 %	0,65 %	1,05 %	2,20 %	1,70 %	1,30 %	2,20 %
Expected return on plan assets	1,22%	0,95%	0,65%		2,20%	1,70%	1,30%	

Future salary increases are estimated by grade based on a constant population and a three-year average. At December 31, 2016, this average (including inflation) was 2.50% versus 2.75% at December 31, 2015 for the non-executice staff, and 2.06% versus 1.98% for the executive staff.The remaining average working lives of employees, for all benefits, is 15.7 years versus 15.8 years at December 31, 2015.

EMPLOYEE BENEFITS, PLAN ASSETS AND SEPARATE ASSET OBLIGATIONS

(in millions of euros)	31/12/2016	31/12/2015
Gross benefit obligation	525	473
Fair value of plan assets	(96)	(237)
Fair value of separate assets	(143)	0
Net obligation	286	236

BREAKDOWN OF NET OBLIGATION BY PLAN TYPE

	2016					2015				
	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	35	92	29	85	241	33	80	29	79	221
Unrecognized actuarial gains and losses	(3)	(22)		7	(18)	40	(1)		23	62
Unrecognized past service cost	1	11		1	13	1	14		1	16
Total net obligation at January 1	**33**	**81**	**29**	**93**	**236**	**74**	**93**	**29**	**103**	**299**
Benefits paid over the period	(1)	(4)	(1)	(27)	(33)	(2)	(3)	(2)	(28)	(35)
Benefits vested over the period	2	6	2	39	49	2	7	2	31	42
Interest cost	4	2		1	7	4	2	1	1	8
Expected return on plan assets, gross	(5)				(5)	(3)				(3)
Change in management fees					0					0
Payments to the fund during the period	(2)				(2)	(2)				(2)
Payment fees					0					0
Plan amendments recognized over the period		3			3		3			3
Recognized actuarial gains and losses over the period	1	(1)	1		1	3			1	4
Other items	6				6		3			3
Change in obligation taken to income	**5**	**6**	**2**	**13**	**26**	**2**	**12**	**1**	**5**	**20**
Other items (change in consolidation scope, etc.)					0					0
Other changes recognized	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Actuarial gains and losses on benefit obligations	22	11	1	6	40	(36)	(20)	(1)	(15)	(72)
Actuarial gains and losses/return on plan assets	(9)				(9)	(3)	(1)			(4)
Other actuarial gains and losses	(3)				(3)					0
Change in actuarial gains and losses not recognized	**10**	**11**	**1**	**6**	**28**	**(39)**	**(21)**	**(1)**	**(15)**	**(76)**
Plan amendments over the period					0					0
Other items					0					0
Other changes not recognized	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Benefit obligation at December 31										
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 December 31	**47**	**96**	**32**	**111**	**286**	**33**	**81**	**29**	**93**	**236**

NOTE 18 SUBORDINATED DEBT

(in millions of euros)	2016	2015
Dated subordinated debt	**3,576**	**4,232**
Subordinated notes	1,236	1,236
Subordinated loans	2,340	2,996
Undated subordinated debt	**2,014**	**1,814**
Participating loans	36	36
Subordinated notes	1,978	1,778
Subordinated loans		
Accrued interest	**61**	**75**
	5,651	**6,121**

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	2016	2015	Liabilities convertible into equity	Subordination condition (immediately senior ranking)
27/06/2014	27/06/2026	EUR	900,000,000	Quarterly	Euribor 3M+2%	No redemption clause	900,000,000.00	900,000,000.00	NON-CONVERTIBLE	Unsecured creditors
29/07/2015	29/07/2027	EUR	1,000,000,000	Quarterly	Euribor 3M+230bp	No redemption clause	1,000,000,000.00	1,000,000,000.00	NON-CONVERTIBLE	Unsecured creditors

Perpetual deeply subordinated notes

Natixis issued Perpetual deeply subordinated notes which offer unit-holders fixed rate or variable rate income and which may be redeemed at the end of a set period and then at each coupon anniversary date. In the event of non-redemption at the end of this period, for some of these issues, a variable coupon indexed to the EURIBOR or LIBOR will be paid.

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, 2015	**0**	**8**	**1**	**2**	**11**
Charges					0
Reversals		(2)			(2)
Other		(1)	1		0
Activity in 2015	**0**	**(3)**	**1**	**0**	**(2)**
BALANCE AT DECEMBER 31, 2015	**0**	**5**	**2**	**2**	**9**
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**

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, 2015	**4,986**	**7,341**	**330**	**1,211**	**0**	**9**	**500**	**14,377**
Appropriation of 2014 earnings			65				181	246
Allocation of free shares	5					(5)		0
“Mauve” employee shareholding operation	14	31						45
Activity in 2015	**19**	**31**	**65**	**0**	**0**	**(5)**	**181**	**291**
BALANCE AT DECEMBER 31, 2015	**5,005**	**7,372**	**395**	**1,211**	**0**	**4**	**681**	**14,668**
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 December 31, 2016, the share capital was composed of 3,137,074,580 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 2015 corresponds to the allocation of 3,114,520 free shares to certain Natixis employees, within the scope of Retention and performance plans, and the subscription of 8,505,624 shares relating to the share issue reserved for employees under the employee shareholding plan.

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.

NOTE 21 TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES

(in millions of euros)	2016	2015
ASSETS		
Advances to banks	65,399	76,373
Customer loans	38,914	22,565
Bonds and other fixed-income securities	6,245	4,984
Shares and other variable-income securities	1,854	283
LIABILITIES		
Due to banks	59,865	87,579
Customer deposits	36,815	18,770
Debt securities	287	869
Subordinated debt	4,016	4,491
OFF-BALANCE SHEET		
Financing commitments given to:		
▪ banks	6,541	1,380
▪ customers	5,551	250
Guarantees provided on behalf of:		
▪ banks	478	1,055
▪ customers	4,756	3,108

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)	2016	2015
Customer transactions	758	682
TOTAL ASSETS	**758**	**682**
Interbank and similar transactions	46	46
Customer transactions	844	818
Other liabilities	0	2
Public funds assigned	0	2
TOTAL LIABILITIES	**890**	**868**

NOTE 23 INTEREST AND SIMILAR INCOME

(in millions of euros)	2016	2015
Interest and similar income	**4,884**	**4,609**
Interbank transactions	1,368	1,224
Customer transactions	2,025	1,783
Bonds and other fixed-income securities	257	190
Other interest and similar income	1,234	1,412
Interest and similar expenses	**(3,989)**	**(3,775)**
Interbank transactions	(1,623)	(1,243)
Customer transactions	(464)	(439)
Bonds and other fixed-income securities	(746)	(691)
Other interest and similar expenses	(1,156)	(1,402)
	895	**834**

Of which -€229 million in interest expense on subordinated debt at December 31, 2016 versus -€204 million at December 31, 2015.

NOTE 24 INCOME FROM VARIABLE-INCOME SECURITIES

(in millions of euros)	2016	2015
Investment in subsidiaries and affiliates	1,037	827
Investments securities and other long-term investments		
Shares and other variable-income securities	15	10
TOTAL	**1,052**	**837**

NOTE 25 FEES AND COMMISSIONS

	2016		2015	
(in millions of euros)	Income	Expenses	Income	Expenses
Customer transactions	320	(11)	335	(16)
Securities transactions	1	(109)	1	(117)
Forward financial instruments	50	(53)	51	(54)
From financing and guarantee commitments	141	(101)	150	(95)
From other off-balance sheet commitments	80	(5)	95	(6)
From foreign exchange transactions		(13)		(15)
From other financial services	37	(32)	44	(58)
From payment services	26	(24)	29	(29)
Ancillary income	9		7	
Other	187		205	
TOTAL	**851**	**(348)**	**917**	**(390)**

NOTE 26 GAINS/(LOSSES) ON TRADING PORTFOLIO TRANSACTIONS

(in millions of euros)	2016	2015
Net gains (losses) on securities held for trading	23	1,672
Net gains (losses) on foreign exchange transactions	200	(302)
Net gains (losses) on forward financial instruments	1,544	(438)
TOTAL	**1,767**	**932**

NOTE 27 GAINS/(LOSSES) ON SECURITIES HELD FOR SALE AND SIMILAR

(in millions of euros)	2016	2015
Securities held for sale		
Gains on disposal	75	496
Losses on disposal	(207)	(291)
Net impairment (Charge)/Reversal	9	(25)
TOTAL	**(123)**	**180**

NOTE 28 OTHER BANKING INCOME AND EXPENSES

(in millions of euros)	2016	2015
Expenses from income sharing agreements	(37)	(17)
Ancillary income	221	210
Share of income from joint banking ventures	8	8
Transfers of operating banking expenses	11	10
Other	(156)	(38)
TOTAL	**47**	**173**

NOTE 29 OPERATING EXPENSES

(in millions of euros)	2016	2015
Payroll costs	**(1,343)**	**(1,228)**
Wages and salaries	(878)	(840)
Social security expenses [(a)]	(328)	(302)
Incentive and profit-sharing plans	(61)	(47)
Taxes on income	(88)	(87)
Rebilled expenses	28	22
Provisions for risks and other expenses [(b)]	(16)	26
Other administrative expenses	**(1,125)**	**(978)**
Taxes other than on income [(c)]	(185)	(109)
External services	(1,080)	(1,023)
Rebilled expenses	140	154
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	**(69)**	**(38)**
Charges	**(69)**	**(38)**
TOTAL	**(2,537)**	**(2,244)**

(a) *Of which pension costs for €74 million at December 31, 2016 versus €75 million at December 31, 2015.*

(b) *Of which a net provision reversal for the Workforce Adaptation Plan of €9 million at December 31, 2016 versus €45 million at December 31, 2015.*

(c) *Including a contribution of €110 million to the Single Resolution Fund (SRF) at December 31, 2016, versus €41 million at December 31, 2015.*

NOTE 30 PROVISION FOR CREDIT LOSSES

(in millions of euros)	2016	2015
Provision for credit losses on asset items	**(661)**	**(109)**
Non-performing loans:	**(673)**	**(119)**
Impairment charges	(335)	(326)
Reversals of impairment charges	307	427
Losses covered	(650)	(266)
Losses not covered	(9)	(17)
Recoveries of bad debts written off	14	63
Securities:	**12**	**10**
Impairment charges	(5)	(11)
Reversals of impairment charges	62	21
Losses covered	(45)	
Provision for credit losses on liability items	**400**	**(56)**
Country risk:	**(29)**	**(5)**
Charges to provisions	(104)	(47)
Reversals of provisions	75	42
Risks and charges:	**429**	**(51)**
Charges to provisions	(78)	(160)
Reversals of provisions	507	109
TOTAL	**(261)**	**(165)**

NOTE 31 NET GAINS/(LOSSES) ON FIXED ASSETS

(in millions of euros)	2016	2015
Long-term investments		
Investments in associates and other long-term investments	**(182)**	**(67)**
Gains	17	26
Losses	(7)	(20)
Impairment charges	(238)	(87)
Reversals of impairment charges	27	44
Provisions for risks and other expenses	(3)	(30)
Reversals of provisions for risks and other expenses	22	
Securities held for investment	**0**	**(14)**
Losses	0	(14)
Property, plant and equipment and intangible assets	**89**	**0**
TOTAL	**(93)**	**(81)**

NOTE 32 INCOME TAXES

(in millions of euros)	2016	2015
Tax at standard rate	(106)	(53)
Tax at reduced rate	(1)	
Tax credits	4	4
Impact of tax consolidation	137	246
Other items [(a)]	330	(58)
Carry Back		
TOTAL	**364**	**139**

(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

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

- 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 banks and the Caisses d'Epargne, 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 accordance with 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 No. 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

	2016						2015					
(in millions of euros)	France	Other Europe	Americas	Asia	Other	Total	France	Other Europe	Americas	Asia	Other	Total
Interest and similar income and expenses	216	233	300	146		895	239	242	244	109		834
Income from variable-income securities	1,016	13	24			1,053	835		1			836
Fee and commission income and expenses	229	36	191	46		502	274	37	180	37		528
Net income from investment and trading portfolio transactions	1,602	43		(1)		1,644	892	235		(15)		1,112
Other banking operating expenses	47	3	2	(5)		47	170	9	- 5	(1)		173
TOTAL NET REVENUES	**3,110**	**328**	**517**	**186**	**-**	**4,141**	**2,410**	**523**	**420**	**130**	**-**	**3,483**

NOTE 34 OFF-BALANCE SHEET ITEMS - FORWARD FINANCIAL INSTRUMENTS

(in millions of euros)	Notional 2016	Notional 2015
On organized markets	**840,740**	**770,070**
Forward transactions	831,870	732,634
Options	8,870	37,436
Over the counter	**4,012,043**	**5,322,983**
Forward transactions	3,381,693	4,533,443
Options	630,350	789,540
INTEREST RATE INSTRUMENTS	**4,852,783**	**6,093,053**
On organized markets	**2,012**	**165**
Forward transactions	2,012	165
Options		
Over the counter	**438,796**	**516,921**
Forward transactions	148,264	130,408
Options	290,532	386,513
EXCHANGE RATE INSTRUMENTS	**440,808**	**517,086**
On organized markets	**118,274**	**93,708**
Forward transactions	34,398	32,532
Options	83,876	61,176
Over the counter	**202,893**	**181,889**
Forward transactions	98,290	88,013
Options	104,603	93,876
OTHER INSTRUMENTS	**321,167**	**275,597**
o/w hedges		
▪ of interest rate instruments	26,508	23,695
▪ of exchange rate instruments	3	3
▪ of other instruments	5,274	6,175
o/w macro-hedges	*545,766*	*365,918*
o/w isolated open positions	*335*	*368*

Counterparty risk exposure

	Counterparty risk exposure [(a)]
Governments and central banks	6,199
Financial institutions	28,884
Other	12,289
TOTAL	**47,372**

(a) *Exposure calculated based on current Basel 3 standards.*

Information on risk management is presented in Section 3.4 of Chapter 3, "Risk Management and Capital Adequacy."

Fair value of forward financial instruments

(in millions of euros)	2016	2015
Interest rate instruments		
Positive fair value	39,561	44,784
Negative fair value	36,932	43,156
Exchange rate instruments		
Positive fair value	22,036	18,279
Negative fair value	20,278	19,839
Other instruments		
Positive fair value	8,860	7,860
Negative fair value	9,577	8,630

NOTE 35 OFF-BALANCE SHEET ITEMS – FOREIGN CURRENCY COMMITMENTS AND TRANSACTIONS

(in millions of euros)	2016	2015
Financing commitments	**75,142**	**72,166**
Banks	17,026	10,712
Customers	58,116	61,454
Guarantee commitments	**28,241**	**26,941**
Banks	3,242	3,489
Customers	24,999	23,452
Commitments on securities	**12,250**	**7,792**
Other commitments	**19,426**	**19,469**
TOTAL COMMITMENTS GIVEN	135,059	126,368
Financing commitments	**32,890**	**23,576**
Banks	25,530	17,296
Customers	7,360	6,280
Guarantee commitments	**7,268**	**5,201**
Banks	7,268	5,201
Commitments on securities	**12,822**	**7,919**
Other commitments	**7,048**	**7,836**
TOTAL COMMITMENTS RECEIVED	60,028	44,532

NOTE 36 FOREIGN EXCHANGE TRANSACTIONS, FOREIGN CURRENCY LENDING AND BORROWING

(in millions of euros)	2016	2015
Spot transactions		
Currencies purchased and not received	16,819	22,427
Currencies sold and not delivered	16,924	22,554
Foreign currency lending/borrowing		
Currencies loaned and not delivered	190	0
Currencies borrowed and not received	1,170	382
Currency futures and options		
Euros receivable/currencies deliverable	471,991	445,400
Currencies receivable/euros deliverable	506,568	463,218
Currencies receivable/currencies deliverable	273,380	297,650
Currencies deliverable/currencies receivable	290,173	296,911
Premium/discount receivable	2	8
Premium/discount payable	2	10

NOTE 37 ASSETS AND LIABILITIES BY MATURITY

(in millions of euros)	≤3 months	3 months-1 year	1-15 years	> 5 years	Undated	Total
Advances to banks	74,837	5,527	8,893	16,267	40	105,564
Customer transactions	78,974	9,196	20,206	26,429	817	135,622
Bonds and other fixed-income securities	13,552	3,019	2,104	6,126		24,801
ASSETS (USES OF FUNDS)	**167,363**	**17,742**	**31,203**	**48,822**	**857**	**265,987**
Due to banks	79,322	13,156	26,229	11		118,718
Customer transactions	103,775	13,690	3,532	333		121,330
Debt securities	35,690	13,377	7,311			56,378
LIABILITIES (SOURCES OF FUNDS)	**218,787**	**40,223**	**37,072**	**344**	**0**	**296,426**

NOTE 38 STATUTORY AUDITORS' FEES

(in millions of euros)	2016	2015
Audit		
Independent audit, certification and examination of the separate and consolidated accounts	5,3	4,9
Services other than the certification of accounts	3,1	1,3
TOTAL	**8,4**	**6,2**

In 2015, services other than the certification of accounts for Natixis S.A. related to "directly related services" only, whereas in 2016 they covered both "directly related services" and "other services". In 2015, the provision of these "other services" by the Statutory Auditors of the audited entity was not authorized.

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.

As at December 31, 2016, in accordance with the above-mentioned Article, Natixis hereby reports that it has, in the Marshal Islands, €123 million in outstanding financing (net of provisions) and €12 million in loan commitments given.

Company financial performance over the last five years (Articles 133, 135 and 148 of the French Decree on Commercial Companies)

CATEGORY	2012	2013	2014	2015	2016
Financial position at year-end					
Share capital	4,937,943,670.40	4,960,472,304.00	4,986,412,193.60	5,005,004,424.00	5,019,319,328.00
Number of shares issued	3,086,214,794	3,100,295,190	3,116,507,621	3,128,127,765	3,137,074,580
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	16,450,246,528.71	16,577,825,962.70	16,744,446,983.44	19,286,206,333.81	20,911,153,316.23
Income before tax, depreciation, amortization and provisions	861,041,488.98	2,259,385,434.57	738,855,652.86	872,230,135.57	1,061,747,058.72
Income taxes	18,388,296.70	-212,587,222.83	153,268,232.67	139,005,181.75	364,623,914.40
Income after tax, depreciation, amortization and provisions	907,172,429.97	2,323,073,936.17	1,305,316,943.00	1,134,225,514.40	1,621,448,753.36
Dividends paid	308,621,479.40	496,047,230.40	1,059,612,591.14	1,094,844,717.75	1,097,976,103.00
Operational result per share					
Income after tax, but before depreciation, amortization and provisions	0.28	0.66	0.29	0.32	0.45
Income after tax, depreciation, amortization and provisions	0.29	0.75	0.42	0.36	0.52
Dividend per share	0.10	0.16	0.34	0.35	0.35
Employees					
Number of employees	7,688	7,367	7,188	7,318	7,387
Total payroll costs	704,503,673.34	734,627,077.69	783,339,403.98	840,134,680.53	878,011,680.00
Social security and other employee benefits	364,133,590.12	365,395,752.03	389,150,406.91	349,581,989.26	388,380,689.14

5.4 Statutory Auditors' report on the parent company financial statements

Fiscal year ended December 31, 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the parent company financial statements of Natixis S.A., as appended to this report;
- the justification of our assessments;
- the specific verifications and information required by law.

The company financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I OPINION ON THE PARENT COMPANY FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applicable in France; those standards require that we plan and perform the audit in order to obtain reasonable assurance on whether the parent company financial statements are free of material misstatements. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also involves assessing the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the parent company financial statements give a true and fair view of the Company's assets and liabilities and financial position, and of the results of its operations for the year then ended in accordance with French accounting principles.

Without calling into question the opinions expressed above, we draw your attention to paragraph 17 of Note 1 to the parent company financial statements "Changes in accounting methods and comparability of financial statements" which outlines the impact of the first time application of ANC regulation n°2015-06 in terms of the accounting treatment of merger losses.

II JUSTIFICATION OF OUR ASSESSMENTS

Pursuant to the provisions of Article L 823-9 of the French Commercial Code regarding the justification of our assessments, we would draw the following items to your attention:

Measurement of financial instruments

The Company uses internal models and methodologies to measure financial instruments that are not traded on an active market, as well as to record certain impairment charges (paragraph 6 of Note 1, and Notes 16, 26, and 34 to the parent company financial statements). We examined the control procedures relating to the validation of models used and to the definition of the parameters chosen to assess the observability of these models.

Impairment and provisions for credit and counterparty risks

The Company recognizes impairment and provisions in order to cover the credit and counterparty risks inherent to its activities (paragraph 1 of Note 1, and Notes 3, 4, 16, and 30 to the parent company financial statements). We reviewed the control procedures relating to the monitoring of credit and counterparty risk, the assessment of non-recoverability risks, and the calculation of the corresponding individual and collective impairment charges and provisions.

Employee benefit obligations

The Company recognizes provisions to cover employee benefit obligations (paragraph 8 of Note 1, and Notes 16, 17 and 29 to the parent company financial statements). We reviewed the methodology used to measure these commitments, as well as the main assumptions and parameters used.

Investment securities, shares in affiliates and other long-term securities:

Natixis is updating the valuation of investments in its associates, subsidiaries and affiliates, and other long-term securities (paragraph 2 of Note 1, and Notes 6 and 31 to the parent company financial statements). We reviewed the methodology used to perform this work as well as the main assumptions and parameters.

Other provisions for contingencies

The Company records provisions to cover the contingencies and litigation arising from its business activities (paragraph 10 of Note 1, and Note 16 to the parent company financial statements). We examined the methodology used by management to identify and assess these risks, as well as to measure the amount of provisions it considers necessary.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion that we formed, which is expressed in the first section of this report.

III SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed the specific verifications required by French law, in accordance with professional standards applicable in France.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report, and in the documents addressed to shareholders with respect to the financial position and the parent company financial statements.

As regards the information provided in accordance with the requirements of Article L. 225-102-1 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. 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 has been properly disclosed in the management report.

French original signed in Neuilly-sur-Seine and Paris-La-Défense, on March 21, 2017,

The Statutory Auditors

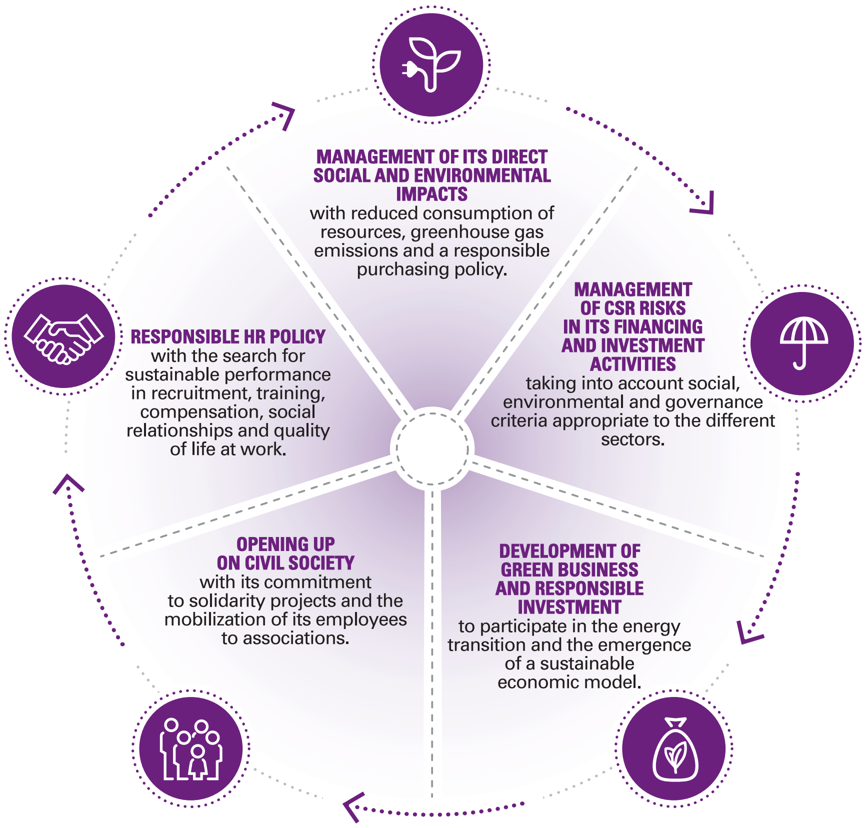
DELOITTE & ASSOCIES	PricewaterhouseCoopers Audit	MAZARS
Charlotte Vandeputte	Agnès Hussherr	Charles de Boisriou
Jean-Marc Mickeler	Patrice Morot	Emmanuel Dooseman

6

CORPORATE SOCIAL RESPONSIBILITY

6.1 Strategic outlines and organization of the sustainable development policy

Mindful of its social and environmental responsibility, Natixis structures its CSR (Corporate social responsibility) policy on five areas of focus:



Natixis' CSR strategy are informed by a set of international agreements and consultation within the banking industry, including:

- the **United Nations Global Compact** since 2007;
- the **Carbon Disclosure Project (CDP)** since 2007;
- the **Principles for Responsible Investment** (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.

Organization of the CSR policy

Natixis' CSR policy is managed by a CSR team that reports to the Communication and CSR Department, the Head of which is a member of Natixis' Executive Committee.

The CSR team works alongside some 20 correspondents from Natixis' various businesses (Corporate & Investment Banking, Investment Solutions and Insurance, Specialized Financial Services, Support Departments) and in collaboration with BPCE's sustainable development Department.

With the support of this network of correspondents, the CSR team ensures that CSR practices are integrated into Natixis' businesses and operations. The team is also responsible for communicating on the initiatives taken and raising employee awareness on the subject.

Renowned CSR performance

Rated by various extra-financial rating agencies, Natixis recorded solid performances in social, environmental and governance areas, improving on the last ratings established in 2016 and earning its way onto the major CSR indices (Euronext Vigeo - Eurozone, Stoxx Global ESG Leaders, etc.).

6.1.1 INTEGRATION OF CSR IN OUR BUSINESS LINES

COP 22, the 22nd Conference of Parties, was held at the end of 2016 in Morocco and brought together some 200 countries.

A pivotal gathering, this COP was dedicated to implementing the Paris Agreement on climate, which came into force in November 2016, aimed at limiting global warming to below 2°C by 2100. Countries drew up a tight timeline to finalize the Agreement's application rules 2018, thus encouraging all participants to step up their energy transition initiatives.

Natixis has long been committed, alongside its customers, to the development of a sustainable global economy. Through its various global business lines, it has a range of expertise covering all the priorities of social and environmental responsibility.

6.1.1.1 Financing of renewable energies

Renewable energies are thriving. After a record year in 2015 which saw the installation of 153 GW in renewable electric power, the sector's growth forecasts have been upwardly revised by the International Energy Agency [(1)]. Some 825 GW in new renewable electric capacity are expected by 2021 (42% more compared to 2015). This growth has been driven largely by onshore wind farms and photovoltaic solar panels. Renewable energies are fully harnessing technological improvements, i.e. lower production costs for these energies, as well as the implementation worldwide of policies in favor of green energy.

Today, 23% of global electricity generation comes from renewable energy sources, and should increase to 28% between now and 2021. The penetration of renewable energies promises to increase further as solutions in grid integration, storage and demand flexibility are developed.

Natixis supports the development of renewable energies around the world through its local offices in Europe, North and South America. After a year of dynamic growth in 2016, particularly in the offshore wind farm sector, the Company reaffirmed its leading position in renewable energy infrastructure in Europe (No. 1) and globally (No. 5), as recognized in the 2016 rankings of the prominent industry publication IJ Global.

In the Corporate & Investment Banking division, the Global Infrastructure and Projects (GIP) team financed 13 new deals in 2016 for a total amount of €7,522 billion (of which €616 million arranged by Natixis) for a capacity of 2,734 MW:

- three offshore wind power projects with a total capacity of 1,557 MW;
- two onshore wind power projects with a capacity of 225 MW;
- eight solar PV projects with a capacity of 654 MW;
- one biomass project with a capacity of 299 MW.

At the end of 2016, renewable energies accounted for nearly 80% of financing projects undertaken by the Natixis GIP team in the electrical power sector.

2016 key events

Offshore wind turbines in Europe

In 2016 Natixis confirmed its leading position in offshore wind farm financing through its involvement in the financing of three projects: the Merkur wind farms (396 MW) in Germany, and the Beatrice (588 MW) and Racebank (573 MW) projects in the UK. Natixis played a key role in the swift execution of these deals, the total financing of which was approximately €5 billion.

Construction of the offshore turbines should be completed between 2018 and 2020. Once built, they will supply up to 6,500 gigawatt-hours (GWh) of electricity per year, i.e. the equivalent of the annual energy demand of 2,000,000 households. They will also reduce CO_2 emissions by 3,250,000 metric tons.

Natixis Lease subsidiary Natixis Energéco is an active support of renewable energies in mainland France and overseas territories.

In 2016, Natixis Energéco financed 20 new transactions for a total arranged amount of €516 million. These transactions are located on French territory and will add 163.3 MW to the following sectors:

- Wind: 62 MW;
- Solar: 144,5 MW;
- Biomass: 124 MW.

By recording the thermal power of the financed installations, Natixis Energéco passes the bar of 3 GW in 2016, that represents an important stage on the French market.

2016 key event

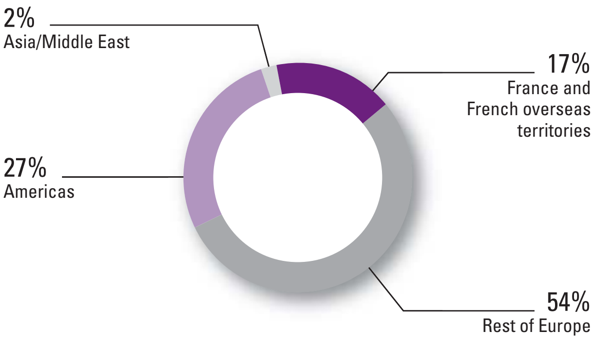
Albioma

Natixis Energéco is contributing to the energy autonomy of France's overseas territories with the financing of a 40 MW combustion turbine operated by the Albioma group. The plant will help meet the growing electricity demands of the south of Réunion island, thanks to its turbine which will use ethanol from sugar refineries - a second-generation biofuel that will be supplied by Albioma's sugar industry partners. The €40 million financing was co-arranged with Caisse d'Epargne Provence Alpes Corse (Cepac).

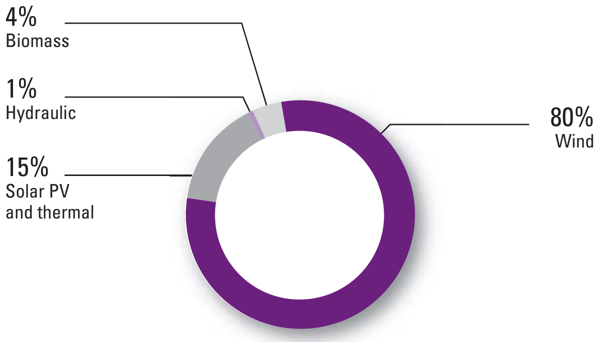
(1) *International Energy Agency - Renewable Energy Medium-Term Market report 2016.*

The "Sofergie" portfolio of project finance and leasing activities arranged by Natixis represented **over 21 GW at end-2016, which can be broken down as follows:**

GEOGRAPHIC BREAKDOWN OF THE RENEWABLE ENERGY PORTFOLIO AT 12.31.2016



TECHNOLOGICAL BREAKDOWN OF THE RENEWABLE ENERGY PORTFOLIO AT 12.31.2016



In addition to this financing, Mirova's Renewable Energy Infrastructure team concluded three landmark deals via the Mirova EuroFideme 3 fund:

- the first capital co-investment by the European Investment Bank (EIB) for the construction of the Langmarken onshore wind farm (Sweden). Commissioning is scheduled in the first quarter of 2017;
- a partnership with the Valeco Group for the largest renewable energy infrastructure build in France for a total amount of €300 million: the transaction includes two solar photovoltaic projects and seven wind power projects in the French regions of Occitanie, Provence-Alpes-Côte d'Azur (PACA) and Picardie;
- the financing of Akuo Energy's Novillars (Doubs) biomass cogeneration project, together with Natixis Energéco: Adjoined to the Gemdoubs paper mill, the wood energy resource-fired plant will provide the paper mill with steam for its paper production and generate green electricity that will be sold to EDF for a period of 20 years.

At the end of 2016, Mirova - EuroFideme 3 had a total of 12 investments for a total of approximately €160 million (out of the fund's €350 million capacity) since its creation, and contributed to financing nearly 580 MW in renewable energy projects.

6.1.1.2 Responsible investment solutions

Natixis places a high value on extra-financial criteria when defining its investment strategies for its clients. Natixis believes that by factoring in sustainable development concerns it can offer its investors solutions that create long-term value.

Dedicated specialized units

Natixis' Corporate & Investment Banking division boasts one of the industry's largest research teams, comprising 80 analysts, economists and strategists based in global financial centers.

Its objective is to provide Natixis customers with cross-disciplinary expertise, based on joint analyses and targeted research, through the publication of cross-expertise studies and investment recommendations in equities, credit, fixed income, forex and commodities.

Comprising four senior analysts, the SRI research team uses a multi-asset approach (equity, credit, infrastructure) to offer investors analysis on themes covering the environment, society, technology and ethics.

It proves the relevance of ESG considerations through a comprehensive risk (operating, regulatory, reputation, social, etc.)/ market opportunity approach.

Natixis' SRI research team provides tailored research and services to international investors in both the equities and credit (green bonds) segments: a wide array of publications, daily analyses of ESG news and controversies; thematic explanations of shareholder engagement strategies; assistance in structuring the ISR investment process; facilitation of thematic and specialized events, etc.

In asset management, Mirova, Natixis Asset Management's dedicated responsible investment subsidiary, comprises some 60 multi-disciplinary experts (specialists in thematic investment management, engineers, financial and ESG analysts, specialists and experts in solidarity-based finance and project financing). Mirova offers its investors solutions that create long-term value from a financial point of view, as well as an environmental, economic and social point of view.

2016 key event

21 Mirova funds awarded Socially Responsible Investment (SRI) certification [1]

In 2016, 21 funds managed by Mirova were awarded SRI certification backed by the French government. This certification covers the full range of Mirova's SRI funds totaling €2.2 billion in assets under management [2].

Created in early 2016 by the French Ministry of Finance and Public Accounts, the certification serves to enhance the visibility of SRI management to investors. It allows investors to easily identify investment products that include ESG criteria in their investment policy.

Natixis Asset Management's responsible investment policy

Committed to the issues of sustainable development and socially responsible investment (SRI) for close to 30 years [3], Natixis Asset Management has implemented a responsible asset management policy, applicable to all its investment processes and covering all the United Nations Principles for Responsible Investment (UN-PRI), of which it has been a signatory since 2008.

The responsible asset management approach is based on four key commitments:

- **analysis of ESG criteria throughout the investment process:** Natixis Asset Management's portfolio managers work with Mirova's responsible investment research team (13 analysts) who perform ESG assessments on over 3,700 issuers. The ratings are made available to the portfolio managers;
- **ESG integration and exclusion:** each investment management section undertakes a detailed analysis to identify the best way to integrate ESG criteria. This work has led to significant progress in a number of investment processes (Fixed Income, Equity). Sector-based policies have also been defined for the controversial armament sector (cluster bombs and land mines), the carbon sector and for issuers who have gone against the principles of the United Nations Global Compact and/or the OECD Guidelines for multinational enterprises (known as the "Worst Offenders" policy);
- **voting policy and commitment** to encourage issuers to improve their ESG practices by initiating constructive dialog with them and by having them give us the floor at General Shareholders' Meetings: the vote is exercised on 97% of the eligible universe of voters and over 400 [4] issuers are involved in the commitment initiatives;
- **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.

Contributing to the fight against climate change

The issue of climate change is deeply embedded in Natixis Asset Management's strategy, and as such a number of initiatives have been taken to:

- measure the carbon footprint of investment portfolios via the innovative Carbon Impact Analytics method developed by Mirova and Cabinet Carbone 4. The method was first used in 2015 to measure the carbon footprint of Mirova's equity portfolios, with a view to measure the carbon footprint of all the portfolios of Natixis Asset Management;
- reduce Natixis Asset Management's exposure to carbon-intensive sectors by factoring in ESG criteria in all its investment processes and by defining a sector-based policy specific to coal;
- promote asset management that support climate action by being an active part of market developments in the area of structural changes to regulations and standards, such as:
  - **Article 173** of the energy transition act to promote green growth which sets out new ESG reporting requirements, as well as the definition of a low-carbon strategy;
  - **introduction of the Energy and Ecology Transition for the Climate certification.**

2016 key event

Five Mirova funds awarded the Energy and Ecological Transition for the Climate (TEEC) certification [5]

Mirova was awarded the TEEC certification in three of its flagship areas of expertise (environmental equities, green bonds and renewable energy infrastructure). The certification was created by the French Ministry of the Environment, Energy and the Sea to channel savings into the energy and ecological transition.

(1) *Reference made to a ranking, award and/or rating is not a guarantee of the future performance of said fund(s) or fund manager(s).*

(2) *Source: Mirova, at June 30, 2016.*

(3) *The first solidarity-based fund of Natixis Asset Management, Natixis Impact Nord Sud Développement, was launched in 1985. A complete range of SRI and solidarity-based funds developed in the years that followed.*

(4) *At 12.31.2015.*

(5) *Reference made to a ranking, award and/or rating is not a guarantee of the future performance of said fund(s) or fund manager(s).*

Mirova also offers specific investment documentation on the fight against climate change:

- developing thematic equity strategies on the environment (Europe and Global);
- overview of environmental themes in multi-thematic strategies (Europe and Global);
- investing in renewable energy infrastructure projects in Europe;
- supporting the development of green bonds;
- measuring and managing the carbon impact of equity and fixed income strategies.

A leading player in solidarity investment

Mirova is the French market leader in solidarity-based investment management with a 34.1% market share[1]; it is also the No. 1 asset management company in solidarity-based savings in France, and has a 24.7% market share [1].

- **"Insertion Emplois" venture capital funds (FCPs)**

  Created in 1994 in partnership with France Active, the "Insertion Emplois" product range is made up of three funds with complementary risk/reward profiles. The funds aim to combine financial performance with social impact by financing (directly and indirectly, up to a maximum of 10%) in social economy and solidarity organizations that actively contribute to creating or ensuring jobs for people in difficulty. In addition to direct subscriptions, these mutual funds derive inflows from life insurance products, institutional investor equity and employee savings plans. The "Insertion Emplois" FCPs totaled €394 million in assets at December 31, 2016 (versus €369 million at end-2015).

- **Specialized professional fund (FPS) Natixis Solidaire**

  An innovative solidarity investment vehicle, this fund invests in numerous socially-inclusive businesses and achieves tangible results in social matters. Finansol-certified, the FPS also helps finance organizations such as AIDE, Habitat et Humanisme, NEF, SIFA and Terre de Liens. The Natixis Solidaire FPS totaled €145 million in assets at December 31, 2016 (versus €127 million at end-2015). The fund is marketed mainly by Natixis Interépargne, the leader in employee savings plan and solidarity savings funds in France, with a 20.9% market share [1].

	2016	2015	2014
SRI and solidarity assets under management *(in billions of euros)* in Natixis AM open-ended, dedicated and employee savings funds [a]	17.2	16.4	12.8
SRI and solidarity assets under management relative to Natixis Asset Management's total AuM (as a %) [a]	4.95	4.98	4.08

(a) Source: Natixis Asset Management at 12/31/2016 in open-ended, dedicated and employee saving funds.

SRI and solidarity investment flows continued to perform well in 2016, but was down slightly by percentage of assets managed by Natixis Asset Management.

Eco-responsible real estate management

AEW Europe, a subsidiary of Natixis Global Asset Management and La Banque Postale, provides real estate investment advisory services and real estate asset management for third parties. The following environmental criteria are factored into its asset management:

- for the acquisition of new buildings, only properties that have obtained environmental certification (HQE, BREEAM, LEED or BBC) [2] 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 2016, three existing buildings and five new buildings were awarded HQE/BBC or HQE Exploitation certification.

The Green Rating tool that AEW Europe helped to establish has been updated with six new indicators to assess real estate assets according to SRI criteria. Six audits were conducted in 2016. 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 law. This is the Greco (Grenelle Compliance) project which, since 2012, has already examined a portfolio of nearly 200 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 80 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. In 2016 the monitoring policies relative to asbestos were rolled out for the entire portfolio under management, and an HSE (Health, Safety and Environment) policy for part of the portfolio.

(1) 2016 Finansol survey.

(2) HQE: haute qualité environnementale (high environmental quality), a voluntary French standard; BREEAM: Building Research Establishment (BRE) Environmental Assessment Method, a voluntary UK standard; LEED: Leadership in Energy and Environmental Design, a voluntary US standard. Bâtiment basse consommation (low-energy building).

In addition, various solutions for reducing energy consumption have been implemented, including systems for remotely managing heating systems, low-energy lighting and building envelope upgrades. Following a call for tender in 2015 for the installation of LED lights in all the warehouses managed in Europe, a number of installations began in 2016 and should be complete in 2017.

Lastly, AEW Europe ran a working group within the French association of investment property companies (Association française des sociétés de placement immobilier - ASPIM) which drafted and published a “charter of commitment to developing socially responsible property investment”.

	2016	2015	2014
Purchases of certified assets *(as a % of new purchases)*	13	18	50
Number and type of assessments on the portfolio of existing assets	15 Green Rating audits	20 Green Rating audits	70 energy audits 50 DPEs 10 Green Rating audits
Installation of fluid meters that can be read remotely	10	20	40

2016 key event

AEW Europe: recognized environmental policy

In the international UN-PRI evaluation, AEW Europe was ranked in Category A, i.e. in the 25% of top-performing companies in a sample of 163 international peers assessed on the basis of PRI criteria.

And, in the latest Global Real Estate Sustainability Benchmark (GRESB) survey, Logistis, AEW UK Core Fund, ERAFP, PBW 1 and PBW 2, five funds managed by AEW Europe, were awarded the Green Star 2016 ranking for their environmental performances.

Social engagement by Natixis’ Private Equity business

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 (capital development and transmission in France and in Europe), and Seventure Partners (capital risk 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).

Euro Private Equity established a responsible investment policy outlining its commitments as an asset management company: its commitments with regards to due diligence; its post-investment commitments as well as its reporting commitments. It works in partnership with Mirova, the responsible investment arm of Natixis Asset Management, to help it 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 also implemented an ambitious ESG criteria integration policy and established its ESG charter. Since 2015, the teams identify the main ESG risks and opportunities before each investment, and specialized auditors systematically conduct ESG audits. Going forward, Naxicap Partners will continue to support and advise companies on their ESG initiatives.

6.1.1.3 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 $13 billion in 2013 to over $100 billion in 2016.

With this strong increase has come a more diversified range of issuers (public entities, banks, private entities) and more participation from outside France, particularly with the arrival of India and of China (China in fact accounts for over half of green bond emissions in 2016).

Major institutional investors are now looking to invest in the segment while remaining in line with more rigorous governance for such issues.

Natixis is active member of Green Bond Principles and several of its business lines are participating in this impressive market growth:

- Natixis’ Corporate & Investment Banking division was involved in several green bond issues in 2016, in both the private and public sector : Land NRW, Ile-de-France Region, Fonciere des Régions, EIB, Reniew Financial ABS Green ;
- Mirova implemented a specific global green bond strategy and manages almost €1 billion of green bonds through its various funds and mandates;
- the SRI research teams of Natixis and Mirova have developed specific expertise in green bonds and have published several studies to help investors structure a methodological approach to the product.

6.1.1.4 CSR risk management

Compliance

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.

For more information on Natixis Compliance, see Chapter 2, "Corporate Governance", Section 2.5.3 and Chapter 3, "Risks and capital adequacy", Section 3.9.1.

Incorporating social and environmental criteria in financing operations

Environmental and social criteria in Corporate & Investment Banking's financing business lines are assessed by a dedicated team ("ESR"). The structure monitors the quality of the assessment, E&S risks in transactions, analyses reputational risk of involved parties, and implements CSR policies in sensitive sectors.

Assessment and monitoring of E&S risks and management systems

Equator Principles

As a signatory of the Equator Principles since 2010, Natixis applied a market methodology recognized by 89 adhering banks and financial institutions. The purpose of the methodology is to assess the E&S risk of projects to be financed and to rate the quality of the management systems set up by Natixis' client to manage, minimize and resolve as best as possible the generated impacts.

This methodology applied to investments financing associated with new projects or with extensions of projects related mainly to, for Natixis, the infrastructure, energy (oil and gas), electricity and renewable energies, mining and metals sectors around the world.

An organizational structure based on the principle that both the business lines and the ESR team are involved in assessing and managing transactions has been set up. It is used to assess the quality of existing E&S documentation prepared by the client (or the client adviser if the documentation has not yet been drawn up), to measure and classify potential E&S impacts and risks by importance, and call upon the services of external consultancies if required. It also sets out to establish an action plan of mitigation and corrective measures of potential impacts. This action plan is provided in the financial documentation and compliance with the action plan is monitored through the lifetime of the financing.

A summary of the key elements for project assessment is included in Natixis' loan 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/fr/gestion-des-risques-environnementaux-et-sociaux.

Assessments carried out outside the scope of the Equator Principles

Mindful of the great diversity of its transactions and client financing, Natixis ensures the same level of vigilance on the E&S underlying of certain types of transactions not within the scope of the Equator Principles.

Such transactions include acquisition financing transactions not associated with an investment program, financing that is, by nature, for multiple purposes, transactions involving portfolios of assets too large for a dedicated assessment, or certain kinds of assets.

In each of these cases, the quality of 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 involved parties reputational risk

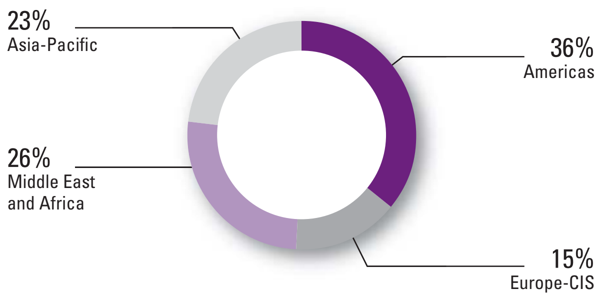
All the above-mentioned financing transactions, as well as any other transaction when deemed necessary, are checked to ascertain whether the borrowing company, its operator or main shareholder has a poor management history in the execution of its operations from an environmental, social, sanitary or security point of view.

Therefore, before making a loan decision, and in the interest of having a sustainable relationship with its client, the objective is to make the business lines aware of any situation that may be harmful to its reputation and, if applicable, consider the actions to be carried out.

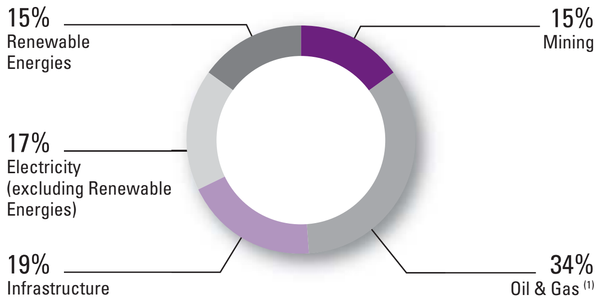
Overview of financing transactions over the last three years

The number of transactions that have been subject to an assessment, E&S risk monitoring and/or reputational risk analysis over the last three years is 189. The breakdown is represented below:

■ BREAKDOWN OF THE 189 TRANSACTIONS BY GEOGRAPHIC AREA (CONSOLIDATED DATA FOR 2014, 2015 AND 2016)



■ BREAKDOWN OF THE 189 TRANSACTIONS BY SECTOR (CONSOLIDATED DATA FOR 2014, 2015 AND 2016)



(1) including special vessels and offshore platforms

Implementation of CSR policies for sensitive sectors

For the most sensitive sectors, CSR policies for internal use were established and integrated into the Risk Policies of the business lines working in the sectors in question.

CSR policies are now in place in the following sectors and in accordance with the main ideas below:

- **Defense:** management of transactions via a set of very precise criteria applicable to all transactions, covering the nature of equipment and the eligibility of importing and exporting countries. These criteria are an addition to Natixis' exclusion policy (see next inset);
- **Nuclear:** adherence to the strictest international safety regulations (IAEA, etc.), technological reliability, and demonstration, on the basis of precise criteria, by the host country and operator to control and operate its nuclear facilities;
- **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;
- **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 adherence with current best practices and standards.

Exclusion policies

Exclusion policies have been applied to the controversial armament sector.

Since March 2009, Natixis has followed a policy that excludes all financing and investment in and offering of services to companies involved in the manufacture, storage and trade of land 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.

2016 key event

Discontinuation of financing in the coal industry: an ambitious commitment

On October 15, 2015, Natixis committed itself to ending financing of coal-fired power plants and thermal coal mines worldwide, in the current state of technological progress, and will no longer accept new advisory or arrangement mandates linked to financings of this type. Natixis will also no longer providing non-earmarked general purpose corporate financing to companies whose business is over 50%-reliant on operation coal-fired power plants and/or thermal coal mines.

This commitment is the subject of a detailed sector policy published in July 2016 on the Natixis website [(1)].

As a reminder, in May 2015 Natixis undertook to no longer finance coal mines that use the mountain top removal (MTR) technique, and to no longer grant non-earmarked general purpose financing to or invest in [(2)] companies whose activity is over 25% based on mining operations that use the MTR technique.

Natixis' exposures to coal industry financing has been steadily decreasing since its commitment made in October 2015. At the end of 2016, these amounts in thermal coal mines financing are virtually zero and in coal plant financing amounts are residual.

6.1.2 MANAGEMENT OF OUR DIRECT ENVIRONMENTAL IMPACTS

With more than 18,000 employees worldwide, 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 three pillars: managing buildings in an environmentally sustainable manner, combating global warming, and raising employee awareness.

6.1.2.1 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, ensuring maximized energy consumption, waste treatment and building accessibility.

Natixis and its subsidiaries in France (with the exception of financial investments and affiliates - see scopes under Chapter 6.2) make up 291,555 m^2 in office space and 18,569 workstations, as well as three data centers (two of which are operated for Groupe BPCE).

Set-up and monitoring of certifications

Included in Natixis' real estate are 10 buildings with HQE, BBC or BREEAM certifications attesting to their environmental performance.

Since 2009, Natixis' management of its buildings has also been ISO 9001[(3)] and 14001 [(4)] certified (representing 220,279m² or 76% of total surface area in France). These certifications were renewed in 2015 for a period of three years. In addition, the ISO 14001 certificate was extended to include the operating departments of Natixis' data centers.

2016 key event

A building meeting top environmental standards

The "Montmartre" building was entirely refurbished according to advanced sustainable development criteria and was certified "NF Bâtiments Tertiaires Démarche HQE [(5)]", BBC by Label HPE [(6)], "Excellent and BBC" [(7)] by Effinergie Rénovation. The building was also certified BREEAM [(8)] with an overall score in the Very Good category.

Accordingly, it is fitted with cutting-edge technology aimed at reducing primary energy consumption. Attention was also given to other environmental factors: olfactory, acoustic and visual comfort, waste treatment, water management, etc.

(1) https://www.natixis.com/natixis/upload/docs/application/pdf/2016-07/160708_coal_policy_fr.pdf.
(2) Natixis Asset Management.
(3) French standard in accordance with ISO 9001: 2000.
(4) French standard in accordance with ISO 14001: 2004.
(5) HQE: French "high environmental quality" standard.
(6) HPE: French "high energy efficiency" standard.
(7) BBC: French "low-energy building" standard.
(8) BREEAM: Building Research Establishment Environmental Assessment Method - certification of a building's environmental performance in 10 categories.

Management of resource consumption

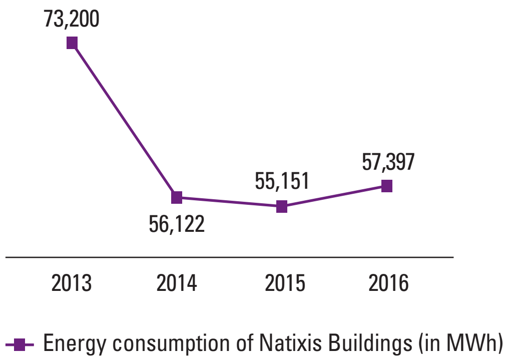
The Real Estate and Logistics Department ensures optimum resource management by closely managing the various resources used: energy (electricity, heating and cooling utilities), water and paper. Each 14001-certified building has a budget for its energy consumption, which is monitored on a monthly basis.

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.

These measures, combined with initiatives to raise employee awareness of "green actions", have revealed that the reduction of energy consumption as long-term trend, despite an increase in consumption in 2016 *(see detailed indicators in section 6.4.2.3).*

■ ENERGY CONSUMPTION OF NATIXIS BUILDINGS (IN MWH)



Energy	2016	2015	2014	2013
Energy consumption: electricity, heating and cooling utilities in office buildings - excluding data centers *(in MWh)*	57,397	55,151	56,122	73,200

In 2016 Natixis recorded a 4% increase in the energy consumption of its buildings, due in particular to unfavorable weather conditions (heatwaves and cold snaps).

In 2017 efforts will be continued with the aim of further reducing energy consumption by 2% based on constant scope and weather conditions.

2016 key event

100% renewable electricity

Since November 2015 Natixis' buildings 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).

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 rooms accessible to persons with different disabilities (employees or visitors with reduced mobility or who are visually or hearing impaired). After refurbishing the meeting and training rooms of Natixis' main buildings, the Real Estate and Logistics Department refurbished the Natixis Mobility zone, thus completing the Company's *handi accueillant* ("disability-friendly") facilities. (See insert below);
- "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 car parks.

As part of its refurbishment in 2016, the new "Montmartre" building was also made accessible to persons with reduced mobility and fitted with facilities for persons who are visually or hearing impaired.

6.1.2.2 Combating climate change

Based on calculated carbon emissions *(see section 6.4.3.1)*, a carbon action plan is applied to three main areas:

- buildings: optimized occupation of work space and reduction of energy consumption;
- business travel: rules for travel by rail or air defined in the travel policy; restricted use of taxis and development of videoconferencing;
- IT: energy saving systems for computers, stricter rules for providing mobile equipment to employees (cell phones, laptops, etc.), streamlining of the printer pool with the general roll-out of multifunction printers.

6

2016 key event

Follow-up of the Paris Climate Action partnership

As part of its long-standing commitment to reducing its direct impact on the environment, Natixis signed the Paris Climate Action partnership on October 12, 2015. Under this partnership, Natixis commits itself to reduce the energy consumption of its buildings in Ile-de-France by 20% (compared to 2010).

According to a first report, in 2016 the energy consumption of its buildings came down by over 27% compared to 2010.

6.1.2.3 Employee training and awareness-raising

Regular communication raises employee awareness of sustainable development in order to reduce their impact on the environment. In 2016 a number of articles were published via internal communication media (Intranet, magazine, etc.) and events were held for staff during sustainable development Week.

Natixis Assurances also organized a number of activities during the sustainable development week:

- a workshop with an organic bee-keeper raise awareness on bee-keeping and on the protection of bees;
- a conference, in partnership with the Paris City Hall, on water management and on cleanliness.

2016 key event

Events during the 2016 sustainable development week

Natixis held several events to raise employee awareness and encourage participation:

- screening of the film *Tomorrow*, directed by Cyril Dion and Mélanie Laurent (named Best Documentary Film at the 2016 César) to learn about sustainable development solutions that have been tested on all four corners of the globe;
- a presentation on how Natixis includes CSR matters daily into the growth of its business;
- fun and educational stands run by Engie and Paprec on energy management and recycling;
- and online quiz for employees to test their knowledge on Natixis' sustainable development measures, and stand a chance to win an electric bicycle.

At Natixis Asset Management, teams upheld their social commitment in 2016 via the "*Engagés*" campaign. Founded in 2009, and in partnership with the Company's business lines, "*Engagés*" has helped to bring a number of projects to fruition. These include the Company's first carbon emissions offset project, the HandiFormaFinance training program, speed mentoring for dedicated to female staff, and a family day.

6.1.2.4 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 more in-depth training in this field. The systems for preventing environmental risks and pollution are notably used to conduct drills simulating the accidental spilling of pollutants in each building.

In 2016, 12 exercises were also conducted to train the maintenance teams in surveillance and alert procedures and in the upkeep of technical facilities where there is a risk of spreading Legionella bacteria.

The main technical managers within 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 improvement operation. This charter also contains standards relating to environmental certifications.

6.1.3 RESPONSIBLE PURCHASING POLICY

The socially responsible purchasing policy initiated in 2005 is a source of strategic and operational leverage for implementing Natixis' CSR policy. The main objective of the policy is to promote eco-friendlier products and services that provide guarantees, and even added value, at the social and societal levels.

Broader objectives are also pursued through this policy:

- promoting official environmental certifications and eco-designed products;
- evaluating Natixis' suppliers using social and environmental responsibility criteria related to their products, services or industries;
- encouraging suppliers to be more transparent in describing the environmental characteristics of their products.

In practical terms, the purchasing department provides employees and suppliers with a number of tools:

- 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 invitations to tenders and contracts.

In 2016, and in keeping with previous years, the purchasing department conducted a sustainable development survey of 30 service providers (IT hardware and services, advisory services, catering, IT equipment manufacturing, temping agencies, software developers and furniture manufacturing). None of the companies that responded were given an overall score that posed a high risk for Natixis.

The purchasing department also confirmed its commitment to working with disability-friendly service providers by striving to maintain current service agreements, despite market renewals, and by identifying new opportunities in the area of intellectual services:

- IT services;
- real estate leasing transaction services.

Through management meeting participation, it was possible to identify new options which will be explored according to the competency of the disability-friendly service provider and market renewals.

The budget allocated to disability-friendly service provider totaled €2.5 million in 2016, increasing compared to 2015 (€2.3 million).

2016 key events

Small Business Act

In 2016 the purchasing department drew up a best practices charter for small and medium-sized enterprises in accordance with the Small Business Act. The charter sets out the rules for a balanced working relationship with these enterprises in the interest of harmony between the two parties.

New contract with a vocational rehabilitation center for vertical banner management

The purchasing department and Communications Department set up a new contract with a vocational rehabilitation center (EST) for the production and management of vertical banners. The contract prevents waste and improves the lifetime of the products by recycling over 95% of them. All this is managed by a vocational rehabilitation center.

	2016	2015	2014
Share of purchases managed by the purchasing department that incorporate social and environmental criteria *(as a %)*	95	96	91
Share of the amounts managed by the purchasing department that incorporate social and environmental criteria *(as a %)*	95	96	91
Number of suppliers surveyed in the sustainable development survey	30	30	30

6.1.4 HUMAN RESOURCES POLICY AND DIVERSITY MANAGEMENT

Natixis is a company enhanced by the richness of its identity and history. It owes its success to the commitment of its people and to the long-standing trust of its customers.

In a context of constant and profound change, be it regulatory, digitalization or new ways of working, the aim of Natixis' HR policy is to support the Company's transformation by offering solutions to ensure its long-term performance, and which are respectful of all parties.

The Human Resources Department's road map outlines four priorities:

- **supporting the transformation of the business lines:** Natixis must anticipate the skills it will need in the medium and long term, particularly given the impact of new technologies, develop the employability of its people, strengthen leaders' ability to manage change, foster an international culture;
- **promoting the employee experience,** by supporting and regularly measuring their commitment, by nurturing an inclusive approach to diversity (gender diversity, disability, etc.), and by improving the quality of life at work;
- **enhancing operational excellence:** The Human Resources Department fully supports Natixis' Transformation and Operational Excellence program launched in 2016. Accordingly, it is working on improving the efficiency and digitalisation of its own tools and processes, implementing, for instance, the monitoring device "HR Cockpit", as well as "on boarding" tools for new-comers;
- **actively developing talent:** Attracting, retaining and developing talent is a cornerstone of Natixis' HR strategy. The Company grants important means in training so that its employees can stay on top of their game and enhance their employability. In addition, a talent management framework, involving managers and Human Resources, has been integrated into staff appraisals and career committees. Lastly, the "Purple Academy", Natixis' internal university created in 2015, offers development opportunities to leaders and potential leaders to strengthen leadership capacities.

2016 key events

Fourth "Opinions" survey

In 2016 Natixis conducted its "Opinions" survey to get feedback from its employees around the world. Over 10,000 people responded, representing an overall participation rate to 70%, up three points compared to 2014. 74% of responses were from outside France. This level of participation, combined with a high level of optimism (79%) and solid indicators are all positive signs that reflect employees' confidence and pride in being part of Natixis. The survey also indicated progress in management practices, staff development, and the work environment.

This employee pride was also recognized by the inclusion of Natixis in the first Glassdoor listing of best 25 places to work in France.

Natixis approved by Top Employers

In 2016 for the first time 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 approved according to method of analysis used around the world. Natixis was Top Employers 2017 certified in France.

6.1.5 COMMUNITY OUTREACH

6.1.5.1 Commitments to humanitarian and public interest projects

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 precision medicine and fundamental research. Fondation Gustave Roussy has always closely combined therapeutic care with basic and clinical research, giving it globally recognized expertise in innovative cancer treatments.

In 2016 Natixis was a partner of Fondation Gustave Roussy's digital campaigns for "Blue March" – a nationwide month-long campaign to raise awareness about colon cancer – and for "Pink October" - the international campaign to raise breast cancer awareness. Natixis also organized three awareness campaigns for staff in 2016.

2016 key events

Mobilization for Movember

In "Movember", a global mobilization campaign against male cancers that takes place ever November, Natixis invited employees to take action. Employees participated actively on the Company social network - posting photos of their mustaches to show their support and taking part in quizzes. They also attended fun workshops held at two different venues in Paris, where there was also a donation counter on display of the funds raised by Natixis for the Gustave Roussy research teams.

Support of solidarity-based student projects

Every year Natixis invites students to submit their projects for the C.A.M.P.U.S. Awards. The aim is to support student initiatives with a socio-cultural or community sports focus, and in 2017 initiatives looking at sustainable development will also be included. Since 2011, 35 highly diverse projects, presented by teams from universities, engineering and business schools, have been awarded financial support from Natixis (prize money of €5,000, €3,000 and €1,500).

6.1.5.2 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 seventh 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. Over three years, some 60 employees have lent their support to various project coordinators (such as associations, women's' groups, craftsmen, cooperatives, education networks and partners in science).

Since 2014 Natixis gives employees with more than one year of seniority an extra day of leave to do charity work for Secours Populaire and Rêve de Cinéma. In 2016 there were 111 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.

Helping the least fortunate

Since 2010 Natixis Asset Management has been a partner of "La Mie de Pain", an association in the 13th district of Paris that helps the disadvantaged with emergency housing and assistance with reintegration. This community outreach sponsorship is in line with the Natixis Asset Management CSR policy, and offers the Company and staff the opportunity to offer financial, technical, material and human support to those assisted by the association.

A leg-up on community projects

In 2016 Natixis organized the fifth annual "The Boost" event, a call for projects to support individual or collective initiatives led by employees in the humanitarian, cultural, scientific and sporting fields. Project selection, which is subject to a vote by all employees through the Natixis Intranet, is objective and fair. Four projects received financial support from Natixis in 2016: "Du Bessin au Népal", "Institut Africain de Risk Management", "Enfance Partenariat Vietnam" and "Partenariat Centre Ardèche/Burkina Faso". Since its creation in 2011, "The Boost" has enabled the support of nearly 21 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 2016 Natixis mentored an additional 12 young people.

6.2 Reporting frameworks and methodology

The CSR report for 2016 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 2016 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, with the exception of Worldwide and FTS staff including in the accounting consolidation scope.

In terms of the CSR reporting framework, the Natixis France scope is understood as the Natixis scope and all its subsidiaries in France managed by the Company: shared agreements and policies, and pooling of support function resources. This scope excludes financial investments and affiliates (see list of included entities 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. The applicable scope for HR indicators is Natixis International, excluding financial investments and affiliates (see list of included entities in appendix). Indicators are broken down by geographic area.

Within the reporting framework, the presentation of the scope for each indicator is as follows:

Name of scope	Description	Relevant headcount at 12.31.2016 (on contract)	Coverage rate: % relative to worldwide headcount	2015 headcount	2014 headcount
Natixis worldwide	Natixis and its subsidiaries* worldwide	18,383	100%	18,208	17,937
Natixis France (managed scope)	Natixis and its subsidiaries* in France -excluding financial investments -excluding affiliates	12,737	69%	12,518	12,304
Natixis International (managed scope)	Natixis and its subsidiaries* abroad -excluding financial investments -excluding affiliates	2,107	11%	1,991	1,858

* *Companies of which at least 50% is held directly or indirectly.*

Compared to 2015, the following changes took place in the 2016 reporting scope:

In France, Coface S.A. and Fimipar remain excluded from the consolidation scope because they are below the 50% shareholding threshold and are no longer included in the scope managed by the Company in social or environmental matters.

In France, Natixis de Ciloger was included in the scope in 2016. Abroad, the financial investment Altus was sold, a new affiliate PJ Solomon Company was integrated, and the financial investments (within Corporate Data Solutions) of the affiliate Midt Factoring A/S was transferred to Specialized Financial Services factoring. In previous years, the affiliates were for the most part international Natixis Global Asset Management subsidiaries.

Ellisphère is now the only financial investment still in France.

The definition of the "Natixis France" and "Natixis International" scopes have been under review since 2015 to align it with the "managed" scope within the CSR meaning, which excludes both affiliates and financial investments;

Excluding the changes in the workforce (FTE) in the consolidated worldwide scope, in 2016 all the social and environmental indicators were applied to the "managed" scope with, when required, a pro forma recalculation for previous years.

Specific methodological information on audited data:

- the headcount includes all employees who have an active employment contract with one of Natixis' legal entities. 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;
- departures include external departures of employees on permanent employment contract or fixed-term employment contracts and transfers to Groupe BPCE;
- 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.) multiplied by 100 and divided by the total number of employee workdays theoretically available.

(1) *GRI: The Global Reporting Initiative, a multi-stakeholder association that develops and disseminates an internationally recognized sustainable development reporting framework.*

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;
- taking into account noise pollution and all types of pollution specific to a particular activity.

Natixis also believes that the 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.

Natixis did not record any environmental provisions or guarantees in 2016.

Considering its business sector, occupational illnesses are not significant and do not require a specific follow-up.

LIST OF SUBSIDIARIES INCLUDED IN THE CSR REPORTING FRAMEWORK

Natixis International (managed scope)

Investment Solutions	Asset Management & Private Banking	Naxicap Partners
		Euro Private Equity France
		Seventure Partners
		Alliance Entreprendre
		Natixis Global Asset Management Distribution
		NGAM Holding France
		Natixis Asset Management
		Natixis Asset Management Finance
		Mirova
		Axeltis
		AEW Europe
		AEW Europe SGP
		NAMI - AEW Europe
		Ciloger
		Banque Privée 1818
		Sélection 1818
		VEGA Investment Managers
	Insurance	BPCE Vie
		BPCE Relation Assurance
		BPCE Assurances
		BPCE Assurances Production Services
Specialized Financial Services		Natixis Payment Solutions
	Factoring	Natixis Factor
	Guarantees and sureties	Compagnie Européenne de Garanties et Cautions
	Consumer finance	Natixis Financement
	Leasing	Natixis Lease
		Natixis Car Lease
	Film Industry Financing	Natixis Coficine
		Media Consulting & Investment
	Employee savings schemes	Natixis Interépargne
		Natixis Intertitres

6

Natixis International (managed scope)		
Corporate & Investment Banking		Natixis S.A. Intl. (Office/Branch)
		Natixis Australia Proprietary Limited
		Natixis Banco Múltiplo SA
		Natixis Belgique Investissements SA
		Natixis Japan Securities Co., Ltd
		Natixis Luxembourg Investments
		Natixis Moscow Bank (ZAO)
		Natixis North America Inc.
		Natixis Pfandbriefbank AG
		Nexgen Reinsurance Limited
Investment Solutions	Asset Management & Private Banking	NGAM Holding International
		Euro Private Equity SA
		AEW Europe Intl. (Office/Branch)
		AEW Europe LLP
		AEW Europe SARL
		AEW Europe Global LUX
		AEW Central Europe Sp z o o
		Natixis Bank
		Natixis Bank – Belgian Branch
	Insurance	Natixis Life Luxembourg
Specialized Financial Services	Leasing	Natixis Lease Intl. (Office/Branch)

6.3 Labor information

6.3.1 CHANGE IN HEADCOUNT

Year-on-year, and after pro forma adjustments in December 2015, the headcount increased by 142 FTEs overall:

- Corporate & Investment Banking: + 138 FTE abroad;
- Specialized Financial Services + 8 FTEs, despite increased headcount in the business lines Sureties and Financial Guarantees (+20 FTEs) and consumer finance (+13 FTEs);
- Investment Solutions: +197 FTEs, of which +68 FTEs for the Asset Management and Private Banking business line, and +129 FTEs for the Insurance business line which continues to expand;
- Support departments and others: +52 FTEs, primarily in the Finance, Risk, Corporate Secretariat and IT departments;
- Financial Investments: -252 FTEs, particularly with the sale of Altus (-198 FTEs).

Furthermore, Natixis has put in place the Atlas project aimed at internalizing certain services (currently provided by outside companies) through the creation of a new Natixis entity in Porto, Portugal. Over the next three years some 600 jobs will be created within the new entity.

In parallel, Natixis plans to create 150 jobs in its IT department in France by 2019.

Scope: Natixis Worldwide – accounting consolidation scope

Change in headcount	2016	2015[a]	2014[a]
FTE staff [b]	**20,759**	**20,617**	**20,287**
Breakdown by business line			
Corporate & Investment Banking and GAPC (workout portfolio management)	2,987	2,849	2,701
Specialized Financial Services	3,502	3,432	3,353
Investment Solutions	5,698	5,501	5,295
Support departments and others	4,125	4,073	4,016
Financial investments [c]	4,448	4,763	4,923
Breakdown by region			
Region 1: France [d] *(as a %)*	63.7	62.8	63.0
Region 2: Europe excl. France *(as a %)*	13.2	13.4	13.2
Region 3: Americas *(as a %)*	14	15.0	15.2
Region 4: Asia *(as a %)*	3.8	3.5	3.6
Region 5: Africa, NME, Russia & Others *(as a %)*	5.3	5.3	5.0

(a) *Figures restated for inter-division transfers (pro forma 2015 and 2016).*

(b) *With respect to employees under contract, "FTE staff" incorporates workforce participation rates and subsidiary consolidation rates, but excludes employees on long-term leave: illness/workplace accidents of over 90 calendar days, leave lasting several months (maternity, sabbatical, etc.), time savings account (CET) balance in the case of retirement or early retirement.*

(c) *Coface, Corporate Data Solutions, Natixis Algérie.*

(d) *Including French overseas departments and territories.*

Scope: Natixis France

Change in headcount	2016	2015	2014 [a]
Headcount by contract type	12,737	12,518	12,285
Staff under permanent contracts *(as a %)*	97.4	97.3	97.5
Men *(as a %)*	48.4	48.4	48.5
Women *(as a %)*	51.6	51.6	51.5

(a) *Figures restated (pro forma 2015) in accordance with the new definition of the managed scope.*

Scope: Natixis France

New hires	2016 [b]	2015	2014 [a]
Total new hires	1,423	1,263	904
% CDI	58.3	51.9	36.5

(a) *Figures restated (pro forma 2015) in accordance with the new definition of the managed scope.*

(b) *In 2016 the conversion of fixed-term employment contracts into permanent employment contracts were added to new hires and removed from departures.*

Scope: Natixis France

Departures	2016[b]	2015	2014 [a]
Total departures	1,236	1,012	1,028
o/w resignations	287	247	209
o/w terminations	70	79	89

(a) *Figures restated (pro forma 2015) in accordance with the new definition of the managed scope.*
(b) *In 2016 the conversion of fixed-term employment contracts into permanent employment contracts were added to new hires and removed from departures.*

2016 key event

Stepping up internal transfers

Internal transfers are an important part of talent development and are at the heart of Natixis' career management opportunities. Over half of job openings are for internal transfers. To keep up this momentum, in 2016 the Human Resources Department again ran an information campaign on internal transfers, featuring workshops with coaches, job presentation forums 100% digital, as well as an internal transfer charter to set out the respective roles, responsibilities and commitments of employees, managers and HR.

Staff who have done an internal transfer were also surveyed with a view to improve the quality of the frameworks and processes in place and better understand their expectations with regards to support.

*Scope: Natixis France**

Mobility	2016	2015*	2014*
Number	838	786	873
Mobility rate *(as a %)*	6.9	7.1	7.9
Positions filled through internal transfers *(as a %)*	50.3	54.3	72.0
Rate of internal transfers between divisions *(as a %)*	16.8	25.4	23.1

* *Excluding BPCE Assurances and BPCE APS.*

6.3.2 COMPENSATION

The compensation policy is a key tool for the implementation of Natixis' strategy. Its aim is to keep compensation levels competitive relative to the bank's reference markets. It is structured in a way that encourages employee commitment to the Company over the long term and enhances the Company's appeal while complying with regulations in force. It reflects the bank's individual and collective performance.

Natixis' compensation policy strictly complies with the regulatory framework specific to its sectors of economic activity. It also incorporates the fundamental objectives of equality in the workplace and non-discrimination pursued by Natixis.

The governance set up by Natixis in these areas provides for a complete review of its compensation policies and adherence to guidelines when implementing these policies. A detailed description is given in Chapter 2, Section 2.4.

Scope: Natixis France

	2016	2015	2014
Average gross annual compensation of staff under permanent employment contracts (excluding profit sharing and employer contributions to the Company savings plan) *(in thousands of euros)*	79.9	80.3	78.5
Mandatory employee profit-sharing *(in millions of euros)* *	45.9	32.4	34.2
Voluntary employee profit-sharing *(in millions of euros)* *	118.4	125.3	112.2
Total employer contribution paid in respect of the Company savings plan and the collective pension plan (PERCO) *(in millions of euros)*	38.8	35.6	33.2

* *Consolidated figures at 01.17.2017.*

Within the Natixis France scope, the average amount paid per employee under the profit-sharing plan in 2016 for fiscal year 2015 totaled €2,184, while the average amount paid for voluntary employee profit-sharing totaled €5,103. In the same scope, the average amount of employer contributions paid per beneficiary in the first half of 2016 was €2,383 for the Company savings plan (PES) and €668 for the collective pension plan (PERCO).

6.3.3 WORK MANAGEMENT

85% of employees in the scope of Natixis France, working at 32 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.

Within 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.

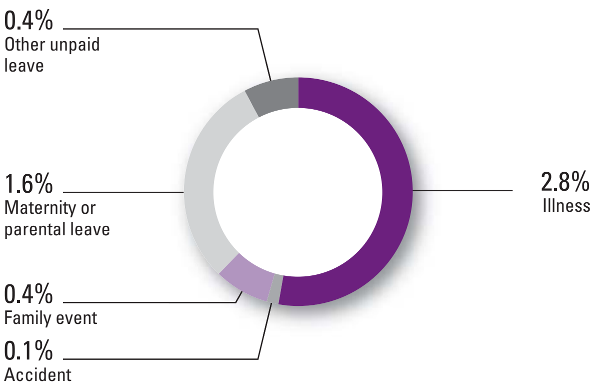
Work management	2016	2015	2014
Part-time staff as a % of total headcount [a]	11.2	11.4	11.3
Absenteeism as a % of total headcount [b]	5.6	5.3	6.6
Overtime *(in hours)* [b]	20,924	21,433	20,388
Overtime *(in annual FTEs)* [b]	10.9	11.8	10.7

(a) 2014 figures restated (pro forma 2015) in accordance with the new definition of "managed" scope.

(b) 2014 figures not restated.

Scope: Natixis France

BREAKDOWN OF RATE FOR ABSENTEEISM AS A %



At the end of 2015 the Senior Management Committee 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 2016 Natixis ramped up its efforts to improve the quality of life at the workplace and the balance between work and home life, as it considers these to be essential to sustainable performance.

Natixis also signed an agreement on the quality of life at the workplace with three unions. The agreement covers four areas:

- **working conditions**: Ensure conditions that enable employees to deliver high-quality work (adherence to the charters on the proper use of email and best practices for meetings, issued in the first half of 2016, facilitating staff access to information and digital tools, encouraging participative initiatives, trying out work feedback groups, etc.);
- **relations and cooperation**: Strengthen the Company's social life in a work context that is becoming increasingly digital (focus on team spirit, the quality of relations, enhancing managerial skills development, trying out new working space arrangements, etc.);
- **well-being in the workplace**: Step up measures aimed at preventing health risks and support the work-life balance (maintaining access to inter-company nursery facilities, ongoing roll-out of telecommuting which already applied to over 1,000 staff, encouraging participation in charities and associations, etc.);
- **supporting transformation**: Better anticipate the impacts of transformation plans on working conditions and better integrate the human factor in change management (evaluating the impact on people, strengthening communication and interaction with staff at the various stages of these plans, etc.).

2016 key event

"Work & Life at Natixis": a company initiative to improve the quality of life at the workplace

At the beginning of 2016 Natixis launched the "Work & Life at Natixis" Company initiative, coordinated by the Human Resources Department and sponsored by the Senior Management Committee. Its purpose is to improve the quality of life at the workplace, while building on existing initiatives, like financing places at nurseries, subsidizing childcare costs, providing concierge services, rolling out telecommuting, etc.

6.3.4 EMPLOYEE RELATIONS

The collective bargaining negotiations carried out within the Natixis France scope over the last few years illustrate its willingness to adopt uniform measures that gradually create a group-wide employment framework.

This framework now rests on:

- a single consolidated Natixis employee savings plan (PES);
- a single supplementary pension plan (PERCO);
- a group-wide profit-sharing scheme;
- uniform compensation measures;
- a group-wide policy on the professional integration and retention of employees with disabilities;
- a uniform benefit for children with disabilities;
- trade union notification/consultation procedures;
- internal transfer and career management opportunities;
- actions to promote hiring young people while retaining older employees.

In addition to overall agreements, over 55 agreements were signed by Natixis' French entities in 2016.

Scope: Natixis France

2016 Natixis agreement	% Employees covered	Date signature
Amendment No. 2 to PERCO	100	02/04/2016
Amendment No. 4 to PES	100	02/04/2016
Profit-sharing agreement	100	06/30/2016
Agreement on the social guarantees and support under the plan to migrate the securities custody business of Banque Privée 1818 from Samic to Defi	100	06/30/2016
Agreement on the quality of life at the workplace	100	08/26/2016
Amendment to extend the agreement on employment	100	09/23/2016
Agreement on method relative to the negotiation of Natixis' future health insurance scheme	100	10/11/2016

In January 28, 2016, an agreement was signed with BPCE on the career path of staff representatives. It sets out the importance of quality employer-employee communication and of the career path of staff representatives in the context of a banking environment that is experiencing significant change, requiring the adaptation of our structures and business lines. The agreement applied to all the entities of Natixis France.

6.3.5 HEALTH AND SAFETY

As part of the prevention of stress and psychosocial risks, Natixis has undertaken a number of measures to encourage a proactive policy to prevent stress at the workplace and psychosocial risks. A collection agreement was signed in 2010 and is a cornerstone of this policy to prevent stress and psychosocial risks.

In 2016 negotiation began with the unions to consolidate the approach to preventing and treating stress and psychosocial risks through the Committee on Psychosocial Risk Prevention and Monitoring, as well as tools to assess stress and the social environment in the workplace.

The Stress Observatory thus allows every employee to answer a questionnaire when they go for their regular medical check-up and then discuss the results with the Company physician. From a company-wide standpoint, the observatory is used to maintain a statistical database that makes it possible to measure the global stress level of staff within the Company 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 (three company physicians, four clinics, six nurses) to provide its staff with complete medical care. Natixis also has a social service with three full-time social workers within the Company.

Natixis S.A.'s Caen and Reims locations, and all eligible subsidiaries (50-employee threshold), have a CHSCT consisting of employee representatives who, in cooperation with Management and occupational healthcare services, play an active role in all areas that involve health, security and working conditions.

*Scope: Natixis France**

Accidents in the workplace	2016	2015	2014
Frequency of workplace accidents [a] *(by number per million hours worked)*	5.8	6.66	7.16
Severity rate of workplace accidents [b] *(by number of days of incapacity per thousand hours worked)*	0.11	0.14	0.14
Absentee rate for sick leave (including for occupational illness) [c] *(as a %)*	2.8	2.5	2.9

* *2014 figures not restated.*

(a) *Frequency rate: (number of accidents with leave/hours worked) x 1,000,000, source INSEE.*

(b) *Severity rate: (number of days lost due to temporary incapacity/hours worked) x 1,000, source INSEE.*

(c) *It is not possible to isolate days of sick leave related to occupational illness.*

2016 key event

Illness prevention for employees

Various initiatives were carried out in 2016 to raise employee awareness of health-related risks:

- several cholesterol testing and flu vaccination drives were organized by the medical department;
- a conference on UV rays and skin melanoma was held;
- two presentations, followed by workshops, on "sleep and new technologies" were held in collaboration with the Institut National du Sommeil et de la Vigilance.

6.3.6 TRAINING

The Company's training policy, in line with the New Frontier strategic plan, is one of the key factors aimed at furthering the career development of employees as well as the development of Natixis' core businesses.

Pursuant to the Group succession planning agreement of January 20, 2015, and the employment agreement of September 13, 2013, training activities in 2014-2017 are centered on four main objectives:

- supporting the Company's major business line projects
- preparing and supporting transfers within the Company;
- enhancing managerial skills and consolidating shared practices;
- improving the professionalization of the teams;

The teams in charge of training develop comprehensive as well as tailored solutions, offered through one-off initiatives or longer-term programs targeting the development of individual and collective skills. These multi-modal solutions help continuously enhance staff's competitiveness and employability.

In 2016 a number of innovative solutions were deployed to share information and support the Company's digital transformation. Natixis France employees clocked in over 216,000 hours of training, i.e. 89 % of Natixis staff in France benefited from one or more of the training modules.

2016 key events

Learning Hub

This portal is accessible to all staff and was set up in 2016. It showcases the courses from the training catalog according to the latest developments at Natixis. It also gives access to specific training themes:

- digital Learning covers all training that staff can follow independently using material that ranges from the most traditional to the most innovative;
- English Hub helps staff improve their English by giving free access to English-language websites. Also included: English APP, an application for tablet or smartphone for free access to videos, articles and exercises.

Scope: Natixis France

Training	2016*	2015*	2014
Number of training hours	216,834	215,888	221,988
o/w % of e-learning	9.6	13.3	4.6
Number of employees trained	11,280	10,944	10,660
Training topics as a % of training hours			
▪ Office and IT *(as a %)*	10.5	12.3	13.9
▪ Languages *(as a %)*	15.5	16.6	13.2
▪ General training *(as a %)*	26.8	25.0	25.1
▪ including Personal and professional efficiency and Human Resources	18.2	-	-
▪ including Management	8.6	-	-
▪ Risks and regulations *(as a %)*	6.4	8.7	6.7
▪ Job-specific training *(as a %)*	30.7	27.5	26.0
▪ Official qualification courses *(as a %)*	6.4	7.6	6.9
▪ Other *(as a %)*	4	2.4	8.3

* *Provisional consolidated figures at 01.15.2017, representing at least 90% of hours of training received during the year.*
2014 figures not restated.

6.3.7 DIVERSITY AND EQUAL OPPORTUNITIES

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 2016, Natixis continued to move ahead with its initiatives to promote diversity, based on three priority areas:

- gender equality in the workplace;
- retention of older employees;
- the professional integration and retention of employees with disabilities.

2016 key event

Natixis partner of the program #JobsForAll – Révélons Tous Nos Talents.

Natixis signed an agreement with Mozaïk RH, a leader in the placement of graduates from diverse backgrounds, to participate in the program #JobsForAll - Révélons Tous Nos Talents. Launched by the Embassy of the United States of America in France, the initiative works by putting young graduates from diverse backgrounds (selected by Mozaïk RH) in contact with US companies and major corporations operating in France. After a number of recruitment sessions, the successful candidates are offered internships or work-study placements in these companies.

6.3.7.1 Gender equality in the workplace

In 2016 Natixis pursued its policy on gender equality in the workplace and the promotion of gender diversity. The policy's aims are as follows:

- to adhere to the principles of non-discrimination towards women in the various HR process, and in particular eliminate any pay gaps;
- help women reach senior positions. It involves ensuring an equal number of men and women in training programs for "high-potential" employees, and offering specific training for women to help them overcome internal obstacles in the way of their career development.

In 2016, 57 female employees attended the "Réussir sa carrière au féminin" training program for women and 62 female employees attended the new "Progresser au féminin" program for potential "technician" level or at management level 1.

Moreover, Natixis' Senior Management supports the WINN (Women in Natixis Network) - a network created in 2012 of women in executive positions. Laurent Mignon, Chief Executive Officer, and Laurence Debroux, independent director of Natixis and CFO of Heineken, have been the network's sponsors since its formation.

WINN promotes gender diversity within Natixis' management and runs a women's network that focus on various themes pertaining to professional and personal development. Members can participate in a number of activities: mentoring, interaction with other networks, feedback, getting to meet influential women and members of Senior Management, conferences, taking part in sporting events, etc. The representatives of WINN regularly meet with Natixis' senior managers to advance the issue of gender diversity within the Company.

In 2016 Winn had over 800 members, 300 of which internationally across the networks Winn Hong Kong, Winn London, and Winn Americas launched in 2016.

Scope: Natixis France

Gender diversity	2016	2015	2014
Percentage of women in the workforce *(as a %)* [(a)]	51.6	51.6	51.5
Percentage of women senior executives *(as a %)* [(c)]	28.7	23.5	21.5
Percentage of women on the Executive Committee *(as a %)* [(c)]	20.5	12.1	13.3
Percentage of women executives *(as a %)* [(a)]	43.5	43.1	42.3
Percentage of women promoted *(as a %)* [(c)]	61.4	60.3	57.6
Percentage of women granted individual pay increases *(as a %)* [(c)]	54.2	54.6	53.1
Percentage of women who received training *(as a %)* [(b)]	49.2	51.1	50.6
Percentage of women in the part-time workforce *(as a %)* [(a)]	89.7	90.9	91.5

(a) 2014 figures restated (pro forma 2015) in accordance with the new definition of "managed" scope.
(b) 2014 figures not restated.
(c) No change to the scope.

6.3.7.2 Retention of older employees

As part of the employment agreement signed in September 2013, Natixis set up a generation contract that provides for various measures in favor of older employees, including a minimum hiring rate of staff over 45, access to subsidized part-time work for staff over 58, and skills volunteering with non-profit organizations, to facilitate staff's transition from active employment to retirement.

Nine partner associations were selected to participate. They support a number of causes: disability, environment, children's services and professional integration. The projects themselves were also varied and complementary in 2015, as they were directly associated with the association's activity or helped support its operation.

Three conferences on retirement were also held this year and were attended by more than 200 employees. In addition, interested employees were able to take part in individual retirement interviews and in "Preparing for retirement" training initiatives.

At the end of 2016 the portion of staff over 55 years old in the workforce was 14,6 % (versus 14.1% at end-2015), taking into account long-career departures, retirements and the end-of-career measures of the headcount adaptation plan.

6.3.7.3 Professional integration and retention of employees with disabilities

Since 2011 Natixis is committed to a policy to promote the hiring, professional integration and retention of people 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. In five years Natixis' employment rate of disabled persons has more than tripled to reach 4% in 2016.

Natixis' commitments are as follows:

- **Facilitate access to employment and hiring:** participation in specialized recruitment forums, partnerships with postgraduate schools and universities, development of candidate pools, etc. In 2016 Natixis hired 27 employees with disabilities (seven of which under permanent employment contracts), taking the number of Natixis employees with disabilities to 360.
- **Support people with disabilities through concrete actions** : adapting workstations and working hours, transport assistance, funding specialized equipment (devices, interpretation, etc.). 220 compensation measures were implemented during the period covered by the framework agreement, i.e. 2014 to 2016.
- **Promote the use of disability-friendly companies**: diversify approved services and partners (digitizing, printing, advisory and IT, etc.). As an example, the number of invitations to tenders in this sector has significantly increased, primarily by renewing co-contracting, on-site service and supply contracts (see section 6.1.3);
- **Change mindsets and defeat prejudices** on disabilities: annual information campaigns, information workshops, raising awareness among teams, etc.

To sustain these efforts in the long term, negotiations began in the third quarter of 2016 with employee representative bodies to draw up a new framework agreement for 2017 to 2019.

2016 key event

2016 disability awareness campaign

To overcome stereotypes and drive diversity, this year's disability awareness campaign "HandiCAP sur la Culture" ran over several weeks in November and December. The program included concerts, meet-and-greets and musical performances by disabled artists in a show of disability and talent. The events were attended by over 2,000 staff across 17 locations across France.

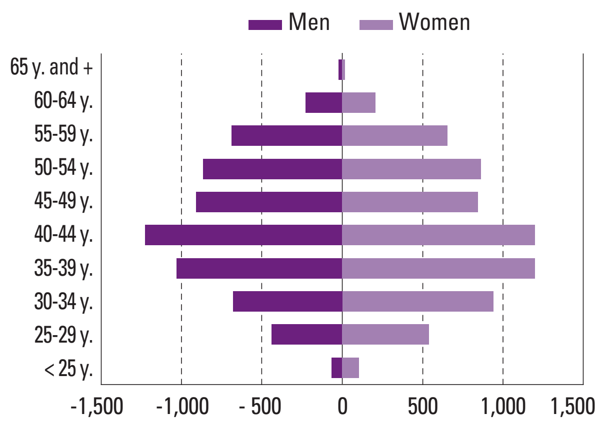
Scope: Natixis France

Disabled workers on staff	2016	2015	2014
Disabled workers on staff	360	344	325
Direct ratio [(a)] *(as a %)*	3	2.93	2.81
Overall ratio [(b)] *(as a %)*	4.02	3.94	3.59

(a) The direct ratio is the ratio of disabled workers to all staff.

(b) The overall ratio includes service contracts with disability-friendly companies.

AGE PYRAMID FOR NATIXIS FRANCE



The average age of Natixis employees in France in 2016 was 43.3.

6.3.8 PROMOTION OF AND COMPLIANCE WITH ILO FUNDAMENTAL CONVENTIONS

In accordance with the commitments made when signing the Global Compact, Natixis complies with all the ILO's rules, particularly freedom of association and the right to collective bargaining, the prevention of discrimination, the elimination of forced labor and the abolition of child labor.

These rules are applied within the Company, in accordance with the labor law and professional regulations in effect in each country.

They are followed within the framework of Natixis' responsible purchasing policy: supplier contracts and the rules and principles established by the purchasing department (invitations to tenders, supplier sustainable development charter, contracts) contain clauses governing compliance with human rights by suppliers and their subcontractors.

These rules are also applied to the projects financed by Natixis: the bank focuses on the impact of projects on the local populace, in accordance with International Finance Corporation (IFC) standards.

6.4 Environmental information

This chapter presents the results of the programs and measured described in paragraph 6.1.2 "Management of our direct environmental impacts". The 2016 environmental reporting scope consists of Natixis and its subsidiaries in France (excluding financial investments and affiliates - see scopes in Chapter 6.2), i.e. 291,555 [(1)] m^2 and 18,874 workstations.

6.4.1 THE CIRCULAR ECONOMY

6.4.1.1 Pollution and waste management

Waste-sorting is managed by the Real Estate and Logistics Department and has now been extended to all of Natixis' buildings. It consists of the following:

- sorting and recycling of paper in 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 waste sorted	2016	2015	2014
Paper, envelopes and boxes *(in metric tons)*	734	791	703
Batteries *(in metric tons)*	3.34	5	9.11
Cartridges *(in metric tons)*	6.77	14	2.34
WEEE *(in metric tons)*	60	44	116
Other sorted ordinary industrial waste *(in metric tons)*	50.79	335	
Fluorescent and neon tubes *(in metric tons)*	0.74	0.71	1.71
TOTAL SORTED WASTE *(IN METRIC TONS)*	**856**	**1,190**	**832**
Ordinary industrial waste - not sorted *(in metric tons)*	534	116	413

Within the ISO 14001-certified operating scope managed by the Real Estate and Logistics Department (76% of office space in France), all waste is sorted: ordinary industrial waste (paper, cardboard, glass, metal, etc.) and hazardous industrial waste (WEEE, solvents, paint, varnish, infectious waste, etc.). Waste is recycled or subject to a special treatment process.

2016 key event

Eco-cups

In 2016 Natixis Interépargne and Natixis Intertitres employees (over 800) were each given received a reusable and recyclable polypropylene cup to replace the disposable polystyrene drinking cups previously used.

6.4.1.2 Sustainable resource use

Water consumption

Scope: Natixis France

Water	2016	2015	2014
Total consumption of drinking water *(in m^3)*	69,681	65,766	75,571
Consumption in m^3 per workstation	3,69	3.61	4.15
Consumption in m^3 per m^2 of usable floor area	0,24	0.23	0.26

There was an increase in water consumption between 2016 and 2017 on account of a high number of leaks in various buildings.

(1) *Including office space managed by the Real Estate and Logistics Department and office space managed by third-parties (owners or property managers).*

Consumption of raw materials

The raw material used the most at Natixis is paper (reams, envelopes, desktop publishing, internal and external printouts, etc.). All the paper used 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	2016	2015	2014
Total paper consumption *(in metric tons)*	326	353	425
Percentage of recycled and/or eco-certified paper *(as a %)*	100	99	98.04
Consumption per workstation *(in kg)*	17.25	19.38	28.29

Everyday consumption by employees (reams of paper, letterhead paper) is steadily falling. The Company's printing systems have been optimized by streamlining the printer pool and rolling out multi-function printers configured to print on both sides throughout the group.

In desktop publishing, paper consumption is stable (173 metric tons in 2016 versus 172 metric tons in 2015).

Several of Natixis' business lines have taken steps to optimize or reduce paper consumption on behalf of customers:

- Natixis Intertitres is the first player on the payment voucher market to use 100% recycled paper to print its Chèque de Table® restaurant vouchers and accompanying documents. Natixis Intertitres has also undertaken to print fewer personalized restaurant vouchers by encouraging clients to use standard paper Chèque de Table® vouchers. Natixis Intertitres has been selling the Apetiz meal voucher card since 2014. Apetiz is an eco-friendlier and more sustainable prepaid payment solution with a three-year validity period, which will help reduce 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 extended these services to all its customers via its Premium Digital offering. Natixis Interépargne will be 100% digital by 2018;
- 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.

2016 key event

E-consent subscriptions

For the fourth consecutive year, Natixis held its socially-conscious shareholders campaign ("Actionnaires solidaires"), sending the Notice of Meeting brochure for the General Shareholders' Meeting electronically. The new campaign was an outright success, with over 3,000 more shareholders agreeing to receive the brochure via the Internet, taking the total number of e-consent subscriptions to 30,000. This figure represents 38% of accounts and is the highest of all issuers on the Paris market *(Source: Cliff survey)*. By agreeing to these terms, shareholders are caring for the environment and participating in a socially-conscious action: for every subscription to receive the brochure electronically, a donation is made to the Fondation Gustave Roussy for cancer research.

Energy consumption

Scope: Natixis France

Energy	2016	2015	2014
Total energy consumption of buildings and data centers *(in MWh)*	59,099	58,352	60,623
Energy consumption: electricity, heating and cooling utilities in office buildings - excluding data centers *(in MWh)*	57,397	55,151	56,122
Energy consumption of the data centers *(in MWh)*	1,702	3,201	4,501
Energy consumption per workstation *(in MWh)* excluding data centers	3.04	3.03	3.08
Energy consumption per m^2 of usable office space *(in MWh)* excluding data centers	0.20	0.19	0.21
Total gas consumption *(in m^3)*	0	0	0
Total gas consumption *(in m^3)*	16	14	16

(1) Forest Stewardship Council.

(2) Program for the Endorsement of Forest Certification schemes.

6.4.2 CLIMATE CHANGE

6.4.2.1 Greenhouse gas emissions

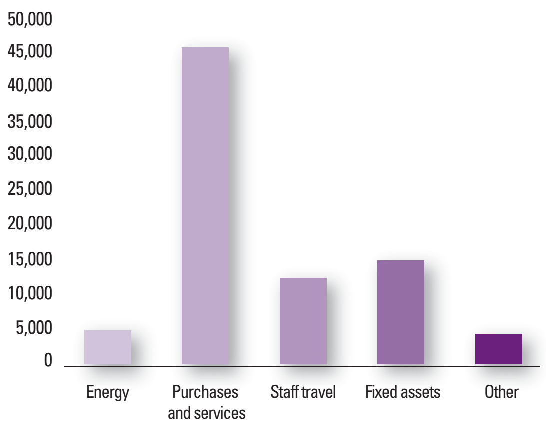
Scope: Natixis France

Carbon footprint assessment	2016	2015	2014
Carbon footprint assessment items	Metric tons of CO_2 eq.	Metric tons of CO_2 eq.	Metric tons of CO_2 eq.
Energy	5,156	4,846	4,680
Purchases and services	48,724	45,296	38,463
Staff travel	13,254	12,354	12,232
Fixed assets	16,424	14,817	14,383
Other	6,031	4,354	3,221
TOTAL	**89,589**	**81,847**	**72,979**

The carbon assessment 2016 is increasing considering an extension of the scope, with the integration of the subsidiary BPCE Insurance. Reported among concerned FTE, it remains stable between 2015 and 2016 with 7 tons eq. CO2 by FTE.

A carbon action plan is under development since 2011 (see Section 6.1.2.2).

■ RESULTS OF THE 2016 NATIXIS (FRANCE) GREENHOUSE GAS EMISSIONS ASSESSMENT (IN METRIC TONS OF CO^2 EQ.)



The carbon assessment established by Natixis concerns a wide perimeter integrating scopes 1, 2 and 3. The scope 3 is the most important with the purchases of goods (paper, stationery, furniture) and services (intellectual services, multi-maintenance technique, commuting assistance, employee meals, etc.). The scope 3 also contains employee travels, real estate, computer hardware, freight and waste.

For 2016 the breakdown is as follows

	Results in Metric tons of CO_2 equivalent
Direct combustion of fossils energies and refrigerant gas leaks	3,744
Electricity and heat/cold networks	3,982
Purchases, fixed assets, travels, other	31,864
TOTAL	**89,589**

This carbon assessment does not take into account the major impact of the investments and financing operated by the bank.

Discussions on this theme begun at Natixis and a first evaluation was carried out by the asset management company Mirova, measuring the carbon footprint of its equity portfolio in 2015[1], with a view to measure the carbon footprint of all portfolios of Natixis Asset Management.

Consequences of business on climate change

In addition to this reduction plan linked to our operations, many low-carbon initiatives are in place to reduce the impact of the Bank's financing and investments on the climate:

- financing green growth: Natixis is a major player in renewable energy and sustainable infrastructure financing, as well as in green bonds;
- climate-friendly investment solutions: Mirova, the investment firm of Natixis Asset Management, and specialized in responsible investment, offers a range of material on the fight against climate change;
- reducing exposure to carbon-intensive sectors: Natixis has committed itself to no longer finance and invest in the coal industry;

These measures are detailed under section 6.1.1.

6.4.2.2 Eco-friendly travel

Commuting

A company-wide travel plan has been in place since 2008, with a series of measures promoting the use of public and low-impact transportation, or carpooling:

- employees are encouraged to use the public transport near sites, with a public transport pass reimbursement rate of 60%;
- bike stands have been installed (272 bike stands at 13 sites at the end of 2015) and employees regularly use the Vélib' bikes provided by the City of Paris;
- parking spaces with recharging sockets for electric vehicles have been gradually introduced (at the end of 2016, there were 43 spaces at 12 Natixis sites).

2016 key event

"Petits vélos de Maurice"

For the third year in a row, the Mission Handicap association organized temporary bicycle diagnostics workshops at three Natixis locations (in Paris and Caen) in partnership with the Maurice Pilod ESAT (vocational rehabilitation center). Under the name "Petits vélos de Maurice", these workshops have employed disabled persons since 2004. Staff were able to bring in their bicycles for a free service.

Car fleet management

The environmental impact of the Company fleet can be significant. In 2016 alone nearly 13 million kilometers were covered. Natixis is therefore selecting eco-friendlier vehicles - in terms of both CO_2 and polluting particle emissions - under its car policy.

The maximum authorized CO_2 emissions rates are:

- 180 g maximum authorized CO_2 emission;
- 140 g for vehicles assigned to Category 1 sales representatives and managers;
- 115 g for service vehicles.

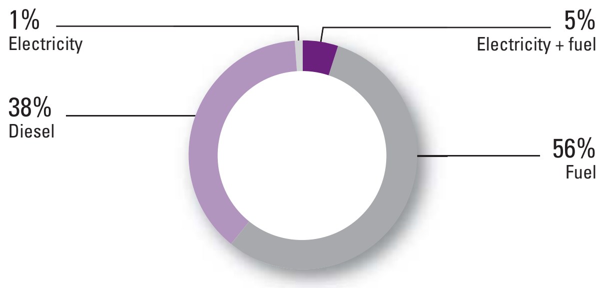
Since 2014 Natixis also committed to a policy to gradually eliminate the use of diesel cars. The car policy no longer offers diesel cars to Natixis managers. This policy was expanded in 2015 to include company cars used by sales staff.

The number of hybrid electric vehicles again increase in 2016 from 14 to 20 (four of which are rechargeable hybrid vehicles). It should be noted that three orders for electric cars were made in 2016 for the Company fleet, taking the total number to six.

Electric and hybrid vehicles now make up 6% of the Company fleet.

As diesel engine vehicles are being replaced in favor of petrol and/or hybrid electric vehicles, the average CO2 emission rate of Natixis' fleet has decreased form 115 g in 2015 to 114 in 2016.

BREAKDOWN OF COMPANY VEHICLE FLEET BY ENERGY SOURCE AT 31/12/2016



This downtrend should accelerate as manufacturers expand their range of clean vehicles and government measures improve (restricted traffic areas, fuel tax recovery, Euro 6 emissions standards).

(1) http://www.mirova.com/Content/Documents/Mirova/publications/VF/Focus/MIROVA_Focus_Impact_Carbone_FR.pdf

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);
- 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 2016: 58,288 video conferences were held in 2016 (compared to 52,000 in 2015).

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)*	2016	2015	2014
Total travel by rail	11,991,183	11,758,527	10,998,879
Total travel by air	29,828,660	30,964,296	29,433,394
Total travel	41,819,843	42,722,823	40,432,273

In 2016, business travel decreased with a drop in air travel (-4% compared to 2015) while travel by rail increased (+2%).

Regarding urgent courier services in the Paris region, the Real Estate and Logistics Department has suggested using cycle couriers for distances under 3 km (17.5% of the courier needs). This mode of delivery represented over 3,900 km in 2016.

6.4.2.3 Adapting to the impact of climate change

Adapting to climate change is a challenge that is incorporated in Natixis' activities (indirect impact) and in its operations (direct impact).

Many Natixis customers are impacted by the new climate regulations, including manufacturers in the infrastructure, steel and cement sectors. The implementation of mechanisms such as the EU Emissions Trading System forces them to limit their greenhouse gas emissions by making additional investments or buying GHG emission allowances on the market. The financing solutions offered by Natixis in the energy sector already take the carbon factor into account.

Natixis has also adapted to climate change through its Business Continuity Plan (BCP), which addresses the management of extreme weather-related events and their consequences on its buildings and data centers.

6.4.3 PROTECTION OF BIODIVERSITY

Natixis' service operations are predominately located in urban environments and do not have a direct material impact on the natural environment. That said, prevention measures have been taken to avoid any accidental water or air pollution. These include regular maintenance of sensitive systems and reinforced leak-proofing of installations containing potential pollutants.

In addition, as a bank that has signed the Equator Principles, Natixis pays particular attention to the protection of biodiversity in relation to financed projects, in accordance with International Finance Corporation (IFC) standards.

6.5 Social information

6.5.1 TERRITORIAL, ECONOMIC AND SOCIAL IMPACTS

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: more than 2,000 Natixis employees work in its offices, branches and subsidiaries abroad *(see section 6.2)*. Virtually all of these employees are recruited locally.

Furthermore, Natixis is the French market leader in solidarity investment, allowing it to support companies with a high social or environmental utility, including the creation of jobs or low-income housing for disadvantaged people, organic farming projects and development projects in the southern hemisphere.

Finally, Natixis sets up numerous partnerships with local non-profit organizations, described in section 6.1.5.

6.5.2 RELATIONSHIPS 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

6.5.3 SUB-CONTRACTING AND SUPPLIERS

In accordance with its responsible purchasing policy *(presented in section 6.1.3)*, Natixis asks its suppliers to comply with current CSR standards and regulations and to encourage or require their subcontractors to comply with these commitments.

This requirement is covered by the supplier relationship charter as well as by specific clauses in contracts.

6.5.4 FAIR PRACTICES

Measures taken to safeguard against all forms of corruption are described in section 6.1.1.4 "CSR risk management".

In terms of consumer protection, Natixis' employees are obliged to go about their business in an honest and fair way. When a financial product or service is sold, they are subject to a number of rules in the interests of, and to protect, their customers:

- customer categorization imposed by the regulations, including professional customers, eligible counterparties and non-professional customers;
- an assessment of the suitability and appropriateness of the products and services to be supplied: employees are obliged to check that the customer has the level of competency required to understand and deal with the risks inherent in the product or service offered and that the product meets their investment objectives.

6.5.5 OTHER MEASURES TAKEN TO SAFEGUARD HUMAN RIGHTS

As a signatory of the United Nations Global Compact, Natixis is committed to respecting human rights. This fundamental principle is factored in at various levels at Natixis:

- it is naturally applied within the Human Resources management policy, which aims to maintain good working and safety conditions for Natixis employees worldwide;
- they are incorporated in Natixis' responsible purchasing policy: supplier contracts and the rules and principles established by the purchasing department (invitations to tender, supplier sustainable development charter, contracts) contain clauses governing respect for human rights by suppliers and their subcontractors;
- they are included within the framework of the Equator Principles' application *(see section 6.1.1.4)*, with close attention being paid to the impact of financed projects on the local populace. In 2013, the Equator Principles were updated to recognize the UN's framework for companies and human rights and to more effectively deal with human rights under the duty of care.

6.6 Social and environmental information for international operations

The information in this chapter covers the Natixis international scope, excluding NGAM *(see section 6.2)*.

6.6.1 EMEA REPORTING SCOPE

Labor information

Headcount

Scope: Europe, Turkey, Russia, Kazakhstan, United Arab Emirates.

Among 914 employees in EMEA region, 90,5% work in Europe.

	2016[a]	2015	2014
Total headcount in the EMEA region	914	877	822
Men *(as a %)*	62,4	63,3	62,3
Women *(as a %)*	37,6	36,7	37,7
New hires [b]	151	162	128
New hires under permanent contracts *(as a %)*	75,5	72,2	72,7
Departures [b]	121	100	99

(a) In 2016, the transformations of fixed-term contracts under permanent contract were added to the hirings and deducted from the departures.
(b) Excluding Natixis internal transfers.

Diversity and equal opportunity

Measures promoting gender equality

In London, as Natixis is committed to providing equal opportunities in employment, the Bank decided to actively seek out greater ratios of female applicants for roles. As a starting point Natixis London requires that any recruitment consultant provides a diverse mix of candidates.

In Frankfurt, Natixis prioritizes hiring women whenever applicants for a position are equally qualified. The Bank also helps female employees find spaces in daycare for their young children and thus make them easier to return to work.

In Milan, Natixis monitors gender pay equality and is part of a network that promotes women in leadership positions ("ValoreD").

In Madrid, last year's objective to increase number of women in Management Committees was achieved. Today three women are part of the Branch's Steering Committee composed of 7 people in total.

In Dubai, Natixis encourages hiring female candidates to promote gender equality. Natixis Dubai has initiated a first meeting around *Winn* (Women in Natixis Network), an initiative that was launched in 2012 in France to support gender diversity.

In Moscow, the overall gender ratio is in favor of women and Natixis aims to maintain the gender balance in its hiring policy.

Measures promoting the employment of disabled persons

In London, disability has legislative protection and Natixis is committed to promote opportunities to all individuals including those who may have a disability.

In Frankfurt, several employees are disabled and therefore benefit from special legal and regulatory protection. Natixis works closely with health insurance organizations to provide these employees with the necessary equipment and to provide them with the best working conditions possible (working hours, business days).

In Milan, two employees are disabled and therefore benefit from special legal and regulatory protection and three employees are allowed to assist disabled parents with special permission. Milan also organizes preventive health exams yearly.

In Madrid, Natixis hired a disabled person in 2014 and regularly works with a company whose objective is to integrate disabled persons into the job market.

In Dubai, Natixis provides specially adapted chairs and desks for Staff with medical conditions (i.e. back problems).

In Moscow, the new Natixis premises offer easy access for disabled persons.

Measures promoting quality of life at work

Throughout EMEA, "wellness/health days" or "wellness weeks" were organized in the course of the year. These initiatives were widely approved by all participating Staff.

In London, Staff participated in the annual "wellness week", whose aim was to raise awareness of the benefits of maintaining a work/life balance. Throughout the week the Staff could participate in a series of conferences on a variety of subjects, and practice sports (spinning, running and circuit training). The Branch promotes the clear message that maintaining a healthy lifestyle promotes well-being and productivity. The office also benefits from weekly fruit drops and weekly chair massages.

In Frankfurt, a "health day" was held in July 2016. It was a one day event with a lot of different offers – back therapy training, stress-type identification, Shiatsu, meditation, autogenic training, progressive muscle relaxation… Natixis Frankfurt also organizes these offers on a weekly basis and provides preventive health exams with, if necessary, specially adapted chairs and desks as well as medical follow-up.

In Milan: The annual "work-life balance week" took place from 13 to 19 June. Each day, the Milan Staff took part in activities related to well-being, health or efficiency. After the wellness week, new initiatives have been organized in the Branch such as weekly Pilates classes and weekly organic fruit distribution. In Milan a *Discovery Day* is held every year to allow staff's children to visit their parents in the office.

In Dubai, a "wellness week" was organized where health providers, fitness providers as well as professional Yoga instructor were invited to offer health check-ups as well as educate Staff on importance of posture and how to release tension and stress. Natixis Dubai also offers flexible hours policy where employees have the choice to manage their own working hours.

In Moscow, Natixis provides improved quality of life at work conditions at its new modern office compared to the previous one.

Environmental information

In London, water consumption could be reduced almost 6,000 m^3 between 2015 and 2016. During the same period London also reduced electricity and paper consumption. These reductions were achieved by putting in place measures to reduce the use of dishwashers, signage to ensure taps are fully closed and the introduction of 'motion detector lighting' throughout the office. The reduction in the use of paper was the direct result of introducing 'follow me printing'. Similar reductions in office paper consumption were achieved in **Frankfurt, Dubai and Moscow** through implementation of double-sided printing.

In Milan: Natixis has opted for more environmentally-friendly office supplies (i.e. use of bicycle couriers). The Bank also initiated a new environmental policy encouraging employees to adopt green gestures on a day-to-day basis with stickers (i.e. turn off the light when out of office, taking the stairs instead of the elevator, etc.).

In Dubai, eco-friendly office supplies are promoted (i.e. recycled paper and ink cartridges). The Branch also encourages both its employees and suppliers to adopt green gestures on a day-to-day basis, i.e. switch off all lights at night, etc. In Dubai, although the number of employees increased, consumption levels remained largely unchanged from last year.

In Moscow, Natixis has opted for more environmentally-friendly office building. Most of lighting is LED and ink cartridges are recycled.

Consumption of electricity

Data on electricity consumption was collected for Natixis' main operations in the EMEA region:

Electricity consumption *(in MWh)*	2016	2015	2014
London	1286	1,606	1,572
Frankfurt	403	401	385
Milan	244	240	245
Madrid	360	365	377
Dubai	200	240	n/a
Moscow	128	129	134

Consumption of water & paper

Data on water & paper consumptions was collected for Natixis' main operations in the EMEA region:

Water consumption *(in m^3)*	2016	2015	2014
London	21,170	27,151	n/a
Frankfurt	807	1,333	1,700
Milan	1,250	1,200	1,300
Madrid	480	481	386
Dubai	786	1,000	n/a
Moscow	518	504	561

Paper consumption *(in metric tons)*	2016	2015	2014
London	8.2	11.1	n/a
Frankfurt	3.2	3.8	5,0
Milan	2.7	2.6	2,8
Madrid	2.2	1.5	n/a
Dubai	1.2	1.1	1,5
Moscow	1.2	1.4	n/a

Waste management

In Frankfurt and Moscow, electronic/computer waste collection is now in place. In Frankfurt, profits from these activities are reinvested into environmental projects around the world.

In Milan, waste-sorting and recycling are organized locally.

In Madrid, the Branch recycles paper and batteries, and now also plastic packaging.

In Dubai, a local waste management company has been contracted for a safer and more eco-friendly way of waste disposal.

Management of employee travel

In London, employees are assisted with season ticket loans to enable them to benefit from the cost savings They can also benefit from a '*Cycle to Work*' scheme, which enables them to spread the cost of purchasing a bike and all the safety equipment over a year. Free cycle bays are also available for Staff in Natixis building.

In Frankfurt, in accordance with current tax regulations, Natixis offers train or subway tickets and thereby encourages Staff to use local public transportation instead of personal vehicles. In Frankfurt and Moscow, employees also have access to a bicycle parking area in the Bank's basement.

In Milan, an agreement was signed with the local municipality to encourage bicycle-sharing for getting around the city.

In Madrid, Natixis pays a monthly commuting subsidy to all Staff.

In Moscow, proximity to metro stations was a key criterion for the choice of the new office as a majority of employees comes to work by metro. The metro station is less than 5 minutes walking distance from the office.

Social information

Natixis' impact in relation to jobs and regional development

EMEA employees are predominantly hired in the country of operation, which contributes to the development of local employment.

Partnership and sponsorship initiatives

In London, Staff donates food for local food banks in dedicated drop boxes throughout the office and collects toys for sick children in local hospitals. The Company has partnered with *SOS-Children's Villages*. 15% of the cost of a gift for an employee's new baby is donated to the charity plus an additional £50 donated by the Branch per new born child.

In Milan, when possible, Natixis uses suppliers that work with non-profit organizations (i.e. catering or gift services). The Branch also participates in a local Marathon to support charities and makes donations to some non-profit organizations as DYNAMO CAMP, ACRA or VIDAS.

In Madrid, Natixis entered into a partnership with Caritas the non-profit organization to support a solidarity-based supermarket *"Tres Olivos"*, which helps approximately 102 disadvantaged families (basic goods are subsidized to cost 80% less than regular market prices). The social supermarket is financed by Madrid Staff and contributions are topped by the Madrid Branch. Caritas manages the supermarket, chooses the beneficiary families and helps them reintegrate into society.

In Dubai, the Staff's athletic activities are subsidized by the Branch (i.e. soccer games, local tournaments). Sponsorships are considered without any discrimination. A number of Dubai Staff also participated as volunteers at the book donation campaign *"Reading Nations"- "5 million books from the UAE to the world"*

In Moscow, Staff takes part in charity drives organized by charity associations in support of disabled children. Natixis is a sponsor of *Chambre de Commerce et d'Industrie Franco-Russe.*

6.6.2 AMERICAS REPORTING SCOPE

Labor information

Headcount

Scope: Europe, Turkey, Russia, Kazakhstan, United Arab Emirates.

620 of the 650 Natixis employees in the Americas region work in the United States.

	2016 [(a)]	2015	2014
Total headcount in the Americas region	650	628	600
Men *(as a %)*	69,2	70,1	69,3
Women *(as a %)*	30,8	29,9	30,7
New hires [(b)]	91	111	88
New hires under permanent contracts *(as a %)*	100,0	100,0	100,0
Departures [(b)]	69	85	70

(a) In 2016, the transformations of fixed-term contracts under permanent contract were added to the hirings and deducted from the departures.

(b) Excluding Natixis internal transfers.

Diversity and equal opportunity

Measures promoting gender equality

When hiring in the United States, Natixis looks for applicants from a variety of backgrounds to fill all types of positions. Compensation levels and promotion lists are reviewed to ensure equal treatment.

Measures promoting the employment and integration of disabled persons

Natixis complies with the "US Americans with Disabilities Act" and examines all special-needs requests. Policies governing salary preservation in the event of temporary or permanent disability, combined with the "Family and Medical Leave Act protections," provide coverage for disabled employees.

Anti-discrimination measures

All newly hired employees in the US must complete harassment prevention training and training in ethical and fair treatment in the workplace. The compliance manual contains anti-harassment measures and describes the procedure for filing complaints.

Managers regularly receive training in how to evaluate their teams based on objective performance criteria.

Environmental information

Energy consumption

Data on energy consumption was collected for Natixis Corporate & Investment Banking's main buildings in the United States:

- building 1251, which is Natixis' registered office in New York and where most of its employees work;
- the Plaza V building in New Jersey where the back-up data centers are located.

Energy consumption *(in MWh)*	2016	2015	2014
Energy consumption *(in MWh)* at Plaza (NJ)	4,559	4,505	4,507
Energy consumption *(in MWh)* at 1251 (NJ)	2,247	2,099	2,098

It should be noted that Building "1251" obtained the LEED gold-level environmental certification for its design and construction. LEED is a North American high-environmental quality building standardization system.

Consumption of resources

Data on water and paper consumption for Building 1251 and the Plaza V building:

	2016	2015	2014
Water consumption *(in m^3)* *	184	185	182,5
Paper consumption *(in metric tons)*	40	25	25

* *Consumption of water for air conditioning. Other consumption is overseen by the building manager (quantities unknown).*

Waste management

Waste reduction and sorting measures at the two main Natixis buildings in the US:

- reduction of paper consumption: photocopiers are configured to print on both sides;
- waste management: paper cups are used and recycled.

Management of employee travel

Natixis employees in New York use the "WageWorks Commuter Benefits" system for their commute, which encourages them to use public transportation while saving money.

Social information

Natixis' impact in relation to jobs and regional development

Employees in the Americas region are predominantly hired in the country of operation, which contributes to the development of local employment.

Partnership and sponsorship initiatives

Natixis implements several sponsorship initiatives in the United States, including:

- a partnership with the organization for the conservation of Central Park and the Brooklyn Bridge;
- support for the "Harlem RBI Bids for Kids" association, which helps inner-city youth;
- support for the Wheelchair Sport Federation to give disabled people the opportunity to play their sport recreationally or competitively.

Through the "Natixis Community Giving initiative", Natixis also supports its employees' initiatives by publishing information and organizing collections for various associations.

6.6.3 ASIA-PACIFIC REPORTING SCOPE

Labor information

Headcount

Scope: Australia, China, South Korea, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, Taiwan, Thailand

285 of the 543 Natixis employees in the Asia-Pacific region work in Hong Kong and 113 in Singapore.

	2016 [(a)]	2015	2014
Total headcount in the Asia-Pacific region	543	486	436
Men *(as a %)*	55,8	55,1	56,0
Women *(as a %)*	44,2	44,9	44,0
New hires [(b)]	135	110	111
New hires under permanent contracts *(as a %)*	91,1	89,1	91,0
Departures [(b)]	88	60	80

(a) In 2016, the transformations of fixed-term contracts under permanent contract were added to the hirings and deducted from the departures.

(b) Excluding Natixis internal transfers.

Diversity and equal opportunity

In the Asia Pacific Region, Natixis refers to diversity and equal opportunities in all the handbooks across the region and in its induction process as well. The bank also strives to ensure diversity and gender equality in all its initiatives.

Measures promoting quality of life at work

Natixis is focused on enhancing employee well-being and performance in the Asia Pacific Region:

- participation for the fifth year running in the "Work-Life Balance Week", with activities held in Hong Kong, Singapore and Tokyo;
- participation in the new "Work & Life @ Natixis" global initiative.

Environmental information

Energy consumption

Data on energy consumption (power and air conditioning) were collected for the four main operations in Asia.

Energy consumption *(in MWh)*	2016	2015	2014
Hong Kong	1,608	1,686	1,725
Shanghai	185	174	156
Singapore	388	384	680
Tokyo	255	N/A	N/A

Natixis' teams in Hong Kong work in the "ICC" building, which received several certifications for its environmental performances (platinum-level BEAM certification, bronze-level LEED certification for interior design).

Consumption of resources

Data on resource consumption (water and paper) were collected for the four main operations in Asia.

Water consumption *(in m³)*	2016	2015	2014
Hong Kong*	223	200	200
Shanghai*	N/A	174	156
Singapore*	N/A	N/A	90
Tokyo *	N/A	N/A	N/A

* *Water consumption is managed by the building owner.*

Paper consumption *(in metric tons)*	2016	2015	2014
Hong Kong	7,3	7,5	12
Shanghai	0,8	0,8	0,8
Singapore	5,9	5,3	6
Tokyo	2,6	2,4	N/A

Waste management

In Hong Kong and Tokyo, measures have been set up to reduce paper consumption: printers are configured to print on both sides by default. In Singapore, paper printed on one side is reused.

In Hong Kong and Singapore, paper, aluminium cans and plastic are recycled.

Management of employee travel

The Natixis buildings in Hong Kong, Singapore and Shanghai are located near public transportation systems.

In Hong Kong, employees also have direct access to one of the principal train stations and to airport terminals.

Social information

Natixis' impact in relation to jobs and regional development

Employees in the Asia-Pacific region are predominantly hired in the country of operation, which contributes to the development of local employment.

Partnership and sponsorship initiatives

Natixis continues to expand its contributions to charitable causes in the Asia Pacific Region, with an increase in staff volunteering activities in Hong Kong:

- Green Power Hike, in support of environmental causes;
- new corporate volunteering scheme with two full days of activities;
- participation for the second year running in the Hong Kong Coastal Cleanup.

As a title sponsor of the Hong Kong Football Club Rugby Section since 2014, Natixis also supports the development of this sport in Hong Kong and in Asia more broadly.

6.7 Report of one of the Statutory Auditors, appointed as independent third-party bodies, on the consolidated social, environmental and societal information provided in the management report

Fiscal year ended December 31, 2016

To the Shareholders,

In our capacity as the Statutory Auditors to Natixis S.A. appointed as an independent third-party body, accredited by the French Accreditation Commission (COFRAC) under No. 3-1048 [1], 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, 2016, as presented in the Management Report, pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code.

The 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, prepared 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.

The Statutory Auditor's responsibility

It is our responsibility, on the basis of our work:

- to certify that the CSR 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 CSR Information);
- to draw a conclusion expressing reasonable assurance on the fact that all the significant aspects of the CSR Information, taken as a whole, are presented in a fair manner, in accordance with the Standards (Reasoned opinion on the fairness of the CSR Information).

Our work was performed by a team of five people over a period of approximately four weeks between December 2016 and March 2017. 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[2] .

I CERTIFICATE OF INCLUSION OF THE CSR 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, and given the limits set out above, we hereby certify that the CSR Information required is included in the management report.

(1) The scope of which is available at www.cofrac.fr.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

II REASONED OPINION ON THE FAIRNESS OF THE CSR INFORMATION

Nature and scope of the work

We held meetings with around ten 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 CSR 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 CSR 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 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 25% and 100% of the other quantitative information published.

For the remaining consolidated CSR 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 [(2)] 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 CSR Information, taken as a whole, is presented in a fair manner, in accordance with the Standard.

Neuilly-sur-Seine, March 21, 2017

One of the Statutory Auditors

Deloitte & Associés

Charlotte Vandeputte	Julien Rivals
Partner	Partner, sustainable development

*(1) **Quantitative social indicators:** Staff under permanent contracts at 12/31/2016, Total headcount on an FTE equivalent basis at 12/31/2016, 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.*
***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:** Human Resources and Diversity Management policies, Diversity and equality of opportunity, Compensation, Fair practices, Integration of CSR in our business lines, Responsible investment solutions, CSR risk management including the Inclusion of social and environmental criteria in financing*

(2) Natixis France

7

LEGAL INFORMATION

7.1 Natixis by-laws

Natixis

A joint stock company (*société anonyme*) with a Board of Directors with share capital of €5,019,776,380.80.

Registered office: 30 avenue Pierre Mendès France – 75013 Paris

542 044 524 RCS PARIS

By-laws

Chapter I: Form of the Company – Name – Registered Office – Term – Corporate Purpose

Article 1 – Legal form – Name – Registered office and term

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 by-laws.

The name of the Company is "Natixis". The Company's registered office is in Paris (13th), 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 completion of all private and commercial transactions.

Chapter II: Share capital – shares – payments

Article 3 – Share capital

The share capital has been set at €5,019,776,380.80 divided into 3,137,360,238 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 laws and regulations 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 own. 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 by co-opting, 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 reelected. 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.

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 bylaws to General Shareholders' Meetings, the Board concerns itself with any matter relating to good business practice and governs the business of the Company through its deliberations. The Board of Directors performs the controls and checks it deems appropriate.

The Chairman or the Chief Executive Officer is required to provide each director with all the documents and information necessary for the performance of his duties.

On the proposal of its Chairman, the Board of Directors may decide to create Committees within the Board responsible for reviewing issues which the Board itself or its Chairman submits to them for their examination and opinion. It determines the structure and powers of these Committees, which conduct their activities under its responsibility.

12.2 In addition to the operations referred to by law and regulations in force, the Internal Rules of the Board of Directors will determine the decisions which will be subject to the prior approval of the Board of Directors.

12.3 The Board of Directors is qualified to decide or authorize the issuing of bonds and all other securities representing debt securities.

The Board of Directors may delegate, to any person of its choosing, the necessary rights to complete, within a period of one year, the issue of such securities and to draw up the procedures.

The designated persons report to the Board of Directors under the conditions set out herein.

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 the 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.

Nonvoting 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.

The 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, it is their authorized intermediaries which hold accounts of bearer shares which prove their clients' status as a shareholder directly to the centralizing body of the meeting. They do so by producing a certificate that they attach 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 the second business day preceding the General Shareholders' Meeting at 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 BALO (*Bulletin des Annonces Légales Obligatoires* - Bulletin of Mandatory Legal Notices). 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, it being clearly stated 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

By way of exception to the granting of 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 Paragraph 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.

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 this 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 €5,019,776,380.80 on December 31, 2016, divided into 3,137,360,238 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 19, 2015 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 21, 2013).

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, covering a par value ceiling of €1.5 billion for capital increases with preferential subscription rights, and a par value ceiling of €499 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 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, (19th and 20th resolutions) authorized the Board of Directors, for a 38-month period, to carry out one or more free share grants 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-limit of 0.03% of the share capital for executive corporate officers. Permanent allocation is contingent on satisfying a performance requirement;
- award of free shares for the payment of a portion of annual variable compensation: award limited to 2.5% of the Company's share capital at the date of the Board of Directors' decision to award the shares, with a sub-limit of 0.1% of the share 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 share award plans

- The Board of Directors of Natixis, at its meeting on November 6, 2013, by virtue of the authorization granted by the General Shareholders' Meeting of Maiy 21, 2013, 17th resolution, resolved to award 90 free shares to the Chief Executive Officer of Natixis pursuant to Article L.225-197-6 of the French Commercial Code. The vesting period for these shares ended on March 1, 2016, resulting in a capital increase of €144 through the issuance of 90 new shares, each with a par value of €1.60.
- 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, 17th resolution, resolved to award 31,955 free performance shares to the Chief Executive Officer of Natixis. These shares will be permanently vested at the expiry of a vesting period ending on July 31, 2018, subject to presence and performance conditions.
- 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, 17th resolution, resolved to award 95,144 free performance shares to the Chief Executive Officer of Natixis. These shares will be permanently vested at the expiry of a vesting period ending on February 18, 2019, subject to presence and performance conditions.

- 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, 19th resolution, resolved to award 151,283 free performance shares to the Chief Executive Officer of Natixis. These shares will be permanently vested at the expiry of a vesting period ending on July 28, 2020, subject to presence and performance conditions.
- 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, 20th resolution), resolved 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).

Conditional share award plans

The vesting period for the first two tranches of the total free share grant of 6,119,373 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, 18th resolution) expired on March 4, 2016.

The vesting period for the final tranche of the total free share grant of 1,724,325 shares, as resolved by the Board of Directors on February 17, 2013 for the 2013 Plan (by virtue of the authorization granted by the Combined General Shareholders' Meeting of May 27, 2010, 18th resolution) and the vesting period for the single tranche of the total free share grant of 90 shares to the CEO, as resolved by the Board of Directors on November 6, 2013 for the 2013 LTIP, expired on March 1, 2016.

In a ruling made on March 1, 2016, the Chief Executive Officer of Natixis acknowledged that the number of shares to be issued to the beneficiaries of the 2013 Plan came to 561,732 new shares and that the number of shares to be issued to the beneficiaries under the 2013 LTIP came to 90 new shares.

In a ruling made taken on March 4, 2016, the Chief Executive Officer of Natixis acknowledged that the number of shares to be issued to the beneficiaries of the 2012 Plan came to 395,546 new shares.

The Chief Executive Officer then acknowledged the issuance of share capital through the incorporation of the special unavailable reserves account, amounting to €1,531,788.80 for the three aforementioned plans, and amended the by-laws accordingly (Article 3: Share Capital).

Mauve employee share ownership plan

- The Board of Directors, at its meeting of February 10, 2016, ruled on the principle governing the use of the authorization on capital increases with waiving of preferential subscription rights reserved for members of employee savings plans granted by the Combined General Shareholders' Meeting of May 19, 2015 (19th resolution), for the launch of the Mauve 2016 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 2016 offer, 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.
- In a ruling made on June 27, 2016, the Chief Executive Officer of Natixis set the subscription/withdrawal period for the proposed shares under the Mauve 2016 plan from June 27 to June 30, 2016 inclusive and set the beneficiary Subscription Price for the shares at €3.376 per share.
- In a ruling made on July 26, 2016, the Chief Executive Officer of Natixis recognized Natixis' capital increase for a total of €26,173,428.38 through the issuance of 7,989,447 new shares each with a par value of €1.60 (i.e. a nominal amount of €12,783,115.20 and additional paid-in capital of €13,390,313.18), and the by-laws were amended accordingly.

SUMMARY TABLE OF CURRENT AUTHORIZATIONS GRANTED TO THE BOARD OF DIRECTORS BY THE GENERAL SHAREHOLDERS' MEETING

Date of meeting	Resolution No.	Purpose of authorization	Amount authorized	Term	Date used	Amount used
05/21/2013	17	To aware free shares	€246 m [(a)]	38 months	11/06/2013 07/31/2014 02/18/2015	€144 €51,128 [(b)] €152,230 [(b)]
5/19/2015	12	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
5/19/2015	13	To carry out a capital increase, through the issuance – with preferential subscription rights maintained – of shares and/or securities providing access to the capital of the Company or entitling holders to the allotment of debt securities.	€1.5bn	26 months	None	None
5/19/2015	14	To carry out a capital increase, through the issuance – without preferential subscription rights – of shares and/or securities providing access to the capital of the Company or entitling holders to the allotment of debt securities.	€499 m [(a)]	26 months	None	None
5/19/2015	15	To carry out a capital increase through the issuance – without preferential subscription rights – of shares and/or securities giving access to the capital of the Company through an offer as set out in Article L.411-2 (II) of the French Monetary and Financial Code	€1.5bn [(a)]	26 months	None	None
5/19/2015	16	To increase the share capital by issuing shares or securities giving access to capital in the Company as remuneration for contributions in kind involving securities of unlisted companies	10% of the share capital [(a)]	26 months	None	None
5/19/2015	17	To increase the share capital via the incorporation of premiums, reserves, retained earnings or other items	€1.5bn [(a)]	26 months	None	None
5/19/2015	18	To increase the number of securities to be issued in the event of capital increases with or without preferential subscription rights	15% of the initial issue [(a)]	26 months	None	None
5/19/2015	19	To increase the share capital by issuing shares or securities giving access to the Company's capital, reserved for members of employee savings plans without preferential subscription rights in favor of said members, pursuant to Article L.225-129-6 of the French Commercial Code	€50 m [(a)(b)]	26 months	2/10/2016	€12,783,115
5/24/2016	19	To aware free shares under LTIP	0.2%/0.03% [(c)] of the share capital	38 months	7/28/2016	€242,053 [(b)]
5/24/2016	20	To issue free shares for the payment of a portion of variable compensation	2.5%/0.1% [(c)] of the share capital	38 months	7/28/2016	€4,930,627 [(b)]

(a) Amount deducted from the ceiling decided in resolution No. 13 of the General Shareholders' Meeting of May 19, 2015 (€1.5 bn).

(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, 2016, 47,000 non-voting shares were outstanding.

7.2.5 OTHER SECURITIES GIVING ACCESS TO CAPITAL

At December 31, 2016, 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, 2010, 2011, 2012, 2013, 2014, 2015 and 2016.

SUMMARY OF STOCK OPTION PLANS AT DECEMBER 31, 2016

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, 2016

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)*
2012	3,082,345,888	3,868,906	3,086,214,794	4,937,943,670.40
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

The table below gives details of the amount of additional paid-in capital for each of the transactions impacting the share capital.

Fiscal year	Heading	Number of shares	Share capital *(in euros)*	Additional paid-in capital on capital increases *(in euros)*
2012	**At January 1**	**3,082,345,888**	**4,931,753,420.80**	
	Free shares awarded	3,868,906	6,190,249.60	
	At December 31	**3,086,214,794**	**4,937,943,670.40**	
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**	

7.2.7 OTHER INFORMATION ON THE CAPITAL

Natixis has not pledged any of its shares.

7.3 Distribution of share capital and voting rights

7.3.1 DISTRIBUTION OF SHARE CAPITAL AT DECEMBER 31, 2016

At December 31, 2016, Natixis' main shareholders were as follows:

	% capital	% voting rights
BPCE	71%	71.03%
Employee shareholding [a]	2.35%	2.35%
Treasury shares	0.05%	0.00%
Free float	26.60%	26.62%

(a) of which 0.90% held through capital increases reserved for employees.
of which 0.76% 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, 2016 (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 19, 2016, Natixis owned 1,457,006 treasury shares at December 31, 2016.

The table below shows the number and percentage of shares held as treasury shares at December 31, 2015 and December 31, 2016.

	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, 2015	189,579,052	950,945,048.45	5.016	187,321,230	847,850,018.51	4.526	2,257,822	0.07%
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%**

7.3.4 EMPLOYEE SHAREHOLDING

At December 31, 2016, the percentage of the capital owned by Natixis employees was 2.35%, of which:

- 0.90% was held through capital increases reserved for employees;
- 0.76% 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 award 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 award 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 award 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 award 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, of which 47,463 performance shares to the Chief Executive Officer of Natixis.

  During this meeting, the Board of Directors (by virtue of the authorization granted by the General Shareholders' Meeting of May 24, 2016, resolution twenty) decided to award 2,995,377 free shares to employees for the 2016 employee retention and performance plan (2016 PFP), and 86,265 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 associating the employees of the Natixis group with the growth and earnings of Natixis over the long term, every year since 2013 the Natixis Board of Directors agrees 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 shareholding 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, Investment Solutions & Insurance and Specialized Financial Services business units (excluding equity interests) 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 scheme, beneficiaries are able to subscribe for Natixis shares (or, for international beneficiaries, under an economically similar formula) on advantageous terms and benefiting from 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.

Accordingly, at its meeting on February 10, 2016, the Natixis Board of Directors again decided to use the authorization to carry out a capital increase - without preferential subscription rights reserved for members of employee savings plans - granted by the Combined General Shareholders' Meeting of May 19, 2015 (resolution nineteen), for the launch of the Mauve 2016 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 2016 plan, the Board of Directors invested the Chief Executive Officer with all the necessary powers, in particular to set the Subscription Price and the subscription period for the shares to be issued.

On July 26, 2016, the Chief Executive Officer of Natixis recognized Natixis' capital increase for a total of €26,173,428.38 through the issuance of 7,989,447 new shares each with a par value of €1.60 (i.e. a nominal amount of €12,783,115.20 and additional paid-in capital of €13,390,313.18), and the by-laws were amended accordingly.

7.3.5 CHANGES IN THE SHAREHOLDER BASE OVER THE PAST THREE YEARS

	Natixis		
At December 31 *(as a percentage)*	**2016**	**2015**	**2014**
BPCE	71%	71.20%	71.46%
Employee shareholding	2.35% [(a)]	2.27%	2.04%
Treasury shares	0.05%	0.07%	0.08%
Free float	26.60%	26.46%	26.42%

(a) of which 0.90% held through capital increases reserved for employees, of which 0.76% 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.

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.2251003 of the French Commercial Code

Article L.225-100-3 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 71% of the share capital and 71.03% of the voting rights at December 31, 2016. 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, 2017

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 12, 2017, 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 the 2016 Natixis 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-two resolutions will be submitted to the shareholders at the Combined General Shareholders' Meeting to be held at 3 p.m. on May 23, 2017 at Palais Brongniart, 28 Place de la Bourse – 75002 Paris.

These resolutions can be categorized into two groups:

- the first 12 resolutions (resolution one to resolution twelve) require the approval of the Ordinary General Shareholders' Meeting and concern fiscal year 2016: (i) approval of the financial statements and appropriation of earnings, (ii) approval of related-party agreements and commitments, (iii) advisory opinion on the components of compensation due or granted in respect of fiscal year 2016 to each executive corporate officer, (iv) approval of the principles and criteria for determining, distributing and allocating 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, (v) overall budget for compensation paid in fiscal year 2016 to the employees referred to in Article L.511-71 of the French Monetary and Financial Code, (vi) approval of the co-opting of one director, reappointment of one director, and (vii) trading by the Company in its own shares;
- the following 10 resolutions (resolution thirteen to resolution twenty-two) require the approval of the Extraordinary General Shareholders' Meeting and concern (i) the renewal of all of the financial delegations and authorizations that provide your Company with the financial means to develop and implement its strategy, (ii) the amendment to Article 11 of the Company's by-laws (to add to the methods for convening the Board of Directors) and (iii) powers to complete formalities related to this Combined General Shareholders' Meeting.

Resolutions requiring the approval of the Ordinary General Shareholders' Meeting (resolutions one to twelve)

Approval of the financial statements for fiscal year 2016 (resolutions one and two)

In resolutions one and two, the General Shareholders' Meeting is asked to approve the Natixis 2016 parent company and consolidated financial statements, respectively.

Detailed comments on the parent company and consolidated financial statements are provided in the 2016 Natixis registration document.

Appropriation of 2016 earnings (resolution three)

Resolution three covers the appropriation of the corporate earnings of Natixis: payment in cash of an ordinary dividend of €0.35 per share. Natixis' parent company financial statements as at December 31, 2016 show net income of €1,621,448,753.36 and, after taking into account retained earnings of €664,526,514.09 and allocation to the legal reserve, distributable profits of €2,204,902,830.38.

Resolution three proposes to:

- allocate €81,072,437.67 to the legal reserve;
- pay a dividend of €1,097,976,103;
- allocate the remaining distributable profits to retained earnings, i.e. €1,106,926,727.38 [1].

Accordingly, the dividend per share is set at 35 (thirty-five) euro cents, and will be deducted entirely from distributable earnings for 2016. The economic reasoning behind this dividend is that it reflects Natixis' activity in 2016 (€0.25 per share) and its wish to award its shareholders any capital that would exceed the Common Equity Tier 1 ratio target, if there are no significant acquisitions in 2016 (€0.10 per share).

The dividend will be detached from the share on May 26, 2017 and paid starting on May 30, 2017.

It should be noted that the dividend of €0.35 per share shall primarily be charged against the dividends received by Natixis that are eligible for the taxation system for parent companies and subsidiaries provided for under Article 4.1 of Directive 2011/96/EU of November 30, 2011, and against the earnings of Natixis' foreign subsidiaries.

(1) This amount is estimated based on the amount of share capital at December 31, 2016. It will be adjusted depending on the number of shares entitled to dividend payouts.

For individual beneficiaries who are residents for tax purposes in France, this dividend will be taken into account automatically by law to determine total gross income subject to the progressive income tax scale, and will be eligible for an allowance of 40% of the gross amount received (Article 158-3-2 of the French General Tax Code).

The paying establishment will collect the non-definitive withholding tax set out in Article 117 quater of the French General Tax Code, except from individual beneficiaries who are residents for tax purposes in France that have applied for an exemption under the conditions set out in Article 242 quater of the French General Tax Code. 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 2016, the following dividends were distributed:

Fiscal year	Number of shares on which a dividend was paid	Dividend per share *(in euros)*	Total *(in euros)*
2013	3,100,295,190	0.16	496,047,230.40
2014	3,116,507,621	0.34	1,059,612,591.14
2015	3,128,127,765	0.35	1,094,844,717.75

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 the 2016 fiscal year and until the Board of Directors’ Meeting of February 9, 2017. These agreements are presented in the Statutory Auditors’ special report along with those entered into prior to fiscal year 2016 and still in effect, which do not require re-approval by the shareholders (see Chapter 7, section 7.6 of the 2016 Natixis registration document).

Since the beginning of the 2017 fiscal year, only one agreement was approved by the Board of Directors as a related party agreement:

The authorization granted by the Board of Directors at its meeting of February 9, 2017 with regard to the signing of an amendment to the protocol for compensation between Natixis and Banque Palatine designed to offset particular additional costs sustained by Banque Palatine in connection with the transfer of its client investment services to Natixis EuroTitres and Caceis, and previously rendered 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. These additional costs are partly the result of technical modifications to be made to the counterparty's information system to connect it to the Natixis - EuroTitres information system and partly due to specific developments needed to ensure data is securely migrated.

Opinion on the components of compensation due or granted in respect of the fiscal year ended December 31, 2016 to each executive corporate officer (resolutions five and six)

In accordance with the recommendations of the AFEP-Medef corporate governance Code of November 2016 (section 26) to which Natixis refers in application of Article L.225-37 of the French Commercial Code, the purpose of resolutions five and six is to submit to the General Shareholders’ Meeting the components of the compensation due or granted to each of the Company’s executive corporate officers in respect of the fiscal year ended December 31, 2016, i.e.: François Pérol, Chairman of the Board of Directors, and Laurent Mignon, Chief Executive Officer.

Components of compensation due or granted in respect of the fiscal year ended December 31, 2016 to François Pérol, Chairman of the Board of Directors of Natixis

Components of compensation	Amount	Comments
Fixed compensation	€0	Since he took office in 2009, each year François Pérol has waived any form of compensation whatsoever as Chairman of the Board of Directors of Natixis.
Directors’ fees	€0	Under a Groupe BPCE rule, the portion of directors’ fees due to François Pérol as a director is directly allocated to BPCE, also a Natixis director.

It should also be noted that François Pérol does not receive any compensation – and particularly any variable compensation, multi-year variable compensation, extraordinary compensation, stock options, performance shares, indemnities for taking or leaving office, supplementary pension scheme or any other type of benefits – in respect of his office as Chairman of the Board of Directors.

Components of compensation due or granted in respect of the fiscal year ended December 31, 2016 to Laurent Mignon, Chief Executive Officer of Natixis

For detailed information on all of the components of compensation for Laurent Mignon, please refer to Chapter 2 of the 2016 Natixis registration document, particularly Section 2.4, which concludes with the AFEP-Medef summary table submitted to an advisory vote by the shareholders.

Approval of the principles and criteria for determining, distributing and allocating 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 (resolutions seven and eight)

Resolutions seven and eight concern the approval of the principles and criteria for determining, distributing and allocating 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 for fiscal year 2017, in accordance with Article L.225-37-2, which was recently added to the French Commercial Code pursuant to Law No. 2016-1691 of December 9, 2016, known as the Sapin II Law.

After consulting with the Compensation Committee, 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.

Regarding the Chairman of the Board of Directors of Natixis, François Pérol has waived any form of compensation whatsoever as Chairman of the Board of Directors of Natixis each year since he took office in 2009.

The fixed compensation of Chief Executive Officer Laurent Mignon is established based on the skills and expertise required to carry out his responsibilities. It is in line with market practices for similar roles.

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 presented each year in the Natixis registration document. The criteria include both quantitative criteria on the financial performance of BPCE and Natixis and strategic targets. Moreover, in accordance the regulations in force, the payment of a significant percentage of compensation is conditional and deferred over time, at least in thirds over three fiscal years, while half of variable compensation is granted through Natixis shares or equivalent instruments.

In addition, with the goal of strengthening alignment with shareholders' interests over time, the Chief Executive Officer is also eligible to receive performance shares under long-term compensation plans. The acquisition of such shares is contingent upon and related to the relative performance of Natixis shares on the EuroStoxxBank index.

It should be noted that the total of annual variable compensation and any performance shares awarded to the Chief Executive Officer over the period cannot be more than twice the amount of his fixed compensation.

For more detailed information, please refer to Section 2.4 of the 2016 Natixis registration document.

Overall budget for compensation paid to the employees referred to in Article L.511-71 of the French Monetary and Financial Code during the fiscal year ended December 31, 2016 (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 2016.

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 Ministerial Order of November 3, 2014 and is determined according to criteria set by the European Banking Authority (EBA) in its regulatory technical standard published on December 16, 2013 and approved by the European Commission in Commission Delegated Regulation (EU) No. 604/2014 of March 4, 2014.

With regard to those criteria, these individuals are identified either by applying 15 qualitative criteria because 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 2016 fiscal year came to a **total of 328 employees:**

Of which 264 staff members identified by qualitative criteria:

- directors, i.e. 15 individuals;
- members of Natixis' Senior Management Committee, i.e. 11 individuals;
- key staff responsible for control functions (Internal Audit, Risk, Compliance) and other support functions who are not members of the management bodies listed above, i.e. 52 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. 28 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. 158 individuals.

Of which 64 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 the regulations in force, 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.

The compensation policy is set out in detail in Section 2.4 of the 2016 Natixis registration document.

The total amount of compensation paid to the above-mentioned Natixis employees during the fiscal year ended December 31, 2016 which, due to the deferred payment of variable compensation and the system of deferred payment in place for the past three years is not equal to the compensation awarded for fiscal year 2016, amounted to €173.12 million (excluding employer social security charges). This amount includes the fixed compensation paid in 2016, the variable compensation paid in 2016 for 2015, the variable compensation paid in 2016 for previous fiscal years (2012, 2013 and 2014) and the free shares and performance shares awarded in 2012 and 2013 and delivered in 2016.

Approval of the decision to co-opt a director (resolution ten)

Resolution ten asks the shareholders to approve the co-opting of Catherine Pariset as a director by the Board of Directors on December 14, 2016 to replace Laurence Debroux, who resigned, to serve out the remainder of her predecessor's term of office, namely until the end of the General Shareholders' Meeting convened in 2019 to approve the financial statements for the fiscal year ending December 31, 2018.

Catherine Pariset, age 63, is retired and has more than 35 years of professional experience in audit and advisory services as a partner of Pricewaterhouse Coopers *(see Ms. Pariset's résumé in Section 2.2 of Chapter 2, "Corporate Governance" of the 2016 Natixis registration document)*.

The Appointments Committee delivered a favorable opinion on the co-opting of this director.

Reappointment of an independent director (resolution eleven)

Resolution eleven asks shareholders to reappoint Nicolas de Tavernost, Chairman of the Management Board of Groupe M6, whose term of office is due to expire at the end of the General Shareholders' Meeting. Nicolas de Tavernost's term of office would be renewed for four (4) years, ending after the Ordinary General Shareholders' Meeting convened in 2021 to approve the financial statements for the year ended December 31, 2020 *(see Mr de Tavernost's résumé in Section 2.2 of Chapter 2, "Corporate Governance" of the 2016 Natixis registration document)*.

The Appointments Committee delivered a favorable opinion on the renewal of Nicolas de Tavernost's term of office.

Trading by the Company in its own shares (resolution twelve)

Resolution twelve asks the General Shareholders' Meeting to renew for a period of 18 months the authorization to buy back shares awarded 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 no more than 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. The objectives of these share purchases would be:

- to set up a liquidity contract;
- to award or transfer shares to employees in respect of their share of the Company profits, Employee Savings plans or share buyback programs and to freely award shares or any other form of share allocation to members of staff;
- cancellation of 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 thirteen to twenty-two)

Reduction in share capital through the cancellation of treasury shares held by the Company (resolution thirteen)

Resolution thirteen asks the General Shareholders' Meeting to renew the authorization granted to the Board of Directors, for a duration of 26 months, to cancel, through a reduction in the share capital, all or part of the treasury shares held by Natixis or of the shares acquired under the authorization granted by the Ordinary General Shareholders' Meeting, within the limit of 10% of the capital per 24-month period. This authorization will nullify any prior authorization of the same nature for any amounts remaining unused (see below the summary table on the financial resolutions submitted to the shareholders).

Renewal of financial delegations and authorizations (resolutions fourteen to twenty)

Financial delegations and authorizations were granted to the Board of Directors in 2015 and expire in 2017.

As such, the shareholders are asked to renew these financial delegations and authorizations, all of which grant your Board of Directors the ability to financially manage your Company by enabling it to increase capital through various means and for various reasons as outlined below and in the summary table that follows.

The purpose of these financial delegations and authorizations is to enable your Board of Directors, for a period of 26 months from this meeting, to have flexibility in choosing possible issues and to adapt, in a timely and flexible manner, the nature of the financial instruments to be issued based on the conditions and opportunities of the financial markets in France and internationally.

As such, resolution fourteen proposes to grant the Board of Directors authority to decide whether to increase share capital (immediately or in the future) with preferential subscription rights maintained[1].

Resolutions fifteen, sixteen, seventeen and nineteen propose to grant the Board of Directors authority to decide whether to increase share capital (immediately or in the future) using a variety of methods without maintaining preferential subscription rights.

(1) terms followed by an asterisk are defined in the index below.

"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 may be detached and traded for the duration of the subscription period.

Your Board of Directors requests that you grant it the authority to cancel this preferential subscription right for some of these resolutions. This is because, depending on market conditions, the type of investors concerned by the issue and the type of securities issued, it may be preferable, or even necessary, to cancel the preferential subscription right in order to carry out a securities investment under the best possible conditions, such as when the swiftness of the transactions is essential to their success or when the issues are carried out on foreign financial markets. As such, cancellation would enable a more significant amount of capital to be obtained thanks to more favorable issuing conditions. Finally, cancellation in this manner is permitted in some instances by law. In particular, the vote of the delegation authorizing your Board of Directors to issue shares reserved for members of employee savings plans (resolution twenty) would, by law, entail the express waiver by the shareholders of their preferential subscription rights in favor of the beneficiaries of these issues.

The overall par-value ceiling for these capital increases should not exceed €1.5 billion, which breaks down into a par-value sub-ceiling of €1.5 billion for capital increases with preferential subscription rights and a par-value sub-ceiling of €500 million (i.e. approximately 10% of capital) for capital increases without preferential subscription rights. These capital increases may be carried out either through issuing shares or through issuing securities that give access to share capital, or that entitle the holder to debt securities.

Under certain circumstances, the Board of Directors may (see the summary table below on the financial resolutions submitted to the shareholders):

- decide to increase capital with waiving of preferential subscription rights through an offer as set out in Article L.411-2(II) of the French Monetary and Financial Code. This is the purpose of resolution sixteen. Approving this resolution would grant the Board of Directors the authority to carry out private placement* transactions in favor of qualified investors or of a restricted circle of investors within the legal limit of 20% of share capital per year;
- decide to increase capital with waiving of preferential subscription rights with a view to remunerating contributions in kind granted to the Company, within the limit of 10% of the share capital at the time of the issue. This is the purpose of resolution seventeen. Approving this resolution would grant the Board of Directors the authority to carry out merger and acquisition transactions financed by shares or securities giving access to capital issued by the Company as remuneration for contributions in kind in favor of the Company involving capital stock or securities providing access to the Company's capital;
- decide to increase capital via the capitalization of premiums, reserves, retained earnings or other items. This is the purpose of resolution eighteen. Approving this resolution would grant the Board of Directors the authority to increase share capital, in one or more stages, via the capitalization of premiums, reserves, retained earnings or other items, as permitted by law and by the by-laws;
- decide to increase the number of securities to be issued, within the legal limits, in the event of capital increases with or without preferential subscription rights. This is the purpose of resolution nineteen;
- decide to carry out 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. This is the purpose of resolution twenty. Such a capital increase reserved for members of savings plans would be aimed at strengthening the employees' ownership stake and closely aligning the employees with the Company's development.

It is provided that the Board of Directors may not, unless expressly authorized in advance by the General Shareholders' Meeting, make use of any of these authorizations (with the exception of that set out in resolution twenty) in the event a third party makes a public offer for the company's shares, until the end of the offer period.

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.

Such delegations void, as applicable, any unused part of any prior delegation of authority granted for the same purpose.

Amendment to Article 11 of the by-laws (resolution twenty-one)

Resolution twenty-one asks the General Shareholders' Meeting to amend Article 11 of the Company's by-laws, which concern Board of Directors meetings, so that Board of Directors meetings can be convened by email.

Powers to complete formalities (resolution twenty-two)

Finally, resolution twenty-two 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	Term	Reasons for possible uses of the delegated power	Special ceiling	Price or procedures for determining the price	Other information and comments
12	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 awards to employees or directors of the issuer or of a related company ▪ Tendering shares upon exercising rights attached to securities granting rights to capital* ▪ Canceling all or a portion of the securities bought back ▪ Tendering shares in connection with acquisitions, mergers, spin-offs or asset transfers ▪ Promoting the share in the secondary market or the liquidity of the Company's share through an investment services provider in connection with a liquidity contract 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 that exceeds 10% of its share capital adjusted by transactions affecting it subsequent to this meeting ▪ The number of shares acquired with a view to hold or subsequently tender them in connection with a merger, spinoff or asset transfer may not exceed 5% if 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 bn	▪ Maximum purchase price of €10 per share (adjustable in the event of a reverse stock split)	▪ Authorization unusable during public share offers ▪ The Board of Directors ensures that buybacks are executed in accordance with prudential requirements, such as those established by regulation
13	Cancellation of treasury stock	26 months	▪ Can be used to reduce your Company's share capital	▪ No cancellation of over 10% of share capital per 24-month period		
14	Issue of shares and/or securities providing access to the Company's capital* and/or securities entitling holders to the allocation of debt securities* with PSR* maintained	26 months	▪ Can be used by your Board of Directors to decide on such issues, in one or more stages	▪ Overall ceiling: one and a half billion euros (€1.5 bn) ▪ Ceiling: one and a half billion euros (€1.5 bn), to be deducted from the Overall Ceiling* ▪ Ceilings provided for, excluding any additional amounts issued in order to safeguard the rights of holders of securities giving access to capital*	▪ Price set by your Board of Directors	▪ Option to introduce over-subscription privileges* ▪ Option to issue (i) securities providing access to capital stock yet to be issued by a Subsidiary* and/or (ii) shares providing access to existing capital stock or entitling holders to the allotment of debt securities from a third-party company ▪ Authorization unusable during public share offers

* *The terms followed by an asterisk are defined in the index below.*

No.	Subject	Term	Reasons for possible uses of the delegated power	Special ceiling	Price or procedures for determining the price	Other information and comments
15	Issue by public offer of shares and/or securities providing access to the Company's capital* or entitling holders to the allocation of debt securities* with PSR* waived	26 months	▪ Can be used by your Board of Directors to decide on such issues and to carry out issues without preferential subscription rights in favor of shareholders, in France or abroad, by public offer ▪ Can be used to issue shares or securities providing access to capital* as consideration for securities in a company meeting the criteria set out in Article L.225-148 of the French Commercial Code under a public exchange offer initiated by your Company in France or abroad in accordance with local regulations, in which case your Board of Directors may freely set the exchange ratio and the price rules outlined below would not apply.	▪ Ceiling: five hundred (500) million euros ▪ Issues to be deducted from the Overall Ceiling* ▪ Ceilings provided for, excluding any additional amounts issued in order to safeguard the rights of holders of securities giving access to capital*	▪ Price set by your Board of Directors, at least equal to the Statutory Minimum Price*	▪ Option to issue shares further to the issuance of securities providing access to your Company's capital* by your Company's Subsidiaries* ▪ Option to issue, by public offer of shares, (i) securities giving access to share capital yet to be issued by a Subsidiary, and/or (ii) shares providing access to existing share capital or entitling holders to the allotment of debt securities from a third-party company ▪ Option to introduce, on the French market, and if circumstances permit, non-negotiable priority rights* (with over-subscription privileges*, if applicable), to be exercised as determined by the Board of Directors. ▪ Authorization unusable during public share offers

* *The terms followed by an asterisk are defined in the index below.*

No.	Subject	Term	Reasons for possible uses of the delegated power	Special ceiling	Price or procedures for determining the price	Other information and comments
16	Issue, **without PSR*,** of shares and/or securities providing access to the Company's capital* and/or the issue of securities entitling holders to the allocation of debt securities* through an **offer as referred to in Article L.411-2, II of the French Monetary and Financial Code**	26 months	▪ Can be used by your Board of Directors to decide on such issues and to carry out private placement* offerings	▪ Ceiling: five hundred (500) million euros ▪ May not under any circumstances exceed the statutory limit imposed on this type of offering (currently 20% of capital per year) ▪ Issues to be deducted from the Overall Ceiling* and from the €500 million provided for by the resolution relating to issues by a public offer of shares and/or securities providing access to the Company's capital or entitling holders to the allotment of debt securities with PRS waived ▪ Ceilings provided for, excluding any additional amounts issued in order to safeguard the rights of holders of securities giving access to capital*	▪ Prices of shares or securities giving access to capital* established in the same manner as for resolution fourteen	▪ Option to issue shares further to the issuance of securities providing access to your Company's capital* by your Company's Subsidiaries* ▪ Option to issue, by public offer of shares, (i) securities giving access to share capital yet to be issued by a Subsidiary, and/or (ii) shares providing access to existing share capital or entitling holders to the allotment of debt securities from a third-party company ▪ Authorization unusable during public share offers
17	Issue of shares or securities giving access to capital* as remuneration for contributions in kind involving securities of unlisted companies	26 months	▪ Can be used in connection with merger and acquisition transactions	▪ 10% of capital adjusted in accordance with transactions affecting it after the date of this Shareholders' Meeting ▪ Included in the ceiling of resolution fifteen and in the Overall Ceiling* ▪ Ceilings provided for, excluding any additional amounts issued in order to safeguard the rights of holders of securities giving access to capital*	▪ Your Board of Directors will make a decision with regard to the Statutory Auditors' report on the value of contributions	▪ As specified by law, authorization inapplicable with a view to remunerating a contribution under a public exchange offer initiated by your company (see resolution fourteen) ▪ Authorization unusable during public share offers
18	Capitalization of premiums, reserves, retained earnings or other items	26 months	▪ Can be used to capitalize reserves, retained earnings or other items, allowing for capital to be increased without the provision of any "fresh money"	▪ Overall ceiling: one and a half billion (1.5 bn) euros ▪ Ceiling to be deducted from the Overall Ceiling*	▪ Determination, by your Board of Directors, of the amounts to be capitalized and of the number of new equity securities and/or the new nominal amount of existing equity securities	▪ Authorization unusable during public share offers

* *The terms followed by an asterisk are defined in the index below.*

No.	Subject	Term	Reasons for possible uses of the delegated power	Special ceiling	Price or procedures for determining the price	Other information and comments
19	Increase in the number of securities to be issued in the event of capital increases with or without PSR*	26 months	▪ Can be used to carry out a capital increase at the same price as the originally-planned transaction in the event of oversubscription ("greenshoe" clause)	▪ For each issue, the ceiling corresponds to the limit set out in applicable regulations at the time of issue (currently 15% of the initial issue) ▪ Included in the initial issue ceiling and to be deducted from the Overall Ceiling*	▪ Price identical to that of the initial transaction	
20	Issue of shares or securities giving access to capital* reserved for members of employee savings plans **with 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	

* *The terms followed by an asterisk are defined in the index below.*

Independent director	According to the AFEP-Medef code and the Internal Rules of the Board of Directors (online on Natixis' website: *www.natixis.com*), an independent director is a person who has no ties of any kind with the management, Company or Group that are likely 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 director 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; The status of independent director falls away after a period of 12 years; Receive variable compensation in cash or in shares, or any performance-link compensation from Natixis or the Group.
Related-party agreement	According to Articles L.225-38 et seq. of the French Commercial Code, certain agreements must obtain the prior approval of the Board of Directors. The Statutory Auditors produce a special report on the agreements which the General Shareholders' Meeting must approve ("Related-Party Agreements Procedure"). These are agreements that are entered into directly or through an intermediary between the Company and the following persons: ▪ its Chief Executive Officer; ▪ one of its Deputy CEOs; ▪ one of its directors; one of its shareholders having a greater than 10% voting right or, in the case of a shareholder company, the Company that controls it as per Article L.233-3 of the French Commercial Code. Agreements in which the persons referred to above are indirectly involved are also subject to the Related-Party Agreements Procedure. Finally, agreements entered into between companies having directors in common are also subject to the Related-Party Agreements Procedure. The prior approval of the Board of Directors is predicated upon the demonstration of the agreement's benefit to the Company, particularly in respect of the financial conditions attached to the agreement.
Priority right	In consideration of the waiving of PSR*, your Board of Directors may introduce a priority right (with over-subscription privileges*, if applicable). If introduced, this right would allow shareholders to subscribe to the proposed issue in proportion to the number of former shares they hold, as in the case of PSR*. However, unlike PSR*, this priority right can only be exercised during a priority period, which is currently set at a duration of at least three trading days shorter than the period provided under PSR*, and is not negotiable. This priority period cannot be offered for all issues: similar to the case of PSR*, it may be preferable, or even necessary, not to offer this priority period in order to carry out a securities investment under the best possible conditions, such as when the swiftness of the transactions is essential to their success or when the issues are carried out on foreign financial markets.
Preferential subscription rights/PSR	PSR stands for "preferential subscription rights". For a description of preferential subscription rights and a presentation of why preferential subscription rights may be waived, see the paragraph entitled "Renewal of financial delegations and authorizations".
Subsidiaries	Companies in which your Company directly or indirectly holds more than 50% of the capital.
Overall Ceiling	General ceiling for capital increases carried out under resolutions fourteen to twenty, i.e. one and a half billion (1.5 bn) euros.

Private placement	As of April 1, 2009, the law allows for capital increases without preferential subscription rights to take place within the limit of 20% of share capital per year, through offers made exclusively to (i) persons providing portfolio management investment services on behalf of third parties, or to (ii) qualified investors or a restricted circle of investors, provided that such investors act on their own account. The aim is to optimize access to capital for the Company and to take advantage of the best market conditions, as this means of financing is faster and simpler than capital increases by public offer.
Statutory Minimum Price	Minimum issue price, as stipulated by regulation, at the time of issue; i.e. currently: ■ for shares: the weighted average share price of the last three trading sessions on the regulated NYSE Euronext Paris market prior to the day the subscription price for the capital increase is set, minus 5% after this average has been adjusted, where necessary, to account for the difference in the dividend entitlement dates. ■ for securities giving access to capital*: the price set so that, for any shares issued in virtue of securities giving access to capital*, the total that the Company has received for such securities giving access to capital* is at least equal to the minimum regulatory price per share as established in the previous point (i.e. the price on the day the securities giving access to capital* are issued).
Reference Price	Average of prices of the Company's shares listed on the regulated Euronext Paris market during the 20 trading sessions preceding the decision by your Board of Directors setting the date for the opening of subscription by members of the employee savings plan, with a maximum discount of 20%.
Over-subscription (privileges)	In certain circumstances, your Board of Directors may introduce over-subscription privileges in favor of shareholders. If introduced, in the event that subscriptions to new shares (i.e. through the exercise of preferential subscription rights) are insufficient, unsubscribed equity securities would be allocated to shareholders who would have exercised over-subscription privileges to subscribe to shares in greater quantity than what they could have subscribed to using preferential subscription rights, in proportion to their subscription rights and, in any event, within the limit of their requests.
Securities giving access to capital	Characteristics of securities likely to be issued on the basis of resolutions fourteen to twenty: ■ Resolutions fourteen to twenty, as presented to this Shareholders' Meeting, seek to grant your Board of Directors the authority to decide whether to issue securities giving access to the Company's capital, either through the issue of new shares such as convertible bonds or bonds redeemable in shares, or bonds with share warrants, or through the delivery of existing shares such as "OCEANEs" (bonds convertible into new shares or exchangeable for existing shares); these securities may take the form of either debt securities as in the examples above, or capital stock including equity securities such as equity coupled with stock options. However, in accordance with the law, equity instruments convertible or transformable into debt securities may not be issued. Terms governing the allocation of securities made available by virtue of securities giving access to capital and the dates on which this right may be exercised: ■ Securities giving access to capital that take the form of debt securities (e.g. convertible bonds or bonds redeemable in shares, or bonds with share warrants) may give access, at any time or during specified periods or on specified dates, to the allocation of shares. This allocation may take place by way of ordinary conversion (e.g. of convertible bonds into shares), redemption (e.g. of bonds redeemable in shares), exchange (e.g. of exchangeable bonds into shares) or presentation of a warrant (e.g. bonds with share warrants) or any other manner, over the life of the issue, irrespective of whether shareholders' preferential subscription rights to the securities thereby issued are maintained. In accordance with the law, the authority granted by your General Shareholders' Meeting to issue securities giving access to shares to be issued shall imply that the shareholders waive their preferential subscription rights to the shares made available by virtue of these securities. For example, if your General Shareholders' Meeting approves resolution fourteen, you will legally waive your preferential subscription rights to any securities issued by your Company to redeem any bonds redeemable in shares.

7.5.2 AGENDA AND DRAFT RESOLUTIONS OF THE COMBINED GENERAL SHAREHOLDERS' MEETING OF MAY 23, 2017

Ordinary business

- Report of the Board of Directors and of the Statutory Auditors on the Company's activities during the year ended December 31, 2016;
- Report of the Chairman of the Board of Directors;
- Approval of the 2016 parent company financial statements;
- Approval of the 2016 consolidated financial statements;
- Appropriation of earnings;
- Statutory Auditors' special report and approval of the agreements and commitments covered by Articles L.225-38 et seq. of the French Commercial Code;
- Opinion on the components of compensation due or granted in respect of the fiscal year ended December 31, 2016 to François Pérol, Chairman of the Board of Directors;
- Opinion on components of compensation due or granted in respect of the fiscal year ended December 31, 2016 to Laurent Mignon, Chief Executive Officer;
- Approval of the principles and criteria for determining, distributing and allocating 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 for fiscal year 2017;
- Approval of the principles and criteria for determining, distributing and allocating fixed, variable and non-recurring items making up the total compensation and benefits of any kind attributable to the Chief Executive Officer for fiscal year 2017;
- 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, 2016;
- Approval of the co-opting of Catherine Pariset as Director;
- Reappointment of Nicolas de Tavernost as Director;
- Trading by the Company in its own shares: authorization to be granted to the Board of Directors.

Extraordinary business

- Delegation of authority to the Board of Directors to reduce share capital by canceling treasury stock;
- Delegation of authority to the Board of Directors to decide whether to increase share capital through the issue—with preferential subscription rights maintained—of shares and/or securities providing access to the Company's capital or entitling holders to the allotment of debt securities;
- Delegation of authority to the Board of Directors to decide whether to increase share capital through a public offering that issues—without preferential subscription rights—shares and/or securities providing access to the Company's capital or entitling holders to the allotment of debt securities;
- Delegation of authority to the Board of Directors to decide whether to increase share capital through an offer, as referred to in Article L.411-2(II) of the French Monetary and Financial Code, that issues—without preferential subscription rights—shares and/or securities providing access to the Company's capital or entitling holders to the allotment of debt securities;
- Delegation of authority to the Board of Directors to issue shares or securities providing access to the Company's capital or entitling holders to the allotment of debt securities without preferential subscription rights as remuneration for contributions in kind involving capital stock or securities providing access to the Company's capital;
- Delegation of authority to the Board of Directors to decide whether to increase share capital through the capitalization of premiums, reserves, retained earnings or other items;
- Delegation of authority to the Board of Directors to increase the number of securities to be issued in the event of capital increases with or without preferential subscription rights;
- Delegation of authority to the Board of Directors to decide whether to increase share capital through the issue of shares or securities and/or securities providing access to the Company's capital or entitling holders to the allotment of debt securities, reserved for members of employee savings plans with waiving of preferential subscription rights in favor of said members;
- Modification of Article 11 of the bylaws related to the meetings of the Board of Directors;
- Powers to complete formalities.

Ordinary business

Resolution one *(Approval of the 2016 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 Chairman of the Board of Directors on the structure of the Board, the preparation and organization of the Board's work and the internal control and risk-management procedures established by the Company, the report of the Board of Directors on the parent company financial statements and the management report relating thereto, and the reports of the Statutory Auditors on the parent company financial statements for fiscal year 2016, hereby approves the 2016 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 2016 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 Chairman of the Board of Directors on the structure of the Board, the preparation and organization of the Board's work and the internal control and risk-management procedures established by the Company, the report of the Board of Directors on the consolidated financial statements and the management report relating thereto, and the reports of the Statutory Auditors on the consolidated financial statements for fiscal year 2016, hereby approves the 2016 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, 2016 and approved by the shareholders at this meeting show earnings for the fiscal year of €1,621,448,753.36;
- resolves, in accordance with the law, to deduct from such amount €81,072,437.67 for the legal reserve;
- notes that, taking into account retained earnings carried over from prior years, which total €664,526,514.09, and the amount contributed to the legal reserve, distributable earnings amount to €2,204,902,830.38;
- resolves to appropriate the distributable earnings as follows:

(i) payment to shareholders of €0.35 per share, and

(ii) allocation of the remaining distributable earnings to "Retained earnings".

Based on the share capital at December 31, 2016, and on the assumption that no treasury stock existed on that date, this should break down as follows:

To the legal reserve (5% of the earnings for the fiscal year)	€81,072,437.67
To the dividend	€1,097,976,103.00
To retained earnings	€1,106,926,727.38

For individual beneficiaries who are residents for tax purposes in France and who own shares outside of a share savings plan, this dividend will be taken into account automatically by law to determine total gross income subject to the progressive income tax scale, and will be eligible for an allowance of 40% of the gross amount received (Article 158-3-2 of the French General Tax Code). The paying establishment will collect the non-definitive withholding tax set out in Article 117 quater of the French General Tax Code, except from individual beneficiaries who are residents for tax purposes in France that have applied for an exemption under the conditions set out in Article 242 quater of the French General Tax Code. 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 2016, the following dividends were distributed:

Fiscal year	Number of shares on which a dividend was paid	Dividend per share *(in euros)*	Total *(in euros)*
2013	3,100,295,190	0.16	496,047,230.40
2014	3,116,507,621	0.34	1,059,612,591.14
2015	3,128,127,765	0.35	1,094,844,717.75

The dividend will be detached from the share on May 26, 2017 and paid starting on May 30, 2017.

It is specified that 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 and commitments covered by Articles L.225-38 et seq. of the French Commercial Code)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, having reviewed the special report of the Statutory Auditors on the agreements and commitments subject to the provisions of Articles L.225-38 and L.225-40 to L.225-42 of the French Commercial Code, hereby approves all provisions of this report and the new agreements mentioned therein, having been authorized by the Board of Directors during the fiscal year ended December 31, 2016 (other than those authorized by the Board of Directors on February 10, 2016, which were already approved by the General Shareholders Meeting of May 24, 2016) or after this date up until the Board of Directors' Meeting in which the financial statements for the year ended December 31, 2016 were approved.

Resolution five *(Opinion on the components of compensation due or granted in respect of the fiscal year ended December 31, 2016 to François Pérol, Chairman of the Board of Directors)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, consulted in accordance with the recommendation in section 26 of the AFEP-Medef corporate governance Code for listed companies of November 2016, hereby approves the components of compensation due or granted in respect of the fiscal year ended December 31, 2016 to François Pérol, Chairman of the Board of Directors, as presented in Natixis' 2016 registration document in Chapter 2, Section 2.4 and Chapter 7, Section 7.5.1.

Resolution six *(Opinion on components of compensation due or granted in respect of the fiscal year ended December 31, 2016 to Laurent Mignon, Chief Executive Officer)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, consulted in accordance with the recommendation in section 26 of the AFEP-Medef corporate governance Code for listed companies of November 2016, hereby approves the components of compensation due or granted in respect of the fiscal year ended December 31, 2016 to Laurent Mignon, Chief

Executive Officer, as presented in Natixis' 2016 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 allocating 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 for fiscal year 2017)*

The General Shareholders' Meeting, deliberating pursuant to the quorum and majority requirements for ordinary business, acting in accordance with Article L.225-37-2 of the French Commercial Code, approves the principles and criteria for determining, distributing and allocating 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 for fiscal year 2017, on account of his mandate as Chairman of the Board of Directors, as detailed in the report attached to the report referred to in Articles L.225-100 and L.225-102 of the French Commercial Code, presented in the Company's registration document for fiscal year 2016.

Resolution eight *(Approval of the principles and criteria for determining, distributing and allocating fixed, variable and non-recurring items making up the total compensation and benefits of any kind attributable to the Chief Executive Officer for fiscal year 2017)*

The General Shareholders' Meeting, deliberating pursuant to the quorum and majority requirements for ordinary business, acting in accordance with Article L.225-37-2 of the French Commercial Code, approves the principles and criteria for determining, distributing and allocating fixed, variable and non-recurring items making up the total compensation and benefits of any kind attributable to the Chief Executive Officer for fiscal year 2017, on account of his mandate as Chief Executive Officer, as detailed in the report attached to the report referred to in Articles L.225-100 and L.225-102 of the French Commercial Code, presented in the Company's registration document for fiscal year 2016.

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, 2016)*

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 €173.12 million, paid during the fiscal year ended December 31, 2016, to employees referred to in Article L.511-71 of the French Monetary and Financial Code.

Resolution ten *(Approval of the co-opting of Catherine Pariset as Director)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby ratifies the co-opting of Catherine Pariset by the Board of Directors on December 14, 2016, as Director, to replace Laurence Debroux, who resigned, to serve out the remainder of her 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 *(Reappointment of Nicolas de Tavernost as a Director)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, hereby renews the appointment of Nicolas de Tavernost as a Director for a term of four (4) years, expiring at the end of the General Shareholders' Meeting convened to approve the financial statements for the year ending on December 31, 2020.

Resolution twelve *(Trading by the Company in its own shares)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, having reviewed the report of the Board of Directors and in accordance with the provisions of Articles L.225-209 et seq. of the French Commercial Code, 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 so as to:
   - implement any Company stock option plan in accordance with the provisions of Articles L.225-177 et seq. of the French Commercial Code or any similar plan, or
   - award or transfer shares to employees in connection with their share of Company profits or implement any Company or group employee savings plan (or similar plan) under the conditions provided for by law, in particular Articles L.3332-1 et seq. of the French Labor Code, or
   - freely award shares in accordance with the provisions of Articles L.225-197-1 et seq. of the French Commercial Code, or
   - in general, honor obligations related to stock option programs or other share awards to employees or 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 (AMF).

   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 this 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 so as 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 €3,137,360,238;

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 eighteen of the Combined General Shareholders' Meeting of May 24, 2016.

Extraordinary business

Resolution thirteen *(Delegation of authority to the Board of Directors to reduce share capital by canceling treasury stock)*

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, hereby authorizes the Board of Directors to reduce share capital, in one or more stages, in the proportions and at the times of its choosing, by canceling treasury stock as it chooses in accordance with the provisions of Articles L.225-209 et seq. and L. 225-213 of the French Commercial Code.

The maximum number of shares that may be canceled by the Company under this authorization, over a period of 24 months, is ten percent (10%) of the shares composing the Company's share capital at any time, with the understanding that this maximum applies to an amount of Company capital that will be adjusted as necessary to take into account transactions that affect share capital after this General Shareholders' Meeting.

The General Shareholders' Meeting fully empowers the Board of Directors to carry out one or several cancellation and share capital reduction transactions that may be carried out under this authorization, to make any resulting changes in the bylaws and to carry out any other formalities.

This authorization is granted for a period of twenty-six (26) months from this meeting. It voids from this day, as applicable, any unused part of any prior delegated power given to the Board of Directors for the purpose of reducing share capital by canceling treasury stock, particularly that given by the shareholders in resolution twelve of the Combined General Shareholders' Meeting of May 19, 2015.

Resolution fourteen *(Delegation of authority to the Board of Directors to decide whether to increase share capital through the issue—with preferential subscription rights maintained—of shares and/or securities providing access to the Company's capital or entitling holders to the allotment of debt securities)*

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 in accordance with the provisions of Articles L.225-129 et seq., especially L.225-129-2 and L.228-91 et seq., of the French Commercial 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, in the proportions and at the times it deems fit, either in euros or in any other currency or unit of currency established with reference to multiple currencies, through the issue of (i) shares, (ii) shares providing access to other shares, whether these exist or are yet to be issued, or that entitle holders to the allotment of debt securities, and/or (iii) securities providing access to shares yet to be issued by the Company, in return for payment or free of charge, governed by Articles L.228-91 et seq. of the French Commercial Code, with the understanding that shares or other securities may be subscribed for in cash, as payment for debt, or by the capitalization of reserves, retained earnings or premiums;

2) 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 issue (i) securities providing access to shares yet to be issued by a company in which the Company directly or indirectly holds more than half the capital, and/or (ii) shares providing access to existing shares or shares entitling holders to the allotment of debt securities from a third-party company;

3) Resolves to set the following limits to the capital increases authorized in the event that the Board of Directors uses the authority granted to it herein:
   - the par value ceiling on capital increases liable to be carried out immediately or in the future under this delegation of authority is set at one and a half (1.5) billion euros,
   - the overall par value ceiling on capital increases liable to be carried out immediately or in the future under this delegation of authority and under resolutions fifteen, sixteen, seventeen, eighteen, nineteen and twenty submitted to the shareholders at this meeting is set at one and a half (1.5) billion euros,
   - these ceilings will be supplemented as necessary by the par value of additional shares to be issued, in the event of new financial transactions, to safeguard the rights of holders of securities giving access to the Company's capital;

4) Resolves that the delegation of authority granted under this resolution shall be valid for twenty-six (26) months from the date of this meeting;

5) In the event that the Board of Directors makes use of this delegation of authority:
   - resolves that preferential subscription rights to the issue(s) shall be reserved for shareholders who may subscribe to new shares in proportion to the amount of existing stock they hold at that time,
   - notes that the Board of Directors has the right to grant over-subscription privileges,
   - notes that this delegation of authority creates ipso jure, in favor of holders of issued securities that give access to shares yet to be issued by the Company, an obligation on the part of the shareholders to waive their preferential right to buy those shares to which said securities give their holders subscription rights immediately or in the future,
   - notes that if the issued share is a security that is not an equity security giving access to equity securities not yet issued by a company in which the Company directly or indirectly holds more than half the capital, the Company's shareholders have no subscription rights to securities thus issued,
   - notes that, in accordance with Article L.225-134 of the French Commercial Code, if shares purchased under preferential subscription rights and over-subscription privileges do not account for all shares issued under capital increase, the Board of Directors may exercise, under the terms prescribed by law and in the order it chooses, one of the following options:
   - limiting the capital increase to the amount subscribed for on condition that the subscriptions account for at least 75% of the planned increase,
   - freely distribute all or part of the shares or, in the case of securities giving access to the Company's capital, those securities that are to be issued but that have not been subscribed for,
   - make a public offering on the French market or internationally of all or part of the shares or, in the case of securities giving access to the Company's capital, those unsubscribed securities,
   - resolves that Company stock warrants may also be freely awarded to existing shareholders, with the understanding that the Board of Directors may decide that rights to fractional shares may not be traded and that the corresponding securities will be sold,
   - resolves that the Company stock issued immediately or in future based on this delegation of authority cannot be preference shares;

6) Resolves that the Board of Directors may not, unless previously authorized by the General Shareholders' Meeting, use this delegation of authority once a third party has filed a public tender offer to purchase the Company's shares. This prohibition shall stand until the public tender offer period ends;

7) Resolves that the Board of Directors shall be fully empowered, with the right to sub-delegate said power under the terms set out by law, to implement this delegation of authority in order to:
   - make decisions regarding the capital increase and determine the securities to be issued,
   - set the amount of the capital increase, the issue price and the amount of the share premium that may, if applicable, be required when the securities are issued,
   - determine the dates and terms of the capital increase and the type, number and characteristics of the securities to be issued. Furthermore, in the case of bonds or other debt securities, it may decide whether they are to be subordinated or not (and, if applicable, their rank, in accordance with the provisions of Article L.228-97 of the French Commercial Code), set their interest rate (specifically, fixed, variable, zero-coupon or indexed interest rate) and make provisions for, if applicable, mandatory or optional cases when interest payments are suspended or are not

paid, anticipating how long they will last (fixed or indeterminate period) and the possibility of reducing or increasing the par value of securities and other terms of issue (including conferring guarantees and sureties) and redemption (including reimbursement by remittance of Company assets). Where appropriate, these securities may be accompanied by warrants granting allocation, acquisition and subscription rights to bonds or other debt securities, or provide the Company with the option to issue debt securities (fungible or non-fungible) to make interest payments previously suspended by the Company, or take the form of complex bonds as defined by the financial markets authorities (for example, due to their redemption or compensation terms, or other rights such as indexation or option rights). Finally, the Board may change, throughout the life of the stocks concerned, the terms outlined above, in accordance with applicable procedures,

- determine the procedures for paying for shares or securities giving access to the Company's capital, either immediately or in the future,
- if necessary, set the terms for exercising rights (as necessary, the rights to conversion, exchange or redemption, including by remittance of Company assets such as securities already issued by the Company) attached to future shares or securities giving access to the Company's capital, and set the date (which may be retroactive) from which dividend rights will be attached to the new shares, as well as all other terms and conditions for carrying out the capital increase,
- set the terms according to which the Company may, where appropriate, purchase or trade on the stock exchange, at any time or during specified periods, the securities issued or to be issued immediately or in future, with a view to canceling them or otherwise, while taking legal provisions into account,
- provide for the exercise of rights attached to these securities to be suspended in accordance with legal and regulatory provisions,
- apply, on its own initiative, the cost of the capital increase against the related share premiums and deduct the amounts required for the legal reserve from this amount,
- determine and make any necessary adjustments to take into account the impact of transactions on the Company's capital, particularly in the event of a change in the share's par value, a capital increase by capitalization of reserves, free share allocations, stock splits or reverse stock splits, the distribution of dividends, reserves, premiums or any other assets, the redemption of capital, or any other transaction affecting shareholders' equity or share capital (including a public offering and/or change of control), and set all other terms that will safeguard, where applicable, the rights of holders of securities that give access to the Company's capital (including by way of cash adjustments),
- record the completion of each capital increase and amend the bylaws accordingly,
- in general, enter into agreements to ensure the proposed issues are successfully completed and take any measures and carry out any formalities that are appropriate for the issue, listing and financial servicing of securities issued under this delegation of authority and the exercise of associated rights;

8) Notes that this delegation of authority voids from this day forward, as applicable, any unused part of any prior delegation of authority granted for the same purpose: namely, any delegation of authority related to capital increases with preferential subscription rights that covers securities and transactions targeted under this resolution, including that granted by the shareholders in resolution thirteen of the Combined General Shareholders' Meeting of May 19, 2015;

9) Notes that, assuming the Board of Directors uses the authority delegated to it under this resolution, the Board of Directors will report on the use of the authority delegated in this resolution at the next Ordinary General Shareholders' Meeting, in accordance with the law and the regulations.

Resolution fifteen *(Delegation of authority to the Board of Directors to decide whether to increase share capital through a public offering that issues—without preferential subscription rights—shares and/or securities providing access to the Company's capital or entitling holders to he allotment of debt securities)*

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, and in accordance with the provisions of Articles L.225-129 et seq., especially L.225-129-2, L.225-135, L.225-136 and L.225-148, and L.228-91 et seq., of the French Commercial 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, in the amounts and at the times it deems fit, either in euros or in any other currency or unit of currency established with reference to multiple currencies, through the issue of (i) shares, (ii) shares providing access to other shares, whether these exist or are yet to be issued, or that entitle holders to the allotment of debt securities, and/or (iii) securities providing access to shares yet to be issued by the Company, in return for payment or free of charge, governed by Articles L.228-91 et seq. of the French Commercial Code, with the understanding that shares or other securities may be subscribed for in cash, as payment for debt, or by the capitalization of reserves, retained earnings or premiums. These securities may be issued as consideration for shares tendered to the Company under a public exchange offer carried out in France or abroad in accordance with local regulations (for example, as part of a "reverse merger" as in English-speaking countries) for securities meeting the conditions set in Article L.225-148 of the French Commercial Code;

2) 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 on the issuance of shares to be issued by the Company following the issuance, by companies in which the Company directly or indirectly holds more than half the capital, of securities giving access to shares not yet issued by the Company;

   This decision creates ipso jure, in favor of holders of securities that give access to shares liable to be issued by companies in the Company's group, an obligation on the part of the Company's shareholders to waive their preferential right to buy the Company shares to which said securities give their holders subscription rights;

3) 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 issue (i) securities providing access to shares yet to be issued by a company in which the Company directly or indirectly holds more than half the capital, and/or (ii) shares providing access to existing shares or that entitle holders to the allotment of debt securities from a third-party company;

4) Resolves to set the following limits to the capital increases authorized in the event that the Board of Directors uses the authority granted to it herein:

- the par value ceiling on capital increases liable to be carried out immediately or in the future under this delegation of authority is set at five hundred (500) million euros, with the understanding that 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 3 of resolution fourteen submitted to the shareholders at this meeting or, where appropriate, to an 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,
- the overall par value ceiling on capital increases liable to be carried out immediately or in the future under this delegation of authority and under resolutions sixteen and seventeen submitted to the shareholders at this meeting is set at five hundred (500) million euros,
- these ceilings will be supplemented as necessary by the par value of shares to be issued, in the event of new financial transactions, to safeguard the rights of holders of securities giving access to the Company's capital;

5) Resolves that the delegation of authority granted under this resolution shall be valid for twenty-six (26) months from the date of this meeting;

6) Decides to cancel preferential subscription rights of shareholders to shares and securities covered by this resolution, while nevertheless allowing the Board of Directors, under Paragraph 5 of Article L.225-135 of the French Commercial Code, to retain the option to grant shareholders, during a period and according to the terms set by the Board in compliance with applicable legal and regulatory provisions, for all or part of an issue, a priority subscription period which does not constitute a tradable right and which should be exercised in proportion to the number of shares held by each shareholder, and may be supplemented by a subscription to surplus shares, with the understanding that unsubscribed shares may therefore be the subject of a public offering in France or abroad;

7) Notes that if share purchases, including, where appropriate, those by shareholders, do not cover all shares issued, the Board of Directors may limit the amount of the transactions to the amount of subscriptions received on condition that the subscriptions account for at least 75% of the planned increase;

8) Notes that this delegation of authority creates ipso jure, in favor of holders of issued securities that give access to shares not yet issued by the Company, an obligation on the part of the shareholders to waive their preferential right to buy those shares to which said securities give their holders subscription rights;

9) Resolves that the Company stock issued immediately or in future based on this delegation of authority cannot be preference shares;

10) Resolves that the Board of Directors may not, unless previously authorized by the General Shareholders' Meeting, use this delegation of authority once a third party has filed a public tender offer to purchase the Company's shares. This prohibition shall stand until the public tender offer period ends;

11) Notes that, in accordance with Paragraph 1 of Article L.225-136 of the French Commercial Code:

- the issue price of shares issued directly shall be at least equal to the minimum established by the regulations applicable on the date of issue (currently the weighted average share price of the last three trading sessions on the regulated Euronext Paris market prior to the day the subscription price for the capital increase is set, from which a maximum discount of 5% has been deducted, where appropriate) after this average has been adjusted, where necessary, in case of different dividend entitlement dates,
- the issue price of securities giving access to shares not yet issued by the Company and the number of shares to which the holder may be entitled by the conversion, redemption or in general the transformation of each security that gives access to shares not yet issued by the Company, will be such that, for every share issued as a result of the issue of these securities, the amount received immediately by the Company, plus any amount likely to be received in future, shall be at least equal to the minimum subscription price defined in the preceding paragraph;

12) Resolves that the Board of Directors shall be fully empowered, with the right to sub-delegate said power under the terms set out by law, to implement this delegation of authority in order to:

- make decisions regarding the capital increase and determine the securities to be issued,
- set the amount of the capital increase, the issue price and the amount of the share premium that may, if applicable, be required when the securities are issued,
- determine the dates and terms of the capital increase and the type, number and characteristics of the securities to be issued. Furthermore, in the case of bonds or other debt securities, it may decide whether they are to be subordinated or not (and, if applicable, their rank, in accordance with the provisions of Article L.228-97 of the French Commercial Code), set their interest rate (specifically, fixed, variable, zero-coupon or indexed interest rate) and make provisions for, if applicable, mandatory or optional cases when interest payments are suspended or are not paid, anticipate how long they will last (fixed or indeterminate period) and the possibility of reducing or increasing the par value of securities and other terms of issue (including conferring guarantees and sureties) and redemption (including reimbursement by remittance of Company assets). Where appropriate, these securities may be accompanied by warrants granting allocation, acquisition and subscription rights to bonds or other debt securities, or provide the Company with the option to issue debt securities (fungible or non-fungible) to make interest payments previously suspended by the Company, or take the form of complex bonds as defined by the financial markets authorities (for example, due to their redemption or compensation terms, or other rights such as indexation or option rights). Finally, the Board may change, throughout the life of the stocks concerned, the terms outlined above, in accordance with applicable procedures,

- determine the procedures for paying for shares or securities giving access to the Company's capital, either immediately or in the future,
- if necessary, set the terms for exercising rights (as necessary, the rights to conversion, exchange or redemption, including by remittance of Company assets such as treasury stock or securities already issued by the Company) attached to future shares or securities giving access to the Company's capital, and set the date (which may be retroactive) from which dividend rights will be attached to the new shares, as well as all other terms and conditions for carrying out the capital increase,
- set the terms according to which the Company may, where appropriate, purchase or trade on the stock exchange, at any time or during specified periods, the securities issued or to be issued immediately or in future, with a view to canceling them or otherwise, while taking legal provisions into account,
- provide for the exercise of rights attached to issued securities to be suspended in accordance with legal and regulatory provisions,
- in the event of the issue of securities as consideration for shares contributed under a public exchange offer, draw up the list of the securities contributed, set the issue terms, the exchange ratio and, where applicable, the amount of the cash balance to be paid in the event that the method for determining the price established in paragraph 11 does not apply, and determine the terms of issue as part of a public exchange offer, an alternative tender or exchange offer, or a single bid to purchase or exchange selected securities in consideration for payment in cash and securities, or of a principle public tender or exchange offer, together with a secondary public exchange offer or tender offer or any other form of public offering in accordance with the law and regulations applicable to said public offering,
- apply, on its own initiative, the cost of the capital increases against the related share premiums and deduct the amounts required for the legal reserve from this amount,
- make any necessary adjustments to take into account the impact of transactions on the Company's capital, particularly in the event of a change in the share's par value, a capital increase by capitalization of reserves, free share allocations, stock splits or reverse stock splits, the distribution of reserves or any other assets, the redemption of capital, or any other transaction affecting shareholders' equity or share capital (including by public offering and/or change of control), and set the terms that will safeguard, where applicable, the rights of holders of securities that give access to shares,
- record the completion of each capital increase and amend the bylaws accordingly,
- in general, enter into agreements to ensure the proposed issues are successfully completed and take any measures and carry out any formalities that are appropriate for the issue, listing and financial servicing of securities issued under this delegation of authority and the exercise of associated rights;

13) Notes that this delegation of authority voids from this day forward, as applicable, any unused part of any prior delegation of authority granted for the same purpose, namely, any comprehensive delegation of authority related to capital increases without preferential subscription rights by public offer that covers securities and transactions targeted under this resolution, including that granted by the shareholders in resolution fourteen of the Combined General Shareholders' Meeting of May 19, 2015;

14) Notes that, assuming the Board of Directors uses the authority delegated to it under this resolution, the Board of Directors will report on the use of authority delegated in this resolution at the next Ordinary General Shareholders' Meeting, in accordance with the law and the regulations.

Resolution sixteen *(Delegation of authority to be given to the Board to decide on the increase in share capital by an issuance without pre-emptive subscription rights, by an offer set out in Article L.411-2, II of the French Monetary and Financial Code, of shares and/or securities giving access to the capital or entitlement to the allocation of debt securities)*

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, and in accordance with the provisions of Articles L.225-129 et seq., especially L.225-129-2, L.225-135 and L.225-136, and L.228-91 et seq., of the French Commercial 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, in the amounts and at the times it deems fit, pursuant to an offer stipulated in Article L.411-2 II of the French Monetary and Financial Code, either in euros or in any other currency or unit of currency established with reference to multiple currencies, through the issue of (i) shares, (ii) shares providing access to other shares, whether these exist or are yet to be issued, or that entitle holders to the allotment of debt securities, and/or (iii) securities providing access to shares yet to be issued by the Company, in return for payment or free of charge, governed by Articles L.228-91 et seq. of the French Commercial Code, with the understanding that shares or other securities may be subscribed for in cash, as payment for debt, or by the capitalization of reserves, retained earnings or premiums.

2) 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 on the issuance of shares to be issued following the issuance, by companies in which the Company directly or indirectly holds more than half the capital, or by companies that directly or indirectly own more than half of its capital, of securities giving access to shares not yet issued by the Company;

   This decision creates ipso jure, in favor of holders of securities that give access to shares liable to be issued by companies in the Company's group, an obligation on the part of the Company's shareholders to waive their preferential right to buy the Company shares to which said securities give their holders subscription rights;

3) 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 issue (i) securities providing access to shares yet to be issued by a company in which the Company directly or indirectly holds more than half the capital, and/or (ii) shares providing access to existing shares or that entitle holders to the allotment of debt securities from a third-party company;

4) Resolves to set the following limits to the capital increases authorized in the event that the Board of Directors uses the authority granted to it herein:

- the par value ceiling on capital increases liable to be carried out immediately or in the future under this delegation of authority is set at five hundred million (500 million) euros,
- whatever the case, no share issuances made under this delegation can exceed the limits set out by applicable regulations on the issuance date (as of this date, 20% of capital per year),
- it is stipulated that the maximum amount of the capital increases made or likely to be made in the future under this delegation will be charged (i) against the amount of the overall ceiling set out in paragraph 3 of resolution fourteen submitted to this meeting, or, where applicable, the amount of the overall ceiling that may be set out in a resolution of the same kind that may succeed said resolution during the valid period of this delegation and (ii) against the ceiling set out in paragraph 4 of resolution fifteen submitted to this meeting or, where applicable, the amount of the ceiling that may be set out by a resolution of the same type that could succeed said resolution during the valid period of this delegation,
- these ceilings will be supplemented as necessary by the par value of additional shares to be issued, in the event of new financial transactions, to safeguard the rights of holders of securities giving access to the Company's capital;

5) Resolves that the delegation of authority granted under this resolution shall be valid for twenty-six (26) months from the date of this meeting;

6) Resolves to cancel the preferential subscription rights of shareholders to shares and securities covered by this resolution;

7) Notes that if share purchases do not cover all shares issued, the Board of Directors may limit the amount of the transactions to the amount of subscriptions received on condition that the subscriptions account for at least 75% of the planned increase;

8) Notes that this delegation of authority creates ipso jure, in favor of holders of issued securities that give access to shares not yet issued by the Company, an obligation on the part of the shareholders to waive their preferential right to buy those shares to which said securities give their holders subscription rights;

9) Resolves that the Company stock issued immediately or in future based on this delegation of authority cannot be preference shares;

10) Resolves that the Board of Directors may not, unless previously authorized by the General Shareholders' Meeting, use this delegation of authority once a third party has filed a public tender offer to purchase the Company's shares. This prohibition shall stand until the public tender offer period ends;

11) Notes that, in accordance with Paragraph 1 of Article L.225-136 of the French Commercial Code:

- the issue price of shares issued directly shall be at least equal to the minimum established by the regulations applicable on the date of issue (currently the weighted average share price of the last three trading sessions on the regulated Euronext Paris market prior to the day the subscription price for the capital increase is set, from which a maximum discount of 5% has been deducted, where appropriate) after this average has been adjusted, where necessary, in case of different dividend entitlement dates,
- the issue price of securities giving access to shares not yet issued by the Company and the number of shares to which the holder may be entitled by the conversion, redemption or in general the transformation of each security that gives access to shares not yet issued by the Company will be such that for every share issued as a result of the issue of these securities, the amount received immediately by the Company, plus any amount likely to be received in future, shall be at least equal to the minimum subscription price defined in the preceding paragraph;

12) Resolves that the Board of Directors shall be fully empowered, with the right to sub-delegate said power under the terms set out by law, to implement this delegation of authority in order to:

- make decisions regarding the capital increase and determine the securities to be issued,
- set the amount of the capital increase, the issue price and the amount of the share premium that may, if applicable, be required when the securities are issued,
- determine the dates and terms of the capital increase and the type and characteristics of the securities to be issued. Furthermore, in the case of bonds or other debt securities, it may decide whether they are to be subordinated or not (and, if applicable, their rank, in accordance with the provisions of Article L.228-97 of the French Commercial Code), set their interest rate (specifically, fixed, variable, zero-coupon or indexed interest rate) and make provisions for, if applicable, mandatory or optional cases when interest payments are suspended or are not paid, anticipate how long they will last (fixed or indeterminate period) and the possibility of reducing or increasing the par value of securities and other terms of issue (including conferring guarantees and sureties) and redemption (including reimbursement by remittance of Company assets). Where appropriate, these securities may be accompanied by warrants granting allocation, acquisition and subscription rights to bonds or other debt securities, or provide the Company with the option to issue debt securities (fungible or non-fungible) to make interest payments previously suspended by the Company, or take the form of complex bonds as defined by the financial markets authorities (for example, due to their redemption or compensation terms, or other rights such as indexation or option rights). Finally, the Board may change, throughout the life of the stocks concerned, the terms outlined above, in accordance with applicable procedures,
- determine the procedures for paying for shares or securities giving access to the Company's capital, either immediately or in the future,
- if necessary, set the terms for exercising rights (as necessary, the rights to conversion, exchange or redemption, including by remittance of Company assets such as treasury stock or securities already issued by the Company) attached to future shares or securities giving access to the Company's capital, and set the date (which may be retroactive) from which dividend rights will be attached to the new shares, as well as all other terms and conditions for carrying out the capital increase,
- set the terms according to which the Company may, where appropriate, purchase or trade on the stock exchange, at any time or during specified periods, the securities issued or to be issued immediately or in future, with a view to canceling them or otherwise, while taking legal provisions into account,
- provide for the exercise of rights attached to issued securities to be suspended in accordance with legal and regulatory provisions,

- apply, on its own initiative, the cost of the capital increases against the related share premiums and deduct the amounts required for the legal reserve from this amount,
- set and make any necessary adjustments to take into account the impact of transactions on the Company's capital, particularly in the event of a change in the share's par value, a capital increase by capitalization of reserves, free share allocations, stock splits or reverse stock splits, the distribution of reserves or any other assets, the redemption of capital, or any other transaction affecting shareholders' equity or share capital (including by public offering and/or change of control), and set the terms that will safeguard, where applicable, the rights of holders of securities that give access to shares,
- record the completion of each capital increase and amend the bylaws accordingly;
- in general, enter into agreements to ensure the proposed issues are successfully completed and take any measures and carry out any formalities that are appropriate for the issue, listing and financial servicing of securities issued under this delegation of authority and the exercise of associated rights;

13) Establishes that this delegation does not void resolution 14 of this meeting relating to public offers, the validity and term of which are not affected by this delegation;

14) Notes that this delegation of authority voids from this day forward, as applicable, any unused part of any prior delegation of authority granted for the same purpose, namely, any comprehensive delegation of authority related to capital increases without preferential subscription rights by public offer, as detailed in Article L.411-2 of the French Monetary and Financial Code, that covers securities and transactions targeted under this resolution, including that granted by the shareholders in resolution fifteen of the Combined General Shareholders' Meeting of May 19, 2015.

Resolution seventeen *(Delegation of authority to the Board of Directors to issue shares and/or securities providing access to the Company's capital or entitling holders to the allotment of debt securities, without preferential subscription rights, as remuneration for contributions in kind involving capital stock or securities providing access to the Company's capital)*

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, and in accordance with the provisions of paragraph 6 of Article L.225-147 of said Code:

1) Authorizes the Board of Directors, under the terms set out by law, to carry out a capital increase in one or more increments, up to the limit of 10% of the registered capital at the time of the issuance, this percentage applying to capital adjusted according to the transactions affecting it subsequent to this General Shareholders' Meeting, for the purpose of compensating the contributions in kind made to the Company, and composed of equity securities or securities giving access to capital, when the provisions of Article L.225-148 of the French Commercial Code are not applicable, by the issuance, in one or more increments, of (i) shares, (ii) shares giving access to other shares, existing or yet to be issued, or giving entitlement to the allocation of Company debt securities and/or (iii) securities giving access to shares to be issued by the Company, it being specified that the par value ceiling on the capital increases that are performed or likely to be performed in the future under this resolution will be charged against the par value ceiling on capital increases authorized by this meeting in paragraph 4 of resolution fifteen and against the amount of the overall ceiling set out in paragraph 3 of resolution fourteen or, where applicable, against the amount of the ceilings set out by resolutions of the same kind that may succeed said resolutions during the valid period of this delegation;

2) Resolves that the Company stock issued immediately or in future based on this delegation of authority cannot be preference shares;

3) Resolves that the Board of Directors may not, unless previously authorized by the General Shareholders' Meeting, use this delegation of authority once a third party has filed a public tender offer to purchase the Company's shares. This prohibition shall stand until the public tender offer period ends;

4) Resolves that the Board of Directors shall be fully empowered, under the terms set out by law, to implement this delegation of authority in order to:

- make decisions regarding the capital increase compensating the contributions and determine the securities to be issued,
- draw up the list of securities contributed, approve the assessment of contributions, set the issue terms of securities compensating the contributions, as well as, where applicable, the amount of the cash balance to be paid, approve the granting of special benefits, and reduce, if the contributors allow it, the assessment of the contributions or the compensation of the special benefits,
- determine the characteristics of the securities compensating the contributions and setting the procedures whereby, where applicable, the rights of holders of securities giving access to the capital will be preserved,
- apply, on its own initiative, the cost of the capital increases against the related share premiums and deduct the amounts required for the legal reserve from this amount,
- record the completion of each capital increase and amend the bylaws accordingly;
- in general, take any measures and carry out any formalities that are appropriate for the issue, listing and financial servicing of securities issued under this delegation of authority and the exercise of associated rights;

5) Resolves that the delegation of authority granted under this resolution shall be valid for twenty-six (26) months from the date of this meeting;

6) Notes that this delegation of authority voids from this day forward, as applicable, any unused part of any prior delegation of authority granted for the same purpose, i.e. any delegation allowing the issuance of shares or securities giving access to the capital or entitling holders to the allotment of debt securities without preferential subscription rights in compensation of contributions in kind involving equity securities or securities giving access to capital, including that granted by the shareholders in resolution sixteen of the Combined General Shareholders' Meeting of May 19, 2015.

Resolution eighteen *(Delegation of authority to the Board of Directors to decide whether to increase share capital through the capitalization of premiums, reserves, retained earnings or other items)*

The General Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for ordinary business, having reviewed the report of the Board of Directors, in accordance with the provisions of Article L.225-130 of the French Commercial 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 the amounts and at the times it deems fit, through the capitalization of premiums, reserves, retained earnings or other items, the capitalization of which will be possible under the law and the bylaws, in the form of an issuance of new equity securities or an addition to the nominal amount of existing equity securities, by raising the amount of the equity capital or by the joint use of these two processes. The par value ceiling on capital increases liable to be carried out immediately or in the future is set at one and a half (1.5) billion euros, with the understanding that the par value ceiling on capital increases carried out or liable to be carried out in future under this resolution will be applied against the amount of the overall ceiling established in paragraph three of resolution fourteen submitted to the shareholders at this meeting or, where appropriate, to an 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;

2) If this delegation of authority is used by the Board of Directors, it shall be fully empowered, with the right to sub-delegate said power under the terms set out by law, to implement this delegation of authority in order to:

- set the amount and type of funds to be incorporated into the capital, set the number of new equity securities to be issued and/or the amount by which the nominal amount of the existing equity securities will be increased, and record the date, even retroactively, from which the new equity securities will be vested or the date on which the raising of the nominal amount of existing equity securities will become effective,
- decide, in case of free capital stock distributions, that rights to fractional shares may not be traded and that the corresponding securities will be sold; the funds from the sale will be allocated to the holders of the rights under the terms set out by law and regulations,
- make any necessary adjustments to take into account the impact of transactions on the Company's capital, particularly in the event of a change in the share's par value, a capital increase by capitalization of reserves, free share or capital stock allocations, stock splits or reverse stock splits, the distribution of reserves or any other assets, the redemption of capital, or any other transaction affecting shareholders' equity or share capital (including by public offering and/or change of control), and set the terms that will safeguard, where applicable, the rights of holders of securities that give access to capital,
- record the completion of each capital increase and amend the bylaws accordingly,
- in general, enter into agreements, take any measures and carry out any formalities that are appropriate for the issue, listing and financial servicing of securities issued under this delegation of authority and the exercise of associated rights;

3) Resolves that the Board of Directors may not, unless previously authorized by the General Shareholders' Meeting, use this delegation of authority once a third party has filed a public tender offer to purchase the Company's shares. This prohibition shall stand until the public tender offer period ends;

4) Resolves that the delegation of authority granted under this resolution shall be valid for twenty-six (26) months from the date of this meeting;

5) Notes that this delegation of authority voids from this day forward, as applicable, any unused part of any prior delegation of authority granted for the same purpose, namely, any delegation of authority related to capital increases through the capitalization of premiums, reserves, retained earnings or other items, including that granted by the shareholders in resolution seventeen of the Combined General Shareholders' Meeting of May 19, 2015.

Resolution nineteen *(Delegation of authority to the Board of Directors to increase the number of securities to be issued in the event of capital increases with or without preferential subscription rights)*

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 Article L.225-135-1 of the French Commercial 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 to increase the number of securities to be issued in the event of Company capital increases with or without preferential subscription rights, at the same price recorded for the initial issue, within the time frames and limits set out in applicable regulations at the time of their issue (as of this date, within 30 days following the end of the subscription and within a limit of 15% of the initial issue), particularly with a view to granting an over-allotment option in accordance with market practices;

2) Resolves that the par value of capital increases decided under this resolution will be applied against the amount of the overall ceiling or ceilings applicable to the initial issue;

3) Resolves that the delegation of authority granted under this resolution shall be valid for twenty-six (26) months from the date of this meeting.

Resolution twenty *(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 capital 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, 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 this meeting 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 et 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 above;
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, subject to the limits and conditions stipulated above, 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), or through employee mutual funds or other structures or entities permitted under applicable legal or regulatory provisions,
   - determine the conditions, particularly seniority conditions, that beneficiaries of capital increases must meet,
   - set the dates for opening and closing subscriptions,
   - set the amounts for issues that will be carried out under this authorization and to set, in particular, the issue prices, dates, deadlines, procedures and conditions for subscription, payment, granting and entitlement for securities (even retroactive), the rules for reduction applicable the event of oversubscription, as well as the other conditions and procedures for issues, within the applicable legal or regulatory limits,
   - in the event that free shares or securities giving access to capital are granted, determine the nature, characteristics and number of shares or securities giving access to capital to be issued, the number to grant to each beneficiary, and to set the dates, deadlines, procedures and granting conditions for these shares or securities giving access to capital, within the applicable legal and regulatory limits and in particular to choose either to completely or partially replace the granting of these shares or securities giving access to capital at discounts relative to the Reference Price provided for above, or to apply the equivalent value of these shares or securities to the total amount of the contribution, or to combine these two options,

- in the event that new shares are issued, apply, if applicable, to reserves, retained earnings or issue premiums, the amounts necessary to pay up said shares;
- record the completion of capital increases up to the amount of shares that will be effectively subscribed to,
- if applicable, apply the cost of the capital increase against the related share premiums and deduct the amounts required to bring the legal reserve from this amount to one-tenth of the new capital resulting from these capital increases,
- sign any agreements and carry out any transactions and formalities directly or indirectly through a representative, including carrying out formalities related 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 of authority voids, from this day, the unused part of the prior delegation of authority of the same nature granted to the Board of Directors by the shareholders under resolution nineteen of the Combined General Shareholders' Meeting of May 19, 2015.

Resolution twenty-one *(Modification of Article 11 of the bylaws related to the meetings of the Board of Directors)*

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, resolves to modify paragraph 1 of Article 11.1 of the Company bylaws as follows:

- “Article 11 – Meetings of the Board of Directors

  11.1, paragraph 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 via e-mail.”

The rest of the article remains unchanged.

Resolution twenty-two *(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, 2016

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.

I - AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL SHAREHOLDERS' MEETING

Agreements and commitments authorized during the past fiscal year

We have not been advised of any agreements or commitments authorized during the past fiscal year for submission to the General Shareholders' Meeting for approval in accordance with the provisions of Article L. 225-38 of the French Commercial Code.

Agreements and commitments authorized since the fiscal year-end

We have been notified of the following agreement authorized since the fiscal year-end, which was subject to the prior approval of your Board of Directors.

Amendment to the compensation agreement between Natixis and Banque Palatine

On February 9, 2017, the Board of Directors authorized the signature of an amendment to the protocol for compensation between Natixis and Banque Palatine originally signed on February 10, 2016, designed to offset particular additional costs sustained by Banque Palatine in connection with the transfer of the investment services provided to its clients to Natixis EuroTitres and Caceis, and previously provided by a service provider outside Groupe BPCE.

This amendment changed the amount of Natixis' compensation in order to take into account an additional cost that was not anticipated by the parties when the 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.

Corporate officer concerned at the date on which the amendment was signed:

BPCE, represented by Ms. Marguerite Bérard-Andrieu on the Natixis Board of Directors.

Ms. Sylvie Garcelon, Chief Executive Officer of CASDEN Banque Populaire, Natixis Director.

II - AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL SHAREHOLDERS' MEETING

Agreements and commitments authorized during previous fiscal years

a) the execution of which continued in the previous fiscal year

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. 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, the Board of Directors authorized on February 19, 2014 the amendment to this agreement the purpose of which is to alter the sub-ceilings provided for in Article 4 of the agreement, namely: raising the total maximum nominal amount of the bonds that can be issued by BPCE under Program 3 (a)(2) each year from USD 4 billion to USD 6 billion, and raising the total maximum nominal amount of the proceeds from the bond issues under Program 3 (a)(2) that cannot be re-loaned to Natixis within 90 days of their settlement & delivery from USD 2 billion to USD 3 billion. Furthermore, BPCE may loan securities to Natixis for shorter maturities than those of the bonds, depending on Natixis' needs.

This amendment was approved at the Ordinary General Shareholders' Meeting of May 20, 2014.

Corporate officers concerned:

Mr. Pérol, Chairman of the BPCE Executive Board, Chairman of the Natixis Board of Directors.

Mr. Gentili, Member of the BPCE Supervisory Board, Natixis Director.

Mr. Patault, Member of the BPCE Supervisory Board, Natixis Director.

Mr. Sueur, Vice-Chairman of the Steering and Supervisory Committee of Caisse d'Epargne Île-de-France, Natixis Director.

Mr. Cahn, Member of the BPCE Supervisory Board, Natixis Director.

Mr. Condaminas, Member of the BPCE Supervisory Board, Natixis Director.

Ms. Halberstadt, Member of the BPCE Supervisory Board, Natixis Director.

Mr. Valentin, Member of the BPCE Supervisory Board, Natixis Director.

Ms. Paix, Chairman of the Management Board of Caisse d'Epargne Rhône-Alpes, Natixis Director.

BPCE, represented by Mr. 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 €57,751.00 for the fiscal year ended December 31, 2016.

2. Preliminary agreement between Natixis and BPCE regarding the guarantee mechanism covering certain GAPC assets and the agreements pertaining to the guarantee.

On August 25, 2009, the Board of Directors approved a preliminary agreement between Natixis and BPCE for the purpose of protecting Natixis against future losses and any earnings volatility caused by assets ring-fenced by its Workout Portfolio Management structure (GAPC).

This preliminary agreement resulted in the signing of several agreements between Natixis and BPCE relating to the guarantee of certain GAPC assets.

On November 12, 2009, the Board of Directors approved a number of agreements regarding the guarantee covering certain GAPC assets, namely:

- the Financial Guarantee agreement, under which BPCE agrees to grant Natixis a financial guarantee (term: the agreement will end on the final maturity date);
- the ISDA Master Agreement and Appendix, between BPCE and Natixis;
- total return swap agreements between Natixis and BPCE, one of which relates to euro-denominated assets and the other to US dollar-denominated assets;
- the Call Option granted by BPCE to Natixis;
- the "Miroir NLI" Reciprocal Financial Guarantee between Natixis and Natixis Luxembourg Investissements;
- the "Miroir NFP" Reciprocal Financial Guarantee between Natixis and Natixis Financial Products Inc.;
- 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.

Corporate officers concerned:

Mr. Pérol, Chairman of the BPCE Management Board, Chairman of the Natixis Board of Directors.

Mr. Lemaire, Member of the BPCE Management Board, Member of the Natixis Board of Directors.

Mr. de la Porte du Theil, Member of the BPCE Management Board, Member of the Natixis Board of Directors.

Mr. Duhamel, Member of the BPCE Management Board, Permanent Representative Member of the Natixis Board of Directors.

Mr. Gentili, Member of the BPCE Supervisory Board, Member of the Natixis Board of Directors.

Mr. Henry, Member of the BPCE Supervisory Board, Member of the Natixis Board of Directors.

Mr. Jeannin, Member of the BPCE Supervisory Board, Member of the Natixis Board of Directors.

Mr. Patault, Member of the BPCE Supervisory Board, Member of the Natixis Board of Directors.

The premium pertaining to Natixis was spread out and carried to the income statement in an amount of €37,040,278.00 for the fiscal year ended December 31, 2016. The spreading of the premium relating to the mirror guarantees between the subsidiaries has no impact on Natixis' income.

The change in the fair value of the total return swaps gave rise to the recognition of income amounting to €24,345,342.00 for the fiscal year ended December 31, 2016 in respect of Natixis' activities, and to an expense of USD 2,159,135.00 in respect of the subsidiaries' activities. This expense was neutralized in Natixis' accounts by recognizing an offsetting expense against the subsidiaries.

As the premium was immediately recognized in the balance sheet, its revaluation led to the recording of an expense amounting to €22,823,987.00 for the 2016 fiscal year.

The expense recognized by Natixis in respect of cancellation payments amounted to €9,511.00 in the 2016 fiscal year.

The income recognized in respect of the activation of guarantees in the 2016 fiscal year amounted to €45,876,432.00.

3. Invoicing agreement pertaining to Natixis' affiliation to BPCE

On February 22, 2012, the Board of Directors authorized a new invoicing agreement between Natixis and BPCE pertaining to Natixis' affiliation to BPCE, in replacement of the existing affiliation agreement.

This new invoicing agreement is aimed at providing a better reflection of the proportion of BPCE's governance functions that relate to affiliated entities. It provides for annual invoicing based on the actual cost of the tasks performed by BPCE.

Term of the agreement: the agreement will enter into effect for the parties while Natixis is affiliated to BPCE, within the meaning of the provisions of Article L. 511-31 of the French Monetary and Financial Code.

This agreement was approved by the May 29, 2012 General Shareholders' Meeting.

Corporate officers concerned:

Mr. Pérol, Chairman of the BPCE Executive Board, Chairman of the Natixis Board of Directors.

Mr. Gentili, Member of the BPCE Supervisory Board, Natixis Director.

Mr. Patault, Member of the BPCE Supervisory Board, Natixis Director.

Mr. Jeannin, Member of the BPCE Supervisory Board, Natixis Director.

Mr. Klein, Member of the BPCE Management Board, Natixis Director.

Mr. Criton, Member of the BPCE Supervisory Board, Natixis Director.

Mr. Queuille, Member of the BPCE Management Board, Natixis Director.

Mr. Sueur, Vice-Chairman of the Steering and Supervisory Committee of Caisse d'Epargne Île-de-France, Natixis Director.

BPCE, represented by Mr. 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 €30,000,000 for the fiscal year ended December 31, 2016.

4. 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 2016 fiscal year amounted to €701,321.00.

5. "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 €92,500.00 for the fiscal year ended December 31, 2016.

6. Terminated or expired letters of joint and several commitment and guarantee

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 transactions guaranteed and 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 €1,107,753.00 for the fiscal year ended December 31, 2016.

b) not executed in the past fiscal year

Furthermore, we were informed of the continuation of the following agreements and commitments already approved by the General Shareholders' Meeting in previous fiscal years, which were not executed in the past fiscal year.

7. 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 calculated the amount of Mr. 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 May 20, 2014.

These agreements were approved again by the May 19, 2015 General Shareholders' Meeting.

Corporate officer concerned:

Mr. Mignon, Chief Executive Officer of Natixis.

This agreement had no financial impact in 2016.

8. General master protocol 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 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 general master protocol ("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:

General master protocol between CNP Assurances, BPCE and Natixis

The aim of this protocol is to:

- note 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 to purchase the existing insurance deposit inventory at December 31, 2020, while CNP will have the option to inform BPCE of its desire to enter into discussions regarding the potential transfer of the insurance deposit inventory between 2020 and 2022;
- determine and organize the operation of the Partnership Monitoring Committee (and of any potential sub-committees set up by the latter); and
- more broadly, organize and manage the relations between the Parties under the Renewed Partnership.

Corporate officers concerned:

François Pérol, Chairman of the BPCE Executive Board, Chairman of the Natixis Board of Directors, and member of the CNP Assurances Board of Directors,

Daniel Karyotis, member of the BPCE Executive 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.

Corporate officers concerned:

François Pérol, Chairman of the BPCE Executive Board, Chairman of the Natixis Board of Directors, and member of the CNP Assurances Board of Directors,

Daniel Karyotis, member of the BPCE Executive 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 2016.

9. 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 2016.

10. 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.

Corporate officers concerned:

Mr. Pérol, Chairman of the BPCE Executive Board, Chairman of the Natixis Board of Directors.

Mr. Gentili, Member of the BPCE Supervisory Board, Natixis Director.

Mr. Patault, Member of the BPCE Supervisory Board, Natixis Director.

Mr. Jeannin, Member of the BPCE Supervisory Board, Natixis Director.

Mr. Klein, Member of the BPCE Management Board, Natixis Director.

Mr. Criton, Member of the BPCE Supervisory Board, Natixis Director.

Mr. Queuille, Member of the BPCE Management Board, Natixis Director.

Mr. Sueur, Vice-Chairman of the Steering and Supervisory Committee of Caisse d'Epargne Île-de-France, Natixis Director.

Mr. Mateu, Chairman of the Management Board of Caisse d'Epargne Rhône-Alpes, Natixis Director.

BPCE, represented by Mr. 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 2016.

11. 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.

Corporate officers concerned:

Mr. Pérol, Chairman of the BPCE Executive Board, Chairman of the Natixis Board of Directors.

Mr. Mignon, Chief Executive Officer of Natixis.

BPCE, represented by Mr. 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 2016.

Agreements and commitments approved during the past fiscal year

Furthermore, we were notified of the execution, in the previous fiscal year, of the following agreements and commitments, already approved by the General Shareholders' Meeting of May 24, 2016 on the Statutory Auditor's special report of March 10, 2016.

12. Compensation agreement between Natixis and Banque Palatine

The Board of Directors, on February 10, 2016, 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.

Corporate officer concerned at the date on which the amendment was signed:

BPCE, represented by Mr. Daniel Karyotis on the Natixis Board of Directors.

Mr. Michel Grass, Chairman of the Board of Directors of Banque Populaire Bourgogne Franche Comté, Natixis Director.

This agreement had no financial impact in 2016.

13. 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.

Corporate officer concerned:

Mr. Mignon, Chief Executive Officer of Natixis.

This agreement had no financial impact in 2016.

French original signed in Neuilly-sur-Seine and Paris La Défense on March 21, 2017

The Statutory Auditors

Deloitte & Associés	Price waterhouse coopers Audit	Mazars
José-Luis Garcia	Agnès Hussherr	Michel Barbet-Massin
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 21, 2017

Laurent MIGNON

Chief Executive Officer

8.2 Documents available to the public

Documents concerning Natixis (Articles of Association, bylaws, reports, 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, 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;
- the parent company and consolidated financial statements for the year ended December 31, 2014, presented respectively on pages 323 to 363 and 194 to 320, the Statutory Auditors' report thereon, respectively pages 364 to 365 and 321 to 322, and the Group management report, on pages 178 to 192 of the registration document filed with the AMF on March 12, 2015 under number D.15-0128;

All other chapters of reference documents filed under numbers D.16-0127 and D.15-0128 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

8.5 Cross-reference table for the management report

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	119-121
		2.4 Risk appetite	14	120
		2.7 Stress tests	24	121
Article 435 (1)	(EBA) CRA - General information about credit risk	5.1. Credit risk control organization	48	133
		5.2. Credit policy	48	133
Article 435 (1)	(EBA) CCRA - Qualitative disclosure related to counterparty credit risk	6.1. Counterparty risk management	74	134
Article 435 (1)	(EBA) MRA - Qualitative disclosure requirements related to market risk	8.1. Market risk management	88	148
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	27-28	125-126
Article 436(b)	EU LIA – Explanations of differences between accounting and regulatory exposure amounts	3.2 Prudential consolidation scope	26	
Macro-prudential supervisory measures				
Article 458	(BCBS March 2016) CCyB1 – Geographical distribution of credit exposures used in the countercyclical buffer	Table 5	35	N/A
Leverage ratio				
Article 451	(BCBS March 2016) LR1 – Comparison of accounting exposures and leverage exposures	Table 52	103	166
	(BCBS March 2016) LR2 – Leverage ratio	Appendix 3	164	N/A
Capital requirements				
Article 438 (c) (f)	(EBA) EU OV1A - Overview of RWA	Table 9	41	
Article 438 last paragraph	(EBA) EU CR10 - IRB - Specialized lending and equities	Table 30	72	
Art. 438 c), d), e) and f)	NX01 - EAD, RWA and EFP by approach and by Basel exposure class	Table 8	40	142
Art. 442 c)	NX03 - Exposures and EAD and by Basel exposure class	Table 10	42	
Art. 442 d), e) and f)	NX05 - EAD by geography and by exposure class	Table 11	43	
Art. 444 a), b) and c)	NX11BIS - EAD by exposure class and by agency – Standardized approach	Table 12	44	
Art. 453 d)	NX17 - Secured exposure by rating and by type of guarantor	Table 13	44	
Art. 453 f) and g)	NX18 - EAD by credit risk mitigation technique	Table 14	45	
Credit risk and credit risk mitigation techniques				
Article 442 (a) and (b)	CRBA - Additional disclosure related to the credit quality of assets			239-259
Article 442 (c), (g) and (h)	(EBA) EU CR1 - Credit quality of assets	Table 17	54	

CRR Article	Basel Committee/EBA tables and statements	Reference in Pillar III report	Page of Pillar III report	Page of Registration document
Article 453 (a) (e)	(EBA) EU CRC - Qualitative disclosure requirements related to credit risk mitigation techniques	5.5. Credit risk mitigation techniques	50-51	139-140
Article 453 (f) and (g)	(EBA) EU CR3 - Credit risk mitigation techniques – Overview	Table 15	52	
Article 442 (c)	(EBA) EU CRB-B - Total and average net amount of exposures	Table 18	55	
Article 442 (d)	(EBA) EU CRB-C - Geographical breakdown of exposures	Table 19	56	
Article 442 (e)	(EBA) EU CRB-D - Concentration of exposures by industry or counterparty type	Table 20	57	
Article 442(f)	(EBA) EU CRB-E - Maturity of exposures	Table 21	58	
Credit risk and credit risk mitigation – 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	59	135-136
Article 453 (f) and (g)	(EBA) EU CR4 - Standardized approach – credit risk exposure and Credit Risk Mitigation (CRM) effects	Table 23	61	
Article 444 (e)	(EBA) EU CR5 - EAD by asset class and risk weight	Table 24	61	135
Credit risk and credit risk mitigation – IRB				
Article 452 (a) (c)	(EBA) EU CRE - Qualitative disclosures related to IRB models	5.7. Credit risk: internal ratings-based approach	62	134-139
Article 452 (e)(h) and (j)	(EBA) EU CR6 - IRB – Credit risk exposures by portfolio and PD range	Table 29	68	
Article 453 (g)	(EBA) EU CR7 - Internal rating – Effect on RWA of credit derivatives used as CRM techniques	Table 16	53	
Article 92 (3) and 438 (d)	(EBA) EU CR8 - RWA flow statements of credit risk exposures under IRB	Table 28	67	
Art. 452(j)	NX16 - Average weighted PD and average weighted LGD by geography	Table 26	63	
Counterparty risk				
Article 439(e), (f) and (i)	(EBA) EU CCR1 - Analysis of counterparty credit risk (CCR) exposure by approach	Table 34	75	
Article 439 (e) and (f)	(EBA) EU CCR2 - Credit valuation adjustment (CVA) capital charge	Table 38	80	
Article 444 (e)	(EBA) EU CCR3 - Standardized approach of CCR exposures by regulatory portfolio and risk weight	Table 35	76	
Article 452 (e)	(EBA) EU CCR4 - CCR exposures by portfolio and PD scale	Table 36	77	
Article 439 (g) and (h)	(EBA) EU CCR6 - Credit derivative exposures	Table 37	79	
Securitization				
Article 449	(BCBS) SECA – Qualitative disclosure requirements related to securitization exposures	7.2. Management of risks related to securitization transactions	82-83	147
	(BCBS) SEC1 - Securitization exposures in the banking book	Table 40	84	
	(BCBS) SEC2 - Securitization exposures in the trading book	Table 41	84	
	(BCBS) SEC3 - Securitization exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor	Table 45	86	
	(BCBS) SEC4 - Securitization exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as investor	Table 46	86	
Art. 449(k)	NX33BIS - Banking book EAD by agency	Table 39	83	
Market risk				
Art. 445	(EBA) EU MR1 - Market risk own funds requirements	Table 47	92	

CRR Article	Basel Committee/EBA tables and statements	Reference in Pillar III report	Page of Pillar III report	Page of Registration document
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	90-91	148-151
Article 455 (a) and (b)	(EBA) EU MRB B - Qualitative disclosures for banks using the Internal Models Approach (IMA)	8.3 Methodology for measuring market risk	90-91	148-151
Article 455 (e)	(EBA) EU MR2 – A - Market risk under internal models approach	Table 55	93	
Article 455 (d)	(EBA) EU MR3 - IMA values for trading portfolios	Table 53	92	151-154
Article 455 (g)	(EBA) EU MR4 - Comparison of VaR estimates with gains/losses	Table 54	93	153
Operational risk				
Article 446	(BCBS) ORA – General qualitative data on operational risk management	10. Operational risk	112-115	155-158
	(BCBS) OR1 – Historical losses used for SMA calculation	Table 59	114	
	(BCBS) OR3 – Historical losses	Table 60	114	158
Interest rate risk (IRRBB)				
Article 448	(BCBS) Table A – IRRBB management policies and objectives	9.4. Management of structural interest rate risk	105-106	166-168
	(BCBS) Table B – NII sensitivity	Table 62 (IRRBB – Table B)	106	168
Remuneration				
Article 450	(BCBS) REMA – Remuneration policy	12. Disclosures on remuneration	125-144	81-96

8.7 Table Index

8.8 EDTF recommendation cross-reference table

Recommendation			Page of Pillar III Report	Page of Registration Document
	1	Cross-reference table	167-169	490-494
	2	Terminology and risk measurement, key inputs used	16, 48-50, 74, 82, 88-91, 112-114	122-123, 133-136, 147-151, 155-158
	3	Description of principal and/or emerging risks	17-23	112-118
Introduction	4	Definition of regulatory changes and new key ratios		
	5	Organization of risk management and control	12-13	119-120
	6	Risk management strategy and implementation	13-14	120-121
	7	Principal risks, risk appetite and risk management	14	121
Risk management governance and strategy	8	Stress tests	24, 50, 91	121, 140-141, 149-150
	9	Capital requirements	40, 41	142
	10	Information on the composition of regulatory capital, Reconciliation of accounting and regulatory data	27, 30, 34	125, 128, 129
	11	Changes in regulatory capital	34, 35	129, 130
	12	Regulatory capital targets	38	132
	13	Risk-weighted assets by business line and by type of risk		132
	14	Risk-weighted assets and capital requirements by method and exposure class	40, 41	142
	15	Table of credit risks by Basel portfolio	42, 61, 68, 76, 77	144
Capital requirements and risk-weighted assets	16	Changes in risk-weighted assets by type of risk	37	131
	17	Description of back-testing models	64	138
	18	Liquidity management	95-103	159-166
	19	Encumbered assets	107	169
	20	Balance sheet by contractual maturities	108-109	170-171
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	22	Reconciliation of risk-weighted assets and accounting items for exposures sensitive to market risks	27	125
	23	Significant market risk factors		152
	24	Market risk modeling principles	91	148-150
Market risks	25	Market risks management techniques	92-93	151-152
	26	Structure of the loan book	40-43, 54-58, 61, 68	142-146
	27	Impairment policy - Loan provisions and impairment	49	141
	28	Changes in provisions and impairment		283
	29	Counterparty risks on market transactions	74, 75-79	134
Credit risks	30	Information relating to collateral and counterparty risk mitigation measures	44, 45, 52, 53, 61, 74	134
	31	Other risks: insurance sector risks, operational risks and legal risks, IT system security and business continuity plans	112-115, 121-123, 148-151	155-158, 173-183
Other risks	32	Analysis of losses related to operational risk, including litigation and compliance	118-120	173-175

8.9 Cross-reference table of Social and Environmental 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	394
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	411
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	413
Art. R.225-105-1-I 1° c)	c) Labor relations ■ The organization of employer-employee communication ■ Collective bargaining agreements	LA4	414
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	414
Art. R.225-105-1-I 1° e)	e) Training ■ Policy application ■ The total number of training hours	LA9, LA10, LA11, HR2	415
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	416
Art. R.225-105-1-II 1° g)	g) Promotion and respect of the International Labour Organisation'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 labour ■ On abolishing child labour	LA13, HR7, HR6	418
Art. R.225-105-1-I 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	EN27, G4-43,	398
Art. R.225-105-1-II 2° a)	■ Amount of provisions and guarantees for environmental risks	N/A	

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 ressource 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	415
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	417
Art. R.225-105-1-I 2° e)	e) Biodiversity protection ▪ Measures taken to preserve biodiversity	EN 11-12-13, EN 14-26	419
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	420
Art. R.225-105-1-I 3° b)	b) Relationships with stakeholders ▪ Conditions of dialogue with interested parties ▪ Acts of support, partnership or sponsorship	G4-26, G4-37, EC7	421
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	422
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	422
Art. R.225-105-1-II 3° e)	e) Other human rights initiatives	HR1-2-7-8-9-10	422
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		430

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	Autorité de Contrôle Prudentiel et de Résolution (French Prudential Supervisory Authority for the Banking and Insurance Sector), France's banking and insurance supervisor.
ADAM	*Association de Défense des Actionnaires Minoritaires* (Association for the Defense of Minority Shareholders).
ADIE	*Association pour le droit à l'initiative économique*/Association for the right to economic initiative
AFEP-Medef	*Association Française des Entreprises Privées- Mouvement des Entreprises de France* (French Association of Private Sector Companies- French Business Confederation).
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
ALM (Committee)	Asset and Liability Management Committee
AM	Asset Management
AMF	*Autorité des Marchés Financiers* (French Financial Markets Authority)
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 pour le Régime de Retraite Complémentaire des Salariés* (Association for the Employee Complementary Pension Scheme).
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 assessing the effectiveness of trading strategies and the accuracy of value at risk (VaR) compared to risks actually incurred.
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	*Bulletin des Annonces Légales Obligatoires* (French Bulletin for Mandatory Legal Announcements).
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 of 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.

Acronym/Term	Definition
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 II accords by enhancing the quality and quantity of the minimum capital requirements applicable to financial institutions. Basel III 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.
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.
Bps	Basis points
Broker	Courtier
Brokerage	Courtage
BRRD	Banking Recovery and Resolution Directive
CA	Chiffre d'affaires/conseil d'administration
Capital adequacy ratio	Ratio of total capital (Tier 1 and 2) to risk-weighted assets (RWA).
CCAN	Comité Consultatif des Actionnaires de Natixis (Natixis Shareholders' Consultative Committee).
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	*Comité des Établissements de Crédit et des Entreprises d'Investissement*, i.e. the former French Credit Institutions and Investment Firms Committee, 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

Acronym/Term	Definition
CNIL	*Commission Nationale de l'Informatique et des Libertés* (an independent administrative authority protecting privacy and personal data)
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.
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 III prudential accords.
Company-controlled stock	A company's ownership share of its own equity, held via its direct or indirect control of one or more other companies. Company-controlled stock does not bestow voting rights and is not included in the calculation of earnings per share.
Cost of risk in basis points	A measure calculated by dividing the net expense of commercial risk by loans outstanding at the beginning of the period.
Cost/income ratio	A ratio indicating the share of net revenues used to cover operating expenses (the company's operating costs). It is calculated by dividing operating costs by net 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 transposed 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 Basel3 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)
CSR	Corporate Social Responsibility
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.

Acronym/Term	Definition
Dodd-Frank Act	The Dodd-Frank Wall Street Reform and Consumer Protection Act, more commonly known as the Dodd-Frank Act, is the US law on financial regulation adopted in July 2010 in response to the financial crisis. It is an extensive piece of legislation covering numerous subjects including the creation of the Financial Stability Oversight Council, the management of systemically important financial institutions, the regulation of the highest-risk financial activities, a framework for derivatives markets and reinforced regulation of rating agencies. US regulators (Securities and Exchange Commission, Commodity Futures Trading Commission, etc.) are currently developing precise technical standards with regard to these various provisions.
DOJ	US Department of Justice.
DTAs	Deferred tax assets, arising from temporary or timing differences between accounting expenses and tax liabilities.
DVA	Debit Valuation Adjustment, which is symmetrical to the CVA and represents the expected loss, from the counterparty's perspective, on liability valuations of derivative financial instruments. It reflects the impact of the entity's own credit quality on the valuation of these instruments.
EAD	Exposure at default, i.e. the value of exposure to the risk of the debtor defaulting within one year.
Earnings per share	The company's net income (excluding returns on hybrid securities recognized as equity instruments) divided by the weighted average number of shares outstanding.
EBA	European Banking Authority, established by EU Regulation No. 1093/2010 of November 24, 2010. It began operating on January 1, 2011 in London, superseding the Committee of European Banking Supervisors (CEBS). This new body has an expanded mandate. It is in charge of harmonizing prudential standards, ensuring coordination among the various national supervisory authorities and performing the role of mediator. The goal is to establish a Europe-wide supervision mechanism without compromising the ability of the national authorities to conduct the day-to-day supervision of credit institutions.
ECAI	External Credit Assessment Institution, i.e. a credit rating agency that is registered or certified in accordance with EU regulation, or a central bank that issues credit ratings.
ECB	European Central Bank
EDTF	Enhanced Disclosure Task Force
EEA	European Economic Area
EGM	Extraordinary General Shareholders' Meeting
EIB	European Investment Bank
EL	Expected loss, i.e. the value of the loss likely to be incurred given the quality of the structure of the transaction and any measures taken to mitigate risk, such as collateral. It is calculated by multiplying exposure at risk (EAD) by Probability of Default (PD) and by Loss Given Default (LGD).
ELBE	Expected Loss Best Estimate, i.e. the institution's best estimate of expected loss for the defaulted exposure. This estimate takes into account current economic circumstances, exposure status and an estimate of the increase of the loss rate caused by possible additional unexpected losses during the recovery period.
EMEA	Europe, Middle East and Africa
EPP	Employment preservation plan
Equity (tranche)	In a securitization arrangement, the equity tranche refers to the tranche that bears the first losses incurred from defaults within the underlying portfolio.
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	*Fonds Commun de Placement à Risque* (Private Equity Investment Fund)

Acronym/Term	Definition
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 III 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	*Gestion active des portefeuilles cantonnés*/Workout portfolio management
GBP	Pound sterling (British pound)
GDP	Gross Domestic Product
GEC	Global Energy & Commodities
GM	General Shareholders' Meeting
GRI	Global Reporting Initiative
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	*Haute qualité environnementale*/High Environmental Quality
HQLA	High-quality liquid assets
HR	Human Resources
HY	High Yield
IARD	*Incendie, Accidents et Risques Divers* (property and casualty insurance).
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	*Institut Français de l'Audit et du Contrôle Internes* (French Institute of Internal Auditing and Control).
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).

Acronym/Term	Definition
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	*Impôt sur la fortune* (Wealth Tax)
ISP	Investment service provider
IWMA	Independent wealth management advisor
JV	Joint Venture
L&R	Loans and receivables
LBO	Leveraged buyout
LCR	Liquidity coverage ratio
Leverage effect	The leverage effect accounts for the rate of return on equity based on the after-tax rate of return on invested capital (return on capital employed) and the cost of debt. By definition, it is equal to the difference between the rate of return on equity and the return on capital employed.
Leverage/leveraged financing	Financing through debt
LGD	Loss given default, a Basel 2 credit risk indicator corresponding to loss in the event of default. It is expressed as a percentage (loss rate).
LIBOR	London Interbank Offered Rate
Liquidity	In a banking context, liquidity refers to a bank's ability to cover its short-term commitments. Liquidity also refers to the degree to which an asset can be quickly bought or sold on a market without a substantial reduction in value.
Liquidity coverage ratio (LCR)	A measure introduced to improve the short-term resilience of banks' liquidity risk profiles. The LCR requires banks to maintain a reserve of risk-free assets that can be converted easily into cash on the market in order to cover its cash outflows minus cash inflows over a 30-day stress period without the support of central banks.
Loss alert	A mechanism that warns of loss.
Loss Given Default	See LGD.
Loss ratio	Total losses paid to settle claims divided by premiums paid.
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.

Acronym/Term	Definition
MREL	Minimum requirement for own funds and eligible liabilities
MRH	Multi-Risk Homeowners' insurance
MTN	Medium Term Note
MTP	Medium-term plan
Mutual fund	Collective investment fund
Natixis business line ROE	ROE for business lines is calculated based on normative capital to which are added goodwill and intangible assets for the business line. Capital is allocated to Natixis business lines on the basis of 10% of their Basel 3 average risk-weighted assets. Business lines receive interest on the normative capital allocated to them. By convention, the interest rate on normative capital is maintained at 3%.
Natixis leverage ratio	This ratio is calculated based on the rules set forth in the Delegated Act, without phase-in except for DTAs on tax-loss carryforwards and with the hypothesis of a roll-out for non-eligible subordinated notes under Basel 3 by eligible notes. Repo transactions with central counterparties are offset in accordance with IAS 32 rules without maturity or currency criteria. The ratio is presented after canceling transactions with affiliates, pending ECB authorization.
Natixis ROE	Results used for ROE calculations are net income (group share), deducting DSN interest expenses on preferred shares after tax. Equity capital is average shareholders' equity group share as defined by IFRS, after payout of dividends, excluding average hybrid debt, and excluding unrealized or deferred gains and losses recognized in equity (OCI).
Natixis ROTE	Natixis ROTE is calculated by taking as the numerator net income (group share) excluding DSN interest expenses on preferred shares after tax. Equity capital is average shareholders' equity group share as defined by IFRS, after payout of dividends, excluding average hybrid debt, average intangible assets and average goodwill.
NAV	Net asset value
NEF	A financial cooperative that offers savings and loan solutions targeting projects with a social, environmental and/or cultural purpose.
Net book value	calculated by taking shareholders' equity group share, restated for hybrids and capital gains on reclassification of hybrids as equity instruments. Tangible net book value is corrected for goodwill on associates, restated goodwill and restated intangible fixed assets.
Net stable funding ratio (NSFR)	This ratio is intended to strengthen the longer-term resilience of banks through additional incentives meant to encourage banks to finance their operations using more structurally stable resources. This long-term structural liquidity ratio, applicable to a one-year period, was formulated to provide a viable structure for asset and liability maturities.
Netting agreement	A contract whereby two parties to a financial contract (forward financial instrument), securities loan or repurchase agreement agree to settle their reciprocal claims under these contracts through a single consolidated net payment, particularly in the event of default or contract termination. A master netting agreement extends this mechanism to different categories of transactions subject to different framework agreements through one all-encompassing contract.
New Deal	A strategic plan implemented by Natixis for the 2009-2012 period.
New Frontier	A strategic plan implemented by Natixis for the 2014-2017 period.
NGAM	Natixis Global Asset Management
NPE	Natixis Private Equity
NRE	*Loi sur les nouvelles réglementations économiques*/French Law on New Economic Regulations
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.

Acronym/Term	Definition
PEC	Permanent employment contract
PEP	Politically exposed person
PERP	*Plan d'Epargne Retraite Populaire* (Retirement Savings Plan).
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 III.
Pillar I	Pillar I sets minimum requirements for capital. It aims to ensure that banking institutions hold sufficient capital to provide a minimum level of coverage for their credit risk, market risk and operational risk. The bank can use standardized or advanced methods to calculate its capital requirement.
Pillar II	Pillar II establishes a process of prudential supervision that complements and strengthens Pillar I. It includes:- an analysis by the bank of all of its risks, including those already covered by Pillar I;- an estimate by the bank of the capital requirement for these risks;- a comparison by the banking supervisor of its own analysis of the bank's risk profile with the analysis conducted by the bank, in order to adapt its choice of prudential measures where applicable, which may take the form of capital requirements exceeding the minimum requirements or any other appropriate technique.
Pillar III	Pillar III is concerned with establishing market discipline through a series of reporting requirements. These requirements – both qualitative and quantitative – are intended to improve financial transparency in the assessment of risk exposure, risk assessment procedures and capital adequacy.
Probability of default	See PD.
Rating	An appraisal by a financing rating agency (Moody's, Fitch Ratings, Standard & Poor's) of the creditworthiness of an issuer (company, government or other public entity) or a transaction (bond issue, securitization, covered bond). The rating has a direct impact on the cost of raising capital.
Rating agency	An organization that specializes in assessing the creditworthiness of issuers of debt securities, i.e. their ability to honor their commitments (repayment of capital and interest within the contractual period).
RBC	Risk-based capital
Real security	Securities comprising tangible or intangible assets, movable or immovable assets, such as commodities, precious metals, cash, financial instruments or insurance policies.
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	*Réduction du temps de travail*/Compensatory time off in lieu of overtime pay
RW	Risk weight
RWA	Risk Weighted Assets, or risk-weighted EAD (see Basel terms: maturity, probability of default and loss given default).
S&P	Standard & Poor's
SA (Standardized Approach)	Approach used to measure credit risk as defined by EU regulations.
SCPI	*Société civile de placement immobilier*/Real estate investment trust

Acronym/Term	Definition
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'Economie 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
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	*Spécialiste en Valeurs du Trésor* (Government bond primary dealer).
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.

Acronym/Term	Definition
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 Tier1 capital to risk-weighted assets is a solvency indicator used in the Basel1, Basel2 and Basel3 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	*Taux moyen obligataire* (average bond market rate).
Total Capital Ratio	Ratio of overall capital (Tier1 and Tier2) to risk-weighted assets.
Transformation risk	The risk associated with assets that are financed by liabilities with different maturities. Because banks' traditional activity is to make longer-term use of liabilities with short maturities, they naturally tend to incur transformation risk, which in turn is a source of liquidity and interest rate risks. Positive term transformation occurs when assets have a longer maturity than liabilities. Negative term transformation occurs when assets are financed by liabilities with longer maturities.
Treasury stock	The equity share held by the company, especially through the share buyback program. Treasury stock does not bestow voting rights and is not included in the calculation of earnings per share, with the exception of securities held in association with a liquidity contract.
TRS	Total return swap, i.e. a transaction whereby two parties exchange the income generated and any change in value on two different assets over a given time period.
TSS	*Titres supersubordonnés*/deeply subordinated notes, 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	*Transmission universelle de patrimoine*/Total transfer of assets and liabilities
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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Designed & published by LABRADOR +33 (0)1 53 06 30 80

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