

## **BPCE/Natixis**

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# **2018 US Resolution Plan**

## **Public Section**

December 31, 2018

*This document contains forward-looking statements. BPCE and Natixis may also make forward-looking statements in their respective Annual Registration Documents and Annual Financial Reports, in press releases and in other written materials and in oral statements made by officers, directors or employees to third parties. Statements that are not historical facts, including statements about BPCE's and Natixis' beliefs and expectations are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made, and BPCE and Natixis undertake no obligation to update publicly any of them in light of new information or future events.*

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## Public Section

In accordance with Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the rule promulgated thereunder (the “165(d) Rule”), BPCE SA (“BPCE”) is deemed to be a covered company and must submit annually to the Board of Governors of the Federal Reserve System (the “FRB”) and the Federal Deposit Insurance Corporation (the “FDIC”) (collectively, the “US Regulators”) a US Resolution Plan. BPCE’s majority-owned consolidated subsidiary, Natixis SA (“Natixis”), operates in the US through a New York State licensed branch and other nonbanking subsidiaries.

In accordance with the 165(d) Rule and the instructions provided by the US Regulators, BPCE/Natixis prepared this 2018 US Resolution Plan (the “2018 US Resolution Plan”).

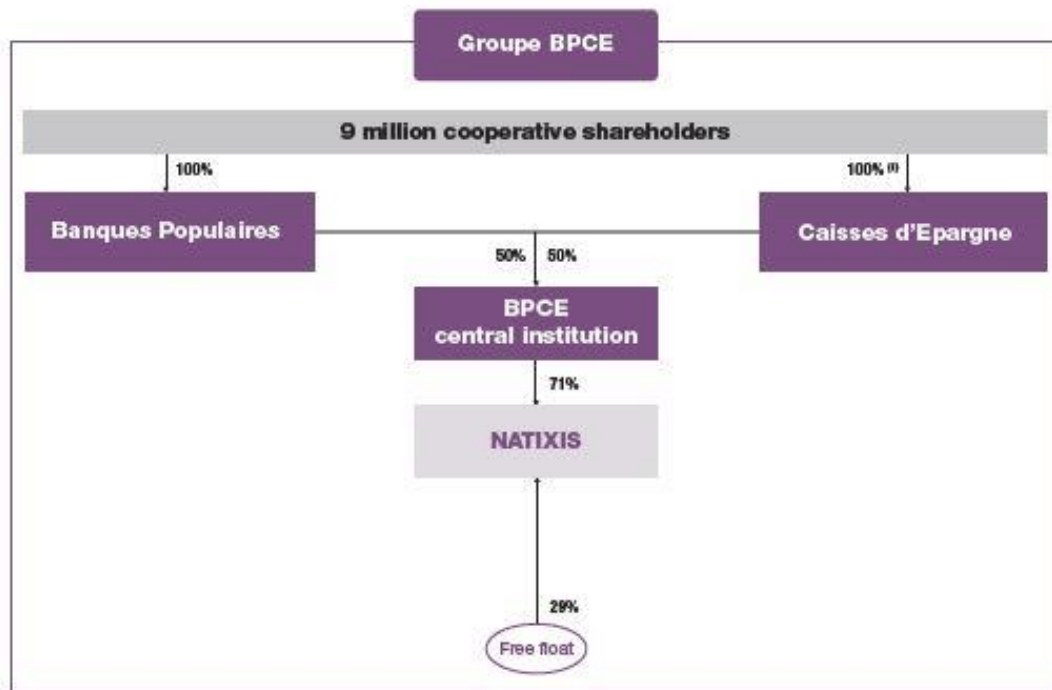
BPCE annually submits an update to its Recovery and Restructuring Plan (the “BPCE Plan”) in accordance with applicable law to the European Central Bank (“ECB”). The most recent update was submitted by BPCE in September 2018. The 2018 US Resolution Plan will be provided to the ECB subject to the approval of the US Regulators.

### A. Background of BPCE and Natixis

On February 26, 2009, the *Banque Fédérale des Banques Populaires* Board of Directors and the *Caisse Nationale des Caisses d’Épargne* Supervisory Board approved the terms and conditions of the combination of their two (2) central bodies, leading to the creation of Groupe BPCE which is the number two (2) banking group in France. Groupe BPCE has a distinctly cooperative character, with cooperative shareholders owning the Banque Populaire banks and the Caisses d’Épargne, the two (2) networks that form the foundation of the group’s retail banking operations. The Banque Populaire banks and the Caisses d’Épargne are credit institutions. Their governance comprises a Board of Directors for the Banque Populaire banks and Supervisory and Management Boards for the Caisses d’Épargne.

BPCE, the central institution of Groupe BPCE, was formed on June 18, 2009. BPCE is 50% owned by the Banques Populaires banks and 50% by the Caisses d’Épargne.

Natixis is a *société anonyme à conseil d’administration* that was formed in 2006 through the combination of Natexis Banques Populaires and various subsidiaries of the Groupe Caisse d’Épargne. Natixis has been affiliated with BPCE since 2009. Natixis was previously affiliated with both the Caisse Nationale des Caisses d’Épargne and the Banque Fédérale des Banques Populaires since 2006. As of December 31, 2017, Natixis was approximately 71% owned and controlled by BPCE with approximately 29% held via public free float. Natixis shares are listed on the Euronext exchange in Paris as shown in the following abridged organization chart as of December 31, 2017.



(1) Indirectly through Local Savings Companies

As BPCE principally operates in the US through Natixis<sup>1</sup>, the 2018 US Resolution Plan focuses on the US activities conducted by Natixis' Core Business Lines and Material Entities.

## B. Description of Natixis Material Entities

A Material Entity is defined in the 165(d) Rule as "a subsidiary or foreign office of the covered company that is significant to the activities of a Critical Operation or Core Business Line." The following legal entities, including a brief description of each, have been designated as a Material Entity to Natixis activities conducted in the US:

- *Natixis New York Branch (the "NY Branch")* – The NY Branch is a branch of Natixis that is licensed by the New York State Department of Financial Services (the "NYSDFS") to conduct a banking business in New York. The NY Branch's activities include commercial lending, non-retail deposit taking and the management of Natixis' US dollar funding position. The NY Branch is a registered US Government Securities Dealer (non-primary) and also engages in Repurchase agreements and Reverse Repurchase agreements (together, "Repos") as principal. The NY Branch, acting as agent, markets, sells and executes derivative transactions on behalf of Natixis.

<sup>1</sup> Pramex International, an indirect operating subsidiary of BPCE, is located in New York and provides business development, business engineering, and business management consulting services.

- *Natixis Securities Americas LLC* (“NSA”) – NSA, a Delaware limited liability company and wholly-owned subsidiary of NNA, is a registered broker-dealer regulated by the Securities and Exchange Commission (the “SEC”) and the Financial Industry Regulatory Authority (“FINRA”). NSA engages in several classes of services, including principal and agency transactions in both domestic and foreign equities, and investment banking activities. NSA also participates in private placements and engages in proprietary matched-book securities financing transactions.
- *Natixis North America LLC* (“NNA”) – NNA, a Delaware limited liability company, is a wholly-owned subsidiary of Natixis. NNA is the parent company for Natixis’ Corporate & Investment Banking (“CIB”) activities that are conducted by its subsidiaries. NNA provides infrastructure support services to the CIB Americas entities.
- *Natixis Investment Managers, L.P.* (“Natixis IM US”) – Natixis IM US, a Delaware limited partnership (formerly known as Natixis Global Asset Management, L.P.) and wholly-owned subsidiary of Natixis U.S. Holdings, Inc. (“NUSHI”), which as of June 29, 2018 is an indirect wholly-owned subsidiary of Natixis Investment Managers (formerly known as Natixis Global Asset Management) (“Natixis IM Global”). In November 2017, Natixis Global Asset Management, L.P. has been renamed Natixis Investment Managers, L.P. and it continues to be a Material Entity in the 2018 US Resolution Plan. Natixis IM US is the holding company for the US operations of Natixis IM Global. Natixis IM Global is the global holding company for the Natixis asset management business. Natixis IM US consists of eleven (11) principal asset management and distribution entities in the US. Natixis IM US provides limited infrastructure support services to affiliated entities in the United States.

## C. Description of Natixis Core Business Lines and Activities

Natixis has four (4) main businesses globally: Corporate & Investment Banking, Asset and Wealth Management, Insurance and Specialized Financial Services. For purposes of the 2018 US Resolution Plan, the US activities of Corporate & Investment Banking, and Asset and Wealth Management have been deemed Core Business Lines. In its 2015 US Resolution Plan, Natixis identified US Wholesale Banking and US Investment Solutions & Insurance as its two (2) Core Business Lines in the U.S. The two Core Business Lines remain the same but have subsequently been renamed Natixis Corporate & Investment Banking Americas and Asset and Wealth Management Americas (“Asset and Wealth Management”).

In addition, Coface, an insurance business, is present in the United States but its U.S. activities are not considered a core business by Natixis. Specifically, in June 2014, Natixis sold approximately 59% of Coface in an initial public offering.

### C.1. Corporate & Investment Banking - Americas

Natixis CIB Americas includes five (5) business segments consistent with the global CIB framework: Global Markets, Investment Banking, Mergers & Acquisitions, Financing, which itself encompass the Real Assets, Energy and Natural Resources, and Distribution & Portfolio Management segments, Trade and Treasury Solutions and Coverage. The Natixis CIB

Americas structure is consistent with the business structure of Natixis Globally, but does incorporate adjustments appropriate for the activities conducted within the U.S. market.

## Global Markets

Global Markets offers a diversified range of products to help manage client risk, evaluate investment solutions and assist with financial transactions. Global Markets is organized around three (3) principal business activities: Fixed Income, Equity Markets, and Global Markets Commodities (“GMC”).

### Fixed Income

On the fixed income markets, Natixis CIB Americas teams offer clients financing, investment and hedging products and solutions on the credit, fixed income and forex markets. Key products and services include:

- Interest Rate Derivatives: Provides liquidity on swaps and options, including short and long-term swaps, and European and Bermudan Swaptions.
- Foreign Exchange: Provides FX solutions in all major and emerging market currencies using spot, forwards, swaps, “vanilla” and “exotic” options for hedging, trading, investment and structuring.
- Guaranteed Investment Contracts (“GICs”) & Derivative Instruments: Issuing GICs, which are investments that guarantees the return of principal to the investor with flexible withdrawal options and attractive investment yields, to customers and other related services.
- Global Structured Credit & Solutions: Provides advisory, origination, structuring, underwriting and placement activities for structured financing transactions, and is organized along four (4) main business sectors:
  - Credit Solutions: Provides client services to collateralized loan obligation (“CLO”) issuers, including origination, structuring and distributions services, and delivers securitized funding via warehouse and capital markets.
  - Securitization Advisory Services: Assists clients with portfolio management, data mining, modeling, and analytics, trading valuation, restructuring, ratings advisory and credit insurance.
  - Asset-Backed Security (“ABS”) Origination: Originates, structures and executes ABS transactions and offers clients warehouse, variable funding note and capital markets financing solutions, subscription facility financing, and access to asset-backed commercial paper funding.
  - Pension and Insurance Solutions: Offers structured finance transactions specific to the insurance industry reflecting with actuarial risks, ALM and pension solutions.
- Credit Capital Markets, Credit Sales & Trading: In partnership with the Investment Banking business line, provides a solutions-based approach to deliver comprehensive financial solutions to clients to optimize execution across the credit markets. Includes

syndicated lending spanning institutional term loan and corporate bond markets, credit sales and credit trading.

### Equity Markets

The Equity Markets platform offers a wide range of bespoke investment, hedging and financing solutions to meet the needs of Natixis' global clients. It also provides access to a wide range of underlying across the full spectrum of global equity markets. Key services include:

- **Institutional Investor Solutions and Flow Sales:** Coverage of pensions, endowments, foundations, asset managers, hedge funds, and insurance companies with regards to the asset allocation and hedging requirement of their respective portfolios.
- **Private Equity Secondary Financing:** Provides financing to institutions seeking to obtain leverage in private equity secondary fund interests.
- **Cross Asset Investment Solutions:** Provides a client-centric approach for custom advisory and tailored investment solutions including various wrappers such as notes, swaps, warrants, and certificates.
- **Insurance Solutions:** Provides tailor-made structured solutions to insurance and reinsurance clients. Key products and solutions include excess reserve and insurance financing, insurance risk transfer and securitization and insurance capital and risk management.
- **Global Securities Financing ("GSF"):** employs delta-one strategies, referencing U.S. and international assets to facilitate customer-driven market exposure, hedging of price risk, strategic acquisitions, collateralized financing or bespoke portfolio solutions. The business includes both fixed income and equity derivatives products such as repurchase or reverse repurchase contracts, collateralized loan obligations and ABS, and index products. GSF also provides securities optimization services, which include collateral management, single-stock market making, and securities borrowing and lending as well as investment and financing solutions.

### Global Markets Commodities

GMC offers commodity risk management services to institutional and corporate clients, including producers, consumers and financial intermediaries through OTC derivatives on a diverse range of commodity underlying, including precious metals, base metals, crude oil, liquids, natural gas, refined products and emissions. The GMC includes a dedicated salesforce that provides corporate and investor clients with management services, trade execution, tailored tutorials, market analysis and case studies, a trading desk active in crude oil, refined products, natural gas, base metals, precious metals and commodity indices, a structuring team that tailors solutions in accordance with clients' individual needs and profiles and a global research platform.

## Investment Banking

The objective of the Investment Banking business line is to enhance strategic dialog with clients by delivering the best possible combination of solutions to meet their financing needs. It encompasses the activities of strategic financing and acquisitions, financing on the primary markets for bonds and equities, and financial engineering applied to holdings. It also includes advisory services in financial structuring and rating matters. Investment Banking has three (3) key areas of focus:

### Acquisition & Strategic Finance ("ASF")

ASF covers multiple industries with focus on energy, power, infrastructure, industrials, consumer, retail, mining, and business services. ASF products include leveraged loans, high yield bonds along with working capital facilities.

### Debt Capital Markets ("DCM") Origination

DCM is focused on advising financial institutions, utilities, and Latin Americas corporate customers, and in addition to project finance, energy, aviation and real estate & hospitality. Key products include debt securities for the primary bond market and in either SEC-registered or private placement format.

### Strategic Equity Transactions ("SET")

SET provides solutions in financing equity stakes, optimizing equity exposures, deferred compensation hedging, share disposals and share buybacks and customized share issuance programs. SET products include margin loans and other financings, strategic stakes, and at-the-market offerings.

## Mergers & Acquisitions

This specialized team help clients, including large and medium-sized commercial and industrial corporations and institutional investors and investment funds, prepare and execute disposals and mergers, fundraising, restructuring and capital protection. In the United States, this function is supported by PJ Solomon, a subsidiary of NNA, which specializes in advising listed and unlisted companies on mergers, acquisitions, capital structure and restructuring transactions.

## Financing

The Global Finance business within Natixis CIB Americas is also referred to as Strategic Sectors & Distribution. Financing activity in the US is responsible for covering clients' broad banking needs. Core activities are centered on organization, underwriting, and distribution of credit facilities for clients, with a focus on arranger or agent roles, and cross selling all other relevant products offered by Natixis, particularly US Global Markets products. It includes the following activities:

- Real Assets consisting of Aviation, Infrastructure & Real Estate & Hospitality ("RE&H");
- Energy & Natural Resources ("ENR"), and
- Distribution and Portfolio Management ("DPM")



### Aviation

The Aviation Group is responsible for clients in the aviation industry for the Americas. This group works with manufacturers, airlines, lessors as well as subordinated and equity investors and any other parties in the aviation industry. Aviation clients seek financing for asset purchases, to refinance existing debt or for working capital and general corporate purposes.

### Infrastructure

The Infrastructure group is responsible for developing relationships and managing a portfolio of loans with borrowers primarily located in the Americas - North, Central, and South. The focus is to advise and arrange senior secured financings (loans or securities) for large projects on a non-recourse or limited recourse basis with repayment contingent on the cash flows of the project assets. The infrastructure group is active in the following sectors:

- Transportation & Social;
- Power and Renewable Energy;
- Natural Resources & Offshore;
- Telecommunications

### Real Estate and Hospitality

RE&H is a full service commercial real estate finance platform, originating and purchasing commercial mortgages, and providing repurchase agreements, subscription lines, financing facilities (on portfolios and single assets), subordinated debt and other assets backed by commercial real estate-related assets which are securitized, syndicated or held in portfolio. RE&H clients are principally based in the US and Canada.

### Energy & Natural Resources

ENR provides diversified debt solutions - reserve based facilities, commodity borrowing base, corporate revolvers, term loans, uncommitted / committed lines, bonds, private placements in North, Central, and South America to the following industries:

- Energy (Upstream, Midstream, Downstream)
- Metals and Mining;
- Traders & Distributors
- Food & Agriculture

### Distribution & Portfolio Management

The Distribution group provides primary & secondary distribution to financial institutions and investors directly or through the Natixis sales force. Distribution coordinates globally with other non-U.S. platforms for Americas based assets and investors.

Portfolio Management provides proactive risk management, Portfolio performance optimization and quarterly portfolio review.

Finally, the Restructuring and Workout department provides active management of non-performing loans.

### **Trade and Treasury Solutions & Coverage**

Trade and Treasury Solutions, which is globally referred to as Global Transaction Banking, sell Natixis' corporate clients solutions for monitoring, optimizing and enhancing their cash flow and for financing and securing their international trade transactions. Natixis contributes to the international development of its clients by offering solutions to finance and secure their import and export operations. Natixis also offers supply chain finance solutions to clients who wish to optimize their cash flow and offer financing to their suppliers. Natixis offers liquidity management solutions that provide corporate clients a multi-bank, paperless centralized account statement service as well as automated multi-bank cash solutions. Natixis provides its clients with multi-channel and multi-format solutions to help them manage their transactional activities (payments/receipts/reporting). Trade and Treasury Solutions complements these solutions with security arrangements to protect against the risk of fraud. Natixis supports financial institutions in all stages of transaction processing (centralization of payments to and from Europe, optimization and simplification of international payment circuits).

CIB Americas has a cross-business Coverage team dedicated to Natixis' client coverage. This team sees clients through every stage of their development, drawing on all areas of Natixis' expertise to anticipate clients' needs and offer them targeted advice on the challenges they face. Organized by client type, the Coverage function is supported internationally by Natixis teams working in 38 countries. This structure encourages responsiveness, close, personalized working relationships and in-depth strategic dialog over the long term with clients.

## **C.2. Asset and Wealth Management Americas**

The Asset Management business of the Asset and Wealth Management Core Business Line is structured under Natixis IM Global. Natixis IM Global is a French entity that oversees the financial and strategic management of approximately thirty (30) specialized asset management firms, including private equity firms, in Europe, the US, Asia and Australia and a global distribution platform. The specialized asset management firms market a wide range of investment solutions to a broad array of clients, including funds, dedicated products and mandates in all asset classes, including money market, bonds, equities, real estate, alternative and diversified classes.

Natixis IM Global's business model is based on a global distribution platform serviced by specialized asset management firms meeting the needs of a large international client base. Natixis IM US owns eleven (11) principal asset management and distribution companies in the US that are managed and overseen by Natixis IM US. Natixis IM US monitors and manages the activities of its subsidiaries to protect and enhance shareholder value and ensure that proper risk control and compliance are in place; brings access to capital for new investment products (seed money); and generally supports a business model that unifies distribution in the most efficient manner on behalf of its affiliated entities. Natixis IM Global's European, Asian and Australian asset managers are not owned by Natixis IM US.

## D. Summary Financial Information

### D.1. Consolidated Balance Sheets

The consolidated Balance Sheets of BPCE and Natixis, prepared in accordance with International Financial Reporting Standards ("IFRS") as of December 31, 2016 and 2017, are presented below:

|   | BPCE Consolidated |                  | Natixis Consolidated |                |
|---|-------------------|------------------|----------------------|----------------|
|   | December 31,      |                  | December 31,         |                |
|   | 2017              | 2016             | 2017                 | 2016           |
| <b>Assets (in Millions)</b>                                     |                   |                  |                      |                |
| Cash and balances with central banks                            | € 94,702          | € 83,919         | € 36,901             | € 26,704       |
| Financial assets at fair value through profit and loss          | 169,768           | 173,161          | 184,497              | 187,628        |
| Hedging Derivatives   | 9,809             | 14,842           | 339                  | 1,220          |
| Available-for-sale financial assets                             | 104,669           | 100,157          | 57,885               | 54,990         |
| Loans and receivables   | 785,189           | 763,562          | 182,057              | 199,086        |
| Revaluation differences on interest rate risk-hedged portfolios | 5,805             | 7,925            | -                    | -              |
| Held-to-maturity financial assets                               | 7,834             | 9,483            | 1,885                | 2,066          |
| Current tax assets, deferred tax assets                         | 4,551             | 4,598            | 2,162                | 2,344          |
| Accrued income and other assets                                 | 60,290            | 60,795           | 46,624               | 46,109         |
| Assets held for sale  | 1,195             | 947              | 738                  | 947            |
| Investments in associates                                       | 4,112             | 3,891            | 734                  | 666            |
| Investment property   | 1,994             | 1,980            | 1,073                | 1,084          |
| Property, plant and equipment                                   | 4,461             | 4,510            | 758                  | 672            |
| Intangible assets   | 1,167             | 1,073            | 732                  | 744            |
| Goodwill  | 4,304             | 4,397            | 3,601                | 3,600          |
| <b>Total</b>  | <b>1,259,850</b>  | <b>1,235,240</b> | <b>519,986</b>       | <b>527,860</b> |
| <b>Liabilities and equity (in Millions)</b>                     |                   |                  |                      |                |
| Financial Liabilities at fair value through profit and loss     | € 135,917         | € 133,436        | € 144,885            | € 146,226      |
| Hedging derivatives   | 14,725            | 19,787           | 710                  | 2,011          |
| Amounts due to customers and credit institutions                | 662,024           | 618,970          | 198,889              | 187,846        |
| Debt securities   | 216,957           | 232,351          | 32,574               | 48,922         |
| Revaluation differences on interest rate risk-hedged portfolios | 367               | 655              | 138                  | 193            |
| Current tax liabilities, deferred tax liabilities               | 998               | 1,106            | 1,152                | 1,240          |
| Accruals and other liabilities                                  | 49,431            | 56,550           | 37,936               | 44,464         |
| Liabilities associated with non-current assets held for sale    | 717               | 813              | 698                  | 813            |
| Insurance companies technical reserves                          | 83,711            | 75,816           | 76,601               | 68,810         |
| Contingency reserves  | 6,392             | 6,499            | 1,742                | 1,994          |
| Subordinated Debt   | 17,410            | 20,121           | 3,674                | 4,209          |
| Equity attributable to equity holders of the parent             | 64,029            | 61,462           | 19,795               | 19,836         |
| Non-controlling interest  | 7,172             | 7,674            | 1,192                | 1,296          |
| <b>Total</b>  | <b>1,259,850</b>  | <b>1,235,240</b> | <b>519,986</b>       | <b>527,860</b> |

## D.2. Funding Sources and Uses

### Capital

BPCE and Natixis consolidated capital adequacy ratios must meet the minimum requirement under Basel 3. At December 31, 2017, BPCE's and Natixis' Tier 1 and Total Capital ratios exceeded the applicable Basel 3 minimum requirements.

BPCE's Tier I and Total Capital ratios calculated as of December 31, 2017 and reported under Basel 3 were 15.4% and 19.2%, respectively. Natixis' Tier I and Total Capital ratios calculated as of December 31, 2017 and reported under Basel 3 were 10.65% and 14.9%, respectively.

### Liquidity Risk Management Policy and Governance

Natixis is affiliated with the BPCE network, as defined by the French Monetary and Financial Code. Article L.511-31 of the French Monetary and Financial Code, which stipulates that central bodies, such as BPCE, are credit institutions and such credit institutions must oversee the cohesion of their network and ensure the proper operation of affiliated institutions and companies. To this end, Groupe BPCE must 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 Groupe BPCE's commitment 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 a governance process and an overall liquidity risk management and monitoring system that is implemented, shared and harmonized across all affiliates; its principal guidelines have been defined by Groupe BPCE's Asset Liability Management ("ALM") Committee.

The Natixis Liquidity Risk Management Policy is an integral part of BPCE's overall policy framework. This policy sets out to optimize Natixis' overall activities, including its CIB Americas activities within a clear, shared and standardized framework in terms of governance and ALM regulations and in line with the group's risk constraints. Thus, the purpose of the overall liquidity risk management policy is to:

- Guarantee that Natixis complies with its financing commitments while ensuring that its refinancing needs and gaps are in line with the group's short and medium-term refinancing capacities;
- Optimize the cost of refinancing within the set risk constraints to help reach profitability objectives;
- Respect the internal limits set in close cooperation with BPCE and adapted to the group's ability to provide for Natixis' ultimate liquidity needs;
- Comply with national and international regulations; and
- Contribute to the diversification of amounts raised by BPCE by geography, product and counterparty.

Liquidity risk is controlled, managed and monitored in the following manner:

- *Management of business line liquidity consumption* - In order to manage Natixis refinancing needs, liquidity budgets are allocated for each main business as part of the budgetary procedure and approved by the ALM Committee. Each business line's liquidity consumption is monitored weekly and monthly depending on the business line.
- *Management of Natixis' 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 mismatching measured on liquidity gaps* - In order to manage estimated short-term liquidity requirements, this indicator is produced daily for a 365-day horizon in intervals of one (1) day, based on all contractual transactions including transactions of US subsidiaries. It is subject to four (4) permanent limits approved by the ALM Committee and monitored daily:
  - Overnight market exposure at opening;
  - On the 60-day static liquidity gap;
  - On the 150-day static liquidity gap; and
  - On the 330-day static liquidity gap.
- *Supervision of medium-term mismatching measured on the liquidity gap and asset/liability coverage ratios* - These ratios, which are calculated for all currencies combined and for the US dollar, include minimum hedging ratios approved by the ALM Committee and monitored monthly.
- *Simulations of liquidity stress scenarios* - The purpose of these liquidity stress scenarios is to measure BPCE's overall ability to continue to respect its commitments and operate in the event of a liquidity crisis. Natixis periodically simulates its contribution to the group's earnings 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 based on assumptions set by BPCE. Natixis also performs liquidity stress testing at a U.S. level as well as at the level of specific material legal entities.
- *Monitoring of the refinancing structure* - The refinancing structure is monitored to ensure that resources are well diversified, by type of counterparty, by market segment and by geographic area, in order to manage all consolidation risk.
- *The constitution of a liquidity pool* - Natixis has a liquidity pool to secure intraday payments which is composed of securities and Central Bank-eligible receivables and is based in Paris and New York. The amount held in the pool is fairly stable over time.

## Funding Sources

The Groupe BPCE Finance division organizes, coordinates and supervises the funding of Groupe BPCE on the markets. The short-term funding of Groupe BPCE is carried out by a single Treasury and Central Bank Collateral Management Team, created following the merger of the BPCE and Natixis cash management teams. This integrated Treasury Team is capable of managing Groupe BPCE’s exposition more efficiently, particularly in periods of liquidity pressure. Groupe BPCE has access to short-term market funding through its two main issuers: BPCE and Natixis.

For medium and long-term funding requirements (more than one year), in addition to deposits from customers of the Banque Populaire and Caisse d’Epargne networks, which are the primary source of funding, the Group also issues bonds through two main operators:

- BPCE (either directly as BPCE or through BPCE SFH, which issues covered bonds known as *obligations de financement de l’habitat* (“OH”), a category of French covered bonds); and
- Credit Foncier through its subsidiary Compagnie de Financement Foncier which issues covered bonds known as *obligations foncières* (“OF”), a category of French covered bonds.

BPCE also handles the medium and long-term funding activities of Natixis, which no longer is a regular issuer in the markets, as well as those of Crédit Foncier.

BPCE has short-term funding programs, such as Negotiable European Commercial Paper, Euro Commercial Paper and US Commercial Paper, and medium- and long-term funding programs, such as Medium-Term Notes (“MTN”), Euro MTN (“EMTN”), US Dollar MTN, Australian Dollar MTN and a securitized bond program, backed by the residential mortgages of the Banque Populaire and Caisse d’Epargne networks. All of Groupe BPCE’s assets and liabilities are subject to internal liquidity pricing, for which the principles are decided by the Groupe BPCE ALM Committee and aim to take into account changes in market liquidity costs and asset/liability matching.

In the US, Natixis’ funding strategy is to develop and maintain a diversified financing base utilizing a mix of unsecured financing sources. Unsecured funding sources include certificates of deposit, commercial paper, guaranteed investment contracts and corporate deposits.

The NY Branch serves as the primary funding entity and provides funding to its affiliates within the Natixis CIB Americas platform subject to any applicable legal and regulatory restrictions. There is no funding of operations across the Core Business Lines. Accordingly, Natixis IM US and its affiliates do not rely on CIB Americas legal entities such as the NY Branch for funding.

Major funding sources for the CIB Americas Material Entities include commercial paper, and corporate deposits raised by the NY Branch or the Natixis Grand Cayman Branch (“GCB”). Retail deposits are not accepted therefore deposits raised by the NY Branch or GCB are not insured by the FDIC. Borrowings from Natixis are also used to fund US operations.

All CIB Americas funding is handled by the centralized Treasury function. In addition, CIB Americas employs dedicated sales teams with responsibility to market and source new funding sources and innovative funding products to its clients.

The assets of Natixis IM US are generally funded with operating cash flows, capital (including retained earnings) and Natixis borrowings.

## **E. Derivatives and Hedging Activities**

BPCE is not engaged in any US derivative activities other than those derivative activities conducted by Natixis. Natixis engages in derivative activities to satisfy client requirements and to manage its exposure to market and credit risk. All derivative exposures are reported at fair value in the preceding consolidated balance sheets.

Derivatives are generally transacted in private over-the-counter (“OTC”) transactions or through recognized derivative settlement exchanges. Natixis (including all of its branches) has provisionally registered as a swap dealer with the CFTC. Natixis derivative products include swaps, options and futures (interest rate, credit default, currency, foreign currency and equity). In addition, Natixis may enter into contracts that are not considered derivatives but include embedded derivative features. 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 asset’s value (interest rate, share price, exchange rate or other index). When the hybrid instrument (i.e., the combined host contract and the derivative) is not measured at fair value through profit and 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 and loss in the accompanying consolidated Balance Sheets.

Natixis recognizes the following hedging relationships: fair value, cash flow and net investment in a foreign operation. The type of instruments used in its derivatives and hedging strategy include but are not necessarily limited to interest rate swaps to hedge variable rate borrowings and loans (i.e., cash flow hedging) and also for fixed rate products (i.e., fair value hedging); and foreign currency contracts (i.e., FX swaps/forwards) are used to hedge the exchange rate risk arising from investments made in a foreign currency. Credit derivatives such as credit default swaps and total return swaps are utilized to manage credit risk.

Regarding derivatives activity conducted in the US, the NY Branch acts as agent and markets, sells and executes derivative transactions on behalf of Natixis. Such exposure is recorded and managed centrally by Natixis. Certain CIB Americas legal entities conduct derivative activities principally with Natixis to act as an economic hedge of certain locally recorded exposures.

Natixis IM US does not conduct any derivatives activity.

## F. Memberships in Material Payment, Clearing, and Settlement Systems

Natixis and its US Material Entities hold memberships in various payment, clearing and settlement systems and exchanges to facilitate their business activities. Below is a list of key memberships:

### CIB Americas

NSA holds the following exchange memberships:

- One Chicago.

NSA also holds the following clearing memberships:

- Depository Trust and Clearing Corporation, Fixed Income Clearing Corporation (Government Securities Division and Mortgage-Backed Securities Division), National Securities Clearing Corporation, and Options Clearing Corporation.

The NY Branch is a member of Fedwire Funds Service and the Fixed Income Clearing Corporation (Government Securities Division).

In addition, both NSA and the NY Branch transmit payment instructions through the Society for Worldwide Interbank Financial Telecommunications (“SWIFT”).

### Asset and Wealth Management Americas

Natixis IM US does not directly hold memberships in any trading, payment, clearing and settlement utilities. Natixis IM US subsidiaries and affiliates are members of a variety of domestic and foreign trading, payment, clearing and settlement utilities and exchanges. The affiliates independently select and maintain membership in these systems and such memberships are not shared across affiliates.

## G. Description of BPCE and Natixis Non-US Operations

BPCE is the number two (2) banking group in France with more than 8,000 branches, 36 million customers, 9 million cooperative shareholders and 106,500 employees. BPCE is the central body of Groupe BPCE, a cooperative banking group. As such, it represents the credit institutions that are affiliated with it. The affiliated institutions, within the meaning of Article 511–31 of the French Monetary and Financial Code, are, as reported on the Groupe BPCE Registration Document and Full-Year Financial Report 2017:

- The fourteen (14) Banque Populaire banks and their 44 mutual guarantee companies, whose sole corporate purpose is to guarantee loans issued by the Banque Populaire banks;



- The sixteen (16) Caisses d'Épargne<sup>2</sup>, whose share capital is held by 228 local savings companies ("LSCs");
- Natixis; two (2) Caisses Régionales de Crédit Maritime Mutuel; Banque BCP SAS (France); Banque de Tahiti; Banque de Nouvelle-Calédonie; Banque Palatine; Crédit Foncier de France; Compagnie de Financement Foncier; Locindus; Cicobail; Société Centrale pour le Financement de l'Immobilier ("SOCFIM"); BPCE International; Batimap; Batiroc Bretagne-Pays de Loire; Capitole Finance-Tofinso; Comptoir Financier de Garantie; Océor Lease Nouméa; Océor Lease Réunion; Océor Lease Tahiti; Sud-Ouest Bail.

BPCE's role is to guide and promote the business and expansion of the cooperative banking group, comprising the Caisse d'Épargne network and the Banque Populaire network, the affiliated entities and, more generally, the other entities under its control. The business activities of BPCE and the Groupe BPCE as a whole both inside and outside France include the following:

## France Based Activities

### Banque Populaire Banks

The Banque Populaire banks are cooperative banks created by and for entrepreneurs, working closely with local businesses and business owners. The Banque Populaire banks form the fourth largest banking network in France, with twelve (12) Banque Populaire regional banks, CASDEN Banque Populaire, which serves public-sector workers, and Crédit Coopératif, a major player in the social and solidarity-based economy. Accordingly, the Banque Populaire Banks are fourteen (14) in total, owned by 4.3 million cooperative shareholders serving 9.2 million customers in over 3,200 branches in France.

### Caisses d'Épargne

Since 1818, the Caisses d'Épargne cooperative banks have combined confidence, solidarity and modernity. As part of the second largest retail banking network in France, the regional Caisses d'Épargne are owned by 4.8 million cooperative shareholders and serve 20.2 million customers in almost 4,100 branches in France. Accordingly, the Caisses d'Épargne are among the leading banks in their regions and support all economic players and are leaders in financing the public sector, social housing and the social economy.

### Crédit Foncier

Crédit Foncier specializes in real estate financing and works with individual customers as well as public and private operators in synergy with Groupe BPCE networks. Crédit Foncier operates 233 branches with 7,000 real estate professionals in France.

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<sup>2</sup> As of June 23, 2018, Caisse d'Épargne d'Alsace and Caisse d'Épargne de Lorraine Champagne Ardennes have merged creating a new entity called Caisse d'Épargne Grand Est Europe. After June 23, 2018, there are fifteen (15) Caisses d'Épargne.

### Banque Palatine

Dedicated to business banking and wealth management, Banque Palatine helps its customers achieve their personal and professional goals. Banque Palatine is committed to establishing a true financial partnership with its customers, drawing on its recognized areas of expertise and high value-added advisory services, with solutions tailored to each customer. Banque Palatine operates fifty (50) branches serving 12,000 corporate customers and 66,000 private banking customers.

### Insurance Activities

Natixis Assurances designs and manages a comprehensive range of personal insurance products (life insurance, death benefits, dependency, pension funds, payment protection insurance) and non-life insurance products (automotive, multi-risk home, multimedia devices, supplementary health insurance, legal protection, non-banking insurance, and professional insurance) for the group networks and their customers.

## **Outside France and International Networks**

### BPCE International et Outre-mer ("BPCE IOM")

BPCE IOM develops commercial banking business outside France. A wholly-owned subsidiary of BPCE, it has over 3000 employees, maintains 155 branches across its bank subsidiaries and two (2) specialized subsidiaries: Pramex International and Ingépar. Pramex International is the French leader in the establishment of international operations and acquisitions among medium and intermediated-sized enterprises, assisting approximately 1,000 French companies each year. In 2017, it joined forces with the Banque Populaire banks and NEXT INTERNATIONAL to launch a support program specially designed for innovative companies. Ingépar arranges complex financing for assets overseas and in mainland France such as infrastructures, transport, industrial projects, hotels and real estate, and public-private partnerships.

### BRED Banque Populaire ("BRED")

BRED's overseas operations include a network of branches in the French Overseas Departments, as well as subsidiaries in Polynesia and New Caledonia. Buoyed by this experience, BRED is pursuing sustained and targeted growth in the Pacific (Vanuatu and Fiji) the Horn of Africa (Djibouti) and in South-East Asian countries (Laos and Cambodia), where it is a pioneer among European banks.

### Natixis

Natixis is the international corporate and investment banking, asset management, insurance and financial services arm of Groupe BPCE. Natixis has a number of areas of expertise that are organized into four main businesses — Asset and Wealth Management, Corporate & Investment Banking, Insurance and Specialized Financial Services. Natixis operates in three key regions: the Americas, Asia-Pacific and Europe, Middle East and Africa ("EMEA"). The following is a brief description of the Natixis' main business lines activities. Additional information may be found in Section 1.5, *Natixis Business Lines* in the *2017 Natixis Registration Document and Annual Financial Report*.

## CIB

- As of December 31, 2017, the CIB business line comprised nearly 3,000 employees in 30 countries around the world. 52.9% of the employees were located in France, and 47.1% internationally. CIB serves corporate clients, financial institutions, institutional investors, investment funds, public sector entities and the Groupe BPCE networks. It advises them and develops innovative tailor-made solutions to support their strategy, drawing on the full range of its expertise in Investment Banking and Mergers & Acquisitions, on the capital markets, in financing and in transaction banking. Its objective is to develop a strategic dialog with each of its clients over the long term, by building a close working relationship with them through a strong regional and international presence.

Globally, CIB is structured as five (5) areas of expertise:

- Capital Markets: a wide range of diversified, standard and bespoke products and solutions on the fixed income, credit, forex, commodities and equities markets;
- Financing: origination, arrangement and syndication of structured financing, as well as portfolio management for all vanilla and structured financing under an originate-to-distribute model;
- Global Transaction Banking: trade finance, liquidity management, cash management solutions for corporate and financial institutions, and working with clients to develop their business in France and internationally;
- Investment Banking: strategic financing and acquisitions, financing on the primary markets for bonds and equities, financial engineering applied to holdings, and financial structure and rating advisory services; and
- Mergers & Acquisitions: preparation and execution of disposals and mergers, fundraising, restructuring and capital protection.

Additionally, CIB has a cross-business Coverage team dedicated to Natixis' client coverage.

### Asset and Wealth Management

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

### *Natixis Investment Managers*

Natixis Investment Managers is a multi-affiliate business with a portfolio of approximately 30 autonomous asset managers, including private equity firms, providing a diversified suite of distinctive active investment management expertise, with the support of a value-adding holding company. Natixis Investment Managers supports the growth of each affiliate through its global distribution platform, financial support for innovation and global oversight to ensure the consistency of the operational risk management our clients expect. Natixis Investment

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

### *Wealth Management*

In 2017, Natixis decided to reposition its wealth management business by focusing on the High Net-worth Individuals / Family Office segment to better integrate this expertise within the Group, and by simplifying and digitalizing its business model. With this in mind, the brand Banque Privée 1818 became Natixis Wealth Management, covering the business in France, Luxembourg and Belgium. Natixis Wealth Management brings together a full range of expertise based on Private Equity, structured products, real estate and asset management solutions offered by Natixis Investment Managers.

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

The Wealth Management Division serves two types of clients: group sourcing (the wealth management customers of BPCE banking network and business from Natixis) and direct clients. The Sélection 1818 platform, which addresses Independent Wealth Management Advisors for a clientele mainly "mass affluent" is in the process of being sold. In 2017, Natixis Wealth Management had net inflows of €1.4 billion and manages a total of €31.6 billion.

### Insurance

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

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

### Specialized Financial Services

Natixis' Specialized Financial Services business line comprises three major business categories: Specialized Financing, Payments and Financial Services, with similar industry and distribution strategies. These businesses are dedicated to the development of the BPCE networks with which they create strong synergies.

Specialized Financing offers retail, professional and corporate customers a range of services designed to optimize their cash management or support their investment projects: factoring, sureties and guarantees, leasing, consumer finance, and film and audiovisual financing. Since 2017, all the Groupe BPCE payment activities are organized around Natixis Payment Solutions (transfers, direct debits, electronic payment transactions, etc.): Natixis Intertitres (service vouchers), S-Money, Le Pot Commun (online money pot), E-Cotiz (online fee management solution for non-profits), Depopass (secure peer-to-peer payments). Financial Services comprise employee savings (profit-sharing and incentive plans), pension schemes (individual and collective pension plans, etc.), collective personal protection insurance, securities account administration and financial market transactions (retail and Private Banking custody) and service vouchers.

## H. Material Supervisory Authorities

BPCE and Natixis operations are subject to supervisory oversight in the jurisdictions and countries in which each operates. The following is a list of the principal regulators that oversee Natixis' operations in the US, France, Canada and the Cayman Islands.

### US-Based Supervisors:

FRB; NYSDFS; FINRA; SEC. In addition, Natixis' US operations are subject to supervision in all 50 states. Natixis is registered as a US swap dealer with the Commodities Futures Trading Commission ("CFTC") and is a member of and subject to supervision by the National Futures Association ("NFA").

### Non US-Based Supervisors:

ECB<sup>3</sup>; *Autorité de Contrôle Prudentiel et de Résolution* ("ACPR", France)<sup>3</sup>; *Autorité des Marchés Financiers* ("AMF", France); Cayman Islands Monetary Authority (Cayman Islands); Office of the Superintendent of Financial Institutions (Canada).

## I. Identity of Principal Officers

BPCE is governed by a Supervisory Board and a Management Board.

Under Article 21 of the Articles of Association as amended on June 27, 2018, the BPCE Supervisory Board is made up of 10 to 19 members: seven representatives of Category A shareholders (the *Caisses d'Épargne et de Prévoyance*), seven representatives of Category B shareholders (the *Banque Populaire* banks), three independent members as defined by the AFEP-MEDEF Code and two members representing employees of BPCE and its direct or indirect subsidiaries that are headquartered in France. The Supervisory Board includes six Non-Voting Directors acting in an advisory capacity. Among the Non-Voting Directors, the Chairman of *Fédération Nationale des Caisses d'Épargne* and the Chairman of *Fédération Nationale des Banques Populaires*, who cannot be members of the Supervisory Board, are

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<sup>3</sup> Since the European Single Supervisory Mechanism (SSM) came into force on November 4, 2014, a Joint Supervisory Team comprising members from both the ECB and the ACPR is in charge of the supervision of BPCE and Natixis.

Non-Voting Directors as of right, in accordance with Article 28.1 of BPCE's Articles of Association. The other four Non-Voting Directors are appointed by the Ordinary General Shareholders' Meeting in accordance with Article 31.9 and 31.10 of BPCE's Articles of Association: two from among the candidates proposed by Category A shareholders and two from among the candidates proposed by Category B shareholders.

In accordance with Article L. 2312-72 of the French Labor Code, the Articles of Association also stipulate the presence of one non-voting representative from the company's Works Council. The Supervisory Board includes a committee consisting of the Chairman, the Vice-Chairman, a Chairman of the Management Board of a Caisse d'Épargne and a Chief Executive Officer of a Banque Populaire bank. The Supervisory Board Committee serves as a forum for exchange and discussion about important matters before they are presented to the Supervisory Board. It is not a decision-making body.

The Supervisory Board performs the duties attributed to it by law and in this respect it performs the checks and controls it deems appropriate and may review any documents regarded as expedient in fulfilling its mission. The Supervisory Board instituted five (5) specialized committees in charge of preparing decisions and making recommendations for the Supervisory Board to consider. The five (5) committees are: Audit Committee; Risk Committee; Appointments Committee; Compensation Committee and the Cooperative and CSR Committee.

The BPCE Management Board is comprised of between two (2) and five (5) members who are appointed by the Supervisory Board. Mr. Laurent Mignon is the Chairman of the Management Board. The BPCE Management Board has the broadest powers to act under all circumstances in the name of BPCE within the corporate purpose and subject to decisions requiring prior authorization in accordance with French law or the Articles of Association, of the Supervisory Board and the Annual General Shareholders' Meetings.

Natixis as a *société anonyme à conseil d'administration* is governed by a Board of Directors and various committees thereof and a Senior Management Committee. Mr. Laurent Mignon is the Chairman of the Natixis Board of Directors.

The Natixis Board of Directors is comprised of fifteen (15) members as of March 1, 2018: two (2) members from BPCE; four (4) members each from the Banque Populaire banks and the Caisses d'Épargne and five (5) independent members. The Natixis Board of Directors defines the strategy governing its activities and oversees the implementation of such strategies and defines Natixis' senior management policies. The Board of Directors is supported by five (5) specialized committees: Audit Committee; Risk Committee; Appointments Committee; Compensation Committee and a Strategic Committee. The Board of Directors appoints the Chief Executive Officer who establishes a Senior Management Committee comprised of the heads of the Core Business Lines and the support functions. The Natixis Chief Executive Officer is Mr. Francois Riahi.

## **J. Description of Corporate Governance and Resolution Planning Process**

BPCE, Natixis and its US operations continue to work jointly to provide for an integrated approach for preparation of recovery, restructuring, or resolution plans group wide. BPCE

established a permanent function that reports to the Strategy Division and coordinates with the Group Finance, Risk Management and Legal Affairs divisions to review and update the Groupe BPCE Recovery and Restructuring Plan (the “BPCE Plan”). This permanent function is overseen by the BPCE Recovery and Resolution Plan Director that reports into a Global Steering Committee responsible for executive oversight of recovery and resolution planning for the Groupe BPCE globally. The Global Steering Committee is composed of the principal officers of BPCE and the Recovery and Resolution Plan Director and operates in close cooperation with the Groupe BPCE Audit and Risk Committees. Ultimate responsibility for approval of the BPCE Plan and the US Resolution Plan resides with the BPCE Supervisory Board and BPCE Management Board. A Natixis project team is responsible for contributing Natixis specific information for inclusion in the BPCE Plan, as Natixis’ recovery and resolution are an integral part of the BPCE Plan.

With respect to the US operations, the US Resolution Plan Steering Committee (“US Steerco”) oversees the development of the US Resolution Plan. The US Steerco is comprised of senior officers of CIB Americas and Natixis IM US, as well as other Natixis representatives. Functional areas represented on the US Steerco include Legal, Finance, Risk, Information Technology, and representatives from the business lines.

Under the US Steerco, the US Resolution Plan Working Group (the “US Working Group”) is responsible for gathering data necessary for drafting the US Resolution Plan while leveraging resources of Natixis and BPCE to ensure efficient and complete delivery of the US Resolution Plan. Certain US Working Group representatives are also members of the US Steerco which ensures effective communication, coordination and decision-making throughout the process.

The Natixis project team and US Working Group coordinate by way of regular communication between Natixis' U.S. and Paris based personnel and the BPCE Plan Director.

Finally, the review and approval process for the US Resolution Plan entails the submission of the plan to the Natixis CIB Americas Executive Committee and Natixis IM US Management Committee for review and approval. After approval by the respective Executive Committee/Management Committee, the US Steerco submits the US Resolution Plan to the Natixis Senior Management Committee (*Comité de Direction Générale*), the U.S. Risk Committee and then to the BPCE Management Board (*Directoire*) for final approval under a delegation of authority received from the BPCE Supervisory Board.

## K. Description of Key Management Information Systems

Natixis' US Core Business Lines and Material Entities utilize a number of key management information systems (“MIS”) that are both locally supported in the US and fully integrated with Natixis. These systems directly support the management, financial, risk (e.g., market, liquidity, credit, operational) and regulatory reporting throughout the Natixis organization. These key MIS have been identified and compiled by the respective Core Business Lines in their respective inventories of systems and applications used for risk management, accounting, and to discharge various reporting responsibilities to management, investors and regulators. The US Core Business Lines and the Material Entities MIS are fully sufficient to allow it to manage its business operations. Natixis established procedures and protocols

necessary to allow the US Regulators access to these systems, in tandem with Natixis personnel identified as critical during a time of financial crisis.

The US Core Business Lines and Material Entities have also established required Business Continuity Plans (“BCPs”) which allow for the timely resumption of critical business activities in the event of a prolonged interruption or event. The BCPs contain a complete inventory of all deemed critical systems and the location of back-up processes and facilities available should the need arise. Natixis’ Business Continuity Program is subject to review by auditors and regulatory authorities and is tested periodically.

## L. Description of Resolution Strategy

As a Reduced Plan, the 2018 US Resolution Plan strategy encompasses the resolution of the US Material Entities and Core Business Lines in the event of material financial distress under a severely adverse scenario. The 2018 US Resolution Plan is substantially the same as previous US Resolution Plans that provided a detailed analysis of how the US operations of Natixis could be resolved in a rapid and orderly manner that would not create adverse effects on US financial stability and that meets the requirements of the 165(d) Rule.

The 2018 US Resolution Plan strategy contemplates that the Material Entities will be resolved under the resolution regimes indicated below:

- The NY Branch would be seized by the Superintendent of NYSDFS and resolved in accordance with New York Banking law;
- NNA and Natixis IM US would be resolved under Chapter 11 of the Bankruptcy Code either by selling of their operations as a going concern or liquidating them; and
- NSA would likely be liquidated under Chapter 11 but if NSA had customers as defined under SIPA upon its entry into resolution, it would be liquidated under SIPA. However, it is expected that NSA would likely not have “customers” as defined under SIPA upon entering into resolution.

The 2018 US Resolution Plan for CIB Americas continues to assume that the Superintendent of the NYSDFS will take control of the NY Branch and liquidate assets to maximize value for creditors. Similarly, whether under Chapter 11 or SIPA, NSA will sell off its highly liquid assets to maximize value for creditors. NNA as a service provider to CIB Americas entities (including the NY Branch and NSA) will continue to provide services to such entities on a cost-plus basis until such entities are wound-down. NNA will liquidate the remainder of its assets (principally its investments in its subsidiaries) and be dissolved.

The 2018 US Resolution Plan for Asset and Wealth Management Americas continues to assume the sale of the assets of Natixis IM US, consisting principally of its affiliated investment management and distribution companies, in one (1) or more transactions to third party purchasers, such as other asset management groups, private equity funds, banks, insurance companies or other US or international financial institutions and investors.

The 2018 US Resolution Plan continues to focus on the liquidation and orderly wind-down of the US Material Entities because their resolution will simultaneously result in the resolution of the US Core Business Lines.