

# New dimension

deepen, digitalize & differentiate

## Natixis

Deutsche Bank  
Global Financial Services Conference  
May 29, 2018 - New York





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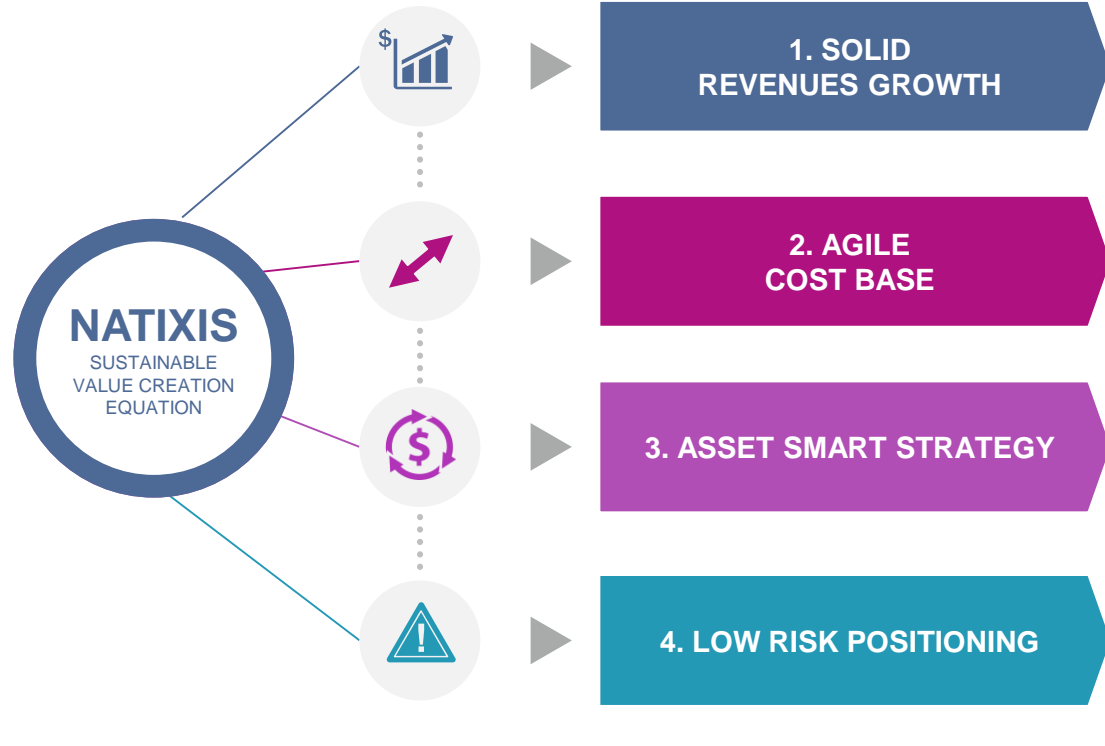
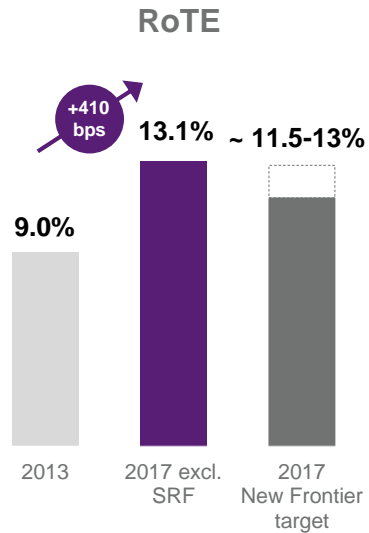
# Natixis' ambitions

New Dimension 2018-2020 Strategic Plan



# Natixis business model - A sustainable value creation equation (1/3)

**+410bps**  
STRONG PROFITABILITY ENHANCEMENT  
OVER NEW FRONTIER



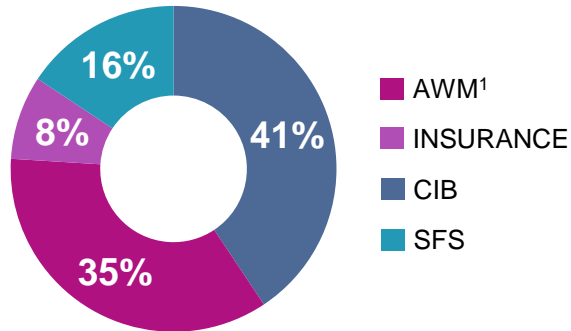
# Natixis business model - A sustainable value creation equation (2/3)

## 1. SOLID REVENUES GROWTH

A well balanced and diversified business portfolio

NET REVENUES  
BREAKDOWN

2017



~ 48%

Natixis' 2017 Net revenues  
outside France  
(businesses)

~ 47%

Natixis' 2017 Net revenues  
from non-banking activities  
(businesses)

Growth strategy built on our strengths and distinctiveness

**AWM**

Become the **world's premier active asset manager**

**CIB**

Be recognized as a **solution-oriented innovative house**  
and become the **"go-to bank"** in 4 selected sectors

**Insurance**

Clear path towards a **leading French insurer**, both in life  
and non-life insurance

**SFS**

Become **fully digital**  
and build a **European pure-player** in Payments

> €100bn

Cumulative net inflows  
over the plan

~ 6%

Net revenues / RWA  
in 2020

~ €90bn<sup>2</sup>

Life insurance AuM  
in 2020

x 1.5

Payment revenues  
by 2020

(1) Asset & Wealth Management (2) ~€77bn excluding the reinsurance agreement with CNP Assurances

# Natixis business model - A sustainable value creation equation (3/3)

## 2. AGILE COST BASE

~ 30%

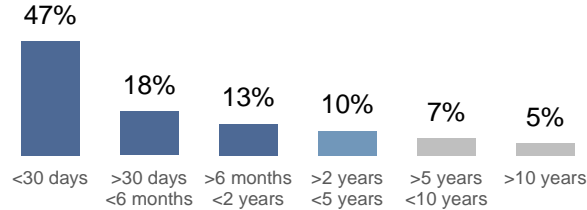
of 2020 expenses to be adjustable, depending on business activity



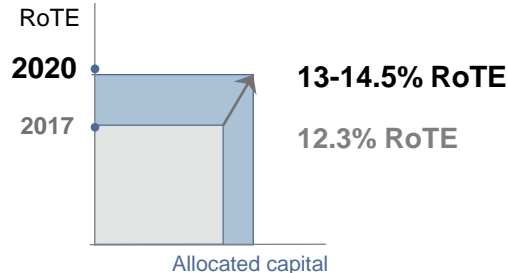
## 3. ASSET SMART STRATEGY

~ 73%

of today's balance-sheet to mature by end-2018  
Natixis' balance-sheet by maturity as at 31.12.17



Growing profitably in all our businesses



## 4. LOW RISK POSITIONING

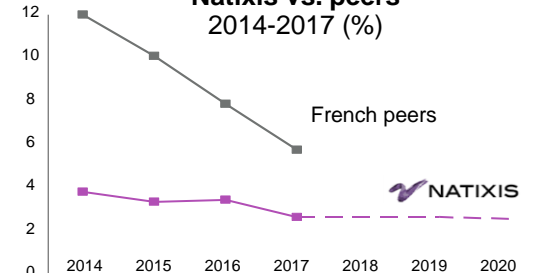
Cost of risk<sup>(1)</sup>

Natixis  
2014-2017 (businesses)



Cost of risk / Net revenues<sup>(2)</sup>

Natixis vs. peers  
2014-2017 (%)



(1) Cost of risk excluding credit institutions. Cost of risk in bps of total amount of loans outstanding, beginning of period (2) Excluding exceptional items

# New Dimension key targets - Ensuring sustainability of delivery

## NET REVENUES

~ 5%

2017-2020  
CAGR

## OPERATING EXPENSES

< 3%

2017-2020  
CAGR

## CET1 FL

11%

2020 TARGET  
AFTER DISTRIBUTION

## ROTE

13-14.5%

2020  
TARGET

## CAPITAL AVAILABLE FOR DISTRIBUTION

~ €4bn

2018-2020

> €10bn Net revenues in 2020

~ 2% RWA CAGR with an accretive impact on ROE

**Positive jaws** effect in all businesses

**Capacity to adjust** expense trajectory, if necessary

No lower than **10.5%** at the end of each year

Total capital ratio: **14%**

Leverage ratio<sup>1</sup> ≥ **4%**

Cost of risk / Net revenues < **3%** over the plan

Assuming no change in **US corporate tax rate**

**ROTE target sustainable** under 'Basel 4'<sup>2</sup>

> **€3bn** cash dividend payment

**Up to ~ €1bn** for potential acquisitions and/or cash dividend

Minimum annual payout increased from **50% to > 60%**

(1) According to the rules of the Delegated Act published by the European Commission on October 10, 2014, including the effect of intragroup cancellation - pending ECB authorization

(2) Based on our current interpretation of Basel 4 impacts

# Natixis' delivery

1Q18 results





# 1Q18: Promising start to “New Dimension”

## Focus on value creation resulting in a strong 15.4% RoTE

Figures excluding exceptional items

**NET REVENUES**  
**+8%**

- ▶ **Net revenues reached €2.4bn** in 1Q18, up +8% YoY at constant exchange rate, driven by **all businesses**: +20% in AWM, +8% in Insurance, +5% in SFS and +1% in CIB. **Improved RWA efficiency** with RWA down -4% YoY

- ▶ **Operating expenses reached €1.8bn** in 1Q18, up +5% at constant exchange rate, resulting in a **3pp positive jaws effect** (4pp excluding SRF contribution)

- ▶ **Gross operating income up +16%** to €663m

**190bps**  
YoY improvement in  
the cost/income ratio<sup>(2)</sup> at **66.0%**

**OPERATING EXPENSES**  
**+5%**

**CET1 FL<sup>(1)</sup>**  
**10.7%**

- ▶ **CET1 ratio FL<sup>(1)</sup> at 10.7%**, up from 10.6% in 4Q17

- ▶ **IFRS 9 FTA impact of -10bps**

**42bps**  
of organic capital generation  
in 1Q18 (excl. IFRIC 21)

**RoTE<sup>(2)</sup>**  
**15.4%**

- ▶ **1Q18 RoTE<sup>(2)</sup> at 15.4%**, up +290bps YoY. Profitability improving across all businesses

- ▶ 1Q18 **Cost of risk/Net revenues < 2%**

**+15%**  
Rise in earnings  
capacity to **€502m**

YoY P&L lines evolution at constant exchange rate, unless otherwise specified

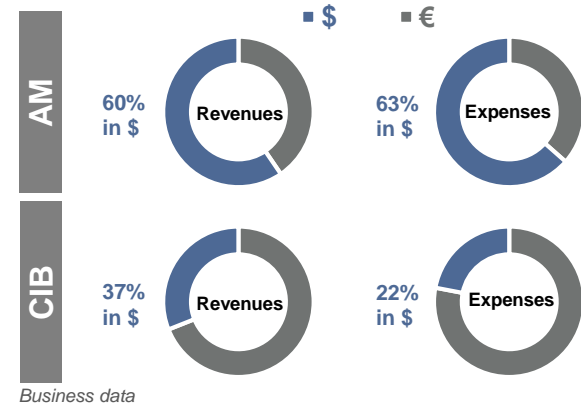
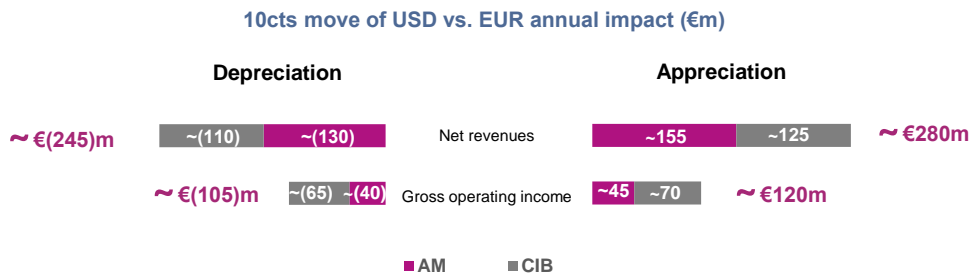
(1) Based on CRR-CRD4 rules as reported on June 26, 2013, including the Danish compromise - without phase-in (2) See note on methodology and excluding IFRIC 21

# Strong operating performance despite EUR/USD

## GOI up +8% YoY and +16% at constant FX

	NATIXIS				AM				CIB			
€m	1Q18	1Q18 vs. 1Q17	FX impact	1Q18 vs. 1Q17 constant FX	1Q18	1Q18 vs. 1Q17	FX impact	1Q18 vs. 1Q17 constant FX	1Q18	1Q18 vs. 1Q17	FX impact	1Q18 vs. 1Q17 constant FX
Net revenues	2,441	4%	(102)	8%	739	10%	(58)	21%	938	(3)%	(44)	1%
Expenses	(1,778)	2%	57	5%	(491)	1%	40	11%	(562)	(1)%	17	2%
Gross operating income	663	8%	(45)	16%	248	33%	(18)	47%	376	(7)%	(27)	0%

- ▶ EUR/USD averaged 1.23 in 1Q18 vs. 1.07 in 1Q17 i.e. a **16cts depreciation of the USD against the EUR**
- ▶ FX changes resulted in a **€45m impact on Natixis GOI in 1Q18**



# 1Q18 results

## High RoTE at 15.4%, up +290bps vs. a strong 1Q17

Figures excluding exceptional items<sup>(1)</sup>

€m	1Q18	1Q17	1Q18 vs. 1Q17	1Q18 vs. 1Q17 constant FX
<b>Net revenues</b>	<b>2,441</b>	<b>2,358</b>	<b>4%</b>	<b>8%</b>
<i>o/w businesses</i>	2,281	2,209	3%	8%
<b>Expenses</b>	<b>(1,778)</b>	<b>(1,743)</b>	<b>2%</b>	<b>5%</b>
<b>Gross operating income</b>	<b>663</b>	<b>615</b>	<b>8%</b>	<b>16%</b>
Provision for credit losses	(43)	(70)		
Associates and other items	13	17		
<b>Pre-tax profit</b>	<b>632</b>	<b>561</b>	<b>13%</b>	
Income tax	(219)	(227)		
Minority interests	(61)	(28)		
<b>Net income (gs) – underlying</b>	<b>351</b>	<b>306</b>	<b>15%</b>	
Restatement of IFRIC 21 impact	151	130		
<b>Net income (gs) – underlying excl. IFRIC 21 impact</b>	<b>502</b>	<b>436</b>	<b>15%</b>	

**Net revenues up +8% YoY** mainly driven by a strong momentum in AWM (+20% YoY), Insurance (+8% YoY) as well as for Coface (+29% YoY). CIB and SFS also showing positive YoY revenues growth

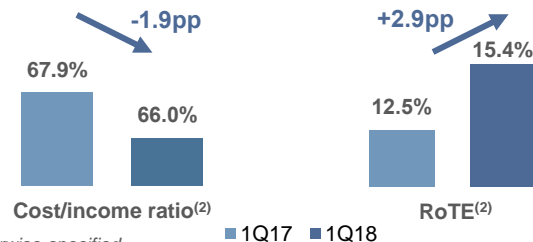
**Expenses** well under control translating into a **positive jaws effect of 4pp excluding SRF contribution** (both at current and constant exchange rates). **Cost/income ratio<sup>(2)</sup> down 190bps YoY to 66.0% and GOI up +16% YoY**

**Pre-tax profit up +13% YoY** including a reduction in loan loss provisioning by more than a third

**Tax rate at ~35% in 1Q18, down vs. ~41% in 1Q17.** 1Q tax rate impacted by the non-deductibility of the SRF and French systemic risk banking tax contributions. **Guidance at ~30% for 2018**

**Businesses' RoE<sup>(2)</sup> reached 16.9% in 1Q18, up +190bps YoY** and with profitability **improving across all business lines**

**Natixis' RoTE<sup>(2)</sup> improved +290bps YoY at 15.4%.** Net income up +15% YoY and 1Q18 earnings capacity equivalent to ~180bps of annual capital generation



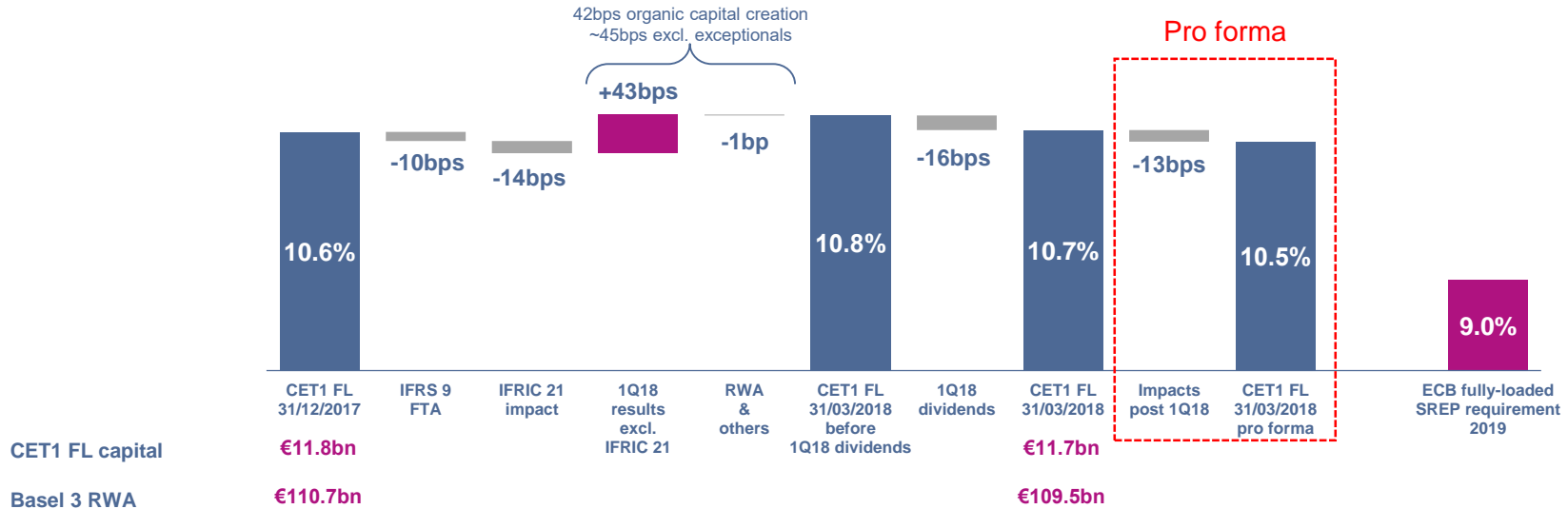
**+15%**  
Rise in earnings capacity to €502m

Comments on YoY Net revenues, Expenses and GOI evolution at constant exchange rate, unless otherwise specified

(1) See page 7 (2) See note on methodology and excluding IFRIC 21

# Financial structure

## Strong capital generation and CET1<sup>(1)</sup> FL well above regulatory requirements



- ▶ Continued strict management of RWA (-1% vs. end-Dec. 2017 and -4% YoY)
- ▶ IFRS 9 FTA impact of -10bps on Natixis' CET1 ratio
- ▶ Leverage ratio >4%<sup>(2)</sup> and LCR >100% at end-March 2018
- ▶ Pro forma impacts:
  - ▶ Acquisitions of **Fenchurch** Advisory Partners, **Vermilion** Partners and **Clipperton** to expand **M&A advisory** footprint. Acquisition of **Comitéo** in Payments to reinforce Natixis' **Prepaid & Managed Solutions** activity. Disposals of **Selection 1818** and **Axeltis** in AWM. Vermilion Partners already closed and other transactions expected to close in 2Q18
  - ▶ Irrevocable Payment Commitments (IPC)

(1) Based on CRR-CRD4 rules as reported on June 26, 2013, including the Danish compromise - without phase-in (2) See note on methodology

## Governance - Changes in continuity



**LAURENT MIGNON**

**From** CEO of Natixis

**To** Chairman of Groupe BPCE's Management Board



**FRANÇOIS RIAHI**

**From** Management Board member of Groupe BPCE, in charge of finance, strategy and legal affairs, Supervisory Board secretary

**To** CEO of Natixis

## Continuity in strategy and execution



**NICOLAS NAMIAS**

**From** CFO of Natixis

**To** Management Board member of Groupe BPCE, in charge of finance, strategy and legal affairs, Supervisory Board secretary

## SYNERGIES NATIXIS / BPCE

### New Dimension objective

Accelerate revenue synergies with Groupe BPCE over the next 3 years

~ €400m



### AWM and Insurance

**Stimulate investment inflows**, for example via an innovative and competitive product range (**Selectiz**) and a robo-advisor (**LEA**)

### CIB

**Hedging solutions** for BPCE clients in a partnership model

### SFS

**New offering** dedicated to the networks (Leasing, Consumer Finance). Target **Groupe BPCE** entities not yet covered. **Increase penetration rates**

# Note on methodology



# Note on methodology (1/3)

**The results at 31/03/2018 were examined by the board of directors at their meeting on 17/05/2018.**

Figures at 31/03/2018 are presented in accordance with IAS/IFRS accounting standards and IFRS Interpretation Committee (IFRIC) rulings as adopted in the European Union and applicable at this date.

In view of the new strategic plan New dimension, the 2017 quarterly series have been restated for the following changes in business lines organization and in standards for implementation in 4Q17 as if these changes had occurred on 1<sup>st</sup> January 2017.

## **The new businesses organization mainly takes into account:**

- The split of Investment Solutions into two new divisions: Insurance and Asset & Wealth Management<sup>(1)</sup>
- Within CIB:
  - Global finance and Investment banking<sup>(2)</sup> are now two separate business lines
  - Creation of Global Securities & Financing (GSF), a joint-venture between FIC and Equity derivatives. The joint-venture includes Securities Financing Group (SFG, previously in FIC) and Equity Finance (previously in Equity). Revenues of GSF are equally split between Equity & FIC
  - Transfer of short term treasury activities run by Treasury & collateral management department from FIC-T in CIB to Financial Management Division in 04/01/2017 in accordance with the French banking law. To ensure comparability, in this presentation CIB refers to CIB including Treasury & collateral management
- Within SFS, the Payments division is split out of Financial services and reported separately within the SFS business line
- The removal of the Financial investments division and its inclusion within the Corporate center

## **The following changes in standards have been included:**

- Increase in capital allocation to our business lines from 10% to 10.5% of the average Basel 3 risk weighted assets
- Reduction in normative capital remuneration rate to 2% (compared to 3% previously)

*(1) Asset management includes Private equity (2) including M&A business*

## Note on methodology (2/3)

### Business line performances using Basel 3 standards:

- The performances of Natixis business lines are presented using Basel 3 standards. Basel 3 risk-weighted assets are based on CRR-CRD4 rules as published on June 26<sup>th</sup>, 2013 (including the Danish compromise treatment for qualified entities).
- **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.
- **Natixis' RoE:** Results used for 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).
- **RoE for business lines** is calculated based on normative capital to which are added goodwill and intangible assets for the business line. Normative capital allocation to Natixis' business lines is carried out on the basis of 10.5% of their average Basel 3 risk-weighted assets. Business lines benefit from remuneration of normative capital allocated to them. By convention, the remuneration rate on normative capital is maintained at 2%.

**Net book value:** calculated by taking shareholders' equity group share, restated for hybrids and capital gains on reclassification of hybrids as equity instruments. Net tangible book value is adjusted for goodwill relating to equity affiliates, restated goodwill and intangible assets as follows:

€m	31/03/2018
Intangible assets	729
Restatement for Coface minority interests & others	(37)
<b>Restated intangible assets</b>	<b>692</b>

€m	31/03/2018
Goodwill	3,531
Restatement for Coface minority interests	(164)
Restatement for AWM deferred tax liability & others	(274)
<b>Restated goodwill</b>	<b>3,093</b>



## Note on methodology (3/3)

**Own senior debt fair-value adjustment:** calculated using a discounted cash-flow model, contract by contract, including parameters such as swap curves and revaluation spread (based on the BPCE reoffer curve). Adoption of IFRS 9 standards, on November 22, 2016, authorizing the early application of provisions relating to own credit risk as of FY2016 closing. All impacts since the beginning of the financial year 2016 are recognized in equity, even those that had impacted the income statement in the interim financial statements for March, June and September 2016

**Leverage ratio:** based on delegated act rules, without phase-in 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. Leverage ratio disclosed including the effect of intragroup cancelation - pending ECB authorization

**Exceptional items: figures and comments in this presentation are based on Natixis and its businesses' income statements excluding non-operating and/or exceptional items detailed page 7 of the 1Q18 results presentation.** Figures and comments that are referred to as 'underlying' exclude such exceptional items. Natixis and its businesses' income statements including these items are available in the appendix of this presentation.

**Restatement for IFRIC 21 impact:** the cost/income ratio, the RoE and the RoTE excluding IFRIC 21 impact calculation takes into account by quarter ¼ of the annual duties and levies concerned by this new accounting rule

**Earnings capacity:** net income (group share) restated for exceptional items and the IFRIC 21 impact

**Expenses:** sum of operating expenses and depreciation, amortization and impairment on property, plant and equipment and intangible assets