



Risk and Pillar III Report **2018**

UPDATE AS OF SEPTEMBER 30, 2019



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Third update of the Risk and Pillar III Report

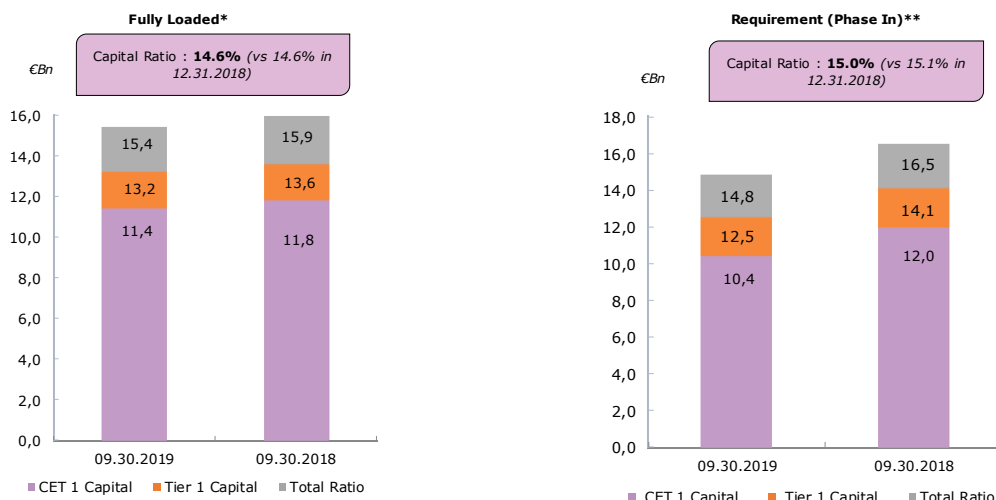
As of September 30, 2019

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Executive summary

■ Main capital and solvency ratio figures

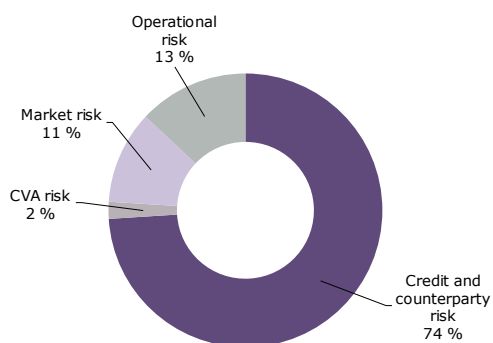


(in Billion of euros)	Fully Loaded*		Requirement (Phase In)**	
	09.30.2019	12.31.2018	09.30.2019	12.31.2018
Common equity (CET1)	11,4	11,8	10,4	12,0
Tier 1	13,2	13,6	12,5	14,1
Total capital	15,4	15,9	14,8	16,5
Risk weighted assets	109,6	109,2	109,6	109,2
Ratio CET1	11,5 %	10,8 %	10,5 %	10,9 %
Ratio Tier 1	13,3 %	12,4 %	12,7 %	12,9 %
Total capital ratio	15,6 %	14,6 %	15,0 %	15,1 %

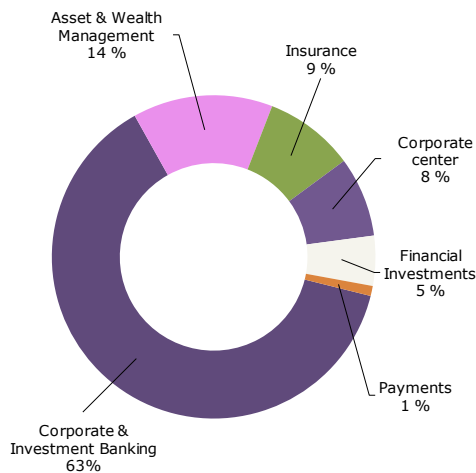
* Fully-loaded ratio: based on CRR-CRD4 rules without phase-in, including current financial year's earnings and accrued dividend (based on a 60% pay-out). Pay-out ratio based on reported net income group share minus DSN interest expenses (the associated tax benefit being already accounted for in the net income following the adoption of IAS 12 amendment) and excluding the €586m net capital gain from the disposal of the retail banking activities.

** Ratio where profits of the period and dividend projections are excluded.

■ Capital requirements by risk type



■ Capital requirements by key business line

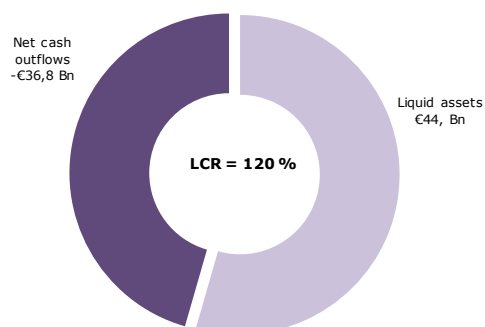


■ Leverage Ratio

Requirement (Phase In) (in billion of euros)	09.30.2019	12.31.2018
Capital CET 1**	12,5	14,1
Total assets on the prudential balance sheet	431,1	394,6
Adjustments for derivative financial instruments	- 42,4	- 27,0
Adjustments for securities financing transactions "SFTs"	- 18,3	- 17,8
Adjustment for off-balance sheet items	38,5	39,6
Other adjustments	- 21,7	- 16,5
Total leverage ratio exposure	387,2	373,0
Regulatory Ratio	3,2 %	3,8 %
<i>of which deals with BPCE affiliates</i>	<i>62,1</i>	<i>38,8</i>
Ratio without affiliates*	3,8 %	4,2 %

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

■ Liquidity Coverage Ratio



BREAKDOWN AND CHANGES IN RISK-WEIGHTED ASSETS

Credit and counterparty risks

EAD, RWA AND CAPITAL REQUIREMENTS BY BASEL APPROACH AND BY CATEGORY OF EXPOSURE (NX01)

	30/09/2019			31/12/2018		
	EAD	RWA	Capital Requirements	EAD	RWA	Capital Requirements
<i>(in million of euros)</i>						
Credit risk						
Internal approach	141,167	54,748	4,380	154,895	55,647	4,452
Equities	5,388	16,969	1,357	5,269	16,257	1,301
Central governments or central banks	28,173	423	34	36,350	531	42
Other items				754	204	16
Retail				692	181	15
Corporates	94,327	34,757	2,781	97,358	35,711	2,857
Institutions	8,618	1,264	101	8,388	1,376	110
Securitization	4,661	1,335	107	6,084	1,387	111
Standardized approach	77,733	11,453	916	65,642	20,999	1,680
Central governments or central banks	9,343	1,332	107	4,469	1,525	122
Other items	6,960	6,276	502	8,144	6,872	550
Retail	566	405	32	2,377	1,716	137
Corporates	2,643	1,886	151	8,569	6,693	535
Institutions	52,447	279	22	36,011	824	66
Exposures in default (only STD)	46	54	4	580	782	63
Exposures secured by mortgages on immovable property	229	94	8	1,195	559	45
Exposures to institutions and corporates with a short-term credit assessment	101	66	5	643	413	33
Securitization	5,398	1,061	85	3,654	1,615	129
Sub-total credit risk	218,900	66,201	5,296	220,537	76,646	6,132
Counterparty Risk						
Internal approach	37,938	5,907	473	33,571	5,012	401
Central governments or central banks	4,768	117	10	7,584	193	16
Corporates	18,819	4,327	346	14,762	3,362	269
Institutions	13,845	1,415	113	10,813	1,417	113
Securitization	506	48	4	412	40	3
Standardized approach	19,855	802	64	19,829	742	59
Central governments or central banks	1,406	317	25	1,073	214	17
Retail	1	1		1		
Corporates	527	77	6	94	88	7
Institutions	17,752	331	27	18,517	349	28
Exposures in default (only STD)	3	4		2	2	

Exposures to institutions and corporates with a short-term credit assessment	117	65	5	124	85	7
Securitization	49	7	1	18	4	
CCP default fund exposures	376	261	21	273	185	15
<i>Sub-total counterparty risk</i>	<i>58,169</i>	<i>6,970</i>	<i>558</i>	<i>53,673</i>	<i>5,939</i>	<i>475</i>
Market risk						
Internal approach		4,853	388		4,444	355
Standardized approach		5,808	465		5,185	415
Equity risk		340	28		612	49
Foreign exchange risk		2,691	215		2,436	195
Commodities risk		835	67		612	49
Interest rate risk		1,942	155		1,525	122
<i>Sub-total market risk</i>		<i>10,661</i>	<i>853</i>		<i>9,629</i>	<i>770</i>
CVA	8,618	1,624	130	7,168	1,661	133
Settlement-delivery risk		6			5	
Operational risk (standardized approach)		13,313	1,065		15,345	1,228
TOTAL		98,775	7,902		109,225	8,738

OVERVIEW OF RWA (EU OV1)

<i>(in million of euros)</i>	RWA		Minimum capital requirements
	30/09/2019	31/12/2018	30/09/2019
<i>Credit risk (excluding CCR)</i>	62,534	71,894	5,003
Of which the standardised approach	10,392	19,383	831
Of which the foundation IRB (FIRB) approach	2,598	3,193	208
Of which the advanced IRB (AIRB) approach	33,847	34,810	2,708
Of which equity IRB under the simple risk-weighted approach or the IMA	15,697	14,507	1,256
<i>CCR</i>	8,539	7,556	683
Of which mark to market	1,598	1,678	128
Of which original exposure			
Of which the standardised approach			
Of which internal model method (IMM)	3,371	2,338	270
Of which risk exposure amount for contributions to the default fund of a CCP	261	185	21
Of which CVA	1,624	1,661	130
Of which SFTs (Securities Financing Transactions)	1,685	1,694	135
<i>Settlement risk</i>	6	5	
<i>Securitisation exposures in the banking book (after the cap)</i>	2,450	3,045	196
Of which IRB approach	1,002	1,202	80
Of which IRB supervisory formula approach (SFA)	380	224	30
Of which internal assessment approach (IAA)			
Of which standardised approach	1,068	1,619	85
<i>Market risk</i>	10,662	9,629	853
Of which the standardised approach	5,808	5,185	465
Of which IMA	4,854	4,444	388
<i>Large exposures</i>			
<i>Operational risk</i>	13,313	15,345	1,065
Of which basic indicator approach			
Of which standardised approach	13,313	15,345	1,065
Of which advanced measurement approach			
<i>Amounts below the thresholds for deduction (subject to 250% risk weight)</i>	1,272	1,750	102
<i>Floor adjustment</i>			
Total	98,775	109,225	7,902

Credit risk: internal ratings-based approach

Exposure to credit risk according to the internal rating system

RWA FLOW STATEMENTS OF CREDIT RISK EXPOSURE UNDER THE IRB APPROACH (CR8)

(in millions of euros)

	RWA	Capital Requirements
RWA at 31/12/2018	54,260	4,341
Asset size	2,730	218
Asset quality	44	4
Model updates		
Methodology and policy		
Acquisitions and disposals	- 2,807	- 225
Foreign exchange movements	315	25
Other	- 914	- 73
RWA at 30/09/2019	53,413	4,273

RWA FLOW STATEMENTS OF CCR EXPOSURES UNDER INTERNAL MODEL METHOD (CCR7)

(in millions of euros)

	RWA	Capital requirements
RWA as at the end of the previous reporting period (31/12/2018)	2,338	187
Asset size	384	31
Credit quality of counterparties	291	23
Model updates (IMM only)	-23	-2
Methodology and policy (IMM only)		
Acquisitions and disposals		
Foreign exchange movements		
Other	382	31
RWA as at the end of the current reporting period (30/09/2019)	3,371	270

OTHERS REGULATORY RATIOS

COMPARISON OF ACCOUNTING EXPOSURES AND LEVERAGE EXPOSURES (LR1)

(in millions of euros)

Items	30/09/2019	30/06/2019
Total assets as per published financial statements	538,279	504,260
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(107,137)	(105,272)
<p>(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR")</p>		
Adjustments for derivative financial instruments	(42,393)	(32,984)
Adjustments for securities financing transactions "SFTs"	(18,315)	(18,624)
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	38,473	38,276
Other adjustments	(21,672)	(19,337)
Total leverage ratio exposure	387,235	366,320
of which exposure with affiliates	62,139	61,956
excluding exposure related to affiliates	325,096	304,364

LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE (LR2)

(in millions of euros)

	30/09/2019	30/06/2019
On-balance sheet exposures (excluding derivatives and SFTs)		
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	253,717	245,241
(Asset amounts deducted in determining Tier 1 capital)	(5,280)	(5,198)
<i>Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)</i>	248,437	240,043
Derivative exposures		
Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	9,359	7,997
Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	21,866	20,614
Exposure determined under Original Exposure Method		
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework		
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(16,392)	(14,139)
(Exempted CCP leg of client-cleared trade exposures)		
Adjusted effective notional amount of written credit derivatives	14,920	9,714
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(11,224)	(6,824)
<i>Total derivative exposures (sum of lines 4 to 10)</i>	18,529	17,361
Securities financing transaction exposures		
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	100,110	89,263
(Netted amounts of cash payables and cash receivables of gross SFT assets)	(25,688)	(23,686)
Counterparty credit risk exposure for SFT assets	7,373	5,062
Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013		
Agent transaction exposures		
(Exempted CCP leg of client-cleared SFT exposure)		
<i>Total securities financing transaction exposures (sum of lines 12 to 15a)</i>	81,795	70,639
Other off-balance sheet exposures		
Off-balance sheet exposures at gross notional amount	79,603	79,911
(Adjustments for conversion to credit equivalent amounts)	(41,130)	(41,635)
<i>Other off-balance sheet exposures (sum of lines 17 to 18)</i>	38,473	38,276
Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)		
(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))		
(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))		
Capital and total exposures		
Tier 1 capital	12,542	12,403
Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	387,235	366,320
Leverage ratio		
Leverage ratio	3.2%	3.4%

Choice on transitional arrangements and amount of derecognised fiduciary items

Choice on transitional arrangements for the definition of the capital measure

Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013

of which exposure related to affiliates	62,139	61,956
Leverage Ratio excluding exposure related to affiliates	3.9%	4.1%



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

