



Risk and Pillar III Report **2017**

UPDATE AS OF JUNE 30, 2018



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Update by chapter of the Risk and Pillar III Report 2017

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Risk and Pillar III Report **2017**

Update as of June 30, 2018



1 KEY FIGURES AS OF JUNE 30, 2018

■ Main capital and solvency ratio figures



* Fully loaded, i.e. applying all CRD IV rules without transitional measures, including current period profits and dividend projections at the rate of 60% as of the June 2018.

** ratios no longer including estimated profits for the period or dividend projections since June 30, 2018

	Fully Loaded*		Requirement (Phase In)**	
(in Billion of Euro)	06.30.2018	12.31.2017	06.30.2018	12.31.2017
Common equity (CET1)	11,9	11,8	11,6	12,0
Tier 1	13,6	13,5	13,7	14,3
Total capital	15,8	15,6	16,0	16,5
Risk weighted assets	110,1	110,7	110,1	110,7
Ratio CET1	10,8 %	10,6 %	10,6 %	10,8 %
Ratio Tier 1	12,4 %	12,2 %	12,5 %	12,9 %
Total capital ratio	14,3 %	14,1 %	14,5 %	14,9 %

■ Changes in main capital ratio figures



* without transitional measures, including current period profits and dividend projections at the rate of 60%

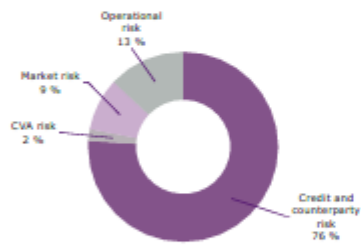
** ratios no longer including estimated profits for the period or dividend projections since June 30, 2018

■ CET1

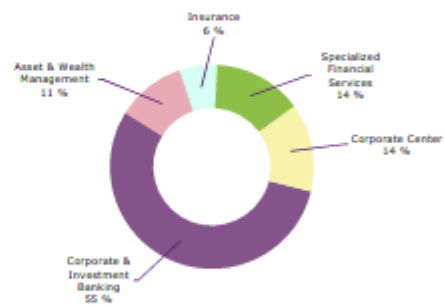


(*) ECR Minimum prudential requirements based on the supervisory review and evaluation process (SREP). Excluding FSG

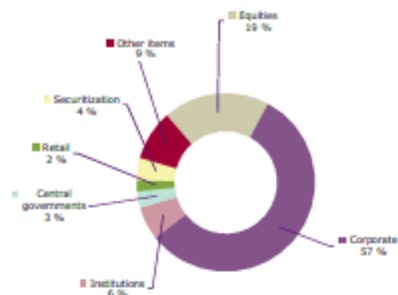
■ Capital requirements by risk type



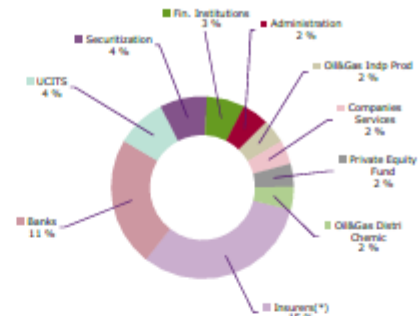
■ Capital requirements by key business line



Credit and counterparty RWA by category of exposure

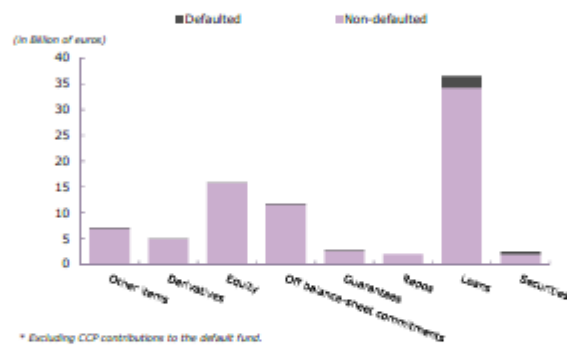


Credit and counterparty RWA on the 10 main business sectors



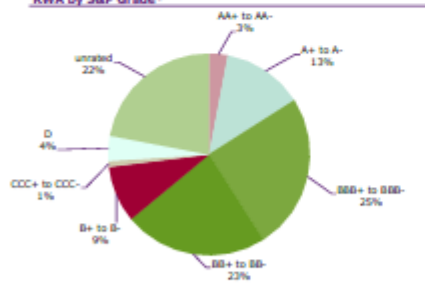
* Including interest held in insurance companies

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



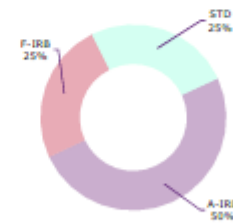
* Excluding CCP contributions to the default fund.

RWA by S&P Grade*

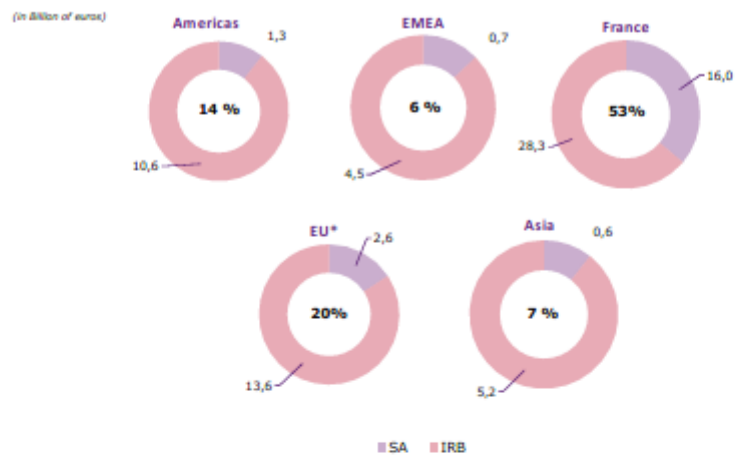


* Excluding exposures with French State (deferred tax assets - DTA), direct investments and with contributions to the default fund of a CCP

Credit and counterparty RWA by approach



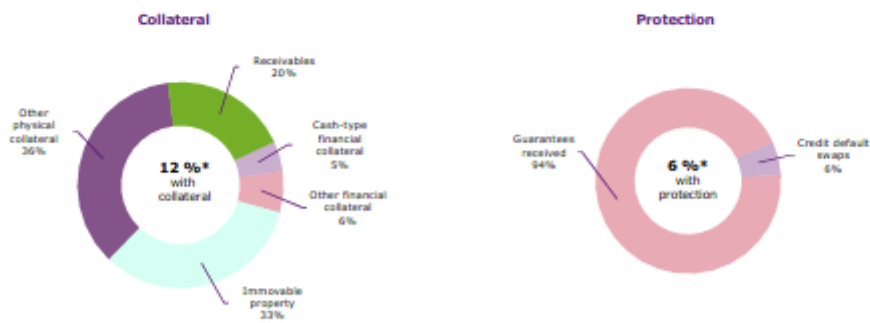
Credit and counterparty RWA by geographical area(**) and approach



* EU excluding France : also including supranational third parties

** Country risk

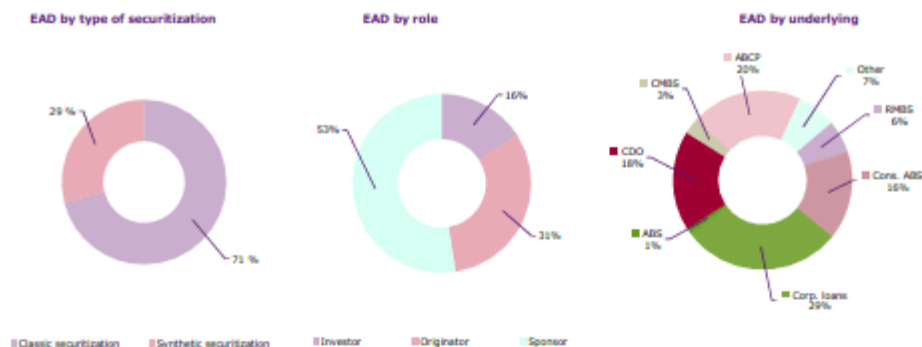
Exposure by credit risk mitigation technique



* Total exposure net of provisions

* Total exposure net of provisions

■ Securitization exposures in the banking book



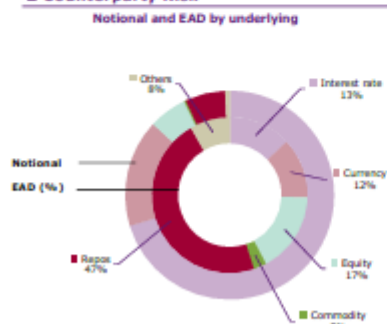
■ Leverage Ratio

Requirement (Phase In)	06.30.2018	12.31.2017
(in billion of euros)		
Capital CET 1**	13,7	14,3
Total assets on the prudential balance sheet	420,5	425,0
Adjustments for derivative financial instruments	- 27,0	- 29,3
Adjustments for securities financing transactions *SI	- 17,4	- 19,9
Adjustment for off-balance sheet items	40,5	36,1
Other adjustments	- 16,2	- 15,7
Total leverage ratio exposure	400,4	396,3
Regulatory Ratio	3,4 %	3,6 %
<i>of which deals with BPCE affiliates</i>	<i>52,5</i>	<i>47,3</i>
Ratio without affiliates*	4,0 %	4,1 %

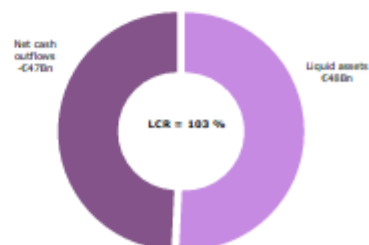
*Following the article 429(7) of the delegated act vision allowing Institutions to exclude exposures with affiliates (BPCE and subsidiaries, Banques Populaires, Caisses d'Epargne), (pending approval request from ECB).

** own funds excluding current period profits and dividend projections at the pay out rate of 60% as of June 30, 2018.

■ Counterparty Risk



■ Liquidity Coverage Ratio



3 CAPITAL MANAGEMENT AND CAPITAL ADEQUACY

3.3 Composition of capital

- Table 3: Transition from shareholder's equity to regulatory capital after applying phase-in arrangements

(in millions of euros)	12.31.2017	Balance sheet at 01.01.2018 under IFRS 9	06.30.2018
Shareholders' equity			
Share capital	5,020	5,020	5,021
Additional paid-in capital	4,210	4,210	4,210
Retained earnings	6,235	6,204	6,532
Treasury shares	-25	-25	-38
Other, including items of comprehensive income	453	357	575
Other instruments to be reclassified as Additional Tier 1 capital	2,232	2,232	1,978
Net income	1,669	1,669	903
Total shareholders' equity (Group share)	19,795	19,667	19,180
Reclassification as Additional Tier 1 capital	-2,232	-2,232	-1,978
Translation adjustments	17	17	15
Restatement of proposed dividend (dividend for previous year)	0	0	0
Prudential filters after phase-in arrangements			
Own credit risk: gain on reclassification of hybrid securities	-170	-170	-144
Own credit risk: liabilities and derivatives net of deferred tax	181	181	9
Prudent valuation adjustment	-262	-262	-253
Unrealized gains and losses	16	35	121
Total prudential filters	-236	-216	-267
Deductions after phase-in arrangements			
Dividend proposed for current year and related expenses	-1,160	-1,160	0
Goodwill			
Amount as per accounting base	-3,215	-3,215	-3,280
Amount of related deferred tax liabilities	311	311	321
Amount included in value of investments in associates	-227	-227	-257
Intangible assets			
Amount as per accounting base	-511	-511	-547
Minority interests			
Amount as per accounting base	137	133	101
Prudential adjustment including phase-in arrangements	-137	-133	-101
Deferred tax assets (tax loss carry-forwards)			
Amount as per accounting base	-1,490	-1,582	-1,176
o/w portion not including tax loss carry-forwards and impact of netting	700	791	474
Prudential adjustment including phase-in arrangements	316	318	140
Shortfall of provisions to expected losses	0	0	0
Investments in the share capital of financial sector entities	0	0	0
Other prudential adjustments including phase-in arrangements	-95	-72	-978
Total deductions	-5,370	-5,347	-5,303
Total Common Equity Tier 1 (CET1)	11,975	11,890	11,647
Hybrid capital instruments			
Amount as per accounting base			
Other equity instruments	2,232	2,232	1,978
Residual gain on reclassification as equity	170	170	144
Nominal value adjustment during the period	-4	-4	0
Early redemption through exercise of call option	0	0	0
Leveling due to the grandfathering limit	0	0	0
Total hybrid instruments	2,397	2,397	2,122
Deductions	-22	-22	-22
Other prudential adjustments including phase-in arrangements	-79	-79	0
Total additional Tier 1 capital	2,297	2,297	2,100
Total Tier 1 capital	14,271	14,186	13,747
Subordinated debt instruments			
Amount as per accounting base	3,081	3,081	3,071
Regulatory adjustment	-126	-126	-179
Transfer of grandfathering leveling on hybrid capital instruments	0	0	0
Total Tier 2 instruments	2,955	2,955	2,893
Surplus of provisions to expected losses	0	145	72
Deductions	-760	-760	-762
Other prudential adjustments including phase-in arrangements	74	74	0
Total Tier 2 capital	2,269	2,413	2,203
Total regulatory capital	16,540	16,600	15,950

3.4 Changes in regulatory capital, regulatory own fund requirements and ratios

▪ **Table 6 (CCyB1): Geographical distribution of credit exposures used in the countercyclical buffer**

(in millions of euros)

Breakdown by country	Countercyclical capital buffer (CCyB) rate	Value of exposures and/or RWA used to determine the CCyB		CCyB rate specific to Natixis	CCyB requirement specific to Natixis
		Value of exposures	RWA		
CZ – CZECH REPUBLIC	0.5%	51	22		
GB - UNITED KINGDOM	0.5%	6,734	3,131		
HK – HONG KONG	1.875%	2,111	587		
IS – ICELAND	1.25%	11	3		
NO – NORWAY	2.0%	257	141		
SE – SWEDEN	2.0%	126	66		
SK – SLOVAKIA	0.5%	43	32		
Sub-total		9,333	3,982		
Other countries with a 0% risk weight		196,282	73,847		
Total		205,615	77,829	0.0400%	44
Total at 12.31.2017		201,605	79,133	0.0142%	16

▪ **Table 7: Changes in regulatory capital after the application of phase-in arrangements over the period**

<i>(in millions of euros)</i>	First half of 2018	Of which impact of first application of IFRS 9
Common Equity Tier 1 (CET1)		
Amount at start of period	11,975	
New instruments issued (including share premiums)	2	0
Instruments redeemed	0	
Retained earnings from previous periods	-215	-32
Net income/(loss) for the period	903	0
Gross dividend proposed	0	0
Dividend payout in new shares	0	
Changes in other comprehensive income		
Translation adjustments	107	0
Available-for-sale assets	-183	-111
Cash flow hedging reserve	26	0
Other	170	15
Other	-903	0
Minority interests	0	0
Filters and deductions not subject to the phase-in arrangements		
Goodwill and intangible assets	-122	0
Own credit risk	-146	0
Other comprehensive income CFH	-26	0
Prudent valuation adjustment	9	0
Other	24	22
Other, including prudential adjustments and phase-in arrangements		
Deferred tax assets that rely on future earnings (excluding temporary differences)	89	2
Deductions in respect of breaches of capital thresholds	0	0
Other	-13	0
Impact of phase-in arrangements	-49	18
o/w impact of changes in phase-in rate	-31	0
o/w impact of change in basis subject to phase-in arrangements	-18	18
Amount of Common Equity Tier 1 (CET1) at end of period	11,647	
Additional Tier 1 (AT1) capital		
Amount at start of period	2,297	
New eligible instruments issued	0	0
Redemptions during the period	-300	0
Other, including prudential adjustments and phase-in arrangements	104	0
o/w impact of changes in phase-in rate	79	0
o/w other impact of changes in basis	25	0
Amount of Additional Tier 1 (AT1) capital at end of period	2,100	
Tier 1 capital	13,747	
Tier 2 capital		
Amount at start of period	2,269	
New eligible instruments issued	0	0
Redemptions during the period	0	0
Other, including prudential adjustments and phase-in arrangements	-66	145
o/w impact of changes in phase-in rate	-74	0
o/w other impact of changes in basis	8	145
Amount of Tier 2 capital at end of period	2,203	
Total regulatory capital	15,950	

In the first half of 2018, Basel 3/CRR prudential capital, after applying phase-in arrangements, changed as follows:

Common Equity Tier 1 (CET1) totaled €11.6 billion at June 30, 2018, down by -€0.4 billion over the period.

Common Equity Tier 1 capital does not take into account income earned in the first half of 2018 or projected dividends for the same period.

The -€0.6 billion decrease in shareholders' equity (Group share) was mostly attributable to the -€1.2 billion dividend payout for the 2017 fiscal year that took place during the period and the -€0.3 billion repayment of two subordinated bond issues, offset by first half-year income of +€0.9 billion.

CET1 capital includes an increase in the prudential deduction for goodwill and intangible assets in the amount of -€0.1 billion and the phase-in effect on deferred tax, which rose from 60% in 2017 to 80% in 2018, combined with the use of deferred taxes on tax loss carry forwards for a net amount of -€0.1 billion. Finally, the repayment of two subordinated bond issues was the subject of a +€0.3 billion restatement applied to the Tier 1 capital category, as they do not meet CET1 eligibility criteria.

Tier 1 capital fell by -€0.2 billion, mainly due to the repayment of the above-mentioned bond issues.

Tier 2 capital was stable at €2.2 billion.

At €110.1 billion, **risk-weighted assets** were down -€0.6 billion over the period.

▪ **Table 8: Risk-weighted assets at June 30, 2018**

<i>°(in billions of euros)</i>	Credit risk	CVA	Market risk	Operational risk	Total RWA
12.31.2017	85.0	1.2	9.7	14.8	110.7
Changes in exchange rates	0.4				0.4
Changes in business activity	1.4	0.4			1.8
Improvement in risk parameters	-2.1	0.7	-0.1		-1.5
Impact of guarantees	-1.2				-1.2
06.30.2018	83.3	2.4	9.6	14.8	110.1

The -€0.6 billion decrease in risk-weighted assets over the first half of the year was primarily due to the following factors:

- the impact of the dollar's appreciation (+€0.4 billion);
- an increase in outstandings (+€1.8 billion), mainly for CVA and credit RWA;
- the impact of risk parameters (-€1.5 billion), mainly due to changes in risk weights and exposure maturities offset partly by the approval in April 2018 of the use of the EEPE method to determine counterparty risk exposure and of an internal model to calculate CVA capital requirements;
- a guarantee effect of -€1.2 billion.

3.5 Capital planning

Table 9 (NX02): RWA by business line

(in millions of euros)

Basel 3 RWA at 06.30.2018

Division	TOTAL	Credit ^(a)	Market ^(b)	Operational
Corporate & Investment Banking ^(c)	60,842	43,964	9,557	7,321
Asset & Wealth Management	11,592	6,870	5	4,717
Insurance	6,966	6,966		
Specialized Financial Services	15,795	13,540		2,255
Corporate Center	14,932	11,997	2,444	491
TOTAL AT 06.30.2018	110,127	83,337	12,006	14,784
TOTAL AT 12.31.2017	110,697	84,985	10,928	14,784

(a) Including counterparty risk.

(b) Including settlement-delivery risk of €2,375 million in CVA RWA.

(c) Including Treasury & Collateral Management.

4 CREDIT RISK AND COUNTERPARTY RISK

4.1 Credit and counterparty risks

- Table 10 (NX01): EAD, RWA and OFR by Basel approach and by category of exposure

(in millions of euros)	06.30.2018			12.31.2017		
	EAD	RWA	OFR	EAD	RWA	OFR
Credit risk						
Internal approach	157,044	56,329	4,506	177,471	60,782	4,863
Equities	5,146	15,777	1,262	5,446	16,548	1,324
Central governments or central banks	37,360	409	33	47,832	601	48
Other items	734	191	15	717	188	15
Retail	671	208	17	620	181	14
Corporates	96,770	35,918	2,873	107,942	39,971	3,198
Institutions	10,327	2,434	195	9,706	2,219	178
Securitization	6,036	1,392	111	5,208	1,074	86
Standardized approach	77,477	20,100	1,608	66,452	17,532	1,402
Central governments or central banks	5,110	1,353	108	6,012	1,549	124
Other items	8,863	6,994	559	8,177	8,526	682
Retail	2,246	1,638	131	2,631	1,937	155
Corporates	8,581	6,694	536	3,274	2,428	194
Institutions	47,180	528	42	41,573	549	44
Exposures at default	335	407	33	374	477	38
Exposures secured by mortgages on immovable property	1,128	532	43	1,025	498	40
Exposures to institutions and corporates with a short-term credit assessment	555	364	29	382	200	16
Securitization	3,479	1,590	127	3,004	1,368	109
Sub-total credit risk	234,521	76,429	6,114	243,923	78,314	6,265
Counterparty risk						
Internal approach	38,771	5,870	470	33,305	5,756	460
Central governments or central banks	6,018	133	11	6,424	105	8
Corporates	18,027	3,949	316	13,594	3,694	295
Institutions	14,394	1,737	139	13,065	1,911	153
Securitization	332	51	4	222	46	4
Standardized approach	22,355	853	68	21,132	659	53
Central governments or central banks	1,007	215	17	955	128	11
Retail	1	1		1		
Corporates	68	46	4	60	15	1
Institutions	20,890	367	29	19,843	365	29
Exposures at default	2	3		2	3	
Exposures to institutions and corporates with a short-term credit assessment	386	221	18	270	147	12
Securitization	1			1	1	
CCP default fund exposure	344	185	15	368	256	21
Sub-total counterparty risk	61,470	6,908	553	54,805	6,671	534

Market risk						
Internal approach		4,015	321		4,229	338
Standardized approach		5,598	448		5,491	439
Equity risk		552	44		432	34
Foreign exchange risk		2,579	206		2,586	207
Commodities risk		595	48		720	58
Interest rate risk		1,872	150		1,753	140
Sub-total market risk		9,613	769		9,720	777
CVA	8,138	2,375	190	8,389	1,198	96
Settlement-delivery risk		18	1		10	1
Operational risk (standardized approach)		14,784	1,183		14,784	1,183
TOTAL		110,127	8,810		110,697	8,856

▪ **Table 11 (EU OV1): Overview of RWA**

(in millions of euros)	RWA		OFR
	06.30.2018	12.31.2017	06.30.2018
<i>Credit risk (excluding CCR)</i>	71,701	73,837	5,736
Of which the standardized approach	18,509	16,164	1,481
Of which the foundation IRB (F-IRB) approach	3,305	7,316	264
Of which the advanced IRB (A-IRB) approach	35,856	35,845	2,868
Of which equity IRB under the simple risk-weighted approach or the IMA	14,031	14,513	1,122
<i>CCR</i>	9,232	7,823	739
Of which mark to market	1,773	4,697	142
Of which original exposure			
Of which the standardized approach			
Of which internal model method (IMM)	2,868		229
Of which risk exposure amount for contributions to the default fund of a CCP	185	256	15
Of which CVA	2,375	1,198	190
<i>Settlement risk</i>	18	10	1
<i>Securitization exposures in the banking book (after the cap)</i>	3,032	2,488	243
Of which IRB approach	1,175	898	94
Of which IRB supervisory formula approach (SFA)	267	221	21
Of which internal assessment approach (IAA)			
Of which the standardized approach	1,590	1,368	127
<i>Market risk</i>	9,613	9,720	769
Of which the standardized approach	5,598	5,491	448
Of which IMA	4,015	4,229	321
<i>Large exposures</i>			
<i>Operational risk</i>	14,784	14,784	1,183
Of which basic indicator approach			
Of which standardized approach	14,784	14,784	1,183
Of which advanced measurement approach			
<i>Amounts below the thresholds for deduction (subject to 250% risk weight)</i>	1,746	2,035	140
<i>Floor adjustment</i>			
Total	110,127	110,697	8,810

▪ **Table 13 (NX05): EAD by geographic area and by asset class**

(in millions of euros)

Category of exposure	France	Europe*	North America	Other	Total
Corporates	42,114	37,112	19,747	24,473	123,446
Other than SMEs and SF	33,957	30,015	15,538	20,148	99,658
Specialized Financing (SF)	4,527	6,207	3,922	3,935	18,591
SMEs	3,630	890	287	390	5,197
Institutions	58,092	15,838	11,174	8,031	93,135
Governments or central banks	26,172	8,031	9,731	5,561	49,495
Central governments or central banks	25,008	6,994	9,637	5,558	47,197
International organizations		582			582
Multilateral development banks					
Regional governments or local authorities	344	287			631
Public sector entities	820	168	94	3	1,085
Securitization	5,331	598	3,267	652	9,848
Other items	8,032	621	823	121	9,597
Equities	4,195	569	309	73	5,146
Retail	2,834	24	1	59	2,918
Other than SMEs	2,064	18	1	4	2,087
SMEs	770	6		55	831
Exposures secured by mortgages on immovable property	1,090	37		1	1,128
Exposures to institutions and corporates with a short-term credit assessment	238	9	8	686	941
Exposures at default	307	3		27	337
Collective investments undertakings (CIU)					
Total at 06.30.2018	148,405	62,842	45,060	39,684	295,991
Total at 12.31.2017	157,656	59,207	45,137	36,728	298,728

* Europe = European Union + Europe (outside EU)

5 CREDIT RISK

5.4 Credit risk mitigation techniques

Table 16 (CR3): Credit risk mitigation techniques

(in millions of euros)		Exposures unsecured – Carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which secured amount
IRB Approach								
1	Central governments or central banks	34,430	8	4	3,344	3,261		
2	Institutions	10,683	26	21	551	421		
3	Corporates	77,107	35,683	33,430	9,274	6,993	1,281	1,281
4	o/w SME	1,313	2,003	1,870	244	47		
5	o/w Specialized Lending	420	18,928	18,895	4	4		
6	Retail	8	652	652				
7	Secured by real estate property		65	65				
8	SME		65	65				
9	Non-SME							
10	Qualifying Revolving		202	202				
11	Other Retail	8	385	385				
12	SME	8	373	373				
13	Non-SME		12	12				
14	Equity	5,146						
14	Other exposures	92	639	625	3			
15	Sub-total IRB 06.30.2018	127,466	37,008	34,732	13,171	10,674	1,281	1,281
	Sub-total IRB 12.31.2017	147,530	37,002	34,696	13,557	10,311	1,489	1,489
Standardized Approach								
16	Central governments or central banks	3,708	6		60	59		
17	Regional governments or local authorities	297	9		8			
18	Public sector entities	623	6		37	5		
19	Multilateral Development Banks							
20	International Organizations	478						
21	Institutions	45,431			7,830	7,830		
22	Corporates	7,992	1,010	832	1,608	1,168		
23	o/w SME	1,548	258	202	102			
24	Retail	13,598	617	466	102			
25	o/w SME	299	28	15	75			
26	Secured by mortgages on immovable property		1,224	1,224				
27	o/w SME		513	513				
28	Exposures in default	269	81	15	16			
31	Exposures to institutions and corporates with a short-term credit assessment	570			4	3		
32	Collective investments undertakings (CIU)							
33	Equity exposures							
34	Other exposures	8,632	116		116	1		
35	Sub-total SA 06.30.2018	81,599	3,069	2,538	9,781	9,068		
	Sub-total SA 12.31.2017	74,132	2,718	2,110	7,031	6,586		

36	TOTAL AT 06.30.2018	209,064	40,076	37,270	22,952	19,742	1,281	1,281
	TOTAL AT 12.31.2017	221,661	39,720	36,807	20,589	16,897	1,489	1,489

▪ **Table 17 (CR7): IRB – Effect on RWA of credit derivatives used as CRM techniques**

		Pre-credit derivatives RWA	RWA
<i>(in millions of euros)</i>			
<i>Exposures under Foundation IRB</i>		<i>3,296</i>	<i>3,296</i>
Central governments or central banks		123	123
Institutions		84	84
Corporates – SME		503	503
Corporates – Specialized Lending		13	13
Corporates – Other		2,573	2,573
<i>Exposures under Advanced IRB</i>		<i>51,441</i>	<i>35,673</i>
Central governments or central banks		286	286
Institutions		2,350	2,350
Corporates – SME		1,928	1,928
Corporates – Specialized Lending		4,216	4,216
Corporates – Other		42,452	26,684
Retail – Secured by real estate SME		15	15
Retail – Secured by real estate non-SME			
Retail – Qualifying revolving		54	54
Retail – SME		110	110
Other retail exposures		29	29
<i>Equity IRB</i>		<i>15,777</i>	<i>15,777</i>
<i>Other items</i>		<i>191</i>	<i>191</i>
Total at 06.30.2018		70,705	54,937
Total at 12.31.2017		76,104	59,708

5.5 Credit risk exposures

■ **Table 18 (CR1): Credit quality of assets**

	a	b	c	d
(in millions of euros)	Defaulted exposures	Non-defaulted exposures	Allowances/ impairments	Net values (a+b-c)
IRB Approach				
Central governments or central banks	47	37,785	50	37,782
Institutions	41	11,267	49	11,259
Corporates	3,190	122,053	1,899	123,344
o/w SME	260	3,458	157	3,561
o/w Specialized Lending	601	19,006	254	19,352
Retail	71	653	64	660
Secured by real estate property	8	61	5	65
SME	8	61	5	65
Non-SME				
Qualifying Revolving	29	197	24	202
Other Retail	33	395	35	393
SME	10	380	9	381
Non-SME	23	15	26	12
Equity	4	5,142		5,146
Other items		734		734
Sub-total IRB 06.30.2018	3,353	177,634	2,062	178,925
Sub-total IRB 12.31.2017	4,227	197,713	2,364	199,577
Standardized Approach				
Central governments or central banks		3,774		3,774
Regional governments or local authorities		316	3	314
Public sector entities		669	2	667
Multilateral Development Banks				
International Organizations		478		478
Institutions		53,261		53,261
Corporates		10,669	59	10,610
o/w SME		1,935	28	1,908
Retail		14,373	57	14,317
o/w SME		409	7	402
Secured by mortgages on immovable property		1,224		1,224
SME		513		513
Exposures at default	721		355	366
Items associated with particularly high risk				
Covered bonds				
Exposures to institutions and corporates with a short-term credit assessment		574		574
Collective investments undertakings (CIU)				
Equity exposures				
Other items		8,863		8,863
Sub-total SA 06.30.2018	721	94,203	476	94,448
Sub-total SA 12.31.2017	704	83,527	350	83,881
TOTAL AT 06.30.2018	4,074	271,838	2,539	273,373
TOTAL AT 12.31.2017	4,931	281,240	2,713	283,458

5.6 Credit risk: standardized approach

5.6.2 CREDIT RISK EXPOSURES: STANDARDIZED APPROACH

■ Table 24 (CR4): SA – CR exposure and CRM effects

	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet EAD	Off-balance sheet EAD	RWA	RWA density
<i>(in millions of euros)</i>						
Central governments or central banks	3,774		3,774		1,234	33%
Regional governments or local authorities	316	1	313	1	53	17%
Public sector entities	424	245	422	122	66	12%
Multilateral Development Banks						
International Organizations	478		478			
Institutions (*)	41,324	11,937	41,323	5,857	528	1%
Corporates	8,255	2,414	7,947	634	6,694	78%
Retail	2,670	11,703	2,213	33	1,638	73%
Secured by mortgages on immovable property	1,032	193	1,032	96	532	47%
Exposures in default	700	21	330	5	407	122%
Items associated with particularly high risk						
Covered bonds						
Exposures to institutions and corporates with a short-term credit assessment	550	24	549	6	364	66%
Collective investments undertakings (CIU)						
Equity exposures						
Other items	8,863		8,863		6,994	79%
Total at 06.30.2018	68,386	26,538	67,245	6,753	18,509	25%
<i>(*) : o/w exposures related to affiliates</i>	<i>95%</i>	<i>100%</i>	<i>95%</i>	<i>100%</i>		
Total at 12.31.2017	60,855	23,376	60,045	3,403	16,164	25%

■ **Table 25 (CR5): SA – Exposures (EAD) by asset classes and risk weights**

(in millions of euros)

Asset classes	Risk Weight																Total	Of which unrated (*)
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Other	Deducted		
Central governments or central banks	3,233									80		462					3,774	862
Regional governments or local authorities	50				263												314	194
Public sector entities	320				184		23			16	2						545	27
Multilateral Development Banks																		
International Organizations	478																478	
Institutions	45,216	1,309			166		41			448							47,180	21,069
Corporates	322				245	311	2,241	213		5,106	141						8,581	4,274
Retail									2,246								2,246	2,183
Secured by mortgages on immovable property						166	962										1,128	1,006
Exposures in default										190	144						335	302
Items associated with particularly high risk																		
Covered bonds																		
Exposures to institutions and corporates with a short-term credit assessment					29		350			154	22						555	
Collective investments undertakings (CIU)																		
Equity exposures																		
Other items	428			25	14		11			5,650					2,735		8,863	8,837
Total at 06.30.2018	50,047	1,309		25	902	477	3,629	213	2,246	11,644	308	462			2,735		73,998	38,754
Total at 12.31.2017	45,697	1,136		13	680	328	1,391	139	2,631	7,360	320	563			3,191		63,448	39,147

(*): Of which €21,237 million in exposure to BPCE Group affiliates at June 30, 2018.

5.7.4 EXPOSURE TO CREDIT RISK ACCORDING TO THE INTERNAL RATING SYSTEM

Table 30 (CR8): RWA flow statements of credit risk exposures under the IRB approach

(in millions of euros)

	RWA amounts	OFR
RWA at 12.31.2017	59,708	4,777
Asset size	- 507	- 41
Asset quality	- 827	- 66
Model updates	- 99	- 8
Methodology and policy	- 2,798	- 224
Acquisitions and disposals		
Foreign exchange movements	296	24
Other	- 836	- 67
RWA at 06.30.2018	54,937	4,395

Table 31 (CR6): IRB – Credit risk exposures by portfolio and PD range

(in millions of euros)

PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre-CCF	CCF (%)	EAD	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity (days)	RWA	RWA density (%)	EL	Provisions
F-IRB												
Governments or central banks												
0.00 to < 0.15	4			4	0.0%	3	33%	3,595				
0.15 to < 0.25												
0.25 to < 0.50	190			190	0.4%	2	45%	3,650	123	65%		
0.50 to < 0.75												
0.75 to < 2.50						1						
2.50 to < 10.00												
10 to < 100												
100.00 (default)												
Sub-total Sovereign borrowers	194			194	0.0%	6	45%	3,649	123	63%		
Institutions												
0.00 to < 0.15	45	19	50%	54	0.0%	24	44%	731	12	23%		
0.15 to < 0.25	16	10	50%	21	0.2%	9	45%	370	12	59%		
0.25 to < 0.50		1	50%		0.3%	3	45%	195		79%		
0.50 to < 0.75		195	75%	146	0.5%	11	11%	1,171	37	25%		
0.75 to < 2.50	1	86	75%	65	0.9%	9	12%	2,500	20	31%		
2.50 to < 10.00	2			2	2.8%	25	33%	1,495	3	119%		
10 to < 100												
100.00 (default)												
Sub-total Institutions	63	311	73%	288	0.5%	81	20%	1,332	84	29%		3
Corporates												
0.00 to < 0.15	4,872	8	20%	4,874	0.1%	63	61%	134	1,542	32%	3	
0.15 to < 0.25	223			223	0.2%	49	44%	309	96	43%		
0.25 to < 0.50	29		20%	29	0.4%	56	37%	1,632	15	52%		
0.50 to < 0.75	72			72	0.6%	74	41%	932	52	72%		
0.75 to < 2.50	611	88	21%	629	1.2%	520	41%	1,322	569	90%	3	
2.50 to < 10.00	497	64	25%	513	3.5%	485	42%	1,066	642	125%	8	
10 to < 100	77	17	20%	81	14.1%	302	43%	1,593	160	199%	5	
100.00 (default)	131	4	20%	131	100.0%	115	44%	806			58	
Subtotal Corporates	6,512	180	22%	6,552	2.7%	1,664	56%	374	3,077	47%	77	134
Corporates – SME												
0.00 to < 0.15	51			51	0.1%	7	62%	780	12	24%		
0.15 to < 0.25	17			17	0.2%	4	45%	143	7	44%		
0.25 to < 0.50	5			5	0.4%	11	32%	2,103	2	44%		
0.50 to < 0.75	8			8	0.6%	12	40%	1,364	6	70%		
0.75 to < 2.50	164	43	21%	173	1.4%	268	42%	1,152	155	90%	1	
2.50 to < 10.00	206	44	27%	218	3.9%	296	41%	1,550	251	115%	3	
10 to < 100	37	11	21%	39	13.9%	243	41%	1,308	70	179%	2	
100.00 (default)	53	4	20%	54	100.0%	94	43%	1,086			23	
Sub-total	541	102	24%	565	12.4%	935	43%	1,257	503	89%	30	50

Corporates – SME											
Corporates – Other											
0.00 to < 0.15	4,821	8	20%	4,823	0.1%	56	61%	127	1,530	32%	3
0.15 to < 0.25	206			206	0.2%	45	44%	322	89	43%	
0.25 to < 0.50	24		20%	24	0.4%	45	38%	1,542	13	53%	
0.50 to < 0.75	64			64	0.6%	62	42%	876	46	72%	
0.75 to < 2.50	447	45	21%	456	1.2%	252	41%	1,386	414	91%	2
2.50 to < 10.00	290	19	20%	294	3.2%	189	43%	708	391	133%	4
10 to < 100	40	5	20%	41	14.3%	59	44%	1,863	90	217%	3
100.00 (default)	78			78	100.0%	21	45%	614			35
Sub-total Corporates – Other	5,971	78	21%	5,987	1.7%	729	57%	290	2,573	43%	47
Equity	4,988	158	100%	5,146		559		186	15,777	307%	74
Sub-total Equity	4,988	158	100%	5,146		559		186	15,777	307%	74
F- IRB (excl. equity)											
0.00 to < 0.15	4,922	27	41%	4,933	0.1%	90	61%	143	1,554	32%	3
0.15 to < 0.25	238	10	50%	243	0.2%	58	44%	314	108	45%	
0.25 to < 0.50	218	1	41%	219	0.4%	61	44%	3,379	138	63%	
0.50 to < 0.75	72	195	75%	218	0.6%	85	21%	1,092	89	41%	
0.75 to < 2.50	612	173	48%	694	1.2%	530	39%	1,432	589	85%	3
2.50 to < 10.00	499	64	25%	515	3.5%	510	42%	1,068	645	125%	8
10 to < 100	77	17	20%	81	14.1%	302	43%	1,593	160	199%	5
100.00 (default)	131	4	20%	131	100.0%	115	44%	806			58
Total IRB-F (excl. equity)	6,769	491	86%	7,034	2.5%	1,751	54%	503	3,284	47%	77
A-IRB											
PD scale											
Central governments or central banks											
0.00 to < 0.15	36,104	1,205	64%	36,874	0.0%	217	8%	614	104		
0.15 to < 0.25	33			33	0.2%	17	35%	1,854	14	41%	
0.25 to < 0.50	136	12	100%	148	0.4%	10	41%	643	72	48%	
0.50 to < 0.75											
0.75 to < 2.50											
2.50 to < 10.00	47	52	28%	61	3.2%	22	47%	1,792	92	151%	1
10 to < 100	1			1	20.9%	4	77%	2,393	5	465%	
100.00 (default)	47			47	100.0%	7	104%	1,197			48
Sub-total Central governments or central banks	36,370	1,269	63%	37,166	0.1%	277	9%	618	286	1%	50
Institutions											
0.00 to < 0.15	7,046	1,114	71%	7,837	0.0%	808	19%	569	615	8%	1
0.15 to < 0.25	965	109	54%	1,024	0.2%	63	27%	202	262	26%	
0.25 to < 0.50	96	53	81%	139	0.3%	28	43%	390	79	57%	
0.50 to < 0.75	120	92	29%	146	0.5%	38	52%	63	125	86%	
0.75 to < 2.50	373	385	29%	483	0.9%	79	48%	178	447	93%	2
2.50 to < 10.00	322	219	21%	369	3.3%	146	73%	139	822	223%	9
10 to < 100											
100.00 (default)	41			41	100.0%	9	90%	469			28
Sub-total Institutions	8,963	1,971	55%	10,038	0.6%	1,171	24%	486	2,350	23%	41
Corporates											
0.00 to < 0.15	17,694	23,342	49%	29,070	0.1%	1,168	28%	1,118	4,267	15%	4
0.15 to < 0.25	4,660	6,169	62%	8,487	0.2%	365	27%	1,102	2,235	26%	4
0.25 to < 0.50	7,282	8,161	55%	11,757	0.3%	1,790	23%	1,080	3,490	30%	9
0.50 to < 0.75	8,004	8,408	52%	12,402	0.6%	823	24%	1,077	4,888	39%	16
0.75 to < 2.50	12,269	9,616	54%	17,497	1.3%	3,774	21%	1,403	8,858	51%	48
2.50 to < 10.00	4,927	3,873	57%	7,138	4.1%	5,694	26%	1,343	5,993	84%	73
10 to < 100	669	404	52%	880	13.0%	6,042	22%	1,185	915	104%	25
100.00 (default)	2,883	173	51%	2,972	100.0%	931	42%	960	2,183	73%	1,528
Subtotal Corporates	58,388	60,148	53%	90,203	4.2%	20,587	26%	1,174	32,829	36%	1,708
Corporates – SME											
0.00 to < 0.15	125	42	26%	136	0.1%	238	25%	2,173	25	19%	
0.15 to < 0.25	57	2	98%	60	0.2%	59	23%	826	14	24%	
0.25 to < 0.50	239	76	93%	309	0.4%	1,098	28%	1,055	102	33%	
0.50 to < 0.75	177	32	65%	197	0.6%	248	29%	1,428	86	44%	
0.75 to < 2.50	730	170	83%	871	1.4%	2,330	27%	1,842	544	62%	3
2.50 to < 10.00	961	121	91%	1,072	4.1%	3,042	24%	2,050	765	71%	10
10 to < 100	118	23	75%	135	13.2%	915	22%	1,933	132	98%	4
100.00 (default)	192	12	84%	202	100.0%	553	27%	1,864	259	128%	85
Sub-total Corporates – SME	2,599	477	80%	2,981	9.4%	8,483	26%	1,808	1,928	65%	103
Corporates – Specialized Lending											
0.00 to < 0.15	858	364	84%	1,164	0.1%	55	10%	2,666	88	8%	
0.15 to < 0.25	881	735	89%	1,532	0.2%	78	9%	2,035	178	12%	
0.25 to < 0.50	1,495	1,668	77%	2,785	0.3%	206	10%	2,085	436	16%	1
0.50 to < 0.75	2,339	1,627	72%	3,513	0.5%	221	12%	1,998	832	24%	2
0.75 to < 2.50	5,021	3,078	66%	7,053	1.4%	383	11%	2,020	2,066	29%	10
2.50 to < 10.00	695	226	60%	830	3.6%	85	24%	2,027	613	74%	7
10 to < 100	3			3	12.2%	3	25%	2,594	3	134%	
100.00 (default)	598	3	51%	599	100.0%	24	79%	988			201

Sub-total Corporates – Specialized Lending	11,888	7,702	73%	17,480	4.3%	1,055	14%	2,035	4,216	24%	222	254
Corporates – Other												
0.00 to < 0.15	16,712	22,937	48%	27,770	0.1%	875	29%	1,047	4,153	15%	4	
0.15 to < 0.25	3,721	5,432	58%	6,895	0.2%	228	31%	897	2,043	30%	4	
0.25 to < 0.50	5,549	6,417	49%	8,663	0.3%	486	27%	758	2,952	34%	8	
0.50 to < 0.75	5,488	6,749	47%	8,692	0.6%	354	28%	697	3,970	46%	14	
0.75 to < 2.50	6,517	6,368	48%	9,573	1.3%	1,061	29%	909	6,248	65%	34	
2.50 to < 10.00	3,272	3,526	56%	5,236	4.2%	2,567	27%	1,090	4,615	88%	56	
10 to < 100	549	382	51%	743	13.0%	5,124	22%	1,045	780	105%	21	
100.00 (default)	2,093	159	49%	2,170	100.0%	354	33%	868	1,924	89%	1,242	
Sub-total Corporates – Other	43,901	51,969	50%	69,742	3.9%	11,049	29%	932	26,684	38%	1,383	1,404
Retail												
0.00 to < 0.15		4	42%	2	0.1%	3	33%	204		2%		
0.15 to < 0.25		35	51%	18	0.2%	3	33%	185	1	4%		
0.25 to < 0.50	78		98%	78	0.4%	3,790	23%	1,324	10	13%		
0.50 to < 0.75	83	19	26%	88	0.7%	3,655	25%	1,248	15	17%		
0.75 to < 2.50	128	28	44%	140	1.6%	5,623	26%	1,202	34	24%	1	
2.50 to < 10.00	132	10	80%	140	5.6%	3,901	29%	921	55	39%	2	
10 to < 100	130	7	73%	135	25.1%	3,783	24%	1,496	69	51%	8	
100.00 (default)	71			71	100.0%	1,043	46%	578	24	34%	35	
Sub-total Retail	621	103	48%	671	17.2%	21,801	28%	1,127	208	31%	47	64
Retail – Qualifying revolving												
0.00 to < 0.15		4	42%	2	0.1%	2	33%	185		2%		
0.15 to < 0.25		35	51%	18	0.2%	2	33%	185	1	4%		
0.25 to < 0.50			62%		0.4%	2	33%	185		6%		
0.50 to < 0.75	6	19	26%	11	0.7%	2	33%	185	1	11%		
0.75 to < 2.50	18	28	44%	30	1.8%	7	33%	185	6	21%		
2.50 to < 10.00	60	8	78%	67	5.3%	8	33%	185	30	45%	1	
10 to < 100	15	2	27%	16	33.5%	12	33%	185	14	85%	2	
100.00 (default)	29			29	100.0%	4	68%	185	2	6%	19	
Sub-total Retail – qualifying revolving	129	97	45%	173	22.2%	39	39%	185	54	31%	23	24
Retail – SME												
0.00 to < 0.15					0.1%	1	23%	803		5%		
0.15 to < 0.25					0.2%	1	20%	122		7%		
0.25 to < 0.50	74		100%	74	0.4%	3,749	23%	1,275	9	13%		
0.50 to < 0.75	70			70	0.7%	3,572	24%	1,336	13	19%		
0.75 to < 2.50	96			96	1.5%	5,524	25%	1,309	26	27%		
2.50 to < 10.00	63			63	5.9%	3,833	26%	1,377	23	36%	1	
10 to < 100	76			76	21.5%	3,647	26%	1,377	39	51%	4	
100.00 (default)	10			10	100.0%	970	24%	1,007			5	
Sub-total Retail – SME	390		100%	390	8.4%	21,297	25%	1,323	110	28%	10	9
Retail – Residential mortgage exposures												
0.00 to < 0.15												
0.15 to < 0.25												
0.25 to < 0.50	4			4	0.4%	39	14%	2,339		7%		
0.50 to < 0.75	7			7	0.7%	81	15%	2,086	1	13%		
0.75 to < 2.50	13			13	1.4%	87	14%	2,793	2	14%		
2.50 to < 10.00	9	1	100%	10	5.6%	60	18%	3,030	2	25%		
10 to < 100	24	4	100%	28	22.2%	122	17%	3,246	10	34%	1	
100.00 (default)	8			8	100.0%	65	16%	2,481			3	
Sub-total Retail – Residential mortgage exposures	64	5	100%	70	22.2%	454	16%	2,877	15	21%	4	5
Other retail exposures												
0.00 to < 0.15					0.0%							
0.15 to < 0.25												
0.25 to < 0.50												
0.50 to < 0.75												
0.75 to < 2.50						5						
2.50 to < 10.00												
10 to < 100	15			15	40.3%	2	17%	185	7	49%	1	
100.00 (default)	23			23	100.0%	4	40%	185	22	97%	8	
Sub-total - Other retail exposures	38			38	76.9%	11	31%	185	29	78%	9	26
Equity												
Sub-total Equity												
A-IRB												
0.00 to < 0.15	60,844	25,665	50%	73,783	0.0%	2,196	17%	808	4,985	7%	5	
0.15 to < 0.25	5,659	6,313	62%	9,562	0.2%	448	27%	1,006	2,511	26%	5	
0.25 to < 0.50	7,592	8,226	55%	12,122	0.3%	5,618	23%	1,068	3,651	30%	9	
0.50 to < 0.75	8,206	8,519	52%	12,636	0.6%	4,516	24%	1,066	5,029	40%	17	
0.75 to < 2.50	12,769	10,029	53%	18,120	1.3%	9,476	22%	1,369	9,339	52%	50	
2.50 to < 10.00	5,429	4,153	55%	7,708	4.1%	9,763	29%	1,281	6,963	90%	86	
10 to < 100	800	411	52%	1,016	14.6%	9,829	22%	1,228	989	97%	33	
100.00 (default)	3,042	173	51%	3,131	100.0%	1,990	44%	949	2,207	70%	1,640	
Total A-IRB	104,341	63,491	53%	138,077	2.9%	43,836	21%	974	35,673	26%	1,845	1,925
PD scale												

Total												
0.00 to < 0.15	65,766	25,692	50%	78,715	0.0%	2,286	20%	766	6,539	8%	8	
0.15 to < 0.25	5,897	6,323	62%	9,805	0.2%	506	27%	989	2,620	27%	5	
0.25 to < 0.50	7,811	8,227	55%	12,341	0.3%	5,679	24%	1,109	3,789	31%	10	
0.50 to < 0.75	8,278	8,715	53%	12,854	0.6%	4,601	24%	1,067	5,117	40%	17	
0.75 to < 2.50	13,380	10,203	53%	18,814	1.3%	10,006	23%	1,372	9,928	53%	54	
2.50 to < 10.00	5,928	4,217	54%	8,223	4.0%	10,273	30%	1,268	7,608	93%	93	
10 to < 100	877	428	51%	1,097	14.6%	10,131	24%	1,255	1,149	105%	38	
100.00 (default)	3,173	177	51%	3,262	100.0%	2,105	44%	943	2,207	68%	1,698	
Total at 06.30.2018*	111,110	63,981	53%	145,112	2.9%	45,587	23%	952	38,957	27%	1,923	2,062

*Total excluding other assets and specialized lending slotting criteria.

▪ **Table 32 (CR10): IRB – Specialized lending and equities (excluding impact of thresholds)**

Regulatory categories (in millions of euros)	Equities under the simple risk-weighted approach					
	On-balance sheet amount	Off-balance sheet amount	Risk weight	EAD	RWA	OFR
Exchange-traded equity exposures	607	158	190	765	1,454	116
Private Equity exposures	1,310		290	1,310	3,800	304
Other equity exposures	2,372		370	2,372	8,777	702
Total at 06.30.2018	4,290	158		4,448	14,031	1,122
Total at 12.31.2017	4,467	171		4,632	14,513	1,161

Regulatory categories (in millions of euros)	Specialized Lending						
	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	Risk weight	EAD	RWA	EL
Category 1	Equal to or more than 2.5 years	1		50	1		
Category 2	Equal to or more than 2.5 years	8		70	8	6	
Category 4	Equal to or more than 2.5 years	7		90	7	6	
Total at 06.30.2018		16			16	13	
Total at 12.31.2017		16			16	12	

▪ **Table 34 (NX24): EAD by type and nature of exposure (excluding impact of thresholds)**

(in millions of euros)

Type and Nature of exposure	Equities	Mutual fund investments	Investments	Total at 06.30.2018	Total at 12.31.2017
Private Equity held in sufficiently diversified portfolios	413	352		765	888
Other equity exposures	198	28	2,146	2,372	2,459
Listed equities	216	469	625	1,310	1,286
Equity – standardized approach					
Total	828	849	2,771	4,448	4,632

▪ **Table 35 (NX25) RWA by type and nature of exposure (excluding impact of thresholds)**

(in millions of euros)

Type and Nature of exposure	IRB approach	Standardized approach	Total at 06.30.2018	Total at 12.31.2017
Private Equity held in sufficiently diversified portfolios	1,454		1,454	1,687
Other equity exposures	8,777		8,777	9,097
Listed equities	3,800		3,800	3,729
Equity – standardized approach				
Total	14,031		14,031	14,513

6 COUNTERPARTY RISK

6.2 Counterparty risk exposure

▪ **Table 36 (CCR1): Analysis of the CCR exposure by approach**

<i>(in millions of euros)</i>	Notional	Replacement cost	Potential future exposure	EEPE	Multiplier	EAD post-CRM	RWA
Mark to market		567	4,854			5,421	1,502
Original Exposure							
Standardized approach							
Internal Model Method (for derivatives and SFTs)			7,654			12,925	2,860
Securities Financing Transactions							
Derivatives & Long Settlement Transaction							
From Contractual Cross Product Netting							
Financial collateral simple method (for SFTs)							
Financial collateral comprehensive method (SFTs)						24,181	1,944
VaR for SFTs							
Total at 06.30.2018							6,306

▪ **Table 37 (CCR3): SA – CCR EAD by regulatory portfolio and risk weight**

(in millions of euros)

Exposure classes	Risk Weight											Total EAD	Of which unrated (*)
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Other		
Central governments or central banks	45											45	
Regional governments or local authorities	137				180							317	156
Public sector entities	54				247	221			19			541	13
Multilateral Development Banks													
International Organizations	104											104	102
Institutions	2,694	18,186			9				1			20,890	18,781
Corporates		22							46			68	66
Retail								1				1	1
Secured by mortgages on immovable property													
Exposures in default										2		2	1
Items associated with particularly high risk													
Covered bonds													
Exposures to institutions and corporates with a short-term credit assessment					16	304			66			386	
Collective investments undertakings (CIU)													
Equity exposures													
Other items													
Total at 06.30.2018	3,034	18,208			452	525		1	132	2		22,354	19,120
Total at 12.31.2017	2,014	18,175			668	229		1	44	2		21,132	19,144

* of which €17,956 million in exposures to central counterparties (weighted at 2% in accordance with current regulations) and €897 million to BPCE Group affiliates at June 30, 2018, versus respectively €18,116 million and €626 million on these items at December 31, 2017.

▪ **Table 38 (CCR4): IRB – CCR exposures by portfolio and PD scale**

(in millions of euros)

PD scale	EAD post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity (days)	RWA	RWA density (%)
F-IRB							
Institutions							
0.00 to < 0.15	188	0.1%	17	45%	11	31	17%
0.15 to < 0.25	1	0.2%	2	45%	5		33%
0.25 to < 0.50							
0.50 to < 0.75							
0.75 to < 2.50							
2.50 to < 10.00	4	2.8%	1	45%	10	5	132%
10.00 to < 100.00							
100.00 (default)							
Sub-total	193	0.1%	20	45%	11	36	19%
Corporates							
0.00 to < 0.15	1,249	0.1%	45	45%	277	196	16%
0.15 to < 0.25		0.2%	2	45%	5		25%
0.25 to < 0.50	44	0.3%	4	45%	237	17	38%
0.50 to < 0.75							
0.75 to < 2.50							
2.50 to < 10.00							
10.00 to < 100.00							
100.00 (default)							
Sub-total	1,293	0.1%	51	45%	275	212	16%
Total F-IRB							
0.00 to < 0.15	1,438	0.1%	62	45%	242	227	16%
0.15 to < 0.25	2	0.2%	4	45%	5		31%
0.25 to < 0.50	44	0.3%	4	45%	237	17	38%
0.50 to < 0.75							
0.75 to < 2.50							
2.50 to < 10.00	4	2.8%	1	45%	10	5	132%
10.00 to < 100.00							
100.00 (default)							
Sub-total F-IRB	1,486	0.1%	71	45%	241	249	17%

PD scale	EAD post CRM	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity (days)	RWA	RWA density (%)
A-IRB							
Central governments or central banks							
0.00 to < 0.15	5,866		59	12%	792	17	0%
0.15 to < 0.25	5	0.2%	2	37%	324	1	23%
0.25 to < 0.50	79	0.4%	1	47%	13	30	38%
0.50 to < 0.75							
0.75 to < 2.50							
2.50 to < 10.00	69	3.2%	2	47%	139	85	124%
10.00 to < 100.00							
100.00 (default)							
Sub-total	6,018		64	13%	774	134	2%
Institutions							
0.00 to < 0.15	12,455		371	19%	340	786	6%
0.15 to < 0.25	992	0.2%	111	27%	838	310	31%
0.25 to < 0.50	185	0.3%	65	28%	699	69	37%
0.50 to < 0.75	362	0.5%	44	31%	903	244	67%
0.75 to < 2.50	172	1.2%	58	59%	475	219	127%
2.50 to < 10.00	35	2.9%	54	61%	977	72	207%
10.00 to < 100.00							
100.00 (default)							
Sub-total	14,201	0.1%	703	20%	397	1,701	12%
Corporates							
0.00 to < 0.15	10,654		805	33%	273	863	8%
0.15 to < 0.25	1,742	0.2%	210	33%	735	422	24%
0.25 to < 0.50	995	0.3%	275	29%	1,320	379	38%
0.50 to < 0.75	1,409	0.6%	313	28%	881	554	39%
0.75 to < 2.50	1,203	1.2%	559	31%	1,184	797	66%
2.50 to < 10.00	586	4.5%	481	31%	914	571	98%
10.00 to < 100.00	76	12.1%	706	35%	1,405	124	164%
100.00 (default)	69	100.0%	36	48%	2,728	25	37%
Sub-total	16,734	0.8%	3,385	32%	538	3,736	22%
Corporates – SME							
0.00 to < 0.15	1		7	44%	1,400		24%
0.15 to < 0.25	1	0.2%	3	44%	196		30%
0.25 to < 0.50	4	0.4%	23	44%	1,029	2	54%
0.50 to < 0.75	3	0.6%	14	44%	2,989	3	91%
0.75 to < 2.50	8	1.2%	61	44%	687	7	85%
2.50 to < 10.00	18	3.4%	91	44%	2,537	26	146%
10.00 to < 100.00	11	12.3%	200	44%	1,598	21	190%
100.00 (default)	2	100.0%	11	44%	2,337	1	62%
Sub-total	48	7.9%	410	44%	1,804	60	124%
Corporates – Specialized Lending							
0.00 to < 0.15	55	0.1%	15	18%	3,526	9	16%
0.15 to < 0.25	107	0.2%	33	22%	3,174	29	27%
0.25 to < 0.50	258	0.3%	68	14%	3,267	58	23%
0.50 to < 0.75	279	0.5%	111	15%	3,250	84	30%
0.75 to < 2.50	287	1.2%	148	20%	2,956	155	54%
2.50 to < 10.00	55	3.6%	18	14%	3,468	26	47%
10.00 to < 100.00							
100.00 (default)	55	100.0%	5	51%	3,197		
Sub-total	1,096	5.7%	398	19%	3,191	362	33%

PD scale	EAD	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity (days)	RWA	RWA density (%)
Corporates – Other							
0.00 to < 0.15	10,598		783	33%	256	854	8%
0.15 to < 0.25	1,634	0.2%	174	34%	576	392	24%
0.25 to < 0.50	732	0.3%	184	34%	637	318	43%
0.50 to < 0.75	1,127	0.6%	188	31%	290	468	42%
0.75 to < 2.50	907	1.2%	350	35%	627	635	70%
2.50 to < 10.00	513	4.7%	372	33%	584	520	101%
10.00 to < 100.00	65	12.1%	506	33%	1,372	104	160%
100.00 (default)	12	100.0%	20	34%	698	24	197%
Sub-total	15,590	0.5%	2,577	33%	347	3,315	21%
Total A-IRB							
0.00 to < 0.15	28,975		1,235	23%	407	1,667	6%
0.15 to < 0.25	2,739	0.2%	323	31%	771	733	27%
0.25 to < 0.50	1,258	0.3%	341	30%	1,147	478	38%
0.50 to < 0.75	1,771	0.6%	357	29%	886	798	45%
0.75 to < 2.50	1,375	1.2%	617	35%	1,095	1,016	74%
2.50 to < 10.00	689	4.3%	537	34%	840	729	106%
10.00 to < 100.00	76	12.1%	706	35%	1,405	124	164%
100.00 (default)	69	100.0%	36	48%	2,728	25	37%
Sub-total A-IRB	36,953	0.4%	4,152	25%	522	5,570	15%
Total							
0.00 to < 0.15	30,413		1,297	24%	399	1,893	6%
0.15 to < 0.25	2,741	0.2%	327	31%	771	734	27%
0.25 to < 0.50	1,302	0.3%	345	30%	1,117	494	38%
0.50 to < 0.75	1,771	0.6%	357	29%	886	798	45%
0.75 to < 2.50	1,375	1.2%	617	35%	1,095	1,016	74%
2.50 to < 10.00	693	4.3%	538	34%	836	734	106%
10.00 to < 100.00	76	12.1%	706	35%	1,405	124	164%
100.00 (default)	69	100.0%	36	48%	2,728	25	37%
Total at 06.30.2018	38,439	0.4%	4,223	25%	511	5,819	15%

▪ **Table 39 (CCR6): Credit derivative exposures**

06.30.2018

(in millions of euros)

	Protection bought	Protection sold
Notional		
Single-name credit default swaps	6,163	5,192
Credit-linked notes		
Total return swaps		1,254
Collateralized debt obligations		
Index credit default swaps	1,702	1,157
Other credit derivatives	11,688	10,780
Total notional	19,553	18,383
Fair values		
Positive fair value (asset)	62	189
Negative fair value (liability)	- 267	- 53

▪ **Table 40 (CCR8): Exposures to CCPs**

(in millions of euros)	EAD post CRM	RWA
Exposures to QCCPs (total)		551
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which:	14,073	281
(i) OTC derivatives	1,352	27
(ii) Exchange-traded derivatives	8,366	167
(iii) SFTs	4,355	87
(iv) Netting sets where cross-product netting has been approved		
Segregated initial margin		
Non-segregated initial margin	4,194	84
Prefunded default fund contributions	344	185
Exposures to non-QCCPs (total)		
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which:		
(i) OTC derivatives		
(ii) Exchange-traded derivatives		
(iii) SFTs		
(iv) Netting sets where cross-product netting has been approved		
Segregated initial margin		
Non-segregated initial margin		
Prefunded default fund contributions		
Unfunded default fund contributions:		

6.3 Capital requirements and risk-weighted assets

▪ **Table 41 (EU CCR2): Capital requirements for credit valuation adjustments**

(in millions of euros)	EAD post-CRM techniques	RWA
Total portfolios subject to the advanced method	4,397	1,499
(i) VaR component (including the 3xmultiplier)		167
(ii) Stressed VaR component (including the 3xmultiplier)		1,332
All portfolios subject to the standardized method	3,741	876
Based on Original Exposure Method		
Total subject to the CVA capital charge 06.30.2018	8,138	2,375
Total subject to the CVA capital charge 12.31.2017	8,389	1,198

7 SECURITIZATION

7.3 Natixis' securitization exposures

Table 43 (SEC1): Securitization exposures in the banking book

(in millions of euros)	Bank acting as originator			Bank acting as sponsor			Bank acting as investor		
	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
UNCONSOLIDATED SPV									
RMBS				195		195	407		407
Consumer ABS				1,067		1,067	529		529
Consumer loans	1		1						
Re-securitization									
TOTAL RETAIL	1		1	1,262		1,262	935		935
Corporate loans		2,853	2,853						
ABS				86		86			
ABCP				1,968		1,968			
CDO				1,338		1,338	402		402
CMBS	189		189	94		94	6		6
Other wholesale	60		60	423		423	229		229
Re-securitization							1		1
TOTAL WHOLESALE	249	2,853	3,102	3,909		3,909	638		638
TOTAL UNCONSOLIDATED SPV	250	2,853	3,103	5,171		5,171	1,574		1,574
CONSOLIDATED SPV									
Consumer loans (Retail)	675		675						
Corporate loans (Wholesale)	2,799		2,799						
TOTAL CONSOLIDATED SPV	3,474		3,474						

Table 44 (SEC2): Securitization exposures in the trading book

(in millions of euros)	Bank acting as originator			Bank acting as sponsor			Bank acting as investor		
	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total
RMBS							16		16
Consumer ABS							4		4
Consumer loans									
Re-securitization									
Retail (total) – of which:							20		20
Corporate loans									
ABS									
CDO							3		3
CMBS									
Other							9		9
Re-securitization							1		1
Wholesale (total)							13		13

▪ **Table 45 (NX31-A): EAD and RWA according to Natixis' role in the banking book**

<i>(in millions of euros)</i>	EAD	RWA	Capital requirement
Investor	1,574	576	46
On-balance sheet and exposure	1,089	481	38
Off-balance sheet and exposure	484	95	8
Originator	3,103	741	59
On-balance sheet and exposure	3,103	741	59
Sponsor	5,171	1,715	137
On-balance sheet and exposure	991	176	14
Off-balance sheet and exposure	4,180	1,539	123
Total at 06.30.2018	9,848	3,033	242
Total at 12.31.2017	8,434	2,487	200

▪ **Table 46 (NX31-B): EAD ACCORDING TO THE NATIXIS' ROLE IN THE SECURITIZATION TRADING BOOK**

<i>(in millions of euros)</i>	06.30.2018		
Role	EAD	RWA	Capital requirement
Investor	33	46	4
Originator			
Sponsor			
Total at 06.30.2018	33	46	4
Total at 12.31.2017	196	169	14

7.4 Regulatory capital requirements

- Table 48 (SEC3): Securitization exposures in the banking book and associated capital requirements – bank acting as originator or as sponsor

	Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
	<= 20%	> 20% to 50%	> 50% to 100%	> 100% to 1250%	= 1,250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1,250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1,250%	IRB RBA (including IAA)	IRB SFA	SA	1,250%
(in millions of euros)																	
Traditional securitization	2,379	2,078	693	13	258	2,565	23	2,833		827	23	1,362		66	2	109	
o/w securitization	2,379	2,078	693	13	258	2,565	23	2,833		827	23	1,362		66	2	109	
o/w retail underlying	259	923	81			341		922		98		411		8		33	
o/w wholesale	2,120	1,155	612	13	258	2,224	23	1,912		729	23	951		58	2	76	
o/w re-securitization																	
o/w senior																	
o/w non-senior																	
Synthetic securitization	2,853						2,853			244				20			
o/w securitization	2,853						2,853			244				20			
o/w retail underlying																	
o/w wholesale	2,853						2,853			244				20			
o/w re-securitization																	
o/w senior																	
o/w non-senior																	
Total exposures	5,232	2,078	693	13	258	2,565	2,876	2,833		827	267	1,362		66	21	109	

- Table 49 (SEC4): Securitization exposures in the banking book and associated capital requirements – bank acting as investor

	Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)			Capital charge after cap				
	<= 20%	> 20% to 50%	> 50% to 100%	> 100% to 1250%	= 1,250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1,250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1,250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1,250%
(in millions of euros)																	
Traditional securitization	943	452	70	14	95	927		646		348		228		28		18	
o/w securitization	943	452	70	14	93	926		646		333		228		27		18	
o/w retail underlying	630	228	59	14	4	513		423		157		141		13		11	
o/w wholesale	314	224	11		89	413		224		176		87		14		7	
o/w re-securitization					1	1				15				1			
o/w senior					1	1				15				1			
o/w non-senior																	
Synthetic securitization																	
o/w securitization																	
o/w retail underlying																	
o/w wholesale																	
o/w re-securitization																	
o/w senior																	
o/w non-senior																	
Total exposures	943	452	70	14	95	927		646		348		228		28		18	

8 MARKET RISK

8.4 Detailed quantitative information

Table 50 (MR1): Market risk under the standardized approach

(in millions of euros)

Nature of risk	RWA	Capital requirements
SA	5,109	409
Interest rate risk (general and specific)	1,610	129
Equity risk (general and specific)	443	35
Foreign exchange risk	2,533	203
Commodity risk	524	42
Options	443	35
Simplified approach		
Delta-plus method	214	17
Scenario approach	229	18
Securitization (specific risk)	46	4
Total at 06.30.2018	5,598	448
Total at 12.31.2017	5,491	439

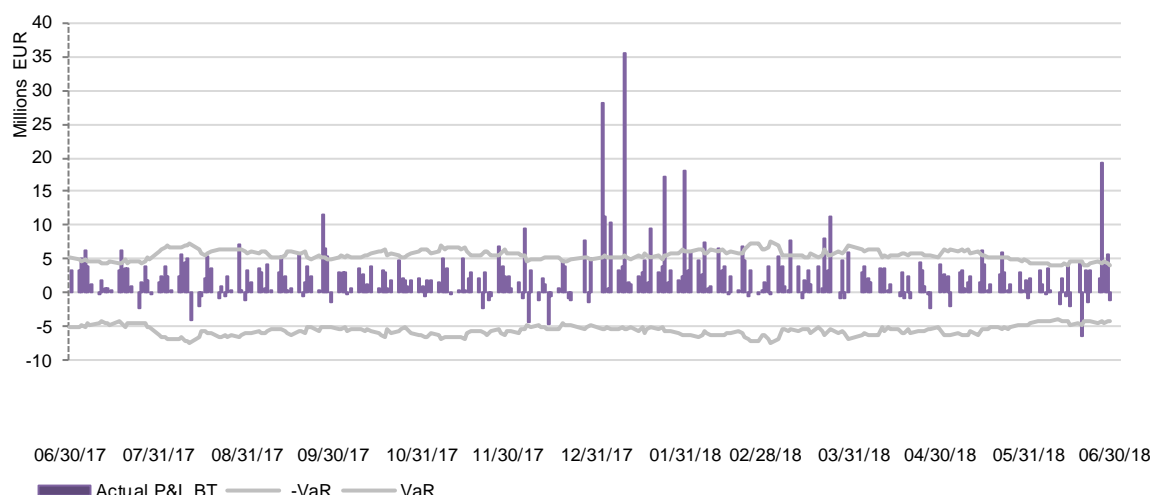
Table 51 (MR3): VaR, stressed VaR and IRC on the regulatory scope

(in millions of euros) 06.30.2017 to 06.30.2018

VaR (10 day 99%)	
Maximum value	23.9
Average value	17.7
Minimum value	12.5
Period end	13.0
Stressed VaR (10 day 99%)	
Maximum value	54.2
Average value	38.7
Minimum value	27.5
Period end	46.8
Incremental Risk Charge (99.9%)	
Maximum value	71.2
Average value	28.7
Minimum value	10.9
Period end	16.5

▪ **Table 52 (MR4): Comparison of VaR estimates with gains/losses**

The following chart shows results of backtesting (ex-post comparison of potential losses, as calculated ex-ante by VaR (99%, 1-day), with hypothetical and actual P&L impacts) on the regulatory scope, and can be used to verify the solidity of the VaR indicator:



A backtesting exception was observed during the period, on June 19, 2018, due to the redefinition of US yield curves used in New York. This loss amounted to -€10.2 million in profit and loss.

▪ **Table 53 (MR2-A): Exposure to market risk using the internal models approach**

(in millions of euros)		RWA	OFR
1	Value at risk (Maximum of both values a and b)	1,045	84
a	Previous day's VaR (Article 365 (1))	169	13
b	Average of the daily VaR (Article 365 (1)) of the CRR on each of the preceding 60 business days x multiplication factor (in line with Article 366)	1,045	84
2	Stressed VaR (SVaR)	2,559	205
a	Latest SVaR (Article 365 (2))	599	48
b	Average of the daily SVaR (Article 365 (2)) of the CRR during the preceding 60 business days x multiplication factor (Article 366)	2,559	205
3	Additional default and migration risk	412	33
a	Most recent IRC value (incremental default and migration risks calculated in accordance with Section 3 of Articles 370/371)	412	33
b	Average of the IRC number over the preceding 12 weeks	346	28
4	Additional default risk on the correlation portfolio		
a	Most recent risk number for the correlation trading portfolio (Article 377)		
b	Average of the risk number for the correlation trading portfolio over the preceding 12 weeks		
c	8% of the own funds requirement in the standardized approach on the most recent risk number for the correlation trading portfolio (Article 338 (4))		
5	Total at 06.30.2018	4,015	321
	Total at 12.31.2017	4,229	338

9 OVERALL INTEREST RATE, LIQUIDITY AND STRUCTURAL FOREIGN EXCHANGE RISKS

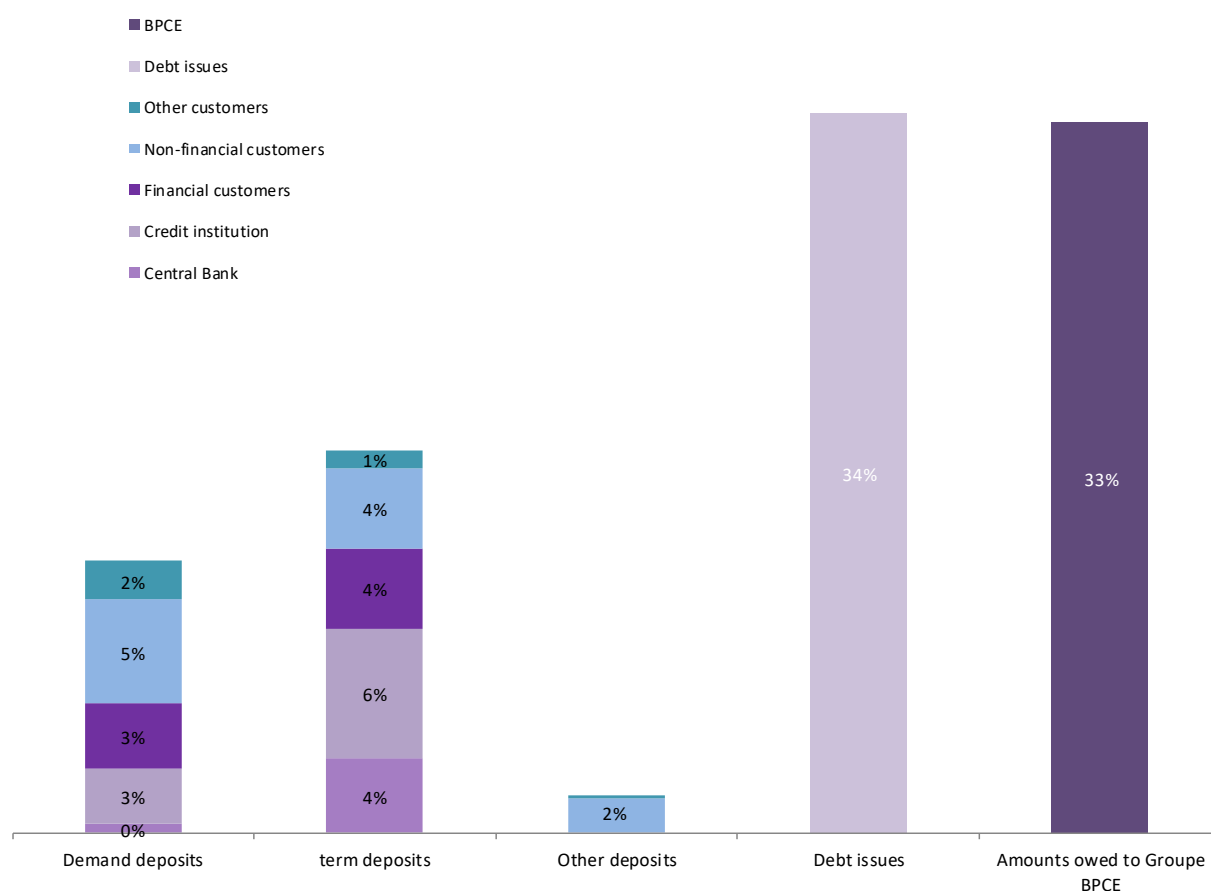
9.2 Management of liquidity and funding risk

9.2.4 FUNDING PRINCIPLES AND STRUCTURE

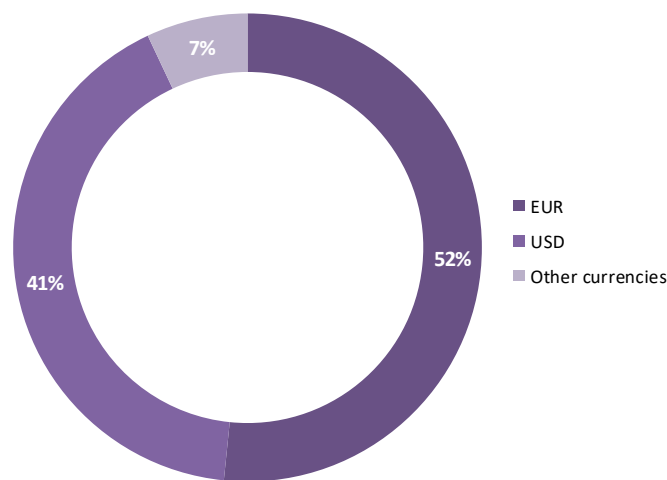
9.2.4.1 Funding strategy

The following charts are prepared and updated for information purposes on the basis of management data at half-year end.

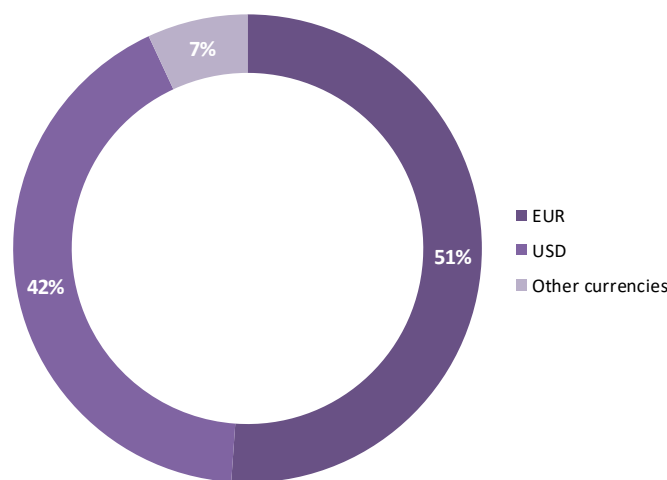
Gross weight of on-balance sheet funding sources, by major category of vehicle and/or by customer segment at 06.30.2018.



Breakdown of gross funding structure by currency, at current USD exchange rates - 06.30.2018



Breakdown of gross funding structure by currency, at constant USD exchange rates - 06.30.2018



At June 30, 2018, the execution of the MLT funding program is currently in line with the origination of long-term assets, and corresponds to around half the 2018 plan.

9.2.4.1 Bank funding

Short-term funding

After a positive start to the year on the stock markets, concerns about growth following the Trump administration's trade policy quickly turned into widespread doubt, triggering fresh volatility.

In the US, the prospect of accelerated inflation, which could result in faster-than-expected monetary policy normalization, drove US long rates to 3-4 year record levels.

In addition, the surge in short-term debt issuance by the US Treasury widened the Libor-Ois spread, thus renewing investor interest in banking debt.

In Europe, the political uncertainties in Germany and Italy had a limited impact on the markets, with no contagion to the rest of the euro zone.

The European Central Bank announced its timeline for phasing out its bond-buying program, as well as its payment reinvestment policy. It also announced that it would not change its key interest rates before the second half of 2019 and encouraged short-term investors to continue to seek yield on the interest rate curve.

Accordingly, Natixis was able to maintain its euro-denominated funding over longer periods as well as consolidate its dollar-denominated funding.

— NATIXIS' SHORT-TERM ISSUANCE PROGRAM OUTSTANDINGS

<i>(in millions of euros or euro equivalents)</i>	Certificates of deposit	Commercial papers
Program caps *	45,000	24,867
Outstandings at 06.30.2018	25,545	8,415

* For certificates of deposit, NEU CP program only

Long-term funding

In the first half of 2018, on the back of the strength of the US economy 2018 growth was revised upwards from 2.5% to 2.7% (Fed). Core PCE inflation reached 2% and hourly earnings were up. The Fed went ahead with two 25 bp interest rate hikes. Since the start of the year, long rates gained 70 bp to 3.11% (10Y US Treasuries) in mid-May before falling back to 2.86% at end-June amid fears of a US-China trade war.

In Europe, the legislative elections in Italy were won by a populist government. Still in Italy, the emergence of euroskeptic forces pushed up the 10Y BTP to 3.20% in May, and the Bund-BTP spread exceeded the 300 bp mark before returning to 230 bp levels.

In June, The European Central Bank announced that it would end its quantitative easing (QE) program by the end of the year: it will halve its monthly asset repurchases from the current €30 billion to €15 billion in October, before halting the program altogether in December. The ECB also revealed its 2018 inflation forecast (between 1.4% and 1.7%), but the market does not expect to see an interest rate increase before the second half of 2019.

In the European credit market, core bank spreads on senior unsecured debt resisted reasonably well in this environment: the five-year spread of French banks ended the first six months of the year at Euribor3M +33 bp, up 18 bp over the period. The non-preferred debt (MREL/TLAC eligible) for these same banks was less resilient, with the spread widening 50 bp.

Against this backdrop, in the first half of 2018 Natixis raised a total of €7.9 billion in funding under its medium- and long-term funding program.

— NATIXIS' MEDIUM- AND LONG-TERM DEBT ISSUANCE PROGRAMS

<i>(in millions of euros or euro equivalents)</i>	EMTN	NEU MTN	US MTN	Bond issues
Issues at 06.30.2018	5,607	240	55	1,990
Outstandings at 06.30.2018	16,269	736	211	9,272

9.2.6 RESERVES AND OPERATIONAL MANAGEMENT OF RATIOS

9.2.6.3 Oversight of the leverage ratio

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

(in millions of euros)

	Category	06.30.2018	12.31.2017
1	Total consolidated assets reported in the financial statements	520,137	519,987
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(99,619)	(94,937)
3	(Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measurement, in accordance with Article 429 (13) of Regulation (EU) No. 575/2013 "CRR")		
4	Adjustments for derivative financial instruments	(27,034)	(29,265)
5	Adjustment for securities financing transactions (repurchase transactions and other types of collateralized loans)	(17,394)	(19,927)
6	Adjustment for off-balance sheet items (i.e. conversion of off-balance sheet exposures to credit equivalent amounts)	40,549	36,079
7	Other adjustments	(16,241)	(15,661)
8	Leverage ratio exposure (*)	400,398	396,276
(*)	o/w exposure related to affiliates	52,512	47,251
(*)	Excluding exposure related to affiliates	347,886	349,025

9.4 Overall interest rate risk

9.4.3 Quantitative information

Overall interest rate risk remains moderate for Natixis given the outstanding positions managed by the company.

The Basel 2 normative shock (immediate -200 bp change in yield curves) at June 30, 2018 would lead to a variation of -€679 million in the portfolio's economic value. This sensitivity is low given the size of the banking book and represents less than 5% of the bank's CET1 capital.

9.5 Other information

9.5.3 Monitoring of rating triggers

These are covered under the LCR management policy and are estimated at €2.2 billion in EUR equivalent at June 30, 2018, versus €2 billion at December 31, 2017.

12 LEGAL RISKS

12.1 Legal risks

12.1.1 LEGAL AND ARIBRATION PROCEEDINGS

Madoff fraud

Outstanding Madoff assets, net of insurance, were estimated at €388.8 million at December 31, 2017, and were fully provisioned at this date. The effective impact of this exposure will depend on both the extent of recovery of assets invested in Natixis' name and the outcome of the measures taken by the bank, primarily legal. With this in mind, Natixis has appointed law firms to assist it in these recovery efforts. Furthermore, in 2011 a dispute emerged over the application of the insurance policy for professional liability in this case, which had been taken out with successive insurers for a total amount of €123 million. In November 2016, the Paris Court of Appeal confirmed (like the Commercial Court before it) the liability of the first-line insurers, in the amounts of the policies taken out, for the losses incurred by Natixis as a result of the Madoff fraud. The implementation of this ruling by all of the insurers is ongoing. In January and February 2017, both of the first-line insurers submitted an appeal to the Court of Cassation. The hearing was held on January 31, 2018. Deliberations are in progress and the case has been transferred to the Second Civil Chamber of the Commercial Division of the Court of Cassation. The hearing took place on July 3 and the ruling will be issued on September 19.

Irving H. Picard, the court-appointed trustee for Bernard L. Madoff Investment Securities LLC (BMIS), submitted a restitution claim concerning the liquidation of amounts received prior to the discovery of the fraud through a complaint filed with the United States Bankruptcy Court for the Southern District of New York against several banking institutions, including a \$400 million claim against Natixis. Natixis denies the allegations made against it and has taken the necessary steps to defend its position and protect its rights. Natixis has launched appeals, including a motion to dismiss, requesting that the case be dismissed on a preliminary basis or prior to any ruling on merit, and a motion to withdraw the reference to transfer certain matters to the United States district court. These proceedings have been subject to numerous rulings and appeals and are still ongoing. A November 2016 ruling by the bankruptcy court dismissed a number of restitution claims initiated by the trustee on the grounds of extraterritoriality. The case is ongoing.

Furthermore, the liquidators of Fairfield Sentry Limited and Fairfield Sigma Limited have initiated numerous proceedings against investors having previously received payments from these funds for redemptions of shares (over 200 proceedings have been filed in New York). Some Natixis entities have been named as defendants in some of these proceedings. Natixis deems these proceedings to be entirely unfounded and is vigorously defending its position. These proceedings have been suspended for several years, and in October 2016 the bankruptcy court authorized the trustees to modify their initial claim. The defendants jointly responded in May and June 2017 and are awaiting the announcement of the hearing date.

Natixis Asset Management (formerly CDC Gestion) – Profit sharing

In 2012, a complaint was filed against Natixis Asset Management before the Paris District Court (Tribunal de Grande Instance de Paris) by 187 former employees of CDC Gestion (current name Natixis Asset Management). The subject of the complaint is the legal recognition of their rights to common law profit-sharing schemes from 1989 to 2001. Following the application for a priority preliminary ruling on the issue of administrative constitutionality raised by Natixis Asset Management on the interpretation of an article of the French Labor Code, on August 1, 2013, the Constitutional Council declared the first paragraph of Article L.442-9 of the French Labor Code in its version prior to Law No. 2004-1484 of December 30, 2005, to be unconstitutional and ruled that employees of companies whose share capital is predominantly held by public entities cannot call for a profit-sharing scheme to be applicable to them for the period during which the provisions declared unconstitutional were in force. In September 2014, the Paris District Court ruled in favor of Natixis Asset Management and dismissed all of the employees' complaints. The employees appealed the ruling to the Paris Court of Appeal. On May 9, 2016 the Court of Appeal upheld the ruling and rejected the appeal filed by the plaintiffs. Employees have collectively submitted an appeal to the Court of Cassation. In a ruling on February 28, 2018, the Court of Cassation rejected the employees' collective appeal. The case is closed.

Union Mutualiste Retraite

In June 2013, Union Mutualiste Retraite (UMR) filed three complaints against AEW SA (previously AEW

Europe) in relation to the acquisition and management of two real estate portfolios in Germany between 2006 and 2008. The amounts claimed by UMR total €139 million.

On October 25, 2016, the Commercial Court of Paris ordered the two insurance schemes involved to honor, in respect of AEW SA, the sanctions covered by the policies that may be ruled in favor of UMR in connection with the litigation and to cover the defense costs incurred by AEW SA. Several of the insurers concerned appealed this decision.

On June 26, 2018, the Paris Court of Appeal ordered a stay of proceedings opposing AEW SA and its insurers, until a final ruling is issued on the case opposing UMR and AEW SA, currently before the Commercial Court of Paris. The matter of the insurance cover provided by the insurers, as set by the ruling issued by the Commercial Court of Paris on October 25, 2016, and the coverage of AEW SA's legal fees, were not challenged by the Paris Court of Appeal.

The proceeding opposing UMR and AEW SA is ongoing.

Securitization in the United States

Since 2012, five separate legal proceedings regarding residential mortgage-backed security (RMBS) transactions executed between 2001 and mid-2007 have been initiated against Natixis Real Estate Holdings LLC before the New York Supreme Court.

Two of these proceedings relate to accusations of fraud. One was dismissed in 2015 as time-barred as were some of the claims related to the second proceeding, and in 2018 Natixis settled the outstanding claims before the court issued a final ruling on the merits of the case.

Three of these five proceedings have been brought against Natixis, purportedly on behalf of certificate holders, alleging that Natixis failed to repurchase defective mortgages from certain securitizations. Natixis considers the claims brought against it before the New York Supreme Court to be without merit for multiple reasons, including that they are time-barred under applicable statute of limitations (two proceedings have already been dismissed for these reasons but are open to appeal) and that the claimants do not have the legal standing to file the suit, and intends to defend itself vigorously.

Société Wallonne du Logement

On May 17, 2013, Société Wallonne du Logement (SWL) filed a complaint against Natixis before the Charleroi Commercial Court (Belgium), contesting the legality of a swap agreement entered into between SWL and Natixis in March 2006 and requesting that it be annulled.

All of SWL's claims were dismissed in a ruling by the Charleroi Commercial Court on November 28, 2014. On September 12, 2016, the Mons Court of Appeal annulled the contested swap agreement and ordered Natixis to repay to SWL the amounts paid by SWL as part of the swap agreement, less any amounts paid by Natixis to SWL under the same agreement and taking into account any amounts that would have been paid had the previous swap agreement not been terminated.

The Cour de Cassation of Belgium overturned this ruling on June 22, 2018.

Furthermore, on March 16, 2017 Natixis filed an appeal with the Paris Court of Appeal challenging the appeal ruling's legal enforceability in France. In a ruling dated June 19, 2018, the Paris Court of Appeal rejected Natixis' appeal. Said ruling was null and void in light of the aforementioned ruling by the Cour de Cassation.

In addition, on August 3, 2017, Natixis summoned the Walloon regional authority to appear before the Namur Court of First Instance regarding the appeal of its performance bond as part of the aforementioned swap agreement.

SFF/Contango Trading SA

In December 2015 the South African Strategic Fuel Fund (SFF) entered into agreements to sell certain oil reserves to several international oil traders. Contango Trading SA (a subsidiary of Natixis) provided funding for the deal.

In March 2018, SFF launched a proceeding before the South African Supreme Court (Western Cape Division, Cape Town) primarily against Natixis and Contango Trading SA to have the agreements invalidated, declared null and void, and to obtain fair and equitable compensation.

Lucchini Spa

In March 2018 Natixis SA was summoned, jointly and severally with other banks, by Lucchini Spa (under extraordinary administration) to appear before the Court of Milan, with Lucchini Spa's receiver alleging improprieties in the implementation of the loan restructuring agreement granted to Lucchini Spa.

13 OTHER RISKS

13.1 At-risk exposures

(These data form an integral part of the Statutory Auditors' report on the condensed consolidated interim financial information.)

Natixis was exposed to the following risks at June 30, 2018.

Table 63: Exposure to monoline insurers

Value adjustments decrease by €40 million during half-year 2017 (excluding the effect of the BPCE guarantee) to €23 million at June 30, 2018, versus €63 million at December 31, 2017.

(in millions of euros)	Data at 30.06.2018			Data at 31.12.2017		
	Notional amount	Pre-value adjustment exposure	Value adjustments	Notional amount	Pre-value adjustment exposure	Value adjustments
Protection for RMBS	-	-	-	36	5	-
Other risks	1,224	159	(23)	1,466	257	(63)
TOTAL	1,124	159	(23)	1,502	262	(63)

(in millions of euros)	30.06.2018	31.12.2016
Pre-value adjustment exposure	159	262
Value adjustments	(23)	(63)
RESIDUAL EXPOSURE	136	199
Discount (%)	15%	24%

Table 64: European RMBS

- NET EXPOSURE TO UK RMBS

(in millions of euros)	Net exposure at 31.12.2017	Change in value in H1 2018	Other changes	Net exposure at 30.06.2018	AAA	AA	A	BBB	BB	B	CCC	CC
UK RMBS												
Trading book	29	-	14	43	26	12	3	2	-	-	-	-
TOTAL	29	-	14	43	26	12	3	2	-	-	-	-

- NET EXPOSURE TO SPANISH RMBS

(in millions of euros)	Net exposure at 31.12.2017	Change in value in H1 2018	Other changes	Net exposure at 30.06.2018	AAA	AA	A	BBB	BB	B	CCC	CC
Spanish RMBS												
Trading book	11	-	7	19	0	12	4	-	2	-	-	-
TOTAL	11	0	7	19	0	12	4	-	2	-	-	-

Table 65: CMBS

(in millions of euros)	Net exposure as at 31.12.2017	FTA reclassifications (1)	Net exposure as at 01.01.2018	Change in value in H1 2018	Other changes	Net exposure as at 30.06.2018
CMBS						
Trading book	1	1				1
Loans and receivables portfolio	146	(23)	123	-	57	180
Portfolio of financial assets at fair	0	23	23		19	42
TOTAL	147	0	147	0	76	223

(1) The reclassifications relating to the first-time application of IFRS 9 are detailed in note 1 of Chapter 5.1 "Financial data" of the Update to the 2017 Registration Document.

Breakdown by rating	% breakdown	Breakdown by country	% breakdown
NR	100%	US	100%
TOTAL	100%	TOTAL	100%

Table 66: Exposures to countries receiving financial assistance

At June 30, 2018 exposures to sovereign risk in countries receiving financial aid or facing uncertainties (political, currency, etc.) were as follows:

(in millions of euros)	30.06.2017 (1)				31.12.2017 (1)			
	Sovereign securities	Derivatives (2)	Other	Total	Sovereign securities	Derivatives (2)	Other	Total
Spain*	1,094	(1)	3	1,096	916	4	10	930
Greece*	1	0		1	0			0
Ireland*	182	3		185	185	(4)		181
Portugal*	121			121	154			154
Russia	1	(1)	12	12	1	0	11	11
Venezuela (3)			51	51			58	58
TOTAL	1,398	2	66	1,466	1,255	0	79	1,334

(*) Countries which benefited from European Union financial assistance.

(1) Excluding corporates.

(2) Including credit derivatives.

At June 30, 2018 exposure to non-government risk, in particular Greece and countries facing uncertainties (political, currency, etc.), directly held by Natixis stood as follows:

(in millions of euros)	Gross exposure at June 30, 2018 (1)			Total gross exposure	Provisions (2)	Net exposure at June 30, 2018	Gross exposure at December 31, 2017 (1)			Total gross exposure	Provisions (2)	Net exposure at Dec. 31, 2017
	Bank	Asset financing and structured transactions (3)	Corporate				Bank	Asset financing and structured transactions	Corporate			
Greece ^(*)	5	133	110	248	(17)	232	5	182	22	209	(25)	185
Russia	287	437	224	948	(3)	945	525	419	328	1,272	(6)	1,265
Ukraine	0	88	28	116	(0)	116	0	118	25	143	(8)	134
Total	292	658	362	1,313	(20)	1,293	530	718	375	1,624	(39)	1,585

(*) Countries receiving financial aid from the European Union.

(1) Gross exposure: gross carrying amount on the balance sheet at June 30, 2018 and December 31, 2017.

(2) Credit losses expected at one year and credit losses expected at maturity;

(3) Exposure corresponds mainly to the "shipping finance" sector amounting to €36 million at June 30, 2018 versus €82 million at December 31, 2017.

13.2 Risks related to insurance activities

13.2.1 NATIXIS ASSURANCES

Natixis Assurances is the insurance division of Natixis and is structured into two businesses:

- The personal insurance business, focused on developing portfolios in life insurance, savings and retirement capitalization, as well as provident insurance;
- The non-life insurance business, focused on developing portfolios for motor and multi-risk home insurance, personal accident insurance, legal protection, healthcare and property and casualty insurance.

Given the predominance of the Investment Solutions activity, the main risks to which Natixis Assurance is exposed are financial. The company is also exposed to underwriting risks (life and non-life), as well as counterparty risk.

Market risk

Market risk is in large part borne by the subsidiary BPCE Vie on the financial assets that underpin its commitments with guaranteed principal and returns (euro-denominated policies: €50.5 billion on the main fund balance sheet at June 30, 2018). The company is exposed to asset depreciation risk (fall in the equity or real estate market, wider spreads, interest rate hikes) as well as the risk of lower interest rates which would generate a shortfall in terms of principal and meeting its the guaranteed rate of return. To deal with this risk, BPCE Vie has only sold policies without a minimum guaranteed return in recent years: more than 94% of the policies have a zero minimum guaranteed return. The minimum guaranteed return averages 0.15%.

To manage market risk, the sources of return have been diversified, namely via investments in new asset classes (financing the economy, low-volatility equity, etc.). This diversification is managed by a strategic allocation, defined on a yearly basis, that takes into account regulatory constraints, commitments to policyholders and commercial requirements.

Credit risk

Credit risk is monitored and managed in compliance with Natixis Assurances' standards and internal limits. At June 30, 2018, 63% of the fixed-income portfolio is invested in securities rated A- or higher.

Life insurance underwriting risk

The main risk to which life insurance underwriting is exposed is linked to the Investment Solutions activity. In an especially low interest-rate environment, the biggest risk is that of fewer redemptions and/or excessive inflows in euro-denominated vehicles, as reinvestments in securities dilute the main fund's return. To encourage inflows in unit-linked policies, measures have been taken, such as the creation of unit-linked policy products and communication campaigns, and a communication campaign targeting customers and the network.

Non-life insurance underwriting risk

The general insurance underwriting risk to which Natixis Assurances is exposed is borne by its subsidiary BPCE Assurances:

- Premium risk: in order to ensure that the premiums paid by the policyholders corresponds to the transferred risk, BPCE Assurances implemented a portfolio monitoring policy whereby each policy is given a score based on its track record over three years. Factored in are types of claims, number of claims, their cost and other variables specific to the activity in question (degree of liability and bonuses/penalties for motor insurance, for instance). This monitoring policy also contributes to detecting potential risks arising from large claims, and to arranging adequate reinsurance coverage;
- Risk of loss: each time inventory is taken, an actuarial assessment of the reserves for claims to be paid is conducted based on methods widely recognized by the profession and required by the regulator.
- Catastrophe risk: catastrophe risk is the exposure to an event of significant magnitude generating a multitude of claims (storm, risk of civil liability, etc.). This risk is therefore reinsured either through the government in the event of a natural disaster or an attack, for example, or through private reinsurers, specifically in the event of a storm or a civil liability claim, or through reinsurance pools.

Counterparty risk

The counterparty risk to which Natixis Assurances is exposed mainly concerns reinsurance counterparties. The selection of reinsurers is a key component of managing this risk:

- Natixis Assurances deals with reinsurers who are subject to a financial rating by at least one of the three internationally recognized rating agencies, and who have a Standard & Poor's equivalent rating of A- or higher.
- Using several reinsurers ensures counterparty diversification and limits counterparty risk.

Coface

Through its activities, Coface is exposed to five main types of risk (strategic risk, credit risk, financial risk, operational and non-compliance risk, and reinsurance risk), of which the two principal risks are credit risk and financial risk. Credit risk is defined as the risk of loss, due to non-payment by a debtor, of a receivable owed to a policyholder of the Group. Financial risk relates to the risk of losses arising from adverse changes in interest rates, exchange rates or the market value of securities or real estate investments. The Coface Group has implemented the appropriate tools to control these risks and to ensure they remain within conservative limits.

Given its listing on the stock market, the main risk factors and uncertainties to which Coface is exposed are set out in detail under paragraph 5 "Main Risk Factors and their Management within the Group" in the Coface Group registration document, submitted to the AMF on April 5, 2018 under number D.18-0267.

In the first half of 2018, the Coface Group's risk management is being applied in accordance with the previously established management principles and in line with the actions taken in 2016 to reduce corporate risks in certain sensitive geographic areas and business sectors deemed high-risk.

CEGC

Compagnie Européenne de Garanties et Cautions is the Group's multiple business line security and guarantee platform. It is exposed to underwriting risk, market risk and the risk of the reinsurers defaulting, as well as operational risk.

Under the Solvency II supervisory regime, which came into effect on January 1, 2016, CEGC uses a partial internal model. The ACPR (French Prudential Supervisory Authority for the Banking and Insurance Sector) approved the model in March 2017. CEGC's partial internal model therefore meets the specific requirement applicable to mortgage loan guarantors to improve the robustness of the French banking system for home loans.

Underwriting risk

Underwriting risk is the main risk incurred by CEGC. It is essentially a counterparty risk, as the commitments given by CEGC to beneficiaries of guarantees result in direct exposure to underwriters. These regulated commitments recorded on the liabilities side of the balance sheet amounted to €1.925 billion at June 30, 2018 (up 4.1% compared to the end of 2017). This increase was in line with fiscal year 2017, driven mainly by mortgage guarantees for individual customers.

CEGC'S OUTSTANDINGS (IN MILLIONS OF EUROS)

	June 2018	Change (June 2018 vs. December 2017)
CEGC's activities		
Individual customers	1,715	3.4%
Individual home builders	21	5.0%
Property administrators - Realtors	20	81.8%
Corporates	27	(6.9%)
Real estate developers	15	0.0%
Professional customers	73	4.3%
Social economy - Social housing	45	7.1%
Run-off activities	9	80.0%
TOTAL	1,925	4.1%

Market risk

CEGC holds an investment portfolio of about €1.86 billion on its balance sheet as at June 30, 2018, hedging underwriting provisions. The portfolio is down 3% since the end of 2017. Market risk from the investment portfolio is limited by the Company's investment choices.

The company's risk limits are set out in the asset management agreement established with Ostrum. By collecting surety insurance premiums at the time of commitment, CEGC does not require funding. Neither does CEGC carry transformation risk: the investment portfolio is entirely backed by equity and technical reserves.

	06.30.2018			12.31.2017		
	Net balance sheet value of the provision	% breakdown	Fair value	Net balance sheet value of the provision	% breakdown	Fair value
<i>(in millions of euros)</i>						
Equities	143	7.7%	155	137	7.2%	164
Bonds	1,380	74.3%	1,501	1,338	69.8%	1,476
Diversified	116	6.2%	118	131	6.8%	137
Cash	38	2.0%	38	124	6.5%	124
Real estate	167	9.0%	165	169	8.8%	174
Private equity investment funds	13	0.7%	19	14	0.7%	19
Other	2	0.1%	2	3	0.2%	2
TOTAL	1,859	100%	1,998	1,915	100%	2,096

Reinsurance risk

CEGC hedges its liability portfolio by implementing a reinsurance program tailored to its activities.

In loan guarantees, reinsurance is used as a way to manage regulatory capital by protecting guarantee beneficiaries in the event of an economic recession leading to a loss of up to 2% of outstanding guaranteed loans.

In the Corporate segments, the program is used to protect CEGC's capital by covering high-severity risks. It has been calibrated to protect against three individual loss events (loss related to a counterparty or a group of counterparties) which could have a significant impact on the Corporate segment's income statement.

Any modification of the reinsurance program (reinsurers, pricing, structure) is subject to the validation of the Capital and Solvency Management Committee chaired by a corporate officer.

Reinsurer default risk is governed by counterparty concentration and rating limits. CEGC's reinsurance programs are underwritten by a broad panel of international reinsurers with a minimum rating of A on the S&P scale.

14 APPENDIX

Appendix 1: Transition from the accounting balance sheet to the prudential balance sheet at June 30, 2018

ASSETS <i>(in millions of euros)</i>	Accounting balance sheet	Restatement of insurance companies	Prudential balance sheet
Cash, central banks	25,986	0	25,986
Financial assets at fair value through profit or loss	225,810	-33	225,777
Hedging derivatives	349	0	349
Financial assets at fair value through other comprehensive income	9,889	0	9,889
Debt instruments at amortized cost	1,228	0	1,228
Loans and receivables due from banks and similar items at amortized cost	43,050	-837	42,213
Customer loans and receivables at amortized cost	87,706	1,321	89,027
Revaluation adjustments on portfolios hedged against interest rate risk	0	0	0
Insurance business investments	101,401	-101,401	0
Current tax assets	219	-46	173
Deferred tax assets	1,222	-47	1,174
Accrual accounts and other assets	16,416	-283	16,133
Non-current assets held for sale	796	-707	89
Deferred profit-sharing	0	0	0
Investments in associates	719	3,081	3,801
Investment property	118	0	118
Property, plant and equipment	796	-63	733
Intangible assets	765	-219	546
Goodwill	3,667	-386	3,280
TOTAL ASSETS	520,137	-99,619	420,517

LIABILITIES <i>(in millions of euros)</i>	Accounting balance sheet	Restatement of insurance companies	Prudential balance sheet
Due to central banks	0	0	0
Financial liabilities at fair value through profit or loss	217,899	-2,613	215,285
Hedging derivatives	723	0	723
Deposits and loans due to banks and similar items	87,057	-3,628	83,429
Deposits and loans due to customers	39,424	267	39,691
Debt securities	41,044	-539	40,506
Revaluation adjustments on portfolios hedged against interest rate risk	98	0	98
Current tax liabilities	476	-45	431
Deferred tax liabilities	505	-200	304
Accrual accounts and other liabilities	16,158	-101	16,057
Liabilities on non-current assets held for sale	775	-707	68
Insurance-related liabilities	90,227	-90,227	0
Provisions	1,753	-134	1,619
Subordinated debt	3,663	-638	3,024
Shareholders' equity (Group share):	19,180	0	19,180
Share capital and reserves	10,976	0	10,976
Consolidated reserves	6,727	0	6,727
Gains and losses recognized directly in equity	743	0	743
Non-recyclable gains and losses recognized directly in equity	-169	0	-169
Net income	903	0	903
Minority interests	1,155	-1,054	101
TOTAL LIABILITIES	520,137	-99,619	420,517

Appendix 3: Leverage ratio common disclosure template (LR2)

(in millions of euros)

		06.30.2018	12.31.2017
Provisions governing the leverage ratio			
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	269,273	267,356
2	(Asset amounts deducted in determining Tier 1 capital)	(4,583)	(4,401)
3	<i>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)</i>	264,690	262,955
Derivative exposures			
4	Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	7,081	7,442
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	23,530	21,650
EU-5a	Exposure determined under Original Exposure Method		
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework		
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(11,658)	(11,259)
8	(Exempted CCP leg of client-cleared trade exposures)		
9	Adjusted effective notional amount of written credit derivatives	19,328	16,194
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(17,029)	(14,199)
11	<i>Total derivative exposures (sum of lines 4 to 10)</i>	21,251	19,828
Securities financing transaction exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	91,301	97,341
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(24,079)	(25,782)
14	Counterparty credit risk exposure for SFT assets	6,685	5,855
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of regulation (EU) No. 575/2013		
15	Agent transaction exposures		
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)		
16	<i>Total securities financing transaction exposures (sum of lines 12 to 15a)</i>	73,907	77,414
Other off-balance sheet exposures			
17	Off-balance sheet exposures at gross notional amount	98,142	93,169
18	(Adjustments for conversion to credit equivalent amounts)	(57,593)	(57,090)
19	<i>Other off-balance sheet exposures (sum of lines 17 and 18)</i>	40,549	36,079
Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)			
EU-19a	(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of regulation (EU) No. 575/2013 (on and off balance sheet))		
EU-19b	(Exposures exempted in accordance with Article 429 (14) of regulation (EU) No. 575/2013 (on and off balance sheet))		
Capital and total exposures			
20	Tier-1 capital	13,747	14,271
21	Total leverage ratio exposures (sum of lines 3, 11, 16 and 19)	400,398	396,276
Leverage ratio			
22	Leverage ratio	3.4%	3.6%
Choice on phase-in arrangements and amount of derecognized fiduciary items			
EU-23	Choice on phase-in arrangements for the definition of the capital measure		
EU-24	Amount of derecognized fiduciary items in accordance with Article 429(11) of regulation (EU) NO 575/2013		
	Exposure related to affiliates	52,512	47,251
	Leverage ratio excluding exposure related to affiliates	4.0%	4.1%

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