Public limited company (société anonyme) with share capital of €5,049,522,403.20
Registered office: 30 avenue Pierre Mendès France, 75013 Paris
542 044 524 Paris Trade Registry

# SECOND AMENDMENT TO THE 2019 UNIVERSAL REGISTRATION DOCUMENT AND HALF-YEAR FINANCIAL REPORT FOR 2020

## FILED WITH THE AMF ON AUGUST 7, 2020

2019 Universal Registration Document and Annual Financial Report filed with the AMF on March 6, 2020, under registration number D.20-0108.
Amendment to the 2019 Universal Registration Document and Annual Financial Report filed with the AMF on May 20, 2020, under registration number D.20-0108-A01.

The original Universal Registration Document was filed on August 7, 2020 with the AMF, in its capacity as the competent authority in respect of Regulation (EU) No. 2017/1129, without prior approval pursuant to Article 9 of said regulation.

The Natixis Universal Registration Document may be used for the purposes of a public offer of securities or admission of securities to trading on a regulated market if supplemented by a securities memorandum and, where applicable, a summary of all amendments to the Universal Registration Document. All are approved by the AMF in accordance with EU Regulation 2017/1129.

The English version of this second amendment of this report is a free translation from the original which was prepared in French. All possible care has been taken to ensure that the translation is an accurate presentation of the original. However, in matters of interpretation, views or opinion expressed in the original language version of the document in French take precedence over the translation. Only the French version of the registration document has been submitted to the AMF. It is therefore the only version that is binding in law.

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# SECOND AMENDMENT TO THE 2019 UNIVERSAL REGISTRATION DOCUMENT

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# I SECTION 1: PRESENTATION OF NATIXIS

## 1.1 Press releases subsequent to the submission of the Universal Registration document

### 1.1.1 Press release dated March 31, 2020

**Natixis press release**

Natixis' Board of Directors met today and decided to follow the recommendations made by the European Central Bank (ECB) on March 27, 2020 with regards to dividend distribution in the context of uncertainties regarding the financial impacts of the COVID-19 crisis.

As such, during the Annual General Meeting scheduled for May 20, 2020, the Board of Directors will not put up for vote the approval to pay a €0.31 dividend per share for the fiscal year 2019 and this distribution will be removed from the resolution proposal submitted by the Board of Directors to the meeting regarding the appropriation of 2019 earnings.

Consequently, Natixis will release the FY19 dividend that was so far deducted from its CET1 ratio for prudential purposes, having a positive ~100bps impact on Natixis' capital position. Besides, in line with the current ECB recommendations, no dividend accrual will be carried out throughout 2020 from a prudential standpoint.

Natixis' Board of Directors will reconsider this decision after October 01, 2020 in order to allow for a potential distribution depending on the prevailing situation at that time.

**François Riahi, Natixis Chief Executive Officer said:** *"In today's challenging circumstances related to the COVID-19 outbreak, our teams are fully mobilized to support our clients, in every business line. It is our priority today and this is why we are following the recommendations made by the European Central Bank to keep all our resources available to them over the coming months. Shareholder return remains a key feature of our asset-light model but this unprecedented context justifies taking a prudent approach and making a temporary exception to our dividend policy."*

### 1.1.2 Press release dated May 18, 2020

**Natixis announces withdrawal from shale oil and gas and accelerates its complete exit from the coal industry**

Natixis today announces two new pledges in its energy and climate transition policy. Natixis will no longer finance projects dedicated to shale oil and gas exploration and production or companies actively involved in these fields. Natixis has also set out its timetable to completely exit the thermal coal industry by 2030 for countries in the European Union and the OECD, and 2040 for the rest of the world, and has decided to no longer support companies that develop new capacity in coal-powered electricity generation or thermal coal mining.

As early as 2017, Natixis decided to cease financing projects and companies involved in extracting oil from tar sands and in heavy grade oil, and now takes this policy further by extending its commitment to projects and companies actively involved in shale oil and gas exploration and production. Natixis will no longer finance shale oil and gas exploration and production projects worldwide, and also pledges to halt financing companies whose activity is reliant by more than 25% on shale oil and gas exploration and production.

Natixis ceased all project financing for the thermal coal industry in October 2015 and one year ago tightened its criteria for general purpose financing to exclude any companies whose activity is reliant by more than 25% on thermal coal worldwide. Natixis now makes a new commitment to completely withdraw from the coal sector. It will no longer support companies that develop new capacity in coal-powered electricity generation or thermal coal mining and will fully withdraw from the thermal coal sector by 2030 for EU and OECD countries, and 2040 for the rest of the world.

This timeframe for full withdrawal from the thermal coal industry is consistent with the International Energy Agency's (IEA) Sustainable Development Scenario (SDS). To achieve this goal, Natixis will enhance its dialogue with its clients, particularly in the energy industry, to analyze the extent to which their business mix is compatible with the bank's pledges across each geographical area. Natixis will halt its relationships with clients that develop new capacity in coal-powered electricity generation or thermal coal mining.

Natixis has developed its expertise on the transition to a low-carbon economy over the past several years. In 2019, renewable energy accounted for more than 90% of its financing in the energy generation sector. Since the Paris agreement, Natixis has financed 6.1 GW of installed capacity in renewable energy.

Natixis is also the first bank in the world to have launched a tool to actively manage the greening of its balance sheet, its Green Weighting Factor, which was rolled out in September 2019 to systematically assess the climate impact of each financing deal before it implemented. This internal capital allocation mechanism promotes financing transactions with the most positive impact for the environment and the climate.

**François Riahi, Chief Executive Officer of Natixis, said:** "The current Covid-19-related crisis should be an opportunity to step up the energy transition in order to limit global warming. Natixis is taking these fresh pledges with the aim of continuing to support our clients as they transition their business mixes for the long term, and of providing them with concrete and innovative financing solutions."

### 1.1.3 Press release dated June 23, 2020

**Catherine Leblanc and Philippe Hourdain appointed Directors at Natixis**

The Natixis Board of Directors met on June 23, 2020 and appointed as Directors Catherine Leblanc, Chairwoman of the Board of Directors at Banque Populaire Grand Ouest, replacing Bernard Dupouy, and Philippe Hourdain, Chairman of the Board of Directors at Banque Populaire du Nord, replacing Thierry Cahn

Catherine Leblanc is Chairwoman of the Board of Directors of Banque Populaire Grand Ouest, with its two brands Banque Populaire and Crédit Maritime covering 12 départements in the Western region of France. During her career, Catherine Leblanc was Head of Financial Affairs and Human Resources at the Paris Chamber of Commerce and Industry, and subsequently Head of Development for the CPA business training center at HEC business school. As Dean of the ESSCA business school group for 11 years until end-2018, she developed the school across five major regions of France and enhanced the group's international presence and renown.

Catherine Leblanc has been Chairwoman of the Board of Directors of Banque Populaire Grand Ouest within Groupe BPCE since 2019, having been a Director since 2010.

Philippe Hourdain started his career in sales at France Rail Publicité before taking over as regional head for the company in Lille. In 1983, he joined advertising publishing agency Epure as sales director, and in 1986, he was appointed special advisor at the French Ministry for Industry. In 1988, he joined printing group Techniphoto as sales director, then from 1994 to 2018, he chaired SAS Investissement et actions. Philippe Hourdain has also been Chairman of the Chamber of Commerce and Industry for the Hauts-de-France region since 2016, Chairman of Norlink Ports since 2017, and is a Director at CCIWEBSTORE SAS.

Philippe Hourdain has been Chairman of the Board of Directors at Banque Populaire du Nord within Groupe BPCE since 2016. He has also been a Director at BPCE Financement since 2018.

## 1.1.4 Press release dated June 29, 2020

**Natixis and La Banque Postale create European asset management leader**

Natixis and La Banque Postale signed, on June 28th, an agreement to combine their fixed-income and insurance-related asset management businesses, as announced in December 2019, creating a European leader with over €415 billion1 in assets under management for large institutional clients.

The combination of the fixed-income and insurance-related asset management businesses of Ostrum Asset Management and La Banque Postale Asset Management within a joint entity is expected to be completed in the fourth quarter of 2020, subject to obtaining required regulatory approvals.

**A balanced governance structure**

Natixis (via its subsidiary Natixis Investment Managers) and La Banque Postale (via its subsidiary La Banque Postale Asset Management) will own 55% and 45% respectively of the joint entity, as part of a balanced governance structure.

Philippe Setbon, Chief Executive Officer of Ostrum Asset Management, will head the future entity. Mathieu Cheula, who will join La Banque Postale AM's management board from September 1st this year, will be Deputy CEO of the future joint entity and will join Ostrum AM upon the closing of the transaction.

Alongside Philippe Setbon and Mathieu Cheula, the entity's executive committee will be comprised of asset management professionals drawn from both Ostrum AM and LBP AM, namely:

- Ibrahima Kobar, CIO
- Guillaume Abel, Head of Business Development
- Valérie Derambure, Head of Finance, Strategy and Transformation
- Julien Raimbault, Head of Operations & IT/Technologies
- Emmanuelle Portelle, Head of Compliance and Internal Control
- Rémi Ardaillou, Head of Risk
- Sylvie Soulère Guidat, Head of Human Resources

It is planned to combine the teams of the two entities within Ostrum Asset Management by the fourth quarter of 2020.

**A European player**

This significant project was conceived in response to the evolution of the market and will be transformative for the asset management industry. With €415 billion in assets under management, the new entity's horizon will be European-wide, with a focus on meeting the needs of liability-driven institutional investors, namely insurers, pension funds and corporates. It will seek to quickly grow its volumes and to play a central role in driving the consolidation of the European market in the coming years. Critical scale will enable the company to continuous innovate for its clients, while operating model optimization and the pursuit of the compelling business development opportunities afforded by this combination are expected to bolster the joint entity's profitability.

**A firmly client-driven offering in asset management and services**

With an offering covering both investment management for fixed-income and credit assets - all fully ISR and ESG compliant - and competitive technological and operational services, the new entity will meet the new expectations of investors seeking to evolve their business models. The organization will be entirely client-centric and will aim to optimize the client experience by managing all relationships across both asset management and services though a Key Clients Relationship Managers team.

## 1.1.5 Press release dated July 28, 2020

**PRESS RELEASE RELATING TO THE CAPITAL INCREASE FOLLOWING THE ORDINARY SHARE ALLOCATION TO THE MEMBERS OF THE SENIOR MANAGEMENT COMMITTEE AND THE CHIEF EXECUTIVE OFFICER OF NATIXIS**
**2016 PROGRAM OF ALLOCATION OF FREE PERFORMANCE SHARES**

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*Press release published pursuant to*
*the provisions of Article 221-3 of the General Regulations of the French Financial Market Authority (AMF - Autorité des Marchés Financiers), pursuant to article 1 sections 4 i) and 5 h) of the European regulation (EU) n° 2017/1129 dated June 14, 2017*

ISIN Code: FR0000120685

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**FRAMEWORK OF THE OPERATION**

**Authorization of the operation**
In its resolution Nineteen, the combined General Shareholders' Meeting of May 24, 2016 authorized the Natixis Board of Directors (hereinafter referred to as the "**Company**") to carry out, in one or several occasions the allocation of new or existing shares of the Company, to the benefit of beneficiaries belonging to the categories it will define among the staff members of the Company or of companies or entities related to it, or of corporate officers.

**Duration of the authorization conferred by the Shareholders' Meeting**
38 months starting from the combined General Shareholders' Meeting of May 24, 2016.

**Maximum number of Natixis' ordinary shares that may be allocated**
The maximum number of shares that may be allocated pursuant to resolution Nineteen of the combined General Shareholders' Meeting of May 24, 2016 may not exceed 0.2% of the capital of the Company at the date of the decision of their allocation by the Board of Directors, a sub-ceiling of 0.03% of the share capital at the allocation date is being provided for the allocations to executive officers.

**Decisions of allocation**
The Board of Directors of July 28, 2016 (i) decided to carry out the allocation of a maximum number of 151,283 shares to the members of the Company Senior Management Committee, including the Company executive officer, pursuant to the provisions set in Articles L.225-197-1, et seq. of the French Commercial Code, leading (if the terms and conditions are met at the end of the vesting period) to a capital increase by capitalization of reserves, profits or issue premiums, at the end of the vesting period through the issuing of the allocated shares, (ii) drew up the list of beneficiaries, (iii) set the duration of the vesting and holding periods and (iv) determined the 2016 Program of "Allocation of Performance Free Shares" (hereinafter referred to as the "**2016 LTIP SMC Program**").

**Terms and conditions of the operation**
The Board of Directors decided the allocation of the Company free shares to the members of the Senior Management Committee and the executive officer of the Company (hereinafter referred to as "**Beneficiaries**").

The shares may only be delivered after the end of the vesting period set in the 2016 LTIP SMC Program (hereinafter referred to as a "**Vesting Period**"), provided that the terms and conditions set by the 2016 LTIP SMC Program are met.

Beneficiaries will become owners of the shares at the end of the Vesting Period provided that they met the vesting terms and conditions set by the 2016 LTIP SMC Program (hereinafter referred to as the "**Vesting**").

At the end of the Vesting Period, the shares will be delivered to Beneficiaries, but they will be non-negotiable and they will have to be held partially by the latter during a period determined by the Board of Directors (hereinafter referred to as the "**Holding Period**").

**Reasons for the allocation of free shares**
The Board of Directors decided to allocate free shares as part of the implementation within the Company of long-term compensation plans in favour of the members of the Natixis Senior Management Committee.

**SPECIFICATIONS OF THE ALLOCATION PROGRAM**

**Beneficiaries and number of shares allocated by the Board of Directors**
The Board of Directors of July 28, 2016 decided to allocate a total maximum number of 151,283 shares of the Company to the benefit of the members of the Senior Management Committee and the executive officer of the Company, in relation to the 2016 LTIP SMC Program.
The free shares allocated to Beneficiaries will be new shares.

**Duration of the Vesting Period**
Subject to the compliance with the share vesting terms hereinafter briefly described, the allocated shares will be transferred in full ownership to Beneficiaries at the end of the Vesting Period.

The Vesting Period runs from the date the shares are allotted by the Board of Directors until July 27, 2020 included.

Pursuant to the terms of Article L.225-197-3 of the French Commercial Code, the rights resulting from the allocation are non-negotiable and non-transferable until the end of the Vesting Period, subject to some exceptions as defined in the 2016 LTIP SMC Program.

**Terms of Vesting**
The transfer of ownership of these shares is submitted to the compliance with some specific conditions, including, in particular:

- a continued presence condition within the Company, any of its affiliates or within the Groupe BPCE during the Vesting Period, apart from some exceptions as set forth in the 2016 LTIP SMC Program;
- to comply with some performance conditions as set in the 2016 LTIP SMC Program.

**Duration of the Holding Period**
The shares will be subject, partially, to a mandatory Holding Period in the following conditions:

- 30% of the shares that will be delivered to the members of the Senior Management Committee at the end of the Vesting Period will be subject to a retention obligation until the termination of their functions within the Company Senior Management Committee.
- 30% of the shares that will be delivered to the executive officer at the end of the Vesting Period will be subject to a retention obligation until the termination of its corporate mandate or any other executive function within the Company.

**Rights attached to shares**
At the end of the Vesting Period, the shares delivered to each Beneficiary shall entitle to the exercise of the same prerogative powers as ordinary shares of the Company, including during the Holding Period. They will be subject to all by law's provisions and all decisions of the Shareholders' Meeting will be enforceable against Beneficiaries.

Beneficiaries will be entitled to the right of participating in Shareholders' Meetings and of voting, to the communication right and to the dividend right.

At the end of the Vesting Period (for some part of the shares) and at the end of the Holding period (for the other part of the shares), the Beneficiaries will have the right to sell the shares. During the sale of these shares, the Beneficiaries will have to comply with the compliance rules set forth within the Company and with the restrictions under Article L.225-197-1 of the French Commercial Code.

**QUOTATION OF THE VESTED SHARES**

**Vesting**
It has been decided this July 28, 2020 that the shares to be definitively vested in relation to the 2016 LTIP SCM Program would be new shares.

**The final nominal amount of the share capital increase of Natixis that occurred this July 28 2020, amounts to EUR 168,011.20 corresponding to the number of shares vested by the Beneficiaries fulfilling the terms and conditions set in the 2016 LTIP SMC Program (*i.e.* 105,007 shares definitely vested) multiplied by the par value of one Natixis share (*i.e.* EUR 1.60).**

The final list of Beneficiaries as well as the final amount of the share capital increase and the number of issued shares has been set this July 28, 2020.

Article 3 of the Company's bylaws relating to the capital will be consequently updated.

**Admission request with Euronext Paris**
The new Natixis shares issued as part of the 2016 LTIP SMC Program will be subject to the Euronext Paris trading admission request starting from July 28, 2020.

**Specific provision**
The information contained in this document is delivered as information and summarizes the terms of the 2016 LTIP SMC Program. In the event of discrepancy between information in this document and in the 2016 LTIP SMC Program, the latter will prevail.

### 1.1.6 Press release dated August 3, 2020

**Change in Natixis' governance**

**Following its meeting today, the board of directors of Natixis announces the departure of François Riahi who leaves his functions of Chief Executive Officer of Natixis and member of the management board of Groupe BPCE due to strategic differences regarding the options of Natixis' future plan.**

**In order to prepare the new strategic plan due to be presented next summer, and with a view to initiating this new stage in the life of the company, the board of directors decided to appoint Nicolas Namias as Chief Executive Officer with effect from August 4th, 2020.**

Laurent Mignon, Chairman of Natixis' board of directors, said: *"I would like to commend François Riahi and thank him most sincerely for his commitment and loyalty in serving Groupe BPCE for more than 10 years. He showed discipline, efficiency and great intelligence in accompanying all the main stages in the group's life since it was founded in 2009, and notably contributed to our development in Asia. Serving as Chief Executive Officer of Natixis for the last two years in particularly difficult conditions, he executed a number of major projects, such as the transfer of the Specialized Financial Services business to BPCE, the creation of a European leader in insurance asset management with La Banque Postale, the ongoing sale of 29.5% of Natixis' holding in Coface and the development of a single non-life insurance platform for the group. Under his leadership, Natixis' business lines conducted significant transformations, among which the clear choice in favor of energy transition and its application within our Corporate & Investment Banking business. On behalf of the board of directors and the group's management board, I wish François every success for the future".*

"*On behalf of the board of directors and the group's management board, I offer my warm congratulations to Nicolas Namias for his appointment. Nicolas possesses fine-grained and in-depth knowledge of Natixis where he spent four years. First, as Head of Strategy, he was in charge of preparing the New Dimension plan and* *leading several growth transactions in the Asset Management, M&A, Insurance and Payments businesses. Then, as Chief Financial Officer, he convinced investors of the soundness and strength of Natixis' model. During these last two years, as Head of Group Finance and Strategy, he has also demonstrated the qualities of anticipation, decision-making and execution that are vital in the current climate. Working with the senior management committee and all of Natixis' teams, he will be capable of driving the growth of the bank for the benefit of its clients, employees and shareholders".*

For his part, François Riahi wishes every success to Groupe BPCE and particularly to Natixis, a high-performing, unique and useful financial company, and to the talented women and men comprising its teams.

**Nicolas Namias Biography**

Nicolas Namias has been a member of the management board of Groupe BPCE, Deputy Chief Executive Officer and Chief Financial Officer since November 1st, 2018.

He began his career in 2004 in the Treasury within France's Ministry for the Economy and Finance. In 2008, he joined Groupe BPCE in the Financial Department, then became the Group's Head of Steering for Commercial Banking and Insurance. In 2012, he was appointed technical advisor to the Prime Minister for financing the economy and companies, and for international economic affairs. On rejoining Groupe BPCE in 2014, he became Head of Strategy for Natixis, member of the executive committee. He notably coordinated all the M&A operations and the definition of the 2017-2020 strategic plan. In 2017, he was appointed Chief Financial Officer of Natixis and member of the senior management committee.

Nicolas Namias has also served as Chairman of the board of directors of Crédit Foncier since August 2019. Nicolas Namias is a graduate of France's Ecole Nationale d'Administration, Stanford Graduate School of Business (executive program), ESSEC Business School and Institut d'Etudes Politiques de Paris.

## 1.2 Results as at June 30, 2020: Press release dated August 3, 2020

Natixis' financial data for the first half of 2020 were taken from the press release (see below), earnings presentation slides and the notes to the slides, available on the Natixis website at: https://www.natixis.com/natixis/jcms/tki_5074/en/quarterly-financial-information

# 2Q20 and 1H20 results

## Underlying net income[1] impacted by the crisis
## but in positive territory thanks to strong cost control

*Reported net income at €(57)m in 2Q20 and +€4m excluding exceptional items[2] despite an unprecedented market environment*

***Basel 3 fully-loaded CET1 ratio[3] at 11.2%, +290bps above regulatory requirements***

## MODEL DEMONSTRATING ITS FLEXIBILITY WITH STRONG FINANCIAL DISCIPLINE

BUSINESSES' UNDERLYING NET REVENUES[1] EXCL. CVA/DVA: €1.5BN IN 2Q20 (-26% YOY), €3.4BN IN 1H20 (-15%)
UNDERLYING EXPENSES[1] DOWN -11% YOY IN 2Q20

**AWM: Model flexibility and best quarter in 5 years for net inflows driving AuM above €900bn**

AuM up +9% QoQ in 2Q20 to reach €906bn at end-June 2020, thanks to positive net inflows and positive market effect

Net inflows reached ~€16bn in 2Q20, best quarter since 1Q15 with close to ~€7bn net inflows in North America

Underlying net revenues[1] down -24% YoY in 2Q20 (-13% in 1H20) impacted by the full effect of the first quarter market dislocation and with notably, lower performance fees and mark-downs on the seed money portfolio. 2Q20 average fee rate impacted by a mix effect following the drop in equity markets in March (averaging effect) with some improvement in June

Flexibility of the AM multiboutique model with underlying expenses[1] down -14% YoY in 2Q20

**Outlook**: End-June AuM close to their 3Q19 average level. ~€100m cost savings identified by 2022 with ~50% to materialize by end-2020

**CIB: A tight cost control and a cost of risk sensitivity unchanged despite a higher 2Q20**

Underlying net revenues[1] down -39% YoY in 2Q20 (-27% in 1H20), significantly impacted by the crisis. Continued support to the economy with financing revenues strongly up QoQ. Solid +11% YoY revenue growth in Investment banking/M&A in 2Q20 with a historical quarter for DCM and a role played in ~80% of CAC 40 issuances

Market activities impacted by the COVID-19 context, **notably in Equity** with lower client activity during lockdown and significant mark-downs for 2019 dividends. Resilient client activity in FICT although below its 1Q20 levels

Strict cost control with underlying expenses[1] down -8% YoY in 2Q20 and -6% in 1H20

Cost of risk increase in 2Q20 due to higher provisioning, notably due to IFRS9 and across energy exposures

**Outlook**: 2020 cost of risk sensitivity unchanged vs. previous estimate. Project to adjust EQD positioning to focus on Groupe BPCE retail networks and Natixis' key strategic clients

**Insurance: Particularly resilient model, driver of growth and profitability**

Underlying net revenues[1] up +14% YoY in 2Q20 and +9% in 1H20

Underlying RoE[1] at ~35% in 2Q20 and ~34% in 1H20

**Outlook**: New Dimension 2020 financial targets all expected to be delivered or exceeded

**Payments: Lower volumes in April/May, back to normal in June**

Underlying net revenues[1] moderately down -5% YoY in 1H20 despite a -18% evolution in 2Q20, impacted by the drop in activity due to lockdown

Profitable in 1H20 despite the 2Q20 slowdown

**Outlook**: 2020 net revenues are expected to exhibit growth momentum, with positive jaw effect in 2H20

## FINANCIAL STRENGTH

**Basel 3 FL CET1 ratio[3]** at 11.2% as at June 30, 2020, and at 11.6% proforma for items temporarily impacting RWA, notably on the market side. **Ratio +290bps above regulatory requirements (~€3.1bn of CET1 buffer)** and **+330bps proforma**

**Reported net income** at €(261)m in 1H20 and €(77)m excluding exceptional items[2]. **Positive earnings capacity[3]** of +€17m in 1H20 despite volatile items impacting the semester and the cost of risk increase due to the COVID-19 context

**2021 targets** to be released on November 5, 2020 and **new strategic plan** in June 2021

"*Natixis' results in the first half of 2020 were impacted by the coronavirus crisis. In an unprecedented context marked by an increased cost of risk, the impact of lockdown measures on economic activity, and extreme market volatility, Natixis maintained positive earnings capacity and a very comfortable capital position. This demonstrates the strength of our business model and, notably in the second quarter of the year, the flexibility of our cost base, in line with the objectives of the New Dimension strategic plan. The impact of certain one-off factors such as the suspension of dividends and the mark to market of assets and liabilities, some of which are expected to reverse over time, has been integrated into our results. However, the crisis is not over, and the cost of risk is likely to remain elevated over the coming quarters. We will draw on the strength of our businesses to accelerate Natixis' transformation through structural changes. We are launching a project to adjust the setup of our Equity Derivatives business towards our key strategic clients and are implementing significant measures to reduce expenses.*"

**François Riahi, Natixis Chief Executive Officer**

*Figures restated as communicated on April 20, 2020 following the announced disposal of a 29.5% stake in Coface. See page 16 for the reconciliation of the restated figures with the accounting view [1] Excluding exceptional items. Excluding exceptional items and excluding IFRIC 21 for the Cost income ratio, RoE and RoTE. [2] See page 6 [3] See note on methodology*

NATIXIS
BEYOND BANKING

# 2Q20 RESULTS

**On August 3rd , 2020, the Board of Directors examined Natixis' second quarter 2020 results.**

| €m | 2Q20 restated | 2Q19 restated | 2Q20 o/w underlying | 2Q19 o/w underlying | 2Q20 vs. 2Q19 restated | 2Q20 vs. 2Q19 underlying |
|---|---|---|---|---|---|---|
| **Net revenues** | **1,564** | **2,100** | **1,596** | **2,115** | ***(26)%*** | ***(25)%*** |
| *o/w businesses excl. CVA/DVA* | *1,536* | *2,094* | *1,543* | *2,094* | *(27)%* | *(26)%* |
| Expenses | (1,292) | (1,448) | (1,278) | (1,438) | *(11)%* | *(11)%* |
| **Gross operating income** | **272** | **653** | **318** | **677** | ***(58)%*** | ***(53)%*** |
| Provision for credit losses | (289) | (109) | (289) | (109) | | |
| **Net operating income** | **(17)** | **543** | **29** | **568** | ***(103)%*** | ***(95)%*** |
| Associates and other items | 4 | 1 | 4 | 1 | | |
| **Pre-tax profit** | **(13)** | **545** | **33** | **569** | ***(102)%*** | ***(94)%*** |
| Income tax | (5) | (149) | (19) | (156) | | |
| Minority interests | (12) | (68) | (12) | (68) | | |
| **Net income - group share excl. Coface net contribution** | **(30)** | **328** | **2** | **345** | ***(109)%*** | ***(99)%*** |
| Coface net contribution | (27) | 18 | 2 | 18 | | |
| **Net income - group share incl. Coface net contribution** | **(57)** | **346** | **4** | **363** | ***(116)%*** | ***(99)%*** |

**Underlying net revenues** are down -25% YoY in 2Q20. They are impacted by the full effect of the late 1Q market dislocation (mainly Asset management) and lockdown measures (mainly Payments) as well as continued dividend cancellations and uncertainty regarding the shape of the economic recovery (mainly CIB). Market bounce-back during 2Q allowing for some reversal of the 1Q COVID-19 related impacts that were reflecting a snapshot view as at March 30. Overall, 2Q20 was thus notably impacted by the following lumpy items for a total amount of ~(106)m:

- **AWM**: €(17)m mark-down impact on the seed money portfolio (post overlay) with €25m of mark-ups on its listed part, recovering from end-March levels, offset by €(42)m of mark-downs on its unlisted part (real estate, private equity) ;
- **CIB**: €(143)m impact from dividend mark-downs across Equity following a second leg of corporates' 2019 dividend cancellation. Limited impact from CVA/DVA (Credit/Debit Value Adjustment): €1m ;
- **Corporate Center**: €53m FVA (Funding Value Adjustment) impact, largely reversing from 1Q.

**Underlying expenses** are down -11% YoY reflecting the cost flexibility embedded in the Asset management multiboutique model (-14% YoY) as well as ongoing cost discipline across the board, notably reflected through the CIB and the Corporate Center cost bases (-8% YoY and more than -40% YoY respectively). **The underlying cost/income ratio**[1] stands at 83.5% in 2Q20 vs. 70.5% in 2Q19.

**2Q20 underlying cost of risk** reflecting higher impairments mainly across energy exposures as well as some IFRS 9 provisioning following the latest SSM macroeconomic update. Expressed in basis points of loans outstanding (excluding credit institutions), **the business' underlying cost of risk** worked out to 162bps in 2Q20 (~45bps excluding the COVID-19 related impacts such as IFRS9, fraudulent credit counterparties or provisioning on airlines).

**Coface net contribution** based on a ~13% residual stake (vs. ~42% in 1H19) reached €2m in 2Q20.

**Net income (group share), adjusted for IFRIC 21 and excluding exceptional items reached €(43)m in 2Q20. Accounting for exceptional items (€(61)m net of tax in 2Q20) and IFRIC 21 impact (€47m in 2Q20) the reported net income (group share) in 2Q20 is at €(57)m.**

**Natixis' underlying RoTE**[1] reached (2.2)% in 2Q20 excl. IFRIC 21.

The sensitivity test that had been carried out for the 1Q20 results has been updated with data as at end-June 2020. This would notably include the projection of a ~10% drop in the 2020 French GDP (~5% recovery in 2021) and severe assumptions across sectors of expertise incl. oil price ~$40/bbl. and significant haircuts to asset prices on real assets (e.g. ~45% for aircrafts and ~15% for real estate).

*[1]See note on methodology. Excluding exceptional items and excluding IFRIC 21*

In such a scenario, **the conclusions presented in 1Q20 remain unchanged regarding the full-year 2020 cost of risk**. In addition, the exit from shale Oil & Gaz could, on the long run, have a structuring positive impact on Natixis' cost of risk of around €20m each year (on the basis of average S3 provisioning over 2014-2019).

Natixis' exposure to the **Oil & Gas** sector stood at ~€10.2bn of net EAD[1] (Exposure at Default) as at 30/06/2020 (~60% Investment Grade) of which ~€2.5bn across independent producers and service companies which have a more limited absorption capacity of lower oil price (o/w ~€0.9bn in the US, exit from this portfolio has been announced last May 18, 2020). As at 30/06/2020, the exposure to **Aviation** stood at ~€4.5bn of net EAD[1], was well diversified across more than 30 countries (none of which exceeding 25% of the exposure), secured for ~75% and majority Investment Grade. The exposure to **Tourism & Leisure** stood at ~€1.9bn of net EAD as at 30/06/2020, with 92% being in the EMEA region, geared towards industry leaders and with limited non-performing assets (~2%).

## **Main observable impacts from the COVID-19 context in 1H20** (excluding items classified as exceptional, see page 6)[2]

| €m | | 1Q20 | 2Q20 | 1H20 |
|---|---|---|---|---|
| **Net revenues** | | **(290)** | **(106)** | **(396)** |
| Seed money portfolio mark-downs | *AWM* | (34) | (17) | (51) |
| *- Listed* | | *(33)* | *25* | *(7)* |
| *- Unlisted* | | *(2)* | *(42)* | *(44)* |
| Dividend mark-downs on equity products | *CIB* | (130) | (143) | (273) |
| CVA/DVA impact | *CIB* | (55) | 1 | (54) |
| FVA impact | *Corporate Center* | (71) | 53 | (18) |
| **Cost of risk** | ***CIB*** | **(115)** | **(210)** | **(325)** |
| **Total pre-tax profit impact** | | **(405)** | **(316)** | **(721)** |
| **CET1 capital** | | **(507)** | **342** | **(165)** |
| OCI | | (389) | 299 | (90) |
| PVA | | (118) | 43 | (75) |
| **Risk-weighted assets (€bn)** | | **3.2** | **6.7** | **9.9** |
| Credit RWA | | 1.7 | 0.9 | 2.6 |
| *- RCF drawdowns & new money[3]* | | *1.7* | *0.4* | *2.1* |
| *- State-guaranteed loans[3]* | | *0.0* | *0.5* | *0.5* |
| Market RWA | | 1.0 | 6.0 | 7.0 |
| CVA RWA | | 0.5 | (0.2) | 0.3 |
| **Total CET1 ratio impact (bps)** | | **(90)bps** | **(40)bps** | **(135)bps** |

**P&L** : ~€125m of 1H20 impacts recoverable upon market conditions (seed money, XvA)

**Capital** : ~105bps of 1H20 impacts recoverable upon market conditions and over time (OCI, PVA, Market and CVA RWA, state guarantees) o/w ~40bps could materialize as soon as in 3Q20 (coming from Market RWA and state guarantees becoming effective)

*[1] Energy & Natural Resources + Real Assets perimeters [2] Not exhaustive [3] Management data, gross. ~€0.5bn RWA impact from state-guaranteed loans in 2Q20 o/w ~€0.3bn related to the guarantee not being effective yet as at 30/06/20*

## 1H20 RESULTS

| €m | 1H20 restated | 1H19 restated | 1H20 o/w underlying | 1H19 o/w underlying | 1H20 vs. 1H19 restated | 1H20 vs. 1H19 underlying |
|---|---|---|---|---|---|---|
| **Net revenues** | **3,314** | **4,057** | **3,328** | **4,053** | *(18)%* | *(18)%* |
| *o/w businesses excl. CVA/DVA* | *3,386* | *4,004* | *3,400* | *4,004* | (15)% | (15)% |
| Expenses | (2,874) | (3,044) | (2,857) | (3,018) | (6)% | (5)% |
| **Gross operating income** | **439** | **1,013** | **471** | **1,035** | *(57)%* | *(55)%* |
| Provision for credit losses | (482) | (140) | (482) | (140) | | |
| **Net operating income** | **(43)** | **873** | **(11)** | **895** | *(105)%* | *(101)%* |
| Associates and other items | (4) | 686 | 11 | 4 | | |
| **Pre-tax profit** | **(47)** | **1,559** | **(1)** | **899** | *(103)%* | *(100)%* |
| Income tax | (19) | (349) | (28) | (278) | | |
| Minority interests | (51) | (133) | (51) | (100) | | |
| **Net income - group share excl. Coface net contribution** | **(116)** | **1,077** | **(80)** | **521** | *(111)%* | *(115)%* |
| Coface net contribution | (145) | 33 | 3 | 34 | | |
| **Net income - group share incl. Coface net contribution** | **(261)** | **1,110** | **(77)** | **555** | *(124)%* | *(114)%* |

**Underlying net revenues** are down -18% YoY in 1H20. They are impacted by the following lumpy items, all directly or indirectly linked to the COVID-19 context for a total amount of ~€(396)m:

- **AWM**: €(51)m mark-down impact on the seed money portfolio (post overlay) including both listed and private assets;
- **CIB**: €(54)m CVA/DVA (Credit/Debit Value Adjustment) impact due to spreads widening on the back of perceived counterparty credit risk deterioration as at June 30, 2020 vs. December 31, 2019. €(273)m impact from dividend mark-downs across Equity following corporates' 2019 dividend cancellation and the related sharp moves of dividend future curves;
- **Corporate Center**: €(18)m FVA (Funding Value Adjustment) impact due to the YTD increase in funding costs on the market ;

**Underlying expenses** are down -5% YoY (-6% YoY at constant exchange rate), demonstrating Natixis' ability to adjust to its environment and with further cost saves to be realized, notably in Asset Management (*see page 7*). Natixis' **underlying cost income ratio**[1] reaches 82.6% in 1H20 (71.8% in 1H19).

**Underlying cost of risk** mainly reflects higher IFRS 9 provisioning as well as cases of fraud, essentially across energy exposures and increasing non-performing loans. Expressed in basis points of loans outstanding (excluding credit institutions), **the business' underlying cost of risk** worked out to 145bps in 1H20 (~45bps excluding the COVID-19 direct impacts and frauds).

**Coface net contribution** based on a ~13% residual stake (vs. ~42% in 1H19) reached €3m in 1H20.

**Net income (group share), adjusted for IFRIC 21 and excluding exceptional items reached +€17m in 1H20. Accounting for exceptional items (€(184)m net of tax in 1H20) and IFRIC 21 impact (€(94)m in 1H20) the reported net income (group share) in 1H20 is at €(261)m.**

**Natixis' underlying RoTE**[1] reached (0.7)% in 1H20 excl. IFRIC 21.

[1]*See note on methodology. Excluding exceptional items and excluding IFRIC 21*

## 2Q20 & 1H20 RESULTS
### Exceptional items

*€586m positive net impact from the disposal of the retail banking activities in 1Q19: €697m capital gain minus €78m income tax minus €33m minority interests*

| €m | | 2Q20 | 2Q19 | 1H20 | 1H19 |
|---|---|---|---|---|---|
| Contribution to the Insurance solidarity fund *(Net revenues)* | *Insurance* | (7) | 0 | (14) | 0 |
| Exchange rate fluctuations on DSN in currencies *(Net revenues)* | *Corporate center* | (25) | (15) | (1) | 4 |
| Real estate management strategy *(Expenses)* | *Business lines & Corporate center* | (3) | 0 | (5) | 0 |
| Transformation & Business Efficiency Investment costs (*Expenses*) | *Business lines & Corporate center* | (12) | (10) | (12) | (26) |
| Impact of Lebanon default on ADIR Insurance (*Associates)* | *Insurance* | 0 | 0 | (14) | 0 |
| Disposal of subsidiary in Brazil (*Gain or loss on other assets)* | *CIB* | 0 | 0 | 0 | (15) |
| Capital gain - Disposal retail banking (*Gain or loss on other assets)* | *Corporate center* | 0 | 0 | 0 | 697 |
| Coface Fit to win *(Coface net contribution)*[1] | *Coface* | 0 | (1) | 0 | (1) |
| Coface capital loss *(Coface net contribution)*[1] | *Coface* | 0 | 0 | (112) | 0 |
| Coface residual stake impairment *(Coface net contribution)*[1] | *Coface* | (29) | 0 | (36) | 0 |
| Total impact on income tax | | 14 | 8 | 9 | (71) |
| Total impact on minority interests | | 0 | 0 | 0 | (33) |
| **Total impact on net income (gs)** | | **(61)** | **(17)** | **(184)** | **555** |

*[1] For financial communication purposes, all impacts related to Coface are shown in a separate P&L line 'Coface net contribution". From an accounting standpoint the 1Q20 Coface capital loss is classified in "Gain or loss on other assets" and the 1Q20 Coface residual stake impairment in "Associates". See page 16 for the reconciliation with the accounting view*

*Unless specified otherwise, the following comments and data refer to underlying results, i.e. excluding exceptional items (see details page.6)*

## Asset & Wealth Management

| €m | 2Q20 | 2Q19 | 2Q20 vs. 2Q19 | 1H20 | 1H19 | 1H20 vs. 1H19 | 1H20 vs. 1H19 constant FX |
|---|---|---|---|---|---|---|---|
| **Net revenues** | **704** | **932** | ***(24)%*** | **1,478** | **1,705** | ***(13)%*** | ***(14)%*** |
| *o/w Asset Management[1]* | *668* | *900* | *(26)%* | *1,401* | *1,642* | *(15)%* | *(16)%* |
| *o/w Wealth management* | *36* | *32* | *12%* | *77* | *63* | *22%* | *22%* |
| Expenses | (530) | (605) | *(12)%* | (1,109) | (1,158) | *(4)%* | *(6)%* |
| **Gross operating income** | **174** | **327** | ***(47)%*** | **369** | **547** | ***(33)%*** | ***(33)%*** |
| Provision for credit losses | (11) | (2) | | (10) | (1) | | |
| Associates and other items | (3) | (2) | | (5) | (4) | | |
| **Pre-tax profit** | **160** | **323** | ***(50)%*** | **354** | **542** | ***(35)%*** | |
| *Cost/income ratio[2]* | *75.5%* | *65.1%* | *10.4pp* | *74.9%* | *67.8%* | *7.1pp* | |
| *RoE after tax[2]* | *8.9%* | *15.0%* | *(6.1)pp* | *9.1%* | *13.5%* | *(4.5)pp* | |

**Asset management underlying net revenues** are down -24% YoY in 2Q20 (-13% YoY in 1H20). They have been impacted in 2Q20 by €(42)m mark-downs on the unlisted seed money portfolio, partly offset by recoveries of €25m on the listed one post 1Q20 impacts (vs. overall contribution of €27m in 2Q19). AM gross base fees are down -12% YoY with expenses down -14% YoY, demonstrating the strong cost flexibility embedded in the multiboutique model.

**The Asset management overall fee rate excluding performance fees** has been impacted an unfavorable mix effect (especially in April and May) following the performance differential between equity and bond markets in 1Q20. The overall fee rate stood at ~28bps in June with some improvement throughout the quarter thanks to the equity market rebound flowing through the average AuM. For European affiliates, it stood above 15bps (above 27bps excl. Life Insurance General Accounts) and for North American affiliates it stood at ~35bps (lower share of average AuM at Harris). **Asset management performance fees** reached €22m in 2Q20 vs. €138m in 2Q19.

**Asset management net inflows** reached ~€16bn, best quarter since 1Q15. ~€7bn net inflows coming towards North American affiliates (notably through good traction with Asian clients: ~€5bn of net inflows) essentially across fixed income and growth equity strategies. Strong momentum for Loomis and WCM. Vast majority of European affiliates experiencing positive net inflows with continued strong success e.g. for Mirova.

**Asset management AuM** reached €906bn as at June 30, 2020, up +9% QoQ. Positive market effect of +€72bn, negative FX & perimeter effect of €(10)bn, net inflows as described above.

2020 outlook:

- 3Q20 starting with a level of AuM largely in line with its 3Q19 average level;
- New cost savings identified of ~€100m by end-2022 (~€50m by end-2020 o/w majority in 2H20 and ~€80m by end-2021). In order to achieve such savings, restructuring costs of ~€45m in 2H20 and ~€25m in 2021 will be implemented.

*[1] Asset management including Private equity and Employee savings plan [2] See note on methodology. Excluding exceptional items and excluding IFRIC 21*

*Unless specified otherwise, the following comments and data refer to underlying results, i.e. excluding exceptional items (see details page 6)*

## Corporate & Investment Banking

| €m | 2Q20 | 2Q19 | 2Q20 vs. 2Q19 | 1H20 | 1H19 | 1H20 vs. 1H19 | 1H20 vs. 1H19 constant FX |
|---|---|---|---|---|---|---|---|
| **Net revenues** | **519** | **847** | ***(39)%*** | **1,207** | **1,654** | ***(27)%*** | ***(28)%*** |
| *Net revenues excl. CVA/DVA/Other* | *530* | *844* | *(37)%* | *1,271* | *1,644* | *(23)%* | *(27)%* |
| Expenses | (477) | (520) | *(8)%* | (1,034) | (1,099) | *(6)%* | *(7)%* |
| **Gross operating income** | **43** | **327** | ***(87)%*** | **173** | **554** | ***(69)%*** | ***(69)%*** |
| Provision for credit losses | (275) | (104) | | (469) | (134) | | |
| Associates and other items | 2 | 3 | | 5 | 6 | | |
| **Pre-tax profit** | **(230)** | **225** | ***(202)%*** | **(291)** | **426** | ***(168)%*** | |
| *Cost/income ratio[1]* | *93.6%* | *62.4%* | *31.2pp* | *84.1%* | *65.5%* | *18.6pp* | |
| *RoE after tax[1]* | *(9.9)%* | *9.3%* | *(19.2)pp* | *(5.8)%* | *9.5%* | *(15.3)pp* | |

**Underlying net revenues** are down -39% YoY in 2Q20 and -27% YoY in 1H20.

**Global markets: Equity** revenues at €(174)m due to €(143)m of dividend mark-downs, together with low client activity during lockdown and higher hedging costs. No more dividend cancellation risk for 2H20. **Project to adjust EQD positioning to focus on Groupe BPCE retail networks and Natixis' key strategic clients. Run-rate for Equity revenues could reach ~€300m per annum post review implementation, also leading to additional cost saves coming through.**

**Global markets: FICT** revenues at €279m, slightly down in 2Q20 vs. a good 2Q19 with overall resilient client activity despite a less favorable environment vs. 1Q20, notably for FX.

**Global finance**: Net revenues up +8% QoQ and largely stable YoY with high levels of new production driven by the support brought to the French economy and higher portfolio revenues offsetting lower syndication fees. Robust dynamics across Infrastructure and Europe Real Estate making up for lower contributions from Aviation and US Real Estate.

**Investment banking/M&A**: Net revenues up +11% YoY driven by IB and DCM more specifically with strong footprint development across SSA and FIG together with continued support to French corporates (active in ~80% of CAC 40 issuances). Resilient contribution from M&A boutiques, although lower than in 2Q19, with good revenue generation e.g. from PJ Solomon and Natixis Partners.

**Underlying expenses** are down -8% YoY in 2Q20 and -6% YoY in 1H20 featuring a continued strong discipline on costs that is expected to be pursued.

**Market RWA** are expected to come down following the 2Q20 technical spike linked to the VaR calculation.

*[1] See note on methodology. Excluding exceptional items and excluding IFRIC 21*

*Unless specified otherwise, the following comments and data refer to underlying results, i.e. excluding exceptional items (see details page 6)*

# Insurance

| €m | 2Q20 | 2Q19 | 2Q20 vs. 2Q19 | 1H20 | 1H19 | 1H20 vs. 1H19 |
|---|---|---|---|---|---|---|
| **Net revenues** | **235** | **207** | ***14%*** | **463** | **425** | ***9%*** |
| Expenses | (117) | (114) | *3%* | (250) | (239) | *5%* |
| **Gross operating income** | **119** | **93** | ***27%*** | **213** | **186** | ***14%*** |
| Provision for credit losses | 0 | 0 | | 0 | 0 | |
| Associates and other items | (2) | 5 | | 2 | 5 | |
| **Pre-tax profit** | **117** | **98** | ***19%*** | **214** | **192** | ***12%*** |
| *Cost/income ratio[1]* | *51.7%* | *56.9%* | *(5.2)pp* | *51.9%* | *54.2%* | *(2.3)pp* |
| *RoE after tax[1]* | *34.9%* | *27.7%* | *7.2pp* | *33.9%* | *30.4%* | *3.5pp* |

**Underlying net revenues** are up +14% YoY in 2Q20 and +9% YoY in 1H20 with limited impact from market volatility thanks to an efficient hedging strategy against a drop in equity markets together with low levels of claims for P&C notably in 2Q20.

**Reported net revenues include exceptional items identified on page 6**: €(7)m impact from the contribution to the insurance solidarity fund both in 1Q20 and 2Q20 (Net revenues); €(14)m impact from the Lebanon default on the value of 34%-owned ADIR Insurance in 1Q20 (*Associates*).

**Underlying cost/income ratio**[1] at 51.7% in 2Q20 and 51.9% in 1H20, improving vs. prior year periods. Positive jaw effect of +11pp in 2Q20 and +4pp in 1H20.

**Underlying RoE**[1] 34.9% in 2Q20 and 33.9% in 1H20, up from 27.7% in 2Q19 and 30.4% in 1H19.

From a commercial standpoint: **€3.9bn gross inflows**[2] and **€1.7bn net inflows**[2] for Life insurance in 1H20. **Share of unit-linked products** in the gross inflows[2] increasing sharply to ~36% across the two Groupe BPCE networks vs. ~29% in 1H19.

2020 outlook:

- Overall commercial activity back to pre-lockdown levels as of mid-June ;
- Under market conditions prevailing as at end-June 2020, New Dimension 2020 financial targets all expected to be delivered or exceeded[3] - *See 1Q20 financial communication for sensitivities across Life/Personal protection and P&C*

  **Reminder on New Dimension 2020 financial targets:**

  **Underlying net revenues**: ~7% CAGR i.e. net revenues of ~€900m in 2020

  **Underlying cost/income ratio**[1]: ~54%

  **Underlying RoE**[1]: ~30%

*[1] See note on methodology. Excluding exceptional items and excluding IFRIC 21 [2] Excluding reinsurance agreement with CNP [3] Excluding exceptional Items*

*Unless specified otherwise, the following comments and data refer to underlying results, i.e. excluding exceptional items (see details page 6)*

# Payments

| €m | 2Q20 | 2Q19 | 2Q20 vs. 2Q19 | 1H20 | 1H19 | 1H20 vs. 1H19 |
|---|---|---|---|---|---|---|
| **Net revenues** | **86** | **105** | ***(18)%*** | **198** | **208** | ***(5)%*** |
| Expenses | (93) | (94) | *(1)%* | (187) | (181) | *3%* |
| **Gross operating income** | **(7)** | **11** | ***(164)%*** | **12** | **27** | ***(56)%*** |
| Provision for credit losses | 0 | (1) | | 2 | (1) | |
| Associates and other items | 0 | 0 | | 0 | 0 | |
| **Pre-tax profit** | **(7)** | **10** | ***(164)%*** | **14** | **26** | ***(48)%*** |
| *Cost/income ratio[1]* | *108.3%* | *89.8%* | *18.5pp* | *93.9%* | *87.0%* | *6.9pp* |
| *RoE after tax[1]* | *(4.6)%* | *7.2%* | *(11.7)pp* | *5.0%* | *9.8%* | *(4.7)pp* |

**Underlying net revenues** are down -18% YoY in 2Q20 and -5% YoY in 1H20, impacted by lockdown measures in France in April/May and with a commercial activity back to normalized levels across most businesses in June:

- **Payment Processing & Services**: Number of card transactions processed significantly impacted by the lockdown period (volumes down ~50% YoY in April and ~30% YoY in May) with activity levels back to normal in June (volumes flat YoY);
- **Merchant Solutions**: **Payplug** strongly benefited from its positioning across small and medium-sized merchants with new and existing clients seeking to diversify their distribution channels towards online during lockdown (business volumes x2.8 YoY in 2Q20). Despite a slowdown in activity levels across a few sectors (e.g travel, entertainment), **Dalenys** continued to exhibit business volume growth, at +10% YoY in 2Q20;
- **Prepaid & Issuing Solutions**: Impact from technical unemployment and the closure of some acceptation venues such as restaurants for meal vouchers leading to volumes down ~60% YoY in April/May. Activity normalizing in June although still below June 2019 levels.

**2020 outlook**:

- 2020 net revenues are expected to continue to exhibit positive momentum vs. 2019 and with a positive jaw effect in 2H20;
- 2020 EBITDA expected to be largely stable vs. 2019 (*see page 21*).

[1] *See note on methodology. Excluding exceptional items and excluding IFRIC 21*

*Unless specified otherwise, the following comments and data refer to underlying results, i.e. excluding exceptional items (see details page 6)*

## Corporate Center

| €m | 2Q20 | 2Q19 | 2Q20 vs. 2Q19 | 1H20 | 1H19 | 1H20 vs. 1H19 |
|---|---|---|---|---|---|---|
| **Net revenues** | **51** | **24** | | **(18)** | **61** | |
| Expenses | (62) | (105) | *(41)%* | (277) | (340) | *(19)%* |
| *SRF* | *(2)* | *0* | | *(165)* | *(170)* | *(3)%* |
| *Other* | *(60)* | *(105)* | *(43)%* | *(112)* | *(171)* | *(34)%* |
| **Gross operating income** | **(11)** | **(81)** | ***(87)%*** | **(295)** | **(279)** | ***6%*** |
| Provision for credit losses | (4) | (3) | | (5) | (4) | |
| Associates and other items | 7 | (5) | | 9 | (3) | |
| **Pre-tax profit** | **(7)** | **(88)** | ***(92)%*** | **(291)** | **(286)** | ***2%*** |

**Underlying net revenues** are impacted by a positive €53m FVA (Funding Value Adjustment) impact in 2Q20, recovering from the €(71)m negative adjustment taken in 1Q20. As a reminder Funding Value Adjustments materialize through the P&L due to the change in the cost of funding above the risk-free rate for uncollateralized derivative transactions. Such adjustments can be quite volatile and tend to normalize over time.

**Underlying expenses** are down more than -40% YoY in 2Q20 and more than -30% YoY in 1H20 (excl. SRF), notably reflecting cost saving efforts being carried out across the organization.

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# FINANCIAL STRUCTURE

### Basel 3 fully-loaded[1]

Natixis' **Basel 3 fully-loaded CET1 ratio** worked out to 11.2% as at June 30, 2020.

- **Basel 3 fully-loaded CET1 capital** amounted to €11.6bn
- **Basel 3 fully-loaded RWA** amounted to €103.3bn

**Main 2Q20 CET1 capital impacts:**

- +€4m related to the underlying net income group share
- €(61)m related to exceptional items
- +€299m related to OCI evolution on securities
- +€43m related to the Prudent Value (PVA) evolution
- €(19)m related to other effects (e.g. FX)

**Main 2Q20 RWA impacts:**

- €(2.0)bn from Credit RWA incl. +€0.4bn from RCF drawdowns/new money (management data, gross) and +€0.5bn from state-guaranteed loans (o/w ~€0.3bn related to the guarantee not being effective yet as at 30/06/20)
- +€6.0bn from Market RWA
- €(0.2)bn from CVA RWA
- +€0.2bn from other impacts (mainly related to franchise mechanisms)

As at June 30, 2020 Natixis' Basel 3 fully-loaded capital ratios stood at 13.0% for the Tier 1 and 15.1% for the Total capital.

### Basel 3 phased-in incl. current financial year's earnings and dividends[1]

As at June 30, 2020, Natixis' Basel 3 phased-in capital ratios incl. current financial year's earnings and dividends stood at 11.2% for the CET1, 13.3% for the Tier 1 and 15.5% for the Total capital.

- Core Tier 1 capital stood at €11.6bn and Tier 1 capital at €13.7bn
- Natixis' RWA totaled €103.3bn, breakdown as follows:
  - Credit risk: €63.0bn
  - Counterparty risk: €6.6bn
  - CVA risk: €1.7bn
  - Market risk: €18.2bn
  - Operational risk: €13.7bn

### Book value per share

Equity capital (group share) totaled €19.1bn as at June 30, 2020, of which €2.0bn in the form of hybrid securities (DSNs) recognized in equity capital at fair value (excluding capital gain following reclassification of hybrids).

Natixis' book value per share stood at **€5.39** as at June 30, 2020 based on 3,151,102,683 shares excluding treasury shares (the total number of shares being 3,155,846,495). The tangible book value per share (after deducting goodwill and intangible assets) is **€4.15**.

### Leverage ratio[1]

**The leverage ratio worked out to 4.4%** as at June 30, 2020.

### Overall capital adequacy ratio

As at June 30, 2020, the financial conglomerate's excess capital was estimated at around €2.7bn.

[1] *See note on methodology*

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# APPENDICES

**Note on methodology:**

**The results at 30/06/2020 were examined by the board of directors at their meeting on 03/08/2020.**

Figures at 30/06/2020 are presented in accordance with IAS/IFRS accounting standards and IFRS Interpretation Committee (IFRIC) rulings as adopted in the European Union and applicable at this date

**Press release dated 20/04/2020 "Preparation of the 1Q20 Financial Communication"**

The 2019 quarterly series have been updated following the February 25, 2020 announcement regarding the sale by Natixis of a 29.5% stake in Coface to Arch Capital Group. This announcement notably translates into the following:

- Natixis losing exclusive control over Coface in the first quarter of 2020 and the recognition of a capital loss at the date of such a loss of control. It is estimated at €112m based on the 2020 sale price;

- Application of the IAS 28 standard "Investments in associates and joint ventures" to the residual stake held by Natixis in Coface. For financial communication purposes, the contribution of Coface to Natixis' income statement is isolated on a line "Coface net contribution" (based on a ~42% ownership over 2019 and of ~13% as of the first quarter of 2020) and the **Financial investments** division no longer exists;

- In addition, the value of the retained stake (accounted for under the equity method) will be impacted by a €7m impairment due to the drop in the value of Coface related to the context prevailing at March 31, 2020. For financial communication purposes, these two items – capital loss and residual stake impairment – will be classified as exceptional items in the first quarter of 2020 and both presented within the line "Coface net contribution" (**see page 16 for the reconciliation of the restated figures with the accounting view**);

- The prudential treatment applied to Natixis' stake in Coface resulted in a ~€2bn risk-weighted asset release in the first quarter 2020. Upon closing of the transaction, ~€1.4bn of additional risk-weighted assets should be released i.e. ~€3.5bn in total;

- The remaining **Financial investments**, namely Natixis Algeria as well as the private equity activities managed in run-off, are no longer isolated and are reallocated to the Corporate center, which, as a reminder, gathers the holding and the centralized balance sheet management functions of Natixis.

**The equity method value of Coface will be re-assessed every quarter depending, among other, on the evolution of the economic context and any change in such a value will be reflected in the P&L line "Coface net contribution".**

**Business line performances using Basel 3 standards:**

- The performances of Natixis business lines are presented using Basel 3 standards. Basel 3 risk-weighted assets are based on CRR-CRD4 rules as published on June 26th, 2013 (including the Danish compromise treatment for qualified entities).

- **Natixis' RoTE** is calculated by taking as the numerator net income (group share) excluding DSN interest expenses (the associated tax benefit being already accounted for in the net income following the adoption of IAS 12 amendment). Equity capital is average shareholders' equity group share as defined by IFRS, after payout of dividends[1], excluding average hybrid debt, average intangible assets and average goodwill

- **Natixis' RoE:** Results used for calculations are net income (group share), deducting DSN interest expenses (the associated tax benefit being already accounted for in the net income following the adoption of IAS 12 amendment). Equity capital is average shareholders' equity group share as defined by IFRS, after payout of dividends[1], excluding average hybrid debt, and excluding unrealized or deferred gains and losses recognized in equity (OCI)

- **RoE for business lines** is calculated based on normative capital to which are added goodwill and intangible assets for the business line. Normative capital allocation to Natixis' business lines is carried out on the basis of 10.5% of their average Basel 3 risk-weighted assets. Business lines benefit from remuneration of normative capital allocated to them. By convention, the remuneration rate on normative capital is maintained at 2%

**Note on Natixis' RoE and RoTE calculation**: Returns based on quarter-end balance sheet in 1Q20 to reflect the announced disposal of a 29.5% stake in Coface. The €112m net capital loss is not annualized.

[1] *In line with ECB recommendations, the 2019 dividend has been reintegrated into Natixis' capital and no dividend accrual will be carried out throughout 2020 - see press release dated 31/03/2020*

**Net book value**: calculated by taking shareholders' equity group share (minus distribution of dividends proposed by the Board of Directors but not yet approved by the General Shareholders' Meeting[1]), restated for hybrids and capital gains on reclassification of hybrids as equity instruments. Net tangible book value is adjusted for goodwill relating to equity affiliates, restated goodwill and intangible assets as follows:

| €m | 30/06/2020 |
|---|---|
| Restatement for Coface minority interests | 3,602 |
| Restatement for AWM deferred tax liability & others | (348) |
| **Restated goodwill** | **3,255** |

| €m | 30/06/2020 |
|---|---|
| Intangible assets | 659 |
| Restatement for AWM deferred tax liability & others | (8) |
| **Restated intangible assets** | **651** |

**Own senior debt fair-value adjustment:** calculated using a discounted cash-flow model, contract by contract, including parameters such as swap curves and revaluation spread (based on the BPCE reoffer curve). Adoption of IFRS 9 standards, on November 22, 2016, authorizing the early application of provisions relating to own credit risk as of FY16 closing

**Phased-in capital and ratios incl. current financial year's earnings and dividends:** based on CRR-CRD4 rules as reported on June 26, 2013, including the Danish compromise - phased in. **Presentation including current financial year's earnings and accrued dividend[1]**

**Fully-loaded capital and ratios:** based on CRR-CRD4 rules as reported on June 26, 2013, including the Danish compromise - without phase-in**. Presentation including current financial year's earnings and accrued dividend[1]**

**Leverage ratio:** based on delegated act rules, without phase-in (presentation including current financial year's earnings and accrued dividend[1]) and with the hypothesis of a roll-out for non-eligible subordinated notes under Basel 3 by eligible notes. Repo transactions with central counterparties are offset in accordance with IAS 32 rules without maturity or currency criteria. Leverage ratio disclosed including the effect of intragroup cancelation - pending ECB authorization

**Exceptional items: figures and comments on this press release are based on Natixis and its businesses' income statements excluding non-operating and/or exceptional items detailed page 6**. Figures and comments that are referred to as '**underlying**' exclude such exceptional items. Natixis and its businesses' income statements including these items are available in the appendix of this press release

**Restatement for IFRIC 21 impact:** the cost/income ratio, the RoE and the RoTE excluding IFRIC 21 impact calculation in 1H20 takes into account ½ of the annual duties and levies concerned by this accounting rule

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

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

**IAS 12:** As of 3Q19, according to the adoption of IAS 12 (income taxes) amendment, the tax benefit on DSN interest expenses previously recorded in the consolidated reserves is now being accounted for in the income statement (income tax line). Previous periods have not been restated with a positive impact of €47.5m in 2019, of which €35.9m recognized in 3Q19 (€23.8m related to 1H19).

[1] *In line with ECB recommendations, the 2019 dividend has been reintegrated into Natixis' capital and no dividend accrual will be carried out throughout 2020 - see press release dated 31/03/2020*

NATIXIS
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## Natixis - Consolidated P&L (restated)

| €m | 1Q19 | 2Q19 | 3Q19 | 4Q19 | 1Q20 | 2Q20 | *2Q20 vs. 2Q19* | 1H19 | 1H20 | *1H20 vs. 1H19* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Net revenues** | **1,957** | **2,100** | **2,102** | **2,326** | **1,750** | **1,564** | **(26)%** | **4,057** | **3,314** | **(18)%** |
| Expenses | (1,597) | (1,448) | (1,465) | (1,606) | (1,582) | (1,292) | (11)% | (3,044) | (2,874) | (6)% |
| **Gross operating income** | **360** | **653** | **637** | **719** | **167** | **272** | **(58)%** | **1,013** | **439** | **(57)%** |
| Provision for credit losses | (31) | (109) | (70) | (119) | (193) | (289) | | (140) | (482) | |
| Associates | 3 | 8 | 3 | 6 | (8) | 1 | | 11 | (7) | |
| Gain or loss on other assets | 682 | (7) | 9 | 1 | (0) | 4 | | 675 | 3 | |
| Change in value of goodwill | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | |
| **Pre-tax profit** | **1,015** | **545** | **579** | **607** | **(34)** | **(13)** | **(102)%** | **1,559** | **(47)** | **(103)%** |
| Tax | (201) | (149) | (114) | (153) | (13) | (5) | | (349) | (19) | |
| Minority interests | (65) | (68) | (66) | (96) | (39) | (12) | | (133) | (51) | |
| **Net income - group share excl. Coface net contribution** | **749** | **328** | **399** | **358** | **(87)** | **(30)** | **(109)%** | **1,077** | **(116)** | **(111)%** |
| Coface net contribution | 15 | 18 | 16 | 12 | (118) | (27) | | 33 | (145) | |
| **Net income - group share incl. Coface net contribution** | **764** | **346** | **415** | **371** | **(204)** | **(57)** | **(116)%** | **1,110** | **(261)** | **(124)%** |

*Figures restated as communicated on April 20, 2020 following the announced sale of a 29.5% stake in Coface. See below for the reconciliation of the restated figures with the accounting view*

## Natixis - Reconciliation between management and accounting figures

### 1H19

| €m | 1H19 underlying | Exceptional items | 1H19 restated | Coface restatement | Residual contribution from perimeter sold (ex SFS) | 1H19 reported |
|---|---|---|---|---|---|---|
| **Net revenues** | **4,053** | **4** | **4,057** | **356** | **22** | **4,436** |
| Expenses | (3,018) | (26) | (3,044) | (252) | (22) | (3,319) |
| **Gross operating income** | **1,035** | **(22)** | **1,013** | **104** | **(0)** | **1,117** |
| Provision for credit losses | (140) | 0 | (140) | (1) | (0) | (141) |
| Associates | 11 | 0 | 11 | 0 | 0 | 11 |
| Gain or loss on other assets | (7) | 682 | 675 | 5 | 0 | 681 |
| **Pre-tax profit** | **899** | **660** | **1,559** | **108** | **(0)** | **1,668** |
| Tax | (278) | (71) | (349) | (30) | 0 | (379) |
| Minority interests | (100) | (33) | (133) | (45) | 0 | (178) |
| **Net income - group share excl. Coface net contribution** | **521** | **556** | **1,077** | | | |
| Coface net contribution | 34 | (0) | 33 | | | |
| **Net income - group share incl. Coface net contribution** | **555** | **555** | **1,110** | | | **1,110** |

### 1H20

| €m | 1H20 underlying | Exceptional items | 1H20 restated | Coface restatement | 1H20 reported |
|---|---|---|---|---|---|
| **Net revenues** | **3,328** | **(15)** | **3,314** | **0** | **3,314** |
| Expenses | (2,857) | (17) | (2,874) | 0 | (2,874) |
| **Gross operating income** | **471** | **(32)** | **439** | **0** | **439** |
| Provision for credit losses | (482) | 0 | (482) | 0 | (482) |
| Associates | 7 | (14) | (7) | (33) | (40) |
| Gain or loss on other assets | 3 | 0 | 3 | (112) | (109) |
| **Pre-tax profit** | **(1)** | **(46)** | **(47)** | **(145)** | **(192)** |
| Tax | (28) | 9 | (19) | 0 | (19) |
| Minority interests | (51) | 0 | (51) | 0 | (51) |
| **Net income - group share excl. Coface net contribution** | **(80)** | **(36)** | **(116)** | | |
| Coface net contribution | 3 | (148) | (145) | | |
| **Net income - group share incl. Coface net contribution** | **(77)** | **(184)** | **(261)** | | **(261)** |

## Natixis - IFRS 9 Balance sheet

| Assets (€bn) | 30/06/2020 | 31/03/2020 |
|---|---|---|
| Cash and balances with central banks | 20.9 | 15.3 |
| Financial assets at fair value through profit and loss[1] | 212.0 | 223.4 |
| Financial assets at fair value through Equity | 13.0 | 12.3 |
| Loans and receivables[1] | 126.8 | 126.1 |
| Debt instruments at amortized cost | 1.6 | 1.5 |
| Insurance assets | 107.0 | 103.2 |
| Non-current assets held for sale | 0.5 | 0.5 |
| Accruals and other assets | 15.5 | 15.8 |
| Investments in associates | 0.9 | 0.9 |
| Tangible and intangible assets | 2.0 | 2.0 |
| Goodwill | 3.6 | 3.6 |
| **Total** | **503.8** | **504.7** |

| Liabilities and equity (€bn) | 30/06/2020 | 31/03/2020 |
|---|---|---|
| Due to central banks | 0.0 | 0.0 |
| Financial liabilities at fair value through profit and loss[1] | 206.4 | 216.9 |
| Customer deposits and deposits from financial institutions[1] | 112.5 | 104.9 |
| Debt securities | 44.7 | 45.3 |
| Liabilities associated with non-current assets held for sale | 0.0 | 0.0 |
| Accruals and other liabilities | 16.8 | 17.3 |
| Insurance liabilities | 99.1 | 95.3 |
| Contingency reserves | 1.5 | 1.4 |
| Subordinated debt | 3.6 | 3.6 |
| Equity attributable to equity holders of the parent | 19.1 | 19.7 |
| Minority interests | 0.2 | 0.3 |
| **Total** | **503.8** | **504.7** |

[1] *Including deposit and margin call*

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## Natixis - 2Q20 P&L by business line

| €m | AWM | CIB | Insurance | Payments | Corporate Center | 2Q20 reported |
|---|---|---|---|---|---|---|
| **Net revenues** | **704** | **519** | **228** | **86** | **27** | **1,564** |
| Expenses | (537) | (477) | (117) | (96) | (66) | (1,292) |
| **Gross operating income** | **167** | **42** | **112** | **(10)** | **(39)** | **272** |
| Provision for credit losses | (11) | (275) | 0 | 0 | (4) | (289) |
| **Net operating income** | **156** | **(232)** | **112** | **(10)** | **(43)** | **(17)** |
| Associates and other items | (3) | 2 | (2) | 0 | 7 | 4 |
| **Pre-tax profit** | **153** | **(230)** | **110** | **(10)** | **(36)** | **(13)** |
| | | | | | Tax | (5) |
| | | | | | Minority interests | (12) |
| | | | | | **Net income (gs) excl. Coface net contribution** | **(30)** |
| | | | | | Coface net contribution | (27) |
| | | | | | **Net income (gs) incl. Coface net contribution** | **(57)** |

## Asset & Wealth Management

| €m | 1Q19 | 2Q19 | 3Q19 | 4Q19 | 1Q20 | 2Q20 | *2Q20 vs. 2Q19* | 1H19 | 1H20 | *1H20 vs. 1H19* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Net revenues** | **773** | **932** | **945** | **1,109** | **774** | **704** | ***(24)%*** | **1,705** | **1,478** | ***(13)%*** |
| *Asset Management*[1] | *742* | *900* | *908* | *1,061* | *733* | *668* | *(26)%* | *1,642* | *1,401* | *(15)%* |
| *Wealth management* | *31* | *32* | *37* | *48* | *41* | *36* | *12%* | *63* | *77* | *22%* |
| Expenses | (558) | (605) | (648) | (681) | (579) | (537) | *(11)%* | (1,163) | (1,116) | *(4)%* |
| **Gross operating income** | **216** | **327** | **297** | **428** | **195** | **167** | ***(49)%*** | **542** | **362** | ***(33)%*** |
| Provision for credit losses | 1 | (2) | (8) | 2 | 1 | (11) | | (1) | (10) | |
| **Net operating income** | **216** | **325** | **289** | **430** | **195** | **156** | ***(52)%*** | **541** | **352** | ***(35)%*** |
| Associates | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 1 | |
| Other items | (2) | (2) | 8 | 1 | (2) | (3) | | (4) | (6) | |
| **Pre-tax profit** | **214** | **323** | **297** | **432** | **194** | **153** | ***(53)%*** | **537** | **347** | ***(35)%*** |
| Cost/Income ratio | 72.1% | 64.9% | 68.5% | 61.4% | 74.8% | 76.3% | | 68.2% | 75.5% | |
| Cost/Income ratio excl. IFRIC 21 | 71.6% | 65.1% | 68.7% | 61.5% | 74.3% | 76.4% | | 68.0% | 75.3% | |
| RWA (Basel 3 - in €bn) | 12.5 | 13.7 | 13.4 | 14.0 | 14.0 | 14.1 | *3%* | 13.7 | 14.1 | *3%* |
| Normative capital allocation (Basel 3) | 4,364 | 4,407 | 4,555 | 4,581 | 4,604 | 4,623 | *5%* | 4,385 | 4,613 | *5%* |
| RoE after tax (Basel 3)[2] | 11.5% | 15.1% | 13.3% | 19.0% | 9.0% | 8.6% | | 13.3% | 8.8% | |
| RoE after tax (Basel 3) excl. IFRIC 21[2] | 11.8% | 15.0% | 13.3% | 19.0% | 9.2% | 8.5% | | 13.4% | 8.9% | |

*[1] Asset management including Private equity and Employee savings plan*
*[2] Normative capital allocation methodology based on 10.5% of the average RWA-including goodwill and intangibles*

## Corporate & Investment Banking

| €m | 1Q19 | 2Q19 | 3Q19 | 4Q19 | 1Q20 | 2Q20 | *2Q20 vs. 2Q19* | 1H19 | 1H20 | *1H20 vs. 1H19* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Net revenues** | **807** | **847** | **784** | **899** | **688** | **519** | *(39)%* | **1,654** | **1,207** | *(27)%* |
| ***Global markets*** | ***366*** | ***419*** | ***344*** | ***381*** | ***279*** | ***106*** | ***(75)%*** | ***785*** | ***386*** | ***(51)%*** |
| *FIC-T* | *251* | *304* | *258* | *306* | *367* | *279* | *(8)%* | *554* | *646* | *16%* |
| *Equity* | *125* | *117* | *94* | *81* | *(32)* | *(174)* | *(248)%* | *242* | *(206)* | *(185)%* |
| *CVA/DVA desk* | *(9)* | *(3)* | *(8)* | *(6)* | *(55)* | *1* | | *(12)* | *(54)* | |
| ***Global finance[1]*** | ***337*** | ***333*** | ***369*** | ***369*** | ***302*** | ***326*** | ***(2)%*** | ***670*** | ***628*** | ***(6)%*** |
| ***Investment banking[2]*** | ***87*** | ***90*** | ***73*** | ***145*** | ***104*** | ***100*** | ***11%*** | ***177*** | ***204*** | ***15%*** |
| ***Other*** | ***16*** | ***6*** | ***(2)*** | ***5*** | ***2*** | ***(12)*** | | ***22*** | ***(11)*** | |
| Expenses | (582) | (523) | (527) | (602) | (557) | (477) | *(9)%* | (1,105) | (1,034) | *(6)%* |
| **Gross operating income** | **225** | **324** | **256** | **297** | **130** | **42** | *(87)%* | **549** | **173** | *(69)%* |
| Provision for credit losses | (30) | (104) | (59) | (118) | (194) | (275) | | (134) | (469) | |
| **Net operating income** | **195** | **219** | **197** | **179** | **(64)** | **(232)** | *(206)%* | **414** | **(296)** | *(171)%* |
| Associates | 2 | 3 | 2 | 2 | 2 | 2 | | 6 | 5 | |
| Other items | (15) | 0 | (0) | (0) | 0 | 0 | | (15) | (0) | |
| **Pre-tax profit** | **183** | **222** | **200** | **181** | **(61)** | **(230)** | *(203)%* | **405** | **(291)** | *(172)%* |
| Cost/Income ratio | 72.2% | 61.8% | 67.3% | 67.0% | 81.1% | 91.8% | | 66.8% | 85.7% | |
| Cost/Income ratio excl. IFRIC 21 | 69.1% | 62.7% | 68.3% | 67.9% | 76.9% | 93.6% | | 65.9% | 84.1% | |
| RWA (Basel 3 - in €bn) | 62.0 | 61.1 | 62.3 | 62.2 | 65.4 | 69.2 | *13%* | 61.1 | 69.2 | *13%* |
| Normative capital allocation (Basel 3) | 6,634 | 6,740 | 6,734 | 6,768 | 6,757 | 7,120 | *6%* | 6,687 | 6,939 | *4%* |
| RoE after tax (Basel 3)[3] | 7.6% | 9.6% | 8.5% | 7.8% | (2.8)% | (9.5)% | | 8.6% | (6.2)% | |
| RoE after tax (Basel 3) excl. IFRIC 21[3] | 8.6% | 9.2% | 8.2% | 7.5% | (1.6)% | (9.9)% | | 8.9% | (5.8)% | |

[1] *Including Film industry financing* [2] *Including M&A*
[3] *Normative capital allocation methodology based on 10.5% of the average RWA-including goodwill and intangibles*

## Insurance

| €m | 1Q19 | 2Q19 | 3Q19 | 4Q19 | 1Q20 | 2Q20 | 2Q20 vs. 2Q19 | 1H19 | 1H20 | 1H20 vs. 1H19 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Net revenues** | **218** | **207** | **205** | **216** | **221** | **228** | *10%* | **425** | **449** | *6%* |
| Expenses | (125) | (116) | (112) | (125) | (134) | (117) | *1%* | (241) | (250) | *4%* |
| **Gross operating income** | **93** | **92** | **93** | **90** | **87** | **112** | *22%* | **184** | **199** | *8%* |
| Provision for credit losses | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | |
| **Net operating income** | **93** | **92** | **93** | **90** | **87** | **112** | *22%* | **184** | **199** | *8%* |
| Associates | 0 | 5 | 1 | 4 | (11) | (2) | | 5 | (13) | |
| Other items | 0 | (0) | 0 | 0 | 0 | (0) | | 0 | 0 | |
| **Pre-tax profit** | **93** | **96** | **94** | **94** | **76** | **110** | *14%* | **189** | **186** | *(2)%* |
| Cost/Income ratio | 57.5% | 55.8% | 54.6% | 58.1% | 60.6% | 51.1% | | 56.7% | 55.7% | |
| Cost/Income ratio excl. IFRIC 21 | 51.7% | 57.8% | 56.6% | 60.1% | 53.9% | 53.2% | | 54.7% | 53.6% | |
| RWA (Basel 3 - in €bn) | 8.0 | 7.9 | 8.4 | 8.3 | 7.6 | 7.6 | *(4)%* | 7.9 | 7.6 | *(4)%* |
| Normative capital allocation (Basel 3) | 858 | 942 | 926 | 978 | 965 | 896 | *(5)%* | 900 | 930 | *3%* |
| RoE after tax (Basel 3)[1] | 29.4% | 28.4% | 27.7% | 26.4% | 20.7% | 34.2% | | 28.8% | 27.2% | |
| RoE after tax (Basel 3) excl. IFRIC 21[1] | 33.3% | 27.2% | 26.4% | 25.2% | 25.0% | 32.7% | | 30.1% | 28.7% | |

[1] *Normative capital allocation methodology based on 10.5% of the average RWA-including goodwill and intangibles*

## Payments

| €m | 1Q19 | 2Q19 | 3Q19 | 4Q19 | 1Q20 | 2Q20 | 2Q20 vs. 2Q19 | 1H19 | 1H20 | 1H20 vs. 1H19 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Net revenues** | **103** | **105** | **103** | **111** | **113** | **86** | ***(18)%*** | **208** | **198** | ***(5)%*** |
| Expenses | (88) | (94) | (93) | (96) | (94) | (96) | *2%* | (181) | (190) | *5%* |
| **Gross operating income** | **16** | **11** | **10** | **15** | **18** | **(10)** | ***(192)%*** | **27** | **8** | ***(69)%*** |
| Provision for credit losses | (0) | (1) | (1) | (0) | 2 | 0 | | (1) | 2 | |
| **Net operating income** | **16** | **10** | **9** | **15** | **20** | **(10)** | ***(194)%*** | **26** | **10** | ***(61)%*** |
| Associates | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | |
| Other items | 0 | 0 | 0 | (0) | 0 | 0 | | 0 | 0 | |
| **Pre-tax profit** | **16** | **10** | **9** | **15** | **20** | **(10)** | ***(194)%*** | **26** | **10** | ***(61)%*** |
| Cost/Income ratio | 84.8% | 89.6% | 90.1% | 86.1% | 83.8% | 111.7% | | 87.2% | 95.8% | |
| Cost/Income ratio excl. IFRIC21 | 84.1% | 89.8% | 90.3% | 86.3% | 83.2% | 111.9% | | 87.0% | 95.6% | |
| RWA (Basel 3 - in €bn) | 1.1 | 1.2 | 1.1 | 1.1 | 1.1 | 1.2 | *0%* | 1.2 | 1.2 | *0%* |
| Normative capital allocation (Basel 3) | 356 | 373 | 385 | 384 | 391 | 403 | *8%* | 365 | 397 | *9%* |
| RoE after tax (Basel 3)[1] | 12.0% | 7.3% | 6.5% | 10.9% | 14.3% | (6.6)% | | 9.6% | 3.7% | |
| RoE after tax (Basel 3) excl. IFRIC 21[1] | 12.5% | 7.1% | 6.3% | 10.7% | 14.7% | (6.7)% | | 9.7% | 3.8% | |

## Standalone EBITDA calculation

*Figures excluding exceptional items[2]*

| €m | 1Q19 | 2Q19 | 3Q19 | 4Q19 | 1Q20 | 2Q20 |
|---|---|---|---|---|---|---|
| **Net revenues** | **103** | **105** | **103** | **111** | **113** | **86** |
| Expenses | (88) | (94) | (91) | (93) | (94) | (93) |
| **Gross operating income - Natixis reported excl. exceptional items** | **16** | **11** | **13** | **18** | **19** | **(7)** |
| Analytical adjustments to net revenues | (1) | (1) | (1) | (1) | (1) | 1 |
| Structure charge adjustments to expenses | 6 | 5 | 5 | 5 | (6) | (6) |
| **Gross operating income - standalone view** | **20** | **15** | **17** | **22** | **24** | **(2)** |
| Depreciation, amortization and impairment on property, plant and equipment and intangible assets | 4 | 4 | 3 | 4 | 4 | 4 |
| **EBITDA - standalone view** | **24** | **19** | **20** | **26** | **28** | **2** |

*EBITDA = Net revenues (-) Operating expenses. Standalone view excluding analytical items and structure charges*

*[1] Normative capital allocation methodology based on 10.5% of the average RWA-including goodwill and intangibles [2] See page 6*

## Corporate Center

| €m | 1Q19 | 2Q19 | 3Q19 | 4Q19 | 1Q20 | 2Q20 | *2Q20 vs. 2Q19* | 1H19 | 1H20 | *1H20 vs. 1H19* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Net revenues** | **55** | **10** | **64** | **(10)** | **(46)** | **27** | | **65** | **(19)** | |
| Expenses | (244) | (110) | (84) | (102) | (217) | (66) | *(40)%* | (354) | (284) | *(20)%* |
| *SRF* | *(170)* | *0* | *0* | *(0)* | *(163)* | *(2)* | | *(170)* | *(165)* | *(3)%* |
| *Other* | *(74)* | *(110)* | *(84)* | *(102)* | *(54)* | *(64)* | *(42)%* | *(184)* | *(118)* | *(36)%* |
| **Gross operating income** | **(188)** | **(100)** | **(20)** | **(112)** | **(263)** | **(39)** | ***(61)%*** | **(289)** | **(302)** | |
| Provision for credit losses | (1) | (3) | (2) | (2) | (2) | (4) | | (4) | (5) | |
| **Net operating income** | **(190)** | **(103)** | **(22)** | **(114)** | **(265)** | **(43)** | ***(58)%*** | **(293)** | **(308)** | |
| Associates | (0) | 0 | (0) | (0) | 0 | (0) | | 0 | (0) | |
| Other items | 699 | (5) | 1 | (0) | 2 | 7 | | 694 | 9 | |
| **Pre-tax profit** | **509** | **(108)** | **(21)** | **(114)** | **(263)** | **(36)** | ***(66)%*** | **402** | **(299)** | |
| RWA (Basel 3 - in €bn) | 8.8 | 9.2 | 9.8 | 9.4 | 9.1 | 9.3 | *2%* | 9.2 | 9.3 | *2%* |

*€697m capital gain coming from the disposal of the retail banking activities in 1Q19*

| €bn | 1Q19 | 2Q19 | 3Q19 | 4Q19 | 1Q20 | 2Q20 |
|---|---|---|---|---|---|---|
| Coface RWA (Basel 3) | 3.9 | 3.8 | 3.8 | 4.0 | 1.9 | 1.9 |

## 2Q20 results: from data excluding non-operating items to reported data

| €m | 2Q20 underlying | Contribution to the Insurance solidarity fund | Exchange rate fluctuations on DSN in currencies | Real estate management strategy | Transformation & Business Efficiency Investment costs | Coface residual stake impairment | 2Q20 restated |
|---|---|---|---|---|---|---|---|
| **Net revenues** | **1,596** | **(7)** | **(25)** | | | | **1,564** |
| Expenses | (1,278) | | | (3) | (12) | | (1,292) |
| **Gross operating income** | **318** | **(7)** | **(25)** | **(3)** | **(12)** | **0** | **272** |
| Provision for credit losses | (289) | | | | | | (289) |
| Associates | 1 | | | | | | 1 |
| Gain or loss on other assets | 4 | | | | | | 4 |
| **Pre-tax profit** | **33** | **(7)** | **(25)** | **(3)** | **(12)** | **0** | **(13)** |
| Tax | (19) | 2 | 7 | 1 | 3 | | (5) |
| Minority interests | (12) | | | | 0 | | (12) |
| **Net income - group share excl. Coface net contribution** | **2** | **(5)** | **(17)** | **(2)** | **(8)** | **0** | **(30)** |
| Coface net contribution | 2 | | | | | (29) | (27) |
| **Net income - group share incl. Coface net contribution** | **4** | **(5)** | **(17)** | **(2)** | **(8)** | **(29)** | **(57)** |

*Figures restated as communicated on April 20, 2020 following the announced sale of a 29.5% stake in Coface. See page 16 for the reconciliation of the restated figures with the accounting view*

## 1H20 results: from data excluding non-operating items to reported data

| €m | 1H20 underlying | Contribution to the Insurance solidarity fund | Exchange rate fluctuations on DSN in currencies | Real estate management strategy | Transformation & Business Efficiency Investment costs | Impact of Lebanon default on ADIR Insurance | Coface capital loss | Coface residual stake impairment | 1H20 restated |
|---|---|---|---|---|---|---|---|---|---|
| **Net revenues** | **3,328** | **(14)** | **(1)** | | | | | | **3,314** |
| Expenses | (2,857) | | | (5) | (12) | | | | (2,874) |
| **Gross operating income** | **471** | **(14)** | **(1)** | **(5)** | **(12)** | **0** | **0** | **0** | **439** |
| Provision for credit losses | (482) | | | | | | | | (482) |
| Associates | 7 | | | | | (14) | | | (7) |
| Gain or loss on other assets | 3 | | | | | | | | 3 |
| **Pre-tax profit** | **(1)** | **(14)** | **(1)** | **(5)** | **(12)** | **(14)** | **0** | **0** | **(47)** |
| Tax | (28) | 4 | 0 | 2 | 3 | | | | (19) |
| Minority interests | (51) | | | | 0 | | | | (51) |
| **Net income - group share excl. Coface net contribution** | **(80)** | **(10)** | **(1)** | **(4)** | **(8)** | **(14)** | **0** | **0** | **(116)** |
| Coface net contribution | 3 | | | | | | (112) | (36) | (145) |
| **Net income - group share incl. Coface net contribution** | **(77)** | **(10)** | **(1)** | **(4)** | **(8)** | **(14)** | **(112)** | **(36)** | **(261)** |

## Natixis - 2Q20 capital & Basel 3 financial structure

See note on methodology - Irrevocable Payment Commitment (IPC) deduction disclosed as part of the ratio as of 2Q20

### Fully-loaded

| €bn | 30/06/2020 |
|---|---|
| **Shareholder's Equity** | **19.1** |
| Hybrid securities (incl. gains on hybrids) | (2.1) |
| Goodwill & intangibles | (3.7) |
| Deferred tax assets | (0.8) |
| Dividend provision | 0.0 |
| Other deductions | (0.8) |
| **CET1 capital** | **11.6** |
| **CET1 ratio** | **11.2%** |
| Additional Tier 1 capital | 1.8 |
| **Tier 1 capital** | **13.4** |
| **Tier 1 ratio** | **13.0%** |
| Tier 2 capital | 2.2 |
| **Total capital** | **15.6** |
| **Total capital ratio** | **15.1%** |
| **Risk-weighted assets** | **103.3** |

### **Phased-in** incl. current financial year's earnings and dividends

| €bn | 30/06/2020 |
|---|---|
| **CET1 capital** | **11.6** |
| **CET1 ratio** | **11.2%** |
| Additional Tier 1 capital | 2.1 |
| **Tier 1 capital** | **13.7** |
| **Tier 1 ratio** | **13.3%** |
| Tier 2 capital | 2.2 |
| **Total capital** | **16.0** |
| **Total capital ratio** | **15.5%** |
| **Risk-weighted assets** | **103.3** |

## IFRIC 21 effects by business line

Effect on expenses

| €m | 1Q19 | 2Q19 | 3Q19 | 4Q19 | 1Q20 | 2Q20 | 1H19 | 1H20 |
|---|---|---|---|---|---|---|---|---|
| AWM | (4) | 1 | 1 | 1 | (4) | 1 | (3) | (3) |
| CIB | (24) | 8 | 8 | 8 | (28) | 9 | (16) | (19) |
| Insurance | (13) | 4 | 4 | 4 | (15) | 5 | (8) | (10) |
| Payments | (1) | 0 | 0 | 0 | (1) | 0 | (0) | (0) |
| Corporate center | (119) | 40 | 40 | 40 | (113) | 38 | (80) | (76) |
| **Total Natixis** | **(161)** | **54** | **54** | **54** | **(161)** | **54** | **(107)** | **(107)** |

## Normative capital allocation and RWA breakdown - 30/06/2020

| €bn | RWA EoP | % of total | Goodwill & intangibles 1H20 | Capital allocation 1H20 | RoE after tax 1H20 |
|---|---|---|---|---|---|
| AWM | 14.1 | 15% | 3.1 | 4.6 | 8.8% |
| CIB | 69.2 | 75% | 0.2 | 6.9 | (6.2)% |
| Insurance | 7.6 | 8% | 0.1 | 0.9 | 27.2% |
| Payments | 1.2 | 1% | 0.3 | 0.4 | 3.7% |
| **Total (excl. Corp. Center & Coface)** | **92.1** | **100%** | **3.7** | **12.9** | |

| RWA breakdown (€bn) | 30/06/2020 |
|---|---|
| **Credit risk** | **63.0** |
| *Internal approach* | *52.6* |
| *Standard approach* | *10.4* |
| **Counterparty risk** | **6.6** |
| *Internal approach* | *5.8* |
| *Standard approach* | *0.8* |
| **Market risk** | **18.2** |
| *Internal approach* | *12.3* |
| *Standard approach* | *5.9* |
| **CVA** | **1.7** |
| **Operational risk** - *Standard approach* | **13.7** |
| **Total RWA** | **103.2** |

## Fully-loaded leverage ratio[1]

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

| €bn | 30/06/2020 |
|---|---|
| **Tier 1 capital**[1] | **13.7** |
| Total prudential balance sheet | 396.0 |
| Adjustment on derivatives | (51.6) |
| Adjustment on repos[2] | (17.1) |
| Other exposures to affiliates | (53.0) |
| Off balance sheet commitments | 43.2 |
| Regulatory adjustments | (5.4) |
| **Total leverage exposure** | **312.1** |
| **Leverage ratio** | **4.4%** |

*[1] See note on methodology. Without phase-in - supposing replacement of existing subordinated issuances when they become ineligible*
*[2] Repos with clearing houses cleared according to IAS32 standard, without maturity or currency criteria*

## Net book value as at June 30, 2020

| €bn | 30/06/2020 |
|---|---|
| **Shareholders' equity (group share)** | **19.1** |
| Deduction of hybrid capital instruments | (2.0) |
| Deduction of gain on hybrid instruments | (0.1) |
| Distribution | 0.0 |
| **Net book value** | **17.0** |
| Restated intangible assets[1] | (0.7) |
| Restated goodwill[1] | (3.3) |
| **Net tangible book value[2]** | **13.1** |
| € | |
| **Net book value per share** | **5.39** |
| **Net tangible book value per share** | **4.15** |

## 1H20 Earnings per share

| €m | 30/06/2020 |
|---|---|
| Net income (gs) | (261) |
| DSN interest expenses on preferred shares adjustment | (64) |
| **Net income attributable to shareholders** | **(325)** |
| **Earnings per share (€)** | **(0.10)** |

## Number of shares as at June 30, 2020

| | 30/06/2020 |
|---|---|
| Average number of shares over the period, excluding treasury shares | 3,151,380,328 |
| Number of shares, excluding treasury shares, EoP | 3,151,102,683 |
| Number of treasury shares, EoP | 4,743,812 |

## Net income attributable to shareholders

| €m | 2Q20 | 1H20 |
|---|---|---|
| Net income (gs) | (57) | (261) |
| DSN interest expenses on preferred shares adjustment | (31) | (64) |
| **RoE & RoTE numerator** | **(88)** | **(325)** |

*[1] See note on methodology [2] Net tangible book value = Book value - goodwill - intangible assets*

### RoTE[1]

| €m | 30/06/2020 |
|---|---|
| Shareholders' equity (group share) | 19,116 |
| DSN deduction | (2,122) |
| Dividend provision | 0 |
| Intangible assets | (651) |
| Goodwill | (3,256) |
| RoTE Equity end of period | 13,088 |
| Average RoTE equity (2Q20) | 13,359 |
| **2Q20 RoTE annualized with no IFRIC 21 adjustment** | **(2.6)%** |
| IFRIC 21 impact | (47) |
| **2Q20 RoTE annualized excl. IFRIC 21** | **(4.0)%** |
| Average RoTE equity (1H20) | 13,495 |
| **1H20 RoTE annualized excl. IFRIC 21** | **(2.6)%** |

### RoE[1]

| €m | 30/06/2020 |
|---|---|
| Shareholders' equity (group share) | 19,116 |
| DSN deduction | (2,122) |
| Dividend provision | 0 |
| Unrealized/deferred gains and losses in equity (OCI) | (357) |
| RoE Equity end of period | 16,637 |
| Average RoE equity (2Q20) | 17,024 |
| **2Q20 RoE annualized with no IFRIC 21 adjustment** | **(2.1)%** |
| IFRIC 21 impact | (47) |
| **2Q20 RoE annualized excl. IFRIC 21** | **(3.2)%** |
| Average RoE equity (1H20) | 17,217 |
| **1H20 RoE annualized excl. IFRIC 21** | **(2.0)%** |

## Doubtful loans[2]

| €bn | 31/03/2020 | 30/06/2020 |
|---|---|---|
| Provisionable commitments[3] | 2.1 | 2.4 |
| Provisionable commitments / Gross debt | 1.7% | 1.9% |
| Stock of provisions[4] | 1.5 | 1.7 |
| Stock of provisions / Provisionable commitments | 73% | 73% |

*[1]See note on methodology. Returns based on quarter-end balance sheet in 1Q20 to reflect the announced disposal of a 29.5% stake in Coface. The €112m net capital loss is not annualized*
*[2]On-balance sheet, excluding repos, net of collateral [3]Net commitments [4]Specific and portfolio-based provisions*

## 1.3 Other disclosures

**Long-term ratings (as of August 6, 2020)**

**Standard & Poor's:** A+ (negative)
**Moody's**: A1 (stable)
**Fitch Ratings**: A+ (rating watch negative)

**2020-2021 Financial Calendar**

| | |
|---|---|
| **November 5, 2020**<br>After market close (subject to change) | 2020 Third Quarter Results |
| **February 11, 2021**<br>After market close (subject to change) | 2020 Annual Results |
| **May 6, 2021**<br>After market close (subject to change) | 2021 First Quarter Results |
| **May 28, 2021** | General Shareholders' Meeting (to approve the 2020 financial statements) |

**Contacts**

See Investor Relations section at *www.natixis.com*

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# II SECTION 2: CORPORATE GOVERNANCE

## 2.1 Governance of Natixis as at August 3, 2020

### 2.1.1 Structure of the Board of Directors

| Member's first and last name | Main position within the company [a] | Main position outside the company |
|---|---|---|
| **Laurent Mignon**<br>Born December 28, 1963<br>Nationality: French<br>Natixis shares held: 217,801 | **Chairman of the Board of Directors**<br>First appointed: Co-opted by the Board of Directors on June 1, 2018 and ratified at the AGM of 28/05/2019<br>Term expires: 2023 AGM[d]<br>**Member – Strategic Committee**<br>First appointed: Board Meeting of 01/06/2018 | Chairman of the BPCE Management Board<br>50, avenue Pierre Mendès-France<br>75201 Paris Cedex 13 |
| **BPCE**<br>Natixis shares held: 2,227,221,174 | **Director**<br>Permanent Representative: Catherine Halberstadt<br>Born October 9, 1958<br>First BPCE appointment: Co-opted by the Board of Directors on 25/08/2009 and ratified at the AGM of 27/05/2010<br>Term expires: 2023 AGM [d]<br>**Member – Audit Committee**<br>First appointed: Board meeting of 21/12/2017 (effective as of 01/01/2018)<br>**Member - Risk Committee**<br>First appointed: Board meeting of 21/12/2017 (effective as of 01/01/2018)<br>**Member – Strategic Committee**<br>First appointed: Board meeting of 21/12/2017 (effective as of 01/01/2018) | Member of the Groupe BPCE Management Board in charge of Human Resources<br>50 avenue Pierre Mendès France<br>75201 Paris Cedex 13 |
| **Daniel de Beaurepaire**<br>Born September 23, 1950<br>Nationality: French<br>Natixis shares held: 1,000 | **Director**<br>First appointed: AGM of 28/05/2019<br>Term expires: 2023 AGM [d]<br>**Member of the Appointments Committee**<br>First appointed: Board Meeting of 28/05/2019<br>**Member – Audit Committee**<br>First appointed: Board Meeting of 06/02/2020<br>**Member – Strategic Committee**<br>First appointed: Board Meeting of 28/05/2019 | Chairman of the Steering and Supervisory Board of Caisse d'Epargne Île-de-France (CEIDF)<br>26-28 rue Neuve Tolbiac<br>75013 Paris |
| **Alain Condaminas**<br>Born April 6, 1957<br>Nationality: French<br>Natixis shares held: 1,000 | **Director**<br>First appointed: AGM of 29/05/2012<br>Term expires: 2024 AGM [e]<br>**Member - Compensation Committee**<br>First appointed: Board Meeting of 29/05/2012<br>**Member – Strategic Committee**<br>First appointed: Board Meeting of 29/05/2012 | Chief Executive Officer of Banque Populaire Occitane<br>33-43 avenue Georges Pompidou<br>31135 Balma Cedex |

| Member's first and last name | Main position within the company [a] | Main position outside the company |
|---|---|---|
| **Dominique Duband**<br>Born March 10, 1958<br>Nationality: French<br>Natixis shares held: 1,616 | **Director**<br>First appointed: Co-opted by the Board of Directors on 06/02/2020<br>and ratified at the AGM of 20/05/2020<br>Term expires: 2022 AGM [c]<br>**Member – Strategic Committee**<br>First appointed: Board Meeting of 06/02/2020 | Chairman of the Steering and Supervisory Board of Caisse d'Epargne and Prévoyance Grand Est Europe<br>50 rue de Laxou<br>54 000 Nancy |
| **Nicole Etchegoïnberry**<br>Born December 17, 1956<br>Nationality: French<br>Natixis shares held: 1,112 | **Director**<br>First appointed: Co-opted by the Board of Directors on 20/12/2018<br>and ratified at the AGM of 28/05/2019<br>Term expires: 2024 AGM [e]<br>**Member – Appointments Committee**<br>First appointed: Board Meeting of 20/12/2018<br>**Member - Risk Committee**<br>First appointed: Board Meeting of 20/12/2018<br>**Member – Strategic Committee**<br>First appointed: Board Meeting of 20/12/2018 | Chairwoman of the Management Board of Caisse d'Epargne Loire Centre (CELC)<br>12 rue de Maison Rouge – CS10620<br>45146 Saint-Jean-de-la-Ruelle |
| **Mme Sylvie Garcelon**<br>Born April 4, 1965<br>Nationality: French<br>Natixis Shares held :<br>1000 | **Director**<br>First appointed: Co-opted by the Board of Directors<br>on 10/02/2016 and ratified at the AGM 24/05/2016<br>Term expires: 2024 AGM[e]<br>**Member – Audit Commitee**<br>First appointed: Board Meeting of 10/02/2016<br>**Member – Strategic Committee**<br>First appointed: Board Meeting of 10/02/2016 | Chief Executive Officer of CASDEN Banque Populaire<br>1 bis rue Jean Wiener – Champs-sur-Marne<br>77474 Marne-La-Vallée Cedex 2 |
| **Philippe Hourdain**<br>Born June 19, 1956<br>Nationality: French<br>Number of shares 1,000 | **Director**<br>First appointed: Co-opted by the Board of Directors on 23/06/2020<br>Term expires: 2022 AGM (c)<br>**Member – Appointments Committee**<br>First appointed: Board Meeting of 23/06/2020<br>**Member – Strategic Committee**<br>First appointed: Board Meeting of 23/06/2020 | Chairman of the Board of Directors of Banque Populaire du Nord<br>847 avenue de la République<br>59700 Marcq-en-Barœul |
| **Anne Lalou**<br>Born December 6, 1963<br>Nationality: French<br>Natixis shares held: 1,000 | **Independent Director**<br>First appointed: Co-opted by the Board of Directors on 18/02/2015<br>and ratified at the AGM of 19/05/2015<br>Term expires: 2022 AGM [c]<br>**Chairwoman – Strategic Committee**<br>First appointed: Board Meeting of 18/02/2015 | Dean of the Web School Factory, Chairwoman of the Innovation Factory<br>59 rue Nationale<br>75013 Paris |

| Member's first and last name | Main position within the company [a] | Main position outside the company |
|---|---|---|
| | **Member - Compensation Committee**<br>First appointed: Board Meeting of 18/02/2015<br>**Member – Appointments Committee**<br>First appointed: Board Meeting of 18/02/2015 | |
| **Catherine Leblanc**<br>Born February 11, 1955<br>Nationality: French<br>Number of shares *currently vesting* | **Director**<br>First appointed: Co-opted by the Board of Directors on 23/06/2020<br>Term expires: 2023 AGM[d]<br>**Member - Compensation Committee**<br>First appointed: Board Meeting of 23/06/2020<br>**Member – Strategic Committee**<br>First appointed: Board Meeting of 23/06/2020 | Chairwoman of the Board of Directors of Banque Populaire Grand Ouest<br>15 boulevard de la Boutière<br>35768 Saint-Grégoire Cedex |
| **Bernard Oppetit**<br>Born August 5, 1956<br>Nationality: French<br>Natixis shares held: 1,000 | **Independent Director**<br>First appointed: Co-opted by the Board of Directors on 12/11/2009<br>and ratified at the AGM of 27/05/2010<br>Term expires: 2022 AGM [c]<br>**Chairman - Risk Committee**<br>First appointed: Board Meeting of 17/12/2014<br>**Member – Audit Committee**<br>First appointed: Board Meeting of 17/12/2009<br>**Member – Strategic Committee**<br>First appointed: Board Meeting of 11/05/2011 | Chairman of Centaurus Capital Limited<br>53 Davies Street<br>London W1K 5JH<br>England |
| **Catherine Pariset**<br>Born August 22, 1953<br>Nationality: French<br>Natixis shares held: 1,000 | **Independent Director**<br>First appointed: Co-opted by the Board of Directors on 14/12/2016<br>and ratified at the AGM of 23/05/2017<br>Term expires: 2023 AGM [d]<br>**Chairwoman – Audit Committee**<br>First appointed: Board Meeting of 14/12/2016<br>**Member - Risk Committee**<br>First appointed: Board Meeting of 14/12/2016<br>**Member – Strategic Committee**<br>First appointed: Board Meeting of 14/12/2016 | Address:<br>19 rue Ginoux<br>75015 Paris |
| **Christophe Pinault**<br>Born November 26, 1961<br>Nationality: French<br>Natixis shares held: 1,093 | **Director**<br>First appointed: Co-opted by the Board of Directors on 20/12/2018<br>and ratified at the AGM of 28/05/2019<br>Term expires: 2023 AGM [d]<br>**Member - Compensation Committee** | Chairman of the Management Board of Caisse d'Epargne et de Prévoyance Bretagne Pays de Loire (CEBPL)<br>15 avenue de la Jeunesse – CS30327<br>44703 Orvault Cedex |

| Member's first and last name | Main position within the company [a] | Main position outside the company |
|---|---|---|
| | First appointed: Board Meeting of 20/12/2018<br>**Member - Risk Committee**<br>First appointed: Board Meeting of 20/12/2018<br>**Member – Strategic Committee**<br>First appointed: Board Meeting of 20/12/2018 | |
| **Diane de Saint Victor**<br>Born February 20, 1955<br>Nationality: French<br>Natixis shares held: 1,000 | **Independent Director**<br>First appointed: Co-opted by the Board of Directors on 04/04/2019<br>and ratified at the AGM of 28/05/2019<br>Term expires: 2023 AGM [d]<br>**Chairwoman - Appointments Committee**<br>First appointed: Board Meeting of 04/04/2019<br>**Member - Compensation Committee**<br>First appointed: Board Meeting of 04/04/2019<br>**Member – Strategic Committee**<br>First appointed: Board Meeting of 04/04/2019 | Member of the Board of Directors of ABB India Ltd<br>Address:<br>Baarerstrasse 63<br>6300 Zug<br>Switzerland |
| **Nicolas de Tavernost**<br>Born August 22, 1950<br>Nationality: French<br>Natixis shares held: 1,000 | **Independent Director**<br>First appointed: AGM of 31/07/2013<br>Term expires: 2021 AGM [b]<br>**Chairman - Compensation Committee**<br>First appointed: Board Meeting of 06/08/2013<br>**Member – Appointments Committee**<br>First appointed: Board Meeting of 17/12/2014<br>**Member – Strategic Committee**<br>First appointed: Board Meeting of 06/08/2013 | Chairman of the Groupe M6 Management Board<br>89 avenue Charles de Gaulle<br>92575 Neuilly sur Seine Cedex |
| **Henri Proglio**<br>Born June 26, 1949<br>Nationality: French<br>Natixis shares held: 1,000 | **Non-Voting Director:**<br>First appointed: Board Meeting of 04/04/2019<br>and ratified at the AGM of 28/05/2019<br>Term expires: 2023 AGM [d]<br>**Member – Compensation Committee**<br>First appointed (as non-voting member):<br>Board Meeting of 04/04/2019<br>**Member – Strategic Committee**<br>First appointed (as non-voting member):<br>Board Meeting of 04/04/2019 | Chairman of Henri Proglio Consulting SAS<br>9 avenue Mercier<br>75008 Paris |

*(a) A brief resume for each Natixis corporate officer and the list of corporate offices they held in 2019 as well as previous years are provided in section 2.2 of the Natixis 2019 Universal Registration Document.*
*(b) AGM held to approve the financial statements for fiscal year 2020 (AGM 2021)*
*(c) AGM held to approve the financial statements for fiscal year 2021 (AGM 2022)*
*(d) AGM held to approve the financial statements for fiscal year 2022 (AGM 2023)*
*(e) AGM held to approve the financial statements for fiscal year 2023 (AGM 2024)*

### 2.1.2 Senior Management Committee and Executive Committee

#### 2.1.2.1. Senior Management as of August 3, 2020

| Corporate officer's first and last name | Main position within the company | Main position outside the company |
|---|---|---|
| **Nicolas Namias**<br>Born March 25, 1976<br>Nationality: French<br>Natixis shares held: 12,780 | **Chief Executive Officer**<br>First appointed: Board meeting of 03/08/2020 (effective as of 03/08/2020)<br>Term expires: 2024 AGM | Member of the BPCE Management Board |

#### 2.1.2.2. Senior Management Committee and Executive Committee

■ **MEMBERS OF THE SENIOR MANAGEMENT COMMITTEE (SMC) AS OF AUGUST 3, 2020**

| | | | |
|---|---|---|---|
| **Nicolas Namias**<br>Chief Executive Officer<br>Chairman of the Committee | **Nathalie Bricker**<br>Finance | **Jean-François Lequoy**<br>Insurance | **André-Jean Olivier**<br>Corporate Secretariat |
| **Jean Raby**<br>Asset and Wealth Management | **Véronique Sani**<br>Technology & Transformation | **Cécile Tricon-Bossard**<br>Human Resources | **Pierre-Antoine Vacheron**<br>Payments |
| **Olivier Vigneron**<br>Risks | **Marc Vincent**<br>Corporate and Investment Banking | | |

■ **MEMBERS OF THE EXECUTIVE COMMITTEE (EXCO) AS OF AUGUST 3, 2020**

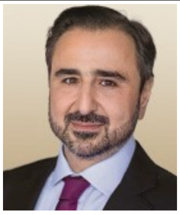
| | | | |
|---|---|---|---|
| **Nicolas Namias**<br>Chief Executive Officer | **Stéphane About**<br>CIB – EMEA – excl. France | **Patrick Artus**<br>Chief Economist | **Luc Barnaud**<br>Technology & Transformation - Digital & Technology Office |
| **Beverly Bearden**<br>Asset & Wealth Management – Natixis Investment Managers - Human Resources | **Olivier Bilal**<br>Asset & Wealth Management – Natixis Investment Managers - International Sales and Marketing | **Nathalie Bricker**<br>Finance | **Nathalie Broutèle**<br>Insurance – Non-Life Insurance |
| **Alain Bruneau**<br>Corporate Secretariat - Compliance | **Anne-Christine Champion**<br>CIB – Real Assets | **Fouad Chéhady**<br>Technology & Transformation - Transformation and Operational Excellence | **Frédéric Chenot**<br>Payments – Coordination of the BPCE networks |
| **Georges-Eric de La Brunière**<br>Asset & Wealth Management – Natixis Asset Management | **Guillaume de Saint-Seine**<br>CIB – Coverage | **Anne-Cécile Delas**<br>CIB – Trade & Treasury Solutions | **Olivier Delay**<br>CIB – Americas |
| **Sophie Didelot**<br>Risks – Enterprise Risk Management | **Christophe Eglizeau**<br>Asset & Wealth Management – Natixis Interépargne | **Alain Gallois**<br>CIB – Investment Banking | **Benoît Gausseron**<br>Communication |
| **David Giunta**<br>Asset & Wealth Management – Natixis Investment Managers - United States and Canada | **Stéphane Honig**<br>Strategy | **Hervé Housse**<br>Internal Audit | **Mohamed Kallala**<br>CIB – Global Markets |
| **Christophe Lanne**<br>Asset & Wealth Management – Transformation | **Christian Le Hir**<br>Corporate Secretary's Office – Legal | **Christophe Le Pape**<br>Insurance – Personal Insurance | **Jean-François Lequoy**<br>Insurance |
| **Bruno Le Saint**<br>CIB – Asia-Pacific | **Cyril Marie**<br>Asset & Wealth Management - Finance – Natixis Investment Managers | **Chloé Mayenobe**<br>Payments – Growth and Development | **Teresa Mora Grenier**<br>Finance – Financial Oversight |
| **Stéphane Morin**<br>Risks and Corporate Secretariat – Risks and US Compliance | **André-Jean Olivier**<br>Corporate Secretariat | **Joseph Pinto** | **Jean Raby**<br>Asset and Wealth Management |

| | | | |
|---|---|---|---|
| | | Asset & Wealth Management – Natixis Investment Managers - Operations | |
| **Isabelle Reux-Brown**<br>CIB – Distribution & Portfolio Management | **Véronique Sani**<br>Technology & Transformation | **Philippe Setbon**<br>Asset & Wealth Management – Ostrum Asset Management | **Cécile Tricon-Bossard**<br>Human Resources |
| **Pierre-Antoine Vacheron**<br>Payments | **Olivier Vigneron**<br>Risk | **Richard Vinadier**<br>Finance – Accounting and Ratios | **Marc Vincent**<br>Corporate & Investment Banking (CIB) |

## 2.2 Additional information on the corporate officers at August 3, 2020

**François Riahi**

**Chief Executive Officer of Natixis**



*Born April 8, 1973*

*Nationality: French*

*Natixis shares held: 18,828*

*Address: 30 avenue Pierre Mendès France 75,013 Paris*

First appointed: co-opted by the Board of Directors on April 27, 2018 effective as of June 1, 2018
Date term of office expires Board Meeting of 03/08/2020

A graduate of the École Centrale de Paris school of engineering, Sciences Po and the Stanford Executive Program, François Riahi began his career as an auditor in the French government's Inspection Générale des Finances from 2001 to 2005, before joining the government's Budget Department.

In 2007 he was appointed Advisor on the Reform of State Institutions and Public Finances to the President of the French Republic. He joined Groupe BPCE in March 2009, becoming its Deputy Chief Executive Officer in charge of Strategy.

In May 2012 he took over as Head of the Asia-Pacific platform of Natixis' Corporate & Investment Banking division, based in Hong Kong.

In February 2016 he was appointed a member of Natixis' Senior Management Committee as Global Co-Head of Corporate & Investment Banking. In January 2018 François Riahi was appointed to the Groupe BPCE as the member in charge of Finance, Strategy, Legal Affairs and Secretary's Office of the Governing Bodies.

François Riahi was Chief Executive Officer of Natixis from June 1, 2018 to August 3, 2020.

**Other offices held in 2019 and 2020:**

**Within Groupe BPCE**
› Member of the BPCE Management Board (from 01/01/2018 to 03/08/2020)
› Chairman of the Board of Directors of:
- Natixis Investment Managers (from 01/06/2018 to 03/08/2020),
- Natixis Assurances (from 07/06/2018 to 03/08/2020),
- Coface S.A.* (from 15/06/2018 to 03/08/2020),
- Natixis Payment Solutions (from 21/09/2018 to 03/08/2020),
› Member of the Board of Peter J. Solomon GP Company LLC (from 01/06/2018 to 03/08/2020)
› Member of the Board of Peter J. Solomon Securities Company LLC (from 30/05/2018 to 03/08/2020)

**Outside Groupe BPCE**
› Manager of SNC TEA and EMMA (since 01/08/2012)

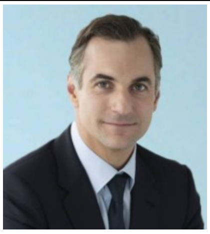
| Compliance with rules governing the number of offices held | AFEP-Medef code: compliant | French Monetary and Financial Code: compliant |
|---|---|---|

| 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|
| ■ Member of the Board of: | | | |
| - Natixis Asia Limited *(since 04/09/2012)* | ▸ (until 23/09/2016) | | |
| - Natixis Australia PTY Ltd *(since 03/09/2012)* | ▸ (until 18/07/2016) | | |
| - Natixis Japan Securities *(since 07/09/2012)* | | ▸ (until 22/12/2017) | |
| | ■ Chairman of the Supervisory Board of Natixis Pfandbriefbank AG *(since 01/06/2016)* | | ▸ (until 28/02/2018) |
| | ■ Member of the Board: Natixis North America LLC *(since 31/05/2016)* | | ▸ (until 15/01/2018) |
| | | ■ Permanent Representative of Natixis, Director of Natixis Coficiné *(since 09/01/2017)* | ▸ (until 07/02/2018) |
| | | ■ Member of the Board of Natixis Assurances *(from 26/10/2017 to 31/12/2017)* | |
| | | | ■ Permanent Representative of BPCE, Member of the Board of: Crédit Foncier de France *(from 01/01/2018 to 31/05/2018)* |
| | | | ■ Permanent representative of BPCE, Member of the Board and Deputy Chief Executive Officer of CE Holding *(from 01/01/2018 to 31/05/2018)* |

* Listed company

**Nicolas Namias**

**Chief Executive Officer of Natixis**



*Born March 25, 1976*

*Nationality: French*

*Natixis shares held: 12,780*

*Address: 30 avenue Pierre Mendès France 75013 Paris*

First appointed: Board Meeting of 03/08/2020

Term expires: 2024 AGM

An alumnus of the elite École Nationale d'Administration (ENA) with degrees from Stanford Graduate School of Business (Executive Program), ESSEC and Institut d'Études Politiques de Paris, Nicolas Namias began his career in 2004 in the Treasury department of the French Ministry of Economy and Finance. He was first tasked with preparing for the international financial summits of the G8 and G20, before being named as the Government's Substitute Commissioner to the Autorité des marchés financiers (AMF). In June 2008, he joined the Finance division of Groupe BPCE, then became Head of Planning for Commercial Banking and Insurance. In 2012, he was named Technical Advisor to the Prime Minister for the funding of the economy, businesses, and international economic affairs.

Nicolas Namias returned to Groupe BPCE in 2014 as Head of Strategic Planning at Natixis and a member of the Executive Committee. In this role, he has coordinated all acquisitions carried out by Natixis since 2014. In September 2017, he was appointed Chief Financial Officer and Head of Strategic Planning, and as a member of the Natixis Executive Management Committee.

In June 2018, Nicolas Namias was appointed as a member of the BPCE Management Board member in charge of Finance, Strategy, Legal Affairs and the Secretary's Office of the Supervisory Board. From November 2018 to August 2020, he has been a BPCE Management Board Member in charge of Finance and Group Strategy.

Since August 3, 2020, Nicolas Namias is Chief Executive Officer of Natixis and Member of the BPCE Management Board.

**Other offices held in 2019 and 2020:**

**Within Groupe BPCE**

› Member of the BPCE Management Board, Chief Executive Officer of Natixis* (since 03/08/2020)

› Permanent Representative of BPCE, Member of the Board of CE Holding Participations (since 01/06/2018)

› Chairman of the Board of Directors of EIG BPCE Services Financiers (since 18/04/2019)

› Member of the Board of EIG BPCE Services Financiers (since 01/03/2019)

Deputy Chief Executive Officer of CE Holding Participations (since 06/06/2018)

› Chairman of the Board of Directors: Crédit Foncier de France (since 01/08/2019)

› Member of the Management Board of BPCE, Group Chief Financial Officer and Head of Strategic Planning (from 01/06/2018 to 03/08/2020)

› Permanent Representative of BPCE, Director: Crédit Foncier de France (from 01/06/2018 to 31/07/2019)

› Member of the Board of Natixis Coficiné (from 30/11/2018 to 05/05/2020)

› Permanent Representative of Natixis, Member of the Board of IFCIC (Institut pour le Financement du Cinéma et des Industries Culturelles) (from 16/12/2016 to 16/06/2020)

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

**Offices held in previous fiscal years**

| 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|
| ■ Permanent Representative of NATIXIS HCP – Member of the Board of Kompass International *(from 30/09/2014 to 29/09/2015)* | ■ Chairman of the Board of Directors of HCP NA LLC *(from 30/10/2014 to 31/03/2016)* | ■ Member of the Executive Committee, Head of Strategic Planning at Natixis* *(from June 2014 to September 2017)*<br>■ Permanent Representative of NATIXIS HCP – Member of the Board of Ellisphère *(from 30/09/2014 to 13/04/2017)*<br>■ Chief Executive Officer of Natixis HCP *(from 30/09/2014 to 27/06/2017)*<br>■ Vice-Chairman and Member of the Supervisory Board of Seventure Partners *(from 24/07/2015 to 18/10/2017)* | ■ Member of the Executive Committee, Chief Financial Officer and Head of Strategic Planning of Natixis *(from 19/09/2017 to 31/05/2018)*<br>■ Member of the Board of:<br>- Natixis Partners Espana *(from 29/01/2016 to 17/01/2018)*<br>- Natixis Assurances *(from 26/10/2017 to 19/06/2018)*<br>- Natixis Partners *(from 13/05/2015 to 10/07/2018)*<br>■ Permanent Representative of Natixis, Director:<br>- Natixis Investment Managers *(from 11/12/2017 to 06/09/2018)*<br>- Compagnie Française d'Assurance pour le Commerce Extérieur *(from 11/12/2017 to 06/08/2018)* |

* Listed company

**Philippe Hourdain**

**Chairman of the Board of Directors of Banque Populaire du Nord**

*Born June 19, 1956*

*Nationality: French*

*Natixis shares held: 1,000*

*Address: 847 avenue de la République*

*59700 Marcq-en-Barœul*

**Director**

First appointed: Board Meeting of 23/06/2020

Term expires: 2022 AGM

**Member – Appointments Committee**

First appointed: Board Meeting of 23/06/2020

**Member – Strategic Committee**

First appointed: Board Meeting of 23/06/2020

With a postgraduate degree from the IAE business school in Lille, Philippe Hourdain began his career in 1979 in sales at France Rail Publicité before taking over as regional head for the company

In 1983, he joined advertising publishing agency Epure as sales director, and in 1986, he was appointed special advisor at the French Ministry for Industry, seconded to the State Secretary for Tourism. From 1988 to 1994, he held the position of sales director of printing group Techniphoto. He then chaired SAS Investissements et Actions from 1994 to 2018.

Within Groupe BPCE, Philippe Hourdain has been Chairman of the Board of Directors of Banque Populaire du Nord since October 16, 2016. He has also been a Director at BPCE Financement since 2018.

Key advisory skills: in-depth knowledge of the banking business, expertise in business administration, knowledge of the industrial sector.

**Other offices held in 2019 and 2020:**

**Within Groupe BPCE**

› Chairman of the Board of Directors of Banque Populaire du Nord *(since 16/10/2016)*

› Member of the Board of BPCE Financement *(since 27/11/2018)*

**Outside Groupe BPCE**

› Chairman of CCI Région Hauts de France *(since 23/06/2016)*

› Member of the Board of SAS CCIWEBSTORE *(since 26/09/2018)*

› Chairman of the Norlink Ports association *(since 25/01/2017)*

› Chairman of GIE CMDU *(since 20/04/2012)*

› Non-associate Manager of SCI Templemars 4 *(since 17/08/2018)*

› Manager of SCI Lille II *(since 19/01/2005)*

› Member of the Board of Groupement Des Acteurs Régionaux Portuaires (G.A.R.P) *(from 26/11/2019 to 31/12/2019)*

› Chairman of Ports de Lille *(from February 2010 to April 2020)*

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

**Offices held in previous fiscal years**

| 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|
| › Vice-Chairman of Banque Populaire du Nord *(since 19/10/2012)* | *(until 15/10/2016)* | | |
| › Chairman of CCI Grand Lille (2) *(since February 2010)* | *(until June 2016)* | | |
| › Chairman of SAS Investissements et Action (2) *(since 1994)* | | | *(until 2018)* |

*(2) Company outside Groupe BPCE.*

**Catherine Leblanc**

**Chairwoman of the Board of Directors of Banque Populaire Grand Ouest**

*Born February 11, 1955*

*Nationality: French*

*Natixis shares held:*

*currently vesting*

*Address: 15 boulevard de la Boutière 35768 Saint-Grégoire cedex*

**Director**

First appointed: Board Meeting of 23/06/2020

Term expires: 2023 AGM

**Member – Compensation Committee**

First appointed: Board Meeting of 23/06/2020

**Member – Strategic Committee**

First appointed: Board Meeting of 23/06/2020

A graduate of Université Paris XI and holder of a PhD in law, Catherine Leblanc began her career in 1980 as legal counsel at the Fédération Nationale de la Mutualité Française, and then as senior advisor for the Centre National sur les Droits de la Femme in 1982.

In 1983, she joined the Paris Chamber of Commerce and Industry where she was, among other positions, Head of Financial Affairs and Human Resources (from 1990 to 1999) and Head of Development (from 1999 to 2000).

In 2001, she joined the ESSCA School of Management as Academic and Research Director. She was then appointed Deputy Dean of ESSCA in 2006, before becoming Dean in 2007 until November 2018.

Within Groupe BPCE, Catherine Leblanc has been Chairwoman of the Board of Directors of Banque Populaire Grand Ouest since May 21, 2019. She has also been a Director at BPCE Factor since 2016.

Key advisory skills: in-depth knowledge of the banking business, expertise in human resources, legal expertise.

**Other offices held in 2019 and 2020:**

**Within Groupe BPCE**

› Chairwoman of the Board of Directors of Banque Populaire Grand Ouest *(since 21/05/2019)*

› Director of BPCE Factor *(since 02/12/2016)*

› Vice Chairwoman of Banque Populaire Grand Ouest *(from 07/12/2017 to 21/05/2019)*

**Outside Groupe BPCE**

› Member of the Board of Association Saint Yves Université Catholique de l'Ouest (*since 15/06/2019)*

› Manager of SCI Boudou Bleu *(from 2002 to 2019)*

› Member of the International Advisory Board of Antwerp Management School *(from January 2016 to December 2019)*

› Member of the International Advisory Board of Deakin University *(March 2016 to December 2019)*

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

**Offices held in previous fiscal years**

| 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|
| › Member of the Board of Banque Populaire Atlantique *(since 27/04/2010)* | | *(until 06/12/2017)* | |

## 2.3 Management and oversight of corporate governance

### 2.3.1 Board of Directors

#### 2.3.1.1 Organization

Natixis' Board of Directors had 15 members at August 3, 2020. It is composed as follows:

- two members from BPCE, namely Laurent Mignon and BPCE itself, represented by Catherine Halberstadt;
- four members from the Banque Populaire banks, namely Alain Condaminas, Sylvie Garcelon, Philippe Hourdain and Catherine Leblanc;
- four members from the Caisse d'Epargne banks, namely Daniel de Beaurepaire, Dominique Duband, Nicole Etchegoïnberry and Christophe Pinault;
- five independent members, namely Anne Lalou, Bernard Oppetit, Catherine Pariset, Diane de Saint Victor and Nicolas de Tavernost.

Changes made to the Board of Directors since the start of the 2020 financial year that are likely to have a material impact on the Company's governance are as follows:

- On February 6, 2020, the Natixis Board of Directors:

- co-opted with immediate effect Dominique Duband as director to replace Françoise Lemalle, who resigned, for the remainder of her term of office, terminating at the end of the Natixis General Shareholders' Meeting convened in 2022 to approve the financial statements for the year ending December 31, 2021. Dominique Duband is also a member as of right of the Strategic Committee.

- On May 20, 2020, the General Shareholders' Meeting of Natixis:

- ratified the co-opting of Dominique Duband, which took place during the meeting of the Board on February 6, 2020, to replace Françoise Lemalle, who resigned, to serve out the remainder of his predecessor's term of office, terminating at the end of the General Shareholders' Meeting convened in 2022 to approve the financial statements for the year ending December 31, 2021;
- reappointed Alain Condaminas as director for a term of four (4) years, terminating at the end of the General Shareholders' Meeting convened in 2024 to approve the financial statements for the year ending December 31, 2023;
- reappointed Nicole Etchegoïnberry as director for a term of four (4) years, terminating at the end of the General Shareholders' Meeting convened in 2024 to approve the financial statements for the year ending December 31, 2023;
- reappointed Sylvie Garcelon as director for a term of four (4) years, terminating at the end of the General Shareholders' Meeting convened in 2024 to approve the financial statements for the year ending December 31, 2023;

- On June 23, 2020, the Natixis Board of Directors:

- co-opted with immediate effect Philippe Hourdain as a director to replace Thierry Cahn, who resigned, for the remainder of his term of office, terminating at the end of the Natixis General Shareholders' Meeting convened in 2022 to approve the financial statements for the year ending December 31, 2021, and appointed his successor as member of the Appointment Committee. Philippe Hourdain is also a member as of right of the Strategic Committee.

- co-opted with immediate effect Catherine Leblanc as a director to replace Bernard Dupouy, who resigned, for the remainder of his term of office, terminating at the end of the Natixis General Shareholders' Meeting convened in 2023 to approve the financial statements for the year ending December 31, 2022, and appointed his successor as member of the Compensation Committee. Catherine Leblanc is also a member as of right of the Strategic Committee.

In accordance with the staggered appointments procedure initiated at the Combined General Shareholders' Meeting on May 23, 2018, the current terms of office expire as follows:

| | |
|---|---|
| 2021 AGM | Nicolas de Tavernost |
| 2022 AGM | Dominique Duband, Philippe Hourdain, Anne Lalou, Bernard Oppetit |
| 2023 AGM | Laurent Mignon, BPCE (represented by Catherine Halberstadt), Daniel de Beaurepaire, Catherine Leblanc, Catherine Pariset, Christophe Pinault, Diane de Saint Victor and the non-voting member, Henri Proglio |
| 2024 AGM | Alain Condaminas, Nicole Etchegoïnberry, Sylvie Garcelon |

### 2.3.2 Special Committees: offshoots of the Board of Directors

Following the General Shareholders' Meeting on May 20, 2020 during which Alain Condaminas, Nicole Etchegoïnberry and Sylvie Garcelon were reappointed as directors for a term of four (4) years, the Board of Directors:

- reappointed Alain Condaminas as member of the Compensation Committee;
- reappointed Nicole Etchegoïnberry as member of the Risk Committee and member of the Appointments Committee;
- reappointed Sylvie Garcelon as member of the Audit Committee.

In addition, in their capacity as directors, Alain Condaminas, Nicole Etchegoïnberry and Sylvie Garcelon are members of the Strategic Committee.

### 2.3.3 Senior Management

#### 2.3.3.1 Chief Executive Officer

The Chief Executive Officer is responsible for the Natixis' senior management, in accordance with the Board of Directors' decision of April 30, 2009 to separate the offices of Chairman of the Board and Chief Executive Officer.

Following the departure of François Riahi on August 3, 2020, the Board of Directors decided, following the favorable opinion of the Appointment Committee, to appoint Nicolas Namias as his replacement with immediate effect, for a period of four years ending with the adjournment of the Natixis General Shareholders' Meeting convened in 2024 to approve the financial statements for the fiscal year ending December 31, 2023.

#### 2.3.3.2 Executive managers

Pursuant to Articles L. 511-13 and L. 532-2 of the French Monetary and Financial Code, Natixis currently has two executive managers: Nicolas Namias, Chief Executive Officer, and Marc Vincent, Head of Corporate & Investment Banking.

As executive managers, Nicolas Namias and Marc Vincent stand surety and assume full liability toward the supervisory authorities, specifically the Autorité de Contrôle Prudentiel et de Résolution (ACPR — French Prudential Supervisory Authority for the Banking and Insurance Sector) and the European Central Bank (ECB), for the following activities:

- the bank's effective management, within the meaning of Article L. 511-13 of the French Monetary and Financial Code;
- disclosure to the ACPR of any accounting or financial documents that the ACPR may request, and responses to any questions or requests for information, per Articles L. 571-4 to L. 571-9 of the same Code;
- the periodic evaluation and control of the effectiveness of the mechanisms and procedures set up to comply with the French Ministerial Order of November 3, 2014 on internal control of banking sector businesses;

- the determination of capital requirements.

#### 2.3.3.3 Senior Management Committee

Following Natixis' conversion into a French société anonyme with a Board of Directors, a Senior Management Committee was set up in early May 2009 in order to examine and validate the company's main decisions and steer its management.

Barring exceptions, it meets weekly, chaired by the Chief Executive Officer.

It consists of the heads of Natixis' four main businesses (Asset & Wealth Management, Corporate & Investment Banking, Insurance and Payments) and support functions.

At August 3, 2020, the Senior Management Committee members were: Nathalie Bricker (Finance), Jean-François Lequoy (Insurance), André-Jean Olivier (Corporate Secretary), Jean Raby (Asset & Wealth Management), Véronique Sani (Technology & Transformation), Cécile Tricon-Bossard (Human Resources), Pierre-Antoine Vacheron (Payments), Olivier Vigneron (Risk) et Marc Vincent (Corporate & Investment Banking).

## 2.4 Policies and rules established for determining compensation and benefits of any kind for corporate officers

The General Shareholders' Meeting of May 20, 2020 approved the policies and rules established for determining compensation and benefits of any kind for corporate officers, as set out in section 2.4 of Chapter 2 of the 2019 Natixis Universal Registration Document.

At its meeting on August 3, 2020, and based on the opinion of the Compensation Committee, the Board of Directors adopted the plan with respect to the financial conditions of François Riahi's departure. These financial conditions will be specified in a press release due for publication in the next few days.

At its meeting on August 3, 2020, and based on the opinion of the Compensation Committee, the Board of Directors approved the compensation plan of the new Chief Executive Officer as described below. The plan will be subject to the approval of the shareholders at the next General Shareholders' Meeting.

### 2.4.2 Principles and criteria for determining, distributing and granting the fixed, variable and non-recurring items making up the total pay and benefits of any kind that may be granted to the Chairman of the Board of Directors and the Chief Executive Officer.

#### 2.4.2.2 Chief Executive Officer

The compensation principles of the new Chief Executive Officer remain unchanged with respect to those determined for François Riahi and as adopted by the General Shareholders' Meeting of May 20, 2020, with the following adaptations:

- Fixed compensation: payments to the BPCE "Article 82" insurance policy will not be mandatory;
- Annual variable compensation: applied to the annual variable compensation provisions determined for François Riahi for the 2020 financial year, prorated to reflect the length of the time served in office, the target annual variable compensation being 100% of fixed compensation, i.e. €800,000 for a full year (instead of 120% of fixed compensation for his predecessor);
- Contract termination payment: excluded in the event of the departure of the Chief Executive Officer to exercise his rights to retirement.

## REGULATORY RATIOS

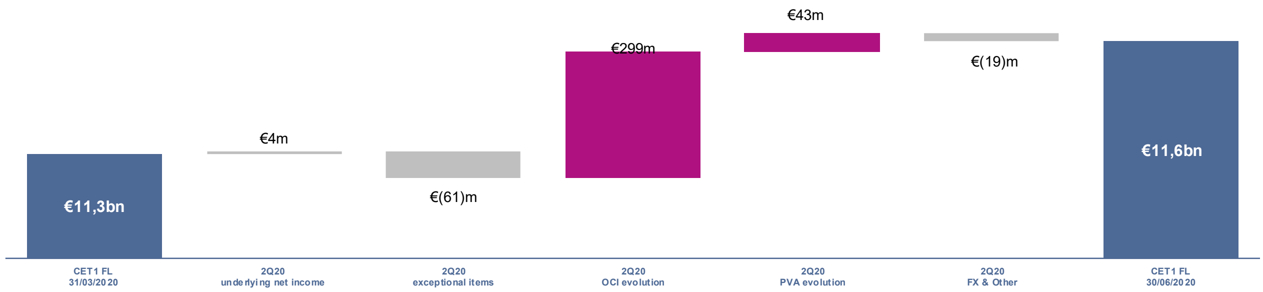
Phased-in CET1 ratio
**11.2%**

Total capital ratio
**15.5%**

Leverage ratio
**3.6%**

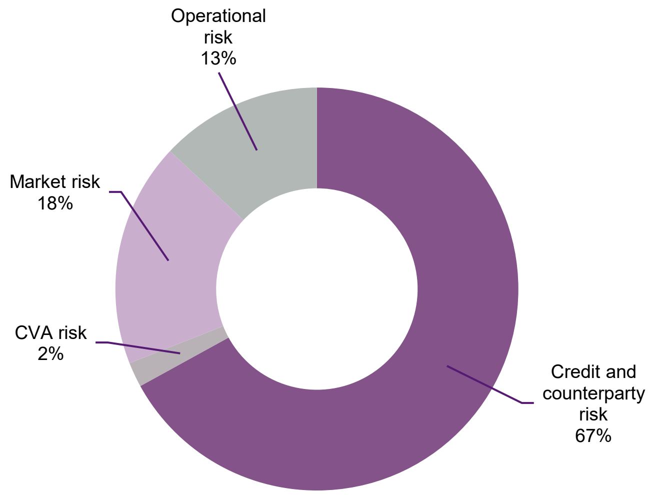
LCR
**120%**

## FINANCIAL STRUCTURE

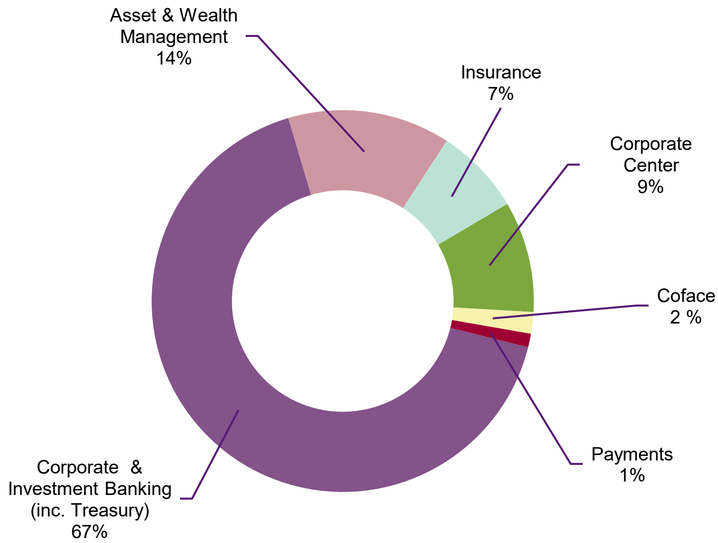



## RISK-WEIGHTED ASSETS

**Capital requirements by risk type**




**Capital requirement by business line**



## 3.1 Risk factors

The main types of risk to which Natixis is exposed are presented below. At present, they are identified as material risks which, by Natixis' estimations, could adversely affect the viability of its activities, and are generally measured in terms of the impact these risks could have on Natixis' solvency ratio or net income. The risk factors presented below have been updated to reflect the impact of the Covid-19 health crisis. The risks to which Natixis is exposed across all its business lines may arise from several risk factors related to, among other things, macroeconomic and regulatory changes to its operating environment, or relating to implementing its strategy and conducting its business.

Pursuant to Article 16 of Regulation (EU) 2017/1129, known as "Prospectus 3", of June 14, 2017, whose provisions with respect to risk factors came into effect on July 21, 2019, the intrinsic risks of Natixis' business are presented as six main categories:

- credit and counterparty risk;
- financial risk;
- non-financial risk;
- strategic and business risk;
- risk related to Insurance activities;
- risk related to holding Natixis securities.

### Credit and counterparty risks

**The concentration of credit and counterparty risk may compound Natixis' exposure**

Natixis is exposed to credit and counterparty risk through its financing, structuring, trading and settlement activities that are performed in large part by its Corporate & Investment Banking (CIB) division.

Credit and counterparty risk is one of the major risks identified by Natixis and represented 67% of total RWA at June 30, 2020.

At 30/06/2020, therefore, Natixis' exposure to credit and counterparty risk (Exposure at Default excl. CVA) totaled €277.4 billion, split primarily between companies (38%), sovereigns (17%), banks and similar items (35%). At 48%, credit and counterparty risk exposure was concentrated in France, while the rest of Europe (EU and non-EU) made up 19% of exposure, North America 17% and Asia 8% *(see section 3.2.3.10)*.

Should one or more of its counterparties fail to honor their contractual obligations, Natixis could suffer varying degrees of financial loss depending on the concentration of its exposure to said counterparties. Moreover, Natixis' credit risk exposure may be compounded should the ratings of counterparties belonging to a single group or business sector deteriorate significantly, or should a country's economic situation worsen.

Natixis' ability to carry out its financing, structuring, trading and settlement transactions also depends, among other factors, on the stability and financial soundness of other financial institutions and market participants. This is because financial institutions are closely interconnected, due in large part to their trading, clearing, counterparty and financing operations. A default by one participant in the financial industry market could have repercussions on other financial institutions, cause a chain of defaults by other participants in this market, and therefore incur financial losses for Natixis.

**A material increase in Natixis' impairments or provisions for expected credit losses could adversely affect its results and financial position**

As part of its activities, and wherever necessary, Natixis recognizes in provisions for non-performing loans, reflecting actual or potential losses in respect of its loan and receivables portfolio, under "Provision for credit losses" on its income statement. At June 30, 2020, Natixis' provision for credit losses was directly affected by the effects of the Covid-19 health crisis and stood at €482.5 million (of which €94.5 million for Stage 1 and 2 provisions), reflecting the expected medium- and long-term deterioration of the economic outlook, despite massive government-back support measures.

In the context of the Covid-19 pandemic, Natixis believe that the following six sectors in its portfolio are particularly vulnerable: oil/gas (4.9% of total exposure), air transport and aviation/defense (2.8% of total exposure), automotive (1.5% of total exposure), hotels/catering and tourism/leisure (0.4% of total exposure), specialized distribution (1.1% of total exposure) and communication/media (0.7% of total exposure).

Since January 1, 2018, Natixis applies IFRS 9 "Financial Instruments," which requires raising provisions as of the initial recognition of a financial instrument. This new provisioning model applies to outstandings recognized at amortized cost or at fair value through other comprehensive income recyclable to income and to loan and guarantee commitments given *(excluding those recognized at fair value through profit or loss), as well as to lease receivables. (See Note 6 "Accounting principles and valuation methods" to the consolidated financial statements for the fiscal year ended December 31, 2019 in Chapter 5.1 "Financial Statements" of the 2019 Universal Registration Document).*

At June 30, 2020, Natixis applied the methodology for impairments or provisions for expected credit losses as described in note 6.3 of Chapter 5.1 "Financial data – Consolidated financial statements and notes" of the 2019 Universal Registration Document, with adjustments in order to take into account the recommendations published by standard setters and supervisory authorities with respect to the health crisis.

Natixis defined a new baseline scenario, weighted at 100%, over a three-year horizon based on the ECB's economic and financial forecasts, published on June 4, 2020, for the euro zone.
This new scenario is informed by a set of key assumptions on how the pandemic evolves, and on containment measures, and the behavior of households and businesses.
The scenario is based on the duration and terms of lockdowns observed in each country, and on a partial and gradual recovery, with a 75-80% return to normal production levels in the third quarter of 2020, and close to 95-100% in the fourth quarter of 2020, depending on the euro zone country.
Probabilities of default (PD) are adjusted by sector based on an assessment of each sector's rating over a 6-12-month period. The sector's forward looking weighted average PD, determined by the transition matrix, is compared and adjusted to align with the PD that is equivalent to the sector's expected rating. From a methodology standpoint, the sectoral adjustment of probabilities of default, carried out on June 30, 2020, replaces changes to sector ratings as a criterion for monitoring the increase in risk (see below).

These developments are set out in appendix note 3.3 of Section 5 "Financial data" of the second amendment to the Universal Registration Document.
Under this framework, performing loans (Stage 1), for which there has been no material increase in credit risk since initial recognition, are provisioned for 12 months of expected losses. Underperforming loans (Stage 2), for which there has been a material increase in credit risk since initial recognition but not to the point of having to classify them as non-performing loans, are provisioned based on lifetime expected losses. Non-performing loans (Stage 3) are loans for which there is objective evidence of impairment loss. Natixis determines the provisions for non-performing loans based on an individual expected cash flow recovery analysis, whether these cash flows come from the counterparty's activity or from the potential execution of guarantees. Non-performing loans that are not impaired following the individual analysis are provisioned at a standard rate based on historical unexpected losses on unprovisioned loans. At June 30, 2020, non-performing loans totaled €3,746 million, of which 22% was attributable to France, 14% to the rest of Europe, 21% to North America and 15% to Central and Latin America. Natixis' non-performing loan ratio was 5.4% and its coverage ratio for these non-performing loans was 40.2%.

The increase in credit risk between S1 and S2 loans is measured against the following criteria: changes to counterparty ratings (for large corporates, banks and sovereigns loan books) since initial recognition; changes to probability of default within one year (for individual customer, professional customer, SME, public sector and social housing loan books) since initial recognition; placement on the watchlist; forborne status; the ratings of the country of the counterparty; and the existence of one or more contracts more than 30 days past due.

The uncertainties surrounding the health crisis (duration, magnitude, resurgence) have made it difficult to forecast the impact of the crisis on the economy, as well as on the countries and business sectors of Natixis' counterparties. This could result in a substantial increase in losses and provisions, adversely affecting Natixis' provision for credit losses, results and financial situation.

**Reduced or no liquidity of assets such as loans could it more difficult for Natixis to distribute or structure such assets and thus have a negative impact on Natixis' results and financial position**

In accordance with the "originate to distribute" model, Natixis originates or acquires certain assets with a view to distribute them at a later stage by way of syndication or securitization. Natixis' origination activity is concentrated in large corporate lending and in specialized financing, while distribution is at the service of banks and non-banking financial institutions.

If there is less liquidity on the syndication or securitization markets in particular for these assets, or if Natixis is unable to sell or reduce its positions, Natixis may have to bear more credit risk and market risk associated with these assets for longer than anticipated. If there is no liquidity in the secondary markets for these, Natixis may have to reduce its origination activities and thus affect its revenues and relations with its customers, which in turn could have a negative impact on its results and financial position (see section 4.2.1). Furthermore, depending on market conditions, Natixis may have to recognize a value adjustment on assets that are likely to adversely affect its results.

## Financial risks

**A deterioration in the financial markets could generate significant losses in Natixis' capital markets activities**

As part of its capital markets activities and to meet the needs of its clients, Natixis operates on the financial markets — namely the debt, forex, commodity and equity markets.

In recent years, the financial markets have fluctuated significantly in a sometimes exceptionally volatile environment which could reoccur and potentially result in significant losses for capital markets activities.

The losses that may be recorded due to high market volatility could affect several market products in which Natixis trades. The volatility of financial markets makes it difficult to predict trends and implement effective portfolio management strategies, and increase the risk of losses from net long positions when prices decline and, conversely, from net short positions when prices rise. As such, Natixis is especially exposed to share price fluctuations *(see paragraph 3.2.5.4)*.

For example, the Covid-19 health crisis negatively affected the Natixis business lines that deal with products sensitive to equity risk factors. Negative effects included:

- sharply increased share price volatility with adverse effects on the valuation of equity index options,
- a sharp decrease or cancellation of dividend payouts, announced at general shareholder meetings of major corporations, due to the steep decline in their provisions which has had a negative impact on equity products.

It should be noted that the risk linked to the market activities of the Corporate & Investment Banking business line (including CVA) represented 16% of Natixis' total RWA at June 30, 2020 *(see section 3.3.1.4).*

**The hedging strategies implemented by Natixis do not eliminate all risk of loss**

Natixis could suffer losses if any of the instruments and hedging strategies it uses to hedge the various types of risk to which it is exposed prove ineffective. Many of these strategies rely on observations of past market behavior and on analyses of historical correlations, but could prove unsuitable in certain market configurations (a recent example being the decrease in dividends announced on the back of the Covid-19 crisis, which was entirely unprecedented and could not be preempted on the basis of historical observations), or due to imperfections in the models used.

If Natixis holds a long position in an asset, it could hedge the risk by taking a short position in another asset whose past performance has allowed it to offset the performance of the long position. In some cases, however, Natixis may only be partially or inadequately hedged, or its strategies may not fully hedge future risks or effectively reduce risk in all market configurations, or may even amplify risks. Any move in the market in a direction or manner contrary to Natixis' expectations could also reduce the effectiveness of these hedging strategies and expose Natixis to potentially significant losses. In addition, the method used to recognize gains and losses resulting from certain ineffective hedges may increase the variability of Natixis' reported earnings. In terms of the hedge accounting relationship, at June 30, 2020 the ineffective portion of hedges recorded in income totaled €7 million versus -€18 million in December 31, 2019 *(see Note 4.3 of Section 5)*.

**The fair value of the derivatives portfolio includes additional valuation adjustments that could affect Natixis' net income and equity**

The fair value of Natixis' derivatives is determined by factoring in certain additional adjustments in order to account for:

- the quality of the counterparty (credit value adjustment — CVA) by recognizing in the valuation of the derivative instruments the credit risk corresponding to the risk of non-payment of the amounts owed by the associated counterparty;
- Natixis' own credit risk (debt valuation adjustment — DVA) by recognizing in the passive valuation of derivative instruments the risk borne by our counterparties (i.e. potential losses that Natixis causes its counterparties to incur in the event of default or the deterioration of its own credit quality);
- funding risk (funding valuation adjustment — FVA) by recognizing in the valuation of uncollateralized or partially collateralized cost related to the financing costs of future cash flows.

These additional adjustments recognized in the income statement have a direct impact on Natixis' net revenues and equity. Accordingly, the Covid-19 health crisis had especially unfavorable consequences related to the substantial widening of credit spreads of Natixis' counterparties and the levels of financing costs on the market. For information purposes, at June 30, 2020, the adjustments recognized on financial assets and liabilities held for trading under CVA, DVA and FVA were established at -€110.2 million, +€17.7 million and -€45.2 million respectively *(see Note 4.3 of Section 5)*.

**Natixis' access to certain forms of financing may be adversely affected in the event of a financial crisis or downgrade of its rating or that of Groupe BPCE.**

Since 2011, Natixis' funding structure has relied on a Joint Refinancing Pool between Natixis and BPCE. Natixis secures a portion of funding for its activities from Groupe BPCE through the public and private issuance of medium- and long-term vanilla debt (senior and subordinate) by BPCE S.A. Natixis is the MLT issuer for Groupe BPCE in all structured private sector refinancing transactions.

The Covid-19 health crisis temporarily suspended term lending activity on the market, which led to an increase in credit line drawdowns by corporate clients and an increase in deposit amounts. Following central bank actions (particularly those of the ECB and the Federal Reserve), the term loan market gradually reopened, starting with the dollar and then the euro, to return to normal levels in June. Throughout the Covid-19 crisis, the liquidity situation of Natixis, a Groupe BPCE entity, was closely monitored by senior management. Natixis' liquidity coverage ratio (LCR) remains in excess of 100%.

Rating agencies Fitch (30/03/2020) and Standard & Poor's (23/04/2020) updated BPCE's rating to account for the impact of the Covid-19 health crisis. Even though BPCE maintained its long-term rating of A+, Groupe BPCE's outlook was revised downwards from "stable" to "negative". If the credit ratings of BPCE and therefore of Natixis were downgraded by major rating agencies, the liquidity of Groupe BPCE, and thus of Natixis, as well as the corresponding cost of funding could be adversely affected or trigger additional obligations under its financial market contracts. Moreover, the resurgence of a crisis (namely Covid-19) could be detrimental to the liquidity of Groupe BPCE, and by extension that of Natixis, due to resultant factors such renewed client drawdowns, lower deposit balances and loan market tensions.

**Fair value variations of Natixis-held shares due to changes to issuer credit quality may adversely affect Natixis' equity and solvency**

On the regulatory front, this risk concerns Natixis-held shares in the banking book category and which are designated at fair value to balance out other comprehensive income (OCI). Natixis is mainly exposed to this risk through the debt instruments it holds as part of its liquid asset buffer. This risk manifests as a decrease in the financial assets' value resulting from changes to credit issuer quality for debt securities (CSRBB — credit spread risk in the banking book).

Credit spreads, which reflect the credit quality of issuers, changed considerably during the Covid-19 health crisis. After widening very rapidly in early March, indicating the deterioration of the perception of issuers' credit quality, credit spreads gradually narrowed from the end of May, albeit not to pre-crisis levels. Given the quality of assets held as part of its liquid asset buffers, the fair value variations of shares were mostly contained, and remained in compliance with the risk appetite Natixis set for itself for this kind of risk. The resurgence of a crisis (namely Covid-19) could have an adverse effect on credit spreads.

At June 30, 2020, no material increase in credit risk of the shares held for the purposes of liquidity reserves was observed (see Note 3.2 of Chapter 5.1).

## Non-financial risks

**Should Natixis fail to comply with applicable laws and regulations, it could be exposed to heavy fines and other administrative and criminal sanctions likely to have a material adverse effect on its financial position, business and reputation**

Compliance risk is defined as the risk of legal, administrative or disciplinary sanctions, but also of financial loss or reputational damage, resulting from a failure to comply with the legislative and regulatory provisions, codes of conduct and standards of good practice specific to banking and Insurance activities, whether national or international.

The banking and insurance sectors are subject to increased regulatory oversight, both in France and abroad. In the last few years there has been a substantial increase in new regulations that have introduced significant changes affecting both the financial markets and relationships between investment service providers and clients or investors. New regulations include MiFID II, PRIIPs, Insurance Distribution Directive, Market Abuse regulation, Fourth Anti-Money Laundering and Counter Terrorist Financing Directive, Personal Data Protection Regulation, and the EU Benchmarks Regulation, and have major impacts on the company's business processes.

Compliance risk includes, for example, the use of inappropriate means to promote and market the bank's products and services, inadequate management of potential conflicts of interest, disclosure of confidential or privileged information, or failure to comply with new client or supplier due diligence procedures, particularly with respect to financial security (including anti-money laundering and counter terrorist financing, compliance with embargoes, anti-fraud and corruption).

Natixis' Compliance Department oversees compliance risk prevention and mitigation *(see section 3.2.8 of the Universal Registration Document 2019)*. Natixis nevertheless remains exposed to the risk of fines or other major sanctions imposed by regulatory and supervisory authorities, as well as civil or criminal legal proceedings that could have a material adverse effect on its financial position, business and reputation.

**In the course of business, Natixis is exposed to employee or third-party actions and behaviors that are unethical or violate laws and regulations, and that could damage its reputation and expose it to sanctions**

Applicable to all Natixis employees, Natixis' Code of Conduct formalizes the general principles of conduct in force at Natixis, and establishes guidelines for all employees regarding expected behavior when carrying out their duties and responsibilities.

Any person working at Natixis, or at an entity at least 50%-owned by Natixis, must comply with the Code of Conduct, whether working on a permanent or temporary basis. This requirement is in addition to commitments to comply with applicable internal rules, and with national and international laws and regulations.

Natixis also requires its suppliers and contractors to comply with the key principles of the Code of Conduct.

To implement the Code of Conduct on a day-to-day basis, Natixis has established a conduct framework with its own committee (the Global Culture and Conduct Committee) and training program. For a detailed description of the Code of Conduct and the conduct framework, see section 6.2 of the 2019 Universal Registration Document.

But even with the adoption of a Code of Conduct and the creation of a conduct framework, Natixis is exposed to potential actions or behaviors by employees, suppliers and contractors that are unethical or not in clients' interest, that do not comply with the laws and regulations on corruption or fraud, or that do not meet financial security or market integrity requirements.

Such actions or behaviors could have negative consequences for Natixis, damage its reputation or shareholder value, and expose Natixis, its employees or stakeholders to criminal, administrative or civil sanctions likely to adversely affect its financial position and business.

**An operational failure, or an interruption or failure of Natixis' third-party partners' information systems, or a breach of Natixis' information systems could result in losses or reputational damage**

Natixis is exposed to several types of operational risks inherent to banking operations. These risks include process and procedural weaknesses, acts of fraud (both internal and external), system failures or unavailability, as well and cybercrime, and an operational failure related to a health risk. Despite the controls and procedures in place, Natixis could be exposed to operational risk through, for example, data input errors, failures in collateral management, and incorrect application of procedures. These types of situations could generate significant compliance and control costs for the affected processes which could have an impact on Natixis' financial position.

Like most of its competitors, Natixis relies heavily on its communication and information systems to process a high volume of increasingly complex transactions for its businesses *(for a description of Natixis' communication and information systems, see the risk management mechanism in section 3.2.8.5 of the 2019 Universal Registration Document).* Although Natixis has made data transmission security a priority, any breakdown, interruption or failure of these communication and information systems could result in errors or interruptions to the systems it uses for customer relationship management, the general ledger, deposit and loan processing transactions, and/or risk management. If, for instance, Natixis' information systems shut down, even for a short period, it may not be able to meet customers' needs in a timely manner, potentially resulting in lost business opportunities. Therefore, any breakdown, interruption or failure of Natixis' information systems, despite back-up systems and contingency plans, could result in considerable costs related to information retrieval and verification, as well as lost business or financial losses in its ongoing operations and portfolio transactions related, for example, to the failure to exercise an option or to unwind a transaction such as a hedging transaction.

Furthermore, Natixis is exposed to the risk of an operational failure or interruption by its clearing agents, foreign exchange markets, clearing houses, custodians or other financial intermediaries or external service providers it uses to execute or facilitate its securities transactions. As interconnectivity with customers grows, Natixis may also be increasingly exposed to the risk of operational failure of its customers' information systems.

Natixis is also exposed to cybercrime risk. Cybercrime covers a range of malicious and/or fraudulent acts, perpetrated digitally in an effort to manipulate data (personal, banking, insurance, technical or strategic data), processes and users, with the aim of causing material losses to companies, their employees, partners, clients and counterparties. A company's data assets are exposed to new, complex and evolving threats likely to have material financial and reputational impacts on all companies, and in particular those in the banking sector. Given the increasing sophistication of the criminal enterprises behind cyberattacks, regulatory and supervisory authorities have begun to highlight the importance of Information and Communication Technology (ICT) risk management. Preventing cybercrime risk is a priority for Natixis, and as such it makes every effort to implement the guidelines established by these authorities through cooperation between its Information Systems (IS) and IT Systems Security (ITSS) Departments. This has resulted in a map of risks relating to IT Systems Security, as well as a far-reaching campaign to raise all employees' awareness on ITSS matters. In 2019, no cybercrime-related incident had a material adverse impact on Natixis' financial position or reputation. However, as cyberattacks are constantly evolving to become increasingly advanced, the measures described above may not be sufficient in the future to fully protect Natixis, its employees, partners and clients. The occurrence of such attacks could potentially disrupt Natixis' client services, result in the alteration or disclosure of confidential data or lead to business interruptions and, more broadly, have a material adverse effect on its business, financial position and reputation. As an example, in 2019 Natixis' information system was targeted by the ransomware Payroll through a phishing campaign. While considered serious, this incident had no financial impact and therefore no consequences on Natixis' reputation.

Unforeseen events, such as a major natural disaster, a pandemic, terrorist attacks or any other emergency, could also lead to a sudden interruption of Natixis' business activities and result in substantial losses insofar as these may not be covered, or sufficiently covered, by an insurance policy. Natixis therefore set up its pandemic risk management mechanism during the Covid-19 crisis. The mechanism is managed directly by Senior Management for Natixis and its subsidiaries in both France and abroad, and relies heavily on remote working. In this regard, Natixis has made extensive use of the EASY program which, since 2018, has equipped staff with work PCs and given them access to secure collaboration tools. While remote access to the information system was already stringently monitored (mandatory strong authentication, open VPN tunnel), the current context has given rise to an increase in cyber risk and, consequently, to additional, enhanced measures to counter this risk (awareness campaign on phishing risks, regular security patches, heightened surveillance by the Security Operating Center, blocked access to video conferencing websites). As a result, Natixis has had a very limited number of minor operational incidents.

Natixis cannot guarantee that such interruptions or failures of its communication and information systems, of the systems of third parties, or a breach of its information systems will not occur or, should they occur, that they will be adequately resolved. The occurrence of one or more of the events described above may result in lost business and other additional costs and losses for Natixis, or result in reputational damage.

**Any damage to Natixis' reputation could affect its competitive position and have a negative impact on its financial position**

Natixis' reputation is pivotal to its ability to conduct its business. Thanks to Natixis' current reputation, it is able to maintain relationships with its clients, employees, suppliers, partners and investors that are built on trust.

The occurrence, whether once or repeatedly, of one or more of the risks identified in this section, a lack of transparency or communication errors could harm Natixis' reputation. There is greater reputation risk today due to the growing use of social media across the economic sphere. Beyond the inherent negative impact, any damage to Natixis' reputation could also result in lost business, and a drop in Natixis' share price, both of which would weigh on its financial position. An example of this was the liquidity risk controversy involving several funds of Natixis' Asset Management subsidiary, H2O AM, following a number of articles in the press that had a very negative impact on Natixis' share price.

## Strategic and business risks

**The ongoing Covid-19 pandemic could adversely affect Natixis' business activity, operations and financial performance.**

In December 2019, an epidemic of viral pneumonia emerged in China which lead the World Health Organization (WHO) to officially announce on January 9, 2020 the discovery of a new coronavirus - the virus responsible for this new disease called Covid-19 (COronaVIrus Disease). The virus subsequently spread to numerous countries around the world and was qualified as a pandemic by the WHO in March 2020. The consequences of pandemic and of the various measures taken by governments and central banks in numerous countries (closing borders, restriction of movement, lockdowns, etc.) were, and should continue to be, hugely detrimental to the global economy and financial markets, while there are still uncertainties as to how long the pandemic will last and what effect the economic and monetary policies undertaken will have.

The Covid-19 pandemic has been hugely disruptive for clients, suppliers and staff (production difficulties, disrupted supply chains, slowdown in investments, shocks to supply and demand, etc.), because of how it has brought economic activity to a near-standstill. The lasting impact on the global economy and financial markets will largely depend on the intensity of the pandemic and the effects of the decisions made by authorities to stimulate the economy and limit the spread of the virus. For example, extended or additional lockdown measures would have an impact on people's social lives, working and production conditions, and on the economic climate. The Covid-19 pandemic may have a materially unfavorable impact on Natixis' business, its financial environment, operating results, outlook, capital and financial ratings (including possible changes to its outlook or ratings).

In the first half of 2020, the effects - and especially those of the market - of the Covid-19 crisis was especially reflected in Natixis' net revenues, provision for credit losses and CET1 ratio. The impact of the crisis on net revenues by business is estimated at approximately -€396 million: -€327 million attributable to Corporate & Investment Banking due to widened credit spreads and dividend mark-downs as companies announced the cancellation of 2019 payouts, triggering sharp movements on the dividend futures curve; -€18 million attributable to the Corporate Center in respect of FVA (increase in financing costs relating to financial instruments); and -€51 million attributable to Asset & Wealth Management as the seed money portfolio (listed and unlisted) was marked down because of the sharp market downturn in March 2020, despite rallying in the second quarter of 2020, and the economic context. Another impact of the crisis on Natixis' income statement was the increase in provision for credit losses, predominantly on account of a rise in IFRS 9 provisions and individual provisions concentrated in the energy and natural resources sector, and more specifically in oil and gas. Accordingly, around €325 million of the €482 million recorded for provision for credit losses in the first half of 2020 can be attributed to the context created by the development of Covid-19. In accordance with IFRS 9, the levels of provisions for S1 and S2 loans (performing loans) were revised in order to account for the deterioration of the economic environment. Natixis' internal models are based on the parameters used for the latest macroeconomic baseline scenario, published by the ECB on June 4, 2020. With regards to individual provisions, oil price tensions combined with the shock in demand due to the economic slowdown linked to Covid-19, particularly in Asia, indirectly increased individual provisions for credit losses and numerous cases of fraud. In terms of solvency, the crisis had an impact of around -135 bps on Natixis' CET1 ratio attributable to the decrease of -€165 million in CET1 capital (lower OCI reserves and higher prudent value deduction) and the increase in RWA of around +€9.9 billion, particularly in Corporate & Investment Banking due to drawdowns on new credit lines (+€2.1 billion in raw management data), state-guaranteed loan approvals (+€0.5 billion in raw management data), CVA (+€0.3 billion) and market effects, especially those relating to regulatory VaR calculation methods (+€7 billion).

**Unfavorable economic or market conditions and an economic environment of persistently low interest rates can weigh on Natixis' profitability and financial position**

Natixis is the Groupe BPCE subsidiary operating in Asset & Wealth Management, Corporate & Investment Banking, Insurance and Payments.

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

Adverse economic conditions in Natixis' main markets could have the following negative impacts in particular:

- an increased rate of defaults on loans and receivables and higher provisions for non-performing loans due to the impact on the business and operations of Natixis' customers. A significant increase in these provisions or the realization of losses in excess of the provisions recorded could have an adverse effect on Natixis' results and financial position;
- a decline in prices on the bond, equity or commodity markets could reduce business volumes on these markets;
- macro-economic policies adopted in response to actual or anticipated adverse economic conditions could have unintended negative effects, and are likely to negatively impact market parameters such as interest rates and foreign exchange rates, which could affect the results of Natixis' businesses that are most exposed to market risk;
- perceived favorable economic conditions generally or in specific business sectors could result in asset price bubbles decorrelated from the actual value of the underlying assets; this could in turn exacerbate the negative impact of corrections when conditions become less favorable and cause losses in Natixis' businesses;
- a significant economic disruption (such as the global financial crisis of 2008 or the European sovereign debt crisis of 2011) could have a severe negative impact on all the activities of Natixis, particularly if the disruption is characterized by an absence of market liquidity that makes it difficult to finance Natixis and to sell certain categories of assets at their estimated market value or at all;
- an adverse change in the market prices of various asset classes could affect the performance of Natixis Investment Managers companies, especially due to a decrease in assets on which management fees are charged;
- low interest rates may also negatively affect the profitability of Natixis' Insurance activities, as Insurance affiliates may not be able to generate enough investment returns to cover amounts paid out on some of their insurance products. Furthermore, were market interest rates to rise in the future, a portfolio featuring significant low interest rate loans and fixed income securities would be expected to decline in value. Low interest rates may also adversely affect commissions charged by Natixis Asset Management affiliates on money market and other fixed income products. This could adversely affect the profitability and financial position of Natixis. As an indication, at 30/06/2020 the sensitivity of the economic value of the main entities within Natixis' consolidated scope to (i) a -200 bps shift and (ii) a +200 bps shift calculated as per EBA guidelines represented +€13 million and -€82 million *(see section 3.2.7.4)*.

In addition, the main markets on which Natixis operates may be affected by uncertainties such as those regarding the future relationship between the UK and the EU following Brexit, global trade, the geopolitical context, and any manner of uncertainty. A perfect illustration of this is the impact of the Covid-19 pandemic on the global economy. The consequences for Natixis are presented under the risk factor ***"The ongoing Covid-19 pandemic could adversely affect Natixis' business activity, operations and financial performance"***.

**Natixis may be unable to meet the objectives of its strategic plan. Its financial position and the market value of its securities could be adversely affected**

Unveiled on November 20, 2017, the New Dimension plan is aimed at developing high value-added solutions for clients. The strategy is threefold: deepen the transformation of Natixis' business models; invest in digital technologies and external growth opportunities; and endeavor to become clients' point of reference in areas where Natixis' teams are recognized for their strong expertise. (See pages 8-9 of the universal registration document 2019 for a detailed description of the New Dimension strategic plan). The New Dimension strategic plan sets out objectives, and while Natixis believes the plan will create numerous opportunities, the company will still need to contend with the uncertainties of potentially volatile financial markets, and arising from changes to the macroeconomic context. There is therefore no guarantee that Natixis will achieve the goals of its strategic plan — any other strategy it announces in the future. In particular, under the New Dimension strategic plan, Natixis announced certain financial targets, mainly profitability and risk-weighted asset growth rates, capital generation targets and shareholder dividend objectives, as well as targets for regulatory capital ratios and strategic initiatives and priorities. The financial objectives were established primarily for purposes of planning and allocation of resources on the basis of a number of assumptions, and do not constitute projections or forecasts of income. The actual results of Natixis are likely to vary significantly from these targets. When the first quarter 2020 results were published on May 6, 2020, Natixis announced that the deterioration in the economic and financial outlook caused by the development of Covid-19 and the resulting uncertainties have made the financial objectives for 2020 under the New Dimension strategic plan obsolete.

Other than the potential impacts of the crisis on net revenues, a sensitivity test on provision for credit losses was carried out. It indicated a decrease of around 10% in France's GDP in 2020 (cumulative decrease of around 5% in 2020-2021) and severe assumptions concerning Natixis' sectors of expertise: oil price of $40 per barrel and significant discounts on the price of real assets (around 45% for aircraft and around 15% for real estate, for example). Under this scenario, provision for credit losses in 2020 could be in line with or moderately higher than those of the first quarter of 2020, i.e. a level above guidance for provision for credit losses through the cycle. Moreover, the application of Article 104 of Capital Requirement Directive V (CRD V) and its impact of around 100 bps on Natixis' CET regulatory capital requirements, a new Basel 3 fully-loaded CET1 ratio target of 10.2% for 2020-2021 was announced, and is a direct translation of this regulatory development (2020 target: 11.2%). On November 5, 2020, Natixis will announce the new targets for 2021 which will come on top of this new CET1 target. A new medium-term strategic plan will be presented in June 2021. If Natixis does not meet these objectives, its financial position and the market value of its securities could be adversely affected.

**Legislative and regulatory measures in response to the global financial crisis may have a material impact on Natixis and on the financial and economic environment in which it operates**

Legislation and regulations have recently been enacted or put forward with a view to introducing a number of changes, some permanent, in the global financial system. These new measures, aimed at preventing a recurrence of a global financial recession, have changed significantly — and may continue to change — the environment in which Natixis and other financial institutions operate. Natixis is exposed to risk related to these legislative and regulatory changes.

Among the measures that have been or may be adopted could potentially:

- Prohibit or limit some kinds of financial products or activities, thereby partially restricting the diversity of Natixis' sources of income. For example, the introduction of a withholding tax on dividends from borrowed securities under certain circumstances could weaken the appeal of some of Natixis' current products.
- Strengthen internal control requirements, which would require investing heavily in human resources and materials for risk monitoring and compliance purposes.
- Amend the capital requirement framework and necessitate investment in internal calculation models. For example, changes related to Basel regulations (especially the revised Basel 3) may require the calculation models for risk-weighted assets in certain activities to be reviewed.
- Strengthen requirements pertaining to personal data protection and cybercrime, as they can lead to higher costs due to additional investments in the bank's information system.
- Tighten regulations on technological innovations in payment services and fintechs.
- Tighten regulations on trading platforms and central counterparties (clearing houses) that could impact the operation of certain market activities (such as activities related to over-the-counter products).
- Require the bank to make a substantial financial contribution to guarantee the stability of the European banking system and limit the impact of a bank failure on public finances and the real economy.

In this changing legislative and regulatory environment, it is impossible to predict the impact these new measures will have on Natixis. Natixis is incurring, and could incur in the future, significant costs to update or develop programs to comply with these new legislative and regulatory measures, and to update or enhance its information systems in response to or in preparation for these measures. Despite its efforts, Natixis may also be unable to fully comply with all applicable legislation and regulations and could therefore be subject to financial or administrative penalties. Furthermore, the new legislative and regulatory measures may require Natixis to adapt its businesses, which could affect its results and financial position. Lastly, under new regulations Natixis may be obligated to increase its capital requirements or its overall funding costs.

**Natixis' ability to attract and retain qualified employees is critical to the success of its business and failure to do so may significantly affect its performance**

Natixis employs over 16,277 people around the world (excluding financial investments), located as follows: 67.1% in France, 10.7% in the EMEA region, 17% in the Americas and 5.2% in Asia-Pacific. The performance of Natixis' activities is closely linked to its people. Indeed, Natixis' business model is based on areas of expertise, which requires the recruitment of qualified employees. Moreover, stepped-up regulations on the back of the 2008 financial crisis require Natixis to strengthen and align its businesses to regulations - an area of expertise that requires drawing from a tight job market (scarce and mobile profiles). Natixis' success relies in part on its ability to retain key people, be they at management level, leaders or staff, and to continue to attract highly qualified professionals and talents. A high turnover or the departure of talent could affect Natixis' skills and know-how in key areas, which could reduce its business outlook and consequently affect its financial results.

**Natixis' risk management system, which is based on the use of models, may fail and expose Natixis to unidentified or unforeseen risks, and could result in major losses**

Risk management techniques which often use models may prove inadequate for certain types of risks. Certain rating or VaR measurement models (as defined in section 3.2.5.3 of the universal registration document 2019) that Natixis uses to manage its risks are based on observed historical market behavior. To quantify its risk exposure, Natixis then conducts a primarily statistical analysis of these observations *(see section 3.2.5.4 of the Universal Registration Document 2019 for a detailed description of the risk management system).* The measurement metrics and tools used may provide inaccurate conclusions on future risk exposures, mainly because of factors that Natixis may not have anticipated or correctly assessed or taken into account in its statistical models, or because of unexpected and unprecedented market trends that could reduce its ability to manage its risks. Consequently, the losses borne by Natixis could prove far greater than those forecast using historical averages. Moreover, Natixis' quantitative models do not incorporate all risks. For instance, part of the VaR measurement model is designed on the basis of positive interest-rate environment assumptions. In early 2016, because the interest rate environment for interest rate derivatives was negative, stressed VaR was overestimated by €5 million.

**Preventing risks linked to climate change could have a negative impact on the performance of Natixis' activities that operate in sectors with a negative environmental and climate impact**

Natixis has committed to adhering to the Paris Agreement to limit global warming to below 2°C by the end of the century. Natixis has announced numerous initiatives to support the energy transition towards a low-carbon economy, and includes initiatives to reduce financing in sectors with a material climate impact.

Accordingly, Natixis has committed to stop financing companies whose main activities include the exploration, production, transportation and storage of oil sands. Natixis has also committed to stop financing projects to explore and produce oil in the Arctic region and, since May 2020, projects and companies active in shale oil and gas production. Lastly, in 2015 Natixis committed to stop financing the exploration, production, transportation and storage of coal, and includes companies for which these activities represent 50% of their business. In 2019, this percentage was lowered to 25%. This policy was topped up with a timetable to withdraw fully from thermal coal production by 2030 for facilities in Europe and OECD countries, and by 2040 in the rest of the world.

In 2019 Natixis adopted Green Weighting Factor — a tool that uses a color scale to rate a loan book's exposure to climate risk. The aim is to encourage the lending businesses to favor clients and projects whose operations have a less harmful climate impact and at an identical credit risk.

For a more detailed description of Natixis' CSR (corporate social responsibility) policy and commitments, see Chapter 6 (Non-financial performance report) of this universal registration document, as well as section 6.4 for a description of the management of environmental and social risks.

A change in the business mix of Natixis' lending activities in favor of transactions with a positive climate and environmental impact could have a negative impact on Natixis' performance due to lost opportunities in sectors presenting a material environmental impact. Postponing this adjustment in its portfolios could negatively affect the credit quality. But keeping borrowers with a material climate impact in its loan book could have a negative impact on its credit quality should stricter regulations be imposed.

Lastly, in December 2019 the EBA published its Sustainable Finance work plan which will be accompanied by more stringent regulations for the fight against global warming. These regulations may penalize activities with a material climate impact (directly via operational constraints for Natixis client or through higher carbon quota prices). They could also have a negative impact on some of Natixis' activities, such as lending and investment in hydrocarbon sectors, commodities and transportation.

## Risks related to Insurance activities

At 30/06/2020, net revenues from the Insurance business line stood at €449 million, which represents 14% of Natixis' net revenues. Insurance net revenues (excluding cross-business net revenues of €3 million) was split between personal insurance for €279 million and non-life insurance for €167 million.

**A deterioration in market conditions, and specifically excessive up and down movements in interest rates, could have a material adverse impact on Natixis' personal insurance business and its income**

The main risk to which Natixis' Insurance affiliates are exposed in their personal insurance business is market risk. Exposure to market risk was mostly attributable to capital guarantees in the euro-denominated fund scope for savings products.

Interest rate risk is one such market risk and is structurally significant for Natixis as its general funds consist primarily of bonds. Fluctuations in interest rates may:

- in the case of higher rates, reduce the competitiveness of the euro-denominated offer (by making new investments more attractive) and cause waves of redemptions on unfavorable terms with unrealized capital losses on outstanding bonds;
- in the case of lower rates, in the long term make the return on the general funds too low to meet their capital guarantees.

Due to the allocation of the general funds, widening spreads and a decline in the equity markets could also have a material adverse impact on the results of Natixis' personal insurance business.

**A mismatch between the insurer's expected claims expense and the actual benefits paid out by Natixis to policyholders could have a material adverse impact on its non-life insurance, personal protection insurance under its personal insurance business, as well as on its results and financial position**

The main risk to which Natixis' Insurance affiliates are exposed in their activities is underwriting risk. This risk results from a mismatch between, first, the claims actually incurred and the benefits actually paid as compensation for these claims and, second, from the assumptions that the affiliates use to price their insurance products and to establish technical reserves for potential compensation.

Natixis uses both its own experience and industry data to develop estimates of future policy benefits, including information used to price the insurance products and establish the related actuarial liabilities. However, there is no guarantee that actual experience will match these estimates, and expected risks, such as pandemics and natural disasters, could result in higher-than-expected pay-outs to policyholders.

To the extent that the actual benefits paid by Natixis to policyholders are higher than the underlying assumptions used to establish the future policy benefit reserves, or if events or trends were to cause Natixis to change the underlying assumptions, Natixis may be exposed to greater-than-expected liabilities, which may adversely affect Natixis' non-life insurance business, personal protection insurance under its personal insurance business, as well as on its results and financial position.

Natixis' Insurance business was considerably impacted by the crisis of the Covid-19 pandemic, and adapted by taking suitable measures in order to maintain its activity and remain operational for its clients.

The pandemic and, in particular, the lockdown measures taken in France from mid-March 2020 slowed down sales. At €5.3 billion, revenues were badly affected in the first half of 2020 and reflected the marked downturn in savings inflows over the lockdown period.
First-half 2020 results were also marked by the consequences of the health crisis, and in particular the slump in the equity markets which was mostly mitigated by hedges put in place in the personal insurance euro savings space on which the market downturn had the biggest impact.

During this crisis, Natixis Assurances is monitoring the risks to which it is exposed, and especially market and credit risks. To this end, Natixis Assurances has increased the monitoring of its investments which benefited from a share hedging strategy.

In underwriting risk, the impacts remain contained:

- non-life insurance: automobile claims are expected to decrease because of reduced risk as a consequence of the lockdown period. Inversely, a very negative impact is expected in operating loss insurance which does, however, have reinsurance cover.
- personal insurance: in personal protection insurance, there was no change in death risk claims (main risk covered), while there was an observable increase in work cessation guarantees for professionals.

Excluding non-recurring items, the gross operating income of the insurance business therefore remained very resilient and delivered positive growth.

In addition, the deterioration of the economic and financial environment - the drop in the equity markets, very low interest rates, as well as the widening and increased volatility of credit spreads - also affected the solvency of Natixis Assurances, negatively influencing future margins. Solvency Capital Requirement is nevertheless maintained and has not raised any alert or need for financing. The various actions taken over the last few years, particularly in terms of financial coverage, reinsurance, business diversification or management of investments, have contributed to the solidity and resilience of the solvency of Natixis Assurances. Changes in solvency systematically undergo close and reinforced monitoring due to the inherent complexity and instability of the Covid-19 context.

## Risk related to holding Natixis securities

**Natixis securities holders and other Natixis creditors may suffer losses should Natixis undergo resolution proceedings**

The European regulation establishing a framework for the recovery and resolution of credit institutions and investment firms, and the texts transposing these rules into French law (the BRRD regulation) aim primarily to establish a single resolution mechanism giving the resolution authorities “bail-in” powers. The purpose of these powers is to counter any systemic risk linked to the financial system and, more specifically, avoid any financial intervention by states in the event of a crisis. If a financial institution (or the group to which it belongs) subject to the BRRD defaults or is close to defaulting, these powers allow the authorities to impair, cancel or convert the financial institution’s eligible securities and commitments into shares. Other than the option of using the “bail-in” mechanism, the BRRD grants the resolution authorities more extensive powers, enabling them to (1) force the entity to recapitalize in order to comply with the conditions of its approval to operate and pursue the operations for which it has approval with a sufficient level of confidence from the markets; if necessary, by modifying the legal structure of the entity (2) reduce the value of receivables or debt instruments, or convert them into equity for transfer to a bridge institution for the purposes of capitalization, or for the sale of a business, or for recourse to an asset management vehicle.

At 30/06/2020, Natixis' CET1 capital stood at €11.6 billion, total Tier 1 capital at €13.7 billion, and Tier 2 regulatory capital at €2.2 billion. Natixis did not issue any senior non-preferred debt.

As a member of Groupe BPCE, Natixis may be subject to resolution proceedings in the event of the failure of Natixis and Groupe BPCE. The relevant resolution authority would manage the resolution proceeding at the level of BPCE, which would be the “single point of entry” of Groupe BPCE, especially with the application of cooperative solidarity mechanisms. Should the financial position of Natixis or of Groupe BPCE deteriorate, or be perceived as deteriorating, the existence of the powers provided for by the BRRD could cause the market value of Natixis financial securities to decline more rapidly.

If resolution proceedings were to be implemented at the Groupe BPCE level, the exercise by a competent authority of the powers provided for by the BRRD could result in:

- the full or partial write-down of Natixis equity instruments, leading to the full or partial loss of the value of these instruments;
- the full or partial conversion of eligible financial instruments into Natixis shares, resulting in the unwanted holding of Natixis shares and a possible financial loss when reselling these shares;
- a change to the contractual conditions of the financial instruments that could alter the instruments’ financial and maturity terms; such a change could result in lower coupons or longer maturities and have a negative impact on the value of said financial instruments.

The implementation of resolution measures would also significantly affect Natixis’ ability to make the payments required by such instruments or, more generally, honor its payment to third parties.

# 3.2 Risk management

## 3.2.3 Credit and Counterparty Risks

### 3.2.3.10 Quantitative information

− **EAD, RWA AND CAPITAL REQUIREMENTS BY BASEL APPROACH AND EXPOSURE CLASS (NX01)**

| | 30/06/2020 | | | 31/12/2019 | | |
|---|---|---|---|---|---|---|
| *(in millions of euros)* | EAD | RWA | Regulatory capital requirement | EAD | RWA | Regulatory capital requirement |
| **Credit Risk** | | | | | | |
| **Internal approach** | **132,735** | **51,906** | **4,152** | **136,517** | **53,854** | **4,308** |
| Equity exposures | 5,326 | 16,654 | 1,332 | 5,621 | 17,642 | 1,411 |
| Central governments or central banks | 30,909 | 335 | 27 | 29,616 | 511 | 41 |
| Other items | | | | | | |
| Retail | | | | | | |
| Corporates | 85,521 | 32,161 | 2,573 | 89,071 | 33,108 | 2,649 |
| Institutions | 7,780 | 1,248 | 100 | 7,816 | 1,187 | 95 |
| Securitization | 3,199 | 1,508 | 121 | 4,394 | 1,406 | 112 |
| **Standardized approach** | **90,909** | **11,099** | **888** | **74,182** | **12,420** | **994** |
| Central governments or central banks | 7,962 | 1,197 | 96 | 7,551 | 1,122 | 90 |
| Other items | 6,205 | 5,655 | 452 | 6,150 | 5,352 | 428 |
| Retail | 639 | 465 | 37 | 774 | 536 | 43 |
| Corporates | 2,279 | 1,515 | 121 | 5,075 | 3,621 | 290 |
| Institutions | 59,063 | 426 | 34 | 48,223 | 314 | 25 |
| Defaulted exposures | 30 | 39 | 3 | 97 | 101 | 8 |
| Exposures secured by mortgages on immovable property | 221 | 92 | 7 | 221 | 91 | 7 |
| Exposures to institutions and corporates with a short-term credit assessment | 81 | 43 | 3 | 100 | 46 | 4 |
| Securitization * | 14,428 | 1,669 | 134 | 5,990 | 1,237 | 99 |
| ***Sub-total credit risk*** | ***223,644*** | ***63,005*** | ***5,040*** | ***210,699*** | ***66,274*** | ***5,302*** |
| **Counterparty risk** | | | | | | |
| **Internal approach** | **35,140** | **5,865** | **469** | **34,888** | **5,531** | **442** |
| Central governments or central banks | 5,536 | 112 | 9 | 3,807 | 120 | 10 |
| Corporates | 16,054 | 4,259 | 341 | 18,026 | 4,015 | 321 |
| Institutions | 13,171 | 1,387 | 111 | 12,673 | 1,365 | 109 |
| Securitization | 379 | 108 | 9 | 382 | 32 | 3 |
| **Standardized approach** | **18,218** | **614** | **49** | **18,872** | **645** | **52** |
| Central governments or central banks | 1,965 | 241 | 19 | 1,282 | 254 | 20 |
| Retail | | | | | | |
| Corporates | 289 | 42 | 3 | 525 | 33 | 3 |
| Institutions | 15,714 | 262 | 21 | 16,870 | 274 | 22 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Defaulted exposures | 2 | 2 | | 7 | 10 | 1 |
| Exposures to institutions and corporates with a short-term credit assessment | 72 | 42 | 3 | 122 | 64 | 5 |
| Securitization | 176 | 25 | 2 | 66 | 10 | 1 |
| **CCP default fund exposure** | **352** | **153** | **12** | **347** | **234** | **19** |
| ***Sub-total counterparty risk*** | ***53,709*** | ***6,632*** | ***531*** | ***54,106*** | ***6,410*** | ***513*** |
| **Market risk** | | | | | | |
| **Internal approach** | | **12,322** | **986** | | **5,826** | **466** |
| **Standardized approach** | | **5,875** | **470** | | **5,378** | **430** |
| Equity risk | | 450 | 36 | | 462 | 37 |
| Foreign exchange risk | | 2,847 | 228 | | 2,685 | 215 |
| Commodities risk | | 1,039 | 83 | | 708 | 57 |
| Interest rate risk | | 1,539 | 123 | | 1,523 | 122 |
| ***Sub-total market risk*** | | ***18,197*** | ***1,456*** | | ***11,204*** | ***896*** |
| **CVA** | **7,399** | **1,679** | **134** | **7,671** | **1,336** | **107** |
| **Settlement-delivery risk** | | **11** | **1** | | **32** | **3** |
| **Operational risk** (standardized approach) | | **13,733** | **1,099** | | **13,733** | **1,099** |
| **Total** | | **103,258** | **8,261** | | **98,990** | **7,919** |

* Change in the consolidation method of the Versailles entity, now using the equity method as it is no longer considered as an extension of Natixis' business and therefore does not constitute a financial institution within the meaning of regulations.

## – EAD BY GEOGRAPHIC AREA AND BY BASEL EXPOSURE CLASS (NX05)

*(Data certified by the Statutory Auditors in accordance with IFRS 7)*

*(in millions of euros)*

| Exposure class | FRANCE | Europe* | North America | Corporate Center | Total |
|---|---|---|---|---|---|
| **Corporates** | **33,147** | **28,644** | **16,381** | **25,975** | **104,147** |
| Other than SMEs and SF | 28,786 | 21,792 | 12,484 | 20,315 | 83,377 |
| Specialized Financing (SF) | 3,515 | 6,612 | 3,809 | 5,326 | 19,262 |
| SME | 846 | 240 | 87 | 334 | 1,508 |
| | | | | | |
| **Institutions** | **70,204** | **12,478** | **7,579** | **5,816** | **96,077** |
| **Central governments or central banks** | **14,648** | **10,095** | **10,558** | **11,071** | **46,372** |
| Governments and central banks | 13,265 | 7,835 | 10,467 | 11,060 | 42,628 |
| International Organizations | | 1,606 | | | 1,606 |
| Regional governments or local authorities | 470 | 38 | | | 507 |
| Public sector entities | 913 | 616 | 91 | 11 | 1,631 |
| | | | | | |
| **Securitization** | **5,799** | **1,031** | **10,959** | **391** | **18,181** |

| | | | | | |
|---|---|---|---|---|---|
| **Other items** | **5,513** | **234** | **413** | **44** | **6,205** |
| **Share** | **3,843** | **666** | **678** | **139** | **5,326** |
| **Retail** | **504** | **41** | | **95** | **640** |
| Other than SMEs | 343 | 16 | | 4 | 363 |
| SME | 161 | 25 | | 91 | 277 |
| | | | | | |
| **Exposures secured by mortgages on immovable property** | **219** | | | **2** | **221** |
| **Exposures to institutions and corporates with a short-term credit assessment** | **4** | **35** | **13** | **101** | **153** |
| **Defaulted exposures** | **24** | **1** | | **7** | **32** |
| **Collective investments undertakings (CIU)** | | | | | |
| **Total at 30/06/2020** | **133,906** | **53,226** | **46,581** | **43,640** | **277,353** |
| **Total at 31/12/2019** | **121,530** | **52,056** | **47,004** | **44,215** | **264,806** |

* Europe = European Union + Europe (outside EU).

- **EAD BY INTERNAL RATING (S&P EQUIVALENT) (NX12)**

*(Data certified by the Statutory Auditors in accordance with IFRS 7)*

The following table shows the breakdown of exposures at risk by internal rating (S&P equivalent) for asset classes measured using the IRB approach, excluding:

- exposures to equities (calculated using a simple weighting);
- pool-based exposures (acquired portfolios) and third parties grouped into homogeneous risk classes;
- securitization positions.

*(% breakdown)*

| Grade | Internal rating | 30/06/2020 | 31/12/2019 |
|---|---|---|---|
| Investment Grade | AAA | 0.1% | 0.5% |
| | AA+ | 6.2% | 7.2% |
| | AA | 6.6% | 7.0% |
| | AA- | 15.1% | 13.6% |
| | A+ | 6.6% | 6.4% |
| | A | 11.4% | 12.5% |
| | A- | 10.2% | 9.4% |
| | BBB+ | 7.3% | 6.9% |
| | BBB | 7.7% | 8.6% |
| | BBB- | 9.0% | 8.9% |
| **Investment Grade** | | **80.2%** | **81.0%** |
| Non-Investment Grade | BB+ | 4.4% | 5.1% |
| | BB | 5.0% | 4.6% |
| | BB- | 3.0% | 3.4% |
| | B+ | 2.1% | 2.4% |
| | B | 0.9% | 0.9% |
| | B- | 0.5% | 0.2% |
| | CCC+ | | 0.1% |
| | CCC | | |
| | CCC- | | |
| | CC | | |
| | C | | |
| **Non-Investment Grade** | | **16.0%** | **16.7%** |
| **Unrated** | **Unrated** | **1.3%** | **0.5%** |
| **Default** | **D** | **2.6%** | **1.8%** |
| **Total** | | **100.0%** | **100.0%** |

### 3.2.5 Market risk

#### 3.2.5.4 Market risk management quantitative disclosure

*(Data certified by the Statutory Auditors in accordance with IFRS 7)*

**Change in Natixis VaR**

The VaR level for Natixis' trading books averaged €11.1 million. It peaked at €22.2 million on June 4, 2020 and bottomed out at €4.5 million on February 6, 2020, standing at €10.6 million at June 30, 2020.

The following chart shows the VaR trading history between June 30, 2019 and June 30, 2020 for the entire scope.

**Overall Natixis VaR — Trading portfolio (1 day 99% VaR)**


**Breakdown of total trading VaR by portfolio**

*(Data certified by the Statutory Auditors in accordance with IFRS 7)*

The following table presents the key VaR figures — (99% VaR, 1 day):

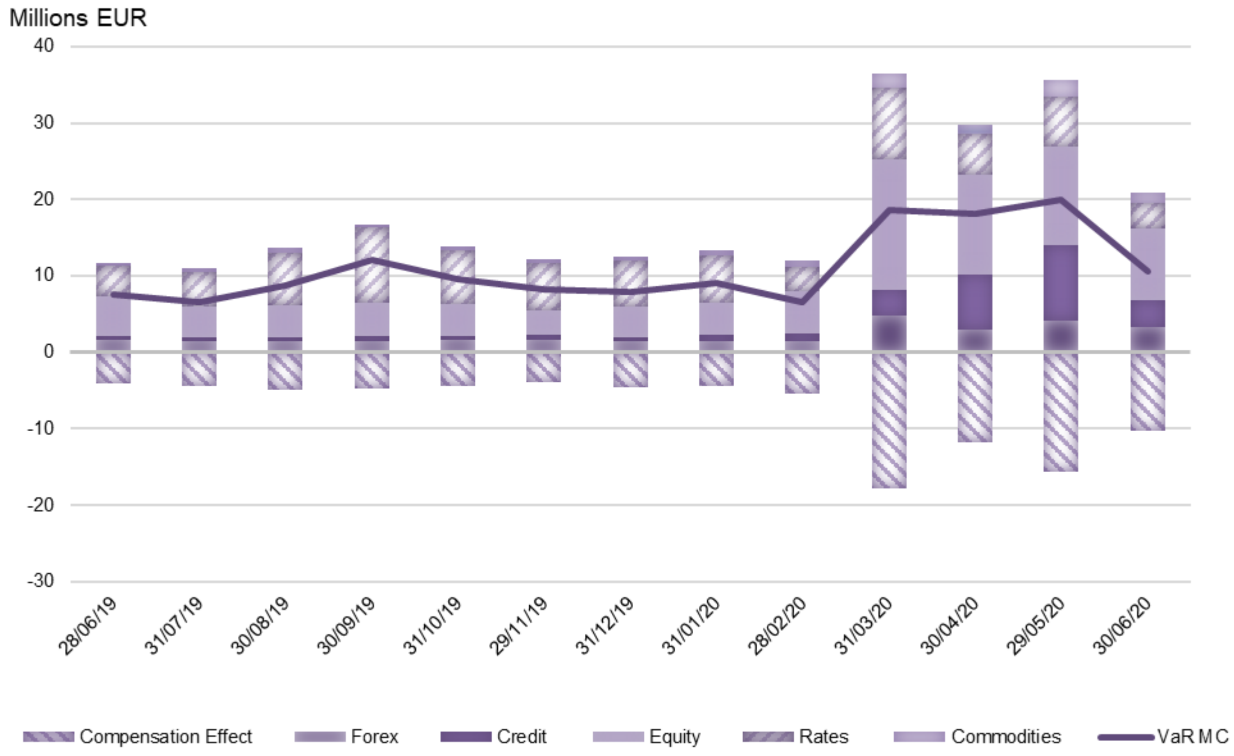
*(in millions of euros)*

| Natixis trading book | VaR at 30/06/2020 |
|---|---|
| **Natixis** | **10.6** |
| Of which: | |
| Global Markets | 10.5 |
| *Equity Markets* | *7.2* |
| *Commodities* | *1.5* |
| *Fixed Income* | *4.1* |
| *Global Securities Financing* | *6.0* |
| Other run-off activities | 1.9 |

At June 30, 2020, the VaR by business is at a higher level than the previous year (€10.6 million vs. €7.5 million).

### VaR breakdown by risk factors and netting effect

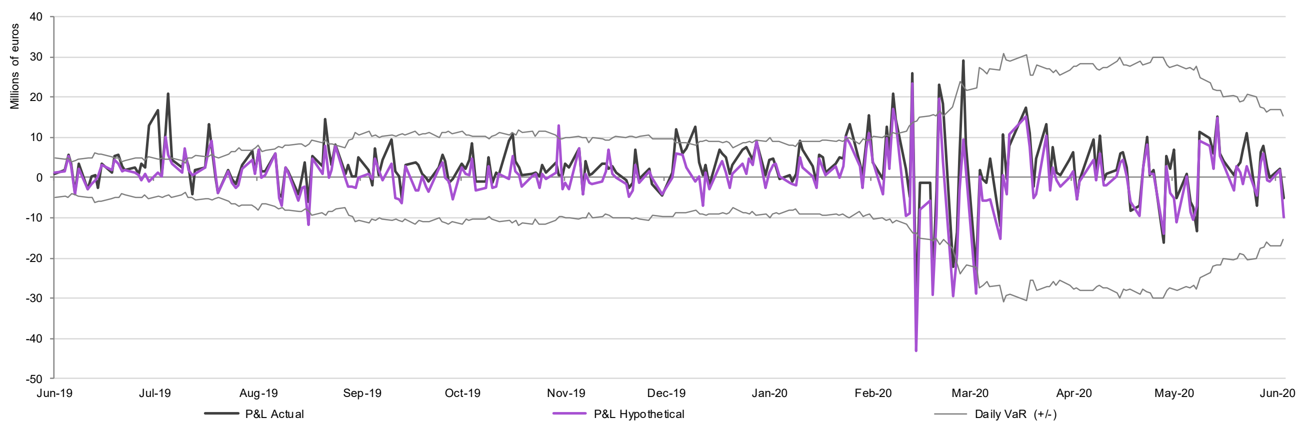
The breakdown of the VaR by risk factor provides a picture of the monthly contribution of the main risks and the netting effects in terms of VaR.




The €3.1 million increase in consolidated VaR is explained in part by the increase in VaR in scopes mostly comprising shares due to the sharp volatility of the markets in the context of the Covid-19 crisis.

### Natixis backtesting for regulatory scope

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:



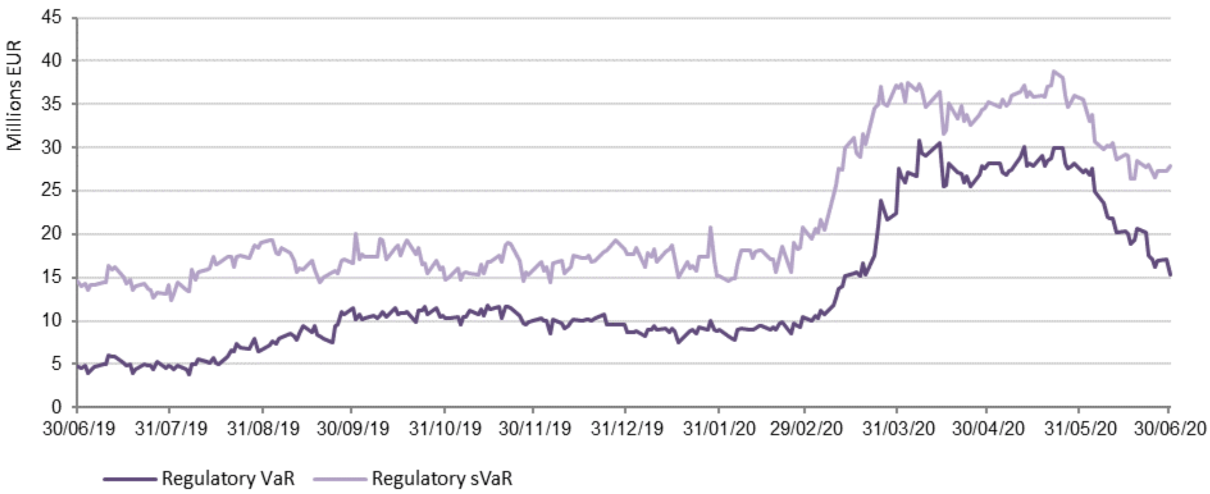
From 28/06/2019 to 30/06/2020, four actual backtesting exceptions and six hypothetical backtesting events were noted at the Natixis regulatory level.

Four actual backtesting exceptions were recorded in the first half of 2020 on March 12, 17, 23 and 30. These four exceptions are explained by sharp volatility on the market brought as a result of uncertainty and the measures taken to stymie the Covid-19 pandemic. These exceptions will not be factored into the calculation of multiplication measures as authorized by the ECB in its communication of April 16, 2020.

### Natixis regulatory stressed VaR

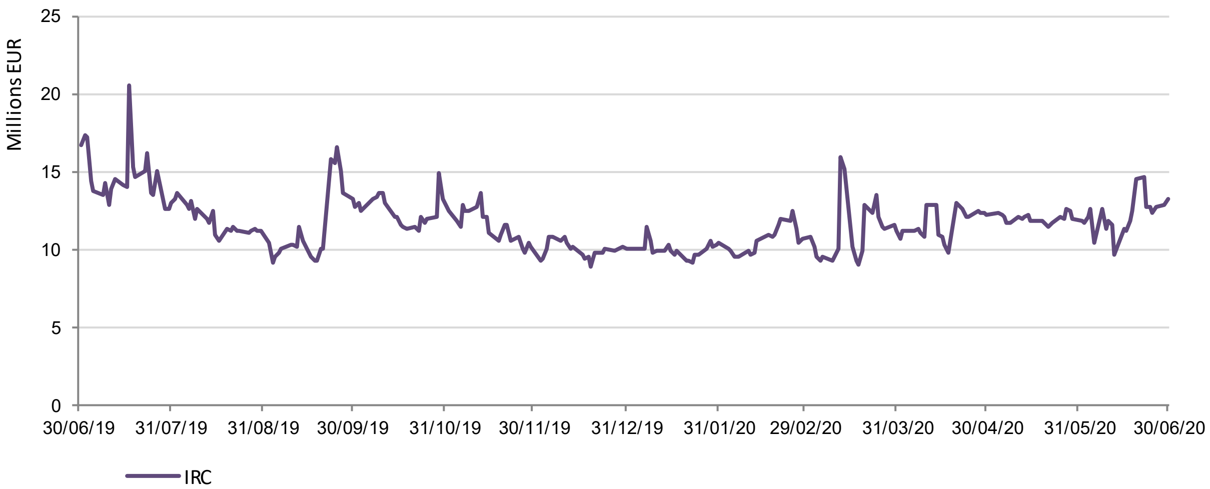
Natixis' regulatory stressed VaR averaged €21.7 million. It peaked at €38.9 million on May 22, 2020, and bottomed out at €12.4 million on July 31, 2019, and stood at €27.9 million at June 30, 2020.

**Change in regulatory VaR (1-day 99% VaR) and stressed VaR (1-day 99% SVaR).**




### IRC indicator

This indicator covers the regulatory scope. Natixis' IRC averaged €11.7 million. It peaked at €20.5 million on July 17, 2019, and bottomed out at €9 million on December 19, 2019, and stood at €13.2 million at June 30, 2020.



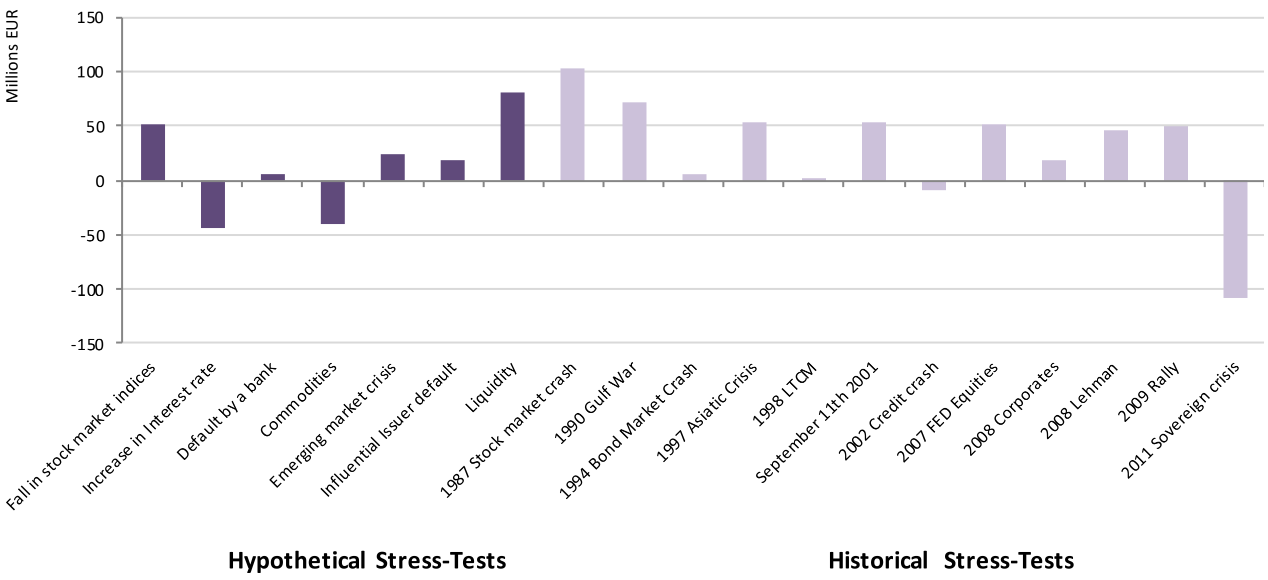
## Stress test results for the Natixis scope

*(Data certified by the Statutory Auditors in accordance with IFRS 7)*

Overall stress test levels reached an average level of +€23 million at June 30, 2020, versus +€12 million at June 28, 2019.

The historical stress test replicating the sovereign debt crisis in 2011 gave the maximum loss (-€108 million at June 30, 2020).

**Overall stress tests at 30/06/2020:**




### 3.2.7 Balance sheet management

#### 3.2.7.1 Governance and organization structure

*(Data certified by the Statutory Auditors in accordance with IFRS 7)*

Natixis' structural balance sheet risks are managed and monitored under the authority of the Asset/Liability Management Committee (ALM Committee), which is chaired by the Chief Executive Officer and composed of the members of the Senior Management Committee in charge of Finance, Risk and the Corporate & Investment Banking division, the Head of the Joint Refinancing Pool, the Head of Financial Management and BPCE and Natixis' heads of financial management. The Committee meets every two months and is mainly responsible for:

– defining and monitoring Natixis' ALM;
– approving the major principles in terms of structural balance sheet risks (structure, delegation of authority, fund transfer pricing, etc.) in compliance with the standard ALM framework set up by BPCE;
– validating ALM assumptions and conventions underlying calculations for metrics used to manage and monitor ALM risks;
– validating internal limits with respect to ALM indicators, the overall Group limits being defined by BPCE;
– validating the overall funding policy in conjunction with BPCE;
– supervising structural balance-sheet risks, including managing excessive leverage risk;

- supervising the main balance sheet aggregates and their development.

The ALM Committee monitors the N2 balance sheet:

In the interest of fulfilling its duties and in order to apply the main principles of ALM management and control, the ALM Committee delegates certain operational tasks to:

- the Financial Management Department, as first line of defense: the ALM Department is responsible for updating the ALM principles, standards, conventions and limits. He reports these to the ALM Committee overseen by the Structural Risk Officer (SRO) within the Risk Department, and ensures the management of structural balance sheet, regulatory leverage ratio and leverage ratio risks *(see section 3.3.2.2),*
- the Treasury Department (joint refinancing pool), which comes under the authority of the Financial Management Department, is responsible for covering the funding requirements of the business lines, providing operational management of liquidity risk in accordance with applicable risk mandates and limits, implementing the Natixis medium-term refinancing policy adopted by the ALM Committee, and operationally managing compliance with the regulatory liquidity ratio;
- to the Risk Department/SRO in charge of the second line of defense and of overseeing financial and cash management. At the Market Risk Committee, this department also reviews risk mandates and operational limits with respect to banking portfolios. Lastly, this department submits to the Board of Directors for approval the risk limits defined as part of the Bank's risk appetite policy.

### 3.2.7.2 Management of liquidity and funding risk

**Targets and policy**

*(Data certified by the Statutory Auditors in accordance with IFRS 7)*

Natixis is affiliated with the central institution of the Caisses d'Epargne and the Banques Populaires banks (BPCE), as defined by the French Monetary and Financial Code. Article L.511-31 of the French Monetary and Financial Code stipulates that central institutions are credit institutions and, as such, they must oversee the cohesion of their network and ensure the proper operation of affiliated institutions and companies. To this end, they take any necessary measures, notably to guarantee the liquidity and capital adequacy of all such institutions and companies as well as the network as a whole.

In light of the commitments Groupe BPCE has made to the supervisory authorities to ensure and guarantee the liquidity of the bank as lender of last resort, Natixis remains under the supervisory authority of BPCE.

This supervision is implemented through governance and an overall liquidity risk management and monitoring system that is adapted, shared and harmonized by all affiliates, and whose main guidelines have been set forth by Groupe BPCE's ALM Committee.
Natixis' liquidity risk management policy dovetails with the Group's policy. It sets out to optimize Natixis' activities within a clear, shared and standardized framework in terms of governance and ALM regulations, and in line with the Group's risk constraints.

Natixis' funding structure relies on a Joint Refinancing Pool shared by Natixis and BPCE. Placed under the authority of the Group ALM Committee, this platform was implemented in order to secure the Group's financing and optimize the management of collateral and allocation of liquidity within the Group in accordance with predefined rules, with the aim of limiting the use of market financing and reducing funding costs.

In particular, responsibilities for debt issues are as follows: BPCE is in charge of Natixis' medium and long-term funding for public and private sector senior or subordinated vanilla funding transactions; Natixis is the MLT issuer for Groupe BPCE in all structured private sector refinancing transactions.

The purpose of the overall liquidity risk management policy is to:

- ensure that Natixis meets its loan commitments while ensuring that its funding needs and maturity transformation are in line with the Group's short- and medium-term refinancing capacities;
- optimize funding costs within established risk constraints to help reach profitability targets;
- observe the internal limits set in close cooperation with BPCE and adapted to the Group's ability to meet Natixis' ultimate liquidity needs;
- comply with national and international regulations;
- help diversify the sources of funding raised by Groupe BPCE (by geographic area, product and counterparty); and in particular promote inflows of non-financial resources.

**Monitoring system**

*(Data certified by the Statutory Auditors in accordance with IFRS 7)*

Liquidity risk is controlled, managed and monitored as follows:

- management of each business line's funding needs: to manage the bank's funding needs, liquidity budgets are allocated for each business line as part of the budgetary procedure and approved by the ALM Committee. Consumption is monitored weekly for Corporate & Investment Banking business lines and monthly for other business lines;
- management of the bank's contribution to Groupe BPCE's net market footprint: the objective is to match the liquidity allocation system with the Group's strategic ambitions and operational oversight;
- management of short-term maturity transformation, which is measured using liquidity gaps. This indicator is produced daily for a 365-day period in one-day intervals for all parent company transactions, including some subsidiaries. It is subject to four permanent limits approved by the ALM Committee and monitored daily, on overnight market exposure at opening, on the 60-day, 150-day and 330-day static liquidity gaps;
- management of medium-term maturity transformation, which is performed using coverage ratios that are defined by maturity tranche, such as the ratio of assets that have not yet matured to liabilities that have not yet matured. These ratios are calculated for long-term cash assets, credit subsidiaries housing medium-term activities, and for Natixis on a consolidated basis, and are restricted by the minimum coverage ratios approved by the ALM Committee and monitored monthly. Furthermore, in compliance with regulations and within the framework of the Bank's risk appetite, since 2015 Natixis has set up governance as well as a global limit and an alert threshold applied specifically to a coverage ratio, proposed by the ALM Committee and validated by the Board of Directors;
- management of the Bank's contribution to the short-, medium- and long-term transformation of Groupe BPCE. This is measured on the basis of Natixis' consolidated liquidity gaps subject to limits at 60 days, 5 months, 11 months and 5 years. These indicators are produced on a monthly basis;
- simulations of liquidity stress scenarios: the purpose of these scenarios is to measure the Group's ability to continue meeting its commitments and operating in the event of a liquidity crisis. Natixis periodically simulates its contribution to the Group's stress results based on different crisis scenarios (systemic, specific, combined, etc.) and different levels of intensity (moderate, strong, extreme, etc.) over one-, two- and three-month periods for which assumptions are set by BPCE;
- funding structure: the funding structure is monitored to ensure that resources are well diversified, by type of counterparty, by market segment and by geographic area, in order to mitigate all concentration risk (see section on funding principles and structure on the following page);
- market depth tests conducted by the Joint Refinancing Pool: these liquidity tests aim to explore the limits established by our counterparties on our issues.

### Contingency funding plan under liquidity stress

*(Data certified by the Statutory Auditors in accordance with IFRS 7)*

The aim of this Contingency Funding Plan ("CFP under Liquidity Stress") is to ensure that, in the event of a liquidity crisis altering the Group's ability to obtain funding, all resources are used in a coordinated and optimized manner to allow the Group to meet its current and future financial obligations and thus maintain business continuity.
Given that Natixis is supervised by BPCE, in its capacity as the central institution, and given the close interactions between BPCE and Natixis in terms of liquidity management *(see section 3.2.7.1)*, this plan dovetails with that of Groupe BPCE.

A governance system (dedicated teams and Committees, activation and deactivation rules, reporting and communication procedure, etc.) and remediation plans to enhance liquidity and reduce funding requirements are defined and documented. In addition, the BCP is regularly tested to ensure that it is operational, in accordance with regulations.

### Funding principles and structure

*(Data certified by the Statutory Auditors in accordance with IFRS 7)*

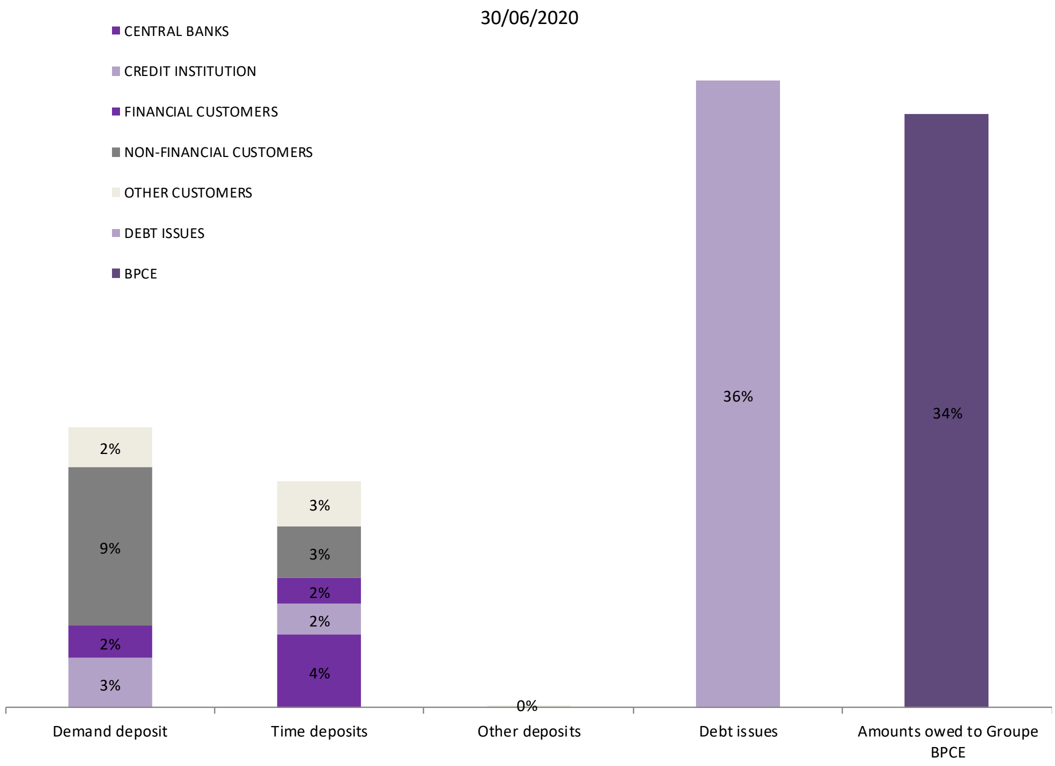
**Funding strategy**

Natixis' funding structure relies on a Joint Refinancing Pool shared by Natixis and BPCE. Placed under the authority of the Group ALM Committee, this platform was implemented in order to secure the Group's financing and optimize the management and allocation of liquidity within the Group in accordance with predefined rules, with the aim of limiting the use of market financing and reducing funding costs.

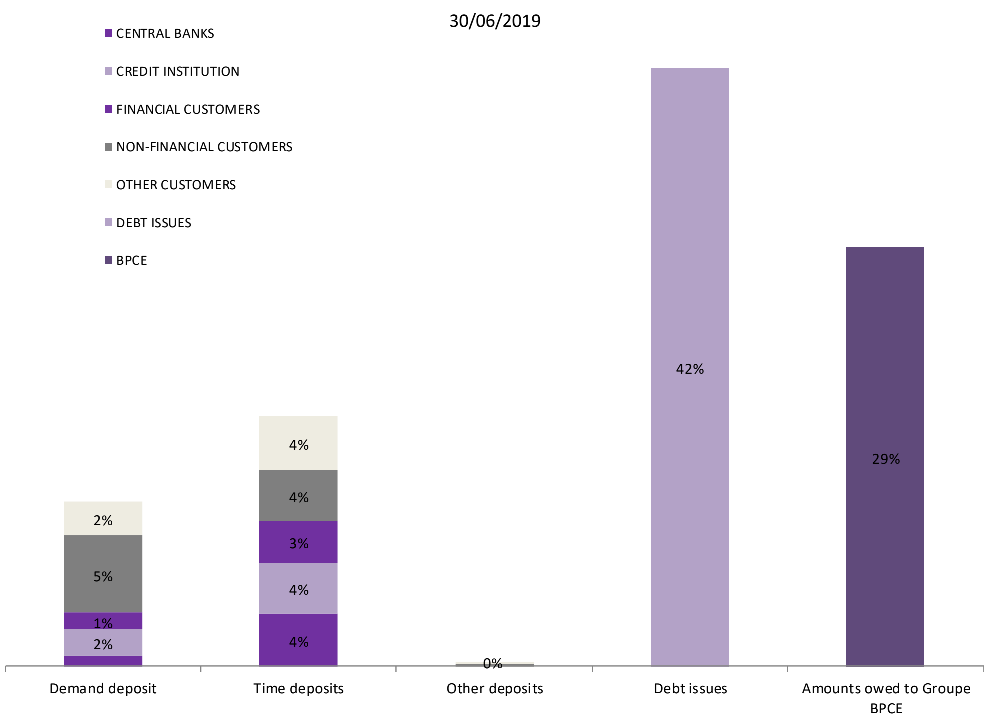
The diversification strategy now needs to be taken on board at Group level; Natixis is not the Group's only strategic arm. The strategy aims to extend the Group's financing sources by geographic zone, currency, product and counterparty, to limit its stock market footprint while restricting the so-called "market" liquidity needs of consumer business lines. As for Natixis, implementing this strategy will notably involve structured issues made via private placement, as well as deposit taking via corporate bonds in Europe, Asia and the US.

The following charts are established for information purposes on the basis of management data at June 30, 2020.

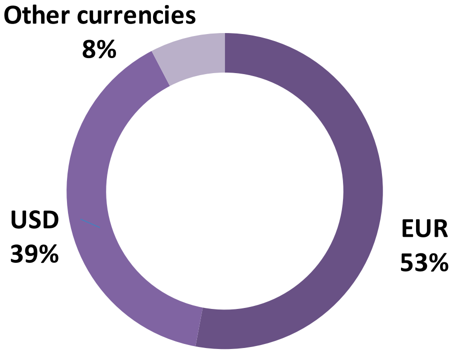
### Weight of gross on-balance sheet funding sources by major category of vehicle and/or by customer segment at June 30, 2020



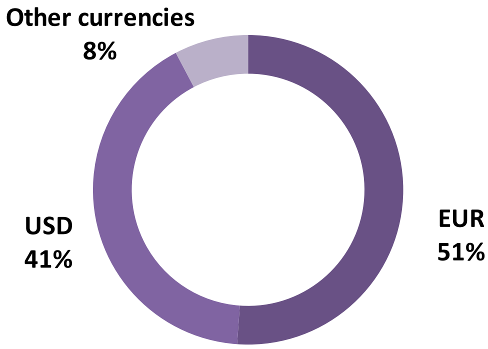

### Weight of gross on-balance sheet funding sources by major category of vehicle and/or by customer segment at June 30, 2019



**Breakdown of gross funding structure by currency, at current USD exchange rates — 30/06/2020**




**Breakdown of gross funding structure by currency, at current USD exchange rates — 30/06/2019**

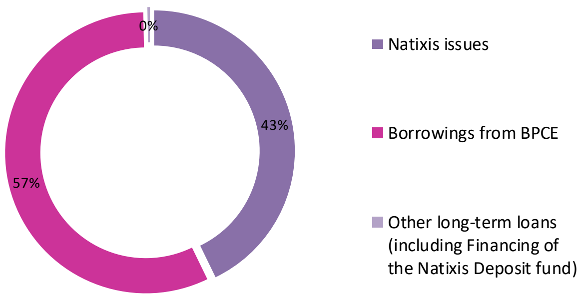



Under its annual medium-term funding program in 2020, in H1 2020 Natixis raised €5.1 billion net (€3.1 billion net the value of buybacks and calls) in resources with a term of more than one year versus €8.3 billion in H1 2019 (€6.1 billion net the value of buybacks and calls).

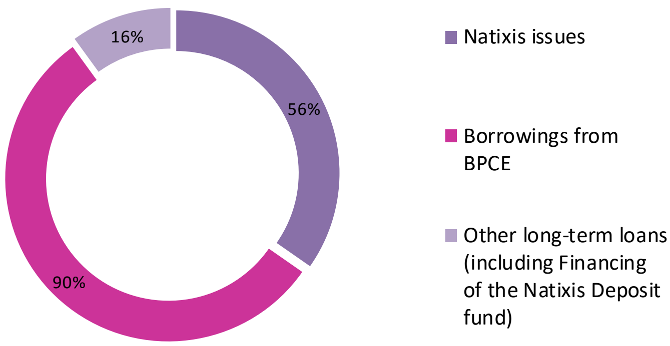
This decrease is in line with a refinancing plan of a smaller scale in 2020 than in 2019, bearing in mind that part of client activity is a result of the state-guaranteed loan scheme, outside of LT refinancing.

Structured private placements account for 43% of this program, with the remainder predominantly provided by BPCE as part of the Group's medium-term funding policy approved by the Group ALM Committee.

Gross MLT funding program at June 30, 2020




Gross MLT funding program at June 30, 2019




## Comments on the Bank's funding

### Short-term funding

The development of the Covid-19 pandemic upended the global economy and shaking the capital markets to the core. Lockdown measures - crucial to containing the spread of the disease - paralyzed entire sectors of the economy and compelled governments and central banks to multiply budgetary and monetary measures in order to limit the consequences of the crisis.

The first quarter of 2020 was marked by the freeze in the short-term funding market, wearing down the Group's resources collected on the market through its commercial paper issuance programs. The freeze is mainly because of the portion of cash held by businesses that is invested in money market funds or basic banking products in order to have immediately accessibly current account reserves. The purpose of this strategy by businesses was in response to the foreseeable loss of a portion of their operating revenues. The movement discouraged money market fund managers from renewing their investments, and they reduced the amount of bank debt they held. At Group level, the loss of this liquidity resource was nevertheless largely offset by an increase in business deposits in their bank accounts.
The massive cash injections by central banks together with their numerous targeted interventions in the money markets restored liquidity to the short-term funding market from the start of the second quarter. The phenomenon was first observed in the dollar before spreading to other currencies. We can now consider the

markets to be practically functioning as normal again, with volumes similar to those observed last year. Our various short-term issuance program outstandings are mostly stable (€39.2 billion vs. €39.9 billion at December 31, 2019), but with a higher proportion of dollar-denominated issues over the first-half which started to balance out as the euro markets reopened from mid-May.

**Natixis' short-term issuance program outstandings**

| *(in millions of euros or euro equivalents)* | ***Certificates of deposit*** | ***Commercial papers*** |
|---|---|---|
| *Program ceiling ** | *45,000* | *25,395* |
| *Outstandings at 30/06/2020* | *29,103* | *10,100* |
| ** For certificates of deposit, NEU CP program ceiling only* | | |

**Long-term funding**

The first half of 2020 was marked by the Covid-19 crisis which, on account of lockdown measures, dramatically slowed down global economic activity. The latest forecast of the IMF pts growth at -4.9% after +2.4 in 2019.

Containing the economic effects of the Covid-19 pandemic and supporting the smooth operation of the market required central bank intervention. After announcing a first series of measures in March (unchanged deposit rate but more favorable TLTRO III conditions), the ECB announced a €1,350 billion asset purchase program running until June 2021 (PEPP - Pandemic Emergency Purchase Programme). The Fed for its part reduced its fed funds rate twice (-50 bps and -100 bps) at its inter-meeting (from a 1.50%-1.75% range to a 0.00%-0.25% range) and announced a near-unlimited quantitative easing program (including treasury securities and MBS) as well as other facilities (PMCCF - Primary Market Corporate Credit Facility, and SMCCF- Secondary Market Corporate Credit Facility - over the medium-to-long term).

Since mid-March, the Fed balance sheet has risen $3 billion to $7.2 billion, and the ECB balance sheet has risen €1 billion to €5.6 billion. On the credit market, central bank intervention led to the reopening of the primary euro market after laying inactive in March. After peaking at 164 bps in March, the iTraxx Europe Senior Financials Index traded at 70 bps at end-June, without returning to its early-year low (~47 bps).
On the long end of the yield curve, the 10-year US Treasury bond ended the half-year at 0.66%, down -126 bps in 2020. The 10-year Bund closed at -0.45%, down -26 bps.

Against this market backdrop, Natixis raised €8.2 billion in funding in the first quarter of 2020 (of which €809 million in self-held securities) under its medium- and long-term refinancing program. As the only long-term issuer in the public issues segment, BPCE provided Natixis with financing for a total euro-equivalent amount of €4.4 billion.

**Issues and outstandings of Natixis' medium- and long-term debt issuance programs**

| *(in millions of euros or euro equivalents)* | ***EMTN*** | ***NEU MTN*** | ***USMTN*** | ***Bond issues*** |
|---|---|---|---|---|
| *Issues at 30/06/2020* | *1,423* | *0* | *14* | *2,386* |
| *Outstandings at 30/06/2020* | *12,952* | *477* | *159* | *12,456* |

### 3.2.7.3 Structural foreign exchange risk

*(Data certified by the Statutory Auditors in accordance with IFRS 7)*

#### Targets and policy

Natixis' Common Equity Tier 1 (CET1) has a weighted currency risk exposure, mainly denominated in US dollars. Natixis' general policy for managing structural exchange risk consists in immunizing the CET1 ratio (CET1 in currency, in relation to RWAs in the same currency) against changes in exchange rates. To this end, it establishes a "structural" foreign-exchange position when it purchases foreign currencies to fund net sustainable, strategic investments abroad, in proportion to the consumption of RWA in the currency in question. Net investments in non-core currencies are still funded by borrowings.

#### Monitoring system

The CET 1 ratio's sensitivity to exchange rate fluctuations is regularly assessed by the ALM Committee.

### 3.2.7.4 Overall interest rate risk

#### General policy

*(Data certified by the Statutory Auditors in accordance with IFRS 7)*

Natixis' policy for managing overall interest rate risk is not aimed at structurally holding directional interest rate positions in the banking book over the long term.
Barring exceptions, fixed-rate financial assets and liabilities are returned against bank offered rates via interest rate swaps and are predominantly housed in Treasury portfolios subject to ongoing management of interest rate risk. Accounting treatment of the hedging system is in accordance with international accounting standards.

#### Overall interest rate risk management system

*(Data certified by the Statutory Auditors in accordance with IFRS 7)*

The system for measuring and monitoring interest rate risk factors in the new July 2018 guidelines of the European Banking Authority (EBA), "EBA-GL-2018-02". It dovetails with the implementation of the IRRBB framework within Groupe BPCE, and includes calculations and limits that are adapted to Natixis' prudential banking scope.
The interest rate risk of Natixis' banking portfolio is managed under the same arrangement as for liquidity risk *(see section 3.2.7.1)* under the authority of the Asset/Liability Management Committee *(see section 3.2.7.1).*

The indicators are:
- A static interest rate gap calculation: to check the (banking) balance sheet's exposure to interest rate risk.
- Sensitivity of economic value calculations: to measure changes in this value according to scenarios defined by the EBA.
- Changes in net interest income calculations: to calculate the sensitivity of net interest income.

These measures are established by the Financial Management Department under the second-level control of the Risk Department/SRO and consolidated by BPCE. These measures are placed within limits approved by the Asset and Liability Management Committee and monitored by the Risk Department.
Complementing this system is a set of operational interest rate risk calculations (interest rate sensitivity and stress tests) which are managed daily by the Risk Division, and monthly for balance sheet management operations and credit subsidiaries.

#### Quantitative disclosures

*(Data certified by the Statutory Auditors in accordance with IFRS 7)*

Interest rate gap indicators factor in all asset and liability positions and variable-rate positions until the next interest reset date: they compare the amount of liability exposures to the amount of asset exposures using the same interest rate index and over different maturities.
The maturity schedule is determined statically. The interest rate gap indicator is calculated quarterly.

**Interest rate gap by maturity at June 30, 2020**

| **Maturities** (*in billions of euros equivalent*) | **1 year** | **3 years** | **5 years** | **7 years** |
|---|---|---|---|---|
| Interest rate gap (fixed-rate) | (1.6) | (0.3) | (0.5) | (0.2) |

**Sensitivity of economic value and net interest income (IRRBB — Table B)**

| | **∆EVE(i)** | **∆NII(ii)** |
|---|---|---|
| *(in millions of euros equivalent)* | **30/06/2020** | **30/06/2020** |
| +200 bps parallel upward shift | (82) | 154 |
| -200 bps floored parallel downward shift | 13 | (23) |

(i) Sensitivity of economic value using the progressive regulatory floor approach as well as the multi-currency aggregation method as per the EBA Guidelines of July 2018. The sensitivity presented below relating to NII is that of the first year.

(ii) Sensitivity of NII of the first year.

Given its nature, overall interest rate risk is a marginal risk for Natixis and calls for no special comments.

### 3.2.9.1 Legal and arbitration proceedings

*Update of section 3.2.9.1 of Chapter 3 of the 2019 Universal Registration Document, pages 151 and 153. Only the updated or new procedures are presented hereafter.*

**Madoff fraud**

Outstanding assets exposed to the Madoff affair as expressed in euros were estimated at €548.5 million at June 30, 2020 and were fully provisioned for at that date. The effective impact of this exposure will depend on both the extent of recovery of assets invested for Natixis and the outcome of the measures taken by the bank, notably in terms of legal proceedings. 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 vindicated the Commercial Court's prior ruling that primary insurers were liable to cover the losses incurred by Natixis due to the Madoff fraud, up to the amount for which the bank was insured. On September 19, 2018, the Court of Cassation subsequently annulled the judgment under appeal and referred the case back to the Paris Court of Appeal with a differently constituted bench. On September 24, 2019, the Court ruled against Natixis, overturning the ruling by the Commercial Court of Paris. Natixis filed an appeal with the Court of Cassation in December 2019.

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 the case on a preliminary basis, or prior to any ruling on the merits, 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. In September 2017, the Second Circuit Court granted the BMIS liquidator and the defendants the right to appeal the bankruptcy court's ruling on the grounds of extraterritoriality directly through the Second Circuit, thereby avoiding the need to file an intermediary appeal with the district court. In February 2019, the Court of Appeals for the Second Circuit overturned the bankruptcy court's extraterritoriality ruling. In August 2019, Natixis joined the group of defendants that filed a request for permission to appeal the Second Circuit Court's ruling before the Supreme Court. In June 2020, the Supreme Court refused to hear the case. The case will be referred back to the Second Circuit Court of the bankruptcy court. The liquidator of BMIS seeks the suspension of outstanding actions for restitution pending the settlement of specific actions on the concept of good faith in the restitution request.

Furthermore, the liquidators of Fairfield Sentry Limited and Fairfield Sigma Limited have initiated a large number of proceedings against investors having previously received payments from these funds for redemptions of shares (over 200 proceedings have been filed in New York). Some Natixis entities have been named as defendants in some of these proceedings. Natixis deems these proceedings to be entirely unfounded and is vigorously defending its position. These proceedings have been suspended for several years, and in October 2016 the bankruptcy court authorized the liquidators to modify their initial claim. The defendants filed joint responses in May and June 2017. In August 2018, the bankruptcy court ruled on a motion to dismiss filed by the defendants (requesting that the case be dismissed on a preliminary basis and prior to any ruling on the merits). The judge only gave a ruling on one of the merits (that of personal jurisdiction), having found that the latter was missing from the claim made against the defendants. In December 2018, the judge ruled on the motion to dismiss, rejecting the liquidators' common law claims (unjust enrichment, money had and received, mistaken payment and constructive trust) as well as contractual claims. However, it overturned the motion to dismiss in respect of claims founded on British Virgin Islands' law, while reserving the right to file a plea for the application of the Section 546(e) Safe Harbor provision. In May 2019, the liquidators appealed the bankruptcy court's ruling before the District Court. The defendants, including Natixis, submitted on March 9, 2020 a motion to dismiss this appeal and renewed this initial motion on March 16, 2020. The bankruptcy court asked the defendants to limit the motion to dismiss to arguments that can lead to the dismissal of all the actions of the liquidators (as per Section(e) 546 of the safe harbor provision or impropriety of the initial petition). The case is ongoing.

#### Union Mutualiste Retraite

In June 2013, Union Mutualiste Retraite filed three complaints against AEW S.A. (formerly 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 €149 million.
UMR and AEW SA each withdrew their complaints before the Paris Commercial Court at end-November 2019.
The case is now closed.

#### EDA — Selcodis

Through two complaints filed on November 20, 2013, Selcodis and EDA also brought claims before the Commercial Court of Paris against Natixis and two other banking institutions for unlawful agreements, alleging that such actions led to the refusal to grant a guarantee to EDA and to the termination of various loans.

Selcodis is asking for compensation for the losses purportedly suffered as a result of the court-ordered liquidation of its subsidiary EDA, and is requesting that the defendants be ordered to pay damages and interest, which it assesses to be €32 million. For its part, EDA is requesting that the defendants be ordered to bear the asset shortfall in its entirety, with its amount being calculated by the court-appointed receiver.

Natixis considers all of these claims to be unfounded.

On December 6, 2018, after consolidating these claims, the Commercial Court of Paris found them to have expired and deemed them closed. The plaintiffs filed an appeal against this ruling in January 2019.

In its judgment on June 22, 2020, the Court of Appeal reversed the decision of the Commercial Court and dismissed the lapse of action and termination of proceedings. Natixis is reviewing its option to appeal this judgment.

#### Competition Authority / Natixis Intertitres and Natixis

On October 9, 2015, a company operating in the restaurant voucher sector lodged a complaint with the Competition Authority to contest sector practices with respect to the issuance and acceptance of restaurant vouchers. The complaint targeted several French companies operating in the meal voucher sector, including Natixis Intertitres.
In its decision of December 17, 2019, the Competition Authority ruled that Natixis had participated in two practices designed to keep new entrants out of the restaurant voucher market: the exchange of confidential information and the adoption of a series of agreements intended to lock up the market.
Natixis Intertitres was fined €4,360,000, and was issued two additional fines totaling €78,962,000, jointly and severally with Natixis.
This decision was the subject of a press release from the Competition Authority dated December 18, 2019.
Natixis and Natixis Intertitres are appealing this decision.

#### Bucephalus Capital Limited / Darius Capital Conseil

On June 7, 2019, the company Bucephalus Capital Limited (a UK law firm), together with other firms, brought claims against Darius Capital Partners (a French law firm, now operating under the name Darius Capital Conseil, and 70%-held subsidiary of Natixis Investment Managers) before the Paris Commercial Court, to contest the breach of various contractual obligations, particularly with respect to a framework agreement dated September 5, 2013 setting out their contractual relations and various subsequent agreements. Bucephalus Capital Limited claims a total of €178,487,500.
Darius Capital Partners consider these claims to be unfounded.

#### Lucchini Spa

In March 2018, Natixis S.A. 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.

In its decision on July 21, 2020, the Court of Milan dismissed all Lucchini Spa's claims and sentenced it to pay cost of proceedings for a total amount of €1.2 million, of which €174k for each bank of group of banks. This decision is subject to appeal.

*The following disputes were published in the first amendment to the Universal Registration Document of May 20, 2020. and are unchanged since this date.*

**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 Court of Cassation of Belgium overturned this ruling on June 22, 2018. In February 2019, SWL lodged an appeal procedure with a Court of Appeal.

On April 22, 2020, the Court of Appeal of Liège annulled the contested swap agreement and ordered Natixis to repay to SWL an amount corresponding to the difference between the execution cost of the contested swap agreement and the many amounts that would have been paid had the previous swap agreement not been terminated, in addition to interest at the legal rate.

Natixis has decided to file an appeal against this decision.

**European Government Bonds Antitrust Litigation**

At the end of December 2019, Natixis was added as a defendant in a class action brought to the U.S. District Court, S.D. New York, on allegations of violations in the market for European Government Bonds (EGBs). The class action was initially brought against several identified banks and banks of unknown identity ("John Doe") in March 2019.

Like the other defendants, Natixis requested the authorization of the court to file a motion to dismiss the case on a preliminary basis and prior to any rulings on the merits, and on several grounds including lack of personal jurisdiction as victims of antitrust practices, lack of territorial jurisdiction as well as limitation of such claims in virtue of applicable laws.

Natixis intends to defend itself against these allegations which it considers to be without merit.

### 3.2.10 Other risks

#### 3.2.10.1 Risks related to Insurance activities

**Natixis Assurances**

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

- the personal Insurance business, focused on developing portfolios of life insurance and endowment policies for investment and retirement purposes, as well as personal protection insurance portfolios;
- the Non-Life Insurance business, focused on developing portfolios for auto and multi-risk home insurance, personal accident insurance, legal protection, healthcare and property and casualty insurance.

Given the predominance of the Investment Solutions activity, the main risks to which Natixis Assurances is exposed are financial. The Company is also exposed to underwriting risks, 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: €58.9 billion on the main fund balance sheet). The Company is exposed to asset impairment risk (fall in the equity or real estate market, widening spreads, interest rate hikes) as well as the risk of lower interest rates which would generate insufficient income to meet its guaranteed principal and returns. To manage this risk, BPCE Vie has only sold policies with a minimum guaranteed return in recent years: more than 95% of the policies have a zero minimum guaranteed return. The minimum guaranteed return averages 0.13%.

To manage market risk, the sources of return have been diversified, namely via investments in new asset classes (financing the economy, infrastructure, 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, 2020, 65% of the fixed-income portfolio is invested in securities rated equal to or higher than A.

### Underwriting risk related to the personal insurance business

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

### Underwriting risk related to the non-life insurance business

The Non-Life Insurance underwriting risk to which Natixis Assurances is exposed is mostly borne by its subsidiary BPCE Assurances:

- premium risk: to ensure that the premiums paid by the policyholders match 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 auto insurance, for instance). This monitoring policy also contributes to detecting potential risks arising from large claims, and to arranging adequate reinsurance cover;
- 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, civil liability risk, 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 that are subject to a financial rating by at least one of the three internationally recognized rating agencies, and that 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 types of risk: strategic risk, credit risk, financial risk, operational risk and compliance risk, and reinsurance risk. The two main types of risk 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. Coface Group has a risk management framework to ensure the effective management of these operations and processes.

Because it is listed for trading on the stock market, the main risk factors and uncertainties to which the Group is exposed are set out in detail in Chapter 5 “Main risk factors and their management within the Group” of the Coface Group Universal Registration Document, filed with the AMF on April 16, 2020 under number D.20-0302.

In the first half of 2020, the global economy was faced with the consequences of the Covid-19 crisis. Coface took swift measures to adjust its risks to the new environment. In parallel, several states, mainly in Europe, worked with credit insurers to set up guarantee mechanisms to shore up trade credit.

**Exposure to sovereign risk**

*(This information forms an integral part of the financial statements certified by the Statutory Auditors).*

| Exposure in millions of euros | 30/06/2020 | 31/12/2019 |
|---|---|---|
| Germany | 331 | 328 |
| Austria | 102 | 107 |
| Belgium | 1,193 | 1,094 |
| Spain | 808 | 818 |
| United States | 150 | 236 |
| France | 8,921 | 9,057 |
| Italy | 680 | 955 |
| Luxembourg | 712 | 679 |
| Portugal | 187 | 199 |
| Poland | 114 | 122 |
| Hong Kong | - | 111 |
| Singapore | - | 100 |
| Slovakia | 99 | 102 |
| Other sovereign countries | 222 | 592 |
| **Total** | **13,518** | **14,499** |

## 3.3 Basel 3 Pillar III disclosures

### 3.3.1 Capital management and capital adequacy

Regulation (EU) No. 575/2013 of the European Parliament and Council of June 26, 2013 (Capital Requirement Regulation or CRR) requires reporting companies (notably lending institutions and investment firms) to publish quantitative and qualitative information on their risk management activities. The framework in place to manage Natixis' risks and risk exposure is described in this section and in the "Risks Management" section of this registration document.

Natixis has chosen to provide information in respect of Pillar III disclosures in a separate section to that on risk factors and risk management in order to single out items concerning regulatory publication requirements.

#### 3.3.1.1 Regulatory framework

Since January 1, 2014, the Capital Requirements Directive (CRD) IV and the Capital Requirements Regulation (CRR) have applied Basel 3 regulations in Europe. The CRD IV was enacted into French law by the French Ministerial Order of November 3, 2014.

This regulatory framework, aimed at reinforcing the financial strength of banking institutions, has resulted in:

- a stricter definition of the capital items eligible to meet regulatory capital requirements;
- reinforced regulatory capital requirements, in particular for counterparty risk on derivatives;
- higher ratios to observe, specifically regarding CET1 capital and capital buffers:
  - a capital conservation buffer, which represents 2.5% of total risk exposures,
  - a countercyclical capital buffer, i.e. the average of the countercyclical capital buffer of each country in which Natixis holds risk exposures, weighted by the amount of said exposures. The rate applied in France was 0.25% in 2019 and was brought down to 0% from April 2, 2020.
  - a systemic risk buffer, i.e. an additional requirement for global systemically important banks (G-SIBs), such as BPCE. Natixis is not subject to this buffer;
- in addition, other mechanisms have been introduced, including mechanisms to limit dividend payouts, interest on Additional Tier One (AT1) subordinated debt and variable compensation (Maximum Distributable Amount, or MDA).

All of these new provisions were accompanied by a phase-in mechanism, with the aim of gradually implementing the new requirements.

As under Basel 2, the Basel 3 regulatory provisions are divided into three pillars:

- Pillar I: a set of rules defining the measurement of risks and capital based on various possible methodologies and minimum observable requirements;
- Pillar II: a mechanism governing the role of the banking supervisory authorities, allowing them to define specific regulatory capital requirements for each institution in accordance with their risks and internal governance and oversight systems;
- Pillar III: requires institutions to disclose a large number of items highlighting the level of risks incurred, capital adequacy and the adequacy of their management. This mechanism was considerably enhanced in 2016 with the publication of new guidelines by the EBA.

Finally, as of November 2014, the European Central Bank is directly responsible for supervising significant European banks. The implementation of this new supervisory framework has continued since then. Drawing on the Supervision Review and Evaluation Process (SREP), the ECB is setting ratio levels for each institution to observe. Each institution under its purview is assigned a Pillar 2 Requirement (P2R) as well as Pillar 2 Guidance (P2G).

The texts were adapted to the context of the Covid-19 crisis. Accordingly, the ECB have now allowed banks to cover part of their Pillar II requirements using Tier 1 and Tier 2 capital.

As a result of the SREP process therefore, Natixis must observe a CET1 ratio of 8.29% in 2020 (9.21% in 2019), 1.27% of which in respect of Pillar II (excluding P2G), 2.5% in respect of the capital conservation buffer, and 0.03% in respect of the countercyclical capital buffer.

Furthermore, a series of amendments to CRR1 introducing the early application of CRR2 provisions came into force on June 27, 2020.

### 3.3.1.2 Prudential consolidation scope

In accordance with Article 19 of the CRR, the regulatory consolidation scope is established based on the following principle:

Entities, excluding insurance companies, that are fully consolidated or consolidated under the equity method in the statutory consolidation scope (see — Note 19 of Chapter 5.1) are included in the regulatory consolidation scope; the Group's insurance companies are accounted for under the equity method in the regulatory consolidation scope.

From June 30, 2020, the Versailles entity is subject to regulatory consolidation under the equity method for both solvency and liquidity.

### 3.3.1.3 Composition of capital

At June 30, 2020, the transition from shareholders' equity to regulatory CET1 capital, Tier 1 capital and total capital after applying phase-in arrangements, is summarized in the table below.

**Transition from shareholder's equity to prudential capital after applying phase-in arrangements**

| *(in millions of euros)* | **IFRS 9 31/12/2019** Corep | **30/06/2020** |
|---|---|---|
| **Shareholders' equity** | | |
| Capital | 5,045 | 5,049 |
| Issue premium | 4,251 | 4,251 |
| Retained earnings | 5,386 | 7,222 |
| Treasury shares | -40 | -9 |
| Other, including items of comprehensive income | 881 | 886 |
| Other instruments to be reclassified as Additional Tier 1 capital | 1,978 | 1,978 |
| Income/(loss) for the year | 1,897 | -261 |
| **Total shareholders' equity - Group share** | **19,396** | **19,116** |
| Reclassification as Additional Tier 1 capital | -1,978 | -1,978 |
| Translation adjustments | -25 | -24 |
| Restatement of dividend forecast (dividend for previous year) | 0 | 0 |
| **Prudential filters** | | |
| Own credit risk: Gain on reclassification of hybrid securities | -144 | -144 |
| Own credit risk: liabilities and derivatives net of deferred taxes | 84 | -117 |
| Prudent valuation adjustment | -390 | -465 |
| Unrealized gains and losses | -3 | 1 |
| **Total prudential filters** | **-453** | **-725** |
| **Deductions** | | |
| Dividend proposed for current year and related expenses | -977 | 0 |
| Goodwill | | |
| Amount as per accounting base | -3,516 | -3,509 |
| Amount of related deferred tax liabilities | 347 | 348 |
| Amount included in value of investments in associates | -216 | -95 |
| Intangible assets | | |
| Amount as per accounting base | -479 | -487 |

| | | |
|---|---|---|
| Minority interests | | |
| Amount as per accounting base | 286 | 152 |
| Prudential adjustment | -286 | -152 |
| Deferred tax assets (tax loss carry-forwards) | | |
| Amount as per accounting base | -1,155 | -1,209 |
| o/w portion not including tax loss carry-forwards and impact of netting | 459 | 410 |
| Prudential adjustment | 0 | 0 |
| Shortfall of provisions to expected losses | 0 | 0 |
| Investments in the share capital of financial sector entities | 0 | 0 |
| Other prudential adjustments | **-235** | **-237** |
| **Total deductions** | **-5,772** | **-4,779** |
| **Total Common Equity Tier 1 (CET1)** | **11,168** | **11,609** |
| Hybrid capital instruments | | |
| Amount as per accounting base | | |
| Other equity instruments | 1,978 | 1,978 |
| Residual gain on reclassification as equity | 144 | 144 |
| Nominal value adjustment during the period | 43 | 42 |
| Early redemption through exercise of call option | 0 | 0 |
| Cap due to grandfathering limit | 0 | -11 |
| Total hybrid instruments | 2,165 | 2,153 |
| Deductions | -22 | -22 |
| Other prudential adjustments including phase-in arrangements | 0 | 0 |
| **Total additional Tier 1 capital** | **2,143** | **2,131** |
| **Total Tier 1 capital** | 13,311 | 13,741 |
| Subordinated debt instruments | | |
| Amount as per accounting base | 3,370 | 3,370 |
| Regulatory adjustment | -375 | -447 |
| Transfer of grandfathering cap on hybrid capital instruments | 0 | 11 |
| Total Tier 2 instruments | 2,996 | 2,935 |
| Surplus of provisions to expected losses | 26 | 71 |
| Deductions | -760 | -760 |
| Other prudential adjustments including phase-in arrangements | 0 | 0 |
| **Total Tier 2 capital** | **2,262** | **2,246** |
| **Total regulatory capital** | **15,573** | **15,987** |

### 3.3.1.4 Changes in regulatory capital, regulatory own fund requirements and ratios in 2020

**Regulatory capital and capital adequacy ratio**

At end-June 2020, the CET1, Tier 1 and total ratios are presented below by major component. The same ratios for 2019 are shown by way of comparison.

In accordance with the Basel 3/CRR regulatory framework, under Pillar I these ratios must exceed the minimum limits of 4.5%, 6% and 8%, respectively, in addition to the cumulative safety buffers of 7.03%, 8.53% and 10.53% for 2020.

**Total capital ratio**

| *(in millions of euros)* | **31/12/2019** | **30/06/2020** |
|---|---|---|
| **Shareholders' equity (group share)** | **19,396** | **19,116** |
| Deeply Subordinated Notes (DSNs) | 1,978 | 1,978 |
| Perpetual subordinated notes (PSN) | 0 | 0 |
| **Consolidated shareholders' equity (Group share) net of DSNs and PSNs** | **17,418** | **17,138** |
| Minority interests (amount before phase-in arrangements) | 286 | 152 |
| Intangible assets | (479) | (487) |
| Goodwill | (3,385) | (3,256) |
| Dividends proposed to the General Shareholders' Meeting and expenses | (977) | 0 |
| Deductions, prudential restatements and phase-in arrangements | (1,696) | (1,938) |
| **Total Common Equity Tier 1 capital** | **11,168** | **11,609** |
| Deeply Subordinated Notes (DSNs) | 2,165 | 2,153 |
| Additional Tier 1 capital | 0 | 0 |
| Tier 1 deductions and phase-in arrangements | (22) | (22) |
| **Total Tier 1 capital** | **13,311** | **13,741** |
| Tier 2 instruments | 2,996 | 2,935 |
| Other Tier 2 capital | 26 | 71 |
| Tier 2 deductions and phase-in arrangements | (760) | (760) |
| **Overall capital** | **15,573** | **15,987** |
| **Total risk-weighted assets** | **98,990** | **103,258** |
| Credit risk-weighted assets | 73,084 | 71,316 |
| Market risk-weighted assets | 11,142 | 18,208 |
| Operational risk-weighted assets | 13,733 | 13,733 |
| Other risk-weighted assets | 1,031 | 0 |
| **Capital adequacy ratios** | | |
| Common Equity Tier 1 ratio | 11.3% | 11.2% |
| Tier 1 ratio | 13.4% | 13.3% |
| Total capital ratio | 15.7% | 15.5% |

## Geographical distribution of credit exposures used in the countercyclical buffer (CCYB1)

*(in millions of euros)*

| Breakdown by country | Countercyclical capital buffer 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 | | |
| BG - BULGARIA | 0.50% | 3 | 2 | | |
| CZ – CZECH REPUBLIC | 1.00% | 7 | 11 | | |
| HK – HONG KONG | 1.00% | 3,395 | 916 | | |
| LU - LUXEMBOURG | 0.25% | 33,291 | 3,006 | | |
| NO - NORWAY | 1.00% | 450 | 124 | | |
| SK - SLOVAKIA | 1.50% | 7 | | | |
| **Sub-total** | | **37,153** | **4,059** | | |
| Other countries with a 0% risk weight | | 154,382 | 61,869 | | |
| **Total at 30/06/2019** | | **191,535** | **65,928** | **0.0274%** | **28** |
| **Total at 31/12/2019** | | **184,868** | **68,950** | **0.2108%** | **209** |

## Prudential valuation adjustments (PV1)

| *(in millions of euros)* | Equity exposures | Interest rates | Forex | Credit | Commodities | total | o/w: in trading book | o/w: in banking book |
|---|---|---|---|---|---|---|---|---|
| Liquidation uncertainty, o/w: | 256 | 18 | 4 | 10 | | **288** | 251 | 38 |
| Average value | 58 | 4 | 1 | 4 | | **67** | 33 | 35 |
| Cost of liquidation | 68 | 11 | 3 | 5 | | **87** | 87 | |
| Concentration | 131 | 2 | | | | **133** | 131 | 3 |
| Early termination | | | | | | | | |
| Model risk | 14 | 3 | 2 | | | **19** | 7 | 13 |
| Operational risk | 13 | 2 | | 1 | | **15** | 15 | |
| Investing and funding costs | | | | | | **34** | 34 | |
| Unearned credit spreads | | | | | | **21** | 21 | |
| Future administrative expenses | 2 | 73 | 3 | 8 | | **86** | 42 | 45 |
| Corporate Center | | | | | | | | |
| **Total adjustments** | 286 | 95 | 10 | 18 | 1 | **465** | 370 | 95 |

### Non-deducted participations in insurance undertakings

| *(in millions of euros)* | Value |
|---|---|
| Holdings of own funds instruments of a financial sector entity where the institution has a significant investment not deducted from own funds (before risk-weighting) | 2,800 |
| **TOTAL RWA** | **9,471** |

The change in prudential capital under Basel 3/CRR over the first-half 2020 is shown below:

### Changes in prudential capital after applying PHASE-IN arrangements for the period

| *(in millions of euros)* | H1 2020 |
|---|---|
| Common Equity Tier 1 (CET1) | |
| Amount at start of period | 11,168 |
| New instruments issued (including issue premiums) | 4 |
| Instruments redeemed | 0 |
| Retained earnings from previous periods | 917 |
| Net income/(loss) for the period | -261 |
| Gross dividend proposed | 0 |
| Dividend payout in new shares | 0 |
| Changes in other comprehensive income | |
| Translation adjustments | -40 |
| Available-for-sale assets | -128 |
| Cash flow hedging reserve | -4 |
| Corporate Center | 178 |
| Other deductions (including irrevocable SRF (Single Resolution Fund) and DGS (Deposit Guarantee and Resolution Fund) payment commitments) | -33 |
| Minority interests | 0 |
| Filters and deductions not subject to the phase-in arrangements | |
| Goodwill and intangible assets | 121 |
| Own credit risk | -201 |
| Other comprehensive income CFH | 4 |
| Prudent valuation adjustment | -75 |
| Other items | 31 |
| Other, including prudential adjustments and phase-in arrangements | |
| Deferred tax assets that rely on future earnings (excluding temporary differences) | -103 |
| Deductions in respect of breaches of capital thresholds | 0 |
| Corporate Center | 31 |
| Impact of phase-in arrangements | 0 |
| o/w impact of changes in phase-in rate | 0 |
| o/w impact of change in basis subject to phase-in arrangements | 0 |
| Amount of Common Equity Tier 1 (CET1) at end of period | 11,609 |
| Additional Tier 1 (AT1) capital | |
| Amount at start of period | 2,143 |
| New eligible instruments issued | 0 |

| | |
|---|---|
| Redemptions during the period | 0 |
| Other, including prudential adjustments and phase-in arrangements | -12 |
| o/w impact of changes in phase-in rate | -11 |
| o/w other impact of changes in base | -1 |
| Amount of Additional Tier 1 (AT1) capital at end of period | 2,131 |
| Tier 1 (Tier1) capital | 13,741 |
| Tier 2 (Tier2) capital | |
| Amount at start of period | 2,262 |
| New eligible instruments issued | 0 |
| Redemptions during the period | 0 |
| Other, including prudential adjustments and phase-in arrangements | -16 |
| o/w impact of changes in phase-in rate | 0 |
| o/w other impact of changes in base | -16 |
| Amount of Tier 2 capital at end of period | 2,246 |
| **Total regulatory capital** | **15,987** |

In first-half 2020, the following changes in Basel 3/CRR regulatory capital post phase-in arrangements were recorded:
Common Equity Tier 1 (CET1) totaled €11.6 billion at June 30, 2020, up €0.44 billion over the period. This increase is mainly due to the offsetting of reverse effects:

- the accounting loss of -€0.26 billion over the period as a result of the exclusion of Coface (-€0.11 billion).
- -€0.06 billion in interest paid on perpetual deeply subordinated notes
- prudential deduction of -€0.10 billion in respect of deferred taxes on losses carried forward
- change in the prudent valuation adjustment for -€0.08 billion
- change in goodwill for +€0.13 billion relating to the loss ownership of Coface,
- the unfavorable translation effect of -€0.04 billion,
- change in asset value under IAS 39 by insurance companies for -€0.13 billion,
- The cancellation of +€0.98 billion in dividend payouts in 2020 in respect of the 2019 result,

Additional Tier 1 capital are stable:
Tier 2 capital stood at €2.2 billion after the prudential discount (-€0.07 billion) was canceled by an increase in excess provisions against expected losses eligible under the internal approach (+€0.05 billion).

At €103.3 billion, **risk-weighted assets** were up +€4.3 billion over the period.

- **BASEL 3 RWA BY MAIN NATIXIS BUSINESS LINE (NX02)**

*(in millions of euros)*

| | Basel 3 RWA at 30/06/2020 | | | |
|---|---|---|---|---|
| **Business line** | **Total** | **Credit[(a)]** | **Market[(b)]** | **Operational** |
| Corporate and Investment Banking [(c)] | 68,698 | 44,978 | 16,954 | 6,766 |
| Asset & Wealth Management | 14,203 | 9,345 | 123 | 4,735 |
| Insurance | 7,597 | 7,597 | | |
| Payment | 1,191 | 423 | | 768 |
| Corporate Center | 9,687 | 5,411 | 2,812 | 1,464 |
| COFACE | 1,884 | 1,884 | | |
| **TOTAL at 30/06/2020** | **103,258** | **69,636** | **19,887** | **13,733** |
| **TOTAL at 31/12/2019** | **98,989** | **72,684** | **12,573** | **13,733** |

*(a): Including counterparty risk.*

*(b): Including €11 million in settlement-delivery risk and €1,679 million in CVA RWA.*

*(c): Including Treasury & Collateral Management.*

## 3.3.2 Other regulatory ratios

### 3.3.2.1 Leverage ratio

- **COMPARISON OF ACCOUNTING EXPOSURES AND LEVERAGE EXPOSURES (LR1)**

*(in millions of euros)*

| Category | 30/06/2020 | 31/12/2019 |
|---|---|---|
| Total consolidated assets reported in the financial statements | 503,812 | 513,170 |
| Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation | (107,853) | (105,920) |
| (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”) | | |
| Adjustments for derivative financial instruments | (32,601) | (28,956) |
| Adjustment for securities financing transactions (repurchase transactions and other types of collateralized loans) | (5,603) | (15,612) |
| Adjustment for off-balance sheet items (i.e. conversion of off-balance sheet exposures to credit equivalent amounts) | 42,210 | 38,494 |
| Other adjustments | (22,478) | (19,300) |
| **Leverage ratio exposure** | **377,486** | **381,876** |
| **o/w exposure related to affiliates** | **65,362** | **56,614** |
| **Excluding exposure related to affiliates** | **312,124** | **325,262** |

### 3.3.2.2 Oversight of the leverage ratio

In accordance with the operational oversight established by the Financial Management Department in partnership with the business lines, Natixis achieved its objective of a higher leverage ratio than the regulatory threshold entering in force in 2021. As in 2019, this ratio was managed and overseen by restricting activities that consume little RWA but are balance sheet-intensive (such as repurchase agreements, securities lending, derivatives, etc.).

#### – LEVERAGE RATIO (LR2)

*(in millions of euros)*

| Provisions governing the leverage ratio | 30/06/2020 | 31/12/2019 |
|---|---|---|
| **On-balance sheet exposures** | | |
| On-balance sheet items (excluding derivatives and SFTs, but including collateral) | 252,529 | 250,582 |
| (Asset amounts deducted in determining Tier 1 capital) | (5,387) | (5,166) |
| *Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)* | 247,142 | 245,416 |
| **Derivative exposures** | | |
| Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin) | 10,012 | 7,618 |
| Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method) | 19,621 | 20,578 |
| **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) | (17,092) | (14,134) |
| **(Exempted CCP leg of client-cleared trade exposures)** | | |
| Adjusted effective notional amount of written credit derivatives | 18,906 | 13,078 |
| (Adjusted effective notional offsets and add-on deductions for written credit derivatives) | (14,264) | (9,010) |
| *Total derivative exposures (sum of lines 4 to 10)* | 17,183 | 18,130 |
| **Securities financing transaction exposures** | | |
| Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions | 76,555 | 95,448 |
| (Netted amounts of cash payables and cash receivables of gross SFT assets) | (11,434) | (22,150) |
| Counterparty credit risk exposure for SFT assets | 5,831 | 6,538 |
| 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) | | |
| *Total securities financing transaction exposures (sum of lines 12 to 15a)* | 70,952 | 79,836 |
| **Other off-balance sheet exposures** | | |
| Off-balance sheet exposures at gross notional amount | 82,396 | 81,622 |
| (Adjustments for conversion to credit equivalent amounts) | (40,186) | (43,128) |
| *Other off-balance sheet exposures (sum of lines 17 and 18)* | 42,210 | 38,494 |
| **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 | 13,741 | 13,312 |
| Total leverage ratio exposures (sum of lines 3, 11, 16 and 19) | 377,486 | 381,876 |
| **Leverage ratio** | | |
| Leverage ratio | 3.6% | 3.5% |
| **Choice on phase-in arrangements and amount of derecognized fiduciary items** | | |
| Choice on phase-in arrangements for the definition of the capital measure | | |
| Amount of derecognized fiduciary items in accordance with Article 429(11) of regulation (EU) NO 575/2013 | | |
| **Exposure related to affiliates** | **65,362** | **56,614** |
| **Leverage ratio excluding exposure related to affiliates** | **4.4%** | **4.1%** |

### 3.3.2.3 Large exposures ratio

**Large exposures ratio**

Regulations on the monitoring of large exposures were revised in 2014 and are now part of the CRR.

The objective of these regulations is to limit Natixis' exposure to the risks associated with a set of counterparties, grouped under a banner known as "Head of Group". Compliance with these regulations is measured daily, ensuring that risk-weighted assets (RWA) relating to each Head of Group are systematically lower than the Large Exposure Limit, currently set at 10% of Natixis' total capital. Natixis complied with this regulation throughout first-half 2020.

## 3.3.3 BREAKDOWN AND CHANGES IN RISK-WEIGHTED ASSETS

### 3.3.3.1 Credit and counterparty risks

#### – RWA OVERVIEW (EU OV1)

| | RWA | | Regulatory capital requirement |
|---|---|---|---|
| *(in millions of euros)* | 30/06/2020 | 31/12/2019 | 30/06/2020 |
| *Credit risk (excluding CCR)* | *58,611* | *62,392* | *4,689* |
| o/w the standardized approach | 9,430 | 11,183 | 754 |
| Of which the foundation IRB (F-IRB) approach | 803 | 914 | 64 |
| Of which the advanced IRB (A-IRB) approach | 32,941 | 33,892 | 2,635 |
| o/w equity IRB under the simple risk-weighted approach or the IMA | 15,437 | 16,402 | 1,235 |
| *Counterparty risk* | *8,178* | *7,704* | *654* |
| o/w mark to market | 1,572 | 1,496 | 126 |
| o/w original exposure | | | |
| o/w the standardized approach | | | |
| o/w internal model method (IMM) | 3,549 | 3,037 | 284 |
| o/w risk exposure amount for contributions to the default fund of a CCP | 153 | 234 | 12 |
| o/w CVA | 1,679 | 1,336 | 134 |
| *Settlement risk* | *11* | *32* | *1* |
| *Securitization exposures in the banking book (after the cap)* | *3,310* | *2,684* | *265* |
| o/w IRB approach | 1,616 | 918 | 129 |
| o/w IRB supervisory formula approach (SFA) | | 520 | |
| o/w internal assessment approach (IAA) | | | |
| o/w the standardized approach | 1,694 | 1,246 | 136 |
| *Market risk* | *18,197* | *11,204* | *1,456* |
| o/w the standardized approach | 5,875 | 5,378 | 470 |
| o/w IMA | 12,322 | 5,826 | 986 |
| *Large exposures* | | | |
| *Operational risk* | *13,733* | *13,733* | *1,099* |
| o/w basic indicator approach | | | |
| o/w standardized approach | 13,733 | 13,733 | 1,099 |
| o/w advanced measurement approach | | | |
| *Amounts below the thresholds for deduction (subject to 250% risk weight)* | *1,217* | *1,240* | *97* |
| *Floor adjustment* | | | |
| **Total** | **103,258** | **98,990** | **8,261** |

### 3.3.3.2 Credit risks

### A – Credit risk mitigation techniques

#### – CREDIT RISK MITIGATION TECHNIQUES (CR3)

| *(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** | | | | | | | |
| Central governments or central banks | 26,650 | | | 4,978 | 4,900 | | |
| Institutions | 8,686 | 12 | 9 | 757 | 697 | | |
| Corporates | 64,790 | 29,083 | 25,813 | 12,492 | 8,092 | 1,173 | 1,173 |
| *o/w SME* | 1,009 | 172 | 87 | 102 | 7 | | |
| *o/w Specialized Lending* | 192 | 18,247 | 16,952 | 180 | 6 | | |
| Retail | | | | | | | |
| *Secured by real estate property* | | | | | | | |
| *o/w SME* | | | | | | | |
| *o/w Non-SME* | | | | | | | |
| *Qualifying Revolving* | | | | | | | |
| *o/w Other Retail* | | | | | | | |
| *o/w SME* | | | | | | | |
| *o/w Non-SME* | | | | | | | |
| Equity exposures | 5,326 | | | | | | |
| Other items | | | | | | | |
| **Sub-total IRB 30/06/2019** | **105,452** | **29,095** | **25,823** | **18,226** | **13,688** | **1,173** | **1,173** |
| **Sub-total IRB 31/12/2019** | **110,989** | **30,671** | **27,548** | **17,280** | **12,494** | **1,263** | **1,263** |
| **Standardized Approach** | | | | | | | |
| Central governments or central banks | 6,053 | | | 183 | 183 | | |
| Regional governments or local authorities | 210 | | | 1 | 1 | | |
| Public sector entities | 772 | | | 1 | 1 | | |
| Multilateral Development Banks | | | | | | | |
| International Organizations | 911 | | | | | | |
| Institutions | 59,736 | | | 4,829 | 4,829 | | |
| Corporates | 2,247 | 653 | 634 | 56 | 38 | | |
| *o/w SME* | 300 | 11 | 9 | 18 | | | |
| Retail | 393 | 812 | 561 | 18 | | | |
| *o/w SME* | 226 | 191 | 119 | 13 | | | |
| Secured by mortgages on immovable property | | 223 | 223 | | | | |
| *o/w SME* | | 122 | 122 | | | | |
| Defaulted exposures | 36 | 3 | 1 | | | | |
| Exposures to institutions and corporates with a short-term credit assessment | 80 | 4 | 4 | 2 | 2 | | |
| Collective investments undertakings (CIU) | | | | | | | |
| Equity exposures | | | | | | | |
| Other items | 6,205 | | | | | | |
| **Sub-total SA 30/06/2020** | **76,643** | **1,695** | **1,422** | **5,090** | **5,054** | | |
| **Sub-total SA 31/12/2019** | **67,726** | **1,846** | **1,548** | **4,924** | **4,897** | | |
| | | | | | | | |
| **TOTAL at 30/06/2020** | **182,095** | **30,790** | **27,245** | **23,316** | **18,742** | **1,173** | **1,173** |
| **TOTAL at 31/12/2019** | **178,715** | **32,517** | **29,096** | **22,205** | **17,391** | **1,263** | **1,263** |

### – IRB – INTERNAL RATING – EFFECT ON RWA OF CREDIT DERIVATIVES USED AS CRM TECHNIQUES (CR7)

| *(in millions of euros)* | Pre-credit derivatives RWA | RWA |
|---|---|---|
| *Exposures under Foundation IRB* | *803* | *803* |
| Central governments or central banks | 121 | 121 |
| Institutions | 33 | 33 |
| Corporates – SME | 281 | 281 |
| Corporates – Specialized Lending | | |
| Corporates – Other | 368 | 368 |
| *Exposures under Advanced IRB* | *37,762* | *32,941* |
| Central governments or central banks | 214 | 214 |
| Institutions | 1,214 | 1,214 |
| Corporates – SME | 859 | 859 |
| Corporates – Specialized Lending | 4,447 | 4,447 |
| Corporates – Other | 31,027 | 26,207 |
| Retail – Secured by real estate SME | | |
| Retail – Secured by real estate non-SME | | |
| Retail – qualifying revolving | | |
| Retail - SME | | |
| Other retail exposures | | |
| *Equity IRB* | *16,654* | *16,654* |
| *Other items* | | |
| **Total at 30/06/2020** | **55,218** | **50,398** |
| **Total at 31/12/2019** | **60,419** | **52,448** |

## B – Credit risk exposures

### – CREDIT QUALITY OF ASSETS (CR1)

| | 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 | 50 | 31,632 | 53 | 31,628 |
| Institutions | 33 | 9,458 | 37 | 9,455 |
| Corporates | 4,160 | 105,797 | 2,420 | 107,538 |
| *o/w SME* | *89* | *1,245* | *51* | *1,283* |
| *o/w Specialized Lending* | *719* | *18,074* | *175* | *18,618* |
| Retail | | | | |
| *Secured by real estate property* | | | | |
| *o/w SME* | | | | |
| *o/w Non-SME* | | | | |
| *Qualifying Revolving* | | | | |

| | | | | |
|---|---|---|---|---|
| *o/w Other Retail* | | | | |
| *o/w SME* | | | | |
| *o/w Non-SME* | | | | |
| Equity exposures | 3 | 5,322 | | 5,326 |
| Other items | | | | |
| **Sub-total IRB 30/06/2019** | **4,246** | **152,210** | **2,510** | **153,946** |
| Sub-total IRB 31/12/2019 | 3,020 | 159,179 | 1,996 | 160,203 |
| **Standardized Approach** | | | | |
| Central governments or central banks | | 6,236 | | 6,236 |
| Regional governments or local authorities | | 214 | 4 | 211 |
| Public sector entities | | 773 | | 773 |
| Multilateral Development Banks | | | | |
| International Organizations | | 911 | | 911 |
| Institutions | | 64,564 | | 64,564 |
| Corporates | | 2,959 | 4 | 2,955 |
| *o/w SME* | | *330* | *1* | *329* |
| Retail | | 1,233 | 9 | 1,224 |
| *o/w SME* | | *430* | *1* | *430* |
| Secured by mortgages on immovable property | | 223 | | 223 |
| *o/w SME* | | *122* | | *122* |
| Defaulted exposures | 135 | | 96 | 39 |
| Items associated with particularly high risk | | | | |
| Covered Bonds | | | | |
| Exposures to institutions and corporates with a short-term credit assessment | | 86 | | 86 |
| Collective investments undertakings (CIU) | | | | |
| Equity exposures | | | | |
| Other items | | 6,205 | | 6,205 |
| **Sub-total SA 30/06/2020** | **135** | **83,405** | **113** | **83,427** |
| Sub-total SA 31/12/2019 | 263 | 74,419 | 185 | 74,497 |
| | | | | |
| **TOTAL at 30/06/2020** | **4,381** | **235,615** | **2,622** | **237,374** |
| Total at 31/12/2019 | 3,283 | 233,597 | 2,181 | 234,700 |

## – SOVEREIGN EXPOSURES (GOV)

| *(in millions of euros)* | Banking book | | | | Trading book | | |
|---|---|---|---|---|---|---|---|
| Ownership | Assets at amortized cost | Financial assets at fair value through equity | Financial assets under the fair value option | Financial assets to be at fair value through profit or loss | Transaction financial assets (excluding derivatives) | Derivative financial instruments | Total |
| **Germany** | 1 | 1,379 | | | 2,695 | 451 | **4,526** |
| **Austria** | | 692 | | | 51 | 80 | **823** |
| **Belgium** | | 1,183 | | | 407 | 46 | **1,636** |
| **Spain** | | 911 | | 2 | 226 | 5 | **1,145** |
| **France** | 2,016 | 3,630 | | 41 | 9,650 | 673 | **16,010** |
| **Greece** | | | | | | | |
| **Ireland** | | 452 | | | | - 1 | **451** |
| **Italy** | | | | 15 | 1,844 | 109 | **1,968** |
| **Netherlands** | | 358 | | | 360 | - 1 881 | **- 1 163** |
| **Portugal** | | 289 | | | 0 | 0 | **289** |
| **Other countries** | | 3,142 | | 0 | 110 | - 1 964 | **1,288** |
| ***Total euro zone*** | ***2,017*** | ***12,035*** | | ***58*** | ***15,343*** | ***- 2 481*** | ***26,972*** |
| **Other European Economic Area countries** | | 84 | | | 815 | - 82 | **817** |
| ***Total other EEA countries*** | ***2,017*** | ***12,119*** | | ***58*** | ***16,157*** | ***- 2 563*** | ***27,789*** |
| **United Kingdom** | | 42 | | | 814 | 112 | **968** |
| **United States** | 356 | 2,492 | | 5 | 4,406 | - 251 | **7,007** |
| **United Arab Emirates** | 315 | | | | 4,148 | 16 | **4,479** |
| **Japan** | 4,543 | 80 | | | 26 | | **4,650** |
| **Russia** | | | | | | | |
| **Republic of China** | | 19 | | | 2,893 | | **2,912** |
| **Ukraine** | | | | | | | |
| **Taiwan, Province of China** | 2 | 682 | | | | | **684** |
| **Corporate Center** | 734 | 1,616 | | 5 | 490 | - 399 | **2,446** |
| **Total** | **7,967** | **17,008** | | **68** | **28,120** | **- 3,196** | **49,967** |

## – CREDIT QUALITY OF FORBORNE EXPOSURES (NPL1)

| *(in millions of euros)* | Gross carrying value/nominal amount for exposures subject to renegotiation calculations | | | | Accumulated impairments, accumulated negative fair value variations due to credit risk and provisions | | Collaterals received and financial guarantees received on forborne exposures | |
|---|---|---|---|---|---|---|---|---|
| | Performing forborne | Non-performing forborne | | | On performing forborne exposures | On non-performing forborne exposures | | Of which collaterals and financial guarantees received on non-performing exposures to which forbearance measures have been extended. |
| | | | o/w defaulted | o/w depreciated | | | | |
| **Loans and receivables** | **199** | **1,204** | **1,204** | **1,195** | **-3** | **-478** | **696** | **529** |
| *Due to central banks* | 0 | 4 | 4 | 4 | 0 | -4 | 0 | 0 |
| *Government institutions* | 0 | 2 | 2 | 2 | 0 | -2 | 0 | 0 |
| *Banks* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| *Other financial companies* | 0 | 78 | 78 | 78 | 0 | -46 | 22 | 22 |
| *Non-financial companies* | 199 | 1,119 | 1,119 | 1,110 | -3 | -426 | 673 | 507 |
| *Households* | 0 | 1 | 1 | 1 | 0 | -0 | 1 | 1 |
| **Debt securities** | **0** | **71** | **71** | **71** | **0** | **-57** | **0** | **0** |
| **Loan commitments given** | **8** | **27** | **27** | **27** | **0** | **2** | **32** | **24** |
| **Total** | **207** | **1,302** | **1,302** | **1,293** | **-3** | **-534** | **728** | **553** |

## – CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY DAYS PAST DUE (NPL3)

| | Gross carrying value/nominal amount | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Performing exposures | | | Non-performing exposures | | | | | | | | |
| *(in millions of euros)* | | Not past due or past due ≤ 30 days | Past due >30 days ≤ 90 days | | Payment unlikely, but not past due or past due ≤ 90 days | Past due >90 days ≤ 180 days | Past due >180 days ≤ 1 year | Past due > 1 year ≤ 2 years | Past due > 2 years ≤ 5 years | Past due > 5 years ≤ 7 years | Past due > 7 years | o/w defaulted |
| **Loans and receivables** | **119,603** | **119,056** | **547** | **3,805** | **2,643** | **96** | **77** | **422** | **446** | **26** | **95** | **3,805** |
| *Due to central banks* | 13 | 13 | 0 | 19 | 5 | 0 | 0 | 0 | 0 | 0 | 13 | 19 |
| *Government institutions* | 2,261 | 2,261 | 0 | 69 | 3 | 0 | 0 | 0 | 39 | 0 | 26 | 69 |
| *Banks* | 50,495 | 50,495 | 0 | 24 | 23 | 0 | 0 | 0 | 0 | 0 | 0 | 24 |
| *Other financial companies* | 11,982 | 11,982 | 0 | 132 | 97 | 0 | 0 | 0 | 5 | 0 | 30 | 132 |
| *Non-financial companies* | 53,970 | 53,443 | 527 | 3,549 | 2,508 | 95 | 77 | 420 | 402 | 25 | 24 | 3,549 |
| *o/w SME* | 2,864 | 2,646 | 218 | 119 | 68 | 7 | 7 | 33 | 0 | 4 | 0 | 119 |
| *Households* | 883 | 863 | 20 | 13 | 7 | 1 | 0 | 2 | 0 | 1 | 1 | 13 |
| **Debt securities** | **15,557** | **15,557** | **0** | **158** | **158** | **0** | **0** | **0** | **0** | **0** | **0** | **158** |
| *Due to central banks* | 443 | 443 | 0 | 0 | 0 | 0 | 0 | **0** | **0** | **0** | **0** | 0 |
| *Government institutions* | 6,639 | 6,639 | 0 | 0 | 0 | 0 | 0 | **0** | **0** | **0** | **0** | 0 |
| *Banks* | 5,082 | 5,082 | 0 | 0 | 0 | 0 | 0 | **0** | **0** | **0** | **0** | 0 |
| *Other financial companies* | 2,716 | 2,716 | 0 | 83 | 83 | 0 | 0 | **0** | **0** | **0** | **0** | 83 |
| *Non-financial companies* | 677 | 677 | 0 | 75 | 75 | 0 | 0 | **0** | **0** | **0** | **0** | 75 |
| **Loan commitments given** | **96,627** | | | **295** | | | | | | | | **295** |
| *Due to central banks* | 383 | | | 0 | | | | | | | | 0 |
| *Government institutions* | 5,415 | | | 0 | | | | | | | | 0 |
| *Banks* | 14,996 | | | 1 | | | | | | | | 1 |
| *Other financial companies* | 20,141 | | | 0 | | | | | | | | 0 |
| *Non-financial companies* | 55,560 | | | 294 | | | | | | | | 294 |
| *Households* | 131 | | | 1 | | | | | | | | 1 |
| **Total** | **231,787** | **134,613** | **547** | **4,259** | **2,801** | **96** | **77** | **422** | **446** | **26** | **95** | **4,259** |

## – PERFORMING AND NON-PERFORMING EXPOSURES AND CORRESPONDING PROVISIONS (NPL4)

| | Gross carrying value/nominal amount | | | | | | Accumulated impairments, accumulated negative fair value variations due to credit risk and provisions | | | | | | Partial disposal from consolidated balance sheet | Received collaterals and financial guarantees | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Performing exposures | | | Non-performing exposures | | | Non-performing exposures – accumulated impairment, or accumulated negative changes in fair value due to credit risk, and provisions | | | Non-performing exposures – accumulated impairments, accumulated negative fair value variations due to credit risk and provisions | | | | On performing exposures | On non-performing exposures |
| *(in millions of euros)* | | o/w step 1 | o/w step 2 | | o/w step 2 | o/w step 3 | | o/w step 1 | o/w step 2 | | o/w step 2 | o/w step 3 | | | |
| **Loans and receivables** | **119,603** | **101,644** | **16,025** | **3,805** | **0** | **3,788** | **-187** | **-63** | **-124** | **-1,543** | **0** | **-1,543** | **0** | **35,214** | **1,640** |
| Due to central banks | 13 | 0 | 13 | 19 | 0 | 19 | -0 | 0 | -0 | -19 | 0 | -19 | **0** | 0 | 0 |
| Government institutions | 2,261 | 1,487 | 742 | 69 | 0 | 69 | -6 | -0 | -5 | -31 | 0 | -31 | **0** | 627 | 36 |
| Banks | 50,495 | 49,314 | 196 | 24 | 0 | 24 | -2 | -0 | -2 | -19 | 0 | -19 | **0** | 364 | 0 |
| Other financial companies | 11,982 | 10,498 | 1,192 | 132 | 0 | 132 | -9 | -3 | -6 | -82 | 0 | -82 | **0** | 3,313 | 22 |
| Non-financial companies | 53,970 | 39,508 | 13,836 | 3,549 | 0 | 3,532 | -164 | -58 | -107 | -1,381 | 0 | -1,381 | **0** | 30,060 | 1,581 |
| o/w SME | 2,864 | 2,131 | 733 | 119 | 0 | 119 | -10 | -5 | -4 | -70 | 0 | -70 | **0** | 1,873 | 20 |
| *Households* | 883 | 837 | 45 | 13 | 0 | 13 | -4 | -2 | -3 | -10 | 0 | -10 | **0** | 850 | 1 |
| **Debt securities** | **15,557** | **13,495** | **303** | **158** | **0** | **158** | **-0** | **-0** | **-0** | **-144** | **0** | **-144** | **0** | **1** | **0** |
| *Due to central banks* | 443 | 443 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 0 | 0 |
| *Government institutions* | 6,639 | 6,632 | 6 | 0 | 0 | 0 | -0 | -0 | 0 | 0 | 0 | 0 | **0** | 0 | 0 |
| *Banks* | 5,082 | 5,082 | 0 | 0 | 0 | 0 | -0 | -0 | 0 | 0 | 0 | 0 | **0** | 0 | 0 |
| *Other financial companies* | 2,716 | 744 | 289 | 83 | 0 | 83 | -0 | -0 | -0 | -83 | 0 | -83 | **0** | 1 | 0 |
| *Non-financial companies* | 677 | 594 | 8 | 75 | 0 | 75 | -0 | -0 | -0 | -61 | 0 | -61 | **0** | 0 | 0 |
| **Loan commitments given** | **96,627** | **88,478** | **8,149** | **295** | **0** | **295** | **97** | **26** | **71** | **47** | **0** | **47** | **0** | **22,201** | **193** |
| *Due to central banks* | 383 | 383 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| *Government institutions* | 5,415 | 5,161 | 254 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 336 | 0 |
| *Banks* | 14,996 | 14,725 | 271 | 1 | 0 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 21 | 0 |
| *Other financial companies* | 20,141 | 18,423 | 1,718 | 0 | 0 | 0 | 18 | 1 | 17 | 0 | 0 | 0 | 0 | 7,463 | 0 |
| *Non-financial companies* | 55,560 | 49,656 | 5,904 | 294 | 0 | 294 | 77 | 25 | 52 | 46 | 0 | 46 | 0 | 14,299 | 193 |
| *Households* | 131 | 128 | 3 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 83 | 0 |
| **total** | **231,787** | **203,617** | **24,477** | **4,259** | | **4,242** | **-90** | **-37** | **-53** | **-1,640** | | **-1,640** | **0** | **57,416** | **1,833** |

## C – Credit risk: standardized approach

### Credit risk exposures: standardized approach

- **SA – CR EXPOSURE AND CRM EFFECTS (EU CR4)**

| | Exposures before CCF and CRM | | Exposures post-CCF and CRM | | RWA and RWA density | |
|---|---|---|---|---|---|---|
| *(in millions of euros)* | On-balance sheet amount | Off- balance sheet amount | On-balance sheet EAD | Off-balance sheet EAD | RWA | RWA density |
| Central governments or central banks | 6,130 | 106 | 6,130 | 53 | 1,100 | 18% |
| Regional governments or local authorities | 214 | | 210 | | 36 | 17% |
| Public sector entities | 543 | 230 | 542 | 115 | 61 | 9% |
| Multilateral Development Banks | | | | | | |
| International Organizations | 911 | | 911 | | | |
| Institutions (*) | 53,883 | 10,681 | 53,883 | 5,180 | 426 | 1% |
| Corporates | 1,974 | 986 | 1,949 | 331 | 1,515 | 66% |
| Retail | 1,109 | 124 | 604 | 36 | 465 | 73% |
| Secured by mortgages on immovable property | 220 | 2 | 220 | 1 | 92 | 41% |
| Defaulted exposures | 118 | 17 | 21 | 9 | 39 | 129% |
| Items associated with particularly high risk | | | | | | |
| Covered Bonds | | | | | | |
| Exposures to institutions and corporates with a short-term credit assessment | 84 | 2 | 80 | | 43 | 53% |
| Collective investments undertakings (CIU) | | | | | | |
| Equity exposures | | | | | | |
| Other items | 6,205 | | 6,205 | | 5,655 | 91% |
| **Total at 30/06/2020** | **71,390** | **12,150** | **70,756** | **5,725** | **9,430** | **12%** |
| ***(*): o/w affiliates*** | ***97%*** | ***100%*** | ***97%*** | ***100%*** | | |
| **Total at 31/12/2019** | **63,336** | **11,345** | **62,540** | **5,651** | **11,183** | **16%** |

## – SA – EXPOSURES (EAD) BY ASSET CLASSES AND RISK WEIGHTS (CR5)

*(in millions of euros)*

| Exposure classes | Risk Weight | | | | | | | | | | | | | | | | total | *Of which unrated (*)* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 0% | 2% | 4% | 10% | 20% | 35% | 50% | 70% | 75% | 100% | 150 % | 250 % | 370 % | 1250 % | Corporate Center | Deducted | | |
| Central governments or central banks | 5,730 | | | | | | 2 | | | 20 | | 431 | | | | | 6,183 | *4,969* |
| Regional governments or local authorities | 30 | | | | 180 | | | | | | | | | | | | 211 | *180* |
| Public sector entities | 362 | | | | 289 | | 6 | | | | | | | | | | 657 | *29* |
| Multilateral Development Banks | | | | | | | | | | | | | | | | | | |
| International Organizations | 911 | | | | | | | | | | | | | | | | 911 | *911* |
| Institutions | 57,471 | 1,056 | | | 164 | | | | | 372 | | | | | | | 59,063 | *58,899* |
| Corporates | 428 | | | | 27 | 363 | 50 | 191 | | 1,210 | 10 | | | | | | 2,279 | *2,197* |
| Retail | | | | | | | | | 639 | | | | | | | | 639 | *639* |
| Secured by mortgages on immovable property | | | | | | 126 | 95 | | | | | | | | | | 221 | *221* |
| Defaulted exposures | | | | | | | | | | 13 | 17 | | | | | | 30 | *21* |
| Items associated with particularly high risk | | | | | | | | | | | | | | | | | | |
| Covered Bonds | | | | | | | | | | | | | | | | | | |
| Exposures to institutions and corporates with a short-term credit assessment | | | | | 46 | | 12 | | | 14 | 9 | | | | | | 81 | |
| Collective investments undertakings (CIU) | | | | | | | | | | | | | | | | | | |
| Equity exposures | | | | | | | | | | | | | | | | | | |
| Other items | 33 | | | | 1 | | | | | 4,819 | | | | | 1,352 | | 6,205 | *6,195* |
| **Total at 30/06/2020** | **64,966** | **1,056** | | | **707** | **489** | **165** | **191** | **639** | **6,449** | **36** | **431** | | | **1,352** | | **76,481** | ***74,260*** |
| **Total at 31/12/2019** | **53,688** | **1,293** | | | **706** | **453** | **1,568** | **267** | **774** | **7,256** | **104** | **410** | | | **1,675** | | **68,192** | ***65,103*** |

* Of which €57,848 million in exposure to BPCE Group affiliates and excluding exposures to the French Government at 30/06/2020.

## D – Credit risk: internal ratings-based approach

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

| *(in millions of euros)* | RWA | Regulatory capital requirement |
|---|---|---|
| **RWA at 31/12/2019** | **52,448** | **4,196** |
| Asset size | - 1 821 | - 146 |
| Asset quality | 814 | 65 |
| Model updates | | |
| Methodology and policy | | |
| Acquisitions and disposals | | |
| Foreign exchange movements | - 61 | - 5 |
| Guarantees | - 350 | - 28 |
| Corporate Center | - 632 | - 51 |
| **RWA at 30/06/2020** | **50,397** | **4,032** |

### – IRB – CREDIT RISK EXPOSURES BY PORTFOLIO AND PD RANGE (CR6)

*(in millions of euros)*

| PD scale | Original on-balance sheet gross exposure | Off-balance sheet exposures pre-CCF | Average CCF (%) | EAD | Average PD (%) | Number of obligors | Average LGD (%) | Average maturity (days) | RWA | RWA density (%) | EL | Provisions |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **F-IRB** | | | | | | | | | | | | |
| **Central governments or central banks** | | | | | | | | | | | | |
| 0.00 to <0.15 | 3 | | | 3 | 0.0% | 1 | 45% | 1 | | | | |
| 0.15 to <0.25 | | | | | | | | | | | | |
| 0.25 to <0.50 | 186 | | | 186 | 0.4% | 2 | 45% | 677 | 121 | 65% | | |
| 0.50 to <0.75 | | | | | | | | | | | | |
| 0.75 to <2.50 | | | | | | | | | | | | |
| 2.50 to <10.00 | | | | | | | | | | | | |
| 10 to <100 | | | | | | | | | | | | |
| 100.00 (default) | | | | | | | | | | | | |
| ***Sub-total Central governments or central banks*** | ***189*** | | | ***189*** | ***0.0%*** | ***3*** | ***45%*** | ***666*** | ***121*** | ***64%*** | | |
| ***Institutions*** | | | | | | | | | | | | |
| 0.00 to <0.15 | | 10 | 50% | 5 | 0.0% | 11 | 45% | 213 | 1 | 25% | | |
| 0.15 to <0.25 | | 2 | 50% | 1 | 0.2% | 4 | 45% | 140 | 1 | 57% | | |
| 0.25 to <0.50 | | 155 | 75% | 116 | 0.3% | 4 | 11% | 560 | 17 | 15% | | |
| 0.50 to <0.75 | | 90 | 74% | 67 | 0.5% | 4 | 12% | 1,729 | 14 | 22% | | |
| 0.75 to <2.50 | | | | | 1.3% | 4 | 45% | 1 | | 135% | | |
| 2.50 to <10.00 | | | 50% | | 3.8% | 1 | 45% | 92 | | 177% | | |
| 10 to <100 | | | | | | | | | | | | |
| 100.00 (default) | | | | | 100% | 2 | 45% | 364 | | | | |
| ***Sub-total Institutions*** | | ***258*** | ***73%*** | ***189*** | ***0.5%*** | ***30*** | ***13%*** | ***959*** | ***33*** | ***18%*** | | ***1*** |
| ***Corporates*** | | | | | | | | | | | | |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 0.00 to <0.15 | 3 | 2 | 20% | 4 | 0.1% | 1 | 45% | 359 | 1 | 29% | |
| 0.15 to <0.25 | | | | | 0.2% | 1 | 45% | 858 | | 52% | |
| 0.25 to <0.50 | | | | | | | | | | | |
| 0.50 to <0.75 | | | | | 0.6% | 1 | 45% | 526 | | 65% | |
| 0.75 to <2.50 | 224 | 43 | 22% | 234 | 1.9% | 127 | 44% | 667 | 254 | 108% | 2 |
| 2.50 to <10.00 | 146 | 51 | 21% | 156 | 4.6% | 158 | 44% | 293 | 194 | 124% | 3 |
| 10 to <100 | 98 | 33 | 22% | 105 | 12.3% | 172 | 44% | 454 | 200 | 191% | 6 |
| 100.00 (default) | 138 | 11 | 20% | 140 | 100.0% | 67 | 45% | 1,158 | | | 63 |
| ***Subtotal Corporates*** | ***609*** | ***140*** | ***21%*** | ***639*** | ***25.7%*** | ***527*** | ***44%*** | ***646*** | ***649*** | ***102%*** | ***74*** | ***123*** |
| ***Corporates – SME*** | | | | | | | | | | | |
| 0.00 to <0.15 | | | | | 0.0% | | | | | | |
| 0.15 to <0.25 | | | | | 0.2% | 1 | 45% | 858 | | 52% | |
| 0.25 to <0.50 | | | | | | | | | | | |
| 0.50 to <0.75 | | | | | 0.6% | 1 | 45% | 526 | | 65% | |
| 0.75 to <2.50 | 75 | 26 | 20% | 81 | 2.1% | 99 | 43% | 332 | 77 | 95% | 1 |
| 2.50 to <10.00 | 88 | 27 | 21% | 94 | 5.0% | 120 | 44% | 343 | 111 | 118% | 2 |
| 10 to <100 | 49 | 23 | 22% | 55 | 12.8% | 129 | 44% | 428 | 94 | 172% | 3 |
| 100.00 (default) | 26 | 2 | 20% | 27 | 100.0% | 44 | 45% | 881 | | | 12 |
| ***Sub-total Corporates - SME*** | ***239*** | ***77*** | ***21%*** | ***256*** | ***15.6%*** | ***394*** | ***44%*** | ***414*** | ***281*** | ***110%*** | ***18*** | ***8*** |
| ***Corporates – Other*** | | | | | | | | | | | |
| 0.00 to <0.15 | 3 | 2 | 20% | 4 | 0.1% | 1 | 45% | 359 | 1 | 29% | |
| 0.15 to <0.25 | | | | | | | | | | | |
| 0.25 to <0.50 | | | | | | | | | | | |
| 0.50 to <0.75 | | | | | | | | | | | |
| 0.75 to <2.50 | 149 | 17 | 25% | 153 | 1.8% | 28 | 44% | 843 | 177 | 115% | 1 |
| 2.50 to <10.00 | 58 | 24 | 20% | 63 | 3.8% | 38 | 44% | 218 | 84 | 134% | 1 |
| 10 to <100 | 48 | 10 | 20% | 50 | 11.7% | 43 | 45% | 482 | 106 | 211% | 3 |
| 100.00 (default) | 111 | 9 | 20% | 113 | 100.0% | 23 | 45% | 1,223 | | | 51 |
| ***Sub-total Corporates - Other*** | ***370*** | ***63*** | ***21%*** | ***383*** | ***32.5%*** | ***133*** | ***44%*** | ***801*** | ***368*** | ***96%*** | ***56*** | ***115*** |
| Equity exposures | 5,135 | 191 | 100% | 5,326 | | 482 | | 172 | 16,654 | 313% | 81 | |
| ***Sub-total Equity*** | ***5,135*** | ***191*** | ***100%*** | ***5,326*** | | ***482*** | | ***172*** | ***16,654*** | ***313%*** | ***81*** | |
| ***F-IRB (excl. equity)*** | | | | | | | | | | | |
| 0.00 to <0.15 | 6 | 13 | 45% | 12 | 0.0% | 13 | 45% | 206 | 2 | 20% | |
| 0.15 to <0.25 | | 2 | 50% | 1 | 0.2% | 5 | 45% | 215 | 1 | 57% | |
| 0.25 to <0.50 | 186 | 155 | 75% | 302 | 0.4% | 6 | 32% | 632 | 138 | 46% | |
| 0.50 to <0.75 | | 90 | 74% | 67 | 0.5% | 5 | 13% | 1,726 | 14 | 22% | |
| 0.75 to <2.50 | 224 | 43 | 22% | 234 | 1.9% | 131 | 44% | 667 | 254 | 108% | 2 |
| 2.50 to <10.00 | 146 | 51 | 21% | 156 | 4.6% | 159 | 44% | 293 | 194 | 124% | 3 |
| 10 to <100 | 98 | 33 | 22% | 105 | 12.3% | 172 | 44% | 454 | 200 | 191% | 6 |
| 100.00 (default) | 138 | 11 | 20% | 140 | 100.0% | 69 | 45% | 1,157 | | | 63 |
| **Total IRB-F (excl. equity)** | ***799*** | ***398*** | ***55%*** | ***1,017*** | ***16.3%*** | ***560*** | ***38%*** | ***708*** | ***803*** | ***79%*** | ***74*** | ***124*** |

**A-IRB**

| PD scale | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Central governments or central banks** | | | | | | | | | | | |
| 0.00 to <0.15 | 28,735 | 2,598 | 36% | 30,561 | 0.0% | 226 | 9% | 800 | 109 | | |
| 0.15 to <0.25 | 32 | | | 32 | 0.2% | 5 | 36% | 439 | 7 | 23% | |
| 0.25 to <0.50 | 26 | 11 | 100% | 37 | 0.4% | 7 | 36% | 1,679 | 21 | 57% | |
| 0.50 to <0.75 | | | | | | | | | | | |
| 0.75 to <2.50 | | | | | | | | | | | |
| 2.50 to <10.00 | 29 | 5 | 100% | 34 | 3.2% | 9 | 47% | 2,191 | 53 | 157% | 1 |
| 10 to <100 | 5 | 2 | 100% | 7 | 27.4% | 5 | 57% | 2,334 | 24 | 345% | 1 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 100.00 (default) | 50 | | | 50 | 100.0% | 7 | 104% | 1,133 | | | 50 | |
| ***Sub-total Central governments or central banks*** | ***28,877*** | ***2,615*** | ***36%*** | ***30,720*** | ***0.2%*** | ***259*** | ***9%*** | ***803*** | ***214*** | ***1%*** | ***51*** | ***53*** |
| ***Institutions*** | | | | | | | | | | | | |
| 0.00 to <0.15 | 5,645 | 1,673 | 52% | 6,511 | 0.0% | 371 | 19% | 429 | 414 | 6% | 1 | |
| 0.15 to <0.25 | 119 | 70 | 72% | 169 | 0.2% | 52 | 32% | 180 | 40 | 23% | | |
| 0.25 to <0.50 | 339 | 226 | 34% | 414 | 0.3% | 33 | 30% | 126 | 127 | 31% | | |
| 0.50 to <0.75 | 153 | 454 | 28% | 279 | 0.5% | 30 | 45% | 458 | 209 | 75% | 1 | |
| 0.75 to <2.50 | 20 | 255 | 21% | 73 | 1.7% | 56 | 48% | 461 | 93 | 127% | 1 | |
| 2.50 to <10.00 | 78 | 167 | 20% | 111 | 3.1% | 107 | 92% | 374 | 330 | 296% | 3 | |
| 10 to <100 | | 2 | 20% | | 19.4% | 2 | 104% | 224 | 3 | 609% | | |
| 100.00 (default) | 32 | 1 | 20% | 32 | 100.0% | 8 | 88% | 736 | | | 32 | |
| ***Sub-total Institutions*** | ***6,385*** | ***2,848*** | ***42%*** | ***7,591*** | ***0.6%*** | ***659*** | ***23%*** | ***409*** | ***1,214*** | ***16%*** | ***37*** | ***36*** |
| ***Corporates*** | | | | | | | | | | | | |
| 0.00 to <0.15 | 15,070 | 21,636 | 57% | 27,368 | 0.1% | 882 | 29% | 1,047 | 3,735 | 14% | 4 | |
| 0.15 to <0.25 | 4,795 | 7,105 | 55% | 8,711 | 0.2% | 277 | 27% | 942 | 2,168 | 25% | 4 | |
| 0.25 to <0.50 | 6,863 | 6,417 | 54% | 10,319 | 0.3% | 405 | 23% | 1,010 | 2,947 | 29% | 7 | |
| 0.50 to <0.75 | 7,713 | 8,223 | 54% | 12,149 | 0.5% | 439 | 23% | 1,026 | 4,394 | 36% | 15 | |
| 0.75 to <2.50 | 11,788 | 7,007 | 54% | 15,567 | 1.3% | 864 | 22% | 1,165 | 8,305 | 53% | 45 | |
| 2.50 to <10.00 | 4,755 | 3,064 | 50% | 6,292 | 4.0% | 909 | 28% | 1,014 | 5,654 | 90% | 72 | |
| 10 to <100 | 412 | 349 | 58% | 613 | 14.2% | 371 | 26% | 851 | 775 | 126% | 21 | |
| 100.00 (default) | 3,758 | 253 | 41% | 3,863 | 100.0% | 271 | 34% | 1,087 | 3,533 | 91% | 1,981 | |
| ***Subtotal Corporates*** | ***55,155*** | ***54,054*** | ***55%*** | ***84,882*** | ***5.3%*** | ***4,418*** | ***26%*** | ***1,048*** | ***31,512*** | ***37%*** | ***2,149*** | ***2,297*** |
| ***Corporates – SME*** | | | | | | | | | | | | |
| 0.00 to <0.15 | | 6 | 20% | 1 | 0.1% | 12 | 18% | 202 | | 7% | | |
| 0.15 to <0.25 | 1 | | 20% | 1 | 0.2% | 15 | 45% | 1,948 | 1 | 51% | | |
| 0.25 to <0.50 | 76 | 36 | 92% | 108 | 0.3% | 17 | 52% | 301 | 57 | 53% | | |
| 0.50 to <0.75 | 117 | 79 | 96% | 193 | 0.6% | 38 | 32% | 1,091 | 104 | 54% | | |
| 0.75 to <2.50 | 257 | 109 | 81% | 345 | 1.6% | 113 | 41% | 1,320 | 345 | 100% | 2 | |
| 2.50 to <10.00 | 200 | 52 | 95% | 249 | 3.7% | 185 | 42% | 768 | 284 | 114% | 4 | |
| 10 to <100 | 8 | 17 | 35% | 13 | 15.2% | 77 | 37% | 384 | 22 | 164% | 1 | |
| 100.00 (default) | 57 | 3 | 58% | 59 | 100.0% | 50 | 32% | 885 | 46 | 78% | 34 | |
| ***Sub-total Corporates - SME*** | ***716*** | ***302*** | ***84%*** | ***970*** | ***8.0%*** | ***507*** | ***40%*** | ***979*** | ***859*** | ***88%*** | ***42*** | ***44*** |
| ***Corporates – Specialized Lending*** | | | | | | | | | | | | |
| 0.00 to <0.15 | 933 | 877 | 75% | 1,588 | 0.1% | 66 | 7% | 2,291 | 85 | 5% | | |
| 0.15 to <0.25 | 809 | 586 | 80% | 1,276 | 0.2% | 47 | 11% | 1,804 | 155 | 12% | | |
| 0.25 to <0.50 | 1,660 | 1,006 | 76% | 2,424 | 0.3% | 198 | 8% | 1,826 | 302 | 12% | 1 | |
| 0.50 to <0.75 | 2,784 | 2,582 | 62% | 4,385 | 0.5% | 185 | 11% | 1,798 | 951 | 22% | 3 | |
| 0.75 to <2.50 | 3,970 | 2,169 | 66% | 5,408 | 1.3% | 272 | 12% | 1,737 | 1,674 | 31% | 8 | |
| 2.50 to <10.00 | 450 | 175 | 48% | 533 | 3.1% | 45 | 22% | 2,153 | 378 | 71% | 3 | |
| 10 to <100 | 72 | 1 | 41% | 72 | 12.0% | 5 | 13% | 310 | 41 | 57% | 1 | |
| 100.00 (default) | 637 | 82 | 59% | 686 | 100.0% | 37 | 40% | 1,567 | 862 | 126% | 112 | |
| ***Sub-total Corporates – Specialized Lending*** | ***11,314*** | ***7,479*** | ***68%*** | ***16,373*** | ***5.0%*** | ***855*** | ***12%*** | ***1,826*** | ***4,447*** | ***27%*** | ***128*** | ***175*** |
| ***Corporates – Other*** | | | | | | | | | | | | |
| 0.00 to <0.15 | 14,137 | 20,753 | 56% | 25,778 | 0.1% | 804 | 30% | 971 | 3,650 | 14% | 4 | |
| 0.15 to <0.25 | 3,985 | 6,519 | 53% | 7,434 | 0.2% | 215 | 30% | 794 | 2,013 | 27% | 4 | |
| 0.25 to <0.50 | 5,127 | 5,376 | 49% | 7,787 | 0.3% | 190 | 27% | 765 | 2,588 | 33% | 7 | |
| 0.50 to <0.75 | 4,812 | 5,562 | 50% | 7,571 | 0.5% | 216 | 29% | 576 | 3,339 | 44% | 12 | |
| 0.75 to <2.50 | 7,562 | 4,729 | 48% | 9,814 | 1.3% | 479 | 28% | 845 | 6,286 | 64% | 34 | |
| 2.50 to <10.00 | 4,105 | 2,837 | 49% | 5,509 | 4.2% | 679 | 28% | 915 | 4,993 | 91% | 65 | |
| 10 to <100 | 333 | 331 | 59% | 528 | 14.4% | 289 | 27% | 936 | 712 | 135% | 19 | |
| 100.00 (default) | 3,064 | 167 | 32% | 3,118 | 100.0% | 184 | 32% | 986 | 2,625 | 84% | 1,835 | |
| ***Sub-total Corporates - Other*** | ***43,125*** | ***46,273*** | ***53%*** | ***67,539*** | ***5.4%*** | ***3,056*** | ***29%*** | ***861*** | ***26,207*** | ***39%*** | ***1,979*** | ***2,079*** |
| ***Retail*** | | | | | | | | | | | | |

| | |
|---|---|
| 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 | |
| 2.50 to <10.00 | |
| 10 to <100 | |
| 100.00 (default) | |
| ***Sub-total Retail*** | |
| ***Retail – qualifying revolving*** | |
| 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 | |
| 2.50 to <10.00 | |
| 10 to <100 | |
| 100.00 (default) | |
| ***Sub-total Retail – qualifying revolving*** | |
| ***Retail - SME*** | |
| 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 | |
| 2.50 to <10.00 | |
| 10 to <100 | |
| 100.00 (default) | |
| ***Sub-total Retail - SME*** | |
| ***Retail – Residential mortgage exposures*** | |
| 0.00 to <0.15 | |
| 0.15 to <0.25 | |
| 0.25 to <0.50 | |
| 0.50 to <0.75 | |
| 0.75 to <2.50 | |
| 2.50 to <10.00 | |
| 10 to <100 | |
| 100.00 (default) | |
| ***Sub-total Retail – Residential mortgage exposures*** | |
| ***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 | |
| 2.50 to <10.00 | |
| 10 to <100 | |
| 100.00 (default) | |
| ***Sub-total – Other retail exposures*** | |
| Equity exposures | |
| ***Sub-total Equity*** | |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***A-IRB*** | | | | | | | | | | | | |
| 0.00 to <0.15 | 49,450 | 25,907 | 54% | 64,440 | 0.0% | 1,479 | 18% | 868 | 4,258 | 7% | 5 | |
| 0.15 to <0.25 | 4,946 | 7,176 | 55% | 8,912 | 0.2% | 334 | 27% | 925 | 2,215 | 25% | 4 | |
| 0.25 to <0.50 | 7,227 | 6,654 | 53% | 10,771 | 0.3% | 445 | 23% | 978 | 3,096 | 29% | 8 | |
| 0.50 to <0.75 | 7,866 | 8,677 | 53% | 12,428 | 0.5% | 469 | 23% | 1,013 | 4,603 | 37% | 15 | |
| 0.75 to <2.50 | 11,808 | 7,262 | 53% | 15,640 | 1.3% | 920 | 23% | 1,162 | 8,398 | 54% | 45 | |
| 2.50 to <10.00 | 4,862 | 3,235 | 49% | 6,437 | 4.0% | 1,025 | 29% | 1,009 | 6,037 | 94% | 76 | |
| 10 to <100 | 417 | 352 | 58% | 621 | 14.3% | 378 | 26% | 867 | 802 | 129% | 22 | |
| 100.00 (default) | 3,840 | 254 | 41% | 3,945 | 100.0% | 286 | 35% | 1,085 | 3,533 | 90% | 2,062 | |
| **Total A-IRB** | ***90,417*** | ***59,517*** | ***54%*** | ***123,193*** | ***3.8%*** | ***5,336*** | ***22%*** | ***948*** | ***32,941*** | ***27%*** | ***2,237*** | ***2,386*** |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **PD scale** | | | | | | | | | | | | |
| **total** | | | | | | | | | | | | |
| 0.00 to <0.15 | 49,456 | 25,919 | 54% | 64,451 | 0.0% | 1,492 | 18% | 868 | 4,261 | 7% | 5 | |
| 0.15 to <0.25 | 4,946 | 7,178 | 55% | 8,914 | 0.2% | 339 | 27% | 925 | 2,216 | 25% | 4 | |
| 0.25 to <0.50 | 7,413 | 6,809 | 54% | 11,073 | 0.3% | 451 | 23% | 968 | 3,233 | 29% | 8 | |
| 0.50 to <0.75 | 7,867 | 8,767 | 53% | 12,495 | 0.5% | 474 | 23% | 1,017 | 4,617 | 37% | 15 | |
| 0.75 to <2.50 | 12,032 | 7,305 | 53% | 15,874 | 1.3% | 1,051 | 23% | 1,155 | 8,651 | 55% | 47 | |
| 2.50 to <10.00 | 5,008 | 3,286 | 48% | 6,593 | 4.0% | 1,184 | 29% | 992 | 6,231 | 95% | 79 | |
| 10 to <100 | 515 | 385 | 55% | 726 | 14.0% | 550 | 29% | 807 | 1,002 | 138% | 27 | |
| 100.00 (default) | 3,978 | 265 | 40% | 4,085 | 100.0% | 355 | 35% | 1,088 | 3,533 | 86% | 2,125 | |
| **Total at 30/06/2020** | ***91,215*** | ***59,915*** | ***54%*** | ***124,210*** | ***3.9%*** | ***5,896*** | ***22%*** | ***946*** | ***33,744*** | ***27%*** | ***2,311*** | ***2,510*** |

* Total excluding other assets and specialized lending slotting criteria.

– **IRB – SPECIALIZED LENDING AND EQUITIES UNDER THE SIMPLE RISK WEIGHT METHOD (EXCLUDING IMPACT OF THRESHOLDS) (CR10)**

*(in millions of euros)*

| Regulatory categories | Residual maturity | On-balance sheet exposure | Off-balance sheet exposure | Total risk weight | EAD | RWA | EL |
|---|---|---|---|---|---|---|---|
| Category 1 | Equal to or more than 2.5 years | | | 50 | | | |
| Category 2 | Equal to or more than 2.5 years | | | 70 | | | |
| Category 4 | Equal to or more than 2.5 years | | | 90 | | | |
| **Total at 30/06/2020** | | | | | | | |
| **Total at 31/12/2019** | | | | | | | |

* Simple risk-weighted approach on specialized lending only applied by the SFS entities sold in BPCE in early 2019.

**CR10 Table – Equities**

*(in millions of euros)*

| Equities under the simple risk-weighted approach | On-balance sheet exposure | Off-balance sheet exposure | Total risk weight | EAD | RWA | Regulatory capital requirement |
|---|---|---|---|---|---|---|
| Private equity exposures | 532 | 191 | 190 | 723 | 1,374 | 110 |
| Exchange-traded equity exposures | 1,457 | | 290 | 1,457 | 4,226 | 338 |
| Other equity exposures | 2,658 | | 370 | 2,658 | 9,836 | 787 |
| **Total at 30/06/2020** | **4,648** | **191** | | **4,839** | **15,437** | **1,235** |
| **Total at 31/12/2019** | **4,967** | **158** | | **5,125** | **16,402** | **1,312** |

## – EAD BY TYPE AND NATURE OF EXPOSURE (EXCLUDING IMPACT OF THRESHOLDS) (NX24)

*(in millions of euros)*

| Type and nature of exposure | Share | Mutual funds | Investments | Total at 30/06/2020 | Total at 31/12/2019 |
|---|---|---|---|---|---|
| Private Equity held in sufficiently diversified portfolios | 723 | | | 723 | 757 |
| Other equity exposures | 235 | 144 | 2,280 | 2,658 | 2,872 |
| Listed equities | 248 | 556 | 653 | 1,457 | 1,495 |
| Equity – standardized approach | | | | | |
| **Total** | **1,206** | **700** | **2,933** | **4,839** | **5,125** |

## – RWA BY WEIGHTING (EXCLUDING IMPACT OF THRESHOLDS) (NX25)

*(in millions of euros)*

| Type and nature of exposure | IRB approach | Standardized Approach | Total at 30/06/2020 | Total at 31/12/2019 |
|---|---|---|---|---|
| Private Equity held in sufficiently diversified portfolios | 1,374 | | 1,374 | 1,439 |
| Other equity exposures | 9,836 | | 9,836 | 10,627 |
| Listed equities | 4,226 | | 4,226 | 4,337 |
| Equity – standardized approach | | | | |
| **Total** | **15,437** | | **15,437** | **16,402** |

### 3.3.3.3 Counterparty risks

### A – Counterparty risk exposure

#### – ANALYSIS OF EXPOSURE USING COUNTERPARTY CREDIT RISK APPROACH (CCR1)

| *(in millions of euros)* | Notional | Replacement cost | Potential future exposure | EEPE | Multiplier | EAD post-CRM | RWA |
|---|---|---|---|---|---|---|---|
| Mark to market | | 972 | 4,041 | | | 5,013 | 1,383 |
| Original Exposure | | | | | | | |
| Standardized approach | | | | | | | |
| Internal Model Method (for derivatives and SFTs) | | | | 11,149 | 1.4 | 15,608 | 3,540 |
| Securities Financing Transactions | | | | | | | |
| Derivatives & Long Settlement Transaction | | | | | | | |
| From Contractual Cross Product Netting | | | | | | | |
| Financial collateral simple method (for SFTs) | | | | | | | |
| Financial collateral comprehensive method (SFTs) | | | | | | 19,129 | 1,161 |
| VaR for SFTs | | | | | | | |
| **Total at 30/06/2020** | | | | | | | ***6,084*** |

#### – SA – CCR EAD BY REGULATORY PORTFOLIO AND RISK WEIGHT (CCR3)

*(in millions of euros)*

| Exposure classes | Risk Weight | | | | | | | | | | | Total EAD | Of which unrated (*) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 0% | 2% | 4% | 10% | 20% | 50% | 70% | 75% | 100% | 150% | Corporate Center | | |
| Central governments or central banks | | | | | | | | | | | | | |
| Regional governments or local authorities | 7 | | | | 290 | | | | | | | 297 | 144 |
| Public sector entities | 336 | | | | 566 | 4 | | | 68 | | | 974 | 228 |
| Multilateral Development Banks | | | | | | | | | | | | | |
| International Organizations | 695 | | | | | | | | | | | 695 | 695 |
| Institutions | 2,884 | 12,816 | | | 4 | 10 | | | | | | 15,714 | 15,704 |
| Corporates | 1 | 249 | | | | 4 | | | 35 | | | 289 | 285 |
| Retail | | | | | | | | | | | | | |
| Secured by mortgages on immovable property | | | | | | | | | | | | | |
| Defaulted exposures | | | | | | | | | | 2 | | 2 | 1 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Items associated with particularly high risk | | | | | | | | |
| Covered Bonds | | | | | | | | |
| Exposures to institutions and corporates with a short-term credit assessment | | | 3 | 56 | 13 | | 72 | |
| Collective Investment undertakings (CIU) | | | | | | | | |
| Equity exposures | | | | | | | | |
| Other items | | | | | | | | |
| **Total at 30/06/2020** | **3,923** | **13,064** | **863** | **75** | **115** | **2** | **18,042** | **17,056** |
| **Total at 31/12/2019** | **3,930** | **13,960** | **467** | **378** | **65** | **6** | **18,806** | **17,945** |

** Of which €13,064 million relating to clearing houses (2% flat weighting in accordance with applicable regulation) and €2,827 million relating to BPCE Group affiliates at June 30, 2020*

## – NI – CCR EXPOSURES BY PORTFOLIO AND PD SCALE (CCR4)

*(in millions of euros)*

| PD scale | EAD | Average PD (%) | Number of obligors | Average LGD (%) | Average maturity (days) | RWA | RWA density (%) |
|---|---|---|---|---|---|---|---|
| **F-IRB** | | | | | | | |
| **Institutions** | | | | | | | |
| 0.00 to <0.15 | 334 | | 25 | 45% | 16 | 32 | 10% |
| 0.15 to <0.25 | 10 | 0.2% | 2 | 45% | 2 | 3 | 32% |
| 0.25 to <0.50 | | 0.3% | 3 | 45% | 1,187 | | 78% |
| 0.50 to <0.75 | | | | | | | |
| 0.75 to <2.50 | | | | | | | |
| 2.50 to <10.00 | 6 | 2.7% | 2 | 45% | 15 | 8 | 130% |
| 10.00 to <100.00 | | | | | | | |
| 100.00 (default) | | | | | | | |
| **Sub-total** | **351** | **0.1%** | **32** | **45%** | **16** | **44** | **12%** |
| **Corporates** | | | | | | | |
| 0.00 to <0.15 | 1,054 | 0.1% | 53 | 45% | 899 | 181 | 17% |
| 0.15 to <0.25 | 14 | 0.2% | 6 | 45% | 374 | 4 | 26% |
| 0.25 to <0.50 | 8 | 0.3% | 3 | 45% | 2,032 | 4 | 54% |
| 0.50 to <0.75 | | 0.5% | 1 | 45% | 5 | | 51% |
| 0.75 to <2.50 | 3 | 0.8% | 1 | 45% | 61 | 2 | 65% |
| 2.50 to <10.00 | | | | | | | |
| 10.00 to <100.00 | | | | | | | |
| 100.00 (default) | | | | | | | |
| **Sub-total** | **1,079** | **0.1%** | **64** | **45%** | **899** | **191** | **18%** |
| **Total F-IRB** | | | | | | | |
| 0.00 to <0.15 | 1,390 | 0.1% | 80 | 45% | 690 | 213 | 15% |
| 0.15 to <0.25 | 24 | 0.2% | 8 | 45% | 214 | 7 | 29% |
| 0.25 to <0.50 | 8 | 0.3% | 6 | 45% | 2,024 | 5 | 54% |
| 0.50 to <0.75 | | 0.5% | 1 | 45% | 5 | | 51% |
| 0.75 to <2.50 | 3 | 0.8% | 1 | 45% | 61 | 2 | 65% |
| 2.50 to <10.00 | 6 | 2.7% | 2 | 45% | 15 | 8 | 130% |
| 10.00 to <100.00 | | | | | | | |
| 100.00 (default) | | | | | | | |
| **Sub-total F-IRB** | **1,433** | **0.1%** | **98** | **45%** | **685** | **235** | **16%** |

| PD scale | | | | | | | |
|---|---|---|---|---|---|---|---|
| **A-IRB** | | | | | | | |
| **Central governments or central banks** | | | | | | | |
| 0.00 to <0.15 | 5,354 | | 62 | 16% | 729 | 19 | 0% |
| 0.15 to <0.25 | 131 | 0.2% | 2 | 37% | 37 | 26 | 20% |
| 0.25 to <0.50 | 9 | 0.4% | 3 | 47% | 1,260 | 9 | 96% |
| 0.50 to <0.75 | | | | | | | |
| 0.75 to <2.50 | | | | | | | |
| 2.50 to <10.00 | 39 | 3.2% | 2 | 47% | 1,036 | 59 | 150% |
| 10.00 to <100.00 | | | | | | | |
| 100.00 (default) | | | | | | | |
| **Sub-total** | **5,533** | | **69** | **16%** | **716** | **112** | **2%** |
| **Institutions** | | | | | | | |
| 0.00 to <0.15 | 11,348 | | 346 | 18% | 472 | 741 | 7% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 0.15 to <0.25 | 808 | 0.2% | 90 | 26% | 586 | 191 | 24% |
| 0.25 to <0.50 | 449 | 0.3% | 71 | 28% | 807 | 183 | 41% |
| 0.50 to <0.75 | 122 | 0.5% | 42 | 37% | 634 | 76 | 63% |
| 0.75 to <2.50 | 72 | 1.3% | 38 | 64% | 647 | 105 | 146% |
| 2.50 to <10.00 | 19 | 2.9% | 46 | 71% | 1,397 | 47 | 246% |
| 10.00 to <100.00 | | | | | | | |
| 100.00 (default) | 1 | 100.0% | 2 | 98% | 273 | | |
| **Sub-total** | **12,820** | **0.1%** | **635** | **20%** | **494** | **1,343** | **11%** |
| **Corporates** | | | | | | | |
| 0.00 to <0.15 | 8,018 | | 566 | 33% | 437 | 652 | 8% |
| 0.15 to <0.25 | 1,088 | 0.2% | 171 | 27% | 1,356 | 247 | 23% |
| 0.25 to <0.50 | 1,072 | 0.3% | 220 | 24% | 2,039 | 325 | 30% |
| 0.50 to <0.75 | 1,374 | 0.5% | 360 | 21% | 2,227 | 492 | 36% |
| 0.75 to <2.50 | 2,756 | 1.2% | 602 | 27% | 1,423 | 1,561 | 57% |
| 2.50 to <10.00 | 488 | 3.9% | 625 | 31% | 1,248 | 481 | 99% |
| 10.00 to <100.00 | 88 | 13.3% | 497 | 34% | 1,800 | 150 | 171% |
| 100.00 (default) | 91 | 100.0% | 45 | 35% | 2,430 | 159 | 175% |
| **Sub-total** | **14,975** | **1.1%** | **3,086** | **29%** | **1,011** | **4,067** | **27%** |
| **Corporates – SME** | | | | | | | |
| 0.00 to <0.15 | | | | | | | |
| 0.15 to <0.25 | | 0.2% | 1 | 44% | 45 | | 28% |
| 0.25 to <0.50 | 4 | 0.4% | 8 | 44% | 811 | 2 | 49% |
| 0.50 to <0.75 | 7 | 0.6% | 27 | 44% | 808 | 4 | 61% |
| 0.75 to <2.50 | 5 | 1.7% | 65 | 44% | 1,019 | 5 | 93% |
| 2.50 to <10.00 | 3 | 4.3% | 105 | 44% | 426 | 3 | 121% |
| 10.00 to <100.00 | 5 | 11.7% | 97 | 44% | 2,111 | 10 | 212% |
| 100.00 (default) | 3 | 100.0% | 11 | 33% | 743 | 5 | 194% |
| **Sub-total** | **27** | **13.0%** | **314** | **43%** | **1,041** | **30** | **113%** |
| **Corporates – Specialized Lending** | | | | | | | |
| 0.00 to <0.15 | 238 | 0.1% | 21 | 15% | 3,418 | 34 | 14% |
| 0.15 to <0.25 | 274 | 0.2% | 33 | 11% | 3,236 | 36 | 13% |
| 0.25 to <0.50 | 481 | 0.3% | 69 | 14% | 3,176 | 100 | 21% |
| 0.50 to <0.75 | 818 | 0.5% | 151 | 12% | 3,216 | 200 | 25% |
| 0.75 to <2.50 | 920 | 1.2% | 153 | 16% | 2,930 | 384 | 42% |
| 2.50 to <10.00 | 102 | 2.9% | 25 | 18% | 2,638 | 60 | 59% |
| 10.00 to <100.00 | | | | | | | |
| 100.00 (default) | 51 | 100.0% | 8 | 36% | 3,248 | 83 | 164% |
| **Sub-total** | **2,884** | **2.5%** | **460** | **14%** | **3,117** | **897** | **31%** |
| **Corporates – Other** | | | | | | | |
| 0.00 to <0.15 | 7,780 | | 545 | 33% | 346 | 619 | 8% |
| 0.15 to <0.25 | 814 | 0.2% | 137 | 33% | 722 | 211 | 26% |
| 0.25 to <0.50 | 587 | 0.3% | 143 | 32% | 1,115 | 224 | 38% |
| 0.50 to <0.75 | 549 | 0.5% | 182 | 35% | 774 | 287 | 52% |
| 0.75 to <2.50 | 1,830 | 1.3% | 384 | 32% | 667 | 1,171 | 64% |
| 2.50 to <10.00 | 383 | 4.1% | 495 | 34% | 883 | 418 | 109% |
| 10.00 to <100.00 | 83 | 13.4% | 400 | 33% | 1,782 | 140 | 168% |
| 100.00 (default) | 38 | 100.0% | 26 | 34% | 1,441 | 71 | 189% |
| **Sub-total** | **12,064** | **0.8%** | **2,312** | **33%** | **507** | **3,140** | **26%** |
| | | | | | | | |
| **Total A-IRB** | | | | | | | |
| 0.00 to <0.15 | 24,721 | | 974 | 22% | 516 | 1,412 | 6% |
| 0.15 to <0.25 | 2,027 | 0.2% | 263 | 28% | 964 | 463 | 23% |
| 0.25 to <0.50 | 1,530 | 0.3% | 294 | 25% | 1,673 | 517 | 34% |
| 0.50 to <0.75 | 1,496 | 0.5% | 402 | 22% | 2,097 | 568 | 38% |
| 0.75 to <2.50 | 2,827 | 1.2% | 640 | 28% | 1,404 | 1,665 | 59% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2.50 to <10.00 | 546 | 3.8% | 673 | 33% | 1,238 | 587 | 108% |
| 10.00 to <100.00 | 88 | 13.3% | 497 | 34% | 1,800 | 150 | 171% |
| 100.00 (default) | 92 | 100.0% | 47 | 36% | 2,395 | 159 | 172% |
| **Sub-total A-IRB** | **33,328** | **0.6%** | **3,790** | **24%** | **763** | **5,522** | **17%** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **PD scale** | | | | | | | |
| **total** | | | | | | | |
| 0.00 to <0.15 | 26,111 | | 1,054 | 24% | 526 | 1,625 | 6% |
| 0.15 to <0.25 | 2,052 | 0.2% | 271 | 28% | 955 | 470 | 23% |
| 0.25 to <0.50 | 1,538 | 0.3% | 300 | 25% | 1,675 | 521 | 34% |
| 0.50 to <0.75 | 1,496 | 0.5% | 403 | 22% | 2,097 | 568 | 38% |
| 0.75 to <2.50 | 2,831 | 1.2% | 641 | 28% | 1,402 | 1,667 | 59% |
| 2.50 to <10.00 | 553 | 3.8% | 675 | 34% | 1,224 | 596 | 108% |
| 10.00 to <100.00 | 88 | 13.3% | 497 | 34% | 1,800 | 150 | 171% |
| 100.00 (default) | 92 | 100.0% | 47 | 36% | 2,395 | 159 | 172% |
| **Total at 30/06/2020** | **34,761** | **0.5%** | **3,888** | **24%** | **760** | **5,757** | **17%** |

- **CREDIT DERIVATIVES EXPOSURES (CCR6)**

| | 30/06/2020 | |
|---|---|---|
| *(in millions of euros)* | Protection bought | Protection sold |
| **Notional** | | |
| CDS | 9,491 | 12,479 |
| Credit-linked notes | | |
| TRS | 2,785 | |
| CDO | | |
| Index credit default swaps | | |
| Other credit derivatives | 11,279 | 5,650 |
| CDS Single Name Hedge CVA | 241 | 80 |
| **Total notional** | **23,796** | **18,208** |
| **Fair values** | | |
| Positive fair value (asset) | 18 | 105 |
| Negative fair value (liability) | - 551 | - 11 |

- **RWA FLOW STATEMENTS OF CCR EXPOSURES UNDER INTERNAL MODEL METHOD (IMM) (EU CCR7)**

| *(in millions of euros)* | RWA amounts | Capital requirements |
|---|---|---|
| ***RWAs as at the end of the previous reporting period (31/12/2019)*** | 3,037 | 243 |
| Asset size | 1 | 0 |
| Credit quality of counterparties | 353 | 28 |
| Model updates (IMM only) | 30 | 2 |
| Methodology and policy (IMM only) | | |
| Acquisitions and disposals | | |
| Foreign exchange movements | | |
| Corporate Center | 128 | 10 |
| ***RWAs as at the end of the current reporting period (30/06/2020)*** | ***3,549*** | ***284*** |

## – EXPOSURES TO CCPS (CCR8)

| *(in millions of euros)* | EAD post CRM | RWA |
|---|---|---|
| Exposures to QCCPs (total) | | 415 |
| Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which | 10,090 | 202 |
| (i) OTC derivatives | 1,473 | 29 |
| (ii) Exchange-traded derivatives | 5,420 | 108 |
| (iii) SFTs | 3,197 | 64 |
| (iv) Netting sets where cross-product netting has been approved | | |
| Segregated initial margin | | |
| Non-segregated initial margin | 2,978 | 60 |
| Prefunded default fund contributions | 352 | 153 |
| 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: | | |

## B – Capital requirements and risk-weighted assets

## – CAPITAL REQUIREMENTS FOR CREDIT VALUATION ADJUSTMENTS (EU CCR2)

| *(in millions of euros)* | EAD post-CRM techniques | RWA |
|---|---|---|
| Total portfolios subject to the advanced method | 4,486 | 1,102 |
| (i) VaR component (including the 3×multiplier) | | 309 |
| (ii) Stressed VaR component (including the 3×multiplier) | | 793 |
| All portfolios subject to the standardized method | 2,913 | 578 |
| Based on Original Exposure Method | | |
| **Total subject to the CVA capital charge 30/06/2020** | **7,399** | **1,679** |
| ***Total subject to the CVA capital charge 31/12/2019*** | **7,671** | **1,336** |

### 3.3.3.4 Securitization

#### C – Natixis' securitization exposures

– **SECURITIZATION EXPOSURES IN THE BANKING BOOK (SEC1)**

| *(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** |
| **SPV with risk transfer** | | | | | | | | | |
| RMBS | | | | | | | 1 | | 1 |
| Consumer ABS | | | | | | | 439 | | 439 |
| Consumer loans | | | | | | | 19 | | 19 |
| Re-securitization | | | | | | | | | |
| **Total Retail** | | | | | | | **459** | | **459** |
| Corporate loans | | 2,516 | 2,516 | | | | 89 | | 89 |
| ABS | | | | 189 | | 189 | 526 | | 526 |
| ABCP | | | | 9,651 | | 9,651 | 134 | | 134 |
| CDO | 42 | | 42 | 4,036 | | 4,036 | 118 | | 118 |
| CMBS | 323 | | 323 | | | | 34 | | 34 |
| Corporate Center | | | | 56 | | 56 | 6 | | 6 |
| Re-securitization | | | | | | | | | |
| **Wholesale (total) - of which:** | **365** | **2,516** | **2,881** | **13,933** | | **13,933** | **909** | | **909** |
| **TOTAL unconsolidated SPV** | **365** | **2,516** | **2,881** | **13,933** | | **13,933** | **1,367** | | **1,367** |
| **Consolidated SPV** | | | | | | | | | |
| Consumer loans (Retail) | | | | | | | | | |
| Corporate loans (Wholesale) | | | | | | | | | |
| **Total consolidated SPV** | | | | | | | | | |

– **SECURITIZATION EXPOSURES IN THE TRADING BOOK (SEC2)**

| *(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 | | | | | | | 31 | | 31 |
| Consumer ABS | | | | | | | 195 | | 195 |
| Consumer loans | | | | | | | 45 | | 45 |
| Re-securitization | | | | | | | | | |
| **Retail (total) – of which** | | | | | | | **271** | | **271** |
| Corporate loans | | | | | | | 7 | | 7 |
| ABS | | | | | | | | | |
| CDO | | | | | | | | | |
| CMBS | 4 | | 4 | | | | 1 | | 1 |
| Corporate Center | | | | | | | | | |
| Re-securitization | | | | | | | 1 | | 1 |
| **Wholesale (total)** | **4** | | **4** | | | | **9** | | **9** |

– **EAD AND RWA ACCORDING TO NATIXIS' ROLE IN THE BANKING BOOK (NX31-A)**

| *(in millions of euros)* | EAD | RWA | Regulatory capital requirement |
|---|---|---|---|
| **Investor** | **1,367** | **398** | **32** |
| Balance sheet | 761 | 253 | 20 |
| Off-balance sheet | 606 | 145 | 12 |
| | | | |
| **Originator** | **2,881** | **1,422** | **114** |
| Balance sheet | 2,881 | 1,422 | 114 |
| | | | |
| **Sponsor** | **13,933** | **1,490** | **119** |
| Balance sheet | 467 | 90 | 7 |
| Off-balance sheet | 13,466 | 1,400 | 112 |
| | | | |
| **Total at 30/06/2020** | **18,181** | **3,310** | **265** |
| **Total at 31/12/2019** | **10,832** | **2,684** | **215** |

## – EAD ACCORDING TO NATIXIS' ROLE IN THE SECURITIZATION TRADING BOOK (NX31-B)

| *(in millions of euros)* | 30/06/2020 | | |
|---|---|---|---|
| **Role** | **EAD** | **RWA** | **Regulatory capital requirement** |
| Investor | 280 | 92 | 7 |
| Originator | 4 | 33 | 3 |
| Sponsor | | | |
| **Total at 30/06/2020** | **284** | **125** | **10** |
| **Total at 31/12/2019** | **515** | **203** | **16** |

### D – Regulatory capital requirements

− **SECURITIZATION EXPOSURES IN THE BANKING BOOK AND ASSOCIATED CAPITAL REQUIREMENTS – BANK ACTING AS ORIGINATOR OR AS SPONSOR (SEC3)**

| | Exposure values (by RW bands) | | | | | Exposure values (by regulatory approach) | | | | RWA (by regulatory approach) | | | | Regulatory capital requirement | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(in millions of euros)* | <= 20% | > 20% to 50% | > 50% to 100% | > 100% to 1250% | = 1,250% | IRB RBA (including IAA) | IRB SFA | SA | 1250% | IRB RBA (including IAA) | IRB SFA | SA | 1250% | IRB RBA (including IAA) | IRB SFA | SA | 1250% |
| ***Traditional securitization*** | ***13,425*** | ***624*** | ***131*** | ***68*** | ***50*** | ***77*** | ***389*** | ***13,776*** | ***56*** | ***33*** | ***221*** | ***1,539*** | ***619*** | ***3*** | ***18*** | ***123*** | ***50*** |
| o/w securitization | 13,425 | 624 | 131 | 68 | 50 | 77 | 389 | 13,776 | 56 | 33 | 221 | 1,539 | 619 | 3 | 18 | 123 | 50 |
| o/w retail underlying | | | | | | | | | | | | | | | | | |
| o/w wholesale | 13,425 | 624 | 131 | 68 | 50 | 77 | 389 | 13,776 | 56 | 33 | 221 | 1,539 | 619 | 3 | 18 | 123 | 50 |
| o/w re-securitization | | | | | | | | | | | | | | | | | |
| o/w senior | | | | | | | | | | | | | | | | | |
| o/w non-senior | | | | | | | | | | | | | | | | | |
| ***Synthetic securitization*** | ***1,565*** | ***951*** | | | | ***2,516*** | | | | ***500*** | | | | ***40*** | | | |
| o/w securitization | 1,565 | 951 | | | | 2,516 | | | | 500 | | | | 40 | | | |
| o/w retail underlying | | | | | | | | | | | | | | | | | |
| o/w wholesale | 1,565 | 951 | | | | 2,516 | | | | 500 | | | | 40 | | | |
| o/w re-securitization | | | | | | | | | | | | | | | | | |
| o/w senior | | | | | | | | | | | | | | | | | |

– **SECURITIZATION EXPOSURES IN THE BANKING BOOK AND ASSOCIATED CAPITAL REQUIREMENTS – BANK ACTING AS INVESTOR (SEC4)**

| | Exposure values (by RW bands) | | | | | Exposure values (by regulatory approach) | | | | RWA (by regulatory approach) | | | | Regulatory capital requirement | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(in millions of euros)* | <= 20% | > 20% to 50% | > 50% to 100% | > 100% to 1250% | = 1,250% | IRB RBA (including IAA) | IRB SFA | SA | 1250% | IRB RBA (including IAA) | IRB SFA | SA | 1250% | IRB RBA (including IAA) | IRB SFA | SA | 1250% |
| ***Traditional securitization*** | ***802*** | ***405*** | ***97*** | ***61*** | ***2*** | | ***538*** | ***827*** | ***2*** | | ***215*** | ***155*** | ***28*** | | ***17*** | ***12*** | ***2*** |
| o/w securitization | 802 | 405 | 97 | 61 | 2 | | 538 | 827 | 2 | | 215 | 155 | 28 | | 17 | 12 | 2 |
| o/w retail underlying | 454 | 373 | | 40 | | | 383 | 485 | | | 110 | 107 | 4 | | 9 | 9 | |
| o/w wholesale | 348 | 33 | 97 | 20 | 2 | | 155 | 343 | 2 | | 105 | 49 | 24 | | 8 | 4 | 2 |
| o/w re-securitization | | | | | | | | | | | | | | | | | |
| o/w senior | | | | | | | | | | | | | | | | | |
| 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*** | ***802*** | ***405*** | ***97*** | ***61*** | ***2*** | | ***538*** | ***827*** | ***2*** | | ***215*** | ***155*** | ***28*** | | ***17*** | ***12*** | ***2*** |

### 3.3.3.5 Market risk

**A – Market risk measurement methodology**

Market risk measurement methodologies are described in Section 3.2.5. "Risk management – Market risks".

**B – Detailed quantitative disclosures**

– **MARKET RISK UNDER THE STANDARDIZED APPROACH (EU MR1)**

*(in millions of euros)*

| Nature of risk | RWA | Regulatory capital requirement |
|---|---|---|
| **SA** | **5,386** | **431** |
| Interest rate risk (general and specific) | 1,358 | 109 |
| Equity risk (general and specific) | 277 | 22 |
| Foreign exchange risk | 2,768 | 221 |
| Commodity risk | 982 | 79 |
| **Options** | **364** | **29** |
| Simplified approach | | |
| Delta-plus method | 66 | 5 |
| Scenario approach | 298 | 24 |
| **Securitization** | **125** | **10** |
| **Total at 30/06/2020** | **5,875** | **470** |
| **Total at 31/12/2019** | **5,283** | **423** |

– **VAR, STRESSED VAR AND IRC WITHIN THE REGULATORY SCOPE (MR3)**

| (in millions of euros) – Period from June 28, 2019 to June 30, 2020 | |
|---|---|
| **VaR (10 day 99%)** | |
| Maximum value | 97.6 |
| Average value | 42.0 |
| Minimum value | 11.9 |
| Value at end of period | 48.5 |
| **Stressed VaR (10 day 99%)** | |
| Maximum value | 122.9 |
| Average value | 68.6 |
| Minimum value | 39.1 |
| Value at end of period | 88.2 |
| **Incremental Risk Charge (99.9%)** | |
| Maximum value | 20.5 |
| Average value | 11.7 |
| Minimum value | 9.0 |
| Value at end of period | 13.2 |

– **BACKTESTING WITHIN THE REGULATORY SCOPE (MR4)**

Backtesting is presented in Section 3.2.5.4 "Market risk management quantitative disclosure".

– **MARKET RISK UNDER THE IMA (EU MR2-A)**

| | | |
|---|---|---|
| **Value at risk (Maximum of both values a and b)** | **5,169** | **414** |
| Previous day's VaR (Article 365 (1)) | 629 | 50 |
| 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) | 5,169 | 414 |
| **Stressed VaR (SVaR)** | **6,816** | **545** |
| Latest SVaR (Article 365 (2)) | 1,149 | 92 |
| Average of the daily SVaR (Article 365 (2) of the CRR) during the preceding 60 business days x multiplication factor (Article 366) | 6,816 | 545 |
| **Additional default and migration risk** | **338** | **27** |
| Most recent IRC value (incremental default and migration risks calculated in accordance with Section 3 of Articles 370/371) | 338 | 27 |
| Average of the IRC number over the preceding 12 weeks | 291 | 23 |
| **Additional default risk on the correlation portfolio** | | |
| Most recent risk number for the correlation trading portfolio (Article 377) | | |
| Average of the risk number for the correlation trading portfolio over the preceding 12 weeks | | |
| 8% of the own funds requirement in the standardized approach on the most recent risk number for the correlation trading portfolio (Article 338 (4)) | | |
| **Total at 30/06/2020** | **12,322** | **986** |
| **Total at 31/12/2019** | **5,826** | **466** |

### 3.3.3.6 Overall interest rate risk

The measurement of interest rate risk is presented in "3.2.7.4 Risk management—Overall interest rate risks".

### 3.3.5 Liquidity requirement coverage ratio

### B – Reserves and operational management of ratios

#### Operational liquidity reserves

From an operational standpoint, Natixis has two liquidity reserves that contribute to Groupe BPCE's reserves:

- a reserve of liquid assets eligible for central bank collateralized refinancing operations to secure intra-day settlements; this relatively stable reserve is made up of central bank loans and securities: the 3G Pool of the Banque de France in Paris, the FRB discount window in New York and the facility deposit of the Bank of Japan;
- a liquidity reserve established in advance to meet a liquidity crisis similar to the one simulated by the LCR; the amount of this reserve ranges from €20 billion to €30 billion and is mainly reinvested with the ECB, the US Federal Reserve and, since August 2019, the BoJ. A portion of assets in this reserve has been under "dedicated" management in special portfolios, with an allocation strategy focused on the list of financial instruments considered as Level 1 and Level 2 HQLA as defined by LCR regulations in force. The liquidity of the portfolios (mainly subject to delegated management by Natixis Ostrum and managed directly under a Natixis mandate since 2017) and the assets reinvested with central banks ensure the reserve can be mobilized immediately if needed.

HQLA assets reported in the LCR numerator also include unencumbered HQLA securities temporarily carried by the Capital Markets activities. These securities are not considered as part of the ringfenced liquidity reserve and are not meant to be held over the long term. The outstanding amount and composition of these portfolios may vary considerably from one reporting date to the next, as prices fluctuate. However, they can be monetized on the repo and securities borrowing/lending market, and this monetization may be forced in the event the Group liquidity-stressed BCP is activated and executed.

In addition to these buffers, the aim of the internal policy governing the investment of residual surplus liquidity is either to reserve this liquidity for the deposit facility to ensure its continuous availability, with the result that this surplus liquidity is also included in the amount of assets reported in the LCR numerator, or to give it to the central institution.

**Oversight of the short-term liquidity ratio**

Natixis established a governance system for the management of its LCR, notably setting an LCR limit higher than 100%. The oversight of the LCR is part of a BPCE Group framework under the aegis of the BPCE Group Finance division. Natixis' LCR hedging is organized in close cooperation with BPCE and is managed by the Joint Refinancing Pool, acting with the authorization of the Financial Management Department on the basis of its forecasts. Within this framework, the strategy for the Natixis scope aims to hedge the LCR above 100% with a safety buffer in order to deal with any last-minute contingencies. The structural over-hedge of the Group's LCR above the 100% threshold (regulatory limit), is borne by BPCE.

**Monitoring of rating trigger clauses**

In the event the Bank's external credit rating is downgraded, it may be required to provide additional collateral to investors under agreements that include rating triggers. In particular, in calculating the liquidity coverage ratio (LCR), the amounts of these additional cash outflows and additional collateral requirements are measured. These amounts comprise the payment the bank would have to make within 30 calendar days in the event its credit rating were downgraded by as much as three notches.

### 3.3.6 Compensation policy

Information on the policies and practices on pay granted to members of the executive body and persons whose professional activities have a material impact on the corporate risk profile were the subject of a report published on the Natixis website (Compensation Policy - French only).

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### 3.3.7 Cross-reference table

**Cross-reference table between articles of the CRR, Basel committee/EBA tables and statements, and the Pillar III report**

| CRR Article | Basel Committee/EBA tables and statements | Second amendment to the 2019 Universal Registration Document | 2019 Universal registration document |
|---|---|---|---|
| Article 435 (a) | (EBA) EU OVA – Bank risk management approach | | 108 to 115 |
| Article 435 (a) | (EBA) CRA – General information about credit risk | | 115-116 |
| Article 435 (a) | (EBA) CCRA – Qualitative disclosure related to counterparty credit risk | | 116-117 |
| Article 435 (a) | (EBA) MRA – Qualitative disclosure requirements related to market risk | | 127 to 130 |
| Article 436 (b) | EU LI1 – Differences between accounting and regulatory scopes of consolidation and mapping of financial statements with regulatory risk categories | | 158-159 |
| Article 436 (b) | EU LI3 – Differences between consolidation scopes (entity by entity) | | 160-161 |
| Article 436 (b) | EU LIA – Explanations of differences between accounting and regulatory exposure amounts | | 157 to 161 |
| Article 458 | (BCBS March 2016) CCyB1 – Geographical distribution of credit exposures used in the countercyclical buffer | 95 | 160 |
| Article 451 | (BCBS March 2016) LR1 – Comparison of accounting exposures and leverage exposures | 98 | 170 |
| Article 451 | (BCBS March 2016) LR2 – Leverage ratio | 99 | 170-171 |
| Article 438 (c) (f) | (EBA) EU OV1 – Overview of RWA | 101 | 172 |
| Article 438 last paragraph | (EBA) EU CR10 – IRB – Specialized lending and equities under the simple risk-weighted approach | 116 | 190 |
| Art. 438 (c), (d), (e) and (f) | NX01 – EAD, RWA and EFP by approach and by Basel exposure class | 68 | 124 |
| Art. 442 (c) | NX03 – Exposures and EAD and by Basel exposure class | | 125 |
| Art. 442 (d), (e) and (f) | NX05 – EAD by geography and by exposure class | 69 | 125 |
| Art. 444 (a), (b) and (c) | NX11BIS – EAD by exposure class and by agency – Standardized approach | | 173 |
| Art. 453 (d) | NX17 – Secured exposure by rating and by type of guarantor | | 173 |
| Article 442 (a) and (b) | CRBA – Additional disclosure related to the credit quality of assets | | 173 |
| Article 442 (c), (g) and (h) | (EBA) EU CR1 – Credit quality of assets | 103 | 263 to 282 |
| Article 453 (a) (e) | (EBA) EU CRC – Qualitative disclosure requirements related to credit risk mitigation techniques | | 175 |
| Article 453 (f) and (g) | (EBA) EU CR3 – Credit risk mitigation techniques – Overview | 102 | 122 |
| Article 442 (c) | (EBA) EU CRB-B – Total and average net amount of exposures | | 174 |

| | | | |
|---|---|---|---|
| Article 442 (d) | (EBA) EU CRB-C – Geographical breakdown of exposures | | 176 |
| Article 442 (e) | (EBA) EU CRB-D – Concentration of exposures by industry or counterparty type | | 177 |
| Article 442 (f) | (EBA) EU CRB-E – Maturity of exposures | | 178 |
| Article 444 (a) (d) | (EBA) EU CRD – Qualitative disclosures on banks' use of external credit ratings under the standardized approach for credit risk | | 179 |
| Article 453 (f) and (g) | (EBA) EU CR4 – Standardized approach – credit risk exposure and Credit Risk Mitigation (CRM) effects | 109 | 183 |
| Article 444 (e) | (EBA) EU CR5 – EAD by asset class and risk weight | 110 | 185 |
| Article 452 (a) (c) | (EBA) EU CRE – Qualitative disclosures related to IRB models | | 185 |
| Article 452 (e) (h) and (j) | (EBA) EU CR6 – IRB – Credit risk exposures by portfolio and PD range | | 186 |
| Article 453 (g) | (EBA) EU CR7 – Internal rating – Effect on RWA of credit derivatives used as CRM techniques | 103 | 187 |
| | (EBA) EU CR8 – RWA flow statements of credit risk exposures under IRB | 111 | 174 |
| Article 92 (3) and 438 (d) | (EBA) EU CCR7 – RWA flow statements of CCR exposures under the IMM | 123 | 186 |
| Art. 452 (j) | NX16 – Average weighted PD and average weighted LGD by geography | | 195 |
| Article 439 (e), (f) and (i) | (EBA) EU CCR1 – Analysis of counterparty credit risk (CCR) exposure by approach | 118 | 186 |
| Article 439 (e) and (f) | (EBA) EU CCR2 – Credit valuation adjustment (CVA) capital charge | 124 | 192 |
| Article 444 (e) | (EBA) EU CCR3 – Standardized approach of CCR exposures by regulatory portfolio and risk weight | 118 | 196 |
| Article 452 (e) | (EBA) EU CCR4 – CCR exposures by portfolio and PD scale | 120 | 192 |
| Article 439 (g) and (h) | (EBA) EU CCR6 – Credit derivative exposures | 123 | 193 |
| Article 439 (e) and (f) | (EBA) EU CCR8 – Exposures to CCPs | 124 | 195 |
| Article 449 | (BCBS) SECA – Qualitative disclosure requirements related to securitization exposures | | 196 |
| | (BCBS) SEC1 – Securitization exposures in the banking book | 125 | 197 |
| | (BCBS) SEC2 – Securitization exposures in the trading book | 125 | 198 |
| | (BCBS) SEC3 – Securitization exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor | 127 | 199 |
| | (BCBS) SEC4 – Securitization exposures in the banking book and associated regulatory capital requirements – bank acting as investor | 128 | 199 |
| Art. 449 (k) | NX33BIS – Banking book EAD by agency | | 197 |
| Art. 445 | (EBA) EU MR1 – Market risk own funds requirements | 129 | 200 |
| Article 105 and article 455 (c) | (EBA) EU MRB A – Qualitative disclosures for banks using the Internal Models Approach (IMA) | | 128 to 130 |
| Article 455 (a) and (b) | (EBA) EU MRB B – Qualitative disclosures for banks using the Internal Models Approach (IMA) | | 128 to 130 |
| Article 455 (e) | (EBA) EU MR2 – A – Market risk under internal models approach | 130 | 201 |

| | | | |
|---|---|---|---|
| Article 455 (d) | (EBA) EU MR3 – IMA values for trading books | 129 | 200 |
| Article 455 (g) | (EBA) EU MR4 – Comparison of VaR estimates with gains/losses | 129 | 200 |
| Article 446 | (BCBS) ORA – General qualitative data on operational risk management | | 134-135 |
| Article 448 | (BCBS) Table A – IRRBB management policies and objectives | 83 | 144 |
| | (BCBS) Table B – NII sensitivity | 84 | 144 |
| Article 49 (1) and 4 | (EBA) EU INS1 – Non-deducted holdings in insurance undertakings | 96 | 167 |
| Article 4 | (BCBS) REMA – Remuneration policy | 131 | 205 |
| Article 377 (6) and article 105 | (BCBS) PV1 – Prudential valuation adjustments | 95 | 167 |
| Article 99 (5) and article 415 (3) | (EBA) GOV – Sovereign exposures | 105 | 180 |
| Article 16 (3) | (EBA) NPL 1 – Credit quality of forborne exposures | 106 | 181 |
| | (EBA) NPL 3: Credit quality of performing and non-performing exposures by days past due | 107 | 181 |
| | (EBA) NPL 4: Performing and non-performing exposures and corresponding provisions | 108 | 182 |

### 3.3.8 Table index

# IVSECTION 4: MANAGEMENT REPORT AT JUNE 30, 2020

## 4.1 Significant events of the first half of 2020

### 4.1.1 Macroeconomic context

The public health crisis sparked by the Covid-19 worldwide pandemic plunged the global economy into a recession of an unprecedented characterized by deep uncertainty. With neither vaccine or effective treatment, the virus spread rampantly around the globe, prompting authorities to take drastic measures to slow down the pandemic. From March, most countries had imposed lockdown measures of varying degrees of strictness (shutdown of non-essential activities, restriction of movement). This caused activity to tank, borders to close and global trade to collapse. The figures for the first quarter of 2020 gave the first glimpse of the shock.
In China, where the epidemic originated, GDP plummeted 9.8% in the first quarter. The euro zone lost 3.8%, the UK 2.2% and the US 1.2% (5% at an annualized rate). Germany was the most resistant among the major euro zone countries, shedding "only" 2.2%, while France, Spain and Italy saw their activity drop by over 5%.
The downturn in the second quarter of 2020 was far more severe. With lockdown in place virtually across the board in April, GDP ratcheted lower and second-quarter growth dropped further still. In France, the national statistics office Insee and the Banque de France estimate a 15% decline in GDP, while the ECB expects European growth to recede by 8.7%.

Governments applied exceptional measures to support the healthcare systems, safeguard household income and assist businesses, while central banks stepped in to stabilize the financial markets.

In Europe, partial unemployment schemes helped to mitigate the impact on household income and protect jobs. The increase in the unemployment rate in the euro zone was marginal: at 7.4% in May, it was up only 0.2 pt compared to the 7.1% low in March. The next months should confirm this upward trend.
Job market data in the US, however, showed a 3.7% spike in unemployment in March to 14.7% in April, before drifting down to 13.3% in May and to 11.1% in June.
In the US and the UK, households received support in the form of one-off payments and an increase in unemployment insurance benefits.

Loan guarantee programs, deferral and/or reduction of taxes were used to soften the impact of collapsed activity on private sector businesses. Banking regulation was eased to support banks' lending activity. In some cases, banks granted moratoria on loan repayments for small businesses and individuals.
All these measures will widen public deficits to historical levels and cause indebtedness to spike in both the private and public sector.

In the face of heightened financial tensions, central banks acted swiftly and vigorously to deploy an arsenal of both conventional and unconventional measures to limit liquidity risk and avoid the price of certain assets, and especially corporate debt, from going into freefall. Several banks thus lowered their key rates, reinstated or ramped up their asset purchase programs to maintain long rates at a low level, and strengthened their currency swap agreements to ease dollar funding stress.
All the measures put in place were far more pre-emptive and extensive than those of the previous global financial crisis, and helped to restore a modicum of stability to the financial markets, invert the financial asset price trend, and reduce volatility.

In the first half of 2020, the Fed extended the range of securities eligible under its asset-purchase program to include corporate bonds with a view to support small and medium-sized businesses, buying up to 95% of eligible loans granted by banks (the Main Street Lending Program). The ECB also bolstered its special asset-purchase program, the Pandemic Emergency Purchase Programme (PEPP), which started with a €750 billion envelope before an increase of an additional €600 billion. The purchase horizon was also extended to June 2021 (initially end-2020), and the maturing securities purchased will be reinvested until the end of 2022. In addition to the easing of the targeted longer-term refinancing operations (TLTRO III) conditions, as already decided on, the ECB added a new instrument - Pandemic Emergency Long-Term Refinancing Operations (PELTRO) - to avoid liquidity issues in the financial system. The purchase program eligibility conditions for market assets were also loosened.

As for consumer prices, weak inflation (well below target) enabled central banks to maintain highly accommodative policies under their price stability mandate, and without any major questioning of their actions (especially in the case of the ECB).

After bottoming out, activity indicators (survey data and measures of real economic activity) picked up from May as restrictions were gradually lifted, confirming April as the low point. The reported data suggests a rapid recovery in activity, but the return to pre-crisis conditions will be long, so long as the health risk prevails.

The public health crisis also amplified the uncertainties already weighing on global trade (tension between the US and China, Brexit, etc.). According to the WTO, the merchandise trade volume fell 3% year-on-year in the first quarter of 2020, and the first estimations for the second quarter indicate a decrease of around 18.5%.

There was a marked slowdown in inflation over the last few months due to the dual effects of lower commodity prices, mainly in oil, and lackluster consumption. Brent crude averaged below $27 a barrel (-64% year-on-year) in April before climbing up to $40 in June, i.e. 35% below June 2019 levels. In the euro zone, inflation dropped to 0.1% year-on-year in May and 0.3% in June, while underlying inflation (excluding energy and food) reached 0.9% and 0.8% respectively.

Boris Johnson's government did not request (before June 30) the transition period to be extended past the end of the year. Therefore, unless the United Kingdom and the European Union come to an arrangement in time, the two parties are heading for a no-deal Brexit at the end of 2020.

Against this backdrop, interest rates tumbled across the majority of developed countries, starting with the United States. By lowering of the fed funds rate from 1.75% to 0.25% (high end of the range) and proceeding with massive liquidity injections (the Fed's balance sheet increased from $4.2 trillion to $7.08 trillion), the central bank of the United States took long rates to their lowest ever level. Accordingly, the US 10-year Treasury yield decreased from 1.80% to 0.60%, but without flattening the curve. Quite the opposite: the US Treasury 2Y-10Y curve slope steepened by almost 25 bps, as long rates failed to fall below the 0.50% threshold.
In Europe, bond yields were more stable over the first-half as a result of the ECB not lowering its key interest rates. As such, the 10-year Bond benefited only marginally from the crisis and saw its yield increase from -0.22% at the start of the year to -0.45% at end-June. Of note is that in the space of 10 days, the Bond went from its all-time low of -0.85% to -0.19%, reflecting investor jitters over the impact of this crisis on Germany's public finances. The ECB managed to avoid a massive widening of European sovereign spreads thanks to its decisive actions (particularly with the announcement of the PEPP). While spreads were volatile in March, as shown by the 10-year BTP-Bond spread which widened from 170 bps in early March to 280 bps in mid-March, they returned to their pre-crisis levels in June thanks to the hundreds of billions of euros spent by the ECB. Despite a debt/GDP ratio set to gain 25% in 2020, the Italian 10-year government bond yield lost 18 bps over the first half of the year to end the period at 1.25%. European yield curves flattened overall, like the Euribor 3m - 10-year swap slope which lost 25 bps over the period (25 bps at end-June).

Despite rallying in April and May, the total yield of the credit market was negative in first-half 2020 across most segments. As the decline of the financial markets in March as a result of the coronavirus was much more hard-hitting. In the end, the total yield of senior bank debt and non-financial senior debt (euro) fell 1% in the first half of 2020 (for senior non-preferred debt, -0.2% for senior preferred), 2% for subordinated financial debt, and between 6% and 6.5% for Additional Tier 1 bank bonds and euro-denominated HY bonds. Corporate hybrid bonds, subordinated insurance bonds and dollar-denominated HY bonds lost 3-3.5% in yields while dollar-denominated investment-grade bonds gained 6%.

The same trend was observed in spreads against swap rates which widened significantly from early March before tightening albeit to a lesser extent from early April. All told, in the first half of 2020, spreads against swap rates widened 50 bps for non-financial senior debt and senior bank debt, 100-280 bps for high-beta credit, and notably 155 bps for euro-denominated HY and 280 bps for dollar-denominated HY and AT1 bank bonds. Lastly, CDS outperformed cash with +22 bps on the iTraxx Main alone.

The primary market was very dynamic, with €320 billion in corporate debt issues over the past six months (vs. €230 billion in the first half of 2019), of which nearly €200 billion were placed in the second quarter of 2020. Accordingly, new issuance premium went up in the second quarter of 2020, taking the quarterly average up to 25 bp. The average oversubscription rate for corporate issues reached x4.2 in H1 2020, suggesting healthy investor appetite for new deals. Issuance volumes for financials in H1 did not exceed those of H1 2019 (€174 billion vs. €175 billion) due to financing opportunities through other channels, specifically TLTRO III and its more generous terms.

While the DXY dollar index closed the first half of 2020 up 1% to 97.39, it first registered its lowest level since September 2018 of 94.65 on March 9, 2020, before hitting a three-year high of 102.99 eleven days later amid the spread of Covid-19 worldwide and the succession of strict lockdown measures taken by several European countries. Subsequently, the DXY dollar index stayed within a 99-100 range until end-May, before slipping to 95.7 and stabilizing above 97 - as lockdown measures were gradually lifted, taking over from state and central bank intervention to drive economic recovery - and steadily revive risk appetite.
Similarly, the ongoing development of the EURUSD in the first-half (+0.1% to 1.1243 at June 30) masked a large range with the outermost points mirroring those of the DXY index: 1.1522 on March 9; 1.0638 on March 23. This resulted in the implied volatility of EURUSD currency options of 1 month to 1 year which multiplied threefold from its historical low over the course of the first quarter, before sliding back over the second quarter, albeit not as far as their previous low. At the end of the first half of the year, the euro benefited from a relatively weak dollar, investors' warm reception of the European recovery plan, and the release of consensus-beating macroeconomic figures in the euro zone. The European currency was therefore able to return to end-2019 levels, ironing out the dent posted in the first quarter.
Pound sterling depreciated 6.8%, moving from 0.847 per euro at December 31, 2019 to 0.908 at June 30, 2020. It appreciated to 0.828 per euro in mid-February, but then fell to a 10-year low of 0.95 against the euro on March 19, as fears of the new coronavirus spreading reached fever pitch, prompting the Bank of England to lower its main interest rate twice (-50 bps on March 11, -15 bps on March 19 to 0.10%) and put forward a stimulus plan. However, the exclusion of an extended transition period together with the lack of progress in Brexit talks increased the likelihood of a no-deal withdrawal from the EU, and weighed on the pound.

The spread of Covid-19 and the extensive implementation of lockdown measures in the first quarter triggered a massive and unprecedented sell-off: the maximum cumulative loss between February 19 and March 23 was 34% for the S&P500 and 38% for the SXXP - one of the fastest sell-offs in history. Implied and realized volatility reached record levels, even more so than at the height of the 2008 crisis, culminating on March 23 before the rebound began.

In the sectors, those hardest hit were the cyclicals, particularly the travel/leisure sectors, as well as oil stocks which were affected by the fall in the oil price, while the defensive sectors (food, pharmaceuticals and technology) outperformed. The big caps outperformed by a large margin, as did the least indebted companies, which were less affected by the deterioration of the credit markets. Style-wise, quality factors and momentum were the best performers, while "value" suffered. Also noteworthy was the fall of dividend futures, particularly in short maturities (December 2020/December 2021), ahead of announcements that dividend payouts would be canceled on the recommendations of central banks and governments in exchange for exceptional support grants. Consequently, the Dec. SX5E DEDZ0 futures contract lost 55% in the first quarter of 2020.

After a disastrous first quarter for 2020 (the worst on record), the main indices made an impressive rebound by posting the biggest second quarter jump in over 20 years. In the second quarter of 2020, the S&P500 was up 20% (best since 1998), the Dow +20% (best since 1987), the Nasdaq +31%, while Europe benefited from the stabilization of Covid-19 to post a 16% increase for the SXXE, with an outperformance of the Dax (+23%, best since 2003). Emerging indices also rebounded, especially in June, by outperforming developed indices (+7.0% for the MSCI EM$ in June, +17.3% for the quarter). The indices rallied on the hopes of a swift rebound of the global economy with the gradual lifting of lockdown measures in Europe, then in the US, together with the massive intervention of central banks and governments (recovery/rescue plans). Forward price-to-earnings are now very high in the US, and high elsewhere.

In the sectors, technology outperformed in both Europe and the US. The oil and food sectors underperformed in Europe, as did utilities and telecoms in the US. The cyclical sectors rallied hard against the defensive sectors in both the US and Europe. The outperformance of US versus European indices is largely attributable to the technology sector, which has a much bigger weighting in the US. Since March 23 (the low point of US indices), 10 of the 11 percentage points of underperformance in Europe were due to technology stocks. Year-to-date, banking, automotive and energy underperformed the other sectors. As for dividends, there was a notable rebound in futures contracts: the Dec. 2022 (DEDZ2) contract ended above 90 after 63.6 on March 23 and 97.4 on June 9. Volatility also normalized, with the V2X moving from 55% at end-March to 31% at end-June. The 30-day realized volatility of the SXXE stood at 26.7%.

All told, in the first six months of the year US indices outperformed (the S&P500 was down 4% and the Nasdaq delivered an exceptional performance of +16%), while European indices were still in the red, underperforming by -13% to -14% for the Euro Stoxx 50 and the Stoxx 600. On the Stoxx 600, financials were down 34%, as was the oil & gas sector, the travel and leisure sector was down 38%, and the auto & parts sector down 23%. The healthcare and technology sectors were up 1% and 5% respectively.

The oil market had a somewhat optimistic start to 2020, buoyed by expectations of tighter supply, given expected reduced access to capital for US shale oil producers. The rise of Brent crude to $70 a barrel was observed in early January. In China, with a lockdown in place across many cities to curb the Covid-19 pandemic, oil prices in February slid to end the month at $50 a barrel, and continued to fall as the public health crisis went global. Led by Saudi Arabia and Russia, OPEC+ met in early March without reaching an agreement, with producers choosing instead to start a volume war, increasing production until April. The contraction of consumption combined with the sharp increase in output sent the Brent into a tailspin to hit $19 per barrel at the end of April, as investors increasingly turned their attention to storage capacity (or the lack thereof). By the time OPEC finally agreed to cut production (by a record volume of 9.7 mb/d), non-OPEC producers had already closed their wells as prices had dropped below production costs. After the general lockdown in April, activity gently picked up in May, gathered pace in June, thus increasing oil consumption compared to the trough in April. Prices normalized as supply and demand helped tightening the market. By June, Brent crude stabilized in a $38-43/b range. The oil supply surplus on the market was less pronounced: physical market indicators (including interest rate spreads on forward contracts and physical differences) indicated an improving market balance.

### 4.1.2 Key events for Natixis' business lines

The 2020 financial year began with the announcement of the sale of a 29.5% stake of Coface's capital to specialized US insurer Arch Capital Group. Completion of the transaction is subject to the usual conditions, in particular regulatory approval, which could take between six and twelve months. From the March 31, 2020 closing, Coface's contribution was therefore deconsolidated from Natixis' financial statements, creating a positive impact of 15 bps on the CET1 solvency ratio.

Natixis also continued to roll out its New Dimension strategic plan.

In **Asset & Wealth Management**, Natixis Investment Managers reached a milestone in its development by signing an agreement to merge the fixed income and insurance-related management activities of Natixis Investment Managers and La Banque Postale subsidiaries Ostrum AM and La Banque Postale AM on June 28, 2020.

Natixis Investment Managers earned the following distinctions in the first half of 2020:

- Insurance Asset Risk: Mirova received the 2020 Responsible Investor award.

- Barron's: Natixis Investment Managers earned 11th position on the 2019 "Barron's Best Fund Families" ranking in the US for its year-on-year performance. Natixis Investment Managers was ranked No. 2 in the World Equity category.

In addition, at the Lipper Fund Awards 2020 Natixis and its subsidiaries were recognized across several categories and countries (US, France, UK, Germany, Switzerland, Austria, Netherlands).

In first-half 2020, **Natixis Wealth Management**'s net inflows stood at €75 million. Despite ongoing business activity and little customer attrition, there was a marked slowdown in the wealth management business inflows in France and abroad, and more so in the second quarter. B2B private management and asset management inflows from the networks were nevertheless positive over the period.

Despite the market effect, assets under management recorded a slight increase year-on-year to €28.5 billion - including the Massena Partners scope effect. Parallel to that, outstanding loans were up 1.4% to €2.1 billion.

In Wealth Management, the first half of 2020 reaffirmed the relevance of Natixis Wealth Management's cross-business operations covering all its business lines and entities in France and Luxembourg. The partnership signed with Impak Finance was another step towards stronger ESG commitments.

At June 30, 2020, **Employee Savings Plan** deposits totaled €25.9 billion, down 4% since the start of the year, attributable to both unfavorable market conditions (-€1.8 billion) and positive inflows of €0.8 billion.
The collective pension plan (PERCO) gained 2% in assets under management since the start of the year, and an ever-increasing number of investors (+8% since the start of the year), illustrating the contribution of retirement savings plans in driving the growth of the employee savings plan market.
Business activity in the large corporate client segment was strong. Several major tenders were won in the first half of 2020. At closing since mid-March, sales in the BPCE networks slowly started to recover as lockdown began to lift. At June 30, 2020, new policies from the business provider networks were down compared to last year. The reform of the retirement savings market, brought in by PACTE (France's Action Plan for Business Growth and Transformation) and its implementing provisions, remained a top priority in the first half. Natixis Interépargne and ARIAL CNP ASSURANCES, the first insurance company entirely dedicated to supplementary collective pension savings, announced in early July the pooling of their expertise to offer companies a comprehensive range of employee and retirement savings solutions incorporating the new company retirement savings plans (PER) established by the French PACTE Act on business growth and transformation. Through this partnership, Arial CNP Assurances and Natixis Interépargne give companies of all sizes - from very small businesses to large corporations - complete access to a comprehensive range of employee and retirement savings solutions.

As part of the **Corporate & Investment Banking** division's development a number of events, projects and initiatives took place in the first half of 2020.

In **Capital Markets**, despite the unusual context of lockdown, Natixis' teams put all their efforts into meeting the many requests of investors. Natixis demonstrated its agility and resilience by adapting its organization to ensure business continuity and the service quality that its clients have come to expect. Natixis helped to hedge the positions of companies hard hit by Covid-19, and guided institutional investors in their choice of investment and hedging solutions. During this period, the bank also received the Deal of the Year 2020 award from *Structured Retail Products* magazine for the distribution of its first fully green financial savings product (green bond + ECO 5E "climate" index) to the general public on the French market.
In **Equity Derivatives**, extreme and exceptional market movements adversely affected revenues in the first half of 2020. Commercial activity nevertheless continued with the execution of a number of customized transactions for institutional investors. There were several sales campaigns on the distribution front. Among them were the first products referenced to the new Water&Ocean ESG index (WATER5D), as well the first "social" debt instrument, the proceeds of which will be used to finance projects with a positive social impact in the economically disadvantaged areas of Metropolitan France.
In **Fixed income**, despite a highly volatile environment, Natixis was able to help companies secure their hedging positions and investments. The bank was particularly active on the forex market for companies operating in the sectors worst affected by the crisis. Natixis was also a proactive partner to its institutional investors, proposing new transactions and restructuring operations in order take advantage of market opportunities (especially in credit). The Banks also continued to work closely with the Banque Populaire and Caisse d'Epargne networks to develop its originate-to-distribute model.
In Global Structured Credit Solutions, Natixis remained particularly active in the CLO market with the first CLO middle market (Owl Rock CLO IV) and first CLO of over $1 billion, arranged since the beginning of the pandemic.

The international platforms continued to expand.
In this respect, Natixis confirmed its commitment to support the green transition together with its clients by leading emblematic financing deals, such as for the DEWA IV hybrid solar IPP Project, named "The Banker Deal of the Year 2020", the Taleewah IWP which obtained the world's first ever "sustainable loan" qualification for a desalination project, which was named "IJGlobal MENA Water Deal of the Year 2019". Natixis was also named "Middle East and North Africa MLA of the Year" at the IJGlobal 2019 Company Awards, a leading publication in the infrastructure space.

The three **Real Assets** business lines (Aviation, Infrastructure, Real Estate & Hospitality sectors) were resilient in the first half of 2020 thanks to dynamic sales momentum at the end of 2019/early 2020, and the finalization of transactions initiated before the crisis began. The crisis also demonstrated the robustness of the originate-to-distribute model. Despite a highly pressurized economic climate, the sectors continued to syndicate their transactions while effectively and consistently controlling underwriting risk.

The Aviation sector - heavily impacted by the crisis - benefited from active portfolio management.

The fundamentals in the Infrastructure sector remained solid and there are already signs of a strong rebound following the return of certain players to the market and the sizable contribution of DCM and M&A in the US.
The sector's resilience is essentially due to financing in the power & renewables and telecom sectors. Activity was strong in the US and the EMEA area, with major bridge-to-bond deals taking place.

Lastly, the Real Estate & Hospitality sector was very resilient in the EMEA area in both origination and distribution, again demonstrating the relevance of the "O2D" model. The situation in the US was more mixed: the securitization market was on hold from March to June 2020, and issuance volumes were limited to standard loans. In this sector, as in the others, the watchwords were active portfolio management. Lastly, the sector benefited from the outstanding performance of DCM and M&A in the EMEA area. Natixis participated in all the French DCM transactions in the second quarter of 2020 (SFL, Klepierre, Unibail, Covivio, Mercialys & Aedifica).

Natixis remains a leader on the French and European market, as evidenced by the Dealogic rankings for first-half 2020:

- No. 1 in EMEA for Syndicated Real Estate Loans Volume by Bookrunner;
- No. 2 in France for Syndicated Real Estate Finance Loans Volume by MLA.

**Trade & Treasury Solutions** (TTS) continued to grow while adapting to the needs of its clients during this unprecedented time of crisis.
The Trade Finance business continued to work closely with companies and institutional investors. TTS was able to effectively meet the numerous and urgent requests for coverage extensions. The swift implementation of electronic signatures - even before the Covid-19 crisis - was very well received by clients.
In Treasury Solutions, liquidity management by corporate clients was a key factor during the crisis, and TTS acted with agility to adapt this exceptional situation by giving its clients the flexibility they need in such circumstances. TTS also stood out for maintaining the outstanding quality of its services including complex transactions, such as cash flow management for acquisitions, but also for its increased vigilance against fraud during the public health crisis.
The partnership with Groupe BPCE in the trade activity went from strength to strength in the first half of the year thanks to the continued focus on service excellence (IT, operational outsourcing and sales support).

In **Investment Banking**, Strategic and Acquisition Finance closed the period on a high note,

thanks first and foremost to the successful syndication of numerous strategic acquisition financing deals executed in the first half of 2020. Natixis participated in the Endemol Shine deal led by Banijay in numerous capacities. It acted as global coordinator and joint bookrunner in all the financing tranches, as well as rating advisor, with PJ Solomon as financial advisor to the buyer. Natixis assisted Biogroup in its acquisition of Laborizon as physical bookrunner for the financing. In leveraged buyout financing, Natixis acted as joint physical bookrunner for financing the acquisition by Cobepa of a majority stake in Gerflor.
Parallel to this activity, the teams of ASF Natixis were very active in setting up liquidity lines and state-guaranteed loans to help Natixis' large corporate clients and intermediate-sized enterprise weather the effects of the Covid-19 crisis in the second quarter.

In first-half 2020, Natixis remained France's leader (equity capital markets and strategic equity transactions) in share buyback programs.

In equity capital, Natixis reopened the market in May and acted as joint bookrunner of the biggest convertible bond issuance in France and the second biggest in Europe in 2020 for Safran (€800 million).
Natixis also participated as joint book runner for a combined offering (ordinary shares/mandatory convertible bonds) for Arcelor Mittal (€2 billion).
Outside France, Natixis acted as joint bookrunner for Belgian company Aedifica's capital increase (€207 million).
In 2020, Natixis was named "Best Bank for Privatizations" in Europe by Global Capital (formerly Euromoney) for the privatization of Français des Jeux in 2019.

On the primary bond market, where there was heavy trading from increased financing needs due to the Covid-19 pandemic, Natixis cemented its status as a key player through a number of emblematic deals.
On the corporate market, Natixis led over 50 transactions globally in first-half 2020, working alongside several French and international clients (Shell, Avolon, Telefonica, Gazprom, etc.). In France, Natixis helped almost all the borrowers who entered the primary bond market, distinguishing itself as global coordinator for Auchan and for non-rated issuers (Eiffage's maiden bond issue, benchmark issues for SEB, and Iliad).
On the financial institutions and insurance market, Natixis was placed in second position on the euro League Table for all financial issuers and in the Covered Bonds segment, confirming its leader status in the European space *(Source: Bond Radar)*.
In the insurance segment, Natixis confirmed its expertise as an arranger by leading four subordinated benchmark bond issues for Phoenix, Helvetia, CNP and La Mondiale.

At end-June 2020, Natixis maintained its level of performance in green financing despite difficult market conditions by working alongside public sector clients and FIGs on green, sustainable and socially-responsible issuances.

In the bank segment, Natixis consolidated its status as a benchmark player in green finance and acted as lead manager in the green deals for Green de Bankinter, SBAB and KBC, as well as the social transactions for BPCE and BBVA (Covid-19 Response Bond).

The Madrid branch was hugely successful as the bookrunner for the issue of the only two social bonds launched by Spanish banks in 2020 to date. The banks are BBVA (Covid-19 5-year senior social bond) and Caixabank (Covid-19 6NC5 social bond): Natixis also contributed to the launch of the very first social issue by a private European bank to help mitigate the impact of the Covid-19 pandemic.

In the Middle East, Natixis acted as lead manager and bookrunner for the first sukuk issue of the Islamic Development Bank as part of the sustainable finance program of the supranational authority. The proceeds of the 5-year $1.5 billion issue are intended to help member countries contend with the consequences of the Covid-19 pandemic. Not only was the deal a first from the issuer, it was also Natixis' first sustainable sukuk issue.

On the sovereigns, supranationals and agencies market, Natixis lead the social and Covid-19 response bond issues of issuers playing a front-line role in dealing with the pandemic, such as UNEDIC, the French National Professional Union for Employment in Industry and Trade (two issues of €4 billion), and the World Bank (one issue of €3 billion). In parallel, Natixis continued to expand its client portfolio by managing its first debt issue in this segment in Canada for Omers, and by considerably growing its footprint in the supranational issuer space.

Despite the fall in **M&A** activity in first-half 2020, Natixis led a number of landmark deals over the period.

In France, Natixis Partners advised AccorInvest on its acquisition of an 85.8% stake in Orbis S.A. In China, Natixis Partners and Vermilion advised PSA Group on the sale of its 50% stake in CAPSA in Baoneng. In the UK, Fenchurch Advisory advised Investec on the £1.9 billion spinoff of Investec Asset Management (now Ninety One). In the US, PJ Solomon advised Astoria Project Partners LLC and Astoria Project Partners II LLC on the sale of 100% of Astoria Energy and 55% of Astoria Energy II.

Together, Natixis and Natixis Partners rank No. 6 by number of deals in France (*source: L'Agefi League table*).

The Covid-19 crisis took its toll on the **Insurance** division, which adapted by taking measures to ensure business continuity and remain operational for its clients.

The personal insurance activity adapted to the lockdown period by widely implementing remote working from March 17, and by setting up a system for monitoring underwriting and management activities daily in order to maintain a high level of service quality for our clients.
The protection mechanisms in place were especially effective in keeping the financial impacts under control. It is worthy noting that the impact of the contracted equity markets was mitigated by hedging undertaken in 2019, and there are few observable impacts on personal protection insurance and personal protection insurance risks.

The non-life insurance business adapted to the public health crisis by shifting its work management to remote working, which included the management centers. Over 600 employees worked from home, call handling hours were adapted to resources and volumes throughout the lockdown period, and a system for monitoring underwriting and management activities daily was set up to ensure clients' essential requirements were met.

From a technical and financial standpoint, for the non-life insurance business the crisis resulted in a decrease in sales and terminations following the confinement measures, a financial impact because of the contraction of the financial markets, and an improvement in the current-year claims expense during lockdown, especially in the auto segment.

The ambition to become a fully-fledged bancassurance specialist and create a distinct non-life insurance business model for individual and business customers within Natixis Assurances was realized after it was agreed, in May 2019, to renew the partnership with Covéa from January 1, 2020. This partnership focuses on insurance of professional risks for customers of the Caisses d'Epargne and Banque Populaire banks. From this date, Natixis Assurances became the sole non-life insurance platform for the individual customers of Banque Populaire and Caisse d'Epargne thanks to the #INNOVE2020 project. After a successful roll-out in the Banque Populaire pilot banks in June, and the Caisse d'Epargne pilot banks in July, the program should be fully deployed by the end of 2020.

In mid-June, the new "SECUR' Famille 2" personal protection insurance offering was launched in the Caisse d'Epargne network. Easy, digital and competitive, the offering is adapted to meet customers' needs in the most optimal way.
After posting strong growth across its businesses until mid-March (electronic banking transactions +9%, restaurant vouchers +11%, Dalenys/Payplug business volumes +29% in the first two months of the year), the **Payments** division and its business, with the exception of Payplug, fell sharply during the lockdown period.

Electronic/flow activities were down nearly 35% in April/May before returning to their 2019 levels in June. Nevertheless, in the second quarter of 2020 contactless retail payments continued to climb (+20%), and "instant payments" exceeded five billion transactions.
Likewise, the Titres Restaurant and Titres Cadeaux activities were severely penalized by the closure of places that accept these vouchers (restaurants, culture and leisure venues, etc.), cutting off net revenue-generating reimbursement volumes (NIT -52% and Titres Cadeaux -24% vs. Q2 2019).
E-commerce continued its ascent in the second quarter, especially Payplug (+178%, quarterly business volumes above €200 million for the first time) which became a sound distribution diversification alternative for physical retailers and EPTs/SMEs.

Despite the public health crisis, the Payments division continued to invest in its future development.
The new EDI platform ("IT data exchange") pooled with Groupe BPCE was launched. It manages the processing of the payment transactions and collections from corporate clients. The Banque Populaire and Caisse d'Epargne banks will be completely migrated to the new platform by the end of the first quarter of 2021.

Over the crisis, Payplug has confirmed the quality of its offering: a turnkey full-service payments solution that is entirely digital, easy to implement, and customizable to every type of client.

Natixis Payments continued to advance in open payments. In cooperation with the Caisse d'Epargne banks, the division equipped much of the Keolys network fleet in Aix en Provence. Similarly, the city of Lyon chose Natixis Payments to equip the entire Greater Lyon urban transport network with its open payments solution, The division continued its brand development. Dalenys launched its new signature "Payment is just the start" and unveiled its new single retail payment platform. Dalenys offers a complete (line, mobile) and omnichannel (all channels, all networks, all markets) payments solution geared mainly towards major retail clients.

Lastly, Natixis represented BPCE to actively participate in exchanges as part of the European Payments Initiative (EPI). The purpose of the new scheme is to create a single pan-European payment solution based on instant payments, or SEPA Instant Credit Transfers (SCT Inst), by offering consumers and retailers across Europe a bank card, a digital wallet and peer-to-peer (P2P) payment solutions. The EPI aims to become a new standard of payment for European consumers and retailers for all kinds of transactions, be in in-store, online, to draw money or pay P2P, in addition to international payment solutions.

This development of the business lines went hand-in-hand with:

- a 4% increase in liquidity needs year-on-year;
- an 7% year-on-year increase in Basel 3 RWA consumption to €103.3 billion.

## 4.2 Management report at June 30, 2020

*For the purposes of comparability, following the sale of 29.5% of Coface's capital, its contribution has been presented separately at the bottom of the income statement.*

### 4.2.1 Consolidated results

| Natixis | | | | |
|---|---|---|---|---|
| *(in millions of euros)* | **6M 2020** | **6M 2019 pro forma** | **Change 2020 vs. 2019** | |
| | | | **Current** | **Constant** |
| **Net revenues** | **3,314** | **4,057** | **-18.3%** | **-19.1%** |
| o/w businesses | 3,332 | 3,992 | -16.5% | -17.3% |
| **Banking operating expenses** | **-2,874** | **-3,044** | **-5.6%** | **-6.4%** |
| **Gross operating income** | **439** | **1,013** | **-56.6%** | **-57.1%** |
| Provision for credit losses | -482 | -140 | 244.6% | |
| **Operating results** | **-43** | **873** | **-104.9%** | |
| Associates | -7 | 11 | | |
| Gains or losses on other assets | 3 | 675 | | |
| Change in the value of goodwill | 0 | 0 | | |
| **Pre-tax profit** | **-47** | **1,559** | **-103.0%** | |
| Income taxes | -19 | -349 | -94.7% | |
| Minority interests | -51 | -133 | -61.9% | |
| Contribution of Coface | -145 | 33 | | |
| **Reportable net income group share** | **-261** | **1,110** | **-123.5%** | |
| Cost/income ratio | 86.7% | 75.0% | | |
| ROE | -3.1% | 9.8% | | |
| ROTE | -4.0% | 12.7% | | |

**Analysis of changes in the main items comprising the consolidated income statement**

#### NET REVENUES

Natixis' **net revenues** stood at €3,314 million in the first half of 2020, down 19.1% compared to the first half of 2019 at constant exchange rates.

At €3,332 million, **net revenues generated by the business lines** were down 17.3% at constant exchange rates versus the first half of 2019. The different divisions posted lower revenues on account of the Covid-19 crisis, with the exception of the Insurance division. Asset & Wealth Management net revenues fell 14.4% at constant exchange rates. Corporate & Investment Banking net revenues were down 27.8% at constant exchange rates. Insurance net revenues were up 5.6% (+8.9% excluding contributions to the solidarity funds totaling -€14 million), and Payments net revenues were down 4.6%.

**Corporate Center net revenues**, which now include Natixis Algérie and Natixis Private Equity run-off activities, stood at -€19 million in the first half of 2020. They include -€1 million for the return of foreign-currency DSNs to the historic exchange rate, versus +€4 million in the first half of 2019.

## OPERATING EXPENSES AND HEADCOUNT

**Recurring expenses** totaled €2,874 million, down 6.4% at constant exchange rates compared to the first half of 2019. Asset & Wealth Management expenses were down 5.3% at constant exchange rates. Corporate & Investment Banking expenses were down 7.2% at constant exchange rates. The expenses of the Insurance and Payments divisions were up 3.9% and 4.8% respectively. Corporate Center expenses were down 19.9% to €284 million, with a contribution of €165 million to the Single Resolution Fund versus €171 million in the first half of 2019.

**Headcount** at the end of the period stood at 16,639 FTE, up 3% year-on-year, up slightly by 1.5% in the business lines, and up 5% for the Corporate Center after expanding the control functions and IT teams in Porto.

## GROSS OPERATING INCOME

**Gross operating income** totaled €439 million in first-half 2020, down a steep 57% compared to first-half 2019 at constant exchange rates.

## PRE-TAX PROFIT

At €482 million in first-half 2020, **provision for credit losses** was up sharply compared to first-half 2019 where it totaled €140 million. The provision for credit losses of core businesses as a percentage of assets amounted to 145 basis points in first-half 2020 versus 43 basis points in first-half 2019, resulting from the impact of Covid-19.

Revenues from **Associates** totaled -€7 million in first-half 2020 versus +€11 million in first-half 2019.

**Gains or losses on other assets** totaled €3 million in first-half 2020 versus €675 million in the same period in 2019, of which €697 million was attributable to the disposal of the retail banking activities to BPCE S.A. in first-half 2019.

**Change in the value of goodwill** was nil in first-half 2020.

**Pre-tax profit** therefore totaled -€47 million in first-half 2020 versus €1,559 million in first-half 2019.

## REPORTABLE NET INCOME GROUP SHARE

The recurring **tax** expenses came to €19 million in first-half 2020, with an effective tax rate of -12.3%.

**Minority interests** came to -€51 million versus -€133 million in the first half 2019, in line with the decrease in H20 results.

The **contribution of Coface**, now presented separately on the income statement, totaled -€145 million of net income in first-half 2020, which includes the one-off impacts related to its disposal (-€119 million in gains or losses on other assets and -€7 million in revenue from Associates in the first quarter of 2020, and -€29 million in revenue from Associates in the second quarter of 2020), versus +€33 million in first-half 2019.

This resulted in negative **net accounting income** of -€261 million in the first half of 2020 versus +€1,110 million in the first half of 2019.

**Consolidated management ROE** after tax (excluding non-recurring items and excluding the IFRIC 21 impact) came to -0.5% in the first half of 2020, giving an accounting ROE (excluding non-recurring items and excluding the IFRIC 21 impact) of -2.0%.
**Consolidated management ROTE** after tax (excluding non-recurring items and excluding the IFRIC 21 impact) came to 0.7% in the first half of 2020, giving an accounting ROTE (excluding non-recurring items and excluding the IFRIC 21 impact) of 2.6%.

NATIXIS
BEYOND BANKING

### 4.2.2 Analysis by Natixis main business line

#### 4.2.2.1 Asset & Wealth Management

| AWM | | | | |
|---|---|---|---|---|
| *(in millions of euros)* | **6M 2020** | **6M 2019 pro forma** | **Change 2020 vs.2019** | |
| | | | **Current** | **Constant** |
| **Net revenues** | **1,478** | **1,705** | **-13.3%** | **-14.4%** |
| *Asset Management* | *1,354* | *1,595* | *-15.2%* | *-16.3%* |
| *Wealth Management* | *77* | *63* | *21.9%* | *21.9%* |
| *Employee Savings Plans* | *47* | *47* | *1.7%* | *1.7%* |
| **Banking operating expenses** | **-1,116** | **-1,163** | **-4.0%** | **-5.3%** |
| **Gross operating income** | **362** | **542** | **-33.2%** | **-34.0%** |
| Provision for credit losses | -10 | -1 | | |
| **Net Operating income** | **352** | **541** | **-35.0%** | |
| Associates | 1 | 0 | | |
| Gains or losses on other assets | 2 | 0 | | |
| Change in the value of goodwill | -7 | -4 | | |
| **Pre-tax profit** | **347** | **537** | **-35.4%** | |
| Cost/income ratio | 75.5% | 68.2% | | |
| Equity (Average) | 4,613 | 4,385 | | |
| ROE | 8.8% | 13.3% | | |

The revenues of the Asset & Wealth Management division shrank 14% compared to first-half 2019 at constant exchange rates (-13% at current exchange rates) to €1.5 billion.

Expenses shrank 5% at constant exchange rates (-4% at current exchange rates) to €1.1 billion.

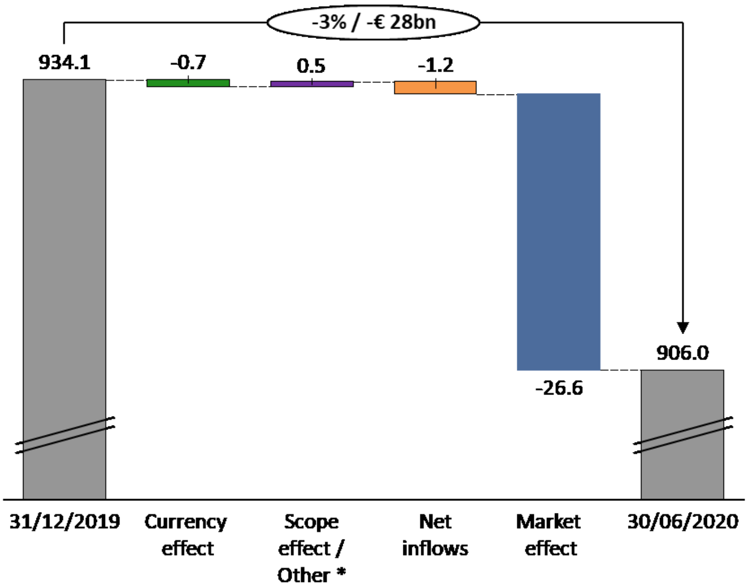
Gross operating income fell 34% at constant exchange rates (-33% at current exchange rates) to €362.1 million.

At 8.8%, the division's ROE declined by 4.5 points compared to first-half 2019, at current exchange rates.

## A – Asset Management

Assets under management at end-June 2020 stood at €906.0 billion, down €28.0 billion, or 3% (-€27.7 billion, -3% at constant exchange rates) compared to December 31, 2019, mostly penalized by a highly unfavorable market effect and, to a lesser extent, outflows.

**CHANGE IN ASSETS UNDER MANAGEMENT OVER THE SIX-MONTH PERIOD *(IN BILLIONS OF EUROS)***




*(*) 2020 scope effect: attributable to an AuM correction (+€0.5 billion) in Private Equity.*

The business line recorded net outflows of -€1.2 billion over the period, of which -€4.4 billion in long-term products.

- In Europe, net outflows totaled -€2.7 billion and was mostly attributable to DNCA Investments (mainly its diversified and debt products), Ostrum Asset Management (mainly its life-insurance products) and H2O Asset Management (mainly its debt products), while Mirova and Thematics Asset Management posted positive net inflows on equity products for the most part.
- In Asia, outflows totaled -€1.2 billion on equity products.
- In the US, net inflows totaled €1.7 billion and was mostly attributable to WCM Investment Management (equity products) and Loomis Sayles & Co (debt products), and partially offset by Harris Associates (equity and diversified products).
- Net inflows from Private Equity firms came to €1.0 billion, mostly made by Vauban Infrastructure Partners and MV Credit on alternative products.

**The distribution platforms of NIM International Distribution and NIM US Distribution** posted net inflows of €770.0 million over the period (+€6.5 billion and -€5.8 billion respectively).

**At €849.5 billion, average assets under management in first-half 2020 were down (-0.5%) compared to last year** at constant EUR exchange rates. The rate of return on AuM was down 2% to 27.8 points at constant exchange rates compared to the first half of 2019 (29.8 points).
At end-June 2019, AuM can be broken down as predominantly bond products (29.6%), followed by equity products (27.9%) and life insurance (20.2%).

**At June 30, 2020, net revenues were €1,353.5 million**, down 16% at constant exchange rates compared to June 30, 2019 (-15% at current exchange rates), penalized by the sharp downturn in outperformance fees primarily in Europe through H2O, by lower management fees in the United States and Europe (lower rate of return relating for the most part to the deterioration in affiliates' performance in the US), and by the decline in financial products due to the negative impact of the seed money portfolio valuation, partially offset by other operating revenues.

**Expenses stood at €1,002.2 million, down 6% at constant exchange rates compared to the first half of 2019** (-4% at current exchange rates), resulting from variable compensation (down primarily in the US and the Federation) in connection with changes in income and, to a lesser extent, operating costs (decrease in travel, reception, communication and advertising costs due to the public health crisis which more than offset the increase in documentation and market data costs), partially offset by the increase in fixed internal payroll costs (increase in headcount in step with business expansion) and IT costs (developing tools and running projects).

## B - WEALTH MANAGEMENT

In the first half of 2020, **Wealth Management** posted **net inflows of €75 million** mostly on the strength of the B2B Private Banking business brought by the networks and net inflows of €57 million from Massena Partners.
**Assets under management** came to €28.5 billion, stable year-on-year, penalized by the highly unfavorable market effect of the first quarter. The scope effect from the acquisition of Massena totaled €1.5 billion.
In parallel, **outstanding loans** were up 1.4% to €2.1 billion.
In first-half 2020, **the business line's net revenues totaled €77.3 million**, up 22% (+€13.9 million) compared to the first half of 2019. Restated for the Massena Partners scope effect, the increase would be 10%. This increase is mostly due to the strong performance of transaction fees, the solidity of the financial margin, and a rise in other fee income (structured products).
**Expenses stood at €75.9 million**, down 1% compared to the first half of 2019. Restated for the Massena Partners scope effect, expenses would be down 11% compared to the first half of 2019, reflecting the actions taken to control costs.

## C - Employee Savings Plans

**Assets under management at end-June 2020 totaled €25.9 billion**, representing a decrease of €1.1 billion or 4% compared to December 31, 2019, due to a very unfavorable market effect (-€1.8 billion at end-June) and net placements of €755 million.
**Average assets under management in first-half 2020 totaled €25.2 billion**, down -10% compared to first-half 2019.
**At June 30, 2020, net revenues were up 2% to €47.5 million compared to June 30, 2019**, driven by higher management fees related to the improvement in the rate of return on AuM.
**Expenses stood at €38.1 million, down 4% compared with the first half of 2019**, mostly due to the decrease in operating costs (mostly travel, reception, communication and advertising costs due to the public health crisis and cost-cutting measures), and the increase in closed out IT projects.

### 4.2.2.2 Corporate & Investment Banking

| CIB & TCM | | | | |
|---|---|---|---|---|
| *(in millions of euros)* | 6M 2020 | 6M 2019 pro forma | Change 2020 vs. 2019 Current | Constant |
| **Net revenues** | **1,207** | **1,654** | **-27.0%** | **-27.8%** |
| Global Markets | 386 | 785 | -50.8% | -51.1% |
| Fixed Income | 646 | 554 | 16.5% | 15.6% |
| Equity | -206 | 242 | -185.1% | -184.9% |
| XVA desk | -54 | -12 | 351.6% | 351.6% |
| Financing | 628 | 670 | -6.3% | -7.5% |
| Investment Banking | 204 | 177 | 15.0% | 14.2% |
| Other items | -11 | 22 | -147.6% | -143.7% |
| Banking operating expenses | -1,034 | -1,105 | -6.5% | -7.2% |
| **Gross operating income** | **173** | **549** | **-68.5%** | **-69.0%** |
| Provision for credit losses | -469 | -134 | 249.2% | |
| **Net Operating income** | **-296** | **414** | **-171.5%** | |
| Associates | 5 | 6 | -15.2% | |
| Gains or losses on other assets | 0 | -15 | | |
| Change in the value of goodwill | | | | |
| **Pre-tax profit** | **-291** | **405** | **-171.9%** | |
| Cost/income ratio | 85.7% | 66.8% | | |
| Equity (Average) | 6,939 | 6,687 | | |
| ROE | -6.2% | 8.6% | | |

In first-half 2020, Corporate & Investment Banking's **net revenues** totaled €1,207 million, down 27.8% from first-half 2019 at constant exchange rates.

**Capital market** revenues totaled €386 million in 2020, down 51.1% compared to the first half of 2019 at constant exchange rates.
At €646 million in first-half 2020, revenues from **Fixed Income, Forex, Credit, Commodities and Treasury activities** fell 15.6% compared to first-half 2019 at constant exchange rates. The following changes were observed in each segment:

- **Fixed Income and Forex** revenues were up 16.9%, with **Fixed Income** activities down 17.5%, attributable to the slowdown in sales and persistently low interest rates, and **Forex** activities jumped 91.3% as currencies fluctuated sharply in the first four months of the year, creating a high demand for hedging from clients;
- Revenues from **Credit** activities were down 12.3% compared to the first half of 2019, penalized by the slowdown in the securitization market;
- Revenues from **Repo** activities, now evenly split between Fixed Income and Equity, were down by a limited 4.2% compared to the first half of 2019, supported by sovereign debt which helped to mitigate the decrease in underlying equity and the negative impact of changes with respect to dividend payouts.

With revenues negative by €206 million, **Equity** activities endured extreme market conditions in the first-half, with steep volatility on the equity markets and changes to dividend payout policies, which had a major impact on the exposure of the Equity Derivatives business line.
Revenues from joint ventures (i.e. with income shared equally between Global Markets and Investment Banking to ensure team alignment) were strong in the first half of 2020.

**Strategic and Acquisition Finance revenues** were up 19.4%, underpinned by the solid demand from corporate clients for credit mainly in the form of the PGE state-guaranteed loans.
Revenues from **syndication on the bond market** were up 32.1% compared to the first half of 2019 in an extremely dynamic primary bond market in the first half of 2020 and across the client segments.

At €628 million, **Financing** revenues including **TTS** (Trade & Treasury Solutions) as well as **Film Industry Financing** (Coficiné) fell 7.5% compared to the first half of 2019 at constant exchange rates.
Revenues from **origination and syndication** were down 27.3% compared to the first half of 2019 as a result of the steep downturn in activity across different sectors: in commodities, with the collapse of the oil price in the first quarter, in aviation in the context of the Covid-19 crisis, and the real-estate financial securitization market in the US which shut down in the first half of 2020. In the first half of 2020, revenues from the **financing portfolio** were down by a limited 4.1% at constant exchange rates. The decrease observed in net interest income on financing portfolio outstanding in the context of less origination was partially mitigated by the increased margin on the corporate portfolio, supported by a sharp increase in liquidity line drawdowns and by the granting of new loans. **ENR (Energy & Natural Resources) and Trade Finance** revenues drifted lower to 16.2% at constant exchange rates due to a weaker average per-barrel oil price than last year.

Revenues from **Investment Banking** including **M&A** activities grew 14.2% at constant exchange rates compared to the first half of 2019 for cumulative revenues of €204 million.

At June 30, 2020, Corporate & Investment Banking's **expenses** totaled €1,034 million, down 6.5% at current exchange rates and 7.2% at constant exchange rates compared to the first half of 2019. Excluding Transformation & Business Efficiency costs classified as a non-recurring item in financial communication in first-half 2019 for €6 million, expenses were down 6.7% at constant exchange rates thanks to the decrease in variable expenses and stricter cost control.

**Gross operating income** totaled €173 million, down 69.0% compared to first-half 2019 at constant exchange rates. The **cost/income ratio** stood at 85.7% in first-half 2020 (and at 84.1% including an IFRIC21 linearization impact), slipping 19.0 points compared with first-half 2019 (66.7%).

At €468 million, **provision for credit losses** increased sharply compared to the first half of 2019, underpinned by the deterioration of risk on several loans in the commodities sector, as well as the impact of fraud and IFRS9 provisioning.

**Pre-tax profit** was negative €291 million compared to positive €405 million in the first half of 2019 at current exchange rates which included a capital loss on the disposal of the Brazil subsidiary (€14.5 million) recognized in the first quarter of 2019 as a non-recurring item under gains or losses on other assets.

**ROE after tax** was negative at -6.2% in first-half 2020 compared to ROE of 8.6% in first-half 2019.

### 4.2.2.3 Insurance

| Insurance | | | |
|---|---|---|---|
| *(in millions of euros)* | **6M 2020** | **6M 2019 pro forma** | **Change 2020 vs. 2019** |
| **Net revenues** | **449** | **425** | **5.6%** |
| Banking operating expenses | -250 | -241 | 3.9% |
| **Gross operating income** | **199** | **184** | **7.9%** |
| Provision for credit losses | | | |
| **Net Operating income** | **199** | **184** | **7.9%** |
| Associates | -13 | 5 | |
| Gains or losses on other assets | | | |
| Change in the value of goodwill | | | |
| **Pre-tax profit** | **186** | **189** | **-1.8%** |
| Cost/income ratio | 55.7% | 56.7% | |
| Equity (Average) | 930 | 900 | |
| ROE | 27.2% | 28.8% | |

The first half of 2020 was marked by the Covid-19 pandemic. Business activity was slowed down considerably over the lockdown period.

With €3.9 billion in direct business premiums, life insurance inflows fell 27% compared to the first half of 2019. Premiums on unit-linked assets totaled €1.4 billion and made up 36.4% of total gross inflows, down 8 points compared to the first half of 2019, and 1.4 points higher than the market average at end-May. Gross inflows invested in the "Euro" fund decreased by 35% to €2.5 billion.

At €507 million, premiums on personal protection insurance and payment protection insurance (ADE) continued to climb (+3%). Premiums on personal protection insurance grew 11%, mostly driven by the Caisse d'Epargne network (19%) which now represents 38% of activity. Payment protection insurance was stable, with no material impact from the Bourquin amendment of the public health crisis.

The non-life insurance portfolio grew by 4% to 6.3 million policies. Gross sales fell 16% due to the two-month lockdown period linked to the public health crisis. At €820 million, earned premiums gained 6% with business growth in the same territory in the Caisse d'Epargne and Banque Populaire networks (+5% and +6% respectively). Growth was driven by the core offering, with auto insurance up +5%, multi-risk home insurance up +7%, Pers. acc./Multi-risk acc. insurance up 6%, in line with growth in the portfolio and updated tariffs.

**Net revenues for Insurance businesses** totaled €449 million, up 5.6% compared to 2019, resulting from:

- 11% net revenue growth in personal insurance, which benefited from the 7% increase in outstandings but was impacted by the public health crisis and the downturn in the financial markets (mitigated by existing equity hedges). The growth in revenues also attributable to the resistance of the personal protection insurance and payment protection insurance, with a drop in the claims expense for ADE (in connection with the update of final accounts for the previous year) and the deterioration of the work cessation claims expense observed in personal protection insurance;
- the 6% increase in property & casualty insurance with a sharp decrease in the claims expense for individual customer products on account of the lockdown, especially in the auto segment. The combined ratio totaled 87.8%, an improvement on first-half 2019 (89.7%);
- the one-off contribution to the insurance solidarity fund set up by the French government, which had an impact of -€14 million.

**Operating expenses stood at €250 million**, up 3.9%. This increase reflected the implementation of the ambitions under the New Dimension plan: to support business growth and pursue the roll-out of strategic projects, and in particular #INNOVE2020.

**Gross operating income** was up 7.9% to €199 million.

**Income of associates** was affected by:

- the default in payment in Lebanon: a loss to the value of €14 million was recognized from the first quarter of 2020 for the bank-insurer ADIR (34%-owned);
- a limited BPCE IARD contribution of €0.5 million, in comparison to €3.1 million in the first half of 2019, mainly due to the deterioration of claims expenses for operating loss guarantees for restaurant owners following the public health crisis.

**At 27.2%, the division's ROE** shed 1.6 points compared to the same period last year.

### 4.2.2.4 Payments

| Payments | | | |
|---|---|---|---|
| *(in millions of euros)* | **6M 2020** | **6M 2019 pro forma** | **Change 2020 vs. 2019** |
| **Net revenues** | **198** | **208** | **-4.6%** |
| Banking operating expenses | -190 | -181 | 4.8% |
| **Gross operating income** | **8** | **27** | **-68.9%** |
| Provision for credit losses | 2 | -1 | |
| **Pre-tax profit** | **10** | **26** | **-60.5%** |
| Cost/income ratio | 95.8% | 87.2% | |
| Equity (Average) | 397 | 365 | |
| ROE | 3.7% | 9.6% | |

Following on from 2019, the Payments division posted strong growth across its activities until the lockdown in France. At the end of February 2020, electronic payment transactions managed to grow 9%, restaurant voucher issuances had increased 11% and e-commerce business volumes had posted growth of 29% compared to the end of February 2019.

The public health crisis also had a very detrimental effect on the division's activities from mid-March: electronic payment transactions plummeted 35% in total in April/May 2020 compared April/May 2019, and restaurant voucher issuances 16% over the same period.

The period nevertheless confirmed the growth of e-commerce, and especially of Payplug which outperformed in the second quarter of 2020 (-179% compared to the second quarter of 2019) by effectively demonstrating the quality of its payments offering for small and medium-sized enterprises seeking to diversify their distribution channels. Similarly, contactless payments for retailers continue to increase (+20% in the second quarter of 2020 compared to the second quarter of 2019) and instant payment transfers breached the 5 million transaction mark in the second quarter of 2020.

At the end of first-half 2020, the level of activity of in Payments was more or less the same as that of June 2019 across its businesses, put the division back on its growth path.

**At €198.4 million, Payments revenues were down 5%** (-€9.6 million) compared to the first half of 2019. The deterioration of the division's revenues was for the most part due to the historical payment-flow processing activities and to the service voucher business (payment transactions were down, voucher manufacturing was put on hold, points of sale such as restaurants, stores, cultural and leisure venues were shut), while the e-commerce revenues from fintechs (namely Payplug) surged and offset the decrease in revenues of other Merchant business activities (especially third-party collection).

**The expenses of the Payments division** totaled €190.1 million, up 5% compared to the first half of 2019. The decrease in operating costs (mainly consulting, communication and advertising fees, as well as travel and reception costs - all down as a result of the public health crisis), and the increased in closed out projects over the period did not offset the human and IT investments needed to develop the development of the division's activity.

Overall, **gross operating income** fell 69% to €8.3 million.

**At 3.7%, the division's ROE** improved by 5.9 points compared to the first half of 2019.

### 4.2.2.5 Corporate Center

| Corporate Center (excluding TCM) | | | | |
|---|---|---|---|---|
| *(in millions of euros)* | 6M 2020 | 6M 2019 pro forma | Change 2020 vs. 2019 Current | Constant |
| **Net revenues** | **-19** | **65** | **-128.9%** | **-129.8%** |
| Algeria | 28 | 33 | -16.2% | -14.9% |
| NPE | -5 | 0 | | |
| Cross-business functions | -42 | 32 | | |
| Banking operating expenses | -284 | -354 | -19.8% | -19.9% |
| **Gross operating income** | **-302** | **-289** | **4.7%** | **4.0%** |
| Provision for credit losses | -5 | -4 | 35.5% | |
| **Net Operating income** | **-308** | **-293** | **5.2%** | |
| Associates | 0 | 0 | | |
| Gains or losses on other assets | 2 | 690 | | |
| Change in the value of goodwill | 7 | 4 | | |
| **Pre-tax profit** | **-299** | **402** | **-174.4%** | |

Corporate Center **net revenues** totaled -€19 million at end-June 2020 versus +€65 million at end-June 2019.

**<u>A Natixis Algérie</u>**

At constant exchange rates, short-term average outstanding loans fell 14% while medium- and long-term outstanding loans decreased by 12% compared to the first half of 2019, penalized by the economic and political situation in Algeria since 2019. Customer deposits were also up 4% and notably in term deposits on the back of the strong activity of a major customer.
Off-balance sheet commitments were stable thanks to the increase in documentary credits, with guarantee re-issuance still weighed down by lower activity on the public market and less foreign corporate investment.

**Natixis Algérie** posted a 16% decrease in **net revenues** to €28 million compared to first-half 2019. Excluding the exchange rate effect, net revenues were down 15% due to the reduction of fee income on forex transactions following the decision of the Algerian government to reduce the margins on these transactions to 0.10% (versus 1%) from March 2020, and to the decrease in net interest income because of the negative volume effect on medium-term credit activity. These decreases were partially offset by an increase in equity investments (increase in treasury bonds and investments on the interbank market).

**B Natixis Private Equity (NPE)**

Natixis Private Equity pursued its disengagement strategy and reduced its engagements by 34% compared to the first half of 2019.
Compared to the first half of 2019, cash-at-risk **commitments** fell 41% to total €37.6 million at June 30, 2020 (mostly due to the depreciation of the Venture funds). At €13.6 million, off-balance sheet engagements were down 4% compared to the first half of 2019, mainly due to the call for funds in Q3 2019 (Ventech F fund).

**Net revenues** stood at -€4.6 million (mostly impairments on venture capital funds and the discount on listed Solocal investments), down €4.2 million compared to the first half of 2019.

**C CROSS-BUSINESS FUNCTIONS**

Cross-business functions **net revenues** totaled -€42 million at end-June 2020 versus +€32 million at end-June 2019.

- Exchange rate fluctuations on deeply subordinated notes issued in dollars stood at -€1 million at end-June 2020 compared to +€4 million the previous year.
- FVA hedging was valued at -€18 million at end-June 2020 compared to +€15 million at end-June 2019.

Excluding these items, net revenues stood at -€23 million in first-half 2020 compared to +€13 million in first-half 2019, and essentially comprises:

- Revenues from Treasury and ALM operations were down, as the amortizations of the Comète transaction balance ended, and also due to exchange and interest rate effects.
- And rebilled expenses from the support functions to entities under Groupe BPCE for the most part, with a decrease in rebilling following the sales of the retail banking business to BPCE S.A.

**Corporate Center expenses** totaled €284 million at end-June 2020 versus €354 million at end-June 2019.

- The contribution to the Single Resolution Fund totaled €165 million for 2020 versus €170 million in the first half of 2019.
- Excluding this item, expenses totaled €118 million in first-half 2020 versus €184 million in first-half 2019, and mainly comprises:
  - Expenses from the support functions net reallocations to the Natixis business lines for €67 million in 2020, down €40 million compared to the first half of 2019 due to the savings generated by the support functions and the adjustment of the variable compensation; this expense balance of €51 million in first-half 2020, was essentially rebilled to the entities of BPCE, as part of the services put in place following the sale of the retail banking business to BPCE S.A.
  - Cross-business expenses of €33 million, down €21 million compared to the first half of 2019, essentially related to items of variable compensation.

**Gross operating income** stood at -€302 million at end-June 2020 versus -€289 million at end-June 2019.

The **provision for credit losses** of the Corporate Center reached -€5 million in the first half of 2020 versus -€4 million in the first half of 2019, and is mostly attributable to Algeria.

**Pre-tax profit** was -€299 million at end-June 2020 versus +€402 million at end-June 2019 with the contribution of the capital from the disposal of the retail banking activities to BPCE S.A., representing +€697 million recognized under gains on other assets.

### 4.2.2.6 Provision for credit losses

The **provision for credit losses** was -€482 million at June 30, 2020, of which -€388 million in respect of non-performing loan risk and -€94 million in respect of provisions on performing loans. The provision for credit losses was -€140 million at June 30, 2019, of which -€127 million were in respect of non-performing loans and -€13 million in respect of performing loans.

#### Total provision for credit losses by division

| *(in millions of euros)* | **30/06/2020** | **30/06/2019** |
|---|---|---|
| Corporate & Investment Banking | -469 | -134 |
| Insurance | 0 | 0 |
| Asset & Wealth Management | -10 | -1 |
| Payment | 2 | -1 |
| Corporate Center | -5 | -4 |
| **Total provision for credit losses** | **-482** | **-140** |
| **Coface entities** | **0** | **-1** |
| **Total** | **-482** | **-141** |

#### Total provision for credit losses by geographic area (2019 excluding Coface)

| *(in millions of euros)* | **30/06/2020** | **30/06/2019** |
|---|---|---|
| Africa and the Middle East | -27 | -12 |
| Central and Latin America | -41 | 9 |
| North America | -106 | -53 |
| Asia and Oceania | -136 | -6 |
| Eastern Europe | -1 | -1 |
| Western Europe | -171 | -77 |
| **Total provision for credit losses** | **-482** | **-140** |

Appendix to 4.2.2 – Consolidated Results

## 1 - Management results reclassified as consolidated results in the first half of 2020

**Natixis - 6M 2020**

| *(in millions of euros)* | 6M 2020 Investor Relations | Non-recurring items AWM | CIB | Insurance | Payments | Corporate Center | Coface | 6M 2020 Restated | Coface reclassification | 6M 2020 Reported |
|---|---|---|---|---|---|---|---|---|---|---|
| **Net revenues** | **3,328** | | **0** | **-14** | | **-1** | | **3,314** | | **3,314** |
| Banking operating expenses | -2,857 | -7 | 0 | | -3 | -7 | | -2,874 | | -2,874 |
| **Gross operating income** | **471** | **-7** | **0** | **-14** | **-3** | **-7** | | **439** | | **439** |
| Provision for credit losses | -482 | | | | | 0 | | -482 | | -482 |
| Operating results | -11 | -7 | 0 | -14 | -3 | -7 | | -43 | | -43 |
| Associates | 7 | | | -14 | | 0 | | -7 | -33 | -40 |
| Gains or losses on other assets | 3 | | | | | 0 | | 3 | -112 | -109 |
| Change in the value of goodwill | 0 | | | | | 0 | | 0 | | 0 |
| **Pre-tax profit** | **-1** | **-7** | **0** | **-28** | **-3** | **-7** | | **-47** | **-145** | **-192** |
| Income taxes | -28 | 2 | 0 | 4 | 1 | 2 | | -19 | | -19 |
| Minority interests | -51 | 0 | | | | 0 | | -51 | | -51 |
| Contribution of Coface | 3 | | | | | 0 | -148 | -145 | 145 | 0 |
| **Reportable net income group share** | **-77** | **-5** | **0** | **-24** | **-2** | **-5** | **-148** | **-261** | | **-261** |
| Cost/income ratio | 85.8% | | | | | | | 86.7% | | 86.7% |

## 2 - Management results reclassified as consolidated results in the first half of 2019

**Natixis - 6M 2019**

| *(in millions of euros)* | 6M 2019 Investor Relations | Non-recurring items AWM | CIB | Insurance | Payments | Corporate Center | Coface | 6M 2019 Restated | Contribution disposed scope | Coface reclassification | 6M 2019 Reported |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net revenues** | **4,053** | | **0** | | | **4** | | **4,057** | **22** | **356** | **4,436** |
| Banking operating expenses | -3,018 | -5 | -6 | -2 | 0 | -13 | | -3,044 | **-22** | -252 | -3,319 |
| **Gross operating income** | **1,035** | **-5** | **-6** | **-2** | **0** | **-9** | | **1,013** | **0** | **104** | **1,117** |
| Provision for credit losses | -140 | | | | | 0 | | -140 | **0** | -1 | -141 |
| Operating results | 895 | -5 | -6 | -2 | 0 | -9 | | 873 | **0** | 103 | 976 |
| Associates | 11 | | | | | 0 | | 11 | **0** | 0 | 11 |
| Gains or losses on other assets | -7 | | -15 | | | 697 | | 675 | **0** | 2 | 678 |
| Change in the value of goodwill | 0 | | | | | 0 | | 0 | **0** | 3 | 3 |
| **Pre-tax profit** | **899** | **-5** | **-21** | **-2** | **0** | **688** | | **1,559** | **0** | **108** | **1,668** |
| Income taxes | -278 | 2 | 2 | 1 | 0 | -75 | | -349 | **0** | -30 | -379 |
| Minority interests | -100 | | | | | -33 | | -133 | **0** | -45 | -178 |
| Contribution of Coface | 34 | | | | | 0 | 0 | 33 | **0** | -33 | 0 |
| **Reportable net income group share** | **555** | **-3** | **-19** | **-1** | **0** | **579** | **0** | **1,110** | **0** | **0** | **1,110** |
| Cost/income ratio | 74.5% | | | | | | | 75.0% | | 70.8% | 74.8% |

## 4.3 Main investments and divestments performed over the period

| Business line | Investment description |
|---|---|
| **2019** | |
| Asset management | Acquisition of a minority stake in US asset management company WCM Investment Management (WCM) and conclusion of an international distribution agreement. |
| Asset management | Conclusion of a strategic partnership agreement with Fiera Capital, the leading publicly-traded independent distribution platform in Canada, and acquisition of a minority stake of 11% in its capital. |
| Private Banking | Acquisition of asset manager and investment advisory firm Massena Partners, a partner of Natixis Wealth Management for 20 years. The deal allows Natixis Wealth Management to bolster its private equity and real estate club deal offering by leveraging on the long-standing partnerships formed with Massena Partners and other leading players in these segments. |
| CIB | Acquisition of a majority stake in Azure Capital, one of Australia's top M&A advisory boutiques. |
| **2018** | |
| Asset management | Acquisition of European credit specialist MV Crédit as part of the expansion of Natixis Investment Managers' private debt offering. |
| CIB | Strategic investment in Vermillion Partners in China as part of the strategic enhancement of Natixis' expertise in Mergers & Acquisitions advisory services. |
| CIB | Strategic investment in Fenchurch Advisory Partners in the United Kingdom as part of the strategic enhancement of Natixis' expertise in Mergers & Acquisitions advisory services. |
| CIB | Strategic investment in Clipperton in France as part of the strategic reinforcement of Natixis' expertise in Mergers & Acquisitions consulting. |
| CIB | Long-term partnership to create a leading player in equity brokerage and equity capital markets in continental Europe.<br>This partnership includes:<br>- the transfer of Natixis' equity brokerage and equity research activities in France to ODDO BHF<br>- the integration of both players' equity capital markets activities in France at Natixis |
| Payments | Acquisition of Banque Postale's 50% stake in Titres Cadeaux. |
| Payments | Acquisition of 46% of the remaining shares in Dalenys, following a takeover bid and squeeze-out. |
| Payments | Acquisition of a majority stake (70%) in Comitéo, a prepaid payments company (software platform for works councils). |
| **2017** | |
| Asset management | Acquisition of a minority stake in Airborne Capital, a leasing and asset management specialist in aviation. |
| Asset management | Acquisition by Mirova of a majority stake (51%) in Althelia Ecosphère, an asset management company specialized in impact investing. |
| Asset management | Acquisition of a majority stake (51.9%) in Investors Mutual Limited, a well-known asset management company in Australia. |
| Insurance | Acquisition of 40% of BPCE Assurances from Macif and Maif to become the sole shareholder. |
| Payments | Acquisition of 54% of the shares of Dalenys, a French fintech with a high-performance technological offering for e-commerce retailers. |
| Payments | Acquisition from BPCE of 100% of S-money, a digital payment and collection solutions specialist that responds to new customer preferences, and its subsidiaries (such as Le Pot Commun). |
| Payments | Acquisition of a majority stake (78.5%) in Payplug, a French start-up offering online payment solutions for online retailers. |

In addition, a number of targeted disposals were carried out.

| Business line | Divestment description |
|---|---|
| **First half of 2020** | |
| Natixis | Sale of a 29.5% stake in Coface to leading US insurance firm Arch Capital Group. Completion of the transaction is subject to the usual conditions, in particular mandatory regulatory approval. |
| | |
| **2019** | |
| Natixis | Sale of entities performing retail banking activities to BPCE |
| Asset management | Sale of the Canadian distribution business to Fiera Capital |
| Asset management | Disposal of Darius Capital |
| **2018** | |
| Wealth Management | Disposal of Sélection 1818, a major Wealth Management Advisor, as part of Natixis Wealth Management's strategic repositioning. Signing of a partnership with the buyer, Nortia, for the distribution of funds on an open-architecture basis. |
| Asset management | Disposal of the Axeltis fund distribution platform to MFEX, together with the signing of a long-term partnership to distribute funds on an open-architecture basis. |
| **2017** | |
| Asset management | Disposal of a 25% stake in IDFC, bought by the Indian group IDFC who owned the remaining 75%. |
| Corporate Center | Disposal of the 15% stake in Caceis to Crédit Agricole S.A., making it the sole shareholder once the transaction is complete. This disposal is entirely consistent with the objectives of the New Dimension strategic plan for 2018-2020, particularly the objective of reducing the Corporate Center's RWA. |
| Corporate Center | Disposal of Ellisphere, a financial data specialist in France and internationally, to investment fund AnaCap. The transaction marks the end of Corporate Data Solutions' business disposals. |

## 4.4 Post-closing events

On August 3, 2020, the Board of Directors approved the H1 2020 financial statements. Since this date, there have been no material changes in the financial or trading position of Natixis.

## 4.6 Outlook for Natixis

Forecasts for the second half of 2020 and for 2021 are steeped in uncertainty. The underlying assumption is a gradual emergence from the crisis and a recovery in the second half of 2020, with additional and detrimental effects on the financial health of businesses (with a likely increase in bankruptcy) and the job market. While 2021 holds the promise of a strong rebound in most economies, we should not expect a return to the activity levels of end-2019 before mid-2022.

China is set to avoid a recession on the back of expected GDP growth of 1.5% for full-year 2020 and 8% growth in 2021. The recent economic developments in the US suggest a softer downturn in activity than initially estimated. But the recession will be severe (-6.4% in 2020) before a rebound of 4% in 2020. The acceleration of the epidemic, however, since mid-June in the US, the implementation of new, local restrictions and, in some cases, partial lockdown, is a bigger risk to growth in the US than in Europe, despite the appearance of new infection hotspots (Germany, Spain, etc.) which seem to be "under control". Growth in the euro zone is expected to shrink 8.7% in 2020 and should increase by 7% in 2021.

The strict lockdown in France from mid-March brought the economy to a standstill and, based on various estimates, resulted in a 30% decrease in activity.
There was a strong rebound in activity as lockdown was lifted, with an uptick in activity across all branches of the economy as they reopened. Likewise, household consumption increased sharply from its downward trend from March to May (down 5.6% in the first quarter of 2020).
Given the slump in activity until the end of strict lockdown on May 11 and its gradual recovery since, the contraction of GDP in the first half of 2020 will be historical, averaging approximately -10% for the year. In the second half of 2020, GDP should begin its recovery and continue to improve in 2021 to take growth to 5.5%.

In 2020, Natixis will complete the implementation of the New Dimension strategic plan to give clients a broader range of high added-value solutions through three powerful initiatives: deepening the transformation of the business model that successfully began under the New Frontier plan; allocating a significant portion of investments to digital technologies; and differentiating itself by taking the lead in areas where Natixis' teams are recognized for their exceptional expertise. This final stage of the business will be implemented in the exceptional environment created by the coronavirus crisis, which is affecting all the Natixis business lines.

The financial targets for 2020 of the New Dimension strategic plan having been made obsolete by the deterioration in the economic and financial outlook on account of the public health crisis and the resulting uncertainties (for example, macro-economic scenarios and the behavior of the sectors and counterparties of Natixis that could impact credit risk assessments, market levels affecting net asset values, etc.), new objectives for 2021 will be announced in November 2020. A new medium-term strategic plan will be presented in June 2021.

As a reminder, the strategic priorities for Natixis' various divisions are:

- Asset & Wealth Management: confirm our global leadership in active investment strategies in terms of size, profitability and capacity for innovation
- Corporate & Investment Banking: become a benchmark bank in four key sectors (energy and natural resources, aerospace, infrastructure, real estate and hospitality), built on a reputation for innovative solutions
- Insurance: consolidate our position as a top-tier insurer in France
- Payments: become a pure play in the European payments industry and accelerating its digital transformation

## 4.7 Definitions and alternative performance indicators

*The interim management report is presented in respect of the half years ended June 30, 2019 and June 30, 2020. In accordance with European Regulation 2017/1129 pertaining to the publication of prospectuses and with Delegated Regulation 2019/980 pertaining to the information contained in prospectuses, the financial statements for the half year 2018 can be consulted in the update the Universal Registration Document of August 8, 2019, registration number D.19-0746, and in the Registration Document filed with the AMF on March 15, 2019, under registration number D.19-0154.*

The information is available by on the following links:

https://www.natixis.com/natixis/jcms/ala_5519/en/annual-financial-reports

https://www.natixis.com/natixis/jcms/ala_5520/en/half-year-financial-reports

The presentation of the income statement of Natixis has been amended to reflect the deconsolidation of Coface following the disposal of 29.5% of its capital. The remaining contribution of Coface has been presented separately at the bottom of the income statement. The other components under Financial Investments (Natixis Algérie, capital investments put into run-off) are now incorporated under the Corporate Center. For the purposes of comparability in the presentation of this management report, 2019 figures are presented according to the new organization.

As a reminder, to comply with the requirements of the French law on the separation of banking activities, the Short-Term Treasury and Collateral Management activities, which used to be part of Global Markets, were transferred to the Finance Department on April 1, 2017. Nevertheless, to ensure comparability, in this management report CIB refers to CIB including Short-Term Treasury and Collateral Management activities.

In addition, the standards used to **assess the performance of the divisions** are those defined for the New Dimension plan:

- Regulatory capital allocated to the business lines on the basis of 10.5% of Basel 3 average RWA;
- 2% rate of return on capital.

As a reminder, the results of the Natixis business lines are presented in accordance with the Basel 3 regulatory framework. Capital allocation specific to the insurance businesses is based on the Basel 3 accounting treatment for investments in insurance companies, as transposed into the CRD4 and CRR ("Danish compromise").

**The conventions applied to determine the earnings generated by the various business lines** are as follows:

- the business divisions record the return on regulatory capital allocated to them. By convention, the rate of return on normative capital is 2%;
- the return on the issued share capital of the entities comprising the divisions is eliminated;
- the cost of Tier Two debt subordination is charged to the divisions in proportion to their regulatory capital;
- the divisions are invoiced for an amount representing the bulk of Natixis' overhead. The uninvoiced portion accounts for less than 3% (excluding Single Resolution Fund) of Natixis' total overhead. The Single Resolution Fund (SRF) contribution is covered by the Corporate Center and is not charged back to the divisions.

Deeply Subordinated Notes (DSNs) are classified as equity instruments; interest expense on those instruments is not recognized in the income statement.

**ROE and ROTE** for Natixis and the business lines are calculated as follows:

the profit measure used to determine **Natixis' ROE** is net income group share minus the post-tax interest expense on DSNs. Equity capital is average shareholders' equity Group share as defined by IFRS, after payout of dividends, excluding average hybrid debt, and excluding unrealized or deferred gains and losses recognized in equity (OCI);

- the calculation of **business line ROE** is based on:
  - as the numerator, the business line's pre-tax profit, as per the aforementioned rules, to which a normative tax is applied. The normative tax rate is determined for each of the divisions by factoring in the tax liability conditions of Natixis' companies in the jurisdictions where they operation. It is determined once a year and does not factor in potential changes over the year linked to deferred taxes;
  - as the denominator, normative capital, calculated on the basis of 10.5% of RWA assigned to the division, plus goodwill and intangible assets related to the business line.
- **Natixis ROTE** is calculated by taking as the numerator net income group share excluding DSN interest expenses on preferred shares after tax. The equity used is average shareholders' equity (group share) under IFRS, after payout of dividends, excluding average hybrid debt, average intangible assets and average goodwill.

V SECTION 5: FINANCIAL DATA

## 5.1 Interim consolidated financial statements and notes

## CONSOLIDATED INCOME STATEMENT

| (in millions of euros) | Notes | H1 2020 | H1 2019 |
|---|---|---|---|
| Interest and similar income | 4.1 | 1,463 | 1,955 |
| Interest and similar expenses | 4.1 | (1,012) | (1,663) |
| Fee and commission income | 4.2 | 2,423 | 2,662 |
| Fee and commission expenses | 4.2 | (1,024) | (1,158) |
| Net gains or losses on financial instruments at fair value through profit or loss | 4.3 | 366 | 1,185 |
| Gains and losses on financial assets at fair value through other comprehensive income | 4.4 | 31 | 13 |
| Net gains or losses on financial assets at fair value through other comprehensive income reclassified to financial assets at fair value through profit or loss | | | |
| Net gains or losses resulting from the derecognition of financial instruments at amortized cost | 4.5 | (3) | (6) |
| Net income from Insurance businesses | 6.3 | 1,046 | 1,408 |
| Income from other activities | 4.6 | 121 | 105 |
| Expenses from other activities | 4.6 | (95) | (66) |
| **Net revenues** | | **3,314** | **4,436** |
| Operating expenses | 4.7 | (2,676) | (3,100) |
| Depreciation, amortization and impairment on property, plant and equipment and intangible assets | 4.7 | (198) | (219) |
| **Gross operating income** | | **439** | **1,117** |
| Provision for credit losses | 4.8 | (482) | (141) |
| **Net operating income** | | **(43)** | **976** |
| Share in income of associates | 4.9 | (40) | 11 |
| Gains or losses on other assets | 4.10 | (109) | 678 |
| Change in value of goodwill | | | 3 |
| **Pre-tax profit** | | **(192)** | **1,668** |
| Income tax | 4.11 | (19) | (379) |
| Net income/(loss) from discontinued operations | | | |
| **Net income/(loss) for the period** | | **(210)** | **1,289** |
| *o/w Group share* | | (261) | 1,110 |
| *o/w attributable to non-controlling interests* | | 51 | 178 |
| **Earnings/(loss) per share (in euros)** | | | |
| *Net income/(loss) attributable to shareholders (see Note 10.1.2) — group share —* | | (0.10) | 0.34 |
| **Diluted earnings/(loss) per share (in euros)** | | | |
| *Net income/(loss) attributable to shareholders (see Note 10.1.2) — group share — per share, calculated on the basis of the average number of shares over the period, excluding treasury shares and including shares that could be issued on the exercise of stock options and bonus shares* | | (0.10) | 0.34 |

# STATEMENT OF NET INCOME (LOSS) AND GAINS AND LOSSES RECORDED DIRECTLY IN OTHER COMPREHENSIVE INCOME

| **(in millions of euros)** | **H1 2020** | **H1 2019** |
|---|---|---|
| **Net income** | **(210)** | **1,289** |
| **Items recyclable to income** | **(208)** | **361** |
| **Translation adjustments** | **(52)** | **58** |
| *Revaluation adjustments during the period* | (56) | 36 |
| *Reclassification to profit or loss* | 3 | 22 |
| *Other reclassifications* | 0 | 0 |
| **Revaluation of financial assets (debt) instruments at fair value through other comprehensive income** | **(30)** | **15** |
| *Revaluation adjustments during the period* | (22) | 19 |
| *Reclassification to profit or loss* | (9) | (4) |
| *Other reclassifications* | - | 0 |
| **Revaluation of available-for-sale financial assets** | **(156)** | **244** |
| *Revaluation adjustments during the period* | (69) | 364 |
| *Reclassification to profit or loss* | (87) | (120) |
| *Other reclassifications* | 0 | (0) |
| **Revaluation of hedging derivatives** | **(4)** | **134** |
| *Revaluation adjustments during the period* | (1) | (2) |
| *Reclassification to profit or loss* | (3) | 136 |
| *Other reclassifications* | - | - |
| **Share of gains and losses recognized directly in the equity of associates recyclable to income** | **(3)** | **9** |
| **Tax impact on items recyclable to income** | **38** | **(99)** |
| **Items not recyclable to income** | **201** | **(162)** |
| **Revaluation adjustments on defined-benefit plans** | **39** | **(41)** |
| **Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss** | **255** | **(189)** |
| **Revaluation of equity instruments recognized at fair value through other comprehensive income** | **(21)** | **10** |
| **Revaluation of hedging derivatives of equity financial assets recognized at fair value through other comprehensive income** | **-** | **-** |
| **Share of gains and losses recognized directly in the equity of associates non-recyclable to income** | **-** | **-** |
| **Tax impact on items not recyclable to income** | **(72)** | **58**<br>**-** |
| **Gains and losses recognized directly in other comprehensive income (after income tax)** | **(7)** | **199** |
| **Total income** | **(218)** | **1,488** |
| *Group share* | (256) | 1,273 |
| *Non-controlling interests* | 38 | 215 |

## Breakdown of tax on unrealized or deferred gains or losses

| **(in millions of euros)** | **H1 2020** | | | **H1 2019** | | |
|---|---|---|---|---|---|---|
| | **Gross** | **Income tax** | **Net** | **Gross** | **Income tax** | **Net** |
| Translation adjustments | (52) | 0 | (52) | 58 | 0 | 58 |
| Revaluation of financial assets (debt instruments) at fair value through other comprehensive income recyclable to in | (30) | 7 | (23) | 15 | (3) | 12 |
| Revaluation of available-for-sale financial assets | (156) | 31 | (125) | 244 | (61) | 183 |
| Revaluation of hedging derivatives | (4) | 0 | (4) | 134 | (35) | 99 |
| Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss | 255 | (66) | 189 | (189) | 51 | (137) |
| Revaluation of equity instruments recognized at fair value through other comprehensive income | (21) | 4 | (17) | 10 | (4) | 6 |
| Revaluation of hedging derivatives of equity financial assets recognized at fair value through other comprehensive income | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation adjustments on defined-benefit plans | 39 | (10) | 29 | (41) | 10 | (31) |
| Shares in unrealized or deferred gains/(losses) of associates | (5) | 2 | (3) | 12 | (3) | 9 |
| **Total changes in unrealized or deferred gains or losses** | **24** | **(32)** | **(7)** | **243** | **(44)** | **199** |

## CONSOLIDATED BALANCE SHEET - ASSETS

| (in millions of euros) | Notes | 30/06/2020 | 31/12/2019 |
|---|---|---|---|
| Cash, central banks | | 20,929 | 21,016 |
| Financial assets at fair value through profit or loss | 5.1.1 | 212,018 | 228,802 |
| Hedging derivatives | | 487 | 325 |
| Financial assets at fair value through other comprehensive income | 5.3 | 12,958 | 12,076 |
| Debt instruments at amortized cost | 5.5.3 | 1,607 | 1,558 |
| Loans and receivables due from banks and similar items at amortized cost | 5.5.1 | 55,570 | 48,115 |
| Loans and receivables due from customers at amortized cost | 5.5.2 | 71,272 | 71,089 |
| *o/w institutional operations* | | *880* | *852* |
| Revaluation adjustments on portfolios hedged against interest rate risk | | | |
| Insurance business investments | 6.4 | 107,034 | 108,053 |
| Current tax assets | | 329 | 348 |
| Deferred tax assets | | 1,247 | 1,388 |
| Accrual accounts and other assets | 5.9 | 13,402 | 13,624 |
| *o/w institutional operations* | | *1* | *0* |
| Non-current assets held for sale | 2.4 | 480 | 0 |
| Deferred profit-sharing | | | |
| Investments in associates | 4.9 | 896 | 743 |
| Investment property | | 0 | 0 |
| Property, plant and equipment | | 1,323 | 1,425 |
| Intangible assets | | 659 | 717 |
| Goodwill | 5.10 | 3,602 | 3,891 |
| **Total assets** | | **503,812** | **513,170** |

NATIXIS
BEYOND BANKING

# CONSOLIDATED BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY

| **(in millions of euros)** | *Notes* | **30/06/2020** | **31/12/2019** |
|---|---|---|---|
| Due to central banks | | 0 | 0 |
| Financial liabilities at fair value through profit or loss | 5.1.2 | 206,425 | 218,279 |
| Hedging derivatives | | 878 | 626 |
| Due to banks and similar items | 5.6.1 | 77,566 | 71,927 |
| *o/w institutional operations* | | *46* | *46* |
| Customer deposits | 5.6.2 | 34,934 | 30,485 |
| *o/w institutional operations* | | *953* | *964* |
| Debt securities | 5.7 | 44,693 | 47,375 |
| Revaluation adjustments on portfolios hedged against interest rate risk | | 233 | 157 |
| Current tax liabilities | | 375 | 571 |
| Deferred tax liabilities | | 375 | 616 |
| Accrual accounts and other liabilities | 5.9 | 14,896 | 16,148 |
| *o/w institutional operations* | | *0* | *0* |
| Liabilities on assets held for sale | | 0 | 0 |
| Liabilities related to insurance policies | 6.5 | 99,090 | 100,545 |
| Subordinated debt | 5.8 | 3,591 | 3,971 |
| Provisions | 5.11 | 1,485 | 1,642 |
| Shareholders' equity (group share) | | 19,116 | 19,396 |
| - Share capital & reserves | | 11,036 | 11,036 |
| - Consolidated reserves | | 7,456 | 5,583 |
| - Gains and losses recognized directly in equity | | 898 | 1,093 |
| - Non-recyclable gains and losses recognized directly in equity | | (11) | (212) |
| - Net income | | (261) | 1,897 |
| Non-controlling interests | | 154 | 1,430 |
| **Total liabilities and shareholders' equity** | | **503,812** | **513,170** |

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| (in millions of euros) | Share capital & reserves | | Consolidated reserves | | | Gains/(losses) recorded directly in equity | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Recyclable | | | | Non-recyclable | | | | | | |
| | Capital | Reserves related to share capital [1] | Other equity instruments issued [2] | Elimination of treasury stock | Other consolidated reserves | Translation adjustments | Available-for-sale assets | Revaluation of debt instruments at FV through OCI recyclable to income | Hedging derivatives | Remeasurement of equity instruments at fair value through other comprehensive income | Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss [3] | Revaluation adjustments on defined-benefit plan commitments | Net income (Group share) | **Shareholders' equity group share** | Non-controlling interests | **Total consolidated equity** |
| **Shareholders' equity at December 31, 2018 after appropriation of income** | **5,040** | **5,995** | **1,978** | **(27)** | **6,279** | **452** | **363** | **(18)** | **(105)** | **(25)** | **83** | **(100)** | **0** | **19,916** | **1,279** | **21,195** |
| Capital increase | 4 | (4) | | | | | | | | | | | | **0** | | **0** |
| Elimination of treasury stock | | | | (47) | 6 | | | | | | | | | **(41)** | | **(41)** |
| Equity component of share-based payment plans | | | | | 5 | | | | | | | | | **5** | | **5** |
| 2018 dividend paid in 2019 | | | | | (2,452) | | | | | | | | | **(2,452)** | (289) | **(2,741)** |
| **Total activity related to relations with shareholders** | **4** | **(4)** | **0** | **(47)** | **(2,441)** | **0** | **0** | | **0** | | **0** | | **0** | **(2,488)** | **(289)** | **(2,778)** |
| Issuance and redemption of perpetual deeply subordinated notes and preference shares | | | | | | | | | | | | | | **0** | | **0** |
| Interest paid on perpetual deeply subordinated notes and preference shares | | | | | (45) | | | | | | | | | **(45)** | | **(45)** |
| Change in gains and losses recorded directly in equity | | | | | | 28 | 233 | 13 | (7) | 6 | (137) | | | **135** | 38 | **173** |
| Appropriation to own credit risk reserve during the period | | | | | (3) | | | | | | 3 | | | **0** | | **0** |
| Appropriation to a reserve of income from the sale of equity instruments at FV through other comprehensive income that cannot be reclassified completed during the period | | | | | 3 | | | | | (3) | | | | **0** | | **0** |
| Change in actuarial gains and losses under IAS 19 R | | | | | | | | | | | | (31) | | **(31)** | (1) | **(33)** |
| Income/(loss) at Sunday, June 30, 2019 | | | | | | | | | | | | | 1,110 | **1,110** | 178 | **1,289** |
| Impact of acquisitions and disposals [4] | | | | | (38) | 22 | (70) | (1) | 106 | | | 2 | | **21** | 10 | **31** |
| Other | | | | | 3 | | | | | | | | | **3** | 0 | **3** |
| **Shareholders' equity at Sunday, June 30, 2019** | **5,045** | **5,991** | **1,978** | **(74)** | **3,757** | **502** | **525** | **(6)** | **(6)** | **(21)** | **(51)** | **(129)** | **1,110** | **18,621** | **1,215** | **19,835** |
| Capital increase | 0 | 0 | | | | | | | | | | | | **0** | | **0** |
| Elimination of treasury stock | | | | 34 | (6) | | | | | | | | | **27** | | **27** |
| Equity component of share-based payment plans | | | | | 4 | | | | | | | | | **4** | 1 | **5** |
| 2018 dividend paid in 2019 | | | | | 0 | | | | | | | | | **1** | (12) | **(11)** |
| **Total activity related to relations with shareholders** | **0** | **0** | **0** | **34** | **(2)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **32** | **(11)** | **21** |
| Issuance and redemption of perpetual deeply subordinated notes and preference shares | | | | | | | | | | | | | | **0** | | **0** |
| Interest paid on perpetual deeply subordinated notes and preference shares | | | | | (93) | | | | | | | | | **(93)** | | **(93)** |
| Change in gains and losses recorded directly in equity | | | | | | 84 | (9) | (1) | 9 | 28 | (29) | | | **82** | 33 | **116** |
| Appropriation to own credit risk reserve during the period | | | | | 5 | | | | | | (5) | | | **0** | | **0** |
| Appropriation to a reserve of income from the sale of equity instruments at FV through other comprehensive income that cannot be reclassified completed during the period | | | | | (2) | | | | | 2 | | | | **0** | | **0** |
| Change in actuarial gains and losses under IAS 19 R | | | | | | | | | | | | (7) | | **(7)** | (1) | **(8)** |
| H2 2019 income/(loss) | | | | | | | | | | | | | 786 | **786** | 201 | **988** |
| Impact of acquisitions and disposals [4] | | | | | (9) | (6) | 0 | 0 | 0 | | | 0 | | **(14)** | (4) | **(18)** |
| Other | | | | | (11) | | | | | | | | | **(11)** | (4) | **(15)** |
| **Shareholders' equity at December 31, 2019** | **5,045** | **5,991** | **1,978** | **(40)** | **3,646** | **580** | **516** | **(6)** | **3** | **9** | **(84)** | **(136)** | **1,897** | **19,396** | **1,430** | **20,826** |
| Appropriation of 2019 earnings | | | | | 1,897 | | | | | | | | (1,897) | **0** | | |
| **Shareholders' equity at December 31, 2019 after appropriation of income** | **5,045** | **5,991** | **1,978** | **(40)** | **5,542** | **580** | **516** | **(6)** | **3** | **9** | **(84)** | **(136)** | **0** | **19,396** | **1,430** | **20,826** |
| Capital increase | 4 | (4) | | | | | | | | | | | | **0** | | **0** |
| Elimination of treasury stock | | | | 31 | (13) | | | | | | | | | **18** | | **18** |
| Equity component of share-based payment plans | | | | | 3 | | | | | | | | | **3** | 0 | **3** |
| 2019 dividend paid in 2020 | | | | | 0 | | | | | | | | | **0** | (150) | **(150)** |
| **Total activity related to relations with shareholders** | **4** | **(4)** | **0** | **31** | **(10)** | **0** | **0** | | **0** | | **0** | | **0** | **21** | **(150)** | **(129)** |
| Issuance and redemption of perpetual deeply subordinated notes and preference shares | | | | | | | | | | | | | | **0** | | **0** |
| Interest paid on perpetual deeply subordinated notes and preference shares | | | | | (64) | | | | | | | | | **(64)** | | **(64)** |
| Change in gains and losses recorded directly in equity | | | | | | (43) | (50) | (23) | (4) | (17) | 189 | | | **52** | (13) | **39** |
| Appropriation to own credit risk reserve during the period | | | | | 0 | | | | | | (0) | | | **0** | | **0** |
| Appropriation to a reserve of income from the sale of equity instruments at FV through other comprehensive income that cannot be reclassified completed during the period | | | | | 0 | | | | | 0 | | | | **0** | | **0** |
| Change in actuarial gains and losses under IAS 19 R | | | | | | | | | | | | 18 | | **18** | 0 | **18** |
| Income/(loss) at June 30, 2020 | | | | | | | | | | | | | (261) | **(261)** | 51 | **(211)** |
| Impact of acquisitions and disposals [5] | | | | | 27 | 4 | (78) | | | | | 11 | | **(37)** | (1,166) | **(1,202)** |
| Other | | | | | (9) | | | | | | | | | **(9)** | 1 | **(8)** |
| **Shareholders' equity at June 30, 2020** | **5,049** | **5,986** | **1,978** | **(9)** | **5,487** | **541** | **388** | **(30)** | **(2)** | **(8)** | **104** | **(108)** | **(261)** | **19,116** | **154** | **19,270** |

(1) Share premiums, legal reserve, contractual reserves, long-term capital gains reserve and other Natixis reserves.

(1) Other equity instruments issued: refers to perpetual deeply subordinated notes.

(2) Realized and unrealized changes in fair value attributable to own credit risk on financial liabilities at fair value through profit or loss recognized in shareholders' equity at June 30, 2020 totaled +€254.4 million (gross amount, with an associated tax impact of -€65.6 million). Balancing payments related to the early redemption of Natixis issues recognized in shareholders' equity at June 30, 2020 totaled -€0.1 million;

Realized and unrealized changes in fair value attributable to own credit risk on financial liabilities at fair value through profit or loss recognized in shareholders' equity at December 31, 2019 totaled -€226.4 million (gross amount, with an associated tax impact of +€60.4 million). Balancing payments related to the early redemption of Natixis issues recognized in shareholders' equity at December 31, 2019 totaled -€2 million (gross amount, with an associated tax impact of +€0.7 million).

(3) At December 31, 2019, shareholders' equity group share included the following:

- The impact of the recognition of new put options granted to non-controlling shareholders relating to acquisitions, for -€44.2 million. These puts concerned the Corporate & Investment Banking business line and its acquisition of M&A advisory firm Azure Capital. A -€9 million put was recognized on 48% of non-controlling interests. In addition, a -€0.3 million put was recorded on Natixis Coficiné non-controlling interests (0.01% of share capital). Furthermore, the Asset & Wealth Management business line (via Natixis Investment Managers) sold part of its stake in Flextone Partners SAS, thus decreasing Natixis' ownership interest from 100% to 84%. A put option on non-controlling interests was recorded on the 16% minority stake for -€3.6 million. In addition, Thematics Asset Management, which was co-founded by its managing partners and Natixis Investment Managers in 2019, was consolidated in the accounts. The intention is for the firm to become Natixis' partner of choice for thematic investing in international equities. Natixis Investment Managers also holds put options on non-controlling interests (60%) in the amount of -€30.2 million. At Massena Partners, a put option on non-controlling interests (2%) was recorded in the amount of -€0.9 million. Finally, for the Payments business, a put option on the non-controlling interests at Lakooz (0.1%) was recorded in the amount of -€0.2 million.
- The impact of existing put options granted to non-controlling shareholders at the start of the year, for +€12.7 million. This impact stems from the +€12.7 million change in fair value of these put options over the period, resulting from the negative revaluation of financial debt for +€29.5 million and the effects of unwinding the discount on this financial debt, for -€16.8 million. The transfer of the change in the share of the net minority position of the entities representing these put options had a neutral effect over the period.
- The effect of changes in the percentage of ownership without a loss of control of consolidated entities, in the amount of -€13 million, of which -€4.4 million for Coface and -€11.5 million in losses for the buyout of 49% of the minority interests of Mirova Natural Capital Limited;
- The impact of the recycling to profit or loss (resulting from the disposal of the SFS business lines to BPCE) in particular of unrealized reserves on available-for-sale assets from the CEGC portfolio for -€70 million, recyclable hedging derivatives reserves for +€106 million and revaluation adjustments on defined benefit plans for +€2 million;
- The impact of the recycling through profit or loss (resulting from the disposal of Natixis Brasil) of translation adjustments for +€21.9 million and recyclable OCI on fixed income securities for +€0.8 million.
- The effects of translation adjustment recycling for -€5.6 million following the repayment by the Dubai branch of part of its capital ($94.4 million) in order to reduce the Group's global exposure to USD/EUR foreign exchange risk.

(4) At June 30, 2020, shareholders' equity group share included the following:

- The impact of existing put options granted to non-controlling shareholders at the start of the year, for +€38.7 million. This impact was partly due to the change in the fair value of these put options for +€38.5 million, generated by the revaluation of financial debt for +€31.6 million, and for +€6.9 million in accretion costs on this financial debt, and partly due to the transfer of the change in the share of the net minority position of the entities representing these put options, for +€0.2 million;

- The effect of changes in the percentage of ownership without a loss of control of consolidated entities, in the amount of -€0.4 million corresponding to the proceeds of the sale of 20% of the minority stake of Vauban within the Natixis Investment Managers platform;
- The impact of the recycling through profit or loss due to the loss of control of Coface, unrealized reserves on assets available for sale for -€78.4 million, translation adjustments for +€3.5 million and actuarial gains and losses resulting from the application of IAS 19R for +€10.9 million;

Non-controlling interests primarily include the effects of the loss of control of Coface, for an amount equal to -€1,174.4 million.

# NET CASH FLOW STATEMENT

The balance of cash and cash equivalents consists of the net balances of cash and amounts due from central banks, as well as on-demand deposits with and loans from credit institutions.

Changes in cash generated by operating activities consist of cash flows generated by Group activities, with the exception of those related to held-to-maturity financial assets and investment property.

Changes in cash related to investment operations result from cash flows related to acquisitions and disposals of investments in consolidated and non-consolidated associates, tangible and intangible fixed assets, and acquisitions and disposals of investment property, property provided under operating leases and financial assets held to maturity.

| (in millions of euros) | 30/06/2020 | 31/12/2019 |
|---|---|---|
| **Pre-tax profit** | **(192)** | **2,945** |
| +/- Net charge to depreciation and amortization of property, plant and equipment and intangible assets | 200 | 454 |
| +/- Writedown of goodwill and other non-current assets | (0) | (2) |
| +/- Net charge to other provisions (including insurance companies' technical reserves) | 1,428 | 8,455 |
| +/- Share in income of associates | (40) | (21) |
| +/- Net loss/(gain) on investing activities | 3 | (885) |
| +/- Net loss/(gain) on financing activities | 34 | 88 |
| +/- Other activity | (745) | 3,171 |
| ***= Total non-cash items included in pre-tax profit and other adjustments*** | ***880*** | ***11,260*** |
| +/- Decrease/(increase) in interbank and money market items | 741 | (13,129) |
| +/- Decrease/(increase) in customer items | 2,473 | (6,927) |
| +/- Decrease/(increase) in financial assets or liabilities | 2,222 | (1,808) |
| +/- Decrease/(increase) in non-financial assets or liabilities | (3,358) | 1,349 |
| - Income taxes paid | (289) | (630) |
| ***= Net decrease/(increase) in operating assets and liabilities*** | ***1,788*** | ***(21,145)*** |
| **Net cash provided/(used) by operating activities** | **2,476** | **(6,940)** |
| +/- Decrease/(increase) in financial assets and equity interests (1) | (105) | 2,652 |
| +/- Decrease/(increase) in investment property | 29 | (80) |
| +/- Decrease/(increase) in property, plant and equipment and intangible assets | (214) | (204) |
| **Net cash provided/(used) by investing operations** | **(290)** | **2,368** |
| +/- Cash received from/(paid to) shareholders (2) | (150) | (2,752) |
| +/- Other cash provided/(used) by financing operations (3) | (70) | (175) |
| **Net cash provided/(used) by financing operations** | **(219)** | **(2,928)** |
| **Cash flow on assets and liabilities held for sale** (4) | **(137)** | |
| **Impact of exchange rate fluctuations on cash and cash equivalents** | **(21)** | **164** |
| **Net increase/(decrease) in cash and cash equivalents** | **1,809** | **(7,336)** |
| Net cash provided/(used) by operating activities | 2,476 | (6,940) |
| Net cash provided/(used) by investing activities | (290) | 2,368 |
| Net cash provided/(used) by financing activities | (219) | (2,928) |
| Cash flow on assets and liabilities held for sale | (137) | |
| Impact of exchange rate fluctuations on cash and cash equivalents | (21) | 164 |
| **Cash and cash equivalents at beginning of period** | **16,087** | **23,423** |
| Cash and balances with central banks | 21,014 | 24,280 |
| Interbank balances | (4,927) | (857) |
| **Cash and cash equivalents at end of period** | **17,897** | **16,087** |
| Cash and balances with central banks | 20,790 | 21,014 |
| Interbank balances | (2,893) | (4,927) |
| **Change in cash and cash equivalents** | **1,809** | **(7,336)** |

(1) Cash flows related to financial assets and investments in associates, including in particular:
- Cash flows related to investments in consolidated associates for -€183.4 million, consisting of: the acquisition of an additional 0.1% of Coficiné (-€0.4 million), 0.3% of Azure Capital (-€0.8 million of which -€0.6 million corresponds to additional consideration for shares purchased from minority interests in 2019), +€8.6 million in cash received following the buyout by non-controlling interests of 20% of Vauban IP, -€104.7 million corresponding to DNCA managers exercising their put options, thereby making Natixis IM's ownership stake in DNCA Finance and its subsidiaries equal to 85%, and -€86.1 million corresponding to Dorval managers exercising some of their put options, thereby making Natixis IM's ownership stake in Dorval equal to 89%.

- Cash flows related to investments in consolidated associates for +€34.4 million, of which -€13.4 million consisted of Natixis Investment Managers taking a stake in Funds DLT SA (-€2 million) and Smart Pension Ltd (-€11.4 million) and selling some of Natixis New York's stake in Nybeq LLC (-€26.5 million)
- Cash flows related to held-to-maturity assets for +€44 million.

(2) The Natixis Board of Directors decided to follow the recommendations made by the European Central Bank (ECB) on March 27, 2020 to not distribute dividends given the uncertainty over the financial impacts of the COVID-19 crisis.

(3) Cash flows from financing activities can be broken down as follows:

- interest paid on subordinated notes for -€44 million.
- interest paid on deeply subordinated notes recorded in equity for -€26 million.

(4) Corresponds to Coface's cash flow as of December 31, 2019, which is now consolidated using the equity method due to the protocol of sale signed on February 25, 2020.

## Key events

Natixis announced on February 25, 2020 that it had signed a sale contract with Arch Capital Group (an insurer and reinsurer in the United States) for 29.5% of the share capital and voting rights of Coface at a unit price per share of €10.70. The completion of the deal is contingent on approval from regulatory authorities.

The signing of the contract of sale led Natixis to reassess the nature of its controlling interest in Coface. Despite the maintenance of current governance (particularly the presence of Natixis on the Board of Directors and its chairmanship of that Board) and the retention of 42% of share capital until the closing date, it appears that Natixis' power over Coface is now governed by the signed agreements and Natixis is no longer exposed to Coface's variable returns for the majority of its stake. As the criteria that define exclusive control under IFRS 10 were no longer being met, it has been determined that Natixis no longer exercised exclusive control over Coface and as such no longer needed to fully consolidate it into its consolidated financial statements of June 30, 2020.
However, Natixis continues to exercise significant influence. Natixis' remaining 12.7% stake in Coface consequently was consolidated using the equity method effective January 1, 2020, for simplicity's sake and to better reflect the impacts of that transaction in its consolidated financial statements.

A parent company's loss of exclusive control over a subsidiary is treated as two different types of transactions: first, (i) the sale of all shares in the subsidiary, and second, (ii) a new investment corresponding to the retained stake.

As of June 30, 2020, loss of exclusive control thereby led Natixis to record in its accounts:

- the proceeds of the sale as of the date of loss of control (i.e. January 1, 2020), equal to -€111.9 million, presented on the "Gains or losses on other assets" line of Natixis' consolidated net income;

- the 29.5% share of capital sold to Arch Capital Group, valued on the basis of its sale price minus selling costs directly related to the transaction, is entered on a separate line of the Natixis balance sheet, "Non-current assets held for sale", equal to €429.9 million;

- the remaining 12.7% share, which is not affected by the contract of sale, remains booked using the equity method, and presented on the balance sheet on the "Investments in associates" line in the amount of €169.9 million as of June 30, 2020.

The various economic impacts stemming from the COVID-19 pandemic, though very difficult to predict, as well as the significant decline in Coface's stock price were also considered indicators that triggered an impairment test which was carried out on June 30, 2020.

Coface's value is based on a multi-criteria method, which was included in past practices for impairment tests. This test showed an impairment of €35.9 million as of June 30, 2020. This impairment is included in the "Share in income of associates" line on the income statement.

## COVID-19

The first half of 2020 was marked by the COVID-19 health crisis. The crisis had sizable repercussions on the economic activities of many countries. Movement restrictions in the affected areas and disruptions to supply chains resulting from the closures of industrial and commercial companies in the first half of 2020 had an obvious impact on economic value chains in the impacted geographic areas and business sectors (tourism revenue, air travel, local sales, etc.).

To support the economy during this health crisis, national governments announced measures to provide financial and non-financial assistance to the affected business sectors.

The COVID-19 crisis also spread to the financial world, particularly leading to very high volatility and erratic market fluctuations. In an environment marked by a high degree of uncertainty, Natixis took the effects of the crisis into account, to the extent they can currently be assessed, in determining the value of financial assets and liabilities as well as impairments and provisions in the June 30, 2020 financial statements.

The impact of the crisis on Natixis' financial statements as of June 30, 2020 are detailed in note 3.

# NOTE 1 ACCOUNTING PRINCIPLES

## 1.1 Applicable standards

Natixis' consolidated half-year financial statements at June 30, 2020 include a set of condensed financial statements prepared and presented pursuant to the provisions of IAS 34 "Interim Financial Reporting". These condensed financial statements must be read in conjunction with the consolidated financial statements for the fiscal year ended December 31, 2019, published in the 2019 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF - French Financial Markets Authority) on March 6, 2020. They consist of:

- the balance sheet;
- the income statement;
- the statement of net income/(loss) and other comprehensive income;
- the statement of changes in shareholders' equity;
- the net cash flow statement;
- and a selection of notes to the financial statements.

They are presented with comparative data at December 31, 2019 and/or at June 30, 2019.

It should be noted that IFRS 9, "Financial Instruments", adopted by the European Commission on November 22, 2016, is retrospectively applicable as of January 1, 2018.
IFRS 9 replaced IAS 39 and defined the new rules for classifying and measuring financial assets and liabilities, a new credit risk-based impairment model for financial assets, and a new method of hedge accounting, except for macro-hedging, for which the IASB is currently examining a separate draft standard.

Natixis elected to take the option offered by IFRS 9 not to apply the standard's provisions pertaining to hedge accounting and to continue applying IAS 39 for the purpose of recognizing hedging transactions, as adopted by the European Union, i.e. excluding certain macro-hedging provisions. In view of the limited volume of asset reclassifications, most transactions recognized using hedge accounting under IAS 39 will continue to be disclosed in the same way from January 1, 2018.

Furthermore, on November 3, 2017, the European Commission adopted the amendment to IFRS 4 on the joint application of IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts", with specific provisions for financial conglomerates, with effect from January 1, 2018. Under European regulations, financial conglomerates may defer application of IFRS 9 to their Insurance divisions until the effective date of application of the new IFRS 17 "Insurance Contracts", as long as they:

- do not transfer financial instruments between the insurance division and other divisions of the conglomerate (with the exception of financial instruments at fair value through profit or loss for the two divisions affected by the transfer);
- indicate the insurance entities that apply IAS 39;
- provide specific additional information in the Notes.

As a financial conglomerate, Natixis elected to apply this provision for its insurance operations, which will continue to be covered by IAS 39. The main entities concerned by this measure are the Coface insurance subsidiaries, Natixis Assurances, BPCE Vie and its consolidated funds, Natixis Life, BPCE Prévoyance, BPCE Assurances and BPCE IARD.

Pursuant to the implementing regulation of November 3, 2017, the Group took the necessary measures to prohibit any transfer of financial instruments between its insurance operations and the rest of the Group that would have a derecognizing impact for the transferring entity, although this restriction is not required for transfers of financial instruments measured at fair value through profit or loss by both sectors involved.
The accounting principles and methods used to prepare the consolidated interim financial statements of Natixis at June 30, 2020 are identical to those used to prepare the consolidated financial statements for the fiscal year ended December 31, 2019, prepared in accordance with IFRS as adopted in the European Union and detailed in Note 1 "Basis of presentation" to the consolidated financial statements for fiscal year 2019

(presented in Chapter 5.1 "Financial data – Consolidated financial statements and notes" of the 2019 Universal Registration Document), with the exception of the standards, amendments and interpretations, which took effect as of January 1, 2020:

- **The amendments to IAS 1 and IAS 8 "Definition of Material"** adopted by the European Commission on November 29, 2019 with mandatory application from January 1, 2020. These amendments provide clarification of the term "material" in order to facilitate assessments of the significance, or otherwise, of a piece of information, and to improve the relevance of the information presented in the notes to the financial statements. These amendments had no impact on Natixis' financial statements.

- **The amendment to the "Conceptual Framework"** adopted by the European Commission on November 29, 2019 with mandatory application from January 1, 2020. The aim of this amendment is to replace existing references to previous frameworks, in respect of several standards and interpretations, with references to the revised conceptual framework. This amendment had no impact on Natixis' financial statements.

- **The amendment to IFRS 3, "Business Combinations"**, adopted by the European Commission on April 21, 2020 and applicable as of January 1, 2020. This amendment clarifies the definition of a business and enables a simpler analysis to determine whether an acquisition constitutes a business combination or a mere acquisition of assets. This amendment had no impact on Natixis' financial statements.

IFRS 17, "Insurance Contracts", published by the IASB on May 18, 2017, which will replace IFRS 4, "Insurance Contracts", has not yet been adopted by the European Union.

Initially applicable on January 1, 2021, with a comparison at January 1, 2020, this standard is now only expected to come into force from January 1, 2023. At its November 14, 2018 meeting, the Board of the IASB decided to postpone the concurrent application of IFRS 17 and IFRS 9 by one year, then at its March 17, 2020 meeting, the Board of the IASB again postponed the application dates of those two standards by one year. An amendment was also published on June 25, 2020 making improvements for the start of IFRS 17 applicability.

IFRS 17 establishes the principles of recognition, measurement, presentation and disclosure for insurance contracts and investment contracts with discretionary participation.

Liabilities under these contracts, which are currently valued at historical cost, will have to be recognized at present value under IFRS 17. As such, insurance contracts will be valued based on their future cash flows, including a risk margin in order to factor in the uncertainty relating to these cash flows. IFRS 17 also introduces the concept of the contractual service margin. This represents the insurer's unearned profit and will be released over time as services are rendered to the insured. The standard demands a more detailed level of granularity in calculations than previously as it requires estimates by group of contracts.

These accounting changes could change the profile of insurance activities (particularly for life insurance) and also introduce greater income volatility.

Despite the uncertainties still surrounding implementation of the standard, Groupe BPCE's insurance entities have project teams in place tasked with addressing the changes resulting from the standard and are continuing their preparations: examination and documentation of choices permitted by the standard, modeling, adjustments to systems and organizational structures, accounting production and transition strategy, financial communication and change management.

IFRS 16, "Leases", which replaces IAS 17 "Leases" and its interpretations, is applicable as of January 1, 2019. At the November 26, 2019 meeting, the IFRS Interpretations Committee (IFRS IC) issued clarifications on the application of IFRS 16 with respect to how to calculate the legally enforceable term of leases. On July 3, the Autorité des Normes Comptables (ANC — French accounting standards authority) published a statement of conclusions regarding the application of IFRS 16, replacing the one published on February 16, 2018. Analyses are underway to assess the impact of these publications.

## 1.2 Use of estimates and judgment in preparing the financial statements

In preparing its financial statements, Natixis is required to make certain estimates and assumptions based on available information that is likely to require expert judgment. This exercise has been made particularly difficult given the current health crisis, which has had unprecedented repercussions on the global economy.

These estimates and assumptions constitute sources of uncertainty which may affect the calculation of income and expenses in the income statement, the value of assets and liabilities in the balance sheet and/or certain disclosures in the notes to the financial statements. As such, future results of certain operations may differ significantly from the estimates used in the financial statements at June 30, 2020, particularly in light of the prevailing extreme uncertainty.

Accounting estimates requiring assumptions to be made are mainly used to measure the items set out below:

- **Financial instruments recorded at fair value**

  The fair value of hybrid market instruments not traded on an active market is calculated using valuation techniques. Valuations produced using valuation models are adjusted, depending on the instruments in question and the associated risks, to take account of the bid and ask price for the net position, modeling risks, assumptions regarding the funding cost of future cash flows from uncollateralized or imperfectly collateralized derivatives, as well as counterparty and input risks. The fair values obtained from these methods may differ from the actual prices at which such transactions might be executed in the event of a sale on the market.
  The valuation models used to measure illiquid financial instruments are described in Note 5.4.

  Some of the unlisted equity instruments categorized under IFRS 9 as "Financial assets at fair value through profit or loss" or "Financial assets at fair value through non-recyclable other comprehensive income" consist of investments in non-consolidated companies. The fair value of investments in unlisted non-consolidated companies is obtained principally by using valuation methods based on multiples or DCF (discounted cash flow). Use of these methods requires certain choices and assumptions to be made in advance (in particular, projected expected future cash flows and discount rates).

- **Impairments for expected credit losses**

  The impairment model for expected credit losses is based on parameters and assumptions that affect provisions and value adjustments for losses. These parameters and assumptions are based on current and/or historical data, which also include reasonable and justifiable forecasts such as the estimating and weighting of future economic scenarios. Natixis also considers the opinions of its experts when estimating and applying these parameters and assumptions.

  The highly uncertain environment caused by the health crisis on the global economy has required close attention in 2020 in order to make reasonable, justifiable forecasts. Natixis thereby created a new *baseline scenario relying in particular on macroeconomic forecasts defined by the Single Supervisory Mechanism on June 4, 2020 (see note 3.2)*.

- **Valuation of cash-generating units (CGUs)**

  All goodwill is assigned to a CGU so that it may be tested for impairment. The tests conducted by Natixis consist in comparing the carrying amount of each CGU (including goodwill) with its recoverable value. Where the recoverable amount equals the value in use, it is determined by discounting annual free cash flows to perpetuity. Use of the discounted cash flow method involves:

  - estimating future cash flows. Natixis has based these estimates on forecasts included in its business

units' medium-term plans;
- projecting cash flows for the last year of the plan to perpetuity, at a rate reflecting the expected annual growth rate;
- discounting cash flows at a specific rate for each CGU.

As of June 30, 2020, despite the high degree of uncertainty regarding the economic outlook, which consequently affects the future net income of Natixis' business lines, all of the cash-generating units (CGUs) had their value assessed. The CGU impairment tests are presented in note 2.2.

- **Fair value of loans and receivables at amortized cost**

The fair value of loans not quoted on an active market is determined using the discounted cash flow method. The discount rate is based on an assessment of the rates used by the institution during the period for groups of loans with similar risk characteristics. Loans have been classified into groups with similar risk characteristics based on statistical research enabling factors having an impact on credit spreads to be identified. Natixis also relies on expert judgment to refine this segmentation.

- **Employee benefits**

Natixis calls on independent actuaries to calculate its principal employee benefits. These commitments are determined using assumptions such as the salary growth rate, discount rates and rates of return on plan assets. These discount rates and rates of return are based on observed market rates at the end of each calculation period (e.g. the yield curve on AA Corporate bonds for discount rates). When applied to long-term benefit obligations, these rates introduce uncertainty into the valuations.

- **Liabilities related to insurance policies**

Insurance technical reserves are calculated using assumptions and estimates that may lead to adjustments in amounts reported over the subsequent period:

- For personal protection insurance, claims reserves are calculated by modeling claims experience;
- For life insurance, underwriting reserves are computed based on economic and financial assumptions, mortality and morbidity tables, and behavioral statistics, for example concerning surrenders;
- for Non-Life Insurance, technical reserves comprise provisions for unearned premium income (calculated on an accrual basis and representing the portion of premiums issued during the period that relate to a period after the reporting date) and reserves for claims to be paid, corresponding to known and unknown claims that have occurred but not yet paid at the reporting date.

- **Liability adequacy test**

In accordance with IFRS 4, insurance technical reserves are calculated using methods stipulated by local regulations. A liability adequacy test is carried out in order to ensure that the insurance liabilities as presented in the consolidated financial statements are sufficient to cover future cash flows estimated at that date. The test is based on a stochastic or deterministic valuation model of discounted future cash flows. If the liability is inadequate, potential losses are fully booked in net income.

- **Deferred profit-sharing**

The participation rate used to calculate deferred profit-sharing is determined based on payout ratios projected over the term of the medium-term plan and in line with the actual pay-out ratio for the previous fiscal year.

In the event of a deferred profit-sharing asset, a recoverability test is carried out to verify that liquidity requirements arising from an unfavorable economic environment do not force the sale of assets and generate unrealized losses. This recoverability test relies on projected future cash flows based on different economic assumptions about historical redemptions and inflows.

Application of the shadow accounting mechanism resulted in the recognition of a deferred profit-sharing liability of 89% at June 30, 2020, i.e. unchanged compared to December 31, 2019. Consequently, no recoverability test was conducted.

- **Deferred taxes**

As a precaution, Natixis records a net deferred tax asset linked to its ability to generate taxable income over a given period (10 years maximum), while tax loss carry forwards are deductible with no time limitation in France and the UK or over very long periods (20 years in the US for deficits prior to January 1, 2018).

To that end, Natixis prepares tax business plans based on the medium-term plans for the business lines.

- **Uncertainty over income tax treatments (IFRIC 23)**

Natixis discloses uncertainty over income tax treatments in its financial statements where it concludes that it is not probable that the tax authority will accept them. To determine if a tax position is uncertain and assess its impact on the amount of the group's income tax, Natixis assumes that the tax authority will verify all reported amounts with comprehensive knowledge of all available information. It basis its judgment in particular on administrative doctrine, legal precedence and the history of rectifications carried out by the tax authority on similar uncertainties. Natixis reviews the estimate of the amount it expects to pay to or receive from the tax authority in respect of tax uncertainties, in the event of changes in associated events and circumstances, which may arise, for example, from changes in tax laws, the end of a limitation period, or the outcome of controls and initiatives conducted by the tax authorities.

- **Other provisions**

Provisions recognized in the consolidated balance sheet, other than those relating to financial instruments, employee benefits and insurance policies, mainly concern provisions for litigation, restructuring, fines and penalties.
A provision is raised when it is likely that an outflow of resources embodying economic benefits will be required to settle an obligation arising from a past event, and when the amount of the obligation can be reliably estimated. In order to calculate this amount, Natixis is required to assess the probability of the risk occurring. Future cash flows are discounted where the impact of discounting is material.

Uncertainties related to Brexit

On June 23, 2016, the UK decided to leave the European Union (Brexit) following a referendum. After Article 50 of the Treaty on European Union was triggered on March 29, 2017, the United Kingdom and the 27 other member countries of the European Union gave themselves two years to prepare for the country's effective withdrawal. This deadline was postponed three times, ultimately falling on January 31, 2020. This led into a transition period, running in principle until December 31, 2020, during which time trade agreements concerning the future exchange of goods and services will be negotiated and current European rules will continue to apply.

The political and economic consequences of Brexit are now contingent upon the agreements reached over the course of 2020, bearing in mind that European legislators already consider this schedule much too tight.

In light of this situation, Natixis has prepared for the various possible withdrawal outcomes and will be closely monitoring the conclusions of these negotiations so that, where necessary, these may be factored into the assumptions and estimates made when preparing the consolidated financial statements. The potential non-recognition of British CCP under European regulations is no longer a risk in the short term.

Uncertainties related to the application of certain provisions of the BMR

European Regulation (EU) 2016/1011 of June 8, 2016 on indices used as benchmarks ("the Benchmarks Regulation" or "BMR") introduces a common framework aimed at guaranteeing the accuracy and integrity of indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds within the European Union.

The purpose of the Benchmarks Regulation is to regulate the provision of benchmarks, the provision of data underlying benchmarks, and the use of benchmarks, within the European Union. It provides for a transition period for administrators, who have until January 1, 2020 to be authorized or registered. After this date, the use by entities supervised by the EU of benchmarks whose administrators are not authorized or registered (or, if they are not located in the EU, are not subject to equivalent or otherwise recognized or approved regulations) will be prohibited. Under the BMR, interest rate benchmarks Euribor, Libor and Eonia have been designated as critical.

In the euro zone, most of the uncertainties surrounding the definition of new benchmark rates were cleared up in the first of half 2019. Indeed, the work done to propose new indices was finalized in the case of Eonia, which became a €STER tracker on October 1, 2019 and will continue to be one until December 31, 2021. The latter will replace the so-called "recalibrated" Eonia from January 1, 2022. As regards the Euribor, a new calculation methodology (recognized by the Belgian regulator as complying with BMR requirements), aimed at switching to a "hybrid" Euribor, was finalized in November 2019.
With respect to LIBOR, at this stage, "risk-free rate" alternatives were defined for the GBP, USD, CHF, and JPY LIBOR. However, work is still underway to define the transition methods.

Since the first half of 2018, Natixis has had a project team in place tasked with anticipating the impacts associated with the benchmark index reform from a legal, commercial, financial and accounting standpoint. Governance involving all four Natixis business lines has been set up to analyze the operational aspects of this issue.
In 2019, it focused on the Euribor reform and the transition from Eonia to €STR. A new, more operational phase began in 2020 on the transition and the reduction of exposure to benchmarks that may disappear. It covers the use of new indices, inventory remediation and more active communication with bank clients.

In terms of accounting:

- the IASB published the amendments to IFRS 9, IAS 39 and IFRS 7, in respect of hedging-related issues, in September 2019. The amendments to IAS 39 and IFRS 9 provide for temporary exceptions to the requirements set forth by these standards in terms of hedge accounting, while the amendments to IFRS 7 require that, in respect of the hedging relationships to which these exceptions apply, information be provided on the entities' exposure to the IBOR reforms, the way they manage the transition to alternative benchmark rates, and the assumptions or judgments made in order to apply these amendments. Through these amendments, the IASB aims to prevent entities from having to discontinue hedging relationships due to uncertainties associated with the IBOR reform during the period preceding the transition to alternative benchmark rates.

- On April 9, 2020, the IASB published a draft document to handle topics resulting from the replacement of traditional benchmark rates with their alternative benchmark rates. This overview aims to amend the provisions of IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 with respect to the modifications of financial assets and financial liabilities (including debts related to leases) whether or not they are connected with the enactment of existing contractual clauses (fallback clauses), hedge accounting, or disclosures. A final text, applicable as of January 1, 2021 with early application permitted, is expected by the fourth

quarter of 2020. Natixis plans to apply this upcoming text early, on December 31, 2020.
In greater detail, this draft amendment particularly provides for:

- With respect to changes in financial assets and liabilities that are a direct result of the reform and were defined so that the calculation basis of the contractual cash flows is economically equivalent to the calculation basis used immediately before modification, to apply the provisions set out by IFRS 9 and IFRS 16 in order to re-estimate the cash flows of the financial instruments indexed to a variable rate. This means, for financial assets and liabilities (excluding lease debts), a forward-looking revision of the effective interest rate, and for financial liabilities related to leases, a forward-looking revision of the rental debt including a modification of the discount rate to take into account the switch to the alternative benchmark. The application of these provisions will therefore have no effect, as of the transition date, on the income statement.

- With respect to hedge accounting, the draft amendment introduces new exceptions to the hedge accounting application criteria set out by IFRS 9 and IAS 39 aimed at avoiding a breakdown in hedging relationships.

# NOTE 2 CONSOLIDATION SCOPE

## 2.1 Changes in consolidation scope since January 1, 2020

The primary changes in scope that have taken place since January 1, 2020 are as follows:

### 2.1.1 Corporate & Investment Banking

- Deconsolidated entities

  - During the first quarter of 2020, the Trez Commercial Finances Limited Partnership was deconsolidated after falling below the consolidation thresholds.

- Changes in percentage of ownership

  - In the second quarter of 2020, the stake in Natixis Partners increased from 99.9% to 100% following the buyback of shares from the founders;

### 2.1.2 Asset & Wealth Management

- Newly consolidated entities

  - During the second quarter of 2020, Loomis Sayles Operating Services LLC, intended for the operational support of asset management activities (service delivery, IT infrastructure) was created and consolidated.

- Deconsolidated entities

  - During the first quarter of 2020, the Thematics Meta Fund was deconsolidated after falling below the consolidation thresholds.

- Changes in percentage of ownership

  - During the second quarter of 2020, DNCA's managers exercised put options for some of their shares in DNCA Finance and DNCA Management. Following these transactions, Natixis IM's ownership stake in DNCA Finance and its subsidiaries (DNCA Courtage, DNCA Luxembourg, and DNCA Finance's Milan branch) is 85%, and its ownership stake in DNCA is 100%;

  - As a reminder, Vauban IP was cofounded in late 2019 by its partner-managers (who owned 18.6% of the capital) and Natixis IM (owing 81.4% of the capital) as a spin-off of Mirova's Infrastructure business. During the first quarter of 2020, the share held by the partner-managers grew by 20%, reaching the target ownership structure of the transaction. This lowered Natixis IM's share in Vauban from 81.4% to 61.4%.

  - Dorval Finance: the structure's managers exercised their put options and redeemed shares at the end of the first quarter of 2020. Following these transactions, Natixis IM's ownership stake and control of Dorval became 88.7%.

  - During the first half of 2020, some of the seed money invested in the Thematics AI and Robotics fund was redeemed. As a result, Natixis IM's share of that fund became 31%.

- Restructuring

  - NIM simplified the organizational structure of the AM holding companies in the United States.

    On January 1, 2020, Natixis U.S. Holdings, Inc. absorbed Natixis Investment Managers LLC, a holding company that owned an insignificant stake (1%) of Natixis Investment Managers L.P, a company whose remaining capital (99%) was fully owned by Natixis U.S. Holdings Inc. As part of this transaction, Natixis U.S. Holdings Inc. was converted into a limited liability company (LLC), then renamed Natixis Investment Managers U.S. Holdings LLC.

    On January 1, 2020, Natixis Investment Managers L.P. absorbed Natixis Investment Managers Holdings LLC, a holding company that indirectly owned an insignificant stake (1% to 2%) of the various U.S. subsidiaries (Loomis, Harris, AEW Capital Management, Vaughan Nelson, etc.), the remaining capital of which was fully owned by Natixis Investment Managers L.P. As part of this transaction, Natixis Investment Managers L.P. was converted into a limited liability company (LLC), then renamed Natixis Investment Managers LLC.

    On March 15, 2020, Natixis ASG Holdings Inc. absorbed Alternative Strategies Group LLC, its wholly-owned subsidiary. Alternative Strategies Group LLC had until then served as the holding company of AlphaSimplex Group LLC, whose capital it fully owned.

### 2.1.3 Insurance

- Deconsolidated entities

  - During the first quarter of 2020, the Sélection Protection 85 Fund was deconsolidated after falling below the consolidation thresholds.

### 2.1.4 Payments

- Changes in percentage of ownership

  - In the second quarter of 2020, the stake in Natixis Partners increased from 99.1% to 99.4% following the buyback of shares from the founders.

### 2.1.5 Coface

Since January 1, 2020, Coface has been consolidated using the equity method (see Key Events).

## 2.2 Goodwill

Goodwill is allocated at the purchase date to one or more cash-generating units (CGUs) expected to benefit from the acquisition and is not amortized. It is tested for impairment at least once per year, and more often where there is objective evidence of impairment. The impairment test consists of comparing the carrying amount of the CGU or group of CGUs including goodwill with its recoverable value.

Against the backdrop of the health crisis, an impairment test was carried out on June 30, 2020 for all goodwill.

The determination of values in use primarily relied on the updating of the estimate of future flows of CGUs (i.e. the Discounted Cash Flows (DCF) method) as determined by the latest business divisions' result forecasts reassessed in the context of the crisis in the first half of 2020.

The following assumptions were used:

- Estimated future cash flows: forecast data drawn from the latest multi-year trajectory forecasts for business divisions' results.
- Perpetual growth rate: the perpetual rate fell to 2.0% (vs 2.5% previously) in an uncertain environment for all valuations.
- Discount rate: use of a specific rate for each CGU: 8.9% for Asset & Wealth Management (9.1% as of December 31, 2019), 11.2% for CIB (11.4% as of December 31, 2019), 10.4% for Insurance (10.6% as of December 31, 2019) and 6.9% for Payments (6.9% as of December 31, 2019).

The discount rates were determined by factoring in the following:

- For the Insurance and Payments CGUs, the risk-free 10-year French Treasury bond rate averaged over a period of 10 years;
- For the Asset & Wealth Management and Corporate & Investment Banking CGUs, the average of the 10-year French Treasury bond and 10-year US Treasury, averaged over a period of 10 years. A risk premium calculated on the basis of a sample of companies which are representative of the CGU is then added to these rates.

For CIB, in a very uncertain environment (impact of the crisis on the market and credit businesses, regulatory changes, etc.) which make valuation using the DCF method insufficiently useful for this CGU as of June 30, 2020, the impairment test was supplemented by a market multiple valuation method within the scope of the M&A business (which covers all goodwill as of June 30, 2020), as this approach is the preferred one.

These tests did not result in the recognition of impairment losses at June 30, 2020.

A 30 bp increase in discount rates (assumption based on the historical annual variability observed over one year using 2012-2019 historical data) combined with a 50 bp reduction in perpetual growth rates would reduce the value in use of CGUs by:

- ✓ -9% for the Asset & Wealth Management CGU;
- ✓ -14% for the Corporate & Investment Banking CGU;
- ✓ -7% for the Insurance CGU;
- ✓ -10% for the Payment CGU.

No impact on the conclusions of the impairment test.

Similarly, the sensitivity of future business plan cash flows to changes in key assumptions does not significantly affect the recoverable value of the CGUs:

- For Asset & Wealth Management, a 10% decline in the equity markets (uniform decline across all years) would have a -5% negative impact on the CGU's recoverable value and would not lead to the recognition of an impairment loss. Furthermore, for sensitivity reasons, a stressed business plan scenario, relating for instance to the contribution of affiliates, would not lead to any impairment;

- For Corporate & Investment Banking, sensitivity to the dollar or to higher liquidity costs would have a limited impact on net revenues and would not lead to any impairment being recorded;

- For Insurance:
    - The main vector of sensitivity for life insurance is interest and market rates, but various steps are being taken to reduce their impact (diversification of investments, reserves, equity hedging, etc.). Accordingly, the impact on the income statement is limited and would not significantly affect the CGU's value;
    - For non-life insurance, the main vector of sensitivity is the loss ratio, which is notably measured via the combined ratio. Natixis' New Dimension strategic plan sets the combined ratio at below 94%. A one-point deterioration in this ratio each year would lead to a limited fall of 3% in the CGU's value, with no impact on impairment;

- For Payments, with regard to business activity, the CGU has a diversified business model with, on the one hand, a long-standing payments business serving the Groupe BPCE networks, which has generated high volumes of activity over the years (and strong momentum in electronic payments) and, on the other, a portfolio of Fintech companies offering a wide range of products, both to Group clients and externally (digitized securities, merchant solutions, e-commerce, solutions for company works councils, etc.). This business model implies a lower level of earnings volatility.

### 2.3 Investments in associates

IFRS 11 distinguishes between two types of partnerships: joint ventures and joint operations. Joint ventures are partnerships in which the parties exercising joint control over the Company have rights over that company's net assets. They are consolidated using the equity method. Consolidation using the equity method involves replacing the carrying amount of investments in the owner's financial statements with Natixis' interest in the shareholders' equity and income of the entity owned. Investments are recognized at this reassessed value on the asset side of the consolidated balance sheet in "Investments in associates". The difference between the investments' historical value and their reassessed value is recognized on the liability side of the balance sheet under "Shareholders' equity group share", and in income under "Share in income of associates" in the consolidated income statement, and under "Share of gains/(losses) of associates recognized directly in equity" in the statement of net income/(loss) and other comprehensive income. Goodwill related to joint ventures is included in the carrying amount.

These investments are subject to an impairment test whenever there is objective evidence of impairment. If the recoverable value of the investment is lower than its carrying amount, an impairment is recorded under "Share in income of associates" in the consolidated income statement (see Key events and note 4.9).

### 2.4 Entities held for sale

The assets and liabilities of controlled entities which Natixis intends to sell within a maximum period of 12 months, and for which it is actively seeking a buyer, are identified separately on two specific lines of the consolidated balance sheet as non-current assets and liabilities.

A group held for sale may be a group of CGUs, a CGU or part of a CGU. The group may include the entity's assets and liabilities, including current assets, current liabilities and assets that are outside the scope of the measurement provisions under IFRS 5. If a non-current asset within the scope of the measurement provisions under IFRS 5 is part of a group held for sale, the measurement provisions under IFRS 5 apply to the group as a whole, which means that the group is measured at the lower of its carrying amount or its fair value net of selling costs.

As of June 30, 2020, the 29.5% stake in Coface sold to Arch Capital Group (see Key Events note) was treated under IFRS 5 and is presented in the "Non-current assets held for sale" item. The shares were valued based on the sale price minus selling costs directly related to the transaction.

## NOTE 3 IMPACTS OF THE HEALTH CRISIS ON THE FINANCIAL STATEMENTS

The rapid global spread of the COVID-19 pandemic led most of the affected countries to impose lockdown measures on their populations, thereby heavily reducing business, which led to a worsening of the economic situation of numerous business sectors as well as a major disruption to financial markets.
In this environment, many companies are experiencing cash problems, and Natixis is helping its customers get through this crisis, particularly by participating in the implementation of certain government-directed economic support measures (see note 3.1 below).
The economic recession has also led Natixis to alter the baseline scenario on the basis of which it determines the expected loss levels of its exposures (see note 3.2 below), in order to best estimate, despite the high level

of uncertainty, the repercussions of current events on the risk of default within one year or within the lifetime of its outstanding financial items. As such, the provision for credit losses increased in the first half of 2020, rising to €482.5 million at June 30, 2020 versus €141.0 million at June 30, 2019.

The spread of the health crisis to the real economy as well as the financial sector has also affected the valuation of some products (see note 3.3 below).

Despite the uncertainties as to changes in the economic environment, Natixis also carried out goodwill impairment tests for all of its CGUs (see note 3.4 below and note 2.2).

Furthermore, the COVID-19 pandemic had an impact on the first-quarter income of BPCE IARD, a 50% equity method consolidated company, due to the worsening of the operating loss ratio for restaurant owners. As result, given the impacts of reinsurance, the entity's contribution to consolidated net income for the half-year is limited to +€0.5 million

### 3.1 Economic support measures

Economic support measures were implemented during the first half of 2020, with the involvement of lending institutions:

#### 3.1.1 Government-backed loans

Government-backed loans (GBLs) are a support measure enacted through article 6 of the 2020 French Finance Reconciliation Law 2020-289 of March 23, 2020 and by the order of the Minister of the Economy and Finance of March 23, 2020 granting a government guarantee to lending institutions and financing companies effective March 16, 2020 by the French government in order to address the cash flow needs of companies affected by the COVID-19 health crisis. The characteristics of the GBLs (purpose, interest) are the same for all banks.

The GBL is a one-year cash loan with repayment deferred over that period. Recipient companies will be able to decide at the end of the first year to pay off the GBL over a period of 1 to 5 additional years.
For eligible companies, the amount of the GBL is generally capped at 25% of the company's revenue. The GBL is 70% to 90% guaranteed by the government, depending on the size of the company, with the banks assuming the rest of the risk. The government guarantee covers a percentage of the principal, interest, and related costs still owed on the debt until it reaches maturity, unless it is called in earlier upon the occurrence of a credit event.

As of June 30, 2020, 44 GBLs have been granted by Natixis, for a total paid amount of €972 million (€392 million for the air transport sector, €117 million for the retail sector, and €80 million for the hospitality and food service sector) and the corresponding guarantees received from the government are equal to €846 million.
Undrawn commitments amount to €1,470 million (including €1,000 million for the automotive manufacturing sector and €391.7 million for the air transport sector).

Interest on the GBLs is in return for the time value and credit risk associated with the principal. The early repayment penalty is zero or set in a contractually reasonable manner, and the extension conditions are not set in advance but rather are reviewed at the time of the extension based on market conditions.

Given the characteristics described above, the GBLs meet "solely payment of principal and interest – SPPI" criteria (see note 6.1.2 in Chapter 5.1 *"Consolidated financial statements and notes"* of the 2019 Universal Registration Document). They are recorded under "Receivables at amortized cost" because they are held in a hold to collect model, the goal of which is to hold loans to collect their cash flows (see note 6.1.3 in Chapter 5.1 "*Consolidated financial statements and notes*" of the 2019 Universal Registration Document). On subsequent balance sheet dates, they will be measured at amortized cost using the effective interest method.

The government guarantee meets the IFRS definition of a financial guarantee because it follows the principle of indemnification. The guarantee commission paid when the loan is awarded by Natixis to the government is booked on the income statement over time for the initial term of the GBL using the Effective Interest Rate method, and is booked under "Interest margin".

It should be noted that awarding a GBL to a given counterparty does not in and of itself constitute a risk degradation threshold, as it must lead to that counterparty's other outstanding items being changed to status 2 or 3.

### 3.1.2 Deferment of loan maturities (moratoria) and other restructuring

In the context of the COVID-19 crisis, Natixis granted various forms of concessions (temporary suspensions of due dates, rescheduling payments, etc.) to some of its clients, in order to help them overcome temporary cash flow difficulties caused by the crisis. A case-by-case analysis was carried out in order to determine whether the financial difficulties encountered by the client were purely fleeting and of the moment, and whether the resulting restructuring would enable the counterparty to get through the crisis without jeopardizing its ability to honor its contractual agreements at maturity. For this reason, the individual granting of moratoria or other concessions did not always lead to those loans being classified as "Restructured loans for which a concession has been granted".

Furthermore, it is noted that Natixis did not grant any "en masse" (or "general") moratoria, meaning moratoria offered on a wide scale to a set of clients with no specific conditions.

As of June 30, 2020, 179 loans had received moratoria for a total gross loan value of €2,286 million (of which €703 million was for the real estate finance sector, €310 million was for the nonferrous metal producers sector, and €156 million was for the road transportation sector). Of those loans, only one is classified as a restructured loan for which a concession has been granted, valued at €7.6 million.

Provisions related to these restructured loans amount to €17.2 million as of June 30, 2020.

## 3.2 Impairment of assets at amortized cost and at fair value through other comprehensive income and provisions for financing and guarantee commitments

In order to determine the amount of expected losses at June 30 for all exposures eligible for provisioning, Natixis applied the methodology for impairments or provisions for expected credit losses as described in note 6.3 of Chapter 5.1 "Financial data – Consolidated financial statements and notes" of the 2019 Universal Registration Document, with adjustments in order to take into account the recommendations published by standard setters and supervisory authorities with respect to the health crisis.

- **Determining a new baseline scenario**

  Natixis defined a new baseline scenario, weighted at 100%, over a three-year horizon based on the ECB's economic and financial forecasts, published on June 4, 2020, for the euro zone.

  This new scenario is informed by a set of key assumptions on how the pandemic evolves, and on containment measures, and the behavior of households and businesses.

  This scenario is based the duration and terms of lockdowns observed in each country, and on a partial and gradual recovery, with a 75-80% return to normal production levels in the third quarter of 2020, and close to 95-100% in the fourth quarter of 2020, depending on the euro zone country.

The macroeconomic data is calculated by estimating the direct loss of business due to the health crisis. Business decline assumptions based on information available in real time were produced for each sector. In annual gross terms, one month of strict lockdowns removes about three points of GDP from annual growth.

Once recovery occurs in the second half of 2020, it is expected under the scenario that the crisis' second wave of repercussions on employment and on the status of businesses will hinder growth, and that in 2021, euro zone GDP will return to "normalized" quarterly growth (or 0.3% per quarter in France). As of late 2021, however, GDP will remain below its fourth-quarter 2019 level.

With respect to financial variables, the scenario is built on the basis of the following four primary assumptions:

- Prime rates remained unchanged in Europe and the United States over the three years of the scenario;
- Equities indices are pricing in levels unchanged at the end of 2020, then a 3.4% increase in 2021 in Europe and +1.5% in 2022 and 2023;
- A gradual, slight increase in the 3 month Euribor - 10 year Swap spread;
- A level of risk premiums in the bond market that will remain relatively high, given the increase in needs for government bonds and the deterioration of issuers' credit quality.

  These variables were broken down in greater detail for each sector of business for the major sectors in which Natixis is involved.

- **Changes in the provisioning mechanism in order to better take into account the sector-specific aspects**

The scenario's macroeconomic and financial variables make it possible to build new scoring transition matrices and the corresponding probabilities of default (PD), which reflect and respect the overall scenario but do not provide sufficient detail in distinguishing between different business sectors. In order to strengthen and refine the system, a sectoral adjustment for PDs was defined based on the assessment of the rating of economic sectors on a 6-to-12-month time horizon. The average sector-weighted forward-looking PD, produced from the transition matrices, is compared and adjusted to converge toward the equivalent PD in anticipation of the sector's rating.

From a methodology standpoint, the sectoral adjustment of probabilities of default, carried out on June 30, 2020, replaces changes to sector ratings as a criterion for monitoring the increase in risk. This more accurate approach makes it possible to better account for sector-specific aspects when assessing credit risk while strengthening the discrimination related to counterparty rating. It makes it possible to mitigate the pro-cyclical impact of the previous methodology, which consisted of always downgrading to Status 2 all counterparty contracts in a sector whose rating had fallen below a certain threshold.

A "provision for credit losses" sensitivity test was also carried out. It indicated a decrease of around 10% in France's GDP in 2020, a 5% recovery in 2021 and severe assumptions concerning Natixis' sectors of expertise: oil price of about $40 per barrel and significant haircuts on real asset prices (around 45% for aircraft and 15% for real estate, for example). In such a scenario, the provision for credit losses (in bp) for all of 2020 could be in line or slightly higher with what was observed in the first quarter of 2020.

Finally, with respect to exposure to the sectors most heavily affected by the COVID-19 crisis, gross value of outstanding items classified as loans and receivables for clients in the oil and gas sector were €9.0 billion as of June 30, 2020, of which about €2.7 billion was from independent producers more sensitive to fluctuations in commodities prices (including €1.0 billion in the United States, a portfolio whose closure was announced on May 18, 2020). For the aviation sector, as of June 30, 2020 exposures totaled €4.4 billion, and are highly diversified across nearly 30 countries (none of which accounts for more than 25% exposure), which are largely secure. Finally, for the tourism sector, outstanding items were equal to €0.9bn as of June 30, 2020, essentially in the EMEA region, and were primarily made up of industry leaders, with a non-performing exposure rate limited to 2%.

## 3.3 Fair value of financial assets affected by the health crisis

Given the effects of the COVID-19 health crisis on financial markets, the valuation of some products was affected by market illiquidity in the first half of 2020.

Against this backdrop, CIB's activities were exposed to significant remarking of certain value factors, such as the "dividend" component:

- The announcement by some companies that they would suspend their dividends led to a near-elimination of most short-term dividends and was also reflected in the consensus values used for the remarking of this factor;

- Due to a stressed market environment that generated significant fluctuations, the "volatility" factor was also remarked for all of the transactions involved.

Natixis' revenue over the first half of the year was directly affected by the situation (see 3.5 above).

Stakes held in non-publicly-traded private equity funds (seed money portfolio) are valued using IPEV (International Private Equity and Venture Capital Valuation) Guidelines, which are also recommended by Invest Europe.
Against the backdrop of the health crisis, Natixis exhaustively reviewed its portfolio, which led to observed impairment in the first half of 2020 (see 3.5 below).

## 3.4 Goodwill

Although it constitutes a significant event in an entity's environment, the COVID-19 health crisis is not on its own an objective indicator of impairment. However, given the spread of the health crisis to the real economy and the financial market, CGU impairment tests were conducted on June 30, 2020 and are described in note 2.2.

### 3.5 Summary table of the main impacts of the COVID-19 health crisis

| (in millions of euros) | | H1 2020 |
|---|---|---|
| **Net revenues** | | **(396)** |
| **Seed money portfolio mark-downs** | **AWM** | **(51)** |
| *- listed* | | *(7)* |
| *- unlisted* | | *(44)* |
| **Dividend mark-downs on equity products** | **CIB** | **(273)** |
| **CVA/DVA impact** [(1)] | **CIB** | **(54)** |
| **FVA impact** [(2)] | **Corporate center** | **(18)** |
| **Provision for credit losses** [(3)] | **CIB** | **(325)** |
| **Total pre-tax profit impact** | | **(721)** |

(1) net income of the XVA desk, including changes in the value of hedging instruments.
(2) share of the FVA impact hedged by Financial Management.
(3) provision for credit losses due to the effects of the COVID-19 crisis such as the impact of IFRS 9 provisions on healthy loans, fraud provisioning, and counterparties operating in the aviation sector.

# NOTE 4 NOTES TO THE INCOME STATEMENT

## 4.1 Interest margin

"Interest and similar income" and "Interest and similar expenses" comprise interest on fixed-income securities recognized as "Financial assets at fair value through other comprehensive income" and "amortized cost", and interest on loans and receivables to and from banks and customers.
Financial assets and liabilities valued at amortized cost give rise to the recognition of interest calculated using the effective interest rate method.
This line item also includes interest on hedging derivatives.
Interest income also consists of interest on non-SPPI debt instruments not held under a trading model (classified by default as instruments at fair value through profit or loss).

| (in millions of euros) | 30/06/2020 | | | 30/06/2019 | | |
|---|---|---|---|---|---|---|
| | Income | Expense | Net | Income | Expense | Net |
| **Financial assets and liabilities at amortized cost** | **1,238** | **(807)** | **431** | **1,697** | **(1,441)** | **256** |
| Central banks | 63 | (18) | 45 | 178 | (57) | 121 |
| Interest on securities | 57 | (52) | 5 | 45 | (39) | 7 |
| Receivables, loans and borrowings | 1,118 | (371) | 748 | 1,474 | (798) | 675 |
| Banks | 116 | (262) | (146) | 158 | (549) | (390) |
| Customers | 1,000 | (108) | 892 | 1,312 | (249) | 1,063 |
| Finance leases | 2 | 0 | 2 | 3 | 0 | 3 |
| Debt securities and subordinated debt | 0 | (360) | (360) | | (538) | **(538)** |
| Lease liabilities | 0 | (7) | (7) | | (10) | **(10)** |
| **Financial assets at fair value through other comprehensive income** | **39** | **0** | **39** | **63** | | **63** |
| Interest on securities | 39 | 0 | 39 | 63 | | 63 |
| Loans and receivables | 0 | 0 | 0 | 0 | | 0 |
| **Financial instruments to be valued at fair value through profit or loss** | **36** | **0** | **36** | **31** | | **31** |
| Loans and receivables | 21 | 0 | 21 | 19 | | 19 |
| Interest on securities | 15 | 0 | 15 | 12 | | 12 |
| **Hedging derivatives** | **149** | **(205)** | **(56)** | **165** | **(222)** | **(57)** |
| **Total** | **1,463** | **(1,012)** | **451** | **1,955** | **(1,663)** | **292** |

## 4.2 Net fee and commission income

The method of accounting for fees and commissions received in respect of services or financial instruments depends on the ultimate purpose of the services rendered and the method of accounting for the financial instruments to which the service relates.

Fiduciary or similar fees and commissions are those that result in assets being held or invested on behalf of individual customers, pension schemes or other institutions. In particular, trust transactions cover Asset Management and custody activities performed on behalf of third parties.

For certain funds managed by affiliates of Natixis Investment Managers, the contractual provisions of the prospectus stipulate the payment of a "performance fee" for any fund outperformance.

| (in millions of euros) | H1 2020 | | | H1 2019 | | |
|---|---|---|---|---|---|---|
| | Income | Expense | Total | Income | Expense | Total |
| Interbank transactions | 4 | (12) | (9) | 5 | (14) | (9) |
| Transactions with customers | 240 | 11 | 251 | 256 | 11 | 267 |
| Securities transactions | 43 | (113) | (70) | 39 | (61) | (22) |
| Payment services | 223 | (32) | 192 | 229 | (31) | 198 |
| Financial Services | 91 | (257) | (166) | 109 | (302) | (193) |
| Fiduciary transactions [1] | 1,618 | | 1,618 | 1,840 | | 1,840 |
| Financing, guarantee, securities and derivative commitments | 154 | (61) | 93 | 113 | (108) | 5 |
| Other [2] | 50 | (560) | (510) | 71 | (653) | (582) |
| **Total [3]** | **2,423** | **(1,024)** | **1,399** | **2,662** | **(1,158)** | **1,504** |

(1) Including performance fees in the amount of €71 million, of which €63 million for Europe and €8 million for North America, at June 30, 2020 versus €170 million, of which €158 million for Europe and €12 million for North America at June 30, 2019.
(2) Of which net fee and commission income of -€552 million at June 30, 2020, versus -€640 million at June 30, 2019, for insurance activities, for which the related income is presented as "Net income from insurance activities".
(3) As of June 30, 2019, Coface contributed -€65.4 million to net commissions (+€30.1 million in income and -€95.5 million in expenses, primarily categorized as "Other").

## 4.3 Gains and losses on financial instruments at fair value through profit or loss

This item includes gains and losses on financial assets and liabilities at fair value through profit and loss, whether held for trading or designated under the fair value option or at fair value. This line item also includes interest on these instruments, except for those presented as interest income.

"Hedging derivatives" include changes in the fair value of derivatives classified as fair value hedges, excluding interest, plus the symmetrical revaluation of the items hedged. They also include the "ineffective" portion of cash flow hedges.

| (in millions of euros) | H1 2020 | H1 2019 |
|---|---|---|
| **Net gains/(losses) on financial assets and liabilities excluding hedging derivatives** | **359** | **1,195** |
| Net gains/(losses) on financial assets and liabilities held for trading [2] | (652) | 3,519 |
| *o/w derivatives not eligible for hedge accounting* | 4,233 | 295 |
| Net gains/(losses) on financial assets to be valued at fair value through profit or loss | (144) | 159 |
| Net gains/(losses) on financial assets and liabilities under the fair value option | 1,109 | (2,567) |
| Other | 46 | 84 |
| **Hedging derivatives and revaluation of hedged items** | **7** | **(10)** |
| Ineffective portion of cash flow hedges (CFH) | 0 | 0 |
| Ineffective portion of fair value hedges (FVH) | 7 | (10) |
| *Changes in fair value hedges* | (103) | (169) |
| *Changes in hedged items* | 110 | 160 |
| **Total [1]** | **366** | **1,185** |

(1) Insofar as the expenses and income presented in the income statement are classified by type and not by function, the net income of activities on financial instruments at fair value through profit and loss should be considered as a whole. The results presented above do not include the refinancing cost of these financial instruments, which is recorded in interest income or expenses.
(2) "Net gains/(losses) on financial assets and liabilities held for trading" include:
- Impairments taken against the fair value of CDS entered into with monoline insurers: an increase of €15.9 million in cumulative impairments in H1 2020 versus a decrease of €4 million (income) in cumulative impairments in H1 2019 (excluding the currency impact and the impact of the BPCE guarantee), bringing cumulative impairments to €41 million at June 30, 2020 versus €19 million at June 30, 2019;
- At June 30, 2020, recognized own credit risk adjustments to derivatives (debit valuation adjustments or DVA) stood at €17.7 million (income), versus -€23.3 million (income) at June 30, 2019. Furthermore, credit risk adjustments related to the valuation of counterparty risk (credit valuation adjustments or CVA) on financial assets amounted to -€110.2 million (expense) at June 30, 2020, versus income of €12.1 million at June 30, 2019
The Funding Valuation Adjustment (FVA) used on uncollateralized derivatives or imperfectly collateralized derivatives is also recognized on this line in the amount of -€45.2 million (expense) at June 30, 2020 versus income of €17.1 million at June 30, 2019.

### 4.4 Gains and losses on financial assets at fair value through other comprehensive income

The table below shows net gains and losses in financial assets at fair value through other comprehensive income recognized in net income over the period. They primarily consist of:

- income on the sale of debt instruments net of the impact of hedging instruments;
- dividends on equity instruments.

| (in millions of euros) | H1 2020 | H1 2019 |
|---|---|---|
| Net gains on debt instruments | 9 | 3 |
| Net gains on equity instruments (dividends) | 22 | 10 |
| **Total** | **31** | **13** |

Unrealized gains and losses recognized over the period are presented in the "Statement of net income (loss) and gains and losses recorded directly in other comprehensive income".

### 4.5 Net gains or losses resulting from the derecognition of financial instruments at amortized cost

This line item includes gains and losses resulting from the derecognition of debt securities and loans and receivables recognized at amortized cost, including the impact of hedging instruments.

At June 30, 2020, net gains or losses resulting from the derecognition of instruments at amortized cost include -€4.8 million in losses recorded following sales of financial assets at amortized cost (versus -€5.0 million at June 30, 2019) and +€1.5 million of gains related to the sale of debt securities at amortized cost (versus a loss of -€1.0 million at June 30, 2019).

### 4.6 Other income and expenses

Income and expenses from other operations mainly comprise income and expenses relating to finance leases and investment property.

| (in millions of euros) | H1 2020 | | | H1 2019 | | |
|---|---|---|---|---|---|---|
| | Income | Expense | Net | Income | Expense | Net |
| Operating leases | 18 | | 18 | 9 | | **9** |
| Other related income and expenses | 103 | (95) | 8 | 96 | (66) | **30** |
| **Total (1)** | **121** | **(95)** | **26** | **105** | **(66)** | **39** |

(1) Of which insurers' contribution to the small business solidarity fund as part of the COVID-19 crisis amounted to -€13.9 million as of June 30, 2020.

## 4.7 Operating expenses and depreciation, amortization, and impairments

Operating expenses mainly comprise payroll costs, including wages and salaries net of rebilled expenses, social security expenses and employee benefits such as pensions (defined benefit plans), and expenses relating to share-based payment recognized in accordance with IFRS 2.
This item also includes all administrative expenses and external services.

| | (in millions of euros) | H1 2020 | H1 2019 |
|---|---|---|---|
| **Payroll costs** | Wages and salaries | (1,179) | (1,391) |
| | *o/w share payments* [1] | *(8)* | *(35)* |
| | Pension benefits and other long-term employee benefits | (78) | (104) |
| | Social security expenses | (268) | (306) |
| | Incentive and profit-sharing plans | (37) | (69) |
| | Payroll-based taxes | (58) | (70) |
| | Other | (4) | 8 |
| **Total payroll costs** | | **(1,624)** | **(1,932)** |
| **Other operating expenses** | Taxes other than on income [2] | (259) | (251) |
| | External services | (787) | (897) |
| | Other | (6) | (20) |
| **Total other operating expenses** | | **(1,052)** | **(1,168)** |
| **Total** [3] | | **(2,676)** | **(3,100)** |

(1) The amount recognized in H1 2020 in respect of retention and performance plans included an expense of €4 million (versus €28.1 million at June 30, 2019) for the portion of compensation paid in cash and indexed to the Natixis share price and an additional expense of €3.3 million (versus €5.8 million at June 30, 2019) for the portion of compensation settled in Natixis shares.
(2) Of which a contribution of €165.2 million to the Single Resolution Fund (SRF) at June 30, 2020, versus €169.7 million at June 30, 2019.
Of which the Social Security and Solidarity Contribution (C3S) for €40.7 million at June 30, 2020, versus €33.2 million at June 30, 2019.
(3) As of June 30, 2019, Coface contributed -€234.2 million to operating expenses.

Additionally, depreciation, amortization and impairment on property, plant and equipment and intangible assets include €5 million in accelerated repayments for building arrangements that are to be released.

## 4.8 Provision for credit losses

This line item primarily includes income related to the recognition of credit risk as defined by IFRS 9:

- cash flows on provisions and impairments for 12-month and lifetime expected credit losses related to:
  - debt instruments recognized at amortized cost or at fair value through other comprehensive income;
  - lease receivables;
  - loan or guarantee commitments given that do not fit the definition of derivative financial instruments.
- losses on irrecoverable loans, and recoveries of loans previously recognized as losses.

This item also includes impairments recorded in respect of proven default risks associated with counterparties of OTC instruments, booked as financial assets at fair value through profit or loss equal to €22.3 million as of June 30, 2020.

| (in millions of euros) | H1 2020 | | | | | H1 2019 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Charges | Net reversals | Write-offs not covered by provisions | Recoveries of bad debts written off | Net | Charges | Net reversals | Write-offs not covered by provisions | Recoveries of bad debts written off | Net |
| **Contingency reserves** | **(141)** | **129** | **(0)** | **0** | **(12)** | **(149)** | **130** | **(1)** | **0** | **(19)** |
| Unimpaired financing commitments – 12-month expected credit losses | (26) | 17 | 0 | 0 | **(9)** | (16) | 14 | 0 | 0 | **(2)** |
| Unimpaired financing commitments – Lifetime expected credit losses | (93) | 75 | 0 | 0 | **(18)** | (84) | 83 | 0 | 0 | **0** |
| Impaired financing commitments – Lifetime expected credit losses | (16) | 30 | 0 | 0 | **14** | (47) | 23 | (0) | 0 | **(24)** |
| Other | (5) | 7 | (0) | 0 | **2** | (2) | 10 | (1) | 0 | **7** |
| **Provisions for impairment of financial assets** | **(725)** | **253** | **(3)** | **3** | **(471)** | **(369)** | **253** | **(7)** | **0** | **(122)** |
| Unimpaired financial assets – 12-month expected credit losses | (54) | 29 | 0 | 0 | **(26)** | (36) | 29 | 0 | 0 | **(6)** |
| Unimpaired financial assets – Lifetime expected credit losses | (155) | 113 | 0 | 0 | **(42)** | (127) | 122 | 0 | 0 | **(5)** |
| Impaired financial assets – Lifetime expected credit losses | (516) | 112 | (3) | 3 | **(403)** | (206) | 102 | (7) | 0 | **(111)** |
| **Total** | **(866)** | **382** | **(3)** | **3** | **(482)** | **(517)** | **383** | **(8)** | **0** | **(141)** |

| | H1 2020 | H1 2019 |
|---|---|---|
| *Of which:* | | |
| *Reversals of surplus impairment provisions* | *382* | *383* |
| *Reversals of utilized impairment provisions* | *136* | *111* |
| ***Sub-total reversals*** | ***518*** | ***494*** |
| *Write-offs covered by provisions* | *(136)* | *(111)* |
| ***Total net reversals*** | ***382*** | ***383*** |

## 4.9 Share in income of associates

| (in millions of euros) | 30/06/2020 | | | 31/12/2019 |
|---|---|---|---|---|
| | Value of the investments in associates | Net income | Gains and losses recorded directly in equity | Value of the investments in associates |
| **Joint ventures** | - | - | - | - |
| **Associates** | ***896*** | ***(40)*** | ***(3)*** | ***743*** |
| EDF Investment Group (EIG) | *525* | *5* | *(1)* | *520* |
| Coface (1) | *170* | *(33)* | *(3)* | - |
| Other entities (2) | *202* | *(12)* | *1* | *223* |
| **TOTAL** | ***896*** | ***(40)*** | ***(3)*** | **743** |

(1) Coface's net income includes -€36.0 million for impairment of the stake.
The market value of the stake in Coface using the equity method is €112.7 million as of June 30, 2020.
(2) The -€12 million in net income of the other entities includes a -€14.4 million impairment for the entity Adir.

The main financial data regarding Coface is as follows:

| (in millions of euros) | 30/06/2020 |
|---|---|
| Valuation method | Associate |
| **Dividends received** | 0 |
| **Main aggregates** | |
| **Total assets** | 7,314 |
| **Total debt** | 5,398 |
| **Income statement** | |
| *Pre-tax profit* | 44 |
| *Income tax* | (20) |
| *Net income* | 24 |
| **Gains or losses recorded directly in equity** | 122 |

### 4.10 Gains or losses on other assets

This item comprises capital gains and losses on the disposal of property, plant and equipment and intangible assets used in operations, as well as capital gains and losses on the disposal of investments in consolidated companies.

| (in millions of euros) | H1 2020 | | | H1 2019 | | |
|---|---|---|---|---|---|---|
| | Investments in consolidated companies | Property, plant and equipment and intangible assets | TOTAL (1) | Investments in consolidated companies | Property, plant and equipment and intangible assets | TOTAL (2) |
| Net capital gains/(losses) on disposals | (107) | (2) | (109) | 616 | 62 | 678 |
| **Total** | **(107)** | **(2)** | **(109)** | **616** | **62** | **678** |

(1) Including -€111.9 million in proceeds from the sale of Coface recorded in the first half of 2020 (see Key Events).
(2) Including €697.1 million for the sale of the SFS business lines and -€14.7 million for the sale of Natixis Brasil.

### 4.11 Reconciliation of the tax expense in the financial statements and the theoretical tax expense

| (in millions of euros) | 30/06/2020 | 30/06/2019 |
|---|---|---|
| + Net income group share | (261) | 1,110 |
| + Net income (non-controlling interests) | 51 | 178 |
| + Income tax charge | 18 | 379 |
| + Income from discontinued operations | | 0 |
| + Impairment of goodwill | | (3) |
| - Share in income of associates | 40 | (11) |
| = Consolidated net income/(loss) before tax, goodwill amortization and share in income of associates | **(152)** | **1,653** |
| +/- Permanent differences (1) | 322 | (208) |
| = Consolidated taxable income/(loss) | **170** | **1,446** |
| x Theoretical tax rate | 32.02% | 34.43% |
| = Theoretical tax charge | **(55)** | **(498)** |
| + Income taxed at reduced rates | 0 | (0) |
| + Losses for the period not recognized for deferred tax purposes (2) | 18 | (9) |
| + Impact of tax consolidation | 18 | 17 |
| + Differences in foreign subsidiary tax rates (3) | (3) | 102 |
| + Tax on prior periods and other tax items | 3 | 9 |
| = Tax charge for the period | **(19)** | **(379)** |
| Of which: taxes payable | (119) | (242) |
| deferred tax | 101 | (137) |

(1) In 2020, permanent differences includes the impact of the loss of control of Coface, which generated a non-deductible capital loss of +€106.2 million and, in 2019, share of the tax-exempt long-term capital gain relating to the sale of the SFS business lines to BPCE (-€454.0 million) and the non-deductible capital loss on the disposal of Natixis Brasil (+€14.7 million), as well as the impacts of the non-deductible regulatory contributions of +€114.7 million in 2020 versus +€130.0 million in 2019;
(2) Primarily recorded in 2020 through the activation of deficits not previously recognized from the Hong Kong branch (+€22.1 million).
(3) This variation primarily comes from the profits of the Asset Management businesses in the United States and England (+€26.5 million) offset by losses realized by some CIB subsidiaries in the United States and Singapore (-€29.3 million).

Furthermore, as of June 30, 2020, interest on perpetual deeply subordinated notes generated tax savings of +€20.4 million (no impact as of June 30, 2019).

# NOTE 5 NOTES TO THE BALANCE SHEET

## 5.1 Financial assets and liabilities at fair value through profit and loss

These assets and liabilities are measured at fair value at the reporting date, with changes in fair value, including interest, recognized in income under "Net gains or losses on financial instruments at fair value through profit and loss", except for:

- interest on hedging derivatives and non-SPPI instruments recorded as interest income and expenses in the income statement; and
- changes in fair value attributable to own credit risk on financial liabilities designated at fair value through profit or loss, recorded in other comprehensive income as "Revaluation of own credit risk on financial liabilities at fair value through profit or loss".

### 5.1.1 Financial assets at fair value through profit or loss

The table below shows the breakdown of financial assets at fair value through profit and loss by instrument type.
Financial instruments that must be measured at fair value through profit or loss include debt instruments and non-SPPI loans, and equity instruments that we have opted not to recognize in other comprehensive income.

| (in millions of euros) | 30/06/2020 | | | | 31/12/2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | Financial assets held for trading | Financial instruments to be valued at fair value through profit or loss [1] | Financial assets designated under the fair value option [2] | Total | Financial assets held for trading | Financial instruments to be valued at fair value through profit or loss [1] | Financial assets designated under the fair value option [2] | Total |
| **Securities** | **45,874** | **2,577** | **5** | **48,456** | **51,164** | **2,700** | **43** | **53,907** |
| Debt instruments | 19,923 | 1,753 | 5 | 21,681 | 15,004 | 1,865 | 43 | 16,912 |
| Equity instruments | 25,951 | 824 | | 26,775 | 36,160 | 835 | 0 | 36,995 |
| **Financing against reverse repos [3]** | **70,341** | | | **70,341** | **89,971** | | | **89,971** |
| **Loans and receivables** | **3,139** | **1,949** | **2** | **5,091** | **4,612** | **1,715** | **2** | **6,329** |
| Banks | | 982 | 2 | 984 | 13 | 999 | 2 | 1,014 |
| Customers | 3,139 | 967 | | 4,106 | 4,599 | 716 | 0 | 5,315 |
| **Derivative instruments not eligible for hedge ac** | **66,386** | | | **66,386** | **60,880** | **0** | **0** | **60,880** |
| **Security deposits paid** | **21,744** | | | **21,744** | **17,715** | **0** | **0** | **17,715** |
| **Total** | **207,485** | **4,526** | **7** | **212,018** | **224,342** | **4,415** | **45** | **228,802** |

(1) The classification of financial assets at fair value through profit or loss due to failure to meet the SPPI criterion adopted by Natixis is explained in note 6.1.2 of Chapter 5.1 "Consolidated financial statements and notes" of the 2019 Universal Registration Document);
(2) Only in the case of an "accounting mismatch" under IFRS 9'.
(3) The information presented takes into account the impact of offsetting carried out in accordance with IAS 32 (see Note 5.2).

### 5.1.2 Financial liabilities at fair value through profit or loss

The table below shows the breakdown of financial liabilities at fair value through profit and loss by instrument type.

| (in millions of euros) | 30/06/2020 | | | 31/12/2019 | | |
|---|---|---|---|---|---|---|
| | Financial liabilities issued for trading | Financial liabilities designated under the fair value | Total | Financial liabilities issued for trading | Financial liabilities designated under the fair value option | Total |
| *Note* | | *5.1.2.1 and 5.1.2.2* | | | *8.1.2.1 and 8.1.2.2* | |
| **Securities** | **16,838** | **21,534** | **38,372** | **18,840** | **24,759** | **43,598** |
| Debt securities | 296 | 21,436 | 21,732 | 297 | 24,659 | 24,955 |
| Subordinated debt | 0 | 98 | 98 | 0 | 100 | 100 |
| Short sales | 16,542 | 0 | 16,542 | 18,543 | 0 | 18,543 |
| **Repurchased securities [1]** | **81,906** | **0** | **81,906** | **96,032** | **0** | **96,032** |
| **Liabilities** | **13** | **3,435** | **3,448** | **12** | **3,933** | **3,945** |
| Due to banks | 0 | 121 | 122 | 0 | 96 | 96 |
| Customer deposits | 13 | 128 | 141 | 12 | 139 | 151 |
| Other liabilities | 0 | 3,185 | 3,185 | 0 | 3,699 | 3,699 |
| **Derivative instruments not eligible for hedge accounting [1]** | **65,654** | **0** | **65,654** | **59,718** | **0** | **59,718** |
| **Security deposits received** | **17,044** | **0** | **17,044** | **14,985** | **0** | **14,985** |
| **Total** | **181,456** | **24,969** | **206,425** | **189,587** | **28,692** | **218,279** |

(1) The information presented takes into account the impact of offsetting carried out in accordance with IAS 32 (see Note 5.2).

#### 5.1.2.1 Conditions for classification of financial liabilities under the fair value option

Financial liabilities are designated at fair value through profit or loss when this choice provides more pertinent information or when these instruments incorporate one or more significant and separable embedded derivatives.

The use of the fair value option is considered to provide more pertinent information in two situations:

- where there is an accounting mismatch between economically linked assets and liabilities. In particular, the fair value option is used when hedge accounting conditions are not met: in such cases, changes in the fair value of the hedged item automatically offset changes in the fair value of the hedging derivative;
- where a portfolio of financial assets and liabilities is managed and recognized at fair value as part of a documented policy of asset and liability management.

Liabilities measured at fair value through profit and loss mainly comprise issues originated and structured on behalf of customers for which risks and hedging are collectively managed. These issues include significant embedded derivatives for which changes in value are neutralized, except for those allocated to own credit risk, by those of the derivative instruments hedging them.

| (in millions of euros) | 30/06/2020 | | | 31/12/2019 | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Accounting mismatch | Embedded derivatives | Carrying amount | Accounting mismatch | Embedded derivatives |
| Due to banks | 121 | 5 | 116 | 96 | 6 | 90 |
| Customer deposits | 129 | | 129 | 139 | 0 | 139 |
| Debt securities | 21,436 | 18,249 | 3,187 | 24,659 | 20,569 | 4,090 |
| Subordinated debt | 98 | | 98 | 100 | 0 | 100 |
| Other liabilities | 3,185 | 3,185 | | 3,699 | 3,699 | |
| **Total** | **24,969** | **21,439** | **3,530** | **28,693** | **24,274** | **4,419** |

Some liabilities issued and recognized under the fair value option through profit or loss are covered by a guarantee. The effect of this guarantee is incorporated into the fair value of the liabilities.

#### 5.1.2.2 Financial liabilities under the fair value option and credit risk

The carrying amount of financial liabilities designated at fair value through profit or loss corresponds to their fair value shown on the balance sheet.
The amount contractually due on loans at maturity represents the principal amount outstanding at the reporting date, plus any accrued interest not yet due. The amount contractually due on securities represents their redemption value.

## Financial liabilities under the fair value option for which credit risk is recognized in shareholders' equity.

| (in millions of euros) | 30/06/2020 | | | | 31/12/2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying amount | Amount contractually due at maturity | Difference between carrying amount and amount contractually due at maturity | Cumulative changes in the fair value of financial liabilities, designated at fair value through profit or loss, attributable to credit risk | Carrying amount | Amount contractually due at maturity | Difference between carrying amount and amount contractually due at maturity | Cumulative changes in the fair value of financial liabilities, designated at fair value through profit or loss, attributable to credit risk |
| Debt securities (1) | 21,436 | 22,463 | (1,027) | (139) | 24,659 | 23,921 | 738 | 115 |
| Subordinated debt (1) | 98 | 100 | (2) | (2) | 100 | 100 | 0 | (1) |
| **Total (2)** | **21,534** | **22,563** | **(1,029)** | **(141)** | **24,759** | **24,021** | **738** | **114** |

(1) Balances relating to the early repayment of Natixis issues recognized in shareholders' equity over the first half of 2020 totaled -€0.1 million versus -€2.0 million over the 2019 fiscal year.

(2) The fair value, determined using the calculation method described in Note 5.4, recorded in respect of internal credit risk on Natixis issues, totaled €141.0 million at June 30, 2020 versus €113.5 million at December 31, 2019. Besides changes in the outstanding amount, this difference reflects changes in the Natixis spread since the close of the previous year's accounts.

## Financial liabilities under the fair value option for which credit risk is recognized in net income.

| (in millions of euros) | 30/06/2020 Carrying amount | 30/06/2020 Amount contractually due at maturity | 30/06/2020 Difference between carrying amount and amount contractually due at maturity | 31/12/2019 Carrying amount | 31/12/2019 Amount contractually due at maturity | 31/12/2019 Difference between carrying amount and amount contractually due at maturity |
|---|---|---|---|---|---|---|
| Due to banks | 121 | 116 | 6 | 96 | 92 | 4 |
| Customer deposits | 128 | 129 | (1) | 139 | 140 | (1) |
| Other liabilities | 3,185 | 3,185 | 0 | 3,699 | 3,699 | 0 |
| **Total** | **3,435** | **3,430** | **5** | **3,933** | **3,930** | **3** |

### 5.2 Offsetting of financial assets and liabilities

The table below presents the amounts offset on the Natixis balance sheet meeting the criteria set out in IAS 32, as well as the impacts linked to the existence of an enforceable right of set-off under a master netting arrangement or similar agreements that do not meet the criteria set out in IAS 32 dealing with offsetting. The gross amount of financial assets and financial liabilities recognized (including amounts not offset on the balance sheet which may or may not be subject to master netting arrangements or similar agreements), after indicating the gross offset amounts, correspond to the net balances presented on the balance sheet. The gross offset amounts reflect repurchase agreements and derivative transactions, most of which carried out with clearing houses, for which the criteria set out in IAS 32 are met:

- for listed derivatives, the positions recorded under the respective asset and liability items for:
  - index options and futures options are offset by maturity and by currency,
  - equity options are offset by ISIN code and maturity date;

- for OTC derivatives, the information is presented in consideration of the effects of the currency offset between asset valuations and liability valuations;

- as regards repurchase agreements, Natixis records on its balance sheet the net value of repurchase and reverse repurchase agreements that:
  - are entered into with the same clearing house; and
    - have the same maturity date,
    - involve the same custodian (unless the custodian has signed up to the T2S platform),
    - are made in the same currency;
  - are representative of asset switches that have similar nominal amounts and identical maturities and currencies. Natixis presents these transactions in the form of a single financial asset or liability.

As of June 30, 2020, OTC derivatives handled with the clearinghouses LCH Clearnet Ltd, Eurex Clearing AG and CME Clearing are not subjected to accounting offsets in the sense of IAS 32, but rather a routine regulation (application of the "Settlement to Market" principle, as provided by those three clearinghouses so that margin calls are now considered a routine liquidation of derivatives, rather than security deposits as before).

These tables also show the impacts of master arrangements or similar agreements corresponding to derivative amounts or outstanding repos covered by master netting arrangements or similar agreements under which the net settlement criterion or the simultaneous settlement of assets and liabilities cannot be demonstrated or for which the right to set-off cannot be exercised except in the event of the default, insolvency or bankruptcy of one or more counterparties. These amounts are not offset on the balance sheet.

### 5.2.1 Financial assets offset or covered by a master netting or similar arrangement

| (in millions of euros) | 30/06/2020 | | | 31/12/2019 | | |
|---|---|---|---|---|---|---|
| | Gross amount of financial assets recognized in the balance sheet* | Gross amount of financial liabilities offset in the balance sheet | Net amount of financial assets recognized in the balance sheet | Gross amount of financial assets recognized in the balance sheet* | Gross amount of financial liabilities offset in the balance sheet | Net amount of financial assets recognized in the balance sheet |
| | (a) | (b) | (c) = (a) - (b) | (a) | (b) | (c) = (a) - (b) |
| **Financial assets at fair value through profit or loss** | **157,316** | **20,589** | **136,727** | **198,941** | **48,090** | **150,851** |
| *Derivatives* | 69,467 | 3,081 | 66,386 | 88,360 | 27,480 | 60,880 |
| *Repurchase agreements* | 87,848 | 17,507 | 70,341 | 110,581 | 20,611 | 89,971 |
| **Hedging derivatives** | **494** | **7** | **487** | **2,552** | **2,228** | **325** |
| **Loans and receivables due from banks** | **7,202** | **5,004** | **2,199** | **3,036** | **1,100** | **1,936** |
| *Repurchase agreements* | 7,202 | 5,004 | 2,199 | 3,036 | 1,100 | 1,936 |
| **Loans and receivables due from customers** | **3,912** | **0** | **3,912** | **3,541** | **0** | **3,541** |
| *Repurchase agreements* | 3,912 | | 3,912 | 3,541 | | 3,541 |
| **TOTAL** | **168,923** | **25,599** | **143,325** | **208,070** | **51,418** | **156,652** |

(*) Gross amount of financial assets offset or covered by a master netting or similar arrangement.

| (in millions of euros) | 30/06/2020 | | | | 31/12/2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | Net amount of financial assets recognized in the balance sheet | Impact of master netting or similar arrangements (*) | Guarantees received in cash | Net exposure | Net amount of financial assets recognized in the balance sheet | Impact of master netting or similar arrangements (1) | Guarantees received in cash | Net exposure |
| | (c) | (d) | (f) | (g) = (c) - (d) - (f) | (c) | (d) | (f) | (g) = (c) - (d) - (f) |
| **Derivatives** | 66,873 | 41,649 | 11,797 | 13,427 | 61,204 | 40,616 | 10,170 | 10,419 |
| **Repurchase agreements** | 76,451 | 70,970 | 14 | 5,467 | 95,448 | 91,724 | 93 | 3,631 |
| **TOTAL** | **143,325** | **112,620** | **11,811** | **18,894** | **156,652** | **132,340** | **10,263** | **14,050** |

(*) Including collateral received in the form of securities.

### 5.2.2 Financial liabilities offset or covered by a master netting or similar arrangement

| *(in millions of euros)* | 30/06/2020 | | | 31/12/2019 | | |
|---|---|---|---|---|---|---|
| | Gross amount of financial liabilities recognized in the balance sheet* | Gross amount of financial assets offset in the balance sheet* | Net amount of financial liabilities recognized in the balance sheet | Gross amount of financial liabilities recognized in the balance sheet* | Gross amount of financial assets offset in the balance sheet* | Net amount of financial liabilities recognized in the balance sheet |
| | (a) | (b) | (c) = (a) - (b) | (a) | (b) | (c) = (a) - (b) |
| **Financial liabilities at fair value through profit or loss** | **168,144** | **20,583** | **147,560** | **203,577** | **47,826** | **155,751** |
| *Derivatives* | 68,731 | 3,076 | 65,654 | 86,934 | 27,216 | 59,718 |
| *Repurchase agreements* | 99,413 | 17,507 | 81,906 | 116,643 | 20,610 | 96,032 |
| *Other financial instruments* | | | | | | |
| **Hedging derivatives** | **889** | **12** | **878** | **3,118** | **2,491** | **626** |
| **Amounts due to banks** | **13,578** | **5,004** | **8,575** | **7,988** | **1,100** | **6,888** |
| *Repurchase agreements* | 13,578 | 5,004 | 8,575 | 7,988 | 1,100 | 6,888 |
| *Other financial instruments* | | | | | | |
| **Amounts due to customers** | **54** | **0** | **54** | **121** | **0** | **121** |
| *Repurchase agreements* | 54 | | 54 | 121 | | 121 |
| *Other financial instruments* | | | | | | |
| **TOTAL** | **182,665** | **25,598** | **157,067** | **214,804** | **51,418** | **163,386** |

(*) Gross amount of financial liabilities offset or covered by a master netting or similar arrangement.

| *(in millions of euros)* | 30/06/2020 | | | | 31/12/2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | Net amount of financial liabilities recognized in the balance sheet | Impact of master netting or similar arrangements (*) | Guarantees received in cash | Net exposure | Net amount of financial liabilities recognized in the balance sheet | Impact of master netting or similar arrangements (1) | Guarantees received in cash | Net exposure |
| | (c) | (d) | (f) | (g) = (c) - (d) - (f) | (c) | (d) | (f) | (g) = (c) - (d) - (f) |
| **Derivatives** | 66,532 | 41,771 | 13,076 | 11,685 | 60,345 | 41,151 | 9,960 | 9,233 |
| **Repurchase agreements** | 90,535 | 87,573 | | 2,962 | 103,041 | 99,904 | 14 | 3,124 |
| **TOTAL** | **157,067** | **129,344** | **13,076** | **14,647** | **163,386** | **141,055** | **9,974** | **12,358** |

(*) Including collateral received in the form of securities.

## 5.3 Financial assets at fair value through other comprehensive income

This line item covers debt instruments managed under a "hold to collect and sell" business model, with cash flows that meet SPPI criteria, such as debt instruments held in the liquidity reserve and equity instruments that Natixis has irrevocably opted to measure at fair value through other comprehensive income.

| **(in millions of euros)** | 30/06/2020 | | | | 31/12/2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | Debt instruments | | | | Debt instruments | | | |
| | Unimpaired financial assets (1) | Impaired financial assets (2) | Equity instruments | Total | Unimpaired financial assets (1) | Impaired financial assets (2) | Equity instruments | Total |
| *Note* | *5.3.1* | *5.3.1* | *5.3.2* | | *5.3.1* | *5.3.1* | *5.3.2* | |
| **Securities** | **12,455** | | **503** | **12,958** | **11,563** | | **513** | **12,076** |
| **Loans and receivables** | | | | | | | | |
| Banks | | | | | | | | |
| Customers | | | | | | | | |
| Value adjustments for credit losses | **(0)** | | | **(0)** | | | | |
| **Total** | **12,455** | **0** | **503** | **12,958** | **11,563** | | **513** | **12,076** |

(1) Comprises unimpaired financial assets for which value adjustments are calculated based on 12-month expected credit losses (Stage 1) or lifetime expected credit losses (Stage 2).
(2) Impaired financial assets (Stage 3) are assets for which a default event has been identified as defined in Article 178 of the EU regulation of June 26, 2013 on regulatory requirements for credit institutions.

### 5.3.1 Reconciliation table for financial assets at fair value through recyclable other comprehensive income

The tables below show, for each class of instrument, changes over the first half of 2019 in accounting items and provisions on financial assets at fair value through other comprehensive income recyclable to income.

| (in millions of euros) | Financial assets at fair value through recyclable other comprehensive income at 30/06/2020 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Unimpaired assets for which expected credit losses are measured over 12 months (S1 bucket) | | Unimpaired assets for which expected credit losses are measured on a lifetime basis (S2 bucket) | | Assets impaired after their origination/ acquisition (S3 bucket) | | Assets impaired on origination/acquisition | | TOTAL | |
| | Gross carrying amount | Value adjustment for credit losses | Gross carrying amount | Value adjustment for credit losses | Gross carrying amount | Value adjustment for credit losses | Gross carrying amount | Value adjustment for credit losses | Gross carrying amount | Value adjustment for credit losses |
| **Balance at 31/12/2018** | **10,670** | **(0)** | **4** | **(0)** | **(0)** | **0** | **0** | **0** | **10,673** | **(0)** |
| New originated or acquired contracts | 1,956 | (0) | | | | | | | 1,956 | (0) |
| Changes in contractual cash flows not giving rise to derecognition | 1 | | | | | | | | 1 | |
| Variations linked to changes in credit risk parameters (excluding transfers) | (76) | 0 | (0) | | | | | | (76) | 0 |
| *Financial asset transfers* | *(33)* | *0* | *33* | *(0)* | | | | | | |
| Transfers to S1 | | | | | | | | | | |
| Transfers to S2 | (33) | 0 | 33 | (0) | | | | | | |
| Transfers to S3 | | | | | | | | | | |
| Contracts fully repaid or sold during the period | (775) | 0 | | | | | | | (775) | 0 |
| Impairment in value *(write-off)* | | | | | | | | | | |
| Variations linked to changes in exchange rates | 86 | (0) | | | | | | | 86 | (0) |
| Changes in the model used | | | | | | | | | | |
| Other changes | (299) | 0 | (4) | 0 | | | | | (303) | 0 |
| **Balance at 31/12/2019** | **11,529** | **(0)** | **33** | **(0)** | **0** | **0** | **0** | **0** | **11,563** | **(0)** |
| New originated or acquired contracts | 720 | | | | | | | | 720 | |
| Changes in contractual cash flows not giving rise to derecognition | 0 | | | | | | | | 0 | |
| Variations linked to changes in credit risk parameters (excluding transfers) | 627 | | | | | | | | 627 | |
| *Financial asset transfers* | 33 | | (33) | | | | | | 0 | |
| Transfers to S1 | 33 | | (33) | | | | | | 0 | |
| Transfers to S2 | 0 | | | | | | | | 0 | |
| Transfers to S3 | 0 | | | | | | | | 0 | |
| Contracts fully repaid or sold during the period | (514) | | | | | | | | (514) | |
| Impairment in value *(write-off)* | | | | | | | | | 0 | |
| Variations linked to changes in exchange rates | 53 | | | | | | | | 53 | |
| Changes in the model used | | | | | | | | | | |
| Other changes | 6 | | | | | | | | 6 | |
| **Balance at 30/06/2020** | **12,455** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **12,455** | **0** |

### 5.3.2 Equity instruments at fair value through other comprehensive income

| (in millions of euros) | 30/06/2020 | | | | | 31/12/2019 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Fair value | Dividends recognized over the period | | Derecognition over the period | | Fair value | Dividends recognized over the period | | Derecognition over the period | |
| | | Equity instruments held at 30/06/2019 | Equity instruments derecognized during the period | Fair value on date of sale | Cumulative profit or loss on date of sale | | Equity instruments held at 31/12/2018 | Equity instruments derecognized during the period | Fair value on date of sale | Cumulative profit or loss on date of sale |
| Investments in unlisted and unconsolidated companies | 503 | 22 | 0 | 0 | 0 | 513 | 30 | 0 | 4 | 1 |
| Other equity instruments | | | | | | | | | | |
| **Total** | **503** | **22** | **0** | **0** | **0** | **513** | **30** | **0** | **4** | **1** |

## 5.4 Fair value of financial assets and liabilities carried at fair value in the balance sheet

The fair value of an instrument (asset or liability) is the price that would be received to sell an asset or paid to transfer a liability in a standard arm's length transaction between market participants at the measurement date.

Fair value is therefore based on the exit price.

The fair value of an instrument on initial recognition is normally the transaction price, i.e. the price paid to acquire the asset or received to assume the liability.

In subsequent measurements, the estimated fair value of assets and liabilities must be based primarily on observable market data, while ensuring that all inputs used in the fair value calculation are consistent with the price that market participants would use in a transaction.

In this case, fair value consists of a mid-market price and additional valuation adjustments determined according to the instruments in question and the associated risks.

The mid-market price is obtained based on:

- the quoted price if the instrument is quoted on an active market. A financial instrument is regarded as quoted on an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring transactions on an arm's length basis on the main market or, failing that, the most advantageous market;

- valuation techniques if the market for a financial instrument is not active. The techniques used must maximize the use of relevant observable entry data and minimize the use of non-observable entry data. They may refer to observable data from recent transactions, the fair value of similar instruments, discounted cash flow analysis and option pricing models, proprietary models in the case of hybrid instruments or non-observable data when no pricing or market data are available.

Additional valuation adjustments incorporate factors related to valuation uncertainties, such as market and credit risk premiums in order to account for the costs resulting from an exit transaction on the main market. Similarly, an assumptions-based Funding Value Adjustment (FVA), aiming to factor in the costs associated with the funding of future cash flows of uncollateralized derivatives or imperfectly collateralized derivatives, is also taken into account.

The main additional Funding Value Adjustments are as follows:

***Bid/ask adjustment – Liquidity risk:***
This adjustment is the difference between the bid price and the ask price corresponding with the selling costs. It reflects the remuneration requested by a market player in respect of the risk of acquiring a position or of selling at a price proposed by another market player.

***Model uncertainty adjustment:***
This adjustment takes into account the imperfections of the valuation techniques used – in particular, the risk factors that are not considered, even when observable market inputs are available. This is the case where risks inherent to various instruments differ from those considered by the observable inputs used in valuation.

***Input uncertainty adjustment:***
Observing certain prices or inputs used in valuation techniques may be difficult or the price or input may be too regularly unavailable to determine the selling price. Under these circumstances, an adjustment may be necessary to reflect the probability of different values being used for the same inputs when evaluating the fair value of the financial instrument adopted by the market participants.

***Credit Valuation Adjustment (CVA):***
This adjustment applies to valuations that do not account for the counterparty's credit quality. It corresponds to the expected loss related to the risk of default by a counterparty and aims to account for the fact that Natixis cannot recover all of the transactions' market value.
The method for determining the CVA is primarily based on the use of market inputs in connection with professional market practices for all counterparty segments included in this calculation. In the absence of liquid market inputs, proxies by type of counterparty, rating and geographic area are used.

***Value adjustment for own credit risk (Debit Valuation Adjustment – DVA):***
The DVA is symmetrical to the CVA and represents the expected loss, from the counterparty's perspective, on liability valuations of derivative financial instruments. It reflects the impact of Natixis' credit quality on the valuation of these instruments. The adjustment is made by observing "zero-coupon" spreads on a sample of comparable entities, taking into account the liquidity of BPCE's "zero coupon" spread over the period. The funding valuation adjustment (FVA) is taken into account in the DVA calculation.

**Identifying an active market**

The following criteria are used to determine whether a market is active:

- the level of activity and trend of the market (including the level of activity on the primary market);
- the length of historical data of prices observed in similar market transactions;

- scarcity of prices recovered by a service provider;
- large bid-ask price spread;
- steep price volatility over time or between different market participants.

The valuation control procedures are presented in section 3.2.5 "Market risks" of Chapter 3 "Risk factors, risk management and Pillar III".

Financial assets and liabilities measured and presented at fair value are categorized based on the following scale:

- Level 1: market value is determined directly using prices quoted on active markets for identical assets and liabilities;
- Level 2: market value is determined using valuation techniques based on significant data that may be directly or indirectly observed on the markets;
- Level 3: market value is determined using unrecognized models and/or models based on non-observable market data, where they are liable to materially impact the valuation.

| Assets (in millions of euros) | 30/06/2020 | | | | 31/12/2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying amount | Level 1 | Level 2 | Level 3 | Carrying amount | Level 1 | Level 2 | Level 3 |
| **Financial assets held for trading** | **141,099** | **42,743** | **96,615** | **1,742** | **163,461** | **47,785** | **112,452** | **3,224** |
| *o/w debt instruments in the form of securities* | 19,923 | 17,273 | 2,593 | 58 | 15,004 | 11,870 | 2,793 | 341 |
| *o/w equity instruments* | 25,951 | 25,471 | 480 | | 36,160 | 35,915 | 185 | 60 |
| *o/w loans and receivables* | 73,481 | | 71,796 | 1,684 | 94,583 | | 91,760 | 2,823 |
| *o/w security deposits paid* | 21,744 | | 21,744 | | 17,715 | | 17,715 | |
| **Derivative instruments not eligible for hedge accounting (positive fair value)** | **66,386** | **1,013** | **62,982** | **2,391** | **60,880** | **924** | **57,749** | **2,207** |
| *o/w interest rate derivatives* | 47,206 | | 46,655 | 551 | 43,673 | 2 | 42,931 | 741 |
| *o/w currency derivatives* | 12,665 | | 11,430 | 1,236 | 12,743 | | 11,767 | 976 |
| *o/w credit derivatives* | 751 | | 554 | 197 | 602 | | 373 | 229 |
| *o/w equity derivatives* | 4,516 | 601 | 3,507 | 407 | 3,368 | 679 | 2,427 | 262 |
| *o/w other* | 1,249 | 412 | 836 | | 495 | 243 | 251 | |
| **Financial instruments to be valued at fair value through profit or loss** | **4,526** | **1,307** | **1,993** | **1,226** | **4,415** | **1,313** | **1,793** | **1,308** |
| *o/w equity instruments* | 824 | 219 | | 604 | 835 | 222 | | 613 |
| *o/w debt instruments in the form of securities* | 1,753 | 1,088 | 128 | 538 | 1,865 | 1,091 | 127 | 647 |
| *o/w loans and receivables* | 1,949 | | 1,865 | 84 | 1,715 | | 1,666 | 49 |
| **Financial assets designated under the fair value option** | **7** | | **2** | **5** | **45** | | **45** | |
| *o/w debt instruments in the form of securities* | 5 | | | 5 | 43 | | 43 | |
| *o/w loans and receivables* | 2 | | 2 | | 2 | | 2 | |
| **Hedging derivatives (assets)** | **487** | | **487** | | **325** | | **325** | |
| *o/w interest rate derivatives* | 487 | | 487 | | 325 | | 325 | |
| **Financial assets at fair value through other comprehensive income** | **12,958** | **12,377** | **225** | **356** | **12,076** | **11,171** | **585** | **321** |
| *o/w equity instruments* | 503 | 147 | | 356 | 514 | 184 | 8 | 321 |
| *o/w debt instruments in the form of securities* | 12,455 | 12,230 | 225 | | 11,563 | 10,987 | 576 | |
| *o/w loans and receivables* | | | | | | | | |
| **Total** | **225,463** | **57,441** | **162,303** | **5,720** | **241,202** | **61,193** | **172,948** | **7,060** |

The data regarding the fair value measurements for the insurance activities are presented in Note 6.3.4.

| Liabilities (in millions of euros) | 30/06/2020 | | | | 31/12/2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying amount | Level 1 | Level 2 | Level 3 | Carrying amount | Level 1 | Level 2 | Level 3 |
| **Financial liabilities held for trading** | **33,883** | **16,504** | **17,374** | **4** | **33,825** | **18,534** | **15,291** | |
| *o/w securities issued for trading purposes* | 16,838 | 16,504 | 330 | 4 | 18,840 | 18,534 | 306 | |
| *o/w security deposits received* | 17,044 | | 17,044 | | 14,985 | | 14,985 | |
| **Derivative instruments not eligible for hedge accounting (negative fair value)** | **65,654** | **720** | **62,588** | **2,346** | **59,718** | **674** | **57,146** | **1,898** |
| *o/w interest rate derivatives* | 43,175 | | 42,847 | 329 | 40,868 | | 40,327 | 542 |
| *o/w currency derivatives* | 14,111 | | 13,098 | 1,014 | 12,588 | | 11,863 | 724 |
| *o/w credit derivatives* | 1,291 | | 965 | 326 | 818 | | 502 | 316 |
| *o/w equity derivatives* | 6,005 | 337 | 4,994 | 674 | 4,844 | 437 | 4,092 | 315 |
| *o/w other* | 1,072 | 383 | 685 | 4 | 600 | 238 | 361 | 1 |
| **Other financial liabilities held for trading** | **81,919** | **13** | **81,327** | **580** | **96,044** | | **95,235** | **809** |
| **Financial liabilities designated under the fair value** | **24,969** | **3,183** | **13,857** | **7,929** | **28,692** | **3,696** | **15,627** | **9,368** |
| *o/w securities under the fair value option* | 21,534 | | 13,607 | 7,927 | 24,759 | | 15,393 | 9,366 |
| *o/w other financial liabilities under the fair value option* | 3,435 | 3,183 | 250 | 2 | 3,933 | 3,696 | 235 | 2 |
| **Hedging derivatives (liabilities)** | **878** | | **878** | | **626** | | **626** | |
| *o/w interest rate derivatives* | 878 | | 878 | | 626 | | 626 | |
| **Total** | **207,303** | **20,421** | **176,024** | **10,859** | **218,905** | **22,904** | **183,926** | **12,075** |

**a) Level 1: Fair value measurement using prices quoted on liquid markets**

Level 1 comprises instruments whose fair value is determined based on directly usable prices quoted on active markets.

This mainly includes securities listed on a stock exchange or traded continuously on other active markets, derivatives traded on organized markets (futures, options, etc.) whose liquidity can be demonstrated, and mutual fund units whose NAV is determined and reported on a daily basis.

**b) Level 2: Fair value measurement using observable market models and parameters**

Level 2 fair value comprises instruments other than those mentioned in Level 1 fair value and instruments measured using a valuation technique incorporating inputs that are either directly observable (prices) or indirectly observable (price derivatives) through to maturity. This mainly includes:

Simple instruments:

Most over-the-counter derivatives, swaps, credit derivatives, forward rate agreements, caps, floors and plain vanilla options are traded in active markets, i.e. liquid markets in which trades occur regularly. These instruments are valued using generally accepted models (discounted cash flow method, Black & Scholes model, interpolation techniques), and on the basis of directly observable inputs. For these instruments, the extent to which models are used and the observability of inputs has been documented.

Instruments measured using Level 2 inputs also include:

- securities that are less liquid than those classified as Level 1, whose fair value is determined based on external prices put forward by a reasonable number of active market makers and which are regularly observable without necessarily being directly executable (prices mainly taken from contribution and consensus databases); where these criteria are not met, the securities are classified as Level 3 fair value;
- securities not quoted on an active market whose fair value is determined based on observable market date. E.g. use of market data published by listed peer companies or the multiple method from techniques commonly used by market participants;
- Greek sovereign debt whose fair value is classified as level 2;
- mutual fund units whose NAV is not determined and published on a daily basis, but are subject to regular reporting or offer observable data from recent transactions;
- debt issues measured under the fair value option where the underlying derivatives are classified in Level 2.
  Issuer credit risk is also considered as observable. The valuation of the "issuer credit risk" component is based on the discounted cash-flow method, using inputs such as yield curves, revaluation spreads, etc. For each issue, this valuation represents the product of its remaining notional amount and its sensitivity, taking into account the existence of calls, and based on the difference between the revaluation spread (based on BPCE's cash reoffer curve at June 30, 2020, as on previous reporting dates) and the average issue spread. Changes in the issuer spread are generally not material for issues with an initial maturity of less than one year.

Complex instruments:

Some more hybrid and/or long-maturity financial instruments are measured using a recognized model on the basis of market inputs derived from observable data such as yield curves, implied volatility layers of options, market consensus data or active over-the-counter markets.

The main models for determining the fair value of these instruments are described below by type of product:

- equity products: complex products are valued using:
  - market data;
  - the payoff, i.e. a calculation of positive or negative cash flows attached to the product at maturity;

- a model of changes in the underlying asset.

The products traded may be mono-underlying, multi-underlying or hybrid (e.g. fixed income/equity) products.

The main models used for equity products are local volatility, local volatility combined with the one-factor Hull & White (H&W1F) model, as well as the Local Stochastic Volatility ("LSV") models.

The local volatility model treats volatility as a function of time and the price of the underlying. Its main property is that it considers the implied volatility of the option (derived from market data) relative to its exercise price.

The hybrid local volatility combined with H&W1F consists of combining the local volatility model described above with a one-factor Hull & White model, described below (see fixed-income products).

The LSV Model is based on joint diffusion of the underlying asset and its volatility (two factors in total), with a local volatility function (called a "decorator") in order to be consistent with all of the vanilla options.

- fixed-income products: fixed-income products generally have specific characteristics which justify the choice of model. The valuation of the payoff will take into account all underlying risk factors.

  The main models used to value and manage fixed-income products are the one-factor (HW1F) and two-factor (HW2F) Hull & White models, or the one-factor Hull & White stochastic volatility model (HW1FVS).

  The HW1F model makes it possible to model the yield curve with a single Gaussian factor and one calibration of the vanilla rate options.

  The HW2F model makes it possible to model the yield curve with two factors and one calibration of the vanilla rate options and spread-option instruments.

  The HW1VS model makes it possible to jointly model the Gaussian factor representing the yield curve and its volatility (like the LSV model for the Equity scope).

- currency products: currency products generally have specific characteristics which justify the choice of model.

  The main models used to value and manage currency products are local volatility and stochastic models (like the LSV model for the equity scope), as well as the hybrid models combining an underlying currency model with two one-factor Hull & White models to understand domestic and foreign economies' fixed-income curves.

Inputs relating to all such Level 2 instruments were demonstrated to be observable and documented. From a methodology perspective, observability is based on four inseparable criteria:

- inputs are derived from external sources (primarily a recognized contributor, for example);
- they are updated periodically;
- they are representative of recent transactions;
- their characteristics are identical to the characteristics of the transaction. If necessary, a proxy may be used, provided that the relevance of such an arrangement is demonstrated and documented.

The fair value of instruments obtained using valuation models is adjusted to take account of liquidity risk (bid-ask), counterparty risk, the risk relating to the cost of funding uncollateralized or imperfectly collateralized derivatives, own credit risk (measurement of liability derivative positions), modeling risk and input risk.

The margin generated when these instruments begin trading is immediately recognized in income.

**c) Level 3: Fair value measurement using non-observable market data**

Level 3 comprises instruments measured using unrecognized models and/or models based on non-observable market data, where they are liable to materially impact the valuation. This mainly includes:

- unlisted shares whose fair value could not be determined using observable inputs;
- Private Equity securities not listed on an active market, measured at fair value with models commonly used by market participants, in accordance with International Private Equity Valuation (IPEV) standards, but which are sensitive to market fluctuations and whose fair value determination necessarily involves a judgment call; As of June 30, 2020, given the financial crisis, Natixis exhaustively reviewed its portfolio (see note 3.3);
- structured or representative of private placements, held by the insurance business line;
- hybrid interest rate and currency derivatives and credit derivatives that are not classified in Level 2;
- loans in the syndication process for which there is no secondary market price;
- loans in the securitization process for which fair value is determined based on an expert appraisal;
- investment property whose fair value is obtained using a multi-criteria approach based on the capitalization of rents at the market rate combined with a comparison with market transactions;
- instruments with a deferred day-one margin;
- mutual fund units for which the fund has not published a recent NAV at the valuation date, or for which there is a lock-up period or any other constraint calling for a significant adjustment to available market prices (NAV, etc.) given the low liquidity observed for such securities;
- debt issues measured under the fair value option are classified in Level 3 where the underlying derivatives are classified in Level 3. The associated issuer credit risk is deemed observable and thus classified in Level 2;
- CDS contracted with monoline insurers, for which the valuation model used to measure write-downs has moved more in line, in terms of method, with the adjustment made for counterparty risk (Credit Valuation Adjustment—CVA). It also takes account of the expected depreciation of exposures and the counterparty spread implied from market data;
- Plain vanilla derivatives are also classified as Level 3 in the fair value hierarchy when exposure is beyond the liquidity horizon determined by underlying currencies or by volatility surface (e.g., certain foreign currency options and volatility caps/floors).

In accordance with the decree of February 20, 2007, amended by the decree of November 23, 2011, relating to regulatory capital requirements applicable to credit institutions and investment firms, and in accordance with the European Capital Requirements Regulation (CRR) of June 26, 2013 on requirements resulting from Basel 3, a description of crisis simulations and ex-post controls (validation of the accuracy and consistency of internal models and modeling procedures) is provided for each model used in Section 3.2.5 of Chapter III, "Risk factors, risk management and the Pillar III report".

Under IFRS 9, day-one profit should be recognized only if it is generated by a change in the factors that market participants would consider in setting a price, i.e. only if the model and parameters input into the valuation are observable.

If the selected valuation model is not recognized by current market practices, or if one of the inputs significantly affecting the instrument's valuation is not observable, the trading profit on the trade date cannot be recognized immediately in the income statement. It is taken to income on a straight-line basis over the life of the transaction or until the date the inputs become observable. Any losses incurred at the trade date are immediately recognized in income.

At June 30, 2020, instruments for which the recognition of day-one profit/loss has been deferred included:

- multiple equity and index underlying structured products;
- mono-underlying structured produced indexed to sponsored indices;
- synthetic loans;

- options on funds (multi-asset and mutual funds);
- structured fixed-income products;
- securitization swaps.

For these instruments, the following table provides the main unobservable inputs as well as value ranges.

| Instrument class | Main types of products | Valuation techniques used | Main unobservable data | Min-max observable data ranges (JUN. 20) |
|---|---|---|---|---|
| Interest rate derivatives | Sticky CMS/Volatility Bond | Valuation models for interest rate options | Mean reversion parameters | [1.75%; 5%] |
| Interest rate derivatives | Callable Spread Options and Corridor Callable Spread Options | Model representing several yield curve factors | Mean-reversion spread | [0%; 30%] EUR 30%, USD 25% |
| Interest rate derivatives | Bermuda Accreting | | Accreting Factor | [72.5%; 94%] |
| Interest rate derivatives | Volatility cap/floor | Valuation models for interest rate options | Interest rate vol. | [1.5%; 73.88%] |
| Equity | Plain vanilla derivatives and complex derivatives, equity basket or funds | Different equity option valuation models, equity baskets or funds | Equity volatility | [12%; 477%] |
| | | | Fund volatility | [3.35%; 40.27%] |
| | | | Stock/stock correlations | [19.19%; 98.70%] |
| | | | Repo for general collateral baskets | [-0.81%; 0.84%] |
| Forex | Forex derivatives | Forex options valuation model | Forex volatility | [2.12%; 13.11%] |
| Forex | Long-term PRDC/PRDKO/TARN | Hybrid fixed income/forex options valuation model | Correlation between forex rates and interest rates as well as long-term volatility levels | [11.5%; 39.8%] |
| | | | | Long-term volatility: [7.245%; 13.026%] |
| Credit | Collateralized debt obligations | The default rates are based on the market prices of the underlying PFI bonds and the recovery rates are based on historical ratings agency data | Correlation between the assets, base spread between the cash asset and derivative asset, recovery rate | 0.80% |
| Credit | Securitization swaps | Discounted cash flow expected based on the underlying portfolio's early redemption assumption | Prepayment rate | [3.3%; 35%] |
| Hybrid | Hybrid equity/fixed income/forex (FX) derivatives | Hybrid model coupling an equity diffusion, a FX diffusion and a fixed income diffusion | Equity-Forex correlations | [-53.5%; 77.65%] |
| | | | Equity-Fixed Income correlations | [-44%; 44%] |
| | | | Fixed Income-Forex | [-35%; 32.4%] |
| Forex | Helvetix: Strip of long-term options, Strip of quanto options, Strip of digital options | Black & Scholes model | EURCHF/EURUSD correlation | [17.31%; 37.04%] |
| | Helvetix: Spread options and digital spread options | Gaussian copula | USDCHF & EURCHF long-term volatility | USDCHF volatility: [8.6582%; 11.2792%] EURCHF volatility: [7.4551%; 9.0559%] |

### d) Natixis' policy on transfers between fair value levels

Transfers between fair value levels are reviewed and validated by the Valuation Committee, predominantly including representatives of the Finance function, Risk and Business Lines. The Committee considers various indicators of market activity and liquidity as described in the General Principles.

A review is undertaken for any instrument that ceases to meet these criteria or once again complies with the criteria. The transfers to and from Level 3 are subject to validation by the Valuation Committee.

As a reminder, the main reclassifications in the 2019 fiscal year consisted of Bermuda accreter swaptions (in EUR and AUD), certain complex multi- or mono-underlying derivatives indexed to indices, and associated liabilities measured under the fair value option. These instruments were reclassified from Level 2 to Level 3 of the fair value hierarchy subsequent to the observability review conducted during the period, which found a lack of observed prices for the corresponding inputs and products, serving as a basis for their reclassification to Level 3 of the fair value hierarchy.

### 5.4.1 Financial assets and liabilities at fair value measured using level 3 of the fair value hierarchy

## At June 30, 2020

### Financial assets

| Financial assets (in millions of euros) | Level 3 opening balance 01/01/2020 | Gains and losses recognized in the period | | | Transactions carried out in the period | | Reclassifications in the period | | | Change in consolidation scope | Translation adjustments | Level 3 closing balance 30/06/2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Income statement | | Gains and losses recognized directly in equity | Purchases /Issues | Sales/ Redemptions | From Level 3 | To Level 3 | Other reclassifications | | | |
| | | On outstanding transactions at the reporting date | On transactions expired or redeemed during the period | | | | | | | | | |
| **Financial assets held for trading** | **3,224** | **(60)** | **399** | | **3,646** | **(5,278)** | **(140)** | **13** | **(61)** | | **(2)** | **1,742** |
| *o/w debt instruments in the form of securities* | 341 | (128) | 394 | | 1,213 | (1,750) | (25) | 13 | | | (1) | 58 |
| *o/w equity instruments* | 60 | | | | | | | | (60) | | | |
| *o/w loans and receivables* | 2,823 | 68 | 5 | | 2,433 | (3,528) | (115) | | (1) | | (1) | 1,684 |
| **Derivative instruments not eligible for hedge accounting (positive fair value)** | **2,207** | **(419)** | **188** | | **683** | **(330)** | **(263)** | **338** | | | **(13)** | **2,391** |
| *o/w interest rate derivatives* | 741 | (67) | (12) | | 26 | (96) | (39) | 1 | | | (3) | 551 |
| *o/w currency derivatives* | 976 | 108 | (4) | | 53 | (73) | (158) | 327 | | | 6 | 1,236 |
| *o/w credit derivatives* | 229 | (23) | (3) | | 2 | (5) | (1) | 11 | | | (13) | 197 |
| *o/w equity derivatives* | 262 | (437) | 206 | | 602 | (156) | (66) | (1) | | | (3) | 407 |
| *o/w other* | | | | | | | | | | | | |
| **Other financial assets held for trading** | | | | | | | | | | | | |
| **Financial instruments to be valued at fair value through profit or loss** | **1,308** | **(78)** | **(0)** | | **190** | **(256)** | **0** | **(0)** | **60** | | **1** | **1,226** |
| *o/w equity instruments* | 613 | (17) | | | 3 | (55) | | (0) | 60 | | 1 | 604 |
| *o/w debt instruments in the form of securities* | 647 | (62) | (0) | | | (47) | 0 | | | | (0) | 538 |
| *o/w loans and receivables* | 49 | 2 | | | 187 | (154) | | | | | | 84 |
| **Financial assets designated under the fair value option** | **0** | | | | | | | | **5** | | | **5** |
| *o/w debt instruments in the form of securities* | | | | | | | | | 5 | | | 5 |
| *o/w equity instruments* | | | | | | | | | | | | |
| *o/w loans and receivables* | | | | | | | | | | | | |
| **Financial assets at fair value through other comprehensive income** | **321** | | **0** | **14** | **14** | **(0)** | | | **8** | | **(1)** | **356** |
| *o/w equity instruments* | 321 | | | 14 | 14 | | | | 8 | | (1) | 356 |
| *o/w debt instruments in the form of securities* | | | 0 | | | (0) | | | | | | |
| *o/w loans and receivables* | | | | | | | | | | | | |
| **Available-for-sale financial assets** | | | | | | | | | | | **(0)** | |
| **Total financial assets recorded at fair value** | **7,060** | **(558)** | **587** | **14** | **4,533** | **(5,863)** | **(403)** | **352** | **12** | | **(15)** | **5,720** |

The flows presented under the "Reclassifications in the period" columns of the above table are determined on the basis of outstanding transactions at June 30, 2020.

### Financial liabilities

| *Financial liabilities (in millions of euros)* | Level 3 opening balance 01/01/2020 | Gains and losses recognized in the period | | | Transactions carried out in the period | | Reclassifications in the period | | | Change in consolidation scope | Translation adjustments | Level 3 closing balance 30/06/2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Income statement | | Gains and losses recognized directly in equity | Purchases /Issues | Sales/ Redemptions | From Level 3 | To Level 3 | Other reclassifications | | | |
| | | On outstanding transactions at the reporting date | On transactions expired or redeemed during the period | | | | | | | | | |
| **Securities held for trading** | | **3** | | | **12** | **(12)** | | **0** | **(0)** | | | **4** |
| **Derivative instruments not eligible for hedge accounting (negative fair value)** | **1,898** | **296** | **(40)** | | **177** | **(159)** | **(165)** | **361** | **0** | | **(23)** | **2,346** |
| *o/w interest rate derivatives* | 542 | (126) | (33) | | 16 | (65) | (3) | 1 | 0 | | (2) | 329 |
| *o/w currency derivatives* | 724 | 115 | (7) | | 18 | (7) | (139) | 318 | | | (9) | 1,014 |
| *o/w credit derivatives* | 316 | 22 | 0 | | 4 | (2) | (0) | 1 | | | (15) | 326 |
| *o/w equity derivatives* | 315 | 294 | 1 | | 139 | (85) | (22) | 30 | | | 3 | 674 |
| *o/w other* | 1 | (8) | 0 | | 1 | 0 | (1) | 11 | | | (0) | 4 |
| **Other financial liabilities held for trading** | **809** | **16** | **(27)** | | **505** | **(723)** | | | **(0)** | | | **580** |
| **Financial liabilities under the fair value option through profit or loss** | **9,368** | **(1,102)** | **404** | | **2,631** | **(3,255)** | **(288)** | **233** | **(22)** | | **(41)** | **7,929** |
| *o/w securities under the fair value option* | 9,366 | (1,102) | 404 | | 2,631 | (3,255) | (288) | 233 | (22) | | (41) | 7,927 |
| *o/w other financial liabilities under the fair value option* | 2 | (0) | | | | | | | | | | 2 |
| **Total financial liabilities recognized at fair value** | **12,075** | **(787)** | **338** | | **3,326** | **(4,148)** | **(453)** | **595** | **(22)** | | **(64)** | **10,859** |

## At December 31, 2019

### Financial assets

| Financial assets (in millions of euros) | Level 3 opening balance 01/01/2019 | Gains and losses recognized in the period | | | Transactions carried out in the period | | Reclassifications in the period | | | Change in consolidation scope | Translation adjustments | Level 3 closing balance 31/12/2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Income statement | | Gains and losses recognized directly in equity | Purchases/ Issues | Sales/ Redemptions | From Level 3 | To Level 3 | Other reclassifications | | | |
| | | On outstanding transactions at the reporting date | On transactions expired or redeemed during the period | | | | | | | | | |
| **Financial assets held for trading** | **2,889** | **65** | **148** | | **8,635** | **(8,431)** | **(116)** | **6** | **(0)** | | **27** | **3,224** |
| *o/w debt instruments in the form of securities* | 75 | (27) | (21) | | 1,350 | (1,045) | (0) | 6 | | | 3 | 341 |
| *o/w equity instruments* | | | | | 60 | | | | | | | 60 |
| *o/w loans and receivables* | 2,814 | 92 | 169 | | 7,225 | (7,386) | (116) | | (0) | | 25 | 2,823 |
| **Derivative instruments not eligible for hedge accounting (positive fair value)** | **2,548** | **841** | **(343)** | | **446** | **(1,488)** | **(339)** | **486** | **0** | | **55** | **2,207** |
| *o/w interest rate derivatives* | 122 | 306 | (10) | | 10 | (63) | (5) | 381 | | | 1 | 741 |
| *o/w currency derivatives* | 1,299 | (171) | (91) | | 279 | (75) | (328) | 13 | | | 50 | 976 |
| *o/w credit derivatives* | 725 | 64 | 9 | | 2 | (582) | | 1 | | | 9 | 229 |
| *o/w equity derivatives* | 402 | 643 | (251) | | 155 | (768) | (5) | 90 | 0 | | (5) | 262 |
| *o/w other* | | | | | | | | | | | | |
| **Other financial assets held for trading** | | | | | | | | | | | | |
| **Financial instruments to be valued at fair value through profit or loss** | **1,490** | **50** | **35** | **(0)** | **32** | **(298)** | | **3** | **(5)** | **(4)** | **6** | **1,308** |
| *o/w equity instruments* | 577 | 32 | 7 | (0) | 30 | (26) | | | (5) | (4) | 1 | 613 |
| *o/w debt instruments in the form of securities* | 862 | 18 | 28 | | 0 | (265) | | | | | 4 | 647 |
| *o/w loans and receivables* | 51 | | | | 2 | (8) | | 3 | | | | 49 |
| **Financial assets designated under the fair value option** | **0** | **(0)** | | | | | | | | | **0** | |
| *o/w debt instruments in the form of securities* | | (0) | | | | | | | | | 0 | |
| *o/w equity instruments* | | | | | | | | | | | | |
| *o/w loans and receivables* | | | | | | | | | | | | |
| **Financial assets at fair value through other comprehensive income** | **48** | **1** | | **26** | **256** | **(2)** | | | **(8)** | | **(0)** | **321** |
| *o/w equity instruments* | 48 | 1 | | 26 | 256 | (2) | | | (8) | | (0) | 321 |
| *o/w debt instruments in the form of securities* | | | | | | | | | | | | |
| *o/w loans and receivables* | | | | | | | | | | | | |
| **Total financial assets recorded at fair value** | **6,975** | **958** | **(160)** | **26** | **9,369** | **(10,218)** | **(455)** | **495** | **(14)** | **(4)** | **88** | **7,060** |

### Financial liabilities

| *Financial liabilities (in millions of euros)* | Level 3 opening balance 01/01/2019 | Gains and losses recognized in the period | | | Transactions carried out in the period | | Reclassifications in the period | | | Change in consolidation scope | Translation adjustments | Level 3 closing balance 31/12/2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Income statement | | Gains and losses recognized directly in equity | Purchases/ Issues | Sales/ Redemptions | From Level 3 | To Level 3 (1) | Other reclassifications (1) | | | |
| | | On outstanding transactions at the reporting date | On transactions expired or redeemed during the period | | | | | | | | | |
| **Securities held for trading** | | **5** | | | **26** | **(32)** | | | **0** | | | |
| **Derivative instruments not eligible for hedge accounting (negative fair value)** | **2,054** | **(151)** | **(225)** | | **250** | **(264)** | **(401)** | **598** | | | **39** | **1,898** |
| *o/w interest rate derivatives* | 192 | 63 | (22) | | 45 | (24) | (15) | 302 | | | 2 | 542 |
| *o/w currency derivatives* | 1,042 | (32) | 5 | | 89 | (30) | (375) | 8 | | | 18 | 724 |
| *o/w credit derivatives* | 251 | 65 | 10 | | 2 | (23) | | 1 | | | 11 | 316 |
| *o/w equity derivatives* | 569 | (249) | (218) | | 114 | (188) | (10) | 287 | | | 9 | 315 |
| *o/w other* | | 1 | | | | | | | | | | 1 |
| **Other financial liabilities held for trading** | **1,176** | **37** | **(37)** | | **1,161** | **(1,526)** | **(2)** | | | | | **809** |
| **Financial liabilities under the fair value option through profit or loss** | **185** | **475** | **(2)** | | **3,339** | **(1,905)** | | **4,975** | **2,296** | | **5** | **9,368** |
| *o/w securities under the fair value option* | 182 | 475 | (2) | | 3,339 | (1,905) | | 4,975 | 2,296 | | 5 | 9,366 |
| *o/w other financial liabilities under the fair value option* | 3 | (1) | | | | | | | | | | 2 |
| **Total financial liabilities recognized at fair value** | **3,415** | **365** | **(264)** | | **4,776** | **(3,727)** | **(403)** | **5,573** | **2,297** | | **44** | **12,075** |

The flows presented under the "Reclassifications in the period" columns of the above table are determined on the basis of outstanding transactions at December 31, 2019.

(1) Debt issues were reclassifies to Level 3 of the fair value hierarchy along with the underlying instruments, both for instruments deemed unobservable during the period and for issues related to instruments already classified in Level 3 at December 31, 2018 (the latter are recorded under "other reclassifications").

## Sensitivity analysis of the fair value of financial instruments measured according to Level 3 – Assets and Liabilities

Sensitivity of the fair value of financial instruments measured using unobservable inputs was estimated at June 30, 2020. With the aid of probable assumptions, this sensitivity was used to estimate the impacts of market fluctuations in uncertain economic environments. This estimate was established using assumptions about additional adjustments to the valuation of interest rate, foreign exchange, credit and equity instruments.

| (in millions of euros) | Potential impact on income statement |
|---|---|
| Shares and other equity instruments, and derivatives | (13) |
| Interest rate and/or foreign exchange instruments, and derivatives | (16) |
| Credit instruments and derivatives | (12) |
| **Sensitivity of Level 3 financial instruments** | **(41)** |

### 5.4.2 Restatement of the deferred margin on financial instruments

The deferred margin covers only financial instruments eligible for Level 3 of the hierarchy. It is calculated after determining the valuation adjustments for uncertainty as described in Note 5.4. The outstanding non-amortized amount is recognized on the balance sheet under "Financial instruments marked to market on the income statement" less the market value of the related transactions.

| (in millions of euros) | 01/01/2019 | Margin on new transactions | Margin recognized during the period | Other changes | 31/12/2019 | Margin on new transactions | Margin recognized during the period | Other changes | 30/06/2020 |
|---|---|---|---|---|---|---|---|---|---|
| *Interest rate derivative instruments* | 1 | 7 | (3) | 4 | 9 | 7 | (6) | 2 | 12 |
| *Currency derivative instruments* | | 2 | (1) | 0 | 0 | 2 | (1) | 3 | 4 |
| *Credit derivative instruments* | 16 | 8 | (4) | (10) | 10 | 1 | (1) | (6) | 4 |
| *Equity derivative instruments* | 70 | 98 | (69) | 0 | 99 | 62 | (32) | (11) | 118 |
| *Repurchase agreements* | | 9 | (11) | 5 | 4 | 2 | (6) | 11 | 11 |
| **Total** | **87** | **124** | **(88)** | **0** | **122** | **74** | **(46)** | **0** | **150** |

### 5.4.3 Financial assets and liabilities at fair value: transfers between fair value levels

| (in millions of euros) | | 30/06/2020 | | | | | 31/12/2019 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **From** | **Level 1** | **Level 2** | **Level 2** | **Level 3** | **Level 3** | **Level 1** | **Level 2** | **Level 2** | **Level 3** | **Level 3** |
| | **To** | **Level 2** | **Level 1** | **Level 3** | **Level 1** | **Level 2** | **Level 2** | **Level 1** | **Level 3** | **Level 1** | **Level 2** |
| **Financial assets at fair value through profit or loss** | | **867** | **151** | **352** | | **403** | **306** | **230** | **495** | | **455** |
| **Financial assets held for trading** | | **720** | **92** | **13** | | **140** | **289** | **119** | **6** | | **116** |
| o/w debt instruments in the form of securities | | 530 | 92 | 13 | | 25 | 233 | 119 | 6 | | |
| o/w equity instruments | | 190 | | | | | 2 | | | | |
| *o/w loans and receivables* | | | | | | 115 | | | | | 116 |
| *o/w security deposits paid* | | 1 | 0 | | | | 54 | | | | |
| **Derivative instruments not eligible for hedge accounting (positive fair value)** | | **146** | **59** | **339** | | **263** | **16** | **111** | **486** | | **339** |
| o/w interest rate derivatives | | | | 1 | | 39 | | | 381 | | 5 |
| o/w currency derivatives | | | | 327 | | 158 | | | 13 | | 328 |
| o/w credit derivatives | | | | 11 | | 1 | | | 1 | | |
| o/w equity derivatives | | 81 | 44 | 1 | | 66 | 16 | 109 | 90 | | 5 |
| o/w other | | 65 | 15 | | | | | 2 | | | |
| **Financial instruments to be valued at fair value through profit or loss** | | **1** | | | | **0** | | | **3** | | |
| o/w debt instruments in the form of securities | | 1 | | | | 0 | | | | | |
| o/w loans and receivables | | | | | | | | | *3* | | |
| *Financial assets at fair value through other comprehensive income* | | 107 | 480 | | | | **273** | **588** | | | |
| o/w equity instruments | | | | | | | | | | | |
| o/w debt instruments in the form of securities | | 107 | 480 | | | | 273 | 588 | | | |
| o/w loans and receivables | | | | | | | | | | | |

| (in millions of euros) | | 30/06/2020 | | | | | 31/12/2019 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | From | Level 1 | Level 2 | Level 2 | Level 3 | Level 3 | Level 1 | Level 2 | Level 2 | Level 3 | Level 3 |
| | To | Level 2 | Level 1 | Level 3 | Level 1 | Level 2 | Level 2 | Level 1 | Level 3 | Level 1 | Level 2 |
| **Financial liabilities held for trading** | | **139** | **34** | **361** | | **165** | **12** | **199** | **598** | | **403** |
| **Securities held for trading** | | **33** | **0** | **0** | | | | **83** | | | |
| **Derivative instruments not eligible for hedge accounting (negative fair value)** | | **106** | **34** | **361** | | **165** | **12** | **116** | **598** | | **401** |
| o/w interest rate derivatives | | | | 1 | | 3 | | | 302 | | 15 |
| o/w currency derivatives | | | | 318 | | 139 | | | 8 | | 375 |
| o/w credit derivatives | | | | 1 | | 0 | | | 1 | | |
| o/w equity derivatives | | 20 | 34 | 30 | | 22 | 12 | 115 | 287 | | 10 |
| o/w other | | 85 | | 11 | | 1 | | 1 | | | |
| **Other financial liabilities held for trading** | | | | | | | | | | | **2** |
| **Financial liabilities designated under the fair value option** | | | | **233** | | **288** | | | **4,975** | | |
| o/w securities under the fair value option | | | | 233 | | 288 | | | 4,975 | | |
| *o/w other financial liabilities under the fair value option* | | | | | | | | | | | |

## 5.5 Financial assets at amortized cost

These are SPPI financial assets held under a "hold to collect" model. The vast majority of loans granted by the Group are classified in this category.

### 5.5.1 Loans and receivables due from banks at amortized cost

| (in millions of euros) | 30/06/2020 | | | 31/12/2019 | | |
|---|---|---|---|---|---|---|
| | Unimpaired financial assets [(1)] | Impaired financial assets [(2)] | Total | Unimpaired financial assets [(1)] | Impaired financial assets [(2)] | Total |
| Current accounts overdrawn | **5,332** | **0** | **5,332** | 5,783 | 0 | 5,783 |
| Loans and receivables | **50,237** | **42** | **50,279** | 42,335 | 48 | 42,383 |
| Security deposits paid | | | | | | |
| Value adjustments for credit losses | **(4)** | **(38)** | **(42)** | (3) | (48) | (51) |
| **Total** [(3)] | **55,566** | **4** | **55,570** | **48,115** | **0** | **48,115** |

(1) Comprises unimpaired financial assets for which value adjustments are calculated based on 12-month expected credit losses (Stage 1) or lifetime expected credit losses (Stage 2).
(2) Impaired financial assets (Stage 3) are assets for which a default event has been identified as defined in Article 178 of the EU regulation of June 26, 2013 on regulatory requirements for credit institutions.
(3) As of December 31, 2019, Coface contributed €313.8 million to "Loans and receivables due from banks at amortized cost".

The fair value of loans and receivables due from banks was €55,698 million at June 30, 2020 versus €48,578 million at December 31, 2019.

## Reconciliation of loans and receivables due from banks at amortized cost

| (in millions of euros) | Loans and receivables due from banks at amortized cost at 30/06/2020 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Unimpaired assets for which expected credit losses are measured over 12 months (S1 bucket) | | Unimpaired assets for which expected credit losses are measured on a lifetime basis (S2 bucket) | | Assets impaired after their origination/ acquisition (S3 bucket) | | Assets impaired on origination/acquisition | | TOTAL | |
| | Gross carrying amount | Value adjustment for credit losses | Gross carrying amount | Value adjustment for credit losses | Gross carrying amount | Value adjustment for credit losses | Gross carrying amount | Value adjustment for credit losses | Gross carrying amount | Value adjustment for credit losses |
| **Balance at 01/01/2019** | **25,806** | **(0)** | **594** | **(2)** | **49** | **(48)** | **0** | **(0)** | **26,449** | **(50)** |
| New originated or acquired contracts | 24,396 | 0 | 71 | 0 | | | | | 24,467 | 0 |
| Changes in contractual cash flows not giving rise to derecognition | (29) | 0 | 0 | 0 | 0 | 0 | | | (29) | 0 |
| Variations linked to changes in credit risk parameters (excluding transfers) | (7,046) | 0 | 110 | (1) | 2 | 0 | | | (6,933) | (2) |
| *Financial asset transfers* | *14* | *0* | *(14)* | *0* | *0* | *0* | | | *0* | *0* |
| Transfers to S1 | 20 | 0 | (20) | 0 | 0 | 0 | | | 0 | 0 |
| Transfers to S2 | (6) | 0 | 6 | 0 | 0 | 0 | | | 0 | 0 |
| Transfers to S3 | 0 | 0 | 0 | 0 | 0 | 0 | | | 0 | 0 |
| Transfer to non-current assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 | | | 0 | 0 |
| Contracts fully repaid or sold during the period | (11,210) | 0 | (47) | 0 | (3) | 0 | | | (11,259) | 0 |
| Impairment in value (write-off) | | | | | (1) | 1 | | | (1) | 1 |
| Variations linked to changes in exchange rates | 80 | 0 | 1 | 0 | 1 | 0 | | | 82 | 0 |
| Changes in the model used | | | | | | | | | | 0 |
| Other changes [(2)] | 14,835 | 0 | 0 | 0 | 0 | 0 | | | 14,835 | 0 |
| **Balance at 31/12/2019 [(1)]** | **46,846** | **(0)** | **715** | **(3)** | **48** | **(48)** | **0** | **(0)** | **47,609** | **(51)** |
| New originated or acquired contracts | 27,744 | (0) | 29 | (0) | | | | | 27,773 | (0) |
| Changes in contractual cash flows not giving rise to derecognition | 5 | 0 | 0 | 0 | 0 | 0 | | | 5 | 0 |
| Variations linked to changes in credit risk parameters (excluding transfers) | (9,809) | 0 | (177) | (0) | 0 | (0) | | | (9,986) | (0) |
| *Financial asset transfers* | *29* | *0* | *(33)* | *(0)* | *4* | *0* | | | 0 | 0 |
| Transfers to S1 | 64 | 0 | (64) | 0 | 0 | 0 | | | 0 | 0 |
| Transfers to S2 | (31) | 0 | 31 | (0) | 0 | 0 | | | 0 | 0 |
| Transfers to S3 | (4) | 0 | 0 | 0 | 4 | 0 | | | 0 | 0 |
| Transfer to non-current assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 | | | 0 | 0 |
| Contracts fully repaid or sold during the period | (9,911) | 0 | (4) | 0 | (1) | 1 | | | (9,916) | 1 |
| Impairment in value *(write-off)* | | | | | (9) | 9 | | | (9) | 9 |
| Variations linked to changes in exchange rates | (77) | 0 | (16) | 0 | 0 | (0) | | | (93) | (0) |
| Changes in the model used | | | | | | | | | | 0 |
| Other changes | (27) | 0 | (79) | 0 | (0) | 0 | | | (106) | 0 |
| **Balance at 30/06/2020 [(1)]** | **54,799** | **0** | **435** | **(3)** | **42** | **(38)** | **0** | **0** | **55,277** | **(42)** |

(1) Gross carrying amount excluding insurance company contributions, i.e. €335 million at June 30, 2020 (versus €557 million at December 31, 2019).
(2) Corresponds to outstanding loans with the SFS division's retail banking entities sold to BPCE in the amount of €14,734 million at January 1, 2019.

### 5.5.2 Loans and receivables due from customers at amortized cost

| (in millions of euros) | 30/06/2020 | | | 31/12/2019 | | |
|---|---|---|---|---|---|---|
| | Unimpaired financial assets (1) | Impaired financial assets (2) | Total | Unimpaired financial assets (1) | Impaired financial assets (2) | Total |
| Reverse repurchase agreements | 3,912 | | 3,912 | 3,541 | 0 | 3,541 |
| Current accounts overdrawn | 2,450 | 20 | 2,470 | 2,625 | 22 | 2,646 |
| Finance leases | 33 | 8 | 41 | 38 | 8 | 45 |
| Factoring | | | | 2,347 | 0 | 2,347 |
| Other | 62,736 | 3,718 | 66,454 | 60,749 | 3,043 | 63,792 |
| Security deposits paid | 84 | | 84 | 93 | 0 | 93 |
| Value adjustments for credit losses | (184) | (1,505) | (1,689) | (119) | (1,255) | (1,375) |
| **Total (3)** | **69,031** | **2,241** | **71,272** | **69,272** | **1,817** | **71,089** |

(1) Comprises unimpaired financial assets for which value adjustments are calculated based on 12-month expected credit losses (Stage 1) or lifetime expected credit losses (Stage 2).
(2) Impaired financial assets (Stage 3) are assets for which a default event has been identified as defined in Article 178 of the EU regulation of June 26, 2013 on regulatory requirements for credit institutions.
(3) As of December 31, 2019, Coface contributed €2,345.8 million to "Loans and receivables due from customers at amortized cost".

The fair value of loans and receivables due from customers was €71,932 million at June 30, 2019 versus €71,281 million at December 31, 2019.

## Reconciliation table for loans and receivables due from customers at amortized cost

| (in millions of euros) | Loans and receivables due from customers at amortized cost at 30/06/2020 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Unimpaired assets for which expected credit losses are measured over 12 months (S1 bucket) | | Unimpaired assets for which expected credit losses are measured on a lifetime basis (S2 bucket) | | Assets impaired after their origination/ acquisition (S3 bucket) | | Assets impaired on origination/acquisition | | TOTAL | |
| | Gross carrying amount | Value adjustment for credit losses | Gross carrying amount | Value adjustment for credit losses | Gross carrying amount | Value adjustment for credit losses | Gross carrying amount | Value adjustment for credit losses | Gross carrying amount | Value adjustment for credit losses |
| **Balance at 01/01/2019** | **50,255** | **(31)** | **17,758** | **(91)** | **2,143** | **(1,021)** | **363** | **(96)** | **70,518** | **(1,239)** |
| New originated or acquired contracts | 16,918 | (17) | 1,386 | (13) | 0 | 0 | 0 | 0 | 18,304 | (30) |
| Changes in contractual cash flows not giving rise to derecognition | 225 | 1 | 38 | (2) | (3) | (5) | 0 | 0 | 259 | (6) |
| Variations linked to changes in credit risk parameters (excluding transfers) | 874 | 4 | 573 | (9) | 378 | (367) | 107 | 4 | 1,933 | (368) |
| *Financial asset transfers* | *(1,892)* | *(6)* | *1,161* | *10* | *731* | *(4)* | *0* | *0* | *0* | *0* |
| Transfers to S1 | 741 | (10) | (740) | 10 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers to S2 | (2,285) | 3 | 2,356 | (5) | (71) | 3 | 0 | 0 | 0 | 0 |
| Transfers to S3 | (347) | 1 | (455) | 6 | 802 | (7) | 0 | 0 | 0 | 0 |
| Transfer to non-current assets held for sale | | | | | | | | | | |
| Contracts fully repaid or sold during the period | (15,008) | 10 | (4,653) | 21 | (262) | 60 | (123) | 12 | (20,046) | 103 |
| Impairment in value *(write-off)* | | | | | (191) | 194 | (3) | 3 | (195) | 197 |
| Variations linked to changes in exchange rates | 454 | 0 | 173 | (1) | 9 | (8) | 5 | (1) | 641 | (9) |
| Changes in the model used | | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other changes (1) | 1,256 | 0 | (211) | 6 | 4 | (29) | 1 | 0 | 1,050 | (23) |
| **Balance at 31/12/2019** | **53,083** | **(40)** | **16,224** | **(79)** | **2,809** | **(1,180)** | **349** | **(77)** | **72,464** | **(1,375)** |
| New originated or acquired contracts | 7,610 | (9) | 2,310 | (6) | 0 | 0 | 45 | (22) | 9,965 | (38) |
| Changes in contractual cash flows not giving rise to derecognition | (10) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (10) | 0 |
| Variations linked to changes in credit risk parameters (excluding transfers) | (1,270) | (18) | (54) | (45) | (142) | (393) | 11 | (2) | (1,456) | (458) |
| *Financial asset transfers* | *58* | *(1)* | *(1,068)* | *4* | *1,010* | *(4)* | *0* | *0* | 0 | 0 |
| Transfers to S1 (2) | 3,267 | (5) | (3,267) | 5 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers to S2 | (2,617) | 4 | 2,618 | (4) | (1) | 0 | 0 | 0 | 0 | 0 |
| Transfers to S3 | (592) | 0 | (419) | 3 | 1,011 | (4) | 0 | 0 | 0 | 0 |
| Transfer to non-current assets held for sale | | | | | | | | | | |
| Contracts fully repaid or sold during the period | (4,942) | 4 | (712) | 6 | (76) | 7 | (20) | 0 | (5,751) | 17 |
| Impairment in value *(write-off)* | | | | | (107) | 104 | (2) | 2 | (109) | 106 |
| Variations linked to changes in exchange rates | (61) | 0 | (98) | 1 | (25) | 10 | 0 | 0 | (184) | 11 |
| Changes in the model used | | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other changes (3) | (2,088) | 0 | 152 | (1) | (24) | 49 | 0 | 0 | (1,959) | 47 |
| **Balance at 30/06/2020** | **52,381** | **(64)** | **16,754** | **(120)** | **3,445** | **(1,407)** | **382** | **(99)** | **72,961** | **(1,689)** |

(1) Of which €525 million corresponds to outstanding loans with the SFS entities sold to BPCE at January 1, 2019.
(2) This includes a €2.8 billion reclassification of outstanding loans from bucket 2 to bucket 1, due to the abandonment of the criterion of downgrading a sector's rating as a reason to move to bucket 2 as part of the methodological change adopted and described in note 3.2;
(3) Of which -€2,346 million corresponds to Coface's contribution as of December 31, 2019, now treated using the equity method.

### 5.5.3 Debt securities at amortized cost

| (in millions of euros) | 30/06/2020 | | | 31/12/2019 | | |
|---|---|---|---|---|---|---|
| | Unimpaired financial assets (1) | Impaired financial assets (2) | Total | Unimpaired financial assets (1) | Impaired financial assets (2) | Total |
| Debt instruments | 1,593 | 158 | 1,752 | 1,551 | 155 | 1,706 |
| Value adjustments for credit losses | | (144) | (145) | (1) | (147) | (148) |
| **Total** | **1,593** | **14** | **1,607** | **1,550** | **8** | **1,558** |

(1) Comprises unimpaired financial assets for which value adjustments are calculated based on 12-month expected credit losses (Stage 1) or lifetime expected credit losses (Stage 2).
(2) Impaired financial assets (Stage 3) are assets for which a default event has been identified as defined in Article 178 of the EU regulation of June 26, 2013 on regulatory requirements for credit institutions.

The fair value of debt securities at amortized cost was €1,663 million at June 30, 2020 versus €1,609 million at December 31, 2019.

## Reconciliation table for debt securities at amortized cost

| (in millions of euros) | Debt securities at amortized cost at 30/06/2020 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Unimpaired assets for which expected credit losses are measured over 12 months (S1 bucket) | | Unimpaired assets for which expected credit losses are measured on a lifetime basis (S2 bucket) | | Assets impaired after their origination/ acquisition (S3 bucket) | | Assets impaired on origination/acquisition | | TOTAL | |
| | Gross carrying amount | Value adjustment for credit losses | Gross carrying amount | Value adjustment for credit losses | Gross carrying amount | Value adjustment for credit losses | Gross carrying amount | Value adjustment for credit losses | Gross carrying amount | Value adjustment for credit losses |
| **Balance at 01/01/2019** | **982** | | **95** | **(6)** | **84** | **(84)** | **168** | **(47)** | **1,330** | **(137)** |
| New originated or acquired contracts | 724 | | 57 | | | | | | 781 | |
| Changes in contractual cash flows not giving rise to derecognition | | | | | | | | | | |
| Variations linked to changes in credit risk parameters (excluding transfers) | 26 | | 19 | (1) | 39 | (24) | | | 83 | (25) |
| *Financial asset transfers* | | | | | | | | | | |
| Transfers to S1 | | | | | | | | | | |
| Transfers to S2 | | | | | | | | | | |
| Transfers to S3 | | | | | | | | | | |
| Contracts fully repaid or sold during the period | (306) | | (101) | | (26) | 2 | (111) | 13 | (543) | 15 |
| Impairment in value *(write-off)* | | | | | | | | | | |
| Variations linked to changes in exchange rates | 14 | | 1 | | | | | | 14 | |
| Changes in the model used | | | | | | | | | | |
| IFRS 5 - Entities held for sale | | | | | | | | | | |
| Other changes | 34 | | 7 | 6 | (5) | 14 | 5 | (20) | 40 | |
| **Balance at 12/31/2019** | **1,474** | | **77** | **(1)** | **93** | **(93)** | **63** | **(54)** | **1,706** | **(148)** |
| New originated or acquired contracts | 418 | | 328 | (0) | | | | | 746 | |
| Changes in contractual cash flows not giving rise to derecognition | | | | | | | | | | |
| Variations linked to changes in credit risk parameters *(excluding transfers)* | 36 | | 25 | 0 | (6) | | 8 | (3) | 63 | (3) |
| *Financial asset transfers* | *(126)* | | *126* | *(0)* | | | | | | |
| Transfers to S1 | | | | | | | | | | |
| Transfers to S2 | (126) | | 126 | (0) | | | | | | |
| Transfers to S3 | | | | | | | | | | |
| Contracts fully repaid or sold during the period | (652) | | (56) | 0 | | 1 | | | (708) | 1 |
| Impairment in value *(write-off)* | | | | | (4) | 4 | | | (4) | 4 |
| Variations linked to changes in exchange rates | (35) | | (6) | (0) | (1) | 1 | | | (42) | |
| Changes in the model used | | | | | | | | | | |
| IFRS 5 - Entities held for sale | | | | | | | | | | |
| Other changes | (13) | | (1) | 1 | 5 | | | | (9) | 1 |
| **Balance at 6/30/2020** | **1,101** | **(0)** | **492** | **(0)** | **87** | **(87)** | **71** | **(57)** | **1,752** | **(145)** |

## 5.6 Due to banks and customer deposits

Amounts due to banks and customer deposits are presented by type of deposit (demand or term deposits). They are measured in accordance with IFRS 9 within other financial liabilities using the amortized cost method.

### 5.6.1 Amounts due to banks

| (in millions of euros) | 30/06/2020 | 31/12/2019 |
|---|---|---|
| Current accounts | 5,291 | 5,080 |
| Deposits and loans | 63,623 | 59,888 |
| Repurchase agreements | 8,574 | 6,888 |
| Security deposits received | 78 | 65 |
| Other liabilities | 0 | 5 |
| **Total (1)** | **77,566** | **71,927** |

(1) Of which €4,340 million was for insurance entities as of June 30, 2020 compared to €1,509 million in debt as of December 31, 2019; Coface contributed €451.7 million to "Amounts due to banks" as of December 31, 2019.

The fair value of amounts due to banks was €77,585 million at June 30, 2020 versus €72,173 million at December 31, 2019.

### 5.6.2 Amounts due to customers

| (in millions of euros) | 30/06/2020 | 31/12/2019 |
|---|---|---|
| Current accounts | 27,933 | 23,529 |
| Deposits and loans | 5,259 | 4,764 |
| Repurchase agreements | 54 | 121 |
| Special savings accounts | 288 | 294 |
| Factoring accounts | | 301 |
| Security deposits received | | |
| Other liabilities | 1,380 | 1,449 |
| Accrued interest | 19 | 27 |
| **Total [(1)]** | **34,934** | **30,485** |

(1) Coface contributed €301.9 million to "Amounts due to customers" as of December 31, 2019.

The fair value of customer deposits was €35,041 million at June 30, 2020 versus €30,488 million at December 31, 2019.

## 5.7 Debt securities

Debt securities (interest-bearing notes, interbank market securities, etc.) are broken down by type of security, excluding subordinated securities which are included within "Subordinated debt".

| (in millions of euros) | 30/06/2020 | 31/12/2019 |
|---|---|---|
| Money market instruments | 42,581 | 44,127 |
| Bonds | 1,462 | 1,492 |
| Other debt securities | 650 | 1,756 |
| **Total [(1)]** | **44,693** | **47,375** |

(1) Coface contributed €1,538.7 million to "Debt securities" as of December 31, 2019.

The fair value of debt securities came to €44,679 million at June 30, 2020 versus €47,376 million at December 31, 2019.

## 5.8 Subordinated debt

Subordinated debt differs from advances and bonds issued in that it is repaid after all senior and unsecured creditors, but before the repayment of participating loans and securities and deeply subordinated securities. Subordinated debt is valued at amortized cost.

| (in millions of euros) | 30/06/2020 | 31/12/2019 |
|---|---|---|
| Dated subordinated debt [(2)] | 3,280 | 3,654 |
| Undated subordinated debt | 297 | 297 |
| Accrued interest | 14 | 20 |
| **Total [(1)]** | **3,591** | **3,971** |

(1) Including €257.3 million for the insurance entities at June 30, 2020 versus €640.3 million at December 31, 2019. (1) Coface contributed €389.3 million to "Subordinated debt" as of December 31, 2019.
(2) Subordinated debt issue agreements do not incorporate a clause providing for early redemption in the event that the covenants are not observed.

The fair value of subordinated debt was €3,840 million at June 30, 2020 versus €4,307 million at December 31, 2019.

## Changes in subordinated debt over the period

| (in millions of euros) | 01/01/2020 | Issues | Redemptions | Translation adjustments | Changes in scope (2) | Other (1) | 30/06/2020 |
|---|---|---|---|---|---|---|---|
| **Other dated subordinated debt** | **3,654** | **0** | **0** | **0** | **(380)** | **6** | **3,280** |
| Subordinated notes | 674 | | | | | 6 | 680 |
| Subordinated loans | 2,980 | | | | (380) | | 2,600 |
| **Other undated subordinated debt** | **297** | | | | | | **297** |
| Deeply subordinated notes | 0 | | | | | | 0 |
| Subordinated notes | 46 | | | | | | 46 |
| Subordinated loans | 251 | | | | | | 251 |
| **Total** | **3,951** | **0** | **0** | **0** | **(380)** | **6** | **3,577** |

This table does not include accrued interest.

(1) Other changes mainly pertained to the revaluation of debts subject to hedging and variations in intra-group securities held by Natixis Funding for the purposes of market making with respect to Natixis' debt on the secondary market.

(2) Concerns Coface, which is now treated using the equity method.

## Changes in subordinated debt over the 2019 fiscal year

| (in millions of euros) | 01/01/2019 | Issues | Redemptions | Translation adjustments | Changes in scope | Other (1) | 31/12/2019 |
|---|---|---|---|---|---|---|---|
| **Other dated subordinated debt** | **3,646** | **0** | **0** | **0** | **0** | **8** | **3,654** |
| Subordinated notes | 667 | | | | | 8 | 674 |
| Subordinated loans | 2,980 | | | | | | 2,980 |
| **Other undated subordinated debt** | **297** | **0** | **0** | **0** | **0** | **0** | **297** |
| Deeply subordinated notes | 0 | | | | | | 0 |
| Subordinated notes | 46 | | | | | | 46 |
| Subordinated loans | 251 | | | | | | 251 |
| **Total** | **3,943** | **0** | **0** | **0** | **0** | **8** | **3,951** |

This table does not include accrued interest.

(1) Other changes mainly pertained to the revaluation of debts subject to hedging and variations in intra-group securities held by Natixis Funding for the purposes of market making with respect to Natixis' debt on the secondary market.

## 5.9 Accrual accounts, other assets and liabilities

This heading corresponds to technical accounts, details of which are given below:

### ASSETS

| (in millions of euros) | 30/06/2020 | 31/12/2019 |
|---|---|---|
| Accrual accounts (1) | 1,759 | 1,342 |
| Securities settlement accounts | 0 | 70 |
| Other items | 106 | 203 |
| Security deposits paid | 192 | 155 |
| Other miscellaneous debtors (2) | 11,169 | 11,573 |
| Other assets | 175 | 280 |
| **Total (3)** | **13,402** | **13,624** |

(1) of which €225 million in contract assets (accrued income) at June 30, 2020 versus €231 million at December 31, 2019.

(2) of which €647 million in trade receivables at June 30, 2020 versus €1,058 million at December 31, 2019.

(3) Coface contributed €256.2 million to "Accruals and other assets" as of December 31, 2019.

## LIABILITIES

| (in millions of euros) | 30/06/2020 | 31/12/2019 |
|---|---|---|
| Accrual accounts [1] | 3,059 | 3,215 |
| Miscellaneous creditors | 9,308 | 9,451 |
| Securities settlement accounts | 16 | 24 |
| Security deposits received | 8 | 7 |
| Lease liabilities | 1,091 | 1,164 |
| Miscellaneous liabilities | 4 | 3 |
| Other | 1,410 | 2,285 |
| **Total [2]** | **14,896** | **16,148** |

(1) of which €112 million in contract liabilities (prepaid expenses) at June 30, 2020 versus €129 million at December 31, 2019.
(2) Coface contributed €396.3 million to "Accruals and other liabilities" as of December 31, 2019.

## 5.10 Goodwill

| (in millions of euros) | 01/01/2020 | 30/06/2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Opening balance | Acquisitions during the period | Disposals | Write-downs | Translation adjustments | Transfers to equity method | Reclassifications | Other changes | Closing balance |
| Asset and Wealth Management (1) | 3,235 | | | | (4) | | | | 3,231 |
| Corporate and Investment Banking | 144 | | | | (3) | | | | 141 |
| Insurance | 93 | | | | | | | | 93 |
| Payments | 137 | | | | | | | | 137 |
| Corporate Center (2) | 282 | | (282) | | | | | | 0 |
| **Total** | **3,891** | **0** | **(282)** | **0** | **(7)** | **0** | **0** | **0** | **3,602** |

(1) Certain goodwill recorded for the United States gives rise to a tax amortization over 15 years due to the difference between the carrying amount of the goodwill and its tax value. This difference in treatment generated a deferred tax liability of €347.6 million as at June 30, 2020.
(2) The -€282 million correspond to the removal of goodwill observed following the loss of control of Coface (see Key Events).

Furthermore, goodwill on entities consolidated using the equity method amounted to €1.2 million at June 30, 2020.

## At December 31, 2019

| | 01/01/2019 | 31/12/2019 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| *(in millions of euros)* | Opening balance | Acquisitions during the period | Disposals | Write-downs | Translation adjustments | Transfers to equity method | Reclassifications | Other changes | Closing balance |
| Asset & Wealth Management [a] | 3,136 | 42 | (2) | | 30 | | 31 | (1) | 3,235 |
| Corporate & Investment Banking [b] | 129 | 11 | | | 4 | | | | 144 |
| Insurance | 93 | | | | | | | | 93 |
| Payments [c] | 0 | 10 | | | | | 126 | | 137 |
| Specialized Financial Services [d] | 157 | | | | | | (157) | | (0) |
| Financial Investments | 281 | | | | 1 | | | | 282 |
| Other activities | (0) | | | | | | | | (0) |
| **TOTAL** | **3,796** | **64** | **(2)** | **0** | **34** | **0** | **0** | **(1)** | **3,891** |

(1) Of which +€42.1 million in goodwill recorded on the acquisition of Massena Partners. In addition, a goodwill adjustment of -€1 million for MV Crédit was made within the one-year allocation period.
(2) Of which +€11.4 million in goodwill recorded on the acquisition of Azure Capital Holdings Pty Ltd.
(3) Of which +€10.2 million in goodwill recorded on the acquisition of Titres Cadeaux.
(4) The disposal of the SFS division's retail banking entities also altered the presentation of the Natixis CGUs. Within the former SFS CGU, the Payments entities now belong to the "Payments" CGU. The Group reallocated €126 million in goodwill to the Payments CGU, predominantly comprising goodwill recognized on the recent fintech acquisitions in the aforementioned business lines. Natixis Interépargne was reassigned to Asset & Wealth Management (€31 million in "historical" goodwill reallocated).

Furthermore, goodwill on entities consolidated using the equity method amounted to €3.4 million at December 31, 2019.

Certain goodwill recorded for the United States gives rise to a tax amortization over 15 years due to the difference between the carrying amount of the goodwill and its tax value. This difference in treatment generated a deferred tax liability of €346.6 million as at December 31, 2019.

## 5.11 Provisions

The table below does not include value adjustments for credit losses on financial assets at amortized cost (see Note 5.5) and at fair value through other comprehensive income (see Note 5.3).

| (in millions of euros) | 01/01/2020 | Increase | Reversal (utilized provisions) | Reversal (surplus provisions) | Translation adjustments | Other [1] | 30/06/2020 |
|---|---|---|---|---|---|---|---|
| **Counterparty risks** | **916** | **141** | **(0)** | **(129)** | **(2)** | **8** | **932** |
| Financing and guarantee commitments | 127 | 136 | | (122) | (1) | 5 | 144 |
| Litigation [2] | 779 | 2 | (0) | (2) | (1) | 3 | 781 |
| Other provisions | 10 | 3 | (0) | (5) | (0) | (0) | 7 |
| **Impairment risks** | **24** | **0** | | | **(0)** | **(18)** | **7** |
| Long-term investments | 24 | 0 | | | (0) | (18) | 7 |
| Real estate developments | | | | | | | |
| Other provisions | 0 | | | | | | 0 |
| **Employee benefit obligations** | **524** | **34** | **(73)** | **(13)** | **0** | **(91)** | **381** |
| **Operational risks** | **179** | **17** | **(3)** | **(7)** | **0** | **(21)** | **165** |
| **Total Contingency reserves** | **1,642** | **192** | **(76)** | **(148)** | **(1)** | **(123)** | **1,485** |

(1) Primarily corresponds to the impact of the actuarial value of defined-benefit pension plans and the removal of Coface's contribution as of December 31, 2019 for -€102.3 million.
(2) of which €549 million in provisions as of June 30, 2020 for exposure regarding the Madoff case.

### December 31, 2019

| *(in millions of euros)* | 01/01/2019 | Increase | Reversal (utilized provisions) | Reversal (surplus provisions) | Translation adjustments | Other | 31/12/2019 |
|---|---|---|---|---|---|---|---|
| **Counterparty risks** | **888** | **275** | **(1)** | **(263)** | **15** | **1** | **916** |
| Financing and guarantee commitments | 105 | 270 | (0) | (250) | 1 | 2 | 127 |
| Litigation [a] | 768 | 0 | (0) | (3) | 14 | 0 | 779 |
| Other provisions | 15 | 5 | (0) | (10) | 0 | (1) | 10 |
| **Impairment risks** | **22** | **4** | **(1)** | **(1)** | **1** | **0** | **24** |
| Long-term investments | 21 | 4 | (1) | (1) | 1 | 0 | 24 |
| Real estate developments | 0 | 0 | 0 | (0) | 0 | 0 | 0 |
| Other provisions | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Employee benefit obligations** | **584** | **90** | **(176)** | **(15)** | **5** | **36** | **524** |
| **Operational risks** [b] | **188** | **51** | **(42)** | **(17)** | **2** | **(3)** | **179** |
| **TOTAL CONTINGENCY RESERVES** | **1,681** | **420** | **(220)** | **(296)** | **23** | **35** | **1,642** |

*The table does not include value adjustments for credit losses associated with financial assets at fair value through other c omprehensive income.*

*(a) of which €551 million of provisions at Dec ember 31, 2019 for Madoff fraud exposure (see Section 3.2.9 of Chapter 3 "Risk factors, risk management and Pillar III").*

*(b) of which €10.5 million of provisions for restructuring costs at December 31, 2019 in respect of the Coface plan.*

NATIXIS
BEYOND BANKING

# NOTE 6 NOTES ON INSURANCE ACTIVITIES

## 6.1 Consolidation of insurance entities

Natixis opted to continue applying the provisions set out in IAS 39 for insurance entities (see Note 1.1).

In accordance with ANC recommendation No. 2017-02, Natixis presents its insurance businesses separately on the balance sheet and income statement.

The "Insurance business investments" line on the asset side of the balance sheet consists of insurance business assets representative of:
- financial investments (i.e. in financial instruments) including advances to policyholders;
- financial investments in unit-linked products;
- derivative instruments;
- revaluation differences on interest rate risk-hedged portfolios.

Financial investments in securities are classified in the balance sheet under the various categories of investments defined in IAS 39.
The other balances related to the insurance business are aggregated with the balances related to the other balance sheet items by type.

On the liability side of the balance sheet, the "Liabilities related to insurance policies" line consists of:
- insurance companies' technical reserves;
- insurance and reinsurance liabilities, including amounts due to policyholders;
- derivative instruments held by insurance businesses;
- shares of the revaluation on interest rate risk-hedged portfolios;
- the deferred profit-sharing liability.

The income statement line item "Net income from insurance activities" mainly covers:

- premiums written and the change in unearned premium reserves;
- investment income including income from investment properties;
- investment expenses;
- changes in fair value of investments at fair value through profit or loss, as well as gains and losses on the sale of investments, including investment property;
- impairment charges and reversals on investments at amortized cost or at fair value through other comprehensive income;
- amortization of acquisition costs;
- external expenses on policy benefits;
- income and expenses net of reinsurance transfers.

## 6.2 Net income from insurance activities

| *(in millions of euros)* | 30/06/2020 | 30/06/2019 |
|---|---|---|
| ***Earned premiums*** | **5,139** | **7,265** |
| Premiums written | 5,201 | 7,370 |
| Change in unearned premium income | (62) | (105) |
| ***Other income from insurance activities*** | **6** | **4** |
| **Revenue from insurance activities** | **0** | **72** |
| **Investment income (net of expenses)** | **(413)** | **1,999** |
| Investment income | 887 | 1,023 |
| Investment expenses | (181) | (220) |
| Capital gains and losses on disposal of investments (net of reversals, write-downs and amortization) | 79 | 77 |
| Change in fair value of investments carried at fair value through profit or loss | (1,055) | 1,158 |
| Change in write-downs on investments | (143) | (39) |
| **Amortization of acquisition costs** | **4** | **9** |
| **Policy benefit expenses** | **(3,840)** | **(7,896)** |
| **Income and expenses net of reinsurance transfers** | **150** | **(43)** |
| Reinsurance transfer income | 1,517 | 1,839 |
| Reinsurance transfer expenses | (1,366) | (1,883) |
| **NET INCOME FROM INSURANCE ACTIVITIES (1)** | **1,046** | **1,408** |

(1) At June 30, 2019, Coface contributed +€419 million to net income from insurance businesses.

### 6.2.1 Transition between the presentation applicable to insurance companies and to banks

The following table shows a reconciliation between insurance companies' financial statements as presented and how they would translate into the banking format.

| *lions of euros)* | 30/06/2020 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Bank format | | | | | | | |
| | | Net revenues | | | | | | | |
| **ance format** | **TOTAL** | **Net income from Insurance** | **Other net revenue items (excl. net income from Insurance)** | **Expenses** | **Gross operating income** | **Provision for credit losses** | **Tax** | **Other items** | **Net income** |
| *niums written* | 5,201 | 5,201 | 0 | 0 | 5,201 | 0 | 0 | 0 | 5,201 |
| *nge in unearned premium income* | (62) | (62) | 0 | 0 | (62) | 0 | 0 | 0 | (62) |
| d premiums | 5,139 | 5,139 | 0 | 0 | 5,139 | 0 | 0 | 0 | 5,139 |
| ng operating income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| nues and income from other activities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| operating income | 11 | 6 | 0 | 5 | 11 | 0 | 0 | 0 | 11 |
| *stment income* | 941 | 887 | 54 | 0 | 941 | 0 | 0 | 0 | 941 |
| *stment expenses* | (226) | (181) | (40) | (5) | (226) | 0 | 0 | 0 | (226) |
| *ital gains and losses on disposal estments (net of reversals, write-downs and ization)* | 80 | 80 | 0 | 0 | 80 | 0 | 0 | 0 | 80 |
| *nge in fair value of investments carried at lue through profit or loss* | (1,057) | (1,055) | (2) | 0 | (1,057) | 0 | 0 | 0 | (1,057) |
| *nge in write-downs on investments* | (143) | (143) | 0 | 0 | (143) | 0 | 0 | 0 | (143) |
| ment income (net of expenses) | (405) | (412) | 12 | (5) | (405) | 0 | 0 | 0 | (405) |
| benefit expenses | (3,887) | (3,840) | 0 | (47) | (3,887) | 0 | 0 | 0 | (3,887) |
| *nsurance transfer income* | 1,515 | 1,517 | -2 | 0 | 1,515 | 0 | 0 | 0 | 1,515 |
| *nsurance transfer expenses* | (1,360) | (1,367) | 7 | 0 | (1,360) | 0 | 0 | 0 | (1,360) |
| e and expenses net of reinsurance ers | 155 | 149 | 5 | 0 | 155 | 0 | 0 | 0 | 155 |
| sion for credit losses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ng operating expenses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| acquisition costs | (358) | 4 | (296) | (66) | (358) | 0 | 0 | 0 | (358) |
| ization of portfolio values and related items | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| istrative costs | (324) | 0 | (261) | (63) | (324) | 0 | 0 | 0 | (324) |
| recurring operating income and expenses | (89) | 0 | (29) | (60) | (89) | 0 | 0 | 0 | (89) |
| non-recurring operating income and ses | (14) | 0 | (14) | 0 | (14) | 0 | 0 | 0 | (14) |
| **ATIONAL INCOME (LOSS)** | 227 | 1031 | -569 | -236 | 227 | 0 | 0 | 0 | 227 |
| ce expenses | (6) | 0 | (6) | 0 | (6) | 0 | 0 | 0 | (6) |
| in income of associates | (46) | 0 | 0 | 0 | 0 | 0 | 0 | (46) | (46) |
| e taxes | (72) | 0 | 0 | 0 | 0 | 0 | (72) | 0 | (72) |
| ax income from discontinued activities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ity interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **SOLIDATED NET INCOME** | **103** | **1,046** | **(589)** | **(236)** | **221** | **0** | **(72)** | **(46)** | **103** |

June 30, 2019

| *(in millions of euros)* | 30/06/2019 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Bank format | | | | | | | |
| | | Net revenues | | | | | | | |
| **Insurance format** | **TOTAL** | **Net income from Insurance** | **Other net revenue items (excl. net income from Insurance)** | **Expenses** | **Gross operating income** | **Provision for credit losses** | **Tax** | **Other items** | **Net income** |
| *Premiums written* | *7312* | 7370 | -57 | | 7312 | | | | 7312 |
| *Change in unearned premium income* | *-98* | -105 | 7 | | -98 | | | | -98 |
| Earned premiums | 7214 | 7265 | -50 | | 7214 | | | | 7214 |
| Banking operating income | 31 | | 31 | | 31 | | | | 31 |
| Revenues and income from other activities | 87 | 72 | 15 | | 87 | | | | 87 |
| Other operating income | *8* | 4 | -1 | 5 | 8 | | | | 8 |
| *Investment income* | *1082* | 1023 | 60 | | 1082 | | | | 1082 |
| *Investment expenses* | *-258* | -220 | -32 | -6 | -258 | | | | -258 |
| *Capital gains and losses on disposal of investments (net of reversals, write-downs and amortization)* | *139* | 77 | 1 | 0 | 78 | | | 61 | 139 |
| *Change in fair value of investments carried at fair value through profit or loss* | *1156* | 1158 | -1 | 0 | 1156 | | | | 1156 |
| *Change in write-downs on investments* | *-40* | -39 | -1 | | -40 | | | | -40 |
| Investment income (net of expenses) | 2082 | 1999 | 27 | -6 | 2020 | | | 61 | 2082 |
| Policy benefit expenses | -7915 | -7896 | 46 | -66 | -7915 | | | | -7915 |
| *Reinsurance transfer income* | 1833 | 1839 | -7 | | 1833 | | | | 1833 |
| *Reinsurance transfer expenses* | -1865 | -1883 | 18 | | -1865 | | | | -1865 |
| Income and expenses net of reinsurance transfers | -33 | -43 | 11 | | -33 | | | | -33 |
| Provision for credit losses | -1 | | | | | -1 | | | -1 |
| Banking operating expenses | -7 | | | -7 | -7 | | | | -7 |
| Policy acquisition costs | -497 | 9 | -402 | -104 | -497 | | | | -497 |
| Amortization of portfolio values and related items | | | | | | | | | |
| Administrative costs | -429 | | -243 | -186 | -429 | | | | -429 |
| Other recurring operating income and expenses | -151 | | -40 | -113 | -154 | | | 2 | -151 |
| Other non-recurring operating income and expenses | | | 2 | -3 | 0 | | | | |
| **OPERATIONAL INCOME (LOSS)** | **388** | 1408 | -605 | -479 | 325 | -1 | | 63 | 388 |
| Finance expenses | -16 | | -16 | | -16 | | | | -16 |
| Share in income of associates | 5 | | | | | | | 5 | 5 |
| Income taxes | -100 | | | -1 | -1 | | -98 | | -100 |
| After-tax income from discontinued activities | | | | | | | | | |
| Minority interests | -79 | | | | 0 | | | -79 | -79 |
| **CONSOLIDATED NET INCOME** | **198** | **1408** | **-621** | **-481** | **307** | **-1** | **-98** | **-10** | **198** |

## 6.3 Insurance business investments

| (in millions of euros) | *Notes* | 30/06/2020 | 31/12/2019 |
|---|---|---|---|
| Investment property | 6.3.3 | 1,505 | 1,498 |
| Financial assets at fair value through profit or loss | 6.3.1 | 25,380 | 23,360 |
| Hedging derivatives | | | |
| Available-for-sale financial assets | 6.3.2 | 49,213 | 51,391 |
| Loans and receivables | 6.3.5 | 13,470 | 13,994 |
| Held-to-maturity financial assets | 6.3.6 | 894 | 918 |
| Share held by cedents and retrocessionaires in liabilities relating to insurance policies and financial contracts | | 15,397 | 15,218 |
| Receivables arising from Insurance and assumed reinsurance activities | | 866 | 1,265 |
| Receivables arising from reinsurance transfers | | 33 | 86 |
| Deferred acquisition costs | | 277 | 323 |
| Other | | | |
| **Total** [(1)] | | **107,034** | **108,053** |

(1) As of December 31, 2019, Coface contributed +€3,987.4 million to "Insurance business investments"

### 6.3.1 Financial assets at fair value through profit or loss

| (in millions of euros) | Notes | 30/06/2020 | 31/12/2019 |
|---|---|---|---|
| **Securities held for trading** | | **5,066** | **2,286** |
| Debt instruments in the form of securities | | - | |
| Other equity instruments issued (1) | | 5,066 | 2,286 |
| Loans and receivables | | - | |
| **Derivative instruments not eligible for hedge accounting** | | **56** | **19** |
| **Hedging derivatives** | | **4** | |
| **Securities under the fair value option through profit or loss** | *6.3.1.1* | **20,254** | **21,055** |
| Debt instruments in the form of securities | | 1,835 | 2,046 |
| Other equity instruments issued (1) | | 605 | 785 |
| Investments backed by unit-linked policies | | 17,814 | 18,224 |
| **Loans and receivables at fair value through profit and loss** | *6.3.1.1* | **-** | **-** |
| Banks | | | |
| Customers | | | |
| **Total** | | **25,380** | **23,360** |

(1) Including mutual fund units.

#### 6.3.1.1 Conditions for classification of financial assets under the fair value option

Financial assets are designated at fair value through profit or loss when this choice provides more pertinent information or when these instruments incorporate one or more significant and separable embedded derivatives.

The use of the fair value option is considered to provide more pertinent information in two situations:

- where there is an accounting mismatch between economically linked assets and liabilities. This arises for example in the case of an asset and a hedging derivative when the criteria for hedge accounting are not met;
- where a portfolio of financial assets and liabilities is managed and recognized at fair value as part of a documented policy of asset and liability management.

Financial assets designated at fair value through profit or loss mainly consist of financial assets representative of unit-linked policies from insurance activities.

| | 30/06/2020 | | | | 31/12/2019 | | | |
|---|---|---|---|---|---|---|---|---|
| (in millions of euros) | Carrying amount | Accounting mismatch | Managed on a fair value basis | Embedded derivatives | Carrying amount | Accounting mismatch | Managed on a fair value basis | Embedded derivatives |
| Loans and receivables due from banks | | | | | | | | |
| Loans and receivables due from customers | | | | | | | | |
| Debt instruments in the form of securities | **2,394** | 585 | | 1,809 | **2,670** | 622 | | 2,048 |
| Equity instruments | **17,860** | 17,860 | | | **18,385** | 18,385 | | |
| **Total** | **20,254** | **18,445** | | **1,809** | **21,055** | **19,007** | | **2,048** |

### 6.3.2 Available-for-sale financial assets

The table below shows available-for-sale financial assets by type of instrument (fixed-income securities, variable-income securities). It discloses the gross value before impairment, the amount of impairment and the net value after impairment.

| (in millions of euros) | 30/06/2020 | 31/12/2019 |
|---|---|---|
| **Securities** | **49,453** | **51,592** |
| - Debt instruments | 41,356 | 42,651 |
| - Other equity instruments issued (1) | 7,710 | 8,509 |
| - Accrued interest | 386 | 432 |
| **Impairment of available-for-sale assets** | **(240)** | **(201)** |
| - Debt instruments | (55) | (50) |
| - Other equity instruments issued (2) | (185) | (151) |
| **Total (3)** | **49,213** | **51,391** |

(1) Including mutual fund units.
(2) In first-half 2020, permanent impairment of variable-income securities stood at -€137 million compared with -€34 million at June 30, 2019. This expense was 89% offset by the profit-sharing mechanism. The first-half 2020 expense can be broken down into an additional impairment loss on previously impaired securities for -€106 million (-€9 million at June 30, 2019) and an allowance for newly impaired securities of -€31 million (-€25 million at June 30, 2019).
(3) Coface contributed €2,911 million to "Available-for-sale financial assets" as of December 31, 2019.

### 6.3.3 Investment property

| (in millions of euros) | 30/06/2020 | | | 31/12/2019 | | |
|---|---|---|---|---|---|---|
| | Gross value | Depreciation, amortization and impairment | Net value | Gross value | Depreciation, amortization and impairment | Net value |
| Investment property – At fair value | 1,088 | | 1,088 | 1,070 | 0 | 1,070 |
| Investment property – At historical cost | 40 | (14) | 26 | 40 | (14) | 26 |
| Investment property – UL policies | 391 | | 391 | 402 | 0 | 402 |
| **Total** | **1,519** | **(14)** | **1,505** | **1,512** | **(14)** | **1,498** |

The fair value of investment property, for which the valuation techniques are described in Note 5.4, is classified in Level 3 of the fair value hierarchy of IFRS 13.
Changes in fair value give rise to the symmetrical recognition of a deferred profit-sharing reserve equal to 89% of the related base amount on average at June 30, 2020, i.e. stable compared with December 31, 2019.

### 6.3.4 Fair value of financial assets carried at fair value in the balance sheet

Financial assets and liabilities measured at fair value are categorized based on the fair value hierarchy detailed in Note 5.4.

| Assets (in millions of euros) | 30/06/2020 Carrying amount | Level 1 | Level 2 | Level 3 | 31/12/2019 Carrying amount | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|---|---|---|
| **Financial assets at fair value through profit and loss – Trading** | **25,376** | **19,611** | **4,031** | **1,734** | **23,360** | **17,505** | **4,569** | **1,286** |
| **Fixed income securities held for trading** | **5,066** | **5,066** | | | **2,286** | **2,202** | **84** | |
| *o/w debt instruments in the form of securities* | | | | | | | | |
| *o/w equity instruments* | 5,066 | 5,066 | | | 2,286 | 2,202 | 84 | |
| **Derivative instruments not eligible for hedge accounting (positive fair value)** | **56** | **54** | **2** | | **19** | **14** | **5** | **0** |
| *o/w interest rate derivatives* | 1 | | 1 | | 1 | | 1 | |
| *o/w currency derivatives* | 7 | 6 | 2 | | 9 | 6 | 4 | |
| *o/w credit derivatives* | | | | | | | | |
| *o/w equity derivatives* | 48 | 48 | | | 8 | 8 | | 0 |
| *o/w other* | | | | | 0 | | | 0 |
| **Other financial assets held for trading** | | | | | | | | |
| **Financial assets designated under the fair value option through profit or loss** | **20,254** | **14,491** | **4,029** | **1,734** | **21,055** | **15,289** | **4,480** | **1,286** |
| *o/w debt instruments in the form of securities* | 1,835 | 100 | 34 | 1,701 | 2,046 | 98 | 663 | 1,285 |
| *o/w equity instruments* | 605 | 65 | 540 | | 785 | 125 | 659 | |
| *o/w loans and receivables* | | | | | | | | |
| *o/w investments backed by unit-linked policies* | 17,814 | 14,326 | 3,455 | 33 | 18,224 | 15,065 | 3,159 | 0 |
| **Hedging derivatives** | **4** | | **4** | | | | | |
| **Available-for-sale financial assets** | **49,213** | **39,253** | **6,673** | **3,287** | **51,391** | **43,317** | **5,279** | **2,795** |
| **Available-for-sale securities – Equity investments** | **91** | | | **91** | **240** | | | **240** |
| **Other available-for-sale securities** | **49,122** | **39,253** | **6,673** | **3,196** | **51,151** | **43,317** | **5,279** | **2,554** |
| *o/w debt instruments in the form of securities* | 41,688 | 34,173 | 4,319 | 3,196 | 43,033 | 37,311 | 3,189 | 2,534 |
| *o/w equity instruments* | 7,434 | 5,080 | 2,354 | | 8,118 | 6,006 | 2,091 | 21 |
| *o/w other available-for-sale financial assets* | | | | | | | | |
| **Total** | **74,594** | **58,864** | **10,708** | **5,021** | **74,751** | **60,822** | **9,848** | **4,081** |

## Financial assets at fair value measured using level 3 of the fair value hierarchy

| *(in millions of euros)* | Level 3 opening balance 01/01/2020 | Gains and losses recognized in the period – Income statement – On outstanding transactions at the reporting date | Income statement – On transactions expired or redeemed during the period | Gains and losses recognized directly in equity | Transactions carried out in the period – Purchases/ Issues | Sales/ Redemptions | Reclassifications in the period – From Level 3 | To Level 3 | Other reclassifications | Change in consolidation scope | Translation adjustments | Level 3 closing balance 30/06/2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial assets at fair value through profit or loss** | **1,286** | **(36)** | **(1)** | | **53** | **(113)** | | **576** | **(30)** | | | **1,734** |
| **Derivative instruments not eligible for hedge accounting (positive fair value)** | | | | | | | | | | | | |
| *o/w currency derivatives* | | | | | | | | | | | | |
| *o/w equity derivatives* | | | | | | | | | | | | |
| *o/w other* | | | | | | | | | | | | |
| **Financial assets designated under the fair value option through profit or loss** | **1,286** | **(36)** | **(1)** | | **53** | **(113)** | | **576** | **(30)** | | | **1,734** |
| *o/w debt instruments in the form of securities* | **1,285** | (36) | (1) | | 53 | (113) | | 543 | (30) | | | **1,701** |
| *o/w investments backed by unit-linked policies* | | | | | | | | 33 | | | | **33** |
| **Available-for-sale financial assets** | **2,795** | **1** | **(3)** | **(52)** | **260** | **(112)** | **(42)** | **605** | **(21)** | **(142)** | | **3,287** |
| **Available-for-sale securities – Equity investments** | **240** | | | **(6)** | | | | | | **(142)** | | **91** |
| **Other available-for-sale securities** | **2,554** | **1** | **(3)** | **(45)** | **260** | **(112)** | **(42)** | **605** | **(21)** | | | **3,196** |
| *o/w debt instruments in the form of securities* | 2,534 | 1 | (3) | (45) | 260 | (112) | (42) | 605 | | | | 3,196 |
| *o/w equity instruments* | 21 | | | | | | | | (21) | | | |
| *o/w other available-for-sale financial assets* | | | | | | | | | | | | |
| **Total financial assets recorded at fair value** | **4,081** | **(35)** | **(4)** | **(52)** | **312** | **(225)** | **(42)** | **1,181** | **(51)** | **(143)** | | **5,021** |

| *(in millions of euros)* | Level 3 opening balance 01/01/2019 | Gains and losses recognized in the period – Income statement – On outstanding transactions at the reporting date | Income statement – On transactions expired or redeemed during the period | Gains and losses recognized directly in equity | Transactions carried out in the period – Purchases/ Issues | Sales/ Redemptions | Reclassifications in the period – From Level 3 | To Level 3 | Other reclassifications | Change in consolidation scope | Translation adjustments | Level 3 closing balance 31/12/2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial assets at fair value through profit and loss – Trading** | **1,238** | **87** | **(3)** | | **201** | **(207)** | **(31)** | **0** | **1** | | | **1,286** |
| **Derivative instruments not eligible for hedge accounting (positive fair value)** | **0** | | | | **0** | | | | **(0)** | | | |
| *o/w currency derivatives* | 0 | | | | | | | | (0) | | | |
| *o/w equity derivatives* | | | | | 0 | | | | | | | |
| *o/w other* | 0 | | | | | | | | | | | |
| **Financial assets designated under the fair value option through profit or loss** | **1,238** | **87** | **(3)** | | **201** | **(207)** | **(31)** | **0** | **1** | | | **1,286** |
| *o/w debt instruments in the form of securities* | **1,238** | 87 | (3) | | 201 | (207) | (31) | | 1 | | | **1,285** |
| **Available-for-sale financial assets** | **2,475** | **(11)** | **51** | **14** | **740** | **(601)** | **(572)** | **685** | **14** | | **1** | **2,795** |
| **Available-for-sale securities – Equity investments** | **208** | | | **12** | **17** | | | | **3** | | **1** | **240** |
| **Other available-for-sale securities** | **2,267** | **(11)** | **51** | **3** | **724** | **(601)** | **(572)** | **685** | **10** | | | **2,554** |
| *o/w debt instruments in the form of securities* | 2,218 | (11) | (4) | 3 | 724 | (507) | (572) | 685 | | | | 2,534 |
| *o/w equity instruments* | 49 | | 55 | | | (94) | | | 10 | | | 21 |
| *o/w other available-for-sale financial assets* | | | | | | | | | | | | |
| **Total financial assets recorded at fair value** | **3,713** | **76** | **48** | **14** | **941** | **(808)** | **(603)** | **685** | **15** | | **1** | **4,081** |

## Financial assets at fair value: transfer between fair value levels

| (in millions of euros) | | 30/06/2020 | | | | | 31/12/2019 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | From | Level 1 | Level 2 | Level 2 | Level 3 | Level 3 | Level 1 | Level 2 | Level 2 | Level 3 | Level 3 |
| | To | Level 2 | Level 1 | Level 3 | Level 1 | Level 2 | Level 2 | Level 1 | Level 3 | Level 1 | Level 2 |
| **Financial assets at fair value through profit or loss** | | | | **576** | | | | | **0** | | **31** |
| **Financial assets designated under the fair value option through profit or loss** | | | | **576** | | | | | **0** | | **31** |
| *o/w debt instruments in the form of securities* | | | | 543 | | | | | | | 31 |
| *o/w equity instruments* | | | | | | | | | | | |
| *o/w investments backed by unit-linked policies* | | | | 33 | | | | | | | |
| **Available-for-sale financial assets** | | **2** | **64** | **605** | | **42** | **401** | **825** | **685** | | **572** |
| **Available-for-sale securities – Equity investments** | | | | | | | **401** | **825** | **685** | | **572** |
| **Other available-for-sale securities** | | **2** | **64** | **605** | | **42** | **99** | **544** | **685** | | **572** |
| *o/w debt instruments in the form of securities* | | 2 | | 605 | | 42 | 302 | 280 | | | |
| *o/w equity instruments* | | | | | | | | | | | |

## 6.3.5 Loans and receivables

### 6.3.5.1 Loans and receivables due from banks

| (in millions of euros) | 30/06/2020 | 31/12/2019 |
|---|---|---|
| **Outstanding** | **479** | **682** |
| Loans and receivables | 477 | 681 |
| Accrued interest | 2 | 1 |
| **Provisions** | | |
| **Total net (1)** | **479** | **682** |

(1) Coface contributed €16.7 million to "Loans and receivables due from banks" as of December 31, 2019.

The fair value of loans and receivables due from banks was €479 million at June 30, 2020 versus €682 million at December 31, 2019.

### 6.3.5.2 Loans and receivables due from customers

| (in millions of euros) | 30/06/2020 | 31/12/2019 |
|---|---|---|
| **Outstanding** | **12,991** | **13,312** |
| Loans and receivables | 12,977 | 13,299 |
| Debt instruments in the form of securities | | |
| Financing against reverse repos | | |
| Other | | |
| Accrued interest | 14 | 13 |
| **Provisions** | | |
| **Total (1)** | **12,991** | **13,312** |

(1) of which €11,365 million for guarantee deposits made for the acceptance of reinsurance treaties, compared with €11,666 million at December 31, 2019.
Coface contributed €59.2 million to "Loans and receivables due from customers" as of December 31, 2019.

The fair value of loans and receivables due from banks was €12,991 million at June 30, 2020 versus €13,312 million at December 31, 2019.

### 6.3.6 Held-to-maturity financial assets

| (in millions of euros) | 30/06/2020 | 31/12/2019 |
|---|---|---|
| **Government securities** | **629** | **636** |
| Gross value | 629 | 636 |
| Provisions | | 0 |
| **Bonds** | **265** | **282** |
| Gross value | 265 | 282 |
| Provisions | (1) | (1) |
| **Total** | **894** | **918** |

The fair value of held-to-maturity financial assets was €1,087 million at June 30, 2020 versus €1,124 million at December 31, 2019.

## 6.4 Liabilities related to insurance policies

| (in millions of euros) | 30/06/2020 | 31/12/2019 |
|---|---|---|
| **TECHNICAL RESERVES** | **88,900** | **90,018** |
| Technical reserves relating to insurance policies | 48,375 | 48,724 |
| Technical reserves relating to unit-linked policies | 12,405 | 12,164 |
| Technical reserves relating to financial contracts with a discretionary profit sharing feature | 19,819 | 20,161 |
| Technical reserves relating to financial contracts without a discretionary profit sharing feature | - | - |
| Technical reserves relating to unit-linked policies | 4,828 | 4,930 |
| Deferred profit-sharing liabilities | 3,473 | 4,039 |
| **DEBTS ARISING FROM INSURANCE AND ASSUMED REINSURANCE ACTIVITIES** | **10,108** | **10,489** |
| Debts arising from insurance and assumed reinsurance activities | 297 | 475 |
| Debts arising from ceded reinsurance activities | 9,811 | 10,015 |
| **DERIVATIVES** | **82** | **39** |
| Derivative instruments not eligible for hedge accounting | 29 | 39 |
| Hedging derivatives | 52 | - |
| **OTHER LIABILITIES RELATING TO INSURANCE POLICIES** | - | - |
| **Total** [1] | **99,090** | **100,545** |

(1) As of December 31, 2019, Coface contributed €2,022.3 million to "Liabilities related to insurance policies".

### 6.4.1 Financial liabilities at fair value through profit or loss

Information required under IFRS 7 on financial liabilities at fair value through profit or loss is presented in Note 5.1.2.

### 6.4.2 Due to banks and customer deposits

Information required under IFRS 7 on financial liabilities at fair value through profit or loss is presented in Notes 5.6.1 and 5.6.2.

## 6.4.3 Debt securities

Information required under IFRS 7 on financial liabilities at fair value through profit or loss is presented in Note 5.7.

## 6.4.4 Subordinated debt

Information required under IFRS 7 on financial liabilities at fair value through profit or loss is presented in Note 5.8.

## 6.4.5 Information to be disclosed about the temporary exemption from the application of IFRS 9 for insurance activities

| | 30/06/2020 | | 31/12/2019 | |
|---|---|---|---|---|
| *(in millions of euros)* | **Fair value** | **Change in fair value over the period** | **Fair value** | **Change in fair value over the period** |
| SPPI financial assets | **41,822** | **(55)** | **43,660** | **2,011** |
| Non-SPPI financial assets | **3,235** | **(72)** | **3,177** | **54** |
| **Total** [(1)] | **45,057** | **(127)** | **46,837** | **2,066** |

This table does not include financial assets recognized at fair value through profit or loss, or reinsurance activities.

(1) Excluding €5,618 million in mutual funds classified as available-for-sale assets at June 30, 2020 versus €5,994 million at December 31, 2019. Coface contributed €2,447.3 million to the total fair value as of December 31, 2019.

## NOTE 7 COMMITMENTS

### 7.1 Guarantee commitments

A financial guarantee is a contract that requires the issuer to compensate the holder of the contract for any loss that the holder incurs because a debtor fails to make payment when due. The exercise of these rights is subject to the occurrence of an uncertain future event.
The amounts shown represent the nominal value of the commitment undertaken:

| (in millions of euros) | 30/06/2020 | 31/12/2019 |
|---|---|---|
| **Guarantee commitments given** | | |
| **To banks** | **7,823** | **8,447** |
| Confirmation of documentary credits | 1,768 | 1,851 |
| Other guarantees | 6,055 | 6,595 |
| **To customers** | **14,561** | **17,779** |
| Real estate guarantees | 153 | 205 |
| Administrative and tax bonds | 258 | 292 |
| Other bonds and endorsements given (1) | 805 | 1,728 |
| Other guarantees | 13,345 | 15,554 |
| **TOTAL GUARANTEE COMMITMENTS GIVEN** | **22,384** | **26,226** |
| Guarantee commitments received from banks | **12,795** | **12,229** |

(1) As of December 31, 2019, Coface contributed €1,530 million to this item.

Guarantees received through government-backed loans are described in note 3.1.1 and are equal to €846 million.

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## Guarantee commitments reconciliation table

| (in millions of euros) | Guarantee commitments given - 30/06/2020 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Unimpaired commitments for which expected credit losses are measured over 12 months (S1 bucket) | | Unimpaired commitments for which expected credit losses are measured on a lifetime basis (S2 bucket) | | Commitments impaired after their origination/ acquisition (S3 bucket) | | Commitments impaired on origination/ acquisition | | TOTAL | |
| | Gross exposure | Provisions for losses | Gross exposure | Provisions for losses | Gross exposure | Provisions for losses | Gross exposure | Provisions for losses | Gross exposure | Provisions for losses |
| **Balance at 01/01/2019** | **24,669** | **(3)** | **4,947** | **(10)** | **74** | **(20)** | **5** | **(1)** | **29,695** | **(34)** |
| New OBS commitments originated or purchased | 9,153 | (1) | 203 | (1) | | | | | 9,356 | (3) |
| Variations linked to changes in credit risk parameters *(excluding transfers)* | (2,316) | 2 | (256) | 0 | (32) | (4) | | | (2,604) | (2) |
| *Transfers of guarantee commitments* | *(581)* | *(1)* | *529* | *1* | *52* | *0* | | | *0* | *0* |
| Transfers to S1 | 370 | (2) | (370) | 2 | - | - | | | 0 | 0 |
| Transfers to S2 | (929) | 1 | 929 | (1) | 0 | 0 | | | 0 | 0 |
| Transfers to S3 | (22) | 0 | (30) | 0 | 52 | 0 | | | 0 | 0 |
| Transfer to non-current assets held for sale | | | | | | | | | | |
| Fully sold, called or matured commitments | (5,840) | 0 | (1,439) | 2 | (18) | 1 | | | (7,296) | 4 |
| Variations linked to changes in exchange rates | 325 | 0 | 32 | 0 | 0 | 0 | | | 357 | 0 |
| Changes in the model used | | | | | | | | | | |
| Other changes (2) | (4,154) | 0 | (723) | 1 | 53 | (18) | (2) | 1 | (4,826) | (16) |
| **Balance at 31/12/2019 (1)** | **21,257** | **(3)** | **3,294** | **(7)** | **129** | **(41)** | **3** | **0** | **24,682** | **(51)** |
| New OBS commitments originated or purchased | 2,283 | (1) | 196 | (1) | 0 | 0 | | | 2,479 | (2) |
| Variations linked to changes in credit risk parameters *(excluding transfers)* | (1,845) | 0 | (5) | (2) | (25) | 2 | | | (1,877) | 0 |
| *Transfers of guarantee commitments* | *168* | *(1)* | *(187)* | *1* | *19* | *0* | | | 0 | *0* |
| Transfers to S1 | 979 | (1) | (979) | 1 | *0* | *0* | | | *0* | *0* |
| Transfers to S2 | (809) | 0 | 810 | 0 | (1) | 0 | | | *0* | 0 |
| Transfers to S3 | (2) | 0 | (18) | 0 | 20 | 0 | | | *0* | *0* |
| Transfer to non-current assets held for sale | | | | | | | | | | |
| Fully sold, called or matured commitments | (2,977) | 0 | (220) | 1 | 0 | 0 | | | (3,198) | 2 |
| Variations linked to changes in exchange rates | 42 | 0 | (18) | 0 | (5) | 1 | | | 19 | 1 |
| Changes in the model used | *0* | *0* | *0* | *0* | *0* | *0* | | | *0* | *0* |
| Other changes | 82 | 0 | 58 | 0 | 126 | (2) | | | 266 | (2) |
| **Balance at 30/06/2020 (1)** | **19,008** | **(4)** | **3,117** | **(8)** | **242** | **(40)** | **3** | **0** | **22,370** | **(52)** |

(1) Gross carrying amount excluding insurance company contributions, i.e. €14 million at June 30, 2020 (versus €1,544 million at December 31, 2019).
(2) Mainly comprising guarantees given to UCITS now recognize as derivatives.

### 7.2 Financing commitments

**The following financing commitments fall within the scope of IFRS 9:**

- commitments qualified as financial liabilities at fair value through profit or loss if the entity that grants them has a practice of reselling or securitizing loans immediately after they are issued;
- commitments which are settled net (i.e. sold);
- commitments which result in a loan granted at below-market interest rates.

**Other financing commitments falling within the scope of IAS 37**

A financial commitment given is a contingent liability, defined by IAS 37 as:

- a potential obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity;
- or
- a present obligation arising as a result of past events but not recognized because:
  - ✓ it is not likely that an outflow of economic benefits will be required to settle the obligation; or
  - ✓ the amount of the obligation cannot be measured with sufficient reliability.

| (in millions of euros) | 30/06/2020 | 31/12/2019 |
|---|---|---|
| **Financing commitments given** | | |
| **To banks** | **5,651** | **2,533** |
| **To customers** | **52,040** | **49,668** |
| *- Documentary credits* | 1,874 | 4,171 |
| *- Other confirmed lines of credit* | 49,427 | 45,005 |
| *- Other commitments* | 739 | 492 |
| **Total financing commitments given** | **57,691** | **52,201** |
| **Financing commitments received** | | |
| - from banks (1) | 4,497 | 5,530 |
| - from customers | 13 | 116 |
| **Total financing commitments received** | **4,510** | **5,646** |

(1) As of December 31, 2019, Coface contributed €965 million to this item.

## Financing commitments reconciliation table

| (in millions of euros) | Financing commitments - 30/06/2020 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Unimpaired commitments for which expected credit losses are measured over 12 months (S1 bucket) | | Unimpaired commitments for which expected credit losses are measured on a lifetime basis (S2 bucket) | | Commitments impaired after their origination/ acquisition (S3 bucket) | | Commitments impaired on origination/ acquisition | | TOTAL | |
| | Gross exposure | Provisions for losses | Gross exposure | Provisions for losses | Gross exposure | Provisions for losses | Gross exposure | Provisions for losses | Gross exposure | Provisions for losses |
| **Balance at 01/01/2019** | **43,290** | **(13)** | **6,609** | **(51)** | **46** | **(3)** | **87** | **(4)** | **50,032** | **(71)** |
| New OBS commitments originated or purchased | 11,345 | (3) | 343 | (1) | 0 | 0 | 0 | 0 | 11,688 | (4) |
| Variations linked to changes in credit risk parameters *(excluding transfers)* | (2,863) | 4 | (2,546) | 3 | (47) | (4) | (5) | 2 | (5,462) | 5 |
| *Transfers of financing commitments* | *(1,188)* | *(3)* | *1,146* | *3* | *43* | *(1)* | | | *0* | *0* |
| Transfers to S1 | 256 | (4) | (256) | 4 | 0 | 0 | | | 0 | 0 |
| Transfers to S2 | (1,415) | 1 | 1,418 | (2) | (3) | 0 | | | 0 | 0 |
| Transfers to S3 | (29) | 0 | (16) | 1 | 45 | (1) | | | 0 | 0 |
| Transfer to non-current assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Fully sold, called or matured commitments | (5,148) | 1 | (418) | 0 | (21) | 1 | 0 | 0 | (5,586) | 2 |
| Variations linked to changes in exchange rates | 296 | 0 | 80 | (1) | 0 | 0 | 0 | 0 | 376 | (1) |
| Changes in the model used | | | | | | | | | | 0 |
| Other changes (1) | 795 | (1) | 376 | (1) | 55 | (5) | (73) | 2 | 1,153 | (6) |
| **Balance at 31/12/2019** | **46,527** | **(15)** | **5,590** | **(48)** | **76** | **(12)** | **9** | **0** | **52,201** | **(76)** |
| New OBS commitments originated or purchased | 5,755 | (4) | 1,183 | (6) | 0 | 0 | 5 | (2) | 6,938 | (10) |
| Variations linked to changes in credit risk parameters *(excluding transfers)* | 4,761 | (4) | (2,016) | (11) | (13) | 8 | (5) | 0 | 2,732 | (9) |
| *Transfers of financing commitments* | *(1,536)* | *(1)* | *1,534* | *1* | *2* | *0* | | | *0* | *0* |
| Transfers to S1 | 969 | (3) | (969) | 3 | 0 | 0 | | | 0 | 0 |
| Transfers to S2 | (2,503) | 2 | 2,503 | (2) | 0 | 0 | | | 0 | 0 |
| Transfers to S3 | (2) | 0 | 0 | 0 | 2 | 0 | | | 0 | 0 |
| Transfer to non-current assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fully sold, called or matured commitments | (4,137) | 0 | (117) | 0 | (1) | 0 | (4) | 0 | (4,259) | 1 |
| Variations linked to changes in exchange rates | (40) | 0 | (32) | 0 | 0 | 0 | 0 | 0 | (72) | 0 |
| Changes in the model used | | | | | | | | | | 0 |
| Other changes | 204 | 0 | (37) | 2 | (17) | 0 | 0 | 0 | 150 | 1 |
| **Balance at 30/06/2020** | **51,534** | **(23)** | **6,105** | **(63)** | **47** | **(5)** | **5** | **(2)** | **57,691** | **(92)** |

(1) Gross Bucket 1 exposures comprise outstandings with the retail banking entities of the SFS division sold to BPCE.

# NOTE 8 SEGMENT REPORTING

In November 2017, Natixis presented its new 2018-2020 strategic plan, "New Dimension". New Dimension sets out three strong initiatives aimed at developing solutions offering high added value to our clients: to deepen the transformation of our business model, which we achieved under the New Frontier plan, to allocate a significant portion of our investments to digital technologies, reflecting our clear resolve to differentiate ourselves to become a benchmark in the areas where Natixis' teams boast strong and recognized skills.

Subsequent to the sale of the retail banking activities to BPCE S.A., finalized on March 31, 2019, the organizational structure was divided into four business divisions:

- **Asset & Wealth Management**, which includes asset management within Natixis Investment Managers, the wealth management business and employee savings plans;
- **Corporate and Investment Banking**, which advises businesses, institutional investors, insurance companies, banks and public sector entities and offers them a diversified line of financing solutions as well as access to the capital markets. Its duties are threefold: to strengthen the bank's customer focus, to serve as a meeting place between issuers and investors and to roll out the "Originate to Distribute" model to optimize the rotation of the bank's balance sheet via active management of the loan book;
- **Insurance**, which is Groupe BPCE's single platform for the distribution of personal insurance and non-life insurance products;
- **Payments,** which provides the Banque Populaire/Caisse d'Epargne bank customers and direct customers with payment tools, infrastructures and services.

The activities of Private Equity (a proprietary activity retained until it is put into run-off, and portion of sponsored funds) and Natixis Algérie, which are still considered non-strategic, are being added to the Corporate Center.

Based on this new organizational structure, senior management monitors divisional performance, draws up business plans and manages the business from an operational perspective. In accordance with IFRS 8 "Operating Segments", this is the segmentation used by Natixis to define its operating segments.

## 8.1 Asset & Wealth Management

- **Asset Management:** asset management activities are combined within Natixis Investment Managers. They cover all asset categories and are carried out mainly in the US and France. These activities are performed by autonomous entities (specialized asset management companies and specialized distribution units) coordinated by a holding company that ensures the organization's consistency by overseeing its strategic direction. These companies are thus able to focus on their core business and on achieving robust performance, while retaining the option of developing their own institutional clientele and drawing on the business line's other support functions, based on appropriate economic models. A number of these asset managers have forged a strong reputation, such as Loomis Sayles, Harris Associates, AEW, H2O, DNCA and Ostrum Asset Management.

  Together, these specialized asset management companies enable the group to provide a full range of expertise meeting demand from all customer segments. Coverage of the various customer segments is optimized by the organization of distribution around a shared platform and the business franchises developed over the long term by the asset management companies. Since the start of 2014, Private Equity companies for third party clients have been transferred to Natixis Investment Managers and a sponsoring vehicle was set up to monitor Natixis' commitments in the funds. The teams have extensive expertise in equity financing for generally unlisted, small and medium-sized enterprises in France and Europe via sponsored equity holdings. This business line covers the Private Equity segments for third party investors, such as Private Equity deals (top-line funding for mature companies), venture capital (new, innovative companies) and funds of funds.

- **Wealth Management:** this business line covers wealth management activities in France and Luxembourg and asset management. Natixis Wealth Management holds a key place on the French market. The bank mainly develops its customer base from the clientele of the Caisses d'Epargne and

Banques Populaires, and to a lesser extent from that of Natixis. Private Banking offers advisory services, financial planning and expertise, and fund management solutions.

- **Employee Savings Plans:** this business line offers companies an employee savings management solution (administration of employee accounts, fund administration and accounting).

### 8.2 Corporate & Investment Banking

Corporate & Investment Banking advises businesses, institutional investors, insurance companies, banks and public sector entities and offers them a diversified line of customized financing solutions as well as access to the capital markets.
Building on the technical expertise of its teams, Natixis designs tailored solutions for its customers incorporating the most recent market developments.
In 2016, its organizational structure was adapted to better support its customers, by strengthening strategic dialog, and to accelerate the implementation of the "Originate to Distribute" model. This led to the creation of a new Investment Banking business line, whose mission is to develop strategic dialog with customers and incorporates the Acquisition & Strategic Finance, Capital & Rating Advisory, Equity Capital Markets and Strategic Equity Transactions business lines. It also includes Bond Origination.

In early 2018, CIB changed the way it presents the earnings and analysis of its financing activities with the creation of three new business lines based on four key sectors defined in the New Dimension plan:

- The **Energy & Natural Resources** sector, which comprises Trade Finance, origination and structuring of structured commodity finance;
- The **Real Assets** business line which brings together origination and structuring in three sectors: Infrastructure, Aviation and Real Estate & Hospitality;
- The **Distribution & Portfolio Management** business line, which comprises syndication and structured and vanilla finance portfolio management.

The Equities, Fixed Income, Credit, Forex, Commodities and Global Structured Credit & Solutions businesses remain part of the Global Markets business line, while short-term Trade Finance and the development of the flow offering are combined under Trade and Treasury Solutions.

Lastly, subsequent to the sale of the retail banking operations to BPCE S.A., the Corporate & Investment Banking division now includes the **Film Industry Financing** business line, which is operated via Coficiné, a subsidiary specializing in structured loans for film and audiovisual activities in France and Europe.

### 8.3 Insurance

Natixis Assurances is a holding company for various operating insurance subsidiaries. In March 2014, in accordance with the plan to develop the bancassurance model, Natixis Assurances acquired PPI and casualty insurance subsidiary BPCE Assurances, which it now wholly owns. It offers a full range of individual and group life insurance, personal protection insurance, and property & casualty insurance products for the Banque Populaire and Caisse d'Epargne networks. These diversified, customized solutions are designed for retail and small business customers, farmers, companies and non-profits.

### 8.4 Payment

This business line provides tools, infrastructure, and services for payments: electronic banking, issuance and collection of mass electronic transfers, check processing, service vouchers, e-commerce, etc. Under the "New Dimension" plan, Payments is designed to become a pure player on the payment segment in Europe and accelerate its digital transformation. Payments recently acquired several start-ups specializing in electronic payment and e-commerce, namely: Payplug, S Money, Dalenys and Comiteo.

## 8.5 Corporate Center

In addition to these operational centers, there are Corporate Center activities, which primarily include central financial mechanisms and income related to management of Natixis' assets and liabilities. To this end, it includes all Treasury activities, including the short-term Treasury business, which has been part of Natixis' Finance Department since the start of 2017 (it was previously part of Corporate & Investment Banking).
It also includes the net income from the bank's portfolio of equity investments that does not fall under the activity of a division, as well as the proprietary private equity activities (retained until it is put into run-off) and those of Natixis Algérie.

Following the sale of 29.5% of the share capital of Coface (with Natixis retaining a 12.2% stake), Coface's remaining contribution to Natixis' consolidated financial statements is presented in the income statement on the line "Share in income of associates". As a reminder, Coface's main activities are credit insurance, factoring abroad, corporate information and rating, and accounts receivable.

In terms of costs, the Corporate Center recognizes the bank's structural costs and the contribution to the Single Resolution Fund.

## 8.6 Segment reporting in the income statement

| (in millions of euros) | | 30/06/2020 | | | | | |
|---|---|---|---|---|---|---|---|
| | | Asset & Wealth Management [2] | Corporate & Investment Banking | Insurance | Payment | Corporate Center [3] | Total |
| Net revenues | | 1,478 | 1,098 | 449 | 198 | 90 | 3,314 |
| | 2019/2020 change [1] | -13% | -31% | 6% | -5% | -82% | -25% |
| Expenses | | (1,116) | (1,002) | (250) | (190) | (316) | (2,874) |
| | 2019/2020 change [1] | -4% | -7% | 4% | 5% | -52% | -13% |
| Gross operating income | | 362 | 96 | 199 | 8 | (226) | 439 |
| | 2019/2020 change [1] | -33% | -82% | 8% | -69% | 40% | -61% |
| Provision for credit losses | | (10) | (469) | 0 | 2 | (5) | (482) |
| | 2019/2020 change [1] | 780% | 249% | | | 7% | 242% |
| Net operating income | | 352 | (373) | 199 | 10 | (231) | (43) |
| | 2019/2020 change [1] | -35% | -195% | 8% | -61% | 39% | -104% |
| Associates | | 1 | 5 | (13) | 0 | (33) | (40) |
| | 2019/2020 change [1] | 57% | -15% | | | | -458% |
| Other | | (6) | (0) | 0 | 0 | (103) | (109) |
| | 2019/2020 change [1] | 27% | -100% | | | -115% | -116% |
| Pre-tax profit | | 347 | (368) | 186 | 10 | (367) | (192) |
| | 2019/2020 change [1] | -35% | -196% | -2% | -61% | -169% | -112% |
| Net income (Group share) | | 203 | (272) | 127 | 7 | (326) | (261) |
| | 2019/2020 change [1] | -31% | -201% | -2% | -58% | -181% | -124% |

This information is determined based on the accounting principles applied in accordance with IFRS as adopted by the European Union at June 30, 2020.

(1) Change between June 30, 2020 and June 30, 2019 restated.

(2) O/w for Asset Management: Net revenues: €1,354 million
Expenses: -€1,002 million
Gross operating income: €351.3 million
Provision for credit losses: -€11.5 million
Pre-tax profit: €340 million

(3) O/w for short-term treasury:Net revenues: €109 million
Expenses: -€32 million
Gross operating income: €77 million
Provision for credit losses: €0 million
Pre-tax profit: €77 million

Of which Coface: Share in income of associates -€33 million (see note 4.9)

## Breakdown of net revenues

| *(in millions of euros)* | **Net revenues** | *2019/2020 change* |
|---|---|---|
| **Asset & Wealth Management** | **1,478** | **-13%** |
| *Asset Management* | 1,354 | **-15%** |
| *Wealth Management* | 77 | **22%** |
| *Employee Savings* | 47 | **2%** |
| **Corporate & Investment Banking** | **1,098** | **-31%** |
| *Capital Markets* [1] | 277 | **-62%** |
| *Global finance & Investment banking* | 831 | **-2%** |
| *Other* | (11) | |
| **Insurance** | **449** | **6%** |
| **Payment** | **198** | **-5%** |
| **Corporate Center** | **90** | **-82%** |
| **Total** | ***3,314*** | ***-25%*** |

(1) Of which €440 million excluding the net revenues of the XVA desks, which can be broken down into €646 million in net revenues for FICT and -€206 million for Equities.

## June 30, 2019 (restated)

| (in millions of euros) | 30/06/2019* | | | | | |
|---|---|---|---|---|---|---|
| | Asset & Wealth Management (1) | Corporate & Investment Banking | Insurance | Payment | Corporate Center (2) | Total |
| Net revenues | 1,705 | 1,599 | 425 | 208 | 499 | 4,436 |
| Expenses | (1,163) | (1,074) | (241) | (181) | (660) | (3,319) |
| Gross operating income | 542 | 525 | 184 | 27 | (162) | 1,117 |
| Provision for credit losses | (1) | (134) | | (1) | (5) | (141) |
| Net operating income | 541 | 391 | 184 | 26 | (167) | 976 |
| Associates | 0 | 6 | 5 | | | 11 |
| Other | (4) | (15) | | | 700 | 681 |
| Pre-tax profit | 537 | 382 | 189 | 26 | 533 | 1,668 |
| **Net income (Group share)** | **292** | **269** | **130** | **17** | **402** | **1,110** |

(*) Recalculated in accordance with the new organizational structure of the business lines at June 30, 2020.

(1) O/w for Asset Management: Net revenues: €1,595 million
Expenses: -€1,047 million
Gross operating income: €548 million
Provision for credit losses: -€4 million
Pre-tax profit: €545 million

(2) O/w for short-term treasury:Net revenues: €55 million
Expenses: -€32 million
Gross operating income: €23 million
Provision for credit losses: €0 million
Pre-tax profit: €23 million

Net revenues and operating expenses attributable to the Corporate Center include the residual impact of the retail banking activities sold to BPCE for the first-quarter, subsequent to their deconsolidation at March 31, 2019. The impact on net revenues came to €22.3 million and the impact on operating expenses to -€22.5 million.

## Breakdown of net revenues

| *(in millions of euros)* | **Net revenues*** |
|---|---|
| **Asset & Wealth Management** | **1,705** |
| *Asset Management* | 1,595 |
| *Wealth Management* | 63 |
| *Employee Savings* | 47 |
| **Corporate & Investment Banking** | **1,599** |
| *Capital Markets* | 730 |
| *Global finance & Investment banking* | 847 |
| *Other* | 22 |
| **Insurance** | **425** |
| **Payment** | **208** |
| **Corporate Center** | **499** |
| **Total** | ***4,436*** |

(*) Recalculated in accordance with the new organizational structure of the business lines at June 30, 2020.

## Reported at June 30, 2019

| (in millions of euros) | | Asset & Wealth Management (2) | Corporate & Investment Banking | Insurance | Payment | Coface | Corporate Center and Financial Investments (excluding Coface) (3) (4) | Total |
|---|---|---|---|---|---|---|---|---|
| | | 30/06/2019 | | | | | | |
| **Net revenues** | | 1,705 | 1,599 | 425 | 208 | 356 | 142 | 4,436 |
| | *2018/2019 change* (1) | 4% | -14% | 7% | 10% | 7% | 8% | -11% |
| **Expenses** | | (1,163) | (1,074) | (241) | (181) | (252) | (408) | (3,319) |
| | *2018/2019 change* (1) | 4% | -1% | 6% | 8% | 6% | 11% | -3% |
| **Gross operating income** | | 542 | 525 | 184 | 27 | 104 | (266) | 1,117 |
| | *2018/2019 change* (1) | 3% | -32% | 8% | 25% | 10% | 12% | -28% |
| **Provision for credit losses** | | (1) | (134) | | (1) | (1) | (4) | (141) |
| | *2018/2019 change* (1) | -12% | 99% | | | | -49% | 69% |
| **Net operating income** | | 541 | 391 | 184 | 26 | 103 | (270) | 976 |
| | *2018/2019 change* (1) | 4% | -45% | 8% | 23% | 9% | 10% | -34% |
| **Associates** | | 0 | 6 | 5 | | | | 11 |
| | *2018/2019 change* (1) | | | | | | | 12% |
| **Other** | | (4) | (15) | | | 5 | 694 | 681 |
| | *2018/2019 change* (1) | | | | | | | |
| **Pre-tax profit** | | 537 | 382 | 189 | 26 | 108 | 425 | 1,668 |
| | *2018/2019 change* (1) | 3% | -47% | 9% | 19% | 17% | -282% | 12% |
| **Net income (Group share)** | | 292 | 269 | 130 | 17 | 27 | 375 | 1,110 |
| | *2018/2019 change* (1) | -2% | -48% | 10% | 16% | 21% | -282% | 23% |

This information is determined based on the accounting principles applied in accordance with IFRS as adopted by the European Union at June 30, 2019.

(1) Change between June 30, 2019 and June 30, 2018.

(2) O/w for Asset Management: Net revenues: €1,595 million
Expenses: -€1,047 million
Gross operating income: €548 million
Provision for credit losses: -€4 million
Pre-tax profit: €545 million

(3) O/w for short-term treasury:Net revenues: €55 million
Expenses: -€32 million
Gross operating income: €23 million
Provision for credit losses: €0 million
Pre-tax profit: €23 million

(4) Net revenues and operating expenses attributable to the Corporate Center include the residual impact of the retail banking activities sold to BPCE for the first-quarter, subsequent to their deconsolidation at March 31, 2019. The impact on net revenues came to €22.3 million and the impact on operating expenses to -€22.5 million.

## Breakdown of net revenues

| *(in millions of euros)* | **Net revenues** | *2018/2019 change* |
|---|---|---|
| **Asset & Wealth Management** | **1,705** | **4%** |
| *Asset Management* | 1,595 | 5% |
| *Wealth Management* | 63 | -14% |
| *Employee Savings* | 47 | 3% |
| **Corporate & Investment Banking** | **1,599** | **-14%** |
| *Capital Markets* (1) | 730 | -21% |
| *Global finance & Investment banking* | 847 | -6% |
| *Other* | 22 | -35% |
| **Insurance** | **425** | **7%** |
| **Payment** | **208** | **10%** |
| **Coface** | **356** | **7%** |
| **Corporate Center (excluding Coface)** | **142** | **8%** |
| **Total** | ***4,436*** | ***-11%*** |

(1) Of which €742 million excluding the net revenues of the XVA desks, which can be broken down into €500 million in net revenues for FICT and €242 million for Equities.

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# NOTE 9 RISK MANAGEMENT

## 9.1 Capital adequacy

The information on capital adequacy required under IAS 1 is presented in Section 3.3.1 of Chapter 3, "Risk factors, risk management and Pillar III".

## 9.2 Credit risk and counterparty risk

The information on risk management required under IFRS 7, with the exception of the disclosures given below, is presented in Section 3.2.3 of Chapter 3, "Risk factors, risk management and Pillar III".

## 9.3 Market risk, overall interest rate risk, liquidity risk and structural foreign exchange risk

The disclosures on the management of market risk, overall interest rate risk, liquidity risk and structural foreign exchange risk required under IFRS 7 are presented in Sections 3.2.5 and 3.2.7 of Chapter 3, "Risk factors, risk management and Pillar III".

## 9.4 Risk related to insurance activities

The information on risk management for the insurance activities required under IFRS 7 is presented in Section 3.2.10 of Chapter III, "Risk factors, risk management and Pillar III".

# NOTE 10 OTHER INFORMATION

## 10.1 Equity instruments issued

### 10.1.1 Share capital

| Ordinary shares | Number of shares | Par value | Capital (in euros) |
|---|---|---|---|
| At January 1 | 3,153,078,482 | 1.60 | 5,044,925,571 |
| Capital increase | 2,768,013 | 1.60 | 4,428,821 |
| **At June 30** | **3,155,846,495** | | **5,049,354,392** |

At June 30, 2020, the group recorded 4,743,812 treasury shares versus 2,083,199 at December 31, 2019.
The capital increase in first-half 2020 can be attributed to the award of free shares to certain Natixis employees under the 2017 and 2018 share-based payment Retention and Performance Plans.

### 10.1.2 Calculation of earnings per share

| | 30/06/2020 | 30/06/2019 |
|---|---|---|
| **Earnings/(loss) per share** | | |
| Net earnings/(loss) Group share (in millions of euros) | -261 | 1,110 |
| Net earnings/(loss) attributable to shareholders (in millions of euros) (1) | -325 | 1,065 |
| Average number of ordinary shares outstanding over the period | 3,154,928,922 | 3,152,153,657 |
| Average number of treasury shares outstanding over the period | 3,548,594 | 2,394,650 |
| Average number of shares used to calculate earnings/(loss) per share | 3,151,380,328 | 3,149,759,007 |
| **Earnings/(loss) per share (in euros)** | **-0.10** | **0.34** |
| **Diluted earnings/(loss) per share** | | |
| Net earnings/(loss) Group share (in millions of euros) | -261 | 1,110 |
| Net earnings/(loss) attributable to shareholders (in millions of euros) (1) | -325 | 1,065 |
| Average number of ordinary shares outstanding over the period | 3,154,928,922 | 3,152,153,657 |
| Average number of treasury shares outstanding over the period | 3,548,594 | 2,394,650 |
| Number of potential dilutive shares resulting from stock option plans and bonus share awards (2) | 9,079,926 | 8,089,124 |
| Average number of shares used to calculate diluted earnings/(loss) per share | 3,160,460,254 | 3,157,848,131 |
| **Diluted earnings/(loss) per share (in euros)** | **-0.10** | **0.34** |

(1) The difference between net income group share and net income/(loss) attributable to shareholders corresponds to the interest generated on deeply subordinated notes and on preference shares, i.e. -€63.8 million in the first half of 2020 and -€45 million in the first half of 2019.
(2) This number of shares refers to the shares granted under the 2016, 2017, 2018, 2019 and 2020 Bonus Share Plans (PAGA), the 2016, 2017, 2018 and 2019 Long Term Incentive Plans (LTIP) and the 2018 Payment Business Line Plan.

### 10.2 Other equity instruments issued

**Perpetual deeply subordinated notes and preference shares**

In accordance with IAS 32, issued financial instruments are classified as debt or equity depending on whether or not they incorporate a contractual obligation to deliver cash to the holder.

Since December 31, 2009, issues of perpetual deeply subordinated notes and preference shares have been recognized as equity instruments issued in accordance with a clause concerning dividend payments which has become discretionary and have been booked to "Consolidated reserves" in the consolidated balance sheet.
The conversion of these debt instruments into equity instruments had generated a gain of €418 million taken to profit or loss at June 30, 2009.
Issues after June 30, 2009 were always classified as equity given the discretionary nature of their interest.

Deeply subordinated notes amounted to €1,978 million at June 30, 2020 (no change compared to December 31, 2019).

It should be noted that the gross amount of exchange rate fluctuations in deeply subordinated notes in foreign currencies recorded in income at June 30, 2020 amounted to -€0.7 million, or -€0.5 million after tax, compared with +€4 million at June 30, 2019, or +€3.2 million after tax.

### 10.3 IFRIC 21

The interpretation of IFRIC 21 "Levies", applicable since January 1, 2015, aims to clarify the date used for the accounting recognition of levies in the financial statements. This interpretation includes:

- the recognition of a full provision as of the first quarter for taxes calculated based on obligating events arising at January 1 - these taxes were previously recorded progressively on a quarterly basis. This mainly applies to the local authorities support tax and the contribution to the single resolution fund;
  It should be noted that the systemic risk tax, repealed as of January 1, 2019 (2014 Finance Reform Act No. 2014-1655 of December 29, 2014 (Art. 26)), had been fully taken to income at June 30, 2018;
- Or for revenue-based taxes payable during the following fiscal year, the recognition of the full amount of taxes at January 1 of the year in which the tax is payable - these taxes were previously recorded pro rata to revenues for the period. This mainly concerns the Social Security and Solidarity Contribution (C3S).

As at June 30, 2020, the impact of the new accounting treatment on net income group share amounted to €94.5 million compared with €95 million at June 30, 2019.

## 10.4 Related parties

## 10.5 Relationships among the group's consolidated companies

The main transactions between Natixis and related parties (BPCE and its subsidiaries, the Banque Populaire banks, the Caisse d'Epargne banks and all financial investments accounted for by the equity method) are detailed below:

| (in millions of euros) | 30/06/2020 | | | 31/12/2019 | | |
|---|---|---|---|---|---|---|
| | BPCE | Banques Populaires | Caisses d'Epargne | BPCE | Banques Populaires | Caisses d'Epargne |
| **ASSETS** | | | | | | |
| Financial assets at fair value through profit or loss | 12,355 | 6,336 | 5,447 | 14,376 | 3,196 | 5,408 |
| Financial assets at fair value through other comprehensive income | | | | | | |
| Debt instruments at amortized cost | 0 | 90 | | 52 | 190 | |
| Loans and receivables due from banks and similar items at amortized cost | 48,611 | 441 | 321 | 39,663 | 418 | 281 |
| Customer loans and receivables at amortized cost | 272 | 120 | | 319 | 120 | |
| Insurance business investments | 12,059 | 173 | 225 | 12,274 | 172 | 225 |
| Non-current assets held for sale | | | | | | |
| **LIABILITIES** | | | | | | |
| Financial liabilities at fair value through profit or loss | 8,045 | 2,927 | 4,381 | 7,970 | 1,590 | 3,940 |
| Deposits and loans due to banks and similar items | 55,142 | 206 | 194 | 46,359 | 1,726 | 102 |
| Deposits and loans due to customers | 349 | 15 | 13 | 346 | 41 | 14 |
| Debt securities | | | | | | |
| Subordinated debt | 2,597 | | | 2,596 | | |
| Liabilities related to insurance policies | 0 | 1 | 77 | 0 | | 81 |
| Liabilities on assets held for sale | | | | | | |
| Shareholders' equity | 1,812 | | | 1,741 | | |
| **COMMITMENTS** | | | | | | |
| Commitments given | 5,566 | 2 | 135 | 2,481 | 100 | 125 |
| Commitments received | 7,807 | 235 | 963 | 7,419 | 253 | 1,037 |

Relations with associates and joint ventures are not material.

| (in millions of euros) | 30/06/2020 | | | 30/06/2019 | | |
|---|---|---|---|---|---|---|
| | BPCE | Banques Populaires | Caisses d'Epargne | BPCE | Banques Populaires | Caisses d'Epargne |
| **INCOME** | | | | | | |
| Interest and similar income | 67 | 25 | 1 | 97 | 23 | 0 |
| Interest and similar expenses | (216) | (2) | (0) | (360) | (2) | 0 |
| Net fee and commission income | (33) | (186) | (149) | (24) | (169) | (129) |
| Net gains or losses on financial instruments at fair value through profit or loss | (1,560) | (59) | 582 | (971) | 204 | 1,097 |
| Gains and losses on financial assets at fair value through other comprehensive income | | | | | | |
| Net gains or losses arising from the derecognition of financial assets at amortized cost | | | | | | |
| Net gains or losses on financial assets at amortized cost reclassified to financial assets at fair value through profit or l | | | | | | |
| Net gains or losses on financial assets at fair value through other comprehensive income reclassified to financial asset | | | | | | |
| Net income from Insurance businesses | 10 | 1 | 0 | 13 | 1 | |
| Income and expenses from other activities | 31 | 3 | 8 | 30 | 0 | 0 |
| Operating expenses | (35) | (0) | (5) | (39) | (1) | (7) |

Relations with associates and joint ventures are not material.

## NOTE 11 POST-CLOSING EVENTS

On August 3, 2020, the Board of Directors approved the H1 2020 financial statements. Since this date, there have been no material changes in the financial or trading position of Natixis.

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## 5.2 Statutory Auditors' report on interim financial information

Period from January 1, 2020 to June 30, 2020

To the shareholders of Natixis SA,

In compliance with the assignment entrusted to us by your Annual Shareholders' Meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code, we hereby report to you on:

- the review of the accompanying condensed consolidated interim financial statements of Natixis for the period January 1 to June 30, 2020;
- the verification of information contained in the interim management report.

These interim summary consolidated financial statements were drafted under the responsibility of the Board of Directors on August 3, 2020 based on the information available on that date given the ever-changing backdrop of the COVID-19 crisis and the difficulty assessing its impacts and the outlook for the future. Our role is to express a conclusion on these financial statements based on our review.

### I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review essentially consists of interviewing persons responsible for accounting and financial matters and in applying analytical procedures. A review is substantially less extensive than a full audit carried out in accordance with the professional standards applicable in France. As such, there is a moderate assurance that the financial statements, taken as a whole, are free from material misstatement, which is lower than the assurance following an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, the standard of IFRS as adopted by the European Union applicable to interim financial information.

### II - Specific verification

We have also verified the information presented in the interim management report dated August 3, 2020 in respect of the condensed consolidated interim financial statements subject to our review. We have no matters to report as to its fair presentation and its consistency with the condensed consolidated interim financial statements.

Neuilly-sur-Seine and Paris-La Défense, August 6, 2020

The Statutory Auditors

| PricewaterhouseCoopers Audit | Deloitte & Associés |
| --- | --- |
| Emmanuel Benoist | Charlotte Vandeputte |

# VII SECTION 7: CAPITAL AND SHARE OWNERSHIP

## 7.1 General information on Natixis' capital

### 7.1.1 Share capital

The share capital amounted to €5,049,522,403.20 on August 1, 2020, divided into 3,155,951,502 fully paid-up shares of €1.60 each.

## 7.2 Distribution of share capital and voting rights

### 7.2.1 Distribution of share capital at July 31, 2020

#### 7.2.1.1 Share ownership table

At July 31, 2020, Natixis' main shareholders were as follows:

| | % capital | % voting rights |
|---|---|---|
| BPCE | 70.57% | 70.70% |
| Employee shareholding | 3.19%* | 3.19% |
| Treasury shares | 0.17% | 0.00% |
| Free float | 26.07% | 26.11% |

* *Of which 0.96% held through capital increases reserved for employees.*
*0.82% held outside of employee savings plans by employees and former employees.*
*1.39% held under the BPCE Actions Natixis employee share ownership plan, including holders of Groupe BPCE shares.*

As far as Natixis is aware, at this date no shareholders, other than those listed in the above table, owned more than 5% of the capital or voting rights.

## 7.3 Authorizations to increase share capital

### 7.3.2 Report of the Board of Directors on the use of capital increase authorizations

**Bonus shares in vesting period**

By virtue of the authorization granted by the Combined General Shareholders' Meeting of May 28, 2019, resolution twenty-five, the Board of Directors of Natixis decided at its April 10, 2020 meeting to award 3,598,382 bonus shares to the employees of Natixis as designated by the Board of Directors. These shares will vest in tranches on March 1, 2022 for one third, and on March 1, 2023 for two thirds, provided that a continued service requirement and performance conditions are met.

By virtue of the authorization granted by the Combined General Shareholders' Meeting of May 28, 2019, resolution twenty-five, the Board of Directors decided at its May 20, 2020 meeting, to award 189,835 bonus shares to the members of the Natixis Senior Management Committee (excluding the Chief Executive Officer) and 77,783 bonus shares to the Chief Executive Officer of Natixis. These shares will vest at the end of a vesting period that runs until May 19, 2024, inclusive, provided that a continued service requirement and performance conditions are met.

**Bonus shares in holding period**

By virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution twenty, the Board of Directors decided at its April 10, 2017 meeting to award a total of 2,958,466 bonus shares to certain employees of Natixis and its subsidiaries, and 53,841 shares to the Chief Executive Officer of Natixis in respect of the 2017 Plan. The vesting period for the last tranche of this award expired on March 1, 2020. By virtue of the authorization granted by the Combined General Shareholders'

Meeting of May 24, 2016, resolution twenty, the Board of Directors decided at its April 13, 2018 meeting to award a total of 3,304,903 bonus shares to certain employees of Natixis and its subsidiaries, and 84,775 shares to the Chief Executive Officer of Natixis in respect of the 2018 Plan. The vesting period for the first tranche of this award also expired on March 1, 2020.

Consequently, in a decision made on March 1, 2020, by virtue of the authority granted to him by the Board of Directors, the Chief Executive Officer of Natixis acknowledged that the number of shares to be issued to the beneficiaries of the 2017 Plan came to 1,850,703 new shares and that the number of shares to be issued to the beneficiaries of the 2018 Plan came to 917,310 new shares.

The Chief Executive Officer thus acknowledged capital increases by capitalization of reserves in the amount of €2,961,124.80 via the issue of 1,850,703 new shares with a par value of €1.60 in respect of the 2017 Plan, and in the amount of €1,467,696 via the issue of 917,310 new shares with a par value of €1.60 in respect of the 2018 Plan, thereby increasing the Company's share capital from €5,044,925,571.20 to €5,049,354,392.

By virtue of the authorization granted by the Combined General Shareholders' Meeting of May 24, 2016, resolution nineteen, the Board of Directors decided at its July 28, 2016 meeting to award a total of 103,820 bonus shares to the members of the Natixis Senior Management Committee (excluding the Chief Executive Officer) and 47,463 shares awarded to the Chief Executive Officer. The vesting period for these shares expired on July 28, 2020.

Consequently, in a decision made on July 28, 2020 by virtue of the authority granted to him by the Board of Directors, the Chief Executive Officer of Natixis acknowledged that the number of shares to be issued to the beneficiaries totaled 105,007 new shares.

The Chief Executive Officer thus acknowledged capital increases by capitalization of reserves in the amount of €168,011.20 via the issue of 105,007 new shares with a par value of €1.60, thereby increasing the Company's share capital from €5,049,354,392 to €5,049,522,403.20.

# VIII SECTION 8: GENERAL SHAREHOLDERS' MEETINGS

## 8.1 Terms and conditions of attendance by shareholders at Shareholders' Meetings

In the context of the coronavirus (COVID-19) epidemic and efforts to contain it, and in accordance with Ordinance No. 2020-231 of March 25, 2020 and Ministerial Decree No. 2020-418 of April 10, 2020 thereon, the Board of Directors of Natixis decided to convene a closed session of the Combined General Shareholders' Meeting, i.e. without the physical presence of the shareholders, on Wednesday May 20, 2020 at 3 p.m. at Natixis' head office (30 Avenue Pierre Mendès-France 75013 Paris).

Natixis undertook all the necessary measures to allow shareholders to exercise their voting rights, either through VOTACCESS or by mail. The text of the resolutions as well as the report of the Board of Directors thereon were included in the notice of meeting and was sent to the shareholders and made available on the Company website. In addition, the deadline for shareholders to send in questions in writing was extended beyond the legal limits.

## 8.2 Combined General Shareholders' Meeting of May 20, 2020

### 8.2.2 Report of the Board of Directors on the resolutions submitted to the Combined General Shareholders' Meeting of May 20, 2020

The report of the Board of Directors on the resolutions submitted to the Combined General Shareholders' Meeting of May 20, 2020 as included in the 2019 Universal Registration Document of Natixis was amended as per the terms below.

**Resolutions requiring the approval of the Ordinary General Shareholders' Meeting (resolutions one to sixteen)**

**Appropriation of 2019 earnings *(resolution three)***

Resolution three covers the appropriation of the corporate earnings of Natixis: appropriation of total distributable earnings to "retained earnings". Natixis' financial statements at December 31, 2019 showed positive net income of €2,242,111,898.15. After taking into account retained earnings of €1,008,081,398.50, and since the legal reserve is full (totaling more than 10% of the share capital), distributable earnings amounted to €3,250,193,296.65.

Given the economic context related to the COVID-19 epidemic, and in accordance with the recommendations made by the European Central Bank (ECB) on March 27, 2020 on the distribution of dividends, resolution three proposes the appropriation of all distributable earnings to "retained earnings", which after appropriation would total €3,250,193,296.65.

In accordance with legal provisions, the following dividends were distributed for the three fiscal years prior to fiscal year 2019:

| Fiscal year | Number of shares on which a dividend was paid | Dividend per share (in euros) | Total (in euros) |
|---|---|---|---|
| 2016 | 3,137,074,580 | 0.35 | 1,097,976,103.00 |
| 2017 | 3,137,360,238 | 0.37 | 1,160,823,288.06 |
| 2018 | 3,150,288,592 | 0.78 | 2,457,225,101.76 |

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### 8.2.3 Draft resolution of the Combined General Shareholders' Meeting of May 20, 2020

The draft resolutions submitted to the Combined General Shareholders' Meeting of May 20, 2020 as included in the 2019 Universal Registration Document of Natixis, were amended as per the terms below.

**Resolution three: Appropriation of 2019 earnings**

The General Shareholders' Meeting, deliberating on the quorum and majority requirements for ordinary business, and having reviewed the management report, hereby:

- notes that the financial statements finalized as of December 31, 2019, and approved by the shareholders at this meeting show earnings for the 2019 fiscal year of €2,242,111,898.15;
- notes that, after taking into account retained earnings of €1,008,081,398.50, and since the legal reserve is full (totaling more than 10% of the share capital) distributable earnings amounted to €3,250,193,296.65,
- decides to appropriate the full amount of distributable earnings under "retained earnings", the amount of which after appropriation totals €3,250,193,296.65.

In accordance with legal provisions, the shareholders hereby note that for the three fiscal years prior to fiscal year 2019, the following dividends were distributed:

| Fiscal year | Number of shares on which a dividend was paid | Dividend per share (in euros) | Total (in euros) |
|---|---|---|---|
| 2016 | 3,137,074,580 | 0.35 | 1,097,976,103.00 |
| 2017 | 3,137,360,238 | 0.37 | 1,160,823,288.06 |
| 2018 | 3,150,288,592 | 0.78 | 2,457,225,101.76 |

## 9.2 Natixis bylaws

**Natixis**

A joint stock company (société anonyme) with a Board of Directors and share capital of €5,049,522,403.20.

Registered office: 30 avenue Pierre Mendès-France — 75013 Paris, Paris Trade and Companies Register No. 542 044 524.

**Bylaws**

**Chapter I: Form of the Company — Name — Registered office — Term — Corporate purpose**

**Article 1 — Legal form — Name, registered office and term**

Natixis is a joint stock company (société anonyme) with a Board of Directors. It is governed by the regulations pertaining to commercial companies, by the provisions of the French Monetary and Financial Code (Code monétaire et financier) and by these bylaws.
The name of the Company is "Natixis". The Company's registered office is in Paris (13th district), at 30 avenue Pierre Mendès-France.
The term of the Company, created on November 20, 1919, was increased to 99 years beginning on November 9, 1994, unless it is extended or dissolved early.

**Article 2 — Corporate purpose**

The corporate purpose, in France and elsewhere comprises:
- the conduct of all banking business and related businesses as per the banking law;
- the provision of all investment services as defined in the French Monetary and Financial Code;
- the performance of the specific assignments entrusted by the French State in the economic and financial area, in the framework of special agreements;
- the performance of all brokerage business;
- the acquisition of interests in companies, groups or associations with a direct or indirect connection with the activities referred to above;
- as well as the execution of all private and commercial transactions.

**Chapter II: Share capital — Shares — Payments**

**Article 3 — Share capital**

The share capital is set at €5,049,522,403.20 divided into 3,155,951,502 fully paid-up shares of €1.60 each.

**Article 4 — Form and transfer of shares**

Shares in the Company may either be registered shares or identifiable bearer shares, at the shareholder's discretion.
They are registered in share accounts and are transferred according to the terms provided for by law and regulations.

**Article 5 — Identification of the shareholders**

The Company may, under the conditions stipulated by the legislative and regulatory provisions in force, request any organization or authorized intermediary to communicate all information regarding the holders of securities conferring immediately or in the future voting rights in its Shareholders' Meetings, namely their

identity, nationality, address, how many securities they own and the restrictions to which these securities may be subject.
Any individual or legal entity owning directly or indirectly, alone or jointly, a fraction of 1% of the voting rights (on the basis of all the voting rights attached to the shares, including those deprived of voting rights), or any multiple of this percentage, shall notify the Company by registered letter with acknowledgment of receipt of the number of votes they possess. This notice must be made within a period of 15 days following each acquisition or sale of this fraction.
In the event of non-compliance with the notification requirement provided for in the previous paragraph and upon request, recorded in the minutes of the meeting from a shareholder representing at least 1% of the voting rights, the shares exceeding the fraction which should have been declared will lose their voting rights for a period of two years following the notification compliance date.

### Article 6 — Indivisibility of shares

The shares are indivisible from the Company's perspective.
Joint owners are required to be represented to the Company by a single person chosen among them or by a sole proxy.

### Article 7 — Rights and obligations attached to the shares

Except for the rights which may be granted to preferred shares, if any were created, each share entitles its owner to a share in the ownership of the Company's assets which is proportional to the number of shares issued.
Shareholders shall be liable for losses only to the extent of their contributions to the Company's share capital.
The rights and obligations attached to a share follow it. Ownership of a share implies, by the operation of law, acceptance of the Company's bylaws and of the resolutions voted by the General Shareholders' Meeting.

### Article 8 — Modification of the capital

The share capital may be increased, amortized or reduced by all procedures and according to all means authorized by law and regulations.
The new shares subscribed will be paid-up according to the decisions voted by the General Shareholders' Meeting or the Board of Directors. Failure to pay-up the shares is sanctioned under the conditions stipulated by the regulations in force.

## Chapter III: Administration and control of the Company

## Section I: Board of Directors

### Article 9 — Structure of the Board of Directors

The Company is managed by a Board of Directors, consisting of at least three (3) directors and no more than eighteen (18) directors, subject to the departures stipulated by law in the event of a merger.
The directors are appointed by the Ordinary General Shareholders' Meeting; however, the Board has the right, in the event of the vacancy of one or more seats, due to death or resignation, to appoint replacements temporarily, each for the period remaining in his predecessor's term, subject to ratification by the next General Shareholders' Meeting.
When it has been established, in accordance with the regulations in force, that the percentage of the capital owned by employee shareholders exceeds the threshold established by law, a director is appointed by the Ordinary General Shareholders' Meeting from among the candidates designated for this purpose by the Supervisory Board of the employee mutual fund(s). The director appointed in this capacity is not taken into account in calculating the maximum number of directors referred to in the first paragraph of this Article.
The director appointed in this capacity sits on the Board of Directors and is entitled to vote. He is subject to the same rights and obligations as the Company's other directors.

The number of directors who are over the age of 70 shall not exceed one-third of the number of directors in office. When this percentage is exceeded, the oldest of the directors leaves office at the end of the next Ordinary General Shareholders' Meeting.
Throughout his term, each director shall own at least one hundred and forty (140) Company shares.
Directors are appointed for a term of four (4) years. They may be re-elected. A director's duties end at the end of the Ordinary General Shareholders' Meeting convened to approve the financial statements of the past fiscal year, held the year during which his term expires.

**Article 10 — Chairman of the Board of Directors**

The Board of Directors elects a Chairman who must be an individual, selected from among its members. The Chairman is elected for the duration of his term as director and may be re-elected.
It determines the Chairman's compensation.
The Board of Directors may, on the proposal of the Chairman, elect one or more Vice-Chairman (Vice-Chairmen) from among its members.
The Chairman's duties end at the latest at the end of the Ordinary General Shareholders' Meeting convened to approve the financial statements of the past fiscal year during which the Chairman reached the age of sixty-five.
The Chairman is responsible for convening the Board of Directors.
He organizes and conducts its work, on which he reports to the General Shareholders' Meeting.
He sees to the smooth operation of the Company's bodies and makes sure in particular that the directors are able to perform their duties.

**Article 11 — Meetings of the Board of Directors**

11.1 The Board of Directors convenes as often as the Company's interests and legal and regulatory provisions so require, upon notice from its Chairman either at the registered office or at any other location indicated in the notice, which may be sent by email.

The Board may also be convened by the Chairman at the request of at least one-third of the directors, or at the request of the Chief Executive Officer, on the basis of a specific agenda. The Chairman is bound by the requests made in this manner.

Subject to an Emergency such as defined below, and the case referred to in Article 14 below, the Board of Directors must be convened with reasonable notice prior to the scheduled date of the meeting. Notices of meetings shall include the detailed agenda for the meeting.

Prior to the meeting, and with sufficient notice, the directors must be given the information enabling them to make an enlightened decision.

Meetings of the Board of Directors are chaired by the Chairman of the Board of Directors or, in his absence, by the oldest director or by one of the Vice-Chairmen, as the case may be.

The Board of Directors may appoint a Secretary, who may or may not be selected from among its members.

Decisions are made at a majority of the votes of the members present or represented. In the event of a tie, the vote of the Chairman of the meeting is the casting vote, except for the appointment of the Chairman of the Board of Directors.

The Board takes valid decisions only if at least one-half of its members are present or deemed present.

The Board of Directors establishes Internal Rules which may stipulate that, except for adopting decisions concerning the preparation of the annual financial statements and the management report as well as for preparing the consolidated financial statements and the Group's management report, the directors who participate in the Board Meeting by video-conference or by using telecommunication means, under the conditions permitted or required by law and the regulations in force, are deemed present for calculating the quorum and the majority.

Minutes of meetings of the Board of Directors shall be prepared, and copies or extracts thereof shall be issued and certified in accordance with the law.

11.2 In the event of an emergency as defined below ("Emergency") the following accelerated procedure may be applied.

An Emergency is defined as an exceptional situation (i) subject to short notice, imposed by a third party under penalty of foreclosure, where non-compliance might incur damages for the Company or one of its main subsidiaries, or (ii) requiring a rapid response from the Company which is incompatible with the application of the usual notice periods for the Board of Directors.

In the event of an Emergency, the notice and convening periods of the Board of Directors are not subject to Article 11.1 above, provided that the Chairman of the Company's Board of Directors has:

- given prior notice to the directors providing the reason for the Emergency as per the foregoing definition; and
- provided all directors, along with the notice of said Board Meeting, with all the necessary information for their analysis.

**<u>Article 12 — Powers of the Board of Directors</u>**

12.1 The Board of Directors determines the orientations of the Company's activity and sees to the implementation thereof, in accordance with its corporate interest, taking into account the social and environmental issues associated with its activity. Within the limits of the corporate purpose and the powers expressly granted by law or these bylaws to General Shareholders' Meetings, the Board concerns itself with any matter relating to good business practice and governs the business of the Company through its deliberations. The Board of Directors performs the controls and checks it deems appropriate.

The Chairman or the Chief Executive Officer is required to provide each director with all the documents and information necessary for the performance of his duties.

On the proposal of its Chairman, the Board of Directors may decide to create Committees within the Board responsible for reviewing issues which the Board itself or its Chairman submits to them for their examination and opinion. It determines the structure and powers of these Committees, which conduct their activities under its responsibility.

12.2 In addition to the operations referred to by law and regulations in force, the Internal Rules of the Board of Directors will determine the decisions which will be subject to the prior approval of the Board of Directors.

12.3 The Board of Directors is qualified to decide or authorize the issuing of bonds and all other securities representing debt securities.

The Board of Directors may delegate to any person of its choosing the necessary powers to complete, within a period of one year, the issue of such securities and to draw up the procedures.

The designated persons report to the Board of Directors under the conditions determined by the latter.

**<u>Article 13 — Compensation of the members of the Board of Directors</u>**

The General Shareholders' Meeting may grant the directors a fixed annual sum as compensation for their activities. The Board of Directors distributes this amount freely among its members.
The Board may also allocate special compensation to the directors in the cases and conditions provided by law.

## Section II: Senior Management

### Article 14 — Senior Management procedures

The Company's Senior Management is the responsibility of either the Chairman of the Board of Directors, or that of another individual appointed by the Board of Directors and bearing the title of Chief Executive Officer. The choice between these two methods for exercising Senior Management is made by the Board of Directors which may validly transact business only if:

- the Agenda, containing this item, is sent out at least 15 days prior to the Board meeting;
- at least two thirds of the Directors are present or represented.

The shareholders and third parties are informed of this choice under the conditions defined by the legal and regulatory provisions in force.
When the Company's Senior Management is handled by the Chairman of the Board of Directors, the following provisions concerning the Chief Executive Officer will apply to the Chairman of the Board of Directors, who will assume the title of Chairman and Chief Executive Officer.

### Article 15 — Chief Executive Officer

The Chief Executive Officer is vested with the broadest powers to act in all circumstances on the Company's behalf. He exercises those powers within the limits of the corporate purpose and subject to the powers expressly reserved for Shareholders' Meetings and the Board of Directors by law and to the provisions and restrictions stipulated by the Internal Rules. He represents the Company in its relations with third parties.

The Board of Directors may appoint a Chief Executive Officer from among the directors or outside their ranks.

The Board of Directors determines the compensation and term in office of the Chief Executive Officer, which shall not exceed that of his term as director when he is a Board member.

The Chief Executive Officer may be dismissed by the Board of Directors at any time.

The Board of Directors may limit the powers of the Chief Executive Officer. However, the limitation of these powers is not enforceable against third parties.

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

### Article 16 — Deputy Chief Executive Officers

On the proposal of the Chief Executive Officer, the Board of Directors may appoint one to five individuals selected from among the directors or outside their ranks, in charge of assisting the Chief Executive Officer, with the title of Deputy Chief Executive Officer.

In conjunction with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers conferred upon the Deputy Chief Executive Officers. They have the same powers with respect to third parties as the Chief Executive Officer.

When a Deputy Chief Executive Officer is a Director, his term in office shall not exceed his term on the Board.

Deputy Chief Executive Officers may be dismissed at any time by the Board of Directors on the proposal of the Chief Executive Officer.

The compensation of the Deputy Chief Executive Officer(s) is determined by the Board of Directors.

**Article 17 — Liability of directors**

Directors are liable vis-à-vis the Company or third parties, either for breaches of the legal or regulatory provisions governing joint stock companies, or for breaches of these bylaws, or for misconduct in their management, under the conditions and subject to the penalties stipulated by the laws in force.

**Section III: Control**

**Article 18 — Non-voting members**

The Ordinary General Shareholders' Meeting may appoint one or more non-voting members.

Non-voting members are appointed for a term of four (4) years. A non-voting member's duties end at the end of the Ordinary General Shareholders' Meeting convened to approve the financial statements of the past fiscal year, held in the year during which his term expires. Non-voting members may be re-elected and may be dismissed by the General Shareholders' Meeting.

Non-voting members receive the same information as the directors, and are convened to all meetings of the Board of Directors. They sit on the Board of Directors in an advisory capacity.

They may be appointed temporarily by the Board of Directors subject to the ratification by the next General Shareholders' Meeting.

They may receive compensation, the amount of which is determined by the Board of Directors.

**Article 19 — Statutory Auditors**

One or several primary Statutory Auditors and, if applicable, one or several substitute Statutory Auditors, are appointed by the General Shareholders' Meeting in accordance with the law. They are vested with the duties and powers conferred upon them by the laws in force.

**Chapter IV: General Shareholders' Meetings**

**Common provisions**

**Article 20 — General Shareholders' Meetings**

The shareholders' decisions are made in General Shareholders' Meetings, which are qualified as ordinary or extraordinary.

**Article 21 — Notices**

General Shareholders' Meetings are convened by the Board of Directors or, failing this, under the conditions of Article L.225-103 of the French Commercial Code. Notices are made under the conditions determined by the regulations in force.

**Article 22 — Admission to General Shareholders' Meetings — Powers**

Shareholders' Meetings include all the shareholders whose securities have no outstanding payments due.

In accordance with Article R.225-85 of the French Commercial Code, the right to take part in the General Shareholders' Meeting is subject to the registration of the shares in the accounts in the name of the shareholder or broker registered on his behalf on the second business day preceding the General Shareholders' Meeting at twelve midnight, Paris time (D-2), or in the accounts of registered shares kept by the Company, or in the accounts of bearer shares kept by the authorized brokers.

For holders of registered shares, such entry in the account by D-2 is sufficient to enable them to attend the meeting.

With respect to holders of bearer shares, proof of their status as a shareholder must be provided directly to the centralizing body of the meeting by the authorized intermediaries holding their bearer share accounts. The intermediaries do so by producing a certificate that must be attached to the voting form or admission card request in the name of the shareholder or the name of the registered intermediary acting on behalf of the shareholder. A certificate is also delivered to shareholders who wish to attend the meeting in person and who have not received an admission card by D-2, twelve midnight Paris time.

A shareholder may always be represented at General Shareholders' Meetings by a duly authorized proxy. This proxy may not represent another person.

Shareholders may vote by post or by proxy in accordance with the legal and regulatory provisions in force. In accordance with the decision of the Board of Directors, shareholders may participate in General Meetings by means of video-conferencing and may vote using all means of telecommunications and remote transmission, including the Internet, in accordance with the applicable regulations at the time of their use. This decision is communicated in the notice of meeting published in the B.A.L.O.: Bulletin des Annonces Légales Obligatoires (Gazette of Mandatory Legal Notices). Those shareholders who use for this purpose the electronic voting form made available on the website by the coordinator of the Shareholders' Meeting, within the required time frames, are considered present or represented. The electronic form can be filled in and signed directly on the site by any means approved by the Board of Directors in accordance with the applicable legislative and regulatory provisions.

The proxy or vote cast before the meeting by this electronic method, as well as the receipt that is issued for it, will be considered irrevocable written documents that are enforceable in all cases, with the stipulation that in the event of the disposal of shares before the second business day preceding the meeting at zero hour, Paris time, the Company will, as a result, invalidate or change, depending on the case, the proxy or vote cast before that date and time.

## Article 23 — Agenda

The agenda is drafted by the author of the notice.

One or more shareholders, representing at least the required portion of the share capital and acting on the conditions and within the deadlines determined by law, are entitled to request, by registered mail with acknowledgment of receipt, or by email, the entry of draft resolutions onto the meeting's agenda.

## Article 24 — Conduct of General Shareholders' Meetings

Shareholders' Meetings are chaired by the Chairman of the Board of Directors, or in the event of his absence, by one of the Deputy Chief Executive Officers, or by a director appointed by the General Shareholders' Meeting.

Scrutineers' duties are performed by the two attending shareholders holding the highest number of shares who accept this position.

A register of attendance is kept in accordance with the regulations in force. General Shareholders' Meetings vote on the quorum and majority conditions stipulated by law.

The Board of Directors may, at the time of the notice, decide to publicly broadcast the entire meeting by video-conference or other forms of telecommunication. In this case, the decision is conveyed in the announcements and notices of the meetings.

## Article 25 — Voting rights

As an exception to Article L.225-123 Paragraph 3 of the French Commercial Code, whereby a voting right equivalent to twice that attributed to other shares may be attributed to fully paid-up shares which have been registered in the name of the same shareholder for at least two years, each member of the meeting has a right to as many votes as they hold or are represented by shares.

**Article 26 — Minutes**

Decisions of the General Shareholders' Meeting are recorded in minutes entered into a special register and signed by the officers of the meeting.

Minutes are drafted and copies or extracts of proceedings are issued and certified in accordance with the regulations in force.

Following the Company's dissolution and during its liquidation, these copies or extracts are certified by one or more of the liquidators.

**Article 27 — Right of discovery**

All shareholders are entitled to receive, under the conditions and on the dates stipulated by law, the documents necessary to enable them to make an informed decision on the Company's management and control.

The nature of the documents and the terms and conditions for their dispatch or availability are determined by law and regulations.

**Ordinary General Shareholders' Meetings**

**Article 28 — Date of the meeting**

Shareholders are convened annually to an Ordinary General Shareholders' Meeting by the Board of Directors, prior to the end of the fifth month following the close of the fiscal year, on the date, at the time and at the location stated in the notice of the meeting.

**Article 29 — Prerogatives**

The Ordinary General Shareholders' Meeting, which must be held annually, hears the report on the Company's business drafted by the Board of Directors and presented by its Chairman, as well as the report by the Statutory Auditors and any other report stipulated in the regulations.

It discusses, approves, rejects or adjusts the financial statements and determines the profit to be distributed.

It appoints the directors, the non-voting members and the Statutory Auditors.

It votes on all proposals entered onto the agenda.

**Extraordinary General Shareholders' Meetings**

**Article 30 — Prerogatives**

The Extraordinary General Shareholders' Meeting may be convened at any time either by the Board of Directors or pursuant to any legal provision. It may amend any of the provisions of these bylaws. In particular, it can increase or reduce the share capital, extend the Company's duration or decide its early dissolution. However, it cannot change the Company's nationality or increase the shareholders' commitments.

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## Chapter V: Fiscal year — Parent company financial statements — Appropriation and distribution of earnings

### Article 31 — Fiscal Year

The Company's fiscal year begins on January 1 and ends on December 31.

### Article 32 — Inventory — Annual financial statements

Each quarter, a brief statement of the Company's assets and liabilities is prepared. This statement is at the disposal of the Statutory Auditors and is published according to the laws in force.

Furthermore, at the end of each fiscal year, an inventory is drafted of the Company's various assets and liabilities and accounting documents imposed by both the laws governing companies and by banking regulations.

All these documents are placed at the disposal of the Statutory Auditors according to legal and regulatory provisions.

### Article 33 — Earnings for the fiscal year — Dividends

From the earnings of each fiscal year, minus any losses carried forward as the case may be, at least 5% is levied to create the legal reserve. This levy ceases to be mandatory when said reserve reaches a sum equal to one-tenth of the share capital. It must be resumed when this reserve falls below one-tenth.

The balance of the earnings constitutes, along with any retained earnings, the distributable profit of which the Ordinary General Shareholders' Meeting disposes freely in the framework of the laws in force, and which it can carry forward, or place on reserve, or distribute partially or entirely, on the proposal of the Board of Directors.

The Ordinary General Shareholders' Meeting may also decide to distribute sums levied from retained earnings or from the reserves at its disposal; in such case, the decision expressly references the reserve items from which the levies are made.

The Ordinary General Shareholders' Meeting may offer an option to the shareholders, for all or a part of the dividend distributed, between payment of the dividend in cash or in shares. In this second option, payment will take place through the allocation of Company shares in accordance with the applicable legal and regulatory provisions.

Under the legal conditions in force, the Board of Directors may decide to pay interim dividends in cash or in shares.

The annual dividends are paid at the dates established by the Board of Directors within a period of nine months following the close of the fiscal year.

## Chapter VI: Dissolution — Liquidation

### Article 34 — Equity capital below one-half of the share capital

If, due to losses recognized in the accounting documents, the Company's equity falls below one-half of the share capital, the Board of Directors is required, within four months following the approval of the financial statements having revealed these losses, to convene the Extraordinary General Shareholders' Meeting in order to decide whether it is fitting to dissolve the Company early.

Should the Board of Directors fail to convene the Extraordinary General Shareholders' Meeting, the Statutory Auditors may do so.

**Article 35 — Dissolution — Liquidation**

At the Company's expiry, or in the event of early dissolution, the General Shareholders' Meeting determines the liquidation method, on the proposal of the Board of Directors and subject to the legal requirements in force, and appoints one or more liquidators whose powers it determines.

## Chapter VII: Disputes

**Article 36 — Disputes**

Any dispute arising among the shareholders concerning the performance of these bylaws shall be submitted to the courts having jurisdiction where the Company has its registered office.

## 9.3 Person responsible for the Amendment to the Universal Registration Document and the amendments thereof

**Person responsible for the Amendment to the Universal Registration Document and the amendments thereof**

Nicolas Namias

Chief Executive Officer of Natixis

**Statement by the person responsible for the universal registration document and the amendments thereof**

I hereby declare that, to the best of my knowledge, after having taken all reasonable measures to this end, the information contained in the 2019 Universal Registration Document is true and accurate and contains no omissions liable to impair its significance.

To the best of my knowledge, the condensed financial statements for the past half-year were prepared in accordance with applicable accounting standards, and provide a true and fair image of the assets and liabilities, financial position and earnings of the company and the consolidated group, and the attached half-year management report accurately reflects the key events in the first half and their impact on the financial statements, the major related party transactions and a description of the major risks and uncertainties in the second half.

Paris, August 7, 2020

Nicolas Namias

Chief Executive Officer of Natixis

## 9.4 Documents available to the public

This document is available in the "Investor Relations" section of the Company website www.natixis.com or that of the French Financial Markets Authority https://www.amf-france.org/en.

Any person wishing to obtain additional information about Natixis can request documents free of charge and without obligation:

- by post: Natixis Communication financière — Relations investisseurs, Immeuble Arc-de-Seine, 30, avenue Pierre-Mendès-France 75013 Paris
- by telephone: +33 (0) 1 58 19 26 34 or +33 (0) 1 58 32 06 94
- by email: investorelations@natixis.com

## 9.5 Cross-reference table and incorporation by reference

**Incorporation by reference**

The Second Amendment to the Universal Registration Document must be read and interpreted in conjunction with the documents referred to below. These documents are incorporated in this amendment are deemed to be an integral part thereof:

- the 2019 Universal Registration Document filed with the French Financial Markets Authority on March 6, 2020, under registration number D.20-0108 which includes the annual financial report, available on the Natixis website: https://www.natixis.com/natixis/jcms/ala_5519/en/annual-financial-reports- the Amendment to the 2019 Universal Registration Document filed with the AMF on May 20, 2020, under registration number D.20-0108-A01, available on the Natixis website: https://www.natixis.com/natixis/jcms/ala_5519/en/annual-financial-reports

All the documents incorporated by reference in this Amendment to the Universal Registration Document were filed with the AMF and are available on the Issuer's website (https://www.natixis.com/natixis/jcms/lpaz5_75289/en/financial-figures-and-publications) and on the AMF website (https://www.amf-france.org/en).

The information incorporated by reference must be read in accordance with the cross-reference table below. Any information not referenced in this cross-reference but is part of the documents incorporated by reference is provided for information purposes only.

## Sections of Annex I of European Regulation No. 2017/1129

The following cross-reference table contains the sections provided for in Annex 1 (as referenced in Annex 2) of the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019, supplementing Regulation (EU) 2017/1129 of the European Parliament and European Council and repealing Commission Regulation (EC) No. 809/2004 (Annex I) and taken by way of application of the "Prospectus" directive. This cross-reference table indicates the page numbers of the 2019 Universal Registration Document and its amendments, where the information relative to each of these sections is mentioned.

| | | Second amendment to the 2019 Universal Registration Document | Amendment to the 2019 Universal Registration Document | 2019 Universal registration document |
|---|---|---|---|---|
| **SECTION 1** | **PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERT REPORTS AND COMPETENT AUTHORITY APPROVAL** | **260** | **41** | **542** |
| **Item 1.1** | Person responsible | 260 | 41 | 542 |
| **Item 1.2** | Declaration of person responsible | 260 | 41 | 542 |
| **Item 1.3** | Statement or report attributed to a person as an expert | | | N/A |
| **Item 1.4** | Information sourced from a third party | | | N/A |
| **Item 1.5** | Competent authority approval | | | |
| **SECTION 2** | **STATUTORY AUDITORS** | **268** | | **370; 546** |
| **SECTION 3** | **RISK FACTORS** | **53 to 67** | **36 to 38** | **101 to 107** |
| **SECTION 4** | **INFORMATION ABOUT THE ISSUER** | | | **536** |
| **SECTION 5** | **BUSINESS OVERVIEW** | | | |
| **Item 5.1** | Main activities | 266 | | 4-5; 18 to 30; 546 |
| **Item 5.2** | Main markets | 234 to 239; 266 | | 4-5; 345 to 347; 546 |
| **Item 5.3** | Important events in the development of the issuer's business | 137 to 140 | | 212 to 216 |
| **Item 5.4** | Strategy and objectives | 62-63 | 37-38 | 8-9; 12-13; 435 to 494 |
| **Item 5.5** | Possible dependence | | | 153 |
| **Item 5.6** | Basis for any statements made by the issuer regarding its competitive position | 137 to 146 | | 18 to 30; 212 to 222 |
| **Item 5.7** | Investments | 160-161; 266 | | 225-226; 546 |
| **SECTION 6** | **ORGANISATIONAL STRUCTURE** | | | |
| **Item 6.1** | If the issuer is part of a group, a brief description of the group and the issuer's position within the group. This may be in the form of, or accompanied by, a diagram of the organizational structure if this helps to clarify the structure. | | | 4-5; 16-17 |

| | | Second amendment to the 2019 Universal Registration Document | Amendment to the 2019 Universal Registration Document | 2019 Universal registration document |
|---|---|---|---|---|
| **Item 6.2** | A list of the issuer's significant subsidiaries, including name, country of incorporation or residence, the percentage of share capital owned and, if different, the percentage of voting rights held. | | | 371 to 383 |
| **SECTION 7** | **OPERATING AND FINANCIAL REVIEW** | | | |
| **Item 7.1** | Financial position | 10 to 37; 52 to 84; 147 to 159; 266 | 3 to 35 | 100 to 107; 124 to 134; 139 to 146; 216 to 223; 546 |
| **Item 7.2** | Operating results | 32; 147-148, 165 | | 6; 216-217; 233 |
| **SECTION 8** | **CAPITAL RESOURCES** | | | |
| **Item 8.1** | Information concerning the issuer's capital resources (both short term and long term) | 91 to 98; 169 | | 157 to 169; 238-239 |
| **Item 8.2** | Explanation of sources and amounts of the issuer's cash flows and narrative description of the issuer's cash flows | 171-172 | | 241-242 |
| **Item 8.3** | Information on the issuer's borrowing conditions and funding structure | 75 to 82 | | 139 to 143 |
| **Item 8.4** | Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, the issuer's operations | | | N/A |
| **Item 8.5** | Information regarding the anticipated sources of funds needed to fulfill commitments referred to in item 5.7.2. | | | N/A |
| **SECTION 9** | **REGULATORY ENVIRONMENT** | **91; 130-131** | | **157; 162 to 165; 169 to 171; 203 to 205** |
| **SECTION 10** | **TREND INFORMATION** | **161-162** | **39-40** | **228** |
| **SECTION 11** | **PROFIT FORECASTS OR ESTIMATES** | | | **N/A** |
| **SECTION 12** | **ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT** | | | |
| **Item 12.1** | Administrative and management bodies | 39 to 51 | | 10-11; 34 to 76 |
| **Item 12.2** | Administrative, management, and supervisory bodies and executive management conflicts of interest | | | 64 |

| | | Second amendment to the 2019 Universal Registration Document | Amendment to the 2019 Universal Registration Document | 2019 Universal registration document |
|---|---|---|---|---|
| **SECTION 13 COMPENSATION AND BENEFITS** | | | | |
| **Item 13.1** | Amount of compensation paid and benefits in kind | 51 | | 77 to 98 |
| **Item 13.2** | Total amounts paid or accrued by the issuer to provide pension, retirement or similar benefits | | | 351 to 359 |
| **SECTION 14 BOARD PRACTICES** | | | | |
| **Item 14.1** | Date of expiration of current term of office, if applicable, and period during which the person served in that office. | 45 to 48 | | 35 to 54 |
| **Item 14.2** | Service contracts with members of the administrative bodies | | | 64-65 |
| **Item 14.3** | Information about the issuer's Audit Committee and Compensation Committee | 50 | | 68 to 70; 72-73 |
| **Item 14.4** | Statement whether the issuer complies with corporate governance regime(s) | | | 57 |
| **Item 14.5** | Potential material impacts on corporate governance | 45 to 48 | | 35 to 54 |
| **SECTION 15 EMPLOYEES** | | | | |
| **Item 15.1** | Number of employees | | | 481 |
| **Item 15.2** | Shareholdings and stock options | | | 95; 502-503 |
| **Item 15.3** | Arrangements for involving employees in the issuer's capital | | | 276 |
| **SECTION 16 MAJOR SHAREHOLDERS** | | | | |
| **Item 16.1** | Shareholders owning more than 5% of the share capital or voting rights | 246 | | 504-505 |
| **Item 16.2** | Information as to whether the issuer's major shareholders hold different voting rights, or an appropriate statement to the effect that no such voting rights exist | 246 | | 504-505 |
| **Item 16.3** | Control of the issuer | 246 | | 505 |
| **Item 16.4** | Arrangements, known to the issuer, the implementation of which may at a subsequent date result in a change in its control | | | 508 |
| **SECTION 17 RELATED PARTY TRANSACTIONS** | | **242; 266** | | **367; 546** |

| | | Second amendment to the 2019 Universal Registration Document | Amendment to the 2019 Universal Registration Document | 2019 Universal registration document |
|---|---|---|---|---|
| **SECTION 18** | **FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES** | | | |
| **Item 18.1** | Historical financial information | 164 to 244 | | 233 to 383; 392 to 425 |
| **Item 18.2** | Interim financial and other information | | | |
| **Item 18.3** | Auditing of historical annual financial information | 245 | | 384 to 391; 426 to 430 |
| **Item 18.4** | Pro forma financial information | 147 to 156 | | N/A |
| **Item 18.5** | Dividend policy | 248; 258; 266 | | 7; 227; 510; 517; 546 |
| **Item 18.6** | Legal and arbitration proceedings | 85 to 87 | 38 | 151 to 153 |
| **Item 18.7** | Significant changes in the issuer's financial position | 268 | 42 | 365 |
| **SECTION 19** | **ADDITIONAL INFORMATION** | | | |
| **Item 19.1** | Share capital | 246; 266 | | 415; 502 to 505; 546 |
| **Item 19.2** | Memorandum and bylaws | 250 | | 537 to 541 |
| **SECTION 20** | **MATERIAL CONTRACTS** | | | **153** |
| **SECTION 21** | **AVAILABLE DOCUMENTS** | **261** | **42** | **543** |

Pursuant to Article 19 of Regulation (EU) 2017/1129, the following items are included for reference purposes:

- the parent company and consolidated financial statements for the year ended December 31, 2019, presented respectively on pages 392 to 425 and 233 to 383, in the relevant Statutory Auditors' reports, pages 426 to 430 and 384 to 391 respectively of the Universal Registration Document filed with the AMF on March 6, 2020 under registration number D.20-0108.

  The information is available at the following link:
- https://www.natixis.com/natixis/jcms/ala_5519/en/annual-financial-reports
- the parent company and consolidated financial statements for the year ended December 31, 2018, presented respectively on pages 403 to 441 and 241 to 394, relevant Statutory Auditors' reports, on pages 442 to 446 and 395 to 402 respectively of the registration document filed with the AMF on March 15, 2019 under number D.19-0154.

  The information is available at the following link:
- https://www.natixis.com/natixis/jcms/ala_5519/en/annual-financial-reports
- the parent company and consolidated financial statements for the year ended December 31, 2017, presented respectively on pages 344 to 381 and 194 to 337, in the relevant the Statutory Auditors' report, on pages 382 to 386 and 338 to 343 respectively of the registration document filed with the AMF on March 23, 2018 under number D.18-0172.

  The information is available at the following link:

https://www.natixis.com/natixis/jcms/ala_5519/en/annual-financial-reports

The second amendment to the Universal Registration Document is available for consultation on the AMF website (www.amf-france.org.com) and on the Natixis website (www.natixis.com).

## 9.6 Cross-reference table for the half-year financial report

This document includes the information of the half-year financial report set out in Article L. 451-1-2 of the French Monetary and Financial Code and in Articles 222-4 and 222-6 of the AMF's General Regulations.

| Headings of the half-year financial report | Page number of the second amendment to the Universal Registration Document of August 7, 2020 |
|---|---|
| **Condensed financial statements at June 30, 2020** | **164 to 244** |
| **Interim management report** | |
| ▪ Major events that have occurred during the first 6 months of the financial year and their impact on the first-half financial statements | 137 to 146 |
| ▪ Description of the main risks and uncertainties over the next six months | 53 to 67; 161-162 |
| ▪ Transactions between related parties | 242 |
| **Declaration by the person responsible for the half-year financial report** | **260** |
| **Statutory Auditors' report on the summarized consolidated financial statements** | **245** |

## 9.7 Persons responsible for auditing the financial statements

**Persons responsible for auditing the financial statements**

Principal Statutory Auditors

- Deloitte & Associés (represented by the signatory partner Charlotte Vandeputte), 6 place de la Pyramide - 92908 Paris La Défense cedex;
- PricewaterhouseCoopers Audit (represented by the signatory partner Emmanuel Benoist), 63 rue de Villiers – 92208 Neuilly-sur-Seine cedex;

Deloitte & Associés and PricewaterhouseCoopers Audit are registered as Statutory Auditors with the "Compagnie Régionale des Commissaires aux Comptes of Versailles" and are under the supervision of the "Haut Conseil du Commissariat aux Comptes".

## 9.8 Significant change

With the exception of the items mentioned in this Amendment to the 2019 Universal Registration Document,

(i) there has been no significant unfavorable change in the outlook of the issuer since the end of the previous period for which the verified financial statements were published, and specifically since the signing of the Statutory Auditors' report on the interim consolidated financial statements at June 30, 2020.

(ii) there has been significant change to the financial situation or performance of Natixis since June 30, 2020.

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