Joint stock company with capital of €5,052,733,329.60
Registered office: 30 avenue Pierre Mendès France - 75013 Paris
Paris Trade and Companies Register No. 542 044 524

SECOND AMENDMENT TO THE 2020 UNIVERSAL REGISTRATION DOCUMENT AND HALF-YEARLY FINANCIAL REPORT

FILED WITH THE AMF ON AUGUST 6, 2021

2020 Universal Registration Document and annual financial report filed with the AMF on March 9, 2021, under number D. 21-0105.
Amendment to the Universal Registration Document and annual financial report for 2020 filed with the AMF on May 12, 2021 under number D. 21-0105-A01.

This second amendment to the Universal Registration Document was filed on August 6, 2021 with the AMF, in its capacity as the competent authority under EU Regulation No. 2017/1129, without prior approval in accordance with Article 9 of said regulation.

The Natixis Universal Registration Document may be used for the purposes of an offer to the public of securities or for the admission of securities to trading on a regulated market if it is supplemented by a securities note and, where applicable, a summary and all amendments made to the Universal Registration Document. These documents as a whole are approved by the AMF in accordance with EU Regulation No. 2017/1129.

NATIXIS

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SECOND AMENDMENT TO THE 2020 UNIVERSAL REGISTRATION DOCUMENT AND HALF-YEARLY FINANCIAL REPORT

I CHAPTER 1: PRESENTATION OF NATIXIS

The following press releases and all press releases are available at the following web address: https://pressroom.natixis.com/

1.1 Press releases

1.1.1 Press releases issued since May 12, 2021

❖ **Paris, June 2nd, 2021: Natixis communication**

Further to exchanges with regulatory authorities relating to the proposed sale by Natixis IM of its stake in H2O AM, Natixis IM and H2O AM are working towards amending the proposed transaction with a view to completing the unwinding of their partnership while ensuring an orderly transition in the interest of H2O AM investors. The market will be kept informed of the new timetable.

❖ **Paris, June 2nd, 2021: Dominique Garnier appointed Director at Natixis**

The Natixis Board of Directors met on May 28th, 2021 and appointed as Director Dominique Garnier, Chief Executive Officer of Banque Populaire Alsace Lorraine Champagne, to succeed Alain Condaminas.
Dominique Garnier began his career in 1983 at Banque Populaire Anjou Vendée. After a period of secondment within the General Inspection of Groupe Banque Populaire between 1992 and 1994, he joined the Banque Populaire Anjou Vendée Management Committee. In 2001 he worked on the creation of Banque Populaire Atlantique and in 2002 was appointed Deputy Chief Executive Officer of the bank.
In 2008, he became Deputy Head of Strategy for Banque Fédérale des Banques Populaires. With the creation of Groupe BPCE in 2009, he was appointed Head of Coordination for Commercial Banking and became a member of the BPCE Executive Committee.
He was appointed Chief Executive Officer of Banque Populaire du Sud-Ouest in 2010, and then Chief Executive Officer of Banque Populaire Aquitaine Centre Atlantique in November 2011. In December 2018, Dominique Garnier was appointed to the General Management Committee of BPCE in charge of managing the project to integrate the Factoring, Sureties & Guarantees, Leasing, Consumer Finance and Securities Services businesses then, from April 2019, in charge of Solutions and Financial Expertise. In May 2021, Dominique Garnier was appointed Chief Executive Officer of Banque Populaire Alsace Lorraine Champagne.

❖ **Paris, June 24, 2021: Natixis to appeal ruling handed down today relative to a press release published in 2007**

In a ruling handed down today, the Paris Criminal Court convicted Natixis, judging the information contained in its press release of November 25, 2007 to be insufficient, more specifically regarding the risks to which Natixis was exposed at the time due to the subprime crisis.

The Court imposed a sentence of 7.5 million euros. The plaintiffs were awarded total compensation of around 2 million euros.

It is to be reminded that the emergence of the subprime crisis was an unprecedented situation for all banks. Given this context, Natixis still considers that it communicated to the public, with all due sincerity, the information available to the company regarding its exposures, as and when their underlying risks were identified.

In addition, Natixis recalls that the elements of the press release in question, which dates back almost fourteen years, had already been examined by the French financial markets authority (Autorité des marches financiers - AMF), within the framework of its investigation of all of Natixis' financial communication throughout the subprime crisis. At the end of this investigation, the AMF decided that there was no cause to prosecute Natixis.

Natixis, which considers that it did not commit any offence, has decided to lodge an appeal against this decision as the Paris Criminal Court did not take into account the arguments presented at the hearing.

❖ Paris, July 26, 2021: Natixis Investment Managers announces Senior Appointments

Natixis Investment Managers announces the following appointments, effective immediately:

Joseph Pinto is appointed Head of Distribution for Europe, Latin America, Middle East and Asia Pacific for Natixis Investment Managers, overseeing client-related activities and support functions for these regions. He was previously Chief Operating Officer at Natixis Investment Managers.

Christophe Lanne is appointed Chief Administration Officer for Natixis Investment Managers, overseeing global operations and technology as well as human resources and corporate social responsibility strategy. He was previously Chief Talent & Transformation Officer for Natixis Investment Managers.

Joseph Pinto and Christophe Lanne will both continue to report to Tim Ryan, member of the Natixis Senior Management Committee, Global CEO Asset & Wealth Management within Groupe BPCE's Global Financial Services division, and to serve on the Management Committee of Natixis Investment Managers. They are also members of the Natixis Executive Committee.

"These appointments reinforce our ambition to progress among the top fifteen largest asset managers in the world and become the most client centric asset manager," said **Tim Ryan, member of the Natixis senior management committee in charge of Asset & Wealth Management and CEO of Natixis Investment Managers**. "With our affiliates' distinctive investment capabilities: Active Management, Real Asset Liability Driven Investments, and Quantitative Management, and a more client-centric organization, we remain committed to delivering the best investment outcomes and the best experience for our clients."

Nicolas Namias, CEO of Natixis and Chairman of the board of directors of Natixis Investment Managers said: "The appointments of Joseph and Christophe to these newly-created roles will support our pursuit of the ambitious goals we have set for Natixis Investment Managers under our strategic plan, BPCE 2024, notably the ongoing diversification of our activity as we bolster our commercial momentum and reinforce our position as a global leader in asset management."

Biographies

Joseph Pinto *began his career in 1992 with Crédit Lyonnais, working in the securitization business in New York before moving to Lehman Brothers in London in the Corporate Finance division. From 1998 to 2001, Joseph was Project Manager at McKinsey & Cie in Paris. From 2001 to 2006, he was Deputy CEO and member of the Board of Directors of Banque Privée Fideuram Wargny. He joined AXA IM in January 2007 as Head of Business Development for France, South Europe and Middle East. He then took the leadership of the Markets and Investment Strategy department in 2011 and became Chief Operating Officer in 2014, also serving as a member of AXA IM's Management Board. Joseph joined Natixis Investment Managers in 2019 as Chief Operating Officer.*

Christophe Lanne *began his career in 1990 with Banque Indosuez (now Crédit Agricole Corporate and Investment Bank) in the General Inspection department. In 1995, he became General Secretary for capital market activities, based in Paris, and in 1998 he was named Head of Forex/Treasury/Fixed Income, based in London. In 1999, Christophe was appointed Head of Budget and Strategy and then COO for Global Markets, and in 2002 he became Chief Executive Officer of Crédit Agricole Indosuez Securities Japan and Head of Global Markets, based in Tokyo. Christophe joined Credit Suisse in 2005 as COO for France. He joined Natixis in 2010 as COO for Corporate & Investment Banking, and was appointed Head of Global Portfolio Management, Global Transaction Banking in 2012. He became Chief Risk Officer for Natixis in 2015, and was appointed Chief Transformation & Talent Officer for Natixis Investment Managers in 2017.*

1.1.2 Press releases relating to the simplified public tender offer for Natixis shares

- **Paris, June 3, 2021: Offer Release: Other information about the Company, in particular legal, financial and accounting information**

This document and the Response document, which provides other information about Natixis, is available on the websites of Natixis (www.natixis.com) and the AMF (www.amf-france.org) and made available to the public free of charge at the registered office of Natixis, 30 avenue Pierre Mendès France, 75013 Paris.

- **Paris, June 22nd, 2021: Update on Euronext Index Family**

Natixis has been informed that Euronext announced its decision to exclude Natixis from the Euronext Index family following the conclusion of the simplified tender offer launched by Groupe BPCE on all Natixis outstanding shares.

Other index providers are also in the course of assessing the situation and Natixis will update investors when relevant.

- **Paris, July 5th, 2021: Update on MSCI Index Family On July 2nd, 2021**

MSCI issued a press release on its decision to exclude Natixis from the MSCI Index family, effective July 7th, 2021. This decision was triggered by BPCE's ownership in Natixis, which was above 85% of the issued share capital as of July 1st, 2021, hence reducing significantly Natixis' free float.

As already communicated in Natixis' press release dated June 22nd, 2021, Euronext had already excluded Natixis from the Euronext Index family following the conclusion of the simplified tender offer launched by Groupe BPCE on all Natixis outstanding shares. Other index providers are also in the course of assessing the situation and Natixis will update investors when relevant.

- **Paris, July 6 th, 2021: Update on Stoxx and FTSE Index families**

On July 5th, 2021 Stoxx and FTSE each issued a press release on their decision to revise Natixis' weighting in their respective Index families downwards, effective July 8th, 2021.

This decision was notably triggered by the significant reduction in Natixis' free float, by more than half, since the opening of the offer (from ~29.4% to ~13.3% as at July 1st).

As previously communicated in Natixis' press release dated July 5th, 2021 and June 22nd, 2021, MSCI and Euronext had already announced the exclusion of Natixis from their Index families during or following the conclusion of the simplified tender offer launched by Groupe BPCE on all Natixis outstanding shares. Other index providers are also in the course of assessing the situation and Natixis will update investors when relevant.

- **Paris, July 12th, 2021: Termination of liquidity contract**

Following BPCE's announcement on July 8th, 2021 of the acquisition of more than 90% of the share capital and voting rights of Natixis as part of its simplified tender offer which will enable the implementation of a squeeze-out procedure for Natixis shares, Natixis terminated the liquidity contract entered into with Oddo BHF on June 27th, 2018 and amended on March 18th, 2019. This termination took effect on July 9th, 2021.

At the start of the intervention (July 2nd, 2018), the following resources had been allocated to the liquidity account:
- securities: 2 348 478 Natixis shares;
- cash: 25 390 239,39 euros.

On the termination date, the following assets were booked in the liquidity account:
- securities: 2 362 187 Natixis shares;
- cash: 13 912 059,97 euros.

All documentation relating to the public offer is available on the BPCE Group website, which can be consulted at the following address:https://groupebpce.com/en/investors/tender-offer-on-natixis

- **Paris, July 13th, 2021: Implementation of the squeeze out with respect to the Natixis shares following the simplified tender offer initiated by BPCE**

Following the end of the simplified tender offer filed by BPCE on the shares of Natixis, opened from June 4 2021 to July 9 2021 included, BPCE announces that it holds 91.80% of the share capital and voting rights of Natixis[1].

In accordance with the notice published today by the Autorité des marchés financiers (AMF) (notice no. 221C1758 of July 13, 2021), BPCE will proceed on July 21, 2021 to the squeeze-out of all Natixis shares which have not been tendered to the tender offer[2] , i.e. a total of 251,846,401 Natixis shares representing 7.97% of the share capital and voting rights of the company[3].

The squeeze-out will be carried out under the same financial conditions as the Offer, i.e. 4 euros per share of the Company, it being understood that this compensation is net of all costs.

[1] BPCE is also deemed to hold by assimilation (i) 2,461,581 treasury shares held by Natixis and (ii) 4,664,262 shares of Natixis under put and call options provided by the liquidity agreements entered into between BPCE and the corporate officers and employees of the group beneficiaries of Natixis shares granted for free, representing together c. 0.23% of the share capital and voting rights. These assimilated shares are not included in the above percentage.

[2] To the exception of the (i) 2,461,581 treasury shares held by Natixis and (ii) 4,664,262 shares of Natixis under put and call options provided by the liquidity agreements entered into between BPCE and the corporate officers and employees of the group beneficiaries of Natixis shares granted for free.

[3] Based on a total number of 3,157,958,331 shares and 3,157,958,331 theoretical voting rights of the Company (information as of May 31st, 2021). In accordance with Article 223-11 of the AMF's General Regulation, the total number of voting rights is calculated on the basis of all shares to which voting rights are attached, including shares without voting rights such as the treasury shares.

1.2 Press release of July 8, 2021: Presentation of the Strategic Plan

Strong growth ambitions for Natixis' business lines at the heart of the "BPCE 2024" strategic plan

Groupe BPCE presents today its new strategic plan "BPCE 2024." This business development plan is based on **three strategic priorities** (Winning Spirit, Customers, Climate) and **three key principles** (Simple, Innovative, and Secure), and incorporates **strong ambitions for its core business lines**: Retail Banking & Insurance and Global Financial Services. Natixis' business lines are fully integrated within this strategic plan.

Over the past ten years, Natixis has developed four business lines that are recognized for their expertise and that create value for our clients:

- **Asset & Wealth Management**: A global tier-one player, with a diversified and high-performing entrepreneurial model focused on generating value-added for our clients;
- **Corporate & Investment Banking**: a bank recognized for its expertise and innovation capabilities;
- **Insurance**: a fully-fledged bancassurer and a leading player in France;
- **Payments**: an industrial player, highly competitive on all its activities and positioned to foster the digitalization of society.

The new 2024 ambitions of Natixis' *Global Financial Services* (Asset & Wealth Management, Corporate & Investment Banking) and *Retail* (Insurance, Payments) businesses are underpinned by three principles:

DIVERSIFY, for the benefit of our clients and our development

This principle aims to: i) **selectively** enhance our **value proposition** based on our expertise in order to better **support our clients** and target the highest satisfaction rates, ii) combine our strengths with the Banque Populaire and Caisse d'Epargne **banking networks** to increase our footprint on **high-potential segments** (e.g., French mid-caps the healthcare sector), and iii) conquer **new clients in EMEA, the Americas and in Asia-Pacific**. In 2024, this diversification should result in around **€500 million** of additional revenues for Natixis Corporate & Investment Banking (CIB) in our eight core industries, a contribution of private assets of over **25%** to Natixis Investment Managers' (Natixis IM) profitability**,** and a **Net Promoter Score above 40 for P&C Insurance and Payments**.

COMMIT, to the energy transition and to responsible finance

This principle aims to cement our positioning as our clients' **go-to financial partner** for their **energy transition** strategies, and notably to multiply Natixis CIB's "green" revenues by **1.7 times** by 2024. It also aims to position **ESG at the center** of our asset management and insurance activities, with a target of over **€600 billion** in assets under management in the sustainable or impact investing category for Natixis IM representing **50%** of total AuM by 2024. Finally, Natixis commits to aligning its balance sheet and investments with a "net zero" emissions trajectory consistent with the Paris Agreement (aligning the insurance general fund with a +1.5°C trajectory by 2030 and Natixis CIB's balance sheet with a +1.5°C trajectory by 2050).

TRANSFORM, and invest to deliver sustainable value

This principle aims to ensure the **sustainable growth** of Natixis' business lines consistent with our risk appetite through ongoing investments in the **robustness of our infrastructure** and our **oversight framework** (e.g. **around €400 million** in total investments in Natixis CIB **technology** over 2021-2024). This ambition also targets investments in **innovation**, particularly data and APIs, the development of our **employees' skills,** and the adaptation and **simplification of our ways of working** to cultivate our agility and collective engagement.

By building on these principles, each of Natixis' business lines has defined clear ambitions for 2024:

- **Asset & Wealth Management**: reinforce Natixis Investment Managers' position as a global leader in asset management; provide a high value-added offering to our direct High Net Worth Individuals (HNWI) clients and those of the Banque Populaire and Caisse d'Epargne retail banking networks;
- **Corporate & Investment Banking**: become the go-to bank for our clients in selected and diversified areas of expertise;
- **Insurance**: accelerate the rollout of responsible insurance solutions for the clients of the Banque Populaire and Caisse d'Epargne retail banking networks by capitalizing on the investments we have made;
- **Payments**: innovate and constitute a growth driver for Groupe BPCE and a means of differentiation for the Banque Populaire and Caisse d'Epargne networks.

For Natixis, “BPCE 2024” plan therefore constitutes a growth and investment plan, as reflected in a targeted compound annual growth rate of **around 5% in net banking income for 2020-2024**, along with an **improvement in the cost to income ratio to ~70%**.

Nicolas Namias, Chief Executive Officer of Natixis, said:
“I am delighted to present today the development and growth ambitions of Natixis’ businesses at the heart of our BPCE 2024 strategic plan. After ten years focused on building businesses recognized for their expertise and entrepreneurial culture, Natixis is today a robust company embedded within Groupe BPCE.
After supporting our clients through the unprecedented crisis from which we are only just emerging, it is now essential to support the three major transitions facing our economies, in all the regions where we are active: the environmental and ecological transition, the technological transition, and the societal transition accompanied by profound changes in our clients’ needs and expectations. Our ambition for 2024 is based on three clear objectives: diversify for the benefit of our clients and our development; commit to the energy transition and to responsible finance; and transform our activities and invest to deliver sustainable value. Our ambition is strong: to make each of Natixis' four business lines a benchmark for our clients in order to create value for all our stakeholders.
To attain these objectives, Natixis can count on an array of formidable assets: first and foremost, the people who represent our company, committed every day to serving our clients’ needs; second, our wealth of expertise, the essential DNA of our business model; and finally, the strength of Groupe BPCE, which will enable Natixis’ business lines to continue to develop for the benefit of our clients."

ASSET & WEALTH MANAGEMENT (AWM)

REINFORCE NATIXIS IM'S POSITION AS A GLOBAL LEADER IN ASSET MANAGEMENT AND PROVIDE A HIGH VALUE-ADDED OFFERING TO OUR DIRECT HNWI CLIENTS AND THOSE OF THE RETAIL NETWORKS

Ambitions

Pursue a selective and diversified development strategy for the benefit of our clients

- Advance our position among the world's top 15 asset management firms by strengthening our capabilities and our performance of four key areas of expertise[1] and by accelerating our leadership in ESG
- Accelerate our diversification by client type through strategic distribution partnerships and by region outside of France and the United States

Become an ESG leader in Europe and develop an offering matching the diverse needs of our clients

- Assert strong ESG ambitions for Natixis IM, notably by measuring the carbon footprint and global temperature trajectory of our portfolios
- Develop a leading ESG offering consistent with our affiliates' convictions and clients' needs
- Strengthen our capabilities to support our clients' ESG developments, notably by making these an integral part of the portfolio construction tools for our clients

Invest to strengthen the resilience and efficiency of our multi-affiliate model

- Continue to develop a best-in-class oversight framework
- Simplify the operating model for our affiliates (shared services and targeted investments in technology) and maintain strict cost management
- Play an active role in the consolidation trend and pursue a targeted acquisition strategy.

Provide a high value-added offer to our direct HNWI and network clients by promoting our ESG vision among the members of our ecosystem and by digitalizing our technology platform

Principal objectives and indicators

- **Net banking income:** 2020-2024 CAGR >3% assuming a very limited market effect and excluding external growth
- **Cost/income ratio:** ~72% in 2024
- **Cumulative net inflows in Asset Management:** ~€100 bn over 2021-2024

[1] High-alpha strategies, private assets, LDI/insurance management, and quantitative investment management

CORPORATE & INVESTMENT BANKING (CIB)

BECOME THE GO TO BANK FOR OUR CLIENTS
IN SELECTED AND DIVERSIFIED AREAS OF EXPERTISE

Ambitions

Diversify our clients, our expertise, and our geographical presence

- Strengthen our differentiating expertise and diversify on our eight core industries[1] including Health Care and Tech
- Increase our support for corporate clients, including French mid-caps, with a commercial banking offering, while continuing to develop our privileged relationships with institutional clients
- Reassert our global dimension and our ability to support our clients in the Americas and Asia-Pacific regions and be a "go-to-Europe" bank.

Be our clients' go-to financial partner for their energy transition

- Embrace our role as a go-to adviser and financial partner, and support our clients in their energy transition strategy
- Align our portfolio with a +2.5°C trajectory by 2024 and +1.5°C by 2050, leveraging the Green Weighting Factor
- Broaden the dynamic beyond the climate to incorporate social, natural resources, and biodiversity dimensions

Accelerate our investments to strengthen our resilience, competitiveness and attractiveness

- Step up our investments in technology to strengthen our robustness, competitiveness, time-to-market and operational efficiency
- Attract and develop new talent, further enhancing our attractiveness
- Develop the *Natixis Corporate & Investment Banking* brand

Principal objectives and indicators

- **Net banking income:** 2020-2024 CAGR of ~7%
- **Cost/income ratio:** ~65% in 2024
- **RWA:** 2020-2024 CAGR of ~2%
- **"Green" revenues:** x1.7 between 2020 and 2024

[1] *Energy (Oil & Gas, Power & Renewables), Metals & Mining, Real Estate, Transportation, Telecom & Tech, Environment, Healthcare, Insurance*

INSURANCE

ACCELERATE THE ROLLOUT OF RESPONSIBLE INSURANCE SOLUTIONS FOR CLIENTS OF THE RETAIL NETWORKS BY CAPITALIZING ON THE INVESTMENTS WE HAVE MADE

Ambitions

Accelerate on property & casualty and personal protection insurance and roll out innovative life insurance and healthcare offerings

- Accelerate commercial momentum with the retail banking networks, particularly in property & casualty and personal protection insurance by capitalizing on our investments
- Continue to roll out innovative offerings, particularly in life and health insurance
- Speed up growth in the small businesses market, in property & casualty, retirement and personal protection insurance

Position the general fund on a more ambitious trajectory than the Paris Agreement and promote SRI unit-linked funds

- Align the allocation of the general fund with a +2°C trajectory by 2024 and +1.5°C by 2030
- Develop a more responsible claims management system

Continue to invest in terms of customer experience and efficiency

- Offer best-in-class customer and advisor experiences, particularly by leveraging the potential of data and digital technology
- Improve our management ratios

Principal objectives and indicators[1]

- **Net banking income:** 2020-2024 CAGR of ~6%
- **Cost/income ratio:** ~50% in 2024
- **Equipment rate[2]:** ~35% in 2024

[1] Excluding the impact of the implementation of IFRS 17 - [2] P&C and personal protection of the individual customers of the BP and CE retail networks

PAYMENTS

INNOVATE AND SERVE AS A SOURCE OF GROWTH FOR GROUPE BPCE AND OF DIFFERENTIATION FOR THE RETAIL NETWORKS

Ambitions

Make payments a comparative advantage for the retail banking networks while continuing our development on external clients, thanks to the excellence of our offering and customer experience

- Accelerate growth for the networks in payments activities and make payments a comparative advantage in their efforts to win business
- Become the French go-to player for the commerce digitalization
- Create a best-in-class digital platform for employee benefits (meal and gift vouchers, money pools…) and launch new offerings
- Differentiate ourselves through technological performance, "useful" data and client experience **Foster the development of our talent and our positive impact on society** Support staff in upgrading their skills to accompany them towards the professions of the future, notably digital-related
- Limit our environmental impact by offering recycled and digital vouchers, and encourage solidarity (e.g. donation of meal vouchers)**Attain profitability for our 3 activities, while maintaining our investment efforts** Invest in our platforms to provide a competitive offering and support the implementation of new standards (e.g. EPI, Request to Pay)
- Orchestrate our portfolio of fintechs to provide a consistent offering, and capture synergies

Principal objectives and indicators

- **Net banking income:** 2020-2024 CAGR of ~9%
- **Cost/income ratio:** ~82% in 2024

1.3 Other disclosures

- **Chapter 1 - URD 2020: Update of Section 1.1.1 History (supplement to page 22 of the Universal Registration Document for 2020)**

- **2021**

- Announcement, on February 9, of Groupe BPCE's simplification and development project and filing of a simplified public tender offer for Natixis shares, approved on March 15 by the Board of Directors of Natixis and validated on April 15 by the AMF.
- Opening of the simplified public tender offer from June 4 to July 9, followed by a delisting of Natixis on July 21.
- Signing, on June 18, of the LGBT+ Commitment Charter of "L'Autre Cercle" by all members of the Natixis Senior Management Committee. This commitment reinforces Natixis' diversity and inclusion policy in order to promote a work environment that respects everyone.
- Announcement, on July 8, of the strategic ambitions of the Natixis business lines as part of BPCE 2024, Groupe BPCE's new strategic plan. These ambitions are based on three principles: diversify, for the benefit of our customers and our development; commit, for the energy transition and responsible finance; transform ourselves and invest to create sustainable value.

- **Chapter 1 - URD 2020: Update of Section 1.1.2 Financial solidarity mechanism with BPCE (page 23 of the Universal Registration Document for 2020)**

Financial solidarity mechanism with BPCE

Including Natixis, all the institutions affiliated with the central institution of Groupe BPCE benefit from a guarantee and solidarity mechanism, the purpose of which, according to Articles L. 511-31 and L. 512-107-6 of the French Monetary and Financial Code, is to guarantee the liquidity and capital adequacy of all affiliated institutions, and to organize financial support within the Group. This financial support is based on legislative provisions imposing a legal solidarity mechanism by which the central institution is required to restore the liquidity or capital adequacy of affiliates in difficulty, and/or all affiliates of the Group, by providing, as necessary, the total capacity and regulatory capital of all contributing affiliates. Thus, in the event of difficulties for Natixis, (i) BPCE will firstly mobilize its own funds, fulfilling its duty as a shareholder; (ii) if these are not sufficient, BPCE could call on the mutual guarantee fund created by BPCE, with a total of €351.4 million in assets contributed equally by the two Banque Populaire and Caisse d'Epargne banking networks at December 31, 2020, an amount that is expected to grow through annual contributions (subject to the amounts that may be used in the event of a call on the fund); (iii) if BPCE's equity capital and this mutual guarantee fund were to be insufficient, BPCE could call (in equal amounts) on the guarantee funds of each of the two Banque Populaire and Caisse d'Epargne networks for a total amount of €900 million and on the Mutual Guarantee Fund of the Banques Populaires and Caisses d'Epargne, made up of deposits made by the Banques Populaires and Caisses d'Epargne in BPCE's books in the form of term accounts with a term of 10 years and renewable indefinitely, in the amount of €176 million at December 31, 2020. Lastly, (iv) if the use of BPCE's equity capital and these three guarantee funds is insufficient, additional amounts would be requested from all the Banques Populaires and Caisses d'Epargne. It should be noted that the guarantee funds referred to above comprise a Groupe BPCE internal guarantee mechanism activated at the initiative of the BPCE Management Board, or a competent authority dealing with banking crises which may request their use if deemed necessary.

As a result of this full and complete legal solidarity, one or more affiliates cannot find themselves in compulsory liquidation, or be affected by resolution measures within the meaning of the EU Directive No. 2014/59 for the recovery and resolution of credit institutions, as amended by EU Directive No. 2019/879 (the "BRRD"), without all affiliates being in the same position.

In accordance with Article L. 613-29 of the French Monetary and Financial Code, the judicial liquidation procedure would therefore be implemented in a coordinated manner with regard to the central institution and all of its affiliates.

In the event of court-ordered liquidation concerning all the affiliates, the external creditors with equal ranking or identical rights of all the affiliates would be managed in hierarchical order of creditors in equal fashion and irrespective of their association with any given affiliated entity. Consequently, holders of AT1 capital and other *pari passu* securities would be more affected than holders of T2 capital and other *pari passu* securities, who would be more affected than holders of senior non-preferred external debt, who, in turn, would be more affected than holders of senior preferred external debt. In the event of resolution, identical write-down and/or conversion rates would be applied to the debts and credits of the same ranking and irrespective of their association to any given affiliated entity, and in the order of the hierarchy set out above.

Due to Natixis' affiliation to the BPCE central institution and the systemic nature of Groupe BPCE, and the assessment currently made by the resolution authorities, resolution measures would be more likely to be taken, if necessary, than the opening of court-ordered liquidation proceedings. Resolution proceedings may be initiated against BPCE and all affiliated entities if (i) the default of BPCE and all affiliated entities is proven or foreseeable, (ii) there is no reasonable prospect that another measure could prevent this default within a reasonable timeframe and (iii) a resolution measure is required to achieve the resolution objectives: (a) guarantee the continuity of critical functions, (b) avoid significant adverse effects on financial stability, (c) protect Government resources by minimizing the use of exceptional public financial support and (d) protect the funds and assets of customers, in particular those of depositors. An institution is considered in default when it does not comply with the conditions of its authorization, if it is unable to pay its debts or other commitments when they fall due, or if it requests exceptional public financial support (subject to limited exceptions) or the value of its liabilities exceeds that of its assets.

In addition to the bail-in power, resolution authorities are given expanded powers to implement other resolution measures in relation to failing institutions or, in certain circumstances, their groups, which may include, among others: the sale of all or part of the activity of the institution to a third party or a bridge institution, the separation of assets, the replacement or substitution of the institution as debtor of the debt instruments, changes in the terms and conditions of the debt instruments (including modification of the maturity and/or amount of interest payable and/or the temporary suspension of payments), suspension of admission to trading or official listing of the financial instruments, and the removal of executives or the appointment of a temporary administrator (special administrator) and the issue of capital or equity.

❖ Ratings

Long-term ratings (situation as of August 6, 2021)

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

II. CHAPTER 2: CORPORATE GOVERNANCE

As a result of the squeeze-out by BPCE effective on July 21, 2021 on the Natixis shares not held by BPCE and the delisting of Natixis shares from the Euronext Paris regulated market on the same day, BPCE holds 99.77% of the share capital of the Company.

Information relating to Natixis' corporate governance will be updated, including an update of the related documentation (in particular the Natixis bylaws and the internal regulations of the Board of Directors, including the Code of Ethics for members of the Board of Directors). The information appearing in Chapter 2 of the Natixis Universal Registration Document filed with the AMF on March 9, 2021, in its first amendment filed with the AMF on May 12, 2021 and in this amendment will therefore change.

2.1 Governance of Natixis as at August 6, 2021

2.1.4 Positions and functions held by the corporate officers during the fiscal year

Profile of Dominique Garnier: new director appointed by the Board of Directors on May 28, 2021 to replace Alain Condaminas

Dominique Garnier

Chief Executive Officer of Banque Populaire Alsace Lorraine Champagne

Born 6/20/1961

Nationality: French

Natixis shares held: 0

Address:

3 rue François de Curel

57000 Metz

Director

First appointed: co-opted by the Board Meeting of 5/28/2021 with effect from 5/29/2021

Term expires: 2024 AGM [(a)]

Member – Strategic Committee

First appointed: Board Meeting of 5/28/2021 with effect as of 5/29/2021

Member – Compensation Committee

First appointed 5/28/2021 with effect from 5/29/2021

KEY ADVISORY SKILLS

Banking, corporate strategy and management, internal control/audit, risks, payments, insurance, human resources

Attendance rate on governance bodies in 2021	Board of Directors	Compensation Committee	Strategic Committee
	N/A	N/A	N/A

A graduate of ESSCA, the Banques Populaires Cycle of Higher Studies and the Banques Populaires Center for Further Management Training, Dominique Garnier began his career at Banque Populaire Anjou Vendée before joining Banque Fédérale des Banques Populaires in the Internal Audit Department from 1992 to 1994. In 1995, he was appointed Director of Development at Banque Populaire Anjou Vendée and then Deputy Chief Executive Officer - Chief Operating Officer of Banque Populaire Atlantique in 2002. From 2008 to 2010, he was successively Deputy Director of Strategy at Banque Fédérale des Banques Populaires, Director of Commercial Coordination at BPCE and then Director of Banque Populaire Sud Ouest. He was appointed Chief Executive Officer of Banque Populaire Aquitaine Centre Atlantique in November 2011. He joined BPCE in 2018 as Chief Executive Officer of the Financial Solutions and Expertise division before being appointed **Chief Executive Officer of Banque Populaire Alsace Lorraine Champagne on May 20, 2021.**

Other offices held in 2021:

Within Groupe BPCE

- Chief Executive Officer of Banque Populaire Alsace Lorraine Champagne (BPALC*) (since 5/20/2021)*
- Permanent representative of BPALC, Director of Informatique Banque Populaire (iBP) *(since 5/20/2021)*
- Permanent representative of BPALC, Director of Batigère Groupe SAS *(since 5/25/2021)*
- Director of the Fédération Nationale des Banques Populaires *(since 6/11/2021),* Oney Bank *(from October 2019 to April 2021)*
- Chief Executive Officer, member of the BPCE Senior Management Committee in charge of the SEF ("Financial Solutions and Expertise") *(from April 2019 to May 2021)*
- Chairman of the Board of Directors of: BPCE Factor *(from April 2019 to April 2021)*, BPCE Financement *(from April 2019 to April 2021)*, BPCE Lease *(from April 2019 to March 2021),* Pramex International *(from June 2019 to April 2021),* BPCE Solutions Immobilières *(from March 2019 to March 2021),* and CEGC *(from April 2019 to April 2021)*
- Chairman of the Supervisory Board of Société Centrale pour le Financement de l'Immobilier (SOCFIM) *(from February 2019 to March 2021)*

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			
2017	**2018**	**2019**	**2020**
Chief Executive Officer of Banque Populaire Aquitaine Centre Atlantique *(from November 2011)*	*(until November 2018)* Chief Executive Officer member of the BPCE Senior Management Committee in charge of managing the integration of the factoring, surety and guarantee, leasing, consumer financing and securities activities business lines *(from December 2018)*	*(until March 2019)*	

(a) 2024 AGM called to approve the financial statements for the year ending 12/31/2023.

2.2 Management and oversight of corporate governance

2.2.1 The Board of Directors

2.2.1.1 Composition and organization of the Board of Directors

As of August 6, 2021, the Board of Directors of Natixis had 15 Directors, broken down as follows:

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

A - Main changes in the composition of the Board of Directors

The main changes in the composition of the Board of Directors since the beginning of the fiscal year that are likely to have a material impact on the Company's governance are as follows:

On May 28, 2021, the General Shareholders' Meeting of Natixis:

- ratified the co-opting of Catherine Leblanc as Director at the Board meeting of June 23, 2020, to replace Bernard Dupouy, who resigned, for the remainder of his term of office, *i.e.* until the end of the General Shareholders' Meeting called in 2023 to approve the financial statements for the fiscal year ending December 31, 2022;
- ratified the co-opting of Philippe Hourdain as Director at the Board meeting of June 23, 2020, to replace Thierry Cahn, who resigned, for the remainder of his term of office, *i.e.* until the end of the General Shareholders' Meeting called in 2022 to approve the financial statements for the fiscal year ending December 31, 2021;
- reappointed Nicolas de Tavernost as Director for a term of four (4) years, terminating at the end of the General Shareholders' Meeting called in 2025 to approve the financial statements for the fiscal year ending December 31, 2024;
- appointed Christophe Pinault as Director, following his resignation in order to facilitate the staggering of the Directors' terms of office, for a period of four (4) years ending at the end of the General Shareholders' Meeting called in 2025 to approve the financial statements for the fiscal year ending December 31, 2024;
- appointed Diane de Saint Victor as Director, following her resignation in order to facilitate the staggering of the Directors' terms of office, for a period of four (4) years ending at the end of the General Shareholders' Meeting called in 2025 to approve the financial statements for the fiscal year ending December 31, 2024;
- appointed Catherine Leblanc as Director, following her resignation in to facilitate the staggering of the Directors' terms of office, for a period of four (4) years ending at the end of the General Shareholders' Meeting called in 2025 to approve the financial statements for the fiscal year ending December 31, 2024.

On May 28, 2021, the Board of Directors of Natixis:

- co-opted Dominique Garnier as Director, with effect from May 29, 2021, to replace Alain Condaminas, who resigned, for the remainder of his term of office, *i.e.* until the General Shareholders' Meeting of Natixis called in 2024 to approve the financial statements for the fiscal year ending December 31, 2023, and appointed the latter as a member of the Compensation Committee. Dominique Garnier is also an *ex-officio* member of the Strategic Committee;
- took note of the composition of the Special Committees (see Section 2.2.2 of this Chapter).

B - Procedure for staggering terms of office

In accordance with the procedure for staggering terms of office, the terms of office are currently as follows:

2022 AGM	Dominique Duband, Philippe Hourdain, Anne Lalou, Bernard Oppetit
2023 AGM	Laurent Mignon, BPCE (represented by Catherine Halberstadt), Daniel de Beaurepaire, Catherine Pariset and Henri Proglio (non-voting director)
2024 AGM	Nicole Etchegoïnberry, Sylvie Garcelon, Dominique Garnier
2025 AGM	Nicolas de Tavernost, Christophe Pinault, Diane de Saint Victor, Catherine Leblanc

2.2.1.2 Role and powers of the Board of Directors

B - Code of Ethics for members of the Board of Directors

It is specified that the Code of Ethics for the members of the Board of Directors will change following the delisting of Natixis shares.

C - Integrity of directors and conflicts of interest

To the best of Natixis' knowledge, none of the members of the Board of Directors has been convicted of fraud, filed for bankruptcy, liquidation or receivership, convicted and/or punished by official or regulatory bodies, disqualified from acting as a member of administrative, management or supervisory bodies of an issuer, or from participating in the management or conduct of the business of an issuer within at least the previous five years.

In addition, there is no potential conflict of interest between the duties of the members of the Board of Directors towards Natixis and their private interests and/or other duties towards third parties.

To the best of Natixis' knowledge, there are no service agreements binding members of the Board of Directors to Natixis that could confer benefits according to the terms of such an agreement and that might by their nature compromise the independence of members or interfere with their decision-making.

D - Regulated agreements and valuation procedure for current agreements

At its meeting of June 23, 2021, the Board of Directors authorized a new agreement regulated under Article L. 225-38 of the French Commercial Code: the temporary implementation of open money market cross-transactions (with no maturity date) with an early redemption option with notice between BPCE and Natixis for an amount of approximately €47 billion (*i.e.* the equivalent of €42.75 billion corresponding to Natixis' Net Stable Funding Ration (NSFR)) for a price of between 5 and 15 bps (with a half-yearly review of the latter according to current market conditions). The transaction is justified in the interests of Natixis and Groupe BPCE in order to comply with the prudential requirements relating to the NSFR applicable from June 28, 2021 and pending formal authorization for an exemption from the ECB.

The common officers, who did not take part in the deliberations or the vote in accordance with Article L. 225-40 of the French Commercial Code, are as follows: Laurent Mignon (Chairman of Natixis' Board of Directors and Chairman of BPCE's Management Board), Catherine Halberstadt (BPCE's permanent representative on the Board of Natixis and member of the BPCE Senior Management Committee), and Nicolas Namias (Chief Executive Officer of Natixis and member of BPCE's Management Board).

2.2.2 Special Committees: offshoots of the Board of Directors

The meeting of the Board of Directors dated May 28, 2021 took note of the composition of the Special Committees as of May 29, 2021, namely: the renewal of their duties on the committees of Catherine Leblanc, Christophe Pinault, Diane de Saint Victor and Nicolas de Tavernost:

- Catherine Leblanc as a member of the Compensation Committee;
- Christophe Pinault as a member of the Risk Committee and the Compensation Committee;
- Diane de Saint Victor as Chairwoman of the Appointment Committee and member of the Compensation Committee;
- Nicolas de Tavernost as Chairman of the Compensation Committee and member of the Appointment Committee.

In addition, in their capacity as Directors, Catherine Leblanc, Christophe Pinault, Diane de Saint Victor and Nicolas de Tavernost are *ex-officio* members of the Strategic Committee.

The Board of Directors dated May 28, 2021 also appointed Dominique Garnier as a member of the Compensation Committee, replacing Alain Condaminas.

2.2.2.3 The Compensation Committee

A - ORGANIZATION

The Compensation Committee has seven members. As of August 6, 2021, it is composed of:

Nicolas de Tavernost	**Chairman**
Dominique Garnier *(since May 29, 2021 - position previously held by Alain Condaminas)*	Member
Diane de Saint Victor	Member
Anne Lalou	Member
Catherine Leblanc	Member
Christophe Pinault	Member
Henri Proglio (non-voting director)	Member

2.2.3 Senior Management

2.2.3.3 Executive officers *("dirigeants effectifs")*

In accordance with Articles L. 511-13 and L. 532-2 of the French Monetary and Financial Code, Natixis currently has three executive officers: Nicolas Namias, Chief Executive Officer, Nathalie Bricker, Chief Finance Officer and André-Jean Olivier, General Secretary, the latter having been appointed by the Board of Directors at its meeting of July 7, 2021.

As executive officers, Nicolas Namias, Nathalie Bricker and André-Jean Olivier stand surety and assume full liability toward the supervisory authorities, and specifically the Autorité de Contrôle Prudentiel et de Résolution (ACPR – French Prudential Supervisory and Resolution Authority) 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[4];
- the determination of capital requirements.

In this context, the executive officers are authorized to request and receive all useful information from any division, department, controlled entity or subsidiary of Natixis.

[4] As amended by the decree of February 25, 2021.

In the event of the absence of the executive corporate officer, the other executive officers will ensure business continuity until the Board of Directors appoints a new Chief Executive Officer based on a recommendation by the Appointments Committee.

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

As a preliminary point, you are reminded that, in the context of the offer initiated by BPCE for Natixis shares, the Board of Directors - at its meeting of March 15, 2021 - approved certain adjustments to the terms of the instruments granted as compensation to employees and corporate officers of Natixis and its subsidiaries. These changes are intended to take into account the implementation of the squeeze-out procedure that led to the delisting of Natixis shares from the Euronext Paris market. The Board of Directors will be required to review other adjustments to the 2021 compensation policy for its employees and corporate officers as part of the Natixis simplification and development project and in light of regulatory changes.

2.3.2 Compensation and benefits of any kind for the Chairman of the Board of Directors and the Chief Executive Officer for 2020

2.3.2.2 Chief Executive Officer - Total compensation and benefits of any kind paid during the 2020 fiscal year and/or granted in respect of this fiscal year to François Riahi (from January 1 to August 3, 2020)

Free allocation of performance shares

It is specified that, in the context of the offer initiated by BPCE for Natixis shares, the performance conditions and settlement methods of the SMC LTIPs will be affected by the implementation of a squeeze-out procedure following BPCE’s offer. At its meeting of March 15, 2021, the Board of Directors therefore decided, in the event of a squeeze-out procedure, to propose to the beneficiaries of SMC LTIPs in the process of vesting, the substitution of Natixis shares with conditional value units, and replacement of the performance criteria initially provided for and based on the Natixis share price with an economic performance criterion relating to Groupe BPCE. The vesting and settlement dates of the plans would remain unchanged.

2.3.2.3 Chief Executive Officer - Total compensation and benefits of any kind paid during the 2020 fiscal year and/or granted in respect of this fiscal year to Nicolas Namias (from August 4 to December 31, 2020)

Annual variable compensation

It is specified that, following the decision of the Board of Directors taken at its meeting of March 15, 2021, given the implementation of a squeeze-out procedure, the 50% of the annual variable compensation for fiscal year 2020 paid in 2021 and indexed to the Natixis share price, as well as the part of the variable compensation deferred over 2023 and 2024 and indexed to the Natixis share price, will be calculated using the liquidity formula provided for deferred share-based compensation. As indicated in the response document prepared by Natixis and filed with the AMF on April 15, 2021, BPCE proposed to the beneficiaries of free shares currently vesting and to the holders of unavailable shares that a liquidity agreement be entered into for the shares that cannot be tendered to the offer.

The diagram "Reminder of the deferred variable compensation structure in force in 2020" is supplemented by an additional note: *the indexation formula for the instruments indexed to the Natixis share price will be replaced by an indexation formula as provided for in the liquidity agreements offered by BPCE to the beneficiaries of free shares currently vesting and to the holders of unavailable shares that cannot be tendered to the offer*.

2.3.2.4 Standardized tables in accordance with AMF recommendations

It is specified that the consequences of the simplified public tender offer initiated by BPCE and of the squeeze-out procedure on the situation of the beneficiaries of the free shares in the process of vesting and shares not available under lock-up obligations or a tax holding period are detailed in the response document prepared by Natixis and filed with the French Financial Markets Authority (Autorité des Marchés Financiers) on April 15, 2021.
It is also specified that all of the shares in the process of vesting or unavailable mentioned in the AMF tables for Laurent Mignon, Nicolas Namias and François Riahi are covered by a liquidity agreement entered into with BPCE, the terms of which are described in the response from Natixis filed with the French Financial Markets Authority on April 15, 2021.

2.3.2.5 Components of compensation due or granted for the fiscal year ended December 31, 2020 to the Chief Executive Officer of Natixis

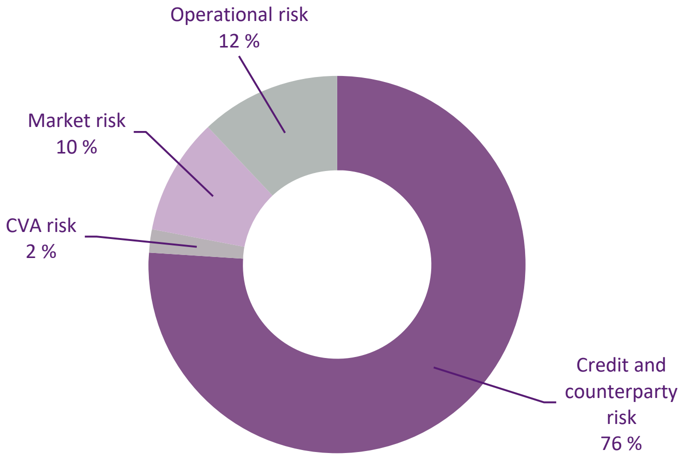
The information presented in the table is supplemented by the information provided above.

REGULATORY RATIOS

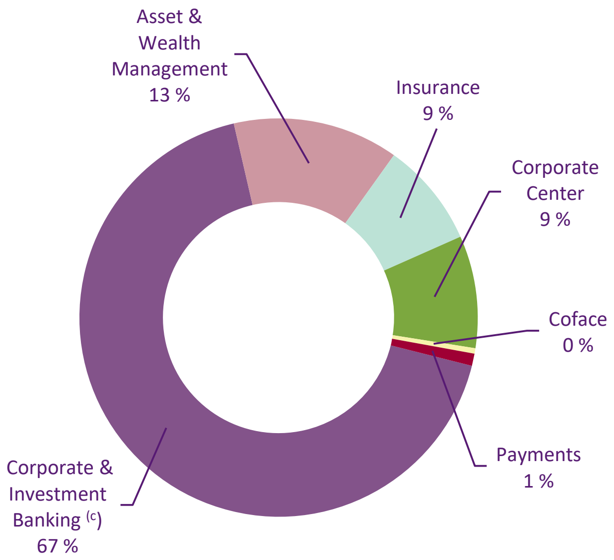
CET1 Ratio phased-in	Total capital adequacy ratio
11.2%	**15.0%**
Leverage ratio	LCR
4.3%	**109%**

RISK-WEIGHTED ASSETS

Capital requirements by risk type



Capital requirement by business line



(c): including Treasury and Collateral Management

3.1 Risk factors

The presentation of the risk factors below is to be assessed based on the structure of Natixis on the filing date of this amendment to the Universal Registration Document.

Following the closing of the simplified public tender offer filed by BPCE for the shares of Natixis, open from June 4, 2021 to July 9, 2021 inclusive, BPCE announced on July 13, 2021 that it held 91.80% of the share capital and voting rights of Natixis[5]. In accordance with the opinion of the French Financial Markets Authority published the same day (D&I No. 221C1758 of July 13, 2021), on July 21, 2021, BPCE proceeded with the squeeze-out of all Natixis shares that had not been tendered to the public tender offer,[6] under the same financial conditions as the simplified public tender offer, *i.e.* €4 per Natixis share.

As a result, due to the successful implementation of the squeeze-out, Natixis was delisted on July 21, 2021. This change is part of an ambitious industrial project for the development of Natixis' business lines and the simplification of its functional channels that Groupe BPCE has studied and which may include direct reporting by the Insurance and Payments business lines to BPCE.

Credit and counterparty risk

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 76% of total RWA at June 30, 2021.

At June 30, 2021, Natixis' exposure to credit and counterparty risk (Exposure at Default excl. CVA) totaled €328.2 billion, split primarily between companies (34%), banks and similar bodies (38%), and sovereigns (20%). At 53%, exposure to credit and counterparty risk was concentrated in France, followed by the rest of Europe (EU and non-EU) at 20%, North America at 16% and Asia at 5%.

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, if the ratings or default of counterparties belonging to a single group or single business sector were to deteriorate significantly, or if a country's economic situation were to weaken, Natixis' credit risk exposure could 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 and financing operations. A default by one participant in the financial industry market could have repercussions on other financial institutions, causing a chain of defaults by other participants in this market, and therefore lead to 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 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. As of June 30, 2021, Natixis' provision for credit losses stood at -€124.4 million (of which -€25.6 million for Stages 1 and 2).

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[5] *BPCE is also deemed to hold, by assimilation, (i) 2,461,581 Natixis treasury shares, and (ii) 4,664,262 Natixis shares in respect of put and call options provided for in the liquidity agreements entered into between BPCE and Group employees and executive officers who are beneficiaries of free Natixis shares, together representing approximately 0.23% of the share capital and voting rights. These assimilated shares are not included in the above percentage*

[6] *With the exception of (i) 2,461,581 Natixis treasury shares, and (ii) 4,664,262 Natixis shares in respect of put and call options provided for in the liquidity agreements entered into between BPCE and the Group employees and executive officers who are beneficiaries of free Natixis shares.*

In the context of the COVID-19 pandemic, Natixis believes that the following six sectors in its portfolio are particularly vulnerable[7]: oil/gas (4.4% of total exposure), air transport and aviation/defense (1.5% of total exposure), automotive (1% of total exposure), hotels/catering and tourism/leisure (0.5% of total exposure), specialized distribution (1% of total exposure) and communication/media (0.8% of total exposure).

Since January 1, 2018, Natixis has applied IFRS 9 “Financial Instruments,” which requires provisions to be booked from 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 5 “Accounting principles and valuation methods” to the consolidated financial statements for the fiscal year ended December 31, 2020 in Chapter [5.1] “Financial Statements” of the 2020 Universal Registration Document*).

The highly uncertain environment created by the impacts of the health crisis on the global economy has required special attention since 2020 in order that reasonable, justifiable forecasts can be made. Natixis therefore used the various press releases published by ESMA, the EBA, the ECB and the IASB to determine expected credit losses in the context of the COVID-19 crisis.
In view of this, Natixis has revised its macroeconomic forecasts (forward looking) and adapted them to take into account the specific context of COVID-19 and the measures taken to support the economy. Natixis used three main scenarios to calculate the IFRS 9 provisioning parameters with projections for the year 2023:

- the central scenario was updated based on the scenarios determined by its economists and validated by Natixis’ governance bodies in December 2020. This scenario was defined as part of the preparation of the 2021-2024 Strategic Plan;
- a pessimistic scenario, corresponding to a deterioration of the macroeconomic variables defined under the central scenario;
- an optimistic scenario, corresponding to a more favorable outcome for the macroeconomic variables defined under the central scenario.

Following the historic economic shock related to the COVID-19 crisis in 2020, the base case scenario forecasts a strong recovery in GDP from 2021, with a gradual return over subsequent years to a more usual long-term rate of change in economic activity. Economic activity should thus return to its pre-crisis level (2019) in 2023.

It should be noted that the latest consensus forecast (dated May 2021) includes more favorable forecasts than those used in the chosen IFRS 9 scenario. The more optimistic 2021 figures for the Americas region have been further reinforced this half-year, unlike those for Europe, where the effects of the health crisis caused by the coronavirus have not diminished. Massive government spending and the prospects of an economic boom are pushing the forecasts for America to the more optimistic end, while disagreements on the supply of vaccines and new, more contagious variants have made forecasting more complicated.

Taking into account both the improved outlook for the global economy and the current state of the economic recovery along with the accompanying uncertainty, Natixis has therefore decided to place significant weighting on the pessimistic scenario, while also increasing the weighting of the optimistic scenario. It therefore used the following scenario weightings for the calculation of provisions at June 30, 2021: pessimistic: 25% **-** central: 60% **-** optimistic: 15%.

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.

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), *i.e.* for which there has been a material increase in credit risk since initial recognition, without this being sufficient for them to be classified 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.

[7] *[1] Exposures determined based on Exposure At Default (EAD)*

As at June 30, 2021, non-performing customer loans amounted to €3,775 million and were predominantly distributed as follows: 30.1% in France, 21.4% in the rest of Europe, 15.4% in North America, 8.8% in Asia, and 12.1% in Central and Latin America. The ratio of Natixis' non-performing loans to gross customer loan outstandings (excluding repurchase agreements) was 5.74% and the overall coverage rate of these non-performing loans was 30.9%.

The increase in credit risk concerning 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.

Uncertainties related to the health crisis (duration, scope, resurgence of the epidemic) make it difficult to forecast the impact of the crisis on the economy as well as on the countries or sectors of activity of Natixis' counterparties. This could result in a substantial increase in losses and provisions, adversely affecting Natixis' provision for credit losses, its results and financial position.

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 mainly focused on financing granted to large corporates as well as specialized financing. Distribution mainly concerns banks and non-bank 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. The lack of liquidity in the secondary markets for such assets may require Natixis to reduce its origination activities, which could impact revenues and could affect its relations with customers, which in turn could adversely affect its results and financial position. 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 market 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 recur and potentially result in significant losses for capital market activities. This was notably the case during the first half of 2020. The first half of 2021 was marked by the excellent performance of the markets, with equity markets above pre-COVID levels, credit spreads falling to levels below the pre-COVID situation and relatively low volatility levels.

If the situation were to deteriorate again following a resurgence of the health crisis or lower effectiveness of vaccines in the face of new variants, losses could be recorded due to high market volatility on several market and hedging products in which Natixis operates.

The volatility of financial markets makes it difficult to predict trends and implement effective portfolio management strategies, and also increases the risk of losses from net long positions when prices decline and, conversely, from net short positions when prices rise. Natixis is therefore particularly exposed to share price fluctuations.

To return to the example of the COVID-19 health crisis, in 2020 it had an unfavorable impact on the Natixis business lines that deal with products sensitive to equity risk factors. The following are particularly noteworthy:

- the sharp increase in equity volatility, which negatively affected the valuation of equity-indexed options;
- the sharp decline or cancellation of dividend distributions announced at the General Shareholders' Meetings of large companies, combined with the steep drop in forecasts, which had a negative impact on equity products.
- It should be noted that the risk associated with the market activities of the Corporate & Investment Banking business line (including CVA) made up 10% of Natixis' total RWA as of June 30, 2021.

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

The fair value of Natixis' derivatives is determined by factoring in certain additional adjustments including:

- 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 derivative instruments, the 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 shareholders' equity. For information, as of June 30, 2021, the CVA, DVA and FVA amounted to +€18.9 million, -€2.4 million and -€5.9 million, respectively.

Natixis' access to certain 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 platform between Natixis and BPCE. The refinancing of Natixis in the medium and long term for the senior or subordinated public and private vanilla bond compartment is carried out at Groupe BPCE level through BPCE S.A. Natixis remains Groupe BPCE's medium- and long-term issuer for structured private refinancing transactions.

In early 2020, 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 the actions taken by the central banks (in particular the ECB and the FED), the term refinancing market has gradually reopened, initially on the dollar market and then on the euro, to return to a normal level during the month of June 2020. After the massive interventions of central banks, mainly the ECB (Long Term Refinancing Operation - LTRO) and the FED (Pandemic Emergency Purchase Program - PEPP), and governments, Natixis no longer observes any tension in the refinancing market. As of March 31, 2021, the medium- to long-term financing spreads had returned close to pre-COVID-19 levels. Throughout the COVID-19 crisis, the liquidity position of Natixis, a Groupe BPCE entity, was closely monitored by Senior Management. Natixis' liquidity coverage ratio (LCR) has always been above 100%.

On June 24, 2021, the financial rating agency Standard and Poor's reviewed Groupe BPCE's long-term rating. The Group, previously rated A+ with a negative outlook, is now rated A with a stable outlook. This decision is based on an analysis of Groupe BPCE's profitability compared to its peers. In addition, Standard and Poor's confirmed its assessment of "strong" for Groupe BPCE.

The rating agencies Moody's and R&I confirmed the rating of Groupe BPCE on August 3, 2021 and July 28, 2021 respectively.

The preferred long-term senior ratings are: Moody's (A1, stable outlook), Standard & Poor's (A, stable outlook), Fitch (A+, negative outlook) and R&I - Rating and Investment Information (A+, stable outlook).

If these credit ratings for Groupe BPCE were to be downgraded by the main rating agencies, Groupe BPCE's liquidity – and thus Natixis' liquidity – and the corresponding financing costs could be adversely affected or even trigger additional obligations in respect of its financial market contracts. If Groupe BPCE's credit ratings were to be downgraded by the main rating agencies, Groupe BPCE's liquidity and, consequently, that of Natixis, as well as the corresponding cost of financing could be adversely affected or trigger additional obligations under its financial market contracts.

Fluctuations in the fair value of securities held by Natixis, due to changes in issuer credit quality, may adversely affect Natixis' shareholders' equity and capital adequacy

On the regulatory front, this risk concerns Natixis-held securities in the banking book category that are designated at fair value, offsetting 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 itself as a decrease in the value of financial assets resulting from changes to credit issuer quality for debt securities (CSRBB — credit spread risk in the banking book). For information, as of December 31, 2020, the risk of change in value calculated for the CSRBB on Natixis' liquid asset buffer amounted to less than €300 million.

During the COVID-19 health crisis, credit spreads reflecting the credit quality of issuers changed significantly. After rising sharply in early March, reflecting a deteriorated perception of the credit quality of issuers, credit spreads gradually tightened since the end of May, albeit without returning to their 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. A further crisis (notably COVID-19) could lead to a further deterioration in credit spreads.

As of June 30, 2021, the credit risk of the securities held as part of the liquidity reserve had not increased significantly.

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

Non-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 sectoral regulation, both in France and internationally, aimed in particular at regulating the financial markets and relations between investment service providers and clients or investors. These regulations have major impacts on the Company's operational processes. In addition, the banking and insurance sector is also subject to dedicated supervision by the competent French and supranational authorities.

Non-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 2020 Universal Registration Document*). 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 this 2020 Universal Registration Document.

However, 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' interests, 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, including 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.

Like most of its competitors, Natixis is highly dependent on its communication and information systems, as its activities require it to process a large number of increasingly complex transactions. Although Natixis has made data transmission quality 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. To the extent that interconnectivity increases, Natixis is exposed to the risk of a breakdown or operational failure of its clearing agents, foreign exchange markets, clearing houses, custodians or other financial intermediaries or external service providers. Like the other control functions, the Operational risk function contributes to the assessment of risks borne by suppliers as part of the Group's compliance program with EBA regulations on outsourcing.

Natixis is also exposed to the risk of cybercrime. 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 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, which makes every effort to implement the guidelines established by these authorities through cooperation between its Information Systems (IS) and Information Systems Security (ISS) Departments. This has resulted in a mapping of risks relating to Information Systems Security, as well as a far-reaching campaign to raise all employees' awareness on IS security matters.

In the first half of 2021, 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.

Operational difficulties could also arise as a result of unforeseen or catastrophic events, such as terrorist attacks, natural disasters or a major health crisis. In 2020, Natixis demonstrated its resilience in the face of the COVID-19 pandemic and was able to cope with the successive phases of the crisis. Although minor incidents were noted, requiring the commitment of limited additional resources and resources to deal with this exceptional situation, all the players in charge of operational continuity management have collectively contributed, thanks to their expertise and responsiveness, to keep all business lines and support functions operational. Natixis' resilience in the technological and logistical fields has made it possible to support the remote working system by maintaining the minimum number of teams on site that are essential to protecting employees, maintaining information systems and ensuring site security.

Natixis cannot guarantee that interruptions, failures in its communication and information systems or third-party systems or that a breach of its information systems will not occur or, should they occur, that they will be immediately resolved with no impact on the bank. 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.

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 led 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, potentially detrimental to the global economy and financial markets, while there are still uncertainties as to how long the pandemic will last, the deployment of vaccines 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 final 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, the new lockdown measures recently announced by the various government authorities are liable to affect not only social life but also working and manufacturing conditions, as well as the economic environment in general. 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).

Over the full year 2020, the effects, mainly market-related, of the COVID-19 crisis impacted Natixis' net revenues, provision for credit losses and CET1 ratio. The crisis had an estimated negative impact of around -€283 million on the net revenues of Natixis Corporate & Investment Banking, due to dividend markdowns following announcements of their cancellation for 2019 by companies and the strong movements on future dividend curves that followed.

Other items also negatively impacted the net revenues of Natixis' business lines during the first quarter of 2020 (and in some cases also during the second quarter of 2020), before recovering over the rest of the year. These include the CVA/DVA impacts related to the widening of credit spreads on Corporate & Investment Banking (-€55 million in Q1 2020 and +€16 million over the full year), FVA impacts (increase in financing costs relating to financial instruments) on the Corporate Center scope (-€71 million in Q1 2020 and +€10 million over the full year), and the impact of the markdown of portfolio seed money (listed and unlisted) on Asset & Wealth Management (-€48 million in H1 2020 and +€30 million over the full year).

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. Of the €851 million recognized for credit loss provisions over the full year 2020, nearly €610 million can be considered as attributable to the circumstances created by the development of COVID-19. In accordance with IFRS 9, the provisioning levels for Stage 1 and Stage 2 assets (performing loans) have been revised to take into account the specific context of COVID-19 and measures to support the economy. Natixis' internal models are based on parameters that have been adapted to take into account the specific context of COVID-19 and measures to support the economy. Natixis' base case scenario was updated based on scenarios determined by its economists and validated by Natixis' governance bodies in September 2020. This base case scenario provides for a strong recovery in GDP from 2021, gradually returning to a more usual trend in economic activity in subsequent years. Economic activity should thus return to its pre-crisis level (2019) in 2023. The central scenario was supplemented with an optimistic scenario and a pessimistic scenario. 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 in 2020 and numerous cases of fraud.

Lastly, in terms of capital adequacy, the crisis had an impact of around -45 bps on Natixis' CET1 ratio, explained by the increase in RWA for an amount of around €4.0 billion, particularly in Corporate & Investment Banking due to drawdowns and new lines of credit (€1.7 billion in gross operating figures), the granting of State-guaranteed loans (€0.4 billion in gross operating figures) and market effects, in particular related to the calculation methods of regulatory VaR (€1.9 billion).

Other items also had a negative impact on Natixis' capital adequacy ratios during the first quarter of 2020, before recovering during the rest of the fiscal year. These include the decrease in CET1 equity due to the decrease in OCI reserves and the increase in the deduction made in respect of Prudent Value (-€507 million in Q1 2020 and +€275 million for the full year for these two items) and the increase in RWA CVA (+€0.5 billion in Q1 2020, recovered in Q2 2020 and Q3 2020 before increasing again in Q4 2020).

Natixis' financial performance could be lower than market expectations. The market value of its debt securities could be adversely affected

Regarding Natixis' business, 2021 is the year for embarking on its new 2024 Strategic Plan, which was revealed in July 2021 as part of the new Groupe BPCE 2024 Plan. This strategic plan sets out the sources of growth for the different divisions of Natixis, and the 2024 financial targets. For Natixis, "BPCE 2024" represents a growth and investment plan, illustrated by an average annual growth rate of around 5% in net revenues for the years 2020-2024, accompanied by an improvement in the cost/income ratio of approximately 70%.

For the Asset & Wealth Management division, the average annual growth rate for net revenues has been set at over 3% for the period 2020-2024 with a very limited market effect and no external growth, accompanied by a target cost/income ratio of approximately 72% in 2024 and cumulative net inflows of €100 billion over 2021-2024.

For the Corporate & Investment Banking division, the average annual growth in net revenues is expected to be around 7% over the period 2020-2024, accompanied by a target cost/income ratio of approximately 65% in 2024, a moderate growth in RWA of around 2% per year and green revenues multiplied by 1.7 between 2020 and 2024.

For the Insurance division, average annual growth in net revenues is expected to be around 6% over the period 2020 to 2024, accompanied by a target cost/income ratio of around 50% in 2024 and a Property and Casualty Insurance/Personal Protection Insurance policyholder rate for individual customers of the Banques Populaires and Caisses d'Epargne of approximately 35% in 2024.

Lastly, for the Payments division, the average annual growth rate for net revenues is expected to be approximately 9% for the period 2020-2024, accompanied by a target cost/income ratio of approximately 82% in 2024.

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

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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]) 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 2020 Universal Registration Document 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.

Natixis could encounter difficulties in identifying, implementing and integrating its policy in the context of acquisitions or joint ventures.

Natixis may consider opportunities for external growth or partnership. Although it is Natixis' intention to conduct an in-depth analysis of the companies it will acquire or the joint ventures in which it will participate, it is generally not possible to conduct an exhaustive review. As a result, Natixis may have to bear commitments not initially foreseen. Likewise, the expected results of an acquired company or joint venture may prove to be disappointing and the expected synergies may not be achieved in full or in part, or the transaction may result in higher costs than expected. Natixis may also encounter difficulties when integrating a new entity. The failure of an announced external growth operation or the failure to integrate a new entity or joint venture may significantly affect Natixis' profitability. In particular, the recognition of goodwill during these external growth transactions could lead, in the event of a lasting deterioration in profitability, to a write-down in the financial statements (during periodic testing) or to recognition of a loss in the event of disposal. At the end of June 2021, Natixis' goodwill represented €3.2 billion[8], spread across the various Natixis divisions although mainly concentrated within the Asset & Wealth Management division. Significant recent impairments of goodwill or losses on disposal concerned Coface (in 2016 and 2020) and H20 (in 2020). In the case of joint ventures, Natixis is exposed to additional risks and uncertainties insofar as it may depend on systems, controls and persons beyond its control and, as such, may be held liable, suffer losses or damage to its reputation. Furthermore, conflicts or disagreements between Natixis and its partners within the joint venture may have a negative impact on the benefits sought by the joint venture.

[8] *Net amounts of deferred tax assets*

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 more than 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 at an identical credit risk.

For a more detailed description of Natixis' ESR (environmental and social responsibility) policy and commitments, see Chapter [6] "Non-Financial Performance Report" of the 2020 Universal Registration Document, as well as Section [6.4] for a description of the management of environmental, social and governance 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, the ECB published its best practice guide for addressing climate risks in autumn 2020. We anticipate that this will be accompanied by a strengthening by the EBA of the regulations regarding the fight against global warming. This increase could penalize activities with a strong impact on the climate (directly through operational constraints for Natixis' clients or through the increase in the price of carbon allowances). Insofar as the energy transition will probably take place over a long period, the strengthening of these regulations could have an adverse effect on some of Natixis' activities such as financing and investment activities in the hydrocarbons, commodities and transport sectors, for example.

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 16,900 people around the world (excluding financial investments), located as follows: 66.6% in France, 11.9% in the EMEA region, 16.4% in the Americas and 5.1% 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 have required Natixis to strengthen and align its business lines 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.

Unfavorable economic or market conditions, and the economic environment of persistently low interest rates, may weigh on Natixis' profitability and financial position

Natixis is the Groupe BPCE subsidiary that carries out Asset & Wealth Management, Corporate & Investment Banking, Insurance and Payments activities.

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:

- unfavorable economic conditions could affect the business and operations of Natixis' customers, leading to a higher rate of default on loans and receivables and increased provisions for non-performing loans. 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 may 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 2008 financial crisis or the European sovereign debt crisis of 2011) could have a severe negative impact on all Natixis' activities, particularly if the disruption is characterized by an absence of market liquidity that makes it difficult to finance Natixis and to sell certain classes of assets at their estimated market value or, in extreme cases, to sell them at all;
- an adverse change in the market prices of various asset classes could affect the performance of the Natixis Investment Managers management companies, due in particular to a decrease in the assets on which the management fees are charged;
- low interest rates may also negatively affect the profitability of Natixis' Insurance activities, as Insurance subsidiaries may not be able to generate sufficient returns on investments to cover amounts paid out on some of their insurance products. Furthermore, if market interest rates were to rise in the future, a portfolio featuring low interest rate loans and fixed income securities could decline in value. Low interest rates may also affect commissions charged by Natixis Asset Management subsidiaries on money market and other fixed income products. This could adversely affect the profitability and financial position of Natixis. For information, as of June 30, 2021, the sensitivities of the economic value of the main entities within the Natixis consolidated scope to a shift of -200 bps (with the regulatory floor), on the one hand, and +200 bps on the other hand, calculated according to EBA standards, represent respectively an amount of +€7 million and -€22.4 million, *i.e.* an impact of less than 1.5% of Natixis' equity.

In addition, the main markets on which Natixis operates may be affected by uncertainties such as those regarding the future relationship between the United Kingdom and the European Union following Brexit, global trade risks, the geopolitical context or other events. The COVID-19 pandemic, which has affected the global economy and whose main impacts on Natixis are presented under the risk factor *"The current COVID-19 pandemic could adversely affect Natixis' business, operations and financial performance,"* is a perfect illustration of such uncertainties.

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

Legislative and regulatory texts are constantly evolving to take into account the lessons of crises or simply to adapt to the transformation of the economic and financial environment.

Thus, after the financial crisis of 2008, texts were promulgated or proposed to avoid the occurrence of another similar global crisis. Similarly, the economic crisis linked to COVID-19 has already given rise to short-term measures by the regulatory and supervisory authorities in 2020; medium- to long-term actions cannot be ruled out. In addition, the identification of new types of risks related, for example, to technological innovation may lead to new regulatory requirements.

All of these changes have significantly changed, and are likely to change in the future, 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, without being exhaustive, some 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 the Basel 3 regulations (in particular revised Basel 3) being transposed in Europe could lead to a review of the Risk-Weighted Asset calculation models for certain activities;
- strengthen the requirements regarding the conditions for granting and monitoring loans, but also influence the management of transactions for customers in difficulty;
- introduce new prescriptive provisions to identify, measure and manage environmental, societal and governance risks, particularly in relation to sustainable development and the transition to a low-carbon economy (*e.g.* amendments to the regulations on financial products, enhanced information disclosure requirements);
- 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;
- modify, create or strengthen regulations related to digitization and technological innovations in connection with the emergence of crypto assets, discussions on the digital currencies of central banks, the use of artificial intelligence and robotization or because of the technological developments in payment services and fintechs;
- transform the banking model with disintermediation and increased competition linked to European "open banking" initiatives such as the "PSD2" Payment Services Directive;
- 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.

Risks related to Insurance activities

In the first half of 2021, net revenues from the Insurance business line amounted to €492 million, representing 12% of Natixis' net accounting revenues. Insurance net revenues (excluding cross-business net revenues of €8 million) was split between Personal Insurance for €312 million and Property and Casualty Insurance for €172 million.

A deterioration in market conditions, and specifically excessive movements in interest rates, either upward or downward, could have a material adverse impact on Natixis' Personal Insurance business and its profit

The main risk to which Natixis' insurance subsidiaries are exposed in their Personal Insurance business is market risk. Exposure to market risk is mainly related to the capital guarantee on the scope of euro-denominated savings products.

Among these market risks, interest rate risk is structurally significant for Natixis Assurances as its general funds include a high bond component. 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 the 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 Property & Casualty Insurance business and on the protection portion of its Personal Insurance business, as well as on its results and financial position

The main risk to which Natixis' insurance subsidiaries are exposed in their Property & Casualty Insurance business and the protection portion of their Personal Insurance business 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 subsidiaries 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 claims rate and actuarial estimates, including to determine the price of insurance products and establish the related technical reserves. Nevertheless, these estimates and unforeseen risks, such as pandemics or natural disasters, could result in higher than expected payments to policyholders.

In the event that the actual benefits paid by Natixis to policyholders are higher than the underlying assumptions initially used to establish the reserves, or if events or trends were to cause Natixis to change the underlying assumptions, Natixis could be exposed to greater-than-expected liabilities, which could adversely affect its Property & Casualty Insurance business and the protection portion of its Personal Insurance business, as well as its results and financial position.

During the COVID-19 pandemic, Natixis' Insurance business was significantly impacted by the crisis in 2020 and adapted by taking appropriate measures, aimed in particular at keeping the business running and remaining operational for its clients. The first half of 2021 was marked by very dynamic commercial activity in both business lines. At €8.1 billion, revenue at the end of June 2021 was up 50% compared to June 2020. Growth was observed in all insurance activities, but was mainly driven by savings (+63%) which benefited from strong momentum, following a very low inflow in the first half of 2020 due to the first lockdown. Inflows thus exceeded their pre-health crisis level: +19% compared to the first half of 2019.

The result for the first half of 2021 in savings benefited in particular from a favorable base effect, the first half of 2020 having been marked by the impact of the sharp decline in equity markets.

Gross operating income from Insurance activities posted positive growth.

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

In terms of underwriting risk:

- in Property & Casualty Insurance: 2021 claims were at levels comparable to 2019 (up compared to 2020 given, at the time, strict travel measures which resulted in a decrease in Auto claims);

- in Personal Insurance: personal protection claims improved in terms of lost time, in particular due to atypical second and fourth quarters of 2020 with the strong impact of health measures. In payment protection insurance, claims deteriorated slightly compared to the second quarter of 2020, with the first half of 2020 having benefited from a downward review of claims following analysis of the information received from the leading insurer.

In addition, the economic and financial environment, in particular the low level of interest rates, also impacted Natixis Assurances' capital adequacy by negatively impacting future margins. However, the coverage of the Solvency Capital Requirement (SCR) remained assured as of June 30, 2021. The various actions implemented in recent years, in particular in terms of financial hedging, reinsurance, diversification of activities and investment management, contribute to the resilience of Natixis Assurances' solvency.

In order to support the growth of Natixis Assurances, in March 2021, its Board of Directors approved the reinforcement of its equity capital in the amount of €200 million (in the form of a dividend reduction). This transaction is in addition to the €350 million subordinated debt issue underwritten by Natixis in October 2020.

Risk related to holding Natixis securities

Holders of Natixis securities and certain other Natixis creditors may suffer losses if Natixis should 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. In addition to the possibility of using this "bail-in" mechanism, the BRRD grants the resolution authorities more extensive powers, allowing them in particular to (1) force the entity to recapitalize itself in order to comply with the conditions of its authorization and continue the activities for which it is approved with a sufficient level of confidence on the part of the markets; if necessary, by modifying the legal structure of the entity, and (2) reduce the value of the receivables or debt instruments, or convert them into equity securities for transfer to a bridging institution for capitalization, or as part of the sale of a business, or recourse to an asset management vehicle.

As at June 30, 2021, Natixis' CET1 capital stood at €12.1 billion, total Tier 1 capital at €14 billion, and Tier 2 regulatory capital at €2.2 billion.

As a member of Groupe BPCE, Natixis may be subject to resolution proceedings in the event of default by Natixis and Groupe BPCE. The competent resolution authority would conduct the resolution proceedings at BPCE level, which would be the "single point of entry" for Groupe BPCE, particularly in the context of the application of mutual solidarity mechanisms. If the financial position of Natixis or Groupe BPCE were to 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 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.

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

As a reminder, following the closing of the simplified public tender offer filed by BPCE for the shares of Natixis, open from June 4, 2021 to July 9, 2021 inclusive, BPCE announced on July 13, 2021 that it held 91.80% of the share capital and voting rights of Natixis.[9] In accordance with the opinion of the French Financial Markets Authority published the same day (D&I No. 221C1758 of July 13, 2021), on July 21, 2021, BPCE proceeded with the squeeze-out of all Natixis shares that had not been tendered to the public tender offer,[10] under the same financial conditions as the simplified public tender offer, *i.e.* €4 per Natixis share. As a result, due to the successful implementation of the squeeze-out, Natixis was delisted on July 21, 2021.

[9] *BPCE is also deemed to hold, by assimilation, (i) 2,461,581 Natixis treasury shares, and (ii) 4,664,262 Natixis shares in respect of put and call options provided for in the liquidity agreements entered into between BPCE and Group employees and executive officers who are beneficiaries of free Natixis shares, together representing approximately 0.23% of the share capital and voting rights. These assimilated shares are not included in the above percentage.*

[10] *With the exception of (i) 2,461,581 Natixis treasury shares, and (ii) 4,664,262 Natixis shares in respect of put and call options provided for in the liquidity agreements entered into between BPCE and the Group employees and executive officers who are beneficiaries of free Natixis shares.*

3.2 Risk management

Update of Section 3.2 of Chapter 3 of the 2020 Universal Registration Document

3.2.3 Credit and counterparty risks

3.2.3.10 Quantitative information

- **EAD, RWA AND PFE BY APPROACH AND BASEL EXPOSURE CLASS (NX01)**

	30/06/2021			31/12/2020		
(in millions of euros)	EAD	RWA	PFE	EAD	RWA	PFE
Credit risk						
Internal approach	**158,943**	**60,573**	**4,846**	**142,975**	**58,714**	**4,697**
Equity	5,680	17,840	1,427	5,757	18,085	1,447
Governments and central banks	51,289	749	60	40,949	563	45
Other assets						
Retail						
Corporates	88,138	38,054	3,044	86,975	37,242	2,979
Institutions	7,459	1,635	131	6,115	1,108	89
Securitization	6,377	2,295	184	3,179	1,717	137
Standardized approach	**107,617**	**10,821**	**866**	**78,149**	**10,279**	**822**
Governments and central banks	4,555	1,448	116	9,252	1,175	94
Other assets	6,098	5,278	422	6,330	5,470	438
Retail	462	334	27	514	333	27
Corporates	2,816	2,186	175	1,890	1,186	95
Institutions	86,785	315	25	49,667	344	28
Defaulted exposures	96	133	11	44	53	4
Exposures secured by mortgages on immovable property	258	104	8	279	112	9
Exposures to institutions and corporates with a short-term credit assessment	72	52	4	87	51	4
Securitization	6,475	971	78	10,087	1,554	124
Sub-total credit risk	***266,560***	***71,394***	***5,712***	***221,125***	***68,993***	***5,519***
Counterparty risk						
Internal approach	**43,188**	**9,480**	**758**	**40,565**	**6,845**	**548**
Governments and central banks	9,613	128	10	8,791	158	13
Corporates	18,851	5,658	453	17,331	5,093	407
Institutions	14,667	3,676	294	14,158	1,515	121
Securitization	57	18	1	285	78	6
Standardized approach	**18,108**	**567**	**45**	**15,737**	**595**	**48**
Governments and central banks	1,617	181	14	1,478	234	19
Retail						
Corporates	447	71	6	417	54	4
Institutions	15,778	248	20	13,523	224	18
Defaulted exposures	1	2		1	2	
Exposures to institutions and corporates with a short-term credit assessment	94	40	3	79	46	4
Securitization	170	25	2	239	35	3

CCP default fund contribution	**339**	**148**	**12**	**297**	**152**	**12**
Sub-total counterparty risk	***61,636***	***10,196***	***816***	***56,599***	***7,592***	***607***
Market risk						
Internal approach		**4,256**	**340**		**7,147**	**572**
Standardized approach		**6,446**	**516**		**5,975**	**478**
Equity risk		456	37		421	34
Foreign exchange risk		2,779	222		2,971	238
Commodities risk		1,005	81		1,179	94
Interest rate risk		2,206	176		1,404	112
Sub-total market risk		***10,702***	***856***		***13,122***	***1,050***
CVA	**10,100**	**2,618**	**209**	**7,877**	**2,284**	**183**
Settlement-delivery risk		**29**	**2**		**6**	
Operational risk(standardized approach)		**12,988**	**1,039**		**12,988**	**1,039**
TOTAL		**107,926**	**8,634**		**104,985**	**8,399**

- **EAD BY GEOGRAPHIC AREA AND BY ASSET CLASS (NX05)**

(in millions of euros)

Exposure class	France	Europe*	North America	Other items	Total
Corporates	**33,079**	**36,326**	**18,290**	**22,595**	**110,290**
Other than SMEs and SF	27,605	29,176	14,357	17,216	88,354
Specialized Financing (SF)	4,407	6,814	3,834	5,009	20,065
SME	1,066	336	99	369	1,871
Institutions	**96,100**	**15,633**	**9,132**	**4,125**	**124,990**
Governments and central banks	**30,390**	**9,996**	**16,152**	**10,536**	**67,075**
Governments and central banks	29,319	7,848	16,047	10,524	63,738
International organizations		1,361			1,361
Multilateral development banks					
Regional governments or local authorities	417	40			457
Public sector entities	655	747	105	12	1,519
Securitization	**4,264**	**1,888**	**6,310**	**616**	**13,079**
Other assets	**5,381**	**254**	**422**	**41**	**6,098**
Share	**3,870**	**685**	**1,000**	**126**	**5,681**
Retail	**394**	**11**		**56**	**462**
Other than SMEs	343	10		3	356
SME	51	1		54	106
Exposures secured by mortgages on immovable property	**254**			**4**	**258**
Exposures to institutions and corporates with a short-term credit assessment	**11**	**35**	**42**	**78**	**166**
Defaulted exposures	**76**		**8**	**13**	**97**
Collective investments undertakings					
Total as at 06/30/2021	**173,819**	**64,828**	**51,357**	**38,192**	**328,196**
Total as at 12/31/2020	**130,639**	**57,028**	**46,664**	**43,393**	**277,724**

* Europe = European Union + Europe (outside EU)

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

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	30/06/2021	31/12/2020
Investment Grade	AAA	0.1%	0.1%
	AA+	7.5%	6.9%
	AA	13.0%	9.2%
	AA-	14.6%	16.2%
	A+	5.6%	5.6%
	A	10.7%	11.9%
	A-	9.8%	10.1%
	BBB+	6.5%	6.3%
	BBB	6.9%	7.4%
	BBB-	7.5%	7.7%
Investment Grade		**82.2%**	**81.3%**
Non-Investment Grade	BB+	4.0%	4.6%
	BB	4.5%	4.6%
	BB-	2.9%	2.9%
	B+	1.9%	2.0%
	B	1.0%	1.0%
	B-	0.6%	0.5%
	CCC+		
	CCC		
	CCC-		
	CC		
	C		
Non-Investment Grade		**15.0%**	**15.7%**
Unrated	**Unrated**	**0.5%**	**0.6%**
Default	**D**	**2.2%**	**2.3%**
Total		**100.0%**	**100.0%**

3.2.5 Market risks

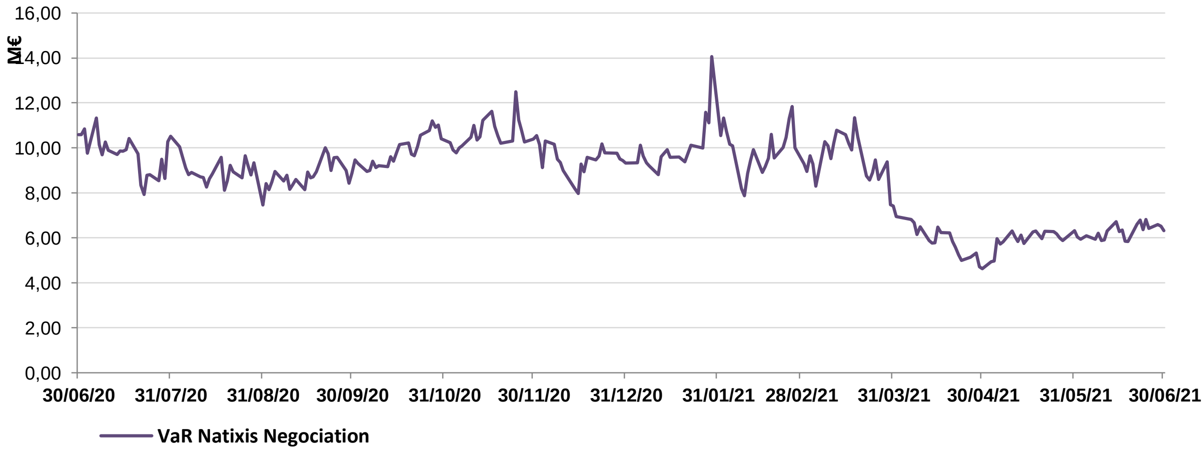
3.2.5.4 Quantitative market risk measurement data

- **Change in Natixis VaR**

The VaR level for Natixis' trading books averaged €8.8 million, with a peak of €14.1 million on January 29, 2021 and bottoming out at €4.6 million on April 30, 2021 and standing at €6.3 million as at June 30, 2021.

The following chart shows the VaR trading history between June 30, 2020 and June 30, 2021 for the entire scope.

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



- **Breakdown of total trading VaR by portfolio**

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

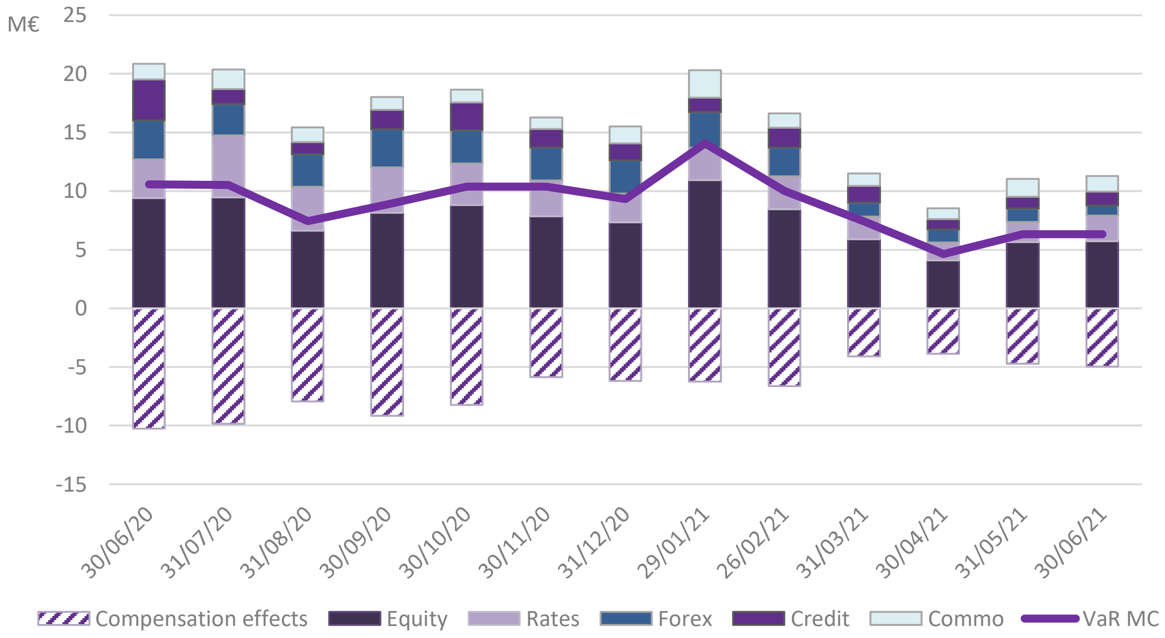
(in millions of euros)

Natixis trading book	**VaR as at 30/06/2021**
Natixis	**6.3**
o/w:	
Global Markets	6.3
Equity Markets	*3.2*
Commodities	*1.5*
Fixed Income	*2.5*
Global Securities Financing	*4.7*
Other run-off activities	1.1

As of June 30, 2021, the VaR by activity had returned to its pre-COVID-19 health crisis level due to the reduction in the magnitude of the shocks used (€6.3 million compared to €10.6 million as at June 30, 2020).

- **VaR breakdown by risk factors and netting effect**

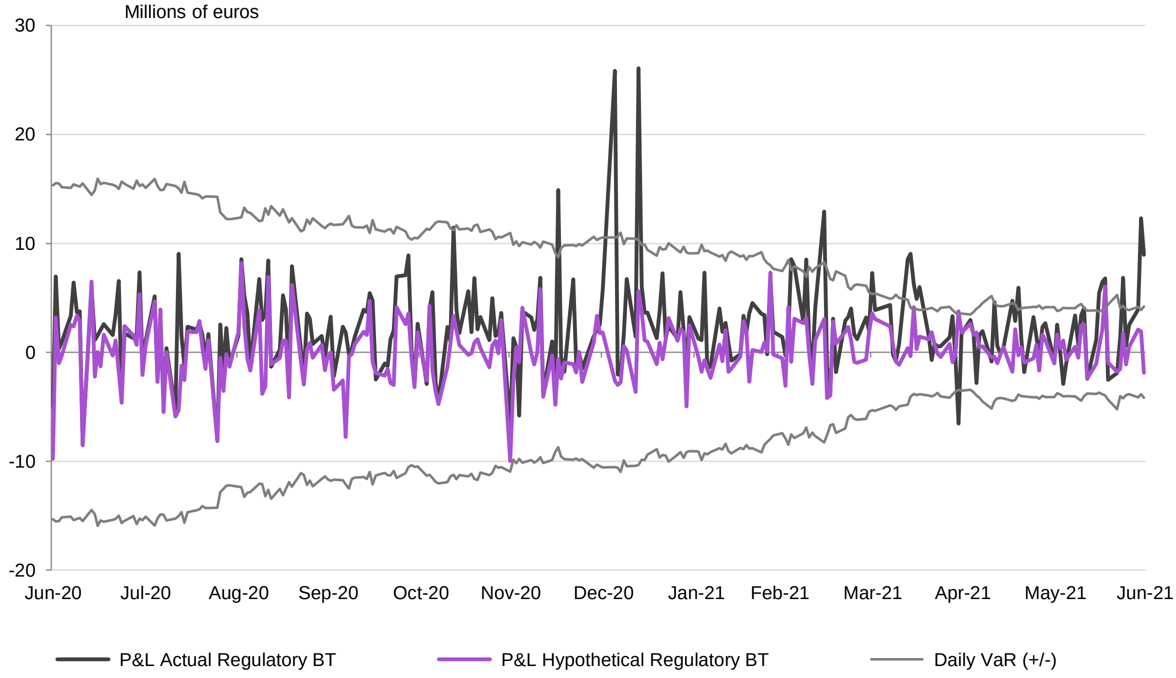
The breakdown of the VaR by risk factor provides a picture of the monthly contribution of the main risks and the netting effects in terms of VaR.



The decrease in consolidated VaR of €4.3 million compared to June 30, 2020 was essentially due to the decrease in the magnitude of the main shocks observed on the equity market.

- **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.

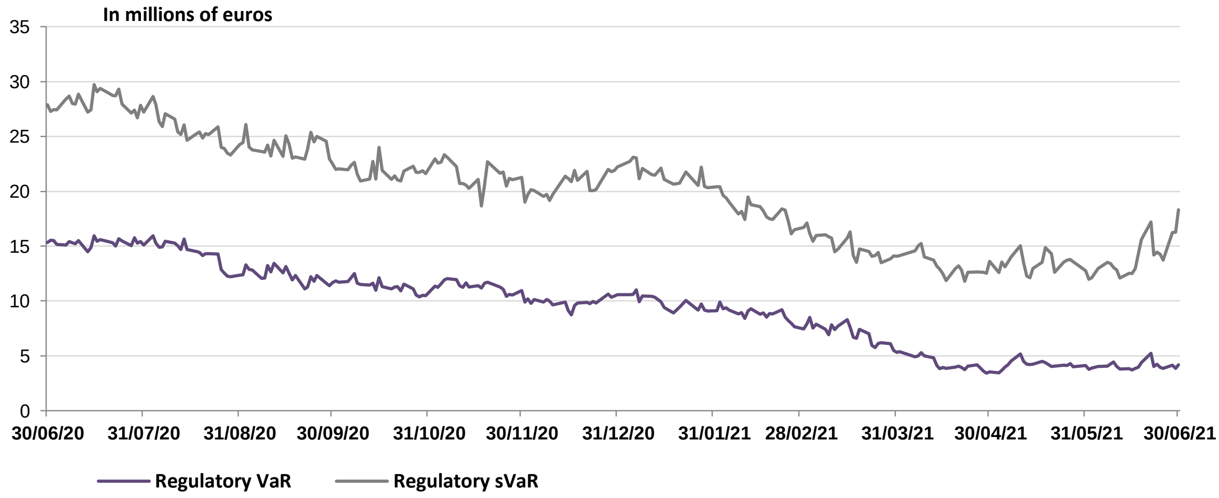


During the period between July 1, 2020 and June 30, 2021, only one actual backtesting exception was recorded, on April 29, 2021. This exception is related to valuation adjustments as part of the Independent Price Verification (IPV) process and end-of-month reserves on market parameters for equity and interest rate activities.

- **Natixis regulatory stressed VaR**

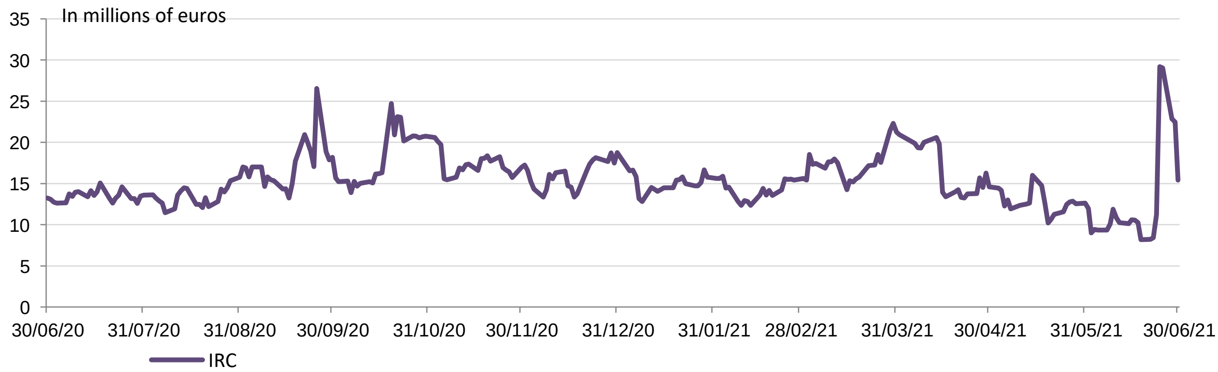
Natixis' regulatory stressed VaR averaged €19.9 million, with a peak of €29.7 million on July 15, 2020, and bottoming out at €11.8 million on April 22, 2021, and stood at €18.3 million on June 30, 2021.

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



- **IRC indicator**

This indicator covers the regulatory scope. Natixis' IRC averaged €15.4 million, with a peak of €29.2 million on June 24, 2021, bottoming out at €8.2 million on June 18, 2021, and stood at €15.4 million on June 30, 2021.

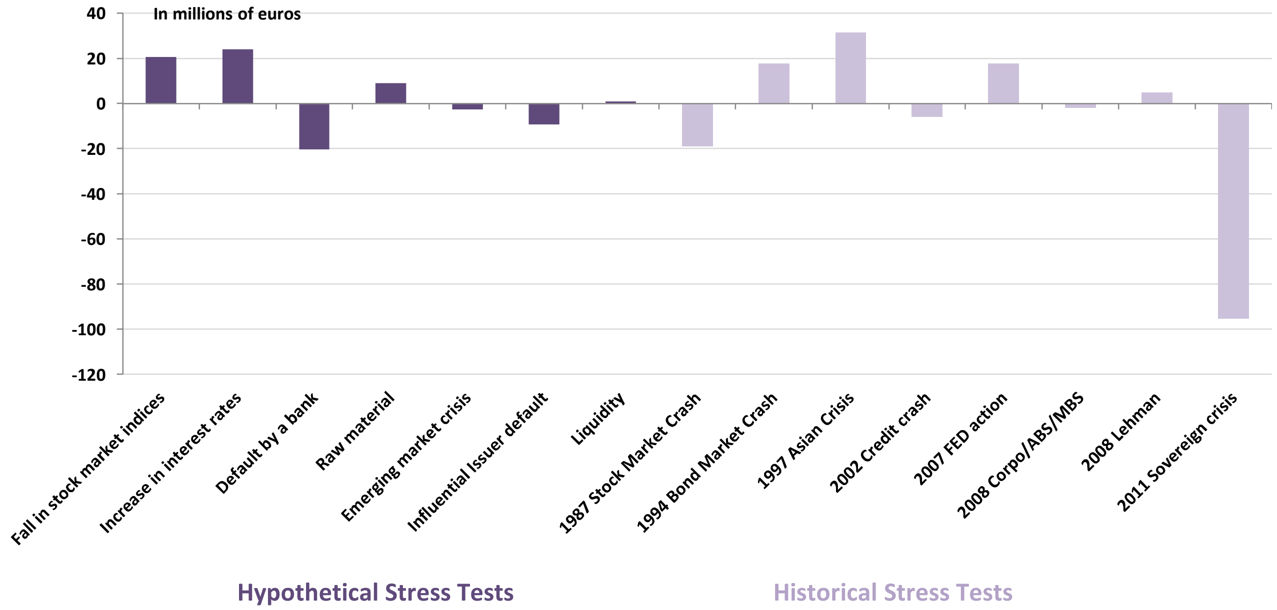


- **Stress test results for the Natixis scope**

Overall stress test levels reached an average of -€1.9 million on June 30, 2021, versus +€23 million on June 30, 2020.

The historic stress test replicating the sovereign debt crisis of 2011 leads to the maximum loss (-€95 million on June 30, 2021).

Overall stress tests at June 30, 2021:



3.2.7 Balance sheet management

3.2.7.1 Governance and organization

Natixis' structural balance sheet risks are managed and monitored under the authority of the ALM Committee, which is chaired by the Chief Executive Officer and composed of the members of the Senior Management Committee respectively in charge of finance, risk and CIB divisions, the head of the joint refinancing pool, the head of the Natixis BOAT Department (Buffer, Operations, ALM and Treasury) members of the SBSR Department (Structural Balance Sheet Risk) in the Natixis Risk division and representatives of BPCE's Financial Management and Risk divisions. 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;
- pre-validating the ALM agreements and assumptions underlying the calculations of structural risk management and monitoring indicators prior to examination by the Group Strategic ALM Committee of the central body for final approval;
- validating internal limits with respect to ALM indicators, in accordance with overall Group limits, the limits applicable to Natixis being defined by BPCE;
- validating the overall funding policy in conjunction with the BPCE ALM Committee;
- overseeing the management of structural balance sheet risks and the risk of excessive leverage;
- supervising the main balance sheet aggregates and their development.

The ALM Committee monitors Natixis' regulatory 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 BOAT Department, first line of defense:
  - the ALM Department is responsible for updating the ALM principles, standards, conventions and limits. It submits them to the ALM Committee under the supervision of the Risk division, and oversees the ALM constraints and compliance with the overall ALM limits (including those relating to the regulatory liquidity ratios and the leverage ratio) that are incumbent upon it,
  - the Treasury Department (joint refinancing pool), which comes under the authority of the BOAT Department and is supervised by BPCE's Financial Management division, is responsible for covering the funding requirements of the business lines, providing operational management of liquidity in accordance with applicable limits, implementing the Natixis medium-term refinancing policy adopted by the ALM Committee, and operationally managing compliance with the regulatory liquidity ratio;
- the Risk division, which is responsible for independently evaluating the structural ALM risk monitoring system, second-level controls on cash and ALM indicators (*ad hoc* SBSR Department), and the approval of identified ALM methods for use in a model. The Risk division also proposes the limits specified under the risk appetite system, which are validated by the Board of Directors.

3.2.7.2 Management of liquidity and funding risk

Targets and policy

Monitoring system

This risk is controlled, managed and monitored as follows:

- management of each business line's unsecured funding needs with the Treasury: 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 CIB 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, then consolidated with the BPCE SA deadlock also produced daily. It is governed by four permanent limits validated by the ALM Committee and monitored on a daily basis;

- 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;
- 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. These indicators are produced on a monthly basis and are also subject to limits set by the Group ALM Committee;
- 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

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 the Group's liquidity management organization, which remains under the authority of the central body, the Group's CFP is unique, covers all affiliates and reports to the Strategic ALM Committee. The decision to activate (and deactivate) the Group CFP is taken by the Group Head of Financial Management after approval by the Group Chief Financial Officer. This decision automatically triggers the activation (or deactivation) of the Natixis CFP and its implementation on the international platforms. The Group CFP describes in particular:

- the Group's monitoring system based in particular on a sample of advanced quantitative and qualitative indicators of crisis occurrence (the "Early Warning Indicators") supplemented by a system of thresholds in order to facilitate the decision-making and escalation process regarding the activation or deactivation of the CFP;
- the organization and governance to be implemented in the event of activation;
- the description of the action levers to be taken to deal with liquidity stress situations.

At Natixis level, the execution of the Group CFP is supervised by the Liquidity Crisis Committee (LCC) chaired by the Chief Executive Officer and attended by representatives of the Finance and Risk divisions and the CIB.

Comments on the Bank's funding

Short-term funding

The beginning of 2021 was marked by a phenomenon described by analysts as reflation, which saw the end of a period of deflationary risk and the reappearance of tangible price increases. The main reason for this situation was the gradual recovery of economies boosted by the success of vaccination campaigns. However, this upturn in activity was hampered by shortages of production factors (commodities, electronic components, and even labor), which in some areas led to an increase in inflation. According to the Urban CPI index published by the Department of Labor, prices in the United States increased by 5% between June 2020 and June 2021. This new situation raises the question of the relevance of maintaining such an accommodating monetary policy in the most dynamic regions and the members of the FED, although convinced of the temporary nature of this inflation peak, revised their expectations slightly upwards in their key lending rate scenarios. A slowdown in the pace of the FED's monthly bond purchases could also be evoked in the second half of the year.

The European Central Bank has not yet reached that point and, on the contrary, has decided to support the economy of the continent by increasing the pace of its PEPP purchasing program in March. The slower rollout of vaccination campaigns in Europe as well as the risk of seeing the delta variant delay the region's economic recovery, explain these slightly divergent developments on either side of the Atlantic.

The outstanding amount of our ST debt programs expressed in euros has changed very little since the beginning of the year. Liquidity is still very abundant in the money market, particularly in the dollar compartment, fueled not only by the FED's injections but also by the decline in the liquidity buffers put in place by the US Treasury to face the crisis (the balance of the Treasury account with the FED stood at $1,606 billion at the end of 2020, but only amounted to $852 billion at the end of June 2021). This liquidity has continued to push yields lower on the short-term portion of the curve and the FED has been forced to raise some of the rates it administers to prevent short-term rates from going into negative territory. In Europe, TLTRO operations, which have continued to be successful, offer banks a resource enabling them to finance their funding of the economy and thus reduce their financing needs on the markets. As a result, issuance rates remain very low, with the average three-month Euribor over the first quarter at -0.541%, well below the ECB deposit facility rate (-0.50%), which marks the bottom of the zone's monetary policy corridor.

Natixis' short-term issuance program outstandings

(in millions of euros or euro equivalents)	**Deposit certificates**	**Commercial papers**
Program cap*	45,000	24,622
Outstandings at June 30, 2021	19,337	10,516

** For certificates of deposit, NEU CP program cap only.*

Long-term funding

With 2020 marked by lockdowns and a sharp slowdown in economic activity, the first half of 2021 saw a gradual easing of lockdown restrictions and a resumption of growth.

The OECD raised its global growth forecast for 2021 from 4.2% to 5.8%. This improvement was driven by the vaccination momentum in many advanced economies, as well as the massive fiscal stimulus plan in the United States: the various stimulus plans amounted to €4,900 billion and two other plans amounting to €3,250 billion are under discussion.

In Europe, the European Union put in place a €750 billion plan last year.

The main consequence of the economic recovery in the United States was the sharp rise in inflation observed in the second quarter. The consumption needs of households at the end of the lockdown, as well as base effects (a barrel of oil was worth less than $35 at the end of April 2020) led to a CPI inflation figure of 5% for the month of May, well above the FED target of 2%. Despite this high figure, the members of the FED have continued to point out since March that the sharp rise in inflation is only temporary and should subside during the year, and that a gradual withdrawal of the support provided to the markets through asset purchases ($120 billion per month) will only be possible with the return of full employment (compared to the pre-COVID-19 crisis, there are an additional 6.8 million unemployed people).

In Europe, the ECB also believes that the current rise in inflation is only temporary (2% in May). It is therefore maintaining the pace of purchases under the PEPP program (€80 billion per month).

The financial markets have, it seems, in view of the evolution of long-term rates, taken into account the temporary nature of the surge in inflation. The yield on the ten-year US Treasury bond, after peaking in March at 1.74% (+83 bps higher since the beginning of the year) fell to 1.47% at the end of June. In Europe, the ten-year BUND closed the half-year at -0.30% (+27 bps since the beginning of the year), after a high of -0.10% in May.

Maintaining the pace of asset purchases as part of QE by central banks is favorable to the credit market. This is a continuation of the tightening of spreads, while Moody's has revised its default rate forecasts further downwards in 2021. The downgrading of Groupe BPCE's rating by S&P to A on June 24 has had no impact on the Group's credit spread. On the secondary market, French banks' euro senior preferred five-year credit spreads tightened by -5 bps over the half-year.

Against this market backdrop, Natixis raised €7.49 billion in funding in 2021 (of which €499 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 €1.89 billion.

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

(in millions of euros or euro equivalents)	EMTN	NEU MTN	US MTN	Bond issues
Issues at June 30, 2021	2,185	0	0	3,160
Outstandings at June 30, 2021	12,954	248	91	12,237

3.2.7.3 Structural foreign exchange risk

Targets and policy

As the Group's main international access point hosting entities and assets in foreign currencies, a portion of the Group's RWA carried by Natixis is also denominated in foreign currencies. Their valuation in euros thus fluctuates in line with exchange rates. In order to protect the CET1 ratio against fluctuations in exchange rates, Natixis converted part of its CET1 into foreign currency, either by injecting capital in foreign currency into its subsidiaries and branches abroad, or by holding earnings in foreign currency abroad. These two items constitute so-called structural foreign exchange positions, the remeasurement of which is recognized in translation adjustments. The structural foreign exchange policy - which is managed by the BOAT Department under the supervision of the ALM Committee and the control of SBSR - thus aims to maintain the sensitivity of the CET1 ratio to fluctuations in exchange rates within a minimum range defined by the ALM Committee.

3.2.7.4 Overall interest rate risk

General policy

Natixis hosts Groupe BPCE's CIB activities, which are mainly conducted and refinanced on a variable / floating rate basis. This structural specificity common to most investment banks has the advantage that Natixis' banking portfolio is relatively unaffected by changes in interest rates and thus constitutes a diversifying asset for retail activities for Groupe BPCE. Natixis' policy for managing overall interest rate risk is therefore 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 adjustable interest rates and as part of the transition of indices against risk-free rates (RFR) *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.

Interest rate gap by maturity as at June 30, 2021

Maturity *(in millions of euros)*	**1 year**	**3 years**	**5 years**	**7 years**
Interest rate gap (fixed-rate)	(1,108)	(580)	(210)	(64)

The table below shows the sensitivity of the economic value (∆EVE) and the net interest income (∆NII) of Natixis' consolidated banking book according to the various regulatory scenarios of interest rate changes at the reporting dates:

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

		∆EVE		**∆NII**
Period *(in millions of euros)*	**30/06/2021**	**31/12/2020**	**30/06/2021**	**31/12/2020**
Parallel upward shift	(22)	(152)	71	27
Parallel downward shift	7	27	(26)	(1)
Steepening	(82)	(63)		
Flattening	23	(13)		
Rise in short rates	10	(59)		
Fall in short rates	(35)	(2)		
Maximum				
Period		**06/30/2021**		**12/31/2020**
Tier-1 capital		**14,016**		**14,194**

Stress tests are calculated 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.

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

The stress scenarios set by the European Banking Authority (200 bps parallel upward or downward shift in yield curves, steepening, flattening, rise or fall in short rates with a progressive floor) would lead to a variation of -€22.4 million in the economic value of the banking book (using the EBA's currency offsetting rules) based on the upward yield curve scenario of +200 bps as at June 30, 2021.

The sensitivity of Natixis' NII to interest rate variations under various stress scenarios in 2020 was relatively stable. In the event of a parallel upward shift of +200 bps in the yield curves, the sensitivity was positive and represented less than 1.5% of CET1.

3.2.9.1 Legal and arbitration proceedings

Update to Section 3.2.9.1 of Chapter 3 of the 2020 Universal Registration Document, pages 165 to 167. Only updated procedures are presented here.

Madoff fraud

The Madoff outstandings are estimated at €306.2 million in equivalent value at June 30, 2021, fully provisioned at this date, compared to €503.4 million at December 31, 2020 following the confirmation of the liquidation of certain assets deposited in the name of Natixis and fully provisioned. 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 Cour de 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 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 546 (e) of the safe harbor provision or impropriety of the initial petition). In December 2020 the bankruptcy court dismissed the action brought under the law of the British Virgin Islands, considering that the defendants, including Natixis, are covered by Section 546 (e) safe harbor. This decision, which may result in the rejection of claw back requests, is subject to appeal.

The case is ongoing.

Criminal complaint coordinated by ADAM

In March 2009, the Paris public prosecutor's office (Parquet de Paris) launched a preliminary investigation into a complaint filed by Natixis minority shareholders and coordinated by the Association de Défense des Actionnaires Minoritaires (ADAM – Association for the Defense of Minority shareholders). As the plaintiffs have initiated civil proceedings, a judicial investigation opened in 2010. On February 14, 2017, Natixis came under investigation for false and misleading information on account of two messages sent in the second half of 2007, at the beginning of the subprime crisis.

After judicial investigation, a committal for trial was ordered on June 28, 2019.

The committal concerns only one of the messages, disseminated on November 25, 2007, explaining the risks to which Natixis was exposed at the time as a result of the subprime crisis. The second message was dismissed.

The Paris Criminal Court, in a judgment handed down on June 24, 2021, condemned Natixis, deeming insufficient the information provided by said press release of November 25, 2007, and more specifically the risks to which the bank was exposed at the time due to the subprime crisis.

It imposed a fine of €7.5 million. The civil parties were awarded total compensation of around €2 million.

Natixis, which considers that it has not committed any offense, appealed against this judgment, as the Paris Criminal Court did not take into account the arguments presented at the hearing.

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. The case is ongoing.

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 €174 thousand for each bank or group of banks. Lucchini Spa appealed against the judgment. The case is ongoing.

Competition Authority/Natixis Intertitres and Natixis

On October 9, 2015, a company operating in the meal voucher industry lodged a complaint with the Competition Authority to contest industry practices with respect to the issuance and acceptance of meal vouchers. The complaint targeted several French companies operating in the meal voucher industry, including Natixis Intertitres.

In its decision of December 17, 2019, the Competition Authority (*Autorité de la Concurrence*) ruled that Natixis Intertitres had participated in one practice covering the exchange of information and one practice designed to keep new entrants out of the meal voucher market.

Natixis Intertitres was fined €4,360,000 in its own right, along with two other 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 have appealed against this decision and believe they have strong arguments to challenge it. Under these conditions, no provisions were made in the financial statements at December 31, 2019, or at subsequent closing dates. This situation remained unchanged at June 30, 2021.

Bucephalus Capital Limited/Darius Capital Partners

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 and various subsequent agreements. Bucephalus Capital Limited claims a total of €178,487,500.

Darius Capital Conseil consider these claims to be unfounded. The case is ongoing.

3.2.9.2 Situation of dependency

Natixis is not dependent on any patent or license, or on any industrial, commercial or financial supply contract.

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 business lines:

- 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 Homeowners' 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 (for both Life and Non-life Insurance), 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: €62.3 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 averaged 0.11%.

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. As at June 30, 2021, 67% of the fixed-income portfolio was invested in securities rated equal to or higher than A.

Life insurance underwriting risk

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

Non-life insurance underwriting risk

The Non-life insurance underwriting risk to which Natixis Assurances is exposed is 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 monitoring policy for its portfolio, stability control ratings or new product pricing, as well as subscription limits reviewed annually;
- risk of loss: each time inventory is taken, an actuarial assessment of the reserves for claims to be paid is conducted based on analytical methods 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.

3.3 Basel 3 Pillar III disclosures

Update to Section 3.3 of Chapter 3 of the 2020 Universal Registration Document

Regulation (EU) No. 2019/876 (CCR2) provides for new provisions on the calculation of risk-weighted assets and new ratio requirements, applicable in both cases from June 28, 2021. The main impacts for Natixis are as follows:

- The leverage ratio and net stable funding ratio (NSFR) regulatory requirements have become effective, with a minimum of 3% for leverage and 100% for the NSFR;
- A new standardized approach (SA-CCR), corresponding to the sum of the replacement cost and the calculated potential future exposure, is now applied to the calculation of the exposure at default of derivatives; until now, this exposure was modeled using the mark-to-market method.

In addition, the format of the Pillar III tables as at June 30, 2021 changed according to the technical standards defined by Implementing Regulation (EU) No. 2021/637.

Natixis has chosen to provide information in respect of Pillar III disclosures in a separate section of Chapter 3, "Risk factors, risk management and Pillar III" in order to single out items concerning regulatory publication requirements.

Natixis has implemented an internal control framework to verify that the information published is appropriate and compliant.

3.3.1 Capital management and capital adequacy

3.3.1.3 Composition of capital

- RECONCILIATION BETWEEN REGULATORY CAPITAL AND BALANCE SHEET IN THE AUDITED FINANCIAL STATEMENTS (EU CC2)

Transition from shareholder's equity to prudential capital after applying phase-in arrangements *(in millions of euros)*	**30/06/2021**
Shareholder's equity	
Capital	5,053
Issue premium	4,251
Retained earnings	6,993
Treasury shares	(11)
Other, including items of comprehensive income	905
Other instruments to be reclassified as Additional Tier 1 capital	2,478
Net income/(loss)	629
Total shareholders' equity – Group share	**20,297**
Reclassification as Additional Tier 1 capital	(2,478)
Translation adjustments at closing rates	30
Restatement of dividend forecast (dividend for previous year)	0
Prudential filters	
Own credit risk: Gain on reclassification of hybrid securities	(144)
Own credit risk: liabilities and derivatives net of deferred taxes	100
Prudent valuation adjustment	(417)
Unrealized gains and losses	(33)
Total prudential filters	**(495)**
Deductions	
Dividend proposed for current year and related expenses	0
Goodwill	
Amount as per accounting base	(3,487)
Amount of related deferred tax liabilities	332
Amount included in value of investments in associates	(95)
Intangible assets	
Amount as per accounting base	(510)
Adjustment to the net prudential value of software	72
Non-controlling interests	
Amount as per accounting base	156
Prudential adjustment	(156)

Deferred tax assets (tax loss carry-forwards)	
Amount as per accounting base	(1,197)
o/w portion not including tax loss carry-forwards and impact of netting	560
Prudential adjustment	0
Shortfall of provisions to expected losses	0
Investments in the share capital of financial sector entities	0
Other prudential adjustments	**(917)**
Total deductions	**(5,242)**
Total Common Equity Tier 1 (CET1)	**12,113**
Hybrid capital instruments	
Amount as per accounting base	
Other equity instruments	2,478
Residual gain on reclassification as equity	144
Nominal value adjustment during the period	(17)
Early redemption through exercise of call option	(500)
Cap due to grandfathering limit	(181)
Total hybrid instruments	1,925
Deductions	(22)
Other prudential adjustments including phase-in arrangements	0
Total additional Tier 1 capital	**1,903**
Total Tier 1 capital	14,016
Subordinated debt instruments	
Amount as per accounting base	3,721
Regulatory adjustment	(599)
Transfer of grandfathering cap on hybrid capital instruments	181
Total Tier 2 instruments	3,303
Surplus of provisions to expected losses	24
Deductions	(1,110)
Other prudential adjustments including phase-in arrangements;	0
Total Tier 2 capital	**2,217**
Total regulatory capital	**16,233**

In addition, in accordance with Implementing Regulation No. 637-2021, the audit trail of regulatory capital is shown below.

- COMPOSITION OF REGULATORY CAPITAL (EU CC1)

		Amount on publication date	Source based on balance sheet reference numbers/letters within the regulatory scope of consolidation
Common Equity Tier 1 capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	9,304	
	o/w ordinary shares	9,304	
	o/w instrument type 2		
	o/w instrument type 3		
2	Retained earnings	5,346	
3	Accumulated other comprehensive income (and other reserves)	2,583	
EU-3a	Fund for general banking risks	0	
4	Amount of qualifying items referred to in Article 484 (3), and the related share premium accounts subject to phase out from CET1)	0	
5	Non-controlling interests (amount allowed in consolidated CET1)	0	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**17,232**	
Common Equity Tier 1 capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(417)	
8	Intangible assets (net of related tax liability) (negative amount)	(3,688)	
9	Empty set in the EU		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(637)	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments not measured at fair value	(33)	
12	Negative amounts resulting from the calculation of expected loss amounts	(88)	
13	Any increase in equity that results from securitized assets (negative amount)	0	
14	Gains or losses on liabilities at fair value resulting from changes in own credit standing	(45)	
15	Defined-benefit pension fund assets (negative amount)	0	
16	Direct, indirect or synthetic holdings by an institution of own CET1 instruments (negative amount)	(11)	
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to artificially inflate the equity of the institution (negative amount)	0	
18	Direct, indirect and synthetic holdings by the institution of CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	0	
19	Direct, indirect and synthetic holdings of CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	
20	Empty set in the EU		
EU-20a	Exposure amount of the following items which qualify for a risk weighting of 1,250%, where the institution opts for deduction	0	
EU-20b	o/w qualifying holdings outside the financial sector (negative amount)	0	
EU-20c	o/w securitization positions (negative amount)	0	
EU-20d	o/w free deliveries (negative amount)	0	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in 38 (3) are met) (negative amount)	0	
22	Amount exceeding the 17.65% threshold (negative amount)	0	
23	o/w direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities;	0	
24	Empty set in the EU		

25	o/w deferred tax assets arising from temporary differences	0	
EU-25a	Losses for the current fiscal year (negative amount)		
EU-25b	Foreseeable tax expenses relating to CET1 items, unless the institution correctly adjusts the amount of CET1 items when these tax expenses proportionally reduce the amount against which such items can be used to cover risks or losses (negative amount)	0	
26	Empty set in the EU		
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	0	
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 phase-in arrangements if applicable)	(200)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	(5,119)	
29	**Common Equity Tier 1 (CET1)**	**12,113**	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	1,743	
31	o/w classified as equity under applicable accounting standards	1,743	
32	o/w classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts which will be progressively excluded from AT1, in accordance with Article 486 (3) of CRR.	182	
EU-33a	Amount of qualifying items referred to in Article 494 a (1) subject to the exclusion of AT1 equity	0	
EU-33b	Amount of qualifying items referred to in Article 494 b (1) subject to the exclusion of AT1 capital.	0	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including non-controlling interests not included in row 5) issued by subsidiaries and held by third parties	0	
35	o/w instruments issued by subsidiaries subject to phase out		
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**1,925**	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect or synthetic holdings by an institution of its own AT1 instruments (negative amount)	0	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to artificially inflate the own funds of the institution (negative amount)	0	
39	Direct, indirect and synthetic holdings of AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	0	
40	Direct, indirect and synthetic holdings of AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	(22)	
41	Empty set in the EU		
42	Qualifying AT2 deductions that exceed the AT2 capital of the institution (negative amount)	0	
42a	Other regulatory adjustments to AT1 capital	0	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**(22)**	
44	**Additional Tier 1 (AT1) capital**	**1,903**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**14,016**	
Tier 2 capital: instruments			
46	Capital instruments and the related share premium accounts	2,955	
47	Amount of qualifying items referred to in Article 484 (5), and the related share premium accounts subject to phase out from AT2	219	
EU-47a	Amount of qualifying items referred to in Article 494 a (2) subject to exclusion of T2 capital	0	
EU-47b	Amount of qualifying items referred to in Article 494 b (2) subject to the exclusion of T2 capital	129	
48	Qualifying own funds instruments included in consolidated T2 capital (including non-controlling interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	0	
49	o/w instruments issued by subsidiaries subject to phase out	0	
50	Credit risk adjustments	24	
51	**Tier 2 (T2) capital before regulatory adjustments**	**3,327**	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect or synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	0	
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to artificially inflate the own funds of the institution (negative amount)	0	
54	Direct and indirect holdings of the instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	
54a	Empty set in the EU		

55	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	(1,110)	
56	Empty set in the EU		
EU-56a	Deductions of qualifying liabilities exceeding the bank's qualifying liabilities (negative amount)	**0**	
EU-56b	Other regulatory adjustments to Tier 2 capital	**0**	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**(1,110)**	
58	**Tier 2 (T2) capital**	**2,217**	
59	**Total capital (TC = T1 + T2)**	**16,233**	
60	**Total risk exposure amount**	**107,926**	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	11.22%	
62	Tier 1 capital (as a percentage of total risk exposure amount)	12.99%	
63	Total capital (as a percentage of total risk exposure amount)	15.04%	
64	Overall CET1 capital requirement of the institution (CET1 requirement in accordance with Article 92 (1), plus additional CET1 requirement that the institution is required to hold in accordance with Article 104 (1) (a) of Directive 36/2013/EU, plus the overall buffer requirement in accordance with Article 128 (6) of Directive 36/2013/EU) expressed as a percentage of the risk exposure amount.	8.31%	
65	o/w capital conservation buffer requirement	2.50%	
66	o/w countercyclical buffer requirement	0.04%	
67	o/w systemic risk buffer requirement	0.0%	
EU-67a	o/w global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.0%	
EU-67b	o/w: additional capital requirements to address risks other than the risk of excessive leverage	1.27%	
68	**Common Equity Tier 1 available to meet buffer requirements (as a percentage of risk exposure amount)**	4.79%	
National minima (if different from Basel 3)			
69	(not relevant in EU regulations)		
70	(not relevant in EU regulations)		
71	(not relevant in EU regulations)		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of the capital and qualifying liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	199	
73	Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	895	
74	Empty set in the EU		
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	468	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)	0	
77	Cap on inclusion of credit risk adjustments in T2 under standardized approach	142	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	24	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	299	
Capital instruments subject to phase-out arrangements (only applicable between January 1, 2013 and January 1, 2022)			
80	Current cap on CET1 instruments subject to phase-out arrangements	0	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0	
82	Current cap on AT1 instruments subject to phase-out arrangements	182	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	(181)	
84	Current cap on T2 instruments subject to phase-out arrangements	219	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	(7)	

3.3.1.4 Change in regulatory capital, regulatory capital requirements and ratios in the first half of 2021

Regulatory capital and capital adequacy ratio

The 2021 CET1, Tier 1 and total ratios at the end of June 2021 are presented below by major component. The same ratios at end-2020 are shown by way of comparison.

In accordance with the 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 7.04%, 8.54% and 10.54% respectively, for 2021.

- TOTAL CAPITAL RATIO

PRUDENTIAL CAPITAL AND CAPITAL ADEQUACY RATIOS AFTER APPLICATION OF PHASE-IN ARRANGEMENTS	30/06/2021	31/12/2020
(in millions of euros)		
Shareholders' equity Group share	**20,297**	**19,229**
Deeply subordinated notes (DSN)	2,478	1,978
Perpetual subordinated notes (PSN)	0	0
Consolidated shareholders' equity (Group share) net of DSNs and PSNs	**17,819**	**17,251**
Non-controlling interests (amount before phase-in arrangements)	156	167
Intangible assets	(439)	(432)
Goodwill	(3,249)	(3,213)
Dividends proposed to the General Shareholders' Meeting and expenses	0	(189)
Deductions, prudential restatements and phase-in arrangements	(2,174)	(1,440)
Total Common Equity Tier 1 capital	**12,113**	**12,143**
Deeply subordinated notes (DSNs) and preference shares	1,925	2,073
Additional Tier 1 capital	0	0
Tier 1 deductions and phase-in arrangements	(22)	(22)
Total Tier 1 capital	**14,016**	**14,194**
Tier 2 instruments	3,303	3,201
Other Tier 2 capital	24	51
Tier 2 deductions and phase-in arrangements	(1,110)	(1,110)
Overall capital	**16,233**	**16,337**
Total risk-weighted assets	**107,926**	**104,985**
Credit risk-weighted assets	84,207	78,869
Market risk-weighted assets	10,731	13,128
Operational risk-weighted assets	12,988	12,988
Other risk-weighted assets	0	0
Capital adequacy ratios		
Common Equity Tier 1 ratio	11.2%	11.6%
Tier 1 ratio	13.0%	13.5%
Total capital ratio	15.0%	15.6%

- GEOGRAPHIC BREAKDOWN OF CREDIT EXPOSURES USED IN THE COUNTERCYCLICAL BUFFER CALCULATION (CCYB1)

	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposure - market risk		Securitization exposures Non-trading book exposure at default	Total exposure value	Regulatory capital requirements				Risk-weighted exposure amount	Capital requirement weightings (%)	Counter cyclical buffer rate (%)
(in millions of euros)	Exposure at default under the standardized approach	Exposure at default under the IRB approach	Sum of long and short exposure positions in the trading book for the standardized approach	Value of trading book exposures for internal models			Relevant credit risk exposures - credit risk	Relevant credit exposure - market risk	Relevant credit exposure - securitization positions in the non-trading book	TOTAL			
Breakdown by country:													
BG – BULGARIA		2				2	0			0	1	0.00%	0.50%
CZ – CZECH REPUBLIC			0			0		0		0	0	0.00%	0.50%
HK – HONG KONG	2	3,607	28			3,636	116	1		117	1,464	1.94%	1.0%
LU – LUXEMBOURG	48	7,462	37,485	167	0	45,162	276	5	0	281	3,511	4.66%	0.50%
NO – NORWAY		244	3			247	12	0		12	147	0.20%	1.0%
SK – SLOVAKIA	0			22		22	0	0		0	1	0.00%	1.0%
Sub-total	**50**	**11,315**	**37,515**	**189**	**0**	**49,070**	**404**	**6**	**0**	**410**	**5,124**	**6.80%**	
Other countries with a 0% risk weighting	10,294	101,956	9,004	15,054	13,079	149,387	5,186	170	265	5,621	70,266	93.20%	0.0%
TOTAL	**10,345**	**113,271**	**46,519**	**15,243**	**13,079**	**198,457**	**5,590**	**177**	**265**	**6,031**	**75,390**	**100.00%**	

- INSTITUTION-SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER (CCYB2)

	(in millions of euros)	a
1	**Total risk exposure amount**	107,926
2	**Institution-specific countercyclical capital buffer rate**	0.0447%
3	**Institution-specific countercyclical capital buffer requirement**	48

The change in regulatory capital, in accordance with Basel 3/CRR-CRR2 over the first half of 2021, is presented below:

-CHANGES IN PRUDENTIAL CAPITAL AFTER APPLYING PHASE-IN ARRANGEMENTS FOR THE PERIOD

Changes in prudential capital after applying phase-in arrangements for the period	**H1 2021**
(in millions of euros)	
Common Equity Tier 1 (CET1)	
Amount at start of period	12,143
New instruments issued (including issue premiums)	3
Instruments redeemed	0
Retained earnings from previous periods	(100)
Net income/(loss) for the period	629
Gross dividend proposed	0
Dividend payout in new shares	0
Changes in other comprehensive income	
Translation adjustments	150
Available-for-sale assets	(51)
Cash flow hedging reserve	19
Other items	87
Other items	(729)
Non-controlling interests	0
Filters and deductions not subject to the phase-in arrangements	
Goodwill and intangible assets	(43)
Own credit risk	9
Other comprehensive income CFH	(19)
Prudent valuation adjustment	(28)
Other items	1
Other, including prudential adjustments and phase-in arrangements	
Deferred tax assets that rely on future earnings (excluding temporary differences)	52
Deductions in respect of breaches of capital thresholds	0
Other items	(10)
Impact of phase-in arrangements	0
o/w impact of changes in phase-in rate	0
o/w impact of change in base subject to phase-in arrangements	0
Amount of Common Equity Tier 1 (CET1) at end of period	**12,113**
Additional Tier 1 (AT1) capital	
Amount at start of period	2,051
New eligible instruments issued	500
Redemptions during the period	(500)
Other, including prudential adjustments and phase-in arrangements	(148)
o/w impact of changes in phase-in rate	(183)
o/w other impact of changes in base	34
Amount of Additional Tier 1 (AT1) capital at end of period	**1,903**
Tier 1 capital	14,016
Tier 2 capital	
Amount at start of period	2,142
New eligible instruments issued	900
Redemptions during the period	(900)
Other, including prudential adjustments and phase-in arrangements	75
o/w impact of changes in phase-in rate	173
o/w other impact of changes in base	(98)
Amount of Tier 2 capital at end of period	**2,217**
Total regulatory capital	**16,233**

Tier 1 capital (CET1) amounted to €12.1 billion at June 30, 2021 and remained stable during the first half of 2021:

- The change in equity (excluding DSNs restated in AT1) is mainly due to net income for the period (+€0.6 billion), currency effects (+€0.1 billion) and distribution of the dividend for the 2020 fiscal year (-€0.2 billion).

However, interim profits and expected dividends are neutralized for the calculation of Common Equity Tier 1 capital. Changes in other aggregates were not significant overall during the first half of 2021.

Common Equity Tier 1 capital does not include profit for the first half of 2021, or the related dividend forecast.

Additional Tier 1 capital fell by -€0.1 billion to €1.9 billion as a result of the grandfathering in its last year.

Tier 2 capital amounted to €2.2 billion, an increase of €0.1 billion due to discounts on issuance over the period amounting to -€0.1 billion.
The changes in these two compartments, AT1 and T2, include two new issuances (AT1 of €0.5 billion and Tier 2 of €0.9 billion) in June 2021, replacing two issues of the same amount and class, which were the subject of a call.

Weighted risks, at €107.9 billion, were up by €2.9 billion during the first half of 2021.

- RISK-WEIGHTED ASSETS (NX07)

(in billions of euros)	Credit risk	CVA	Market risk	Operational risks	Total RWA
31/12/2020	**76.6**	**2.3**	**13.1**	**13.0**	**105.0**
Foreign exchange movements	0.6				0.6
Change in business activity	3.7	0.3			4.0
Change in risk parameters	3.5		(2.4)		1.1
Acquisitions and disposals of investments	(1.3)				(1.3)
Impact of guarantees	(1.4)				(1.4)
30/06/2021	**81.6**	**2.6**	**10.7**	**13.0**	**107.9**

The change in credit risk of +€5.0 billion in the first half of 2021, including the impact of regulatory changes and requirements over the period, is mainly due to the following factors:

- an increase in outstandings (+ €3.7 billion) concentrated in Corporate & Investment Banking;
- the impact of risk inputs (+€3.5 billion) mainly due to an increase in calculation parameters;
- the impact of the appreciation of the dollar against the euro (+€0.6 billion);
- the sale of the 29.5% stake in Coface to Arch Capital for a decrease of €1.3 billion;
- a guarantee impact of -€1.4 billion.

The €0.3 billion increase in CVA can be attributed primarily to changes in exposures at the end of June 2021.

Market risks were down by -€2.4 billion, mainly due to the normalization of market conditions after the health crisis.

Operational risk remained unchanged and will continue to be updated annually, in December 2021.

-BASEL 3 RWA BY MAIN NATIXIS BUSINESS LINES (NX02)

(in millions of euros)	Basel 3 RWA as at 30/06/2021			
Division	**TOTAL**	**Credit [a]**	**Market [b]**	**Operational**
Corporate & Investment Banking [c]	72,835	56,136	10,385	6,314
Asset & Wealth Management	14,515	9,939	93	4,483
Insurance	9,186	9,186		
Payments	1,055	270		785
Corporate Center	9,841	5,565	2,870	1,406
Coface	493	493		
TOTAL AS AT 30/06/2020	**107,926**	**81,590**	**13,349**	**12,988**
TOTAL AS AT 31/12/2020	**104,985**	**76,585**	**15,412**	**12,988**

(a): Including counterparty risk.

(b): Including €29 million in settlement/delivery risk and €2,617 million in respect of the RWA CVA.

(c): Including Treasury and Collateral Management.

3.3.1.5 Capital planning

Capital planning consists of determining Natixis' target capital adequacy level, continually ensuring compliance with regulatory capital requirements in all compartments and capital adequacy in line with the risk appetite defined by the institution, and adapting capital allocation and measurement of business line profitability accordingly.

The capital planning system adapts all processes with the aim of ultimately meeting the requirements of the supervisory authorities and internal planning, involving:

- continuously maintaining the targets set in terms of capital adequacy;
- developing an internal approach for measuring capital requirements (normative and economic) and overseeing Natixis' resilience under stress scenarios (ICAAP);
- projecting capital requirements specific to business line activity, within the framework of Natixis' overall capital adequacy policy;
- anticipating regulatory changes and their impact on Natixis' various business lines;
- implementing a system for analyzing the capital consumption of the business lines and their profitability on the basis of Basel 3/CRR-CRR2 risk-weighted assets;
- allocating capital to the business lines, within the framework of strategic plan and annual budget procedures, taking into account business requirements, profitability and balance between the core business divisions.

Outlook

Capital planning now anticipates all future developments in the short to medium term, in particular the implementation of the revised Basel 3.

Through Groupe BPCE, Natixis contributes to the collection of detailed information on liabilities, as required by the SRB. The mechanisms for monitoring and anticipating this new ratio have yet to be defined, in conjunction with Groupe BPCE.

3.3.2 OTHER REGULATORY RATIOS

3.3.2.1 Leverage ratio

The Basel Committee has set up a system for managing leverage risk. The system was included in the CRR, defining leverage as being equal to Tier 1 capital divided by on-balance sheet exposures (after certain restatements, notably on derivatives and repurchase agreements) and off-balance sheet exposures (after applying balance sheet equivalent conversion coefficients). The CRR was amended by a Delegated Act, which entered into force on March 31, 2015. The change in reporting templates that takes the amendments related to the Delegated Act into account has only been used since September 30, 2016, in accordance with the implementation deadlines.

Under Pillar II, the leverage ratio must be calculated and reported to the supervisor since January 1, 2014. Its publication has been mandatory since January 1, 2015. From June 28, 2021, a minimum leverage ratio of 3.09% must be complied with.

Natixis calculates and publishes its leverage ratio (according to the rules set out in the Delegated Act) and to implement the actions needed to converge towards the target ratio under consideration.

- SUMMARY OF THE RECONCILIATION BETWEEN ACCOUNTING ASSETS AND EXPOSURES FOR LEVERAGE RATIO PURPOSES (EU LR1 - LRSUM)

(in millions of euros)	30/06/2021	31/12/2020
Total assets according to reported financial statements	523,567	495,320
Adjustment for entities consolidated from an accounting point of view but which do not fall within the scope of prudential consolidation	(116,441)	(112,079)
(Adjustment for securitized exposures that meet the operational requirements for transfer of risk)		
(Adjustment for temporary exemption of exposures to central banks (where applicable))	(22,171)	(12,501)
(Adjustment for fiduciary assets recognized on the balance sheet in accordance with the applicable accounting framework but excluded from the total exposure measurement under Article 429 a (1) (i) of the CRR).		
Adjustment for normalized purchases and sales of financial assets recognized at the transaction date		
Adjustment for qualifying centralized cash management system transactions		
Adjustments for derivative financial instruments	(1,699)	(20,928)
Adjustment for securities financing transactions (SFTs)	7,005	(1,575)
Adjustment for off-balance sheet items (resulting from the translation of off-balance sheet exposures into credit equivalent amounts)	44,463	41,795
(Adjustment for valuation adjustments for prudent valuation purposes and specific and general provisions that reduced Tier 1 capital)	(417)	
(Adjustment for exposures excluded from the total exposure measurement under Article 429 a (1) (c) of the CRR)	(89,865)	
(Adjustment for exposures excluded from the total exposure measurement under Article 429 a (1) (j) of the CRR)		
Other adjustments	(15,306)	(19,362)
Measurement of total exposure	**392,136**	**370,669**

3.3.2.2 Oversight of the leverage ratio

Under the French Ministerial Order of November 3, 2014 on internal control by companies in the banking, payment services and investment services sector subject to the supervision of the ACPR, the companies in question are required to set overall limits and establish policies and processes to detect, manage and monitor excessive leverage risk.

In accordance with the regulations, Natixis has established:

- governance for the management and monitoring of the risk of excessive leverage under the authority of the ALM Committee chaired by the Chief Executive Officer *(see Section 3.2.7.1);*
- a risk policy dedicated to the risk of excessive leverage; the ALM Committee has set the objective of meeting a leverage ratio above the minimum requirement of 3.09%;
- an overall limit and an alert threshold applied to Natixis' leverage ratio, proposed by the ALM Committee and approved by the Risk Committee.

As part of the operational management set up, Natixis achieved its target of a leverage ratio above the regulatory threshold coming into force in 2021. As in 2019, this ratio was managed and steered by placing constraints on activities that use little RWA but which use significant amounts of balance sheet assets (notably repurchase agreements, securities lending and derivatives, etc.).

- LEVERAGE RATIO - COMMON DISCLOSURE (EU LR2 - LRCOM)

	Leverage ratio exposures under the CRR	
	a	b
(in millions of euros)	30/06/2021	31/12/2020
Balance sheet exposures (excluding derivatives and SFTs)		
Items recorded on the balance sheet (excluding derivatives and SFTs, but including collateral)	277,620	229,471
Addition of the amount of collateral provided for derivatives, when they are deducted from balance sheet assets in accordance with the applicable accounting framework		
(Deduction of receivables recognized as assets for cash variation margin provided in derivative transactions)	(10,726)	(14,505)
(Adjustment for securities received in connection with securities financing transactions that are recognized as assets)		
(Adjustments for general credit risk of balance sheet items)		
(Amounts of assets deducted when determining Tier 1 capital)	(4,997)	(4,858)
Total on-balance sheet exposures (excluding derivatives and SFTs)	261,898	210,108
Derivative exposures		
Replacement cost of all SA-CCR derivative transactions (*i.e.* net of eligible cash variation margins)	13,913	9,215
Derogation for derivatives: contribution of replacement costs under the simplified standardized approach		
Mark-up amounts for potential future exposure associated with SA-CCR derivative transactions	28,779	19,253
Derogation for derivatives: Contribution of potential future exposure under the simplified standardized approach		
Exposure determined by applying the original exposure method		
(CCP leg exempted from exposures to customer cleared transactions) (SA-CCR)		
(CCP leg exempted from exposures to customer cleared transactions) (simplified standardized approach)		
(CCP leg exempted from exposures to customer cleared transactions) (original exposure method)		
Adjusted effective notional value of written credit derivatives	16,418	18,205
(Adjusted actual notional differences and add-on deductions for written credit derivatives)	(11,184)	(13,649)
Total derivative exposures	47,926	33,024
Exposure on securities financing transactions (SFTs)		
Gross SFT assets (excluding netting) after adjustment for transactions recognized as written	78,761	102,020
(Net value of cash payables and receivables of gross SFT assets)	(21,052)	(22,612)
Counterparty credit risk exposure for SFT assets	7,005	6,334
Derogation for SFTs: Exposure to counterparty credit risk in accordance with Article 429 e (5) and Article 222 of the CRR		
Exposures when the institution acts as agent		
(CCP leg exempted from customer cleared SFT exposures)		
Total exposure to securities financing transactions	64,714	85,741
Other off-balance sheet exposures		
Off-balance sheet exposures at gross notional value	91,264	83,457
(Adjustments for conversion into equivalent credit amounts)	(46,801)	(41,662)
(General provisions deducted when determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)		
Off-balance sheet exposures	44,463	41,795
Excluded exposures		
(Exposures excluded from total exposure measurement under Article 429 a (1) (c) of the CRR)	(89,865)	
(Exposures exempted under Article 429 a (1) (j) of the CRR (on-balance sheet and off-balance sheet))		
(Exclusions of exposure of public development banks (or units of banks) - Public investments)		
(Exclusions of exposure of public development banks (or units of banks) - Incentive loans)		
(Exclusions of exposures arising from the transfer of incentive loans by banks (or units of banks) that are not public development banks)		
(Exclusions of secured portions of exposures resulting from export credits)		
(Exclusions of excess collateral deposited with tripartite agents)		
(Exclusion of CSD services provided by institutions/CSDs, pursuant to Article 429 a (1) (o) of the CRR)		
(Exclusion of CSD services provided by designated institutions, pursuant to Article 429 a (1) (p) of the CRR).		

(Reduction of the exposure value of pre-financing or intermediary loans)		
(Total exempt exposures)	(89,865)	
Capital and total exposure measurement		
Tier 1 capital	**14,016**	**14,194**
Measurement of total exposure	**392,136**	**370,669**
Leverage ratio		
Leverage ratio (%)	4.3%	3.8%
Leverage ratio (excluding the impact of the exemption of public investments and incentive loans) (%)		
Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	4.0%	
Minimum leverage ratio regulatory requirement (%)	3.1%	
Additional own funds requirements to address excessive leverage risk (%)	0.0%	
o/w: to be created with CET1 capital	0.0%	
Leverage ratio buffer requirement (%)	Not applicable	
Overall leverage ratio requirement (%)	3.1%	
Choice of phase-in arrangements and relevant exposures		
Choice of phase-in arrangements for the definition of capital measurement		
Publication of average values		
Average daily values of gross SFT assets, after adjustment for transactions recognized as written and net of corresponding cash payables and receivables	87,205	
End-of-quarter value of gross SFT assets, after adjustment for transactions recognized as written and net of corresponding cash payables and receivables	57,709	
Total exposure measurement (including the impact of any applicable temporary exemption from central bank reserves) including the average values of gross SFT assets in line 28 (after adjustment for transactions recognized as written and net of corresponding cash payables and receivables)	358,633	
Total exposure measurement (excluding the impact of any applicable temporary exemption from central bank reserves) including the average values of gross SFT assets in line 28 (after adjustment for transactions recognized as written and net of corresponding cash payables and receivables)	380,804	
Leverage ratio (including the impact of any applicable temporary exemption from central bank reserves) including the average values of gross SFT assets in line 28 (after adjustment for transactions recognized as written and net of corresponding cash payables and receivables)	3.9%	
Leverage ratio (excluding the impact of any applicable temporary exemption from central bank reserves) including the average values of gross SFT assets in line 28 (after adjustment for transactions recognized as written and net of corresponding cash payables and receivables).	3.7%	

-BREAKDOWN OF ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND EXEMPT EXPOSURES) (EU LR3 - LRSPL)

(in millions of euros)	30/06/2021	31/12/2020
Total on-balance sheet exposures (excluding derivatives, SFTs and exempt exposures), o/w:	**189,949**	**214,965**
Trading book exposures	73,160	45,536
Banking book exposures, o/w:	116,789	169,429
Covered bonds	524	620
Exposures considered as sovereign	31,100	47,820
Exposures to regional governments, multilateral development banks, international organizations and public sector entities not considered as sovereign borrowers	479	536
Institutions	13,187	50,242
Exposures secured by mortgages on immovable property	792	899
Retail exposures	888	907
Corporates	50,776	48,678
Defaulted exposures	4,182	4,035
Other exposures (including equities, securitizations and other assets not corresponding to credit obligations)	14,861	15,692

3.3.2.3 Large exposures ratio

Large exposures ratio

The CRR2 Regulation incorporating the control of Large Exposures has been reviewed by Regulation (EU) 2019/876 of the European Parliament and of the Council of May 25, 2018 amending Regulation (EU) No. 575/2013 of the European Parliament and of the Council. The entry into force of CRR2 has been effective since June 28, 2021.

The objective of these regulations is to limit Natixis' exposure to the risks associated with a set of counterparties, grouped under a "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' Tier 1 capital. Natixis complied with this regulation (CRR until June 28, 2021, then CRR2 from June 28, 2021) throughout the first half of 2021.

3.3.3 BREAKDOWN AND CHANGES IN RISK-WEIGHTED ASSETS

3.3.3.1 Credit and counterparty risks

- OVERVIEW OF TOTAL RISK-WEIGHTED ASSET EXPOSURES (EU OV1)

(in millions of euros)	RWA 30/06/2021	RWA 31/12/2020	PFE 30/06/2021
Credit risk (excluding CCR)	*65,891*	*64,200*	*5,271*
o/w the standardized approach (SA)	9,850	8,725	788
o/w the foundation IRB (F-IRB) approach	1,091	984	87
o/w the advanced IRB (A-IRB) approach	39,348	37,929	3,148
o/w equity under the simple risk-weighted approach	15,603	16,563	1,248
Counterparty risk	*12,770*	*9,763*	*1,022*
o/w standardized approach	3,338	1,592	267
o/w internal model method (IMM)	4,613	4,191	369
o/w risk exposure amount for contributions to the default fund of a CCP	148	152	12
o/w CVA	2,618	2,284	209
Settlement risk	*29*	*6*	*2*
Securitization exposures in the banking book (after the cap)	*3,309*	*3,384*	*265*
o/w internal ratings-based approach (SEC-IRBA)	995	823	80
o/w external ratings-based approach (SEC-ERBA)	417	643	33
o/w standardized approach (SEC-SA)	1,545	1,589	124
o/w default approach	352	329	28
Market risk	*10,702*	*13,122*	*856*
o/w the standardized approach (SA)	6,446	5,975	516
o/w internal ratings-based approaches (IRB)	4,256	7,147	340
Amount of exposure related to major risks in the trading book			
Operational risk	*12,988*	*12,988*	*1,039*
o/w basic indicator approach			
o/w standardized approach	12,988	12,988	1,039
o/w advanced measurement approach			
Amounts below the thresholds for deduction (before 250% risk weighting)	*2,237*	*1,522*	*179*
Floor adjustment			
Total	**107,926**	**104,985**	**8,634**
Counterparty risk - Repurchase agreements (details not shown in table)	*2,053*	*1,543*	*164*

- MODEL FOR KEY INDICATORS (EU KM1)

	a	b	c	d	e
(in millions of euros)	30/06/2021	31/03/2021	31/12/2020	30/09/2020	30/06/2020
Available own funds (amounts)					
Common Equity Tier 1 (CET1)	12,113	12,155	12,143	11,795	11,609
Tier 1 capital	14,016	14,066	14,194	13,888	13,741
Total own funds	16,233	16,334	16,337	16,055	15,987
Risk-weighted exposure amount					
Total risk exposure amount	107,926	105,675	104,985	100,576	103,258
Capital ratios (as a percentage of risk-weighted exposure amount)					
Common Equity Tier 1 ratio (%)	11.22%	11.50%	11.57%	11.73%	11.24%
Tier 1 capital ratio (%)	12.99%	13.31%	13.52%	13.81%	13.31%
Total capital ratio (%)	15.04%	15.46%	15.56%	15.96%	15.48%
Additional capital requirements to address risks other than excessive leverage risk (as a percentage of the risk-weighted exposure amount)					
Additional capital requirements to address risks other than excessive leverage risk (%)	2.25%	2.25%	2.25%	2.25%	2.25%
o/w: to be satisfied with common equity tier 1 capital (percentage points)	1.27%	1.27%	1.27%	1.27%	1.27%
o/w: to be satisfied with Tier 1 capital (percentage points)	1.69%	1.69%	1.69%	1.69%	1.69%
Total SREP capital requirements (%)	10.25%	10.25%	10.25%	10.25%	10.25%
Total buffer requirement and total capital requirement (as a percentage of the risk-weighted exposure amount)					
Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
Conservation buffer arising from the macroprudential or systemic risk observed at the level of a Member State (%)					
Institution-specific countercyclical capital buffer (%)	0.04%	0.04%	0.03%	0.03%	0.03%
Systemic risk buffer (%)					
Global systemically important institution buffer (%)					
Other systemically important institution buffer (%)					
Overall buffer requirement (%)	2.54%	2.54%	2.53%	2.53%	2.53%
Total capital requirements (%)	12.79%	12.79%	12.78%	12.78%	12.78%
CET1 capital available after compliance with total SREP capital requirements (%)	4.79%	5.21%	5.31%	5.71%	5.23%
Leverage ratio					
Measurement of total exposure	392,136	386,468	370,669	358,660	377,486
Leverage ratio (%)	4.26%	3.64%	3.83%	3.87%	3.64%
Additional capital requirements to address the risk of excessive leverage (as a percentage of the total exposure measurement)					
Additional capital requirements to address excessive leverage risk (%)	0.0%				
o/w: to be satisfied with common equity tier 1 capital (percentage points)	0.0%				
Total SREP leverage ratio requirement (%)	3.09%				
Leverage ratio buffer requirement and overall leverage ratio requirement (as a percentage of total exposure measurement)					
Leverage ratio buffer requirement (%)	Not applicable				
Overall leverage ratio requirement (%)	3.09%				
Liquidity coverage ratio					
Total High Quality Liquid Assets (HQLA) (weighted average)	53,279	59,260	51,535	49,137	47,335
Cash outflows - Total weighted value	105,509	110,402	105,151	93,893	98,724
Cash inflows - Total weighted value	56,621	52,486	56,078	54,864	59,403
Total net cash outflows (adjusted value)	48,888	57,915	49,073	39,029	39,320
Liquidity requirement coverage ratio (%)	108.98%	102.32%	105.02%	125.90%	120.38%
Net stable funding requirement					
Total available stable funding	147,709				
Total required stable funding	146,997				
NSFR ratio (%)	100.48%				

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, o/w: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, o/w: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, o/w: secured amount
IRB approach							
Governments and central banks	47,010			4,579	4,511		
Institutions	7,275	236	159	3,797	3,710		
Corporates	65,039	31,365	28,833	13,727	7,580	1,186	1,186
o/w SME	1,159	157	116	166	28		
o/w Specialized Lending	692	19,882	19,185	243			
Retail							
Secured by real estate property							
o/w SME							
o/w Non-SME							
o/w Qualifying revolving							
o/w Other							
o/w SME							
o/w Non-SME							
Equity	5,681						
Other assets							
Sub-total IRB 30/06/2021	**125,005**	**31,601**	**28,991**	**22,103**	**15,801**	**1,186**	**1,186**
Sub-total IRB 31/12/2020	**114,406**	**29,025**	**26,488**	**17,402**	**13,155**	**1,187**	**1,187**
Standardized approach							
Central government or central banks	2,696			178	178		
Regional governments or local authorities	204			1	1		
Public sector entities	726			2			
Multilateral development banks							
International organizations	952						
Institutions	86,026			7,806	7,806		
Corporates	2,636	1,010	873	134	106		
o/w SME	349	122	87	29	2		
Retail	348	608	490	6			
o/w SME	83	62	28	6			
Secured by mortgages on immovable property		260	260				
o/w SME		116	116				
Defaulted exposures	98	6					
Exposures to institutions and corporates with a short-term credit assessment	80			1	1		
Collective investments undertakings							
Equity							
Other assets	6,098						
Sub-total SA 30/06/2021	**99,865**	**1,884**	**1,624**	**8,128**	**8,092**		
Sub-total SA 31/12/2020	**67,892**	**1,880**	**1,554**	**4,364**	**4,320**		
TOTAL AS AT 30/06/2021	**224,869**	**33,485**	**30,615**	**30,231**	**23,893**	**1,186**	**1,186**
TOTAL AS AT 31/12/2020	**182,298**	**30,905**	**28,042**	**21,766**	**17,475**	**1,187**	

-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	*1,091*	*1,091*
Central governments and central banks	371	371
Institutions	31	31
Corporates – SMEs	230	230
Corporates – Specialized Lending		
Corporates – Other	458	458
Exposures under Advanced IRB	*49,324*	*39,348*
Central governments and central banks	378	378
Institutions	1,604	1,604
Corporates – SMEs	890	890
Corporates – Specialized Lending	5,033	5,033
Corporates – Other	41,419	31,443
Retail – SME residential mortgage exposures		
Retail – Non-SME residential mortgage exposures		
Retail – qualifying revolving		
Retail – SME		
Other retail exposures		
Equity IRB	*17,840*	*17,840*
Other assets		
Total as at 30/06/2021	**68,254**	**58,278**
Total as at 31/12/2020	**61,875**	**56,997**

B - Exposure to credit risks

- MATURITY OF EXPOSURES (EU CR1-A)

	a	b	c	d	e	f
	Net exposure at default					
(in millions of euros)	Demand	<= 1 year	> 1 year <= 5 years	> 5 years	No due date declared	Total
Loans and advances	9,591	89,264	41,230	11,714	0	151,799
Debt securities	0	3,603	9,295	20,461	0	33,359
Total	**9,591**	**92,868**	**50,525**	**32,175**	**0**	**185,159**

- CREDIT QUALITY OF FORBORNE EXPOSURES (CQ1)

	Gross carrying value/nominal amount for exposures to which forbearance measures have been extended				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		o/w collateral and financial guarantees received on non-performing exposures to which forbearance measures have been extended
(in millions of euros)			o/w defaulted	o/w depreciated				
Cash balances at central banks and other demand deposits	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances	**235**	**2,140**	**2,140**	**2,135**	**(4)**	**(391)**	**1,113**	**917**
Central banks	-	4	4	4	-	(4)	-	-
Government institutions	-	2	2	2	-	(2)	-	-
Banks	-	-	-	-	-	-	-	-
Other financial companies	-	90	90	90	-	(49)	31	31
Non-financial companies	235	2,038	2,038	2,033	(4)	(332)	1,078	883
Households	-	6	6	6	-	(2)	3	3
Debt securities	**-**	**81**	**81**	**81**	**-**	**(59)**	**-**	**-**
Loan commitments given	**13**	**40**	**40**	**40**	**0**	**0**	**44**	**37**
Total	**248**	**2,261**	**2,261**	**2,255**	**(4)**	**(449)**	**1,156**	**954**

-CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY DAYS PAST DUE (CQ3)

	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
Cash balances at central banks and other demand deposits	**44,446**	**44,446**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Loans and advances	**144,601**	**144,361**	**240**	**3,809**	**2,792**	**78**	**234**	**404**	**163**	**43**	**95**	**3,809**
Central banks	12	12	0	19	1	0	0	4	0	0	13	19
Government institutions	1,846	1,846	0	57	3	0	0	0	29	0	26	57
Banks	79,533	79,533	0	11	10	0	0	0	0	0	0	11
Other financial companies	12,328	12,327	1	124	67	0	0	27	1	0	30	124
Non-financial companies	49,976	49,744	232	3,580	2,702	73	233	372	132	42	26	3,580
o/w SME	3,326	3,223	102	112	59	2	5	26	7	0	14	112
Households	906	899	7	19	9	6	1	1	0	1	0	19
Debt securities	**14,988**	**14,988**	**0**	**198**	**198**	**0**	**0**	**0**	**0**	**0**	**0**	**198**
Central banks	197	197	0	0	0	0	0	**0**	**0**	**0**	**0**	0
Government institutions	7,318	7,318	0	0	0	0	0	**0**	**0**	**0**	**0**	0
Banks	4,064	4,064	0	0	0	0	0	**0**	**0**	**0**	**0**	0
Other financial companies	2,633	2,633	0	84	84	0	0	**0**	**0**	**0**	**0**	84
Non-financial companies	775	775	0	114	114	0	0	**0**	**0**	**0**	**0**	114
Loan commitments given	**98,632**	**0**	**0**	**421**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**421**
Central banks	96	0	0	0	0	0	0	0	0	0	0	0
Government institutions	3,798	0	0	0	0	0	0	0	0	0	0	0
Banks	8,955	0	0	2	0	0	0	0	0	0	0	2
Other financial companies	21,702	0	0	0	0	0	0	0	0	0	0	0
Non-financial companies	63,959	0	0	419	0	0	0	0	0	0	0	419
Households	123	0	0	1	0	0	0	0	0	0	0	1
Total	**258,221**	**159,349**	**240**	**4,429**	**2,990**	**78**	**234**	**404**	**163**	**43**	**95**	**4,429**

- PERFORMING AND NON-PERFORMING EXPOSURES AND CORRESPONDING PROVISIONS (EU CR1)

	Gross carrying amount/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			Performing exposures – accumulated impairments 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			
Cash balances at central banks and other demand deposits	44,446	44,391	55	0	0	0	(2)	(1)	0	0	0	0	0	20	0
Loans and advances	**144,601**	**128,673**	**14,566**	**3,809**	**0**	**3,057**	**(217)**	**(72)**	**(143)**	**(1,195)**	**0**	**(1,070)**	**(323)**	**34,544**	**1,476**
Central banks	12	0	12	19	0	19	(1)	0	(1)	(19)	0	(19)	0	0	0
Government institutions	1,846	1,299	517	57	0	57	(4)	(1)	(4)	(30)	0	(30)	0	423	25
Banks	79,533	78,657	389	11	0	6	(4)	(1)	(3)	(11)	0	(6)	0	32	0
Other financial companies	12,328	10,790	1,177	124	0	107	(13)	(9)	(4)	(81)	0	(65)	0	3,922	31
Non-financial companies	49,976	37,048	12,445	3,580	0	2,850	(191)	(59)	(129)	(1,043)	0	(939)	(323)	29,293	1,412
o/w SME	3,326	2,385	941	112	0	111	(16)	(5)	(11)	(78)	0	(78)	0	2,052	21
Households	906	879	27	19	0	19	(4)	(2)	(3)	(11)	0	(11)	0	874	7
Debt securities	**14,988**	**12,923**	**240**	**198**	**0**	**81**	**(7)**	**(5)**	**(2)**	**(147)**	**0**	**(81)**	**0**	**2**	**0**
Central banks	197	197	0	0	0	0	0	0	0	0	0	0	0	0	0
Government institutions	7,318	7,310	8	0	0	0	(4)	(4)	0	0	0	0	0	0	0
Banks	4,064	4,014	0	0	0	0	0	0	0	0	0	0	0	0	0
Other financial companies	2,633	736	233	84	0	77	(2)	0	(2)	(84)	0	(77)	0	2	0
Non-financial companies	775	666	0	114	0	4	0	0	0	(64)	0	(4)	0	0	0
Off-balance sheet exposures	**98,632**	**88,707**	**9,896**	**421**	**0**	**328**	**154**	**45**	**108**	**43**	**0**	**43**	***0***	**31,195**	**232**
Central banks	96	95	1	0	0	0	0	0	0	0	0	0	0	0	0
Government institutions	3,798	3,569	229	0	0	0	1	0	0	0	0	0	0	608	0
Banks	8,955	8,832	122	2	0	2	2	1	1	0	0	0	0	48	0
Other financial companies	21,702	19,745	1,957	0	0	0	41	3	38	0	0	0	0	8,454	0
Non-financial companies	63,959	56,347	7,582	419	0	325	110	40	70	43	0	43	0	22,013	231
Households	123	118	5	1	0	1	0	0	0	0	0	0	0	71	1
Total	**258,221**	**230,303**	**24,702**	**4,429**	**0**	**3,466**	**(69)**	**(31)**	**(36)**	**(1,299)**	**0**	**(1,108)**	**(323)**	**65,740**	**1,708**

- CHANGE IN THE STOCK OF NON-PERFORMING LOANS AND ADVANCES (EU CR2)

(in millions of euros)	**Gross carrying amount**
Initial stock of non-performing loans and advances	3,631
Inflows of non-performing loans and advances	854
Outflows of non-performing loans and advances	(708)
Outflows due to write-offs	(53)
Outflows due to other situations	(655)
Final stock of non-performing loans and advances	3,809

- QUALITY OF NON-PERFORMING EXPOSURES BY GEOGRAPHICAL AREA (EU CQ4)

	Gross carrying amount/nominal amount		**Accumulated impairment**	**Provisions for off-balance sheet commitments and financial guarantees given**	**Cumulative negative changes in fair value due to credit risk on non-performing exposures**
(in millions of euros)		**o/w default**			
On-balance sheet exposures	**163,596**	**4,007**	**(1,565)**		**(1)**
France	103,113	1,262	(492)		0
United States	11,102	553	(182)		0
Other countries	49,381	2,192	(891)		**(1)**
Off-balance sheet exposures	**99,054**	**421**		**197**	
France	42,239	184		99	
United States	23,482	184		36	
Other countries	33,332	53		62	
Total	**262,649**	**4,429**	**(1,565)**	**197**	**(1)**

– Credit risk: standardized approach

Credit risk exposures: standardized approach

❑ STANDARDIZED APPROACH - CREDIT RISK EXPOSURE AND CRM EFFECTS (EU CR4)

	Exposures pre-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 and central banks	2,799	75	2,799	37	1,373	48%
Regional governments or local authorities	207		205		35	17%
Public sector entities	505	223	505	57	40	7%
Multilateral development banks						
International organizations	952		952			
Institutions (*)	82,310	11,522	82,309	4,475	315	0%
Corporates	2,602	1,189	2,365	450	2,186	78%
Retail	888	89	443	19	334	72%
Secured by mortgages on immovable property	257	3	257	2	104	40%
Defaulted exposures	217	17	88	8	133	138%
Items associated with particularly high risk						
Covered Bonds						
Exposures to institutions and corporates with a short-term credit assessment	69	12	69	2	52	73%
Collective investments undertakings						
Equity						
Other assets	6,098		6,098		5,278	87%
Total as at 30/06/2021	**96,904**	**13,131**	**96,090**	**5,052**	**9,850**	**10%**
(*): o/w affiliates	***96%***	***100%***	***96%***	***100%***		
Total as at 31/12/2020	**63,538**	**10,729**	**62,820**	**5,242**	**8,725**	**13%**
(*): o/w affiliates	***96%***	***100%***	***96%***	***100%***		

❑ SA – EXPOSURES (EAD) BY ASSET CLASSES AND RISK WEIGHTING (CR5)

(in millions of euros)

Asset classes	Risk weighting																TOTAL	*Unrated (*)*
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150 %	250 %	370 %	1,250 %	Other items	Deducted		
Central governments and central banks	2,165									204		468					2,836	*528*
Regional governments or local authorities	30				175												205	*163*
Public sector entities	378				177		5			2							562	*21*
Multilateral development banks																		
International organizations	952																952	*952*
Institutions	83,869	2,481			213					222							86,785	*86,572*
Corporates	217				12	338	114	241		1,893							2,815	*2,647*
Retail									462								462	*462*
Secured by mortgages on immovable property						166	93										258	*258*
Defaulted exposures										23	73						96	*55*
Items associated with particularly high risk																		
Covered bonds																		
Exposures to institutions and corporates with a short-term credit assessment					27		12			17	16						72	
Collective investments undertakings																		
Equity																		
Other assets	13	10								4,531					1,544		6,098	*6,091*
Total (30/06/2021)	**87,624**	**2,491**			**604**	**504**	**223**	**241**	**462**	**6,892**	**89**	**468**			**1,544**		**101,142**	***97,749***
Total (31/12/2020)	**56,706**	**1,083**			**830**	**577**	**244**	**154**	**514**	**5,902**	**36**	**423**			**1,593**		**68,062**	***65,767***

** Of which €79,193 million in exposure to Groupe BPCE affiliates and excluding exposures to the French Government as at 06/30/2021.*

D – Credit risk: internal ratings-based approach

❑ STATEMENT OF RWEA FLOWS RELATING TO CREDIT RISK EXPOSURES UNDER THE IRB APPROACH (CR8)

(in millions of euros)	RWA	PFE
RWA as of 31/12/2020	**56,997**	**4,560**
Amount of assets	1,895	152
Asset quality	708	57
Model updates		
Methodology and policy		
Acquisitions and disposals		
Foreign exchange movements	246	20
Guarantees	(879)	(70)
Other items	(688)	(55)
RWA at 30/06/2021	**58,278**	**4,662**

❑ IRB – INTERNAL RATING - CREDIT RISK EXPOSURES BY PORTFOLIO AND PD SCALE (CR6)

(in millions of euros)

PD scale	Original on-balance sheet gross exposure	Off -balance sheet exposures pre-CCF	CCF (%)	EAD	Average PD (%)	Number of obligors	Average LGD (%)	Average maturity (days)	RWA	RWA density (%)	Expected loss	Provisions
F-IRB												
Central governments and central banks												
0.00 to <0.15	4			4	0.0%	1	45%	1				
0.15 to <0.25												
0.25 to <0.50	572			572	0.4%	3	45%	1,622	371	65%	1	
0.50 to <0.75												
0.75 to <2.50												
2.50 to <10.00												
10 to <100												
100.00 (default)												
Sub-total sovereign borrowers	***576***			***576***	***0.0%***	***4***	***45%***	***1,611***	***371***	***64%***	***1***	***4***
Institutions												
0.00 to <0.15		7	50%	4	0.1%	11	45%	119	1	33%		
0.15 to <0.25		1	50%	1	0.2%	3	45%	405		62%		
0.25 to <0.50		109	75%	81	0.4%	6	12%	324	13	17%		
0.50 to <0.75		86	75%	64	0.6%	1	11%	1,423	13	20%		
0.75 to <2.50		1	50%		1.3%	5	45%	146		122%		
2.50 to <10.00	2		50%	2	2.8%	2	45%	506	3	163%		
10 to <100												
100.00 (default)												
Sub-total Institutions	***2***	***204***	***74%***	***152***	***0.5%***	***28***	***13%***	***787***	***31***	***20%***		***1***
Corporates												
0.00 to <0.15					0.0%							
0.15 to <0.25					0.2%	1	45%	493		44%		
0.25 to <0.50												
0.50 to <0.75					0.6%	1	45%	161		55%		
0.75 to <2.50	80	9	21%	82	2.2%	18	45%	580	101	124%	1	
2.50 to <10.00	382	83	22%	400	4.2%	336	43%	343	480	120%	7	

10 to <100	53	9	21%	55	13.4%	121	44%	618	107	194%	3	
100.00 (default)	85	11	20%	87	100.0%	64	45%	1,463			39	
Sub-total Corporates	***600***	***112***	***22%***	***625***	***18.1%***	***541***	***44%***	***555***	***689***	***110%***	***50***	***62***
Corporates – SMEs												
0.00 to <0.15					0.0%							
0.15 to <0.25					0.2%	1	45%	493		44%		
0.25 to <0.50												
0.50 to <0.75					0.6%	1	45%	161		55%		
0.75 to <2.50	2		26%	2	2.2%	5	43%	1,325	1	73%		
2.50 to <10.00	177	62	21%	190	4.4%	247	44%	298	196	103%	4	
10 to <100	19	3	21%	20	15.9%	84	44%	306	33	162%	1	
100.00 (default)	24	2	20%	24	100.0%	53	44%	721			11	
Sub-total Corporates – SMEs	***222***	***68***	***21%***	***236***	***15.1%***	***391***	***44%***	***349***	***230***	***98%***	***16***	***2***
Corporates – Other												
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	79	9	20%	80	2.2%	13	45%	564	100	125%	1	
2.50 to <10.00	205	21	25%	210	3.9%	89	43%	384	284	135%	4	
10 to <100	34	5	20%	35	12%	37	45%	798	74	213%	2	
100.00 (default)	61	9	20%	63	100.0%	11	45%	1,744			28	
Sub-total Corporates – Other	***379***	***44***	***22%***	***389***	***19.9%***	***150***	***44%***	***680***	***458***	***118%***	***35***	***61***
Equity	5,511	170	100%	5,681		431		228	17,840	314%	88	
Sub-total Equity	***5,511***	***170***	***100%***	***5,681***		***431***		***228***	***17,840***	***314%***	***88***	

F-IRB (excl. equity)												
0.00 to <0.15	4	7	50%	8	0.0%	12	45%	57	1	16%		
0.15 to <0.25		1	50%	1	0.2%	4	45%	413		60%		
0.25 to <0.50	572	109	75%	653	0.4%	9	41%	1,461	384	59%	1	
0.50 to <0.75		86	75%	64	0.6%	2	11%	1,422	13	20%		
0.75 to <2.50	80	10	22%	82	2.2%	23	45%	578	102	124%	1	
2.50 to <10.00	383	83	22%	402	4.2%	338	43%	344	483	120%	7	
10 to <100	53	9	21%	55	13.4%	121	44%	618	107	194%	3	
100.00 (default)	85	11	20%	87	100.0%	64	45%	1,463			39	
Total F-IRB (excl. equity)	***1,178***	***316***	***55%***	***1,352***	***8.6%***	***573***	***41%***	***1,031***	***1,091***	***81%***	***51***	***67***

A-IRB

PD scale												
Central governments and central banks												
0.00 to <0.15	48,862	1,922	81%	50,429	0.0%	249	8%	551	130		1	
0.15 to <0.25	91			91	0.2%	4	37%	100	23	26%		
0.25 to <0.50	7	10	100%	17	0.4%	4	36%	2,168	12	68%		
0.50 to <0.75												
0.75 to <2.50												
2.50 to <10.00	94	24	100%	119	3.1%	13	43%	2,172	181	153%	2	
10 to <100	7	2	100%	9	25.4%	8	57%	2,434	32	347%	1	
100.00 (default)	49			49	100.0%	7	104%	1,115			48	
Sub-total sovereign borrowers	***49,110***	***1,959***	***82%***	***50,713***	***0.1%***	***285***	***8%***	***555***	***378***	***1%***	***52***	***52***
Institutions												
0.00 to <0.15	5,059	4,308	32%	6,450	0.0%	388	38%	417	778	12%	1	
0.15 to <0.25	74	83	25%	94	0.2%	44	44%	352	45	48%		
0.25 to <0.50	302	215	39%	385	0.4%	44	46%	267	221	57%	1	
0.50 to <0.75	51	393	29%	167	0.6%	29	57%	305	144	86%	1	
0.75 to <2.50	18	228	21%	66	1.7%	54	54%	313	88	132%	1	
2.50 to <10.00	51	316	20%	116	3.4%	90	81%	435	328	283%	3	

10 to <100			20%		13.8%	3	104%	31	1	531%		
100.00 (default)	28	2	20%	29	100.0%	6	86%	478			17	
Sub-total Institutions	***5,584***	***5,544***	***31%***	***7,307***	***0.5%***	***658***	***40%***	***405***	***1,604***	***22%***	***23***	***24***
Corporates												
0.00 to <0.15	14,523	19,485	64%	26,931	0.1%	885	34%	987	4,011	15%	20	
0.15 to <0.25	4,147	8,037	61%	9,049	0.2%	291	27%	987	2,343	26%	4	
0.25 to <0.50	6,225	8,649	53%	10,850	0.3%	346	27%	970	3,630	33%	9	
0.50 to <0.75	7,498	8,441	60%	12,561	0.6%	488	27%	1,086	5,413	43%	19	
0.75 to <2.50	10,918	10,669	53%	16,529	1.4%	881	26%	1,127	10,193	62%	60	
2.50 to <10.00	4,670	4,269	56%	7,045	4.3%	1,006	28%	1,156	6,720	95%	108	
10 to <100	313	509	59%	612	13.6%	407	33%	1,044	998	163%	30	
100.00 (default)	3,730	367	57%	3,937	100.0%	268	42%	1,136	4,057	103%	1,480	
Sub-total Corporates	***52,024***	***60,427***	***59%***	***87,513***	***5.4%***	***4,572***	***30%***	***1,046***	***37,366***	***43%***	***1,730***	***1,785***
Corporates – SMEs												
0.00 to <0.15		3	20%	1	0.1%	8	44%	254		16%		
0.15 to <0.25	1	16	97%	16	0.2%	18	44%	748	6	37%		
0.25 to <0.50	79	26	98%	105	0.3%	19	52%	194	46	43%		
0.50 to <0.75	133	130	100%	263	0.6%	45	36%	862	126	48%	1	
0.75 to <2.50	358	128	89%	472	1.5%	133	41%	1,030	383	81%	3	
2.50 to <10.00	214	87	95%	297	3.5%	208	42%	691	280	94%	4	
10 to <100	15	2	49%	17	19.9%	71	42%	717	30	178%	1	
100.00 (default)	43	2	53%	45	100.0%	46	30%	632	19	44%	35	
Sub-total Corporates – SMEs	***843***	***394***	***94%***	***1,214***	***5.6%***	***548***	***41%***	***816***	***890***	***73%***	***45***	***43***
Corporates – Specialized Lending												
0.00 to <0.15	1,075	719	89%	1,717	0.1%	62	12%	1,963	161	9%		
0.15 to <0.25	682	516	87%	1,132	0.2%	55	8%	1,841	106	9%		
0.25 to <0.50	1,214	994	77%	1,977	0.3%	117	8%	1,696	247	12%	1	
0.50 to <0.75	2,901	2,775	62%	4,632	0.5%	220	14%	1,708	1,084	23%	3	
0.75 to <2.50	4,625	3,358	53%	6,420	1.3%	303	15%	1,606	2,464	38%	12	
2.50 to <10.00	905	572	68%	1,296	3.5%	110	12%	1,501	484	37%	5	
10 to <100		4	100%	4	11.7%	1	69%	1,485	14	362%		
100.00 (default)	681	20	69%	695	100.0%	43	56%	1,251	473	68%	135	
Sub-total Corporates – Specialized Lending	***12,084***	***8,957***	***65%***	***17,874***	***4.8%***	***911***	***14%***	***1,670***	***5,033***	***28%***	***157***	***224***
Corporates – Other												
0.00 to <0.15	13,448	18,763	63%	25,213	0.1%	815	35%	920	3,850	15%	19	
0.15 to <0.25	3,464	7,506	59%	7,901	0.2%	218	30%	865	2,232	28%	4	
0.25 to <0.50	4,932	7,629	50%	8,768	0.3%	210	31%	816	3,338	38%	8	
0.50 to <0.75	4,464	5,536	58%	7,666	0.6%	223	34%	717	4,203	55%	15	
0.75 to <2.50	5,935	7,184	52%	9,638	1.4%	445	33%	813	7,345	76%	44	
2.50 to <10.00	3,551	3,610	53%	5,451	4.6%	688	31%	1,099	5,956	109%	98	
10 to <100	297	503	58%	591	13.4%	335	32%	1,050	955	161%	28	
100.00 (default)	3,005	345	56%	3,198	100.0%	179	39%	1,118	3,564	111%	1,310	
Sub-total Corporates – Other	***39,097***	***51,076***	***57%***	***68,425***	***5.5%***	***3,113***	***33%***	***887***	***31,443***	***46%***	***1,528***	***1,517***
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 – SMEs												
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 – SMEs												
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												
Sub-total Equity												
A-IRB												
0.00 to <0.15	68,444	25,715	60%	83,810	0.0%	1,522	19%	681	4,919	6%	22	
0.15 to <0.25	4,311	8,120	61%	9,234	0.2%	339	27%	971	2,412	26%	4	
0.25 to <0.50	6,533	8,874	53%	11,252	0.3%	394	28%	948	3,862	34%	10	
0.50 to <0.75	7,549	8,834	59%	12,728	0.6%	517	27%	1,075	5,557	44%	20	
0.75 to <2.50	10,936	10,897	52%	16,595	1.4%	935	26%	1,124	10,280	62%	60	
2.50 to <10.00	4,816	4,609	53%	7,279	4.3%	1,109	29%	1,161	7,229	99%	113	
10 to <100	320	512	59%	621	13.7%	418	33%	1,064	1,031	166%	31	
100.00 (default)	3,807	369	56%	4,015	100.0%	281	43%	1,131	4,057	101%	1,546	
Total A-IRB	***106,718***	***67,930***	***57%***	***145,534***	***3.3%***	***5,515***	***23%***	***843***	***39,348***	***27%***	***1,805***	***1,861***
PD scale												
Total												
0.00 to <0.15	68,448	25,722	60%	83,817	0.0%	1,534	19%	681	4,920	6%	22	
0.15 to <0.25	4,311	8,121	61%	9,234	0.2%	343	27%	971	2,413	26%	4	

0.25 to <0.50	7,105	8,983	53%	11,905	0.3%	403	28%	976	4,247	36%	11	
0.50 to <0.75	7,549	8,920	59%	12,792	0.6%	519	27%	1,077	5,570	44%	20	
0.75 to <2.50	11,017	10,907	52%	16,678	1.4%	958	26%	1,121	10,382	62%	61	
2.50 to <10.00	5,200	4,693	53%	7,681	4.3%	1,447	30%	1,118	7,712	100%	120	
10 to <100	373	520	58%	676	13.7%	539	34%	1,028	1,138	168%	34	
100.00 (default)	3,892	379	55%	4,102	100.0%	345	43%	1,138	4,057	99%	1,585	
Total as at 30/06/2021*	***107,896***	***68,246***	***57%***	***146,886***	***3.3%***	***6,088***	***23%***	***845***	***40,438***	***28%***	***1,857***	***1,928***

* Total excluding other assets and specialized lending slotting criteria.

❑ SPECIALIZED LENDING AND EQUITY FINANCING EXPOSURES SUBJECT TO THE SIMPLE WEIGHTING METHOD (CR10)

(in millions of euros)

Regulatory categories	Residual maturity	On-balance sheet exposure	Off-balance sheet exposure	Total risk weighting	EAD	RWA	EL
Class 1	Equal to or more than 2.5 years	0	0	50	0	0	0
Class 2	Equal to or more than 2.5 years	0	0	70	0	0	0
Class 4	Equal to or more than 2.5 years	0	0	90	0	0	0
Total as at 30/06/2021		**0**	**0**		**0**	**0**	**0**
Total as at 31/12/2020		**0**	**0**		**0**	**0**	**0**

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

CR10 Table – Equities

(in millions of euros)

Equity financing exposures subject to the simple weighting method						
Classes	On-balance sheet exposures	Off-balance sheet exposures	Risk weighting	Exposure at default	Risk-weighted exposure amount	Amount of expected losses
	a	b	c	d	e	f
Private equity exposures	599	170	190	769	1,461	6
Listed share exposures	901		290	901	2,613	7
Other equity exposures	3,116		370	3,116	11,529	75
Total as at 30/06/2021	**4,616**	**170**		**4,786**	**15,603**	**88**
Total as at 31/12/2020	**4,967**	**181**		**5,148**	**16,563**	**89**

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

(in millions of euros)

Type and nature of exposure	Equity	Mutual funds	Investments	Total as at 30/06/2021	Total as at 31/12/2020
Private Equity held in sufficiently diversified portfolios	769			769	741
Other equity exposures	277	108	2,731	3,116	2,968
Listed equities	273	623	5	901	1,439
Equity – standardized approach					
Total	**1,319**	**731**	**2,735**	**4,786**	**5,148**

❑ RWA BY WEIGHTING (EXCLUDING IMPACT OF THRESHOLDS) (NX25)

(in millions of euros)

Type and nature of exposure	IRB approach	Standardized approach	Total as at 30/06/2021	Total as at 31/12/2020
Private Equity held in sufficiently diversified portfolios	1,461		1,461	1,407
Other equity exposures	11,529		11,529	10,981
Listed equities	2,613		2,613	4,174
Equity – standardized approach				
Total	**15,603**		**15,603**	**16,563**

3.3.3.3 Counterparty risks

A – Counterparty risk exposure

❑ ANALYSIS OF CCR EXPOSURES BY APPROACH (CCR1)

	a	b	c	d	e	f	g	h
(in millions of euros)	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure at default pre-CRM	Exposure at default post-CRM	Exposure at default	Risk-weighted exposure amount (RWEA)
EU - original exposure method (for derivatives)				1.4				
EU - simplified SA-CCR (for derivatives)				1.4				
SA-CCR (for derivatives)	1,803	4,679		1.4	19,043	9,076	9,076	3,054
IMM (for derivatives and SFTs)			11,416	1.4	27,983	15,987	15,987	4,723
o/w securities financing transaction netting sets								
o/w derivative & long settlement transaction netting sets			*11,416*		*27,983*	*15,987*	*15,987*	*4,723*
o/w from contractual cross-product netting sets								
Financial collateral simple method (for SFTs)					26,254	24,228	24,228	1,977
Financial collateral comprehensive method (for SFTs)								
VaR for SFTs								
Total					**73,280**	**49,291**	**49,291**	**9,755**

❑ STANDARDIZED APPROACH — CCR EXPOSURES BY REGULATORY EXPOSURE CLASS AND RISK WEIGHTING (CCR3)

(in millions of euros)	Exposure classes	Risk weighting											
		a	b	c	d	e	f	g	h	i	j	k	l
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Other items	Total exposure value
1	Governments or central banks												
2	Regional governments or local authorities	9				242							252
3	Public sector entities	439				478	5			35			957
4	Multilateral development banks												
5	International organizations	408											408
6	Institutions	4,310	11,379			81	8						15,778
7	Corporates	61	319				4			63			447
8	Retail								0				0

9	Institutions and corporates with a short-term credit assessment				53	24			17			94
10	Other items									1		1
11	**Total exposure value at 30/06/2021**	**5,228**	**11,698**		**855**	**42**		**0**	**115**	**1**		**17,938**
	Total exposure value at 31/12/2020	**3,456**	**10,962**		**887**	**63**			**130**	**1**		**15,498**

❑ IRB APPROACH - CCR EXPOSURES BY EXPOSURE CLASS 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	80	0.1%	27	45%	185	14	18%
0.15 to <0.25	5	0.2%	1	45%	2	2	34%
0.25 to <0.50		0.4%	3	45%	1,160		83%
0.50 to <0.75							
0.75 to <2.50							
2.50 to <10.00		2.7%	1	45%	3,403		133%
10.00 to <100.00							
100.00 (default)							
Sub-total	**85**	**0.1%**	**32**	**45%**	**178**	**16**	**19%**
Corporates							
0.00 to <0.15	751	0.1%	49	45%	1,027	166	22%
0.15 to <0.25	1	0.2%	3	45%	728		47%
0.25 to <0.50	14	0.3%	3	45%	2,960	8	60%
0.50 to <0.75	3	0.5%	2	45%	5	2	52%
0.75 to <2.50	26	1.9%	1	45%	5	24	93%
2.50 to <10.00	147	2.7%	11	45%	1,419	194	132%
10.00 to <100.00							
100.00 (default)							
Sub-total	**942**	**0.5%**	**69**	**45%**	**1,085**	**394**	**42%**
Total F-IRB							
0.00 to <0.15	832	0.1%	78	45%	948	180	22%
0.15 to <0.25	5	0.2%	4	45%	74	2	35%
0.25 to <0.50	14	0.3%	6	45%	2,921	8	61%
0.50 to <0.75	3	0.5%	2	45%	5	2	52%
0.75 to <2.50	26	1.9%	1	45%	5	24	93%
2.50 to <10.00	147	2.7%	12	45%	1,419	194	132%
10.00 to <100.00							
100.00 (default)							
Sub-total F-IRB	**1,028**	**0.5%**	**103**	**45%**	**1,011**	**410**	**40%**

PD scale							
A-IRB							
Central governments and central banks							
0.00 to <0.15	9,385		60	17%	710	32	0%
0.15 to <0.25	184	0.2%	6	33%	11	33	18%
0.25 to <0.50	7	0.4%	2	47%	876	6	87%
0.50 to <0.75							
0.75 to <2.50							
2.50 to <10.00	36	3.2%	2	47%	1,207	57	156%
10.00 to <100.00							
100.00 (default)							
Sub-total	**9,612**		**70**	**17%**	**698**	**128**	**1%**
Institutions							
0.00 to <0.15	12,731	0.1%	310	44%	483	2,388	19%
0.15 to <0.25	956	0.2%	81	47%	700	424	44%
0.25 to <0.50	653	0.4%	68	46%	1,317	572	88%
0.50 to <0.75	111	0.6%	33	46%	768	91	82%
0.75 to <2.50	101	1.3%	31	58%	528	131	129%
2.50 to <10.00	29	3.1%	40	62%	984	54	188%
10.00 to <100.00							
100.00 (default)							
Sub-total	**14,582**	**0.1%**	**563**	**44%**	**538**	**3,660**	**25%**
Corporates							
0.00 to <0.15	10,406		664	34%	513	799	8%
0.15 to <0.25	1,420	0.2%	157	32%	1,330	414	29%
0.25 to <0.50	861	0.3%	190	27%	1,554	268	31%
0.50 to <0.75	1,340	0.6%	360	26%	1,613	567	42%
0.75 to <2.50	2,759	1.3%	678	32%	990	1,821	66%
2.50 to <10.00	941	4.3%	594	39%	757	1,113	118%
10.00 to <100.00	83	14.2%	606	33%	893	134	160%
100.00 (default)	100	100.0%	44	45%	1,038	150	149%
Sub-total	**17,909**	**1.2%**	**3,293**	**33%**	**801**	**5,265**	**29%**
Corporates – SMEs							
0.00 to <0.15							
0.15 to <0.25	2	0.2%	3	37%	216	1	24%
0.25 to <0.50	2	0.4%	3	44%	496	1	41%
0.50 to <0.75	4	0.6%	34	44%	1,043	2	57%
0.75 to <2.50	9	1.4%	60	43%	441	6	73%
2.50 to <10.00	8	4.1%	94	44%	567	9	109%
10.00 to <100.00	8	12.6%	298	44%	1,946	15	186%
100.00 (default)		100.0%	10	44%	275		92%
Sub-total	**34**	**5.6%**	**502**	**43%**	**899**	**35**	**103%**
Corporates - FS							
0.00 to <0.15	271	0.1%	24	16%	3,306	40	15%
0.15 to <0.25	197	0.2%	29	11%	3,219	26	13%
0.25 to <0.50	302	0.3%	54	12%	2,909	53	17%
0.50 to <0.75	557	0.5%	155	14%	2,933	143	26%
0.75 to <2.50	767	1.4%	211	20%	2,467	408	53%
2.50 to <10.00	61	4.3%	42	18%	1,839	35	58%
10.00 to <100.00		11.7%	1	70%	1,485		339%
100.00 (default)	25	100.0%	9	74%	1,231	35	141%
Sub-total	**2,179**	**1.9%**	**525**	**17%**	**2,788**	**740**	**34%**
Corporates – Other							
0.00 to <0.15	10,135		640	35%	439	759	8%
0.15 to <0.25	1,221	0.2%	125	35%	1,027	387	32%
0.25 to <0.50	556	0.3%	133	35%	822	214	39%
0.50 to <0.75	780	0.6%	171	35%	673	421	54%

0.75 to <2.50	1,983	1.3%	407	36%	421	1,407	71%
2.50 to <10.00	872	4.3%	458	40%	684	1,069	123%
10.00 to <100.00	75	14.4%	307	32%	776	118	157%
100.00 (default)	75	100.0%	25	35%	978	115	153%
Sub-total	**15,697**	**1.0%**	**2,266**	**35%**	**525**	**4,490**	**29%**
Total A-IRB							
0.00 to <0.15	32,522		1,034	33%	558	3,219	10%
0.15 to <0.25	2,560	0.2%	244	38%	1,000	871	34%
0.25 to <0.50	1,521	0.3%	260	35%	1,449	846	56%
0.50 to <0.75	1,451	0.6%	393	27%	1,548	658	45%
0.75 to <2.50	2,860	1.3%	709	33%	973	1,952	68%
2.50 to <10.00	1,006	4.2%	636	40%	780	1,224	122%
10.00 to <100.00	83	14.2%	606	33%	893	134	160%
100.00 (default)	100	100.0%	44	45%	1,038	150	149%
Sub-total A-IRB	**42,103**	**0.5%**	**3,926**	**33%**	**687**	**9,053**	**22%**
PD scale							
Total							
0.00 to <0.15	33,354		1,112	33%	568	3,399	10%
0.15 to <0.25	2,565	0.2%	248	38%	998	873	34%
0.25 to <0.50	1,534	0.3%	266	35%	1,462	854	56%
0.50 to <0.75	1,454	0.6%	395	27%	1,545	659	45%
0.75 to <2.50	2,886	1.3%	710	33%	965	1,976	69%
2.50 to <10.00	1,153	4.0%	648	40%	862	1,418	123%
10.00 to <100.00	83	14.2%	606	33%	893	134	160%
100.00 (default)	100	100.0%	44	45%	1,038	150	149%
Total as at 30/06/2021	**43,131**	**0.5%**	**4,029**	**34%**	**694**	**9,463**	**22%**

❑ COMPOSITION OF COLLATERAL FOR EXPOSURES (CCR5)

Information concerning offsetting is presented in Note 4.2 to Chapter V, "FINANCIAL DATA".

❑ CREDIT DERIVATIVES EXPOSURES (CCR6)

		30/06/2021	
		a	b
	(in millions of euros)	**Protection bought**	**Protection sold**
Notional			
1	Single-name credit default swaps	7,786	11,216
2	Index credit default swaps	8,523	4,239
3	Total swaps	2,037	
4	Credit options		
5	Other credit derivatives	52	
6	**Total notional amounts**	**18,398**	**15,454**
Fair values			
7	Positive fair value (asset)	149	427
8	Negative fair value (liability)	(601)	(62)

❑ STATEMENTS OF RWA FLOWS RELATING TO CCR EXPOSURES IN THE CONTEXT OF IMM (EU CCR7)

(in millions of euros)	RWA amounts	Capital requirements
RWA at the end of the previous reporting period (31/12/2020)	4,191	335
Asset size	222	18
Counterparty credit quality	132	11
Model updates (IMM only)	(24)	(2)
Methodology and policies (IMM only)		
Acquisitions and disposals		
Foreign exchange movements		
Other items	92	7
RWA at the end of the current reporting period (30/06/2021)	***4,613***	***369***

❑ CCP EXPOSURES (CCR8)

	a	b
(in millions of euros)	**Exposure at default**	**Risk-weighted exposure amount (RWEA)**
Exposure to qualifying central counterparties (total)		**398**
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); o/w	6,661	133
(i) OTC derivatives	777	16
(ii) Exchange-traded derivatives	2,101	42
(iii) Securities Financing Transactions	3,783	76
(iv) Netting sets for which cross-product netting has been approved		
Segregated initial margin	5	
Non-segregated initial margin	5,112	117
Pre-funded default fund contributions	339	148
Unfunded default fund contributions		
Exposures to non-qualifying central counterparties (total)		
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); o/w		
(i) OTC derivatives		
(ii) Exchange-traded derivatives		
(iii) Securities Financing Transactions		
(iv) Netting sets for which cross-product netting has been approved		
Segregated initial margin		
Non-segregated initial margin		
Pre-funded default fund contributions		
Unfunded default fund contributions		

B - Capital requirements and risk-weighted assets

❑ TRANSACTIONS SUBJECT TO CAPITAL REQUIREMENT FOR CVA RISK (EU CCR2)

	30/06/2021		31/12/2020	
(in millions of euros)	Exposure at default	Risk-weighted exposure amount (RWEA)	Exposure at default	Risk-weighted exposure amount (RWEA)
Total transactions subject to the advanced method	4,522	1,188	5,354	1,538
i) VaR component (including the 3× multiplier)		198		186
ii) Stressed VaR component (including the 3× multiplier)		989		1,351
Transactions subject to the standardized method	5,578	1,430	2,523	746
Transactions subject to the fall-back approach (based on the original exposure method)				
Total transactions subject to capital requirement for CVA risk	**10,100**	**2,618**	**7,877**	**2,284**

3.3.3.4 Securitization

C – Natixis' securitization exposures

❑ SECURITIZATION EXPOSURES IN THE NON-TRADING BOOK (EU SEC1)

	Bank acting as originator							Bank acting as sponsor				Bank acting as investor			
	Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
	STS		Non-STS			o/w TRS		STS	Non-STS			STS	Non-STS		
(in millions of euros)		o/w TRS		o/w TRS											
Total exposures			**332**	**332**	**2,129**	**2,129**	**2,461**	**773**	**8,108**		**8,881**	**9**	**1,727**		**1,737**
Retail (total)									**1,853**		**1,853**	**9**	**768**		**777**
Residential mortgages									1,665		1,665	9	506		515
Credit cards													22		22
Other retail exposures									188		188		240		240
Re-securitization															
Wholesale (total)			**332**	**332**	**2,129**	**2,129**	**2,461**	**773**	**6,255**		**7,028**		**960**		**960**
Loans to corporates			19	19	2,129	2,129	2,148		4,998		4,998		567		567
Commercial mortgages			313	313			313						2		2
Leases and receivables								773	846		1,619		124		124
Other wholesale exposures									411		411		267		267
Re-securitization															

❑ SECURITIZATION EXPOSURES IN THE TRADING BOOK (EU SEC2)

	Bank acting as originator							Bank acting as sponsor				Bank acting as investor			
	Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
	STS		Non-STS					STS	Non-STS			STS	Non-STS		
(in millions of euros)		o/w TRS		o/w TRS		o/w TRS									
Total exposures												**83**	**318**		**401**
Retail (total)												**78**	**150**		**229**
Residential mortgages												48	136		184
Credit cards													7		7
Other retail exposures												31	7		38
Re-securitization															
Wholesale (total)												**4**	**167**		**172**
Loans to corporates												4	153		157
Commercial mortgages															
Leases and receivables															
Other wholesale exposures													15		15
Re-securitization															

❑ EXPOSURES SECURITIZED BY THE INSTITUTION - EXPOSURES IN DEFAULT AND SPECIFIC CREDIT RISK ADJUSTMENTS (EU SEC5)

	Exposures securitized by the institution - The institution acts as originator or sponsor		
	Total nominal amount outstanding		Total amount of specific credit risk adjustments made during the period
(in millions of euros)		o/w exposures in default	
Total exposures	**14,273**	**179**	**21**
Retail (total)	1,209	13	
Residential mortgages	1,068	2	
Credit cards			
Other retail exposures	141	11	
Re-securitization			
Wholesale (total)	13,064	166	21
Loans to corporates	5,173	154	21
Commercial mortgages	6,317		
Leases and receivables	1,362	12	
Other wholesale exposures	212		
Re-securitization			

D - Capital requirements

❑ SECURITISATION EXPOSURES IN THE NON-TRADING BOOK AND ASSOCIATED REGULATORY CAPITAL REQUIREMENTS - INSTITUTION ACTING AS ORIGINATOR OR AS SPONSOR (EU SEC3)

	Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				PFE			
(in millions of euros)	<= 20%	>20% to 50%	>50% à 100%	> 100% to 1,250%	= 1,250%	SEC-IRBA approach	SEC-ERBA approach	SEC-SA approach	Default approach	SEC-IRBA approach	SEC-ERBA approach	SEC-SA approach	Default approach	SEC-IRBA approach	SEC-ERBA approach	SEC-SA approach	Default approach
Total exposures	**9,739**	**692**	**548**	**335**	**28**	**2,287**	**432**	**8,597**	**26**	**995**	**286**	**1,262**	**325**	**80**	**23**	**101**	**26**
Traditional transactions	**8,312**	**692**	**152**	**29**	**28**	**158**	**432**	**8,597**	**26**	**38**	**286**	**1,262**	**325**	**3**	**23**	**101**	**26**
Securitization	8,312	692	152	29	28	158	432	8,597	26	38	286	1,262	325	3	23	101	26
Retail underlying	1,225	628						1,853				345				28	
o/w STS																	
Wholesale	7,087	64	152	29	28	158	432	6,744	26	38	286	918	325	3	23	73	26
o/w STS	773							773				76				6	
Re-securitization																	
Synthetic transactions	**1,427**		**396**	**306**		**2,129**				**956**				**77**			
Securitization	1,427		396	306		2,129				956				77			
Retail underlying																	
Wholesale	1,427		396	306		2,129				956				77			
Re-securitization																	

❑ SECURITIZATION EXPOSURES IN THE NON-TRADING BOOK AND ASSOCIATED REGULATORY CAPITAL REQUIREMENTS - INSTITUTION ACTING AS INVESTOR (EU SEC4)

	Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				PFE			
(in millions of euros)	<= 20%	>20% to 50%	>50% à 100%	>100% to 1,250%	= 1,250%	SEC-IRBA approach	SEC-ERBA approach	SEC-SA approach	Default approach	SEC-IRBA approach	SEC-ERBA approach	SEC-SA approach	Default approach	SEC-IRBA approach	SEC-ERBA approach	SEC-SA approach	Default approach
Total exposures	**1,460**	**88**	**153**	**33**	**2**		**196**	**1,539**	**2**		**131**	**282**	**27**		**10**	**23**	**2**
Traditional transactions	**1,460**	**88**	**153**	**33**	**2**		**196**	**1,539**	**2**		**131**	**282**	**27**		**10**	**23**	**2**
Securitization	1,460	88	153	33	2		196	1,539	2		131	282	22		10	23	2
Retail underlying	657	59	57	4			60	717			23	156			2	13	
o/w STS	9							9				1					
Wholesale	804	29	96	29	2		135	822	2		108	126	22		9	10	2
o/w STS																	
Re-securitization													4				
Synthetic transactions																	
Securitization																	
Retail underlying																	
Wholesale																	
Re-securitization																	

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)

Type of risk	RWA	PFE
SA	**5,841**	**467**
Interest rate risk (general and specific)	1,819	145
Equity risk (general and specific)	314	25
Foreign exchange risk	2,711	217
Commodity risk	997	80
Options	**368**	**29**
Simplified approach		
Delta-plus method	150	12
Scenario approach	218	17
Securitization	**237**	**19**
Total as at 30/06/2021	**6,446**	**516**
Total as at 31/12/2020	**5,975**	**478**

- **VAR, STRESSED VAR AND IRC ON THE REGULATORY SCOPE (MR3)**

(in millions of euros) - **Period from June 30, 2020 to June 30, 2021**	
VaR (10 days, 99%)	
Maximum value	50.4
Average value	29.8
Minimum value	10.8
Value at end of period	13.2
Stressed VaR (10 days, 99%)	
Maximum value	94.0
Average value	62.6
Minimum value	37.3
Value at end of period	57.8
Incremental Risk Charge (99.9%)	
Maximum value	29.3
Average value	15.5
Minimum value	8.2
Value at end of period	15.4

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

Backtesting is presented in Section 3.2.5.4, "Quantitative market risk measurement data".

❑ MARKET RISK UNDER THE INTERNAL MODELS APPROACH (IMA) (EU MR2-A)

Value at risk (Maximum of both values a and b)	**927**	**74**
Previous day's VaR (Article 365 (1))	188	15
Average of the daily VaR (Article 365 (1)) on each of the preceding 60 business days x multiplication factor (in line with Article 366)	927	74
Stressed VaR (SVaR)	**2,927**	**234**
Latest SVaR (Article 365 (2))	774	62
Average of the daily SVaR (Article 365 (2)) during the preceding 60 business days x multiplication factor (Article 366)	2,927	234
Additional default and migration risk	**402**	**32**
Most recent IRC value (incremental default and migration risks calculated in accordance with Section 3 of Articles 370/371)	402	32
Average IRC over the preceding 12 weeks	336	27
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 as at 30/06/2021	**4,256**	**340**
Total as at 31/12/2020	**7,147**	**572**

3.3.5 LIQUIDITY COVERAGE RATIOS

A - Regulatory liquidity ratios

Since 2010, the Basel Committee introduced new liquidity risk measures:

- the Liquidity Coverage Ratio (LCR, January 2013) is a short-term liquidity ratio whose aim is to ensure that, in stress scenarios, banks hold enough liquid assets to cover their net cash outflows for a 30-day period;
- the Net Stable Funding Ratio (NSFR, October 2014) is a long-term structural liquidity ratio developed to strengthen the resilience of the banking sector by requiring banks to maintain a stable funding profile and by limiting maturity transformation to less than one year.

These new rules were enacted in the European Union through Regulation (EU) No. 575/2013 of June 26, 2013, which laid down the filing obligations in force during the observation period from January 1, 2014 and set forth the conditions of implementation of these prudential requirements. For the LCR, Delegated Regulation (EU) No. 2015/61, published on October 10, 2014, entered into force on October 1, 2015. This regulation was amended by Delegated Regulation (EU) 2018/1620, published on July 13, 2018 and applicable from April 30, 2020.

The NSFR, which the Basel Committee wants to have applied as a minimum requirement from January 1, 2018, was implemented in Europe *via* Regulation (EU) No. 2019/876 (CRR2), which entered into force on June 28, 2021.

To date, European regulations require:

- compliance with the LCR since October 1, 2015; required minimum ratio of 80% at January 1, 2017 and 100% from January 1, 2018;
- compliance with the NSFR with a requirement of 100% from the closing of June 30, 2021.

Natixis calculates the LCR and NSFR on a consolidated basis and operationally manages its liquidity position and liquidity coverage requirements and its refinancing in relation to these two metrics, to comply with a level of at least 100% for both ratios.

Presentation of the LCR at June 30, 2021

The data in the following table are calculated in accordance with the rules of the European Banking Authority published in an ITS (EBA/ITS/2020/04) adopted by the European Commission on March 15, 2021.

For the purposes of these rules, the data published for each quarter show the average monthly figures for the twelve preceding statements.

❑ QUANTITATIVE INFORMATION ON THE LIQUIDITY COVERAGE RATIO (LCR) (EU LIQ1)

Currency and unit: millions of euros	Total non-weighted value (average)				Total weighted value (average)			
Quarter ending on (day/month/year)	**30/09/2020**	**31/12/2020**	**31/03/2021**	**30/06/2021**	**30/09/2020**	**31/12/2020**	**31/03/2021**	**30/06/2021**
Number of points used to calculate average	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
LIQUID ASSETS								
TOTAL LIQUID ASSETS					53,458	54,679	58,285	60,431
CASH OUTFLOWS								
Retail deposits and deposits from small business customers, o/w:	2,740	2,599	2,475	2,395	274	260	247	239
Stable deposits	0	0	0	0	0	0	0	0
Less stable deposits	2,740	2,599	2,475	2,395	274	260	247	239
Unsecured wholesale funding, o/w:	55,260	55,410	57,261	57,023	40,765	40,303	41,660	42,345
Operational deposits (all counterparties)	6,259	5,953	5,788	4,788	1,565	1,488	1,447	1,197
Non-operational deposits (all counterparties)	39,161	40,198	43,199	45,337	29,359	29,555	31,940	34,250
Uncollateralized debt	9,840	9,259	8,274	6,899	9,840	9,259	8,274	6,899
Secured wholesale funding, o/w:					22,339	22,363	23,214	24,912
Additional requirements	54,022	54,653	55,503	56,256	18,344	18,800	19,559	20,247
Outflows related to derivative exposures and other collateral requirements	12,745	12,493	12,175	11,845	8,051	8,101	8,088	7,942
Outflows on collateralized debt	0	0	0	0	0	0	0	0
Credit and liquidity facilities	41,277	42,160	43,328	44,412	10,294	10,699	11,472	12,305
Other contractual funding obligations	22,453	23,200	21,925	20,738	20,601	21,607	20,389	19,282
Other contingent funding obligations	32,349	31,927	32,288	30,984	17,565	24,695	32,288	30,984
TOTAL CASH OUTFLOWS					119,888	128,029	137,359	138,010
CASH INFLOWS								
Collateralized lending transactions (o/w reverse repos)	86,195	77,667	73,349	74,382	8,943	8,139	7,070	6,951
Inflows from fully performing exposures	20,966	19,084	16,552	15,764	19,776	17,965	15,447	14,569
Other cash inflows	31,807	32,090	31,555	32,745	27,605	28,578	28,267	29,329
(Difference between total weighted cash inflows and total weighted cash outflows resulting from transactions conducted in other countries applying restrictions on transfers or which are denominated in non-convertible currencies)					0	0	0	0
(Excess of cash inflows from a related lending institution)					0	0	0	0
TOTAL CASH INFLOWS	138,968	128,841	121,456	122,891	56,324	54,682	50,784	50,848
Cash inflows (exempt from cap)	0	0	0	0	0	0	0	0
Cash inflows (subject to 90% cap)	0	0	0	0	0	0	0	0

Cash inflows (subject to 75% cap)	122,961	118,446	116,842	118,028	59,100	59,049	56,563	56,639
LIQUIDITY BUFFER					**53,047**	**54,450**	**57,914**	**59,711**
TOTAL NET CASH OUTFLOWS					**45,100**	**46,228**	**50,548**	**52,502**
LIQUIDITY REQUIREMENT COVERAGE RATIO (%)					117.6%	117.8%	114.6%	113.7%

❑ NET STABLE FUNDING RATIO (EU LIQ2)

		a	b	c	d	e
(in millions of euros)		Unweighted value by residual maturity				Weighted value
		No deadline	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding items						
1	Capital items and instruments	**18,462**	**0**	**0**	**3,327**	**21,789**
2	*Capital*	18,462	0	0	3,327	21,789
3	*Other capital instruments*	*0*	0	0	0	0
4	Retail customer deposits	*0*	**2,439**	**0**	**0**	**2,195**
5	*Stable deposits*	*0*	0	0	0	0
6	*Less stable deposits*	*0*	2,439	0	0	2,195
7	Wholesale funding:	*0*	**203,347**	**28,781**	**90,224**	**120,914**
8	*Operational deposits*	*0*	4,893	0	0	285
9	*Other wholesale funding*	*0*	198,454	28,781	90,224	120,629
10	Interdependent liabilities	*0*	**0**	**0**	**0**	**0**
11	Other commitments:	**0**	**7,965**	**196**	**2,712**	**2,810**
12	*Derivative commitments affecting the NSFR*	0	*0*	*0*	*0*	*0*
13	*All other capital commitments and capital instruments not included in the above categories.*	*0*	7,965	196	2,712	2,810
14	**Total available stable funding**	0	0	0	0	**147,709**
Required stable funding items						
15	Total High Quality Liquid Assets (HQLA)	0	**0**	**0**	**0**	**15,535**
EU-15a	Encumbered assets with a residual maturity of one year or more in a cover pool	0	**0**	**0**	**0**	**0**
16	Deposits held with other financial institutions for operational purposes	0	**312**	**0**	**0**	**156**
17	Performing loans and securities:	0	**133,265**	**13,207**	**95,851**	**109,186**
18	*Performing securities financing transactions with financial clients secured by high quality Level 1 liquid assets subject to a 0% discount.*	0	20,275	1,489	819	1,755
19	*Performing securities financing transactions with financial clients secured by other assets and loans and advances to financial institutions*	0	90,489	7,344	26,267	37,763
20	*Performing loans to non-financial companies, performing loans to retail customers and small businesses, and performing loans to sovereigns and public sector entities, including:*	0	14,659	3,824	37,667	41,538
21	*With a risk weighting less than or equal to 35% according to the standard Basel 2 approach for credit risk*	0	125	92	2,158	2,222
22	*Performing residential mortgages, o/w:*	0	0	0	0	0
23	*With a risk weighting less than or equal to 35% according to the standard Basel 2 approach for credit risk*	0	0	0	0	0
24	*Other loans and securities that are not in default and are not considered high quality liquid assets, including equities traded on the stock market and commercial loan income recorded on the balance sheet*	0	7,841	549	31,098	28,131
25	Interdependent assets	0	**0**	**0**	**0**	**0**
26	Other assets:	0	**39,944**	**1,831**	**8,527**	**19,006**

27	*Commodities physically traded*	0	0	0	0	0
28	*Assets provided as initial margin in derivative contracts and as contributions to CCP default funds*	0		4,220		3,587
29	*Derivative assets affecting the NSFR*	0		4,867		4,867
30	*Derivative commitments affecting the NSFR before deduction of the variation margin provided*	0		20,102		1,005
31	*All other assets not falling within the above classes*	0	10,755	1,831	8,527	9,547
32	Off-balance sheet items	0	**386**	**1,831**	**6,139**	**7,248**
33	**Total required stable funding**	0	0	0	0	**146,997**
34	**Net stable funding ratio (%)**	0	0	0	0	100.48%

B - Operational management of liquidity ratios

Since June 2013, Natixis has implemented governance for the management of the LCR ratio, notably by setting an upper LCR internal limit. The management of the LCR ratio is part of a Groupe BPCE initiative under the aegis of the Groupe BPCE Finance Department. Natixis' LCR hedging is organized in close cooperation with BPCE and is managed by the joint refinancing pool, acting by delegation of the Financial Management Department on the basis of forecasts. In this context, at Natixis perimeter, the LCR is managed on a daily basis, with a safety margin, via adjustments with BPCE, as the structural over-coverage of the Group's LCR remains managed and supported by the central body BPCE.

3.3.6 Compensation policy

Information relating to the compensation policy and practices of members of the executive body and of persons whose professional activities have a significant impact on the Company's risk profile were published, prior to the General Shareholders' Meeting, on the Natixis website (www.natixis.com).

3.3.7 CROSS-REFERENCE TABLE

CRR Article	Basel Committee/EBA tables and statements	Page of the Second Amendment to the Universal Registration Document	Page of the 2020 Universal Registration Document
Article 435 (a)	EU OVA – Bank risk management approach		124 to 128
Article 435 (a)	CRA – General information about credit risk		129
Article 435 (a)	CCRA – Qualitative disclosures related to counterparty credit risk		129-130
Article 435 (a)	MRA – Qualitative disclosure requirements related to market risk		140 to 144
Article 436 (b)	EU LI1 – Differences between accounting and regulatory scopes of consolidation and mapping of financial statements with regulatory risk categories		172
Article 436 (b)	EU LI3 – Differences between consolidation scopes (entity by entity)		174
Article 436 (b)	EU LIA – Explanations of differences between accounting and regulatory exposure amounts		171 to 174
Article 458	CCyB1 – Countercyclical buffer - Geographical distribution of relevant credit exposures used in the countercyclical capital buffer	61	179
Article 440 (b)	EU CCyB2 - Amount of the institution-specific countercyclical capital buffer	61	
Article 451	LR1 - Comparison of accounting exposures and leverage exposures	65	183
Article 451	LR2 - Leverage ratio	65 to 67	183
Article 451 (1) (b)	EU LR3 - LRSpl: Breakdown of on-balance sheet exposures (excluding derivatives, SFTs and exempt exposures)	68	
Article 438 (c) (f)	EU OV1 - Overview of RWA	69	185
Section 447 (a) to (g) Article 438 (b)	EU KM1 - Model for key indicators	70	
Article 438 last paragraph	EU CR10 – IRB – Specialized Lending and Equities under the simple risk-weighted approach	84	206
Article 438 (c), (d), (e) and (f)	NX01 – EAD, RWA and PFE by approach and by Basel exposure class	37 to 38	137
Article 442 (c)	NX03 – Exposures and EAD and by Basel exposure class		138
Article 442 (d), (e) and (f)	NX05 – EAD by geography and by exposure class	39	138
Article 444 (a), (b) and (c)	NX11BIS – EAD by exposure class and by agency – Standardized approach		186

Article 453 (d)	NX17 – Secured exposure by rating and by type of guarantor		186
Article 442 (a) and (b)	CRBA – Additional disclosure related to the credit quality of assets		280 to 300
Article 442 (c), (g) and (h)	EU CR1 – Credit quality of assets	75	188 to 190
Article 453 (a) (e)	EU CRC – Qualitative disclosure requirements related to credit risk mitigation techniques		135
Article 453 (f) and (g)	EU CR3 – Credit risk mitigation techniques – Overview	71	187
Article 442 (c)	EU CRB-B – Total net and average net amount of exposures		191
Article 442 (d)	EU CRB-C – Geographical breakdown of exposures		192
Article 442 (e)	EU CRB-D – Concentration of exposures by industry or counterparty type		193
Article 442 (f)	EU CRB-E - Maturity of exposures		194
Article 444 (a) (d)	EU CRD – Qualitative disclosures on banks' use of external credit ratings under the standardized approach for credit risk		198 to 199
Article 453 (f) and (g)	EU CR4 – Standardized approach – Credit risk exposure and Credit Risk Mitigation (CRM) effects	77	200
Article 444 (e)	EU CR5 – EAD by asset class and risk weighting (gross exposures)	78	200
Article 452 (a) (c)	EU CRE – Qualitative disclosures related to IRB models		117
Article 452 (e) (h) and (j)	EU CR6 – IRB – Credit risk exposures by portfolio and PD scale	79 to 83	203
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	EU CR8 – RWA flow statements of credit risk exposures under IRB	79	208
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Article 452 (j)	NX16 – Average weighted PD and average weighted LGD by geography		202
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Article 439 (e) and (f)	EU CCR2 – Credit valuation adjustment (CVA) capital charge	90	212
Article 444 (e)	EU CCR3 – Standardized approach - CCR exposures by regulatory portfolio and risk weighting	85 to 86	208
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Article 439 (g) and (h)	EU CCR6 – Credit derivative exposures	88	211
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Article 449 (1)	EU-SEC5 - Exposures securitized by the institution - Exposures in default and specific credit risk adjustments	91	
Article 449 (k)	NX33BIS – Banking book EAD by agency		213
Article 445	EU MR1 – Market risk under the standardized approach	93	216
Articles 105 and 455 (c)	EU MRB A – Qualitative disclosures for banks using the Internal Models Approach (IMA)		130 to 134
Article 455 (a) and (b)	EU MRB B – Qualitative disclosures for banks using the Internal Models Approach (IMA)		130 to 134
Article 455 (e)	EU MR2 – A – Market risk under the Internal Models Approach (IMA)	94	217
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Article 455 (g)	EU MR4 – Comparison of VaR estimates with gains/losses	93	216
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Article 442 (c)	EU CQ1 - Credit quality of forborne exposures	73	
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Article 442 (c) and (e)	EU CQ5 - Credit quality of loans and advances granted to non-financial companies by industry		
Article 442 (c)	EU CQ6 - Collateral valuation - loans and advances		
Article 442 (c)	EU CQ7 - Collateral obtained by taking possession and execution processes		
Article 442 (c)	EU CQ8 - Collateral obtained by taking possession and execution processes - vintage breakdown		
Article 451 (a) (2)	EU LIQ1 - Quantitative information on the liquidity coverage ratio (LCR)	95 to 96	
Article 451 (a) (3)	EU LIQ2 - Net Stable Funding Ratio	97 to 98	

3.3.9 Certification concerning the publication of the information required under Pillar III disclosures

I certify that the quantitative and qualitative information communicated under Pillar III of Basel 3 as of June 30, 2021 is, to the best of our knowledge, published in accordance with the policies implemented to comply with the disclosure requirements under Part 8 of Regulation 575/2013 (CRR) and more specifically the institution's procedures, systems and internal controls implemented to verify that the information published is appropriate and compliant.

Paris, August 6, 2021

Nicolas Namias	Nathalie Bricker
Chief Executive Officer	Chief Financial Officer

IV CHAPTER 4: MANAGEMENT REPORT AT JUNE 30, 2021

4.1 Significant events of the first half of 2021

4.1.1 Macro-economic context

4.1.1.1 Growth and monetary policies

During the first half of 2021, national accounts data (available for the period up to the end of the first quarter of 2021) for the main global economies show a mixed picture. China, which had returned to its pre-pandemic GDP level by the end of 2020, continued to grow at a relatively robust pace. GDP grew by 7.8% year-on-year in the first quarter of 2021. Similarly, the United States experienced very strong growth in the first quarter (6.4% on an annualized basis), propelling its GDP level to 99% of that of the fourth quarter of 2019 at the end of the first quarter of 2021. It made up for the losses related to the pandemic in the first quarter and is expected to exceed this level by the end of the second quarter of 2021. The situation is more complex in the eurozone and the United Kingdom. Both economies recorded a decline in GDP in the first quarter of 2021 of -0.3% and -0.9% respectively, and their GDP figures are expected to remain at 5.1% and 8.7% respectively below the levels seen in the fourth quarter of 2019. Looking more closely, certain nuances should be borne in mind, due to the varying degrees of intensity of the restrictive health measures depending on the geographical area. In the United States, where the vaccination campaign began very early and very quickly at the end of 2020, measures to reopen activities involving greater social interaction, hitherto most affected by health restrictions, were able to restart sooner than in Europe. In addition, Europe has had to deal with an upsurge in the number of infections during the first quarter of 2021 linked to the appearance and spread of a highly contagious British variant. As a result, governments have once again introduced restrictive measures affecting activity. Starting from the United Kingdom, this new wave has spread to many countries of the European Union. Restrictive measures were gradually rolled out in most countries in the eurozone, gaining ground until the middle of the second quarter of 2021. As a result, growth rates have been relatively heterogeneous within the eurozone, reversing the usual picture. While overall GDP fell by 0.3% in the first quarter of 2021 compared to the previous quarter, Germany, which took more restrictive measures at the beginning of the year, recorded the largest decline with -1.8% in the first quarter, followed by Spain with -0.4%, and France with -0.1%, while Italy was the only country to record a slight increase of 0.1% over the quarter. In addition to the health impact, there was a temporary disruption to trade with the United Kingdom due to the entry into force of Brexit.

In summary, in terms of growth, the first half was characterized by a staggered recovery in the major developed economies. Following on from Asia at the end of 2020, it was the United States that benefited from strong growth from the first quarter of 2021, boosted by the rapid implementation of a massive demand-led stimulus package and a clear acceleration of the vaccination campaign from mid-January, leading to a reopening of activities previously restricted by the health measures. In the wake of the United States, Europe is expected to return to growth (one quarter behind the US) that will be clearly visible in the second quarter of 2021.

Although data for the second quarter are not yet available, the monthly indicators available up to May and the confidence surveys up to June, suggest that in all the aforementioned countries, activity was more dynamic than in the first quarter of 2021. On the demand side, an acceleration in household demand was observed as restrictions were lifted: reopening of bars and restaurants, cinemas, culture venues and leisure activities, etc. This resulted in a rebalancing of consumer spending with a slowdown in retail sales in April and May, but an increase in those in the service sector.

Conversely, industrial activity leveled off during the first half of the year. After a recovery phase in the second half of 2020, activity was held back in the first half by health restrictions, as well as shortages of intermediate goods, especially semiconductors, which particularly affected the automotive industry. Thus, despite surveys suggesting more dynamic activity, industrial production did not experience the acceleration expected from the surveys, although it showed resilience until May (latest data available) in the United States as in Europe.

Finally, Asia (excluding China and Japan) is facing a more complex and heterogeneous situation due to the emergence of the Indian variant (Delta), which has spread to neighboring countries while vaccination campaigns remain faltering everywhere. China, for its part, probably reached a growth peak in the first half of the year, although it should remain relatively strong with +7.8% growth in 2021.

So far, despite the strong economic recovery in the United States, job creation has remained disappointing, such that the unemployment rate has been declining slowly since the beginning of the year, with the extension of unemployment benefits *via* the massive recovery plan launched by Joe Biden's Administration, approved in March, having undoubtedly contributed to this situation. At 5.9% in June, the unemployment rate remains far from its pre-pandemic level of 3.5% in February 2020. Far from being tense, the labor market is currently unable to generate wage inflation. In the eurozone, the situation is quite different from that of the United States. The widespread use of short-time working schemes has made it possible to significantly limit the destruction of jobs, simultaneously preserving skills within companies and the purchasing power of employees. So far, after an increase of around one point in unemployment in Q3 2020 (from 7.6% in the second quarter to 8.6% in the third quarter in the eurozone), unemployment rates declined slightly in Q4 and remained relatively stable in the first quarter of 2021. The recovery expected in the second quarter of 2021 should be accompanied by an increase in job creation. In detail, the German unemployment rate stood at 4.5% in the first quarter of 2021 (*vs*. 3.2% in Q4 2019) and that of France was 7.9% (*vs.* 8.2% in Q4 2019).

With the economic recovery, inflation has also made a comeback on both sides of the Atlantic since March 2021. In the United States, the inflation rate jumped from 1.4% in December 2020 to 5.4% in June. Over the same period, consumer prices in the eurozone accelerated from -0.3% year-on-year to +1.9% and from +0.6% to +2.2% in the United Kingdom. This change is mainly due to base effects related to changes in the price of oil. In one year, the price of Brent increased by an average of 38% (from $44 in H1 2020 to $61 in H1 2021). In addition, the lifting of health restrictions has led to an acceleration in demand that is greater than companies' ability to respond. Lastly, certain national features, such as the normalization of the VAT rate in Germany in January 2021 (after being reduced from March to December 2020) explain another part of the increase in inflation in the eurozone. As a reminder, inflation in Germany increased from -0.7% in December 2020 to +1.6% in January 2021 and reached +2.1% in June 2021. In France, consumer prices rose by +1.9% year-on-year in June 2021 (compared to 0% in December 2020).

Faced with the acceleration of inflation, the main central banks have nevertheless maintained their course. They continued to guarantee extremely accommodating financial and monetary conditions. Key interest rates remain at very low levels. The FED and the ECB's asset purchase programs continued with a slight acceleration in the pace of asset purchases by the ECB in the eurozone (with the total amount unchanged) under the Pandemic Emergency Purchase Program (PEPP). Communication from the monetary authorities consisted of a reminder that the factors that led to the increase in inflation were only temporary. The new average inflation target adopted in September 2020 by the FED (2 to 2.3%) enabled it to justify the monetary *status quo* in the face of market pressure. Lastly, the latest communications from the FED's governors mention the start of discussions on tapering, as well as the emergence of divergent voices within the FOMC (seven members out of 18 expect at least one rate hike in 2022). The other major central banks, the Reserve Bank of Australia, the Bank of Canada, the Bank of England, have started to reduce their purchases very gradually under the guise of "technical" reasons relating to the effectiveness of monetary policy or property prices, but they are more likely than not trying to anticipate the FED's next move.

Unlike 2008, 2021 will not be the year of budget tightening. On the contrary, past experience and the extension of the pandemic favor the maintenance of expansionary budgetary policies both in the United States and in Europe. Public deficits are expected to remain at high levels, if not to actually rise, as in France (where the government's announcements indicate a public deficit of 9.4% for 2021 compared to 9.1% in 2020). In addition to the extension of emergency health measures in H1 2021, the national economic recovery plans, partially funded at European level, are a major contributor to this situation.

4.1.1.2 Interest rates

The first quarter of 2021 was marked by a general rise in long-term rates in developed countries, particularly in the United States where the US Treasuries ten-year yield rose by 83 bps to end its run at around 1.75%. Although the FED refused to fight this increase, its commitment to keeping FED Funds rates unchanged resulted in a sharp steepening of the curve, with the two-year US Treasuries rate remaining stable at 0.15%. Due to contagion, European, Japanese and British interest rates followed the same trend. The French ten-year yield rebounded by 29 bps (to reach -0.04%) during the first quarter, compared to an increase of almost 60 bps in the United Kingdom (to 0.80%). This slower recovery in Europe is mainly due to the delay in the European vaccination campaign and announcements by the ECB (significant increase in its bond purchases for three months). In this context, the risk premiums on the bond market remained particularly stable and continue to move between fairly close limits.

The 10-year OAT - Bund spread thus hovered between 20 and 26 bps, while the 10-year BTP - Bund spread has found a new equilibrium point of around 100 bps since the formation of the new Draghi government. In the same way as the US Treasuries curve, the European curves have tended to steepen, as illustrated by the rise in the Euribor three-month - Swap 10Y spread from 28 to 60 bps in the first quarter, thus returning to the levels observed at the end of 2019.

The second quarter of 2021 was the opposite of the previous one, with an uninterrupted steady decline in the majority of long-term rates in developed economies, particularly in the United States where the US Treasuries ten-year yield lost 40 bps to return to the levels of end-February, namely 1.35%.

4.1.1.3 Foreign exchange

During the first quarter of 2021, the dollar rebounded sharply against all the G10 and emerging currencies. The dollar benefited from its role as a safe haven in the face of rising global uncertainties characterized by the third wave of the epidemic, the delay in vaccination campaigns in the rest of the world compared to the United States and tensions between China and the United States. The dollar was also supported by fears of a premature tightening of US monetary policy linked to inflationary fears fueled by the rise in oil prices, but especially the $1,900 billion US stimulus plan. Subsequently, the dollar experienced erratic fluctuations in the second quarter of 2021. It initially corrected a large part of its first-quarter gains, testing a low at the end of May. It then rebounded significantly in June after the FED meeting, which was particularly aggressive due to high inflationary pressures. The markets were especially surprised by the forecasts of the members of the FED in favor of two rate hikes in the year 2023.

In the first quarter of 2021, the EUR was penalized by the strength of the dollar and the downward revision of European growth following the announcement of lockdown measures in most European countries to fight the third wave of the pandemic. For its part, the ECB proved very accommodating, unlike the FED, announcing that it would take the necessary measures to limit the rise in European long-term rates. The EUR/USD rate thus tested a low of 1.1704. In the second quarter of 2021, the EUR/USD rate rose to a high of 1.227 at the end of May before consolidating a large part of its gains to 1.186 at the end of June. Faced with the dollar's rebound, linked to the FED's desire to normalize its monetary policy sooner than expected, the EUR/USD rate failed to take advantage of the good news from the improvement in the activity surveys linked to the easing of lockdown measures and a clear acceleration in vaccination. In the end, the three-month EUR/USD implied volatility continued to decline to levels of 5.3%.

In the first quarter, the GBP recovered against both the EUR and the USD. Sterling was supported by the positive news related to the high level of vaccination of the British population. The EUR/GBP rate fell temporarily below 0.85. There was no significant change in sterling during the second quarter of 2021 after the strong increase in the first quarter. Faced with the Delta variant, the BOE has been more cautious than expected. Against this backdrop, the EUR/GBP rate fluctuated between 0.85 and 0.86.

4.1.1.4 Equities and commodities

After an exceptional increase in Q4 2020, the momentum in favor of equities continued in the first quarter of 2021. The MSCI World $ rose by 4.7% excluding dividends, reflecting a decrease of 1% in January followed by two months of increases of 2.4% and 3.1% respectively.

Equities were driven by the narrative of the macro rebound, reflation and the rise in US rates, which penalized the most expensive equity segments and favored the cyclical/value sectors (banking, autos). The quarter was marked by two episodes of temporary equity risk with the GameStop short squeeze in January and the forced deleveraging of the Archegos hedge funds in March on the Asian side. Europe outperformed over the quarter. The European indices returned to their pre-crisis levels (early 2020) while the S&P 500 and the Dow Jones reached new all-time highs.

The upward directional trend of the main equity indices was maintained in the second quarter of 2021. The MSCI World thus recorded an increase of 7.3% in the second quarter of 2021, bringing its performance at the end of June to +12.3%. The Nasdaq significantly outperformed, up 11.2%. Despite a very positive flow of news from the eurozone, the European indices underperformed the US, posting +4.6% for the Eurostoxx 50 and +5.4% for the Stoxx 600.

Overall, with the exception of a massive catch-up on the Latam side, the direction of equities remains upward, but with an emphasis that has changed compared to the first quarter of 2021 (preference for defensive sectors, underperformance of the Value style), a sign of a market that is in line with the idea of a return to more sluggish growth and inflation, with central banks still being accommodating. Volatilities also reduced.

In the end, over the first half of the year, the MSCI World $ rose by 12%, the S&P 500 by 14.4% and the broad Euro Stoxx by 13.7%. The VIX returned to its lowest level since early 2020, ending the half-year very close to 15%.

Oil prices until the first half of 2021 were mainly driven by the euphoria widely surrounding risky assets exposed to reopening (especially until the first quarter). Brent averaged $45 per barrel in Q4 2020, $55 per barrel in January 2021 and hit $70 per barrel in March. Oil prices faced very limited resistance in the first quarter of 2021, with financial flow indicators remaining robust, and the investment community remaining positive on commodities in a context of broader reflation and commodity super cycles. Oil prices continued their upward trend in the second quarter of 2021, a barrel of Brent averaging $69.1 after starting the quarter at $64.9. Brent closed the second quarter of 2021 at $75.1 per barrel. The increase was fueled by growing optimism on the demand side, as increased vaccination rates in developed economies allowed the gradual easing of restrictions on mobility, increasing oil consumption.

The result of OPEC reductions was the other major price driver in H1 2021. OPEC+ managed the market well in H1 2021, allowing production to be carefully adjusted in the face of an uncertain recovery in demand. The group of producers began the year still keeping a significant volume of oil out of the market, with the total reserve capacity held out of the market by the group equivalent to approximately 7.5 million b/d at the beginning of 2021. At the end of July, the group still kept 5.7 million b/d off the market.

4.1.2 Key events for Natixis' business lines

In the first half of 2021, Natixis continued to roll out its various business lines.

Within the **Asset and Wealth Management** division, the Natixis IM received the following main awards during the first half of 2021:

- **Citywire Professional Buyer / Top 20 Women Portfolio Managers in the United States**: Elaine Kan, Loomis Sayles Inflation Protected Securities, is ranked among the top 20 women portfolio managers in the United States.
- **Investment & Pensions Europe / Top 500 Asset Managers 2021**
  - Natixis Investment Managers - Ranked 16th in the Top 50 Global Managers 2021 and Top 500 Asset Managers;
  - Natixis Investment Managers - Ranked seventh in the Top 30 European institutional asset managers and in the Top 120 European institutional asset managers.
- **Barron's / Best Fund Families of 2020**: Natixis Investment Managers ranked 13th best-performing fund family over a five-year period
- **Refinitiv 2021 Lipper Fund Awards - Europe:**
  - **Mirova** - Ranked best fund in the Bond Small Caps category over a three-year period in Switzerland, England, Europe, Germany and the Netherlands;
  - **Mirova** - Ranked best fund in the Equity Small Caps category over a three-year period in France.

- **Refinitiv Lipper Fund Awards - US**

The Harris Associates, Gateway, Loomis Sayles, Natixis Advisors, Vaughan Nelson and WCM funds received the following awards:

- **WCM International Small Cap Growth Fund, Institutional Class [WCMSX]** - Ranked best international Small/Mid-Cap growth fund over a three-year period;
- **Vaughan Nelson International Small Cap Fund, Institutional Class [ADVLX]** - Ranked best International Small/Mid-Cap Core Fund over a three-year period;
- **Natixis Sustainable Future 2015 Fund, Class N [NSFBX]** - Ranked best mixed target 2015 fund over a three-year period;
- **Natixis Sustainable Future 2020 Fund, Class N [NSFDX]** - Ranked best mixed target 2020 fund over a three-year period;
- **Loomis Sayles High Income Opportunities Fund, Institutional Class [LSIOX]** - Ranked best high-yield fund over a ten-year period;
- **Gateway Fund, Class Y [GTEYX] -** Ranked best neutral alternative fund in relation to the market over a five-year period;
- **Oakmark International Fund, Investor Class [OAKIX] -** Ranked best International Multi-Cap Value Fund over a ten-year period.

In the first half of 2021, the commercial dynamic of **Natixis Wealth Management** was very favorable. The level of inflows was sustained and amounted to €630 million, driven by the distribution of products to the networks. The diversification of Vega-IM's revenues continued with the launch in June of a new delegated management offering open to the general public with the Caisses d'Epargne and Banques Populaires.

The open architecture life insurance brokerage business, driven by Teora by Natixis Wealth Management since July 1, also contributed to these positive results despite a contrasting first quarter.

Reinforced by a market effect, assets under management posted an increase of 7% since December 2020 and reached €32.8 billion. In parallel, outstanding loans increased by 5% to reach €2.3 billion.

At June 30, 2021, outstandings for the **Employee Savings** business line amounted to €30.5 billion, up 8.3% year-to-date and 17.7% year-on-year, driven by the dual impact of the strong recovery in the financial markets and sustained net inflows. Retirement savings (PER / PERCO) have risen by 21% since the beginning of the year, and a growing number of savers (+6.7% since the beginning of the year), confirms its driving role in the continued growth of the employee savings market. Commercial activity from key account customers is buoyant, with a growing number of calls for tenders received in the first half of the year and the acquisition of several large corporate clients over the period. Sales of BPCE's networks are growing at historically high levels and the contribution of new distributors (Aviva and Swiss Life) is promising. Implementation of the partnership with Arial CNP Assurances continued with the signing of a cross-distribution agreement. The launch of the distribution of retirement savings insurance schemes (PER) in the BPCE networks is scheduled for September 2021.

Corporate & Investment Banking has taken up the challenge, in this period of unprecedented crisis, of supporting its clients in the development of their responsible governance.

From the first half of 2021, investment strategies with proactive integration of ESG criteria have been in high demand and demonstrate that many companies are ready to achieve ambitious environmental and social responsibility targets. Numerous impact financing initiatives marked the first half of 2021 for Natixis CIB, which strengthened its pioneering position by being at the forefront of innovation with numerous French and international clients. Equity impact investments also rebounded, seeing demand double.

Natixis CIB achieved good results in France and internationally by continuing to develop its range of solutions and expertise in structured finance, infrastructure finance and capital markets.

Natixis CIB received several awards for its expertise and capacity for innovation in Asia and the US.

Asia-Pacific platform

Activity

The Asia-Pacific platform continued to support its clients on a daily basis and to achieve a solid performance driven by a significant increase in revenues from the Global Markets business lines (strong growth in Credit and Equities activities) and Investment Banking (dynamic M&A and fixed income/DCM activity).

To support the expansion of the Corporate & Investment Banking activities in Asia-Pacific, the platform prepared the process of opening a Securities branch in South Korea.

It also laid the foundations for Natixis APAC's first IT and Technology center of expertise in India. Once operational, this center will strengthen the efficiency and agility of the platform.

Transactions

Natixis supported the further opening of the Chinese capital markets by facilitating cross-border investments through its involvement as joint lead manager in the context of the inaugural issue by the Hong Kong branch of Bank of China of Yulan senior unsecured bonds with a maturity of three years and an amount of US $500 million.

To support its clients' environmental and sustainable development initiatives, Natixis acted as Mandated Lead Arranger for a loan from Olam International to its proprietary platform AtSource. This multi-award winning platform provides sustainability insights for agricultural supply chains.

Awards

Natixis' Asia-Pacific platform received six awards in The Asset's Triple A Sustainable Capital Markets Country & Regional Awards. In terms of awards by country, it was recognized for its participation in the China (offshore) - Best hybrid corporate bond issue; China (Offshore) - Best high yield bond issue; Indonesia - Best acquisition financing, and Malaysia - Best syndicated loan. In terms of regional awards, it was singled out under Best green bond issue and Best blue bond issue- - Banks (quasi-sovereign issuers).

ESR

The Diversity and Inclusion platform, created at the initiative of employees, celebrated its third anniversary and the successful implementation of its first mentoring program, as well as the second edition of the APAC Banking School which aims to build a strong talent pool in the region.

The assistance provided by the Asia-Pacific platform to its long-term partner charity, "PSE - Pour un sourire d'enfant" ("For a child's smile"), has led to the delivery of new, fully renovated and operational classrooms to the main PSE school for disadvantaged children in Phnom Penh, Cambodia.

The Americas platform continued to develop its range of solutions and expertise in structured finance, infrastructure finance and capital markets across the region.

In Latin America, Natixis acted as sole arranger, hedging provider, bank issuing letters of credit and administrative agent for the financing of a portfolio of photovoltaic solar projects in Chile developed by Solek. This transaction, which represents the eighth financing of a decentralized renewable energy project ("PMGD"), of which Natixis has been the sole arranger over the past two years, strengthens the Group's positioning as a leading financial institution and illustrates its commitment to supporting clients in the energy sector and, more generally, the infrastructure segment.

In the Global Structured Credit & Solutions (GSCS) business, the Structured Products team placed 20 CLO transactions in the first quarter. In addition, the ABS team in the United States led, as sole arranger, two asset-backed Property Assessed Clean Energy (PACE) securitization transactions on behalf of FortiFi and Renew.

Among the accolades received in the US market, Natixis rose to the top of IJGlobal magazine's first quarter of 2021 Infrastructure financing ranking, coming second in the Mandated Lead Arranger (MLA) category in North America and fourth in the MLA category in Latin America.

In April, the Americas Corporate & Investment Banking platform completed the transfer of its Plaza V data center to a new secure and managed shared site. This new data center enhances the robustness and resilience of the platform's technology systems by providing enhanced data security and protection and contributes to the achievement of environmental objectives by reducing the data center's carbon footprint.

In the first half of 2021, **the EMEA Platform** saw a good level of activity overall, despite a difficult market context still heavily impacted by the pandemic.

In the United Kingdom and Northern Europe, Natixis distinguished itself with a series of emblematic green & social issues (De Volksbank, NatWest, SBAB and Swedbank). The Standard Life Aberdeen transaction is the perfect illustration of Natixis' O2D business model by enabling the direct sale of loans originated by the Caisse d'Epargne networks for their low-cost housing clients. Natixis also acted as Underwriter, MLA and Hedging Provider in the financing of the acquisition by First Sentier Investors (FSI) of the Wheelabrator Energy assets.

In Germany, the market in the first half of the year was characterized by strong competition for both transactions and talent. Global Markets performed particularly well. The emblematic transaction with LBBW marked the half-year in the field of social issues. In real estate, the financing of a data center near Frankfurt syndicated to a German pension fund was particularly visible in the market.

In Italy, activity was very strong throughout the half-year. A large number of transactions were carried out by most of the business lines.

In Spain, the half-year was marked by the emblematic transaction *Niners* (acquisition by Onivia of the fiber-to-the-home (FTTH) network of the Spanish telecom operator Masmovil). In the Green sector, several emblematic transactions involving FIGs and Corporates were also carried out: Caixabank (COVID and Green bond), Iberdrola (Green Hybrid bond). The branch also received several awards in the FIG (#3 League Table FIG) and DCM Corporate (#9 League Table Corporates) rankings.

In the Persian Gulf, two transactions marked the half-year: refinancing in solar energy with ACWA Power (Shuaibah 3 Expansion II IWP) and Murabaha on the Islamic bond market (Sukuk).

In **Russia,** activity was quieter due to the pandemic.

Finally, **in Africa** the bank was able notably to issue a green bond with the West African Development Bank and took part in a major electrical infrastructure project in Benin, alongside Vinci, covering 1,500 km of transmission lines and distribution networks over the three years of work.

On the **capital markets**, in spite of the persistent health crisis, Natixis has been a source of proposals to its corporate and institutional clients on investment and hedging solutions dedicated to their specific needs in a context of enduringly low interest rates.

On **equity derivatives**, Natixis has refocused on its strategic clients and less risky products while continuing to position itself as a leader in environmental and social responsibility (ESG) savings offerings. It has worked with different index administrators and partnered with Mirova to combine skills with know-how and thus develop new and innovative joint offers for the Banques Populaires and Caisses d'Epargne networks in particular.

In **fixed income,** Natixis has supported its institutional clients in their restructuring operations, opening up new opportunities for its franchise, as well as assisting them in managing their cash flows. The bank has also been proactive with companies by offering them foreign exchange and interest rate hedges adjusted to a context of low volatility. Finally, the bank has prepared for the profound changes associated with the IBOR transition both internally and with its clients.

Global Structured Credit & Solutions (GSCS)

Natixis has mobilized significant resources, alongside BPCE, for the creation of the €14 billion French "Participatory Recovery Loan Fund", supported by the French government and promoted by its Minister of the Economy, Finance and Recovery, Bruno Le Maire.

This system aims to strengthen the balance sheet of small and medium-sized companies and support their investments as well as their development projects after the COVID-19 crisis. The Fund will invest in subordinated debt in the form of participatory loans and will benefit from a first loss guarantee provided by the State for 30% of its outstandings. The loans will be distributed by French commercial banks, including the Banques Populaires and Caisses d'Epargne, as well as Natixis' Corporate Coverage and Regional Coverage within Groupe BPCE.

The Fund completed its first round of fundraising in May 2021, raising a total of €11 billion in initial commitments from 18 insurers. This market-wide effort mobilized multiple stakeholders at Natixis, including the Corporate & Investment Banking "Structuring" team and the Natixis Assurances "Investments" team to launch this initiative, and Natixis Investment Managers International for its contribution as one of the sub-managers.

Real Assets

The Aviation sector remained largely affected by the health crisis in the first half of 2021. However, there has been a significant recovery in passenger traffic in certain domestic markets (US, China, Australia, Russia, etc.).

The ABS market has regained momentum since January, and Natixis' efforts to position itself on this product have resulted in a number of successful transactions, notably with SKY.

Against this backdrop, Natixis remains active, but very selective in its transactions.

After an unusual year in 2020, but during which the fundamentals of the infrastructure sector remained solid, Natixis has already seen a strong rebound in the first half of 2021.

Activity was particularly strong in Europe and the United States.

Natixis has once again arranged numerous Telecom transactions, mainly in Europe, confirming our dominant position in this segment (#2 worldwide in 2020 according to IJGlobal).

We also continued to finance solar parks in Chile (Grenergy and Solek), confirming our leadership position in this region.

Natixis’ financing activity in the Real Estate & Hospitality sector has shown its resilience in a contrasting investment market.

On the strength of its leading position in the European market (#1 MLA & #2 Bookrunner, Dealogic 2020 ranking), Natixis has arranged and distributed numerous financing transactions, some of which meet the Bank’s commitments to support the energy transition.

In the United States, the production of traditional loans was revived.

Natixis also participated in the French (Icade, Carmilla, Unibail) and Spanish (Colonial, Merlin) DCM transactions and posted a good performance in M&A.

Global Trade

Global Trade continued its development in 2021 with a very dynamic first half-year. Among the highlights, SETS - Structured Export Finance completed the VINCI / Benin export finance transaction, the largest export finance transaction concluded for the Republic of Benin and for the Vinci group in West Africa. In addition, the active collaboration between the Green Hub, Energy Industry Group (Traders & Distribution) and Global Trade for the first sustainable European RCF (ERCF) with the Trafigura group puts Natixis at the forefront of developments related to the energy transition in the Commodity Trade Finance segment.

Furthermore, Global Trade continued to innovate in the digital domain, for example with the implementation of My Tracked Transfer G4C and key initiatives in its markets such as the implementation of the Komgo transaction.

M&A

Natixis and the M&A affiliates network carried out numerous large-scale transactions this half-year.

In France, Natixis Partners advised Eurazeo on the acquisition of Aromazone.

In the United Kingdom, Fenchurch Advisory advised IG Group on the acquisition of Tastytrade Inc.

In the United States, PJ Solomon advised Conair on its acquisition by American Securities.

Investment Banking

Within Investment Banking, Acquisitions and Strategic Financing (ASF) had a very dynamic first half of 2021.

In France, Natixis intervened in several capacities in the acquisition led by the investment fund EQT on the Cerba Healthcare group of laboratories: Physical Bookrunner and Facility Agent of the term loan B (€1.5 billion), Joint Lead Bookrunner of the Senior Secured and Senior Unsecured bond issues, and lastly Natixis Partners acted as sales advisor for Partners Group. In the €2.4 billion refinancing of Foncia, a real estate services company majority-owned by Partners Group, Natixis was Global Coordinator and Joint Physical Bookrunner on all term loan B tranches and high yield bonds. Natixis is Facility Agent and Fronting bank for term loan B. For the construction materials company Consolis, owned by the investment fund Bain Capital, Natixis was Global Coordinator and Joint Bookrunner of the inaugural €300 million bond issue and MLA Bookrunner of the RCF, refinancing a State-guaranteed loan set up last year.

In Spain, Natixis financed, as Sole Underwriter and Bookrunner, the acquisition of Alvinesa Natural Ingredients by ICG.

In the animal health sector in the United States, Natixis was involved in the financing of the acquisition of Wedgewood Pharmacy by Partners Group.

Lastly, Natixis took part as Joint Lead Arranger and Joint Bookrunner in the financing of Hertz Corporation as part of the takeover by the investment funds Apollo, Knighthead and Certares for a total financing amount of €2.8 billion (term loans and RCF).

Natixis is the first French bank to create a Business line function under a single department (Strategic Equity Capital Markets), 100% dedicated to all private-side equity consulting, transactions, executions and hedging.

This business line is not only the addition of ECM and SET expertise but also includes brokerage, syndication, convertible bond trading and volatility trading and distribution to achieve complete alignment in terms of origination, pricing and distribution to enable Primary or Structured Transactions.

The primary equity market was active with notable transactions representing major achievements with large caps. SECM was appointed Global Coordinator and Joint Bookrunner on the capital increase with Air France KLM (€1,035 billion) and took part in the largest issue of convertible bonds in France in 2021 for Safran (€730 million) and as the only French bank in the syndicate.

With regard to the bond market, after a particularly active year in the corporate segment in 2020, the market returned to issuance volumes in line with previous years in the first half of 2021. Natixis stands out in this segment by ranking first in the league table for senior euro issues in France.

Natixis managed more than 60 transactions in the first half of 2021, supporting numerous French and international clients. Natixis managed the first greenfield issue for Energean in the United States (four tranches) as well as a double tranche Hybrid Green issue for Iberdrola in Spain.

In the financial institutions market, Natixis ranks fifth in the euro League tables of all financial issuers. Natixis is continuing its commercial development in this segment by managing mandates for new customers: inaugural Covered Bond for Argenta Spaarbank and Covered Bond for The Mortgage Society of Finland.

In Insurance, Natixis confirmed its position as an expert and arranger by managing six transactions in regulatory capital securities for the following issuers: CNP, AXA, Hannover Re and Aéma Groupe.

In the sovereign, supranational and agency market, Natixis joined the top three in the league table in the euro agencies segment and ranked fifth in the euro-denominated municipalities, states and provinces segment, notably participating in issues for the Walloon region, the province of Quebec, the Kingdom of Belgium and the Slovak Republic.

Natixis also distinguished itself by executing a double-tranche deal (eight and 25 years) for the European Union with a record size of €14 billion.

Natixis continues to develop its Social & Green bond franchise with the execution of more than 30 ESG mandates in the first half of 2021: Iberdrola, Orpea, Unedic, Cades, European Union, West African Development Bank, IDA (World Bank Group), AXA, Terna, Banco Santander, etc.

The first half of 2021 was marked for **Personal Insurance** by very dynamic activity in Savings: inflows returned to a higher level than before the health crisis and were up sharply (+63%) compared to the first half of 2020, which had been affected by the first lockdown in France.

A new Life insurance offer was launched in the Caisse d'Epargne and Banque Populaire networks in June, with a strengthened range of services around entry-level delegated management and a focus on targeting of the financial offering by theme. Its new pricing is also better suited to the low interest rate environment.

The new Group Payment protection insurance policy offer was launched in June in the Caisse d'Epargne network and in two pilot Banques Populaires. This offer combines simplicity, flexibility and security to meet customer needs.

The ambition to create a single Non-life insurance operating model for the Group’s individual and professional customers was realized with the successful deployment of the #INNOVE2020 program in the Banques Populaires and Caisses d'Epargne during the course of 2020. With the full exploitation of Groupe BPCE’s potential, the expected acceleration of sales was confirmed in the first half of 2021: driven by the roll-out of new offerings, core products experienced double-digit growth.

The new customer experience model makes it possible to maintain a high level of service quality and gain competitiveness thanks to the new claims management system, redesigned and improved customer pathways, as well as a strengthened digital and agile customer relationship.

In Property & Casualty, claims in the first half of 2021 was marked by an exceptional storm during the month of June.

Finally, the **Insurance** division actively participated in the launch of "participatory recovery loans" (PPR). This system, co-constructed between the French Treasury Department, the French Insurance Federation and the main French banking groups, aims to support SMEs and mid-market companies as they face the consequences of the health crisis and to promote economic recovery. The Insurance division and 17 other insurers thus mobilized to raise an initial €11 billion, an unprecedented volume in France and Europe, which will make it possible to finance 90% of the participatory loans distributed by banks to dynamic companies.

The **Payments** division recorded mixed activity during the first half of 2021, with the first quarter of 2021 still penalized by the COVID-19 crisis, which impacted several activities (stagnation in payment transaction volumes), but which was also driven by dynamic commercial development, followed by a second quarter of 2021 marked by the easing of health restrictions and the sharp upturn in household consumption. The economy has also continued its profound transformation following the health crisis, from which the payments market is benefiting:

- Digitization of local retail *via* e-commerce (growth of four points in the weight of e-commerce card transactions in total card transactions *vs.* 2019) and of meal and gift vouchers issued (e-vouchers issued reached 42% in H1 2021 vs. 22% in Q4 2019);
- "Cashless-ization" through contactless payments (almost one in two transactions were contactless in H1 2021 compared to just under one in three immediately preceding the crisis in H2 2019) and mobile payments (over 36 million transactions processed by Natixis Payments, a volume that more than doubled *vs.* H1 2020).

The Payments division also continued its transformation and maintained the investments required for its future development, notably as part of the BPCE 2024 Strategic Plan:

- ✓ Natixis Payments is pursuing its ambition to become the No. 1 platform in France for employee benefits, by structuring its Bimply brand and completing the acquisition in June 2021 of Jackpot, a start-up specializing in the digitization of vouchers and the issuance of e-gift cards, which will become the sole supplier to Benefits' entities while continuing to offer its solution to companies outside Natixis; The Payments division continued the resumption of Payments activities on behalf of Oney, and the resumption of Sepa flows and the gradual migration of prepaid and retail cards by Natixis Payments. The division also expanded its offer with the launch of Oney Banque Digitale in June and the enhancement of the Payplug offer by payment in installments;
- ✓ Natixis Payments continued to contribute actively to the work related to the European Payment Initiative (EPI) project. EPI is in its general design phase and the work to define its model, carried out in the various national and international working groups, is progressing according to the agreed schedule;
- ✓ Natixis Payments and its fintech Dalenys have also finalized the regulatory projects related to the PSD2 and the 3DS V2, which aim to reduce fraud during online purchases *via* the 3DS protocol and a strong customer authentication system.

This development of the business lines went hand-in-hand with:

- a 5% increase in **liquidity** needs year-on-year;
- the consumption of Basel 3 **RWA** up 4% year-on-year to reach €107.9 billion.

Following the closing of the simplified public tender offer filed by BPCE for the shares of Natixis, open from June 4, 2021 to July 9, 2021 inclusive, on July 13, 2021, BPCE announced that it held 91.80% of the share capital and voting rights of Natixis[11]. In accordance with the opinion of the French Financial Markets Authority, published the same day (D&I No. 221C1758 of July 13, 2021), on July 21, 2021, BPCE squeezed out all Natixis shares that had not been tendered to the public offer,[12] under the same financial conditions as the simplified public tender offer, *i.e.* €4 per Natixis share. As a result, due to the successful implementation of the squeeze-out, Natixis was delisted on July 21, 2021. This change is part of an ambitious industrial project for the development of Natixis' business lines and the simplification of its functional channels that Groupe BPCE has studied [and which may include direct reporting by the Insurance and Payments business lines to BPCE].

4.2 Management report at June 30, 2021

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.

Similarly, following the announcement of the gradual and orderly withdrawal from its partnership with H2O, the contribution of H2O AM is now isolated at the end of the income statement.

4.2.1 Consolidated results

Natixis				
(in millions of euros)	6M 2021	6M 2020 *pro forma*	Change 2021 vs. 2020 Current	Constant
Net revenues	**4,184**	**3,199**	**30.8%**	**36.0%**
o/w business lines	4,153	3,203	29.7%	34.7%
Banking operating expenses	(3,172)	(2,842)	11.6%	15.0%
Gross operating income	**1,012**	**356**	**184.0%**	**218.1%**
Provision for credit losses	(124)	(482)	(74.2%)	
Net operating income	**888**	**(126)**		
Associates	9	(7)		
Gains or losses on other assets	11	3		
Change in the value of goodwill	0	0		
Pre-tax profit	**907**	**(130)**	**N/S**	
Income taxes	(253)	(1)		
Non-controlling interests	(28)	(18)		
Contribution of Coface	7	(145)		
Contribution of H2O	(5)	33		
Net income (Group share) (Reported)	**629**	**(261)**	**N/S**	
Cost/income ratio	75.8%	88.9%		
ROE	6.9%	(3.1%)		
ROTE	9.1%	(4.0%)		

[11] *BPCE is also deemed to hold, by assimilation, (i) 2,461,581 Natixis treasury shares, and (ii) 4,664,262 Natixis shares in respect of put and call options provided for in the liquidity agreements entered into between BPCE and Group employees and executive officers who are beneficiaries of free Natixis shares, together representing approximately 0.23% of the share capital and voting rights. These assimilated shares are not included in the above percentage.*

[12] *With the exception of (i) 2,461,581 Natixis treasury shares, and (ii) 4,664,262 Natixis shares in respect of put and call options provided for in the liquidity agreements entered into between BPCE and the Group employees and executive officers who are beneficiaries of free Natixis shares.*

Analysis of changes in the main items comprising the consolidated income statement

NET REVENUES

The **net revenue** of Natixis amounted to €4,184 million in the first half of 2021, an increase of 36% compared to the first half of 2020 at constant exchange rates.

Net revenues from the business lines was up by 35% at constant exchange rates compared to the first half of 2020 and stood at €4,153 million. The AWM and CIB divisions posted a very strong increase in revenues of +23% and +61% respectively at constant exchange rates, compared to the first half of 2020, which had been strongly impacted by the COVID-19 crisis. Net revenues generated by the Insurance division were up 9% (+6% excluding the impact of the contribution to the solidarity fund in 2020), and that of the Payments division by 18%.

Net revenues for the Corporate Center, which includes Natixis Algérie and Natixis Private Equity run-off activities, amounted to +€1 million compared to -€4 million in the first half of 2020. They include +€30 million for the return of foreign-currency DSNs to the historic exchange rate, versus -€1 million in the first half of 2020.

OPERATING EXPENSES AND HEADCOUNT

Recurring expenses, at €3,172 million, were up 15% compared to the first half of 2020 at constant exchange rates, mainly explained by the increase in performance-related variable compensation. Asset & Wealth Management expenses were up 15% at constant exchange rates. Corporate & Investment Banking expenses were up 16% at constant exchange rates. The expenses of the Insurance and Payments divisions were up 5% and 9% respectively. Corporate Center expenses were up at €381 million compared to €281 million in the first half of 2020, explained by a base effect in 2020 with particularly low operating expenses during the crisis and an increase in variable compensation for support functions in 2021 in the context of recovery and improved earnings. They include the contribution of €137 million to the Single Resolution Fund compared to €161 million in the first half of 2020.

Headcount at the end of the period stood at 16,255 FTEs at the end of June, up 3% year-on-year, with a slight increase of 2% in the business lines, and a rise of 5% in the Corporate Center after expanding the control functions and developing the IT teams in Porto. It should be noted that, compared to December 31, 2020, 380 FTEs were transferred from Natixis to BPCE IT as part of a project to reorganize the IT functions. A *pro forma* adjustment was carried out on the 2020 headcount figures for comparability.

GROSS OPERATING INCOME

Gross operating income amounted to €1,012 million in the first half of 2021, a very strong rebound compared to the first half of 2020 (€356 million), which was penalized by the crisis.

PRE-TAX PROFIT

Provision for credit losses amounted to €124 million in the first half of 2021, down sharply compared to the first half of 2020 (€482 million). The business line provision for credit losses in relation to outstandings was xx basis points in the first half of 2021 compared to xx basis points in the first half of 2020.

Revenues from **Associates** totaled €9 million in the first half of 2021 compared to a negative €7 million in the first half of 2020.

Gains and losses on other assets amounted to €11 million in the first half of 2021 compared to €3 million in the first half of 2020.

The **change in the value of goodwill** item was zero in the first half of 2021.

Recurring pre-tax profit thus amounted to €907 million in the first half of 2021 compared with a negative contribution of €130 million in the first half of 2020.

RECURRING NET INCOME (GROUP SHARE)

Recurring tax **expenses** came to €253 million in the first half of 2021, with an effective tax rate of 28.6%.

Non-controlling interests amounted to a negative €28 million in the first half of 2021 compared to a negative €18 million in the first half of 2020.

The **Coface contribution**, isolated in the presentation of the income statement, amounted to €7 million in net income in the first half of 2021 (excluding dividends recorded in net revenues of €11 million) and corresponds to the recognition in Gains or losses on other assets of the impact of the stock market price recorded when significant influence over Coface was lost and the residual interest was reclassified as a financial investment. In the first half of 2020, it represented a negative €145 million, including the one-off impacts related to the disposal (-€119 million in gains or losses on other assets and -€7 million in equity-accounted associates in the first quarter of 2020, and -€29 million in equity-accounted associates in the second quarter of 2020).

The contribution of H20, now isolated in the presentation of the income statement, represented -€5 million in the first half of 2021 corresponding to the change in translation adjustments related to the EUR/GBP rate. In the first half of 2020, the contribution of H20 amounted to €33 million in net income.

This led to a positive **accounting net income** of €629 million in the first half of 2021 compared to a loss of -€261 million in the first half of 2020.

The **consolidated management ROE** after tax (excluding exceptional items and the impact of IFRIC 21) was 8.3% in the first half of 2021 for an accounting ROE (including exceptional items and the impact of IFRIC 21) of 6.9%.

The **consolidated management ROTE** after tax (excluding exceptional items and the impact of IFRIC 21) stood at 10.9% for the first half of 2021 for an accounting ROTE (including exceptional items and the impact of IFRIC 21) of 9.1%.

4.2.2 Analysis by Natixis main business lines

4.2.2.1 Asset and Wealth Management

AWM				
(in millions of euros)	6M 2021	6M 2020 *pro forma*	Change 2021 vs. 2020 Current	Constant
Net revenues	**1,586**	**1,364**	**16.3%**	**22.6%**
Asset Management	*1,448*	*1,239*	*16.8%*	*23.9%*
Wealth Management	*86*	*77*	*12.0%*	*12.0%*
Employee savings schemes	*52*	*48*	*8.8%*	*8.8%*
Banking operating expenses	(1,198)	(1,088)	10.1%	15.5%
Gross operating income	**388**	**276**	**40.6%**	**51.8%**
Provision for credit losses	(2)	(10)	(83.8%)	
Net operating income	**386**	**266**	**45.4%**	
Associates	1	1	(6.8%)	
Gains or losses on other assets	1	2	(46.1%)	
Change in the value of goodwill	(3)	(7)	(63.8%)	
Pre-tax profit	**385**	**261**	**47.7%**	
Cost/income ratio	75.5%	79.8%		
Equity (Average)	4,592	4,613	(0.5%)	
ROE	11.1%	8.7%		

As indicated at the beginning of Natixis' management report, the data are presented excluding the contribution of H20.

Revenues from the Asset & Wealth Management division were up by 23% compared to the first half of 2020 at constant exchange rates (+16% at current exchange rates), at €1.6 billion, driven by assets under management.

Expenses increased by 15% at constant exchange rates (+10% at current exchange rates) and amounted to €1.2 billion, mainly due to the increase in variable compensation linked to the increase in revenue.

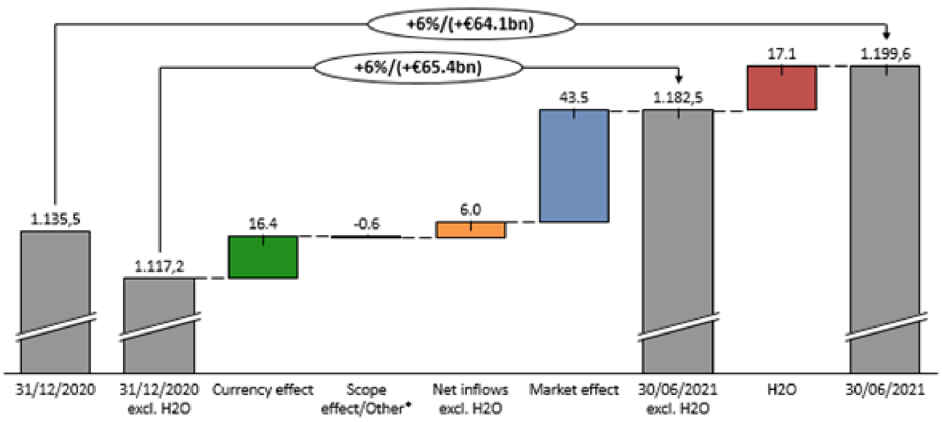
Gross operating income increased by 52% at constant exchange rates (+41% at current exchange rates) to €387.9 million.

The division's **ROE** amounted to 11.1%, up by 2.4 points compared to the first half of 2020, at current exchange rates.

A - ASSET MANAGEMENT

Assets under management at the end of June 2021 amounted to €1,182.5 billion (excluding H2O), up by €65.4 billion, or 6% at current exchange rates (+€49.0 billion and +4% at constant exchange rates) compared to December 31, 2020. They were mainly driven by the very favorable market effect (+€43.5 billion) and inflows (+€6.0 billion).

CHANGE IN ASSETS UNDER MANAGEMENT OVER SIX MONTHS *(IN BILLIONS OF EUROS)*



(*) Scope effect for 2021: transfer of Natixis Wealth Management to VEGA Investment Management as of the first quarter *2021, and change in reporting method for Private debt during the half-year.*

The business line recorded net inflows of €6.0 billion over the half-year, including €10.3 billion in long-term products partly offset by a net outflow of €4.3 billion in short-term products at Ostrum.

- In the United States, net inflows amounted to €9.3 billion, mainly driven by WCM Investment Management (equity products), Loomis Sayles & Co (fixed income products) and Harris Associates (equity products);
- Net inflows from Private Equity companies amounted to €2.0 billion, mainly at Vauban Infrastructure Partners and Naxicap Partners;
- In Asia, outflows amounted to €300 million at Investors Mutual Limited (equity products);
- In Europe, excluding money market products, net outflows amounted to €0.6 billion, mainly at Ostrum Asset Management (life insurance products), partly offset by Mirova (equity products) and AEW Europe (real estate products).

The distribution platforms recorded long-term net inflows of €4.4 billion over the half-year (up by €2.6 billion for **NIM US Distribution** and €1.8 billion for **NIM International Distribution**).

Average outstandings of €1,062.8 billion in the first half of 2021 were up (+34.9% or 16.8% excluding Ostrum) compared to the first half of 2020. The rate of return on outstandings at 37.8 basis points excluding Ostrum (a total of 23.6 basis points) was down by only 0.2 basis points compared to June 30, 2020 at constant exchange rates (down by 3.6 basis points in total).

As of June 30, 2021, net revenues of €1,447.5 million were up by €208.5 million or 17% compared to June 30, 2020 (+24% at constant exchange rates) with a scope effect related to La Banque Postale Asset Management contributions of €17.6 million in the first half of 2021. The favorable change in net revenues during the half-year was driven by the strong increase in fees and commissions in the United States and Europe in line with the increase in average outstandings, higher financial income linked to the positive impact of the valuation of the seed money portfolio and payment of higher dividends for WCM Investment Management and, to a lesser extent, higher outperformance fees and commissions (notably in the United States); partially offset by other revenues penalized by a base effect with the reversal of a price adjustment in 2020 related to a previous acquisition.

Expenses amounted to €1,078.7 million, up by €105.0 million or 11% compared to June 30, 2020 (+17% at constant exchange rates) with an LBPAM scope effect of €16.5 million in the first half of 2021. The increase in expenses was driven by the increase in internal personnel costs, mainly variable compensation (particularly in the United States, the Federation and Europe) in line with the favorable trend in results, and fixed compensation driven by headcount growth with the development of the business.

B - WEALTH MANAGEMENT

In the first half of 2021, the **business line's net revenues were up** by 12%, or €9.3 million, **to €86.4 million** compared with the same period in 2020. This increase is mainly due to the increase in fees and commissions on outstandings and performance fees and commissions, as well as the strong performance of the financial margin.

Expenses amounted to €78.7 million, up by 4% compared to the first half of 2020, mainly related to internal personnel costs.

C - EMPLOYEE SAVINGS

Assets under management at the end of June 2021 amounted to €30.5 billion, up by €2.3 billion or 8% compared to December 31, 2020, driven by a very favorable market effect in the first half (+€1.6 billion at the end of June) and net investments of €743 million.

Average assets under management for the first half of the year amounted to €29.1 billion, and were up on the first half of 2020 (+15%).

At June 30, 2021, net revenues of €51.8 million were up by 9% compared to June 30, 2020, mainly driven by management fees, which benefited from the volume effect and the improvement in the rate of return on outstandings.

Expenses amounted to €40.3 million, up 6% compared to the first half of 2020, mainly due to the increase in IT expenses in the absence of project capitalization and, to a lesser extent, the increase in variable personnel costs (employee profit-sharing).

4.2.2.1 Corporate & Investment Banking

CIB & TCM				
(in millions of euros)	6M 2021	6M 2020 *pro forma*	Change 2021 vs. 2020 Current	Constant
Net revenues	**1,840**	**1,191**	**54.6%**	**61.4%**
Global Markets	874	379	130.6%	139.5%
Fixed Income	599	642	(6.7%)	(5.1%)
Equity	275	(208)		
XVA desk	0	(55)		
Global Finance	290	276	5.1%	11.0%
Investment Banking	231	202	14.2%	17.4%
Other items	445	333	33.5%	40.2%
Banking operating expenses	(1,166)	(1,036)	12.5%	15.6%
Gross operating income	**674**	**154**	**337.4%**	**411.6%**
Provision for credit losses	(109)	(469)	(76.8%)	
Net operating income	**565**	**(315)**		
Associates	6	5	17.9%	
Gains or losses on other assets	0	0		
Change in the value of goodwill				
Pre-tax profit	**571**	**(310)**		
Cost/income ratio	63.4%	87.1%		
Equity (Average)	7,609	6,939	9.7%	
ROE	11.1%	(6.6%)		

In the first half of 2021, **net revenues** from Corporate & Investment Banking amounted to €1,840 million, up 61.4% compared to the first half of 2020 at constant exchange rates.

Revenues from **market activities** amounted to €874 million in the first half of 2021, an increase of 139.5% compared to the first half of 2020 at constant exchange rates.

At €599 million in the first half of 2021, revenue from **Fixed Income, FX, Credit, Commodities and Treasury activities** was down by 5.1% compared to the first half of 2020 at constant exchange rates. The following changes were observed in each segment:

- Revenue from **Fixed Income and FX** activities was down by 14.1% to €163 million including an exceptional charge of -€18.5 million related to provisioning for litigation. Excluding this one-off item, revenue was down by 4.3% to €181 million. Revenue from **Fixed Income** was up by 59.5% to €144 million due to more dynamic commercial activity at the beginning of 2021, while the **FX** business was down sharply by 62.3% to €37 million, suffering from an unfavorable base effect in a context of high currency volatility in the first four months of 2020, which generated a strong demand for hedging from customers;
- Revenue from **Credit** activities was up by 20.9% compared to the first half of 2020 to €273 million, benefiting from an active securitization market in the first half of 2021, unlike the first half of 2020, which saw a virtual shutting down of this market in the context of the health crisis;
- Revenues from **Repos** activities, split 50/50 between Fixed Income and Equity, amounted to €191 million, a limited decrease of 1.5% compared to the first half of 2020, the abundant liquidity available on the markets following the implementation of a new TRTLO by the Central Bank in June 2020 and strong pressure on margins penalizing the activity in the first half of 2021.

With revenues of €275 million, **Equity** activities increased significantly compared to the first half of 2020, when the business line had recorded negative revenues of €211 million at constant exchange rates, having been subject to unfavorable market conditions with very high volatility in the equity markets and very negative dividend adjustments linked to decisions to cancel dividend payouts.

Revenues from JV activities (*i.e.* whose results are also split between Global Markets and Investment Banking) posted a mixed performance in the first half of 2021.

Revenues from Strategic financing and acquisitions rose by 4.3% to €89 million, driven by a high volume of new production on acquisition financing and with a high basis of comparison, the first half of 2020 having seen strong demand for loans from Corporate customers, in particular through State-Guaranteed Loans (SGL).

Bond market syndication recorded revenues of €75 million, down 8.6% compared to the first half of 2020 in a primary bond issuance market that remained dynamic, particularly in the first quarter of 2021, but which was still lower than in 2020, which had seen a historic issue peak for all customer segments in the context of the health crisis.

At €728 million, revenues from **Financing** including **Global Trade** and **film industry financing** (Coficiné) were up by 23.3% compared to the first half of 2020 at constant exchange rates.

Revenues from **origination and syndication of Real Assets** amounted to €113 million, an increase of 16.5% compared to the first half of 2020, benefiting from dynamic activity in the various sectors, in particular Infrastructure and Energy compared to a sharp slowdown in the first half of 2020 due to the COVID-19 crisis. At €438 million in the first half of 2021, revenue from the **financing portfolio** was up by 33.0% at constant exchange rates, mainly driven by an increase in net interest income. Revenues from **Global Trade** increased by 7.9% at constant exchange rates to €166 million, notably benefiting from a higher average oil price than last year.

Revenue from **Investment Banking** including **M&A** was up by 17.4% compared to the first half of 2020 at constant exchange rates with cumulative revenues of €231 million and a very dynamic M&A business in the first half of 2021.

In the first half of 2021, Corporate & Investment Banking **expenses** amounted to €1,166 million, up 12.5% at current exchange rates and 15.6% compared to the first half of 2020 at constant exchange rates. Excluding TEO expenses classified as exceptional items in the first half of 2021 for €8 million, expenses were up by 14.9% at constant exchange rates including a strong increase in variable compensation in line with the improvement in results compared to the first half of 2020. Excluding variable compensation for the business lines, expenses increased by 1.8% at constant exchange rates.

Gross operating income amounted to €674 million, up by €542 million compared to the first half of 2020 at constant exchange rates. The **cost/income ratio** stood at 63.4% in the first half of 2021 (and 62.5% with a linearized IFRIC 21 impact), an improvement of 25.1 points compared to the first half of 2020 (88.5%).

At €109 million, the **provision for credit losses** was down sharply compared to the first half of 2020, which had seen a deterioration in risk on several items in the commodities sector, as well as the impact of fraud and IFRS 9 provisions in the context of the health crisis.

Pre-tax profit was €571 million compared to a negative profit of €310 million in the first half of 2020 at current exchange rates.

The **ROE after tax** stood at 11.1% in the first half of 2021 compared to a negative ROE of 6.6% in the first half of 2020 at current exchange rates.

4.2.2.3 INSURANCE

Insurance			
(in millions of euros)	**6M 2021**	**6M 2020** ***pro forma***	**Change 2021 vs. 2020**
Net revenues	**492**	**451**	**9.2%**
Banking operating expenses	(263)	(250)	5.1%
Gross operating income	**230**	**201**	**14.3%**
Provision for credit losses			
Net operating income	**230**	**201**	
Associates	3	(13)	
Gains or losses on other assets			
Change in the value of goodwill			
Pre-tax profit	**233**	**188**	
Cost/income ratio	53.4%	55.4%	
Equity (Average)	1,026	930	10.3%
ROE	32.9%	27.6%	

The first half of 2021 was marked by very dynamic commercial activity in the two business lines of the Insurance division.

With €6.4 billion in premiums in direct business, Life insurance inflows recorded a sharp rebound (+63%) compared to the first half of 2020. Inflows were thus exceeded their pre-health crisis level: +19% compared to the first half of 2019. Unit-linked premiums increased by 69% and amounted to €2.4 billion; they represented 37.7% of total gross inflows, an increase of 1.3 points compared to the first half of 2020. Gross inflows invested in the euro fund increased by 60% to reach €4.0 billion.

At €594 million, contributions to Personal protection and Payment protection insurance increased at a sustained pace (+17%). Premiums on Personal Protection insurance rose 10%, mostly driven by the Caisse d'Epargne network (+18%) which now represents 41% of the business. Payment protection insurance premiums were up by 20% thanks to the commercial dynamism of the networks and the change in the co-insurance share of new business since January 1, 2020 (from 34% to 50%).

In Non-life insurance, the portfolio reached 6.7 million policies, an increase of 6% driven by the sales momentum in both networks. Gross sales, up by 38%, illustrated the successful roll-out of the new Auto and Multi-Risk Homeowners' insurance offers. At €888 million, earned premiums increased by 8% with very strong growth in activity in the Banque Populaire network (+11%), but also in the Caisse d'Epargne network (+6%). In terms of products, the increase was driven by the core range with +11% in Auto, +10% in MRH, and +7% in Life Accident Cover in line with the growth of the portfolio and the changes to pricing.

Net revenues from Insurance activities amounted to €492 million, up 9% compared to the first half of 2020, due to:

- growth of 8% in net revenues from Personal Insurance, which benefited from the 12% increase in Life insurance investments and the rise in the financial markets. Net revenue growth also benefited from the strong performance of the Personal protection and Payment protection insurance activities, with notably an improvement in lost-time claims;
- the growth of 1% in Non-life insurance net revenues with a claims ratio that returned to nominal levels after a year in 2020 marked by the health crisis;
- the non-renewal of the exceptional contribution of €14 million to the Solidarity Insurance Fund implemented by the government and recorded in the first half of 2020.

Operating expenses stood at €263 million, up 5%. This change helped to support business growth.

Gross operating income rose 14% to €230 million.

The division's ROE was 32.9%, up by 5.3 points compared to the first half of 2020.

4.2.2.4 PAYMENTS

Payments			
(in millions of euros)	6M 2021	6M 2020 *pro forma*	Change 2021 vs. 2020
Net revenues	**235**	**198**	**18.5%**
Banking operating expenses	(204)	(188)	9.0%
Gross operating income	**30**	**10**	**189.4%**
Provision for credit losses	(7)	2	
Net operating income	**23**	**12**	**86.0%**
Associates			
Gains or losses on other assets	0		
Change in the value of goodwill	0		
Pre-tax profit	**23**	**12**	**88.5%**
Cost/income ratio	87.2%	94.7%	
Equity (Average)	414	397	4.3%
ROE	8.2%	4.4%	

The **Payments** division enjoyed mixed results in the first half of 2021:

- ✓ A first quarter of 2021 still penalized by the COVID crisis, which impacted several activities (stagnation in payment transaction volumes instead of natural growth, decline of 7% in the use of meal vouchers *vs.* the first quarter of 2020 due to the closure of restaurants) but also driven by commercial development, which is reflected in the issue volumes of meal and gift vouchers (+22% by issue volume *vs.* the first quarter of 2020), Dalenys / Payplug e-commerce flows (+30% by volume *vs.* the first quarter of 2020) and Comiteo marketplace sales (+74% in millions of euros *vs.* the first quarter of 2020);
- ✓ A second quarter 2021 driven by the easing of health restrictions and a clear upturn in household consumption. All the activities of the Payments division benefited from this recovery: the number of transactions and Payments direct debits (+26% *vs.* the second quarter of 2020, thus returning to a higher level than in 2019), the use of meal and gift vouchers, (+55% by volumes reimbursed *vs.* the second quarter of 2020), and e-commerce flows from Payplug / Dalenys (+59% by volume *vs.* the second quarter of 2020).

In addition, the economy has continued its in-depth transformation following the health crisis from which the payments market is benefiting: the digitization of local stores *via* e-commerce, and "cashless-ization" through contactless payment (almost one in two transactions were contactless in H1 2021 compared to a little under one in three just before the crisis in H2 2019), and mobile payments.

Revenues from Payments at €234.6 million were up by 18% (+€36.6 million) compared to the first half of 2020. The division's strong revenue growth was driven by the historical activities of processing payment flows and service vouchers in connection with the easing of health restrictions in the second half of 2021, combined with the continued development of the division's e-commerce activities due to the acceleration of the digitization of the economy.

Payments division expenses, at €204.4 million, increased by 9% (+€16.9 million), in line with the human and IT investments required to develop the division, as well as the increase in operating costs due to the resumption of activity and actions implemented to develop the Bimply brand dedicated to corporate employee benefit offerings and products.

In total, **gross operating income of €30.1 million** rose by €19.7 million and pre-tax profit increased by €11 million after taking into account the change in the provision for credit losses.

The division's ROE amounted to 8.2%, up by 3.7 points compared to the first half of 2020.

4.2.2.5 Corporate Center

Corporate Center (excluding TCM)			
	6M 2021	**6M 2020** *pro forma*	**Change 2021 vs. 2020** **Current**
(in millions of euros)			
Net revenues	**31**	**(4)**	**(818.0%)**
Algeria	25	28	(9.6%)
NPE	0	(5)	
Cross functions	6	(28)	
Banking operating expenses	(341)	(281)	21.4%
Gross operating income	**(310)**	**(285)**	**8.6%**
Provision for credit losses	(7)	(5)	32.7%
Net operating income	**(317)**	**(290)**	**9.1%**
Associates	0	0	
Gains or losses on other assets	9	2	
Change in the value of goodwill	3	7	
Pre-tax profit	**(305)**	**(281)**	**8.3%**

N**et revenues** from the Corporate Center amounted to €31 million at the end of June 2021, compared with a negative €4 million at the end of June 2020.

A - NATIXIS ALGERIE

At constant exchange rates, average short-term outstanding loans increased by 8% due to the increase in the financial and cash management needs of the Bank's large and medium-sized corporate clients, while average medium- and long-term outstanding loans remained stable compared to the first half of 2020. Customer deposits were up by 9%, thanks to the increase in demand and savings account deposits.

Off-balance sheet commitments decreased by 6%, mainly concerning documentary credits related to the decline in imports in Algeria.

Natixis Algérie posted **net revenues** down by 10% compared to the first half of 2020, at €25.3 million. Excluding the unfavorable foreign exchange effect of €4.2 million (including €3 million on interest income), net revenues increased by 6% with (i) the increase in income from equity investments (+31%, mainly income from investments in Treasury bills), (ii) the rise in the net margin (+13%), due to the increase in interest received (+7%) in line with the growth in loans, combined with the decrease in interest paid (-6%), explained by the rise in the volume of customer deposits on non-interest-bearing demand accounts. These increases were partially offset by the reduction in commissions on foreign exchange transactions.

Provision for credit losses amounted to -€1.0 million, down by €2.2 million compared to the first half of 2020.

B - NATIXIS PRIVATE EQUITY (NPE)

Natixis Private Equity's commitments were up by 6% compared to the first half of 2020.

Cash at risk commitments increased by 8% to €40.8 million (mainly explained by positive revaluations of the Venture funds). Off-balance sheet commitments, at €13.4 million, were down by 2% compared to the first half of 2020 due to a call for funds made in the third quarter of 2020 (Ventech IV fund).

N**et revenues,** at €0.5 million, were up by €5.1 million compared to the first half of 2020.

C - CROSS-BUSINESS FUNCTIONS

N**et revenues** from Cross-Business Functions amounted to €6 million at the end of June 2021 compared to a negative €28 million at the end of June 2020.

- Exchange rate fluctuations on deeply subordinated notes issued in dollars amounted to +€30 million at the end of June 2021 compared to -€1 million the previous year;
- The FVA DVA hedge was valued at -€3 million at the end of June 2021 compared to -€18 million at the end of June 2020.

Excluding these items, net revenues amounted to -€22 million at the end of June 2021, compared to -€9 million at the end of June 2020.

Corporate Center **expenses** totaled €341 million at the end of June 2021 compared to €281 million at the end of June 2020 and included:

- the contribution to the Single Resolution Fund of €137 million for 2021 versus €165 million in 2020;
- excluding this item, expenses amounted to €204 million at the end of June 2021 compared to €116 million at the end of June 2020; they mainly comprised:
  - support function expenses net of reallocations to Natixis' business lines amounting to €98 million at the end of June 2021, up by €29 million compared to the end of June 2020, due mainly to variable compensation,
  - Cross-business expenses of €91 million, up by €64 million compared to the end of June 2020, mainly for variable compensation and strategic projects.

Gross operating income stood at -€310 million at the end of June 2021 *versus* -€285 million at the end of June 2020.

Provision for credit losses of the Corporate Center amounted to -€7 million at the end of June 2021 compared to -€5 million at the end of June 2020.

Pre-tax profit was -€305 million at the end of June 2021 compared to -€281 million at the end of June 2020.

4.2.2.6 Provision for credit losses

Provision for credit losses was -€124 million as at June 30, 2021, of which -€99 million was in respect of non-performing loans and -€25 million in respect of performing loans. Provision for credit losses was -€482 million as at June 30, 2020, of which -€388 million in respect of non-performing loans and -€94 million in respect of performing loans.

Total provision for credit losses by division

(in millions of euros)	**30/06/2021**	**30/06/2020**
Corporate & Investment Banking	(109)	(469)
Insurance	0	0
Asset & Wealth Management	(1)	(10)
Payments	(7)	2
Other	(7)	(5)
Total provision for credit losses	**(124)**	**(482)**

Total provision for credit losses by geographic area

(in millions of euros)	**30/06/2021**	**30/06/2020**
EMEA	(95)	(199)
Central and Latin America	24	(41)
North America	(10)	(106)
Asia and Oceania	(43)	(136)
Total provision for credit losses	**(124)**	**(482)**

Appendix to 4.2.2 – Consolidated Results

1 - Management results reclassified as consolidated results for the first half of 2021

Natixis - 6M 2021											
	6M 2021	Non-recurring items						6M 2021	Coface reclassification	H2O reclassification	6M 2021
(in millions of euros)	Investor Relations	AWM	CIB	Insurance	Payments	Corporate Center	Coface	Restated			Reported
Net revenues	**4,172**		**(19)**			**30**		**4,184**		**39**	**4,223**
Banking operating expenses	(3,101)	(12)	(8)	0	(1)	(50)		(3,172)		(28)	**(3,200)**
Gross operating income	**1,072**	**(12)**	**(26)**	**0**	**(1)**	**(20)**		**1,012**		**11**	**1,023**
Provision for credit losses	(124)					0		(124)			**(124)**
Net operating income	947	(12)	(26)	0	(1)	(20)		888		11	**898**
Associates	9					0		9	7		**16**
Gains or losses on other assets	11	0				0		11	0	(8)	**2**
Change in the value of goodwill	0					0		0			**0**
Pre-tax profit	**967**	**(12)**	**(26)**	**0**	**(1)**	**(20)**		**907**	**7**	**3**	**917**
Income taxes	(269)	3	7	0	0	5		(253)		(4)	**(257)**
Non-controlling interests	(30)	2				0		(28)		(3)	**(31)**
Contribution of Coface						0	7	7	(7)		**0**
Contribution of H2O		(5)				0		(5)		5	**0**
Net income (Group share) (Reported)	**669**	**(12)**	**(20)**	**0**	**(1)**	**(15)**	**7**	**629**		**0**	**629**
Cost/income ratio	74.3%							75.8%			75.8%

2 - Management results reclassified as consolidated results for the first half of 2020

Natixis - 6M 2020											
	6M 2020	Non-recurring items						6M 2020	Coface reclassification	H2O reclassification	6M 2020
(in millions of euros)	Investor Relations	AWM	CIB	Insurance	Payments	Corporate Center	Coface	Restated			Reported
Net revenues	**3,213**		**0**	**(14)**		**(1)**		**3,199**		**115**	**3,314**
Banking operating expenses	(2,825)	(7)	0		(3)	(7)		(2,842)		(32)	**(2,874)**
Gross operating income	**388**	**(7)**	**0**	**(14)**	**(3)**	**(7)**		**356**		**83**	**439**
Provision for credit losses	(482)					0		(482)			**(482)**
Net operating income	(94)	(7)	0	(14)	(3)	(7)		(126)		83	**(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	**(84)**	**(7)**	**0**	**(28)**	**(3)**	**(7)**		**(130)**	**(145)**	**83**	**(192)**
Income taxes	(10)	2	0	4	1	2		(1)		(18)	**(19)**
Non-controlling interests	(19)	0				0		(18)		(32)	**(51)**
Contribution of Coface	3					0	(148)	(145)	145		**0**
Contribution of H2O	33					0		33		(33)	**0**
Net income (Group share) (Reported)	**(77)**	**(5)**	**0**	**(24)**	**(2)**	**(5)**	**(148)**	**(261)**		**0**	**(261)**
Cost/income ratio	87.9%							88.9%			86.7%

4.3 Main investments and divestments performed over the period

Business Line	Investment description
FIRST HALF OF 2021	
Payments	Acquisition in June 2021 of Jackpot, a start-up specializing in the digitization of vouchers and the issuance of e-gift cards, which will become the sole supplier for the entities of the Benefits business unit while continuing to offer its solution to companies outside Natixis.
FULL YEAR 2020	
Asset management	The merger of the fixed-income and insurance management activities of Ostrum Asset Management and La Banque Postale Asset Management was completed on October 31, 2020. This merger marks the creation of a leader in asset management in Europe, with over €430 billion in assets under management and over €590 billion managed through its services platform at the end of September 2020.
FULL YEAR 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 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.

In addition, a number of targeted disposals were carried out.

Business Line	Divestment description
FULL YEAR 2020	
Asset management	Announced divestment of Natixis Investment Managers from its 50.01% stake in the capital of H2O Asset Management. Such transaction would be subject to consideration and approval by relevant regulatory authorities.
Natixis	Sale of a 29.5% stake in Coface to leading US specialized insurance firm Arch Capital Group. Completion of the transaction is subject to the usual conditions, in particular mandatory regulatory approval.
FULL YEAR 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

4.4 Post-closing events

Natixis' financial statements for the first-half of 2021 were reviewed by the Board of Directors on August 3, 2021.

No post-closing event has occurred that is likely to have a significant impact on Natixis' financial position, with the exception of the mandatory delisting of Natixis shares following the successful completion of the public tender offer (see Note 1.2, "Significant events" in Chapter V, "Financial data").

4.6 Outlook for Natixis

Growth in the coming quarters will be very buoyant, driven by the consumption of a portion of the massive savings accumulated, the maintenance of accommodating budgetary and monetary policies, very dynamic investment prospects, and global trade that is expected to grow by more than 8% this year.

The United States will experience exceptionally high growth rates in 2021. We expect growth of 7.9% Q4/Q4 in 2021 (*i.e.* an annual average of 7%), 1.6% Q4/Q4 in 2022 (an annual 3.9%) and of 2% in Q4/Q4 2023. This anticipated deceleration will be due to a rapid slowdown in fiscal stimuli, excessive demand and a future slowdown in employment growth. In the short term, mass vaccination will allow spending on services to bounce back and exceed pre-pandemic levels, while exports are also expected to strengthen as the overall vaccination effort improves. Inflation seems to have materialized in large part through the uneven reopening of supply bottlenecks and an unprecedented increase in demand. Demand is expected to slow down considerably and, at the same time, a better alignment of future supply and demand should put downward pressure on prices.

In the eurozone, our forecasts stand at 4.4% this year and 4.1% next year, with France and Germany expected to return to their pre-crisis GDP levels from the end of 2021. Growth in France is expected to be around 5.5% this year, driven by a strong recovery in consumption and, to a lesser extent, investment. All leading and high-frequency indicators since the end of May seem to be on the right track for an economy that is also very dependent on services.

The latest data continue to point to a strong expansion of the UK economy, where GDP is expected to grow by 5% in the second quarter and 3% in the third quarter. Exports have now recovered after the drop caused by Brexit at the beginning of the year but are still low from an historical perspective.

Emerging countries are obviously still faced with repeated waves of COVID-19 in the absence of effective and sufficient vaccination, but are benefiting from the resumption of global growth, the dynamism of the trade in goods and the absence of a sharp increase in rates and the dollar.

Growth in China appears to have peaked in the first half of 2021 after the shock of the first quarter of 2020 due to the COVID-19 pandemic. China is expected to experience moderately strong growth of 7.8% for 2021. In particular, if the current trend continues, the Chinese economy will slow down in line with forecasts of a much lower growth rate for the second half of the year due to the less favorable base effect as well as the slowdown in support for external demand.

The main threat to this recovery scenario concerns the predominance of the Delta variant, which is intensifying, raising further questions about the pace of the current recovery. The race for vaccination to guard against a new wave is pushing the various governments to multiply the incentives, even if for the moment the resurgence of contamination has not yet resulted in more numerous hospital admissions. A precaution that aims above all to accelerate the way out of the crisis and to avoid any reversal of the ongoing easing of health constraints.

Concerning oil, supply uncertainties will be decisive for pricing. On the demand side, talk of further reopening is expected to remain relatively favorable. In the very short term, the recent volatility associated with the breakdown of OPEC+ negotiations is expected to subside, with the United Arab Emirates and Saudi Arabia expected to find a compromise and reach an agreement on the post-July production policy. The potential return of Iranian barrels to the market caused by the return of the United States to the Iran nuclear deal will also be a source of uncertainty. Although the market consensus is generally that these barrels will return, changing expectations on the exact timetable will have consequences for prices. Finally, the response of American shale producers to the increase in prices will be crucial. Producers have kept reinvestment rates low despite higher prices so far this year, but with balances implying a supply shortfall in 2022, marginal supply will be required to balance the market. If producers remain reluctant to deploy growth CAPEX at current price levels, prices could increase to encourage marginal non-OPEC supply. In our baseline scenario, Brent will reach an average $67.8 per barrel in 2021 and $71 per barrel in 2022. WTI is priced respectively at $65.2/barrel and $69/barrel.

Regarding Natixis' business, 2021 is the year for embarking on its new 2024 Strategic Plan, which was revealed in July 2021 as part of the new Groupe BPCE 2024 Plan. This strategic plan sets out the sources of growth for the different divisions of Natixis, and the 2024 financial targets.

The new ambitions for 2024 of Natixis' Global Financial Services (Asset and Wealth Management, Corporate & Investment Banking) and Retail (Insurance, Payments) business lines are based on three principles:

- DIVERSIFICATION, for the benefit of our customers and our development. This principle aims to:
  - selectively enrich our value proposition based on our expertise, to better support our customers and aim for the highest satisfaction rates,
  - combine our strengths with the Banque Populaire and Caisse d'Epargne networks to conquer high-potential segments (*e.g.* mid-cap companies and Healthcare), and
  - win new customers in Europe, America and Asia-Pacific. This diversification should in particular translate into some €500 million in additional revenues for the eight core industries at Natixis Corporate & Investment Banking (CIB) in 2024, with a contribution of private assets to the profitability of Natixis Investment Managers (IM) in excess of 25%, and a Net Promoter Score above 40 for Non-life Insurance and Payments;
- COMMITMENT, to the energy transition and SRI finance. This principle aims to confirm our status as a benchmark financial partner for our clients for their energy transition strategies, resulting in a target of multiplying Natixis CIB's green revenues by a factor of 1.7 by 2024. It also aims to position ESG at the heart of our asset management and insurance activities, with a target of sustainable assets under management or positive impact assets at Natixis IM of more than €600 billion and 50% in 2024. Lastly, Natixis is committed to aligning its balance sheet and its investments on a "net zero" trajectory in line with the Paris Agreement (alignment of the general life insurance fund on a +1.5°C trajectory by 2030, and alignment of the Natixis CIB balance sheet on a +1.5°C trajectory by 2050);
- TRANSFORMATION, and investment to create sustainable value. This principle aims to ensure the sustainable growth of Natixis' business lines within the framework of our current risk appetite, through continuous investments in the solidity of our infrastructures and our supervision system (*e.g.* approximately €400 million in cumulative investments in Natixis CIB's technology over the 2021-2024 period). It also aims to invest in innovation, in particular data and APIs, to develop the skills of our employees and to change and simplify our working methods to cultivate our agility and collective commitment.

Thanks to these three principles, each of Natixis' business lines has a clear goal for 2024:

- Asset and Wealth Management: confirm Natixis Investment Managers as a global leader in asset management; provide a high added-value offer to our direct High Net Worth Individuals (HNWI) customers and customers of the Banque Populaire and Caisse d'Epargne networks;
- Corporate & Investment Banking: make Natixis Corporate & Investment Banking the benchmark bank for our clients in terms of our selective and diversified expertise;
- Insurance: accelerate the rollout of responsible insurance solutions for clients of the Banque Populaire and Caisse d'Epargne networks by capitalizing on the investments made;
- Payments: innovate and be a source of growth for Groupe BPCE and of differentiation for the Banque Populaire and Caisse d'Epargne networks.

For Natixis, "BPCE 2024" thus represents a growth and investment plan, illustrated by an average annual growth rate of around 5% in net revenues for the years 2020-2024, accompanied by an improvement in the cost/income ratio of approximately 70%.

For the Asset & Wealth Management division, the average annual growth rate for net revenues has been set at over 3% for the period 2020-2024 with a very limited market effect and no external growth, accompanied by a target cost/income ratio of approximately 72% in 2024 and cumulative net inflows of €100 billion over 2021-2024.

For the Corporate & Investment Banking division, the average annual growth in net revenues is expected to be around 7% over the period 2020-2024, accompanied by a target cost/income ratio of approximately 65% in 2024, a moderate growth in RWA of around 2% per year and green revenues multiplied by 1.7 between 2020 and 2024.

For the Insurance division, average annual growth in net revenues is expected to be around 6% over the period 2020 to 2024, accompanied by a target cost/income ratio of around 50% in 2024 and a Property and Casualty Insurance/Personal Protection Insurance policyholder rate for individual customers of the Banques Populaires and Caisses d'Epargne of approximately 35% in 2024.

Lastly, for the Payments division, the average annual growth rate for net revenues is expected to be approximately 9% for the period 2020-2024, accompanied by a target cost/income ratio of approximately 82% in 2024.

4.7 Definitions and alternative performance indicators

Natixis' management report is presented for the first two half-years of 2020 and 2021. In accordance with European Regulation No. 2017/1129 on the publication of prospectuses and Delegated Regulation No. 2019/980 on information contained in prospectuses, it is specified that the first half of 2019 can be consulted in the second amendment to the Universal Registration Document of August 7, 2020, registered under number D. 20-0108-A02, and the Universal Registration Document filed with the French Financial Markets Authority on March 6, 2020 under number D. 20-0108.

The information is available at the following link:

https://www.natixis.com/natixis/en/second-amendment-to-the-2019-universal-registration-document-lpaz5_115017.html

https://www.natixis.com/natixis/en/2019-universal-registration-document-rpaz5_114884.html

The presentation of the income statement of Natixis has been amended from 2020 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.

In addition, in view of the work in progress for the orderly and gradual unwinding of the partnership with H2O, the contribution of H20 AM is now isolated at the end of the income statement. A *pro forma* adjustment was carried out on the 2020 data for comparability.

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. However, to ensure comparability, in this management report CIB refers to CIB and the 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 2021-2024 strategic plan:

- regulatory capital allocated to the business lines on the basis of 10.5% of Basel 3 average RWA;
- 1.5% rate of return on capital.

As a reminder, the earnings of the Natixis business lines are presented in accordance with the Basel 3 regulatory framework. Capital allocation specific to the Insurance business lines 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 1.5%;
- 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 operate. 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. Equity capital is the average equity attributable to equity (Group share) as defined by IFRS, after payout of dividends, excluding average hybrid debt, average intangible assets and average goodwill, and excluding unrealized or deferred gains and losses recognized in equity (OCI).

V CHAPTER 5: FINANCIAL INFORMATION

5.1 Consolidated half-yearly financial statements and notes

CONSOLIDATED INCOME STATEMENT

(in millions of euros)	*Notes*	**H1 2021**	**H1 2020**
Interest and similar income	3.1	1,226	1,463
Interest and similar expenses	3.1	(560)	(1,012)
Fee and commission income	3.2	2,660	2,423
Fee and commission expenses	3.2	(1,092)	(1,024)
Net gains or losses on financial instruments at fair value through profit or loss	3.3	795	366
Gains and losses on financial assets at fair value through other comprehensive income	3.4	63	31
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	3.5	(4)	(3)
Net income from insurance activities	5.2	1,159	1,046
Income from other activities	3.6	95	121
Expenses from other activities	3.6	(119)	(95)
Net revenues		**4,223**	**3,314**
Operating expenses	3.7	(2,999)	(2,676)
Depreciation, amortization and provisions for impairment of property, plant and equipment and intangible assets		(201)	(198)
Gross operating income		**1,023**	**439**
Provision for credit losses	3.8	(124)	(482)
Net operating income		**898**	**(43)**
Share in income of associates		16	(40)
Gains or losses on other assets	3.9	2	(109)
Change in value of goodwill			
Pre-tax profit		**917**	**(192)**
Income tax	3.10	(257)	(19)
Profit from discontinued operations			
Net income/(loss) for the period		**660**	**(210)**
o/w Group share		629	(261)
o/w attributable to non-controlling interests		31	51
Earnings/(loss) per share (in euros)			
Net income/(loss) attributable to shareholders (see Note 9.1.2) – Group share – per share,		0.18	(0.10)
Diluted earnings/(loss) per share (in euros)			
Net income/(loss) attributable to shareholders (see Note 9.1.2) – 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 free share awards		0.18	(0.10)

STATEMENT OF NET INCOME AND COMPREHENSIVE INCOME

(in millions of euros)	H1 2021	H1 2020
Net income	**660**	**(210)**
Items recyclable to income	**125**	**(208)**
Translation adjustments	**154**	**(52)**
Revaluation adjustments during the period	151	(56)
Reclassification to profit or loss	3	3
Other reclassifications	0	0
Revaluation of financial assets (debt instruments) at fair value through other comprehensive income	**(1)**	**(30)**
Revaluation adjustments during the period	12	(22)
Reclassification to profit or loss	(13)	(9)
Other reclassifications	(0)	-
Revaluation of available-for-sale financial assets	**(62)**	**(156)**
Revaluation adjustments during the period	(53)	(69)
Reclassification to profit or loss	(9)	(87)
Other reclassifications	(0)	0
Revaluation of hedging derivatives	**26**	**(4)**
Revaluation adjustments during the period	2	(1)
Reclassification to profit or loss	24	(3)
Other reclassifications	-	38
Share of gains and losses recorded directly in the equity of associates recyclable to income	**(2)**	**(3)**
Tax impact on items recyclable to income	**10**	**38**
Items not recyclable to income	**85**	**201**
Revaluation adjustments on defined-benefit plans	17	**39**
Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss	(13)	**255**
Revaluation of equity instruments recognized at fair value through other comprehensive income	102	**(21)**
Revaluation of derivatives hedging shareholders' equity financial assets recognized at fair value through other comprehensive income	-	**-**
Share of gains and losses recorded directly in the equity of associates not recyclable to income	(0)	**-**
Tax impact on items not recyclable to income	(20)	**(72)**
Gains and losses recorded directly in other comprehensive income (after income tax)	**210**	**(7)**

Breakdown of tax on unrealized or deferred gains or losses

(in millions of euros)	H1 2021			H1 2020		
	Gross	Income tax	Net	Gross	Income tax	Net
Translation adjustments	151	0	151	(52)	0	(52)
Revaluation of financial assets (debt instruments) at fair value through other comprehensive income recyclable to income	(1)	1	0	(30)	7	(23)
Revaluation of available-for-sale financial assets	(62)	16	(46)	(156)	31	(125)
Revaluation of hedging derivatives	26	(7)	19	(4)	0	(4)
Revaluation of own credit risk on financial liabilities designated at fair value through profit or loss	(13)	3	(9)	255	(66)	189
Revaluation of equity instruments recognized at fair value through other comprehensive income	102	(20)	82	(21)	4	(17)
Revaluation of derivatives hedging shareholders' equity financial assets recognized at fair value through other comprehensive income	0	0	0	0	0	0
Revaluation adjustments on defined-benefit plans	17	(4)	13	39	(10)	29
Shares in unrealized or deferred gains/(losses) of associates	(4)	2	(2)	(5)	2	(3)
Total changes in unrealized or deferred gains or losses	**216**	**(9)**	**207**	**24**	**(32)**	**(7)**

CONSOLIDATED BALANCE SHEET - ASSETS

(in millions of euros)	Notes	30/06/2021	31/12/2020
Cash, central banks		37 467	30 637
Financial assets at fair value through profit or loss	4.1.1	187 032	210 378
Hedging derivatives		192	230
Financial assets at fair value through other comprehensive income	4.3	12 531	13 194
Securities at amortized cost	4.5.3	1 632	1 930
Loans and receivables due from banks and similar at amortized cost	4.5.1	86 953	44 691
Loans and receivables due from customers at amortized cost	4.5.2	66 941	67 939
o/w institutional operations		*897*	*886*
Revaluation adjustments on portfolios hedged against interest rate risk		0	0
Insurance business investments	5.3	117 025	112 698
Current tax assets		247	270
Deferred tax assets		1 164	1 196
Accrual accounts and other assets	4.9	5 882	5 081
Non-current assets held for sale		356	728
Deferred profit-sharing		0	0
Investments in associates		713	879
Investment property		0	0
Property, plant and equipment		1 185	1 272
Intangible assets		666	665
Goodwill	4.10	3 580	3 533
Total assets		**523 567**	**495 320**

CONSOLIDATED BALANCE SHEET - LIABILITIES

(in millions of euros)	*Notes*	30/06/2021	31/12/2020
Central banks		0	0
Financial liabilities at fair value through profit or loss	4.1.2	176 454	208 467
Hedging derivatives		396	525
Due to banks and similar items	4.6.1	141 324	84 408
o/w institutional operations		*46*	*46*
Customer deposits	4.6.2	26 173	29 798
o/w institutional operations		*961*	*987*
Debt securities	4.7	35 243	35 652
Revaluation adjustments on portfolios hedged against interest rate risk		146	183
Current tax liabilities		452	391
Deferred tax liabilities		457	438
Accrual accounts and other liabilities	4.9	6 913	6 265
o/w institutional operations		*0*	*8*
Liabilities on assets held for sale		70	55
Liabilities related to insurance policies	5.4	110 114	104 182
Subordinated debt	4.8	3 937	3 934
Provisions	4.11	1 435	1 623
Shareholders' equity Group share		20 297	19 229
- Share capital & reserves		11 036	11 036
- Consolidated reserves		7 728	7 393
- Gains and losses recorded directly in equity		918	799
- Non-recyclable gains and losses recorded directly in equity		(13)	(100)
- Net income/(loss)		629	101
Non-controlling interests		155	167
Total liabilities and shareholders' equity		**523 567**	**495 320**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital & reserves		Consolidated reserves			Gains/(losses) recorded directly in equity										
						Recyclable				Non-recyclable						
(in millions of euros)	Share 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	Revaluation 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 plans	Net income (Group share)	**Shareholders' equity (Group share)**	Non-controlling interests	**Total consolidated equity**
Shareholders' equity as 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)**
Issues and redemptions 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**
Profit as at June 30, 2020													(261)	**(261)**	51	**(211)**
Impact of acquisitions and disposals (4)					27	4	(78)					11		**(37)**	(1 166)	**(1 202)**
Other items					(9)									**(9)**	1	**(8)**
Shareholders' equity as 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**
Capital increase	0	(0)												**0**		**0**
Elimination of treasury stock				7	1									**8**		**8**
Equity component of share-based payment plans					3									**3**		**3**
2019 dividend paid in 2020					0									**0**	(17)	**(17)**
Total activity related to relations with shareholders	**0**	**(0)**	**0**	**7**	**4**	**0**	**0**		**0**		**0**		**0**	**11**	**(17)**	**(6)**
Issues and redemption of perpetual deeply subordinated notes														**0**		**0**
Interest paid on perpetual deeply subordinated notes					(56)									**(56)**		**(56)**
Change in gains and losses recorded directly in equity						(355)	211	31	15	110	(205)			**(194)**	6	**(188)**
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					(13)					13				**0**		**0**
Change in actuarial gains and losses under IAS 19 R												(6)		**(6)**	(0)	**(6)**
Profit for the second half of 2020													362	**362**	30	**392**
Impact of acquisitions and disposals (4)					(26)	(0)	0					0		**(26)**	(5)	**(31)**
Other items					20									**20**	(0)	**20**
Shareholders' equity as at December 31, 2020	**5 050**	**5 986**	**1 978**	**(2)**	**5 417**	**185**	**599**	**1**	**13**	**114**	**(100)**	**(114)**	**101**	**19 229**	**167**	**19 396**
Appropriation of 2020 income					101								(101)	0		
Shareholders' equity as at December 31, 2020 after appropriation of income	**5 050**	**5 986**	**1 978**	**(2)**	**5 517**	**185**	**599**	**1**	**13**	**114**	**(100)**	**(114)**	**0**	**19 229**	**167**	**19 396**
Capital increase	3	(3)												**0**		**0**
Elimination of treasury stock				(10)	(0)									**(10)**		**(10)**
Equity component of share-based payment plans					(1)									**(1)**		**(1)**
2020 dividend paid in 2021					(189)									**(189)**	(46)	**(235)**
Total activity related to relations with shareholders	**3**	**(3)**	**0**	**(10)**	**(190)**	**0**	**0**		**0**		**0**		**0**	**(200)**	**(46)**	**(246)**
Issues and redemption of perpetual deeply subordinated notes			500											**500**		**500**
Interest paid on perpetual deeply subordinated notes					(54)									**(54)**		**(54)**
Change in gains and losses recorded directly in equity						147	(49)	0	19	82	(9)			**190**	3	**193**
Appropriation to own credit risk reserve during the period					(2)						2			**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												13		**13**	0	**13**
Profit for the first half of 2021													629	**629**	31	**660**
Impact of acquisitions and disposals (4)					(10)	3	(2)					(0)		**(10)**	(2)	**(12)**
Other items					1									**1**	2	**2**
Shareholders' equity as at June 30, 2021	**5 053**	**5 983**	**2 478**	**(11)**	**5 261**	**336**	**548**	**1**	**33**	**196**	**(108)**	**(101)**	**629**	**20 297**	**155**	**20 453**

(1) Share premiums, legal reserve, statutory reserves, long-term capital gains reserve and other Natixis reserves;
(2) Other equity instruments issued: these are undated deeply subordinated notes (see Note 9.2);
(3) Changes in the fair value attributable to the own credit risk of financial liabilities designated at fair value through profit or loss recognized in equity (unrealized and realized) are disclosed in Note 4.1.2.2;
(4) The effects on shareholders' equity Group share as at December 31, 2020 and June 30, 2021 are presented in Note 2.2.

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, property, plant and equipment and intangible assets, and acquisitions and disposals of investment property, property provided under operating leases and financial assets held to maturity.

(in millions of euros)	30/06/2021	31/12/2020
Pre-tax profit	**917**	**386**
+/- Net charge to depreciation and amortization of property, plant and equipment and intangible assets	181	397
+/- Writedown of goodwill and other non-current assets	0	0
+/- Net charge to other provisions (including insurance companies' technical reserves)	5,553	4,737
+/- Share in income of associates	(9)	(6)
+/- Net loss/(gain) on investing activities	(118)	(9)
+/- (Income)/expenses from financing activities	35	69
+/- Other activity	1,517	(782)
= Total non-cash items included in pre-tax profit and other adjustments	***7,158***	***4,406***
+/- Decrease/(increase) in interbank and money market items	10,415	11,490
+/- Decrease/(increase) in customer items	(1,976)	(177)
+/- Decrease/(increase) in financial assets or liabilities	(14,742)	(9,154)
+/- Decrease/(increase) in non-financial assets or liabilities (5)	144	(419)
- Income taxes paid	(185)	(491)
= Net decrease/(increase) in operating assets and liabilities	***(6,344)***	***1,249***
Net cash provided/(used) by operating activities	**1,730**	**6,040**
+/- Decrease/(increase) in financial assets and equity interests (1)	15	88
+/- Decrease/(increase) in investment property	24	61
+/- Decrease/(increase) in property, plant and equipment and intangible assets	(71)	(384)
Net cash provided/(used) by investing operations	**(32)**	**(235)**
+/- Cash received from/(paid to) shareholders (2)	(235)	(167)
+/- Other net cash provided/(used) by financing operations (3)	(64)	(147)
Net cash provided/(used) by financing operations	**(299)**	**(313)**
Cash flow on assets and liabilities held for sale (4)	**(95)**	**(235)**
Impact of exchange rate fluctuations on cash and cash equivalents	**225**	**(1,176)**
Net increase/(decrease) in cash and cash equivalents	**1,529**	**4,082**
Net cash provided/(used) by operating activities	1,730	6,041
Net cash provided/(used) by investing activities	(32)	(235)
Net cash provided/(used) by financing activities	(299)	(313)
Cash flow on assets and liabilities held for sale	(95)	(235)
Impact of exchange rate fluctuations on cash and cash equivalents	225	(1,176)
Cash and cash equivalents at beginning of period	**20,170**	**16,087**
Cash and balances with central banks (assets & liabilities)	30,637	21,014
Interbank balances	(10,467)	(4,927)
Cash and cash equivalents at end of period	**21,699**	**20,170**
Cash and balances with central banks (assets & liabilities)	37,467	30,637
Interbank balances	(15,768)	(10,467)
Change in cash and cash equivalents	**1,529**	**4,082**

(1) Cash flows related to financial assets and investments in associates, including:
- *cash flows related to consolidated equity investments for -€40.0 million;*
- *cash flows related to non-consolidated equity investments for +€39.8 million;*

- cash flows related to assets held to maturity for +€15.0 million

(2) Cash flows from or to shareholders include dividends paid to BPCE in the amount of -€133.6 million and those paid to non-Group entities for -€101.6 million;

(3) Cash flows from financing activities can be broken down as follows:

- interest paid on subordinated notes for -€25 million;

- interest on deeply subordinated securities and loans recognized in equity for -€38.7 million;

(4) Corresponds to the cash of entities held for sale;

(5) Including cash flows in relation to lease liabilities, amounting to -€100 million as at June 30, 2021.

Note 1 - GENERAL FRAMEWORK

1.1 ACCOUNTING STANDARDS APPLIED

Natixis' half-year consolidated financial statements include a set of condensed financial statements prepared and presented in accordance with IAS 34, "Interim Financial Reporting". These summary statements must be read in conjunction with the consolidated financial statements as at December 31, 2020 published in the Universal Registration Document for 2020 filed with the French Financial Markets Authority (AMF) on March 9, 2021. They are composed of:

- the balance sheet;
- the income statement;
- the statement of net income and other comprehensive income;
- the statement of changes in equity;
- the net cash flow statement;
- and a selection of notes to the financial statements.

They are presented with a comparison as of December 31, 2020 and/or June 30, 2020.

As a reminder:

- As a reminder, 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 accordance with the regulation of November 3, 2017 of the European Commission, Natixis, as a financial conglomerate, has opted to postpone the application of IFRS 9 for its insurance activities, for which reporting remains under IAS 39. The entities concerned by this measure are mainly Natixis Assurances, BPCE Vie and its consolidated funds, Natixis Life, BPCE Prévoyance, BPCE Assurances and BPCE IARD. This deferral applies until the date of application of the new standard IFRS 17, "Insurance contracts", subject to the following conditions:
  - ✓ 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.

Natixis has thus taken the necessary steps to prohibit any transfer of financial instruments between its insurance sector and the rest of the Group, which would have a derecognition effect for the selling entity, although this restriction is not required for transfers of financial instruments measured at fair value through profit or loss by the two sectors involved. The accounting principles and methods used to prepare the consolidated financial statements of Natixis as at June 30, 2021 are identical to those used to prepare the consolidated financial statements for the fiscal year ended December 31, 2020, prepared in accordance with IFRS as adopted in the European Union and detailed in Note 1, "Accounting standards applied" to the consolidated financial statements for fiscal year 2020 (presented in Section 5.1, "Financial data – Consolidated financial statements and notes" of the 2020 Universal Registration Document).

In addition:

- The impacts of the following IFRS IC decisions are currently being analyzed:
  - With regard to IAS 19, "Employee benefits", the IFRS IC Interpretations Committee provided clarifications on the allocation of employee benefits to periods of service in the month of April 2021 in the context of a defined benefit plan with the following characteristics: at the date on which they reach retirement age, employees, if they are still employed by the entity at that date, are entitled to a lump sum equal to one month of the last salary for each year of service. This benefit is capped at a fixed number of consecutive years of service within the entity. In this case, the IFRS IC Committee has specified that the service charge is to be allocated to the periods covering only the years of service prior to retirement, within the limit of the number of years required to reach the ceiling provided for under the terms and conditions of the plan. This IFRS IC decision was validated by the IASB at its May meeting. Natixis has undertaken an analysis of the effects of this decision on the valuation of its

defined benefit plans;

- o Concerning IAS 38' "Intangible assets", in the month of March 2021 the IFRS Interpretation Committee provided clarifications on the accounting of configuration and customization costs for software obtained from a supplier under a SaaS (Software as a service) contract. This decision was validated by the IASB at its meeting in April 2021. According to this decision, configuration or customization costs are generally not recognized as an intangible asset because the entity that bears these costs does not control the software and the configuration and customization activities do not create a resource that it controls, distinct from the software. To the extent that these costs do not meet the definition of an intangible asset, they are recognized as expenses when these configuration and customization services are performed. If the software configuration and customization service can be dissociated from the right of access to the SaaS software, then the cost is to be spread over the configuration and customization of the software. If, on the other hand, the configuration and customization service is inseparable from the right of access to the SaaS software, then the cost must be spread over the duration of the SaaS contract. In addition, in its decision, the Committee specifies that if an advance payment is made for these services, then this payment is to be recognized as an asset. Natixis has undertaken a study of the effects of this decision.

- **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 as at January 1, 2020, this standard is now only expected to come into force from January 1, 2023. Indeed, at its meeting of March 17, 2020, the Board of the IASB decided to postpone its application for two years. It also decided to align the schedule for the temporary exemption from IFRS 9 for insurers so that it coincides with the application of IFRS 17 from January 1, 2023.

  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 modify the profile of insurance activities (particularly for life insurance) and also introduce greater income volatility.

  The insurance entities have set up project structures that are in line with the changes brought about by the standard and are continuing preparatory work: examination and documentation of the normative choices, modeling, adaptation of systems and organizations, production of financial statements and changeover strategy, financial communication and change management.

1.2 Significant events

Natixis and Arch Capital Group Ltd. announced the completion of the contract to sell 29.5% of Coface’s share capital

Following the approval of the relevant competition and regulatory authorities, Natixis and Arch Capital Group Ltd. announced on February 10, 2021 the sale by Natixis of a 29.5% stake in the share capital of Coface to Arch Financial Holdings Europe IV Limited, an affiliate of Arch Capital Group Ltd., at a price of €9.95 per share (dividend attached).
Natixis is no longer represented on the Board of Directors of Coface.

Following the increase in the share price since December 31, 2020, the result recorded at the time of the loss of significant influence amounts to +€7.3 million.
Natixis now holds its residual stake of 12.7% (for a fair value of €197.3 million at June 30, 2021) in Coface as a financial investment recognized under financial assets at fair value through other comprehensive income.

Filing of a simplified public tender offer for Natixis shares

On February 9, 2021, BPCE S.A. announced its intention to acquire the shares in the capital of Natixis S.A. that it did not hold, *i.e.* around 29.3% as at December 31, 2020, and to file a simplified public tender offer with the French Financial Markets Authority (AMF).

After obtaining the approval of the AMF on the compliance of the transaction and the various regulatory authorizations required, the simplified tender offer for Natixis shares took place from June 4 to July 9 inclusive. Following the public tender offer, BPCE holds 91.80% of the share capital and voting rights of Natixis (92.03% including treasury shares and liquidity agreements).

In accordance with the opinion of the AMF (D&I No. 221C1758 of July 13, 2021), on July 21, 2021, BPCE squeezed out all Natixis shares that had not been tendered to the public offer, under the same financial conditions as the simplified public tender offer, *i.e.* €4 per share of Natixis. As a result, due to the successful implementation of the squeeze-out, Natixis was delisted on July 21, 2021.

This transaction is part of an ambitious industrial project to support the development of Natixis' business lines and the simplification of its organizational set up.

This project includes an organizational component that could include:
- Transfer to BPCE of the Insurance and Payment business lines;
- Grouping within a new division business lines serving Corporate Clients and Asset & Wealth Management.

This project is progressing on its own schedule and may result in operational implementation in the first quarter of 2022.

This project has no impact on Natixis' consolidated financial statements at June 30, 2021, except for the recognition of costs directly related to the public tender offer.

Launch of a transformation and operational efficiency program

Natixis announced on November 5, 2020, the launch of a transformation and operational efficiency program that will generate approximately €350 million in sustainable cost savings at the end of 2024 (approx. €270 million in associated exceptional costs over the period), including the transformation of the Corporate & Investment Banking division.

To meet the challenges it faces, Natixis will also continue to develop its operating model with a view to competitiveness by drawing on its solid and diversified expertise.

This approach of anticipation, adaptation and development has led Natixis, since 2016, to organize its support functions around two areas of activity in Europe: Paris and Porto. In line with this organizational plan, a development project for the Porto center was presented to the social partners at the end of January 2021.

This consists of:

- continuing to develop the support functions already established in Porto;
- positioning some of the other support functions in Porto.

This project also confirms Porto's place as a center of excellence and expertise.

The strategic review of the equity derivatives activity also confirmed its importance for Natixis and repositioned it on strategic clients while reducing the level of risk.
To implement the various components of these projects under the best possible conditions, an internal and external resource mobility plan has been proposed within the areas concerned. This plan was opened on June 21, 2021 and is based on three key principles:

- Priority given to internal mobility;
- The absence of forced departures;

- Support for external departure projects on a strictly voluntary basis.

In connection with this program, Natixis has set aside a provision for restructuring in the financial statements of June 30, 2021 which includes expenses directly related to the restructuring and essentially representing an estimate of social and support costs, for an amount of €16.2 million (see Note 4.11).

1.3 Post-closing events

Natixis' financial statements for the first half were reviewed by the Board of Directors on August 3, 2021.

No post-closing event has occurred that is likely to have a significant impact on Natixis' financial position, with the exception of the mandatory delisting of Natixis shares following the successful completion of the public tender offer (see Note 1.2, "Significant events").

1.4 Use of estimates and judgment in the preparation of financial statements

In preparing its financial statements, Natixis is required to make certain estimates and assumptions based on available information which are 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. Thus, the future results of certain transactions could prove to be significantly different from the estimates used for the closing of the financial statements as at June 30, 2021, especially in the current circumstances of 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 price 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, including projected future cash flow forecasts 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 created by the impacts of the health crisis on the global economy has required special attention since 2020 in order that reasonable, justifiable forecasts can be made. Natixis therefore used the various press releases published by ESMA, the EBA, the ECB and the IASB to determine expected credit losses in the context of the COVID-19 crisis.
  In view of this, Natixis has revised its macroeconomic forecasts (forward looking) and adapted them to take into account the specific context of COVID-19 and the measures taken to support the economy.

Natixis used three main scenarios to calculate the IFRS 9 provisioning parameters with projections for the year 2023:

- the central scenario was updated based on the scenarios determined by its economists and validated by Natixis' governance bodies in December 2020. This scenario was defined as part of the preparation of the 2021-2024 Strategic Plan;
- a pessimistic scenario, corresponding to a deterioration of the macroeconomic variables defined under the central scenario;
- an optimistic scenario, corresponding to a more favorable outcome for the macroeconomic variables defined under the central scenario.

Following the historic economic shock related to the COVID-19 crisis in 2020, the base case scenario forecasts a strong recovery in GDP from 2021, with a gradual return over subsequent years to a more usual long-term rate of change in economic activity. Economic activity should thus return to its pre-crisis level (2019) in 2023.

It should be noted that the latest consensus forecast (dated May 2021) includes more favorable forecasts than those used in the chosen IFRS 9 scenario. The more optimistic 2021 figures for the Americas region have been further reinforced this half-year, unlike those for Europe, where the effects of the health crisis caused by the coronavirus have not diminished. Massive government spending and the prospects of an economic boom are pushing the forecasts for America to the more optimistic end, while disagreements on the supply of vaccines and new, more contagious variants have made forecasting more complicated.

Taking into account both the improved outlook for the global economy and the current state of the economic recovery along with the accompanying uncertainty, Natixis has therefore decided to place significant weighting on the pessimistic scenario, while also increasing the weighting of the optimistic scenario. It therefore used the following scenario weightings for the calculation of provisions at June 30, 2021: pessimistic: 25% - central: 60% - optimistic: 15%.

Probabilities of default (PD) are adjusted by sector based on an assessment of each sector's rating over a 6- to 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 equivalent to the sector's expected rating.

- **Goodwill impairment test**

All items of goodwill are impaired, based on the value in use of the cash-generating units (CGUs) to which they have been allocated.

The determination of values in use primarily relied on the updating of the estimate of future flows of CGUs, using the Discounted Cash Flows (DCF) method, as determined by the latest forecasts for the results of the business lines reassessed in the context of the health crisis.

At June 30, 2021, the following assumptions were used:

- Estimated future cash flows: forecast data from the latest multi-year profit trajectory forecasts for the business lines drawn up as part of Natixis' strategic plan for 2021-2024 (based on scenarios approved by the governance bodies in December 2020);
- Perpetual growth rate: perpetual rate set at 2.5% for all CGUs;
- Discount rate at June 30, 2021: use of a differentiated rate per CGU: 7.6% for Asset & Wealth Management (unchanged compared to December 31, 2020), 9.5% for CIB (unchanged compared to December 31, 2020), 7.9% for Insurance (unchanged compared to December 31, 2020) and 6.7% for Payments (unchanged compared to December 31, 2020).

In addition, and in more detail, the discount rates were determined taking into account:
- For the Insurance and Payments CGUs, the risk-free rate of the ten-year OAT;
- For the Asset & Wealth Management and Corporate & Investment Banking CGUs, the average of the 10-year French Treasury bond and 10-year US Treasury bond;

For CIB, the fact that the goodwill comes exclusively from the M&A activity led, following on from the approach taken in 2020, to a valuation exercise carried out on the scope of this activity alone, using a multi-criteria approach. The fiscal year of DCF did not reveal any need for impairment of goodwill relating to this activity. The results obtained by applying comparable stock market methods and recent transactions support this analysis.
These tests did not result in the recognition of impairment losses as at June 30, 2021.
A 50 bps increase in discount rates and a 50 bps decrease in perpetual growth rates (decrease in recoverable values of 5%) for the AWM, Insurance and Payments CGUs or for the fiscal year DCF on the scope of M&A would not result in the recognition of impairment of these various CGUs.

The sensitivity to key assumptions does not significantly affect the recoverable amount of the CGUs:

- **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 redemptions;
  - 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 been 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 various economic assumptions about historical redemptions and inflows.

The application of the shadow accounting mechanism resulted in the recognition of a deferred profit-sharing liability of 87% at June 30, 2021, unchanged compared to December 31, 2020, so no recoverability test was therefore performed.

- **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 tax losses 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 bases 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 as liabilities 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 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 BMR 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, 2022 to be approved 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 eurozone, 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 3, 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. At this stage, there is moderate uncertainty as to the sustainability of EURIBOR, resulting from the limited number of banks contributing to the determination of the index and the ability to maintain, or not, the hybrid method on all tenors. In May 2021, the European working group on alternative benchmark rates published recommendations on the content of fallback clauses (contractual provision providing for the disappearance of the index initially agreed between the parties) for contracts indexed to the EURIBOR. These recommendations relate to the event triggering the replacement of the EURIBOR rate, the replacement rate and the adjustment spread that will apply if this event should occur. In its publication, the working group recommends a cascading fallback methodology for each class of financial instrument (excluding derivatives covered by the ISDA protocol) favoring the use of the forward €STER rate and the spread as defined in the ISDA provisions to avoid a potential transfer of value between the parties.
- With respect to LIBOR, at this stage, risk-free rate alternatives were defined for the EUR, GBP, USD, CHF, and JPY LIBORs. Other alternative rates are also being considered. At this stage, there is no established market practice for the use of the new rates for all classes of financial assets and liabilities. On March 5, 2021, the Financial Conduct Authority (FCA) - the UK regulator overseeing the ICE Benchmark Administration (IBA) which is the administrator of LIBORs - confirmed the cessation of the publication of EUR, CHF, JPY and GBP LIBORs immediately after December 31, 2021. LIBOR USD will cease immediately after June 30, 2023 (except for tenors 1w and 2M which will cease on December 31, 2021).

As a result, the national working groups and authorities recommend that all players stop publishing these indices for new operations (certain milestones have already been set by the authorities and national market groups) and conduct a proactive transition of the stock of existing contracts before the disappearance of the relevant benchmarks, notably by including fallback clauses in the contracts concerned.
Lastly, for a scope of operations not yet fully determined, but which should be limited, a possible legislative framework could allow either the maintenance of the LIBOR benchmark by using a "synthetic LIBOR" - for a limited period of time - or the designation by the authorities of a replacement rate for contracts that could not have been subject to an early renegotiation of the benchmark rate (in particular by the inclusion of fallback clauses) before the disappearance of the index.
Renegotiations may take place bilaterally or en masse, depending on the asset class. Thus, for derivatives, belonging to a protocol (ISDA 2020 IBOR Fallbacks Protocol) simplifies the updating of framework agreements with all the other member parties for most transactions.

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, risk, system and accounting standpoint. Governance involving all four Natixis business lines has been set up to analyze the operational aspects of this issue.
During 2019, work focused on the reform of the Euribor, the transition from the Eonia to the €STR and the strengthening of contractual clauses regarding the termination of indices.
A new, more operational phase began in 2020 on the transition and the reduction of exposure to benchmarks that may disappear. It includes the use of new indices, the identification and implementation of inventory remediation plans as well as active communication with the bank’s customers.
In 2021, concerning derivatives, the process of remediation of derivative contracts was accelerated with the entry into force, on January 25, 2021, of Supplement 70 to the 2006 ISDA Definitions (known as the "ISDA IBOR Fallbacks Supplement"), and new definitions of FBF rates aimed at explicitly providing - for future transactions - fallback rates following the announced disappearance of LIBORs. The entry into force on the same date of the ISDA 2020 IBOR Fallbacks Protocol, which Natixis joined on December 21, 2020, also makes it possible to apply the same fallback clauses to the stock of transactions in progress with the other members of this protocol. The clearing houses have also planned to switch from cleared products

to risk-free rates or RFRs (excluding USD LIBOR) before the end of 2021. Natixis proactively solicits its clients to remedy transactions under the same conditions as the clearing houses. For structured derivatives, the publication on May 13, 2021 of Supplements 74, 75 and 76 to the 2006 ISDA Definitions, which allow for a wider use of RFRs) as benchmark rates in transactions, has contributed to the reflections of market participants. Natixis will initiate remedial actions as market practices take shape.
For loans indexed to GBP, CHF, YEN and USD LIBORs (for the tenors of 1w and 2M), remediation actions were launched in June 2021, with a differentiated approach depending on Natixis' role (*i.e.* agent or participant) and the nature of the financing granted (syndicated loan or bilateral loan). Since March 31, 2021, barring exceptions, loans indexed to GBP, CHF, YEN and EURO LIBORs with a maturity beyond December 31, 2021 are no longer granted by the Natixis Group. For loans indexed in USD, a double quotation with an alternative rate to the USD LIBOR is systematically proposed. Concerning the issues of securities operated by Natixis, the issuance programs indexed to an IBOR rate have been revised to include robust fallback clauses. In 2021, issues indexed to non-USD LIBOR will be addressed as a priority. Issues indexed to USD LIBOR will be remediated from 2022. With regard to securitization transactions, remediation has started, excluding USD LIBOR, for which the emergence of a new market standard is still expected.

The transition to benchmark rates exposes the Natixis Group to various risks, in particular:
- The conduct risk likely to result from asymmetric information and treatment of Natixis clients. To guard against this risk, Natixis has undertaken training initiatives for employees in the challenges of the transition of indices, customer communication campaigns and the application of a control plan;
- Legal risk relating to the stock of transactions for which clients do not adopt the corrective actions for fallback clauses proposed by the market and/or Natixis. Natixis teams actively monitor legislative initiatives in the various jurisdictions aimed at recommending successor rates;
- Operational risks related to changes in IT systems required to manage new rates as well as transaction migrations. The project teams ensure compliance with the implementation schedules for the affected systems;
- The potential financial risk during the remediation of the stock of LIBOR-indexed products in RFRs. Simulation work and the updating of internal transfer rates are monitored directly by General Management;
- Valuation risks related to price volatility resulting from the transition to alternative benchmark rates, to the use of a new forward structure, these risks having an impact on risk management methodologies and valuation models.

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. Natixis believes all of these hedging contracts, which have either a BOR or EONIA component, are affected by the reform and may therefore benefit from said amendments for as long as uncertainty remains with regard to the contractual changes to be implemented as a result of the regulations, the replacement index to be applied or the period of application of provisional interest rates. Almost all of the interest rate swaps used as part of a hedging relationship are indexed to a EURIBOR, EONIA or USD LIBOR index (hedging derivatives indexed to USD LIBOR are mainly entered into with the clearing house LCH CLearnet ltd). Despite the announcements made during the first half of 2021 (see above), the Natixis Group considers that uncertainties remain with regard to the inclusion / modification of fallback clauses and also due to the emergence of indices other than the SOFR likely to replace the USD LIBOR. The Financial Conduct Authority (FCA) could also accelerate the termination of the index and make it effective before December 31, 2021 or June 30, 2023, if LIBOR liquidity decreases;
- on August 27, 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. This text was adopted by the European Commission on January 13, 2021 and was applied in advance in the financial statements of December 31, 2020.

  In more detail, these include:

  - concerning the changes in financial assets and liabilities directly induced by the reform and for which the basis for calculating contractual cash flows is economically equivalent to the basis of calculation used immediately before the change, to apply the provisions of IFRS 9 and IFRS 16 to re-estimate the cash flows of 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;
  - with regard to the information to be published, the communication of information on the nature and extent of the risks associated with the IBOR reform to which the entities are exposed, for the scope of all financial instruments.

The table below shows the financial instruments by index to be transitioned as part of the index reform. The data presented are taken from the ALM management databases and concern financial instruments indexed to USD LIBOR (excluding USD LIBOR for 1w and 2M) with a maturity exceeding June 30, 2023 and financial instruments with a maturity exceeding December 31, 2021 when they are indexed to the other indices affected by the reform. In addition, the following conventions have been taken into account for the preparation of this table:

- financial assets and liabilities excluding derivatives are presented on the basis of their nominal value (outstanding capital), excluding provisions, with the exception of fixed-rate securities (excluding issues) which have been deferred, including valuation;
- derivatives are presented on the basis of their notional value as at June 30, 2021;
- repurchase agreements are broken down by EONIA, EURIBOR and LIBOR indices before accounting offsetting;

- for derivatives comprising a borrowing leg and a lending leg, each exposed to a benchmark rate, the two legs have been reported in the notes to the financial statements to effectively reflect Natixis' exposure to the benchmark rates on these two legs;
- demand financial assets and liabilities are excluded from the exposures presented, as their maturity was considered to be prior to December 31, 2021 or to June 30, 2023 (for USD LIBOR excluding USD LIBOR for 1w and 2M).

	(in millions of euros)	Financial assets	Financial liabilities	Derivatives (notional)
EURIBOR – Euro Interbank Offered Rate	Euro Short-Term Rate (€STER)	39,098	19,509	2,086,885
EONIA – Euro OverNight Index Average	Euro Short-Term Rate (€STER)	1,577	915	169,418
LIBOR - London Interbank Offered Rate - GBP	Reformed Sterling Overnight Index Average (SONIA)	997	0	179,915
LIBOR - London Interbank Offered Rate - CHF	Swiss Average Rate Overnight (SARON)	127	0	29,152
LIBOR - London Interbank Offered Rate - JPY	Tokyo Overnight Average (TONA)	152	1,153	129,192
LIBOR - London Interbank Offered Rate - EUR	Euro Short-Term Rate (€STER)	237	0	602
LIBOR – London Interbank Offered Rate – USD 1W - 2M	Secured Overnight Financing Rate (SOFR)	595	0	0
LIBOR – London Interbank Offered Rate – USD excluding 1W - 2M maturities (1)	Secured Overnight Financing Rate (SOFR)	13,909	5,092	1,271,415
	Total	56,693	26,669	3,866,578

(1) Financial assets, financial liabilities and derivatives indexed to USD LIBOR excluding tenors of 1w and 2M with a maturity greater than June 30, 2023.

NOTE 2 SCOPE OF CONSOLIDATION

2.1 Changes in the scope of consolidation since January 1, 2021

The primary changes in scope that have taken place since January 1, 2021 are as follows:

2.1.1 Corporate & Investment Banking

- Changes in percentage of ownership

  - The shareholding rate of Peter J. Solomon Company LP and Peter J. Solomon Securities Company LLC increased from 51% to 53.28% following the buyback of shares from the founders in the first and second quarters of 2021.

2.1.2 Asset & Wealth Management

- Newly consolidated entities

  - As part of its international distribution activity, Natixis IM set up in the first quarter of 2021 a new entity, Natixis Investment Managers UK (Funds) Limited (UK), LLC, dedicated to the operational support of investment funds in the United Kingdom;
  - Creation in the first quarter of 2021 by Loomis Sayles of a new company in the Netherlands, Loomis Sayles (Netherlands) BV, in order to secure its presence and accelerate its development in Europe;
  - In order to accelerate its development in Asia, the American company AEW Capital Management created in the first quarter a new subsidiary in South Korea, AEW Korea LLC;
  - Creation in the first quarter of 2021 by AEW Capital Management of two new subsidiaries in Luxembourg (AEW VIA IV GP Partners S.àr.l and AEW APREF GP S.àr.l which are involved in the management of two investment funds (AEW Value Investors Asia IV and AEW Asia Pacific Real Estate Fund).

- Deconsolidated entities

  - AEW Senior Housing Investors Inc, which was involved in the management of AEW Capital Management's non-consolidated fund AEW Senior Housing Investors, was dissolved and deconsolidated in the first quarter of 2021;
  - Deconsolidation in the second quarter of 2021 of Natixis Formation Epargne Financière following the liquidation of the entity which had been in run-off for a number of reporting periods.

- Changes in percentage of ownership

  - In accordance with the provisions of the shareholders' agreement establishing the executive management company, which was created in December 2016, the percentage of interest held by this structure in DNCA Finance decreased from 15% to 13% as of January 1, 2021. Following this transaction, the ownership ratio of DNCA Finance and its subsidiaries was 87%;

  - Following changes in the share capital of Ossiam concerning the entity's managers, the shareholding rate of NIM decreased from 74.7 to 70.8% as of the first quarter of 2021;
  - The ownership ratio of Investors Mutual Limited increased from 52% to 71.7% following the acquisition in the second quarter of 2021 of a portion of the shares held by the managers of the entity as part of the exercise of puts;
  - During the second quarter of 2021, new subscriptions were made in the Thematics Subscription Economy Fund by external investors, reducing NIM's ownership ratio from 57% to 44%. Nevertheless, the fund remains consolidated due to the crossing of thresholds.

2.1.3 Insurance

- Newly consolidated entities

  - Consolidation in the second quarter of 2021 of the FRUCTI ACTIONS France C fund following the crossing of thresholds.

2.1.4 Payments

- Changes in percentage of ownership

  - In the first quarter of 2021, the stake in Alter CE (Comitéo) increased from 70% to 100% following the buyback of shares from the founders;
  - In the second quarter of 2021, the stake in Payplug increased from 99.44 to 99.72% following the buyback of shares from the founders.

2.1.5 Coface

- Deconsolidated entities

  - The sale by Natixis of a 29.5% stake in Coface was completed on February 10, 2021.

2.2 Impact of acquisitions and disposals

The effects of acquisitions and disposals are as follows as at December 31, 2020:

- concerning puts on non-controlling interests at the beginning of the fiscal year for +€19.1 million. These effects are related to the change in the fair value of these puts over the period for +€13.7 million, generated by the downward revaluation of the financial debt for +€16.1 million, of which +€19.4 million for the AWM Division (including +€7.8 million for Dorval Finance and +€10.2 million for IML), and an amount of -€2.4 million generated by the effects of the unwinding of the discount on this financial debt. The transfer of the positive change in the share of net non-controlling interests of these entities representing these puts was worth €5.4 million over the period;

- new puts on non-controlling interests during the period amounted to -€18.1 million. As part of the merger of the interest rate management and insurance activities of Natixis IM and La Banque Postale AM (LBP AM), a large part of the activities of LBP AM were transferred to Ostrum in the fourth quarter of 2020. Following this contribution of assets, Natixis IM retains 55% of the capital of Ostrum, while La Banque Postale acquired a 45% stake, as Natixis granted a put to the latter. The effect in equity of -€18.1 million corresponds to the difference between the valuation of the put (€79.5 million) and the non-controlling interests of the new entity (€61.4 million);

- changes in the percentage stake without loss of control of consolidated entities in the amount of +€11.4 million, mainly corresponding to the result of dilution following the disposal of 45% of Ostrum to La Banque Postale AM for +€11.8 million carried out in the fourth quarter of 2020;

- reclassification of actuarial gains and losses resulting from the application of IAS 19R as reserves in connection with the loss of control of Coface for -€10.9 million.

The effects of acquisitions and disposals are as follows as at June 30, 2021:

- concerning puts on non-controlling interests at the beginning of the fiscal year for -€4.8 million. These effects are related to the change in the fair value of these puts over the period for -€3.5 million, generated by the downward revaluation of the financial debt for +€3.5 million mainly in the AWM Division for +€2.3 million (of which +€2.8 million for AEW, -€4.1 million for Flextone Partners, +€2.4 million for IML and +€1.2 million for Thematics), +€1.4 million for the CIB Division concerning PJSC and -€0.3 million for the Payments Division concerning Alter CE (Comitéo), and -€7 million generated by the accretion effect of this same financial debt (of which -€6.3 million for the AWM Division and -€0.7 million for CIB entities). The transfer of the negative change in the share of net non-controlling interests of these entities representing these puts was -€1.3 million over the period;

- the recognition of new puts on non-controlling interests for -€9.6 million for the entity Vauban Infrastructure Partners. The transfer of the positive change in the share of the net minority interests of this entity representing the put was +€3.7 million over the period;

- reclassification of actuarial gains and losses resulting from the application of IAS 19R as reserves in connection with the loss of control of Coface for +€0.2 million.

2.3 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.

In the fourth quarter of 2020, Natixis launched negotiations for the sale of its entire stake in the entity H2O, *i.e.* 50.01% of the share capital. A memorandum of understanding was signed on January 29, 2021. In June 2021, Natixis announced the postponement of the sale of the H2O entity following discussions with the regulatory authorities. Natixis and H2O are continuing their work to amend the proposed transaction in order to unwind their partnership.

In view of the elements indicated above, Natixis maintained the full consolidation of the entity at June 30, 2021 and presented, in accordance with the provisions of IFRS 5, "*Non-current assets held for sale and discontinued operations*", the assets and liabilities of this entity grouped together under two separate balance sheet items: *«Non-current assets held for sale*", and "*Non-current liabilities held for sale".*

NOTE 3 NOTES TO THE INCOME STATEMENT

3.1 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).

As at June 30, 2021, negative interest on financial assets is presented under "Interest and similar expenses"; negative interest on financial liabilities is presented under "Interest and similar income". As at June 30, 2020, negative interest on financial assets was included in "Interest and similar income" to show a net balance; negative interest on financial liabilities was recorded under "Interest and similar expenses".

(in millions of euros)	H1 2021			H1 2020		
	Income	Expense	Net	Income	Expense	Net
Financial assets and liabilities at amortized cost	**1,051**	**(364)**	**687**	**1,238**	**(807)**	**431**
Central banks	13	(46)	(33)	63	(18)	45
Interest on securities	42	(41)	1	57	(52)	5
Receivables, loans and borrowings	995	(224)	772	1,118	(371)	748
Banks	210	(157)	53	116	(262)	(146)
Customers	783	(67)	716	1,000	(108)	892
Finance leases	2		2	2		2
Debt securities and subordinated debt		(47)	(47)		(360)	(360)
Lease liabilities		(5)	(5)		(7)	(7)
Financial assets at fair value through other comprehensive inc	**11**		**11**	**39**		**39**
Interest on securities	10		10	39		39
Loans and receivables	1		1			
Financial assets to be valued at fair value through profit or loss	**34**		**34**	**36**		**36**
Loans and receivables	18		18	21		21
Interest on securities	15		15	15		15
Hedging derivatives	**131**	**(196)**	**(66)**	**149**	**(205)**	**(56)**
Total (1)	**1,226**	**(560)**	**666**	**1,463**	**(1,012)**	**451**

(1) As at June 30, 2021, the negative interest on financial assets and liabilities amounted to -€42 million and €132.9 million respectively.

3.2 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 2021			H1 2020		
	Income	Expense	Total	Income	Expense	Total
Interbank transactions	3	(20)	(17)	4	(12)	(9)
Customer transactions	305		305	240	11	251
Securities transactions	32	(77)	(45)	43	(113)	(70)
Payment services	262	(31)	231	223	(32)	192
Financial services	88	(269)	(182)	91	(257)	(166)
Fiduciary transactions [1]	1,719		1,719	1,618		1,618
Financing, guarantee, securities and derivative commitments	196	(72)	125	154	(61)	93
Other items [2]	55	(622)	(567)	50	(560)	(510)
Total	**2,660**	**(1,092)**	**1,569**	**2,423**	**(1,024)**	**1,399**

(1) Of which performance fees of €71 million of which €55 million for the Europe region and €16 million for North America at June 30, 2021 vs. €71 million, of which €63 million for Europe and €8 million for North America at June 30, 2020;
(2) Of which net fee and commission income of -€618 million as at June 30, 2021, versus -€552 million as at June 30, 2020, for insurance activities, for which the related income is presented as "Net income from insurance activities".

3.3 Gains and losses on financial assets and liabilities 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 2021	H1 2020
Net gains/(losses) on financial assets and liabilities excluding hedging derivatives	**797**	**359**
Net gains/(losses) on financial assets and liabilities held for trading [2]	1,593	(652)
o/w derivatives not eligible for hedge accounting	(3,609)	4,233
Net gains/(losses) on financial assets to be valued at fair value through profit or loss	127	(144)
Net gains/(losses) on financial assets and liabilities under the fair value option	(963)	1,109
Other items	39	46
Hedging derivatives and revaluation of hedged items	**(2)**	**7**
Ineffective portion of cash flow hedges (CFH)	(12)	0
Ineffective portion of fair value hedges (FVH)	9	7
Changes in fair value hedges	87	(103)
Changes in hedged items	(78)	110
Total [1]	**795**	**366**

(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:
- Reductions applied to the fair value of CDS entered into with monoline companies: a decrease in the reduction inventory was recorded in the first half of 2021 for €12.7 million compared to an increase in the reduction inventory of €15.9 million (expense) during the first half of 2020 (excluding the foreign exchange impact), bringing the total reduction inventory to €17.1 million at June 30, 2021 compared to €41 million at June 30, 2020;
- As at June 30, 2021, a valuation adjustment recorded on the passive valuation of derivatives for own credit risk (DVA) of €2.4 million (expense) compared to an income of €17.7 million at June 30, 2020. In addition, the value adjustment concerning the valuation of the counterparty risk (CVA) of financial assets was €18.9 million (income) as at June 30, 2021 compared to an expense of €110.2 million as at June 30, 2020;
- the Funding Valuation Adjustment (FVA) used on uncollateralized derivatives or imperfectly collateralized derivatives is also recognized on this line in the amount of €5.9 million (expense) as at June 30, 2021 versus €45.2 million (expense) as at June 30, 2020.

3.4 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 2021	H1 2020
Net gains on debt instruments	13	9
Net gains on equity instruments (dividends)	50	22
Total	**63**	**31**

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”.

3.5 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.

Net gains or losses resulting from the derecognition of instruments at amortized cost include, at June 30, 2021, losses recognized following the sale of loans at amortized cost for -€3.7 million (-€4.8 million at June 30, 2020) and the gains recognized following the disposal of debt securities at amortized cost (neutral for the first half of 2021 compared to +€1.5 million at June 30, 2020).

3.6 Other income and expenses

Income and expenses from other activities include ancillary income and expenses on finance leases and income and expenses on investment properties.

(in millions of euros)	H1 2021			H1 2020		
	Income	Expense	Net	Income	Expense	Net
Operating leases	17		**17**	18		**18**
Other related income and expenses	78	(119)	**(41)**	103	(95)	**8**
Total [(1)]	**95**	**(119)**	**(24)**	**121**	**(95)**	**26**

(1) Of which insurers’ contribution to the Fonds de solidarité de TPE as part of the COVID-19 crisis amounted to -€13.9 million as of June 30, 2020.

3.7 Operating expenses

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 payments recognized in accordance with IFRS 2.
This item also includes all administrative expenses and external services.

	(in millions of euros)	H1 2021	H1 2020
Payroll costs	Wages and salaries	(1,307)	(1,179)
	o/w share-based payments [1]	*(26)*	*(8)*
	Pension benefits and other long-term employee benefits	(85)	(78)
	Social security expenses	(360)	(268)
	Incentive and profit-sharing plans	(84)	(37)
	Payroll-based taxes	(62)	(58)
	Other items	(18)	(4)
Total payroll costs		**(1,916)**	**(1,624)**
Other operating expenses	Taxes and levies [2]	(199)	(259)
	External services	(871)	(787)
	Other items	(13)	(6)
Total Other operating expenses		**(1,083)**	**(1,052)**
Total		**(2,999)**	**(2,676)**

(1) The amount recognized for the first half of 2021 in respect of the retention and performance plans includes an expense of €26 million (versus €4 million as at June 30, 2020) for the portion of compensation paid in cash and indexed to the Natixis share price and income of €0.1 million (as opposed to a charge of €3.3 million at June 30, 2020) for the portion of compensation paid in Natixis shares;

(2) Of which a contribution of €136.8 million to the Single Resolution Fund (SRF) as at June 30, 2021, versus €165.2 million as at June 30, 2020.

3.8 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 any 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 €5.2 million as of June 30, 2021, as compared to €22.3 million at June 30, 2020.

(in millions of euros)	H1 2021					H1 2020				
	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	**(237)**	**202**	**(0)**	**0**	**(35)**	**(141)**	**129**	**(0)**	**0**	**(12)**
Unimpaired financing commitments – 12-month expected credit losses	(51)	44	0	0	**(6)**	(26)	17	0	0	**(9)**
Unimpaired financing commitments – Lifetime expected credit losses	(133)	117	0	0	**(16)**	(93)	75	0	0	**(18)**
Impaired financing commitments – Lifetime expected credit losses	(42)	37	0	0	**(6)**	(16)	30	0	0	**14**
Other items	(11)	5	(0)	0	**(6)**	(5)	7	(0)	0	**2**
Provisions for impairment of financial assets	**(506)**	**421**	**(6)**	**1**	**(90)**	**(725)**	**253**	**(3)**	**3**	**(471)**
Unimpaired financial assets – 12-month expected credit losses	(76)	65	0	0	**(11)**	(54)	29	0	0	**(26)**
Unimpaired financial assets – Lifetime expected credit losses	(225)	233	0	0	**8**	(155)	113	0	0	**(42)**
Impaired financial assets – Lifetime expected credit losses	(205)	123	(6)	1	**(87)**	(516)	112	(3)	3	**(403)**
Total	**(743)**	**623**	**(6)**	**1**	**(124)**	**(866)**	**382**	**(3)**	**3**	**(482)**
of which:										
Reversals of surplus impairment provisions		*623*					*382*			
Reversals of utilized impairment provisions		*333*					*136*			
	sub-total reversals:	***956***				***sub-total reversals:***	***518***			
Write-offs covered by provisions		*(333)*					*(136)*			
	total net reversals:	***623***				***total net reversals:***	***382***			

3.9 Gains and 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 2021			H1 2020		
	Investments in consolidated companies	Property, plant and equipment and intangible assets	TOTAL	Investments in consolidated companies	Property, plant and equipment and intangible assets	TOTAL [(1)]
Net capital gains/(losses) on disposals	2	0	2	(107)	(2)	(109)
Total	**2**	**0**	**2**	**(107)**	**(2)**	**(109)**

(1) Including -€111.9 million concerning the loss on the disposal of Coface for the first half of 2020.

3.10 Reconciliation of the tax expense in the financial statements and the theoretical tax expense

(in millions of euros)	H1 2021	H1 2020
+ Net income (Group share)	629	(261)
+ Net income (non-controlling interests)	31	51
+ Income tax expense	257	18
+ Income from discontinued operations		
+ Impairment of goodwill		
- Share in net income of associates	(16)	40
= Consolidated net income/(loss) before tax, goodwill amortization and share in income of associates	**901**	**(152)**
+/- Permanent differences [(1)]	(1)	322
= Consolidated taxable income/(loss)	**900**	**170**
x Theoretical tax rate	28.4%	32.02%
= Theoretical tax charge	**(256)**	**(55)**
+ Income taxed at reduced rates	0	0
+ Losses for the period not recognized for deferred tax purposes [(2)]	29	18
+ Impact of tax consolidation	5	18
+ Difference in tax rates for foreign subsidiaries [(3)]	12	(3)
+ Tax on prior periods and other tax items	(48)	3
= Tax charge for the period	**(257)**	**(19)**
of which: taxes payable	(267)	(119)
deferred tax	9	101

(1) In 2020, the impact of the loss of control of the Coface Division generated a non-deductible capital loss of €106.2 million;
(2) Mainly made up in 2021 by the partial capitalization of previously unrecognized losses of the London branch (+€20.2 million) and in 2020 by the capitalization of previously unrecognized losses of the Hong Kong branch (+€22.1 million);
(3) In 2021, this change was mainly due to profit from Asset Management activities (+€5.4 million) and branches in Hong Kong (+€4.6 million) and Dubai (+€2.1 million). For 2020, positive results from Asset Management activities in the United States and England (+€26.5 million) offset by the losses realized by some CIB subsidiaries in the United States and Singapore (-€29.3 million).
In addition, as of June 30, 2021, the interest on perpetual deeply subordinated notes generated a tax saving of €15.4 million (€20.4 million at June 30, 2020).

NOTE 4 NOTES TO THE BALANCE SHEET

4.1 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 the income statement 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".

4.1.1 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, as well as equity instruments for which no choice has been made to measure them through equity.

(in millions of euros)	30/06/2021				31/12/2020			
	Financial assets held for trading	Financial assets 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 assets to be valued at fair value through profit or loss (1)	Financial assets designated under the fair value option (2)	Total
Securities	**60,687**	**2,625**	**40**	**63,352**	**51,565**	**2,437**	**21**	**54,023**
Debt instruments	18,558	1,784	40	20,382	18,833	1,703	21	20,556
Equity instruments	42,129	841	0	42,970	32,733	734	0	33,467
Financing against reverse repos (3)	**53,433**			**53,433**	**80,113**			**80,113**
Loans and receivables	**3,859**	**1,263**	**2**	**5,124**	**2,933**	**1,931**	**2**	**4,867**
Banks	0	485	2	487	0	963	2	966
Customers	3,859	778	0	4,637	2,932	969	0	3,901
Derivative instruments not eligible for hedge ac	**49,397**			**49,397**	**53,664**	**0**	**0**	**53,664**
Security deposits paid	**15,726**			**15,726**	**17,711**	**0**	**0**	**17,711**
Total	**183,102**	**3,888**	**42**	**187,032**	**205,986**	**4,368**	**23**	**210,378**

(1) The criteria used to classify financial assets at fair value through profit or loss due to the non-compliance with the SPPI criterion used by Natixis are provided in Note 5.1.2 of Chapter 5.1, "Financial information - Consolidated financial statements and notes" of the 2020 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 4.2).

4.1.2 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)	30/06/2021			31/12/2020		
	Financial liabilities issued for trading	Financial liabilities designated under the fair value option	Total	Financial liabilities issued for trading	Financial liabilities designated under the fair value option	Total
Note	*4.1.2.1 and 4.1.2.2*			*4.1.2.1 and 4.1.2.2*		
Securities	**18,419**	**21,897**	**40,315**	**20,877**	**22,776**	**43,654**
Debt securities	7	21,797	21,804	295	22,677	22,972
Subordinated debt	0	100	100	0	99	99
Short sales	18,412	0	18,412	20,582	0	20,582
Repurchased securities (1)	**72,722**	**0**	**72,722**	**95,263**	**0**	**95,263**
Liabilities	**9**	**4,503**	**4,511**	**13**	**3,795**	**3,808**
Due to banks	0	155	154	0	151	150
Customer deposits	9	35	44	13	120	133
Other liabilities	0	4,313	4,313	0	3,525	3,525
Derivative instruments not eligible for he	**44,621**	**0**	**44,621**	**49,897**	**0**	**49,897**
Security deposits received	**14,285**	**0**	**14,285**	**15,844**	**0**	**15,844**
Total	**150,054**	**26,399**	**176,454**	**181,896**	**26,571**	**208,467**

(1) The information presented takes into account the impact of offsetting carried out in accordance with IAS 32 (see Note 4.2).

4.1.2.1 Conditions for classification of financial liabilities 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. 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)	30/06/2021			31/12/2020		
	Carrying amount	Accounting mismatch	Embedded derivatives	Carrying amount	Accounting mismatch	Embedded derivatives
Due to banks	155	3	152	151	4	147
Customer deposits	35	0	35	120	0	120
Debt securities	21,796	18,534	3,262	22,677	19,030	3,647
Subordinated debt	100	0	100	99	0	99
Other liabilities	4,313	4,313	0	3,525	3,525	0
Total	**26,399**	**22,851**	**3,549**	**26,571**	**22,558**	**4,013**

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.

4.1.2.2 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)	30/06/2021				31/12/2020			
	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)]	21,797	21,196	601	145	22,677	22,339	338	136
Subordinated debt [(1)]	100	100	0	(0)	99	100	(1)	(1)
Total [(2)]	**21,897**	**21,296**	**601**	**145**	**22,776**	**22,439**	**337**	**135**

(1) *Payments related to early repayments of Natixis issues recognized in equity in the first half of 2021 amounted to -€3 million compared to +€0.1 million in the first half of 2020.*

(2) *The fair value, determined using the calculation method described in Note 4.4, recorded in respect of internal credit risk on Natixis issues, totaled -€144.7 million as at June 30, 2021 versus -€134.9 million as at December 31, 2020. 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)	30/06/2021			31/12/2020		
	Carrying amount	Amount contractually due at maturity	Difference between carrying amount and amount contractually due at maturity	Carrying amount	Amount contractually due at maturity	Difference between carrying amount and amount contractually due at maturity
Due to banks	155	155	(1)	151	146	5
Customer deposits	35	35	0	120	119	0
Other liabilities	4,313	4,313	0	3,525	3,525	0
Total	**4,503**	**4,503**	**(1)**	**3,795**	**3,790**	**5**

4.2 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 net 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 deducting the gross offset amounts, correspond to the gross 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, liability valuations and variations in margin;
- 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
    - o have the same maturity date,
    - o involve the same custodian (unless the custodian has signed up to the T2S platform),
    - o are made in the same currency,
  - for which the settlement/delivery is carried out by the same custodian whose services make it possible

to connect, at the same settlement date, the contracts concluded with the same counterparty and whose maturity and currency are identical.

OTC derivatives handled with the clearing houses LCH Clearnet Ltd, Eurex Clearing AG and CME Clearing are not subjected to accounting offsets in the sense of IAS 32, but rather a daily liquidation (application of the settlement to market principle, as provided by those three clearing houses so that margin calls are now considered a routine liquidation of derivatives, rather than security deposits as before).
Natixis has also had, since the first half of 2021, access to services offered by SwapAgent (LCH Group) enabling the conclusion of settled to market contracts for OTC derivatives traded with counterparties that are not clearing houses. These derivatives are considered liquidated daily through margin calls organized by SwapAgent.

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.

4.2.1 Financial assets subject to offsetting or enforceable or similar global netting agreement

	30/06/2021			31/12/2020		
(in millions of euros)	**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**
Financial assets at fair value through profit or loss	**126,673**	**23,843**	**102,830**	**151,481**	**17,703**	**133,777**
Derivatives	51,987	2,590	49,397	56,219	2,554	53,664
Repurchase agreements	74,686	21,253	53,433	95,262	15,149	80,113
Hedging derivatives	**205**	**13**	**192**	**254**	**25**	**230**
Loans and receivables due from credit institutions	**4,340**	**2,350**	**1,990**	**7,812**	**5,057**	**2,755**
Repurchase agreements	4,340	2,350	1,990	7,812	5,057	2,755
Customer loans and receivables	**2,468**	**0**	**2,468**	**4,141**	**0**	**4,141**
Repurchase agreements	2,468	0	2,468	4,141	0	4,141
TOTAL	**133,686**	**26,206**	**107,480**	**163,688**	**22,785**	**140,903**

	30/06/2021				31/12/2020			
(in millions of euros)	**Net amount of financial assets recognized in the balance sheet**	**Impact of master netting or similar arrangements (1)**	**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**
Derivatives	49,589	28,917	9,992	10,680	53,894	34,577	11,246	8,071
Repurchase agreements	57,891	56,599	5	1,287	87,009	83,766	5	3,238
Other financial instruments								
TOTAL	**107,480**	**85,516**	**9,996**	**11,967**	**140,903**	**118,343**	**11,251**	**11,309**

(1) Including guarantees received in the form of securities

4.2.2 Financial liabilities subject to offsetting or enforceable or similar global netting agreement

(in millions of euros)	30/06/2021			31/12/2020		
	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**
Financial liabilities at fair value through profit or loss	**141,185**	**23,842**	**117,342**	**162,866**	**17,705**	**145,161**
Derivatives	47,210	2,589	44,621	52,454	2,556	49,897
Repurchase agreements	93,974	21,253	72,722	110,412	15,149	95,263
Hedging derivatives	**409**	**13**	**396**	**548**	**23**	**525**
Due to banks	**10,833**	**2,350**	**8,483**	**14,186**	**5,057**	**9,129**
Repurchase agreements	10,833	2,350	8,483	14,186	5,057	9,129
Customer deposits	**182**	**0**	**182**	**17**	**0**	**17**
Repurchase agreements	182	0	182	17	0	17
TOTAL	**152,609**	**26,206**	**126,403**	**177,618**	**22,785**	**154,833**

(in millions of euros)	30/06/2021				31/12/2020			
	Net amount of financial liabilities recognized in the balance sheet	**Impact of master netting or similar arrangements (1)**	**Guarantees given in the form of 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**
Derivatives	45,016	30,609	7,675	6,733	50,423	35,430	10,805	4,188
Repurchase agreements	81,387	81,201	0	186	104,410	104,277	0	132
Other financial instruments								
TOTAL	**126,403**	**111,810**	**7,675**	**6,918**	**154,833**	**139,707**	**10,806**	**4,320**

(1) Including guarantees given in the form of securities.

4.3 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)	30/06/2021				31/12/2020			
	Debt instruments				**Debt instruments**			
	Unimpaired financial assets (1)	**Impaired financial assets (2)**	**Equity instruments (3)**	**Total**	**Unimpaired financial assets (1)**	**Impaired financial assets (2)**	**Equity instruments**	**Total**
Note	*4.3.1*	*4.3.1*	*4.3.2*		*4.3.1*	*4.3.1*	*4.3.2*	
Securities	11,595		936	12,531	12,550		644	13,194
Loans and receivables								
Total	**11,595**		**936**	**12,531**	**12,550**	**0**	**644**	**13,194**

(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) Including Coface for €197.3 million (see Note 1.2).

4.3.1 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 2021 in accounting items and impairments and provisions related to financial assets at fair value through recyclable other comprehensive income.

(in millions of euros)	Financial assets at fair value through recyclable other comprehensive income									
	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 as at 01/01/2020	**11,529**	**(0)**	**33**	**(0)**	**0**	**0**	**0**	**0**	**11,563**	**(0)**
New originated or acquired contracts	1,275	0							1,275	0
Changes in contractual cash flows not giving rise to derecognition	0	0								
Variations linked to changes in credit risk parameters *(excluding transfers)*	677	(1)							677	(1)
Financial asset transfers	*33*	*0*	*(33)*	*0*						
Transfers to S1	33	0	(33)	0						
Transfers to S2										
Transfers to S3										
Contracts fully repaid or sold during the period	(653)	0							(653)	0
Impairment in value *(write-off)*										
Variations linked to changes in exchange rates	(312)	0							(312)	0
Changes in the model used										
Other changes	1	0							1	0
Balance as at 31/12/2020	**12,551**	**(1)**	**0**	**0**	**0**	**0**	**0**	**0**	**12,551**	**(1)**
New originated or acquired contracts	3,345	(0)							3,345	(0)
Changes in contractual cash flows not giving rise to derecognition										
Variations linked to changes in credit risk parameters *(excluding transfers)*	(997)								(997)	
Financial asset transfers										
Transfers to S1										
Transfers to S2										
Transfers to S3										
Contracts fully repaid or sold during the period	(3,390)								(3,390)	
Impairment in value *(write-off)*										
Variations linked to changes in exchange rates	87	(0)							87	(0)
Changes in the model used										
Other changes										
Balance as at 30/06/2021	**11,596**	**(0)**	**0**	**0**	**0**	**0**	**0**	**0**	**11,596**	**(0)**

4.3.2 Equity instruments at fair value through other comprehensive income

(in millions of euros)	30/06/2021					31/12/2020				
	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 as at 30/06/2021	Equity instruments derecognized during the period	Fair value on date of sale	Cumulative profit or loss on date of sale		Equity instruments held as at 31/12/2020	Equity instruments derecognized during the period	Fair value on date of sale	Cumulative profit or loss on date of sale
Non-consolidated equity investments	936	50	0	(0)	(0)	644	50	0	13	0
Other equity instruments										
Total	**936**	**50**	**0**	**(0)**	**(0)**	**644**	**50**	**0**	**13**	**0**

4.4 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;

- if the market for a financial instrument is not active, fair value is established using valuation techniques. 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.

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)	30/06/2021				31/12/2020			
	Carrying amount	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3
Financial assets held for trading	**133,704**	**58,308**	**72,474**	**2,923**	**152,322**	**48,143**	**102,117**	**2,062**
o/w debt instruments in the form of securities	18,558	17,282	1,004	272	18,833	15,848	2,887	98
o/w equity instruments	42,129	41,026	1,103		32,733	32,295	438	
o/w loans and receivables	57,291		54,640	2,651	83,046		81,082	1,964
o/w security deposits paid	15,726		15,726		17,711		17,711	
Derivative instruments not eligible for hedge accounting (positive fair value)	**49,397**	**1,406**	**45,403**	**2,589**	**53,664**	**1,048**	**50,859**	**1,757**
o/w interest rate derivatives	33,742		33,191	551	38,397	28	37,824	545
o/w currency derivatives	9,822		9,192	630	9,715		9,230	484
o/w credit derivatives	742		511	232	830		647	184
o/w equity derivatives	3,627	594	1,862	1,171	3,533	445	2,544	544
o/w other	1,464	812	648	5	1,190	575	615	
Financial assets to be valued at fair value through profit or loss	**3,889**	**1,300**	**925**	**1,663**	**4,368**	**1,167**	**1,996**	**1,205**
o/w equity instruments	842	215		627	734	156		578
o/w debt instruments in the form of securities	1,784	1,085	130	570	1,703	1,011	124	568
o/w loans and receivables	1,263		796	467	1,931		1,873	59
Financial assets designated under the fair value option	**42**		**2**	**40**	**23**		**2**	**21**
o/w debt instruments in the form of securities	40			40	21			21
o/w loans and receivables	2		2		2		2	
Hedging derivatives (assets)	**192**		**192**		**230**		**230**	
o/w interest rate derivatives	192		192		230		230	
Financial assets at fair value through other comprehensive income	**12,530**	**11,758**	**191**	**581**	**13,194**	**11,963**	**739**	**490**
o/w equity instruments	935	353	1	581	643	152		490
o/w debt instruments in the form of securities	11,595	11,405	191		12,550	11,811	739	
o/w loans and receivables								
Total	**199,754**	**72,771**	**119,187**	**7,796**	**223,800**	**62,321**	**155,944**	**5,534**

The data regarding the fair value measurements for the insurance activities are presented in Note 5.3.4.

Liabilities (in millions of euros)	30/06/2021				31/12/2020			
	Carrying amount	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3
Financial liabilities held for trading	**32,704**	**18,330**	**14,371**	**3**	**36,722**	**20,567**	**16,154**	
o/w securities issued for trading purposes	18,419	18,330	86	3	20,877	20,567	310	
o/w security deposits received	14,285		14,285		15,844		15,844	
Derivative instruments not eligible for hedge accounting (negative fair value)	**44,621**	**1,054**	**41,087**	**2,481**	**49,897**	**713**	**47,707**	**1,477**
o/w interest rate derivatives	28,385		28,034	351	32,998	4	32,672	322
o/w currency derivatives	10,269		9,784	485	10,585		10,303	282
o/w credit derivatives	857		391	466	1,062		799	263
o/w equity derivatives	3,935	507	2,302	1,126	4,264	258	3,404	601
o/w other	1,175	547	576	53	988	451	529	8
Other financial liabilities held for trading	**72,731**		**72,109**	**621**	**95,276**		**94,702**	**574**
Financial liabilities designated under the fair value option	**26,399**	**4,311**	**13,482**	**8,606**	**26,571**	**3,045**	**14,768**	**8,758**
O/w securities under the fair value option	21,897		13,298	8,599	22,776		14,022	8,754
O/w other financial liabilities under the fair value option	4,503	4,311	184	7	3,795	3,045	746	4
Hedging derivatives (liabilities)	**396**		**396**		**525**		**525**	
O/w interest rate derivatives	396		396		525		525	
Total	**176,850**	**23,695**	**141,444**	**11,711**	**208,992**	**24,326**	**173,857**	**10,809**

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:

<u>Simple instruments:</u>

Most OTC 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 listed on an active market whose fair value is determined on the basis of observable market data, for example use of market data from comparable companies, or multiples method based on techniques commonly used by market players;
- 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 as at June 30, 2021, 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 OTC 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;

  - a 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), or CMS replication.

  The HW1F model makes it possible to model the yield curve with a single Gaussian factor and one calibration of the vanilla rate options (European swaption).

  The HW2F model makes it possible to model the yield curve with two factors and one calibration of the vanilla rate options (European swaption) 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 equity).

  The CMS replication model makes it possible to replicate CMS flows in exotic payoffs through a combination of instruments such as European swaptions.

- 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 equity), 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.

- Credit derivatives: products generally have specific characteristics that justify the choice of model.
  The main models used for the valuation and management of credit products are the stochastic credit intensity model and the hybrid model combining a diffusion of stochastic intensity and a diffusion of the yield curve.

- Commodity derivatives: products generally have specific characteristics that justify the choice of model. The main models used for the valuation and management of commodity products are the Black & Scholes model (multi-underlying version), the local volatility model (multi-underlying version), and the LSV model (for precious metals).

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 at December 31, 2020, in view of the health crisis, Natixis carried out an exhaustive review of its portfolio (see Note 1.4.3);
- 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 which 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 3, "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.

As at June 30, 2021, instruments for which the recognition of day-one profit/loss has been deferred included:

- multiple equity and index underlying structured products;
- mono-underlying structured products 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	Unobservable data intervals min - max (JUN 21)
Interest rate derivatives	Sticky CMS/Volatility Bond	Valuation models for interest rate options	Mean reversion parameters	[0.5%;2.5%]
Interest rate derivatives	Callable Spread Options and Corridor Callable Spread Options	Model representing several yield curve factors	Mean-reversion spread	[0%; 30%]
Interest rate derivatives	Bermuda Accreting		Accreting Factor	[60%; 94%]
Interest rate derivatives	Volatility cap/floor	Valuation models for interest rate options	Interest rate vol.	[4.2%; 171.3%]
Equity	Plain vanilla derivatives and complex derivatives, equity basket or funds	Different equity option valuation models, equity baskets or funds	Equity volatility	[0.4%; 266.5%]
			Fund volatility	[3.88%; 34.4927%]
			Stock/stock correlations	[7.3%;100%]
			Repo for general collateral baskets	[-0.75%;1.11%]
Forex	Forex derivatives	Forex options valuation model	Forex volatility	[6.8627%; 13.876%]
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	[-40%;60%]
				[6.8627%; 13.876%]
Credit	CDO	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	80.00%
Credit	Securitization swaps	Discounted cash flow expected based on the underlying portfolio's early redemption assumptions	Prepayment rate	[3.3%; 40.0%]
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	[-49.25%;55%]
			Equity-Rate correlations	[16.50%;51.99%]
			Fixed Income/Forex correlations	[-34%;32.8%]
Forex	Helvetix: Strip of long-term options, Strip of quanto options, Strip of digital options	Black & Scholes model	EURCHF/EURUSD correlation	[26.11%;27.27%]
	Helvetix: Spread options and digital spread options	Gaussian copula	USDCHF & EURCHF long-term volatility	USDCHF volatility: [7.8436%; 11.0257%] EURCHF volatility: [7.0184%; 8.7955%]

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, Risk and Business Lines functions. 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. Transfers to or from Level 3 are subject to validation by the Valuation Committee.

At June 30, 2021, the main reclassifications to fair value Level 3 were made following the review of the observability horizons of the market parameters of the equity underlyings on the various risk axes (volatility, forward, dividend, repo) and the equity/equity correlation parameter (see Note 4.4.1).

As a reminder, the main reclassifications carried out at December 31, 2020 (see Note 4.4.1.) concerned:

- Bermudan accreters (in Australian dollars), with a residual maturity of between 10 and 20 years, which have been transferred to fair value Level 2 due to the non-materiality of the accreting factor parameter (see table above);
- Mono-underlying structured products indexed on equity which were transferred to Level 3 following the review of the observability horizon of the valuation inputs (volatility, repo, dividends) of the underlying assets.

4.4.1 Financial assets and liabilities at fair value measured using Level 3 of the fair value hierarchy

Financial assets

Financial assets (in millions of euros)	Level 3 opening balance 01/01/2021	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 30/06/2021
		Income statement		Gains and losses recorded directly in equity	Purchases / Issues	Sales/ Redemptions	Outside Level 3	To Level 3	Other reclassifications			
		On outstanding transactions at the reporting date	On transactions expired or redeemed in the period									
Financial assets held for trading	**2,062**	**72**	**(3)**		**7,168**	**(6,306)**	**(264)**	**172**			**21**	**2,923**
o/w debt instruments in the form of securities	98	(12)	(12)		197	(157)	(19)	172			4	272
o/w equity instruments		0			0	(0)		0				0
o/w loans and receivables	1,964	84	9		6,971	(6,148)	(245)				17	2,651
Derivative instruments not eligible for hedge accounting (positive fair value)	**1,757**	**1,295**	**(40)**		**433**	**(1,056)**	**27**	**140**	**28**		**7**	**2,589**
o/w interest rate derivatives	545	4	(24)		12	(51)	(7)	69	0		3	551
o/w currency derivatives	484	136	(33)		2	(18)	58	1			(0)	630
o/w credit derivatives	184	17	(2)		7	(15)	(1)	8	28		7	232
o/w equity derivatives	544	1,132	19		412	(973)	(23)	61			(2)	1,171
o/w other		6				(0)						5
Other financial assets held for trading												
Financial assets to be valued at fair value through profit or loss	**1,205**	**90**	**7**		**84**	**(67)**	**(0)**	**340**	**(0)**		**6**	**1,663**
o/w equity instruments	578	43			4	(2)		3	(0)		1	627
o/w debt instruments in the form of securities	568	21	7		32	(61)	(0)	0			3	570
o/w loans and receivables	59	27			48	(4)		337			2	467
Financial assets designated under the fair value option	**21**	**19**									**1**	**40**
o/w debt instruments in the form of securities	21	19									1	40
o/w equity instruments												
o/w loans and receivables												
Financial assets at fair value through other comprehensive income	**490**	**36**		**74**	**3**	**(36)**			**(2)**		**15**	**581**
o/w equity instruments	490	36		74	3	(36)			(2)		15	581
o/w debt instruments in the form of securities												
o/w loans and receivables												
Total financial assets recorded at fair value	**5,534**	**1,512**	**(37)**	**74**	**7,688**	**(7,466)**	**(237)**	**651**	**26**		**49**	**7,796**

Financial liabilities

Financial liabilities (in millions of euros)	Level 3 opening balance 01/01/2021	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 30/06/2021
		Income statement		Gains and losses recorded directly in equity	Purchases / Issues	Sales/ Redemptions	Outside Level 3	To Level 3	Other reclassifications			
		On outstanding transactions at the reporting date	On transactions expired or redeemed in the period									
Securities held for trading	**0**	**0**	**(0)**			**1**	**(0)**	**2**			**0**	**3**
Derivative instruments not eligible for hedge accounting (negative fair value)	**1,477**	**1,167**	**(220)**		**208**	**(771)**	**35**	**473**	**128**		**(16)**	**2,481**
o/w interest rate derivatives	322	(15)	(20)		6	(33)	21	66			3	351
o/w currency derivatives	282	161	(2)		2	(7)	38	1			10	485
o/w credit derivatives	263	41	(0)		15	(54)	(0)	64	130		8	466
o/w equity derivatives	601	945	(198)		184	(676)	(23)	332	(2)		(38)	1,126
o/w other	8	34	(0)		1	(0)	(0)	10			0	53
Other financial liabilities held for trading	**574**	**12**	**(15)**		**482**	**(496)**		**62**			**1**	**621**
Financial liabilities under the fair value option through profit or loss	**8,758**	**552**	**151**		**3,496**	**(4,348)**	**(401)**	**252**	**86**		**60**	**8,606**
O/w securities under the fair value option	8,754	552	151		3,496	(4,348)	(401)	249	86		60	8,599
O/w other financial liabilities under the fair value option	4	(0)				(0)		3				7
Total financial liabilities recognized at fair value	**10,809**	**1,732**	**(85)**		**4,186**	**(5,613)**	**(366)**	**789**	**214**		**45**	**11,711**

12/31/2020

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 31/12/2020
		Income statement		Gains and losses recorded directly in equity	Purchases / Issues	Sales/ Redemptions	Outside Level 3	To Level 3	Other reclassifications			
		On outstanding transactions at the reporting date	On transactions expired or redeemed in the period									
Financial assets held for trading	**3,224**	**(55)**	**432**		**9,342**	**(11,211)**	**(12)**	**485**	**(51)**		**(93)**	**2,062**
o/w debt instruments in the form of securities	341	(110)	410		4,066	(4,626)	(12)	52	9		(34)	98
o/w equity instruments	60								(60)			
o/w loans and receivables	2,823	55	21		5,276	(6,585)		433			(59)	1,964
Derivative instruments not eligible for hedge accounting (positive fair value)	**2,207**	**(9)**	**28**		**515**	**(363)**	**(312)**	**(3)**	**(226)**		**(80)**	**1,757**
o/w interest rate derivatives	741	211	(271)		25	(47)	(108)	(0)			(6)	545
o/w currency derivatives	976	(14)	(15)		(1)	(46)	(176)	(30)	(227)		17	484
o/w credit derivatives	229	(27)	(2)		2	(16)	(1)	10			(11)	184
o/w equity derivatives	262	(179)	316		489	(254)	(26)	16	1		(81)	544
o/w other												
Other financial assets held for trading												
Financial assets to be valued at fair value through profit or loss	**1,308**	**(24)**	**(4)**		**179**	**(275)**	**0**	**0**	**39**	**(7)**	**(14)**	**1,205**
o/w equity instruments	613	(3)	(5)		12	(67)			39	(7)	(5)	578
o/w debt instruments in the form of securities	647	(22)			(24)	(25)	0	0			(9)	568
o/w loans and receivables	49	2			192	(183)					2	59
Financial assets designated under the fair value option		**(19)**						**40**			**1**	**21**
o/w debt instruments in the form of securities		(19)						40			1	21
o/w equity instruments												
o/w loans and receivables												
Financial assets at fair value through other comprehensive income	**321**	**43**		**158**	**14**	**(44)**			**28**		**(30)**	**490**
o/w equity instruments	321	43		158	14	(44)			28		(30)	490
o/w debt instruments in the form of securities												
o/w loans and receivables												
Total financial assets recorded at fair value	**7,060**	**(64)**	**455**	**158**	**10,051**	**(11,893)**	**(323)**	**522**	**(210)**	**(7)**	**(217)**	**5,534**

**Amounts not restated in relation to the financial statements published in 2019 (see Note 5.4 of the 2020 URD).*

(1) The flows presented under the "Reclassifications in the period" columns of the above table are determined on the basis of outstanding transactions as at December 31, 2020;

(2) Corresponds mainly to the effect of changes in presentation of option premiums payable or receivable (see Note 5.4 of the 2020 URD).

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 31/12/2020
		Income statement		Gains and losses recorded directly in equity	Purchases / Issues	Sales/ Redemptions	Outside Level 3	To Level 3	Other reclassifications			
		On outstanding transactions at the reporting date	On transactions expired or redeemed in the period									
Securities held for trading		**1**	**(0)**		**24**	**(25)**		**0**	**0**		**0**	**0**
Derivative instruments not eligible for hedge accounting (negative fair value)	**1,898**	**163**	**(242)**		**297**	**(202)**	**(238)**	**162**	**(266)**		**(94)**	**1,477**
o/w interest rate derivatives	542	41	(20)		5	(25)	(55)				(5)	322
o/w currency derivatives	724	(27)	(2)		(1)	(8)	(165)	94	(266)		(55)	282
o/w credit derivatives	316	(20)	(0)		4	(4)	(0)	1			(13)	263
o/w equity derivatives	315	167	(198)		289	(164)	(12)	57	0		(20)	601
o/w other	1	3	(0)			(1)	(5)	10			(0)	8
Other financial liabilities held for trading	**809**	**15**	**(15)**		**499**	**(723)**			**(0)**			**574**
Financial liabilities under the fair value option through profit or loss	**9,368**	**(21)**	**151**		**4,627**	**(5,376)**	**(556)**	**505**	**61**		**(272)**	**8,758**
O/w securities under the fair value option	9,366	(20)	151		4,627	(5,376)	(556)	503	61		(272)	8,754
O/w other financial liabilities under the fair value option	2	(0)										4
Total financial liabilities recognized at fair value	**12,075**	**158**	**(85)**		**5,447**	**(6,326)**	**(794)**	**667**	**(205)**		**(367)**	**10,809**

**Amounts not restated in relation to the financial statements published in 2019 (see Note 5.4 of the 2020 URD).*

(1) The flows presented under the "Reclassifications in the period" columns of the above table are determined on the basis of outstanding transactions as at December 31, 2020;

(2) Corresponds mainly to the effect of changes in presentation of option premiums payable or receivable (see Note 5.4 of the 2020 URD).

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 as at June 30, 2021. 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, currency, credit and equity instruments.

(in millions of euros)	**Potential impact on income statement**
Shares and other equity instruments, and derivatives	29
Interest rate and/or foreign exchange instruments, and derivatives	20
Credit instruments and derivatives	7
Sensitivity of Level 3 financial instruments	**57**

4.4.2 Restatement of the deferred margin on financial instruments

The deferred margin concerns financial instruments measured on the basis of one or more unobservable market parameters (see Note 4.4). This margin is deferred over time to be recognized, depending on the case, at the maturity of the instrument, at the time of sale or transfer, as time passes or when market parameters become observable.

The table below shows the amount remaining to be recognized in the income statement, as well as the deferred margin of new transactions for the year.

(in millions of euros)	**01/01/2020**	**Margin on new transactions**	**Margin recognized during the period**	**Other changes**	**31/12/2020**	**Margin on new transactions**	**Margin recognized during the period**	**Other changes**	**30/06/2021**
Interest rate derivative instruments	9	14	(12)	3	14	6	(4)	0	16
Currency derivative instruments	0	2	(2)	3	3	0	(1)	0	3
Credit derivative instruments	10	2	(2)	(6)	4	0	(1)	0	3
Equity derivative instruments	99	112	(67)	(11)	133	99	(53)	0	178
Repurchase agreements	4	6	(12)	11	9	14	(3)	0	20
Total	**122**	**136**	**(95)**	**0**	**163**	**119**	**(62)**	**0**	**220**

4.4.3 Financial assets and liabilities at fair value: transfers between fair value levels

(in millions of euros)	From / To	30/06/2021 Level 1 → Level 2	30/06/2021 Level 2 → Level 1	30/06/2021 Level 2 → Level 3	30/06/2021 Level 3 → Level 1	30/06/2021 Level 3 → Level 2	31/12/2020 Level 1 → Level 2	31/12/2020 Level 2 → Level 1	31/12/2020 Level 2 → Level 3	31/12/2020 Level 3 → Level 1	31/12/2020 Level 3 → Level 2
Financial assets at fair value through profit or loss		**498**	**1,695**	**651**		**237**	**1,019**	**101**	**522**		**323**
Financial assets held for trading		**494**	**1,574**	**172**		**264**	**906**	**74**	**485**		**12**
o/w debt instruments in the form of securities		167	1,574	172		19	903	74	52		12
o/w equity instruments		327	0	0			3				
o/w loans and receivables						245			433		
o/w security deposits paid							0				
Derivative instruments not eligible for hedge accounting (positive fair value)		**4**	**72**	**140**		**(27)**	**113**	**27**	**(3)**		**312**
o/w interest rate derivatives			0	69		7			0		108
o/w currency derivatives				1		(58)			(30)		176
o/w credit derivatives				8		1			10		1
o/w equity derivatives		1	71	61		23	111	12	16		26
o/w other		4	1				2	15			
Financial assets to be valued at fair value through profit or loss			**49**	**340**		**0**	**0**		**0**		**0**
o/w debt instruments in the form of securities			49	0		0	0		0		0
o/w equity instruments				3							
o/w loans and receivables				337							
Financial assets designated under the fair value option									40		
Financial assets at fair value through other comprehensive income		**91**	**533**				**252**	**414**			
o/w equity instruments											
o/w debt instruments in the form of securities		91	533				252	414			
o/w loans and receivables											

(in millions of euros)	From / To	30/06/2021 Level 1 → Level 2	30/06/2021 Level 2 → Level 1	30/06/2021 Level 2 → Level 3	30/06/2021 Level 3 → Level 1	30/06/2021 Level 3 → Level 2	31/12/2020 Level 1 → Level 2	31/12/2020 Level 2 → Level 1	31/12/2020 Level 2 → Level 3	31/12/2020 Level 3 → Level 1	31/12/2020 Level 3 → Level 2
Financial liabilities held for trading		**65**	**41**	**537**		**(36)**	**44**	**0**	**162**		**238**
Securities held for trading		**54**	**0**	**2**		**0**	**4**	**0**	**0**		
Derivative instruments not eligible for hedge accounting (negative fair value)		**11**	**41**	**473**		**(36)**	**40**	**0**	**162**		**238**
o/w interest rate derivatives		6	17	66		(21)					55
o/w currency derivatives				1		(38)			94		165
o/w credit derivatives				64		0			1		0
o/w equity derivatives		2	22	332		23	37	0	57		12
o/w other		3	2	10		0	3		10		5
Other financial liabilities held for trading				**62**							
Financial liabilities designated under the fair value option				**252**		**401**			**505**		**556**
o/w securities under the fair value option				249		401			**503**		**556**
o/w other financial liabilities under the fair value option				3					2		

4.5 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.

4.5.1 Loans and receivables due from banks at amortized cost

(in millions of euros)	30/06/2021 Unimpaired financial assets (1)	30/06/2021 Impaired financial assets (2)	30/06/2021 Total	31/12/2020 Unimpaired financial assets (1)	31/12/2020 Impaired financial assets (2)	31/12/2020 Total
Current accounts overdrawn	7,382	0	7,382	5,182	5	5,187
Loans and receivables	79,578	29	79,607	39,515	24	39,538
Security deposits paid						
Value adjustments for credit losses	(7)	(29)	(36)	(5)	(29)	(34)
Total	**86,953**	**0**	**86,953**	**44,691**	**0**	**44,691**

(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 prudential requirements for credit institutions, and in Regulation (EU) 2018/171 on the materiality threshold for credit obligations past due.

The fair value of loans and receivables due from credit institutions amounted to €87,255 million at June 30, 2021 compared with €45,002 million at December 31, 2020.

Reconciliation of loans and receivables due from banks at amortized cost

(in millions of euros)	Loans and receivables due from banks at amortized cost									
	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 as at 01/01/2020	**46,846**	**0**	**715**	**(3)**	**48**	**(48)**	**0**	**0**	**47,609**	**(51)**
New originated or acquired contracts	24,286	(0)	3	(0)					24,289	(0)
Changes in contractual cash flows not giving rise to derecognition	0	0	0	0	0	0			0	0
Variations linked to changes in credit risk parameters *(excluding transfers)*	(6,976)	(0)	(154)	(2)	1	(0)			(7,129)	(2)
Financial asset transfers	*0*	*0*	*(0)*	*(0)*	*0*	*0*			*0*	*0*
Transfers to S1	65	0	(65)	0	0	0			0	0
Transfers to S2	(65)	0	65	(0)	0	0			0	0
Transfers to S3	0	0	0	0	0	0			0	0
Transfer to non-current assets held for sale [2]	(99)	0	0	0	0	0			(99)	0
Contracts fully repaid or sold during the period	(19,522)	0	(24)	0	(1)	1			(19,546)	1
Impairment in value *(write-off)*					(17)	17			(17)	17
Variations linked to changes in exchange rates	(570)	0	(58)	0	(1)	1			(629)	1
Changes in the model used										0
Other changes	31	(0)	(40)	0	(0)	0			(8)	0
Balance as at 31/12/2020 [(1)]	**43,997**	**0**	**442**	**(4)**	**29**	**(29)**	**0**	**0**	**44,468**	**(34)**
New originated or acquired contracts	58,182	(0)	6	(0)			0		58,188	(0)
Changes in contractual cash flows not giving rise to derecognition	0	0	0	0	0	0	0	0	0	0
Variations linked to changes in credit risk parameters *(excluding transfers)*	3,124	(2)	263	0	(5)	5	5	(5)	3,386	(1)
Financial asset transfers	*238*	*(0)*	*(238)*	*0*	*0*	*0*			0	0
Transfers to S1	240	(0)	(240)	0	0	0			0	0
Transfers to S2	(2)	0	2	(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	(19,602)	0	(3)	0	0	0	0	0	(19,605)	0
Impairment in value *(write-off)*					0	0	0	0	0	0
Variations linked to changes in exchange rates	131	(0)	6	(0)	(0)	0	0	(0)	137	(0)
Changes in the model used										0
Other changes	(0)	(0)	0	0	0	0	0	0	(0)	0
Balance at 30/06/2021 [(1)]	**86,069**	**(2)**	**476**	**(4)**	**25**	**(25)**	**5**	**(5)**	**86,575**	**(36)**

(1) The gross carrying amount excluding insurance company contributions was €414 million at June 30, 2021 (versus €257 million at December 31, 2020).

(2) Corresponds to the assets of H2O classified as non-current assets held for sale as at December 31, 2020.

4.5.2 Loans and receivables due from customers at amortized cost

(in millions of euros)	30/06/2021			31/12/2020		
	Unimpaired financial assets [(1)]	Impaired financial assets [(2)]	Total	Unimpaired financial assets [(1)]	Impaired financial assets [(2)]	Total
Reverse repurchase agreements	2,468		2,468	4,141		4,141
Current accounts overdrawn	2,539	30	2,570	2,606	42	2,648
Finance leases	33	5	38	32	6	38
Other loans and receivables due from customers	59,421	3,739	63,160	58,882	3,548	62,430
Security deposits paid	83		83	62		62
Value adjustments for credit losses	(213)	(1,166)	(1,379)	(209)	(1,171)	(1,380)
Total [(3) (4)]	**64,333**	**2,609**	**66,941**	**65,514**	**2,425**	**67,939**

(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 prudential requirements for credit institutions, and in Regulation (EU) 2018/171 on the materiality threshold for credit obligations past due.

(3) As of June 30, 2021, gross outstanding loans guaranteed by the State amounted to €2,550.4 million and the associated guarantees received from the State amounted to €2,262.9 million. Of these outstandings, €22 million were classified as Purchased or Originated Credit Impaired (POCI) and €237.9 million were classified as restructured loans;

(4) As of June 30, 2021, the gross outstandings that were subject to a moratorium amounted to €3,534.3 million.

The fair value of loans and receivables due from customers amounted to €67,532 million at June 30, 2021, compared to €68,312 million at December 31, 2020.

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									
	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 as at 01/01/2020	**53,083**	**(40)**	**16,224**	**(79)**	**2,809**	**(1,180)**	**349**	**(77)**	**72,464**	**(1,375)**
New originated or acquired contracts	17,899	(22)	3,533	(9)	0	0	116	(33)	21,548	(63)
Changes in contractual cash flows not giving rise to derecognition	0	0	0	0	0	0	0	0	0	0
Variations linked to changes in credit risk parameters *(excluding transfers)*	(5,322)	(11)	(594)	(78)	(186)	(727)	(24)	(1)	(6,126)	(818)
Financial asset transfers	*(662)*	*0*	*(1,110)*	*6*	*1,772*	*(6)*			*0*	*0*
Transfers to S1 [(1)]	3,172	(6)	(3,172)	6	0	0			0	0
Transfers to S2	(2,843)	5	2,898	(6)	(55)	0			0	0
Transfers to S3	(992)	1	(835)	5	1,827	(6)			0	(0)
Transfer to non-current assets held for sale										
Contracts fully repaid or sold during the period	(9,888)	8	(2,069)	9	(184)	34	(62)	1	(12,202)	53
Impairment in value *(write-off)* [(2)]					(667)	664	(33)	33	(700)	697
Variations linked to changes in exchange rates	(2,336)	2	(823)	5	(173)	72	(19)	3	(3,352)	82
Changes in the model used		0		0		0		0		0
Other changes [(3)]	(2,303)	0	39	(1)	(49)	44	(0)	0	(2,312)	44
Balance as at 31/12/2020	**50,470**	**(62)**	**15,200**	**(146)**	**3,323**	**(1,100)**	**327**	**(73)**	**69,319**	**(1,380)**
New originated or acquired contracts	8,561	(12)	1,194	(6)	0	0	438	0	10,194	(18)
Changes in contractual cash flows not giving rise to derecognition	0	0	0	0	0	0	0	0	0	0
Variations linked to changes in credit risk parameters *(excluding transfers)*	(507)	(5)	(1,829)	11	(171)	(27)	87	(49)	(2,420)	(70)
Financial asset transfers	*(1,097)*	*5*	*775*	*2*	*322*	*(7)*			*(0)*	*(0)*
Transfers to S1	493	(2)	(481)	2	(12)	0			(0)	0
Transfers to S2	(1,513)	6	1,524	(8)	(11)	1			(0)	(0)
Transfers to S3	(77)	0	(269)	8	345	(8)			0	(0)
Transfer to non-current assets held for sale										
Contracts fully repaid or sold during the period	(8,819)	5	(786)	6	(402)	23	(14)	0	(10,021)	34
Impairment in value *(write-off)*					(87)	82	0	0	(87)	82
Variations linked to changes in exchange rates	824	(1)	222	(5)	53	(16)	6	(1)	1,105	(23)
Changes in the model used		0		0		0		0		0
Other changes	260	(2)	(25)	(2)	(5)	(0)	0	0	230	(3)
Balance as at 30/06/2021	**49,692**	**(71)**	**14,752**	**(139)**	**3,033**	**(1,046)**	**844**	**(123)**	**68,320**	**(1,378)**

(1) Including a reclassification of outstandings from bucket 2 to bucket 1, linked to the abandonment of the downgrading criterion for a sector as a reason for moving to bucket 2 in the second quarter. The impact is estimated at €2.8 billion at the date of completion of this modification;

(2) Including -€337.4 million in outstandings partially or fully derecognized, in exchange for a recognition as "Unrecoverable losses on receivables", and still subject to enforcement measures;

(3) Of which -€2,346 million corresponds to Coface's contribution as of December 31, 2019, now treated using the equity method.

4.5.3 Debt securities at amortized cost

(in millions of euros)	30/06/2021			31/12/2020		
	Unimpaired financial assets [(1)]	Impaired financial assets [(2)]	Total	Unimpaired financial assets [(1)]	Impaired financial assets [(2)]	Total
Debt instruments	1,588	197	1,784	1,884	193	2,076
Value adjustments for credit losses	(6)	(146)	(152)	(5)	(142)	(146)
Total	**1,582**	**51**	**1,632**	**1,879**	**51**	**1,930**

(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, and by Regulation (EU) 2018/171 on the materiality level for outstanding arrears.

The fair value of debt securities at amortized cost amounted to €1,689 million at June 30, 2021 compared with €1,983 million at December 31, 2020.

Reconciliation table for debt securities at amortized cost

(in millions of euros)	Debt securities at amortized cost as at 06/30/2021									
	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 as at 01/01/2020	**1,474**	**(0)**	**77**	**(1)**	**93**	**(93)**	**63**	**(54)**	**1,706**	**(148)**
New originated or acquired contracts	709		516				38		1,264	
Changes in contractual cash flows not giving rise to derecognition										
Variations linked to changes in credit risk parameters *(excluding transfers)*	(223)	(5)	(53)		2	(4)	5	(1)	(269)	(10)
Financial asset transfers	*(39)*		*39*							
Transfers to S1										
Transfers to S2	(39)		39							
Transfers to S3										
Contracts fully repaid or sold during the period	(385)		(60)						(444)	
Impairment in value *(write-off)*					(4)	4			(4)	4
Variations linked to changes in exchange rates	(148)		(23)		(8)	6			(179)	6
Changes in the model used										
IFRS 5 – Entities held for sale										
Other changes			(2)	1	5	1			3	1
Balance as at 31/12/2020	**1,389**	**(5)**	**494**		**87**	**(87)**	**106**	**(55)**	**2,076**	**(146)**
New originated or acquired contracts	100	(0)	17	(0)					117	(0)
Changes in contractual cash flows not giving rise to derecognition										
Variations linked to changes in credit risk parameters *(excluding transfers)*	(85)	1	(128)	(2)	(6)	6	8	(9)	(211)	(4)
Financial asset transfers	*15*	*0*	*(15)*	*(0)*						
Transfers to S1	25		(25)							
Transfers to S2	(10)	0	10	(0)						
Transfers to S3										
Contracts fully repaid or sold during the period	(232)		(9)	0	(0)	0			(241)	0
Impairment in value *(write-off)*										
Variations linked to changes in exchange rates	31	(0)	10	(0)	0	(0)	2	(2)	43	(2)
Changes in the model used										
IFRS 5 – Entities held for sale										
Other changes	0	(0)	0	0					0	0
Balance as at 30/06/2021	**1,218**	**(4)**	**369**	**(2)**	**81**	**(81)**	**116**	**(65)**	**1,784**	**(152)**

4.6 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.

4.6.1 Amounts due to credit institutions

(in millions of euros)	30/06/2021	31/12/2020
Current accounts	5,804	5,446
Deposits and loans	126,976	69,750
Repurchase agreements	8,483	9,129
Security deposits received	60	82
Other liabilities	1	1
Total (1)	**141,324**	**84,408**

(1) Including €2,331 million for the insurance entities at June 30, 2021, versus €4,156 million at December 31, 2020.

The fair value of debts to credit institutions amounted to €141,536 million at June 30, 2021 compared to €84,502 million at December 31, 2020.

4.6.2 Amounts due to customers

(in millions of euros)	30/06/2021	31/12/2020
Current accounts	22,962	21,579
Deposits and loans	1,850	6,876
Repurchase agreements	182	17
Special savings accounts	212	243
Security deposits received		
Other liabilities	954	1,069
Accrued interest	12	14
Total	**26,173**	**29,798**

The fair value of debts to customers was €26,174 million at June 30, 2021 compared to €29,745 million at December 31, 2020.

4.7 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)	30/06/2021	31/12/2020
Marketable debt instruments	32,777	33,362
Bonds	1,827	1,650
Other debt securities	640	640
Total	**35,243**	**35,652**

The fair value of debts represented by a security stood at €35,246 million at June 30, 2021 compared with €35,602 million at December 31, 2020.

4.8 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)	30/06/2021	31/12/2020
Dated subordinated debt (2)	3,623	3,629
Undated subordinated debt	296	296
Accrued interest	17	9
Total (1)	**3,937**	**3,934**

The main characteristics of the issues of subordinated notes are disclosed in Chapter 14 of the Pillar III report in the 2020 URD.

(1) Including €257 million for the insurance entities as at June 30, 2021, versus €251 million as at December 31, 2020.

(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 stood at €4,204 million at June 30, 2021 compared with €4,271 million at December 31, 2020.

Change in subordinated debt during the first half of 2021

(in millions of euros)	31/12/2020	Issues [1]	Redemptions [1]	Translation adjustments	Changes in scope	Other items	30/06/2021
Other dated subordinated debt	**3,629**						**3,623**
Subordinated notes	679					(6)	673
Subordinated loans	2,950	900	(900)				2,950
Other undated subordinated debt	**296**						**296**
Deeply Subordinated Notes	0						
Subordinated notes	46						46
Subordinated loans	250						250
Total	**3,925**	**900**	**(900)**			**(6)**	**3,919**

This table does not include accrued interest.

(1) A new loan of €900 million was issued and subscribed by BPCE to replace a loan of €900 million reaching maturity.

Changes in subordinated debt over the 2020 fiscal year

(in millions of euros)	01/01/2020	Issues	Redemptions	Translation adjustments	Changes in scope	Other (1)	31/12/2020
Other dated subordinated debt	**3,654**	**350**	**0**	**0**	**(378)**	**3**	**3,629**
Subordinated notes	674				2	3	679
Subordinated loans	2,980	350			(380)		2,950
Other undated subordinated debt	**297**	**0**	**0**	**0**	**0**	**(0)**	**296**
Deeply Subordinated Notes	0						0
Subordinated notes	46						46
Subordinated loans	251					(0)	250
Total	**3,951**	**350**	**0**	**0**	**(378)**	**3**	**3,925**

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.

4.9 Accrual accounts, other assets and liabilities

This heading corresponds to technical accounts, details of which are given below:

ASSETS

(in millions of euros)	30/06/2021	31/12/2020
Accrual accounts [1]	2,690	1,335
Securities settlement accounts	84	15
Other items and miscellaneous assets	201	815
Security deposits paid	200	174
Other miscellaneous debtors [2]	2,506	2,482
Other assets	200	260
Total	**5,882**	**5,081**

(1) Of which €303 million in contract assets (accrued income) as at June 30, 2021 versus €190 million as at December 31, 2020;

(2) Of which €1,285 million in trade receivables as at June 30, 2021, versus €843 million as at December 31, 2020.

LIABILITIES

(in millions of euros)	30/06/2021	31/12/2020
Accrual accounts (1)	2,697	2,403
Miscellaneous creditors	1,386	949
Securities settlement accounts	57	4
Security deposits received	7	7
Lease liabilities	943	1,011
Miscellaneous liabilities	5	5
Other items	1,819	1,888
Total	**6,913**	**6,265**

(1) Of which €124 million in contract liabilities (prepaid expenses) as at June 30, 2021 versus €119 million as at December 31, 2020.

4.10 Goodwill

As at June 30, 2021

(in millions of euros)	01/01/2021	30/06/2021							
	Opening balance	Acquisitions during the period	Transfers	Impairment	Translation adjustments	Transfers to equity method	Reclassifications	Other changes	Closing balance
Asset & Wealth Management (1)	3,168				43				3,211
Corporate and Investment Banking	135				4				139
Insurance	93								93
Payments	137								137
Total	**3,533**	**0**	**0**	**0**	**47**	**0**	**0**	**0**	**3,580**

(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 €331.7 million as at June 30, 2021

Furthermore, goodwill on entities consolidated using the equity method amounted to €1.2 million as at June 30, 2021.

As at December 31, 2020

(in millions of euros)	01/01/2020	31/12/2020							
	Opening balance	Acquisitions during the period (3)	Transfers	Impairment	Translation adjustments	Transfers to equity method	Reclassifications	Other changes	Closing balance
Asset & Wealth Management (1)	3,235	52			(120)				3,168
Corporate and Investment Banking	144				(9)				135
Insurance	93								93
Payments	137								137
Corporate Center (2)	282		(282)						0
Total	**3,891**	**52**	**(282)**	**0**	**(129)**	**0**	**0**	**0**	**3,533**

(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 €320.9 million as at December 31, 2020.
(2) -€282 million corresponding to the disposal of goodwill recognized following the loss of control of Coface (see Note 1.2 in the 2020 URD, "Significant events").
(3) €52 million corresponding to the goodwill recognized on the acquisition of a 55% stake in La Banque Postale AM following the merger of Natixis IM's fixed income and insurance-related asset management activities with the former.

Furthermore, goodwill on entities consolidated using the equity method amounted to €1.2 million at December 31, 2020.

4.11 Provisions

The table below does not include value adjustments for credit losses of financial assets measured at amortized cost (see Note 4.5) and at fair value through equity. (see Note 4.3).

(in millions of euros)	01/01/2021	Increase	Reversal (utilized provisions)	Reversal (surplus provisions)	Translation adjustments	Other items (2)	30/06/2021
Counterparty risks	**890**	**237**	**(251)**	**(202)**	**24**	**(0)**	**698**
Financing and guarantee commitments	168	226		(197)	3	(0)	199
Litigation (1)	714	7	(249)	(1)	21	0	493
Other provisions	8	4	(2)	(4)	0	(0)	7
Impairment risks	**61**	**8**	**0**	**(0)**	**0**	**0**	**69**
Long-term investments	61	8			0		69
Real estate developments	0			(0)		0	0
Other provisions	0						
Employee benefit obligations	**502**	**38**	**(57)**	**(8)**	**2**	**(11)**	**465**
Operational risks (2)	**170**	**51**	**(8)**	**(10)**	**(0)**	**1**	**203**
Total Contingency reserves	**1,623**	**333**	**(316)**	**(221)**	**26**	**(11)**	**1,435**

(1) Including €306.2 million in provisions as of June 30, 2021 for the Madoff fraud exposure. The decrease in this provision is mainly due to the write-off, fully covered by provisions, following the confirmation of the liquidation of certain assets deposited in Natixis' name.

(2) Including a provision of €16.2 million at June 30, 2021 under the "Internal mobility and external departure plan".

December 31, 2020

(in millions of euros)	01/01/2020	Increase	Reversal (utilized provisions)	Reversal (surplus provisions)	Translation adjustments	Other items (2)	31/12/2020
Counterparty risks	**916**	**402**	**(2)**	**(353)**	**(71)**	**(2)**	**890**
Financing and guarantee commitments	127	394	0	(345)	(6)	(2)	168
Litigation (1)	779	2	(0)	(2)	(64)	(0)	714
Other provisions	10	6	(2)	(6)	(0)	(0)	8
Impairment risks	**24**	**47**	**(2)**	**0**	**(0)**	**(8)**	**61**
Long-term investments	24	47	(2)	0	(0)	(8)	61
Real estate developments	0	0	0	0	0	0	0
Other provisions	0	0	0	0	0	0	0
Employee benefit obligations	**524**	**80**	**(86)**	**(18)**	**3**	**(2)**	**502**
Operational risks	**179**	**49**	**(13)**	**(14)**	**(2)**	**(28)**	**170**
Total Contingency reserves	**1,642**	**578**	**(103)**	**(385)**	**(70)**	**(40)**	**1,623**

(1) Of which €503.4 million in provisions as at December 31, 2020 for the Madoff fraud exposure (see Section 3.2.9 of Chapter [3], "Risk factors, risk management and Pillar III").

(2) Mainly corresponds to the impact of the actuarial valuation of defined benefit plans, the change in the accounting classification of the time savings account, now considered as a long-term benefit (+€86.1 million) and the removal of the contribution from Coface as at December 31, 2019 for -€102.3 million.

NIT dispute: As a reminder, on December 18, 2019, the French antitrust body (Autorité de la Concurrence) announced that France's four historical meal voucher companies were to be fined a total of nearly €415 million for price fixing. On a financial level, the fine incurred by Natixis came to €83.3 million (of which €4.4 million for Natixis Intertitres alone, with Natixis being severally liable for the balance). Natixis has appealed this decision and believes it has numerous arguments in its defense with which to challenge it. Under these conditions, no provisions were booked in the financial statements at December 31, 2020 or June 30, 2021.

NOTE 5 NOTES ON INSURANCE ACTIVITIES

5.1 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;

5.2 Net income from insurance activities

(in millions of euros)	30/06/2021	30/06/2020
Earned premiums	**7,828**	**5,139**
Premiums written	7,931	5,201
Change in unearned premium income	(103)	(62)
Other income from insurance activities	**7**	**6**
Revenue from insurance activities	**0**	**0**
Investment income (net of expenses)	**2,157**	**(413)**
Investment income	1,089	887
Investment expenses	(54)	(181)
Capital gains and losses on disposal of investments (net of reversals, write-downs and amortization)	130	79
Change in fair value of investments carried at fair value through profit or loss	1,042	(1,055)
Change in write-downs on investments	(50)	(143)
Amortization of acquisition costs	**16**	**4**
Policy benefit expenses	**(8,907)**	**(3,840)**
Income and expenses net of reinsurance transfers	**58**	**150**
Reinsurance transfer income	2,107	1,517
Reinsurance transfer expenses	(2,049)	(1,366)
NET INCOME FROM INSURANCE ACTIVITIES	**1,159**	**1,046**

5.2.1 Transition between the presentation applicable to insurance companies and to banks

The following table shows a reconciliation between the insurance companies' financial statements as presented and how they would translate into the banking format.

June 30, 2021

(in millions of euros)	30/06/2021								
		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	7,931	7,931	-	-	7,931	-	-	-	7,931
Change in unearned premium income	(103)	(103)	-	-	(103)	-	-	-	(103)
Earned premiums	7,828	7,828	-	-	7,828	-	-	-	7,828
Banking operating income	-	-	-	-	-	-	-	-	-
Revenues and income from other activities	-	-	-	-	-	-	-	-	-
Other operating income	15	7	-	8	15	-	-	-	15
Investment income	1,140	1,089	51	-	1,140	-	-	-	1,140
Investment expenses	(102)	(54)	(42)	(6)	(102)	-	-	-	(102)
Capital gains and losses on disposal of investments (net of reversals, write-downs and amortization)	130	130	-	-	130	-	-	-	130
Change in fair value of investments carried at fair value through profit or loss	1,025	1,042	(17)	-	1,025	-	-	-	1,025
Change in write-downs on investments	(50)	(50)	-	-	(50)	-	-	-	(50)
Investment income (net of expenses)	2,143	2,157	(8)	(6)	2,143	-	-	-	2,143
Policy benefit expenses	(8,960)	(8,907)	-	(53)	(8,960)	-	-	-	(8,960)
Reinsurance transfer income	2,105	2,107	(2)	-	2,105	-	-	-	2,105
Reinsurance transfer expenses	(2,050)	(2,049)	(1)	-	(2,050)	-	-	-	(2,050)
Income and expenses net of reinsurance transfers	55	58	(3)	-	55	-	-	-	55
Provision for credit losses	-	-	-	-	-	-	-	-	-
Banking operating expenses	-	-	-	-	-	-	-	-	-
Policy acquisition costs	(384)	16	(342)	(57)	(383)	-	-	-	(383)
Amortization of portfolio values and related items	-	-	-	-	-	-	-	-	-
Administrative costs	(353)	0	(285)	(68)	(353)	-	-	-	(353)
Other recurring operating income and expenses	(95)	-	(19)	(76)	(95)	-	-	-	(95)
Other non-recurring operating income and expenses	3	-	3	-	3	-	-	-	3
OPERATING INCOME	**252**	**1,159**	(655)	(252)	**252**	-	-	-	**252**
Finance expenses	(6)	-	(6)	-	(6)	-	-	-	(6)
Share in income of associates	10	-	-	-	-	-	-	10	10
Income taxes	(66)	-	-	-	-	-	(66)	-	(66)
After-tax income from discontinued activities	-	-	-	-	-	-	-	-	-
Non-controlling interests	(0)	-	-	-	-	-	-	(0)	(0)
CONSOLIDATED NET INCOME	**190**	**1,159**	**(661)**	**(252)**	**246**	-	**(66)**	**10**	**190**

June 30, 2020

(in millions of euros)	30/06/2020								
		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	5,201	5,201	-	-	5,201	-	-	-	5,201
Change in unearned premium income	(62)	(62)	-	-	(62)	-	-	-	(62)
Earned premiums	5,139	5,139	-	-	5,139	-	-	-	5,139
Banking operating income	-	-	-	-	-	-	-	-	-
Revenues and income from other activities	-	-	-	-	-	-	-	-	-
Other operating income	11	6	-	5	11	-	-	-	11
Investment income	941	887	54	-	941	-	-	-	941
Investment expenses	(226)	(181)	(40)	(5)	(226)	-	-	-	(226)
Capital gains and losses on disposal of investments (net of reversals, write-downs and amortization)	80	80	-	-	80	-	-	-	80
Change in fair value of investments carried at fair value through profit or loss	(1,057)	(1,055)	(2)	-	(1,057)	-	-	-	(1,057)
Change in write-downs on investments	(143)	(143)	-	-	(143)	-	-	-	(143)
Investment income (net of expenses)	(405)	(412)	12	(5)	(405)	-	-	-	(405)
Policy benefit expenses	(3,887)	(3,840)	-	(47)	(3,887)	-	-	-	(3,887)
Reinsurance transfer income	1,515	1,517	(2)	-	1,515	-	-	-	1,515
Reinsurance transfer expenses	(1,360)	(1,367)	7	-	(1,360)	-	-	-	(1,360)
Income and expenses net of reinsurance transfers	155	149	5	-	155	-	-	-	155
Provision for credit losses	-	-	-	-	-	-	-	-	-
Banking operating expenses	-	-	-	-	-	-	-	-	-
Policy acquisition costs	(358)	4	(296)	(66)	(358)	-	-	-	(358)
Amortization of portfolio values and related items	-	-	-	-	-	-	-	-	-
Administrative costs	(324)	0	(261)	(63)	(324)	-	-	-	(324)
Other recurring operating income and expenses	(89)	-	(29)	(60)	(89)	-	-	-	(89)
Other non-recurring operating income and expenses	(14)	-	(14)	-	(14)	-	-	-	(14)
OPERATING INCOME	**227**	**1,045**	(583)	(236)	**227**	-	-	-	**227**
Finance expenses	(6)	-	(6)	-	(6)	-	-	-	(6)
Share in income of associates	(46)	-	-	-	-	-	-	(46)	(46)
Income taxes	(72)	-	-	-	-	-	(72)	-	(72)
After-tax income from discontinued activities	-	-	-	-	-	-	-	-	-
Non-controlling interests	(0)	-	-	-	-	-	-	(0)	(0)
CONSOLIDATED NET INCOME	**103**	**1,045**	**(589)**	**(236)**	**221**	-	**(72)**	**(46)**	**103**

5.3 Insurance business investments

(in millions of euros)	*Notes*	**30/06/2021**	**31/12/2020**
Investment property	5.3.3	1,428	1,438
Financial assets at fair value through profit or loss	5.3.1	30,056	27,905
Hedging derivatives			
Available-for-sale financial assets	5.3.2	52,226	51,939
Loans and receivables	5.3.5	13,215	13,003
Held-to-maturity financial assets	5.3.6	763	764
Share held by cedents and retrocessionaires in liabilities relating to insurance policies and financial contracts		18,036	16,504
Receivables arising from Insurance and assumed reinsurance activities		987	853
Receivables arising from reinsurance transfers		41	28
Deferred acquisition costs		271	265
Other items			
Total		**117,025**	**112,698**

5.3.1 Financial assets at fair value through profit or loss

(in millions of euros)	Notes	30/06/2021	31/12/2020
Securities held for trading		**5 136**	**5 668**
Debt instruments in the form of securities			
Equity instruments [(1)]		5 136	5 668
Loans and receivables			
Derivative instruments not eligible for hedge accounting		**5**	**17**
Hedging derivatives		**21**	**29**
Securities under the fair value option through profit or loss	*5.3.1.1*	**24 894**	**22 190**
Debt instruments in the form of securities		1 560	1 684
Equity instruments [(1)]		4 704	4 011
Investments backed by unit-linked policies		18 630	16 495
Loans and receivables at fair value through profit and loss	*5.3.1.1*	**0**	**0**
Banks			
Customers			
Total		**30 056**	**27 905**

(1) Including mutual fund units

5.3.1.1 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.

	30/06/2021				31/12/2020			
(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	**2,147**	587		1,560	**2,257**	553		1,704
Equity instruments	**22,747**	22,747			**19,933**	19,933		
Total	**24,894**	**23,334**		**1,560**	**22,190**	**20,486**		**1,704**

5.3.2 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)	30/06/2021	31/12/2020
Securities	**52,464**	**52,161**
- Debt instruments	42,735	43,186
- Equity instruments (1)	9,366	8,571
- Accrued interest	362	404
Impairment of available-for-sale assets	**(237)**	**(223)**
- Debt instruments	(44)	(57)
- Equity instruments (2)	(194)	(166)
Total	**52,226**	**51,939**

(1) Including mutual fund units;

(2) In the first half of 2021, permanent impairment of variable-income securities stood at €50.4 million, compared with €168 million as at December 31, 2020. This expense is offset by an amount of 87% respectively, taking into account the profit-sharing mechanism. The 2021 expense can be broken down into an additional impairment loss on previously impaired securities for €0.7 million (€144 million as at December 31, 2020) and an allowance for newly impaired securities for €49.7 million (€25 million as at December 31, 2020).

5.3.3 Investment property

(in millions of euros)	30/06/2021			31/12/2020		
	Gross value	Impairment and amortization	Net value	Gross value	Impairment and amortization	Net value
Investment property – At fair value	1,026		1,026	1,018		1,018
Investment property – At historical cost	40	(15)	25	40	(14)	26
Investment property – UL policies	377		377	394		394
Total	**1,443**	**(15)**	**1,428**	**1,452**	**(14)**	**1,438**

The fair value of investment property, for which the valuation techniques are described in Note 4.4, is classified in Level 3 of the fair value hierarchy of IFRS 13.
Changes in fair value gave rise to the symmetrical recognition of a deferred profit-sharing provision equal to, on average at June 30, 2021, 87% of the relevant base (stable compared to December 31, 2020).

5.3.4 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 presented in Note 4.4.

Assets (in millions of euros)	30/06/2021				31/12/2020			
	Carrying amount	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss – Trading	**30,035**	**24,042**	**4,479**	**1,515**	**27,875**	**22,314**	**4,042**	**1,519**
Fixed income securities held for trading	**5,136**	**5,136**			**5,668**	**5,668**		
o/w debt instruments in the form of securities								
o/w equity instruments	5,136	5,136			5,668	5,668		
Derivative instruments not eligible for hedge accounting (positive fair value)	**5**	**5**	**0**		**17**	**15**	**2**	
o/w interest rate derivatives	0		0		0		0	
o/w currency derivatives	5	5			4	2	2	
o/w credit derivatives								
o/w equity derivatives					13	13		
o/w other								
Other financial assets held for trading								
Financial assets designated under the fair value option through profit or loss	**24,894**	**18,900**	**4,479**	**1,515**	**22,190**	**16,631**	**4,040**	**1,519**
o/w debt instruments in the form of securities	1,560	10	36	1,514	1,684	89	77	1,517
o/w equity instruments	4,704	3,756	948		4,011	3,035	977	
o/w loans and receivables								
o/w investments backed by unit-linked policies	18,630	15,134	3,496	0	16,495	13,508	2,986	1
Hedging derivatives	**21**		**21**		**29**		**29**	
Available-for-sale financial assets	**52,226**	**42,917**	**6,550**	**2,759**	**51,939**	**42,774**	**6,239**	**2,925**
Available-for-sale securities – Equity investments	**107**			**107**	**96**			**96**
Other available-for-sale securities	**52,120**	**42,917**	**6,550**	**2,653**	**51,843**	**42,774**	**6,239**	**2,830**
o/w debt instruments in the form of securities	43,053	36,545	3,856	2,653	43,533	36,996	3,707	2,830
o/w equity instruments	9,066	6,372	2,695	0	8,310	5,778	2,532	0
o/w other available-for-sale financial assets								
Total	**82,283**	**66,958**	**11,050**	**4,274**	**79,843**	**65,089**	**10,311**	**4,444**

Financial assets at fair value measured using Level 3 of the fair value hierarchy

As at June 30, 2021

(in millions of euros)	**Level 3 opening balance 01/01/2021**	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 30/06/2021**
		Income statement										
		On outstanding transactions at the reporting date	On transactions expired or redeemed in the period	Gains and losses recorded directly in equity	Purchases/ Issues	Sales/ Redemptions	Outside Level 3	To Level 3	Other reclassifications			
Financial assets at fair value through profit or loss	**1,519**	19	(1)		45	(166)	(1)	100				**1,515**
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	**1,519**	**19**	**(1)**		**45**	**(166)**	**(1)**	**100**				**1,515**
o/w debt instruments in the form of securities	**1,517**	19	(1)		45	(166)		100				1,514
o/w investments backed by unit-linked policies	**1**	0					(1)	0				0
Available-for-sale financial assets	**2,925**	**2**	**(1)**	**(5)**	**108**	**(203)**	**(208)**	**138**	**3**			**2,759**
Available-for-sale securities – Equity investments	**96**		**(0)**	**2**	**5**	**0**			**3**			**107**
Other available-for-sale securities	**2,830**	**2**	**(1)**	**(8)**	**102**	**(203)**	**(208)**	**138**				**2,653**
o/w debt instruments in the form of securities	2,830	2	(1)	(8)	102	(203)	(208)	138				2,653
o/w equity instruments	0											0
o/w other available-for-sale financial assets												
Total financial assets recorded at fair value	**4,444**	**21**	**(2)**	**(5)**	**153**	**(370)**	**(209)**	**238**	**3**			**4,274**

As at December 31, 2020

(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 31/12/2020
		Income statement										
		On outstanding transactions at the reporting date	On transactions expired or redeemed in the period	Gains and losses recorded directly in equity	Purchases/ Issues	Sales/ Redemptions	Outside Level 3	To Level 3	Other reclassifications			
Financial assets at fair value through profit or loss	**1,286**	**(12)**	**(2)**		**60**	**(167)**	**(160)**	**513**		**(0)**		**1,519**
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**	**(12)**	**(2)**		**60**	**(167)**	**(160)**	**513**				**1,519**
o/w debt instruments in the form of securities	**1,285**	(12)	(2)		60	(167)	(160)	512				**1,517**
o/w investments backed by unit-linked policies	**0**	0					(0)	1				**1**
Available-for-sale financial assets	**2,795**	**(4)**	**(4)**	**(14)**	**493**	**(206)**	**(317)**	**351**	**(26)**	**(142)**		**2,925**
Available-for-sale securities – Equity investments	**240**			**(6)**	**9**				**(5)**	**(142)**		**96**
Other available-for-sale securities	**2,554**	**(4)**	**(4)**	**(8)**	**484**	**(206)**	**(317)**	**351**	**(21)**			**2,830**
o/w debt instruments in the form of securities	2,534	(4)	(4)	(8)	484	(206)	(317)	351				2,830
o/w equity instruments	21								(21)			0
o/w other available-for-sale financial assets												
Total financial assets recorded at fair value	**4,081**	**(16)**	**(5)**	**(14)**	**552**	**(373)**	**(477)**	**864**	**(26)**	**(143)**		**4,444**

Financial assets at fair value: transfer between fair value levels

(in millions of euros)		**30/06/2021**					**31/12/2020**				
	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		**0**	**0**	**100**		**1**			**513**		**160**
Financial assets designated under the fair value option through profit or loss		**0**	**0**	**100**		**1**			**513**		**160**
o/w debt instruments in the form of securities				100					512		160
o/w equity instruments											
o/w investments backed by unit-linked policies		0	0	0		1			1		0
Available-for-sale financial assets		**87**	**219**	**138**		**208**	**279**				
Available-for-sale securities – Equity investments									**351**		**317**
Other available-for-sale securities		**87**	**219**	**138**		**208**	**279**				
o/w debt instruments in the form of securities		87	219	138		208	279		351		317
o/w equity instruments											

5.3.5 Loans and receivables

5.3.5.1 Loans and receivables due from credit institutions

(in millions of euros)	**30/06/2021**	**31/12/2020**
Outstanding	**464**	**303**
Loans and receivables	463	303
Accrued interest	1	1
Provisions		
Net total	**464**	**303**

The fair value of loans and receivables due from credit institutions was €464 million at June 30, 2021 compared with €303 million at December 31, 2020.

5.3.5.2 Customer loans and receivables

(in millions of euros)	30/06/2021	31/12/2020
Outstanding	**12,751**	**12,700**
Loans and receivables	12,739	12,686
Debt instruments in the form of securities		
Financing against reverse repos		
Other items		
Accrued interest	12	13
Provisions		
Total (1)	**12,751**	**12,700**

(1) Of which €11,146 million for guarantee deposits made for the acceptance of reinsurance treaties, compared with €11,089 million as at December 31, 2020.

The fair value of loans and receivables due from customers amounted to €12,751 million as of June 30, 2021, compared with €12,700 million as of December 31, 2020.

5.3.6 Held-to-maturity financial assets

(in millions of euros)	30/06/2021	31/12/2020
Government securities	**509**	**507**
Gross value	509	507
Provisions		
Bonds	**255**	**257**
Gross value	254	258
Provisions	(1)	(1)
Total	**763**	**764**

The fair value of held-to-maturity financial assets stood at €935 million at June 30, 2021, compared with €963 million at December 31, 2020.

5.4 Liabilities related to insurance policies

(in millions of euros)	30/06/2021	31/12/2020
TECHNICAL RESERVES	**98,673**	**93,395**
Technical reserves relating to insurance policies	52,980	49,894
Technical reserves relating to unit-linked insurance policies	16,504	14,035
Technical reserves relating to financial policies with a discretionary profit sharing feature	19,448	19,561
Technical reserves relating to financial policies without a discretionary profit sharing feature	-	-
Technical reserves relating to unit-linked financial policies	5,508	5,213
Deferred profit-sharing liabilities	4,233	4,692
DEBTS ARISING FROM INSURANCE AND REINSURANCE ACTIVITIES	**11,424**	**10,778**
Debts arising from insurance and assumed reinsurance activities	363	427
Debts arising from ceded reinsurance activities	11,061	10,351
DERIVATIVES	**17**	**10**
Derivative instruments not eligible for hedge accounting	6	5
Hedging derivatives	11	4
OTHER LIABILITIES RELATING TO INSURANCE POLICIES	-	-
Total	**110,114**	**104,182**

5.4.1 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 4.1.2.

5.4.2 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 4.6.1 and 4.6.2.

5.4.3 Debt securities

Information required under IFRS 7 on financial liabilities at fair value through profit or loss is presented in Note 4.7.

5.4.4 Subordinated debt

Information required under IFRS 7 on financial liabilities at fair value through profit or loss is presented in Note 5.8.

5.4.5 Information to be disclosed about the temporary exemption from the application of IFRS 9 for insurance activities

	30/06/2021		31/12/2020	
(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	**42,239**	**(1,031)**	**42,578**	**788**
Non-SPPI financial assets	**4,053**	**6**	**3,898**	**28**
Total (1)	**46,292**	**(1,025)**	**46,476**	**816**

This table does not include financial assets recognized at fair value through profit or loss, or reinsurance activities.

(1) Excluding €6,865 million in mutual fund units classified as available-for-sale assets as at June 30, 2021 versus €6,312 million as at December 31, 2020.

Note 6 COMMITMENTS

6.1 Guarantee commitments

A financial guarantee is a contract that requires the issuer to compensate the holder of the contract following any losses 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)	30/06/2021	31/12/2020
Guarantee commitments given		
To banks	**6,448**	**6,952**
Confirmation of documentary credits	1,473	1,317
Other guarantees	4,974	5,635
To customers	**20,688**	**17,008**
Real estate guarantees	119	135
Administrative and tax bonds	210	210
Other bonds and endorsements given	845	669
Other guarantees	19,514	15,994
TOTAL GUARANTEE COMMITMENTS GIVEN	**27,136**	**23,960**
Guarantee commitments received from banks	**15,469**	**12,043**

Guarantees received in respect of loans guaranteed by the French State are presented in Note 4.5.2 and amounted to €2,262.9 million.

Guarantee commitments reconciliation table

(in millions of euros)	Guarantee commitments									
	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 as at 01/01/2020	**21,257**	**(3)**	**3,294**	**(7)**	**129**	**(41)**	**3**	**0**	**24,682**	**(51)**
New OBS commitments originated or purchased	3,469	(1)	300	(2)			0	0	3,769	(3)
Variations linked to changes in credit risk parameters *(excluding transfers)*	(1,113)	(3)	(748)	(7)	(3)	5	(1)	0	(1,864)	(5)
Transfers of guarantee commitments	*(395)*	*0*	*311*	*0*	*84*	*(0)*			0	0
Transfers to S1	394	1	(394)	*1*	0	0			0	2
Transfers to S2	(779)	(1)	780	(1)	(1)	0			0	(1)
Transfers to S3	(10)	0	(75)	0	85	(0)			0	0
Transfer to non-current assets held for sale	0	0	0	0	0	0			0	0
Fully sold, called or matured commitments	(3,983)	1	(468)	2	(1)	0	(0)	0	(4,452)	2
Variations linked to changes in exchange rates	(1,477)	0	(145)	0	(28)	2	0	0	(1,651)	2
Changes in the model used		0		0		0				0
Other changes [(2)]	3,202	0	9	0	252	0	0	0	3,462	1
Balance as at 31/12/2020 [(1)]	**20,960**	**(6)**	**2,553**	**(14)**	**433**	**(34)**	**2**	**0**	**23,946**	**(54)**
New OBS commitments originated or purchased	12,266	(2)	151	(1)	0	0	*77*	*0*	12,494	(2)
Variations linked to changes in credit risk parameters *(excluding transfers)*	(1,540)	0	720	1	(259)	(8)	0	0	(1,080)	(6)
Transfers of guarantee commitments	*(277)*	*0*	*276*	*0*	*1*	*0*	*0*	*0*	0	*0*
Transfers to S1	43	0	(43)	0	*0*	*0*	*0*	*0*	*0*	*0*
Transfers to S2	(320)	0	320	0	0	0	*0*	*0*	*0*	0
Transfers to S3	0	0	(1)	0	1	0	*0*	*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	(8,663)	1	(118)	0	(27)	0	*0*	*0*	(8,808)	1
Variations linked to changes in exchange rates	512	0	53	0	7	(1)	*0*	*0*	572	(1)
Changes in the model used	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Other changes	6	0	(9)	0	0	0	0	0	(3)	0
Balance at 30/06/2021 [(1)]	**23,263**	**(7)**	**3,626**	**(14)**	**155**	**(42)**	**79**	**0**	**27,122**	**(63)**

(1) Gross carrying amount presented excluding the contribution of insurance companies, for an amount of €14 million at June 30, 2021 (also €14 million as at December 31, 2020);

(2) Including an amendment made on December 31, 2020 concerning guarantee commitments in the form of letters of credit granted by the New York branch. In 2019, these guarantees were presented for an amount net of guarantees received from other participants. The impact is of €2,930 million on commitments classified as stage 1 and of €252 million on commitments classified as stage 3.

6.2 Financing commitments

<u>The following financing commitments fall within the scope of IFRS 9:</u>

- 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.

<u>Other financing commitments falling within the scope of IAS 37</u>

A financing 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)	**30/06/2021**	**31/12/2020**
Financing commitments given		
To banks	**1,787**	**7,142**
To customers	**56,099**	**51,887**
- Opening of documentary credits	2,215	2,026
- Other confirmed lines of credit	53,081	49,219
- Other commitments	802	642
Total financing commitments given	**57,886**	**59,029**
Financing commitments received		
- from banks	6,825	12,070
- from customers	72	8
Total financing commitments received	**6,897**	**12,078**

Financing commitments reconciliation table

(in millions of euros)	Financing commitments									
	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 as at 01/01/2020	**46,527**	**(15)**	**5,590**	**(48)**	**76**	**(12)**	**9**	**0**	**52,201**	**(76)**
New OBS commitments originated or purchased	10,595	(10)	1,258	(8)	0	0	3	0	11,855	(18)
Variations linked to changes in credit risk parameters *(excluding transfers)*	4,173	(10)	(1,804)	(28)	(82)	10	7	(0)	2,293	(29)
Transfers of financing commitments	*(1,721)*	*(1)*	*1,647*	*1*	*74*	*(0)*			*(0)*	*(0)*
Transfers to S1	978	(4)	(976)	4	(2)	0			(0)	(0)
Transfers to S2	(2,683)	3	2,684	(4)	(1)	0			(0)	(0)
Transfers to S3	(16)	0	(61)	0	77	(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	(5,864)	1	(316)	2	(4)	0	(4)	0	(6,188)	3
Variations linked to changes in exchange rates	(1,637)	1	(276)	3	(2)	0	(0)	0	(1,916)	4
Changes in the model used										0
Other changes [(1)]	729	2	64	0	(11)	0	0	0	782	2
Balance as at 31/12/2020	**52,801**	**(32)**	**6,162**	**(79)**	**51**	**(2)**	**14**	**0**	**59,029**	**(114)**
New OBS commitments originated or purchased	15,524	(5)	961	(2)	0	0	14	0	16,498	(7)
Variations linked to changes in credit risk parameters *(excluding transfers)*	(4,437)	(4)	(33)	(15)	96	2	(1)	0	(4,375)	(16)
Transfers of financing commitments	*(735)*	*0*	*708*	*0*	*27*	*0*	0	0	*0*	*0*
Transfers to S1	310	(2)	(310)	2	0	0			0	0
Transfers to S2	(1,045)	2	1,045	(2)	0	0			0	0
Transfers to S3	0	0	(27)	0	27	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	(13,547)	2	(371)	1	(3)	0	(5)	0	(13,926)	4
Variations linked to changes in exchange rates	536	0	134	(1)	3	0	0	0	673	(2)
Changes in the model used										0
Other changes	(6)	0	(8)	0	0	0	0	0	(13)	0
Balance as at 30/06/2021	**50,135**	**(40)**	**7,555**	**(95)**	**173**	**(1)**	**23**	**0**	**57,886**	**(135)**

(1) Including the exit of Coface.

NOTE 7 SEGMENT REPORTING

In July 2021, Groupe BPCE presented its new strategic plan, *"BPCE 2024*". This development plan is based on **three strategic priorities** (Winning Spirit, Customer, Climate) and **three key principles** (Simple, Innovative Secure), and contains **ambitious targets** for the Retail Banking and Insurance and Global Financial Services business lines. Natixis' business lines are fully in line with this strategic plan.

Natixis is organized around the following four divisions:

- **Asset & Wealth Management,** which includes the asset management activities of Natixis Investment Managers, the wealth management business line and employee savings schemes;
- **Corporate & 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 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 Banque Populaire and Caisse d'Epargne network customers and direct customers with payment tools, infrastructures and services.

The activities of Private Equity (a proprietary activity managed in run-off mode, and portion of sponsored funds) and Natixis Algérie, which are still considered non-strategic, are part of the Corporate Center.

Based on this new organizational structure, General 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.

7.1 Asset & Wealth Management

- **Asset Management**: asset management activities are brought together within Natixis Investment Managers. They cover all asset classes and are carried out mainly in the US and France. These activities are performed by autonomous entities (specialized 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. Many of these asset management companies are well-known, such as Loomis Sayles, Harris Associates, AEW, DNCA and Ostrum Asset Management (which joined La Banque Postale Asset Management's fixed income and insurance-related asset management activities at the end of 2020). As announced in the third quarter of 2020, Natixis IM is continuing its gradual withdrawal from H20 (see Note 2.3).

  Together, these specialized asset management companies enable the Group to provide a comprehensive 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 (young and 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, as well as that of Natixis. It offers advisory services, financial planning and expertise, and mutual fund unit management solutions.

- **Employee Savings Schemes**: this business line offers companies an employee savings management solution (administration of employee accounts, fund administration and accounting, etc.);

7.2 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 to meet their needs, as well as access to capital markets.
Numerous impact financing initiatives marked 2021 for Natixis CIB, which strengthened its pioneering position by being at the forefront of innovation with numerous French and international clients.

Its organization has evolved to adapt to major trends and contribute to the major challenges of 2021.

It is based on an system of international value-added expertise covering the following activities and business lines:

- Strategic consulting for the **Investment Banking** and **Mergers & Acquisitions** business line;
- Equities, Fixed Income, Credit, FX, Commodities and Global Structured Credit and Solutions activities within the **Global Markets** business line;
- Infrastructure, Aviation and Real Estate & Hospitality form the **Real Assets** business line
- Syndication and management of the financing portfolio for the **Distribution & Portfolio Management** business line; and
- Financing of the cinema operated by the subsidiary **Coficiné.**

Two cross-functional teams provide vital support to the business lines, with the aim of informing the investment and hedging decisions of Natixis CIB clients by providing key information and in-depth analyses on all asset classes:

- the Green & Sustainable Hub for ecological and social topics;
- Research for major macro-economic trends, market movements and geopolitical developments.

7.3 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 the property & casualty and personal protection 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.

7.4 Payments

This business line provides tools, infrastructures and services for payments: electronic payment, issuance and collection of mass electronic transfers, check processing, service vouchers, e-commerce, etc.

7.5 Corporate center

In addition to these operational divisions, there are Corporate Center activities, which primarily include central financial mechanisms and revenues 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 results of the bank's portfolio of investments that are not part of the activity of a division (including the residual stake of 12.7% in Coface), as well as proprietary private equity activities (managed in run-off mode) and those of Natixis Algérie.

In terms of costs, the Corporate Center recognizes the bank's structural costs and the contribution to the Single Resolution Fund.

7.1 Segment reporting in the income statement

As at June 30, 2021

(in millions of euros)		30/06/2021					
		Asset & Wealth Management (2)	Corporate and Investment Banking	Insurance	Payments	Corporate Center (3)	Total
Net revenues		1,625	1,789	492	235	83	4,223
	change 2020/2021 (1)	10%	65%	9%	18%	-21%	27%
Expenses		(1,226)	(1,134)	(263)	(204)	(373)	(3,200)
	change 2020/2021 (1)	9%	13%	5%	9%	19%	11%
Gross operating income		399	655	230	30	(290)	1,023
	change 2020/2021 (1)	11%		14%		39%	
Provision for credit losses		(2)	(109)		(7)	(7)	(124)
	change 2020/2021 (1)	-84%	-77%			32%	-74%
Net operating income		397	546	230	23	(298)	898
	change 2020/2021 (1)	14%		14%		39%	
Associates		1	6	3		7	16
	change 2020/2021 (1)	-7%	18%				
Other items		(10)	(0)	(0)	0	12	2
	change 2020/2021 (1)	78%					-102%
Income before tax		388	552	233	23	(278)	917
	change 2020/2021 (1)	13%		23%	88%	-20%	
Net income (Group share)		256	408	169	17	(220)	629
	change 2020/2021 (1)	28%		32%	92%	-30%	

This information is determined based on the accounting principles applied in accordance with IFRS as adopted by the European Union as at June 30, 2021;

(1) Restated change between June 30, 2021 and June 30, 2020.
(2) Of which for Asset Management: Net revenues: €1,487 million
Expenses: -€1,107 million;
Gross operating income: €379.7 million
Provision for credit losses: €2,3 million
Pre-tax profit: €372.7 million
(3) Of which short-term Treasury: Net revenues: €51.4 million
Expenses: -€32.3 million
Gross operating income: €19.1 million
Provision for credit losses: €0 million
Pre-tax profit: €19.2 million

Breakdown of net revenues

(in millions of euros)	**Net revenues**	*change 2020/2021*
Asset & Wealth Management	**1,625**	**10%**
Asset management	1,487	**10%**
Wealth management	86	**12%**
Employee savings schemes	52	**9%**
Corporate and Investment Banking	**1,789**	**65%**
Capital markets (1)	823	**204%**
Global Finance & Investment Banking	959	**17%**
Other items	7	
Insurance	**492**	**9%**
Payment	**235**	**18%**
Corporate Center	**83**	**-21%**
Total	***4,223***	***27%***

(1) Of which €823 million excluding the net revenues of the XVA desks, which can be broken down into €547 million in net revenues for FIC and €275 million for Equities.

June 30, 2020 restated

(in millions of euros)	30/06/2020*					
	Asset & Wealth Management (1)	Corporate and Investment Banking	Insurance	Payment	Corporate Center (2)	Total
Net revenues	1,479	1,082	451	198	104	3,314
Expenses	(1,120)	(1,004)	(250)	(188)	(313)	(2,874)
Gross operating income	359	78	201	10	(208)	439
Provision for credit losses	(10)	(469)	0	2	(5)	(482)
Net operating income	349	(391)	201	12	(214)	(43)
Associates	1	5	(13)	0	(33)	(40)
Other items	(6)	(0)	0	0	(103)	(109)
Income before tax	344	(386)	188	12	(350)	(192)
Net income (Group share)	**200**	**(286)**	**128**	**9**	**(313)**	**(261)**

(*) Recalculated in accordance with the new organization of the business lines as at June 30, 2021

(1) Of which for Asset Management: Net revenues: €1,354 million
Expenses: -€1,006 million
Gross operating income: €348.4 million
Provision for credit losses: -€11.5 million
Pre-tax profit: €331.9 million

(2) Of which 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

(in millions of euros)	**Net revenues***
Asset & Wealth Management	**1,479**
Asset management	1,354
Wealth management	77
Employee savings schemes	47
Corporate and Investment Banking	**1,082**
Capital Markets	271
Global Finance & Investment Banking	821
Other items	(10)
Insurance	**451**
Payment	**198**
Corporate Center	**104**
Total	***3,314***

(*) Recalculated in accordance with the new organization of the business lines as at June 30, 2021

Reported as at June 30, 2020

(in millions of euros)		30/06/2020					
		Asset & Wealth Management (2)	Corporate and Investment Banking	Insurance	Payment	Corporate Center (3)	Total
Net revenues		1 478	1 098	449	198	90	3 314
	change 2019/2020 (1)	-13%	-31%	6%	-5%	-82%	-25%
Expenses		(1 116)	(1 002)	(250)	(190)	(316)	(2 874)
	change 2019/2020 (1)	-4%	-7%	4%	5%	-52%	-13%
Gross operating income		362	96	199	8	(226)	439
	change 2019/2020 (1)	-33%	-82%	8%	-69%	40%	-61%
Provision for credit losses		(10)	(469)	0	2	(5)	(482)
	change 2019/2020 (1)	780%	249%			7%	242%
Net operating income		352	(373)	199	10	(231)	(43)
	change 2019/2020 (1)	-35%	-195%	8%	-61%	39%	-104%
Associates		1	5	(13)	0	(33)	(40)
	change 2019/2020 (1)	57%	-15%				-458%
Other items		(6)	(0)	0	0	(103)	(109)
	change 2019/2020 (1)	27%	-100%			-115%	-116%
Income before tax		347	(368)	186	10	(222)	(192)
	change 2019/2020 (1)	-35%	-196%	-2%	-61%	-169%	-112%
Net income (Group share)		203	(272)	127	7	(326)	(261)
	change 2019/2020 (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 as at June 30, 2020;

(1) Restated change between June 30, 2020 and June 30, 2019.

(2) Of which 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) Of which 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 of net income of associates: -€33 million (see Note 4.9 in the update of the URD at June 30, 2020).

Breakdown of net revenues

(in millions of euros)	**Net revenues**	*change 2019/2020*
Asset & Wealth Management	**1 478**	**-13%**
Asset management	1 354	-15%
Wealth management	77	22%
Employee savings schemes	47	2%
Corporate and Investment Banking	**1 098**	**-31%**
Capital markets [(1)]	277	-62%
Global Finance & Investment Banking	831	-2%
Other items	(11)	
Insurance	**449**	**6%**
Payment	**198**	**-5%**
Corporate Center (excluding Coface)	**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.

NOTE 8 RISK MANAGEMENT

8.1 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".

8.2 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".

8.3 Market risk, overall interest rate risk, liquidity risk and structural foreign exchange risk

The information on the management of market risks, overall interest rate risks, liquidity risks and structural foreign exchange risks required by IFRS 7 is presented in sections 3.2.5 and 3.2.7 of Chapter 3, "Risk factors, risk management and Pillar III".

8.4 Risks related to insurance activities

The information on the risk management of insurance activities required by IFRS 7 is presented in Section 3.2.10 of Chapter 3, "Risk factors, risk management and Pillar III".

NOTE 9 OTHER INFORMATION

9.1 Equity instruments issued

9.1.1 Share capital

Ordinary shares	Number of shares	Par value	Capital in euros
Opening balance	3,155,951,502	1.60	5,049,522,403
Capital increase	2,006,829	1.60	3,210,926
Closing balance	**3,157,958,331**		**5,052,733,330**

As of June 30, 2021, there were 2,461,581 treasury shares, compared to 4,014,663 treasury shares held as of December 31, 2020.
The capital increases carried out over the first half of 2021 correspond to the allocation of free shares to certain Natixis employees, as part of the share-based Loyalty and Performance Plans for 2018 and 2019 and the 2017 Long Term Incentive Plan (LTIP).

9.1.2 Calculation of earnings/(loss) per share

	30/06/2021	30/06/2020
Earnings/(loss) per share		
Net income (Group share) (in millions of euros)	629	(261)
Net income attributable to shareholders (in millions of euros) (1)	575	(325)
Average number of ordinary shares outstanding over the fiscal year	3,157,261,739	3,154,928,922
Average number of treasury shares outstanding over the fiscal year	2,631,699	3,548,594
Average number of shares used to calculate earnings/(loss) per share	3,154,630,040	3,151,380,328
Earnings/(loss) per share in euros	**0.18**	**(0.10)**
Diluted earnings/(loss) per share		
Net income (Group share) (in millions of euros)	629	(261)
Net income attributable to shareholders (in millions of euros) (1)	575	(325)
Average number of ordinary shares outstanding over the fiscal year	3,157,261,739	3,154,928,922
Average number of treasury shares outstanding over the fiscal year	2,631,699	3,548,594
Number of potential dilutive shares resulting from stock option plans and free share awards (2)	5,766,530	9,079,926
Average number of shares used to calculate diluted earnings/(loss) per share	3,160,396,570	3,160,460,254
Diluted earnings/(loss) per share (in euros)	**0.18**	**(0.10)**

(1) The difference between net income (Group share) and net income attributable to shareholders corresponds to interest on deeply subordinated notes and on preference shares for -€54.1 million in the first half of 2021 and -€63.8 million in the first half of 2020.

(2) This number of shares refers to the shares granted under the 2019 and 2020 performance share plans (PAGA), the 2018, 2019 and 2020 Long-Term Incentive Plans (LTIPs) and the 2018 Payments Business Line Plan (PMP).

9.2 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 recognized in income on 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 as at June 30, 2021 (no change compared to December 31, 2020).

Note that the gross amount of exchange rate fluctuations in deeply subordinated notes in foreign currencies recorded in income as at June 30, 2021 amounted to +€30.2 million, or +€21.6 million after tax, compared with -€0.7 million as at June 30, 2020, or -€0.5 million after tax.

Perpetual deeply subordinated loans

During the first half of 2021, Natixis took out a perpetual deeply subordinated loan for an amount of €500 million, fully subscribed by BPCE. Under IAS 32, this loan is treated as an equity instrument due to the absence of any obligation to repay the capital and the discretionary nature of its remuneration. The loan is thus recognized in equity and the interest paid is deducted from equity.

9.3 IFRIC 21

IFRIC 21 "Levies", applicable since January 1, 2015, aims to clarify the date to be used for the recognition of levies in the financial statements. This interpretation entails:

- for levies for which the obligating event that triggers payment occurs on January 1, recognition of a provision in full from the first quarter, whereas they were previously staggered across quarters. The levies concerned are mainly local authority levies and contributions to the Single Resolution Fund;
  It should be noted that the banking tax on systemic risk (TSB), which was repealed on January 1, 2019 (Article 26 of the 2014 Amending Finance Act No. 2014-1655 of December 29, 2014), had been fully recognized in income as at June 30, 2018;
- Or, for revenue-based levies due during the following fiscal year, the recognition of all levies as at January 1 of the fiscal year in which the levies are payable, whereas they were previously recognized in proportion to the revenue for the period. The main levy concerned is the social solidarity contribution of companies.

As at June 30, 2021, the difference in treatment amounts to net income (Group share) of €77.5 million compared to €94.5 million as at June 30, 2020.

9.4 Related parties

9.4.1 Relations between the Group’s consolidated companies

Natixis' main transactions with related parties (BPCE and its subsidiaries, the Banques Populaires, the Caisses d'Epargne and all investments accounted for using the equity method) are detailed below:

(in millions of euros)	30/06/2021				31/12/2020			
	BPCE	***o/w Solutions and Financial Expertise division*** (1)	**Banques Populaires**	**Caisses d’Epargne**	**BPCE**	***o/w Solutions and Financial Expertise division*** (1)	**Banques Populaires**	**Caisses d’Epargne**
ASSETS								
Financial assets at fair value through profit or loss	10 268	169	2 546	3 602	19 641	*258*	3 155	4 517
Financial assets at fair value through other comprehensive income								
Debt instruments at amortized cost					0		21	
Loans and receivables due from banks and similar items at amortized cost	78 456	3 775	404	404	38 346	*4 469*	431	293
Customer loans and receivables at amortized cost	101	83	60		201	*135*	135	
Insurance business investments	11 540		154	268	11 557		144	225
Non-current assets held for sale								
LIABILITIES								
Financial liabilities at fair value through profit or loss	5 720	172	2 706	3 395	7 071	*258*	3 770	3 984
Deposits and loans due to banks and similar items	119 188	212	277	4	60 743	*926*	241	121
Deposits and loans due to customers	225	52	25	1	163	*72*	36	1
Debt securities								
Subordinated debt	2 968				2 947			
Liabilities related to insurance policies	0		10	88	0		2	77
Liabilities on assets held for sale								
shareholders’ equity	2 330				1794			
COMMITMENTS								
Commitments given	1859	582	65	184	7 344	*581*	7	165
Commitments received	14 366	328	150	912	15 089	*37*	151	971

Relations with associates and joint ventures are not material.

(1) Corresponds to Factoring, Consumer Financing, Leasing and Financial Surety & Guarantee entities.

(in millions of euros)	H1 2021				H1 2020			
	BPCE	***o/w Solutions and Financial Expertise division*** (1)	**Banques Populaires**	**Caisses d’Epargne**	**BPCE**	*O/w Solutions and Financial Expertise division* (1)	**Banques Populaires**	**Caisses d’Epargne**
INCOME								
Interest and similar income	166	15	26	1	67	13	25	1
Interest and similar expenses	(165)	(0)	(0)	(0)	(216)	(0)	(2)	(0)
Net fee and commission income	(14)	(24)	(212)	(178)	(33)	(24)	(186)	(149)
Net gains or losses on financial instruments at fair value through profit or loss	214	(54)	125	(127)	(1560)	86	(59)	582
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 loss								
Net gains or losses on financial assets at fair value through othe comprehensive income reclassified to financial assets at fair value through profit or loss								
Net income from insurance activities	7		1	0	10		1	0
Income and expenses from other activities	12	7	4	10	31	30	3	8
Operating expenses	(116)		5	(4)	(35)	2	(0)	(5)

Relations with associates and joint ventures are not material.

(1) Corresponds to Factoring, Consumer Financing, Leasing and Financial Surety & Guarantee entities.

5.2 Statutory Auditors' report on the half-yearly financial information

Statutory Auditors' report on the half-yearly financial information

Period from January 1, 2021 to June 30, 2021

To the Shareholders of Natixis,

Pursuant to the assignment entrusted to us by your General Shareholders' Meeting and in application of Article L. 451-1-2 III of the French Monetary and Financial Code, we have conducted:

- a limited review of the condensed half-yearly consolidated financial statements of Natixis for the period from January 1, 2021 to June 30, 2021, as attached to this report;
- verification of the information given in the half-yearly management report.

The global crisis related to the COVID-19 pandemic has created particular conditions for preparing and the limited review of the condensed half-yearly consolidated financial statements. The crisis and the exceptional emergency health measures taken have had multiple consequences for companies, particularly in respect of their activity and financing and have caused increased uncertainties for their future outlook. Some of these measures, such as travel restrictions and remote working, have also had an effect on the internal organization of companies and on the arrangements for conducting our work.
These condensed half-yearly consolidated financial statements were prepared under the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our limited review.

I - Conclusion on the financial statements

We conducted our limited review in accordance with the professional standards applicable in France.

A limited review consists mainly of interviewing the members of management in charge of accounting and financial aspects and implementing analytical procedures. This work is less extensive than that required for an audit conducted in accordance with the professional standards applicable in France. As a result, the assurance that the financial statements, taken as a whole, are free from material misstatement, obtained through a limited review is a moderate assurance, less than that obtained through an audit.

Based on our limited review, we did not identify any material misstatements such as to call into question the compliance of the condensed half-yearly consolidated financial statements with IAS 34, the IFRS standard as adopted in the European Union on interim financial information.

II - Specific verification

We have also verified the information provided in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our limited review.

We have no matters to report as to its fair presentation and its consistency with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, August 5, 2021

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Emmanuel Benoist	Charlotte Vandeputte

VI CHAPTER 7: CAPITAL AND SHARE OWNERSHIP

As a result of the simplified public tender offer initiated by BPCE for all of the Natixis shares not held by BPCE (hereinafter the "Offer") followed by the squeeze-out effective on July 21, 2021 (hereinafter the "Squeeze-out"), and the delisting on the same day of Natixis shares from the regulated Euronext Paris market, the capital and share ownership structure of Natixis were modified; these changes are detailed below.

7.1 Breakdown of share capital and voting rights

7.1.1 Breakdown of share capital as at July 31, 2021

7.1.1.1 Share ownership table

As at July 31, 2021, Natixis' main shareholders were as follows:

	% capital	% voting rights
BPCE	99.77%	99.85%
Employee shareholding*	0.15%	0.15%
Treasury shares	0.08%	0.00%

** Employee shareholding includes shares held by the beneficiaries (employees, executive corporate officers and former employees of the Company) under certain free share allocation plans that are subject to lock-up obligations or a fiscal holding period (as defined in Natixis' response document filed with the AMF on April 15, 2021) at the closing date of the Offer. These locked-up shares were the subject of put and call options under liquidity agreements between the beneficiaries and BPCE. Locked-up shares held by Laurent Mignon (Chairman of the Board of Directors) and for which a liquidity agreement has been concluded with BPCE, are also recorded in the "Employee shareholding" section.*

It should be noted that the securities previously held in the context of mutual investment funds have been fully tendered into the Offer.

7.1.1.2 Treasury shares held by Natixis

As at July 31, 2021, the Company held 2,461,581 treasury shares corresponding to 0.08% of the share capital.

It should be noted that following the announcement by BPCE on July 8, 2021 of the acquisition of more than 90% of the share capital and voting rights of Natixis in the context of the Offer enabling the implementation of a squeeze-out procedure for Natixis shares, Natixis terminated the liquidity agreement with Oddo BHF. This termination took effect on July 9, 2021. Further details are provided in the press release of July 13, 2021 (see Chapter 1 of this amendment).

The new allocation of treasury shares held by Natixis is detailed in Section 7.7. below.

7.1.1.3 Employee shareholding

As of July 31, 2021, the percentage of share capital held by employees was 0.15%.

Employee shareholding includes shares held by the beneficiaries (employees, executive corporate officers and former employees of the Company) under certain free share allocation plans that are subject to lock-up obligations or a fiscal holding period (as defined in Natixis' response document filed with the AMF on April 15, 2021) at the closing date of the Offer. These shares were covered by liquidity agreements concluded between the beneficiaries and BPCE.

As such, BPCE has granted each beneficiary a firm and irrevocable promise to purchase followed by a firm and irrevocable promise to sell by the concerned beneficiary for all free shares in the process of vesting or not available under the conditions provided for by the liquidity agreement (as detailed in Natixis' response document filed with the AMF on April 15, 2021).

BPCE will eventually become the owner of the concerned free shares as of their respective availability date.

7.1.1.4 Ownership of shares by members of the management and administrative bodies

With the exception of the Chairman of the Board of Directors, the directors of Natixis no longer hold shares in the Company following the contribution of these shares to the Offer.

Laurent Mignon signed a liquidity agreement with BPCE for 257,045 shares, either because they are locked-up shares or because they are in the process of vesting.

As of July 31, 2021, BPCE held 99.77% of the Company's share capital (including 0.008% held by Laurent Mignon).

7.1.1.5 Crossing of legal thresholds declared to the Company since January 1, 2021

BPCE declared that it had crossed upward the threshold of 90% of the share capital and voting rights of Natixis on July 8, 2021, following the acquisition of Natixis shares as part of the Offer.

7.3 Other information concerning Natixis share capital and securities

7.3.1 Form and transfer of shares (Chapter II, Article 4 of the bylaws)

As a result of the squeeze-out and the delisting on the same day of Natixis shares from the Euronext Paris regulated market, the Company's shares are now exclusively in registered form. The Company's bylaws will be amended in this regard.

7.5 Issues potentially relevant to any public offering

In the absence of securities admitted to trading on a regulated market following the squeeze-out, the information from Article L. 22-10-11 of the French Commercial Code is no longer applicable to Natixis.

7.6 Shareholder voting rights

As a result of the squeeze-out, Article 25, "Voting rights" of the Company's bylaws will be amended.

7.7 Share buyback program

The Natixis General Shareholders' Meeting of May 28, 2021 approved the description of the share buyback program (as detailed in the Natixis Universal Registration Document filed with the AMF on March 9, 2021) in accordance with Articles 241-2 and 241-3 of the AMF General Regulation and Delegated Regulation (EU) 2016/1052 of March 8, 2016. These share purchases were especially for the purposes of:

- managing the liquidity contract;
- allocating or transferring shares to employees in respect of the Company profit sharing, employee savings schemes share buyback programs and to free share allocation or any other form of share allocation to members of staff;
- canceling shares;
- tendering shares upon exercising rights attached to securities granting rights to capital;
- tendering shares (for exchange, payment or another reason) in connection with acquisitions, mergers, spin-offs or asset transfers;

Following the termination of the liquidity contract with Oddo BHF (as indicated in Section 7.1.1.2 above), the allocation of Natixis shares to the liquidity contract became irrelevant.

On the decision of the Board of Directors of August 3, 2021, taken in compliance with (i) the objectives approved by the Natixis General Shareholders' Meeting of May 28, 2021, and (ii) the regulation applicable to share buyback programs in unlisted companies, all Natixis treasury shares are now designated for employees and executives benefiting from free share schemes whose rights are in the process of vesting.

VII CHAPTER 8: GENERAL SHAREHOLDERS' MEETINGS

8.1 Terms and conditions of attendance by shareholders at General Shareholders' Meetings

As a result of the simplified public tender offer initiated by BPCE for all of the Natixis shares not held by BPCE, followed by the squeeze-out effective on July 21, 2021 and the delisting of Natixis shares from the Euronext Paris regulated market on the same day, the terms and conditions of shareholder participation in General Shareholders' Meetings will change.

8.2 Combined General Shareholders' Meeting of May 28, 2021

- **Procedures for attending the General Shareholders' Meeting in the context of the health crisis**

In the context of the coronavirus epidemic (COVID-19) and the fight against its spread and on the decision of the Board of Directors of Natixis, the Combined General Shareholders' Meeting was held behind closed doors, without the physical presence of shareholders, on May 28, 2021 at 3 p.m. at the Natixis registered office (30 avenue Pierre Mendès France 75013 Paris, France).

This decision was made in accordance with (i) the provisions of Article 4 of Order No. 2020-321 of March 25, 2020 adapting the rules for meetings and deliberations of meetings and governing bodies of legal persons and entities without legal personality under private law, due to the COVID-19 epidemic, and (ii) related Decree No. 2020-418 of April 10, 2020, it being specified that the period of application of the aforementioned order and decree was extended by Decree No. 2021-255 of March 9, 2021.

Natixis has implemented all the procedures necessary to facilitate the expression of votes by shareholders, whether by Votaccess or by post. The text of the resolutions and the Board of Directors' report on these appeared in the meeting notice sent to shareholders and available on the Company's website.

Furthermore, in order to promote shareholder dialog, and in addition to the legal framework governing written questions, Natixis opened a dedicated platform for shareholders prior to the General Shareholders' Meeting, on which shareholders had the opportunity to ask questions from Monday, May 24, 2021, until the day before the General Shareholders' Meeting, *i.e.* Thursday, May 27, 2021 at 3 p.m.

- **Voting on the resolutions submitted for approval to the Combined General Shareholders' Meeting of May 28, 2021**

The twenty-nine resolutions submitted to the General Shareholders' Meeting of May 28, 2021 were adopted.

VIII CHAPTER 9: LEGAL AND GENERAL INFORMATION

9.2 Natixis bylaws

As a result of the simplified public tender offer initiated by BPCE for all of the Natixis shares not held by BPCE, followed by the squeeze-out effective July 21, 2021 and the delisting of Natixis shares from the Euronext Paris regulated market on the same day, the Company's bylaws will change.

9.3 Person responsible for the Amendment of the Universal Registration Document and its amendments

Person responsible for the Amendment of the Universal Registration Document and its amendments

Nicolas Namias

Chief Executive Officer of Natixis

Statement by the person responsible for the Universal Registration Document and its amendments

I hereby certify that the information contained in this amendment to the 2020 Universal Registration Document is, to the best of my knowledge, true and accurate and contains no omission liable to impair its significance.

I hereby certify, that the condensed consolidated financial statements for the past half-year are, to the best of my knowledge, prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and of all the companies included in the scope of consolidation, and that the half-yearly management report presents an accurate picture of the significant events that occurred during the first six months of the fiscal year, their impact on the financial statements, the principal transactions between related parties and a description of the main risks and uncertainties for the remaining six months of the fiscal year.

Paris, August 6, 2021

Nicolas Namias

Chief Executive Officer of Natixis

9.4 Documents available to the public

This document is available in the "Our financial data" section of the institutional website www.natixis.com or on that of the French Financial Markets Authority https://www.amf-france.org/fr.

Any person wishing to obtain additional information about Natixis can request documents without obligation:

- by post: Natixis Investor relations & Financial communication - Immeuble Arc-de-Seine, 30 avenue Pierre Mendès France, 75013 Paris, France
- by telephone: +33 (0)1 58 19 26 34 or +33 (0)1 58 32 06 94
- by e-mail: investorelations@natixis.com

9.5 Cross-reference table and incorporation by reference

Incorporation by reference

The second amendment to the 2020 Universal Registration Document should be read and interpreted in conjunction with the documents referred to below. These documents are incorporated in this amendment and are deemed to form an integral part thereof:

- the 2020 Universal Registration Document filed with the French Financial Markets Authority on March 9, 2021 under number D. 21-0105, which includes the annual financial report, available on the Natixis website:

https://www.natixis.com/natixis/en/universal-registration-document-and-annual-financial-report-2020-lpaz5_129338.html

- the Amendment to the 2020 Universal Registration Document filed with the French Financial Markets Authority on May 12, 2021 under number D. 21-0105-A01, available on the Natixis website:

https://www.natixis.com/natixis/en/amendment-of-the-2020-universal-registration-document-lpaz5_131176.html

All documents incorporated by reference in this Amendment to the Universal Registration Document have been filed with the French Financial Markets Authority and are published on the Issuer's website (https://www.natixis.com/natixis/en/financial-publications-c_5041.html) and on the AMF website (https://www.amf-france.org/en).

The information incorporated by reference should be read in accordance with the cross-reference table below. Any information that is not indicated in this cross-reference table but is part of the documents incorporated by reference is provided for information purposes only.

This cross-reference table incorporates the headings provided for in Annex 1 (referred to in Annex 2) of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council repealing Commission Regulation (EC) No. 809/2004 (Annex I) in application of the so-called "Prospectus" directive. This cross-reference table thus refers on one hand to the page numbers of the 2020 Universal Registration Document and its amendments, where the information relating to each of these headings is provided.

		Second amendment to the 2020 Universal Registration Document	**First amendment to the 2020 Universal Registration Document**	**2020 Universal Registration Document**
SECTION 1	**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERT REPORTS AND COMPETENT AUTHORITY APPROVAL**	**209**	**57**	**598**
Item 1.1	Persons responsible	209	57	598
Item 1.2	Declaration of persons responsible	209	57	598
Item 1.3	Statement or report attributed to a person as an expert			
Item 1.4	Information sourced from a third party			
Item 1.5	Competent authority approval			
SECTION 2	**STATUTORY AUDITORS**	**216**	**59**	**391; 604**
SECTION 3	**RISK FACTORS**	**22 to 36**		
SECTION 4	**INFORMATION ABOUT THE ISSUER**			**592**
SECTION 5	**BUSINESS OVERVIEW**			
Item 5.1	Principal activities	195 to 199	33	4-5; 23 to 35; 604
Item 5.2	Principal markets	195 to 199		4-5; 361 to 367; 604
Item 5.3	Important events in the development of the issuer's business.	104 to 115		226 to 231; 243; 245
Item 5.4	Strategy and objectives	7 to 12	29-30	10 to 13; 18-19; 459 to 533
Item 5.5	Potential dependence on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	52		167
Item 5.6	Basis for any statements made by the issuer regarding its competitive position.	104 to 127		23 to 35; 226 to 240
Item 5.7	Investments	128		242; 604
SECTION 6	**ORGANIZATIONAL STRUCTURE**			
Item 6.1	Brief description of the group and the issuer's position within the group.			4-5; 22-23
Item 6.2	List of significant subsidiaries			392 to 403
SECTION 7	**OPERATING AND FINANCIAL REVIEW**			
Item 7.1	Financial condition	37 to 50; 115 to 126	3 to 28	137 to 148; 153 to 160; 232 to 240; 604
Item 7.2	Operating results	115 to 117		6; 232-233; 249
SECTION 8	**CAPITAL RESOURCES**			
Item 8.1	Information concerning the capital resources (both short term and long term).	55 to 64; 138		171 to 182; 254-255
Item 8.2	Sources and amounts of and description of the cash flows.	139-140		256
Item 8.3	Information on the borrowing requirements and funding structure of the issuer.	46 to 49		153 to 157
Item 8.4	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the issuer's operations.			N/A
Item 8.5	Information regarding the anticipated financing sources needed to fulfil commitments referred to in item 5.7.2 of Annex 1			N/A

SECTION 9	**REGULATORY ENVIRONMENT**			**171; 175 to 178; 182 to 184; 219 to 221**
SECTION 10	**TREND INFORMATION**	**129 to 131; 143 to 144**		**243; 245; 261-262**
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	15 to 19	31-32	14-15; 38 to 89
Item 12.2	Administrative, management, and supervisory bodies and senior management conflicts of interest			73
SECTION 13	**COMPENSATION AND BENEFITS**			
Item 13.1	Amount of compensation paid and benefits in kind granted	19-20		90 to 108
Item 13.2	The total amounts set aside or accrued by the issuer or its subsidiaries to provide for pension, retirement or similar benefits.			371 to 379
SECTION 14	**BOARD PRACTICES**			
Item 14.1	Date of expiration of the current term of office	15 to 17		39
Item 14.2	Service contracts with members of the administrative, management or supervisory bodies			74-75
Item 14.3	Information about the issuer's Audit Committee and Compensation Committee	18		79-80; 83-84
Item 14.4	Statement of compliance with a corporate governance regime			40
Item 14.5	Potential material impacts on corporate governance			41 to 64
SECTION 15	**EMPLOYEES**			
Item 15.1	Number of employees and breakdown of persons employed			521
Item 15.2	Shareholdings and stock options			104; 544-545
Item 15.3	Arrangements for involving the employees in the capital of the issuer.			422-423
SECTION 16	**MAJOR SHAREHOLDERS**			
Item 16.1	Any person other than a member of the administrative, management or supervisory bodies holding a notifiable interest (5%) in the issuer's share capital or voting rights and amount of each such interest	205-206		542-543
Item 16.2	Existence of different voting rights	206		542 to 545
Item 16.3	Control of the issuer			546
Item 16.4	Arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.			549
SECTION 17	**RELATED PARTY TRANSACTIONS**	**203**		**387; 604**
SECTION 18	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFIT AND LOSS**			
Item 18.1	Historical financial information	133 to 203		249 to 403; 413 to 449
Item 18.2	Interim and other financial information			
Item 18.3	Auditing of historical annual financial information	204		404 to 412; 450 to 454
Item 18.4	*Pro forma* financial information			232 to 239
Item 18.5	Dividend policy			7; 244; 551; 553; 559; 604
Item 18.6	Legal and arbitration proceedings	50 to 52		165 to 167
Item 18.7	Significant change in the issuer's financial position	216	59	243; 245; 261-262
SECTION 19	**ADDITIONAL INFORMATION**			
Item 19.1	Share capital	205	54-55	439; 544; 604
Item 19.2	Memorandum and Bylaws	208		593 to 597
SECTION 20	**MATERIAL CONTRACTS**			**167**
SECTION 21	**DOCUMENTS AVAILABLE**	**210**	**58**	**599**

Pursuant to Article 19 of Regulation (EU) 2017/1129, the following information is included by reference:

- the parent company and consolidated financial statements for the year ended December 31, 2020, presented respectively on pages 413 to 449 and 249 to 403, the Statutory Auditors' reports thereon, respectively pages 450 to 454 and 404 to 412 of the Universal Registration Document filed with the AMF on March 9, 2021 under number D. 21-0105.

  The information is available at the following link:

  https://www.natixis.com/natixis/en/universal-registration-document-and-annual-financial-report-2020-lpaz5_129338.html

- 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, the Statutory Auditors' reports thereon, respectively pages 426 to 430 and 384 to 391 of the Universal Registration Document filed with the AMF on March 6, 2020 under number D. 20-0108.

  The information is available at the following link:

  https://www.natixis.com/natixis/en/2019-universal-registration-document-rpaz5_114884.html

- 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, the Statutory Auditors' reports thereon, respectively pages 442 to 446 and 395 to 402 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/en/2018-registration-document-rep_95757.html

The second amendment to the Universal Registration Document is available for consultation on the AMF website (https://www.amf-france.org/en) and on the Natixis website (www.natixis.com).

9.6 Cross-reference table for the half-yearly financial report

This document includes the information in the half-yearly financial report referred to in Article L. 451-1-2 of the French Monetary and Financial Code and in Articles 222-4 and 222-6 of the AMF General Regulation.

Headings of the half-yearly financial report	Page of the second amendment to the Universal Registration Document of August 6, 2021
Condensed consolidated financial statements at June 30, 2021	**133 to 203**
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9.7 Persons responsible for the audit of the financial statements

Persons responsible for the audit of the financial statements

<u>Principal Statutory Auditors</u>

- 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 de Versailles and are under the oversight of the Haut Conseil du Commissariat aux Comptes.

9.8 Significant change

With the exception of the items mentioned in this Amendment to the 2020 Universal Registration Document,

(i) no significant adverse change in the issuer's outlook has occurred since the end of the last period for which audited financial statements were published and in particular since the signing of the Statutory Auditors' report on the interim consolidated financial statements of June 30, 2021;

(ii) no significant change in the financial position or financial performance of Natixis has occurred since June 30, 2021.

30 avenue Pierre Mendès France
75013 Paris, France
Telephone: +33 (0)1 58 32 30 00

www.natixis.com