

# Risk and Pillar III Report **2018**

**UPDATE AS OF MARCH 31, 2019**



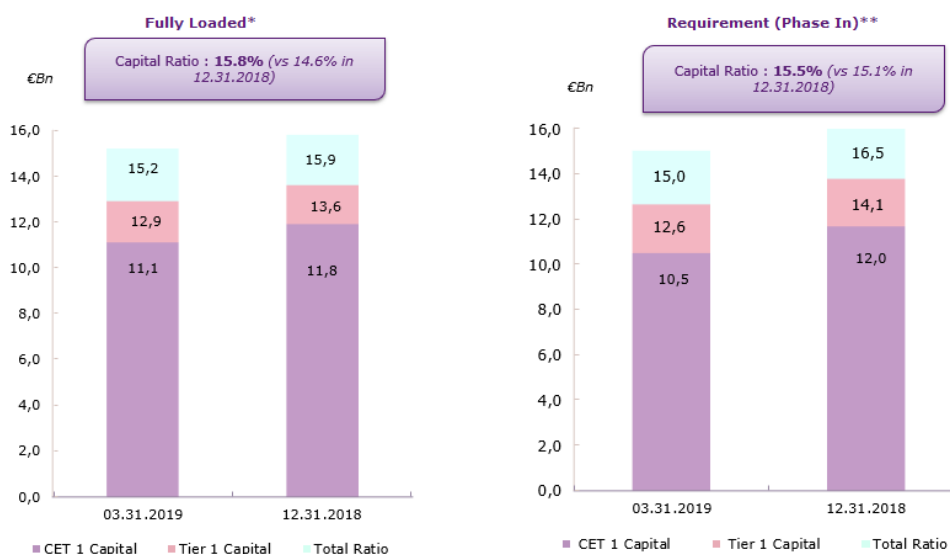
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**As of March 31, 2019**

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# KEY FIGURES AS OF MARCH 31, 2019

## ■ Main capital and solvency ratio figures

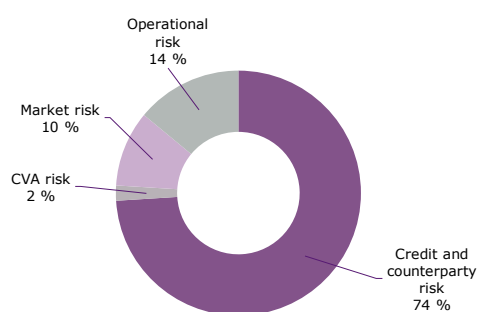


\* Fully loaded ratio: based on CRR-CRD4 rules as reported on June 26, 2013, including the Danish compromised- without phased in, including the profit for the period and the dividend projections (dividend of 60% on the distributable ordinary profit of the period and extraordinary of €1,512.3 million corresponding to 48 cents per share following the completion of the disposal of the retail banking activities).

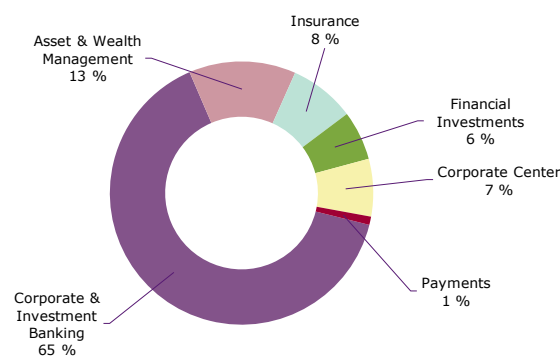
\*\*Regulatory (phased in) Ratio based on CRR-CRD4 rules as reported on June 26, 2013, including the Danish compromised-phased in. Excluding profits for the period and dividend projections (dividend of 60% on the distributable ordinary profit of the period) but including the extraordinary dividend of €1,512.3 million corresponding to 48 cents per share following the completion of the disposal of the retail banking activities.

(in Billion of euros)	Fully Loaded*		Requirement (Phase In)**	
	31/03/2019	31/12/2018	31/03/2019	31/12/2018
Common equity (CET1)	11.1	11.8	10.5	12.0
Tier 1	12.9	13.6	12.6	14.1
Total capital	15.2	15.9	15.0	16.5
Risk weighted assets	96.4	109.2	96.4	109.2
Ratio CET1	11.6 %	10.8 %	10.9 %	10.9 %
Ratio Tier 1	13.4 %	12.4 %	13.1 %	12.9 %
<b>Total capital ratio</b>	<b>15.8 %</b>	<b>14.6 %</b>	<b>15.5 %</b>	<b>15.1 %</b>

### ■ Capital requirements by risk type



### ■ Capital requirements by key business line



### ■ Leverage Ratio

#### Requirement (Phase In)

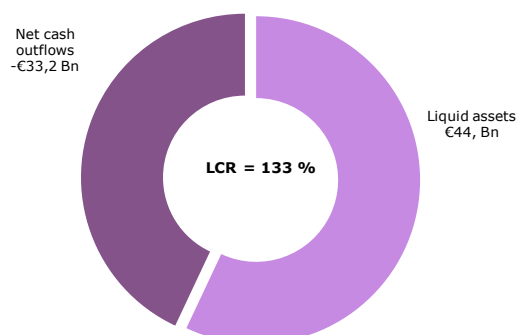
(in billion of euros)

	31/03/2019	31/12/2018
Capital CET 1**	12.6	14.1
Total assets on the prudential balance sheet	396.0	394.6
Adjustments for derivative financial instruments	- 24.9	- 27.0
Adjustments for securities financing transactions "SFTs"	- 13.4	- 17,8
Adjustment for off-balance sheet items	38.3	39.6
Other adjustments	- 17.2	- 16.5
<b>Total leverage ratio exposure</b>	<b>378.9</b>	<b>373.0</b>
<b>Regulatory Ratio</b>	<b>3.3 %</b>	<b>3.8 %</b>
<i>of which deals with BPCE affiliates</i>	<i>57.3</i>	<i>38.8</i>
<b>Ratio without affiliates*</b>	<b>3.9 %</b>	<b>4.2 %</b>

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

\*\*Amount excluding profits for the period and dividend projections on ordinary profits but including the extraordinary dividend of €1,512.3 million following the completion of the disposal of the retail banking activities.

### ■ Liquidity Coverage Ratio



## OTHERS REGULATORY RATIOS

### COMPARISON OF ACCOUNTING EXPOSURES AND LEVERAGE EXPOSURES (LR1)

(in millions of euros)

	Items	31/03/2019	31/12/2018
1	Total assets as per published financial statements	498,383	495,496
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(102,383)	(100,864)
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR")		
4	Adjustments for derivative financial instruments	(24,873)	(26,969)
5	Adjustments for securities financing transactions "SFTs"	(13,377)	(17,774)
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	38,296	39,614
7	Other adjustments	(17,175)	(16,539)
<b>8</b>	<b>Total leverage ratio exposure (a+b)</b>	<b>378,872</b>	<b>372,964</b>
(a)	<b>of which exposure with affiliates</b>	<b>57,280</b>	<b>38,808</b>
(b)	<b>excluding exposure related to affiliates</b>	<b>321,592</b>	<b>334,156</b>

### LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE (LR2)

(in millions of euros)

	31/03/2019	31/12/2018
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>		
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	244,219	238,045
(Asset amounts deducted in determining Tier 1 capital)	- 5,062	- 4,941
<i>Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)</i>	<i>239,157</i>	<i>233,104</i>
<b>Derivative exposures</b>		
Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	7,655	6,686
Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	23,181	21,353
<b>Exposure determined under Original Exposure Method</b>		
<b>Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework</b>		
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	- 12,113	- 11,597
<b>(Exempted CCP leg of client-cleared trade exposures)</b>		
Adjusted effective notional amount of written credit derivatives	13,294	11,238
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	- 10,698	- 8,766

<i>Total derivative exposures (sum of lines 4 to 10)</i>	<i>21,319</i>	<i>18,914</i>
<b>Securities financing transaction exposures</b>		
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	93,477	99,107
(Netted amounts of cash payables and cash receivables of gross SFT assets)	- 19,599	- 23,939
Counterparty credit risk exposure for SFT assets	6,221	6,164
Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013		
Agent transaction exposures		
(Exempted CCP leg of client-cleared SFT exposure)		
<i>Total securities financing transaction exposures (sum of lines 12 to 15a)</i>	<i>80,099</i>	<i>81,332</i>
<b>Other off-balance sheet exposures</b>		
Off-balance sheet exposures at gross notional amount	79,364	95,529
(Adjustments for conversion to credit equivalent amounts)	- 41,068	- 55,914
<i>Other off-balance sheet exposures (sum of lines 17 to 18)</i>	<i>38,296</i>	<i>39,614</i>
<b>Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)</b>		
(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))		
(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))		
<b>Capital and total exposures</b>		
Tier 1 capital	12,621	14,074
Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	378,872	372,964
<b>Leverage ratio</b>		
Leverage ratio	3.3%	3.8%
<b>Choice on transitional arrangements and amount of derecognised fiduciary items</b>		
Choice on transitional arrangements for the definition of the capital measure		
Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013		
<b>of which exposure related to affiliates</b>	<b>57,280</b>	<b>38,808</b>
<b>Leverage Ratio excluding exposure related to affiliates</b>	<b>3.9%</b>	<b>4.2%</b>

## BREAKDOWN AND CHANGES IN RISK-WEIGHTED ASSETS

### Credit and counterparty risks

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

This quarter marks the sale of the 23 entities of the Specialized Financial Services (SFS) division to BPCE, which generates a decrease of €14.7 billion in the total RWA Natixis.

(in million of euros)	31/03/2019			31/12/2018		
	EAD	RWA	Capital Requirements	EAD	RWA	Capital Requirements
<b>Credit risk</b>						
<b>Internal approach</b>	<b>149,181</b>	<b>54,425</b>	<b>4,354</b>	<b>154,895</b>	<b>55,647</b>	<b>4,452</b>
Equities	4,975	15,771	1,262	5,269	16,257	1,301
Central governments or central banks	32,536	440	35	36,350	531	42
Other items				754	204	16
Retail				692	181	15
Corporates	95,860	35,025	2,802	97,358	35,711	2,857
Institutions	8,386	1,554	124	8,388	1,376	110
Securitization	7,425	1,635	131	6,084	1,387	111
<b>Standardized approach</b>	<b>62,910</b>	<b>10,739</b>	<b>859</b>	<b>65,642</b>	<b>20,999</b>	<b>1,680</b>
Central governments or central banks	3,795	1,257	101	4,469	1,525	122
Other items	5,503	4,763	381	8,144	6,872	550
Retail	487	338	27	2,377	1,716	137
Corporates	3,509	2,559	205	8,569	6,693	535
Institutions	46,321	579	46	36,011	824	66
Exposures in default (only STD)	91	126	10	580	782	63
Exposures secured by mortgages on immovable property	233	94	8	1,195	559	45
Exposures to institutions and corporates with a short-term credit assessment	134	45	4	643	413	33
Securitization	2,838	976	78	3,654	1,615	129
<b>Sub-total credit risk</b>	<b>212,090</b>	<b>65,164</b>	<b>5,213</b>	<b>220,537</b>	<b>76,646</b>	<b>6,132</b>
<b>Counterparty Risk</b>						
<b>Internal approach</b>	<b>37,748</b>	<b>5,626</b>	<b>450</b>	<b>33,571</b>	<b>5,012</b>	<b>401</b>
Central governments or central banks	6,113	106	8	7,584	193	16
Corporates	17,982	4,054	324	14,762	3,362	269
Institutions	13,212	1,414	113	10,813	1,417	113
Securitization	440	51	4	412	40	3
<b>Standardized approach</b>	<b>21,006</b>	<b>688</b>	<b>55</b>	<b>19,829</b>	<b>742</b>	<b>59</b>
Central governments or central banks	1,184	257	21	1,073	214	17
Retail	1			1		

Corporates	760	46	4	94	88	7
Institutions	19,003	360	29	18,517	349	28
Exposures in default (only STD)	2	2		2	2	
Exposures to institutions and corporates with a short-term credit assessment	44	20	2	124	85	7
Securitization	13	2		18	4	
<b>CCP default fund exposures</b>	<b>309</b>	<b>180</b>	<b>14</b>	<b>273</b>	<b>185</b>	<b>15</b>
<b>Sub-total counterparty risk</b>	<b>59,063</b>	<b>6,493</b>	<b>519</b>	<b>53,673</b>	<b>5,939</b>	<b>475</b>
<b>Market risk</b>						
<b>Internal approach</b>		<b>4,387</b>	<b>351</b>		<b>4,444</b>	<b>355</b>
<b>Standardized approach</b>		<b>5,519</b>	<b>442</b>		<b>5,185</b>	<b>415</b>
Equity risk		577	46		612	49
Foreign exchange risk		2,550	204		2,436	195
Commodities risk		717	57		612	49
Interest rate risk		1,675	134		1,525	122
<b>Sub-total market risk</b>		<b>9,906</b>	<b>792</b>		<b>9,629</b>	<b>770</b>
<b>CVA</b>	<b>8,736</b>	<b>1,543</b>	<b>123</b>	<b>7,168</b>	<b>1,661</b>	<b>133</b>
<b>Settlement-delivery risk</b>		<b>5</b>			<b>5</b>	
<b>Operational risk (standardized approach)</b>		<b>13,313</b>	<b>1,065</b>		<b>15,345</b>	<b>1,228</b>
<b>TOTAL</b>		<b>96,424</b>	<b>7,714</b>		<b>109,225</b>	<b>8,738</b>



## OVERVIEW OF RWA (EU OV1)

<i>(in million of euros)</i>	RWA		Minimum capital requirements
	31/03/2019	31/12/2018	31/03/2019
<i>Credit risk (excluding CCR)</i>	62,232	71,894	4,979
Of which the standardised approach	9,763	19,383	781
Of which the foundation IRB (FIRB) approach	2,605	3,193	208
Of which the advanced IRB (AIRB) approach	34,415	34,810	2,753
Of which equity IRB under the simple risk-weighted approach or the IMA	15,450	14,507	1,236
<i>CCR</i>	7,983	7,556	639
Of which mark to market	1,720	1,678	138
Of which original exposure			
Of which the standardised approach			
Of which internal model method (IMM)	2,817	2,338	225
Of which risk exposure amount for contributions to the default fund of a CCP	180	185	14
Of which CVA	1,543	1,661	123
<i>Settlement risk</i>	5	5	
<i>Securitisation exposures in the banking book (after the cap)</i>	2,664	3,045	213
Of which IRB approach	1,449	1,202	116
Of which IRB supervisory formula approach (SFA)	237	224	19
Of which internal assessment approach (IAA)			
Of which standardised approach	978	1,619	78
<i>Market risk</i>	9,906	9,629	792
Of which the standardised approach	5,519	5,185	442
Of which IMA	4,387	4,444	351
<i>Large exposures</i>			
<i>Operational risk</i>	13,313	15,345	1,065
Of which basic indicator approach			
Of which standardised approach	13,313	15,345	1,065
Of which advanced measurement approach			
<i>Amounts below the thresholds for deduction (subject to 250% risk weight)</i>	321	1,750	26
<i>Floor adjustment</i>			
<b>Total</b>	<b>96,424</b>	<b>109,225</b>	<b>7,714</b>

## Credit risk: internal ratings-based approach

### Exposure to credit risk according to the internal rating system

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

<i>(in millions of euros)</i>	<b>RWA</b>	<b>Capital Requirements</b>
<b>RWAs at 31/12/2018</b>	<b>54,260</b>	<b>4,341</b>
Asset size	1,367	109
Asset quality	- 216	- 17
Model updates	254	20
Methodology and policy		
Acquisitions and disposals	- 2,807	- 225
Foreign exchange movements	265	21
Guarantees	- 156	- 12
Other	- 177	- 14
<b>RWA at 31/03/2019</b>	<b>52,790</b>	<b>4,223</b>

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

<i>(in millions of euros)</i>	<b>RWA amounts</b>	<b>Capital requirements</b>
<b>RWAs as at the end of the previous reporting period (31/12/2018)</b>	<b>2,177</b>	<b>174</b>
Asset size	289	23
Credit quality of counterparties	-7	-1
Model updates (IMM only)		
Methodology and policy (IMM only)		
Acquisitions and disposals		
Foreign exchange movements		
Other	359	29
<b>RWAs as at the end of the current reporting period (31/03/2019)</b>	<b>2,817</b>	<b>225</b>



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