UNIVERSAL REGISTRATION DOCUMENT AND ANNUAL FINANCIAL REPORT 2020

BNP PARIBAS

The bank
for a changing
world

2020 Universal registration document and annual financial report

The English version of the Universal registration document has been filed on March 12, 2021 with the AMF, as competent authority under regulation (EU) 2017/1129 without prior approval pursuant to article 9 of Regulation (EU) 2017/1129.

The Universal registration document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if approved by the AMF together with any amendments, if applicable, and a securities note and summary approved in accordance with Regulation (EU) 2017/1129.

The Universal Registration Document may form part of a prospectus of the issuer consisting of separate documents within the meaning of the Prospectus Regulation.

This is a translation into English of the (Universal) registration document of the Company issued in French and it is available on the website of the Issuer

1 PRESENTATION OF THE BNP PARIBAS GROUP

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1.1 Group presentation

BNP Paribas, Europe's leading provider of banking and financial services, has four domestic Retail Banking markets in Europe, namely in France, Belgium, Italy and Luxembourg.

It operates in 68 countries and has more than 193,000 employees, including nearly 148,000 in Europe. BNP Paribas holds key positions in its two main businesses:

- Retail Banking and Services, which includes:
  - Domestic Markets, comprising:
    - French Retail Banking (FRB),
    - BNL banca commerciale (BNL bc), Italian Retail Banking,
    - Belgian Retail Banking (BRB),
    - Other Domestic Markets activities including Arval, BNP Paribas Leasing Solutions, BNP Paribas Personal Investors, Nickel and Luxembourg Retail Banking (LRB);
  - International Financial Services, comprising:
    - Europe-Mediterranean,
    - Bank of the West,
    - Personal Finance,
    - Insurance,
    - Wealth and Asset Management;
- Corporate and Institutional Banking (CIB):
  - Corporate Banking,
  - Global Markets,
  - Securities Services.

BNP Paribas SA is the parent company of the BNP Paribas Group.

1.2 Key figures

RESULTS

	2016	2017	2018	2019	2020
Revenues *(in millions of euros)*	43,411	43,161	42,516	44,597	44,275
Gross operating income *(in millions of euros)*	14,033	13,217	11,933	13,260	14,081
Net income Group share *(in millions of euros)*	7,702	7,759	7,526	8,173	7,067
Earnings per share *(in euros)*(*)	6.00	6.05	5.73	6.21	5.31
Return on equity(**)	9.3%	8.9%	8.2%	8.5%(***)	7.6%

(*) Based on net income Group share adjusted for interest on Undated Super Subordinated Notes deemed equivalent to preferred shares issued by BNP Paribas SA and treated as a dividend for accounting purposes.

(**) Return on equity is calculated by dividing net income attributable to equity holders (adjusted for interest on Undated Super Subordinated Notes issued by BNP Paribas SA, treated as a dividend for accounting purposes and adjusted for the foreign exchange effect on redeemed Undated Super Subordinated Notes) by average permanent shareholders' equity, not revalued, between the beginning of the year and the end of the year (shareholders' equity attributable to equity holders adjusted for changes in assets and liabilities recognised directly in equity, Undated Super Subordinated Notes, remuneration net of tax payable to holders of Undated Super Subordinated Notes and the distribution project).

(***) 8.4% with posting into reserves in 2020 the dividend initially planned with respect of 2019 results.

MARKET CAPITALISATION

	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020
Market capitalisation *(in billions of euros)*	65.1	75.5	77.7	49.3	66.0	53.9

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LONG-TERM AND SHORT-TERM RATINGS

	Long-term and short-term ratings as at 3 March 2020	Long-term and short-term ratings as at 2 March 2021	Outlook	Date of last review
Standard & Poor's	A+/A-1	A+/A-1	Negative	23 April 2020
Fitch	AA-/F1	AA-/F1	Negative	12 October 2020
Moody's	Aa3/Prime-1	Aa3/Prime-1	Stable	4 December 2020
DBRS	AA (low)/R-1 (middle)	AA (low)/R-1 (middle)	Stable	10 July 2020

On 23 April 2020, Standard & Poor's affirmed the long-term rating of BNP Paribas at A+ with a negative outlook.

On 12 October 2020, following its review, Fitch affirmed the long-term rating of BNP Paribas at AA-, removing it from its Rating Watch Negative and assigned a Negative outlook.

On 4 December 2020, Moody's affirmed the long-term rating of BNP Paribas at Aa3 with a stable outlook.

On 10 July 2020, DBRS confirmed the long-term rating of BNP Paribas at AA (low) with a stable outlook.

1.3 History

1966: Creation of BNP

The merger of BNCI and CNEP to form BNP represented the largest restructuring operation in the French banking sector since the end of the Second World War.

1968: Creation of Compagnie Financière de Paris et des Pays-Bas

1982: Nationalisation of BNP and Compagnie Financière de Paris et des Pays-Bas at the time of the nationalisation of all French banks

In the 1980s, deregulation of the banking sector and the growing tendency of borrowers to raise funds directly on the financial market transformed the banking business in France and worldwide.

1987: Privatisation of Compagnie Financière de Paribas

With 3.8 million individual shareholders, Compagnie Financière de Paribas had more shareholders than any other company in the world. Compagnie Financière de Paribas owned 48% of the capital of Compagnie Bancaire.

1993: Privatisation of BNP

BNP's return to the private sector represented a new start. The 1990s were marked by a change in the level of profitability of the Bank, which had the highest return on equity of any major French institution in 1998. This period was marked by the launch of new banking products and services, the development of activities on the financial markets, expansion in France and at the international level, and preparation for the advent of the euro.

1998: Creation of Paribas

On 12 May 1998, the merger between Compagnie Financière de Paribas, Banque Paribas and Compagnie Bancaire was approved.

1999: A momentous year for the Group

Following an unprecedented double tender offer and a stock market battle waged over six months, BNP was in a position to carry out a merger of equals with Paribas. For both groups, this was the most important event since their privatisation. It gave rise to a new Group with tremendous prospects. At a time of economic globalisation, the merger created a leading player in the European banking sector.

2000: Creation of BNP Paribas

BNP and Paribas merged on 23 May 2000.

The new Group derived its strength from the two major financial and banking lines from which it descends. It has two goals: to create value for shareholders, clients and employees by building the bank of the future, and to become a leading global player.

2006: Acquisition of BNL in Italy

BNP Paribas acquired BNL, Italy's 6th-largest bank. This acquisition transformed BNP Paribas, providing it with access to a second domestic market in Europe. In both Italy and France, all of the Group's businesses can now develop their activities by leveraging a nationwide banking network.

2009: Merger with the Fortis group

BNP Paribas took control of Fortis Bank and BGL (Banque Générale du Luxembourg).

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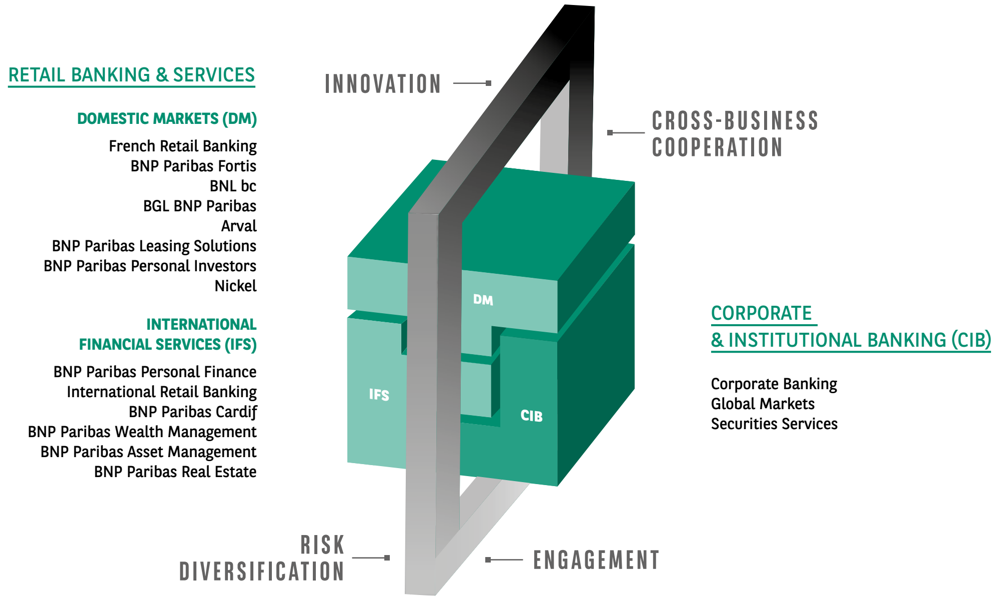
1.4 Presentation of operating divisions and business lines



RETAIL BANKING & SERVICES

Retail Banking & Services includes Retail Banking networks and specialised financial services in France and abroad. It is divided into Domestic Markets and International Financial Services. Established in more than 60 countries and employing over 150,000 people, Retail Banking & Services accounted for 71% of the 2020 revenue generated by BNP Paribas' operating divisions.

DOMESTIC MARKETS

Domestic Markets includes BNP Paribas' Retail Banking networks in the eurozone comprising France (FRB), Italy (BNL bc), Belgium (BRB, operating under the BNP Paribas Fortis brand) and Luxembourg (LRB, operating under the BGL BNP Paribas brand), as well as the specialised businesses: Arval (mobility and vehicle leasing for corporates and individuals), BNP Paribas Leasing Solutions (professional equipment leasing and financing solutions), BNP Paribas Personal Investors (online savings and brokerage), and Nickel (alternative banking services).

Cash Management, Trade Finance and Factoring round out the services provided to corporate clients under the One Bank for Corporates approach, in synergy with CIB's Corporate Banking.

Wealth Management is developing its Private Banking model in the domestic markets in an integrated manner.

A cross-functional team, Partners in Action for Customer Experience (PACE), aims to help Retail Banking activities offer a better customer experience.

Hello bank!, the Group's main digital bank in France, Belgium, Germany and Austria, had 2.9 million customers at the end of 2020. With Nickel, the BNP Paribas set-up is responding to new banking uses in France and is developing in Europe, with a launch in Spain in 2020.

The Bank now offers a full set of solutions adapted to the needs of its various customer bases (individuals, professionals, small businesses, corporates).

Domestic Markets employs more than 62,000 people, including nearly 48,000 working in the 4 domestic networks (France, Italy, Belgium, Luxembourg). It serves 19 million customers including more than 1 million professionals, small businesses and corporates in the 4 domestic networks.

With Domestic Markets, BNP Paribas is the best private bank in France[1], Italy and Belgium[2], No. 1 in cash management in Europe for large corporates[3] and European Leaser of the year[4].

In 2020, the Domestic Markets teams mobilized to support their customers and the economy during the health crisis. Nearly 90% of branches remained open or accessible by appointment during the lockdowns of the first half of 2020, and contacts with customers were intensified to assess their needs in the context of the crisis. Nearly 100,000 state-guaranteed loans were granted. Several solidarity initiatives have also been implemented in various countries: computer donations, vehicles made freely available, donations to associations, *etc*.

FRENCH RETAIL BANKING (FRB)

With just over 24,200 employees, French Retail Banking (FRB) supports its customers with all their projects. FRB offers innovative solutions in financing, payment, wealth & asset management, and insurance to 6.9 million individual customers, 636,000 professionals and very small enterprises, 31,500 corporates (SMEs, mid-sized and large corporates) and some 58,000 associations. Combining the best in digital and human interaction, it provides them with broad interface capabilities, ranging from essential banking services, through a self-care solution, to customised guidance using dedicated teams and experts.

French Retail Banking is structured around 10 regions covering 156 territories, making it possible to provide all our customer bases with the right level of proximity whilst maintaining synergies between business lines.

All customer bases have dedicated areas appropriate to their needs:

- for individual and professional customers, 1,750 branches and 4,427 ATMs operating under the BNP Paribas and BNP Paribas – Banque de Bretagne brands;
- for Private Banking customers, BNP Paribas has Private Banking centres located throughout France (for customers with more than EUR 250,000 in financial assets) and 11 Wealth Management offices (for customers with more than EUR 5 million in financial assets), making BNP Paribas the leading private bank in France;
- for corporate clients and entrepreneurs, a sizeable organisation:
  - 22 generalist business centres dedicated to corporate customers, 2 business centres specifically for customers with simple needs (in particular Small Associations, French subsidiaries of foreign groups) who seek a digital banking relationship, 4 specialised business centres (Innovation, Real Estate, Institutions/Associations/Foundations and Images & Media) offering tailored solutions to meet corporate customers' specific needs and 1 skills centre (Banking & Financial Services) to address corporate sector challenges,
  - 80 SME centres to support small businesses, SMEs and very small enterprises, and their managers, to manage their wealth planning and company life-cycle,
  - 63 WAI[5] hubs to support innovative start-ups and companies by providing products and services dedicated to their specific needs and 2 sites dedicated to innovation: WAI Paris and WAI Massy-Saclay, places for innovation and connection;
- teams dedicated to the French overseas territories (4 regional subsidiaries, several teams and an economic interest group in mainland France) which benefit from close proximity and in-depth knowledge of local issues;
- specialised subsidiaries, including BNP Paribas Factor, one of the European leaders in factoring, which offers trade receivables and payables management solutions, as well as BNP Paribas Développement, a private equity provider, Protection 24, a remote surveillance company, and by Portzamparc, which supports private clients, SMEs and medium-sized companies wishing to invest in or raise financing on the stock market and Copartis, which offers fully subcontracted securities and savings services for financial institutions;
- customer support centres such as a business assistance service – *Service d'Assistance aux Entreprises* (SAE) and a Cash Customer Service (CCS);
- lastly, 52 production and sales support branches, back offices that handle all transaction processing.

FRB also provides its customers with a full online relationship capability, based on:

- Hello bank!, BNP Paribas' fully online bank with more than 600,000 customers;
- a mabanque.bnpparibas website and the mobile app "Mes Comptes", offering services used by more than 3.5 million unique customers per month, including 2.6 million on mobile devices (smartphones and tablets) and 1.7 million smartphone-only customers, with usage averaging 15.8 visits per month;
- 4 customer relationship centres in Paris, Lille, Orléans and Mérignac, which handle requests received by e-mail, phone, chat or secure messaging, and 3 specialist contact centres, *Net Épargne/Bourse*, *Net Crédit* and *Net Assurance*.

FRB continued its transformation in 2020, whether it be digital with the launch in France of the first biometric bank card or organisational with the gradual roll-out throughout the "Customer Service" network, whose objective is to manage, analyse and route all customer requests to the best available skill, to ensure that they are dealt with quickly.

BNP Paribas was voted best private bank in France by Euromoney, PWM-The Banker and World Finance magazines in 2020. BNP Paribas was ranked as the leading retail bank for the 4th consecutive year in the annual 2020 D-Rating survey for its digital offer and Hello bank! ranked 2nd amongst digital banks.

In the unique context of the health crisis, FRB has mobilised all its teams to support all its customers:

- communication via social networks, media and customer emails/SMS (more than 7 million emails sent during lockdown) to inform, reassure and make self-care second-nature;

(1) Source: Euromoney.

(2) Source: WorldFinance.

(3) Source: Greenwich Share Leaders.

(4) Source: Leasing Life Awards 2020.

(5) We Are Innovation.

- rapid implementation of state-guaranteed loans (more than 69,000 loans for nearly EUR 17.9 billion euros as of 31 December 2020) and adapted solutions to respond individually to each situation (corporates, professionals, individuals, students);
- increased solidarity with a support plan: a donation of EUR 1 million to the Institut Pasteur, 20,000 Samu Social lunch vouchers, donations of computers and masks;
- doubling of equity investments in France by the BNP Paribas Group in medium and intermediate-sized companies (EUR 4 billion by 2024) to support their long-term strategy (international development, digital transformation and energy transition).

BNL BANCA COMMERCIALE

BNL bc is Italy's 6th-largest commercial bank in terms of its balance sheet and customer loans[1]. It provides a comprehensive range of banking, financial and insurance products and services for diversified customer base:

- roughly 2.7 million individual customers;
- 53,000 Private Banking clients;
- 135,000 small businesses;
- 11,000 medium and large corporates;
- 3,600 local authorities and non-profit organisations.

Its range of products and services draw on the Group's extensive expertise and its integrated model by developing business line cooperation.

BNL bc has a significant position in lending to households, especially residential mortgages (market share of 6.7%[2]) and has a deposit base (3.6%[2] of household current accounts) above the market penetration rate (3.1%[3] in terms of number of branches).

BNL bc is well established in the corporate markets (4.7%[2] of loans market share) and local authority, with recognised expertise in cash management, cross-border payments, project finance, structured finance and factoring, via its subsidiary Ifitalia (ranked 3rd in Italy[4]).

BNL bc has innovative and client-tailored offer models, leveraging on a multi-channel distribution network, organised by regions (*direzioni regionali*) and separate departments for Retail Banking (including a network of more than 520 financial advisors), Private Banking and Corporate Banking. The distribution network includes:

- 705 branches, with Open BNL multi-channel branches (77) serving customers 24/7;
- 34 Private Banking centres;
- 45 small business centres;
- 43 centres for SMEs, large corporates, local authorities and public sector organisations;
- 1 trade centre for clients' cross-border activities;
- 2 Italian desks to assist Italian companies abroad and multinational companies with direct investments in Italy.

In addition, there are 1,700 ATMs, about 93,000 devices (POS) for card payments, and a growing range of digital, on-line and mobile banking solutions.

During the health crisis of 2020, BNL mobilised its resources and demonstrated a strong commitment to customer needs, using all the tools provided by digitisation, in order to avoid business difficulties or interruption, and implemented a tailored system to preserve its employees' health.

The initiatives involved the Bank both at internal and external level:

- Branches activities have been re-organized in terms of time and procedures (cash activities limited in the morning, other activities scheduled with appointment, *etc.*);
- The communication initiatives have been spread across all our internal communication channels and external channels for customers and the entire community;
- BNL and all the companies of BNP Paribas in Italy, together with the BNL Foundation, joined to support the Italian Red Cross;
- BNL granted loans guaranteed by the Italian State and SACE[5] to more than 26,000 companies for EUR 4.1 billion and suspended collection of mortgages payments for 18 months in accordance with Italian law.

BELGIAN RETAIL BANKING (BRB)

BNP Paribas Fortis is the No. 1 bank for retail customers[6] in Belgium and has a strong position in the corporate and small business sector, with 3.4 million customers. BNP Paribas Fortis is also the leading Private Bank in Belgium.

BNP Paribas Fortis is furthermore No. 1 in Belgium for Corporate Banking[7], and offers a full range of financial services to corporates, public sector entities and local authorities.

Retail & Private Banking (RPB) serves individual customers, entrepreneurs, and small and medium enterprises through its different integrated networks, thus fitting into a hybrid banking strategy where the customer chooses between the branch network and digital channels:

- the commercial network comprises 463 branches (of which 217 are independent) and 18 centres of a new dedicated structure, *Banque des Entrepreneurs* (the bank for small businesses). This set-up

(1) Source: annual and periodic reports of BNL and its competitors.

(2) Source: Bank of Italy, 3rd quarter 2020.

(3) Source: Bank of Italy, data as of 31 December 2020.

(4) Source: Assifact, ranking by turnover.

(5) SACE: Servizi Assicurativi del Commercio Estero, the Italian export credit agency.

(6) Source: Financial Market Data Monitor 2019. 2020 (Market survey on a representative sample of 2,000 households in December 2020).

(7) Source: Greenwich 2019, in terms of market penetration.

(8) In December 2020, Fintro had 249 branches, 1,011 employees and EUR 12.47 billion in assets under management (excluding insurance business) for 332,553 active clients.

is supplemented by 249 franchises under the Fintro brand[8] and 660 points of sale in partnership with bpost bank. Its 463 branches are organised into 38 branch groups reporting to 9 regions;

- RPB's digital platform manages a network of 1,423 ATMs, online banking services (Easy Banking) and mobile banking (2.3 million total aggregate active users);
- the bank is also available for customers thanks to the Easy Banking Centre which handles up to 72,500 calls per week.

The offer is completed by the Hello bank! digital bank which has more than 505,000 customers.

Private Banking services are aimed at individual customers with invested assets of more than EUR 250,000. The Wealth Management Department within Private Banking caters to customers with invested assets of more than EUR 5 million. Private Banking customers are served via 30 Private Banking centres, a Private Banking Centre by James[1] and 2 Wealth Management centres.

With a very sizeable client base of large and medium-sized companies, Corporate Banking Belgium is a market leader in these two segments and a preferred banking partner in the public and non-commercial markets.

BNP Paribas Fortis continued its digital development and customer experience improvement, in particular with the application of remote banking services from Easy Banking with new features and improved performance. A new robotics and AI-based customer service centre was also set up to optimise the handling of customer queries.

BRB strongly mobilized to support the economy and its customers confront the health crisis. Thus, BRB granted more than 4,500 state-guaranteed loans. The business increased the number of contacts with customers: for example at the end of June 2020, 94% of corporate customers were contacted to assess their needs since the beginning of the crisis. Moreover, 99% of branches remained open or accessible during lockdown.

LUXEMBOURG RETAIL BANKING (LRB)

With a 17%[2] market share of the Retail Banking market and 24%[3] of the SME market, BGL BNP Paribas is the No. 2 bank in Luxembourg.

LRB is actively involved in financing the economy and constantly fine-tunes its strategy and network to align it with changing customer behaviour patterns, with a particular focus on digital.

With nearly 700 employees[4], LRB supports its customers to bring their plans to fruition, with:

- a Retail Banking network supporting more than 182,000 customers on a daily basis, based on:
  - 34 branches throughout the country and 122 ATMs for individual and business customers,
  - a comprehensive and diverse range of products and services offered through its innovative multi-channel presence, encompassing a branch network, online, phone and mobile banking,
  - teams of savings and investment specialists assisting customers in the management of their portfolios, teams of mortgage specialists advising customers on loans for their acquisition and construction projects, as well as specialists for professionals and liberal professions;
- a Corporate Bank serving 2,900 corporates, with dedicated business managers;
- a Private Bank organised around 5 centres serving 3,500 customers with assets of EUR 4.4 billion, and offering tailored financial and asset management services.

Since the start of the health crisis, BGL BNP Paribas has mobilized its teams and resources to support its customers and the economy. Beyond the moratoria granted to help its customers cope with imminent cash flow difficulties, BGL BNP Paribas granted more than EUR 200 million in loans in partnership with the Office du Ducroire Luxembourg for additional cash needs and over EUR 15 million in State-guaranteed loans.

The bank has also implemented solidarity initiatives to support the people most affected by the health crisis. For any donation made by an employee to associations in the *Grande Région*, active in the fields of health, aid to vulnerable people and medical research, the bank has doubled the amount of the donation.

ARVAL

Within the BNP Paribas Group, Arval is the specialist in vehicle leasing and sustainable mobility. It offers corporate clients (from large multinationals to small and medium enterprises), their employees and individuals, customised solutions that optimise their mobility.

Arval had over 7,000 employees at the end of 2020, in the 30 countries where the company operates, and managed a total leased fleet of nearly 1.4 million vehicles to its 300,000 customers. Arval mainly operates in Europe where it has become the leader in multibrand vehicle leasing in 2020[5]. Arval expanded its presence in South America in 2020 with Colombia, in addition to Peru, Chile and Brazil. Arval relies, in addition, on strategic partnerships, thanks to the Element-Arval Global Alliance, the world leader in the sector, with a total of more than 3 million vehicles in 50 countries.

In October 2020, Arval announced the launch of its strategic plan for 2020-2025 "Arval Beyond", which aims to position Arval as the leader in sustainable mobility. Thus, Arval offers vehicle leasing services (financing, insurance, maintenance, *etc.*), complementary sustainable mobility solutions (car-sharing, bike-sharing and scooter-sharing, car-pooling,

(1) Private Banking centre providing remote services through digital channels.

(2) Source: TNS ILRES – Bank survey July 2020.

(3) Source: TNS ILRES – SME Bank Survey February 2021.

(4) Excluding functions.

(5) Financial communication of main competitors.

MaaS (Mobility-as-a-Service) application, bike leasing, *etc.*), as well as digital tools for fleet managers and drivers to facilitate their daily mobility. Arval makes social and environmental responsibility a priority and supports its customers in their energy transition.

In the context of the health crisis, Arval has mobilized to support its customers by extending contracts. The company also provided nearly 350 vehicles free of charge to healthcare workers in 12 countries.

BNP PARIBAS LEASING SOLUTIONS

BNP Paribas Leasing Solutions offers corporates and small business clients leasing and finance solutions for equipment for business use.

As a major player in the usage economy, BNP Paribas Leasing Solutions provides businesses with the flexibility they need to stay competitive and to grow both sustainably and responsibly.

With more than 3,300 employees, BNP Paribas Leasing Solutions supports its customers' and partners' growth in 20 countries in Europe, but also in China, the United States and Canada.

These solutions are offered via three sales channels:

- industrial partners (professional equipment manufacturers, distributors and software publishers), with finance solutions for their end customers;
- companies, with leasing and fleet management offers;
- BNP Paribas banking network business customers, by supporting their investment plans.

BNP Paribas Leasing Solutions finances in particular two main categories of equipment:

- logistics rolling stock: farm machinery, construction and public works equipment, light commercial and industrial vehicles;
- technological equipment: IT, office equipment, telecoms, medical and specialised technologies.

In 2020, BNP Paribas Leasing Solutions financed over 310,000 projects totalling EUR 12.8 billion. Its total outstandings under management at the end of December 2020 amounted to EUR 34 billion[1].

In 2020, BNP Paribas Leasing Solutions was named "European Lessor of the Year" by Leasing Life, the leading leasing magazine in Europe.

In the face of the health crisis in 2020, BNP Paribas Leasing Solutions teams also mobilised to launch solidarity initiatives in conjunction with local associations to prioritise helping healthcare workers, vulnerable people and young people.

BNP PARIBAS PERSONAL INVESTORS

BNP Paribas Personal Investors is a digital banking and investment services specialist.

It offers a broad range of banking, credit, savings and short- to long-term investment services to 3.8 million customers, on mobile applications, online, by phone or face-to-face. It provides decision-making tools, advice and analyses.

BNP Paribas Personal Investors also provides services and its IT platform to independent financial advisors, asset managers and fintechs. Services include market access, transactions, account management and custody services.

Covering Germany, Austria, and India, BNP Paribas Personal Investors today has 3,900 employees:

- in Germany, BNP Paribas Personal Investors operates under three brand names, Consorsbank for individual customers, DAB BNP Paribas for B2B and BNP Paribas Wealth Management Private Banking for wealthy customers. Consorsbank is the 4th largest full-service direct bank in the market[2] by number of customers and the 2nd largest online broker by number of orders executed by individuals[3]. DAB BNP Paribas is market leader in platforms for financial portfolio managers. Personal Investors offers its services to nearly 1.7 million customers in Germany;
- in India, Sharekhan is one of the largest online broker[4]. Its footprint extends to 575 towns through a network of 141 branches and over 3,000 franchisees, serving 2.2 million customers;
- in Austria, Hello bank! Austria is the 5th largest online bank in the Austrian market[5]. It serves more than 80,000 customers.

In 2020, faced with the health crisis, BNP Paribas Personal Investors was capable of maintaining service and accessibility for customers without any restrictions but also able to manage extraordinarily high additional business, such as an outstanding amount of trades due to highly volatile markets.

NICKEL

With the acquisition of Compte Nickel in 2017, BNP Paribas responded to customers' need to pay, and be paid, via a simple and handy digital service. The 3rd largest distribution network in France with 5,800 partner *buralistes*, Nickel is a leader in the neobank market.

Thanks to its digital model and a distribution method not affected by the lockdown measures, Nickel recorded a record number of new accounts in October 2020 with 44,000 monthly account openings, thus reaching nearly 1.9 million accounts opened as at 31 December 2020 since its launch.

After entering the Spanish market in 2020, Nickel has the ambition, as part of its strategic plan for 2024 to expand into other European countries.

(1) Of which 13.9 billion in outstandings across the 4 Domestic Markets retail networks.

(2) Excluding captive direct generalist banks of automobile manufacturers.

(3) Financial communication of main competitors.

(4) Ranking based on data communicated by the National Stock Exchange in India.

(5) Ranking based on data from modern-banking.at.

INTERNATIONAL FINANCIAL SERVICES

International Financial Services comprises the following activities serving a broad range of individual, corporate and institutional customers:

- International Retail Banking, which brings together:
  - Retail Banking activities in 12 countries outside the eurozone, where BNP Paribas' integrated model is deployed to serve individuals, SMEs, professionals and corporates;
- BNP Paribas Personal Finance is the number one in financing for individuals in Europe[1], with a presence in around thirty countries. The company offers a complete range of loans available in stores, car dealerships or directly from customers via its customer relations centres and on the internet;
- BNP Paribas Cardif, offers savings and protection solutions in 33 countries to insure people, their projects and assets;
- 3 leading specialist businesses in Wealth and Asset Management:
  - BNP Paribas Wealth Management: a global benchmark in Private Banking with close to 6,700 employees, an international presence particularly in Europe, Asia, and the United States EUR 390 billion in assets under management,
  - BNP Paribas Asset Management: a significant player in asset management, it has nearly 2,300 employees in 37 countries, with EUR 483 billion in assets under management,
  - BNP Paribas Real Estate Services: a leading provider of real estate services to corporates in Europe, with over 4,500 employees and EUR 29 billion in assets under management.

International Financial Services employs more than 75,000 people in 59 countries and enjoys strong positions in the key development regions for the Group, the Asia-Pacific region and the Americas, where it offers BNP Paribas' products and services to customers.

INTERNATIONAL RETAIL BANKING (IRB)

IRB includes Retail Banking for individuals, professionals and corporates in 12 non-eurozone countries. It is structured around 3 regions:

- the United States;
- Central Europe, Eastern Europe and Turkey (Europe-Mediterranean);
- Africa.

IRB also has a stake in China in Bank of Nanjing.

Founded on solid local knowledge, IRB uses the BNP Paribas universal integrated model and its varied expertise to offer a wide variety of financial and non-financial services.

IRB supports its customers sustainably and responsibly across all its regions, through 3 business lines:

- Retail Banking, whose multichannel and local services (nearly 2,500[2] branches) serve over 14 million individual customers and SMEs;
- Wealth Management, in conjunction with the corresponding business line within International Financial Services;
- Corporate Banking, with a network of 77 business centres, 24 trade centres and 13 desks for multinational companies, providing local access to BNP Paribas offers and support in all countries, in cooperation with CIB.

Bank of the West

The Retail Banking business in the United States is conducted through Bank of the West, headquartered in San Francisco. It operates 555 branches and offices in 20 states (primarily in the western and mid-western parts of the country), employs over 9,000 staff, and serves nearly 1.8 million customers. With a total balance sheet size of USD 96 billion in assets and USD 78 billion in deposits at the end of 2020, it has a deposit market share of 3.2% in the top three states (California, Colorado, and Oregon) which account for 80% of its deposits.

Bank of the West markets a very broad range of Retail Banking products and services to individuals, small businesses and corporate clients. It also has strong positions across the United States in several specialised financing activities, such as marine, recreational vehicles, and agribusiness.

It partners with CIB New York as well as with the "One Bank" initiative at the Group level to help better address client needs and realise revenue synergies. And it is also working with CIB New York and the US IHC towards a streamlined operating model for common functions.

Bank of the West is strategically incorporated into the Group's positioning on sustainability, global reach and diversity. The Bank is developing an ESG vertical across its lines of business to accelerate sustainable financing and has committed to USD 1 billion in energy transition financing over five years.

Bank of the West was one of the first financial institutions to invest in Grameen America's Social Business Fund which has raised flexible, long-term capital to help small businesses including those affected by the pandemic.

During the pandemic and ensuing economic difficulties, the Bank responded by safely continuing to operate its physical branch network, transitioning more than 95% of its non-branch workforce to remote working, increase it digital capabilities to help customers (particularly with strengthened fraud alerts and digital appointment booking), and granting 18,000 loans to small businesses under the US federal assistance "Paycheck Protection Program", for nearly USD 3 billion.

Europe Mediterranean

With around 29,700 employees and a network of nearly 2,000 branches, Europe-Mediterranean (EM) now serves close to 13.4 million customers across 10 countries. The entity includes the banks TEB in Turkey, BNP Paribas Bank Polska in Poland, UKRSIBBANK in Ukraine, BMCI in Morocco, UBCI in Tunisia, BNP Paribas El Djazaïr in Algeria, the BICIs of 4 countries in Sub-Saharan Africa and a partnership in Asia (Bank of

(1) Source: Financial communication from consumer loan players for the period 2020. In terms of revenues from consumer credit business.

(2) Total branches, including those in China, an entity consolidated under the equity method.

Nanjing in China). These banks are developing an integrated model in their regions, in close cooperation with the Group's other business lines.

Banks have accelerated their digital transformation through the development of online service solutions. TEB has been rewarded on several occasions for its mobile application CEPTETEB ISTE ("CEPTETEB For Business"), specially designed for SMEs and Corporates. It has received in particular the "Innovation In Digital Banking 2020" award, in the Mobile category. BNP Paribas Bank Polska has strengthened the digitalisation of its offer through its partnership with the start-up "Autenti" for remote document signatures. It won three Golden Arrow awards for its marketing strategy and Artificial Intelligence.

The engagement strategy was awarded several times in 2020. BMCI thus maintains its second position in the VIGEO EIRIS ranking of the most responsible companies in emerging market countries. Similarly, BNP Paribas Bank Polska was recognised for its commitment by being represented on the WIG ESG index of the Warsaw Stock Exchange.

In the context of the health crisis, banks have supported their customers but also local populations by providing them with access to loan and overdraft facilities and government funding. In Africa, BICIS has notably created an innovative financing system to enable women farmers to access loans on preferential terms.

BNP PARIBAS PERSONAL FINANCE

BNP Paribas Personal Finance (PF) is the BNP Paribas Group's consumer credit specialist via its consumer loan business activities. As the leading specialised player in Europe[1] in consumer credit, BNP Paribas Personal Finance operates in around thirty countries, with more than 20,000 employees.

Operating under different brands such as Cetelem, Findomestic and AlphaCredit, BNP Paribas Personal Finance markets a full range of loans to individuals, available in stores, car dealerships or via its customer relations centres, websites and mobile applications.

BNP Paribas Personal Finance is also developing an active strategy of partnerships with retail chains, automotive manufacturers and dealers, e-commerce merchants and other financial institutions (banking and insurance), drawing on its experience and its ability to integrate services tailored to the activity and commercial policy of its partners.

The consumer credit business also operates within the BNP Paribas Group's Retail Banking network in some non-domestic countries.

From the spring of 2020, in the context of the health crisis, BNP Paribas Personal Finance sought individual solutions to support customers economically affected by the crisis while maintaining high-quality customer service provided by 90% of employees working remotely. For insured customers, claims processing has been accelerated and coverage extended.

This support was made possible by the digital transformation initiated in 2016, with a rapid increase in the number of transactions carried out by customers in self-care, representing 91% of the total in 2020. In addition, 71% of contracts were signed electronically in 2020 and 89% of monthly statements are digitalised.

In 2020, innovation remained at the heart of its strategic development. Technologies providing a value-added service such as Artificial Intelligence (AI) and natural language processing (NLP) are used to offer customers a distinctive, integrated and harmonious experience.

BNP Paribas Personal Finance's purpose was born in 2020: "Promote access to more responsible and sustainable consumption to support our customers and our partners", demonstrating a willingness for long-term transformation of the company and its activities and supporting the BNP Paribas Group's ambition to become the leader in sustainable finance.

BNP PARIBAS CARDIF

Operating in 33 countries, BNP Paribas Cardif designs, develops and markets savings and protection offers to insure people, their projects and their assets.

BNP Paribas Cardif offers savings solutions to build and grow capital and prepare for the future, in particular through products adapted to customers' needs and projects.

As the world leader in creditor insurance[2], BNP Paribas Cardif also offers non-life insurance, health insurance, budget insurance, income protection and means of payment insurance, protection against unforeseeable events (unemployment, injury, death), and personal data protection, to meet consumers' changing needs.

As a committed player, BNP Paribas Cardif works to have a positive impact on society and make insurance more accessible. Building on a unique model, BNP Paribas Cardif co-creates its products and services with more than 500 partner distributors, be they internal or external to the BNP Paribas Group. This multi-sector partner network comprises banks and financial institutions, automotive sector companies, retailers, telecommunications companies, as well as financial advisors and brokers.

In 2020, in response to the health crisis, the insurer took exceptional measures to support its customers and partners. BNP Paribas Cardif simplified the underwriting process for policyholders to make insurance more accessible by reducing the number of documents requested and simplifying the medical process. BNP Paribas Cardif has worked with its partners to take measures in several countries, including the removal of the pandemic exclusion for private individuals, the extension of coverage and the increase in the coverage term for policyholders in the event of unpaid amounts.

Several solidarity actions were carried out to support companies and people particularly exposed to the health crisis. The insurer has invested in medium-sized companies, SMEs and the health sector and has mobilized its initiatives through the BNP Paribas "Emergency and Development" fund. Volunteering actions were carried out as well as several donations to support University of Nanterre students and the teams of two hospitals in the Paris region.

(1) Source: Financial communication published by companies specialised in consumer credit for the 2020 period. In terms of revenues from consumer credit businesses.

(2) Source: Finaccord.

BNP PARIBAS WEALTH MANAGEMENT

BNP Paribas Wealth Management is developing its Private Banking model across 18 countries around the world, supporting a client base of entrepreneurs, family offices and high net worth clients.

With EUR 390 billion in assets under management in 2020, nearly 6,700 employees and thanks to its presence in Europe, Asia, the United States and the Middle East, BNP Paribas Wealth Management is a leading global private bank and the leading private bank in the eurozone.

Relying on the BNP Paribas integrated model, BNP Paribas Wealth Management benefits from the Group's full range of resources and is structured to support its customers in different markets. In Europe and the United States in particular, the development of the Private Banking business is backed by BNP Paribas' Retail Banking networks. In Asia, the private bank is supported by the Bank's historic presence in the market and by Corporate & Institutional Banking's businesses to meet the most sophisticated needs.

Well recognized globally in its industry for its experience and know-how, BNP Paribas Wealth Management offers its clients a wide range of products and services: wealth management, financial expertise (financial management, financial investments), tailor-made financing and specialised expertise (*e.g.* real estate, vineyards, philanthropy, art) as well as privileged access to all the BNP Paribas Group's expertise. BNP Paribas Wealth Management is thus able to meet the expectations of each client, both for their current needs and for their most sophisticated projects.

For many years, sustainable investment and responsible innovation have been at the heart of BNP Paribas Wealth Management's culture. Launched in 2006 to respond to the emerging incentives of investors keen to combine financial performance with a social and environmental dimension, the Responsible Investment offering is based on in-depth expertise and convictions shared with clients. BNP Paribas Wealth Management continued to deploy responsible investment, in particular by extending its offer of sustainable products and services to all its assets classes. In 2020, all these responsible assets accounted for 1/3 of the assets invested in the business. Thanks to the digital educational path *myImpact*, clients today have the opportunity to define their priorities in terms of sustainability and philanthropy. The year 2020 was marked by the launch of the new sustainability rating, "Trèfle methodology", which enables clients to identify and select sustainable investments that meet their search for positive impact.

With a constant focus on innovation, BNP Paribas Wealth Management's range of digital solutions continues to expand to offer a personalised client experience. Accelerated by the health crisis, digital uses have enabled BNP Paribas Wealth Management teams to remain as close as possible to customers during this unprecedented period by ensuring the best quality of service. Discussions took the form of virtual conferences, podcasts or articles on the web and on social networks.

BNP Paribas Wealth Management was recognised in 2020 as:

- Best private bank in Europe[1] for the ninth consecutive year, ranked as No. 1 in France for the eighth time in nine years[2], No. 1 in Belgium[3], No. 1 in Italy for the sixth consecutive year[3] as well as No. 1 in Poland[2], in Monaco[4], and in Turkey[5];
- Best private bank in Hong Kong[6];
- Best private bank in the Middle East[7] and in the United Arab Emirates;
- Best private bank for ultra high net worth clients globally[8];
- Best private bank in philanthropic consulting[1];
- Best bank for robo advisory globally[2];
- Best digital innovation for clients globally[8];
- Best global growth strategy[8].

BNP PARIBAS ASSET MANAGEMENT

BNP Paribas Asset Management is the BNP Paribas Group's dedicated asset management business and has nearly 2,300 people in 37 countries with a large presence in Europe and the Asia-Pacific region. Through the BNP Paribas integrated model, it has access to a broad international client base and has close relationships with BNP Paribas' distribution networks. Ranked the 10th largest asset manager in Europe[9], the company managed assets totalling EUR 483 billion as at 31 December 2020 and has 500 investment professionals.

BNP Paribas Asset Management offers investment solutions for both individual investors (through internal distributors – BNP Paribas Private Banking and Retail Banking – and external distributors), corporate and institutional investors (insurance companies, pension funds, official institutions and consultants). It offers them a range of management expertise in line with their long-term sustainable performance expectations, including: active, conviction-based strategies, emerging markets, multi-asset investments, private debt and liquidity solutions.

BNP Paribas Asset Management's priority is to achieve long-term sustainable investment returns for its clients by placing sustainability at the heart of its strategy and investment decision-making. As such, and as part of its Global Sustainability Strategy, BNP Paribas Asset Management has upgraded its flagship range of active funds to a 100% sustainable offering, involving a rigorous process of integrating ESG criteria into all its funds.

(1) Private Banker International.

(2) PWM/The Banker.

(3) World Finance.

(4) Wealthbriefing.

(5) Euromoney Private Banking and Wealth Management Survey.

(6) The Asset Triple A.

(7) MEA Finance Awards.

(8) The Digital Banker.

(9) Source: IPE Top 500 2020.

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A study conducted in June 2020 by BNP Paribas Asset Management, in collaboration with Greenwich Associates[(1)], highlighted investors' desire for greater awareness of social considerations in investment decision-making as a result of the pandemic. This trend confirms BNP Paribas Asset Management's convictions and choices in terms of sustainable investment.

In 2020, BNP Paribas Asset Management continued to strengthen its position as a leader in Socially Responsible Investment. With 52 SRI-certified funds[(2)] representing more than EUR 46 billion in assets, it is the market leader in France[(3)]. It is also the leader in Belgium for Febelfin-certified funds[(4)].

It won the ESG Asset Management Company of the Year award in Asia-Pacific for a second successive year, strengthening its leading position in sustainable investment.

The company also uses its ability to influence companies and governments to promote a low-carbon economy that is environmentally friendly and accessible to all, thus ensuring long-term sustainable returns for its clients' investments. It was recognized by InfluenceMap as a leader in Sustainable Finance Policy Engagement[(5)].

BNP PARIBAS REAL ESTATE SERVICES

With its extensive range of services, BNP Paribas Real Estate Services can support its customers across all stages of the property life cycle, from building design to everyday management:

- Property Development – construction begun on 2,086 housing units in France in 2020 and 156,000 m^2 of offices in France and Madrid (leading French Business Property Developer – 32nd edition of the Innovapresse ranking);
- Advisory (Transaction, Consulting, Expertise) – 4.3 million m^2 invested (2,763 transactions) and EUR 21.9 billion of investments supported in 2020;
- Investment Management – EUR 29 billion in assets under management in Europe, mainly in France, Germany and Italy;
- Property Management – 44.3 million m^2 of commercial real estate managed in Europe.

This multi-sector offering covers all asset classes: offices, homes, warehouses, logistics platforms, retail, hotels, serviced residences, land, *etc.*

With over 4,500 employees, the Group can offer a wide array of services, based on the needs of clients, whether they are institutional investors, owners, corporates (SMEs, large corporate groups), public entities, local authorities or individuals.

With its geographic network in 14 countries on the continent, BNP Paribas Real Estate is one of the European leaders in commercial real estate. Its major markets are France, Germany and the United Kingdom. The company also has platforms in Hong Kong, Dubai and Singapore, as well as a network of business alliances with local partners in some fifteen other countries.

In residential development, BNP Paribas Real Estate Services operates for the most part in France's major cities, but has also developed projects in London, Milan and Rome.

Faced with the health crisis, BNP Paribas Real Estate Services' business lines have mobilised to support clients in managing many issues.

In the development of offices and housing units, BNP Paribas Real Estate has mobilised so that 100% of the 58 construction sites could be restarted by the end of May in compliance with all health regulations.

In housing development, five major innovations were developed to offer "post-Covid" housing: accessible and shared outdoor spaces, development of contactless, customised and modular housing, WiFi for all and home office package.

The company also made a commitment to caregivers by donating protective coveralls to the Saint-Louis hospital, providing financial support to the #ProtegeTonSoignant collective, and paying for 1,470 overnight stays (alongside the company Sucres et Denrées) to accommodate caregivers from all over France in support of the Pitié-Salpêtrière hospital.

CORPORATE & INSTITUTIONAL BANKING

With close to 34,000 people in 56 countries, BNP Paribas CIB serves to two types of clients – corporate and institutional (banks, insurance companies, asset managers, *etc.*) – tailored solutions in capital markets, securities services, financing, risk management, cash management and financial advice.

Acting as a bridge between corporate and institutional clients, it aims at connecting the financing needs from corporate clients with institutional clients seeking investment opportunities. In 2020, 31% of BNP Paribas' revenues from operating divisions were generated by BNP Paribas CIB.

CIB's streamlined and efficient structure is designed to meet the needs of BNP Paribas' corporate and institutional clients. CIB is thus organised around three main businesses:

- Corporate Banking, with its own organisation in each region;
- Global Markets, grouping together all capital market activities; and
- Securities Services.

(1) Study carried out on behalf of BNP Paribas Asset Management by Greenwich Associates: 129 professionals, including 96 institutional investors and 33 leading distributors in the United Kingdom, France, Germany, Italy, the Netherlands and the Nordic countries were interviewed in June 2020.

(2) SRI: Socially Responsible Investment.

(3) Source: lelabelisr.fr, Morningstar.

(4) Source: Towardssustainability.be, Morningstar.

(5) Source: InfluenceMap Report 2020.

The regional approach is present in three main regions:

- EMEA (Europe, Middle East, Africa);
- Americas;
- APAC (Asia Pacific).

In the context of the health crisis, CIB's platforms raised EUR 396 billion in financing for its clients in the syndicated loan, bond and equity markets worldwide in 2020, thanks to the mobilisation of its teams, particularly in Europe.

2020 Awards

- World's Best Bank for Corporates (Euromoney Global Awards 2020);
- Western Europe's Best Investment Bank and Best Bank for Financing (Euromoney Awards 2020);
- Investment Bank of the Year for Sustainability-linked Loans and IPOs (The Banker Awards 2020);
- Best Bank for Corporate Bond Funding Advice and Support During Covid-19 Pandemic and Best Bank for Funding Advice and Support to Financial Institutions During Covid-19 Pandemic (Global Capital Awards 2020);
- Interest Rate Derivatives House of the Year (Global Capital Awards 2020);
- Sustainable Finance House of the Year (FinanceAsia Awards 2020).

CORPORATE BANKING

Corporate Banking offers a full range of products and services to BNP Paribas' Corporate clients globally, including:

- debt financing solutions (traditional loans and specialised financing, including export, project, acquisition and leveraged finance);
- mergers and acquisitions (advisory mandates for acquisitions or disposals, strategic financial advice, privatisation advice, *etc.*);
- primary activity on the equity markets (IPOs, capital increases, convertible and exchangeable bond issues, *etc.*);
- transaction banking solutions (liquidity management, cash management, deposit collection, trade finance and supply chain management).

To better anticipate their needs, the teams are structured by geographic area, thereby combining global expertise and local knowledge. In addition, tasked with developing and managing long-term client relationships, the Corporate Coverage teams provide access to the BNP Paribas' global product offerings and extensive international network.

Thanks to this set-up and the strong coordination between the regions, any client entering a business centre (One Bank) can have access to a global Corporate Banking platform and can benefit from the expertise of all other business centres for its activities.

In EMEA, Corporate Banking activities have a geographic presence in 34 countries. This set-up reinforces the One Bank for Corporates approach developed in close cooperation with the Group's four domestic markets and included a network of 69 trade centres in 2020. Global Banking EMEA now combines financing activities (debt and equity), securitisation, syndication and distribution of CIB on the Capital Markets platform, a joint venture with Global Markets, with M&A capabilities and industry expertise.

In Asia Pacific, Corporate Banking and Advisory activities encompass the full suite of M&A advisory services, financing, capital raising (debt and equity capital markets), transaction banking (cash management, international trade, deposit taking) as well as related risk hedging services in conjunction with Global Markets. Corporate Banking offers clients comprehensive and integrated end-to-end banking facilities in major currencies as well as local currencies through the intermediary of branches or subsidiaries in twelve different markets.

In the Americas region, the Global Banking platform is comprised of three product areas to support the Bank's corporate and institutional clients. Global Credit Markets integrates all primary origination, financing and syndication, structuring, secondary sales, trading and research activities accross credit products on one platform – bridging Global Banking with Global Markets. Its core sub-businesses are Asset Finance, High Grade Finance and Leveraged Finance. Trade & Treasury Solutions provides trade, working capital and liquidity solutions to the Bank's corporate and institutional clients. Investment Banking provides M&A capabilities as well as strategic advice for key clients and also covers several sectors. Global Banking Americas has a multi-local presence in the United States, Canada and in six countries across LatAm.

2020 Awards

- Western Europe's Best Investment Bank and Western Europe's Best Bank for Financing (Euromoney 2020);
- Most Impressive Bank for Corporate Bonds (Global Capital Awards 2020);
- Lead Manager of the Year for Corporate Green Bonds (Environmental Finance Awards 2020);
- Best Transaction Bank, Best ESG Transaction Bank and Best Supply Chain Finance Bank (The Asset Asia Awards 2020).

2020 Rankings

- No. 1 European bank & No. 4 Investment Bank in EMEA in revenue (Dealogic, 2020);
- No. 1 EMEA Syndicated Loan Bookrunner by volume, number of deals, and revenue (Dealogic, 2020);
- No. 1 DCM Investment Grade Corporate bonds in revenue (Dealogic 9M 2020);
- No. 1 European Large Corporate Trade Finance and Quality leader (Greenwich Share Leaders 2020);
- No. 3 EMEA Equity-Linked by volume and number of transactions (Dealogic, 2020);
- No. 2 Global Green Bonds (Bloomberg, November 2020);
- No. 1 Arranger of Global Sustainability-Linked Loans (Bloomberg, 2020);
- No. 1 Underwriter of Global Pandemic Corporate and Government Bonds (Bloomberg, 2020);
- No. 1 Cash Management and Corporate Banking by market penetration for large European Corporate (Greenwich Share Leaders, March 2020);
- Exane BNP Paribas: No. 1 Equity Sector Research (4th consecutive year), No. 1 Developed Europe Research, No. 1 Equity Sales, No. 1 Specialist Sales (institutional investor ex- Extel survey, August 2020).

GLOBAL MARKETS

Global Markets (GM) serves a wide range of corporate customers (companies, institutions, private banks, distributors, *etc.*) with investment, hedging, financing, research and market intelligence products and services across all asset classes.

Global Markets is an industry leader, with significant market shares on global stock markets, and regularly ranked as one of the leading providers, Global Markets' aim is to offer a wide range of financial products and services in the equity, interest rate, foreign exchange, local and credit markets. With over 3,200 employees, Global Markets has global coverage, operating in a number of large-scale business centres, in particular, London, Paris, Brussels, New York, Hong Kong, Singapore and Tokyo.

The business comprises 5 global business lines, with 2 core activities:

- Fixed Income, Currencies & Commodities:
  - foreign exchange and Local Markets & Commodity Derivatives,
  - G10 Rates,
  - Primary & Credit Markets;
- Equity & Prime Services:
  - Equity Derivatives,
  - Prime Solutions & Financing (brokerage and financing solutions).

Global Markets Sustainable Finance aims to facilitate the emergence of a carbon neutral economy and a socially responsible world, innovating new ways to help our clients integrate ESG into all their markets activities, and scaling up sustainable finance markets solutions.

In 2020, BNP Paribas was joint-lead manager for a total of USD 17.6 billion in sustainable bonds ("Pandemic bonds") issued by various issuers in response to the Covid-19 crisis. Beyond its standing in primary markets, solid positions in secondary markets and as market makers, BNP Paribas Global Markets played a critical role in facilitating these issuances.

2020 Awards

- Investment Bank of the Year for Social Bonds and for Sustainable FIG Financing (The Banker Investment Banking Awards 2020);
- Americas Interest Rate Derivatives House of the Year (Global Capital Derivatives Awards 2020);
- Currency Derivatives House of the Year (Risk Awards 2020);
- Commodity Derivatives House of the Year (EnergyRisk Asia Awards 2020);
- ABS Bank of the Year (Global Capital European Securitisation Awards 2020);
- Best FX Prime Broker (FX Markets e-FX Awards 2020);
- Most Impressive Bank for Corporate Bonds, African Bonds, CEE Bonds (Global Capital Bond Awards 2020);
- Most Impressive SSA House, FIG House and Corporate Bond House in Euros (Global Capital Bond Awards 2020).

2020 Rankings

- No. 1 DCM all euro-denominated bonds by amount, number of transactions and revenues (Dealogic, 2020);
- Forex: Top 3 in terms of volumes(1);
- Rates: Top 3 for interest rate swaps in euros, Top 3 for euro-denominated government bonds(1);
- Credit: Top 3 for Euro bonds(1);
- Equity derivatives: No. 1 for listed warrants and certificates in Europe(1).

BNP PARIBAS SECURITIES SERVICES

BNP Paribas Securities Services is one of the major global players in securities services with assets under custody up 4.2% on 2019 to EUR 10,980 billion and assets under administration up 5.8% to EUR 2,658 billion.

Securities Services offers solutions to all participants across the investment cycle:

- investment banks, broker-dealers, banks and market infrastructures (sell-side operators) are offered solutions in execution services, derivatives clearing, local and global clearing, settlement and custody for all asset classes worldwide. Outsourcing solutions for middle and back-office activities are also provided;
- institutional investors – asset managers, hedge funds, private equity funds, real estate and sovereign wealth funds, insurance companies, pension funds, fund distributors and promoters (buy-side operators) – enjoy a wide range of services: global custody, custodian and fiduciary services, transfer agent and fund distribution support, fund administration and middle-office outsourcing, investment, risk assessment and performance reporting;
- issuers (originators, arrangers and corporates) have access to a wide range of fiduciary management services: securitisation and structured finance services, debt agency services, issuer advisory, stock-option plans and employee shareholding management, shareholder services and management of Shareholders' Meetings;
- market and financing services are offered to all operators: securities lending and borrowing, foreign exchange, credit and collateral management, triparty collateral management, trading service and financing.

(1) Average rankings on the main platforms; source: Forex: FX All, 360T and Bloomberg, Rates: Bloomberg and Tradeweb, Credit: Bloomberg, Tradeweb and MarketAxess.

During the health crisis, Securities Services' global operating model enabled the bank to manage high volumes at a time of high market volatility. To help alleviate the impact of the pandemic on the economy and society, Securities Services provided services for the issuance of a number of social and Covid-19 response bonds, as well as for the creation of several solidarity funds across markets and jurisdictions (including Bpifrance's *Lac* 1 fund in France, Fondo Italiano d'Investimento's minority growth fund in Italy, MAPFRE's *Compromiso Sanitario Fondo* fund and Mutuactivos' social fund in Spain).

2020 Awards

- 3 awards including Multi-Market Excellence – Western Europe (Global Custodian Leaders in Custody Awards 2020);
- Custodian of the Year, Clearing Bank of the Year (Asia Risk Awards 2020);
- European Alternative Administrator of the Year (Funds Europe Awards 2020);
- Best Bank for Cross Border Custody (Asian Investor Asset Management Awards 2020);
- 7 awards including Best Subcustodian – Broker-Dealers (The Asset Triple A Sustainable Investing Awards for Institutional Investor, ETF, and Asset Servicing Providers 2020).

CORPORATE CENTRE

PRINCIPAL INVESTMENTS

Principal Investments manages the Group's portfolio of unlisted and listed industrial and commercial investments with a view to supporting clients and extracting value over the medium- and long-term.

The Private Equity Management unit specialises in providing support for transmission and development projects of unlisted companies by taking minority equity stakes or through private debt financings. It recently opened this strategy to the Bank's clients with the launch of the BNP Paribas Agility Capital fund.

It also provides indirect financing support for the economy through private equity funds.

The Listed Investment Management unit acquires and manages minority interests in predominantly French listed companies.

As part of the commitment made by BNP Paribas at the COP 21 to support the financing of the energy transition, a budget of EUR 100 million by 2020 was decided by the Group at the end of 2015. The mission of Principal Investments was then extended to the management of this budget, *i.e.* creating and managing a portfolio of minority stakes in innovative companies (start-ups) linked to the energy transition.

PERSONAL FINANCE'S MORTGAGE BUSINESS

In the context of the Group's 2014-2016 business development plan, Personal Finance's Mortgage Business, a significant portion of which is managed in run-off, was allocated to the Corporate Centre as at 1 January 2014.

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1.5 BNP Paribas and its shareholders

SHARE CAPITAL

At 31 December 2019, BNP Paribas SA's share capital stood at EUR 2,499,597,122 divided into 1,249,798,561 shares. Details of historical change in share capital are provided in chapter 6, note 6a *Changes in share capital*.

No transactions affecting the share capital took place in 2020 and so, as at 31 December 2020, BNP Paribas share capital still stood at EUR 2,499,597,122, divided into 1,249,798,561 shares with a par value of EUR 2 each.

The shares are all fully paid-up and are held in registered or bearer form at the choice of their holders, subject to compliance with the relevant legal provisions. **None of the Bank's shares entitles their holders to an increased dividend or double voting rights or limit the exercise of voting rights.**

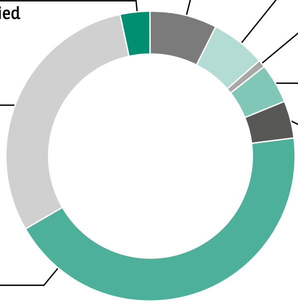
CHANGES IN SHARE OWNERSHIP

➤ CHANGES IN THE BANK'S OWNERSHIP STRUCTURE OVER THE LAST THREE YEARS

Dates	31/12/2018			31/12/2019			31/12/2020		
Shareholders	Number of shares *(in millions)*	% of share capital	% of voting rights	Number of shares *(in millions)*	% of share capital	% of voting rights	Number of shares *(in millions)*	% of share capital	% of voting rights
SFPI[(1)]	**96.55[(2)]**	**7.7%**	**7.7%**	**96.55[(2)]**	**7.7%**	**7.7%**	**96.55[(2)]**	**7.7%**	**7.7%**
BlackRock Inc.	**63.22[(3)]**	**5.1%**	**5.1%**	**62.76[(4)]**	**5.0%**	**5.0%**	**74.78[(5)]**	**6.0%**	**6.0%**
Grand Duchy of Luxembourg	**12.87**	**1.0%**	**1.0%**	**12.87**	**1.0%**	**1.0%**	**12.87**	**1.0%**	**1.0%**
Employees	**51.58**	**4.1%**	**4.1%**	**52.36**	**4.2%**	**4.2%**	**54.91**	**4.4%**	**4.4%**
■ of which Group FCPE[(6)]	37.78	3.0%	3.0%	39.17	3.1%	3.1%	41.41	3.3%	3.3%
■ of which direct ownership	13.80	1.1%	1.1%	13.19	1.1%[(*)]	1.1%[(*)]	13.50	1.1[(**)]	1.1[(**)]
Corporate officers	**0.19**	**NS**	**NS**	**0.20**	**NS**	**NS**	**0.25**	**NS**	**NS**
Treasury shares[(7)]	**1.16**	**0.1%**	**-**	**1.16**	**0.1%**	**-**	**1.26**	**0.1%**	**-**
Retail shareholders	**48.70**	**3.9%**	**3.9%**	**43.50**	**3.5%**	**3.5%**	**52.08**	**4.2%**	**4.2%**
Institutional investors	**957.26**	**76.6%**	**76.7%**	**961.10**	**76.9%**	**77%**	**918.45**	**73.5%**	**73.6%**
■ European	559.04	44.7%	44.8%	572.42	45.8%	45.9%	543.17	43.5%	43.5%
■ Non-European	398.22	31.9%	31.9%	388.68	31.1%	31.1%	375.28	30.0%	30.1%
Other and unidentified	**18.27**	**1.5%**	**1.5%**	**19.30**	**1.6%**	**1.6%**	**38.65**	**3.1%**	**3.1%**
TOTAL	**1,249.8**	**100%**	**100%**	**1,249.8**	**100%**	**100%**	**1,249.80**	**100%**	**100%**

(1) Société de Participations et d'Investissement: a public-interest limited company (société anonyme) acting on behalf of the Belgian government.
(2) According to the statement by SFPI, AMF Document No. 217C1156 dated 6 June 2017.
(3) According to the statement by BlackRock, AMF Document No. 217C0939 dated 9 May 2017.
(4) According to the statement by BlackRock, AMF Document No. 219C0988 dated 19 June 2019.
(5) According to the statement by BlackRock dated 4 January 2021.
(6) The voting rights of the FCPE (profit-sharing scheme) are exercised, after the decision taken by the Supervisory Board, by its Chairman.
(7) Excluding trading desks' inventory positions.
(*) Of which 0.5% for the shares referred to in article L.225-102 of the French Commercial Code to determine the threshold above which the appointment of a Director representing employee shareholders must be proposed.
(**) Of which 0.5% for the shares referred to in article L.225-102 of the French Commercial Code to determine the threshold above which the appointment of a Director representing employee shareholders must be proposed.

BNP PARIBAS SHAREHOLDING STRUCTURE AT 31 DECEMBER 2020 (IN % OF VOTING RIGHTS)



To the best of the Company's knowledge, no shareholder, other than SFPI (Société Fédérale de Participations et d'investissements) and BlackRock Inc., held more than 5% of the share capital or voting rights at 31 December 2020.

SFPI became a shareholder in BNP Paribas at the time of the merger with the Fortis group completed in 2009. During 2009, SFPI made two threshold crossing disclosures to the French Financial Markets Authority (AMF):

- on 19 May 2009 (AMF disclosure No. 209C0702), SFPI disclosed that its interest in BNP Paribas' capital and voting rights had risen above the 5% and 10% disclosure thresholds following its transfer of a 74.94% stake in Fortis Bank SA/NV in return for 121,218,054 BNP Paribas shares, which at the time represented 9.83% of BNP Paribas' share capital and 11.59% of its voting rights. The disclosure stated in particular that neither the Belgian government nor SFPI were considering taking control of BNP Paribas.

  At the same time, BNP Paribas notified the AMF (AMF disclosure No. 209C0724) that an agreement had been reached between the Belgian government, SFPI and Fortis SA/NV (renamed Ageas SA/NV at end-April 2010), giving Fortis SA/NV an option to buy the 121,218,054 BNP Paribas shares issued as consideration for SFPI's transfer of its shares in Fortis Bank, with BNP Paribas having a right of subrogation regarding the shares concerned;
- on 4 December 2009 (AMF disclosure No. 209C1459), SFPI disclosed that it owned 10.8% of BNP Paribas' share capital and voting rights. This change resulted mainly from:
  - BNP Paribas' capital increase through the issuance of ordinary shares in 2009,
  - the capital reduction through the cancellation, on 26 November 2009, of preferred shares issued on 31 March 2009 to Société de Prise de Participation de l'État.

On 27 April 2013, the Belgian government announced the buy-back via SFPI of the purchase option that had been granted to Ageas.

On 6 June 2017 (AMF disclosure No. 217C1156), SFPI disclosed that it owned 7.74% of the share capital and voting rights of BNP Paribas; this drop below the 10% capital and voting rights thresholds resulted from the sale of shares on the market.

Since then, BNP Paribas has received no threshold crossing disclosures from SFPI.

On 9 May 2017 (AMF disclosure No. 217C0939), BlackRock Inc. disclosed that its interest in BNP Paribas' capital and voting rights had risen, as at 8 May 2017 above the 5% disclosure thresholds. On this date, BlackRock held 63,223,149 BNP Paribas shares on behalf of its clients and the funds it manages.

On 18 June 2019 (AMF document No. 219C0988 dated 19 June), BlackRock Inc. stated that it held 62,764,366 BNP Paribas shares. Since that date, BlackRock Inc. has disclosed statutory threshold crossings without crossing legal thresholds.

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LISTING INFORMATION

When the shareholders of BNP and Paribas approved the merger between the two banks at the Combined General Meeting of 23 May 2000, BNP shares became BNP Paribas shares. The Euroclear-France code for BNP Paribas is the same as the previous BNP code (13110). Since 30 June 2003, BNP Paribas shares have been registered under ISIN code FR0000131104. To help increase the number of shares held by retail shareholders, BNP Paribas carried out a two-for-one share split on 20 February 2002, reducing the par value of the shares to EUR 2.

BNP shares were first listed on the Cash Settlement Market of the Paris Stock Exchange on 18 October 1993, following privatisation, before being transferred to the Monthly Settlement Market on 25 October of that year. When the monthly settlement system was discontinued on 25 September 2000, BNP Paribas shares became eligible for Euronext's Deferred Settlement Service (SRD).

The share has been traded in London on the LSE Composite OTC, on the Frankfurt Stock Exchange and in Milan on the Global Equity Market since 24 July 2006. Since privatisation, a Level 1 144A ADR (American Depositary Receipt) programme has been active in the United States, where JP Morgan Chase is the depositary bank (2 ADRs correspond to 1 BNP Paribas share).

The ADRs have been traded on OTCQX International Premier since 14 July 2010 in order to provide better liquidity and visibility to US investors.

BNP Paribas has been part of the CAC 40 index since 17 November 1993 and became part of the EURO STOXX 50 index on 1 November 1999. Since 18 September 2000, it has been part of the STOXX 50 index. BNP Paribas also joined the DJ Banks Titans 30 Index, an index comprising the 30 largest banks worldwide. It is also included in the EURO STOXX Banks and STOXX Banks indices. BNP Paribas shares are also included in the main sustainable development benchmarks (see chapter 7), including Euronext Vigeo Eiris, FTSE4Good Index Series, Dow Jones Sustainability World & Europe Indices and Stoxx Global ESG Leaders index.

All of these elements foster liquidity and share price appreciation, as the BNP Paribas share is necessarily a component of every portfolio and fund that tracks the performance of these indexes.

➤ BNP PARIBAS SHARE PRICE PERFORMANCE BETWEEN 31 DECEMBER 2017 AND 31 DECEMBER 2020

Comparison with the EURO STOXX Banks, STOXX Banks and CAC 40 indexes (rebased on share price)

Source: Bloomberg.

In the three-year period from 29 December 2017 to 31 December 2020, BNP Paribas' share price fell 30.8% from EUR 62.25 to EUR 43.105, outperforming other eurozone banks (Euro Stoxx Banks: -43.5%), European banks (Stoxx Banks: -41.2%), but significantly under performing the CAC 40 (+4.5%).

In the last year, since early 2020, BNP Paribas' share price fell 18.4% from EUR 52.83 to EUR 43.105, outperforming not only other eurozone banks (-23.7%) and European banks (-24.5%) but underperforming the CAC 40 (-7.1%). During this period, European banking stocks were impacted by the effects of the Covid-19 health crisis and by the European Central Bank's recommendation to suspend dividend payments.

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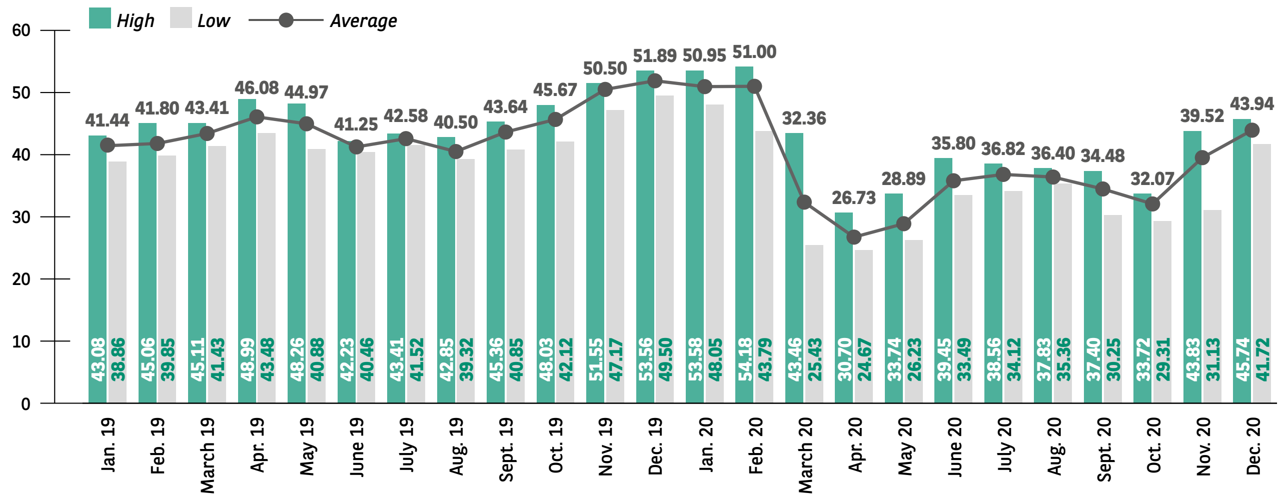
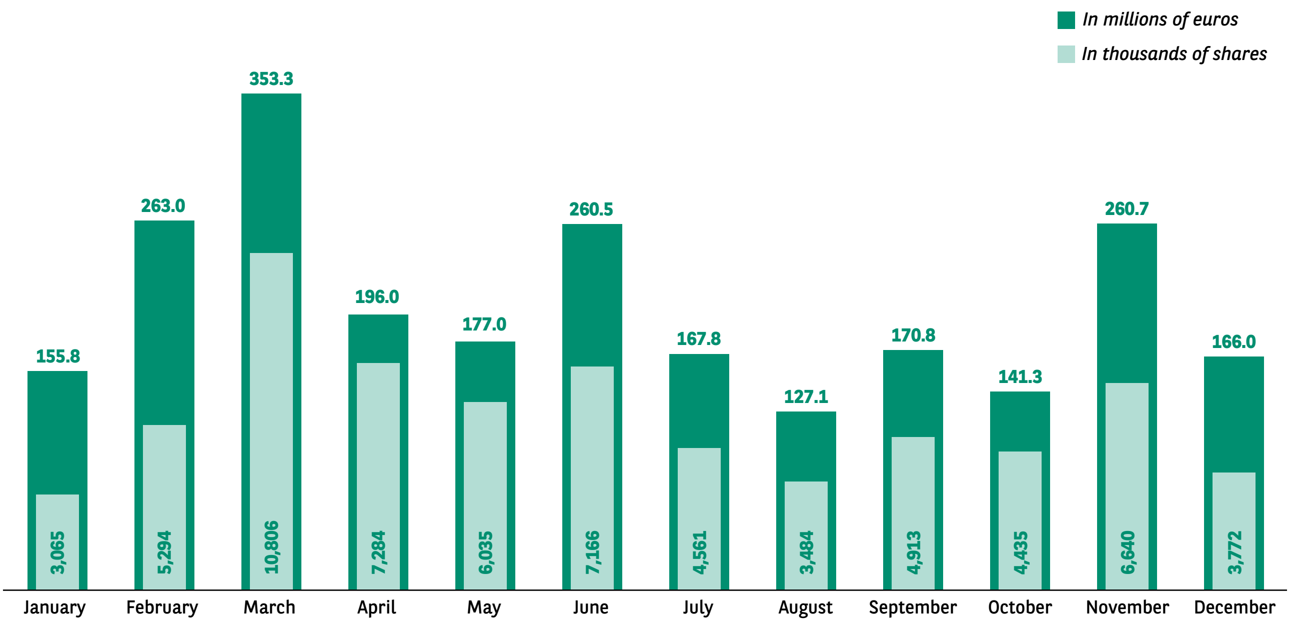
BNP PARIBAS MONTHLY AVERAGES AND HIGH AND LOW MONTHLY CLOSING PRICES SINCE JANUARY 2019



Source : Bloomberg

- At 31 December 2020, BNP Paribas' market capitalisation was EUR 53.9 billion, ranking it 11th among CAC 40 stocks; BNP Paribas' free float also put the bank in 8th place on the Paris market index and in 18th place in the EURO STOXX 50 index.
- Daily trading volume on Euronext Paris averaged 5,607,809 shares in 2020, up 24.83% from the previous year (4,492,458 shares per trading session in 2019). Including the volumes traded on multilateral trading facilities (MTFs), daily trading volume in 2020 averaged 9,585,550 shares, up 24.39% from 2019 (7,705,820 shares traded daily).

TRADING VOLUME ON EURONEXT PARIS IN 2020 (DAILY AVERAGE)



Source: Euronext.

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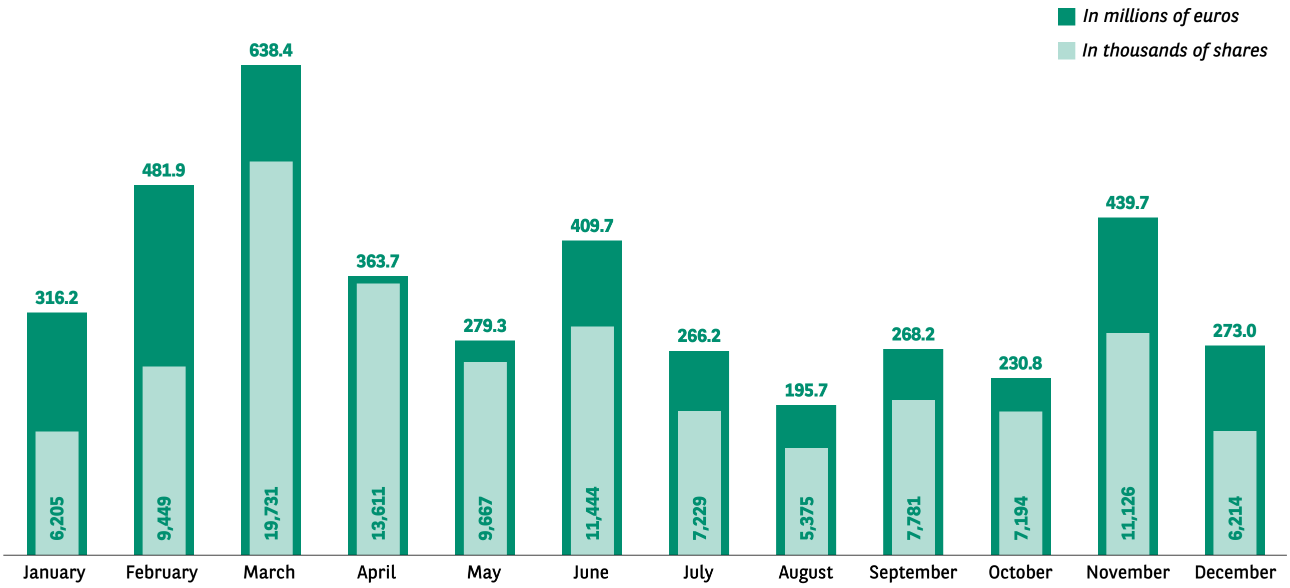
TOTAL TRADING VOLUME ON EURONEXT AND MTFS IN 2020 (DAILY AVERAGE)



Source: Bloomberg Composite EU Quote BNPP.

SHAREHOLDER DASHBOARD

In euros	2016	2017	2018	2019	2020
Earnings per share(1)	6.00	6.05	5.73	6.21	5.31
Net book value per share(2)	73.90	75.1	74.7(*)	79.0	82.3
Net dividend per share	2.70	3.02	3.02	0.0(3)	1.11(4)
Pay-out ratio (%)(5)	45.0	50.0	52.72	0.0(3)	20.9(4)
Share price					
Highest(6)	62.00	68.89	68.66	53.81	54.22
Lowest(6)	35.27	54.68	38.18	38.14	24.51
Year-end	60.55	62.25	39.475	52.83	43.105
CAC 40 index on 31 December	4,862.31	5,312.56	4,730.69	5,978.06	5,551.41

(1) *Based on the average number of shares outstanding during the fiscal year.*
(2) *Before distribution. Revaluated net book value based on the number of shares outstanding at year-end.*
(3) *Following ECB/2020/19 recommendation of the European Central Bank of 27 March 2020 on dividend distribution policies during the Covid-19 pandemic, the distribution of EUR 3.10 per share initially proposed to the Annual General Meeting of 19 May 2020, was appropriated to "Other reserves".*
(4) *Subject to approval at the Annual General Meeting of 18 May 2021, taking into account only the distribution of the 2020 dividend.*
(5) *Dividend distribution recommended at the Annual General Meeting expressed as a percentage of net income attributable to shareholders.*
(6) *Recorded during the meeting.*
(*) *Impact of the first-time application of IFRS 9 on shareholders' equity at 1 January 2018: - EUR 2.5 billion, i.e. EUR 2 per share.*

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CREATING VALUE FOR SHAREHOLDERS

TOTAL SHAREHOLDER RETURN (TSR)

Calculation parameters

- Dividends are reinvested in BNP shares then in BNP Paribas shares; 50% tax credit was included until this system was abolished at the beginning of 2005.
- Exercise of preferential subscription rights during the rights issues of March 2006 and October 2009.
- Returns stated are gross, *i.e.* before any tax payments or brokerage fees.

Calculation results

The following table indicates, for various periods ending on 31 December 2020, the total return on a BNP share, then on a BNP Paribas share, as well as the effective annual rate of return.

Holding period	Investment date	Share price at the investment date *(in EUR)*	Number of shares at the end of the calculation period	Initial investment multiplied by	Effective annual rate of return
Since privatisation of BNP	18/10/1993	36.59	5.6770	6.6878	7.23%
27 years	03/01/1994	43.31	5.1695	5.1450	6.25%
26 years	03/01/1995	37.20	5.0753	5.8809	7.05%
25 years	02/01/1996	33.57	4.9695	6.3810	7.69%
24 years	02/01/1997	30.40	4.8249	6.8414	8.34%
23 years	02/01/1998	48.86	4.6747	4.1241	6.35%
22 years	04/01/1999	73.05	4.5782	2.7015	4.62%
Since the creation of BNP Paribas	01/09/1999	72.70	4.4542	2.6410	4.65%
21 years	03/01/2000	92.00	4.4542	2.0870	3.56%
20 years	02/01/2001	94.50	4.3332	1.9765	3.46%
19 years	02/01/2002	100.4	4.1924	1.7999	3.14%
18 years	02/01/2003	39.41	2.0287	2.2189	4.53%
17 years	02/01/2004	49.70	1.9512	1.6923	3.14%
16 years	03/01/2005	53.40	1.8706	1.5100	2.61%
15 years	02/01/2006	68.45	1.8044	1.1363	0.85%
14 years	02/01/2007	83.50	1.7289	0.8925	-0.81%
13 years	02/01/2008	74.06	1.6708	0.9725	-0.21%
12 years	02/01/2009	30.50	1.5898	2.2468	6.98%
11 years	02/01/2010	56.11	1.5130	1.1624	1.38%
10 years	03/01/2011	48.30	1.4689	1.3109	2.74%
9 years	02/01/2012	30.45	1.4125	1.9995	8.00%
8 years	02/01/2013	43.93	1.3537	1.3283	3.61%
7 years	02/01/2014	56.70	1.3095	0.9955	-0.06%
6 years	02/01/2015	49.43	1.2731	1.1102	1.76%
5 years	04/01/2016	51.75	1.2400	1.0329	0.67%
4 years	02/01/2017	60.12	1.1816	0.8472	-4.06%
3 years	02/01/2018	62.68	1.1337	0.7796	-7.97%
2 years	02/01/2019	38.73	1.0744	1.1957	9.36%
1 year	02/01/2020	53.20	1.0000	0.8102	-19.02%

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COMMUNICATION WITH SHAREHOLDERS

BNP Paribas endeavours to provide all shareholders with clear, consistent, high-quality information at regular intervals, in accordance with best market practice and the recommendations of stock market authorities.

The Investor Relations team informs institutional investors and financial analysts about the Group's strategy, major events concerning the Group's business and the Group's quarterly results.

In 2021, the timetable is as follows(1):

- 5 February 2021: publication of 2020 full year results;
- 30 April 2021: publication of the first quarter 2021 results;
- 30 July 2021: publication of second quarter and first half 2021 results;
- 29 October 2021: publication of the third quarter and the first nine months of 2021 results.

Informative briefings are organised several times a year for all market participants, in particular when the annual and half-year results are released, or on specific topics, providing senior management with an opportunity to present the BNP Paribas Group and its strategy. More specifically, an Investor Relations Officer is responsible for liaising with managers of ethical and socially responsible funds.

The Shareholder Relations team provides information and deals with queries from the Bank's 345,000 retail shareholders (internal sources and TPI Survey at 31 December 2020). Twice a year, shareholders receive a financial newsletter outlining the Group's main developments, and the minutes of the Annual General Meeting are sent in early July. During the year, shareholders are invited to meetings in various French cities where the Company's achievements and strategy are presented by Executive Management.

The members of **the Cercle des actionnaires de BNP Paribas** (BNP Paribas Shareholders' Group), set up in 1995, are the 43,200 retail shareholders holding at least 200 shares. They receive the financial newsletters each half-year and the minutes of the Annual General Meeting. They are also sent two printed editions of the magazine, *La Vie du Cercle*, in addition to two emails outlining forthcoming events. They are invited to attend artistic, sporting and cultural events with which BNP Paribas is associated, as well as online training sessions. These include share trading (technical and financial analysis, portfolio diversification *etc.*), and economic updates sessions in partnership with the relevant BNP Paribas teams. In 2020, due to the health crisis, the Cercle expanded its range of regular newsletters with articles on the history of BNP Paribas, cinema, tennis, *etc*. and launched the Cercle's podcasts, interviews with historians, speakers, artists, *etc*.

To facilitate access these services, a **website dedicated to the Cercle des Actionnaires (www.cercle-actionnaires.bnpparibas)** features all the available products and services. Each Cercle member has a personal and secure access to the site which can be used to manage their event registrations and retrieve their invitations. A **freephone number** has also been made available, **0800 666 777**; it provides the market price and allows members to leave a voice message for the Cercle team. Messages can also be sent by email to **cercle.actionnaires@bnpparibas.com**.

The **BNP Paribas website (https://invest.bnpparibas.com/en)**, available in French and English, offers users access to all information on the BNP Paribas Group (including press releases, key figures, coverage of the main events, *etc.*). All documents such as Integrated Reports and Registration documents, or Universal registration documents, can also be viewed and downloaded. The financial calendar gives the dates of important forthcoming events, such as the Annual General Meeting, results announcements and shareholder seminars. The website also features the latest share performance data and comparisons with major indexes, as well as a tool for calculating returns.

Reports and presentations relating to BNP Paribas' business and strategy aimed at all audiences (institutional investors, asset managers and financial analysts) are also available. The **"Individual Shareholder"** section shows information and features specifically designed for retail shareholders, in particular, access to information such as proposed events.

A section dedicated to **Social and Environmental Responsibility** describes the Bank's goals, the policy that it follows and its main achievements in this area.

In addition, there is a specific section dedicated to **the Annual General Meeting** which includes information regarding attendance at the meeting, ways to vote and practical matters, as well as a presentation of the resolutions and the complete text of all speeches made by corporate officers. Webcasts of the Annual General Meeting can be viewed on the Bank's website. In response to the expectations of individual shareholders and investors, and to meet strict transparency and regulatory disclosure requirements, BNP Paribas regularly adds sections to its website and improves existing sections with enhanced content and new functions.

(1) Subject to change at a later date.

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SHAREHOLDER LIAISON COMMITTEE

After its formation in 2000, BNP Paribas decided to create a Shareholder Liaison Committee to help the Group improve communications with its retail shareholders. At the Annual General Meeting that approved the BNP Paribas merger, the Chairman of BNP Paribas initiated the process of appointing members to this committee, which was fully established in late 2000.

Chaired by Jean Lemierre, it includes ten shareholders who are both geographically and socio-professionally representative of the retail shareholder population, along with two employees or former employees. Each member serves a three-year term. When their terms expire, announcements are published in the Group's various financial publications, any shareholder may apply to become a candidate.

At its last meeting at the end of September 2020, the Liaison Committee was composed of:

- Mr Jean Lemierre, Chairman;
- Mr Jean-Louis Busière, residing in the Moselle department;
- Mr Michel Cassou, residing in the Tarn department;
- Mr Jean-Marc Cornier, residing in Meudon;
- Mr Patrick Cunin, residing in the Essonne department;
- Ms Anne Doris Dupuy, residing in the Gironde department;
- Mr Jean-Marie Lapoirie, residing in the Rhône department;
- Mr Jacques Martin, residing in the Alpes Maritimes department;
- Ms Françoise Rey, residing in Paris;
- Mr Jean-Jacques Richard, residing in Toulon;
- Mr Jean-Jacques Rohrer, residing in the Hauts-de-Seine department;
- Mr Ugo Cuccagna, BNP Paribas employee;
- Ms Christine Valence, BNP Paribas employee.

In accordance with the Charter, the Internal Rules that all committee members have adopted, the Committee met twice in 2020, on 19 March (remotely due to Covid-19) and on 25 September.

The main topics of discussion included:

- BNP Paribas' capital structure and changes therein, particularly among "retail shareholders";
- the proposals made to the Cercle des actionnaires (BNP Paribas Shareholders' Group), which were seriously disrupted due to the coronavirus epidemic;
- the draft 2020 Universal registration document, and specifically, the chapters on "Shareholder Relations", "Corporate governance" and "Social and Environmental Responsibility";
- the Integrated Report;
- quarterly results;
- the initiatives taken in preparation for the Annual General Meeting, in particular due to the Covid-19 pandemic;
- the presentation of the economic outlook, in particular following the health crisis, Brexit and various political events such as the US presidential election.

DIVIDEND

The Board of directors will propose to the shareholders' Annual General Meeting to pay out a dividend of 1.11 euro per share in May 2021 in cash[1], equivalent to 21% of 2020 net income, the maximum amount based on the European Central Bank recommendation of 15 December 2020[2].

The total amount of the proposed distribution is EUR 1,387 million.

The additional restitution of 29% of 2020 net income is intended after the end of September 2021 in the form of share buybacks[3] or distribution of reserves[4] as soon as the ECB repeals its recommendation, which it is expected to do by the end of September 2021 "in the absence of materially adverse developments".

(1) Subject to the approval of the Annual General Meeting of 18 May 2021: detached on 24 May 2021 and paid out on 26 May 2021.

(2) "[...] until 30 September 2021 [...] the ECB expects dividends and share buy-backs to remain below 15% of the cumulated profit for 2019-20 and not higher than 20 basis points of the CET1 ratio."

(3) Subject to European Central Bank approval.

(4) Subject to European Central Bank and Annual General Meeting approval.

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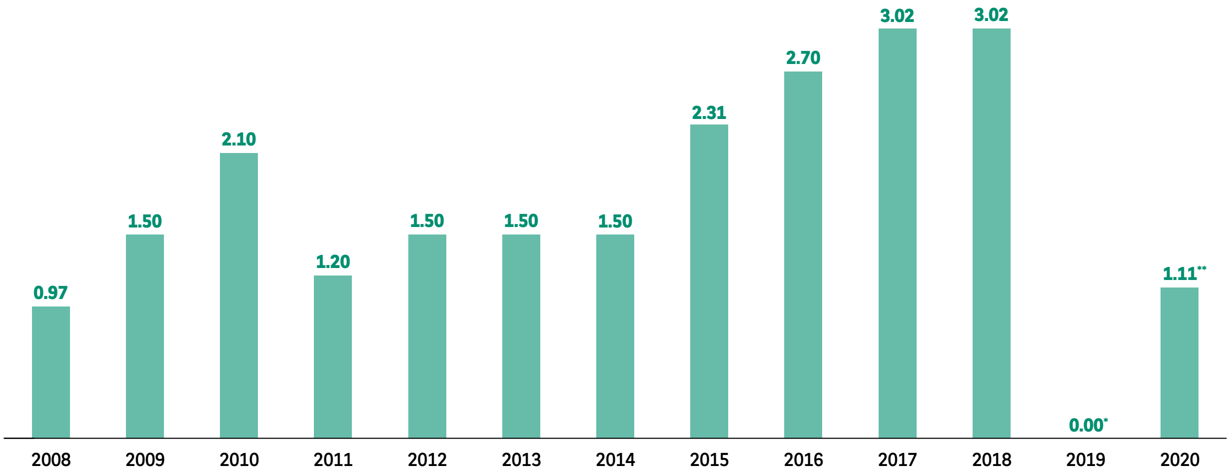
CHANGE IN DIVIDEND (IN EUROS PER SHARE)



(*) Following ECB/2020/19 recommendation of the European Central Bank of 27 March 2020 on dividend distribution policies during the Covid-19 pandemic, the distribution of EUR 3.10 per share initially proposed to the Annual General Meeting of 19 May 2020, was appropriated to "Other reserves".

(**) Subject to approval at the Annual General Meeting of 18 May 2021.

The 2008 dividend has been adjusted for the capital increase with preferential subscription rights, completed between 30 September and 13 October 2009.

Limitation period for dividends: any dividend unclaimed five years after its due date is forfeited, as provided by law. Dividends for which payment has not been sought are paid to the Public Treasury.

BNP PARIBAS REGISTERED SHARES

At 31 December 2020, 25,576 shareholders held BNP Paribas registered shares.

REGISTERED SHARES HELD DIRECTLY WITH BNP PARIBAS

Shareholders who hold registered shares directly with BNP Paribas:

- automatically receive all documents regarding the Bank that are sent to shareholders;
- can call a French **freephone number: +33(0)800 600 700** to place buy and sell orders(1) and to obtain any information;
- benefit from preferential brokerage rates;
- have access to "PlanetShares" (https://planetshares.bnpparibas.com/login), a fully secure dedicated web server, allowing them to view registered share accounts and account movements, as well as place and track orders(1); this server is also available on tablets and smartphones;
- are automatically invited to Annual General Meetings without the need for an ownership certificate;
- may receive notice of Annual General Meetings online;
- pay no custody fees.

Registered shares held directly with BNP Paribas cannot be registered in a PEA (Share Savings Plan), given the regulations and procedures applicable to this vehicle. Investors whose shares are held in a PEA and who want to hold them "in registered" form can opt to hold them in an administered account (see below).

REGISTERED SHARES HELD IN AN ADMINISTERED ACCOUNT

BNP Paribas is also extending its administered share account services to institutional shareholders. For institutional shareholders, this type of account combines the main benefits of holding shares in bearer form with those of holding registered shares directly with BNP Paribas:

- shares can be traded at any time, through the shareholder's usual broker;
- the shareholder can have a single share account, combined with a cash account;
- the shareholder is automatically invited to attend and vote at Annual General Meetings, without the invitation being sent through a third party;
- shareholders may receive notice of meetings and vote at Annual General Meetings online.

(1) Subject to prior signature of a "brokerage services agreement" (free of charge).

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SHAREHOLDERS' ANNUAL GENERAL MEETING

The procedures for BNP Paribas' Annual General Meetings are defined in article 18 of the Bank's Articles of association.

The Board of directors calls an Ordinary General Meeting at least once a year to vote on the agenda set by the Board.

The Board may call Extraordinary General Meeting for the purpose of amending the Articles of association, and especially to increase the Bank's share capital. Resolutions are adopted by a two-thirds majority of shareholders present or represented.

The combined Ordinary and Extraordinary General Meeting may be called in a single notice of meeting and held on the same date.

The Bank's last Annual General Meeting took place on 19 May 2020 on first notice. The text of the resolutions and the video of the meeting can be viewed on the BNP Paribas website, where the original live webcast was shown. The composition of the quorum and the results of the votes cast on resolutions were posted online the day after the meeting. A specific letter to shareholders included the minutes of this Meeting.

Following the publication of Order No. 2020-321 of 25 March 2020, adapting the rules, due to the Covid-19 pandemic, covering meetings and discussions at annual meetings and governing bodies of private law entities, the Annual General Meeting in 2020 was held without the physical presence of the shareholders.

The quorum broke down as follows:

➤ BREAKDOWN OF QUORUM

	Number of shareholders	(%)	Shares	(%)
Present	-	*0.00%*	-	*0.00%*
Appointment of proxy	-	*0.00%*	-	*0.00%*
Proxy given to Chairman	7,726	*53.76%*	16,240,773	*1.87%*
Postal votes	6,644	*46.24%*	850,713,016	*98.13%*
TOTAL	**14,370**	***100.00%***	**866,953,789**	***100.00%***
of which online	12,671	*88.18%*	289,933,058	*33.44%*
				Quorum
Number of ordinary shares (excluding treasury stock)			**1,248,477,854**	**69.44%**

Of the 12,671 shareholders who took part in our last Annual General Meeting online:

- 6,867 had given the Chairman a proxy;
- 5,804 had voted by post.

All resolutions proposed to the shareholders were approved.

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COMBINED GENERAL MEETING OF 19 MAY 2020

Results	Rate of approval
ORDINARY MEETING	
First resolution: approval of the parent company financial statements for 2019	99.94%
Second resolution: approval of the consolidated financial statements for 2019	99.94%
Third resolution: appropriation of net income for the year ended 31 December 2019	99.95%
Fourth resolution: agreements and commitments referred to in articles L.225-38 *et seq.* of the French Commercial Code	99.98%
Fifth resolution: authorisation for BNP Paribas to buy back its own shares	99.28%
Sixth resolution: renewal of the term of office of Jean Lemierre as Director	98.13%
Seventh resolution: renewal of the term of office of Jacques Aschenbroich as Director	85.96%
Eighth resolution: renewal of the term of office of Monique Cohen as Director	99.19%
Ninth resolution: renewal of the term of office of Daniela Schwarzer as Director	99.34%
Tenth resolution: renewal of the term of office of Fields Wicker-Miurin as Director	99.23%
Eleventh resolution: vote on the components of the compensation policy attributable to Directors	99.59%
Twelfth resolution: vote on the components of the compensation policy attributable to the Chairman of the Board of directors	96.12%
Thirteenth resolution: vote on the components of the compensation policy attributable to the Chief Executive Officer and to the Chief Operating Officer	96.61%
Fourteenth resolution: vote on the information on the compensation paid or granted in respect of 2019 to all corporate officers	95.79%
Fifteenth resolution: vote on the components of the compensation paid or granted in respect of 2019 to Mr Jean Lemierre, Chairman of the Board of directors	96.36%
Sixteenth resolution: vote on the components of the compensation paid or granted in respect of 2019 to Mr Jean-Laurent Bonnafé, Chief Executive Officer	98.76%
Seventeeth resolution: vote on the components of the compensation paid or granted in respect of 2019 to Mr Philippe Bordenave, Chief Operating Officer	98.71%
Eighteenth resolution: advisory vote on the overall amount of compensation of any kind paid during 2019 to Executive Officers and certain categories of staff	99.84%
EXTRAORDINARY MEETING	
Nineteenth resolution: capital increase with preferential subscription rights	92.74%
Twentieth resolution: capital increase without preferential subscription rights	92.27%
Twenty-first resolution: capital increase without preferential subscription rights to remunerate contributions of securities up to a limit of 10% of the share capital	94.31%
Twenty-second resolution: overall limit on authorisations to issue shares with, or with cancellation of, preferential subscription rights	95.35%
Twenty-third resolution: capital increase by capitalising reserves, retained earnings, additional paid-in capital or merger or contribution premiums	99.92%
Twenty-fourth resolution: overall limit on authorisations to issue shares maintaining, cancelling or without preferential subscription rights	94.18%
Twenty-fifth resolution: transactions reserved for members of the BNP Paribas Group Company Savings Plan, with cancellation of preferential subscription rights	94.14%
Twenty-sixth resolution: authorisation to reduce the share capital by cancelling shares	96.97%
Twenty-seventh resolution: amendment of the Articles of association to allow the appointment of a Director representing employee shareholders	99.97%
Twenty-eighth resolution: amendment of the Articles of association to enable the Board of directors to take certain decisions by written consultation	99.97%
Twenty-ninth resolution: simplification and adaptation of the Articles of association	99.98%
Thirtieth resolution: powers for formalities	99.98%

NOTICES OF MEETING

BNP Paribas will hold its next Combined General Meeting on 18 May 2021(1).

The meeting notices and invitations are available on the "invest.bnpparibas.com" website in French and English from the time of their publication in the French Bulletin of Compulsory Legal Announcements (BALO). Staffs at all BNP Paribas branches are specifically trained to provide the necessary assistance and carry out the required formalities.

Holders of registered shares are automatically notified, regardless of the number of shares held, with a complete notice of meeting containing in particular the agenda, the draft resolutions and a voting form. A significant and fast-growing proportion (23.2%, compared with 14.9% a year earlier) of notices of meeting to registered shareholders were sent via the internet after the shareholders concerned had given their prior agreement to this information procedure.

BNP Paribas informs holders of bearer shares via the internet regardless of the number of shares held, subject to their custodians being part of the market system known as Votaccess. Shareholders notified of the Annual General Meeting may take part quickly and easily. The Bank also provides custodians with notices of meetings and printed postal voting forms, which can then be sent to those shareholders who request them.

ATTENDANCE AT MEETINGS

Holders of shares may gain admittance to a General Meeting(1) provided these shares have been recorded in their accounts for at least two trading days. Holders of bearer shares must also present an entry card or certificate proving their ownership of the shares.

VOTING

Using the internet voting platform gives shareholders access to the notice of the Annual General Meeting. They can then either vote or appoint a proxy, or print their admission card if they wish to attend the Annual General Meeting in person(2).

More than 88% of the shareholders who took part in the vote in 2020 used the platform, a proportion that has risen sharply compared with the nearly 74% recorded in 2019. This significant increase is the result of information that, in the context of the Covid-19 pandemic, had been given to shareholders in March 2020 to encourage them to use the internet and vote "remotely."

Shareholders not using the online platform returned the printed form enclosed with the notice of meeting to BNP Paribas. Before the Annual General Meeting, this document may be used to:

- request an admission card(1); or
- vote by post; or
- give proxy to another individual or legal entity; or
- give proxy to the Chairman of the Meeting.

DISCLOSURE THRESHOLDS

In addition to the legal thresholds, and in accordance with article 5 of the Articles of association, any shareholder, whether acting alone or in concert, who owns or may hold directly or indirectly at least 0.5% of the capital or voting rights of BNP Paribas, or any multiple of that percentage up to 5%, is required to notify BNP Paribas by registered letter with return receipt.

Once the 5% threshold is reached, shareholders are required to disclose any increase in their interest representing a multiple of 1% of the share capital or voting rights of BNP Paribas.

The disclosures described in the previous two paragraphs shall also apply when the shareholding falls below the above-mentioned thresholds.

In the case of failure to comply with these disclosure requirements, either legal or statutory, the undisclosed shares will be stripped of voting rights at the request of one or more shareholders who hold a combined interest of at least 2% of the share capital or voting rights of BNP Paribas.

(1) Subject to change at a later date.

(2) Except in the case of specific government measures.

2 CORPORATE GOVERNANCE AND INTERNAL CONTROL

2.1 Report on Corporate governance

This Corporate governance report was prepared by the Board of directors in accordance with the last paragraph of article L.225-37 of the French Commercial Code.

The information contained herein notably takes into account annex I of the Commission delegated Regulation (EU) 2019/980 of 14 March 2019, AMF Recommendation No. 2012-02[1] amended on 3 December 2019, the AMF's 2020 report[2] and the November 2020 Annual Report of the High Committee for Corporate governance (*Haut Comité de Gouvernement d'Entreprise* – HCGE).

(1) *AMF recommendation No. 2012-02 – Corporate governance and executive compensation in companies referring to the Afep-Medef Code – Consolidated presentation of the recommendations contained in the Annual Reports of the AMF.*

(2) *2020 AMF report on Corporate governance and executive compensation of listed companies (November 2020).*

2.1.1 PRESENTATION OF DIRECTORS AND CORPORATE OFFICERS

MEMBERSHIP OF THE BOARD OF DIRECTORS AT 31 DECEMBER 2020

Jean LEMIERRE Principal function: Chairman of the Board of directors of BNP Paribas	
Date of birth: 6 June 1950 *Nationality:* French *Term start and end dates:* 19 May 2020 – 2023 AGM *Date first* elected to the Board of directors: 1 December 2014 ratified by the Annual General Meeting of 13 May 2015 *Number of BNP Paribas shares held*[1]: 35,826 *Business address:* 3, rue d'Antin 75002 PARIS, FRANCE **Education** Graduate of the Institut d'Études Politiques de Paris Graduate of the École Nationale d'Administration Law Degree	**Offices[1] held in listed or unlisted companies of the BNP Paribas Group, in France or abroad** BNP Paribas[(*)], Chairman of the Board of directors TEB Holding AS (Turkey), director **Other offices[1] held in listed or unlisted companies outside the BNP Paribas Group, in France or abroad** Total SA[(*)], director **Participation[1] in specialised committees of French or foreign companies** Total SA, member of the Corporate governance and Ethics Committee and member of the Strategy & CSR Committee **Others[1]** Centre for Prospective Studies and International Information (CEPII), Chairman Paris Europlace, Vice-Chairman Association française des entreprises privées, member Institute of International Finance (IIF), member Orange International Advisory Board, member International Advisory Council of China Development Bank (CDB), member International Advisory Council of China Investment Corporation (CIC), member International Advisory Panel (IAP) of the Monetary Authority of Singapore (MAS), member

Offices held at 31 December in previous financial years
(the companies mentioned are the parent companies of the groups in which the functions were carried out)

2019:	2018:	2017:	2016:
Chairman of the Board of directors: BNP Paribas **Director:** TEB Holding AS (Turkey), Total SA **Chairman:** Centre for Prospective Studies and International Information (CEPII) **Vice-Chairman:** Paris Europlace **Member:** French Association of Private Companies, Institute of International Finance (IIF), International Advisory Board of Orange, International Advisory Council of China Development Bank (CDB), International Advisory Council of China Investment Corporation (CIC), International Advisory Panel (IAP) of the Monetary Authority of Singapore (MAS)	**Chairman of the Board of directors:** BNP Paribas **Director:** TEB Holding AS (Turkey), Total SA **Chairman:** Centre for Prospective Studies and International Information (CEPII) **Vice-Chairman:** Paris Europlace **Member:** French Association of Private Companies, Institute of International Finance (IIF), International Advisory Board of Orange, International Advisory Council of China Development Bank (CDB), International Advisory Council of China Investment Corporation (CIC), International Advisory Panel (IAP) of the Monetary Authority of Singapore (MAS)	**Chairman of the Board of directors:** BNP Paribas **Director:** TEB Holding AS (Turkey), Total SA **Chairman:** Centre for Prospective Studies and International Information (CEPII) **Member:** Institute of International Finance (IIF), Orange International Advisory Board, International Advisory Council of China Development Bank (CDB), International Advisory Council of China Investment Corporation (CIC), International Advisory Panel (IAP) of the Monetary Authority of Singapore (MAS)	**Chairman of the Board of directors:** BNP Paribas **Director:** TEB Holding AS (Turkey), Total SA **Chairman:** Centre for Prospective Studies and International Information (CEPII) **Member:** Institute of International Finance (IIF), Orange International Advisory Board, International Advisory Council of China Development Bank (CDB), International Advisory Council of China Investment Corporation (CIC), International Advisory Panel (IAP) of the Monetary Authority of Singapore (MAS)

(1) At 31 December 2020.
(*) Listed company.

Jean-Laurent BONNAFÉ
Principal function: director and Chief Executive Officer of BNP Paribas

Date of birth: 14 July 1961 *Nationality:* French *Term start and end dates:* 23 May 2019 – 2022 AGM *Date first* elected to the Board of directors: 12 May 2010 *Number of BNP Paribas shares held*[1]: 106,603[2] *Business address:* 3, rue d'Antin 75002 PARIS FRANCE **Education** Graduate of the École Polytechnique Graduate of the École des Mines	**Offices[1] held in listed or unlisted companies of the BNP Paribas Group, in France or abroad** BNP Paribas[(*)], director and Chief Executive Officer **Other offices[1] held in listed or unlisted companies outside the BNP Paribas Group, in France or abroad** Pierre Fabre SA, director **Participation[1] in specialised committees of French or foreign companies** Pierre Fabre SA, member of the Strategic Committee **Others[1]** Association pour le Rayonnement de l'Opéra de Paris, Chairman Entreprise pour l'Environnement, Chairman Fédération Bancaire Française (French Banking Federation), Vice-Chairman of the Executive Committee La France s'engage, director

Offices held at 31 December in previous financial years
(the companies mentioned are the parent companies of the groups in which the functions were carried out)

2019:	2018:	2017:	2016:
Director and Chief Executive Officer: BNP Paribas **Chairman:** Association pour le Rayonnement de l'Opéra de Paris, Entreprise pour l'Environnement **Director:** Carrefour, La France s'engage, Pierre Fabre SA **Member of the Executive Committee:** Fédération Bancaire Française	**Director and Chief Executive Officer:** BNP Paribas **Chairman:** Association pour le Rayonnement de l'Opéra de Paris **Vice-Chairman:** Entreprise pour l'Environnement **Director:** Carrefour **Member of the Executive Committee:** Fédération Bancaire Française	**Director and Chief Executive Officer:** BNP Paribas **Chairman:** Fédération Bancaire Française, Association pour le Rayonnement de l'Opéra de Paris **Vice-Chairman:** Entreprise pour l'Environnement **Director:** Carrefour	**Director and Chief Executive Officer:** BNP Paribas **Director:** Carrefour

(1) At 31 December 2020.
(2) Includes 25,228 BNP Paribas shares held as units in the shareholders' fund under the Company Savings Plan.
(*) Listed company.

Jacques ASCHENBROICH
Principal function: Chairman and Chief Executive Officer of the Valeo Group

Date of birth: 3 June 1954
Nationality: French
Term start and end dates: 19 May 2020 – 2023 AGM
Date first elected to the Board of directors: 23 May 2017

Number of BNP Paribas shares held(1): 1,000
Business address: 43 rue Bayen
75017 PARIS,
FRANCE

Education
Graduate of the École des Mines
Corps des Mines

Offices(1) held in listed or unlisted companies of the BNP Paribas Group, in France or abroad
BNP Paribas(*), director
Offices(1) held under the principal function
Valeo Group(*), Chairman and Chief Executive Officer
Other offices(1) held in listed or unlisted companies outside the BNPP Group, in France or abroad
Veolia Environnement(*), director
Participation(1) in specialised committees of French or foreign companies
BNP Paribas, member of the Financial Statements Committee
Veolia Environnement, member of the Audit Committee and Chairman of the Research, Innovation and Sustainable Development Committee
Others
École Nationale Supérieure Mines ParisTech, Chairman
Club d'affaires Franco-Japonais, Co-Chairman
Association française des entreprises privées, member

Offices held at 31 December in previous financial years
(the companies mentioned are the parent companies of the groups in which the functions were carried out)

2019:	2018:	2017:	2016:
Chairman and Chief Executive Officer: Valeo Group **Director:** BNP Paribas Véolia Environnement, French association of private companies **Chairman:** École Nationale Supérieure Mines ParisTech **Co-Chairman:** Club d'affaires Franco-Japonais	**Chairman and Chief Executive Officer:** Valeo Group **Director:** BNP Paribas Veolia Environnement **Chairman:** École Nationale Supérieure Mines ParisTech **Co-Chairman:** Club d'affaires Franco-Japonais	**Chairman and Chief Executive Officer:** Valeo Group **Director:** BNP Paribas Veolia Environnement **Chairman:** École Nationale Supérieure Mines ParisTech **Co-Chairman:** Club d'affaires Franco-Japonais	**Chairman and Chief Executive Officer:** Valeo Group **Director:** BNP Paribas, Veolia Environnement Chairman: École Nationale Supérieure Mines ParisTech **Co-Chairman:** Club d'affaires Franco-Japonais

(1) At 31 December 2020.
(*) Listed company.

Pierre-André de CHALENDAR
Principal function: Chairman and Chief Executive Officer of Compagnie de Saint-Gobain

Date of birth: 12 April 1958
Nationality: French
Term start and end dates: 24 May 2018 – 2021 AGM
Date first elected to the Board of directors: 23 May 2012

Number of BNP Paribas shares held(1): 7,000
Business address: Les Miroirs
92096 LA DÉFENSE CEDEX
FRANCE

Education
Graduate of École Supérieure des Sciences Économiques et Commerciales (ESSEC)
Graduate of the École Nationale d'Administration

Offices(1) held in listed or unlisted companies of the BNP Paribas Group, in France or abroad
BNP Paribas(*), director
Offices(1) held under the principal function
Compagnie de Saint-Gobain(*), Chairman and Chief Executive Officer
GIE SGPM Recherches, director
Saint-Gobain Corporation, director
Participation(1) in specialised committees of French or foreign companies
BNP Paribas, Chairman of the Remuneration Committee and member of the Corporate governance, Ethics, Nominations and CSR Committee
Others
Essec Supervisory Board, Chairman
La Fabrique de l'Industrie, Co-Chairman
Association française des entreprises privées, member

Offices held at 31 December in previous financial years
(the companies mentioned are the parent companies of the groups in which the functions were carried out)

2019:	2018:	2017:	2016:
Chairman and Chief Executive Officer: Compagnie de Saint-Gobain **Chairman:** La Fabrique de l'Industrie, Supervisory Board of Essec **Director:** BNP Paribas, French Association of Private Companies	**Chairman and Chief Executive Officer:** Compagnie de Saint-Gobain **Director:** BNP Paribas	**Chairman and Chief Executive Officer:** Compagnie de Saint-Gobain **Director:** BNP Paribas	**Chairman and Chief Executive Officer:** Compagnie de Saint-Gobain **Director:** BNP Paribas

(1) At 31 December 2020.
(*) Listed company.

Monique COHEN
Principal function: Partner of Apax Partners

Date of birth: 28 January 1956 *Nationality:* French *Term start and end dates:* 19 May 2020 – 2023 AGM *Date first* elected to the Board of directors: 12 February 2014, ratified by the Annual General Meeting of 14 May 2014 *Number of BNP Paribas shares held*[1]: 9,620 *Business address:* 1, rue Paul-Cézanne 75008 PARIS FRANCE **Education** Graduate of the École Polytechnique Master's Degree in Mathematics Master's Degree in Business Law	**Offices[1] held in listed or unlisted companies of the BNP Paribas Group, in France or abroad** BNP Paribas[*], director **Offices[1] held under the principal function** Proxima Investissement SA (Luxembourg), Chairwoman of the Board of directors Fides Holdings, Chairwoman of the Board of directors Fides Acquisitions, member of the Board of directors **Other offices[1] held in listed or unlisted companies outside the BNP Paribas Group, in France or abroad** Hermès[*], Vice-Chairwoman of the Supervisory Board Safran[*], senior director **Participation[1] in specialised committees of French or foreign companies** BNP Paribas, Chairwoman of the Corporate governance, Ethics, Nominations and CSR Committee, member of the Internal Control, Risk and Compliance Committee Hermès, Chairwoman of the Audit and Risks Committee Safran, Chairwoman of the Nominations and Remuneration Committee

Offices held at 31 December in previous financial years
(the companies mentioned are the parent companies of the groups in which the functions were carried out)

2019:	2018:	2017:	2016:
Chairwoman of the Board of directors: Proxima Investments SA (Luxembourg), Fides Holdings **Vice-Chairwoman of the Supervisory Board:** Hermès **Director:** BNP Paribas, Safran, Apax Partners SAS **Member:** Fides Acquisitions	**Chairwoman of the Board of directors:** Proxima Investments SA (Luxembourg), Fides Holdings **Vice-Chairwoman of the Supervisory Board:** Hermès **Director:** BNP Paribas, Safran, Apax Partners SAS **Member:** Fides Acquisitions	**Chairwoman of the Board of directors:** Proxima Investments SA (Luxembourg), Fides Holdings, Fides Acquisitions **Vice-Chairwoman of the Supervisory Board:** Hermès **Director:** BNP Paribas, Safran, Apax Partners SAS	**Chairwoman of the Board of directors:** Proxima Investment SA (Luxembourg) **Vice-Chairwoman and member of the Supervisory Board:** Hermès **Director:** BNP Paribas, Safran, Apax Partners Midmarket SAS **Member:** Special Committee (advisory body) of Global Project SAS, Supervisory Board of JC Decaux

(1) At 31 December 2020.
(*) Listed company.

Wouter DE PLOEY
Principal function: Chief Executive Officer of ZNA (hospital group in Antwerp, Belgium)

Date of birth: 5 April 1965
Nationality: Belgian
Term start and end dates: 23 May 2019 – 2022 AGM
Date first elected to the Board of directors: 26 May 2016

Number of BNP Paribas shares held(1): 1,000
Business address: Leopoldstraat 26
B-2000 ANTWERPEN/ANVERS
BELGIUM

Education
Master's degree and Doctorate in Economics from the University of Michigan, Ann Arbor (United States of America)
Master's in Economics (Magna cum Laude) and Philosophy, University of Leuven (Belgium)

Offices(1) held in listed or unlisted companies of the BNP Paribas Group, in France or abroad
BNP Paribas(*), director
Offices(1) held in listed or unlisted companies outside the BNP Paribas Group, in France or abroad
Vanbreda Risk & Benefits NV, director
Unibreda NV, director
Participation(1) in specialised committees of French or foreign companies
BNP Paribas, member of the Financial Statements Committee
Others(1)
Gasthuiszusters Antwerpen, director
Regroupement GZA-ZNA, director
BlueHealth Innovation Center, director
Chamber of Commerce bureau, VOKA Antwerp - Waasland (Belgium), Vice-Chairman

Offices held at 31 December in previous financial years
(the companies mentioned are the parent companies of the groups in which the functions were carried out)

2019:	2018:	2017:	2016:
Director: BNP Paribas, Vanbreda Risk & Benefits NV (Belgium), Unibreda NV (Belgium), BlueHealth Innovation Center, Gasthuiszusters Antwerpen, Regroupement GZA-ZNA **Vice-Chairman:** Chamber of Commerce bureau, VOKA Antwerp - Waasland (Belgium)	**Director:** BNP Paribas, Vanbreda Risk & Benefits NV (Belgium), Unibreda NV (Belgium), BlueHealth Innovation Center, Gasthuiszusters Antwerpen, Regroupement GZA-ZNA **Vice-Chairman:** Chamber of Commerce bureau, VOKA Antwerp - Waasland (Belgium)	**Director:** BNP Paribas, Vanbreda Risk & Benefits NV (Belgium), Unibreda NV **Vice-Chairman:** Chamber of Commerce bureau, VOKA Antwerp - Waasland (Belgium) **Member:** Belgian - American Educational Foundation (Belgium) **Adviser to the Board of directors:** Lannoo publishing company (Belgium)	**Member of the Supervisory Board:** GIMV XL **Director:** BNP Paribas **Vice-Chairman:** Waasland (Belgium) **Chairman:** Board of directors of the Museum of Contemporary Art, Antwerp (Belgium) **Member:** Belgian - American Educational Foundation (Belgium), of the Board of directors of Haute École Odisee (Belgium) **Adviser to the Board of directors:** Lannoo publishing company (Belgium)

(1) At 31 December 2020.
(*) Listed company.

Hugues EPAILLARD **Principal function: Real estate business manager**	
Date of birth: 22 June 1966 *Nationality:* French *Term start and end dates:* elected by BNP Paribas executive employees for three years from 16 February 2021 - 15 February 2024 *Date first* elected to the Board of directors: 16 February 2018 *Number of BNP Paribas shares held*[1]: 519[2] *Business address: 83, La Canebière* *13001 MARSEILLE*	**Offices[1] held in listed or unlisted companies of the BNP Paribas Group, in France or abroad** BNP Paribas(*), director **Participation in specialised committees of French or foreign companies** BNP Paribas, member of the Internal Control, Risk and Compliance Committee and of the Remuneration Committee **Others[1]** Judge at the Marseille Employment Tribunal, Management section Commission Paritaire de la Banque (AFB – Recourse Commission), member

Offices held at 31 December in previous financial years
(the companies mentioned are the parent companies of the groups in which the functions were carried out)

2019:	2018:		
Director: BNP Paribas	**Director:** BNP Paribas		

(1) *At 31 December 2020.*
(2) *Includes 490 BNP Paribas shares held under the Company Savings Plan.*
(*) *Listed company.*

Rajna GIBSON-BRANDON **Principal function: Professor in Finance at the University of Geneva**	
Date of birth: 20 December 1962 Nationality: Swiss *Term start and end dates*: 28 November 2018 – 2021 AGM *Date first elected to the Board of directors:* 28 November 2018 *Number of BNP Paribas shares held*[1]: 1,000 *Business address:* 40, Boulevard Pont d'Arve CH-1211 GENEVA 4 SWITZERLAND **Education** Doctorate in Social & Economic Sciences (Specialization in Finance), University of Geneva	**Offices[1] held in listed or unlisted companies of the BNP Paribas Group, in France or abroad** BNP Paribas(*), director **Participation[1] in specialised committees of French or foreign companies** BNP Paribas, member of the Internal Control, Risk and Compliance Committee **Others** Geneva Finance Research Institute, Deputy director Geneva Institute for Wealth Management Foundation, director Bülach Investment Professionals' Scientific and Training Board, Chairwoman Strategic Committee and Sustainable Finance Supervisory Committee in Geneva, director

Offices held at 31 December in previous financial years
(the companies mentioned are the parent companies of the groups in which the functions were carried out)

2019:	2018:		
Director: BNP Paribas, Applic8 SA **Chairwoman:** Bülach Investment Professionals' Scientific and Training Board **Director:** Geneva Institute for Wealth Management Foundation **Deputy director:** Geneva Finance Research Institute **Member:** Strategic Committee and Sustainable Finance Supervisory Committee in Geneva	**Director:** BNP Paribas, Applic8 SA **Chairwoman:** Bülach Investment Professionals' Scientific and Training Board **Director:** Geneva Institute for Wealth Management Foundation **Deputy director:** Geneva Finance Research Institute **Member:** Strategic Committee and Sustainable Finance Supervisory Committee in Geneva		

(1) *At 31 December 2020.*
(*) *Listed company.*

Marion GUILLOU
Principal function: Independent director of companies

Date of birth: 17 September 1954
Nationality: French
Term start and end dates: 23 May 2019 – 2022 AGM
Date first elected to the Board of directors: 15 May 2013

Number of BNP Paribas shares held[1]: 1,000
Business address: 42, rue Scheffer
75116 PARIS
FRANCE

Education
Graduate of the École Polytechnique
Graduate of the École Nationale du Génie Rural, des Eaux et des Forêts
Doctor of Food Sciences
Institut français des administrateurs

Offices[1] held in listed or unlisted companies of the BNP Paribas Group, in France or abroad
BNP Paribas[*], director

Other offices[1] held in listed or unlisted companies outside the BNP Paribas Group, in France or abroad
Veolia Environnement[*], director

Participation[1] in specialised committees of French or foreign companies
BNP Paribas, member of the Corporate governance, Ethics, Nominations and CSR Committee and of the Remuneration Committee
Veolia Environnement, member of the Research, Innovation and Sustainable Development Committee and the Remuneration Committee

Others[1]
Care - France (NGO), Vice-Chairwoman
Bioversity-CIAT Alliance, director
Bioversity, director
CIAT, director
IFRI, director

Offices held at 31 December in previous financial years
(the companies mentioned are the parent companies of the groups in which the functions were carried out)

2019:	2018:	2017:	2016:
Director: BNP Paribas, Imerys, Veolia Environnement **Member:** Board of directors of Universcience, Board of directors of Care - France (NGO), Board of directors of Bioversity International, Board of directors of Bioversity-CIAR Alliance, Board of directors of the International agricultural research centre (IARC), Board of directors of IFRI	**Chairwoman of the Board of directors:** IAVFF-Agreenium (public institution) **Director:** BNP Paribas, Imerys, Veolia Environnement **Member:** Board of directors of Universcience, Board of directors of Care - France (NGO), Board of directors of Bioversity International, Board of directors of the International agricultural research centre (IARC), Board of directors of IFRI	**Chairwoman of the Board of directors:** IAVFF-Agreenium (public institution) **Director:** BNP Paribas, Imerys, Veolia Environnement **Member:** Board of directors of Universcience, Board of directors of Care - France (NGO), Board of directors of IHEST (Institut des Hautes Études en Sciences et Technologies), Academic Council of the Academy of Technologies, Board of directors of Bioversity International	**Chairwoman of the Board of directors:** IAVFF-Agreenium (public institution) **Director:** BNP Paribas, Apave, CGIAR, Imerys, Veolia Environnement **Member:** Board of directors of Care - France (NGO), Board of directors of IHEST (Institut des Hautes Études en Sciences et Technologies), Board of directors of Bioversity International

(1) At 31 December 2020.
(*) Listed company.

Denis KESSLER
Principal function: Chairman and Chief Executive Officer of SCOR SE

Date of birth: 25 March 1952
Nationality: French
Term start and end dates: 24 May 2018 – 2021 AGM
Date first elected to the Board of directors: 23 May 2000

Number of BNP Paribas shares held[1]: 2,684
Business address: 5, avenue Kléber
75016 PARIS
FRANCE

Education
Degree in Economic Science
Degree in Social Science
Doctor of Economic Science
Graduate of the French École des Hautes Études Commerciales
Institute of Actuaries, qualified member

Offices[1] held in listed or unlisted companies of the BNP Paribas Group, in France or abroad
BNP Paribas[*], director
Offices[1] held under the principal function
SCOR SE[*], Chairman and Chief Executive Officer
Other offices[1] held in listed or unlisted companies outside the BNP Paribas Group, in France or abroad
Invesco Ltd[*] (United States), director
Participation[1] in specialised committees of French or foreign companies
BNP Paribas, Chairman of the Financial Statements Committee
Invesco Ltd, Member of the Remuneration Committee and the Nominations and Corporate governance Committee
SCOR SE, Chairman of the Strategic Committee and member of the Crisis Management Committee
Others[1]
Association de Genève, director
Global Reinsurance Forum - Reinsurance Advisory Board, member
Institute of Moral and Political Sciences, member
Institute of Actuaries, qualified member

Offices held at 31 December in previous financial years
(the companies mentioned are the parent companies of the groups in which the functions were carried out)

2019:	2018:	2017:	2016:
Chairman and Chief Executive Officer: SCOR SE **Director:** BNP Paribas, Invesco Ltd (United States) **Member:** Board of directors of Association de Genève, Global Reinsurance Forum - Reinsurance Advisory Board, Institut des sciences morales et politiques, Institute of Actuaries	**Chairman and Chief Executive Officer:** SCOR SE **Director:** BNP Paribas, Invesco Ltd (United States) **Member:** Board of directors of Association de Genève, Global Reinsurance Forum - Reinsurance Advisory Board, Institut des sciences morales et politiques, Institute of Actuaries	**Chairman and Chief Executive Officer:** SCOR SE **Director:** BNP Paribas, Invesco Ltd (United States) **Member:** Board of directors of Association de Genève, Global Reinsurance Forum - Reinsurance Advisory Board, Conference Board (Global counsellor), Institut des sciences morales et politiques, Institute of Actuaries	**Chairman and Chief Executive Officer:** SCOR SE **Director:** BNP Paribas, Invesco Ltd (United States) **Member:** Board of directors of Association de Genève, Global Reinsurance Forum - Reinsurance Advisory Board, Conference Board (Global counsellor)

(1) At 31 December 2020.
(*) Listed company.

Daniela SCHWARZER
Principal function: director of think tank, DGAP (Deutsche Gesellschaft für Auswärtige Politik) (German Council on Foreign Relations)

Date of birth: 19 July 1973
Nationality: German
Term start and end dates: 19 May 2020 – 2023 AGM
Date first elected to the Board of directors: 14 May 2014

Number of BNP Paribas shares held(1): 1,000
Business address: Rauchstrasse 17-18
10787 BERLIN
GERMANY

Education
Doctorate in Economics from the Free University of Berlin
Master's degree in Political Science and in Linguistics from the University of Tübingen

Offices(1) held in listed or unlisted companies of the BNP Paribas Group, in France or abroad
BNP Paribas(*), director

Participation(1) in specialised committees of French or foreign companies
BNP Paribas, member of the Governance, Ethics, Nominations and CSR Committee

Others
Jacques-Delors Institute, director
Foundation United Europe (Germany), director
Open Society Foundation, member of the Advisory Committee
Académie fédérale de sécurité, member of the Advisory Committee
Special advisor to the Vice-President of the European Commission

Offices held at 31 December in previous financial years
(the companies mentioned are the parent companies of the groups in which the functions were carried out)

2019:	2018:	2017:	2016:
Director: BNP Paribas **Member:** Board of directors of the Jacques-Delors Institute, Board of directors of United Europe (Germany), Open Society Foundation, Advisory Committee, Federal Security Academy, Advisory Committee **Research** Professor at Johns-Hopkins University, Department of European and Eurasian Studies (Bologna and Washington, DC)	**Director:** BNP Paribas **Member:** Board of directors of the Jacques-Delors Institute, Board of directors of United Europe (Germany), Open Society Foundation, Advisory Committee **Research** Professor at Johns-Hopkins University, Department of European and Eurasian Studies (Bologna and Washington, DC)	**Director:** BNP Paribas **Member:** Board of directors of the Jacques-Delors Institute, Board of directors of United Europe (Germany) **Research** Professor at Johns-Hopkins University, Department of European and Eurasian Studies (Bologna and Washington, DC)	**Director:** BNP Paribas **Member:** Board of directors of the Jacques-Delors Institute, Board of directors of United Europe (Germany) **Research** Professor at Johns-Hopkins University, Department of European and Eurasian Studies (Bologna and Washington, DC)

(1) At 31 December 2020.
(*) Listed company.

Michel TILMANT
Principal function: director of companies

Date of birth: 21 July 1952
Nationality: Belgian
Term start and end dates: 23 May 2019 – 2022 AGM
Date first elected to the Board of directors: 12 May 2010
(Michel Tilmant served as non-voting director (censeur) of BNP Paribas from 4 November 2009 to 11 May 2010)

Number of BNP Paribas shares held[(1)]: 1,000
Business address: Rue du Moulin 10
B-1310 LA HULPE
BELGIUM

Education
Graduate of the University of Louvain

Offices[(1)] held in listed or unlisted companies of the BNP Paribas Group, in France or abroad
BNP Paribas[(*)], director

Offices[(1)] held under the principal function
Strafin sprl (Belgium), manager

Other offices[(1)] held in listed or unlisted companies outside the BNP Paribas Group, in France or abroad
Sofina SA[(*)] (Belgium), director
Groupe Lhoist SA (Belgium), director
Foyer Group:
CapitalatWork Foyer Group SA (Luxembourg), Chairman
Foyer SA (Luxembourg), director
Foyer Finance SA, director

Participation[(1)] in specialised committees of French or foreign companies
BNP Paribas, Chairman of the Internal Control, Risk and Compliance Committee
Sofina SA, member of the Nominations and Remuneration Committee
Groupe Lhoist SA, member of the Audit Committee

Others[(1)]
Royal Automobile Club of Belgium (Belgium), director
Zoute Automobile Club (Belgium), director
Université Catholique de Louvain (Belgium), director

Offices held at 31 December in previous financial years
(the companies mentioned are the parent companies of the groups in which the functions were carried out)

2019:	2018:	2017:	2016:
Chairman: CapitalatWork Foyer Group SA (Luxembourg) **Director:** BNP Paribas Foyer SA (Luxembourg), Foyer Finance SA, Groupe Lhoist SA (Belgium), Sofina SA (Belgium) **Manager:** Strafin sprl (Belgium) **Member:** Board of directors of Royal Automobile Club of Belgium (Belgium), Board of directors of the Zoute Automobile Club (Belgium), Board of directors of Université Catholique de Louvain (Belgium) **Senior advisor:** Cinven Ltd (United Kingdom)	**Chairman:** CapitalatWork Foyer Group SA (Luxembourg) **Director:** BNP Paribas Foyer SA (Luxembourg), Foyer Finance SA, Groupe Lhoist SA (Belgium), Sofina SA (Belgium) **Manager:** Strafin sprl (Belgium) **Member:** Board of directors of Royal Automobile Club of Belgium (Belgium), Board of directors of Université Catholique de Louvain (Belgium) **Senior advisor:** Cinven Ltd (United Kingdom)	**Chairman:** CapitalatWork Foyer Group SA (Luxembourg) **Director:** BNP Paribas Foyer SA (Luxembourg), Foyer Finance SA, Groupe Lhoist SA (Belgium), Sofina SA (Belgium) **Manager:** Strafin sprl (Belgium) **Member:** Board of directors of Royal Automobile Club of Belgium (Belgium), Board of directors of Université Catholique de Louvain (Belgium) **Senior advisor:** Cinven Ltd (United Kingdom)	**Director:** BNP Paribas, CapitalatWork Foyer Group SA (Luxembourg), Foyer SA (Luxembourg), Groupe Lhoist SA (Belgium), Sofina SA (Belgium) **Manager:** Strafin sprl (Belgium) **Member:** Board of directors of Royal Automobile Club of Belgium (Belgium), Board of directors of Université Catholique de Louvain (Belgium) **Senior advisor:** Cinven Ltd (United Kingdom)

(1) At 31 December 2020.
(*) Listed company.

Sandrine VERRIER
Principal function: Production and sales support assistant

Date of birth: 9 April 1979
Nationality: French
Term start and end dates: elected by BNP Paribas technician employees for three years from 16 February 2021 - 15 February 2024
Date first elected to the Board of directors: 16 February 2015

Number of BNP Paribas shares held[1]: 20
Business address: 150, rue du Faubourg Poissonnière
75450 PARIS CEDEX 09
FRANCE

Offices[1] held in listed or unlisted companies of the BNP Paribas Group, in France or abroad
BNP Paribas[*], director
Participation[1] in specialised committees of French or foreign companies
BNP Paribas, member of the Financial Statements Committee
Others[1]
Ile de France Economic, Social and Environmental Council, Member

Offices held at 31 December in previous financial years
(the companies mentioned are the parent companies of the groups in which the functions were carried out)

2019:	2018:	2017:	2016:
Director: BNP Paribas	**Director:** BNP Paribas	**Director:** BNP Paribas	**Director:** BNP Paribas

(1) At 31 December 2020.
(*) Listed company.

Fields WICKER-MIURIN
Principal function: director of companies

Date of birth: 30 July 1958
Nationalities: British and American
Term start and end dates: 19 May 2020 – 2023 AGM
Date first elected to the Board of directors: 11 May 2011

Number of BNP Paribas shares held[1]: 1,000
Business address: 11-13 Worple Way
RICHMOND-UPON-THAMES
SURREY TW10 6DG
UNITED KINGDOM

Education
Graduate of the Institut d'Études Politiques de Paris
Master's Degree from the School of Advanced International Studies, Johns Hopkins University
BA, University of Virginia

Offices[1] held in listed or unlisted companies of the BNP Paribas Group, in France or abroad
BNP Paribas[*], director
Offices[1] held in listed or unlisted companies outside the BNP Paribas Group, in France or abroad
Prudential Plc[*], director
SCOR SE[*], director
Participation[1] in specialised committees of French or foreign companies
BNP Paribas, member of the Financial Statements, Remuneration, Internal Control, Risk and Compliance Committee
Prudential Plc, member of the Remuneration Committee
SCOR SE, member of the Strategic Committee, Risk Committee, Nominations and Remuneration Committee, Financial Statements and Audit Committee, member of the Crisis Management Committee and Chairwoman of the CSR Committee
Others[1]
Co-founder and Partner at Leaders' Quest (United Kingdom)

Offices held at 31 December in previous financial years
(the companies mentioned are the parent companies of the groups in which the functions were carried out)

2019:	2018:	2017:	2016:
Director: BNP Paribas, Prudential Plc, SCOR SE **Co-founder and Partner at:** Leaders' Quest (United Kingdom) **Independent member of the Ministry Council and Chairwoman of the Audit and Risks Committee:** UK Department of Digital, Culture, Media and Sports	**Director:** BNP Paribas, Prudential Plc, SCOR SE **Co-founder and Partner at:** Leaders' Quest (United Kingdom) **Independent member of the Ministry Council and Chairwoman of the Audit and Risks Committee:** UK Department of Digital, Culture, Media and Sports	**Director:** BNP Paribas, Control Risks Group, SCOR SE **Co-founder and Partner at:** Leaders' Quest (United Kingdom) **Independent member of the Ministry Council and Chairwoman of the Audit and Risks Committee:** UK Department of Digital, Culture, Media and Sports	**Director:** BNP Paribas, Control Risks Group, SCOR SE **Co-founder and Partner at:** Leaders' Quest (United Kingdom) **Independent member of the Ministry Council and Chairwoman of the Audit and Risks Committee:** UK Department of Digital, Culture, Media and Sports

(1) At 31 December 2020.
(*) Listed company.

SCHEDULE OF THE TERMS OF THE DIRECTORSHIPS OF COMPANY DIRECTORS

On the Board's proposal, the Shareholders' Annual General Meeting of 23 May 2000 decided to limit the term of office of new directors to three years.

Directors	2021 (AGM called to approve the 2020 financial statements)	2022 (AGM called to approve the 2021 financial statements)	2023 (AGM called to approve the 2022 financial statements)
J. Lemierre			✓
J.-L. Bonnafé		✓	
J. Aschenbroich			✓
P.-A. de Chalendar	✓		
M. Cohen			✓
W. De Ploey		✓	
H. Epaillard	✓(i)		
R. Gibson-Brandon	✓(ii)		
M. Guillou		✓	
D. Kessler	✓		
D. Schwarzer			✓
M. Tilmant		✓	
S. Verrier	✓(iii)		
F. Wicker-Miurin			✓

(i) Director elected by executive employees - Start and end date of previous term: 16 February 2018 – 15 February 2021. Re-elected by executive employees in the first round of voting on 20 November 2020 (took office on 16 February 2021).

(ii) Director whose term of directorship was ratified by the Annual General Meeting of 23 May 2019, appointed to replace Laurence Parisot. Her term will run for the remainder of Laurence Parisot's term of directorship.

(iii) Director elected by technician employees - Start and end of term of previous term: 16 February 2018 – 15 February 2021. Re-elected by technician employees in the second round of voting on 20 November 2020 (took office on 16 February 2021).

OTHER CORPORATE OFFICER

Philippe BORDENAVE
Principal function: Chief Operating Officer of BNP Paribas

Date of birth: 2 August 1954
Nationality: French
Number of BNP Paribas shares held[1]: 105,474
Business address: 3, rue d'Antin
75002 PARIS
FRANCE

Education
Graduate of the École Polytechnique
Graduate of the École Nationale d'Administration
DEA in Economics

Offices[1] held under the principal function
BNP Paribas[*], Chief Operating Officer
Verner Investissements, director
Exane BNP Paribas, non-voting director (censeur)
Others[1]
Fondation Grancher, Vice-Chairman

Offices held at 31 December in previous financial years
(the companies mentioned are the parent companies of the groups in which the functions were carried out)

2019:	2018:	2017:	2016:
Chief Operating Officer: BNP Paribas **Director:** Verner Investissements, Fondation Grancher **Non-voting director:** Exane BNP Paribas	**Chief Operating Officer:** BNP Paribas **Director:** Verner Investissements, Fondation Grancher **Non-voting director:** Exane BNP Paribas	**Chief Operating Officer:** BNP Paribas **Director:** Verner Investissements **Non-voting director:** Exane BNP Paribas	**Chief Operating Officer:** BNP Paribas **Director:** Verner Investissements **Non-voting director:** Exane BNP Paribas

(1) At 31 December 2020.
(*) Listed company.

NON-VOTING DIRECTOR

Christian NOYER
Principal function: Honorary Governor of Banque de France

Date of birth: 6 October 1950
Nationality: French
Term start date: 1 May 2019

Business address: 9, rue de Valois
75001 PARIS
FRANCE

Education
Ecole Nationale d'Administration
Graduate of the Institut des sciences politiques
Masters in Law, University of Paris
Law degree, University of Rennes

Offices[1] held in listed or unlisted companies, in France or abroad
Power Corporation Canada[*], director
NSIA Banque Côte d'Ivoire, director
Lloyd's Insurance Company SA, director
Setl Ltd, director

Offices held at 31 December in previous financial years
(the companies mentioned are the parent companies of the groups in which the functions were carried out)

2019:			
Director: Power Corporation Canada, NSIA Banque Côte d'Ivoire, Lloyd's of London, Setl Ltd			

(1) At 31 December 2020.
(*) Listed company.

2.1.2 BNP PARIBAS CORPORATE GOVERNANCE

The Corporate governance Code that BNP Paribas referred to on a voluntary basis in this report is the Corporate governance Code for Listed Companies, published by the French employers' organisations, Association Française des Entreprises Privées (Afep) and the *Mouvement des Entreprises de France* (Medef). BNP Paribas declares that it complies with all of the recommendations of this Code, hereinafter referred to as the Corporate governance Code or Afep-Medef Code, which can be viewed on the BNP Paribas website (http://invest.bnpparibas.com/en), the Afep website (http://www.afep.com/en) and the Medef website (http://www.medef.com/en).

The detailed rules on the participation of shareholders at the Shareholders' Annual General Meeting are laid out in article 18, Title V "Shareholders' Meetings", of BNP Paribas' Articles of association published in the Universal registration document in the section Founding Documents and Articles of association. Moreover, a summary of these rules and a report on the organisation and running of the Shareholders' Annual General Meeting of 19 May 2020 are provided in the "BNP Paribas and its shareholders" section of said document.

In addition to the above, BNP Paribas is governed in accordance with French and European banking regulations, and the guidelines issued by the European Banking Authority (EBA) and is subject to permanent supervision of the European Central Bank (ECB) pursuant to the Single Supervisory Mechanism (SSM).

1. PRINCIPLES OF GOVERNANCE

The Internal Rules adopted by the Board of directors define the duties of the Board and of its specialised committees. They are updated periodically to comply with current laws, regulations and market guidelines, and to keep pace with best practice in the area of corporate governance.

The Internal Rules were extensively revised in 2015 to reflect the provisions of Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (hereinafter the "CRD 4"), then amended in October 2016 with, in particular, the development of three procedures applicable to non-executive directors (number of directorships; conflicts of interest; identification, selection and succession of directors). In 2018, the Internal Rules were revised once again and the three existing procedures were replaced by a Suitability policy for Members of the management body and Key function holders, hereinafter "Suitability policy". The proposed amendments comply with the Afep-Medef Code, revised in January 2020, the EBA Guidelines on both internal governance and the assessment of the suitability of members of the management body and key function holders (the "Fit and Proper Guidelines") published on 26 September 2017 and applicable from 30 June 2018 and the Ordinance No. 2017-1162 of 12 July 2017. These documents and the Bank's Articles of association were updated, a part of which was approved by the Annual General Meeting of 19 May 2020, in order to harmonise them with the provisions of the Pacte law of 22 May 2019 and are included in this report.

The Group Code of conduct, approved by the Board of directors, was introduced in 2016.

Code of conduct (article 1.2 of the Internal Rules)

The Board of directors and Executive Management of BNP Paribas share the conviction that the success of the Bank depends on the behaviour of each employee. The Code of conduct "sets out the rules to uphold our values and perform the Bank's missions. This Code, which shall be integrated by each business line and each employee, governs the actions of each employee, and guides the decisions at every level of the organisation. For this purpose, the Board ensures the Executive Management implements this Code into business lines, countries and regions".

Note that the Internal Rules emphasise the collegial nature of the Board of directors, which jointly represents all shareholders and must act in the Company's best interest at all times. It details the Board responsibilities (article 1).

The Board of directors is backed by four specialised committees (the Financial Statements Committee, the Internal Control, Risk and Compliance Committee, the Corporate governance, Ethics, Nominations and CSR Committee, the Remuneration Committee) as well as any *ad hoc* committees. The Internal rules detail each committee's missions, in line with the provisions of the CRD 4 and EBA Guidelines. They provide for joint meetings between the Financial Statements Committee and the Internal Control, Risk and Compliance Committee whenever required.

Neither the members of the Executive Management nor the Chairman of the Board of directors have sat on any Committee since 1997.

As far as the Board is aware, no agreement has been entered into directly, or through an intermediary, between on the one hand, one of BNP Paribas' directors and corporate officers and, on the other, another company in which BNP Paribas owns, directly or indirectly, over half the share capital (article L.225-37-4 paragraph two of the French Commercial Code), without prejudice to any agreements relating to current operations concluded under normal conditions.

The Internal Rules and Suitability policy mentioned above have been adopted by the Board of directors and are included in this report.

The Board of directors (on 31 December 2020)
Chairman: Jean Lemierre

Missions and controls in the following areas:

- Orientations and strategic operations
- CSR promotion
- Governance, Internal Control and financial statements
- Supervision of risk management
- Financial communication
- Remuneration
- Preventive recovery plan
- Monitoring the application of the Code of conduct

Financial Statements Committee (CdC)

Members

Denis Kessler (C) (i)
Jacques Aschenbroich (i)
Wouter De Ploey (i)
Sandrine Verrier (ii)
Fields Wicker-Miurin (i)

Missions

- Monitoring the preparation of the financial information
- Monitoring the efficiency of the Internal Control systems and of risk management systems regarding accounting and financial matters
- Monitoring the statutory auditing of the annual financial statements and of the consolidated financial statements by the Statutory Auditors as well as the independence of the Statutory Auditors

Internal Control, Risk Management and Compliance Committee (CCIRC)

Members

Michel Tilmant (C) (i)
Monique Cohen (i)
Hughes Epaillard (ii)
Rajna Gibson-Brandon (i)
Fields Wicker-Miurin (i)

Missions

- Reviewing the global strategy concerning risks
- Monitoring the remuneration principles in relation to risks
- Reviewing issues relating to Internal Control and compliance
- Reviewing the prices of products and services in relation to the risk strategy

Corporate Governance, Ethics, Nominations and CSR Committee (CGEN)

Members

Monique Cohen (C) (i)
Pierre-André de Chalendar (i)
Marion Guillou (i)
Daniela Schwarzer (i)

Missions

- Oversight and monitoring of the compliance of governance principles with changes in regulations and best practice in the area of corporate governance
- Identification of, selection of, and succession plan for directors and committee members
- Assessment of the Board of directors
- Periodic review of the selection of, appointment of and succession process for corporate officers
- Monitoring Executive Management's application of the Suitability policy for Key function holders under EBA guidelines
- Assessment of corporate officers
- Appraising the independence of the directors
- Maintaining the general balance of the Board of directors
- Regular monitoring of updates to the Code of conduct
- Monitoring CSR issues (Group's contribution to economic, sustainable, and responsible development)

Remuneration Committee (CR)

Members

Pierre-André de Chalendar (C) (i)
Hughes Epaillard (ii)
Marion Guillou (i)
Fields Wicker-Miurin (i)

Missions

- Annual review of the principles that underpin the Group's remuneration policy
- Annual review of the remuneration, allowances and benefits in kind granted to the directors and corporate officers of the Company and of the Group's major French subsidiaries
- Annual review of the remuneration of the Group's regulated staff categories
- Control of the remuneration of the Head of the Risk Management Function and Head of Compliance

Joint meetings of the CdC and the CCIRC
Chairman: Denis Kessler (i)

Missions

- Examining the mission plan of the General Inspection and the audit plan of the Statutory Auditors and preparing the work of the Board on the assessment of the risk policies and risk management measures
- Dealing with the common issues relating to the risk policies and their financial impacts

(C) Chairman.
(i) Independent director according to the provisions of the Afep-Medef Code.
(ii) Director elected by employees.

Each committee is composed of members with expertise in the relevant areas and complies with the provisions of the French Monetary and Financial Code and the recommendations of the Afep-Medef Code. Thus,

- most of the members of the Financial Statements Committee have qualifications and experience in company's financial management, accounting and financial information. In consideration of his financial skills, reinforced by his position as Chief Executive Officer of SCOR, a major international reinsurance company, Denis Kessler is Chairman of the Committee. Given the length of his term of office, Denis Kessler did not wish to seek the renewal of his term of office, which expires at the end of the Annual General Meeting of 18 May 2021. The Board of directors will appoint a new Chairman;
- most of the members of the Internal Control, Risk and Compliance Committee having particular expertise in financial matters and in the area of risk through their training or experience. Its Chairman has international experience in banking management. One of its members

has been a member of the Board of the *Autorité des Marchés Financiers* (AMF) and another has long-term financial risk experience. In addition, a member of the Internal Control, Risks and Compliance Committee is also a member of the Financial Statements Committee in order to promote the work of the Committees on the appropriateness of the risks and provisions recognised by the Bank;

- the members of the Corporate governance, Ethics, Nominations and CSR Committee are independent directors who have expertise in corporate governance and in putting together management teams in international companies. Some deal with CSR issues professionally;
- the Remuneration Committee is made up of independent members who have experience of remuneration systems and market practices in this area and includes a director elected by employees. Two members of the Remuneration Committee are also members of the Internal Control, Risk and Compliance Committee. This composition is intended to facilitate the Board's work on the appropriateness of BNP Paribas' remuneration principles with the risk policy.

The Chairman of the Board of directors attends the meetings of the committees but is not a member of any of them and may add any subject he considers relevant to the agenda.

European and French regulations applicable to BNP Paribas require members of the Board of directors and executive corporate officers to have integrity at all times, and to have the knowledge skills, experience and time needed to perform their duties. The ECB is notified of their appointment or re-appointment so that it can assess them on the basis of these criteria. To date, BNP Paribas has not received any notification from the ECB that these criteria have not been met.

In addition, the ECB did not issue any objections as regards the composition of the Board of directors or its specialised committees.

1.a Separation of the functions of Chairman and Chief Executive Officer

As of 11 June 2003, BNP Paribas has dissociated the offices of Chairman of the Board and Chief Executive Officer. This decision complies with the obligations imposed on credit institutions since 2014 by French law transposing the CRD 4.

The duties of the Chairman

They are described in article 3.1 of the Internal Rules.

The Chairman is responsible for ensuring that the quality of the relationship with shareholders is maintained, coordinating closely with any steps taken by Executive Management in this area. In this connection, the Chairman chairs the Shareholders Liaison Committee, whose task is to assist the Bank in its communications with individual shareholders; several times a year, he invites the shareholders to meetings where the Company's strategy is explained. He reports on his duties to the Board of directors.

The Chairman maintains a close and trusting relationship with Executive Management and provides the team with assistance and advice while respecting its executive responsibilities. The Chairman organises his activities so as to ensure his availability and put his experience to the Group's service. His duties are contributory in nature and do not confer any executive power on him. They do not in any way restrict the powers of the Chief Executive Officer, who has sole operational responsibility for the Group.

Coordinating closely with Executive Management, the Chairman can represent the Group in its high-level relationships, particularly with major clients, public authorities and institutions, at national, European and international levels. He plays an active part in discussions concerning regulatory developments and public policies affecting BNP Paribas, and, more generally, the financial services sector.

The Chairman contributes to promoting the values and image of BNP Paribas, both within the Group and externally. He expresses his views on the principles of action governing BNP Paribas, in particular in the field of professional ethics. He contributes to enhancing the Group's image through the responsibilities he exercises personally in national or international public bodies.

At the request of the Chief Executive Officer, he can take part in any internal meeting on subjects relating to strategy, organisation, investment or disinvestment projects, risks and financial information. He expresses his opinions without prejudice to the remit of the Board of directors; he provides support to the teams responsible for covering major companies and international financial institutions; he also contributes to the development of BNP Paribas' advisory activities, particularly by assisting in the completion of major corporate finance transactions.

He ensures that principles of corporate governance are defined and implemented.

The Chairman is the custodian of the proper functioning of the Board of directors of BNP Paribas. As such:

- with the support of the Corporate governance, Ethics, Nominations and CSR Committee, with the approval of the Board of directors and of the Shareholders' Annual General Meeting, where appropriate, he endeavours to build an efficient and balanced Board, and to manage, both in the short- and long-term, the replacement and succession processes related to the Board of directors and nominations which will acknowledge the Company's strategic ambitions;
- on the basis of the dissociation of the functions of Chairman and Chief Executive Officer, his role is to ensure directors' independence and freedom of speech;
- he ensures that the directors have the documentation and information necessary to carry out their duties in a timely manner and in a clear and appropriate form.

The powers of the Chief Executive Officer

The Chief Executive Officer has the broadest powers to act in all circumstances on behalf of BNP Paribas, and to represent the Bank in its relation with third parties. He is responsible for the organisation of internal control procedures and for all the information required by regulations in that regard.

He exercises his powers within the limitations of the corporate object, and subject to any powers expressly attributed by law to the Shareholders' Annual General Meeting and Board of directors.

The Internal Rules of the Board of directors provide that the Chief Executive Officer shall request its prior approval for all investment or disinvestment decisions (other than portfolio transactions) in excess of EUR 250 million, and for any proposal to acquire or dispose of shareholdings in excess of that threshold (other than portfolio transactions) (article 1.1). The Chief Executive Officer must also ask the Board's Financial Statements Committee for prior approval of any non-audit related assignment involving fees in an amount of over EUR 1 million (excluding taxes) (article 7.1.3).

1.b Membership of the Board – Independence of directors

Membership of the Board of directors: a collegial body with collective competence

On the proposal of the Board of directors, the Shareholders' Annual General Meeting of 19 May 2020 reappointed Monique Cohen, Daniela Schwarzer, Fields Wicker-Miurin, Jean Lemierre and Jacques Aschenbroich.

At the end of the Annual General Meeting of 19 May 2020 and as of 31 December 2020:

Number of Board members	O/w elected Board members	Nationalities	Percentage of women	Independence
14	2	5	41.7%	> 50%

Independence of directors (as of 31 December 2020)

The following table shows the position of each director with regard to the independence criteria contained in the Afep-Medef Code to define an independent director:

Criteria	Jean LEMIERRE	Jean-Laurent BONNAFÉ	Jacques ASCHENBROICH	Pierre-André de CHALENDAR	Monique COHEN	Hugues EPAILLARD	Rajna GIBSON-BRANDON	Marion GUILLOU	Denis KESSLER	Daniela SCHWARZER	Michel TILMANT	Wouter DE PLOEY	Sandrine VERRIER	Fields WICKER-MIURIN
1 Not be, or have been, in the last five years (i) an employee or corporate officer of the Company or of a consolidated subsidiary of the Company; (ii) a director of a consolidated subsidiary	o	o	✓	✓	✓	o	✓	✓	✓	✓	✓	✓	O	✓
2 Whether or not corporate offices are held in another company	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3 Whether or not significant business relationships exist	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4 Whether or not there are close family ties to a corporate officer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5 Not have been a Statutory Auditor of the Company in the previous five years	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6 Not a director of the Company for more than 12 years	✓	✓	✓	✓	✓	✓	✓	✓	o(*)	✓	✓	✓	✓	✓
7 Status of the non-executive corporate officer	✓	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
8 Major shareholder status	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

✓ *represents compliance with an independence criterion defined in the Afep-Medef Code.*
o represents non-compliance with an independence criterion defined in the Afep-Medef Code.
(*) See below.

- The following directors meet the independence criteria contained in the Corporate governance Code and reviewed by the Board of directors: Monique Cohen, Rajna Gibson-Brandon, Marion Guillou, Daniela Schwarzer, Fields Wicker-Miurin, Jacques Aschenbroich, Pierre-André de Chalendar, Wouter De Ploey and Michel Tilmant.

  In particular, for Monique Cohen, Jacques Aschenbroich, Pierre-André de Chalendar and Denis Kessler, the Board of directors confirmed that the business relations between BNP Paribas and respectively (i) Apax Partners, as well as the companies in which Apax Partners holds interests, (ii) Valeo and its group, (iii) Saint-Gobain and its group, and (iv) the SCOR SE group are not significant (the revenue generated by each of these business relations accounted for less than 0.5% of the total revenue reported by BNP Paribas).
- Finally, during the period that Denis Kessler has sat on the Board, he has served under three successive Chief Executive Officers each having managed the Bank in accordance with his own personality and his own methods and practices. Consequently, the Board of directors deems that Denis Kessler's critical faculties were renewed with each effective change of management, thereby guaranteeing his independence. The Board also took into consideration Denis Kessler's financial expertise, a critical factor in understanding banking mechanisms (Doctorate in economics and HEC graduate), reinforced by his position as the Chairman and Chief Executive Officer of one of the world's major reinsurance companies. Denis Kessler did not wish to seek the renewal of his term of office as director, which expires at the end of the Annual General Meeting of 18 May 2021.
- The two employee representatives on the Board, Sandrine Verrier and Hugues Epaillard, do not qualify as independent directors pursuant to the criteria contained in the Afep-Medef Code, despite their status and the method by which they were elected, which nevertheless guarantee their independence.
- Two directors appointed by the shareholders – the Chairman of the Board of directors Jean Lemierre, and the Chief Executive Officer Jean-Laurent Bonnafé – do not fulfil the independence criteria laid down by the Corporate governance Code.

<u>Over half of the directors of BNP Paribas are therefore independent in terms of the criteria for independence contained in the Afep-Medef Code and the Board of directors' assessment.</u>

Directors' knowledge, skills and experience – Diversity and complementarity

When the Corporate governance, Ethics, Nominations and CSR Committee (CGEN) reviews the skills and experience of potential directors, it is careful to maintain the diversity and collective skills of the Board of directors in light of changes to the Bank's strategy and in accordance with the Suitability policy. Thus, the Board brings together expertise in banking and finance, risk management, international digital transformation and CSR, as well as experience in Executive Management of large corporate groups.

These candidates are identified and recommended by the committee on the basis of criteria that combine personal and collective skills, according to the procedures in the Internal Rules (article 4.2.1) and by the Suitability policy (section II Identification of, selection of and succession plan for Members of the management body and Key function holders), which ensure their independence of mind:

- competence, based on experience and the ability to understand the issues and risks, enabling the directors to make informed and effective decisions;
- courage, in particular to express opinions and make judgements, enabling the directors to remain objective;
- availability and assiduity, which allow for the necessary detachment and promote the directors' commitment and sense of responsibility regarding the exercise of their office;
- loyalty, which fosters directors' commitment to the Company and to their duties within the Board, which collectively represents the shareholders;
- directors' proper understanding of the Company's culture and ethics.

Directors all have a range of skills and experience that they have acquired during their professional careers. The table below aims to reflect this diversity within the Board of directors and lists more specific contributions made by each of the directors.

Director	Age	Gender	Nationality	Areas of expertise	End of term of office
Jean LEMIERRE (Chairman)	70	M	French	Banking/Finance Risks/Regulation monitoring International	2023
Jean-Laurent BONNAFÉ Chief Executive Officer and director	59	M	French	Banking/Finance Business operations International	2022
Jacques ASCHENBROICH	66	M	French	Industrial International Transformation	2023
Pierre-André de CHALENDAR	62	M	French	Industrial International CSR	2021
Monique COHEN	64	F	French	Banking/Finance Business operations CSR	2023
Wouter DE PLOEY	55	M	Belgian	Banking/Finance Digital Transformation	2022
Hugues EPAILLARD (director elected by employees)	54	M	French	Organisation representing employees	2021
Rajna GIBSON-BRANDON	58	F	Swiss	Financial markets Risks/Regulation monitoring CSR	2021
Marion GUILLOU	66	F	French	Risks/Regulation monitoring CSR Technology	2022
Denis KESSLER	68	M	French	Insurance Business operations Risks/Regulation monitoring	2021
Daniela SCHWARZER	47	F	German	Money markets Geopolitics International	2023
Michel TILMANT	68	M	Belgian	Banking/Finance Risks/Regulation monitoring International	2022
Sandrine VERRIER (director elected by employees)	41	F	French	Organisation representing employees	2021
Fields WICKER-MIURIN	62	F	British/ American	Banking/Finance Financial markets International	2023

In addition, the additional information referred to in Article L.22-10-10° of the French Commercial Code relating to employees is shown in Sections 7.3 entitled "Strong results" and section 7.6 entitled "Our Employees" of this document(1).

(1) This information supplement the description of the diversity policy applied to members of the Board of directors.

1.c Directors' Ethical Conduct

- As far as the Board is aware, there are no conflicts of interests between BNP Paribas and any of the directors. The Suitability policy requires directors to report any situation likely to constitute a conflict of interest to the Chairman, the Board of directors may then ask the director in question to refrain from taking part in voting on the relevant issues.
- As far as the Board is aware, none of the Board members has been found guilty of fraud or been associated, as member of an administrative, management or supervisory body, or as Chief Executive Officer, with any insolvency, receivership or liquidation proceedings during at least the last five years.
- As far as the Board is aware, no member of the Board of directors is subject to any official public accusation and/or penalty. No director has been prohibited from acting in an official capacity during at least the last five years.
- There are no arrangements or agreements with key shareholders, customers, suppliers or other persons that involve the selection of any member of the Board of directors.
- The directors must carry out their duties in a responsible manner, particularly as regards the regulations relating to insider dealing. They are notably required to comply with legal requirements relating to being in possession of insider information. Under the terms of the Internal Rules, they must also refrain from carrying out any transactions in BNP Paribas shares that could be regarded as speculative (article 4.3.1 of the Internal Rules). They are informed of the periods during which they may, except in special circumstances, carry out any transactions in BNP Paribas shares (article 4.3.1 of the Internal Rules).

1.d Directors' training and information

- Pursuant to the Internal Rules, every director can ask the Chairman or the Chief Executive Officer to provide them with all the documents and information required to enable them to carry out their duties, to participate effectively in the meetings of the Board of directors and to make informed decisions, provided that such documents are necessary to the decisions to be taken and connected with the Board's powers (article 3.4.1 of the Internal Rules).
- The directors have unrestricted and continuous access to the minutes of meetings of the Board's specialised Committees and the minutes of Board meetings using a special digital tool. This system also provides directors with a range of useful information in a secure and timely manner to facilitate them in their work. Since 2017, it has been possible to use this system to deliver e-learning training modules to directors.
- Committee meetings provide an opportunity to update the directors on the topical issues on the agenda. In addition, the Board is kept informed of changes in the banking regulations and reference texts concerning governance and can be trained on such occasions.
- During three training days (March, June and September 2020), the directors received training on (i) the Arval and Leasing Solutions business, (ii) the operational resilience within the Group, (iii) the extra-financial rating agencies, (iv) the role and architecture of information systems within the Group and (v) the RISK program to harmonise the Group's internal models. It was also the opportunity for directors to meet with the relevant managers in the Group.
- Pursuant to the provisions of the French Commercial Code on the training of directors elected by employees and the time allotted to them for the preparation of the meetings of the Board of directors and its committees, the Board determined that the content of the training programme would include the Bank's activities and organisation and applicable regulations.
- Regarding 2020, one director elected by the employees began a diploma course at the Bank's Technical Institute for a total of 96 hours. Moreover, like any other directors, they receive the training provided by BNP Paribas as described below in addition to the training modules delivered by external training providers.

1.e Directors' attendance at Board and Committee meetings in 2020

Director	Board of directors	Specialised committees	Individual attendance rates
J. LEMIERRE	100%		100%
J.-L. BONNAFÉ	100%		100%
J. ASCHENBROICH	100%	100%	100%
P.-A. de CHALENDAR	100%	100%	100%
M. COHEN	92%	100%	97%
W. DE PLOEY	100%	100%	100%
H. EPAILLARD	100%	100%	100%
R. GIBSON-BRANDON	92%	100%	96%
M. GUILLOU	100%	100%	100%
D. KESSLER	100%	100%	100%
D. SCHWARZER	100%	100%	100%
M. TILMANT	100%	100%	100%
S. VERRIER	100%	100%	100%
F. WICKER-MIURIN	100%	100%	100%
Average	**99%**	**100%**	

2. THE WORK OF THE BOARD AND COMMITTEES IN 2020

2.a The work of the Board in 2020

Meetings	Including extraordinary meetings	Average attendance rate	Strategy seminar
12	2	99%	1

The Board of directors, which determines BNP Paribas' strategy and overall business objectives based on proposals submitted by Executive Management and with the aim of promoting long-term value creation in the light of social and environmental issues:

- monitored the last year of the implementation of the 2017-2020 transformation plan, marked by the Covid-19 health crisis. The results of the first nine months of the year demonstrate the strength of the Group's diversified and integrated model; the increase in the cost of risk is under control and the solvency ratios are higher than the requirements of the supervisors;
- in this unprecedented context, the Board of directors:
  - closely monitored the Bank's operational, business and human resources situation, as well as the impact in terms of risks;
  - proposed to reserve the full dividend for 2019 at the 2020 Annual General Meeting in accordance with the recommendations of the ECB;
  - decided to hold the Annual General Meeting of 19 May 2020 behind closed doors as part of the measures taken by the government to "simplify and adapt company law relating to the holding of General Meetings" due to the health crisis;
  - considered that the variable compensation structure for corporate officers and significant risk takers met the ECB's wish for moderation stated in its press release of 28 July 2020;
  - approved the draft response to the ECB's letter received on 4 December 2020 on the identification and measurement of credit risk in the context of the health crisis;
- examined the Group's budget for the financial year 2021;
- acknowledged the achievements of the year 2019 and the outlook for 2020 in terms of the Bank's CSR policy, under the aegis of the 17 United Nations Sustainable Development Goals, in particular the two major commitments made by the Group in 2019 to fight against global warming and protect biodiversity;

- acknowledged the Bank's action plan to develop and strengthen the analysis of the environmental, social and governance ("ESG") risks of the Group's loan portfolio;
- approved the creation of an alternative Private Equity fund for the Principal Investments business;
- monitored the disposals of the Group's equity investments in North and West Africa;
- was informed of the action plan defined by the Bank following the recommendations issued by the ECB on credit risk under the Supervisory Review and Evaluation Process (SREP) adapted in the context of the health crisis;
- monitored the implementation of the Bank's IT and information systems strategy;
- approved the Bank's outsourcing strategy;
- examined the adjustments required by Brexit on the Bank's organisation and its consequences;
- acknowledged the Group's Code of tax conduct;
- monitored changes in the shareholding structure and share price;
- reviewed the Bank's relative performance compared with its competitors;
- reviewed the regulatory ratios of the main systemically important banks;
- was informed of the way in which the Group had decided to adapt its system of listening to employees and the results of targeted surveys among employees measuring their satisfaction at work;
- examined the opinion of the Central Works Council on the Bank's strategic guidelines and acknowledged the clarifications provided by the Human Resources Department;
- examined the issuance amounts of debt securities in the form of senior and subordinated debt;
- continued to monitor the amount of funds allocated to the various objectives of the Company's share buyback program authorised by the Annual General Meeting during the first half of 2020;
- understood the Executive Management's comments on the net margin generated on new lending in 2019 and in the first half of 2020;
- authorised the delegations of authority for the issuance of debt securities, particularly for bonds and similar;
- examined the related-party agreements entered into and authorised in previous years but still in force in the past year;
- renewed the delegation of responsibility for the internal control of regulated subsidiaries so requesting and received a report from the subsidiaries in question;
- reviewed and approved the answers to written questions submitted by shareholders at the Annual General Meeting;
- renewed the Group's American Depositary Receipt program.

For the sixth time, SSM representatives from the ECB and representatives of the Autorité de contrôle prudentiel et de résolution (ACPR) attended a Board meeting (on 26 February 2020). They outlined their priorities for banking supervision for 2020, which were followed by an exchange of views with the members of the Board.

As in previous years, the Board of directors met on 17 December 2020 for a strategic seminar devoted, among other things, to the impact of the Covid-19 crisis on the businesses within Domestic Markets, Corporate and Institutional Banking and International Financial Services as well as the challenges of the next strategic plan.

2.b Work performed by the Financial Statements Committee and work approved by the Board of directors in 2020

Number of members	Meetings	Attendance rate
5	4	100%

Examination of the financial statements and financial information

The Financial Statements Committee:

- conducted quarterly reviews of the financial statements based on the documents and information provided by Executive Management and the work carried out by the Statutory Auditors;
- each quarter, analysed summary reports of the consolidated results and annualised return on equity, as well as results and profitability by field of activity;
- each quarter, reviewed the Group's consolidated balance sheet and changes to said balance sheet; on that occasion, it was given an update on off-balance sheet commitments;
- each quarter, examined the report on internal audit control points flagged by Group entities in the context of the certification of their financial statements. It analysed the change in the risk level observed for each of the thirty major accounting controls;
- each quarter, reviewed the work to make models used to calculate credit risk provisions more reliable under IFRS 9;
- reviewed changes in equity and the capital adequacy ratio with regard to the new prudential solvency regulations and new requirements imposed by the regulator;
- examined trends in revenues and the cost/income ratio by business for each quarter;
- reviewed the dividend distribution policy in view of the ECB's recommendation on compliance with prudential and solvency rules and the recommendation issued regarding the Covid-19 crisis;
- kept track of the changes in prudential requirements and reviewed changes in risk-weighted assets;
- examined the provisions for litigation on a regular basis;
- reviewed goodwill;
- conducted a detailed analysis of the composition of the Group's balance sheet;
- read the explanations relating to Credit Valuation Adjustment (CVA) adjustments.

Each quarter, when reviewing the results, it:

- heard the comments of the Chief Financial Officer and senior executive in charge of accounting and financial reporting;
- interviewed the Chief Financial Officer, without the presence of the Executive Management;

- heard the Statutory Auditors' comments and conclusions on the quarterly and annual financial statements, where applicable;
- asked the Statutory Auditors the questions it considered necessary, without the presence of the Executive Management or the Chief Financial Officer;
- reviewed the accounting certification mechanisms as part of the internal control procedures.

It reviewed the section of the management report concerning the internal control procedures relating to the preparation and processing of accounting and financial information in respect of 2019; it recommended approval by the Board of directors.

> The Board:
>
> - was informed of all the work of the Financial Statements Committee and the findings of the Statutory Auditors at the end of each reporting period;
> - examined and approved the results of the fourth quarter of 2019, full-year 2019 and the first three quarters of 2020;
> - reviewed and approved draft press releases at each meeting held to discuss the financial statements;
> - acknowledged the report of the discussions held by the Financial Statements Committee with the Statutory Auditors and the Chief Financial Officer, without the presence of the Executive Management;
> - approved the section of the management report on the preparation and processing of accounting and financial information in respect of 2019.

Relations with the Statutory Auditors

The Financial Statements Committee received a written certificate of independence from each of the Statutory Auditors.

It was informed of the amount of fees paid to the Statutory Auditors and reviewed the summary report on assignments not directly related to the statutory audit, without the presence of the Statutory Auditors. In accordance with the Internal Rules (§ 7.1.3), it authorised one assignment of this nature, which was submitted for its approval, and two assignments relating to non-prohibited services for which the prior approval of the Committee is required.

2.c Work performed by the Financial Statements Committee and the Internal Control, Risk and Compliance Committee in their joint meetings, and work approved by the Board of directors in 2020

Number of members	Meetings	Attendance rate
10	3	100%

The committees:

- acknowledged the stress tests carried out by the Bank to measure its resistance to the impacts of the Covid-19 crisis;
- reviewed the calculation methodology used by the Group to estimate the *ex ante* provisions for credit risk under IFRS 9;
- acknowledged the Statutory Auditors' audit plan for the financial year 2020;
- discussed whether the prices of the products and services proposed to customers are compatible with the risk strategy (in accordance with the provisions of CRD 4);
- reviewed the main ongoing legal disputes and proceedings for which provisions have been, or may be, made;
- reviewed the economic assumptions used to prepare the budget;
- examined the EBA's new definition of default which will apply from 1 January 2021 and its impacts for the Group;
- monitored changes in the prudential capital requirement and have been informed on how the Supervisory Review and Evaluation Process (SREP) had been adapted due to the health crisis;
- reviewed the ACPR's letter containing the Group's Global Systemically Important Bank score.

> The Board:
>
> - was informed of all the work performed by the Financial Statements Committee and the Internal Control, Risk and Compliance Committee;

2.d Work performed by the Internal Control, Risk and Compliance Committee and work approved by the Board of directors in 2020

Number of members	Meetings	Attendance rate
5	9	100%

Since 19 May 2020, the Internal Control, Risks and Compliance Committee and the Financial Statements Committee have a joint member to support the work of the committees on the appropriateness of the risks and provisions recognised by the Bank.

Risks and liquidity

The Internal Control, Risk and Compliance Committee:

- reviewed the Risk Appetite Statement (RAS), the aggregate risk thresholds, taking into consideration changes in relation to liquidity risk, interest rate risk in the banking book and operational risk;
- was advised of the Internal Liquidity Adequacy Assessment Process report and reviewed the tolerance threshold above which it may be deemed that the liquidity position complies with the Bank's risk tolerance;
- reviewed the 2019 internal control report, including the report on operational risk, including IT, permanent control and business continuity as well as the control of outsourced activities;

- monitored the deployment of the cybersecurity program within the Group, its action plan, the priority topics and the related budget. It was informed of the achievements of the year, in particular the way in which the program has been adapted in the context of the health crisis and the objectives for the following financial years. The Committee reviewed the degree of maturity of each business and each region according to the standards set by the Group;
- reviewed the dashboard presented quarterly by the Head of RISK and reviewed trends in market, counterparty and credit risk as well as liquidity. It regularly analysed the impacts of the health crisis on the various risk categories. It deliberated on the basis of information presented by RISK. The Head of Risk responded to the Committee's questions during the meeting;
- was informed of any risk indicator limits that had been exceeded and, where applicable, any action plans decided by Executive Management;
- examined the renewal of risk limits for specific sectors and activities;
- decided whether the Group's remuneration policy was compatible with its risk profile.

The Board:

- was informed of all the Committee's work on Group risks and liquidity, in particular it was regularly informed of the impact of the health crisis on risks;
- approved changes to the Group's RAS;
- approved the liquidity risk tolerance level and the policies, procedures and internal systems relating to liquidity risk;
- approved the forwarding to the ACPR of the operational risk, permanent control and business continuity components of the internal control report;
- approved the renewal of risk limits for specific sectors and activities.

Ad hoc *work*

The Internal Control, Risk and Compliance Committee:

- was informed of the impact of the health crisis on the IT system, in particular the massive deployment of remote working and increased vigilance in terms of cyber-attacks;
- acknowledged the Bank's proposed response to the ECB's letter of 28 July 2020 on the Bank's operational capability to deal with debtors in difficulty;
- was informed of the implementation of the action plan defined following the IT incidents during the first quarter of 2019;
- reviewed the outsourcing strategy as defined by Executive Management in response to the follow-up letter relating to the ECB's Deep Dive on the Third Party Risk Management;
- acknowledged the follow-up letters and the Bank's responses to the ECB's missions on (i) IT Continuity Management, (ii) Commercial Real Estate and (iii) non-performing loans at BNL;
- was informed of the risk management framework for institutional investors.

The Board:

- approved the Bank's draft response letter to the ECB's letter of 28 July 2020 on the Bank's operational capability to deal with debtors in difficulty;
- approved the outsourcing strategy proposed and implemented by Executive Management;
- was informed of the Committee's review of the ECB's monitoring letters and of the Bank's responses to the missions on i) IT Continuity Management, (ii) Commercial Real Estate and (iii) non-performing loans at BNL.

Compliance, internal control, litigation and periodic control

The Internal Control, Risk and Compliance Committee:

- reviewed the section of the management report on internal control and submitted it for the approval of the Board;
- reviewed the 2019 internal control report including the Compliance Risk Assessment report, the key compliance points across all business lines and geographical areas, and the periodic control report;
- reviewed reports on the organisation of internal control systems on anti-money laundering and terrorism financing, as well as on asset freezing in accordance with the provisions of the Decree of 21 December 2018 relating to the report on the organisation of the Bank's systems in this area;
- examined the report prepared for 2019 on the assessment and monitoring of risks, in accordance with the provisions of the order of 3 November 2014 on the internal control of companies in the banking, payment services and investment services subject to the control of the ACPR. It assessed the effectiveness of the policies and systems put in place;
- reviewed the annual update of the recovery plan and resolution documentation and was informed of any requests for additional modifications made by supervisors to the recovery plan and resolution documentation; it proposed that the Board approve the recovery plan;
- reviewed the European regulatory developments in terms of resolution and was informed of the initial estimates of the Minimum Requirement for own funds and Eligible Liabilities (MREL) of the Group to be reached by 1 January 2024 set by the Single Resolution Board;
- reviewed, at each of its meetings, the list of ongoing legal disputes and proceedings, as well as the developments in each of the cases;
- discussed the main outcomes of the periodic control carried out in 2019;
- reviewed the General Inspection's half-year report;
- analysed the Compliance Function's half-year report;

- continued to monitor the implementation of the remediation plan initiated in 2014 at the US authorities' request (commitments made by BNP Paribas to control activities carried out in US dollars);
- continued to monitor the outcome of the General Inspection review of remediation;
- was informed of the way in which the audit plan for the financial year 2020 had been adjusted in the context of the health crisis;
- was informed of the changes related to the adoption in October 2019 of the final Volcker rule called "Volcker 2.0", which includes reductions in the obligations relating to proprietary trading activities and its impact on the Group's Compliance program;
- regularly reviewed the fines imposed on the Bank by supervisors.

The Board:

- was informed of all the Committee's work on internal control, risks and compliance;
- approved the section of the management report on 2019 internal control;
- approved the forwarding to the ACPR of the compliance and periodic control sections of the internal control report;
- approved the forwarding to the ACPR of reports on the organisation of internal control systems on anti-money laundering and terrorism financing, as well as on asset freezing;
- heard the results of the work done based on a report drawn up for the assessment and monitoring of risks in 2019; confirmed that the report on the assessment and monitoring of risks had been forwarded to the ACPR;
- approved the recovery plan, the updated version of which was submitted to the ECB;
- reviewed the modifications made to the resolution documents, of which the updated version was submitted to the ACPR;
- was informed of legislative work on the Bank resolution carried out by the European authorities;
- acknowledged the impacts on the Group's policy on the changes related to the adoption in October 2019 of the final Volcker rule called "Volcker 2.0".

Ad hoc *work*

The Internal Control, Risk and Compliance Committee:

- was informed of the AMF control report on the governance of EMIR (European Market Infrastructure Regulation) reporting and the remediation plan prepared by Compliance;
- acknowledged the mission of the Banque Nationale de Belgique on the anti-money laundering system (AML) of BNP Paribas Fortis.

The Board:

- was informed of the review by the Committee of the remediation plan prepared by Compliance following the AMF control report on the governance of EMIR reporting.

The Committee interviewed the heads of the Risk, Compliance, General Inspection and Legal Functions, without the presence of Executive Management, and considered the impact of the health crisis on the organisation and missions of these functions.

The Board:

- heard the report of the interviews.

2.e Work performed by the Corporate governance, Ethics, Nominations and CSR Committee and work approved by the Board of directors in 2020

Number of members	Meetings	Attendance rate
4	6	100%

Changes in the membership of the Board and its specialised committees

The Governance, Ethics, Nominations and CSR Committee:

- examined the expiry dates of the directors' terms of office and proposed that the Board submit to the vote of the Shareholders' Annual General Meeting the renewal of the terms of office expiring in 2020, namely those of Jean Lemierre, Jacques Aschenbroich, Monique Cohen, Daniela Schwarzer and Fields Wicker-Miurin;
- proposed the reappointment of Jean Lemierre as Chairman of the Board of directors;
- reviewed, on the proposal of the Chief Executive Officer, the extension of the term of office of Philippe Bordenave, the Chief Operating Officer, for one year, *i.e.* until the Shareholders' Annual General Meeting in 2021, in accordance with the option provided for in Article 16 of the Articles of association;
- reviewed the position of each of the directors and proposed to the Board to appoint:
  - Fields Wicker-Miurin as a joint member of the CCIRC and the Financial Statements Committee, subject to the renewal of her term of office at the Annual General Meeting of 19 May 2020, replacing Marion Guillou. Fields Wicker-Miurin remains a member of the Remuneration Committee,
  - Marion Guillou as a member of the Remuneration Committee;
- examined the situation of directors asked to take up corporate offices outside the Group, as provided for in the Suitability policy;
- examined the report on the current agreements entered into between BNP Paribas and the directors in accordance with the procedure relating to current agreements concluded under normal conditions approved in 2019 by the Board.

The Board:

- proposed that the Shareholders' Annual General Meeting renews the terms of office of the directors in question;
- approved the reappointment of Jean Lemierre as Chairman of the Board of directors effective immediately following the Annaul General Meeting of 19 May 2020;
- approved the extension of the term of office of Philippe Bordenave, Chief Operating Officer, *i.e.* until the Annual General Meeting in 2021;
- appointed with immediate effect after the Annual General Meeting of 19 May 2020 the directors proposed as members of the various committees;
- concluded that all the agreements that were examined are in fact current agreements concluded under normal conditions.

Governance

The Governance, Ethics, Nominations and CSR Committee:

- reviewed the updated pool of potential directors;
- examined and discussed with the director and Chief Executive Officer the principles of the reorganisations expected in the Group over the next two years, particularly in the context of the succession of the Chief Operating Officer whose term expires in May 2021;
- proposed that the Board approve the gender balance target of 40% on the Group's Executive Committee by 2025 on the basis of the implementation terms and the action plan presented by Executive Management;
- checked on the skills of Key function holders with the Human Resources Department;
- was informed of the implementation and outcome of the controls related to the Corporate governance Policy applicable to all subsidiaries within BNP Paribas' prudential consolidation scope;
- took note of the minutes of the Nominations Committees of the subsidiaries with a balance sheet total of over EUR 5 billion;
- was informed of the content of exchanges between the Chairman of the Board of directors and investors about the Bank's governance;
- examined the report on Corporate governance with respect to 2019; it recommended approval by the Board of directors.

The Board:

- approved the gender balance target of 40% on the Group's Executive Committee by 2025[1] on the basis of the implementation terms and the action plan presented by Executive Management. Executive Management will annually inform the Board of the outcomes;
- approved the Corporate governance report for 2019.

Assessment of the Board of directors

The Committee:

- acknowledged the results of the 2019 internal assessment of the Board of directors. The assessment confirmed the directors' satisfaction with the way in which the Board operates and the quality of the Chairman's discussions. It noted the professionalism of the management team, the quality of the Board and the complementarity of its members;
- it monitored the implementation of the action plan arising from the assessment conducted in 2019. This resulted in (i) regular discussions within the Committee and the Board on the succession process for corporate officers and holders of key positions in the Group, (ii) an in-depth look at IT issues, particularly on cybersecurity via consultations with the Chief Executive Officer and the Chief Information Officer (CIO);
- proposed an action plan to the Board that was in keeping with the action plan set out the previous year, in particular:
  - (i) continuing discussions with the Group's operational managers, in particular the CIO,
  - (ii) deepening the understanding of CSR topics and those related to operational risk,
  - (iii) changes in and the composition of the shareholder base.

The Board approved the action plan following the 2019 assessment.

- In addition, in accordance with the 2014 Board decision, the 2020 assessment will be conducted by an outside firm. The Committee selected the firm following a call for tenders and validated the content of the questionnaire proposed for the completion of the Board of directors' assessment. This questionnaire includes aspects relating to the functioning of the Board during the health crisis.

The Board approved the choice of the firm to conduct the assessment for the year 2020.

Code of conduct

The Corporate governance, Ethics, Nominations and CSR Committee, in accordance with its powers, dedicated a session to examining the implementation of the Code of conduct within the subsidiaries and the Group's geographical regions. In particular, it was informed of the Covid-19 health crisis-related consequences which contributed to strengthening the conduct dimension with the widespread use of remote working, the acceleration of digitisation and the change in interactions with customers.

The Board of directors continued to monitor the deployment of the Code of conduct within the Group's subsidiaries and geographical areas.

Remuneration of directors and the non-voting member

In light of the Remuneration Committee's approval of the allocation of remuneration paid to individual directors for 2020, the Corporate governance, Ethics, Nominations and CSR Committee examined the actual attendance of each director and of the non-voting member at the Committees and Board in 2020.

(1) See Chapter 7 - page 572 for more détails.

Social and Environmental Responsibility

As part of the extension of its powers, the Corporate governance, Ethics, Nominations and CSR Committee examined the report on the Group's social and environmental responsibility and proposed some amendments and modifications.

The Committee:

- examined the Group's CSR report and noted that the Group's progress was recognised by extra-financial rating agencies, with overall scores well above the banking average;
- reviewed the Bank's statement under the British Modern Slavery Act which aims to ensure that the Bank's business activity does not involve slavery or human trafficking. This statement is included in the Group's CSR report;
- acknowledged the press release published by the Group on 11 May 2020 relating to its coal policy, in which the Group announced its withdrawal from the financing of coal developers;
- was informed of the Group's diversity and inclusion policy, particularly in terms of gender equality.

> The Board of directors:
>
> - approved the Group's social and environmental responsibility report, including the Extra-Financial Performance Statement, with the amendments proposed by the Committee;
> - approved the Bank's statement on the "Modern Slavery Act".

2.f Work performed by the Remuneration Committee and work approved by the Board of directors in 2020

Number of members	Meetings	Attendance rate
4	5	100%

Two members of the Remuneration Committee are also members of the Internal Control, Risk and Compliance Committee promoting therein the work of the Committee on the appropriateness of BNP Paribas' compensation principles and risk policy, thus meeting the requirements of the French Monetary and Financial Code.

The Remuneration Committee:

<u>In respect of the year 2019</u>

- after receiving detailed information on Group employees whose responsibilities within the Bank have a significant impact on the Group's risk profile ("material risk takers"):
- examined the issues relating to their remuneration;
- reviewed the final scope of the Group's material risk takers;
- reviewed the 2020 published report on compensation paid to the Group's material risk takers for 2019;
- examined the final parameters for determining the variable remuneration package for the Global Markets business line and was informed of the final package awarded and the way in which individual awards were made for this business line;
- reviewed the list of the highest paid employees in 2019;
- audited the 2019 compensation of the Group's Head of Risk and Head of Compliance;
- examined, without the presence of the corporate officers, the quantitative and qualitative performance criteria related to the annual variable compensation of the corporate officers and proposed to the Board to approve their variable compensation for 2019;
- reviewed the Say on pay files relating to each of the corporate officers of BNP Paribas as well as the information shown in the Corporate governance report concerning, in particular, the total compensation and benefits in kind for all directors and corporate officers of BNP Paribas (SA);
- was informed of the impacts of the Pacte law, which introduces new disclosure requirements on the compensation of directors and corporate officers of listed companies as from the 2020 Shareholders' Annual General Meeting, including the publication of the compensation multiple for corporate officers;
- acknowledged the principles of the remuneration policy, actual compensation, allowances and benefits in kind granted for the 2019 performance year to the corporate officers and the Heads of Risk and Compliance of Group subsidiaries that meet the threshold set by law and that have delegated these missions to the Committee;
- reviewed the resolution on compensation paid to the Group's material risk takers that is subject to an annual advisory vote at the Shareholders' Annual General Meeting;
- was informed of the summary of the General Inspection report concerning the implementation of the review of material risk takers' compensation in respect of 2019;

<u>In respect of the year 2020</u>

- reviewed the scope of the Group's material risk takers identified as an initial estimate in respect of 2020;
- examined the rules on deferred compensation and the variable compensation payment terms applicable to the Group's material risk takers in 2020;
- examined the initial parameters used to determine the variable compensation package for Global Markets' employees for the 2020 performance year;

- reviewed the remuneration policy applicable to directors and corporate officers regarding performance in respect of the 2020 financial year;
- examined the impact of the health crisis on the compensation of the Group's regulated population and that of corporate officers and proposed that the Board consider that the current variable compensation structure (i) would strongly impact the amounts that would be actually paid to the MRTs and executive corporate officers both for 2019 and in the longer term, (ii) fulfils the objective initially set and (iii) responds to the desire for restraint expressed by the authorities;
- renewed the terms and conditions of directors' compensation in an identical manner and reviewed the distribution of directors' remuneration and the individual amount allocated to each director for the financial year 2020 on the basis of the verification of the directors' actual attendance at Board and Committee meetings as well as the amount allocated to compensate the non-voting member based on his actual attendance;

<u>In respect of the year 2021</u>

- reviewed the changes to the Group's remuneration policy, mainly reflecting the provisions relating to the European CRD 5 directive applicable from the 2021 financial year and proposed that the Board approve the amended policy;
- proposed to the Board, as from the financial year 2021, to modify terms and conditions of the directors' and the non-voting member's remuneration by aligning the variable portion paid to all the directors at EUR 3,000 when the scheduled Board of directors' meetings take place by way of videoconferencing or telecommunication means;
- proposed to the Board to submit to the vote of the Shareholders' Annual General Meeting of 18 May 2021 the increase in the global amount of directors' remuneration from EUR 1.3 million to EUR 1.4 million, an increase in proportion to the expansion of the Board of directors due to the appointment of the director representing the employee shareholders (ARSA) as from that date. This increase will be capped for the financial year 2021 in proportion to the attendance of the ARSA.

The Board:

- was informed of all the Remuneration Committee's work;
- examined and approved, without the presence of the Chief Executive Officer and the Chief Operating Officer, the assessment made by the Committee of the quantitative and qualitative criteria related to the annual variable compensation of the corporate officers for the performance year 2019;
- ensured that the change in the variable compensation of executive corporate officers was appropriate;
- approved the Say on Pay files for the financial year 2019 for the corporate officers as well as the information included in the Corporate governance report concerning, in particular, total remuneration and benefits in kind for all directors and corporate officers of BNP Paribas (SA), to be submitted to the vote of the Shareholders' Annual General Meeting;
- considered that the existing compensation mechanisms for the Group's regulated population and corporate officers make it possible to "moderate" the amounts paid in the event of a crisis;
- heard the Committee Chairman's report on the appropriateness of the compensation of the Heads of Risk and Compliance for the 2019 performance year;
- was informed by the Committee Chairman of the approach used to identify those employees whose professional activities have a significant impact on the Company's risk profile and the principles for their remuneration as proposed by Executive Management for the 2020 performance year;
- approved, without the presence of the Chief Executive Officer and the Chief Operating Officer, the remuneration policy for directors and corporate officers for the financial year 2020;
- approved the individual split of the remuneration allocated to the directors and that allocated to the non-voting member for the financial year 2020;
- approved as from the financial year 2021 the proposed modification of the terms and conditions to compensate directors in the case of scheduled meetings of the Board of directors held by videoconference or telecommunication means;
- approved the changes to the Group's remuneration policy as from the financial year 2021;
- approved the submission to the vote of the Shareholders' Annual General Meeting of 18 May 2021 to increase the global amount of directors' remuneration from EUR 1.3 million to EUR 1.4 million as of that date.

INTERNAL RULES OF THE BOARD OF DIRECTORS

PREAMBLE

The rules concerning:

- the Board of directors;
- the members of the Board of directors, including their rights and obligations;
- the Board of directors' Committees;

are set by the statutory and regulatory provisions, the Company's Articles of Association, and these rules (in addition to these Internal rules of the Board of directors, there is the Policy on the suitability of Members of the management body and Key function holders mentioned in 1.3 below).

The Board of directors also takes into account the French market guidelines concerning corporate governance and, in particular, the provisions of the corporate governance Code for listed companies published by the French employers' organisations *Association Française des Entreprises Privées* (Afep) and the *Mouvement des Entreprises de France* (Medef), hereinafter called the Afep-Medef Code, to which BNP Paribas (the "**Company**") refers.

The Board of directors is a collegial body that collectively represents all shareholders and acts in all circumstances in the corporate interests of the Company.

The Board of directors is assisted by specialised committees:

- financial statements Committee;
- internal control, risk management and compliance Committee;
- corporate governance, ethics, nominations and CSR Committee; and
- remuneration Committee;

as well as by any *ad hoc* committee.

PART ONE – THE BOARD OF DIRECTORS, COLLEGIAL BODY

ARTICLE 1. DUTIES OF THE BOARD OF DIRECTORS

The Board of directors discusses any question coming within the scope of its statutory and regulatory duties and contributes to promoting the corporate values aimed, in particular, to ensuring that the conduct of BNP Paribas' activities by its employees complies with the highest ethical requirements in order to protect the reputation of the Bank.

In particular and non-exhaustively, the Board of directors is competent in the following areas:

1.1. ORIENTATIONS AND STRATEGIC OPERATIONS

The Board of directors:

- determines BNP Paribas' s business orientations and supervises their implementation by the Executive Management, taking the social and environmental challenges of BNP Paribas' activities into consideration;
- subject to the powers expressly allocated to the shareholders' meetings and within the limit of the corporate purpose, it handles any issue concerning the smooth running of the Company and settles by its decisions any matters concerning it;
- gives its prior approval with respect to all investment or disinvestment decisions (other than portfolio transactions) in an amount in excess of EUR 250 million, and any proposal to acquire or dispose of shareholdings (other than portfolio transactions) in excess of that threshold, submitted to it by the Chief Executive Officer. It is also regularly informed by the Chief Executive Officer of significant transactions which fall below this limit;
- gives its prior approval to any significant strategic operation which falls outside the approved orientations;
- promotes long-term value creation by BNP Paribas.

1.2. CODE OF CONDUCT

The Board of directors and the Executive Management have developed a Code of conduct of BNP Paribas Group which defines the standards of conduct in line with the values and missions determined by the Bank. This Code, which shall be integrated by each business line and each employee, governs the actions of each employee and guides the decisions at every level of the organisation. For this purpose, the Board ensures the Executive Management implements this Code into business lines, countries and regions.

1.3. GOVERNANCE, INTERNAL CONTROL AND FINANCIAL STATEMENTS

The Board of directors:

- appoints the Chairman, the Chief Executive Officer (CEO) and, on the recommendation of the latter, the Chief Operating Officer(s) (COO);
- sets any limits to the powers of the Chief Executive Officer and of the Chief Operating Officer(s);
- examines the system of governance, which includes, in particular, a clear organisational structure with well defined, transparent and consistent sharing of responsibilities, efficient processes to identify, manage, monitor and report the risks to which the Company is or might be exposed to; it periodically assesses the efficiency of this governance system and ensures that corrective measures have been taken to remedy any failings;
- determines the orientations and controls their implementation by the actual managers of the monitoring measures in order to guarantee an effective and prudent management of the Company, including the segregation of duties in the organisation of the Company and the prevention of conflicts of interests;
- ensures the fulfilment of the obligations which are incumbent on it concerning internal control, and, in particular, examines, at least twice a year, the activity and the results of the internal control;
- approves the management report and the corporate governance report attached to it;
- carries out the controls and verifications which it deems appropriate;
- ensures that the Chief Executive Officer and/or Chief Operating Officer(s) implement a policy of non-discrimination and of diversity including gender balance in management bodies;
- ensures the implementation of process for preventing and detecting corruption and influence-peddling for which it receives all the information required for that purpose;

- examines and closes the financial statements and ensures their sincerity;
- reviews, at least once a year, the draft budgets and the drafts of the various statutory and regulatory reports which the Chief Executive Officer submits to it;
- prepares a suitability policy that defines the assessment of Members of the management body and of Key function holders (the "Policy on the suitability of Members of the management body and Key function holders"); the Board of directors (and its committees) apply this policy and revise it regularly to account in particular for any regulatory changes;
- gives its approval prior to the dismissal of the Heads of the following functions: Risk Management, Compliance, or the General Inspection.

1.4. RISK MANAGEMENT

The Board of directors:

- regularly examines, in connection with the strategy it has defined, the opportunities and risks, such as financial, legal, operational, social, and environmental risks, as well as the measures taken as a result;
- as such, approves and regularly reviews the strategies and policies governing the taking, management, monitoring and reduction of the risks to which the Company is or might be exposed to, including the risks caused by the economic environment. In particular, the Board of directors approves the global risk limits and puts into place a specific process organising its information and, as the case may be, the referral of the matter to it in the event these limits are exceeded.

1.5. COMMUNICATION

The Board of directors:

- ensures that the financial information disclosed to the shareholders and the markets is of high quality;
- controls the process of financial publication and communication, quality and reliability of the information intended to be published and communicated by the Company.

1.6. REMUNERATION

The Board of directors:

- allocates, without prejudice to the powers of the Annual General Meeting, the directors' attendance fees;
- adopts and regularly reviews the general principles of the remuneration policy of the Group which relates, in particular, to the categories of staff including the risk takers, staff engaged in control functions and any employee who, given his overall income, is in the same remuneration bracket as those whose professional activities have an impact on the risk profile of the Group;
- decides, without prejudice to the powers of the Annual General Meeting, the remuneration of the managers who are corporate officers *(dirigeants mandataires sociaux)*, in particular their fixed and variable remuneration as well as any other means of remuneration or benefit in kind.

1.7. RESOLUTION

The Board of directors settles the preventive recovery plan of the institution, as well as the items necessary to establish the resolution plan communicated to the competent regulatory authorities.

ARTICLE 2. FUNCTIONING OF THE BOARD OF DIRECTORS

2.1. ORGANISATION OF THE MEETINGS

The Board of directors meets at least four times a year and as often as circumstances or BNP Paribas' interest requires this.

Notices of meetings may be communicated by the Secretary of the Board.

The Secretary of the Board prepares all of the documents necessary to the Board meetings and arranges to place all of the documentation at the disposal of the directors and other participants in the meetings.

An attendance register is kept, which is signed by the directors taking part in the meeting. It mentions the names of the directors considered as present.

The Board of directors' decisions are recorded in minutes by the Secretary of the Board which are entered into a special register, in accordance with the laws in force. The Secretary of the Board of directors is authorized to issue and certify copies or excerpts of the Board minutes. Each set of Board minutes must be approved at a subsequent Board meeting.

The decisions of the Board of directors are carried out either by the Chief Executive Officer, or a Chief Operating Officer, or by any special representative appointed by the Board of directors.

2.2. MEANS OF PARTICIPATION

Directors taking part in the meeting by videoconference (visioconference) or telecommunication means enabling their identification, guaranteeing their effective participation, transmitting at least the voices of the participants, and meeting, through their technical features, the needs of confidentiality, of continuous and simultaneous retransmission, with the exception of Board meetings closing out the financial statements and the annual report, shall be deemed to be present for the purpose of calculating both the quorum and the majority. The minutes state, as the case may be, the occurrence of any technical incidents if they disturbed the conduct of the meeting.

PART TWO – THE MEMBERS OF THE BOARD OF DIRECTORS

ARTICLE 3. COMPOSITION, INFORMATION AND SKILLS

3.1. CHAIRMAN OF THE BOARD OF DIRECTORS

3.1.1. Relations with the Company's other bodies and with parties outside the Company

In relations with the Company's other bodies and with parties outside the Company, the Chairman of the Board of directors alone has the power to act on behalf of the Board of directors and to express himself in its name, except in exceptional circumstances, and except where specific assignments or duties are entrusted by the Board of directors to another director.

The Chairman makes sure that he maintains a close and trusting relationship with Executive Management. He provides him with his assistance and his advice while respecting his executive responsibilities. He organises his activities so as to ensure his availability and put his experience at the Company's service. He contributes to promoting the values and image of the Company, both within the Group and externally.

Coordinating closely with Executive Management, he can represent the Group in its high level relationships, and particularly with major clients, public authorities and the institutions on national, European and international levels.

He ensures that the quality of relations with shareholders is maintained, in close coordination with the work of Executive Management in this area. He reports on this mission to the Board.

He ensures that principles of corporate governance are defined and implemented.

The Chairman is the custodian of the proper functioning of the Board of directors of BNP Paribas. As such:

- with the support of the corporate governance, ethics, nominations and CSR Committee, with the approval of the Board of directors and of the Annual General Shareholders' Meeting, where appropriate, he endeavours to build an efficient and balanced Board, and to manage replacement and succession plan processes related to the Board of directors and nominations on which it will have to opine;
- he can attend all committee meetings and can add any subject to the agenda of the latter which he considers to be relevant;
- he ensures that the directors have the documentation and information necessary to carry out their duties in a timely manner and in a clear and appropriate form.

3.1.2. Organisation of the work of the Board of directors

The Chairman organises and manages the work of the Board of directors in order to allow it to carry out all of its duties. He sets the timetable and agenda of Board meetings and convenes them.

He ensures that the work of the Board of directors is well organised, in a manner conducive to constructive discussion and decision-making. He directs the work of the Board of directors and coordinates its work with that of the specialised committees.

He sees to it that the Board of directors devotes an appropriate amount of time to issues relating to the future of the Company and particularly its strategy.

The Chairman is kept regularly informed by the Chief Executive Officer and other members of the Executive Management of significant events and situations relating to the business of the Group, particularly those relating to: deployment of strategy, organisation, investment or disinvestment projects, financial transactions, risks, financial statements.

The Chief Executive Officer provides the Chairman with all information required under French law regarding the internal control report.

He may ask the Chief Executive Officer or any manager, and in particular, the heads of the control functions, for any information likely to assist the Board and its committees in the carrying out of their duties.

He may hear the Statutory Auditors in order to prepare the work of the Board of directors and of the financial statements' Committee.

3.2. DIRECTORS

They undertake to act in the corporate interest of BNP Paribas and to comply with all of the provisions of these Internal rules that are applicable to them, and more specifically the procedures of the Board of directors.

3.3. OTHER PARTICIPANTS

3.3.1. Non-voting director (censeurs)

The non-voting directors attend the meetings of the Board and of the specialised committees in an advisory capacity.

3.3.2. Statutory Auditors

The Statutory Auditors attend the meetings of the Board and of the specialised committees which examine or close the annual or interim financial statements and may attend the meetings of the Board and of the specialised committees when the Chairman of the Board considers it necessary.

3.3.3. Persons invited

The Board can decide to invite one or several persons to attend the meetings.

3.3.4. Representative of the Central Works Committee

The representative of the Central Works Committee attends the meetings of the Board in an advisory capacity.

3.3.5. Secretary of the Board

The Secretary of the Board is appointed by the Board and attends the meetings of the latter.

3.3.6. Heads of the control functions

If necessary, in the case of particular events affecting or likely to affect BNP Paribas, the heads of the control functions can report directly to the Board and, as the case may be, to its committees, to express their concerns without referring to the actual managers.

The individuals specified in point 3.3 are subject to the same rules of ethics, confidentiality and professional conduct as the directors.

3.4. ACCESS TO INFORMATION

3.4.1. Information and documentation

For the purpose of efficiently participating in the Board of directors' meetings and making enlightened decisions, each director may ask that the Chairman or the Chief Executive Officer communicates to him all documents and information necessary to perform his duties, if these documents are useful for making decisions and are related to the Board of directors' powers.

Requests are sent to the Secretary of the Board of directors who informs the Chairman thereof.

When the Secretary of the Board of directors considers this preferable, for reasons of convenience or confidentiality, the documents thus placed at the disposal of the directors as well as of any person attending the meetings of the Board are consulted through the Secretary of the Board or through the competent employee of the Group.

3.4.2. Systems

The placing at disposal of the directors or of any person attending the Board meetings of all of the documentation with a view to meetings of the Board, may be done by any means, including dematerialised. In this case, all the measures of protection considered necessary are taken to protect the confidentiality, the integrity and the availability of the information and each member of the Board or any person who has received the documentation is responsible not only for the systems and media thus placed at disposal but also for their access.

3.5. TRAINING, INDIVIDUAL AND COLLECTIVE SKILLS

The directors of BNP Paribas possess, both individually and collectively, the expertise, experience, skills, understanding and personal qualities necessary, notably in terms of professionalism and integrity, to properly perform their duties in connection with each of the significant activities of BNP Paribas and guaranteeing efficient governance and supervision.

The directors shall ensure that their knowledge is kept updated in compliance with the Policy on the suitability of Members of the management body and Key function holders.

The directors representing employees and the director representing employee shareholders are given time dedicated to training determined by the Board in accordance with the regulations in force. At the end of the training, the training centre chosen by the Board must issue a certificate of regular attendance, which the director must remit to the Secretary of the Board.

ARTICLE 4. OBLIGATIONS

4.1. HOLDING AND KEEPING OF BNP PARIBAS SHARES

Every director appointed by the General Shareholders' Meeting must personally hold 1,000 shares. The director must hold all of the shares within twelve months of his appointment. At the expiry of this period, every director concerned shall make sure to keep the minimum number of BNP Paribas' shares throughout his term of office.

The directors undertake not to engage in any individual hedging or insurance strategies to cover their risk on such shares.

This obligation does not concern directors representing employees and director representing employee shareholders.

4.2. ETHICS - CONFIDENTIALITY

4.2.1. Ethics

4.2.1.1. Availability and regular attendance

The members of the Board of directors shall devote the time and the effort necessary to carry out their duties and responsibilities, in compliance with the Policy on the suitability of Members of the management body and Key function holders.

The directors representing employees and the director representing employee shareholders are given a preparation time determined by the Board in accordance with the Guidelines on the assessment of the suitability of Members of the management body and Key function holders.

4.2.1.2. Independence and loyalty

Every member of the Board of directors shall at all times maintain his or her independence of mind, in compliance with the Policy on the suitability of Members of the management body and Key function holders.

He shall act with loyalty towards the other directors, shareholders and BNP Paribas.

He shall refuse any benefit or service liable to compromise his independence.

4.2.1.3. Duty of vigilance

Every member of the Board of directors is bound by a duty of vigilance with respect to the keeping, use and, as the case may be, the return of the systems, documents and information placed at disposal.

4.2.2. Confidentiality

Any director and any person participating in the work of the Board is bound by an obligation of absolute confidentiality about the content of the discussions and decisions of the Board and of its committees as well as the information and documents which are presented therein or which are provided to them, in any form whatsoever.

Except as provided by law, he is prohibited from communicating to any person outside of the Board of directors any information that has not been made public by BNP Paribas.

4.3. ETHICAL CONDUCT – LIMITATION ON DIRECTORSHIPS - CONFLICTS OF INTERESTS – PERSONAL DECLARATIONS

4.3.1. Ethical conduct

If directors have any questions related to ethical conduct, they may consult the head of the Group Compliance Function.

The legislation relating to insider trading applies particularly to directors both in a personal capacity and when carrying out their duties within companies that hold shares in BNP Paribas. They are required, in particular, to respect the legal requirements governing the definition, communication and exploitation of privileged information, the principal provisions of which are communicated to them when they take directorship.

Directors can only deal in securities of BNP Paribas on a personal basis during the period of six-weeks beginning on the day after the publication of the quarterly and annual financial statements, or after the publication of a press release on the Company's running, unless they are in possession during that period of information that puts them in the position of an insider with respect to the stock exchange regulations.

Directors shall refrain from any transactions that could be considered as speculative, and in particular from leveraged purchases or short sales, or short-term trading.

The director as well as the persons with close connections with him are under the obligation to declare to the French Financial Markets Authority *(Autorité des Marchés Financiers – AMF)*, which ensures the publication thereof, and to BNP Paribas the transactions that they execute in BNP Paribas shares and the financial instruments related thereto.

4.3.2. Limitation on directorships

The director complies with the statutory and regulatory provisions which are applicable to him or her, or which are applicable to BNP Paribas, concerning limitation on directorships, as well as the Policy on the suitability of Members of the management body and Key function holders.

4.3.3. Conflicts of interests

The director complies with the applicable statutory and regulatory provisions regarding conflicts of interests – in particular the so-called "related-party agreements" *(conventions réglementées)* regime as well as with the Policy on the suitability of Members of the management body and Key function holders.

Whatever the circumstances, in the event of breach of the obligations with respect to conflict of interests by a director, the Chairman of the Board of directors shall take all the statutory measures necessary in order to remedy it. He can, furthermore, keep the relevant regulators informed of such acts.

4.3.4. Personal declarations

The director undertakes to inform the Secretary of the Board as soon as possible of any change in his personal situation (change of address, appointment, directorships, duties carried out, or criminal, civil, or administrative convictions, etc.).

In particular, and in compliance with the Policy on the suitability of Members of the management body and Key function holders, the director shall inform, as soon as possible, the Chairman of the Board of directors of any criminal or civil conviction, management prohibition, administrative or disciplinary sanction, or measure of exclusion from a professional organisation, as well as any proceedings liable to entail such sanctions against him or her, any dismissal for professional misconduct, or any dismissal from a directorship of which he or she may be the subject. Similarly, the director informs the Chairman of the Board of directors of any criminal or civil order entered against it, administrative or disciplinary sanction or measure of exclusion from a professional organisation, as well as of any Court-ordered reorganisation or liquidation measure of which a company of which he is the manager, shareholder or partner is the subject or would be liable to be the subject.

ARTICLE 5. REMUNERATION OF DIRECTORS AND NON-VOTING DIRECTORS (CENSEURS)

The overall amount of remuneration given to the directors is determined by the General Shareholders' Meeting.

The individual amount of remuneration given to directors is determined by the Board of directors pursuant to a proposal by the remuneration Committee. It comprises a predominant variable portion based on actual participation in meetings, regardless of the means. Directors residing abroad receive an increased amount, except where they may participate in meetings of the Board of directors by videoconference or telecommunications means.

Actual participation in the committees entitles committee members to an additional remuneration, the amount of which may differ depending on the committees. Committee members receive this additional remuneration for their participation in each different Committee. The Chairmen of Committees also receive an additional remuneration.

The remuneration of the non-voting directors is determined by the Board of directors pursuant to a proposal of the Remuneration Committee.

PART THREE – THE BOARD OF DIRECTORS' SPECIALISED COMMITTEES

To facilitate the performance of their duties by BNP Paribas' directors, specialised committees are created within the Board of directors.

ARTICLE 6. COMMON PROVISIONS

6.1. COMPOSITION AND SKILLS

They consist of members of the Board of directors who do not carry out management duties within the Company. They include the required number of members who meet the criteria required to qualify as independent, as recommended by the Afep-Medef Code. The members of the committees have the knowledge and skills suited to carry out of the missions of the committees in which they participate.

The remunerations Committee includes at least one director representing the employees.

Their remits do not reduce or limit the powers of the Board of directors.

The Chairman of the Board of directors sees to it that the number, missions, composition, and functioning of the committees are adapted at all times to the statutory and regulatory provisions, to the Board of directors' needs and to the best corporate governance practices.

By decision of the Board, the internal control, Risk management and compliance Committee (CCIRC), the remunerations Committee (RemCo), the corporate Governance, ethics, nominations and CSR Committee (CGEN) may, in accordance with the provisions of Article L. 511-91 of the French Monetary and Financial Code *(Code Monétaire et Financier)* ensure their missions for the companies of the Group under the supervision of the regulator on a consolidated or sub-consolidated basis.

6.2. MEETINGS

The committees shall meet as often as necessary.

6.3. MEANS PLACED AT THE DISPOSAL OF THE COMMITTEES

They may call upon outside experts when needed.

The Chairman of a Committee may ask to hear any officer within the Group, regarding issues falling within this Committee's jurisdiction, as defined in the present Internal rules.

The Secretary of the Board prepares all of the documents necessary to the meetings of the specialised committees and organises the placing of the documentation at the disposal of the directors and other participants in the meetings.

This documentation can be placed at disposal by any means, including dematerialised. In this case, all the measures of protection considered necessary are taken for the purposes of protecting the confidentiality, integrity and the availability of the information and each member of the specialised Committee concerned or any person who has received the documentation is responsible not only for the systems and media and their provision but also for their access.

6.4. OPINIONS AND MINUTES

They express opinions intended for the Board of directors. The Chairmen of committees, or in case of their impediment another member of the same committee, present a verbal summary of their work at the next Board of directors' meeting.

Written reports of committees' meetings are prepared by the Secretary of the Board and communicated, after approval at a subsequent meeting, to the directors who so request.

ARTICLE 7. THE FINANCIAL STATEMENTS COMMITTEE

7.1. MISSIONS

In accordance with the provisions of the French Commercial Code, the Committee ensures the monitoring of the issues concerning the preparation and verification of the accounting and financial information.

7.1.1. Monitoring of the process of preparation of the financial information

The Committee is tasked with analysing the quarterly, half-yearly and annual financial statements issued by the Company in connection with the closing of financial statements and obtaining further explanations of certain items prior to presentation of the financial statements to the Board of directors.

The Committee shall examine all matters relating to these accounts and financial statements: the choices of accounting principles and policies, provisions, analytical results, prudential standards, profitability indicators, and all other accounting matters that raise methodological issues or are liable to give rise to potential risks.

It makes, as the case may be, recommendations, in order to ensure integrity of the elaboration process of the financial information.

7.1.2. Monitoring of the efficiency of the internal control systems and of risk management concerning accounting and financial matters

The Committee shall analyse, at least twice a year, the summary of the operations and the results of the internal accounting and financial control, as well as those originate from controls on the elaboration process and the processing of accounting, financial and extra-financial information, based on the information communicated to it by the Executive Management. It shall be briefed of incidents revealed by the accounting and financial internal control, reported on the basis of the thresholds and criteria defined by the Board of directors and shall report on its findings to the Board of directors.

It is informed by the Chairman of the Board of directors of any possible failure to implement corrective measures decided within the framework of the accounting and financial internal control system that has been brought to his direct knowledge by the head of periodic control and reports on its findings to the Board of directors.

7.1.3. Monitoring of the statutory auditing of the annual financial statements and of the consolidated financial statements by the Statutory Auditors as well as of the independence of the Statutory Auditors

The Committee shall steer the procedure for selection of the Statutory Auditors, express an opinion on the amount of fees charged for conducting the legal auditing engagements and report to the Board of directors on the outcome of this selection process.

It shall review the Statutory Auditors' audit plan, together with their recommendations and their monitoring.

It shall be notified on a yearly basis of the amount and breakdown of the fees paid by the BNP Paribas Group to the Statutory Auditors and the networks to which they belong, calculated using a model approved by the Committee. It shall ensure that the amount or the portion of the audit firms or the networks' revenues that BNP Paribas represents is not likely to compromise the Statutory Auditors' independence.

Its prior approval shall be required for any engagement entailing total fees of over EUR 1 million (before tax). The Committee shall approve, *a posteriori*, all other engagements, based on submissions from the Finance Department. The Committee shall validate the Finance Department's fast-track approval and control procedure for all "non-audit" engagements entailing fees of over EUR 50,000. The Committee shall receive, on a yearly basis from the Finance Department, a report on all "non-audit" engagements carried out by the networks to which the Group's Statutory Auditors belong.

It receives from the Statutory Auditors a written report on their main observations concerning the weaknesses of internal control and reviews it, as well as most significant recommendations issued in the framework of their mission and reviews it. It takes notes of the most significant statements and recommendations issued by the internal audit in the framework of their missions regarding accounting and financial information.

Each Statutory Auditor shall report on a yearly basis to the Committee on its internal control system for guaranteeing its independence, and shall provide a written statement of its independence in auditing the Group.

The Committee accounts for the statements and conclusions of the *Haut Conseil des Commissaires aux comptes* (H3C) resulting from the controls provided by the H3C in the professional activity of Statutory Auditors.

At least twice a year, the Committee shall devote part of a meeting to a discussion with the team of Statutory Auditors, without any member of the company's Executive Management being present.

The Committee meets in the presence of the team of Statutory Auditors, to review quarterly, half-yearly and annual financial statements.

However, the Statutory Auditors shall not attend all or part of Committee meetings dealing with their fees or their re-appointment.

The Statutory Auditors shall not attend all or part of Committee meetings dealing with specific issues that concern a member of their staff.

Except in the event of exceptional circumstances, the files containing the quarterly, half-yearly and annual results and financial statements shall be sent to Committee members at least three days prior to the Committee meetings.

Where questions of interpretation of accounting principles arise in connection with quarterly, half-yearly and annual results, and involve choices with a significant impact, the Statutory Auditors and FINANCE shall submit, on a quarterly basis, a memorandum to the Committee analysing the nature and significance of the issues at play, presenting the pros and cons of the various possible solutions and explaining the rationale for the choices ultimately made.

They present, at least twice a year, a note on the works on certification of the financial statements. Based on it, the Committee reports to the Board on the results of this mission and on the way this mission has contributed to the integrity of the financial information and on his own role in it.

7.2. CHAIRMAN'S REPORT

The Committee shall review that part of the draft of the Chairman's report on internal control procedures relating to the preparation and processing of accounting and financial information.

7.3. HEARINGS

With regard to all issues falling within its jurisdiction, the Committee may, at its initiative, hear the heads of finances and accounting of the Group, as well as the head of Asset/liability management.

The Committee may ask to hear the head of Finances Group with regard to any issue within its jurisdiction, for which he may be held liable, or the Company's management may be held liable, or that could call into question the quality of accounting and financial information disclosed by the Company.

ARTICLE 8. THE INTERNAL CONTROL, RISK MANAGEMENT AND COMPLIANCE COMMITTEE

8.1. MISSIONS

8.1.1. Missions concerning the global risk strategy

The Committee advises the Board of directors on the adequacy of the global strategy of the Company and the overall current and future risk appetite. It assists the Board of directors when the latter verifies the implementation of this strategy by the actual managers and by the head of risk management.

For this purpose, the Committee examines the key orientations of the Group's risk policy, including social and environmental orientations, based on measurements of the risk and profitability of the operations reported to it, in accordance with the regulations in force, as well as any specific issues related to these matters and methods.

In the event that a global risk limit is exceeded, a procedure to refer the matter to the Board of directors is provided for: the Executive Management informs the Chairman of the Committee, who can decide to convene the Committee or to request the convening of the Board of directors.

8.1.2. Missions concerning the examination of the prices of the products and services proposed to customers

In the framework of its mission and according to the terms it shall define, the Committee examines whether the prices of the products and services proposed to customers are compatible with the risk strategy. Where prices do not properly reflect the risks, it presents to the Board of directors an action plan to remedy this.

8.1.3. Missions concerning remuneration

Without prejudice to the missions of the remunerations Committee, the Risk committee examines whether the incentives provided for by the policy and the remuneration practices of the Company are compatible with its situation with respect to the risks to which it is exposed, its capital, its liquidity and the probability and the spreading over time of the expected profits.

To carry out this mission, the Chairman of the Committee shall attend the Remunerations Committee's meeting and presents to it the position upheld.

8.1.4. Missions concerning internal control and compliance

The Committee also reviews all compliance-related issues, particularly those in the areas of reputation risk or professional ethics.

The Committee analyses the risk measurement and monitoring report. Twice a year it examines the internal control operations and findings (excluding accounting and financial internal control, which is the responsibility of the Financial Statements Committee) based on the information provided to it by Executive Management and the reports presented to it by the heads of permanent control, compliance and periodic controls. It reviews the Company's exchanges of correspondence with the Secretariat General of the Prudential Control and Resolution Authority (*Autorité de Contrôle Prudentiel et de Résolution* – ACPR).

The Committee is briefed on incidents revealed by internal control that are reported on the basis of the thresholds and criteria defined by the Board of directors and reports on its findings to the Board of directors.

It analyses the status of recommendations made by the General Inspection unit that were not implemented. It is informed by the Chairman of the Board of directors of any possible failure to implement corrective measures decided within the framework of the internal control, of which it would have been informed directly by the head of periodic control and reports on its findings to the Board of directors.

8.2. HEARINGS

It proceeds with the hearing, excluding the presence of the Executive Management, of the heads of the Group control functions (General Inspection, Compliance, Risk and Legal).

It presents the Board of directors with its assessment concerning the methods and procedures employed.

It expresses its opinion concerning the way these functions are organised within the Group and is kept informed of their work programme.

8.3. ACCESS TO THE INFORMATION

The Committee has all the information about the situation of the Company with respect to risks. It may, if this is necessary, use the services of the head of risk management or of outside experts.

8.4. MEETINGS COMMON TO THE FINANCIAL STATEMENTS COMMITTEE AND THE INTERNAL CONTROL, RISK MANAGEMENT AND COMPLIANCE COMMITTEE

The financial statements Committee and the internal control, risk management and compliance Committee shall meet at the request of the Chairman of the Internal control, risk management and compliance Committee, or at the request of the Chairman of the financial statements Committee or at the request of the Chairman of the Board of directors.

In that context, the members of these committees:

- shall be briefed of the mission plan of the General Inspection and of the audit plan of the Statutory Auditors and shall prepare the work of the Board of directors in assessing the risk policies and management systems;
- deal with common subjects concerning the risks and financial impacts policy (including provisioning). They carry out, in particular, a systematic review of the risks that can in the future have a significant impact on the financial statements.

This meeting shall be chaired by the Chairman of the financial statements Committee.

ARTICLE 9. THE CORPORATE GOVERNANCE, ETHICS, NOMINATIONS AND CSR COMMITTEE

9.1. MISSIONS CONCERNING CORPORATE GOVERNANCE

The Committee is tasked with monitoring corporate governance issues. Its role is to help the Board of directors to adapt corporate governance practices within BNP Paribas and to assess its functioning.

It ensures the follows up on a regular basis of the evolution in the governance disciplines at the global, European and national levels. At least once a year, it presents a summary thereon to the Board of directors. It selects measures that are suitable for the Group and which are likely to bring its procedures, organisation and conduct in line with best practice in this area.

It examines the draft report on corporate governance and all other documents required by applicable laws and regulations.

The Committee is in charge of the follow up of questions related to the social and environmental responsibility ("CSR"). For this purpose, it handles more specifically the Group's contribution to sustainable economic development, in particular by an ethical financing of the economy, by promoting the development and the commitment of the employees, by the protection of the environment and the fight against climate change, as well as the positive impact of the Group in the society.

9.2. CODE OF CONDUCT

The Committee carries out regular monitoring of the update of BNP Paribas Group's Code of conduct.

9.3. MISSIONS CONCERNING THE IDENTIFICATION OF, SELECTION OF, AND SUCCESSION PLAN FOR DIRECTORS, COMMITTEE MEMBERS, AND NON-VOTING DIRECTORS (CENSEURS)

For the identification of, selection of, and succession plan for the directors, the Committee applies the principles and procedure described in the Policy on the suitability of Members of the management body and Key function holders. The Committee regularly reviews this policy and proposes any amendments it deems advisable to the Board of directors.

The Committee sets an objective to achieve with respect to gender balance on the Board of directors. It draws up a policy aimed at achieving this objective. This objective and this policy, once set, are approved by the Board of directors.

As the case may be, the Committee proposes to the Board of directors the appointment of the non-voting directors.

9.4. MISSIONS CONCERNING THE ASSESSMENT OF THE BOARD OF DIRECTORS

The Committee assesses periodically, and at least once a year, the balance and diversity of the Board in compliance with the Policy on the suitability of Members of the management body and Key function holders.

Furthermore, an assessment of the Board of directors is made by a firm of external expert advisors every three years.

9.5. MISSIONS CONCERNING THE SELECTION OF, APPOINTMENT OF, AND SUCCESSION PLAN FOR THE CHAIRMAN, MEMBERS OF EXECUTIVE MANAGEMENT, AND KEY FUNCTION HOLDERS

The Committee periodically examines the Policy on the suitability of Members of the management body and Key function holders regarding the selection of, appointment of, and succession plan for the executive officers, the Chief Operating Officer(s), the Chairman, and the Key function holders as defined in this Policy, and makes recommendations in the matter.

The Committee contributes to the selection and appointment of, as well as the establishment of succession plans for, the Chairman and members of the Executive Management, pursuant to the Policy on the suitability of Members of the management body and Key function holders.

With regard to the key function holders, it ensures that the Policy on the suitability of Members of the Management body and Key function holders is applied by Executive Management.

9.6. MISSIONS CONCERNING THE ASSESSMENT OF THE CHAIRMAN, CHIEF EXECUTIVE OFFICER, AND CHIEF OPERATING OFFICER(S)

The Committee assesses the action of the Chairman.

It makes an assessment of the performance of the Chief Executive Officer and of the Chief Operating Officer(s) in the light of the strategic directions of the business established by the Board of directors and taking into consideration their capacities for anticipation, decision, organisation and exemplarity.

9.7. MISSIONS CONCERNING THE INDEPENDENCE OF THE DIRECTORS

The Committee is tasked with assessing the independence of the directors, within the meaning of the Afep-Medef Code, and reporting its findings to the Board of directors.

9.8. MISSIONS CONCERNING THE GENERAL BALANCE OF THE BOARD OF DIRECTORS

The Committee ensures that the Board of directors is not dominated by one person or, a small group of persons in a manner that is detrimental to the interests of the Company. For this purpose, it applies the Policy on the suitability of Members of the management body and Key function holders.

ARTICLE 10. THE REMUNERATION COMMITTEE

The Committee prepares the decisions that the Board of directors approves concerning remuneration, in particular that which has an effect on risk and the management of risks.

The Committee makes an annual examination:

- of the principles of the remuneration policy of the Company;
- of the remuneration, allowances and benefits of any kind granted to the directors and corporate officers of the Company;
- of the remuneration policies of the categories of staff, including the executive managers, risk takers, and staff engaged in control functions and any employee, who given his overall income, is in the same remuneration bracket as those whose professional activities have a material impact on the risk profile of the Company or of the Group.

The Committee directly controls the remuneration of the head of RISK and of the head of Compliance.

Within the framework of the missions described above, the Committee prepares the work of the Board of directors on the principles of the remuneration policies, in particular concerning Group staff whose professional activities have a material impact on the Group's risk profile, in accordance with the regulations in force.

It is tasked with studying all issues related to the personal status of the directors and corporate officers, and in particular the remuneration, the amount of retirement benefits and the allotment of subscription or purchase options to the Company's shares, as well as the provisions governing the departure of the members of the Company's management or representational bodies.

It examines the conditions, the amount and the distribution of the subscription or purchase stock option plans. Similarly, it examines the conditions for the allotment of free shares.

With the Chairman, it is also within its remit to assist the Chief Executive Officer with any matter relating to the remuneration of senior executives that the latter might submit to it.

GUIDELINES ON THE ASSESSMENT OF THE SUITABILITY OF MEMBERS OF THE MANAGEMENT BODY AND KEY FUNCTION HOLDERS

I. Background and definitions

a. Background

The purpose of the Policy on the suitability of Members of the management body and Key function holders is, while complying with the legal and regulatory provisions applicable to the Company, to specify and detail the procedures for implementing the provisions of the Internal Rules and of the regulations applicable to BNP Paribas in the French Monetary and Financial Code (hereinafter "CoMoFi"), the European Banking Authority ("EBA") Guidelines on the assessment of the suitability of members of the management body and key function holders (the "Fit and Proper Guidelines") published on 26 September 2017, and on Internal Governance, from the comply or explain process (defined below).

Pursuant to these provisions, these guidelines cover the following topics:

II. Identification of, selection of, and succession plan for Members of the management body and Key function holders:
- **a.** Identification of, selection of, and succession plan for directors,
- **b.** Identification of, selection of, and succession plan for the Chief Executive Officer and Chief Operating Officer(s),
- **c.** Identification of, selection of, and succession plan for Key function holders;

III. Independence of mind and management of conflicts of interest of the Members of the management body:
- **a.** General principles,
- **b.** Cases of conflicts of interests,
- **c.** Management of conflicts of interests;

IV. Compliance with the rules on limitation of directorships and on availability of the Members of the management body:
- **a.** Compliance with rules when appointing a Member of the management body,
- **b.** Compliance with rules while holding directorship as a Member of the management body;

V. Good repute, honesty, and integrity of the Members of the management body;

VI. Diversity of the Members of the management body and collective competence of the Board of directors;

VII. Induction and training of the Members of the management body.

These guidelines are approved by the Board of directors. Updates shall also be submitted for approval to the Board of directors.

b. Definitions

Members of the management body means the directors, the Chief Executive Officer, and the Chief Operating Officer(s).

Key function holders means, for the purposes of the Fit and Proper Guidelines, the Chief Financial Officer, the Head of Compliance, the Head of RISK and the Head of the General Inspection, the Head of Legal, the Head of Human Resources, and the individuals to whom the Company has decided to confer the title of Deputy Chief Operating Officers.

Fit and Proper means the assessment conducted by BNP Paribas on the collective suitability of the Board and of the relevant individuals with regard to the following criteria:

- knowledge, skills and experience;
- good repute, honesty, and integrity;
- independence of mind;
- compliance with the rules on limitation of directorships and on availability.

Comply or explain process means the procedure in the Single Supervisory Mechanism by virtue of which the European Central Bank ("**ECB**") and the competent national authorities announce their intention to comply, fully, partially, or not at all, with the guidelines issued by that authority.

Company means BNP Paribas.

CGEN means the Governance, Ethics, Nominations and CSR Committee of BNP Paribas.

SCA means the Secretariat of the Board of directors of BNP Paribas.

II. Identification of, selection of, and succession plan for Members of the management body and Key function holders

a. Identification of, selection of, and succession plan for directors

The CGEN is tasked with the identification of the persons that are likely to be appointed as directors, regardless of their role on the Board of directors, to establish and to maintain at all times a list of these persons, which will be periodically monitored by the CGEN, without precisely determining the circumstances requiring their nomination to the Board of directors.

Identification by the CGEN of the persons likely to be appointed as directors

The CGEN shall identify and recommend to the Board of directors candidates suitable for the non-executive directorship of director, with a view to proposing their candidacy to the General Meeting. In the determination of the potential candidates, the CGEN assesses the balance of skills, experience, diversity, as well as the integrity and the capacity of understanding the stakes and the risks, both personal and collective, of the members of the Board. It ensures, furthermore, that the candidates are able to act objectively, critically and independently, notably with respect to other directorships they hold, that they have the courage necessary to express their thoughts and their judgements, sufficient availability to have a strong commitment in their duties and the objectivity indispensable for their directorship and, lastly, the desire to protect the interests of the Company and ensure its proper running.

The CGEN specifies the missions and the necessary qualifications for the duties to be carried out within the Board of directors and calculates the time to be devoted to such duties.

For the purposes of identifying the candidate, the CGEN,

- on the one hand, mandates, if it wishes so, one or several specialised agencies in the research for independent directors with the meaning of the provisions provided in Afep-Medef Code; this or these specialised agencies are selected further to a tender organised in coordination with the SCA;
- on the other hand gathers inputs on this from other Board members.

Upon receipt of a proposal, the CGEN conducts a careful examination of the provisions of these guidelines as well as on the following criteria based on both personal and collective skills:

- knowledge and skill in requested areas, based on experience and the ability to understand the issues and risks of key activities for the Bank, including social and environmental issues, enabling directors to make informed and effective decisions;
- courage, in particular to express opinions and make judgments, enabling directors to remain objective and independent;
- availability, *i.e.* sufficient time for the director to dedicate to his directorship and related training, and the assiduity, which allow the necessary hindsight and promote the director's commitment and sense of responsibility regarding the exercise of their directorship;
- loyalty, which fosters the director's commitment to the Company and to their duties within the Board, which collectively represents the shareholders;
- director's proper understanding of the Company's culture and ethics;
- good repute and propriety: a person should not be considered of good repute and meeting the propriety criterion if his or her personal or business conduct gives rise to any material doubt about his or her ability to ensure his or her directorship as independent director.

The CGEN ensures the regular updating of the list of persons that are likely to be selected, and, once a year, reports to the Board the work performed in order to identify the persons that are likely to be appointed directors so that the Board can deliberate on it.

As appropriate, the CGEN shall identify those individuals likely to be selected for the non-executive directorship of Chairman in consideration of the criteria set out above.

Selection by the Board of directors of the persons likely to become members of the Board

When the Board has to decide the appointment of a new member, the CGEN decides upon the submission of the candidacy to the Board in order, if the Board decides so, to propose such candidacy to the General Meeting. First, it shall communicate to the Chairman of the Board the name of the person who is likely to be appointed setting out the reasons for its proposal. The Chairman of the Board of directors contacts the relevant person and, in the case of an agreement with this person, asked the SCA to review the situation of the person in accordance with the above provisions. The Chairman of the CGEN and the Chairman of the Board met potential candidates.

A candidate for the non-executive directorship of Chairman of the Board of directors is submitted to the Chairman of CGEN so that this latter may contact the relevant candidate.

If the review and interview regarding the duties of both director and Chairman of the Board of directors are deemed to be satisfactory, the CGEN can then propose to the Board of directors to adopt the proposal for the submission of the candidacy.

The SCA can ask the candidates for any document required for its review, which it will retain pursuant to legal and regulatory provisions on personal data.

For specialised committees, the CGEN makes recommendations to the Board of directors on the appointment of the members in cooperation with the Chairman of the relevant committee, and of the Chairmen of the committees when they are to be renewed.

Succession plan for directors and review of the composition of the Board

The CGEN is responsible for examining the provisions allowing for the succession of the directors as well as, where applicable, the Chairman.

Once a year, the SCA, under the responsibility of the CGEN, reviews the composition of the Board of directors in accordance with the provisions relating to the identification of persons likely to become members of the Board of directors. The CGEN presents to the Board of directors the outcome of such review, which is subject to Board's deliberation.

b. Identification of, selection of, and succession plan for the Chief Executive Officer and Chief Operating Officer(s)

The Board of directors appoints the Chief Executive Officer and, on the recommendation of the latter, the Chief Operating Officer(s), and sets any limits to their powers.

For this purpose, acting jointly with the Chairman, the CGEN puts forward recommendations for the selection of the Chief Executive Officer for consideration by the Board, and, acting on recommendation of the Chief Executive Officer, it puts forward recommendations for the selection of the Chief Operating Officer(s). The CGEN ensures, at the time of identifying and putting forward recommendations for the Chief Operating Officer position(s), upon proposal from the Chief Executive Officer and where applicable with the support of the Company's Human Resources, that there is a gender balance and guarantees the presence of at least one woman and one man until the end of the selection process.

To identify the candidate, the CGEN conducts a careful examination of his or her candidacy in consideration of the provisions of this policy as well as the following criteria:

- knowledge and skill in requested areas, based on experience and ability to understand the issues and risks of key activities for the Bank, including social and environmental issues, enabling them to make informed and effective decisions;
- courage, in particular to express opinions and make judgements, enabling directors to remain objective and independent;
- availability, *i.e.* the sufficient time which the Chief Executive Officer and Chief Operating Officer(s) must dedicate to their duties and to the relevant training;
- loyalty, which fosters the commitment of the Chief Executive Officer and the Chief Operating Officer(s) to the Company and its shareholders;
- good repute and propriety: a person shall not be considered of good repute or meeting the propriety criterion if his or her personal or business conduct gives rise to any material doubt about his or her suitability as Chief Executive Officer or Chief Operating Officer, as the case may be.

The SCA can ask the candidate or the Company, as the case may be, for any document required for its review, which it shall retain pursuant to the legal and regulatory provisions on personal data.

It is also responsible for examining the provisions allowing the succession of the Chief Executive Officer and Chief Operating Officer(s).

c. Identification and appointment of the Key function holders

The CGEN ensures that in the identification and appointment of the Key function holders by Executive Management, with the support of the Company's Human Resources, as the case may be, the following are considered:

- skills, qualification, and experience;
- and good repute, honesty, and integrity.

III. Independence of mind and management of conflicts of interest of the Members of the management body

In consideration of the so-called "related-party agreements" regime in articles L.225-38 *et seq.* of the French Commercial Code, provisions regarding independence of mind and conflicts of interest set out in section 9 of the Fit and Proper Guidelines and Principle 3 of the Guidelines on Corporate governance principles for banks, published in July 2015 by the Basel Committee on Banking Supervision, and with the objective to embrace the best practices observed in the governance area, the aim of this section is to (i) recall the general principles applied to ensure the independence of mind of every Member of the management body, (ii) define the situations of conflicts of interest to which directors may face in light of the various activities that the Group conducts and which could be in competition with the interests of the concerned director, shall it be directly or indirectly, and (iii) provide details, in case such conflict of interest occurs, concerning the necessary measures to be adopted in order to take the situation into account and handle it in an appropriate manner.

a. General principles

Every Member of the management body shall at all times maintain his or her independence of mind, analysis, assessment, decision, and action so as to be able to issue opinions and make decisions in an informed, judicious and objective manner. For this purpose, the Member of the management body shall respect both the legal and regulatory provisions applicable to conflicts of interest – specifically the so-called "related-party" agreements – and the provisions below on the measures to be adopted in recognizing conflicts of interest and managing them appropriately.

More specifically, the Members of the management body shall refuse any benefit or service liable to compromise their independence, and undertake to avoid any conflict of interest (as described below).

Each member of the Board of directors shall freely express his or her positions, possibly minority positions, about the subjects discussed in the meetings of the Board or specialised committee.

It is recalled that any conflict of interest may question the fact that a director qualifies as an independent director according to the provisions of the Afep-Medef Code.

b. Cases of conflicts of interests

Besides the so-called "conventions réglementées" regime provided for by articles L.225-38 and *subseq.* of the French Commercial Code, the following situations may give rise to conflicts of interest:

a) each agreement entered into directly, or through an intermediary person[1], between a company that BNP Paribas controls within the meaning of article L.233-16 of the French Commercial Code and one of the Members of the Company's management body;

b) each agreement to which one of the Members of the Company's management body is indirectly interested, meaning that without being directly party to the said agreement entered into by one of the companies controlled by the Company within the meaning of article L.233-16 of the French Commercial Code, the Member of the management body benefits in a way or another from the agreement;

c) each agreement entered into between one of the companies controlled by the Company, within the meaning of article L.233-16 of the French Commercial Code, and a company owned by a Member of the Company's management body or of which such director is also an owner, general partner, manager, director, Member of the Supervisory Board or, generally, in a senior manager of this company;

d) each situation where Members of the management body are or might be, in relation with the exercise of his or her non-executive directorship, the recipient of privileged information (i) concerning a company in which he or she is an executive director within the meaning of c) or in which he or she exercises a function or holds interests whatever, or (ii) concerning the Company or one of the companies under its control within the meaning of article L.233-16 of the French Commercial Code which may be interests concerning the activity of a company in which he or she is an executive director within the meaning of c) or in which he or she exercises a function or holds interests whatever they may be;

e) each situation where the Member of the management body could take part to a Board meeting to which would be interested any person with whom he or she has family or professional links, or tight relations;

f) the undertaking of a new directorship whether in a listed or unlisted entity, French or foreign, not belonging to a group of which he is a manager, or any participation in the specialised committee of a corporate body or any other new directorship[2];

g) each currently valid commitment made under directorship previously held in France or abroad (*e.g.* a non-competition clause);

h) more generally, each situation that may constitute a conflict of interest between the Member of the management body and the Company or one of its subsidiaries within the meaning of article L.233-16 of the French Commercial Code.

c. Management of conflicts of interests

The assessment of current agreements is subject to a separate procedure by the Board of directors entitled "Procedure for current agreements entered into under normal conditions".

(1) The interposition of an intermediary corresponds to a situation in which the Member of the management body is the ultimate real beneficiary of the agreement between one of the companies that BNP Paribas controls and the co-contracting party of that controlled company.

(2) This includes those of a political nature.

Situations covered by the "related-party agreements" regime

The Members of the management body acknowledge having read and understood the related-party agreement regime and the obligations resulting from such regime.

Other situations

If one of the situations described in a) through e) or g) or h) above should occur, the Member of the management body shall immediately inform the Chairman of the Board of directors, who shall in turn inform the CGEN so that the latter, based on the analysis of the presented situation, may give an opinion which may consist of one or more measures described in the following paragraph. This opinion is then submitted to the Board of directors and, if followed by the said Board, is notified by the Chairman of the Board, to the concerned director. The decision of the Board of directors will be included in the minutes of the meeting.

More specifically, if one of the situations described in a) through e) or g) or h) above should occur during a Board of directors meeting or one of its committees, and without prejudice to the application of the preceding paragraph, the Board of directors or the Committee, as the case may be, shall immediately determine the measures to be taken, which may take different forms including the fact the concerned director or Committee would not participate to the debate or the votes, would not receive the information on the issue that gives or may give rise to a conflict of interest, or even would have to leave the meeting of the Board or the Committee during the discussion of the concerned issue. The minutes of the Board or the Committee includes the measures adopted.

If the situation covered in f) above should occur, he or she shall inform the Chairman of the Board of directors of his or her intention to accept (i) a new directorship, whether in a listed or unlisted, French or foreign entity that does not belong to a group of which he or she is an executive director, or (ii) each participation in the specialised committees of a corporate body, or (iii) any other new directorship, such that the Board of directors, on the recommendation of the CGEN, may decide on the compatibility of such an appointment with the non-executive directorship of a Member of the management body in the Company. If necessary, the provisions on limitation of directorships and on the availability of Members of the management body set forth below shall be applied mutatis mutandis.

In any case, if the Board considers that the relevant Member of the management body is no longer able to perform his or her duties therein because of a conflict of interest, he or she shall resign.

More generally, in the event of a breach of obligations with respect to conflicts of interest by a Member of the management body, the Chairman of the Board of directors shall take all legal measures required to remedy it. He or she may, furthermore, keep the relevant regulators informed of such acts.

IV. Compliance with rules on limitation of directorships and on availability of the Members of the management body

The Member of the management body complies with legal and regulatory provisions, specifically those set out in articles L.511-52 and R.511-17 of the CoMoFi (the "CoMoFi Provisions") and in the Fit and Proper Guidelines, which are applicable to him or her or applicable to the Company in matters of limitation of directorships and of availability as well as those in the Afep-Medef Corporate governance Code.

a. Compliance with rules when appointing a Member of the management body

Once a candidate is chosen by the CGEN and prior to submitting it to the Board of directors, the SCA, under the responsibility of the Chairman of the Board of directors:

- **a)** contacts the candidate in order to request the list of directorships as well as any other functions he or she may hold, and how much time is spent on them each year;
- **b)** ensures that the candidate is in compliance with the Provisions of the CoMoFi regarding the number of directorships;
- **c)** ensures that the candidate has the time required for the duties and training he or she would perform for the directorship in question;
- **d)** and checks that these directorships and other functions are suitable with the position of a Member of the management body, in accordance with the above provisions on independence of mind and management of conflicts of interest.

The candidate shall certify that the list of directorships and functions is complete and provide on request of the SCA any document (company bylaws, extracts from trade registers or equivalent, certificate, statement, etc). that the SCA deems useful to have.

The SCA then analyses the directorships declared by the candidate so as to ensure that the Provisions of the CoMoFi are complied with. It records the written documents on which the analysis and the conclusions were based, in accordance with personal data laws and regulations. As part of this review, the SCA may proceed to the researches he deems useful.

At the outcome of the SCA's review,

- **a)** either the candidate is in compliance with the Provisions of the CoMoFi and has the time required to serve as a director: the SCA shall report to the Chairman of the Board of directors, who shall inform the Chairman of the CGEN. The CGEN shall then propose the candidate to the Board of directors which shall take a decision on his appointment or his co-option, as the case may be;
- **b)** or the candidate is not in compliance with the Provisions of the CoMoFi or does not have the time required to serve as a director: the SCA shall inform the Chairman of the Board, who shall in turn notify the Chairman of the CGEN, so that the measures for remedying this situation can be reviewed with the candidate. If the candidate is willing to make the necessary arrangements prior to his nomination or his co-option, the SCA states this in minutes which will then be submitted to the Board of directors which will decide, his nomination or his co-option, as the case may be.

If the candidate is not willing or cannot implement the necessary steps, the SCA established minutes to the attention of the CGEN, which acts the end of the selection process.

b. Compliance with rules while holding directorship as a Member of the management body

At all times, the Members of the management body shall comply with the rules on limitation of directorships and dedicate the time and effort required to carrying out their duties and responsibilities. They accept the discipline involved in working together in the respect of each other's opinions and they exercise their sense of responsibilities towards shareholders and the other stakeholders of the Group.

In addition, directors shall actively and regularly participate in meetings of the Board of directors and of the committees, and shall attend the Annual General Shareholders' Meeting. Furthermore, the directors representing employees and the directors representing employee shareholders, are given preparation time determined by the Board, in accordance with the laws in force.

To this end, every Member of the management body shall inform the Chairman of the Board of directors of his or her intention to accept (i) a new directorship, whether in a listed or unlisted, French or foreign entity, not belonging to a group of which he or she is an executive officer, or (ii) any participation in the specialised committees of a corporate body, or (iii) any new directorship, in France or abroad, such that the Board of directors, on the recommendation of the Corporate governance, Ethics, Nominations and CSR Committee may decide on the compatibility of such an appointment with the non-executive directorship in the Company.

In this case, the SCA shall follow the analysis and verification procedure for the appointment of a Member of the management body.

At the end of the analysis referred to above, one of two situations may arise:

a) either the Member of the management body accepting this new directorship complies with the Provisions of the CoMoFi, in which case the SCA informs the Chairman of the Board of directors, who in turn informs the CGEN. The CGEN then ensures that this new directorship complies specifically with the conflicts of interest rules on set out above;

b) or the Member of the management body, by accepting this new directorship, is no longer in compliance with the Provisions of the CoMoFi, in which case the SCA shall inform the Chairman of the Board of directors, who shall report it to the Chairman of the CGEN, so that the measures for complying with the CoMoFi Provisions can be reviewed with the Member of the management body.

Whatever the case, if he or she no longer has the time to perform his or her duties, the SCA shall inform the Chairman of the Board of directors, who shall report it to the Chairman of the CGEN so that the measures for remedying the situation can be reviewed with the Member of the management body.

If the Member of the management body is willing to maintain his or her directorship in the Company, he or she shall either not accept the proposed directorship, or resign from a directorship he or she already holds. The SCA shall include this in minutes that shall then be submitted to the Board of directors.

If the Member of the management body decides to accept this new directorship without resigning from any directorship he or she already holds, the Member of the management body shall tender his or her letter of resignation as Member of the management body. The SCA shall mention this in a report to be addressed to the CGEN which acts this resignation, with the effective date to be decided on by the Board of directors. Any Member of the management body who considers him- or herself unable to continue on the Board of directors, or on the committees of which he or she is a member shall resign.

At least once a year, the SCA asks the Members of the management body to update the form known as the "EBA Form", under which are listed all the directorships held by each Member of the management body, and to which is appended their availability table.

This update shall enable the SCA to ensure that all Members of the management body are in compliance with the Provisions of the CoMoFi and available on an ongoing basis.

V. Good repute, honesty, and integrity of the Members of the management body

At all times, the Members of the management body shall meet the requirements of good repute and show honesty and integrity.

Candidates and Members of the management body undertake to immediately notify the Chairman of the Board of directors and the SCA of:

a) any conviction (including on appeal, in criminal, civil, or administrative proceedings);

b) any disciplinary measure;

c) any prior refusal of validation by competent banking or financial authorities in France or abroad;

d) any refusal, withdrawal, revocation, or prohibition on management of any registration, authorisation, membership, or licence to conduct a business or profession;

e) any sanction by public authorities or professional organisations, or investigations or enforcement proceedings ongoing in France or abroad;

f) any dismissal for professional misconduct or any dismissal from a directorship he or she may be the subject;

g) any situation mentioned in a) through f) above concerning a company of which he or she is an executive officer, shareholder, or partner.

The SCA shall retain the written evidence and documents on which the analysis and the conclusions of the CGEN were based, in accordance with personal data laws and regulations. As part of this review, and at the request of the Chairman of the Board of directors, or, as applicable, the Chairman of the CGEN, the SCA may carry out any searches it deems useful, including questioning the relevant person.

If the Chairman of the Board of directors, or, as applicable, the Chairman of the CGEN, is notified of the occurrence of one of the aforementioned cases, he or she shall inform the CGEN so that this latter, based on the analysis of the reported situation, can issue an opinion as to the good repute of the Member of the management body and decide whether to ask him or her to resign. This opinion is then submitted to the Board of directors and if, followed by the said Board, is notified by the Chairman of the Board, to the concerned director. The decision of the Board of directors will be included in the minutes of the meeting.

In addition, every Member of the management board undertakes to act with loyalty and integrity toward the Members of the management board, the shareholders, and the Company alike. Failing this, the Chairman of the Board of directors, or, as applicable, the Chairman of the CGEN, may refer the matter to the CGEN so that the latter can issue an opinion as to the loyalty and integrity of the Member of the management body and may decide to ask him or her to resign.

VI. Diversity of the Members of the management body and collective competence of the Board of directors

The CGEN shall set the objectives to achieve with respect to gender balance on the Board of directors, age diversity, professional qualifications and experience, and nationality among the Members of the management body, so as to ensure that at all times they have the skills necessary to understand the risks, issues, including social and environmental issues, and potential developments in the Company.

For this purpose, the CGEN periodically assesses and at least once a year, the structure, the size, the composition and the effectiveness of the Board of directors with respect to the missions with which it is entrusted, and makes any useful recommendations to the Board.

VII. Induction and training of the Members of the management body

The Members of the Company's management body shall possess, both individually and collectively, the expertise, experience, skills, understanding, and personal qualities necessary, specifically in terms of professionalism and integrity, to properly perform their duties in connection with each of the significant activities of the Company, guaranteeing effective governance and supervision.

The Members of the management body shall maintain their knowledge in the following fields: finance and banking, risk management, regulations applicable to the Company, and, more broadly, any field related to the development and strategy of the Company.

The Company shall dedicate the human and financial resources required for the training of the Members of the management body. With this aim, annual training courses are administered by the managers of the topics presented, and strategy seminars are held.

In addition to the training courses mentioned above, any director may request additional training. For this purpose, he or she shall initiate a dialogue with the Chairman and the SCA, who shall determine the arrangements for the requested training.

The directors representing employees and the directors representing employee shareholders are given time dedicated to training determined by the Board, in accordance with the laws in force. At the end of the training, the training centre chosen by the Board must issue a certificate of regular attendance, which the director representing employees and the director representing employee shareholders must give to the Secretary of the Board.

The Board of directors shall ensure that new directors meet with the Key function holders.

DESCRIPTION OF THE PROCEDURE FOR CURRENT AGREEMENTS ENTERED INTO UNDER NORMAL CONDITIONS

Pursuant to article L.22-10-12 of the French Commercial Code, the Board of directors has put in place a procedure to evaluate on a regular basis whether agreements covering current operations and agreed on an arm's length basis (so-called "free" agreements) meet these conditions.

This procedure covers agreements concluded between BNP Paribas and the directors, the Chairman, the Chief Executive Officer and the Chief Operating Officer or natural persons closely associated with them, their holding companies and legal entities in which they have an interest (directorship or equity holding).

The procedure has two components:

- Agreements between BNP Paribas and the natural persons or holding companies mentioned above:

  Each year, the Bank reviews the list of agreements entered into between BNP Paribas and the natural persons or asset holding companies mentioned above. The Compliance function ensures that these agreements do cover current operations and are concluded under normal conditions and prepares a report that it sends to the Secretary of the Board of directors.

- Agreements between BNP Paribas and legal entities (other than holding companies) mentioned above:

  This procedure relies upon existing policies (such as the "Code of conduct" or "Customer Interests Protection Policy") and also provides for:

  - the declaration by the directors and corporate officers of the legal entities with which they are associated;
  - the verification by the Bank of any business relationships between each of these legal entities;
  - in-depth monitoring of agreements identified using a risk-based approach.

A report is prepared for each of these elements and submitted every year to the CGEN which informs the Board of directors.

2.1.3 REMUNERATION AND BENEFITS AWARDED TO THE DIRECTORS AND CORPORATE OFFICERS

The provisions of the French Commercial Code provide for *ex ante* approval each year by the Ordinary General Meeting of the remuneration policy for directors and corporate officers. The remuneration policy for directors and corporate officers at BNP Paribas is presented below on pages 75 to 80.

The remuneration of these same directors and corporate officers is also subject to the *ex post* vote of the Ordinary General Meeting on the information on remuneration referred to in article L.22-10-9 I of the French Commercial Code (this information is set out below on pages 81 et seq). When the Annual General Meeting does not approve these items, the Board of directors submits an amended remuneration policy, taking into account the shareholders' vote, for the approval of the next Annual General Meeting. The payment of directors' remuneration for the current year is suspended until the amended remuneration policy is approved. When the payment is reinstated, payments are backdated to the last Annual General Meeting.

Lastly, the remuneration of each corporate officer is subject to a second *ex post* vote on the total remuneration or benefits in kind paid during the previous year or awarded in respect of the same year (the information relating to this remuneration is outlined in tables 1a and b, 2a and b and 3a and b on pages 82 et seq). The variable components of remuneration awarded to the corporate officers in respect of the previous year can only be paid after they have been approved by the Annual General Meeting on the basis of this second vote.

REMUNERATION POLICY FOR DIRECTORS AND CORPORATE OFFICERS SUBMITTED FOR SHAREHOLDERS' *EX ANTE* APPROVAL, IN ACCORDANCE WITH ARTICLE L.22-10-8 OF THE FRENCH COMMERCIAL CODE, AT THE ANNUAL GENERAL MEETING ON 18 MAY 2021

In this report, the Board of directors provides details of the fixed and variable components of total remuneration and benefits in kind, attributable to the directors, the Chairman of the Board of directors, the Chief Executive Officer and the Chief Operating Officers for their corporate offices within BNP Paribas (SA), over a three-year period.

The term of office of Philippe Bordenave as Chief Operating Officer will expire at the end of the Shareholders' Annual General Meeting to be held in 2021. Two new Chief Operating Officers, respectively in charge of the CIB scope and the Retail Banking scope, will take office as from that same date.

The elements of the remuneration policy presented below are the subject of resolutions submitted for the approval of the Annual General Meeting of Shareholders voting under the quorum and majority conditions required for Ordinary Annual General Meetings. If the Annual General Meeting does not approve these resolutions, the previous remuneration policy, already approved by the Annual General Meeting of 19 May 2020, will continue to apply. In this case, the Board of directors will submit for the approval of the next Annual General Meeting a draft resolution outlining an amended remuneration policy, indicating how the shareholders' vote was taken into account and, where appropriate, the opinions stated during the Annual General Meeting.

The remuneration policy for the directors and corporate officers complies with applicable legislation and regulations, the Afep-Medef Code and the BNP Paribas Code of conduct. The policy, as detailed below (in particular the performance criteria), is aligned with the Company's corporate interest, contributes to the commercial strategy as well as the sustainability of the Company and takes into consideration the compensation and employment conditions of the employees within the Company.

Without prejudice to the powers of the Annual General Meeting in this respect, the determination of the remuneration of directors and corporate officers is the responsibility of the Board of directors and is based on proposals from the Remuneration Committee, which drafts the decisions which the Board of directors approves regarding remuneration. In particular, the Remuneration Committee annually reviews the remuneration, compensation and benefits in kind granted to the Company's directors and corporate officers. This Committee is made up of three independent members who have experience of remuneration systems and market practices in this area and includes a director elected by employees.

Measures aimed at avoiding and managing conflicts of interest are established in the Internal Rules of the Board of directors as well as the policy on the suitability of Members of the management body and Key function holders. Corporate officers are not present during the discussions of the Board of directors and the Remuneration Committee regarding their own compensation.

The remuneration of corporate officers takes account, in its principles, of the following objectives:

- alignment with the Bank's social interest and with that of its shareholders:
  - consistency with a medium to long-term outlook, especially in terms of the growth of the Bank's value, good risk management and the relative performance of its share,
  - integration of extra-financial assessment criteria,
  - by taking into account CSR aspects to determine the remuneration (for the portion aligned with the CSR objectives considered for certain employees),
  - guaranteeing sufficient variability in the amounts allocated to reflect changes in the Bank's results without weighing too heavily on fixed expenses;
- the transparency of compensation:
  - all components (fixed, annual variable, multi-annual variable) are used in the overall assessment of the remuneration,
  - balance between the components of remuneration, which must contribute to the general interest of the Bank and reflect best market practices and legal and regulatory constraints,
  - the rules must be stable, strict and intelligible;
- remuneration that is sufficiently attractive to facilitate the selection of profiles that are particularly competent in the Group's business areas.

I. Directors' remuneration

In accordance with the law, the global amount of directors' remuneration is set by the Shareholders' Annual General Meeting.

The individual amount of directors' remuneration is determined by the Board of directors pursuant to a proposal of the Remuneration Committee. It consists of a fixed portion and a portion based on actual participation in meetings, regardless of the means. Directors residing abroad receive an increased amount, except where they may participate in meetings of the Board of directors by videoconference or telecommunications means. Additional remuneration is paid for actual participation in committees. Committee members receive this additional remuneration for their participation in each different committee.

At the end of the year, the Remuneration Committee examines the allocation of directors' remuneration and the amount paid to each of them in respect of the year on the basis of an audit of director's actual attendance at Board and committee meetings. Where applicable, the remainder of the global amount fixed by the Annual General Meeting is allocated in proportion to the amount paid to each director. In the event of an additional extraordinary meeting of the Board or committees, the amount of the remuneration due to each director is adjusted in proportion to the amounts paid to each director.

The Board of directors then approves the individual distribution of the directors' remuneration in respect of the year and its payment to the directors (subject to the provisions of article L.22-10-34 I of the French Commercial Code).

II. Remuneration of the Chairman of the Board of directors

The Chairman's fixed annual remuneration amounts to EUR 950,000 gross.

The Chairman does not receive any annual or multi-annual variable remuneration. The absence of variable remuneration reflects the independence of the Chairman with respect to the Executive Management.

Should a new Chairman be appointed, on the proposal of the Remuneration Committee and under this remuneration policy, the Board of directors will set the amount of their fixed remuneration in line with the new Chairman's profile and experience.

III. Remuneration of Executive Management

Remuneration includes:

- a fixed component;
- an annual variable component;
- a conditional long-term incentive plan (long-term incentive plan or LTIP).

The levels of these different components are determined using established market benchmarks.

Remuneration takes into account the cap on total variable remuneration in relation to fixed remuneration (including awards under long-term incentive plans) in accordance with article L.511-78 of the French Monetary and Financial Code, applicable specifically to credit institutions.

In accordance with paragraph 2 of the said article, the Shareholders' Annual General Meeting of BNP Paribas of 24 May 2018 decided that this cap would be set at twice the amount of fixed remuneration; this decision will be submitted to the vote of the Annual General Meeting of 18 May 2021.

For the purposes of calculating the aforementioned ratio, a discount rate may in addition be applied to no more than 25% of the total variable remuneration inasmuch as the payment is made in the form of instruments deferred for at least 5 years, in accordance with article L.511-79 of the French Monetary and Financial Code.

The remuneration of the Chief Operating Officer, whose term of office will expire at the end of the Annual General Meeting to be held on 18 May 2021, remains subject to the remuneration policy approved by the Annual General Meeting of 19 May 2020, until the end of his term as Chief Operating Officer. The fixed annual remuneration and the annual variable remuneration with respect to 2021 will be determined *pro rata temporis* based on his office as Chief Operating Officer in 2021. No LTIP will be awarded to him for 2021.

1. Fixed remuneration

The Chief Executive Officer's annual fixed remuneration amounts to EUR 1,562,000 gross.

The annual fixed remuneration of the new Chief Operating Officer responsible for the CIB scope will amount to EUR 1,500,000 gross. For 2021, this remuneration will be paid to him as from his assumption of the position, *i.e.* after the Shareholders' Annual General Meeting of Shareholders of 2021, *pro rata temporis* based on his office as Chief Operating Officer in 2021.

The annual fixed remuneration of the new Chief Operating Officer responsible for the Retail Banking scope will amount to EUR 900,000 gross. For 2021, this remuneration will be paid to him as from his assumption of the position, *i.e.* after the Shareholders' Annual General Meeting of Shareholders of 2021, *pro rata temporis* based on his office as Chief Operating Officer in 2021.

Should a new Chief Executive Officer or a new Chief Operating Officer be appointed (other than those discussed above), the Board of directors will, on the proposal of the Remuneration Committee and under this remuneration policy, set their fixed remuneration in line with their profile and experience. Annual and multi-annual variable remuneration components will be set in line with the principles appearing in this remuneration policy.

2. Annual variable remuneration

The variable component is intended to reflect the effective contribution of executive corporate officers to the success of BNP Paribas in respect of their functions as executive managers of an International Financial Services Group.

General principles

The variable remuneration of members of the Executive Management is determined from a target remuneration equal to 100% of their annual fixed remuneration for the Chief Executive Officer and the Chief Operating Officers.

For 2021, the variable portion of the remuneration of the Chief Operating Officers will be determined *pro rata temporis* based on their office as Chief Operating Officers, *i.e.* from the time they assume their positions after the Shareholders' Annual General Meeting in 2021.

It varies in accordance with criteria representative of the Group's results, CSR-linked criteria and the qualitative assessment by the Board of directors.

In addition, the payment of the annual variable remuneration includes a deferred period, a "malus" and "claw-back" arrangements, as well as a cancellation clause in the event of a bank resolution measure, in accordance with same terms and conditions as those described below for the LTIP (see 3 below).

Criteria linked to the Group's financial performance

Criteria linked to the Group's financial performance accounts for 75% of the target variable remuneration and enables the corresponding portion of the remuneration to be calculated in proportion to the change in numerical indicators. There are two Group-based quantitative criteria for the Chief Executive Officer and four for the Chief Operating Officers, half of which are Group-based and the other half based on their respective areas of responsibility.

If objectives based on quantitative criteria are exceeded (or not achieved), the fraction of the target remuneration in question changes proportionally within the limits of the cap mentioned below.

- For the Chief Executive Officer, the quantitative criteria apply to the Group's overall performance based on the following equally weighted criteria:
  - ratio of net earnings per share for the year to net earnings per share for the previous year (37.5% of target variable remuneration);
  - achievement of the Group's budgeted gross operating income (37.5% of the target variable remuneration).
- For the Chief Operating Officers, half of the quantitative criteria are based on the Group's overall performance and the other half on the

performance of their respective areas of responsibility based on the following equally weighted criteria:

- ratio of net earnings per share for the year to net earnings per share for the previous year (18.75% of target variable remuneration);
- achievement of the Group's budgeted gross operating income (18.75% of the target variable remuneration);
- change in pre-tax net income for the year compared to the previous year for their respective areas of responsibility (18.75% of the target variable compensation);
- achievement of the budgeted gross operating income of their respective areas of responsibility (18.75% of the target variable compensation).

Criteria linked to the Group's CSR performance

A portion of 10% of the target variable remuneration is linked to the Group's CSR performance.

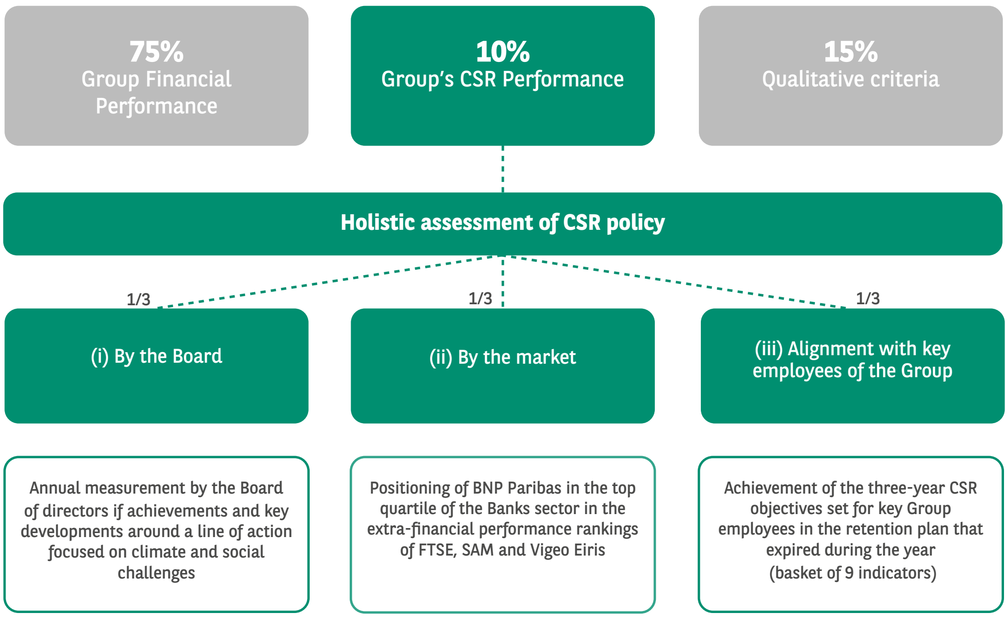
The allocation of this portion of the annual variable remuneration is based on multi-criteria measurement based on a holistic approach of actions undertaken by the BNP Paribas Group outside the Company with respect to social, societal and environmental issues.

With this in mind, this remuneration structure includes three weighted criteria, each at 3.33%:

(i) the Board of directors' assessment of the year's highlights, primarily with regard to climatic and social challenges;

(ii) publications of extra-financial rating agencies measuring the quality of the BNP Paribas' CSR positioning relative to its peers;

(iii) an alignment with the CSR objectives included in the remuneration due to retention plans granted to the Group's key employees.



Qualitative criteria

The portion of the variable remuneration linked to the Board of directors' qualitative assessment is 15% of the target variable remuneration.

The Board of directors considers it essential to carry out this qualitative assessment, particularly given its enhanced responsibilities in terms of supervision and control pursuant to the French Monetary and Financial Code. In addition to the Bank's strategy, which it must approve by taking into account social and environmental issues, the Board of directors must also assess the performance of Executive Management based on their capacities for anticipation, decision-making, leadership and exemplary behaviour.

To do this, the Board of directors assesses the qualitative portion of the annual variable remuneration in view of a persistently low interest rate environment, the implementation of the Bank's strategic guidelines, in particular the adaptation of the business model to the pandemic context and the resulting major organisational and human challenges.

SUMMARY OF THE CRITERIA FOR SETTING THE ANNUAL VARIABLE REMUNERATION APPLICABLE TO THE CHIEF EXECUTIVE OFFICER AND THE CHIEF OPERATING OFFICERS

Criteria applicable	% of fixed remuneration		Type
	Chief Executive Officer	Chief Operating Officers	
Criteria linked to the Group's financial performance	37.50%	18.75%	Change in earnings per share
	37.50%	18.75%	Achievement of budgeted Group gross operating income
	N.A.	18.75%	Change in pre-tax net income in the area of responsibility for the year compared to the previous year
	N.A.	18.75%	Achievement of budgeted gross operating income in the area of responsibility
Criteria linked to the Group's CSR performance	10.00%	10.00%	Multicriteria assessment of the actions taken by BNP Paribas Group with respect to social, societal and environmental issues
Qualitative criteria	15.00%	15.00%	Assessment with regard to implementation of the Bank's strategic guidelines, particularly the human, organisational and technical dimensions of its transformation plan, and taking into account the general context of the year under consideration

Ceiling

The Board of directors ensures the consistency of the annual variable remuneration with changes in the Group's results and the area of responsibility of each of the Chief Operating Officers.

In any case:

- each of the criteria related to the Group's financial performance (two in the case of the Chief Executive Officer and four in the case of the Chief Operating Officers) is capped at 130% of its target weight and cannot therefore result in an annual variable remuneration exceeding respectively 48.75% of the fixed remuneration for the Chief Executive Officer and 24.38% for the Chief Operating Officers;
- the criteria related to the Group's CSR performance, as well as the qualitative criteria, are capped at 100% of their target weight and cannot therefore result in an annual variable remuneration greater than, respectively, 10% and 15% of the fixed remuneration;
- the amount of annual variable compensation awarded to each executive corporate officer is capped at 120% of their fixed compensation.

Terms and conditions of payment

The payment terms for variable remuneration of BNP Paribas Group's corporate officers, in accordance with the provisions of the French Monetary and Financial Code and the European Banking Authority's Guidelines on remuneration policy, are:

- 60% of annual variable remuneration is deferred over five years, at the rate of one-fifth per year;
- regarding the non-deferred portion of the variable remuneration:
  - half will be paid in cash in May of the year of the award, subject to the approval of the Shareholders' Annual General Meeting under the terms provided for by article L.22-10-34 II of the French Commercial Code, and less payments received for directorships, where applicable, within the Group for entities other than BNP Paribas (SA),
  - and half will be paid in cash indexed to BNP Paribas share performance, at the end of a one-year holding period starting on the award date (award date is the date of the Board of directors' decision), *i.e.* in practice, in March of the year following the year in which the remuneration is awarded;
- the deferred portion of the variable remuneration will be paid annually in fifths over 5 years, the first payment being paid only at the end of a deferred period of one year from the award date of the variable remuneration. Each instalment will be paid:
  - half in cash in March every year,
  - and half in cash indexed to BNP Paribas share performance, in March of the following year, at the end of a one-year holding period,
  - provided that the Group's pre-tax ROE for the year preceding the payment is greater than 5%.

3. Conditional Long-Term Incentive Plan (LTIP) over five years

To align the interests of executive corporate officers with the medium to long-term performance of the BNP Paribas Group without compromising risk management, in 2011, the Board of directors introduced a conditional LTIP over 5 years.

The LTIP, which amounts to the target annual variable remuneration awarded in respect of the previous year, is split into two equal parts: one to reward an increase in the intrinsic value of the share, and the other potential outperformance relative to peers.

First half of the award amount: intrinsic share performance

The first half of the award amount is dependent on the change in share price[1] given that no payment will be made for 50% of the award amount if the BNP Paribas share price does not increase by at least 5% from the date of the award by the Board of directors to the end of a five-year period from the award date.

(1) The initial and final amounts used to measure the performance of the share price over five years are as follows:

the initial value is the average of the opening price of the BNP Paribas share for the rolling 12-month period preceding the award date;

the final value is the average of the opening price of the BNP Paribas share in the rolling 12-month period preceding the payment date.

If the share price increases by at least 5% during this period, a factor is applied to the initial amount, resulting in the amount being increased or reduced, in line with the table below:

Change in the BNP Paribas share price over 5 years	Factor applied to the first half of the award
Strictly under 5%	0 (No payment)
Equal to or higher than 5% and under 10%	40%
Equal to or higher than 10% and under 20%	80%
Equal to or higher than 20% and under 33%	120%
Equal to or higher than 33% and under 50%	130%
Equal to or higher than 50% and under 75%	150%
Equal or higher than 75%	175%

Thus, the first half of the award amount will only be paid in full at the end of the five-year period if the share price increases by more than 20% in the five years. The first half of the award will, in any event, always be less than or equal to the change in the share price and cannot, under any circumstances, exceed 175% of the award amount, assuming that the share price has increased by more than 75% at the end of the five-year period.

Second half of the award: outperformance of the BNP Paribas share relative to peers

Fulfilment of this condition is assessed by measuring the performance of the BNP Paribas share price relative to the "EURO STOXX Banks" index of main eurozone banks.

It only takes into account outperformance of the BNP Paribas share relative to the average index measured over the 12 months prior to the award date, compared with the average for this same index for a period of 12 months prior to payment. The second half of the target amount under the LTIP will only be paid in full if the share price outperforms the index by at least 10%.

Relative performance of the BNP Paribas share in relation to the performance of the EURO STOXX Banks index	Factor applied to the second half of the award
Lower or equal to 0 points	0%
0 to 5 points included	50%
5 to 10 points included	80%
10 points higher	100%

The amount determined by applying each of the conditions over the plan's five-year period is the remuneration paid under the LTIP.

Ceiling

According to the provisions of article L.511-78 of the French Monetary and Financial Code relating to the cap on the variable component as a percentage of the fixed component, total variable remuneration awarded, including amounts awarded under the LTIP, may not be more than twice the fixed remuneration, in accordance with the decision of the Shareholders' Annual General Meeting on 24 May 2018. This decision will again be submitted to the vote of the Shareholders' Annual General Meeting on 18 May 2021. To calculate the ratio, a discount rate may in addition be applied to no more than 25% of the total variable remuneration inasmuch as the payment is made in the form of instruments deferred for at least five years.

Payment of LTIP

Based on the change in the BNP Paribas share price, the first half of the amount paid under the LTIP may not, under any circumstances, exceed 175% of the initial award amount. Payment of the second half of the award may not, under any circumstances, exceed the total award amount.

Thus, under no circumstances can payments under the LTIP exceed 137.5% of their award value.

Continued presence requirement

LTIP rules require continued presence throughout the entire duration of the plan. Departure from the Group would result in the LTIP not being paid. Nonetheless, in the event of retirement or death after the end of the first year of the plan, payments would be made provided that performance conditions are met and subject to assessment by the Board of directors.

Malus and Claw-back clauses

The LTIP provides for "malus" and "claw-back" arrangements. Accordingly, should the beneficiary adopt a behaviour or perform acts which do not comply with BNP Paribas' requirements as defined, in particular, as regard compliance with the Code of conduct, applicable Internal Rules and regulations, assessment and management of risks applicable to Group employees, the Board of directors may decide not only not to proceed with the payment of the set amount whether the employee still works for the Company or not, but may also request reimbursement for all or part of the sums paid under previous plans over the past five years.

Moreover, this rule provides that in the event of the implementation of a bank resolution measure under the French Monetary and Financial Code, the LTIP rights shall be definitively cancelled.

The Board of directors reserves the right to reduce awards under the LTIP, in particular in the event of non-compliance with the above-mentioned ceiling.

IV. Extraordinary remuneration

No extraordinary remuneration may be paid to the directors, the Chairman of the Board of directors, the Chief Executive Officer or the Chief Operating Officers.

V. Benefits in kind

The Chairman of the Board of directors, the Chief Executive Officer and the Chief Operating Officers have a company car and a mobile phone.

VI. Stock option or share purchase subscription plans

The directors and corporate officers do not benefit from any stock option or share purchase subscription plans.

VII. Performance shares

The directors and corporate officers do not receive any performance or free shares.

VIII. Post-employment benefits

1. Payments or benefits due or likely to become due upon termination or change in functions

Directors and corporate officers do not receive any contractual remuneration for termination of their term of directorship.

2. Retirement benefits

Directors and corporate officers, with the exception of the Chief Operating Officers, do not receive post-employment benefits when they leave the Company or when they retire.

The Chief Operating Officers are entitled to the standard retirement benefits awarded to all BNP Paribas SA employees pursuant to their initial employment contract.

3. Supplementary pension plans

The corporate officers benefit solely from the defined-contribution top-up pension plan set up for all BNP Paribas (SA) employees, in accordance with article 83 of the French General Tax Code.

4. Welfare benefit plans

The Chairman of the Board of directors, the Chief Executive Officer and the Chief Operating Officers are entitled to the same flexible welfare benefits (death and disability insurance, as well as the common healthcare benefit scheme) as all BNP Paribas (SA) employees.

They also benefit from the *Garantie Vie Professionnelle Accidents* system (death and disability insurance), which covers all employees of BNP Paribas (SA).

The Chief Executive Officer and the Chief Operating Officers are also entitled to the supplementary plan set up for members of the Group Executive Committee, which pays out additional capital of EUR 1.10 million in the event of work-related death or total and permanent disability. The employer contribution under this scheme is recognised as a benefit in kind.

5. Non-compete agreement

Please note that the Chief Executive Officer signed a non-compete agreement with BNP Paribas (SA) on 25 February 2016. This agreement was approved by the Annual General Meeting of 26 May 2016 pursuant to the provisions of article L.225-38 of the French Commercial Code.

Under this agreement, if he ceases to hold any role or position in BNP Paribas, Jean-Laurent Bonnafé undertakes, for a period of 12 months, not to take any role whatsoever, either directly or indirectly, for a credit institution, investment or insurance firm whose securities are traded on a regulated market in France or abroad, or in France for a credit institution, investment or insurance firm whose securities are not traded on a regulated market. Decisions to apply the agreement will be taken in due time with sincerity and loyalty.

Under this agreement, the Chief Executive Officer will receive a payment equal to 1.2 times the total of his fixed and variable remuneration (excluding LTIP) received during the year prior to his departure. One-twelfth of the indemnity would be paid each month.

In accordance with the Afep-Medef Code and article R.22-10-4 of the French Commercial Code which stipulate that the payment of a non-compete indemnity must be excluded if the person concerned claimed his pension rights or has exceeded the age of 65 and in line with the stipulations of said non-compete agreement, the Board of directors and the Chief Executive Officer have confirmed that they comply with this provision.

IX. Loans, advances and guarantees granted to the Group's directors and corporate officers

BNP Paribas directors and corporate officers and their spouses may be granted loans.

These loans, representing normal transactions, are granted on an arm's length basis.

COMPONENTS OF REMUNERATION PAID IN 2020 OR ALLOCATED IN RESPECT OF THE SAME YEAR SUBMITTED TO THE *EX POST* VOTE OF SHAREHOLDERS DURING THE ANNUAL GENERAL MEETING OF 18 MAY 2021 IN ACCORDANCE WITH ARTICLE L.22-10-34 OF THE FRENCH COMMERCIAL CODE

The total remuneration of directors and corporate officers, as described below, complies with the remuneration policy adopted during the Annual General Meeting of 19 May 2020.

➤ DIRECTORS' REMUNERATION *(AMOUNTS IN EUROS)*

Directors	Amounts paid in 2019 in respect of the year (as a reminder)	Amounts paid in 2020 in respect of the year
Aschenbroich Jacques	79,255	76,919
Bonnafé Jean-Laurent	60,222	58,447
De Chalendar Pierre-André	93,756	102,135
Cohen Monique	124,270	120,607
De Ploey Wouter	87,110	88,647
Epaillard Hugues	103,726	103,308
Gibson Brandon Rajna	96,777	97,737
Guillou Marion	102,014	90,114
Kessler Denis	100,403	97,444
Lemierre Jean	60,222	58,447
Schwarzer Daniela	85,901	86,009
Tilmant Michel	133,635	128,231
Verrier Sandrine	70,493	76,919
Wicker-Miurin Fields	102,216	115,036
TOTAL	**1,300,000**	**1,300,000**

For information, the rules for allocating directors' remuneration are as follows:

		Share based on actual attendance	
	Fixed portion(1)	Scheduled meeting	Extraordinary meeting
Directors resident in France	€21,000	€3,000/meeting	€4,400/meeting
Directors resident outside of France	€21,000	€4,200/meeting	€4,600/meeting(2)
Chairman of a specialised committee		€5,700/meeting	€5,700/meeting
Member of a specialised committee		€2,700/meeting	€2,700/meeting

(1) The fixed part is calculated pro rata temporis of the term of directorship during the year in question.
(2) Or EUR 4,400 per meeting if participation is via videoconference or telecommunication means.

Directors representing employees receive remuneration in respect of their employment contract as described in the section "Remuneration and benefits of the directors representing employees" of this document.

2

Remuneration and benefits for the corporate officers

TABLE NO. 1: REMUNERATION PAID DURING THE FINANCIAL YEAR 2020 OR AWARDED FOR THE SAME FINANCIAL YEAR TO JEAN LEMIERRE, CHAIRMAN OF THE BOARD OF DIRECTORS, SUBMITTED TO THE VOTE OF THE SHAREHOLDERS *(AMOUNTS IN EUROS)*

a. Components of remuneration awarded in respect of the 2020 financial year to Jean Lemierre, Chairman of the Board of directors

	Amounts	Comments
Fixed remuneration	950,000 *(paid)*	The remuneration paid to Jean Lemierre is determined by the method recommended by the Remuneration Committee and approved by the Board of directors. His fixed remuneration has not changed since December 2014.
Annual variable remuneration	None	Jean Lemierre is not entitled to annual variable remuneration. The absence of variable remuneration reflects the independence of the Chairman with respect to the Executive Management.
Long-term compensation	None	Jean Lemierre is not entitled to annual variable remuneration. The absence of variable remuneration reflects the independence of the Chairman with respect to the Executive Management.
Remuneration linked to the term of directorship	58,447 (paid)	Jean Lemierre does not receive any remuneration in respect of directorships that he holds in the Group's companies other than BNP Paribas (SA).
Extraordinary remuneration	None	
Stock options awarded during the period	None	
Performance shares awarded during the year	None	
Benefits in kind	4,491	Jean Lemierre has a company car and a mobile phone.
TOTAL	**1,012,938**	

b. The components of remuneration paid to Jean Lemierre, Chairman of the Board of directors during financial year 2020 in respect of previous financial years (having been subject to a shareholders' vote at the time of their award)

	Amounts	Comments
None		

c. All types of commitments undertaken corresponding to remuneration components, compensation or benefits in kind due or likely to be due as a result of the assumption, termination or change in functions or after performing these to the benefit of Jean Lemierre, Chairman of the Board of directors

	Amounts	Comments
Sign-on bonuses and severance payments	None	Jean Lemierre receives no sign-on bonuses or severance payments.
Top-up pension plan with defined benefits	None	Jean Lemierre does not benefit from any supplemental defined-benefit pension plans.
Top-up pension plan defined-contribution	1,769	Jean Lemierre benefits from the defined-contribution plan set up for all BNP Paribas (SA) employees, in accordance with pension plans (article 83 of the French General Tax Code). The amount of contributions paid by the Company under the plan to Jean Lemierre in 2020 was EUR 1,769.
Welfare benefit and healthcare plans	4,014	Jean Lemierre benefits from the disability, invalidity and death, and healthcare insurance plans offered to employees of BNP Paribas (SA). He also benefits from death and disability insurance covering all employees of BNP Paribas (SA). This amount is the total received.

TABLE NO. 2: REMUNERATION PAID DURING THE FINANCIAL YEAR 2020 OR AWARDED FOR THE SAME FINANCIAL YEAR TO JEAN-LAURENT BONNAFÉ, CHIEF EXECUTIVE OFFICER, SUBMITTED TO THE VOTE OF THE SHAREHOLDERS

(AMOUNTS IN EUROS)

a. Components of remuneration paid in respect of financial year 2020 to Jean-Laurent Bonnafé, Chief Executive Officer

	Amounts	Comments
Fixed remuneration	1,562,000 *(paid)*	The remuneration paid to Jean-Laurent Bonnafé is determined by the method recommended by the Remuneration Committee and approved by the Board of directors. The most recent increase in fixed remuneration is dated 25 February 2016 effective as of 1 January 2016 when the Board of directors revised the components of remuneration of the corporate officers to comply with the new EBA rules, the sum of the fixed remuneration and target annual variable remuneration remained unchanged.
Annual variable remuneration[1]	1,479,214	The variable remuneration of Jean-Laurent Bonnafé changes on the basis of criteria representative of Group results and his managerial performance. It is expressed as a percentage of a target variable remuneration corresponding to 100% of fixed remuneration for the year. The quantitative criteria apply to the Group's overall performance and are as follows: ■ ratio of net earnings per share for the year to net earnings per share for the previous year (37.5% of target variable remuneration); ■ achievement of the Group's budgeted gross operating income (37.5% of the target variable remuneration); ■ multi-criteria assessment of the actions taken by the Group with respect to social, societal and environmental issues (10% of target variable remuneration). The qualitative criteria represent 15% of the target variable remuneration. After taking into account both quantitative, CSR and qualitative criteria, and the evolution of the Group's results, the Board of directors set the annual variable remuneration of Jean-Laurent Bonnafé for 2020 at EUR 1,479,214 *i.e.* 94.7% of the target annual variable remuneration; ■ half of the non-deferred portion of the variable remuneration will be paid in May 2021, and half in March 2022, indexed to the performance of the BNP Paribas share; ■ the deferred portion of the variable remuneration will be paid in fifths as of 2022. Each payment will be made half in March every year, and half in March of the following year, indexed to the performance of the BNP Paribas share. The last payment in respect of 2020 will be made in March 2027. The annual payment of the deferred variable remuneration is subject to the condition that the ROE before tax of the Group for the year preceding the payment is greater than 5%. The ratio between the annual fixed remuneration and variable remuneration, as required under the French Commercial Code, was 94.7%.
Conditional long-term remuneration programme (fully deferred for a period of five years)	649,636	The fair value of the LTIP awarded to Jean-Laurent Bonnafé on 4 February 2021 with respect to 2020 amounted to EUR 649,636. The term of the LTIP is five years. The two conditions of the LTIP, one recognising an increase in the intrinsic value of the BNP Paribas share and the other recognising the potential outperformance of its peers, are assigned equal weighting in order to measure their effects separately. Thus, payments under the LTIP may not exceed 137.5% of their award value.
Remuneration linked to the term of directorship	58,447	Jean-Laurent Bonnafé receives remuneration for his term of directorship at BNP Paribas (SA).
Extraordinary remuneration	None	
Stock options awarded during the period	None	
Performance shares awarded during the year	None	
Benefits in kind	6,507	Jean-Laurent Bonnafé has a company car and a mobile phone. This amount also includes the employer contribution under the Executive Committee professional life insurance policy, offering an additional EUR 1.10 million in the event of death or total permanent disability linked to the employment activity. BNP Paribas (SA)'s annual employer contribution was EUR 1,460 per beneficiary for 2020.
TOTAL	**3,755,804**	

(1) Payment subject to the approval of the Annual General Meeting of 18 May 2021 pursuant to article L.22-10-34 II of the French Commercial Code.

➤ b. Components of remuneration paid to Jean-Laurent Bonnafé, Chief Executive Officer, during financial year 2020 in respect of previous years (having been subject to the shareholders' vote at the time of their award)

In euros	Date of submission to the AGM and resolution number	Amounts paid in 2020
Annual variable remuneration		**1,151,790**
Including partial payment of the annual variable remuneration in respect of 2019	*19 May 2020 (16th resolution)*	*322,303*
Including partial payment of the annual variable remuneration in respect of 2018	*23 May 2019 (14th resolution)*	*461,750*
Including partial payment of the annual variable remuneration in respect of 2017	*24 May 2018 (15th resolution)*	*175,118*
Including partial payment of the annual variable remuneration in respect of 2016	*23 May 2017 (14th resolution)*	*192,619*
Long-term compensation	*26 May 2016 (11th resolution)*	**0**

➤ c. All types of commitments corresponding to components of remuneration, compensation or benefits in kind due or likely to be due as a result of the assumption, termination or change in functions or after performing these to the benefit of Jean-Laurent Bonnafé, Chief Executive Officer

	Amounts	Comments
Sign-on bonuses and severance payments	None	
Non-compete indemnity	None	Under the non-compete clause signed on 25 February 2016, and subject to the conditions detailed below, Jean-Laurent Bonnafé would receive remuneration equal to 1.2 times the sum of his fixed and variable remuneration (excluding multi-annual variable remuneration) received during the year prior to his leaving the Group. One-twelfth of the indemnity would be paid each month. Under this agreement, if he ceases to hold any role or position in BNP Paribas, Jean-Laurent Bonnafé undertakes, for a period of 12 months, not to take any role whatsoever, either directly or indirectly, for a credit institution, investment or insurance firm whose securities are traded on a regulated market in France or abroad, or in France for a credit institution, investment or insurance firm whose securities are not traded on a regulated market. Decisions to apply the agreement will be taken in due time with sincerity and loyalty. In accordance with the Afep-Medef Code and article R.22-10-14 of the French Commercial Code, which stipulate that the payment of a non-compete payment must be excluded if the person concerned claimed his pension rights or has exceeded the age of 65 and in line with the stipulations of said non-compete agreement, the Board of directors and the Chief Executive Officer have confirmed that they comply with this provision.
Top-up pension plan with defined benefits	None	Jean-Laurent Bonnafé does not benefit from any supplemental defined-benefit pension plans.
Top-up pension plan defined-contribution	1,769	Jean-Laurent Bonnafé benefits from the defined-contribution plan set up for all BNP Paribas (SA) employees, in accordance with article 83 of the French General Tax Code. The amount of contributions paid by the Company in this respect for Jean-Laurent Bonnafé was, in 2020, EUR 1,769.
Welfare benefit and healthcare plans	4,014	Jean-Laurent Bonnafé benefits from the disability, invalidity and death and healthcare insurance plans offered to employees of BNP Paribas (SA). He also benefits from death and disability insurance covering all employees of BNP Paribas (SA).

TABLE NO. 3: COMPONENTS OF REMUNERATION PAID DURING THE FINANCIAL YEAR 2020 OR AWARDED FOR THE SAME FINANCIAL YEAR TO PHILIPPE BORDENAVE, CHIEF OPERATING OFFICER, SUBMITTED TO THE VOTE OF THE SHAREHOLDERS *(AMOUNTS IN EUROS)*

a. Components of remuneration paid in respect of financial year 2020 to Philippe Bordenave, Chief Operating Officer

	Amounts	Comments
Fixed remuneration due with respect to the year	1,000,000 *(paid)*	The remuneration paid to Philippe Bordenave is determined by the method recommended by the Remuneration Committee and approved by the Board of directors. The most recent increase in fixed remuneration is dated 25 February 2016 effective as of 1 January 2016 when the Board of directors revised the components of remuneration of the corporate officers to comply with the new EBA rules, the sum of the fixed remuneration and target annual variable remuneration remained unchanged.
Annual variable remuneration awarded in respect of the year(1)	947,000	The variable remuneration of Philippe Bordenave changes on the basis of criteria representative of Group results and his managerial performance. It is expressed as a percentage of a target variable remuneration corresponding to 100% of fixed remuneration for the year. The quantitative criteria apply to the Group's overall performance and are as follows: ■ ratio of net earnings per share for the year to net earnings per share for the previous year (37.5% of target variable remuneration); ■ achievement of the Group's budgeted gross operating income (37.5% of the target variable remuneration); ■ multi-criteria assessment of the actions taken by the Group with respect to social, societal and environmental issues (10% of target variable remuneration). The qualitative criteria represent 15% of the target variable remuneration. After taking into account the quantitative and qualitative criteria, and the evolution of the Group's results, the Board of directors set the annual variable remuneration of Philippe Bordenave for 2020 at EUR 947,000, or 94.7% of the annual variable remuneration target: ■ half of the non-deferred portion of the variable remuneration will be paid in May 2021, and half in March 2022, indexed to the performance of the BNP Paribas share; ■ the deferred portion of the variable remuneration will be paid in fifths as of 2022. Each payment will be made half in March every year, and half in March of the following year, indexed to the performance of the BNP Paribas share. The last payment in respect of 2020 will be made in March 2027; ■ The annual payment of the deferred variable remuneration is subject to the condition that the ROE before tax of the Group for the year preceding the payment is greater than 5%. The ratio between the annual fixed remuneration and variable remuneration, as required under the French Commercial Code, was 94.7%.
Conditional long-term remuneration programme (fully deferred for a period of five years)	415,900	The fair value of the LTIP awarded to Philippe Bordenave on 4 February 2021 with respect to 2020 amounts to EUR 415,900. The term of the LTIP is five years. The two conditions of the LTIP, one recognising an increase in the intrinsic value of the BNP Paribas share and the other recognising the potential outperformance of its peers, are assigned equal weighting in order to measure their effects separately. Thus, payments under the LTIP may not exceed 137.5% of their award value.
Remuneration linked to the term of directorship	None	Philippe Bordenave does not receive remuneration in respect of the directorships that he holds in the Group's companies.
Extraordinary remuneration	None	
Stock options awarded during the period	None	
Performance shares awarded during the year	None	
Benefits in kind	3,953	Philippe Bordenave has a company car and a mobile phone. This amount also includes the employer contribution under the Executive Committee professional life insurance policy, offering an additional EUR 1.10 million in the event of death or total permanent disability linked to the employment activity. BNP Paribas (SA)'s annual employer contribution was EUR 1,460 per beneficiary for 2020.
TOTAL	**2,366,853**	

(1) *Payment subject to the approval of the Annual General Meeting of 18 May 2021 pursuant to article L.22-10-34 II of the French Commercial Code.*

➤ *b. The components of remuneration paid to Philippe Bordenave, Chief Operating Officer, during financial year 2020 in respect of previous financial years (having been subject to a shareholders' vote at the time of their award)*

In euros	Date submitted to the AGM and resolution number	Amounts paid in 2020
Annual variable remuneration		**737,294**
Including partial payment of the annual variable remuneration in respect of 2019	*19 May 2020 (17th resolution)*	*206,340*
Including partial payment of the annual variable remuneration in respect of 2018	*23 May 2019 (15th resolution)*	*295,591*
Including partial payment of the annual variable remuneration in respect of 2017	*24 May 2018 (16th resolution)*	*112,068*
Including partial payment of the annual variable remuneration in respect of 2016	*23 May 2017 (15th resolution)*	*123,295*
Long-term compensation	*26 May 2016 (12th resolution)*	**0**

➤ *c. All types of commitments corresponding to components of remuneration, compensation or benefits in kind due or likely to be due as a result of the assumption, termination or change in functions or after performing these to the benefit of Philippe Bordenave, Chief Operating Officer*

	Amounts	Comments
Sign-on bonuses and severance payments	None	Philippe Bordenave receives no sign-on bonuses or severance payments.
Top-up pension plan with defined benefits	None	Philippe Bordenave benefits from no supplemental defined-benefit pension plans.
Top-up pension plan defined-contribution	1,769	The corporate officers benefit from the defined-contribution plan (article 83 of the French General Tax Code) set up for all employees of BNP Paribas (SA). The amount of contributions paid by the Company under the plan in 2020 to Philippe Bordenave was EUR 1,769.
Welfare benefit and healthcare plans	4,014	Philippe Bordenave benefits from the disability, invalidity and death and healthcare insurance offered to employees of BNP Paribas (SA). He also benefits from death and disability insurance covering all employees of BNP Paribas (SA).

Details relating to the annual variable remuneration of corporate officers

Assessment of the achievement of the targets set for 2020

At its meeting of 4 February 2021, the Board of directors assessed the achievement of the objectives set in accordance with the remuneration policy.

Group performance criteria

The Board of directors reviewed the achievement of the quantitative portion of the annual variable remuneration in terms of the criteria linked to the Group's performance provided for in the remuneration policy.

As regards the criterion of ratio of net earnings per share to net earnings per share for the previous year, its measure was equal to 32.07% of the target variable remuneration for 2020.

As regards the criterion of achievement of the budgeted gross operating income, its measure was equal to 37.63% of the target variable remuneration for 2020.

	2019	2020	Variation	Application to 37.5% of fixed compensation
Net earnings per share	EUR 6.21	**EUR 5.31**	-14.49%	32.07%
Gross operating income	Budget 2020: EUR 14,034 million	**Achieved in 2020: EUR 14,081 million**	+0.34%	37.63%

Criteria linked to the Group's CSR performance

The Board of directors reviewed the achievement of the multi-criteria measurement with regard to the three criteria linked to the Group's CSR performance provided for in the remuneration policy, each of which has a 3.33% weighting.

(i) Board's assessment of the CSR policy

With respect to the qualitative assessment, the Board of directors considered that this criterion had been achieved taking into account the 2020 highlights in terms of climate and social issues:

BNP Paribas has an ambitious policy of societal engagement, with initiatives to promote ethical responsibility and consideration of social and environmental issues with a clear energy strategy. The Bank's aim is to be a leader in sustainable finance.

a) In terms of social issues, it promotes a more inclusive society:

- Nearly EUR 60 million in emergency donations were made to address the health crisis (support for the health sector, aid to the most disadvantaged via NGO partners, assistance to young people);
- BNP Paribas is ranked world's best bank for financial inclusion for its support of microfinance and its inclusive products and services by Euromoney;
- the #JamaisSansElles Charter has been extended to BNP Paribas G100 members.

b) In terms of energy and ecological transition:

- the Bank has announced a timetable for the complete exit from thermal coal by 2030 in the EU and the OECD and by 2040 in the rest of the world;
- BNP Paribas and four other international banks adopted the PACTA methodology in order to assess the alignment of the Bank's loan portfolio with the conclusions of the Paris Agreement.

c) In terms of the management of environmental and social issues:

- implementation of the ESG Action Plan, a multi-year programme aimed at strengthening the ESG risk management processes.

The Group's actions in these different areas are recognised:

- the Group is rated A1+ and ranked fourth worldwide by Vigeo Eiris for all its CSR actions and is ranked as the leading French bank SAM's in SAM's 2020 rating;
- BNP Paribas was recognised in 2020 as the world's best bank for financial inclusion (Euromoney awards for excellence);
- for the sixth consecutive year, BNP Paribas has been included in the Corporate Knights' ranking of the "Global 100 Most Sustainable Corporations" and is ranked second amongst European banks in 2020;
- the Group is ranked first among the CAC 40 companies for climate strategy and actions according to the EcoAct ranking.

(ii) Market assessment of the CSR policy

The CSR criterion linked to the Group's position, in relation to its peers, in the extra-financial performance rankings of FTSE, SAM and Vigeo-Eiris, was met as BNP Paribas was in the top quartile of their banking sector ratings.

(iii) Assessment of the CSR policy by alignment with employees

Regarding the criterion of alignment with the Group's key employees, the three-year CSR targets set in the retention plan for the Group's key employees were also met.

Thus, the multi-criteria measurement, as a percentage of the target variable remuneration, amounts to 10.00% for 2020.

	CSR - Assessment of the CSR policy			
	(i) By the Board	(ii) By the market	(iii) Alignment with employees	Multi-criteria measurement
Weighting	3.33%	3.33%	3.33%	
Measurement	3.33%	3.33%	3.33%	**10.00%**

Qualitative criteria

The Board of directors assessed the quantitative portion of the annual variable remuneration in terms of the application of the criteria provided for in the remuneration policy.

For 2020, the Board determined that Jean-Laurent Bonnafé had principally achieved the following:

- resilient operating results in 2020 marked by a contained increase in the cost of risk, the achievement of the cost savings provided for in the strategic plan 2017-2020 enabling a positive scissor effect and the increase in the CET1 ratio over the year;
- his decisive action in the management of the Bank during the Covid-19 crisis with (i) the maintenance of the Bank's services ensured by the use of remote working, (ii) his key role vis-à-vis major clients in particular. as part of the Group's mobilisation to support the economy, which resulted in an increase in CIB's market share in Europe, (iii) adapting working conditions for employees by implementing health measures in accordance with the recommendations of the public authorities;
- his commitment to making the Bank a recognised leader for its CSR strategy and his strong leadership as Chairman of the Enterprise for the Environment think tank;
- his commitment to increase the number of women in governing bodies by defining objectives for the promotion of women in the medium term;

and for Philippe Bordenave, consistent with the outcomes assessed for Jean-Laurent Bonnafé:

- resilient operating results in 2020 with, in particular, his involvement in the achievement of the cost control objectives defined in the strategic plan 2017-2020 and his role in the management of the Bank's balance sheet and liquidity, ensuring a solid financial structure;

- his involvement in the improvement and sustainable transformation of the Group's information systems to ensure the continuity of BNP Paribas services during the health crisis through remote working and high-performance telecommunications, while improving the systems aimed at countering more widespread cyber-attacks in the context of the pandemic;
- his role in the operational integration of Deutsche Bank's prime brokerage activities according to the terms initially agreed;
- his monitoring of the implementation of the Group's CSR policy commitments;
- his involvement in the reviews requested by the SSM teams in connection with the health crisis.

Summary

After taking into account all the criteria used to set annual variable remuneration, and the evolution of the Group's operating results, the Board of directors, on the proposal of the Remuneration Committee, set the variable remuneration awarded in respect of 2020 at:

EUR 1,479,214 for Jean-Laurent Bonnafé (representing 94.7% of his target variable remuneration);

EUR 947,000 for Philippe Bordenave (representing 94.7% of his target variable remuneration).

The result in respect of each criterion is set out in the following table:

		Criteria related to Financial Performance					
		BNPA(2)	Gross Operating Income(3)				
In euros		Group	Group	CSR performance criteria	Qualitative criteria	Variable with respect to 2020	Reminder of target variable remuneration
Jean-Laurent Bonnafé	Weighting(1)	37.50%	37.50%	10.00%	15.00%		
	Measurement(1)	32.07%	37.63%	10.00%	15.00%	**1,479,214**	*1,562,000*
Philippe Bordenave	Weighting(1)	37.50%	37.50%	10.00%	15.00%		
	Measurement(1)	32.07%	37.63%	10.00%	15.00%	**947,000**	*1,000,000*

(1) As a percentage of target variable remuneration.
(2) Ratio of earnings per share (EPS) for the year to earnings per share for the previous year.
(3) Achievement of target Gross Operating Income (GOI).

Terms and conditions of payment

a) The payment terms for variable remuneration of BNP Paribas Group corporate officers in respect of 2020, in accordance with the provisions of the French Monetary and Financial Code and the EBA's 21 December 2015 Guidelines on remuneration policy are:

- 60% of variable remuneration is deferred over five years, at the rate of one-fifth per year;
- half of the non-deferred portion of the variable remuneration is paid in May 2021, subject to the approval of the Shareholders' Annual General Meeting under the terms provided for by article L.22-10-34 II of the French Commercial Code; and half in March 2022, indexed to the performance of the BNP Paribas share since the award;
- the deferred portion of the variable remuneration will be paid in fifths starting in 2022. Each payment will be made half in March every year, and half in March of the following year, indexed to the performance of the BNP Paribas share since the award. The last payment in respect of 2020 will therefore be made in March 2027.

b) In addition, the annual payment of the deferred variable remuneration is subject to the condition that the ROE before tax of the Group for the year preceding the payment is greater than 5%.

The Board of directors noted that this performance condition was met in 2020; accordingly, deferred remuneration payable in 2021 in respect of previous plans will be paid.

Details relating to the conditional long-term incentive plan (LTIP) covering a five-year period

LTIP amounts awarded in 2021

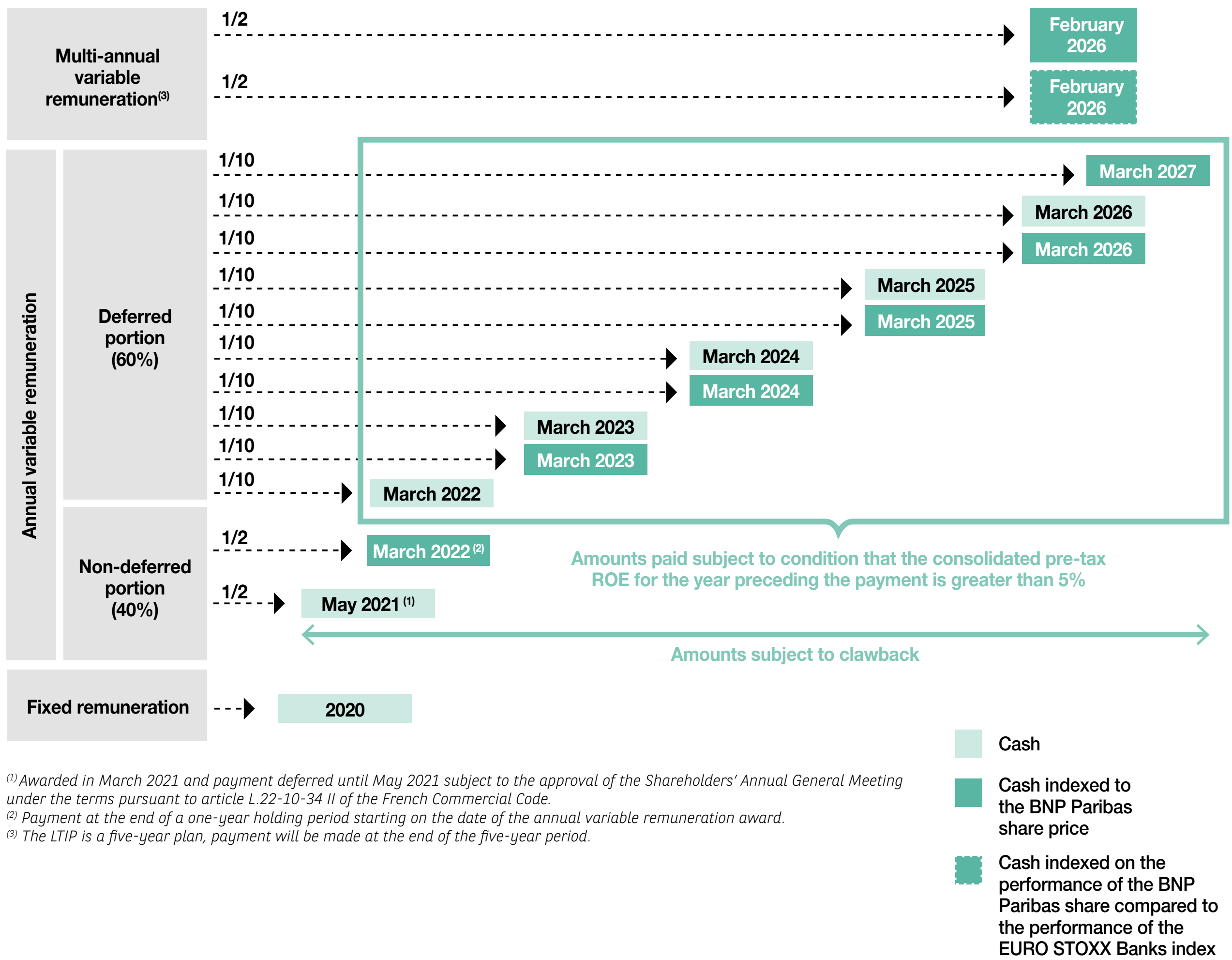
In accordance with the remuneration policy and on the proposal of the Remuneration Committee, the Board of directors set the LTIP amounts to be awarded in 2021.

The amount awarded under the LTIP is equal to the target annual variable remuneration for 2020.

LTIP awarded on 4 February 2021 *(in euros)*	Total awarded(*)	Fair value of the amount awarded(**)
Jean-Laurent Bonnafé	1,562,000	649,636
Philippe Bordenave	1,000,000	415,900

(*) See explanations above.
(**) Fair value in accordance with the IFRS standards of 41.59% of the amount awarded. The calculation is carried out by an independent expert.

STRUCTURE OF THE PAYMENT OF THE REMUNERATION OF CORPORATE OFFICERS IN RESPECT OF 2020 AFTER TAKING INTO ACCOUNT THE EBA GUIDELINES



(1) Awarded in March 2021 and payment deferred until May 2021 subject to the approval of the Shareholders' Annual General Meeting under the terms pursuant to article L.22-10-34 II of the French Commercial Code.
(2) Payment at the end of a one-year holding period starting on the date of the annual variable remuneration award.
(3) The LTIP is a five-year plan, payment will be made at the end of the five-year period.

Relative proportion of fixed and variable remuneration of corporate officers

The cap on total variable remuneration provided for by article L.511-78 of the French Monetary and Financial Code was not exceeded. Pursuant to article L.511-79 of the French Monetary and Financial Code, a discount rate may in addition be applied to no more than 25% of total variable remuneration inasmuch as the payment is made in the form of instruments deferred for at least 5 years.

After applying the discount rate to the variable remuneration amounts awarded in the form of instruments deferred for five years (39.46% discount in accordance with European Banking Authority guidelines on the application of the notional discount rate for variable remuneration, published on 27 March 2014), the ratio between total variable remuneration and fixed remuneration is 1.75 for the Chief Executive Officer and the Chief Operating Officer for 2020.

Use of "malus" and "claw-back" clauses

The Board of directors has not been called upon to apply the "malus" and "claw-back" clauses, provided for in the remuneration policy defined above.

Remuneration paid or granted by a company included in the consolidation scope

No remuneration has been paid or granted to directors and corporate officers by a company included in the scope of consolidation of BNP Paribas within the meaning of article L.233-16 of the French Commercial Code.

Remuneration multiples and changes

In accordance with the provisions of Article L.22-10-9 of the French Commercial Code and the Afep guidelines on remuneration multiples updated in February 2021, the level of remuneration of the Chairman of the Board of directors, the Chief Executive Officer and the Chief Operating Officer, with respect to the average remuneration and the median remuneration based on full-time equivalent employees of BNP Paribas (SA), as well as changes in this remuneration, these ratios and the Company's performance criteria, are shown below.

This information is provided over a five-year period.

The employees considered are those of BNP Paribas (SA) in France and its branches, continuously present over a financial year. Remuneration due or awarded to employees includes the fixed portion and the variable portion of remuneration, commercial bonuses, retention plans, profit-sharing and incentive bonuses, as well as benefits in kind.

The remuneration due or awarded to corporate officers equals the fixed compensation, variable compensation, the fair value of the Long-Term Compensation Plan, directors' remunerations, as well as benefits in kind and information already presented in Chapter 2 of this document for 2019 and 2020.

All this remuneration, due or awarded, is presented on a gross basis, excluding employer contributions.

					Year
	2016	2017	2018	2019[(1)]	2020
Performance of the Company					
Net pre-tax income (in millions of euros)	*11,210*	*11,310*	*10,208*	*11,394*	9,822
Change Current yr/Prev. yr		*1%*	*-10%*	*12%*	-14%
Operating income (in millions of euros)	*10,771*	*10,310*	*9,169*	*10,057*	8,364
Change Current yr/Prev. yr		*-4%*	*-11%*	*10%*	-17%
Net earnings per share (in euros)	*6.00*	*6.05*	*5.73*	*6.21*	5.31
Change Current yr/Prev. yr		*1%*	*-5%*	*8%*	-14%
Remuneration of employees *(in thousands of euros)*					
Average remuneration	*83*	*83*	*82*	*86*	88
Change Current yr/Prev. yr		*0%*	*-1%*	*5%*	2%
Median remuneration	*54*	*54*	*54*	*56*	57
Change Current yr/Prev. yr		*0%*	*0%*	*4%*	2%
Chairman of the Board of directors					
Remuneration of the Chairman of the Board of directors (in thousands of euros)	*1,012*	*1,016*	*1,017*	*1,014*	1,013
Change Current yr/Prev. yr		*0%*	*0%*	*0%*	0%
Average remuneration of employees ratio	*12*	*12*	*12*	*12*	12
Change Current yr/Prev. yr		*0%*	*0%*	*-2%*	-2%
Median remuneration of employees ratio	*19*	*19*	*19*	*18*	18
Change Current yr/Prev. yr		*0%*	*0%*	*-5%*	-2%
Chief Executive Officer					
Remuneration of CEO (in thousands of euros)	*4,052*	*3,686*	*3,381*	*3,858*	3,756
Change Current yr/Prev. yr		*-9%*	*-8%*	*14%*	-3%
Average remuneration of employees ratio	*49*	*44*	*41*	*45*	43
Change Current yr/Prev. yr		*-10%*	*-7%*	*10%*	-5%
Median remuneration of employees ratio	*75*	*68*	*62*	*69*	66
Change Current yr/Prev. yr		*-9%*	*-9%*	*11%*	-4%
Chief Operating Officer					
Remuneration of COO (in thousands of euros)	*2,559*	*2,320*	*2,126*	*2,431*	2,367
Change Current yr/Prev. yr		*-9%*	*-8%*	*14%*	-3%
Average remuneration of employees ratio	*31*	*28*	*26*	*28*	27
Change Current yr/Prev. yr		*-10%*	*-7%*	*9%*	-5%
Median remuneration of employees ratio	*48*	*43*	*39*	*43*	42
Change Current yr/Prev. yr		*-10%*	*-9%*	*11%*	-4%

(1) The average and median remuneration of employees in respect of 2019 has been updated to take into account the actual awards, which were not all available at the time of publication of the 2019 URD. The resulting 2019 ratios have also been updated.

Application of the provisions of the second paragraph of Article L.22-10-14 of the French Commercial Code

The provisions of the second paragraph of article L.22-10-14 of the French Commercial Code do not need to be applied in 2020.

OTHER INFORMATION ON THE REMUNERATION OF CORPORATE OFFICERS PAID OR AWARDED IN RESPECT OF THE 2020 FINANCIAL YEAR, NOT SUBMITTED TO THE SHAREHOLDERS' VOTE

The components below, relating to the remuneration of corporate officers, reiterate some information already presented in this chapter.

➤ TOTAL REMUNERATION AWARDED IN RESPECT OF 2020 AND COMPARISON WITH 2019

	Jean-Laurent Bonnafé		Philippe Bordenave	
In euros	2019	2020	2019	2020
Fixed remuneration amount	1,562,000	1,562,000	1,000,000	1,000,000
Annual variable remuneration awarded	1,611,515	1,479,214	1,031,700	947,000
SUB-TOTAL	**3,173,515**	**3,041,214**	**2,031,700**	**1,947,000**
LTIP amount (fair value)(*)	617,927	649,636	395,600	415,900
TOTAL	**3,791,442**	**3,690,850**	**2,427,300**	**2,362,900**

(*) This is an estimated value at the award date. The final amount will be known at the date of payment.

Holding of shares resulting from the exercise of stock options

The Board of directors has decided that the minimum number of shares that Jean Lemierre, Jean-Laurent Bonnafé and Philippe Bordenave shall be required to hold for the duration of their terms of office shall be 10,000, 80,000 and 30,000 shares, respectively. The three interested parties have complied with this obligation, through the direct ownership of shares or units in the Company Savings Plan fully invested in BNP Paribas shares.

Quantitative information on the remuneration of corporate officers

The table below shows the gross remuneration awarded in respect of the year, including remuneration linked to a term of directorship and benefits in kind, for each corporate officer.

SUMMARY TABLE OF THE REMUNERATION AWARDED TO EACH CORPORATE OFFICER

In euros		2019 Total awarded	2020 Total awarded
Jean Lemierre Chairman of the Board of directors	Fixed remuneration	950,000	950,000
	Annual variable remuneration	None	None
	Long-term compensation	None	None
	Value of stock options granted during the year	None	None
	Value of performance shares awarded during the year	None	None
	Sub-total	**950,000**	**950,000**
	Extraordinary remuneration	None	None
	Remuneration linked to the term of directorship	60,222	58,447
	Benefits in kind(1)	3,632	4,491
	TOTAL	**1,013,854**	**1,012,938**
Jean-Laurent Bonnafé Chief Executive Officer	Fixed remuneration	1,562,000	1,562,000
	Annual variable remuneration	1,611,515	1,479,214
	Long-term compensation(2)	617,927	649,636
	Value of stock options granted during the year	None	None
	Value of performance shares awarded during the year	None	None
	Sub-total	**3,791,442**	**3,690,850**
	Extraordinary remuneration	None	None
	Remuneration linked to the term of directorship	60,222	58,447
	Benefits in kind(1)	6,507	6,507
	TOTAL	**3,858,171**	**3,755,804**
Philippe Bordenave Chief Operating Officer	Fixed remuneration	1,000,000	1,000,000
	Annual variable remuneration	1,031,700	947,000
	Long-term compensation(2)	395,600	415,900
	Value of stock options granted during the year	None	None
	Value of performance shares awarded during the year	None	None
	Sub-total	**2,427,300**	**2,362,900**
	Extraordinary remuneration	None	None
	Remuneration linked to the term of directorship	None	None
	Benefits in kind(1)	3,953	3,953
	TOTAL	**2,431,253**	**2,366,853**

(1) The Chairman of the Board of directors, the Chief Executive Officer and the Chief Operating Officer have a company car and a mobile phone. The Chief Executive Officer and Chief Operating Officer receive Executive Committee professional life insurance, for which the Company's contribution is recognised as a benefit in kind.

(2) Value of amount awarded subject to certain performance conditions.

The tables below show the gross remuneration **paid in 2020**, including remuneration linked to directorships and benefits in kind, for each corporate officer.

➤ SUMMARY TABLE OF REMUNERATION PAID AS CORPORATE OFFICER

In euros		2019 Amounts paid	2020 Amounts paid
Jean Lemierre Chairman of the Board of directors	Fixed remuneration	950,000	950,000
	Annual variable remuneration	None	None
	Long-term compensation	None	None
	Extraordinary remuneration	None	None
	Remuneration linked to the term of directorship	60,222	58,447
	Benefits in kind(1)	3,632	4,491
	TOTAL	**1,013,854**	**1,012,938**
Jean-Laurent Bonnafé Chief Executive Officer	Fixed remuneration	1,562,000	1,562,000
	Annual variable remuneration	1,184,433	1,151,790
	of which annual variable remuneration in respect of 2019	*None*	*322,303*
	of which annual variable remuneration in respect of 2018	*294,049*	*461,750*
	of which annual variable remuneration in respect of 2017	*314,087*	*175,118*
	of which annual variable remuneration in respect of 2016	*175,568*	*192,619*
	of which annual variable remuneration in respect of 2015	*400,729*	*None*
	Long-term compensation	0(2)	0(2)
	Extraordinary remuneration	None	None
	Remuneration linked to the term of directorship	60,222	58,447
	Benefits in kind(1)	6,507	6,507
	TOTAL	**2,813,162**	**2,778,744**
Philippe Bordenave Chief Operating Officer	Fixed remuneration	1,000,000	1,000,000
	Annual variable remuneration	758,670	737,294
	of which annual variable remuneration in respect of 2019	*None*	*206,340*
	of which annual variable remuneration in respect of 2018	*188,252*	*295,591*
	of which annual variable remuneration in respect of 2017	*201,096*	*112,068*
	of which annual variable remuneration in respect of 2016	*112,384*	*123,295*
	of which annual variable remuneration in respect of 2015	*256,938*	*None*
	Long-term compensation	0(2)	0(2)
	Extraordinary remuneration	None	None
	Remuneration linked to the term of directorship	None	None
	Benefits in kind(1)	3,953	3,953
	TOTAL	**1,762,623**	**1,741,247**

The average tax and social contribution rate on this remuneration was 38% in 2020 (38% in 2019).

(1) The Chairman of the Board of directors, the Chief Executive Officer and the Chief Operating Officer have a company car and a mobile phone. The Chief Executive Officer and Chief Operating Officer receive Executive Committee professional life insurance, for which the Company's contribution is recognised as a benefit in kind.

(2) The LTIP granted in 2014 and 2015 did not give rise to any payment in 2019 and 2020 due to the failure to achieve the performance condition linked to the change in value of the BNP Paribas share. As a reminder, the amount awarded is subject to the application of two cumulative performance conditions over a period of five years from the date of grant. Therefore, the associated performance condition (change in value of the BNP Paribas share compared to that of EURO STOXX Banks) led to 98% of the amount awarded being maintained (86% for the LTIP in 2014), while the minimum performance of the BNP Paribas share during the reference period of 5%, required to trigger the payment, has not been achieved.

STOCK SUBSCRIPTION OR PURCHASE OPTIONS GRANTED DURING THE YEAR TO EACH CORPORATE OFFICER BY THE ISSUER AND BY EACH COMPANY IN THE GROUP

No stock subscription or purchase options were awarded during the year to the corporate officers by the Company or by any other Group company.

STOCK SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING THE YEAR BY EACH CORPORATE OFFICER

No stock subscription or purchase options were exercised during the year by the corporate officers.

PERFORMANCE SHARES GRANTED DURING THE YEAR TO EACH CORPORATE OFFICER BY THE ISSUER AND BY EACH COMPANY IN THE GROUP

No performance share was granted during the year to corporate officers by the Company or any company in the Group.

PERFORMANCE SHARES THAT BECAME AVAILABLE DURING THE YEAR FOR EACH CORPORATE OFFICER

No performance share became available during the year for the corporate officers.

HISTORY OF STOCK SUBSCRIPTION AND PURCHASE OPTIONS

None.

HISTORY OF PERFORMANCE SHARE AWARDS

None.

VALUATION(1) OF THE LTIP PLANS AT THE AWARD DATE AND AT 31 DECEMBER 2020

Award date of the plan	04/02/2016		06/02/2017		05/02/2018		05/02/2019		04/02/2020		04/02/2021
Maturity date of the plan	04/02/2021		06/02/2022		05/02/2023		05/02/2024		04/02/2025		04/02/2026
Valuation(1)	At the award date of the plan	At 31/12/2020	At the award date of the plan	At 31/12/2020	At the award date of the plan	At 31/12/2020	At the award date of the plan	At 31/12/2020	At the award date of the plan	At 31/12/2020	At the award date of the plan
Jean Lemierre	-	-	-	-	-	-	-	-	-	-	-
Jean-Laurent Bonnafé	339,885	0	775,767	818,410	479,065	576,300	282,644	660,570	617,927	692,435	649,636
Philippe Bordenave	217,875	0	496,650	523,950	306,700	368,950	180,950	422,900	395,600	443,300	415,900
TOTAL	**557,760**	**0**	**1,272,417**	**1,342,360**	**785,765**	**945,250**	**463,594**	**1,083,470**	**1,013,527**	**1,135,735**	**1,065,536**

(1) Valuation according to the method adopted for the consolidated financial statements.

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➤ ASSUMPTIONS USED TO VALUE THE LTIP IN ACCORDANCE WITH THE METHOD ADOPTED FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Valuation at award date		
Award date of the plan	04/02/2020	04/02/2021
Opening BNP Paribas share price	EUR 48.72	EUR 42.03
Opening level of the EURO STOXX Banks index	EUR 92.11	EUR 74.41
Zero-coupon rate	Euribor	Euribor
Volatility of the BNP Paribas share price	19.48%	21.25%
Volatility of the EURO STOXX Banks index	18.36%	24.11%
Correlation between the BNP Paribas share and the EURO STOXX Banks index	89.77%	92.13%
Financial model used	Monte-Carlo	Monte-Carlo
Fair value of the plan at award date(*)	**39.56%**	**41.59%**

(*) As a percentage of the amount awarded.

Valuation on closing date	Initial value of the share at the award date	Fair value at date of award(3)	Valuation at closing date 31/12/2019	Valuation at closing date 31/12/2020
Closing price of BNP Paribas shares			EUR 52.83	EUR 43.11
Closing level of the EURO STOXX Banks index			EUR 96.71	EUR 73.77
Zero-coupon rate			Euribor	Euribor
Volatility of the BNP Paribas share price			20.59%	22.00%
Volatility of the EURO STOXX Banks index			21.11%	24.12%
Correlation between the BNP Paribas share and the EURO STOXX Banks index			90.37%	92.05%
Financial model used			Monte-Carlo	Monte-Carlo
Fair value of the plan awarded on 4 February 2016	**EUR 54.07(1)**	**17.43%**	**14.95%**	**0.00%(3)**
Fair value of the plan awarded on 6 February 2017	**EUR 48.35(2)**	**49.67%**	**57.41%**	**52.40%(3)**
Fair value of the plan awarded on 5 February 2018	**EUR 63.99(2)**	**30.67%**	**35.31%**	**36.90%(3)**
Fair value of the plan awarded on 5 February 2019	**EUR 53.03(2)**	**18.10%**	**43.91%**	**42.29%(3)**
Fair value of the plan awarded on 4 February 2020	**EUR 45.27(2)**	**39.56%**		**44.33%(3)**

(1) The initial amount is the higher of the average opening price of the BNP Paribas share in the rolling 12-month period prior to the award date, and the opening BNP Paribas share price at the award date.
(2) The initial value is the average of the opening price of the BNP Paribas share for the rolling 12-month period prior to the award date.
(3) As a percentage of the amount awarded.

DETAILED CONTRACTUAL SITUATION OF THE GROUP'S CORPORATE OFFICERS

	Employment contract		Top-up pension plan		Payments or benefits due or likely to become due upon termination or change in functions		Non-compete indemnity	
Corporate officers at 31 December 2020	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Jean Lemierre Chairman of the Board of directors		✓[1]	✓[2]			✓		✓
Jean-Laurent Bonnafé Chief Executive Officer		✓[3]	✓[2]			✓	✓[4]	
Philippe Bordenave Chief Operating Officer	✓[5]		✓[2]			✓		✓

(1) *Waiver of employment contract with effect from 1 December 2014 in accordance with Afep-Medef Code.*
(2) *Jean Lemierre, Jean-Laurent Bonnafé and Philippe Bordenave are only entitled to the defined-contribution pension plan set up for all BNP Paribas (SA) employees, in accordance with article 83 of the French General Tax Code.*
(3) *Waiver of employment contract with effect from 1 July 2012.*
(4) *See section regarding the Non-compete agreement.*
(5) *Employment contract suspended.*

OTHER INFORMATION ON THE REMUNERATION OF DIRECTORS PAID OR AWARDED IN RESPECT OF THE 2020 FINANCIAL YEAR NOT SUBMITTED TO THE SHAREHOLDER VOTE

Remuneration and benefits awarded to the Group's directors

With the exception of directors representing employees, only the remuneration detailed in "Remuneration of directors" on page 79 of this document are paid to directors.

Remuneration and benefits awarded to directors representing the employees

Total remuneration paid in 2020 to directors representing employees amounted to EUR 123,020 (EUR 111,368 in 2019), excluding directors' remuneration. directors' remuneration paid in 2020 to directors representing employees amounted to EUR 180,227 (EUR 174,219 in 2019). These sums were paid directly to the trade union bodies of the directors concerned.

Directors representing employees are entitled to the same death/disability benefits and the same *Garantie Vie Professionnelle Accidents* benefits as all BNP Paribas (SA) employees, as well as medical benefits. The total amount of premiums paid into these schemes by BNP Paribas in 2020 on behalf of these directors representing employees was EUR 2,063 (EUR 1,704 in 2019).

Directors representing employees are entitled to the defined-contribution pension plan (article 83 of the French General Tax Code) set up for all BNP Paribas (SA) employees. The total amount of contributions paid by BNP Paribas to the scheme in 2020 on behalf of these corporate officers was EUR 1,386 (EUR 1,233 in 2019). They are also entitled, if applicable, to supplementary industry pensions under the industry-wide agreement that entered into force on 1 January 1994.

SUMMARY OF TRANSACTIONS REPORTED ON BNP PARIBAS STOCK

The following table lists the transactions in BNP Paribas stock carried out in 2020 by the directors and corporate officers covered by article L.621-18-2 of the French Monetary and Financial Code and which must be disclosed pursuant to articles 223-22 A to 223-26 of the General Regulation of the AMF.

Full name Function	Transactions carried out	Type of financial instrument	Nature of the transaction	Number of transactions	Transaction amount *(in euros)*
BONNAFÉ Jean-Laurent **Chief Executive Officer**	On a personal basis	BNP Paribas Equities	Purchase	1	337,768.50
BONNAFÉ Jean-Laurent **Chief Executive Officer**	On a personal basis	BNP Paribas Equities	Subscription under a life insurance policy	3	1,248,065.86
BONNAFÉ Jean-Laurent **Chief Executive Officer**	On a personal basis	BNP Paribas Equities	Arbitrage within a life insurance contract	2	913,696.84
BORDENAVE Philippe **Chief Operating Officer**	On a personal basis	BNP Paribas Equities	Purchase	2	930,910
DE CHALENDAR Pierre-André **Director**	On a personal basis	BNP Paribas Equities	Purchase	1	71,788
LEMIERRE Jean **Chairman**	On a personal basis	BNP Paribas Equities	Purchase	2	169,202.80

2.1.4 OTHER INFORMATION

1 INFORMATION ON SHARE SUBSCRIPTION OR PURCHASE OPTIONS AND PERFORMANCE SHARES

The Company did not grant any instruments to employees who are not directors or corporate officers in 2020.

No instruments were transferred or exercised in 2020, for the benefit of employees who are not directors or corporate officers.

2 LOANS, ADVANCES AND GUARANTEES GRANTED TO THE GROUP'S DIRECTORS AND CORPORATE OFFICERS

At 31 December 2020, total outstanding loans granted directly or indirectly to directors and corporate officers amounted to EUR 15,233,737 (EUR 4,775,072 at 31 December 2019). This represents the total amount of loans granted to BNP Paribas' directors and corporate officers and their spouses. These loans representing normal transactions were carried out on an arm's length basis.

3. TABLE OF DELEGATIONS

Resolutions adopted at Shareholders' General Meetings valid for 2020

The following delegations to increase or reduce the share capital have been granted to the Board of directors under resolutions approved by Shareholders' General Meetings and were valid during 2020:

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2020
Shareholders' Combined General Meeting of 24 May 2018 (19th resolution)	Capital increase, with preferential subscription rights maintained, through the issue of ordinary shares and share equivalents giving access immediately or in the future to shares to be issued. The nominal amount of capital increases that may be carried out immediately and/or in the future, by virtue of this authorisation, may not exceed EUR 1 billion (*i.e.* 500 million shares). This authorisation was granted for a period of 26 months and replaces that granted by the 16th resolution of the Shareholders' Combined General Meeting of 26 May 2016.	This authorisation was not used during the period
Shareholders' Combined General Meeting of 24 May 2018 (20th resolution)	Capital increase, without preferential subscription rights, by issue of ordinary shares and share equivalents giving access immediately or in the future to shares to be issued. The nominal amount of capital increases that may be carried out, immediately and/or in the future, by virtue of this authorisation, may not exceed EUR 240 million (*i.e.* 120 million shares). That authorisation was granted for a period of 26 months and replaces that granted by the 17th resolution of the Shareholders' Combined General Meeting of 26 May 2016.	This authorisation was not used during the period
Shareholders' Combined General Meeting of 24 May 2018 (21st resolution)	Capital increase, without preferential subscription rights, through the issue of ordinary shares and share equivalents giving access immediately or in the future to shares to be issued intended to remunerate contributions of securities up to 10% of the share capital. The nominal amount of capital increases that may be carried out on one or more occasions, by virtue of this authorisation, may not exceed 10% of the share capital of BNP Paribas as at the date of the decision of the Board of directors. This delegation was given for a period of 26 months and replaces that granted by the 18th resolution of the Shareholders' Combined General Meeting of 26 May 2016.	This authorisation was not used during the period
Shareholders' Combined General Meeting of 24 May 2018 (22nd resolution)	Overall limit on authorisations to issue shares without preferential subscription rights for existing shareholders. The maximum overall amount for all issues with or without preferential subscription rights for existing shareholders carried out immediately and/or in the future may not exceed EUR 240 million for shares by virtue of the authorisations granted under the 20th and 21st resolutions of the Shareholders' Combined General Meeting of 24 May 2018.	Not applicable

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2020
Shareholders' Combined General Meeting of 24 May 2018 (23rd resolution)	Capital increase by capitalising reserves, retained earnings, additional paid-in capital or contribution premium. Authorisation was given to increase the share capital up to a maximum amount of EUR 1 billion on one or more occasions, by capitalising all or part of the reserves, profits or additional paid-in capital, merger or contribution premiums, successively or simultaneously, through the issuance and award of free shares, through an increase in the par value of existing shares, or through a combination of these two methods. This authorisation was granted for a period of 26 months and replaces that granted by the 20th resolution of the Shareholders' Combined General Meeting of 26 May 2016.	This authorisation was not used during the period
Shareholders' Combined General Meeting of 24 May 2018 (24th resolution)	Overall limit on authorisations to issue shares with or without preferential subscription rights for existing shareholders. The maximum overall amount for all issues with or without preferential subscription rights for existing shareholders carried out immediately and/or in the future may not exceed EUR 1 billion for shares by virtue of the authorisations granted under the 19th to 21st resolutions of the Shareholders' Combined General Meeting of 24 May 2018.	Not applicable
Shareholders' Combined General Meeting of 24 May 2018 (25th resolution)	Authorisation granted to the Board of directors to carry out transactions reserved for members of the BNP Paribas Group's Company Savings Plan in the form of new share issues and/or sales of reserved shares. Authorisation was given to increase the share capital within the limit of a maximum nominal amount of EUR 46 million on one or more occasions by issuing ordinary shares (without preferential subscription rights for existing shareholders), reserved for members of the BNP Paribas Group's Company Savings Plan, or by selling of shares. This authorisation was granted for a period of 26 months and replaces that granted by the 22nd resolution of the Shareholders' Combined General Meeting of 26 May 2016.	This authorisation was not used during the period
Shareholders' Combined General Meeting of 23 May 2019 (5th resolution)	Authorisation given to the Board of directors to set up a share buyback programme for the Company up to a maximum of 10% of the shares comprising the share capital. Said acquisitions of shares, at a price not exceeding EUR 73 per share (previously EUR 73), would be intended to fulfil several objectives including: ■ fulfilling obligations arising from the issue of securities giving access to capital, stock option programmes, the award of free shares, the award or assignment of shares to employees in connection with the employee profit-sharing scheme or Company Savings Plans, and all forms of share grants to employees and/or directors and officers of BNP Paribas and the companies controlled exclusively by BNP as defined in article L.233-16 of the French Commercial Code; ■ cancelling shares in accordance with conditions set by the Shareholders' Combined General Meeting of 23 May 2019 (17th resolution); ■ holding and subsequently remitting them in exchange or payment for external growth transactions, mergers, spin-offs or asset contributions; ■ holding them in connection with a market-making agreement complying with the decision of AMF (French Financial Markets Authority) n° 2018-01 of 2 July 2018; ■ and carrying out investment services for which BNP Paribas is authorised or to hedge them. That authorisation was granted for a period of 18 months and replaces that granted by the 5th resolution of the Shareholders' Combined General Meeting of 24 May 2018.	This authorisation was not used during the period

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2020
Shareholders' Combined General Meeting of 23 May 2019 (17th resolution)	Authorisation granted to the Board of directors to reduce share capital by cancelling shares. Authorisation is given to cancel, on one or more occasions, through reduction of the share capital, all or some of the shares that BNP Paribas holds and that it could hold, up to a maximum of 10% of the total number of shares constituting the share capital existing as at the date of the transaction, for a period of 24 months. Delegation of all powers to carry out this reduction in share capital, and allocate the difference between the purchase price of the cancelled shares and their nominal value to share premium and retained earnings, including the legal reserve up to 10% of the share capital cancelled. That authorisation was granted for a period of 18 months and replaces that granted by the 26th resolution of the Shareholders' Combined General Meeting of 24 May 2018.	This authorisation was not used during the period
Shareholders' Combined General Meeting of 19 May 2020 (5th resolution)	Authorisation given to the Board of directors to set up a share buyback programme for the Company up to a maximum of 10% of the shares comprising the share capital. Said acquisitions of shares, at a price not exceeding EUR 73 per share (previously EUR 73), would be intended to fulfil several objectives including: ■ fulfilling obligations arising from the issue of securities giving access to capital, stock option programmes, the award of free shares, the award or assignment of shares to employees in connection with the employee profit-sharing scheme or Company Savings Plans, and all forms of share grants to employees and/or directors and officers of BNP Paribas and the companies controlled exclusively by BNP as defined in article L. 233-16 of the French Commercial Code; ■ cancelling shares in accordance with conditions set by the Shareholders' Combined General Meeting of 23 May 2019 (17th resolution); ■ holding and subsequently remitting them in exchange or payment for external growth transactions, mergers, spin-offs or asset contributions; ■ holding them in connection with a market-making agreement complying with the Code of Ethics recognised by the AMF (French Financial Markets Authority); ■ and carrying out investment services for which BNP Paribas is authorised or to hedge them. That authorisation was granted for a period of 18 months and replaces that granted by the 5th resolution of the Shareholders' Combined General Meeting of 23 May 2019.	This authorisation was not used during the period
Shareholders' Combined General Meeting of 19 May 2020 (19th resolution)	Capital increase, with preferential subscription rights maintained, through the issue of ordinary shares and share equivalents giving access immediately or in the future to shares to be issued. The nominal amount of capital increases that may be carried out immediately and/or in the future, by virtue of this authorisation, may not exceed EUR 1 billion (*i.e.* 500 million shares). That authorisation was granted for a period of 26 months and replaces that granted by the 19th resolution of the Shareholders' Combined General Meeting of 24 May 2018.	This authorisation was not used during the period
Shareholders' Combined General Meeting of 19 May 2020 (20th resolution)	Capital increase, without preferential subscription rights, by issue of ordinary shares and share equivalents giving access immediately or in the future to shares to be issued. The nominal amount of capital increases that may be carried out, immediately and/or in the future, by virtue of this authorisation, may not exceed EUR 240 million (*i.e.* 120 million shares). That authorisation was granted for a period of 26 months and replaces that granted by the 20th resolution of the Shareholders' Combined General Meeting of 24 May 2018.	This authorisation was not used during the period
Shareholders' Combined General Meeting of 19 May 2020 (21st resolution)	Capital increase, without preferential subscription rights, through the issue of ordinary shares and share equivalents giving access immediately or in the future to shares to be issued intended to remunerate contributions of securities up to 10% of the share capital. The nominal amount of capital increases that may be carried out on one or more occasions, by virtue of this authorisation, may not exceed 10% of the share capital of BNP Paribas as at the date of the decision of the Board of directors. This delegation was given for a period of 26 months and replaces that granted by the 21st resolution of the Shareholders' Combined General Meeting of 24 May 2018.	This authorisation was not used during the period

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2020
Shareholders' Combined General Meeting of 19 May 2020 (22nd resolution)	Overall limit on authorisations to issue shares with or without preferential subscription rights for existing shareholders. The maximum overall amount for all issues with or without preferential subscription rights for existing shareholders carried out immediately and/or in the future may not exceed EUR 240 million for shares by virtue of the authorisations granted under the 20th and 21st resolutions of this Shareholders' Combined General Meeting of 19 May 2020.	This authorisation was not used during the period
Shareholders' Combined General Meeting of 19 May 2020 (23rd resolution)	Capital increase by capitalising reserves, retained earnings, additional paid-in capital or contribution premium. Authorisation was given to increase the share capital up to a maximum amount of EUR 1 billion on one or more occasions, by capitalising all or part of the reserves, profits or additional paid-in capital, merger or contribution premiums, successively or simultaneously, through the issuance and award of free shares, through an increase in the par value of existing shares, or through a combination of these two methods. That authorisation was granted for a period of 26 months and replaces that granted by the 23th resolution of the Shareholders' Combined General Meeting of 24 May 2018.	This authorisation was not used during the period
Shareholders' Combined General Meeting of 19 May 2020 (24th resolution)	Overall limit on authorisations to issue shares with or without preferential subscription rights for existing shareholders. The maximum overall amount for all issues with or without preferential subscription rights for existing shareholders carried out immediately and/or in the future may not exceed EUR 1 billion for shares by virtue of the authorisations granted under the 19th to 21st resolutions of the Shareholders' Combined General Meeting of 19 May 2020.	This authorisation was not used during the period
Shareholders' Combined General Meeting of 19 May 2020 (25th resolution)	Authorization granted to the Board of directors to carry out transactions reserved for members of the BNP Paribas Group Company Savings Plan, with cancellation of preferential subscription rights, which may take the form of capital increases and/or disposals of reserved titles. Authorisation was given to increase the share capital within the limit of a maximum nominal amount of EUR 46 million on one or more occasions by issuing ordinary shares (without preferential subscription rights for existing shareholders), reserved for members of the BNP Paribas Group's Company Savings Plan, or by selling of shares. That authorisation was granted for a period of 26 months and replaces that granted by the 25th resolution of the Shareholders' Combined General Meeting of 24 May 2018.	This authorisation was not used during the period
Shareholders' Combined General Meeting of 19 May 2020 (26th resolution)	Authorisation granted to the Board of directors to reduce share capital by cancelling shares. Authorisation is given to cancel, on one or more occasions, through reduction of the share capital, all or some of the shares that BNP Paribas holds and that it could hold, up to a maximum of 10% of the total number of shares constituting the share capital existing as at the date of the transaction, for a period of 24 months. Delegation of all powers to carry out this reduction in share capital, and allocate the difference between the purchase price of the cancelled shares and their nominal value to share premium and retained earnings, including the legal reserve up to 10% of the share capital cancelles. That authorisation was granted for a period of 18 months and replaces that granted by the 17th resolution of the Shareholders' Combined General Meeting of 23 May 2019.	This authorisation was not used during the period

4 ITEMS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC TENDER OFFER OR EXCHANGE OFFER (ARTICLE L.22-10-11 OF THE FRENCH COMMERCIAL CODE)

Among the items referred to in article L.22-10-11 of the French Commercial Code, there is no item likely to have an impact in the event of a public tender or exchange offer.

2

2.2 Statutory Auditor's report, prepared in accordance with article L.22-10-71 of the French Commercial Code, on the Board of directors' report on corporate governance

The comments required by Article L.22-10-71 of the French Commercial Code are covered in the Statutory Auditor's report on the parent company financial statements (Chapter 6.6).

2.3 The Executive Committee

At 4 February 2021, the BNP Paribas Executive Committee had the following members:

- **Jean-Laurent Bonnafé**, director and Chief Executive Officer;
- **Philippe Bordenave**, Chief Operating Officer;
- **Jacques d'Estais**, Deputy Chief Executive Officer; International Financial Services;
- **Michel Konczaty**, Deputy Chief Operating Officer;
- **Thierry Laborde**, Deputy Chief Executive Officer; Domestic Markets;
- **Yann Gérardin,** Deputy Chief Executive Officer; Corporate and Institutional Banking;
- **Marguerite Berard**, Head of French Retail Banking;
- **Laurent David**, Deputy Chief Operating Officer of BNP Paribas Personal Finance;
- **Stefaan Decraene**, Head of International Retail Banking;
- **Renaud Dumora**, Chief Executive Officer of BNP Paribas Cardif;
- **Nathalie Hartmann**, Head of Compliance;
- **Maxime Jadot**, director and Chief Executive Officer and Chairman of the Management Committee of BNP Paribas Fortis;
- **Sofia Merlo**, Head of Group Human Resources;
- **Andrea Munari**, General Manager and Chief Executive Officer of BNL;
- **Alain Papiasse**, Chairman of Corporate and Institutional Banking;
- **Frank Roncey**, Head of Risk Management;
- **Antoine Sire**, Head of Corporate Engagement;
- **Thierry Varène**, Global Head for Large Clients.

The BNP Paribas Executive Committee has had a permanent Secretariat since November 2007.

BNP PARIBAS ADAPTS ITS ORGANISATION TO MEET NEW HUMAN, TECHNOLOGICAL AND COMMERCIAL CHALLENGES

- The Group is adjusting its management team in consideration of the 2022-2025 strategic plan and continues to increase representation of women on governing bodies.

BNP Paribas is preparing its 2022-2025 strategic plan at a time when the expectations of its customers, employees, investors and civil society are evolving at a faster pace.

The Group is adjusting its management team to better meet new human, technological and commercial challenges through an organisation centred on clients and major priorities: maximising synergies and efficiency in retail activities, accelerating its development in the area of savings, stepping up the pace of business development with corporate and institutional clients (CIB), and continuing to strengthen its industrial set-up.

These changes will take effect on the day after the Annual General Meeting, scheduled for 18 May 2021.

Succession within General Management

In accordance with the bank's articles of association, **Philippe Bordenave** will place his mandate as Chief Operating Officer, a position that he has held since 2011, at the disposal of the Annual General Meeting. He will become Senior Executive Advisor to General Management and the Chair of the Board.

- **Jacques d'Estais**, after 39 years of service in the Group, and as Deputy Chief Operating Officer in charge of International Financial Services since 2011, has decided to step down from his duties and devote himself to various personal projects from the end of 2021.
- **Michel Konczaty**, Deputy Chief Operating Officer since 2014, becomes Executive Advisor to General Management.
- **Alain Papiasse** will become Executive Advisor to General Management while retaining the position of Chairman of CIB.
- **Thierry Varène** becomes Executive Advisor to General Management while retaining the position of Global Head for Large Clients.

Upon the proposition of Jean-Laurent Bonnafé, director and Chief Executive Officer, the Board of directors, chaired by Jean Lemierre, appointed Thierry Laborde and Yann Gérardin as Chief Operating Officers at its meeting of 4 February 2021.

- **Thierry Laborde**, Chief Operating Officer, will take on responsibility for Retail Banking, *i.e.*, all the Group's retail activities, including Domestic Markets, International Retail Banking and BNP Paribas Personal Finance;
- **Yann Gérardin**, Chief Operating Officer, will continue to head CIB.

In addition:

- **Renaud Dumora** was appointed Deputy Chief Operating Officer, in charge of the new Investment & Protection Services division, which will encompass BNP Paribas Asset Management, Cardif, Wealth Management and Real Estate;
- **Laurent David** was appointed Deputy Chief Operating Officer, in charge of operational efficiency in all Group processes and will oversee information systems, facilities management, procurement and internal consulting.

Appointments to the Group Executive Committee

The following persons were appointed to the Group Executive Committee:

- **Charlotte Dennery**, who becomes Chief Executive Officer of BNP Paribas Personal Finance;
- **Elena Goitini**, who becomes Chief Executive Officer of BNL;
- **Pauline Leclerc-Glorieux**, who becomes Chief Executive Officer of BNP Paribas Cardif;
- **Yannick Jung**, head of CIB Global Banking EMEA;
- **Olivier Osty**, head of CIB Global Markets;
- **Bernard Gavgani**, Group Chief Information Officer;
- **Lars Machenil**, Group Chief Financial Officer.

Greater representation of women on the Group's governing bodies

With these appointments, as well as that of Sofia Merlo as head of Group Human Resources in November 2020, the proportion of women on the Executive Committee now stands at one-third.

In addition to these appointments to the Executive Committee, nine new members – five women and four men - have been appointed to the G100 (the Group's top 100 managers). The proportion of women in the G100 also now stands at one-third.

BNP Paribas pledges to raise this proportion to at least 40% by 2025 for both the Executive Committee and the G100. As of today, the goal of gender parity among the Group's "Emerging Talents" - the pool of the next generation of leaders - is already met.

Commenting on these decisions, Jean-Laurent Bonnafé said:

"As Chief Operating Officer, Philippe Bordenave has played a preeminent role in the history of our Group and in its ability to perform at a high level, to demonstrate solidarity and support for the economy, and to weather challenging times while continuing to serve clients. I am delighted that he will continue his significant contribution to the Group. I would also like to warmly thank Jacques d'Estais for what he has done for the success of BNP Paribas, which he will continue to serve as a director of several subsidiaries.

The managers who have been promoted attest to the complementarity of talents and diversity of profiles needed for the success of a banking group engaged at all levels of the economy. Their experience and unfailing commitment to BNP Paribas and its customers will be essential in the coming years. The move towards greater representation of women on the Group's governing bodies is also key to the Group's success, and this will continue in accordance with the announced timetable.

The new organisation will allow BNP Paribas' teams to meet the challenges of the years to come, thanks to an even greater operational efficiency and capacity to innovate. It will help the Group and its teams to continue providing quality service to clients, enhance its capacity to create value, and focus even more on the environmental and social challenges that affect us all."

New membership of the Group Executive Committee as of May 19th 2021

General Management

- **Jean-Laurent Bonnafé**, director and Chief Executive Officer
- **Yann Gérardin**, Chief Operating Officer in charge of CIB
- **Thierry Laborde**, Chief Operating Officer in charge of Retail Banking
- **Renaud Dumora**, Deputy Chief Operating Officer in charge of Investment & Protection Services
- **Laurent David**, Deputy Chief Operating Officer

Businesses

- **Marguerite Bérard**, Head of French Retail Banking
- **Stefaan Decraene**, Head of International Retail Banking
- **Charlotte Dennery**, CEO of BNP Paribas Personal Finance
- **Elena Goitini**, CEO of BNL Gruppo BNP Paribas
- **Max Jadot**, CEO and Chairman of the Executive Board of BNP Paribas Fortis
- **Yannick Jung**, Head of CIB Global Banking EMEA
- **Pauline Leclerc-Glorieux**, CEO of BNP Paribas Cardif
- **Olivier Osty**, Head of CIB Global Markets

Functions

- **Nathalie Hartmann**, Head of Compliance
- **Bernard Gavgani**, Group Chief Information Officer
- **Lars Machenil**, Group Chief Financial Officer
- **Sofia Merlo**, Head of Group Human Resources
- **Frank Roncey**, Group Chief Risk Officer
- **Antoine Sire**, Head of Company Engagement

2.4 Internal control

The following information relating to internal control was submitted to the Group's Executive Management. The Chief Executive Officer shall be responsible for the organisation and procedures of internal control and for all information required by French law regarding the internal control report. This document is based on the information provided by the Compliance, RISK, Finance, LEGAL and General Inspection Functions. It has been approved by the Board of directors.

BNP PARIBAS' INTERNAL CONTROL STANDARDS

The principles and procedures for the internal control of banking activities in France and abroad are at the heart of banking and financial regulations and are subject to numerous legislative and regulatory provisions.

The main text applicable to BNP Paribas is the Ministerial Order of 3 November 2014. This text sets out the conditions for the implementation and monitoring of internal control in credit institutions and investment firms, in compliance with the European Directive CRD 4. In particular, it specifies the principles relating to internal transaction control systems and procedures, organisation of accounting and information processing, risk and result measurement systems, risk monitoring and control systems, and the information and documentation system for internal control. Article 258 of the Order provides for the drafting for the Board of directors of an annual regulatory report on the conditions under which internal control is implemented.

This Order requires BNP Paribas to have an internal control system (hereinafter Internal control) comprising specific departments and persons responsible for permanent control (including the Compliance and RISK functions) and periodic control. This system must also take into account, as appropriate, the general regulation of the AMF, the regulations applicable to foreign branches and subsidiaries and to specialised activities such as portfolio management and insurance, and the recommendations of leading international bodies dealing with issues related to the prudential regulation of international banks, first and foremost the Basel Committee, the Financial Stability Board, the European Authorities, the European Securities and Markets Authority, the European Central Bank and the French *Autorité de contrôle prudentiel et de résolution*.

DEFINITION, OBJECTIVES AND STANDARDS OF INTERNAL CONTROL

The BNP Paribas Group's Executive Management has implemented an internal control system whose main purpose is to ensure overall control of the risks and to provide reasonable assurance that the Company's objectives in this respect are achieved.

BNP Paribas' Internal Control Charter (reworked and updated in 2017) specifies the framework of this system and constitutes BNP Paribas' basic internal control framework. Widely distributed within the Group and accessible to all its employees, this charter firstly recalls the objectives of internal control, which aims to ensure:

- a sound and prudent risk management approach, aligned with BNP Paribas' values and Code of conduct in conjunction with the policies outlined in its corporate social responsibility framework;
- operational security of BNP Paribas' internal operations;
- the relevance and reliability of accounting and financial information;
- compliance with laws, regulations and internal policies.

Its implementation requires, in particular, that a high-level culture of risk and ethics be promoted to all employees and in BNP Paribas' relations with third parties, clients, intermediaries or suppliers as well its shareholders.

The charter then sets out the rules governing the organisation, responsibility and scope of operations of the various internal control entities and establishes the principle according to which the control functions (Compliance, LEGAL, RISK and General Inspection in particular) execute these controls independently.

SCOPE OF INTERNAL CONTROL

The BNP Paribas Group's internal control is overarching:

- it covers all types of risks to which the Group may be exposed (credit and counterparty risk, market risk, liquidity risk, interest rate risk in the banking book, underwriting risk with respect to insurance, operational risk, risk of non-compliance, equity risk, etc.);
- it is applied at the Group level and at the level of directly or indirectly controlled entities, irrespective of their line of business and irrespective of whether they are consolidated entities or otherwise. For other entities (in particular, legal entities subject to significant influence), the Group's representatives on the corporate bodies of these entities are strongly encouraged to promote the same standards of internal control;
- it also covers the use of outsourced services, in accordance with principles defined by regulation.

FUNDAMENTAL PRINCIPLES OF INTERNAL CONTROL

BNP Paribas' internal control system is based on its values and the Code of conduct as well as the principles of the following additional actions:

- clearly identified responsibilities: internal control is the responsibility of every employee, irrespective of their seniority or responsibilities. The exercise of a managerial function carries the additional responsibility of ensuring the proper implementation of the internal control system within the scope subject to regulation. As such, the necessary responsibilities and delegations must be clearly identified and communicated to all stakeholders;

- a structured risk identification, assessment and management system (involving, among others, a decision-making system, delegation, organisational principles, controls, reporting and alert mechanism, etc.);
- control and oversight that is independent of risk: the Heads of the operational activities have the ultimate responsibility for those risks created by their activities and as such, the foremost responsibility of implementing and operating a system that identifies, assesses and manages risk. The internal control system provides for mandatory intervention, and as early as possible, of functions exercising independent control under a second level of control. This intervention takes the following forms:
  - defining the overall normative framework for risk identification, assessment and management,
  - defining cases where a prior second review by a function exercising a second-level control shared with the operational entity is necessary for decision-making,
  - independent controls, called second-level controls, carried out by said function on the system implemented by the Heads of the operational activities and on their operations (result of the risk identification and assessment process, relevance and compliance of the risk control systems and in particular, compliance with the limits set);
- separation of duties: this is a key element of the risk control system. It consists of assigning certain operational tasks that contribute to the performance of a single process to stakeholders at various hierarchical levels or to separate these tasks by other means, in particular by electronic means. Thus, for example, tasks related to transaction initiation, confirmation, accounting, settlement and accounts reconciliation must be performed by different parties;
- proportionality of risks: the internal control system must be implemented under an approach and with an intensity that is proportionate to the risks involved. This proportionality is determined based on one or more criteria:
  - risk intensity as identified in the context of assessment programmes ("Risk ID", RCSA, etc.),
  - amount of allocated capital and/or ratios in terms of solvency and liquidity,
  - criticality of activities with regard to systemic issues,
  - regulatory conditions governing the exercise of business activities, size of business activities carried out,
  - customer type and distribution channels,
  - complexity of the products designed or marketed and/or services provided,
  - complexity of the processes carried out and/or the level of use of outsourcing with internal/external entities of the Group,
  - sensitivity of the environment where the activities are located,
  - legal form and/or presence of minority shareholders;
- appropriate governance: the internal control system is subject to governance involving the different stakeholders and covering the various aspects of internal control, both organisational and monitoring and oversight; the Internal Control Committees are a key instrument in this system; the framework is part of the decision-making processes managed through a system of delegations in the management reporting lines. They may involve the input of a third party belonging to another reporting line, whenever the systems defined by the Operational Entities and/or the functions exercising a second-level control so provide. The escalation process allows for disagreements between the operational entities and functions exercising second-level control, especially those related to decision-making, to be escalated to the higher hierarchical and possibly functional levels, to which the two parties report, and at the end, when these disputes cannot be resolved in this way, to arbitration conducted by the Group's Executive Officers. This process is implemented in accordance with the powers conferred to the Group Risk Officer, who may exercise his right of veto under the conditions set out in the RISK charter;
- a requirement for formalisation and traceability: Internal Control relies on the instructions of the Executive Officers, written policies and procedures and audit trails. As such, the controls, their results, their implementation and the feedback from the entities to the higher levels of the Group's governance are documented and traceable;
- a duty of transparency: all Group employees, irrespective of their position, have a duty to communicate, in a transparent manner, that is, spontaneously and promptly, to a higher level within the organisation to which they belong:
  - any information required for a proper analysis of the situation of the entity in which the employee operates, and which may impact the risks or the reputation of the entity or the Group,
  - any question that the employee could not resolve independently in the exercise of his duties,
  - any anomaly of which the employee becomes aware of.

  In addition, every employee has the right to confidentially raise concerns, as provided for by the Group Code of conduct and exercised within the framework of the whistleblowing system established by Compliance;
- human resources management taking into account internal control objectives: the internal control objectives to be considered in employee career management and remuneration (including: as part of the employee evaluation process, training, recruitment for key positions, and in determining remuneration);
- continuous adaptation of the system in response to changes: the internal control system must be actively managed by its various stakeholders. This adjustment in response to changes of any kind that the Group must face must be done according to a periodic cycle defined in advance but also continuously as soon as events so justify.

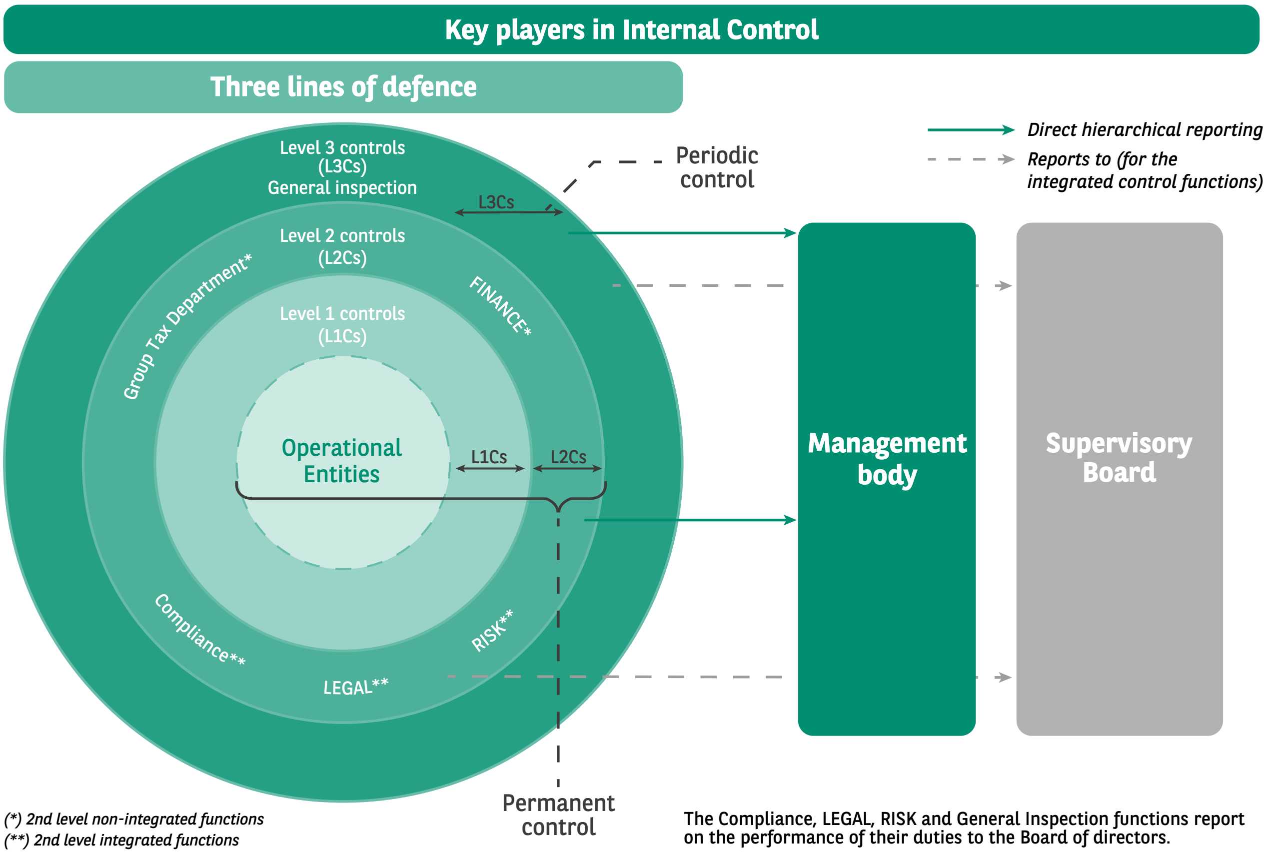
Compliance with these principles is verified on a regular basis, in particular through assignments carried out by the periodic control teams (General Inspection).

ORGANISATION OF INTERNAL CONTROL

BNP Paribas Group's internal control system is organised around three lines of defence, under the responsibility of the Executive Officers and under the oversight of the Board of directors.

Permanent control is the ongoing implementation of the risk management system and is provided by the first two lines of defence. Periodic control, provided by the third line of defence, has an audit and assessment function that is performed according to its own audit cycle.

The functions exercising the second and the third lines of defence are so-called functions exercising independent control. They report directly to the Executive Officers and with respect to Compliance, LEGAL, RISK and General Inspection, they report on the performance of their duties to the Board of directors.



(*) 2nd level non-integrated functions
(**) 2nd level integrated functions

The Compliance, LEGAL, RISK and General Inspection functions report on the performance of their duties to the Board of directors.

KEY PLAYERS IN INTERNAL CONTROL

- The operational entities are the first line of defence: the operational entities are primarily responsible for managing their risks and are the front-line in permanent control. They act within the framework defined by the Group's Executive Officers and reviewed by its Board of directors, transcribed in the form of policies and procedures and to the extent necessary, tailored by the corporate bodies of the Group's entities.
- The risk control system operated by the first line of defence forms what is called the first-level control system. It is implemented by employees and/or their reporting line and/or control teams that do not operate the processes under their control.

  The operational entities cover:
  - all operating Divisions and Businesses, whether these are profit centres or their support functions;
  - all cross-divisional functions, including the control functions for the processes that they operate directly and not under the responsibility of the second line of defence;
  - all the Territories, attached to an operating Division.
- The functions exercising second-level control (second line of defence):
  - the functions exercising second-level control are responsible, under the delegation given by the Executive Officers, for the organisation and functioning of the risk control system and its compliance with laws and regulations on a range of areas (subjects and/or processes), as defined in their Charter of Responsibility;
  - as such, in their field of expertise and, where appropriate, after having consulted the operational entities, they define the general normative framework in which they manage the risk for which they are responsible, the terms of their intervention (thresholds, delegations, escalation, etc.), implement this system in the relevant areas and for which they are responsible, for first-level and second-level permanent control. They challenge and provide an independent view of risk identification and assessment vis-à-vis operational entities. They also contribute to spreading a culture of risk and ethics within the Group;
  - the Heads of these functions provide the Executive Officers and Board of directors with a reasoned opinion on the level of risk control, current or potential, in particular regarding the "Risk Appetite Statement" as defined and propose any actions for improvement that they deem necessary;

- the Head of a function performing a second level control performs this mission by relying on teams that can be placed:
  - either under its direct or indirect hierarchical responsibility, where the function is then called integrated. It thus has full authority over its budget and the management of its human resources,
  - or under its direct or indirect functional responsibility (so-called non-integrated function) subject to joint decision-making with the reporting line manager for Human Resources and budget.

The three integrated functions exercising second-level control are:

- RISK, in charge of organising and overseeing the overall system for controlling those risks to which the BNP Paribas Group is exposed, particularly credit risk and counterparty risk, market risk, funding and liquidity risk, interest rate and exchange rate risk in the Banking book, insurance risk and operational risk. The Head of RISK is also the Head of Permanent Control, responsible for the consistency and proper functioning of the permanent control system within the BNP Paribas Group;
- Compliance, responsible for organising and overseeing the non-compliance risk control system. As such, it contributes to the permanent control of compliance with laws and regulations, professional and ethical standards and the guidelines of the Board of directors and the instructions of the Executive Management;
- LEGAL, responsible for organising and overseeing the legal risk control system, exercises its responsibility to prevent and manage legal risks through its advisory and control roles. It exercises this control by (i) monitoring the implementation of legal opinions issued for the purpose of avoiding or mitigating the effects of a major legal risk and (ii) first and second level control exerted on the legal processes. The missions entrusted to this function are performed independently of the business activities and support functions. The function is integrated hierarchically under the sole authority of its Department head, *i.e.* "Group General Counsel", who reports to the Chief Executive Officer.

The Heads of these functions may be heard by the Board or any of its specialised committees, directly, possibly without the presence of Executive Officers, or at their request.

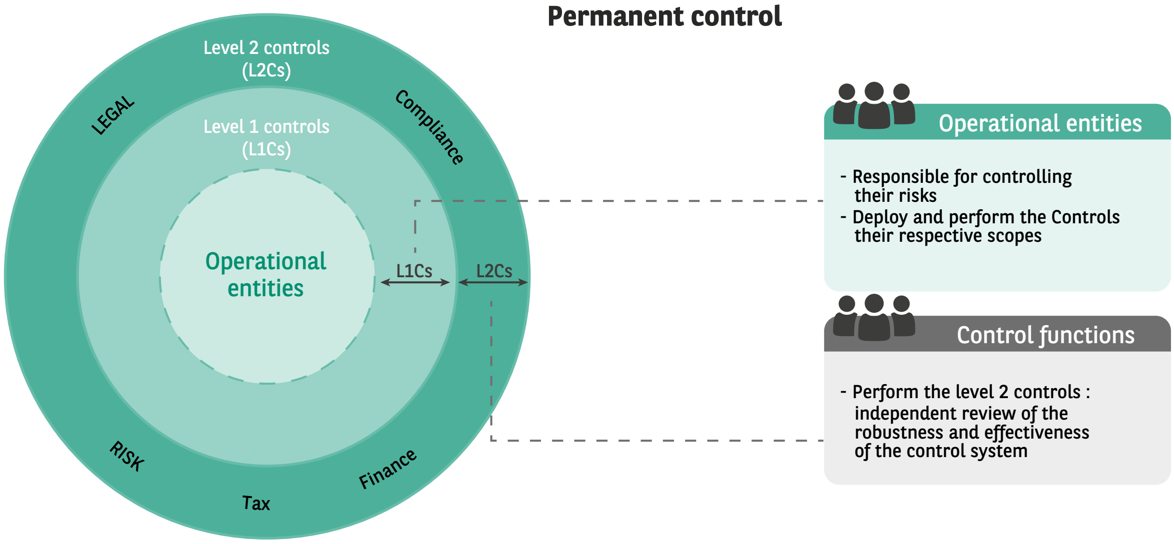
The two non-integrated functions exercising a second-level control are:

- Group Tax Department, as part of the organisation of the Group's tax risk control system and its contribution to its implementation;
- Group Finance, under its responsibility in defining and implementing the risk control system related to accounting and financial information.

The appointment of the Heads of the Compliance, Finance and RISK functions falls within the framework defined by the European Banking Authority.

Permanent control can be outlined as follows:

Permanent control



- General Inspection (third line of defence): the General Inspection is responsible for periodic control, performs the Internal Audit function and contributes to the protection of the Group by independently acting as its third line of defence on all Group entities and in all areas. It includes:
  - centrally based inspectors who carry out their duties throughout the Group;
  - auditors distributed in the geographical or business line platforms (called "hubs").

The General Inspector, responsible for periodic controls, reports to the Chief Executive Officer.

- Executive Officers: the Chief Executive Officer and the Chief Operating Officer ensure the effective management of the Company for regulatory and legal purposes. In practice, the Executive Officers make key decisions through specialised committees that allow them to rely on experts with a deep understanding of the issues to be addressed.

  Executive Officers are responsible for the internal control system as a whole. As such and notwithstanding the powers of the Board of directors, the Executive Officers:
  - decide on the key policies and procedures serving as the basis for this system,
  - directly oversee the functions exercising independent control and provide them with the means to allow them to fulfil their responsibilities effectively,
  - define the Group's risk-taking policies, validate the most important decisions in this area and, if necessary, make the final decisions in the context of the escalation process. This process is implemented in accordance with the powers conferred to the Group Risk Officer, who may exercise his right of veto under the conditions set out in the RISK charter,
  - periodically evaluate and monitor the effectiveness of the internal control policies, systems and procedures and implement the appropriate measures to remedy any deficiencies,
  - receive the main reports on internal control within the Group,
  - report to the Board of directors or its relevant committees on the operation of this system;
- The Board of directors: the Board of directors exercises directly or through specialised committees (Financial Statements Committee, Internal Control, Risk Management and Compliance Committee, Corporate governance, Ethics, Nominations and CSR Committee, etc.) key responsibilities in terms of internal control. Among others, the Board of directors:
  - determines, on the proposal of the Executive Officers, the strategy and guidelines of the internal control activity and ensures their implementation,
  - reviews the internal control activity and results at least twice per year,
  - regularly reviews, assesses and verifies the effectiveness of the governance system, including in particular, clearly defined responsibilities, and internal control, including in particular risk reporting procedures, and takes appropriate measures to remedy any failings uncovered,
  - validates the "Risk Appetite Statement", approves and periodically reviews the strategies and policies for taking up, managing, monitoring and controlling risks and approves their overall limits.

The organisation of the Board of directors and its specialised committees is defined through its Internal Rules. The Heads of General Inspection and the integrated functions exercising second-level control have the right to be heard, possibly without the presence of Executive Officers, by the Board of directors or one of its specialised committees.

Finally, among the specialised committees, the Internal Control, Risk Management and Compliance Committee (CCIRC) is essential in the Group's internal control system. Indeed, it assumes the following responsibilities:

- analyses reports on internal control and on risk measurement and monitoring, reports on the activities of the General Inspection, and significant correspondence with the main regulators;
- examines the strategic directions of the risk policy;
- reports to the Board of directors.

COORDINATION OF INTERNAL CONTROL

At the consolidated level, the Group Supervisory & Control Committee coordinates internal control, and is responsible, in particular, for ensuring consistency and coordination in the internal control system. It meets on a bi-monthly basis and brings together the Executive Officers, the Chief Operating Officer and the Heads of the integrated functions. The Chief Operating Officer overseeing an operating Division are permanent invitees.

In those entities and territories that are significant for the Group, their Executive Officers are responsible for arranging this coordination, generally within the framework of the Internal Control Committees.

PROCEDURES

The procedures are one of the key elements of the permanent control system alongside the identification and assessment of risks, controls, reporting and monitoring of the control system.

Written guidelines are distributed throughout the Group and provide the organisation and procedures to be applied as well as the controls to be performed. These procedures constitute the basic framework for internal control. The RISK function, as part of the oversight of the permanent control system, regularly monitors the completeness of the procedures' referentials. The Group's cross-functional procedures framework is regularly updated with contributions from all Divisions and functions. Regarding the control framework, investigations into the status of the system are included in the report on permanent control.

Among the Group's cross-functional procedures, applicable in all entities, risk control is critically important in, for example:

- the procedures that govern the process for approving exceptional transactions, new products and new business activities;
- the procedure for approving credit and market transactions;
- the procedures for compliance with embargoes, anti-money laundering and anti-corruption.

The processes from these procedural frameworks rely primarily on committees (Exceptional Transactions Committees, New Business Activities and Products Committees, Credit Committees, etc.) mainly covering both operational and related functions such as IT and Operations, as well as the control functions (RISK, Compliance, Finance, and LEGAL and Tax Functions), which take a "second-look" on transactions. In the event of a dispute, they are submitted to a higher level of the organisation. At the highest level of the Group, there are committees (Credit, Market Risk, Risk Policy Committees, etc.) chaired by members of Executive Management.

2020 HIGHLIGHTS

The year 2020 was marked by the Covid-19 pandemic during which the Group had to implement its operational resilience capabilities by modifying some of its processes to be able in particular to perform them outside the Group's sites. The first and second level control systems have been adapted accordingly to safely and properly perform customer activities at the same time as employee vigilance and protection systems. The Group has also set up a system for identifying and closely monitoring pandemic-related risks.

COMPLIANCE

Integrated globally since 2015, Compliance brings together all Group employees reporting to the function.

Compliance is organised based on its guiding principles (independence; integration and decentralisation of the function; dialogue with the business lines; a culture of excellence) through three operating areas and two regions, reflecting the Group's organisation, as well as five fields of expertise and cross-functional activities.

All Compliance Officers in the various operational areas, regions, business lines and territories, fields of expertise and Group functions report directly to the Compliance Function.

The Compliance workforce reached 4,217 full-time equivalents (FTEs) at the end of 2020, stable compared to the 2019 workforce.

Compliance activity in 2020

Compliance continued to oversee the implementation of the Group's remediation plans initiated as part of its agreements with the authorities in France and the United States regarding international financial sanctions. This plan has been largely implemented.

- The review by the independent consultant (IC) of the New York Department of Financial Services (DFS) following the Memorandum of Understanding (MOU) of 2013 and the Consent Order of 2014 was positively concluded. The scope of the report includes the tools and process for screening customer data as well as list management processes. In addition, as part of its annual audit of the Bank's New York entity, the DFS "Supervision" department conducted a review of compliance with the "MOU" and "Consent Order" agreements and issued a recommendation in favour of lifting the two above-mentioned agreements;
- In the autumn of 2020, the French and American Supervisors (the ACPR and the Federal Reserve Bank) jointly conducted a final review to assess the Bank's compliance with the commitments made under the Cease & Desist Order of 2014, and are expected to publish their final report in 2021.

The Group, in terms of Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) and asset freezing, continued to develop its system by updating several key elements of its regulatory framework in order to incorporate regulatory changes and prevent the emergence of new risks. These changes were supported by increased awareness and accountability of operational staff and IT developments aimed at improving transaction monitoring capabilities.

Throughout the year, significant IT developments were made to the management of lists and central tools for screening customers' names. Progress in the management of the lists was largely completed in 2020 and the program to roll out the centralised screening tool has met its overall objectives, knowing that all these efforts must be completed in 2021 as planned.

In the area of "Know Your Customer", or KYC, the Group's standards have been updated to ensure compliance with regulatory changes, in particular the transposition of the EU's 5th AMLD Directive. They were supplemented by an update of the due diligence measures applicable to intermediaries and intra-Group entities. The Businesses are continuing their IT systems development programs, particularly within Corporate and Investment Banking, and have taken actions to increase internal operational efficiency and the customer experience. These initiatives are regularly monitored by Executive Management.

BNP Paribas' system for the prevention and management of corrupt practices continues to be further strengthened following the publication of the "Sapin 2" law of 9 December 2016. The corruption risk mapping methodology has been aligned with the Risk & Control Self-Assessment (RCSA) procedure to enable a more detailed analysis of corruption risks and scenarios by process. The training to raise awareness of these risks, carried out by all employees in 2019, was followed up in 2020 by mandatory advanced training for 26,000 employees who are more specifically exposed to corruption risks. Work has been undertaken to further improve risk management with regard to supplier relations and accounting controls.

Compliance, in addition to its role of coordinating, steering and management reporting of cross-functional initiatives, is in charge – together with RISK and LEGAL – of the second line of defence against risks related to the rules of conduct. In 2020, its efforts focused on finalising the adoption by the Businesses of the various components of the Code of conduct.

In terms of professional ethics, the whistleblowing system continued to be improved, in particular on the basis of enhanced alert analysis capabilities. Communication and training in handling alerts continued. In addition, the Group's Personal Transactions procedure has been revised, with increased standardisation of processes and rules as well as strengthened controls.

The Market Integrity area continued to adapt and strengthen its permanent control system, in accordance with regulatory changes relating to BMR (Benchmark Regulation) and MIFID II, and by managing the Group roll-out of the Bank for International Settlements' Code of conduct on the foreign exchange market. The system for managing information barriers and inside information has been strengthened by updating procedures and new tools.

The implementation of systems relating to client tax regulations (Foreign Account Tax Compliance Act (FATCA), the Automatic Exchange of Information (AEOI) for tax purposes system or the "Qualified Intermediary" scheme concerning withholding taxation on American securities) has been strengthened, in particular, by implementing an annual internal FATCA/QI certification process, training employees about these regulations and deploying adequate controls at first and second levels.

Changes to systems relating to international banking laws continued with, in particular, the publication of first-level generic control plans and the gradual Group-wide implementation of the new Volcker 2.0 systems, including an annual internal certification. With regard to the CFTC Swap Dealer regulation, two internal reviews led to recommendations that will improve the system.

Controls

Compliance has updated its permanent control system to make the first line of defence more accountable (Businesses and functions) by publishing the first-level permanent control plans for each of the areas and by reviewing the second-level "Independent Testing" and "Check & Challenge" processes. This transformation work required a change to data collection (qualitative indicators) and the analysis of risk signals, thus improving the consolidated presentation of risks to Executive Management.

Training

In 2020, despite the health crisis, the mandatory Compliance training courses continued, with an adjusted schedule, allowing employees to complete them within the appropriate timeframe given the priorities of their respective business activities. For each of these training courses, the completion rate is over 94%.

Mandatory training on compliance topics is based on the following populations:

- all Group employees: in 2020, 97% of Group employees completed the training on international sanctions and embargoes;
- specifically exposed populations: Anti-Corruption – Advanced course, Market Abuse, and training on banking and tax law (Volcker, US CFTC Swap dealer, AEOI, FATCA);
- all new employees upon joining the Group: six mandatory training sessions, namely training on the Code of conduct and five specific compliance training courses (International Sanctions and Embargoes, Anti-Money Laundering, Anti-Corruption, Protection of Clients' Interests, Professional Ethics).

Industrialisation of Compliance

The Industrialisation Department continued to set up its organisation and governance, by appointing various 'Process Leaders' and describing the roles and responsibilities of the main internal and external players in relation to Compliance. In particular, the quality of the data, which is the fundamental basis of the alert tools, has been improved by establishing a dedicated "data office" team and optimising the use of data flows, leading to a significant reduction in irrelevant alerts.

Established in 2020, the Compliance Information Systems strategic committee will enable IT architecture to be defined and validated in 2021 to support the implementation of the functional master plan developed by Compliance. The work carried out in 2020 significantly contributed to improving the performance of Compliance tools, particularly in terms of financial security. For 2021, the projects announced cover in particular the optimisation of alert handling processes and the implementation of new monitoring tools.

LEGAL

The LEGAL function is an independent function of the Group and is hierarchically integrated with all the Group's legal teams.

During 2020, the LEGAL function continued to develop its legal risk management system, in particular through:

- continued strengthening of governance during the first half of the year:
  - updating the procedural framework, in particular to align it with the RISK ORC system in terms of standards and methodology,
  - defining a new procedure for risk management and permanent control in accordance with the Group's requirements,
  - establishing a dedicated Global Internal Control Committee (ICC) with participation from the RISK and Compliance functions as well as General Inspection, in addition to the Global Legal Risk Committee already in place for several years;

- several initiatives were carried out during the year, including:
  - strengthening the generic control plan covering the 5 processes controlled from end to end by the function (Legal and Regulatory Monitoring; Legal Advice; Outsourcing; Dispute management; Legal Risk Management), in line with the RISK function's procedure and in accordance with the General Inspection's expectations;
  - defining an appropriate RCSA (Risk and Control Self-Assessment) methodology, followed by a centralised exercise, across the entire operational scope of the function;
  - a growing role in the RCSA's "check and challenge" of the Businesses and functions, which will continue in 2021 to ensure more systematic involvement of the LEGAL function;
  - continuous educational support for the first lines of defence of the Businesses and functions and close collaboration with the various RISK ORC teams at the Central, Division and Business level;
  - issuing guidelines (transposition of an existing procedure) for non-legal teams, on the management of the legal risk that may arise from certain processes under their responsibility and the controls to be implemented;
  - contributing to the review of the Group's operational risk incidents identified as giving rise to a legal risk.
- continued development of tools:
  - defining and implementing the reporting tables in the internal LEGAL tool identifying the major legal risks;
  - designing and testing the "Matter Management" application, which is scheduled to go live in the first half of 2021.
- lastly and more recently, implementing transactional and cross-functional platforms as part of the "Quality and Lean" program:
  - they will contribute to strengthening controls on specific risk areas identified by the legal experts of the said platforms, regardless of the scope within the Group;
  - they will make it possible to improve the flexibility, anticipation and consistency of the controls carried out, and to operate within the Group, as part of the management of legal risk.

2021 will see the continuation of the various actions undertaken. In this respect, the developments planned for the tools made available by RISK ORC are particularly key. Finally, the LEGAL function's ability to continue industrialising its processes is also essential.

RISK AND PERMANENT CONTROL

Operational risk management

The operational risk management model from the point of view of the second-line RISK team is based on both decentralised teams within the Businesses, under the responsibility of the RISK managers of these Businesses, close to the processes, operational staff and systems, and on a central structure (RISK ORC Group) with a steering and coordination role providing local teams on subjects requiring specific expertise (for example: anti-fraud or managing risks related to products and services supplied by third parties).

All of the components of the procedural system for operational risk have been significantly overhauled since 2018:

- Risk and Control Self-Assessment (RCSA);
- Controls;
- Collection of Historical Incidents;
- Analysis and quantification of operational risk scenarios ("potential incidents");
- Action plans;
- Outsourcing risk management.

Work on the taxonomy of risks as well as the mapping of processes and organisational structures has also been completed to further standardise guidelines supporting the assessment and management of operational risk.

In addition to these methodological changes, a new integrated operational risk management tool ("360 Risk Op"), composed of various interconnected modules, was rolled out in the fourth quarter of 2019. After the roll-out of the first of these modules, dedicated to the data collection on Historical Incidents, data on RSCAs, Potential Incidents and outsourcing arrangements were delivered in 2020. The last remaining modules (Controls and Action Plans) will be implemented gradually starting in 2021.

The review of first-level controls by Group entities, begun in 2019, also continued in 2020 with the contribution of the control functions. It will be further developed in 2021.

Information and Communication Technology and data protection risk management

The ongoing implementation of the Bank's digitisation initiatives intended to create streamlined channels for its customers and partners as well as new ways for employees to collaborate, introduced new technologies and new risks. This underlines the need to continue to monitor the Bank's technological risk profile and to ensure the effectiveness of controls.

In 2020, the RISK teams continued to improve the risk management framework related to Information and Communication Technologies (ICT) through the following actions:

- implementing crisis plans related to pandemic scenarios to provide long-term solutions, in response to the Covid-19 crisis and the requirements of local authorities. In addition, the Group strengthened the overall monitoring of operational resilience, provided to both the Bank's management and regulators, with updated information on the measures implemented internally;
- incorporating ICT risk elements into the entire IT and cyber risk reference framework, thus completing the risk management framework;
- formalising a cloud security baseline encompassing controls to protect against the risks of data leaks, intrusions and ransomware. In addition, RISK has put in place a dedicated cloud security governance to strengthen the alignment of cloud-related projects with the guidelines set by the Group (Cloud Blueprint);

- developing the data protection framework to include privacy impact assessments, Register of processing operations, procedures and guidelines for reporting personal data breaches and data sharing.

Regulatory changes

In terms of regulations, 2020 was marked by:

- the acceleration, approved by the European Parliament in June 2020, of the applicability of certain provisions of CRR2, from 30 June 2020;
- the publication on 29 May 2020 of the guidelines of the European Banking Authority (EBA) on the granting and monitoring of loans, applicable from 30 June 2021.

The work related to these changes involved the RISK teams as well as other Group teams (Group Finance ALMT, businesses, etc.).

Changes to the RISK function

The RISK function continued its industrialisation, notably via the reinforcement of its shared operational platforms in Lisbon and Mumbai and the roll-out of new platforms in Madrid and Montreal. A number of initiatives have also continued and new ones have been launched to simplify, automate and pool certain internal processes and contribute to the end-to-end review of customer processes, whilst ensuring that the control system is at the highest level. In addition, the RISK function continued to introduce new technologies into the key risk management processes in terms of granting and monitoring loans, in particular around alerting and the identification of weak signals. This was done with the support of a dedicated artificial intelligence team and in close collaboration with various Group businesses.

Environmental, social and governance risk management

As shown by its commitments in this area, the BNP Paribas Group pays particular attention to environmental, social and governance ("ESG") issues and their growing role in the conduct of business and related risk management.

Since the Paris Agreement of 2015, the Group has taken several steps to support the energy transition, in line with this Agreement, and to further incorporate climate change risks into risk management. ESG criteria, and in particular those related to greenhouse gas emissions, have been strengthened in sectoral policies and specific credit policies. The energy mix financed by the Group is calculated each year and the related indicators are included in the Risk Appetite Statement.

In 2020, continued strengthening of the Group's ESG system was structured within a specific multi-year program, the ESG Action Plan, led by the Heads of Engagement and RISK function. The main objectives of this program are to:

- define Group ESG norms and standards in order to have a common framework of ESG concepts, transaction classification principles, indicators and reporting;
- establish an approach to analyse the performance and specific ESG risk of the Group's customers, in order to identify companies whose ESG weakness could translate into credit, investment, reputational risks, and negative environmental and social impacts. As the second line of defence on ESG risks, the RISK function will continue, as in 2020, work to include analyses of these ESG risks in the credit process, while gradually incorporating changes to the system;
- strengthen portfolio analysis methodologies, by using the PACTA methodology (Paris Agreement Capital Transition Assessment) to lead the work to align the loan portfolio with the Paris Agreement and by actively participating in market exercises, such as those led by the ACPR, on the analysis of climate scenarios;
- provide the Group with an ESG data platform comprising internal and external extra-financial information shared within the Group.

Further information on climate change risk management can be found in Commitment 3 described in chapter 7 of the Universal registration document.

2021 Projects

In 2021, the RISK function's main projects will be:

- the delivery and roll-out of the new operational risk information system within the Group, and the support of operational entities as part of this roll-out;
- work on finalising the implementation of the "Third Party Risk Management" system;
- strengthening the system around business continuity and crisis management, especially for aspects relating to technological risks;
- enhancing the data protection system for the Group;
- continued incorporation of ESG risks into the Group's overall risk management system;
- supporting the transformation of the Group's business by continuing with its own industrialisation and improving its integration into the Businesses' processes, as well as integrating new technologies to further advance and improve the efficiency of the Group's risk management system;
- the implementation of new sites and/or projects enabling the Group to fully meet the expectations of its regulators and supervisory authorities.

PERIODIC CONTROL

2020 was marked by the coronavirus pandemic, which necessarily impacted the activity of the General Inspection. During the lockdown phases, the inspectors and auditors carrying out missions far from their bases returned to their home countries. Work was completed remotely whenever possible. During the year, audit plan missions requiring a physical presence on site were postponed and replaced by missions that could be carried out remotely. New collaboration methods have also been adapted between the central General Inspection teams and those of the audit hubs based in the countries. The audit plan was thus dynamically adapted throughout the year. In total 894 missions were finally completed in 2020, *i.e.* 90% of the target for the year. At the height of the first lockdown, resources were also allocated to assist a few Businesses or other functions to help them cope with operational adjustments or new reporting requirements.

In 2020, the General Inspection repeated its annual Risk Assessment exercise. It was preceded by a coronavirus impact assessment. All of the nearly 3,000 Audit Units (AUs) were reviewed and a two-page documentation describing the broad outline of the AU and detailing the assessment of its inherent risk and the quality of the controls carried out therein was produced for each. In the end, the Residual Risk profile, resulting from the combination of the two previous factors, appeared to have slightly deteriorated in 2020 compared to 2019. This change is mainly due to certain effects of the pandemic on intrinsic risks, while the control system has shown good resistance, even a significant improvement in several areas of business activity. Due to the disrupted context of 2020, the General Inspection conducted during the last quarter 52 so-called "Covid" missions, dedicated to assessing the adaptation of the Businesses and functions during the crisis. They confirmed the general resilience of control models in the various business activities and regions.

Due to the health crisis and its consequences on its work, General Inspection reassessed and repositioned its multi-year audit plan. The purpose of this plan is to make sure the entire auditable scope is covered at the right frequency. The audit frequency for each AU is based on the residual risk score. The frequency is shorter when the residual risk measured is high. If the AU has a specific regulatory audit cycle, the applicable cycle is the shorter of the regulatory cycle and that resulting from the Risk Assessment. All the AUs were placed in order of priority by combining these different elements. The duration of the audit cycle cannot exceed 5 years in any case. By convention, the year 2018 was considered as the first year of a five-year cycle currently in progress, which means that the end of 2022 is a deadline to cover the entire auditable scope at least once during the period. The shock of 2020 complicates achieving this objective, but it remains close to being reached at this stage, insofar as the missions from the 2020 audit plan have been for the most part replaced by feasible missions that were in the plans for 2021 or 2022. Substitution in advance occurred. While this objective of covering the auditable scope without incurring any significant delay is therefore still a current issue, too restrictive implementation difficulties in 2021 would lead to the multi-year audit plan being spread into a few additional weeks in early 2023.

In 2020, General Inspection continued its efforts to develop the use of data in its missions. Instigated by the central team, the hubs have put in place a governance adapted to their environment based on the diversity of the businesses audited and the number of locations. A progressive program with five levels of training has been introduced and offered for the first two levels to a large number of inspectors and auditors. These training initiatives, enhancing the use cases library and the growing contribution of Data Analysts in the missions have greatly contributed to the change in audit techniques and the completion of missions remotely.

The policy of very high investment in training in other areas was also continued to enable new employees to acquire the required skills base. All employees of the function receive regulatory training with a high level of expertise or technical training related to their profiles and specialisations. In the same vein, a tool to check knowledge of methodological principles has been deployed for all inspectors and auditors. Due to the circumstances, the training system was completely reorganised between face-to-face, distance learning and e-learning in 2020, to provide for digital and classroom-based at the same time. Guidelines are being defined to capitalise on these experiences in the future.

A long-term, in-depth audit guide project was continued. 2020 saw the delivery of a dedicated global tool, which supports and rewrites some of the library of methodologies, with updating mechanisms to better support regulatory changes and the procedural framework of the Bank. This project allows for greater consistency in the audit points carried out in the various hubs around the world.

The ability of the General Inspection to fulfil all of its missions was based on average headcount very close to 1,380 FTEs in 2020, the same as in 2019 (the headcount at the end of 2020 actually declined over twelve months but the figure at the end of 2019 was a temporary peak due to an atypical level of new joiners at the very end of the year).

INTERNAL CONTROL EMPLOYEES

The various internal control functions are based on the following headcount (in FTE = Full-Time Equivalents, calculated at the end of the period, and estimated for 2020):

	2016	2017	2018[1]	2019	2020	Change (2019/2020)
Compliance	3,387	3,759	4,183	4,219	4,217	0%
LEGAL	1,814	1,807	1,846	1,810	1,797	-1%
RISK	5,221	5,367	5,520	5,462	5,351	-2%
Periodic control	1,238	1,296	1,394	1,446	1,393	-4%
TOTAL	**11,660**	**12,229**	**12,943**	**12,937**	**12,758**	**-1%**

(1) The internal control workforce in 2018 does not include FHB (First Hawaiian Bank).

INTERNAL CONTROL PROCEDURES RELATING TO PREPARING AND PROCESSING ACCOUNTING AND FINANCIAL INFORMATION

ROLES AND RESPONSIBILITIES FOR PREPARING AND PROCESSING ACCOUNTING AND FINANCIAL INFORMATION

Under the authority of the Chief Operating Officer, the Finance Function is responsible for preparing and processing accounting and financial information. It also performs an independent control mission which aims to ensure control of the risk related to accounting and financial information. The specific missions assigned by the Group to the Finance Function are defined by a charter. These consist of:

- preparing the financial information and guaranteeing the consistency and fairness of the financial and prudential information published, in compliance with the regulatory framework and standards;
- providing Executive Management with support for the Group's economic management at each level of its organisation;
- defining accounting policies, management and prudential standards for the Group and overseeing their operational integration;
- defining, deploying and supervising the permanent control system concerning financial information for the entire Group;
- managing the Group's equity;
- ensuring the Group's financial communication and monitoring of the BNP Paribas share price, shareholders and market reactions;
- managing relations with market authorities and investors and organising Annual General Meetings;
- coordinating the Group's banking supervision, in particular the relationship with the ECB;
- defining and managing the organisation of the Finance Function and monitoring its resources and costs;
- managing the implementation of the target operational system, contributing to the definition of the functional architecture and the design of the Finance systems and deploying them.

All these missions require those involved to be fully competent in their particular areas, to understand and check the information they produce and to comply with the required standards and time limits. Particular attention is paid to compliance, quality and integrity of the information used and data protection. All those involved in the function have a duty to alert General Management. The missions of the function are carried out in conjunction with the Risk and ALM Treasury functions for regulatory requirements, with the Project Management team for the Finance and Risk Functions, housed within Group IT, with regard to user processes and the any changes to the information system. In practice, the responsibility of the Finance Function is carried out as follows:

- the financial data produced is the responsibility of the Finance Department of each entity, whether produced at its own level or by shared regional platforms; when they contribute to the Group's consolidated results, they are sent to the divisions/businesses for approval;
- the production of forecast financial data is carried out by the divisions/businesses, ensuring their consistency with the actual data produced by the entities or regional platforms;
- centrally, the Finance Function prepares the reporting instructions distributed to all divisions/business lines and consolidated entities in order to ensure that the data is homogeneous and complies with the Group's rules. It gathers all the accounting and management information produced by the entities and approved by the divisions/businesses and assembles and consolidates these data for use by Executive Management or for communication to third parties.

PRODUCTION OF ACCOUNTING AND FINANCIAL DATA

Accounting policies and rules

The local financial statements for each entity are prepared following the accounting standards prevailing in the country where the entity carries on business, while the Group consolidated financial statements are prepared under IFRS (International Financial Reporting Standards) as adopted by the European Union.

Within the Finance Function, the "Group Accounting Policies" Department defines the IFRS-based accounting principles to be applied to the Group as a whole. It monitors changes to regulations and interprets them as necessary by issuing new principles. A manual of the Group's IFRS accounting principles is available for the divisions/businesses and entities on the internal network communication tools ("intranet") of BNP Paribas. It is regularly updated to reflect regulatory changes.

In addition, the "Group Accounting Policies" Department also responds to requests from the divisions/businesses or accounting entities for specific accounting studies, particularly when a new financial product or transaction is designed or recorded in the accounts.

Lastly, it is also responsible for preparing management principles and standards that take into account the needs identified by the management teams. These principles and standards can also be accessed using internal network tools (intranet).

The regulations relating to solvency fall under the Risk Function (with the contribution of the Finance Function), while regulations on liquidity fall under the ALM Treasury (with the contribution of the Finance and Risk Functions) and regulations relating to the leverage ratio fall under the Finance Function (with the contribution of the Risk Function).

Data processing system

The data processing system is organised around two channels, the first structured according to entities, and the second according to businesses:

- **"Measure, Control and Explain (MCE)"** is the Finance channel dedicated to the expert and industrialised preparation of the actual financial data, organised around shared regional platforms and multi-businesses, meeting any need for financial reporting related to the actual data produced (financial statements, regulatory, management, solvency, liquidity, taxes), at Group or local level;
- **"Monitor and Foster Performance (MFP)"** is the Finance channel which has an analysis and advisory role in terms of strategic management of the businesses, based on the financial data provided by the MCE channel. It is also responsible for preparing forecast financial reports (estimate, budget, three-year plan, financial information in stressed scenarios) by interacting closely with the Business heads. This is why this channel is structured according to the Division, Business, Function.

PERMANENT CONTROL OF ACCOUNTING AND FINANCIAL INFORMATION

Internal control within the Finance Function

In order to enable it to centrally monitor risk management related to accounting and financial information, the Finance Function has an "Financial Control, Certification and Audit Affairs" team which carries out the following main missions:

- defining the Group's policy as regards the accounting internal control system. This system requires accounting entities to follow rules in organising their accounting internal control environments and to implement key controls ensuring that the information in their consolidation packages is reliable. The Group has issued internal accounting control guidelines for use by the consolidated entities and a standard accounting control plan listing the major mandatory controls aimed at covering the accounting risk;
- ensuring that the internal control environment for accounting and financial information functions properly within the Group, in particular via the procedure for internal certification of accounts described below; reporting quarterly to Executive Management and the Board's Financial Statements Committee on the quality of the Group's financial statements;
- together with the Risk Function, overseeing the proper functioning of the system for collecting and processing consolidated credit risk reporting, including by means of a specific certification and quality indicator system;
- ensuring the proper functioning of the data collection and processing system so that liquidity reports can be prepared, in particular by means of a specific certification and quality indicator system;
- monitoring the implementation by entities of recommendations from the Statutory Auditors and from General Inspection relating to the accounting risk, with the support of the divisions/business lines. This monitoring is facilitated by use of a dedicated tool that enables each entity to monitor the recommendations made to it and to regularly report on the progress made on the various action plans. Centralised monitoring of these recommendations enables Group Finance to identify improvements to the accounting internal control system made within the consolidated entities, identify any cross-functional problems and, if necessary, revise the Group-level procedures and instructions.

Independent central control teams pass these tasks to the Finance Departments in the divisions/businesses, which supervise the entities closely and, if necessary, implement accounting controls geared to their specific situation.

Lastly, within the entities' Finance Departments, the Group's accounting internal control principles have led to dedicated and independent accounting control teams or representatives, depending on the size of the entities, being set up. As such, the Group's established approach, in which the reporting production tasks are consolidated on regional platforms (improving the harmonisation of the reporting and control processes and increasing their efficiency for the entities concerned), also ensures that the accounting control teams are the appropriate size and have the necessary expertise. The main missions of these local teams are as follows:

- implementing the second-level accounting controls within all entities within their scope. In a decentralised accounting framework, these controls complete the first level controls carried out by back offices, and particularly rely on accounting control tools that, for example, make it possible, in the case of each account, to identify the department responsible for its justification and control, to reconcile the balances recorded in the accounting system with the balances in the operational systems for each business, and to identify, justify and monitor the clearing of suspense accounts;
- coordinating the "elementary certification" process (described below) requiring an entity's different departments to report on the controls that they have carried out;
- to ensure that the accounting internal control system enables the entity's Finance Department to have sufficient oversight of the process of preparation of account summaries, and in particular over all the elements necessary for the Group's certification process (described below). To assist in achieving this objective, the tasks involved in accounts closure are formally defined. The use of tools to map the processes and associated risks and to document the checks as well as the coordination with other control channels contributes to improving the quality.

Internal Certification Process

At Group level

The Finance Function uses FACT (Finance Accounting Control Tool) for the internal certification of the quarterly data produced by each entity for the consolidation package; for the validation performed within the Finance Departments of divisions/businesses; and for the consolidation process for which the Group Reporting Department within Group Finance is responsible.

The Chief Financial Officer of each entity concerned certifies to the Finance Function that:

- the transmitted data have been prepared in accordance with the Group's norms and standards;
- the accounting internal control system guarantees its quality and reliability.

The main certificate completed by fully consolidated entities reproduces the results of all of the major controls defined in the Group's accounting control plan, and leads to the determination of a rating for each entity. Entities consolidated by the equity method complete an appropriate certificate. Finally, non-consolidated entities are certified annually through a simplified procedure.

This internal certification process forms part of the Group's monitoring system for Internal control and enables the Finance Function, which has the overall responsibility for the preparation and quality of the Group's consolidated financial statements, to be informed of any problems in the financial statements and to monitor the entities' implementation of appropriate corrective measures. A report on this process is presented to Executive Management and to the Financial Statements Committee of the Board of directors at the close of the Group's quarterly consolidated accounts.

This certification system is also in place, in conjunction with the Risk Function, for the information included regulatory reporting on credit risk and the solvency ratio. Those contributing to the reports attest that they have complied with the standards and procedures and that the data used is of appropriate quality. They further describe the results of the controls carried out at the various stages of producing the reports.

On the same principles, a certification system is in place for the reporting of liquidity-related data. The various contributors report on the compliance of the data transmitted with the standards, and the results of key controls performed to ensure the quality of reporting.

At entity level

In order to ensure the oversight of all the processes of preparation of accounting information at the level of each entity's Finance Department, Group Financial Controls recommends implementing an "elementary certification" (or "sub-certification") process for accounting data whenever the processing of transactions and the preparation of accounting and financial data are organised in a decentralised way that makes such a process necessary.

This is a process by which the providers of the information used to prepare accounting and financial data (*e.g.* middle office, back office, Human Resources, Risk, Suppliers' Accounts, etc.) formally certify that the fundamental controls intended to ensure the reliability of the accounting and financial data under their responsibility function properly. The elementary certificates are sent to the local Finance Department, which analyses them in combination with the accounting controls that it exercises directly, prepares a summary report intended to be used to prepare the main certificate, and liaises with the various players in order to monitor points requiring attention.

The FACT application also makes it possible to automate this sub-certification process by providing entities with a dedicated environment in which they can directly manage the processes set up at their level.

Valuation control of financial instruments and the use of the valuation to determine the results of market activities and accounting reports

The Finance Function is responsible for producing and ensuring the quality of the Group's accounting and management information. It delegates the production and control of fair value measurements or models for financial instruments to specialists in this area, who thus form a single, integrated channel for valuing such instruments. The processes covered include in particular:

- verifying the appropriateness of the valuation system as part of the approval process for new transactions or activities;
- verifying the proper recording of transactions in the systems and ensuring it is appropriate with the valuation methodologies;
- verifying the development and approval mechanism independent of the valuation methods;
- determining the market parameters and the procedure for an independent verification of these parameters;
- determining valuation adjustments for market, liquidity and counterparty risks;
- determining and reviewing the rules for making parameters observable;
- classifying instruments within the fair value hierarchy, determining day one profit adjustments, estimating the sensitivity of level 3 valuations to valuation assumptions.

Through appropriate processes and tools, the channel's objectives are to ensure both the correctness and the reliability of the process for valuing financial instruments, and the quality and comprehensiveness of the control system. It can thus provide the appropriate data to the various decision-making bodies, data that also informs the operational processes for compiling the accounting and management results, and ensures the transparency of appendices dedicated to fair value.

Control of the valuation channel, which involves all participants, is supervised by the Finance Function within the framework of a specific charter and a dedicated governance. This control system is based on a set of organisational principles defined in the Group's Internal Control Charter for each organisational level, *i.e.* Group, CIB and the main entities that account for market transactions.

To ensure its proper functioning, the Finance Function relies on dedicated teams ("Standards & Controls – Valuation Risk and Governance, S&C – VRG"), which oversee the entire system. The Finance Function decides on the information that must be reported by the various players: this comprises both quantitative and qualitative data indicating trends in different businesses as well as the results and quality of upstream controls carried out.

Several committees that meet on a quarterly or monthly basis are set up to bring all of the players together to review and examine, for each process and business line, the methods used and/or the results of the controls conducted. These committees' operating methods are governed by procedures approved by the Finance Function, ensuring that the Finance Function takes part in the main choices and arbitrations. Lastly, the S&C – VRG reports at each accounting quarter-end to the Product Financial Control Committee (PFC), chaired by the Group Chief Financial Officer, on its work, and informs the committee of the points of arbitration or attention concerning the effectiveness of the controls and the degree of reliability of the valuation and results determination process. This quarterly committee meeting brings together the Businesses, Group Finance and the Divisions concerned, the ALM Treasury and the Risk Function. Intermediary PFC committees complete this system and aim to define project priorities, monitor their implementation and thoroughly examine certain technical elements.

Development of the system

The control system is continuously adapted to the Group's requirements. The procedures described form part of an evolving system that aims to guarantee an adequate level of control throughout the Group.

In particular, the quality of the accounting certification process is regularly reviewed with the divisions/business lines, for instance with the preparation of quantitative indicators for some controls, targeted cross-functional reviews of a major control and *ad hoc* reviews with the divisions/business lines on specific points for improvement in various areas. These reviews are supplemented by presentations to the various committees in the Finance channel and training sessions. Group procedures clarifying some major controls, and detailed instructions aimed at ensuring consistent responses and adequately-documented processes are also distributed. These Group procedures and instructions are extended where necessary at divisions/business lines level to cover issues specific to them.

Similarly, the certification system of the data contributing to the calculation of the capital solvency ratio is subject to adjustment in order to take into account developments in the processes and the organisation, and to capitalise on indicators and controls in place in the various sectors in connection with the improvement program on the reporting and the quality of the data.

In addition, for liquidity reporting, changes in processes and tools are carried out regularly in order to adapt to the new regulatory reporting demands, and specific actions are taken with the various contributors in order to enhance the quality and controls for the channel.

In 2020, the Group continued to adapt its system to improve the quality and integrity of the data required to produce the reports covering the different types of risks to which BNP Paribas is exposed (credit, market, liquidity, operational), and improve the consistency of related reporting at all levels of the organisation during normal periods as well as during stress or crisis periods.

After completing the dedicated RaDAR program at the end of 2019 (Risk Data Aggregation and Reporting) to comply with the principles set by the Basel Committee for the aggregation of risk data and risk reporting ("Principles for effective risk data aggregation and risk reporting") and appointing a Group Chief Data Officer (CDO) and a Risk/Finance CDO in addition to the existing system of Chief Data Officers within the Businesses and functions, major initiatives were launched concerning:

- the adaptation of the Group's Data Management strategy, including data compilation, monitoring and quality control, the organising the processes supporting these activities, and the use of adapted technologies and strengthening the data culture within the Group. In particular, with the introduction of the Data Management by Design approach, the Single Channel organisational model and improvement in the system to resolve identified data issues was implemented;
- changes in data governance, with in particular the creation of a Group Data Board, a Shared Data Council and committees to assess quality and monitor remedial actions at Group, businesses/functions and entities;
- emphasising the implementation of the Data strategy as part of the Group's IT strategy, with the permanent presence of the Group CIO on the Group Data Board, the assignment of data responsibilities within the Group IT function and the participation in the main Data projects.

PERIODIC CONTROL

General Inspection has a dedicated Finance channel (called the "Finance Audit Line") with a team of specialist inspectors in accounting and financial auditing, thus reflecting the Department's strategy of having an auditing capability in accountancy, as regards both the technical complexity of its work and its coverage of accounting and financial risk.

Its action plan is based on an annual risk assessment exercise, the practical details of which have been established by General Inspection based on the risk evaluation chart defined by the Risk Function.

The core aims of the team are as follows:

- establishing a hub of accounting and financial expertise in order to reinforce the capability of General Inspection when carrying out inspections in these areas;
- disseminating internal audit best practices and standardising the quality of related audit work;
- identifying and inspecting areas of accounting and financial risk at Group level.

RELATIONS WITH THE STATUTORY AUDITORS

Each year, as part of their statutory assignment, the Statutory Auditors issue a report in which they give their opinion concerning the consistency and fairness of the consolidated financial statements of the BNP Paribas Group as well as the annual financial statements of the Group's companies. The Statutory Auditors also carry out limited reviews on the closing of the half-yearly accounts, and specific tasks in relation to the quarterly accounts.

Thus, as part of their statutory mission:

- they examine any significant changes in accounting standards and present their opinions to the Financial Statements Committee concerning the accounting choices with a material impact;
- they present their conclusions to the Finance Functions in the entities/business lines/divisions and at a Group level, and in particular any observations and recommendations to improve certain aspects of the internal control system that contributes to the preparation of the accounting and financial information that they reviewed during their audit.

FINANCIAL COMMUNICATION (PRESS RELEASES, SPECIAL PRESENTATIONS, ETC.)

Financial communications for publication are written by the "Investor Relations and Financial Information" Department within the Finance Function. It is directed at retail and institutional shareholders, financial analysts and rating agencies, and presents the Group's different activities, explains its results and describes its development strategy, while maintaining the financial information homogenous with that used at an internal level.

The team, which reports to Executive Management and the Chief Financial Officer, devises the format in which financial information is published by the BNP Paribas Group. It works with the divisions and functions to prepare the presentation of financial results, strategic projects and specific topics. It distributes them to the financial community.

The Statutory Auditors are associated with the validation and review phase of communications relating to the closing of quarterly, half-yearly or annual financial statements, before their presentation to the Financial Statements Committee and to the Board of directors, who approve them.

3 2020 REVIEW OF OPERATIONS

3.1 BNP Paribas consolidated results

In millions of euros	2020	2019	2020/2019
Revenues	**44,275**	**44,597**	**-0.7%**
Operating Expenses and Dep.	(30,194)	(31,337)	-3.6%
Gross Operating Income	**14,081**	**13,260**	**+6.2%**
Cost of Risk	(5,717)	(3,203)	+78.5%
Operating Income	**8,364**	**10,057**	**-16.8%**
Share of Earnings of Equity-Method Entities	423	586	-27.8%
Other Non Operating Items	1,035	751	+37.8%
Non Operating Items	**1,458**	**1,337**	**+9.0%**
Pre-Tax Income	**9,822**	**11,394**	**-13.8%**
Corporate Income Tax	(2,407)	(2,811)	-14.4%
Net Income Attributable to Minority Interests	(348)	(410)	-15.1%
Net Income Attributable to Equity Holders	**7,067**	**8,173**	**-13.5%**
Cost/income	**68.2%**	**70.3%**	**-2.1 pt**

MOBILISATION AT THE SERVICE OF THE ECONOMY

In response to the Covid-19 pandemic, many countries worldwide took public health measures in 2020 to protect their citizens and slow the spread of the virus. The health crisis has had considerable economic and social repercussions.

Against this backdrop, BNP Paribas has taken steps to safeguard its employees' health and to provide all services that are essential to keeping the economy functioning.

Moreover, BNP Paribas is mobilising all its resources and expertise to support its individual, corporate and institutional customers during these challenging times and to respond to the economy's specific needs during the various phases of this health crisis.

Loans outstanding rose by 4.4% compared to 2019, an increase of 33 billion euros. The Group granted more than 120,000 state-guaranteed loans in 2020 in the Group's Retail Banking networks, and raised more than 396 billion euros in financing for its clients on the syndicated loan, bond and equity markets[(1)].

RESILIENT RESULTS IN A CONTEXT MARKED BY THE HEALTH CRISIS – POSITIVE JAWS EFFECT

All in all, revenues, at 44,275 million euros, were almost stable (-0.7%) compared to 2019 at historical scope and exchange rates and rose by 1.3% at constant scope and exchange rates[(2)].

In the operating divisions, revenues were up slightly at historical scope and exchange rates (+0.2%) and increased more significantly (+2.0%) at constant scope and exchange rates. They were down by 2.1% in Domestic Markets[(3)], as the very good performance of the specialised businesses (in particular Personal Investors) only partially offset the impact on the networks of the persistently low-interest-rate environment and the health crisis. Revenues at International Financial Services were down by 7.2%[(4)], due to the effects of the health crisis and despite BancWest's good performance. CIB achieved strong growth (+13.9%[(5)]) with revenues up in all business lines.

(1) Source: Dealogic, as at 31 December 2020, bookrunner, apportioned amounts.

(2) 2020 revenues included a -104 million euro exceptional accounting impact of a swap set up for the transfer of an activity.

(3) Including 100% of Private Banks in the domestic networks (excluding PEL/CEL effects).

(4) -4.6% at constant scope and exchange rates.

(5) +16.2% at constant scope and exchange rates.

Thanks to the successful digital and industrial transformation, the Group's operating expenses, at 30,194 million euros, were down by 3.6% compared to 2019, in line with the objectives of the 2020 plan. The Group's operating expenses included the following exceptional items for a total of 521 million euros (compared with 1,217 million euros in 2019): 211 million euros in restructuring[1] and adaptation[2] costs (compared with 473 million euros in 2019), 178 million euros in IT reinforcement costs, and 132 million euros in donations and staff safety measures relating to the health crisis. As announced, exceptional transformation costs were nil; they amounted to 744 million euros in 2019.

The operating expenses of the operating divisions were down by 1.0% compared to 2019. They decreased by 1.6% at Domestic Markets[3], with a more pronounced decrease in the networks[4] (-2.7%), while the division's specialised businesses were up but achieved a positive jaws effect of 4.3 points. Operating expenses were down by 3.7%[5] at International Financial Services, thanks to cost-saving measures that were accentuated with the health crisis. CIB's operating expenses were up by 3.0%, due to business growth, but were contained by cost-saving measures. CIB achieved a very positive jaws effect of 10.9 points.

The proven effectiveness of the digital and industrial transformation and good cost containment thus allowed the Group to generate a positive 2.9-point jaws effect (1.2 points in the operating divisions).

The Group's gross operating income thus came to 14,081 million euros, up by 6.2%.

Cost of risk, at 5,717 million euros, rose by 2,514 million euros compared to 2019. It stood at 66 basis points of outstanding customer loans, including 16 basis points (1.4 billion euros) related to the provisioning of performing loans (stages 1 and 2).

The Group's operating income, at 8,364 million euros, was thus down by 16.8%.

Non-operating items totalled 1,458 million euros, up from 2019 (1,337 million euros). They included +699 million euros in capital gains from the sale of buildings, a +371 million euro capital gain related to the strategic agreement with Allfunds, as well as a -130 million euro impairment of an investment accounted for under equity method. In 2019, they had reflected the exceptional impact of the 16.8% capital gain from the sale of SBI Life in India, followed by the deconsolidation of the residual stake[6] (+1,450 million euros), the +101 million euro capital gain from the sale of a building, as well as goodwill impairments (-818 million euros).

Pre-tax income, at 9,822 million euros (11,394 million euros in 2019), was down by 13.8%.

Total corporate income taxes stood at 2,407 million euros. The average corporate tax rate was 25.6%, compared to 24.2% in 2019. At 1,323 million euros, taxes subject to IFRIC 21 increased by 158 million euros compared to 2019.

The Group's net income attributable to equity holders thus came to 7,067 million euros, down by 13.5% compared to 2019. Excluding exceptional items, it came to 6,803 million euros, down by 19.2%.

The return on tangible equity not revaluated[7] was 7.6% and reflected the good resilience of the results, thanks to the strength of the Group's diversified and integrated model in a context strongly marked by the health crisis.

As at 31 December 2020, the common equity Tier 1 ratio stood at 12.8%, up by 70 basis points compared to 31 December 2019. The Group's immediately available liquidity reserve totalled 432 billion euros, equivalent to more than one year of room to manoeuvre in terms of wholesale funding. The leverage ratio[8] stood at 4.9% taking into account the temporary exemptions related to deposits with Eurosystem central banks (4.4% excluding this effect).

Tangible net book value per share[9] reached 73.2 euros, equivalent to a compound annual growth rate of 7.2% since 31 December 2008, illustrating the continuous value creation throughout the cycle.

The Board of directors will propose to the shareholders' Annual General Meeting to pay out a dividend of 1.11 euro per share in May 2021 in cash[10], equivalent to 21% of 2020 net income, maximum amount based on the European Central Bank recommendation of 15 December 2020[11]. The additional restitution of 29% of 2020 net income is intended after the end of September 2021 in the form of share buybacks[12] or distribution of reserves[13] as soon as the ECB repeals its recommendation, which it is expected to do by the end of September 2021 "in the absence of materially adverse developments".

The Group pursues its ambitious policy of engagement in society through transformation projects that will continue into 2021 with, in particular, the strengthening of the ESG[14] set-up, the implementation of steering tools to align the loan portfolio emissions with the Paris Agreement trajectory, and the mobilisation in favour of thematics having a strong contribution to meet the United Nations Sustainable Development Goals. The Group's action in this area has been recognised by ShareAction ("European leader in managing climate risks"), Euromoney magazine ("World Best Bank for Financial Inclusion", thanks to the support for microfinance and inclusive products and services).

The Group continued to reinforce its internal control set-up.

(1) Related in particular to the restructuring of certain businesses (amongst others CIB).

(2) Adaptation measures related in particular to BancWest and CIB.

(3) Including 100% of Private Banks in the domestic networks (excluding PEL/CEL effects).

(4) FRB, BNL bc and BRB.

(5) -1.6% at constant scope and exchange rates.

(6) 5.2% residual stake in SBI Life.

(7) With 2019 earnings placed into reserves.

(8) Calculated in accordance with Regulation (EU) No. 2020/873, Article 500b.

(9) Revaluated with 2019 earnings placed into reserves.

(10) Subject to the approval of the Annual General Meeting of 18 May 2021: detached on 24 May 2021 and paid out on 26 May 2021.

(11) "[...] until 30 September 2021 [...] the ECB expects dividends and share buy-backs to remain below 15% of the cumulated profit for 2019-20 and not higher than 20 basis points of the CET1 ratio."

(12) Subject to European Central Bank approval.

(13) Subject to European Central Bank and Annual General Meeting approval.

(14) Environmental, Social, Governance risks.

Capital allocation

Revenue from the capital allocated to each division is included in the division's profit and loss account. The capital allocated to each division corresponds to the amount required to comply with CRD IV regulation, also known as Basel 3, and is based on 11% of risk-weighted assets.

Risk-weighted assets are calculated as the sum of:

- the risk-weighted assets for credit and counterparty risk, calculated using the standard approach or the Internal Ratings Based Approach (IRBA) depending on the particular entity or business activity;
- the regulatory capital requirement for market risks, for adjustment of credit valuation and for operational risk, multiplied by 12.5.

Moreover, elements that are deducted from Tier 1 capital are allocated to each division.

Last, the capital allocated to the insurance business is based on the minimum solvency capital requirement as defined by Solvency II.

3.2 Core Business results

RETAIL BANKING & SERVICES

In millions of euros	2020	2019	2020/2019
Revenues	**30,867**	**32,433**	**-4.8%**
Operating Expenses and Dep.	(20,384)	(20,946)	-2.7%
Gross Operating Income	**10,483**	**11,488**	**-8.7%**
Cost of Risk	(4,221)	(2,927)	+44.2%
Operating Income	**6,262**	**8,561**	**-26.8%**
Share of Earnings of Equity-Method Entities	358	489	-26.9%
Other Non Operating Items	72	(26)	n.s.
Pre-Tax Income	**6,692**	**9,024**	**-25.8%**
Cost/Income	66.0%	64.6%	+1.4 pt
Allocated Equity *(€bn)*	55.3	54.9	+0.8%

Including 100% of Private Banking in France (excluding PEL/CEL effects), in Italy, Belgium, Luxembourg, at BancWest and TEB for the Revenues to Pre-tax income line items.

DOMESTIC MARKETS

In millions of euros	2020	2019	2020/2019
Revenues	**15,477**	**15,814**	**-2.1%**
Operating Expenses and Dep.	(10,568)	(10,741)	-1.6%
Gross Operating Income	**4,909**	**5,073**	**-3.2%**
Cost of Risk	(1,456)	(1,021)	+42.6%
Operating Income	**3,453**	**4,052**	**-14.8%**
Share of Earnings of Equity-Method Entities	5	1	n.s.
Other Non Operating Items	50	1	n.s.
Pre-Tax Income	**3,508**	**4,054**	**-13.5%**
Income Attributable to Wealth and Asset Management	(237)	(256)	-7.4%
Pre-Tax Income of Domestic Markets	**3,271**	**3,798**	**-13.9%**
Cost/Income	68.3%	67.9%	+0.4 pt
Allocated Equity *(€bn)*	26.2	25.7	+1.7%

Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg for the Revenues to Pre-tax income line items.

For the whole of 2020, and in a context marked by the health crisis, Domestic Markets' business provided strong support for the economy, while at the same time achieving operational efficiency gains. The division mobilised throughout the year to support customers, with in particular the implementation of state-guaranteed loans, notably in France and Italy. Loans outstanding rose by 5.4% compared to 2019, up in all businesses, with good growth in the production of loans to corporate and individual customers (in particular in mortgages). Deposits rose by 11.6% compared to 2019, due to the effects of the health crisis. Private Banking reported strong net asset inflows of 6.1 billion euros, including 4.9 billion euros of external inflows.

Lastly, the use of digital tools continued to accelerate, with more than 6.1 million active customers on mobile apps[1] and an increase of 41.5% compared to the fourth quarter 2019 in the number of daily connections (almost 4.6 million). The division rapidly expanded its digital offering, with increases of +27% in accounts opened at Nickel and 30% in customer numbers in the electronic portfolio Lyf Pay in one year.

The evolution in customer behaviours and the deployment of innovative digital solutions helped improve customer service and adapt branch set-ups (618 branches closed since the end of 2016 in France, Belgium and Italy).

Revenues[2], at 15,477 million euros, were down by 2.1% compared to 2019: the impact of low interest rates in the networks was partly offset by higher loan volumes; the specialised businesses achieved a good performance, in particular at Personal Investors (+36.0% compared to 2019 with a strong rise at Consorsbank in Germany).

Operating expenses[2], at 10,568 million euros, were down by 1.6% compared to 2019, with a more pronounced decline in networks[3] (-2.7%), mitigated by a 3.4% increase in the specialised businesses, in connection with their growth.

Gross operating income[2], at 4,909 million euros, was down by 3.2% compared to 2019.

The cost of risk[2] rose to 1,456 million euros (1,021 million euros in 2019), due to the effect of the health crisis.

Thus, after allocating one-third of Private Banking's net income to Wealth Management (International Financial Services division), the division's pre-tax income[4] came to 3,271 million euros, down by 13.9% compared to 2019.

(1) Customers with at least one connection to the mobile apps per month (on average in 4Q20) – scope: individual, small business and Private Banking customers of DM networks or digital banks (including Germany, Austria and Nickel).

(2) Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg.

(3) FRB, BNL bc and BRB.

(4) Excluding PEL/CEL effects of +3 million euros compared to +12 million euros in 2019.

FRENCH RETAIL BANKING (FRB)

In millions of euros	2020	2019	2020/2019
Revenues	**5,944**	**6,328**	**-6.1%**
Incl. Net Interest Income	*3,303*	*3,591*	*-8.0%*
Incl. Commissions	*2,641*	*2,737*	*-3.5%*
Operating Expenses and Dep.	(4,490)	(4,602)	-2.4%
Gross Operating Income	**1,454**	**1,726**	**-15.8%**
Cost of Risk	(496)	(329)	+50.8%
Operating Income	**958**	**1,397**	**-31.5%**
Non Operating Items	38	7	n.s.
Pre-Tax Income	**995**	**1,404**	**-29.1%**
Income Attributable to Wealth and Asset Management	(133)	(143)	-7.0%
Pre-Tax Income	**862**	**1,261**	**-31.6%**
Cost/Income	75.5%	72.7%	+2.8 pt
Allocated Equity *(€bn)*	11.0	10.1	+8.3%

Including 100% of French Private Banking for the Revenues to Pre-tax income line items (excluding PEL/CEL effects).

For the whole of 2020, the business strongly mobilised to serve clients. More than 69,000 state-guaranteed loans were granted for a total of almost 17.9 billion euros as at 31 December 2020. The equity investment package was doubled to 4 billion euros to support the development of French small and mid-sized businesses between now and 2024.

FRB's level of activity was therefore good despite the health crisis context. The business drive was strong. Loans outstanding rose by 8.8% compared to 2019, driven by the increase in loans to individual customers with the acceleration in mortgage loan production with higher margins, as well as by the increase in corporate loans. Deposits were up by 16.5% compared to 2019, due to the effects of the health crisis. Financial savings grew with net asset inflows of 1.5 billion euros in Private Banking and very sustained activity in responsible savings (8.2 billion euros in assets under management, twice as much as at 31 December 2019).

In addition, the strong increase in the use of digital tools continued, with 2.8 million active customers on mobile apps(1) (+18% compared to 31 December 2019). Remote interactions with individual and small business customers rose strongly and accounted for over 75% of appointments.

Revenues(2) totalled 5,944 million euros, down by 6.1% compared to 2019. Net interest income(2) was down by 8.0%, as the increase in loan volumes only partially offset the impact of the low-interest-rate environment and the lower contribution of specialised subsidiaries, despite the late-year recovery. Fees(2) were down by 3.5%, as the increase in financial fees was offset by the effects of the health crisis on other fees.

Operating expenses(2), at 4,490 million euros, were down by 2.4% compared to 2019, with the ongoing effect of cost-optimisation measures.

Gross operating income(2) thus came to 1,454 million euros, down by 15.8% compared to 2019.

The cost of risk(2) was 496 million euros, reflecting a contained increase compared to 2019 (+167 million euros). It stood at 25 basis points of outstanding customer loans.

Thus, after allocating one-third of French Private Banking's net income to Wealth Management (International Financial Services division), FRB posted pre-tax income(3) of 862 million euros, down by 31.6% compared to 2019.

(1) Individual (including at Hello bank!), small business and Private Banking customers with at least one connection to the mobile apps per month (on average in 4Q20).

(2) Including 100% of Private Banking in France (excluding PEL/CEL effects).

(3) Excluding PEL/CEL effects of +3 million euros compared to +12 million euros in 2019.

BNL BANCA COMMERCIALE (BNL BC)

In millions of euros	2020	2019	2020/2019
Revenues	**2,671**	**2,778**	**-3.8%**
Operating Expenses and Dep.	(1,746)	(1,800)	-3.0%
Gross Operating Income	**925**	**978**	**-5.4%**
Cost of Risk	(525)	(490)	+7.2%
Operating Income	**400**	**488**	**-18.1%**
Non Operating Items	(2)	(5)	-62.8%
Pre-Tax Income	**398**	**483**	**-17.6%**
Income Attributable to Wealth and Asset Management	(35)	(41)	-13.7%
Pre-Tax Income of BNL bc	**363**	**443**	**-18.0%**
Cost/Income	65.4%	64.8%	+0.6 pt
Allocated Equity *(€bn)*	5.3	5.3	-0.2%

Including 100% of Italian Private Banking for the Revenues to Pre-tax income line items.

For the whole of 2020, the business strongly mobilised to help customers cope with the health crisis. As at 31 December 2020, it had granted to more than 26,000 corporates a total amount of 4.1 billion euros in loans guaranteed by the Italian state and SACE[(1)].

In this context marked by the health crisis, BNL's business activity grew. Loans outstanding were up by 1.0%[(2)] compared to 2019 (+5% excluding non-performing loans). BNL bc raised its market share in corporate clients compared to 2019, while maintaining a prudent risk profile. Deposits were up by 15.6% compared to 2019. The private bank achieved good net asset inflows of almost 1 billion euros in 2020, and life insurance outstandings were up by 4.5% compared to 31 December 2019.

In addition, digital usage continued to rise, with more than 800,000 active customers on mobile apps[(3)] (+12.4% compared to 31 December 2019).

Revenues[(4)] were nonetheless down by 3.8% compared to 2019, at 2,671 million euros. In 2019, they had included a positive non-recurring item. Net interest income[(4)] was down by 4.2%, due to the impact of the low-interest-rate environment which was partly offset by higher loan volumes. Fees[(4)] were down by 3.2% compared to 2019, due to the effect of the health crisis and the decrease in financial fees, caused by lower transaction volumes.

Operating expenses[(4)], at 1,746 million euros, were down by 3.0% compared to 2019. They reflected the effect of cost savings and adaptation measures ("Quota 100" retirement plan). The jaws effect was very positive when excluding the impact of a non-recurring positive element in 2019.

Gross operating income[(4)] thus came to 925 million euros, down by 5.4% compared to 2019.

The cost of risk[(4)], at 525 million euros, or 69 basis points of outstanding customer loans, rose by 7.2% compared to 2019, due to the provisioning of performing loans (stages 1 and 2), while the cost of risk on non-performing loans (stage 3) continued to decrease.

Thus, after allocating one-third of Italian Private Banking's net income to Wealth Management business (International Financial Services division), BNL bc posted pre-tax income of 363 million euros, down by 18.0% compared to 2019.

(1) SACE: Servizi Assicurativi del Commercio Estero, the Italian export credit agency.

(2) Loan volumes based on a daily average.

(3) Customers with at least one connection to the mobile apps per month (on average in 4Q20), scope: individual, small business and Private Banking customers (BNP Paribas and Hello bank!).

(4) Including 100% of Private Banking in Italy.

BELGIAN RETAIL BANKING

In millions of euros	2020	2019	2020/2019
Revenues	**3,432**	**3,524**	**-2.6%**
Operating Expenses and Dep.	(2,408)	(2,480)	-2.9%
Gross Operating Income	**1,024**	**1,044**	**-1.9%**
Cost of Risk	(230)	(55)	n.s.
Operating Income	**794**	**989**	**-19.6%**
Non Operating Items	31	10	n.s.
Pre-Tax Income	**826**	**999**	**-17.3%**
Income Attributable to Wealth and Asset Management	(64)	(70)	-7.9%
Pre-Tax Income of BDDB	**762**	**929**	**-18.0%**
Cost/Income	70.2%	70.4%	-0.2 pt
Allocated Equity *(€bn)*	5.4	5.8	-5.7%

Including 100% of Belgian Private Banking for the Revenues to Pre-tax income line items.

For the whole of 2020, BRB's business activity was up. Loans outstanding grew by 3.5% compared to 31 December 2019, driven by good growth in mortgage loans. Deposits rose by 5.3%, with a strong increase in individual customer deposits. Off-balance sheet savings were up by 4.1% compared to 31 December 2019, thanks in particular to good net asset inflows into mutual funds (+1.6 billion euros).

In addition, the use of digital tools continued to accelerate, with more than 1.5 million active customers on mobile apps(1) (+12.2% compared to the fourth quarter 2019) and an average of more than 45 million monthly connections in the fourth quarter 2020 (+32.9% compared to the fourth quarter 2019).

Revenues(2) were down by 2.6% compared to 2019, at 3,432 million euros. Net interest income(2) was down by 6.3%, as higher loan volumes only partly offset the impact of the low-interest-rate environment. Fees(2) were up by 8.0% compared to 2019, due in particular to the very marked increase in financial fees.

Operating expenses(2), at 2,408 million euros, were down compared to 2019 (-2.9%), thanks to cost-saving measures and the ongoing branch network optimisation. The jaws effect was positive.

Gross operating income(2), at 1,024 million euros, was down by 1.9% compared to 2019.

The cost of risk(2) rose to 230 million euros compared to 55 million euros in 2019, due in particular to the increase in provisioning of performing loans (stages 1 and 2). It stood at 19 basis points of outstanding customer loans.

After allocating one-third of Belgian Private Banking's net income to the Wealth Management business (International Financial Services division), BRB generated 762 million euros in pre-tax income, down by 18.0% compared to 2019.

(1) Individual (including at Hello bank!), small business and Private Banking customers with at least one connection to the mobile apps per month (on average in 4Q20).

(2) Including 100% of Private Banking in Belgium.

OTHER DOMESTIC MARKETS BUSINESSES (ARVAL, LEASING SOLUTIONS, PERSONAL INVESTORS, NICKEL AND LUXEMBOURG RETAIL BANKING)

In millions of euros	2020	2019	2020/2019
Revenues	**3,430**	**3,184**	**+7,7%**
Operating Expenses and Dep.	(1,923)	(1,859)	+3,4%
Gross Operating Income	**1,506**	**1,325**	**+13,7%**
Cost of Risk	(205)	(146)	+40,1%
Operating Income	**1,301**	**1,178**	**+10,5%**
Share of Earnings of Equity-Method Entities	(12)	(12)	-1,3%
Other Non Operating Items	0	2	n.s.
Pre-Tax Income	**1,289**	**1,168**	**+10,3%**
Income Attributable to Wealth and Asset Management	(5)	(3)	+76,5%
Pre-Tax Income of others DM	**1,284**	**1,165**	**+10,2%**
Cost/Income	56.1%	58.4%	-2,3 pt
Allocated Equity *(€bn)*	4.5	4.5	-1,4%

Including 100% of Private Banking in Luxembourg for the Revenues to Pre-tax income line items.

For the whole of 2020, the specialised businesses of Domestic Markets achieved a very strong overall increase in business activity. Arval's financed fleet[(1)] grew by 7.3% compared to 2019, and used car prices were holding up well. The business continued its digital transformation, changed its energy mix, and continued to sign new partnerships (Sixt and Cdiscount). Leasing Solutions' outstandings rose by 1.9%[(2)] compared to 2019. In 2020 and for the 5th time, it was recognised as "European Lessor of the Year" at the Leasing Life Awards. Led by strong market activity, Personal Investors was on a very strong pace, with a doubling of the number of orders compared to 31 December 2019 and growth in assets under management, particularly in Germany (+14.6% compared to 31 December 2019). Nickel continued its development with close to 1.9 million accounts opened[(3)] (+27.0% compared to 31 December 2019). 2020 also marked the successful launch of Nickel in Spain in December 2020. Luxembourg Retail Banking (LRB) reported a strong increase in loans in 2020 (+8.2% compared to 2019) with a significant rise in all client segments.

The revenues[(4)] of the five businesses, at 3,430 million euros, were up by 7.7% compared to 2019. The good development in all businesses was driven by very strong growth in the revenues at Personal Investors (+36%) and Nickel and a significant rise in LRB in line with the increase in loan volumes.

Operating expenses[(4)] rose by 3.4% compared to 2019, to 1,923 million euros as a result of business development. The jaws effect was positive (4.3 points).

The cost of risk[(4)] totalled 205 million euros (146 million euros in 2019).

Thus, the pre-tax income of the five businesses, after allocating one-third of Luxembourg Private Banking's net income to the Wealth Management business (International Financial Services division), came to 1,284 million euros, up sharply by 10.2% compared to 2019.

(1) Average fleet in thousands of vehicles.

(2) At constant scope and exchange rates, excluding the transfer of an internal subsidiary (-1.6% including the transfer).

(3) Since inception.

(4) Including 100% of Private Banking in Luxembourg.

INTERNATIONAL FINANCIAL SERVICES

In millions of euros	2020	2019	2020/2019
Revenues	**15,938**	**17,183**	**-7.2%**
Operating Expenses and Dep.	(10,117)	(10,507)	-3.7%
Gross Operating Income	**5,821**	**6,676**	**-12.8%**
Cost of Risk	(2,775)	(1,911)	+45.2%
Operating Income	**3,046**	**4,765**	**-36.1%**
Share of Earnings of Equity-Method Entities	353	488	-27.7%
Other Non Operating Items	22	(27)	n.s.
Pre-Tax Income	**3,421**	**5,226**	**-34.5%**
Cost/Income	63.5%	61.1%	+2.4 pt
Allocated Equity *(€bn)*	29.2	29.2	-0.1%

For the whole of 2020, the International Financial Services division maintained a good business drive despite the health context, while achieving operational efficiency gains. Loans outstanding were up by 1.5%(1), with strong business momentum in international retail networks (a 2.2%(1) increase in outstandings) and a return to growth in Personal Finance outstandings from the low point reached in the third quarter 2020. The division achieved very strong net asset inflows of 54.9 billion euros compared to 31 December 2019, including 40 billion euros at Asset Management (3.4% of assets under management) in a contrasted environment marked by a drop in market prices early in the year followed by a good market performance late in the year. Real Estate Services, meanwhile, heavily impacted by the health crisis, was recovering gradually.

The division continued to expand its digitalisation with 4.6 million digital customers in the international retail networks (+13% compared to 31 December 2019), more than 5 million loans signed electronically, and more than 128 million monthly electronic account statements at Personal Finance.

The division's revenues, at 15,938 million euros, were down by 7.2%(2) compared to 2019, as BancWest's good performance only partially offset the revenue decrease in other businesses due to the effects of the health crisis.

Operating expenses, at 10,117 million euros, were down by 3.7%(3), thanks to ongoing cost savings reinforced with the health crisis.

Gross operating income thus came to 5,821 million euros, down by 12.8% compared to 2019.

The cost of risk, at 2,775 million euros, was up by 864 million euros compared to 2019, due in particular to the provisioning of performing loans (stages 1 and 2).

International Financial Services' pre-tax income thus came to 3,421 million euros, down by 34.5% at historical scope and exchange rates and down by 32.6% at constant scope and exchange rates compared to 2019.

(1) At constant scope and exchange rates.

(2) -4.6% at constant scope and exchange rates.

(3) -1.6% at constant scope and exchange rates.

PERSONAL FINANCE

In millions of euros	2020	2019	2020/2019
Revenues	**5,485**	**5,796**	**-5.4%**
Operating Expenses and Dep.	(2,756)	(2,857)	-3.5%
Gross Operating Income	**2,729**	**2,939**	**-7.1%**
Cost of Risk	(1,997)	(1,354)	+47.4%
Operating Income	**732**	**1,585**	**-53.8%**
Share of Earnings of Equity-Method Entities	6	41	-84.5%
Other Non Operating Items	(67)	(23)	n.s.
Pre-Tax Income	**672**	**1,602**	**-58.1%**
Cost/Income	50.2%	49.3%	+0.9 pt
Allocated Equity *(€bn)*	7.9	7.9	-0.1%

For the whole of 2020, Personal Finance confirmed its resilience, on the back of a diversified business profile. Cost-adaptation efforts remained sustained and amplified with the health crisis. After experiencing a decrease in business activity, due to the closing of points of sales, in particular in the first half of 2020, the business achieved a return to growth in outstandings after the low point reached in the third quarter 2020. Public health measures late in the year had less of an impact than in the first half on production, and, hence, on average loans outstanding. As a result, the level of average loans outstanding for the year decreased by only 0.7% compared to 2019 at historical scope and exchange rates and rose by 0.9% at constant scope and exchange rates.

Personal Finance's risk profile benefits from its portfolio diversification and from proactive and efficient risk management. Personal Finance's portfolio is thus concentrated in continental Europe (89% as at 31 December 2020) and auto loans' portfolio share rose from 20% to 38% between the end of 2016 and the end of 2020.Personal Finance loans that had been under moratorium were processed efficiently through proactive support for customers and specific reinforcement of resources to optimise back-to-payment levels. The back-to-payment levels were satisfactory and were as anticipated.

Personal Finance's revenues, at 5,485 million euros, were down by 5.4%[1] compared to 2019 due in particular to lower loan production in 2020.

Operating expenses, at 2,756 million euros, were down by 3.5%[2] compared to 2019 thanks to sustained cost-reduction efforts, which were amplified with the health crisis.

Gross operating income thus came to 2,729 million euros, down by 7.1% compared to 2019.

The cost of risk came to 1,997 million euros, or 212 basis points. It was up by 642 million euros compared to 2019, due in particular to the provisioning of performing loans (stages 1 and 2). The impact of the regulatory change for the definition of default[3] was taken into account as of the fourth quarter of 2020.

Personal Finance's pre-tax income thus came to 672 million euros, down by 58.1% compared to 2019, at historical scope and exchange rates and down by 53.3% at constant scope and exchange rates.

(1) -2.5% at constant scope and exchange rates.

(2) -1.4% at constant scope and exchange rates.

(3) Regulatory effective date: 01/01/21.

EUROPE-MEDITERRANEAN

In millions of euros	2020	2019	2020/2019
Revenues	**2,362**	**2,699**	**-12.5%**
Operating Expenses and Dep.	(1,711)	(1,799)	-4.9%
Gross Operating Income	**651**	**900**	**-27.7%**
Cost of Risk	(437)	(399)	+9.5%
Operating Income	**214**	**502**	**-57.3%**
Non Operating Items	187	231	-19.2%
Pre-Tax Income	**401**	**733**	**-45.3%**
Income Attributable to Wealth and Asset Management	(8)	(4)	+96.6%
Pre-Tax Income	**392**	**728**	**-46.1%**
Cost/Income	72.4%	66.6%	+5.8 pt
Allocated Equity *(€bn)*	5.1	5.3	-3.5%

Including 100% of Private Banking in Turkey and in Poland for the Revenue to Pre-tax income line items.

For the whole of 2020, Europe-Mediterranean achieved sustained business drive in a contrasted environment. Europe-Mediterranean's loans outstanding were up by 3.9%[1] compared to 2019, with a rebound in loan production late in the year from a low point in August to monthly levels higher than in 2019. Deposits were up by 10.9%[1] compared to 2019 and rose in all countries. Meanwhile, more than 90% of moratoria have now expired, and the back-to-payment level was satisfactory and as anticipated.

Europe-Mediterranean continues to promote the use of digital tools, with 3.7 million digital customers as of 31 December 2020 (+15% compared to 2019). As at the end of December 2020, more than 210 processes had been automated (an increase of 89% compared to 31 December 2019) and fully digital account opening is now available in Poland.

Europe-Mediterranean's revenues[2], at 2,362 million euros, were nonetheless down by 4.9%[1], as the impact of lower interest rates, in particular in Poland, and of fee caps enacted in several countries, was only partly offset by the general increase in volumes.

Operating expenses[2], at 1,711 million euros, were up by 1.4%[1] compared to 2019. Wage drift remained at a high level, particularly in Turkey. The implementation of cost synergies in Poland and the effects of cost-savings related to the health crisis contribute to mitigating cost increase.

Gross operating income[2] thus came to 651 million euros, down by 18.0%[1] compared to 2019.

The cost of risk[2] totalled 437 million euros, or 111 basis points, up moderately due in particular to the provisioning of performing loans (stages 1 and 2).

After allocating one-third of Turkish and Polish Private Banking's net income to the Wealth Management business, Europe-Mediterranean generated 392 million euros in pre-tax income, down by 39.3% at constant scope and exchange rates and 46.1% at historical scope and exchange rates, due to a very unfavourable foreign exchange effect (strong depreciation of the Turkish lira).

(1) *At constant scope and exchange rates.*

(2) *Including 100% of Private Banking in Turkey and Poland.*

BANCWEST

In millions of euros	2020	2019	2020/2019
Revenues	**2,460**	**2,375**	**+3.6%**
Operating Expenses and Dep.	(1,723)	(1,712)	+0.7%
Gross Operating Income	**737**	**663**	**+11.2%**
Cost of Risk	(322)	(148)	n.s.
Operating Income	**415**	**515**	**-19.4%**
Non Operating Items	0	(3)	-98.6%
Pre-Tax Income	**415**	**512**	**-19.0%**
Income Attributable to Wealth and Asset Management	(23)	(28)	-19.4%
Pre-Tax Income	**392**	**484**	**-19.0%**
Cost/Income	70.0%	72.1%	-2.1 pt
Allocated Equity *(€bn)*	5.5	5.4	+0.6%

Including 100% of US Private Banking for the Revenues to Pre-tax income line items.

For the whole of 2020, BancWest maintained a good business drive and continued to support the economy in the context of the health crisis. Loans outstanding rose by 1.0%[1] compared to 2019, with a very good level of production in individual loans (+4.3% compared to 2019) and active participation in the Paycheck Protection Program (PPP), the federal small business assistance program, with close to 18,000 loans granted for a total of close to 3 billion dollars as at 31 December 2020. Deposits were up by 16.8%[1] compared to 2019 and customer deposits[2] were up strongly (+18.8%). At 16.8 billion dollars as at 31 December 2020, Private Banking assets under management were up by 7.0%[1] compared to 31 December 2019, with a strong increase in responsible savings (assets under management doubling since 31 December 2019). The number of active digital clients increased by 7% compared to 31 December 2019 and cooperation with CIB continued with an acceleration of the number of joint operations (plus de 70 operations, +25% compared to 2019) and the launch of new common products and services.

Revenues[3], at 2,460 million euros, rose by 5.2%[1] compared to 2019, due to increased volumes and a positive non-recurring item in the second half of 2020, which was partly offset by the effect of the low-interest-rate environment and lower fees due to the health crisis.

Operating expenses[3] were up by 2.0%[1], at 1,723 million euros, as a result of business development. BancWest actively pursued cost savings and headcount reduction (-4.3% compared to 31 December 2019). The business thus generated a very positive jaws effect of 3.2 points at constant scope and exchange rates.

Gross operating income[3], at 737 million euros, thus rose by 13.5%[1] compared to 2019.

At 322 million euros, the cost of risk[3] rose strongly by 174 million euros in 2020 compared to 2019, due almost entirely to provisioning of performing loans (stages 1 and 2). It stood at 58 basis points of outstanding customer loans.

Thus, after allocating one-third of Private Banking's net income to the Wealth Management business in the United States, BancWest posted 392 million euros in pre-tax income, down by 19.0% at historical scope and exchange rates and by 16.5% at constant scope and exchange rates.

(1) At constant scope and exchange rates.

(2) Deposits excluding treasury activities.

(3) Including 100% of Private Banking in the United States.

INSURANCE AND WEALTH & ASSET MANAGEMENT

INSURANCE

In millions of euros	2020	2019	2020/2019
Revenues	**2,725**	**3,068**	**-11.2%**
Operating Expenses and Dep.	(1,463)	(1,500)	-2.5%
Gross Operating Income	**1,263**	**1,568**	**-19.5%**
Cost of Risk	(1)	(3)	-55.5%
Operating Income	**1,261**	**1,564**	**-19.4%**
Share of Earnings of Equity-Method Entities	90	167	-46.0%
Other Non Operating Items	31	(15)	n.s.
Pre-Tax Income	**1,382**	**1,716**	**-19.5%**
Cost/Income	53.7%	48.9%	+4.8 pt
Allocated Equity *(€bn)*	8.6	8.4	+2.7%

WEALTH & ASSET MANAGEMENT

In millions of euros	2020	2019	2020/2019
Revenues	**2,982**	**3,320**	**-10.2%**
Operating Expenses and Dep.	(2,510)	(2,682)	-6.4%
Gross Operating Income	**472**	**638**	**-26.0%**
Cost of Risk	(17)	(6)	n.s.
Operating Income	**455**	**632**	**-28.0%**
Share of Earnings of Equity-Method Entities	64	57	+12.6%
Other Non Operating Items	65	7	n.s.
Pre-Tax Income	**583**	**695**	**-16.1%**
Cost/Income	84.2%	80.8%	+3.4 pt
Allocated Equity *(€bn)*	2.0	2.1	-4.2%

For the whole of 2020, Insurance and Wealth and Asset Management[1] achieved a positive business drive led by very good net asset inflows, in particular late in the year. Assets under management[2] came to 1,165 billion euros as at 31 December 2020. They were up by 3.8% compared to 31 December 2019 with a very good level of net asset inflows (+54.9 billion euros) and a favourable performance effect (+18.8 billion euros), thanks to the rebound in the financial markets, in particular in the fourth quarter 2020, but an unfavourable foreign exchange effect (-21.8 billion euros). The very good net asset inflows were driven in particular by Asset Management's very strong net asset inflows (40 billion euros) in money-market and medium- and long-term vehicles (in particular in diversified and thematic funds), Wealth Management's very good net asset inflows in Asia and Europe (in particular in Germany), and Insurance's good net asset inflows, in particular into unit-linked policies.

As at 31 December 2020, assets under management[2] broke down as follows: Asset Management (512 billion euros, including 29 billion euros from Real Estate Investment Management), Wealth Management (390 billion euros) and Insurance (264 billion euros).

Insurance showed good resilience and continued its business development. Savings rebounded late in the year, with more dynamic net asset inflows and an increase in the share of unit-linked policies, particularly in France. Protection performed well in France and Asia, and the creditor protection insurance business in France expanded further, thanks to the development of *Cardif Libertés Emprunteur*. In addition, the business continued to diversify by signing new partnerships (in particular with Brasilseg, a Brazilian leader in life insurance and bancassurance specialist).

(1) Asset Management, Wealth Management and Real Estate Services.

(2) Including distributed assets.

Insurance's revenues, at 2,725 million euros, were down by 11.2% compared to 2019, due to the impact of the health crisis, and in particular the increase in claims(1) and the reduction in volumes, despite a good recovery in activity late in the year. Operating expenses, at 1,463 million euros, decreased by 2.5%, reflecting good cost containment. Pre-tax income was down by 19.5% compared to 2019, at 1,382 million euros. It reflected the impact on associates of the increase in claims.

In Wealth and Asset Management(2), Wealth Management achieved strong drive, with very good net asset inflows, particularly in the domestic markets and in Asia. Its global expertise was recognised by Private Banker International for the ninth consecutive year as the "Outstanding Global Private Bank – Europe". Activity in Asset Management continued to be very sustained, with total net asset inflows of about 40 billion euros and strong momentum in net inflows into thematic and SRI funds(3) (11 billion euros). The business continued to strengthen its strong leadership in SRI, particularly in France, with 11 new fund certifications and five renewals.

Lastly, Real Estate Services completed fewer transactions in Advisory and suffered delays in works completion in Property Development due to public health measures.

Wealth and Asset Management(2) revenues (2,982 million euros) were down by 10.2% compared to 2019. The impact on net interest income of the low-interest-rate environment was partly offset by the increase in financial fees at Wealth Management; the mid-year fall in the markets drag down Asset Management fees despite strong asset inflows and the late year recovery in market prices. Real Estate Services revenues were strongly impacted by public health measures. Operating expenses came to 2,510 million euros. They were down by 6.4%, due to the sharp decrease in Real Estate Services costs, but also due to the transformation plan measures, particularly in Asset Management. Wealth and Asset Management's pre-tax income, after receiving one-third of the net income of Private Banking in Domestic Markets in Turkey, Poland and the United States, thus came to 583 million euros, down 16.1% compared to 2019.

CORPORATE AND INSTITUTIONAL BANKING (CIB)

In millions of euros	2020	2019	2020/2019
Revenues	**13,763**	**12,080**	**+13.9%**
Operating Expenses and Dep.	(8,920)	(8,663)	+3.0%
Gross Operating Income	**4,843**	**3,417**	**+41.7%**
Cost of Risk	(1,424)	(218)	n.s.
Operating Income	**3,419**	**3,200**	**+6.9%**
Share of Earnings of Equity-Method Entities	11	16	-31.4%
Other Non Operating Items	24	(9)	n.s.
Pre-Tax Income	**3,454**	**3,207**	**+7.7%**
Cost/Income	64.8%	71.7%	-6.9 pt
Allocated Equity *(€bn)*	24.5	21.7	+12.5%

(1) Related in particular to claims in creditor protection partly offset by lower claims in property & casualty insurance.

(2) Asset Management, Wealth Management and Real Estate Services.

(3) Thematic and SRI funds: in certified medium- and long-term funds, particularly in socially responsible investment.

GLOBAL MARKETS

In millions of euros	2020	2019	2020/2019
Revenues	**6,819**	**5,571**	**+22.4%**
incl. FICC	*5,652*	*3,563*	*+58.6%*
incl. Equity & Prime Services	*1,166*	*2,007*	*-41.9%*
Operating Expenses and Dep.	(4,452)	(4,231)	+5.2%
Gross Operating Income	**2,367**	**1,339**	**+76.7%**
Cost of Risk	(117)	2	n.s.
Operating Income	**2,250**	**1,341**	**+67.8%**
Share of Earnings of Equity-Method Entities	1	3	-44.1%
Other Non Operating Items	3	(9)	n.s.
Pre-Tax Income	**2,254**	**1,334**	**+68.9%**
Cost/Income	65.3%	76.0%	-10.7 pt
Allocated Equity *(€bn)*	10.0	8.3	+20.9%

SECURITES SERVICES

In millions of euros	2020	2019	2020/2019
Revenues	**2,217**	**2,198**	**+0.9%**
Operating Expenses and Dep.	(1,845)	(1,833)	+0.6%
Gross Operating Income	**372**	**365**	**+1.9%**
Cost of Risk	1	4	-77.1%
Operating Income	**373**	**369**	**+1.0%**
Non Operating Items	21	0	n.s.
Pre-Tax Income	**394**	**370**	**+6.6%**
Cost/Income	83.2%	83.4%	-0.2 pt
Allocated Equity *(€bn)*	1.0	0.9	+1.2%

CORPORATE BANKING

In millions of euros	2020	2019	2020/2019
Revenues	**4,727**	**4,312**	**+9.6%**
Operating Expenses and Dep.	(2,623)	(2,599)	+0.9%
Gross Operating Income	**2,104**	**1,713**	**+22.8%**
Cost of Risk	(1,308)	(223)	n.s.
Operating Income	**796**	**1,490**	**-46.6%**
Non Operating Items	9	13	-28.9%
Pre-Tax Income	**806**	**1,503**	**-46.4%**
Cost/Income	55.5%	60.3%	-4.8 pt
Allocated Equity *(€bn)*	13.5	12.5	+7.8%

For the whole of 2020, CIB achieved excellent performances in the service of all its client segments.

Sales and marketing drive was strong in all its businesses. Financing was exceptional in syndicated loans early in the year, with momentum carrying over to bond and equity issuance beginning in the second quarter of 2020, thus accompanying the strengthening of corporates' balance sheets. Market activities experienced a very good level of activity, driven by client needs. After the extreme shocks of the first half of 2020[1], activity normalised in equity derivatives in the second half of 2020. Lastly, Securities Services achieved a good level of activity, with very sustained transactions volumes throughout the year.

This period of intense activity was an opportunity to strengthen client positions in all regions, and to affirm European leadership in EMEA[2]. The strengthened commercial set-ups and plans targeted by region and by country leveraged the Group's global footprint and the offering of other businesses. Cross-region deals developed in the Americas and the Asia-Pacific region.

The division's revenues, at 13,763 million euros, were up strongly (+13.9% compared to 2019). Revenues were up in all three businesses.

Corporate Banking revenues, at 4,727 million euros, rose by 9.6% compared to 2019. They rose in all regions and particularly in Europe. Cash management activities held up well, and trade finance recorded lower volumes due to the health crisis.

Corporate Banking ranked No. 1 in syndicated credits in EMEA[3] and for European corporate bond issues[4]. It also ranked No. 4 and the 1st European player in Investment Banking in the EMEA[5] region and No. 1 in Corporate Banking, cash management and trade finance for large corporates in Europe[6], thanks to its constantly rising penetration of large corporates. Business growth was outstanding. Loans outstanding, at 161 billion euros[7], were up by 11.2%[8] compared to 2019 with a normalisation in the second half after a peak in the first half of the year. Deposits, at 178 billion euros[7], were up by 26.3%[8] compared to 2019. Volumes were up strongly (+69.9% compared to 2019) in ECM (Equity Capital Markets) activities, with the business achieving considerable market share gains in both volume and number of deals.

Global Markets revenues, at 6,819 million euros, were up sharply by 22.4% compared to 2019, driven by very sustained client activity. The year was marked by strong growth at FICC[9] in all businesses and regions to meet customer needs. Equity and Prime Services suffered from the impact of exceptional shocks in the first quarter of 2020 with a return to normal in the second half. VaR (1 day, 99%), which measures the level of market risks, came to 45 million euros on average. It decreased in the second half after its late-March peak but remained above its 2019 low point.

Global Markets activity was very sustained. On the primary market, the business achieved a good level of bond issuance in 2020 (+23% compared to 2019) and ranked No. 1 for bonds in euros[10]. The business continued to implement the agreement with Deutsche Bank in line with the established schedule.

At 5,652 million euros, FICC[9] revenues achieved exceptional growth compared to 2019 (+58.6%).

Equity and Prime Services revenues, at 1,166 million euros, were down by 41.9% compared to 2019, due to the exceptional shocks of the first quarter of 2020.

Securities Services revenues, at 2,217 million euros, were up by 0.9% at historical scope and exchange rates and by 2.3% at constant scope and exchange rates compared to 2019, with the growth in transactions fees and a rebound in assets under custody. The business drive was well oriented, with the finalisation in the fourth quarter 2020 of the partnership signed in 2019 with Allfunds to create a world leader in fund distribution services, as well as the launch of new and very significant partnerships. Custodial services for the private capital sector grew fast with a position as No. 1 in Luxembourg[11].

CIB's operating expenses, at 8,920 million euros, rose by 3.0% compared to 2019, due to the high level of activity, this increase being nonetheless contained by the continued effect of cost-saving measures. CIB thus generated a very positive jaws effect (12.5 points at constant scope and exchange rates).

CIB's gross operating income was thus up sharply by 41.7% to 4,843 million euros.

Corporate Banking's cost of risk came to 1,308 million euros, up by 1,085 million euros compared to 2019, due to the provisioning of performing loans (stages 1 and 2), as well as specific files (stage 3).

CIB thus generated 3,454 million euros in pre-tax income in 2020, up by 7.7% compared to 2019.

(1) In particular in 1Q20, with the -€184m impact of restrictions by European authorities on the payment of 2019 dividends.

(2) Source: Coalition Proprietary Analytics, ranking on the basis of revenues in the first nine months of 2020 – EMEA: Europe, Middle East and Africa.

(3) EMEA: Europe, Middle East and Africa.

(4) Source: Dealogic as at 31 December 2020, bookrunner ranking in volume – Global Corporate Investment Grade Bonds, European Corporate Investment Grade Bonds, EMEA Loans and EMEA Equity Capital Markets; EMEA: Europe, Middle East and Africa.

(5) Source: Dealogic as at 31 December 2020, rankings in terms of revenues.

(6) Source: Greenwich Share Leaders 2020 European Large Corporates Trade Finance.

(7) Average outstandings.

(8) Change at constant scope and exchange rates.

(9) Fixed Income, Currencies and Commodities.

(10) Source: Dealogic at 31 December 2020; bookrunner and volume ranking.

(11) Source: Monterey Insight Survey.

CORPORATE CENTRE

In millions of euros	2020	2019
Revenues	**(358)**	**71**
Operating Expenses and Dep.	(890)	(1,728)
Incl. Transformation, IT Reinforcement, Restructuring and Adaptation Costs	*(389)*	*(1,217)*
Gross Operating Income	**(1,249)**	**(1,657)**
Cost of Risk	(72)	(58)
Operating Income	**(1,321)**	**(1,715)**
Share of Earnings of Equity-Method Entities	54	81
Other Non Operating Items	939	786
Pre-Tax Income	**(327)**	**(848)**

For the whole of 2020, Corporate Centre revenues amounted to -358 million euros compared to 71 million euros in 2019, with a decrease in Principal Investments' valuations arising from the crisis, a -104 million euro accounting impact of a swap set up for the transfer of an activity, the impact of a negative non-recurring item in the third quarter 2020 and the -15 million euro revaluation of proprietary credit risk included in derivatives (DVA).

Corporate Centre operating expenses were down strongly at 890 million euros compared to 1,728 million euros in 2019. They included the exceptional impact of donations and staff safety measures related to the health crisis (132 million euros), restructuring costs[1] and adaptation costs[2] (211 million euros compared to 473 million euros in 2019) and IT reinforcement costs (178 million euros). In accordance with the plan, no transformation costs were recognised in 2020 (they came to 744 million euros in 2019).

The cost of risk was 72 million euros, compared to 58 million euros in 2019.

Other non-operating items came to +939 million euros in 2020 compared to +786 million euros in 2019. They included the exceptional impact of a +699 million euro capital gain on the sale of buildings, a +371 million euro capital gain related to the strategic agreement with Allfunds, and an impairment of an investment accounted for under equity method (-130 million euros). In 2019, they had included the exceptional impact of the capital gain realised from the sale of 16.8% of SBI Life in India, followed by the deconsolidation of the residual stake[3] (+1,450 million euros), the capital gain realised from the sale of a building for +101 million euros, and goodwill impairments (-818 million euros).

Corporate Centre pre-tax income thus came to -327 million euros, compared to -848 million euros in 2019.

(1) Related in particular to the discontinuation or restructuring of certain businesses (amongst others at CIB).

(2) Related in particular to Wealth Management, BancWest and CIB.

(3) 5.2% residual stake in SBI Life.

3.3 Balance sheet

ASSETS

OVERVIEW

As at 31 December 2020, the total consolidated balance sheet of the BNP Paribas Group amounted to EUR 2,488.5 billion, up by 15% from 31 December 2019 (EUR 2,164.7 billion). The Group's main assets include cash and balances at central banks, financial instruments at fair value through profit or loss, loans and advances to customers, debt securities at amortised cost or at fair value through equity, financial investments of insurance activities and accrued income and other assets, which, together, account for 96% of total assets at 31 December 2020 (96% at 31 December 2019). The 15% increase in assets is mainly due to the increase of:

- cash and balances at central banks which increase by EUR 153.6 billion, or +99%;
- financial instruments at fair value through profit or loss, which increase by EUR 113.4 billion, or +20%, mainly as a result of the increase in reverse repurchase agreement operations and securities;
- accrued income and other assets which increase by EUR 27.4 billion, or +24%.

CASH AND BALANCES AT CENTRAL BANKS

Cash and central banks account for EUR 308.7 billion at 31 December 2020, up 99% from 31 December 2019 (EUR 155.1 billion).

FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets recognised at market or model value through profit or loss are composed of trading portfolios, of financial derivatives and certain assets not held for trading purposes which characteristics do not permit recognition at amortised cost or at fair value through equity. Financial assets in the trading portfolio include securities, loans and repurchase agreements.

These assets are measured at market or model value at each balance sheet date.

Total financial instruments at market value by profit and loss increased by 20% (+EUR 113.4 billion) compared to 31 December 2019.

This increase is mainly due to a 27% rise in securities (+EUR 36.0 billion to EUR 167.9 billion at 31 December 2020), as well as to an increase in loans and repo operations by 24% (+EUR 48.0 billion to EUR 244.9 billion at 31 December 2020), and to an increase in derivative financial instruments by 12% (+EUR 29.5 billion to EUR 276.8 billion at 31 December 2020).

LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers are divided into ordinary accounts, loans to customers, reverse repurchase agreements and finance leases.

Loans and advances to customers (net of impairment) amounted to EUR 809.5 billion as at 31 December 2020, compared to EUR 805.8 billion as at 31 December 2019, increasing by 0.5%. This is due to the increase in loans to customers (+0.2%, *i.e.* EUR 735.9 billion as at 31 December 2020, compared to EUR 734.2 billion as at 31 December 2019, as well as the increase in finance leases, which amount to EUR 38.1 billion as at 31 December 2020, increasing by 10% compared to 2019. Impairment provisions were up to EUR 21.4 billion as at 31 December 2020, compared to EUR 21.2 billion as at 31 December 2019.

DEBT SECURITIES AT AMORTISED COST OR AT MARKET OR MODEL VALUE THROUGH EQUITY

Debt securities that are not held for trading purposes and which meet the cash flow criterion established by IFRS 9 are recognised:

- at amortised cost if managed to collect cash flows by collecting contractual payments over the life of the instrument; or
- at fair value through equity if held in a business model whose objective is achieved through both the collection of contractual cash flows and the sale of financial assets.

Debt securities at amortised cost

Debt securities at amortised cost are measured using the effective interest rate method. They totalled EUR 118.3 billion at 31 December 2020 (net of impairment), compared with EUR 108.5 billion at 31 December 2019, thus increasing by 9%.

Debt securities at fair value through equity

These assets are measured at market or model value through equity at each balance sheet date. They increase by EUR 5.6 billion between 31 December 2019 and 31 December 2020, amounting to EUR 56 billion.

Debt securities at fair value through equity posted an unrealised gain of EUR 0.6 billion at 31 December 2020, compared with EUR 0.2 billion at 31 December 2019, an increase of EUR 0.4 billion.

FINANCIAL INVESTMENTS OF INSURANCE ACTIVITIES

Financial investments of insurance activities include:

- the financial instruments that remain recognised in accordance with IAS 39 (note 1.f of the consolidated financial statements); they include investments in representation of the technical reserves of insurance activities, including unit-linked insurance policies;
- derivatives used for hedging purposes with a positive market value;
- investment property;
- equity-method investments;
- and the share of reinsurers in liabilities related to insurance and investment contracts.

Financial investments of insurance activities amounted to EUR 265.4 billion at 31 December 2020, an increase by 3% compared to 31 December 2019. This increase is mainly due to an increase by 3% in financial instruments designated as at fair value through profit or loss (EUR 119.0 billion at 31 December 2020, compared with EUR 115.3 billion at 31 December 2019), and to an increase by 3.2% in available-for-sale financial assets (EUR 130.6 billion at 31 December 2020, compared to EUR 126.6 billion at 31 December 2019).

The financial assets available for sale have an unrealised gain of EUR 17.1 billion at 31 December 2020, compared with EUR 14.7 billion at 31 December 2019, an increase of EUR 2.4 billion.

ACCRUED INCOME AND OTHER ASSETS

Accrued income and other assets are divided between guarantee deposits and bank guarantees paid, collection accounts, accrued income and prepaid expenses, other debtors and miscellaneous assets.

Accrued income and other assets amounted to EUR 140.9 billion at 31 December 2020, compared with EUR 113.5 billion at 31 December 2019, up 24,1%. This increase is in particular related to guarantee deposits and bank guarantees paid, up by EUR 27.7 billion (+36,7%).

LIABILITIES

OVERVIEW

The Group's liabilities (excluding equity) amounted to EUR 2,371.1 billion at 31 December 2020, up 16% from 31 December 2019 (EUR 2,052.9 billion). The Group's main liabilities consist of financial instruments at fair value through profit or loss, deposits from customers, debt securities, accrued expenses and other liabilities, and technical reserves and other insurance liabilities. These items together accounted for 98% of the Group's total liabilities (excluding shareholders' equity) at 31 December 2020 (97% at 31 December 2019). The 16% increase in liabilities is mainly due to:

- the 25% or EUR 147.3 billion increase in financial instruments at fair value through profit or loss (EUR 729.5 billion at 31 December 2020);
- the 13% or EUR 106.3 billion rise in deposits from customers (EUR 941 billion as at 31 December 2020);
- the 75% or EUR 63.1 billion rise in amount due to credit institution (EUR 147.7 billion as at 31 December 2020).

FINANCIAL INSTRUMENTS AT FAIR OR MODEL VALUE THROUGH PROFIT OR LOSS

The trading portfolio consists mainly of sales of borrowed securities, repurchase agreements and financial derivatives. Financial liabilities designated as at fair or model value through profit or loss are mainly composed of issues originated and structured on behalf of clients, where the risk exposure is managed in combination with the hedging strategy. These types of issues contain significant embedded derivatives, whose changes in value are offset by changes in value of the hedging instrument.

Total financial instruments at fair value through profit or loss rose by 25% (+EUR 147.3 billion) compared to 31 December 2019, in link mainly with the increase in the securities by 44% (+EUR 28.8 billion to EUR 94.3 billion in 31 December 2020), the increase in pension operations by 34% (+EUR 73.5 billion to EUR 288.6 billion at 31 December 2020), and financial derivatives by 19% (+EUR 44.7 billion to EUR 282.6 billion at 31 December 2020).

DEBTS DUE TO CREDIT INSTITUTIONS

Amounts due to credit institutions consist primarily of interbank borrowings, demand deposits and repurchase agreements.. Amounts due to credit institutions increased by 75% or EUR 63.1 billion to EUR 147.7 billion at 31 December 2020. This increase mainly results from the 90% or EUR 62.2 billion increase of interbank borrowings to EUR 131 billion at 31 December 2020.

DEPOSITS FROM CUSTOMERS

Deposits from customers consist primarily of on-demand deposits, term accounts, savings accounts and repurchase agreements. Deposits from customers amount to EUR 941 billion, up EUR 106.3 billion from 31 December 2019. This is due to the 19% increase in on-demand accounts (a EUR 96.4 billion rise, to EUR 613.3 billion as at 31 December 2020).

DEBT SECURITIES

This category includes negotiable certificates of deposit and bond issues, but does not include debt securities classified as financial liabilities at fair value through profit or loss (see note 4.h of the consolidated financial statements). Debt securities are decreasing from EUR 157.6 billion at 31 December 2019 to EUR 148.3 billion at 31 December 2020.

ACCRUED EXPENSE AND OTHER LIABILITIES

Accrued expense and other liabilities consist of guarantee deposits received, collection accounts, accrued expense and deferred income, lease liabilities, as well as other creditors and miscellaneous liabilities. Accrued expense and other liabilities amounted to EUR 107.8 billion at 31 December 2020, compared with EUR 102.7 billion at 31 December 2019, an increase of 5%. This increase is mainly due to other creditors and miscellaneous liabilities (up by EUR 3.2 billion, or +11%) as well as guarantee deposits received (up by EUR 2.7 billion, or +4.6%). Accrued expenses and deferred income decreased by EUR 1.3 billion (-17%).

TECHNICAL RESERVES AND OTHER INSURANCE LIABILITIES

Technical reserves of insurance companies increased by 2% compared to 31 December 2019 and amounted to EUR 240.7 billion at 31 December 2020 (EUR 236.9 billion at 31 December 2019), mainly due to the increase in liabilities related to insurance contracts.

MINORITY INTERESTS

Minority interests were up by EUR 0.2 billion, *i.e.* EUR 4.6 billion at 31 December 2020 compared with EUR 4.4 billion at 31 December 2019.

SHAREHOLDERS’ EQUITY

Shareholders’ equity (before dividend payout) amounts to EUR 112.8 billion as at 31 December 2020, compared with EUR 107.5 billion as at 31 December 2019. This EUR 5.3 billion increase is mainly attributable to the profit of the period which amounted to EUR 7.1 billion and to a change of -EUR 2.6 billion in assets and liabilities recognized directly in equity.

FINANCING AND GUARANTEE COMMITMENTS

FINANCING COMMITMENTS

Financing commitments given mainly consist mostly of documentary credit, other credit confirmations and other commitments. They rose by EUR 21 billion compared to 31 December 2019, to EUR 350 billion at 31 December 2020.

Financing commitments given to customers rose by 6% to EUR 343.5 billion at 31 December 2020 and those given to credit institutions increased by EUR 1.6 billion to EUR 6.6 billion at 31 December 2020.

Financing commitments received consist mainly of financing commitments received from credit institutions in the context of refinancing from central banks. Financing commitments received decreased by 26%, to EUR 54.1 billion at 31 December 2020, compared with EUR 73.4 billion at 31 December 2019.

GUARANTEE COMMITMENTS

Guarantee commitments given rose by EUR 7% to EUR 161 billion at 31 December 2020 (compared with EUR 150.7 billion at 31 December 2019); this increase comes from the guarantee commitments given to customers (an increase of +1% to EUR 120 billion at 31 December 2020), while guarantee commitments to credit institutions increase by 27% to EUR 40.9 billion at 31 December 2020 (compared with EUR 32.3 billion at 31 December 2019).

3.4 Profit and loss account

REVENUES

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019	Change (2020/2019)
Net interest income	21,312	21,127	0.9%
Net commission income	9,862	9,365	5.3%
Net gain on financial instruments at fair value through profit or loss	6,861	7,111	-3.5%
Net gain on financial instruments at fair value through equity	249	350	-28.9%
Net gain on derecognised financial assets at amortised cost	36	3	x12
Net income from insurance activities	4,114	4,437	-7.3%
Net income from other activities	1,841	2,204	-16.5%
REVENUES	**44,275**	**44,597**	**-0.7%**

OVERVIEW

The Group's net banking income remains steady between 2019 and 2020 (or -0.7%).

NET INTEREST INCOME

This line item includes net interest income and expense related to customer transactions, interbank transactions, debt instruments issued by the Group, cash flow hedge instruments, derivatives used for interest-rate portfolio hedge, debt securities at amortised cost or at fair value through equity, and non-trading instruments at fair value through profit or loss.

More specifically, the "Net interest income" line item includes:

- net interest income from loans and advances, including interest, transaction costs, fees and commissions included in the initial value of the loan. These items are calculated using the effective interest method, and recognised in the profit and loss account over the life of the loan;
- net interest income from debt securities held by the Group, which are measured at amortised cost or at fair value through equity (for the interest calculated using the effective interest method), and from non-trading debt securities at fair value through profit or loss (for the contractual accrued interest);
- net interest income from cash flow hedges, which are used in particular to hedge the interest rate risk on variable-rate assets and liabilities. Changes in the fair value of cash flow hedges are recorded in equity. The amounts recorded in equity over the life of the hedge are transferred to "Net interest income" as and when the cash flows from the hedged item are recognised as profit or loss in the income statement.

Interest income and expense on fair value hedge derivatives are included with the interest generated by the hedged item. Similarly, interest income and expense arising from derivatives used for economic hedge of transactions designated as at fair value through profit or loss are allocated to the same line items as the interest income and expense relating to the underlying transactions.

The main factors affecting the level of net interest income are the relative volumes of interest-earning assets and interest-bearing liabilities and the spread between lending and funding rates. Net interest income is also affected by the impact of hedging transactions, and, to a lesser extent, exchange rate fluctuations.

Volumes of interest-earning assets and interest-bearing liabilities can be affected by various factors, in addition to general market conditions and growth in the Group's lending activities (either organically or through acquisitions). One such factor is the Group's business mix, such as the relative proportion of capital allocated to interest-generating as opposed to fee-generating businesses.

The other principal factor affecting net interest income is the spread between lending and funding rates, which itself is influenced by several factors. These include central bank funding rates (which affect both the yield on interest-earning assets and the rates paid on sources of funding, although not always in a linear and simultaneous manner), the proportion of funding sources represented by non-interest bearing customer deposits, government decisions to raise or lower interest rates on regulated savings accounts, the competitive environment, the relative weight of the Group's various interest-bearing products, which have different margins as a result of different competitive environments, and the Bank's hedging strategy and accounting treatment of hedging transactions.

Net Interest income increased by 0.9% to EUR 21,312 million for the year ended 31 December 2020. This variation is mainly attributable to the increase in net income from debt securities at amortised cost and at fair value through equity (EUR 2,563 million in 2020, compared with EUR 2,417 million in 2019) and the decrease in net expense on debt issued by the Group (EUR 2,357 million for the year ended 31 December 2020, compared with EUR 3,021 million for the year ended 31 December 2019), partially offset by the decrease of income from loans, deposits and borrowings (EUR 18,333 million for the year ended 31 December 2020, compared with EUR 18,707 million for the year ended 31 December 2019).

Besides, expense on financial instruments designated as at fair value through profit or loss decreased from EUR 347 million in 2019 to EUR 302 million in 2020, net revenues of cash flow hedge instruments decreased by EUR 541 million compared with the year ended 31 December 2019.

NET COMMISSION INCOME

Net commission income includes commissions on customer transactions, securities and derivatives transactions, financing and guarantee commitments, and asset management and other services. Net commission income increased by 5.3%, from EUR 9,365 million in 2019 to EUR 9,862 million in 2020.

Insurance activity fees are included in "Net income from insurance activities".

NET GAIN ON FINANCIAL INSTRUMENTS AT FAIR OR MODEL VALUE THROUGH PROFIT OR LOSS

This line item includes all profit and loss items relating to financial instruments managed in the trading book, to financial instruments designated as at fair value through profit or loss by the Group under the fair value option and to non-trading debt securities that do not meet the criteria required to be recognised at amortised cost or at fair value through equity (other than interest income and expense on the last two categories, which are recognised under "Net interest income" as presented above). It also includes gains and losses on non-trading equity instruments that the Group did not choose to measure at fair value through equity. This includes both capital gains and losses on the sale and the marking to fair value of these instruments, along with dividends from equity securities.

This line item also includes gains and losses due to the ineffectiveness of fair value hedges, cash flow hedges, and net foreign investment hedges.

The gains and losses resulting from cash flows and the remeasurement of financial instruments, either cash or derivatives, must be appreciated as a whole in order to give a fair representation of the profit or loss resulting from trading activities.

Net gains on financial instruments as at fair value through profit or loss decreased by 3.5% from EUR 7,111 million for the year ended 31 December 2019 to EUR 6,861 million for the year ended 31 December 2020.

The income from items designated as at fair value through profit or loss are partly offset by changes in value of the derivative instruments hedging these assets.

NET GAIN ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH EQUITY

Net gains on financial instruments at fair value through equity correspond to gains and losses realised on debt securities recognised at fair value through equity and to dividends from equity securities that the Group chose to recognise at fair value through equity.

Changes in fair value of these assets are initially recognised under "Changes in assets and liabilities recognised directly in equity". Upon sale of these assets, realised gains or losses are recognised in the profit or loss account under "Net gains on financial instruments at fair value through equity" for debt securities, or transferred to retained earnings for equity securities.

Net gains on financial instruments at fair value through equity amounted to EUR 249 million in 2020 and EUR 350 million in 2019.

NET INCOME FROM INSURANCE ACTIVITIES

Net income from insurance activities decreased by 7.3% compared to 2019, amounting to EUR 4,114 million. Its main components are: gross written premiums, net income from financial investments, technical charges related to contracts, policy benefit expenses and net charges from ceded reinsurance.

The change in net income from insurance activities is due to a decrease of net gains from financial investments which correspond to a net gain of EUR 4,610 million in 2020 and to a net gain of EUR 14,858 million in 2019, offset by a decrease of in technical charges which amount to -EUR 19,664 million for the year ended 31 December 2020, compared to -EUR 32,423 million for the year ended 31 December 2019.

NET INCOME FROM OTHER ACTIVITIES

This item includes, among other things, net income from investment property, assets held under operating lease and property development activities. Net income from other activities decreased by 16.5%, from EUR 2,204 million in 2019 to EUR 1,841 million in 2020. This change is mainly due to a EUR 239 million decrease in Other net income.

OPERATING EXPENSES, DEPRECIATION AND AMORTISATION

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019	Change (2020/2019)
Salary and employee benefit expense	(16,946)	(17,553)	-3%
Other operating expenses	(10,809)	(11,339)	-5%
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(2,439)	(2,445)	0%
TOTAL OPERATING EXPENSES, DEPRECIATION, AND AMORTISATION	**(30,194)**	**(31,337)**	**-4%**

Operating expenses, depreciation and amortisation are decreasing by 4%, from EUR 31,337 million in 2019 to EUR 30,194 million in 2020.

GROSS OPERATING INCOME

The Group's gross operating income rose by 6% to EUR 14,081 million for the year ended 31 December 2020 (compared with EUR 13,260 million for the year ended 31 December 2019), mainly due to the 4% decline in general operating expenses, amortisation and provisions.

COST OF RISK

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019	Change (2020/2019)
Net allowances to impairment	(5,358)	(2,649)	x2
Recoveries on loans and receivables previously written off	457	429	6%
Irrecoverable loans and receivables not covered by impairment provisions	(816)	(983)	-17%
TOTAL COST OF RISK FOR THE PERIOD	**(5,717)**	**(3,203)**	**78%**

This line item represents the net amount of impairment losses recognised for credit risks inherent in the Group's intermediation activities, as well as any impairment loss relating to counterparty risks on over-the-counter derivative instruments.

The Group's cost of risk amounts to EUR 5,717 million, an increase of 78% compared to 2019.

The increase in cost of risk in 2020 is mainly due to the increase of EUR 1,441 million in cost of risk related to assets and commitments classified in stage 1 and 2 and an increase of EUR 1,073 million in cost of risk related to impaired assets and commitments (stage 3).

As at 31 December 2020, the total amount of doubtful loans, securities and commitments, net of collateral, amounts to EUR 23.3 billion (compared to EUR 23.1 billion as at 31 December 2019), and the related impairment amounts to EUR 16.7 billion, compared to EUR 17.1 billion as at 31 December 2019. The coverage ratio is at 71% at 31 December 2020, compared to 74% at 31 December 2019.

More detailed information on the cost of risk per business line is available in chapter 4, note 3. *Segment Information*, paragraph *Income by business segment*.

OPERATING INCOME

In total, operating income amounts to EUR 8,364 million (compared with EUR 10,057 million in 2019).

NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019	Change (2020/2019)
OPERATING INCOME	**8,364**	**10,057**	**-17%**
Share of earnings of equity-method entities	423	586	-28%
Net gain on non-current assets	1,030	1,569	-34%
Goodwill	5	(818)	ns
Corporate income tax	(2,407)	(2,811)	-14%
Net income attributable to minority interests	(348)	(410)	-15%
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS	**7,067**	**8,173**	**-14%**

SHARE OF EARNINGS OF EQUITY-METHOD ENTITIES

The share of earnings of equity-method entities decreased from EUR 586 million in 2019 to EUR 423 million in 2020.

NET GAIN ON NON-CURRENT ASSETS

This item includes net realised gains or losses on sales of tangible and intangible assets used in operations and on sales of investments in consolidated undertakings.

Net gains on fixed assets decreased by EUR 539 million (EUR 1,030 million in 2020 compared with EUR 1,569 million in 2019). The main capital gains realised relate to gain and losses of disposals on operating building in 2020 for EUR 754 million and the partial sale of SBI Life in 2019 for EUR 1,450 million.

CHANGE IN VALUE OF GOODWILL

Changes in the value of goodwill amounted to EUR 5 million in 2020, compared with EUR -818 million in 2019 (including a partial goodwill impairment of BancWest for EUR 500 million).

INCOME TAX EXPENSE

The Group records an income tax expense of EUR 2,407 million in 2020, a decrease compared with the income tax expense of EUR 2,811 million recorded in 2019.

MINORITY INTERESTS

The share of earnings attributable to minority interests in consolidated companies decreased by EUR 62 million (to EUR 348 million in 2020 compared with EUR 410 million in 2019).

3.5 Recent events

PRODUCTS AND SERVICES

BNP Paribas regularly introduces new products and services for its customers. More information is available on the Group's websites, including in the press releases available at https://invest.bnpparibas.com/en.

ACQUISITIONS AND PARTNERSHIPS

No significant event has occurred since the 7th Amendment to the 2019 Universal registration document issued on 19 November 2020 that should be mentioned in this section.

3.6 Outlook

2021 TRENDS

After 2020, a year marked by the health crisis, a gradual rebound in economic activity is expected from the second half of 2021 onwards. According to forecasts of the International Monetary Fund, growth should be positive in all regions, on the back of developments on the health front. The low-interest-rate environment persists in particular in Europe and will continue to impact heavily interest income at retail banks.

Subject to uncertainties surrounding this economic scenario, the Group anticipates to show growth in 2021 in the following manner:

BUSINESS DRIVE AMIDST A RECOVERY IN ECONOMIC ACTIVITY

Business drive is supported by the Group's diversification and positioning in the most resilient sectors and client segments. The strengthening in franchises and market share gains, and the intensification of cooperation between businesses, as well as the key contribution from the Group's digital and industrial transformation are likely to reinforce business momentum.

The Group's revenues are therefore likely to trend upward as economic activity returns to normal with improvements in public health conditions and subject to differences in momentum from one business line, region and sector to another.

Domestic Markets should consolidate its strong positions amidst an economic recovery by expanding loan volumes and accelerating the transformation of deposits into financial savings. The businesses will intensify cooperation with the Group, in order to amplify commercial momentum and support the development of revenues, by leveraging in particular leadership in corporate, Private Banking and specialised business client segments. In particular, Arval will accelerate its drive with the 2025 objective of becoming the leader in sustainable mobility, financing 2 million vehicles, and generating 1 billion euros in pre-tax net income. In addition, Domestic Markets will continue the digitalisation of its platform and offerings, as well as the industrialisation of its processes and journeys for enhanced customer experiences and operating efficiency. The network banks will thus continue to adapt their cost structures and branch set-ups to go with changes in customer behaviours.

Domestic Markets is expected to benefit from the rebound in flow businesses and specialised subsidiaries compared to 2020 levels, as well as increased momentum in specialised businesses. However, the persistent impact of the low-interest-rate environment should partly offset this momentum.

International Financial Services should benefit fully from the rebound in economic activity compared to 2020 levels, leveraging strong positions, developing targeted and innovative partnerships, as well as the successful transformation. The cooperation with Group entities will be intensified to further accelerate growth in the network banks and Wealth Management, as well as Asset Management and Insurance through the amplification of initiatives to transform customer deposits into financial savings, the diversification into non-life products in Insurance, and the development of the institutional franchise of Asset Management. By leveraging leadership and developing new partnerships, Personal Finance should deliver increasing loan production levels compared to 2020, as health conditions improve over the course of the year. The business will continue its targeted development of external partnerships to strengthen its positions on the main European markets. Lastly, International Financial Services will be able to rely on simplified, transformed and scalable platforms, journeys, as well as product and service offerings for supporting growth in its businesses amidst the recovery.

Revenues in the international retail networks are expected to grow. International Financial Services should also benefit over the course of the year from the recovery in activities that were impacted by public health measures and from the acceleration of the transformation of deposits into financial savings.

CIB's long-term, client-focused strategy is expected to see continued success in 2021 affirming its leadership in Europe while consolidating its market share gains. The division should expand development momentum, ramping up initiatives that are already under way. Geographical development will be amplified by the reinforcement of plans launched for example, in Germany, the United Kingdom, the Netherlands, and the Nordic countries, and broadening those plans further into Spain, Switzerland and, in tandem with BNL, Italy. CIB will also continue to expand its footprint in the Americas and Asia-Pacific while expanding its flow business and cross-border deals. The business will continue to develop electronic platforms and initiatives targeting players wishing to optimise their set-ups. Lastly, CIB will accelerate the development of its Equity businesses with the roll-out of a broader prime services offering and the strengthening of cooperation with Exane BNP Paribas.

CIB should benefit from the strengthening of franchises and market share gains in continuity with the strong business momentum seen throughout all phases of the crisis. It is also likely to benefit from the basis effect due to market shocks in the first half of 2020 that strongly impacted Equity & Prime Services revenues. On the contrary, FICC is unlikely to experience the same magnitude of revenues that it generated in 2020 on the back of exceptionally intense client activity.

PROVEN EFFECTIVENESS OF THE DIGITAL AND INDUSTRIAL TRANSFORMATION WITH THE BUSINESS RECOVERY

The Group demonstrated in 2020 the effectiveness of its digital and industrial transformation.

The contribution of the transformation and the acceleration in the use of digital tools generated by the effects of the health crisis will further sustain the cost adjustments while providing support for activities development amidst a recovery from 2020 levels.

Hence, while supporting the business recovery, the Group's operating expenses are expected to be stable (excluding the effect of change in scope and taxes subject to IFRIC 21).

COST OF RISK

At 66 basis points of customer loans outstanding, the cost of risk strongly increased in 2020 compared to 2019. The cost of risk on non-performing loans (stage 3) stood at 50 basis points in 2020, compared to 40 basis points in 2019. The cost of risk on performing loans (stages 1 and 2) stood at 16 basis points in 2020, compared to a non-material write-back in 2019. BNP Paribas thus recorded, in 2020, provisioning of performing loans for more than 1.4 billion euros in anticipation of the effects, to come, of the health crisis.

After peaking in 2020, a first stage in cost of risk normalisation is expected in 2021.

Indeed, government compensating measures (particularly in France), some extended into 2021, as well as stimulus plans should continue to cushion the shock stemming from the public health measures and to support the economic and social fabric. Moreover, economic activity should gradually return to normal with the easing of health restrictions and the development of vaccination plans.

Therefore, the cost of risk in 2021 should decrease compared to 2020 and come in at a level close to the cycle average.

SHAREHOLDER RETURN AND CAPITAL MANAGEMENT POLICY

In accordance with the Group's distribution policy, the pay-out ratio objective is 50% of 2021 net income.

Moreover, as the Group's CET1 ratio at the end of 2020 was significantly higher than the ECB's notified requests and above the Group's 2020 objective (12.0%), the Group's distribution policy will be reviewed in the new 2025 strategic plan.

INFORMATION ON TRENDS

Information on trends (Macroeconomic conditions and Legislation and regulations applicable to financial institutions) are described in the section on Principal and Emerging Risks for the year in the Risks and Capital Adequacy chapter.

3.7 Financial structure

The Group has a very solid balance sheet.

The Common Equity Tier 1 ratio stood at 12.8%[1] as at 31 December 2020, up by 70 basis points compared to 31 December 2019, due to:

- the placing into reserves of 2020 net income after taking into account a 50% dividend pay-out ratio (+50 basis points);
- the organic increase of risk-weighted assets at constant exchange rates (-50 basis points);
- the impact of placing the 2019 dividend into reserves (+60 basis points);
- the impact of other effects (of which prudential treatment of software) (+10 basis points).

The CET1 ratio[1] is significantly higher than the European Central Bank's notified requests (9.22%[2] as at 31 December 2020) and above the 2020 plan objective (12.0%).

The leverage ratio[3] stood at 4.9% taking into account the temporary exemptions related to deposits with Eurosystem central banks (4.4% excluding this effect).

Immediately available liquidity reserves totalled 432 billion euros, equivalent to more than one year of room to manoeuvre in terms of wholesale funding.

(1) CRD 4; including IFRS 9 transitional provisions.

(2) After taking into account the removals of "countercyclical capital buffers" and in accordance with Article 104a of CRD5; excluding P2G.

(3) Calculated in accordance with Regulation (EU) No. 2020/873, Article 500b.

3.8 Alternative Performance Measures (APM) – Article 223-1 of the AMF's General regulation

Alternative Performance Measures	Definition	Reason for use
Operating division profit and loss account aggregates (revenues, operating expenses, gross operating income, operating income, pre-tax income)	Sum of Domestic Markets' profit and loss account aggregates (with Domestic Markets' profit and loss account aggregates, including 2/3 of Private Banking in France, Italy, Belgium and Luxembourg), IFS and CIB BNP Paribas Group profit and loss account aggregates = operating division profit and loss account aggregates + Corporate centre profit and loss account aggregates Reconciliation with Group profit and loss account aggregates is provided in the table "Core business results"	Representative measure of the BNP Paribas Group's operating performance
Profit and loss account aggregates, excluding PEL/CEL effect (revenues, gross operating income, operating income, pre-tax income)	Profit and loss account aggregate, excluding PEL/CEL effect Reconciliation with Group profit and loss account aggregates is provided in the table hereafter	Representative measure of the aggregates of the period excluding changes in the provisions that account for the risk generated by PEL and CEL accounts during their lifetime
Profit and loss account aggregates of Retail Banking activity with 100% of Private Banking	Profit and loss account aggregate of a Retail Banking activity including the whole profit and loss account of Private Banking Reconciliation with Group profit and loss account aggregates is provided in the table hereafter	Representative measure of the performance of Retail Banking activity including the total performance of Private Banking before sharing the profit & loss account with the Wealth Management business, Private Banking being under a joint responsibility of Retail Banking (2/3) and Wealth Management business (1/3)
Change in operating expenses excluding the impact of IFRC 21	Change in operating expenses excluding taxes and contributions subject to IFRIC 21	Measurement representative of the change in operating expenses excluding taxes and contributions subject to IFRIC 21 almost fully recognised over the first half of the year, in order to avoid any confusion compared to other periods
Cost/income ratio	Costs to income ratio	Measure of operational efficiency in the banking sector
Cost of risk/Customer loans at the beginning of the period (in basis points)	Cost of risk (in €m) divided by customer loans at the beginning of the period Details of the calculation are provided in the tables hereafter	Measure of the risk level by business in percentage of the volume of outstanding loans
Doubtful loans' coverage ratio	Relationship between stage 3 provisions and impaired outstandings (stage 3), balance sheet and off-balance sheet, netted for collateral received, for customer and credit institutions, including liabilities at amortised cost and debt securities at fair value through equity (excluding insurance business)	Measure of provisioning for doubtful loans
Net income Group share excluding exceptional items	Net income attributable to equity holders excluding exceptional items Details of exceptional items are provided in the tables hereafter	Measure of BNP Paribas Group's net income excluding non-recurring items of a significant amount or items that do not reflect the underlying operating performance, notably transformation and restructuring costs.
Return on Equity (ROE)	Details of the ROE calculation are provided in the tables hereafter	Measure of the BNP Paribas Group's return on equity
Return on Tangible Equity (ROTE)	Details of the ROTE calculation are provided in the tables hereafter.	Measure of the BNP Paribas Group's return on tangible equity

RECONCILIATION OF PROFIT & LOSS WITH THE ALTERNATIVE PERFORMANCE MEASURES

2020 – Results by Core businesses

In millions of euros		Domestic Markets	International Financial Services	CIB	Operating divisions	Corporate Centre	Group
		14,932	**15,938**	**13,763**	**44,633**	**(358)**	**44,275**
Revenues	% Change 2019	-2.2%	-7.2%	+13.9%	+0.2%	n.s.	-0.7%
		(10,267)	(10,117)	(8,920)	(29,304)	(890)	(30,194)
Operating Expenses and Dep.	% Change 2019	-1.6%	-3.7%	+3.0%	-1.0%	-48.5%	-3.6%
		4,665	**5,821**	**4,843**	**15,329**	**(1,249)**	**14,081**
Gross Operating Income	% Change 2019	-3.3%	-12.8%	+41.7%	+2.8%	-24.6%	+6.2%
		(1,446)	(2,775)	(1,424)	(5,645)	(72)	(5,717)
Cost of Risk	% Change 2019	+42.3%	+45.2%	n.s.	+79.5%	+23.0%	+78.5%
		3,219	**3,046**	**3,419**	**9,684**	**(1,321)**	**8,364**
Operating Income	% Change 2019	-15.4%	-36.1%	+6.9%	-17.7%	-23.0%	-16.8%
Share of Earnings of Equity-Method Entities		5	353	11	369	54	423
Other Non Operating Items		50	22	24	96	939	1,035
		3,274	**3,421**	**3,454**	**10,149**	**(327)**	**9,822**
Pre-Tax Income	% Change 2019	-14.1%	-34.5%	+7.7%	-17.1%	-61.5%	-13.8%
Corporate Income Tax							(2,407)
Net Income Attributable to Minority Interests							(348)
Net Income Attributable to Equity Holders							**7,067**

Reconciliation with profit and loss account aggregates of Retail Banking activity, excluding PEL/CEL effect and with 100% Private Banking

In millions of euros	2020	2019
Retail Banking & SERVICES Excl. PEL/CEL		
Revenues	**30,867**	**32,433**
Operating Expenses and Dep.	(20,384)	(20,946)
Gross Operating Income	**10,483**	**11,488**
Cost of Risk	(4,221)	(2,927)
Operating Income	**6,262**	**8,561**
Share of Earnings of Equity-Method Entities	358	489
Other Non Operating Items	72	(26)
Pre-Tax Income	**6,692**	**9,024**
Allocated Equity *(€bn, year to date)*	55.3	54.9

In millions of euros	2020	2019
Retail Banking & SERVICES		
Revenues	**30,870**	**32,445**
Operating Expenses and Dep.	(20,384)	(20,946)
Gross Operating Income	**10,486**	**11,499**
Cost of Risk	(4,221)	(2,927)
Operating Income	**6,265**	**8,573**
Share of Earnings of Equity-Method Entities	358	489
Other Non Operating Items	72	(26)
Pre-Tax Income	**6,695**	**9,036**
Allocated Equity *(€bn, year to date)*	55.3	54.9

In millions of euros	2020	2019
Domestic Markets - Excluding PEL/CEL Effects (including 100% of the Private Bank in France, Italy, Belgium and Luxembourg)(1)		
Revenues	**15,477**	**15,814**
Operating Expenses and Dep.	(10,568)	(10,741)
Gross Operating Income	**4,909**	**5,073**
Cost of Risk	(1,456)	(1,021)
Operating Income	**3,453**	**4,052**
Share of Earnings of Equity-Method Entities	5	1
Other Non Operating Items	50	1
Pre-Tax Income	**3,508**	**4,054**
Income Attributable to Wealth and Asset Management	(237)	(256)
Pre-Tax Income of Domestic Markets	**3,271**	**3,798**
Allocated Equity *(€bn, year to date)*	26.2	25.7

In millions of euros	2020	2019
Domestic Markets (including 2/3 of the Private Bank in France, Italy, Belgium and Luxembourg)(1)		
Revenues	**14,932**	**15,262**
Operating Expenses and Dep.	(10,267)	(10,439)
Gross Operating Income	**4,665**	**4,824**
Cost of Risk	(1,446)	(1,016)
Operating Income	**3,219**	**3,807**
Share of Earnings of Equity-Method Entities	5	1
Other Non Operating Items	50	1
Pre-Tax Income	**3,274**	**3,810**
Allocated Equity *(€bn, year to date)*	26.2	25.7

(1) Including 100% of Private Banking for the Revenues to Pre-tax income items.

In millions of euros	2020	2019
French Retail Banking (including 100% of the Private Bank in France)[(1)]		
Revenues	**5,947**	**6,340**
Incl. Net Interest Income	*3,306*	*3,603*
Incl. Commissions	*2,641*	*2,737*
Operating Expenses and Dep.	(4,490)	(4,602)
Gross Operating Income	**1,457**	**1,738**
Cost of Risk	(496)	(329)
Operating Income	**961**	**1,409**
Non Operating Items	38	7
Pre-Tax Income	998	1,416
Income Attributable to Wealth and Asset Management	(133)	(143)
Pre-Tax Income of BDDF	**865**	**1,273**
Allocated Equity *(€bn, year to date)*	11.0	10.1

In millions of euros	2020	2019
French Retail Banking - Excluding PEL/CEL Effects (including 100% of the Private Bank in France)[(1)]		
Revenues	**5,944**	**6,328**
Incl. Net Interest Income	*3,303*	*3,591*
Incl. Commissions	*2,641*	*2,737*
Operating Expenses and Dep.	(4,490)	(4,602)
Gross Operating Income	**1,454**	**1,726**
Cost of Risk	(496)	(329)
Operating Income	**958**	**1,397**
Non Operating Items	38	7
Pre-Tax Income	995	1,404
Income Attributable to Wealth and Asset Management	(133)	(143)
Pre-Tax Income of BDDF	**862**	**1,261**
Allocated Equity *(€bn, year to date)*	11.0	10.1

In millions of euros	2020	2019
French Retail Banking (including 2/3 of the Private Bank in France)		
Revenues	**5,667**	**6,050**
Operating Expenses and Dep.	(4,353)	(4,461)
Gross Operating Income	**1,314**	**1,590**
Cost of Risk	(487)	(324)
Operating Income	**827**	**1,266**
Non Operating Items	38	7
Pre-Tax Income	**865**	**1,273**
Allocated Equity *(€bn, year to date)*	11.0	10.1

(1) Including 100% of Private Banking for the Revenues to pre-tax income items.

Reminder on PEL/CEL provision: this provision, accounted in FRB's revenues, takes into account the risk generated by Plans Épargne Logement (PEL) and Comptes Épargne Logement (CEL) during their lifetime.

In millions of euros	2020	2019
PEL-CEL Effects	**3**	**12**

In millions of euros	2020	2019
BNL banca commerciale (Including 100% of the Private Bank in Italy)(1)		
Revenues	**2,671**	**2,778**
Operating Expenses and Dep.	(1,746)	(1,800)
Gross Operating Income	**925**	**978**
Cost of Risk	(525)	(490)
Operating Income	**400**	**488**
Non Operating Items	(2)	(5)
Pre-Tax Income	**398**	**483**
Income Attributable to Wealth and Asset Management	(35)	(41)
Pre-Tax Income of BNL bc	**363**	**443**
Allocated Equity (€bn, year to date)	5.3	5.3

In millions of euros	2020	2019
BNL banca commerciale (Including 2/3 of the Private Bank in Italy)		
Revenues	**2,586**	**2,690**
Operating Expenses and Dep.	(1,697)	(1,753)
Gross Operating Income	**889**	**938**
Cost of Risk	(524)	(490)
Operating Income	**365**	**447**
Non Operating Items	(2)	(5)
Pre-Tax Income	**363**	**443**
Allocated Equity *(€bn, year to date)*	5.3	5.3

In millions of euros	2020	2019
Belgian Retail Banking (Including 100% of the Private Bank in Belgium)		
Revenues	**3,432**	**3,524**
Operating Expenses and Dep.	(2,408)	(2,480)
Gross Operating Income	**1,024**	**1,044**
Cost of Risk	(230)	(55)
Operating Income	**794**	**989**
Share of Earnings of Equity-Method Entities	18	13
Other Non Operating Items	13	(3)
Pre-Tax Income	**826**	**999**
Income Attributable to Wealth and Asset Management	(64)	(70)
Pre-Tax Income of Belgian Retail Banking	**762**	**929**
Allocated Equity *(€bn, year to date)*	5.4	5.8

(1) Including 100% of Private Banking for the Revenues to pre-tax income items.

In millions of euros	2020	2019
Belgian Retail Banking (Including 2/3 of the Private Bank in Belgium)		
Revenues	**3,267**	**3,353**
Operating Expenses and Dep.	(2,307)	(2,378)
Gross Operating Income	**960**	**975**
Cost of Risk	(230)	(56)
Operating Income	**731**	**919**
Share of Earnings of Equity-Method Entities	18	13
Other Non Operating Items	13	(3)
Pre-Tax Income	**762**	**929**
Allocated Equity *(€bn, year to date)*	5.4	5.8

3

In millions of euros	2020	2019
Other Domestic Markets Activities Including Luxembourg (Including 100% of the Private Bank in Luxembourg)(1)		
Revenues	**3,430**	**3,184**
Operating Expenses and Dep.	(1,923)	(1,859)
Gross Operating Income	**1,506**	**1,325**
Cost of Risk	(205)	(146)
Operating Income	**1,301**	**1,178**
Share of Earnings of Equity-Method Entities	(12)	(12)
Other Non Operating Items	0	2
Pre-Tax Income	**1,289**	**1,168**
Income Attributable to Wealth and Asset Management	(5)	(3)
Pre-Tax Income of Other Domestic Markets	**1,284**	**1,165**
Allocated Equity *(€bn, year to date)*	4.5	4.5

In millions of euros	2020	2019
Other Domestic Markets Activities Including Luxembourg (Including 2/3 of the Private Bank in Luxembourg)		
Revenues	**3,412**	**3,169**
Operating Expenses and Dep.	(1,911)	(1,847)
Gross Operating Income	**1,501**	**1,322**
Cost of Risk	(205)	(146)
Operating Income	**1,297**	**1,175**
Share of Earnings of Equity-Method Entities	(12)	(12)
Other Non Operating Items	0	2
Pre-Tax Income	**1,284**	**1,165**
Allocated Equity *(€bn, year to date)*	4.5	4.5

(1) Including 100% of Private Banking for the Revenues to pre-tax income items.

In millions of euros	2020	2019
Europe-mediterranean (Including 100% of the Private Bank in Turkey and in Poland)(1)		
Revenues	**2,362**	**2,699**
Operating Expenses and Dep.	(1,711)	(1,799)
Gross Operating Income	**651**	**900**
Cost of Risk	(437)	(399)
Operating Income	**214**	**502**
Share of Earnings of Equity-Method Entities	192	224
Other Non Operating Items	(6)	7
Pre-Tax Income	**401**	**733**
Income Attributable to Wealth and Asset Management	(8)	(4)
Pre-Tax Income of EM	**392**	**728**
Allocated Equity *(€bn, year to date)*	5.1	5.3

In millions of euros	2020	2019
Europe-Mediterranean (Including 2/3 of the Private Bank in Turkey and in Poland)		
Revenues	**2,346**	**2,690**
Operating Expenses and Dep.	(1,704)	(1,794)
Gross Operating Income	**642**	**896**
Cost of Risk	(437)	(399)
Operating Income	**206**	**497**
Share of Earnings of Equity-Method Entities	192	224
Other Non Operating Items	(6)	7
Pre-Tax Income	**392**	**728**
Allocated Equity *(€bn, year to date)*	5.1	5.3

In millions of euros	2020	2019
BancWest (Including 100% of the Private Bank in United States)(1)		
Revenues	**2,460**	**2,375**
Operating Expenses and Dep.	(1,723)	(1,712)
Gross Operating Income	**737**	**663**
Cost of Risk	(322)	(148)
Operating Income	**415**	**515**
Share of Earnings of Equity-Method Entities	0	0
Other Non Operating Items	0	(3)
Pre-Tax Income	**415**	**512**
Income Attributable to Wealth and Asset Management	(23)	(28)
NRBI	**392**	**484**
Allocated Equity *(€bn, year to date)*	5.5	5.4

(1) Including 100% of Private Banking for the Revenues to pre-tax income items.

In millions of euros	2020	2019
BancWest (Including 2/3 of the Private Bank in United States)		
Revenues	**2,399**	**2,309**
Operating Expenses and Dep.	(1,685)	(1,674)
Gross Operating Income	**715**	**635**
Cost of Risk	(322)	(148)
Operating Income	**392**	**487**
Non Operating Items	0	(3)
Pre-Tax Income	**392**	**484**
Allocated Equity *(€bn, year to date)*	5.5	5.4

Reconciliation with the aggregate cost of risk on outstanding (cost of risk/customer loans at the beginning of the period, in annualised bp)

	2020	2019
Domestic Markets(1)		
Loan outstandings as of the beg. of the quarter *(€bn)*	431.0	414.0
Cost of risk *(€m)*	1,456	1,021
Cost of risk *(in annualised bp)*	34	25
FRB(1)		
Loan outstandings as of the beg. of the quarter *(€bn)*	202.2	190.4
Cost of risk *(€m)*	496	329
Cost of risk *(in annualised bp)*	25	17
BNL bc(1)		
Loan outstandings as of the beg. of the quarter *(€bn)*	76.6	77.2
Cost of risk *(€m)*	525	490
Cost of risk *(in annualised bp)*	69	64
BRB(1)		
Loan outstandings as of the beg. of the quarter *(€bn)*	117.8	113.0
Cost of risk *(€m)*	230	55
Cost of risk *(in annualised bp)*	19	5

(1) With Private Banking at 100%.

	2020	2019
BancWest[1]		
Loan outstandings as of the beg. of the quarter *(€bn)*	55.8	55.1
Cost of risk *(€m)*	322	148
Cost of risk *(in annualised bp)*	58	27
Europe-Mediterranean[1]		
Loan outstandings as of the beg. of the quarter *(€bn)*	39.5	40.7
Cost of risk *(€m)*	437	399
Cost of risk *(in annualised bp)*	111	98
Personal Finance		
Loan outstandings as of the beg. of the quarter *(€bn)*	94.4	93.5
Cost of risk *(€m)*	1,997	1,354
Cost of risk *(in annualised bp)*	212	145
CIB – Corporate Banking		
Loan outstandings as of the beg. of the quarter *(€bn)*	164.4	145.6
Cost of risk *(€m)*	1,308	223
Cost of risk *(in annualised bp)*	80	15
Group[2]		
Loan outstandings as of the beg. of the quarter *(€bn)*	867.3	827.1
Cost of risk *(€m)*	5,717	3,203
Cost of risk *(in annualised bp)*	66	39

(1) With Private Banking at 100%.
(2) Including cost of risk of market activities, International Financial Services and Corporate Centre.

METHODOLOGY – COMPARATIVE ANALYSIS AT CONSTANT SCOPE AND EXCHANGE RATES

The method used to determine the effect of changes in scope of consolidation depends on the type of transaction (acquisition, sale, *etc.*). The underlying purpose of the calculation is to facilitate period-on-period comparisons.

In case of acquired or created entity, the results of the new entity are eliminated from the constant scope results of current-year periods corresponding to the periods when the entity was not owned in the prior-year.

In case of divested entities, the entity's results are excluded symmetrically for the prior year for quarters when the entity was not owned.

In case of change of consolidation method, the policy is to use the lowest consolidation percentage over the two years (current and prior) for results of quarters adjusted on a like-for-like basis.

Comparative analysis at constant exchange rates are prepared by restating results for the prior-year quarter (reference quarter) at the current quarter exchange rate (analysed quarter). All of these calculations are performed by reference to the entity's reporting currency.

REMINDER

Operating expenses: sum of salary and employee benefit expenses, other operating expenses and depreciation, amortisation and impairment of property, plant and equipment. In the whole document, the terms operating expenses or costs can be used indifferently.

Operating divisions: they consist of 3 divisions:

- Domestic Markets including: French Retail Banking (FRB), BNL banca commerciale (BNL bc), Belgium Retail Banking (BRB), Other Domestic Markets activities including Arval, Leasing Solutions, Personal Investors, Nickel and Luxembourg Retail Banking (LRB);
- International Financial Services (IFS) including: Europe-Mediterranean, BancWest, Personal Finance, Insurance, Wealth & Asset Management (WAM) that includes Asset Management, Wealth Management and Real Estate Services;
- Corporate and Institutional Banking (CIB) including: Corporate Banking, Global Markets, Securities Services.

NET EARNINGS PER SHARE

In million	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2018
Average number of shares outstanding excluding Treasury shares	**1,248**	**1,248**	**1,248**	**1,246**	**1,244**
Net income attributable to equity holders	7,067	8,173	7,526	7,759	7,702
Remuneration net of tax of Undated Super Subordinated Notes	(436)	(414)	(367)	(286)	(357)
Exchange rate effect on reimbursed Undated Super Subordinated Notes	(5)	(14)	0	64	125
Net income attributable to equity holders, after remuneration and exchange rate effect on Undated Super Subordinated Notes	**6,626**	**7,745**	**7,159**	**7,537**	**7,470**
NET EARNINGS PER SHARE (EPS) *(IN EUROS)*	**5.31**	**6.21**	**5.73**	**6.05**	**6.00**

RETURN ON EQUITY

in millions of euros	31 December 2020	31 December 2019 (with 2019 net income placed into reserves (1))	31 December 2019 (published)
Net income Group share	**7,067**	**8,173**	**8,173**
Remuneration net of tax of Undated Super Subordinated Notes and exchange effect	(441)	(428)	(428)
Net income Group share used for the calculation of ROE/ROTE	**6,626**	**7,745**	**7,745**
Average permanent shareholders' equity, not revaluated, used for the ROE calculation (2)	**98,235**	**92,706**	**90,770**
Return on Equity (ROE)	**6.7%**	**8.4%**	**8.5%**
Average tangible permanent shareholders' equity, not revaluated, used for the ROTE calculation (3)	**86,704**	**80,736**	**78,801**
Return on Tangible Equity (ROTE)	**7.6%**	**9.6%**	**9.8%**

(1) In accordance with the Annual General Meeting decision of 19 May 2020 on non-distribution of the 2019 dividend.
(2) Average Permanent shareholders' equity: average of beginning of the year and end of the period (Permanent Shareholders' equity = Shareholders' equity attributable to shareholders – changes in assets and liabilities recognised directly in equity – Undated Super Subordinated Notes – remuneration net of tax payable to holders of Undated Super Subordinated Notes – distribution assumption).
(3) Average Tangible permanent shareholders' equity: average of beginning of the year and end of the period (Tangible permanent shareholders' equity = permanent shareholders' equity - intangible assets - goodwill).

MAIN EXCEPTIONAL ITEMS

in millions of euros	2020	2019
Revenues		
Accounting impact of a swap set up for the transfer of an activity (Corporate Centre)	(104)	
Total exceptional revenues	**(104)**	
Operating expenses		
Restructuring costs(1) and adaptation costs(2) (Corporate Centre)	(211)	(473)
IT reinforcement costs (Corporate Centre)	(178)	
Donations and staff safety measures relating to the health crisis (Corporate Centre)	(132)	
Transformation costs – 2020 Plan (Corporate Centre)		(744)
Total exceptional operating expenses	**(521)**	**(1217)**
Other non-operating items		
Capital gain on the sale of buildings (Corporate Centre)	699	101
Capital gain related to the strategic agreement with Allfunds (Corporate Centre)	371	
Capital gain on the sale of 16.8% of SBI Life and deconsolidation of the residual stake (Corporate Centre)		1450
Goodwill impairments (Corporate Centre)		(818)
Impairment of investment accounted for under equity method (Corporate Centre)	(130)	
Total exceptional other non-operating items	**940**	**732**
TOTAL EXCEPTIONAL ITEMS (PRE-TAX)	**316**	**(485)**
TOTAL EXCEPTIONAL ITEMS (AFTER TAX)(3)	**264**	**(242)**

(1) Related in particular to the restructuring of certain businesses (amongst others CIB).
(2) Related in particular to BancWest and CIB.
(3) Group share.

4 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The consolidated financial statements of the BNP Paribas Group are presented for the years ended 31 December 2020 and 31 December 2019. In accordance with Article 20.1 of Annex I of European Commission Regulation (EC) 809/2004, the consolidated financial statements for the year ended 31 December 2018 are provided in the Universal registration document filed with the Autorité des Marchés Financiers on 3 March 2020 under number D.20-0097.

4.1 Profit and loss account for the year ended 31 December 2020

In millions of euros	Notes	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Interest income	2.a	33,589	37,327
Interest expense	2.a	(12,277)	(16,200)
Commission income	2.b	13,599	13,265
Commission expense	2.b	(3,737)	(3,900)
Net gain on financial instruments at fair value through profit or loss	2.c	6,861	7,111
Net gain on financial instruments at fair value through equity	2.d	249	350
Net gain on derecognised financial assets at amortised cost		36	3
Net income from insurance activities	2.e	4,114	4,437
Income from other activities	2.f	13,194	13,502
Expense on other activities	2.f	(11,353)	(11,298)
REVENUES		**44,275**	**44,597**
Salary and employee benefit expense	6.a	(16,946)	(17,553)
Other operating expenses	2.g	(10,809)	(11,339)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	4.n	(2,439)	(2,445)
GROSS OPERATING INCOME		**14,081**	**13,260**
Cost of risk	2.h	(5,717)	(3,203)
OPERATING INCOME		**8,364**	**10,057**
Share of earnings of equity-method entities	4.m	423	586
Net gain on non-current assets		1,030	1,569
Goodwill	4.o	5	(818)
PRE-TAX INCOME		**9,822**	**11,394**
Corporate income tax	2.i	(2,407)	(2,811)
NET INCOME		**7,415**	**8,583**
Net income attributable to minority interests		348	410
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		**7,067**	**8,173**
Basic earnings per share	7.a	5.31	6.21
Diluted earnings per share	7.a	5.31	6.21

4.2 Statement of net income and changes in assets and liabilities recognised directly in equity

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Net income for the period	**7,415**	**8,583**
Changes in assets and liabilities recognised directly in equity	**(2,599)**	**1,630**
Items that are or may be reclassified to profit or loss	**(2,477)**	**1,565**
Changes in exchange differences	(3,151)	530
Changes in fair value of financial assets at fair value through equity		
Changes in fair value recognised in equity	*586*	*283*
Changes in fair value reported in net income	*(143)*	*(191)*
Changes in fair value of investments of insurance activities		
Changes in fair value recognised in equity	-	*883*
Changes in fair value reported in net income	*(35)*	*(76)*
Changes in fair value of hedging instruments		
Changes in fair value recognised in equity	*633*	*494*
Changes in fair value reported in net income	*(38)*	*(125)*
Income tax	(219)	(391)
Changes in equity-method investments	(110)	158
Items that will not be reclassified to profit or loss	**(122)**	**65**
Changes in fair value of equity instruments designated as at fair value through equity	89	114
Debt remeasurement effect arising from BNP Paribas Group issuer risk	(193)	9
Remeasurement gains (losses) related to post-employment benefit plans	8	(28)
Income tax	(8)	(15)
Changes in equity-method investments	(18)	(15)
TOTAL	**4,816**	**10,213**
Attributable to equity shareholders	4,508	9,796
Attributable to minority interests	308	417

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4.3 Balance sheet at 31 December 2020

In millions of euros	Notes	31 December 2020	31 December 2019
ASSETS			
Cash and balances at central banks		308,703	155,135
Financial instruments at fair value through profit or loss			
Securities	4.a	167,927	131,935
Loans and repurchase agreements	4.a	244,878	196,927
Derivative financial instruments	4.a	276,779	247,287
Derivatives used for hedging purposes	4.b	15,600	12,452
Financial assets at fair value through equity			
Debt securities	4.c	55,981	50,403
Equity securities	4.c	2,209	2,266
Financial assets at amortised cost			
Loans and advances to credit institutions	4.e	18,982	21,692
Loans and advances to customers	4.e	809,533	805,777
Debt securities	4.e	118,316	108,454
Remeasurement adjustment on interest-rate risk hedged portfolios		5,477	4,303
Financial investments of insurance activities	4.i	265,356	257,818
Current and deferred tax assets	4.k	6,559	6,813
Accrued income and other assets	4.l	140,904	113,535
Equity-method investments	4.m	6,396	5,952
Property, plant and equipment and investment property	4.n	33,499	32,295
Intangible assets	4.n	3,899	3,852
Goodwill	4.o	7,493	7,817
TOTAL ASSETS		**2,488,491**	**2,164,713**
LIABILITIES			
Deposits from central banks		1,594	2,985
Financial instruments at fair value through profit or loss			
Securities	4.a	94,263	65,490
Deposits and repurchase agreements	4.a	288,595	215,093
Issued debt securities	4.a	64,048	63,758
Derivative financial instruments	4.a	282,608	237,885
Derivatives used for hedging purposes	4.b	13,320	14,116
Financial liabilities at amortised cost			
Deposits from credit institutions	4.g	147,657	84,566
Deposits from customers	4.g	940,991	834,667
Debt securities	4.h	148,303	157,578
Subordinated debt	4.h	22,474	20,003
Remeasurement adjustment on interest-rate risk hedged portfolios		6,153	3,989
Current and deferred tax liabilities	4.k	3,001	3,566
Accrued expenses and other liabilities	4.l	107,846	102,749
Technical reserves and other insurance liabilities	4.i	240,741	236,937
Provisions for contingencies and charges	4.p	9,548	9,486
TOTAL LIABILITIES		**2,371,142**	**2,052,868**
EQUITY			
Share capital, additional paid-in capital and retained earnings		*106,228*	*97,135*
Net income for the period attributable to shareholders		*7,067*	*8,173*
Total capital, retained earnings and net income for the period attributable to shareholders		**113,295**	**105,308**
Changes in assets and liabilities recognised directly in equity		*(496)*	*2,145*
Shareholders' equity		**112,799**	**107,453**
Minority interests	7.d	**4,550**	**4,392**
TOTAL EQUITY		**117,349**	**111,845**
TOTAL LIABILITIES AND EQUITY		**2,488,491**	**2,164,713**

4.4 Cash flow statement for the year ended 31 December 2020

In millions of euros	Notes	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Pre-tax income		**9,822**	**11,394**
Non-monetary items included in pre-tax net income and other adjustments		**5,741**	**13,413**
Net depreciation/amortisation expense on property, plant and equipment and intangible assets		6,325	6,108
Impairment of goodwill and other non-current assets		24	796
Net addition to provisions		6,971	11,071
Share of earnings of equity-method entities		(423)	(586)
Net (income) from investing activities		(1,034)	(1,585)
Net (income) from financing activities		(2,470)	(830)
Other movements		(3,652)	(1,561)
Net increase (decrease) in cash related to assets and liabilities generated by operating activities		**123,761**	**(75,644)**
Net increase (decrease) in cash related to transactions with customers and credit institutions		152,167	(14,723)
Net decrease in cash related to transactions involving other financial assets and liabilities		(18,050)	(51,042)
Net decrease in cash related to transactions involving non-financial assets and liabilities		(7,767)	(7,945)
Taxes paid		(2,589)	(1,934)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS GENERATED BY OPERATING ACTIVITIES		**139,324**	**(50,837)**
Net (decrease) increase in cash related to acquisitions and disposals of consolidated entities		(78)	1,675
Net decrease related to property, plant and equipment and intangible assets		(773)	(1,998)
NET DECREASE IN CASH AND EQUIVALENTS RELATED TO INVESTING ACTIVITIES		**(851)**	**(323)**
Increase (decrease) in cash and equivalents related to transactions with shareholders		773	(3,987)
Increase in cash and equivalents generated by other financing activities		17,751	24,128
NET INCREASE IN CASH AND EQUIVALENTS RELATED TO FINANCING ACTIVITIES		**18,524**	**20,141**
EFFECT OF MOVEMENT IN EXCHANGE RATES ON CASH AND EQUIVALENTS		**(2,614)**	**714**
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS		**154,383**	**(30,305)**
Balance of cash and equivalent accounts at the start of the period		**152,218**	**182,523**
Cash and amounts due from central banks		155,151	185,134
Due to central banks		(2,985)	(1,354)
On demand deposits with credit institutions		8,972	8,813
On demand loans from credit institutions	4.g	(9,072)	(10,571)
Deduction of receivables and accrued interest on cash and equivalents		152	501
Balance of cash and equivalent accounts at the end of the period		**306,601**	**152,218**
Cash and amounts due from central banks		308,721	155,151
Due to central banks		(1,594)	(2,985)
On demand deposits with credit institutions		8,380	8,972
On demand loans from credit institutions	4.g	(8,995)	(9,072)
Deduction of receivables and accrued interest on cash and equivalents		89	152
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS		**154,383**	**(30,305)**

4.5 Statement of changes in shareholders' equity

	Capital and retained earnings				Changes in assets and liabilities recognised directly in equity that will not be reclassified to profit or loss	
In millions of euros	Share capital and additional paid-in-capital	Undated Super Subordinated Notes	Non-distributed reserves	Total	Financial assets designated as at fair value through equity	Own-credit valuation adjustment of debt securities designated as at fair value through profit or loss
Capital and retained earnings at 1 January 2019	**27,036**	**8,230**	**65,550**	**100,816**	**403**	**(182)**
Appropriation of net income for 2018			**(3,772)**	**(3,772)**		
Increases in capital and issues		1,512	(2)	1,510		
Reduction or redemption of capital		(1,069)	(14)	(1,083)		
Movements in own equity instruments	34	16	36	86		
Remuneration on preferred shares and undated super subordinated notes			(401)	(401)		
Impact of internal transactions on minority shareholders *(note 7.d)*			(1)	(1)		
Acquisitions of additional interests or partial sales of interests *(note 7.d)*			18	18		
Change in commitments to repurchase minority shareholders' interests			(7)	(7)		
Other movements			(19)	(19)		
Realised gains or losses reclassified to retained earnings			(12)	(12)		12
Changes in assets and liabilities recognised directly in equity				-	108	7
Net income for 2019			**8,173**	**8,173**		
Capital and retained earnings at 31 December 2019	**27,070**	**8,689**	**69,549**	**105,308**	**511**	**(163)**
Appropriation of net income for 2019				**-**		
Increases in capital and issues		1,609	(2)	1,607		
Reduction or redemption of capital		(335)	(5)	(340)		
Movements in own equity instruments	(17)	(15)	40	8		
Remuneration on preferred shares and undated super subordinated notes			(426)	(426)		
Movements in consolidation scope impacting minority shareholders *(note 7.d)*				-		
Acquisitions of additional interests or partial sales of interests *(note 7.d)*			(1)	(1)		
Change in commitments to repurchase minority shareholders' interests			(8)	(8)		
Other movements			(2)	(2)		
Realised gains or losses reclassified to retained earnings			82	82	(84)	2
Changes in assets and liabilities recognised directly in equity				-	34	(142)
Net income for 2020			**7,067**	**7,067**		
Capital and retained earnings at 31 December 2020	**27,053**	**9,948**	**76,294**	**113,295**	**461**	**(303)**

between 1 January 2019 and 31 December 2020

Changes in assets and liabilities recognised directly in equity that will not be reclassified to profit or loss		Changes in assets and liabilities recognised directly in equity that may be reclassified to profit or loss							
Remeasurement gains (losses) related to post-employment benefits plans	Total	Exchange differences	Financial assets at fair value through equity	Financial investments of insurance activities	Derivatives used for hedging purposes	Total	Total shareholders' equity	Minority interests (note 7.d)	Total equity
210	**431**	**(2,473)**	**201**	**1,529**	**822**	**79**	**101,326**	**4,254**	**105,580**
	-					**-**	**(3,772)**	**(227)**	**(3,999)**
	-					-	1,510	10	1,520
	-					-	(1,083)		(1,083)
	-					-	86		86
	-					-	(401)	(1)	(402)
	-					-	(1)	1	-
	-					-	18	1	19
	-					-	(7)	(64)	(71)
	-					-	(19)	1	(18)
	12					-	-		-
(50)	65	571	40	709	238	1,558	1,623	7	1,630
	-					**-**	**8,173**	**410**	**8,583**
160	**508**	**(1,902)**	**241**	**2,238**	**1,060**	**1,637**	**107,453**	**4,392**	**111,845**
	-					**-**	-	**(84)**	**(84)**
	-					-	1,607		1,607
	-					-	(340)		(340)
	-					-	8		8
	-					-	(426)	(1)	(427)
	-					-	-	5	5
	-					-	(1)	1	-
	-					-	(8)	(69)	(77)
	-					-	(2)	(2)	(4)
	(82)					-	-		-
(6)	(114)	(3,131)	316	(4)	374	(2,445)	(2,559)	(40)	(2,599)
	-					**-**	**7,067**	**348**	**7,415**
154	**312**	**(5,033)**	**557**	**2,234**	**1,434**	**(808)**	**112,799**	**4,550**	**117,349**

4.6 Notes to the financial statements prepared in accordance with IFRS as adopted by the European Union

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED BY THE GROUP

1.a ACCOUNTING STANDARDS

1.a.1 Applicable accounting standards

The coronavirus outbreak characterised by the World Health Organisation as a pandemic on 11 March 2020 as well as measures introduced by governments and regulators to tackle the outbreak have affected the global supply chain as well as demand for goods and services and therefore had a significant impact on the global growth. At the same time, fiscal and monetary policies have been eased to sustain the economy.

The consolidated financial statements of BNP Paribas have been prepared on a going concern basis. The impacts of the pandemic, mitigated by all countercyclical measures such as government and financial support to customers, mainly relate to expected credit losses and asset valuation. These impacts were estimated against a background of uncertainty about the magnitude of the impact of the outbreak on local and global economies.

The consolidated financial statements of the BNP Paribas Group have been prepared in accordance with international accounting standards (International Financial Reporting Standards – IFRS), as adopted for use in the European Union[1]. Accordingly, certain provisions of IAS 39 on hedge accounting have been excluded, and certain recent texts have not yet undergone the approval process.

Information on the nature and extent of risks relating to financial instruments as required by IFRS 7 "Financial Instruments: Disclosures" and to insurance contracts as required by IFRS 4 "Insurance Contracts", along with information on regulatory capital required by IAS 1 "Presentation of Financial Statements" are presented in chapter 5 of the Universal Registration Document. This information, which is an integral part of the notes to the consolidated financial statements of the BNP Paribas Group as at 31 December 2020, is covered by the opinion of the Statutory Auditors on the financial statements and is identified in the management report by the word "Audited". Section 4 of chapter 5, paragraph *Exposures, provisions and cost of risk* provides, in particular, IFRS 7 information on credit risk exposures and related impairments detailed according to their performing or non-performing status, by geographic area and by industry, as well as details of loans and advances subject to moratoria or to public guarantee schemes in response to the health crisis.

- Since 1 January 2019, the Group applies IFRS 16 "Leases", adopted by the European Union on 31 October 2017.

  The IFRS Interpretation Committee has been requested with a question concerning the determination of a lease term of two types of contracts cancellable or renewable:

  - contracts with no particular contractual term, cancellable at any time with notice period by either the lessee and the lessor without penalty;
  - contracts concluded for an initial short period (normally 12 months), renewable indefinitely by tacit renewal for the same period, unless the lessor and the lessee gives notice to the contrary;

  At the end of its meeting of 26 November 2019, IFRIC confirmed that the enforceability of the two types of contracts may extend beyond the notice period if either party has an economic incentive not negligible to not terminate the lease. IFRIC also confirmed that if an entity expects to use non-removable leasehold improvements after the date on which the contract can be terminated, the existence of such improvements indicates that the entity may incur a significant economic penalty in the event of termination and in this case the contract becomes enforceable beyond the date of termination.

  The Group implemented this decision with no significant impact.

- In relation to the IBOR and Eonia rates reform, at the end of 2018 the Group launched a global programme, involving all business lines and functions. This programme aims at managing and implementing the transition from the old benchmark interest rates to the new ones in major jurisdictions and currencies (euro, pound sterling, United States dollar, Swiss franc and Japanese yen), while reducing the risks associated with this transition and meeting the deadlines set by the competent authorities. The Group contributed to market-wide workshops with central banks and supervisors.

  The announcements by public authorities in the United Kingdom, the United States and the Libors administrator (ICE BA) at the end of November 2020 changed the transition period that was initially scheduled to be completed by the end of 2021. For the GBP Libor, a synthetic Libor may be published beyond the end of 2021 for use in certain contracts known as "tough legacy" contracts. In the United States, the decision was taken to continue publishing the USD Libor until mid-2023, as a legislative solution is being sought for some asset classes, including floating-rate bonds.

(1) The full set of standards adopted for use in the European Union can be found on the website of the European Commission at: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_en

Based on the progress made in 2020, notably with the definition of a detailed plan, the Bank is confident in its operational capacity to manage the transition process of large volumes of transactions to the new benchmark rates.

In Europe, the Eonia-€STR transition, which is purely technical in view of the fixed link between these two indices, continued, while the maintenance of Euribor on a sine die basis was confirmed.

The reform of IBOR rates in other currencies exposes the Bank to various risks that the programme aims to manage closely. These risks include in particular:

- change management risks, but also of litigation and conduct linked to negotiations with customers and market counterparties to amend existing contracts;
- operational risks related to changes in the Bank's IT systems and processes;
- economic risks in case of financial market disturbances linked to the various transitions induced by the IBOR reform;
- valuation risks in a scenario of reduced liquidity during the transition in certain derivative market segments.

In September 2019, the IASB published "Phase 1" amendments to IAS 39 and IFRS 7, amending the hedge accounting requirements so that hedges affected by the benchmark interest rate reform can continue despite the uncertainty before the hedged items or hedging instruments are amended to incorporate the reformed benchmark rates. These amendments, endorsed by the European Commission on 15 January 2020, are mandatory for annual financial statement as from 1 January 2020, with the possibility of early adoption, an option which the Group has chosen.

In August 2020, the IASB published "Phase 2" amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 introducing several changes applicable during the effective transition to the new benchmark interest rates. These amendments allow for changes in the contractual cash flows of financial instruments resulting from the IBOR reform to be treated as a simple reset of their variable interest rate, provided, however, that such changes are made on an economically equivalent basis. They also allow the continuation of hedging relationships, subject to amending their documentation to reflect changes in hedged instruments, hedging instruments, hedged risk, and/or the method for measuring effectiveness during the transition to the new reference rates. The measures introduced in this framework also include:

- the possibility of documenting an interest rate as a hedged risk component even if this rate is not immediately separately identifiable, provided that it can reasonably be expected to become so within 24 months;
- the possibility of resetting cumulative fair value changes to zero in the hedge ineffectiveness test;
- and the obligation in the framework of portfolio hedges to isolate in subgroups instruments referring to the new risk-free rates (RFR).

These amendments, adopted by the European Commission in December 2020, are applicable for the annual financial statements as from 1 January 2021, with the possibility of early adoption, an option which the Group has chosen in order to maintain its existing hedging relationships which have been modified as a result of the transition to the new RFRs.

The Group has documented hedging relationships in regard of reference interest rates in the scope of the reform, mainly Eonia, Euribor, and Libor rates. For these hedging relationships, the hedged items and hedging instruments will be progressively amended, where necessary, to incorporate the new rates. The "Phase 1" amendments to IAS 39 and IFRS 7 are applicable when the contractual terms of the hedged instruments or of the hedging instruments have not yet been amended (*i.e.* with the inclusion of a "fallback" clause), or if they have been amended, when the terms and the date of the transition to the new reference interest rates have not been clearly stipulated. Conversely, the "Phase 2" amendments are applicable when the contractual terms of the hedged instruments or of the hedging instruments have been amended, and the terms and date of transition to the new reference interest rates have been clearly stipulated.

The notional amounts of hedging instruments documented in the hedging relationships impacted by the benchmark interest rate reform are presented in note 4.b *Derivative instruments used for hedging purposes*.

As at 31 December 2020, 143,964 contracts with a maturity date beyond 31 December 2021 are backed by rates covered by this reform, including 104,315 derivative contracts.

Besides, the reform leads to a change in the reference overnight interest rate applied for the remuneration of collateral. This was accomplished in particular in 2020 by the clearing houses for derivatives in euro and United States dollar, leading to changes in valuation curves. The net impact of these changes on the Group accounts is non-significant.

The introduction of other standards, amendments and interpretations that are mandatory as from 1 January 2020 had no effect on the 2020 financial statements.

The Group did not anticipate the application of the new standards, amendments, and interpretations adopted by the European Union, when the application in 2020 was optional.

1.a.2 New major accounting standards, published but not yet applicable

IFRS 17 "Insurance Contracts", issued in May 2017, will replace IFRS 4 "Insurance Contracts" and will become mandatory for annual periods beginning on or after 1 January 2023(1), after its adoption by the European Union for application in Europe.

The analysis of the standard and the identification of its effects are going on.

(1) On 25 June 2020, the IASB published "Amendments to IFRS 17" including in particular the deferral of the mandatory initial application of IFRS 17 for two years.

1.b CONSOLIDATION

1.b.1 Scope of consolidation

The consolidated financial statements of BNP Paribas include entities that are controlled by the Group, jointly controlled, and under significant influence, with the exception of those entities whose consolidation is regarded as immaterial to the Group. Companies that hold shares in consolidated companies are also consolidated.

Subsidiaries are consolidated from the date on which the Group obtains effective control. Entities under temporary control are included in the consolidated financial statements until the date of disposal.

1.b.2 Consolidation methods

Exclusive control

Controlled enterprises are fully consolidated. The Group controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

For entities governed by voting rights, the Group generally controls the entity if it holds, directly or indirectly, the majority of the voting rights (and if there are no contractual provisions that alter the power of these voting rights) or if the power to direct the relevant activities of the entity is conferred on it by contractual agreements.

Structured entities are entities established so that they are not governed by voting rights, for instance when those voting rights relate to administrative tasks only, whereas the relevant activities are directed by means of contractual arrangements. They often have the following features or attributes: restricted activities, a narrow and well-defined objective and insufficient equity to permit them to finance their activities without subordinated financial support.

For these entities, the analysis of control shall consider the purpose and design of the entity, the risks to which the entity is designed to be exposed and to what extent the Group absorbs the related variability. The assessment of control shall consider all facts and circumstances able to determine the Group's practical ability to make decisions that could significantly affect its returns, even if such decisions are contingent on uncertain future events or circumstances.

In assessing whether it has power, the Group considers only substantive rights which it holds or which are held by third parties. For a right to be substantive, the holder must have the practical ability to exercise that right when decisions about the relevant activities of the entity need to be made.

Control shall be reassessed if facts and circumstances indicate that there are changes to one or more of the elements of control.

Where the Group contractually holds the decision-making power, for instance where the Group acts as fund manager, it shall determine whether it is acting as agent or principal. Indeed, when associated with a certain level of exposure to the variability of returns, this decision-making power may indicate that the Group is acting on its own account and that it thus has control over those entities.

Minority interests are presented separately in the consolidated profit and loss account and balance sheet within consolidated equity. The calculation of minority interests takes into account the outstanding cumulative preferred shares classified as equity instruments issued by subsidiaries, when such shares are held outside the Group.

As regards fully consolidated funds, units held by third-party investors are recognised as debts at fair value through profit or loss, inasmuch as they are redeemable at fair value at the subscriber's initiative.

For transactions resulting in a loss of control, any equity interest retained by the Group is remeasured at its fair value through profit or loss.

Joint control

Where the Group carries out an activity with one or more partners, sharing control by virtue of a contractual agreement which requires unanimous consent on relevant activities (those that significantly affect the entity's returns), the Group exercises joint control over the activity. Where the jointly controlled activity is structured through a separate vehicle in which the partners have rights to the net assets, this joint venture is accounted for using the equity method. Where the jointly controlled activity is not structured through a separate vehicle or where the partners have rights to the assets and obligations for the liabilities of the jointly controlled activity, the Group accounts for its share of the assets, liabilities, revenues and expenses in accordance with the applicable IFRSs.

Significant influence

Companies over which the Group exercises significant influence or associates are accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decisions of a company without exercising control. Significant influence is presumed to exist when the Group holds, directly or indirectly, 20% or more of the voting rights of a company. Interests of less than 20% can be included in the consolidation scope if the Group effectively exercises significant influence. This is the case for example for entities developed in partnership with other associates, where the BNP Paribas Group participates in strategic decisions of the enterprise through representation on the Board of directors or equivalent governing body, or exercises influence over the enterprise's operational management by supplying management systems or senior managers, or provides technical assistance to support the enterprise's development.

Changes in the net assets of associates (companies accounted for under the equity method) are recognised on the assets side of the balance sheet under "Investments in equity-method entities" and in the relevant component of shareholders' equity. Goodwill recorded on associates is also included under "Equity-method investments".

Whenever there is an indication of impairment, the carrying amount of the investment consolidated under the equity method (including goodwill) is subjected to an impairment test, by comparing its recoverable value (the higher of value-in-use and market value less costs to sell) to its carrying amount. Where appropriate, impairment is recognised under "Share of earnings of equity-method entities" in the consolidated income statement and can be reversed at a later date.

If the Group's share of losses of an equity-method entity equals or exceeds the carrying amount of its investment in this entity, the Group discontinues including its share of further losses. The investment is reported at nil value. Additional losses of the equity-method entity are provided for only to the extent that the Group has contracted a legal or constructive obligation, or has made payments on behalf of this entity.

Where the Group holds an interest in an associate, directly or indirectly through an entity that is a venture capital organisation, a mutual fund, an open-ended investment company or similar entity such as an investment-related insurance fund, it may elect to measure that interest at fair value through profit or loss.

Realised gains and losses on investments in consolidated undertakings are recognised in the profit and loss account under "Net gain on non-current assets".

The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events occurring in similar circumstances.

1.b.3 Consolidation rules

Elimination of intragroup balances and transactions

Intragroup balances arising from transactions between consolidated enterprises, and the transactions themselves (including income, expenses and dividends), are eliminated. Profits and losses arising from intragroup sales of assets are eliminated, except where there is an indication that the asset sold is impaired. Unrealised gains and losses included in the value of financial instruments at fair value through equity and available-for-sale assets are maintained in the consolidated financial statements.

Translation of accounts expressed in foreign currencies

The consolidated financial statements of BNP Paribas are prepared in euros.

The financial statements of enterprises whose functional currency is not the euro are translated using the closing rate method. Under this method, all assets and liabilities, both monetary and non-monetary, are translated using the spot exchange rate at the balance sheet date. Income and expense items are translated at the average rate for the period.

The same method is applied to the financial statements of enterprises located in hyperinflationary economies, after adjusting for the effects of inflation by applying a general price index.

Differences arising from the translation of balance sheet items and profit and loss items are recorded in shareholders' equity under "Exchange differences", and in "Minority interests" for the portion attributable to outside investors. Under the optional treatment permitted by IFRS 1, the Group has reset to zero all translation differences, by booking all cumulative translation differences attributable to shareholders and to minority interests in the opening balance sheet at 1 January 2004 to retained earnings.

On liquidation or disposal of some or all of an interest held in a foreign enterprise located outside the eurozone, leading to a change in the nature of the investment (loss of control, loss of significant influence or loss of joint control without keeping a significant influence), the cumulative exchange difference at the date of liquidation or sale, determined according to the step method, is recognised in the profit and loss account.

Should the percentage of interest change without leading to a modification in the nature of the investment, the exchange difference is reallocated between the portion attributable to shareholders and that attributable to minority interests if the entity is fully consolidated; if the entity is consolidated under the equity method, it is recorded in profit or loss for the portion related to the interest sold.

1.b.4 Business combination and measurement of goodwill

Business combinations

Business combinations are accounted for using the purchase method.

Under this method, the acquiree's identifiable assets and liabilities assumed are measured at fair value at the acquisition date except for non-current assets classified as assets held for sale which are accounted for at fair value less costs to sell.

The acquiree's contingent liabilities are not recognised in the consolidated balance sheet unless they represent a present obligation on the acquisition date and their fair value can be measured reliably.

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued to obtain control of the acquiree. Costs directly attributable to the business combination are treated as a separate transaction and recognised through profit or loss.

Any contingent consideration is included in the cost, as soon as control is obtained, at fair value on the date when control was acquired. Subsequent changes in the value of any contingent consideration recognised as a financial liability are recognised through profit or loss.

The Group may recognise any adjustments to the provisional accounting within 12 months of the acquisition date.

Goodwill represents the difference between the cost of the combination and the acquirer's interest in the net fair value of the identifiable assets and liabilities of the acquiree at the acquisition date. Positive goodwill is recognised in the acquirer's balance sheet, while negative goodwill is recognised immediately in profit or loss, on the acquisition date. Minority interests are measured at their share of the fair value of the acquiree's identifiable assets and liabilities. However, for each business combination, the Group can elect to measure minority interests at fair value, in which case a proportion of goodwill is allocated to them. To date, the Group has never used this latter option.

Goodwill is recognised in the functional currency of the acquiree and translated at the closing exchange rate.

On the acquisition date, any previously held equity interest in the acquiree is remeasured at its fair value through profit or loss. In the case of a step acquisition, the goodwill is therefore determined by reference to the acquisition-date fair value.

Since the revised IFRS 3 has been applied prospectively, business combinations completed prior to 1 January 2010 were not restated for the effects of changes to IFRS 3.

As permitted under IFRS 1, business combinations that took place before 1 January 2004 and were recorded in accordance with the previously applicable accounting standards (French GAAP), had not been restated in accordance with the principles of IFRS 3.

Measurement of goodwill

The BNP Paribas Group tests goodwill for impairment on a regular basis.

Cash-generating units

The BNP Paribas Group has split all its activities into cash-generating units[1] representing major business lines. This split is consistent with the Group's organisational structure and management methods, and reflects the independence of each unit in terms of results and management approach. It is reviewed on a regular basis in order to take account of events likely to affect the composition of cash-generating units, such as acquisitions, disposals and major reorganisations.

Testing cash-generating units for impairment

Goodwill allocated to cash-generating units is tested for impairment annually and whenever there is an indication that a unit may be impaired, by comparing the carrying amount of the unit with its recoverable amount. If the recoverable amount is less than the carrying amount, an irreversible impairment loss is recognised, and the goodwill is written down by the excess of the carrying amount of the unit over its recoverable amount.

Recoverable amount of a cash-generating unit

The recoverable amount of a cash-generating unit is the higher of the fair value of the unit less costs to sell, and its value in use.

Fair value is the price that would be obtained from selling the unit at the market conditions prevailing at the date of measurement, as determined mainly by reference to actual prices of recent transactions involving similar entities or on the basis of stock market multiples for comparable companies.

Value in use is based on an estimate of the future cash flows to be generated by the cash-generating unit, derived from the annual forecasts prepared by the unit's management and approved by Group Executive Management, and from analyses of changes in the relative positioning of the unit's activities on their market. These cash flows are discounted at a rate that reflects the return that investors would require from an investment in the business sector and region involved.

1.c TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS

The methods used to account for assets and liabilities relating to foreign currency transactions entered into by the Group, and to measure the foreign exchange risk arising on such transactions, depend on whether the asset or liability in question is classified as a monetary or a non-monetary item.

Monetary assets and liabilities[2] expressed in foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into the functional currency of the relevant Group entity at the closing rate. Foreign exchange differences are recognised in the profit and loss account, except for those arising from financial instruments designated as a cash flow hedge or a net foreign investment hedge, which are recognised in shareholders' equity.

Non-monetary assets and liabilities expressed in foreign currencies

Non-monetary assets may be measured either at historical cost or at fair value. Non-monetary assets expressed in foreign currencies are translated using the exchange rate at the date of the transaction (*i.e.* date of initial recognition of the non-monetary asset) if they are measured at historical cost, and at the closing rate if they are measured at fair value.

Foreign exchange differences relating to non-monetary assets denominated in foreign currencies and recognised at fair value (equity instruments) are recognised in profit or loss when the asset is classified in "Financial assets at fair value through profit or loss" and in equity when the asset is classified under "Financial assets at fair value through equity".

1.d NET INTEREST INCOME, COMMISSIONS AND INCOME FROM OTHER ACTIVITIES

1.d.1 Net interest income

Income and expenses relating to debt instruments measured at amortised cost and at fair value through shareholders' equity are recognised in the income statement using the effective interest rate method.

The effective interest rate is the rate that ensures the discounted value of estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period, is equal to the carrying amount of the asset or liability in the balance sheet. The effective interest rate measurement takes into account all fees received or paid that are an integral part of the effective interest rate of the contract, transaction costs, and premiums and discounts.

Commissions considered as an additional component of interest are included in the effective interest rate, and are recognised in the profit

(1) As defined by IAS 36.

(2) Monetary assets and liabilities are assets and liabilities to be received or paid in fixed or determinable amounts of cash.

and loss account in "Net interest income". This category includes notably commissions on financing commitments when it is considered that the setting up of a loan is more likely than unlikely. Commissions received in respect of financing commitments are deferred until they are drawn and then included in the effective interest rate calculation and amortised over the life of the loan. Syndication commissions are also included in this category for the portion of the commission equivalent to the remuneration of other syndication participants.

1.d.2 Commissions and income from other activities

Commissions received with regards to banking and similar services provided (except for those that are integral part of the effective interest rate), revenues from property development and revenues from services provided in connection with lease contracts fall within the scope of IFRS 15 "Revenue from Contracts with Customers".

This standard defines a single model for recognising revenue based on five-step principles. These five steps enable to identify the distinct performance obligations included in the contracts and allocate the transaction price among them. The income related to those performance obligations is recognised as revenue when the latter are satisfied, namely when the control of the promised goods or services has been transferred.

The price of a service may contain a variable component. Variable amounts may be recognised in the income statement only if it is highly probable that the amounts recorded will not result in a significant downward adjustment.

Commissions

The Group records commission income and expense in profit or loss:

- either over time as the service is rendered when the client receives continuous service. These include, for example, certain commissions on transactions with customers when services are rendered on a continuous basis, commissions on financing commitments that are not included in the interest margin, because the probability that they give rise to the drawing up of a loan is low, commissions on financial collateral, clearing commissions on financial instruments, commissions related to trust and similar activities, securities custody fees, *etc*.

  Commissions received under financial guarantee commitments are deemed to represent the initial fair value of the commitment. The resulting liability is subsequently amortised over the term of the commitment, in Commission income;
- or at a point in time when the service is rendered, in other cases. These include, for example, distribution fees received, loan syndication fees remunerating the arrangement service, advisory fees, *etc*.

Income from other activities

Income from property development as well as income from services provided in connection with lease contracts is recorded under 'income from other activities' in the income statement.

As regards property development income, the Group records it in profit or loss:

- over time, when the performance obligation creates or enhances an asset on which the customer obtains control as it is created or enhanced (*e.g.* work in progress controlled by the client on the land in which the asset is located, *etc.*), or where the service performed does not create an asset that the entity could otherwise use and gives it enforceable right to payment for performance completed to date. This is the case for contracts such as VEFA (sale in the future state of completion) in France;
- at completion in other cases.

Regarding income from services provided in connection with lease contracts, the Group records them in profit or loss as the service is rendered, *i.e.* in proportion to the costs incurred for maintenance contracts.

1.e FINANCIAL ASSETS AND LIABILITIES

Financial assets, except those relating to insurance activities (see note 1.f) are classified at amortised cost, at fair value through shareholders' equity or at fair value through profit or loss depending on the business model and the contractual features of the instruments at initial recognition.

Financial liabilities are classified at amortised cost or at fair value through profit or loss at initial recognition.

Financial assets and liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets made within a period established by the regulations or by a convention in the relevant marketplace are recognised in the balance sheet at the settlement date.

1.e.1 Financial assets at amortised cost

Financial assets are classified at amortised cost if the following two criteria are met: the business model objective is to hold the instrument in order to collect the contractual cash flows and the cash flows consist solely of payments relating to principal and interest on the principal.

Business model criterion

Financial assets are managed within a business model whose objective is to hold financial assets in order to collect cash flows through the collection of contractual payments over the life of the instrument.

The realisation of disposals close to the maturity of the instrument and for an amount close to the remaining contractual cash-flows, or due to an increase in the counterparty's credit risk is consistent with a business model whose objective is to collect the contractual cash flows ("collect"). Sales imposed by regulatory requirements or to manage the concentration of credit risk (without an increase in the asset's credit risk) are also consistent with this business model when they are infrequent or insignificant in value.

Cash flow criterion

The cash flow criterion is satisfied if the contractual terms of the debt instrument give rise, on specified dates, to cash flows that are solely repayments of principal and interest on the principal amount outstanding.

The criterion is not met in the event of a contractual characteristic that exposes the holder to risks or to the volatility of contractual cash flows that are inconsistent with those of a non-structured or "basic lending" arrangement. It is also not satisfied in the event of leverage that increases the variability of the contractual cash flows.

Interest consists of consideration for the time value of money, for the credit risk, and for the remuneration of other risks (*e.g.* liquidity risk), costs (*e.g.* administration fees), and a profit margin consistent with that of a basic lending arrangement. The existence of negative interest does not call into question the cash flow criterion.

The time value of money is the component of interest – usually referred to as the "rate" component – which provides consideration for only the passage of time. The relationship between the interest rate and the passage of time shall not be modified by specific characteristics that would likely call into question the respect of the cash flow criterion.

Thus, when the variable interest rate of the financial asset is periodically reset on a frequency that does not match the duration for which the interest rate is established, the time value of money may be considered as modified and, depending on the significance of that modification, the cash flow criterion may not be met. Some financial assets held by the Group present a mismatch between the interest rate reset frequency and the maturity of the index, or interest rates indexed on an average of benchmark rate. The Group has developed a consistent methodology for analysing this alteration of the time value of money.

Regulated rates meet the cash flow criterion when they provide a consideration that is broadly consistent with the passage of time and does not expose to risks or volatility in the contractual cash flows that would be inconsistent with those of a basic lending arrangement (example: loans granted in the context of *Livret A* savings accounts).

Some contractual clauses may change the timing or the amount of cash flows. Early redemption options do not call into question the cash flow criterion if the prepayment amount substantially represents the principal amount outstanding and the interest thereon, which may include a reasonable compensation for the early termination of the contract. For example, as regards loans to retail customers, the compensation limited to 6 months of interest or 3% of the capital outstanding is considered as reasonable. Actuarial penalties, corresponding to the discount value of the difference between the residual contractual cash-flows of the loan, and their reinvestment in a loan to a similar counterparty or in the interbank market for a similar residual maturity are also considered as reasonable, even when the compensation can be positive or negative (*i.e.* so called "symmetric" compensations). An option that permits the issuer or the holder of a financial instrument to change the interest rate from floating to fixed rate does not breach the cash flow criterion if the fixed rate is determined at origination, or if it represents the time value of money for the residual maturity of the instrument at the date of exercise of the option.

In the particular case of financial assets contractually linked to payments received on a portfolio of underlying assets and which include a priority order for payment of cash flows between investors ("tranches"), thereby creating concentrations of credit risk, a specific analysis is carried out. The contractual characteristics of the tranche and those of the underlying financial instruments portfolios must meet the cash flow criterion and the credit risk exposure of the tranche must be equal or lower than the exposure to credit risk of the underlying pool of financial instruments.

Certain loans may be "non-recourse", either contractually, or in substance when they are granted to a special purpose entity. That is in particular the case of numerous project financing or asset financing loans. The cash-flow criterion is met as long as these loans do not represent a direct exposure on the assets acting as collateral. In practice, the sole fact that the financial asset explicitly gives rise to cash-flows that are consistent with payments of principal and interest is not sufficient to conclude that the instrument meets the cash-flows criterion. In that case, the particular underlying assets to which there is limited recourse shall be analysed using the "look-through" approach. If those assets do not themselves meet the cash-flows criterion, an assessment of the existing credit enhancement has to be performed. The following aspects are considered: structuring and sizing of the transaction, own funds level of the structure, expected source of repayment, volatility of the underlying assets. This analysis is applied to "non-recourse" loans granted by the Group.

The "financial assets at amortised cost" category includes, in particular, loans granted by the Group, as well as, reverse repurchase agreements and securities held by the Group ALM Treasury in order to collect contractual flows and meeting the cash-flows criterion.

Recognition

On initial recognition, financial assets are recognised at their fair value, including transaction costs directly attributable to the transaction as well as commissions related to the origination of the loans.

They are subsequently measured at amortised cost, including accrued interest and net of repayments of principal and interest during the past period. These financial assets are also subject from initial recognition, to the measurement of a loss allowance for expected credit losses (note 1.e.5).

Interest is calculated using the effective interest method determined at inception of the contract.

1.e.2 Financial assets at fair value through shareholders' equity

Debt instruments

Debt instruments are classified at fair value through shareholders' equity if the following two criteria are met:

- business model criterion: Financial assets are held in a business model whose objective is achieved by both holding the financial assets in order to collect contractual cash flows and selling the financial assets ("collect and sale"). The latter is not incidental but is an integral part of the business model;
- cash flow criterion: The principles are identical to those applicable to financial assets at amortised cost.

The securities held by the Group ALM Treasury in order to collect contractual flows or to be sold and meeting the cash flow criterion are in particular classified in this category.

On initial recognition, financial assets are recognised at their fair value, including transaction costs directly attributable to the transaction. They are subsequently measured at fair value and changes in fair value are recognised, under a specific line of shareholders' equity entitled "Changes in assets and liabilities recognised directly in equity that may be reclassified to profit or loss". These financial assets are also subject to the measurement of a loss allowance for expected credit losses on the same approach as for debt instruments at amortised cost. The counterparty of the related impact in cost of risk is recognised in the same specific line of shareholders' equity. On disposal, changes in fair value previously recognised in shareholders' equity are reclassified to profit or loss.

In addition, interest is recognised in the income statement using the effective interest method determined at the inception of the contract.

Equity instruments

Investments in equity instruments such as shares are classified on option, and on a case by case basis, at fair value through shareholders' equity (under a specific line). On disposal of the shares, changes in fair value previously recognised in equity are not recognised in profit or loss. Only dividends, if they represent remuneration for the investment and not repayment of capital, are recognised in profit or loss. These instruments are not subject to impairment.

Investments in mutual funds puttable to the issuer do not meet the definition of equity instruments. They do not meet the cash flow criterion either, and thus are recognised at fair value through profit or loss.

1.e.3 Financing and guarantee commitments

Financing and financial guarantee commitments that are not recognised as derivative instruments at fair value through profit or loss are presented in the note relating to financing and guarantee commitments. They are subject to the measurement of a loss allowance for expected credit losses. These loss allowances are presented under "Provisions for contingencies and charges".

1.e.4 Regulated savings and loan contracts

Home savings accounts (*Comptes Épargne-Logement* – "CEL") and home savings plans (*Plans d'Épargne Logement* – "PEL") are government-regulated retail products sold in France. They combine a savings phase and a loan phase which are inseparable, with the loan phase contingent upon the savings phase.

These products contain two types of obligations for BNP Paribas: an obligation to pay interest on the savings for an indefinite period, at a rate set by the government at the inception of the contract (in the case of PEL products) or at a rate reset every six months using an indexation formula set by law (in the case of CEL products); and an obligation to lend to the customer (at the customer's option) an amount contingent upon the rights acquired during the savings phase, at a rate set at the inception of the contract (in the case of PEL products) or at a rate contingent upon the savings phase (in the case of CEL products).

The Group's future obligations with respect to each generation (in the case of PEL products, a generation comprises all products with the same interest rate at inception; in the case of CEL products, all such products constitute a single generation) are measured by discounting potential future earnings from at-risk outstandings for that generation.

At-risk outstandings are estimated on the basis of a historical analysis of customer behaviour, and are equivalent to:

- for the loan phase: statistically probable loans outstanding and actual loans outstanding;
- for the savings phase: the difference between statistically probable outstandings and minimum expected outstandings, with minimum expected outstandings being deemed equivalent to unconditional term deposits.

Earnings for future periods from the savings phase are estimated as the difference between the reinvestment rate and the fixed savings interest rate on at-risk savings outstanding for the period in question. Earnings for future periods from the loan phase are estimated as the difference between the refinancing rate and the fixed loan interest rate on at-risk loans outstanding for the period in question.

The reinvestment rate for savings and the refinancing rate for loans are derived from the swap yield curve and from the spreads expected on financial instruments of similar type and maturity. Spreads are determined on the basis of actual spreads on fixed rate home loans in the case of the loan phase and products offered to individual clients in the case of the savings phase. In order to reflect the uncertainty of future interest rate trends, and the impact of such trends on customer behaviour models and on at-risk outstandings, the obligations are estimated using the Monte-Carlo method.

Where the sum of the Group's estimated future obligations with respect to the savings and loan phases of any generation of contracts indicates a potentially unfavourable situation for the Group, a provision is recognised (with no offset between generations) in the balance sheet in "Provisions for contingencies and charges". Movements in this provision are recognised as interest income in the profit and loss account.

1.e.5 Impairment of financial assets measured at amortised cost and debt instruments measured at fair value through shareholders' equity

The impairment model for credit risk is based on expected losses.

This model applies to loans and debt instruments measured at amortised cost or fair value through equity, to loan commitments and financial guarantee contracts that are not recognised at fair value, as well as to lease receivables, trade receivables and contract assets.

General model

The Group identifies three "stages" that correspond each to a specific status with regards to the evolution of counterparty credit risk since the initial recognition of the asset.

- 12-month expected credit losses ("stage 1"): If at the reporting date, the credit risk of the financial instrument has not increased significantly since its initial recognition, this instrument is impaired at an amount equal to 12-month expected credit losses (resulting from the risk of default within the next 12 months).
- Lifetime expected credit losses for non-impaired assets ("stage 2"): The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk of the financial instrument has increased significantly since initial recognition, but the financial asset is not considered credit-impaired or doubtful.
- Lifetime expected credit losses for credit-impaired or doubtful financial assets ("stage 3"): the loss allowance is also measured for an amount equal to the lifetime expected credit losses.

This general model is applied to all instruments within the scope of IFRS 9 impairment, except for purchased or originated credit-impaired financial assets and instruments for which a simplified model is used (see below).

The IFRS 9 expected credit loss approach is symmetrical, *i.e.* if lifetime expected credit losses have been recognised in a previous reporting period, and if it is assessed in the current reporting period that there is no longer any significant increase in credit risk since initial recognition, the loss allowance reverts to a 12-months expected credit loss.

As regards interest income, under "stage" 1 and 2, it is calculated on the gross carrying amount. Under "stage 3", interest income is calculated on the amortised cost (*i.e.* the gross carrying amount adjusted for the loss allowance).

Definition of default

The definition of default is aligned with the Basel regulatory default definition, with a rebuttable presumption that the default occurs no later than 90 days past due. This definition takes into account the EBA guidelines of 28 September 2016, notably those regarding the thresholds applicable for the counting of past-due and probation periods.

The definition of default is used consistently for assessing the increase in credit risk and measuring expected credit losses.

Credit-impaired or doubtful financial assets

Definition

A financial asset is considered credit-impaired or doubtful and classified in "stage 3" when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

At an individual level, objective evidence that a financial asset is credit-impaired includes observable data regarding the following events: the existence of accounts that are more than 90 days past due; knowledge or indications that the borrower meets significant financial difficulties, such that a risk can be considered to have arisen regardless of whether the borrower has missed any payments; concessions with respect to the credit terms granted to the borrower that the lender would not have considered had the borrower not been meeting financial difficulty (see section *Restructuring of financial assets for financial difficulties*).

Specific cases of purchased or originated credit-impaired assets

In some cases, financial assets are credit-impaired at their initial recognition.

For these assets, there is no loss allowance accounted for at initial recognition. The effective interest rate is calculated taking into account the lifetime expected credit losses in the initial estimated cash flows. Any change in lifetime expected credit losses since initial recognition, positive or negative, is recognised as a loss allowance adjustment in profit or loss.

Simplified model

The simplified approach consists in accounting for a loss allowance corresponding to lifetime expected credit losses since initial recognition, and at each reporting date.

The Group applies this model to trade receivables with a maturity shorter than 12 months.

Significant increase in credit risk

A significant increase in credit risk may be assessed on an individual basis or on a collective basis (by grouping financial instruments according to common credit risk characteristics) taking into account all reasonable and supportable information and comparing the risk of default of the financial instrument at the reporting date with the risk of default of the financial instrument at the date of initial recognition.

Assessment of deterioration is based on the comparison of the probabilities of default or the ratings on the date of initial recognition with those existing at the reporting date.

There is also, according to the standard, a rebuttable presumption that the credit risk of an instrument has significantly increased since initial recognition when the contractual payments are more than 30 days past due.

In the consumer credit specialised business, a significant increase in credit risk is also considered when a past due event has occurred within the last 12 months, even if it has since been regularised.

In the context of the health crisis, the granting of moratoria that meet the criteria defined in the EBA guidelines published on 2 April 2020, and amended on 2 December 2020, has not been considered, in isolation, as an indicator of a significant increase in credit risk leading to an automatic transfer to stage 2. The granting of "private" moratoria that meet equivalent criteria to those defined in the EBA guidelines published on 2 April 2020 (*i.e.* granted up to 30 September 2020) has followed the same treatment. Moratoria do not trigger the counting of past-due days as long as the new schedule of payment is respected.

The principles applied to assess the significant increase in credit risk are detailed in note 2.h *Cost of risk*.

Measurement of expected credit losses

Expected credit losses are defined as an estimate of credit losses (*i.e.* the present value of all cash shortfalls) weighted by the probability of occurrence of these losses over the expected life of financial instruments. They are measured on an individual basis, for all exposures.

In practice, for exposures classified in stage 1 and stage 2, expected credit losses are measured as the product of the probability of default ("PD"), Loss Given Default ("LGD") and exposure at default ("EAD"), discounted at the effective interest rate of the exposure (EIR). They result from the risk of default within the next 12 months (stage 1), or from the risk of default over the maturity of the facility (stage 2). In the consumer credit specialised business, because of the specificity of credit exposures, the methodology used is based on the probability of transition to term forfeiture, and on discounted loss rates after term forfeiture. The measurement of these parameters is performed on a statistical basis for homogeneous populations.

For exposures classified in stage 3, expected credit losses are measured as the value, discounted at the effective interest rate, of all cash shortfalls over the life of the financial instrument. Cash shortfalls represent the difference between the cash-flows that are due in accordance with the contract, and the cash-flows that are expected to be received.

The methodology developed is based on existing concepts and methods (in particular the Basel framework) on exposures for which capital requirement for credit risk is measured according to the IRBA methodology. This method is also applied to portfolios for which capital requirement for credit risk is measured according to the standardised approach. Besides, the Basel framework has been adjusted in order to be compliant with IFRS 9 requirements, in particular the use of forward-looking information.

Maturity

All contractual terms of the financial instrument (including prepayment, extension and similar options) over the life of the instrument are taken into account. In the rare cases where the expected life of the financial instrument cannot be estimated reliably, the residual contractual term must be used. The standard specifies that the maximum period to consider when measuring expected credit losses is the maximum contractual period. However, for revolving credit cards and overdrafts, in accordance with the exception provided by IFRS 9 for these products, the maturity considered for expected credit losses measurement is the period over which the entity is exposed to credit risk, which may extend beyond the contractual maturity (notice period). For revolving credits and overdrafts to non-retail counterparties, the contractual maturity can be taken, for example if the next review date is the contractual maturity as they are individually managed.

Probabilities of Default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon.

The measurement of expected credit losses requires the estimation of both 1-year probabilities of default and lifetime probabilities of default.

1-year PDs are derived from long term average regulatory "through the cycle" PDs to reflect the current situation ("point in time" or "PIT").

Lifetime PDs are determined from the rating migration matrices reflecting the expected rating evolution of the exposure until maturity, and the associated probabilities of default.

Loss Given Default (LGD)

Loss Given Default is the difference between contractual cash-flows and expected cash-flows, discounted using the effective interest rate (or an approximation thereof) at the default date. The LGD is expressed as a percentage of the EAD.

The estimate of expected cash flows takes into account cash flows resulting from the sale of collateral held or other credit enhancements if they are part of the contractual terms and are not accounted for separately by the entity (for example, a mortgage associated with a residential loan), net of the costs of obtaining and selling the collateral.

For state-guaranteed loans that have been originated in the context of the health crisis, the guarantee is considered as integral to the loan agreement if it is embedded in the contractual clauses of the loan, or it was granted at origination of the loan, and if the expected reimbursement amount can be attached to a loan in particular (*i.e.* absence of pooling effect by the mean of a tranching mechanism, or the existence of a global cap for a whole portfolio). In such case, the guarantee is taken into account when measuring the expected credit losses. Otherwise, it is accounted for as a separate reimbursement asset.

The LGD used for IFRS 9 purposes is derived from the Basel LGD parameters. It is retreated for downturn and conservatism margins (in particular regulatory margins), except for margins for model uncertainties.

Exposure At Default (EAD)

The Exposure At Default (EAD) of an instrument is the anticipated outstanding amount owed by the obligor at the time of default. It is determined by the expected payment profile taking into account, depending on the product type: the contractual repayment schedule, expected early repayments and expected future drawings for revolving facilities.

Forward looking

The amount of expected credit losses is measured on the basis of probability-weighted scenarios, in view of past events, current conditions and reasonable and supportable economic forecasts.

The principles applied to take into account forward looking information when measuring expected credit losses are detailed in note 2.h *Cost of risk*.

Write-offs

A write-off consists in reducing the gross carrying amount of a financial asset when there are no longer reasonable expectations of recovering that financial asset in its entirety or a portion thereof, or when it has been fully or partially forgiven. The write-off is recorded when all other means available to the Bank for recovering the receivables or guarantees have failed, and also generally depends on the context specific to each jurisdiction.

If the amount of loss on write-off is greater than the accumulated loss allowance, the difference is an additional impairment loss posted in "Cost of risk". For any receipt occurring when the financial asset (or part of it) is no longer recognised on the balance-sheet, the amount received is recorded as an impairment gain in "Cost of risk".

Recoveries through the repossession of the collateral

When a loan is secured by a financial or a non-financial asset serving as a guarantee and the counterparty is in default, the Group may decide to exercise the guarantee and, according to the jurisdiction, it may then become owner of the asset. In such a situation, the loan is written-off in counterparty of the asset received as collateral.

Once ownership of the asset is carried out, it is accounted for at fair value and classified according to the intent of use.

Restructuring of financial assets for financial difficulties

A restructuring due to the borrower's financial difficulties is defined as a change in the terms and conditions of the initial transaction that the Group is considering only for economic or legal reasons related to the borrower's financial difficulties.

For restructurings not resulting in derecognition of the financial asset, the restructured asset is subject to an adjustment of its gross carrying amount, to reduce it to the discounted amount, at the original effective interest rate of the asset, of the new expected future flows. The change in the gross carrying amount of the asset is recorded in the income statement in "Cost of risk".

The existence of a significant increase in credit risk for the financial instrument is then assessed by comparing the risk of default after the restructuring (under the revised contractual terms) and the risk of default at the initial recognition date (under the original contractual terms). In order to demonstrate that the criteria for recognising lifetime expected credit losses are no longer met, good quality payment behaviour will have to be observed over a certain period of time.

When the restructuring consists of a partial or total exchange against other substantially different assets (for example, the exchange of a debt instrument against an equity instrument), it results in the extinction of the original asset and the recognition of the assets remitted in exchange, measured at their fair value at the date of exchange. The difference in value is recorded in the income statement in "Cost of risk".

In 2020, in response to the health crisis, several moratoria have been granted to clients. Those moratoria mostly consist in payment suspension of a few months, with interests that may or not continue to accrue during the suspension period. To that extent, the modification is generally considered as not substantial. The associated discount (linked to the absence of interest accruing, or interest accruing at a rate that is lower than the EIR of the loan) is thus accounted for in NBI, subject to the respect of certain criteria[1]. The moratorium is indeed, in such situation, considered as not being granted in response to the borrower encountering financial difficulties, but in response to a temporary liquidity crisis and the credit risk is not considered to have significantly increased.

Modifications to financial assets that are not due to a borrower's financial difficulties, or granted in the context of a moratorium (*i.e.* commercial renegotiations) are generally analysed as the early repayment of the former financial asset, which is then derecognised, followed by the set-up of a new financial asset at market conditions. They consist in resetting the interest rate of the loan at market conditions, with the client being in a position to change its lender and not encountering any financial difficulties.

1.e.6 Cost of risk

Cost of risk includes the following items of profit or loss:

- impairment gains and losses resulting from the accounting of loss allowances for 12-month expected credit losses and lifetime expected credit losses ("stage 1" and "stage 2") relating to debt instruments measured at amortised cost or at fair value through shareholders' equity, loan commitments and financial guarantee contracts that are not recognised at fair value as well as lease receivables, contract assets and trade receivables;
- impairment gains and losses resulting from the accounting of loss allowances relating to financial assets (including those at fair value through profit or loss) for which there is objective evidence of impairment ("stage 3"), write-offs on irrecoverable loans and amounts recovered on loans written-off;
- impairment gains and losses relating to fixed-income securities of insurance entities that are individually impaired (which fall under IAS 39).

It also includes expenses relating to fraud and to disputes inherent to the financing activity.

1.e.7 Financial instruments at fair value through profit or loss

Trading portfolio and other financial assets measured at fair value through profit or loss

The trading portfolio includes instruments held for trading (trading transactions), including derivatives.

Other financial assets measured at fair value through profit or loss include debt instruments that do not meet the "collect" or "collect and sale" business model criterion or that do not meet the cash-flow criterion, as well as equity instruments for which the fair value through shareholders' equity option has not been retained.

All those financial instruments are measured at fair value at initial recognition, with transaction costs directly posted in profit or loss. At reporting date, they are measured at fair value, with changes presented in "Net gain/loss on financial instruments at fair value through profit or loss". Income, dividends, and realised gains and losses on disposal related to held-for-trading transactions are accounted for in the same profit or loss account.

(1) Moratoria qualified as "COVID-19 General moratorium Measure" (i.e. meeting the criteria defined in EBA Guidelines published on 2 April 2020) or similar measures that do not lead to a transfer in stage 3.

Financial liabilities designated as at fair value through profit or loss

Financial liabilities are recognised under option in this category in the two following situations:

- for hybrid financial instruments containing one or more embedded derivatives which otherwise would have been separated and accounted for separately. An embedded derivative is such that its economic characteristics and risks are not closely related to those of the host contract;
- when using the option enables the entity to eliminate or significantly reduce a mismatch in the measurement and accounting treatment of assets and liabilities that would otherwise arise if they were to be classified in separate categories.

Changes in fair value due to the own credit risk are recognised under a specific heading of shareholders' equity.

1.e.8 Financial liabilities and equity instruments

A financial instrument issued or its various components are classified as a financial liability or equity instrument, in accordance with the economic substance of the legal contract.

Financial instruments issued by the Group are qualified as debt instruments if the entity in the Group issuing the instruments has a contractual obligation to deliver cash or another financial asset to the holder of the instrument. The same applies if the Group is required to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group, or to deliver a variable number of the Group's own equity instruments.

Equity instruments result from contracts evidencing a residual interest in an entity's assets after deducting all of its liabilities.

Debt securities and subordinated debt

Debt securities and subordinated debt are measured at amortised cost unless they are recognised at fair value through profit or loss.

Debt securities are initially recognised at the issue value including transaction costs and are subsequently measured at amortised cost using the effective interest method.

Bonds redeemable or convertible into own equity are hybrid instruments that may contain a debt component and an equity component, determined upon initial recognition of the transaction.

Equity instruments

The term "own equity instruments" refers to shares issued by the parent company (BNP Paribas SA) and by its fully consolidated subsidiaries. External costs that are directly attributable to an issue of new shares are deducted from equity net of all related taxes.

Own equity instruments held by the Group, also known as treasury shares, are deducted from consolidated shareholders' equity irrespective of the purpose for which they are held. Gains and losses arising on such instruments are eliminated from the consolidated profit and loss account.

When the Group acquires equity instruments issued by subsidiaries under the exclusive control of BNP Paribas, the difference between the acquisition price and the share of net assets acquired is recorded in retained earnings attributable to BNP Paribas shareholders. Similarly, the liability corresponding to put options granted to minority shareholders in such subsidiaries, and changes in the value of that liability, are offset against minority interests, with any surplus offset against retained earnings attributable to BNP Paribas shareholders. Until these options have been exercised, the portion of net income attributable to minority interests is allocated to minority interests in the profit and loss account. A decrease in the Group's interest in a fully consolidated subsidiary is recognised in the Group's accounts as a change in shareholders' equity.

Financial instruments issued by the Group and classified as equity instruments (*e.g.* Undated Super Subordinated Notes) are presented in the balance sheet in "Capital and retained earnings".

Distributions from a financial instrument classified as an equity instrument are recognised directly as a deduction from equity. Similarly, the transaction costs of an instrument classified as equity are recognised as a deduction from shareholders' equity.

Own equity instrument derivatives are treated as follows, depending on the method of settlement:

- as equity instruments if they are settled by physical delivery of a fixed number of own equity instruments for a fixed amount of cash or other financial asset. Such instruments are not revalued;
- as derivatives if they are settled in cash or by choice by physical delivery of the shares or in cash. Changes in value of such instruments are taken to the profit and loss account.

If the contract includes an obligation, whether contingent or not, for the bank to repurchase its own shares, the bank recognises the debt at its present value with an offsetting entry in shareholders' equity.

1.e.9 Hedge accounting

The Group retained the option provided by the standard to maintain the hedge accounting requirements of IAS 39 until the future standard on macro-hedging is entered into force. Furthermore, IFRS 9 does not explicitly address the fair value hedge of the interest rate risk on a portfolio of financial assets or liabilities. The provisions in IAS 39 for these portfolio hedges, as adopted by the European Union, continue to apply.

Derivatives contracted as part of a hedging relationship are designated according to the purpose of the hedge.

Fair value hedges are particularly used to hedge interest rate risk on fixed rate assets and liabilities, both for identified financial instruments (securities, debt issues, loans, borrowings) and for portfolios of financial instruments (in particular, demand deposits and fixed rate loans).

Cash flow hedges are particularly used to hedge interest rate risk on floating-rate assets and liabilities, including rollovers, and foreign exchange risks on highly probable forecast foreign currency revenues.

At the inception of the hedge, the Group prepares formal documentation which details the hedging relationship, identifying the instrument, or portion of the instrument, or portion of risk that is being hedged, the hedging strategy and the type of risk hedged, the hedging instrument, and the methods used to assess the effectiveness of the hedging relationship.

On inception and at least quarterly, the Group assesses, in consistency with the original documentation, the actual (retrospective) and expected (prospective) effectiveness of the hedging relationship. Retrospective effectiveness tests are designed to assess whether the ratio of actual changes in the fair value or cash flows of the hedging instrument to those in the hedged item is within a range of 80% to 125%. Prospective effectiveness tests are designed to ensure that expected changes in the fair value or cash flows of the derivative over the residual life of the hedge adequately offset those of the hedged item. For highly probable forecast transactions, effectiveness is assessed largely on the basis of historical data for similar transactions.

Under IAS 39 as adopted by the European Union, which excludes certain provisions on portfolio hedging, interest rate risk hedging relationships based on portfolios of assets or liabilities qualify for fair value hedge accounting as follows:

- the risk designated as being hedged is the interest rate risk associated with the interbank rate component of interest rates on commercial banking transactions (loans to customers, savings accounts and demand deposits);
- the instruments designated as being hedged correspond, for each maturity band, to a portion of the interest rate gap associated with the hedged underlying;
- the hedging instruments used consist exclusively of "plain vanilla" swaps;
- prospective hedge effectiveness is established by the fact that all derivatives must, on inception, have the effect of reducing interest rate risk in the portfolio of hedged underlying. Retrospectively, a hedge will be disqualified from hedge accounting once a shortfall arises in the underlying specifically associated with that hedge for each maturity band (due to prepayment of loans or withdrawals of deposits).

The accounting treatment of derivatives and hedged items depends on the hedging strategy.

In a fair value hedging relationship, the derivative instrument is remeasured at fair value in the balance sheet, with changes in fair value recognised in profit or loss in "Net gain/loss on financial instruments at fair value through profit or loss", symmetrically with the remeasurement of the hedged item to reflect the hedged risk. In the balance sheet, the fair value remeasurement of the hedged component is recognised in accordance with the classification of the hedged item in the case of a hedge of identified assets and liabilities, or under "Remeasurement adjustment on interest rate risk hedged portfolios" in the case of a portfolio hedging relationship.

If a hedging relationship ceases or no longer fulfils the effectiveness criteria, the hedging instrument is transferred to the trading book and accounted for using the treatment applied to this category. In the case of identified fixed-income instruments, the remeasurement adjustment recognised in the balance sheet is amortised at the effective interest rate over the remaining life of the instrument. In the case of interest rate risk hedged fixed-income portfolios, the adjustment is amortised on a straight-line basis over the remainder of the original term of the hedge. If the hedged item no longer appears in the balance sheet, in particular due to prepayments, the adjustment is taken to the profit and loss account immediately.

In a cash flow hedging relationship, the derivative is measured at fair value in the balance sheet, with changes in fair value taken to shareholders' equity on a separate line, "Changes in fair value recognised directly in equity". The amounts taken to shareholders' equity over the life of the hedge are transferred to the profit and loss account under "Net interest income" as and when the cash flows from the hedged item impact profit or loss. The hedged items continue to be accounted for using the treatment specific to the category to which they belong.

If the hedging relationship ceases or no longer fulfils the effectiveness criteria, the cumulative amounts recognised in shareholders' equity as a result of the remeasurement of the hedging instrument remain in equity until the hedged transaction itself impacts profit or loss, or until it becomes clear that the transaction will not occur, at which point they are transferred to the profit and loss account.

If the hedged item ceases to exist, the cumulative amounts recognised in shareholders' equity are immediately taken to the profit and loss account.

Whatever the hedging strategy used, any ineffective portion of the hedge is recognised in the profit and loss account under "Net gain/loss on financial instruments at fair value through profit or loss".

Hedges of net foreign currency investments in subsidiaries and branches are accounted for in the same way as cash flow hedges. Hedging instruments may be foreign exchange derivatives or any other non-derivative financial instrument.

1.e.10 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market or most advantageous market, at the measurement date.

The Group determines the fair value of financial instruments either by using prices obtained directly from external data or by using valuation techniques. These valuation techniques are primarily market and income approaches encompassing generally accepted models (*e.g.* discounted cash flows, Black-Scholes model, and interpolation techniques). They maximize the use of observable inputs and minimize the use of unobservable inputs. They are calibrated to reflect current market conditions and valuation adjustments are applied as appropriate, when some factors such as model, liquidity and credit risks are not captured by the models or their underlying inputs but are nevertheless considered by market participants when setting the exit price.

The unit of measurement is generally the individual financial asset or financial liability but a portfolio-based measurement can be elected, subject to certain conditions. Accordingly, the Group retains this portfolio-based measurement exception to determine the fair value when some group of financial assets and financial liabilities and other contracts within the scope of the standard relating to financial instruments with substantially similar and offsetting market risks or credit risks are managed on the basis of a net exposure, in accordance with the documented Risk Management strategy.

Assets and liabilities measured or disclosed at fair value are categorised into the three following levels of the fair value hierarchy:

- Level 1: fair values are determined using directly quoted prices in active markets for identical assets and liabilities. Characteristics of an active market include the existence of a sufficient frequency and volume of activity and of readily available prices.
- Level 2: fair values are determined based on valuation techniques for which significant inputs are observable market data, either directly or indirectly. These techniques are regularly calibrated and the inputs are corroborated with information from active markets.
- Level 3: fair values are determined using valuation techniques for which significant inputs are unobservable or cannot be corroborated by market-based observations, due for instance to illiquidity of the instrument and significant model risk. An unobservable input is a parameter for which there are no market data available and that is therefore derived from proprietary assumptions about what other market participants would consider when assessing fair value. The assessment of whether a product is illiquid or subject to significant model risks is a matter of judgment.

The level in the fair value hierarchy within which the asset or liability is categorised in its entirety is based upon the lowest level input that is significant to the entire fair value.

For financial instruments disclosed in Level 3 of the fair value hierarchy, and marginally some instruments disclosed in Level 2, a difference between the transaction price and the fair value may arise at initial recognition. This "Day One Profit" is deferred and released to the profit and loss account over the period during which the valuation parameters are expected to remain non-observable. When parameters that were originally non-observable become observable, or when the valuation can be substantiated in comparison with recent similar transactions in an active market, the unrecognised portion of the day one profit is released to the profit and loss account.

1.e.11 Derecognition of financial assets and financial liabilities

Derecognition of financial assets

The Group derecognises all or part of a financial asset either when the contractual rights to the cash flows from the asset expire or when the Group transfers the contractual rights to the cash flows from the asset and substantially all the risks and rewards of ownership of the asset. Unless these conditions are fulfilled, the Group retains the asset in its balance sheet and recognises a liability for the obligation created as a result of the transfer of the asset.

Derecognition of financial liabilities

The Group derecognises all or part of a financial liability when the liability is extinguished in full or in part.

Repurchase agreements and securities lending/borrowing

Securities temporarily sold under repurchase agreements continue to be recognised in the Group's balance sheet in the category of securities to which they belong. The corresponding liability is recognised at amortised cost under the appropriate "Financial liabilities at amortised cost" category on the balance sheet, except in the case of repurchase agreements contracted for trading purposes, for which the corresponding liability is recognised in "Financial liabilities at fair value through profit or loss".

Securities temporarily acquired under reverse repurchase agreements are not recognised in the Group's balance sheet. The corresponding receivable is recognised at amortised cost under the appropriate "Financial assets at amortised cost" category in the balance sheet, except in the case of reverse repurchase agreements contracted for trading purposes, for which the corresponding receivable is recognised in "Financial assets at fair value through profit or loss".

Securities lending transactions do not result in derecognition of the lent securities, and securities borrowing transactions do not result in recognition of the borrowed securities on the balance sheet. In cases where the borrowed securities are subsequently sold by the Group, the obligation to deliver the borrowed securities on maturity is recognised on the balance sheet under "Financial liabilities at fair value through profit or loss".

1.e.12 Offsetting financial assets and financial liabilities

A financial asset and a financial liability are offset and the net amount presented in the balance sheet if, and only if, the Group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Repurchase agreements and derivatives that meet the two criteria set out in the accounting standard are offset in the balance sheet.

1.f ACCOUNTING STANDARDS SPECIFIC TO INSURANCE ACTIVITIES

The specific accounting policies and valuation rules relating to assets and liabilities generated by insurance contracts and financial contracts with a discretionary participation feature written by fully consolidated insurance companies are retained for the purposes of the consolidated financial statements. These policies comply with IFRS 4.

The amendment to IFRS 4 "Insurance Contracts" published by the IASB on 25 June 2020 provides the option for entities that predominantly undertake insurance activities to defer the effective date of IFRS 9 application until 1 January 2023 in line with the deferral of the mandatory application date for IFRS 17 "Insurance Contracts". The effect of such a deferral is that those entities may continue to report their financial statements under the existing standard IAS 39.

This temporary exemption from IFRS 9, limited to groups that predominantly undertake insurance activities according to the IASB amendment, has been extended to the insurance segment of financial conglomerates as defined by the Directive 2002/87/EC as adopted by the European Union. This exemption is subject to certain conditions, notably the absence of internal transfers of financial instruments, other than financial instruments that are measured at fair value through profit or loss, between insurance entities and other entities of the financial conglomerate.

BNP Paribas Group applies this amendment to all its insurance entities, including funds related to this activity, which will apply IAS 39 "Financial instruments: Recognition and Measurement" until 31 December 2022.

All other insurance company assets and liabilities are accounted for using the policies applied to the Group's assets and liabilities generally, and are included in the relevant balance sheet and profit and loss account headings in the consolidated financial statements.

1.f.1 Profit and loss account

Income and expenses recognised under insurance contracts issued by the Group are presented in the income statement under "Net income from insurance activities".

This heading in the income statement includes premiums earned, net gain in investment contracts with no discretionary participation feature and other services, net investment income (including income on investment property and impairment on shares and other equity instruments), technical charges related to contracts; (including policyholders surplus reserve), net charges from ceded reinsurance and external charges related to contracts (including commissions).

Other income and expenses relating to insurance activities (*i.e.* recorded by insurance entities) are presented in the other income statement headings according to their nature.

1.f.2 Financial investments of insurance activities

Investments of insurance activities mainly include:

- investments by insurance entities in financial instruments that are recognised in accordance with the principles of IAS 39, which include investments representing technical reserves of insurance activities and notably unit-linked contracts;
- derivative instruments with a positive fair value. Group insurance entities underwrite derivative instruments for hedging purposes;
- investment properties;
- equity method investments;
- and reinsurers' share in liabilities arising from insurance and investment contracts.

Investments in financial instruments

Financial investments held by the Group's insurance entities are classified in one of the four categories provided for in IAS 39: Financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

The category of 'Financial assets at fair value through profit or loss' includes derivatives and financial assets that the Group has elected to recognise and measure at fair value through profit or loss at inception, in accordance with the option offered by IAS 39.

Financial assets may be designated at fair value through profit or loss in the following cases (in accordance with IAS 39):

- hybrid financial instruments containing one or more embedded derivatives which otherwise would have been separated and accounted for separately. An embedded derivative is such that its economic characteristics and risks are not closely related to those of the host contract;
- where using the option enables the entity to eliminate or significantly reduce a mismatch in the measurement and accounting treatment of assets and liabilities that would arise if they were to be classified in separate accounting categories;
- when the group of financial assets and/or financial liabilities is managed and measured on the basis of fair value, in accordance with a documented Risk Management and investment strategy.

Investments held in respect of insurance or investment contracts where the financial risk is borne by policyholders (unit-linked contracts) are recognised at fair value option through profit or loss.

When the Group measures at fair value through profit or loss investments made in respect of its insurance activities in entities over which it exercises significant influence or joint control, these investments are presented under the line "Financial assets at fair value through profit or loss" (see § 1.b.2).

Financial instruments classified in this category are initially recognised at their fair value, with transaction costs being directly recognised in the income statement.

At the closing date, they are valued at their fair value.

Changes in value compared to the last valuation, income, dividends and realised gains and losses are presented under "Net income from insurance activities" and under "Net gain on financial instruments at fair value through profit or loss".

Loans and advances

Fixed or determinable -income securities, which are not quoted in an active market, other than those for which the holder may not recover substantially all of its initial investment for reasons other than credit deterioration, are classified as "Loans and receivables" when they do not meet the conditions for classification as financial assets at fair value through profit or loss.

Loans and receivables are initially recognised at their fair value or equivalent, which generally corresponds to the net amount originally paid.

Loans and receivables are subsequently measured at amortised cost using the effective interest method and net of repayments of principal and interest.

Interest is calculated using the effective interest method, which includes interest, transaction costs and commissions included in their initial value and is presented under "Net income from insurance activities" and under sub-heading "Net gain on financial instruments at amortised cost".

Impairment losses recognised when there is objective evidence of impairment related to an event subsequent to the acquisition of the asset are presented under "Cost of risk".

Held-to-maturity financial assets

"Held-to-maturity financial assets" include debt securities, with fixed maturity, that the Group has the intention and ability to hold until maturity.

Securities classified in this category are recognised at amortised cost using the effective interest method.

Income received on these securities is presented under "Net income from insurance activities" and under sub-heading "Net gain on financial instruments at amortised cost". Impairment losses recognised when there is objective evidence of impairment related to an event subsequent to the acquisition of the asset are presented under "Cost of risk".

Available-for-sale financial assets

The category "Available-for-sale financial assets" includes debt or equity securities that do not fall within the previous three categories.

Assets included in the available-for-sale category are initially recorded at fair value, plus transaction costs where material. At the end of the reporting period, they are valued at their fair value and the changes in the latter, excluding accrued income, are presented under a specific heading of equity. On disposal of the securities, these unrealised gains or losses previously recognised in equity are reclassified in the income statement under the heading "Net income from insurance activities".

Income recognised using the effective interest method on debt securities, dividends received and impairment (in the event of a significant or lasting decline in the value of the securities) of equity securities are presented under "Net income from insurance activities" and under section "Net gain on available-for-sale financial assets". Impairment losses on debt securities are presented under "Cost of risk".

Investment property

Investment property corresponds to buildings held directly by insurance companies and property companies controlled.

Investment property, except for those used for unit-linked contracts, is recognised at cost and follows the accounting methods of the assets described elsewhere.

Investment property, held in respect of unit-linked contracts, is valued at fair value or equivalent, with changes in value recognised in the income statement.

Equity method investments

Investments in entities or real estate funds over which the Group exercises significant influence or joint control and for which the equity method is applied are recognised in the line "Equity method investments".

1.f.3 Technical reserves and other insurance liabilities

The item "Technical reserves and other insurance liabilities" includes:

- commitments to policyholders and beneficiaries of contracts, which include technical reserves for insurance contracts subject to significant insurance hazard (mortality, longevity, disability, incapacity, *etc.*) and technical liabilities of investment contracts with a discretionary profit-sharing feature, falling within IFRS 4. The discretionary participation clause grants life insurance policyholders the right to receive, in addition to the guaranteed remuneration, a share of the financial results achieved;
- other insurance liabilities related to unit-linked contracts that fall within the scope of IAS 39 (*i.e.* investment contracts with no discretionary participating features);
- policyholders' surplus reserve;
- liabilities arising from insurance and reinsurance operations, including liabilities due to policyholders;
- financial derivative instruments of insurance activities carried at fair value through profit or loss, the fair value of which is negative. Group insurance entities underwrite derivative instruments for hedging purposes.

Financial liabilities that are not insurance liabilities (*e.g.* subordinated debt) fall under IAS 39. They are presented in "Financial liabilities at amortised cost".

Insurance and reinsurance contracts and investment contracts with discretionary participating features

Life insurance guarantees cover mainly death risk (term life insurance, annuities, repayment of loans or guaranteed minimum on unit-linked contracts) and, regarding borrowers' insurance, to disability, incapacity and unemployment risks.

For life insurance, technical reserves consist mainly of mathematical reserves that corresponds as a minimum, to the surrender value of contracts and surplus reserve.

The policyholders' surplus reserve also includes amounts resulting from the application of shadow accounting representing the interest of policyholders, mainly within French life insurance subsidiaries, in unrealised gains and losses on assets where the benefit paid under the policy is linked to the return on those assets. This interest is an average derived from stochastic analyses of unrealised gains and losses attributable to policyholders in various scenarios.

A capitalisation reserve is set up in individual statutory accounts of French life-insurance companies on the sale of amortisable securities in order to defer part of the net realised gain and hence maintain the yield to maturity on the portfolio of admissible assets. In the consolidated financial statements, this reserve is reclassified into "Policyholders' surplus" on the liabilities side of the consolidated balance sheet, to the extent that it is highly probable it will be used.

Non-life technical reserves consist of unearned premium reserves (corresponding to the portion of written premiums relating to future periods) and outstanding claims reserves, inclusive of claims handling costs.

At the reporting date, a liability adequacy test is performed: The level of technical reserves (net of acquisition costs outstanding) is compared to the average value of future cash flows resulting from stochastic calculations. Related adjustment to technical reserves, if any, is taken to the profit and loss account for the period.

In the event of an unrealised loss on shadow accounted assets, a policyholders' loss reserve is recognised on the assets side of the consolidated balance sheet in an amount equal to the probable deduction from the policyholders' future profit share. The recoverability of the policyholders' loss reserve is assessed prospectively, taking into account policyholders' surplus reserves recognised elsewhere, capital gains on financial assets that are not shadow accounted due to accounting elections made (held-to-maturity financial assets and property investments measured at cost) and the company's ability and intention to hold the assets carrying the unrealised loss. The policyholders' loss reserve is recognised symmetrically with the corresponding assets and shown on the assets side of the balance sheet under the line item "Accrued income and other assets".

Investment contracts with no discretionary participating features

Investment contracts with no discretionary participating features correspond mainly to unit-linked contracts that do not meet the definition of insurance and investment contracts with discretionary participating features.

Liabilities arising from unit-linked contracts are measured by reference to the fair value of the assets backing these contracts at the closing date.

1.g PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment and intangible assets shown in the consolidated balance sheet are composed of assets used in operations and investment property. Rights-of-use related to leased assets (see note 1.h.2) are presented by the lessee within fixed assets in the same category as similar assets held.

Assets used in operations are those used in the provision of services or for administrative purposes, and include non-property assets leased by the Group as lessor under operating leases.

Investment property comprises property assets held to generate rental income and capital gains.

Investment property is recognised at acquisition cost, with the exception of those representing insurance or investment contracts whose risk is borne by policyholders (unit-linked contracts), which are measured at fair value through profit or loss and presented in the balance sheet under "Financial investments of insurance activities" (note 1.f.2).

Property, plant and equipment and intangible assets are initially recognised at purchase price plus directly attributable costs, together with borrowing costs where a long period of construction or adaptation is required before the asset can be brought into service.

Software developed internally by the BNP Paribas Group that fulfils the criteria for capitalisation is capitalised at direct development cost, which includes external costs and the labour costs of employees directly attributable to the project.

Subsequent to initial recognition, property, plant and equipment and intangible assets are measured at cost less accumulated depreciation or amortisation and any impairment losses.

The depreciable amount of property, plant and equipment and intangible assets is calculated after deducting the residual value of the asset. Only assets leased by the Group as the lessor under operating leases are presumed to have a residual value, as the useful life of property, plant and equipment and intangible assets used in operations is generally the same as their economic life.

Property, plant and equipment and intangible assets are depreciated or amortised using the straight-line method over the useful life of the asset. Depreciation and amortisation expense is recognised in the profit and loss account under "Depreciation, amortisation and impairment of property, plant and equipment and intangible assets".

Where an asset consists of a number of components which may require replacement at regular intervals, or which have different uses or generate economic benefits at different rates, each component is recognised separately and depreciated using a method appropriate to that component. The BNP Paribas Group has adopted the component-based approach for property used in operations and for investment property.

The depreciation periods used for office property are as follows: 80 years or 60 years for the shell (for prime and other property respectively); 30 years for facades; 20 years for general and technical installations; and 10 years for fixtures and fittings.

Software is amortised, depending on its type, over periods of no more than 8 years in the case of infrastructure developments and 3 years or 5 years in the case of software developed primarily for the purpose of providing services to customers.

Software maintenance costs are expensed as incurred. However, expenditure that is regarded as upgrading the software or extending its useful life is included in the initial acquisition or production cost.

Depreciable property, plant and equipment and intangible assets are tested for impairment if there is an indication of potential impairment at the balance sheet date. Non-depreciable assets are tested for impairment at least annually, using the same method as for goodwill allocated to cash-generating units.

If there is an indication of impairment, the new recoverable amount of the asset is compared with the carrying amount. If the asset is found to be impaired, an impairment loss is recognised in the profit and loss account. This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. Impairment losses are taken to the profit and loss account in "Depreciation, amortisation and impairment of property, plant and equipment and intangible assets".

Gains and losses on disposals of property, plant and equipment and intangible assets used in operations are recognised in the profit and loss account in "Net gain on non-current assets".

Gains and losses on disposals of investment property are recognised in the profit and loss account in "Income from other activities" or "Expense on other activities".

1.h LEASES

Group companies may either be the lessee or the lessor in a lease agreement.

1.h.1 Group company as lessor

Leases contracted by the Group as lessor are categorised as either finance leases or operating leases.

Finance leases

In a finance lease, the lessor transfers substantially all the risks and rewards of ownership of an asset to the lessee. It is treated as a loan made to the lessee to finance the purchase of the asset.

The present value of the lease payments, plus any residual value, is recognised as a receivable. The net income earned from the lease by the lessor is equal to the amount of interest on the loan, and is taken to the profit and loss account under "Interest income". The lease payments are spread over the lease term, and are allocated to reduction of the principal and to interest such that the net income reflects a constant rate of return on the net investment outstanding in the lease. The rate of interest used is the rate implicit in the lease.

Impairments of lease receivables are determined using the same principles as applied to financial assets measured at amortised cost.

Operating leases

An operating lease is a lease under which substantially all the risks and rewards of ownership of an asset are not transferred to the lessee.

The asset is recognised under property, plant and equipment in the lessor's balance sheet and depreciated on a straight-line basis over its useful life. The depreciable amount excludes the residual value of the asset. The lease payments are taken to the profit and loss account in full on a straight-line basis over the lease term. Lease payments and depreciation expenses are taken to the profit and loss account under "Income from other activities" and "Expense on other activities".

1.h.2 Group company as lessee

Lease contracts concluded by the Group, with the exception of contracts whose term is shorter than or equal to 12 months and low-value contracts, are recognised in the balance-sheet in the form of a right-of-use on the leased asset presented under fixed assets, along with the recognition of a financial liability for the rent and other payments to be made over the leasing period. The right of use assets is amortised on a straight-line basis and the financial liabilities are amortised on an actuarial basis over the lease period. Dismantling costs corresponding to specific and significant fittings and fixtures are included in the initial right-of-use estimation, in counterparty of a provision liability.

The key hypothesis used by the Group for the measurement of rights of use and lease liabilities are the following:

- the lease term corresponds to the non-cancellable period of the contract, together with periods covered by an extension option if the Group is reasonably certain to exercise this option. In France, the standard commercial lease contract is the so-called "three, six, nine" contract for which the maximum period of use is nine years, with a first non-cancellable period of three years followed by two optional extension periods of three years each; hence, depending on the assessment, the lease term can be of three, six or nine years. When investments like fittings or fixtures are performed under the contract, the lease term is aligned with their useful lifes. For tacitly renewable contracts, with or without an enforceable period, related right of use and lease liabilities are recognised based on an estimate of the reasonably foreseeable economic life of the contracts, minimal occupation period included;
- the discount rate used to measure the right of use and the lease liability is assessed for each contract as the interest rate implicit in the lease, if that rate can be readily determined, or more generally based on the incremental borrowing rate of the lessee at the date of signature. The incremental borrowing rate is determined considering the average term (duration) of the contract;
- when the contract is modified, a new assessment of the lease liability is made taking into account the new residual term of the contract, and therefore a new assessment of the right of use and the lease liability is established.

1.i NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Where the Group decides to sell non-current assets or a group of assets and liabilities and it is highly probable that the sale will occur within 12 months, these assets are shown separately in the balance sheet, on the line "Non-current assets held for sale". Any liabilities associated with these assets are also shown separately in the balance sheet, on the line "Liabilities associated with non-current assets held for sale". When the Group is committed to a sale plan involving loss of control of a subsidiary and the sale is highly probable within 12 months, all the assets and liabilities of that subsidiary are classified as held for sale.

Once classified in this category, non-current assets and the group of assets and liabilities are measured at the lower of carrying amount or fair value less costs to sell.

Such assets are no longer depreciated. If an asset or group of assets and liabilities becomes impaired, an impairment loss is recognised in the profit and loss account. Impairment losses may be reversed.

Where a group of assets and liabilities held for sale represents a cash generating unit, it is categorised as a "discontinued operation". Discontinued operations include operations that are held for sale, operations that have been shut down, and subsidiaries acquired exclusively with a view to resell.

In this case, gains and losses related to discontinued operations are shown separately in the profit and loss account, on the line "Post-tax gain/loss on discontinued operations and assets held for sale". This line includes the post-tax profits or losses of discontinued operations, the post-tax gain or loss arising from remeasurement at fair value less costs to sell, and the post-tax gain or loss on disposal of the operation.

1.j EMPLOYEE BENEFITS

Employee benefits are classified in one of four categories:

- short-term benefits, such as salary, annual leave, incentive plans, profit-sharing and additional payments;
- long-term benefits, including compensated absences, long-service awards, and other types of cash-based deferred compensation;
- termination benefits;
- post-employment benefits, including top-up banking industry pensions and retirement bonuses in France and pension plans in other countries, some of which are operated through pension funds.

Short-term benefits

The Group recognises an expense when it has used services rendered by employees in exchange for employee benefits.

Long-term benefits

These are benefits, other than short-term benefits, post-employment benefits and termination benefits. This relates, in particular, to compensation deferred for more than 12 months and not linked to the BNP Paribas share price, which is accrued in the financial statements for the period in which it is earned.

The actuarial techniques used are similar to those used for defined-benefit post-employment benefits, except that the revaluation items are recognised in the profit and loss account and not in equity.

Termination benefits

Termination benefits are employee benefits payable in exchange for the termination of an employee's contract as a result of either a decision by the Group to terminate a contract of employment before the legal retirement age, or a decision by an employee to accept voluntary redundancy in exchange for these benefits. Termination benefits due more than 12 months after the balance sheet date are discounted.

Post-employment benefits

In accordance with IFRS, the BNP Paribas Group draws a distinction between defined-contribution plans and defined-benefit plans.

Defined-contribution plans do not give rise to an obligation for the Group and do not require a provision. The amount of the employer's contributions payable during the period is recognised as an expense.

Only defined-benefit schemes give rise to an obligation for the Group. This obligation must be measured and recognised as a liability by means of a provision.

The classification of plans into these two categories is based on the economic substance of the plan, which is reviewed to determine whether the Group has a legal or constructive obligation to pay the agreed benefits to employees.

Post-employment benefit obligations under defined-benefit plans are measured using actuarial techniques that take demographic and financial assumptions into account.

The net liability recognised with respect to post-employment benefit plans is the difference between the present value of the defined-benefit obligation and the fair value of any plan assets.

The present value of the defined-benefit obligation is measured on the basis of the actuarial assumptions applied by the Group, using the projected unit credit method. This method takes into account various parameters, specific to each country or Group entity, such as demographic assumptions, the probability that employees will leave before retirement age, salary inflation, a discount rate, and the general inflation rate.

When the value of the plan assets exceeds the amount of the obligation, an asset is recognised if it represents a future economic benefit for the Group in the form of a reduction in future contributions or a future partial refund of amounts paid into the plan.

The annual expense recognised in the profit and loss account under "Salaries and employee benefits", with respect to defined-benefit plans includes the current service cost (the rights vested by each employee during the period in return for service rendered), the net interests linked to the effect of discounting the net defined-benefit liability (asset), the past service cost arising from plan amendments or curtailments, and the effect of any plan settlements.

Remeasurements of the net defined-benefit liability (asset) are recognised in shareholders' equity and are never reclassified to profit or loss. They include actuarial gains and losses, the return on plan assets and any change in the effect of the asset ceiling (excluding amounts included in net interest on the defined-benefit liability or asset).

1.k SHARE-BASED PAYMENTS

Share-based payment transactions are payments based on shares issued by the Group, whether the transaction is settled in the form of equity or cash of which the amount is based on trends in the value of BNP Paribas shares.

Stock option and share award plans

The expense related to stock option and share award plans is recognised over the vesting period, if the benefit is conditional upon the grantee's continued employment.

Stock options and share award expenses are recorded under salary and employee benefits expenses, with a corresponding adjustment to shareholders' equity. They are calculated on the basis of the overall plan value, determined at the date of grant by the Board of directors.

In the absence of any market for these instruments, financial valuation models are used that take into account any performance conditions related to the BNP Paribas share price. The total expense of a plan is determined by multiplying the unit value per option or share awarded by the estimated number of options or shares awarded vested at the end of the vesting period, taking into account the conditions regarding the grantee's continued employment.

The only assumptions revised during the vesting period, and hence resulting in a remeasurement of the expense, are those relating to the probability that employees will leave the Group and those relating to performance conditions that are not linked to the price value of BNP Paribas shares.

Share price-linked cash-settled deferred compensation plans

The expense related to these plans is recognised in the year during which the employee rendered the corresponding services.

If the payment of share-based variable compensation is explicitly subject to the employee's continued presence at the vesting date, the services are presumed to have been rendered during the vesting period and the corresponding compensation expense is recognised on a pro rata basis over that period. The expense is recognised under salary and employee benefits expenses with a corresponding liability in the balance sheet. It is revised to take into account any non-fulfilment of the continued presence or performance conditions and the change in BNP Paribas share price.

If there is no continued presence condition, the expense is not deferred, but recognised immediately with a corresponding liability in the balance sheet. This is then revised on each reporting date until settlement to take into account any performance conditions and the change in the BNP Paribas share price.

1.l PROVISIONS RECORDED UNDER LIABILITIES

Provisions recorded under liabilities (other than those relating to financial instruments, employee benefits and insurance contracts) mainly relate to restructuring, claims and litigation, fines and penalties, and tax risks.

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation arising from a past event, and a reliable estimate can be made of the amount of the obligation. The amount of such obligations is discounted, where the impact of discounting is material, in order to determine the amount of the provision.

1.m CURRENT AND DEFERRED TAX

The current income tax charge is determined on the basis of the tax laws and tax rates in force in each country in which the Group operates during the period in which the income is generated.

Deferred taxes are recognised when temporary differences arise between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax liabilities are recognised for all taxable temporary differences other than:

- taxable temporary differences on initial recognition of goodwill;
- taxable temporary differences on investments in enterprises under the exclusive or joint control of the Group, where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and unused carryforwards of tax losses only to the extent that it is probable that the entity in question will generate future taxable profits against which these temporary differences and tax losses can be offset.

Deferred tax assets and liabilities are measured using the liability method, using the tax rate which is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been or will have been enacted by the balance sheet date of that period. They are not discounted.

Deferred tax assets and liabilities are offset when they arise within the same tax group, they fall under the jurisdiction of a single tax authority, and there is a legal right to offset.

As regards the assessment of uncertainty over income tax treatments, the Group adopts the following approach:

- the Group assesses whether it is probable that a taxation authority will accept an uncertain tax treatment;
- any uncertainty shall be reflected when determining the taxable profit (loss) by considering either the most likely amount (having the higher probability of occurrence), or the expected value (sum of the probability-weighted amounts).

Current and deferred taxes are recognised as tax income or expenses in the profit and loss account, except for those relating to a transaction or an event directly recognised in shareholders' equity, which are also recognised in shareholders' equity. This concerns in particular the tax effect of coupons paid on financial instruments issued by the Group and qualified as equity instruments, such as Undated Super Subordinated Notes.

When tax credits on revenues from receivables and securities are used to settle corporate income tax payable for the period, the tax credits are recognised on the same line as the income to which they relate. The corresponding tax expense continues to be carried in the profit and loss account under "Corporate income tax".

1.n CASH FLOW STATEMENT

The cash and cash equivalents balance is composed of the net balance of cash accounts and accounts with central banks, and the net balance of interbank demand loans and deposits.

Changes in cash and cash equivalents related to operating activities reflect cash flows generated by the Group's operations, including those relating to financial investments of insurance activities and negotiable certificates of deposit.

Changes in cash and cash equivalents related to investing activities reflect cash flows resulting from acquisitions and disposals of subsidiaries, associates or joint ventures included in the consolidated group, as well as acquisitions and disposals of property, plant and equipment excluding investment property and property held under operating leases.

Changes in cash and cash equivalents related to financing activities reflect the cash inflows and outflows resulting from transactions with shareholders, cash flows related to bonds and subordinated debt, and debt securities (excluding negotiable certificates of deposit).

1.o USE OF ESTIMATES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

Preparation of the financial statements requires managers of core businesses and corporate functions to make assumptions and estimates that are reflected in the measurement of income and expense in the profit and loss account and of assets and liabilities in the balance sheet, and in the disclosure of information in the notes to the financial statements. This requires the managers in question to exercise their judgement and to make use of information available at the date of the preparation of the financial statements when making their estimates. The actual future results from operations where managers have made use of estimates may in reality differ significantly from those estimates, mainly according to market conditions. This may have a material effect on the financial statements.

This applies in particular to:

- the analysis of the cash flow criterion for specific financial assets;
- the measurement of expected credit losses. This applies in particular to the assessment of significant increase in credit risk, the models and assumptions used to measure expected credit losses, the determination of the different economic scenarios and their weighting;
- the analysis of renegotiated loans, in order to assess whether they should be maintained on the balance-sheet or derecognised;
- the assessment of an active market, and the use of internally developed models for the measurement of the fair value of financial instruments not quoted in an active market classified in "Financial assets at fair value through equity", or in "Financial instruments at fair value through profit or loss", whether as assets or liabilities, and more generally calculations of the fair value of financial instruments subject to a fair value disclosure requirement;
- the assumptions applied to assess the sensitivity to each type of market risk of the market value of financial instruments and the sensitivity of these valuations to the main unobservable inputs as disclosed in the notes to the financial statements;
- the appropriateness of the designation of certain derivative instruments such as cash flow hedges, and the measurement of hedge effectiveness;
- impairment tests performed on intangible assets;
- the deferred tax assets;
- the estimation of insurance technical reserves and policyholders' surplus reserves;
- the measurement of uncertainty over income tax treatments and other provisions for contingencies and charges. In particular, while investigations and litigations are ongoing, it is difficult to foresee their outcome and potential impact. Provision estimation is established by taking into account all available information at the date of the preparation of the financial statements, in particular the nature of the dispute, the underlying facts, the ongoing legal proceedings and court decisions, including those related to similar cases. The Group may also use the opinion of experts and independent legal advisers to exercise its judgement.

Note 2 NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

2.a NET INTEREST INCOME

The BNP Paribas Group includes in "Interest income" and "Interest expense" all income and expense calculated using the effective interest method (interest, fees and transaction costs) from financial instruments measured at amortised cost and financial instruments measured at fair value through equity.

These items also include the interest income and expense of non-trading financial instruments the characteristics of which do not allow for recognition at amortised cost or at fair value through equity, as well as of financial instruments that the Group has designated as at fair value through profit or loss. The change in fair value on financial instruments at fair value through profit or loss (excluding accrued interest) is recognised under "Net gain on financial instruments at fair value through profit or loss".

Interest income and expense on derivatives accounted for as fair value hedges are included with the revenues generated by the hedged item. Similarly, interest income and expense arising from derivatives used to hedge transactions designated as at fair value through profit or loss is allocated to the same accounts as the interest income and expense relating to the underlying transactions.

In the case of a negative interest rates related to loans and receivables or deposits from customers and credit institutions, they are accounted for in interest expense or interest income respectively.

	Year to 31 Dec. 2020			Year to 31 Dec. 2019		
In millions of euros	Income	Expense	Net	Income	Expense	Net
Financial instruments at amortised cost	**27,081**	**(8,490)**	**18,591**	**30,715**	**(12,278)**	**18,437**
Deposits, loans and borrowings	24,283	(5,950)	18,333	27,790	(9,083)	18,707
Repurchase agreements	135	(90)	45	186	(88)	98
Finance leases	1,536	(93)	1,443	1,398	(86)	1,312
Debt securities	1,127		1,127	1,341		1,341
Issued debt securities and subordinated debt		(2,357)	(2,357)		(3,021)	(3,021)
Financial instruments at fair value through equity	**1,436**	**-**	**1,436**	**1,076**	**-**	**1,076**
Debt securities	1,436		1,436	1,076		1,076
Financial instruments at fair value through profit or loss (Trading securities excluded)	**76**	**(302)**	**(226)**	**63**	**(347)**	**(284)**
Cash flow hedge instruments	**2,280**	**(1,234)**	**1,046**	**2,746**	**(1,159)**	**1,587**
Interest rate portfolio hedge instruments	**2,716**	**(2,195)**	**521**	**2,727**	**(2,349)**	**378**
Lease liabilities	**-**	**(56)**	**(56)**	**-**	**(67)**	**(67)**
TOTAL INTEREST INCOME/(EXPENSE)	**33,589**	**(12,277)**	**21,312**	**37,327**	**(16,200)**	**21,127**

Interest income on individually impaired loans amounted to EUR 380 million for the year ended 31 December 2020, compared to EUR 432 million for the year ended 31 December 2019.

The Group subscribed to the new TLTRO III (*targeted longer-term refinancing operations*) programme, as modified by the Governing Council of the European Central Bank in March 2020 (see note 4.g). The Group expects to achieve the lending performance thresholds that would enable it to benefit from a favourable interest rate (average rate of the deposit facility -50 basis points for the first year, and average rate of the deposit facility for the following two years). This floating interest rate is considered as a market rate as it is applicable to all financial institutions meeting the lending criteria defined by the European Central Bank. The effective interest rate of these financial liabilities is determined for each reference period and corresponds to the period's nominal interest rate. If the criteria for an increase in lending is not met by the Group, the loss in discounted future cash flows would then be immediately recognised in profit or loss.

2.b COMMISSION INCOME AND EXPENSE

In millions of euros	Year to 31 Dec. 2020			Year to 31 Dec. 2019		
	Income	Expense	Net	Income	Expense	Net
Customer transactions	4,314	(848)	3,466	4,535	(1,246)	3,289
Securities and derivatives transactions	2,252	(1,423)	829	1,751	(1,283)	468
Financing and guarantee commitments	1,141	(48)	1,093	1,276	(59)	1,217
Asset management and other services	4,904	(344)	4,560	4,769	(288)	4,481
Others	988	(1,074)	(86)	934	(1,024)	(90)
COMMISSION INCOME/EXPENSE	**13,599**	**(3,737)**	**9,862**	**13,265**	**(3,900)**	**9,365**
of which net commission income related to trust and similar activities through which the Group holds or invests assets on behalf of clients, trusts, pension and personal risk funds or other institutions	*2,729*	*(245)*	*2,484*	*2,753*	*(210)*	*2,543*
of which commission income and expense on financial instruments not measured at fair value through profit or loss	*3,092*	*(285)*	*2,807*	*3,105*	*(490)*	*2,615*

2.c NET GAIN ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net gain on financial instruments measured at fair value through profit or loss includes all profit and loss items relating to financial instruments held for trading, financial instruments that the Group has designated as at fair value through profit or loss, non-trading equity instruments that the Group did not choose to measure at fair value through equity, as well as debt instruments whose cash flows are not solely repayments of principal and interest on the principal or whose business model is not to collect cash flows nor to collect cash flows and sell the assets.

These income items include dividends on these instruments and exclude interest income and expense from financial instruments designated as at fair value through profit or loss and instruments whose cash flows are not only repayments of principal and interest on the principal or whose business model is not to collect cash flows nor to collect cash flows and sell the assets, which are presented in "Net interest income" (note 2.a).

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Financial instruments held for trading	**4,116**	**11,768**
Interest rate and credit instruments	4,566	7,489
Equity financial instruments	(1,582)	3,562
Foreign exchange financial instruments	608	2,203
Loans and repurchase agreements	(82)	(1,573)
Other financial instruments	606	87
Financial instruments designated as at fair value through profit or loss	**2,852**	**(5,217)**
Other financial instruments at fair value through profit or loss	**(103)**	**585**
Impact of hedge accounting	**(4)**	**(25)**
Fair value hedging derivatives	456	1,014
Hedged items in fair value hedge	(460)	(1,039)
NET GAIN ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**6,861**	**7,111**

Gains and losses on financial instruments designated as at fair value through profit or loss are mainly related to instruments which changes in value may be compensated by changes in the value of economic hedging derivative financial instruments held for trading.

Net gain on financial instruments held for trading in 2020 and 2019 include a non-material amount related to the ineffective portion of cash flow hedges.

Potential sources of ineffectiveness can be the differences between hedging instruments and hedged items, notably generated by mismatches in the terms of hedged and hedging instruments, such as the frequency and timing of interest rates resetting, the frequency of payments and the discounting factors, or when hedging derivatives have a non-zero fair value at inception date of the hedging relationship. Credit valuation adjustments applied to hedging derivatives are also sources of ineffectiveness.

Cumulated changes in fair value related to discontinued cash flow hedge relationships, previously recognised in equity and included in 2020 in profit and loss accounts are not material, whether the hedged item ceased to exist or not.

2.d NET GAIN ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH EQUITY

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Net gain on debt instruments[(1)]	196	234
Dividend income on equity instruments	53	116
NET GAIN ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH EQUITY	**249**	**350**

(1) Interest income from debt instruments is included in "Net interest income" (note 2.a), and impairment losses related to potential issuer default are included in "Cost of risk" (note 2.h).

Unrealised gains and losses on debt securities previously recorded under "Changes in assets and liabilities recognised directly in equity that may be reclassified to profit or loss" and included in the pre-tax income, amount to a gain of EUR 144 million for the year ended 31 December 2020, compared with EUR 194 million for the year ended 31 December 2019.

2.e NET INCOME FROM INSURANCE ACTIVITIES

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Premiums earned	21,259	24,183
Net gain from investment contracts with discretionary participation feature and other services	49	32
Net income from financial investments	4,610	14,858
Technical charges related to contracts	(19,664)	(32,423)
Net charges from ceded reinsurance	(158)	(118)
External services expenses	(1,982)	(2,095)
NET INCOME FROM INSURANCE ACTIVITIES	**4,114**	**4,437**

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Net gain on available-for-sale financial assets	2,809	3,273
Interest income and dividends	*2,752*	*3,040*
Additions to impairment provisions	*(338)*	*(160)*
Net disposal gains	*395*	*393*
Net gain on financial instruments at fair value through profit or loss	1,523	11,278
Net gain on financial instruments at amortised cost	124	106
Investment property income	168	200
Share of earnings of equity-method investments	(5)	5
Other expense	(9)	(4)
NET INCOME FROM FINANCIAL INVESTMENTS	**4,610**	**14,858**

2.f NET INCOME FROM OTHER ACTIVITIES

In millions of euros	Year to 31 Dec. 2020			Year to 31 Dec. 2019		
	Income	Expense	Net	Income	Expense	Net
Net income from investment property	92	(54)	38	155	(34)	121
Net income from assets held under operating leases	10,754	(9,140)	1,614	10,648	(9,090)	1,558
Net income from property development activities	679	(574)	105	1,069	(867)	202
Other net income	1,669	(1,585)	84	1,630	(1,307)	323
TOTAL NET INCOME FROM OTHER ACTIVITIES	**13,194**	**(11,353)**	**1,841**	**13,502**	**(11,298)**	**2,204**

2.g OTHER OPERATING EXPENSES

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
External services and other operating expenses	(8,848)	(9,495)
Taxes and contributions[1]	(1,961)	(1,844)
TOTAL OTHER OPERATING EXPENSES	**(10,809)**	**(11,339)**

(1) Contributions to European resolution fund, including exceptional contributions, amount to EUR 760 million for the year ended 31 December 2020 compared with EUR 646 million for the year ended 31 December 2019.

2.h COST OF RISK

The Group general model for impairment described in note 1.e.5 used by the Group relies on the following two steps:

- assessing whether there has been a significant increase in credit risk since initial recognition; and
- measuring impairment allowance as either 12-month expected credit losses or lifetime expected credit loss (*i.e.* loss expected at maturity).

Both steps shall rely on forward looking information.

Significant increase in credit risk

The assessment of increase in credit risk is done at instrument level based on indicators and thresholds that vary depending on the nature of the exposure and the type of the counterparty.

The internal credit rating methodology used by the Group is described in chapter 5. Pillar 3 of the Universal registration document (section 5.4 *Credit risk*).

Wholesale (Corporates/Financial institutions/ Sovereigns) and bonds

The indicator used for assessing increase in credit risk is the internal counterparty rating of the obligor of the facility.

The deterioration in credit quality is considered significant, and the facility is therefore placed in stage 2, if the difference between the counterparty rating at origination and the one as at the reporting date is equal or superior to 3 notches (for instance, a downgrade from 4- to 5-).

The low risk expedient permitted by IFRS 9 (*i.e.* whereby bonds with an investment grade rating at reporting date are considered as stage 1, and bonds with a non-investment grade rating at reporting date are considered as stage 2) is used only for debt securities for which no ratings are available at acquisition date.

SME Corporates facilities and Retail

As far as SME Corporates exposures are concerned, the indicator used for assessing increase in credit risk is also the internal counterparty rating of the obligor of the facility. Due to a higher volatility in the rating system applied, deterioration is considered significant, and the facility is therefore placed in stage 2, if the difference between the counterparty rating at origination and the one as at the reporting date is equal or superior to 6 notches.

For retail exposures, two alternative risk indicators of increase in credit risk can be taken into consideration:

- probability of default (PD): changes in the 1-year probability of default are considered as a reasonable approximation of changes in the lifetime probability of default. Deterioration in credit quality is considered significant, and the facility is therefore placed in stage 2, if the ratio (1 year PD at the reporting date/1 year PD at origination) is higher than 4;
- existence of a past due within the last 12 months: in the consumer credit specialised business, the existence of a past due that has occurred within the last 12 months, even if regularised since, is considered as a significant deterioration in credit risk and the facility is therefore placed into stage 2.

Furthermore, for all portfolios (except consumer loan specialised business):

- the facility is assumed to be in stage 1 when its rating is better than or equal to 4- (or its 1 year PD is below or equal to 0.25%) at reporting date, since changes in PD related to downgrades in this zone are less material, and therefore not considered as "significant";
- when the rating is worse than or equal to 9+ (or the 1 year PD is above 10%) at reporting date considering the Group's practice in terms of credit origination, it is considered as significantly deteriorated and therefore placed into stage 2 (as long as the facility is not credit-impaired).

As a backstop, when an asset becomes 30 days past due, the credit risk is deemed to have increased significantly since initial recognition and the asset is therefore placed into stage 2.

Forward Looking Information

The Group considers forward-looking information both when assessing significant increase in credit risk and when measuring Expected Credit Losses (ECL).

Regarding the assessment of significant increase in credit risk, beyond the rules based on the comparison of risk parameters between initial recognition and reporting date (see *Significant increase in credit risk* section), the determination of significant increase in credit risk is supplemented by the consideration of more systemic forward looking factors (such as macro-economic, sectorial and geographical risk drivers) that could increase the credit risk of some exposures. These factors can lead to tighten the transfer criteria into stage 2, resulting in an increase of ECL amounts for exposures deemed vulnerable to these forward looking drivers.

Regarding the measurement of expected credit losses, the Group has made the choice to use 3 macroeconomic scenarios by geographic area covering a wide range of potential future economic conditions:

- a baseline scenario, consistent with the scenario used for budgeting;
- an adverse scenario, corresponding to the scenario used quarterly in Group stress tests;
- a favourable scenario, allowing to capture situations where the economy performs better than anticipated.

The link between the macroeconomic scenarios and the ECL measurement is mainly achieved through a modelling of the probabilities of default and deformation of migration matrices based on internal rating (or risk parameter). The probabilities of default determined according to these scenarios are used to measure expected credit losses in each of these situations.

The weighting of the expected credit losses under each scenario is performed as follows:

- 50% for the baseline scenario;
- the weighting of the two alternative scenarios is computed using a relationship with the position in the credit cycle. In this approach, the adverse scenario receives a higher weight when the economy is in strong expansion than in lower growth period in anticipation of a potential downturn of the economy.

In addition, when appropriate, the ECL measurement can take into account scenarios of sale of the assets.

Macroeconomic scenarios

The three macroeconomic scenarios are defined over a three-year projection horizon. They correspond to:

- a baseline scenario which describes the most likely path of the economy over the projection horizon. This scenario is updated on a quarterly basis and is prepared by the Group Economic Research Department in collaboration with various experts within the Group. Projections are designed for each key market of the Group (France, Belgium, Italy, the United States and the eurozone) using key macro-economic variables (Gross Domestic Product – GDP – and its components, unemployment rate, consumer prices, interest rates, foreign exchange rates, oil prices, real estate prices, *etc.*) which are key drivers for modeling risk parameters used in the stress test process.

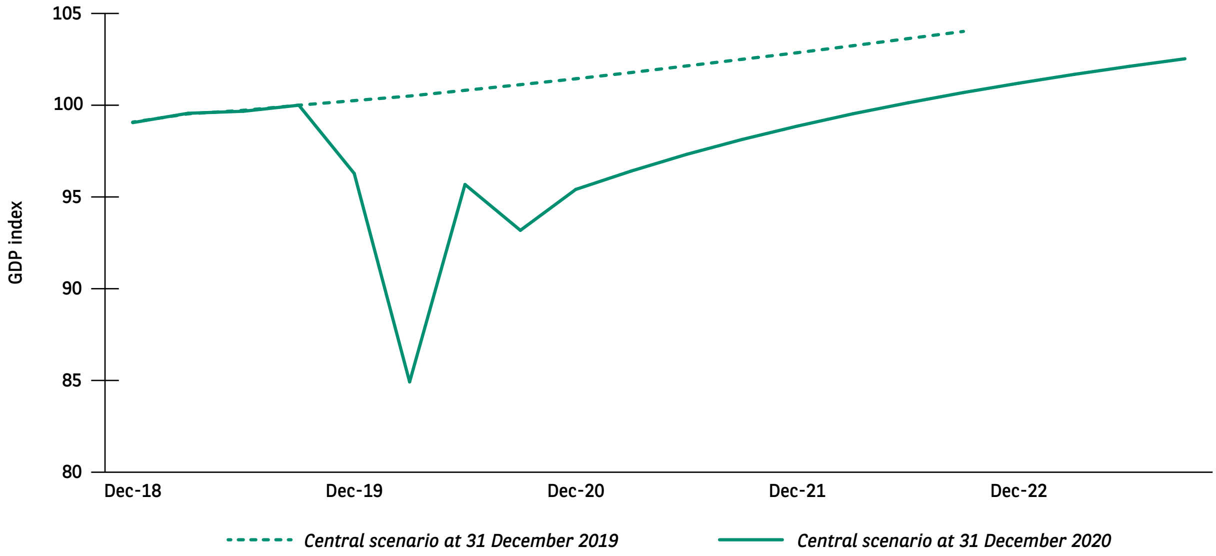
  As from 31 December 2020, in addition to the geographic breakdown, prospective parameters are detailed at sector level to better reflect the heterogeneity of economic trajectories in conjunction with lockdown measures and the partial interruption in activity;
- an adverse scenario which describes the impact of the materialisation of some of the risks weighing on the baseline scenario, resulting in a much less favourable economic path than in the baseline scenario. The starting point consists of a shock on GDP. This shock is applied with variable magnitudes, but at the same time to economies as the crisis is considered to be a global crisis. Generally, these assumptions are broadly consistent with those proposed by the regulators. The calibration of shocks on other variables (unemployment, consumer prices, interest rates) is based on models and expert judgment;
- a favourable scenario which reflects the impact of the materialisation of some of the upside risks for the economy, resulting in a much more favourable economic path. To achieve an unbiased estimation of provisions, the favourable scenario is designed in such a way that the probability of the shock on GDP growth (on average over the cycle) is equal to the probability of the corresponding shock in the adverse scenario. The magnitude of favourable GDP shocks generally corresponds to 80%-95% of the magnitude of adverse GDP shocks. Other variables (unemployment, inflation, interest rates) are defined in the same way as in the adverse scenario.

Factoring the specific features of the health crisis in the baseline scenario

After a historical drop in the first half of 2020, followed by a marked rebound in the third quarter, activity fell again in the fourth quarter, reflecting stricter measures implemented by governments (including lockdowns in some European countries) due to the increase in Covid-19 cases. However, this fall is less pronounced than the shock in the second quarter thanks to government and central bank measures taken to limit the impact of the crisis on the economic activity. In 2021, a favourable trend in growth rates is expected, reflecting: a) a mechanical catch-up; b) government and central bank measures; c) positive developments in terms of vaccines. The pace of growth is expected to normalise in 2022 and 2023, and activity is expected to return to pre-crisis levels in 2022 in most mature economies.

EUROZONE GDP: INDEX BASE 100 AT THE FOURTH QUARTER OF 2019

The graph below presents a comparison between GDP projections used in the baseline scenario for the calculation of ECLs as at 31 December 2019 and 31 December 2020.



Return to the 4th quarter 2019 level of GDP:

	31 December 2020
France	4th quarter 2022
Italy	4th quarter 2023
Belgium	4th quarter 2022
Germany	2nd quarter 2022
Eurozone	3rd quarter 2022
United States	4th quarter 2021

These assumptions are close to the European Central Bank's scenario of December 2020 for the eurozone, which also assumes a return to pre-crisis GDP level in the third quarter of 2022.

Adverse Scenario

The adverse scenario supposes the materialisation of certain risks for the economy, resulting in a much less favourable economic path than in the baseline scenario.

In the current context, the dominant risk is that the health crisis does not vanish as smoothly as expected in the baseline scenario and that the economy weakens again.

Two main developments could lead to this negative outcome: a) a less favourable health crisis evolution than expected; b) a more severe economic fallout than assumed (*e.g.* higher unemployment and bankruptcy).

Beyond this dominant risk, the following risks appear strengthened in the context of the health crisis:

- **Extended crisis due to weaker demand:** the health crisis could trigger a more "classic", and therefore longer crisis, if it results in significant damage to the economy (*e.g.* higher unemployment rate, higher number of bankruptcies, *etc.*) which significantly affect domestic demand. This could notably occur when governments reduce or stop to fiscal measures aimed at helping households and businesses during the crisis (*e.g.* job retention schemes, extended unemployment benefits, State-guaranteed loans), or if certain key sectors for a given region or country are severely impacted by the crisis (*e.g.* foreign tourism).
- **Pressure on financial institutions' profitability:** the health crisis leads to an increase in the number of borrowers in greater difficulty when it comes to repaying their debt, especially with the withdrawal or scaling back of government support measures. In addition, possible financial turbulences and extremely low interest rates might weigh on banking profitability.
- **New financial market corrections:** the health crisis has already had a major impact on the value of certain financial assets. Depending on how the health crisis evolves, additional corrections could affect some markets.
- **Tensions related to public finances:** given the extent of the contraction in activity and the amount of fiscal support that will be provided by governments to compensate for this major shock, debt-to-GDP ratios are bound to increase substantially in some countries and reach

unprecedented levels. Although current extremely accommodating monetary policies are limiting this risk now, a sharp deterioration in public finance metrics could lead to future tensions on the financial markets and austerity measures in certain countries. Such developments could lead to a knock-on negative effect on activity.

- **Further difficulties in China:** given the weight of the Chinese economy, any further deterioration in activity would impact global financial markets, global trade and commodities prices.
- **Emerging markets in difficulty:** some emerging markets suffering from economic imbalances and domestic political difficulties, a strong US dollar and deteriorating international relations, could be further adversely impacted by the health crisis.

Other risks, not directly linked to the health crisis, were also embedded in the adverse scenario:

- **Trade risks:** in the short term, risks generated by the trade confrontation between the United States and China look less acute. However, disagreements regarding intellectual property protection, technology transfers or industrial policies are likely to persist. The United States and other mature economies are also likely to try to become less reliant on China in some areas that are deemed strategic, following the health crisis. Tensions related to trade and globalisation are therefore likely to remain. Unfavourable developments remain a risk for the coming quarters.
- **Brexit-related risks:** late in December 2020, the European Union and the United Kingdom signed a free trade agreement. This deal, which still has to be ratified by the European parliament, is provisionally applied from 1 January to 28 February 2021. Although a "hard-Brexit" was avoided, significant changes impact the European Union and United Kingdom trade (major non-tariff barriers) and financial relationships. Logistical and operational hurdles which are not totally integrated today cannot be excluded. A higher level of uncertainty (which is detrimental to investment and spending), weaker trade dynamics, financial tensions, and negative developments on the real estate market are factored in the adverse scenario.
- **Geopolitical risks:** Middle East tensions have the potential to weigh on the global economy through shocks on commodities prices and business confidence.

It is assumed that these latent risks will materialise as from the second quarter of 2021, triggered by an extension of the health crisis.

Among OECD countries, GDP levels in the adverse scenario are between 5.8% and 12% lower than in the baseline scenario at the end of the shock period (three years), depending on the country with a deviation of -7.1% on average in the eurozone and -5.8% in the United States.

Scenario weighting and cost of risk sensitivity

At 31 December 2020, the weighting of the Group's adverse scenario is 16% (34% for the favourable scenario), versus 26% at 31 December 2019 (24% for the favourable scenario), reflecting a below average position in the credit cycle at 31 December 2020, in the context of the current health crisis and the associated lockdown measures.

The application of an equal weighting to the favourable and adverse scenarios (25%) provides an estimate of the sensitivity of the amount of expected credit losses for all financial assets at amortised cost or at fair value through equity and credit commitments. This would lead to an increase of around EUR 130 million, or 2% of the expected losses. The application of these weightings does not change the classification of these facilities in the various stages at the closing date.

Adaptation of the ECL assessment process to factor in the specific nature of the health crisis

The measurement of the impact of macroeconomic scenarios on expected credit losses has been adjusted to reflect the specificities of the current health crisis. Given the exceptional nature of the shock in the first semester of 2020 linked to the temporary lockdown measures and strong support provided by governments and central banks, macroeconomic parameters for each country or geographic area included in the pre-existing models (calibrated on past crises) have been adapted in order to extract the information on the medium-term impacts on macroeconomic environment and thus minimize excessive short-term volatility.

In the eurozone, the medium-term perspective adopted for the baseline scenario reduces the destruction of value over the period, for an amount much lower than that of the support programmes announced by governments and the European Central Bank.

Conservative adjustments were also taken into account when the models used were based on indicators that show unusual levels in the context of the health crisis and the support programmes, such as the increase in deposits and the decrease in past due events for retail customers and entrepreneurs.

For the new loans secured by a state guarantee (mostly in French Retail Banking), the computation of expected credit losses has been adjusted accordingly.

For the specific business of consumer finance, projections of migration to default have been adapted in order to reflect, by country, the specific characteristics of this client segment. Loans benefiting from moratorium measures were analysed in specific risk classes.

Besides, the absence of a general maturity extension scheme for individuals, notably in France, led to classify as forborne the loans that benefited from accompanying measures that were not initially provided for under the contract. However, these measures were not considered as an automatic criterion for transfer to stage 2.

COST OF CREDIT RISK FOR THE PERIOD

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Net allowances to impairment	(5,358)	(2,649)
Recoveries on loans and receivables previously written off	457	429
Losses on irrecoverable loans	(816)	(983)
TOTAL COST OF RISK FOR THE PERIOD	**(5,717)**	**(3,203)**

COST OF RISK FOR THE PERIOD BY ACCOUNTING CATEGORIES AND ASSET TYPE

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Cash and balances at central banks	(5)	(1)
Financial instruments at fair value through profit or loss	(181)	4
Financial assets at fair value through equity	(6)	
Financial assets at amortised cost	(5,249)	(3,050)
Loans and receivables	*(5,215)*	*(3,057)*
Debt securities	*(34)*	*7*
Other assets	(17)	(4)
Financing and guarantee commitments and other items	(259)	(152)
TOTAL COST OF RISK FOR THE PERIOD	**(5,717)**	**(3,203)**
Cost of risk on unimpaired assets and commitments	*(1,404)*	*37*
of which stage 1	*(895)*	*(161)*
of which stage 2	*(509)*	*198*
Cost of risk on impaired assets and commitments – stage 3	*(4,313)*	*(3,240)*

➤ CREDIT RISK IMPAIRMENT

Change in impairment by accounting category and asset type during the period

In millions of euros	31 December 2019	Net allowance to impairment	Impairment provisions used	Effect of exchange rate movements and other	31 December 2020
Assets impairment					
Amounts due from central banks	15	5		(3)	17
Financial instruments at fair value through profit or loss	149	151	(120)	(32)	148
Impairment of assets at fair value through equity	141	7	(11)	(5)	132
Financial assets at amortised cost	21,411	4,961	(3,392)	(1,276)	21,704
Loans and receivables	*21,277*	*4,927*	*(3,391)*	*(1,267)*	*21,546*
Debt securities	*134*	*34*	*(1)*	*(9)*	*158*
Other assets	90	20	(3)	(3)	104
Total impairment of financial assets	**21,806**	**5,144**	**(3,526)**	**(1,319)**	**22,105**
of which stage 1	*1,676*	*793*	*(12)*	*(78)*	*2,379*
of which stage 2	*3,145*	*414*	*(15)*	*(378)*	*3,166*
of which stage 3	*16,985*	*3,937*	*(3,499)*	*(863)*	*16,560*
Provisions recognised as liabilities					
Provisions for commitments	818	212	(24)	(42)	964
Other provisions	416	2	(36)	1	383
Total provisions recognised for credit commitments	**1,234**	**214**	**(60)**	**(41)**	**1,347**
of which stage 1	*259*	*78*		*(18)*	*319*
of which stage 2	*225*	*80*		*(8)*	*297*
of which stage 3	*750*	*56*	*(60)*	*(15)*	*731*
TOTAL IMPAIRMENT AND PROVISIONS	**23,040**	**5,358**	**(3,586)**	**(1,360)**	**23,452**

Change in impairment by accounting category and asset type during the previous period

In millions of euros	31 December 2018	Net allowance to impairment	Impairment provisions used	Effect of exchange rate movements and other	31 December 2019
Assets impairment					
Amounts due from central banks	15	1		(1)	15
Financial instruments at fair value through profit or loss	191	(39)		(3)	149
Impairment of assets at fair value through equity	140			1	141
Financial assets at amortised cost	24,362	2,582	(5,560)	27	21,411
Loans and receivables	*24,232*	*2,591*	*(5,560)*	*14*	*21,277*
Debt securities	*130*	*(9)*		*13*	*134*
Other assets	80	10			90
Total impairment of financial assets	**24,788**	**2,554**	**(5,560)**	**24**	**21,806**
of which stage 1	*1,581*	*124*	*(2)*	*(27)*	*1,676*
of which stage 2	*3,325*	*(210)*	*(10)*	*40*	*3,145*
of which stage 3	*19,882*	*2,640*	*(5,548)*	*11*	*16,985*
Provisions recognised as liabilities					
Provisions for commitments	775	45		(2)	818
Other provisions	417	50	(32)	(19)	416
Total provisions recognised for credit commitments	**1,192**	**95**	**(32)**	**(21)**	**1,234**
of which stage 1	*237*	*22*			*259*
of which stage 2	*220*	*5*			*225*
of which stage 3	*735*	*68*	*(32)*	*(21)*	*750*
TOTAL IMPAIRMENT AND PROVISIONS	**25,980**	**2,649**	**(5,592)**	**3**	**23,040**

Change in impairment of amortised cost financial assets during the period (EU CR-2)

In millions of euros	Impairment on assets subject to 12-month Expected Credit Losses (Stage 1)	Impairment on assets subject to lifetime Expected Credit Losses (Stage 2)	Impairment on doubtful assets (Stage 3)	Total
AT 31 DECEMBER 2019	**1,641**	**3,123**	**16,647**	**21,411**
Net allowance to impairment	**788**	**408**	**3,765**	**4,961**
Financial assets purchased or originated during the period	605	372		977
Financial assets derecognised during the period[(1)]	(346)	(619)	(607)	(1,572)
Transfer to stage 2	(154)	2,035	(412)	1,469
Transfer to stage 3	(24)	(764)	2,524	1,736
Transfer to stage 1	116	(818)	(64)	(766)
Other allowances/reversals without stage transfer[(2)]	591	202	2,324	3,117
Impairment provisions used	**(12)**	**(15)**	**(3,365)**	**(3,392)**
Effect of exchange rate movements and other items	**(74)**	**(374)**	**(828)**	**(1,276)**
AT 31 DECEMBER 2020	**2,343**	**3,142**	**16,219**	**21,704**

(1) Including disposals.
(2) Including amortization.

Change in impairment of amortised cost financial assets during the previous period

In millions of euros	Impairment on assets subject to 12-month Expected Credit Losses (Stage 1)	Impairment on assets subject to lifetime Expected Credit Losses (Stage 2)	Impairment on doubtful assets (Stage 3)	Total
AT 31 DECEMBER 2018	**1,549**	**3,302**	**19,511**	**24,362**
Net allowance to impairment	**123**	**(208)**	**2,667**	**2,582**
Financial assets purchased or originated during the period	580	369	3	952
Financial assets derecognised during the period(1)	(263)	(483)	(809)	(1,555)
Transfer to stage 2	(148)	2,130	(476)	1,506
Transfer to stage 3	(17)	(873)	2,267	1,377
Transfer to stage 1	150	(1,039)	(79)	(968)
Other allowances/reversals without stage transfer(2)	(179)	(312)	1,761	1,270
Impairment provisions used	**(2)**	**(9)**	**(5,549)**	**(5,560)**
Effect of exchange rate movements and other items	**(29)**	**38**	**18**	**27**
AT 31 DECEMBER 2019	**1,641**	**3,123**	**16,647**	**21,411**

(1) *Including disposals.*
(2) *Including amortization.*

2.i CORPORATE INCOME TAX

Reconciliation of the effective tax expense to the theoretical tax expense at standard tax rate in France	Year to 31 Dec. 2020		Year to 31 Dec. 2019	
	in millions of euros	tax rate	in millions of euros	tax rate
Corporate income tax expense on pre-tax income at standard tax rate in France(1)	**(3,008)**	**32.0%**	**(4,003)**	**34.4%**
Impact of differently taxed foreign profits	415	-4.4%	541	-4.7%
Impact of changes in tax rates	-	-	77	-0.7%
Impact of dividends and disposals taxed at reduced rate	170	-1.8%	571	-4.9%
Impact of the non-deductibility of taxes and bank levies(2)	(262)	2.8%	(218)	1.9%
Impact of previously unrecognised deferred taxes (tax losses and temporary differences)	94	-1.0%	76	-0.7%
Impact of using tax losses for which no deferred tax asset was previously recognised	-	-	4	-
Other items	184	-1.9%	141	-1.1%
Corporate income tax expense	**(2,407)**	**25.6%**	**(2,811)**	**24.2%**
Current tax expense for the year to 31 December	*(2,391)*		*(2,615)*	
Deferred tax expense for the year to 31 December (note 4.k)	*(16)*		*(196)*	

(1) *Restated for the share of profits in equity-method entities and goodwill impairment.*
(2) *Contribution to the Single Resolution Fund and other non-deductible banking taxes.*

Note 3 SEGMENT INFORMATION

The Group is composed of two operating divisions:

- Retail Banking and Services, which covers Domestic Markets and International Financial Services. Domestic Markets include Retail Banking networks in France (FRB), Italy (BNL banca commerciale), Belgium (BRB), and Luxembourg (LRB), as well as certain specialised Retail Banking divisions (Personal Investors, Leasing Solutions, Arval and New Digital Businesses). International Financial Services is composed of all BNP Paribas Group Retail Banking businesses out of the eurozone, split between Europe Mediterranean and BancWest in the United States, as well as Personal Finance and the Insurance and Wealth and Asset Management activities (Wealth Management, Asset Management and Real Estate);
- Corporate and Institutional Banking (CIB), which includes Corporate Banking (Europe, Middle East, Africa, Asia, Americas, and Corporate Finance activities), Global Markets (Fixed Income, Currency and Commodities, as well as Equity and Prime Services), and Securities Services to management companies, financial institutions and other corporations.

Other activities mainly include Principal Investments, activities related to the Group's central treasury function, some costs related to cross-business projects, the residential mortgage lending business of Personal Finance (a significant part of which is managed in run-off), and certain investments.

They also include non-recurring items resulting from applying the rules on business combinations. In order to provide consistent and relevant economic information for each core business, the impact of amortising fair value adjustments recognised in the net equity of entities acquired and restructuring costs incurred in respect to the integration of entities, have been allocated to the "Other Activities" segment. The same applies to transformation and adaptation costs relating to the Group's cross-business savings programmes.

Inter-segment transactions are conducted at arm's length. The segment information presented comprises agreed inter-segment transfer prices.

The capital allocation is carried out on the basis of risk exposure, taking into account various conventions relating primarily to the capital requirement of the business as derived from the risk-weighted asset calculations required under capital adequacy rules. Normalised equity income by segment is determined by attributing to each segment the income of its allocated equity. The equity allocation to segments is based on 11% of weighted assets. The breakdown of balance sheet by core business follows the same rules as the breakdown of the profit or loss by core business.

INCOME BY BUSINESS SEGMENT

In millions of euros	Year to 31 Dec. 2020						Year to 31 Dec. 2019					
	Revenues	Operating expenses	Cost of risk	Operating income	Non-operating items	Pre-tax income	Revenues	Operating expenses	Cost of risk	Operating income	Non-operating items	Pre-tax income
Retail Banking & Services												
Domestic Markets												
French Retail Banking(1)	**5,667**	(4,353)	(487)	**827**	38	**865**	**6,050**	(4,461)	(324)	**1,266**	7	**1,273**
BNL banca commerciale(1)	**2,586**	(1,697)	(524)	**365**	(2)	**363**	**2,690**	(1,753)	(490)	**447**	(5)	**443**
Belgian Retail Banking(1)	**3,267**	(2,307)	(230)	**731**	31	**762**	**3,353**	(2,378)	(56)	**919**	10	**929**
Other Domestic Markets activities(1)	**3,412**	(1,911)	(205)	**1,297**	(13)	**1,284**	**3,169**	(1,847)	(146)	**1,175**	(10)	**1,165**
International Financial Services												
Personal Finance	**5,485**	(2,756)	(1,997)	**732**	(61)	**672**	**5,796**	(2,857)	(1,354)	**1,585**	18	**1,602**
International Retail Banking												
Europe-Mediterranean(1)	**2,346**	*(1,704)*	*(437)*	**206**	*187*	**392**	**2,690**	*(1,794)*	*(399)*	**497**	*231*	**728**
BancWest(1)	**2,399**	*(1,685)*	*(322)*	**392**		**392**	**2,309**	*(1,674)*	*(148)*	**487**	*(3)*	**484**
Insurance	**2,725**	(1,463)	(1)	**1,261**	121	**1,382**	**3,068**	(1,500)	(3)	**1,564**	152	**1,716**
Wealth and Asset Management	**2,982**	(2,510)	(17)	**455**	128	**583**	**3,320**	(2,682)	(6)	**632**	63	**695**
Corporate & Institutional Banking												
Corporate Banking	**4,727**	(2,623)	(1,308)	**796**	9	**806**	**4,312**	(2,599)	(223)	**1,490**	13	**1,503**
Global Markets	**6,819**	(4,452)	(117)	**2,250**	4	**2,254**	**5,571**	(4,231)	2	**1,341**	(6)	**1,334**
Securities Services	**2,217**	(1,845)	1	**373**	21	**394**	**2,198**	(1,833)	4	**369**		**370**
Other Activities	**(358)**	(890)	(72)	**(1,321)**	994	**(327)**	**71**	(1,728)	(58)	**(1,715)**	867	**(848)**
TOTAL GROUP	**44,275**	**(30,194)**	**(5,717)**	**8,364**	**1,458**	**9,822**	**44,597**	**(31,337)**	**(3,203)**	**10,057**	**1,337**	**11,394**

(1) *French Retail Banking, BNL banca commerciale, Belgian Retail Banking, Luxembourg Retail Banking, Europe-Mediterranean and BancWest after the reallocation within Wealth and Asset Management of one-third of the Wealth Management activities in France, Italy, Belgium, Luxembourg, Germany, Turkey, Poland and the United States.*

NET COMMISSION INCOME BY BUSINESS SEGMENT, INCLUDING FEES ACCOUNTED FOR UNDER "NET INCOME FROM INSURANCE ACTIVITIES"

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Retail Banking & Services		
Domestic Markets		
French Retail Banking[1]	2,461	2,558
BNL banca commerciale[1]	991	1,025
Belgian Retail Banking[1]	877	813
Other Domestic Markets activities[1]	553	376
International Financial Services		
Personal Finance	831	799
International Retail Banking	787	880
Europe Mediterranean[1]	*470*	*578*
BancWest[1]	*317*	*302*
Insurance	(3,203)	(3,448)
Wealth and Asset Management	2,063	2,207
Corporate & Institutional Banking		
Corporate Banking	2,061	1,545
Global Markets	(835)	(790)
Securities Services	1,317	1,309
Other activities	**26**	**48**
TOTAL GROUP	**7,930**	**7,323**

(1) *French Retail Banking, BNL banca commerciale, Belgian Retail Banking, Luxembourg Retail Banking, Europe-Mediterranean and BancWest after the reallocation within Wealth and Asset Management of one-third of the Wealth Management activities in France, Italy, Belgium, Luxembourg, Germany, Turkey, Poland and the United States.*

ASSETS AND LIABILITIES BY BUSINESS SEGMENT

In millions of euros	31 December 2020		31 December 2019	
	Asset	Liability	Asset	Liability
Retail Banking & Services				
Domestic Markets	**555,556**	**588,095**	**480,313**	**498,948**
French Retail Banking	212,821	235,018	195,462	198,097
BNL banca commerciale	89,638	87,647	81,276	69,821
Belgian Retail Banking	180,371	201,786	140,127	173,097
Other Domestic Markets activities	72,726	63,644	63,448	57,933
International Financial Services	**520,533**	**466,272**	**520,772**	**456,074**
Personal Finance	90,152	22,848	93,526	22,133
International Retail Banking	131,893	124,023	136,714	124,774
Europe-Mediterranean	*57,584*	*51,689*	*58,901*	*53,642*
BancWest	*74,309*	*72,334*	*77,813*	*71,132*
Insurance	265,356	249,967	257,818	240,061
Wealth and Asset Management	33,132	69,434	32,714	69,106
Corporate and Institutional Banking	**1,032,269**	**1,157,842**	**891,207**	**958,488**
Other Activities	**380,133**	**276,282**	**272,421**	**251,203**
TOTAL GROUP	**2,488,491**	**2,488,491**	**2,164,713**	**2,164,713**

Information by business segment relating to goodwill is presented in note 4.o *Goodwill*.

Information by geographic area

The geographic split of segment results, assets and liabilities is based on the region in which they are recognised for accounting purposes, adjusted as per the managerial origin of the business activity. It does not necessarily reflect the counterparty's nationality or the location of operational businesses.

➤ REVENUES BY GEOGRAPHIC AREA

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Europe	31,957	33,495
North America	5,719	4,664
Asia & Pacific	3,799	3,210
Others	2,800	3,228
TOTAL GROUP	**44,275**	**44,597**

➤ ASSETS AND LIABILITIES, IN CONTRIBUTION TO THE CONSOLIDATED ACCOUNTS, BY GEOGRAPHIC AREA

In millions of euros	31 December 2020	31 December 2019
Europe	2,016,720	1,722,658
North America	256,966	256,269
Asia & Pacific	167,526	133,403
Others	47,279	52,383
TOTAL GROUP	**2,488,491**	**2,164,713**

Note 4 NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2020

4.a FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss consist of held-for-trading transactions – including derivatives -, of certain liabilities designated by the Group as at fair value through profit or loss at the time of issuance and of non-trading instruments which characteristics prevent their accounting at amortised cost or at fair value through equity.

In millions of euros	31 December 2020				31 December 2019			
	Financial instruments held for trading	Financial instruments designated as at fair value through profit or loss	Other financial assets at fair value through profit or loss	Total	Financial instruments held for trading	Financial instruments designated as at fair value through profit or loss	Other financial assets at fair value through profit or loss	Total
Securities	160,632	347	6,948	167,927	124,224		7,711	131,935
Loans and repurchase agreements	243,938		940	244,878	195,554		1,373	196,927
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**404,570**	**347**	**7,888**	**412,805**	**319,778**	**-**	**9,084**	**328,862**
Securities	94,263			94,263	65,490			65,490
Deposits and repurchase agreements	286,741	1,854		288,595	212,712	2,381		215,093
Issued debt securities *(note 4.h)*		64,048		64,048		63,758		63,758
of which subordinated debt		*851*		*851*		*893*		*893*
of which non subordinated debt		*56,882*		*56,882*		*56,636*		*56,636*
of which debt representative of shares of consolidated funds held by third parties		*6,315*		*6,315*		*6,229*		*6,229*
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**381,004**	**65,902**		**446,906**	**278,202**	**66,139**		**344,341**

Detail of these assets and liabilities is provided in note 4.d.

Financial liabilities designated as at fair value through profit or loss

Financial liabilities at fair value through profit or loss mainly consist of issued debt securities, originated and structured on behalf of customers, where the risk exposure is managed in combination with the hedging strategy. These types of issued debt securities contain significant embedded derivatives, which changes in value may be compensated by changes in the value of economic hedging derivatives.

The redemption value of debt issued and designated as at fair value through profit or loss at 31 December 2020 was EUR 60,065 million (EUR 58,729 million at 31 December 2019).

Other financial assets measured at fair value through profit or loss

Other financial assets at fair value through profit or loss are financial assets not held for trading:

- debt instruments that do not meet the criteria defined by IFRS 9 to be classified as financial instruments at "fair value through equity" or at "amortised cost":
  - their business model is not to "collect contractual cash flows" nor "collect contractual cash flows and sell the instruments", and/or
  - their cash flows are not solely repayments of principal and interest on the principal amount outstanding;
- equity instruments that the Group did not choose to classify as at "fair value through equity".

Derivative financial instruments

The majority of derivative financial instruments held for trading are related to transactions initiated for trading purposes. They may result from market-making or arbitrage activities. BNP Paribas actively trades in derivatives. Transactions include trades in "ordinary" instruments such as credit default swaps, and structured transactions with complex risk profiles tailored to meet the needs of its customers. The net position is in all cases subject to limits.

Some derivative instruments are also contracted to hedge financial assets or financial liabilities for which the Group has not documented a hedging relationship, or which do not qualify for hedge accounting under IFRS.

In millions of euros	31 December 2020 Positive market value	31 December 2020 Negative market value	31 December 2019 Positive market value	31 December 2019 Negative market value
Interest rate derivatives	151,201	142,509	148,157	130,411
Foreign exchange derivatives	83,246	85,298	60,172	57,758
Credit derivatives	8,152	8,666	8,659	9,242
Equity derivatives	29,271	42,134	25,480	35,841
Other derivatives	4,909	4,001	4,819	4,633
DERIVATIVE FINANCIAL INSTRUMENTS	**276,779**	**282,608**	**247,287**	**237,885**

The table below shows the total notional amount of trading derivatives. The notional amounts of derivative instruments are merely an indication of the volume of the Group's activities in financial instruments markets, and do not reflect the market risks associated with such instruments.

	31 December 2020				31 December 2019			
In millions of euros	Exchange-traded	Over-the-counter, cleared through central clearing houses	Over-the-counter	Total	Exchange-traded	Over-the-counter, cleared through central clearing houses	Over-the-counter	Total
Interest rate derivatives	1,338,251	8,962,795	4,569,738	14,870,784	1,275,283	8,554,782	5,224,422	15,054,487
Foreign exchange derivatives	26,929	94,633	5,507,868	5,629,430	17,125	71,944	4,989,986	5,079,055
Credit derivatives		376,689	558,222	934,911		348,880	591,827	940,707
Equity derivatives	697,858		461,793	1,159,651	788,587		592,450	1,381,037
Other derivatives	70,830		54,494	125,324	151,049		85,006	236,055
DERIVATIVE FINANCIAL INSTRUMENTS	**2,133,868**	**9,434,117**	**11,152,115**	**22,720,100**	**2,232,044**	**8,975,606**	**11,483,691**	**22,691,341**

In the framework of its *Client Clearing* activity, the Group guarantees the risk of default of its clients to central counterparties.

The corresponding notional amount is EUR 749 billion as at 31 December 2020 (EUR 936 billion as at 31 December 2019).

4.b DERIVATIVES USED FOR HEDGING PURPOSES

The table below shows the notional amounts and the fair value of derivatives used for hedging purposes.

	31 December 2020			31 December 2019		
In millions of euros	Notional amounts	Positive fair value	Negative fair value	Notional amounts	Positive fair value	Negative fair value
Fair value hedges	**757,650**	**13,100**	**12,764**	**741,647**	**10,702**	**13,113**
Interest rate derivatives	748,871	12,830	12,594	732,683	10,583	12,964
Foreign exchange derivatives	8,779	270	170	8,964	119	149
Cash flow hedges	**205,208**	**2,489**	**505**	**179,237**	**1,744**	**984**
Interest rate derivatives	55,065	1,947	300	67,143	1,476	340
Foreign exchange derivatives	149,807	529	152	111,773	236	613
Other derivatives	336	13	53	321	32	31
Net foreign investment hedges	**1,937**	**11**	**51**	**4,863**	**6**	**19**
Foreign exchange derivatives	1,937	11	51	4,863	6	19
DERIVATIVES USED FOR HEDGING PURPOSES	**964,795**	**15,600**	**13,320**	**925,747**	**12,452**	**14,116**

Interest rate risk and foreign exchange risk management strategies are described in Chapter 5 – Pillar 3 of the Universal Registration Document (section 5.7 *Market risk – Market risk related to banking activities*). Quantitative information related to foreign currency borrowings used for net investment hedges is also mentioned in this chapter.

The table below presents the detail of fair value hedge relationships for identified financial instruments and portfolios of financial instruments that are continuing as at 31 December 2020:

In millions of euros, as at 31 December 2020	Hedging instruments				Hedged instruments			
	Notional amounts	Positive fair value	Negative fair value	Cumulated changes in fair value used as the basis for recognising ineffectiveness	Carrying amount - asset	Cumulated changes in fair value - asset	Carrying amount - liability	Cumulated changes in fair value - liability
Fair value hedges of identified instruments	**281,520**	**4,553**	**7,353**	**(733)**	**115,138**	**4,815**	**110,552**	**4,380**
Interest rate derivatives hedging the interest rate risk related to	**274,089**	**4,290**	**7,244**	**(824)**	**111,600**	**4,798**	**106,785**	**4,274**
Loans and receivables	18,124	92	545	(502)	18,200	502		
Securities	113,543	1,108	6,186	(4,553)	93,401	4,296		
Deposits	13,073	558	152	531			13,193	531
Debt securities	129,349	2,532	361	3,700			93,592	3,743
Foreign exchange derivatives hedging the interest rate and foreign exchange risks related to	**7,431**	**263**	**109**	**91**	**3,538**	**17**	**3,767**	**106**
Loans and receivables	2,009	126	2	(13)	1,851	13		
Securities	1,666	16	32	(4)	1,687	4		
Deposits	185	14		12			203	12
Debt securities	3,571	107	75	96			3,564	95
Interest-rate risk hedged portfolios	**476,130**	**8,547**	**5,411**	**1,849**	**111,090**	**4,367**	**173,716**	**6,134**
Interest rate derivatives hedging the interest rate risk related to(1)	**474,782**	**8,540**	**5,350**	**1,861**	**109,820**	**4,355**	**173,716**	**6,134**
Loans and receivables	187,109	1,200	4,364	(4,590)	109,820	4,355		
Deposits	287,672	7,340	986	6,452			173,716	6,134
Foreign exchange derivatives hedging the interest rate and foreign exchange risks related to	**1,348**	**7**	**61**	**(12)**	**1,270**	**12**		
Loans and receivables	1,348	7	61	(12)	1,270	12		
TOTAL FAIR VALUE HEDGE	**757,650**	**13,100**	**12,764**	**1,116**	**226,228**	**9,182**	**284,268**	**10,514**

(1) Are included in this section the notional amounts of hedging derivatives and of swaps that reverse the interest rate positions, thus reducing the hedge relationship, when the hedged item still exists, for respectively EUR 60,447 million for derivatives hedging loans and receivables and EUR 107,437 million for derivatives hedging deposits.

The table below presents the detail of fair value hedge relationships for identified financial instruments and portfolios of financial instruments that are continuing as at 31 December 2019:

In millions of euros, as at 31 December 2019	Hedging instruments				Hedged instruments			
	Notional amounts	Positive fair value	Negative fair value	Cumulated changes in fair value used as the basis for recognising ineffectiveness	Carrying amount - asset	Cumulated changes in fair value - asset	Carrying amount - liability	Cumulated changes in fair value - liability
Fair value hedges of identified instruments	**250,198**	**4,249**	**6,825**	**(322)**	**112,836**	**3,442**	**104,315**	**3,310**
Interest rate derivatives hedging the interest rate risk related to	**242,612**	**4,170**	**6,697**	**(358)**	**110,439**	**3,443**	**98,717**	**3,267**
Loans and receivables	24,185	66	591	(601)	24,268	602		
Securities	91,644	1,116	5,746	(2,940)	86,171	2,841		
Deposits	17,291	929	(36)	629			17,793	685
Debt securities	109,492	2,059	396	2,554			80,924	2,582
Foreign exchange derivatives hedging the interest rate and foreign exchange risks related to	**7,586**	**79**	**128**	**36**	**2,397**	**(1)**	**5,598**	**43**
Loans and receivables	1,380		1	(2)	1,278	1		
Securities	1,036	14	11	(3)	1,119	(2)		
Deposits	594	20	35	(28)			457	(27)
Debt securities	4,576	45	81	69			5,141	70
Interest-rate risk hedged portfolios	**491,449**	**6,453**	**6,288**	**(302)**	**133,606**	**4,255**	**170,673**	**3,940**
Interest rate derivatives hedging the interest rate risk related to(1)	**490,071**	**6,413**	**6,267**	**(279)**	**132,342**	**4,229**	**170,673**	**3,940**
Loans and receivables	223,102	762	5,326	(4,538)	132,342	4,229		
Deposits	266,969	5,651	941	4,259			170,673	3,940
Foreign exchange derivatives hedging the interest rate and foreign exchange risks related to	**1,378**	**40**	**21**	**(23)**	**1,264**	**26**		
Loans and receivables	1,378	40	21	(23)	1,264	26		
TOTAL FAIR VALUE HEDGE	**741,647**	**10,702**	**13,113**	**(624)**	**246,442**	**7,697**	**274,988**	**7,250**

(1) Are included in this section the notional amounts of hedging derivatives and of swaps that reverse the interest rate positions, thus reducing the hedge relationship, when the hedged item still exists, for respectively EUR 69,179 million for derivatives hedging loans and receivables and EUR 81,351 million for derivatives hedging deposits.

An asset or a liability or set of assets and liabilities, can be hedged over several periods of time with different derivative financial instruments. Besides, some hedges are achieved by the combination of two derivative instruments. In this case, the notional amounts add up and their total amount is higher than the hedged amount. The first situation is observed more particularly for interest rate risk hedged portfolios and the second for hedges of issued debt securities.

As regards discontinued fair value hedge relationships where the derivative contract was terminated, the cumulated amount of revaluation remaining to be amortised over the residual life of the hedged instruments amounts to EUR 1,194 million in assets as at 31 December 2020, and to EUR 18 million in liabilities, for hedges of portfolios of financial instruments. At 31 December 2019, these amounts were EUR 47 million in assets and 49 million in liabilities.

The change in assets is mainly due to a modification in hedging strategy which entailed the replacement of derivatives hedging portfolios of loans and receivables in order to modify the floating rate fixing frequency of the swaps. Both the terminated swaps and the new hedging swaps have the same notional. The maturity of the related hedged items spreads out until 2040.

The notional amount of cash flow hedge derivatives is EUR 205,208 million as at 31 December 2020. Changes in assets and liabilities recognised directly in equity amount to EUR 2,009 million. At 31 December 2019, the notional amount of cash flow hedge derivatives was EUR 179,237 million and the changes in assets and liabilities recognised directly in equity amount was EUR 1,416 million.

The tables below present the nominal amounts of hedging derivatives by maturity as at 31 December 2019 and as at 31 December 2020:

In millions of euros, as at 31 December 2020				Maturity date
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Fair value hedges	**164,828**	**341,676**	**251,146**	**757,650**
Interest rate derivatives	162,184	336,020	250,667	748,871
Foreign exchange derivatives	2,644	5,656	479	8,779
Cash flow hedges	**145,237**	**40,142**	**19,829**	**205,208**
Interest rate derivatives	11,289	29,053	14,723	55,065
Foreign exchange derivatives	133,788	10,913	5,106	149,807
Other derivatives	160	176		336
Net foreign investment hedges	**1,737**	**200**	**-**	**1,937**
Foreign exchange derivatives	1,737	200		1,937

In millions of euros, as at 31 December 2019				Maturity date
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Fair value hedges	**160,731**	**330,600**	**250,316**	**741,647**
Interest rate derivatives	157,154	326,038	249,491	732,683
Foreign exchange derivatives	3,577	4,562	825	8,964
Cash flow hedges	**116,676**	**38,757**	**23,804**	**179,237**
Interest rate derivatives	18,330	30,475	18,338	67,143
Foreign exchange derivatives	98,205	8,102	5,466	111,773
Other derivatives	141	180		321
Net foreign investment hedges	**4,156**	**617**	**90**	**4,863**
Foreign exchange derivatives	4,156	617	90	4,863

4.c FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY

In millions of euros	31 December 2020		31 December 2019	
	Fair value	of which changes in value taken directly to equity	Fair value	of which changes in value taken directly to equity
Debt securities	**55,981**	**613**	**50,403**	**161**
Governments	30,989	414	29,820	176
Other public administrations	17,970	244	13,782	68
Credit institutions	5,140	(39)	4,323	(80)
Others	1,882	(6)	2,478	(3)
Equity securities	**2,209**	**535**	**2,266**	**565**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY	**58,190**	**1,148**	**52,669**	**726**

Debt securities at fair value through equity include EUR 108 million classified as stage 3 at 31 December 2020 (EUR 117 million at 31 December 2019). For these securities, the credit impairment recognised in the profit and loss account has been charged to the negative changes in value recognised in equity for EUR 104 million at 31 December 2020 (EUR 113 million at 31 December 2019).

The option to recognise certain equity instruments at fair value through equity was retained in particular for shares held through strategic partnerships and shares that the Group is required to hold in order to carry out certain activities.

During the year ended 31 December 2020, the Group sell one of these investments and an unrealised gain of EUR 84 million was transferred to "retained earnings".

During the year ended 31 December 2019, the Group did not sell any of these investments.

4.d MEASUREMENT OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

Valuation process

BNP Paribas has retained the fundamental principle that it should have a unique and integrated processing chain for producing and controlling the valuations of financial instruments that are used for the purpose of daily Risk Management and financial reporting. All these processes are based on a common economic valuation which is a core component of business decisions and Risk Management strategies.

Economic value is composed of mid-market value, to which add valuation adjustments.

Mid-market value is derived from external data or valuation techniques that maximise the use of observable and market-based data. Mid-market value is a theoretical additive value which does not take account of i) the direction of the transaction or its impact on the existing risks in the portfolio, ii) the nature of the counterparties, and iii) the aversion of a market participant to particular risks inherent in the instrument, the market in which it is traded, or the Risk Management strategy.

Valuation adjustments take into account valuation uncertainty and include market and credit risk premiums to reflect costs that could be incurred in case of an exit transaction in the principal market.

Fair value generally equals the economic value, subject to limited adjustments, such as own credit adjustments, which are specifically required by IFRS standards.

The main valuation adjustments are presented in the section below.

Valuation adjustments

Valuation adjustments retained by BNP Paribas for determining fair values are as follows:

Bid/offer adjustments: the bid/offer range reflects the additional exit cost for a price taker and symmetrically the compensation sought by dealers to bear the risk of holding the position or closing it out by accepting another dealer's price.

BNP Paribas assumes that the best estimate of an exit price is the bid or offer price, unless there is evidence that another point in the bid/offer range would provide a more representative exit price.

Input uncertainty adjustments: when the observation of prices or data inputs required by valuation techniques is difficult or irregular, an uncertainty exists on the exit price. There are several ways to gauge the degree of uncertainty on the exit price such as measuring the dispersion of the available price indications or estimating the possible ranges of the inputs to a valuation technique.

Model uncertainty adjustments: these relate to situations where valuation uncertainty is due to the valuation technique used, even though observable inputs might be available. This situation arises when the risks inherent in the instruments are different from those available in the observable data, and therefore the valuation technique involves assumptions that cannot be easily corroborated.

Credit valuation adjustment (CVA): the CVA adjustment applies to valuations and market quotations whereby the credit worthiness of the counterparty is not reflected. It aims to account for the possibility that the counterparty may default and that BNP Paribas may not receive the full fair value of the transactions.

In determining the cost of exiting or transferring counterparty risk exposures, the relevant market is deemed to be an inter-dealer market. However, the determination of CVA remains judgemental due to:

- the possible absence or lack of price discovery in the inter-dealer market;
- the influence of the regulatory landscape relating to counterparty risk on the market participants' pricing behaviour;
- and the absence of a dominant business model for managing counterparty risk.

The CVA model is grounded on the same exposures as those used for regulatory purposes. The model attempts to estimate the cost of an optimal Risk Management strategy based on i) implicit incentives and constraints inherent in the regulations in force and their evolutions, ii) market perception of the probability of default and iii) default parameters used for regulatory purposes.

Funding valuation adjustment (FVA): when valuation techniques are used for the purpose of deriving fair value, funding assumptions related to the future expected cash flows are an integral part of the mid-market valuation, notably through the use of appropriate discount rates. These assumptions reflect what the Bank anticipates as being the effective funding conditions of the instrument that a market participant would consider. This notably takes into account the existence and terms of any collateral agreement. In particular, for non- or imperfectly collateralised derivative instruments, they include an explicit adjustment to the interbank interest rate.

Own-credit valuation adjustment for debts (OCA) and for derivatives (debit valuation adjustment – DVA): OCA and DVA are adjustments reflecting the effect of credit worthiness of BNP Paribas, on respectively the value of debt securities designated as at fair value through profit or loss and derivatives. Both adjustments are based on the expected future liability profiles of such instruments. The own credit worthiness is inferred from the market-based observation of the relevant bond issuance levels. The DVA adjustment is determined after taking into account the Funding Valuation Adjustment (FVA).

Thus, the carrying value of debt securities designated as at fair value though profit or loss is increased by EUR 408 million as at 31 December 2020, compared with an increase in value of EUR 220 million as at 31 December 2019, *i.e.* a EUR 188 million variation recognised directly in equity that will not be reclassified to profit or loss.

Instrument classes and classification within the fair value hierarchy for assets and liabilities measured at fair value

As explained in the summary of significant accounting policies (note 1.e.10), financial instruments measured at fair value are categorised into a fair value hierarchy consisting of three levels.

The disaggregation of assets and liabilities into risk classes is meant to provide further insight into the nature of the instruments:

- securitised exposures are further broken down by collateral type;
- for derivatives, fair values are broken down by dominant risk factor, namely interest rate, foreign exchange, credit and equity. Derivatives used for hedging purposes are mainly interest rate derivatives.

	31 December 2020											
	Financial instruments held for trading				Instruments at fair value through profit or loss not held for trading				Financial assets at fair value through equity			
In millions of euros	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Securities	**135,850**	**24,386**	**396**	**160,632**	**671**	**1,659**	**4,965**	**7,295**	**43,538**	**13,505**	**1,147**	**58,190**
Governments	81,126	7,464		88,590				-	27,188	3,801		30,989
Other debt securities	18,264	16,305	137	34,706		1,141	401	1,542	15,109	9,491	392	24,992
Equities and other equity securities	36,460	617	259	37,336	671	518	4,564	5,753	1,241	213	755	2,209
Loans and repurchase agreements	**-**	**243,567**	**371**	**243,938**	**-**	**218**	**722**	**940**	**-**	**-**	**-**	**-**
Loans		4,299		4,299		218	722	940				
Repurchase agreements		239,268	371	239,639				-				
FINANCIAL ASSETS AT FAIR VALUE	**135,850**	**267,953**	**767**	**404,570**	**671**	**1,877**	**5,687**	**8,235**	**43,538**	**13,505**	**1,147**	**58,190**
Securities	**92,298**	**1,823**	**142**	**94,263**	**-**	**-**	**-**	**-**				
Governments	66,489	252		66,741				-				
Other debt securities	9,990	1,495	47	11,532				-				
Equities and other equity securities	15,819	76	95	15,990				-				
Borrowings and repurchase agreements	**-**	**285,766**	**975**	**286,741**	**-**	**1,709**	**145**	**1,854**				
Borrowings		1,654		1,654		1,709	145	1,854				
Repurchase agreements		284,112	975	285,087				-				
Issued debt securities *(note 4.h)*	**-**	**-**	**-**	**-**	**5,240**	**40,839**	**17,968**	**64,048**				
Subordinated debt *(note 4.h)*				-		851		851				
Non subordinated debt *(note 4.h)*				-		38,913	17,968	56,882				
Debt representative of shares of consolidated funds held by third parties				-	5,240	1,075		6,315				
FINANCIAL LIABILITIES AT FAIR VALUE	**92,298**	**287,589**	**1,117**	**381,004**	**5,240**	**42,548**	**18,113**	**65,901**				

												31 December 2019
	Financial instruments held for trading				Instruments at fair value through profit or loss not held for trading				Financial assets at fair value through equity			
In millions of euros	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Securities	**98,940**	**24,927**	**357**	**124,224**	**681**	**2,106**	**4,924**	**7,711**	**32,812**	**18,645**	**1,212**	**52,669**
Governments	46,620	11,027		57,647		245		245	20,627	9,652		30,279
Other debt securities	12,449	13,799	218	26,466		1,283	367	1,650	11,043	8,780	301	20,124
Equities and other equity securities	39,871	101	139	40,111	681	578	4,557	5,816	1,142	213	911	2,266
Loans and repurchase agreements	**-**	**195,420**	**134**	**195,554**	**-**	**514**	**859**	**1,373**	**-**	**-**	**-**	**-**
Loans		3,329		3,329		514	859	1,373				
Repurchase agreements		192,091	134	192,225				-				
FINANCIAL ASSETS AT FAIR VALUE	**98,940**	**220,347**	**491**	**319,778**	**681**	**2,620**	**5,783**	**9,084**	**32,812**	**18,645**	**1,212**	**52,669**
Securities	**62,581**	**2,800**	**109**	**65,490**	**-**	**-**	**-**	**-**				
Governments	41,811	1,265		43,076				-				
Other debt securities	6,294	1,509	31	7,834				-				
Equities and other equity securities	14,476	26	78	14,580				-				
Borrowings and repurchase agreements	**-**	**212,379**	**333**	**212,712**	**-**	**2,202**	**179**	**2,381**				
Borrowings		2,865		2,865		2,202	179	2,381				
Repurchase agreements		209,514	333	209,847				-				
Issued debt securities *(note 4.h)*	**-**	**-**	**-**	**-**	**4,458**	**40,661**	**18,639**	**63,758**				
Subordinated debt *(note 4.h)*				-		893		893				
Non subordinated debt *(note 4.h)*				-		37,997	18,639	56,636				
Debt representative of shares of consolidated funds held by third parties				-	4,458	1,771		6,229				
FINANCIAL LIABILITIES AT FAIR VALUE	**62,581**	**215,179**	**442**	**278,202**	**4,458**	**42,863**	**18,818**	**66,139**				

In millions of euros	31 December 2020							
	Positive market value				Negative market value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate derivatives	167	149,474	1,560	151,201	280	140,670	1,559	142,509
Foreign exchange derivatives		82,809	437	83,246	2	84,953	343	85,298
Credit derivatives		7,718	434	8,152		8,200	466	8,666
Equity derivatives	11,537	15,853	1,881	29,271	15,461	18,906	7,767	42,134
Other derivatives	988	3,857	64	4,909	747	3,161	93	4,001
DERIVATIVE FINANCIAL INSTRUMENTS NOT USED FOR HEDGING PURPOSES	**12,692**	**259,711**	**4,376**	**276,779**	**16,490**	**255,890**	**10,228**	**282,608**
DERIVATIVE FINANCIAL INSTRUMENTS USED FOR HEDGING PURPOSES	**-**	**15,600**	**-**	**15,600**	**-**	**13,320**	**-**	**13,320**

In millions of euros	31 December 2019							
	Positive market value				Negative market value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate derivatives	139	146,656	1,362	148,157	132	128,927	1,352	130,411
Foreign exchange derivatives	1	59,948	223	60,172	1	57,518	239	57,758
Credit derivatives		8,400	259	8,659		8,871	371	9,242
Equity derivatives	6,871	17,235	1,374	25,480	7,885	21,327	6,629	35,841
Other derivatives	426	4,140	253	4,819	319	4,079	235	4,633
DERIVATIVE FINANCIAL INSTRUMENTS NOT USED FOR HEDGING PURPOSES	**7,437**	**236,379**	**3,471**	**247,287**	**8,337**	**220,722**	**8,826**	**237,885**
DERIVATIVE FINANCIAL INSTRUMENTS USED FOR HEDGING PURPOSES	**-**	**12,452**	**-**	**12,452**	**-**	**14,116**	**-**	**14,116**

Transfers between levels may occur when an instrument fulfils the criteria defined, which are generally market and product dependent. The main factors influencing transfers are changes in the observation capabilities, passage of time, and events during the transaction lifetime. The timing of recognising transfers is determined at the beginning of the reporting period.

During the year ended 31 December 2020, transfers between Level 1 and Level 2 were not significant.

Description of main instruments in each level

The following section provides a description of the instruments in each level in the hierarchy. It describes notably instruments classified in Level 3 and the associated valuation methodologies.

For main trading book instruments and derivatives classified in Level 3, further quantitative information is provided about the inputs used to derive fair value.

Level 1

This level encompasses all derivatives and securities that are listed on exchanges or quoted continuously in other active markets.

Level 1 includes notably equity securities and liquid bonds, shortselling of these instruments, derivative instruments traded on organised markets (futures, options, *etc.*). It includes shares of funds and UCITS, for which the net asset value is calculated on a daily basis, as well as debt representative of shares of consolidated funds held by third parties.

Level 2

The Level 2 stock of securities is composed of securities which are less liquid than the Level 1 bonds. They are predominantly corporate debt securities, government bonds, mortgage backed securities, fund shares and short-term securities such as certificates of deposit. They are classified in Level 2 notably when external prices for the same security can be regularly observed from a reasonable number of market makers that are active in this security, but these prices do not represent directly tradable prices. This comprises amongst other, consensus pricing services with a reasonable number of contributors that are active market makers as well as indicative runs from active brokers and/or dealers. Other sources, such as primary issuance market, may also be used where relevant.

Repurchase agreements are classified predominantly in Level 2. The classification is primarily based on the observability and liquidity of the repo market, depending on the underlying collateral and the maturity of the repo transaction.

Debts issued designated as at fair value through profit and loss, are classified in the same level as the one that would apply to the embedded derivative taken individually. The issuance spread is considered observable.

Derivatives classified in Level 2 comprise mainly the following instruments:

- vanilla instruments such as interest rate swaps, caps, floors and swaptions, credit default swaps, equity/foreign exchange (FX)/ commodities forwards and options;
- structured derivatives for which model uncertainty is not significant such as exotic FX options, mono- and multi-underlying equity/funds derivatives, single curve exotic interest rate derivatives and derivatives based on structured rates.

The above derivatives are classified in Level 2 when there is a documented stream of evidence supporting one of the following:

- fair value is predominantly derived from prices or quotations of other Level 1 and Level 2 instruments, through standard market interpolation or stripping techniques whose results are regularly corroborated by real transactions;
- fair value is derived from other standard techniques such as replication or discounted cash flows that are calibrated to observable prices, that bear limited model risk and enable an effective offset of the risks of the instrument through trading Level 1 or Level 2 instruments;
- fair value is derived from more sophisticated or proprietary valuation techniques but is directly evidenced through regular back-testing using external market-based data.

Determining of whether an over-the-counter (OTC) derivative is eligible for Level 2 classification involves judgement. Consideration is given to the origin, transparency and reliability of external data used, and the amount of uncertainty associated with the use of models. It follows that the Level 2 classification criteria involve multiple analysis axis within an "observability zone" whose limits are determined by i) a predetermined list of product categories and ii) the underlying and maturity bands. These criteria are regularly reviewed and updated, together with the applicable valuation adjustments, so that the classification by level remains consistent with the valuation adjustment policy.

Level 3

Level 3 securities of the trading book mainly comprise units of funds and unlisted equity shares measured at fair value through profit or loss or through equity.

Unlisted private equities are systematically classified as Level 3, with the exception of UCITS with a daily net asset value which are classified in the Level 1 of the fair value hierarchy.

Shares and other unlisted variable income securities in level 3 are valued using one of the following methods: a share of revalued net book value, multiples of comparable companies, future cash flows method, multi-criteria approach.

Repurchase agreements: mainly long-term or structured repurchase agreements on corporate bonds and ABSs: the valuation of these transactions requires proprietary methodologies given the bespoke nature of the transactions and the lack of activity and price discovery in the long-term repo market. The curves used in the valuation are corroborated using available data such as the implied basis of the relevant benchmark bond pool, recent long-term repo trade data and price enquiry data. Valuation adjustments applicable to these exposures are commensurate with the degree of uncertainty inherent in the modelling choices and amount of data available.

Debts issued designated as at fair value through profit or loss, are classified in the same level as the one that would apply to the embedded derivative taken individually. The issuance spread is considered observable.

Derivatives

Vanilla derivatives are classified in Level 3 when the exposure is beyond the observation zone for rate curves or volatility surfaces, or relates to less liquid markets such as tranches on old credit index series or emerging markets interest rates markets. The main instruments are:

- *Interest rate derivatives:* exposures mainly comprise swap products in less liquid currencies. Classification is driven by the lower liquidity of some maturities, while observation capabilities through consensus may be available. The valuation technique is standard, and uses external market information and extrapolation techniques;
- *Credit derivatives (CDS):* exposures mainly comprise CDSs beyond the maximum observable maturity and, to a much lesser extent, CDSs on illiquid or distressed names and CDSs on loan indices. Classification is driven by the lack of liquidity while observation capabilities may be available notably through consensus. Level 3 exposures also comprise CDS and Total Return Swaps (TRS) positions on securitised assets. These are priced along the same modelling techniques as the underlying bonds, taking into consideration the funding basis and specific risk premium;
- ***Equity derivatives:*** exposures essentially comprise long dated forward or volatility products or exposures where there is a limited market for optional products. The marking of the forward curves and volatility surfaces beyond the maximum observable maturity relies on extrapolation techniques. However, when there is no market for model input, volatility or forward is generally determined on the basis of proxy or historical analysis.

  Similarly, long-term transactions on equity baskets are also classified in Level 3, based on the absence of equity correlation observability on long maturities.

These vanilla derivatives are subject to valuation adjustments linked to uncertainty on liquidity, specialised by nature of underlying and liquidity bands.

Structured derivatives classified in Level 3 predominantly comprise structured derivatives of which hybrid products (FX/Interest Rates hybrids, Equity hybrids), credit correlation products, prepayment-sensitive products, some stock basket optional products and some interest rate optional instruments. The main exposures are described below, with insight into the related valuation techniques and on the source of uncertainty:

- ***structured interest rate options*** are classified in Level 3 when they involve currencies where there is not sufficient observation or when they include a quanto feature where the pay-off is measured with a forex forward fixed rate (except for the main currencies). Long term structured derivatives are also classified in Level 3;
- ***hybrid FX/Interest rate products*** essentially comprise a specific product family known as Power Reverse Dual Currency (PRDC). When valuation of PRDCs requires sophisticated modelling of joint behaviour of FX and interest rate, and is notably sensitive to the unobservable FX/interest rate correlations, such products are classified as level 3. PRDCs valuations are corroborated with recent trade data and consensus data;
- ***securitisation swaps*** mainly comprise fixed rate swaps, cross currency or basis swaps whose notional is indexed to the prepayment behaviour of some underlying portfolio. The estimation of the maturity profile of securitisation swaps is corroborated by statistical estimates using external historical data;
- ***forward volatility options*** are generally products whose pay-off is indexed to the future variability of a rate index such as volatility swaps. These products involve material model risk as it is difficult to infer forward volatility information from the market-traded instruments. The valuation adjustment framework is calibrated to the uncertainty inherent in the product, and to the range of uncertainty from the existing external consensus data;
- ***inflation derivatives*** classified in Level 3 mainly comprise swap products on inflation indices that are not associated with a liquid indexed bond market, optional products on inflation indices (such as caps and floors) and other forms of inflation indices involving optionality on the inflation indices or on the inflation annual rate. Valuation techniques used for inflation derivatives are predominantly standard market models. Proxy techniques are used for a few limited exposures. Although the valuations are corroborated through monthly consensus data, these products are classified as Level 3 due to their lack of liquidity and some uncertainties inherent in the calibration;
- the valuation of ***bespoke CDOs*** requires correlation of default events. This information is inferred from the active index tranche market through a proprietary projection technique and involves proprietary extrapolation and interpolation techniques. Multi-geography CDOs further require an additional correlation assumption. Finally, the bespoke CDO model also involves proprietary assumptions and parameters related to the dynamic of the recovery factor. CDO modelling, is calibrated on the observable index tranche markets, and is regularly back-tested against consensus data on standardised pools. The uncertainty arises from the model risk associated with the projection and geography mixing technique, and the uncertainty of associated parameters, together with the recovery modelling;
- ***N to Default baskets*** are other forms of credit correlation products, modelled through standard copula techniques. The main inputs required are the pair-wise correlations between the basket components which can be observed in the consensus and the transactions. Linear baskets are considered observable;
- ***equity and equity-hybrid correlation products*** are instruments whose pay-off is dependent on the joint behaviour of a basket of equities/indices leading to a sensitivity of the fair value measurement to the correlation amongst the basket components. Hybrid versions of these instruments involve baskets that mix equity and non-equity underlyings such as commodity indices, or foreign exchange rates. Only a subset of the Equity/index correlation matrix is regularly observable and traded, while most cross-asset correlations are not active. Therefore, classification in Level 3 depends on the composition of the basket, the maturity, and the hybrid nature of the product. The correlation input is derived from a proprietary model combining historical estimators, and other adjustment factors, that are corroborated by reference to recent trades or external data. The correlation matrix is essentially available from consensus services, and when a correlation between two underlying instruments is not available, it might be obtained from extrapolation or proxy techniques.

These structured derivatives are subject to specific valuation adjustments to cover uncertainties linked to liquidity, parameters and model risk.

Valuation adjustments (CVA, DVA and FVA)

The valuation adjustment for counterparty credit risk (CVA), own-credit risk for derivatives (DVA) and the explicit funding valuation adjustment (FVA) are deemed to be unobservable components of the valuation framework and therefore classified in Level 3. This does not impact, in general cases, the classification of individual transactions into the fair value hierarchy. However, a specific process allows to identify individual deals for which the marginal contribution of these adjustments and related uncertainty is significant. Are particularly concerned some insufficiently collateralised vanilla interest rate instruments with very long residual maturity.

The table below provides the range of values of main unobservable inputs for the valuation of level 3 financial instruments. The ranges displayed correspond to a variety of different underlying instruments and are meaningful only in the context of the valuation technique implemented by BNP Paribas. The weighted averages, where relevant and available, are based on fair values, nominal amounts or sensitivities.

The main unobservable parameters used for the valuation of debt issued in level 3 are equivalent to these of their economic hedge derivative. Information on those derivatives, displayed in the following table, is also applicable to these debts.

Risk classes	Balance Sheet valuation (in millions of euros) Asset	Liability	Main product types composing the Level 3 stock within the risk class	Valuation technique used for the product types considered	Main unobservable inputs for the product types considered	Range of unobservable input across Level 3 population considered	Weighted average
Repurchase agreements	371	975	Long-term repo and reverse-repo agreements	Proxy techniques, based amongst other on the funding basis of a benchmark bond pool, that is actively traded and representative of the repo underlying	Long-term repo spread on private bonds (High Yield, High Grade) and on ABSs	0 pb to 164 pb	36 pb (a)
Interest rate derivatives	1,560	1,559	Hybrid Forex/Interest rates derivatives	Hybrid Forex interest rate option pricing model	Correlation between FX rate and interest rates. Main currency pairs are EUR/JPY, USD/JPY, AUD/JPY	17% to 58%	23% (a)
			Hybrid inflation rates/Interest rates derivatives	Hybrid inflation interest rate option pricing model	Correlation between interest rates and inflation rates mainly in Europe.	-9% to 20%	4%
			Floors and caps on inflation rate or on the cumulative inflation (such as redemption floors), predominantly on European and French inflation	Inflation pricing model	Volatility of cumulative inflation	0.79% to 8.8%	(b)
					Volatility of the year on year inflation rate	0.23% to 2.2%	
			Forward Volatility products such as volatility swaps, mainly in euro	Interest rates option pricing model	Forward volatility of interest rates	0.3% to 0.5%	(b)
			Balance-guaranteed fixed rate, basis or cross currency swaps, predominantly on European collateral pools	Prepayment modelling Discounted cash flows	Constant prepayment rates	0% to 18%	2.0% (a)
Credit Derivatives	434	466	Collateralised Debt Obligations and index tranches for inactive index series	Base correlation projection technique and recovery modelling	Base correlation curve for bespoke portfolios	23.5% to 90.6%	(b)
					Inter-regions default cross correlation	80% to 90%	90% (c)
					Recovery rate variance for single name underlyings	0 to 25%	(b)
			N-to-default baskets	Credit default model	Default correlation	50% to 85%	60.8% (a)
			Single name Credit Default Swaps (other than CDS on ABSs and loans indices)	Stripping, extrapolation and interpolation	Credit default spreads beyond observation limit (10 years)	21 pb to 181 pb(1)	106 pb (c)
					Illiquid credit default spread curves (across main tenors)	4 pb to 656 bp(2)	71 pb (c)
Equity Derivatives	1,881	7,767	Simple and complex derivatives on multi-underlying baskets on stocks	Various volatility option models	Unobservable equity volatility	0% to 122%(3)	32% (d)
					Unobservable equity correlation	12% to 99%	67% (c)

(1) The upper part of the range relates to a significant balance sheet position on an issuer belonging to the European telecommunication sector. The remaining positions relate mainly to sovereign and financial issuers.
(2) The upper bound of the range relates to a health sector issuer as well as transportation and automotive sector issuers that represent an insignificant portion of the balance sheet (CDSs with illiquid underlying instruments).
(3) The upper part of the range relates to 9 equities representing a non-material portion of the balance sheet on options with equity underlying instruments. Including these inputs, the upper bound of the range would be around 222%.
(a) Weights based on relevant risk axis at portfolio level.
(b) No weighting, since no explicit sensitivity is attributed to these inputs.
(c) Weighting is not based on risks, but on an alternative methodology in relation with the Level 3 instruments (present value or notional).
(d) Simple averaging.

Table of movements in Level 3 financial instruments

For Level 3 financial instruments, the following movements occurred during the year ended 31 December 2020:

	Financial assets				Financial liabilities		
In millions of euros	Financial instruments at fair value through profit or loss held for trading	Financial instruments at fair value through profit or loss not held for trading	Financial assets at fair value through equity	TOTAL	Financial instruments at fair value through profit or loss held for trading	Financial instruments designated as at fair value through profit or loss	TOTAL
AT 31 DECEMBER 2019	**3,962**	**5,783**	**1,212**	**10,957**	**(9,268)**	**(18,818)**	**(28,086)**
Purchases	546	1,064	96	**1,706**			-
Issues				-		(4,656)	**(4,656)**
Sales	(417)	(526)	(6)	**(949)**	8		**8**
Settlements[(1)]	(1,427)	(72)	(228)	**(1,727)**	(4,715)	5,060	**345**
Transfers to level 3	1,908	3	65	**1,976**	(800)	(2,976)	**(3,776)**
Transfers from level 3	(1,356)	(57)		**(1,413)**	663	3,153	**3,816**
Gains (or losses) recognised in profit or loss with respect to transactions expired or terminated during the period	1,310	(415)		**895**	3,142	470	**3,612**
Gains (or losses) recognised in profit or loss with respect to unexpired instruments at the end of the period	638	37		**675**	(399)	(346)	**(745)**
Changes in fair value of assets and liabilities recognised directly in equity							
Items related to exchange rate movements	(21)	(130)	(6)	**(157)**	24		**24**
Changes in fair value of assets and liabilities recognised in equity			14	**14**			-
AT 31 DECEMBER 2020	**5,143**	**5,687**	**1,147**	**11,977**	**(11,345)**	**(18,113)**	**(29,458)**

(1) For the assets, includes redemptions of principal, interest payments as well as cash inflows and outflows relating to derivatives. For the liabilities, includes principal redemptions, interest payments as well as cash inflows and outflows relating to derivatives the fair value of which is negative.

Transfers out of Level 3 of derivatives at fair value include mainly the update of the observability tenor of certain yield curves, and of market parameters related to repurchase agreements and credit transactions but also the effect of derivatives becoming only or mainly sensitive to observable inputs due to the shortening of their lifetime.

Transfers into Level 3 of instruments at fair value reflect the effect of the regular update of the observability zones.

Transfers have been reflected as if they had taken place at the beginning of the reporting period.

The Level 3 financial instruments may be hedged by other Level 1 and Level 2 instruments, the gains and losses of which are not shown in this table. Consequently, the gains and losses shown in this table are not representative of the gains and losses arising from management of the net risk on all these instruments.

Sensitivity of fair value to reasonably possible changes in level 3 assumptions

The following table summarises those financial assets and financial liabilities classified as Level 3 for which alternative assumptions in one or more of the unobservable inputs would change fair value significantly.

The amounts disclosed are intended to illustrate the range of possible uncertainty inherent to the judgement applied when estimating Level 3 parameters, or when selecting valuation techniques. These amounts reflect valuation uncertainties that prevail at the measurement date, and even though such uncertainties predominantly derive from the portfolio sensitivities that prevailed at that measurement date, they are not predictive or indicative of future movements in fair value, nor do they represent the effect of market stress on the portfolio value.

In estimating sensitivities, BNP Paribas either remeasured the financial instruments using reasonably possible inputs, or applied assumptions based on the valuation adjustment policy.

For the sake of simplicity, the sensitivity on cash instruments that are not relating to securitised instruments was based on a uniform 1% shift in the price. More specific shifts were however calibrated for each class of the Level 3 securitised exposures, based on the possible ranges of the unobservable inputs.

For derivative exposures, the sensitivity measurement is based on the credit valuation adjustment (CVA), the explicit funding valuation adjustment (FVA) and the parameter and model uncertainty adjustments related to Level 3.

Regarding the credit valuation adjustment (CVA) and the explicit funding valuation adjustment (FVA), the uncertainty was calibrated based on prudent valuation adjustments described in the technical standard "Prudent Valuation" published by the European Banking Authority. For other valuation adjustments, two scenarios were considered: a favourable scenario where all or portion of the valuation adjustment is not considered by market participants, and an unfavourable scenario where market participants would require twice the amount of valuation adjustments considered by BNP Paribas for entering into a transaction.

In millions of euros	31 December 2020		31 December 2019	
	Potential impact on income	Potential impact on equity	Potential impact on income	Potential impact on equity
Debt securities	+/-5	+/-3	+/-6	+/-3
Equities and other equity securities	+/-48	+/-8	+/-46	+/-9
Loans and repurchase agreements	+/-13		+/-11	
Derivative financial instruments	+/-620		+/-621	
Interest rate and foreign exchange derivatives	*+/-360*		*+/-394*	
Credit derivatives	*+/-49*		*+/-53*	
Equity derivatives	*+/-199*		*+/-171*	
Other derivatives	*+/-12*		*+/-3*	
SENSITIVITY OF LEVEL 3 FINANCIAL INSTRUMENTS	**+/-686**	**+/-11**	**+/-684**	**+/-12**

4

Deferred margin on financial instruments measured using techniques developed internally and based on inputs partly unobservable in active markets

Deferred margin on financial instruments ("Day One Profit") primarly concerns the scope of financial instruments eligible for Level 3 and to a lesser extent some financial instruments eligible for level 2 where valuation adjustments for uncertainties regarding parameters or models are not negligible compared to the initial margin.

The day one profit is calculated after setting aside valuation adjustments for uncertainties as described previously and released to profit or loss over the expected period for which the inputs will be unobservable. The unamortised amount is included under "Financial instruments at fair value through profit or loss" as a reduction in the fair value of the relevant transactions.

In millions of euros	Deferred margin at 31 December 2019	Deferred margin on transactions during the period	Margin taken to the profit and loss account during the period	Deferred margin at 31 December 2020
Interest rate and foreign exchange derivatives	269	79	(104)	244
Credit derivatives	126	189	(141)	174
Equity derivatives	380	554	(520)	414
Other instruments	14	42	(45)	11
Financial instruments	**789**	**864**	**(810)**	**843**

4.e FINANCIAL ASSETS AT AMORTISED COST

DETAIL OF LOANS AND ADVANCES BY NATURE

In millions of euros	31 December 2020			31 December 2019		
	Gross value	Impairment *(note 2.h)*	Carrying amount	Gross value	Impairment *(note 2.h)*	Carrying amount
Loans and advances to credit institutions	**19,082**	**(100)**	**18,982**	**21,793**	**(101)**	**21,692**
On demand accounts	7,241	(12)	7,229	8,002	(13)	7,989
Loans[(1)]	10,009	(88)	9,921	12,697	(88)	12,609
Repurchase agreements	1,832		1,832	1,094		1,094
Loans and advances to customers	**830,979**	**(21,446)**	**809,533**	**826,953**	**(21,176)**	**805,777**
On demand accounts	37,639	(3,409)	34,230	38,978	(3,187)	35,791
Loans to customers	752,797	(16,888)	735,909	751,109	(16,861)	734,248
Finance leases	39,220	(1,149)	38,071	35,653	(1,128)	34,525
Repurchase agreements	1,323		1,323	1,213		1,213
TOTAL LOANS AND ADVANCES AT AMORTISED COST	**850,061**	**(21,546)**	**828,515**	**848,746**	**(21,277)**	**827,469**

(1) Loans and advances to credit institutions include term deposits made with central banks.

Contractual maturities of finance leases

In millions of euros	31 December 2020	31 December 2019
Gross investment	**41,899**	**37,970**
Receivable within 1 year	*11,602*	*10,412*
Receivable after 1 year but within 5 years	*26,306*	*22,837*
Receivable beyond 5 years	*3,991*	*4,721*
Unearned interest income	**(2,679)**	**(2,317)**
Net investment before impairment	**39,220**	**35,653**
Receivable within 1 year	*10,675*	*9,655*
Receivable after 1 year but within 5 years	*24,816*	*21,685*
Receivable beyond 5 years	*3,729*	*4,313*
Impairment provisions	**(1,149)**	**(1,128)**
Net investment after impairment	**38,071**	**34,525**

DETAIL OF DEBT SECURITIES BY TYPE OF ISSUER

In millions of euros	31 December 2020			31 December 2019		
	Gross value	Impairment *(note 2.h)*	Carrying amount	Gross value	Impairment *(note 2.h)*	Carrying amount
Governments	62,044	(22)	62,022	57,743	(21)	57,722
Other public administration	24,248	(2)	24,246	23,794	(3)	23,791
Credit institutions	10,461	(2)	10,459	7,201	(2)	7,199
Others	21,721	(132)	21,589	19,850	(108)	19,742
TOTAL DEBT SECURITIES AT AMORTISED COST	**118,474**	**(158)**	**118,316**	**108,588**	**(134)**	**108,454**

DETAIL OF FINANCIAL ASSETS AT AMORTISED COST BY STAGE

In millions of euros	31 December 2020			31 December 2019		
	Gross Value	Impairment *(note 2.h)*	Carrying amount	Gross Value	Impairment *(note 2.h)*	Carrying amount
Loans and advances to credit institutions	**19,082**	**(100)**	**18,982**	**21,793**	**(101)**	**21,692**
Stage 1	18,517	(19)	18,498	21,279	(12)	21,267
Stage 2	486	(8)	478	418	(5)	413
Stage 3	79	(73)	6	96	(84)	12
Loans and advances to customers	**830,979**	**(21,446)**	**809,533**	**826,953**	**(21,176)**	**805,777**
Stage 1	707,664	(2,303)	705,361	719,160	(1,600)	717,560
Stage 2	93,244	(3,101)	90,143	78,005	(3,100)	74,905
Stage 3	30,071	(16,042)	14,029	29,788	(16,476)	13,312
Debt securities	**118,474**	**(158)**	**118,316**	**108,588**	**(134)**	**108,454**
Stage 1	117,357	(21)	117,336	107,630	(30)	107,600
Stage 2	847	(33)	814	754	(17)	737
Stage 3	270	(104)	166	204	(87)	117
TOTAL FINANCIAL ASSETS AT AMORTISED COST	**968,535**	**(21,704)**	**946,831**	**957,334**	**(21,411)**	**935,923**

4.f IMPAIRED FINANCIAL ASSETS (STAGE 3)

The following tables present the carrying amounts of impaired financial assets carried at amortised cost and of impaired financing and guarantee commitments, as well as related collateral and other guarantees.

The amounts shown for collateral and other guarantees correspond to the lower of the value of the collateral or other guarantee and the value of the secured assets.

In millions of euros	31 December 2020			
	Impaired financial assets (Stage 3)			Collateral received
	Gross value	Impairment	Net	
Loans and advances to credit institutions *(note 4.e)*	79	(73)	6	123
Loans and advances to customers *(note 4.e)*	30,071	(16,042)	14,029	8,978
Debt securities at amortised cost *(note 4.e)*	270	(104)	166	39
TOTAL AMORTISED-COST IMPAIRED ASSETS (STAGE 3)	**30,420**	**(16,219)**	**14,201**	**9,140**
Financing commitments given	1,001	(83)	918	105
Guarantee commitments given	1,364	(264)	1,100	320
TOTAL OFF-BALANCE SHEET IMPAIRED COMMITMENTS (STAGE 3)	**2,365**	**(347)**	**2,018**	**425**

In millions of euros	31 December 2019			
	Impaired financial assets (Stage 3)			Collateral received
	Gross value	Impairment	Net	
Loans and advances to credit institutions *(note 4.e)*	96	(84)	12	115
Loans and advances to customers *(note 4.e)*	29,788	(16,476)	13,312	8,821
Debt securities at amortised cost *(note 4.e)*	204	(87)	117	45
TOTAL AMORTISED-COST IMPAIRED ASSETS (STAGE 3)	**30,088**	**(16,647)**	**13,441**	**8,981**
Financing commitments given	1,094	(58)	1,036	306
Guarantee commitments given	1,432	(275)	1,157	342
TOTAL OFF-BALANCE SHEET IMPAIRED COMMITMENTS (STAGE 3)	**2,526**	**(333)**	**2,193**	**648**

The following table present gross exposures of stage 3 assets change:

Gross value *In millions of euros*	Year to 31 Dec 2020	Year to 31 Dec 2019
IMPAIRED EXPOSURES (STAGE 3) AT OPENING BALANCE	**30,088**	**34,311**
Transfer to stage 3	8,623	6,650
Transfer to stage 1 or stage 2	(2,306)	(2,412)
Amounts Written off	(4,188)	(6,423)
Others changes	(1,797)	(2,038)
IMPAIRED EXPOSURES (STAGE 3) AT CLOSING BALANCE	**30,420**	**30,088**

4.g FINANCIAL LIABILITIES AT AMORTISED COST DUE TO CREDIT INSTITUTIONS AND CUSTOMERS

In millions of euros	31 December 2020	31 December 2019
Deposits from credit institutions	**147,657**	**84,566**
On demand accounts	8,995	9,072
Interbank borrowings[(1)]	130,999	68,847
Repurchase agreements	7,663	6,647
Deposits from customers	**940,991**	**834,667**
On demand deposits	613,311	516,862
Savings accounts	156,508	151,600
Term accounts and short-term notes	170,097	165,031
Repurchase agreements	1,075	1,174

(1) Interbank borrowings from credit institutions include term borrowings from central banks, including EUR 101.8 billion of TLTRO III.

4.h DEBT SECURITIES AND SUBORDINATED DEBT

This note covers all issued debt securities and subordinated debt measured at amortised cost and designated as at fair value through profit or loss.

➤ DEBT SECURITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (NOTE 4.A)

Issuer/Issue date *In millions of euros*	Currency	Original amount in foreign currency *(millions)*	Date of call or interest step-up	Interest rate	Interest step-up	Conditions precedent for coupon payment(1)	31 December 2020	31 December 2019
Debt securities							56,882	56,636
Subordinated debt							851	893
Redeemable subordinated debt			(2)				**53**	**120**
Perpetual subordinated debt							**798**	**773**
BNP Paribas Fortis Dec. 2007(3)	EUR	3,000	Dec.-14	3-month Euribor +200 bp		A	798	773

(1) Conditions precedent for coupon payment:
A Coupon payments are halted should the issuer have insufficient capital or the underwriters become insolvent or when the dividend declared for Ageas shares falls below a certain threshold.

(2) After agreement from the banking supervisory authority and at the issuer's initiative, redeemable subordinated debt issues may contain a call provision authorising the Group to redeem the securities prior to maturity by repurchasing them in the stock market, via public tender offers, or in the case of private placements over the counter. Debt issued by BNP Paribas SA or foreign subsidiaries of the Group via placements in the international markets may be subject to early redemption of the capital and early payment of interest due at maturity at the issuer's discretion on or after a date stipulated in the issue particulars (call option), or in the event that changes in the applicable tax rules oblige the BNP Paribas Group issuer to compensate debt-holders for the consequences of such changes. Redemption may be subject to a notice period of between 15 and 60 days, and is in all cases subject to approval by the banking supervisory authorities.

(3) Convertible And Subordinated Hybrid Equity-linked Securities (CASHES) issued by BNP Paribas Fortis (previously Fortis Banque) in December 2007. The CASHES are perpetual securities but may be exchanged for Ageas (previously Fortis SA/NV) shares at the holder's sole discretion at a price of EUR 239.40. However, as of 19 December 2014, the CASHES will be automatically exchanged into Ageas shares if their price is equal to or higher than EUR 359.10 for twenty consecutive trading days. The principal amount will never be redeemed in cash. The rights of the CASHES holders are limited to the Ageas shares held by BNP Paribas Fortis and pledged to them.
Ageas and BNP Paribas Fortis have entered into a Relative Performance Note (RPN) contract, the value of which varies contractually so as to offset the impact on BNP Paribas Fortis of the relative difference between changes in the value of the CASHES and changes in the value of the Ageas shares.
As at 31 December 2020, the liability is eligible to prudential own funds for EUR 205 million.

4

DEBT SECURITIES MEASURED AT AMORTISED COST

Issuer/Issue date *In millions of euros*	Currency	Original amount in foreign currency *(millions)*	Date of call or interest step-up	Interest rate	Interest step-up	Conditions precedent for coupon payment[1]	31 December 2020	31 December 2019
Debt securities							148,303	157,578
Debt securities in issue with an initial maturity of less than one year							**48,332**	**60,905**
Negotiable debt securities							48,332	60,905
Debt securities in issue with an initial maturity of more than one year							**99,971**	**96,673**
Negotiable debt securities							38,720	45,924
Bonds							61,251	50,749
Subordinated debt							22,474	20,003
Redeemable subordinated debt			(2)				**20,739**	**18,242**
Undated subordinated notes							**1,506**	**1,526**
BNP Paribas SA Oct. 85	EUR	305	-	TMO – 0.25%	-	B	254	254
BNP Paribas SA Sept. 86	USD	500	-	6 month-Libor +0.075%	-	C	224	244
BNP Paribas Cardif Nov. 14	EUR	1,000	Nov. 25	4.032%	3-month Euribor +393 bp	D	1,000	1,000
Others							28	28
Participating notes							**222**	**222**
BNP Paribas SA July 84[3]	EUR	337	-	(4)	-		215	215
Others							7	7
Expenses and commission, related debt							**7**	**13**

(1) Conditions precedent for coupon payment

B Payment of the interest is mandatory, unless the Board of directors decides to postpone these payments after the Shareholders' General Meeting has officially noted that there is no income available for distribution, where this occurs within the 12-month period preceding the due date for payment of the interest. Interest payments are cumulative and are payable in full once dividend payments resume.

C Payment of the interest is mandatory, unless the Board of directors decides to postpone these payments after the Shareholders' General Meeting has validated the decision not to pay out a dividend, where this occurs within the 12-month period preceding the due date for payment of the interest. Interest payments are cumulative and are payable in full once dividend payments resume. The bank has the option of resuming payment of interest arrears, even where no dividend is paid out.

D Payment of the interest is mandatory, except for cases of regulatory deficiency, in agreement with the regulator, or of suspension of payments. Interest payments are cumulative and are payable in full, once coupon payments resume, or, if these events occur before, when the issuance is redeemed or when the issuer is liquidated.

(2) See reference relating to "Debt securities at fair value through profit or loss".

(3) The participating notes issued by BNP Paribas SA may be repurchased as provided for in the law of 3 January 1983. The number of notes in the market is 1,434,092.

(4) Depending on net income subject to a minimum of 85% of the TMO rate and a maximum of 130% of the TMO rate.

4.i FINANCIAL INVESTMENTS OF INSURANCE ACTIVITIES

In millions of euros	31 December 2020			31 December 2019		
	Assets not representative of unit-linked insurance contracts	Assets representative of unit-linked insurance contracts *(financial risk supported by policyholders)*	Total	Assets not representative of unit-linked insurance contracts	Assets representative of unit-linked insurance contracts *(financial risk supported by policyholders)*	Total
Financial instruments designated as at fair value through profit or loss	45,867	73,151	119,018	44,292	71,043	115,335
Derivative financial instruments	1,365		1,365	1,115		1,115
Available-for-sale financial assets	130,594		130,594	126,596		126,596
Held-to-maturity financial assets	1,443		1,443	1,914		1,914
Loans and receivables	3,214		3,214	3,089		3,089
Equity-method investments	354		354	359		359
Investment property	2,857	3,732	6,589	3,094	3,464	6,558
TOTAL	**185,694**	**76,883**	**262,577**	**180,459**	**74,507**	**254,966**
Reinsurers' share of technical reserves	2,779		2,779	2,852		2,852
FINANCIAL INVESTMENTS OF INSURANCE ACTIVITIES	**188,473**	**76,883**	**265,356**	**183,311**	**74,507**	**257,818**

Investments in financial instruments of insurance activities are accounted for according to IAS 39 principles.

The fair value of financial assets with contractual cash-flows corresponding only to payments of principal and interest on principal amounts to EUR 116.4 billion as at 31 December 2020. It amounted to EUR 116.9 billion as at 31 December 2019, which represents a variation of EUR -0.5 billion over the period.

The fair value of other financial assets amounts to EUR 146.5 billion, and corresponds to all financial instruments that do not meet the previously mentioned criteria, derivatives and financial assets managed on a market value basis. It amounted to EUR 138.3 billion as at 31 December 2019, which represents a variation of EUR +8.2 billion over the period.

The fair value of investment properties which are not representative of unit-linked insurance contracts accounted for at amortised cost amounts to EUR 4.3 billion as at 31 December 2020, compared with EUR 4.6 billion as at 31 December 2019.

➤ MEASUREMENT OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

The criteria for allocating instruments to the levels of the fair value hierarchy, the corresponding valuation methodologies and the principles of transfer between the levels of the hierarchy for insurance investments are similar to those applied for the Group's other financial instruments (note 4.d).

In millions of euros	31 December 2020				31 December 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	**112,156**	**18,218**	**220**	**130,594**	**103,419**	**22,887**	**290**	**126,596**
Equity instruments	7,963	1,370	195	9,528	6,551	1,179	248	7,978
Debt securities	104,193	16,848	25	121,066	96,868	21,708	42	118,618
Financial instruments designated as at fair value through profit or loss	**90,733**	**21,419**	**6,865**	**119,017**	**88,724**	**19,296**	**7,315**	**115,335**
Equity instruments	89,691	13,036	6,804	109,531	87,084	12,774	6,549	106,407
Debt securities	1,042	8,383	61	9,486	1,640	6,522	766	8,928
Derivative financial instruments	**-**	**1,162**	**203**	**1,365**	**-**	**859**	**256**	**1,115**
FINANCIAL ASSETS MEASURED AT FAIR VALUE	**202,889**	**40,799**	**7,288**	**250,976**	**192,143**	**43,042**	**7,861**	**243,046**

Level 1: this level comprises equities and liquid bonds, derivative instruments traded on organised markets (futures, options, *etc.*), units of funds and UCITS for which the net asset value is calculated on a daily basis.

Level 2: this level comprises equities, certain government or corporate bonds, other fund units and UCITS and over-the-counter derivatives.

Level 3: this level consists mainly of fund units and shares which are not quoted on active markets, consisting mainly of units in venture capital companies and funds.

During the year ended 31 December 2020, transfers between Level 1 and Level 2 were not significant.

➤ TABLE OF MOVEMENTS IN LEVEL 3 FINANCIAL INSTRUMENTS

For Level 3 financial instruments, the following movements occurred during the period:

	Financial assets		
In millions of euros	Available-for-sale financial instruments	Financial instruments as at fair value through profit or loss	Total
AT 31 DECEMBER 2019	**290**	**7,571**	**7,861**
Purchases	42	1,876	1,918
Sales	(20)	(1,672)	(1,692)
Settlements	(33)	(222)	(255)
Transfers to Level 3	2	12	14
Transfers from Level 3	(55)	(867)	(922)
Gains recognised in profit or loss	2	392	394
Items related to exchange rate movements	2	(19)	(17)
Changes in fair value of assets and liabilities recognised in equity	(10)		(10)
AT 31 DECEMBER 2020	**220**	**7,068**	**7,288**

➤ DETAILS OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2020			31 December 2019		
In millions of euros	Balance sheet value	of which depreciation	of which changes in value recognised directly in equity	Balance sheet value	of which depreciation	of which changes in value recognised directly in equity
Debt securities	121,066		14,934	118,618		12,729
Equity instruments	9,528	(697)	2,117	7,978	(417)	2,009
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**130,594**	**(697)**	**17,051**	**126,596**	**(417)**	**14,738**

➤ FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTISED COST

	31 December 2020					31 December 2019				
In millions of euros	Level 1	Level 2	Level 3	Total	Carrying value	Level 1	Level 2	Level 3	Total	Carrying value
Held-to-maturity financial assets	1,686			1,686	1,443	2,224			2,224	1,914
Loans and receivables	65	3,183	-	3,248	3,214	121	2,985	18	3,124	3,089

4.j TECHNICAL RESERVES AND OTHER INSURANCE LIABILITIES

In millions of euros	31 December 2020	31 December 2019
Technical reserves – Non-Life insurance contracts	**4,668**	**4,768**
Technical reserves – Life insurance contracts	**155,129**	**154,382**
Insurance contracts	85,961	87,352
Unit-linked contracts	69,168	67,030
Technical liabilities – investment contracts	**48,528**	**48,179**
Investments contracts with discretionary participation feature	40,916	40,723
Investment contracts without discretionary participation feature – Unit-linked contracts	7,612	7,456
Policyholders' surplus reserve – liability	**27,860**	**24,980**
Total technical reserves and liabilities related to insurance and investment contracts	**236,185**	**232,309**
Debts arising out of insurance and reinsurance operations	2,948	3,464
Derivative financial instruments	1,608	1,164
TOTAL TECHNICAL RESERVES AND OTHER INSURANCE LIABILITIES	**240,741**	**236,937**

The policyholders' surplus reserve arises from the application of shadow accounting. It represents the interest of policyholders within French and Italian life insurance subsidiaries in unrealised gains and losses and impairment losses on assets where the benefit paid under the policy is linked to the return on those assets. It is obtained from stochastic calculations modelling the unrealised gains and losses attributable to policyholders based on economic scenarios and assumptions as regards rates paid to customers and new business inflows. For France, this resulted in an interest of 92% in 2020, compared with 90% in 2019.

The Liability Adequacy Test required by IFRS 4 and performed by contract portfolios consists in comparing reserves (net of deferred acquisition costs) and evaluation of future discounted cash flows.

As at 31 December 2020, this test has led to additional provisions on three Asian life insurance entities for a total amount of EUR 18 million. On domestic market life insurance entities (France, Italy and Luxembourg), the test does not apply for any shortfall impact.

The change in technical reserves and liabilities related to insurance contracts breaks down as follows:

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Liabilities related to insurance contracts at start of period	**232,309**	**209,750**
Additions to insurance contract technical reserves and deposits taken on financial contracts related to life insurance	21,309	30,807
Claims and benefits paid	(17,708)	(17,010)
Effect of changes in value of admissible investments related to unit-linked contracts	708	8,381
Effect of movements in exchange rates	(527)	311
Effect of changes in the scope of consolidation	94	70
Liabilities related to insurance contracts at end of period	**236,185**	**232,309**

See note 4.i for details of reinsurers' share of technical reserves.

4.k CURRENT AND DEFERRED TAXES

In millions of euros	31 December 2020	31 December 2019
Current taxes	2,016	1,857
Deferred taxes	4,543	4,956
Current and deferred tax assets	**6,559**	**6,813**
Current taxes	1,671	2,103
Deferred taxes	1,330	1,463
Current and deferred tax liabilities	**3,001**	**3,566**

Change in deferred tax by nature over the period:

In millions of euros	31 December 2019	Changes recognised in profit or loss	Changes recognised in equity that may be reclassified to profit or loss	Changes recognised in equity that will not be reclassified to profit or loss	Effects of exchange rates, consolidation scope and other movements	31 December 2020
Financial instruments	(1,041)	111	(208)	(4)	81	(1,061)
Provisions for employee benefit obligations	871	23		(4)	(18)	872
Unrealised finance lease reserve	(505)	(59)			8	(556)
Credit risk impairment	3,271	(73)			(53)	3,145
Tax loss carryforwards	1,119	(58)			(15)	1,046
Other items	(222)	40	(11)		(40)	(233)
NET DEFERRED TAXES	**3,493**	**(16)**	**(219)**	**(8)**	**(37)**	**3,213**
Deferred tax assets	4,956					4,543
Deferred tax liabilities	(1,463)					(1,330)

In order to determine the amount of the tax loss carryforwards recognised as assets, the Group conducts every year a specific review for each relevant entity based on the applicable tax regime, notably incorporating any time limit rules, and a realistic projection of their future revenue and charges in line with their business plan.

Deferred tax assets recognised on tax loss carryforwards are mainly related to BNP Paribas Fortis for EUR 648 million, with a 7-year expected recovery period (unlimited carryforward period).

Unrecognised deferred tax assets totalled EUR 1,117 million at 31 December 2020 compared with EUR 1,291 million at 31 December 2019.

4.l ACCRUED INCOME/EXPENSE AND OTHER ASSETS/LIABILITIES

In millions of euros	31 December 2020	31 December 2019
Guarantee deposits and bank guarantees paid	103,199	75,478
Collection accounts	677	288
Accrued income and prepaid expenses	3,985	6,162
Other debtors and miscellaneous assets	33,043	31,607
TOTAL ACCRUED INCOME AND OTHER ASSETS	**140,904**	**113,535**
Guarantee deposits received	61,454	58,751
Collection accounts	3,243	3,026
Accrued expense and deferred income	6,701	8,027
Lease liabilities	3,595	3,295
Other creditors and miscellaneous liabilities	32,853	29,650
TOTAL ACCRUED EXPENSE AND OTHER LIABILITIES	**107,846**	**102,749**

4.m EQUITY-METHOD INVESTMENTS

Cumulated financial information of associates and joint ventures is presented in the following table:

	Year to 31 Dec. 2020			31 December 2020	Year to 31 Dec. 2019			31 December 2019
In millions of euros	*Share of net income*	Share of changes in assets and liabilities recognised directly in equity	Share of net income and changes in assets and liabilities recognised directly in equity	Equity-method investments	*Share of net income*	Share of changes in assets and liabilities recognised directly in equity	Share of net income and changes in assets and liabilities recognised directly in equity	Equity-method investments
Joint ventures	*33*	*(35)*	(2)	832	*64*	*(17)*	47	965
Associates[(1)]	*390*	*(93)*	297	5,564	*522*	*160*	682	4,987
TOTAL EQUITY-METHOD ENTITIES	***423***	***(128)***	**295**	**6,396**	***586***	***143***	**729**	**5,952**

(1) Including controlled but non material entities consolidated under the equity method.

Financing and guarantee commitments given by the Group to joint ventures are listed in the note 7.h *Other related parties*.

The carrying amount of the Group's investment in the main joint ventures and associates is presented in the following table:

In millions of euros	Country of registration	Activity	Interest (%)	31 December 2020	31 December 2019
Joint ventures					
Bpost banque	Belgium	Retail Banking	50%	114	242
Union de Creditos Inmobiliarios	Spain	Retail mortgage	50%	196	220
Associates					
AG Insurance	Belgium	Insurance	25%	1,685	1,747
Bank of Nanjing	China	Retail Banking	14%	1,795	1,569

4.n PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS USED IN OPERATIONS, INVESTMENT PROPERTY

In millions of euros	31 December 2020			31 December 2019		
	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount
INVESTMENT PROPERTY	**926**	**(322)**	**604**	**894**	**(283)**	**611**
Land and buildings	13,180	(5,626)	7,554	13,565	(5,703)	7,862
Equipment, furniture and fixtures	7,262	(5,333)	1,929	7,494	(5,410)	2,084
Plant and equipment leased as lessor under operating leases	30,435	(8,204)	22,231	28,126	(7,546)	20,580
Other property, plant and equipment	2,387	(1,206)	1,181	2,371	(1,212)	1,159
PROPERTY, PLANT AND EQUIPMENT	**53,264**	**(20,369)**	**32,895**	**51,556**	**(19,871)**	**31,685**
Of which right of use	*6,871*	*(3,728)*	*3,143*	*6,660*	*(3,647)*	*3,013*
PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY	**54,190**	**(20,691)**	**33,499**	**52,450**	**(20,154)**	**32,296**
Purchased software	3,880	(3,080)	800	4,093	(3,072)	1,021
Internally-developed software	5,435	(4,095)	1,340	4,664	(3,581)	1,083
Other intangible assets	2,307	(548)	1,759	2,245	(497)	1,748
INTANGIBLE ASSETS	**11,622**	**(7,723)**	**3,899**	**11,002**	**(7,150)**	**3,852**

Investment property

Land and buildings leased by the Group as lessor under operating leases are recorded in "Investment property".

The estimated fair value of investment property accounted for at amortised cost at 31 December 2020 is EUR 743 million, compared with EUR 719 million at 31 December 2019.

Operating leases

Operating leases and investment property transactions are in certain cases subject to agreements providing for the following minimum future payments:

In millions of euros	31 December 2020	31 December 2019
Future minimum lease payments receivable under non-cancellable leases	**7,366**	**7,182**
Payments receivable within 1 year	*3,167*	*3,064*
Payments receivable after 1 year but within 5 years	*4,139*	*4,076*
Payments receivable beyond 5 years	*60*	*42*

Future minimum lease payments receivable under non-cancellable leases are payments that the lessee is required to make during the lease term.

Intangible assets

Other intangible assets include leasehold rights, goodwill and trademarks acquired by the Group.

Amortisation and provision

Net depreciation and amortisation expense for the year ended 31 December 2020 was EUR 2,431 million, compared with EUR 2,415 million for the year ended 31 December 2019.

The net increase in impairment on property, plant, equipment and intangible assets taken to the profit and loss account for the year ended 31 December 2020 amounted to EUR 8 million, compared with EUR 30 million for the year ended 31 December 2019.

4.o GOODWILL

In millions of euros	Year to 31 Dec 2020	Year to 31 Dec 2019
CARRYING AMOUNT AT START OF PERIOD	**7,817**	**8,487**
Acquisitions	5	55
Impairment recognised during the period		(820)
Exchange rate adjustments	(329)	97
Other movements		(2)
CARRYING AMOUNT AT END OF PERIOD	**7,493**	**7,817**
Gross value	11,247	11,608
Accumulated impairment recognised at the end of period	(3,754)	(3,791)

Goodwill by cash-generating unit is as follows:

In millions of euros	Carrying amount		Impairment recognised		Acquisitions	
	31 December 2020	31 December 2019	Year to 31 Dec. 2020	Year to 31 Dec. 2019	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Retail Banking & Services	**6,311**	**6,602**	-	**(820)**	**5**	**(2)**
Domestic Markets	**1,424**	**1,440**	-	-	**5**	-
Arval	510	515			5	
Leasing Solutions	149	151				
New Digital Businesses	159	159				
Personal Investors	600	609				
Others	6	6				
International Financial Services	**4,887**	**5,162**	-	**(820)**	-	**(2)**
Asset Management	181	187				
Insurance	352	353				
BancWest	2,362	2,571		(500)		
Personal Finance	1,238	1,293				
Personal Finance – partnership tested individually				(318)		
Real Estate	403	407		(2)		
Wealth Management	314	314				(2)
Others	37	37				
Corporate & Institutional Banking	**1,179**	**1,212**	-	-	-	**57**
Corporate Banking	273	277				
Global Markets	460	481				57
Securities Services	446	454				
Other Activities	**3**	**3**	-	-	-	-
TOTAL GOODWILL	**7,493**	**7,817**	**-**	**(820)**	**5**	**55**
Negative goodwill			5	2		
CHANGE IN VALUE OF GOODWILL RECOGNISED IN THE PROFIT AND LOSS ACCOUNT			**5**	**(818)**		

The cash-generating units to which goodwill is allocated are:

Arval: Specialist in vehicle long-term leasing and mobility, Arval offers corporates (from multinational companies to small and medium companies), employees and individuals tailored solutions that optimise their mobility.

Leasing Solutions: BNP Paribas Leasing Solutions uses a multi-channel partnership approach (sales via referrals, partnerships, direct sales and banking networks) to offer corporate and small business clients an array of leasing and rental solutions, ranging from equipment financing to fleet outsourcing.

New digital businesses: they include in particular the account management service "Nickel", open to all, without any conditions regarding income, deposits or personal wealth, and without any overdraft or credit facility. This service, which operates in real time using the latest technology, is available through over 5,800 points of sale.

Personal Investors: BNP Paribas Personal Investors is a digital specialist of banking and investment services. Mainly based in Germany, India, Austria and Spain, it provides a wide range of banking, savings and long and short term investment services to individual clients via the internet, and also on the phone and face-to-face. In addition to its activities destined to private clients, Personal Investors offers its services and IT platform to independent financial consultants, asset managers and FinTechs.

Asset Management: BNP Paribas Asset Management is the dedicated asset management business line of the BNP Paribas Group and offers services to individual investors (through internal distributors – BNP Paribas private and Retail Banking – and external distributors), to corporates and to institutional investors (insurance companies, retirement funds, official institutions, consultants). Its aim is to offer an added value based on a broad range of expertise throughout its active management of equities and bonds, its activity of private debt and real assets management and its multi-asset, quantitative and solutions division.

Insurance: BNP Paribas Cardif, a world leader in personal insurance, has designed, developed and marketed savings and protection products and services to protect individuals, their projects and their assets.

BNP Paribas Cardif also offer products in damage insurance, health insurance, budget insurance, revenue and means of payment insurance, unexpected event protection (unemployment, accident, death, theft or breakage) or the protection of private digital data to meet the evolution of customers' needs.

BancWest: In the United States, the Retail Banking business is henceforth conducted through Bank of the West, which markets a very broad range of Retail Banking products and services to individuals, small businesses and corporate clients, through branches and offices in 24 States, mainly in western and mid-western America. It also has strong positions across the USA in several specialised lending activities, such as marine, recreational vehicles and agribusiness, and develops its commercial set up particularly the corporate, SME and private banking segments.

Personal Finance: BNP Paribas Personal Finance is the Group's consumer credit specialist. Through its brands and partnerships such as Cetelem, Cofinoga, Findomestic, AlphaCredit, Opel Vauxhall or SevenDay Finans AB, Personal Finance provides a full range of consumer loans at point of sale (retail stores and car dealerships) or through its customer relation centres and websites and mobile applications. The business line, in some countries outside the domestic markets, is integrated into the BNP Paribas Group's Retail Banking.

Real Estate: BNP Paribas Real Estate serves the needs of its clients, whether institutional investors, corporates, public entities or individuals, at all stages of the life cycle of their property (from the conception of a construction project to its daily management).

Wealth Management: Wealth Management encompasses the Private Banking activities of BNP Paribas and serves a clientele of wealthy individuals, shareholder families and entrepreneurs seeking a one-stop shop for all their wealth management and financial needs.

Corporate Banking: Corporate Banking combines financing solutions to corporates, all transaction banking products, corporate finance advisory services in mergers and acquisitions and primary equity activities.

Global Markets: Global Markets provides investment, hedging, financing and research services across asset classes, to corporate and institutional clients – as well as private and Retail Banking networks. The sustainable, long-term business model of Global Markets connects clients to capital markets throughout EMEA (Europe, Middle East & Africa), Asia Pacific and the Americas, with innovative solutions and digital platforms. Global Markets includes activities of Fixed Income, Currencies & Commodities and Equity & Prime Services.

Securities Services: BNP Paribas Securities Services is one of the major global players in securities services and provides integrated solutions for all actors involved in the investment cycle, sell side, buy side and issuers.

Goodwill impairment tests are based on three different methods: observation of transactions related to comparable businesses, share price data for listed companies with comparable businesses, and discounted future cash flows (DCF).

If one of the two comparables-based methods indicates the need for impairment, the DCF method is used to validate the results and determine the amount of impairment required.

The DCF method is based on a number of assumptions in terms of future revenues, expenses and cost of risk (cash flows) based on medium-term business plans over a period of five years. Cash flow projections beyond the 5-year forecast period are based on a growth rate to perpetuity and are normalised when the short-term environment does not reflect the normal conditions of the economic cycle.

The key parameters which are sensitive to the assumptions made are the cost of capital, the cost/income ratio, the cost of risk and the growth rate to perpetuity.

Cost of capital is determined on the basis of a risk-free rate, an observed market risk premium weighted by a risk factor based on comparables specific to each cash-generating units. The values of these parameters are obtained from external information sources.

Allocated capital is determined for each cash-generating units based on the "Common Equity Tier One" regulatory requirements for the legal entity to which the cash-generating units belongs, with a minimum of 7%.

The growth rate to perpetuity used is 2% for mature economies in Europe and 3% for BancWest more specific to California. For CGUs implemented in countries with high levels of inflation, a specific add-on is taken into account (calculated according to inflation rates disclosed by external sources).

The following table shows the sensitivity of cash generating unit valuations to changes in the value of parameters used in the DCF calculation: the cost of capital, the cost/income ratio in terminal value, the cost of risk in terminal value and the growth rate to perpetuity.

In 2019, the downward revision of the financial perspectives for the Personal Finance partnership specifically tested led to depreciate the total goodwill (EUR 318 million).

Moreover, the economic environment evolution, particularly in interest rates in the United States, led, in 2019, to partially depreciate BancWest's goodwill by EUR 500 million.

➤ SENSITIVITY OF THE MAIN GOODWILL VALUATIONS TO A 10-BASIS POINT CHANGE IN THE COST OF CAPITAL, A 1% CHANGE IN THE COST/INCOME RATIO IN TERMINAL VALUE, A 5% CHANGE OF THE COST OF RISK IN TERMINAL VALUE AND A 50-BASIS POINT CHANGE IN THE GROWTH RATE TO PERPETUITY

In millions of euros	BancWest	Personal Finance
Cost of capital	**9.5%**	**10.0%**
Adverse change (+10 basis points)	(135)	(197)
Positive change (-10 basis points)	139	202
Cost/income ratio	**61.4%**	**45.8%**
Adverse change (+1%)	(255)	(435)
Positive change (-1%)	255	435
Cost of risk	**(135)**	**(1,758)**
Adverse change (+5%)	(53)	(556)
Positive change (-5%)	53	556
Growth rate to perpetuity	**3.0%**	**2.1%**
Adverse change (-50 basis points)	(249)	(431)
Positive change (+50 basis points)	290	490

Concerning the homogeneous Personal Finance set mentioned above, there would be no need to depreciate even by using, for the impairment tests, the four most unfavourable variations in the table.

4.p PROVISIONS FOR CONTINGENCIES AND CHARGES

➤ PROVISIONS FOR CONTINGENCIES AND CHARGES BY TYPE

In millions of euros	31 December 2019	Net additions to provisions	Provisions used	Changes in value recognised directly in equity	Effect of movements in exchange rates and other movements	31 December 2020
Provisions for employee benefits	**6,636**	**1,031**	**(1,007)**	**22**	**(78)**	**6,604**
of which post-employment benefits *(note 6.b)*	4,141	214	(311)	21	(20)	4,045
of which post-employment healthcare benefits *(note 6.b)*	146	4	(4)	2		148
of which provision for other long-term benefits *(note 6.c)*	1,188	365	(296)		(37)	1,220
of which provision for voluntary departure, early retirement plans, and headcount adaptation plan *(note 6.d)*	513	110	(148)		(7)	468
of which provision for share-based payments *(note 6.e)*	648	338	(248)		(15)	723
Provisions for home savings accounts and plans	**124**	**(1)**	**(1)**			**122**
Provisions for credit commitments *(note 2.h)*	**1,234**	**214**	**(60)**		**(41)**	**1,347**
Provisions for litigations	**598**	**186**	**(204)**		**(61)**	**519**
Other provisions for contingencies and charges	**894**	**225**	**(137)**		**(26)**	**956**
TOTAL PROVISIONS FOR CONTINGENCIES AND CHARGES	**9,486**	**1,655**	**(1,409)**	**22**	**(206)**	**9,548**

➤ PROVISIONS AND DISCOUNT FOR HOME SAVINGS ACCOUNTS AND PLANS

In millions of euros	31 December 2020	31 December 2019
Deposits collected under home savings accounts and plans	**18,203**	**18,149**
of which deposits collected under home savings plans	16,030	16,026
Aged more than 10 years	*5,333*	*5,231*
Aged between 4 and 10 years	*8,420*	*8,777*
Aged less than 4 years	*2,277*	*2,018*
Outstanding loans granted under home savings accounts and plans	**23**	**35**
of which loans granted under home savings plans	4	6
Provisions and discount recognised for home savings accounts and plans	**122**	**125**
provisions recognised for home savings plans	122	123
provisions recognised for home savings accounts	-	1
discount recognised for home savings accounts and plans	-	1

4.q OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The following tables present the amounts of financial assets and liabilities before and after offsetting (EU CCR5-A). This information, required by IFRS 7, aims to enable the comparability with the accounting treatment applicable in accordance with generally accepted accounting principles in the United States (US GAAP), which are less restrictive than IAS 32 as regards offsetting.

"Amounts set off on the balance sheet" have been determined according to IAS 32. Thus, a financial asset and a financial liability are offset and the net amount presented on the balance sheet when, and only when, the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Amounts set off derive mainly from repurchase agreements and derivative instruments traded with clearing houses.

The "impacts of master netting agreements and similar agreements" are relative to outstanding amounts of transactions within an enforceable agreement, which do not meet the offsetting criteria defined by IAS 32. This is the case of transactions for which offsetting can only be performed in case of default, insolvency or bankruptcy of one of the contracting parties.

"Financial instruments given or received as collateral" include guarantee deposits and securities collateral recognised at fair value. These guarantees can only be exercised in case of default, insolvency or bankruptcy of one of the contracting parties.

Regarding master netting agreements, the guarantee deposits received or given in compensation for the positive or negative fair values of financial instruments are recognised in the balance sheet in accrued income or expenses and other assets or liabilities.

In millions of euros, at 31 December 2020	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments received as collateral	Net amounts
Assets						
Financial instruments at fair value through profit or loss						
Securities	167,927		167,927			167,927
Loans and repurchase agreements	369,927	(125,049)	244,878	(42,976)	(190,936)	10,966
Derivative financial instruments (including derivatives used for hedging purposes)	688,709	(396,329)	292,380	(196,222)	(40,626)	55,532
Financial assets at amortised cost	946,831		946,831	(554)	(2,460)	943,817
of which repurchase agreements	*3,155*		*3,155*	*(554)*	*(2,460)*	*141*
Accrued income and other assets	140,904		140,904		(51,135)	89,769
of which guarantee deposits paid	*103,199*		*103,199*		*(51,135)*	*52,064*
Other assets not subject to offsetting	695,571		695,571			695,571
TOTAL ASSETS	**3,009,869**	**(521,378)**	**2,488,491**	**(239,752)**	**(285,157)**	**1,963,582**

In millions of euros, at 31 December 2020	Gross amounts of financial liabilities	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments given as collateral	Net amounts
Liabilities						
Financial instruments at fair value through profit or loss						
Securities	94,263		94,263			94,263
Deposits and repurchase agreements	413,644	(125,049)	288,595	(42,250)	(231,061)	15,284
Issued debt securities	64,048		64,048			64,048
Derivative financial instruments (including derivatives used for hedging purposes)	692,258	(396,329)	295,929	(196,222)	(53,721)	45,986
Financial liabilities at amortised cost	1,088,648		1,088,648	(1,280)	(6,996)	1,080,372
of which repurchase agreements	*8,738*		*8,738*	*(1,280)*	*(6,996)*	*462*
Accrued expense and other liabilities	107,846		107,846		(36,263)	71,583
of which guarantee deposits received	*61,454*		*61,454*		*(36,263)*	*25,191*
Other liabilities not subject to offsetting	431,813		431,813			431,813
TOTAL LIABILITIES	**2,892,520**	**(521,378)**	**2,371,142**	**(239,752)**	**(328,041)**	**1,803,349**

In millions of euros, at 31 December 2019	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments received as collateral	Net amounts
Assets						
Financial instruments at fair value through profit or loss						
Securities	131,935		131,935			131,935
Loans and repurchase agreements	352,599	(155,672)	196,927	(45,772)	(143,292)	7,863
Derivative financial instruments (including derivatives used for hedging purposes)	543,166	(283,427)	259,739	(179,483)	(34,902)	45,354
Financial assets at amortised cost	935,923		935,923	(536)	(1,679)	933,708
of which repurchase agreements	*2,307*		*2,307*	*(536)*	*(1,679)*	*92*
Accrued income and other assets	113,535		113,535		(38,342)	75,193
of which guarantee deposits paid	*75,478*		*75,478*		*(38,342)*	*37,136*
Other assets not subject to offsetting	526,654		526,654			526,654
TOTAL ASSETS	**2,603,812**	**(439,099)**	**2,164,713**	**(225,791)**	**(218,215)**	**1,720,707**

In millions of euros, at 31 December 2019	Gross amounts of financial liabilities	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments given as collateral	Net amounts
Liabilities						
Financial instruments at fair value through profit or loss						
Securities	65,490		65,490			65,490
Deposits and repurchase agreements	370,765	(155,672)	215,093	(44,684)	(163,430)	6,979
Issued debt securities	63,758		63,758			63,758
Derivative financial instruments (including derivatives used for hedging purposes)	535,428	(283,427)	252,001	(179,483)	(39,920)	32,598
Financial liabilities at amortised cost	919,234		919,234	(1,624)	(5,942)	911,668
of which repurchase agreements	*7,821*		*7,821*	*(1,624)*	*(5,942)*	*255*
Accrued expense and other liabilities	102,749		102,749		(30,939)	71,810
of which guarantee deposits received	*58,751*		*58,751*		*(30,939)*	*27,812*
Other liabilities not subject to offsetting	434,543		434,543			434,543
TOTAL LIABILITIES	**2,491,967**	**(439,099)**	**2,052,868**	**(225,791)**	**(240,231)**	**1,586,846**

4.r TRANSFERS OF FINANCIAL ASSETS

Financial assets that have been transferred but not derecognised by the Group are mainly composed of securities sold temporarily under repurchase agreements or securities lending transactions, as well as securitised assets. The liabilities associated to securities temporarily sold under repurchase agreements consist of debts recognised under the "repurchase agreements" heading. The liabilities associated to securitised assets consist of the securitisation notes purchased by third parties.

➤ SECURITIES LENDING, REPURCHASE AGREEMENTS AND OTHER TRANSACTIONS

	31 December 2020		31 December 2019	
In millions of euros, at	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
Securities lending operations				
Financial instruments at fair value through profit or loss	5,890		13,358	
Financial assets at amortised cost	2,517		1,408	
Financial assets at fair value through equity	434		320	
Repurchase agreements				
Financial instruments at fair value through profit or loss	39,105	39,104	33,203	33,148
Financial assets at amortised cost	5,500	5,167	3,664	3,621
Financial assets at fair value through equity	1,117	1,086	988	984
Financial investments of insurance activities	6,872	6,842	5,844	5,921
TOTAL	**61,435**	**52,199**	**58,785**	**43,674**

➤ SECURITISATION TRANSACTIONS PARTIALLY REFINANCED BY EXTERNAL INVESTORS, WHOSE RECOURSE IS LIMITED TO THE TRANSFERRED ASSETS

In millions of euros, at 31 December 2020	Carrying amount of transferred assets	Carrying amount of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities	Net position
Securitisation					
Financial assets at amortised cost	18,718	17,715	18,980	17,721	1,258
TOTAL	**18,718**	**17,715**	**18,980**	**17,721**	**1,258**

In millions of euros, at 31 December 2019	Carrying amount of transferred assets	Carrying amount of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities	Net position
Securitisation					
Financial instruments at fair value through profit or loss	28	28	28	28	-
Financial assets at amortised cost	19,674	17,431	19,035	17,471	1,564
Financial assets at fair value through equity	18	18	17	17	-
TOTAL	**19,720**	**17,477**	**19,080**	**17,516**	**1,564**

There have been no significant transfers leading to partial or full derecognition of the financial assets in which the Bank has a continuing involvement.

Note 5 FINANCING AND GUARANTEE COMMITMENTS

5.a FINANCING COMMITMENTS GIVEN OR RECEIVED

Contractual value of financing commitments given and received by the Group:

In millions of euros	31 December 2020	31 December 2019
Financing commitments given		
to credit institutions	6,646	4,999
to customers	343,480	324,077
Confirmed financing commitments	*306,312*	*255,975*
Other commitments given to customers	*37,168*	*68,102*
TOTAL FINANCING COMMITMENTS GIVEN	**350,126**	**329,076**
of which stage 1	*332,035*	*317,180*
of which stage 2	*15,440*	*9,862*
of which stage 3	*1,001*	*1,094*
of which insurance activities	*1,650*	*940*
Financing commitments received		
from credit institutions	48,622	70,725
from customers	5,511	2,633
TOTAL FINANCING COMMITMENTS RECEIVED	**54,133**	**73,358**

5.b GUARANTEE COMMITMENTS GIVEN BY SIGNATURE

In millions of euros	31 December 2020	31 December 2019
Guarantee commitments given		
to credit institutions	40,912	32,325
to customers	120,045	118,408
Property guarantees	2,758	2,767
Sureties provided to tax and other authorities, other sureties	62,803	61,003
Other guarantees	54,484	54,638
TOTAL GUARANTEE COMMITMENTS GIVEN	**160,957**	**150,733**
of which stage 1	*152,288*	*142,780*
of which stage 2	*7,305*	*6,518*
of which stage 3	*1,364*	*1,432*
of which insurance activities		*3*

5.c SECURITIES COMMITMENTS

In connection with the settlement date accounting for securities, commitments representing securities to be delivered or securities to be received are the following:

In millions of euros	31 December 2020	31 December 2019
Securities to be delivered	6,089	8,511
Securities to be received	7,857	10,792

5.d OTHER GUARANTEE COMMITMENTS

➤ FINANCIAL INSTRUMENTS GIVEN AS COLLATERAL

In millions of euros	31 December 2020	31 December 2019
Financial instruments (negotiable securities and private receivables) lodged with central banks and eligible for use at any time as collateral for refinancing transactions after haircut	**150,370**	**102,466**
Used as collateral with central banks	103,321	32,659
Available for refinancing transactions	*47,049*	*69,807*
Securities sold under repurchase agreements	**439,642**	**388,683**
Other financial assets pledged as collateral for transactions with credit institutions, financial customers or subscribers of covered bonds issued by the Group(1)	**212,169**	**152,489**

(1) Notably including "Société de Financement de l'Économie Française" and "Caisse de Refinancement de l'Habitat" financing.

The fair value of financial instruments given as collateral or transferred under repurchase agreements by the Group that the beneficiary is authorised to sell or reuse as collateral amounted to EUR 579,622 million at 31 December 2020 (EUR 486,464 million at 31 December 2019).

➤ FINANCIAL INSTRUMENTS RECEIVED AS COLLATERAL

In millions of euros	31 December 2020	31 December 2019
Financial instruments received as collateral (excluding repurchase agreements)	**234,212**	**181,696**
of which instruments that the Group is authorised to sell and reuse as collateral	*119,915*	*99,061*
Securities received under repurchase agreements	**408,394**	**376,752**

The fair value of financial instruments received as collateral or under repurchase agreements that the Group effectively sold or reused as collateral amounted to EUR 382,304 million at 31 December 2020 (compared with EUR 307,285 million at 31 December 2019).

Note 6 SALARIES AND EMPLOYEE BENEFITS

6.a SALARY AND EMPLOYEE BENEFIT EXPENSE

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Fixed and variable remuneration, incentive bonuses and profit-sharing	12,761	12,992
Employee benefit expense	3,663	4,021
Payroll taxes	522	540
TOTAL SALARY AND EMPLOYEE BENEFIT EXPENSE	**16,946**	**17,553**

6.b POST-EMPLOYMENT BENEFITS

IAS 19 distinguishes between two categories of plans, each handled differently depending on the risk incurred by the entity. When the entity is committed to paying a fixed amount, stated as a percentage of the beneficiary's annual salary, for example, to an external entity handling payment of the benefits based on the assets available for each plan member, it is described as a defined-contribution plan. Conversely, when the entity's obligation is to manage the financial assets funded through the collection of contributions from employees and to bear the cost of benefits itself or to guarantee the final amount subject to future events, it is described as a defined-benefit plan. The same applies, if the entity entrusts management of the collection of premiums and payment of benefits to a separate entity, but retains the risk arising from management of the assets and/or from future changes in the benefits.

Main Defined-contribution pension plans for Group entities

The BNP Paribas Group has implemented over the past few years a wide campaign of converting defined-benefit plans into defined-contribution plans.

Thus, in France, the BNP Paribas Group pays contributions to various nationwide basic and top-up pension schemes. BNP Paribas SA and certain subsidiaries have set up a funded pension plan under a company-wide agreement. Under this plan, employees will receive an annuity on retirement in addition to the pension paid by nationwide schemes.

Since defined-benefit plans have been closed to new employees in most countries outside France, they are offered the benefit of joining defined-contribution pension plans.

The amount paid into defined-contribution post-employment plans for the year ended 31 December 2020 was EUR 700 million, compared with EUR 676 million for the year ended 31 December 2019.

The breakdown by major contributors is determined as follows:

Contribution amount *In millions of euros*	Year to 31 Dec. 2020	Year to 31 Dec. 2019
France	334	343
Italy	95	67
UK	54	54
USA	50	50
Turkey	28	32
Hong-Kong	25	24
Luxembourg	25	24
Others	89	82
TOTAL	**700**	**676**

In Italy, the plan introduced by BNL is funded by employer contributions (4.2% of salaries) and employee contributions (2% of salaries). Employees can also make additional voluntary contributions.

In the United Kingdom, the employer contributes 12% of salaries for the majority of employees; employees can make additional voluntary contributions.

In the US, the bank matches the voluntary contributions made by employees, within certain limits.

Main defined-benefit pension plans for Group entities, of which indemnities payable on retirement

Defined-benefit plans

In Belgium, BNP Paribas Fortis funds a defined-benefit plan, based on final salary and number of years of service, for its management and employees who joined the bank before its pension plans were harmonised on 1 January 2002. Actuarial liabilities under this scheme are pre-funded at 97% at 31 December 2020 (compared with 93% at 31 December 2019) through AG Insurance, in which the BNP Paribas Group owns a 25% equity interest.

BNP Paribas Fortis senior managers are covered by a top-up pension plan, paying a lump sum based on the number of years of service and final salary. This plan is pre-funded at 101% as at 31 December 2020 (100% at 31 December 2019) through insurance companies.

Since 1 January 2015, senior managers benefit from a defined-contribution scheme. The other employees benefit as well from the defined-contribution scheme. Since there is a legal obligation for the employer to guarantee a minimum return on financial assets invested under defined-benefit pension plans, a provision was recognised for these defined-contribution schemes, as this guarantee is not entirely covered by the insurance company.

In France, BNP Paribas pays a top-up banking industry pension arising from rights acquired to 31 December 1993 by retired employees and active employees in service at that date. At 31 December 2020, the Group's residual obligations for these employees were recognised on the balance sheet in full.

The defined-benefit plans previously granted to some Group senior managers have all been closed to new employees and converted into top-up type schemes. The amounts allocated to residual beneficiaries, subject to their presence within the Group at retirement, were fixed when these schemes were closed. At 31 December 2020, 130% of these pension plans were funded through insurance companies (109% at 31 December 2019).

In the United Kingdom, defined-benefit pension plans (pension funds) still exist but are closed to new employees. Under these plans, the defined pension is generally based on final salary and number of years of service. Pension schemes are managed by independent management bodies (Trustees). At 31 December 2020, obligations for all UK entities were 112% covered by financial assets, compared with 116% at 31 December 2019.

In Switzerland, liabilities relate to top-up pension plans based on the principle of defined-contribution schemes with guaranteed returns, paying an annuity under pre-defined terms. These schemes are managed by a foundation. At 31 December 2020, obligations were 95% covered by financial assets, compared with 91% at 31 December 2019.

In the United States, defined-benefit pension plans are based on annual vesting rights to a lump sum comprising a pension expressed as a percentage of annual salary and paying interest at a pre-defined rate. These plans are closed to new entrants and have offered almost no new vesting rights. At 31 December 2020, the obligation was 86% covered by financial assets, (82% at 31 December 2019).

In Germany, liabilities are mainly related to defined-benefit pension plans, closed to new employees. Under these plans, the defined pension is generally based on the number of years of service and final salary. They offer the payment of an annuity under pre-defined terms. At 31 December 2020, the obligation was 51% covered by financial assets, (55% at 31 December 2019).

In Turkey, the pension plan replaces the national pension scheme (these obligations are measured based on the terms of the eventual transfer to the Turkish State) and offers guarantees exceeding the minimal legal requirements. At the end of 2020, obligations under this plan are fully funded by financial assets held with an external foundation; these financial assets exceed the related obligations, but this surplus is not recognised as an asset by the Group.

Other post-employment benefits

Group employees also receive various other contractual post-employment benefits, such as indemnities payable on retirement, determined according to minimal legal requirements (Labour Code, collective agreements) or according to specific company-level agreements.

In France, the obligations for these benefits are funded through a contract held with a third-party insurer. At 31 December 2020, this obligation was 96% covered by financial assets, compared with 100% at 31 December 2019.

In other countries, the gross obligations of the Group related to these benefits are mainly concentrated in Italy. They are representative of rights vested up to 31 December 2006, when pension reforms changed Italian termination indemnity schemes into defined-contribution plans.

Obligations under defined-benefit plans and other post-employment benefits

➤ ASSETS AND LIABILITIES RECOGNISED ON THE BALANCE SHEET

In millions of euros, at 31 December 2020	Defined-benefit obligation arising from wholly or partially funded plans	Defined-benefit obligation arising from unfunded plans	Present value of defined-benefit obligation	Fair value of plan assets	Fair value of reimbursement rights[(1)]	Effect of asset ceiling	Net obligation	of which asset recognised in the balance sheet for defined-benefit plans	of which net assets of defined-benefit plans	of which fair value of reimbursement rights	of which obligation recognised in the balance sheet for defined-benefit plans
Belgium	3,209	24	3,233	(127)	(3,048)		58	(3,048)		(3,048)	3,106
UK	1,852	1	1,853	(2,066)			(213)	(231)	(231)		18
France	1,214	88	1,302	(1,187)			115	(64)	(64)		179
Switzerland	1,153	1	1,154	(1,099)		4	59				59
USA	543	82	625	(538)			87	(2)	(2)		89
Italy		271	271				271				271
Germany	143	78	221	(113)			108				108
Turkey	148	32	180	(331)		182	31				31
Others	539	50	589	(409)	(2)		178	(6)	(4)	(2)	184
TOTAL	**8,801**	**627**	**9,428**	**(5,870)**	**(3,050)**	**186**	**694**	**(3,351)**	**(301)**	**(3,050)**	**4,045**

In millions of euros, at 31 December 2019	Defined-benefit obligation arising from wholly or partially funded plans	Defined-benefit obligation arising from unfunded plans	Present value of defined-benefit obligation	Fair value of plan assets	Fair value of reimbursement rights[(1)]	Effect of asset ceiling	Net obligation	of which asset recognised in the balance sheet for defined-benefit plans	of which net assets of defined-benefit plans	of which fair value of reimbursement rights	of which obligation recognised in the balance sheet for defined-benefit plans
Belgium	3,208	23	3,231	(113)	(3,001)		117	(3,001)		(3,001)	3,118
UK	1,737	1	1,738	(2,010)			(272)	(277)	(277)		5
France	1,189	95	1,284	(1,195)			89	(77)	(77)		166
Switzerland	1,230	2	1,232	(1,120)		5	117				117
USA	588	85	673	(549)			124				124
Italy		307	307				307				307
Germany	136	70	206	(114)			92				92
Turkey	146	29	175	(397)		250	28				28
Others	542	50	592	(411)	(1)		180	(4)	(3)	(1)	184
TOTAL	**8,776**	**662**	**9,438**	**(5,909)**	**(3,002)**	**255**	**782**	**(3,359)**	**(357)**	**(3,002)**	**4,141**

(1) The reimbursement rights are principally found on the balance sheet of the Group's insurance subsidiaries and associated companies – notably AG Insurance with respect to BNP Paribas Fortis' defined-benefit plan – to hedge their commitments to other Group entities that were transferred to them to cover the post-employment benefits of certain employee categories.

CHANGE IN THE PRESENT VALUE OF THE DEFINED-BENEFIT OBLIGATION

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
PRESENT VALUE OF DEFINED-BENEFIT OBLIGATION AT START OF PERIOD	**9,438**	**8,823**
Current service cost	232	229
Interest cost	90	158
Past service cost	(50)	(1)
Settlements	(47)	(11)
Actuarial (gains)/losses on change in demographic assumptions	(1)	(56)
Actuarial (gains)/losses on change in financial assumptions	537	655
Actuarial (gains)/losses on experience gaps	(72)	9
Actual employee contributions	24	24
Benefits paid directly by the employer	(109)	(140)
Benefits paid from assets/reimbursement rights	(434)	(377)
Exchange rate (gains)/losses on obligation	(198)	140
(Gains)/losses on obligation related to changes in the consolidation scope	18	(15)
PRESENT VALUE OF DEFINED-BENEFIT OBLIGATION AT END OF PERIOD	**9,428**	**9,438**

CHANGE IN THE FAIR VALUE OF PLAN ASSETS AND REIMBURSEMENT RIGHTS

	Plan assets		Reimbursement rights	
In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019	Year to 31 Dec. 2020	Year to 31 Dec. 2019
FAIR VALUE OF ASSETS AT START OF PERIOD	**5,909**	**5,351**	**3,002**	**2,839**
Expected return on assets	95	145	13	34
Settlements	(42)	(3)		
Actuarial gains/(losses) on assets	325	439	113	168
Actual employee contributions	14	14	9	10
Employer contributions	62	63	110	115
Benefits paid from assets	(235)	(211)	(199)	(166)
Exchange rate gains/(losses) on assets	(260)	127		
Gains/(losses) on assets related to changes in the consolidation scope	2	(16)	2	2
FAIR VALUE OF ASSETS AT END OF PERIOD	**5,870**	**5,909**	**3,050**	**3,002**

COMPONENTS OF THE COST OF DEFINED-BENEFIT PLANS

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Service costs	**177**	**220**
Current service cost	232	229
Past service cost	(50)	(1)
Settlements	(5)	(8)
Net financial expense	**7**	**14**
Interest cost	90	158
Interest income on plan asset	25	35
Interest income on reimbursement rights	(95)	(145)
Expected return on asset ceiling	(13)	(34)
TOTAL RECOGNISED IN SALARY AND EMPLOYEE BENEFIT EXPENSE	**184**	**234**

OTHER ITEMS RECOGNISED DIRECTLY IN EQUITY

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Other items recognised directly in equity	**(11)**	**(6)**
Actuarial (losses)/gains on plan assets or reimbursement rights	438	607
Actuarial (losses)/gains of demographic assumptions on the present value of obligations	1	56
Actuarial (losses)/gains of financial assumptions on the present value of obligations	(537)	(655)
Experience (losses)/gains on obligations	72	(9)
Variation of the effect of assets limitation	15	(5)

MAIN ACTUARIAL ASSUMPTIONS USED TO CALCULATE OBLIGATIONS

In the eurozone, United Kingdom and United States, the Group discounts its obligations using the yields of high quality corporate bonds, with a term consistent with the duration of the obligations.

The ranges of rates used are as follows:

	31 December 2020		31 December 2019	
In%	Discount rate	Compensation increase rate(1)	Discount rate	Compensation increase rate(1)
Belgium	0.00%/0.80%	2.60%/3.20%	0.10%/1.10%	2.70%/3.20%
UK	0.30%/1.50%	2.00%/3.20%	1.30%/2.10%	2.00%/3.10%
France	0.00%/0.50%	1.40%/2.95%	0.10%/1.10%	1.60%/2.95%
Switzerland	0.05%/0.10%	1.50%	0.00%/0.20%	1.00%/2.50%
USA	1.40%/2.50%	4.00%	2.35%/3.40%	4.00%
Italy	0.00%/0.60%	1.50%/2.40%	0.20%/0.80%	1.60%/2.40%
Germany	0.30%/0.80%	2.00%/2.50%	0.50%/1.10%	2.00%/2.50%
Turkey	14.50%	11.03%	12.51%	7.59%

(1) Including price increases (inflation)

Observed weighted average rates are as follows:

- in the eurozone: 0.15% at 31 December 2020 (0.54% at 31 December 2019);
- in the United Kingdom: 1.31% at 31 December 2020 (2.00% at 31 December 2019);
- in Switzerland: 0.05% at 31 December 2020 (0.15% at 31 December 2019).

The impact of a 100 bp change in discount rates on the present value of post-employment benefit obligations is as follows:

	31 December 2020		31 December 2019	
Change in the present value of obligations *In millions of euros*	Discount rate -100bp	Discount rate +100bp	Discount rate -100bp	Discount rate +100bp
Belgium	314	(274)	324	(282)
UK	443	(330)	436	(319)
France	149	(125)	155	(128)
Switzerland	163	(143)	197	(167)
USA	79	(65)	84	(69)
Italy	19	(18)	22	(20)
Germany	43	(36)	47	(36)
Turkey	16	(13)	12	(10)

ACTUAL RATE OF RETURN ON PLAN ASSETS AND REIMBURSEMENT RIGHTS OVER THE PERIOD

In%	Year to 31 Dec. 2020		Year to 31 Dec. 2019	
	Range of value *(reflecting the existence of several plans in the same country)*	Weighted average rates	Range of value *(reflecting the existence of several plans in the same country)*	Weighted average rates
Belgium	-3.90%/4.85%	4.30%	-0.05%/19.10%	6.05%
UK	-4.95%/12.10%	11.10%	3.95%/19.00%	15.65%
France	3.25%/3.35%	3.35%	3.35%/3.45%	3.45%
Switzerland	1.50%/3.25%	3.25%	2.40%/14.85%	10.90%
USA	11.75%/18.60%	14.20%	7.75%/18.00%	13.10%
Germany	0.40%/2.95%	0.55%	1.75%/9.75%	9.05%
Turkey	12.85%	12.85%	19.25%	19.25%

BREAKDOWN OF PLAN ASSETS

In%	31 December 2020						31 December 2019					
	Shares	Govern-mental bonds	Non-Govern-mental bonds	Real-estate	Deposit account	Others	Shares	Govern-mental bonds	Non-Go-vernmental bonds	Real-estate	Deposit account	Others
Belgium	6%	52%	17%	1%	0%	24%	6%	54%	15%	1%	0%	24%
UK	8%	72%	8%	0%	1%	11%	14%	66%	8%	0%	4%	8%
France[(1)]	5%	72%	15%	8%	0%	0%	6%	69%	17%	8%	0%	0%
Switzerland	36%	0%	26%	20%	4%	14%	34%	0%	29%	19%	5%	13%
USA	23%	15%	55%	0%	3%	4%	26%	44%	17%	0%	9%	4%
Germany	26%	64%	0%	0%	1%	9%	26%	64%	0%	0%	1%	9%
Turkey	0%	0%	0%	4%	94%	2%	0%	0%	49%	4%	42%	5%
Others	9%	15%	11%	1%	3%	61%	9%	14%	12%	1%	3%	61%
GROUP	**11%**	**47%**	**17%**	**4%**	**5%**	**16%**	**13%**	**47%**	**17%**	**4%**	**4%**	**15%**

(1) In France, the breakdown of plan assets reflects the breakdown of the general fund of the insurance company through which the Group's obligations are funded.

The Group introduced an asset management governance for assets backing defined-benefit pension plan commitments, the main objectives of which are the management and control of the risks in terms of investment.

It sets out investment principles, in particular, by defining an investment strategy for plan assets, based on financial objectives and financial Risk Management, to specify the way in which plan assets have to be managed, via financial management servicing contracts.

The investment strategy is based on an assets and liabilities management analysis that should be realised at least every three years for plans with assets in excess of EUR 100 million.

Post-employment healthcare benefits

The Group offers some healthcare benefit plans for retired employees, mainly in the United States and Belgium. These plans are mainly closed to new entrants.

The present value of post-employment healthcare benefit obligations stood at EUR 148 million at 31 December 2020, compared with EUR 146 million at 31 December 2019, *i.e.* an increase of EUR 2 million in 2020, recognised directly in shareholders' equity.

6.c OTHER LONG-TERM BENEFITS

BNP Paribas offers its employees various long-term benefits, mainly long-service awards, the ability to save up paid annual leave in time savings accounts, and certain guarantees protecting them in the event they become incapacitated. The net provision amounted to EUR 443 million at 31 December 2020 (EUR 448 million at 31 December 2019).

As part of the Group's variable compensation policy, annual deferred compensation plans are set up for certain high-performing employees or pursuant to special regulatory frameworks. Under these plans, payment is deferred over time and is subject to the performance achieved by the business lines, divisions and Group.

Since 2013, BNP Paribas has introduced a Group loyalty scheme with a cash payment, at the end of a three-year vesting period, which fluctuates according to the Group's intrinsic performance. The aim of this loyalty scheme is to make different categories of managerial staff partners in the Group's development and profitability objectives. These personnels are representative of the Group's talent and the breadth of its managerial framework *i.e.* senior managers, managers in key positions, line managers and experts, high-potential managers, high-performing young executives with good career development prospects and key contributors to the Group's results.

The amounts allocated under this plan are linked to changes in the Group's operational performance over three years (for 80%) and to the achievement of the Group's corporate social responsibility (CSR) targets (for 20%). These nine targets are in line with the four pillars on which the Group's CSR policy is based. In addition, the final payment is subject to continuous service within the Group between the grant date and the payment date, provided that the Group's operating income and pre-tax income for the year prior to payment are strictly positive. For employees subject to special regulatory frameworks, this loyalty scheme is adjusted in accordance with the CRD 4 European Directive.

The net obligation related to deferred compensation plans and loyalty schemes amounts to EUR 694 million at 31 December 2020 (EUR 651 million at 31 December 2019).

In millions of euros	31 December 2020	31 December 2019
Net provisions for other long-term benefits	**1,137**	**1,099**
Asset recognised in the balance sheet under the other long-term benefits	(83)	(89)
Obligation recognised in the balance sheet under the other long-term benefits	1,220	1,188

6.d TERMINATION BENEFITS

BNP Paribas has implemented a number of voluntary redundancy plans and headcount adaptation plans for employees who meet certain eligibility criteria. The obligations to eligible active employees under such plans are provided for as soon as a bilateral agreement or a bilateral agreement proposal for a particular plan is made.

In millions of euros	31 December 2020	31 December 2019
Provision for voluntary departure, early retirement plans, and headcount adaptation plans	468	513

6.e SHARE-BASED PAYMENTS

As part of the Group's variable remuneration policy, deferred annual compensation plans offered to certain high-performing employees or set up pursuant to special regulatory frameworks may entitle beneficiaries to variable compensation settled in cash but linked to the share price, payable over several years.

Variable compensation for employees, subject to special regulatory frameworks

Since the publication of the Decree by the French ministry of finance on 13 December 2010, and following the provisions of the European Directive CRD 4 of 26 July 2013 transposed into the French law in the Monetary and Financial Code by the Order of 20 February 2014 as well as the Decrees and Orders of 3 November 2014 and the delegated European regulation of 4 March 2014, the variable compensation plans apply to Group employees performing activities that may have a material impact on the Group's risk profile.

Under these plans, payment is deferred over time and is contingent on the performance achieved by the business lines, core businesses and Group.

Sums will mostly be paid in cash linked to the increase or decrease in the BNP Paribas share price.

Deferred variable compensation for other Group employees

Sums due under the annual deferred compensation plans for high-performing employees are partly paid in cash linked to the increase or decrease in the BNP Paribas share price.

➤ EXPENSE OF SHARE-BASED PAYMENTS

Expense/(revenue) in millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Prior deferred compensation plans	(103)	84
Deferred compensation plans for the year	441	372
TOTAL	**338**	**456**

Note 7 ADDITIONAL INFORMATION

7.a CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

At 31 December 2020, the share capital of BNP Paribas SA amounted to EUR 2,499,597,122, and was divided into 1,249,798,561 shares. The nominal value of each share is EUR 2, unchanged from 31 December 2019.

Ordinary shares issued by BNP Paribas and held by the Group

	Proprietary transactions		Trading transactions[1]		Total	
	Number of shares	Carrying amount *(in millions of euros)*	Number of shares	Carrying amount *(in millions of euros)*	Number of shares	Carrying amount *(in millions of euros)*
Shares held at 31 December 2018	**726,451**	**38**	**1,491,335**	**59**	**2,217,786**	**97**
Net movements			(1,010,265)	(34)	(1,010,265)	(34)
Shares held at 31 December 2019	**726,451**	**38**	**481,070**	**25**	**1,207,521**	**63**
Disposals	(4,480)				(4,480)	
Other net movements			498,244	17	498,244	17
Shares held at 31 December 2020	**721,971**	**38**	**979,314**	**42**	**1,701,285**	**80**

(1) Transactions realised in the framework of an activity of trading and arbitrage transactions on equity indices.

At 31 December 2020, the BNP Paribas Group was a holder of 1,701,285 BNP Paribas shares representing an amount of EUR 80 million, which was recognised as a decrease in equity.

Preferred shares and Undated Super Subordinated Notes eligible as Tier 1 regulatory capital

Preferred shares issued by the Group's foreign subsidiaries

BNP Paribas Personal Finance made in 2004 two issues of undated non-voting preferred shares through a structured entity governed by UK law and which is exclusively controlled. Since the first call date, these preferred shares are redeemable at par at the issuer's discretion at each quarterly coupon date.

Issuer	Date of issue	Currency	Amount *(in millions of euros)*	Rate and term before 1st call date		Rate after 1st call date
Cofinoga Funding II LP	January and May 2004	EUR	80	TEC 10[1] +1.35%	10 years	TEC 10[1] +1.35%
TOTAL AT 31 DECEMBER 2020			**73[2]**			

(1) TEC 10 is the daily long-term government bond index, corresponding to the yield-to-maturity of a fictitious 10-year Treasury note.
(2) Value at the date of acquisition of control over the LaSer group.

These issues and the related dividends are recorded under "Minority interests" in the balance sheet.

Undated Super Subordinated Notes issued by BNP Paribas SA

BNP Paribas SA has issued Undated Super Subordinated Notes which pay a fixed, fixed adjustable or floating rate coupon and are redeemable at the end of a fixed period and thereafter at each coupon date or every five years. If the notes are not redeemed at the end of this period, some of these issues will pay a coupon indexed to Euribor, Libor or a swap rate or a fixed-rate coupon.

On 25 March 2019, BNP Paribas SA has issued Undated Super Subordinated Notes for an amount of USD 1,500 million which pay a 6.625% fixed-rate coupon. These notes could be redeemed at the end of a period of 5 years. If the notes are not redeemed in 2024, a 5-year dollar swap rate coupon will be paid half-yearly. This issue is eligible to Additional Tier 1 capital.

On 10 July 2019, BNP Paribas SA has issued Undated Super Subordinated Notes for an amount of AUD 300 million which pay a 4.5% fixed-rate coupon. These notes could be redeemed at the end of a period of 5 years and a half. If the notes are not redeemed in 2025, a 5-year Australian dollar swap rate coupon will be paid half-yearly. This issue is eligible to Additional Tier 1 capital.

On 17 October 2019, BNP Paribas SA redeemed the October 2005 issue, for an amount of EUR 1,000 million. These notes paid a 4.875% fixed-rate coupon.

On 20 November 2019, BNP Paribas SA redeemed the December 2009 issue, for an amount of EUR 1 million, before the first call date. These notes paid a 7.384% fixed-rate coupon.

On 29 December 2019, BNP Paribas SA redeemed two December 2009 issues at the first call date, for a respective amount of EUR 17 million and EUR 2 million. These notes paid respectively a 7.028% fixed-rate coupon and a 3-month Euribor rate coupon.

On 30 December 2019, BNP Paribas SA redeemed the December 2009 issue, for an amount of USD 70 million, at the first call date. These notes paid a USD 3-month Libor rate coupon.

On 25 February 2020, BNP Paribas SA has issued Undated Super Subordinated Notes for an amount of USD 1,750 million which pay a 4.5% fixed-rate coupon. These notes could be redeemed at the end of a period of 10 years. If the notes are not redeemed in 2030, a US 5-year Constant Maturity Treasury rate coupon will be paid half-yearly. This issue is eligible to Additional Tier 1 capital.

On 17 October 2020, BNP Paribas SA redeemed the October 2005 issue, for an amount of USD 400 million. These notes paid a 6.25% fixed-rate coupon.

The following table summarises the characteristics of these various issues:

Date of issue	Currency	Amount *(in millions of currency units)*	Coupon payment date	Rate and term before 1st call date		Rate after 1st call date
July 2006	EUR	150	annual	5.450%	20 years	3-month Euribor +1.920%
June 2007	USD	600	quarterly	6.500%	5 years	6.500%
June 2007	USD	1,100	semi-annual	7.195%	30 years	USD 3-month Libor +1.290%
June 2015	EUR	750	semi-annual	6.125%	7 years	EUR 5-year swap +5.230%
August 2015	USD	1,500	semi-annual	7.375%	10 years	USD 5-year swap +5.150%
March 2016	USD	1,500	semi-annual	7.625%	5 years	USD 5-year swap +6.314%
December 2016	USD	750	semi-annual	6.750%	5.25 years	USD 5-year swap +4.916%
November 2017	USD	750	semi-annual	5.125%	10 years	USD 5-year swap +2.838%
August 2018	USD	750	semi-annual	7.000%	10 years	USD 5-year swap +3.980%
March 2019	USD	1,500	semi-annual	6.625%	5 years	USD 5-year swap +4.149%
July 2019	AUD	300	semi-annual	4.500%	5.5 years	AUD 5-year swap +3.372%
February 2020	USD	1,750	semi-annual	4.500%	10 years	US 5 years CMT +2.944%
TOTAL AT 31 DECEMBER 2020 IN EURO-EQUIVALENT HISTORICAL VALUE		**9,948(1)**				

(1) *Net of shares held in treasury by Group entities.*

BNP Paribas has the option of not paying interest due on these Undated Super Subordinated Notes. Unpaid interest is not carried forward.

For the notes issued before 2015, the absence of coupon payment is conditional on the absence of dividend payment on BNP Paribas SA ordinary shares or on Undated Super Subordinated Note equivalents during the previous year. Interest due is payable once dividend payment on BNP Paribas SA ordinary shares resumes.

The contracts relating to these Undated Super Subordinated Notes contain a loss absorption clause. Under the terms of this clause, in the event of insufficient regulatory capital, the nominal value of the notes may be reduced in order to serve as a new basis for the calculation of the related coupons until the capital deficiency is made up and the nominal value of the notes is increased to its original amount.

The proceeds from these issues are recorded in equity under "Capital and retained earnings". In accordance with IAS 21, issues denominated in foreign currencies are recognised at their historical value based on their translation into euros at the issue date. Interest on the instruments is treated in the same way as dividends.

At 31 December 2020, the BNP Paribas Group held EUR 15 million of Undated Super Subordinated Notes which were deducted from shareholders' equity.

Earnings per share

Basic earnings per share are calculated by dividing the net income for the period attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period. The net income attributable to ordinary shareholders is determined by deducting the net income attributable to holders of preferred shares.

Diluted earnings per share correspond to the net income for the period attributable to holders of ordinary shares, divided by the weighted average number of shares outstanding as adjusted for the maximum effect of the conversion of dilutive equity instruments into ordinary shares. In-the-money stock subscription options are taken into account in the diluted earnings per share calculation, as are performance shares granted under the Global Share-Based Incentive Plan. Conversion of these instruments would have no effect on the net income figure used in this calculation.

	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Net profit used to calculate basic and diluted earnings per ordinary share *(in millions of euros)*[(1)]	**6,626**	**7,745**
Weighted average number of ordinary shares outstanding during the year	**1,247,821,717**	**1,247,993,812**
Effect of potentially dilutive ordinary shares	206	206
Weighted average number of ordinary shares used to calculate diluted earnings per share	**1,247,821,923**	**1,247,994,018**
Basic earnings per share *(in euros)*	**5.31**	**6.21**
Diluted earnings per share *(in euros)*	**5.31**	**6.21**

(1) The net profit used to calculate basic and diluted earnings per share is the net profit attributable to equity shareholders, adjusted for the remuneration on the Undated Super Subordinated Notes issued by BNP Paribas SA (treated as preferred share equivalents), which for accounting purposes is handled as dividends, as well as the related foreign exchange gain or loss impact recognised directly in shareholders' equity in case of repurchase.

In accordance of the Annual General Meeting of 19 May 2020, no dividend was paid in 2020 out of the 2019 net income. The dividend per share paid in 2019 out of the 2018 net income amounted to EUR 3.02.

7.b CONTINGENT LIABILITIES: LEGAL PROCEEDINGS AND ARBITRATION

BNP Paribas (the "Bank") is party as a defendant in various claims, disputes and legal proceedings (including investigations by judicial or supervisory authorities) in a number of jurisdictions arising in the ordinary course of its business activities, including inter alia in connection with its activities as market counterparty, lender, employer, investor and taxpayer. While the Bank cannot predict the ultimate outcome of all pending and threatened legal and regulatory proceedings, the Bank reasonably believes that they are either without legal merit, can be successfully defended or that the outcome of these actions is not expected to result in a significant loss for the Bank.

The Bank and certain of its subsidiaries are defendants in several actions pending before the United States Bankruptcy Court Southern District of New York brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC ("BLMIS"). These actions, known generally as "clawback claims", are similar to those brought by the BLMIS Trustee against numerous institutions, and seek recovery of amounts allegedly received by the BNP Paribas entities from BLMIS or indirectly through BLMIS-related "feeder funds" in which BNP Paribas entities held interests. The BLMIS Trustee claims in these actions that the amounts which BNP Paribas entities received are avoidable and recoverable under the US Bankruptcy Code and New York state law. In the aggregate, the amount initially sought to be recovered in these actions approximated USD 1.3 billion. BNP Paribas has substantial and credible defenses to these actions and is defending against them vigorously.

In two decisions dated 22 November 2016 and 3 October 2018, the Bankruptcy Court rejected most of the claims brought by the BLMIS Trustee against BNP Paribas entities. On 25 February 2019 the United States Court of Appeals for the Second Circuit reversed the Bankruptcy Court's 22 November 2016 decision. The defendants filed a petition with the Supreme Court requesting it review the Second Circuit's decision on 29 August 2019 but denied by the Court. By common agreement amongst the parties all proceedings have been stayed pending a decision by the Court of Appeal regarding a separate proceeding between the Trustee and a third party which could affect the Clawback claims against the Bank.

Litigation was brought in Belgium by minority shareholders of the previous Fortis Group against the Société fédérale de Participations et d'Investissement, Ageas and BNP Paribas seeking (amongst other things) damages from BNP Paribas as restitution for part of the BNP Paribas Fortis shares that were contributed to BNP Paribas in 2009, on the ground that the transfer of these shares was null and void. On 29 April 2016, the Brussels Commercial court decided to stay the proceedings until the resolution of the pending Fortis criminal proceeding in Belgium. The criminal proceeding, in which the Public Prosecutor had requested a dismissal, is now definitively closed, as the Council Chamber of the Brussels Court of first instance issued on 4 September 2020 a ruling (which has since become final) that the charges were time-barred. Certain minority shareholders have stated their intention to continue the civil proceedings against BNP Paribas before the Brussels Commercial court; BNP Paribas will continue to defend itself vigorously against the allegations of these shareholders.

On 26 February 2020, the Paris Criminal Court found BNP Paribas Personal Finance guilty of misleading commercial practice and concealment of this practice. BNP Paribas Personal Finance was ordered to pay a fine of EUR 187,500 and damages and legal fees to the civil plaintiffs. The damages award was of immediate effect. BNP Paribas Personal Finance filed an appeal on the merits on 6 March 2020. It also sought to suspend the immediate effectiveness of the judgment, which the court rejected by decision dated 25 September 2020. BNP Paribas Personal Finance paid to the civil plaintiffs the damages awarded, without prejudice to the pending appeal before the Court of Appeal of Paris.

Like many other financial institutions in the banking, investment, mutual funds and brokerage sectors, the Bank has received or may receive requests for information from supervisory, governmental or self-regulated agencies. The Bank responds to such requests, and cooperates with the relevant authorities and regulators and seeks to address and remedy any issues they may raise.

The US regulatory and law enforcement authorities are currently investigating or requesting information in relation to certain activities as reported in the international financial press in relation to the US treasuries market and US Agency bonds. The Bank, which has received some requests for information, is cooperating with investigations and is responding to requests for information. The outcome and potential impact of these investigations or requests for information is difficult to predict before their close and the subsequent discussions with the US authorities. It should be noted that it has been reported that a number of financial institutions are involved in these investigations or requests for information and that it is sometimes the case that reviews carried out in connection therewith may lead to settlements including in particular the payment of fines or significant penalties depending on the circumstances specific to each situation.

7.c BUSINESS COMBINATIONS AND LOSS OF CONTROL OR SIGNIFICANT INFLUENCE

Operations realised in 2020

Allfunds Bank UK Ltd

On 3 October 2020, a new partnership was established between BNP Paribas and Allfunds (AFB), a European market leader in fund distribution platforms.

This operation generated an overall gain of EUR 371 million before tax, recognised in the profit and loss account.

At 31 December 2020, BNP Paribas exercises a significant influence in AFB UK Ltd in which it holds a stake of 22.5%.

Operations realised in 2019

State Bank of India Life Insurance Co Ltd

During the first half of 2019, three consecutive disposals of 9.2%; 5.1% and 2.5% of the capital of State Bank of India Life Insurance Co Ltd (SBI life) took place on the Indian Market.

On 30 June 2019, the Group ceased to exercise a significant influence on SBI Life.

The residual stake of 5.2% held by BNP Paribas Cardif Holding, is henceforth recorded in the available-for-sale financial assets.

During the first half of 2019, these operations generated an overall gain of EUR 1,450 million before tax recognised in "Net gain on non-current assets".

First Hawaiian Inc.

On 4 August 2016, BNP Paribas Group launched an initial public offering on its First Hawaiian Inc. (FHI) subsidiary on the US market.

Subsequently, five partial sales were made.

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Date	Transaction	Interest sold	Residual interest	Control/Significant influence
4 August 2016	Initial offering	17.4%	82.6%	Control
6 February 2017	1st secondary offering	20.6%	62.0%	Control
8 May 2018	2nd secondary offering	13.2%	48.8%	Control
31 July 2018	3rd secondary offering	15.5%	33.3%	Significant influence
5 September 2018	4th secondary offering	14.9%	18.4%	Significant influence
29 January 2019	5th secondary offering	18.4%	0.0%	Significant influence
31 DECEMBER 2020		**100.0%**	**0.0%**	

The first three transactions resulted in an increase in the Group's retained earnings of EUR 422 million and in minority interests of EUR 1,363 million.

As at 30 June 2018, the Group considered the loss of control within one year to be highly probable and applied the provisions of IFRS 5 on groups of assets and liabilities held for sale.

The application of IFRS 5 had the effect of splitting the BancWest cash-generating units and, as a result, the related goodwill (*i.e.* EUR 4.3 billion) between Bank of the West (BoW) and FHI. This split was determined based on the recoverable amounts of the First Hawaiian Bank and BoW activities, and led to the allocation of a EUR 1.3 billion goodwill to FHI.

In addition, assets and liabilities have been reclassified respectively as non-current assets held for sale and liabilities related to non-current assets held for sale.

Following the sale realised on 31 July 2018, the Group ceased to exercise exclusive control over FHI but retained a significant influence. This loss of control resulted in a decrease of EUR 17.4 billion in the Group's balance sheet and a decrease in retained earnings attributable to minority shareholders of EUR -1,473 million.

During the second half of 2018, this operation and the last partial sale generated an overall gain of EUR 286 million before tax recognised in the profit and loss account.

As at 31 December 2018, the Group continues to apply the provisions of IFRS 5.

The effect of IFRS 5 is to assess the equity-method value at the balance sheet date at the lowest value between the book value and the market value. At 31 December 2018, this method resulted in the recognition of a EUR -125 million impairment.

On 29 January 2019, the Group launched a secondary offering for 24.9 million ordinary shares of First Hawaiian Inc. (FHI). As a result of this transaction, the BNP Paribas Group has sold its entire 18.4% stake in FHI.

During the first half of 2019, this operation generated an overall gain of EUR 82 million before tax, recognised in the profit and loss account.

7.d MINORITY INTERESTS

In millions of euros	Capital and retained earnings	Changes in assets and liabilities recognised directly in equity that will not be reclassified to profit or loss	Changes in assets and liabilities recognised directly in equity that may be reclassified to profit or loss	Minority interests
Capital and retained earnings at 1 January 2019	**4,311**	**17**	**(74)**	**4,254**
Appropriation of net income for 2018	(227)			(227)
Increases in capital and issues	10			10
Remuneration on preferred shares	(1)			(1)
Impact of internal transactions on minority shareholders	1			1
Acquisitions of additional interests or partial sales of interests	1			1
Change in commitments to repurchase minority shareholders' interests	(64)			(64)
Other movements	1			1
Changes in assets and liabilities recognised directly in equity			7	7
Net income for 2019	410			410
Capital and retained earnings at 31 December 2019	**4,442**	**17**	**(67)**	**4,392**
Appropriation of net income for 2019	(84)			(84)
Remuneration on preferred shares	(1)			(1)
Movements in consolidation scope impacting minority shareholders	5			5
Acquisitions of additional interests or partial sales of interests	1			1
Change in commitments to repurchase minority shareholders' interests	(69)			(69)
Other movements	(2)			(2)
Changes in assets and liabilities recognised directly in equity		(8)	(32)	(40)
Net income for 2020	348			348
Capital and retained earnings at 31 December 2020	**4,640**	**9**	**(99)**	**4,550**

Main minority interests

The assessment of the material nature of minority interest ed on the contribution of the relevant subsidiaries to the Group balance sheet (before elimination of intra-group balances and transactions) and to the Group profit and loss account.

	31 December 2020	Year to 31 Dec. 2020						
In millions of euros	Total assets before elimination of intra-group transactions	Revenues	Net income	Net income and changes in assets and liabilities recognised directly in equity	Minority shareholders' interest (%)	Net income attributable to minority interests	Net income and changes in assets and liabilities recognised directly in equity – attributable to minority interests	Dividends paid to minority shareholders
Contribution of the entities belonging to the BGL BNP Paribas Group	89,607	1,699	552	541	34%	171	162	
Other minority interests						177	146	84
TOTAL						**348**	**308**	**84**

	31 December 2019	Year to 31 Dec. 2019						
In millions of euros	Total assets before elimination of intra-group transactions	Revenues	Net income	Net income and changes in assets and liabilities recognised directly in equity	Minority shareholders' interest (%)	Net income attributable to minority interests	Net income and changes in assets and liabilities recognised directly in equity – attributable to minority interests	Dividends paid to minority shareholders
Contribution of the entities belonging to the BGL BNP Paribas Group	89,384	1,668	532	569	34%	157	164	87
Other minority interests						253	253	141
TOTAL						**410**	**417**	**228**

There are no particular contractual restrictions on the assets of BGL BNP Paribas Group related to the presence of the minority shareholder.

➤ INTERNAL RESTRUCTURING THAT LED TO A CHANGE IN MINORITY SHAREHOLDERS' INTEREST IN THE EQUITY OF SUBSIDIARIES

No significant internal restructuring operation occurred in 2020, nor in 2019.

➤ ACQUISITIONS OF ADDITIONAL INTERESTS AND PARTIAL SALES OF INTERESTS LEADING TO CHANGES IN MINORITY INTERESTS IN THE EQUITY OF SUBSIDIARIES

In millions of euros	Year to 31 Dec. 2020		Year to 31 Dec. 2019	
	Attributable to shareholders	Minority interests	Attributable to shareholders	Minority interests
BNP Paribas 3 Step IT (ex Arius)				
Partial disposal, reducing the Group's share to 51%			16	4
Cardif Life Insurance Japan				
Sale of 25% of the shares of Cardif Life Insurance Japan in the framework of entities restructuring in Japan			2	(2)
Other	(1)	1		(1)
TOTAL	**(1)**	**1**	**18**	**1**

Commitments to repurchase minority shareholders' interests

In connection with the acquisition of certain entities, the Group granted minority shareholders put options on their holdings.

The total value of these commitments, which are recorded as a reduction in shareholders' equity, amounts to EUR 500 million at 31 December 2020, compared with EUR 556 million at 31 December 2019.

7.e SIGNIFICANT RESTRICTIONS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Significant restrictions related to the ability of entities to transfer cash to the Group

The ability of entities to pay dividends or to repay loans and advances depends, *inter alia*, on local regulatory requirements for capitalisation and legal reserves, as well as the entities' financial and operating performance. During 2020, Group banking entities submitted to the single supervisory mechanism and some insurance entities of the Group have been obliged by restrictions, brought by their regulator, on 2019 dividend payments. During 2019, no BNP Paribas Group entity was subject to significant restrictions other than those related to regulatory requirements.

Significant restrictions relative to the Group's ability to use the assets lodged in consolidated structured entities

Access to the assets of consolidated structured entities in which third-party investors have invested is limited inasmuch as these entities' assets are reserved for the holders of units or securities. These assets total EUR 35 billion as at 31 December 2020 (EUR 38 billion as at 31 December 2019).

Significant restrictions related to the Group's ability to use assets pledged as collateral or under repurchase agreements

The financial instruments pledged by the BNP Paribas Group as collateral or under repurchase agreements are presented in notes 4.r and 5.d.

Significant restrictions related to liquidity reserves

Significant restrictions related to liquidity reserves correspond to the mandatory deposits placed with central banks presented in chapter 5 of the Universal Registration Document under "Liquidity risk".

Assets representative of unit-linked insurance contracts

Financial assets representative of unit-linked insurance contracts designated as at fair value through profit or loss, which amount to EUR 73 billion as at 31 December 2020 (compared with EUR 71 billion as at 31 December 2019), are held for the benefit of the holders of these contracts.

7.f STRUCTURED ENTITIES

The BNP Paribas Group is engaged in transactions with sponsored structured entities mainly through its activities of securitisation of financial assets - as either originator or sponsor -, fund management and specialised asset financing.

In addition, the BNP Paribas Group is also engaged in transactions with structured entities that it has not sponsored, notably in the form of investments in funds or securitisation vehicles.

The method for assessing control for structured entities is detailed in Note 1.b.2. *Consolidation methods*.

Consolidated structured entities

The main categories of consolidated structured entities are:

ABCP (Asset-Backed Commercial Paper) conduits: the ABCP securitisation conduits Starbird, Matchpoint and Scaldis fund securitisation transactions managed by the BNP Paribas Group on behalf of its customers. Details on how these are financed and the Group's risk exposure are presented in Chapter 5 of the Registration Document under *Securitisation as sponsor on behalf of clients / Short-term refinancing*.

Proprietary securitisation: proprietary securitisation positions originated and held by the BNP Paribas Group are detailed in Chapter 5 of the Registration Document under *Proprietary securitisation activities (originator).*

Funds managed by the Group: the BNP Paribas Group structures different types of funds for which it may act as fund manager, investor, custodian or guarantor. These funds are consolidated when the Group is both the manager and a significant investor, and is therefore exposed to variable returns.

Unconsolidated structured entities

The BNP Paribas Group has entered into relations with unconsolidated structured entities in the course of its business activities to meet the needs of its customers.

Information relative to interests in sponsored structured entities

The main categories of unconsolidated sponsored structured entities are as follows:

Securitisation: the BNP Paribas Group structures securitisation vehicles for the purposes of offering customers financing solutions for their assets, either directly or through consolidated ABCP conduits. Each vehicle finances the purchase of customers' assets (receivables, bonds, *etc.*) primarily by issuing bonds backed by these assets and whose redemption is linked to their performance.

Funds: the Group structures and manages funds to offer investment opportunities to its customers. Dedicated or public funds are offered to institutional and individual customers, and are distributed and commercially monitored by the BNP Paribas Group. The entities of the BNP Paribas Group responsible for managing these funds may receive management fees and performance commission. The BNP Paribas Group may hold units in these funds, as well as units in funds dedicated to the insurance activity not managed by the BNP Paribas Group.

Asset financing: the BNP Paribas Group establishes and finances structured entities that acquire assets (aircraft, ships, *etc.*) intended for lease, and the lease payments received by the structured entity are used to repay the financing, which is guaranteed by the asset held by the structured entity.

Other: on behalf of its customers, the Group may also structure entities which invest in assets or are involved in debt restructuring.

An interest in an unconsolidated structured entity is a contractual or non-contractual link that exposes the BNP Paribas Group to variable returns from the performance of the entity.

The Group's assets and liabilities related to the interests held in sponsored structured entities are as follows:

In millions of euros, at 31 December 2020	Securitisation	Funds	Asset Financing	Others	Total
INTERESTS ON THE GROUP BALANCE SHEET					
ASSETS					
Financial instruments at fair value through profit or loss	169	818	11	316	1,314
Derivatives used for hedging purposes	55	511	140	4	710
Financial instruments at fair value through equity	231				231
Financial assets at amortised cost	14,172	367	1,168	9	15,716
Other assets		203		1	204
Financial investments of insurance activities		19,231			19,231
TOTAL ASSETS	**14,627**	**21,130**	**1,319**	**330**	**37,406**
LIABILITIES					
Financial instruments at fair value through profit or loss	80	574	1	786	1,441
Derivatives used for hedging purposes					-
Financial liabilities at amortised cost	820	11,115	130	760	12,825
Other liabilities	2	158	105	4	269
TOTAL LIABILITIES	**902**	**11,847**	**236**	**1,550**	**14,535**
MAXIMUM EXPOSURE TO LOSS	**23,096**	**21,938**	**1,674**	**632**	**47,340**
SIZE OF STRUCTURED ENTITIES[(1)]	**117,188**	**305,525**	**4,945**	**6,438**	**434,096**

In millions of euros, at 31 December 2019	Securitisation	Funds	Asset Financing	Others	Total
INTERESTS ON THE GROUP BALANCE SHEET					
ASSETS					
Financial instruments at fair value through profit or loss	161	339	1	3,129	3,630
Derivatives used for hedging purposes	93	680	88	38	899
Financial instruments at fair value through equity	294				294
Financial assets at amortised cost	15,784	117	891	9	16,801
Other assets		192	1	4	197
Financial investments of insurance activities		14,710			14,710
TOTAL ASSETS	**16,332**	**16,038**	**981**	**3,180**	**36,531**
LIABILITIES					
Financial instruments at fair value through profit or loss	65	619		3,787	4,471
Derivatives used for hedging purposes					-
Financial liabilities at amortised cost	1,255	9,033	207	795	11,290
Other liabilities	2	188	68	3	261
TOTAL LIABILITIES	**1,322**	**9,840**	**275**	**4,585**	**16,022**
MAXIMUM EXPOSURE TO LOSS	**22,932**	**16,630**	**1,196**	**3,448**	**44,206**
SIZE OF STRUCTURED ENTITIES[(1)]	**150,608**	**254,702**	**2,880**	**9,058**	**417,248**

(1) The size of sponsored structured entities equals the total assets of the structured entity for securitisation vehicles, the net asset value for funds (excluding management mandates) and the structured entity's total assets or the amount of the BNP Paribas Group's commitment for asset financing and other structures.

The BNP Paribas Group's maximum exposure to losses on sponsored structured entities is the carrying amount of the assets, excluding, for financial assets at fair value through equity, changes in value taken directly to equity, as well as the nominal amount of the financing commitments and guarantee commitments given and the notional amount of credit default swaps (CDS) sold.

Information relative to interests in non-sponsored structured entities

The main interests held by the BNP Paribas Group when it acts solely as an investor in non-sponsored structured entities are detailed below:

- **Units in funds that are not managed by the Group, which are held by the Insurance business line:** as part of the asset allocation strategy corresponding to investments related to the premiums for unit-linked contracts or for the general fund, the Insurance business line subscribes to units of structured entities. These short- or medium-term investments are held for their financial performance and meet the risk diversification criteria inherent to the business. They amounted to EUR 33 billion as at 31 December 2020 (EUR 34 billion as at 31 December 2019). Changes in value and the majority of the risks associated with these investments are borne by policyholders in the case of assets representative of unit-linked contracts, and by the insurer in the case of assets representative of the general fund;
- **Other investments in funds not managed by the Group:** as part of its trading business, the BNP Paribas Group invests in structured entities without any involvement in either managing or structuring these entities (investments in mutual funds, securities funds or alternative funds), particularly as economic hedge for structured products sold to customers. The Group also invests in minority holdings in investment funds, in support of companies, as part of its venture capital business. These investments amounted to EUR 7 billion as at 31 Decembe 2020 (9 billion as at 31 December 2019).
- **Investments in securitisation vehicles:** the breakdown of the Group's exposure and the nature of the securities held are presented in Chapter 5 of the Registration Document in the section *Securitisation as investor*.

Besides, in the framework of its asset financing activity, the BNP Paribas Group provides financing to structured entities that are established by and for its clients and whose purpose is to acquire assets (aircraft, ships, *etc.*) intended for lease to those same clients. These financings amount to EUR 6 billion as at 31 December 2020 (EUR 7 billion as at 31 December 2019).

7.g COMPENSATION AND BENEFITS AWARDED TO THE GROUP'S CORPORATE OFFICERS

The Group's corporate officers and their spouses are considered to be related parties.

The remuneration and benefits policy relating to the Group's corporate officers, as well as the detailed information on an individual basis, are presented in chapter 2 *Corporate governance* of the Registration Document.

Remuneration and benefits awarded to the Group's corporate officers

	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Gross remuneration, including remuneration linked to the term of directorship and benefits in kind		
payable for the year	€ 6,070,060	€ 6,289,752
paid during the year	€ 5,532,930	€ 5,589,640
Post-employment benefits		
Retirement bonuses: present value of the benefit obligation (payroll taxes excluded)	€ 294,833	€ 247,090
Defined contribution pension plan: contributions paid by BNP Paribas during the year	€ 5,306	€ 5,228
Welfare benefits: premiums paid by BNP Paribas during the year	€ 14,962	€ 12,743
Share-based payments		
Stock subscription options	Nil	Nil
Performance shares	Nil	Nil
Long-term compensation		
fair value at grant date(*)	€ 1,065,536	€ 1,013,527

(*) *Valuation according to the method described in note 6.e.*

As at 31 December 2020, no corporate officer is eligible to a contingent collective defined-benefit top-up pension plan.

Remuneration linked to the term of directorship paid to members of the Board of directors

Remuneration linked to the term of directorship paid to all members of the Board of directors amounts to EUR 1,300,000 unchanged from 2019. The amount paid in 2020 to members other than corporate officers was EUR 1,183,106 compared with EUR 1,179,556 in 2019.

Remuneration and benefits awarded to Directors representing the employees

In euros	Year to 31 December 2020	Year to 31 December 2019
Gross remuneration paid during the year	123,020	111,368
Remuneration linked to the term of directorship (paid to the trade unions)	180,227	174,219
Premiums paid by BNP Paribas during the year into schemes related to Garantie Vie Professionnelle Accidents benefits and healthcare expense coverage	2,063	1,704
Contributions paid by BNP Paribas during the year into the defined-contribution plan	1,386	1,233

Loans, advances and guarantees granted to the Group's corporate officers

At 31 December 2020, the total outstanding loans granted directly or indirectly to the Group's corporate officers and their spouses amounted to EUR 15,233,737 (EUR 4,775,072 at 31 December 2019). These loans representing normal transactions were carried out on an arm's length basis.

7.h OTHER RELATED PARTIES

Other related parties of the BNP Paribas Group comprise consolidated companies (including entities consolidated under the equity method) and entities managing post-employment benefit plans offered to Group employees (except for multi-employer and multi-industry schemes).

Transactions between the BNP Paribas Group and related parties are carried out on an arm's length basis.

Relations between consolidated companies

A list of companies consolidated by the BNP Paribas Group is provided in note 7.j *Scope of consolidation*. Transactions and outstanding balances between fully-consolidated entities are eliminated. The tables below show transactions with entities accounted for under the equity method.

➤ OUTSTANDING BALANCES OF RELATED-PARTY TRANSACTIONS

	31 December 2020		31 December 2019	
In millions of euros	Joint ventures	Associates	Joint ventures	Associates
ASSETS				
On demand accounts	1	112	3	139
Loans	3,826	65	4,408	103
Securities	642		732	
Other assets	3	93	58	133
Financial investments of insurance activities		4		4
TOTAL	**4,472**	**274**	**5,201**	**379**
LIABILITIES				
On demand accounts	192	518	354	689
Other borrowings	30	1,402	87	1,781
Other liabilities	10	19	6	6
Technical reserves and other insurance liabilities		130		70
TOTAL	**232**	**2,069**	**447**	**2,546**
FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS				
Financing commitments given	43	646	114	651
Guarantee commitments given	2,162	55	2,545	37
TOTAL	**2,205**	**701**	**2,659**	**688**

The Group also carries out trading transactions with related parties involving derivatives (swaps, options and forwards, *etc.*) and financial instruments purchased or underwritten and issued by them (equities, bonds, *etc.*).

➤ RELATED-PARTY PROFIT AND LOSS ITEMS

	Year to 31 Dec. 2020		Year to 31 Dec. 2019	
In millions of euros	Joint ventures	Associates	Joint ventures	Associates
Interest income	30	5	29	9
Interest expense	(5)	(6)	(6)	(9)
Commission income	145	279	151	279
Commission expense	(8)	(38)	(12)	(28)
Services provided		32	1	52
Services received		(6)	(2)	(7)
Lease income		(1)	1	
Net income from insurance activities	(3)	(4)	(2)	(6)
TOTAL	**159**	**261**	**160**	**290**

Group Entities managing certain post-employment benefit plans offered to Group employees

In Belgium, BNP Paribas Fortis funds a number of pension schemes managed by AG Insurance in which the BNP Paribas Group has a 25% equity interest.

In other countries, post-employment benefit plans are generally managed by independent fund managers or independent insurance companies, and occasionally by Group companies (in particular BNP Paribas Asset Management, BNP Paribas Cardif and Bank of the West). In Switzerland, a dedicated foundation manages pension plans for BNP Paribas Switzerland's employees.

At 31 December 2020, the value of plan assets managed by Group companies or by companies over which the Group exercises significant influence was EUR 4,102 million (EUR 4,156 million as at 31 December 2019). Amounts received by Group companies in the year to 31 December 2020 totalled EUR 5 million, and were mainly composed of management and custody fees (unchanged from 2019).

7.i FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTISED COST

The information supplied in this note must be used and interpreted with the greatest caution for the following reasons:

- these fair values are an estimate of the value of the relevant instruments as at 31 December 2020. They are liable to fluctuate from day to day as a result of changes in various parameters, such as interest rates and credit quality of the counterparty. In particular, they may differ significantly from the amounts actually received or paid on maturity of the instrument. In most cases, the fair value is not intended to be realised immediately, and in practice might not be realised immediately. Consequently, this fair value does not reflect the actual value of the instrument to BNP Paribas as a going concern;
- most of these fair values are not meaningful, and hence are not taken into account in the management of the commercial banking activities which use these instruments;
- estimating a fair value for financial instruments carried at historical cost often requires the use of modelling techniques, hypotheses and assumptions that may vary from bank to bank. This means that comparisons between the fair values of financial instruments carried at historical cost as disclosed by different banks may not be meaningful;
- the fair values shown below do not include the fair values of finance lease transactions, non-financial instruments such as property, plant and equipment, goodwill and other intangible assets such as the value attributed to demand deposit portfolios or customer relationships. Consequently, these fair values should not be regarded as the actual contribution of the instruments concerned to the overall valuation of the BNP Paribas Group.

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In millions of euros, at 31 December 2020	Estimated fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
FINANCIAL ASSETS					
Loans and advances to credit institutions and customers[(1)]		68,617	735,232	803,849	790,444
Debt securities at amortised cost *(note 4.e)*	93,011	25,190	3,261	121,462	118,316
FINANCIAL LIABILITIES					
Deposits from credit institutions and customers		1,089,464		1,089,464	1,088,648
Debt securities *(note 4.h)*	45,760	103,990		149,750	148,303
Subordinated debt *(note 4.h)*	15,568	7,683		23,251	22,474

(1) Finance leases excluded.

In millions of euros, at 31 December 2019	Estimated fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
FINANCIAL ASSETS					
Loans and advances to credit institutions and customers[(1)]		80,252	726,014	806,266	792,944
Debt securities at amortised cost *(note 4.e)*	75,884	31,168	3,103	110,155	108,454
FINANCIAL LIABILITIES					
Deposits from credit institutions and customers		919,995		919,995	919,234
Debt securities *(note 4.h)*	36,465	122,779		159,244	157,578
Subordinated debt *(note 4.h)*	7,858	12,926		20,784	20,003

(1) Finance leases excluded.

The valuation techniques and assumptions used by BNP Paribas ensure that the fair value of financial assets and liabilities carried at amortised cost is measured on a consistent basis throughout the Group. Fair value is based on prices quoted in an active market when these are available. In other cases, fair value is determined using valuation techniques such as discounting of estimated future cash flows for loans, liabilities and debt securities at amortised cost, or specific valuation models for other financial instruments as described in note 1, *Summary of significant accounting policies applied by the BNP Paribas Group*. The description of the fair value hierarchy levels is also presented in the accounting principles (note 1.e.10). In the case of loans, liabilities and debt securities at amortised cost that have an initial maturity of less than one year (including demand deposits) or of most regulated savings products, fair value equates to carrying amount. These instruments have been classified in Level 2, except for loans to customers, which are classified in Level 3.

7.j SCOPE OF CONSOLIDATION

BNP Paribas, a *société anonyme (Public Limited Company)*, registered in France, is the Group's lead company, which holds key positions in its two areas of activity: Retail Banking and Services and Corporate and Institutional Banking. During the year, the parent company did not change its name.

BNP Paribas has its principal place of business in France and its head office is located at 16 boulevard des Italiens 75009 Paris, France.

		31 December 2020					31 December 2019				
Name	Country	Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
BNP Paribas SA	France										
BNPP SA (Argentina branch)	Argentina	Full		100%	100%		Full		100%	100%	
BNPP SA (Australia branch)	Australia	Full		100%	100%		Full		100%	100%	
BNPP SA (Austria branch)	Austria	Full		100%	100%		Full		100%	100%	
BNPP SA (Bahrain branch)	Bahrain	Full		100%	100%		Full		100%	100%	
BNPP SA (Belgium branch)	Belgium	Full		100%	100%		Full		100%	100%	
BNPP SA (Bulgaria branch)	Bulgaria	Full		100%	100%		Full		100%	100%	
BNPP SA (Canada branch)	Canada	Full		100%	100%		Full		100%	100%	
BNPP SA (Cayman Islands branch)	Cayman Islands					S1	Full		100%	100%	
BNPP SA (Czech Republic branch)	Czech Rep.	Full		100%	100%		Full		100%	100%	
BNPP SA (Denmark branch)	Denmark	Full		100%	100%		Full		100%	100%	
BNPP SA (Finland branch)	Finland	Full		100%	100%		Full		100%	100%	
BNPP SA (Germany branch)	Germany	Full		100%	100%		Full		100%	100%	
BNPP SA (Hong Kong branch)	Hong Kong	Full		100%	100%		Full		100%	100%	
BNPP SA (Hungary branch)	Hungary	Full		100%	100%		Full		100%	100%	
BNPP SA (India branch)	India	Full		100%	100%		Full		100%	100%	
BNPP SA (Ireland branch)	Ireland	Full		100%	100%		Full		100%	100%	
BNPP SA (Italy branch)	Italy	Full		100%	100%		Full		100%	100%	
BNPP SA (Japan branch)	Japan	Full		100%	100%		Full		100%	100%	
BNPP SA (Jersey branch)	Jersey	Full		100%	100%		Full		100%	100%	
BNPP SA (Kuwait branch)	Kuwait	Full		100%	100%		Full		100%	100%	
BNPP SA (Luxemburg branch)	Luxemburg	Full		100%	100%		Full		100%	100%	
BNPP SA (Malaysia branch)	Malaysia	Full		100%	100%		Full		100%	100%	
BNPP SA (Monaco branch)	Monaco	Full		100%	100%		Full		100%	100%	
BNPP SA (Netherlands branch)	Netherlands	Full		100%	100%		Full		100%	100%	
BNPP SA (Norway branch)	Norway	Full		100%	100%		Full		100%	100%	
BNPP SA (Panama branch)	Panama	Full		100%	100%		Full		100%	100%	
BNPP SA (Philippines branch)	Philippines	Full		100%	100%		Full		100%	100%	
BNPP SA (Poland branch)	Poland	Full		100%	100%		Full		100%	100%	
BNPP SA (Portugal branch)	Portugal	Full		100%	100%		Full		100%	100%	
BNPP SA (Qatar branch)	Qatar	Full		100%	100%		Full		100%	100%	
BNPP SA (Republic of Korea branch)	Rep. of Korea	Full		100%	100%		Full		100%	100%	
BNPP SA (Romania branch)	Romania	Full		100%	100%		Full		100%	100%	
BNPP SA (Saudi Arabia branch)	Saudi Arabia	Full		100%	100%		Full		100%	100%	
BNPP SA (Singapore branch)	Singapore	Full		100%	100%		Full		100%	100%	
BNPP SA (South Africa branch)	South Africa	Full		100%	100%		Full		100%	100%	
BNPP SA (Spain branch)	Spain	Full		100%	100%		Full		100%	100%	
BNPP SA (Sweden branch)	Sweden	Full		100%	100%		Full		100%	100%	
BNPP SA (Taiwan branch)	Taiwan	Full		100%	100%		Full		100%	100%	
BNPP SA (Thailand branch)	Thailand	Full		100%	100%		Full		100%	100%	
BNPP SA (United Arab Emirates branch)	United Arab Emirates	Full		100%	100%		Full		100%	100%	
BNPP SA (United Kingdom branch)	UK	Full		100%	100%		Full		100%	100%	
BNPP SA (United States of America branch)	USA	Full		100%	100%		Full		100%	100%	
BNPP SA (Viet Nam branch)	Viet Nam	Full		100%	100%		Full		100%	100%	
Retail Banking & Services											
Domestic Markets											
Retail Banking – France											
Banque de Wallis et Futuna	France	Full	(1)	51%	51%		Full	(1)	51%	51%	
BNPP Antilles Guyane	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Développement	France	Full		100%	100%		Full		100%	100%	
BNPP Développement Oblig	France	Full		100%	100%		Full		100%	100%	
BNPP Factor	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Factor (Spain branch)	Spain	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Factor Sociedade Financeira de Credito SA	Portugal	Full		100%	100%		Full		100%	100%	
BNPP Nouvelle Calédonie	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Réunion	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
Compagnie pour le Financement des Loisirs	France	Equity		46%	46%		Equity		46%	46%	
Copartis	France	Full		100%	100%	D1/V4	Equity	(3)	50%	50%	
Euro Securities Partners	France	Equity	(3)	50%	50%		Equity	(3)	50%	50%	
GIE Ocean	France	Full		100%	100%		Full		100%	100%	E1
Partecis	France	Equity	(3)	50%	50%		Equity	(3)	50%	50%	
Paylib Services	France	Equity		14.3%	14.3%		Equity		14.3%	14.3%	E1
Portzamparc	France	Full	(1)	100%	100%		Full	(1)	100%	100%	

		31 December 2020					31 December 2019				
Name	Country	Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
Protection 24	France	Full		100%	100%		Full		100%	100%	
Société Lairoise de Participations	France	Full		100%	100%		Full		100%	100%	
Retail Banking – Belgium											
Axepta BNPP Benelux	Belgium	Full		100%	99.9%	E1					
Bancontact Paytoniq Company	Belgium	Equity		22.5%	22.5%		Equity		22.5%	22.5%	
Banking Funding Company SA	Belgium	Equity		33.5%	33.5%		Equity		33.5%	33.5%	
BASS Master Issuer NV (s)	Belgium	Full		-	-		Full		-	-	
Belgian Mobile ID	Belgium	Equity		15%	15%		Equity		15%	15%	
BNPP Commercial Finance Ltd	UK	Full		100%	99.9%		Full		100%	99.9%	
BNPP Factor AB	Sweden	Full		100%	99.9%		Full		100%	99.9%	
BNPP Factor AS	Denmark	Full		100%	99.9%		Full		100%	99.9%	
BNPP Factor GmbH	Germany	Full		100%	99.9%		Full		100%	99.9%	
BNPP Factor NV	Netherlands	Full		100%	99.9%		Full		100%	99.9%	
BNPP Factoring Support	Netherlands	Full		100%	99.9%		Full		100%	99.9%	
BNPP Fortis	Belgium	Full		99.9%	99.9%		Full		99.9%	99.9%	
BNPP Fortis (Spain branch)	Spain	Full		99.9%	99.9%		Full		99.9%	99.9%	
BNPP Fortis (United States of America branch)	USA	Full		99.9%	99.9%		Full		99.9%	99.9%	
BNPP Fortis Factor NV	Belgium	Full		100%	99.9%		Full		100%	99.9%	
BNPP Fortis Film Finance	Belgium	Full		99%	98.9%		Full		99%	98.9%	
BNPP Fortis Funding SA	Luxemburg	Full		100%	99.9%		Full		100%	99.9%	
BNPP FPE Belgium	Belgium	Full		100%	99.9%		Full		100%	99.9%	
BNPP FPE Expansion	Belgium	Full		100%	99.9%		Full		100%	99.9%	
BNPP FPE Management	Belgium	Full		100%	99.9%		Full		100%	99.9%	
Bpost Banque	Belgium	Equity	(3)	50%	50%		Equity	(3)	50%	50%	
Credissimo	Belgium	Full		100%	99.9%		Full		100%	99.9%	
Credissimo Hainaut SA	Belgium	Full		99.7%	99.7%		Full		99.7%	99.7%	
Crédit pour Habitations Sociales	Belgium	Full		81.7%	81.6%		Full		81.7%	81.6%	
Epimede (s)	Belgium	Equity		-	-		Equity		-	-	
Esmee Master Issuer (s)	Belgium	Full		-	-		Full		-	-	
Immo Beaulieu	Belgium					S3	Equity		25%	25%	
Immobilière Sauveniere SA	Belgium	Full		100%	99.9%		Full		100%	99.9%	
Isabel SA NV	Belgium	Equity		25.3%	25.3%		Equity		25.3%	25.3%	
Microstart	Belgium	Full		70.3%	76.7%		Full		70.3%	76.7%	V1
Private Equity Investments (a)	BE/FR/LU	FV		-	-		FV		-	-	
Sagip	Belgium	Full		100%	100%		Full		100%	100%	
Sowo Invest SA NV	Belgium	Full		87.5%	87.5%		Full		87.5%	87.5%	
Retail Banking – Luxemburg											
BGL BNPP	Luxemburg	Full		66%	65.9%		Full		66%	65.9%	
BGL BNPP (Germany branch)	Germany	Full		66%	65.9%		Full		66%	65.9%	
BNPP Lease Group Luxembourg SA	Luxemburg	Full		100%	65.9%		Full		100%	65.9%	
BNPP SB Re	Luxemburg	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cofhylux SA	Luxemburg	Full		100%	65.9%		Full		100%	65.9%	
Compagnie Financière Ottomane SA	Luxemburg	Full		97.3%	97.3%		Full		97.3%	97.3%	V4
Le Sphinx Assurances Luxembourg SA	Luxemburg	Full	(2)	100%	100%		Full	(2)	100%	100%	
Lion International Investments SA	Luxemburg	Full		100%	100%		Full		100%	100%	
Luxhub SA	Luxemburg	Equity		28%	18.5%	E1					
Visalux	Luxemburg	Equity		25.3%	16.7%		Equity		25.3%	16.7%	V4
Retail Banking – Italy											
Artigiancassa SPA	Italy	Full		73.9%	73.9%		Full		73.9%	73.9%	
Axepta SPA	Italy	Full		100%	100%		Full		100%	100%	
Banca Nazionale Del Lavoro SPA	Italy	Full		100%	100%		Full		100%	100%	
BNL Finance SPA	Italy	Full		100%	100%		Full		100%	100%	
EMF IT 2008 1 SRL (s)	Italy	Full		-	-		Full		-	-	
Eutimm SRL	Italy	Full		100%	100%		Full		100%	100%	E1
International Factors Italia SPA	Italy	Full		99.7%	99.7%		Full		99.7%	99.7%	
Permicro SPA	Italy	Equity		21.6%	21.6%		Equity		21.6%	21.6%	V4
Serfactoring SPA	Italy	Equity		27%	26.9%		Equity		27%	26.9%	
Servizio Italia SPA	Italy	Full		100%	100%		Full		100%	100%	
Sviluppo HQ Tiburtina SRL	Italy	Full		100%	100%		Full		100%	100%	
Tierre Securitisation SRL (s)	Italy	Full		-	-		Full		-	-	
Vela ABS SRL (s)	Italy					S3	Full		-	-	
Vela Consumer 2 SRL (s)	Italy	Full		-	-		Full		-	-	
Vela Consumer SRL (s)	Italy					S1	Full		-	-	
Vela Home SRL (s)	Italy	Full		-	-		Full		-	-	

Name	Country	31 December 2020					31 December 2019				
		Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
Vela Mortgages SRL (s)	Italy	Full		-	-		Full		-	-	
Vela OBG SRL(s)	Italy	Full		-	-		Full		-	-	
Vela RMBS SRL (s)	Italy	Full		-	-		Full		-	-	
Arval											
Artel	France	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval AB	Sweden	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval AS	Denmark	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval AS Norway	Norway	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	E1
Arval Austria GmbH	Austria	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval Belgium NV SA	Belgium	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval Benelux BV	Netherlands	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval Brasil Ltda	Brazil	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval BV	Netherlands	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval CZ SRO	Czech Rep.	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval Deutschland GmbH	Germany	Full	(2)	100%	99.9%		Full		100%	99.9%	
Arval Fleet Services	France	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval Fuhrparkmanagement GmbH	Austria	Full	(2)	100%	99.9%	E3					
Arval Hellas Car Rental SA	Greece	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval India Private Ltd	India	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval LLC	Russia	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval Luxembourg SA	Luxemburg	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval Magyarorszag KFT	Hungary	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval Maroc SA	Morocco	Full	(2)	100%	89%		Full	(2)	100%	89%	
Arval OY	Finland	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval Relsa SPA	Chile	Equity		50%	50%		Equity		50%	50%	
Arval Schweiz AG	Switzerland	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval Service Lease	France	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval Service Lease Aluger Operational Automoveis SA	Portugal	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval Service Lease Italia SPA	Italy	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval Service Lease Polska SP ZOO	Poland	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval Service Lease Romania SRL	Romania	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval Service Lease SA	Spain	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval Slovakia SRO	Slovakia	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval Trading	France	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval UK Group Ltd	UK	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval UK Leasing Services Ltd	UK	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Arval UK Ltd	UK	Full	(2)	100%	99.9%		Full		100%	99.9%	
BNPP Fleet Holdings Ltd	UK	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Cofiparc	France	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Greenval Insurance DAC	Ireland	Full	(2)	100%	99.9%	V3	Full	(2)	100%	100%	
Locadif	Belgium	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Louveo	France	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
Public Location Longue Durée	France	Full	(2)	100%	99.9%		Full	(2)	100%	99.9%	
TEB Arval Arac Filo Kiralama AS	Turkey	Full	(2)	100%	75%		Full	(2)	100%	75%	
Leasing Solutions											
All In One Vermietung GmbH	Austria	Full		100%	83%		Full		100%	83%	
Aprolis Finance	France	Full		51%	42.3%		Full		51%	42.3%	
Artegy	France	Full		100%	83%		Full		100%	83%	
BNL Leasing SPA	Italy	Full		100%	95.5%		Full		100%	95.5%	E1
BNPP 3 Step IT	France	Full		51%	42.3%		Full		51%	42.3%	V2
BNPP 3 Step IT (Belgium branch)	Belgium	Full		51%	42.3%		Full		51%	42.3%	E2
BNPP 3 Step IT (Germany branch)	Germany	Full		51%	42.3%		Full		51%	42.3%	E2
BNPP 3 Step IT (Italy branch)	Italy	Full		51%	42.3%		Full		51%	42.3%	E2
BNPP 3 Step IT (Netherlands branch)	Netherlands	Full		51%	42.3%		Full		51%	42.3%	E2
BNPP 3 Step IT (United Kingdom branch)	UK	Full		51%	42.3%		Full		51%	42.3%	E2
BNPP Finansal Kiralama AS	Turkey	Full		100%	82.5%		Full		100%	82.5%	
BNPP Lease Group	France	Full	(1)	100%	83%		Full	(1)	100%	83%	
BNPP Lease Group (Germany branch)	Germany	Full	(1)	100%	83%		Full	(1)	100%	83%	
BNPP Lease Group (Italy branch)	Italy	Full	(1)	100%	83%		Full	(1)	100%	83%	
BNPP Lease Group (Portugal branch)	Portugal	Full	(1)	100%	83%		Full	(1)	100%	83%	
BNPP Lease Group (Spain branch)	Spain	Full	(1)	100%	83%		Full	(1)	100%	83%	
BNPP Lease Group Belgium	Belgium	Full		100%	83%		Full		100%	83%	
BNPP Lease Group GmbH & Co KG	Austria	Full		100%	83%		Full		100%	83%	
BNPP Lease Group Leasing Solutions SPA	Italy	Full		100%	95.5%		Full		100%	95.5%	
BNPP Lease Group PLC	UK	Full		100%	83%		Full		100%	83%	
BNPP Lease Group Rentals Ltd	UK	Full		100%	83%		Full		100%	83%	
BNPP Lease Group SP ZOO	Poland	Full		100%	83%		Full		100%	83%	
BNPP Leasing Services	Poland	Full		100%	88.7%		Full		100%	88.7%	
BNPP Leasing Solution AS	Norway	Full		100%	83%		Full		100%	83%	
BNPP Leasing Solutions	Luxemburg	Full		100%	83%		Full		100%	83%	
BNPP Leasing Solutions IFN SA	Romania	Full		100%	83%		Full		100%	83%	
BNPP Leasing Solutions Ltd	UK	Full		100%	83%		Full		100%	83%	
BNPP Leasing Solutions NV	Netherlands	Full		100%	83%		Full		100%	83%	
BNPP Leasing Solutions Suisse SA	Switzerland	Full		100%	83%		Full		100%	83%	
BNPP Rental Solutions Ltd	UK	Full		100%	83%		Full		100%	83%	
BNPP Rental Solutions SPA	Italy	Full		100%	83%		Full		100%	83%	
Claas Financial Services	France	Full	(1)	51%	42.3%		Full	(1)	51%	42.3%	
Claas Financial Services (Germany branch)	Germany	Full	(1)	51%	42.3%		Full	(1)	51%	42.3%	
Claas Financial Services (Italy branch)	Italy	Full	(1)	51%	42.3%		Full	(1)	51%	42.3%	
Claas Financial Services (Poland branch)	Poland	Full	(1)	51%	42.3%		Full	(1)	51%	42.3%	
Claas Financial Services (Spain branch)	Spain	Full	(1)	51%	42.3%		Full	(1)	51%	42.3%	
Claas Financial Services Ltd	UK	Full		51%	42.3%		Full		51%	42.3%	
CMV Mediforce	France					S4	Full	(1)	100%	83%	
CNH Industrial Capital Europe	France	Full	(1)	50.1%	41.6%		Full	(1)	50.1%	41.6%	
CNH Industrial Capital Europe (Belgium branch)	Belgium	Full	(1)	50.1%	41.6%		Full	(1)	50.1%	41.6%	
CNH Industrial Capital Europe (Germany branch)	Germany	Full	(1)	50.1%	41.6%		Full	(1)	50.1%	41.6%	
CNH Industrial Capital Europe (Italy branch)	Italy	Full	(1)	50.1%	41.6%		Full	(1)	50.1%	41.6%	
CNH Industrial Capital Europe (Poland branch)	Poland	Full	(1)	50.1%	41.6%		Full	(1)	50.1%	41.6%	
CNH Industrial Capital Europe (Spain branch)	Spain	Full	(1)	50.1%	41.6%		Full	(1)	50.1%	41.6%	
CNH Industrial Capital Europe BV	Netherlands	Full		100%	41.6%		Full		100%	41.6%	
CNH Industrial Capital Europe GmbH	Austria	Full		100%	41.6%		Full		100%	41.6%	
CNH Industrial Capital Europe Ltd	UK	Full		100%	41.6%		Full		100%	41.6%	
Commercial Vehicle Finance Ltd	UK					S1	Full		100%	83%	
ES-Finance	Belgium	Full		100%	99.9%		Full		100%	99.9%	
FL Zeebrugge (s)	Belgium	Full		-	-		Full		-	-	
Folea Grundstucksverwaltungs und Vermietungs GmbH & Co (s)	Germany	Full		-	-		Full		-	-	
Fortis Lease	France	Full	(1)	100%	83%		Full	(1)	100%	83%	
Fortis Lease Belgium	Belgium	Full		100%	83%		Full		100%	83%	
Fortis Lease Deutschland GmbH	Germany	Full		100%	83%		Full		100%	83%	
Fortis Lease Iberia SA	Spain	Full		100%	86.6%		Full		100%	86.6%	
Fortis Lease Portugal	Portugal	Full		100%	83%		Full		100%	83%	
Fortis Lease UK Ltd	UK	Full		100%	83%		Full		100%	83%	
Fortis Vastgoedlease BV	Netherlands	Full		100%	83%		Full		100%	83%	
Heffiq Heftruck Verhuur BV	Netherlands	Full		50,1%	41.5%		Full		50,1%	41,5%	
JCB Finance	France	Full	(1)	100%	41.6%		Full	(1)	100%	41.6%	
JCB Finance (Germany branch)	Germany	Full	(1)	100%	41.6%		Full	(1)	100%	41.6%	
JCB Finance (Italy branch)	Italy	Full	(1)	100%	41.6%		Full	(1)	100%	41.6%	
JCB Finance Holdings Ltd	UK	Full		50.1%	41.6%		Full		50.1%	41.6%	
Manitou Finance Ltd	UK	Full		51%	42.3%		Full		51%	42.3%	
Mgf (Ex- MFF)	France	Full	(1)	51%	42.3%		Full	(1)	51%	42.3%	
Mgf (Germany branch)	Germany	Full	(1)	51%	42.3%	E2					
Mgf (Italy branch)	Italy	Full	(1)	51%	42.3%	E2					
Natio Energie 2	France	Full		100%	100%		Full		100%	100%	
Natiocredibail	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
RD Leasing IFN SA	Romania	Full		100%	83%		Full		100%	83%	
Same Deutz Fahr Finance	France	Full	(1)	100%	83%		Full	(1)	100%	83%	
SNC Natiocredimurs	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
UCB Bail 2	France					S4	Full		100%	100%	
New Digital Businesses											
Financière des Paiements Électroniques	France	Full		95%	95%		Full		95%	95%	
Financière des Paiements Électroniques (Spain branch)	Spain	Full		95%	95%		Full		95%	95%	E2
Lyf SA	France	Equity	(3)	43.8%	43.8%		Equity	(3)	43.8%	43.8%	V2
Lyf SAS	France	Equity	(3)	49.1%	49.1%	V4	Equity	(3)	45.4%	45.4%	V2
Personal Investors											
Geojit Technologies Private Ltd	India	Equity		35%	35%		Equity		35%	35%	
Human Value Developers Private Ltd	India	Full		100%	100%		Full		100%	100%	
Sharekhan BNPP Financial Services Ltd (Ex- Sharekhan BNPP Financial Services Private Ltd)	India	Full		100%	100%		Full		100%	100%	
Sharekhan Commodities Private Ltd	India					S3	Full		100%	100%	
Sharekhan Comtrade Private Limited	India	Full		100%	100%	E1					
Sharekhan Ltd	India	Full		100%	100%		Full		100%	100%	

Name	Country	31 December 2020 Method		Voting (%)	Interest (%)	Ref.	31 December 2019 Method		Voting (%)	Interest (%)	Ref.
International Financial Services											
BNP Paribas Personal Finance											
Alpha Crédit SA	Belgium	Full		100%	99.9%		Full		100%	99.9%	
AutoFlorence 1 SRL (s)	Italy	Full		-	-		Full		-	-	E1
Autonoria 2019 (s)	France	Full		-	-		Full		-	-	E2
Autonoria Spain 2019 (s)	Spain	Full		-	-		Full		-	-	E2
Autop Ocean Indien	France	Full		100%	97.8%		Full		100%	97.8%	
Axa Banque Financement	France	Equity		35%	35%		Equity		35%	35%	
Banco BNPP Personal Finance SA	Portugal					S4	Full		100%	100%	
Banco Cetelem SA	Brazil	Full		100%	100%		Full		100%	100%	
Banco Cetelem SA (Ex- Banco Cetelem SAU)	Spain	Full		100%	100%		Full		100%	100%	
BGN Mercantil E Servicos Ltda	Brazil	Full		100%	100%		Full		100%	100%	
BNPP Personal Finance	France	Full		100%	100%		Full		100%	100%	
BNPP Personal Finance (Austria branch)	Austria	Full		100%	100%		Full		100%	100%	
BNPP Personal Finance (Bulgaria branch)	Bulgaria	Full		100%	100%		Full		100%	100%	
BNPP Personal Finance (Czech Republic branch)	Czech Rep.	Full		100%	100%		Full		100%	100%	
BNPP Personal Finance (Portugal branch)	Portugal	Full		100%	100%	E2					
BNPP Personal Finance (Romania branch)	Romania	Full		100%	100%		Full		100%	100%	
BNPP Personal Finance (Slovakia branch)	Slovakia	Full		100%	100%		Full		100%	100%	
BNPP Personal Finance BV	Netherlands	Full		100%	100%		Full		100%	100%	
BNPP Personal Finance South Africa Ltd	South Africa	Full		100%	100%		Full		100%	100%	
Cafineo	France	Full	(1)	51%	50.8%		Full	(1)	51%	50.8%	
Carrefour Banque	France	Equity		40%	40%		Equity		40%	40%	
Cetelem Algérie	Algeria	Full		100%	100%		Full		100%	100%	
Cetelem America Ltda	Brazil	Full		100%	100%		Full		100%	100%	
Cetelem Bank LLC	Russia					S2	Equity		20.8%	20.8%	
Cetelem Gestion AIE	Spain	Full		100%	96%		Full		99%	95.5%	V2
Cetelem SA de CV	Mexico	Full		100%	100%		Full		100%	100%	
Cetelem Servicios Informaticos AIE	Spain	Full		100%	81%		Full		99%	80.5%	V2
Cetelem Servicios SA de CV	Mexico	Full		100%	100%		Full		100%	100%	E1
Cetelem Servicos Ltda	Brazil	Full		100%	100%		Full		100%	100%	
Cofica Bail	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
Cofinoga Funding Two LP (s)	UK	Full		-	-		Full		-	-	
Cofiplan	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
Creation Consumer Finance Ltd	UK	Full		100%	100%		Full		100%	100%	
Creation Financial Services Ltd	UK	Full		100%	100%		Full		100%	100%	
Crédit Moderne Antilles Guyane	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
Crédit Moderne Océan Indien	France	Full	(1)	97.8%	97.8%		Full	(1)	97.8%	97.8%	
Domofinance	France	Full	(1)	55%	55%		Full	(1)	55%	55%	
Domos 2011 (s)	France					S1	Full		-	-	
Domos 2017 (s)	France	Full		-	-		Full		-	-	
Ecarat 11 PLC (s)	UK	Full		-	-	E1					
Ecarat 10 (s)	France	Full		-	-		Full		-	-	E2
Ecarat 10 PLC (s)	UK	Full		-	-		Full		-	-	E2
Ecarat 6 PLC (s)	UK					S1	Full		-	-	
Ecarat 7 PLC (s)	UK	Full		-	-		Full		-	-	
Ecarat 8 PLC (s)	UK	Full		-	-		Full		-	-	
Ecarat 9 PLC (s)	UK	Full		-	-		Full		-	-	
Ecarat SA (s)	Luxemburg	Full		-	-		Full		-	-	
Effico	France	Equity		24.5%	24.5%		Equity		24.5%	24.5%	
Ekspres Bank AS	Denmark	Full		100%	100%		Full		100%	100%	
Ekspres Bank AS (Norway branch)	Norway	Full		100%	100%		Full		100%	100%	
Ekspres Bank AS (Sweden branch)	Sweden	Full		100%	100%		Full		100%	100%	
Eos Aremas Belgium SA NV	Belgium	Equity		50%	49.9%		Equity		50%	49.9%	
Findomestic Banca SPA	Italy	Full		100%	100%		Full		100%	100%	
Florence SPV SRL (s)	Italy	Full		-	-		Full		-	-	
GCC Consumo Establecimiento Financiero de Credito SA	Spain	Full		51%	51%		Full		51%	51%	
Genius Auto Finance Co Ltd	China	Equity	(3)	20%	20%		Equity	(3)	20%	20%	
Laser ABS 2017 Holding Ltd	UK					S3	Full		100%	100%	
Laser ABS 2017 PLC (s)	UK					S3	Full		-	-	
Leval 20	France					S4	Full		100%	100%	
Loisirs Finance	France	Full	(1)	51%	51%		Full	(1)	51%	51%	
Magyar Cetelem Bank ZRT	Hungary	Full		100%	100%		Full		100%	100%	

Name	Country	31 December 2020 Method		Voting (%)	Interest (%)	Ref.	31 December 2019 Method		Voting (%)	Interest (%)	Ref.
Neuilly Contentieux	France	Full		95.9%	95.6%	V3	Full		96%	95.7%	
Noria 2018-1 (s)	France	Full		-	-		Full		-	-	
NORIA 2020 (s)	France	Full		-	-	E2					
Noria Spain 2020, FT (s)	Spain	Full		-	-	E2					
Norrsken Finance	France					S4	Full	(1)	100%	100%	
Olympia SAS	France	Full		50%	50%		Full		50%	50%	
Oney Magyarorszag ZRT	Hungary					S2	Equity		40%	40%	
Opel Bank	France	Full		50%	50%		Full		50%	50%	
Opel Bank (Austria branch)	Austria	Full		50%	50%	E2					
Opel Bank (Germany branch)	Germany	Full		50%	50%		Full		50%	50%	E2
Opel Bank (Greece branch)	Greece	Full		50%	50%		Full		50%	50%	E2
Opel Bank (Italy branch)	Italy	Full		50%	50%		Full		50%	50%	E2
Opel Bank (Spain branch)	Spain	Full		50%	50%		Full		50%	50%	E2
Opel Finance BV	Belgium	Full		100%	50%		Full		100%	50%	
Opel Finance International BV	Netherlands					S4	Full		100%	50%	
Opel Finance NV	Netherlands	Full		100%	50%		Full		100%	50%	
Opel Finance SA	Switzerland	Full		100%	50%		Full		100%	50%	
Opel Leasing GmbH	Germany					S4	Full		100%	50%	
Opel Leasing GmbH (Austria branch)	Austria					S4	Full		100%	50%	
Phedina Hypotheken 2010 BV (s)	Netherlands	Full		-	-		Full		-	-	
Projeo	France					S4	Full	(1)	100%	100%	
RCS Botswana Pty Ltd	Botswana	Full		100%	100%	E1					
RCS Cards Pty Ltd	South Africa	Full		100%	100%		Full		100%	100%	
RCS Investment Holdings Namibia Pty Ltd	Namibia	Full		100%	100%	E1					
Securitisation funds UCI and RMBS Prado (b) (s)	Spain	Equity	(3)	-	-		Equity	(3)	-	-	
Servicios Financieros Carrefour EFC SA	Spain	Equity		37.3%	40%		Equity		37.3%	40%	
Solfinéa (Ex- Banque Solfea)	France	Equity	(3)	45%	45%		Equity	(3)	45%	45%	
Suning Consumer Finance Co Ltd	China	Equity		15%	15%		Equity		15%	15%	
Sygma Funding Two Ltd	UK	Full		100%	100%		Full		100%	100%	
Symag	France	Full		100%	100%		Full		100%	100%	
TEB Finansman AS	Turkey	Full		100%	92.8%		Full		100%	92.8%	
Union de Creditos Inmobiliarios SA	Spain	Equity	(3)	50%	50%		Equity	(3)	50%	50%	
United Partnership	France	Equity	(3)	50%	50%		Equity	(3)	50%	50%	
Vauxhall Finance PLC	UK	Full		100%	50%		Full		100%	50%	
XFERA Consumer Finance EFC SA	Spain	Full		51%	51%	E1					
International Retail Banking – BancWest											
BancWest Holding Inc.	USA	Full		100%	100%		Full		100%	100%	
BancWest Holding Inc. Grantor Trust ERC Subaccount (s)	USA	Full		-	-		Full		-	-	E1
BancWest Holding Inc. Umbrella Trust (s)	USA	Full		-	-	E2					
BancWest Investment Services Inc.	USA	Full		100%	100%		Full		100%	100%	
Bank of the West	USA	Full		100%	100%		Full		100%	100%	
Bank of the West Auto Trust 2018-1 (s)	USA	Full		-	-		Full		-	-	
Bank of the West Auto Trust 2019-1 (s)	USA	Full		-	-		Full		-	-	
Bank of the West Auto Trust 2019-2 (s)	USA	Full		-	-		Full		-	-	E2
BNPP Leasing Solutions Canada Inc.	Canada	Full		100%	100%		Full		100%	100%	
BOW Auto Receivables LLC (s)	USA	Full		-	-		Full		-	-	
BWC Opportunity Fund 2 Inc. (s)	USA	Full		-	-		Full		-	-	E2
BWC Opportunity Fund Inc. (s)	USA	Full		-	-		Full		-	-	
CFB Community Development Corp.	USA	Full		100%	100%		Full		100%	100%	
Claas Financial Services LLC	USA	Full		51%	51%		Full		51%	51%	
Commercial Federal Affordable Housing Inc.	USA	Full		100%	100%		Full		100%	100%	
Commercial Federal Community Development Corp.	USA	Full		100%	100%		Full		100%	100%	
Commercial Federal Insurance Corp.	USA	Full		100%	100%		Full		100%	100%	
Commercial Federal Investment Service Inc.	USA	Full		100%	100%		Full		100%	100%	
First Santa Clara Corp. (s)	USA	Full		-	-		Full		-	-	
Liberty Leasing Co	USA	Full		100%	100%		Full		100%	100%	
United California Bank Deferred Compensation Plan Trust (s)	USA	Full		-	-	E2					
Ursus Real Estate Inc.	USA	Full		100%	100%		Full		100%	100%	
International Retail Banking – Europe Mediterranean											
Bank of Nanjing	China	Equity		14%	14%	V3	Equity		15%	15%	

		31 December 2020					31 December 2019				
Name	Country	Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
Banque Internationale pour le Commerce et l'Industrie de la Côte d'Ivoire	Ivory Coast	Full		59.8%	59.8%		Full		59.8%	59.8%	
Banque Internationale pour le Commerce et l'Industrie de la Guinée	Guinea	Full		55.6%	55.6%		Full		55.6%	55.6%	
Banque Internationale pour le Commerce et l'Industrie du Burkina Faso	Burkina Faso	Full		51%	51%		Full		51%	51%	
Banque Internationale pour le Commerce et l'Industrie du Gabon	Gabon					S2	Equity		47%	47%	
Banque Internationale pour le Commerce et l'Industrie du Mali	Mali					S2	Full		85%	85%	
Banque Internationale pour le Commerce et l'Industrie du Sénégal	Senegal	Full		54.1%	54.1%		Full		54.1%	54.1%	
Banque Marocaine pour le Commerce et l'Industrie	Morocco	Full		67%	67%		Full		67%	67%	
Banque Marocaine pour le Commerce et l'Industrie Banque Offshore	Morocco	Full		100%	67%		Full		100%	67%	
Banque pour l'Industrie et le Commerce des Comores	Comoros					S2	Full		51%	51%	
Bantas Nakit AS	Turkey	Equity	(3)	33.3%	16.7%		Equity	(3)	33.3%	16.7%	
BDSI	Morocco	Full		100%	96.4%		Full		100%	96.4%	E1
BGZ Poland ABS1 DAC (s)	Ireland	Full		-	-		Full		-	-	
BICI Bourse	Ivory Coast	Full		90%	51.6%	V3	Full		90%	53.5%	
BMCI Leasing	Morocco	Full		86.9%	58.2%		Full		86.9%	58.2%	
BNPP Bank Polska SA	Poland	Full		88.8%	88.7%		Full		88.8%	88.7%	
BNPP El Djazair	Algeria	Full		100%	100%		Full		100%	100%	
BNPP Faktoring Spolka ZOO	Poland	Full		100%	100%		Full		100%	100%	
BNPP Fortis Yatirimlar Holding AS	Turkey	Full		100%	99.9%		Full		100%	99.9%	
BNPP IRB Participations	France	Full		100%	100%		Full		100%	100%	
BNPP Solutions Spolka ZOO	Poland	Full		100%	88.7%		Full		100%	88.7%	
BNPP Yatirimlar Holding AS	Turkey	Full		100%	100%		Full		100%	100%	
Joint Stock Company Ukrsibbank (Ex- UkrSibbank Public JSC)	Ukraine	Full		60%	60%		Full		60%	60%	
TEB Faktoring AS	Turkey	Full		100%	72.5%		Full		100%	72.5%	
TEB Holding AS	Turkey	Full		50%	50%		Full		50%	50%	
TEB Portfoy Yonetimi AS	Turkey					S3	Full		100%	72.5%	V4
TEB SH A	Serbia	Full		100%	50%		Full		100%	50%	
TEB Yatirim Menkul Degerler AS	Turkey	Full		100%	72.5%		Full		100%	72.5%	
Turk Ekonomi Bankasi AS	Turkey	Full		100%	72.5%		Full		100%	72.5%	
Union Bancaire pour le Commerce et l'Industrie	Tunisia	Full		50.1%	50.1%		Full		50.1%	50.1%	
Insurance											
AEW Immocommercial (s)	France	FV		-	-		FV		-	-	
AG Insurance	Belgium	Equity		25%	25%		Equity		25%	25%	
Agathe Retail France	France	FV		33.3%	33.3%		FV		33.3%	33.3%	
Ambrosia Avril 2025 (s)	France	Full	(4)	-	-		Full	(4)	-	-	V4
Ambrosia Mars 2026 (s)	France	Full	(4)	-	-		Full	(4)	-	-	E1
Astridplaza	Belgium	Full	(2)	100%	98.4%		Full	(2)	100%	98.4%	E3
Batipart Participations SAS	Luxemburg	FV		29.7%	29.7%		FV		29.7%	29.7%	
BNPP Actions Croissance (s)	France	Full	(4)	-	-		Full	(4)	-	-	V4
BNPP Actions Entrepreneurs (s)	France	Full	(4)	-	-		Full	(4)	-	-	V4
BNPP Actions Euro (s)	France	Full	(4)	-	-		Full	(4)	-	-	V3
BNPP Actions Monde (s)	France	Full	(4)	-	-		Full	(4)	-	-	V4
BNPP Actions PME (s)	France	Full	(4)	-	-		Full	(4)	-	-	V3
BNPP Aqua (s)	France	Full	(4)	-	-		Full	(4)	-	-	V4
BNPP Best Selection Actions Euro (s)	France	Full	(4)	-	-		Full	(4)	-	-	V3
BNPP Cardif	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Cardif BV	Netherlands	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Cardif Compania de Seguros y Reaseguros SA	Peru	Equity*		100%	100%		Equity*		100%	100%	
BNPP Cardif Emeklilik AS	Turkey	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Cardif General Insurance Co Ltd	Rep. of Korea	Equity*		92.5%	92.5%	V4	Equity*		91.3%	91.3%	V4
BNPP Cardif Hayat Sigorta AS	Turkey	Equity*		100%	100%		Equity*		100%	100%	
BNPP Cardif Levensverzekeringen NV	Netherlands	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Cardif Livforsakring AB (Ex- Cardif Livforsakring AB)	Sweden	Equity*		100%	100%		Equity*		100%	100%	
BNPP Cardif Livforsakring AB (Denmark branch) (Ex- Cardif Livforsakring AB (Denmark branch))	Denmark	Equity*		100%	100%		Equity*		100%	100%	
BNPP Cardif Livforsakring AB (Norway branch) (Ex- Cardif Livforsakring AB (Norway branch))	Norway	Equity*		100%	100%		Equity*		100%	100%	
BNPP Cardif Pojistovna AS	Czech Rep.	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Cardif Schadeverzekeringen NV	Netherlands	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Cardif Seguros de Vida SA	Chile	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Cardif Seguros Generales SA	Chile	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Cardif Services SRO	Czech Rep.	Equity*		100%	100%	E1					
BNPP Cardif Servicios y Asistencia Ltda	Chile	Equity*		100%	100%		Equity*		100%	100%	
BNPP Cardif Sigorta AS	Turkey	Equity*		100%	100%		Equity*		100%	100%	
BNPP Cardif TCB Life Insurance Co Ltd	Taiwan	Equity		49%	49%		Equity		49%	49%	
BNPP Cardif Vita Compagnia di Assicurazione E Riassicurazione SPA	Italy	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Convictions (s)	France	Full	(4)	-	-		Full	(4)	-	-	
BNPP CP Cardif Alternative (s)	France	Full	(2)	-	-		Full	(2)	-	-	
BNPP CP Cardif Private Debt (s)	France	Full	(4)	-	-		Full	(4)	-	-	
BNPP CP Infrastructure Investments Fund (s)	France	Full	(4)	-	-		Full	(4)	-	-	E1
BNPP Deep Value (s)	France	Full	(4)	-	-		Full	(4)	-	-	E1
BNPP Développement Humain (s)	France	Full	(4)	-	-		Full	(4)	-	-	
BNPP Diversipierre (s)	France	Full	(2)	-	-		Full	(2)	-	-	
BNPP Europe High Conviction Bond (Ex- CamGestion Obligations Europe) (s)	France	Full	(4)	-	-		Full	(4)	-	-	E1
BNPP France Crédit (s)	France	Full	(2)	-	-		Full	(2)	-	-	
BNPP Global Senior Corporate Loans (s)	France	Full	(4)	-	-		Full	(4)	-	-	
BNPP Indice Amerique du Nord (s)	France	Full	(4)	-	-		Full	(4)	-	-	V4
BNPP Indice Euro (s)	France	Full	(4)	-	-	E1					S3
BNPP Indice France (s)	France					S3	Full	(4)	-	-	E1
BNPP Midcap France (s)	France	Full	(4)	-	-		Full	(4)	-	-	V3
BNPP Moderate Focus Italia (s)	France	Full	(4)	-	-		Full	(4)	-	-	E1
BNPP Monétaire Assurance (s)	France	Full	(4)	-	-	E1					S3
BNPP Multistratégies Protection 80 (s)	France	Full	(4)	-	-		Full	(4)	-	-	E1
BNPP Protection Monde (s)	France	Full	(4)	-	-		Full	(4)	-	-	
BNPP Sélection Dynamique Monde (s)	France	Full	(4)	-	-		Full	(4)	-	-	V3
BNPP Sélection Flexible (s)	France	Full	(4)	-	-		Full	(4)	-	-	
BNPP Smallcap Euroland (s)	France	Full	(4)	-	-		Full	(4)	-	-	E1
BOB Cardif Life Insurance Co Ltd	China	Equity		50%	50%		Equity		50%	50%	
C Santé (s)	France	Full	(2)	-	-		Full	(2)	-	-	
Camgestion Obliflexible (s)	France	Full	(2)	-	-		Full	(2)	-	-	
Capital France Hotel	France	Full	(2)	98.4%	98.4%		Full	(2)	98.4%	98.4%	
Cardif Alternatives Part I (s)	France	Full	(2)	-	-		Full	(2)	-	-	
Cardif Assurance Vie	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurance Vie (Austria branch)	Austria	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurance Vie (Belgium branch)	Belgium	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurance Vie (Bulgaria branch)	Bulgaria	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurance Vie (Germany branch)	Germany	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurance Vie (Italy branch)	Italy	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurance Vie (Netherlands branch)	Netherlands	Full	(2)	100%	100%	E2					
Cardif Assurance Vie (Portugal branch)	Portugal	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurance Vie (Romania branch)	Romania	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurance Vie (Spain branch)	Spain	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurance Vie (Switzerland branch)	Switzerland	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurance Vie (Taiwan branch)	Taiwan	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurances Risques Divers	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurances Risques Divers (Austria branch)	Austria	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurances Risques Divers (Belgium branch)	Belgium	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurances Risques Divers (Bulgaria branch)	Bulgaria	Full	(2)	100%	100%		Full	(2)	100%	100%	

Name	Country	31 December 2020					31 December 2019				
		Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
Cardif Assurances Risques Divers (Germany branch)	Germany	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurances Risques Divers (Italy branch)	Italy	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurances Risques Divers (Luxemburg branch)	Luxemburg					S1	Full	(2)	100%	100%	
Cardif Assurances Risques Divers (Netherlands branch)	Netherlands	Full	(2)	100%	100%	E2					
Cardif Assurances Risques Divers (Poland branch)	Poland	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurances Risques Divers (Portugal branch)	Portugal	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurances Risques Divers (Romania branch)	Romania	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurances Risques Divers (Spain branch)	Spain	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurances Risques Divers (Switzerland branch)	Switzerland	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Assurances Risques Divers (Taiwan branch)	Taiwan	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Biztosito Magyarorszag ZRT	Hungary	Equity*		100%	100%		Equity*		100%	100%	
Cardif BNPP AM Emerging Bond (s)	France	Full	(2)	-	-	E1					
Cardif BNPP AM Frontier Markets (s)	France					S3	Full	(2)	-	-	
Cardif BNPP AM Global Senior Corporate Loans (Ex- Cardif BNPP IP Global Senior Corporate Loans) (s)	France	Full	(4)	-	-		Full	(4)	-	-	E1
Cardif BNPP IP Convertibles World (s)	France	Full	(2)	-	-		Full	(2)	-	-	
Cardif BNPP IP Signatures (s)	France	Full	(2)	-	-		Full	(2)	-	-	
Cardif BNPP IP Smid Cap Euro (s)	France	Full	(2)	-	-		Full	(2)	-	-	
Cardif Colombia Seguros Generales SA	Colombia	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif CPR Global Return (s)	France	Full	(2)	-	-		Full	(2)	-	-	
Cardif do Brasil Seguros e Garantias SA	Brazil	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif do Brasil Vida e Previdencia SA	Brazil	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Edrim Signatures (s)	France	Full	(2)	-	-		Full	(2)	-	-	
Cardif El Djazair	Algeria	Equity*		100%	100%		Equity*		100%	100%	
Cardif Forsakring AB	Sweden	Equity*		100%	100%		Equity*		100%	100%	
Cardif Forsakring AB (Denmark branch)	Denmark	Equity*		100%	100%		Equity*		100%	100%	
Cardif Forsakring AB (Norway branch)	Norway	Equity*		100%	100%		Equity*		100%	100%	
Cardif IARD	France	Full	(2)	66%	66%		Full	(2)	66%	66%	
Cardif Insurance Co LLC	Russia	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Life Insurance Co Ltd	Rep. of Korea	Full	(2)	85%	85%		Full	(2)	85%	85%	
Cardif Life Insurance Japan	Japan	Full	(2)	75%	75%		Full	(2)	75%	75%	
Cardif Ltda	Brazil	Equity*		100%	100%		Equity*		100%	100%	
Cardif Lux Vie	Luxemburg	Full	(2)	100%	88.6%		Full	(2)	100%	88.6%	
Cardif Mexico Seguros de Vida SA de CV	Mexico	Equity*		100%	100%		Equity*		100%	100%	
Cardif Mexico Seguros Generales SA de CV	Mexico	Equity*		100%	100%		Equity*		100%	100%	
Cardif Non Life Insurance Japan	Japan	Full	(2)	100%	75%		Full	(2)	100%	75%	
Cardif Nordic AB	Sweden	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Pinnacle Insurance Holdings PLC	UK	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Pinnacle Insurance Management Services PLC	UK	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Polska Towarzystwo Ubezpieczen Na Zycie SA	Poland	Equity*		100%	100%		Equity*		100%	100%	
Cardif Seguros SA	Argentina	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cardif Services AEIE	Portugal	Full	(2)	100%	100%		Full	(2)	100%	100%	E1
Cardif Servicios SA	Argentina					S3	Equity*		100%	100%	
Cardif Servicios SAC	Peru	Equity*		100%	100%		Equity*		100%	100%	
Cardif Vita Convex Fund Eur (s)	France	Full	(2)	-	-		Full	(2)	-	-	
Cardimmo	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cargeas Assicurazioni SPA	Italy	Full	(2)	100%	100%		Full	(2)	100%	100%	
Carma Grand Horizon SARL	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cedrus Carbon Initiative Trends (s)	France	Full	(2)	-	-		Full	(2)	-	-	
CFH Algonquin Management Partners France Italia	Italy	Full	(2)	100%	98.4%		Full	(2)	100%	98.4%	
CFH Bercy	France	Full	(2)	100%	98.4%		Full	(2)	100%	98.4%	
CFH Bercy Hotel	France	Full	(2)	100%	98.4%		Full	(2)	100%	98.4%	
CFH Bercy Intermédiaire	France	Full	(2)	100%	98.4%		Full	(2)	100%	98.4%	

Name	Country	31 December 2020					31 December 2019				
		Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
CFH Boulogne	France	Full	(2)	100%	98.4%		Full	(2)	100%	98.4%	
CFH Cap d'Ail	France	Full	(2)	100%	98.4%		Full	(2)	100%	98.4%	
CFH Milan Holdco SRL	Italy	Full	(2)	100%	98.4%		Full	(2)	100%	98.4%	
CFH Montmartre	France	Full	(2)	100%	98.4%		Full	(2)	100%	98.4%	
CFH Montparnasse	France	Full	(2)	100%	98.4%		Full	(2)	100%	98.4%	
Corosa	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
Darnell DAC	Ireland	Full	(2)	100%	100%		Full	(2)	100%	100%	
Défense CB3 SAS	France	FV		25%	25%		FV		25%	25%	
Eclair (s)	France	Full	(4)	-	-		Full	(4)	-	-	E1
EP L (s)	France	Full	(2)	-	-		Full	(2)	-	-	V4
EP1 Grands Moulins	France	Equity*		-	-	E1					
FDI Poncelet	France	Full	(2)	100%	100%	E2					
Fleur SAS	France	FV		33.3%	33.3%		FV		33.3%	33.3%	
Foncière Partenaires (s)	France	FV		-	-		FV		-	-	
Fonds d'Investissements Immobiliers pour le Commerce et la Distribution	France	FV		25%	25%		FV		25%	25%	
FP Cardif Convex Fund USD (s)	France	Full	(2)	-	-		Full	(2)	-	-	
Fundamenta (s)	Italy	Full	(2)	-	-		Full	(2)	-	-	
G C Thematic Opportunities II (s)	Ireland	Full	(2)	-	-		Full	(2)	-	-	
GIE BNPP Cardif	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
Harewood Helena 2 Ltd	UK	Full	(2)	100%	100%		Full	(2)	100%	100%	
Hemisphere Holding	France	Equity		20%	20%		Equity		20%	20%	E2
Hibernia France	France	Full	(2)	100%	98.4%		Full	(2)	100%	98.4%	
High Street Retail	France	FV		26.2%	26.2%	V4	FV		23.8%	23.8%	E1
Horizon Development GmbH (Ex- Horizon GmbH)	Germany	FV		66.7%	64.7%		FV		66.7%	64.7%	E3
Icare	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
Icare Assurance	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
Karapass Courtage	France	Equity*		100%	100%	E3					
Korian et Partenaires Immobilier 1	France	FV		24.5%	24.5%	E2					
Korian et Partenaires Immobilier 2	France	FV		24.5%	24.5%	E2					
Luizaseg	Brazil	Equity		50%	50%		Equity		50%	50%	
Natio Assurance	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
Natio Fonds Ampère 1 (s)	France	Full	(4)	-	-		Full	(4)	-	-	
Natio Fonds Athenes Investissement N 5 (s)	France	Full	(2)	-	-		Full	(2)	-	-	
Natio Fonds Colline International (s)	France	Full	(2)	-	-		Full	(2)	-	-	
Natio Fonds Collines Investissement N 1 (s)	France	Full	(2)	-	-		Full	(2)	-	-	
Natio Fonds Collines Investissement N 3 (s)	France	Full	(2)	-	-		Full	(2)	-	-	
NCVP Participacoes Societarias SA	Brazil	Full	(2)	100%	100%		Full	(2)	100%	100%	
New Alpha Cardif Incubator Fund (s)	France	Full	(2)	-	-		Full	(2)	-	-	
Opéra Rendement (s)	France	Full	(2)	-	-		Full	(2)	-	-	
Paris Management Consultant Co Ltd	Taiwan	Equity*		100%	100%		Equity*		100%	100%	E1
Permal Cardif Co Investment Fund (s)	France	Full	(2)	-	-		Full	(2)	-	-	
Pinnacle Insurance PLC	UK	Full	(2)	100%	100%		Full	(2)	100%	100%	
Poistovna Cardif Slovakia AS	Slovakia	Equity*		100%	100%		Equity*		100%	100%	
Preim Healthcare SAS (s)	France	FV		-	-		FV		-	-	
PWH	France	FV		47.5%	47.5%	V4	FV		47.4%	47.4%	
Reumal Investissements	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
Rubin SARL	Luxemburg	FV		50%	50%		FV		50%	50%	
Rueil Ariane	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SAS HVP	France	Full	(2)	100%	98.4%		Full	(2)	100%	98.4%	
SCI 68/70 rue de Lagny – Montreuil	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI Alpha Park	France	FV		50%	50%		FV		50%	50%	
SCI BNPP Pierre I	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI BNPP Pierre II	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI Bobigny Jean Rostand	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI Bouleragny	France	FV		50%	50%		FV		50%	50%	
SCI Cardif Logement	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI Citylight Boulogne	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI Clichy Nuovo	France	FV		50%	50%		FV		50%	50%	
SCI Défense Étoile	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI Défense Vendôme	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI Étoile du Nord	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI Fontenay Plaisance	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI Imefa Velizy	France	FV		21.8%	21.8%		FV		21.8%	21.8%	
SCI Le Mans Gare	France	Full	(2)	100%	100%		Full	(2)	100%	100%	

Name	Country	31 December 2020 Method		Voting (%)	Interest (%)	Ref.	31 December 2019 Method		Voting (%)	Interest (%)	Ref.
SCI Liberté	France	FV		50%	50%		FV		50%	50%	
SCI Nanterre Guilleraies	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI Nantes Carnot	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI Odyssée	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI Pantin Les Moulins	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI Paris Batignolles	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI Paris Cours de Vincennes	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI Paris Grande Armée (Ex- SCI Paris Grande Armée France)	France	Full	(2)	100%	100%	E2					
SCI Paris Turenne	France	Full	(2)	100%	100%		Full	(2)	100%	100%	E2
SCI Portes de Claye	France	Equity		45%	45%		Equity		45%	45%	
SCI Rue Moussorgski	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI Rueil Caudron	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI Saint Denis Landy	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI Saint Denis Mitterrand	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI Saint-Denis Jade	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
SCI SCOO	France	Equity		46.4%	46.4%		Equity		46.4%	46.4%	
SCI Vendôme Athènes	France	FV		50%	50%		FV		50%	50%	
SCI Villeurbanne Stalingrad	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
Secar	France	FV		55.1%	55.1%		FV		55.1%	55.1%	V2
Seniorenzentren Deutschland Holding SARL	Luxemburg	FV		20%	17.7%		FV		20,0%	17,7%	
Seniorenzentren Reinbeck Oberursel München Objekt GmbH	Germany	FV		35%	31%		FV		35%	31%	
Seniorenzentrum Butzbach Objekt GmbH	Germany	FV		35%	31%		FV		35%	31%	
Seniorenzentrum Heilbronn Objekt GmbH	Germany	FV		35%	31%		FV		35%	31%	
Seniorenzentrum Kassel Objekt GmbH	Germany	FV		35%	31%		FV		35%	31%	
Seniorenzentrum Wolfratshausen Objekt GmbH	Germany	FV		35%	31%		FV		35%	31%	
SNC Batipart Poncelet	France	FV		23.3%	23.3%	E2					
Société Francaise d'Assurances sur la Vie	France	Equity		50%	50%		Equity		50%	50%	
Société Immobilière du Royal Building SA	Luxemburg	Full	(2)	100%	88.6%		Full	(2)	100%	88.6%	
Tikehau Cardif Loan Europe (s)	France	Full	(2)	-	-		Full	(2)	-	-	
Valeur Pierre Épargne	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
Valtitres FCP (s)	France	Full	(2)	-	-		Full	(2)	-	-	
Velizy Holding (Ex- Velizy SAS)	France	FV		33.3%	33.3%		FV		33.3%	33.3%	
Vietcombank Cardif Life Insurance Co Ltd	Viet Nam					S2	Equity		55%	55%	V1
Wealth Management											
BNPP Wealth Management DIFC Ltd	United Arab Emirates	Full		100%	100%	E1					
BNPP Wealth Management Monaco	Monaco	Full	(1)	100%	100%		Full	(1)	100%	100%	
Asset Management											
Alfred Berg Kapitalforvaltning AB	Sweden					S3	Full		100%	98.2%	
Alfred Berg Kapitalforvaltning AS	Norway	Full		100%	98.2%		Full		100%	98.2%	
Alfred Berg Kapitalforvaltning AS (Sweden branch)	Sweden	Full		100%	98.2%		Full		100%	98.2%	E2
Bancoestado Administradora General de Fondos SA	Chile	Equity		50%	49.1%		Equity		50%	49.1%	
Becquerel (s)	France	Full	(4)	-	-	E1					
BNPP Asset Management Asia Ltd	Hong Kong	Full		100%	98.2%		Full		100%	98.2%	
BNPP Asset Management Be Holding	Belgium	Full		100%	98.2%		Full		100%	98.2%	
BNPP Asset Management Belgium	Belgium	Full		100%	98.2%		Full		100%	98.2%	
BNPP Asset Management Brasil Ltda	Brazil	Full		100%	99.5%		Full		100%	99.5%	
BNPP Asset Management France	France	Full		100%	98.2%		Full		100%	98.2%	
BNPP Asset Management France (Austria branch)	Austria	Full		100%	98.2%		Full		100%	98.2%	
BNPP Asset Management France (Germany branch)	Germany	Full		100%	98.2%		Full		100%	98.2%	E2
BNPP Asset Management France (Italy branch)	Italy	Full		100%	98.2%		Full		100%	98.2%	
BNPP Asset Management France (Netherlands branch)	Netherlands	Full		100%	98.2%	E2					
BNPP Asset Management Holding	France	Full		99.9%	98.2%		Full		99.9%	98.2%	
BNPP Asset Management India Private Ltd	India	Full		100%	98.2%		Full		100%	98.2%	
BNPP Asset Management Japan Ltd	Japan	Full		100%	98.2%		Full		100%	98.2%	
BNPP Asset Management Luxembourg	Luxemburg	Full		99.7%	97.9%		Full		99.7%	97.9%	
BNPP Asset Management Nederland NV	Netherlands	Full		100%	98.2%		Full		100%	98.2%	
BNPP Asset Management NL Holding NV	Netherlands	Full		100%	98.2%		Full		100%	98.2%	
BNPP Asset Management PT	Indonesia	Full		100%	98.2%		Full		100%	98.2%	
BNPP Asset Management Services Grouping	France	Full		100%	98.2%		Full		100%	98.2%	
BNPP Asset Management UK Ltd	UK	Full		100%	98.2%		Full		100%	98.2%	
BNPP Asset Management USA Holdings Inc.	USA	Full		100%	100%		Full		100%	100%	
BNPP Asset Management USA Inc.	USA	Full		100%	100%		Full		100%	100%	
BNPP B Control (s)	Belgium					S3	Full		-	-	E1
BNPP B Institutional II (s)	Belgium	Full	(4)	-	-		Full		-	-	
BNPP Capital Partners	France	Full		100%	100%		Full		100%	100%	
BNPP Dealing Services	France	Full	(1)	100%	98.2%		Full	(1)	100%	98.2%	
BNPP Flexi I (s)	Luxemburg	Full	(4)	-	-	E1					
BNPP Funds (s)	Luxemburg	Full	(4)	-	-		Full	(4)	-	-	
BNPP L1 (s)	Luxemburg	Full	(4)	-	-		Full	(4)	-	-	
BNPP Multigestion (s)	France	Full	(4)	-	-	E1					
BNPP Perspectives (s)	France	Full	(4)	-	-		Full	(4)	-	-	
BNPP Social Business France (s)	France	Full	(4)	-	-	E1					
Drypnir AS	Norway	Full		100%	0.1%	E1					
EAB Group PLC	Finland	Equity		17.6%	17.3%		Equity		17.6%	17.3%	V3
Elegia Septembre 2028 (s)	France	Full	(4)	-	-	E1					
Fund Channel	Luxemburg					S2	Equity	(3)	50%	49.1%	
Fundquest Advisor	France	Full		100%	98.2%		Full		100%	98.2%	
Fundquest Advisor (United Kingdom branch)	UK	Full		100%	98.2%		Full		100%	98.2%	
Gambit Financial Solutions	Belgium	Full		86%	84.4%		Full		86%	84.4%	
Groeivermogen NV	Netherlands	Full		100%	98.2%		Full		100%	98.2%	
Haitong Fortis Private Equity Fund Management Co Ltd	China	Equity		33%	32.4%		Equity		33%	32.4%	
Harewood Helena 1 Ltd	UK	Full		100%	100%		Full		100%	100%	
HFT Investment Management Co Ltd	China	Equity		49%	48.1%		Equity		49%	48.1%	
Impax Asset Management Group PLC	UK	Equity		14%	13.7%	V2	Equity		24.5%	24%	
Parworld (s)	Luxemburg					S3	Full		-	-	
Services Epargne Entreprise	France	Equity		35.6%	35.6%	V2	Equity		37.1%	37.1%	
Shinhan BNPP Asset Management Co Ltd	Rep. of Korea	Equity		35%	34.4%		Equity		35%	34.4%	
SME Alternative Financing DAC (s)	Ireland	Full		-	-		Full		-	-	
Theam Quant (s)	Luxemburg	Full	(4)	-	-		Full	(4)	-	-	
Real Estate Services											
Auguste Thouard Expertise	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Immobilier Promotion Immobilier d'Entreprise	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Immobilier Résidences Services	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Immobilier Résidentiel	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Immobilier Résidentiel Service Clients	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate (United Arab Emirates branch)	United Arab Emirates	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Advisory & Property Management Luxembourg SA	Luxemburg	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Advisory & Property Management UK Ltd	UK	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Advisory and Property Management Ireland Ltd	Ireland	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Advisory Belgium SA	Belgium	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Advisory Italy SPA	Italy	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Advisory Netherlands BV	Netherlands	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Advisory SA	Romania					S2	Full	(2)	100%	100%	
BNPP Real Estate APM CR SRO	Czech Rep.	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Conseil Habitation & Hospitality	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Consult France	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Consult GmbH	Germany	Full	(2)	100%	100%		Full	(2)	100%	100%	

Name	Country	31 December 2020					31 December 2019				
		Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
BNPP Real Estate Facilities Management Ltd	UK	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Financial Partner	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate GmbH	Germany	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Holding Benelux SA	Belgium	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Holding GmbH	Germany	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Investment Management Belgium	Belgium	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Investment Management France	France	Full		100%	100%		Full		100%	100%	
BNPP Real Estate Investment Management Germany GmbH	Germany	Full		94.9%	94.9%		Full		94.9%	94.9%	
BNPP Real Estate Investment Management Germany GmbH (Italy branch)	Italy	Full		94.9%	94.9%		Full		94.9%	94.9%	
BNPP Real Estate Investment Management Germany GmbH (Spain branch)	Spain	Full		94.9%	94.9%		Full		94.9%	94.9%	
BNPP Real Estate Investment Management Italy SPA	Italy	Full		100%	100%		Full		100%	100%	
BNPP Real Estate Investment Management Ltd	UK	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Investment Management Luxembourg SA	Luxemburg	Full		100%	100%		Full		100%	100%	
BNPP Real Estate Investment Management Spain SA	Spain	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Investment Management UK Ltd	UK	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Italy SRL	Italy	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Magyarorszag Tanacsado Es Ingatlankezelo ZRT	Hungary	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Poland SP ZOO	Poland	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Portugal Unipersonal LDA	Portugal	Full	(2)	100%	100%		Full	(2)	100%	100%	E2
BNPP Real Estate Property Development & Services GmbH	Germany	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Property Development UK Ltd	UK	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Property Developpement Italy SPA	Italy	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Property Management Belgium	Belgium	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Property Management France SAS	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Property Management GmbH	Germany	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Property Management Italy SRL	Italy	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Singapore Pte Ltd	Singapore	Full	(2)	100%	100%		Full	(2)	100%	100%	E2
BNPP Real Estate Spain SA	Spain	Full	(2)	100%	100%		Full	(2)	100%	100%	
BNPP Real Estate Transaction France	France	Full	(2)	96.9%	96.9%	V1	Full	(2)	96.5%	96.5%	V4
BNPP Real Estate Valuation France	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
Cariboo Development SL	Spain	Equity		65%	65%	V2	Equity		75%	75%	E3
Construction-Sale Companies (c)	France	Full/ Equity	(2)	-	-		Full/ Equity	(2)	-	-	
GIE Siège Issy	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
Horti Milano SRL	Italy	Full	(2)	100%	100%		Full	(2)	100%	100%	
Lifizz	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
Nanterre Arboretum	France	Full	(2)	100%	100%	E2					
Parker Tower Ltd	UK	Full	(2)	100%	100%		Full	(2)	100%	100%	
Partner's & Services	France	Full	(2)	100%	100%		Full	(2)	100%	100%	
REPD Parker Ltd	UK	Full	(2)	100%	100%		Full	(2)	100%	100%	
Société Auxiliaire de Construction Immobilière	France					S4	Full	(2)	100%	100%	
Sviluppo Residenziale Italia SRL	Italy	Full	(2)	100%	100%		Full	(2)	100%	100%	
Territory of Switzerland											
BNPP Suisse SA	Switzerland	Full		100%	100%		Full		100%	100%	
BNPP Suisse SA (Guernsey branch)	Guernsey					S1	Full		100%	100%	
Corporate & Institutional Banking											
Securities Services											
Allfunds UK Ltd	UK	Equity		22.5%	22.4%	E3					
AssetMetrix	Germany	Equity		14.2%	14.2%	E1					
BNPP Financial Services LLC	USA	Full		100%	100%		Full		100%	100%	

Name	Country	31 December 2020					31 December 2019				
		Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
BNPP Fund Administration Services Ireland Ltd	Ireland	Full		100%	100%		Full		100%	100%	
BNPP Fund Services Australasia Pty Ltd	Australia	Full		100%	100%		Full		100%	100%	
BNPP Fund Services Australasia Pty Ltd (New Zealand branch)	New Zealand	Full		100%	100%		Full		100%	100%	
BNPP Global Securities Operations Private Ltd	India	Full		100%	100%		Full		100%	100%	
BNPP Securities Services	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Securities Services (Australia branch)	Australia	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Securities Services (Belgium branch)	Belgium	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Securities Services (Germany branch)	Germany	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Securities Services (Greece branch)	Greece	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Securities Services (Guernsey branch)	Guernsey	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Securities Services (Hong Kong branch)	Hong Kong	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Securities Services (Hungary branch)	Hungary	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Securities Services (Ireland branch)	Ireland	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Securities Services (Italy branch)	Italy	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Securities Services (Jersey branch)	Jersey	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Securities Services (Luxemburg branch)	Luxemburg	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Securities Services (Netherlands branch)	Netherlands	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Securities Services (Poland branch)	Poland	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Securities Services (Portugal branch)	Portugal	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Securities Services (Singapore branch)	Singapore	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Securities Services (Spain branch)	Spain	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Securities Services (Switzerland branch)	Switzerland	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Securities Services (United Kingdom branch)	UK	Full	(1)	100%	100%		Full	(1)	100%	100%	
Services Logiciels d'Intégration Boursière	France	Equity	(3)	66.6%	66.6%		Equity	(3)	66.6%	66.6%	
CIB EMEA (Europe, Middle East, Africa)											
France											
Atargatis (s)	France	Full		-	-		Full		-	-	
Auseter Real Estate Opportunities SARL (s)	Luxemburg	Full		-	-		Full		-	-	
Austin Finance (s)	France	Full		-	-		Full		-	-	
BNPP Arbitrage	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
Compagnie d'Investissement Italiens (s)	France	Full		-	-		Full		-	-	
Compagnie d'Investissement Opéra (s)	France	Full		-	-		Full		-	-	
Esomet	France					S4	Full		100%	100%	
Eurotitrisation	France	Equity		23%	23%		Equity		23%	23%	
FCT Juice (s)	France	Full		-	-		Full		-	-	
Financière des Italiens (s)	France	Full		-	-		Full		-	-	
Financière du Marché Saint Honoré	France	Full		100%	100%		Full		100%	100%	
Financière Paris Haussmann (s)	France	Full		-	-		Full		-	-	
Financière Taitbout (s)	France	Full		-	-		Full		-	-	
Mediterranea (s)	France	Full		-	-		Full		-	-	
Optichamps (s)	France	Full		-	-		Full		-	-	
Parilease	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
Participations Opéra (s)	France	Full		-	-		Full		-	-	
SNC Taitbout Participation 3	France	Full		100%	100%		Full		100%	100%	
Société Orbaisienne de Participations	France	Full		100%	100%		Full		100%	100%	
Verner Investissements	France	Equity		40%	50%		Equity		40%	50%	
Other European countries											
Alectra Finance PLC (s)	Ireland	Full		-	-		Full		-	-	
Aquarius + Investments PLC (s)	Ireland	Full		-	-		Full		-	-	
Aries Capital DAC (s)	Ireland	Full		-	-		Full		-	-	

Name	Country	31 December 2020					31 December 2019				
		Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
BNP PUK Holding Ltd	UK	Full		100%	100%		Full		100%	100%	
BNPP Bank JSC	Russia	Full		100%	100%		Full		100%	100%	
BNPP Emissions- Und Handels-GmbH (s)	Germany	Full		-	-		Full		-	-	
BNPP Invest Holdings BV	Netherlands	Full		100%	100%		Full		100%	100%	
BNPP Ireland Unlimited Co	Ireland	Full		100%	100%		Full		100%	100%	
BNPP Islamic Issuance BV (s)	Netherlands	Full		-	-		Full		-	-	
BNPP Issuance BV (s)	Netherlands	Full		-	-		Full		-	-	
BNPP Net Ltd	UK	Full		100%	100%		Full		100%	100%	
BNPP Prime Brokerage International Ltd	Ireland	Full		100%	100%		Full		100%	100%	
BNPP Technology LLC	Russia	Full		100%	100%	E2					
BNPP Vartry Reinsurance DAC	Ireland	Full	(2)	100%	100%		Full	(2)	100%	100%	
Diamante Re SRL	Italy	Full		100%	100%		Full		100%	100%	
Ejesur SA	Spain	Full		100%	100%		Full		100%	100%	
FScholen	Belgium	Equity	(3)	50%	50%		Equity	(3)	50%	50%	
Greenstars BNPP	Luxemburg	Full	(2)	100%	100%		Full	(2)	100%	100%	D1
Kantox Ltd	UK	Equity		8.8%	8.8%	E3					
Madison Arbor Ltd (s)	Ireland	Full		-	-		Full		-	-	
Matchpoint Finance PLC (s)	Ireland	Full		-	-		Full		-	-	
Ribera Del Loira Arbitrage	Spain	Full		100%	100%		Full		100%	100%	
Scaldis Capital Ltd (s)	Jersey					S3	Full		-	-	
Single Platform Investment Repackaging Entity SA (s)	Luxemburg	Full		-	-	E2					
Utexam Logistics Ltd	Ireland	Full		100%	100%		Full		100%	100%	
Utexam Solutions Ltd	Ireland	Full		100%	100%		Full		100%	100%	
Middle East											
BNPP Investment Co KSA	Saudi Arabia	Full		100%	100%		Full		100%	100%	
Americas											
Banco BNPP Brasil SA	Brazil	Full		100%	100%		Full		100%	100%	
BNPP Canada Corp.	Canada	Full		100%	100%		Full		100%	100%	
BNPP Capital Services Inc.	USA	Full		100%	100%		Full		100%	100%	
BNPP Colombia Corporacion Financiera SA	Colombia	Full		100%	100%		Full		100%	100%	
BNPP Energy Trading GP	USA					S1	Full		100%	100%	
BNPP Energy Trading LLC	USA					S1	Full		100%	100%	
BNPP EQD Brazil Fund Fundo de Investmento Multimercado (s)	Brazil	Full		-	-		Full		-	-	
BNPP FS LLC	USA	Full		100%	100%		Full		100%	100%	
BNPP IT Solutions Canada Inc.	Canada	Full		100%	100%		Full		100%	100%	
BNPP Proprietario Fundo de Investimento Multimercado (s)	Brazil	Full		-	-		Full		-	-	
BNPP RCC Inc.	USA	Full		100%	100%		Full		100%	100%	
BNPP Securities Corp.	USA	Full		100%	100%		Full		100%	100%	
BNPP US Investments Inc.	USA	Full		100%	100%		Full		100%	100%	
BNPP US Wholesale Holdings Corp.	USA	Full		100%	100%		Full		100%	100%	
BNPP USA Inc.	USA	Full		100%	100%		Full		100%	100%	
BNPP VPG Brookline Cre LLC (s)	USA	Full		-	-		Full		-	-	
BNPP VPG CT Holdings LLC (s)	USA	Full		-	-		Full		-	-	
BNPP VPG EDMC Holdings LLC (s)	USA	Full		-	-		Full		-	-	
BNPP VPG Express LLC (s)	USA	Full		-	-		Full		-	-	
BNPP VPG I LLC (Ex- BNPP VPG Brookfin LLC) (s)	USA	Full		-	-		Full		-	-	
BNPP VPG II LLC (Ex- BNPP VPG Adonis LLC) (s)	USA	Full		-	-		Full		-	-	
BNPP VPG Master LLC (s)	USA	Full		-	-		Full		-	-	
Dale Bakken Partners 2012 LLC	USA	FV		23.8%	23.8%		FV		23.8%	23.8%	
Decart Re Ltd (s)	Bermuda	Full	(2)	-	-		Full	(2)	-	-	
FSI Holdings Inc.	USA	Full		100%	100%		Full		100%	100%	
Starbird Funding Corp. (s)	USA	Full		-	-		Full		-	-	
Pacific Asia											
Bank BNPP Indonesia PT	Indonesia	Full		100%	100%		Full		100%	100%	
BNPP Arbitrage Hong Kong Ltd	Hong Kong	Full		100%	100%		Full		100%	100%	
BNPP China Ltd	China	Full		100%	100%		Full		100%	100%	
BNPP Commodities Trading Shanghai Co Ltd	China					S3	Full		100%	100%	
BNPP Finance Hong Kong Ltd	Hong Kong	Full		100%	100%		Full		100%	100%	
BNPP India Holding Private Ltd	India	Full		100%	100%		Full		100%	100%	
BNPP India Solutions Private Ltd	India	Full		100%	100%		Full		100%	100%	
BNPP Malaysia Berhad	Malaysia	Full		100%	100%		Full		100%	100%	
BNPP Securities Asia Ltd	Hong Kong	Full		100%	100%		Full		100%	100%	
BNPP Securities India Private Ltd	India	Full		100%	100%		Full		100%	100%	
BNPP Securities Japan Ltd	Japan	Full		100%	100%		Full		100%	100%	
BNPP Securities Korea Co Ltd	Rep. of Korea	Full		100%	100%		Full		100%	100%	
BNPP Securities Taiwan Co Ltd	Taiwan	Full		100%	100%		Full		100%	100%	
BNPP Sekuritas Indonesia PT	Indonesia	Full		99%	99%		Full		99%	99%	
BPP Holdings Pte Ltd	Singapore	Full		100%	100%		Full		100%	100%	
Global Trade Network Pte Ltd	Singapore	Equity		7.5%	7.5%	E3					
Other business units											
Principal Investments											
BNPP Agility Capital	France	Full		100%	100%	E1					
BNPP Agility Fund Equity SLP (s)	France	Full	(4)	-	-	E1					
BNPP Agility Fund Private Debt SLP (s)	France	Full	(4)	-	-	E1					
Property Companies (Property Used In Operations) and Others											
Antin Participation 5	France	Full		100%	100%		Full		100%	100%	
BNPP Home Loan SFH	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNPP Partners for Innovation	France	Equity		50%	50%		Equity		50%	50%	
BNPP Procurement Tech	France	Full		100%	100%		Full		100%	100%	
BNPP Public Sector SCF	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
Euro Secured Notes Issuer (s)	France	Full		-	-		Full		-	-	
FCT Laffitte 2016 (s)	France	Full		-	-		Full		-	-	
FCT Opéra 2014 (s)	France	Full		-	-		Full		-	-	
GIE Groupement Auxiliaire de Moyens	France	Full		100%	100%		Full		100%	100%	
GIE Groupement d'Études et de Prestations	France	Full		100%	100%		Full		100%	100%	

(a) At 31 December 2020, 12 Private Equity investment entities versus 11 entities at 31 December 2019.
(b) At 31 December 2020 the securitisation funds UCI and RMBS Prado include 16 funds (FCC UCI 9 to 12, 14 to 17, Fondo de Titulizacion Structured Covered Bonds, RMBS Prado II to VII and Green Belem I) versus 15 funds (FCC UCI 9 to 12, 14 to 17, Fondo de Titulizacion Structured Covered Bonds and RMBS Prado I to VI) at 31 December 2019.
(c) At 31 December 2020, 112 Construction-sale companies (89 Full and 23 Equity) versus 103 at 31 December 2019 (84 Full and 19 Equity).

As requested by the ANC 2016 regulation, the list of entities that are controlled by the Group, jointly controlled or under significant influence, but excluded from the scope of consolidation since their contribution to the consolidated financial statements would be immaterial to the Group, and the list of equity investments, are available on the "Regulated Information" page of the https://invest.bnpparibas.com/en website.

Changes in the scope of consolidation
New entries (E) in the scope of consolidation
E1 Passing qualifying thresholds
E2 Incorporation
E3 Purchase, gain of control or significant influence
Removals (S) from the scope of consolidation
S1 Cessation of activity (dissolution, liquidation…)
S2 Disposal, loss of control or loss of significant influence
S3 Passing qualifying thresholds
S4 Merger, Universal transfer of assets and liabilities
Variance (V) in voting or ownership interest
V1 Additional purchase
V2 Partial disposal
V3 Dilution
V4 Increase in %

Miscellaneous
D1 Consolidation method change not related to fluctuation in voting or ownership interest
Equity Controlled but non material entities consolidated under the equity method as associates*
FV Joint control or investment in associates measured at Fair Value through P&L
(s) Structured entities

Prudential scope of consolidation
(1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in accordance with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council
(2) Entities consolidated under the equity method in the prudential scope
(3) Jointly controlled entities under proportional consolidation in the prudential scope
(4) Collective investment undertaking excluded from the prudential scope.

7.k FEES PAID TO THE STATUTORY AUDITORS

Year to 31 Dec. 2020 *Excluding tax, in thousands of euros*	Deloitte		PricewaterhouseCoopers		Mazars		TOTAL	
	Total	%	Total	%	Total	%	Total	%
Statutory audits and contractual audits, including	14,383	74%	18,661	74%	12,315	81%	45,359	76%
Issuer	3,567		4,795		2,463		10,825	
Consolidated subsidiaries	10,816		13,866		9,852		34,534	
Services other than those required for their statutory audit engagement, including	5,061	26%	6,517	26%	2,826	19%	14,404	24%
Issuer	1,094		919		354		2,367	
Consolidated subsidiaries	3,967		5,598		2,472		12,037	
TOTAL	**19,444**	**100%**	**25,178**	**100%**	**15,141**	**100%**	**59,763**	**100%**
of which fees paid to Statutory Auditors in France for the statutory audit and contractual audit	*4,355*		*5,525*		*5,132*		*15,012*	
of which fees paid to Statutory Auditors in France for services other than those required for their statutory audit engagements	*1,364*		*1,588*		*1,640*		*4,592*	

Year to 31 Dec. 2019 *Excluding tax, in thousands of euros*	Deloitte		PricewaterhouseCoopers		Mazars		TOTAL	
	Total	%	Total	%	Total	%	Total	%
Statutory audits and contractual audits, including	15,043	79%	17,925	74%	11,654	87%	44,622	79%
Issuer	3,469		4,677		2,419		10,565	
Consolidated subsidiaries	11,574		13,248		9,235		34,057	
Services other than those required for their statutory audit engagement, including	3,929	21%	6,391	26%	1,729	13%	12,049	21%
Issuer	521		1,994		1,089		3,604	
Consolidated subsidiaries	3,408		4,397		640		8,445	
TOTAL	**18,972**	**100%**	**24,316**	**100%**	**13,383**	**100%**	**56,671**	**100%**
of which fees paid to Statutory Auditors in France for the statutory audit and contractual audit	*3,994*		*5,478*		*4,761*		*14,233*	
of which fees paid to Statutory Auditors in France for services other than those required for their statutory audit engagements	*787*		*1,832*		*1,075*		*3,694*	

The audit fees paid to auditors which are not members of the network of one of the auditors certifying the consolidated financial statements and the non-consolidated financial statements of BNP Paribas SA, mentioned in the table above, amount to EUR 621 thousand for the year 2020 (EUR 876 thousand in 2019).

Services other than those required for the statutory audit engagement are mainly composed this year of reviews of the entity's compliance with regulatory requirements, and reviews of internal control quality by comparison with international standards (such as ISAE 3402) as part of services provided to customers, particularly in the Securities and Asset Management businesses, and expertise on the Bank's transformation projects.

4.7 Statutory Auditors' report on the consolidated financial statements

Deloitte & Associés
6, place de la Pyramide
92908 Paris La Défense Cedex

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Regnault
92400 Courbevoie

For the year ended 31 December 2020

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

BNP Paribas SA

16 boulevard des Italiens

75009 PARIS

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of BNP Paribas SA for the year ended 31 December 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Financial Statements Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from 1 January 2020 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of articles L.823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Assessment of credit risk and measurement of impairment losses (stages 1, 2 and 3) on customer loan portfolios
(See Notes 1.e.5, 1.e.6, 1.o, 2.h, 4.e, 4.f and 4.p to the consolidated financial statements)

Description of risk	How our audit addressed this risk
BNP Paribas recognises impairment losses to hedge the credit risks inherent to its banking intermediation activities. The Covid-19 pandemic has caused a health and economic crisis affecting the repayment ability of borrowers, companies and individuals, with contrasting situations across geographical regions and industries. In response to this crisis, extended periods of governmental measures were introduced, specific to each country, including the furlough scheme, various benefit schemes, State-guaranteed loans, and moratoriums. Certain regulators have also adapted their prudential framework to facilitate the support given by banks to businesses. In this environment marked by considerable uncertainty relating to the evolving context of the pandemic, the measurement of expected credit losses for customer loan portfolios required the BNP Paribas Group to exercise greater judgement and to take into account assumptions, in particular in order to: ■ assess the significant deterioration in credit risk to classify outstandings in stage 1, stage 2, or stage 3 according to geographical region and industry; ■ prepare macro-economic projections which are integrated into both the criteria for recognising deterioration and in the measurement of expected losses; ■ estimate the amount of expected losses according to the different stages, considering the support measures and the absence of any comparable historical situation. At 31 December 2020, total outstanding customer loans exposed to credit risk amounted to EUR 831 billion, while total impairment losses stood at EUR 21 billion. We deemed the assessment of credit risk and the measurement of impairment losses to be a key audit matter insofar as management is required to exercise judgement and make estimates as regards credit granted to companies, particularly in the context of the uncertainty linked to the pandemic and its effects on the actual default level of businesses in the years to come.	We concentrated our work on the most significant outstandings and/or customer loan portfolios at the reporting date as well as on the credit granted to companies operating in economic sectors or geographic regions most impacted by the change in risks and in particular by the Covid-19 pandemic. We assessed the relevance of BNP Paribas' internal control system, particularly its adaptation to the Covid-19 context, and tested the manual and computerised controls for assessing credit risk and measuring expected losses. Our work was stepped up to take into account the change of risks and greater level of uncertainty and focused in particular on: ■ classification of outstandings by stage: we assessed whether the change of risks was taken into account in estimating the indicators applicable to the various business lines to measure the significant deterioration in credit risk, particularly the rating of corporate counterparties. We paid particular attention to the geographical regions and the sectors impacted by the Covid-19 crisis as well as counterparties having benefited from support measures. ■ measurement of expected losses (stages 1, 2 and 3): ▪ assisted by our credit risk experts and relying on the internal system for independent validation of BNP Paribas' models, we assessed the methodologies as well as the assumptions underlying the macro-economic projections used by BNP Paribas across the various business lines, the proper integration o f said projections into the information system and the effectiveness of the data quality controls; we paid particular attention to the adjustments made during the year to the models to factor in, based on available information, the effects of the Covid-19 crisis on the sectors at risk and the prospective macro-economic projections; ▪ with regard to impairment losses on outstanding loans to companies classified in stage 3, we verified that a periodic review of the credit risk of counterparties under surveillance had been carried out by BNP Paribas and, based on a larger sample due to the context, we assessed the assumptions and data used by management to estimate impairment; ▪ lastly, we verified that the measures granted to clients in the context of the crisis (moratoriums, State-guaranteed loans, *etc.*) had been duly factored into the risk assessment. In addition, we examined the disclosures in the notes to the consolidated financial statements with respect to credit risk in the evolving context of the pandemic and particularly the disclosures required by IFRS 9 regarding credit risk.

Valuation of financial instruments

(See Notes 1.e.7, 1.e.10, 1.o, 2.a, 2.c, 4.a and 4.d to the consolidated financial statements)

Description of risk	How our audit addressed this risk
As part of its trading activities, BNP Paribas holds financial instruments (assets and liabilities) which are recognised in the balance sheet at market value. Market value is determined according to different approaches, depending on the type of instrument and its complexity: (i) using directly observable quoted prices (instruments classified in level 1 of the fair value hierarchy); (ii) using valuation models whose main inputs are observable (instruments classified in level 2); and (iii) using valuation models whose main inputs are unobservable (instruments classified in level 3). The valuations obtained may be subject to additional value adjustments to take into account certain specific trading, liquidity or counterparty risks. The techniques adopted by management to measure these instruments may therefore involve significant judgement as regards the models and data used. At 31 December 2020, financial instruments represented EUR 681.3 billion (of which EUR 5.1 billion for level 3 instruments) under assets and EUR 663.6 billion (of which EUR 11.3 billion for level 3 instruments) under liabilities. In light of the materiality of the outstandings and the judgement used to determine market value, we deemed the measurement of financial instruments to be a key audit matter, in particular the measurement of level 3 instruments given the use of unobservable inputs.	Assisted by our valuation experts, we verified that the key controls used by BNP Paribas with respect to the valuation of financial instruments function properly, in particular those relating to: ■ the approval and regular review by management of the risks of the valuation models; ■ the independent verification of the valuation inputs; ■ the determination of value adjustments. Based on a sample, our valuation experts: ■ analysed the relevance of the assumptions and inputs used; ■ analysed the results of the independent verification of the inputs by BNP Paribas; ■ performed independent counter valuations using our own models. We also analysed on a sample basis any differences between the valuations obtained and collateral calls with counterparties. In addition, we examined the disclosures in the notes to the consolidated financial statements with respect to the valuation of financial instruments.

Goodwill impairmen

(See Notes 1.b.4, 1.o and 4.o to the consolidated financial statements)

Description of risk	How our audit addressed this risk
When recognising acquisitions, BNP Paribas records goodwill under assets, correspo nding to the excess of the acquisition price of the shares of acquired companies over the value of the Group's interest. At 31 December 2020, goodwill amounted to EUR 7.5 billion. Goodwill is tested for impairment at least once a year or more frequently if there is an indication of impairment. Comparing the carrying amount of the cash-generating units to which goodwill is allocated with their recoverable amount is a key step in the process of determining if an impairment charge should be recorded. We deemed goodwill impairment to be a key audit matter because management is required to exercise judgement in order to determine assumptions of future earnings of acquirees and to measure the recoverable amount of the cash-generating units, particularly in the context of the Covid-19 pandemic.	Our audit approach consisted in assessing the procedures implemented within BNP Paribas to test goodwill for impairment as well as the controls designed to identify indications of goodwill impairment. Assisted by our valuation experts, our work on the goodwill balances at 31 December 2020 consisted primarily in: ■ analysing the methods adopted by BNP Paribas; ■ critically assessing the provisional business plans approved by Executive Management to ensure the reasonableness of the future cash flow estimates set out therein (in particular when projections do not match past performance). We paid particular attention to the impacts of the Covid-19 crisis included in these provisional plans; ■ critically analysing the main assumptions and inputs used (growth rate, cost of capital and discount rate) with respect to available external information; ■ assessing the analyses of the sensitivity of estimates to key inputs (in particular when the recoverable amount approximates the carrying amount). Lastly, we verified the appropriateness of the disclosures in the notes to the consolidated financial statements with respect to the results of impairment and sensitivity tests.

General IT controls

Description of risk	How our audit addressed this risk
The reliability and security of IT systems plays a key role in the preparation of BNP Paribas' consolidated financial statements. We thus deemed the assessment of the general IT controls of the infrastructures and applications that contribute to the preparation of accounting and financial information to be a key audit matter. In particular, a system for controlling access rights to IT systems and authorisation levels based on employee profiles represents a key control for limiting the risk of inappropriate changes to application settings or underlying data.	For the main systems used to prepare accounting and financial information, assisted by our IT specialists, our work consisted primarily in: ■ obtaining an understanding of the systems, processes and controls which underpin accounting and financial data; ■ assessing the general IT controls (application and data access management, application changes/developments management and IT operations management) on key systems (in particular accounting, consolidation and automatic reconciliation applications); ■ examining the control for the authorisation of manual accounting entries; ■ performing additional audit procedures, where appropriate.

Analysis of legal risk with respect to regulatory and administrative investigations and to class actions

(See Notes 1.o, 2.h, 4.p and 7.b to the consolidated financial statements)

Description of risk	How our audit addressed this risk
In each of the countries where it is present, BNP Paribas is subject to the regulations applicable to the sectors in which it operates. If the Group does not comply with the applicable laws and regulations, it may be exposed to significant fines and other administrative and criminal sanctions. It may also incur losses as a result of private legal disputes in connection with or unrelated to these sanctions. Any provision recognised to cover the consequences of investigations into non compliance with certain regulations requires judgement due to the difficulty in estimating the outcome of regulatory procedures. Any provisions recognised with respect to class actions or other private legal disputes also requires management to exercise judgement. In light of the increase in regulatory and administrative investigations and class actions brought against financial establishments in recent years and of the significant judgement exercised by management to estimate the amount of provisions recognised, we deemed this risk to be a key audit matter.	We familiarised ourselves with the procedure for identifying and assessing legal risk with respect to regulatory and administrative investigations and to class actions, in particular through quarterly interviews with BNP Paribas' legal functions. Our work consisted primarily in: ■ obtaining an understanding of the analyses prepared by the financial and legal departments at the end of each quarterly accounting period; ■ interviewing the specialised law firms with which BNP Paribas works when subject to legal disputes.

Technical reserves of insurance companies

(See Notes 1.f.3, 1.o and 4.j to the consolidated financial statements)

Description of risk	How our audit addressed this risk
At the year-end, a liability adequacy test is performed for BNP Paribas' insurance activities. The purpose of this test is to ensure that liabilities in respect of insurance contracts and investment contracts with discretionary profit-sharing are adequate in light of current estimates of the future cash flows to be generated by those contracts. If the test indicates that the carrying amount of insurance liabilities is inadequate in relation to the estimated future cash flows, the total amount of the potential losses is recognised in profit or loss. At 31 December 2020, total technical insurance reserves and other liabilities amounted to EUR 241 billion. The test performed at 31 December 2020 confirmed that the carrying amount of the reserves was sufficient. We deemed the implementation of the liability adequacy test for the Savings business to be a key audit matter because it is based on actuarial models, modelling options and guarantees which are specific to BNP Paribas and requires management to exercise judgement to determine certain key assumptions (*e.g.*, discount rate, return on assets, surrender rate or fees). This test's sensitivity to estimates, which have been particularly high in past years due to low rates, is accentuated by the Covid-19 crisis, which has created strong volatility in share value and contributed to pushing rates down.	Based on a sample, we assessed the amount of net future cash flows used in the calculation, in particular by: ■ assessing the validity of the data on asset portfolios and contracts used as a starting point for the modelling exercise; ■ identifying the main changes made to the actuarial models, assessing the relevance of said changes and obtaining an understanding of their impact on the result of the test; ■ analysing differences in the models' results between 2019 and 2020 based on analyses prepared by BNP Paribas. We verified that the most material differences were justified by changes in the portfolio, the assumptions or the models; ■ examining the results of the sensitivity analyses performed by BNP Paribas, notably those concerning rate assumptions and their consistency with market rates since the start of the Covid-19 crisis. ■ In addition, we examined the disclosures in the notes to the financial statements with respect to insurance liabilities.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Board of directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the management report includes the consolidated non-financial information statement required under article L.225-102-1 of the French Commercial Code. However, in accordance with article L.823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the consolidated financial statements included in the annual financial report

Pursuant to paragraph III of article 222-3 of the AMF's General Regulations, the Company's management informed us of its decision to postpone the application of the single electronic reporting format, as defined by European Delegated Regulation No. 2019/815 of 17 December 2018, to reporting periods beginning on or after 1 January 2021. Accordingly, this report does not contain a conclusion on the compliance of the presentation of the consolidated financial statements included in the annual financial report referred to in paragraph I of article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) with this format.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of BNP Paribas SA by the Annual General Meetings held on 23 May 2006 for Deloitte & Associés, 26 May 1994 for PricewaterhouseCoopers Audit and 23 May 2000 for Mazars.

At 31 December 2020, Deloitte & Associés, PricewaterhouseCoopers Audit and Mazars were in the fifteenth, the twenty-seventh and the twenty-first consecutive year of their engagement, respectively

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Financial Statements Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Financial Statements Committee

We submit a report to the Financial Statements Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Financial Statements Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Financial Statements Committee with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Financial Statements Committee.

Paris La Défense, Neuilly-sur-Seine and Courbevoie, 2 March 2021

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
Laurence Dubois	Patrice Morot	Virginie Chauvin

5 RISKS AND CAPITAL ADEQUACY – PILLAR 3

The purpose of Pillar 3 – market discipline is to complement the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2) with a set of disclosures completing the usual financial disclosures.

This chapter presents the information relative to the BNP Paribas Group's risks and in this respect meets:

- the requirements of part 8 of Regulation (EU) No. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms[(1)] set out in the various technical standards published by the European Commission and European Banking Authority guidelines aimed at improving the comparability of information published by the institutions;
- the accounting standards requirements relating to the nature and the extent of the risks. Some information required by accounting standards IFRS 7, IFRS 4 and IAS 1 is included in this chapter and covered by the opinion of the Statutory Auditors on the consolidated financial statements. This information is identified by the mention "[Audited]" and must be read as being part of the notes to the consolidated financial statements.

The Basel current measures (known as Basel 3), approved in November 2010, strengthen the ability of banks to withstand economic and financial shocks of all kinds by introducing a series of regulatory provisions. The content of this reform was transposed into European law in Directive 2013/36/EU (CRD 4) and Regulation (EU) No. 575/2013 of 26 June 2013 (CRR), supplemented in June 2019 by Directive (EU) No. 2019/878 (CRD 5) and Regulation (EU) No. 2019/876 (CRR 2).

The regulatory framework of Basel 3 had the following main impacts:

- **strengthened solvency:**

  The Basel 3 rules harmonise the definition of capital and strengthen the ability of financial institutions to absorb losses.

  A detailed description of the composition of regulatory capital is given under *Regulatory capital* in section 5.2.

  Rules on calculating risk-weighted assets were also revised to strengthen related capital requirements. These calculation rules are detailed by risk type in the corresponding sections.

  Strengthened solvency is implemented through the Single Supervisory Mechanism (SSM) overseen by the ECB and the application of the European Banking Authority (EBA) Supervisory Review and Evaluation Process (SREP) guidelines.

  The BNP Paribas Group, identified as a "financial conglomerate", is subject to additional supervision. As a financial conglomerate, the Group's own funds cover the capital requirements for banking activities as well as insurance activities (see *Capital adequacy and capital planning* in section 5.2).

- **introduction of a leverage ratio:**

  The leverage ratio acts primarily as a supplementary measure to the risk-based capital requirements (backstop principle). Banks are now required to publish their leverage ratios which will be subject to a minimum requirement from 28 June 2021.

  The Group's leverage ratio as at 31 December 2020 is presented in section 5.2 *Capital adequacy and capital planning*.

- **liquidity management:**

  The implementation of liquidity requirements with the introduction of a short-term liquidity ratio (Liquidity Coverage Ratio – LCR) and a long-term liquidity ratio (Net Stable Funding Ratio – NSFR) is presented in section 5.8 *Liquidity risk*.

  The minimum liquidity coverage ratio has been set at 100% of total net cash outflows during the 30-day stress period.

  The NSFR, the one-year minimum liquidity coverage ratio will be applicable from 28 June 2021.

- **introduction of the new bank resolution scheme:**

  The new bank resolution scheme introduced on 1 January 2016 has been accompanied, since 27 June 2019, by a TLAC (Total Loss Absorbing Capacity) minimum ratio applicable to global systemically important banks (G-SIBs).

  This requirement will be supplemented in Europe by the introduction of a MREL (Minimum Requirement for own funds and Eligible Liabilities) ratio from 1 January 2024. (see *Capital adequacy and capital planning* in section 5.2).

Furthermore, on 7 December 2017, the Group of Governors and Heads of Supervision (GHOS) approved the reforms finalising the Basel 3 regulatory framework. They consist of a revision of the framework for credit risk, credit valuation adjustment (CVA) risk, and operational risk, as well as the introduction of a floor for the calculation of risk-weighted assets when an internal method is used. The Basel Committee plans an application as of 1 January 2023. To be applicable, these reforms must be transposed into European law.

In chapter 5, the figures shown may not appear to add up in certain columns and rows due to rounding.

(1) The disclosures required under article 450 concerning the Group's compensation policy are available in the Compensations of regulated employees section of the Investor Relations website: https://invest.bnpparibas.com/en/compensation-regulated-employees.

5.1 Annual risk survey

KEY FIGURES

REGULATORY RATIOS

The Group's balance sheet is very solid. The CET1 ratio stands at 12.8% as at 31 December 2020, with an increase of 70 basis point compared to 31 December 2019. This is explained by:

- the placing into reserves of 2020 net income after taking into account a 50% dividend pay-out ratio (+50 bp);
- the organic increase of risk-weighted assets at constant exchange rates (-50 bp);
- the impact of placing the 2019 dividend into reserves (+60 bp);
- the impact of other effects (of which prudential treatment of software) (+10 bp).

The Group's CET1 ratio is significantly higher than the requirement notified by the European Central Bank at 9.22% at 31 December 2020 (see Table 21: *Overall Capital requirements*) and above the 2020 plan objective (12.0%).

Since 31 March 2020, the Group has applied the transitional measures relating to the introduction of IFRS 9 in accordance with the recommendations of the European Central Bank[1].

TABLE 1: CAPITAL RATIOS

In millions of euros	31 December 2020(*)	31 December 2019(**)
COMMON EQUITY TIER 1 (CET1) CAPITAL	**88,767**	**81,204**
TIER 1 CAPITAL	**98,806**	**89,962**
TOTAL CAPITAL	**113,830**	**103,716**
RISK-WEIGHTED ASSETS	**695,523**	**668,828**
RATIOS		
Common Equity Tier 1 (CET1) capital	12.8%	12.1%
Tier 1 capital	14.2%	13.5%
Total capital	16.4%	15.5%

(*) In accordance with the transitional arrangements on the introduction of the IFRS 9 accounting standards (article 473a of Regulation (EU) No. 2017/2395 and Regulation (EU) No. 2020/873).

(**) Data as at 31 December 2019 take into account in deduction of regulatory capital the dividend distribution initially anticipated in relation to 2019 income, eventually retained in reserves in 2020.

Regulatory capital and capital ratios take into account a 50% pay-out ratio of 2020 net income. The Board of directors will propose to the shareholders' Annual General Meeting to pay-out a dividend of EUR 1.11 per share in May 2021 in cash[2], equivalent to 21% of 2020 net income, maximum amount based on the European Central Bank recommendation of 15 December 2020[3]. The additional restitution of 29% of the 2020 results is intended after the end of September 2021 in the form of a share buy-backs[4] or distribution of reserves[5] as soon as the European Central Bank repeals its recommendation, which it is expected to do by the end of September 2021 "in the absence of clearly unfavourable changes".

(1) The impact of these transitional measures on regulatory capital and regulatory ratios is presented under "Regulatory capital" in the section "Capital management and capital adequacy".

(2) Subject to the approval of the Annual General Meeting on 18 May 2021: detached on 24 May 2021 and paid out on 26 May 2021.

(3) "[...] Until 30 September 2021 [...] the ECB expects dividends and share buy-backs to remain below 15% of the cumulated profit for 2019-2020 and not higher than 20 basis points of the CET1 ratio".

(4) Subject to the European Central Bank approval.

(5) Subject to the European Central Bank and the Annual General Meeting approval.

TABLE 2: TLAC RATIO (EU KM2)

In millions of euros		31 December 2020(*)	31 December 2019(**)
1	Total capital and eligible liabilities(***)	167,390	143,639
2	Risk-weighted assets	695,523	668,828
3	**TLAC RATIO** *(in percentage of risk-weighted assets)*	**24.1%**	**21.5%**
4	Leverage ratio total exposure measure	1,998,414	1,955,211
5	**TLAC RATIO** *(in percentage of leverage ratio total exposure measure)*	**8.4%**	**7.3%**
6a	Application of the exemption provided by Article 72b(4) of EU Regulation 2019/876	n.a.	n.a.
6b	In case of application of Article 72b, paragraph 3 of Regulation (UE) No. 2019/876: Total amount of preferred senior debt eligible to TLAC ratio(***)	not applied	not applied
6c	In case of application of Article 72b, paragraph 3 of Regulation (UE) No. 2019/876: proportion of preferred senior debt used in the calculation of the TLAC ratio(***)	not applied	not applied

(*) In accordance with the transitional arrangements on the introduction of the IFRS 9 accounting standard (article 473a of Regulation (EU) No. 2017/2395 and Regulation (EU) No. 2020/873).
(**) Data as at 31 December 2019 take into account in deduction of regulatory capital the dividend distribution initially anticipated in relation to 2019 income, eventually retained in reserves in 2020.
(***) In accordance with Regulation (EU) No. 2019/876, article 72b paragraphs 3 and 4, some preferred senior debt instruments (amounting to EUR 16,336 million at 31 December 2020) are eligible within the limit of 2.5% of risk-weighted assets. The Group did not use this option as at 31 December 2020.

At 31 December 2020, the Group's TLAC ratio is 24.1% of risk-weighted assets, without using eligible senior preferred debt up to a limit of 2.5% of risk-weighted assets. It stands at 8.4% of leverage exposures taking into account the effect of temporary exemption for deposits with Eurosystem central banks[(1)].

5

TABLE 3: LEVERAGE RATIO

	31 December 2020(**)	31 December 2019(***)
LEVERAGE RATIO(*)	**4.9%**	**4.6%**

(*) See detail in Capital adequacy and capital planning in section 5.2.
(**) In accordance with the transitional arrangements on the introduction of the IFRS 9 accounting standard (article 473a of Regulation (EU) No. 2017/2395 and Regulation (EU) No. 2020/873).
(***) Data as at 31 December 2019 take into account in deduction of regulatory capital the dividend distribution initially anticipated in relation to 2019 income, eventually retained in reserves in 2020.

At 31 December 2020, the leverage ratio is 4.9% taking into account the effect of the temporary exemption for deposits with the Eurosystem central banks[(1)]. It stands at 4.4% excluding this effect.

TABLE 4: LIQUIDITY COVERAGE RATIO (LCR)

	31 December 2020	31 December 2019
LIQUIDITY COVERAGE RATIO(*) (LCR AT YEAR-END)	**154%**	**125%**

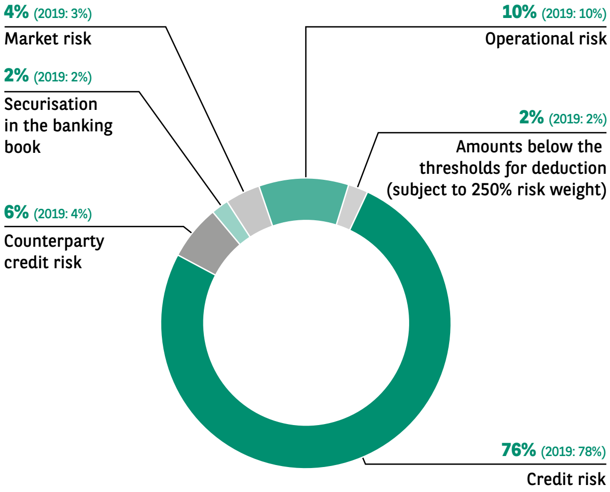
(*) See detail in Liquidity risk management and supervision in section 5.8.

The evolution of these ratios illustrates the Group's ability to continuously adapt and the high quality of its balance sheet.

(1) Calculated in accordance with article 500b of Regulation (EU) No. 2020/873.

RISK-WEIGHTED ASSETS BY RISK TYPE AND BY BUSINESS LINE

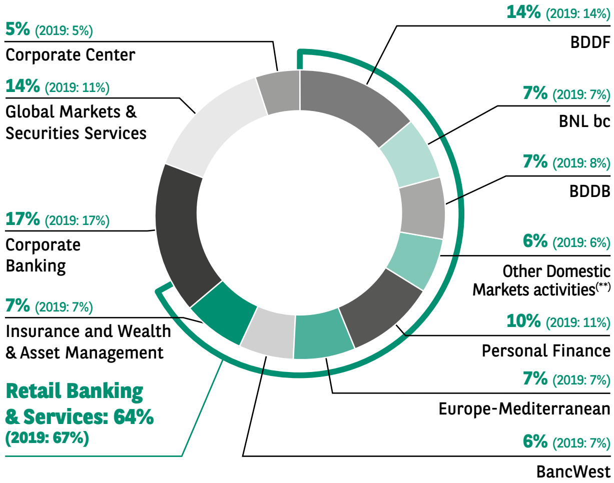
FIGURE 1: RISK-WEIGHTED ASSETS BY RISK TYPE(*)



(*) Breakdown at 31 December 2020.

Most of the Group's exposures are subject to credit risk. Market risk is limited to 4% of the Group's risk-weighted assets as at 31 December 2020.

FIGURE 2: RISK-WEIGHTED ASSETS BY BUSINESS LINE(*)

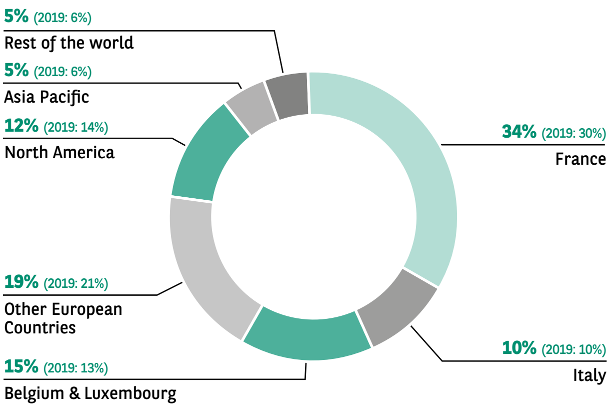


(*) Breakdown at 31 December 2020.
(**) Including Luxembourg.

As at 31 December 2020, the Group's risks are well spread and no single business makes up more than 17% of the Group's risk-weighted assets. Retail Banking & Services account for 64% of risk-weighted assets.

OTHER KEY FIGURES

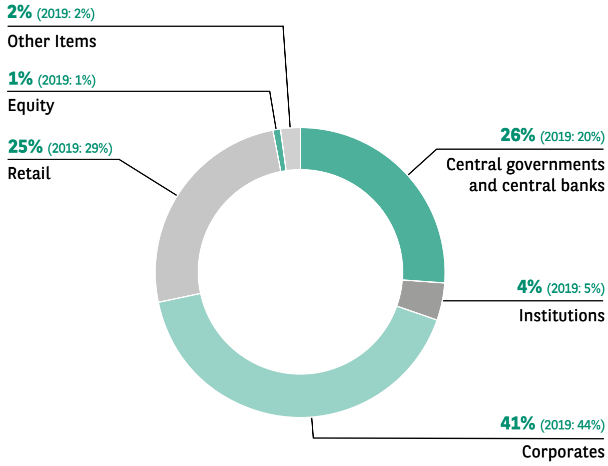
FIGURE 3: CREDIT RISK EXPOSURE BY GEOGRAPHIC REGION(*)



(*) Breakdown at 31 December 2020.

As at 31 December 2020, the Group's credit risk exposure was mainly concentrated in Europe (78%) and North America (12%). See the section *Credit risk diversification* in section 5.4 *Credit risk* for more details about the diversification of the Group's exposures.

FIGURE 4: CREDIT RISK EXPOSURE BY ASSET CLASS(*)



(*) Breakdown at 31 December 2020.

Credit exposure to sovereigns, financial institutions, corporates and specialised financing of Investment Grade counterparties represented 80% of IRBA credit risk exposure as at 31 December 2020, versus 79% at 31 December 2019.

TABLE 5: DOUBTFUL LOANS ON GROSS OUTSTANDINGS RATIO

	31 December 2020	31 December 2019
DOUBTFUL LOANS(*) / LOANS(**)	**2.1%**	**2.2%**

(*) *Impaired loans (stage 3) to customers and credit institutions, not netted of guarantees, including on-balance sheet and off-balance sheet and debt securities measured at amortised costs or at fair value through shareholders' equity (excluding insurance).*

(**) *Gross loans outstanding to customers and credit institutions, on-balance sheet and off-balance sheet and including debt securities measured at amortised costs or at fair value through shareholders' equity (excluding insurance).*

TABLE 6: STAGE 3 COVERAGE RATIO

In billions of euros	31 December 2020	31 December 2019
Stage 3 provisions	16.7	17.1
Doubtful loans(*)	23.3	23.1
STAGE 3 COVERAGE RATIO	**71.5%**	**74.0%**

(*) *Impaired loans (stage 3) to customers and credit institutions, on-balance sheet and off-balance sheet, netted of guarantees received, including debt securities measured at amortised costs or at fair value through shareholders' equity (excluding insurance).*

TABLE 7: COST OF RISK ON OUTSTANDINGS

In annualised basis point	31 December 2020	31 December 2019
COST OF RISK/CUSTOMER LOANS	**66**	**39**

(*) *Cost of risk divided by customer loans at the begining of the period (see section 3.8 Alternative performance measures (APM) – Article 223-1 of the AMF's General Regulation in chapter 3).*

TABLE 8: IMMEDIATELY AVAILABLE LIQUIDITY RESERVE

In billions of euros	31 December 2020	31 December 2019
IMMEDIATELY AVAILABLE LIQUIDITY RESERVE (COUNTERBALANCING CAPACITY)(*)	**432**	**309**

(*) *Liquid market assets or eligible to central banks taking into account prudential standards, notably US standards, minus intra-day payment systems needs.*

TOP AND EMERGING RISKS

The identification and monitoring of top and emerging risks are central to BNP Paribas' approach to risk management.

These risks are identified, analysed and managed thanks to different works and analyses carried out by the RISK Function, the divisions and the businesses, and through several committees which give rise to actions and decisions:

- a close follow-up of macroeconomic and financial conditions with the objective of organising them into a hierarchy with regard to the consequences for BNP Paribas portfolio, and designing adverse scenarios. This close monitoring is delivered quarterly to the General Management as well as to the Internal Control, Risk Management and Compliance Committee (CCIRC) through a dashboard presented by RISK;
- a close monitoring of the risk profile in accordance with the directives and thresholds approved by the Board of directors;
- cross-functional policies on concentration or corporate social responsibility among others;
- market and liquidity risk decisions made by Group ALM Treasury Committee (or Group ALCo, see *Governance* in section 5.3 *Risk management*) and the Capital Markets Risk Committee (CMRC);
- key decisions made by committees with respect to specific transactions at the highest level;
- proposals for new activities or new products;
- portfolio and businesses reviews by Risk & Development Policy Committees, on topics selected by the Group's Executive Management through the Risk Forum for the upcoming year;

- proactive and forward-looking discussions on emerging risks and their impacts on the Bank's risk profile in the Risk Anticipation Committee;
- an analysis and a monitoring of changes to the regulatory framework and their consequences on the Bank's capital and liquidity management as well as on its activities.

TOP RISKS

A top risk is defined as having:

- the potential to have a material impact, across a business area or geographical area, on the financial results, reputation or sustainability of the Group;
- the potential to occur in the near future.

The top risks to which the Group is exposed are described below.

Macroeconomic environment

Macroeconomic and market conditions affect the Bank's results. The nature of the Bank's business makes it particularly sensitive to macroeconomic and market conditions in Europe.

After an increase of 3% in 2019, the world economy shrank by more than 3.5% in 2020, severely hit by the consequences of the health crisis. Mature economies have been particularly impacted, with a GDP decline estimated at nearly 7.2% in the eurozone and close to 3.4% in the United States (according to IMF publication of January 2021 *World Economic Outlook*).

The consequences of the health crisis have led the major central banks (the US Federal Reserve and the European Central Bank) to amplify quantitative easing measures against the backdrop of very low inflation. Without any significant change in oil prices, inflation remained very low (slightly above 0.5% in the eurozone and 1% in the United States). The short- and medium-term consequences of the pandemic are expected to lead to central bank policy rates and bond yields remaining at extremely low or even negative levels in many mature economies in the coming years, with flat yield curves. The major central banks have thus made it clear in recent months that they plan to maintain extremely favourable conditions until 2023. For their part, governments have put in place exceptional support mechanisms such as job maintenance programmes, stimulus packages, or State-guaranteed loans. All these monetary and fiscal measures have helped to mitigate the consequences of the health crisis, in particular the shutdowns or the slowdown in business activity in some sectors during lockdowns.

Emerging countries were not spared by the health crisis in 2020, with a recession estimated by the IMF at 3.3% in 2020, despite China's relatively good performance (+1.9%). The latter, that had embarked on a process of rebalancing its growth towards domestic demand, chose recovery through public spending and infrastructure investment, thus weakening its public finances but avoiding a decline in business activity. Countries in other emerging zones have fallen into recession, sometimes very severe (as in India or in Mexico). In many cases, their central banks quickly eased monetary policy to offset the effects of lockdowns on domestic business activity and reduced sources of external financing.

In addition, the positive developments in vaccines since the end of 2020 could lead to a marked recovery in the second half of 2021. The IMF expects a 5.5% increase in global GDP, although the risk of a fluctuating pace of business activity may remain as long as vaccines are not widely distributed.

In this context, the following risk categories can be identified:

Medium-term consequences of the current health crisis

The crisis may have lasting effects. Some particularly exposed sectors of the economy may take longer to recover than the rest of the economy (*e.g.* tourism, air transport and some retail trade), even though they have benefited from the support measures previously mentioned. Public finances have been impacted by the crisis and the exceptional budgetary policy measures that have helped to preserve economic production capacity and the social fabric. The strong rebound in business activity in the third quarter of 2020, whilst largely mechanical, also evidences the effectiveness of these measures. However, the private debt market could also be impacted by debt levels and unemployment, and bankruptcies could increase depending on the pace at which countries withdraw the exceptional support measures for employees. In addition, the health crisis could lead to structural changes in certain sectors (transport, infrastructure, *etc.*) as well as in the production chains that could adapt to this new context. These developments could weigh on growth over the medium term, contribute to maintaining very low interest rates over a long period of time and, in some cases, produce further episodes of slow growth.

Risks of financial instability due to the conduct of monetary policies

Commercial bank revenues are strongly impacted by the flat yield curve, negative central bank deposit rates and the difficulty of passing on negative rates to customers. Life insurers and pension funds are also deeply impacted, as the low-yield environment increases liabilities and holds down on long-term investment returns (impacting in particular life insurers with guaranteed returns and defined-benefit pension schemes). Monetary policy's room to manoeuvre seems increasingly limited, and central banks are more likely to be affected by budgetary issues. Such developments, which would have been considered temporary and exceptional a few years ago, now seem to be a new normal.

Some major financial players (insurance companies, pension funds, asset managers, *etc.*) have an increasingly systemic dimension and, in the event of market turbulence, could be brought to unwind large positions in a context of relatively weak market liquidity. Indeed, in a number of asset markets, risk premiums are low compared with their historical average following a decade of accommodative monetary policies (lending to non-Investment Grade companies and countries, certain equity and bond market segments, *etc.*).

Systemic risks related to increased debt

In many countries, the health crisis is leading to a massive increase in the public deficit and debt ratios, due to the fall in business activity and the exceptional support measures put in place by governments. In mature economies, public debt ratios will have reached in 2020 unprecedented levels. At present, the very low level of interest rates is limiting the cost of debt service. While massive asset purchases by central banks in Europe should continue to moderate this risk in the near future, the risk of rising interest rates will have to be monitored over the medium term in eurozone countries due to fragmented bond markets. In this context, new common issuances at European level (common bonds) were launched in 2020 and will continue in 2021, as part of the SURE programme (Support to mitigate Unemployment Risks in an Emergency).

The Group's exposure in emerging countries is limited. However, the vulnerability of some of these economies could lead to a downgrade of these countries' ratings by the agencies, followed by an increase in risk premiums and debt service costs, leading to disruptions in the global financial system. During the first wave of the pandemic, in many advanced and emerging countries, public policy support contributed to additional debt and avoided a wave of bankruptcies. Nevertheless, in the medium term, this increase in debt could lead to a decline in repayment capacity, whilst the simultaneous increase in public debt reduces the ability of governments to support their private sector if the recovery was weak. On the household side, job losses could also affect debt repayment capacity.

It should be noted that debt-related risk could materialise, not only in the event of a sharp rise in interest rates, which is unlikely in the short and medium term, but also with any negative growth shocks.

Risks of regionalisation of international trade from protectionist measures

In the short term, the risks generated by the trade dispute between the United States and China seem less acute. The priority for both economies in 2020 has been to support the recovery. On the other hand, the new US administration may take a less confrontational stance, although disagreements over intellectual property protection, technology transfer or industrial policies may persist. Following the health crisis, a number of mature economies should also try to reduce their dependency on external supplies in certain areas considered strategic, which could lead to trade regionalisation. This has led to both the renegotiation of a number of trade agreements and the establishment of regional agreements (such as the Asia-Pacific Free Trade Agreement).

Tensions related to trade and globalisation are therefore likely to persist in the coming years, which is likely to hold back global growth by weighing on the volumes traded, disrupting production chains and adversely affecting the confidence of agents and financial markets.

Laws and regulations applicable to financial institutions

Recent and future changes in the laws and regulations applicable to financial institutions may have a significant impact on the Bank. Measures that were recently adopted or which are (or whose application measures are) still projects, that have or are likely to have an impact on the Bank notably include:

- prudential regulations: with the finalisation of Basel 3 published by the Basel Committee in December 2017, supplemented by the fundamental review of the trading book (FRTB) in January 2019 and of CVA risk (Credit Value Adjustment) in July 2020, which introduces a revision of the credit risk, operational risk, market risk and CVA risk measurement in the calculation of risk-weighted assets. The new Basel framework also provides for the gradual introduction of an overall floor which will be based on standardised approaches. These measures are due to come into force once they are transposed into European law. In addition, the application of certain provisions of CRD 5 and CRR 2, voted in May 2019, has not yet been finalised;
- the Directive of 16 April 2014 related to deposit guarantee systems and its delegated and implementing acts, the Directive of 15 May 2014 (BRRD) and its revision on 20 May 2019 (BRRD 2) establishing a bank recovery and resolution framework and the anticipation of future MREL requirements (see *MREL* paragraph in section 5.2 *Capital Management and capital adequacy*), the Single Resolution Mechanism establishing the Single Resolution Council and the Single Resolution Fund;
- the Final Rule by the US Federal Reserve imposing tighter prudential rules on the US transactions of large foreign banks, notably the obligation to create a separate intermediary holding company in the US (capitalised and subject to regulation) to hold their US subsidiaries;
- the regulation of over-the-counter derivative activities pursuant to Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the European Market Infrastructure Regulation (EMIR) in Europe, notably margin requirements for non-cleared derivative products, transparency and reporting requirements for derivatives transactions in securities; as well as the obligation to set off certain derivatives traded over the counter by clearing houses;
- the new regulations on financial instruments MiFID 2 and MiFIR;
- the General Data Protection Regulation (GDPR), which came into force on 25 May 2018. This Regulation aims to move the European data confidentiality environment forward and improve personal data protection within the European Union. Businesses run the risk of severe penalties if they do not comply with the standards set by the GDPR. This regulation applies to all banks and companies providing services to European citizens.

For a more detailed description, see risk factor 6.1 *Laws and regulations adopted in recent years, particularly in response to the global financial crisis, as well as new legislative proposals, may materially impact the BNP Paribas Group and the financial and economic environment in which it operates*.

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Moreover, in this stengthened regulatory context, the risk of non-compliance with existing laws and regulations, in particular those relating to the protection of the interests of customers and personal data, is a significant risk for the banking industry, potentially resulting in significant losses and fines[(1)]. In addition to its compliance system, which specifically covers this type of risk, the Group places the interest of its customers, and more broadly that of its stakeholders, at the heart of its values. Thus, the Code of conduct adopted by the Group in 2016 sets out detailed values and rules of conduct in this area.

Environmental risks

Environmental risks and, more particularly, those associated with climate change are a financial risk for the Group. They may affect it, either directly on its own operations, or indirectly *via* its financing and investment activities. These risks mainly concern the physical risks related to the consequences of climate change and the "carbon" risks resulting from the transition to a low-carbon economy.

For more details, please see risk factor 7.5 *The BNP Paribas Group could experience business disruption and losses due to climate change risks such as transition risks, physical risks or liability risks* as well as the measures taken and commitments made by the Group in this area in paragraph *Commitment 3: Systematic integration and management of Environmental, Social and Governance risks (ESG)* of chapter 7.

Cyber security and technology risk

BNP Paribas' ability to do business is intrinsically tied to the fluidity of electronic transactions as well as the protection and security of information and technology assets.

The technological change is accelerating with the digital transformation and the resulting increase in the number of communications circuits, proliferation in data sources, growing process automation, and greater use of electronic banking transactions.

The progress and acceleration of the technological changes needed to respond to customer requirements are giving cybercriminals new options for altering, stealing and disclosing data. Attacks are more frequent, with a bigger reach and sophistication across all sectors, including financial services.

The outsourcing of a growing number of processes also exposes the Group to structural cybersecurity and technology risks leading to the appearance of potential attack vectors that cybercriminals can exploit.

In this context, the Group has reinforced the second line of defence within the Risk Function dedicated to managing technological and cyber security risks (see the paragraph *Cyber security and technology* in section 5.9 *Operational Risk*). Thus, operational standards are regularly adapted to support the Bank's digital evolution and innovation while managing existing and emerging threats (such as cyber-crime, espionage, *etc.*).

The health crisis, which prevailed in 2020, increased the Group's dependence on digital technologies in order to have the capacity to work remotely and to allow the Group to continue operating safely despite the high risk of cyber-crime. The Group invested in IT upgrades to quintuple the bandwidth of the network and ensure the stability of the remote access infrastructure. At the same time, Cyber Security Operations teams have strengthened their surveillance capabilities to improve detection and respond to threats more quickly.

EMERGING RISKS

An emerging risk is defined as a new or evolving risk which potential impact could be material in the future but is currently not fully known or is difficult to quantify.

The Group identified emerging risks related to technological innovations, the evolving regulatory environment, as well as certain health, demographic and societal risks.

Technological innovations

Technological developments related to the growing use of data in all production, marketing, and distribution processes, and to data sharing among economic players (producers, suppliers, and customers) will impact the economic models of the Group's clients and counterparties in a lasting way. These impacts, which are sometimes hard to assess in a context where new standards, economic balances, and regulatory entities are in the process of evolving and adapting, are being analysed internally by industry experts focused on the economic sectors most exposed to this evolution.

In addition, the dependence of economic players, and the Group in particular, on systemically important infrastructures, such as cloud platforms, creates new vulnerabilities.

Furthermore, the Group's competitive environment is undergoing profound change, with the presence of fintech, the emergence of new players of importance in the activities of the financial sector as GAFAM (Google, Apple, Facebook, Amazon, Microsoft) and technological innovations which disrupt the traditional value chains of Group businesses, and place the quality of the customer experience, and the use of new technologies to reduce the cost of low added-value operations, as their key competitive success factors. Maintenance of the Group's information systems must be done in this context of evolving value chains and increasing protection needs (of systems, data, *etc.*), in particular against cyber threats. The Group is deploying a proactive strategy in this area to adapt its activities to these major technological developments and promote some industrial cooperation with fintech players.

(1) *Risk factors: "6.2 The BNP Paribas Group may incur substantial fines and administrative and other criminal penalties for non-compliance with applicable laws and regulations and may also incur losses in related (or unrelated) litigation with private parties".*

Evolving regulatory environments

In addition to the regulatory measures recently adopted or pending adoption, and already cited as top risks, the trend towards growing complexity and regional differences in the bank regulatory environment and related supervision is creating relative uncertainty over future developments, compliance costs, and proper performance risk concerning the various measures. The Group has established an active monitoring system for its regulatory environment, enabling it to minimise these risks.

Possible future divergence by type of regulated entity, for example, depending on their degree of innovation, may also introduce risk of a competitive nature.

Health risks

A new viral or bacteriological infection that is potentially resistant to antibiotics, antiviral drugs or other treatments is an increasing possibility and could become more significant.

Despite the experience gained with the Covid-19 crisis, such an infection could lead to new failures in infrastructure and production chains, with significant consequences for all stakeholders.

Demographic risk

The ageing population is a major underlying trend in many countries. In the years and decades to come, this change significantly impact economic growth (which is already visible), as well as healthcare and retirement budgets, or saving and consumption behaviours.

Societal issues

In addition to responses designed to meet its customers' changing needs, the Group is seeks, on a more general basis, to responding to the expectations of the society in which it operates in terms of how it conducts its business, respect for human rights and environmental protection. The BNP Paribas Group Code of conduct defines standards of conduct in line with the values and missions determined by the Bank.

AREAS OF SPECIAL INTEREST IN 2020

United Kingdom

The United Kingdom withdrew from the European Union on 31 January 2020, the withdrawal agreement having been voted on 22 January 2020 by the United Kingdom Parliament and on 29 January 2020 by the European Parliament. The transition period, during which the regulatory environment remained unchanged, ended on 31 December 2020.

The cooperation and trade agreement between the European Union and the United Kingdom entered into force provisionally on 1 January 2021, pending ratification by the European Parliament, which will ensure its definitive application.

The BNP Paribas Group operates in the United Kingdom through several branches and subsidiaries (see section 8.6 *Locations by country* in chapter 8 *General Information*). Its business, which it carries out mainly with corporates through its BNP Paribas SA branch in the United Kingdom, is of limited size for the scale of the Group and does not include a Retail Banking network in that country. At 31 December 2020, BNP Paribas generated 13.9% of its pre-tax operating income in the United Kingdom (see section 8.6 *Profit and loss account items and headcount by country* in chapter 8 *General Information*).

With respect to exposure to counterparties whose main business is in the United Kingdom, commercial commitments at 31 December 2020 represent 4.4% of the Group's total gross commitments, on- and off-balance sheet (see Table 28: *Credit risk exposure by geographic region*). Similarly, exposure to British sovereign risk is contained at 5.6% of the banking book's sovereign exposure (see Appendix 1 *Sovereign exposures*). The Bank's structural foreign exchange and interest rates position in pounds sterling is very moderate: outstanding loan amounts are low and funding in pounds sterling is largely matched.

The Group has taken all measures, required by the ECB and the UK regulatory authorities, to be allowed to operate in the UK. The operational framework has also been adjusted to take account of the disappearance of the European passport, as businesses located in the UK lose their ability to sell financial services to European clients, and the ECB's expectations as a supervisor. Four hundred new commercial and support jobs are being created on the continent, mainly in information technology.

These various adaptation measures ensure the continuity of the Group's activities, whose clients, whether located in the United Kingdom or in Europe, continue to benefit from the Group's broad banking offer.

Turkey

In 2020, macroeconomic uncertainties and the geopolitical context penalised local foreign exchange markets. At the end of the year, the new monetary and fiscal policy measures began to stabilise, in a regional geopolitical context which continues to make the use of foreign currency borrowing costly.

BNP Paribas' presence in Turkey is primarily through its TEB subsidiary (ranking No. 10 in Retail Banking in Turkey with a market share of approximately 3%). At 31 December 2020, the Group generated 2.1% of its pre-tax operating income in this country (see section 8.6 *Profit and loss account items and headcount by country* in chapter 8 *General information*). The entity TEB had a solvency ratio (Capital Adequacy Ratio – CAR) of 18.5% at 31 December 2020, in excess of the regulatory requirements.

In 2020, TEB Group's balance sheet liquidity remained solid, with a Liquidity Coverage Ratio (LCR) of 209% at 31 December 2020, versus 229% at 31 December 2019. With outstanding loans of TRY 81.2 billion and deposits of TRY 93.7 billion, TEB Group's financing structure is largely self-financed.

With respect to exposure to counterparties whose main business is in Turkey, commercial commitments as at 31 December 2020 represent 1.2% of the Group's total gross commitments, on- and off-balance sheet (see Table 28: *Credit risk exposure by geographic region*). Exposure to Turkish sovereign risk is contained at 2.2% of the banking book's sovereign exposure and is essentially borne by TEB Group.

Others

Geopolitical tensions abated in Asia on the Korean peninsula but remain high in certain other areas, particularly in the Middle East, with the potential involvement of Western powers to varying degrees. In the Mediterranean, tensions have arisen as a result of disputed maritime areas. Latin America has also been experiencing political tensions.

Although the possible consequences of such risks are hard to assess, the regional economies in question, and the global economy, could be affected through different channels (confidence, trade ties and commodity prices).

The risks associated with changes in the macroeconomic and market environment are described in the following section *Risk factors*[1].

The analyses relating to the sectors (particularly leveraged finance, shipping, the oil and gas sector, the hotel, tourism and leisure sector, the non-food distribution sector excluding e-commerce, and commercial real estate) are set out in the *Industry diversification* paragraph in section 5.4.

The risk principles are presented in the Risk Appetite Statement approved by the Board of directors (see *Risk Appetite* in section 5.3).

RISK FACTORS

The main categories of risk inherent in the BNP Paribas Group's business are presented below. They may be measured through risk-weighted assets or other quantitative or qualitative indicators, to the extent risk-weighted assets are not relevant (for example, for liquidity and funding risk).

	RWA	
In billions of euros	31 December 2020	31 December 2019
Credit risk	527	524
Counterparty credit risk	41	30
Securitisation risk in the banking book	14	11
Operational risk	71	69
Market risk	25	19
Amounts below the thresholds for deduction (subject to 250% risk weight)	17	16
TOTAL	**696**	**669**

More generally, the risks to which the BNP Paribas Group is exposed may arise from a number of factors related, among others, to changes in its macroeconomic or regulatory environment or factors related to the implementation of its strategy and its business.

The risks specific to the BNP Paribas Group's business are presented below under seven main categories, pursuant to article 16 of Regulation (EU) 2017/1129, known as "Prospectus 3", dated 14 June 2017, of which the provisions relating to risk factors entered into force as of 21 July 2019: credit risk, counterparty risk and securitisation risk in the banking book; operational risk; market risk; liquidity and funding risk; risks related to the macroeconomic and market environment; regulatory risks; and risks related to the BNP Paribas Group's growth in its current environment.

The Group's risk management policies have been taken into account in assessing the materiality of these risks; in particular, risk-weighted assets factor in risk mitigation elements to the extent eligible in accordance with applicable banking regulations.

1. CREDIT RISK, COUNTERPARTY RISK AND SECURITISATION RISK IN THE BANKING BOOK

BNP Paribas Group's credit risk is defined as the probability of a borrower or counterparty defaulting on its obligations to the BNP Paribas Group. Probability of default along with the recovery rate of the loan or debt in the event of default are essential elements in assessing credit quality. In accordance with the European Banking Authority recommendations, this category of risk also includes risks on equity investments, as well as those related to insurance activities. At 31 December 2020, the BNP Paribas Group's credit risk exposure broke down as follows: corporates (41%), central governments and central banks (26%), retail customers (25%), credit institutions (5%), other items (2%) and equities (1%). At 31 December 2020, 34% of the BNP Paribas Group's credit exposure was comprised of exposures in France, 15% in Belgium and Luxembourg, 10% in Italy, 19% in other European countries, 12% in North America, 5% in Asia and 5%

(1) *In particular the risk factor "5.3 Given the global scope of its activities, the Bank may be vulnerable to certain political, macroeconomic or financial risks in the countries and regions where it operates".*

in the rest of the world. The BNP Paribas Group's risk-weighted assets subject to this type of risk amounted to EUR 527 billion at 31 December 2020, or 76% of the total risk-weighted assets of the BNP Paribas Group.

BNP Paribas Group's counterparty risk arises from its credit risk in the specific context of market transactions, investments, and/or settlements. BNP Paribas Group's exposure to counterparty risk, excluding CVA (Credit Valuation Adjustment) risk at 31 December 2020, is comprised of: 42% to the corporate sector, 27% to governments and central banks, 12% to credit institutions and investment firms, and 19% to clearing houses. By product, BNP Paribas Group's exposure, excluding CVA risk, at 31 December 2020 is comprised of: 53% in OTC derivatives, 34% in repurchase transactions and securities lending/borrowing, 11% in listed derivatives and 2% in contributions to the clearing houses' default funds. The amount of this risk varies over time, depending on fluctuations in market parameters affecting the potential future value of the covered transactions. In addition, CVA risk measures the risk of losses related to CVA volatility resulting from fluctuations in credit spreads associated with the counterparties to which the BNP Paribas Group is subject to risk. The risk-weighted assets subject to counterparty credit risk amounted to EUR 41 billion at 31 December 2020, representing 6% of the BNP Paribas Group's total risk-weighted assets.

Securitisation risk in the banking book: securitisation is a transaction or arrangement by which the credit risk associated with a liability or set of liabilities is subdivided into tranches. Any commitment made by the BNP Paribas Group under a securitisation structure (including derivatives and liquidity lines) is considered to be a securitisation. The bulk of the BNP Paribas Group's commitments are in the prudential banking portfolio. Securitized exposures are essentially those generated by the BNP Paribas Group. The securitisation positions held or acquired by the BNP Paribas Group may also be categorized by its role: of the positions as at 31 December 2020, BNP Paribas was originator of 52%, was sponsor of 34% and was investor of 14%. The risk-weighted assets subject to this type of risk amounted to EUR 14 billion at 31 December 2020 for the BNP Paribas Group, or 2% of the total risk-weighted assets of the BNP Paribas Group.

1.1 A substantial increase in new provisions or a shortfall in the level of previously recorded provisions exposed to credit risk and counterparty risk could adversely affect the BNP Paribas Group's results of operations and financial condition.

Credit risk and counterparty risk impact the BNP Paribas Group's consolidated financial statements when a customer or counterparty is unable to honour its obligations and when the book value of these obligations in the BNP Paribas Group's records is positive. The customer or counterparty may be a bank, a financial institution, an industrial or commercial enterprise, a government or a government entity, an investment fund, or a natural person. If the level of irrecoverable or doubtful loans (Stage 3) increases, or provisions on performing loans (Stages 1 and 2) increase in response to a deterioration in economic conditions or other factors, BNP Paribas' profitability may be affected.

As a result, in connection with its lending activities, the BNP Paribas Group regularly establishes provisions, which are recorded on its income statement in the line item Cost of Risk. These provisions amounted to EUR 5.717 billion at 31 December 2020, representing 66 basis points of outstanding customer loans (compared with 39 basis points at 31 December 2019). The significant increase is the result of taking into account the economic consequences of the implementation of the health crisis. The provisioning of performing loans (stages 1 and 2) increased significantly by EUR 1.4 billion at 31 December 2020 compared to 31 December 2019 and is an example of the materialisation of this risk.

The BNP Paribas Group's overall level of provisions is based on its assessment of prior loss experience, the volume and type of lending being conducted, industry standards, past due loans, economic conditions and other factors related to the recoverability of various loans or statistical analysis based on scenarios applicable to asset classes.

Although the BNP Paribas Group seeks to establish an appropriate level of provisions, its lending businesses may have to increase their provisions for loan losses or sound receivables substantially in the future as a result of deteriorating economic conditions or other causes. Any significant increase in provisions for loan losses or a significant change in the BNP Paribas Group's estimate of the risk of loss inherent in its portfolio of non-impaired loans, as well as the occurrence of loan losses in excess of the related provisions, could have a material adverse effect on the BNP Paribas Group's results of operations and financial condition.

For reference, at 31 December 2020, the ratio of doubtful loans to total loans outstanding was 2.1% and the coverage ratio of these loans (net of guarantees received) by provisions was 71.5%, compared to 2.2% and 74%, respectively, as at 31 December 2019. These two ratios are defined in 5.1 *Key figures*.

While the BNP Paribas Group seeks to reduce its exposure to credit risk and counterparty risk by using risk mitigation techniques such as collateralisation, obtaining guarantees, entering into credit derivatives and entering into netting agreements, it cannot be certain that these techniques will be effective to offset losses resulting from counterparty defaults that are covered by these techniques. Moreover, the BNP Paribas Group is also exposed to the risk of default by the party providing the credit risk coverage (such as a counterparty in a derivative or a loan insurance contract) or to the risk of loss of value of any collateral. In addition, only a portion of the BNP Paribas Group's overall credit risk and counterparty risk is covered by these techniques. Accordingly, the BNP Paribas Group has very significant exposure to these risks.

1.2 The soundness and conduct of other financial institutions and market participants could adversely affect the BNP Paribas Group.

The BNP Paribas Group's ability to engage in financing, investment and derivative transactions could be adversely affected by the soundness of other financial institutions or market participants. Financial institutions are interrelated as a result of trading, clearing, counterparty, funding or other relationships. As a result, defaults by one or more States or financial institutions, or even rumours or questions about one or more financial institutions, or the financial services industry generally, may lead to market-wide liquidity problems and could lead to further losses or defaults. The BNP Paribas Group has exposure to many counterparties in the financial industry, directly and indirectly, including clearing houses, brokers and dealers, commercial banks, investment banks, mutual and alternative investment funds, and other institutional clients with which it regularly executes transactions. The BNP Paribas Group may also be exposed to risks related to the increasing involvement in the financial sector of players and the introduction of new types of transactions subject to little or no regulation (*e.g.* unregulated funds, trading venues or crowdfunding platforms). Credit and counterparty risks could be exacerbated if the collateral held by the BNP Paribas Group cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to the BNP Paribas Group or in case of a failure of a significant financial market participant such as a central counterparty.

For reference, counterparty risk exposure related to financial institutions was EUR 25 billion at 31 December 2020, or 12% of the BNP Paribas Group's total counterparty risk exposure, and counterparty risk exposure related to clearing houses was EUR 42 billion, or 19% of the BNP Paribas Group's total counterparty risk exposure.

In addition, fraud or misconduct by financial market participants can have a material adverse effect on financial institutions due in particular to the interrelated nature of the financial markets. An example is the fraud perpetrated by Bernard Madoff that came to light in 2008, as a result of which numerous financial institutions globally, including the BNP Paribas Group, announced losses or exposure to losses in substantial amounts. The BNP Paribas Group remains the subject of various claims in connection with the Madoff matter; see note 7.b *Contingent liabilities: legal proceedings and arbitration* to its consolidated financial statements for the period ended 31 December 2020.

Losses resulting from the risks summarized above could materially and adversely affect the BNP Paribas Group's results of operations.

2. OPERATIONAL RISK

BNP Paribas Group's operational risk is the risk of loss resulting from failed or inadequate internal processes (particularly those involving personnel and information systems) or external events, whether deliberate, accidental or natural (floods, fires, earthquakes, terrorist attacks, *etc.*). BNP Paribas Group's operational risks cover fraud, human resources risks, legal and reputational risks, non-compliance risks, tax risks, information systems risks, risk of providing inadequate financial services (conduct risk), risk of failure of operational processes including credit processes, or from the use of a model (model risk), as well as potential financial consequences related to reputation risk management. From 2012-2020, BNP Paribas Group's main type of incidents involving operational risk were in "Clients, products and business practices", which represents 62% of the total financial impact, largely as a result of the BNP Paribas Group's agreement with US authorities regarding its review of certain dollar transactions concluded in June 2014. The next largest category of incident for the BNP Paribas Group in operational risk was in "Execution, delivery and process management", accounting for 17% of the financial impact. Between 2012 and 2020, other types of risk in operational risk consisted of external fraud (14%), business disruption and systems failure (3%), employment practices and workplace safety (2%), internal fraud (1%) and damage to physical assets (1%).

The risk-weighted assets subject to this type of risk amounted to EUR 71 billion at 31 December 2020, or 10% of the total risk-weighted assets of the BNP Paribas Group.

2.1 The BNP Paribas Group's risk management policies, procedures and methods may leave it exposed to unidentified or unanticipated risks, which could lead to material losses.

The BNP Paribas Group has devoted significant resources to developing its risk management policies, procedures and assessment methods and intends to continue to do so in the future. Nonetheless, the BNP Paribas Group's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic and market environments or against all types of risk, particularly risks that the BNP Paribas Group may have failed to identify or anticipate. The BNP Paribas Group's ability to assess the creditworthiness of its customers or to estimate the values of its assets may be impaired if, as a result of market turmoil such as that experienced in recent years, the models and approaches it uses become less predictive of future behaviour, valuations, assumptions or estimates. Some of the BNP Paribas Group's qualitative tools and metrics for managing risk are based on its use of observed historical market behaviour. The BNP Paribas Group applies statistical and other tools to these observations to arrive at quantifications of its risk exposures. The process the BNP Paribas Group uses to estimate losses inherent in its credit exposure or estimate the value of certain assets requires difficult, subjective, and complex judgments, including forecasts of economic conditions and how these economic predictions might impair the ability of its borrowers to repay their loans or impact the value of assets, which may, during periods of market disruption, be incapable of accurate estimation and, in turn, impact the reliability of the process. These tools and metrics may fail to predict future risk exposures, *e.g.* if the BNP Paribas Group does not anticipate or correctly evaluate certain factors in its statistical models, or upon the occurrence of an event deemed extremely unlikely by the tools and metrics. This would limit the BNP Paribas Group's ability to manage its risks. The BNP Paribas Group's losses could therefore be significantly greater than the historical measures indicate. In addition, the BNP Paribas Group's quantified modelling does not take all risks into account. Its more qualitative approach to managing certain risks could prove insufficient, exposing it to material unanticipated losses.

2.2 An interruption in or a breach of the BNP Paribas Group's information systems may cause substantial losses of client or customer information, damage to the BNP Paribas Group's reputation and result in financial losses.

As with most other banks, the BNP Paribas Group relies heavily on communications and information systems to conduct its business. This dependency has increased with the spread of mobile and online banking services, and the development of cloud computing. Any failure or interruption or breach in security of these systems could result in failures or interruptions in the BNP Paribas Group's customer relationship management, general ledger, deposit, servicing and/or loan organisation systems or could cause the BNP Paribas Group to incur significant costs in recovering and verifying lost data. The BNP Paribas Group cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed.

In addition, the BNP Paribas Group is subject to cybersecurity risk, or risk caused by a malicious and/or fraudulent act, committed virtually, with the intention of manipulating information (confidential data, bank/insurance, technical or strategic), processes and users, in order to cause material losses to the BNP Paribas Group's subsidiaries, employees, partners and clients and/or for the purpose of extortion (ransomware). An increasing number of companies (including financial institutions) have in recent years experienced intrusion attempts or even breaches of their information technology security, some of which have involved sophisticated and highly targeted attacks on their computer networks. Because the techniques used to obtain unauthorized access, disable or degrade service, steal confidential data or sabotage information systems have become more sophisticated, change frequently and often are not recognized until launched against a target, the BNP Paribas Group and its third-party service providers may be unable to anticipate these techniques or to implement in a timely manner effective and efficient countermeasures.

Any failures of or interruptions in the BNP Paribas Group's information systems or those of its providers and any subsequent disclosure of confidential information related to any client, counterpart or employee of the BNP Paribas Group (or any other person) or any intrusion or attack against its communication system could cause significant losses and have an adverse effect on the BNP Paribas Group's reputation, financial condition and results of operations.

Regulatory authorities now consider cybersecurity as a growing systemic risk for the financial sector. They have stressed the need for financial institutions to improve their resilience to cyber-attacks by strengthening internal IT monitoring and control procedures. A successful cyber-attack could therefore expose the Group to a regulatory fine, especially should any personal data from customers be lost.

Moreover, the BNP Paribas Group is exposed to the risk of operational failure or interruption of a clearing agent, foreign markets, clearing houses, custodian banks or any other financial intermediary or external service provider used by the BNP Paribas Group to execute or facilitate financial transactions. Due to its increased interaction with clients, the BNP Paribas Group is also exposed to the risk of operational malfunction of the latter's information systems. The BNP Paribas Group's communications and data systems and those of its clients, service providers and counterparties may also be subject to malfunctions or interruptions by as a result of cyber-crime or cyber-terrorism. The BNP Paribas Group cannot guarantee that these malfunctions or interruptions in its own systems or those of other parties will not occur or that in the event of a cyber-attack, these malfunctions or interruptions will be adequately resolved. These operational malfunctions or interruptions accounted for an average of 3% of operational risk losses over the 2012-2020 period.

2.3 Reputational risk could weigh on the BNP Paribas Group's financial strength and diminish the confidence of clients and counterparties in it.

Considering the highly competitive environment in the financial services industry, a reputation for financial strength and integrity is critical to the BNP Paribas Group's ability to attract and retain customers. The BNP Paribas Group's reputation could be harmed if it cannot adequately promote and market its products and services. The BNP Paribas Group's reputation could also be damaged if, as it increases its client base and the scale of its businesses, the BNP Paribas Group's comprehensive procedures and controls dealing with conflicts of interest fail, or appear to fail, to address them properly. At the same time, the BNP Paribas Group's reputation could be damaged by employee misconduct, fraud or misconduct by financial industry participants to which the BNP Paribas Group is exposed, a decline in, a restatement of, or corrections to its financial results, as well as any adverse legal or regulatory action, such as the settlement the BNP Paribas Group entered into with the US authorities in 2014 for violations of US laws and regulations regarding economic sanctions. The loss of business that could result from damage to the BNP Paribas Group's reputation could have an adverse effect on its results of operations and financial position.

3. MARKET RISK

The BNP Paribas Group's market risk is the risk of loss of value caused by an unfavourable trend in prices or market parameters. The parameters affecting the BNP Paribas Group's market risk include, but are not limited to, exchange rates, prices of securities and commodities (whether the price is directly quoted or obtained by reference to a comparable asset), the price of derivatives on an established market and all benchmarks that can be derived from market quotations such as interest rates, credit spreads, volatility or implicit correlations or other similar parameters.

BNP Paribas Group is exposed to market risk mainly through trading activities carried out by the business lines of its Corporate & Institutional Banking (CIB) operating division, primarily in Global Markets, which represented 15.4% of the BNP Paribas Group's revenue in 2020. BNP Paribas Group's trading activities are directly linked to economic relations with clients of these business lines, or indirectly as part of its market making activity.

In addition, the market risk relating to the BNP Paribas Group's banking activities covers its interest rate and foreign exchange rate risk in connection with its activities as a banking intermediary. The "operating" foreign exchange risk exposure relates to net earnings generated by activities conducted in currencies other than the functional currency of the entity concerned. The "structural" foreign exchange risk position of an entity relates to investments in currencies other than the functional currency. In measuring interest rate risk, the BNP Paribas Group defines the concepts of standard rate risk and structural rate risk as the following: the standard rate risk corresponds to the general case, namely when it is possible to define the most appropriate hedging strategy for a given transaction, and the structural rate risk is the interest rate risk for equity and non-interest-bearing current accounts.

BNP Paribas' market risk based on its activities is measured by Value at Risk (VaR), or the maximum potential loss over one year, at a 99.9% confidence level to calculate regulatory capital requirements, and various other market indicators (stressed VaR, Incremental Risk Charge, Comprehensive Risk Measure for credit correlation portfolio) as well as by stress tests and sensitivity analysis compared with market limits.

The risk-weighted assets subject to this type of risk amounted to EUR 25 billion at 31 December 2020, or nearly 4% of the total risk-weighted assets of the BNP Paribas Group.

3.1 The BNP Paribas Group may incur significant losses on its trading and investment activities due to market fluctuations and volatility.

The BNP Paribas Group maintains trading and investment positions in the debt, currency, commodity and equity markets, and in unlisted securities, real estate and other asset classes, including through derivative contracts. These positions could be adversely affected by extreme volatility in these markets, *i.e.* the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. Moreover, volatility trends that prove substantially different from the BNP Paribas Group's expectations may lead to losses relating to a broad range of other products that the BNP Paribas Group uses, including swaps, forward and future contracts, options and structured products.

To the extent that the BNP Paribas Group owns assets, or has net long positions, in any of those markets, a market downturn could result in losses from a decline in the value of its positions. Conversely, to the extent that the BNP Paribas Group has sold assets that it does not own, or has net short positions in any of those markets, a market upturn could, in spite of the existing limitation of risks and control systems, expose the BNP Paribas Group to potentially substantial losses as it attempts to cover its net short positions by acquiring assets in a rising market. The BNP Paribas Group may from time to time hold a long position in one asset and a short position in another, in order to hedge transactions with clients and/or from which it expects to gain based on changes in the relative value of the two assets. If, however, the relative value of the two assets changes in a direction or manner that the BNP Paribas Group did not anticipate or against which it is not hedged, it might realize a loss on those paired positions. Such losses, if significant, could adversely affect the BNP Paribas Group's results and financial condition. In addition, the BNP Paribas Group's hedging strategies may not be suitable for certain market conditions.

If any of the variety of instruments and strategies that the BNP Paribas Group uses to hedge its exposure to various types of risk in its businesses is not effective, the Group may incur losses. Many of its strategies are based on historical trading patterns and correlations. For example, if the BNP Paribas Group holds a long position in an asset, it may hedge that position by taking a short position in another asset where the short position has historically moved in a direction that would offset a change in the value of the long position. However, the hedge may only be partial, or the strategies used may not protect against all future risks or may not be fully effective in mitigating the BNP Paribas Group's risk exposure in all market environments or against all types of risk in the future. Unexpected market developments may also reduce the effectiveness of the BNP Paribas Group's hedging strategies, as shown by the losses incurred by the Group's equity derivatives activities in the first quarter of 2020, due in particular to the market environment. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in the BNP Paribas Group's reported earnings.

The BNP Paribas Group uses a "Value at Risk" (VaR) model to quantify its exposure to potential losses from market risks, and also performs stress testing with a view to quantifying its potential exposure in extreme scenarios (see *Market Risk Stress Testing Framework* in section 5.7 *Market risk*). However, these techniques rely on statistical methodologies based on historical observations, which may turn out to be unreliable predictors of future market conditions. Accordingly, the BNP Paribas Group's exposure to market risk in extreme scenarios could be greater than the exposures predicted by its quantification techniques.

The Global Markets business line in particular had EUR 24 billion in risk-weighted assets subject to market risk at 31 December 2020, or 3% of the total risk-weighted assets of the BNP Paribas Group.

3.2 The BNP Paribas Group may generate lower revenues from commission and fee-based businesses during market downturns and declines in activity.

Commissions represented 22% of the BNP Paribas Group's total revenues in 2020. Financial and economic conditions affect the number and size of transactions for which the BNP Paribas Group provides securities underwriting, financial advisory and other Investment Banking services. These revenues, which include fees from these services, are directly related to the number and size of the transactions in which the BNP Paribas Group participates and can thus be significantly affected by economic or financial changes that are unfavourable to its Investment Banking business and clients. In addition, because the fees that the BNP Paribas Group charges for managing its clients' portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of its clients' portfolios or increases the amount of withdrawals would reduce the revenues it receives from its asset management, equity derivatives and Private Banking businesses. Independently of market changes, below-market performance by the BNP Paribas Group's mutual funds may result in increased withdrawals and reduced inflows, which would reduce the revenues the BNP Paribas Group receives from its asset management business.

3.3 Adjustments to the carrying value of the BNP Paribas Group's securities and derivatives portfolios and the BNP Paribas Group's own debt could have an adverse effect on its net income and shareholders' equity.

The carrying value of the BNP Paribas Group's securities and derivatives portfolios and certain other assets, as well as its own debt, in its balance sheet is adjusted as of each financial statement date. As at 31 December 2020, on the assets side of the BNP Paribas Group's balance sheet, financial instruments at fair value through profit or loss, derivative financial instruments used for hedging purposes and financial assets at fair value through shareholders' equity amounted to EUR 689.6 billion, EUR 15.6 billion and EUR 58.2 billion respectively. In the liabilities column, financial instruments at fair value through profit or loss and derivative financial instruments used for hedging purposes amounted to EUR 729.5 billion and EUR 13.3 billion, respectively, at 31 December 2020. Most of the adjustments are made on the basis of changes in fair value of the BNP Paribas Group's assets or debt during an accounting period, with the changes recorded either in the income statement or directly in shareholders' equity. Changes that are recorded in the income statement, to the extent not offset by opposite changes in the value of other assets, affect the BNP Paribas Group's consolidated revenues and, as a result, its net income. All fair value adjustments affect shareholders' equity and, as a result, the BNP Paribas Group's capital adequacy ratios. The fact that fair value adjustments are recorded in one accounting period does not mean that further adjustments will not be needed in subsequent periods.

4. LIQUIDITY AND FUNDING RISK

Liquidity risk is the risk that the BNP Paribas Group will not be able to honour its commitments or unwind or offset a position due to market conditions or specific factors within a specified period of time and at a reasonable cost. It reflects the risk of not being able to cope with net cash outflows, including collateral requirements, over short- to long-term horizons. The BNP Paribas Group's specific risk can be assessed through its short-term liquidity ratio (Liquidity Coverage Ratio – LCR), which analyses the hedging of net cash outflows during a thirty-day stress period. The monthly average in 2020 of the BNP Paribas Group's LCR was 154%. The liquidity reserve was EUR 432 billion at the end of 2020.

4.1 The BNP Paribas Group's access to and cost of funding could be adversely affected by a resurgence of financial crises, worsening economic conditions, rating downgrades, increases in sovereign credit spreads or other factors.

The financial crisis, the eurozone sovereign debt crisis as well as the general macroeconomic environment have at times adversely affected the availability and cost of funding for European banks in recent years. This was due to several factors, including a sharp increase in the perception of bank credit risk due to exposure to sovereign debt in particular, credit rating downgrades of sovereigns and of banks, and debt market speculation. Many European banks, including the BNP Paribas Group, at various points experienced restricted access to wholesale debt markets and to the interbank market, as well as a general increase in their cost of funding. Accordingly, reliance on direct borrowing from the European Central Bank ("ECB") at times increased substantially. If such adverse credit market conditions were to reappear in the event of prolonged stagnation of growth, deflation, resurgence of the financial crisis, another sovereign debt crisis or new forms of financial crises, factors relating to the financial industry or the economy in general (including the economic consequences of the health crisis) or to the BNP Paribas Group in particular, the effect on the liquidity of the European financial sector in general and the BNP Paribas Group in particular could be materially adverse and have a negative impact on the BNP Paribas Group's results of operations and financial condition.

4.2 Protracted market declines can reduce the BNP Paribas Group's liquidity, making it harder to sell assets and possibly leading to material losses. Accordingly, the BNP Paribas Group must ensure that its assets and liabilities properly match in order to avoid exposure to losses.

In some of the BNP Paribas Group's businesses, particularly Global Markets (which represented 15.4% of the BNP Paribas Group's revenue in 2020) and Asset/Liability Management, protracted market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the BNP Paribas Group cannot close out deteriorating positions in a timely way. This is particularly true for assets that are intrinsically illiquid. Assets that are not traded on stock exchanges or other public trading markets, such as certain derivative contracts between financial institutions, may have values that the BNP Paribas Group calculates using models rather than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to significant unanticipated losses (see section 5.8, paragraph *Stress tests and liquidity reserve*).

The BNP Paribas Group is exposed to the risk that the maturity, interest rate or currencies of its assets might not match those of its liabilities. The timing of payments on certain of the BNP Paribas Group's assets is uncertain, and if the BNP Paribas Group receives lower revenues than expected at a given time, it might require additional market funding in order to meet its obligations on its liabilities. While the BNP Paribas Group imposes strict limits on the gaps between its assets and its liabilities as part of its risk management procedures, it cannot be certain that these limits will be fully effective to eliminate potential losses arising from asset and liability mismatches.

4.3 Any downgrade of the Group's credit ratings could weigh heavily on the profitability of the Group.

Credit ratings have a significant impact on the BNP Paribas Group's liquidity. On 23 April 2020, Standard & Poor's confirmed the long-term rating of BNP Paribas SA's deposits and senior preferred debt rating as A+, confirmed its short-term rating as A-1 and revised the outlook from stable to negative. On 12 October 2020, Fitch maintained its long-term deposits and senior preferred debt rating for BNP Paribas SA at AA- and F1+, and withdrew its Negative Rating Watch and revised its outlook to negative. On 4 December 2020, Moody's confirmed its long-term deposits and senior preferred debt rating as Aa3, and confirmed its short-term rating as P-1, with a stable outlook. On 10 July 2020, DBRS confirmed BNP Paribas SA's senior preferred debt rating as AA(low), as well as its short-term rating as R-1(middle) with a stable outlook. A downgrade in the BNP Paribas Group's credit rating could affect the liquidity and competitive position of the Group. It could also increase the BNP Paribas Group's borrowing costs, limit access to the capital markets or trigger additional obligations under its covered bonds or under certain bilateral provisions in some trading, derivative or collateralized financing contacts.

In addition, the BNP Paribas Group's cost of obtaining long-term unsecured funding from market investors is also directly related to its credit spreads, which in turn depend to a certain extent on its credit ratings. Increases in credit spreads can significantly increase the BNP Paribas Group's cost of funding. Changes in credit spreads are continuous, market-driven, and subject at times to unpredictable and highly volatile movements. Credit spreads are also influenced by market perceptions of the BNP Paribas Group's creditworthiness. Furthermore, credit spreads may be influenced by movements in the cost to purchasers of credit default swaps referenced to the BNP Paribas Group's debt obligations, which are influenced both by the credit quality of those obligations, and by a number of market factors that are beyond the control of the BNP Paribas Group.

5. RISKS RELATED TO THE MACROECONOMIC AND MARKET ENVIRONMENT

5.1 Adverse economic and financial conditions have in the past had and may in the future have an impact on the BNP Paribas Group and the markets in which it operates.

The BNP Paribas Group's business is sensitive to changes in the financial markets and more generally to economic conditions in France (28% of the Group's revenues at 31 December 2020), other countries in Europe (47% of the Group's revenues at 31 December 2020) and the rest of the world (25% of the Group's revenues at 31 December 2020). The sharp deterioration in economic conditions in the Group's principal geographic markets as a result of the health crisis weighed on its results in 2020. The deterioration in economic conditions in the markets where the BNP Paribas Group operates and in the economic environment has had, in 2020, and could in the future have some or all of the following impacts:

- adverse economic conditions affect the business and operations of the BNP Paribas Group's customers, reducing credit demand and trading volume and resulting in an increased rate of default on loans and other receivables, in part as a result of the deterioration of the financial capacity of companies and households;
- a decline in market prices of bonds, equities and commodities affect the businesses of the BNP Paribas Group, including in particular trading, Investment Banking and asset management revenues;
- macroeconomic policies adopted in response to actual or anticipated economic conditions can have unintended effects, and are likely to impact market parameters such as interest rates and foreign exchange rates, which in turn can affect the BNP Paribas Group's businesses that are most exposed to market risk;
- perceived favourable economic conditions generally or in specific business sectors can result in asset price bubbles, which could in turn exacerbate the impact of corrections when conditions become less favourable;
- a significant economic disruption (such as the global financial crisis of 2008, the European sovereign debt crisis of 2011 or the Covid-19 pandemic since 2020) can have a severe impact on all of the BNP Paribas Group's activities, particularly if the disruption is characterized by an absence of market liquidity that makes it difficult to sell certain categories of assets at their estimated market value or at all. These disruptions, including those related to the measures taken in response to the Covid-19 pandemic, could also lead to a decline in transaction commissions and consumer loans;
- a significant deterioration of market and economic conditions resulting from, among other things, from adverse political and geopolitical events such as natural disasters, geopolitical tensions (in particular protectionist measures), health risks such as the Covid-19 health crisis, the fear or recurrence of new epidemics or epidemics, acts of terrorism, societal unrest, cyber-attacks, military conflicts or threats thereof and related risks can affect the operating environment for the BNP Paribas Group episodically or for extended periods.

In 2021, economies and financial markets will be particularly sensitive to a number of factors, including the evolution of the Covid-19 pandemic and its economic consequences, in particular the increase in sovereign and corporate debt that was often high before the health crisis and has been aggravated by it, and the gradual and uneven recovery that is expected following the recession in the first half of 2020. The risks associated with the Covid-19 pandemic, in particular, are described in section 7.1, *Epidemics and pandemics, including the ongoing coronavirus (Covid-19) pandemic and their economic consequences may adversely affect the Group's business, operations, results and financial condition*.

In addition, tensions around international trade (protectionist measures, such as customs duties, in addition to the restrictions adopted in response to the Covid-19 pandemic), geopolitical tensions, political risks directly affecting Europe (including the consequences of the implementation of Brexit), a recessionary economic environment, volatility in commodity prices (itself affected by the above-mentioned factors) and, as discussed below, the evolution of monetary policy are factors that may impact the economy and financial markets in the coming months or years.

More generally, the volatility of financial markets could adversely affect the BNP Paribas Group's trading and investment positions in the debt, currency, commodity and equity markets, as well as its positions in other investments. For reference, Global Markets accounted for 15.4% of the BNP Paribas Group's revenues in 2020. Severe market disruptions and extreme market volatility have occurred often in recent years and may occur again in the future, which could result in significant losses for the BNP Paribas Group. Such losses may extend to a broad range of trading and hedging products, including swaps, forward and future contracts, options and structured products. The volatility of financial markets makes it difficult to predict trends and implement effective trading strategies.

It is difficult to predict when economic or market downturns or other market disruptions will occur, and which markets will be most significantly impacted. If economic or market conditions in France or elsewhere in Europe, or Global Markets more generally, were to deteriorate, not improve as quickly as expected or become more volatile, the BNP Paribas Group's operations could be disrupted, and its business, results of operations and financial condition could be adversely affected.

5.2 Significant interest rate changes could adversely affect the BNP Paribas Group's revenues or profitability. The prolonged low interest rate environment carries inherent systemic risks, which could impact the BNP Paribas Group's income or profitability, and any exit from such environment would also carry risks.

The net interest income recorded by the BNP Paribas Group during any given period significantly affects its overall revenues and profitability for that period. Interest rates are highly sensitive to many factors beyond the BNP Paribas Group's control, such as the rate of inflation, country-specific monetary policies and certain decisions concerning regulatory capital. Changes in market interest rates could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest-bearing liabilities. Any adverse change in the yield curve could cause a decline in net interest income generated by the BNP Paribas Group's lending activities. In addition, increases in the interest rates at which the BNP Paribas Group's short-term funding is available and maturity mismatches may adversely affect its profitability.

Since the 2008-2009 financial crisis, Global Markets have been characterized by an extended period of low interest rates. This low interest rate environment has weighed significantly on banks' profitability, including that of the BNP Paribas Group, for a number of years. The relative impact on banks depends, in particular, on the proportion of their revenues represented by net interest income; this proportion was 48% for the BNP Paribas Group in 2020 (see note 2.a *Net interest income* to the BNP Paribas Group's consolidated financial statements for the year ended 31 December 2020). The situation worsened in 2019 and 2020, in particular with the emergence and increasing prevalence of loans at negative interest rates, including placements by European banks with the ECB. If the low, and even negative, interest rate environment continues, as a result, for example, of continued monetary loosening, which was increased to support the economy in the context of the Covid-19 epidemic, low growth or other factors, the BNP Paribas Group's profitability could be impacted or even decline. In this respect, central banks have increased their monetary support in the face of the recession caused by the health crisis. The ECB has in particular extended its targeted longer-term financing operations (TLTROs) until June 2022 under more favourable conditions, and maintained its quantitative easing policy, which was reactivated in September 2019. In addition, given the change in the economic environment, monetary policies may not be sufficient to offset the negative impacts of the Covid-19 epidemic or other crises that may emerge.

During periods of low interest rates, interest rate spreads tend to tighten, and the BNP Paribas Group may be unable to lower interest rates on deposits sufficiently to offset reduced income from lending at lower interest rates. Net interest income amounted to EUR 21,127 million in 2019 and EUR 21,312 million in 2020, respectively. On an indicative basis, over one-, two- and three-year timeframes, the sensitivity of revenues at 31 December 2020 to a parallel, instantaneous and definitive increase in market rates of +50 basis points (+0.5%) across all currencies has an impact of +EUR 125 million, +EUR 309 million and +EUR 600 million, respectively, or +0.3%, +0.7% and +1.4% of the Group's net banking income. The negative interest rate environment in which banks are charged for cash deposited with central banks, whereas banks typically do not charge clients for deposits, weighs significantly on banks' margins. In addition, the BNP Paribas Group has been facing and may continue to face an increase in early repayment and refinancing of mortgages and other fixed-rate consumer and corporate loans as clients take advantage of lower borrowing costs. This, along with the issuance of new loans at the low prevailing market interest rates, has resulted and may continue to result in a decrease in the average interest rate of the BNP Paribas Group's portfolio of loans thereby causing a decline in its net interest income from lending activities. Moreover, an environment of persistently low interest rates can also have the effect of flattening the yield curve in the market more generally, which could reduce the premium generated by the BNP Paribas Group from its funding activities. A flattening yield curve can also influence financial institutions to engage in riskier activities in an effort to earn the desired level of returns, which can increase overall market risk and volatility. Low interest rates may also affect the profitability and even the solvency of the insurance activities of French banks, including the BNP Paribas Group, particularly due to the prevalence in the market of life insurance contracts backed by euro-denominated funds, which may not be able to generate sufficient returns to be competitive with other investment products. Low interest rates may also adversely affect commissions charged by the BNP Paribas Group's asset management subsidiaries on money market and other fixed income products. A reduction in credit spreads and decline in Retail Banking income resulting from lower portfolio interest rates may adversely affect the profitability of the BNP Paribas Group's Retail Banking operations.

On the other hand, the end of a period of prolonged low interest rates, in particular due to tightening monetary policy, itself triggered in particular by an economic recovery or by inflation at rates higher than expected by central banks (which cannot be ruled out in the medium term) would also carry risks. If market interest rates were to rise, a portfolio featuring significant amounts of lower interest loans and fixed income assets would be expected to decline in value. If the BNP Paribas Group's hedging strategies are ineffective or provide only a partial hedge against such a change in value, the BNP Paribas Group could incur losses. Any sharper or more rapid than expected tightening could have a negative impact on the economic recovery. On the lending side, it could in particular cause stress in loan and bond portfolios, possibly leading to an increase in non-performing exposures and defaults. More generally, the ending of accommodative monetary policies (including liquidity infusions from central bank asset purchases) may lead to severe corrections in certain markets or asset classes (*e.g.* non-Investment Grade corporate and sovereign borrowers, certain sectors of equities and real estate) that particularly benefited (including from very low risk premiums as compared to historical averages) from the prolonged low interest rate and high liquidity environment, and such corrections could potentially be contagious to financial markets generally, including through substantially increased volatility.

5.3 Given the global scope of its activities, the BNP Paribas Group may be vulnerable to risk in certain countries where it operates and may be vulnerable to political, macroeconomic or financial changes in the countries and regions where it operates.

The BNP Paribas Group is subject to country risk, meaning the risk that economic, financial, political or social conditions in a given foreign country in which it operates could affect its business and results. The BNP Paribas Group monitors country risk and takes it into account in the fair value adjustments and cost of risk recorded in its financial statements. However, a significant change in political or macroeconomic environments, particularly as evidenced by the Covid-19 crisis, the severity of which varies from one country or geographic area to another, may require it to record additional charges or to incur losses beyond the amounts previously written down in its financial statements. In addition, factors specific to a country or region in which the BNP Paribas Group operates could make it difficult for it to carry out its business and lead to losses or impairment of assets.

At 31 December 2020, the BNP Paribas Group's loan portfolio consisted of receivables from borrowers located in France (34%), Belgium and Luxembourg (15%), Italy (10%), other European countries (19%), North America (12%), Asia (5%) and the rest of the world (5%). Adverse conditions that particularly affect these countries and regions would have a particularly significant impact on the BNP Paribas Group. In addition, the BNP Paribas Group has significant exposures in countries outside the OECD, which are subject to risks that include political instability, unpredictable regulation and taxation, expropriation and other risks that are less present in more developed economies.

6. REGULATORY RISKS

6.1 Laws and regulations adopted in recent years, particularly in response to the global financial crisis, as well as new legislative proposals, may materially impact the BNP Paribas Group and the financial and economic environment in which it operates.

Laws and regulations have been enacted in the past few years, in particular in France, Europe and the United States, with a view to introducing a number of changes, some permanent, in the financial environment. The impact of the measures has changed substantially the environment in which the BNP Paribas Group and other financial institutions operate.

The measures that have been adopted include:

- more stringent capital and liquidity requirements (particularly for global systemically important banks such as the BNP Paribas Group), as well as changes to the risk-weighting methodologies and the methods of using internal models that could lead to increased capital requirements;
- restrictions on certain types of activities considered as speculative undertaken by commercial banks that are prohibited or need to be ring-fenced in subsidiaries (particularly proprietary trading) and are subject to prudential requirements and autonomous funding;
- prohibitions or restrictions on fees for certain types of financial products or activities;
- enhanced recovery and resolution regimes, in particular the Bank Recovery and Resolution Directive of 15 May 2014 (the "BRRD"), as amended from time to time, which strengthens powers to prevent and resolve banking crises in order to ensure that losses are borne largely by the creditors and shareholders of the banks and in order to keep the costs incurred by taxpayers to a minimum;
- the establishment of the national resolution funds by the BRRD and the creation of the Single Resolution Board (the SRB) by the European Parliament and Council of the European Union in a resolution dated 15 July 2014 (the SRM Regulation), as amended from time to time, which can initiate resolution proceedings for banking institutions such as the BNP Paribas Group, and the Single Resolution Fund (the SRF), the financing of which by the BNP Paribas Group (up to its annual contribution) can be significant;
- the establishment of national deposit guarantee schemes and a proposed European deposit guarantee scheme or deposit insurance which will gradually cover all or part of the guarantee schemes of participating countries;
- increased internal control and reporting requirements with respect to certain activities;

- greater powers granted to the relevant authorities to combat money laundering and terrorism financing;
- more stringent governance and conduct of business rules and restrictions and increased taxes on employee compensation over specified levels;
- measures to improve the transparency, efficiency and integrity of financial markets and in particular the regulation of high frequency trading, more extensive market abuse regulations, increased regulation of certain types of financial products including mandatory reporting of derivative and securities financing transactions, requirements either to mandatorily clear, or otherwise mitigate risks in relation to, over-the-counter derivative transactions (including through posting of collateral in respect of non-centrally cleared derivatives);
- the taxation of financial transactions;
- enhanced protection of personal data and cybersecurity requirements;
- enhanced disclosure requirements, for instance in the area of sustainable finance;
- increased vigilance of supervisory authorities with respect to climate risks and the emergence of new expectations regarding their inclusion in risk measurement and management systems, which could lead to new capital requirements; and
- strengthening the powers of supervisory bodies, such as the French Prudential Supervision and Resolution Authority (the "ACPR") and the creation of new authorities, including the adoption of the Single Resolution Mechanism (the SRM) in October 2013, which placed the BNP Paribas Group under the direct supervision of the ECB as of November 2014.

These measures may have a significant adverse impact. For example, the introduction of a required contribution to the Single Resolution Fund resulted in a substantial additional expense for the BNP Paribas Group (the Group made a EUR 0.8 billion contribution to the Single Resolution Fund in 2020).

Measures relating to the banking sector could be further amended, expanded or strengthened. Moreover, additional measures could be adopted in other areas. It is impossible to predict what additional measures will be adopted and, given the complexity and continuing uncertainty of a certain number of these measures, to determine their impact on the BNP Paribas Group. The effect of these measures, whether already adopted or that may be adopted in the future, has been and could continue to be a decrease in the BNP Paribas Group's ability to allocate its capital and capital resources to financing, limit its ability to diversify risks, reduce the availability of certain financing and liquidity resources, increase the cost of financing, increase the cost of compliance, increase the cost or reduce the demand for the products and services offered by the BNP Paribas Group, require the BNP Paribas Group to proceed with internal reorganisations, structural changes or reallocations, affect the ability of the BNP Paribas Group to carry on certain activities or to attract and/or retain talent and, more generally, affect its competitiveness and profitability, which could have an impact on its profitability, financial condition and operating results. For example, the European Banking Authority estimated, in a report published on 15 December 2020, that the implementation of the final Basel III agreement adopted by the Group of Central Bank Governors and Heads of Supervision (GHOS) on 7 December 2017 may result, according to the approach adopted to transcribe the final Basel III agreement into European law, in an increase of the minimum required amount of Tier 1 capital between 13.1% and 18.5% with respect to the December 2019 baseline, reflecting for the 99 banks in the sample a shortfall in total capital of between EUR 33 billion and EUR 52 billion, including between EUR 17 billion and EUR 30 billion of common equity Tier 1. To this end, the European Commission is due to adopt draft texts in the first quarter of 2021, which should come into force by 1 January 2023, *i.e.* one year after the date initially planned due to the Covid-19 pandemic.

The BNP Paribas Group is subject to extensive and evolving regulatory regimes in the jurisdictions in which it operates. The BNP Paribas Group faces the risk of changes in legislation or regulation in all of the countries in which it operates, including, but not limited to, the following: monetary, liquidity, interest rate and other policies of central banks and regulatory authorities; changes in government or regulatory policy that may significantly influence investor decisions, in particular in the markets in which the BNP Paribas Group operates; changes in regulatory requirements applicable to the financial industry, such as rules relating to applicable governance, remunerations, capital adequacy and liquidity frameworks, restrictions on activities considered as speculative and recovery and resolution frameworks; changes in securities regulations as well as in financial reporting, disclosure and market abuse regulations; changes in the regulation of certain types of transactions and investments, such as derivatives and securities financing transactions and money market funds; changes in the regulation of market infrastructures, such as trading venues, central counterparties, central securities depositories, and payment and settlement systems; changes in the regulation of payment services, crowdfunding and fintech; changes in the regulation of protection of personal data and cybersecurity; changes in tax legislation or the application thereof; changes in accounting norms; changes in rules and procedures relating to internal controls, risk management and compliance; and expropriation, nationalisation, price controls, exchange controls, confiscation of assets and changes in legislation relating to foreign ownership.

These changes, the scope and implications of which are highly unpredictable, could substantially affect the BNP Paribas Group and have an adverse effect on its business, financial condition and results of operations. Some reforms not aimed specifically at financial institutions, such as measures relating to the funds industry or promoting technological innovation (such as open data projects), could facilitate the entry of new players in the financial services sector or otherwise affect the BNP Paribas Group's business model, competitiveness and profitability, which could in turn affect its financial condition and results of operations.

6.2 The BNP Paribas Group may incur substantial fines and other administrative and criminal penalties for non-compliance with applicable laws and regulations, and may also incur losses in related (or unrelated) litigation with private parties.

The BNP Paribas Group is exposed to regulatory compliance risk, *i.e.* the failure to comply fully with the laws, regulations, codes of conduct, professional norms or recommendations applicable to the financial services industry. This risk is exacerbated by the adoption by different countries of multiple and occasionally diverging and even conflicting legal or regulatory requirements. Besides damage to the BNP Paribas Group's reputation and private rights of action (including class actions), non-compliance could lead to material legal proceedings, fines and expenses (including fines and expenses in excess of recorded provisions), public reprimand, enforced suspension of operations or, in extreme cases, withdrawal by the authorities of operating licenses. This risk is further exacerbated by continuously increasing regulatory scrutiny of financial institutions as well as substantial increases in the quantum of applicable fines and penalties. Moreover, litigation by private parties against financial institutions has substantially increased in recent years. Accordingly, the BNP Paribas Group faces significant legal risk in its operations, and the volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms have substantially increased in recent years and may increase further. The BNP Paribas Group may record provisions in this respect as indicated in note 4.p to the consolidated financial statements *(Provisions for contingencies and charges)*.

In this respect, on 30 June 2014 the BNP Paribas Group entered into a series of agreements with, and was the subject of several orders issued by, US federal and New York state government agencies and regulatory authorities in settlement of investigations into violations of US laws and regulations regarding economic sanctions. The fines and penalties imposed on the BNP Paribas Group as part of this settlement included, among other things, the payment of monetary penalties amounting in the aggregate to USD 8.97 billion (EUR 6.6 billion) and guilty pleas by BNP Paribas SA, the parent company of the BNP Paribas Group, to charges of having violated US federal criminal law and New York State criminal law. Following this settlement, the BNP Paribas Group remains subject to increased scrutiny by regulatory authorities (including *via* the presence of an independent consultant within the BNP Paribas Group) who are monitoring its compliance with a remediation plan agreed with them.

The BNP Paribas Group is currently involved in various litigations and investigations as summarized in note 7.b *Contingent liabilities: legal proceedings and arbitration* to its consolidated financial statements for the period ended 31 December 2020. It may become involved in further such matters at any point. No assurance can be given that an adverse outcome in one or more of such matters would not have a material adverse effect on the BNP Paribas Group's operating results for any particular period.

6.3 The BNP Paribas Group could experience an unfavorable change in circumstances, causing it to become subject to a resolution proceeding: BNP Paribas Group security holders could suffer losses as a result.

The BRRD, SRM Regulation and the Ordinance of 20 August 2015, as amended from time to time, confer upon the ACPR or the SRB the power to commence resolution proceedings for a banking institution, such as the BNP Paribas Group, with a view to ensure the continuity of critical functions, to avoid the risks of contagion and to recapitalize or restore the viability of the institution. These powers are to be implemented so that, subject to certain exceptions, losses are borne first by shareholders, then by holders of additional capital instruments qualifying as Tier 1 and Tier 2 (such as subordinated bonds), then by the holders of non-preferred senior debt and finally by the holders of senior preferred debt, all in accordance with the order of their claims in normal insolvency proceedings. For reference, the BNP Paribas Group's medium- to long-term wholesale financing at 31 December 2020 consisted of the following: EUR 11 billion in hybrid Tier 1 debt, EUR 21 billion in Tier 2 subordinated debt, EUR 55 billion in senior unsecured non-preferred debt, EUR 73 billion in senior unsecured preferred debt and EUR 22 billion in senior secured debt.

Resolution authorities have broad powers to implement resolution measures with respect to institutions and groups subject to resolution proceedings, which may include (without limitation): the total or partial sale of the institution's business to a third party or a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, the full or partial write-down of capital instruments, the dilution of capital instruments through the issuance of new equity, the full or partial write-down or conversion into equity of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), discontinuing the listing and admission to trading of financial instruments, the dismissal of managers or the appointment of a special manager *(administrateur spécial)*.

Certain powers, including the full or partial write-down of capital instruments, the dilution of capital instruments through the issuance of new equity, the full or partial write-down or conversion into equity of additional capital instruments qualifying as Tier 1 and Tier 2 (such as subordinated bonds), can also be exercised as a precautionary measure, outside of resolution proceedings and/or pursuant to the European Commission's State Aid framework if the institution requires exceptional public financial support.

The implementation of these tools and powers with respect to the BNP Paribas Group may result in significant structural changes to the BNP Paribas Group (including as a result of asset or business sales or the creation of bridge institutions) and in a partial or total write-down, modification or variation of claims of shareholders and creditors. Such powers may also result, after any transfer of all or part of the BNP Paribas Group's business or separation of any of its assets, in the holders of securities (even in the absence of any such write-down or conversion) being left as the creditors of the BNP Paribas Group whose remaining business or assets are insufficient to support the claims of all or any of the creditors of the Group.

7. RISKS RELATED TO THE BNP PARIBAS GROUP'S GROWTH IN ITS CURRENT ENVIRONMENT

7.1 Epidemics and pandemics, including the ongoing coronavirus (Covid-19) pandemic, and their economic consequences may adversely affect the Group's business, operations, results and financial condition.

Since appearing in China in December 2019, a novel strain of the coronavirus (Covid-19) became a pandemic and spread globally, with a high concentration of cases in several countries in which the Group operates. Both the pandemic and government measures taken in response (border closings, travel restrictions, lockdown measures, *etc.*) had, at various times during 2020, and will continue to have a major impact, both direct and indirect, on economic activity and financial markets worldwide. In particular, the severe economic downturns in many regions as well as the reduction in global trade and commerce more generally have had and are likely to continue to have severe negative effects on global economic conditions as global production, investment, supply chains and/or consumer spending have been and will continue to be affected.

In response to the adverse economic and market consequences of the pandemic, various governments and central banks took measures to support the economy (loan guarantee schemes, tax payment deferrals, expanded unemployment coverage, *etc.*) or to improve liquidity in the financial markets (increased asset purchases, credit facilities, *etc.*) and extended or renewed many of such measures as the pandemic and its adverse economic consequences continued. The Group has been channeling and continues to channel these measures to support customers, in particular in the Group's retail banking networks through an active participation in State-guaranteed loans, for example, in France, Italy and the United States (120,000 loans granted in 2020, with the Group retaining 10%-30% of the risk, depending on the borrower's size). There can be no assurance, however, that such measures will suffice to offset the negative effects of the pandemic on the economy regionally or globally, to mitigate regional or global recessions (which are currently occurring or may occur) or to prevent possible disruptions to financial markets fully and on a sustained basis. The economic environment may well deteriorate further before beginning to improve, given in particular the imposition of further public health measures imposed following the resurgence of the pandemic in many countries.

The Group is exposed to risks from the pandemic and its economic and market consequences both due to its inherent general sensitivity, as a global financial institution, to macroeconomic and market conditions, as well as to specific implications, as described below.

The Group's results and financial condition has been and could continue to be adversely affected by reduced economic activity (including recessions) in its principal markets. The containment measures and other restrictions imposed at various times since the onset of the health crisis in several of the Group's principal markets, in particular its domestic markets (France, Italy, Belgium and Luxembourg, which collectively represent 59% if its total gross credit exposures as at 31 December 2020), significantly reduced economic activity to recessionary levels when they were in effect, and the reinstatement or continuation of these measures could have a similar effect. Thus, even if the Group's net banking income was almost stable (-0.7%) driven by the very strong growth of CIB, the revenues of Domestic Markets and International Financial Services divisions were down by 2.1% and 7.2% respectively in 2020 compared to 2019. In addition, the health crisis has caused a cost of risk (+EUR 2.5 billion to EUR 5.7 billion). Thus the net income attributable to equityholders totalled EUR 7.1 billion, down by 13.5% compared to 2019, in connection with the sharp increase in the cost of risk.

Thus, the health crisis had a major impact on the Group's cost of risk in 2020, and could continue to have such an impact in the coming quarters, reflecting macroeconomic anticipations based on several scenarios, in accordance with the set-up existing prior to the health crisis. In application of this framework, macroeconomic scenarios and in particular GDP assumptions and forecasts are a key input in the calculation of the cost of risk, and the health crisis has led, among other things, to a weakening in GDP assumptions in many of the Group's markets. The cost of risk calculations also incorporate the specific features of the dynamics of the health crisis on credit and counterparty risk and in particular the impact of lockdown measures on economic activity and the effects of government support measures and authorities' decisions. It also includes an ex-ante sector component based on a review of several sensitive sectors (in particular hotels, tourism and leisure; non-food retail (excluding home furnishings & e-commerce), transportation & logistics, and oil and gas). All of these elements contributed to the substantial increase in the Group's cost of risk in 2020 (66 basis points), and could continue to contribute to a high cost of risk in the coming quarters, depending on macroeconomic scenarios and, in particular, the current uncertainties related to the evolution of the pandemic and its future economic consequences. Specifically, the Group's cost of risk increased by EUR 2.5 billion between 2019 and 2020, of which EUR 1.4 billion in provisions for performing loans (stages 1 and 2). This provisioning takes into account in particular updated macroeconomic scenarios, in accordance with IFRS 9 principles. The base case scenario used assumes (a) a return to 2019 GDP levels on average in Europe expected by mid-2022, (b) different paces of recovery across geographic regions and sectors and (c) the effects and continuation of government support, particularly to the sectors most affected by the pandemic, and plans and measures to support the economy. The impact of the pandemic on the long-term prospects of businesses in the affected sectors and more generally is uncertain and may lead to significant charges on specific exposures, which may not be fully captured by modelling techniques. Finally, the Group's exposure to increased cost of risk could result from its participation in State-guaranteed loan programmes (given its residual exposure), with more than 120,000 state-guaranteed loans granted as at 31 December 2020 and the existence (as well as the potential extension or renewal) of forbearance periods limiting credit-protection measures (such as payment acceleration) under health emergency legislation in various markets. The sectors most adversely affected to date include the travel and tourism sectors; the Group's exposure to the aircraft sector (airlines, lessors, *etc.*) and to the tourism sector each represented approximately 1% of its total gross credit exposures as of 31 December 2020. The non-food retail sector has been affected by the lockdown measures; this sector represented less than 1% of the Group's total gross credit exposures as of 31 December 2020. The transportation & storage (excluding shipping) sector, which represented approximately 3% of the Group's total gross credit exposures as of 31 December 2020, has been affected by the lockdown measures and the disruption in global trade. The oil and gas sector has been affected by a decrease in demand resulting from the pandemic concomitant, in the early stages of the health crisis, with an increase in supply due to the temporary unraveling of the OPEC/Russia production cooperation; this sector represented approximately 2% of the Group's total gross credit exposures as of 31 December 2020. The Group's results and fi nancial condition could be adversely affected to the extent that the counterparties to which it has exposure in these sectors (and more generally, to the extent the negative effect on credit quality is more widespread) could be materially and adversely affected, resulting in particular in an increase in the Group's cost of risk.

The Group's results and financial condition could also be negatively affected by adverse trends in financial markets to the extent that the pandemic initially led to extreme market conditions (market volatility spikes, sharp drop in equity markets, tension on spreads, specific asset markets on hold, *etc.*), along with market volatility. This situation had and could again before the end of the crisis have an adverse impact on the Group's market activities, which accounted for 15.4% of its consolidated revenues in 2020, in particular trading or other market-related losses resulting, among other reasons, from restrictions implemented in response to the health crisis such as on short-selling and dividend distributions (notably EUR 184 million of losses in the first quarter of 2020 related to the European authorities' restrictions on payment of dividends in respect of the 2019 fiscal year). Moreover, certain of the Group's investment portfolios (*e.g.* in its insurance subsidiaries) are accounted for on a mark-to-market basis and thus were impacted by adverse market conditions in the second quarter of 2020 and could be impacted again in the future.

Finally, the current health crisis could increase the probability and magnitude of various existing risks faced by the Group such as: i) pressure on revenues due in particular to (a) a further reduction in market interest rates and a likely prolongation of the low interest rate environment and (b) lower asset management inflows and hence revenues from fees and commissions; ii) an increased risk of a ratings downgrade following sector reviews by rating agencies; iii) a deterioration in the Group's liquidity due to various factors including increased customer drawdowns and/or lower deposit balances and iv) higher risk-weighted assets due to the deterioration of risk parameters, which would affect the Group's capital position.

Uncertainty as to the duration and extent of the pandemic's remaining course makes the overall impact on the economies of the Group's principal markets as well as the world economy difficult to predict. The extent to which the economic consequences of the pandemic will continue to affect the Group's results and financial condition will indeed depend largely on i) periodic and local reimpositions of lockdowns, as well as various restrictive measures that have been put in place and that could be renewed or reintroduced, as has been done in Europe, ii) the timing and extent of a return to pre-pandemic lifestyles, business operations and economic interactions, (iii) the effects of the measures taken to date or future measures that may be taken by governments and central banks to attenuate the economic fallout of the pandemic and iv) the duration and extent of the pandemic's remaining course, including the prospect of new waves or the appearance of new strains of the virus and, consequently, a reinstatement of lockdown measures or other restrictions in the Group's various markets, as well as the pace of deployment of vaccines and their effectiveness against all new strains of the coronavirus. In addition, while central bank and government actions and support measures taken in response to the pandemic have to date and may well continue to help attenuate its adverse economic and market consequences, central banks and regulators have also issued and may issue additional restrictions or recommendations in respect of banks' actions. In particular, they have limited and may continue to limit or seek to limit banks' flexibility in managing their business and taking action in relation to capital distribution, capital allocation and remuneration policies. In this respect, on 27 March 2020, the ECB issued a temporary and exceptional recommendation to banks not to pay dividends; the period covered by this recommendation was extended to 1 January 2021 by an announcement of 28 July 2020. Consequently, in a press release dated 15 December 2020, the ECB called on banks not to distribute dividends, or to limit them to 15% of cumulative profits for fiscal years 2019 and 2020 and 20 basis points of the CET1 ratio, until 30 September 2021, as well as to show "extreme moderation regarding variable remuneration".

7.2 Should the BNP Paribas Group fail to implement its strategic objectives or to achieve its published financial objectives, or should its results not follow stated expected trends, the trading price of its securities could be adversely affected.

In February 2017 the BNP Paribas Group announced a strategic plan for the 2017-2020 period and updated it in respect of 2020 upon announcing its first quarter 2020 results to reflect the economic impact of the COIVD-19 pandemic. Due to the pandemic, the preparation of the Group's next strategic plan was postponed to 2021. The BNP Paribas Group is preparing a strategic plan for the 2022-2025 period, which it expects to announce in early 2022. As a result, the Group has not set any new targets for 2021. In connection with announcing its full-year 2020 results on 5 February 2021, the Group announced a number of trends for 2021. The financial objectives of strategic plans are established primarily for purposes of internal planning and allocation of resources, and are based on a number of assumptions with regard to business and economic conditions. The BNP Paribas Group's actual results could vary significantly from these trends for a number of reasons, including the occurrence of one or more of the risk factors described elsewhere in this section, in particular as a result of the consequences of the Covid-19 health crisis which have had and could continue to have major repercussions on the economic outlook and cause financial market disruptions. If the BNP Paribas Group's results do not follow these trends, its financial condition and the value of its securities, as well as its financing costs, could be affected.

Additionally, the Group is pursuing an ambitious corporate social responsibility (CSR) policy and is committed to making a positive impact on society with concrete achievements. At the end of 2019, BNP Paribas reaffirmed its ambition to be a global leader in sustainable finance. The Group is thus taking strong positions, as a founding member of the United Nations Principles for Responsible Banking, which commits it to align its strategy with the Paris Agreement and the Sustainable Development Goals (SDGs). Its objective in 2022 is to provide EUR 210 billion in financing to sectors contributing to the SDGs. It is enhancing its support for the energy and environmental transition by deciding, for example, to reduce its outstanding loans to companies whose main business is related to the non-conventional hydrocarbons sector or thermal coal to zero by 2030 in the European Union (this criterion was extended to the OECD in 2020) and 2040 in the rest of the world, and by raising its target for supporting renewable energy development by EUR 18 billion by 2021. These measures (and any future ones along similar lines) may in certain cases adversely affect the BNP Paribas Group's results in the relevant sectors.

7.3 The BNP Paribas Group may experience difficulties integrating businesses following acquisition transactions and may be unable to realize the benefits expected from such transactions.

The BNP Paribas Group engages in acquisition and combination transactions on a regular basis. The BNP Paribas Group's most recent major such transactions were the acquisition of substantially all of the activities of Raiffeisen Bank Polska ("Core Bank") in Poland, which was completed on 31 October 2018 (such activities having subsequently been merged with BGZ BNP Paribas), and an agreement to integrate the Group's Prime Services and Electronic Equities platform with Deutsche Bank in 2019. The integration of acquired businesses and the discontinuation or restructuring of certain businesses (in particular, BNP Paribas Suisse in 2019) resulted in restructuring costs of EUR 211 million in 2020. Successful integration and the realisation of synergies require, among other things, proper coordination of business development and marketing efforts, retention of key members of management, policies for effective recruitment and training as well as the ability to adapt information and computer systems. Any difficulties encountered in combining operations could result in higher integration costs and lower savings or revenues than expected. There will accordingly be uncertainty as to the extent to which anticipated synergies will be achieved and the timing of their realisation. Moreover, the integration of the BNP Paribas Group's existing operations with those of the acquired operations could interfere with its respective businesses and divert management's attention from other aspects of the BNP Paribas Group's business, which could have a negative impact on the BNP Paribas Group's business and results. In some cases, moreover, disputes relating to acquisitions may have an adverse impact on the integration process or have other adverse consequences, including financial ones.

Although the BNP Paribas Group undertakes an in-depth analysis of the companies it plans to acquire, such analyses often cannot be complete or exhaustive. As a result, the BNP Paribas Group may increase its exposure to doubtful or troubled assets and incur greater risks as a result of its acquisitions, particularly in cases in which it was unable to conduct comprehensive due diligence prior to the acquisition.

7.4 The BNP Paribas Group's current environment may be affected by the intense competition amongst banking and non-banking operators, which could adversely affect the BNP Paribas Group's revenues and profitability.

Competition is intense in all of the BNP Paribas Group's primary business areas in France and the other countries in which it conducts a substantial portion of its business, including other European countries and the United States. Competition in the banking industry could intensify as a result of consolidation in the financial services area, as a result of the presence of new players in the payment and the financing services area or the development of crowdfunding platforms, as well as the continuing evolution of consumer habits in the banking sector. While the BNP Paribas Group has launched initiatives in these areas, such as the debut of Hello bank! and its acquisition of Nickel, competitors subject to less extensive regulatory requirements or to less strict capital requirements (*e.g.* debt funds, shadow banks), or benefiting from economies of scale, data synergies, technological innovation (*e.g.* internet and mobile operators, digital platforms, fintechs), or free access to customer financial data could be more competitive by offering lower prices and more innovative services to address the new needs of consumers. In addition, new payment systems and crypto-currencies, such as Bitcoin, and new technology that facilitate transaction processes, such as blockchain, have developed in recent years. While it is difficult to predict the effects of these emerging technologies as well as any applicable regulations, their use could nevertheless reduce the BNP Paribas Group's market share or secure investments that otherwise would have used technology used by more established financial institutions, such as the BNP Paribas Group. If the BNP Paribas Group is unable to respond to the competitive environment in France or in its other major markets by offering more attractive, innovative and profitable product and service solutions than those offered by current competitors or new entrants, it may lose market share in key areas of its business or incur losses on some or all of its activities. In addition, downturns in the economies of its principal markets could add to the competitive pressure, through, for example, increased price pressure and lower business volumes for the BNP Paribas Group and its competitors. It is also possible that the imposition of more stringent requirements (particularly capital requirements and business restrictions) on large or systemically significant financial institutions, could lead to distortions in competition in a manner adverse to large private-sector institutions such as the BNP Paribas Group.

7.5 The BNP Paribas Group could experience business disruption and losses due to climate change risks such as transition risks, physical risks or liability risks.

The BNP Paribas Group is exposed to risks related to climate change, either directly through its own operations or indirectly through its financing and investment activities. There are two main types of risks related to climate change: (i) transition risks, which result from changes in the behaviour of economic and financial actors in response to the implementation of energy policies or technological changes; (ii) physical risks, which result from the direct impact of climate change on people and property through extreme weather events or long-term risks such as rising water levels or increasing temperatures. In addition, liability risks may arise from both categories of risk. They correspond to the damages that a legal entity would have to pay if it were found to be responsible for global warming. BNP Paribas is progressively integrating the assessment of these risks into its risk management system. The Group monitors these risks in the conduct of its business, in the conduct of its counterparties' business, and in its investments on its own behalf and on behalf of third parties. In this respect, the specific credit policies and the General Credit Policy have been enhanced since 2012 and 2014, respectively, with the addition of relevant clauses in terms of social and environmental responsibility. In addition, sector-specific policies and policies excluding certain environmental, social and governance (ESG) sectors from financing have also been put in place. In 2019, as part of the fight against climate change, the BNP Paribas Group made new commitments to reduce its exposure to thermal coal to zero by 2030 in the OECD and by 2040 for the rest of the world.

The Group has also provided financing dedicated to renewable energy in the amounts of EUR 15.4 billion and EUR 15.9 billion in 2018, and 2019, respectively. By the end of 2015, BNP Paribas had already significantly strengthened its criteria for financing and investing in the coal sector, and in 2017, it was the first bank to announce the cessation of its financing activities for companies that derive most of their revenues from non-conventional hydrocarbons, measures that remain to date among the most advanced in the sector. These decisions are also reflected in the energy mix that the BNP Paribas Group finances. The BNP Paribas Group also supports its clients, both individuals and businesses, in their transition to a low-carbon economy. The BNP Paribas Group also aims to reduce the environmental footprint of its own operations. Despite the actions taken by the BNP Paribas Group to monitor risks and combat climate change, physical, transition or liability risks related to climate change could disrupt business or lead to losses.

7.6 Changes in certain holdings in credit or financial institutions could have an impact on the BNP Paribas Group's financial position.

Amounts below the thresholds for prudential capital deduction are assets subject to a risk-weight of 250%. These assets include: credit or financial institutions consolidated under the equity method within the prudential scope (excluding insurance); significant financial interest in credit or financial institutions in which the BNP Paribas Group holds a stake of more than 10%; and deferred tax assets that rely on future profitability and arise from temporary differences.

The risk-weighted assets subject to this type of risk amounted to EUR 17 billion at 31 December 2020, or 2% of the total risk-weighted assets of the BNP Paribas Group.

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5.2 Capital management and capital adequacy

SCOPE OF APPLICATION

The prudential scope of application defined in Regulation (EU) No. 575/2013 on capital requirements is not the same as the accounting scope of consolidation whose composition concerns the application of IFRS as adopted by the European Union. The notes to the consolidated financial statements cover the accounting consolidation scope.

The consolidation principles and the scope of consolidation in accordance with the accounting consolidation method used are described respectively in notes 1.b and 7.j to the consolidated financial statements.

PRUDENTIAL SCOPE

In accordance with banking regulation, BNP Paribas Group has defined a prudential scope to monitor capital ratios calculated on a consolidated basis. Its specificities are as follows:

- insurance companies (primarily BNP Paribas Cardif and its subsidiaries) that are fully consolidated within the accounting scope are consolidated under the equity method in the prudential scope;

- unregulated entities of the real estate services (BNP Paribas Real Estate) and long-term vehicle leasing (Arval) businesses that are fully consolidated within the accounting scope are consolidated under the equity method within the prudential scope;
- jointly controlled entities are consolidated under the equity method in the accounting scope and under the proportional consolidation method in the prudential scope.

The differences between the accounting and prudential scopes of consolidation are summarised in the table below.

TABLE 9: DIFFERENCES BETWEEN THE ACCOUNTING AND PRUDENTIAL SCOPES (EU LI3)

	31 December 2020					
		Method of regulatory consolidation				
Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Description of the entity
BNP Paribas Cardif and its subsidiaries(*)	Full consolidation			x		Insurance
BNPP SB Re	Full consolidation			x		Insurance
BNPP Vartry Reinsurance DAC	Full consolidation			x		Insurance
Decart Re Ltd	Full consolidation			x		Insurance
Darnell DAC	Full consolidation			x		Insurance
Greenval Insurance DAC	Full consolidation			x		Insurance
Le Sphinx Assurances Luxembourg SA	Full consolidation			x		Insurance
Greenstars BNPP	Full consolidation			x		Insurance
BNP Paribas Real Estate and its non-regulated subsidiaries(*)	Full consolidation			x		Real-estate services
Arval and its non-regulated subsidiaries(*)	Full consolidation			x		Long-term car leasing
Collective investment funds(**)	Full consolidation				x	Asset management
Bantas Nakit AS	Equity method		x			Retail Banking
Solfinéa	Equity method		x			Specialised loans
Bpost banque	Equity method		x			Retail Banking
Euro Securities Partners	Equity method		x			Retail Banking
Genius Auto Finance Co Ltd	Equity method		x			Specialised loans
FScholen	Equity method		x			Corporate and Institutional Banking
Lyf SA	Equity method		x			Internet financial services
Lyf SAS	Equity method		x			Internet financial services
Partecis	Equity method		x			Retail Banking
Services Logiciels d'Intégration Boursière	Equity method		x			Specialised loans
Union de Creditos Inmobiliarios SA						Specialised loans
United Partnership	Equity method		x			Specialised loans
Fonds Commun de Créances UCI and RMBS Prado	Equity method		x			Specialised loans

(*) BNP Paribas Cardif, BNP Paribas Real Estate and Arval subsidiaries are identified in the note 7.j to the consolidated financial statements (footnote (2)).
(**) Collective investment funds are identified in the note 7.j to the consolidated financial statement (footnote (4)).

The table below shows the restatements between the accounting and prudential scopes of consolidation for each balance sheet item.

TABLE 10: CONSOLIDATED BALANCE SHEET TO PRUDENTIAL BALANCE SHEET RECONCILIATION (EU LI1-A)

	31 December 2020				
In millions of euros	Accounting scope	Adjustment of insurance companies	Other adjustments related to consolidation methods(*)	Prudential scope	Reference to capital table (see Appendix 2)
ASSETS					
Cash and balances at central banks	308,703	-	588	309,291	
Financial instruments at fair value through profit or loss					
Securities	167,927	551	602	169,080	
of which own funds instruments in credit or financial institutions more than 10%-owned	*441*	*547*	*-*	*988*	*1*
of which own funds instruments in credit or financial institutions less than 10%-owned	*3,753*	*-*	*-*	*3,753*	*2*
Loans and repurchase agreements	244,878	2,545	(147)	247,276	
Derivative financial instruments	276,779	493	(230)	277,042	
Derivatives used for hedging purposes	15,600	(5)	(26)	15,569	
Financial assets at fair value through equity					
Debt securities	55,981	2,691	235	58,907	
of which own funds instruments in credit or financial institutions more than 10%-owned	*-*	*2,690*	*-*	*2,690*	*1*
of which own funds instruments in credit or financial institutions less than 10%-owned	*11*	*-*	*-*	*11*	*2*
Equity securities	2,209	-	-	2,209	
of which own funds instruments in credit or financial institutions more than 10%-owned	*566*	*-*	*-*	*566*	*1*
of which own funds instruments in credit or financial institutions less than 10%-owned	*1,094*	*-*	*-*	*1,094*	*2*
Financial assets at amortised cost					
Loans and advances to credit institutions	18,982	-	(32)	18,950	
of which own funds instruments in credit or financial institutions more than 10%-owned	*257*	*-*	*(53)*	*205*	*1*
of which own funds instruments in credit or financial institutions less than 10%-owned	-	-	-	-	2
Loans and advances to customers	809,533	4,136	27,215	840,884	
of which own funds instruments in credit or financial institutions more than 10%-owned	*107*	*25*	*(107)*	*25*	*1*
of which own funds instruments in credit or financial institutions less than 10%-owned	*334*	*-*	*-*	*334*	*2*
Debt securities	118,316	-	902	119,218	
of which own funds instruments in credit or financial institutions more than 10%-owned	*100*	*-*	*-*	*100*	*1*
of which own funds instruments in credit or financial institutions less than 10%-owned	*68*	*-*	*-*	*68*	*2*
Remeasurement adjustment on interest-rate risk hedged portfolios	5,477	-	75	5,552	
Financial investments of insurance activities	265,356	(265,356)	-	-	
Current and deferred tax assets	6,559	(5)	(19)	6,535	
Accrued income and other assets	140,904	(3,942)	(3,142)	133,820	
Equity-method investments	6,396	6,126	2,263	14,785	
of which investments in credit or financial institutions	*5,665*	*5,851*	*(364)*	*11,152*	*1*
of which goodwill	*618*	*279*	*865*	*1,762*	3
Property, plant and equipment and investment property	33,499	(513)	(21,890)	11,096	
Intangible assets	3,899	(301)	(111)	3,487	
of which intangible assets excluding mortgage servicing rights	*3,871*	*(301)*	*(111)*	*3,459*	3
Goodwill	7,493	(279)	(867)	6,347	3
TOTAL ASSETS	**2,488,491**	**(253,859)**	**5,416**	**2,240,048**	

In millions of euros	31 December 2020				
	Accounting scope	Adjustment of insurance companies	Other adjustments related to consolidation methods(*)	Prudential scope	Reference to capital table (see Appendix 2)
LIABILITIES					
Deposits from central banks	1,594	-	-	1,594	-
Financial instruments at fair value through profit or loss					
Securities	94,263	-	-	94,263	
Deposits and repurchase agreements	288,595	-	-	288,595	
Issued debt securities	64,048	(4,927)	(140)	58,981	
of which liabilities qualifying for Tier 1 capital	*205*	-	-	*205*	*4*
of which liabilities qualifying for Tier 2 capital	*52*	-	-	*52*	*5*
Derivative financial instruments	282,608	738	(228)	283,118	
Derivatives used for hedging purposes	13,320	(49)	252	13,523	
Financial liabilities at amortised cost					
Deposit from credit institutions	147,657	(6,860)	116	140,913	
Deposit from customers	940,991	1,364	7,077	949,432	
Debt securities	148,303	1,660	2,181	152,144	
Subordinated debt	22,474	(1,744)	(21)	20,709	
of which liabilities qualifying for Tier 1 capital	-	-	-	-	*4*
of which liabilities qualifying for Tier 2 capital	*19,443*	-	-	*19,443*	*5*
Remeasurement adjustment on interest-rate risk hedged portfolios	6,153	-	-	6,153	
Current and deferred tax liabilities	3,001	(137)	(241)	2,623	
Accrued expenses and other liabilities	107,846	(2,610)	(3,327)	101,909	
Technical reserves and other insurance liabilities	240,741	(240,741)	-	-	
Provisions for contingencies and charges	9,548	(419)	(253)	8,876	
TOTAL LIABILITIES	**2,371,142**	**(253,725)**	**5,416**	**2,122,833**	
EQUITY					
Share capital, additional paid-in capital and retained earnings	*106,227*	*4*	-	*106,231*	*6*
Net income for the period attributable to shareholders	*7,067*	-	-	*7,067*	*7*
Total capital, retained earnings and net income for the period attributable to shareholders	**113,295**	**4**	**-**	**113,299**	
Changes in assets and liabilities recognised directly in equity	*(496)*	*(6)*	-	*(502)*	
Shareholders' equity	**112,799**	**(2)**	**-**	**112,797**	
Minority interests	**4,550**	**(132)**	**-**	**4,419**	**8**
TOTAL EQUITY	**117,349**	**(134)**	**-**	**117,215**	
TOTAL LIABILITIES AND EQUITY	**2,488,491**	**(253,859)**	**5,416**	**2,240,048**	

(*) *Adjustment of jointly controlled entities under proportional consolidation for prudential scope, which are consolidated using the equity method within the accounting scope, of collective investment funds not consolidated within the prudential scope, and of the unregulated entities of BNP Paribas Real Estate and Arval consolidated using the equity method within the prudential scope which are fully consolidated within the accounting scope.*

In millions of euros	Accounting scope	Adjustment of insurance companies	Other adjustments related to consolidation methods(*)	Prudential scope	Reference – capital table (see Appendix 2)
					31 December 2019
ASSETS					
Cash and balances at central banks	155,135	-	265	155,400	
Financial instruments at fair value through profit or loss					
Securities	131,935	547	(141)	132,341	
of which own funds instruments in credit or financial institutions more than 10%-owned	*250*	*547*	*-*	*797*	*1*
of which own funds instruments in credit or financial institutions less than 10%-owned	*3,154*	*-*	*-*	*3,154*	*2*
Loans and repurchase agreements	196,927	1,495	(512)	197,910	
Derivative financial instruments	247,287	404	(170)	247,521	
Derivatives used for hedging purposes	12,452	(6)	5	12,451	
Financial assets at fair value through equity					
Debt securities	50,403	2,691	640	53,734	
of which own funds instruments in credit or financial institutions more than 10%-owned	*-*	*2,691*	*-*	*2,691*	*1*
of which own funds instruments in credit or financial institutions less than 10%-owned	*12*	*-*	*-*	*12*	*2*
Equity securities	2,266	-	-	2,266	
of which own funds instruments in credit or financial institutions more than 10%-owned	*388*	*-*	*-*	*388*	*1*
of which own funds instruments in credit or financial institutions less than 10%-owned	*837*	*-*	*-*	*837*	*2*
Financial assets at amortised cost					
Loans and advances to credit institutions	21,692	-	(318)	21,374	
of which own funds instruments in credit or financial institutions more than 10%-owned	*296*	*-*	*(65)*	*231*	*1*
of which own funds instruments in credit or financial institutions less than 10%-owned	*-*	*-*	*-*	*-*	*2*
Loans and advances to customers	805,777	3,500	21,171	830,448	
of which own funds instruments in credit or financial institutions more than 10%-owned	*65*	*339*	*(65)*	*339*	*1*
of which own funds instruments in credit or financial institutions less than 10%-owned	*334*	*-*	*-*	*334*	*2*
Debt securities	108,454	-	1,018	109,472	
of which own funds instruments in credit or financial institutions more than 10%-owned	*100*	*-*	*-*	*100*	*1*
of which own funds instruments in credit or financial institutions less than 10%-owned	*65*	*-*	*-*	*65*	*2*
Remeasurement adjustment on interest-rate risk hedged portfolios	4,303	-	48	4,351	
Financial investments of insurance activities	257,818	(257,818)	-	-	
Current and deferred tax assets	6,813	(8)	11	6,816	
Accrued income and other assets	113,535	(3,436)	(3,051)	107,048	
Equity-method investments	5,952	5,869	1,919	13,740	
of which investments in credit or financial institutions	*5,575*	*5,575*	*(615)*	*10,535*	*1*
of which goodwill	*332*	*280*	*(3)*	*609*	*3*
Property, plant and equipment and investment property	32,295	(596)	(16,102)	15,597	
Intangible assets	3,852	(249)	(104)	3,499	
of which intangible assets excluding mortgage servicing rights	*3,819*	*(249)*	*(104)*	*3,466*	*3*
Goodwill	*7,817*	*(279)*	*(869)*	*6,669*	*3*
TOTAL ASSETS	**2,164,713**	**(247,886)**	**3,810**	**1,920,637**	

In millions of euros	31 December 2019				
	Accounting scope	Adjustment of insurance companies	Other adjustments related to consolidation methods(*)	Prudential scope	Reference – capital table (see Appendix 2)
LIABILITIES					
Deposits from central banks	2,985	-	-	2,985	
Financial instruments at fair value through profit or loss					
Securities	65,490	-	-	65,490	
Deposits and repurchase agreements	215,093	-	2	215,095	
Issued debt securities	63,758	(4,922)	(2)	58,834	
of which liabilities qualifying for Tier 1 capital	*205*	-	-	*205*	*4*
of which liabilities qualifying for Tier 2 capital	*118*	-	-	*118*	*5*
Derivative financial instruments	237,885	498	(169)	238,214	
Derivatives used for hedging purposes	14,116	(14)	175	14,277	
Financial liabilities at amortised cost					
Deposit from credit institutions	84,566	(5,945)	(114)	78,507	
Deposit from customers	834,667	1,007	6,493	842,167	
Debt securities	157,578	2,929	1,101	161,608	
Subordinated debt	20,003	(1,685)	1	18,319	
of which liabilities qualifying for Tier 1 capital	-	-	-	-	*4*
of which liabilities qualifying for Tier 2 capital	*17,353*	-	-	*17,353*	*5*
Remeasurement adjustment on interest-rate risk hedged portfolios	3,989	-	-	3,989	
Current and deferred tax liabilities	3,566	(219)	(245)	3,102	
Accrued expenses and other liabilities	102,749	(2,156)	(3,099)	97,494	
Technical reserves and other insurance liabilities	236,937	(236,937)	-	-	
Provisions for contingencies and charges	9,486	(321)	(330)	8,835	
TOTAL LIABILITIES	**2,052,868**	**(247,765)**	**3,813**	**1,808,916**	
EQUITY					
Share capital, additional paid-in capital and retained earnings	*97,135*	*5*	*(1)*	*97,139*	*6*
Net income for the period attributable to shareholders	*8,173*	-	-	*8,173*	*7*
Total capital, retained earnings and net income for the period attributable to shareholders	**105,308**	**5**	**(1)**	**105,312**	
Changes in assets and liabilities recognised directly in equity	*2,145*	*(6)*	-	*2,140*	
Shareholders' equity	**107,453**	**(1)**	**(1)**	**107,452**	
Minority interests	**4,392**	**(121)**	**(2)**	**4,269**	**8**
TOTAL EQUITY	**111,845**	**(121)**	**(3)**	**111,721**	
TOTAL LIABILITIES AND EQUITY	**2,164,713**	**(247,886)**	**3,810**	**1,920,637**	

(*) Adjustment of jointly controlled entities under proportional consolidation for prudential scope, which are consolidated using the equity method within the accounting scope, of collective investment funds not consolidated within the prudential scope, and of the unregulated entities of BNP Paribas Real Estate and Arval consolidated using the equity method within the prudential scope which are fully consolidated within the accounting scope.

The following table shows the breakdown of the different categories of assets and liabilities recognised on the Bank's regulatory balance sheet by regulatory risk type. The sum of the amounts thus broken down is not necessarily equal to the net carrying values of the prudential scope, because some items may be subject to capital requirements for several types of risk.

➤ TABLE 11: PRUDENTIAL BALANCE SHEET BY RISK TYPE (EU LI1-B)

	31 December 2020					
		Items subject to:				
In millions of euros	Net carrying values: prudential scope	credit risk framework	counterparty credit risk framework	securitisation framework	market risk framework	Not subject to capital requirements or deducted from capital
ASSETS						
Cash and balances at central banks	309,291	309,291	-	-	-	-
Financial instruments at fair value through profit or loss						
Securities	169,080	7,823	5,890	210	160,491	555
Loans and repurchase agreements	247,276	1,107	242,134	-	245,769	-
Derivative financial instruments	277,042	-	277,042	-	276,414	-
Derivatives used for hedging purposes	15,569	-	15,569	-	-	-
Financial assets at fair value through equity	61,116	57,302	434	860	-	2,954
Financial assets at amortised cost						
Loans and advances to credit institutions	18,950	16,265	2,250	-	-	435
Loans and advances to customers	840,884	781,788	21,193	35,571	-	2,332
Debt securities	119,218	104,012	2,269	11,659	-	3,546
Remeasurement adjustment on interest-rate risk hedged portfolios	5,552	-	-	-	-	5,552
Current and deferred tax assets	6,535	6,199	-	-	-	336
Accrued income and other assets	133,820	17,831	104,689	-	8,627	4,045
Equity-method investments	14,785	13,022	-	-	-	1,763
Property, plant and equipment and investment property	11,096	10,608	-	-	-	488
Intangible assets	3,487	1,322	-	-	-	2,165
Goodwill	6,347	-	-	-	-	6,347
TOTAL ASSETS	**2,240,048**	**1,326,570**	**671,470**	**48,300**	**691,301**	**30,518**

In millions of euros	31 December 2020					
	Net carrying values: prudential scope	Items subject to:				Not subject to capital requirements or deducted from capital
		credit risk framework	counterparty credit risk framework	securitisation framework	market risk framework	
LIABILITIES						
Deposits from central banks	1,594	-	-	-	-	1,594
Financial instruments at fair value through profit or loss						
Securities	94,263	-	-	-	94,262	1
Deposits and repurchase agreements	288,595	-	285,134	-	285,129	3,461
Issued debt securities	58,981	-	-	-	-	58,981
Derivative financial instruments	283,118	-	283,118	-	281,615	-
Derivatives used for hedging purposes	13,523	-	13,523	-	-	-
Financial liabilities at amortised cost						
Deposit from credit institutions	140,913	-	991	-	-	139,922
Deposit from customers	949,432	-	1,074	-	-	948,358
Debt securities	152,144	-	-	-	-	152,144
Subordinated debt	20,709	-	-	-	-	20,709
Remeasurement adjustment on interest-rate risk hedged portfolios	6,153	-	-	-	-	6,153
Current and deferred tax liabilities	2,623	-	-	-	-	2,623
Accrued expenses and other liabilities	101,909	-	64,778	-	2,015	35,768
Provisions for contingencies and charges	8,876	962	-	-	-	7,914
TOTAL LIABILITIES	**2,122,833**	**962**	**648,618**	**-**	**663,021**	**1,377,628**
TOTAL EQUITY	**117,215**	**-**	**-**	**-**	**-**	**117,215**
TOTAL LIABILITIES AND EQUITY	**2,240,048**	**962**	**648,618**	**-**	**663,021**	**1,494,843**

In millions of euros	31 December 2019					
	Net carrying values: prudential scope	Items subject to:				Not subject to capital requirements or deducted from capital
		credit risk framework	counterparty credit risk framework	securitisation framework	market risk framework	
ASSETS						
Cash and balances at central banks	155,400	155,400	-	-	-	-
Financial instruments at fair value through profit or loss						
Securities	132,341	7,338	13,358	303	124,139	561
Loans and repurchase agreements	197,910	1,463	193,349	-	196,140	-
Derivative financial instruments	247,521	-	247,521	-	246,684	-
Derivatives used for hedging purposes	12,451	-	12,451	-	-	-
Financial assets at fair value through equity	56,000	51,981	320	1,075	-	2,944
Financial assets at amortised cost						
Loans and advances to credit institutions	21,374	19,373	1,697	-	-	329
Loans and advances to customers	830,448	775,365	15,291	37,328	-	2,438
Debt securities	109,472	95,172	1,408	12,049	-	2,251
Remeasurement adjustment on interest-rate risk hedged portfolios	4,351	-	-	-	-	4,351
Current and deferred tax assets	6,816	6,754	-	-	-	62
Accrued income and other assets	107,048	18,330	80,273	-	8,033	3,919
Equity-method investments	13,740	12,232	-	-	-	1,508
Property, plant and equipment and investment property	15,597	15,459	-	-	-	139
Intangible assets	3,499	34	-	-	-	3,465
Goodwill	6,669	-	-	-	-	6,669
TOTAL ASSETS	**1,920,637**	**1,158,901**	**565,668**	**50,755**	**574,996**	**28,636**

In millions of euros						31 December 2019
	Net carrying values: prudential scope	Items subject to:				Not subject to capital requirements or deducted from capital
		credit risk framework	counterparty credit risk framework	securitisation framework	market risk framework	
LIABILITIES						
Deposits from central banks	2,985	-	-	-	-	2,985
Financial instruments at fair value through profit or loss						
Securities	65,490	-	-	-	65,470	21
Deposits and repurchase agreements	215,095	-	209,784	-	209,776	5,311
Issued debt securities	58,834	-	-	-	-	58,834
Derivative financial instruments	238,214	-	238,214	-	236,986	-
Derivatives used for hedging purposes	14,277	-	14,277	-	-	-
Financial liabilities at amortised cost						
Deposit from credit institutions	78,507	-	859	-	-	77,648
Deposit from customers	842,167	-	1,174	-	-	840,993
Debt securities	161,608	-	-	-	-	161,608
Subordinated debt	18,319	-	-	-	-	18,319
Remeasurement adjustment on interest-rate risk hedged portfolios	3,989	-	-	-	-	3,989
Current and deferred tax liabilities	3,102	-	-	-	-	3,102
Accrued expenses and other liabilities	97,494	-	64,000	-	3,115	32,738
Provisions for contingencies and charges	8,835	818	-	-	-	8,017
TOTAL LIABILITIES	**1,808,916**	**818**	**528,308**	**-**	**515,347**	**1,213,565**
TOTAL EQUITY	**111,721**	**-**	**-**	**-**	**-**	**111,721**
TOTAL LIABILITIES AND EQUITY	**1,920,637**	**818**	**528,308**	**-**	**515,347**	**1,325,286**

The following table shows the main differences between the amounts of accounting exposure on the regulatory balance sheet (see previous table) and the amounts of exposure used for regulatory purposes, based on the different types of risk, except market risk. Indeed, for the latter, the main regulatory measure used by the Group is Value at Risk (VaR), which reflects the sensitivity of the Bank's trading book to the different market parameters (see section 5.7, *Market risk exposure*). Therefore the VaR amount does not relate directly to the net book value of the assets and liabilities subject to market risk.

➤ TABLE 12: RECONCILIATION BETWEEN NET CARRYING VALUES UNDER THE PRUDENTIAL SCOPE AND THE EXPOSURE AMOUNTS CONSIDERED FOR REGULATORY PURPOSES (EU LI2)

	31 December 2020			
In millions of euros	Credit risk framework	Counterparty credit risk framework	Securitisation framework	Market risk framework
ASSETS NET CARRYING VALUE	**1,326,570**	**671,470**	**48,300**	**691,301**
Liabilities net carrying value		(648,618)		
Off-balance-sheet amounts net of depreciation	451,865		18,094	
Credit risk impairment amounts	22,753		64	
Amounts below the thresholds for deduction (subject to 250% risk weight)(*)	(6,825)			
Differences in valuations due to the use of internal models(**)		193,656		
Other adjustments	6,006			
EXPOSURE AMOUNTS CONSIDERED FOR REGULATORY PURPOSES	**1,800,369**	**216,508**	**66,458**	

(*) Includes deferred tax assets depending on future profits and significant participations in financial sector entities, subject to 250% risk weight.
(**) The main regulatory measure used by the Group for counterparty risk is the EEPE (Effective Expected Positive Exposure). The features of the valuation model are described in section 5.6 in the paragraph Counterparty risk measurement.

	31 December 2019			
In millions of euros	Credit risk framework	Counterparty credit risk framework	Securitisation framework	Market risk framework
ASSETS NET CARRYING VALUE	**1,158,901**	**565,668**	**50,755**	**574,996**
Liabilities net carrying value		(528,308)		
Off-balance-sheet amounts net of depreciation	417,997		10,489	
Credit risk impairment amounts	22,338		32	
Amounts below the thresholds for deduction (subject to 250% risk weight)(*)	(6,549)			
Differences in valuations due to the use of internal models(**)		129,717		
Other adjustments	5,452			
EXPOSURE AMOUNTS CONSIDERED FOR REGULATORY PURPOSES	**1,598,139**	**167,077**	**61,276**	

(*) Includes deferred tax assets depending on future profits and significant participations in financial sector entities, subject to 250% risk weight.
(**) The main regulatory measure used by the Group for counterparty risk is the EEPE (Effective Expected Positive Exposure). The features of the valuation model are described in section 5.6 in the paragraph Counterparty risk measurement.

The exposure amounts used for regulatory purposes are presented:

- in section 5.4 for credit risk;
- in section 5.5 for securitisation positions in the banking book;
- in section 5.6 for counterparty credit risk;
- in section 5.7 for market risk.

SIGNIFICANT SUBSIDIARIES

The risk-weighted assets of BNP Paribas' significant subgroups and subsidiaries are given in Appendix 4 to this chapter.

The following subgroups are considered significant, based on the criterion that their risk-weighted assets amount to more than 3% of the Group's total risk-weighted assets (excluding entities consolidated under the equity method) at 31 December 2019:

- BNP Paribas Fortis;
- Banca Nazionale del Lavoro (BNL);
- BNP Paribas USA Inc.[(1)];
- Bank of the West;
- BNP Paribas Personal Finance;
- BGL BNP Paribas.

The risk-weighted assets reported correspond to the sub-consolidation scope of each group. Thus, BGL BNP Paribas and Bank of the West subgroups are also included in BNP Paribas Fortis and BNP Paribas USA Inc. subgroups respectively.

REGULATORY CAPITAL

The BNP Paribas Group is required to comply with the French regulation that transposes European Directives on "Access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms" and "Financial Conglomerates" into French law.

In the various countries in which the Group operates, BNP Paribas also complies with specific regulatory ratios in line with procedures controlled by the relevant supervisory authorities. These ratios mainly address the issues of capital adequacy, risk concentration, liquidity and asset/liability mismatches.

As of 1 January 2014, Regulation (EU) No. 575/2013, establishing the methods for calculating the solvency ratio, defines it as the ratio between the regulatory capital and the sum of:

- the amount of risk-weighted assets for credit and counterparty risks, calculated using the standardised approach or the Internal Ratings-Based Approach (IRBA) depending on the particular entity or the activity of the Group concerned;
- capital requirements for market risk, for credit valuation adjustment risk and for operational risk, multiplied by a factor of 12.5.

BREAKDOWN OF REGULATORY CAPITAL

Regulatory capital is divided into three categories (Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital), which consist of equity and debt instruments, to which regulatory adjustments have been made.

Common Equity Tier 1 capital

Common Equity Tier 1 capital instruments mainly comprise:

- the consolidated equity attributable to shareholders restated for the anticipated distribution of a dividend and Undated Super Subordinated Notes, which are ineligible for this category;
- minority interest reserves of regulated entities, adjusted for their capitalisation surplus. Minority interests of unregulated entities are excluded.

The main regulatory adjustments are as follows:

- gains and losses generated by cash flow hedges;
- adjustments to the value of instruments measured at fair value required by prudent valuation;
- goodwill and other intangible assets, net of deferred tax liabilities. Since 31 December 2020, in accordance with Regulation (EU) No. 2020/2176, certain software products have benefited from a specific prudential amortisation allowing the application of a preferential weighting instead of a deduction from CET1 capital;
- net deferred tax assets that rely on future profitability and arising from tax loss carry-forwards;
- expected losses on equity exposures;
- share of expected losses on outstanding loans measured using the Internal Ratings-Based Approach (IRBA) which is not covered by provisions and other value adjustments;
- securitisation tranches for which the Group has opted for the own funds deduction instead of a 1,250% weighting;
- the additional restitution of 29% of the 2020 net income intended after the end of September 2021 as soon as the European Central Bank repeals its recommendation, which is expected by the end of September 2021 "in the absence of negative changes"[(2)].

Treasury shares held or granted a buy back authorisation are deducted from this category.

(1) Since 1 July 2016, BNP Paribas USA, Inc. has been the Group's intermediate holding company for its US subsidiaries.

(2) Subject to the required agreements.

TABLE 13: TRANSITION FROM CONSOLIDATED EQUITY TO COMMON EQUITY TIER 1 (CET1) CAPITAL

In millions of euros	31 December 2020(*)	31 December 2019(**)
Consolidated equity	**117,215**	**111,721**
Undated Super Subordinated Notes ineligible in CET1	(9,948)	(8,689)
Proposed distribution(***)	(3,307)	(3,871)
Ineligible minority interests	(2,735)	(2,527)
Changes in the fair value of hedging instruments recognised directly in equity	(1,440)	(1,072)
Additional value adjustments linked to prudent valuation requirements	(1,399)	(1,396)
Goodwill and other intangible assets	(10,039)	(11,380)
Net deferred tax assets arising from tax loss carry-forwards	(385)	(430)
Negative amounts resulting from the calculation of expected losses	(333)	(551)
Other prudential adjustments	1,138	(599)
COMMON EQUITY TIER 1 (CET1) CAPITAL	**88,767**	**81,204**

(*) In accordance with the transitional arrangements on the introduction of the IFRS 9 accounting standard (article 473a of Regulation (EU) No. 2017/2395 and Regulation (EU) No. 2020/873).

(**) Data as at 31 December 2019 take into account in deduction of regulatory capital the dividend distribution initially anticipated in relation to 2019 income, eventually retained in reserves in 2020.

(***) In 2020, the proposed distribution includes the proposed dividend distribution equivalent to 21% of 2020 net income (subject to the approval of the Annual General Meeting of 18 May 2021) and the intended additional restitution of 29% of 2020 net income (for EUR 1.9 billion) subject to the required agreements.

Additional Tier 1 capital

Additional Tier 1 capital is mainly composed of subordinated debt instruments with the following characteristics:

- they are perpetual and include no redemption incentive;
- they are not held by the bank, its subsidiaries or any company in which the Group holds 20% or more of the capital;
- they have a capacity to absorb losses;
- they may include a buy back option, five years after the issue date at the earliest, exercisable at the issuer's discretion[1];
- remuneration arises from distributable elements that may be cancelled, with no requirements for the bank.

This category is also composed of non-eligible minority reserves in common equity within their limit of eligibility.

Authorisations to redeem Additional Tier 1 own capital instruments are deducted from this category.

Tier 2 capital

Tier 2 capital is comprised of subordinated debt with no buy back incentive, as well as non-eligible minority reserves in Tier 1 capital within their limit of eligibility. A prudential discount is applied to the subordinated debt with less than five years of residual maturity.

Prudential deductions from Tier 2 capital primarily concern:

- Tier 2 capital components in significant financial entities;
- Tier 2 own capital instrument buy back authorisations.

(1) Subject to authorisation by the supervisor.

Composition and evolution of regulatory capital

The detail of regulatory capital regulatory adjustments is presented in Appendix 2 *Regulatory capital – Detail*.

The table presenting the details of the debt instruments recognised as capital, as well as their characteristics, in accordance with the template (EU CCA) required by implementing Regulation No. 1423/2013, is available in the *BNP Paribas Debt* section of the Investor Relations website: https://invest.bnpparibas.com/en/debts/tier-1-hybrids-subordinated-debt/capital-instruments-main-features-template.

TABLE 14: REGULATORY CAPITAL

In millions of euros	31 December 2020(*)	31 December 2019(**)
Common Equity Tier 1 (CET1) capital: instruments and reserves		
Capital instruments and the related share premium accounts	27,133	27,133
of which ordinary shares	*27,133*	*27,133*
Retained earnings	70,906	62,139
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	(502)	2,139
Minority interests (amount allowed in consolidated CET1)	1,684	1,742
Independently reviewed interim profits net of any foreseeable charge or dividend	5,247	3,888
COMMON EQUITY TIER 1 (CET1) CAPITAL BEFORE REGULATORY ADJUSTMENTS	**104,468**	**97,041**
Common Equity Tier 1 (CET1) capital: regulatory adjustments	**(15,701)**	**(15,837)**
COMMON EQUITY TIER 1 (CET1) CAPITAL	**88,767**	**81,204**
Additional Tier 1 (AT1) capital: instruments(***)	**10,524**	**9,258**
Additional Tier 1 (AT1) capital: regulatory adjustments	**(485)**	**(500)**
ADDITIONAL TIER 1 (AT1) CAPITAL	**10,040**	**8,758**
TIER 1 CAPITAL (T1 = CET1 + AT1)	**98,806**	**89,962**
Tier 2 (T2) capital: instruments and provisions(***)	**18,995**	**17,351**
Tier 2 (T2) capital: regulatory adjustments	**(3,971)**	**(3,598)**
TIER 2 (T2) CAPITAL	**15,024**	**13,753**
TOTAL CAPITAL (TC = T1 + T2)	**113,830**	**103,716**

(*) In accordance with the transitional arrangements on the introduction of the IFRS 9 accounting standard (article 473a of Regulation (EU) No. 2017/2395 and Regulation (EU) No. 2020/873).
(**) Data as at 31 December 2019 take into account in deduction of regulatory capital the dividend distribution initially anticipated in relation to 2019 income, eventually retained in reserves in 2020.
(***) In accordance with the eligibility rules for grandfathered debt in additional Tier 1 capital and Tier 2 capital applicable in 2020.

TABLE 15: CHANGE IN REGULATORY CAPITAL

In millions of euros	
COMMON EQUITY TIER 1 (CET1) CAPITAL	
31 December 2019	81,204
Common Equity Tier 1 capital: instruments and reserves	**7,427**
Capital instruments and the related share premium accounts	-
of which ordinary shares	*-*
Retained earnings	4,878
Accumulated other comprehensive income	(2,641)
Minority interests (amounts allowed in consolidated CET1)	(58)
Independently reviewed interim profits net of any foreseeable charge or dividend	5,247
Common Equity Tier 1 (CET1) capital: regulatory adjustments	**136**
of which additionnal value adjustments	*(3)*
of which intangible assets	*1,341*
of which net deferred tax assets depending on future profits excluding these arising from temporary differences	*46*
of which fair value reserves related to gains or losses on cash flow hedges	*(368)*
of which negative amounts resulting from the calculation of expected loss amounts	*218*
of which gains or losses on liabilities valued at fair value resulting from changes in own credit standing	*149*
of which securitisation positions deducted from own funds	*47*
of which regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	*585*
of which additional adjustments according to Article 3 of the CRR	*(1,922)*
of which other adjustments	*43*
31 December 2020	88,767
ADDITIONAL TIER 1 CAPITAL	
31 December 2019	8,758
Additional Tier 1 (AT1) capital: instruments(*)	**1,266**
Additional Tier 1 (AT1) capital: regulatory adjustments	**15**
Loans to credit or financial institutions more than 10%-owned	-
Others	15
31 December 2020	10,040
TIER 2 CAPITAL	
31 December 2019	13,753
Tier 2 (T2) capital: instruments and provisions(*)	**1,644**
Tier 2 (T2) capital: regulatory adjustments	**(373)**
Loans to credit or financial institutions more than 10%-owned	340
Others	(713)
31 December 2020	15,024

(*) In accordance with the eligibility rules for grandfathered debt in additional Tier 1 capital and Tier 2 capital applicable in 2020.

➤ TABLE 16: CHANGE IN ELIGIBLE DEBT

In millions of euros	Tier 1	Tier 2
31 December 2019	**8,967**	**17,100**
New issues	1,609	2,973
Redemptions	-	(244)
Prudential discount	-	(608)
Others	(350)	(598)
31 December 2020	**10,226**	**18,621**

Transitional arrangements relating to regulatory capital

Under Regulation (EU) No. 575/2013 (CRR), the calculation methods introduced by Basel 3 can be implemented gradually until 1 January 2022. Since 2019, items still subject to these transitional arrangements are subordinated debt issued prior to 31 December 2011, eligible under prior regulations but not eligible under Basel 3, to which a declining eligibility threshold applies. The impact of these arrangements is set out in lines 80 to 85 of Appendix 2 *Regulatory capital – Detail*. The amounts of these outstanding amounts that are ineligible in their category after 31 December 2021 are given on lines 33 and 35 respectively of Appendix 2 for additional Tier 1 equity instruments (EUR 1.7 billion at 31 December 2020 (for a total amount of EUR 1.7 billion at 31 December 2020 and EUR 1.2 billion euros on 2 March 2021), and on line 49 for the Tier 2 equity instruments (for EUR 29 million out of EUR 178 million at 31 December 2020 and EUR 0 million at 2 March 2021, the instrument having been called at par).

Regulation (EU) No. 2019/876 (CRR 2), which came into force on 27 June 2019, introduces additional eligibility criteria for Tier 1 and 2 regulatory capital which supplement those provided for by Regulation (EU) No. 575/2013. Instruments that were previously eligible under CRR, although not fulfilling these additional requirements may, eventually, be recognised in a lower category, for a transitional period that may extend up to 2025. The Tier 2 balance not eligible under these additional criteria is EUR 149 million at 31 December 2020, of which EUR 118 million remain eligible until 2025.

The details of the instruments concerned by these transitional provisions, describing their eligibility period and the main characteristics in relation to the CRR/CRR2 Regulations and the EBA's opinion published on 21 October 2020, on the appropriate treatment of instruments ineligible at the end of 2021 in relation to the CRR criteria, are available on the Group's investor relations website: https://invest.bnpparibas.com/en/debts/tier-1-hybrids-subordinated-debt/capital-instruments-main-features-template.

Regulation (EU) No. 2017/2395 and Regulation (EU) No. 2020/873 define the transitional measures relating to the introduction of IFRS 9. These measures mitigate the impact of the increase in expected credit losses related to the application of new standard on CET1 capital until 2024. The Group has been applying these transitional measures since 31 March 2020 in accordance with the ECB recommendation. The Bank has opted for the arrangements relating to the calculation of the exposure value calculated under the Standardised Approach, defined in paragraph 4 and paragraph 7 point b) in the article 473a.

TABLE 17: EFFECT OF THE APPLICATION OF TRANSITIONAL ARRANGEMENTS FOR IFRS 9 ACCOUNTING STANDARD (EU IFRS9-FL)

	In millions of euros	31 December 2020(*)
Available capital		
1	Common Equity Tier 1 (CET1) capital	88,767
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 transitional arrangements had not been applied	87,732
3	Tier 1 capital	98,806
4	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	97,772
5	Total capital	113,830
6	Total capital as if IFRS 9 transitional arrangements had not been applied	113,511
Risk-weighted assets		
7	Risk-weighted assets	695,523
8	Risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	695,916
Capital ratios		
9	Common Equity Tier 1 (CET1) capital	12.8%
10	Common Equity Tier 1 (CET1) capital as if IFRS 9 transitional arrangements had not been applied	12.6%
11	Tier 1 capital	14.2%
12	Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	14.0%
13	Total capital	16.4%
14	Total capital as if IFRS 9 transitional arrangements had not been applied	16.3%
Leverage ratio		
15	Leverage ratio total exposure measure	1,998,414
16	Leverage ratio	4.9%
17	Leverage ratio as if IFRS 9 transitional arrangements had not been applied	4.9%

(*) In accordance with the transitional arrangements on the introduction of the IFRS 9 accounting standard (article 473a of Regulation (EU) No. 2017/2395 and Regulation (EU) No. 2020/873).

At 31 December 2020, the Group did not apply the provisions pursuant to Article 468 of the Regulation (EU) No. 2020/873 relating to the temporary treatment of unrealised gains or losses on financial instruments at fair value through equity issued by central, regional or local governments.

CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS

The table below shows risk-weighted assets and capital requirement by risk type. Capital requirements make up 8% of risk-weighted assets.

TABLE 18: RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENT (EU OV1)

		RWAs		Capital requirements	
	In millions of euros	31 December 2020	31 December 2019	31 December 2020	
1	**Credit risk**	**527,189**	**524,231**	**42,175**	See section 5.4
2	of which standardised approach	193,906	210,490	15,512	
4	of which advanced IRB approach	278,202	259,552	22,256	
5	of which equity positions under the simple weighting method	55,081	54,189	4,406	
6	**Counterparty credit risk**	**40,961**	**29,520**	**3,277**	See section 5.6
7	of which mark-to-market method	3,272	2,682	262	
10	of which internal model method (IMM)	33,164	23,221	2,653	
11	of which CCP – default fund contributions	1,716	1,323	137	
12	of which CVA	2,810	2,294	225	
13	**Settlement risk**	**4**	**3**	**0**	
14	**Securitisation exposures in the banking book**	**14,472**	**10,510**	**1,158**	See section 5.5
14a	of which internal ratings-based approach (SEC-IRBA)	12,279	4,324	982	
14b	of which standardised approach (SEC-SA)	923	1,257	74	
14c	of which external ratings-based approach (SEC-ERBA)	1,270	177	102	
15	of which IRB approach		781		
16	of which IRB supervisory formula approach (SFA)		3,571		
18	of which standardised approach		400		
19	**Market risk**	**25,210**	**19,296**	**2,017**	See section 5.7
20	of which standardised approach	2,096	1,776	168	
21	of which internal model approach (IMA)	23,114	17,521	1,849	
23	**Operational risk**	**70,626**	**68,891**	**5,650**	See section 5.9
24	of which basic indicator approach	3,623	4,371	290	
25	of which standardised approach	11,203	10,243	896	
26	of which advanced measurement approach (AMA)	55,800	54,278	4,464	
27	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**17,061**	**16,376**	**1,365**	
29	**TOTAL**	**695,523**	**668,828**	**55,642**	

The Group's total risk-weighted assets amounted to EUR 695.5 billion at 31 December 2020 compared with EUR 668.8 billion at 31 December 2019. At 31 December 2020, risk-weighted assets calculated using the internal model represented 58% of the Group's risk-weighted assets.

The breakdown of risk-weighted assets by risk type is presented in the various appropriate sections.

Amounts below the thresholds for prudential capital deduction are assets weighted at 250% pursuant to article 48 of Regulation (EU) No. 575/2013. These mainly include:

- credit or financial institutions consolidated under the equity method, except for insurance entities consolidated under the equity method in the prudential scope, which are weighted using the simple weighting method;
- significant financial interests in credit or financial institutions in which the Group holds a stake of more than 10%;
- deferred tax assets that rely on future profitability and arise from temporary differences.

Settlement risk is defined in article 378 of Regulation (EU) No. 575/2013 as the risk of loss of value related to a delay in the settlement of securities transactions. As at 31 December 2020, the risk-weighted assets with respect to this risk are not significant for the Group at EUR 4 million.

RISK-WEIGHTED ASSETS MOVEMENTS IN 2020

The change in risk-weighted assets can be broken down into the following effects:

- asset size effect: impact stemming from the variation in exposures (EAD) and impact related to the efficient securitisation programmes initiated by the Group;
- asset quality effect: impact stemming from the change in risk parameters (Probability of Default, Loss Given Default for the internal ratings-based approach, and risk weighting for the standardised approach, *etc.*);
- model update effect: impact stemming from changes in the use of internal models (introduction of a new model, deployment on a new exposure scope, annual recalibration or review of risk parameters, application of add-ons, *etc.*);
- methodology and policy effect: impact stemming from changes in methodology and the establishment of new regulatory requirements having an impact on the calculation of risk-weighted assets;
- acquisition and disposal effect: impact stemming from changes in the scope of consolidation;
- currency effect: impact stemming from fluctuations in foreign exchange rates on exposures.

➤ TABLE 19: RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER

RWAs *In millions of euros*	31 December 2019	Key driver: Asset size	Asset quality	Model updates	Methodology and policy	Acquisitions and disposals	Currency	Other	Total Variation	31 December 2020
Credit risk	**524,231**	15,727	(8,192)	13,954	(363)	(2,173)	(16,038)	41	2,958	**527,189**
Counterparty credit risk	**29,520**	6,144	951	3,820	23	-	(118)	620	11,441	**40,961**
Settlement risk	**3**	-	-	-	-	-	-	1	1	**4**
Banking book securitisation positions	**10,510**	(14)	83	-	3,954	-	(148)	85	3,961	**14,472**
Market risk	**19,296**	6,898	2,829	(3,509)	-	(4)	-	(299)	5,914	**25,210**
Operational risk	**68,891**	2,191	-	(111)	-	(343)	-	(3)	1,735	**70,626**
Amounts below the thresholds for deduction (subject to 250% risk weight)	**16,376**	870	(15)	-	(821)	583	-	69	686	**17,061**
TOTAL	**668,828**	**31,816**	**(4,344)**	**14,154**	**2,793**	**(1,937)**	**(16,303)**	**516**	**26,695**	**695,523**

The main reasons explaining the EUR 27 billion increase in risk-weighted assets in 2020 are:

- a EUR 32 billion increase in line with business activity characterised by the increase in credit risk as part of the health crisis-related support to the economy, net of the impact of the effective securitisation transactions initiated by the Group. (+EUR 16 billion overall);
- a EUR 14 billion increase relating to the update of models;
- a EUR 3 billion increase related to regulatory changes;
- a EUR 2 billion decrease related to perimeter effects;
- a EUR 16 billion decrease due to currency effects, particularly with the depreciation of the US dollar and Turkish lira.

Comments on the main changes in 2020 for each type of risk are detailed in the various appropriate sections.

BREAKDOWN OF RISK-WEIGHTED ASSETS BY BUSINESS LINE

➤ TABLE 20: RISK-WEIGHTED ASSETS BY RISK TYPE AND BUSINESS

RWAs *In millions of euros*	31 December 2020						
	Retail Banking & Services		Corporate & Institutional Banking				
	Domestic Markets	International Financial Services	Corporate Banking	Global Markets	Securities Services	Corporate Centre	Total
Credit risk	**204,707**	**181,755**	**104,037**	**8,026**	**2,812**	**25,853**	**527,189**
of which standardised approach	48,306	129,541	6,938	2,226	886	6,009	193,906
of which advanced IRB approach	145,652	20,052	96,047	4,694	1,840	9,915	278,202
of which equity positions under the simple weighting method	10,749	32,162	1,051	1,105	85	9,929	55,081
Counterparty credit risk	**3,353**	**893**	**373**	**34,580**	**1,603**	**158**	**40,961**
of which mark-to-market method	490	728	4	1,316	703	30	3,272
of which internal model method (IMM)	2,802	10	236	29,419	696	0	33,164
of which CCP – default fund contributions	-	-	74	1,329	199	113	1,716
of which CVA	60	154	59	2,516	5	16	2,810
Settlement risk	**-**	**-**	**-**	**4**	**-**	**-**	**4**
Securitisation exposures in the banking book	**3,468**	**370**	**6,632**	**3,483**	**2**	**517**	**14,472**
of which internal ratings-based approach (SEC-IRBA)	3,288	197	5,929	2,844	2	20	12,279
of which standardised approach (SEC-SA)	136	4	424	336	-	22	923
of which external ratings-based approach (SEC-ERBA)	44	170	279	303	-	475	1,270
Market risk	**56**	**320**	**445**	**24,072**	**279**	**38**	**25,210**
of which standardised approach	56	138	431	1,392	41	38	2,096
of which internal model approach (IMA)	-	182	14	22,680	238	-	23,114
Operational risk	**19,640**	**19,737**	**10,321**	**16,188**	**4,332**	**408**	**70,626**
of which basic indicator approach	701	1,951	268	228	429	47	3,623
of which standardised approach	1,225	7,830	1,224	564	126	233	11,203
of which advanced measurement approach (AMA)	17,714	9,955	8,829	15,396	3,777	128	55,800
Amounts below the thresholds for deduction (subject to 250% risk weight)	**2,265**	**6,392**	**11**	**525**	**609**	**7,260**	**17,061**
TOTAL	**233,489**	**209,467**	**121,819**	**86,878**	**9,636**	**34,234**	**695,523**

RWAs *In millions of euros*	Retail Banking & Services		Corporate & Institutional Banking				31 December 2019
	Domestic Markets	International Financial Services	Corporate Banking	Global Markets	Securities Services	Corporate Centre	Total
Credit risk	**202,639**	**190,938**	**98,619**	**7,106**	**2,261**	**22,668**	**524,231**
of which standardised approach	50,910	139,964	6,836	1,528	631	10,621	210,490
of which advanced IRB approach	142,169	19,095	90,682	4,425	1,527	1,655	259,552
of which equity positions under the simple weighting method	9,559	31,879	1,102	1,153	103	10,393	54,189
Counterparty credit risk	**2,626**	**575**	**425**	**24,221**	**1,553**	**121**	**29,520**
of which mark-to-market method	323	505	24	986	838	6	2,682
of which internal model method (IMM)	2,204	6	199	20,136	677	-	23,221
of which CCP – default fund contributions	-	-	83	1,099	34	107	1,323
of which CVA	100	65	119	2,000	4	7	2,294
Settlement risk	**-**	**-**	**-**	**3**	**-**	**-**	**3**
Securitisation exposures in the banking book	**2,337**	**291**	**5,317**	**2,433**	**-**	**133**	**10,510**
of which internal ratings-based approach (SEC-IRBA)	1,423	66	2,347	488	-	-	4,324
of which standardised approach (SEC-SA)	230	7	270	750	-	-	1,257
of which external ratings-based approach (SEC-ERBA)	13	89	55	20	-	-	177
of which IRB approach	5	106	301	237	-	133	781
of which IRB supervisory formula approach (SFA)	627	-	2,015	930	-	-	3,571
of which standardised approach	39	22	330	9	-	-	400
Market risk	**38**	**353**	**699**	**17,562**	**639**	**5**	**19,296**
of which standardised approach	38	225	666	808	35	5	1,776
of which internal model approach (IMA)	-	129	34	16,754	604	-	17,521
Operational risk	**20,969**	**18,413**	**10,433**	**15,033**	**3,498**	**544**	**68,891**
of which basic indicator approach	650	2,689	232	232	408	160	4,371
of which standardised approach	1,382	6,948	1,146	500	115	153	10,243
of which advanced measurement approach (AMA)	18,937	8,777	9,055	14,302	2,975	231	54,278
Amounts below the thresholds for deduction (subject to 250% risk weight)	**1,133**	**6,157**	**14**	**540**	**55**	**8,476**	**16,376**
TOTAL	**229,741**	**216,727**	**115,507**	**66,899**	**8,006**	**31,947**	**668,828**

The breakdown of risk-weighted assets by domain reflects the Group's diversified business mix, with 64% devoted to Retail Banking & Services (including 34% for the Domestic Markets and 30% for International Financial Services), 31% to Corporate & Institutional Banking and 5% to Corporate Centre.

The increase in the Group's risk-weighted assets was EUR 27 billion over 2020, with a EUR 28 billion increase in Corporate & Institutional Banking, including EUR 20 billion in Global Markets. Domestic Markets' risk-weighted assets rose by EUR 4 billion with an increase on French Retail Banking and BNL partly offset by a decrease on Belgian Retail Banking and Arval. The EUR 7 billion decrease in risk-weighted assets on International Financial Services is mainly driven by BancWest, Personal Finance and Europe-Mediterranean

TRANSITIONAL ARRANGEMENTS RELATING TO RISK-WEIGHTED ASSETS

Since 31 March 2020, the Group applies the provisions of Regulation (EU) No. 2017/2395 on transitional measures relating to the introduction of IFRS 9 for the calculation of risk-weighted assets for credit risk. Since 30 June 2020, the Group has also applied the provisions of Regulation (EU) No. 2020/875 supplementing these transitional measures (see Table 17: *Effect of the application of the transitional provisions for IFRS 9 accounting standard*).

CAPITAL ADEQUACY AND CAPITAL PLANNING

CAPITAL ADEQUACY

The BNP Paribas Group is required to comply with a range of regulations:

- European banking regulations under the CRR and CRD 4, which also cover banking supervision;
- regulation relating to financial conglomerates in respect of additional supervision of its banking and insurance activities. BNP Paribas' insurance business is governed by Solvency II insurance regulations since 1 January 2016.

Within the context of the Single Supervisory Mechanism, the ECB thus became the direct supervisor of BNP Paribas as of 4 November 2014. The ECB draws on the competent national supervisory authorities in fulfilling this role.

Requirements under banking regulations and supervision

With respect to Pillar 1, the Group is required to meet:

- a minimum Common Equity Tier 1 (CET1) capital ratio of 4.5%;
- a minimum Tier 1 capital ratio of 6%;
- a minimum Total capital ratio of 8%.

Additional requirements known as buffers

In addition to the minimum capital requirements regarding Pillar 1, BNP Paribas have to maintain additional CET1 capital buffers:

- the capital conservation buffer is equal to 2.5% of the risk-weighted assets. The aim of this buffer is to absorb losses in a situation of intense economic stress;
- the following two buffers were defined to limit systemic institutions failure risk. Only the highest of these two buffers is applicable:
  - the buffer for Global Systemically Important Banks (G-SIBs) consists of a surcharge of CET1 capital defined by the Financial Stability Board based on the methodology developed by the Basel Committee, which corresponds to the global systemic importance of banks. Global systemic importance is measured in terms of the impact a bank's failure can have on the global financial system and the wider economy.

    The measurement approach of the global systemic importance is indicator-based. The selected indicators reflect the size of banks, their interconnectedness, the use of banking information systems for the services they provide, their global cross-jurisdictional activity and their complexity. The methodology is described in the document published in July 2013 by the Basel Committee, entitled *Global systemically important banks: updated assessment methodology and the higher loss absorbency requirement (BCBS 255)*.

    In April 2020, BNP Paribas published the values of the G-SIBs indicators as at 31 December 2018. Details of the values of G-SIBs indicators can be found (according to GSIB1 format) in the *Conferences and publications* section of the Investor Relations website: https://invest.bnpparibas.com/en/conferences-and-publications.

    The Financial Stability Board published the list of systemically important banks for 2020 on 11 November 2020. Since 2017, BNP Paribas is classified in group 2 which sets the additional Common Equity Tier 1 capital requirement at 1.5% until 2022.

    The next update of the Group indicators is due for publication at the end of April 2021,
  - the buffer for Domestic Systemically Important Banks (D-SIBs) aims to strengthen the capital requirements for institutions whose failure would have an impact on the national economy. The D-SIBs buffer for BNP Paribas is set at 1.5% until 2022;
- the systemic risk buffer aims to limit systemic or macroprudential non-cyclical risks in the long term. This buffer is null for the Group;
- the countercyclical capital buffer is defined as a surcharge of CET1 capital whose purpose is to adjust over time to increase the capital requirements in periods when credit growth is accelerating and reduce them in slower periods. A rate may be activated in each country by a discretionary decision from the appointed national authority. In view of the notified rates by country, the BNP Paribas countercyclical capital buffer is 0.02% at 31 December 2020 compared with 0.17% at 31 December 2019. This decrease is explained by the reduction in rates applicable in certain countries in the first half of 2020 in the context of the health crisis (see Appendix 3 *Countercyclical Capital Buffer*).

Pillar 2 requirements

With respect to supervision, the second Pillar of the Basel Agreement provides that the supervisor shall determine whether the policies, strategies, procedures and arrangements implemented by the Group on the one hand, and the capital held on the other hand, are adequate for risk management and risk coverage purposes. This evaluation exercise by the supervisors to determine the adequacy of mechanisms and capital with respect to bank risk levels is designated in the regulations under the term SREP (Supervisory Review and Evaluation Process).

ICAAP (Internal Capital Adequacy Assessment Process) is the process by which institutions assess the adequacy of their capital with their internal measurements of the levels of risk generated by their usual activities. ICAAP is used by the supervisory authorities for the annual SREP.

Within the BNP Paribas Group, the ICAAP is based on two key principles: the verification that the level of available capital is adequate with respect to the capital requirements, and the forward-looking capital planning.

The capital adequacy assessment relies on two perspectives:

- the regulatory perspective, described in the CRD 4 and the CRR, according to which all Pillar 1 risks must be covered by regulatory capital;
- the internal perspective, built around a comprehensive review of the Pillar 1 risks specified by Basel regulations, as well as the Pillar 2 risks defined in the Group's risk appetite framework and identified as material within the framework of the Group's risk inventory system. From this perspective, Pillar 1 and Pillar 2 risks are assessed using internal quantitative approaches, supplemented, as necessary, by qualitative approaches and dedicated monitoring frameworks.

Capital planning is based on the most recent actual and estimated financial data available at the time. These data are used to project future capital requirements, in particular by factoring in the Group's goal of maintaining a first-class credit rating to protect its origination capability, its business development targets and anticipated regulatory changes.

Capital planning consists of comparing the capital ratio targets defined by the Group with future projected capital requirements, then testing their robustness in a stressed macroeconomic environment.

Notification of SREP results

The results of the SREP process are notified annually to BNP Paribas's Executive Management by the ECB. The notification of SREP results for 2020 dated on 23 November 2020, states that capital requirements on a consolidated basis from last year (2020) remain in force for 2021.

The SREP decision comprises two items: a requirement known as the "Pillar 2 requirement"("P2R"), and a non-public guidance called "Pillar 2 guidance"("P2G"). Following the ECB's notification of the outcome of the 2020 annual SREP, the requirement that the Group must meet in 2021 under Pillar 2 remains unchanged overall at 1.25%. However, due to the application of Article 104a of Directive (EU) No 2019/878 since 2020 the Pillar 2 requirement has no longer been compulsorily comprised of CET1 capital and has been extended to include Tier 1 capital and total capital. Thus, after a CET1 capital requirement of 1.25% in 2019, this requirement is now set at:

- 0.70% for CET1 capital;
- 0.94% for Tier 1 capital;
- 1.25% for total equity.

Overall capital requirements

The Group's CET1 ratio, Tier 1 ratio and total capital ratio must at all times satisfy the following requirements corresponding to the limits of applicable distribution restrictions (Maximum Distributable Amount – MDA):

- the minimum CET1 ratio, Tier 1 ratio and total capital ratio, respectively, in accordance with article 92 (1) points a), b) and c) of the CRR;
- the Pillar 2 requirement;
- the combined buffer requirement defined in article 128 (6) of CRD 4, as transposed into the respective national laws.

TABLE 21: OVERALL CAPITAL REQUIREMENTS

	2020	2021
Minimum requirement (Pillar 1): CET1	4.50%	4.50%
Pillar 2 requirement(*): CET1	0.70%	0.70%
Combined buffer requirement	4.02%	4.03%
of which capital conservation buffer	2.50%	2.50%
of which G-SIBs buffer	1.50%	1.50%
of which countercyclical capital buffer(**)	0.02%	0.03%
OVERALL CET1 CAPITAL REQUIREMENT	**9.22%**	**9.23%**
Minimum requirement (Pillar 1): Tier 1	6.00%	6.00%
Pillar 2 requirement(*): Tier 1	0.94%	0.94%
Combined buffer requirement	4.02%	4.03%
OVERALL TIER 1 CAPITAL REQUIREMENT	**10.96%**	**10.97%**
Minimum requirement (Pillar 1): Total capital	8.00%	8.00%
Pillar 2 requirement(*): Total capital	1.25%	1.25%
Combined buffer requirement	4.02%	4.03%
OVERALL TOTAL CAPITAL REQUIREMENT	**13.27%**	**13.28%**

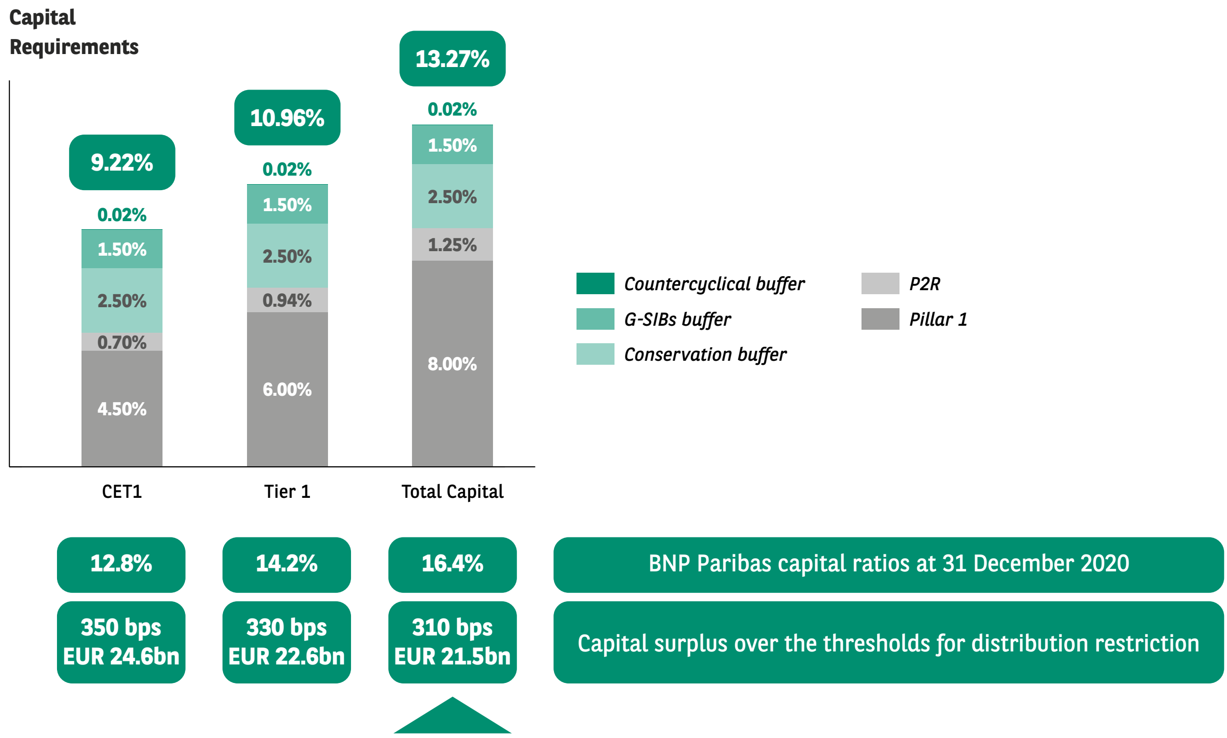
(*) Only the Pillar 2 Requirement is made public.Since 2020, the P2R has taken account of the application of Article 104a of Directive (EU) No 2019/878.
(**) Countercyclical capital buffer as at 31 December 2020 and anticipated as at 31 December 2021 take into account the applicable rate reductions that occurred in 2020.

The CET1 capital requirement is 9.22% at 31 December 2020 (excluding Pillar 2 guidance), in view of the capital conservation buffer at 2.5%, a G-SIBs buffer at 1.5%, the countercyclical buffer at 0.02% and a Pillar 2 requirement at 0.70%.

At 31 December 2020, BNP Paribas' CET1 ratio stands at 12.8%, well above the minimum requirement level applicable in 2020 notified by the European Central Bank. Compared to 31 December 2019, the CET1 ratio was up 70 basis points as at 31 December 2020, due to:

- the placing into reserves of 2020 net income after taking into account a 50% dividend pay-out ratio (+50 bp);
- the organic increase of risk-weighted assets at constant exchange rates (-50 bp);
- the impact of placing the 2019 dividend into reserves (+60 bp);
- the impact of other effects (of which prudential treatment of software) (+10 bp).

FIGURE 5: DISTRIBUTION RESTRICTION THRESHOLDS



The capital surplus over the thresholds for distribution restriction is the lesser of the three amounts calculated respectively in relation to CET1, Tier 1 and total capital requirements. At 31 December 2020, the Group had a surplus of total capital of EUR 21.5 billion compared to the distribution restriction thresholds.

BNP Paribas ratios are monitored and managed centrally, on a consolidated basis. Where a French or international entity is required to comply with banking regulations at its own level, its ratios are also monitored and managed directly by the entity (see paragraph *Capital management at local level*).

Requirements applicable to the Insurance business

Since 1 January 2016, BNP Paribas' insurance business is governed by Solvency II, the standard for calculating the solvency coverage ratio (Directive 2009/138/EC as transposed into French law).

The objective of Solvency II is to:

- integrate the concepts of risks and risk appetite to which insurance companies are exposed;
- harmonise the insurance regulatory regimes across Europe;
- give more power to supervisory authorities.

Solvency II is divided into three pillars aiming to:

- Pillar 1: assess solvency using what is known as an economic capital-based approach;
- Pillar 2: implement qualitative requirements, *i.e.* governance and risk management rules that include a forward-looking approach to risk assessment. This assessment is called ORSA (Own Risk & Solvency Assessment);
- Pillar 3: improve the transparency of the insurance business by making solvency the cornerstone of disclosures to the public and the supervisory authority.

The BNP Paribas Cardif group complies with this regulation both in terms of risk management and governance, as well as calculation and reporting. Solvency II-related data as at 31 December 2019 are available in the Solvency and Financial Condition Report (SFCR) for the BNP Paribas Cardif group, published on the institutional website https://www.bnpparibascardif.com/en/.

Insurance risks are introduced in section 5.10 *Insurance risks*.

Solvency II sets out two capital requirements:

- the Solvency Capital Requirement (SCR);
- the Minimum Capital Required (MCR) or, for groups, the SCR Group Minimum.

The SCR (Solvency Capital Requirement) is the level of own funds required to absorb a full series impacts after accounting for the correlation between risks. It is calibrated to cover such an event with a return period of 200 years within a one-year timescale (Value at Risk at 99.5%). The BNP Paribas Cardif SCR is evaluated by means of the standard formula laid down by the regulation.

The Capital Management Policy of BNP Paribas Cardif aims notably to ensure that the prudential solvency requirement are met, to cover at least 100% of the SCR defined within the scope of the ORSA assessment and to structure own funds so that the best balance can be found between the share capital, subordinated debt and other own funds elements, complying with the limits and levels laid down by regulations.

At 31 December 2019, own funds eligible for the Solvency Capital Requirement stood at EUR 16,364 million. The amount of SCR was EUR 8,249 million and the SCR coverage ratio was 198%. Eligible own funds for the SCR Group Minimum amounted to EUR 12,997 million. The amount of SCR Group Minimum was EUR 3,785 million, and the SCR Group Minimum coverage ratio was 343%.

The Solvency Report at 31 December 2020 will be published on 21 May 2021.

Compliance with the regulation on the additional supervision of financial conglomerates

As a bancassurer, the BNP Paribas Group is also subject to additional supervision as a financial conglomerate, pursuant to European Directive 2002/87/EU, supplemented by Delegated Regulation 342/2014 of the European Commission and implemented into French law by the Order of 3 November 2014.

The financial conglomerates directive has established additional prudential supervision, added to the rules existing in the banking and insurance sectors, because it has introduced additional constraints on capital adequacy, the monitoring of large exposures, and intragroup transactions.

A financial conglomerate is required to meet additional capital adequacy requirements on a consolidated basis. The purpose is to require sufficient capital to cover both banking sector and insurance sector risks, while eliminating multiple gearing.

The capital surplus or shortfall results from the difference between the financial conglomerate's equity capital and the solvency requirements applicable to the banking and insurance industries:

- the financial conglomerate's capital is determined based on the sector's solvency rules (CRR for the banking sector and Solvency II for the insurance sector);
- the requirements for the financial conglomerate are determined on the basis of banking sector requirements, calculated according to the CRR and CRD 4 rules, including all capital buffers as well as the requirement resulting from the SREP 2019 applicable in 2020, and on the basis of the solvency capital requirement (SCR) for the insurance sector, calculated in accordance with the Solvency II regulation.

In calculating the financial conglomerate's capital adequacy, the requirements and deductions of insurance entities are treated in compliance with Solvency II rules in replacement of the rules defined in the CRR. The latter consist primarily of a 370% weighting of investments in equities treated according to the simple weighting method (see section 5.4 *Credit risk: equities under the simple weighting method*).

Governance for the prudential supervision of financial conglomerates falls to the Capital Committee, which meets quarterly under the Chairmanship of the Chief Operating Officer.

As at 31 December 2020, BNP Paribas Group, as a financial conglomerate, had capital of EUR 123.6 billion compared to a total requirement of EUR 98.8 billion, which represents a capital surplus of EUR 24.8 billion.

RECOVERY AND RESOLUTION

Following the 2008/2009 financial crisis, international banking regulatory bodies adopted a series of regulations and directives based on the recommendations of the Financial Stability Board to facilitate the authorities' management of crises involving financial institutions and limit the impact of a potential collapse on the economy and public finances. They provide for:

- powers and instruments for the supervisory authorities to allow for better anticipation and oversight of the recovery of banks in difficulty, particularly by means of recovery plans;
- powers and instruments for the resolution authorities in order to implement orderly resolution of a bank that would not have been able to recover by itself and would be placed in resolution. This is based among other things on the resolution documents and detailed reports required from banks to enable authorities to prepare resolution plan;
- the addition of further regulatory requirements for institutions. These requirements – which overlap quite largely – aim to ensure a sufficient quantity of liabilities able to absorb losses or be converted into equity. In particular, they consist of:
  - a TLAC (Total Loss Absorbing Capacity) ratio for Global Systemically Important Banks (G-SIBs),
  - a MREL (Minimum Requirement for own funds and Eligible Liabilities) ratio applicable to all European institutions;
- bail-in rules for banks, with a review of the ranking of creditors including a category of TLAC eligible debt (non preferred senior) created in 2016, plus the creation in 2014 of a resolution fund financed by the banks, with the aim of avoiding any recourse to public assistance.

The recommendations of the Financial Stability Board were transposed into French banking law in July 2013, introducing in particular the obligation to create recovery and resolution plans, and giving resolution powers for the ACPR *(Autorité de contrôle prudentiel et de résolution)*.

On a European level, the Directive 2014/59/EU (BRRD – Bank Recovery and Resolution Directive) was passed in 2014 and has been transposed into the law of all European Union Member States. This directive, as well as Regulation (EU) No. 806/2014 (SRM Regulation – Single Resolution Mechanism Regulation) of 2014 and various additional delegated regulations, form all of the current regulations governing the recovery and resolution of European financial institutions. The amendments contained in BRRD 2, CRD 5 and CRR 2 proposed by the European Commission in November 2016 were approved and published in the Official Journal on 7 June 2019. In France, the transpositions of BRRD 2 and CRD 5 have been finalised on 21 December 2020.

Recovery Plan

The recovery plan, prepared at Group level, describes the possible recovery options if the Group were to find itself in a distressed situation. It contains information needed by the authorities to understand the Group's operations, resilience and capacity to absorb losses.

BNP Paribas submitted its updated Recovery Plan to its supervisor, the ECB, in September 2020. The Single Resolution Board (SRB) and other authorities can obtain the Recovery Plan from the ECB.

Prepared in accordance with the Financial Stability Board's recommendations, and the provisions of the French Monetary and Financial Code, this Recovery Plan was submitted to the Board of Director's Internal Control, Risk Management and Compliance Committee (CCIRC) for review and then to the Board of directors for approval (see chapter 2 *Corporate governance and internal control*).

The new version of the Plan includes updated figures and takes account of changes in the Group's organisation and activities. It is accompanied by a detailed description of the recovery scenarios used and the impacts of the recovery options identified. It also takes account of the comments of the ECB and the Recovery College's participating authorities, which met in January 2020, as well as developments in European regulations. It also incorporates lessons learned from dry runs conducted regularly by BNP Paribas on certain aspects of the plan with the participation of the Executive Management and the ECB.

This Recovery College, organised under the auspices of its supervisor, the ECB, brings together the authorities of the member countries of the European Union in which BNP Paribas has a presence, as well as the European Banking Authority.

Resolution documentation

In December 2020, BNP Paribas submitted a set of documents to the *Autorité de contrôle prudentiel et de résolution* (ACPR) to be forwarded to the Single Resolution Board (SRB). These documents contain information needed by the authorities to prepare a plan for the potential resolution of BNP Paribas.

Since 2016, the Bank provides annually a series of documents. These include an analytical declaration of the Bank and its subsidiaries' liabilities (Liability Data Report), required by the SRB to carry out its analyses of future requirements for liabilities eligible for bail-in, as well as various financial analyses, a presentation on the Bank's organisational structure and analyses of its critical functions and operational continuity in resolution. These statements are in line with the requirements formalised by the EBA (on behalf of the Commission).

In 2020, BNP Paribas took also part in a series of working meetings of the Internal Resolution Team (IRT), including the SRB, the ACPR and other EU bank resolution authorities, under the auspices of the SRB.

The purpose of these meetings, in which a series of questionnaires completed by BNP Paribas were discussed, was to deepen the SRB's analyses of the Group's capacity to deal with a potential resolution.

The Crisis Management Group (CMG) and the Resolution College met in January 2021 to approve the resolution plan drafted by the SRB.

The resolution strategy recommended by the SRB for major institutions such as BNP Paribas includes "bail-in" which, in contrast to "bail-out", involves the absorption of losses through the bank's internal resources. This implies the cancellation or reduction in the nominal value of a debt and/or its complete or partial conversion into equity. For major centralised banking groups such as BNP Paribas, this resolution strategy is applied at a Single Point of Entry (SPE), *i.e.* BNP Paribas SA, regardless of where the losses occur within the Group.

With regard to the US authorities, BNP Paribas presented a resolution plan for its activities in the United States, pursuant to Rule 165(d) of the Dodd-Frank Act in December 2018. The next plan will be submitted in 2021.

TLAC

In accordance with Regulation (EU) No. 2019/876, Global Systemically Important Banks (G-SIBs) have been subject to a two-fold TLAC requirement since 27 June 2019. This requirement includes, on the one hand, a minimum ratio expressed as a percentage of the risk-weighted assets, and, on the other hand, a minimum ratio expressed as a percentage of the leverage ratio exposures.

At 31 December 2020, the minimum TLAC requirement for the Group stood at 20.02% of the risk-weighted assets, resulting from:

- a 16% TLAC minimum requirement (18% from 1 January 2022);
- a 4.02% combined buffer requirement, in view of the capital conservation buffer at 2.5%, the G-SIBs buffer at 1.5% and the countercyclical capital buffer at 0.02%.

From 27 June 2019 to 31 December 2021, the Group's minimum TLAC requirement is 6% of the leverage ratio exposures. From 1 January 2022, this will rise to 6.75%.

TABLE 22: COMPOSITION OF TLAC RATIO (EU TLAC1)

	In millions of euros	31 December 2020(*)	31 December 2019(**)
Regulatory capital			
1	Common Equity Tier 1 capital (CET1)	88,767	81,204
2	Additional Tier 1 capital (AT1)	10,040	8,758
6	Tier 2 capital (Tier 2)	15,024	13,753
11	**TLAC eligible total capital**	**113,830**	**103,716**
TLAC eligible debt instruments			
12	Non preferred senior debt issued directly by the resolution entity (not grandfathered)(***)	52,731	39,648
EU-12a	Non preferred senior debt issued by other entities within the resolution entity (not grandfathered)	-	-
EU-12b	Non preferred senior debt issued before 27 June 2019 (grandfathered)	-	-
EU-12c	Amortised portion of Tier 2 instruments with remaining maturity over one year	829	275
13	Preferred senior debt (not grandfathered pre-cap)	Option not applied	Option not applied
EU-13a	Preferred senior debt issued before 27 June 2019 (grandfathered pre-cap)	Option not applied	Option not applied
14	Preferred senior debt, where applicable after application of Article 72b (3) of Regulation (EU) No. 2019/876 (capped to 2.5% of risk-weighted assets)	Option not applied	Option not applied
17	TLAC eligible debt instruments before adjustments	53,560	39,923
EU-17a	*of which subordinated*	*53,560*	*39,923*
Own funds and eligible liabilities: adjustments to non-regulatory capital elements			
18	Total capital and TLAC-eligible debt instruments before regulatory adjustments	167,390	143,639
19	Deduction of exposures between MPE resolution groups	-	-
20	Deduction of investments in other eligible liabilities instruments	-	-
22	**Total capital and other TLAC-eligible debt instruments after regulatory adjustments**	**167,390**	**143,639**
Risk-weighted assets and leverage ratio total exposure measure			
23	**Risk-weighted assets**	**695,523**	**668,828**
24	**Leverage ratio total exposure measure**	**1,998,414**	**1,955,211**
TLAC Ratio			
25	**TLAC RATIO** *(as a percentage of risk-weighted assets)*	**24.1%**	**21.5%**
26	**TLAC RATIO** *(as a percentage of leverage ratio total exposure measure)*	**8.4%**	**7.3%**
28	Combined buffer requirement	4.02 %	4.17 %
29	*of which capital conservation buffer*	*2.50 %*	*2.50 %*
30	*of which countercyclical buffer*	*0.02 %*	*0.17 %*
31	*of which systemic risk buffer*	*0.00 %*	*0.00 %*
EU-31a	*of which G-SIBs or D-SIBs buffer*	*1.50 %*	*1.50 %*

(*) In accordance with the transitional arrangements on the introduction of the IFRS 9 accounting standard (article 473a of Regulation (EU) No. 2017/2395 and Regulation (EU) No. 2020/873).

(**) Data as at 31 December 2019 take into account in deduction of regulatory capital the dividend distribution initially anticipated in relation to 2019 income, eventually retained in reserves in 2020.

(***) Outstanding principal amount.

At 31 December 2020, the Group's TLAC ratio broadly exceeds the applicable minimum level of requirement. This ratio stands at 24.1% of risk-weighted assets, without using senior preferred debt, which are eligible up to a limit of 2.5% of risk-weighted assets. It is 8.4% of leverage exposures taking into account the effect of the temporary exemption for deposits with Eurosystem central banks in the calculation of leverage exposures, pursuant to Article 500b of Regulation (EU) No. 2020/873.

The debt issuance targets aiming to satisfying these requirements and their nature are described in the section *Wholesale funding trends based on regulatory changes* in section 5.8 *Liquidity risk*.

➤ TABLE 23: HIERARCHY OF CREDITORS OF THE RESOLUTION ENTITY - BNP PARIBAS SA(*) (EU TLAC 3)

	In millions of euros	31 December 2020				
		Insolvency ranking				
		1	2	2	3	TOTAL
1	Description of insolvency rank	Instruments eligible for CET1 capital(**)	Instruments eligible for AT1 equity(**)	Instruments eligible for T2 capital(**)	Non-preferred senior debt(***)	
2	Regulatory capital instruments and debt instruments	107,892	9,948	19,181	52,731	**189,752**
3	*of which excluded debt instruments*	-	-	-	-	**-**
4	Regulatory capital instruments and eligible debt instruments	107,892	9,948	19,181	52,731	**189,752**
5	*of which instruments eligible for the TLAC ratio*	*107,892*	*9,948*	*19,181*	*52,731*	***189,752***
6	*of which residual maturity ≥ 1 year and < 2 years*	-	-	*350*	*2,779*	***3,130***
7	*of which residual maturity ≥ 2 years and < 5 years*	-	-	*3,476*	*20,793*	***24,269***
8	*of which residual maturity ≥ 5 years and < 10 years*	-	-	*9,126*	*22,609*	***31,735***
9	*of which residual maturity ≥ 10 years (excluding perpetual)*	-	-	*6,228*	*6,550*	***12,778***
10	*of which perpetual instruments*	*107,892*	*9,948*	-	-	***117,840***

(*) The data presented corresponds to the scope of the BNP Paribas SA resolution entity.
(**) Amounts before regulatory adjustments.
(***) Outstanding principal amount.

MREL

The MREL (Minimum Requirement for own funds and Eligible Liabilities) is intended to apply to all European Union credit institutions and investment firms. The procedures for calculating this requirement, specific to each institution, have evolved as part of the CRR 2 and BRRD 2 texts. Unlike the TLAC, for which the regulatory requirements became applicable immediately after the CRR 2 came into force (27 June 2019), regulatory requirements in relation to the MREL arising from BRRD 2 had to be transposed into French law, which has intervened in December 2020. After an industry consultation period, the SRB published a new set of rules reflecting the regulatory changes in the second quarter of 2020. Institutions are obliged to comply with their MREL requirement from 1 January 2024 at the latest. However, resolution authorities may set a transitional MREL requirement to be met from 1 January 2022. The disclosure requirements related to the MREL ratio will apply as of 1 January 2024.

Changes in regulations

BNP Paribas closely tracks the regulatory developments relating to bank recovery and resolution, in particular:

- the work of the Financial Stability Board, in particular, on clearing house resolution, liquidity strategy, the practical implementation of "bail-in" tools, and more generally on requirements on resolution;
- discussions focused on the creation of a European Deposit Insurance Scheme (EDIS) as the third pillar of the Banking Union. Progress on this issue is expected in 2021. On 10 November 2020, the European Commission published its roadmap on the Banking Union, which should lead to a period of consultation with the banking industry in early 2021;
- The potential impacts of Brexit on the eligibility of certain liabilities to the MREL.

5

LEVERAGE RATIO

The leverage ratio's main objective is to serve as a complementary measure to the risk-based capital requirements (back-stop principle). It is calculated as the ratio between Tier 1 capital and an exposure measure calculated using on- and off-balance sheet commitments valued using a prudential approach. In particular, derivatives and repurchase agreements are also adjusted.

At a European level, the leverage ratio requirement is applied gradually in accordance with the provisions contained in the CRR and CRR 2:

- since 1 January 2014, the leverage ratio has been the subject of a statement submitted to the ECB *via* regulatory reports;
- since 1 January 2015, banks have been required to publish this ratio under Pillar 3;
- from 28 June 2021, institutions will be subject to a minimum leverage ratio requirement of 3%;
- from 1 January 2023, Global Systemically Important Banks (G-SIBs) will be subject to an additional leverage requirement of 50% of the institution's G-SIBs buffer (see *Capital adequacy* section).

Processes used to manage the risk of excessive leverage

Monitoring of the leverage ratio is one of the responsibilities of the Capital Committee (as described in the section *Capital management* hereafter).

Factors that had an impact on the leverage ratio during the period to which the disclosed leverage Ratio refers

The leverage ratio was 4.9% as of 31 December 2020, compared to 4.6% as of 31 December 2019. As at 31 December 2020, the exposures used for the leverage ratio take into account the temporary exemption for deposits with Eurosystem central banks, as provided for in Article 500b of Regulation (EU) No. 2020/873. Without this exemption, the Group's leverage ratio is 4.4% at 31 December 2020.

Since 31 December 2018, the exposures used for the leverage ratio take into account the exemption related to centralised exposures with the Caisse des dépôts et consignations as regulated savings.

➤ TABLE 24: LEVERAGE RATIO – ITEMISED

➤ *Summary reconciliation of accounting assets and leverage ratio exposures (EU LRSum)*

	In millions of euros	31 December 2020	31 December 2019
1	Total assets as per published financial statements	2,488,491	2,164,713
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(248,445)	(244,076)
4	Adjustments for derivative financial instruments	(148,610)	(102,291)
5	Adjustment for securities financing transactions (SFTs)(*)	5,567	(5,117)
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	181,931	175,635
EU-6b	Adjustment for exposures exempt from the total exposure for the puposes of the ratio in respect of article 429, paragraph 14, of Regulation (EU) No. 575/2013	(265,814)	(14,767)
7	Other adjustments	(14,706)	(18,886)
8	**LEVERAGE RATIO TOTAL EXPOSURE MEASURE**	**1,998,414**	**1,955,211**

(*) Securities Financing Transactions: repurchase agreements and securities borrowing/lending

Leverage ratio common disclosure (EU LRCom)

	In millions of euros	31 December 2020(*)	31 December 2019(**)
	On-balance sheet exposures (excluding derivatives and SFTs(*))		
1	On-balance sheet items (excluding derivatives, SFTs(***) and fiduciary assets, but including collateral)	1,701,568	1,462,327
2	(Asset amounts deducted in determining Tier 1 capital)	(14,128)	(16,204)
3	**Total on-balance sheet exposures (excluding derivatives, SFTs(***) and fiduciary assets) (sum of lines 1 and 2)**	**1,687,440**	**1,446,123**
	Derivative exposures		
4	Replacement cost associated with all derivative transactions (*i.e.* net of eligible cash variation margin)	68,644	50,589
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	134,854	148,776
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(49,812)	(37,560)
8	(Exempted CCP leg of client-cleared trade exposures)	(24,479)	(21,346)
9	Adjusted effective notional amount of written credit derivatives	429,943	481,464
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(415,149)	(464,243)
11	**Total derivatives exposures (sum of lines 4 to 10)**	**144,001**	**157,681**
	SFT(***) exposures		
12	Gross SFT(***) assets (with no recognition of netting), after adjusting for sales accounting transactions	370,363	351,328
13	(Netted amounts of cash payables and cash receivables of gross SFT(***) assets)	(142,263)	(174,617)
14	Counterparty credit risk exposure for SFT(***) assets	22,756	13,828
16	**Total securities financing transaction exposures (sum of lines 12 to 14)**	**250,856**	**190,539**
	Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	455,280	434,586
18	(Adjustments for conversion to credit equivalent amounts)	(273,348)	(258,951)
19	**Other off-balance sheet exposures (sum of lines 17 and 18)**	**181,931**	**175,635**
EU-19b	**Exposures exempted in accordance with Article 429 (7) and (14) of Regulation (EU) No. 575/2013 (on-balance sheet and off-balance sheet exposures)**	**(265,814)**	**(14,767)**
	Capital and total exposure measure		
20	**Tier 1 capital**	**98,806**	**89,962**
21	**Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19b)**	**1,998,414**	**1,955,211**
22	**LEVERAGE RATIO**	**4.9%**	**4.6%**
EU-22a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank exposures)	4.4%	

(*) In accordance with the transitional arrangements on the introduction of the IFRS 9 accounting standard (article 473a of Regulation (EU) No. 2017/2395 and Regulation (EU) No. 2020/873).

(**) Data as at 31 December 2019 take into account in deduction of regulatory capital the dividend distribution initially anticipated in relation to 2019 income, eventually retained in reserves in 2020.

(***) Securities Financing Transactions: repurchase agreements and securities borrowing/lending

Split of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (EU LRSpl)

In millions of euros		31 December 2020	31 December 2019
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs(*), and exempted exposures), of which:**	**1,421,626**	**1,446,123**
EU-2	Trading book exposures	165,196	127,548
EU-3	Banking book exposures, of which:	1,256,430	1,318,575
EU-5	Exposures treated as sovereigns	198,774	296,629
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	38,257	35,792
EU-7	Institutions	35,607	37,172
EU-8	Secured by mortgages of immovable properties	181,557	199,255
EU-9	Retail exposures	233,828	219,299
EU-10	Corporate	332,834	317,034
EU-11	Exposures in default	14,309	13,679
EU-12	Other exposures (*e.g.* equity, securitisations, and other non-credit obligation assets)	221,265	199,715

(*) Securities Financing Transactions: repurchase agreements and securities borrowing/lending.
Pursuant to article R.511-16,1,4° of French Monetary and Financial Code, BNP Paribas's asset yield (i.e. net accounting income divided by the total balance sheet on a consolidated basis) is 0.30% in 2020 compared to 0.40% in 2019.

5

CAPITAL MANAGEMENT [Audited]

To ensure the Group's sustainability, the Bank must maintain an adequate level of capital with respect to the risks to which it is exposed and its strategy. Capital is a rare and strategic resource, which requires stringent, clearly defined, rigorous management according to an approach, which takes account of the needs and demands of stakeholders, including shareholders, supervisors, creditors and depositors.

OBJECTIVES

BNP Paribas' capital management:

- is governed by policies and procedures which make it possible to understand, document and supervise capital management practices throughout the Bank;
- takes risk measurement into account to determine the use of the capital;
- considers capital requirements and resources under normal operating conditions, as well as under situations of severe, but plausible stress;
- presents a forward-looking vision of the Bank's capital adequacy to the Executive Management;
- allocates the capital constraint to the business lines in keeping with their strategic objectives;
- complies with the Internal Capital Adequacy Assessment Process (ICAAP) and is consistent with the Risk Appetite Framework;
- is monitored by an appropriate governance.

CAPITAL MANAGEMENT AT CENTRAL LEVEL

BNP Paribas' capital management aims to ensure and verify that the Group has adequate capital to comply with the regulatory capital ratios, as well as specific requirements, for instance to operate as a Global Systemically Important Bank. To ensure its capital adequacy, the Group abides by the following principles:

- maintaining the capital at an appropriate level in view of BNP Paribas' activities, risk appetite, growth and strategic initiatives;
- maintaining BNP Paribas' capital at a level which complies with regulatory requirements;
- keeping a balance between capital adequacy and return on capital;
- meeting its obligations *vis-à-vis* creditors and counterparties, at each due date;
- continuing to operate as a financial intermediary.

Governance

The governance of the development, approval and update of the capital planning process is handled by two committees:

- the Risk-Weighted Assets Committee: it is jointly chaired by the Chief Financial Officer and the Chief Risk Officer, and comprises the operational divisions' Chief Financial Officers and Chief Risk Officers. The Committee meets quarterly to examine forecasts of the Group's risk-weighted assets in the context of the budget cycle and updating of its estimates.

  The Risk-Weighted Assets Committee is tasked with:
  - monitoring and discussing the forecasts of the Group's risk-weighted assets for each business line,
  - identifying the main assumptions underlying these forecasts and checking their accuracy,
  - identifying any evolution factors and quantifying their impacts,
  - proposing adjustments if required;
- the Capital Committee: it meets at least quarterly and is chaired by the Chief Operating Officer. The Committee's mission is to validate the Group's targets in terms of solvency ratios and Total Loss-Absorbing Capacity (TLAC) requirements as well as the trajectory to achieve these targets; monitor compliance with this trajectory; and, where necessary, propose corrective measures, consistent with the Group's Risk Appetite Statement (RAS). The Committee ensures, in this respect, internal capital adequacy is taken into account in the ICAAP as well as in the results of the global stress tests processes.

  The Capital Committee is tasked with:
  - monitoring, validating and anticipating changes in the business lines' risk-weighted assets as well as changes in the Group's prudential ratios, and monitoring these indicators relative to the Group's Risk Appetite, which is stated in the Risk Appetite Statement. This includes the solvency ratios, the additional requirement for financial conglomerate, the TLAC ratio and the leverage ratio,
  - identifying any evolution factors and quantifying their impacts,
  - defining trends in short/medium-term capital consumption and proposing the ensuing arbitrages to the Group's Executive Committee,
  - monitoring internal capital adequacy as part of the ICAAP,
  - monitoring the impacts of global stress test results,
  - monitoring the implementation of the supervisor's decisions that have an impact on the Group's solvency ratio or the amount of its risk-weighted assets.

The Capital Committee is also the Group's competent Executive Management authority for all issues related to the internal credit and operational risk model and the methodologies used in the ICAAP.

Monitoring indicators

Capital management at the consolidated level rests on the following indicators:

- the solvency ratios:

  BNP Paribas uses the CET1 ratio as its main internal capital management indicator;
- risk-weighted assets:

  The risk-weighted assets are calculated per business line and per type of risk. The change in risk-weighted assets is analysed per type of effect (in particular: volume effect, parameters effect, perimeter effect, currency effect and method effect);
- notional equity:

  The capital allocation transfers the capital constraints to all Group divisions and thus represents a major constraint concerning the Group's development and management. The evaluation of the business lines' performance includes the analysis of their pre-tax Return On Notional Equity – (RONE) indicators. The equity component of this ratio is the notional equity, which corresponds to the business lines' consumption of capital.

This management rests on two major processes which are closely linked:

- a detailed quarterly analysis of actual capital consumption by divisions/business lines and of the Group's solvency ratios, as well as quarterly forecasts of these indicators throughout the year;
- the yearly budget process, which plays a central role in the Bank's strategic planning process.

CAPITAL MANAGEMENT AT LOCAL LEVEL

The Group has to allocate available capital among its different entities. To ensure a free and efficient flow of capital throughout the Group, the capital allocation process within the Group is centralised at head office level. It is mainly based on two principles: compliance with local regulatory requirements and analysis of the local business needs of the entity and growth prospects. In line with these two principles, the aim is to minimise capital dispersion.

With respect to the first principle, the local Chief Financial Officers are responsible for the daily management and reporting of their subsidiaries' capital requirements. When a capital need arises, it is analysed on a case-by-case basis by the Group, taking into consideration the subsidiary's present position and future strategy. Furthermore, each year, the Group manages the subsidiaries' earnings repatriation process. The Group general policy stipulates that the entire distributable profit of every entity, including retained earnings, must be paid out. This policy ensures that the capital remains centralised at the BNP Paribas SA level and also contributes to reducing the foreign exchange risk. For instance, in 2020, the Group decided not to repatriate the 2019 earnings of its subsidiary BNP Paribas Fortis to take into account the health crisis context.

Local Chief Executive Officers are responsible for ensuring the subsidiary's ongoing financial viability and competitiveness in terms of capital, where relevant. However, any capital action requested by a subsidiary is assessed by and subject to authorisation from head office.

With respect to the second principle, the needs of each entity are analysed by dedicated teams in light of the Group's strategy in the relevant country, the entity's growth prospects and the macroeconomic environment.

In addition, every year the Group examines the branches' capital allocations in order to maintain an adequate level of capital in light of the different regulations.

5.3 Risk management [Audited]

GOVERNANCE

The specialised Committees of the Board of directors (see part 2.1.2, *Corporate governance of BNP Paribas* of chapter 2 *Corporate governance and internal control*), which examine the risks taken and the risk policies on a Group scale, are:

- the Internal Control, Risk Management and Compliance Committee (CCIRC);
- the Joint Committee that combines the CCIRC and the Financial Statements Committee.

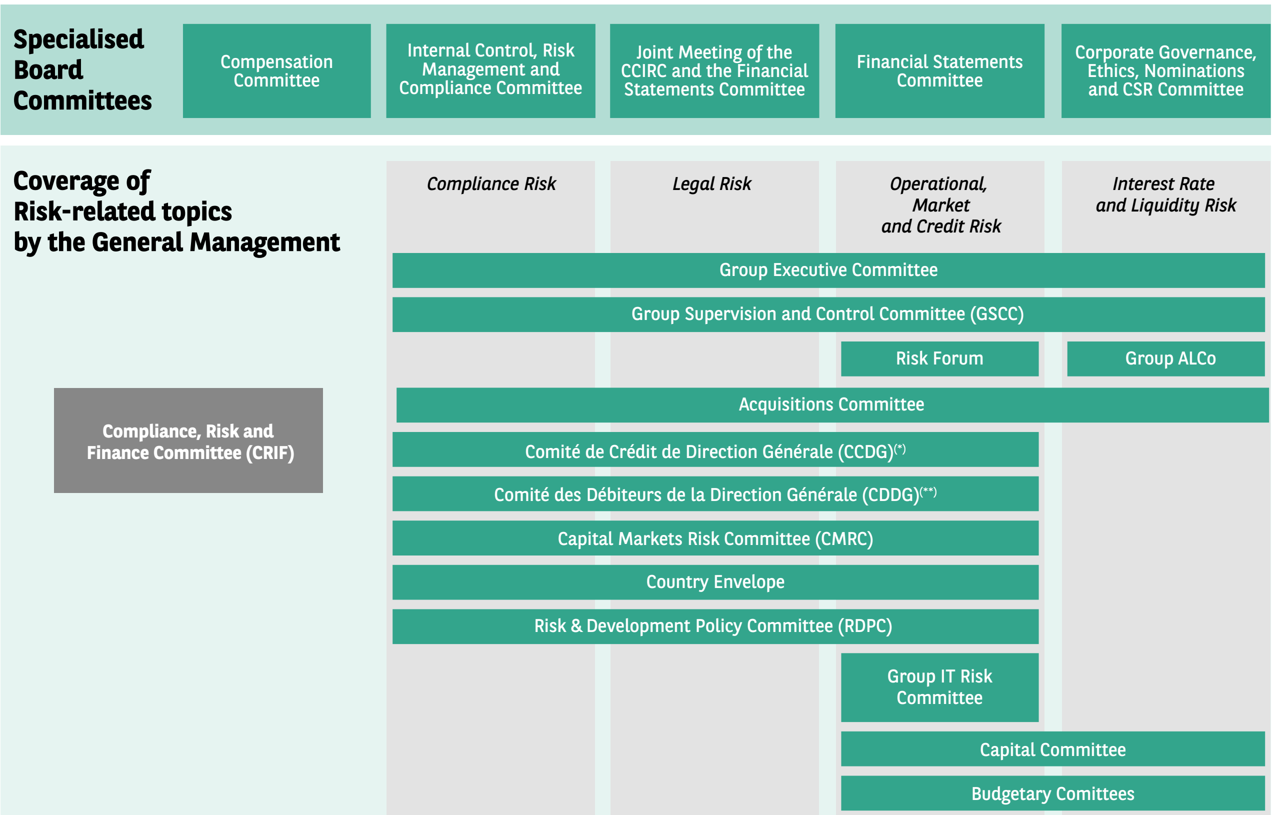
In line with the Group's Risk Appetite Statement, Executive Management gives the broad direction for the major guidelines based on the three key dimensions – risk, capital and liquidity – through the following bodies:

- Risk Forum: examines all risk topics considered as important and identifies those requiring additional analyses or risk decisions by the appropriate committees;
- Capital Committee: described under *Capital management* in section 5.2, validates the Group's objectives in terms of solvency ratios and Total Loss-Absorbing Capacity (TLAC) requirements as well as the trajectory to achieve these targets, monitors the compliance with this trajectory and, when relevant, proposes corrective actions. As the Group's competent Executive Management authority for all issues related to the internal credit and operational model, the Capital Committee is informed of decisions made in the MARCo Committees (Model Approval and Review Committee);
- Group ALM Treasury Committee (Group ALCo): responsible for the management of the liquidity risk, interest rate risk in the banking book and structural foreign exchange risk over the whole Group.

Moreover, the Group Supervision and Control Committee (GSCC) brings together the Group's control functions at Executive Management level and takes a Group-wide approach to tackling all aspects of risk exposure.

The following figure shows the main governance bodies at Group level for risk management.

FIGURE 6: OVERVIEW OF GROUP LEVEL GOVERNING BODIES COVERING RISK-RELATED TOPICS



(*) *General Management Credit Committee*

(**) *General Management Doubtful Committee*

The other main bodies at Group level have the following roles:

- the General Management Credit Committee (CCDG) is the Group's highest authority concerning credit and counterparty risks. This Committee decides on credit requests exceeding the amount of individual delegations or relating to transactions of a specific nature or which would deviate from the principles of the General Credit Policy. A Compliance representative may attend CCDG meetings when an opinion on financial security is needed;
- the General Management Doubtful Committee (CDDG) is the Group's highest level decision-making committee in terms of specific provisioning and recognitions of losses relative to the Group's customer exposures;
- the Capital Markets Risk Committee (CMRC) is the body which governs the Group's risk profile of the capital markets activities; its tasks include, among others, analysing market and counterparty risks and setting limits for capital market activities;
- the Country Envelope Committees determine the BNP Paribas Group's Risk Appetite by setting limits for medium-to-high-risk countries in view of risk in relation to country, market conditions, business strategies and aspects of risk and compliance;
- the Risk & Development Policy Committees (RDPC) have the dual objective of defining an appropriate risk policy for any given subject which may be a business activity, a product, a geographic area (region or country), a customer segment or economic sector, and of investigating development opportunities in relation to the subject in question;
- the Group IT Risk Committee (GITRC) defines and oversees the BNP Paribas Group's IT risk profile. This is the highest authority in terms of technological and cybersecurity risk management.

ADAPTATION MEASURES SPECIFIC TO THE HEALTH CRISIS

The sanitary context led to the implementation of regular crisis committees at all Group's levels, for a close monitoring of the impacts on credit, market, liquidity, operational and ICT (Information, Communication and Technology) risks, providing rapid decision making opportunities adapted to the evolving environment.

On credit risk, this close monitoring resulted in the introduction at division and business line level, of the regular supervision of the portfolios and clients most exposed to the consequences of the health crisis, as well as the follow-up of the measures introduced by the States. In addition, debt recovery teams were reinforced.

Group and entities' operational resilience was managed and strengthened with the activation crisis management procedures, including waiver control, adaptation of processes, the supervision of the operational arrangements and information systems related to moratoria and the adjustment of periodic internal control plans.

RISK MANAGEMENT ORGANISATION

POSITION OF THE CONTROL FUNCTIONS

Risk management is central to the banking business and is one of the cornerstones of operations for the BNP Paribas Group. BNP Paribas has an internal control system covering all types of risks to which the Group may be exposed, organised around three lines of defence (see the *Internal Control* section in chapter 2 *Corporate governance and internal control*):

- as the first line of defence, internal control is the business of every employee, and the heads of the operational activities are responsible for establishing and running a system for identifying, assessing and managing risks according to the standards defined by the functions exercising an independent control in respect of the second line of defense;
- the main control functions within BNP Paribas ensuring the second line of defence are the Compliance, RISK and LEGAL Functions. Their Heads report directly to Chief Executive Officer and account for the performance of their missions to the Board of directors *via* its specialised committees;
- General Inspection provides a third level of defence. It is responsible for the periodic control.

GENERAL RESPONSIBILITIES OF THE RISK AND COMPLIANCE FUNCTIONS

Responsibility for managing risks primarily lies with the divisions and business lines that are at the origin of the underlying transactions. RISK continuously performs a second-line control over the Group's credit, market, banking book interest rate, liquidity, operational risks, including technological and cybersecurity risks, over data protection, social and environmental responsibility risks and insurance risks. As part of this role, it must ascertain the soundness and sustainability of the business developments and their overall alignment with the risk appetite target set by the Group. RISK's remit includes formulating recommendations on risk policies, analysing the risk portfolio on a forward-looking basis, approving corporate loans and trading limits, guaranteeing the quality and effectiveness of monitoring procedures and defining or validating risk measurement methods. RISK is also responsible for ensuring that all the risk implications of new businesses or products have been adequately assessed.

Compliance has identical responsibilities as regards compliance and reputation risks. It plays an important oversight and reporting role in the process of validating new products, new business activities and exceptional transactions.

ORGANISATION OF THE RISK AND COMPLIANCE FUNCTIONS

Approach

The RISK organisation fully complies with the principles of independence, vertical integration, and decentralisation issued by the Group's Management for the Group's main control functions (Compliance, RISK, LEGAL, and a third line of defence, General Inspection). Hence within RISK:

- all the teams in charge of risks, including those in operational entities have been integrated in the function with reporting lines to the Chief Risk Officers of these entities;
- the Chief Risk Officers of the entities report to RISK.

Moreover, this organisation enabled the governance of risk management activities to be strengthened, especially regarding model risk management, through RISK Independent Review and Control (RISK IRC) team, reporting directly to the Chief Risk Officer (CRO) which groups together the teams in charge of the independent review of the risk methodologies and models, and in the area of operational risk, with the organisation described in section 5.9 *Operational risk*.

In accordance with international standards and French regulations, Compliance manages the system for monitoring compliance and reputation risks for all of the Group's businesses in France and abroad. The system for monitoring compliance and reputation risks is described in section 5.9.

Role of the Chief Risk Officer

The Group Chief Risk Officer reports directly to the Chief Executive Officer and sits on the Executive Committee of BNP Paribas. He has line authority over all Risk employees. He can veto the risk-related decisions and has no connection, in terms of authority, with the Heads of Core Businesses, business lines and territories. This positioning serves the following purposes:

- ensuring the objectivity of risk control, by removing any involvement in commercial relationships;
- making sure senior management is warned of any deterioration in risk and is rapidly provided with objective and comprehensive information on the status of risks;
- enabling the dissemination, throughout the Bank, of high and uniform risk management standards and practices;
- ensuring the quality of risk assessment methods and procedures by calling on professional risk managers in charge of evaluating and enhancing these methods and procedures in light of the best practices implemented by international competitors.

Role of the Chief Compliance Officer

The Chief Compliance Officer takes his powers from the Chief Executive Officer and reports directly to him. He is a member of the Group's Executive Committee and reports regularly to the *ad hoc* Committees of the Board of directors, generally the Internal Control, Risk and Compliance Committee. He may also inform the Board of directors, if the latter or Chief Executive Officer deems it necessary. He may also inform the Board of directors directly if he considers that an event likely to have a material impact on the Group should be brought to its attention.

He has no operational activity outside of compliance and reputation risk and no commercial activity, which guarantees his independence of action. He exercises hierarchical supervision over all the compliance teams in the various business units, geographical areas and functions.

The Compliance Function's mission is to issue opinions and decisions, and provide oversight and second-line controls, in order to give reasonable assurance that the Group's compliance oversight procedures for its transactions are effective and consistent, and that its reputation has been protected.

RISK CULTURE

ONE OF THE GROUP'S CORE FOUNDING PRINCIPLES

The BNP Paribas Group has a strong risk and compliance culture.

Executive Management has chosen to include the risk culture in three of its key corporate culture documents:

- Code of conduct:

  The Group adopted a new Code of conduct in 2016. It applies to all employees and defines the rules for our conduct in line with the core values of our corporate culture. For example, employees are reminded in the Code of conduct that the Group's interests are protected by responsible risk-taking in a strict control environment. The Code of conduct also includes rules for protecting customers' interests, financial security, market integrity and professional ethics, which all play an important role in mitigating compliance and reputation risks;

- Responsibility Charter:

  Executive Management drew up a formal Responsibility Charter, inspired by the Group's core values (the "BNP Paribas Way"), management principles and Code of conduct. One of the four commitments is "Being prepared to take risks, while ensuring close risk control".

  The Group sees rigorous risk control as part of its responsibility, both to clients and to the financial system as a whole. The Bank's decisions on the commitments it makes are reached after a rigorous and concerted process, based on a strong, shared risk culture which pervades all levels of the Group. This is true both for risks linked to lending activities, where loans are granted only after in-depth analysis of the borrower's situation and the project to be financed, and for market risks arising from transactions with clients – these are assessed on a daily basis, tested against stress scenarios, and subject to limits.

As a strongly diversified Group, both in terms of geography and businesses, BNP Paribas is able to balance risks and their consequences as they materialise. The Group is organised and managed in such a way that any difficulties arising in one business area will not jeopardise another in the Bank;

- the Group's mission and commitments:

  The mission of BNP Paribas is to finance the economy and advise its clients, by supporting them with their projects, their investments, and the management of their savings, guided by strong ethical principles. Through these activities, BNP Paribas wants to have a positive impact on stakeholders and on society, and be one of the most trustworthy players in the sector. BNP Paribas' twelve commitments as a Responsible Bank include in particular the commitment to apply the highest ethical standards and rigorously manage environmental, social, and governance risks (see section 7.2 *Economic Responsibility: financing the economy in an ethical manner*).

SPREADING THE RISK CULTURE

Robust risk management is an integral part of the Bank's principles. A culture of risk management and control has always been one of its top priorities.

BNP Paribas launched the Risk Culture, a Group-wide initiative, giving it the objective of reinforcing the communication of the best practices in risk management. Sponsored by four functions: Compliance, LEGAL, HR, and RISK, Risk Culture is designed for the benefit of all staff and intervenes on all types of risks to which the Group may be exposed, including credit, market, liquidity, operational, compliance, regulatory, environmental and social risks. Taking an adaptive and participative approach, this initiative supports the business lines in their process of understanding risks, for example in transformation projects or when onboarding new employees. In particular, it takes special care to ensure that conduct and behaviour requirements are well integrated, beyond the mission of transmitting knowledge.

In conjunction with operational entities, Risk Culture actions mainly consist of:

- ensuring the dissemination of information and professional development in the area of risk management, by means of conferences and the publication of educational articles or videos;
- facilitating the sharing of knowledge between the various players in the Bank, in particular changes in the Bank's business lines, news on regulatory requirements and new ways of working. The experts of the Group are invited to expand documentary resources which can be accessed by employees *via* a dedicated online platform.

In all its initiatives, Risk Culture promotes the six fundamental risk management practices that are key to developing a robust risk culture. They serve as a reminder to staff about the importance of clearly understanding and anticipating risks with a long-term perspective, being disciplined with risks taken and reporting swiftly and transparently on risk issues.

Lastly, the risk culture is also spread throughout the Group by linking compensation to performance and risk (see chapter 7, section entitled *A competitive compensation policy*), under a system that was strengthened in this area since 2015 for those employees whose decisions entail a significant risk component.

RISK APPETITE

DEFINITION AND OBJECTIVES

The Group does not have a specific risk appetite target, but some risks are inherent to its business and therefore to the achievement of its strategic objectives. It has prepared a Risk Appetite Statement and Risk Appetite Framework, which should be seen as the Group's formal statement of its tolerance to the risks to which it is exposed as it implements its strategy.

The Risk Appetite Statement is approved on a yearly basis by the Board of directors on the proposal of Executive Management. Consistent with the Group's strategy and in light of the environment in which it operates, this document sets out the qualitative risk principles it intends to follow in its business activities, as well as a quantitative mechanism for supervising the Group's risk profile indicators through quantitative metrics and thresholds. This system covers both the quantifiable and non-quantifiable risks to which it is exposed.

The Group's risk appetite is determined by Executive Management, through the various committees it chairs (CCDG, CMRC, Group ALCo, and Capital Committee), which are tasked with managing the Group's different types of risk exposure. The Group's strategic processes, such as budget, capital and liquidity management, are in line with the Risk Appetite Statement. Certain Risk Appetite Statement indicators are included in the budget exercise and their expected values in the budget are cross-checked against the thresholds in the Risk Appetite Statement.

The Group's Risk Appetite Statement reflects the core values of its risk culture. It states that the Group's risk culture and its commitments as a responsible bank are at the heart of its strategy. The Statement reaffirms the Group's mission: to finance the economy, advise its clients, and help to finance their projects, guided by strong ethical principles. The Group's strategy underpinning its risk appetite is founded on the core principles that have guided its development: a balance between business activities to deliver profitability and stability, a customer-focused business model and an integrated banking model to optimise services to the latter. This strategy also factors in developments in the banking industry, including the trend towards a digital model, an uncertain macro-economic outlook, marked by a low rates environment, and stringent regulatory constraints.

RISK PRINCIPLES

The risk principles aim to define the types of risk the Group is prepared to accept in support of its business strategy.

They include the following in particular:

- diversification and risk-adjusted profitability:

  The Group seeks to generate sustainable, client-driven, risk adjusted profits. Sustainable profitability will be achieved based on selectivity and controlled evolution of assets, and the pursuit of a diversified business model. Whilst the Group accepts some level of earnings volatility, it remains attentive to contain, at all times, the level of maximum potential losses in an adverse scenario;
- solvency and profitability:

  BNP Paribas has sufficient capital to cope with stress scenarios and to meet regulatory capitalisation standards in force. In the course of serving its clients, BNP Paribas accepts exposure to risks when it earns a proper return over an acceptable timeframe, and when its potential impacts seem acceptable;
- funding and liquidity:

  The Group ensures that the diversification of and balance between its resources and uses of funds correspond to a conservative funding strategy, allowing it to withstand adverse liquidity scenarios. The Group makes sure that it complies with the regulatory liquidity ratios in force;
- credit risk:

  The Group only accepts exposure on customers it knows well, based on comprehensive information, and pays close attention to the structure of the financing it grants. The Group builds and maintains a diversified risk portfolio, avoiding large concentrations (especially on single names, industries and countries) and ensures that it complies with the concentration policies in force;
- market risk:

  The Group manages market risks (interest rates, equities, currencies, commodities) within the following framework:
  - for activities in the capital markets that are customer-focused, BNP Paribas intends to keep its market risk profile in line with this customer-focused business mode,
  - interest rate risk associated with its banking book with the aim of stabilising its results on an ongoing basis to within acceptable limits;
- operational risk:

  The Group aims to protect its customers, employees and shareholders from operational risk. To do so it has developed a risk management infrastructure based on identifying potential risks, strategies to mitigate risk, and actions to raise awareness of these risks. Some specific risks have resulted in the definition of dedicated principles, in particular:
  - non-compliance risk:

    The Group is committed to compliance with all applicable laws and regulations. It undertakes to implement a system to manage the risk of non-compliance, including through special programmes dedicated to the most important regulations for its business,
  - Information, Communication and Technology risk:

    The Group endeavours to reduce the risks related to the security of its information through various awareness actions, enhanced supervision of outsourced activities, heightened protection of terminals, incident monitoring, and a technology watch over IT vulnerabilities and attacks;
- insurance activities:

  BNP Paribas Cardif is exposed mainly to credit, underwriting and market risks. The entity closely monitors its exposures and profitability, taking into account its risks and the adequacy of its capital with regard to solvency rules. It endeavours to contain potential losses in adverse scenarios at acceptable levels;
- risk associated with social and environmental responsibility:

  The Group is particularly sensitive to its customers' performance in terms of social and environmental responsibility, believing that this could have a material impact on its customers' risk profile and, consequently, their solvency, in addition to being a major reputational risk. BNP Paribas takes social and environmental risks into consideration when assessing customer-related risks. The Group also tracks these risks as part of the conduct of its own business, the conduct of its counterparties' business and of its investments on its own behalf or on behalf of third parties.

SUPERVISION OF RISK PROFILE INDICATORS

The Risk Appetite Statement sets out the indicators that measure the Group's risk profile for its risk exposure categories.

Risk level thresholds are assigned to each metric. When these thresholds are reached, they trigger an established process to inform Executive Management and the Board of directors, and if need be, to implement action plans.

These indicators are monitored quarterly in the risk dashboards presented to the CCIRC.

For example, the following ratios (described in the *Key figures* of section 5.1) are included in the Risk Appetite indicators:

- the CET1 ratio;
- the balance of the breakdown of risk-weighted assets by business line (IFS, DM and CIB);
- the cost of risk on outstanding loans (in annualised basis points);
- the liquidity coverage ratio (LCR).

STRESS TESTING

To ensure dynamic risk supervision and management, the Group has implemented a comprehensive stress testing framework.

STRESS TESTING FRAMEWORK

The stress testing framework forms an integral part of the risk management and financial monitoring system and is used with a threefold objective of forward-looking risk management, planning of regulatory resources and liquidity requirements, and optimisation of the deployment of these resources within the Group, mainly through the Group's and its main entities' ICAAP and ILAAP processes.

Different types of stress tests

There are two types of stress tests:

- regulatory stress tests:

  These involve primarily the stress tests requested by the European Banking Authority, the European Central Banks, or any other supervisory authority.

  In 2020, the EBA and the ECB launched their biennial stress test exercise. Due to the health context linked to the Covid-19 epidemic, the EBA decided on 12 March 2020 to postpone the exercise to 2021. No results have therefore been published for the 2020 exercise. On 29 January 2021, the EBA published the macroeconomic scenarios and methodological assumptions to be applied for the 2021 exercise, which will be conducted among the 50 largest European banks until the third quarter of 2021.

  In 2019, the ECB had conducted liquidity stress tests on 103 European banks. This exercise consisted of a sensitivity analysis to assess changes in the banks' net liquidity position in different impact scenarios that may arise in the event of the bank experiencing a liquidity crisis. The shocks applied to assets and liabilities were defined using observed liquidity crises that have impacted banks in Europe and were calibrated for different levels of severity. This liquidity stress test showed the comfortable Group's liquidity position.

  In 2018, the EBA and the ECB had conducted EU-wide stress tests of the forty-eight largest European banks. All banks were required to apply certain macroeconomic scenarios and methodological assumptions for comparison purposes. A scenario of severe macroeconomic stress over a period of three consecutive years (the "adverse scenario") was used to test the impact on exposure to credit, market, operational and revenue (rates and commission) risk. This was the first European regulatory year completed under the new IFRS 9 accounting standard, enabling its potential impact in the event of a major macroeconomic crisis to be analysed.

  This stress test demonstrated the Group's ability to withstand the scenario proposed by the European Systemic Risk Board (ESRB) as part of the test. As a reminder, the impact of this major stress scenario on BNP Paribas' capital consisted in reducing the full CET1 ratio by 288 basis points compared with the level at 31 December 2017, restated for calculation changes in the first half of 2018[(1)], versus an average reduction of -385 basis points across all of the forty-eight European banks tested;

- internal stress tests:
  - stress tests dedicated to risk anticipation: they contribute to the forward-looking risk management, in particular of credit, market, counterparty, interest rates in the banking book, operational, activity and liquidity risks. The results of the transverse stress tests are used, among other purposes, to formulate the Bank's risk appetite and periodically measure its risk profile. They are periodically submitted to Group Executive Management as well as the Board of directors' Internal Control, Risk Management and Compliance Committee (CCIRC) through the quarterly Group risk dashboard. Moreover, *ad hoc* stress testing is performed, when appropriate, within Risk & Development Policy Committees, portfolio reviews or Country Strategic Committees to identify and assess areas of vulnerability within the Group's portfolios,
  - stress tests for the budget process: they contribute to three-year capital planning. Stress tests are carried out annually as part of the budget process and are included in the ICAAP and the ILAAP. They are reviewed at divisional and business line level before being consolidated at Group level to provide a comprehensive view of the impact on the Bank's capital, liquidity and earnings.

    The purpose of stress testing in the budget process is to assess the impact of an adverse macroeconomic scenario on the Group and its activities. These stress tests are part of the yearly budget process which is run on the basis of baseline and adverse scenarios.

    The impact of the adverse scenario is measured on profil and loss (revenues, cost of risk, *etc.*), balance-sheet, risk-weighted assets, and capital.

(1) Relating to the entry into force of IFRS 9, to the deduction from CET1 capital of irrevocable payment commitments (IPC) and to risk-weighted assets associated with operational risk in advanced measurement approach which have been raised to the level of the standardised approach.

The calculated final output is a range of projected Group's solvency ratios, as well as possible adjustment measures. The scenarios used, the outcomes of the stress tests and the proposed possible adjustment measures (such as reducing exposures to a sub-segment or changes in funding or liquidity policies, *etc.*) are included in the budget synthesis report presented to the Group Executive Management at the end of the budget process. In addition, in the Group's ICAAP, its solvency can be analysed in adverse scenarios other than an adverse budget scenario, defined by risk topics occasionally identified by the Group,

- reverse stress tests: they were conducted as part of the Bank's recovery and resolution plan and ICAAP. Reverse stress tests consist of identifying scenarios likely to result in a drop in the Bank's solvency ratios to below levels set in advance in line with the methods of use in question. These exercises enable any areas where the Bank is fragile in terms of changes in certain risk factors to be detected and facilitate in-depth analyses of the remedial actions that could be implemented by business lines or Group-wide.

Governance and implementation

This framework is based on a well-defined governance, with responsibilities shared between the Group and operational entities in order to encourage operational integration and relevance. Since 2017, the Group has set up a Stress Testing and Extended Planning (STEP) programme serving both the Group and its subsidiaries and business lines. The aim of the STEP programme is continue to respond effectively to the various regulatory stress tests, such as the EBA and ECB ones, and to develop internal stress test practices required for proper risk management and Group resource planning.

Finance, RISK and ALM Treasury functions have created a shared team – Stress Testing and Financial Synthesis ("STFS"), responsible for implementing the STEP programme and its deployment across the Group's entities and activities.

The STFS team is responsible in particular for:

- the definition and the implementation of the Group's target structure in terms of stress testing while covering the associated organisational issues, modelisation, IT systems and governance;
- the performance of all of the Group's stress testing exercises, relying in particular on existing teams within RISK and Finance functions;
- the support of the stress test initiatives of the Group's business lines and legal entities in order to ensure overall consistency and streamline procedures;
- the management of the Group's financial synthesis and its adaptation to the challenges of SREP;
- the production of the Group's ICAAP report and, for certain risks, the quantification of internal capital.

Stress test methodologies are tailored to the main categories of risk and subject to independent review.

Stress tests may be run at Group, business line or portfolio level, dedicated to one or more risk types and on a more or less large number of variables depending on the pursued objective. Where appropriate, the results of quantitative models may be adjusted on the basis of expert judgement.

Since its creation, the Group's stress testing framework has evolved continuously in order to integrate the most recent developments in stress tests, whether in terms of methodologies or improved operational integration in the Group's management processes. The stress test framework by type of risks is detailed in sections 5.4 *Credit risk*, 5.6 *Counterparty credit risk* and 5.7 *Market risk*.

INTERNAL STRESS TEST SCENARIO DEFINITION

In stress testing exercises, it is common practice to distinguish baseline scenario and adverse (and favourable, where applicable) scenarios. A macroeconomic scenario is typically a set of macroeconomic and macrofinancial variables (GDP and its components, inflation, employment and unemployment, interest and exchange rates, stock prices, commodity prices, *etc.*) values projected over a given future period of time.

Baseline scenario

The baseline scenario is considered as the most likely scenario over the projection horizon. The baseline scenario is constructed by Group Economic Research in collaboration with various functions or business lines possessing a specific expertise, in particular:

- Group ALM Treasury for interest rates;
- Wealth Management for equity indices;
- BNP Paribas Real Estate regarding commercial real estate;
- local economists when regional expertise is required;
- RISK for coordination and overall consistency of the scenario.

The global scenario is made up of regional and national scenarios (eurozone, France, Italy, Belgium, Spain, Germany, United Kingdom, Poland, Turkey, United States, Japan, China, India, Russia, *etc.*) consistent with each other.

Adverse scenario

An adverse scenario describes one or several potential shocks to the economic and financial environment – *i.e.* the materialisation of one or several risks to the baseline scenario – over the projection horizon. An adverse scenario is thus always designed in relation to a baseline scenario, and the shocks associated with the adverse scenario are translated in the set of macroeconomic and financial variables listed above as deviations from their value in the baseline scenario. The adverse scenario is constructed by RISK with the benefit of the expertise of the same team from Group functions or business lines used for the baseline scenario.

Construction of scenarios

Adverse (and advantageous, where applicable) scenarios are revised quarterly by RISK for a review of the Bank's risk appetite metrics and credit provision calculations within the framework of IFRS 9 (see part 2.h of consolidated and financial statements).

They are approved (together with the baseline scenario) by the Group Executive Management in June and September as part of the Group's budget process. For the other two quarterly exercises in March and December, scenarios are approved jointly by the Group Chief Risk Officer and the Group Chief Financial Officer.

The scenarios are then used to calculate expected losses (or profit and loss impact in the case of market risks) over the year for all Group portfolios:

- for portfolios exposed to credit or counterparty risk and for the equity portfolio of the banking book: this calculation measures the impact of the scenario on the cost of risk and risk-weighted assets due to the deterioration of the portfolio quality resulting from the macroeconomic scenario, or adverse moves in equity prices. Credit risk stress tests are performed on the Bank's entire portfolio for all regions and all prudential portfolios, namely Retail, Corporates and Institutions;
- for market portfolios: the changes in value and their profit and loss impact are calculated by simulating a one-time shock, which is consistent with the overall scenario.

The above calculations and related methodologies for stress tests on credit and market risks are coordinated centrally at Group level by STFS team. They also involve various teams of experts at Group and territory's levels in their implementation and design.

Lastly, in an adverse budget scenario, risks appertaining to the Group and its business activities and not forming part of the adverse macroeconomic scenario are added. They are identified and quantified either by the Group's businesses or centrally for those likely to impact the Group as a whole.

5.4 Credit risk

Credit risk is the consequence resulting from the likelihood that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The probability of default and the expected recovery on the loan or receivable in the event of default are key components of the credit quality assessment.

EXPOSURE TO CREDIT RISK

The following table shows the gross exposure of all of the BNP Paribas Group's assets exposed to credit risk. The banking book securitisation positions as well as derivatives and repurchase agreements exposed to counterparty risk are excluded from this section and presented in section 5.5 and 5.6, respectively.

In accordance with the EBA's guidelines published in December 2016 on the revised Pillar 3, equity exposures under the standardised approach and using the simple weighting method are included in this section.

The main differences between the carrying amounts of the prudential balance sheet and the risk exposure amounts used for regulatory purposes are presented in Table 12 in the *Scope of Application* section of section 5.2.

These gross exposure amounts do not take into account guarantee and collateral received by the Group in its normal credit risk management operations (see section *Credit risk mitigation techniques*).

TABLE 25: CREDIT RISK EXPOSURE BY ASSET CLASS AND APPROACH

Exposure *In millions of euros*	31 December 2020				31 December 2019				Variation	
	IRB approach	Standardised approach(*)	Simple weighting method	Total	IRB approach	Standardised approach(*)	Simple weighting method	Total	Total	Total - excluding foreign exchange effect
Central governments and central banks	429,083	44,053	-	473,137	270,355	41,454	-	311,809	161,327	168,155
Corporates	602,043	140,265	-	742,308	553,272	144,388	-	697,660	44,648	70,518
Institutions(**)	53,740	26,696	-	80,437	58,137	23,266	-	81,403	(967)	1,776
Retail	284,356	173,760	-	458,117	273,493	187,116	-	460,609	(2,492)	5,821
Equity	-	781	17,002	17,783	-	997	16,887	17,884	(100)	(11)
Other items(***)	578	28,010	-	28,588	459	28,314	-	28,773	(185)	367
TOTAL	**1,369,802**	**413,566**	**17,002**	**1,800,369**	**1,155,716**	**425,536**	**16,887**	**1,598,139**	**202,230**	**246,627**

(*) In the following paragraphs, standardised credit risk exposures are reported according to the regulatory standardised classification.
(**) Institutions asset class comprises credit institutions and investment firms, including those recognised in other countries. It also includes some exposures to regional and local authorities, public sector agencies and multilateral development banks that are not treated as central government authorities.
(***) Other items include tangible assets, accrued income and residual values.

Exposure related to loan acquisitions on the secondary market in 2020 only accounts for a marginal amount.

TRENDS IN CREDIT RISK EXPOSURE

The increase in credit risk exposures (excluding Other items and Equities) excluding the impact of foreign exchange rates totalling EUR 247 billion in 2020 is due to the increase in the level of liquidity placed with Eurosystem central banks, as well as by the Bank's day-to-day activities combined with the implementation of State-guaranteed loans. Currency effects significantly influenced the change in exposure (-EUR 44 billion) under the combined effect of US dollar (-EUR 27 billion) and Turkish lira (-EUR 4 billion) depreciation. Apart from these exchange rate effects, the main changes by exposure class are as follows:

- the EUR 168 billion increase in exposures to central governments and central banks is linked to the significant volumes of liquidity placed in European central banks;
- the increase in exposure to corporates of EUR 71 billion was driven mainly by Domestic Markets (+EUR 40 billion, of which 38% related to French State-guaranteed loans), notably in France (+EUR 21 billion), Italy (+EUR 10 billion) and Belgium (+EUR 5 billion), by CIB (+EUR 23 billion) mainly in Europe, and by International Financial Services (+EUR 5 billion) in France and Poland.

APPROACHES USED TO CALCULATE CAPITAL REQUIREMENTS

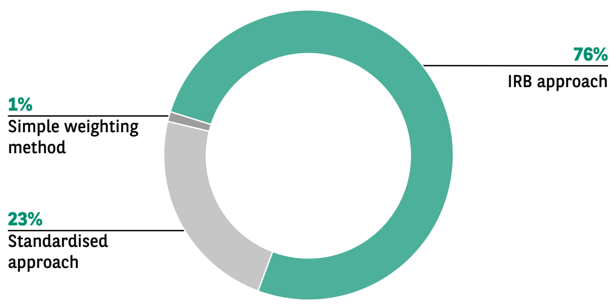
BNP Paribas has opted for the most advanced approaches allowed under Basel 3. In accordance with the European Directive and its transposition into French law, in 2007 the supervisor authorised the Group to use internal models to calculate capital requirements starting on 1 January 2008.

For credit risk, the share of exposures under the IRBA approach is 76% at 31 December 2020, compared with 72% at 31 December 2019. This significant scope includes in particular Corporate and Institutional Banking (CIB), French Retail Banking (FRB), BNL SpA, a part of the BNP Paribas Personal Finance business (consumer loan book) and the entities BNP Paribas Fortis and BGL BNP Paribas. The main models used by the Fortis Group, which prior to its acquisition had been authorised by its banking supervisor to use the advanced approach, converged with Group methodologies (with the exception of those concerning retail customers). The IRBA scope nevertheless excludes certain entities such as those of the BancWest subgroup and subsidiaries in emerging countries.

Within the scope of equity exposures, the Group has mainly opted for the simple weighting method.

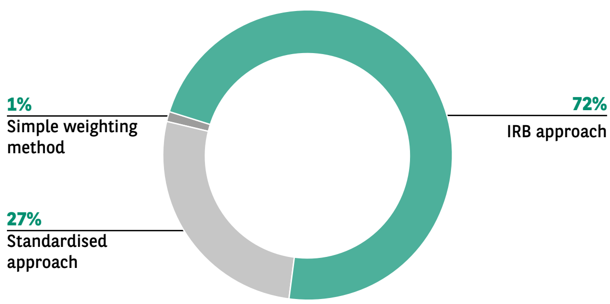
➤ FIGURE 7: CREDIT RISK EXPOSURE BY APPROACH

At 31 December 2020



Total: EUR 1,800 billion

At 31 December 2019



Total : EUR 1,598 billion

CREDIT RISK MANAGEMENT POLICY

CREDIT POLICIES [Audited]

The Bank's lending activities are governed by the Global Credit Policy. It applies to all Group activities that generate credit or counterparty risk. The Global Credit Policy provides general principles (including the risk assessment and decision-making process, adherence to the highest standards of compliance and ethics) applicable to all credit risk, as well as specific principles applicable to country risk, economic sector risks, clients selection and the transaction structures. It is supplemented by specific policies tailored to each type of business or counterparty.

These policies are regularly updated in line with developments in the credit environment in which the Group operates.

Corporate Social and Environmental Responsibility (CSR)

Since 2012, clauses on Corporate Social and Environmental Responsibility (CSR) are included in specific new credit policies or when existing policies are updated.

Furthermore, sectoral policies and financing exclusions for certain sectors presenting significant Environmental, Social and Governance (ESG) challenges (described in the Commitment 3 section of chapter 7: *Systematic integration and management of Environmental, Social and Governance risks (ESG)*) have also been implemented since 2011 and have been steadily strengthened since then. These risks are also analysed in the context of sector reviews and country envelope limits.

The Group is also taking a number of steps to improve the incorporation of ESG risks, especially climate change-related risks, in its credit risk system. Within the context of the application of the Duty of Vigilance law, in addition to sectoral policies and financing exclusions, the Group also decided to strengthen the ESG assessment of its clients to make it more systematic and to better understand the ESG risk profile of all its corporate clients.

INDIVIDUAL DECISION-MAKING PROCEDURES [Audited]

A system of discretionary lending limits has been established, under which all lending decisions must be approved by managers or representatives of the sales teams, with the approval of a formally designated member of RISK. Approvals are systematically evidenced in writing, either by means of a signed approval form or in the minutes of formal Credit Committee meetings. Discretionary lending limits correspond to aggregate commitments by business group and vary according to internal credit ratings and the specific nature of the business concerned. All transactions proposed are subject to a detailed review of the borrower's current and future position. The review, conducted as soon as the transaction is arranged and updated at least on an annual basis, is designed to ensure the Group has comprehensive information about the borrower and can monitor any potential changes in its situation. Certain types of lending commitments, such as loans to financial institutions, sovereign loans and loans to customers operating in certain industries that are exposed to cyclical risks or to a rapid pace of change, are subject to specific authorisation procedures and require the sign-off of an industry expert or designated specialist. In Retail Banking, simplified procedures are applied, based on statistical decision-making aids.

Loan applications must comply with the Bank's Global Credit Policy and any relevant specific policies. Material exceptions undergo a special approval process. Before making any commitments, BNP Paribas carries out an in-depth review of any known development plans of the borrower, and ensures that it has thorough knowledge of all the structural aspects of the borrower's operations and that adequate monitoring will be possible.

The General Management Doubtful Committee (CCDG) is the highest level Group committee for all decisions related to credit and counterparty risk. It is chaired by a member of Executive Management or, by delegation, a Deputy Chief Operating Officer or the Chief Risk Officer (see *Governance* in section 5.3 *Risk Management*). It has ultimate decision-making authority for all loan applications for amounts in excess of individual discretionary lending limits or applications that would not comply with the Global Credit Policy.

MONITORING AND PORTFOLIO MANAGEMENT PROCEDURES [Audited]

Monitoring exposures

A comprehensive risk monitoring system is organised around control units, which are responsible for ensuring that lending commitments comply with the loan approval decision, that credit risk reporting data are reliable and that risks accepted by the Bank are effectively monitored. Daily exception reports are produced and various early warning tools are used to identify early the deterioration of credit risks. The various monitoring levels are carried out under the supervision of RISK. Non-performing loans or those placed under credit watch (see *Exposures, provisions and cost of risk*) are overseen more closely *via* dedicated quarterly committee meetings (see the *Governance* part of section 5.3 *Risk management*). To supplement this mechanism, the General Management Doubtful Committee meets on a monthly basis to determine individual provisions for doubtful loans based on expected financial flows.

The responsibilities of the control teams include the monitoring of exposures against approved limits, covenants, and guarantees. This allows the identification of any signs of deterioration against the risk profile approved by the Credit Committee. Control teams flag up (to the RISK teams and business units) any cases that fail to comply with Credit Committee decisions and oversee their resolution. In some cases, a specific alert is sent to the senior management of RISK and of the relevant business unit. These are mainly where exceptions remain unresolved and/or where there are serious indications of deterioration in the risk profile compared with that approved by the Credit Committee.

Furthermore, since 2018 the General Credit Policy has included specific checks to be conducted for loans granted to clients presenting high leverage ratios, in accordance with European Central Bank guidelines.

Since 30 June 2020, the Group has set up a specific monitoring system within its entities for cases that have been subject to moratoria granted following the health crisis. Thus, the amount of loans subject to moratoria is reported monthly to the ECB, and moratoria are subject to quarterly regulatory reporting in accordance with EBA guidelines (see *Exposures subject to moratoria and public guarantee schemes*). In addition, the monitoring of moratoria is presented to the internal governance bodies and a summary is prepared for the CCIRC.

Overall portfolio management and monitoring

The selection and careful evaluation of individual exposures are supported by a reporting system based on more aggregated portfolio levels in terms of division/business line, regions, industry, business/product.

The overall portfolio management policy, including concentration of risk by single name, industry and country, is based on this reporting system and Group Risk Committees review all reports and analyses produced:

- risk concentration by country is managed through country risk limits that are set at the appropriate level of delegated authority for each country. The Group, which is naturally present in most economically active areas endeavours to avoid excessive concentrations of risk in countries with weak economic or unstable political structures or which economic position has been undermined. Country envelope limits are reviewed at least once a year, and quarterly reports are drawn up on their use;
- the Group closely monitors individual concentrations, in particular on business groups, corporates, banks or sovereign debts. These concentrations are reported in the quarterly risk report to CCIRC. Related policies implemented by the Group are described in the *Credit risk diversification* section (section 5.4);
- regular reviews by the Group are carried out of portfolios in certain industries, either because of the magnitude of the Group's exposure to the sector or because of sector-specific risks, such as the cyclical nature of the industry or rapid technological developments. In conducting these reviews, the Group draws on the expertise of the relevant business lines and independent industry specialists working in RISK (Industry and Sector Studies). These reviews provide Executive Management, and if appropriate the CCIRC, with an overview of the Group's exposure to the sector under consideration, and assist it to decide on strategic guidelines. As an illustration, in 2020, an internal portfolio review was undertaken on the metal & mining, the oil & gas, new technologies and aviation sectors (see the paragraph on *Industry Diversification* in this section). In addition, the Group also monitors certain sectors on a regular basis such as, for example, commercial or residential real estate.

Stress tests assess portfolio vulnerabilities by measuring the impact of various adverse scenarios. They are conducted on a quarterly basis on the entire portfolio and on an *ad hoc* basis on sub-portfolios to identify any concentrations. They help to ensure that the Bank's credit risk exposure is in line with its risk appetite.

Lastly, BNP Paribas may use credit risk transfer instruments, such as securitisation programmes, credit derivatives or credit insurance, to mitigate individual risks, reduce portfolio concentration or cap potential losses arising from adverse scenarios.

IMPAIRMENT VALUATION PROCEDURES [Audited]

The Group applied the impairment procedures described below for all loans subject to impairment (see note 1.e.5 *Impairment of financial assets at amortised cost and of debt instruments at market value through equity*):

- impairment valuation procedure for performing loans:

  A loss allowance for loans in stage 1 or stage 2 is constituted by each operating division based on an estimation of expected credit losses. This is determined on a quarterly basis during a committee meeting attended by the Chief Financial Officer and Chief Risk Officer of each operating division. Estimations of expected credit losses result from the default risk in the coming twelve months for financial instruments whose credit risk has not significantly increased since initial recognition (stage 1) or upon maturity for unimpaired loans whose credit risk has significantly increased since initial recognition (stage 2). A tool used by most of the Group's business lines enables simulations to be performed based on the parameters of the rating system described below;

- impairment valuation procedure for defaulted exposures:

  Monthly, RISK reviews corporate, bank and sovereign loans, requiring a review of their impairment, to determine the amount of any decrease in value to be recognised, either by reducing the carrying amount or by recording a provision for impairment, in accordance with applicable accounting standards (see note 1.e.5). The Group uses various methodologies (expert opinions, statistical calculations) for defaulted exposures to retail customers. These impairments are referred to as stage 3. The amount of this impairment loss is based on the present value of probable recovered net cash flows, including from the possible realisation of the collateral held.

RATING SYSTEM [Audited]

Each counterparty is rated internally by the Group using uniform principles, regardless of the approach used to calculate regulatory capital requirements.

The Bank has a comprehensive internal rating system compliant with regulatory requirements regarding capital adequacy. A periodic assessment and control process has been deployed within the Bank to ensure that the system is appropriate and correctly implemented. The system was formally validated by the supervisor in December 2007 and is inspected on a regular basis.

For loans to institutions, corporates, sovereigns and specialised lendings, the system is based on three parameters: the counterparty's probability of default (PD) expressed *via* a rating, the Global Recovery Rate (GRR) or its complement, Loss Given Default (LGD), which depends on the structure of the transaction, and the Credit Conversion Factor (CCF) which estimates the off-balance sheet exposure at risk.

There are twelve counterparty ratings. Ten cover performing clients with credit assessments ranging from "excellent" to "very concerning", and two relate to clients classified as in default, as per the definition by the banking supervisor.

Confirmation or amendments to the probability of default parameters and GRR applicable to each transaction are reviewed at least once a year as part of the loan approval process or annual credit review. These are based on the combined expertise of business line staff and, as a second look, the RISK representatives (who have the final say in case of disagreement). It uses appropriate tools including analysis aids and credit scoring systems. The decision to use these tools and the choice of technique depends on the nature of the risk.

For retail counterparties, the system is also based on three parameters: Probability of Default (PD), the Global Recovery Rate (GRR) and the Credit Conversion Factor (CCF). On the other hand, rating methods are applied automatically to determine the loan parameters.

Internal estimates of risk parameters are used in the Bank's day-to-day management in line with regulation recommendations. Thus apart from calculating capital requirements, they are used for example when setting delegated limits, granting new loans or reviewing existing loans to measure profitability, determine impairments and for book analyses.

➤ TABLE 26: INDICATIVE MAPPING OF INTERNAL COUNTERPARTY RATING WITH AGENCY RATING SCALE AND AVERAGE EXPECTED PD

	Internal rating BNP Paribas	LT Issuer/ Unsecured issuer's ratings S&P/Fitch	Average expected PD
Investment Grade	1+	AAA	0.01%
	1	AA+	0.01%
	1-	AA	0.01%
	2+	AA-	0.02%
	2	A+/A	0.03%
	2-	A-	0.04%
	3+/3/3-	BBB+	0.06% to 0.10%
	4+/4/4-	BBB	0.13% to 0.21%
	5+/5/5-	BBB-	0.26% to 0.48%
Non-Investment Grade	6+	BB+	0.69%
	6/6-	BB	1.00% to 1.46%
	7+/7	BB-	2.11% to 3.07%
	7-	B+	4.01%
	8+/8/8-	B	5.23% to 8.06%
	9+/9/9-	B-	9.53% to 13.32%
	10+	CCC	15.75%
	10	CC	18.62%
	10-	C	21.81%
Default	11	D	100.00%
	12	D	100.00%

The Group has developed an indicative equivalence between the Bank's internal ratings and the long-term issuer ratings assigned by the major rating agencies. Nevertheless, the Bank has a much broader clientele than just those counterparties rated by an external rating agency. An indicative equivalence is not relevant in Retail Banking. It is used when the internal ratings are assigned or reviewed in order to identify any differences between the Bank's assessment of a borrower's probability of default and that of one or more of the rating agencies. However, the internal ratings do not aim to reproduce or even approximate the external ratings. There are significant variances in both directions within the portfolio. Some counterparties rated 6 or 7 by BNP Paribas could be considered Investment Grade by the rating agencies.

For further details, see the sections *Internal rating system – sovereign, financial institution, corporate and specialised financing portfolios* and *Internal rating system specific to retail customers*.

CREDIT RISK STRESS TESTING

Quantitative models have been developed and are used to connect credit risk and rating migration parameters with macroeconomic and financial variables projected in stress testing scenarios (see section 5.3 *Stress testing*), for historical data as well as the relevant forecast period.

The quality of the methods used is guaranteed by:

- strict governance in terms of the separation of duties and responsibilities;
- a review of existing systems (models, methodologies, tools) by an independent entity;
- periodic evaluation of the effectiveness and pertinence of the system as a whole.

This governance is based on internal policies and procedures, the supervision of the Credit Risk Stress Testing Committees by business line and the integration of the stress tests within the risk management system.

There is a Group-level credit-risk stress testing policy, approved by the Capital Committee in July 2013. It is used for different types of stress testing (regulatory, periodic and *ad hoc*).

The central stress testing framework is consistent with the structure defined in the EBA guidelines for European stress tests:

- it is based on the parameters used to calculate capital requirements (regulatory EAD, PD and LGD);
- the expected loss conditional to the macroeconomy is used as a measure of the cost of risk resulting from new defaults;
- the stressed cost of risk is supplemented with impacts on stage 1 and 2 provisions and provisions on the outstanding non-performing loans;
- the regulatory capital stress testing is performed on the basis of rating migrations, default events, and the stressed regulatory PD used in calculating regulatory capital requirements.

In the case of the stress of risk-weighted assets, the Loss Given Default is not stressed as it is considered as downturn LGD. In that of stress on the cost of risk, the rate of loss (also known as Point-in-time LGD) can be stressed through a link with macroeconomic and financial variables or with default rates.

Stress testing of credit risk is used in the evaluation of the Group's risk appetite, and more specifically during portfolio reviews.

CREDIT RISK DIVERSIFICATION

The Group's gross exposure to credit risk stands at EUR 1,783 billion at 31 December 2020, a strong increase compared to 31 December 2019 with EUR 1,581 billion. This increase is mainly driven by the increase in the volumes of liquidity invested in European central banks. This portfolio, which is analysed below in terms of its diversification, comprises all exposures to credit risk shown in Table 25, excluding equity exposures under the simple weighting method, shown in the section *Credit risk: equities under the simple weighting method*.

These exposure amounts are based on the gross carrying value of the financial assets. They do not include collateral taken by the Group in its normal credit risk management operations (see section *Credit risk mitigation techniques*).

No single counterparty gives rise to an excessive concentration of credit risk, due to the size of the business and the high level of industrial and geographical diversification of the client base. The breakdown of credit risks by industry and by region is presented in the tables hereafter.

This risk is mainly assessed through the monitoring of the indicators shown below.

SINGLE NAME CONCENTRATION

The single name concentration risk of the portfolio is subject to regular monitoring. It is assessed on the basis of the total commitments at client or business group level and is based on two types of monitoring:

Monitoring of large exposures

Article 395 of Regulation (EU) No. 575/2013 of 26 June 2013 establishes a limit of 25% of the bank's capital for exposure by business group (after exemptions and taking credit risk mitigation techniques into account).

BNP Paribas is well below the concentration thresholds set by this regulation. The exposure (as defined above) of a client or a group of connected clients never exceeds 10% of the Bank's eligible capital.

Monitoring through individual "single name" concentration policies

The single name concentration risks are part of the Group's concentration policies. They are meant to identify and closely monitor any single business group with an excessive concentration of risk to proactively manage individual concentrations relative to the Group's Risk Appetite Statement.

BREAKDOWN BY REGULATORY ASSET CLASS

➤ TABLE 27: CREDIT RISK EXPOSURE BY ASSET CLASS AND APPROACH TYPE (EU CRB-B)

Exposure *In millions of euros*	31 December 2020	Average 2020	31 December 2019	Average 2019
Central governments or central banks	429,083	400,631	270,355	285,451
Institutions	53,740	59,740	58,137	51,191
Corporates	602,043	591,267	553,272	536,442
Retail	284,356	280,515	273,493	270,158
Secured by real estate property	*184,499*	*181,603*	*177,757*	*173,731*
SME	*11,990*	*11,870*	*11,784*	*11,730*
Non-SME	*172,509*	*169,732*	*165,974*	*162,000*
Qualifying revolving	*16,707*	*17,283*	*17,839*	*17,920*
Other retail	*83,150*	*81,629*	*77,897*	*78,507*
SME	*32,830*	*31,689*	*28,285*	*28,274*
Non-SME	*50,320*	*49,940*	*49,612*	*50,234*
Other items	578	699	459	645
TOTAL IRB APPROACH	**1,369,802**	**1,332,852**	**1,155,716**	**1,143,889**
Central governments or central banks	32,658	34,359	29,518	28,460
Regional governments or local authorities	6,047	6,143	5,916	6,027
Public sector entities	17,941	17,929	18,176	16,716
Multilateral development banks	192	161	192	103
International organisations	7	4	9	4
Institutions	12,935	12,528	10,813	10,739
Corporates	117,402	115,216	118,520	120,975
of which SME	*22,477*	*22,114*	*26,482*	*22,408*
Retail	122,658	124,616	130,019	131,268
of which SME	*31,280*	*31,348*	*31,750*	*30,983*
Exposures secured by mortgages on immovable property	62,708	67,623	70,732	71,286
of which SME	*10,833*	*15,965*	*20,636*	*18,535*
Exposures in default	10,825	10,971	10,826	11,972
Items associated with particular high risk(*)	1,071	1,146	1,187	1,024
Exposures in the form of units or shares in collective investment undertakings	464	486	533	547
Equity	648	710	782	878
Other items	28,010	26,693	28,314	32,464
TOTAL STANDARDISED APPROACH	**413,566**	**418,585**	**425,536**	**432,463**
TOTAL	**1,783,367**	**1,751,436**	**1,581,252**	**1,576,352**

(*) Immovable property financing exposures whose risk profile may be affected by market conditions.

GEOGRAPHIC DIVERSIFICATION

Country risk is the sum of the risks on all exposures to obligors in the country concerned. It is not the same as sovereign risk, which is the sum of all exposures to the central government and its various branches. Country risk reflects the Bank's exposure to a given economic and political environment, which are taken into consideration when assessing counterparty quality.

The geographic breakdown shown below is based on the counterparty's country of residence.

The geographic breakdown of the portfolios is balanced. In 2020, the Group was particularly attentive to geopolitical risks and the economic performance of emerging countries (see section *Areas of special interest in 2020* in section 5.1).

➤ TABLE 28: CREDIT RISK EXPOSURE BY GEOGRAPHIC REGION (EU CRB-C)

Exposure *In millions of euros*	Europe (*)								
	Total Europe	France	Belgium	Luxembourg	Italy	United Kingdom	Germany	Netherlands	Other European countries
Central governments or central banks	**369,312**	219,393	50,155	24,859	17,144	9,488	18,041	1,787	28,445
Institutions	**32,359**	9,146	7,532	441	2,443	1,400	5,742	1,928	3,727
Corporates	**442,313**	151,964	66,348	22,638	62,200	45,127	24,318	23,107	46,611
Retail	**283,930**	147,761	79,202	8,418	37,324	197	197	72	10,759
Other items	**578**	76	454	48	-	0	-	0	0
TOTAL IRB APPROACH	**1,128,492**	**528,340**	**203,691**	**56,404**	**119,112**	**56,211**	**48,297**	**26,895**	**89,542**
Central governments or central banks	**17,028**	4,662	1,785	17	2,558	13	563	2	7,428
Regional governments or local authorities	**5,033**	340	859	-	3,663	7	8	7	148
Public sector entities	**4,302**	436	48	-	2,961	44	23	4	785
Multilateral development banks	**150**	-	-	150	-	-	-	-	-
International organisations	**7**	-	7	-	-	-	-	-	-
Institutions	**8,581**	3,627	417	86	489	444	704	62	2,752
Corporates	**69,686**	21,277	2,459	1,072	8,613	7,480	5,565	1,264	21,956
Retail	**93,469**	13,764	2,834	59	30,305	11,711	17,533	1,279	15,985
Exposures secured by mortgages on immovable property	**35,809**	9,312	2,283	64	1,082	1,377	1,296	5,636	14,758
Exposures in default	**8,408**	2,055	150	13	2,588	558	812	59	2,171
Items associated with particular high risk(**)	**258**	0	-	-	-	-	-	-	257
Exposures in the form of units or shares in collective investment undertakings	**464**	464	-	-	-	-	-	-	-
Equity	**648**	508	-	139	-	-	-	-	-
Other items	**25,193**	14,786	2,411	557	3,765	1,000	1,458	183	1,033
TOTAL STANDARDISED APPROACH	**269,037**	**71,233**	**13,253**	**2,157**	**56,025**	**22,635**	**27,963**	**8,496**	**67,274**
TOTAL	**1,397,528**	**599,573**	**216,944**	**58,561**	**175,137**	**78,846**	**76,261**	**35,391**	**156,816**

(*) *Within the scope of the European Union, the European Free Trade Association (EFTA) and United Kingdom.*
(**) *Immovable property financing exposures whose risk profile may be affected by market conditions.*

													31 December 2020
		Asia Pacific					Rest of the World						
	North America	Total Asia Pacific	Japan	North Asia	South-East Asia (ASEAN)	Indian peninsula & Pacific	Total Rest of the World	Turkey	Mediterranean	Gulf States & Africa	Latin America	Other countries	TOTAL
	29,023	**23,431**	8,829	6,988	4,181	3,434	**7,318**	0	262	2,733	2,252	2,071	**429,083**
	8,119	**9,257**	2,057	5,568	667	965	**4,006**	1,168	189	1,254	1,076	318	**53,740**
	75,256	**50,260**	5,588	16,634	13,906	14,132	**34,215**	1,435	379	9,123	11,674	11,604	**602,043**
	145	**74**	6	18	37	14	**207**	5	34	68	12	89	**284,356**
	-	**0**	0	-	-	-	**-**	-	-	-	-	-	**578**
	112,542	**83,022**	**16,479**	**29,207**	**18,791**	**18,545**	**45,746**	**2,608**	**864**	**13,178**	**15,014**	**14,081**	**1,369,802**
	8,115	**112**	42	22	8	40	**7,403**	4,262	1,626	859	161	495	**32,658**
	884	**-**	-	-	-	-	**130**	130	0	0	-	-	**6,047**
	13,515	**15**	-	15	-	-	**109**	3	8	4	-	94	**17,941**
	29	**12**	-	0	12	-	**-**	-	-	-	-	-	**192**
	-	**-**	-	-	-	-	**-**	-	-	-	-	-	**7**
	908	**1,801**	56	1,109	60	576	**1,646**	1,069	133	111	135	198	**12,935**
	28,815	**5,889**	110	3,782	1,672	325	**13,012**	5,062	4,669	1,729	499	1,052	**117,402**
	16,095	**1,189**	3	1,024	14	149	**11,905**	5,466	1,143	1,949	2,695	653	**122,658**
	22,341	**303**	2	143	142	16	**4,254**	2,351	1,674	94	10	126	**62,708**
	389	**7**	0	1	2	3	**2,022**	596	915	363	73	75	**10,825**
	794	**-**	-	-	-	-	**20**	6	10	4	-	-	**1,071**
	-	**-**	-	-	-	-	**-**	-	-	-	-	-	**464**
	-	**-**	-	-	-	-	**-**	-	-	-	-	-	**648**
	1,755	**180**	34	48	20	78	**881**	205	326	178	92	80	**28,010**
	93,639	**9,507**	**245**	**6,144**	**1,931**	**1,187**	**41,383**	**19,151**	**10,503**	**5,290**	**3,665**	**2,773**	**413,566**
	206,181	**92,529**	**16,724**	**35,351**	**20,721**	**19,732**	**87,129**	**21,760**	**11,367**	**18,468**	**18,680**	**16,854**	**1,783,367**

Exposure *In millions of euros*									Europe(*)
	Total Europe	France	Belgium	Luxembourg	Italy	United Kingdom	Germany	Netherlands	Other European countries
Central governments or central banks	**213,344**	136,533	10,532	8,957	14,721	7,150	11,406	706	23,340
Institutions	**33,308**	8,245	8,255	662	2,695	1,324	5,939	1,812	4,376
Corporates	**379,138**	118,884	61,853	21,038	49,802	44,109	18,620	18,012	46,820
Retail	**273,045**	138,963	78,332	8,004	36,072	123	186	69	11,296
Other items	**459**	15	397	47	-	0	-	0	0
TOTAL IRB APPROACH	**899,293**	**402,640**	**159,369**	**38,709**	**103,289**	**52,706**	**36,151**	**20,599**	**85,831**
Central governments or central banks	**17,427**	4,410	1,767	14	2,755	26	386	5	8,065
Regional governments or local authorities	**4,716**	368	909	-	3,241	8	8	9	172
Public sector entities	**4,007**	711	38	-	2,998	47	18	4	191
Multilateral development banks	**147**	-	-	147	-	-	-	-	-
International organisations	**9**	-	9	-	-	-	-	-	-
Institutions	**7,334**	3,591	287	169	890	425	839	94	1,040
Corporates	**69,761**	21,131	1,782	1,138	8,789	8,755	5,109	1,436	21,622
Retail	**97,383**	15,061	2,921	57	28,401	13,388	18,510	1,106	17,938
Exposures secured by mortgages on immovable property	**36,187**	10,026	1,976	41	1,121	1,358	1,206	6,631	13,829
Exposures in default	**8,233**	1,822	68	70	2,854	451	635	62	2,270
Items associated with particular high risk(**)	**94**	12	-	-	0	-	-	-	82
Exposures in the form of units or shares in collective investment undertakings	**533**	533	-	-	-	-	-	-	-
Equity	**782**	553	-	228	-	-	-	-	-
Other items	**25,452**	13,594	2,028	538	3,623	2,075	2,461	78	1,055
TOTAL STANDARDISED APPROACH	**272,066**	**71,811**	**11,786**	**2,402**	**54,672**	**26,533**	**29,173**	**9,425**	**66,263**
TOTAL	**1,171,359**	**474,451**	**171,155**	**41,111**	**157,961**	**79,239**	**65,324**	**30,024**	**152,094**

(*) Within the scope of the European Union, the European Free Trade Association (EFTA) and the United Kingdom
(**) Immovable property financing exposures whose risk profile may be affected by market conditions.

													31 December 2019
		Asia Pacific					Rest of the World						
	North America	Total Asia Pacific	Japan	North Asia	South-East Asia (ASEAN)	Indian peninsula & Pacific	Total Rest of the World	Turkey	Mediterranean	Gulf States & Africa	Latin America	Other countries	TOTAL
	24,568	**26,238**	11,754	6,876	4,233	3,375	**6,206**	0	87	2,940	1,629	1,550	**270,355**
	7,867	**10,836**	1,886	6,296	1,375	1,280	**6,125**	1,241	308	2,844	1,489	243	**58,137**
	87,298	**50,151**	5,550	15,645	14,110	14,845	**36,685**	2,163	411	10,808	10,790	12,513	**553,272**
	130	**86**	4	24	37	20	**232**	5	37	73	17	100	**273,493**
	-	**0**	0	-	-	-	**-**	-	-	-	-	-	**459**
	119,863	**87,312**	**19,195**	**28,841**	**19,755**	**19,521**	**49,248**	**3,410**	**844**	**16,664**	**13,925**	**14,406**	**1,155,716**
	6,055	**102**	51	5	15	32	**5,934**	3,091	1,602	671	43	528	**29,518**
	1,016	**0**	-	-	-	0	**184**	184	0	0	-	-	**5,916**
	14,005	**21**	-	21	-	-	**143**	10	48	0	-	85	**18,176**
	31	**13**	-	-	13	-	**-**	-	-	-	-	-	**192**
	-	**-**	-	-	-	-	**-**	-	-	-	-	-	**9**
	920	**714**	136	208	42	328	**1,845**	1,187	287	111	124	136	**10,813**
	28,361	**6,409**	67	4,432	1,556	354	**13,989**	4,744	5,336	1,823	565	1,522	**118,520**
	17,241	**1,023**	5	819	12	186	**14,372**	6,561	1,279	1,774	4,112	647	**130,019**
	29,167	**280**	1	156	106	17	**5,098**	3,264	1,507	115	52	161	**70,732**
	311	**6**	0	0	2	4	**2,276**	793	926	345	130	82	**10,826**
	930	**-**	-	-	-	-	**162**	11	151	0	-	-	**1,187**
	-	**-**	-	-	-	-	**-**	-	-	-	-	-	**533**
	-	**-**	-	-	-	-	**-**	-	-	-	-	-	**782**
	1,666	**176**	42	43	10	81	**1,020**	265	367	173	124	90	**28,314**
	99,703	**8,744**	**302**	**5,684**	**1,756**	**1,002**	**45,022**	**20,110**	**11,501**	**5,012**	**5,149**	**3,250**	**425,536**
	219,566	**96,056**	**19,497**	**34,525**	**21,511**	**20,523**	**94,270**	**23,520**	**12,345**	**21,676**	**19,074**	**17,656**	**1,581,252**

5

INDUSTRY DIVERSIFICATION

➤ TABLE 29: CREDIT RISK EXPOSURE BY INDUSTRY (EU CRB-D)

Exposure *In millions of euros*	Agriculture, Food, Tobacco	Insurance	Chemicals excluding Pharmaceuticals	Building & Public works	Retail trade	Energy excluding Electricity	Equipment excluding IT Electronic	Finance	Real estate
Central governments or central banks	-	82	-	-	-	-	-	327,177	-
Institutions	2	1	39	30	258	-	129	43,314	108
Corporates	20,363	13,516	13,201	24,386	25,779	26,658	37,890	43,152	69,195
Retail	3,089	42	59	4,617	6,570	4	674	1,005	15,597
Other items	22	1	1	46	27	0	10	82	40
TOTAL IRB APPROACH	**23,475**	**13,641**	**13,299**	**29,080**	**32,635**	**26,663**	**38,704**	**414,730**	**84,940**
Central governments or central banks	-	-	-	-	-	-	-	11,507	-
Regional governments or local authorities	-	-	-	-	-	-	-	-	-
Public sector entities	-	39	-	1	-	-	-	2,003	4
Multilateral development banks	-	-	-	-	-	-	-	192	-
International organisations	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	12,935	-
Corporates	8,739	872	1,364	3,791	12,440	855	7,650	6,064	5,997
Retail	5,194	28	43	2,069	1,387	9	494	45	822
Exposures secured by mortgages on immovable property	3,282	15	88	390	1,208	8	512	282	7,504
Exposures in default	596	7	29	565	299	17	275	47	576
Items associated with particular high risk(***)	-	-	-	44	6	-	-	-	994
Exposures in the form of units or shares in collective investment undertakings	-	-	-	-	-	-	-	464	-
Equity	-	-	-	-	-	-	-	-	-
Other items	437	18	14	248	347	28	368	4,795	1,297
TOTAL STANDARDISED APPROACH	**18,248**	**980**	**1,538**	**7,108**	**15,688**	**917**	**9,300**	**38,334**	**17,194**
TOTAL	**41,723**	**14,622**	**14,837**	**36,188**	**48,323**	**27,580**	**48,003**	**453,065**	**102,133**

(*) Including cement, packaging, etc.
(**) Electricity, gas, water, etc.
(***) Immovable property financing exposures whose risk profile may be affected by market conditions.

												31 December 2020
	Information technologies	Minerals, metals & materials(*)	Wholesale trade	Private individuals	Healthcare & Pharmaceuticals	Services to public authorities(**)	Business services	Communication services	Sovereign	Transportation & Storage	Other	TOTAL
	-	-	-	-	37	-	3	-	101,765	-	19	**429,083**
	0	82	8	-	887	2,020	110	2	4,454	79	2,215	**53,740**
	20,139	22,206	32,464	6,161	12,387	36,835	59,154	16,603	96	70,047	51,813	**602,043**
	194	325	3,363	231,519	4,962	70	7,970	20	-	401	3,874	**284,356**
	3	19	36	87	3	14	43	2	33	91	18	**578**
	20,336	**22,633**	**35,871**	**237,767**	**18,277**	**38,939**	**67,281**	**16,626**	**106,349**	**70,618**	**57,940**	**1,369,802**
	-	-	-	-	-	-	14	-	21,137	-	-	**32,658**
	-	-	-	-	6	-	3	-	5,998	2	38	**6,047**
	1	-	-	-	2,372	22	207	-	12,238	33	1,022	**17,941**
	-	-	-	-	-	-	-	-	-	-	-	**192**
	-	-	-	-	-	-	-	-	7	-	-	**7**
	-	-	-	-	-	-	-	-	-	-	-	**12,935**
	3,484	5,305	11,601	14,020	2,573	3,511	10,353	1,904	531	5,032	11,313	**117,402**
	153	363	2,519	103,640	1,001	198	438	19	-	1,252	2,984	**122,658**
	146	606	2,353	40,278	980	91	1,677	12	-	312	2,963	**62,708**
	46	277	805	5,641	76	40	638	13	40	275	565	**10,825**
	-	-	-	-	-	-	18	-	-	-	9	**1,071**
	-	-	-	-	-	-	-	-	-	-	-	**464**
	-	-	-	-	-	-	-	-	-	-	648	**648**
	33	57	638	7,538	44	444	1,718	63	3,020	2,769	4,131	**28,010**
	3,863	**6,608**	**17,917**	**171,118**	**7,052**	**4,306**	**15,065**	**2,012**	**42,972**	**9,675**	**23,672**	**413,566**
	24,198	**29,241**	**53,788**	**408,885**	**25,328**	**43,245**	**82,346**	**18,638**	**149,321**	**80,293**	**81,611**	**1,783,367**

Exposure *In millions of euros*	Agriculture, Food, Tobacco	Insurance	Chemicals excluding Pharmaceuticals	Building & Public works	Retail trade	Energy excluding Electricity	Equipment excluding IT Electronic	Finance	Real estate
Central governments or central banks	-	174	-	-	-	-	-	176,684	-
Institutions	20	1	47	55	275	-	50	46,372	121
Corporates	18,974	14,108	12,599	23,489	25,344	24,391	33,629	42,815	64,906
Retail	735	40	60	3,159	4,263	4	647	1,662	14,997
Other items	20	1	1	48	29	0	11	22	31
TOTAL IRB APPROACH	**19,750**	**14,324**	**12,707**	**26,750**	**29,911**	**24,395**	**34,336**	**267,554**	**80,055**
Central governments or central banks	-	-	-	-	-	-	-	7,094	-
Regional governments or local authorities	-	-	-	-	-	-	-	-	-
Public sector entities	-	28	-	1	-	-	-	2,511	1
Multilateral development banks	-	-	-	-	-	-	-	192	-
International organisations	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	10,320	-
Corporates	9,108	951	1,573	3,861	10,615	673	8,260	4,382	4,259
Retail	5,583	34	44	2,288	1,330	13	679	363	982
Exposures secured by mortgages on immovable property	3,975	51	99	747	1,551	17	580	187	8,959
Exposures in default	730	3	27	557	312	65	267	40	551
Items associated with particular high risk(***)	-	-	-	25	8	-	-	-	1,151
Exposures in the form of units or shares in collective investment undertakings	-	-	-	-	-	-	-	533	-
Equity	-	-	-	-	-	-	-	-	-
Other items	444	11	20	202	432	19	229	6,777	949
TOTAL STANDARDISED APPROACH	**19,840**	**1,078**	**1,762**	**7,681**	**14,247**	**787**	**10,015**	**32,400**	**16,852**
TOTAL	**39,589**	**15,403**	**14,469**	**34,431**	**44,158**	**25,182**	**44,351**	**299,954**	**96,907**

(*) Including cement, packaging, etc.
(**) Electricity, gas, water, etc.
(***) Immovable property financing exposures whose risk profile may be affected by market conditions.

	31 December 2019											
	Information technologies	Minerals, metals & materials(*)	Wholesale trade	Private individuals	Healthcare & Pharmaceuticals	Services to public authorities(**)	Business services	Communication services	Sovereign	Transportation & Storage	Other	TOTAL
	-	-	-	-	13	0	51	-	92,939	-	494	**270,355**
	0	90	183	-	966	1,994	86	3	5,781	620	1,473	**58,137**
	18,841	23,411	35,821	2,155	12,881	34,169	55,939	17,034	120	59,823	32,825	**553,272**
	191	337	1,165	231,883	2,013	68	9,163	19	-	313	2,773	**273,493**
	3	17	37	86	3	13	39	0	0	83	17	**459**
	19,035	**23,854**	**37,205**	**234,124**	**15,875**	**36,244**	**65,278**	**17,056**	**98,840**	**60,839**	**37,583**	**1,155,716**
	-	-	-	-	-	-	9	-	22,415	-	0	**29,518**
	-	-	-	-	-	-	-	-	5,913	3	0	**5,916**
	-	-	-	1	2,341	23	41	-	12,105	46	1,076	**18,176**
	-	-	-	-	-	-	-	-	-	-	-	**192**
	-	-	-	-	-	-	-	-	9	-	-	**9**
	-	-	225	31	-	-	236	-	-	-	-	**10,813**
	4,180	5,625	15,066	15,077	2,206	3,697	10,020	2,069	208	4,649	12,043	**118,520**
	191	424	3,870	105,610	1,410	177	2,340	32	-	1,231	3,419	**130,019**
	214	601	3,446	43,875	1,498	82	1,285	8	-	480	3,078	**70,732**
	47	328	1,149	5,718	72	42	156	14	42	185	521	**10,826**
	-	-	-	-	-	-	2	-	-	-	-	**1,187**
	-	-	-	-	-	-	-	-	-	-	-	**533**
	-	-	-	-	-	-	-	-	-	-	782	**782**
	82	72	930	7,732	45	267	2,642	28	2,176	660	4,598	**28,314**
	4,714	**7,050**	**24,686**	**178,043**	**7,572**	**4,288**	**16,731**	**2,151**	**42,868**	**7,254**	**25,516**	**425,536**
	23,750	**30,905**	**61,891**	**412,167**	**23,447**	**40,532**	**82,009**	**19,207**	**141,708**	**68,093**	**63,099**	**1,581,252**

5

Industry risks are monitored in terms of gross exposure[1] and risk-weighted assets. Certain sectors, of which those considered sensitive to the consequences of the health crisis, are monitored more closely and are specifically reviewed, in particular:

- the leveraged finance sector:

  The Group's exposure to Leverage Buy-Out transactions ("LBO") rises to EUR 15.1 billion at 31 December 2020, or 0.8% of the Group's gross balance sheet and off-balance sheet commitments. These exposures are individually very small with an average amount of EUR 5 million per loan (EUR 17 million taking account of all business group exposures), and mainly concern European counterparties.

  Moreover, in accordance with the ECB Guidelines, the Group has put in place a system for monitoring companies whose leverage ratio exceeds the threshold set by the regulator;

- the shipping sector:

  The shipping sector covers a set of segments with very different dynamics: bulk, oil and gas tankers, container carriers, oil services, and cruises. In 2020, the consequences of the health crisis had various impacts on the shipping industry. Cruise business is the most-impacted segment with a near total docking of fleet at present. Offshore business continues to suffer from strong oversupply and lack of new projects, whereas Container carriers are enjoying a positive dynamic, thanks to changes in consumptions flows and logistic disorganisation. Bulk and Tankers segments are experiencing high market volatility.

  In 2020, the shipping industry faced new environmental constraints (International Maritime International Maritime Organisation (IMO) standards) involving investment efforts combined with a temporary immobilisation of the fleet.

  At 31 December 2020, the gross exposure to the shipping sector represented EUR 19.2 billion, *i.e.* 1.1% of the Group's on and off-balance sheet exposures. This exposure is predominantly driven by CIB (89%) and for the rest by Domestic Markets (10%), with a good geographical diversification of its clients. Doubtful loans represent 5.7% of Group exposure to the shipping sector and stage 3 provisions represent EUR 377 million;

- the aviation sector:

  Business activity in this sector is evenly split between airlines and aircraft leasing companies. The gross exposure is EUR 13.2 billion at 31 December 2020, *i.e.* 0.7% of the Group's total gross on- and off-balance sheet commitments. New origination financing is focused on the technologically latest-generation aircraft, which are more efficient and have a lower environmental impact (the average age of the fleet financed by the Group is 6.8 years, compared with 11.4 years for the industry). Although the sector has been strongly affected by the consequences of health crisis, the amount of doubtful loans remains low at 31 December 2020 representing 3.3% of the sector's outstandings. As aircraft financing is a highly collateralised business, stage 3 provisions are very low and represent EUR 54 million. In addition, collateral valuation was updated in 2020 in the context of the health crisis.

- the oil and gas sector:

  BNP Paribas' exposure to this sector is diversified. The commitments cover the entire value chain of the oil industry and concern major players (majors, national oil companies) in many countries. As a reminder, BNP Paribas stopped financing stakeholders whose main business is related to the unconventional hydrocarbons sector in 2017 and sold its dedicated financing business in the United States (Reserve Based Lending) in 2012. At 31 December 2020, the gross exposure of the portfolio amounted to EUR 35.1 billion (*i.e.* 2.0% of the Group's total gross on- and off-balance sheet commitments), nearly 54% of which are the majors and national oil companies. Close to 80% of counterparties are rated Investment Grade and commitments to non-Investment Grade counterparties have good collateral coverage. The outstanding amounts classified as doubtful represented 2.2% of the sector and stage 3 provisions amounted EUR 428 million at 31 December 2020;

- the hotel, tourism and leisure sector:

  At 31 December 2020, this sector represented EUR 17.3 billion of gross exposure (*i.e.* 1.0% of the Group's total gross on- and off-balance sheet commitments). The business covers various segments such as cruises, hotels, casinos and cafés and restaurants, with a strong geographical diversification. Exposure to doubtful loans represented 4% of the Group's exposure to this sector and stage 3 provisions accounted EUR 317 million at 31 December 2020;

- the non-food distribution sector (excluding e-commerce):

  At 31 December 2020, this sector represented EUR 12.2 billion (0.7% of the Group's total gross balance sheet and off-balance sheet commitments), with the impact of the lockdowns and restrictions put in place (administrative closures, *etc.*) varying according to the products, region and size of the players. Nearly 55% of counterparties have an Investment Grade rating and 4.8% of outstandings are classified as doubtful. At 31 December 2020, provisions for stage 3 amounted to EUR 311 million.

- the commercial real estate sector:

  The commercial real estate sector comprises a set of sub-segments with very different dynamics depending on the destination of the asset (logistics, office properties, accommodation and tourism, shopping centre, *etc.*) and the nature of the owner (institutional or specialist investor, industrial, promoter, *etc.*). At 31 December 2020, the gross exposure to the commercial real estate sector is EUR 71.1 billion (*i.e.* 3.9% of the Group's total gross on- and off-balance sheet commitments), mainly in Europe. This exposure is highly diversified between the various market segments, countries and entities of the Group. Furthermore, 44% of the commercial real estate counterparties have an Investment Grade rating. Doubtful loans represented 2.3% of the sector's total gross exposure. The segments most impacted by the health crisis are shopping centres (14% of the commercial real estate portfolio) and the hotels (6% of the commercial real estate portfolio) and are closely monitored. Stage 3 provisions represented EUR 462 million at 31 December 2020.

The Group remains diversified. No sector makes up more than 10% of total corporate lending or more than 4% of total lending at 31 December 2020.

(1) *Gross credit risk exposures across all regulatory exposure classes.*

RISK-WEIGHTED ASSETS

TABLE 30: CREDIT RISK-WEIGHTED ASSETS

RWAs *In millions of euros*	31 December 2020	31 December 2019	Variation
IRB approach	**278,202**	**259,552**	**18,650**
Central governments and central banks	3,559	2,984	575
Corporates	201,088	186,710	14,378
Institutions	11,032	9,081	1,951
Retail	62,240	60,599	1,641
Other items	284	179	105
Standardised approach	**193,906**	**210,490**	**(16,584)**
Central governments or central banks	6,454	5,962	492
Regional governments or local authorities	746	809	(63)
Public sector entities	2,256	2,223	33
Multilateral development banks	-	-	-
International organisations	-	-	-
Institutions	4,659	4,410	249
Corporates	67,899	76,063	(8,164)
Retail	61,915	68,010	(6,095)
Exposures secured by mortgages on immovable property	22,976	26,208	(3,232)
Exposures in default	5,112	4,882	231
Items associated with particular high risk(*)	1,068	1,245	(176)
Exposures in the form of units or shares in collective investment undertakings	61	59	2
Equity	130	156	(27)
Other items	20,629	20,462	167
Equity positions under the simple weighting method	**55,081**	**54,189**	**892**
Private equity exposures in diversified portfolios	4,811	5,224	(412)
Listed equity exposures	3,508	3,741	(234)
Other equity exposures	46,762	45,224	1,538
CREDIT RISK	**527,189**	**524,231**	**2,958**

(*) Immovable property financing exposures whose risk profile may be affected by market conditions.

TABLE 31: CREDIT RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER (EU CR8)

In millions of euros	RWAs		Capital Requirements	
	Total	of which IRB approach	Total	of which IRB approach
31 December 2019	**524,231**	**259,552**	**41,939**	**20,764**
Asset size	15,727	16,056	1,258	1,284
Asset quality	(8,192)	(7,126)	(655)	(570)
Model update	13,954	13,954	1,116	1,116
Methodology and policy	(363)	(214)	(29)	(17)
Acquisitons and disposals	(2,173)	1,961	(174)	157
Currency	(16,038)	(5,811)	(1,283)	(465)
Others	41	(170)	3	(14)
31 DECEMBER 2020	**527,189**	**278,202**	**42,175**	**22,256**

Credit risk-weighted assets increased by EUR 3 billion in 2020, primarily as a result of the following:

- an increase in line with business activity, particularly in the context of health crisis-related support for the economy (net of securitisation transactions) of EUR 16 billion, of which EUR 9 billion for CIB and EUR 6 billion for Domestic Markets;
- a EUR 14 billion increase due to model updates;
- a EUR 8 billion decrease relating to asset quality effects;
- a downward methodology and policy effect of EUR 0.4 billion in line with regulatory changes;
- a EUR 2 billion decrease related to perimeter effects;
- a EUR 16 billion decrease due to currency effects, particularly with the depreciation of the US dollar and Turkish lira.

CREDIT RISK: INTERNAL RATINGS-BASED APPROACH (IRBA)

The internal rating system developed by the Group covers the entire Bank. The IRBA framework, validated in December 2007, covers the portfolio described in *Approaches used to calculate capital requirements* in the section entitled *Exposure to credit risk*.

The Group has developed specific internal models adapted for the most common categories of exposure and clients in its loan portfolio. BNP Paribas bases these developments on internal data gathered over long periods. Each of these models is developed and maintained by a specialist team, in conjunction with relevant RISK and business line experts. Moreover, verification is performed to ensure compliance with the floors set by the regulation on these models. The Bank does not use models developed by external suppliers.

Counterparty rating (or the Probability of Default) and the Loss Given Default are determined either using purely statistical models for portfolios with the highest degree of granularity (loans to individuals or to very small enterprises) or a combination of models and expert judgement based on indicative values.

Loss Given Default is defined as the loss that the Bank would suffer in the event of the counterparty's default in times of economic downturn, as required by regulations. For each transaction, it is measured using the recovery rate for a senior unsecured exposure to the counterparty, adjusted for any risk mitigation techniques (collateral or guarantees). Amounts recoverable against these mitigants are estimated each year using conservative assumptions as well as haircuts calibrated to reflect economic downturn conditions.

The Bank models its own conversion factors on financing commitments by using internal default data. Conversion factors are used to measure the off-balance sheet exposure at risk in the event of a default. This parameter is assigned automatically depending on the transaction type for all portfolios and therefore, is not determined by the Credit Committees.

Internal estimates of risk parameters are used in the Bank's day-to-day management in line with regulation recommendations. Thus, apart from calculating capital requirements, they are used, for example, when setting delegated limits, granting new loans or reviewing existing loans to measure profitability, determining stage 1 and stage 2 impairment and for book analyses.

The breakdown of the main models used by the Group, their characteristics and main exposures covered is presented below.

➤ TABLE 32: MAIN MODELS: PD, LGD AND CCF/EAD

Modelled parameter	Portfolio	Number of models	Model and methodology	Number of years default/loss data	Main asset class
PD	Sovereigns	1	Qualitative	> 10 years	Central governments and central banks
	Financial institutions	4	Quantitative + expert opinion	> 10 years	Institutions Central governments and central banks Corporate - other
	Insurance	1	Quantitative + expert opinion	> 10 years	Corporate - other
	Large corporates	3	Quantitative + expert opinion Qualitative	> 10 years	Corporate - other
	Real Estate non-retail in France	1	Qualitative	> 10 years	Corporate - other
	Specialised financing	3	Qualitative Quantitative + expert opinion	> 10 years	Corporate - specialised lending
	Non Retail Rating Global Policy	2	Qualitative	> 10 years	Corporate - other
	BDDF - SME	1	Quantitative + expert opinion	> 10 years	Corporate - SME
	BDDF - Professionnals & Entrepreneurs	1	Quantitative	> 10 years	Retail - other SME
	BDDF - Private life (Individuals & Professionnals)	1	Quantitative	> 10 years	Retail - other non-SME/qualifying Revolving/secured by real estate non-SME
	Personal Finance	2	Quantitative	> 10 years	Retail - other non-SME
	BNPP Fortis - SME	3	Quantitative + expert opinion	> 10 years	Retail - other/secured by real estate SME
	BNPP Fortis - Professionnals	1	Quantitative	> 10 years	Retail - other SME/secured by real estate SME
	BNPP Fortis - Individuals	1	Quantitative	> 10 years	Retail - Secured by real estate non-SME
	BNPP Fortis - Public entities	1	Quantitative + expert opinion	8 years	Institutions
	BNL - SME	1	Quantitative - logistic regression	> 10 years	Corporate - SME
	BNL - Retail Individuals	1	Quantitative - logistic regression	> 10 years	Retail - other non-SME
	BNL - Professionnals et Retail SME	1	Quantitative - logistic regression	> 10 years	Retail - other SME
	BGL - Retail	1	Quantitative	> 10 years	Retail non-SME/secured by real estate SME

Modelled parameter	Portfolio	Number of models	Model and methodology	Number of years default/loss data	Main asset class
LGD	Sovereigns	1	Qualitative	> 10 ans	Central governments and central banks
	Financial institutions	4	Quantitative + expert opinion	> 10 ans	Institutions Central governments and central banks Corporate - other
	Insurance	1	Qualitative	> 10 ans	Corporate - other
	Large corporates	5	Quantitative - calibrated on internal data Quantitative + expert opinion Quantitative	> 10 ans	Corporate - other
	Real Estate non-retail in France	1	Qualitative - Asset valuation haircut	> 10 ans	Corporate - other
	Specialised financing	4	Quantitative - calibrated on internal data Qualitative	> 10 ans	Corporate - specialised lending
	Non Retail Rating Global Policy	1	Qualitative	> 10 ans	Corporate - other
	BDDF - SME	1	Quantitative - calibrated on internal data	> 10 ans	Corporate - SME
	BDDF - Professionnals & Entrepreneurs	1	Quantitative - calibrated on internal data	> 10 ans	Retail - other SME
	BDDF - Private life (Individuals & Professionnals)	1	Quantitative - calibrated on internal data	> 10 ans	Retail - other non SME/qualifying Revolving/secured by real estate non-SME
	Personal Finance	2	Quantitative - calibrated on internal data	> 10 ans	Retail - other non SME
	BNPP Fortis - Professionnals & SME	1	Quantitative - calibrated on internal data	> 10 ans	Retail - other SME/secured by real estate SME
	BNPP Fortis - Individuals	1	Quantitative - calibrated on internal data	> 10 ans	Retail/secured by real estate non-SME
	BNPP Fortis - Public entities	1	Quantitative + expert opinion	> 10 ans	Institutions
	BNL - SME	1	Quantitative - calibrated on internal data	> 10 ans	Corporate - SME
	BNL - Retail Individuals	1	Quantitative - calibrated on internal data	> 10 ans	Retail - other non-SME
	BNL - Professionnals et Retail SME	1	Quantitative - calibrated on internal data	> 10 ans	Retail - other non-SME
	BGL - Retail	1	Quantitative	> 10 ans	Retail - other non SME

Modelled parameter	Portfolio	Number of models	Model and methodology	Number of years default/loss data	Main asset class
CCF/EAD	CCF for corporates, institutions and sovereigns	1	Quantitative - calibrated on internal data	> 10 years	Central governments and central banks / Institutions / Corporates
	BDDF - Retail	1	Quantitative - calibrated on internal data	> 10 years	Retail
	Personal Finance	2	Quantitative - calibrated on internal data	> 10 years	Retail Retail - other non-SME
	BNPP Fortis - Professionnals & SME	1	Quantitative - calibrated on internal data	> 10 years	Retail
	BNPP Fortis - Individuals	1	Quantitative - calibrated on internal data	> 10 years	Retail
	BNPP Fortis - Public entities	1	Quantitative + expert opinion	> 10 years	Institutions
	BNL - Retail	2	Fix value	-	Retail
	BNL - SME	1	Fix value	-	Corporates - SME
	BGL - Retail	1	Quantitative	> 10 years	Retail - other non-SME

BACKTESTING

Each of the three credit risk parameters (PD, LGD, CCF/EAD) is backtested and probability of default benchmarked annually to check the system's performance for each of the Bank's business segments. Backtesting consists in comparing estimated and actual outcomes for each parameter.

For the IRBA scope, all ratings, including default ratings 11 and 12, for all counterparties to which the Bank has a credit risk exposure, have been recorded over a long period of time. Likewise, observed losses on defaulted exposures are also archived. Backtesting is performed on the basis of this information for each of the risk inputs, both globally and across the scope of each rating model. These exercises aim to measure overall performance and the performance of each rating method, and in particular, to verify the model's discriminatory power (*i.e.* the less well rated counterparties ought to default more often than the better rated ones), the stability of the rated population as well as the predictive, conservative nature of the parameters. For this purpose, observed losses and default rates are compared with estimated Global Recovery Rates and Probability of default for each rating. The "through the cycle" or "downturn" nature of these ratings and loss rates in the event of default (LGD) is also verified.

For benchmarking work, internal ratings are compared with the external ratings of several agencies based on the mapping between internal and external rating scales. Around 10% of the Group's corporate clients have an external rating and the benchmarking studies reveal predominantly an equivalent or a conservative approach to internal ratings.

Performance measurements are also carried out on sub-scopes of homogeneous asset classes for Retail portfolios. If the predictive power or the conservative nature of a model has deteriorated, the model is recalibrated or redeveloped as appropriate. These changes are submitted to the supervisor for approval in line with the regulations. Pending implementation of the new model, the bank takes conservative measures to enhance the conservatism of the existing model where necessary.

Backtesting of Loss Given Default is based mainly on analysing recovery cash flows for exposures in default. When the recovery process is closed for a given exposure, all recovered amounts are discounted back to the default date and then compared to the exposure amount. When the recovery process is not closed, the future recoveries are estimated by using either the amount of provisions, or historically calibrated statistical profiles. The recovery rate determined in this way is then compared with the initially forecasted rate one year before the default occurred. As with ratings, recovery rates are analysed on an overall basis and by rating policy and geographical area. Variances are analysed taking into account the marked bimodal distribution of recovery rates.

All of this work is reviewed annually in the Capital Committee (see section 5.2 under *Capital management*). The results from the backtesting are also certified internally by an independent team and the results sent to the supervisor.

The following two tables present an overview of the performance of models for regulatory risk parameters (PD and LGD) within the context of the Group's IRBA scope, using the following indicators:

- arithmetical average of the PD: average probability of default of performing loans weighted by the number of number of obligors in the portfolio in question;
- historic average default rates: average annual default rate (number of obligors defaulting during a financial year relative to the number of performing obligors at the end of the previous year) observed over a long historical period (see Table 32: *Main models: PD*);
- arithmetical average of the estimated LGD: average rate of loss in the event of default weighted by the number of obligors or by the amount of EAD depending on the portfolio in question;
- arithmetical average of the historic LGD observed: the rate of loss in the event of default observed over a long historical period (see Table 32: *Main models: LGD*).

TABLE 33: BACKTESTING OF PD (EU CR9)

				2019			
Portfolio	BNP Paribas rating	Issuer's long-term credit rating	PD range	Arithmetical average PD	Number of non-defaulted obligors at the beginning of the exercise	Number of defaults among the non-defaulted obligors at the beginning of the exercise	Historic average default rates
Sovereigns and public sector entities	1+ to 3-	AAA to BBB+	0.00 to 0.11%	0.03%	113	-	0.00%
	4+ to 5-	BBB to BBB-	0.11 to 0.58%	0.27%	84	-	0.38%
	6+ to 8-	BB+ to B+	0.58 to 8.76%	3.33%	37	-	0.28%
	9+ to 10-	B to C	8.76 to < 100%	14.13%	5	-	3.34%
Institutions(*)	1+ to 3-	AAA to BBB+	0.00 to 0.11%	0.05%	1,375	-	0.06%
	4+ to 5-	BBB to BBB-	0.11 to 0.58%	0.24%	972	3	0.17%
	6+ to 8-	BB+ to B+	0.58 to 8.76%	2.42%	1,004	1	0.30%
	9+ to 10-	B to C	8.76 to < 100%	14.21%	36	1	1.73%
Large corporates(**)	1+ to 3-	AAA to BBB+	0.00 to 0.11%	0.06%	2,572	-	0.06%
	4+ to 5-	BBB to BBB-	0.11 to 0.58%	0.27%	5,568	4	0.14%
	6+ to 8-	BB+ to B+	0.58 to 8.76%	2.70%	7,344	49	0.88%
	9+ to 10-	B to C	8.76 to < 100%	15.30%	458	43	11.93%
Individuals	1+ to 3-	AAA to BBB+	0.00 to 0.11%	0.06%	2,858,841	2,948	0.05%
	4+ to 5-	BBB to BBB-	0.11 to 0.58%	0.32%	1,654,128	6,339	0.25%
	6+ to 8-	BB+ to B+	0.58 to 8.76%	2.12%	1,552,679	33,557	1.83%
	9+ to 10-	B to C	8.76 to < 100%	19.97%	85,173	17,931	18.64%
Professionals & SME retail	1+ to 3-	AAA to BBB+	0.00 to 0.11%	0.09%	86,474	122	0.07%
	4+ to 5-	BBB to BBB-	0.11 to 0.58%	0.35%	256,038	1,092	0.29%
	6+ to 8-	BB+ to B+	0.58 to 8.76%	2.39%	344,208	7,254	1.96%
	9+ to 10-	B to C	8.76 to < 100%	19.72%	47,012	7,854	16.54%
SME corporate	1+ to 3-	AAA to BBB+	0.00 to 0.11%	0.08%	877	-	0.07%
	4+ to 5-	BBB to BBB-	0.11 to 0.58%	0.34%	35,868	59	0.24%
	6+ to 8-	BB+ to B+	0.58 to 8.76%	2.05%	58,179	690	1.50%
	9+ to 10-	B to C	8.76 to < 100%	10.62%	12,580	717	8.86%

(*) Corresponds to Financial institutions and Insurance.
(**) Corresponds to Large corporates, Real Estate non-retail in France and Specialised financing.

➤ TABLE 34: BACKTESTING OF LGD

Portfolio	2019	
	Arithmetical average of the estimated LGD	Historic arithmetic average of the observed LGD
Sovereigns and public sector entities	42%	17%
Institutions(*)	40%	27%
Large corporates(**)	39%	27%
Individuals	27%	24%
Professionals and SME retail	29%	27%
SME corporate	37%	34%

(*) Corresponds to Financial institutions and Insurance.
(**) Corresponds to Large corporates, Real Estate non-retail in France and Specialised financing.

INTERNAL RATING SYSTEM – SOVEREIGN, FINANCIAL INSTITUTION, CORPORATE AND SPECIALISED FINANCING PORTFOLIOS

The IRBA for sovereigns, financial institutions, corporates and specialised financing portfolios is based on a consistent rating procedure in which RISK has the final say regarding the rating assigned to the counterparty and the Global Recovery Rate (GRR) assigned to transactions. Credit Conversion Factors (CCF) of off-balance sheet transactions are automatically assigned according to counterparty and transaction type (see paragraph *Rating system* in the section *Credit risk management policy*).

The generic process for assigning a rating to each segment is as follows:

- for large corporates and specialised financing, an analysis is carried out by the unit proposing a rating and a Global Recovery Rate to the Credit Committee, using the rating models and tools developed by RISK. The rating and Global Recovery Rate are validated or revised by the RISK representative during the Credit Committee meeting. The Committee decides whether or not to grant or renew a loan and, if applicable, reviews the counterparty rating at least once a year;
- for financial institutions, the analysis is carried out by analysts in the RISK Function. Counterparty ratings and Global Recovery Rates are determined during review committees by geographical area to ensure comparability between similar banks;
- for sovereigns, the ratings are proposed by the Economic Research Department and approved at Country Committee (Rating Committee) meetings which take place several times a year. The Committee comprises members of Executive Management, the RISK Function and the business lines;
- for small and medium-sized companies (other than retail customers), a score is assigned by the RISK analysts.

For each of these sub-portfolios, the risk parameters are measured using a model certified and validated by the RISK teams, based mainly on an analysis of the Bank's historical data. The model is supported as far as possible by tools shared Group-wide to ensure consistent use. The method is supplemented by expert judgement provided it can be justified.

The method for assessing risk parameters is based on a set of common principles, and particularly the "two pairs of eyes" principle which requires at least two people, at least one of whom has no commercial involvement, to give their opinion on each counterparty rating and each transaction Global Recovery Rate.

The same definition of default is used consistently throughout the Group for each asset class, in accordance with regulations.

The chart hereafter presents a breakdown by PD range of non-defaulted loans and commitments for the asset classes: central governments and central institutions, corporates for all the Group's business lines, measured using the internal ratings-based approach (see Table 26: *Indicative mapping of internal counterparty rating with agency rating scale and average expected PD*).

This exposure represented EUR 1,072 billion at 31 December 2020 compared with EUR 870 billion at 31 December 2019.

The majority of commitments are towards borrowers rated as good or excellent quality, reflecting the heavy weighting of large multinational groups and financial institutions in the Bank's client base. A significant proportion of commitments to non-Investment Grade borrowers are highly structured or secured by high quality guarantees implying a high recovery rate in the event of default. They include export financing covered by export credit insurance written by international agencies, project finance, structured finance and transaction financing.

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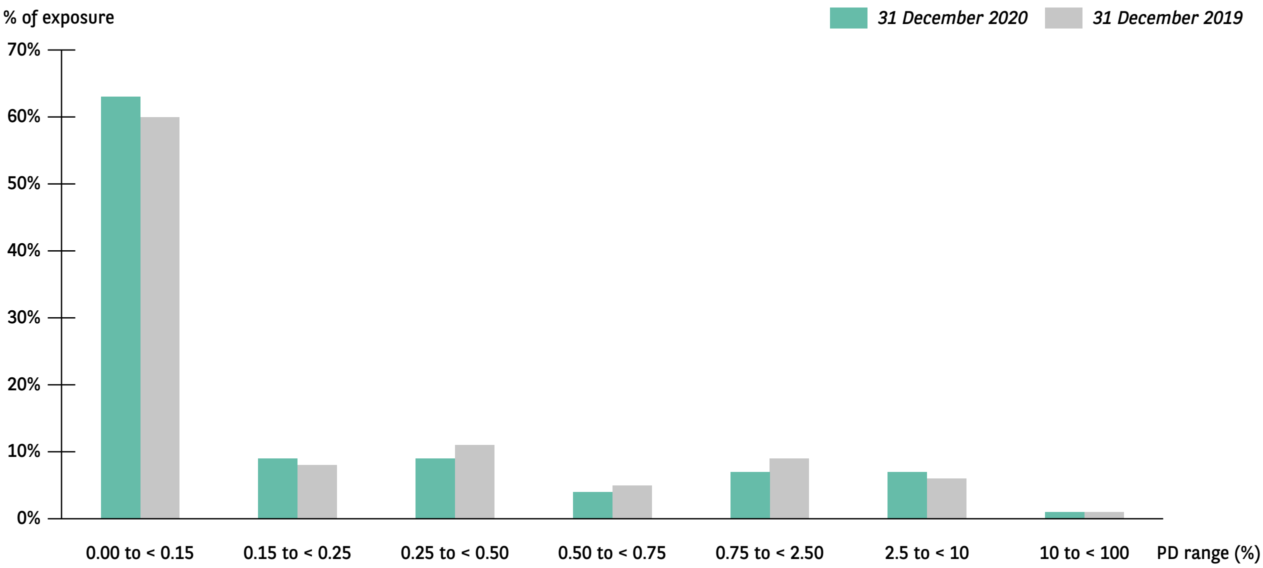
➤ FIGURE 8: IRBA EXPOSURE BY PD RANGE – SOVEREIGN, FINANCIAL INSTITUTION, CORPORATE AND SPECIALISED FINANCING PORTFOLIOS



SOVEREIGN, FINANCIAL INSTITUTION, CORPORATE AND SPECIALISED FINANCING PORTFOLIOS

The following table presents the breakdown by PD range of loans and commitments for the asset classes: Central governments and central banks, Institutions and Corporates for all the Group's business lines using the advanced IRB Approach. This exposure represented EUR 1,085 billion at 31 December 2020, including EUR 1,072 billion of non-defaulted loans and EUR 13 billion of defaulted loans, compared with EUR 882 billion at 31 December 2019, including EUR 870 billion of non-defaulted loans and EUR 12 billion of defaulted loans.

The table also gives the weighted averages of the main risk parameters in the Basel framework:

- average probability of default weighted by exposure at default: average PD[1];
- weighted average of Credit Conversion Factor (CCF) for off-balance sheet items: average CCF[2];
- average Loss Given Default weighted by exposure at default: average LGD[3];
- average of residual maturities (in years) weighted by the exposure at default: average maturity.

The average risk weight (average RW) is defined as the ratio between risk-weighted assets and the exposure at default (EAD), resulting from the parameters defined above.

The column "Expected loss" presents the expected loss at a one-year horizon.

(1) Average PD: "Probability of Default" – average probability of default weighted by exposure at default.

(2) Average CCF: "Credit Conversion Factor" – ratio of exposure at default to off-balance sheet exposure.

(3) Average LGD: "Loss Given Default" – average Loss Given Default weighted by exposure at default.

➤ TABLE 35: IRBA EXPOSURE BY PD SCALE AND ASSET CLASS – SOVEREIGN, FINANCIAL INSTITUTION, CORPORATE AND SPECIALISED FINANCING PORTFOLIOS (EU CR6)

		31 December 2020												
In millions of euros	PD range	Balance sheet exposure	Off-balance sheet exposure	Total exposure	Average off-balance sheet CCF	EAD	Average PD	Number of obligors	Average LGD	Average residual maturity	RWAs(*)	Average RW(*)	Expected Loss(**)	Provisions(**)
Central governments and central banks	0.00 to < 0.15%	420,686	1,389	422,075	53%	422,021	0.01%	100 to 1,000	1%	2	1,861	0%	2	
	0.15 to < 0.25%	1,230	10	1,240	35%	1,234	0.19%	0 to 100	13%	3	164	13%	0	
	0.25 to < 0.50%	1,822	251	2,073	55%	1,960	0.29%	0 to 100	23%	2	513	26%	1	
	0.50 to < 0.75%	1,223	665	1,888	55%	1,589	0.69%	0 to 100	15%	2	434	27%	2	
	0.75 to < 2.50%	449	11	460	31%	452	1.33%	0 to 100	23%	2	202	45%	1	
	2.50 to < 10.0%	333	182	515	55%	433	4.48%	0 to 100	2%	3	37	8%	0	
	10.0 to < 100%	497	279	776	55%	650	14.53%	0 to 100	10%	3	349	54%	13	
	100% (default)	52	4	56	55%	54	100.00%	0 to 100		2	0	0%	9	
SUB-TOTAL		**426,292**	**2,791**	**429,083**	**54%**	**428,393**	**0.06%**		**2%**	**2**	**3,559**	**1%**	**29**	**(26)**
Institutions	0.00 to < 0.15%	25,194	17,831	43,025	48%	33,837	0.05%	1,000 to 10,000	18%	3	3,841	11%	4	
	0.15 to < 0.25%	1,406	1,719	3,125	51%	2,276	0.18%	100 to 1,000	37%	2	1,016	45%	2	
	0.25 to < 0.50%	1,904	862	2,766	45%	2,301	0.34%	100 to 1,000	26%	2	856	37%	2	
	0.50 to < 0.75%	653	352	1,005	35%	780	0.66%	100 to 1,000	14%	3	250	32%	1	
	0.75 to < 2.50%	1,483	558	2,041	46%	1,746	1.26%	100 to 1,000	31%	2	877	50%	7	
	2.50 to < 10.0%	366	1,020	1,385	38%	753	3.81%	100 to 1,000	31%	3	4,021	534%	8	
	10.0 to < 100%	20	89	109	60%	74	21.06%	0 to 100	39%	1	157	212%	6	
	100% (default)	284	-	284	27%	284	100.00%	0 to 100		3	14	5%	246	
SUB-TOTAL		**31,309**	**22,431**	**53,740**	**48%**	**42,050**	**0.91%**		**20%**	**2**	**11,032**	**26%**	**275**	**(311)**
Corporates	0.00 to < 0.15%	63,418	147,440	210,858	49%	136,423	0.07%	10,000 to 20,000	36%	2	28,633	21%	37	
	0.15 to < 0.25%	48,526	39,658	88,184	43%	65,741	0.17%	10,000 to 20,000	36%	2	22,015	33%	41	
	0.25 to < 0.50%	51,247	38,002	89,249	46%	69,180	0.35%	30,000 to 40,000	31%	3	29,063	42%	73	
	0.50 to < 0.75%	21,763	22,531	44,293	36%	30,013	0.68%	20,000 to 30,000	25%	3	14,104	47%	51	
	0.75 to < 2.50%	49,919	25,892	75,811	43%	61,446	1.36%	50,000 to 60,000	25%	3	36,594	60%	209	
	2.50 to < 10.0%	38,470	32,796	71,266	42%	52,389	4.45%	40,000 to 50,000	31%	3	56,106	107%	546	
	10.0 to < 100%	6,560	3,522	10,082	50%	8,315	15.66%	1,000 to 10,000	24%	3	10,537	127%	328	
	100% (default)	10,721	1,578	12,299	39%	11,351	100.00%	1,000 to 10,000		2	4,035	36%	6,034	
SUB-TOTAL		**290,624**	**311,419**	**602,043**	**46%**	**434,858**	**3.79%**		**32%**	**3**	**201,088**	**46%**	**7,320**	**(7,447)**
TOTAL		**748,225**	**336,642**	**1,084,867**	**46%**	**905,300**	**1.89%**		**17%**	**2**	**215,678**	**24%**	**7,624**	**(7,784)**

(*) Add-on included.
(**) The expected losses and provisions are not directly comparable data: the expected one-year losses are statistical estimates through the cycle (TTC) whilst the provisions for credit risk are calculated according to the IFRS 9 standard as explained in note 1.e.5 to the financial statements.

In millions of euros	PD range	Balance sheet exposure	Off-balance sheet exposure	Total exposure	Average off-balance sheet CCF	EAD	Average PD	Number of obligors	Average LGD	Average residual maturity	RWAs(*)	Average RW(*)	Expected Loss(**)	Provisions(**)
														31 December 2019
Central governments and central banks	0.00 to < 0.15%	262,902	1,245	264,147	54%	264,185	0.02%	100 to 1,000	1%	2	1,502	1%	1	
	0.15 to < 0.25%	721	1	722	50%	721	0.18%	0 to 100	13%	2	72	10%	0	
	0.25 to < 0.50%	2,278	21	2,299	73%	2,293	0.28%	0 to 100	21%	2	591	26%	1	
	0.50 to < 0.75%	1,088	666	1,753	55%	1,453	0.69%	0 to 100	15%	2	380	26%	2	
	0.75 to < 2.50%	220	17	237	69%	232	1.52%	0 to 100	23%	2	100	43%	1	
	2.50 to < 10.0%	448	101	549	70%	519	6.17%	0 to 100	4%	3	80	15%	1	
	10.0 to < 100%	375	215	590	66%	517	13.36%	0 to 100	9%	3	258	50%	9	
	100% (default)	56	3	59	55%	58	100.00%	0 to 100		2	0	0%	9	
SUB-TOTAL		**268,088**	**2,268**	**270,355**	**57%**	**269,977**	**0.08%**		**2%**	**2**	**2,984**	**1%**	**24**	**(27)**
Institutions	0.00 to < 0.15%	29,541	16,464	46,005	48%	37,414	0.05%	1,000 to 10,000	18%	2	4,539	12%	4	
	0.15 to < 0.25%	1,925	1,261	3,185	52%	2,581	0.19%	100 to 1,000	34%	2	882	34%	2	
	0.25 to < 0.50%	3,178	823	4,001	40%	3,509	0.33%	1,000 to 10,000	31%	2	1,337	38%	4	
	0.50 to < 0.75%	870	410	1,280	33%	1,007	0.64%	100 to 1,000	17%	2	420	42%	1	
	0.75 to < 2.50%	1,695	855	2,551	48%	2,110	1.27%	100 to 1,000	30%	2	1,152	55%	9	
	2.50 to < 10.0%	344	302	646	45%	483	4.10%	100 to 1,000	38%	2	620	128%	7	
	10.0 to < 100%	4	58	62	87%	55	23.78%	100 to 1,000	34%	1	103	188%	4	
	100% (default)	359	47	406	88%	400	100.00%	0 to 100		3	29	7%	320	
SUB-TOTAL		**37,916**	**20,221**	**58,137**	**48%**	**47,559**	**1.06%**		**21%**	**2**	**9,081**	**19%**	**352**	**(359)**
Corporates	0.00 to < 0.15%	62,377	145,447	207,825	52%	137,877	0.07%	10,000 to 20,000	36%	2	29,443	21%	35	
	0.15 to < 0.25%	36,622	33,238	69,860	47%	52,175	0.18%	1,000 to 10,000	35%	2	17,732	34%	33	
	0.25 to < 0.50%	58,019	34,670	92,689	47%	74,568	0.34%	30,000 to 40,000	32%	3	33,752	45%	81	
	0.50 to < 0.75%	20,071	18,819	38,890	34%	26,649	0.68%	20,000 to 30,000	26%	3	13,462	51%	47	
	0.75 to < 2.50%	50,514	25,151	75,665	43%	61,734	1.34%	50,000 to 60,000	25%	3	37,708	61%	209	
	2.50 to < 10.0%	33,746	17,899	51,644	48%	42,409	4.37%	40,000 to 50,000	31%	3	44,978	106%	588	
	10.0 to < 100%	3,083	1,866	4,949	50%	4,025	16.33%	1,000 to 10,000	29%	3	6,119	152%	197	
	100% (default)	9,834	1,915	11,749	48%	10,754	100.00%	1,000 to 10,000		2	3,515	33%	5,946	
SUB-TOTAL		**274,266**	**279,006**	**553,272**	**48%**	**410,190**	**3.59%**		**32%**	**3**	**186,710**	**46%**	**7,135**	**(6,789)**
TOTAL		**580,270**	**301,494**	**881,764**	**48%**	**727,726**	**2.12%**		**20%**	**2**	**198,775**	**27%**	**7,511**	**(7,175)**

(*) *Add-on included.*

(**) *The expected losses and provisions are not directly comparable data: the expected one-year losses are statistical estimates through the cycle (TTC) whilst the provisions for credit risk are calculated according to the IFRS 9 standard as explained in note 1.e.5 to the financial statements.*

Most of the Group's central government and central bank counterparties are of very high credit quality and based in developed countries, meaning that they have very good internal ratings and very low average Loss Given Default.

The majority of the Group's corporate commitments concerns counterparties of excellent or good quality, reflecting the large part of multinationals in BNP Paribas' customer base. Other exposures are mainly structured transactions or transactions secured by high-quality assets, reflected in their average LGD levels.

On average, the probability of default excluding counterparty default stands at 0.61%. It is 1.21% for Corporates.

TABLE 36: AVERAGE PD AND LGD OF THE CORPORATE ASSET CLASS BY GEOGRAPHIC REGION

	31 December 2020		
In millions of euros	Non-defaulted exposure	Average PD	Average LGD
Europe(*)	**427,761**	**1.22%**	**32%**
of which France	*149,834*	*1.32%*	*33%*
of which Belgium	*64,557*	*1.84%*	*22%*
of which Luxembourg	*20,116*	*0.87%*	*30%*
of which Italy	*57,316*	*1.00%*	*38%*
North America	**80,833**	**1.24%**	**32%**
Asia Pacific	**52,155**	**1.04%**	**35%**
Rest of the World	**28,996**	**1.28%**	**30%**
TOTAL	**589,744**	**1.21%**	**32%**

(*) Within the European Union, the European Free Trade Association (EFTA) and the United Kingdom.

	31 December 2019		
In millions of euros	Non-defaulted exposure	Average PD	Average LGD
Europe(*)	**365,824**	**1.03%**	**32%**
of which France	*117,614*	*1.02%*	*35%*
of which Belgium	*60,777*	*1.71%*	*22%*
of which Luxembourg	*18,092*	*0.92%*	*29%*
of which Italy	*46,009*	*1.01%*	*39%*
North America	**92,013**	**0.74%**	**32%**
Asia Pacific	**52,468**	**0.98%**	**34%**
Rest of the World	**31,217**	**1.26%**	**30%**
TOTAL	**541,523**	**0.99%**	**32%**

(*) Within the European Union, the European Free Trade Association (EFTA) and the United Kingdom.

INTERNAL RATING SYSTEM SPECIFIC TO RETAIL CUSTOMERS

Retail customers are characterised by a high degree of granularity, small unit volumes and a standard risk profile.

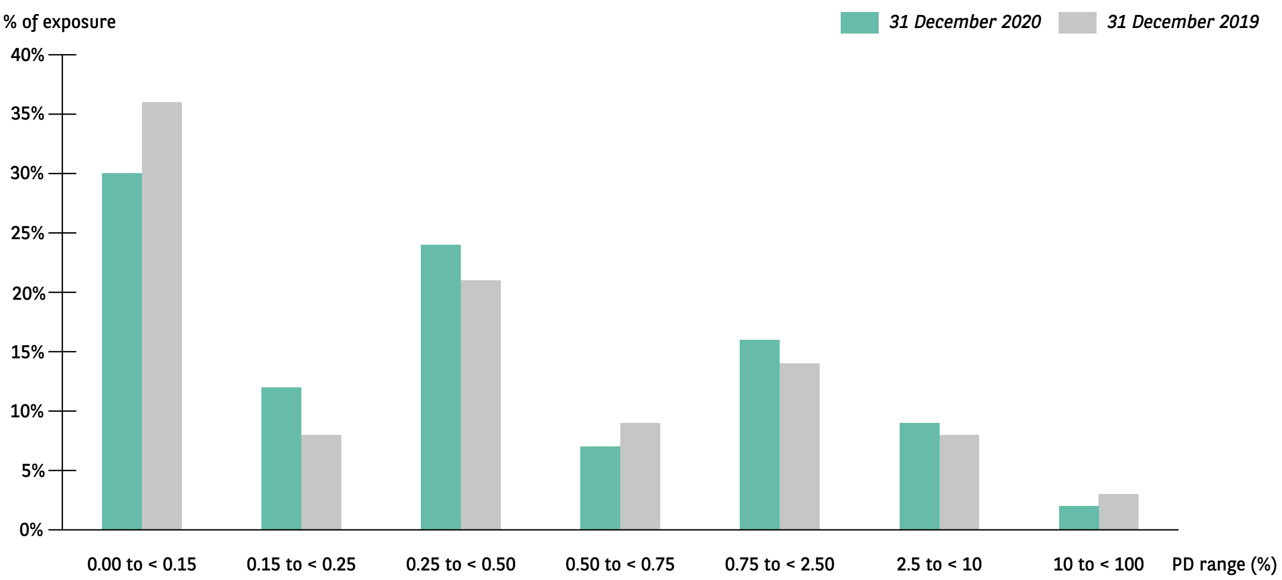
The majority of retail borrowers are assigned a behavioural score which serves as a basis to determine the probability of default and, for each transaction, the Global Recovery Rate (GRR) and exposure at default (EAD). These parameters are calculated every month on the basis of the most up-to-date information. They are supplemented by different scores that are made available to the commercial function. The latter has no involvement in determining risk parameters. These methods are used consistently for all retail customers. The general principles of the rating system are set out in the *Rating System* paragraph in the section *Credit Risk Management Policy*.

Scoring techniques are used to assign retail customers to risk groups presenting the same default risk characteristics. This also applies to the other credit risk parameters: EAD and LGD.

The chart below shows a breakdown by PD range of non-defaulted loans and commitments in the retail book for all the Group's business lines, measured using the internal ratings-based approach (see Table 26: *Indicative mapping of internal counterparty rating with agency rating scale and average PD*).

This exposure to non-defaulted loans represents EUR 275 billion at 31 December 2020, an increase compared with EUR 264 billion at 31 December 2019.

➤ FIGURE 9: IRBA EXPOSURE BY PD RANGE – RETAIL PORTFOLIO



RETAIL PORTFOLIO

The following table gives the breakdown by PD range of the retail loans and commitments for all of the Group's business lines using the advanced IRB Approach. Total exposure represents EUR 284 billion as at 31 December 2020 compared with EUR 273 billion as at 31 December 2019.

➤ TABLE 37: IRBA EXPOSURE BY INTERNAL RATING AND ASSET CLASS – RETAIL PORTFOLIO (EU CR6)

		31 December 2020											
In millions of euros	PD range	Balance sheet exposure	Off-balance sheet exposure	Total exposure	Average off-balance sheet CCF	EAD	Average PD	Average LGD	Average residual maturity	RWAs(*)	Average RW(*)	Expected Loss(**)	Provisions(**)
Mortgages	0.00 to < 0.15%	63,005	2,664	65,669	100%	65,668	0.09%	10%	5	1,532	2%	6	
	0.15 to < 0.25%	25,261	1,102	26,363	101%	26,388	0.21%	14%	5	1,827	7%	7	
	0.25 to < 0.50%	46,548	1,352	47,900	98%	47,893	0.38%	14%	5	4,953	10%	26	
	0.50 to < 0.75%	8,953	642	9,595	70%	9,421	0.62%	17%	5	4,936	52%	10	
	0.75 to < 2.50%	19,283	945	20,228	79%	20,060	1.39%	14%	5	5,382	27%	40	
	2.50 to < 10.0%	8,480	630	9,110	83%	9,014	4.83%	15%	5	6,738	75%	100	
	10.0 to < 100%	2,050	54	2,104	67%	2,089	24.19%	15%	5	1,924	92%	81	
	100% (default)	3,517	13	3,530	69%	3,527	100.00%		3	1,723	49%	1,099	
SUB-TOTAL		**177,097**	**7,402**	**184,499**	**93%**	**184,060**	**2.77%**	**13%**	**5**	**29,014**	**16%**	**1,367**	**(1,310)**
Revolving exposures	0.00 to < 0.15%	112	5,719	5,831	78%	4,782	0.08%	68%	1	109	2%	3	
	0.15 to < 0.25%	27	1,093	1,120	131%	1,513	0.17%	68%	1	42	3%	2	
	0.25 to < 0.50%	117	1,782	1,899	60%	1,230	0.34%	66%	1	106	9%	3	
	0.50 to < 0.75%	122	503	625	52%	396	0.59%	65%	1	124	31%	2	
	0.75 to < 2.50%	777	1,872	2,649	42%	1,606	1.20%	60%	1	633	39%	12	
	2.50 to < 10.0%	1,600	1,017	2,618	68%	2,306	5.05%	53%	1	1,320	57%	62	
	10.0 to < 100%	860	237	1,097	78%	1,054	21.27%	53%	1	678	64%	122	
	100% (default)	816	52	868	65%	874	100.00%		1	320	37%	623	
SUB-TOTAL		**4,432**	**12,275**	**16,707**	**73%**	**13,761**	**9.06%**	**63%**	**1**	**3,332**	**24%**	**828**	**(812)**
Other exposures	0.00 to < 0.15%	8,692	2,362	11,053	82%	10,873	0.08%	37%	3	939	9%	3	
	0.15 to < 0.25%	4,893	1,306	6,200	97%	6,246	0.20%	34%	3	916	15%	4	
	0.25 to < 0.50%	13,454	2,600	16,055	89%	15,979	0.37%	35%	3	3,828	24%	21	
	0.50 to < 0.75%	7,013	1,691	8,704	59%	8,092	0.60%	33%	3	3,382	42%	16	
	0.75 to < 2.50%	17,329	3,376	20,705	87%	20,499	1.39%	35%	2	9,945	49%	98	
	2.50 to < 10.0%	11,048	1,347	12,395	85%	12,324	4.79%	34%	2	6,558	53%	201	
	10.0 to < 100%	3,141	146	3,287	87%	3,306	24.42%	35%	2	2,295	69%	292	
	100% (default)	4,621	131	4,752	90%	4,784	100.00%		1	2,030	42%	3,020	
SUB-TOTAL		**70,191**	**12,959**	**83,150**	**84%**	**82,102**	**8.03%**	**35%**	**3**	**29,894**	**36%**	**3,656**	**(3,706)**
TOTAL		**251,721**	**32,636**	**284,356**	**82%**	**279,923**	**4.62%**	**21%**	**4**	**62,240**	**22%**	**5,851**	**(5,829)**

(*) Add-on included.
(**) The expected losses and provisions are not directly comparable data: the expected one-year losses are statistical estimates through the cycle (TTC) whilst the provisions for credit risk are calculated according to the IFRS 9 standard as explained in note 1.e.5 to the financial statements.

		31 December 2019											
In millions of euros	PD range	Balance sheet exposure	Off-balance sheet exposure	Total exposure	Average off-balance sheet CCF	EAD	Average PD	Average LGD	Average residual maturity	RWAs(*)	Average RW(*)	Expected Loss(**)	Provisions(**)
Mortgages	0.00 to < 0.15%	71,905	3,480	75,385	100%	75,392	0.06%	12%	5	1,575	2%	6	
	0.15 to < 0.25%	17,011	737	17,748	99%	17,751	0.18%	13%	5	1,788	10%	4	
	0.25 to < 0.50%	37,090	1,250	38,340	97%	38,330	0.35%	16%	5	4,098	11%	21	
	0.50 to < 0.75%	14,094	756	14,850	74%	14,673	0.64%	15%	5	5,823	40%	15	
	0.75 to < 2.50%	15,718	926	16,644	83%	16,510	1.47%	15%	5	5,009	30%	37	
	2.50 to < 10.0%	7,914	369	8,283	68%	8,183	4.84%	17%	5	4,819	59%	66	
	10.0 to < 100%	2,841	58	2,899	81%	2,890	22.07%	16%	5	2,847	99%	101	
	100% (default)	3,591	18	3,608	66%	3,604	100.00%		4	1,650	46%	1,067	
SUB-TOTAL		**170,163**	**7,594**	**177,757**	**93%**	**177,333**	**2.92%**	**14%**	**5**	**27,609**	**16%**	**1,318**	**(1,278)**
Revolving exposures	0.00 to < 0.15%	170	6,715	6,885	90%	6,449	0.08%	65%	1	79	1%	3	
	0.15 to < 0.25%	59	383	442	78%	387	0.18%	75%	1	53	14%	1	
	0.25 to < 0.50%	151	1,563	1,714	60%	1,142	0.33%	64%	1	101	9%	2	
	0.50 to < 0.75%	173	782	955	49%	580	0.61%	65%	1	148	26%	2	
	0.75 to < 2.50%	1,128	1,965	3,093	47%	2,073	1.46%	55%	1	890	43%	16	
	2.50 to < 10.0%	1,661	881	2,542	64%	2,241	5.34%	53%	1	1,362	61%	63	
	10.0 to < 100%	942	206	1,148	69%	1,098	24.38%	54%	1	761	69%	146	
	100% (default)	1,024	36	1,059	72%	1,051	100.00%		1	348	33%	764	
SUB-TOTAL		**5,308**	**12,532**	**17,839**	**74%**	**15,022**	**9.86%**	**61%**	**1**	**3,742**	**25%**	**998**	**(1,028)**
Other exposures	0.00 to < 0.15%	9,927	2,805	12,732	85%	12,446	0.07%	41%	3	967	8%	4	
	0.15 to < 0.25%	2,845	969	3,814	87%	3,799	0.20%	39%	3	648	17%	3	
	0.25 to < 0.50%	12,098	2,568	14,666	91%	14,632	0.34%	37%	3	3,378	23%	18	
	0.50 to < 0.75%	7,334	1,871	9,205	64%	8,655	0.64%	37%	3	3,755	43%	21	
	0.75 to < 2.50%	14,070	3,306	17,377	88%	17,149	1.46%	37%	2	8,636	50%	92	
	2.50 to < 10.0%	10,090	1,371	11,462	86%	11,462	4.72%	37%	2	6,772	59%	201	
	10.0 to < 100%	3,559	160	3,719	100%	3,771	25.75%	37%	2	2,716	72%	372	
	100% (default)	4,812	109	4,921	88%	4,924	100.00%		2	2,377	48%	3,086	
SUB-TOTAL		**64,736**	**13,160**	**77,897**	**84%**	**76,838**	**8.86%**	**38%**	**3**	**29,248**	**38%**	**3,796**	**(3,889)**
TOTAL		**240,207**	**33,286**	**273,493**	**82%**	**269,194**	**5.01%**	**23%**	**4**	**60,599**	**23%**	**6,112**	**(6,195)**

(*) Add-on included.

(**) The expected losses and provisions are not directly comparable data: the expected one-year losses are statistical estimates through the cycle (TTC) whilst the provisions for credit risk are calculated according to the IFRS 9 standard as explained in note 1.e.5 to the financial statements.

Most of the mortgage exposures concern French Retail Banking, Belgian Retail Banking and Luxembourg Retail Banking. Mortgages are issued according to strict and well-defined procedures. Average probability of default on retail clients' non-defaulted loans is 1.39%. The low average Loss Given Default level reflects the guarantees put in place when the mortgages were granted. Since 2013, all credit institutions have implemented an add-on for risk-weighted assets on the Belgian mortgage portfolio at the supervisor's request.

Most of the Revolving exposures and Other exposures relate to consumer loans subsidiaries that have a wider range of customers in terms of credit quality and a lower level of guarantees. In 2020, these exposures decreased in particular due to portfolio disposals.

TABLE 38: AVERAGE PD AND LGD OF THE RETAIL PORTFOLIO BY GEOGRAPHIC REGION

In millions of euros	31 December 2020		
	Non-defaulted exposure	Average PD	Average LGD
Europe(*)	274,807	1.39%	21%
of which France	*143,671*	*1.32%*	*21%*
of which Belgium	*78,184*	*1.23%*	*18%*
of which Luxembourg	*8,308*	*0.66%*	*24%*
of which Italy	*33,811*	*1.43%*	*23%*
North America	137	n.s.	n.s.
Asia Pacific	72	n.s.	n.s.
Rest of the World	191	n.s.	n.s.
TOTAL	**275,207**	**1.39%**	**21%**

(*) Within the European Union, the European Free Trade Association (EFTA) and the United Kingdom.

In millions of euros	31 December 2019		
	Non-defaulted exposure	Average PD	Average LGD
Europe(*)	263,483	1.50%	23%
of which France	*134,462*	*1.45%*	*24%*
of which Belgium	*77,269*	*1.33%*	*18%*
of which Luxembourg	*7,899*	*0.87%*	*24%*
of which Italy	*32,566*	*1.53%*	*24%*
North America	126	n.s.	n.s.
Asia Pacific	84	n.s.	n.s.
Rest of the World	212	n.s.	n.s.
TOTAL	**263,904**	**1.50%**	**23%**

(*) Within the European Union, the European Free Trade Association (EFTA) and the United Kingdom.

CREDIT RISK: STANDARDISED APPROACH

For exposures under the standardised approach, BNP Paribas uses the external ratings from External Credit Assessment Institutions (ECAIs) Standard & Poor's, Moody's, Fitch Ratings, Cerved and Banque de France recognised by the supervisor.

The ratings supplied by Standard & Poor's, Moody's and Fitch Ratings are mainly used for exposures to Central governments and central banks, Regional and local authorities, Public sector entities and Multilateral development banks, Institutions and Corporates. The ratings supplied by the Banque de France are mainly used for corporate exposures and exposures secured by a mortgage on a real estate asset. The ratings supplied by Cerved are mainly used for Corporate exposures.

When there is no directly applicable external rating, the issuer's senior unsecured rating may, if available, be obtained from external databases and used for risk-weighting purposes in some cases.

As at 31 December 2020, standardised approach exposure represented 23% of the BNP Paribas Group's total gross exposures to credit risk, decreasing compared to 27% as of 31 December 2019.

The following table shows a summary of standardised risk-weighted exposures broken down by regulatory asset class. The equity exposures weighted using the standardised approach consist primarily of asset value guarantees given to fund unit holders.

TABLE 39: STANDARDISED CREDIT RISK EXPOSURE BY STANDARD EXPOSURE CLASS (EU CR4)

	31 December 2020							
	Gross exposure		Exposure net of provisions		EAD			
In millions of euros	Balance sheet	Off-balance sheet	Balance sheet	Off-balance sheet	Balance sheet	Off-balance sheet	RWAs	RWA density
Central governments or central banks	32,638	20	32,594	20	36,972	5	6,454	17%
Regional governments or local authorities	2,881	3,166	2,876	3,166	2,822	739	746	21%
Public sector entities	15,678	2,263	15,674	2,263	16,218	588	2,256	13%
Multilateral development banks	192	-	192	-	192	-	-	0%
International organisations	7	-	7	-	7	-	-	0%
Institutions	11,851	1,085	11,842	1,081	13,287	636	4,659	33%
Corporates	81,398	36,004	80,895	35,891	71,272	12,356	67,899	81%
Retail	92,584	30,075	90,772	30,006	87,783	2,835	61,915	68%
Exposures secured by mortgages on immovable property	56,454	6,254	55,694	6,212	51,116	1,492	22,976	44%
Exposures in default	10,347	478	4,615	445	4,483	148	5,112	110%
Items associated with particular high risk(*)	516	556	507	553	451	267	1,068	149%
Exposures in the form of units or shares in collective investment undertakings	-	464	-	464	-	171	61	36%
Equity	-	648	-	648	-	130	130	100%
Other items	26,891	1,119	26,891	1,119	26,891	862	20,629	74%
TOTAL	**331,436**	**82,130**	**322,559**	**81,866**	**311,494**	**20,230**	**193,906**	**58%**

(*) Immovable property financing exposures whose risk profile may be affected by market conditions.

In millions of euros	Gross exposure		Exposure net of provisions		EAD			31 December 2019
	Balance sheet	Off-balance sheet	Balance sheet	Off-balance sheet	Balance sheet	Off-balance sheet	RWAs	RWA density
Central governments or central banks	29,487	31	29,449	31	32,018	10	5,962	19%
Regional governments or local authorities	3,098	2,818	3,093	2,817	3,023	658	809	22%
Public sector entities	16,163	2,013	16,158	2,012	16,715	415	2,223	13%
Multilateral development banks	192	-	192	-	192	-	-	0%
International organisations	9	-	9	-	9	-	-	0%
Institutions	9,290	1,523	9,278	1,513	10,435	677	4,410	40%
Corporates	84,042	34,478	83,620	34,357	75,962	13,094	76,063	85%
Retail	97,814	32,205	96,200	32,134	93,373	3,314	68,010	70%
Exposures secured by mortgages on immovable property	63,441	7,292	62,756	7,273	57,709	1,558	26,208	44%
Exposures in default	10,453	373	4,518	350	4,381	84	4,882	109%
Items associated with particular high risk(*)	504	683	499	680	493	340	1,245	149%
Exposures in the form of units or shares in collective investment undertakings	-	533	-	533	-	149	59	40%
Equity	-	782	-	782	-	156	156	100%
Other items	28,314	-	28,314	-	28,314	-	20,462	72%
TOTAL	**342,805**	**82,730**	**334,085**	**82,482**	**322,624**	**20,455**	**210,490**	**61%**

(*) *Immovable property financing exposures whose risk profile may be affected by market conditions.*

Excluding currency effects, outstanding loans under the standardised approach increased slightly in 2020, mainly due to the increase in outstandings on central governments and central banks, and an increase on institutions and companies to a lesser extent.

The following table gives the breakdown by standard asset class, the distribution by risk weight of the loans and commitments in the book for all the Group's business lines using the standardised approach. Exposure at default was EUR 332 billion at 31 December 2020 compared to EUR 343 billion at 31 December 2019.

TABLE 40: STANDARDISED CREDIT EXPOSURE AT DEFAULT (EU CR5)

Risk weight *In millions of euros*	31 December 2020									
	EAD									
	0%	20%	35%	50%	75%	100%	150%	Other	Total	of which unrated(*)
Central governments or central banks	30,306	121	-	242	-	6,307	1	-	**36,977**	12,424
Regional governments or local authorities	351	3,081	-	-	-	130	-	-	**3,562**	1,119
Public sector entities	10,958	3,994	-	793	-	1,061	-	-	**16,806**	11,111
Multilateral development banks	192	-	-	-	-	-	-	-	**192**	-
International organisations	7	-	-	-	-	-	-	-	**7**	7
Institutions	1,412	7,684	-	3,437	-	1,362	28	-	**13,923**	425
Corporates	2,085	9,451	2,324	7,192	-	61,575	1,001	-	**83,628**	57,228
Retail	-	-	4,179	-	86,440	-	-	-	**90,619**	90,619
Exposures secured by mortgages on immovable property	-	-	29,324	17,416	3,495	2,348	26	-	**52,609**	36,184
Exposures in default	-	-	-	-	-	3,667	964	-	**4,631**	4,575
Items associated with particular high risk(**)	-	-	-	-	-	-	718	-	**718**	-
Exposures in the form of units or shares in collective investment undertakings	50	74	-	-	-	46	-	-	**171**	171
Equity	-	-	-	-	-	130	-	-	**130**	130
Other items	3,517	108	-	98	-	16,181	-	7,848	**27,753**	25,020
TOTAL	**48,879**	**24,513**	**35,827**	**29,178**	**89,935**	**92,806**	**2,738**	**7,848**	**331,724**	**239,014**

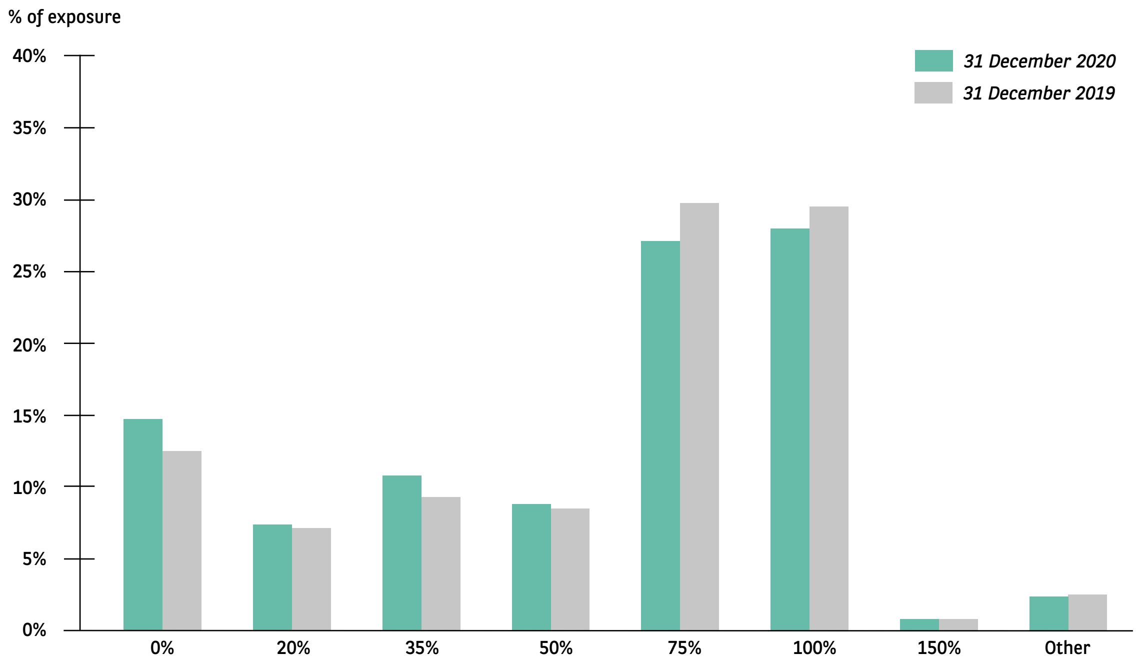
(*) Exposures to counterparties without a credit rating from external rating agencies.
(**) Immovable property financing exposures whose risk profile may be affected by market conditions.

Risk weight *In millions of euros*	31 December 2019									
	EAD									
	0%	20%	35%	50%	75%	100%	150%	Other	Total	of which unrated(*)
Central governments or central banks	25,369	237	-	1,015	-	5,406	1	-	**32,029**	13,841
Regional governments or local authorities	363	3,135	-	-	-	182	-	-	**3,681**	1,292
Public sector entities	11,436	4,315	-	38	-	1,341	-	-	**17,130**	11,623
Multilateral development banks	192	-	-	-	-	-	-	-	**192**	-
International organisations	9	-	-	-	-	-	-	-	**9**	9
Institutions	749	6,406	-	1,668	-	2,276	13	-	**11,111**	1,223
Corporates	815	10,377	19	6,994	-	70,015	1,030	-	**89,251**	61,496
Retail	-	-	-	-	96,687	-	-	-	**96,687**	96,687
Exposures secured by mortgages on immovable property	-	-	31,887	19,394	5,406	2,560	19	-	**59,266**	40,744
Exposures in default	-	-	-	-	-	3,632	833	-	**4,465**	4,372
Items associated with particular high risk (**)	-	-	-	-	-	-	833	-	**833**	-
Exposures in the form of units or shares in collective investment undertakings	63	34	-	-	-	53	-	-	**149**	149
Equity	-	-	-	-	-	156	-	-	**156**	156
Other items	3,857	86	-	58	-	15,646	-	8,667	**28,314**	25,689
TOTAL	**42,853**	**24,590**	**31,906**	**29,168**	**102,093**	**101,267**	**2,730**	**8,667**	**343,274**	**257,282**

(*) Exposures to counterparties without a credit rating from external rating agencies.
(**) Immovable property financing exposures whose risk profile may be affected by market conditions.

The following chart shows the breakdown by risk weight of EAD outstandings relating to credit risk for all the Group's business lines, measured using the standardised approach:

➤ FIGURE 10: STANDARDISED EXPOSURE AT DEFAULT BY RISK WEIGHT



CREDIT RISK: EQUITIES UNDER THE SIMPLE WEIGHTING METHOD

EXPOSURE

Exposures under the simple weighting method at 31 December 2020 amounted to EUR 17.0 billion, versus EUR 16.9 billion at 31 December 2019.

Scope

The shares held by the Group outside trading portfolios are securities "conferring residual and subordinated rights on issuer's assets or income, or securities representing a similar economic nature". They encompass:

- listed and unlisted shares, including shares in investment funds;
- embedded options of convertible bonds, redeemable or exchangeable for shares;
- equity options;
- Super Subordinated Securities;
- private funds commitments;
- equity holdings hedge;
- shares of consolidated entities using the equity method.

The scope of exposures processed according to the simple weighting method does not include the following items:

- stakes higher than 10% in credit or financial institutions, mainly consolidated by the equity method or held as financial assets at fair value through equity, are exempt from the equity deduction, being weighted at a flat rate of 250% (exposure of EUR 3.9 billion at 31 December 2020 compared with EUR 3.1 billion at 31 December 2019);
- asset value guarantees given to UCITS unit holders are weighted using the standardised approach (exposure of EUR 0.8 billion at 31 December 2020 compared with EUR 1.0 billion at 31 December 2019).

Accounting principles and valuation methods

Accounting principles and valuation methods are set out in note 1.e to the consolidated financial statements – *Financial assets and liabilities*.

Total gains and losses

Total unrealised gains and losses recorded in shareholders' equity are set out in note 4.c. to the consolidated financial statements – *Financial assets at fair value through equity*.

RISK-WEIGHTED ASSETS

The simple weighting method gives the following risk weights for the calculation of risk-weighted assets:

- 190% for investments held for medium/long-term valuation purposes within the activity of the Principal Investments business, as well as private equity exposures in diversified portfolios in line with the Bank's business line activities;
- 290% for exposures in the form of listed securities, including primarily investments related to the Bank's business line activities. In addition, some exposures relating to Principal Investments are also included in this category;
- 370% for all other exposures in the form of equities, primarily including entities consolidated using the equity method (including the Group's insurance entities in the prudential scope that are included in the Table 42: *Insurance undertakings (EU INS1)*). Furthermore, this risk weight is also applied to unlisted investments in non-diversified portfolios.

TABLE 41: EQUITY POSITIONS UNDER THE SIMPLE WEIGHTING METHOD (EU CR10)

	31 December 2020						
In millions of euros	On-balance-sheet gross exposure	Off-balance-sheet gross exposure	Total gross exposure	EAD	Risk weight	RWAs	Capital requirement
Private equity exposures in diversified portfolios	2,037	990	3,027	2,532	190%	4,811	385
Listed equity exposures	1,167	85	1,252	1,210	290%	3,508	281
Other equity exposures	12,554	169	12,723	12,638	370%	46,762	3,741
TOTAL	**15,758**	**1,243**	**17,002**	**16,380**		**55,081**	**4,406**

	31 December 2019						
In millions of euros	On-balance-sheet gross exposure	Off-balance-sheet gross exposure	Total gross exposure	EAD	Risk weight	RWAs	Capital requirement
Private equity exposures in diversified portfolios	2,271	956	3,227	2,749	190%	5,224	418
Listed equity exposures	1,260	60	1,320	1,290	290%	3,741	299
Other equity exposures	12,106	234	12,339	12,223	370%	45,224	3,618
TOTAL	**15,637**	**1,249**	**16,887**	**16,262**		**54,189**	**4,335**

As at 31 December 2020, the Group does not use the simple weighting method for specialised lending portfolios.

TABLE 42: INSURANCE UNDERTAKINGS (EU INS1)

In millions of euros	31 December 2020	31 December 2019
Holdings in insurance companies(*) (before 370% risk weight)	8,184	8,041
TOTAL RISK-WEIGHTED ASSETS	**30,280**	**29,753**

(*) *Significant financial holdings in insurance companies consolidated by the equity method within the prudential scope, benefiting from the provisions of Article 49 of Regulation (EU) No. 575/2013 on exemptions from deduction from regulatory capital of holdings in an insurance company. Under the provisions of Article 48 of Regulation (EU) No. 575/2013, a potential deduction from regulatory capital would have a limited impact with a decrease of around 10 basis points in the CET1 ratio.*

TABLE 43: EQUITY UNDER THE SIMPLE WEIGHTING METHOD RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER

		Key driver								
In millions of euros	31 December 2019	Asset size	Asset quality	Model updates	Methodology and policy	Acquisitions and disposals	Currency	Other	Total variation	31 December 2020
RWAs	**54,189**	1,413	-	-	-	(499)	-	(23)	892	**55,081**

The change in risk-weighted assets in 2020 is mainly due to the increase in the carrying amount of entities in the long-term leasing sector consolidated using the equity method.

EXPOSURES, PROVISIONS AND COST OF RISK [Audited]

Impaired exposures (stage 3) related to assets at amortised cost and financing and guarantee commitments given, as well as the guarantees received as collateral are presented in note 4.f to the financial statements.

The following table shows the carrying amount of performing and non-performing[(1)] financial assets included in the prudential consolidation scope in accordance with the EBA's Guidelines on disclosure of non-performing and forborne exposures published on 17 December 2018.

An exposure is deemed to be non-performing when it falls into one of the following categories:

- exposures in default;
- ninety days past-due exposures which are not in default;
- restructured loans (see the *Restructured loans* section) during the one-year minimal period required before returning to performing status.

In accordance with these guidelines, the classifications used for exposures shown are taken from financial reports intended for the supervisory authority[(2)] and so differ from the exposure classes usually used within the context of Pillar 3. The classification includes:

- central banks;
- public administrations including mainly central governments, regional or local authorities and international organisations;
- credit institutions including credit institutions and multilateral development banks;
- other financial corporations including institutions (notably supervised investment companies and clearing houses) and corporations (mainly investment funds, pension funds and insurance companies);
- non-financial corporations including mainly corporations and small and medium enterprises (SME);
- households: mainly non-SME retail portfolio.

(1) At 31 December 2020, the Group's non-performing loans ratio was 2.8%, compared with 3.2% at 31 December 2019. This ratio is used by the European Banking Authority to monitor non-performing outstandings in Europe. It is calculated on the basis of gross outstanding of loans, receivables and deposits with central banks, not netted of guarantees received.

(2) Appendices III and V of Implementing Regulation (EU) No. 680/2014 on supervisory reporting.

➤ TABLE 44: PERFORMING AND NON PERFORMING EXPOSURES AND RELATED PROVISIONS (EU NPL4) [Audited]

In millions of euros	31 December 2020											
	Gross carrying amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
	Performing exposures			Non-performing exposures			Performing exposures			Non-performing exposures		
		of which stage 1	of which stage 2		of which stage 1 and stage 2	of which stage 3		of which stage 1	of which stage 2		of which stage 1 and stage 2	of which stage 3
Loans and advances	**1,154,591**	**1,062,776**	**91,815**	**33,492**	**3,001**	**30,491**	**(5,165)**	**(2,369)**	**(2,796)**	**(16,469)**	**(374)**	**(16,095)**
Central banks	308,765	308,180	585	-	-	-	(18)	(14)	(4)	-	-	-
General governments	27,952	26,413	1,539	525	408	117	(20)	(7)	(13)	(37)	(10)	(27)
Credit institutions	16,036	15,611	425	83	2	81	(26)	(18)	(8)	(73)	-	(73)
Other financial corporations	76,282	70,790	5,492	1,478	4	1,474	(160)	(75)	(85)	(885)	-	(885)
Non-financial corporations	402,193	350,376	51,817	17,060	642	16,418	(2,336)	(991)	(1,345)	(8,598)	(31)	(8,567)
of which SME	*120,194*	*102,546*	*17,648*	*6,841*	*237*	*6,604*	*(851)*	*(346)*	*(505)*	*(3,163)*	*(24)*	*(3,139)*
Households	323,363	291,406	31,957	14,346	1,945	12,401	(2,605)	(1,264)	(1,341)	(6,876)	(333)	(6,543)
Debt securities	**179,970**	**178,923**	**1,047**	**528**	**-**	**528**	**(82)**	**(28)**	**(54)**	**(267)**	**-**	**(267)**
Central banks	4,404	4,337	67	1	-	1	(4)	-	(4)	(1)	-	(1)
General governments	137,331	136,920	411	8	-	8	(31)	(26)	(5)	-	-	-
Credit institutions	15,975	15,975	-	101	-	101	-	-	-	(101)	-	(101)
Other financial corporations	18,506	17,984	522	167	-	167	(40)	(1)	(39)	(41)	-	(41)
Non-financial corporations	3,754	3,707	47	251	-	251	(7)	(1)	(6)	(124)	-	(124)
Off-balance-sheet exposures	**511,269**	**488,527**	**22,742**	**2,366**	**3**	**2,363**	**(616)**	**(319)**	**(297)**	**(347)**	**-**	**(347)**
Central banks	13,391	13,365	26	-	-	-	-	-	-	-	-	-
General governments	24,134	23,255	879	7	-	7	(5)	(1)	(4)	-	-	-
Credit institutions	34,149	33,650	499	-	-	-	(15)	(7)	(8)	-	-	-
Other financial corporations	74,516	72,098	2,418	88	-	88	(28)	(19)	(9)	(14)	-	(14)
Non-financial corporations	308,478	291,517	16,961	2,097	2	2,095	(436)	(213)	(223)	(323)	-	(323)
Households	56,601	54,642	1,959	174	1	173	(132)	(79)	(53)	(10)	-	(10)
TOTAL	**1,845,830**	**1,730,226**	**115,604**	**36,386**	**3,004**	**33,382**	**(5,863)**	**(2,716)**	**(3,147)**	**(17,083)**	**(374)**	**(16,709)**

In millions of euros	31 December 2019											
	Gross carrying amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
	Performing exposures			Non-performing exposures			Performing exposures			Non-performing exposures		
		of which stage 1	of which stage 2		of which stage 1 and stage 2	of which stage 3		of which stage 1	of which stage 2		of which stage 1 and stage 2	of which stage 3
Loans and advances	**992,643**	**916,056**	**76,587**	**33,314**	**3,050**	**30,264**	**(4,310)**	**(1,620)**	**(2,690)**	**(17,051)**	**(489)**	**(16,562)**
Central banks	154,017	153,586	431	-	-	-	-	-	-	-	-	-
General governments	34,855	33,014	1,841	266	135	131	(26)	(7)	(19)	(34)	(8)	(26)
Credit institutions	18,961	18,565	396	96	3	93	(8)	(6)	(2)	(80)	-	(80)
Other financial corporations	72,619	69,567	3,052	1,354	6	1,348	(143)	(61)	(82)	(884)	-	(884)
Non-financial corporations	386,707	345,889	40,818	16,477	610	15,867	(1,597)	(638)	(959)	(8,420)	(11)	(8,409)
of which SME	*113,081*	*96,420*	*16,661*	*7,021*	*145*	*6,876*	*(762)*	*(279)*	*(483)*	*(3,289)*	*(4)*	*(3,285)*
Households	325,484	295,435	30,049	15,121	2,296	12,825	(2,536)	(908)	(1,628)	(7,633)	(470)	(7,163)
Debt securities	**165,449**	**164,434**	**1,015**	**483**	**-**	**483**	**(74)**	**(35)**	**(39)**	**(282)**	**-**	**(282)**
Central banks	3,368	3,324	44	1	-	1	(2)	(1)	(1)	(2)	-	(2)
General governments	127,683	127,548	135	-	-	-	(28)	(22)	(6)	-	-	-
Credit institutions	11,809	11,758	51	117	-	117	-	-	-	(112)	-	(112)
Other financial corporations	18,138	17,415	723	93	-	93	(35)	(10)	(25)	(45)	-	(45)
Non-financial corporations	4,451	4,389	62	272	-	272	(9)	(2)	(7)	(123)	-	(123)
Off-balance-sheet exposures	**480,031**	**463,578**	**16,453**	**2,527**	**1**	**2,526**	**(484)**	**(259)**	**(225)**	**(334)**	**(1)**	**(333)**
Central banks	16,851	16,771	80	-	-	-	-	-	-	-	-	-
General governments	24,963	24,156	807	28	-	28	(4)	(1)	(3)	(12)	-	(12)
Credit institutions	20,436	19,855	581	19	-	19	(19)	(5)	(14)	-	-	-
Other financial corporations	68,687	67,827	860	85	-	85	(22)	(16)	(6)	(19)	-	(19)
Non-financial corporations	288,416	276,543	11,873	2,260	-	2,260	(322)	(175)	(147)	(299)	-	(299)
Households	60,678	58,426	2,252	135	1	134	(117)	(62)	(55)	(4)	(1)	(3)
TOTAL	**1,638,123**	**1,544,068**	**94,055**	**36,324**	**3,051**	**33,273**	**(4,868)**	**(1,914)**	**(2,954)**	**(17,667)**	**(490)**	**(17,177)**

➤ TABLE 45: PERFORMING AND NON PERFORMING EXPOSURES BY PAST DUE DAYS (EU NPL3) [Audited]

	31 December 2020									
	Performing exposures			Non-performing exposures						
In millions of euros		Not past due or ≤30 days	>30 days ≤90 days		Unlikely to pay that are not past due or are past due ≤90 days	>90 days ≤180 days	>180 days ≤1 year	>1 year ≤5 years	>5 years	of which defaulted
Loans and advances	**1,154,591**	**1,151,015**	**3,576**	**33,492**	**9,208**	**2,881**	**2,348**	**8,766**	**10,289**	**30,491**
Central banks	308,765	308,765	-	-	-	-	-	-	-	-
General governments	27,952	27,901	51	525	19	47	77	222	160	117
Credit institutions	16,036	15,996	40	83	13	1	1	3	65	81
Other financial corporations	76,282	75,542	740	1,478	702	312	43	170	251	1,474
Non-financial corporations	402,193	400,477	1,716	17,060	5,235	1,290	1,132	3,545	5,858	16,418
of which SME	*120,194*	*119,666*	*528*	*6,841*	*1,693*	*371*	*460*	*1,932*	*2,385*	*6,604*
Households	323,363	322,334	1,029	14,346	3,239	1,231	1,095	4,826	3,955	12,401
Debt securities	**179,970**	**179,970**	**-**	**528**	**399**	**-**	**-**	**101**	**28**	**528**
Central banks	4,404	4,404	-	1	1	-	-	-	-	1
General governments	137,331	137,331	-	8	8	-	-	-	-	8
Credit institutions	15,975	15,975	-	101	-	-	-	99	2	101
Other financial corporations	18,506	18,506	-	167	145	-	-	2	20	167
Non-financial corporations	3,754	3,754	-	251	245	-	-	-	6	251
Off-balance-sheet exposures	**511,269**			**2,366**						**2,363**
Central banks	13,391			-						-
General governments	24,134			7						7
Credit institutions	34,149			-						-
Other financial corporations	74,516			88						88
Non-financial corporations	308,478			2,097						2,095
Households	56,601			174						173
TOTAL	**1,845,830**	**1,330,985**	**3,576**	**36,386**	**9,607**	**2,881**	**2,348**	**8,867**	**10,317**	**33,382**

	31 December 2019									
	Performing exposures			Non-performing exposures						
In millions of euros		Not past due or ≤30 days	>30 days ≤90 days		Unlikely to pay that are not past due or are past due ≤90 days	>90 days ≤180 days	>180 days ≤1 year	>1 year ≤2 years	>5 years	of which defaulted
Loans and advances	**992,643**	**989,120**	**3,523**	**33,314**	**7,239**	**1,925**	**2,087**	**11,237**	**10,826**	**30,264**
Central banks	154,017	154,017	-	-	-	-	-	-	-	-
General governments	34,855	34,722	133	266	30	12	33	121	70	131
Credit institutions	18,961	18,956	5	96	18	3	1	60	14	93
Other financial corporations	72,619	72,554	65	1,354	514	8	37	187	608	1,348
Non-financial corporations	386,707	384,869	1,838	16,477	4,029	791	1,044	4,129	6,484	15,867
of which SME	*113,081*	*112,378*	*703*	*7,021*	*949*	*394*	*431*	*2,243*	*3,004*	*6,876*
Households	325,484	324,002	1,482	15,121	2,648	1,111	972	6,740	3,650	12,825
Debt securities	**165,449**	**165,449**	**-**	**483**	**324**	**-**	**-**	**103**	**56**	**483**
Central banks	3,368	3,368	-	1	1	-	-	-	-	1
General governments	127,683	127,683	-	-	-	-	-	-	-	-
Credit institutions	11,809	11,809	-	117	5	-	-	99	13	117
Other financial corporations	18,138	18,138	-	93	67	-	-	4	22	93
Non-financial corporations	4,451	4,451	-	272	251	-	-	-	21	272
Off-balance-sheet exposures	**480,031**			**2,527**						**2,526**
Central banks	16,851			-						-
General governments	24,963			28						28
Credit institutions	20,436			19						19
Other financial corporations	68,687			85						85
Non-financial corporations	288,416			2,260						2,260
Households	60,678			135						134
TOTAL	**1,638,123**	**1,154,569**	**3,523**	**36,324**	**7,563**	**1,925**	**2,087**	**11,340**	**10,882**	**33,273**

The following table shows the carrying amounts of the financial assets subject to impairment provisions for credit risk broken down by stage of impairment and by BNP Paribas internal rating in the prudential scope. Financial assets subject to impairment are recognised in the following accounting categories:

- amounts due from central banks (excluding cash);
- debt securities at fair value through equity or at amortised cost;
- loans and advances at amortised cost;
- financing and guarantee commitments given (off-balance sheet).

➤ TABLE 46: BREAKDOWN OF FINANCIAL ASSETS SUBJECT TO IMPAIRMENT BY STAGE AND INTERNAL RATING [Audited]

	31 December 2020							
	Gross carrying value							
	BNP Paribas rating or equivalent							
In millions of euros	1 to 3	4 to 5	6 to 8	9 to 10	Defaulted	TOTAL	Impairments	Net carrying value
Central Banks	**301,462**	**1,366**	**2,561**	**402**	**-**	**305,791**	**(17)**	**305,774**
Stage 1	301,462	1,366	2,441	-	-	305,269	(13)	305,256
Stage 2	-	-	120	402	-	522	(4)	518
Stage 3	-	-	-	-	-	-	-	-
Debt securities at fair value through equity	**52,781**	**2,727**	**3,414**	**9**	**108**	**59,039**	**(132)**	**58,907**
Stage 1	52,781	2,604	3,345	-	-	58,730	(7)	58,723
Stage 2	-	123	69	9	-	201	(21)	180
Stage 3	-	-	-	-	108	108	(104)	4
Loans and advances at amortised cost	**169,382**	**265,716**	**401,491**	**14,427**	**30,427**	**881,443**	**(21,609)**	**859,834**
Stage 1	169,382	249,821	338,074	-	-	757,277	(2,359)	754,918
Stage 2	-	15,895	63,417	14,427	-	93,739	(3,163)	90,576
Stage 3	-	-	-	-	30,427	30,427	(16,087)	14,340
Debt securities at amortised cost	**105,206**	**9,425**	**4,282**	**193**	**270**	**119,376**	**(158)**	**119,218**
Stage 1	105,206	9,224	3,829	-	-	118,259	(21)	118,238
Stage 2	-	201	453	193	-	847	(33)	814
Stage 3	-	-	-	-	270	270	(104)	166
Financing and guarantee commitments	**233,140**	**146,618**	**126,915**	**4,183**	**2,364**	**513,220**	**(963)**	**512,257**
Stage 1	233,140	141,547	113,426	-	-	488,113	(319)	487,794
Stage 2	-	5,071	13,489	4,183	-	22,743	(297)	22,446
Stage 3	-	-	-	-	2,364	2,364	(347)	2,017
TOTAL	**861,971**	**425,852**	**538,663**	**19,214**	**33,169**	**1,878,869**	**(22,879)**	**1,855,990**

In millions of euros	31 December 2019 Proforma							
	Gross carrying value						Impairments	Net carrying value
	BNP Paribas rating or equivalent					TOTAL		
	1 to 3	4 to 5	6 to 8	9 to 10	Defaulted			
Central Banks	**147,801**	**1,452**	**1,985**	**321**	**-**	**151,559**	**(16)**	**151,543**
Stage 1	147,801	1,441	1,911	-	-	151,154	(16)	151,137
Stage 2	-	11	74	321	-	406	-	406
Stage 3	-	-	-	-	-	-	-	-
Debt securities at fair value through equity	**49,123**	**2,833**	**1,793**	**9**	**117**	**53,875**	**(140)**	**53,735**
Stage 1	49,123	2,702	1,672	-	-	53,497	(5)	53,492
Stage 2	-	131	121	9	-	261	(22)	239
Stage 3	-	-	-	-	117	117	(113)	4
Loans and advances at amortised cost	**183,774**	**259,584**	**388,154**	**11,451**	**30,233**	**873,196**	**(21,374)**	**851,822**
Stage 1	183,774	247,877	332,798	-	-	764,449	(1,632)	762,817
Stage 2	-	11,707	55,356	11,451	-	78,514	(3,176)	75,338
Stage 3	-	-	-	-	30,233	30,233	(16,566)	13,667
Debt securities at amortised cost	**96,670**	**9,576**	**3,057**	**98**	**204**	**109,605**	**(134)**	**109,472**
Stage 1	96,670	9,077	2,900	-	-	108,647	(30)	108,617
Stage 2	-	499	157	98	-	754	(17)	737
Stage 3	-	-	-	-	204	204	(87)	117
Financing and guarantee commitments	**225,753**	**134,215**	**117,438**	**2,627**	**2,526**	**482,559**	**(818)**	**481,741**
Stage 1	225,753	131,269	106,556	-	-	463,578	(259)	463,319
Stage 2	-	2,946	10,882	2,627	-	16,455	(225)	16,230
Stage 3	-	-	-	-	2,526	2,526	(334)	2,192
TOTAL	**703,121**	**407,660**	**512,427**	**14,505**	**33,080**	**1,670,794**	**(22,482)**	**1,648,312**

The following tables show the breakdown by regulatory asset class, geographic area, and economic sector of doubtful assets and impairments limited to the scope of exposures subject to credit risk (see Table 11: *Prudential balance sheet by risk type (EU LI1-B)*). The exposure amounts are gross of impairments and before accounting for credit risk mitigation techniques (funded or unfunded credit protection).

TABLE 47: EXPOSURES AND PROVISIONS BY ASSET CLASS (EU CR1-A)

	31 December 2020					
	Gross exposure					
In millions of euros	Defaulted exposures	Non-defaulted exposures	Total	Stage 3 provisions	Stage 1 and stage 2 provisions	Exposure net of provisions
Central governments or central banks	56	429,027	**429,083**	(9)	(18)	429,057
Institutions	284	53,456	**53,740**	(246)	(65)	53,430
Corporates	12,299	589,744	**602,043**	(5,881)	(1,567)	594,596
of which specialised lending	*1,521*	*61,438*	***62,960***	*(663)*	*(117)*	*62,180*
of which SME	*2,432*	*39,771*	***42,203***	*(1,369)*	*(265)*	*40,569*
Retail	9,150	275,207	**284,356**	(4,627)	(1,201)	278,528
Secured by real estate property	*3,530*	*180,970*	***184,499***	*(1,091)*	*(219)*	*183,189*
SME	*471*	*11,519*	***11,990***	*(152)*	*(56)*	*11,783*
Non-SME	*3,059*	*169,450*	***172,509***	*(939)*	*(163)*	*171,406*
Qualifying revolving	*868*	*15,839*	***16,707***	*(605)*	*(207)*	*15,895*
Other retail	*4,752*	*78,398*	***83,150***	*(2,931)*	*281*	*80,501*
SME	*2,306*	*30,523*	***32,830***	*(1,363)*	*(247)*	*31,220*
Non-SME	*2,446*	*47,875*	***50,320***	*(1,568)*	*(528)*	*48,224*
Other items	-	578	**578**	-	-	578
TOTAL IRB APPROACH	**21,789**	**1,348,012**	**1,369,802**	**(10,762)**	**(2,851)**	**1,356,189**
Central governments or central banks	2	32,658	**32,660**	(0)	(44)	32,615
Regional governments or local authorities	35	6,047	**6,082**	(8)	(4)	6,070
Public sector entities	16	17,941	**17,957**	(4)	(4)	17,948
Multilateral development banks	-	192	**192**	-	(0)	192
International organisations	-	7	**7**	-	(0)	7
Institutions	9	12,935	**12,945**	(5)	(12)	12,927
Corporates	2,661	117,402	**120,063**	(1,473)	(549)	118,040
of which SME	*708*	*22,477*	***23,186***	*(435)*	*(132)*	*22,619*
Retail	5,345	122,658	**128,003**	(3,297)	(1,842)	122,864
of which SME	*1,578*	*31,280*	***32,858***	*(947)*	*(315)*	*31,595*
Exposures secured by mortgages on immovable property	2,758	62,708	**65,465**	(1,137)	(749)	63,579
of which SME	*818*	*10,833*	***11,651***	*(378)*	*(141)*	*11,132*
Exposures in default						
Items associated with particular high risk(*)	1	1,071	**1,072**	(5)	(6)	1,061
Exposures in the form of units or shares in collective investment undertakings	-	464	**464**	-	-	464
Equity	-	648	**648**	-	-	648
Other items	-	28,010	**28,010**	-	(0)	28,009
TOTAL STANDARDISED APPROACH	**10,825**	**402,741**	**413,566**	**(5,930)**	**(3,211)**	**404,426**
TOTAL	**32,614**	**1,750,753**	**1,783,367**	**(16,692)**	**(6,061)**	**1,760,614**

(*) *Immovable property financing exposures whose risk profile may be affected by market conditions.*

In millions of euros	31 December 2019					
	Gross exposure					
	Defaulted exposures	Non-defaulted exposures	Total	Stage 3 provisions	Stage 1 and stage 2 provisions	Exposure net of provisions
Central governments or central banks	59	270,296	**270,355**	(9)	(18)	270,328
Institutions	406	57,731	**58,137**	(320)	(39)	57,778
Corporates	11,749	541,523	**553,272**	(5,804)	(985)	546,483
of which specialised lending	*1,034*	*60,589*	***61,623***	*(496)*	*(57)*	*61,070*
of which SME	*2,723*	*35,854*	***38,578***	*(1,468)*	*(233)*	*36,877*
Retail	9,589	263,904	**273,493**	(4,877)	(1,318)	267,298
Secured by real estate property	*3,608*	*174,149*	***177,757***	*(1,075)*	*(203)*	*176,479*
SME	*570*	*11,214*	***11,784***	*(183)*	*(50)*	*11,551*
Non-SME	*3,039*	*162,935*	***165,974***	*(892)*	*(154)*	*164,928*
Qualifying revolving	*1,059*	*16,780*	***17,839***	*(762)*	*(267)*	*16,810*
Other retail	*4,921*	*72,976*	***77,897***	*(3,041)*	*(407)*	*74,449*
SME	*2,300*	*25,985*	***28,285***	*(1,247)*	*(220)*	*26,818*
Non-SME	*2,621*	*46,991*	***49,612***	*(1,794)*	*(628)*	*47,190*
Other items	-	459	**459**	-	-	459
TOTAL IRB APPROACH	**21,803**	**1,133,913**	**1,155,716**	**(11,010)**	**(2,360)**	**1,142,346**
Central governments or central banks	2	29,518	**29,520**	(2)	(36)	29,482
Regional governments or local authorities	34	5,916	**5,950**	(7)	(5)	5,938
Public sector entities	7	18,176	**18,183**	(2)	(5)	18,176
Multilateral development banks	-	192	**192**	-	-	192
International organisations	-	9	**9**	-	-	9
Institutions	13	10,813	**10,826**	(5)	(21)	10,800
Corporates	2,432	118,520	**120,952**	(1,362)	(491)	119,099
of which SME	*999*	*26,482*	***27,481***	*(544)*	*(188)*	*26,749*
Retail	5,577	130,019	**135,596**	(3,552)	(1,644)	130,400
of which SME	*1,741*	*31,750*	***33,492***	*(982)*	*(306)*	*32,204*
Exposures secured by mortgages on immovable property	2,696	70,732	**73,429**	(1,105)	(689)	71,635
of which SME	*923*	*20,636*	***21,559***	*(405)*	*(194)*	*20,960*
Exposures in default						
Items associated with particular high risk(*)	63	1,187	**1,250**	(37)	(7)	1,206
Exposures in the form of units or shares in collective investment undertakings	-	533	**533**	-	-	533
Equity	-	782	**782**	-	-	782
Other items	-	28,314	**28,314**	-	-	28,314
TOTAL STANDARDISED APPROACH	**10,826**	**414,710**	**425,536**	**(6,072)**	**(2,897)**	**416,567**
TOTAL	**32,629**	**1,548,623**	**1,581,252**	**(17,082)**	**(5,257)**	**1,558,913**

(*) Immovable property financing exposures whose risk profile may be affected by market conditions.

➤ TABLE 48: EXPOSURES AND PROVISIONS BY GEOGRAPHIC BREAKDOWN (EU CR1-C) [Audited]

In millions of euros		31 December 2020					
		Gross exposure					
		Defaulted exposures	Non-defaulted exposures	Total	Stage 3 provisions	Stage 1 and stage 2 provisions	Exposure net of provisions
Europe[(*)]		**26,686**	**1,370,843**	**1,397,528**	**(13,167)**	**(4,540)**	**1,379,821**
	France	8,097	591,476	**599,573**	(4,276)	(1,441)	593,856
	Belgium	2,990	213,954	**216,944**	(1,037)	(322)	215,585
	Luxembourg	205	58,355	**58,561**	(88)	(72)	58,401
	Italy	9,366	165,771	**175,137**	(4,916)	(1,063)	169,158
	United Kingdom	1,770	77,076	**78,846**	(873)	(287)	77,686
	Germany	1,215	75,046	**76,261**	(627)	(305)	75,328
	Netherlands	131	35,260	**35,391**	(43)	(54)	35,294
	Other European countries	2,912	153,905	**156,816**	(1,308)	(997)	154,512
North America		**1,042**	**205,140**	**206,181**	**(433)**	**(714)**	**205,034**
Asia Pacific		**546**	**91,983**	**92,529**	**(194)**	**(110)**	**92,225**
	Japan	62	16,663	**16,724**	(3)	(12)	16,710
	North Asia	35	35,316	**35,351**	(20)	(58)	35,273
	South-East Asia (ASEAN)	185	20,537	**20,721**	(99)	(27)	20,596
	Indian peninsula & Pacific	264	19,468	**19,732**	(72)	(13)	19,647
Rest of the World		**4,341**	**82,788**	**87,129**	**(2,898)**	**(697)**	**83,534**
	Turkey	621	21,139	**21,760**	(416)	(219)	21,125
	Mediterranean Basin	923	10,444	**11,367**	(628)	(192)	10,547
	Persian Gulf & Africa	1,803	16,665	**18,468**	(1,172)	(150)	17,146
	Latin America	300	18,380	**18,680**	(181)	(71)	18,428
	Other countries	694	16,161	**16,854**	(501)	(64)	16,289
TOTAL		**32,614**	**1,750,753**	**1,783,367**	**(16,692)**	**(6,061)**	**1,760,614**

(*) Within the European Union, the European Free Trade Association (EFTA) and United Kingdom.

In millions of euros		31 December 2019					
		Gross exposure			Stage 3 provisions	Stage 1 and stage 2 provisions	Exposure net of provisions
		Defaulted exposures	Non-defaulted exposures	Total			
Europe(*)		**26,604**	**1,144,755**	**1,171,359**	**(13,692)**	**(4,065)**	**1,153,602**
	France	8,026	466,426	**474,451**	(4,646)	(1,744)	468,061
	Belgium	2,660	168,495	**171,155**	(964)	(247)	169,944
	Luxembourg	258	40,853	**41,111**	(88)	(45)	40,978
	Italy	10,085	147,876	**157,961**	(5,367)	(899)	151,695
	United Kingdom	1,339	77,900	**79,239**	(747)	(162)	78,330
	Germany	925	64,399	**65,324**	(491)	(238)	64,595
	Netherlands	214	29,810	**30,024**	(93)	(26)	29,905
	Other European countries	3,096	148,998	**152,094**	(1,296)	(704)	150,094
North America		**1,406**	**218,161**	**219,566**	**(503)**	**(436)**	**218,627**
Asia Pacific		**300**	**95,756**	**96,056**	**(162)**	**(65)**	**95,828**
	Japan	0	19,497	**19,497**	(0)	(3)	19,494
	North Asia	11	34,514	**34,525**	(8)	(34)	34,483
	South-East Asia (ASEAN)	139	21,372	**21,511**	(93)	(16)	21,402
	Indian peninsula & Pacific	149	20,374	**20,523**	(61)	(12)	20,450
Rest of the World		**4,320**	**89,951**	**94,270**	**(2,725)**	**(691)**	**90,854**
	Turkey	796	22,723	**23,520**	(446)	(217)	22,857
	Mediterranean Basin	935	11,410	**12,345**	(609)	(168)	11,568
	Persian Gulf & Africa	1,553	20,123	**21,676**	(864)	(137)	20,675
	Latin America	325	18,749	**19,074**	(243)	(103)	18,728
	Other countries	711	16,945	**17,656**	(563)	(66)	17,027
TOTAL		**32,629**	**1,548,623**	**1,581,252**	**(17,082)**	**(5,257)**	**1,558,913**

(*) Within the European Union, the European Free Trade Association (EFTA) and United Kingdom.

➤ TABLE 49: EXPOSURES AND STAGE 3 PROVISIONS BY INDUSTRY (EU CR1-B) [Audited]

In millions of euros	31 December 2020			
	Gross exposure			Stage 3 provisions
	Defaulted exposures	Non-defaulted exposures	Total	
Agriculture, Food, Tobacco	1,147	40,576	**41,723**	(534)
Insurance	23	14,599	**14,622**	(7)
Chemicals excluding Pharmaceuticals	114	14,723	**14,837**	(57)
Building & Public works	3,281	32,907	**36,188**	(1,606)
Retail trade	1,280	47,043	**48,323**	(676)
Energy excluding Electricity	780	26,800	**27,580**	(491)
Equipment excluding IT Electronic	875	47,128	**48,003**	(463)
Finance	795	452,270	**453,065**	(639)
Real estate	3,495	98,638	**102,133**	(1,423)
Information technologies	191	24,007	**24,198**	(96)
Minerals, metals & materials (including cement, packaging, *etc.*)	812	28,429	**29,241**	(441)
Wholesale trade	1,883	51,905	**53,788**	(1,387)
Private individuals	11,790	397,094	**408,885**	(6,169)
Healthcare & Pharmaceuticals	191	25,137	**25,328**	(94)
Services to public authorities (electricity, gas, water, *etc.*)	191	43,054	**43,245**	(113)
Business services	2,004	80,342	**82,346**	(975)
Communication services	115	18,523	**18,638**	(53)
Sovereign	96	149,225	**149,321**	(20)
Transportation & Storage	1,657	78,637	**80,293**	(504)
Other	1,894	79,717	**81,611**	(943)
TOTAL	**32,614**	**1,750,753**	**1,783,367**	**(16,692)**

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In millions of euros	31 December 2019			
	Gross exposure			
	Defaulted exposures	Non-defaulted exposures	Total	Stage 3 provisions
Agriculture, Food, Tobacco	1,248	38,341	**39,589**	(557)
Insurance	19	15,383	**15,403**	(7)
Chemicals excluding Pharmaceuticals	67	14,402	**14,469**	(53)
Building & Public works	3,493	30,938	**34,431**	(1,644)
Retail trade	1,294	42,864	**44,158**	(689)
Energy excluding Electricity	787	24,395	**25,182**	(527)
Equipment excluding IT Electronic	791	43,560	**44,351**	(436)
Finance	955	298,999	**299,954**	(805)
Real estate	3,158	93,749	**96,907**	(1,416)
Information technologies	203	23,546	**23,750**	(94)
Minerals, metals & materials (including cement, packaging, *etc.*)	857	30,047	**30,905**	(452)
Wholesale trade	1,961	59,930	**61,891**	(1,281)
Private individuals	12,398	399,769	**412,167**	(6,639)
Healthcare & Pharmaceuticals	150	23,297	**23,447**	(58)
Services to public authorities (electricity, gas, water, *etc.*)	742	39,789	**40,532**	(177)
Business services	1,137	80,872	**82,009**	(730)
Communication services	140	19,067	**19,207**	(51)
Sovereign	126	141,583	**141,708**	(33)
Transportation & Storage	1,350	66,743	**68,093**	(489)
Other	1,751	61,348	**63,099**	(945)
TOTAL	**32,629**	**1,548,623**	**1,581,252**	**(17,082)**

At 31 December 2020, doubtful loans remained stable compared to 31 December 2019, due to the increase in doubtful loans to corporates in sensitive sectors, offset by the sale of portfolios of defaulted loans to retail customers.

The main effects which explain changes in the amount of doubtful loans in 2020 (EU CR2-B) are shown in note 4.f to the consolidated financial statements.

The cost of risk and the changes in impairments related to credit risk are presented in the consolidated financial statements – note 2.h – *Cost of risk*.

RESTRUCTURED LOANS [Audited]

When a borrower is bordering on or in financial difficulties, he may receive a concession from the bank that would otherwise not have been granted had the borrower not met with financial difficulty. The concession may be:

- a change to the contract terms and conditions;
- partial or total refinancing of the debt.

The loan is then said to be "restructured". It must retain the status of "restructured" during a period of observation, known as a probation period, for at least two years. The concept of restructuring is described in the accounting principles (note 1.e.5 to the consolidated financial statements).

According to the principles for identifying the restructured exposure amounts for the Group as a whole, for the non-retail business, exposures are identified individually during the loan process, notably during Committees. As for restructured exposures for retail customers, they are usually identified *via* a systematic process requiring the use of algorithms whose parameters are validated by the RISK and Finance Functions.

Information on restructured loans is reported to the supervisory authority on a quarterly basis.

The following table shows the gross value and impairment amounts of performing and non-performing loans that have been restructured.

➤ TABLE 50: CREDIT QUALITY OF RESTRUCTURED LOANS (EU NPL1) [Audited]

	31 December 2020				
	Gross carrying value			Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	
		Non-performing exposures			
In millions of euros	Performing exposures		of which defaulted	Performing exposures	Non-performing exposures
Loans and advances	**8,001**	**9,313**	**7,238**	**(483)**	**(3,505)**
General governments	1	9	8	-	(8)
Credit institutions	-	1	1	-	(1)
Other financial corporations	225	201	201	(7)	(150)
Non-financial corporations	5,162	4,316	4,127	(303)	(1,665)
Households	2,613	4,786	2,901	(173)	(1,681)
Debt securities	**-**	**205**	**205**	**-**	**(62)**
Off-balance-sheet exposures	**931**	**160**	**157**	**(10)**	**(24)**
TOTAL	**8,932**	**9,678**	**7,600**	**(493)**	**(3,591)**

In millions of euros	31 December 2019				
	Gross carrying value			Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	
	Performing exposures	Non-performing exposures	of which defaulted	Performing exposures	Non-performing exposures
Loans and advances	**3,408**	**8,104**	**6,141**	**(355)**	**(3,304)**
General governments	2	7	6	-	(2)
Credit institutions	-	7	7	-	(7)
Other financial corporations	76	285	285	(3)	(143)
Non-financial corporations	1,793	3,453	3,380	(122)	(1,566)
Households	1,537	4,352	2,463	(230)	(1,586)
Debt securities	**46**	**167**	**167**	**-**	**(49)**
Off-balance-sheet exposures	**447**	**133**	**132**	**(16)**	**(8)**
TOTAL	**3,901**	**8,404**	**6,440**	**(371)**	**(3,361)**

EXPOSURES SUBJECT TO MORATORIA AND PUBLIC GUARANTEE SCHEMES

EXPOSURES SUBJECT TO MORATORIA

In response to the health crisis, the Group has granted its customers moratoria, most often consisting of extensions of a few months (see also the paragraph *Restructuring of financial assets due to financial difficulties* in note 1.e.5 to the consolidated financial statements). These moratoria may be based on national law (so-called legislative moratoria) or on an agreed or coordinated payment reduction initiative within the banking sector (so-called non-legislative moratoria).

At 31 December 2020, the Group's exposure to loans subject to moratoria[(1)] (included expired moratoria) amounted to EUR 54.1 billion.

Around 700,000 moratoria[(2)] expired as at 31 December 2020, *i.e.* 81% of the Group's exposure to loans subject to moratoria[(1)]. More than 98% of expired moratoria are performing.

(1) Moratoria qualified as "Covid-19 General moratorium measure" meeting the criteria defined in EBA Guidelines published on 2 April 2020.

(2) Number of individual customers and companies whose moratoria expired.

TABLE 51: EXPOSURES SUBJECT TO LEGISLATIVE AND NON LEGISLATIVE MORATORIA[(1)] [Audited]

In millions of euros	Gross carrying amount						
		Performing exposure			Non performing exposure		
	Total		of which exposures with forbearance measures	of which stage 2		of which exposures with forbearance measures	of which unlikely to pay that are not past-due or past-due ≤90 days
Loans and advances subject to moratorium	**54,125**	**52,845**	**1,693**	**10,249**	**1,280**	**712**	**501**
of which households	16,972	16,286	524	3,387	686	370	233
of which collateralised by residential immovable property	*8,098*	*7,827*	*341*	*1,560*	*271*	*160*	*110*
of which non-financial corporations	35,533	34,954	1,139	6,619	579	332	261
of which SME	*20,057*	*19,675*	*748*	*3,692*	*382*	*210*	*160*
of which collateralised by commercial immovable property	*8,574*	*8,364*	*223*	*1,908*	*210*	*160*	*152*

TABLE 52: BREAKDOWN OF EXPOSURES SUBJECT TO LEGISLATIVE AND NON LEGISLATIVE MORATORIA[(1)] BY RESIDUAL MATURITY OF MORATORIA [Audited]

In millions of euros	Number of obligors		of which legislative moratoria	of which expired moratoria
Loans and advances for which moratorium was offered	**945,424**	**54,371**		
Loans and advances subject to moratorium (granted)	**943,617**	**54,125**	**11,697**	**43,964**
of which households		16,972	4,228	13,948
of which collateralised by residential immovable property		*8,098*	*2,208*	*6,691*
of which non-financial corporations		35,533	7,448	28,553
of which SME		*20,057*	*5,318*	*16,203*
of which collateralised by commercial immovable property		*8,574*	*2,904*	*7,118*

The breakdown of the residual maturities of the moratoria reflects the measures taken in the countries where the Group operates. At 31 December 2020, 95% of the unexpired moratoria have a residual maturity of less than six months. At 31 December 2020, moratoria have been granted for EUR 17.0 billion to households and EUR 35.5 billion to non-financial corporates.

(1) *Moratoria qualified as "Covid-19 General moratorium measure" meeting the criteria defined in EBA Guidelines published on 2 April 2020.*

	31 December 2020							
	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Gross carrying amount - inflows to non performing exposures
		Performing exposure			Non performing exposure			
	Total		of which exposures with forbearance measures	of which stage 2		of which exposures with forbearance measures	of which unlikely to pay that are not past-due or past-due ≤ 90 days	
	(1,009)	**(708)**	**(90)**	**(448)**	**(301)**	**(144)**	**(121)**	**396**
	(496)	(316)	(29)	(187)	(181)	(74)	(65)	267
	(102)	*(70)*	*(18)*	*(55)*	*(32)*	*(18)*	*(15)*	*79*
	(495)	(380)	(60)	(253)	(115)	(65)	(55)	127
	(329)	*(251)*	*(43)*	*(168)*	*(78)*	*(41)*	*(31)*	*88*
	(95)	*(67)*	*(6)*	*(46)*	*(28)*	*(20)*	*(20)*	*85*

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	31 December 2020				
	Gross carrying amount				
	Residual maturity of moratoria				
	≤ 3 months	> 3 months ≤ 6 months	> 6 months ≤ 9 months	> 9 months ≤ 12 months	> 12 months
	7,456	**2,206**	**217**	**187**	**95**
	1,505	1,230	107	136	46
	771	*352*	*105*	*134*	*45*
	5,796	974	110	51	49
	3,235	*479*	*92*	*45*	*3*
	1,399	*35*	*22*	*0*	*-*

PUBLIC GUARANTEE SCHEMES

At 31 December 2020, the Group has granted more than 120,000 loans guaranteed by States through its Retail Banking networks of domestic markets and international networks.

TABLE 53: LOANS AND ADVANCES SUBJECT TO PUBLIC GUARANTEE SCHEMES [Audited]

	31 December 2020			
	Gross carrying amount			
In millions of euros		of which exposures with forbearance measures	Public guarantees received	Gross carrying amount - inflows to non performing exposures
Newly originated loans and advances subject to public guarantee schemes	**24,550**	**17**	**21,688**	**72**
of which households	834			1
of which collateralised by residential immovable property	*6*			-
of which non-financial corporations	*22,666*	*15*	*20,081*	*54*
of which SME	*12,591*			*24*
of which collateralised by commercial immovable property	*243*			-

At 30 December 2020, the total amount of loans guaranteed by States, granted by the Group, mainly in France, in Italy and the United States, amounted to EUR 24.6 billion, for a corresponding guarantee amount of EUR 21.7 billion, *i.e.* 88.3% of outstandings. The residual maturity of these guarantees is mostly inferior to less than six months. At 31 December 2020, State-guaranteed loans were spread across all sectors.

CREDIT RISK MITIGATION TECHNIQUES [Audited]

Credit risk mitigants (CRM) are taken into account in accordance with the regulation. In particular, their effect is assessed under conditions characteristic of an economic downturn. The CRM fall into two main categories:

- funded credit protection (collateral) pledged to the Bank is used to secure timely performance of a borrower's financial obligations;
- unfunded credit protection (personal guarantee) is the commitment by a third party to replace the primary obligor in the event of default. Thus, public guarantee mechanisms are considered as personal guarantees. By extension, credit insurance and credit derivatives (purchased protection) fall into this category.

For the scope under the IRB approach, personal guarantees and collaterals are taken into account, provided they are eligible, by decreasing the Loss Given Default (LGD) parameter corresponding to an increase in the Global Recovery Rate (GRR) that applies to the transactions of the banking book. The value taken into consideration takes account, where relevant, of currency and maturity mismatches and, for funded credit protection, of a haircut applied to the market value of the pledged asset based on a default scenario during an economic downturn. The amount of unfunded credit protection to which a haircut is applied depends on the enforceable nature of the commitment and the risk of simultaneous default by the borrower and guarantor.

For the scope under the standardised approach, unfunded credit protection is taken into account provided it is eligible, by applying the more favourable risk weight of the guarantor to a portion of the secured exposure adjusted for currency and maturity mismatches. Funded credit protection is taken into account as a decrease in the exposure, after adjustment for any currency and maturity mismatches and a discount to take account of volatility in market value for financial security collaterals.

The assessment of the credit risk mitigating effect follows a methodology that is approved for each activity and is used throughout the Group. These techniques are monitored in accordance with the monitoring and portfolio management procedures described in the *Credit risk management policy* section.

As at 31 December 2020, 74% of exposure to property loans is concentrated in the Group's two main Domestic Markets (France, Belgium). In view of the specific features of these markets (amortising long-term financing, primarily at fixed rates), the LTV (Loan-to-value) ratio is not a main monitoring indicator at Group level.

FUNDED CREDIT PROTECTION

Funded credit protection is divided into two categories:

- financial collateral:

  This consists of cash amounts (including gold), shares in collective investment funds, equities (listed or unlisted) and bonds;
- other diverse forms of collateral:

  These include real estate mortgages or ship mortgages, pledge of equipment or inventories, transfer of commercial receivables or any other rights to an asset of the counterparty.

To be eligible, funded credit protection must fulfil the following conditions:

- the value of the collateral must not be highly correlated with the risk on the obligor (in particular, shares of the obligor are not eligible);
- the pledge must be documented;
- the pledged asset must be traded on a liquid secondary market to enable rapid resale;
- the Bank must have a regularly updated value of the pledged asset;
- the Bank must have a reasonable level of comfort in the potential appropriation and realisation of the asset concerned.

In the Retail Banking business, the presence or absence of a particular type of collateral may, depending on the coverage ratio, lead to assigning the exposure to particular LGD class on a statistical basis.

UNFUNDED CREDIT PROTECTION

Guarantors are subject to the same rigorous credit risk assessment process as primary obligors and are assigned risk parameters according to similar methods and procedures.

Guarantees are granted by the obligor's parent company or by other entities such as financial institutions. Other examples of guarantees are credit derivatives, guarantees from public insurers for export financing or private insurers.

Consideration of a guarantee consists of determining the average amount the Bank can expect to recover if the borrower defaults and the guarantee is called in. It depends on the amount of the guarantee, the risk of simultaneous default by the borrower and the guarantor (which is a function of the probability of default of the borrower, of the guarantor, and the degree of correlation between borrower and guarantor default, which is high if they belong to the same business group or the same sector and low if not) and the enforceable nature of the guarantee.

OPTIMISING CREDIT RISK MANAGEMENT THROUGH CDS (EU CR7)

As part of its role of optimising credit risk management for CIB, Portfolio Management (PM) sets up hedges using credit derivatives, and mainly credit default swaps (CDS). These CDS are used as part of an active management policy, the main aim being to hedge migration and concentration risks and manage major exposures. The underlying assets are loans made to large corporates by CIB Corporate Banking, and occasionally those made by the Retail Banking & Services activity.

Considered from a regulatory standpoint to be guarantees, CDS hedges totalled EUR 778 million at 31 December 2020, compared with EUR 640 million at 31 December 2019. These hedges are put on by CIB to hedge exposures mainly treated under the IRB approach. Provided they are eligible, they have the effect of decreasing the estimated Loss Given Default for the underlying asset, and, therefore, reducing its consumption in terms of risk-weighted assets. At 31 December 2020, the reduction in risk-weighted assets resulting from hedging operations *via* CDS concerns only the corporate asset class, and represents EUR 325 million (EU CR7).

The following tables give the breakdown for the central governments and central banks, corporates and institutions portfolios, of the risk mitigation resulting from all the collateral and guarantees relating to the portfolio of loans and credit commitments for all the Group's business lines.

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TABLE 54: IRBA – CREDIT RISK MITIGATION FOR SOVEREIGN, FINANCIAL INSTITUTION, CORPORATE AND SPECIALISED FINANCING PORTFOLIOS [Audited][(1)]

In millions of euros	31 December 2020				31 December 2019			
		Risk mitigation				Risk mitigation		
	Gross exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collateral	Gross exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collateral
Central governments and central banks	429,083	3,088	53	3,142	270,355	3,586	25	3,611
Corporates	602,043	93,587	85,648	179,234	553,272	87,503	75,629	163,132
Institutions	53,740	4,533	974	5,507	58,137	6,459	577	7,036
TOTAL	**1,084,867**	**101,208**	**86,675**	**187,883**	**881,764**	**97,549**	**76,230**	**173,779**

TABLE 55: STANDARDISED APPROACH – CREDIT RISK MITIGATION FOR SOVEREIGN, FINANCIAL INSTITUTION, CORPORATE AND SPECIALISED FINANCING PORTFOLIOS [Audited][(1)]

In millions of euros	31 December 2020				31 December 2019			
		Risk mitigation				Risk mitigation		
	Gross exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collaterals	Gross exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collaterals
Central governments and central banks	44,053	0	561	561	41,454	0	700	700
Corporates	140,265	11,425	27,602	39,027	144,388	8,573	26,114	34,687
Institutions	26,696	33	54	87	23,266	258	63	321
TOTAL	**211,014**	**11,458**	**28,217**	**39,675**	**209,109**	**8,832**	**26,876**	**35,708**

(1) The audit does not cover the breakdown between the IRBA and standardised approach.

5.5 Securitisation in the banking book

Securitisation means a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranched, having the following characteristics:

- payments made in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures;
- the subordination of tranches determines the distribution of losses during the life of the risk transfer.

Any commitment (including derivatives and liquidity lines) granted to a securitisation operation must be treated as a securitisation position. Most of these commitments are held in the prudential banking book (section 5.5). Commitments held in the trading book are set out in *Market risk* (section 5.7).

The securitisation transactions discussed below concern:

- the programmes originated by the Group for its own account, securitising its credit exposures ("originator" role) which are recognised as efficient under Basel 3 regulatory framework;
- the programmes that the Group has structured on behalf of its clients ("sponsor" role where clients' assets are securitised), in which it has retained positions;
- the programmes to which the Group has subscribed without having a role in structuring the operation ("investor" role).

In section 5.5, securitisation positions deducted from own funds are not included. These positions amounted to EUR 177 million at 31 December 2020.

BNP PARIBAS SECURITISATION ACTIVITIES

The Group's activities in each of its roles as originator, sponsor and investor, are described below:

➤ TABLE 56: SECURITISED EXPOSURES AND SECURITISATION POSITIONS (HELD OR ACQUIRED) BY ROLE

In millions of euros	31 December 2020		31 December 2019	
BNP Paribas role	Securitised exposures originated by BNP Paribas(*)	Securitised positions held or acquired (EAD)(**)	Securitised exposures originated by BNP Paribas(*)	Securitised positions held or acquired (EAD)(**)
Originator(***)	43,718	34,641	39,281	30,216
Sponsor	4	22,830	6	22,145
Investor	-	8,987	-	8,915
TOTAL	**43,722**	**66,458**	**39,287**	**61,276**

(*) Securitised exposures originated by the Group correspond to the underlying exposures recognised on the Group's balance sheet and off-balance sheet which have been securitised.
(**) Securitisation positions correspond to tranches retained and off-balance sheet commitments granted by the Group in securitisation transactions originated or arranged by the Group, as well as tranches acquired by the Group in securitisation transactions arranged by other parties. Excluding securitisation positions deducted from CET1 capital.
(***) Efficient securitisation programmes only, see next paragraph.

PROPRIETARY SECURITISATION (ORIGINATOR)

The Group acts as an originator by securitising its own credit exposures in order to obtain new sources of financing and improve the liquidity of its balance sheet, and to reduce its risk and capital requirements.

Where the purpose of the transaction is solely to reduce risk, the Group will favour so-called "synthetic" securitisation transactions, ensuring the risk transfer of exposures (mortgages, consumer loans, corporate loans, *etc.*) through credit derivatives or guarantees. These transactions are initiated mainly by CIB in collaboration with the Retail Banking & Services business lines.

In the context of securitisation transactions carried out for financing purposes, the Group will favour so-called "cash" or "traditional" securitisations, characterised by the sale of securitised exposures to a specially created entity. These operations are initiated by ALM Treasury in collaboration with the businesses whose exposures are securitised in exchange for liquid assets eligible for central bank financing or included in the global liquidity reserve (see paragraph *Wholesale funding and liquidity reserve monitoring indicators* in section 5.8 *Liquidity risk*).

Risk transfer of own account securitisation transactions

The capital requirement of securitised credit exposures and securitisation positions depends on the risk transfer level of the transaction.

When the exposures securitised by the Group in the context of own-account securitisation transactions meet the Basel eligibility criteria, in particular that of significant risk transfer as defined in Regulation (EU) No. 2017/2401, they are excluded from the calculation of credit risk-weighted assets and the securitisation transaction is said to be efficient. In this case, only the positions retained by the institution and any commitments granted to the structure after securitisation are subject to risk-weighted assets calculation.

Exposures securitised through proprietary securitisation transactions that do not meet Basel eligibility criteria (inefficient securitisations) remain in their original prudential portfolio. Their capital requirement is calculated as if they were not securitised and is included in section 5.4 *Credit risk*.

Efficient securitisations

Exposures retained in securitisation positions originated by BNP Paribas amounted to EUR 34.6 billion at 31 December 2020, corresponding to positions in nineteen efficient securitisation programmes under Basel rules.

At 31 December 2020, the main securitisation transactions recognised as efficient are the following:

- a synthetic operation initiated in 2020 by French Retail Banking concerning an EUR 6.2 billion portfolio of large corporate loans;
- a synthetic operation initiated in 2020 by French Retail Banking concerning an EUR 1.2 billion portfolio of corporate loans;
- a synthetic transaction initiated in 2019 by French Retail Banking concerning an EUR 7.5 billion portfolio of corporates loans;
- a synthetic transaction initiated in 2019 by Belgian Retail Banking concerning an EUR 4.2 billion portfolio of corporates loans;
- a synthetic transaction initiated in 2018 by French Retail Banking concerning an EUR 10.7 billion portfolio of large corporates loans;
- a synthetic transaction initiated in 2018 by BNL concerning a EUR 2.2 billion portfolio of corporate loans;
- a synthetic transaction initiated in 2017 by French Retail Banking concerning an EUR 1.1 billion portfolio of corporates loans;

BNP Paribas did not securitise for its own account revolving exposures subject to early amortisation treatment.

At 31 December 2020, there were no assets awaiting securitisation.

➤ TABLE 57: SECURITISED EXPOSURES BY BNP PARIBAS AS ORIGINATOR BY APPROACH

In millions of euros	Securitised exposures originated by BNP Paribas	
	31 December 2020	31 December 2019
Traditional	**7,505**	**8,175**
of which IRB approach(*)	4,367	5,071
of which standardised approach(**)	3,138	3,104
Synthetic	**36,213**	**31,106**
of which IRB approach(*)	36,213	29,415
of which standardised approach(**)	-	1,690
TOTAL	**43,718**	**39,281**

(*) Securitisation programmes under SEC-IRBA approach defined in Regulation (EU) No. 2017/2401, as well as IRBA approach defined in Regulation (EU) No. 575/2013 for programmes subject to transitional arrangements at 31 December 2019.

(**) Securitisation programmes under SEC-ERBA and SEC-SA approaches defined in Regulation (EU) No. 2017/2401, as well as standardised approach defined in Regulation (EU) No. 575/2013 for programmes subject to transitional arrangements at 31 December 2019.

TABLE 58: SECURITISED EXPOSURES BY BNP PARIBAS AS ORIGINATOR BY UNDERLYING ASSET CATEGORY(*)

Originated securitised exposures *In millions of euros*	31 December 2020			31 December 2019		
	Traditional	Synthetic	Total	Traditional	Synthetic	Total
Residential mortgages	11	-	**11**	17	-	**17**
Consumer loans	4,902	-	**4,902**	5,281	1,690	**6,972**
Credit card receivables	-	-	**-**	-	-	**-**
Loans to corporates	1,743	36,213	**37,956**	1,813	29,415	**31,228**
Trade receivables	-	-	**-**	-	-	**-**
Commercial mortgages	-	-	**-**	-	-	**-**
Finance leases	849	-	**849**	980	-	**980**
Other assets	-	-	**-**	84	-	**84**
TOTAL	**7,505**	**36,213**	**43,718**	**8,175**	**31,106**	**39,281**

(*) *This breakdown is based on the predominant underlying asset of the securitisation.*

Inefficient securitisations

Inefficient securitisation transactions are mainly carried out for refinancing purposes. These operations, which do not result in any risk transfer within the meaning of Regulation (EU) No. 2017/2401, do not have a diminishing effect on the calculation of risk-weighted assets. Securitised exposures are included in customer loans and subject to credit risk-weighted assets calculation.

As at 31 December 2020, BNP Paribas originated thirty-three securitisation transactions, for a total amount of EUR 61.8 billion of securitised exposures. The main transactions concern: BNP Paribas Fortis (EUR 31.2 billion), BNP Paribas Personal Finance (EUR 15.6 billion), French Retail Banking (EUR 12.6 billion) and BNL (EUR 2.4 billion). In 2020, two transactions without a significant risk transfer have been completed by BNP Paribas Personal Finance, for a total amount of EUR 2.7 billion. The relevant exposures are therefore included in the section on credit risk (see section 5.4).

SECURITISATION ON BEHALF OF CLIENTS (SPONSOR)

As part of their third-party securitisation activity, CIB enables its large corporate and institutional clients to obtain attractive financing conditions directly from the financing markets, through multiple conduits (short-term refinancing markets) or specific structured operations (medium and long-term refinancing).

TABLE 59: SECURITISED EXPOSURES BY BNP PARIBAS AS SPONSOR(*) BY UNDERLYING ASSET CATEGORY(**)

Securitised exposures *In millions of euros*	31 December 2020			31 December 2019		
	Traditional	Synthetic	Total	Traditional	Synthetic	Total
Residential mortgages	369	-	**369**	2,044	-	**2,044**
Consumer loans	8,354	-	**8,354**	6,768	-	**6,768**
Credit card receivables	2,814	-	**2,814**	2,526	-	**2,526**
Loans to corporates	657	-	**657**	486	-	**486**
Trade receivables	5,818	-	**5,818**	5,836	-	**5,836**
Commercial mortgages	-	-	**-**	34	-	**34**
Finance leases	4,364	-	**4,364**	3,638	-	**3,638**
Other assets	408	-	**408**	758	-	**758**
TOTAL	**22,784**	**-**	**22,784**	**22,090**	**-**	**22,090**

(*) *Within the securitised exposures by the Group as a sponsor, EUR 4 million correspond to exposures coming from BNP Paribas' balance sheet at 31 December 2020 (compared with EUR 6 million at 31 December 2020).*
(**) *This breakdown is based on the predominant underlying asset of the securitisation.*

The financing structures thus put in place are accompanied by liquidity lines and, where appropriate, by the granting of guarantees by the Group, which are subject to a capital requirement. Commitments and positions retained or acquired by BNP Paribas on securitisation programmes as sponsor, amounted to EUR 22.8 billion at 31 December 2020.

Short-term refinancing

At 31 December 2020, two consolidated multiseller conduits (Starbird and Matchpoint) were sponsored by the Group. These conduits, by seeking refinancing on the local short-term commercial paper market, are able to provide CIB clients, large corporates and institutions with an attractive financing solution in exchange for some of their assets (trade receivables, commercial and industrial loans, finance leases for automobiles or various equipment, credit card receivables, *etc.*).

BNP Paribas provides each of these conduits with a liquidity line which amounted to EUR 21.4 billion at 31 December 2020, compared with EUR 20.4 billion at 31 December 2019.

Medium/long-term refinancing

In Europe and North America, the BNP Paribas Group's structuring platform provides financing solutions to its clients, based on products adapted to current conditions in terms of risk and liquidity. Altogether, the facilities granted by the Group through these transactions amounted to EUR 1.4 billion at 31 December 2020, compared with EUR 1.8 billion at 31 December 2019.

SECURITISATION AS INVESTOR

The securitisation positions of BNP Paribas as an investor amounted to EUR 9.0 billion at 31 December 2020, stable compared with EUR 8.9 billion at 31 December 2019.

Investments made by the Group in third-party securitisation transactions are mainly concentrated in Capital markets, a joint-venture between Corporate Banking and Global Market with an exposure of EUR 8.2 billion at 31 December 2020 compared to EUR 7.9 billion at 31 December 2019. Capital Markets is involved in setting up, then financing and hedging (as a "swap" supplier) structured asset financing operations initiated by its clients, including mainly institutions, large companies or private equity platforms.

Investor securitisation exposures also include historical positions within the BNP Paribas Fortis entity managed in run-off. This portfolio, housed in the Corporate Center, amounted to EUR 0.8 billion at 31 December 2020 compared with EUR 1.0 billion at 31 December 2019.

ACCOUNTING METHODS [Audited]

(See note 1 to the consolidated financial statements – *Summary of significant accounting policies applied by the Group*).

The accounting classification of securitisation positions in the banking book is shown in Table 11: *Prudential balance sheet by risk type (EU LI1-B)*.

Securitisation positions classified as "Financial assets at amortised cost" are measured using the method described in note 1.e.1 to the financial statements: the effective interest rate used to recognise interest income is measured on the basis of an expected cash flow model. From the outset, these positions are subject to an impairment calculation for expected credit risk losses (see note 1.e.5).

Securitisation positions classified on an accounting basis as "Financial assets at fair value through equity" are measured using the method described in note 1.e.2 to the financial statements. Changes in fair value determined according to the principles listed in note 1.e.10 to the financial statements (excluding revenue recognised using the effective interest method) are presented in a specific subsection of shareholders' equity along with expected credit risk losses calculated using the methods described in note 1.e.5 to the financial statements. Upon disposal, amounts previously recognised in recyclable equity are transferred to the profit and loss account.

Securitisation positions classified on an accounting basis as "Financial instruments at fair value through profit or loss" are measured using the method described in note 1.e.7 to the financial statements.

Proceeds from the sale of securitisation positions are recognised in accordance with rules for the category of origin of positions sold.

Synthetic securitisations in the form of credit derivatives (credit default swaps) or guarantees received follow accounting rules appertaining respectively:

- to trading portfolio derivatives. These are measured at fair value through profit or loss (see note 1.e.7 to the financial statements);
- to financial guarantees received, which cannot be considered as forming an integral part of secured assets. If it is virtually certain that a loss caused by a defaulting debtor will be offset by the guarantor, the guarantee is then recognised as a reimbursement asset (right to reimbursement for expected credit losses) and expected credit losses on the asset are, at the same time, recognised in profit or loss. The overall impact in terms of profit or loss is the same as if the guarantee had been recognised in the measurement of expected credit losses, with the difference that the guarantee received is shown as a reimbursement asset rather than as a reduction in the expected credit losses on the asset.

Assets awaiting securitisation are classified as:

- financial instruments at amortised cost or at fair value through equity and in the prudential banking book in the case of exposures resulting from the bank's balance sheet, for which the Bank will be originator in the future securitisation within the meaning of Basel 3;
- financial instruments at fair value through profit or loss and in the prudential banking book in the case of exposures purchased and put into warehousing, for which the bank will be sponsor in the future securitisation within the meaning of regulation.

SECURITISATION RISK MANAGEMENT

The risk management framework for securitisation is part of the risk management described in section 5.3.

The business lines represents the first line of defence with responsibility for understanding all the risks incurred in order to ensure correct evaluation. RISK acts independently, as a second line of defence.

Positions taken are monitored to measure changes in individual and portfolio risks.

The monitoring of securitised assets covers credit, counterparty, market and liquidity risks on the underlying assets.

CREDIT RISK ON SECURITISED ASSETS

Securitisation assets outside the trading book are subject to specific approval by the Credit Committees. For new transactions, a credit proposal is prepared by the business, and a comprehensive risk analysis is carried out by the RISK analysts before presentation to the Credit Committee. All approvals are subject to an annual review. Exposures are monitored to ensure that they do not exceed the limits set by the Credit Committees.

The risk exposure of securitisation tranches is intrinsically linked to that of the underlying assets, whether for securitisation or re-securitisation. Through the customary governance of Credit Committees, the Group monitors changes in the quality of underlying assets for the entire duration of the programme concerned.

COUNTERPARTY RISK ON SECURITISATION RELATED TO INTEREST RATES OR FX DERIVATIVES

Securitisation-related derivative instruments are also subject to the approval of the Credit Committees. BNP Paribas integrates counterparty risk into the securitisation structure. The principles are the same as those described above in respect of credit risk.

MARKET RISK WITHIN THE BANKING BOOK

On fixed rate ABS positions, a macro hedge consisting of fixed/variable rate swaps is put in place to cover interest rate risk. The hedge is recorded in accordance with the rules of hedge accounting.

LIQUIDITY/FUNDING RISK

Securitisation positions are financed internally by the ALM – Treasury or *via* conduits sponsored by BNP Paribas.

SECURITISATION POSITIONS

➤ TABLE 60: SECURITISATION POSITIONS IN THE BANKING BOOK BY TYPE OF ASSET(*) (EU SEC1)

In millions of euros	31 December 2020												
	Originator				Sponsor				Investor				
	Traditional	*of which STS*	Synthetic	Total	Traditional	*of which STS*	Synthetic	Total	Traditional	*of which STS*	Synthetic	Total	Total
Retail exposures	**803**	***233***	**-**	**803**	**11,597**	***984***	**-**	**11,597**	**4,528**	***12***	**-**	**4,528**	**16,928**
Residential mortgages	11	-	-	11	369	-	-	369	3,879	*12*	-	3,879	4,260
Credit card receivables	-	-	-	-	2,869	-	-	2,869	56	-	-	56	2,925
Other retail exposures	792	*233*	-	792	8,359	*984*	-	8,359	593	-	-	593	9,744
of which re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate exposures	**66**	***53***	**33,772**	**33,838**	**11,233**	***987***	**-**	**11,233**	**4,459**	**-**	**-**	**4,459**	**49,530**
Loans to corporates	14	-	33,772	33,785	637	*67*	-	637	4,195	-	-	4,195	38,617
Commercial mortgages	-	-	-	-	-	-	-	-	16	-	-	16	16
Finance leases	53	*53*	-	53	4,370	*920*	-	4,370	229	-	-	229	4,651
Other assets	-	-	-	-	6,226	-	-	6,226	19	-	-	19	6,245
of which re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	**870**	***285***	**33,772**	**34,641**	**22,830**	***1,972***	**-**	**22,830**	**8,987**	***12***	**-**	**8,987**	**66,458**

(*) Based on the predominant asset class in the asset pool of the securitisation in which the position is held.

In millions of euros	31 December 2019												
	Originator				Sponsor				Investor				
	Traditional	*of which STS*	Synthetic	Total	Traditional	*of which STS*	Synthetic	Total	Traditional	*of which STS*	Synthetic	Total	Total
Retail exposures	**1,250**	***225***	**1,411**	**2,661**	**11,395**	**-**	**-**	**11,395**	**3,785**	**-**	**-**	**3,785**	**17,842**
Residential mortgages	15	-	-	15	2,074	-	-	2,074	2,829	-	-	2,829	**4,918**
Credit card receivables	-	-	-	-	2,549	-	-	2,549	20	-	-	20	**2,569**
Other retail exposures	1,236	*225*	1,411	2,647	6,773	-	-	6,773	936	-	-	936	**10,355**
of which re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Corporate exposures	**72**	**-**	**27,482**	**27,554**	**10,750**	**-**	**-**	**10,750**	**5,130**	**-**	**-**	**5,130**	**43,434**
Loans to corporates	15	-	27,482	27,497	481	-	-	481	4,813	-	-	4,813	**32,791**
Commercial mortgages	-	-	-	-	34	-	-	34	-	-	-	-	**34**
Finance leases	56	-	-	56	3,642	-	-	3,642	141	-	-	141	**3,839**
Other assets	1	-	-	1	6,593	-	-	6,593	176	-	-	176	**6,770**
of which re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	**-**
TOTAL	**1,323**	***225***	**28,893**	**30,216**	**22,145**	**-**	**-**	**22,145**	**8,915**	**-**	**-**	**8,915**	**61,276**

(*) Based on the predominant asset class in the asset pool of the securitisation in which the position is held.

TABLE 61: SECURITISATION POSITIONS, EXPOSURE IN DEFAULT AND PROVISIONS BY UNDERLYING ASSET'S GEOGRAPHIC AREA(*)

In millions of euros	31 December 2020				
		EAD in default			
	EAD	Standardised approach(**)	SEC-IRBA approach	Total	Stage 3 provisions
Europe	51,303	43	-	43	(21)
North America	13,553	8	-	8	(4)
Asia Pacific	1,583	-	-	-	-
Rest of the world	19	-	-	-	-
TOTAL	**66,458**	**51**	**-**	**51**	**(25)**

(*) This breakdown is based on the predominant underlying asset of the securitisation.
(**) Securitisation positions under SEC-ERBA and SEC-SA approaches defined in Regulation (EU) No. 2017/2401.

In millions of euros	31 December 2019				
		EAD in default			
	EAD	Standardised approach(**)	IRB approach(***)	Total	Stage 3 provisions
Europe	47,144	33	0	33	(17)
North America	13,088	-	12	12	(4)
Asia Pacific	986	-	-	-	-
Rest of the world	58	-	-	-	-
TOTAL	**61,276**	**33**	**12**	**45**	**(20)**

(*) This breakdown is based on the predominant underlying asset of the securitisation.
(**) Securitisation positions under SEC-ERBA and SEC-SA approaches defined in Regulation (EU) No. 2017/2401, as well as standardised approach defined in Regulation (EU) No. 575/2013 for programmes subject to transitional arrangements at 31 December 2019.
(***) Securitisation positions under SEC-IRBA approach defined in Regulation (EU) No. 2017/2401, as well as IRBA approach defined in Regulation (EU) No. 575/2013 for programmes subject to transitional arrangements at 31 December 2019.

TABLE 62: BANKING BOOK SECURITISATION POSITION QUALITY

In millions of euros	Securitisation positions held or acquired (EAD)	
Tranche quality	**31 December 2020**	**31 December 2019**
Senior tranche	66,155	60,520
Mezzanine tranche	303	720
First-loss tranche	-	35
TOTAL	**66,458**	**61,276**

At 31 December 2020, 99.5% of the securitisation positions held or acquired by the Group were senior tranches, compared with 98.8% at 31 December 2019, reflecting the high quality of the Group's portfolio.

RISK-WEIGHTED ASSETS

On 1 January 2019, the revised securitisation framework came into force with the application of Regulation (EU) No. 2017/2401 and Regulation (EU) No. 2017/2402. This framework provides for:

- the creation of a specific status for programmes known as Simple, Transparent and Standardised, which comply with certain conditions:
  - the portfolio of underlying assets, which must be uniform in terms of asset type, may not include a re-securitisation position nor defaulting asset at origination,
  - the programme must be traditional and the payment of the interest for the securitisation positions must be based on standard benchmark interest rates,
  - investors must have sufficient information on the portfolio of underlying assets, specifically, information on the histories of defaults and losses,

  Subject to eligibility in terms of applicable risk-weight and concentration of the underlying asset portfolio, these programmes may benefit from preferential weightings;
- new approaches for the calculation of risk-weighted assets related to applicable securitisation positions according to the specificities of the underlying portfolio:
  - **internal ratings-based approach (SEC-IRBA):** the risk-weight applicable to the securitisation position depends on the one hand on the characteristics of the securitisation programme and on the other hand on the capital charge of the underlying portfolio calculated as credit risk,
  - **standardised approach (SEC-SA):** the risk-weight applicable to the securitisation position depends on the characteristics of the securitisation programme, the capital charge of the underlying portfolio calculated as credit risk and the proportion of assets in default in this portfolio,
  - **external ratings-based approach (SEC-ERBA):** the risk-weight applicable to the securitisation position is given directly by a correspondence table defined in Regulation (EU) No 2017/2401, based on the external rating of the tranche, its subordination rank and its maturity. BNP Paribas uses the external ratings of the Standard & Poor's, Moody's, Fitch and DBRS rating agencies,
  - in other cases, Regulation (EU) No. 2017/2401 provides for the deduction of CET1 own funds.

As a reminder, a transition period was provided for from 1 January 2019 to 31 December 2019 during which the approaches for calculating weighted assets described in Regulation (EU) No. 575/2013 continued to apply for programmes initiated before 31 December 2018. The approaches for calculating risk-weighted assets described in Regulation No. 575/2013 are as follows:

- **standardised approach:** the amount of risk-weighted assets is calculated by applying to the exposure at default, the weighting associated regulatorily with the external rating of the securitisation position, or in a very limited number of cases, by applying a weighting by transparency. For positions with a rating of B + or less or without an external rating, the rules provide for deduction from Common Equity Tier 1 capital;
- **IRBA approach:** risk-weighted assets under the IRBA approach are calculated using one of the following methods:
  - for exposures with an external rating, the applicable risk-weight is directly given by the use of a concordance table provided by Regulation (EU) No. 575/2013,
  - for exposures with no external rating, when the Group is the originator or sponsor, the regulatory formula method may apply. The exposure risk weight is calculated using a formula defined in Regulation (EU) No. 575/2013, based on the internal credit rating of the underlying portfolio and the structuring of the transaction,
  - in other cases, the rules provide for the deduction of Common Equity Tier 1.

TABLE 63: SECURITISATION POSITIONS AND RISK-WEIGHTED ASSETS BY APPROACH

In millions of euros	31 December 2020		31 December 2019		Variation	
	Securitisation positions held or acquired (EAD)	Risk-weigted assets	Securitisation positions held or acquired (EAD)	Risk-weigted assets	Securitisation positions held or acquired (EAD)	Risk-weigted assets
Internal ratings-based approach (SEC-IRBA)	60,800	12,279	21,170	4,324	39,630	7,955
Standardised approach (SEC-SA)	4,144	923	5,195	1,257	(1,051)	(335)
External ratings-based approach (SEC-ERBA)	1,514	1,270	324	177	1,191	1,093
IRBA approach			33,644	4,352	(33,644)	(4,352)
Standardised approach			944	400	(944)	(400)
TOTAL	**66,458**	**14,472**	**61,276**	**10,510**	**5,182**	**3,961**

Risk-weighted assets corresponding to securitisation positions held or acquired by the Group amounted to EUR 14.5 billion at 31 December 2020, or 2.1% of BNP Paribas total risk-weighted assets, compared with EUR 10.5 billion at 31 December 2019 (1.6% of Group total risk-weighted assets).

TABLE 64: SECURITISATION RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER

RWAs In millions of euros	31 December 2019	Key driver							Total variation	31 December 2020
		Asset size	Asset quality	Model updates	Methodology and policy	Acquisitions and disposals	Currency	Other		
Securitisation	**10,510**	(14)	83	-	3,954	-	(148)	85	3,961	**14,472**

The change in risk-weighted assets in 2020 is due to the new regulatory framework relating to securitisation, applicable since 1 January 2020 to programmes launched before 31 December 2018.

TABLE 65: SECURITISATION POSITIONS AND RISK-WEIGHTED ASSETS – BNP PARIBAS ACTING AS ORIGINATOR OR AS SPONSOR (EU SEC3)

	31 December 2020													
	Securitisation positions (EAD)				Securitisation positions (EAD)					Risk-weighted assets				
In millions of euros	≤20%	>20% ≤50%	>50% ≤100%	>100% <1,250%	SEC-IRBA	SEC-SA	SEC-ERBA	IRBA approach	Standardised approach	SEC-IRBA	SEC-SA	SEC-ERBA	IRBA approach	Standardised approach
Traditional securitisation	**19,151**	**3,033**	**1,221**	**295**	**19,702**	**3,302**	**696**			**4,888**	**693**	**736**		
Securitisation	19,151	3,033	1,221	295	19,702	3,302	696			4,888	693	736		
Retail underlying	*10,091*	*1,902*	*210*	*196*	*9,865*	*2,433*	*102*			*2,434*	*441*	*51*		
of which STS	*1,189*	*5*	*3*	*20*	*718*	*413*	*86*			*185*	*82*	*46*		
Corporate underlying	*9,059*	*1,130*	*1,011*	*99*	*9,837*	*869*	*594*			*2,453*	*253*	*686*		
of which STS	*965*	*48*	*2*	*25*	*920*	*-*	*120*			*184*	*-*	*119*		
Re-securitisation	-	-	-	-	-	-	-			-	-	-		
Synthetic securitisation	**33,693**	**-**	**-**	**79**	**33,772**	**-**	**-**			**6,042**	**-**	**-**		
Securitisation	33,693	-	-	79	33,772	-	-			6,042	-	-		
Retail underlying	-	-	-	-	-	-	-			-	-	-		
Corporate underlying	*33,693*	-	-	*79*	*33,772*	-	-			*6,042*	-	-		
Re-securitisation	-	-	-	-	-	-	-			-	-	-		
TOTAL	**52,843**	**3,033**	**1,221**	**374**	**53,473**	**3,302**	**696**			**10,930**	**693**	**736**		

	31 December 2019													
	Securitisation positions (EAD)				Securitisation positions (EAD)					Risk-weighted assets				
In millions of euros	≤20%	>20% ≤50%	>50% ≤100%	>100% <1,250%	SEC-IRBA	SEC-SA	SEC-ERBA	IRBA approach	Standardised approach	SEC-IRBA	SEC-SA	SEC-ERBA	IRBA approach	Standardised approach
Traditional securitisation	**20,530**	**1,442**	**1,421**	**75**	**5,151**	**3,707**	**269**	**14,280**	**61**	**1,186**	**1,020**	**167**	**2,415**	**44**
Securitisation	20,530	1,442	1,421	75	5,151	3,707	269	14,280	61	1,186	1,020	167	2,415	44
Retail underlying	*11,419*	*969*	*236*	*21*	*2,816*	*2,467*	*193*	*7,121*	*48*	*665*	*457*	*82*	*864*	*29*
of which STS	*206*	*3*	*3*	*14*	*139*	*42*	*45*	*-*	*-*	*66*	*4*	*24*	*-*	*-*
Corporate underlying	*9,111*	*473*	*1,185*	*54*	*2,335*	*1,240*	*76*	*7,158*	*13*	*521*	*563*	*85*	*1,552*	*15*
of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Synthetic securitisation	**28,830**	**-**	**-**	**63**	**11,696**	**1,411**	**-**	**15,786**	**-**	**2,283**	**222**	**-**	**1,401**	**-**
Securitisation	28,830	-	-	63	11,696	1,411	-	15,786	-	2,283	222	-	1,401	-
Retail underlying	*1,411*	-	-	*0*	-	*1,411*	-	-	-	-	*222*	-	-	-
Corporate underlying	*27,419*	-	-	*63*	*11,696*	-	-	*15,786*	-	*2,283*	-	-	*1,401*	-
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	**49,360**	**1,442**	**1,421**	**138**	**16,848**	**5,118**	**269**	**30,065**	**61**	**3,469**	**1,242**	**167**	**3,816**	**44**

➤ TABLE 66: SECURITISATION POSITIONS AND RISK-WEIGHTED ASSETS – BNP PARIBAS ACTING AS INVESTOR (EU SEC4)

	31 December 2020													
	Securitisation positions (EAD)				Securitisation positions (EAD)					Risk-weighted assets				
In millions of euros	≤20%	>20% ≤50%	>50% ≤100%	>100% <1,250%	SEC-IRBA	SEC-SA	SEC-ERBA	IRBA approach	Standardised approach	SEC-IRBA	SEC-SA	SEC-ERBA	IRBA approach	Standardised approach
Traditional securitisation	**7,624**	**1,124**	**131**	**108**	**7,326**	**842**	**819**			**1,349**	**230**	**534**		
Securitisation	7,624	1,124	131	108	7,326	842	819			1,349	230	534		
Retail underlying	*3,667*	*669*	*105*	*86*	*2,994*	*778*	*755*			*604*	*120*	*507*		
of which STS	*12*	-	-	-	-	*12*	-			-	*2*	-		
Corporate underlying	*3,957*	*455*	*26*	*22*	*4,332*	*64*	*63*			*745*	*109*	*26*		
of which STS	-	-	-	-	-	-	-			-	-	-		
Re-securitisation	-	-	-	-	-	-	-			-	-	-		
Synthetic securitisation	**-**	**-**	**-**	**-**	**-**	**-**	**-**			**-**	**-**	**-**		
Securitisation	-	-	-	-	-	-	-			-	-	-		
Retail underlying	-	-	-	-	-	-	-			-	-	-		
Corporate underlying	-	-	-	-	-	-	-			-	-	-		
Re-securitisation	-	-	-	-	-	-	-			-	-	-		
TOTAL	**7,624**	**1,124**	**131**	**108**	**7,326**	**842**	**819**			**1,349**	**230**	**534**		

	31 December 2019													
	Securitisation positions (EAD)				Securitisation positions (EAD)					Risk-weighted assets				
In millions of euros	≤20%	>20% ≤50%	>50% ≤100%	>100% <1,250%	SEC-IRBA	SEC-SA	SEC-ERBA	IRBA approach	Standardised approach	SEC-IRBA	SEC-SA	SEC-ERBA	IRBA approach	Standardised approach
Traditional securitisation	6,607	2,193	41	73	4,322	77	55	3,578	883	855	15	10	536	355
Securitisation	6,607	2,193	41	73	4,322	77	55	3,578	883	855	15	10	536	355
Retail underlying	*2,472*	*1,258*	*41*	*14*	*954*	*77*	-	*1,893*	*861*	*191*	*15*	-	*338*	*330*
of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate underlying	*4,135*	*936*	-	*59*	*3,368*	-	*55*	*1,685*	*21*	*665*	-	*10*	*199*	*26*
of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	**6,607**	**2,193**	**41**	**73**	**4,322**	**77**	**55**	**3,578**	**883**	**855**	**15**	**10**	**536**	**355**

Guarantees on securitisation positions amounted to EUR 2.2 billion as at 31 December 2020, compared with EUR 1.1 billion at 31 December 2019.

5.6 Counterparty credit risk

Counterparty credit risk is the translation of the credit risk embedded in financial transactions, investments and/or settlement transactions between counterparties. Those transactions include bilateral contracts such as over-the-counter (OTC) derivative contracts as well as contracts settled through clearing houses. The amount of this risk may vary over time in line with changing market parameters which then impacts the replacement value of the relevant transactions.

Counterparty risk lies in the event that a counterparty defaults on its obligations to pay the Bank the full present value of the flows relating to a transaction or a portfolio for which the Bank is a net receiver. Counterparty credit risk is also linked to the replacement cost of a derivative or portfolio in the event of counterparty default. Hence, it can be seen as a market risk in case of default or a contingent risk.

In respect of counterparty risk, the RISK Function is structured according to five main priorities:

- measuring exposure to counterparty credit risk;
- checking and analysing these exposures and the limits that apply to them;
- implementing mechanisms to reduce risk;
- calculating and managing credit valuation adjustments (CVA);
- defining and implementing stress tests.

COUNTERPARTY CREDIT RISK VALUATION

COUNTERPARTY EXPOSURE CALCULATION

Exposure to counterparty risk is measured using two approaches:

Modelled exposure – Internal model method

With regard to modelling counterparty risk exposure, the exposure at default (EAD) for counterparty risk is calculated based on the Effective Expected Positive Exposure (EEPE) indicator multiplied by the alpha regulatory factor as defined in article 284-4 of Regulation (EU) No. 575/2013. The Effective Expected Positive Exposure (EEPE) is measured using an internal exposure valuation model to determine exposure profiles. The model was developed by the Group and approved by the supervisor.

The principle of the model is to simulate the main risk factors, such as commodity and equity prices, interest rates and foreign exchange rates, affecting the counterparty risk exposure, based on their initial respective values. The Bank uses Monte-Carlo simulations to generate thousands of time trajectories (corresponding to thousands of potential market scenarios) to define potential changes in risk factors. The diffusion processes used by the model are calibrated on the most recent historic data set over a four-year period.

Based on all the risk factor simulations, the model assesses the value of the positions from the simulation date to the transaction maturity date (from one day to more than thirty years for the longest-term transactions) to generate an initial set of exposure profiles.

Exposure may be reduced by a Master Agreement, and may also be covered by a Credit Support Annex (CSA). For each counterparty, the model aggregates the exposures taking into consideration any netting agreements and credit support annexes, as well as the potentially risky nature of the collateral exchanged.

Based on the breakdown of exposure to the counterparty, the model determines the following in particular:

- the average risk profile, the Expected Positive Exposure (EPE), from which the EEPE (Effective Expected Positive Exposure) is calculated:

  The Expected Positive Exposure (EPE) profile is calculated as the average of the breakdown of counterparty exposures at each point in the simulation, with the negative portions of the trajectories set to zero (the negative portions correspond to situations where BNP Paribas Group is a risk for the counterparty). The EEPE is calculated as the first-year average of the non-decreasing EPE profile: at each simulation date, the value taken is the maximum of the EPE value and the value on the previous simulation date;

- the Potential Future Exposure (PFE) profile:

  The Potential Future Exposure (PFE) profile is calculated as a 90% percentile of the breakdown of exposure to the counterparty at each point in the simulation. This percentile is raised to 99% for hedge fund counterparties. The highest Potential Future Exposure value (Max PFE) is used to monitor maximum limits.

Since 1 January 2014, date of entry into force of Regulation (EU) No. 575/2013, the system for measuring exposures to counterparty risk takes into account:

- extension of the margin periods of risk in accordance with article 285 of the CRR;
- inclusion of the specific correlation risk;
- determination of a stressed EEPE calculated based on a calibration reflecting a particular period of stress.

Non-modelled exposure – Mark-to-market method

For non-modelled counterparty credit risk exposures, the exposure at default is based on market price evaluation (Net Present Value + Add-On). The add-on is calculated in accordance with article 274 of Regulation (EU) No. 575/2013 as a fixed percentage according to the type of transaction and its remaining life.

LIMIT/MONITORING FRAMEWORK

Limits reflecting the principles of the Group's Risk Appetite Statement are defined for the counterparty credit risk. These limits are set in accordance with the type of counterparty (banks, institutional investors, asset managers, hedge funds, corporates). For each counterparty, the maximum Potential Future Exposure value (MaxPFE) calculated by the internal model is compared on a daily basis with the limits assigned to each counterparty to check compliance with credit decisions.

These limits are defined and calibrated as part of the risk approval process. They are approved in the following committees (listed in ascending order of discretionary authority): Local Credit Committee, Regional Credit Committee, Global Credit Committee, General Management Credit Committee.

These measures are complemented by sets of directives (covering contingent market risk sensitivities per counterparty which are extracted from the market risk system) which provide further tools in the monitoring of counterparty credit risk and the prevention of systemic risk concentrations.

MITIGATION OF COUNTERPARTY CREDIT RISK

As part of its risk management, the BNP Paribas Group implemented three counterparty risk mitigation mechanisms:

- the signature of netting agreements for OTC transactions;
- clearing through central counterparties, in the case of OTC or listed derivative transactions;
- Bilateral initial margin exchange.

Netting agreements

Netting is used by the Bank in order to mitigate counterparty credit risk associated with derivatives trading. The main instance where netting occurs is in case of trades termination: if the counterparty defaults, all the trades are terminated at their current market value, and all the positive and negative market values are summed to obtain a single amount (net) to be paid to or received from the counterparty. The balance ("close-out netting") may be collateralised with cash, securities or deposits.

The Bank also applies settlement netting in order to mitigate counterparty credit risk in cases of currency settlement. This corresponds to the netting of all payments and receipts between the Bank and one counterparty in the same currency to be settled in the same day. The netting results in a single amount (for each currency) to be paid either by the Bank or by the counterparty.

Transactions affected by this are processed in accordance with bilateral or multilateral agreements respecting the general principles of the national or international framework. The main forms of bilateral agreements are those issued by *Fédération Bancaire Française* (FBF) and on an international basis by the International Swaps and Derivatives Association (ISDA).

Trade clearing through central counterparties

Trade clearing through central counterparties (CCPs) is part of BNP Paribas usual capital market activities. As a global clearing member, BNP Paribas contributes to the risk management framework of the CCPs through payment to a default fund as well as daily margin calls. The rules which define the relationships between BNP Paribas and the CCPs of which it is a member are described in each CCP's rulebook.

For Europe and the United States in particular, this scheme enables the reduction of notional amounts through the netting of the portfolio, on one hand, and, on the other, a transfer of the risk from several counterparties to a single central counterparty with a robust risk management framework.

In its clearing for third parties activity, BNP Paribas requests as well, and on a daily basis, the payment of margin calls from its clients.

Since default by one or more clearing houses would affect BNP Paribas, it has introduced dedicated monitoring of these central counterparties and closely tracks concentrations with them.

Bilateral initial margin exchange

Regulation (EU) No. 648/2012 (EMIR) stipulates the establishment of additional constraints for players in the derivatives markets, including the obligation to exchange collateral for contracts that are not centrally cleared. An initial guarantee deposit must be made by the Bank's most significant financial and non-financial counterparties. The purpose of this exchange is to mitigate the counterparty credit risk associated with over-the-counter derivatives trading that is not centrally cleared. The Bank's transactions with sovereign borrowers, central banks, and supranational entities are excluded from this system.

If the counterparty defaults, all the trades are terminated at their current market value by the Bank. The initial guarantee deposit hedges the variation in transactions during this liquidation period. The initial deposit reflects an extreme but plausible estimate of potential losses corresponding to an unilateral interval of confidence of 99% over a ten-day period, based on historic data including an episode of significant financial tensions.

The initial deposit must be bilaterally traded on a gross basis between the Bank and the counterparty. It is kept by a third party so as to guarantee that the Bank immediately has access to the counterparty's deposit and that the Bank's deposit be protected in case the counterparty defaults.

CREDIT VALUATION ADJUSTMENTS (CVA)

The valuation of financial OTC trades carried out by BNP Paribas as part of its trading activities (mainly Global Markets) includes Credit Valuation Adjustments (CVA). CVA is an adjustment of the trading portfolio valuation to take into account each counterparty's credit risk. It is the fair value on any expected loss arising from counterparty exposure based on the potential positive value of the contract, the counterparty default probability and the estimated recovery rate in case of default.

The majority of counterparty credit risk exposures on derivatives are related to the Group's interest rate, credit and foreign exchange activities, all underlying assets, and all business lines combined.

The credit valuation adjustment is not only a function of the expected exposure but also the credit risk level of the counterparty, which is linked to the level of the Credit Default Swaps (CDS) spreads used in the default probability calculation.

In order to reduce the risk associated with the credit quality deterioration embedded in a financial operations portfolio, BNP Paribas uses a dynamic hedging strategy, involving the purchase of market instruments such as credit derivative instruments. (See *CVA risk management* in section *Counterparty risk management*).

Risk related to the volatility of CVAs (CVA risk)

To protect banks against the risk of losses due to CVA variations, Regulation (EU) No. 575/2013 introduced a dedicated capital charge, the CVA charge. This charge aims at capitalising the risk of loss caused by changes in the credit spread of a counterparty to which the BNP Paribas Group is exposed. The CVA charge is computed by the Group using mainly the advanced method and relies on the Bank's model on market risk (see section *CVA Risk* hereafter).

STRESS TESTS AND WRONG WAY RISK

The BNP Paribas counterparty risk stress testing framework is consistent with the market risk framework (see section 5.7 *Market risk related to trading activities*). As such, the counterparty stress testing framework is implemented in conjunction with the market risk stress testing and employs consistent market shifts where scenarios are shared. Testing also comprises factors specific to counterparty risk such as deteriorations in counterparty credit quality.

Such risk analysis is present within the Executive Management reporting framework which shares some common forums with the market risk reporting set up such as the CMRC, core risk committee for market and counterparty credit risk. Both counterparty and market risk stress testing frameworks are governed by the Stress Testing Steering Committee.

Wrong Way Risk (or unfavourable correlation risk) is the case of exposure to a counterparty being inversely correlated with the counterparty's credit quality.

Such risk can be split in two parts:

- General Wrong Way Risk (GWWR), which corresponds to the risk that the probability of default by counterparty is positively correlated with general market risk factors;
- Specific Wrong Way Risk (SWWR), which corresponds to the risk arising when future exposure to a specific counterparty is positively correlated with the counterpart's probability of default due to the nature of the transactions with the counterparty or of the collateral received.

BNP Paribas' monitoring and analysis of General Wrong Way Risk is performed through stress tests that highlight the risk factors negatively correlated with the counterparty's credit quality. It combines a top down approach and a bottom up approach:

- for the top down approach, the GWWR policy defines the generic rules and criteria to be used to detect GWWR. These criteria are based on the countries of incorporation of the counterparties, the region of which they are part and the industries in which they are involved. Derivative positions, structured financing, and collateral that counterparties may have with BNP Paribas have been defined as the situations where GWWR should be analysed and reported;
- the GWWR framework relies upon a robust bottom up approach with the expertise of the counterparty credit analysts specifically needed to define the most impacting scenarios at portfolio level (the approach consists of the use of stressed market parameters reflecting extreme but realistic conditions).

When a legal link between the exposure underlyings and the counterparty is established, the SWWR is subject to prescribed regulatory capital treatment.

EXPOSURE TO COUNTERPARTY CREDIT RISK

The table below shows exposure to counterparty credit risk (measured as the exposure at default) by Basel asset class on derivative contracts and securities lending/borrowing transactions, after the impact of any netting agreement. Bilateral transactions between the Bank and customers (bilateral counterparty risk) are distinguished from transactions related to the clearing activities of the Bank, including essentially exposures to central counterparties (CCP).

➤ TABLE 67: COUNTERPARTY CREDIT RISK EXPOSURE AT DEFAULT BY ASSET CLASS (EXCL. CVA RISK CHARGE)

EAD *In millions of euros*	31 December 2020			31 December 2019			Variation
	IRBA	Standardised approach	Total	IRBA	Standardised approach	Total	Total
Bilateral counterparty credit risk	**172,912**	**1,845**	**174,758**	**125,501**	**1,259**	**126,761**	**47,997**
Central governments and central banks	57,422	73	57,495	37,751	2	37,753	19,742
Corporates	90,253	1,524	91,777	67,660	978	68,638	23,139
Institutions(*)	25,237	238	25,475	20,091	246	20,336	5,138
Retail	0	11	11	0	33	33	(22)
Exposure to CCP related to clearing activites	**3,205**	**38,545**	**41,750**	**3,736**	**36,580**	**40,316**	**1,434**
TOTAL	**176,118**	**40,390**	**216,508**	**129,238**	**37,839**	**167,077**	**49,431**

(*) Institutions asset class comprises credit institutions and investment firms, including those recognised in other countries, it also includes some exposures to regional and local authorities, public sector agencies and multilateral development banks that are not treated as central government authorities.

For bilateral counterparty credit risk, the share of exposures under the IRB approach represented 99% at 31 December 2020 (stable compared with 31 December 2019).

The following table summarises the exposures to counterparty credit risk with a breakdown by product. An indication of the Group's business volume on derivative financial instruments booked in the trading portfolio is presented in note 4.a to the consolidated financial statements.

➤ TABLE 68: COUNTERPARTY CREDIT RISK EXPOSURE AT DEFAULT BY PRODUCT (EXCL. CVA RISK CHARGE)

EAD *In millions of euros*	31 December 2020					31 December 2019				
	Bilateral counterparty credit risk		Exposure to CCP related to clearing activites		Total	Bilateral counterparty credit risk		Exposure to CCP related to clearing activites		Total
OTC derivatives	103,899	90.0%	11,587	10.0%	115,486	83,142	91.7%	7,570	8.3%	90,712
Securities Financing Transactions	70,858	96.4%	2,673	3.6%	73,531	43,619	88.2%	5,834	11.8%	49,453
Listed derivatives			23,085	100.0%	23,085			23,108	100.0%	23,108
Default fund contribution			4,406	100.0%	4,406			3,804	100.0%	3,804
TOTAL	**174,758**	**80.7%**	**41,750**	**19.3%**	**216,508**	**126,761**	**75.9%**	**40,316**	**24.1%**	**167,077**

BILATERAL COUNTERPARTY CREDIT RISK

The bilateral counterparty risk corresponds to the contracts treated bilaterally (or over-the-counter) by BNP Paribas with its clients.

The exposure at default (EAD) is primarily measured with the aid of internal models (see paragraph *Counterparty exposure calculation*). For the perimeter not covered by internal models (limited mainly to subsidiaries BNL, BancWest and TEB), EAD is calculated using the Mark-to-Market method (Net Present Value + Add-On).

Risk-weighted assets linked to counterparty credit risk are computed by multiplying EAD by an appropriate weighting according to the approach used (standardised or IRBA).

The following table shows a summary, by approach, of the regulatory exposures of counterparty credit risk and associated risk-weighted assets for the entire scope of the BNP Paribas Group's bilateral activities, which represents the bulk of counterparty credit risk exposures.

➤ TABLE 69: BILATERAL COUNTERPARTY CREDIT RISK EXPOSURE AT DEFAULT BY APPROACH (EU CCR1)

	31 December 2020						
In millions of euros	NPV(***) + Add-on	EEPE(**)	Multiplier	EAD post CRM	RWAs	of which standardised approach	of which IRBA
Mark-to-market	3,042			1,901	1,655	1,609	45
Internal model approach (IMM)		108,035	1.6	172,856	33,164	6	33,158
of which SFTs(*)		*44,283*	*1.6*	*70,853*	*4,015*	*5*	*4,010*
of which derivatives and long settlement transactions		*63,752*	*1.6*	*102,003*	*29,149*	*1*	*29,148*
TOTAL				**174,758**	**34,818**	**1,615**	**33,203**

(*) Securities Financing Transactions.
(**) Effective Expected Positive Exposure.
(***) Net Present Value.

	31 December 2019						
In millions of euros	NPV(***) + Add-on	EEPE(**)	Multiplier	EAD post CRM	RWAs	of which standardised approach	of which IRBA
Mark-to-market	2,091			1,307	1,110	1,067	43
Internal model approach (IMM)		78,409	1.6	125,454	23,221	2	23,220
of which SFTs(*)		*27,256*	*1.6*	*43,610*	*2,760*	*1*	*2,759*
of which derivatives and long settlement transactions		*51,152*	*1.6*	*81,844*	*20,461*	*1*	*20,460*
TOTAL				**126,761**	**24,332**	**1,069**	**23,263**

(*) Securities Financing Transactions.
(**) Effective Expected Positive Exposure.
(***) Net Present Value.

The following tables provide: the calculation of risk-weighted assets according to the Basel risk parameters using an IRB approach (see paragraph *Sovereign, financial institution, corporate and specialised financing portfolios* in *Credit risk: Internal Ratings-Based Approach (IRBA)* in section 5.4), then using the standardised approach.

TABLE 70: IRBA BILATERAL COUNTERPARTY CREDIT RISK EXPOSURE AT DEFAULT (EU CCR4)

		31 December 2020						
In millions of euros	PD scale	EAD	Average PD	Number of obligors	Average LGD	Average marturity	RWAs	Average RW
Central governments or central banks	0.00 to < 0.15%	56,580	0.02%	100 to 1,000	1%	2	196	0%
	0.15 to < 0.25%	24	0.21%	0 to 100	20%	1	4	18%
	0.25 to < 0.50%	379	0.32%	0 to 100	36%	0	108	28%
	0.50 to < 0.75%	1	0.69%	0 to 100	50%	5	2	137%
	0.75 to < 2.50%	149	1.10%	0 to 100	30%	2	106	71%
	2.50 to < 10.0%	287	3.07%	0 to 100	50%	4	525	183%
	10.0 to < 100%	2	n.s.	0 to 100	n.s.	n.s.	7	n.s.
	100% (default)	-	-	-			-	-
SUB-TOTAL		**57,422**	**0.04%**		**2%**	**2**	**948**	**2%**
Institutions	0.00 to < 0.15%	21,900	0.05%	1,000 to 10,000	25%	1	3,782	17%
	0.15 to < 0.25%	1,260	0.18%	100 to 1,000	44%	1	469	37%
	0.25 to < 0.50%	1,375	0.34%	100 to 1,000	47%	1	749	54%
	0.50 to < 0.75%	96	0.70%	0 to 100	45%	2	67	70%
	0.75 to < 2.50%	430	1.20%	100 to 1,000	49%	1	381	89%
	2.50 to < 10.0%	175	5.24%	100 to 1,000	59%	1	306	175%
	10.0 to < 100%	-	-	0 to 100	-	-	-	-
	100% (default)	0	100.00%	0 to 100			-	0%
SUB-TOTAL		**25,237**	**0.13%**		**28%**	**1**	**5,756**	**23%**
Corporates	0.00 to < 0.15%	68,322	0.06%	1,000 to 10,000	32%	1	10,733	16%
	0.15 to < 0.25%	6,123	0.18%	1,000 to 10,000	37%	2	2,341	38%
	0.25 to < 0.50%	6,166	0.35%	1,000 to 10,000	35%	3	3,019	49%
	0.50 to < 0.75%	2,912	0.69%	100 to 1,000	32%	4	2,078	71%
	0.75 to < 2.50%	4,312	1.45%	1,000 to 10,000	50%	2	4,964	115%
	2.50 to < 10.0%	1,883	4.73%	1,000 to 10,000	43%	2	2,731	145%
	10.0 to < 100%	330	15.31%	100 to 1,000	34%	2	633	192%
	100% (default)	204	100.00%	0 to 100			1	0%
SUB-TOTAL		**90,253**	**0.55%**		**33%**	**2**	**26,500**	**29%**
Retail		**0**	**n.s.**		**n.s.**	**n.s.**	**0**	**n.s.**
TOTAL		**172,912**	**0.32%**		**22%**	**2**	**33,203**	**19%**

								31 December 2019
In millions of euros	PD scale	EAD	Average PD	Number of obligors	Average LGD	Average marturity	RWAs	Average RW
Central governments or central banks	0.00 to < 0.15%	37,519	0.02%	100 to 1,000	1%	2	176	0%
	0.15 to < 0.25%	45	0.20%	0 to 100	20%	1	8	17%
	0.25 to < 0.50%	12	0.28%	0 to 100	50%	2	8	61%
	0.50 to < 0.75%	2	0.69%	0 to 100	50%	2	2	96%
	0.75 to < 2.50%	1	1.10%	0 to 100	50%	1	1	93%
	2.50 to < 10.0%	170	3.12%	0 to 100	50%	5	339	199%
	10.0 to < 100%	1	n.s.	0 to 100	n.s.	n.s.	6	n.s.
	100% (defaults)	-	-	-			-	-
SUB-TOTAL		**37,751**	**0,04%**		**2%**	**2**	**540**	**1%**
Institutions	0.00 to < 0.15%	17,265	0.05%	1,000 to 10,000	24%	1	2,078	12%
	0.15 to < 0.25%	1,058	0.18%	100 to 1,000	38%	1	347	33%
	0.25 to < 0.50%	1,169	0.35%	100 to 1,000	48%	1	707	60%
	0.50 to < 0.75%	131	0.68%	0 to 100	56%	1	86	65%
	0.75 to < 2.50%	267	1.38%	100 to 1,000	56%	1	234	88%
	2.50 to < 10.0%	173	4.51%	100 to 1,000	53%	1	242	140%
	10.0 to < 100%	0	11.95%	0 to 100	38%	1	0	179%
	100% (defaults)	26	100.00%	0 to 100			0	2%
SUB-TOTAL		**20,091**	**0.26%**		**27%**	**1**	**3,695**	**18%**
Corporates	0.00 to < 0.15%	53,373	0.06%	1,000 to 10,000	33%	1	8,319	16%
	0.15 to < 0.25%	4,630	0.17%	1,000 to 10,000	34%	2	1,499	32%
	0.25 to < 0.50%	3,446	0.37%	1,000 to 10,000	36%	2	1,753	51%
	0.50 to < 0.75%	1,588	0.69%	100 to 1,000	33%	3	1,071	67%
	0.75 to < 2.50%	2,991	1.33%	1,000 to 10,000	56%	2	3,876	130%
	2.50 to < 10.0%	1,399	4.35%	1,000 to 10,000	48%	2	2,145	153%
	10.0 to < 100%	122	16.86%	100 to 1,000	53%	2	359	295%
	100% (defaults)	111	100.00%	0 to 100			7	6%
SUB-TOTAL		**67,660**	**0.43%**		**35%**	**1**	**19,028**	**28%**
Retail		**0**	**n.s.**		**n.s.**	**n.s.**	**0**	**n.s.**
TOTAL		**125,501**	**0.29%**		**24%**	**2**	**23,263**	**19%**

TABLE 71: STANDARDISED BILATERAL COUNTERPARTY CREDIT RISK EXPOSURE AT DEFAULT (EU CCR3)

Risk weight *In millions of euros*	31 December 2020									
	EAD									
	0%	20%	35%	50%	75%	100%	150%	Total	of which unrated(*)	RWAs
Central governments or central banks	-	-	-	68	-	4	-	**73**	-	39
Institutions	-	179	-	42	-	16	-	**238**	*6*	73
Corporates	-	13	0	53	-	1,438	19	**1,524**	*1,209*	1,495
Retail	-	-	-	-	11	-	-	**11**	*11*	8
TOTAL	**-**	**193**	**0**	**164**	**11**	**1,458**	**19**	**1,845**	*1,227*	**1,615**

(*) *Exposure to counterparties without a credit rating from external rating agencies.*

Risk weight *In millions of euros*	31 December 2019									
	EAD									
	0%	20%	35%	50%	75%	100%	150%	Total	of which unrated(*)	RWAs
Central governments or central banks	2	-	-	-	-	0	-	2	-	0
Institutions	-	204	-	36	-	5	-	246	0	64
Corporates	-	-	0	0	-	975	3	978	925	980
Retail	-	-	-	-	33	-	-	33	33	25
TOTAL	**2**	**204**	**0**	**36**	**33**	**980**	**3**	**1,259**	**959**	**1,069**

(*) *Exposure to counterparties without a credit rating from external rating agencies.*

The table below presents the EAD distribution of OTC derivatives portfolio by rating. For each element, the table gives the part of netted transactions.

TABLE 72: BILATERAL COUNTERPARTY CREDIT RISK EXPOSURE AT DEFAULT BY RATING

	31 December 2020		31 December 2019	
	Distribution of EAD	of which netted transactions	Distribution of EAD	of which netted transactions
AAA	13%	97%	9%	97%
AA	43%	81%	47%	96%
A	19%	93%	22%	91%
BBB	10%	88%	9%	93%
BB	6%	88%	5%	82%
B	5%	87%	5%	84%
Others	4%	88%	3%	79%

With respect to the OTC derivatives portfolio at 31 December 2020, the share of collateralised transactions represents more than 78% of the total by number of transactions.

COUNTERPARTY CREDIT RISK FOR EXPOSURES TO CENTRAL COUNTERPARTIES ASSOCIATED WITH CLEARING ACTIVITIES

The capital requirements related to central counterparties (CCP) exposures correspond to an extension of the bilateral counterparty credit risk perimeter to clearing activities; it covers the cleared part of the OTC derivatives, repo portfolio as well as the listed derivatives portfolio.

It is equal to the sum of the following three elements:

- a charge resulting from exposures generated by clearing activities (proprietary and client clearing);
- a requirement resulting from the non-segregated initial margins posted to the CCP;
- a requirement resulting from the default fund contribution of the central counterparties.

For central counterparties (CCP), Regulation (EU) No. 575/2013 distinguishes qualifying central counterparties (QCCP) from non-qualifying central counterparties. Qualifying central counterparties correspond to central counterparties authorised or recognised in accordance with Regulation (EU) No. 648/2012.

Regulation (EU) No. 575/2013 also provides for the use of an alternative method for calculating capital requirements for exposures to an qualifying central counterparty, based only on transaction exposures and prefunded default fund contributions.

At 31 December 2020, the Group had no exposure in non-qualifying central counterparties.

The table below presents the breakdown of the risk-weighted assets by method and category of exposure to central counterparties.

➤ TABLE 73: EXPOSURE TO CENTRAL COUNTERPARTIES (CCP) (EU CCR8)

		31 December 2020		31 December 2019	
	In millions of euros	EAD	RWAs	EAD	RWAs
1	**Exposure to QCCP (total)**		**3,333**		**2,895**
2	Exposure for trades at QCCPs (excluding initial margin and default fund contributions)	21,798	1,230	26,113	1,287
3	*of which OTC derivatives*	*4,539*	*91*	*3,141*	*63*
4	*of which exchange-traded derivatives*	*16,049*	*1,116*	*18,542*	*1,137*
5	*of which SFTs(*)*	*1,209*	*24*	*4,430*	*87*
8	Non-segregated initial margin(**)	14,328	337	9,368	240
9	Prefunded default fund contributions	4,372	1,713	3,762	1,320
10	Alternative calculation		53		49
10.a	*of which exposure for trades at QCCPs*	*198*	*11*	*201*	*11*
10.b	*of which segregated initial margin*	*842*	*17*	*664*	*13*
10.c	*of which non-segregated initial margin(**)*	*178*	*22*	*166*	*21*
10.d	*of which prefunded default fund contributions*	*34*	*3*	*42*	*4*
11	**Exposure to non-QCCPs (total)**		**-**		**-**
TOTAL		**41,750**	**3,333**	**40,316**	**2,895**

(*) Securities Financing Transactions.
(**) Not bankruptcy remote in accordance with article 300.1 Regulation (EU) No. 575/2013.

CVA RISK

The CVA risk measures the risk of losses caused by changes in the credit valuation adjustments resulting from credit spread changes associated with the counterparties to whom the Group is exposed (see paragraph *Credit Valuation Adjustments (CVA)*).

Using the standardised approach, the capital requirement for credit valuation adjustment risk (CVA) is calculated according to the supervisory formula.

Using the IRB approach, the CVA risk capital charge is the sum of two elements:

- CVA VaR charge, which represents the own funds requirement measured from a VaR computation on CVA sensitivities to credit spreads;
- CVA SVaR charge, which represents the own funds requirement measured from a stressed VaR computation on CVA sensitivities to credit spreads.

➤ TABLE 74: CVA RISK EXPOSURE AT DEFAULT AND RISK-WEIGHTED ASSETS (EU CCR2)

	31 December 2020		31 December 2019	
In millions of euros	EAD	RWAs	EAD	RWAs
Advanced approach	**35,994**	**2,486**	**37,107**	**2,034**
CVA VaR charge		796		281
CVA SVaR charge		1,690		1,753
Standardised approach	**462**	**324**	**352**	**260**
TOTAL	**36,455**	**2,810**	**37,460**	**2,294**

COUNTERPARTY CREDIT RISK MANAGEMENT

CREDIT RISK MITIGATION TECHNIQUES

In the context of liquidity management and counterparty credit risk management, the BNP Paribas Group systematically monitors the collateral guarantees received and given, for both the portion hedging the contracts' market value (variation margin) and the risk of an adverse change in these market values in the event of a counterparty default (initial margin). The collateral given and received used in derivative contracts is mainly comprised of cash, and to a lesser extent, debt securities. The impact of the collateral received in clearing contracts is shown in the financial statements in note 4.q *Offsetting of financial assets and liabilites*.

As a general rule, when EAD is modelled in EEPE and weighted according to the IRB approach, the LGD (Loss Given Default) is not adjusted according to the collateral received since it is already taken into account in the "Effective Expected Positive Exposure" computation (see section *Bilateral counterparty risk*).

Collateral guarantees used in the standardised approach to reduce the EAD totalled EUR 444 million at 31 December 2020, compared with EUR 442 million at 31 December 2019.

The table below shows the breakdown of the collateral posted and received in respect of initial margins, margin calls as well as amounts in cash and in securities of repurchase agreements and securities lending and borrowing.

➤ TABLE 75: COMPOSITION OF COLLATERAL POSTED AND RECEIVED (EU CCR5-B)

	31 December 2020			
	Collateral used in derivative transactions		Collateral used in SFTs(*)	
In millions of euros	Fair value of collateral received	Fair value of posted collateral	Fair value of collateral received	Fair value of posted collateral
Cash - euro	33,769	55,821	119,551	134,609
Cash - other currencies	20,356	25,194	299,982	249,652
Sovereign debt - euro	7,015	10,527	203,789	199,955
Sovereign debt - other currencies	4,823	7,876	262,572	304,567
Corporate and institutional debt	11,613	8,337	74,569	86,345
Equity	377	-	102,028	88,594
Other	183	-	737	772
TOTAL	**78,135**	**107,755**	**1,063,228**	**1,064,493**

(*) Securities Financing Transanctions.

In millions of euros	31 December 2019			
	Collateral used in derivative transactions		Collateral used in SFTs(*)	
	Fair value of collateral received	Fair value of posted collateral	Fair value of collateral received	Fair value of posted collateral
Cash - euro	33,285	37,012	137,383	149,081
Cash - other currencies	18,810	19,900	236,981	213,017
Sovereign debt - euro	5,961	9,828	193,217	184,522
Sovereign debt - other currencies	4,026	5,837	203,200	221,090
Corporate and institutional debt	10,711	8,359	77,793	86,528
Equity	172	-	86,458	70,182
Other	370	-	235	110
TOTAL	**73,335**	**80,936**	**935,267**	**924,530**

(*) *Securities Financing Transanctions.*

CVA RISK MANAGEMENT

CVA sensitivities to credit spreads are partially offset by the recognition of hedges. These hedges correspond to credit derivatives on certain identified counterparties or indices composed of identifiable counterparties.

Instruments authorised as hedges in the calculation of the capital requirements for credit valuation adjustment risk form a sub-set of the credit derivatives used as hedges by the Global Markets business in the management of its CVA.

The following table summarises all the notional amounts and market values of the trading portfolio credit derivatives and highlights derivatives authorised as hedges.

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➤ TABLE 76: CREDIT DERIVATIVES EXPOSURES (EU CCR6)

In millions of euros	31 December 2020			
	Credit derivative hedges		Other credit derivatives	
	Protection bought	Protection sold	Protection bought	Protection sold
Notionals	**8,664**	**4,057**	**505,347**	**418,376**
Single-name credit default swaps	3,503	663	206,777	176,985
Index credit default swaps	3,843	2,074	243,747	190,840
Total return swaps	-	-	2,594	1,052
Credit options	1,319	1,319	51,821	49,499
Other credit derivatives	-	-	408	-
Fair values	**(193)**	**83**	**(6,915)**	**6,486**
Positive fair value (asset)	18	86	899	7,330
Negative fair value (liability)	(211)	(3)	(7,815)	(844)

In millions of euros	31 December 2019			
	Credit derivative hedges		Other credit derivatives	
	Protection bought	Protection sold	Protection bought	Protection sold
Notionals	**5,214**	**1,158**	**500,019**	**434,469**
Single-name credit default swaps	3,365	673	233,371	209,300
Index credit default swaps	1,849	485	214,731	173,426
Total return swaps	-	-	3,091	1,048
Credit options	-	-	48,448	50,695
Other credit derivatives	-	-	378	-
Fair values	**(136)**	**30**	**(7,170)**	**6,694**
Positive fair value (asset)	6	31	923	7,699
Negative fair value (liability)	(142)	(1)	(8,093)	(1,005)

CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS

➤ TABLE 77: COUNTERPARTY CREDIT RISK CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS

In millions of euros	RWAs			Capital requirements		
	31 December 2020	31 December 2019	Variation	31 December 2020	31 December 2019	Variation
Bilateral counterparty credit risk	34,818	24,332	10,487	2,785	1,947	839
Exposure to CCP related to clearing activities	3,333	2,895	438	267	232	35
CVA charge	2,810	2,294	516	225	184	41
COUNTERPARTY CREDIT RISK	**40,961**	**29,520**	**11,441**	**3,277**	**2,362**	**915**

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➤ TABLE 78: COUNTERPARTY CREDIT RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER (EU CCR7)

In millions of euros	RWAs - Counterparty credit risk		Capital Requirements - Counterparty credit risk	
	Total	of which internal model method (IMM)	Total	of which internal model method (IMM)
31 December 2019	**29,520**	**23,221**	**2,362**	**1,858**
Asset size	6,144	4,906	492	392
Asset quality	951	1,410	76	113
Model update	3,820	3,820	306	306
Methodology and policy	23	23	2	2
Acquisitions and disposals	-	-	-	-
Currency	(118)	0	(9)	0
Other	620	(216)	50	(17)
31 DECEMBER 2020	**40,961**	**33,164**	**3,277**	**2,653**

The change in counterparty risk-weighted assets in 2020 is explained mainly by:

- a EUR 6.1 billion increase in line with business activity;
- a EUR 3.8 billion increase following the updating of the models;
- a EUR 1.0 billion increase caused by the deteriorated risk parameters.

5.7 Market risk

Market risk is the risk of incurring a loss of value due to adverse trends in market prices or parameters, whether directly observable or not.

Observable market parameters include, but are not limited to, exchange rates, prices of securities and commodities (whether listed or obtained by reference to a similar asset), prices of derivatives, and other parameters that can be directly inferred from them, such as interest rates, credit spreads, volatilities and implied correlations or other similar parameters.

Non-observable factors are those based on working assumptions such as parameters contained in models or based on statistical or economic analyses, non-ascertainable in the market.

In fixed income trading books, credit instruments are valued on the basis of bond yields and credit spreads, which represent market parameters in the same way as interest rates or foreign exchange rates. The credit risk arising on the issuer of the debt instrument is therefore a component of market risk known as issuer risk.

Liquidity is an important component of market risk. In times of limited or no liquidity, instruments or goods may not be tradable or may not be tradable at their estimated value. This may arise, for example, due to low transaction volumes, legal restrictions or a strong imbalance between demand and supply for certain assets.

The market risk related to banking activities encompasses the interest rate and foreign exchange risks stemming from banking intermediation activities.

Market risk is presented in this section in two parts:

- market risk linked to trading activities and corresponding to trading instruments and derivative contracts;
- market risk linked to banking activities encompassing the interest rate and foreign exchange risks stemming from banking intermediation activities.

CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS

➤ TABLE 79: MARKET RISK CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS

	RWAs			Capital requirements		
In millions of euros	31 December 2020	31 December 2019	Variation	31 December 2020	31 December 2019	Variation
Internal model approach	23,114	17,521	5,594	1,849	1,402	447
Standardised approach	1,042	1,278	(236)	83	102	(19)
Trading book securitisation positions	1,054	498	556	84	40	44
TOTAL	**25,210**	**19,296**	**5,914**	**2,017**	**1,544**	**473**

Within the BNP Paribas Group, market risk is primarily handled using the internal model approach.

In 2020, market risk-weighted assets increased, due in particular to an increase in volumes and a deterioration in risk parameters partially offset by changes in models, following the decrease in the VaR and SVaR multiplication factor.

TABLE 80: MARKET RISK UNDER THE INTERNAL MODEL APPROACH (EU MR2-A)

In millions of euros		31 December 2020		31 December 2019	
		RWAs	Capital requirements	RWAs	Capital requirements
1	**VaR(*) (higher of values 1.a and 1.b)**	**6,974**	**558**	**4,644**	**371**
1.a	Previous day's VaR		172		100
1.b	Average of the daily VaR on each of the preceding sixty business days x multiplication factor		558		371
2	**SVaR(*) (higher of values 2.a and 2.b)**	**12,198**	**976**	**9,999**	**800**
2.a	Latest SVaR		289		233
2.b	Average of the SVaR during the preceding sixty business days x multiplication factor		976		800
3	**IRC(*)(**) (higher of values 3.a and 3.b)**	**3,268**	**261**	**2,384**	**191**
3.a	Most recent IRC value		238		191
3.b	Average of the IRC number over the preceding twelve weeks		261		165
4	**CRM(***) (higher of values 4.a, 4.b and 4.c)**	**675**	**54**	**494**	**40**
4.a	Most recent risk number for the correlation trading portfolio		44		35
4.b	Average of the risk number for the correlation trading portfolio over the preceding twelve weeks		54		35
4.c	8% of the own funds requirement in the standardised approach on the most recent risk number for the correlation trading portfolio		35		40
6	**TOTAL**	**23,114**	**1,849**	**17,521**	**1,402**

(*) VaR, SVaR and IRC values include all the components taken into account in the calculation of risk-weighted assets.
(**) Incremental Risk Charge.
(***) Comprehensive Risk Measure.

The market risk calculated using the standardised approach covers the market risk of some entities of the Group that are not covered by internal models. The standardised approach is used to calculate foreign exchange risk for the banking book (See section 5.7 *Market risk related to banking activities*).

TABLE 81: MARKET RISK UNDER THE STANDARDISED APPROACH (EU MR1)

In millions of euros		31 December 2020		31 December 2019	
		RWAs	Capital requirements	RWAs	Capital requirements
	Outright products				
1	Interest rate risk (general and specific)	337	27	308	25
2	Equity risk (general and specific)	0	0	0	-
3	Foreign exchange risk	675	54	968	77
	Options				
7	Scenario approach	30	2	2	
8	**Securitisation (specific risk)**	**1,054**	**84**	**498**	**40**
9	**TOTAL**	**2,096**	**168**	**1,776**	**142**

TABLE 82: MARKET RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER (EU MR2-B)

	In millions of euros	VaR	SVaR	IRC(*)	CRM(**)	Standardised approach	Total RWAs	Total capital requirements
1	**31 December 2019**	**4,644**	**9,999**	**2,384**	**494**	**1,776**	**19,296**	**1,544**
2.a	Asset size	579	4,722	864	181	552	**6,898**	552
2.b	Asset quality	2,997	(168)	-	-	-	**2,829**	226
3	Model update	(1,190)	(2,366)	47	-	-	**(3,509)**	(281)
4	Methodology and policy	-	-	-	-	-	**-**	-
5	Acquisitions and disposals	-	-	-	-	(4)	**(4)**	-
6	Currency	-	-	-	-	-	**-**	-
7	Other	(56)	11	(26)	-	(228)	**(299)**	(24)
8	**31 DECEMBER 2020**	**6,974**	**12,198**	**3,268**	**675**	**2,096**	**25,210**	**2,017**

(*) Incremental Risk Charge.
(**) Comprehensive Risk Measure.

The change in market risk-weighted assets in 2020 is explained mainly by:

- a EUR 6.9 billion increase in line with business activity;
- a EUR 2.8 billion increase due to the deterioration in risk parameters;
- a -EUR 3.5 billion decrease following decrease in the VaR and SVaR multiplication factor.

MARKET RISK RELATED TO TRADING ACTIVITIES

INTRODUCTION

Market risk arises mainly from trading activities carried out within Corporate and Institutional Banking (CIB), mainly within Global Markets and encompasses different risk factors defined as follows:

- interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates;
- foreign exchange risk is the risk that the value of an instrument will fluctuate due to changes in foreign exchange rates;
- equity risk arises from changes in the market prices and volatilities of equity shares and/or equity indices;
- commodities risk arises from changes in the market prices and volatilities of commodities and/or commodity indices;
- credit spread risk arises from the change in the credit quality of an issuer and is reflected in changes in the cost of purchasing protection on that issuer;
- option products carry by nature volatility and correlation risks, for which risk parameters can be derived from option market prices observed in an active market.

Trading activities at BNP Paribas are directly related to economic relations with business line customers, or indirectly as part of market-making activities. BNP Paribas's proprietary trading activities, transferred to the Opera Trading Capital subsidiary in mid-2015, were shut during the first quarter of 2019.

MARKET RISK MANAGEMENT ORGANISATION

The market risk management system aims to track and control market risks as well as control financial instrument valuation whilst ensuring that the control functions remain totally independent from the business lines.

Within RISK, three departments are responsible for monitoring market risk:

- Global Markets RISK (GM RISK) covers Global Markets activities;
- Enterprise Risk Architecture (ERA – ALMT RISK) covers ALM-Treasury activities;
- International Retail Banking RISK (IRB RISK) covers International Retail Banking activities.

This mission consists of defining, measuring and analysing risk factors and sensitivities, as well as measuring and controlling Value at Risk (VaR), the global indicator of potential losses. RISK ensures that all business activity complies with the limits approved by the various committees and approves new activities and major transactions, reviews and approves position valuation models and conducts a monthly review of market parameters (MAP review) in association with the Valuation and Risk Control Department (V&RC).

Market Risk and financial instrument valuation monitoring is structured around several formal committees:

- the Capital Markets Risk Committee (CMRC) is the main committee governing the risks related to capital market activities. It is responsible for addressing, in a coherent manner, the issues related to market and counterparty risk. The CMRC follows the evolution of the main exposures and stress risk and sets the high level trading limits. The Committee meets approximately monthly. It is chaired by either the Group Chief Executive Officer or by a Deputy Bank's Chief Operating Officer;
- the Product and Financial Control Committee (PFC) is the arbitration and pricing decision-making committee regarding financial instrument valuation matters. The Committee meets quarterly and discusses the conclusions of the CIB Financial Control teams and their work to enhance control effectiveness and the reliability of the measurement and recognition of the results of market transactions. It is chaired by the Group Chief Financial Officer and brings together the Directors of Finance-Accounting, Corporate & Institutional Banking and RISK;
- at business line level, the Valuation Review Committee (VRC) meets monthly to examine and approve the results of Market parameters review (MAP review) and any changes in reserves. The Valuation Review Committee also acts as the referee in any disagreements between trading and control functions. The Committee is chaired by the Senior Trader and other members include representatives from trading, RISK, the CIB Valuation and Risk Control Group (V&RC) team, and Finance. Any disagreement is escalated to the PFC;
- the Valuation Methodology Committee (VMC) meets quarterly per business line to monitor model approvals and reviews, follow up relevant recommendations and present model governance improvements. This committee is chaired by RISK GM and includes representatives from trading, research, and the valuation and risk control (V&RC) team of CIB and Finance. Any disagreement can be escalated to the PFC, which can make an arbitrage decision.

VALUATION CONTROL

Financial instruments in the prudential trading book are valued and reported at market or model value through P&L, in compliance with applicable accounting standards. Such can also be the case of financial instruments classified in the banking book.

Portfolio valuation control is described in the Charter of Responsibility for Valuation, which sets out the division of responsibilities. These governance policies and practices also apply to all ALM Treasury activities.

In addition to the charter, the relevant valuation controls are detailed in specific policies. The main processes that together form the valuation control governance mechanism are set out below.

Transaction accounting control

This control is under the responsibility of middle-office teams. However, the most complex transactions are controlled by RISK.

Market Parameter (MAP) review – Independent Price Verification

Price verification is managed jointly by Valuation and Risk Control (V&RC) and RISK. Daily controls are performed on the most liquid parameters and a comprehensive and formal review of all the market parameters is performed at month end. The types of parameters controlled by V&RC are listed precisely; these are essentially the parameters for which an automatic control against external sources can be implemented (security prices, vanilla parameters); this may include the use of consensus price services. RISK is in charge of controlling valuation methodologies as well as the most complex parameters that are very dependent on the choice of models.

The general principles of the Market Parameter review are described in the Charter of Responsibility for Valuation as well as specialised global policies such as the Global Marking and Independent Price Verification Policy and MAP Review Principles. The specific methodologies are described in documents known as the MAP Books organised by product lines and regularly updated. The responsibilities of RISK and V&RC are defined for each point in time and the conclusions of the Market Parameter reviews are documented in the MAP review finding documents.

The outcome of the Market parameter review is the estimation of valuation adjustments communicated to the middle-office, which enters it in the accounting records. The results are communicated to the Trading management during the Valuation Review Committees. The opinion of the control functions prevails, however, significant and persistent disagreement can be escalated to the PFC.

Model Approval and Reviews

The governance of model controls is described in the Valuation Methodology Control Policy (VMCP).

Front office quantitative analysts design and propose the methodologies used to value the product and measure the risks that are used to take trading decisions. The research team and IT are responsible for the implementation of these models in the systems.

The independent control of the valuation models falls under the responsibility of RISK and includes:

- model validation, by which a formal decision to approve or reject a model is taken, including following any modification of the valuation methodology called a "Valuation Model Event". In all cases, the approval decisions are taken by a senior RISK analyst during a specific VMC. The review required by the validation process can be fast track or comprehensive; in the latter case, the reasons and conditions for approval are detailed in a model approval document;

- the review of models can be conducted at inception (linked to approval) or during the life of a model (re-calibration); it consists of an examination of the suitability of the model used to value certain products in the context of a given market environment;
- the control of the use and implementation of models, consists of continuous control of the correct parameterisation and configuration of the models as well as their suitability for the relevant products.

Reserve and other valuation adjustments

RISK defines and calculates "reserves". These are adjustments to the market or model value affecting both the accounting valuation and regulatory capital. They can be considered either as the exit cost of a position or as a premium for risks that cannot be diversified or hedged, as appropriate.

The reserves primarily cover:

- the bid-offer spreads and liquidity risk;
- the model or market parameters uncertainties;
- the reduction of non hedgeable risks (smoothing digital or barrier pay-offs).

A general valuation adjustment policy exists. Reserve methodologies are documented by RISK for each product line and these documentations are updated regularly. The analysis of reserve variations is reported at the monthly VRC.

Reserve methodologies are improved regularly and any change is a Valuation Model Event. Reserve improvements are generally motivated by the conclusion of a model review or by the calibration to market information during the Market parameter review process.

Additional Valuation Adjustments (AVA) are calculated in accordance with the Commission delegated Regulation (EU) No. 2016/101 of 26 November 2015, published in the OJEU on 28 January 2016.

This delegated regulation supplements the requirements of article 105 of the CRR with regard to regulatory technical standards for prudent valuation of financial instruments in the trading portfolio. It specifies that the scope of application of these requirements covers all instruments measured according to article 34 of the CRR, based on the proportion of the accounting valuation change that impacts Tier 1 capital.

The regulatory technical standards set out the definitions and a framework for measurement and control for the elements of valuation uncertainty that must be considered when determining a prudent valuation under article 105. The standard also sets a target level of valuation certainty: the Bank must be 90% confident that it could liquidate the instrument at a better price than the prudent valuation.

To apply these requirements, the first step is to define Prudent Valuation Adjustments (PVA). These adjustments correspond to the different types of risks and costs that could lead to exit costs, relative to the mid-market value (or the expected value). The main categories are the liquidation cost, the risk related to uncertainties regarding market prices, concentration risk and valuation model risk. PVAs are calculated for each exposure on a granular level.

Based on these PVAs and for each exposure and risk type, BNP Paribas calculates the AVA (Additional Valuation Adjustments) that may be necessary, in addition to the reserves already taken into account in the valuation for the same exposure and risk type, to achieve the target valuation certainty level.

For some types of risk, the calculation of AVAs includes a diversification effect, which reflects the fact that the additional adjustments that may be necessary with respect to all positions are less than the sum of the additional adjustments that may be required for the individual positions or risks.

The AVA amounts are deducted from Common Equity Tier 1 capital.

Day One profit or loss

Some transactions are valued with non-observable parameters. Accounting norms require the recognition of any Day One P&L where these parameters are used. The deferred net margin on reserves is recognised through profit or loss in proportion to the anticipated duration of the transaction or the period for which the inputs will be non-observable.

RISK works with Finance, middle-offices, and business lines on the process of identifying and handling these profit and loss items, in order to determine whether a type of parameter or transaction is observable or not in accordance with the observability rules, which are moreover duly documented and approved in the Valuation Methodology Committee.

The P&L impact of the P&L deferral is calculated by the middle-office or the Finance teams, according to the scope.

The accounting treatment of the deferred margin is explained in note 1.e.10 to the financial statement.

MARKET RISK EXPOSURE

Market risk is first analysed by systematically measuring portfolio sensitivity to various market parameters. The results of these sensitivity analyses are compiled at various aggregate position levels and compared with market limits.

Risk monitoring set up and limit setting

The Group uses an integrated system to follow the trading positions on a daily basis and manage VaR calculations. This system not only tracks the VaR, but also detailed positions and sensitivities to market parameters based on various criteria (such as by currency, product, counterparty). This system is also configured to include trading limits, reserves and stress tests.

Responsibility for limit setting and monitoring is delegated at three levels, which are, in order of decreasing importance: CMRC, followed by the Head of the business line and finally the manager of a trading portfolio. Limits may be changed either temporarily or permanently, in accordance with the level of delegation and the prevailing procedures. Appropriate escalation mechanisms are in place to ensure that the independent view from the RISK Function on the level of limits is heard.

Core risk analysis and reporting to Executive Management

RISK reports, through various risk analyses and dashboards, to Executive Management and business lines' Senior Management on its risk analysis work (limit, VaR monitoring, core risk analysis, *etc.*). The MCLAR (Market, Counterparty and Liquidity Analysis and Reporting) team within RISK is responsible for compiling/circulating main global risk reports.

The following reports are generated on a regular basis:

- weekly "Main Position" reports for each business line (equity derivatives, commodities, credit G10 rates and FX & Local Markets), summarising all positions and highlighting items needing particular attention; these reports are mainly intended for business line managers;
- monthly local "bottom up" stress testing reports for Executive Management identifying key risk concentrations around the globe;
- supporting documentation for the CMRC comprising markets and risk event summaries, global counterparty exposure summary, VaR/Stressed VaR evolution, market and counterparty risk stress testing and capital evolution summaries, market and counterparty risk backtesting;
- geographical and global risk dashboards;
- reports on valuation adjustments in the trading book, in particular regarding market and CVA sensitivities.

VaR (Value at Risk)

The VaR is a statistical measure indicating the worst loss expected for a given portfolio over a given time horizon and within a given confidence interval under normal market movements. It is not a maximum loss and it can potentially be exceeded in some cases, for example in the event of abnormal market conditions.

The BNP Paribas VaR calculation uses an internal model which has been approved by the banking supervisor. The BNP Paribas VaR methodology aims to accurately compute a one-day Value at Risk at the 99% confidence level.

The VaR calculation is based on a Monte-Carlo approach, which not only performs normal or log-normal simulations but also accounts for the non-normality often observed in financial markets as well as correlation between risk factors. An equally weighted one-year rolling window of historical market data (updated every month) is used to calibrate the Monte-Carlo simulation.

The principle groups of simulated factors includes: interest rates, credit spreads, exchange rates, equity prices, commodities prices, and associated volatilities. Changes in risk factors are proportional (share prices, volatility, CDS spreads) or absolute (rates excluding OIS, spreads, repo rates, correlations).

The valuation method used varies depending not upon the product but upon the type of risk we are capturing. To generalise, the methods used are either sensitivity based or full revaluation based on grid interpolation to incorporate both linear and, especially for derivatives, non-linear effects. In both cases, BNP Paribas calculates the general and specific risk as a whole, taking into account the diversification effect by correlating market parameters.

The algorithms, methodologies and sets of indicators are reviewed and improved regularly to take into account the capital market evolution.

The scope of the BNP Paribas internal model covers the majority of capital market activities (Global Markets, BNP Paribas Securities Services, ALM Treasury). As an indication, market risk based on the standardised approach (excluding securitisation positions in the trading book) represented less than 5% of the total market risk capital requirement at 31 December 2020, including foreign exchange risk.

VaR is a statistical measure that does not take into account losses outside a given confidence interval, and does not apply to losses related to intraday market movements. Other risk measures, such as Stressed VaR (SVaR), IRC and CRM, complement the BNP Paribas Group's market risk monitoring and management system.

Evolution of the VaR (1-day, 99%)

The VaR set out below are calculated from an internal model, which uses parameters that comply with regulations in place. They correspond to measurements taken into account within the framework of monitoring market limits. They are based on a one-day time horizon and a 99% confidence interval.

In 2020, total average VaR for BNP Paribas was EUR 45 million (with a minimum of EUR 22 million and a maximum of EUR 72 million), after taking into account the -EUR 49 million netting effect between the different types of risks. These amounts break down as follows:

➤ TABLE 83: VALUE AT RISK (1-DAY, 99%) [Audited]

	Year to 31 Dec. 2020				Year to 31 Dec. 2019	
In millions of euros	Minimum(**)	Average	Maximum(**)	Last measure	Average	Last measure
Interest rate risk	16	30	46	28	19	24
Credit risk	11	23	40	21	11	12
Foreign exchange risk	4	12	20	13	7	6
Equity price risk	10	23	52	30	10	9
Commodity price risk	2	6	13	13	4	3
Netting effect(*)		*(49)*		*(58)*	*(27)*	*(30)*
TOTAL VALUE AT RISK	**22**	**45**	**72**	**47**	**24**	**24**

(*) Note that the minimum and maximum figures shown above for the various risk types are computed on a standalone basis (i.e. independently from each other as well as the total VaR). While the minimum or maximum for each risk type may not necessarily be observed on the same date, minimum/maximum Netting Effects are not considered relevant.

(**) For minima and maxima, total VaR cannot be read as the sum of VaR by risk type.

In 2020, VaR (1 day, 99%) was heavily impacted by the health crisis. It remained stable at a higher level after the first quarter due to the introduction of the crisis period in the calibration of the model, which includes in particular a higher market volatility.

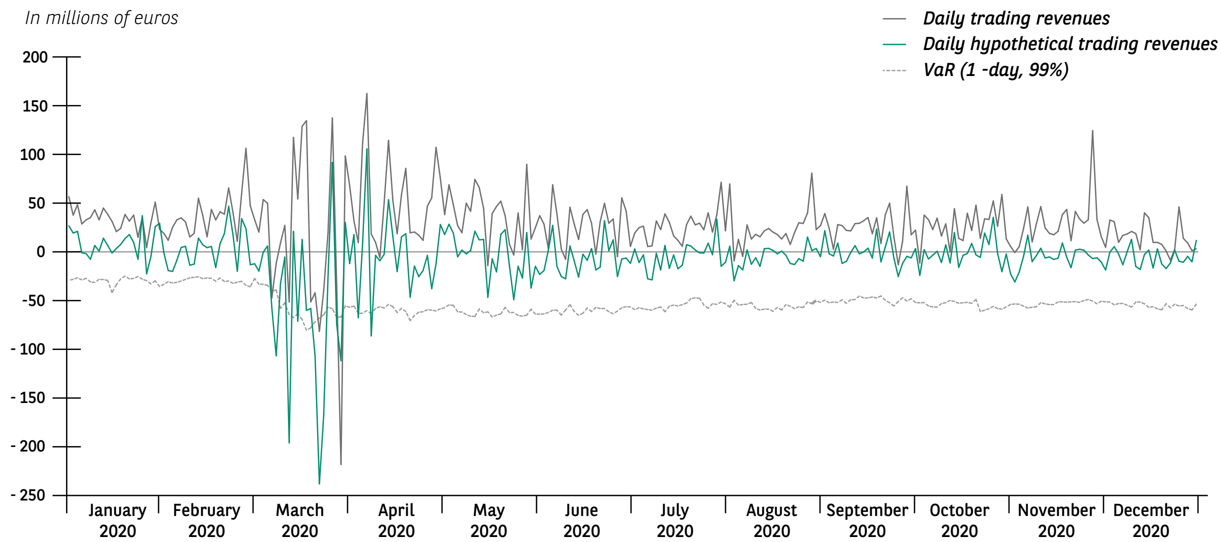
Backtesting the VaR

RISK continuously tests the accuracy of its internal model through a variety of techniques, including in particular a regular comparison over a long-term horizon between actual daily losses on capital market transactions and one-day VaR.

This backtesting consists of making a comparison between the daily global trading book VaR and the actual result except fees and commissions. In accordance with the regulation, BNP Paribas supplements this “actual backtesting” method with a comparison between the daily VaR and the hypothetical result generated by the trading book, which is also known as “hypothetical backtesting”. The hypothetical result includes all components of the actual result, calculated on the previous day’s positions, only incorporating changes in market parameters. A backtesting event is declared when a real or hypothetical loss exceeds the daily VaR amount. The confidence interval selected for calculating daily VaR is 99%, which in theory means the observation of two to three events per year.

The number of events is calculated at least quarterly and is equal to the highest of the number of excesses for the hypothetical and actual variations in the portfolio value.

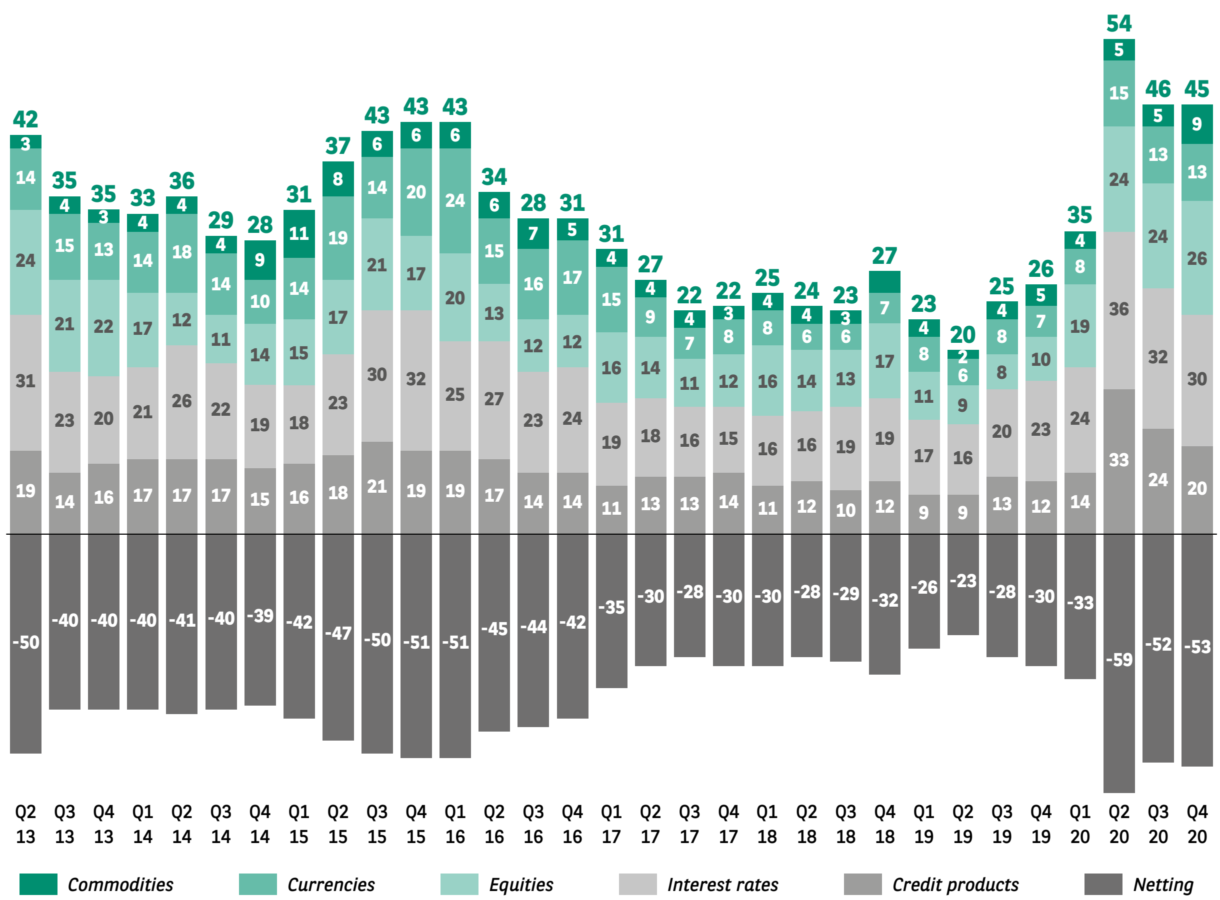
FIGURE 11: COMPARISON BETWEEN VAR (1-DAY, 99%) AND DAILY TRADING REVENUE (EU MR4)



During the first half of 2020, 11 backtesting events were observed in a context of exceptional market conditions marked by high volatility. Following the vote of the European Parliament allowing institutions to exclude backtesting events that do not result from internal model deficiency and which occurred between 1 January 2020 and 31 December 2021, the Group is authorised to exclude those backtesting events from market risk-weighted asset calculation.

Quarterly change in VaR

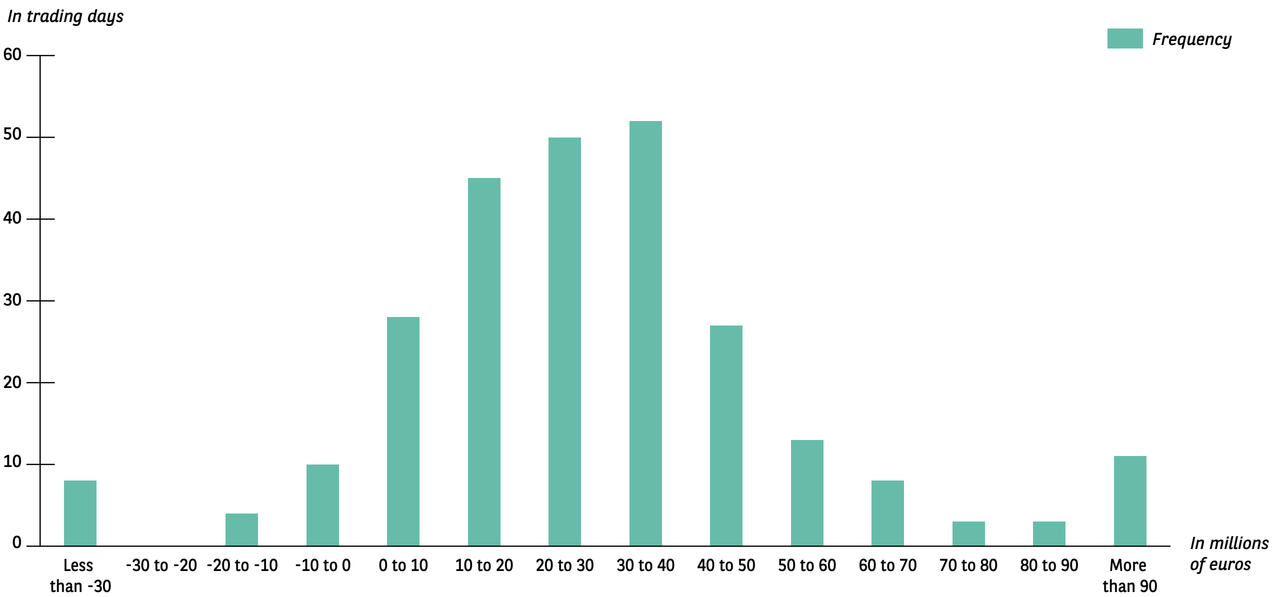
FIGURE 12: QUARTERLY CHANGE IN VAR (1-DAY, 99%)



Distribution of daily income

The following histogramme presents the distribution of the actual daily trading revenue of BNP Paribas, including intra-day revenues, fees and commissions. It indicates the numbers of trading days during which the revenue reached each of the levels marked on the x axis, in millions of euros.

FIGURE 13: DISTRIBUTION OF DAILY TRADING REVENUE



Trading activities generated an actual positive result for 92% of the trading days in 2020 (versus 97% in 2019).

Evolution of the VaR (10-day, 99%)

The VaR set out below are calculated from an internal model, which uses parameters that comply with the method recommended by the Basel Committee for determining estimated Value at Risk. They correspond to measurements taken into account within the framework of monitoring market limits. These are based on a ten-day time horizon and a 99% confidence interval, extrapolated from 1-day VaR amounts with the same confidence interval, by multiplying by a factor equal to the square root of ten.

In 2020, total average VaR (10-day, 99%) for BNP Paribas is EUR 142 million (with a minimum of EUR 68 million and a maximum of EUR 226 million), after taking into account the -EUR 155 million netting effect between the different types of risks. These amounts break down as follows:

TABLE 84: VALUE AT RISK (10-DAY, 99%) [Audited]

	Year to 31 Dec. 2020				Year to 31 Dec. 2019	
In millions of euros	Minimum(*)	Average	Maximum(*)	Last measure	Average	Last measure
Interest rate risk	49	96	147	90	59	75
Credit risk	34	72	126	67	35	38
Foreign exchange risk	13	39	64	40	23	19
Equity price risk	32	73	164	94	30	29
Commodity price risk	8	17	42	41	12	10
Netting effect(**)		*(155)*		*(184)*	*(84)*	*(96)*
TOTAL VALUE AT RISK	**68**	**142**	**226**	**148**	**75**	**75**

(*) For minima and maxima, total VaR cannot be read as the sum of VaR by risk type.
(**) Note that the minimum and maximum figures shown above for the various risk types are computed on a standalone basis (i.e. independently from each other as well as the total VaR). While the minimum or maximum for each risk type may not necessarily be observed on the same date, minimum/maximum netting effects are not considered relevant.

Stressed VaR

Stressed VaR is calibrated over a specified full twelve-month period, including a crisis period. This period applies across the Group, which must have comprehensive market data to calculate the risk measurements and remain relevant when applied to the current trading book. An expert committee reviews the period on a quarterly basis in accordance with a quantitatively informed approach among the three scenarios that generate the maximum stressed risk measures.

The current reference period for calibrating stressed VaR is from 2 July 2008 to 30 June 2009.

BNP Paribas uses the same calculation method as for calculating VaR, with market parameters determined based on this reference period.

The SVaRs presented below are based on a one-day time horizon and a 99% confidence interval and correspond to measurements taken into account within the framework of monitoring market limits.

The SVaR (1-day, 99%) was not impacted by the health crisis and remained stable at around EUR 88 million throughout 2020. The increase in the SVaR compared to 2019 was due to the change in the reference period that occurred at the end of 2019.

➤ TABLE 85: STRESSED VALUE AT RISK (1-DAY, 99%)

	Year to 31 Dec. 2020				Year to 31 Dec. 2019	
In millions of euros	Minimum	Average	Maximum	Last measure	Average	Last measure
Stressed Value at Risk	64	88	120	84	63	63

Incremental Risk Charge (IRC)

The IRC approach measures losses due to default and ratings migration at the 99.9% confidence interval (*i.e.* the maximum loss incurred after eliminating the 0.1% worst events) over a capital and liquidity horizon or rebalancing frequency of one year, assuming a constant level of risk over this horizon. The IRC scope mainly includes plain vanilla credit products (bonds and CDS, excluding securitised products) from the trading book.

This approach is used to capture the incremental default and migration risks on all non-securitised products.

The model is currently used in the risk management processes. This model was approved by the supervisor.

The calculation of IRC is based on the assumption of a constant level of risk over the one-year capital horizon, implying that the trading positions or sets of positions can be rebalanced during the one-year capital horizon in a manner that maintains the initial risk level, measured by the VaR or by the profile exposure by credit rating and concentration. This rebalancing frequency is called the liquidity horizon.

The model is built around a rating-based simulation for each obligor, which captures both the risk of the default as well as the risk of rating migration. The dependency between debtors is based on a multi-factor asset return model. The valuation of the portfolios is performed in each simulated scenario. The model uses a constant one-year liquidity horizon.

The IRC remains stable at around EUR 200 million throughout 2020, but with an increased risk profile resulting from an increase in positions and hedges.

Comprehensive Risk Measure (CRM) for credit correlation portfolio

CRM is an additional capital charge to the IRC which applies to the credit correlation portfolio (excluding securitisation products) from the trading book. It measures potential losses from a variety of specific price change risks (spread, correlation, recovery, credit migration, *etc.*) at the 99.9% confidence interval (*i.e.* the maximum loss incurred after eliminating the 0.1% worst events) over a capital and liquidity horizon or rebalancing frequency of one year, assuming a constant level of risk over this horizon.

The corporate correlation activity is an activity that consists of trading and risk managing mainly bespoke corporate CDOs and their hedges using single name CDS, CDS indices and index tranches. This activity falls under the structured credit activity trading within the Credit business line of Global Markets.

The valuation framework uses both market observable prices (particularly used for CDS, index and index tranches) and data established based on models for the implicit correlations and recovery rates, using the models of dependency between debtors used for the IRC.

Summary of measures taken into account within the framework of monitoring market limits

TABLE 86: INTERNAL MODEL APPROACH VALUES FOR TRADING PORTFOLIOS (EU MR3)

	In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
	VaR (10-day, 99%)		
1	Maximum	226	106
2	Average	142	75
3	Minimum	68	52
4	Last measure	148	75
	SVaR (10-day, 99%)		
5	Maximum	379	268
6	Average	277	198
7	Minimum	201	150
8	Last measure	264	201
	IRC(*) (99.9%)		
9	Maximum	307	397
10	Average	199	205
11	Minimum	102	100
12	Last measure	192	155
	CRM(**) (99.9%)		
13	Maximum	91	56
14	Average	48	37
15	Minimum	12	18
16	Last measure	44	35

(*) *Incremental Risk Charge.*
(**) *Comprehensive Risk Measure.*

Securitisation positions in trading book outside correlation portfolio

For securitisation positions treated as financial assets at fair value for accounting purposes, changes in market value, except accrued interest on fixed income securities, are recognised in the profit and loss account under "Net gain/loss on financial instruments at fair value through profit or loss".

For ABS positions outside the correlation book, the standardised capital charge applies (as per the standard method for banking books). The capital requirements are therefore calculated by applying a weighting to the risk-weighted assets (RWA), which is determined on the basis of the asset's external rating. The capital calculation is based on the second-worst rating of the three rating agencies.

Trading book securitisation positions deducted from CET1 capital are excluded from the calculation of risk-weighted assets with respect to market risk. They are therefore not included in the following tables. At 31 December 2020, securitisation positions in the trading book deducted from CET1 capital amounted to EUR 5 million.

TABLE 87: BREAKDOWN OF TRADING BOOK SECURITISATION POSITIONS OUTSIDE CORRELATION BOOK BY ASSET TYPE

In millions of euros	Securitisation positions			
	31 December 2020		31 December 2019	
Asset category	Short positions	Long positions	Short positions	Long positions
Residential mortgages	-	152	-	130
Consumer loans	-	17	-	26
Credit card receivables	-	29	-	28
Loans to corporates	-	16	-	51
Finance leases	-	199	-	222
Other assets	-	0	-	32
TOTAL BALANCE SHEET	**-**	**413**	**-**	**488**
Residential mortgages	-	5	-	0
Loans to corporates	-	469	-	439
TOTAL OFF-BALANCE SHEET	**-**	**474**	**-**	**439**
TOTAL	**-**	**887**	**-**	**928**

TABLE 88: QUALITY OF TRADING BOOK SECURITISATION POSITIONS OUTSIDE CORRELATION BOOK

In millions of euros	Securitisation positions			
	31 December 2020		31 December 2019	
Tranche quality	Short positions	Long positions	Short positions	Long positions
Senior tranche	-	578	-	645
Mezzanine tranche	-	309	-	283
First-loss tranche	-	0	-	-
TOTAL	**-**	**887**	**-**	**928**

➤ TABLE 89: BREAKDOWN OF TRADING BOOK SECURITISATION POSITIONS AND CAPITAL REQUIREMENTS OUTSIDE CORRELATION BOOK BY RISK WEIGHT

In millions of euros	31 December 2020								
	Securitisation positions						Capital requirements		
	Short positions			Long positions					
Risk weight	Securitisation	Re-securitisation	Total	Securitisation	Re-securitisation	Total	Short positions	Long positions	Total
7% - 10%	-	-	-	49	-	49	-	0	0
12% - 18%	-	-	-	349	-	349	-	5	5
20% - 35%	-	-	-	255	-	255	-	8	8
40% - 75%	-	-	-	-	-	-	-	-	-
100%	-	-	-	121	-	121	-	17	17
250%	-	-	-	55	-	55	-	15	15
425%	-	-	-	16	-	16	-	8	8
650%	-	-	-	42	-	42	-	31	31
TOTAL	**-**	**0**	**-**	**887**	**-**	**887**	**-**	**84**	**84**

In millions of euros	31 December 2019								
	Securitisation positions						Capital requirements		
	Short positions			Long positions					
Risk weight	Securitisation	Re-securitisation	Total	Securitisation	Re-securitisation	Total	Short positions	Long positions	Total
7% - 10%	-	-	-	249	-	249	-	2	2
12% - 18%	-	-	-	137	-	137	-	2	2
20% - 35%	-	-	-	426	-	426	-	10	10
40% - 75%	-	-	-	0	-	0	-	0	0
100%	-	-	-	78	-	78	-	9	9
250%	-	-	-	20	-	20	-	7	7
425%	-	-	-	0	-	0	-	0	0
650%	-	-	-	18	-	18	-	11	11
TOTAL	**0**	**0**	**0**	**928**	**-**	**928**	**-**	**40**	**40**

MARKET RISK STRESS TESTING FRAMEWORK

A range of stress tests are performed to simulate the impact of extreme market conditions on the value on the global trading books. Stress tests cover all market activities applying a range of stressed market conditions.

Scenarios

The fundamental approach of the current trading book stress testing framework combines "bottom up" and "top down" stress testing:

- Macro Level Scenarios (top down) comprise the evaluation of a set of global level stress test. These scenarios assess the impact of severe market moves on BNP Paribas trading positions related to large global or major regional market shock events. They can be based on historical events or forward-looking hypothetical scenarios. Scenarios include events such as an emerging markets crisis, credit crunch and a stock market crash, and some are based on past crises.

  The official macro stress tests scenarios currently comprise a range of eight different stress tests. The results of these scenarios are reviewed at each Capital Markets Risk Committee (CMRC). The scenarios are:

  - Scenario 1: unexpected rate hike, driving short-term rates higher with a flattening of the interest rate curve,
  - Scenario 2: stock market crash, with a flight to quality assets leading to a drop and a steepening of the interest rate curve,
  - Scenario 3: generic emerging market crisis designed to test global risk of these markets,
  - Scenario 4: credit crunch, leading to a general risk aversion,
  - Scenario 5: euro crisis, low GDP expectations, potential threat of a country leaving the euro and a significant weakening of the currency,
  - Scenario 6: energy crisis driven by severe geopolitical turmoil with serious consequences on energy markets,
  - Scenario 7: United States crisis, mostly based on a structural crisis in the United States spreading round the globe,
  - Scenario 8: risk-on scenario: rally in equity and emerging markets, low realised volatility and drop in implied volatility in all markets (effectively a return to risky assets);
- Micro Level Scenarios (bottom up): instead of looking at the effect on the global portfolio, these types of scenarios aim to highlight risk exposures on specific trading desks, regions or risk concentrations. This bottom up approach enables the use of more complex stress scenarios and hence allows the detection of areas of potential losses which may not be easily achieved under the global macro scenarios (such as complex market dislocations or idiosyncratic risk). This bottom up process also facilitates the classification of risk areas into those where there may be less liquidity or where the risk may be more structural in nature.

Process

It is the analysis of the above scenarios that enables the adverse scenario for the trading books to be constructed. The official stress scenario is presented at each Capital Markets Risk Committee along with the adverse global stress scenarios and any bottom up stress test yielding significant results.

The results of all stress tests are reviewed regularly by Executive Management and sent to the Board of directors.

The scenarios take market liquidity into account by simulating the drying up of certain assets or product liquidity as the stress event unfolds. To understand this process, it can be simplified by considering an approach where the time horizon for the stress shock can vary between different instruments/assets (hence more advanced scenarios can take certain idiosyncratic factors into account). Moreover, it may sometimes be required to quantify the impact of a stress event occurring with re-hedging assumptions factored into part of the exposure under stress.

Stress testing is governed by the Capital Markets Stress Testing Steering Committee (STSC). The Committee meets monthly and sets the direction of all internal risk departmental stress scenario developments, infrastructure, analysis and reporting. The STSC governs all internal stress testing matters relating to both market and counterparty risk and decides upon the detailed definition of the CMRC Stress Tests.

Stress testing is the core element of the tail risk analysis, which is also captured through the stressed Value at Risk, the Incremental Risk Charge and the Comprehensive Risk Measure. Furthermore, the risk of a rare event used in the form of the "average loss in addition to VaR" (Expected Shortfall) in allocating capital in respect of market risk between business lines is an additional element allowing tail risk in the management and monitoring of market risk to be taken into account.

MARKET RISK RELATED TO BANKING ACTIVITIES

Interest rate and foreign exchange risks related to banking intermediation activities and investments are managed by the cross-functional ALM Treasury Department. At Group level, the ALM-Treasury Department is directly overseen by current Chief Operating Officer. BNP Paribas SA's ALM Treasury Department exercises functional authority over the ALM Treasury teams of each entity or group of entities covering the entire Group perimeter. Strategic decisions are made by the Asset and Liability Committee (ALCo), which oversees ALM Treasury's activities. These committees have been set up at Group, entity or group of entities level.

The foreign exchange risk gives rise to a weighted assets calculation under Pillar 1. The interest rate risk falls under Pillar 2.

FOREIGN EXCHANGE RISK

Calculation of risk-weighted assets

Foreign exchange risk relates to all transactions part of the banking book.

Group entities calculate their net position in each currency, including the euro. The net position is equal to the sum of all asset items less all liability items plus off-balance sheet items (including the net forward currency position and the net delta-based equivalent of the currency option book), less structural, non-current assets (long-term equity interests, property, plant and equipment, and intangible assets). These positions are converted into euros at the exchange rate prevailing on the reporting date and aggregated to give the Group's overall net open position in each currency. The net position in a given currency is long when assets exceed liabilities and short when liabilities exceed assets. For each Group entity, the net currency position is balanced in the relevant currency (*i.e.* its reporting currency) such that the sum of long positions equals the sum of short positions.

The rules for calculating the capital requirement for foreign exchange risk are as follows:

- matched positions in currencies of Member States participating in the European Monetary System are subject to a capital requirement of 1.6% of the value of the matched positions;
- CFA and CFP francs are matched with the euro, and are not subject to a capital requirement;
- positions in closely correlated currencies are subject to a capital requirement of 4% of the matched amount;
- other positions, including the balance of unmatched positions in the currencies mentioned above, are subject to a capital requirement of 8% of their amount.

The amounts involved are set out in Table 81: *Market risk under the standardised approach (EU MR1)*.

Foreign exchange risk and hedging of net income generated in foreign currencies [Audited]

So-called "operating" foreign exchange risk exposure relates to net earnings generated by activities conducted in currencies other than the functional currency of the entity concerned. The Group's policy is to hedge the variability of its net income due to currency movements. To this end, earnings generated in a currency other than the functional currency of a given entity of the Group are hedged locally. Net income generated by foreign subsidiaries and branches and positions relating to portfolio impairment are managed centrally.

Foreign exchange risk and hedging of net investments in foreign operations [Audited]

The so-called "structural" foreign exchange position of an entity relates to investments in currencies other than the functional currency. This position mainly results from the capital endowment of the branches and equity investments in foreign currencies financed by buying the investment currency. This structural foreign exchange position, adjusted for any intangibles, constitutes patrimonial exposure.

The Group's policy is to hedge portfolio exposure to liquid currencies, while at the same time maintaining the solvency ratio's limited sensitivity to exchange rate fluctuations. For this, borrowings in the same currency as the investment are used as an alternative to financing by purchasing the currency in question. Borrowings are recognised as hedges of investments.

INTEREST RATE RISK [Audited]

Interest rate risk in the banking book, or global interest rate risk, is the risk of variability in results as a result of mismatches in interest rates, maturities and nature between assets and liabilities in the banking book. This risk arises in non-trading portfolios.

Organisation of the Group interest risk management

The Board of directors assigns responsibility to the Chief Executive Officer for management of interest rate risk in the banking book. The Board of directors is informed quarterly on the principles governing interest rate policy and the Group's position through the Internal Control, Risk and Compliance Committee (CCIRC).

The Chief Executive Officer delegates management responsibility to the Group ALM Treasury Committee (Asset and Liability Management Committee). The permanent members of the Group ALM Treasury Committee are the Chief Operating Officer (Chairman), the Deputy Chef Operating Officers heading up Core Businesses, the Group Chief Risk Officer, the Group Chief Financial Officer, the Group ALM Treasury Head. The Head of General Inspection and the Head of Compliance are also invited. This Committee is responsible for tracking interest rate risk monitoring indicators, proposing the Group's interest rate risk profile and assigning limits.

ALM Treasury is responsible for the analysis of the management proposals and operational implementation of decisions related to managing the interest rate risk of the banking book as part of its delegated management.

The RISK Function participates in the Group ALM Treasury Committee and the local ALM Treasury Committees (ALCo) and oversees implementation by ALM Treasury of the relevant decisions made by these committees. It also provides second-line control by reviewing the models and risk indicators, monitoring the level of risk indicators and ensuring compliance with the limits assigned.

The banking book consists of the Group's total bank balance sheet, excluding trading book transactions. This includes intermediation transactions (deposits, loans, *etc.*), non-commercial balance sheet items (equity, fixed assets, *etc.*) and banking book risk management activities, including derivatives used for the management of interest rate risk on the banking book (notably when they are ineligible for hedge accounting under IFRS).

Banking book interest rate risk in each BNP Paribas entity is systematically transferred to ALM Treasury, through internal analytic contracts or lending/borrowing transactions. For the Group as a whole, ALM Treasury is responsible for managing the interest rate risk transferred in this way.

Decisions concerning the management of interest rate risk are made and monitored during monthly or quarterly committee meetings by entity or group of entities, attended by representatives of local ALM Treasury, Group ALM Treasury, Finance and RISK Functions and senior management of the entities and/or businesses.

Measurement of interest rate risk

Rate positions are measured taking into account the specific features of the risks managed. Hence, the Group has defined the concepts of standard rate risks and structural rate risks. The standard rate risk corresponds to the general case, namely when it is possible to define uniquely the most appropriate hedging strategy for a given transaction. The structural rate risk is the interest rate risk for equity and non-interest-bearing current accounts: these balance sheet items generate regular revenues but are sensitive to interest rate levels. However it is not possible to define a single hedging strategy to fully neutralise this sensitivity. In this case, the Group included all the possible so-called "neutral" management strategies in terms of interest rate risk.

Interest rate risks are analysed in terms of interest rate gaps that measure for each future period the potential rate characteristic mismatches between assets and liabilities (fixed rate and indexation type). In the interest rate gaps, the optional effects, in particular linked to behavioural options, are embedded and translated into their delta equivalent.

The maturity split is determined on the basis of the contractual terms of the transactions and historical observations of customer behaviour. For Retail Banking products, behavioural models are based on historical or forward data and econometric studies. These possible management strategies notably relate to early redemption and savings accounts. Moreover, the maturities of non-interest-bearing current accounts and of equity are calculated according to a more conventional approach defining a range of investments taking into account the objective of stabilising results and stability of deposits.

Interest rate risk is also measured through indicators of the sensitivity of revenues to interest rate changes on a going concern basis, incorporating dynamic changes in balance sheet items. This enables the partial or zero correlation between customer interest rates and market interest rates to be taken into account on the one hand, and the volume sensitivities to interest rates on the other hand, which create a risk to future revenues.

The choice of indicators and risk modelling are reviewed by RISK. The results and the adjustments following these reviews are presented and monitored to the committees on a regular basis.

The interest rate risk measurement indicators are consistently presented to the ALCos and serve as the basis for operating risk management decisions.

As stated in the introduction to the section *Market risk related to banking activities*, the interest rate risk comes under Pillar 2.

Risk limits

Interest rate risk indicators span the entire banking book.

The interest rate gaps are subject to interest rate risk limits across all time horizons. These limits are calibrated based on the nature of the risks (standard or structural) at Group and entity level. They are reviewed annually.

The Group's revenue sensitivity indicator is subject to limits and a warning threshold relative to the overall sensitivity level, also broken down by division and the main entities. Moreover, the Group regularly monitors the impact of stress scenarios on its revenues.

Ecconomic hedges transactions that do not qualify for hedge accounting under IFRS are subject to specific limits.

Sensitivity of revenues to global interest rate risk

These sensitivities are calculated on the total banking book. They factor in the direct impacts of market rates and business trends over a period of up to three years. In addition, indirect effects on commercial activity linked to changes in outstandings and customer rates, notably the effects of inertia on margins of changes in interest rates (tightening – or widening – of margins on loans with an upward – or downward – in interest rate moves and conversely on deposits) are taken into account.

In a very low or negative interest rate environment, the effects of a 0% floor on customer deposit rates led to an increase in non-interest-bearing current accounts. These increases in non-interest-bearing current account balances, that are deemed temporary, are invested over prudent horizons. Sensitivities take into account hedging transactions limiting negative impacts related to holding interest rates at their current level or lower level, as well as the change in income from liquidity surpluses placed with the ECB.

The consolidated indicator is presented in the table hereafter. Over one-, two- and three-year timeframes, the sensitivity of revenues to a parallel, instantaneous and definitive increase in market rates of 50 basis points (+0.5%) across all currencies has an impact of respectively +EUR 125 million, +EUR 309 million and +EUR 600 million, or +0.3%, +0.7% and +1.4% of the Group's revenues.

TABLE 90: SENSITIVITY OF REVENUES TO GLOBAL INTEREST RATE RISK BASED ON A 50 BASIS POINT INCREASE OR DECREASE IN THE INTEREST RATES [Audited]

Sensivity of 2020 revenues *In millions of euros*	For +50 bp shock				For -50 bp shock			
	EUR	USD	Other currencies	Total	EUR	USD	Other currencies	Total
Year 1	2	74	50	125	246	(68)	0	179
Year 2	112	123	74	309	(1)	(127)	(19)	(147)
Year 3	348	146	106	600	(173)	(161)	(52)	(387)

Sensivity of 2019 revenues *In millions of euros*	For +50 bp shock				For -50 bp shock			
	EUR	USD	Other currencies	Total	EUR	USD	Other currencies	Total
Year 1	(259)	(25)	13	(270)	275	19	(32)	263
Year 2	166	13	37	216	(220)	(11)	(57)	(287)
Year 3	512	44	57	614	(474)	(37)	(76)	(587)

Sensitivity of the value of the net assets of the banking intermediation activity

As the assets and liabilities of the Group's banking intermediation business are not intended to be sold, they are not recognised or managed on the basis of their theoretical economic value measured by discounting future cash flows. Similarly, the theoretical economic value of the net assets does not affect the Group's capital.

However, pursuant to the regulatory requirements and calculation methods laid down by the European Banking Authority (EBA), the ratios of sensitivity to variations of +/-200 basis points (+/-2%) in interest rates, of the theoretical economic value of the net assets of the intermediation business in relation to Tier 1 and Tier 2 capital are regularly calculated. These ratios are compared to the 20% threshold used by the supervisor to identify situations where interest rate risk in the banking book may be material. At end-2020, the ratio was -0.2% for a 200-basis-point decrease and -6.8% for a 200-basis-point increase. These values are both well below the materiality threshold of 20%. The regulatory floors as defined in the EBA's "Guidelines on the management of interest rate risk arising from non-trading book activities" are applied to interest rate shocks.

From 28 June 2021, with the application of Directive (EU) No. 2019/878 (CRD 5) transposed into French law on 21 December 2020, and Regulation (EU) No. 2019/876, the ratio will be revised to cover six rate scenarios (*i.e.* increase, decrease and with pentification or flattening of the interest rate curve), with currency-dependant shocks and a modified threshold of 15% of Tier 1 capital. This ratio is already regularly measured, and at the end of 2020, is between -8.0% and +0.5%, well below the 15% threshold.

HEDGING OF INTEREST RATE AND FOREIGN EXCHANGE RISKS

Hedges initiated by the Group consist mainly of interest rate or currency hedges using derivative financial instruments (swaps, options and forwards).

Depending on the hedging objective, derivative financial instruments used for hedging purposes are qualified either as fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Each hedging relationship is formally documented at inception. The documentation describes the hedging strategy, identifies the hedged item and the hedging instrument, and the nature of the hedged risk; and describes the methodology used to test the expected (prospective) and actual (retrospective) effectiveness of the hedge.

Global interest rate risk

The Bank's strategy for managing global interest rate risk is mainly based on closely monitoring the sensitivity of the Bank's net income to changes in interest rates, factoring in all interest rate risks. The aim is to ensure the stability and regularity of the interest margin. This monitoring is based on an extremely accurate assessment of the risks incurred so that the Bank can determine the hedging strategy, after taking into account the effects of netting the different types of risk. These hedging strategies are defined and implemented by entity and by currency.

The hedges can comprise swaps and options and are typically accounted for as fair value hedges or cash flow hedges. They may also take the form of government securities and are classified on an accounting basis as "Financial assets at amortised cost" or "Financial assets at fair value through equity".

In the eurozone, in a context of an exceptional health crisis, 2020 was marked by low or negative interest rate and low volatility. Without inflation and growth prospects, long-term interest rates remained negative, close to historic lows. This situation is partly explained by the European Central Bank's monetary policy in response to the pandemic and its economic consequences, a monetary policy aimed at increasing asset buybacks (mainly government bonds) and new Targeted Long-Term Refinancing Operations "TLTRO", without modifying the deposit facility rate.

In the United States, the accommodative nature of the Federal Reserve's monetary policy has been extended, with the purchases of securities and a decrease in short- and long-term rates, while maintaining positive rates.

In this low and stable rate environment, early repayments and rate renegotiations remained low in Domestic Markets. The savings structure continues to be distorted in favour of low-interest funding sources, whose investment horizons are regularly reviewed.

Structural foreign exchange risk [Audited]

Currency hedges are contracted by the ALM Treasury in relation to the Group's investments in foreign currencies and its future foreign currency revenues. Each hedging relationship is formally documented at inception. The documentation describes the hedging strategy, identifies the hedged item and the hedging instrument, and the nature of the hedged risk and describes the methodology used to test the expected (prospective) and actual (retrospective) effectiveness of the hedge.

A hedging relationship is applied and documented for investments in subsidiaries and branches financed by foreign currency loans so as to record movements in exchange rates symmetrically and avoid impacts on the profit and loss account. These instruments are designated as net investment hedges. The amount of these loans stood at EUR 15 billion at 31 December 2020, compared with EUR 18 billion at 31 December 2019. The changes in value related to exchange differences recognised directly in equity with respect to these hedges was +EUR 907 million in 2020, compared with –EUR 745 million at 31 December 2019.

During the 2020 financial year, no net investment hedging relationships were disqualified. The amount recorded in the profit and loss account for 2020 with respect to the ineffective portion of hedges of net investments is immaterial.

Hedging of financial instruments recognised in the balance sheet (Fair Value Hedge)

Fair value hedges of interest rate risks relate either to identified fixed-rate assets or liabilities, or to portfolios of fixed-rate assets or liabilities. Derivatives are contracted to reduce the exposure of the fair value of these instruments to changes in interest rates.

Individual assets hedging consists mainly of securities classified as "Financial assets at amortised cost" or "Financial assets at fair value through equity"; individual liabilities hedging consists mainly of fixed income securities issued by the Group.

Hedges of portfolios of financial assets and liabilities, constructed by currency, relate to:

- fixed-rate loans (property loans, equipment loans, consumer credit and export loans);
- fixed-rate deposits (mainly demand deposits and funds deposited under home savings contracts).

To identify the hedged amount, the residual balance of the hedged item is split into maturity bands, and a separate amount is designated for each band. The maturity split is determined on the basis of the contractual terms of the transactions and historical observations of customer behaviour (early redemption assumptions and estimated default rates).

Demand deposits, which do not bear interest at contractual rates, are qualified as fixed-rate medium-term financial liabilities. Consequently, the value of these liabilities is sensitive to changes in interest rates. Estimates of future cash outflows are based on historical analyses.

For each hedging relationship, expected hedge effectiveness is measured by ensuring that for each maturity band, the fair value of the hedged items is greater than the fair value of the designated hedging instruments.

Actual effectiveness is assessed on an *ex-post* basis by ensuring that the monthly change in the fair value of hedged items since the start of the month does not indicate any over-hedging.

Cash Flow Hedge

In terms of interest rate risk, the Group uses derivative instruments to hedge fluctuations in income and expenses arising on floating-rate assets and liabilities. Highly probable forecast transactions are also hedged. Hedged items are split into maturity bands by currency and benchmark interest rate. After factoring in early redemption assumptions and estimated default rates, the Group uses derivatives to hedge some or all of the risk exposure generated by these floating-rate instruments.

In terms of foreign exchange risk, the Group hedges against variability in components of consolidated net income. In particular, the Group may hedge future revenue flows (especially interest income and fees) derived from operations carried out by its main subsidiaries and/or branches in a currency other than their functional currencies. As in the case of interest rate hedges, the effectiveness of these hedging relationships is documented and assessed on the basis of forecast maturity bands.

The table below concerns the scope of BNP Paribas SA's medium- and long-term transactions and shows the amount of hedged future cash flows (split by forecast date of realisation), which constitute the majority of the Group's transactions.

➤ TABLE 91: HEDGED CASH FLOWS [Audited]

Period to realisation *In millions of euros*	31 December 2020				31 December 2019			
	Less than 1 year	1 to 5 years	More than 5 years	Total	Less than 1 year	1 to 5 years	More than 5 years	Total
Hedged cash flows	291	883	331	1,505	537	1,787	943	3,267

In 2020, no cash flow hedges were declassified on the grounds that achieving these future earnings would no longer be highly probable.

5.8 Liquidity risk

Liquidity risk is the risk that the Bank will not be able to honour its commitments or unwind or settle a position due to the market environment or idiosyncratic factors (*i.e.* specific to BNP Paribas), within a given timeframe and at a reasonable cost.

Liquidity risk reflects the risk of the Group being unable to fulfil current or future foreseen or unforeseen cash or collateral requirements, across all time horizons, from the short to the long term.

This risk may stem from the reduction in funding sources, draw down of funding commitments, a reduction in the liquidity of certain assets, or an increase in cash or collateral margin calls. It may be related to the bank itself (reputation risk) or to external factors (risks in some markets).

The Group's liquidity risk is managed under a global liquidity policy approved by the Group's ALM Treasury Committee. This policy is based on management principles designed to apply both in normal conditions and in a liquidity crisis. The Group's liquidity position is assessed on the basis of internal indicators and regulatory ratios.

LIQUIDITY RISK MANAGEMENT POLICY [Audited]

OBJECTIVES

The objectives of the Group's liquidity management policy are to secure a balanced financing structure for the development of BNP Paribas business activities, and to ensure it is sufficiently robust to cope with crisis situations.

The liquidity risk management framework relies on:

- management indicators:
  - by volume, to ensure that businesses or activities comply with their liquidity targets set in line with the Group's funding capacity,
  - by price, *via* internal liquidity pricing;
- the definition of monitoring indicators which enable assessment of the Group's liquidity position under normal conditions and in crisis situations, the efficiency of actions undertaken and compliance with regulatory ratios;
- the implementation of liquidity risk management strategies based on diversification of funding sources with maturities in line with needs, and the constitution of liquidity reserves.

The Group's liquidity policy defines the management principles that apply across all Group entities and businesses and across all time horizons.

GOVERNANCE

As for all risks, the Group Chief Executive Officer is granted authority by the Board of directors to manage the Group's liquidity risk. The Chief Executive Officer delegates this responsibility to the Group ALM Treasury Committee.

The Internal Control, Risk and Compliance Committee (CCIRC) reports quarterly to the Board of directors on liquidity policy principles and the Group's liquidity position.

The Group ALM Treasury Committee is responsible for:

- proposing the Group's liquidity risk profile at the CCIRC and the Board of directors, for review and decision;
- monitoring compliance with regulatory liquidity ratios;
- defining and monitoring management indicators and calibrating the quantitative thresholds set for the Bank's businesses;
- defining and monitoring liquidity risk indicators and associating quantitative thresholds to them if necessary;
- defining and overseeing implementation of liquidity risk management strategies, including monitoring of business lines, under normal and stressed conditions.

In particular, the Group ALM Treasury Committee is informed about funding programmes and programmes to build up liquidity reserves, simulations in crisis conditions (stress tests), and about all events that may arise in crisis situations.

The Group ALM Treasury Committee is tasked with defining the management approach in periods of crisis (emergency plan). This framework is based on:

- supervision of the emergence of a crisis by monitoring the market position and complying with thresholds set for a series of indicators;
- governance of the activation of crisis management mode and the associated responsibilities;
- identification of possible actions for managing a crisis.

The Group ALM Treasury Committee meets every month under normal conditions and more often in stressed conditions or to deal with specific issues.

The permanent members of the Group ALM Treasury Committee are the Chief Operating Officer (Chairman), the Deputy Chef Operating Officers heading up Core Businesses, the Chief Risk Officer, the Group Chief Financial Officer and the Group ALM Treasury Head. Other members represent the RISK Function, Finance Function and ALM Treasury. The Head of General Inspection and the Head of Compliance are also invited.

Across the Group, ALM Treasury is responsible for the operational implementation of the Group ALM Treasury Committee's liquidity management decisions. The ALM Treasury Committees in entities or groups of entities are responsible for local implementation of the strategy decided by the Group ALM Treasury Committee to manage the Bank's liquidity risk.

ALM Treasury is responsible for managing liquidity for the entire Group across all maturities. In particular, it is responsible for funding and short-term issuance (certificates of deposit, commercial paper, *etc.*), for senior and subordinated debt issuance (MTNs, bonds, medium/long-term deposits, covered bonds, *etc.*), preferred share issuance, and loan securitisation programmes for the Group. ALM Treasury is tasked with providing internal funding to the Group's divisions, operational entities and business lines, and investing their surplus cash. It is also responsible for building up and managing liquidity reserves, which comprise assets that can be easily sold in the event of a liquidity squeeze.

RISK participates in the Group and local ALM Treasury Committees and oversees implementation by ALM Treasury of the relevant decisions made by these committees. It provides second-line control by reviewing the models and risk indicators (including liquidity stress tests), monitoring risk indicators and ensuring compliance with the limits assigned.

Finance is responsible for producing the regulatory liquidity indicators, as well as the internal monitoring indicators. Finance oversees the consistency of the internal monitoring indicators with the objectives defined by the Group ALM Treasury Committee. Finance takes also part in the Group and local ALM Committees.

LIQUIDITY RISK MANAGEMENT AND SUPERVISION

Internal liquidity risk management and internal monitoring are based on a large range of indicators at various maturities. These indicators are measured on a regular basis by currency and maturity, both at Group level and entity level.

BUSINESS LINES' INTERNAL MONITORING INDICATORS [Audited]

The monitoring indicators relate to the funding needs of the Group's businesses under both normal and stressed conditions. These monitoring indicators are part of the Group's budget planning exercise with set objectives that are routinely monitored (monthly).

Funding needs of the Group's businesses

The funding needs associated with the activity of the Group's businesses are managed in particular by measuring the difference between commercial funding needs (customer loans and overdrafts, trading assets, *etc.*) and commercial funding resources (customer deposits, sale of the Group's debt securities to customers, trading liabilities, *etc.*). This indicator makes it possible to measure the business lines' liquidity consumption under a normal business scenario.

It is supplemented by indicators to measure the funding needs of the business lines in one month and one year depending on the assumptions defined by European regulations in force (Liquidity Coverage Ratio) or anticipated (Net Stable Funding Ratio).

In addition to this commercial funding need indicators, the Group closely monitors the liquidity reserves and the refinancing provided by ALM Treasury, as well as the Group's structural resources (*i.e.* net own funds).

The overall management of the business funding needs, the Group's structural resources, funding and liquidity reserves made by the ALM Treasury allows the Group to achieve a structurally robust liquidity situation able to resist severe market stresses.

Business lines' consumption of liquidity is thus integrated in the Group's budget process, wherein each business line estimates its future liquidity needs, in keeping with its profitability targets and capital consumption objectives. During the iterative budget process, liquidity consumption objectives are allotted to the business lines, taking into account the funding provided by ALM Treasury and structural resources, in line with the Group's overall target. This process is regularly renewed, monitored and adjusted as appropriate throughout the year by the Group ALM Treasury Committee.

Internal liquidity pricing

All of the Group's assets and liabilities are subject to internal liquidity pricing, the principles of which are decided by the Group ALM Treasury Committee and aim to take account of trends in the cost of market liquidity and the balance between assets and liabilities within the Group's development strategy.

Change of the liquidity position

In 2020, business lines' consumption of liquidity decreased as a result of the growth in deposits, which exceeded credit growth, particularly in Domestic Markets in France, Belgium and Luxembourg as well in Corporate Banking.

At end-2020, the businesses had a net excess of liquidity. Added to this surplus is the Group's net equity, leading to an overall excess of liquidity.

In this context, the funding provided by ALM Treasury is used to finance the liquidity reserve, while also correcting the term structure differences between assets and liabilities and covering TLAC (Total Loss-Absorbing Capacity) requirements, as well as future Minimum Requirement for own funds and Eligible Liabilities (MREL).

Consequently, the Group maintains a large surplus in liquidity and aims to limit the cost of these resources.

WHOLESALE FUNDING AND LIQUIDITY RESERVE MONITORING INDICATORS [Audited]

Sources of wholesale funding

The Group adopted a broad definition of wholesale funding, covering all funds excluding those provided by:

- retail customers, professionals and corporates;
- institutional clients for their operating needs (*e.g.* portion needed for custody management);
- monetary policy and funding secured by market assets.

This definition is broader than market funding. For example, it includes medium- to long-term debt placed in funds for individuals and, in the short-term portion, non-operating deposits in the Securities Services business.

The Group has a conservative policy for the management of its wholesale funding by ensuring that it does not depend on very short-term funding and diversifying these funding sources.

Thus, wholesale funding with an original maturity of less than one month, so-called very short-term wholesale funding, is systematically "sterilised" by being placed in immediately-available deposits in central banks so that they are not used to fund the Group's business.

The Group ensures that short-term wholesale funding (with original maturity of between one month and one year) is diversified in terms of counterparty, industry and residual maturity. Any excess concentration on one of these criteria is systematically "sterilised" and placed in central bank deposits.

Medium- to long-term wholesale market funding (with original maturity over one year) is diversified in terms of investor type, distribution network, funding programme (secured or unsecured), and by geographical area to ensure diversification. Furthermore, the Group aims to optimise the term structure of its funding operations.

At end-2020, sterilised very short-term wholesale funding totalled EUR 75.8 billion (leading to the sterilisation of an equivalent amount in the Group's liquidity reserve), diversified short-term wholesale funding totalled EUR 114.5 billion and diversified medium-to long-term wholesale funding totalled EUR 181.1 billion.

➤ TABLE 92: BREAKDOWN OF THE WHOLESALE FUNDING BY CURRENCY [Audited]

The breakdown of funding by currency corresponds to the Group's needs and to a diversification objective.

	31 December 2020			
In millions of euros	EUR	USD	Other	Total
Sterilised very short-term wholesale funding	44,551	19,672	11,585	75,808
Short-term wholesale funding	41,018	39,750	33,760	114,528
Medium- to long-term wholesale funding	98,123	52,988	29,996	181,108
TOTAL WHOLESALE	**183,691**	**112,411**	**75,341**	**371,443**

	31 December 2019			
In millions of euros	EUR	USD	Other	Total
Sterilised very short-term wholesale funding	41,132	17,600	13,637	72,369
Short-term wholesale funding	49,123	53,101	37,949	140,173
Medium- to long-term wholesale funding	95,180	51,855	29,301	176,336
TOTAL WHOLESALE	**185,435**	**122,556**	**80,887**	**388,878**

TABLE 93: BREAKDOWN OF THE GROUP'S MEDIUM- TO LONG- TERM (MLT) WHOLESALE FUNDING

The instruments are shown at their net carrying amount (including in particular accrued unpaid interest and the revaluation of the hedged portion).

In millions of euros	31 December 2020						
	Tier 1 hybrid debt	Tier 2 subordinated debt	Unsecured senior debt		Secured MLT funding	Monetary policy funding	TOTAL
			Non-preferred	Preferred			
Total MLT funding	**10,819**	**20,761**	**54,938**	**87,179**	**21,998**	**101,768**	**297,464**
MLT debt placed with clients	-	-	-	(14,588)	-	-	(14,588)
Monetary policy	-	-	-	-	-	(101,768)	(101,768)
WHOLESALE MLT FUNDING	**10,819**	**20,761**	**54,938**	**72,591**	**21,998**	**-**	**181,108**

In millions of euros	31 December 2019						
	Tier 1 hybrid debt	Tier 2 subordinated debt	Unsecured senior debt		Secured MLT funding	Monetary policy funding	TOTAL
			Non-preferred	Preferred			
Total MLT funding	**9,535**	**18,439**	**41,028**	**96,778**	**26,720**	**30,000**	**222,499**
MLT debt placed with clients	-	-	-	(15,547)	(616)	-	(16,163)
Monetary policy	-	-	-	-	-	(30,000)	(30,000)
WHOLESALE MLT FUNDING	**9,535**	**18,439**	**41,028**	**81,231**	**26,103**	**-**	**176,336**

TABLE 94: TRENDS IN GROUP MLT WHOLESALE FUNDING

In millions of euros	31 December 2019	New origination	Redemptions	Buy-backs	Exercise of calls	Perimeter effect and other	31 December 2020
Total MLT funding	**222,499**	**147,750**	**(22,049)**	**(4,598)**	**(40,304)**	**(5,836)**	**297,464**
MLT debt placed with clients	(16,163)	(3,624)	2,149	2,045	727	277	(14,588)
Monetary policy	(30,000)	(101,768)	-	-	30,000	-	(101,768)
WHOLESALE MLT FUNDING	**176,336**	**42,358**	**(19,899)**	**(2,553)**	**(9,577)**	**(5,559)**	**181,108**

Total medium- to long-term wholesale funding outstandings stood at EUR 181.1 billion at 31 December 2020 against EUR 176.3 billion at 31 December 2019. This increase is mainly related to new issues conducted within the framework of the new TLAC environment (non preferred senior debt).

Wholesale funding raised by the Group in the markets with an initial maturity of over 1 year reached EUR 42.4 billion in 2020, compared to EUR 45.3 billion in 2019.

Wholesale funding trends based on regulatory changes

In addition to the Group's liquidity management targets, use of wholesale funding also satisfies new regulatory requirements relating to Recovery and Resolution, with the application of the TLAC ratio minimum requirement (see paragraph *Recovery and resolution* in *Capital adequacy and capital planning* section in section 5.2).

In order to comply with the regulatory TLAC ratio requirements of 20.02% at 31 December 2020, BNP Paribas issued EUR 52.7 billion (outstanding principal amount) or EUR 54.9 billion (carrying amount, including in particular accrued unpaid interest and revaluation of the hedged portion) of non-preferred senior TLAC-eligible debt between 2017 and 2020, with different maturity dates and in various currencies, in the form of public issuances and private placements.

To meet the TLAC requirement of 22% in 2022 (excluding countercyclical capital buffer) and to prepare for future MREL requirement, the Group plans to issue EUR 13 billion of non-preferred senior debt in 2021, subject to market conditions. The Group had completed more than 35% of its issue programme for this category of debt as at 31 January 2021.

As a reminder, the main characteristics of these debt instruments are:

- issuance under EMTN and US MTN programmes;
- non preferred senior notes (pursuant to article L.613-30-3-I-4 of the French Monetary and Financial Code);

- non-structured debt[1];
- initial maturity of more than one year;
- subject to conversion or impairment before senior preferred debt but after subordinated debt;
- documentation mandatorily stating that this debt belongs to the new statutory category.

MLT secured wholesale funding

MLT secured wholesale funding is measured by separating out assets representing securities and loans. Funding obtained from central banks is not included in the table below.

TABLE 95: MLT SECURED WHOLESALE FUNDING

	31 December 2020		31 December 2019	
In millions of euros	Collateral used(*)	Funding raised(**)	Collateral used(*)	Funding raised(**)
Loans and receivables	25,230	21,972	29,874	25,531
Securities	29	27	762	573
TOTAL	**25,259**	**21,998**	**30,636**	**26,103**

(*) Amounts gross of haircuts.
(**) Amounts net of haircuts.

MLT secured wholesale funding (outside of monetary policy) represents 12.1% of total MLT wholesale funding in 2020 (14.8% in 2019). The Bank carefully manages its proportion of secured funding and the associated overcollateralisation in order to protect creditors holding unsecured debt.

Covered bonds and securitisation programmes are the main sources of the Group's secured financing. On average, covered bonds are over-collateralised by 114% and securitisation programmes by 113%.

Medium- to long-term liquidity position

The medium-to long-term liquidity positions are measured regularly at Group level by entity and by currency to evaluate the medium-to long-term resources and uses. To this end, each balance sheet item is given a maturity in an economic approach using models and conventions offered by the ALM Treasury and reviewed by the RISK Function, or a regulatory approach by applying standardised weightings of the Net Stable Funding Ratio (NSFR) as anticipated for the concerned perimeters. For example, despite their immediate availability, the current accounts of retail customers and those linked with corporates' cash management activities always remain highly stable, even through the most severe financial crises, thus constituting stable medium- to long-term funding sources in both an economic and a regulatory approach.

Stress tests and liquidity reserve

Liquidity stress tests are performed regularly on various maturities (one day to twelve months) based on market factors and/or factors specific to the Group and using different scenarios: idiosyncratic (*i.e.* specific to BNP Paribas), systemic crisis (affecting financial institutions), and combined crisis scenarios.

For each crisis scenario considered, borrowings and liabilities are expected to only partially renew, while loan amortisations are expected to be replaced by new loans to protect the commercial franchise, off-balance sheet financing commitments are expected to be used, and market assets are expected to lose their market liquidity. Commitment renewal and utilisation are differentiated in intensity and in time, based on client type (individuals, small and medium enterprises, corporates, financial institutions, *etc.*) and/or the type of underlying for secured borrowings and loans (repos/reverse repos). Stress scenarios also cover calls for additional collateral (*e.g.* increased margin calls for collateralised derivatives, impact of "rating trigger" clauses).

The liquidity reserve consists of Group assets held by ALM Treasury and the capital market businesses. The liquidity reserve comprises:

- deposits with central banks;
- available assets that can be immediately sold on the market or through repurchase agreements (bonds or shares);
- available securities and receivables that can be refinanced with central banks (*e.g.* through securitisation, transforming less liquid assets into liquid or available assets) (see section 5.5 *Proprietary Securitisation (originator)*).

(1) Decree No. 2018-710 of 3 August 2018 specifies the conditions in which a security, a receivable, an instrument or a right is considered as non-structured under 613-30-3 I-4° of the French Monetary and Financial Code.

The global liquidity reserve (counterbalancing capacity) is calculated net of the payment systems' intraday needs and in keeping with prudential rules, in particular U.S. rules, under which certain liquid assets are only recognised as available after a certain time period. Transferability restrictions are also taken into consideration in the calculation of the Group's liquidity reserve. These restrictions may stem from local regulations which limit transfers between entities of a group, non-convertible currencies or jurisdictions with foreign exchange control.

The table below shows its trends.

TABLE 96: BREAKDOWN OF GLOBAL LIQUIDITY RESERVE (COUNTERBALANCING CAPACITY)

In millions of euros	Average 2020	31 December 2020	31 December 2019
Total eligible assets	569,277	589,489	421,918
Utilisations	(149,083)	(150,873)	(108,713)
Transferability	(6,594)	(6,649)	(4,228)
GLOBAL LIQUIDITY RESERVE	**413,600**	**431,967**	**308,977**
of which liquid assets meeting prudential regulation requirements (HQLA)	*402,229*	*424,800*	*276,500*
of which other liquid assets	*11,371*	*7,167*	*32,477*

The Group's liquidity reserve stood at EUR 432 billion at end-2020, of which EUR 75.8 billion sterilising very short-term wholesale funding.

The Group's liquidity reserve at 31 December 2020 increased by EUR 123 billion compared to end-2019. In yearly average terms, the reserve grew by more than EUR 70 billion compared with the previous year. This increase is linked with the strong liquidity inflows during the crisis, which were mainly placed with central banks.

REGULATORY LIQUIDITY RATIOS

Scope of application

The prudential liquidity scope defined by the BNP Paribas Group for monitoring and overseeing liquidity ratios on a consolidated basis is the one defined for its capital ratio adequacy, with the exception of jointly controlled entities which are consolidated under the equity method in the prudential liquidity scope (see *Scope of application* in section 5.2 *Capital management and capital adequacy*).

Liquidity coverage ratio - LCR

The 30-day Liquidity Coverage Ratio (LCR) came into force on 1 October 2015 setting the minimum coverage ratio for net cash outflows over a one-month time horizon, in a crisis situation, at 100% from 1 January 2018. The Group measures its liquidity requirements in accordance with the requirements of the Delegated Act adopted by the European Commission in January 2015. It has adapted its management process in keeping with this regulation. The management indicators for the businesses' funding needs and the internal pricing terms therefore reflect the standardised assumptions set by the LCR and allow the Group to monitor compliance with the requirement.

The Group's LCR for the period ending 31 December 2020 stood at 154%, versus 125% at 31 December 2019.

The Group's LCR is detailed below in accordance with EBA Guidelines on LCR disclosure of LCR published on 8 March 2017. Accordingly, the Group's LCR is calculated as the rolling average of the twelve latest month-end measures.

TABLE 97: SHORT-TERM LIQUIDITY RATIO (LCR)(*) – ITEMISED (EU LIQ1)

	In millions of euros	Unweighted value				Weighted value			
		31 December 2020	30 September 2020	30 June 2020	31 March 2020	31 December 2020	30 September 2020	30 June 2020	31 March 2020
	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	HIGH QUALITY LIQUID ASSETS (HQLA)								
1	**TOTAL HIGH QUALITY LIQUID ASSETS**					**402,229**	**364,708**	**336,152**	**315,418**
	CASH OUTFLOWS								
2	Retail deposits (including small businesses)	387,214	375,480	364,160	352,805	28,510	27,787	27,124	26,458
3	*of which stable deposits*	*236,283*	*232,446*	*228,839*	*225,798*	*11,814*	*11,622*	*11,442*	*11,290*
4	*of which less stable deposits*	*139,998*	*135,331*	*131,000*	*126,697*	*16,633*	*16,024*	*15,457*	*14,859*
5	Unsecured non-retail funding	435,870	447,005	461,606	438,818	241,495	232,003	224,589	216,856
6	*of which operational deposits*	*138,861*	*134,853*	*130,682*	*126,151*	*34,031*	*33,019*	*31,963*	*30,790*
7	*of which non-operational deposits*	*283,845*	*299,382*	*317,101*	*298,280*	*194,299*	*186,214*	*178,803*	*171,680*
8	*of which unsecured debt*	*13,165*	*12,770*	*13,824*	*14,387*	*13,165*	*12,770*	*13,824*	*14,387*
9	Secured non-retail funding (of which repos)					68,179	66,268	64,606	60,953
10	Additional requirements	336,410	327,797	318,929	310,508	82,605	78,133	72,132	68,226
11	*of which outflows related to derivative exposures and other collateral requirements*	*43,221*	*39,365*	*33,251*	*29,346*	*43,123*	*39,277*	*33,175*	*29,289*
12	*of which outflows on secured debt*	*81*	*77*	*80*	*94*	*81*	*77*	*80*	*94*
13	*of which credit and liquidity facilities*	*293,108*	*288,356*	*285,599*	*281,068*	*39,400*	*38,779*	*38,877*	*38,843*
14	Other contractual funding obligations	57,167	54,476	51,560	47,600	57,212	54,508	51,581	47,600
15	Other contingent funding obligations	154,854	131,130	108,829	78,560	2,898	3,318	3,779	4,252
16	**TOTAL CASH OUTFLOWS**					**480,898**	**462,016**	**443,811**	**424,346**
	CASH INFLOWS								
17	Secured lending (of which reverse repos)	382,821	375,454	376,334	363,913	158,451	127,026	94,436	61,566
18	Inflows from fully performing exposures	83,900	84,163	84,358	84,568	61,541	61,552	61,493	61,526
19	Other cash inflows	64,851	62,199	57,168	53,111	58,372	55,319	49,949	45,547
20	**TOTAL CASH INFLOWS**	**531,572**	**521,816**	**517,859**	**501,592**	**278,364**	**243,897**	**205,877**	**168,638**
EU-20c	Inflows subject to 75% cap	404,821	409,331	420,034	418,357	183,290	180,748	174,783	168,638
21	**LIQUIDITY BUFFER**					**402,229**	**364,708**	**336,152**	**315,418**
22	**TOTAL NET CASH OUTFLOWS**					**297,609**	**281,268**	**269,028**	**255,708**
23	**LIQUIDITY COVERAGE RATIO *(%)***					**135%**	**129%**	**125%**	**123%**

(*) *The data presented in this table are calculated as the rolling average over the twelve latest month-end values.*

The Group's LCR stood at 135% on average monthly during 2020, which is a liquidity surplus of EUR 105 billion compared with the regulatory requirements.

After the application of the regulatory haircuts (weighted value), the Group's liquid assets amounted to EUR 402 billion on average monthly in 2020, and mainly consisted of central bank deposits (68% of the buffer) and government and sovereign bonds (24%). Part of the securities which are eligible by central banks and provide access to liquidity are not recognised as liquid within the meaning of the European prudential regulation and are not included in the regulatory reserve. This is the main difference between the liquidity reserve (see Table 96) and the regulatory reserve. The liquid assets recognised by the prudential regulation must be immediately available to the Group.

Cash outflows under the thirty-day liquidity stress scenario amounted to EUR 298 billion on average during 2020, a large part of which corresponds to thirty-day deposit outflow assumptions of EUR 270 billion. Reciprocally, cash inflows on loans under the thirty-day liquidity regulatory stress scenario amounted to EUR 62 billion.

Cash flows on financing transactions and collateralised loans representing repurchase agreements and securities exchanges recorded a net inflow of EUR 90 billion on average in 2020, given the regulatory haircuts applied to collateral. Flows linked to derivative instruments and regulatory stress tests recorded a net outflow of EUR 18 billion after netting of cash outflows (EUR 43 billion) and inflows (EUR 25 billion). Lastly, the drawdown assumptions on financing commitments amounted to EUR 39 billion.

On a moving average over the last twelve monthly measurements, the Group's LCR rose up to 135% in 2020 from 123% in 2019. The stock of liquid assets is managed to cover variations in net cash outflows while maintaining surplus liquidity at all times. This stood at between EUR 60 and 105 billion over the fully loaded coverage ratio for net cash outflows. Levels of liquid assets increased faster than cash outflows, in particular due to the subscription to TLTRO III and the increase in customer deposits. Furthermore, the very short-term wholesale funding is immediately placed in very liquid assets according to the sterilisation principle to immunise the LCR from the volatility intrinsic to this type of funding (see paragraph *Sources of Wholesale Funding*).

Net Stable Funding Ratio – NSFR

Regulation (EU) No. 2019/876 introduces a one-year structural liquidity ratio (Net Stable Funding Ratio – NSFR), which will be the subject of a 100% minimum requirement from 28 June 2021. This standardised ratio aims to ensure that assets and financing commitments considered over one year are financed by resources over one year. The Group already complies with the future minimum NSFR requirement.

SCHEDULE OF THE BANK'S PRUDENTIAL BALANCE SHEET

This schedule presents cash flows according to contractual payment dates within the prudential scope (see *Scope of application* in section 5.2 *Capital management and capital adequacy*) in line with the rules defined for the liquidity ratio.

The securities in the trading book listed at fair value through profit or loss are presented with "not determined" maturities, as the securities' contractual maturity is not representative of the Group's planned holding period. Likewise, derivative financial instruments listed at fair value through profit or loss, derivatives used for hedging purposes and remeasurement adjustments on interest-rate risk hedged portfolios are presented with "not determined" maturities.

In the following table and in the event of an early repayment option, the rules applied are the most conservative:

- if the option is at the hands of both parties, the repayment date is the next contractual date for the exercise of the option;
- if the option is at the hands of the counterparty, the date for the repayment of assets is the date of final maturity while that used for liabilities is the next contractual date for the exercise of the option;
- if the option is at the hands of the Group, the repayment date is the next contractual date for the exercise of the option, for both assets and liabilities;
- in the case of subordinated debt, the redemption date used is the final maturity date.

➤ TABLE 98: CONTRACTUAL MATURITIES OF THE PRUDENTIAL BALANCE SHEET [Audited]

In millions of euros	31 December 2020							
	Not determined	Overnight or demand	Up to 1 month (excl. Overnight)	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	TOTAL
ASSETS								
Cash and amounts due from central banks	-	309,291	-	-	-	-	-	309,291
Financial instruments at fair value through profit and loss								
Securities	169,080	-	-	-	-	-	-	169,080
Loans and repurchase agreements	-	44,565	137,791	32,538	22,341	7,225	2,815	247,274
Derivative financial instruments	277,044	-	-	-	-	-	-	277,044
Derivatives used for hedging purposes	15,569	-	-	-	-	-	-	15,569
Financial assets at fair value through equity								
Debt securities	42	4	450	906	7,940	22,513	27,051	58,907
Equity securities	2,209	-	-	-	-	-	-	2,209
Financial assets at amortised cost								
Loans and advances to credit institutions	-	6,933	5,061	2,788	2,912	780	476	18,950
Loans and advances to customers	-	9,901	56,941	60,693	140,721	325,263	247,366	840,884
Debt securities	65	325	3,088	3,118	8,142	47,054	57,425	119,218
Remeasurement adjustment on interest rate risk hedged portfolios	5,553	-	-	-	-	-	-	5,553
Financial assets	**469,562**	**371,018**	**203,331**	**100,043**	**182,056**	**402,835**	**335,133**	**2,063,978**
Other non-financial assets	77,029	12,518	10,192	5,311	2,816	56,437	11,767	176,069
TOTAL ASSETS	**546,591**	**383,536**	**213,523**	**105,354**	**184,872**	**459,272**	**346,900**	**2,240,048**
LIABILITIES								
Deposit from central banks	-	1,594	-	-	-	-	-	1,594
Financial instruments at fair value through profit and loss								
Securities	94,263	-	-	-	-	-	-	94,263
Deposits and repurchase agreements	-	25,498	200,678	45,752	11,492	3,842	1,334	288,595
Issued debt securities	-	7	1,497	3,209	11,730	24,521	18,018	58,981
Derivative financial instruments	283,118	-	-	-	-	-	-	283,118
Derivatives used for hedging purposes	13,523	-	-	-	-	-	-	13,523
Financial liabilities at amortised cost								
Deposits from credit institutions	-	9,332	10,491	12,816	3,671	103,773	829	140,913
Deposits from customers	-	781,462	84,989	51,138	19,535	8,107	4,202	949,432
Debt securities	-	-	10,788	23,836	32,965	50,053	34,501	152,144
Subordinated debt	-	-	13	29	252	4,115	16,300	20,709
Remeasurement adjustment on interest rate risk hedged portfolios	6,153	-	-	-	-	-	-	6,153
Financial liabilities	**397,057**	**817,893**	**308,455**	**136,780**	**79,645**	**194,411**	**75,184**	**2,009,425**
Other non-financial liabilities	146,040	8,173	15,549	4,999	1,465	43,571	10,826	230,623
TOTAL LIABILITIES AND EQUITY	**543,097**	**826,066**	**324,004**	**141,779**	**81,110**	**237,982**	**86,010**	**2,240,048**

In millions of euros	Not determined	Overnight or demand	Up to 1 month (excl. Overnight)	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	TOTAL
								31 December 2019
ASSETS								
Cash and amounts due from central banks	-	155,400	-	-	-	-	-	155,400
Financial instruments at fair value through profit and loss								
Securities	132,341	-	-	-	-	-	-	132,341
Loans and repurchase agreements	-	36,023	104,796	34,055	16,809	3,379	2,847	197,910
Derivative financial instruments	247,521	-	-	-	-	-	-	247,521
Derivatives used for hedging purposes	12,451	-	-	-	-	-	-	12,451
Financial assets at fair value through equity								
Debt securities	87	5	626	799	4,128	28,610	19,478	53,734
Equity securities	2,266	-	-	-	-	-	-	2,266
Financial assets at amortised cost								
Loans and advances to credit institutions	-	7,388	6,744	3,155	2,695	1,153	239	21,374
Loans and advances to customers	-	18,599	60,047	65,149	118,795	319,230	248,628	830,448
Debt securities	0	101	2,614	3,505	8,682	37,209	57,360	109,471
Remeasurement adjustment on interest rate risk hedged portfolios	4,351	-	-	-	-	-	-	4,351
Financial assets	**399,017**	**217,516**	**174,828**	**106,663**	**151,109**	**389,581**	**328,553**	**1,767,267**
Other non-financial assets	62,573	13,595	8,039	5,802	3,904	47,518	11,937	153,370
TOTAL ASSETS	**461,590**	**231,112**	**182,867**	**112,465**	**155,013**	**437,099**	**340,491**	**1,920,637**
LIABILITIES								
Deposit from central banks	-	2,985	-	-	-	-	-	2,985
Financial instruments at fair value through profit and loss								
Securities	65,490	-	-	-	-	-	-	65,490
Deposits and repurchase agreements	-	13,931	163,083	31,261	3,875	1,636	1,309	215,095
Issued debt securities	-	19	1,496	2,722	10,992	26,021	17,585	58,835
Derivative financial instruments	238,214	-	-	-	-	-	-	238,214
Derivatives used for hedging purposes	14,277	-	-	-	-	-	-	14,277
Financial liabilities at amortised cost								
Deposits from credit institutions	-	9,744	12,543	20,499	15,941	19,051	728	78,507
Deposits from customers	-	677,022	77,780	48,309	24,111	9,975	4,971	842,167
Debt securities	-	3	5,465	26,452	46,612	49,046	34,030	161,608
Subordinated debt	-	7	5	18	272	1,421	16,596	18,319
Remeasurement adjustment on interest rate risk hedged portfolios	3,989	-	-	-	-	-	-	3,989
Financial liabilities	**321,969**	**703,710**	**260,373**	**129,261**	**101,803**	**107,150**	**75,217**	**1,699,484**
Other non-financial liabilities	135,210	9,154	14,714	5,796	2,168	43,771	10,341	221,153
TOTAL LIABILITIES AND EQUITY	**457,179**	**712,864**	**275,087**	**135,057**	**103,971**	**150,920**	**85,558**	**1,920,637**

For the management of liquidity risk, the above schedule is supplemented with economic analyses taking into consideration customer behaviour and the market liquidity of certain assets (such as securities), under normal conditions and stress situations.

To this effect, the Group uses a set of tools to anticipate and manage its financial liquidity, in particular as previously indicated:

- medium to long-term liquidity status;
- stress tests and liquidity reserve;
- monitoring compliance with regulatory liquidity ratios.

The following table shows details of Table 98: *Contractual maturities of the prudential balance sheet* across the scope of the Group's capital instruments and medium- and long-term debt securities, without taking into account early redemption options.

➤ TABLE 99: CONTRACTUAL MATURITIES OF CAPITAL INSTRUMENTS AND MEDIUM- AND LONG-TERM DEBT SECURITIES IN THE PRUDENTIAL SCOPE

In millions of euros	TOTAL 31 December 2020	2021	2022	2023	2024	2025	2026-2030	Beyond 2030	Perpetual
Amount(*) of liabilities eligible to Additional Tier 1	**10,819**	-	-	-	-	-	-	-	**10,819**
Subordinated debt	**798**	-	-	-	-	-	-	-	**798**
of which subordinated debt at amortised cost	*-*	-	-	-	-	-	-	-	-
of which subordinated debt at fair value through profit and loss	*798*	-	-	-	-	-	-	-	*798*
Preferred shares and Undated Super Subordinated Notes	**10,021**	-	-	-	-	-	-	-	**10,021**
Amount(*) of debt eligible to Tier 2	**20,647**	**292**	**426**	**5**	**858**	**2,769**	**9,706**	**6,592**	-
Subordinated debt	**20,647**	**292**	**426**	**5**	**858**	**2,769**	**9,706**	**6,592**	-
of which subordinated debt at amortised cost	*20,594*	*280*	*410*	*5*	*858*	*2,769*	*9,706*	*6,567*	-
of which subordinated debt at fair value through profit and loss	*53*	*12*	*16*	-	-	-	-	*25*	-
Amount(*) of debt not eligible to prudential own funds	**114**	**14**	**16**	**17**	**19**	**21**	**27**	-	-
Unsecured Senior debt	**137,024**	**24,707**	**15,267**	**20,841**	**12,055**	**15,190**	**37,298**	**11,666**	-
Non-preferred senior debt	**54,938**	**394**	**2,807**	**5,809**	**5,744**	**10,001**	**23,620**	**6,563**	-
of which non-preferred senior debt at amortised cost	*52,201*	*393*	*2,807*	*5,809*	*5,744*	*10,001*	*23,618*	*3,829*	-
of which non-preferred senior debt at fair value through profit and loss	*2,737*	*1*	-	-	-	-	*2*	*2,734*	-
Preferred senior debt	**82,086**	**24,313**	**12,460**	**15,032**	**6,311**	**5,189**	**13,678**	**5,103**	-
of which preferred senior debt at amortised cost	*29,215*	*10,096*	*5,145*	*7,957*	*1,774*	*650*	*3,255*	*338*	-
of which preferred senior debt at fair value through profit and loss	*52,871*	*14,217*	*7,315*	*7,075*	*4,537*	*4,539*	*10,423*	*4,765*	-
Secured Senior debt (at amortised cost)	**20,606**	**6,744**	**3,850**	**2,230**	**2,185**	**1,901**	**1,062**	**2,634**	-

(*) Accounting value before any prudential adjustments.

Tables providing details of instruments recognised as capital (CET1, AT1 and Tier 2), as well as debt instruments eligible for TLAC ratio (senior non-preferred debt), as required (EU CCA) by implementing Regulation (EU) No. 1423/2013, are available in the BNP Paribas Debt section of the Investor Relations website: https://invest.bnpparibas.com/en/debts/tier-1-hybrids-subordinated-debt/capital-instruments-main-features-template.

Some debt instruments shown above have an early redemption ("call") option exercisable by the Group (Issuer). The following table shows the maturity schedule for debt and other subordinated liabilities by considering, where appropriate, the next date on which the option may be exercised ("call date"). Calls may only be exercised after authorisation from the regulator. The maturity dates shown hereafter are purely conventional and do not foresee the Group's call policy.

➤ TABLE 100: ECONOMIC(*) MATURITIES OF CAPITAL INSTRUMENTS (PRUDENTIAL PERIMETER)

In millions of euros	TOTAL 31 December 2020	2021	2022	2023	2024	2025	2026-2030	Beyond 2030	Perpetual
Amount(**) of liabilities eligible to Additional Tier 1	10,819	1,841	1,456	-	1,325	1,534	3,045	820	798
Subordinated debt	798	-	-	-	-	-	-	-	798
of which subordinated debt at amortised cost	-	-	-	-	-	-	-	-	-
of which subordinated debt at fair value through profit and loss	*798*	-	-	-	-	-	-	-	*798*
Preferred shares and Undated Super Subordinated Notes	10,021	1,841	1,456	-	1,325	1,534	3,045	820	-
Amount(**) of debt eligible to Tier 2	20,647	1,820	1,225	536	1,060	3,533	9,742	2,731	-
Subordinated debt	20,647	1,820	1,225	536	1,060	3,533	9,742	2,731	-
of which subordinated debt at amortised cost	*20,594*	*1,809*	*1,209*	*536*	*1,060*	*3,533*	*9,742*	*2,705*	-
of which subordinated debt at fair value through profit and loss	*53*	*11*	*16*	-	-	-	-	*25*	-
Amount(**) of debt not eligible to prudential own funds	114	14	16	17	19	21	27	-	-

(*) The economic maturity is defined as either the contractual maturity or the next call date when the instrument has an early redemption option.
(**) Accounting value before any prudential adjustments.

ENCUMBRANCE OF GROUP ASSETS AND ASSETS RECEIVED BY THE GROUP

Assets on the balance sheet and financial instruments received in guarantee used as pledges, guarantees or enhancement of a Group transaction and which cannot be freely withdrawn are considered to be encumbered.

The encumbrance of assets is central to the Group's businesses and has two aims:

- to trade in derivatives or repurchase agreements, including the payment ofmargin calls to secure transactions (see paragraphs on *Bilateral initial margin exchange* and *Counterparty credit risk management* in section 5.6 *Counterparty credit risk*);
- to obtain funding, by issuing secured debt, in particular asset-backed securities (see *Proprietary securitisation (originator)* in section 5.5 *Securitisation in the banking book*), covered bonds (see paragraph on *MLT secured wholesale funding* in this section) or by participating in monetary policy operations (TLTRO – see table 94: *Trends in the Group's wholesale funding*), thus diversifying and optimising its funding structure.

Thus, the encumbrance of assets can be distinguished from the transfer of assets shown in note 4.r to the consolidated financial statements insofar as it only comprises the following transactions:

- securities recognised in the bank's balance sheet, which have been sold or loaned, on a temporary basis, by the Bank under repurchase agreements (repos and securities lending) but which have not been derecognised in the Bank's balance sheet once the transaction is complete;
- assets securitised by the bank (within efficient and inefficient programmes), which continue to be recognised in the bank's balance sheet under the applicable consolidation rules contained in the accounting standard, to hedge the issue of asset-backed securities.

Based on the definitions above, guarantees given to clearing houses or central banks in the context of monetary policy, along with asset portfolios hedging the issue of secured bonds, fall within the scope of the encumbrance of assets but do not fall within the scope of asset transfers. The same applies to repurchase agreements (repos) and loans in the case of securities that are not recognised in the Bank's balance sheet (because they were previously received under reverse repos and securities borrowing) and to securities received under repurchase agreements (reverse repos) and securities borrowings.

ENCUMBRANCE OF ASSETS AND COLLATERAL RECEIVED

The monitoring of encumbered assets and assets received is carried out within the prudential scope defined in the section *Scope of application* in section 5.2 *Capital management and capital adequacy*.

The amount of encumbered and unencumbered assets and collateral received are shown in the following table according to the provisions of Delegated Regulation (EU) 2017/2295. The data correspond to the median of the four quarter ends of the corresponding year. Moreover, each total line is calculated as the median of the four values of the total at each end of quarter, not as the sum of the median values for the year.

The median ratio of encumbered assets relative to Group balance sheet assets was 18.7% in 2020, up 2.5% compared to 2019.

TABLE 101: ENCUMBRANCE OF ASSETS AND COLLATERAL RECEIVED

Encumbered and unencumbered assets

In millions of euros		Four end of quarter median values in 2020							
		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		Total	of which HQLA and EHQLA(*)	Total	of which HQLA and EHQLA(*)	Total	of which HQLA and EHQLA(*)	Total	of which HQLA and EHQLA(*)
010	**ASSETS**	**435,542**	**149,209**			**1,917,713**	**437,080**		
030	Equity instruments	39,609	20,844			11,269	-		
040	Debt securities	156,141	128,354	156,141	128,354	181,767	163,610	181,767	163,610
050	*of which covered bonds*	*3,383*	*2,568*	*3,383*	*2,568*	*3,823*	*3,175*	*3,823*	*3,175*
060	*of which asset-backed securities*	*1,383*	*191*	*1,383*	*191*	*8,131*	*1,044*	*8,131*	*1,044*
070	*of which issued by general governments*	*115,174*	*115,174*	*115,174*	*115,174*	*147,199*	*147,199*	*147,199*	*147,199*
080	*of which issued by financial corporations*	*25,481*	*4,357*	*25,481*	*4,357*	*22,513*	*6,097*	*22,513*	*6,097*
090	*of which issued by non-financial corporations*	*11,097*	*2,201*	*11,097*	*2,201*	*11,524*	*704*	*11,524*	*704*
120	Other assets	240,918	-			1,722,259	272,047		

(*) Assets of extremely high liquidity and credit quality.

In millions of euros		Four end of quarter median values in 2019							
		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		Total	of which HQLA and EHQLA(*)	Total	of which HQLA and EHQLA(*)	Total	of which HQLA and EHQLA(*)	Total	of which HQLA and EHQLA(*)
010	**ASSETS**	**339,695**	**145,154**			**1,759,235**	**409,945**		
030	Equity instruments	49,943	30,006			18,961	1,599		
040	Debt securities	133,353	114,298	133,353	114,298	138,749	117,738	138,749	117,738
050	*of which covered bonds*	*2,069*	*1,393*	*2,069*	*1,393*	*2,982*	*2,166*	*2,982*	*2,166*
060	*of which asset-backed securities*	*1,276*	*445*	*1,276*	*445*	*6,867*	*324*	*6,867*	*324*
070	*of which issued by general governments*	*110,321*	*110,057*	*110,321*	*110,057*	*101,172*	*96,951*	*101,172*	*96,951*
080	*of which issued by financial corporations*	*19,273*	*3,210*	*19,273*	*3,210*	*20,304*	*3,825*	*20,304*	*3,825*
090	*of which issued by non-financial corporations*	*6,886*	*1,506*	*6,886*	*1,506*	*11,112*	*290*	*11,112*	*290*
120	Other assets	156,408	-			1,601,414	291,681		

(*) Assets of extremely high liquidity and credit quality.

The other encumbered assets mainly comprised loans and advances (often used when issuing asset-backed securities issues or guaranteed bonds) and amounted to EUR 157 billion, and guarantee deposits and bank guarantees paid in respect of derivatives (recognised in the Accrued income and other assets category) amounting to EUR 86 billion.

The portion of unencumbered assets not available for use as collateral, for guarantees or to enhance transactions include mainly derivative financial instruments, intangible assets, goodwill, current and deferred tax assets, and assets ineligible for financing programmes under normal business conditions.

Encumbered and unencumbered collateral received

In millions of euros		Four end of quarter median values in 2020				Four end of quarter median values in 2019			
		Fair value of encumbered collateral received or own debt securities(*) issued		Fair value of collateral received or own debt securities(*) issued available for encumbrance		Fair value of encumbered collateral received or own debt securities(*) issued		Fair value of collateral received or own debt securities(*) issued available for encumbrance	
		Total	of which HQLA and EHQLA(**)	Total	of which HQLA and EHQLA(**)	Total	of which HQLA and EHQLA(**)	Total	of which HQLA and EHQLA(**)
130	**COLLATERAL RECEIVED**	**437,789**	**375,388**	**101,781**	**70,740**	**379,806**	**333,667**	**97,450**	**71,132**
140	Loans on demand	-	-	-	-	-	-	-	-
150	Equity instruments	53,446	29,999	17,630	8,739	46,859	26,449	18,022	10,968
160	Debt securities	384,343	345,390	82,088	60,584	335,940	308,786	79,441	61,146
170	*of which covered bonds*	*1,903*	*1,575*	*3,737*	*2,725*	*1,107*	*888*	*1,605*	*1,103*
180	*of which asset-backed securities*	*3,544*	*44*	*5,054*	*878*	*3,932*	*154*	*3,951*	*712*
190	*of which issued by general governments*	*339,172*	*336,949*	*49,226*	*49,226*	*305,176*	*303,983*	*55,601*	*55,601*
200	*of which issued by financial corporations*	*23,151*	*2,837*	*38,380*	*4,861*	*19,405*	*2,494*	*22,197*	*2,523*
210	*of which issued by non-financial corporations*	*21,739*	*4,159*	-	-	*14,787*	*3,078*	-	-
220	Loans and advances other than on demand loans	-	-	-	-	-	-	-	-
230	Other collateral received	-	-	-	-	-	-	-	-
240	**OWN(*) DEBT SECURITIES ISSUED OTHER THAN OWN COVERED BONDS OR ASSET-BACKED SECURITIES**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
241	**OWN(*) COVERED BONDS AND ASSET-BACKED SECURITIES AND NOT YET PLEDGED**			**13,496**	**-**			**31,527**	**-**
250	**TOTAL ASSETS, COLLATERAL PLEDGED AND OWN(*) DEBT SECURITIES ISSUED**	**891,517**	**535,998**			**719,500**	**478,821**		

(*) Financial assets issued by a Group entity and underwritten by the Group.
(**) Assets of extremely high liquidity and credit quality.

The amount of own covered bonds and asset-backed securities (ABS) was EUR 19.7 billion (EUR 13.5 billion available and EUR 5 billion non-available) with underlying outstanding assets of EUR 22.6 billion.

Encumbered assets/collateral received and associated liabilities

In millions of euros		Four end of quarter median values in 2020		Four end of quarter median values in 2019	
		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued(*)	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued(*)
010	**CARRYING AMOUNT OF SELECTED FINANCIAL LIABILITIES**	**775,236**	**891,517**	**634,775**	**719,500**

(*) Other than collateralised debt obligations and securities backed by encumbered assets.

EUR 471 billion of encumbered assets and collateral received (mainly reverse repos) were mainly issued by general government entities, raising EUR 431 billion of financing.

The FICC and Prime Solutions & Financing businesses as well as Securities Services represent 59% of the Group's encumbered assets (EUR 263 billion) and 100% of the collateral received (EUR 435 billion), *i.e.* 80% of the encumbrance (EUR 702 billion). This is mainly repo and derivative activity. The other encumbered assets are mainly through financing and Treasury ALM.

Encumbered assets and received and encumbered collateral are denominated mainly in euros or dollars (for a median amount of 44% and 38% respectively over the year).

5.9 Operational risk

Operational risk is the risk of incurring a loss due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Management of operational risk is based on an analysis of the "cause – event – effect" chain.

Internal processes giving rise to operational risk may involve employees and/or IT systems. External events include, but are not limited to floods, fire, earthquakes and terrorist attacks. Credit or market events such as default or fluctuations in value do not fall within the scope of operational risk.

Operational risk encompasses fraud, human resources risks, legal risks, non-compliance risks, tax risks, information system risks, conduct risks (risks related to the provision of inappropriate financial services), risk related to failures in operating processes, including loan procedures or model risks, as well as any potential financial implications resulting from the management of reputation risk.

REGULATORY FRAMEWORK

Operational and compliance risks come under a specific regulatory framework:

- Directive 36/2013/UE (CRD 4) and Regulation (EU) No. 575/2013 (CRR) governing prudential supervision and the methods for calculating the amount of capital requirements to cover the operational risk;
- French Ministry of Finance Decree of 3 November 2014, which defines the roles and responsibilities of the Risk Function (covering all types of risks) and an internal control system which ensures the efficiency and quality of the Bank's internal operations, the reliability of internal and external information, the security of transactions, as well as compliance with applicable laws, regulations and internal policies.

Banking regulation divides operational loss events into seven categories: (i) internal fraud, (ii) external fraud, (iii) employment practices and workplace safety (such as an anomaly arising from recruitment management), (iv) clients, products and business practices (such as product defects, mis-selling, professional misconduct, *etc.*), (v) damage to physical assets, (vi) business disruption and system failures, (vii) execution, delivery and process management (data entry error, error in documentation, *etc.*).

Effective management of compliance risk aims to ensure compliance with applicable laws, regulations, rules of ethics and instructions, protect the Group's reputation, that of its investors and that of its customers, ensure ethical professional behaviour, prevent conflicts of interest, protect customers' interests and market integrity, fight against money laundering, corruption and the financing of terrorist activities, as well as ensure compliance with financial embargoes.

ORGANISATION AND OVERSIGHT MECHANISM

KEY PLAYERS AND GOVERNANCE

The general internal control system at BNP Paribas underpins management of operational, compliance and reputation risks as part of its dual-level system to ensure periodic and permanent control.

Within BNP Paribas, the main control functions providing the second line of defence are Compliance, RISK and LEGAL. General Inspection provides a third line of defence responsible for periodic controls. This four functions, with direct reporting of all their teams worldwide, guaranteeing their independence and resource autonomy.

The governance of the Group's internal control system is described in the section *Internal control* in chapter 2 *Corporate governance and internal control*.

The definition and supervision of the operational risk management system is performed by the RISK Operational Risk and Control team at Group level (RISK ORC Group) within the Risk Function. In addition, a dedicated team (RISK ORC Information and Communication Technology) is in charge of the second line of defence on technology risks and data protection (cyber security).

The operational risk management and control system for the Group as a whole is structured, around a two-level system with the following participants:

- on the first level of defence: operational staff, notably the Heads of operational entities, business lines and functions, who are on the front-line of risk management and implementation of systems to manage these risks;
- on the second line of defence: the functions exercising second-level control that are responsible for the organisation and proper functioning of the risk management system and its compliance with laws and regulations for their area of expertise as defined in their Responsibility Charter. These teams are, in particular, responsible for:
  - coordinating, throughout the areas within their remit, the definition and implementation of the permanent control and operational risk identification and management system, its standards and methodologies, reporting and related tools,
  - acting as a second pair of eyes, independently of the Heads of operational entities, to scrutinise operational risk factors and the functioning of the operational risk and permanent control system, and issuing warnings, where appropriate.

Issues relating to operational risk, permanent operational control and the emergency plan to ensure business continuity in those situations specified in the regulatory standards are regularly submitted to the Group's Executive Committee. The Group's operational entities and subsidiaries implement this governance structure within their organisations, with the participation of Executive Management.

For its part, Compliance is in charge of supervising the compliance and reputation risk control system (see section 5.3).

OBJECTIVES AND PRINCIPLES

To meet this dual requirement of the management and control of operational risk, BNP Paribas has developed a permanent iterative risk management process based on the following elements:

- identifying and assessing operational risks;
- formalisation, implementing and monitoring of the risk mitigation system, including procedures, checks and all organisational elements designed to help to control risk, such as segregation of tasks, management of access rights, *etc.*;
- producing measures of known and potential risks and calculating the capital requirement for operational risk;
- reporting and analysing oversight information relating to operational risk and the permanent control system;
- managing the system through a governance framework that involves members of management, preparing and monitoring action plans.

This system rests on two major pillars:

- the identification and assessment of risk and of the control system based on the libraries of risks and controls defined by the Group's business lines and functions, and which each entity must take into consideration and enhance, if necessary, for their own underlying and residual risk mapping and for the standardised impact assessment grid applicable across the Group;
- the risk management system is underpinned by procedures, standards and generic control plans consistent with the above-mentioned risk libraries, and which each entity must apply, unless an exception is authorised, and enhance according to their own characteristics.

SCOPE AND NATURE OF RISK REPORTING AND MEASUREMENT

Group Executive Committees, and those of operational entities (business lines, functions and subsidiaries) are tasked with monitoring the management of operational and non-compliance risk and permanent control in the areas falling within their remit, in accordance with the Group's operational risk framework. The committees validate the quality and consistency of reporting data, examine their risk profile in light of the tolerance levels they have set in keeping with the Group Risk Appetite Statement, and assess the quality of risk control procedures according to their objectives and the risks they incur. They monitor the implementation of risk mitigation techniques.

Operational risk management has developed a system of data collection of actual or potential incidents using an approach structured by organisational process and business unit (activities in a country and a single legal entity) focusing on the cause-and-effect chain behind events. This information is used as the basis for risk mitigation and prevention measures.

The most significant information is brought to the attention of staff at various levels of the organisation, up to and including executive managers and supervisory bodies, in line with a predefined information reporting process.

SPECIFIC COMPONENTS LINKED TO OPERATIONAL RISK

By its nature, operational risk covers numerous areas related with the Group's usual business activity and is linked to specific risks such as compliance, reputation, legal, fiscal and cyber security risks which are monitored in specific ways.

COMPLIANCE AND REPUTATION RISK

Compliance risk is defined in French regulations as the risk of legal, administrative or disciplinary sanctions, of significant financial loss or reputational damage that a bank may suffer as a result of failure to comply with national or European laws and regulations, codes of conduct and standards of good practice applicable to banking and financial activities, or instructions given by an executive body, particularly in application of guidelines issued by a supervisory body.

By definition, this risk is a sub-category of operational risk. However, as certain implications of compliance risk involve more than a purely financial loss and may actually damage the institution's reputation, the Bank treats compliance risk separately.

Reputation risk is the risk of damaging the trust placed in a corporation by its customers, counterparties, suppliers, employees, shareholders, supervisors and any other stakeholder whose trust is an essential condition for the corporation to carry out its day-to-day operations.

Reputation risk is primarily contingent on all the other risks borne by the Bank, specifically the potential materialisation of a credit or market risk, or an operational risk, as well as any violation of the Group's Code of conduct.

Compliance is primarily responsible for the activities and business lines. In this context, and in accordance with international standards and French regulations, Compliance Function manages the system for monitoring compliance and reputation risks for all of the Group's businesses in France and abroad. Compliance reports to the Chief Executive Officer and has direct, independent access to the Board's Internal Control, Risk and Compliance Committee.

Integrated globally, Compliance brings together all Group employees reporting to the function. Compliance is organised based on its guiding principles (independence; integration and decentralisation of the function; dialogue with the business lines; a culture of excellence) through three operating areas, two regions, five fields of expertise and businesses.

All Compliance Officers in the various operational areas, regions, business lines and territories, fields of expertise and Group functions report directly to the Compliance Function.

This management of compliance and reputation risks is based on a system of permanent controls built on four components:

- general and specific procedures;
- coordination of action taken within the Group to guarantee the consistency and effectiveness of monitoring systems and tools;
- deployment of tools for detecting and preventing money laundering, terrorist financing and corruption, detecting market abuses, *etc.*;
- training and advocacy both at Group level and in the divisions and business lines.

During 2020, the Group continued implementing this system, through the following initiatives:

- detailing the risk management system relating to rules of conduct. The Compliance Function, together with the Risk and Legal Functions, is responsible for the second line of defence against these risks. In addition, Compliance is centrally responsible for the coordination of conduct of business initiatives, for steering these cross-functional initiatives with the relevant stakeholders and for monitoring key priorities related to the rules of conduct in order to provide management with a cross-functional and comprehensive view of these initiatives;
- reinforcing of the principle of decentralisation in accordance with the Charter of the Territory Manager: the Territory Compliance Officer has an additional functional reporting line to the Territory Manager;
- enriching of its Financial Security mechanism;
- optimising in a continued manner human and financial resources;
- continuing its transformation through the industrialisation of IT compliance processes and finalising the Focus & Simplify project, which will result in the deployment of all the transformation projects from 2021 onwards;
- continuing remediation plans launched as part of its settlements with French and U.S. authorities concerning international financial sanctions and foreign exchange.

(See chapter 2 *Corporate governance and internal control* in the *Internal Control* section.)

More specifically, reputation risk control is based on the following items:

- the Group Supervisory and Control Committee is chaired by the Chief Executive Officer. Its other members are the Chief Operating Officer and the Heads of the Compliance, RISK, LEGAL and General Inspection Functions. The Deputy Chief Operating Officers have standing invitations to attend. Its mission is to define rules of principle and policies, to contribute to the organisation of the control functions and the consistency between them and to ensure their overall consistency *vis-à-vis* the operating entities of the Group;
- Corporate Engagement: the Corporate Engagement department is made up of the Corporate Social and Environmental Responsibility and Group Communication functions. It defines and implements the Group's strategy of engagement in the main sectors related to the future of our society, such as economic development, the environment and energy transition; social integration and regional development; diversity and respect for human rights. These areas are particularly relevant to the protection against risk to the Group's reputation; Also, one of the major missions of Corporate Communication is to protect the reputation of the Group and its entities, as well as being a source of information for employees and the public, whose trust is essential for the Group;
- the Group's Code of conduct, which is at the heart of every action and guides all employees in their decisions at all levels of the organisation. It describes the Group's mission and values ("the BNP Paribas Way") and the associated rules of conduct;
- the individual responsibility of employees: any employee confronted with the actual or potential occurrence of a credit, market or operational risk (including in the area of IT and cyber security), a compliance or legal risk, and/or the violation of a law or regulation, or of the Group's Code of conduct or procedures, that could lead to a reputation risk for the Group or one of its entities must communicate, immediately and without delay, his or her concern to his or her line manager or to a more senior manager;
- the employee awareness training programme: the Group's employees have an essential role in managing the reputation risk. This awareness training includes identifying, controlling, and managing the reputation risk, the Group's Values, and its ethics standards;
- permanent control: identifying and managing the reputation risk are part of the objectives of the permanent control system. Procedures and controls are closely monitored wherever the risk is highest. Whistleblowing procedures and periodic control recommendations are also taken into consideration. The reputation risk is also taken into account in the process for validating standard or non-standard transactions, new businesses, and new products. The Group has procedures for conflicts of interest; market integrity; adequacy and appropriateness of offers to clients; best execution of their orders; anti-money laundering, terrorist financing and corruption; compliance with international sanctions and embargoes; and social and environmental responsibility that, along with the Code of conduct, are conducive to effective management of reputation risk.

LEGAL RISK

The LEGAL Function is an independent function of the BNP Paribas Group and is hierarchically integrated with all the Group's legal teams. LEGAL is responsible for legal risk management and is responsible for interpreting the laws and regulations applicable to the Group's activities and for providing legal guidance and advice to the Group in a manner that meets the highest standards of excellence and integrity.

The LEGAL Function provides executive officers and the Board of directors with reasonable assurance that legal risks are monitored, controlled and mitigated at the Group level. It is responsible for the management (including prevention) of legal risks within the Group through its advisory and control roles.

Legal risk refers to the potential loss to the BNP Paribas Group, whether financial or reputational, which impacts or could impact one or more entities of the BNP Paribas Group and/or its employees, business lines, operations, products and/or its services, and results from:

- non-compliance with a law or regulation or a change in law(s) or regulation(s) (including a change in the interpretation or application of a law or regulation by a court or competent authority and any requirement of any regulatory or supervisory authority);
- a dispute (including all forms of alternative/extrajudicial dispute resolution and court orders) or an investigation or inquiry by a regulatory or supervisory authority (with implications for LEGAL);
- of a contractual deficiency;
- of a non-contractual matter.

The LEGAL Function is responsible for:

- the prevention of any failure or deficiency in a legal process that may involve the risk of a penalty, reputational risk or financial loss, in all areas (legal risk by nature);
- management of the risk relating to a conflict with a counterparty, a customer, a third party or a regulatory body, resulting from a deficiency or default that could be attributable to the Group in the course of its operations (legal risk as a consequence).

Strategic and preventive missions

In its strategic missions, LEGAL is responsible for:

- defining the Group's legal policy and overseeing its consistency;
- providing legal advice to the Executive Management, business lines and functions;
- contributing to the Bank's influence on regulatory, legislative or market initiatives.

In its prevention missions, LEGAL is responsible for ensuring:

- the Group's legal security in connection with its commercial activities or proprietary businesses;
- the protection of the Group's legal interests, including through the management of the Group's disputes and conflicts;
- the legal protection of the Group's managers or employees in the ordinary course of their business.

TAX RISK

In each country where it operates, BNP Paribas is bound by specific local tax regulations applicable to companies engaged for example in banking, insurance or financial services.

The Tax Function ensures at a global level that the tax risk is managed throughout all of the transactions conducted by the Group. In view of the financial and reputational stakes, Finance and Compliance are involved in the tax risk monitoring process.

The Group Tax Department carries out the tax function and calls on the assistance of tax managers in certain businesses and in the main geographical areas where the Group operates (as well as tax correspondents in other geographical areas where the Group operates).

In ensuring the coherence of the Group's tax practices and the global tax risk monitoring, the Group Tax Department:

- has drawn up procedures covering all divisions, designed to ensure that tax risks are identified, addressed and controlled appropriately;
- has implemented a process of feedback aimed at contributing to the control of local tax risk;
- reports to Executive Management on tax risk developments;
- oversees the tax-related operational risks and the internal audit recommendations falling within the Tax Function's scope of responsibility.

A Tax Coordination Committee, involving Finance and Compliance and, on an as-needed basis, the businesses, is tasked with analysing the main tax issues with respect to the transactions the Group performs.

CYBER SECURITY AND TECHNOLOGY

The use and protection of data and technologies are determining factors for the Bank's activity and its transformation process.

While the Bank continues the roll-out of Digital Banking (for the Group's customers and partners) and Digital Working (for the Group's employees), it must incorporate new technology and innovative risk management practices, and establish new working methods. This introduces new technology risks in the cyber security arena.

Technology management and information systems security is part of the Group's cyber security strategy. This strategy is focused on the preservation of the most sensitive data, regularly adapting both its internal processes and procedures, and its employee training and awareness to contend with increasingly sophisticated and varied threats.

To reinforce its technology and the protection of data, the Group has adopted a comprehensive approach in cyber security management through its three lines of defence:

- operational entities are the first line of defence. Since 2015, the Group has introduced across all of the entities a transformation programme based on the international standard NIST (National Institute of Standards and Technology). This programme is regularly updated taking into account the new threats and recent incidents identified around the world;
- as a second line of defence, the team dedicated to managing cyber security and technology risk (RISK ORC ICT), reporting to the Chief Cyber and Technology Risk Officer, is tasked with:
  - presenting the Group's cyber security and technology risk position to the Group Executive Committee, the Board of directors, and the supervisory authorities,
  - monitoring the transformation programme across the entire Group,
  - integrating the cyber security and technology risk aspects into all major projects within the Group,
  - ensuring that policies, principles and major projects take aspects of cyber security and technology risk into consideration,
  - monitoring existing risks and identifying new threats likely to have a negative impact on the Group's business,
  - overseeing third-party information systems risks within a strengthened framework,
  - conducting independent assessment campaigns on priority objectives,
  - taking measures to assess and improve the Group's ability to respond to failings and incidents;
- as the third line of defence, the role of General Inspection is to:
  - assess the processes put in place to manage ICT risks, as well as associated controls and governance,
  - check for compliance with laws and regulations,
  - propose areas of improvement to support the mechanisms put in place.

The Group is responding to new technological and cybersecurity risks as follows:

- availability and continuity risks:

  BNP Paribas relies heavily on communication and information systems across all its business activities. Any breach in the security of these systems could lead to failures or interruptions in the systems used to manage customer relations or to record transactions (deposits, services and loans) and could incur major costs to recover and verify compromised data. The Group regularly manages, and revises its crisis management and recovery plans, by testing its data recovery services and the robustness of its information systems, using various scheduled stress scenarios;
- security risks:

  the Bank is vulnerable to cybersecurity risk, or risk caused by malicious and/or fraudulent acts, committed with the intention of manipulating information (confidential, bank/insurance, technical or strategic data), processes and users, which may result in material losses for the Group's subsidiaries, employees, partners and customers. The Group continually reassesses the threats as they evolve and mitigates risks detected in a good time by means of taking effective counter measures;

- change-related risks:

  the Group's information systems are changing rapidly in the light of digital transformation. These risks, identified during the systems' design or modification phases, are regularly assessed to ensure that the proposed solutions are consistent with the needs of the Group's business lines;
- data integrity risks:

  confidentiality of customer data and transaction integrity are areas covered by the same systems set up in response to Regulation (EU) No. 2016/679 of 27 April 2016 (General Data Protection Regulation – GDPR) intended to provide the Group's customers with a service that meets their expectations;
- third-party information systems risks:

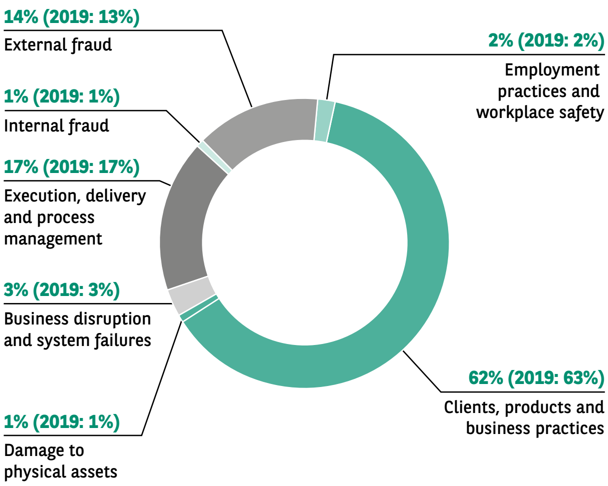
  the Bank is exposed to risks of financial default, breaches or operational capacity constraints when it interacts with third parties, including customers, financial intermediaries and other market operators. The Group's three lines of defence constitute the management framework of these risks at every step of integration until the end of the relationship with such third parties.

The Group deploys significant resources to identify, measure and control its risks and implements various techniques to manage its risk profile. The health crisis, which prevailed in 2020, increased the Group's dependence on digital technologies. In order to have the capacity to work remotely and to allow the Group to continue operating despite the high risk of cyber-crime, the Group invested in IT upgrades to quintuple the bandwidth of the network and ensure the stability of the remote access infrastructure. At the same time, Cyber Security Operations teams have strengthened their surveillance capabilities to improve detection and respond to threats more quickly. The processes and tools in place were complemented with cyber security reviews and specific support to businesses along with communication of actions to employees.

OPERATIONAL RISK EXPOSURE

The chart below shows the losses linked to operational risk, according to the event classification defined in the current regulation.

FIGURE 14: OPERATIONAL LOSSES – BREAKDOWN BY EVENT TYPE (AVERAGE 2012-2020)(*)



(*) Percentages in brackets correspond to average loss by type of event for the 2011-2019 period.

In the period 2012-2020, even though decreasing, the main type of operational risk falls within the category of "Clients, products and business practices", representing on average more than half of the Group's financial impacts. The magnitude of this category is related to the financial terms of the comprehensive settlement concluded in June 2014 with the U.S. authorities with respect to the review of certain U.S. dollar transactions. Process failures, mainly including execution or transaction processing errors, and external fraud are the types of Group incidents with the second and third highest financial impact, respectively.

BNP Paribas Group pays the utmost attention to analysing its operational risk incidents in order to continuously improve its control system.

CAPITAL REQUIREMENT CALCULATION

Operational risk-weighted assets are calculated by multiplying the capital requirement by 12.5.

APPROACH ADOPTED

BNP Paribas uses a hybrid approach combining the advanced measurement approach (AMA), standardised approach, and basic indicator approach.

In terms of net banking income, most legal entities within the Group's prudential scope of consolidation use the advanced measurement approach. This includes most Retail Banking activities in the domestic networks and Private Banking, as well as Corporate and Institutional Banking.

Advanced measurement approach (AMA)

Under the AMA for calculating capital requirements, the Bank uses an internal operational risk model based on the four components required by the regulations, namely:

- internal historical loss data from operational risk;
- external loss data from operational risk;
- environmental and internal control factors;
- analysis of forward-looking scenarios, known as potential incidents in the BNP Paribas Group.

BNP Paribas' internal model in place since 2008 includes the following features:

- an aggregate annual loss distribution, meaning that the frequency and severity of losses from operational risks are modelled using an actuarial approach and according to distributions calibrated with available data;
- it uses historical data as well as prospective scenarios to calculate capital requirements, with a predominance for scenarios because they can be shaped to reflect severe and less frequent operational risks;
- the model is faithful to its operational risk input data, so that its results can be used easily by each of the Group's business lines. Most of the assumptions are therefore included in the data themselves;
- it is prudent in its capital requirement calculations: the input data are thoroughly reviewed, and any supplemental risk data are added if needed to cover all relevant operational risks within the Group.

Regulatory AMA capital requirements are calculated as VaR (Value at Risk), or the maximum potential loss over one year, at a 99.9% confidence level to calculate regulatory capital requirements. Capital requirements are calculated at an aggregate level using risk data from all Group entities in the AMA perimeter, then allocated to business lines and individual legal entities.

Since the second quarter of 2018, risk-weighted assets have been raised to the level of the standardised approach within the AMA scope.

Fixed-parameter approaches

BNP Paribas uses fixed-parameter approaches (basic or standard) to calculate the capital requirements for entities in the Group's prudential consolidation scope that are not covered by the internal model:

- basic approach: the capital requirement is calculated as the average over the past three years of a financial aggregate based on net banking income (the exposure indicator) multiplied by a unique alpha parameter set by the regulator (15% weighting);
- standardised approach: the capital requirement is calculated as the average over the past three years of a financial aggregate based on net banking income multiplied by factors set by the regulator and corresponding to each business category. For the purposes of this calculation, all the Group's business lines are broken down into eight regulatory business categories.

RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENT

➤ TABLE 102: OPERATIONAL RISK CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS

In millions of euros	31 December 2020		31 December 2019		Variation	
	RWAs	Capital requirements	RWAs	Capital requirements	RWAs	Capital requirements
Advanced measurement approach (AMA)	55,800	4,464	54,278	4,342	1,522	122
Standardised approach	11,203	896	10,243	819	960	77
Basic indicator approach	3,623	290	4,371	350	(748)	(60)
TOTAL OPERATIONAL RISK	**70,626**	**5,650**	**68,891**	**5,511**	**1,735**	**139**

The EUR 1.7 billion increase in operational risk-weighted assets in 2020 is mainly due to the increase in average exposure indicators in the fourth quarter, in line with the growth in revenues. This change has been seen in particular for entities under the advanced measurement approach (risen to the standardised approach level since 2018), as well as for entities calculated directly using the standardised approach.

RISK MITIGATION TECHNIQUES AND INSURANCE POLICIES

BNP Paribas Group deals with its insurable risks with the triple aim of protecting its balance sheet, its profit and loss account and its staff. Its insurance set-up is based on risk identification and assessment, underpinned by risk mapping and by analysis of operational loss profile, both historical and forward-looking.

The Group purchases insurance from leaders in the insurance market, covering computer crime, fraud, theft, business disruption, liability and other risks for which it may be held responsible. In order to optimise costs whilst effectively managing its exposure, the Group retains some well-identified risks whose impact in terms of frequency and cost is known or can be adequately estimated.

In selecting insurers, the Group pays close attention to the credit rating and claims paying ability of the companies concerned. Detailed information on risks incurred by BNP Paribas as well as risk assessment visits, enable insurers to assess the quality risk prevention within the Group, as well as the safeguard measures put in place and upgraded on a regular basis in light of new standards and regulations.

5.10 Insurance risks

BNP PARIBAS CARDIF GROUP RISK MANAGEMENT SYSTEM

Risk management is a process that allows identification, measurement, monitoring, management and reporting of both the risks arising from the external environment as well as intrinsic risks inherent to the BNP Paribas Cardif group. The objective is to guarantee the solvency, business continuity, and development of the BNP Paribas Cardif group, under satisfactory conditions of risk and profitability.

Within the framework of the provisions of article L.354-2 of the French Insurance Code, the BNP Paribas Cardif group conducts a forward looking assessment of its solvency and risks every year under the Solvency II framework, in particular:

- the definition and evaluation of a capital requirement specific to the risk profile;
- the level of capital that the BNP Paribas Cardif group wishes to hold to cover this specific requirement, in excess of the regulatory capital requirement;
- the forward-looking solvency ratios under the medium-term plan;
- the resilience of these ratios in stress test cases.

Depending on the observed solvency ratio levels and the forecasts made under ORSA (Own Risk and Solvency Assessment), remedial actions may be undertaken to adjust own capital.

The risk typology adopted by the BNP Paribas Cardif group is changing in pace with methodological work and regulatory requirements. It is presented according to the main categories as follows:

- underwriting risk: underwriting risk is the risk of a financial loss caused by a sudden, unexpected increase in insurance claims. Depending on the type of insurance business (life, non-life), this risk may be statistical, macroeconomic or behavioural, or may be related to public health issues or disasters;
- market risk: market risk is the risk of a financial loss arising from adverse movements of financial markets. These adverse movements are notably reflected in price fluctuations (foreign exchange rates, bonds, equities and commodities, derivatives, real estate, *etc.*) and derived from fluctuations in interest rates, credit spreads, volatilities and correlations;
- liquidity risk: liquidity risk is the risk of being unable to fulfil current or future foreseen or unforeseen cash requirements coming from insurance commitments to policyholders, because of an inability to sell assets in a timely manner and at an acceptable cost without having a significant impact on market prices; and/or get access to alternative financing instruments in a timely manner;
- credit risk: credit risk is the risk of loss or adverse change in the financial situation resulting from fluctuations in the credit standing of issuers of securities, counterparties, and any debtors to which the BNP Paribas Cardif group is exposed. Among the debtors, risks related to financial instruments (including the banks in which the BNP Paribas Cardif group holds deposits) and risks related to receivables generated by the underwriting activities (premium collection, reinsurance recovering, *etc.*) are divided into two categories: assets credit risk and liabilities credit risk;
- operational risk: operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, personnel or information systems, or from external events, whether deliberate, accidental or natural. It includes legal, tax and compliance risks, but excludes risks arising from strategic decisions and reputational risks.

The BNP Paribas Cardif group is exposed mainly to credit, underwriting, and market risks. The BNP Paribas Cardif group closely monitors its exposures, taking into account these various risks and the adequacy of its capital with regard to regulatory solvency requirements. It endeavours to contain potential losses in adverse scenarios at acceptable levels.

The risk strategy is implemented and monitored through an organisation tailored to the broad risk classes and supported by *ad hoc* governance structures. The governance and risk management systems are presented in sections B. *System of Governance* and C. *Risk profile* of the BNP Paribas Cardif group's Solvency and Financial Condition Report (SFCR), available on the institutional website at https://www.bnpparibascardif.com/en.

The solvency requirements for the BNP Paribas Cardif group under Solvency II are shown in section 5.2 *Capital management and capital adequacy*.

MARKET RISK

Market risk arises mainly in the Savings business, where technical reserves represent most of the BNP Paribas Cardif group subsidiaries' liabilities.

Interest rate risk management for the general insurance funds and the asset diversification policy have driven investment in real estate assets, equities and fixed-income securities, including government bonds particularly in the eurozone countries.

Market risk falls into four categories:

- interest rate risk:

  Euro funds in underwritten life insurance policies are measured based on either a contractual fixed rate or a variable rate, with or without a minimum guaranteed return. All of these policies give rise to an interest rate and asset value risk, corresponding to the risk that the return on admissible assets (*i.e.* assets acquired by investing premiums) is less than the contractual return payable to policyholders. In France, the average rate guaranteed by Cardif Assurance Vie in 2020 is below 0.1%.

  In France, to cover for future potential financial losses, estimated over the lifetime of the policies, a provision for financial assets' insufficient yield reserve *(provision pour aléas financiers)* is booked when total amount of technical interest plus the guaranteed return payable to policyholders through technical reserves is not covered by 80% of the return on the admissible assets. No provision for future adverse deviation was booked at 31 December 2020, 2019 and 2018, as the returns guaranteed by the insurance subsidiaries were low and the guarantees were for short periods, resulting in only limited exposure;
- liquidity risk:

  Liquidity risk with a 24-month horizon is managed by the Asset Management Department. Asset-liability matching analyses over the medium to long term are also carried out regularly by Asset-Liability Management in order to supplement the measurement of the financial risks incurred. They are based on medium and/or long-term profit and loss account and balance sheet projections prepared using a range of economic scenarios. The results of these reviews are analysed in order to determine any adjustments to required assets (through strategic allocation, diversification, use of derivatives, *etc.*);
- spread risk:

  Limits by issuer and rating type (Investment Grade, non-Investment Grade) are monitored regularly. Issuer credit quality is also reviewed frequently;
- change in the value of assets:

  The exposure to the risk of a fall in asset values (interest rate, spread, equities, real estate) is mitigated by the mechanism of the deferred participating benefit, attached to the insurance contracts with a participation feature.

GROUP BNP PARIBAS CARDIF INVESTMENTS

The BNP Paribas Cardif group manages EUR 180.0 billion at net book value *i.e.* EUR 181.9 billion at market value, through its subsidiaries in France, mainly Cardif Assurance Vie, representing EUR 141.7 billion, its subsidiaries in Italy, mainly Cardif Vita, representing EUR 25.2 billion and its subsidiary in Luxembourg, Cardif Lux Vie (EUR 9.8 billion).

BNP Paribas Cardif group investments break down as follows:

➤ TABLE 103: BREAKDOWN OF BNP PARIBAS CARDIF GROUP INVESTMENTS (EXCLUDING INVESTMENTS IN UNIT-LINKED CONTRACTS) [Audited]

	31 December 2020		31 December 2019	
In millions of euros	Net book value	Market value	Net book value	Market value
Equities and variable-income securities (including UCI)	39,797	39,797	37,459	37,459
Real estate	5,202	6,812	5,028	6,609
of which buildings	*2,950*	*4,560*	*3,247*	*4,829*
of which shares in real estate companies	*2,252*	*2,252*	*1,780*	*1,780*
Government bonds and similar	58,151	58,411	58,618	58,949
Other bonds	73,987	74,005	72,545	72,559
Derivative instruments and other	2,845	2,845	2,458	2,458
TOTAL	**179,983**	**181,871**	**176,109**	**178,035**

TABLE 104: BOND EXPOSURE BY ISSUER AND RATING (EXCLUDING INVESTMENTS IN UNIT-LINKED CONTRACTS AND EUROCROISSANCE CONTRACTS) [Audited]

Exposure by rating	31 December 2020			31 December 2019		
	Govies	Corporate	Total	Govies	Corporate	Total
AAA	2.9%	2.6%	5.5%	3.3%	3.4%	6.7%
AA	24.1%	7.4%	31.5%	23.2%	7.9%	31.1%
A	6.2%	24.9%	31.1%	6.8%	25.4%	32.2%
BBB	10.6%	17.1%	27.7%	11.0%	15.9%	26.8%
< BBB(*)	0.2%	4.0%	4.1%	0.3%	2.9%	3.2%
TOTAL	**44.0%**	**56.0%**	**100.0%**	**44.5%**	**55.5%**	**100%**

(*) Including non-rated bonds.

TABLE 105: EXPOSURE TO GOVERNMENT BONDS AND SIMILAR BY COUNTRY (EXCLUDING INVESTMENTS IN UNIT-LINKED CONTRACTS AND EUROCROISSANCE CONTRACTS) [Audited]

Exposure by country *In millions of euros*	Rating	31 December 2020 Net book value	31 December 2019 Net book value
France	AA	25,729	24,331
Italy	BBB-	13,296	13,711
Spain	A-	4,984	5,394
Belgium	AA-	3,279	3,347
Germany	AAA	1,212	1,291
Austria	AA+	1,131	1,286
Netherlands	AAA	887	1,251
Ireland	A+	801	1,016
Portugal	BBB	92	92
Other		6,478	6,352
TOTAL		**57,890**	**58,073**

Within the context of the amendment to IFRS 4, the table below presents the gross book value of the BNP Paribas Cardif group's financial assets meeting the SPPI (Solely Payments of Principal and Interest) criterion, with the exception of the financial assets held for transaction purposes in accordance with IFRS 9 or whose management and performance assessment are based on fair value.

TABLE 106: FINANCIAL ASSETS MEETING THE SPPI CRITERION IN ACCORDANCE WITH IFRS 9 [Audited]

Rating *In millions of euros*	31 December 2020	31 December 2019
AAA	6,625	8,078
AA	39,962	39,406
A	33,171	34,969
BBB	33,204	32,781
< BBB(*)	2,688	2,353
TOTAL	**115,650**	**117,587**

(*) Including unrated bonds.

For the non-Investment Grade or unrated financial assets that meet the cash flow criterion, the table below shows the fair value and gross book value in accordance with IAS 39 (in the case of the financial assets valued at amortised cost, not taking into account any value adjustments for impairment).

➤ **TABLE 107: NON-INVESTMENT GRADE FINANCIAL ASSETS MEETING THE SPPI CRITERION IN ACCORDANCE WITH IFRS 9** [Audited]

Rating *In millions of euros*	31 December 2020		31 December 2019	
	Gross book value	Market value	Gross book value	Market value
BB+	704	704	279	279
BB	200	200	21	21
BB-	161	161	212	212
B	16	16	21	21
Unrated	1,607	1,607	1,819	1,819
TOTAL	**2,688**	**2,688**	**2,353**	**2,353**

INSURANCE UNDERWRITING RISK

Underwriting risk arises mainly from the surrender risk in the savings business line, and in creditor insurance contracts for the protection business.

There are three types of underwriting risk:

SAVINGS – SURRENDER RISK

Savings contracts include a surrender clause allowing policyholders to request reimbursement of all or part of their accumulated savings. The insurer is thus exposed to the risk of surrender volumes being higher than the forecasts used for ALM purposes, leading to potential capital losses on asset disposals needed to finance excess surrenders.

The surrender risk is limited, however, as:

- expected short-, medium- and long-term liability flows are regularly estimated and any liquidity gaps with expected asset flows are identified and controlled in order to reduce the risk of huge instant asset disposals. Changes in assets and liabilities are projected over periods of up to forty years, in order to identify treasury mismatches and over or under covered maturities giving rise to a liquidity risk. These analyses are then used to determine the choice of maturities for new investments and the assets to be sold;
- the guaranteed revaluation of policies is completed by a participating benefit feature, partly discretionary, that raises the total return to a level in line with market benchmarks and reduces the risk of an increase in surrenders. The policyholders' surplus reserve is the mechanism in France that enables the surplus actually paid out to be pooled and spread between generations of policyholders and to manage the performance of contracts over time;
- the return on financial assets may be protected through the use of hedging instruments.

➤ **TABLE 108: AVERAGE REDEMPTION RATES FOR BNP PARIBAS CARDIF GROUP GENERAL FUNDS(*)** [Audited]

	Annual redemption date	
	2020	2019
France	5.5%	5.3%
Italy	7.6%	7.7%
Luxembourg	7.5%	5.2%

(*) Individual savings.

SAVINGS – UNIT-LINKED CONTRACTS WITH A MINIMUM COVERAGE

The insurer's liabilities are covered by the assets held, which are used as a valuation reference. The consistency of this coverage is controlled at monthly intervals.

Certain unit-linked commitments provide for the payment of a death benefit at least equal to the cumulative premiums invested in the contract, whatever the conditions on the financial markets at the time of the insured's death. The risk on these contracts is both statistical (probability of a claim) and financial (market value of the units).

The capital guarantee is generally subject to certain limits. In France, for example, most contracts limit the guarantee to one year (renewable annually), an age limit of eighty to benefit from the guarantee and a maximum of EUR 1 million per insured.

The minimum coverage reserve is (re)assessed every quarter and takes into account the probability of death, based on a deterministic scenario, and stochastic analyses of changing financial market prices. The reserve amounted to EUR 11.1 million at 31 December 2020 (versus EUR 7.7 million at 31 December 2019).

PROTECTION

These risks result mainly from the sale of creditor insurance, as well as personal risk insurance (individual death and disability, extended warranty, theft, accidental damage, third party liability, annuity policies in France), with geographic coverage in many countries.

Creditor insurance mainly covers death, disability, critical illness, work disability, loss of employment and financial loss risks for revolving credit, personal loans and mortgage loans. The insurance book comprises a very large number of policies representing low risks and low premiums. Margins depend on the size of the insurance book, effective pooling of risks and tight control of administrative costs. The term of these contracts is usually equal to the term of the underlying loan and the premium is either deducted once upon issuance of the policy (single premium) or deducted regularly throughout the term of the policy (regular or periodic premiums).

Other contracts (individual death and disability, extended warranty, theft, accidental damage, and annuity policies in France) are either for personal risk (death, accidental death, hospitalisation, critical illness, healthcare expenses) or property & casualty risk (accidental damage, breakdown or theft of consumer goods or vehicles). The individual sums insured under these contracts are generally low, whether they are indemnities or lump-sum payments.

Lastly, principally through its expanding entities in France and Italy, Cardif IARD, and Cargeas respectively, motor contracts (material damage, civil liability) and comprehensive household coverage are also underwritten. This type of insurance coverage is also developing in the international market, namely in Latin America.

The governance set up to prevent and control actuarial risks in France and internationally is based on guidelines and tools that describe the principles, rules, methods and best practices to be followed by each actuary throughout the policies' life cycle, the tasks to be performed by the actuaries and their reporting obligations. It also sets out the practices that are excluded or that are allowed only if certain conditions are met.

Risks underwritten must comply with delegation limits set at various local and central levels depending on the estimated maximum acceptable losses, the estimated Solvency II capital requirements and the estimated margins on the policies concerned. The experience acquired in managing geographically diversified portfolios is used to regularly update risk pricing databases comprising a wide range of criteria such as loan type for creditor insurance, the type of guarantee and the insured population, *etc*. Each contract is priced by reference to the profitability and return-on-equity targets set by the Executive Management of the BNP Paribas Cardif group.

Reinsurance is a complementary element of the underwriting risk management system. Its objective is to protect the BNP Paribas Cardif group against three main risks:

- the so-called "peak" risk from exposure to an individual risk exceeding a certain threshold, called "full retention". In personal insurance, this threshold is currently set at EUR 2 million per life. The reinsurance of peak risk may take the form of surplus or excess of loss treaties;
- the disaster risk associated with exposure to a single low occurrence event, but very strong financial impact (concentration risk). This risk can be reinsured in the form of a catastrophe excess of loss treaty;
- risk on new products, linked to insufficient mutualisation, wrong definition of the technical databasis or uncertainty over the insured portfolio data. This risk can be reinsured in the form of quota share, stop loss or excess of loss treaties, depending on the level of risk identified.

Risk exposures are monitored periodically by the Executive Committee of the BNP Paribas Cardif group through the Commitment Monitoring Committees that are based on a two-pronged approach:

- quarterly monitoring of loss ratios at each accounting quarter end;
- supplemented by monitoring of the portfolio characteristics according to a schedule based on the type of product (monthly, quarterly or annually).

Contract pricing for annuity contracts are based on mortality tables applicable under insurance regulations, adjusted in some cases by portfolio specific data which is certified by independent actuaries. The result is a low annuity risk.

Underwriting risks are covered by various technical reserves:

- the mathematical reserves in Life insurance;
- the unearned premiums reserves for non-Life underwriting, generally calculated on an accruals basis, possibly supplemented by reserves for current risks;
- the reserves for increasing risk in certain cases (long-term policies with constant periodic premiums and increasing risk);
- the outstanding claims reserves, determined by reference to reported claims;
- the IBNR (claims incurred but not reported) reserves, determined on the basis of either observed settlements or the expected number of claims and the average cost per claim;
- the reserves for claims management, generally calculated *pro rata* to the claims reserves.

The level of prudence adopted for the overall assessment of claims incurred but not reported in IFRS corresponds to the 90% quantile.

Appendix 1: Sovereign exposures

The BNP Paribas Group is exposed to sovereign risk, which is the risk of a State defaulting on its debt, *i.e.* a temporary or prolonged interruption of debt servicing (interest and/or principal). The Group is thus exposed to credit, counterparty or market risk according to the accounting category of the financial asset issued by the sovereign State.

Exposure to sovereign debt mainly consists of securities. The Group holds sovereign bonds as part of its liquidity management process. Liquidity management is based in particular on holding securities eligible as collateral for refinancing by central banks and includes a substantial share of highly rated debt securities issued by governments, representing a low level of risk. Moreover, as part of its assets and liability management and structural interest rate risk management policy, the Group also holds a portfolio of assets including sovereign debt instruments, with interest-rate characteristics that contribute to its hedging strategies. In addition, the Group is a primary dealer in sovereign debt securities in a number of countries, which leads it to take temporary long and short trading positions, some of which are hedged by derivatives.

Sovereign exposures held by the Group are presented in the table hereafter in accordance with the method defined by the EBA for the 2014 stress tests covering a scope which includes sovereigns as well as local and regional authorities.

5

BANKING AND TRADING BOOK SOVEREIGN EXPOSURES BY GEOGRAPHICAL BREAKDOWN

	31 December 2020						
	Banking book[1]				Trading book		
						Derivatives[2]	
Exposures *In millions of euros*	Total	of which financial assets at amortised cost	of which financial instruments at fair value through equity	of which financial instruments at fair value through profit or loss	Financial instruments at fair value through profit or loss held for trading (excl. derivatives)	Direct exposures[3]	Indirect exposures[4]
Eurozone							
Austria	711	306	405	-	260	30	-
Belgium	12,886	9,800	2,987	99	(381)	509	(20)
France	12,454	8,613	3,841	-	(83)	28	130
Germany	7,484	5,193	2,087	203	5,290	501	2
Ireland	1,833	1,481	352	-	(646)	33	-
Italy	12,341	12,339	2	-	(3)	11,043	(75)
Netherlands	442	41	400	-	(457)	(229)	-
Portugal	4,189	3,725	465	-	(161)	(22)	(1)
Spain	12,158	10,406	1,752	-	(533)	-	2
Other eurozone countries	1,386	1,074	313	-	(532)	(532)	(532)
TOTAL EUROZONE	**65,882**	**52,976**	**12,604**	**302**	**2,754**	**11,361**	**(494)**
Other European countries							
Poland	5,502	4,479	1,023	-	164	(143)	(1)
United Kingdom	6,497	4,386	2,110	-	1,069	-	(72)
Other EEA countries	1,193	1,015	176	1	438	95	(1)
TOTAL OTHER EUROPE	**13,191**	**9,881**	**3,309**	**1**	**1,671**	**(48)**	**(74)**
TOTAL EUROPE	**79,073**	**62,857**	**15,913**	**303**	**4,425**	**11,313**	**(568)**
United States	19,202	7,183	12,019	-	24,658	(145)	(317)
Japan	60	-	60	-	13,941	143	41
Turkey	2,625	1,675	950	-	443	-	5
Other	15,963	9,277	6,686	-	11,186	(1,115)	(109)
TOTAL	**116,924**	**80,992**	**35,629**	**303**	**54,653**	**10,196**	**(948)**

(1) *Book value after revaluation and before any impairment provision.*
(2) *Market value.*
(3) *Sovereign counterparty risk: direct exposure to a sovereign counterparty. This excludes exposure to a non-sovereign counterparty fully or partly covered by a sovereign counterparty.*
(4) *Positions held with a non-sovereign counterparty, exposing BNP Paribas to a credit risk on a sovereign third party. For example, sale of a CDS to a non-sovereign third party as a hedge against a sovereign's default. This excludes exposures to non-sovereign counterparties fully or partly covered by a sovereign government.*

Exposures *In millions of euros*	31 December 2019						
	Banking book[1]				Trading book		
						Derivatives[2]	
	Total	of which financial assets at amortised cost	of which financial instruments at fair value through equity	of which financial instruments at fair value through profit or loss	Financial instruments at fair value through profit or loss held for trading (excl. derivatives)	Direct exposures[3]	Indirect exposures[4]
Eurozone							
Austria	635	100	535	-	(12)	27	(1)
Belgium	12,953	9,928	2,903	122	100	343	(42)
France	10,308	7,647	2,662	-	(1,226)	(15)	162
Germany	7,286	4,949	2,078	259	2,897	403	7
Ireland	1,774	1,362	413	-	56	1	-
Italy	14,699	12,635	1,820	244	79	9,365	(69)
Netherlands	597	94	503	-	4	(349)	(1)
Portugal	3,704	3,143	561	-	(24)	(31)	(1)
Spain	10,923	9,057	1,766	101	26	-	(2)
Other eurozone countries	1,147	842	305	-	26	358	(1)
TOTAL EUROZONE	**64,028**	**49,757**	**13,545**	**727**	**1,926**	**10,102**	**53**
Other European countries							
Poland	6,698	4,688	2,010	-	133	(169)	-
United Kingdom	4,532	2,806	1,727	-	1,532	-	(62)
Other EEA countries	578	415	162	1	407	20	(2)
TOTAL OTHER EUROPE	**11,809**	**7,909**	**3,899**	**1**	**2,072**	**(149)**	**(65)**
TOTAL EUROPE	**75,837**	**57,666**	**17,444**	**728**	**3,998**	**9,953**	**(12)**
United States	18,157	8,004	10,153	-	23,530	115	3
Japan	33	-	33	-	1,730	572	46
Turkey	1,850	1,025	826	-	582	-	(1)
Other	16,913	11,417	5,496	-	6,252	185	(125)
TOTAL	**112,790**	**78,111**	**33,951**	**728**	**36,093**	**10,825**	**(89)**

(1) Book value after revaluation and before any impairment provision.
(2) Market value.
(3) Sovereign counterparty risk: direct exposure to a sovereign counterparty. This excludes exposure to a non-sovereign counterparty fully or partly covered by a sovereign counterparty.
(4) Positions held with a non-sovereign counterparty, exposing BNP Paribas to a credit risk on a sovereign third party. For example, sale of a CDS to a non-sovereign third party as a hedge against a sovereign's default. This excludes exposures to non-sovereign counterparties fully or partly covered by a sovereign government.

Appendix 2: Regulatory capital – Detail

The table below is presented in the format required under Annex IV of Implementing Regulation (EU) No. 1423/2013 of 20 December 2013.

➤ REGULATORY CAPITAL ACCORDING TO ANNEX VI OF IMPLEMENTING REGULATION (EU) NO. 1423/2013

In millions of euros		31 December 2020(*)	31 December 2019(**)	Reference to table 10	Notes
Common Equity Tier 1 (CET1) capital: instruments and reserves					
1	Capital instruments and the related share premium accounts	27,133	27,133	6	-
	of which ordinary shares	*27,133*	*27,133*	-	-
2	Retained earnings	70,906	62,139	6	-
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	(502)	2,139	-	-
3a	Funds for general banking risk	-	-	-	-
4	Amounts of qualifying items referred to in article 484 (3) and the related share premium accounts subject to phase out from CET1	-	-	-	-
	Public sector capital injections grandfathered until 1 January 2018	-	-	-	-
5	Minority interests (amount allowed in consolidated CET1)	1,684	1,742	8	(1)
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	5,247	3,888	7	(2)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**104,468**	**97,041**	**-**	**-**
Common Equity Tier 1 (CET1) capital: regulatory adjustments					
7	Additional value adjustments (negative amount)	(1,399)	(1,396)	-	-
8	Intangible assets (net of related tax liability) (negative amount)	(10,039)	(11,380)	3	(3)
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)	(385)	(430)	-	-
11	Fair value reserves related to gains or losses on cash flow hedges	(1,440)	(1,072)	-	-
12	Negative amounts resulting from the calculation of expected loss amounts	(333)	(551)	-	-
13	Any increase in equity that results from securitised assets (negative amount)	-	-	-	-
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	250	101	-	-
15	Defined-benefit pension fund assets (negative amount)	(206)	(243)	-	(3)
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(41)	(47)	-	-

	In millions of euros	31 December 2020(*)	31 December 2019(**)	Reference to table 10	Notes
17	Holdings of the CET1 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)	-	-	-	-
18	Direct and indirect holdings by the institution of the CET1 instruments 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)	-	-	-	-
19	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 (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	-	-
20	Empty set in the EU	-	-	-	-
20a	Exposure amount of the following items which qualify for a RW of 1,250%, where the institution opts for the deduction alternative	(186)	(232)	-	-
20b	*of which: qualifying holdings outside the financial sector (negative amount)*	-	-	-	-
20c	*of which: securitisation positions (negative amount)*	*(186)*	*(232)*	-	-
20d	*of which: free deliveries (negative amount)*	-	-	-	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in article 38 (3) are met) (negative amount)	-	-	-	-
22	Amount exceeding the 17.65% threshold (negative amount)	-	-	-	-
23	*of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities*	-	-	-	-
24	Empty set in the EU	-	-	-	-
25	*of which: deferred tax assets arising from temporary differences*	-	-	-	-
25a	Losses for the current financial year (negative amount)	-	-	-	-
25b	Foreseeable tax charges relating to CET1 items (negative amount)	-	-	-	-
25c	Additional adjustment with regards to article 3 of CRR (negative amount)(****)	(1,922)	(585)		
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	-	-	-	-
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to articles 467 and 468	-	-	-	-
	of which: unrealised gains (phase out)	-	-	-	-
	of which: unrealised losses (phase out)	-	-	-	-
	of which: unrealised gains linked to exposures to central administrations (phase out)	-	-	-	-
	of which: unrealised losses linked to exposures to central administrations (phase out)	-	-	-	-
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre-CRR	-	-	-	-
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	-	-	-
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(15,701)**	**(15,837)**	**-**	**-**
29	Common Equity Tier 1 (CET1) capital	88,767	81,204	-	-

	In millions of euros	31 December 2020(*)	31 December 2019(**)	Reference to table 10	Notes
Additional Tier 1 (AT1) capital: instruments(***)					
30	Capital instruments and the related share premium accounts	8,534	6,940	-	-
31	*of which: classified as equity under applicable accounting standards*	*8,534*	*6,940*	-	-
32	*of which: classified as liabilities under applicable accounting standards*	-	-	-	-
33	Amount of qualifying items referred to in article 484 (4) and the related share premium accounts subject to phase out from AT1	1,414	1,749	-	-
	Public sector capital injections grandfathered until 1 January 2018	-	-	-	-
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	576	569	-	-
35	*of which: instruments issued by subsidiaries subject to phase out*	*278*	*278*	*4*	*(4)*
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**10,524**	**9,258**	**-**	**-**
Additional Tier 1 (AT1) capital: regulatory adjustments					
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	(35)	(50)	-	-
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	-	-
39	Direct and indirect holdings by the institution of the AT1 instruments 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)	-	-	-	-
40	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	(450)	(450)	-	-
41	Regulatory adjustments applied to Additional Tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No. 575/2013 (*i.e.* CRR residual amounts)	-	-	-	-
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No. 575/2013	-	-	-	-
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No. 575/2013	-	-	-	-
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre-CRR	-	-	-	-
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	-	-	4	-
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**(485)**	**(500)**	**-**	**-**
44	**Additional Tier 1 (AT1) capital**	**10,040**	**8,758**	**-**	**-**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**98,806**	**89,962**	**-**	**-**

In millions of euros		31 December 2020(*)	31 December 2019(**)	Reference to table 10	Notes
Tier 2 (T2) capital: instruments and provisions(***)					
46	Capital instruments and the related share premium accounts	18,334	16,777	5	(5)
47	Amount of qualifying items referred to in article 484 (5) and the related share premium accounts subject to phase out from T2	-	50	5	(5)
	Public sector capital injections grandfathered until 1 January 2018	-	-	-	-
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 and 34) issued by subsidiaries and held by third parties	519	525	5	(5)
49	*of which: instruments issued by subsidiaries subject to phase out*	*178*	*197*	-	-
50	Credit risk adjustments	142	-	-	-
51	**Tier 2 (T2) capital before regulatory adjustments**	**18,995**	**17,351**	**-**	**-**
Tier 2 (T2) capital: regulatory adjustments					
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	(140)	(142)	-	-
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 inflate artificially the own funds of the institution (negative amount)	-	-	-	-
54	Direct and indirect holdings of the T2 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)	-	-	-	-
54a	*of which new holdings not subject to transitional arrangements*	-	-	-	-
54b	*of which holdings existing before 1 January 2013 and subject to transitional arrangements*	-	-	-	-
55	Direct and indirect holdings by the institution 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)	(3,116)	(3,456)	1	-
56	Regulatory adjustments applied to Tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No. 575/2013 (*i.e.* CRR residual amounts)	-	-	-	-
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No. 575/2013	-	-	-	-
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No. 575/2013	-	-	-	-
56c	Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre-CRR	(715)	-	-	-
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**(3,971)**	**(3,598)**	**-**	**-**
58	Tier 2 (T2) capital	15,024	13,753	-	-
59	Total capital (TC = T1 + T2)	113,830	103,716	-	-

	In millions of euros	31 December 2020(*)	31 December 2019(**)	Reference to table 10	Notes
59a	Risk-weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No. 575/2013 (*i.e.* CRR residual amounts)	-	-	-	-
	of which: CET1 instruments of financial sector entities not deducted from CET1 (Regulation (EU) No. 575/2013 residual amounts)	-	-	-	-
	of which: Deferred tax assets that rely on future profitability and arising from temporary differences not deducted from CET1 (Regulation (EU) No. 575/2013 residual amounts)	-	-	-	-
	of which: AT1 instrument of financial sector entities not deducted from AT1 (Regulation (EU) No. 575/2013 residual amounts)	-	-	-	-
	of which: Tier 2 instrument of financial sector entities not deducted from Tier 2 (Regulation (EU) No. 575/2013 residual amounts)	-	-	-	-
60	**Total risk-weighted assets**	**695,523**	**668,828**		
Capital ratios and buffers					
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	12.8%	12.1%	-	-
62	Tier 1 (as a percentage of risk exposure amount)	14.2%	13.5%	-	-
63	Total capital (as a percentage of risk exposure amount)	16.4%	15.5%	-	-
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92(1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	4.02%	4.17%	-	-
65	*of which: capital conservation buffer requirement*	*2.50%*	*2.50%*	-	-
66	*of which: countercyclical buffer requirement*	*0.02%*	*0.17%*	-	-
67	*of which: systemic risk buffer requirement*	*0.00%*	*0.00%*	-	-
67a	*of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer*	*1.50%*	*1.50%*	-	-
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	8.7%	7.6%	-	-
Amounts below the thresholds for deduction (before risk weighting)					
72	Direct and indirect holdings of the capital 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)	5,260	4,402	2	(6)
73	Direct and indirect holdings by the institution of the CET1 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)	3,909	3,130	1	(6)
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)	2,895	3,382	-	-

	In millions of euros	31 December 2020(*)	31 December 2019(**)	Reference to table 10	Notes
Applicable caps on the inclusion of provisions in Tier 2					
76	Credit risk adjustments included in Tier 2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	-	-	-
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	2,666	2,858	-	-
78	Credit risk adjustments included in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	-	-	-
79	Cap on inclusion of credit risk adjustments in T2 under internal ratings-based approach	1,842	1,670	-	-
Capital instruments subject to phase out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)					
80	Current cap on CET1 instruments subject to phase out arrangements	-	-	-	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-	-	-
82	Current cap on AT1 instruments subject to phase out arrangements	2,023	3,035	-	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-	-	-
84	Current cap on T2 instruments subject to phase out arrangements	371	556	-	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-	-	-

(*) *In accordance with the transitional arrangements on the introduction of the IFRS 9 accounting standard (article 473a of Regulation (EU) No. 2017/2395 and Regulation (EU) No. 2020/873).*
(**) *Data as at 31 December 2019 take into account in deduction of regulatory capital the dividend distribution initially anticipated in relation to 2019 income, eventually retained in reserves in 2020.*
(***) *According to the eligibility rules of debt instruments grandfathered in additional Tier 1 equity and Tier 2 equity applicable in 2020.*
(****) *Corresponds to the proposed additional distribution of 29% of 2020 results planned for after the end of September 2021, subject to the required agreements.*
(1) *Minority interests are adjusted for their capitalisation surplus for regulated entities. For the other entities, minority interests are not recognised.*
(2) *Deductions from net income for the period relate mainly to the proposed dividend distribution.*
(3) *The deduction of intangible assets is calculated net of deferred tax liabilities and pension plans.*
(4) *Tier 1 capital instruments issued by subsidiaries include subordinated debt, as well as preferred shares recognised in equity.*
(5) *A prudential discount is applied to Tier 2 capital instruments with less than five years of residual maturity.*
(6) *Holdings of equity instruments in financial institutions are recorded in the banking book, as detailed in the consolidated accounting balance sheet to the prudential balance sheet reconciliation, as well as in the trading book.*

Appendix 3: Countercyclical capital buffer

The calculation and the amount of the BNP Paribas' countercyclical capital buffer are given in the tables below, according to the instructions of Commission Delegated Regulation (EU) No. 2015/1555 of 28 May 2015.

➤ INSTITUTION-SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER

In millions of euros		31 December 2020
010	Total risk-weighted assets	695,523
020	BNP Paribas countercyclical capital buffer rate	0.02%
030	Countercyclical capital buffer requirement	124

At 31 December 2020, the BNP Paribas' countercyclical capital buffer rate is 0.02% against 0.17% at 31 December 2019.

The countercyclical capital buffer is calculated as the weighted average of the countercyclical buffer rates that apply in the countries where the relevant credit exposures of the Group are located. The weight applied to the countercyclical buffer rate in each country is the share of own funds requirements in total own funds requirements relating to relevant credit exposures in the territory in question.

In the context of the health crisis, many countries have reduced the countercyclical buffer rate applicable to relevant credit exposures located in their territory. At 31 December 2020, BNP Paribas' counter-cyclical capital buffer rate of 0.02% was due to the rates applicable in Luxembourg (0.25%), Hong Kong (1%), Norway (1%), the Czech Republic (0.5%), Slovakia (1%) and Bulgaria (0.5%). This rate could increase slightly to 0.03% from 1 January 2021 due to the planned increase in the rate applicable in Luxembourg (to 0.5%), and then should remain stable in the absence of increases announced in other countries.

➤ GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL CAPITAL BUFFER

										31 December 2020	31 December 2021
	General credit exposures		Securitisation exposures		Own funds requirements						
	Exposure value for standardised approach	Exposure value for IRB	Exposure value for standardised approach	Exposure value for IRB	of which: general credit exposures	of which: trading book exposures	of which: securitisation exposures	Total	Own funds requirement weights	Counter-cyclical capital buffer rate	Announced countercyclical capital buffer rate(**)
In millions of euros	010	020	050	060	070	080	090	100	110	120	
Breakdown by country											
Europe(*)	**179,060**	**668,771**	**3,573**	**48,064**	**32,529**	**1,850**	**840**	**35,219**	**0.76**		
of which Bulgaria	378	221	-	-	35	-	-	35	0.00	0.50%	0.50%
of which Luxembourg	2,106	33,485	-	-	1,330	0	-	1,330	0.03	0.25%	0.50%
of which Norway	562	2,719	-	-	101	-	-	101	0.00	1.00%	1.00%
of which Czech Republic	269	934	-	-	55	-	-	55	0.00	0.50%	0.50%
of which Slovakia	144	128	-	-	12	-	-	12	0.00	1.00%	1.00%
North America	**56,230**	**76,444**	**2,043**	**11,371**	**5,212**	**52**	**290**	**5,554**	**0.12**		
Asia Pacific	**5,263**	**46,274**	**78**	**1,506**	**2,447**	**-**	**28**	**2,475**	**0.05**		
of which Hong Kong	919	6,945	-	42	327	-	1	328	0.01	1.00%	1.00%
Rest of the World	**25,126**	**33,485**	**-**	**-**	**2,815**	**5**	**-**	**2,820**	**0.06**		
TOTAL	**265,679**	**824,975**	**5,694**	**60,941**	**43,003**	**1,906**	**1,158**	**46,067**	**1.00**	**0.02%**	**0.03%**

(*) Within the scope of the European Union, the European Free Trade association (EFTA) and the United Kingdom.
(**) Rates announced on the ESRB site at 31 December 2020.

Appendix 4: Capital requirements of significant subsidiaries

The following tables give the capital requirements of significant subsidiaries (see paragraph *Significant subsidiaries* in section 5.2 *Scope of application*) by type of risk, as contribution to the Group's total capital requirement.

BNP PARIBAS FORTIS GROUP

	In millions of euros	RWAs		Capital requirements
		31 December 2020	31 December 2019	31 December 2020
1	Credit risk	125,378	129,205	10,030
2	Of which standardised approach	48,426	53,815	3,874
4	Of which advanced IRB approach	60,695	60,420	4,856
5	Of which equity positions under the simple risk-weighted approach	16,258	14,971	1,301
6	Counterparty credit risk	2,351	2,004	188
7	Of which mark-to-market	670	446	54
10	Of which internal model method (IMM)	1,537	1,378	123
11	Of which CCP - default fund contributions	73	84	6
12	Of which CVA	71	97	6
14	Securitisation exposures in the banking book	1,253	1,013	100
14a	Of which internal ratings-based approach (SEC-IRBA)	650	816	52
14b	Of which standardised approach (SEC-SA)	24	-	2
14c	Of which external ratings-based approach (SEC-ERBA)	579	26	46
15	Of which IRB approach (IRB)		171	
19	Market risk	459	533	37
20	Of which standardised approach	459	533	37
23	Operational risk	12,371	13,198	990
24	Of which basic indicator approach	1,790	1,941	143
25	Of which standardised approach	2,208	2,160	177
26	Of which advanced measurement approach (AMA)	8,373	9,097	670
27	Amounts below the thresholds for deduction (subject to 250% risk weight)	4,813	4,370	385
29	TOTAL	146,625	150,323	11,730

BNL GROUP

In millions of euros		RWAs		Capital requirements
		31 December 2020	31 December 2019	31 December 2020
1	Credit risk	38,809	38,373	3,105
2	Of which standardised approach	5,682	6,864	455
4	Of which advanced IRB approach	31,266	29,861	2,501
5	Of which equity positions under the simple risk-weighted approach	1,860	1,649	149
6	Counterparty credit risk	522	397	42
7	Of which mark-to-market	465	298	37
12	Of which CVA	57	99	5
14	Securitisation exposures in the banking book	591	461	47
14a	Of which internal ratings-based approach (SEC-IRBA)	455	39	36
14b	Of which standardised approach (SEC-SA)	136	222	11
15	Of which IRB approach (IRB)		5	
16	Of which IRB supervisory formula approach (SFA)		156	
18	Of which standardised approach		39	
19	Market risk	1	2	0
20	Of which standardised approach	1	2	0
23	Operational risk	3,878	3,798	310
24	Of which basic indicator approach	121	142	10
25	Of which standardised approach	144	136	12
26	Of which advanced measurement approach (AMA)	3,613	3,520	289
27	Amounts below the thresholds for deduction (subject to 250% risk weight)	50	79	4
29	TOTAL	43,851	43,110	3,508

BNP PARIBAS USA INC. GROUP

	In millions of euros	RWAs		Capital requirements
		31 December 2020	31 December 2019	31 December 2020
1	**Credit risk**	**40,900**	**46,798**	**3,272**
2	Of which standardised approach	40,552	45,888	3,244
4	Of which advanced IRB approach	66	365	5
5	Of which equity positions under the simple risk-weighted approach	282	545	23
6	**Counterparty credit risk**	**1,233**	**1,034**	**99**
7	Of which mark-to-market	702	659	56
10	Of which internal model method (IMM)	367	192	29
11	Of which CCP - default fund contributions	70	174	6
12	Of which CVA	93	9	7
14	**Securitisation exposures in the banking book**	**9**	**9**	**1**
14b	Of which standardised approach (SEC-SA)	4	-	0
14c	Of which external ratings-based approach (SEC-ERBA)	5	6	0
18	Of which standardised approach		3	
19	**Market risk**	**2**	**-**	**0**
20	Of which standardised approach	2	-	0
23	**Operational risk**	**4,902**	**4,540**	**392**
24	Of which basic indicator approach	42	41	3
25	Of which standardised approach	3,560	3,511	285
26	Of which advanced measurement approach (AMA)	1,301	988	104
27	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**675**	**726**	**54**
29	**TOTAL**	**47,721**	**53,107**	**3,818**

BANK OF THE WEST GROUP

In millions of euros		RWAs		Capital requirements
		31 December 2020	31 December 2019	31 December 2020
1	**Credit risk**	**40,311**	**45,837**	**3,225**
2	Of which standardised approach	40,255	45,714	3,220
5	Of which equity positions under the simple risk-weighted approach	56	124	4
6	**Counterparty credit risk**	**538**	**328**	**43**
7	Of which mark-to-market	445	319	36
12	Of which CVA	93	9	7
14	**Securitisation exposures in the banking book**	**9**	**9**	**1**
14b	Of which standard approach (SEC-SA)	4	-	0
14c	Of which external ratings-based approach (SEC-ERBA)	5	6	0
18	Of which standardised approach		3	
19	**Market risk**	**0**	**0**	**0**
20	Of which standardised approach	0	0	0
23	**Operational risk**	**3,560**	**3,511**	**285**
25	Of which standardised approach	3,560	3,511	285
27	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**70**	**85**	**6**
29	**TOTAL**	**44,488**	**49,771**	**3,559**

BNP PARIBAS PERSONAL FINANCE GROUP

In millions of euros		RWAs		Capital requirements
		31 December 2020	31 December 2019	31 December 2020
1	Credit risk	55,019	58,781	4,402
2	Of which standardised approach	41,904	45,842	3,352
4	Of which advanced IRB approach	13,017	12,837	1,041
5	Of which equity positions under the simple risk-weighted approach	97	101	8
6	Counterparty credit risk	21	8	2
7	Of which mark-to-market	6	1	0
12	Of which CVA	16	7	1
14	Securitisation exposures in the banking book	271	232	22
14a	Of which internal ratings-based approach (SEC-IRBA)	196	66	16
14b	Of which standardised approach (SEC-SA)	-	7	-
14c	Of which external ratings-based approach (SEC-ERBA)	75	58	6
15	Of which IRB approach		82	
16	Of which IRB supervisory formula approach (SFA)		-	
18	Of which standardised approach		19	
19	Market risk	23	4	2
20	Of which standardised approach	23	4	2
23	Operational risk	7,391	6,727	591
24	Of which basic indicator approach	138	904	11
25	Of which standardised approach	1,918	1,160	153
26	Of which advanced measurement approach (AMA)	5,334	4,663	427
27	Amounts below the thresholds for deduction (subject to 250% risk weight)	1,482	1,788	119
29	TOTAL	64,207	67,540	5,137

BGL BNP PARIBAS GROUP

In millions of euros		RWAs		Capital requirements
		31 December 2020	31 December 2019	31 December 2020
1	**Credit risk**	**23,049**	**22,849**	**1,844**
2	Of which standardised approach	16,103	16,433	1,288
4	Of which internal ratings-based approach - advanced (AIRB)	6,469	5,897	518
5	Of which equity positions under the simple risk-weighted approach	477	519	38
6	**Counterparty credit risk**	**48**	**39**	**4**
7	Of which mark-to-market	45	37	4
12	Of which CVA	3	2	0
14	**Securitisation exposures in the banking book**	**5**	**12**	**0**
14b	Of which standardised approach (SEC-SA)	2	-	0
14c	Of which external ratings-based approach (SEC-ERBA)	3	-	0
15	Of which ratings-based approach (IRB)		12	
19	**Market risk**	**2**	**13**	**0**
20	Of which standardised approach	2	13	0
23	**Operational risk**	**2,048**	**2,061**	**164**
24	Of which basic indicator approach	158	156	13
25	Of which standardised approach	213	254	17
26	Of which advanced measurement approach (AMA)	1,677	1,652	134
27	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**187**	**172**	**15**
29	**TOTAL**	**25,338**	**25,146**	**2,027**

Appendix 5: List of tables and figures

Appendix 6: Acronyms

Acronyms	
ABCP	Asset-Backed Commercial Paper
ABS	Asset-Backed Securities
ACPR	*Autorité de contrôle prudentiel et de résolution*
ALCo	Asset and Liability Committee
ALM	Asset and Liability Management
AMA	Advanced Measurement Approach
bp	Basis points
BNB	Banque Nationale de Belgique
BRRD	Bank Recovery and Resolution Directive
CCP	Central Counterparty
CCF	Credit Conversion Factor
CDO	Collaterised Debt Obligations
CDS	Credit Default Swap
CEBS	Committee of European Banking Supervisors
CLO	Collaterised Loan Obligations
CMBS	Commercial Mortgage Backed Securities
CMG	Crisis Management Group
CRD	Capital Requirement Directive
CRM	Comprehensive Risk Measure
CRR	Capital Requirement Regulation
CVA	Credit Valuation Adjustment
D-SIBs	Domestic Systemically Important Banks
EAD	Exposure at Default
EBA	European Banking Authority
ECB	European Central Bank
EEA	European Economic Area
EEPE	Effective Expected Positive Exposure
EHQLA	Extremely High Credit Quality Liquid Assets
EL	Expected Loss
ESRB	European Systemic Risk Board
FBF	Fédération Bancaire Française
FED	Federal Reserve System of the United States
FICC	Fixed Income Currency and Commodities
FSB	Financial Stability Board
G-SIBs	Global Systemically Important Banks
GDP	Gross Domestic Product
GRR	Global Recovery Rate
HCSF	*Haut Conseil de Stabilité Financière*
HQLA	High Quality Liquid Assets
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IRBA	Internal Ratings-Based Approach
IRC	Incremental Risk Charge
ISDA	International Swaps and Derivatives Association
KYC	Know Your Customer
LGD	Loss Given Default
LTV	Loan-to-Value
MTN	Medium Term Note
MREL	Minimum Requirement for own funds and Eligible Liabilities
NBI	Net Banking Income
NPV	Net Present Value
P&C	Property & Casualty
PD	Probability of Default
PVA	Prudent Valuation Adjustment
RMBS	Residential Mortgage-Backed Securities
RW	Risk Weight
SFT	Securities Financing Transactions
SME	Small and Medium Enterprises
SREP	Supervisory Review and Evaluation Process
TLAC	Total Loss Absorbing Capacity
TLTRO	Targeted Long Term Refinancing Operation
VaR	Value at Risk

6 INFORMATION ON THE PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2020

6.1 BNP Paribas SA financial statements

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

In millions of euros	Notes	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Interest income	2.a	17,807	22,446
Interest expense	2.a	(12,405)	(18,506)
Income on equities and other variable instruments	2.b	2,248	6,223
Commission income	2.c	6,162	6,153
Commission expense	2.c	(1,473)	(1,304)
Net gains on trading account securities	2.d	5,328	4,600
Net gains on securities available for sale	2.e	379	583
Other banking income		184	97
Other banking expenses		(169)	(121)
NET BANKING INCOME		**18,061**	**20,171**
Salaries and employee benefit expenses	5.a	(6,623)	(6,700)
Other administrative expenses		(4,727)	(4,774)
Depreciation, amortisation and impairment on tangible, and intangible assets		(644)	(693)
GROSS OPERATING INCOME		**6,067**	**8,004**
Cost of Risk	2.f	(962)	(759)
OPERATING INCOME		**5,105**	**7,245**
Net gains or losses on disposals of long-term investments	2.g	(81)	575
Net additions to or reversals of regulated provisions		33	(5)
INCOME BEFORE TAX		**5,057**	**7,815**
Income Tax	2.h	(653)	(325)
NET INCOME		**4,404**	**7,490**

BALANCE SHEET AT 31 DECEMBER 2020

In millions of euros, at	Notes	31 December 2020	31 December 2019
ASSETS			
Cash and amounts due from central banks		231,236	132,027
Treasury bills and money-market instruments	3.c	137,295	198,628
Due from credit institutions	3.a	198,703	230,161
Customer items	3.b	551,755	495,934
Bonds and other fixed-income securities	3.c	98,518	73,764
Equities and other variable-income securities	3.c	1,444	2,695
Investments in subsidiaries and equity securities held for long-term investment	3.c	3,385	3,499
Investments in affiliates	3.c	61,673	62,016
Intangible assets	3.j	2,663	2,762
Tangible assets	3.j	2,142	2,539
Treasury shares	3.d	38	38
Other assets	3.h	147,022	129,464
Accrued income	3.i	110,034	95,819
TOTAL ASSETS		**1,545,908**	**1,429,346**
LIABILITIES			
Due to central banks		1,463	4,422
Due to credit institutions	3.a	305,086	270,139
Customer items	3.b	700,690	587,144
Debt securities	3.f	134,846	135,004
Other liabilities	3.h	195,744	247,088
Accrued income	3.i	101,491	84,779
Provisions	3.k	1,890	1,723
Subordinated debt	3.l	27,475	26,212
TOTAL LIABILITIES		**1,468,685**	**1,356,511**
SHAREHOLDERS' EQUITY	6.b		
Share capital		2,500	2,500
Additional paid-in capital		23,240	23,222
Reserves and Retained earnings		47,079	39,623
Net income for the period		4,404	7,490
TOTAL SHAREHOLDERS' EQUITY		**77,223**	**72,835**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,545,908**	**1,429,346**

OFF-BALANCE SHEET	Notes	31 December 2020	31 December 2019
COMMITMENTS GIVEN			
Loan commitment	4.a	362,386	330,760
Guarantee commitments	4.b	122,066	128,042
Commitments given on securities		31,535	23,433
COMMITMENTS RECEIVED			
Loan commitment	4.a	105,764	148,432
Guarantee commitments	4.b	287,742	245,056
Commitments given on securities		38,696	35,672

Notes to the parent company financial statements

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED BY BNP PARIBAS SA

The coronavirus epidemic, recognised as a pandemic by the World Health Organization on 11 March 2020, and the various measures taken by governments and regulatory bodies to combat its spread, have affected the global supply chain as well as demand for goods and services and therefore have had a significant impact on global growth. At the same time, fiscal and monetary policies have been relaxed to support the economy.

BNP Paribas' parent company financial statements are prepared on a going concern basis. The impacts of this epidemic, mitigated by the range of countercyclical measures including the support measures of the authorities and the economic activity recovery plans benefiting customers, mainly concern the provisioning and valuation of assets. These impacts were estimated in a context of uncertainty regarding the extent of the consequences of this epidemic on both local and global economies.

BNP Paribas SA's financial statements have been prepared in accordance with generally accepted accounting principles applied to credit institutions in France, set out in ANC (French Accounting Standards Authority) regulation 2014-07 of 26 November 2014 and its amending regulations since that date.

AMOUNTS DUE FROM CREDIT INSTITUTIONS AND CUSTOMERS

Amounts due from credit institutions include all subordinated and unsubordinated loans made in connection with banking transactions with credit institutions, with the exception of debt securities. They also include assets purchased under resale agreements, whatever the type of assets concerned, and receivables corresponding to securities sold under collateralised repurchase agreements. They are broken down between demand loans and deposits, and term loans and time deposits.

Amounts due from customers include loans to customers other than credit institutions, with the exception of loans represented by debt securities issued by customers, assets purchased under resale agreements, whatever the type of assets concerned, and receivables corresponding to securities sold under collateralised repurchase agreements. They are broken down between commercial loans, customer debit accounts, and other loans.

Amounts due from credit institutions and customers are recorded in the balance sheet at nominal value plus accrued interest not yet due.

Outstanding loans and confirmed credit facilities are broken down into sound loans, including sound restructured loans, and doubtful loans. The same analysis is performed for credit risks attached to forward financial instruments whose present value represents an asset for the Group.

Credit risks are monitored using BNP Paribas SA's internal credit risk rating system. This system is based on two key parameters: the probability of default by the counterparty, expressed as a rating, and the overall recovery rate determined by reference to the type of transaction. There are twelve counterparty ratings: ten covering sound loans and two covering doubtful loans and loans classified as irrecoverable.

Doubtful loans are defined as loans where the Bank considers that there is a risk that the borrowers will be unable to honour all or part of their commitments. The definition of default is consistent with the Basle definition, which takes into account the EBA guidelines of 28 September 2016, in particular the applicable thresholds for overdue amounts and probationary periods. Loans overdue for more than 90 days, as well as loans subject to litigation are considered as doubtful. When a loan is classified as doubtful, all other loans and commitments to the debtor are automatically assigned the same classification.

The Bank recognises an impairment for doubtful accounts on these loans, in an amount corresponding to the difference between the total loan value and current value of the future cash flows (from principal, interest, and any realised guarantees) that are deemed recoverable, using a discount rate equal to the original effective interest rate (for fixed-rate loans), or the most recent contractual interest rate (for floating-rate loans). The guarantees considered here include mortgages and pledges on assets, as well as credit derivatives acquired by the Bank as a protection against credit losses in the loan book.

These impairments are determined on an individual or collective basis based on statistical models for loan portfolios with similar risks and not impaired individually.

If a loan is restructured because the borrower is facing financial difficulties, the Bank calculates a discount equal to the difference in present value between the old and new repayment terms. These discounts are recognised as a deduction to assets and reversed through income on an actuarial basis over the remaining term of the loan. If any instalments on a restructured loan are not paid, the loan is reclassified as irrecoverable regardless of the terms of the restructuring.

In the case of doubtful loans where the borrower has resumed making regular payments in accordance with the original repayment schedule, the loan is reclassified as sound. Similarly, doubtful loans that have been restructured are also reclassified as sound, provided that the restructuring terms are satisfied.

Irrecoverable loans include loans to borrowers whose credit standing is such that after a reasonable time classified as doubtful loans, no reclassification as a sound loan is foreseeable, loans where an event of default has occurred, almost all restructured loans where the borrower has once again defaulted, and loans classified as doubtful for more than one year that are in default and are not secured by guarantees covering a substantial portion of the amount due.

Impairments for credit risks on assets are deducted from the carrying amount of the assets. Provisions recorded under liabilities include provisions related to off-balance sheet commitments, loss provisions relating to interests in real-estate development programmes, provisions for claims and litigation, and provisions for unforeseeable industry risks.

Additions to and recoveries of provisions and impairment, losses on irrecoverable loans, recoveries on loans covered by provisions and discounts calculated on restructured loans are recorded in the profit and loss account under "Cost of risk".

The interest received from the repayment of the carrying amount of loans that have been written-down, as well as the reversals of discounting effects and the discount on restructured loans, are recognised under "Interest income".

In 2020, in response to the health crisis, numerous moratoria were granted to customers. These moratoria most often consist of extending maturities by a few months, with or without additional interest charges related to these maturity extensions. These deferrals did not have a significant impact on the interest margin. The moratorium agreement is most often considered in response to a temporary liquidity crisis of the borrower and the credit risk is, therefore, not considered to have increased significantly.

REGULATED SAVINGS AND LOAN CONTRACTS

Home savings accounts (*Comptes Épargne Logement* – "CEL") and home savings plans (*Plans d'Épargne Logement* – "PEL") are government-regulated retail products sold in France. They combine a savings phase and a loan phase which are inseparable, with the loan phase contingent upon the savings phase.

These products contain two types of obligations for BNP Paribas SA: an obligation to pay interest on the savings for an indefinite period at a rate set by the government on inception of the contract (in the case of PEL products) or at a rate reset every semester using an indexation formula set by law (in the case of CEL products); and an obligation to lend to the customer (at the customer's option) an amount contingent upon the rights acquired during the savings phase at a rate set on inception of the contract (in the case of PEL products) or at a rate contingent upon the savings phase (in the case of CEL products).

BNP Paribas SA's future obligations with respect to each generation (in the case of PEL products, a generation comprises all products with the same interest rate at inception; in the case of CEL products, all such products constitute a single generation) are measured by discounting potential future earnings from at-risk outstandings for that generation.

At-risk outstandings are estimated on the basis of a historical analysis of customer behaviour, and equate to statistically probable outstanding loans and the difference between statistically probable outstandings and minimum expected outstandings, with minimum expected outstandings being deemed equivalent to unconditional term deposits.

Earnings for future periods from the savings phase are estimated as the difference between the reinvestment rate and the fixed savings interest rate on at-risk savings outstanding for the period in question. Earnings for future periods from the loan phase are estimated as the difference between the refinancing rate and the fixed loan interest rate on at-risk outstanding loans for the period in question.

The reinvestment rate for savings and the refinancing rate for loans are derived from the swap yield curve and from the spreads expected on financial instruments of similar type and maturity. Spreads are determined on the basis of actual spreads on fixed rate home loans in the case of the loan phase and on products offered to retail clients in the case of the savings phase.

In order to reflect the uncertainty of future interest-rate trends, and the impact of such trends on customer behaviour models and on at risk outstandings, the obligations are estimated using the Monte-Carlo method.

When the sum of BNP Paribas SA's estimated future obligations with respect to the savings and loan phases of any generation of contracts indicates a potentially unfavourable situation for BNP Paribas SA, a provision is recognised, with no offset between generations, in the balance sheet under "Provisions". Movements in this provision are recognised as interest income in the profit and loss account.

SECURITIES

The term "Securities" covers interbank market securities, Treasury bills and negotiable certificates of deposit, bonds and other "fixed-income" securities (whether fixed- or floating-rate) and equities and other variable-income securities.

Securities are classified as: "Trading account securities", "Securities available for sale", "Equity securities available for sale in the medium term", "Debt securities held to maturity", "Equity securities held for long-term investment", or "Investments in subsidiaries and affiliates".

As of 1 January 2018, trading securities acquired or disposed of under agreements whose terms require delivery of the securities within a period defined by regulation or by an agreement on the relevant market are recorded in the balance sheet on the settlement date. This change has no impact on the profit and loss account and on capital at the start of the year. Other categories of securities acquired or disposed of under the same conditions are still recorded on the transaction date.

When a credit risk has occurred, fixed-income securities held in the "Available for sale" or "Held to maturity" portfolio are classified as doubtful, based on the same criteria as those applied to doubtful loans and commitments.

When securities exposed to counterparty risk are classified as doubtful and the related provision can be separately identified, the corresponding charge is included in "Cost of risk".

Trading account securities

"Trading account securities" are securities bought or sold with the intention of selling them or repurchasing them in the near future, as well as those held as a result of market-making activities. These securities are valued individually at market value if they meet the following criteria:

- they can be traded on an active market (*i.e.* a market where third parties have continuous access to market prices through a securities exchange, brokers, traders, or market-makers);
- the market prices reflect actual, regularly-occurring transactions taking place under normal competition conditions.

"Trading account securities" also include securities bought or sold for specific asset-management objectives (especially in terms of sensitivity) for trading books comprised of forward financial instruments, securities, or other financial instruments taken globally, as well as borrowed securities. When the latter are not backed by cash, they are presented in the balance sheet as a deduction from the debt representing the value of the borrowed securities. In the same way, financial instruments received as fully-owned collateral under financial guarantee contracts with the right of re-use, recorded in the balance sheet and revalued according to the rules applicable to trading securities, are presented with a deduction from the liability representing the restitution commitment.

Changes in the market value of these securities are recognised in income. "Trading account securities" cannot be reclassified into another category and must follow the valuation rules for this category until they are sold, fully redeemed, or recognised as a loss and consequently removed from the balance sheet.

In the case of exceptional circumstances necessitating a change in investment strategy, "Trading account securities" can be reclassified as "Securities available for sale" or "Debt securities held to maturity" depending on the new strategy.

If fixed-income securities classified as "Trading account securities" can no longer be traded on an active market, and if the Bank has the intention and ability to hold these securities for the foreseeable future or until maturity, they can be reclassified as "Securities available for sale" or "Debt securities held to maturity".

The accounting rules for the new category would apply to reclassified securities as of the reclassification date.

If the market in which securities classified as "Trading account securities" were purchased can no longer be considered active, the securities will be valued using methods that take into account the new market conditions.

Securities available for sale

The "Securities available for sale" category includes securities not classified into one of the other categories.

Bonds and other fixed-income securities are valued at the lower of cost (excluding accrued interest) or probable market prices. This is generally determined on the basis of stock market prices. Accrued interest is posted to the profit and loss account under "Interest income on bonds and other fixed-income securities".

For fixed-income securities available for sale that have been purchased on the secondary market, any difference between cost and redemption price is recognised in income using the actuarial method over the remaining life of the securities. On the balance sheet, their carrying amount is amortised to their redemption value over their remaining life.

Equities are valued at the lower of cost or probable market prices. This is generally determined on the basis of stock market prices for listed equities, or BNP Paribas SA's share in net equity, calculated on the basis of the most recent financial statements available, for unlisted equities. Dividends received are recognised in the profit and loss account under "Income on equities and other variable instruments" on a cash basis.

The cost of securities available for sale that have been sold is determined on a first in, first out (FIFO) basis. Disposal gains or losses, and additions to and reversals of lower of cost and market provisions are reflected in the profit and loss account under "Gains (losses) on securities available for sale".

In the case of exceptional circumstances necessitating a change in investment strategy, or if the securities can no longer be traded on an active market, securities classified as "Securities available for sale" may be reclassified as "Debt securities held to maturity" and must be identified within this portfolio. These securities would then be recognised according to the method used for "Debt securities held to maturity".

Equity securities available for sale in the medium term

Equity securities available for sale in the medium term comprise investments made for portfolio management purposes, with the aim of realising a profit in the medium term without investing on a long-term basis in the development of the issuer's business. This category includes venture capital investments.

Equity securities available for sale in the medium term are recorded individually at the lower of historic cost and fair value. Fair value takes into account the issuer's general business outlook and the planned holding period. The fair value of listed shares is determined by reference to the average stock market price determined over a one-month period.

Debt securities held to maturity

Fixed-income securities with a specified maturity (mainly bonds, interbank market securities, Treasury bills, and other negotiable debt securities) are recorded under "Debt securities held to maturity" to reflect BNP Paribas SA's intention of holding them to maturity.

Bonds classified under this heading are financed by matching funds or hedged against interest-rate exposure for their remaining lives.

The difference between cost and the redemption price of these securities is recognised in income using the actuarial method over the remaining life of the securities. On the balance sheet, their carrying amount is amortised to their redemption value over their remaining life.

Interest on debt securities held to maturity is recorded in the profit and loss account under "Interest income on bonds and other fixed-income securities".

An impairment is recognised when a decline in the credit standing of an issuer jeopardises redemption at maturity.

If a significant portion of the "Debt securities held to maturity" is sold or reclassified into a different category, the sold or reclassified securities cannot be returned to the "Debt securities held to maturity" category at any time during the current financial period or the following two financial years. All the securities classified as "Debt securities held to maturity" would then be reclassified as "Securities available for sale in the medium term".

If exceptional market circumstances necessitate a change in investment strategy, and "Trading account securities" and "Securities available for sale" are reclassified as "Debt securities held to maturity", the sale of any "Debt securities held to maturity" prior to the maturity date would not invoke the reclassification clauses in the above paragraph if the sale occurred because the securities had once again become tradable on an active market.

Equity securities held for long-term investment, investments in subsidiaries and affiliates

Equity interests include investments in subsidiaries and affiliates in which BNP Paribas SA exercises significant influence over management and investments considered strategic to BNP Paribas SA's business development. This influence is deemed to exist when BNP Paribas SA holds an ownership interest of at least 10%.

"Equity securities held for long-term investment" are shares and related instruments that BNP Paribas SA intends to hold on a long-term basis in order to earn a satisfactory long-term rate of return without taking an active part in the management of the issuing company, but with the intention of promoting the development of lasting business relationships by creating special ties with the issuer.

Other investments in affiliates consist of shares and other variable-income investments in companies over which BNP Paribas SA has exclusive control (*i.e.* companies likely to be fully consolidated into the Group).

These types of securities are recorded individually at the lower of cost and fair value.

Fair value for each security is determined on the basis of available information, including discounted future cash flows, net revalued assets and/or multiples commonly used to assess future yields. For securities listed on an active market, the fair value is considered to be the average market price over the previous one-month period.

For simplicity, listed securities acquired for less than EUR 10 million may be valued on the basis of the average closing stock market price in the month prior to closing.

Disposals, gains and losses and provision movements are recorded in the profit and loss account under "Net gain (loss) on disposals of fixed assets".

Dividends are recognised as soon as payment has been approved by the Annual General Meeting or when they are received if the shareholders' decision is unknown. They are recorded under "Income on equities and other variable instruments".

Treasury shares

Treasury shares held by BNP Paribas SA are classified and valued as follows:

- Treasury shares held, purchased under a market-making agreement or acquired in connection with index arbitrage transactions are recorded under "Trading account securities" at market price;
- Treasury shares held for allocation to employees are recorded under "Securities available for sale". Shares granted to employees of BNP Paribas SA subsidiaries are charged to the subsidiaries according to the provisions of local law;
- Treasury shares held to be granted to employees are not impaired, but a provision is recognised for these shares based on the services provided by the employees who will receive the shares;
- Treasury shares that are intended to be cancelled or that are not being held for either of the above reasons are included in long-term investments. Treasury shares intended to be cancelled are stated at cost. All others are stated at the lower of cost and fair value.

FIXED ASSETS

Buildings and equipment are stated at acquisition cost or at the adjusted value determined in accordance with France's finance laws of 1977 and 1978. Revaluation differences on non-depreciable assets, recorded at the time of these statutory revaluations, are included in share capital.

Fixed assets are initially recognised at purchase price plus directly attributable costs, together with borrowing costs where a long period of construction or adaptation is required before the asset can be brought into service.

Software developed by BNP Paribas SA that fulfils the criteria for capitalisation is capitalised at direct development cost, which includes external costs and staff costs directly attributable to the project.

Subsequent to initial recognition, fixed assets are measured at cost less accumulated depreciation or amortisation and any impairment losses.

Fixed assets are depreciated or amortised using the straight-line method over the useful life of the asset. Depreciation and amortisation expense are recognised in the profit and loss account under "Depreciation, amortisation, and provisions on property, plant and equipment and intangible assets".

The portion of recognised depreciation or amortisation that exceeds the economic amount, mainly calculated on a straight-line basis, is recorded in the balance sheet as a liability under "Regulatory provisions: accelerated depreciation and amortisation". BNP Paribas SA does not calculate the deferred tax effects of accelerated depreciation and amortisation.

Where an asset consists of a number of components which may require replacement at regular intervals, or which have different uses or generate economic benefits at different rates, each component is recognised separately and depreciated using a method appropriate to that component. BNP Paribas SA has adopted the component-based approach for property used in operations.

The depreciation periods used for office property are as follows: eighty years or sixty years for the shell (for prime and other property respectively); thirty years for facades; twenty years for general and technical installations; and ten years for fixtures and fittings.

Depending on its type, software is amortised over a period of no more than eight years in relation to infrastructure developments and three years or five years in the case of software developed primarily for the purpose of providing services to customers.

Depreciable fixed assets are tested for impairment if there is an indication of potential impairment at the balance sheet date. Non-depreciable assets are tested for impairment annually.

If there is an indication of impairment, the new recoverable amount of the asset is compared with the carrying amount. If the asset is found to be materially impaired, an impairment loss is recognised in the profit and loss account. This impairment loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment, with the exception of goodwill and residual merger premium (see below) allocated to goodwill. Impairment losses are taken into account in the profit and loss account under "Depreciation, amortisation, and provisions on property, plant and equipment and intangible assets".

- Goodwill in the business is now presumed to have an unlimited period of use. It is therefore non-amortisable, without any required justification. However, this is a refutable presumption, meaning that if there is a limited period for use, the goodwill must be amortised over its actual or fixed period of use (ten years) if it is not possible to reliably assess this period. In addition, if goodwill is not amortised, it must now be tested for impairment annually regardless of whether there is any indication of impairment;
- The merger premium is allocated to the various assets contributed as a result of mergers and similar transactions up to the limit of identified unrealised gains. The amount is allocated in the dedicated sub-accounts of the assets concerned, according to the amortisation, depreciation and provisioning rules for these assets;
- After allocation to the different underlying assets (see above), the net balance of the residual merger premium is carried to goodwill.

Gains and losses on disposals of property, plant and equipment, and intangible assets used in operations are recognised in the profit and loss account under "Net gain (loss) on disposals of fixed assets".

AMOUNTS DUE TO CREDIT INSTITUTIONS AND CUSTOMERS

Amounts due to credit institutions and customers are classified by their initial term or their type: demand accounts and time deposits for credit institutions, and regulated savings accounts and other deposits for customers. These sections include securities and other assets sold under repurchase agreements depending on the type of counterparty. Accrued interest is recorded on a separate line. Savings accounts with special arrangements are presented as the centralised share with the Caisse des Dépôts et Consignations, less the savings deposits collected.

DEBT SECURITIES

Debt securities are broken down between certificates of deposit, interbank market securities, negotiable debt securities, bonds and other debt instruments. This section does not include subordinated notes which are recorded under subordinated debt.

Accrued interest on debt securities is recorded on a separate line of the balance sheet and is debited to the profit and loss account.

Bond issue and redemption premiums are amortised using the yield-to-maturity method over the life of the bonds. Bond issuance costs are amortised using the straight-line method over the life of the bonds.

PROVISIONS FOR INTERNATIONAL COMMITMENTS

Provisions for international commitments are based on the evaluation of non-transfer risk related to the future solvency of each of the countries at risk and on the systemic credit risk incurred by debtors in the event of a constant and durable deterioration in the overall situation and economies of these countries. Additions and reversals of these provisions are reflected in the profit and loss account under "Cost of risk".

PROVISIONS FOR NON-BANKING TRANSACTIONS

BNP Paribas SA records provisions for clearly identified contingencies and charges whose timing or amount is uncertain. In accordance with current regulations, these provisions for non-banking transactions may be recorded only if the Bank has an obligation to a third party at year-end, there is a high probability of an outflow of resources to the third party, and no equivalent economic benefits are expected in return from the third party.

COST OF RISK

The "Cost of risk" line item includes expenses arising from the identification of counterparty and credit risks, litigation, and fraud inherent to banking transactions conducted with third parties. Net movements in provisions that do not fall under the category of such risks are classified in the profit and loss account according to their type.

FORWARD FINANCIAL INSTRUMENTS

Forward financial instruments are purchased on various markets for use as specific or general hedges of assets and liabilities, or for transaction purposes.

The Bank's commitments related to these instruments are recognised off-balance sheet at nominal value. The accounting treatment of these instruments depends on the corresponding investment strategy.

Derivatives held for hedging purposes

Income and expenses related to forward derivative financial instruments held for hedging purposes and designated to one instrument or a group of homogeneous instruments are recognised in income symmetrically with the income and expenses on the underlying instrument, and under the same accounting heading.

Income and expenses related to forward financial instruments used to hedge overall interest rate risk are recognised in income on a *prorata* basis.

Derivatives held for trading purposes

Derivatives held for trading purposes can be traded on organised markets or over-the-counter.

Derivatives held within a trading book are valued at market value on the balance sheet date. The corresponding gains or losses (realised and unrealised) are recognised in income. They are recognised in income under "Gains (losses) on trading account securities".

The market value is determined from either:

- the listed price, if one is available;
- a valuation method using recognised financial models and theories with parameters calculated from transaction prices observed on active markets, or from statistical or other quantitative methods.

In both cases, BNP Paribas SA makes conservative value adjustments to account for modelling, counterparty, and liquidity risks.

Some complex derivatives, which are typically custom-made from combined instruments and highly illiquid, are valued using models where certain parameters are not observable on an active market.

Until 31 December 2004, the Bank recognised gains from trading these complex derivatives immediately in income.

However, as from 1 January 2005, the Bank began recognising these gains in income over the period during which the valuation parameters are expected to be unobservable. When parameters that were originally non-observable become observable, or when the valuation can be substantiated in comparison with recent similar transactions in an active market, the unrecognised portion of the day one profit is released to the profit and loss account.

Derivatives held within an isolated open position

Depending on the nature of the instruments, gains and losses on contracts representing isolated open positions are recognised in income when the contracts are settled or on a *prorata* basis. Derivatives are measured at market value on the balance sheet date and a provision for unrealised losses is recognised for each group of homogeneous contracts.

CORPORATE INCOME TAX

A charge for corporate income tax is taken in the period in which the related taxable income and expenses are booked, regardless of the period in which the tax is actually paid. When the period in which the income and expenses are booked differs from that in which the income is taxed and expenses deducted, BNP Paribas SA recognises a deferred tax, whose amount is calculated according to the liability method, with the basis taken to be all temporary differences between the book value and tax basis of balance sheet items, and applying applicable future tax rates once these have been approved. Deferred tax assets are recognised in accordance with the likelihood of their being recovered.

EMPLOYEE PROFIT-SHARING

As required by French law, BNP Paribas SA recognises employee profit-sharing in the year in which the employee entitlement arises. The amount is reported under "Salaries and employee benefit expenses" in the profit and loss account.

EMPLOYEE BENEFITS

BNP Paribas SA employees receive each of the following four types of benefits:

- termination benefits, payable primarily in the case of early termination of an employment contract;
- short-term benefits, such as salary, annual leave, incentive plans, profit-sharing and additional payments;
- long-term benefits, including compensated leaves of absence, long-service awards, and other types of cash-based deferred remuneration;
- post-employment benefits, consisting mainly in France of supplementary pension benefits paid by the BNP Paribas SA pension funds and end-of-career bonuses, and in other countries by pension plans, some of which are funded by pension funds.

Termination benefits

Termination benefits are employee benefits payable as a result of a decision by BNP Paribas SA to terminate a contract of employment before the legal retirement age or by an employee to accept voluntary redundancy in exchange for a benefit. Termination benefits due more than 12 months after the balance sheet date are discounted.

Short-term benefits

The Group recognises an expense when it has used services rendered by employees in exchange for employee benefits.

Long-term benefits

Long-term benefits are benefits (other than post-employment benefits and termination benefits) which do not fall wholly due within 12 months after the end of the period in which the employee renders the associated services. The actuarial techniques used are similar to those used for defined-benefit post-employment benefits, except that actuarial gains and losses are recognised immediately, as are the effects of any plan amendments.

This relates in particular to cash remuneration deferred for more than 12 months, which is accrued in the financial statements for the period during which the employee provides the corresponding services. If the payment of deferred share-based variable remuneration is explicitly subject to the employee's continued employment at the vesting date, the services are presumed to have been rendered during the vesting period and the corresponding compensation expense is recognised on a pro rata basis over that period. The expense is recognised under salary and employee benefits expenses with a corresponding liability in the balance sheet. It is revised to take account of any non-fulfilment of the continued presence or performance conditions, and changes in the BNP Paribas share price, for deferred remuneration indexed to the share.

If there is no continued presence condition, the expense is not deferred but recognised immediately with a corresponding liability in the balance sheet, which is then revised on each reporting date until settlement, to account for any performance conditions and changes in the BNP Paribas share price.

Post-employment benefits

The post-employment benefits provided to BNP Paribas SA employees in France include both defined-contribution plans and defined-benefit plans.

Defined-contribution plans, such as *Caisse nationale d'assurance vieillesse* and supplemental national and trade union plans that pay pensions to former BNP Paribas SA employees in France, do not give rise to an obligation for BNP Paribas SA and consequently do not require a provision. The amount of the employer's contributions payable during the period is recognised as an expense.

Only defined-benefit plans, such as the retirement packages paid for by BNP Paribas SA's retirement fund, give rise to an obligation for BNP Paribas SA. This obligation must be measured and recognised as a liability by means of a provision.

The classification of plans into these two categories is based on the economic substance of the plan, which is reviewed to determine whether BNP Paribas SA has a legal or constructive obligation to pay the agreed benefits to employees.

Post-employment benefit obligations under defined-benefit plans are measured using actuarial techniques that take demographic and financial assumptions into account. The amount of the obligation recognised as a liability is measured on the basis of the actuarial assumptions applied by the Group, using the projected unit credit method. This method takes into account various parameters, tailored to the country in question, such as demographic assumptions, the probability that employees will leave before retirement age, salary inflation, a discount rate, and the general inflation rate. The value of any plan assets is deducted from the amount of the obligation. When the value of the plan assets exceeds the amount of the obligation, an asset is only recognised if it represents a future economic benefit in the form of a reduction in future contributions or a future partial refund of amounts paid into the plan.

The amount of the obligation under a plan, and the value of the plan assets, may show significant fluctuations from one period to the next due to changes in actuarial assumptions, thereby giving rise to actuarial gains and losses. Actuarial gains and losses and the effect of limits on assets are recognised in full in profit or loss; the expected gains from investments are calculated at the discount rate of the corresponding commitments.

RECOGNITION OF REVENUE AND EXPENSES

Interest and fees and commissions qualified as interest are recognised on an accrual basis. These include the commissions charged by the Bank as part of an overall loan package (*i.e.*, application fees, commitment fees, participation fees, *etc.*). The marginal transaction costs that the Bank must pay when granting or acquiring loans are also spread out over the effective life of the corresponding loan.

Fees and commissions not qualified as interest that relate to the provision of services are recognised when the service is performed or, for ongoing services, on a pro rata basis over the length of the service agreement.

FOREIGN CURRENCY TRANSACTIONS

Foreign exchange positions are generally valued at the official year-end exchange rate. Exchange gains and losses on transactions in foreign currency carried out in the normal course of business are recognised in the profit and loss account.

Exchange differences arising from the conversion of assets held on a long-term basis, including equity securities held for long-term investment, the capital made available to branches, and other foreign equity investments denominated in foreign currencies and financed in euros, are recognised as translation adjustments for the balance sheet line items recording the assets.

Exchange differences arising from the conversion of assets held on a long-term basis, including equity securities held for long-term investment, the capital made available to branches, and other foreign equity investments, denominated and financed in foreign currencies, are recognised symmetrically as translation differences for the corresponding financing.

TRANSLATION OF ACCOUNTS EXPRESSED IN FOREIGN CURRENCIES

Monetary and non-monetary foreign currency-denominated assets and liabilities of foreign branches are translated into euros at the year-end exchange rate. Translation adjustments regarding the capital made available to BNP Paribas SA branches outside of France are included in "Accrued income" and "Accrued expenses".

Note 2 NOTES TO THE 2020 PROFIT AND LOSS ACCOUNT

2.a NET INTEREST INCOME

BNP Paribas SA includes in "Interest income" and "Interest expense" all income and expenses from financial instruments measured at amortised cost according to the effective interest rate method (interest, commission and expenses) and from financial instruments measured at fair value that do not meet the definition of a derivative instrument. The change in fair value on financial instruments at fair value through profit or loss (excluding accrued interest) is recognised under "Gains (losses) on trading account securities".

Interest income and expense on derivatives accounted for as fair value hedges are included with the revenues generated by the hedged item.

	Year to 31 Dec. 2020		Year to 31 Dec. 2019	
In millions of euros	Income	Expenses	Income	Expenses
Credit institutions	**4,865**	**(3,751)**	**6,655**	**(4,967)**
Demand accounts, loans and borrowings	3,773	(2,952)	4,965	(3,461)
Securities given/received under repurchase agreements	924	(799)	1,517	(1,506)
Subordinated loans	168		173	
Customers	**8,552**	**(4,005)**	**12,185**	**(9,025)**
Demand accounts, loans, and term accounts	6,943	(2,452)	8,042	(3,798)
Securities given/received under repurchase agreements	1,601	(1,553)	4,134	(5,227)
Subordinated loans	8		9	
Finance lease	**1**		**1**	
Debt securities	**132**	**(4,649)**	**140**	**(4,514)**
Bonds and other fixed-income securities	**4,059**		**3,345**	
Trading account securities	597		395	
Securities available for sale	3,455		2,892	
Debt securities held to maturity	7		58	
Macro-hedging instruments	**198**		**120**	
INTEREST INCOME AND EXPENSE	**17,807**	**(12,405)**	**22,446**	**(18,506)**

2.b INCOME ON EQUITIES AND OTHER VARIABLE INSTRUMENTS

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Securities available for sale	23	20
Investments in subsidiaries and equity securities held for long-term investment	189	248
Investments in affiliates	2,036	5,955
INCOME ON EQUITIES AND OTHER VARIABLE INSTRUMENTS	**2,248**	**6,223**

2.c COMMISSIONS

	Year to 31 Dec. 2020		Year to 31 Dec. 2019	
In millions of euros	Income	Expenses	Income	Expenses
Commissions on banking and financing transactions	**2,417**	**(827)**	**2,723**	**(774)**
Customer transactions	1,469	(70)	1,405	(78)
Other	948	(757)	1,318	(696)
Commissions on financial services	**3,745**	**(646)**	**3,430**	**(530)**
COMMISSION INCOME AND EXPENSES	**6,162**	**(1,473)**	**6,153**	**(1,304)**

2.d GAINS OR LOSSES ON TRADING ACCOUNT SECURITIES

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Fixed-income instruments and transactions in trading account securities	4,509	3,434
Currency instruments	3,755	249
Credit instruments	(875)	772
Other variable income financial instruments and transactions in trading account securities	(2,061)	145
NET GAINS ON TRADING ACCOUNT SECURITIES	**5,328**	**4,600**

2.e GAINS OR LOSSES ON SECURITIES AVAILABLE FOR SALE

	Year to 31 Dec. 2020		Year to 31 Dec. 2019	
In millions of euros	Income	Expenses	Income	Expenses
Divestments	600	(48)	625	(141)
Provisions	45	(218)	154	(55)
TOTAL	**645**	**(266)**	**779**	**(196)**
NET GAINS ON SECURITIES AVAILABLE FOR SALE	**379**		**583**	

2.f COST OF RISK AND PROVISIONS FOR CREDIT RISKS

Cost of risk represents the net amount of impairment losses recognised with respect to credit risks inherent to BNP Paribas SA's banking intermediation activities, plus any impairment losses in the case of known counterparty risk on over-the-counter instruments.

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Additions to or write-backs from provisions during the period	**(824)**	**(595)**
Customer items and credit institutions	(670)	(509)
Off-balance sheet commitment	(4)	(30)
Securities	(141)	(54)
Doubtful loans	5	1
Financial instruments for market activities	(14)	(3)
Irrecoverable loans not covered by provisions	**(194)**	**(202)**
Recoveries of loans written-off	**56**	**38**
COST OF RISK	**(962)**	**(759)**

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Balance at 1 January	**6,776**	**6,370**
Additions to or write-backs from provisions during the period	824	595
Write-offs during the period covered by provisions	(459)	(1,165)
Effect of movements in exchange rates and other	(303)	976
PROVISIONS FOR CREDIT RISKS	**6,838**	**6,776**

The provisions break down as follows:

In millions of euros	31 Dec. 2020	31 Dec. 2019
Provisions deducted from assets	**6,553**	**6,469**
For amounts due from credit institutions *(note 3.a)*	161	191
For amounts due from customers *(note 3.b)*	5,924	5,965
For securities	418	277
For financial instruments for market activities	50	36
Provisions recognised as liabilities (note 3.k)	**285**	**307**
For off-balance sheet commitments	259	274
For doubtful loans	26	33
PROVISIONS FOR CREDIT RISKS	**6,838**	**6,776**

2.g GAINS OR LOSSES ON DISPOSALS OF LONG-TERM INVESTMENTS

In millions of euros	Year to 31 Dec. 2020		Year to 31 Dec. 2019	
	Income	Expenses	Income	Expenses
Investments in subsidiaries and equity securities held for long-term investment	**139**	**(169)**	**80**	**(22)**
Divestments	127	(10)	1	(19)
Provisions	12	(159)	79	(3)
Investments in affiliates	**324**	**(1,048)**	**551**	**(175)**
Divestments	9	(15)	274	(5)
Provisions	315	(1,033)	277	(170)
Operating assets	**676**	**(3)**	**175**	**(34)**
TOTAL	**1,139**	**(1,220)**	**806**	**(231)**
NET GAINS OR LOSSES ON DISPOSALS OF LONG-TERM INVESTMENTS		**(81)**		**575**

2.h CORPORATE INCOME TAX

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Current tax expense	(374)	(362)
Deferred tax	(279)	37
CORPORATE INCOME TAX	**(653)**	**(325)**

The basic tax consolidation agreements between BNP Paribas SA and the subsidiaries belonging to its tax group are designed to be tax neutral for every party. Each Group subsidiary recognises in its own books, over the full term of its consolidation, corporate income tax income or expense, additional contributions and all current or future taxes covered by the scope of tax consolidation just as they would if they were not part of a tax group. BNP Paribas SA, as the parent company, records the impact of Group tax savings from tax consolidation in France in current tax expense.

Note 3 NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2020

3.a AMOUNTS DUE TO AND FROM CREDIT INSTITUTIONS

In millions of euros, at	31 December 2020	31 December 2019
Loans and receivables	**123,500**	**162,253**
Demand accounts	6,469	5,759
Term accounts and loans	109,303	149,298
Subordinated loans	7,728	7,196
Securities received under repurchase agreements	**75,364**	**68,099**
LOANS AND ADVANCES TO CREDIT INSTITUTIONS BEFORE IMPAIRMENT	**198,864**	**230,352**
of which accrued interest	*392*	*544*
of which irrecoverable loans		*2*
of which potentially recoverable doubtful loans	*13*	*17*
Impairments on receivables due from credit institutions *(note 2.f)*	**(161)**	**(191)**
LOANS AND RECEIVABLES TO CREDIT INSTITUTIONS NET OF IMPAIRMENT	**198,703**	**230,161**

In millions of euros, at	31 December 2020	31 December 2019
Deposits and borrowings	**236,411**	**183,575**
Demand deposits	12,991	13,332
Term deposits and borrowings	223,420	170,243
Securities given under repurchase agreements	**68,675**	**86,564**
DUE TO CREDIT INSTITUTIONS	**305,086**	**270,139**
of which accrued interest	*112*	*406*

3.b CUSTOMER ITEMS

In millions of euros, at	31 December 2020	31 December 2019
Loans and receivables	**375,869**	**357,136**
Commercial and industrial loans	9,276	10,098
Demand accounts	14,191	15,036
Short-term loans(*)	106,129	90,366
Mortgages	91,633	84,910
Equipment loans	58,270	53,974
Export loans	5,381	6,377
Other customer loans	90,523	95,523
Subordinated loans	466	852
Securities received under repurchase agreements	**181,810**	**144,763**
CUSTOMER ITEMS BEFORE IMPAIRMENT – ASSETS	**557,679**	**501,899**
of which accrued interest	*1,118*	*1,474*
of which loans eligible for refinancing by the Banque de France	*17*	*46*
of which receivable from the savings fund presented as the centralized share with the Caisse des Dépôts et Consignations, less the savings deposits collected(**)		*15,265*
of which potentially recoverable doubtful loans and receivables	*4,081*	*3,445*
of which irrecoverable loans and receivables	*5,286*	*5,206*
Impairments on receivables due from customers *(note 2.f)*	**(5,924)**	**(5,965)**
CUSTOMER ITEMS NET OF IMPAIRMENT – ASSETS	**551,755**	**495,934**

(*) At 31 December 2020, the total amount of government-guaranteed loans granted by BNP Paribas SA, mainly in France, amounted to EUR 16.9 billion, with a corresponding guarantee amount of EUR 15 billion.

(**) Following application of Regulation No. 2020-10 of 22 December 2020, the centralisation receivable is presented as the centralised share with the Caisse des Dépôts et Consignations, less the savings deposits collected in special regime savings accounts as of 31 December 2020.

The following table gives the loans and receivables net of impairment due from customers by counterparty:

In millions of euros, at	31 December 2020				31 December 2019			
		Doubtful loans				Doubtful loans		
	Sound loans	Potentially recoverable	Irrecoverable	Total	Sound loans	Potentially recoverable	Irrecoverable	Total
Financial institutions	85,204	373	230	85,807	68,826	25	30	68,881
Corporate	191,726	1,276	1,699	194,701	187,679	1,139	1,790	190,608
Entrepreneurs	10,171	67	121	10,359	9,008	59	137	9,204
Individuals	71,578	324	454	72,356	75,781	258	482	76,521
Other non-financial customers	6,672	50		6,722	5,898	59		5,957
TOTAL LOANS AND RECEIVABLES NET OF IMPAIRMENT	**365,351**	**2,090**	**2,504**	**369,945**	**347,192**	**1,540**	**2,439**	**351,171**

In millions of euros, at	31 December 2020	31 December 2019
Deposits	**478,414**	**418,668**
Demand deposits	257,809	207,763
Term deposits	159,219	140,378
Regulated savings accounts	61,386	70,527
of which demand regulated savings accounts	*43,576*	*52,617*
of which share centralised with Caisse des Dépôts et Consignation[(1)]	*(12,095)*	
Securities given under repurchase agreements	**222,276**	**168,476**
CUSTOMER ITEMS – LIABILITIES	**700,690**	**587,144**
of which accrued interest	*654*	*1,095*

(1) Regulation No. 2020-10 of 22 December 2020, which amends ANC Regulation N° 2014-07 allows the centralised share with the Caisse des Dépôts et Consignations to be presented less the savings deposits collected.
As of 31 December 2020, the amount of regulated savings centralised with the Caisse des Dépôts et Consignations amounted to EUR 12,095 million, compared to EUR 15,265 million at 31 December 2019.

3.c SECURITIES HELD

In millions of euros, at	31 December 2020		31 December 2019	
	Net carrying amount	Market value	Net carrying amount	Market value
Transaction	68,662	68,662	136,066	136,066
Securities available for sale	68,139	73,433	61,775	64,316
of which provisions	*(89)*		*(14)*	
Investments	494	497	787	790
TREASURY BILLS AND MONEY-MARKET INSTRUMENTS	**137,295**	**142,592**	**198,628**	**201,172**
of which receivables corresponding to loaned securities	*92,335*		*48,707*	
of which goodwill	*4,595*		*4,749*	
Transaction	30,434	30,434	18,942	18,942
Securities available for sale	67,994	71,695	54,573	55,731
of which provisions	*(400)*		*(272)*	
Investments	90	96	249	249
BONDS AND OTHER FIXED-INCOME SECURITIES	**98,518**	**102,225**	**73,764**	**74,922**
of which unlisted securities	*24,855*	*24,896*	*13,192*	*13,570*
of which accrued interest	*1,371*		*1,007*	
of which receivables corresponding to loaned securities	*32,302*		*20,018*	
of which goodwill	*225*		*224*	
Transaction	156	156	1,635	1,635
Securities available for sale and equity securities available for sale in the medium term	1,288	2,941	1,060	1,316
of which provisions	*(490)*		*(164)*	
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	**1,444**	**3,097**	**2,695**	**2,951**
of which unlisted securities	*1,029*	*2,677*	*1,014*	*1,267*
of which receivables corresponding to loaned securities	*2,239*		*1,156*	
Associated companies	3,067	4,877	2,935	4,821
of which provisions	*(163)*		*(162)*	
Equity securities held for long-term investment	318	423	564	747
of which provisions	*(19)*		*(237)*	
INVESTMENTS IN SUBSIDIARIES AND EQUITY SECURITIES HELD FOR LONG-TERM INVESTMENT	**3,385**	**5,300**	**3,499**	**5,568**
of which unlisted securities	*1,946*	*3,050*	*1,988*	*3,173*
Investments in affiliates	61,673	88,652	62,016	93,842
of which provisions	*(8,336)*		*(7,640)*	
INVESTMENTS IN AFFILIATES	**61,673**	**88,652**	**62,016**	**93,842**

Equity investments in credit institutions and investments in affiliates held by BNP Paribas totalled EUR 1,066 million and EUR 32,423 million, respectively at 31 December 2020, compared with EUR 951 million and EUR 32,222 million, respectively, at 31 December 2019.

Borrowed securities held by BNP Paribas SA break down as follows:

In millions of euros, at	31 December 2020	31 December 2019
Treasury bills and money-market instruments	104,247	61,925
Bonds and other fixed-income securities	33,162	21,827
Equities and other variable-income securities	150	1,156
TOTAL	**137,559**	**84,908**

Following Regulation No. 2020-10 of 22 December 2020, which amended Regulation ANC No. 2014-07, borrowed securities are presented as a deduction from the liabilities representing these same securities for the financial year 2020. The amount of securities borrowed represented EUR 137,559 million as of 31 December 2020 compared with EUR 84,908 million as of 31 December 2019.

3.d TREASURY SHARES

	31 December 2020		31 December 2019
In millions of euros, at	Gross carrying amount	Net carrying amount	Net carrying amount
Transaction	-	-	-
Securities available for sale	6	6	6
Investment in subsidiaries	32	32	32
TREASURY SHARES	**38**	**38**	**38**

The fifth resolution of the Shareholders' Combined General Meeting of 19 May 2020, which replaced the fifth resolution of the Shareholders' Combined General Meeting of 23 May 2019, authorised BNP Paribas SA to buy back shares representing up to 10% of the Bank's issued capital at a maximum purchase price of EUR 73 per share (unchanged from 31 December 2018). The shares could be acquired for the following purposes: for subsequent cancellation in accordance with conditions set by the Shareholders' Combined General Meeting of 19 May 2020, to fulfil the Bank's obligations relative to the issue of shares or share equivalents, for stock option plans, for share awards, or for granting or selling shares to employees under an employee profit-sharing plan, employee share ownership plan or Corporate Savings Plan and to cover any type of share award to the employees of BNP Paribas SA and companies controlled exclusively by BNP Paribas SA within the meaning of article L.233-16 of the French Commercial Code; to be held in treasury for subsequent remittance in exchange or payment for acquisitions, mergers, spin-offs or asset transfers; within the scope of a market-making agreement compliant with the Code of Ethics recognised by the AMF; or for asset and financial management purposes.

This authorisation was granted for a period of eighteen months.

At 31 December 2020, BNP Paribas SA held 603,827 treasury shares classified as "Equity securities held for long-term investment".

BNP Paribas SA also held 118,144 treasury shares classified as "Securities available for sale" and intended to be used for free share awards to Group employees, granted or sold as part of an employee profit-sharing plan, employee share ownership plan, or Company Savings Plan.

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3.e LONG-TERM INVESTMENTS

In millions of euros	Gross values					Provisions					Carrying amount	
	1 Jan. 2020	Purchases	Disposals and redemptions	Transfers and other movements	31 Dec. 2020	1 Jan. 2020	Additions	Write-backs	Other variations	31 Dec. 2020	31 Dec. 2020	31 Dec. 2019
Debt securities held to maturity *(note 3.c)*	1,036		(202)	(250)	584						584	1,036
Investments in subsidiaries and equity securities held for long-term investment *(note 3.c)*	3,898	504	(366)	(469)	3,567	399	34	(12)	(239)	182	3,385	3,499
Investments in affiliates *(note 3.c)*	69,656	2,002	(683)	(966)	70,009	7,640	1,033	(314)	(23)	8,336	61,673	62,016
of which merger premium on investments in affiliates	*4,258*				*4,258*	*3,406*		*(235)*		*3,171*	*1,087*	*852*
Treasury shares *(note 3.d)*	32				32						32	32
LONG-TERM INVESTMENTS	**74,622**	**2,506**	**(1,251)**	**(1,685)**	**74,192**	**8,039**	**1,067**	**(326)**	**(262)**	**8,518**	**65,674**	**66,583**

3.f DEBT SECURITIES

In millions of euros, at	31 December 2020	31 December 2019
Negotiable debt securities	77,820	90,524
Bond issues *(note 3.g)*	1,290	1,958
Other debt securities	55,736	42,522
DEBT SECURITIES	**134,846**	**135,004**
of which unamortised issuance premiums	*663*	*682*

3.g BOND ISSUES

Maturities of bonds issued by BNP Paribas SA, according to contractual maturity:

In millions of euros	Outstanding at 31/12/2020	2021	2022	2023	2024	2025	2026 to 2030	After 2030
Bond issues	1,290	84	112	342	112	92	318	230
In millions of euros	**Outstanding at 31/12/2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025 to 2029**	**After 2029**
Bond issues	1,958	142	316	370	258	170	364	339

3.h OTHER ASSETS AND LIABILITIES

In millions of euros, at	31 December 2020	31 December 2019
Options purchased	55,708	62,776
Settlement accounts related to securities transactions	751	767
Deferred taxes – assets	681	977
Miscellaneous assets	89,882	64,944
OTHER ASSETS	**147,022**	**129,464**
Options sold	54,434	60,114
Settlement accounts related to securities transactions	453	307
Liabilities related to securities transactions(*)	72,319	127,282
Deferred taxes – liabilities	124	120
Miscellaneous liabilities	68,414	59,265
OTHER LIABILITIES	**195,744**	**247,088**

(*) Following Regulation No. 2020-10 of 22 December 2020, the borrowed securities are presented as a deduction from the liability representing these same securities for the financial year 2020 (see note 3.c).

Under "Miscellaneous liabilities", BNP Paribas SA's trade payables of BNP Paribas amount to EUR 86,4 million at 31 December 2020 and break down as follows, pursuant to article D.441-4 of the French Commercial Code.

Invoices *received*, due and outstanding at the year-end	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	90 days and over	Total (1 day and more)
Total invoices concerned, including taxes *(in millions of euros)*	8.2	17.9	5.3	5.8	49.2	78.1
Percentage of total purchases for the year, including taxes	0.17%	0.37%	0.11%	0.12%	1.00%	1.60%
Number of invoices concerned	386					2,443

Information related to invoices received and presented in the table above does not include banking and related transactions. The payment terms used are the statutory terms. Customer advances outside the scope of banking and related transactions are mainly loans to BNP Paribas Group entities. For amounts due to and from customers of BNP Paribas SA for banking and related transactions which are not shown in the table above, the remaining term of the sources and uses of funds is presented in note 6.e.

3.i ACCRUED INCOME

In millions of euros, at	31 December 2020	31 December 2019
Remeasurement of currency instruments and derivatives	93,919	75,862
Accrued income	3,786	10,126
Collection accounts	569	193
Other accrued income	11,760	9,638
ACCRUED INCOME	**110,034**	**95,819**
Remeasurement of currency instruments and derivatives	84,440	61,657
Accrued expenses	4,665	11,222
Collection accounts	2,766	2,399
Other accrued expenses	9,620	9,501
ACCRUED EXPENSES	**101,491**	**84,779**

3.j OPERATING ASSETS

In millions of euros, at	31 December 2020			31 December 2019
	Gross value	Depreciation, amortisation and impairment	Net amount	Net amount
Software	3,425	(2,628)	797	731
Other intangible assets	2,411	(545)	1,866	2,031
INTANGIBLE ASSETS	**5,836**	**(3,173)**	**2,663**	**2,762**
Land and buildings	2,358	(930)	1,428	1,808
Equipment, furniture and fixtures	2,194	(1,744)	450	445
Other fixed assets	186	(3)	183	184
Tangible assets - Merger premiums	114	(33)	81	102
TANGIBLE ASSETS	**4,852**	**(2,710)**	**2,142**	**2,539**

3.k PROVISIONS

In millions of euros, at	31 December 2019	Additions	Write-backs	Others variations	31 December 2020
Provisions for employee benefit obligations	**475**	**107**	**(77)**	**(33)**	**472**
Provisions for credit risks ***(note 2.f)***	**33**	**12**	**(18)**	**(1)**	**26**
Provisions for commitments given ***(note 2.f)***	**274**	**70**	**(93)**	**8**	**259**
Other provisions					
■ for banking transactions	362	510	(332)	(5)	535
■ for non-banking transactions	579	90	(134)	63	598
PROVISIONS	**1,723**	**789**	**(654)**	**32**	**1,890**

➤ PROVISIONS FOR RISKS ON REGULATED SAVINGS PRODUCTS

In millions of euros, at	31 December 2020	31 December 2019
Deposits collected under home savings accounts and plans	**18,053**	**17,994**
of which for home savings plans	15,920	15,912
■ *Aged more than 10 years*	*5,296*	*5,194*
■ *Aged between 4 and 10 years*	*8,364*	*8,715*
■ *Aged less than 4 years*	*2,261*	*2,003*
Outstanding loans granted under home savings accounts and plans	**22**	**35**
of which for home savings plans	4	6
Provisions for home savings accounts and plans	**121**	**124**
of which discount on home savings accounts and plans	0	0
of which provisions for home savings accounts and plans	121	124
■ *of which provisions for plans aged more than 10 years*	*102*	*92*
■ *of which provisions for plans aged between 4 and 10 years*	*12*	*23*
■ *of which provisions for plans aged less than 4 years*	*7*	*8*
■ *of which provisions for home savings accounts*	*0*	*1*

➤ CHANGE IN PROVISIONS FOR REGULATED SAVINGS PRODUCTS

In millions of euros	Year to 31 Dec. 2020		Year to 31 Dec. 2019	
	Provisions for home savings plans	Provisions for home savings accounts	Provisions for home savings plans	Provisions for home savings accounts
Provisions at start of period	123	1	132	3
Additions to provisions during the period	-	-	-	-
Provisions write-backs during the period	(2)	(1)	(9)	(2)
Provisions at end of period	121	-	123	1

3.l SUBORDINATED DEBT

In millions of euros, at	31 December 2020	31 December 2019
Redeemable subordinated debt	**16,930**	**16,130**
Undated subordinated debt	**10,146**	**9,700**
Undated Super Subordinated notes	9,443	8,977
Undated Floating-Rate Subordinated notes	478	498
Undated Participating Subordinated notes	225	225
Related debt	**399**	**382**
SUBORDINATED DEBT	**27,475**	**26,212**

Redeemable subordinated debt

The redeemable subordinated debt issued by BNP Paribas SA is in the form of medium and long-term debt securities equivalent to ordinary subordinated debt; these issues are redeemable prior to the contractual maturity date in the event of liquidation of the issuer, and rank after the other creditors but before holders of participating loans and participating subordinated notes.

These debt issues may contain a call provision authorising the Group to redeem the securities prior to maturity by repurchasing them in the stock market, via a public tender or exchange offers, or (in the case of private placements) over the counter, subject to regulatory approval.

Debt issued by BNP Paribas SA via placements in the international markets may be subject to early redemption of the capital and early payment of interest due at maturity at the issuer's discretion on or after a date stipulated in the issue particulars (call option), or in the event that changes in the applicable tax rules oblige the BNP Paribas Group issuer to compensate debt-holders for the consequences of such changes. Redemption may be subject to a notice period of between 15 and 60 days, and is in all cases subject to approval by the banking supervisory authorities.

In 2019, eight new subordinated debts were issued in the amount of EUR 1,548 million.

In 2020, four subordinated debt issued were repaid at or before maturity. These transactions resulted in a EUR 412 million reduction in the amount of repayable subordinated debt. In addition, nine new subordinated debts were issued for an amount of EUR 1,634 million.

The following table gives the maturity schedule for redeemable subordinated debt at 31 December 2020:

In millions of euros	Outstanding at 31/12/2020	2021	2022	2023	2024	2025	2026 to 2030	After 2030
Redeemable subordinated debt	16,930	-	337	-	819	2,649	8,329	4,796

The following table gives the maturity schedule for redeemable subordinated debt at 31 December 2019:

In millions of euros	Outstanding at 31/12/2019	2020	2021	2022	2023	2024	2025 to 2029	After 2029
Redeemable subordinated debt	16,130	5	-	354	-	891	11,703	3,176

Undated subordinated debt

Undated Super Subordinated Notes

BNP Paribas has issued Undated Super Subordinated Notes which pay a fixed, fixed adjustable or floating rate coupon and are redeemable at the end of a fixed period and thereafter at each coupon date or every five years. If the notes are not redeemed at the end of this period, some of these issues will pay a coupon indexed to Euribor, Libor or a swap rate or a fixed-rate coupon.

On 25 March 2019, BNP Paribas SA issued Undated Super Subordinated notes in the amount of USD 1,500 million. This issue pays a fixed-rate coupon of 6.625%. These notes could be redeemed at the end of a period of 5 years. If the notes are not redeemed in 2024, a 5-year dollar swap rate coupon will be paid half-yearly.

On 10 July 2019, BNP Paribas SA issued Undated Super Subordinated notes in the amount of AUD 300 million. This issue pays a fixed-rate coupon of 4.5%. These notes could be redeemed at the end of a period of 5 years and a half. If the notes are not redeemed in 2025, a 5-year Australian dollar swap rate coupon will be paid half-yearly.

On 17 October 2019, BNP Paribas SA redeemed the October 2005 issue, for an amount of EUR 1,000 million. These notes paid a 4.875% fixed-rate coupon.

On 20 November 2019, BNP Paribas SA redeemed the December 2009 issue, for an amount of EUR 1 million before its first call date. These notes paid a 7.384% fixed-rate coupon.

On 29 December 2019, BNP Paribas SA redeemed two December 2009 issues at the first call date, for a respective amount of EUR 17 million and EUR 2 million. These notes paid respectively a 7.028% fixed-rate coupon and a 3-month Euribor rate coupon.

On 30 December 2019, BNP Paribas SA redeemed the December 2009 issue, for an amount of USD 70 million, at the first call date. These notes paid a USD 3-month Libor rate coupon.

On 25 February 2020, BNP Paribas SA issued Undated Super Subordinated notes in the amount of USD 1,750 million. This issue pays a fixed-rate coupon of 4.5%. These notes could be redeemed at the end of a period of 10 years. If not redeemed in 2030, a coupon will be paid semi-annually indexed to the rate of the US Treasury bill with a constant five-year maturity (CMT rate).

On 17 October 2020, BNP Paribas SA redeemed the October 2005, for an amount of USD 400 million. These notes paid a 6.25% fixed-rate coupon.

The following table summarises the characteristics of these various issues:

Issue date	Currency	Amount in original currency *(millions)*	Coupon frequency	Rate and term before first call date		Rate after first call date	31 Dec. 2020	31 Dec. 2019
October 2005	USD	400	annual	6.25%	6 years	6.250%	0	356
July 2006	EUR	150	annual	5.45%	20 years	3-month Euribor +1.920%	150	150
June 2007	USD	600	quarterly	6.5%	5 years	6.500%	491	535
June 2007	USD	1,100	semi-annual	7.195%	30 years	USD 3-month Libor +1.290%	901	980
June 2015	EUR	750	semi-annual	6.125%	7 years	EUR 5-year swap +5.230%	750	750
August 2015	USD	1,500	semi-annual	7.375%	10 years	USD 5-year swap +5.150%	1,229	1,337
March 2016	USD	1,500	semi-annual	7.625%	5 years	USD 5-year swap +6.314%	1,229	1,337
December 2016	USD	750	semi-annual	6.750%	5.25 years	USD 5-year swap +4.916%	614	669
November 2017	USD	750	semi-annual	5.125%	10 years	USD 5-year swap +2.838%	614	669
August 2018	USD	750	semi-annual	7.000%	10 years	USD 5-year swap 3.980%	614	669
March 2019	USD	1,500	semi-annual	6.625%	5 years	USD 5-year swap +4.149%	1,229	1,337
July 2019	AUD	300	semi-annual	4.500%	5.5 years	AUD 5-year swap +3.372%	189	188
February 2020	USD	1,750	semi-annual	4.500%	10 years	US CMT 5 years +2.944%	1,433	0
UNDATED SUPER SUBORDINATED NOTES							**9,443**	**8,977**

BNP Paribas has the option of not paying interest due on these Undated Super Subordinated Notes. Unpaid interest is not carried forward.

For the notes issued before 2015, this non-payment is subject to the absence of any payment on BNP Paribas SA ordinary shares or on Undated Super Subordinated note equivalents in the previous year. This interest must be paid when dividends are paid on BNP Paribas SA's ordinary shares.

The contracts relating to these Undated Super Subordinated Notes contain a loss absorption clause. Under the terms of this clause, in the event of insufficient regulatory capital, the nominal value of the notes may be reduced in order to serve as a new basis for the calculation of the related coupons until the capital deficiency is made up and the nominal value of the notes is increased to its original amount.

Undated Floating-Rate Subordinated notes

The Undated Floating-Rate Subordinated notes (TSDIs) and other Undated Subordinated notes issued by BNP Paribas SA are redeemable on liquidation of the Bank after repayment of all other debts but ahead of Undated Participating Subordinated notes. They confer no rights over residual assets.

Characteristics of Undated Floating-Rate Subordinated notes:

Issue date	Currency	Amount in original currency *(in millions)*	Interest rate	31 December 2020	31 December 2019
October 1985	EUR	305	TMO -0.25%	254	254
September 1986	USD	500	6-month Libor +0.075%	224	244
UNDATED FLOATING-RATE SUBORDINATED NOTES				**478**	**498**

Payment of interest is obligatory on the TSDIs issued in October 1985 (representing a nominal amount of EUR 305 million), but the Board of directors may postpone interest payments if the Ordinary Shareholders' General Meeting notes that there is no income available for distribution in the twelve months preceding the interest payment date. Interest payments are cumulative and are payable in full once dividend payments resume.

Payment of interest is obligatory on the TSDIs issued in September 1986 (representing a nominal amount of USD 500 million), but the Board of directors may postpone interest payments if the Shareholders' General Meeting approves a decision not to pay a dividend in the twelve months preceding the interest payment date. Interest payments are cumulative and are payable in full once dividend payments resume. The bank may resume the payment of past interest even if dividend payments have not resumed.

Undated Participating Subordinated notes

Undated participating subordinated notes issued by BNP Paribas SA in July 1984 in a total amount of EUR 337 million are redeemable only in the event of the liquidation of BNP Paribas SA, but may be retired on the terms specified in the French act of 3 January 1983. The number of shares in circulation was 1,434,092 at 31 December 2020.

Note 4 FINANCING, GUARANTEE AND SECURITIES COMMITMENTS

4.a FINANCING COMMITMENTS

In millions of euros, at	31 December 2020	31 December 2019
Credit institutions	**71,560**	**96,003**
Customers	**290,826**	**234,757**
Confirmed letters of credit	89,736	97,248
Other commitments given to customers	201,090	137,509
FINANCING COMMITMENTS GIVEN	**362,386**	**330,760**
Credit institutions	**71,884**	**114,010**
Customers	**33,880**	**34,422**
FINANCING COMMITMENTS RECEIVED	**105,764**	**148,432**

4.b GUARANTEE AND SECURITIES COMMITMENTS

In millions of euros, at	31 December 2020	31 December 2019
Credit institutions	9,419	19,611
Customers	112,647	108,431
GUARANTEE COMMITMENTS GIVEN	**122,066**	**128,042**
Credit institutions	95,005	84,418
Customers	192,737	160,638
GUARANTEE COMMITMENTS RECEIVED	**287,742**	**245,056**

In millions of euros, at	31 December 2020	31 December 2019
COMMITMENTS GIVEN ON SECURITIES	**31,535**	**23,433**
COMMITMENTS RECEIVED ON SECURITIES	**38,696**	**35,672**

4.c FINANCIAL INSTRUMENTS GIVEN OR RECEIVED AS COLLATERAL

➤ FINANCIAL INSTRUMENTS GIVEN AS COLLATERAL

In millions of euros, at	31 December 2020	31 December 2019
Financial instruments (negotiable securities and private receivables) deposited with central banks and eligible for use at any time as collateral for refinancing transactions after haircut	88,584	50,884
■ Used as collateral with central banks	59,842	16,172
■ Available for refinancing transactions	28,742	34,712
Financial assets pledged as collateral for transactions with credit institutions, financial customers or subscribers of covered bonds issued by the Group	90,940	72,895

At 31 December 2020, the Bank had EUR 88,584 million of financial instruments (negotiable securities and private receivables) deposited or pledged with central banks for use at any time as collateral for refinancing transactions (vs. EUR 50,884 million at 31 December 2019). This amount includes EUR 78,499 million deposited with the *Banque de France* (vs. EUR 37,890 million at 31 December 2019) under the *Banque de France*'s comprehensive collateral management system to cover Eurosystem monetary policy transactions and intraday loans. At 31 December 2020, the Bank had EUR 59,842 million of collateral deposited with central banks (EUR 16,172 million at 31 December 2019).

The other assets that the Bank has pledged as collateral with credit institutions and financial customers totalled EUR 35,069 million at 31 December 2020 (vs. EUR 32,252 million at 31 December 2019), included in particular financing for BNP Paribas Home Loan SFH.

➤ FINANCIAL INSTRUMENTS RECEIVED AS COLLATERAL

In millions of euros, at	31 December 2020	31 December 2019
Financial instruments received as collateral (excluding repurchase agreements)	46,139	38,891

Note 5 SALARIES AND EMPLOYEE BENEFITS

5.a SALARIES AND EMPLOYEE BENEFIT EXPENSE

In millions of euros	Year to 31 Dec. 2020	Year to 31 Dec. 2019
Salaries	(4,634)	(4,653)
Tax and social security charges[(1)]	(1,837)	(1,843)
Employee profit-sharing and incentive plans	(152)	(204)
TOTAL SALARIES AND EMPLOYEE BENEFIT EXPENSES	**(6,623)**	**(6,700)**

(1) Including adjustments for actuarial gains and losses on post-employment benefits.

The following table gives the breakdown of BNP Paribas SA's headcount:

Headcount at	31 December 2020	31 December 2019
BNP Paribas Métropole	34,347	35,749
of which managers	*24,877*	*25,220*
Employees outside Metropolitan France	18,243	18,131
TOTAL BNP PARIBAS SA	**52,590**	**53,880**

5.b EMPLOYEE BENEFIT OBLIGATIONS

Post-employment benefits under defined-contribution plans

In France, BNP Paribas SA pays contributions to various nationwide basic and top-up pension plans. BNP Paribas SA has set up a funded pension plan under a company-wide agreement. Under this plan, employees will receive an annuity on retirement in addition to the pension paid by nationwide schemes.

Furthermore, since defined-benefit plans have been closed to new employees in most countries outside France, they are offered the benefit of defined-contribution pension plans. Under these plans, the Group's obligation is essentially limited to paying a percentage of the employee's annual salary into the plan.

The amount paid into defined-contribution post-employment plans in France and other countries for the year 2020 was EUR 307 million, compared with EUR 312 million for the year 2019.

Post-employment benefits under defined-benefit plans

Existing legacy defined-benefit plans within BNP Paribas SA are valued independently using actuarial techniques by applying the projected unit cost method in order to determine the expense arising from rights vested in employees and benefits payable to retired employees. The demographic and financial assumptions used to estimate the present value of these obligations and of plan assets take into account economic conditions specific to each country.

Provisions set up to cover obligations under defined-benefit post-employment plans totalled EUR 168 million at 31 December 2020 (against EUR 175 million at 31 December 2019), comprised of EUR 88 million for French plans and EUR 80 million for other plans.

BNP Paribas recognised EUR 269 million of retirement plan assets (recognised surplus and reimbursement rights) at 31 December 2020 as compared to EUR 310 million at 31 December 2019.

Pension plans and other post-employment benefits

Pension plans

In France, BNP Paribas SA pays a top-up banking industry pension arising from rights acquired to 31 December 1993 by retired employees at that date and active employees in service at that date. These residual pension obligations are covered by a provision in BNP Paribas SA's financial statements or transferred to an insurance company.

The defined-benefit plans previously granted to Group executives have all been closed and converted into top-up type schemes. The amounts to be allocated to the beneficiaries, subject to their presence within the Group at retirement, were fixed when the previous schemes were closed. These pension plans have been outsourced to insurance companies. The market value of the related plan assets in these companies' balance sheets breaks down as 87% bonds, 5% equities and 8% property assets.

In BNP Paribas SA's foreign branches, pension plans are based either on pensions linked to the employee's final salary and length of service (United Kingdom), or on annual vesting of rights to a capital sum expressed as a percentage of annual salary and remunerated at a predefined rate (United States).

Some plans are managed by independent fund managers. As of 31 December 2020, 86% of the gross obligations under these plans related to plans in the United Kingdom, United States and Spain. The market value of the related plan assets was split as follows: 7% equities, 77% bonds, and 16% other financial instruments.

Other post-employment benefits

BNP Paribas SA employees also receive various other contractual postemployment benefits, such as indemnities payable on retirement. BNP Paribas' obligations for these benefits in France are funded through a contract held with an insurer that is independent from BNP Paribas SA.

Post-employment healthcare benefits

In France, BNP Paribas SA no longer has any obligation in relation to healthcare benefits for its retired employees.

Among BNP Paribas SA's foreign branches, there are several healthcare benefit plans for retired employees, mainly in the United States. Provisions for obligations under these plans amounted to EUR 15 million at 31 December 2020, compared to EUR 16 million at 31 December 2019.

Obligations under post-employment healthcare benefit plans are measured using the mortality tables applicable in each country and assumptions about trends in healthcare costs. They also build in assumptions about healthcare benefit costs, including forecast trends in the cost of healthcare services and in inflation, which are derived from historical data.

Termination benefits

The Bank has implemented a number of voluntary redundancy plans and a headcount adaptation plan for employees who meet certain eligibility criteria. The obligations to eligible active employees under such plans are provided for when the plan is the subject of an agreement or a bilateral draft agreement.

Provisions for these plans totalled EUR 45 million at 31 December 2020 (EUR 42 million at 31 December 2019).

In millions of euros, at	31 December 2020	31 December 2019
Provision for voluntary departure, early retirement plans, and headcount adaptation plans	45	42

Note 6 ADDITIONAL INFORMATION

6.a TRANSACTIONS IN SHARE CAPITAL

Resolutions of Shareholders' General Meetings that can be used during the financial year are presented in chapter 2 *Corporate governance report* of the Universal registration document.

Operations affecting share capital	Number of shares	Par value *(in euros)*	In euros	Date of authorisation by the Annual General Meeting	Date of decision by Board of directors	Date from which shares carry dividend rights
NUMBER OF SHARES ISSUED AT 31 DECEMBER 2017	**1,248,859,386**	**2**	**2,497,718,772**			
Increase in share capital by exercise of stock subscription options	939,175	2	1,878,350	(1)	(1)	01-Jan-17
NUMBER OF SHARES ISSUED AT 31 DECEMBER 2018	**1,249,798,561**	**2**	**2,499,597,122**			
NUMBER OF SHARES ISSUED AT 31 DECEMBER 2019	**1,249,798,561**	**2**	**2,499,597,122**			
NUMBER OF SHARES ISSUED AT 31 DECEMBER 2020	**1,249,798,561**	**2**	**2,499,597,122**			

(1) *Various resolutions voted in the Annual General Meeting and decisions of the Board of directors authorising the granting of stock subscription options that were exercised during the period.*

6.b STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY BETWEEN 31 DECEMBER 2018 AND 31 DECEMBER 2020

In millions of euros	Share capital	Additional paid-in capital	Retained earnings and net income for the period	Total shareholders' equity
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2018	**2,500**	**23,222**	**43,401**	**69,123**
Dividend payout for 2018			(3,772)	(3,772)
Accelerated depreciation - additions			5	5
Others variations			(11)	(11)
Net income for 2019			7,490	7,490
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2019	**2,500**	**23,222**	**47,113**	**72,835**
Others variations		18	(1)	17
Accelerated depreciation - reversals			(33)	(33)
Net income for 2020			4,404	4,404
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2020	**2,500**	**23,240**	**51,484**	**77,224**

6.c NOTIONAL AMOUNTS OF FINANCIAL INSTRUMENTS

The notional amounts of derivative instruments are merely an indication of the volume of BNP Paribas SA's activities in financial instrument markets, and do not reflect the market risks associated with such instruments.

Trading portfolio

In millions of euros, at	31 December 2020	31 December 2019
Currency derivatives	5,736,267	5,204,615
Interest rate derivatives	15,894,798	16,009,284
Equity derivatives	949,023	1,202,896
Credit derivatives	949,217	952,428
Other derivatives	123,675	211,034
FORWARD FINANCIAL INSTRUMENTS IN THE TRADING PORTFOLIO	**23,652,980**	**23,580,257**

Financial instruments traded on organised markets or admitted to clearing houses accounted for 45% of the Bank's derivatives transactions at 31 December 2020 (compared with 43% at 31 December 2019).

Hedging strategy

The total notional amount of derivative financial instruments used for hedging purposes stood at EUR 750,419 million at 31 December 2020, compared with EUR 727,769 million at 31 December 2019.

Derivatives used for hedging purposes are primarily contracted on over-the-counter markets.

Market value

The market value of the Bank's positive net position on outright transactions was EUR 10,052 million at 31 December 2020, compared with a positive net position of EUR 16,096 million at 31 December 2019. The market value of the Bank's net short position on conditional transactions was valued at EUR 846 million at 31 December 2020, compared with a net long position of EUR 2,845 million at 31 December 2019.

6.d SEGMENT INFORMATION

The following table gives a regional breakdown of BNP Paribas SA's interbank transactions and customer transactions recognised on the balance sheet:

In millions of euros, at	Interbank transactions		Customer items		Total by region	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
France	421,940	409,850	331,260	275,270	753,200	685,120
Other countries in the European Economic Area	80,166	69,276	78,078	83,244	158,244	152,520
Americas and Asia	63,691	79,936	138,281	131,804	201,972	211,740
Other countries	1,437	1,754	4,136	5,616	5,573	7,370
TOTAL USES OF FUNDS	**567,234**	**560,816**	**551,755**	**495,934**	**1,118,989**	**1,056,750**
France	242,801	205,874	322,285	270,845	565,086	476,719
Other countries in the European Economic Area	35,504	42,882	124,776	112,015	160,280	154,897
Americas and Asia	27,100	24,424	247,701	198,058	274,801	222,482
Other countries	1,144	1,381	5,928	6,226	7,072	7,607
TOTAL SOURCES OF FUNDS	**306,549**	**274,561**	**700,690**	**587,144**	**1,007,239**	**861,705**

79% of BNP Paribas SA's revenues in 2020 came from counterparties in the European Economic Area (85% in 2019).

6.e SCHEDULE OF USES AND SOURCES OF FUNDS

In millions of euros	Demand and overnight transactions	Term remaining					
		Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Of which provisions	Total
Uses of funds							
Cash and amounts due from central banks and CCP	230,589	647					**231,236**
Treasury bills and money-market instruments	127	31,949	13,385	43,348	48,486	(89)	**137,295**
Due from credit institutions	10,415	95,628	32,627	47,602	12,431	(161)	**198,703**
Customer and leasing transactions	30,550	236,885	70,606	122,954	90,760	(5,922)	**551,755**
Bonds and other fixed-income securities	1,619	4,984	4,572	36,188	51,155	(400)	**98,518**
Sources of funds							
Amounts due to credit institutions and central banks and CCP	30,178	116,809	16,693	127,160	15,709		**306,549**
Customer items	375,704	279,135	28,912	10,948	5,991		**700,690**
Debt securities	518	22,621	22,466	46,439	42,802		**134,846**

6.f NON-COOPERATIVE STATES AND TERRITORIES

Authorisation from the Group's Compliance Department must be obtained through a special procedure before BNP Paribas SA or Group subsidiaries that report to BNP Paribas SA can open a location in a state considered "uncooperative" as defined by article 238-0 A of the French General Tax Code and the Order issued on 6 January 2020 amending the list of non-cooperative states. In accordance with BNP Paribas' "best interests" ethics principle, and to ensure that the Group's internal control mechanisms are applied consistently, these locations are subject to the Group's regulations on risk management, anti-money laundering, corruption, financial embargoes, and terrorism financing.

Company name	Ownership interest (%)	Legal form	Type of licence	Business activity
Panama				
BNPP SA (Panama branch) – in liquidation[(1)]	100	Branch	Banking licence	In liquidation
British Virgin Islands				
Twenty-Three Investments Ltd – in liquidation	100	Investments Limited		In liquidation

(1) The liquidation process of the entity located in Panama, initiated in July 2010, is pending approval from the local regulator.

6.2 Appropriation of income for the year ended 31 December 2020 and dividend distribution

At the Annual General Meeting of 18 May 2021, the Board of directors will propose an appropriation of net income for the year ended 31 December 2020 and dividend distribution under the following terms:

In millions of euros	
Net income	4,404
Unappropriated retained earnings	30,503
TOTAL INCOME TO BE APPROPRIATED	**34,907**
Dividend	1,387
Retained earnings	33,520
TOTAL APPROPRIATED INCOME	**34,907**

The total proposed dividend to be paid to BNP Paribas SA shareholders is EUR 1,387 million, which corresponds to EUR 1.11 per share (with a par value of EUR 2.00) based on the number of existing shares at 31 December 2020.

6.3 BNP Paribas SA five-year financial summary

	2016	2017	2018	2019	2020
Financial position at year-end					
a) Share capital *(in euros)*	2,494,005,306	2,497,718,772	2,499,597,122	2,499,597,122	2,499,597,122
b) Number of shares in issue	1,247,002,653	1,248,859,386	1,249,798,561	1,249,798,561	1,249,798,561
c) Number of convertible bonds in issue	None	None	None	None	None
Results of operations for the year *(in millions of euros)*					
a) Total revenues, excluding VAT	32,458	27,707	33,333	40,100	32,108
b) Earnings before tax, depreciation, amortisation and impairment	10,153	3,003	4,631	7,611	7,159
c) Income tax expense	(278)	345	557	(325)	(653)
d) Profit after tax, depreciation, amortisation and impairment	9,266	3,157	5,027	7,490	4,404
e) Total dividend payout[1]	3,367	3,772	3,774	-	1,387
Earnings per share *in euros*					
a) Profit after tax, but before depreciation, amortisation and impairment	7.92	2.68	4.15	5.83	5.21
b) Profit after tax, depreciation, amortisation and impairment	7.43	2.53	4.02	5.99	3.52
c) Dividend per share[1]	2.70	3.02	3.02	-	1.11
Employee data					
a) Number of employees at year-end	51,498	53,078	54,299	53,880	52,590
b) Total payroll expense *(in millions of euros)*	4,263	4,441	4,208	4,797	4,721
c) Amount paid in respect of social benefits (social security, employee welfare, *etc.*) *(in millions of euros)*	1,599	1,577	1,604	1,535	1,485

(1) For 2020, subject to approval at the Annual General Meeting of 18 May 2021.

6.4 Main subsidiaries and associates of BNP Paribas SA

Name	Siren	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	NBI or Pre-tax revenue BNP Paribas(**)	Share capital	Reserves and retained earnings before income appropriation	Last published net income	NBI or Pre-tax revenue(**)	Percent of share capital held	Ref.
			in millions of foreign currency				in millions of euros(*)				in %	
BNP Paribas SA (siren 662042449) is the parent company of all subsidiaries and associated companies												
I – Detailed information about subsidiaries and associated companies whose book value exceeds 1% of BNP Paribas SA's share capital												
1. Subsidiaries (more than 50% owned)												
Antin Participation 5 1 Boulevard Haussmann 75009 Paris France	433,891,678	EUR	194	3	6	0	194	3	6	0	100%	(1)
Austin Finance 3, rue d'Antin 75002 Paris France	485,260,640	EUR	799	139	(33)	0	799	139	(33)	0	100%	(1)
Banca Nazionale Del Lavoro SPA Viale Altiero Spinelli 30 00157 Rome Italy		EUR	2,077	3,425	231	2,348	2,077	3,425	231	2,348	100%	(1)
Banco BNPP Brasil SA 510 Av. Presidente Juscelino Kubitschek, 10° a 13° Andares, Itaim Bibi 04543-906 Sao Paulo Brazil		BRL	1,755	1,325	330	1,194	278	210	52	189	100%	(2)
BNP Paribas Bank Polska SA 10/16 ul. Kasprzaka 01-211 Warsaw Poland		PLN	147	10,828	643	4,337	32	2,370	141	949	65%	(2)
Bank BNPP Indonesia PT 35th Floor Menara BCA Grand Indonesia Jl M H Thamrin No. 1 10310 Jakarta Indonesia		IDR	3,852,573	1,884,640	593,600	1,345,944	225	110	35	78	99%	(2)
BNP PUK Holding Ltd 10 Harewood Avenue London NW1 6AA UK		GBP	40	9	2	3	45	10	3	3	100%	(2)
BNPP Asset Management Holding 1 Boulevard Haussmann 75009 Paris France	682,001,904	EUR	23	1,517	208	257	23	1,517	208	257	67%	(1)

(*) Converted at the rate of 31/12/2020.
(**) Pre-tax revenue for commercial entities and NBI for banking entities.
(1) Non-audited social contributions data as at 31/12/2020.
(2) Data used in Group consolidated financial statements at 31/12/2020.

Name	Siren	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	NBI or Pre-tax revenue BNP Paribas(**)	Share capital	Reserves and retained earnings before income appropriation	Last published net income	NBI or Pre-tax revenue(**)	Percent of share capital held	Ref.
			in millions of foreign currency				in millions of euros(*)				in %	
BNPP Bank JSC 5 Lesnaya Street, Bld. B Business Center White Square Russian Federation 125047 Moscow		RUB	5,798	2,971	648	1,899	64	33	7	21	100%	(2)
BNPP Canada Corp. 1981 Mc Gill College Avenue H3A 2W8 Montreal Canada		CAD	159	453	5	4	102	291	3	3	100%	(2)
BNPP Cardif 1 Boulevard Haussmann 75009 Paris France	382,983,922	EUR	150	2,608	246	509	150	2,608	246	509	100%	(1)
BNPP China Ltd 25/F Shanghai World Financial Center 100 Century Avenue Shanghai 200120 PRC 200120 Shanghai China		CNY	8,711	1440	383	1,101	1,096	181	48	139	100%	(2)
BNPP Colombia Corporacion Financiera SA Carrera 8A no. 99-51 Edificio World Trade Center, Torre A, Piso 9 Bogota DC Colombia		COP	133,721	22,748	26,005	75,597	32	5	6	18	94%	(2)
BNPP Développement 20 Rue Chauchat 75009 Paris France	348,540,592	EUR	128	894	37	92	128	894	37	92	100%	(1)
BNPP El Djazair 8 Rue de Cirta Hydra 16035 Algiers Algeria		DZD	20,000	12,428	2,517	15,740	124	77	16	98	84%	(2)
BNPP Factor 46/52 Rue Arago 92 823 Puteaux France	775,675,069	EUR	6	31	18	99	6	31	18	99	100%	(2)
3525 Avenida de Boavista Edificio Aviz 6ø 4100 Porto Portugal		EUR	13	71	4	10	13	71	4	10	64%	(2)
BNPP Fortis 3 Montagne du Parc/Warandeberg 3 1000 Brussels Belgium		EUR	10,965	7,411	1,251	4,179	10,965	7,411	1,251	4,179	100%	(1)

(*) Converted at the rate of 31/12/2020.
(**) Pre-tax revenue for commercial entities and NBI for banking entities.
(1) Non-audited social contributions data as at 31/12/2020.
(2) Data used in Group consolidated financial statements at 31/12/2020.

Name	Siren	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	NBI or Pre-tax revenue BNP Paribas(**)	Share capital	Reserves and retained earnings before income appropriation	Last published net income	NBI or Pre-tax revenue(**)	Percent of share capital held	Ref.
			in millions of foreign currency				in millions of euros(*)				in %	
BNPP Home Loan SFH 1 Boulevard Haussmann 75009 Paris France	454,084,211	EUR	285	1	1	3	285	1	1	3	100%	(1)
BNPP India Holding Private Ltd 1 North Avenue - BNP Paribas House Maker Maxity, Bandra – Kurla Complex Bandra (East) 400 051 Mumbai India		INR	2,608	504	517	959	29	6	6	11	100%	(2)
BNPP IRB Participations 1 Boulevard Haussmann 75009 Paris France	433,891,983	EUR	46	59	63	58	46	59	63	58	100%	(1)
BNPP Ireland Unlimited Co 5 George's Dock IFSC Dublin 1 Ireland		EUR	902	612	12	13	902	612	12	13	100%	(2)
BNPP Lease Group Leasing Solutions SPA 3 Piazza Lina Bo Bardi 20124 Milan Italy		EUR	65	(1)	(9)	6	65	(1)	(9)	6	74%	(2)
BNPP Malaysia Berhad Level 48, Vista Tower The Intermark 182 Jalan Tun Razak 50400 Kuala Lumpur Malaysia		MYR	650	148	90	180	133	30	18	37	100%	(2)
BNPP Personal Finance 1 Boulevard Haussmann 75009 Paris France	542,097,902	EUR	547	5,455	242	1,867	547	5,455	242	1,867	100%	(1)
BNPP Prime Brokerage International Ltd c/o Marsh Management Services (Dublin) Limited 25/28 Adelaide Road Dublin 2 Ireland		USD	0	600	72	231	0	492	59	190	100%	(2)
BNPP Public Sector SCF 1 Boulevard Haussmann 75009 Paris France	433,932,811	EUR	24	(8)	4	5	24	(8)	4	5	100%	(1)

(*) Converted at the rate of 31/12/2020.
(**) Pre-tax revenue for commercial entities and NBI for banking entities.
(1) Non-audited social contributions data as at 31/12/2020.
(2) Data used in Group consolidated financial statements at 31/12/2020.

Name	Siren	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	NBI or Pre-tax revenue BNP Paribas(**)	Share capital	Reserves and retained earnings before income appropriation	Last published net income	NBI or Pre-tax revenue(**)	Percent of share capital held	Ref.
			in millions of foreign currency				in millions of euros(*)				in %	
BNPP Real Estate 167 Quai de la Bataille de Stalingrad 92867 Issy-Les-Moulineaux France	692,012,180	EUR	383	366	30	619	383	366	30	619	100%	(2)
BNPP Real Estate Investment Management Italy SPA Via Carlo Bo 11 20143 Milano Italy		EUR	10	13	(8)	9	10	13	(8)	9	100%	(2)
BNPP Réunion 1 Boulevard Haussmann 75009 Paris France	428,633,408	EUR	25	5	13	41	25	5	13	41	100%	(2)
BNPP SB Re 16 Rue Edward Steichen L – 2540 Luxembourg Luxemburg		EUR	250	175	16	23	250	175	16	23	100%	(2)
BNPP Securities Asia Ltd 59-63/F II International Finance Centre 8 Finance Street Central Hong Kong Hong Kong		HKD	3,529	(1,802)	(300)	156	373	(190)	(32)	16	100%	(2)
BNPP Securities Japan Ltd GranTokyo North Tower 1-9-1 Marunouchi, Chiyoda-ku 100-6740 Tokyo Japan		JPY	201,050	24,192	9,345	39,648	1594	192	74	314	100%	(2)
BNPP Securities Korea Co Ltd 24, 25FL, State Tower Namsan, 100, Toegye-ro, Jung-gu Seoul 100-052 Republic of Korea		KRW	250,000	5,605	18,844	38,960	188	4	14	29	100%	(2)
BNPP Securities Services 3 Rue d'Antin 75002 Paris France	552,108,011	EUR	183	757	530	1,958	183	757	530	1,958	95%	(1)
BNPP Suisse SA 2 Place de Hollande 1211 Geneva 11 Switzerland		CHF	320	1,727	(339)	354	296	1,596	(313)	327	100%	(2)
BNPP USA Inc. 787 Seventh Avenue NY 10019 New York United States		USD	15,060	1,560	763	764	12,334	1,277	625	626	100%	(2)

(*) Converted at the rate of 31/12/2020.
(**) Pre-tax revenue for commercial entities and NBI for banking entities.
(1) Non-audited social contributions data as at 31/12/2020.
(2) Data used in Group consolidated financial statements at 31/12/2020.

Name	Siren	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	NBI or Pre-tax revenue BNP Paribas(**)	Share capital	Reserves and retained earnings before income appropriation	Last published net income	NBI or Pre-tax revenue(**)	Percent of share capital held	Ref.
			in millions of foreign currency				in millions of euros(*)				in %	
BNPP VPG Master LLC 787 Seventh Avenue NY 10019 New York United States		USD	29	22	1	1	24	18	0	0	100%	(2)
BNPP Yatirimlar Holding AS Ankara caddesi, Büyük Kelkit Han no. 243, Kat 5 Sirkeci, Eminönü/ Fatih Istanbul Turkey		TRY	1,032	2	1	3	114	0	0	0	100%	(2)
44 Avenue JF Kennedy L – 1855 Luxembourg Luxemburg		EUR	9	468	0	0	9	468	0	0	97%	(2)
Financière des Italiens 41 Avenue de l'Opéra 75002 Paris France	422,994,954	EUR	412	(186)	0	0	412	(186)	0	0	100%	(1)
Financière des Paiements Électroniques 18 avenue Winston Churchill 94220 Charenton-le-Pont France	753,886,092	EUR	1	65	3	69	1	65	3	69	95%	(2)
Financière du Marché Saint Honoré 37 Place du Marché Saint-Honoré 75001 Paris France	662,047,513	EUR	201	(21)	(15)	230	201	(21)	(15)	230	100%	(1)
Harewood Helena 1 Ltd 10 Harewood Avenue London NW1 6AA UK		USD	39	29	(26)	(28)	32	24	(21)	(23)	100%	(2)
Human Value Developers Private Ltd Lodha iThink Techno Campus, 10th Flr, Beta Bldg Off. JVLR, Opp. Kanjurmarg Rly Stn, Kanjurmarg East Maharashtra 400042 Mumbai India		INR	2,346	(1,529)	1,602	1,633	26	(17)	18	18	100%	(2)
International Factors Italia SPA 15 Via Vittor Pisani 20124 Milan Italy		EUR	56	705	29	102	56	705	29	102	100%	(2)

(*) Converted at the rate of 31/12/2020.
(**) Pre-tax revenue for commercial entities and NBI for banking entities.
(1) Non-audited social contributions data as at 31/12/2020.
(2) Data used in Group consolidated financial statements at 31/12/2020.

Name	Siren	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	NBI or Pre-tax revenue BNP Paribas(**)	Share capital	Reserves and retained earnings before income appropriation	Last published net income	NBI or Pre-tax revenue(**)	Percent of share capital held	Ref.
			in millions of foreign currency				in millions of euros(*)				in %	
Lion International Investments SA 30 Viale Altiero Spinelli 00157 Rome Italy		EUR	110	319	(1)	(1)	110	319	(1)	(1)	100%	(2)
Natiocredibail 12 rue du port 92000 Nanterre France	998,630,206	EUR	32	70	57	29	32	70	57	29	100%	(2)
Optichamps 41 Avenue de l'Opéra 75002 Paris France	428,634,695	EUR	411	(163)	0	0	411	(163)	0	0	100%	(1)
Parilease 41 Avenue de l'Opéra 75002 Paris France	339,320,392	EUR	129	251	(2)	(2)	129	251	(2)	(2)	100%	(2)
Participations Opéra 1 Boulevard Haussmann 75009 Paris France	451,489,785	EUR	410	(183)	0	0	410	(183)	0	0	100%	(1)
Portzamparc 1 Boulevard Haussmann 75009 Paris France	399,223,437	EUR	4	10	2	57	4	10	2	57	100%	(1)
Sagip 3 Montagne du Parc 1000 Brussels Belgium		EUR	657	3,270	(12)	(9)	657	3,270	(12)	(9)	100%	(2)
Sharekhan Ltd Lodha iThink Techno Campus, 10th Flr, Beta Bldg Off. JVLR, Opp. Kanjurmarg Rly Stn, Kanjurmarg East Maharashtra 400042 Mumbai India		INR	587	9,132	3,104	8,054	7	102	35	90	73%	(2)
SNC Taitbout Participation 3 1 Boulevard Haussmann 75009 Paris France	433,912,250	EUR	1,792	(580)	(660)	0	1,792	(580)	(660)	0	100%	(1)
Société Orbaisienne de Participations 1 Boulevard Haussmann 75009 Paris France	428,753,479	EUR	311	(104)	1	19	311	(104)	1	19	100%	(1)
UkrSibbank Public JSC 7 Andreevskaya Street 04070 Kiev Ukraine		UAH	5,069	1,428	1,184	5,447	147	41	34	157	60%	(2)

(*) Converted at the rate of 31/12/2020.
(**) Pre-tax revenue for commercial entities and NBI for banking entities.
(1) Non-audited social contributions data as at 31/12/2020.
(2) Data used in Group consolidated financial statements at 31/12/2020.

Name	Siren	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	NBI or Pre-tax revenue BNP Paribas(**)	Share capital	Reserves and retained earnings before income appropriation	Last published net income	NBI or Pre-tax revenue(**)	Percent of share capital held	Ref.
			in millions of foreign currency				in millions of euros(*)				in %	
2. Associated companies (10% to 50%-owned)												
Bank of Nanjing 50 Huaihai Road 210005 Nanjing China		CNY	8,482	68,125	12,567	32,442	1,067	8,568	1,580	4,080	15%	(3)
BGL BNPP 50 Avenue JF Kennedy 2951 Luxembourg Luxemburg		EUR	713	6,723	349	799	713	6,723	349	799	16%	(2)
Crédit Logement 50 Boulevard de Sébastopol 75003 Paris France	302,493,275	EUR	1,260	203	103	211	1,260	203	103	211	17%	(3)
Geojit BNP Paribas Financial Services Ltd (Group) 34/659-P Civil Line Road Padivattom Kochi 682024 Kerala India		INR	238	3,124	377	2,869	3	35	4	32	32%	(3)
Verner Investissements 95 Rue de la Boétie 75008 Paris France	388,271,298	EUR	15	349	20	0	15	349	20	0	50%	(2)
BNPP Leasing Solutions 16 rue Edward Steichen 2540 Luxembourg Luxemburg		EUR	1,815	372	182	181	1,815	372	182	181	50%	(2)

(*) Converted at the rate of 31/12/2020.
(**) Pre-tax revenue for commercial entities and NBI for banking entities.
(1) Non-audited social contributions data as at 31/12/2020.
(2) Data used in Group consolidated financial statements at 31/12/2020.

In millions of euros	Subsidiaries		Associated companies	
	French	Foreign	French	Foreign
II – General information about all subsidiaries and associated companies				
Book value of shares				
Gross value	19,201	50,808	620	2,610
Carrying amount	17,596	44,077	609	2,458
Loans and advances given by BNP Paribas SA	51,521	16,644	116	783
Guarantees and endorsements given by BNP Paribas SA	38,356	3,451	0	64
Dividends received	891	1,145	0	183

6.5 Disclosures of investments of BNP Paribas SA in 2020 affecting at least 5% of share capital of french companies

Crossing threshold of more than 5% of the capital		
Unlisted	OUTSIGHT	SA
Crossing threshold of more than 10% of the capital		
Unlisted	SOCIÉTÉ PHOCÉENNE DE PARTICIPATIONS	SA
Unlisted	GRAMONT ASSOCIATES	SAS
Crossing threshold of more than 20% of the capital		
None		
Crossing threshold of more than 33.33% of the capital		
None		
Crossing threshold of more than 50% of the capital		
None		
Crossing threshold of more than 66.66% of the capital		
Unlisted	Copartis	SA

6.6 Statutory Auditors' report on the financial statements

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
6, place de la Pyramide 92908 Paris La Défense Cedex	63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	61, rue Henri Regnault 92400 Courbevoie

For the year ended 31 December 2020

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

BNP Paribas SA

16 boulevard des Italiens

75009 PARIS

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of BNP Paribas SA for the year ended 31 December 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 December 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Financial Statements Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from 1 January 2020 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Identification and assessment of credit risk
(See Notes 1, 2.f, 3.b and 3.k to the financial statements)

Description of risk	How our audit addressed this risk
As part of its banking intermediation activities, BNP Paribas is exposed to credit risk. It recognises impairment losses to cover known credit risks which are inherent to its operations. Impairment losses either take the form of individual impairment losses recognised against the related on- and off-balance sheet commitments or of collective impairment losses recognised against loan portfolios presenting similar risks which are not individually impaired. Collective provisions are determined using statistical models which require judgement at each stage of the calculation, particularly with respect to building similar portfolios and determining the inputs for the applicable risks and the obligating event of the provisions. Under certain circumstances, additional collective provisions for international commitments are recognised in order to take into account any risks identified by BNP Paribas which are not covered by the individual or collective provisions described above. The Covid-19 pandemic has caused a health and economic crisis that affects the repayment ability of borrowers, companies and individuals, with contrasting situations across geographical regions and industries. At 31 December 2020, the total outstandings on the balance sheet exposed to credit risk amounted to EUR 557,679 million, while total impairment losses stood at EUR 5,924 million. We deemed the assessment of credit risk and the measurement of impairment losses to be a key audit matter insofar as management is required to exercise judgement and make estimates in this respect as regards credit granted to companies, particularly in the context of the uncertainty linked to the pandemic and its effects on companies' actual default levels in the years to come.	We assessed the relevance of BNP Paribas' control system and tested the manual and computerised controls for identifying and measuring impairment. We also examined the most significant outstandings and/or portfolios at the reporting date as well as on the credit granted to companies operating in more sensitive economic sectors or geographic regions. During our work, we focused on: ■ the rating of corporate counterparties: we reviewed the risk presented by significant counterparties whose periodic rating review had not been carried out by BNP Paribas at 31 December 2020 as well as the risk level of a sample of outstandings deemed to be performing by management; During our work, we paid particular attention to the geographical regions and sectors impacted by the Covid-19 crisis as well as counterparties benefiting from support measures; ■ measuring provisions recorded individually: we verified that a periodic review of the counterparties under surveillance had been carried out by BNP Paribas and, based on a sample, assessed the assumptions and data used by management to estimate impairment; ■ measuring collective provisions: assisted by our credit risk experts, we assessed the methods used by BNP Paribas across the various business lines, as well as the effectiveness of the data quality controls. In addition, we examined the disclosures in the notes to the financial statements with respect to credit risk.

Valuation of financial instruments
(See Notes 1, 2.d, 3.c, 3.h, 3.i, 6.c to the financial statements)

Description of risk	How our audit addressed this risk
As part of its trading activities, BNP Paribas holds financial instruments (assets and liabilities) which are recognised in the balance sheet at market value. Market value is determined according to different approaches, depending on the type of instrument and its complexity: (i) using directly observable quoted prices; (ii) using valuation models whose main inputs are observable; and (iii) using valuation models whose main inputs are unobservable. The valuations obtained may be subject to additional value adjustments to take into account certain specific trading, liquidity or counterparty risks. The techniques adopted by management to measure these instruments may therefore involve significant judgement as regards the models and data used. At 31 December 2020, the market value of trading securities represented EUR 99,252 million, the bank's positive net position on firm transactions was valued at EUR 10,052 million and the market value of the bank's net short position on conditional transactions was valued at EUR 846 million. In light of the materiality of the outstandings and the judgement used to determine market value, we deemed the measurement of financial instruments to be a key audit matter, in particular the measurement of instruments requiring the use of unobservable inputs.	Assisted by our valuation experts, we verified that the key controls used by BNP Paribas with respect to the valuation of financial instruments function properly, in particular those relating to: ■ the approval and regular review by management of the risks of the valuation models; ■ the independent verification of the valuation inputs; ■ the determination of value adjustments. Based on a sample, our valuation experts: ■ analysed the relevance of the assumptions and inputs used; ■ analysed the results of the independent review of the inputs by BNP Paribas; ■ performed independent counter valuations using our own models. We also analysed, on a sample basis, any differences between the valuations obtained and collateral calls with counterparties. In addition, we examined the disclosures in the notes to the financial statements with respect to the valuation of financial instruments.

Measurement of equity investments, other equity securities held for long-term investment and investments in subsidiaries and affiliates
(See Notes 1, 3.c and 3.e to the financial statements)

Description of risk	How our audit addressed this risk
Equity investments, other equity securities held for long-term investment and investments in subsidiaries and affiliates are recognised on the balance sheet at a carrying amount of EUR 65,058 million. They are measured individually at the of lower cost or value in use. Value in use is determined, for each investment, using a valuation approach based on available information including discounted future cash flows, net asset value and the related multiples commonly used to assess future yields. When their carrying amount exceeds value in use, an impairment loss is recognised for the difference. Given their relative weight in the balance sheet and the sensitivity of the models used to the assumptions underlying the estimated values, particularly in the context of the Covid-19 pandemic, we deemed the measurement of these investments to be a key audit matter.	Our audit work consisted in: ■ assessing, using sampling techniques, the justification for the valuation methods and data used by management to estimate values in use. In this respect, we paid particular attention to taking into account the impacts of the Covid-19 crisis in the methods and assumptions used; ■ testing, using sampling techniques, the accuracy of the calculation of values in use used by the company. Lastly, we reviewed the disclosures on equity investments, other equity securities held for long-term investment and investments in subsidiaries and affiliates in the notes to the financial statements.

Analysis of legal risk with respect to regulatory and administrative investigations and to class actions
(See Notes 2.f and 3.k to the financial statements)

Description of risk	How our audit addressed this risk
In each of the countries where it is present, BNP Paribas is subject to the regulations applicable to the sectors in which it operates. If the Company does not comply with the applicable laws and regulations, it may be exposed to significant fines and other administrative and criminal sanctions. It may also incur losses as a result of private legal disputes in connection with or unrelated to these sanctions. Any provision recognised to cover the consequences of investigations into non-compliance with certain regulations requires judgement due to the difficulty in estimating the outcome of regulatory procedures. Any provisions recognised with respect to class actions or other private legal disputes also requires management to exercise judgement. In light of the increase in regulatory and administrative investigations and class actions brought against financial establishments in recent years and of the significant judgement exercised by management to estimate the amount of provisions recognised, we deemed this risk to be a key audit matter.	We familiarised ourselves with the procedure for identifying and assessing legal risk with respect to regulatory and administrative investigations and to class actions, in particular through quarterly interviews with BNP Paribas SA's legal functions. Our work consisted primarily in: ■ obtaining an understanding of the analyses prepared by the financial and legal departments at the end of each quarterly accounting period; ■ interviewing the specialised law firms with which BNP Paribas works when subject to legal disputes.

General IT controls

Description of risk	How our audit addressed this risk
The reliability and security of IT systems plays a key role in the preparation of BNP Paribas SA's financial statements. We thus deemed the assessment of the general IT controls of the infrastructures and applications that contribute to the preparation of accounting and financial information to be a key audit matter. In particular, a system for controlling access rights to IT systems and authorisation levels based on employee profiles represents a key control for limiting the risk of inappropriate changes to application settings or underlying data.	For the main systems used to prepare accounting and financial information, assisted by our IT specialists, our work consisted primarily in: ■ obtaining an understanding of the systems, processes and controls which underpin accounting and financial data; ■ assessing the general IT controls (application and data access management, application changes/developments management and IT operations management) on key systems (in particular accounting, consolidation and automatic reconciliation applications); ■ examining the control for the authorisation of manual accounting entries; ■ performing additional audit procedures, where appropriate.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements, with the exception of the item described below.

Concerning the fair presentation and the consistency with the financial statements of the information about payment terms referred to in article D.441-4 of the French Commercial Code, we have the following matter to report: as indicated, these disclosures do not include banking and related transactions as the Company considers that such disclosures are not within the scope of the information to be provided.

Report on corporate governance

We attest that the corporate governance section of the Board of directors' management report sets out the information required by articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of article L.22-10-9 of the French Commercial Code relating to remuneration and benefits paid or awarded to corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by your Company from controlled companies within its scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of article L.22-10-11 of the French Commercial Code relating to those items the Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the financial statements included in the annual financial report

Pursuant to paragraph III of article 222-3 of the AMF's General Regulations, the Company's management informed us of its decision to postpone the application of the single electronic reporting format, as defined by European Delegated Regulation No. 2019/815 of 17 December 2018, to reporting periods beginning on or after 1 January 2021. Accordingly, this report does not contain a conclusion on the compliance of the presentation of the financial statements included in the annual financial report referred to in paragraph I of article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) with this format.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of BNP Paribas SA by the Annual General Meetings held on 23 May 2006 for Deloitte & Associés, 26 May 1994 for PricewaterhouseCoopers Audit and 23 May 2000 for Mazars.

At 31 December 2020, Deloitte & Associés, PricewaterhouseCoopers Audit and Mazars were in the fifteenth, the twenty-seventh and the twenty-first consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Financial Statements Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of directors of BNP Paribas SA.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Financial Statements Committee

We submit a report to the Financial Statements Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Financial Statements Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Financial Statements Committee with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Financial Statements Committee.

Paris La Défense, Neuilly-sur-Seine and Courbevoie, 2 March 2021

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
Laurence Dubois	Patrice Morot	Virginie Chauvin

7 A COMMITTED BANK: INFORMATION CONCERNING THE ECONOMIC, SOCIAL, CIVIC AND ENVIRONMENTAL RESPONSIBILITY OF BNP PARIBAS

All the information presented in chapter 7 of the Universal registration document has been collected through specific requests addressed to the functions, business lines or territories of BNP Paribas, or through the use of the Group's internal management tools. It is expressly noted when the scope covered by information differs from that of the entire BNP Paribas Group.

In the area of its economic, social, civic and environmental responsibility, BNP Paribas has distinguished itself through its many accomplishments and areas of progress in 2020:

Following the Covid-19 crisis, the Group's teams across the world mobilised to contribute to a proper functioning economy and its financing.

- The Group thus put in place, in a very short timeframe, health measures to protect **employees**' health: massive use of remote working from March 2020, actions taken in terms of hygiene and individual and collective protection in the workplace, reinforcement of employee listening and psychological support systems in order to prevent psychosocial risks related to their work in this period of uncertainty. BNP Paribas also guaranteed to maintain the salaries of all employees of the 68 countries in which it operates, including those who cannot work. In addition, the Group did not wish to use the short-time work/"technical unemployment" scheme (except for a secondary business activity and in only one country with full compensation).
- In addition, the entities and their employees mobilised in all businesses and regions to promote and rapidly deploy the specific solutions required to **support economic participants**. In 2020, against the backdrop of the lockdown in the face of the health crisis, BNP Paribas mobilised its resources and expertise to organise more than EUR 396 billion in financing raised for its clients in the syndicated loan, bond and equity markets worldwide, two-thirds of which was in Europe. The Bank also helped the public authorities roll out their support measures for companies, in particular State-guaranteed loans: more than 120,000 guaranteed loans had been granted at the end of December in the Group's Retail Banking networks.
- Lastly, BNP Paribas demonstrated its commitment to a vast support system coordinated internationally, with a global plan of emergency support of nearly EUR 60 million for hospitals, vulnerable populations and young people.

In addition, BNP Paribas' commitment to corporate social responsibility (CSR) has been recognised with various distinctions:

- the Group has consolidated its position as a world CSR leader in the eyes of extra-financial rating agencies, with scores considerably higher than the banking sector average. BNP Paribas is listed in the Europe and World Dow Jones Sustainability Indices following its rating by the SAM agency, and has positioned itself as the **leading European bank in 2020** following its solicited rating by V.E[1];
- Corporate Knights, the Canadian specialist magazine has placed BNP Paribas for the 7th consecutive year in its 2021 ranking of the "**100 most sustainable companies in the world**" (Leading French bank and 2nd at European level);
- thanks to the dynamism of the CIB division's teams, the Group has distinguished itself as the "**Investment Bank of the Year**" in Social bonds and Sustainability-Linked Loans during the Investment Banking Awards of the leading magazine The Banker. With a total of EUR 24.2 billion in sustainable bonds at the end of 2020, BNP Paribas is the world's leading player in the sustainable bond market according to Bloomberg.

In terms of the management of environmental, social and governance risks and opportunities, 2020 marked several major advances in the life of the Group:

- BNP Paribas announced a strategy for a complete exit from the **thermal coal** value chain by 2030 in the European Union and OECD countries, and by 2040 in the rest of the world;
- BNP Paribas strengthened its ESG system by deploying a multi-year programme – the **ESG Action Plan** – under the joint responsibility of the Head of Corporate Commitment and the Head of Risk. This programme aims to both define the Group's ESG standards and to develop tools to analyse the Group's performance at customer and loan portfolio level;
- the Bank has begun work on aligning its loan portfolio with the objectives of the Paris Agreement using the **PACTA** methodology[1]. In the electricity generation sector, the Bank's loan portfolio is already in line with the trajectory required to limit global warming to below 2 degrees. BNP Paribas also produced the first reporting according to the Poseidon Principles of CO_2 emissions generated by its loan portfolio to the maritime transport sector. As at 31 December 2019, the alignment score of BNP Paribas' loan portfolio in terms of carbon intensity stood at 2.88%, above the decarbonisation trajectory of the industry as defined by the Poseidon Principles;
- at the same time, BNP Paribas continued its proactive strategy of financing renewable energies, with EUR 17.8 billion of financing for the sector in 2020;
- lastly, the Group published its first **TCFD** (Task Force on Climate-related Financial Disclosures) report. In addition, Antoine Sire (Head of Corporate Commitment at BNP Paribas) was appointed co-chair of the informal working group tasked with preparing the work of the Task Force on Nature-related Financial Disclosure (**TNFD**).

(1) Formerly Vigeo Eiris.

(2) Paris Agreement Capital Transition Assessment.

In 2020, the Group was also very active in terms of ethical and sustainable financing of the economy:

- BNP Paribas has been appointed "**World's Best Bank for Financial Inclusion**" by Euromoney, which highlighted in particular its commitment to microfinance, as well as the system implemented through Nickel, which has enabled more than 1.9 million[(1)] accounts to be opened in France by the end of 2020. Nickel now operates in Spain with the aim of reaching 3,000 points of sale and 700,000 customers by the end of 2024;
- BNP Paribas' support for Social Enterprises (financing, investments on its own behalf and on behalf of third parties) has exceeded **EUR 2 billion**. Key achievements in this area include the Bank's structuring and launch of its first Social Impact Bond (SIB) in Belgium, bringing the number of SIBs (co-)structured by BNP Paribas to ten;
- in addition, in 2020 the Group won the call for tenders to support the **United Nations Development Programme** (UNDP) in the design of a Development Impact Bond (DIB) in Zambia. The first of its kind, this DIB aims to help small-scale tobacco growers make the transition to crops that fight malnutrition and deforestation, while improving the health and working conditions of farmers.

Lastly, in addition to the system implemented in the context of the pandemic, the year was marked for the Group's Human Resources by:

- the appointment, on 1 November 2020, of Sofia Merlo, as new **Director of Human Resources** and member of the Executive Committee, replacing Yves Martrenchar;
- the extension of the signature of the **#JamaisSansElles** Charter to the entire G100[(2)] the Group;
- The declaration of **2 million skills** by employees, thus making it possible to better anticipate training needs in a context of profound transformation of the banking sector.

7

(1) Since its creation.

(2) Group of the 100 employees, executive managers or executives with the greatest responsibilities, in the Company worldwide.

7.1 Our strategy

BNP PARIBAS' PURPOSE AND CONSIDERATION OF ENVIRONMENTAL AND SOCIAL ISSUES(1)

"We are at the service of our clients and the world we live in.

The BNP Paribas Group was formed by banks that have been deeply embedded in the European and global economies over the last 200 years. They have adapted to the challenges of their times and helped clients and other stakeholders during moments of great change.

BNP Paribas' mission is to contribute to responsible and sustainable growth by financing the economy and advising clients according to the highest ethical standards.

We offer secure, sound and innovative financial solutions to individuals, professional clients, enterprises and institutional investors while striving to address the fundamental challenges of today with regard to the environment, local development and social inclusion.

We are engaged with our clients to create a better future.

We are mobilising resources that have a positive impact.

At BNP Paribas, we want to be a long-term partner for our clients. We want to support their projects, manage their investments and savings, and through insurance protect people, their goods and property.

Our employees aim to deliver services that have purpose and relevance for clients and the world around them. They do this most clearly through their daily mission in the Company but also through corporate volunteering.

We are working with stakeholders and have adopted social and environmental goals aligned with global standards such as the UN Sustainable Development Goals and those of the financial community such as the Principles for Responsible Banking and the Principles for Responsible Investment.

We ensure that ethics and our commitment to economic, social, civic and environmental responsibility are integrated into our business operations. This commitment is reflected in our organisation and the procedures and policies governing our activities.

We innovate in order to be a leader in sustainable finance.

We take action to support causes by bringing together financial solutions, stakeholder partnerships, employer and procurement initiatives, support for solidarity-based projects, philanthropy, volunteering and intrapreneurship programmes.

We are developing the tools to measure our environmental and social impact and we are focusing on actions that involve all employees.

BNP Paribas. The bank for a changing world."

(1) Text summarizing the Mission and Vision (2015), Code of conduct (2016) and Commitment Manifesto (2018) documents, the preparation of which involved several hundred employees.

OUR CORPORATE SOCIAL RESPONSIBILITY STRATEGY (CSR)

> Represented on the Group Executive Committee, the Company Commitment created in 2017 is tasked with:
>
> - strengthening the CSR and diversity practices and bringing all the Company's levers together to meet major societal challenges;
> - defining and implementing commitments concerning economic growth, expansion, environment and energy transition, social inclusion and local development, diversity and promotion of human rights.

The Group's CSR policy is one of the main components of this approach. In line with the United Nations' Sustainable Development Goals (SDGs), it is based on four pillars and 12 commitments that reflect its CSR challenges, as well as the Bank's concrete achievements. As part of a continuous improvement process, this strategy aims to build a more sustainable world while ensuring the Group's stability and performance. All of the Group's business lines, networks, subsidiaries and countries apply this policy, while adapting it to their specific characteristics.

A BANK COMMITTED TO A BETTER FUTURE

OUR 4 PILLARS

Our economic RESPONSIBILITY	Our social RESPONSIBILITY	Our civic RESPONSIBILITY	Our environmental RESPONSIBILITY
Financing the economy in an ethical manner	Developing and engaging our people responsibly	Being a positive agent for change	Accelerating the ecological and energy transition

OUR 12 COMMITMENTS

1 INVESTMENTS AND FINANCING WITH A POSITIVE IMPACT	4 PROMOTION OF DIVERSITY AND INCLUSION IN THE WORKPLACE	7 PRODUCTS AND SERVICES THAT ARE WIDELY ACCESSIBLE	10 ENABLING OUR CLIENTS TO TRANSITION TO A LOW-CARBON, RESPECTFUL OF THE ENVIRONMENT ECONOMY
2 ETHICS OF THE HIGHEST STANDARD	5 A GOOD PLACE TO WORK AND RESPONSIBLE EMPLOYMENT MANAGEMENT	8 COMBAT SOCIAL EXCLUSION AND SUPPORT HUMAN RIGHTS	11 REDUCE THE ENVIRONMENTAL IMPACT OF OUR OPERATIONS
3 SYSTEMATIC INTEGRATION AND MANAGEMENT OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS	6 A LEARNING COMPANY SUPPORTING DYNAMIC PROFESSIONAL PATH MANAGEMENT	9 CORPORATE PHILANTHROPY POLICY FOCUSED ON THE ARTS, SOLIDARITY AND THE ENVIRONMENT	12 ADVANCE AWARENESS AND SHARING OF BEST ENVIRONMENTAL PRACTICES

Governance

- driven by a culture of responsibility and integrity,
- based on best practices,
- involving the Board of Directors, the shareholders, the management and the whole Group,
- to ensure a sustainable future for our business and deliver a positive impact on society.

THE CSR POLICY MANAGEMENT DASHBOARD

Pillar	Commitment	Indicator	2018 Baseline	2019 Results	2020 Results	2021 Objective
Our economic responsibility	1 - Investments and financing with a positive impact	Share of loans to companies supporting the energy transition and sectors directly contributing to the SDGs[1]	€168 billion	€180 billion	€188 billion	Increase by €10 billion per year on average over the 2019-2021 period
	2 - Ethics of the highest standard	Percentage of employees trained in ethics and conduct issues	96.2%	95.4%	97%	Maintain more than 95% in 2021
Our social responsibility	4 - Promotion of diversity and inclusion in the workplace	Percentage of women among the SMP population (Senior Management Position)	28%	29%	31%	More than 31% in 2021
	5 – "Good place to work" and responsible employment management	Percentage of entities with more than 1,000 employees having made a commitment to disability	91%	94%	100%	100% in 2021
	6 - A learning company supporting dynamic professional path	Proportion of employees who completed at least two training courses during the previous 12 months	91.8%	94.8%	90.2%	Maintain more than 90% in 2021
Our civic responsibility	8 - Combat social exclusion through the support of associations and social enterprises	Number of solidarity hours performed by the employees	305,000 hours	> 450,000 hours	> 510,000 hours	1 million hours in 2021
	8 - Combat social exclusion through the support of associations and social enterprises	Support (financing, investments on behalf of the bank and third parties) to associations and Social and Solidarity Economy enterprises	€5.6 billion	€6.2 billion	€6.3 billion	€6.3 billion in 2021
Our environmental responsibility	10 - Enabling our clients to transition to a low-carbon economy respectful of the environment	Financing for renewable energies	€15.4 billion	€15.9 billion[2]	€17.8 billion	€18 billion in 2021
	11 - Reduce the environmental impacts of our own operations	Greenhouse gas emissions in teq CO_2/FTE(3) (kWh buildings and business travel)	2.45 teqCO_2/FTE	2.32 teqCO_2/FTE	1.85 teqCO_2/FTE	2.31 teqCO_2/FTE in 2021

(1) Indicator including loans and bond issues related to companies in sectors considered as contributing directly to the SDGs, as well as investment solutions contributing to the achievement of the SDGs.
(2) €14 billion on the more selective methodology applied from 2019.
(3) Full-Time Equivalent.

BNP PARIBAS' PUBLIC POSITIONS

BNP Paribas' approach to corporate social responsibility (CSR) is framed by the thematic and sector-specific public positions it has adopted. With a presence in 68 countries, the Group acts in compliance with numerous commitments, working groups and platforms.

Universal principles

For many years, BNP Paribas' actions have followed the framework of:

- the United Nations Global Compact (Advanced level);
- the United Nations Women's Empowerment Principles.

The financial industry's CSR commitments

The Group actively participates in designing and implementing long-term social and environmental solutions within the framework of:

- the Equator Principles;
- the Principles for Responsible Investment (PRI), for BNP Paribas Asset Management, BNP Paribas Real Estate Investment Management, BNP Paribas Cardif and BNP Paribas Securities Services and BNP Paribas Capital Partners;
- Principles for Responsible Banking (UNEP FI).

Commitments specific to the environment

Amongst BNP Paribas' environmental commitments:

- the Institutional Investors Group on Climate Change;
- the Round table on Sustainable Palm Oil (RSPO);
- the Science Based Target initiative;
- the Breakthrough Energy Coalition;
- the Task Force on Climate-related Financial Disclosures (TCFD);
- the Act4nature initiative;
- the Afep's[1] commitments to the circular economy;
- Medef's Business Climate Pledge;
- the Charter for the commitment and contribution of women to combat global warming;
- the Collective Commitment to Climate Action of the UN Principles for Responsible Banking;
- the Poseidon Principles.

Commitments to a more inclusive society

BNP Paribas is also supporting other key initiatives which bring together both public and private international stakeholders:

- the *Collectif des entreprises en faveur d'une économie plus inclusive en France* (Business collective for a more inclusive economy in France);
- Business for Inclusive Growth (B4IG).

Voluntary commitments defined by BNP Paribas

BNP Paribas has been committed for several years to going further in several sensitive sectors by setting itself additional obligations, through:

- the BNP Paribas commitments for the environment defining the Group's strategy concerning these challenges;
- financing and investment policies in the following sectors: agriculture, palm oil, defence, nuclear energy, paper pulp, coal energy, mining and non-conventional hydrocarbons;
- a list of excluded goods and activities such as tobacco, drift nets, the production of asbestos fibres, products containing PCBs[2], or the trading of any species regulated by the CITES convention (Convention on international trade in endangered species of wild fauna and flora) without the necessary authorisation;
- monitoring and restriction lists grouping businesses which do not meet the Group's CSR requirements;
- a Statement of BNP Paribas on human rights;
- an Anti-Corruption Policy;
- a Charter for responsible representation with respect to the public authorities;
- a BNP Paribas Sustainable Sourcing Charter;
- The BNP Paribas Responsible Business Principles;
- BNP Paribas and the protection of the oceans.

Two major voluntary commitments strengthened these actions in 2020:

- BNP Paribas announced a strategy for a complete exit from the thermal coal value chain by 2030 in the European Union and OECD countries, and by 2040 in the rest of the world;
- The Group also published its Tax Code of conduct. It is intended to inform its stakeholders about the Group's tax practices. Throughout the world, these principles are reflected in the payment of a significant contribution to the public finances of the various countries in which the Bank operates.

Think tanks

Several members of BNP Paribas' management as well as Group experts play an active role in strategic coalitions of active markets on CSR topics, for example:

- Jean-Laurent Bonnafé, Chief Executive Officer of the BNP Paribas Group, is Chairman of the *Entreprises pour l'Environnement* think tank (EpE brings together more than 50 companies);
- Antoine Sire, Head of Company Engagement at the BNP Paribas Group, co-chairs the informal working group tasked with preparing the work of the Task Force on Nature-related Financial Disclosure (TNFD);
- Laurence Pessez, CSR Director of the BNP Paribas Group, sits on the Banking Board of the Principles for Responsible Banking of the UNEP FI (PRB);
- Jane Ambachtsheer, Global Head of Sustainability at BNP Paribas Asset Management, and Mark Lewis, Chief Sustainability Strategist at BNP Paribas Asset Management, are members of the Task Force on Climate-related Financial Disclosures (TCFD);
- Helena Viñes-Fiestas, Head of Sustainability Research and Policy at BNP Paribas Asset Management, is Rapporteur of the working group on data and implementation of the European Union Sustainable Finance Platform.

(1) *French Association of private compronies.*

(2) *PCB: polychlorobiphenyls.*

PROGRESS ACKNOWLEDGED BY EXTRA-FINANCIAL RATING AGENCIES

The following table shows the most recent evaluations from the main extra-financial rating agencies and the inclusion of the BNP Paribas share in the related extra-financial indexes.

In 2020, the Group maintained or improved its performance in nearly all of its ratings, with scores that were generally far higher than the banking sector average.

Agency (Rating)	Rating (year of latest rating)	Rating (previous year)	Inclusion in the related indexes
CDP	A- (2020)	A- (2019)	-
FTSE Russell	4.9/5 (2020)	5/5 (2019)	FTSE4Good Global Index Series
ISS (ESG Corporate Rating)	C+ (2020)	C+ (2019)	Prime (best-in-class status)
MSCI (ESG Corporate Rating)	AA (2020)	A (2019)	-
SAM (Corporate Sustainability Assessment)	81/100 (2020)	79/100 (2019)	DJSI World – DJSI Europe
Sustainalytics (ESG Risk Rating)	Medium risk - 25.7/100(1) (Nov. 2020)	Medium risk - 28.5/100 (Sept. 2019)	STOXX Global ESG Leaders
V.E (ESG Profile)	71/100 (2020) No. 1 European bank in the ranking Solicited rating: A1+	70/100 (2019)	Euronext-Vigeo Eiris World 120, Eurozone 120, Europe 120 and France 20

(1): 0 being the best score.

BNP Paribas also obtained a score of 68/100 in the extra-financial assessment of **EcoVadis**, an agency specialising in the rating of companies as suppliers of products and services. This result places the Group in the **top 4% of the most responsible suppliers in the world** based on the full EcoVadis rating universe.

The Group is also represented in extra-financial indices focusing on social performance, reflecting its commitment to gender equality, diversity and inclusion (see *Promotion of diversity and inclusion in the workplace*, Commitment 4).

In 2020, BNP Paribas' Moroccan bank, BMCI, was listed in the V.E (formerly Vigeo Eiris) "**100 Best Emerging Market Performers Ranking**". It came second in the banking sector and fifth in all sectors combined.

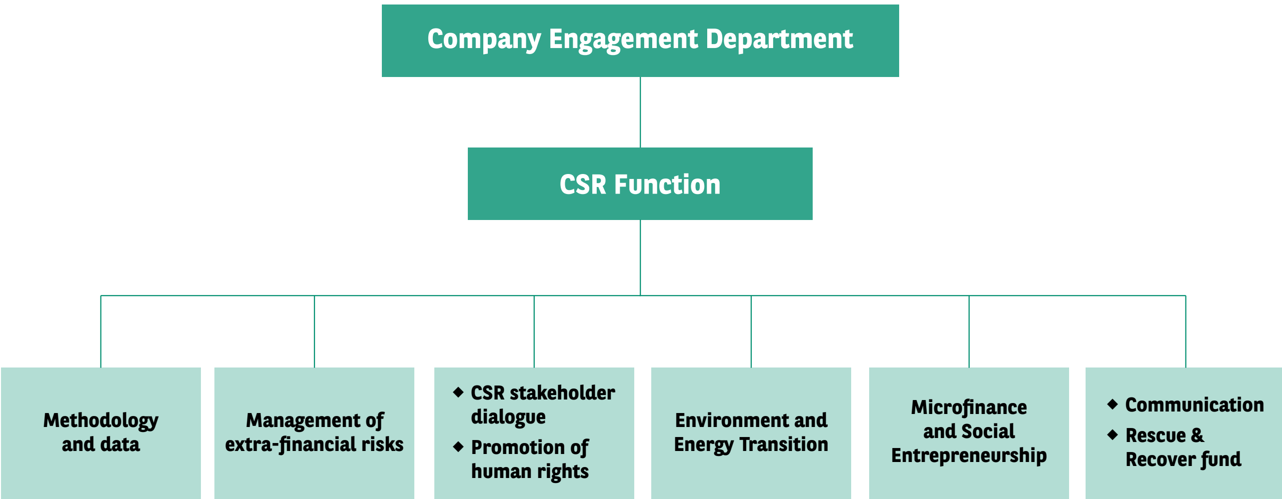
Likewise, other bodies and specialised magazines have acknowledged the Group's improved performance. Indeed, BNP Paribas:

- received the "**Investment Bank of the Year**" awards in the categories *Social Bonds* and *Sustainability-Linked Loans*, during the 2020 Investment Banking Awards organized by the reference magazine *The Banker*;
- was listed as the leading French bank and second European bank in the 2021 "**Global 100 Most Sustainable Corporations**" ranking of the Canadian magazine *Corporate Knights*, ranking in 46th place;
- was named "**2020 World's Best Bank for Financial Inclusion**" by Euromoney, the leading publication in international finance;
- ranked **first company in the CAC 40** for climate reporting performance in EcoAct's ranking, a consultancy specialising in carbon emission reduction strategies.

CSR, TAKEN TO THE HIGHEST LEVEL IN THE ORGANISATION

Year after year, BNP Paribas is making progress in implementing its CSR policy, and this is thanks to the daily commitment of its 193,319 FTE employees, with multiple CSR initiatives in their business lines at all levels of the organisation.

A dedicated department is responsible for managing the Bank's CSR commitments, reporting to the Company Engagement Department and represented in the Group Executive Committee. The assignments and responsibilities of the CSR Function are clearly defined in a directive from the Executive Management. At the Head Office, the CSR team is structured as follows:



It is based on a network created in 2012, which operates in the divisions, business lines, networks, departments and subsidiaries in order to facilitate the roll-out of the CSR policy across the whole Group. In total, more than 170 people spend all or a majority of their time on CSR matters within BNP Paribas. They can also call upon the expertise of nearly 400 contributors on specific topics such as direct environmental impacts, microfinance and even financing and investment policies. More generally, the Group's Executive Committee regularly decides on CSR topics and the Board of directors is given a presentation on the CSR strategy at least once a year. Finally, a member of the Executive Committee is responsible for CSR in each entity to ensure that CSR is integrated into the entity's strategy.

FOSTERING DIALOGUE WITH STAKEHOLDERS

Dialogue with stakeholders is at the heart of BNP Paribas' actions to promote social and environmental responsibility. This dialogue has a three-fold objective: anticipating change in our businesses developments and improving our products and services, optimising risk management, and finding innovative solutions which positively impact society.

- Dialogue with **the employees or employee representatives** are described in the social pillar of this document (see *Listening to employees* and *A quality social dialogue*, Commitment 5). Employees may use the Company's **whistleblowing system** (see *The whistleblowing system* in *Ethics of the highest standard*, Commitment 2).
- **Individual and small business clients** of all French Retail Banking entities have access to a **complaint management system**. Numerous entities provide their clients with the opportunity to use an independent ombudsman.
- In the framework of its asset management activities, **BNP Paribas Asset Management** engages with **companies in which the entity invests** on ESG (environmental, social and governance) topics in order to preserve, or even enhance, the medium and long-term value of the investments made on behalf of its clients. In 2020, discussions focused on energy transition, corporate governance, deforestation, equality and human rights. BNP Paribas Asset Management supports the ESG commitments of these companies through its voting rights policy (see *Inclusion of ESG criteria in assets under management*, in *Systematic integration and management of Environmental, Social and Governance risks (ESG)*, Commitment 3).
- BNP Paribas regularly exchanges with its main **suppliers**, primarily through business reviews, information sessions and themed morning events. The Group also offers them a redress procedure in case of difficulties. In France, an **internal mediator** of the Group, appointed in accordance with the commitments of the BNP Paribas Responsible Procurement Charter and independent of the Group Strategic Sourcing function, can be contacted by any supplier in the event of a dispute (contact details can be found online at the following website: www.group.bnpparibas/en). Seven referrals, mainly relating to late payments, were recorded in 2020.
- BNP Paribas presents its CSR strategy to **investors** several times a year and regularly informs extra-financial analysts. **30 different investors**, based in Europe and North America, were met at least once in 2020 on ESG topics.
- The Group has defined a policy and a management process for its relations with **advocacy NGOs**, in order to ensure a constructive, coordinated and productive dialogue with them. In 2020, BNP Paribas had **109 different exchanges** with these NGOs throughout the world.

- In order to better identify **civil society**'s expectations when making its strategy evolve, BNP Paribas has developed a decision-making tool to guide its actions and anticipate future challenges: the **"Corporate Engagement Barometer"**
- With regard to **regulatory organisations, governments and parliamentarians**, in November 2012, BNP Paribas adopted a "Charter for responsible representation with respect to the public authorities". In 2017, BNP Paribas was registered in the digital register of lobbyists, managed by the *Haute Autorité pour la Transparence de la Vie Publique* (HATVP, High Authority for Transparency in Public Life). In February 2014, the Group signed the joint declaration on transparency in lobbying, introduced by Transparency International France, then in May 2019 its revised version, thus renewing the commitments made in 2014 as a follow-up to the provisions of the Sapin 2 law on representation of interests. The dedicated website of its Public Affairs France Department details its work in the area of responsible representation(1). The **Group's public positions concerning banking and financial regulations** are also available on its website(2).

The **stakeholder mapping** and BNP Paribas' dialogue initiatives with each stakeholder are described in detail in the document "**How BNP Paribas listens to and takes into account the expectations of its stakeholders**", available in the CSR section of the corporate website(3). A **materiality matrix** presenting the most important issues for the Group's internal and external stakeholders is also available in section 7.7 *Extra-financial performance statement*.

(1) http://economieetentreprises.bnpparibas/fr/

(2) https://group.bnpparibas/en/key-public-positions-banking-financial-regulation.

(3) https://group.bnpparibas/en/organization-governance

7.2 Our economic responsibility: financing the economy in an ethical manner

BNP Paribas' primary mission is to meet its clients' needs, in particular by financing the projects of individual clients and businesses in an ethical manner, in order to drive economic development and create jobs. Given its leading positions in financial services in the 68 countries in which it operates, the Group's financing capacity and the way it conducts its business can have a direct impact on local economies. Aware of this economic responsibility, BNP Paribas bases its actions on it s three commitments:

- **Commitment 1:** Investments and financing with a positive impact;
- **Commitment 2:** Ethics of the highest standard;
- **Commitment 3:** Systematic integration and management of Environmental, Social and Governance risks (ESG).

In 2020, the Bank continued to develop its actions aimed at offering financing and investments that have a positive impact on society:

- in 2020, the total amount of **Group support for Social Enterprises** (financing, investments on its own behalf and on behalf of third parties) worldwide **exceeded EUR 2 billion**;
- the **BNP Paribas European Social Impact Bond** fund of EUR 10 million launched in January 2020 by BNP Paribas Asset Management for **the European Investment Fund (EIF) and BNP Paribas, has already invested in four Social Impact Bonds (SIB), 3 in France and 1 in Belgium**. Contributing to the development of social innovation and the support of social enterprises, the two players are able to invest, together and for the same amounts, in **the SIBs of the European Union**;
- in 2020, the Group structured and launched its very first SIB in Belgium, bringing the number of SIB structured by BNP Paribas to 10, three of which have already been repaid. In addition, the Group obtained a mandate from **UNDP** to support the design of a **Development Impact Bond** in Zambia.

2020 was also marked by many concrete contributions to BNP Paribas' economic responsibility, in particular as part of its ESG risk management policy:

- in line with its strategy of speeding up the energy transition, in 2020, BNP Paribas decided to **completely stop its financing of the coal industry** by 2030 in European Union and OECD countries and by 2040 for the rest of the world. In 2017, BNP Paribas was also the first bank to announce that it was suspending its financing of companies which generate most of their income from unconventional oil and gas, a measure which today is still amongst the most advanced in the sector;
- BNP Paribas strengthened its ESG system by deploying a multi-year programme – the **ESG Action Plan** – under the joint responsibility of the Head of Corporate Commitment and Head of Risk. This programme aims to both define the Group's ESG standards and to develop tools to analyse the Group's performance at customer and loan portfolio level.

COMMITMENT 1: INVESTMENTS AND FINANCING WITH A POSITIVE IMPACT

SUPPORTING SMES DURING THE COVID-19 CRISIS

BNP Paribas has developed the necessary organisational system and has the solid expertise required to contribute to the development of companies, SMEs in particular, which the Bank supports in an effective and efficient manner in its domestic markets and on the international stage. As an investor, BNP Paribas Cardif has strengthened its role in the financing of SMEs by investing in funds intended to support them in France (LAC1 funds of the Public Investment Bank) and internationally.

In 2020, the Retail Banking network was particularly mobilised to **support SMEs and help them better navigate the difficult period of the Covid-19 pandemic**. Whenever possible, BNP Paribas has opted for digital tools to enable its clients to stay informed while limiting travel. Measures have been implemented to offer flexible and exceptional solutions:

- in Italy, BNP Paribas announced a six-month deferral on corporate loans. Artigiancassa, a BNP Paribas subsidiary dedicated to artisans, granted additional credit lines to support companies, while setting up an information and assistance centre for its customers;
- in France, several major measures are currently being used to support companies: processing financing requests within a maximum of five days, regular contacts between SMEs and their advisors to assess the consequences of the crisis and determine action plans, developing treasury solutions and deferring loan repayments for up to six months.

In addition, the synthetic securitisation transaction carried out with the European Investment Bank and the European Investment Fund enables a part of the regulatory capital allocated to a portfolio of loans to SMEs and midcaps to be freed up and EUR 515 million to be deployed in new loans to Retail Banking customers in France over the next two years. This financing may take the form of bank loans or leases.

CONTRIBUTING TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

A CSR strategy aligned with the SDGs

The Group's CSR strategy fully contributes to achieving the UN's 17 SDGs that aim to build a sustainable future by 2030: ending poverty and hunger, promoting equality and building sustainable cities, whilst protecting the planet. It covers economic growth priorities, inclusion of vulnerable populations and preserving resources.

BNP Paribas contributes in particular to SDG 17 (partnerships for the achievement of goals) through numerous partnerships between banks (see below or in the areas of the environment (see *Advance awareness and sharing of best environmental practices*, Commitment 12)) or reducing inequalities (see *Commitments promoting a more inclusive society*, Our strategy).

A driving force in the governance of the United Nations Principles for Responsible Banking

Following the signature of the United Nations Principles for Responsible Banking in New York in 2019, BNP Paribas **chose to become even more actively involved** in promoting the SDGs and the Paris Agreement. Thus, Laurence Pessez, Group CSR Director, was elected to the PRB Banking Board in 2020. The priority areas of work are to share best practices and methodologies as well as to set up an advisory body representing civil society stakeholders.

By the end of 2020, 210 banks from 49 countries joined the PRBs. The measures selected to meet PRB transparency challenges are listed in the table of concordance (see *Table of concordance with GRI, ISO 26000, Global Compact, Sustainable Development Goals, Principles for Responsible Banking and TCFD* in section 7.8).

Measuring our contribution to the SDGs

More generally, it is important for BNP Paribas to measure its contribution to the SDGs. At the end of 2020, the amount of loans to companies supporting the energy transition and sectors directly contributing to the SDGs was EUR 188 billion(1) (compared to EUR 180 billion in 2019).

Economic sectors making a full contribution to the SDGs

A methodology has been defined and validated by the extra-financial rating agency V.E. (formerly Vigeo Eiris). Some business sectors are identified for their positive overall contribution to the SDGs such as, for example, non-profit, social, education, health, waste management, public transport and renewable energies.

Other activities are also considered as having a positive impact, such as Group support to **microfinance** (see Products and services that are widely accessible, Commitment 7), to **social enterprises** (see Financing social entrepreneurship, Commitment 1) to energy efficiency (see *Enabling our clients to transition to a low-carbon economy respectful of the environment*, Commitment 10) and also **partnerships with international institutions**.

Partnerships with development banks and institutions

Thanks to these partnerships, the total amount of which reached EUR 850 million in 2020, **BNP Paribas provides specific support** to targeted categories of customers and sectors: SME (Tunisia), support for exports and energy efficiency (Morocco and Poland), women entrepreneurs (Turkey, Morocco, *etc.*) and for greener maritime transport.

Financing with a strong positive impact

Some transactions do not belong to any of the sectors mentioned above but also contribute to the achievement of the SDGs through their positive impacts. This is the case for the financing of extension of telecommunication networks in low-income countries or financing pharmaceutical companies in these same countries.

In the area of positive impact transactions, Sustainability-Linked Loans (SLL) allow **adjustment of the loan rate according to the achievement of environmental and/or social objectives** by the borrower. BNP Paribas, which is one of the leaders in this sector, was ranked first for the Europe, Middle East and Africa (EMEA) region by Dealogic at the end of 2020. In total, BNP Paribas participated in SLLs for an aggregate amount of EUR 109 billion in 2020, including EUR 9.4 billion directly underwritten by the Bank with major corporate clients.

Other innovative products are also developed by the Bank. Following the first issue of a **Sustainability-Linked Bond** (SLB) in 2019 for ENEL, BNP Paribas made this SLB product available to support Suzanno, a company in the wood pulp sector. The Group also participated in the first sovereign bond issue linked to Mexico's Sustainable Development Goals.

Other products contributing to the achievement of the SDGs

In order to offer its large corporate clients short-term investment solutions in line with the SDGs, BNP Paribas developed in 2020 **a short-term investment offer: Sustainable Deposit**. The approach is based on the existing methodology for measuring the contribution to the SDGs and has been reviewed favourably by the extra-financial rating agency V.E.(2) The first Sustainable Deposit was signed in September 2020 with the Unilever Group.

To enable the savings of its individual customers and institutional clients to contribute to achieving the SDGs, the Group has developed an entire range of products and services:

- thanks to a tool, MyImpact, BNP Paribas Wealth Management guides its clients towards sustainable investments and philanthropic actions supporting the SDGs that best match their needs and values. Building on its success in France (more than 3,000 user customers), this tool is now deployed in several other European countries;

(1) Amount including loans and bond issues related to companies in sectors considered as contributing directly to the SDGs, as well as investment solutions contributing to the achievement of the SDGs.

(2) Formerly Vigeo Eiris.

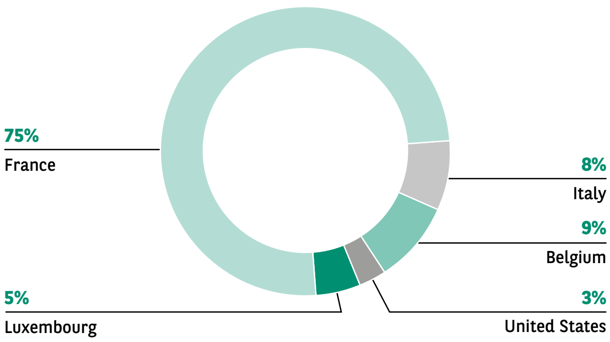
- the corporate and investment bank, BNP Paribas Corporate and Institutional Banking, has launched a range of responsible indices. Private investors and institutions can, therefore, identify companies that make a significant contribution to achieving the SDGs with regard to the products that they offer or their exemplary conduct. Since 2013, BNP Paribas has launched 29 ethical indices, five of which are closely linked to the SDGs, which have made it possible to raise over EUR 7.9 billion;
- in 2020, BNP Paribas Cardif made a positive impact of EUR 9.1 billion in investments in the frame of the France general fund. This includes green or social bonds held directly funds in equity, bonds, infrastructure, private equity and real estate investments with a social or environmental theme. The increase was 40% over the past year. A target of EUR 11.5 billion in positive impact investments by the end of 2024 was set in 2020 (+EUR 5 billion compared to 2019).

FINANCING SOCIAL ENTREPRENEURSHIP

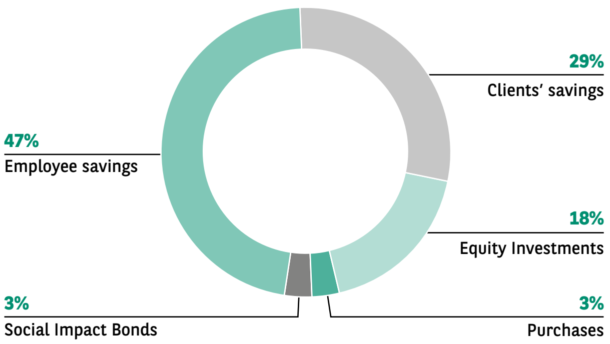
Thanks to their hybrid business models, social enterprises (SE) aim to generate a strong positive social or environmental impact, while seeking economic sustainability.

Continued growth in impact financing and investing, as well as in the number of social enterprises supported by the Group

➤ FINANCING TO SOCIAL ENTERPRISES: EUR 1.6 BILLION



➤ INVESTMENTS AND OTHER SUPPORT FOR SOCIAL ENTERPRISES (IN ADDITION TO FINANCING): EUR 200 MILLION



The Group's commitment to supporting Social Entrepreneurship exceeds EUR 2 billion

In 2020, total support for social enterprises and Microfinance institutions ("MFIs") (financing, investments on its own behalf or on behalf of third parties) amounted to EUR 2.2 billion worldwide, compared to EUR 1.9 billion at the end of 2019, a 17% growth compared to 2019. The Bank provides support in the form of banking and financing services to 2,600 social enterprises clients (including MFIs and some companies Tech for Good).

"Act for Impact", the holistic and scalable approach to support social enterprises, already deployed in France and Luxembourg, is an ecosystem of experts that offers unique banking support, tailored extra-banking services and key, dedicated partnerships, social enterprises, whether they are start-ups (Tech for Good), associations or cooperatives:

The "Act for Impact" offer continued to grow and diversify in 2020:

- strong growth in the network of relationship managers (140 in France, 16 in Belgium, 43 in Italy, 16 in Luxembourg) trained in the specifics of social entrepreneurship with a very strong regional network;
- the creation of a pro bono platform, to connect our clients and partners with expert employees;
- specialised centres of expertise, such as the circular economy centre created in France in 2020;
- EUR 9 million of new investments in funds dedicated to impact entrepreneurs: the Impact Croissance fund for the change of scale of the SE, the Ring for Good fund for social start-ups;
- large scale partnerships with the SE ecosystem, and in particular in 2020 with the Mouvement Impact France, and with the 1KUBATOR in Lyon, Nantes, Rennes, Bordeaux, Lille and Strasbourg.

Social Entrepreneurship (SE) in the context of Covid-19

The year 2020 was marked by intense work to support social enterprises that suffered from the health crisis.

This support consisted of:

- a donation budget of EUR 1.5 million allocated to social and solidarity economy (SSE) players, including the contribution to the funds of Adie and France Active, proposing collateral-free loans to small entrepreneurs in distress, or the contribution to the fund to support small structures of the SSE, launched by the High Commissioner for SSE;
- the granting of State-guaranteed loans in favour of 250 social enterprises clients for an amount of EUR 103 million;
- an exceptional scheme set up with Ulule and BRUT "Covid-19 solidarity accelerator" which, with a matching contribution from BNP Paribas, has supported several crowdfunding campaigns launched by social enterprises that provide emergency solutions to people affected by the crisis;
- Bank of the West developed #SpreadGood to support women entrepreneurs whose projects have a positive impact on society or the environment, through coaching sessions and customised content;
- The organisation of two **Social Enterprise Hackathons**: 60 Group Talent employees were made available to 10 SE partners and clients in Europe and Africa, to help them transform their business model while maintaining their profitability in the context of the Covid-19 crisis.

The year 2020 was also marked by:

- a methodological guide[1] on Social Impact Contracts, co-authored with Impact Invest Lab[2];
- BNP Paribas Cardif's investment in the Blue Like an Orange Sustainable Capital fund, which finances companies in Latin America that contribute to social and inclusive growth;
- the development of "**Tilia**", the second social business incubated by the Group. It was designed by an employee within the People's Lab4Good, the internal incubator for **intrapreneurial projects with positive impact**, and then supported by the **Grameen Creative Lab**, as part of the partnership with **the Nobel Peace Prize Prof. M. Yunus**. Tilia offers multiple solutions for caregivers who care for a loved one in need of autonomy (more than 11 million people in France), and promotes lobbying and advocacy actions to raise awareness among companies and public authorities about caregiver difficulties (see Commitment 6: *A learning company supporting dynamic professional path management*).

Development of Social Impact Bonds

BNP Paribas continued to develop **Social Impact Bonds (SIBs)** (or Social Impact Contracts, CIS, in French), as a arranger and investor. The global health crisis has strongly impacted the majority of these projects, requiring significant local support work to adapt or restructure certain SIB, and sometimes resulting in early repayment, as was the case for the two SIBs co-structured by the Group in the United States.

In March, BNP Paribas launched its first structured SIB in Belgium, with the **Oranjehuis** association, to finance the project "**Back on Track**".

This project, for which the Flemish Ministry of Welfare and Families is Outcome Payer, aims to reintegrate 133 vulnerable young adults between the ages of 17 and 25, who are about to become homeless or have just come out of prison. To achieve this objective, the **Oranjehuis** association is based on the principle of Housing First for Youth, a methodology that initially focuses on access to long-term housing, an essential prerequisite before starting intensive and personalised support for young people during one year, aiming to acheiving their social and professional (re)integration. EUR 1.7 million of private capital was mobilised from investors to pre-finance this project. Among them, the BNP Paribas **European Social Impact Bond** fund, BNP Paribas Fortis, BESIX Foundation and Boss Paints. The programme will run for three years and will generate at least **EUR 3.8 million in savings** for the society in the event of total success.

This is the **10th SIB (co)structured by BNP Paribas** in the world between 2016 and 2020 on various themes such as child protection, professional integration, equal opportunities in education, *etc*.

Three of these SIBs are now completed and have been successful.

If the seven current SIBs achieve their social impact targets, then:

- more than 500 vulnerable people will have access to a stable occupation;
- more than 1,000 students will have benefited from specific support to continue their studies;
- more than 130 children will have avoided foster care.

The **BNP Paribas European Social Impact Bond Fund** of EUR 10 million launched in January 2020 by BNP Paribas Asset Management for the **European Investment Fund (EIF) and BNP Paribas**, has already invested in four Social Impact Bonds *(Fondation d'Auteuil Loire Atlantique* and *Gironde, Article 1* and *Oranjehuis)* for an amount of EUR 4.4 million. Numerous other SIBs are being studied, structured or invested in the Netherlands, Italy and France. This fund aims to:

- contribute to generalising the impact of Social Impact Bonds and give them more visibility;
- test societal innovations thanks to the leverage effect of this investment;
- encourage a greater number of institutional investors to join BNP Paribas and the EIF.

In addition, after winning the call for tender, the Group supported the United Nations Development Programme (UNDP) in the design of a **DIB** (**Development Impact Bond**, *i.e.* a dedicated SIB for emerging countries) in Zambia. The first of its kind, this DIB aims to help smallholder tobacco growers in Zambia to make the transition to selected food crops to combat malnutrition in the country and against deforestation due to tobacco growing, and to improve the health of farmers and their working conditions.

DESIGN AND PROMOTION OF SUSTAINABLE INVESTMENT FUNDS

BNP Paribas is a major player in sustainable finance through its various subsidiaries in asset management and distribution.

A leading player in sustainable investment, BNP Paribas Asset Management incorporates ESG criteria into its investment processes. For its clients who also want to generate a positive impact with their savings, **BNP Paribas Asset Management offers** "**Sustainable+**[3]" funds which represented as at 31 December 2020 more than EUR 92 billion in assets under management, *i.e.* nearly 19% of total assets under management by BNP Paribas Asset Management.

In 2020, BNP Paribas Asset Management consolidated its leading position in the French and Belgian markets in terms of SRI-labelled assets under management. In France, the subsidiary is the leader with EUR 46.5 billion labelled and in second place by number of labelled funds. BNP Paribas Asset Management also ranks first in Belgium in terms of labelled assets under management and funds, with a total of EUR 68.5 billion (some of which are also labelled in France).

Obtaining these SRI labels underlines BNP Paribas Asset Management's long-term commitment to developing and promoting this type of product to investors and savers.

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(1) https://iilab.fr/publications-investissement-a-impact-social/

(2) Social impact investing experimentation and development platform (https://iilab.fr).

(3) Including SRI-certified funds.

Funds		Label – France				Label – Belgium
		SRI label(1)	Greenfin(2)	Finansol(3)	CIES(4)	Towards Sustainability(5)
Equities	55 certified funds	34		1	1	44
Bonds	25 certified funds	11	1	2	1	24
Diversified	37 certified funds	4		4	2	30
Money market	2 certified funds	2			1	1

(1) *The SRI* ***label*** *was created in 2016 and supported by the French Ministry of Economy and Finance, to increase the visibility of SRI products to savers both in France and Europe-wide.*
(2) *The* **Greenfin label was created by the French Ministry for the Ecological and Inclusive Transition***, and endorses the green credentials of investment funds.*
(3) *The* **French label Finansol** *identifies investment funds in the solidarity economy and microfinance.*
(4) *The* ***French CIES label*** *(Comité Intersyndical de l'Épargne Salariale – inter-union employee savings scheme committee) certifies the incorporation of ESG criteria into employee savings.*
(5) *In* **Belgium***,* ***the Towards Sustainability label****, granted by Febelfin, aims to reassure potential investors that financial products are managed with sustainability in mind.*

2020 marked **the entry of BNP Paribas Real Estate Investment Management (REIM) in the universe of SRI-labelled funds in France**: the BNP Paribas Diversipierre OPCI, managed by BNP Paribas REIM, was one of the first funds to obtain the French SRI certification applied to real estate. To this end, the teams have developed an SRI rating grid to assess a real estate asset through the prism of ESG criteria.

BNP Paribas Wealth Management continued to roll out its sustainable investment approach in 2020: **one-third of assets are now invested in a sustainable manner**. Among these, assets under SRI management amounted to EUR 21.4 billion, representing growth of 42% per year since 2011.

TAILORED ADVICE AND SUPPORT

Supporting female entrepreneurship

More than 270 million women run or are in the process of starting a business worldwide, which is still low compared to the number of women in the workforce. In France, for example, only 30% of entrepreneurs are women. And yet, women play a major role in economic and social development, particularly in emerging countries. This is why the Group contributes through its entities to accelerate the growth of women-founded start-up and SME, through for example:

- the ConnectHer programme, which gives French women entrepreneurs access to a network of specialist advisors. It also includes a financing component through a loan budget of EUR 2 billion in 2020 and a commitment to invest at least 10% of the total amount in companies managed or founded by women;
- the launch of the programme "**Women in Business**" in Ukraine, which provided more than 400 women entrepreneurs with practical information on how to develop their businesses and networks;
- the continuation of the Agrifed project (Agriculture, Women and Sustainable Development). Structured by UN Women, one of the objectives of this project is the financial independence of women in northern Senegal through climate-resilient agriculture.

Start-up and innovative companies

BNP Paribas continues to strengthen its ecosystem designed to promote the development and support of innovative companies. In France, this includes:

- 65 Hubs (WAI – WeAreInnovation), including one dedicated to "FinTech", composed of specialised employees. More than 3,500 start-ups and innovative client companies are supported in this system;
- an investment activity in "venture capital" coordinated by a dedicated team that enabled three new investments in disruptive health and innovation funds in 2020, bringing the total number of innovation investment funds supported by the France network to 32.

In addition, Retail Banking networks have developed connection events and open innovation programmes, enabling collaboration between start-ups and clients of SME, medium-sized companies and large companies. For example, TEB has supported nearly 90 Turkish entrepreneurs in one of these programmes.

COMMITMENT 2: ETHICS OF THE HIGHEST STANDARD

The respect of the most rigorous ethical standards is a prerequisite at BNP Paribas. All Group employees are required to strictly respect all laws, rules and regulations in effect, as well as all professional standards that apply to their activities. In the event of conflict between the laws of a country and BNP Paribas' ethical rules, the Group's employees are required to respect local legislation while at the same time looking for ways to apply and respect internal ethical rules.

ETHICS OF THE HIGHEST STANDARD

Code of conduct

In May 2016, BNP Paribas published and distributed to all its employees its new Code of conduct supplemented in 2018 by a more specific section on anti-corruption. It is accessible to everyone on the Group's website[(1)]. Mandatory online training in the Code of conduct was delivered in 2016, and has continued since then for new hires.

The whistleblowing system

BNP Paribas has a dedicated internal ethics alert (whistleblowing) system, based on dedicated communications channels, available to employees on the intranet. Every employee has the right to report ethics violations and the ethics alert policy guarantees employees exercising this right protection against the risk of retaliation for having launched an internal alert in good faith.

The whistleblowing system is subject to continuous improvement measures. It was reviewed in 2018 to meet new regulatory standards (Sapin 2 law, MiFID 2 and Duty of Care) and to strengthen protection for the whistleblower: through a thematic memo sent to all employees, the communication of rules, and the creation of a dedicated forum for whistleblowing referents (employees tasked with the reception and processing of ethics alerts), in order to standardise the handling of these cases.

The fight against corruption and money laundering

In terms of financial security, the Group continued to develop its Anti-Money Laundering and the Financing of Terrorism (AML/CFT) system through the **updating** of several key elements of its regulatory framework, in addition to organisational and IT **developments**. It also continued with the implementation of the programme to ensure compliance with the Sapin 2 law of 9 December 2016, in its "fight against corruption" section.

Thus, the BNP Paribas **system** in terms of preventing and managing acts of corruption **was strengthened**:

- the corruption risk mapping methodology has been aligned with the Group procedure of the Risk Function as regards the general framework for the identification and assessment of operational risks and controls – Operational risk mapping process (Risk & Control Self-Assessment) to enable a more detailed analysis of corruption risks and scenarios by process;
- the employees most exposed to the risks of corruption received a dedicated online training course; and
- work has been undertaken to improve the management of risks concerning supplier relations and accounting controls, with better consideration of corruption risks.

Training

In 2020, 97% of the Group's employees completed the online training on "International sanctions and embargoes".

The "anti-corruption" training for the most exposed employees, *i.e.* 27,000 employees, was carried out, reaching 95.9%.

Regarding competition law, 96% of the Group's employees (not accounting for exempted individuals) passed the "Competition Law and You" training at the end of 2020. In order to boost awareness through an innovative format, a video module entitled "Compliance with Competition Law – make the right decisions" was launched in mid-December 2020.

Lastly, in 2020, 99.8% of the Group's employees took the "Know Your Data" (KYD) training as part of the Compliance training programme (compared to 91.3% in 2019). In addition, 90.7% of employees in the European Economic Area completed the "Personal Data Protection" training in 2020 (compared to 87% in 2018). This module will now be part of a dedicated section of the new training course entitled "Personal Data Protection Awareness", which will be launched in 2021 and will be aimed at all Group employees. This new training course includes an improved section on Personal Data Protection at BNP Paribas with concrete actions to help teams better understand their responsibilities.

The fight against tax evasion

Compliance with all tax obligations is one of the BNP Paribas Group's commitments in terms of economic, social, civic and environmental responsibility. The tax compliance of transactions intended to meet its needs or those of its clients is therefore a major objective of the Group's governance, which, for this purpose, has defined principles and procedures applicable to all transactions in which the Group is a stakeholder. These elements are included in the BNP Paribas Group's Tax code of conduct published in 2020[(2)].

(1) https://group.bnpparibas/uploads/file/codeofconduct_en_11_01_2018_40p.pdf

(2) https://group.bnpparibas/uploads/file/the_bnp_paribas_group_s_code_of_tax_conduct.pdf

The Group's tax principles

The decisions taken by the BNP Paribas Group are guided by **the desire to meet the needs of** the real economy, and not by tax considerations.

The choice of location results from the Group's desire to provide its customers with the best possible service. In addition, BNP Paribas **avoids setting up in countries or territories considered as non-cooperative** by France, the European Union or the OECD.

In all the jurisdictions in which it operates, the Group **ensures compliance with tax rules** pursuant to treaties, laws and regulations, as well as the payment of all corresponding taxes whatsoever.

The transfer pricing policy applicable to intra-group cross-border transactions excludes any search for tax optimisation. In accordance with the OECD recommendations, it promotes the so-called arm's length principle, under which transactions between entities of the same group are carried out under market conditions.

Around the world, **the Group seeks to establish and maintain a cooperative relationship with tax authorities**. As such, it pays particular attention to compliance with transparency requirements *vis-à-vis* the tax authorities, and in particular the obligations relating to transactions that must be the subject of a specific declaration to these authorities (disclosure rules resulting from national laws or European directives).

The Group takes the greatest care in ensuring the tax compliance of its clients:

- the Group is prohibited from participating in transactions for the benefit of its clients that could lead to an undue tax advantage;
- in the field of Private Banking, the Group:
  - requires from its non-resident customers a declaration of compliance with their tax obligations, corroborating the other data collected by the bank's teams; failing this, the relationship is terminated,
  - has as a rule not to enter into relations with companies registered in countries or territories considered as non-cooperative;
- the Group ensures **the proper application of all provisions governing withholding taxes** as well as the transfer of these funds to the budgets of the countries or territories concerned;
- the Group also ensures **the quality and completeness of information it transmits** automatically, on request, or spontaneously, **to public authorities**.

The Group's fiscally responsible behaviour is reflected in the fair contribution it makes to the revenues of the countries or territories in which it operates.

Each year, the Group is fully transparent by publishing a table presenting, country by country, the net banking income, headcount and income, as well as corporate income tax paid (See *Information on locations and businesses,* chapter 8, page 6, page 644).

Mandatory deductions payable by BNP Paribas

Globally, the amount of taxes owed by the Group reached EUR 5.9 billion in 2020.

In France, the Group paid taxes and duties of EUR 2.5 billion in 2020.

In addition, the Group plays, free of charge, an essential tax collector role on behalf of public authorities, by withholding taxes relating to both transactions carried out by its customers and the income paid to them.

All of these elements are included in the BNP Paribas Group's tax Code of conduct[1].

PROTECTING CLIENTS' INTERESTS

Protecting clients' interests is a major concern for BNP Paribas. Therefore, the Group has chosen to place this issue at the heart of its Code of conduct and has set up a dedicated expert group within the Group Compliance teams. Protecting clients' interests is based in particular on the Code of conduct and the Clients' Interests Protection (CIP) policy which now also includes the management of client complaints.

A general Group-wide policy

The **Clients' Interests Protection (CIP) defines the applicable rules of organisation and conduct** within the Group in terms of protecting customers' interests.

These rules must be observed throughout the relationship with the customer and at all stages of the life cycle of products and services, **to mitigate the following** major **generic** risks:

- **product and service suitability:** risk of selling a product or service that does not meet clients' needs or situation;
- **information provided:** risk of misleading and/or unclear information being provided to clients, which prevents them from making an informed decision;
- **CIP-related conflicts of interests:** risk of not acting in the client's best interests by prioritising the interests of the Group, its employees, its partners or other clients; note that the Conflicts of Interest Policy was updated in 2020;
- **managing client complaints:** preventing them from risk of complaints being processed incorrectly.

Relevant employees (in particular Front Office and Management) are trained in the CIP. Verification of the correct **application of the Code of conduct and the Clients' Interests Protection policy** is the responsibility of all internal control players: permanent control, the control functions (Compliance and Legal), and the General Inspection.

(1) *https://group.bnpparibas/uploads/file/the_bnp_paribas_group_s_code_of_tax_conduct.pdf*

These commitments are translated into concrete practices deployed in all Group entities, depending on their specific characteristics:

- **dialogue with consumer associations** and other stakeholders is encouraged to gather their opinions on new ways to improve clients' interests protection;
- the **approval procedures for new products and services:** in addition to the issues of clients' interests, Environmental, Social and Governance (ESG) criteria will be increasingly integrated into the approval process for new products. In particular, the MIFID and IDD regulations[(1)] should soon be amended so that clients 'preferences in terms of ESG are taken into account in determining the target market and the marketing of financial and insurance investment products;
- the **structure of the commercial teams**' remuneration is also subject to qualitative criteria aimed at discouraging transactions that are contrary to the client's interests. For French Retail Banking, for example, the variable remuneration system for sales teams is structured around four aspects of their business, expressing the performance expected of the employee: the quality of the customer relationship, commercial development, management of risks and compliance, as well as management (for the employees concerned). BNP Paribas Fortis in Belgium took five strategic decisions ("High 5 for Positive Banking") to be implemented by 2025. A share of the variable compensation is linked to several of this strategy's targets, one of which relates to customer satisfaction;
- **supporting vulnerable customers** and, more generally, the fighting against exclusion are an integral part of BNP Paribas' values through its day-to-day activities and its policy as a responsible bank (see *Products and services that are widely accessible*, Commitment 7):
  - in **Turkey,** taking into account the urgent and specific needs of its customers in the context of the health crisis, BNP Paribas TEB has made its banking services and products widely available, in a quick and convenient way, via its online banking application CEPTETEB;
  - **French Retail Banking** has set up a specific offer and dedicated support for financially vulnerable customers. In 2020, as part of a collective of large companies promoting a more inclusive economy, French Retail Banking launched a platform reserved for its customers identified as having financial difficulties, giving them access to financial solutions offered by BNP Paribas partners (microinsurance, adapted telephone/internet rates, job offers, *etc.*);
  - in 2020, **BNP Paribas Cardif** communicated best practices to the 33 countries in which the company operates to help them identifying a vulnerable customer and proposing an offer that is tailored to its specific needs, BNP Paribas Cardif also offered useful services to its policyholders in times of crisis, in particular with the implementation of an "employability" platform for its customers affected by unemployment in Latin America, or the partnership with Coursera enabling them to be trained free of charge;
- the Group is committed to being exemplary in the protection of customers' **personal data** (see *Promoting respect for human rights*, Commitment 8);
- employees are **made aware and trained** on a large scale about clients' interests. At the end of November 2020, the "CIP Discovery" e-learning had been taken by 95.7% of newcomers. Seminars are offered to Compliance employees and other correspondents concerned by the CIP. In 2020, in the context of the health crisis, these seminars were mostly held remotely. For example, "CIP weeks", which take the form of daily sessions lasting one and a half hours over a full week. The last session, from 14 to 18 December 2020, provided an update on the essentials of the CIP and hot topics.

Complaints management and mediation

As an indicator of areas for improvement and a way of converting a dissatisfied customer into an ambassador, the management of customer complaints is considered a major issue for the Bank, hence its inclusion in the Group's CIP policy since 2017.

Customer complaints statistics are regularly communicated to the CIP domain. They are one of the indicators used by the Central CIP Domain in its work to identify and monitor risks.

As the CIP is essentially locally applied, here is an example of the situation in our main Domestic Markets:

- in **Italy**, the number of complaints increased by 18%, of which more than 10% related to the Covid-19 pandemic, and mainly focused on the issue of loan allocation. Despite this increase in volume, the percentage of customer complaints processed within the set deadlines remained at 99% in 2020 (99% in 2019 and 98% in 2018) thanks to a continuous improvement process. BNL banca commerciale (bc) also pursued its goal of reducing the amount of complaints received through cause analysis and corrective action plans set up. BNL bc took steps in 2020 to reduce complaints in the areas of fraud, account closure times and requests for copies of documents and banking contracts;
- in **Belgium**, 90.9% of complaints were dealt with within the deadlines set in 2020 (91.6% in 2019), including 78.8% within five working days (compared with 76.7% in 2019). This progress is due to the greater autonomy of the sales network and the teams in charge of handling complaints, as well as the increasing number of complaints by telephone, which shortens the processing time and improves the customer experience;
- in **France**, there is a specific business line for processing customer complaints. There is a dedicated team and governance arrangements for the early identification and resolution of sources of customer dissatisfaction. In 2020, the digital collection of complaints made it possible to save time and improve the flow of complaints. 92% of complaints were handled within the set timeframe. Almost 30% of alerts allowed a corrective or preventive action;

(1) MIFID: Markets in Financial Instruments Directive; IDD: Insurance Distribution Directive.

- in all businesses of the **International Retail Banking division**, the quality of the customer complaints management is subject to increased vigilance. Thus, an awareness programme was launched at the end of 2020 in the vast majority of countries to remind teams of best practices and train them to establish a relevant classification of complaints by type of subject (fraud, protection of customer interests, *etc.*) to improve reporting and the implementation of effective and targeted corrective actions;
- within **BNP Paribas Cardif**, the "Clients Committee at the Heart of Cardif" (C3C) is part of the framework to protect the interests of its customers. This Committee examines the files of customers (borrower insurance, Covid-19 risk, *etc.*) for which coverage is refused on the grounds of applying the general conditions of the contract, but which deserve to be reconsidered in view of the specific situation of the customer and in the context of the insurer's social responsibility. These customer files may come from the customer complaints department, but also from any other department wishing to have an informed opinion on the follow-up to be given to a request. The needs of customers presented during this committee can also be the source of improvements in management processes, customer experience or insurance products, in order to always better protect their interests.

Numerous Group entities, such as BNP Paribas Personal Finance, BNP Paribas Cardif, the Retail Banking networks in France, Belgium, Italy, Morocco, Senegal, Ukraine, Poland and Turkey, **offer the services of independent mediators** that customers can call upon. In 2020, in France, Italy and Belgium, clients use the national mediation service organised by the regulatory bodies.

Transparency of the offer

Helping to protect clients' interests, their understanding of banking products, and the transparency of products and services are more than ever at the heart of the Group's concerns.

- In **Poland**, BNP Paribas Bank Polska offers all its customers, in branches or via call centers and social networks, the option of obtaining copies of contracts in Braille, Polish sign language, audio version and large-print versions within seven days. In 2020, the bank further developed new **tools for the deaf and hard of hearing**: a free sign language translation service available online since June, and the Booksy app now enabling customers to make an appointment with an advisor while benefiting from real-time translation. The advisers were also trained in basic sign language formulas in order to be **more welcoming to** branch customers.
- **BNP Paribas Cardif** aims to make insurance more accessible, *i.e.* easier to take out and use, more inclusive, easier to understand and simpler. This involves, in particular, the **simplification of products and all sales documents** and emails, as the use of a **simple, welcoming and educational language**. To date, more than 10,000 documents have been translated into a standard "B1" language, which is, according to the Common European Reference Framework for Languages, a level mastered by the majority of clients. Furthermore, in France, in order to enable customers who are deaf or hearing-impaired to access customer relationship centres (CRCs) independently and receive the information they need to monitor their savings plans, borrower's insurance or individual retirement cover, BNP Paribas Cardif is now offering a three-way meeting using video-conferencing tools whereby deaf or hearing-impaired customers can meet remotely with a sign language interpreter (video-conference communication) and a CRC adviser.

Monitoring customer satisfaction

Customer satisfaction is crucial for adapting product and service offerings to demand, in order to always serve customer interests as best possible by analysing complaints and areas of dissatisfaction.

In 2020, average customer satisfaction scores remained stable in all four Domestic Markets:

- French Retail Banking: 7.59/10 (7.51 in 2019);
- BNP Paribas BNL bc: 8.04/10 (8.37/10 in 2019[1]);
- BNP Paribas BGL: 7.10/10 (7.6/10 in 2019);
- BNP Paribas Fortis: 7.5/10 (7.1 in 2019).

The "Advocacy" programme

Since customers are at the heart of its strategy, the Group has been rolling out the Advocacy programme since 2013, which allows it to listen to the voice of customers and employees throughout the relationship with them and improve their experience.

Operational for all customer types, the programme is deployed by the "Client & Employee Advocacy" teams using the Net Promoter System (NPS) methodology.

Within the Retail Banking & Services entities, the Net Promoter System covers all Domestic Markets, India, and all the businesses and countries of the International Financial Services division. **The Group's objective is to ensure that its entities improve their rankings year-on-year in comparison with their competitors in the countries in which they are based.**

In this context, the Net Promoter Score is the common indicator within BNP Paribas that measures how much the Company is recommended by customers.

Achievements within Domestic Markets

- At the end of 2020, each entity knew its NPS ranking compared to its competitors for all business lines;
- BNL banca commerciale (bc) and French Retail Banking have made significant progress since 2017 in Retail (respectively +6 points and +9 points);
- BNP Paribas Fortis Private Banking becomes leader among private banks in Belgium (+ 22 points in one year);
- Advocacy is now available in France, Belgium, Italy, Luxembourg and Germany, across all customer segments. The customer is placed at the centre of this system, which is based on a broad and regular collection of feedback from customers in the main contact channels and customer journeys;

(1) Changes in methodology to note in 2020: the survey carried out by BNL bc in 2020 corresponds to the satisfaction of customers after a customer service request (call centres). BNL bc's data have therefore been harmonised for 2020 and 2019 on the basis of this methodology in order to make them comparable.

- In 2020, in the four Domestic Markets (France, Belgium, Italy and Luxembourg), 3.9 million surveys were sent to customers (by email, SMS or telephone) to collect their feedback. More than 500,000 responses (by email or SMS) were received, *i.e.* a response rate of around 13%. This feedback is essential to understand their expectations and adapt the offer and customer experience accordingly;
- The results and customer feedback are communicated to an increasingly large audience of employees in order to raise their awareness and promote a continuous improvement approach in the branches and in the customer journeys;
- The initial relationship process for individuals has been digitised and simplified with very positive results in France (+53 points on the transactional NPS[1] in one year). Customers can now take out a home loan digitally in Belgium, France and Italy.

Achievements within International Financial Services (IFS)

- The systems for measuring NPS and customer dissatisfaction callbacks have been strengthened at International Retail Banking in Turkey, the United States, Poland, Morocco and Ukraine, in all customer segments;
- BNP Paribas Personal Finance continued to roll out the programme in 19 subsidiaries. Over 75% of countries regularly measure NPS and the majority of them have now set up a systematic customer callback loop;
- BNP Paribas Cardif carried out transactional surveys in 25 out of 28 entities. In 2020, 11 of them exceeded the Cardif Forward 2022 target (NPS > 50 for claims accepted);
- BNP Paribas Wealth Management surveys its relationships in 70% of countries, with a systematic callback loop in 90% of cases at least for dissatisfied customers. NPS score benchmarks obtained in France, Belgium and Italy are in place;
- At BNP Paribas Asset Management, the system is deployed in the Group's internal networks, targeting advisors in the three main countries (France, Belgium and Italy) in all segments;
- BNP Paribas Real Estate will roll out a pilot project in two businesses (Property Management and Residential Development) from 2021;
- The NPS questionnaires have been adapted in all businesses to better identify and meet the specific needs of customers in the context of the Covid-19 epidemic.

ETHICS AT THE HEART OF SUPPLIER RELATIONS

In 2020, the Group's purchases amounted to around EUR 9 billion in expenditure globally.

BNP Paribas strives to develop **balanced relationships** with its suppliers. With this in mind, the Group has adopted a **Responsible Procurement Charter** which sets out commitments directed to both the Group and its suppliers.

In addition, the Procurement teams abide by strict deontological principles, in order to manage the risks of mutual dependency, adapt its practices to allow to compete in its call for tenders, implement processes for faster payment of supplier invoices, and offer suppliers an appeal process through an internal ombudsman (see *Fostering dialogue with stakeholders* in *Our strategy*).

In France, under its **Diversity & Inclusion policy**, the Group has taken multiple actions to foster procurement from suppliers working with vulnerable and disable employees (STPA). In 2019, BNP Paribas SA renewed for the fourth time its company agreement on the professional inclusion of people with disabilities, signed with all trade unions for a period of three years (2020-2022) and approved by the French Ministry of Labor. It includes an objective to reach sales excluding tax of services provided with the STPA of EUR 1.8 million over the period of the agreement. In 2020, this commitment to diversity in procurement was gradually extended to the entire social entrepreneurship sector.

During the Covid-19 health crisis, the Group Strategic Sourcing (GSS) team issued a policy for the Procurement sector to "voluntarily engage in **economic solidarity**": this initiative has led in particular to organising protection for suppliers operating on BNP Paribas sites in France and abroad, securing the business continuity and enabling the Bank to play its role in supporting the economy. The following actions illustrate the implementation of this policy: proactive dialogue with suppliers, new directives to speed up the approval of supplier invoices, and increased use of digitized invoices.

COMMITMENT 3: ROBUST MANAGEMENT OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS (ESG)

Financing and investing in industries with multiple environmental, social and governance (ESG) challenges, and operating in countries whose legal and governance environments have different levels of maturity, BNP Paribas faces a wide range of issues that require increased vigilance when making financing and investment decisions. The appropriate management of ESG risks is of prime importance as it helps financial risks to be managed properly. The Group's ESG risk management system is part of an overall approach and is based on:

- the development of financing and investment policies to frame activities in sectors with high ESG risks, such as coal-based electricity production;
- the creation of a list of excluded goods and business activities, such as tobacco;

(1) *The "transactional NPS" is the recommendation score measured at the end of an interaction between the customer and the Bank.*

- the publication of public positions demonstrating the Bank's interest in topics that may present environmental and social risks;
- the respect of the Equator Principles for major industrial and infrastructure projects;
- the development and use of tools to manage and monitor such risks (such as questionnaires for activities that have prominent risks), including a generic control plan;
- integration of the risk management stream, the Risk Function, as the 2nd line of defence.

After launching new ESG risk management tools in 2019 to meet the French law on the Duty of Care (see *Duty of Care and Statement on Modern Slavery and Human Trafficking*, section 7.6), the Group continued its programme of ESG risk management and alignment of its loan portfolio. It has thus:

- launched a major project to create a comprehensive ESG risk assessment model and improve the quality of the data used for the ESG assessment of the Bank's corporate customers;
- continued work on measuring the alignment of the loan portfolio. Initiated in 2018 (see: *Climate risk assessment tools*, Commitment 3), BNP Paribas continued in 2020 the calculation of several alignment measurement indicators by 2025, in particular for the electricity sector loan portfolio.

THE GROUP'S FRAMEWORK SYSTEM AND ALIGNMENT MEASUREMENT IN SECTORS WITH HIGH ESG ISSUES

BNP Paribas strengthens its climate, transition and physical risk management system

Since 2011, BNP Paribas has been contributing to accelerate the energy and ecological transition. Indeed, the Group's corporate financing activities are likely to have an impact on climate change. The Group must therefore take into account climate-related risks, which are both physical risks (see *Physical risk management*, Commitment 3) and transition risks resulting from changes in the regulatory environment and public policies aimed at a low-carbon economy. The Group's actions thus help to manage these risks.

Strengthening sectoral CSR climate policies

In 2020, BNP Paribas announced a strategy for a complete exit from the thermal coal value chain by 2030 in the European Union and OECD countries, and by 2040 in the rest of the world. The mining extraction, dedicated infrastructure and electricity production sectors are directly concerned. The analysis conducted in 2020 will be repeated annually to exclude companies planning new coal-fired capacities or that do not have an exit strategy in line with BNP Paribas' targets.

In 2018, the Bank stopped supporting companies whose primary business is exploration, production and export of gas/oil from shale, oil from tar sands or gas/oil production in the Arctic. In 2020, the Group extended this commitment to two geographical regions that are particularly sensitive from the climate point of view, biodiversity and indigenous populations, with the exclusion of financing and investment in oil and gas projects located in the Arctic National Wildlife Refuge, and excluding seaborne oil exports from the Esmeraldas region in Ecuador for its trading activities.

Resilience of the Group's strategy to different climate scenarios

In a general context of growing awareness of climate issues, BNP Paribas is mobilising and developing skills (scenario building, data science, mathematical modeling of risks) and infrastructures (systems, data) in order to measure the potential financial impacts of climate change and the economy's transition to a low-carbon economy.

Even if by their traditional regulatory and internal stress testing, banks have the necessary tools and expertise to measure the consequences of a crisis scenario on an institution's solvency and liquidity situation, and consequently on its ability to finance the economy during the shock, banks' scenario analysis system is being enhanced to be used to analyse the consequences of global warming on asset portfolios and thus process longer time horizons and differentiated scenarios according to more granular segmentation.

BNP Paribas is also participating in the pilot exercises proposed by the ACPR for France and the EBA at European level.

Climate risk assessment tools

The Group tests numerous tools and methodologies used to best assess the exposure of its credit and investment portfolio to climate risks (both transitional and physical).

Since 2019, BNP Paribas has committed as a founding member and contributor, with four other international banks (the Katowice banks), to implement the **PACTA**[1] methodology and to measure the alignment of its loan portfolio in five high-carbon sectors (fossil fuel extraction, electricity production, transport, steel and cement). According to the International Energy Agency (IEA), these five sectors account for around 75% of direct greenhouse gas emissions worldwide. The method, adapted for each sector, is based on reference scenarios used and developed by independent organisations, such as the IEA.

The objective of the Katowice banks is to **share tools as widely as possible** to measure the alignment of their portfolio with the objectives of the Paris Agreement and thus improve comparability and **transparency** *vis-à-vis* their external stakeholders **based on common standards**. To this end, two documents were published:

- a global methodological framework detailing the fundamental principles of PACTA[2];
- an application document, co-authored by the Katowice banks, which proposes methodological improvements to ensure that the indicators

(1) Paris Agreement Capital Transition Assessment.

(2) https://www.transitionmonitor.com/wp-content/uploads/2020/09/PACTA-for-Banks-Methodology-Document.pdf

selected promote the transition of the sectors studied and operational feedback to help other banks measure their alignment[1].

In addition, the Group:

- supports and implements the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**, and publishes information in line with these recommendations. In 2020, they are summarised as previously in the concordance table (see *GRI concordance table, ISO 26000, Global Compact, Sustainable Development Goals, Principles for Responsible Banking and TCFD*, section 7.8) and grouped together in a dedicated report (see *Summary of the management of climate-related issues at the end of 2020*, section 7.6);
- has also made a commitment to the **Science Based Target initiative (SBTi)**. This coalition supports companies wishing to set environmental objectives in line with those of the Paris Agreement. In October 2020, the SBTi published a pilot methodology for financial sector companies (a revised methodology is due to be published in April 2021). BNP Paribas tests this methodology to verify its practical applicability through regular dialogue with the SBTi;
- is interested in other market methodologies measuring the carbon footprint of banks, for example the **Partnership for Carbon Accounting Financials (PCAF)**;
- signed the **Collective Commitment to Climate Action** under the aegis of the UNEP FI which aims to share the tools to align the activities of the banks with the objectives of the Paris Agreement.

A common methodology to assess the alignment of the loan portfolio with the objectives of the Paris Agreement (PACTA[2])

Electricity: a loan portfolio aligned with the objectives of the Paris Agreement

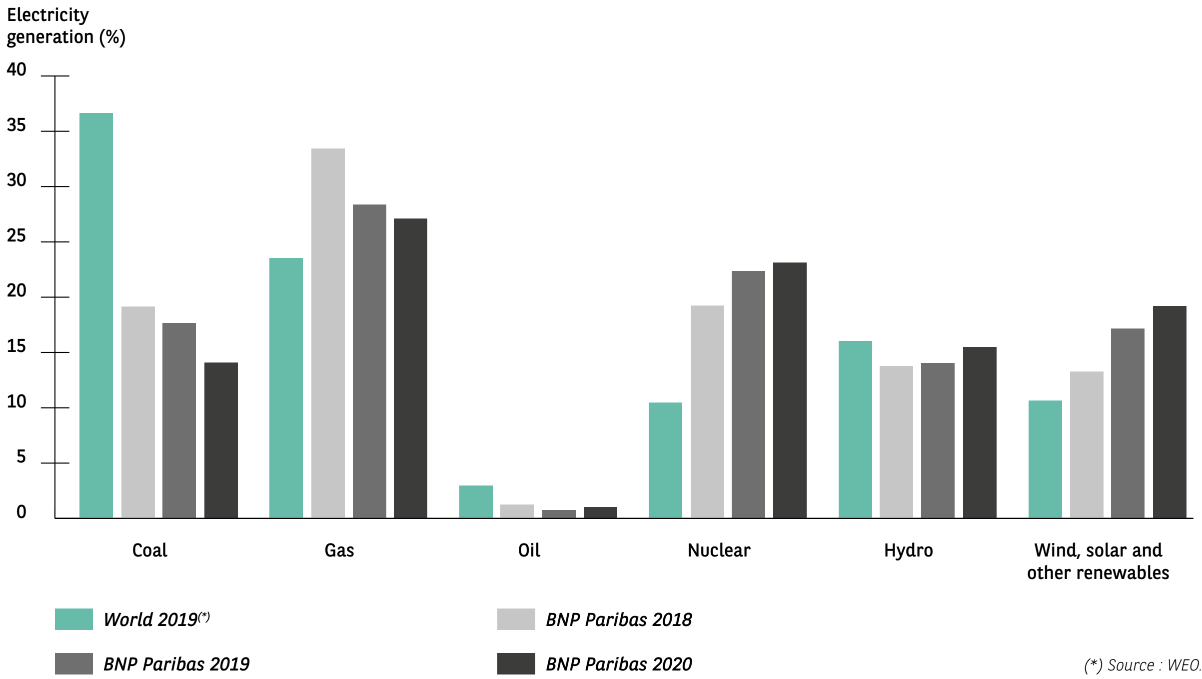
The application of the PACTA methodology to the loan portfolio of companies in the electricity sector made it possible to calculate two indicators to measure alignment. These calculations apply to 90% of the loan portfolio and provide a view of the portfolio at the end of 2020 and a projection for the year 2025.

BNP Paribas has chosen to use the *Sustainable Development Scenario* (SDS) of the OECD as a reference to be consistent with the Group's target to be in line with the objectives of the Paris Agreement. The choice of this scenario, which is more ambitious than the Global SDS, is also consistent with the portfolio of electricity producers financed by BNP Paribas, which mainly operate in the OECD region.

The projection made takes into account:

- the strategy of our customers, which leads them to modify their sources of electricity production; and
- the impact of the Group's commitment to no longer finance companies that use coal to produce electricity in Europe and the OECD in 2030 and in the rest of the world in 2040 (see *Strengthening CSR climate policies*, Commitment 3).

The electricity mix calculated using the same methodology as in previous years on the basis of generation, unlike the calculation performed using the PACTA methodology, shows an average carbon footprint that is smaller than that of the global mix. In 2020, with 42.2% from fossil sources (gas, coal and oil) and 34.7% from renewable sources (hydraulic, wind, solar and other renewables), it compares favourably with the IEA mix which has 63% fossils and 26.6% renewable.

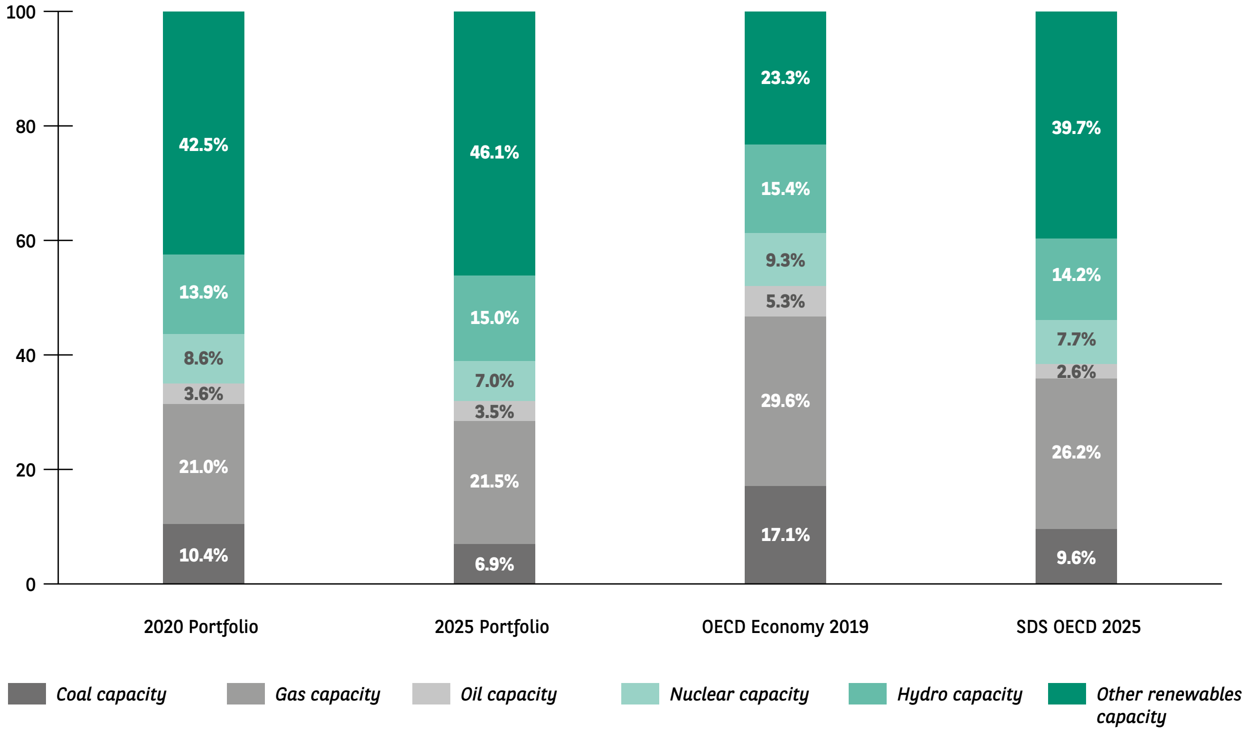


(*) Source : WEO.

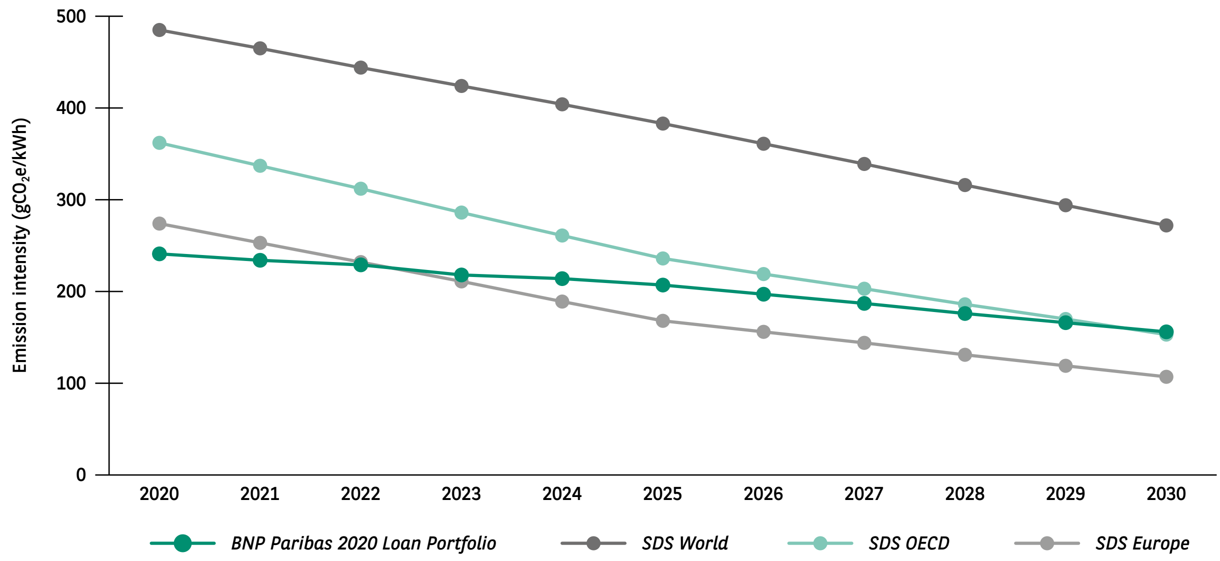
(1) https://group.bnpparibas/uploads/file/credit_portfolio_alignment_vf.pdf

(2) Paris Agreement Capital Transition Assessment.

- the calculation of the electricity mix, in capacity, according to the PACTA methodology, also shows a less carbon-intensive loan portfolio that is more oriented towards renewable energies both in 2020 and by 2025 when compared to the IEA's SDS scenario;

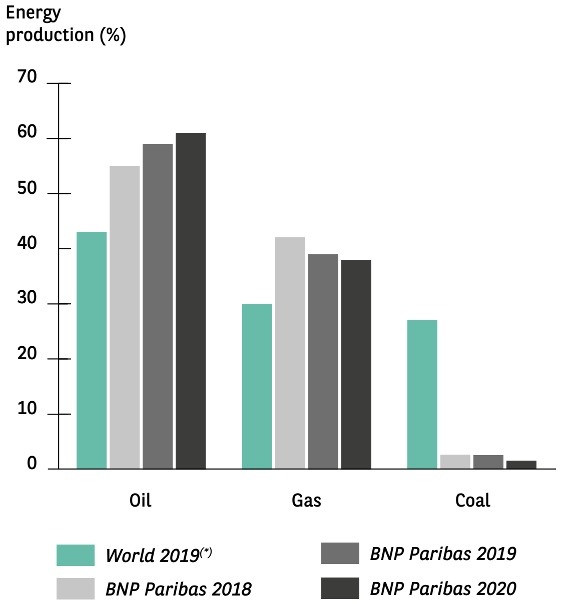


- the portfolio's CO_2 intensity (second indicator calculated as part of the PACTA work) is lower than the global average, and in line with that of the IEA's OECD SDS up to 2030.



BNP Paribas's primary energy mix

With a much lower percentage of coal than the global mix, the Group's primary energy mix compares favourably with the global mix calculated by the IEA.



(*) Source: IEA.

Overall, in 2020, 736 companies were placed on the restriction of activity lists because of energy sector policies.

Maritime transport: an initial measurement of the portfolio's carbon intensity

In the field of **maritime transport**, in December 2020, BNP Paribas participated in the first global reporting of the climate alignment scores of the banks that signed up to the Poseidon Principles[1]. The objective of the Principles is to meet the ambition of the International Maritime Organisation (IMO) to reduce shipping's greenhouse gas emissions by at least 50% by 2050, in comparison with 2008. As of 31 December 2019, BNP Paribas' carbon intensity alignment score stood at 2.88%, slightly above the industry's decarbonisation trajectory as defined by the Poseidon Principles. BNP Paribas is involved in the analysis and management of CO_2 intensities of its shipping finance portfolios, thanks to this common methodology.

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(1) www.poseidonprinciples.org

MEASURES TO COMBAT DEFORESTATION AND PROTECT BIODIVERSITY

BNP Paribas has been committed to combating deforestation and protecting biodiversity through several financing and investment policies since 2011, its commitment to several multi-stakeholder initiatives and its public position in favour of ocean protection (see *Enabling our clients to transition to a low-carbon economy respectful of the environment* – Commitment 10).

To help combat deforestation, particularly in Brazil, BNP Paribas has strengthened its agriculture policy by introducing specific criteria for clients producing or buying beef or soy from the Amazon and Cerrado in Brazil. The Group is encouraging them to become "zero-deforestation" and to transparently demonstrate their progress towards reaching full traceability (direct and indirect) in beef and soy supply by 2025.

UPHOLDING THE EQUATOR PRINCIPLES ON PROJECT FINANCING

As a signatory to the Equator Principles along with 110 other financial institutions worldwide, and in its role as financial service provider and adviser, BNP Paribas works with its customers to identify, assess, and manage the environmental and social risks and impacts linked with major industrial and infrastructure projects. According to these principles, the negative impacts of these projects on communities, ecosystems or the climate must be avoided or minimised, mitigated and/or offset. Projects graded A present significant risks and systematically involve an external review; those graded B present more limited risks; and those graded C present minimal or no risks.

In 2020, the Equator Principles Association published version 4 of the Principles with an update including the broadening of the scope of application of the principles, the applicable norms and standards in the designated countries, and references to the Guiding Principles of the United Nations in terms of human rights and the Paris Agreement in terms of combating climate change. **BNP Paribas updated its procedures** to apply the new version of the Equator Principles as from its entry into force on 1st October 2020.

	2015	2016	2017	2018	2019	2020
Number of transactions concerned in the year	17	23	8	17	8	8
Number of grade A transactions in the year	1	2	1	3	2	2
Number of grade B transactions in the year	15	21	7	14	6	6
Number of grade C transactions in the year	1	0	0	0	0	0

MANAGING PHYSICAL RISK

Following the pilot exercise carried out in 2019, BNP Paribas relied on the data of an external consultant (S&P Trucost) to assess the physical risks of its loan portfolio based on client exposure (geolocation of their assets) and their vulnerability to climate events (sensitivity related to activity). Six main climate events were modeled: water stress, fire, flooding, heat wave, storm and rising sea levels. This study was carried out according to three climate change scenarios (extreme, moderate and low) and modeled for the year 2020 and the horizons of 2030 and 2050. The most extreme scenario corresponds to an average warming of more than four degrees Celsius by 2100.

This assessment made it possible to assign physical risk scores to approximately 1,700 customers representing EUR 200 billion of outstanding loans. The majority of the sample has a low level of physical risk depending on the methodology used.

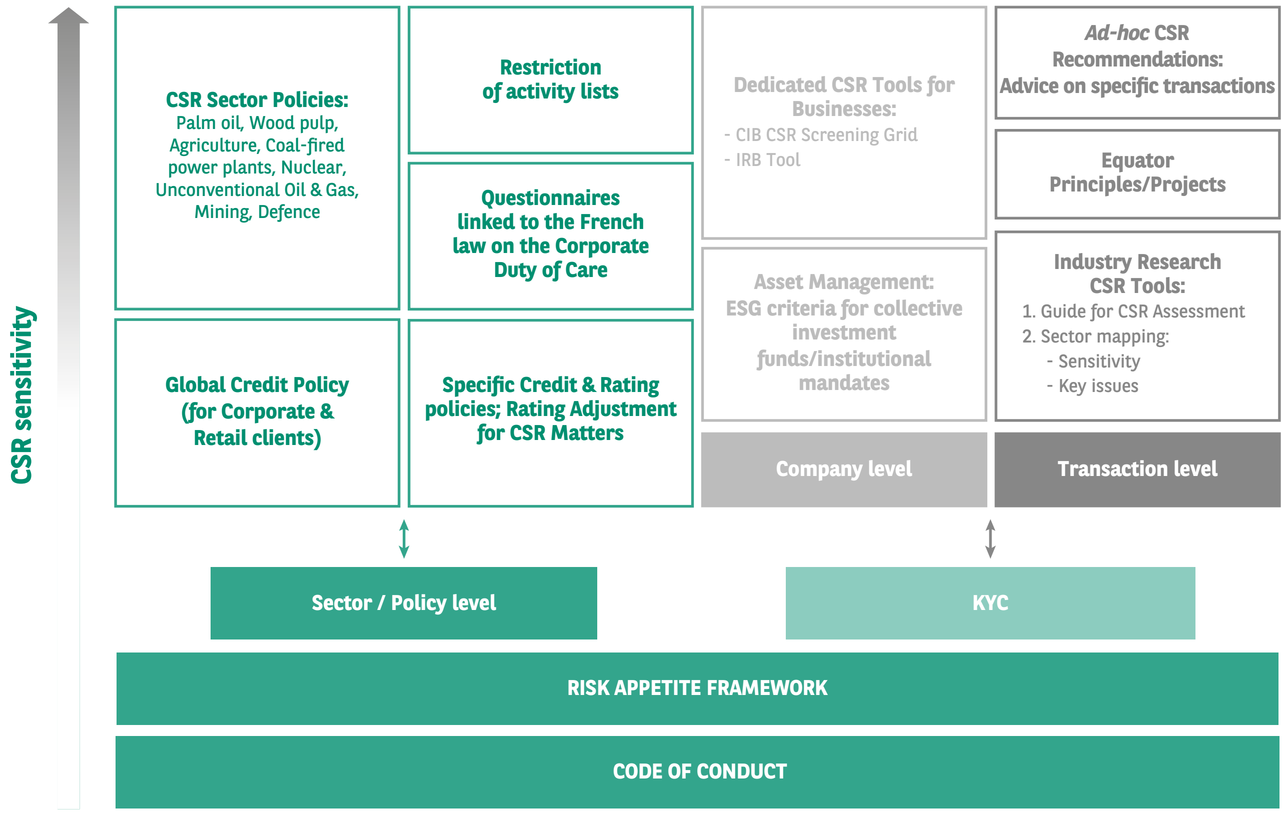
This study shows that, in general, the highest climate risk scores are those relating to the risks of water stress, in all geographical regions, and forest fires, mainly in the United States and Mediterranean Europe, and in particular for clients operating in the electricity sector.

The comparison of these results with three reference standards (S&P Europe 350, S&P500, S&P Asia BMI) does not show any atypical characteristics of the client portfolio analyzed in terms of exposure to physical risk.

However, given the evolving nature of these methodologies, this analysis will be gradually refined, as will the data used.

A COMPREHENSIVE ESG RISK MANAGEMENT SYSTEM FOR PRODUCTS AND SERVICES PROVIDED BY THE GROUP

➤ REINFORCEMENT OF THE GROUP'S ESG RISKS MANAGEMENT SYSTEM



In accordance with its ESG risk management system, BNP Paribas takes ESG criteria into account in its decision-making processes:

- these criteria are included in the Know Your Client (KYC) process and in 22 specific credit and rating policies;
- in questionnaires allowing an in-depth analysis of companies active in countries and sectors identified as sensitive in terms of human rights and respect for the environment. These grids are an addition to the ESG risk management system already applied by the Bank (including sector-specific policies, CSR screening and specific credit policies).
- lastly, the deployment of an ESG action plan (see chapter 2.4 *Internal control – Risk and permanent control*) enables an even more in-depth integration of extra-financial issues into all our products and services.

Finally, **throughout 2020 BNP Paribas has boosted training on ESG risk** management systems for the financing business lines and control functions (Risk and Compliance). In addition to the e-learning of the CSR sectorial policies available in 8 languages, 12 digital sessions were organised to strengthen understanding of ESG risks and the associated management tools. In this way, the Group's CSR Function has trained 668 people from sales and RISK teams. Since 2012, more than 35,000 employees have taken e-learning modules on the sectoral policies.

Integrating ESG criteria into assets under management

2020 is marked by the strengthened deployment at **BNP Paribas Asset Management** (BNP Paribas AM) of its Global Sustainability Strategy launched in 2019, putting sustainable development at the heart of its investment decisions. Sustainable investing and its application to BNP Paribas AM's management processes are based on the consideration of ESG issues in investment strategies, the exclusion of certain sectors, commitment and dialogue (stewardship), responsible business conduct and a long-term outlook. BNP Paribas Asset Management's three-year roadmap sets targets for the energy transition, environmental protection, equality and inclusive growth.

In this context, BNP Paribas AM has:

- **strengthened its coal policy** with exit dates for the coal industry in Europe and in the OECD area by 2030 and in the rest of the world by 2040 in line with the Group;
- **increased its commitment to respecting biodiversity and natural capital** by announcing, with three other financial institutions, the development of a tool for measuring the biodiversity impact of investments.

To encourage ESG best practices in the firms in which the management company and its clients have invested, BNP Paribas Asset Management **routinely exercises its shareholder voting rights**, voting on 24,400 resolutions at 1,870 General Meetings this year (22,454 resolutions at 1,758 meetings in 2019) BNP Paribas AM abstained or opposed approximately 32.3% of these resolutions (27.8% in 2019). In line with its strategy on climate change, BNP Paribas Asset Management has adapted its voting policy and reserves the right to abstain from approving the financial statements, the discharge or the re-election of Directors of companies that do not sufficiently communicate their CO_2 and 2°C strategy. In 2020, BNP Paribas AM supported 93% of shareholder proposals on climate change, tabled four shareholder resolutions on climate lobbying and opposed 355 resolutions proposed by companies (election of the Board or approval of the financial statements) due to environmental or social considerations.

BNP Paribas Asset Management has been a member of the Climate Action 100+ Initiative since 2017 and, as such, regularly engages in dialogue with firms ranked among the world's top 100 greenhouse gas emitters to improve their climate change governance. The announcement made by Total in May 2020 to become carbon neutral by 2050 marks the culmination of a constructive collaboration between Total and the Climate Action 100+ coalition through a dialogue co-led by BNP Paribas Asset Management.

In addition, BNP Paribas Cardif, the Group's insurance subsidiary, published a timetable for the final exit from the coal industry in June 2020 at the latest in 2030 for the OECD and in 2040 for the rest of the world, with regard to asset management.

In addition, issuers and investment vehicles are systematically analysed with regard to ESG and carbon criteria for 93% of assets under management. Considering only securities held directly (equities, corporate bonds and government bonds), the filter concerns 100% of the assets of the general fund, which totalled EUR 127 billion at the end of December 2020.

Integration of ESG criteria into supply chain management

The Group expects its suppliers to conduct their activities in compliance with its environmental, social and governance requirements. Within its sphere of operations, the Global Strategic Sourcing (GSS) business line applies ESG criteria at several different levels.

- On the one hand, with the inclusion of a central ESG risk **mapping** relating to the products or services purchased. This mapping helps identify high-risk purchasing categories **according to thirteen issues** related to **ethics** (corruption, data protection, *etc.*), environment (pollution, biodiversity, greenhouse gases, *etc.*) and social impact (human rights, working conditions, discrimination, *etc.*).
- On the other hand, via ESG **assessments** of suppliers, carried out during the selection process. These assessments, which are based on ESG questionnaires, include confirmation by the supplier of its compliance with the principles of the BNP Paribas Responsible Procurement Charter or its local version. The Procurement Standards provide that ESG criteria account for a minimum of 5% in the assessment of calls for tender.

2,301 ESG assessments were completed in 2020 (compared with 2,717 in 2019) and nearly 900 Responsible Procurement Charters were signed by Group suppliers. In 2020, the system was completed with the launch with three other banks and a third party appraiser of an on-site audit of two categories of purchases.

MANAGEMENT AND MONITORING TOOLS FOR ESG RISKS

Restriction of activity lists

In order to identify the companies presenting the highest environmental and social risks, the Group defines and applies financing and investment policies while managing restriction of activity lists according to the level of ESG risks observed. Following their update in 2020, these lists included 1,446 companies, *i.e.* 1,271 companies under exclusions and 175 on the monitoring list. Companies placed on the monitoring list are subject to commitment measures by the Group to make lasting changes to their practices and reduce their ESG risks. For companies subject to exclusions, the applicable restrictions may lead either to prohibit any financing or investment relationship, or to the implementation of a specific framework. Lastly, BNP Paribas has compiled an exclusion list that clearly mentions specific goods and activities that the Group is unwilling to finance, such as tobacco. These lists are periodically updated using data supplied by customers and external sources, and by analysing the key controversies involving corporate clients accused of serious violations of environmental standards or human rights.

Transactions handled by the Group's CSR teams

In 2020, the Group's CSR teams were asked to give an expert opinion in the assessment of ESG risks for close to 2,500 complex or sensitive transactions (financing, new accounts, export support, *etc.*).

Operational control plan

In order to verify the strict application of ESG risk management tools, the Group has rolled out a CSR operational control plan which establishes the continuous improvement process necessary for the effective management of ESG risks. This control plan incorporates the ESG risk management systems defined by the Group as part of its application of the law on the Duty of Care. It is then rolled out across the Group's businesses and functions.

7.3 Our social responsibility: developing and engaging our people responsibly[1]

2020 will remain a historic year: one of an unprecedented global health, economic and social crisis. In this context, ensuring the **health** and well-being of employees, guaranteeing employment and maintaining their employability were at the heart of the Group's concerns. In order to anticipate any type of health risk, in 2019 the Group had a stock of masks. It was therefore able to react immediately to protect its employees and deal with shortages of masks by supplying the subsidiaries located in the affected regions in January. For ten years, the Group has deployed a vast digitisation plan and reinforced the robustness of its information systems. This has made it possible to roll out widespread remote working, covering up to 140,000 employees while continuing to serve its customers in the best possible way. Promoted by the principles of "Positive Management", at the heart of the HR 2020 strategy, the reciprocal **trust** between managers and employees was a decisive factor in the success of the massive and forced transition to this way of working in 2020.

In addition, the Company remained focused on two pillars of its human resources strategy, namely: **diversity and inclusion** and the HR **transformation**.

Furthermore, the Group is implementing its policies to meet the challenges of a responsible, sustainable bank through its three ambitious and proactive commitments:

- **Commitment 4:** Promotion of diversity and inclusion in the workplace;
- **Commitment 5:** "A good place to work" and responsible employment management;
- **Commitment 6:** A learning company supporting dynamic professional path management.

PROMOTING DIVERSITY AND INCLUSION: A RICH YEAR, WITH CONCRETE RESULTS

A **caring and respectful** working environment is a strong **commitment** factor for employees and acts as a bulwark against the risks of discrimination. BNP Paribas strives to promote the inclusion of all types of diversity, by setting ever more ambitious indicators, as evidenced by the latest collective agreements signed between management and employee representatives.

Moreover, 2020 is a year of **significantly achieving, and exceeding, numerous objectives**, such as:

- The representation of women in key populations (executive managers, senior managers and Leadership Talents population).
- The commitment made as part of **HeForShe.**
- The extension of the signature of the **#JamaisSansElles** Charter to the entire G100[2].

2020: ACCELERATED TRANSFORMATION IN A CONTEXT OF HEALTH CRISIS

The increased **digitisation** of HR processes facilitated the adaptation of the organisation and supported a responsible social policy during the health crisis. With regard to employees, this resulted in the deployment of new **distance learning** and in the increased attention on the part of managers to complete **professional assessment campaigns**. The Group continued its **recruitment** of young graduates and continued to hire, still favouring permanent contracts.

During a year shaken up by the global pandemic, BNP Paribas supported all of the commitments made as part of its HR 2020 programme, initiated in 2017. The work to identify and anticipate **tomorrow's skills** in BNP Paribas entities and businesses continued in 2020.

(1) All information published in this chapter refers to the calendar year between 1 January 2020 and 31 December 2020. To monitor the proper implementation of the measures undertaken, particularly with respect to the three CSR social commitments and their objectives, Group Human Resources compile a social report to which Human Resources from entities in 65 countries contribute (the "Social Reporting Entities"). This represents 96% of Full-Time Equivalent headcount (FTEs) managed by the Group at 31 December 2020, hereinafter referred to as the "Social Reporting Headcount".

(2) Group of Top 100 executive managers accross the Group in the Company worldwide.

COMMITMENT 4: PROMOTION OF DIVERSITY AND INCLUSION IN THE WORKPLACE

By showing **resilience** in the face of the health crisis and by adapting the systems, the Group continues to promote diversity and inclusion through various initiatives rolled out in all geographies. These policies reflect its commitment to the United Nations Sustainable Development Goals (in this section, SDGs 5 and 10).

A SOLID FRAMEWORK, A MULTI-ACTOR COMMITMENT

An effective and cross-functional governance of diversity and inclusion, a constant commitment of the Executive Management

The Global diversity and inclusion Committee is made up of **40 members**. It meets twice a year and is rolled out at country and business level. During these meetings, the participants focus on two main objectives: sharing information and best practices; co-constructing or working together on key inclusion issues. The Group Head of Diversity, Equality and Inclusion reports to the Human Resources Director and is **a member of the HR Executive Committee** and **Strategic Committee of the Company Engagement**.

Promoting diversity and inclusion also requires the mobilisation and active support of Executive Management. The personal commitment of **Jean-Laurent Bonnafé** is also regularly recognised for the for gender balance in business (see paragraph "*Outstanding initiatives*" below) or the inclusion of LGBT+ people[1].

Numerous and active employee networks

Internal employee networks/resource groups continue to grow and strengthen their key role in promoting diversity and inclusion, raising awareness, acting as a conduit for information and a source of innovation. In 2020, over **30,000 employees from 40 countries** came together to talk about topics as varied as professional equality, sexual orientation, inter-generational harmony, parenting, origins, disability, inter-faith dialogue and veterans. The web of networks continues to expand. The deployment of Ability in France supports people directly or indirectly affected by disability.

Women in Cyber focuses on gender equality in new technologies (United Kingdom, India, Portugal, France).

A constantly evolving, increasingly inclusive framework around the world

Since the signature of the first Diversity Agreement within BNP Paribas SA in 2004, measures at each renewal have been incorporated to cover all stages of employees' career paths. They were then gradually extended to all subsidiaries and regions.

Entered into force on 1 October 2020 for a period of 4 years, **the 5th agreement on Diversity and Inclusion** within BNP Paribas SA introduces new ambitious mechanisms that complement previous commitments. Very innovative on professional equality, it reinforces the monitoring of actions carried out under the specific budget for gender equality. With regard to professional promotion, it includes new targets for the representation of women at each level of the managerial categories. In terms of parenthood, it gives employees the right to paid leave (30 calendar days) for the care of the child for employees who do not benefit from any statutory maternity or adoption leave. It sets up working time arrangements to support seniors in their transition to retirement. Finally, the subject of domestic violence is now also included.

More broadly, starting in 2014, the European agreement on gender equality in the workplace includes all the key elements of the Group's policy on gender equality. The elements of this policy concerning recruitment, training, gender diversity and professional development were themselves included in the Global Agreement signed in September 2018.

COMMUNICATING, RAISING AWARENESS, TRAINING: PROMOTING AN INCLUSIVE CULTURE

Training, developing and mentoring

63 countries (representing almost all of the Social Reporting Headcount) state that they offer training and awareness-raising initiatives to combat discrimination and promote diversity and inclusion[2]. Some countries and entities systematically include diversity awareness materials (FRB, CIB Brazil and Cardif) in their **manager** training.

Some businesses continue to roll out their own learning paths, such as FRB with the e-learning "**Treating customers equally**", intended for all sales staff and their managers within the network (75% of the target group completed both modules).

In addition, several personal development or leadership development programmes, such as "**Active Inclusion**", "**#WomengotTalent**", "**Women in Business**", "**Women's Impact Program**" (Germany),"**Boost Her Career** (FRB)" make the Group's career progression more inclusive.

Communicating and raising awareness among employees and managers

To respond to the health situation, the diversity and inclusion teams have made every effort to digitise training and awareness modules to reach a large audience. For the first time, campaigns were **100% digital**, with a range of podcasts, conferences, workshops, round tables and remote events. They reach more employees worldwide, notably thanks to the replay (+25% audience compared to 2019).

During the **"Diversity and Inclusion Weeks"** the adaptation of working hours in the context of remote working has made it possible to bring together a large audience: the many events organised by the local Human Resources teams and employee networks brought together more than **12,000 employees** connected worldwide (United Kingdom, Germany, United States, APAC, France, Belgium, Italy...). The series of **podcasts** "**In My Shoes**", accessible on the Group's intranet as well as on the Deezer and Spotify platforms, saw the number of listeners double compared to 2019 with more than **12,000 plays**.

(1) For a presentation of the public positions taken by Jean-Laurent Bonnafé against homophobia and transphobia, see the page: www.linkedin.com/feed/update/urn:li:activity:6757234936744431616

(2) More than 35,000 employees registered in My Development took at least one Diversity and Inclusion training course in 2020.

OUTSTANDING INITIATIVES

Achievement of HeForShe objectives

In March 2018, Jean-Laurent Bonnafé became a Thematic **Champion of the** "**HeForShe**" programme. Within the organisation, he has committed to implementing concrete solutions to promote gender balance in business lines that are often dominated by one gender, such as women in Human Resources and men in Global Markets. Outside the organisation, he has committed to supporting female entrepreneurs who are working to develop renewable energy solutions in Africa (see Commitment 1 *Supporting female entrepreneurship*). The Group now has **achieved the objectives set** as part of this three-year partnership (see chapter 7.6 *2020 Results – Our employees*).

A real launch pad, HeForShe has initiated a new approach to progress on gender diversity issues throughout the Group, in particular thanks to the **Nudge** methodology. Building on this momentum, the Group's IT is launching the **IT gender balance** programme, an ambitious initiative: to have an additional 1,000 women by 2024, from 32% to 37% of women in this field, which will strengthen the Group's lead compared to other companies in the sector.

Professional equality: developing and spotlighting women's careers

BNP Paribas fully incorporates the issue of professional equality into its HR programmes and continues its efforts in terms of gender diversity and representation of women, for shared governance.

The Group is a longstanding partner of the **Women's Forum** and was elected to the Strategic Committee in May 2018. In 2020, BNP Paribas was actively involved in **5 Daring Circles** discussion and action circles bringing together different stakeholders. They enabled significant progress, such as the signing of the Charter for the Contribution of Women in the Fight against Climate Change. The Group contributes to the report of the Women's Forum submitted to the French Government in the context of the 2020 law on the economic emancipation of women. It is particularly involved in circles dedicated to the roles of women in **artificial intelligence** and **Science, Technology, Engineering and Mathematics** (STEM).

In France, the **Digital Ladies & Allies** initiative of BNP Paribas organises **intergenerational** events "Women & Girls In Tech" to encourage female employees and young people around them to discover digital jobs. This is an opportunity to meet female role models in the new technologies sector, share a fun intergenerational experience and build their professional future by discovering the internal training offered on these topics.

According to the members of the Executive Committee, 2020 marks the extension of the **#JamaisSansElles** Charter to **the Top 100 Executive Managers in 14 countries**. They thus individually commit to no longer participate in forums, round tables, panels open to the public or juries with at least three speakers that would not include the participation of at least one woman. This step makes BNP Paribas the first CAC 40 company, and the first company in the financial services industry, to sign this charter and bring its entire Top Management together to back this cause.

Promoting the employment and insertion of people with disabilities

➤ NUMBER OF EMPLOYEES RECOGNISED AS DISABLED[(1)]

	Employees with disabilities			of which Hires		
	2018	2019	2020	2018	2019	2020
France	2,138	2,210	2,733[(2)]	76	91	49
Belgium	71	74	61	1	3	0
Italy	859	905	833	11	14	29
Luxembourg	65	8	12	0	0	0
Europe (excluding Domestic Markets)	812	854	906	108	112	83
Rest of the world	159	186	247	55	90	76
TOTAL	**4,104**	**4,237**	**4,792**	**251**	**310**	**237**

(1) Physical headcount taking into account 94% of Group headcount (stable compared to 2019).
(2) As the annual statement is exceptionally postponed in this transition year to June 2021, the data communicated for France in 2020 are not finalised.

As at 31 December 2020, there were **4,792 employees** with disabilities in **33 countries**[(1)] representing an employment rate of 3.05% compared to the total workforce (up compared to 2019[(2)]).

In France, **BNP Paribas SA's fourth corporate agreement** entered into force on 1 January 2020 for a period of 3 years. The 4 major areas have been reaffirmed: job retention, training and awareness-raising, purchases from the sheltered and adapted sector and a **target of 165 external recruitments** of employees with disabilities over the term of the agreement. Several major advances have also been made, including an extension of the authorisation of paid absence for administrative procedures or medical appointments due to a disability and an extension of these authorisations to employees whose spouse or the child has a disability.

The new regulatory framework, which came into force on 1 January 2020, changes the calculation of the employment rate by including employees on long-term leave. For 2020, the direct employment rate of employees with disabilities will be announced at the end of June 2021. It was 4.64% in 2019 (direct and indirect employment rate).

Due to the pandemic, the Group focused its action on retention of employees with disabilities, whose remote working required many adaptations. In addition, awareness-raising and training were maintained with 39 initiatives.

Diversity of origins: strengthened action plans to address a global societal issue

With **171 nationalities** present within the Group, including 10[(3)] **within the G100**, BNP Paribas has been working for several years to promote diversity of origins and professional equality.

Eight internal professional networks develop and actively contribute to raising awareness and promoting diversity of origins and cultures, in 7 countries (Brazil, the United States, Canada, France, Belgium, the United Kingdom, Portugal).

In France, the Group contributes to several major programmes that have a positive impact on **professional integration** of those who do not always have easy access to employment, such as the ***Collectif d'Entreprises pour une économie plus inclusive* (Collective of companies for a more inclusive economy)**, the **Seine Saint Denis Equality Charter**, the ***Projet Banlieues* (Suburbs Project)**, *etc*. BNP Paribas has set up an organisation that now enables it, within a structured framework, to use all the available drivers to encourage recruitment more open to diversity within its teams.

In addition, the theme of origins is systematically addressed during "Diversity and Inclusion Weeks" with numerous events throughout the Group (for example in Asia, Brazil, Germany, France, *etc*.) and, each year, Black History Month is celebrated in the United States and the United Kingdom.

In 2020, the managers of BNP Paribas USA immediately reacted to the death of George Floyd in the United States by publicly expressing their indignation and by reaffirming the need to combat racism. Internally, numerous support groups have provided and continue to provide support to employees who need it, and awareness-raising actions have been stepped up.

In 2020, CIB United Kingdom signed the "**Business in the Community Race at Work Charter**" which includes 5 calls for action with the aim of ensuring the representation of visible minorities at all levels of the company, from recruitment to promotion. The first led to the official appointment of a "Sponsor for Race", responsible among other things for contributing to the establishment of an open and benevolent working environment, determining the appropriate actions to achieve the objective and measuring progress.

(1) Each disabled employee is counted as "1" regardless of the calculation rule applied in the country in question.

(2) The increase is due to the change in methodology imposed by French regulation and by the increase in the number of employees voluntarily declaring themselves disabled in several Group entities.

(3) Of which French nationality.

LGBT+: international engagement and reach

During the second edition of the "LGBT+ role models and allies at work" organised by the *L'Autre Cercle* (Other Circle) in France, with its English counterpart OUTstanding, 80 personalities were appointed as "Role models for 2020". The Group distinguished itself with the appointment of an employee in the **LGBT+ Leaders role models** category.

BNP Paribas has been very involved in many countries (Italy, Brazil, several countries in the Asia Pacific region, Belgium, the United States, France, Switzerland, *etc.*) **in the world day against homophobia and transphobia** on 17 May 2020, via conferences, videos, workshops, *etc*. In addition, the Pride networks, present in 21 countries, met for the third edition of the "Global Pride Conference" which was open to all employees this year.

This year, BNP Paribas USA signed the **Business Coalition for Equality Act**. This network of employers is committed to guaranteeing the same rights and protections for all employees, regardless of their sexual orientation or gender identity.

Better preventing and fighting all forms of violence more effectively

Since 2018, BNP Paribas is a member of **OneInThreeWomen** network, a European network of businesses committed to fighting violence against women. In 2020, the Group launched an **awareness e-learning** on domestic violence and its impact at work. The objective is to help colleagues and managers welcome the testimonies and detect weak signals of this violence, which is a factor of inequality at work and an obstacle to professional equality. Many businesses have carried out awareness-raising actions (BNL, Fortis, Cardif, Leasing Solutions and FRB...).

In 2018, BNP Paribas joined the **#StOpE** (Stop so-called Ordinary sexism in the workplace) initiative by signing an undertaking comprising eight principles. The **fight against sexism** is the subject of numerous initiatives within the Group: educational video on "ordinary" sexism distributed to all employees, e-learning and the "Meandyoutoo" web app at Personal Finance for managers.

360° parenting and work-life balance

Because **a good work-life balance** is one component of professional equality, the Group institutes many actions centred around 360° parenting.

In France, for the 8th consecutive year, BNP Paribas dedicated a week to parenthood, entirely digital, live and in replay. The difficulties encountered by many parents during lockdown and homeschooling have increased the role played by the team of social workers in the Company. Close to **3,700 employees** attended round tables and conferences that helped them to better reconcile their personal and professional lives and provided them with practical and useful tools on a daily basis.

Some businesses focused their support on caregivers (Cardif). Germany relies on service companies offering a wide range of financial, organisational, administrative, material and psychological aspects related to parenthood. As a result, nearly 80% of the Social Reporting Headcount receive employees' childcare support, either in the form of financial assistance or in the form of childcare facilities. In addition, more than two-thirds of the Social Reporting Entities covering 40 countries grant identical parental leaves to adopting couples and to same-sex couples. Two-thirds of the Social Reporting Entities covering 46 countries encourage their employees to take their paternity leave (second parent) through communication and awareness-raising actions.

Intergenerational

In France, the Group is delivering on its commitment under the "**PaQte 2021**" initiative requested by the President of the French Republic and developed a strategy to make schoolchildren from designated disadvantaged urban areas more aware of the **1,500 internships** that the Group offers them.

At Wealth Management, the **TEKI programme** actively works in favour of the intergenerational: in a short format of around twenty minutes, a junior and a senior meet and discuss. This programme is broadcast live and available on replay.

Within the SA, the new Diversity & Inclusion agreement brings to **150** the number of employees benefiting from the **end-of-career corporate volunteering**, while broadening the circle of partner associations (see Commitment 6, *A learning company – Corporate volunteering work and other Group solidarity activities*).

Promoting and complying with the International Labour Organisation fundamental conventions on Human Rights

BNP Paribas does not tolerate any form of slavery or human trafficking. In its Code of conduct, the Group has, in particular, committed itself to promoting the **respect** for human rights in its sphere of influence and to treat in a dignified manner all employees, who owe each other mutual respect.

BNP Paribas carries out an annual review of countries that are high-risk in terms of human rights[1]. The Group operates in no high-risk country, and in 28 countries in a worrying situation, representing 21% of its total headcount. In addition, the Group has a sole employee aged under 18 and over 16 (Brazil), and none under the age of 16 (see *Combating social exclusion and promoting respect for human rights*, Commitment 8).

(1) Source: Verisk Maplecroft (Human Rights Risk Index) identifies 23 high-risk countries and 90 "countries in a worrying situation (unchanged since 2019). Out of the 4 categories of countries identified, high-risk countries are rated between 0 and 2.5/10 whilst countries in a worrying situation are rated between 2.5 and 5/10.

STRONG RESULTS

Regarding professional equality

The Group continues to promote gender diversity in key populations[1] and **achieved all the objectives set** for 2020. Of note is the appointment of Sofia Merlo, as Director of Human Resources, replacing Yves Martrenchar. In addition, the Group reaffirms its ambition to increase the number of women in governing bodies. The Board of directors approved the gender equality target of 40% on the Group's Executive Committee by 2025 on the basis of the implementation methods and action plan presented by Executive Management. **The Executive Management will inform the Board of directors** of the results obtained. In order to achieve this objective, the Group must continue to increase the proportion of female employees in the various key populations, which constitutes the talent pipeline of the Executive Management team as illustrated in the table below. As of 31 December 2020, the Group has reached the target of gender equality in the "Emerging talents" population.

Proportion of women		2019		2020	2020 objectives
Board of directors		6 women out of 14 members, including 1 elected by employees (41.7% according to the rules of the Copé-Zimmermann Law)[1]		6 women out of 14 members, including 1 elected by employees (41.7% according to the rules of the Copé-Zimmermann Law)[1]	
Executive Committee		15% (3/20)		16% (3/19)	
G100 (100 top executives)		30% with 50% of appointments in 2019		29%	
Leadership for Change (Top 500)		27%		31%	25%
Senior Management Position[2]		29%		31%	30%
Talents – Leaders for Tomorrow	Top	34%	Overall 46%	39%	30%
	Advanced	44% overall: 43%		42%	40%
	Emerging	47%		50%	50%

(1) This ratio is calculated by excluding the 2 Directors representing employees on the Board.

(2) The Senior Management Position (SMP) or the Group's senior management is comprised of employees in 3,000 positions considered by the Executive Committees of all the Businesses/Operating Entities/Group functions as positions having the most important impact on the strategic, commercial, functional and skills plans.

In the United Kingdom, CIB and Personal Finance communicate[2] figures in line with the objectives they set for themselves by signing the "**Women in Finance Charter**" to increase the proportion of women in senior management: 30% women at the end of 2023 at CIB, and 50% by 30 September 2022 at Personal Finance.

Similarly, the Group has **26 women in management positions in the Group's strategic businesses** (G100) such as French Retail Banking (also a member of the BNP Paribas Group Executive Committee), BNP Paribas Leasing Solutions, Country Management (Spain, United Kingdom, Switzerland, Canada, Australia), Retail Banking Executive Management (BGL in Luxembourg and Bank of the West in the United States). Women have management responsibility for Group **Human Resources, Compliance** and **CSR**.

External recognition

BNP Paribas continues to receive high scores for diversity and gender equality in 2020.

In France, BNP Paribas holds the **diversity label** (since 2009) and the **professional equality label** (since 2018).

BNP Paribas also continues to be included in professional equality-specific indices such as the **Bloomberg Financial Services Gender Equality Index** (BFGEI) and the **Pax Ellevate Global Women's Index Fund**.

The NGO Human Rights Campaign Foundation once again gave it a score of **100/100** in its **Corporate Equality Index** for North American businesses that are most welcoming to and respectful of the LGBTQ population in the United States.

With an overall score of **81/100**, BNP Paribas maintains its leading position in the annual ranking of **S&P SAM Corporate Sustainability Assessment (top 7%)** while the average for the "Banking" sector is down (-15 points in 2 years). These good results can be explained by the recognition of the Group's actions in the areas of "**Human capital development" (+25 points)** and "**Working practices**" **(+15 points)**. BNP Paribas is listed on the Dow Jones World and Europe Sustainability Indices.

Lastly, BNP Paribas scored **71/100**, its best performance in terms of its biannual **ESG V.E** rating for 2019 and 2020, thanks in particular to its very good results in terms of "**Human Capital**" (+1 point to reach 79/100, 20 points above the average of the banking industry). The agency noted the excellence of its "**Diversity and anti-discrimination**" policies (> 90/100) as well as the "**management of career paths and promotion of employability**" (> 80/100). BNP Paribas is listed on the **Euronext-Vigeo Eiris responsible indices**.

(1) This information complies with the requirements of article L. 22-10-10-2 of the French Commercial Code relating to the balanced representation of women and men on the committee established, where appropriate, by Executive Management to assist it regularly in the performance of its general duties and on the results in terms of gender mix in the top 10% of positions with the highest responsibilities.

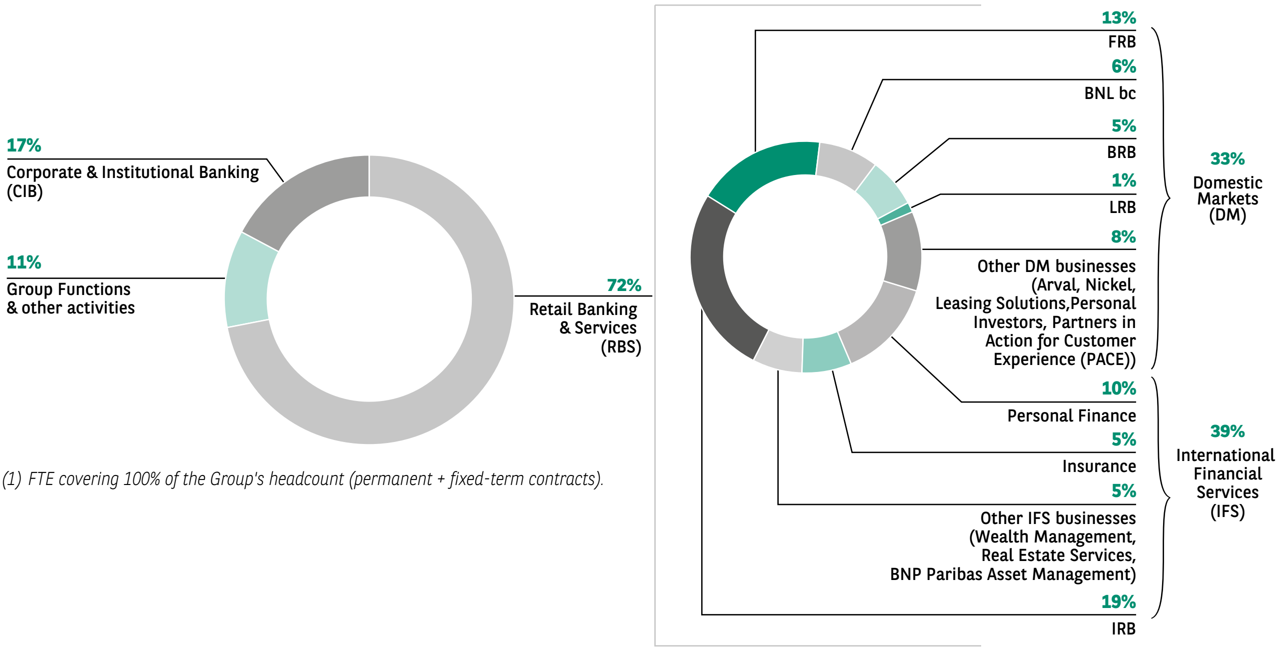
(2) https://www.bnpparibas.co.uk/en/engagement/women-finance-charter/

COMMITMENT 5: A "GOOD PLACE TO WORK" AND RESPONSIBLE EMPLOYMENT MANAGEMENT

CHANGE IN HEADCOUNT

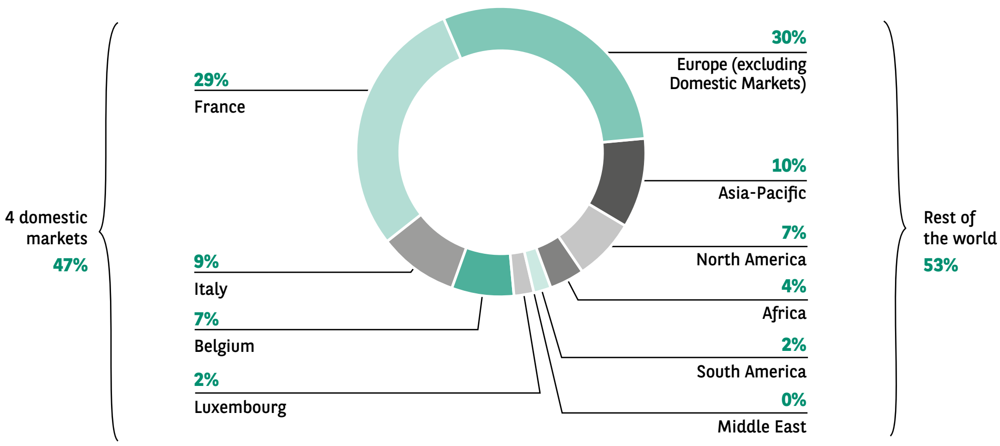
At end of 2020, the number of employees managed by the Group is **193,319 FTE** (Full-Time Equivalent – 189,522 financial FTE[1]), down 2.8%[2] from 2019 (198,816), in 68 countries.

BREAKDOWN OF THE WORKFORCE BY BUSINESS[1]



(1) FTE covering 100% of the Group's headcount (permanent + fixed-term contracts).

BREAKDOWN OF TOTAL HEADCOUNT BY GEOGRAPHICAL AREA



(1) FTE covering 100% of the Group's headcount (permanent + fixed-term contracts).

(1) Financial headcount: Full-Time Equivalents (FTE) at 31 December 2020 in wholly controlled, fully consolidated entities.

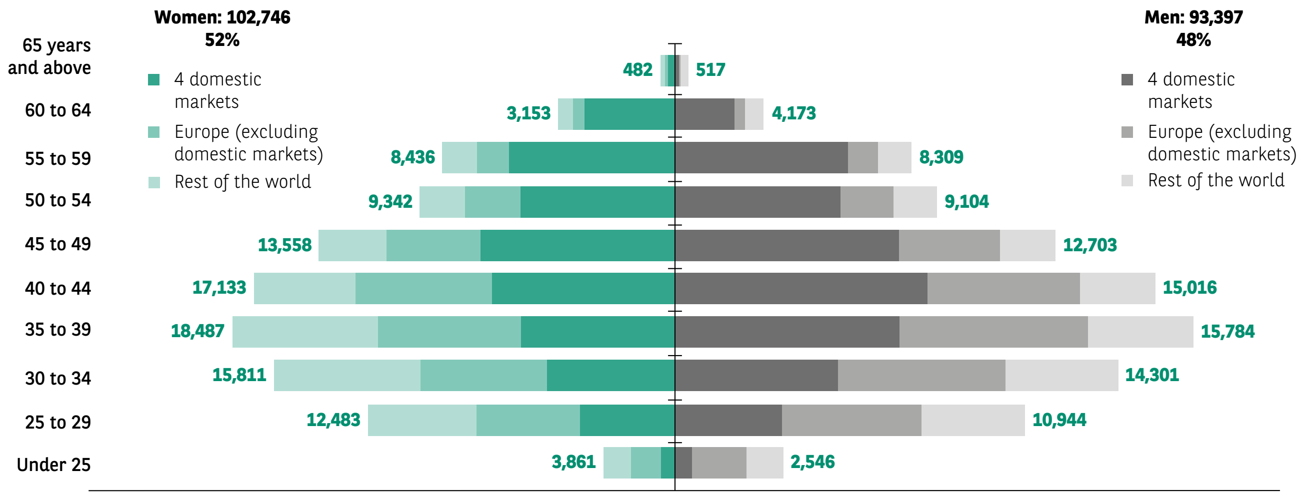
(2) Down by 2.6% at a constant perimeter.

➤ CHANGE IN THE WORKFORCE OVER THE LAST TEN YEARS(1)

	2010	2015	2020		
France	59,302	57,974	55,567	4 markets domestic 89,951	Europe 147,680
Italy	19,126	17,993	17,743		
Belgium	18,345	16,360	13,059		
Luxembourg	3,942	3,646	3,582		
Europe (excluding Domestic Markets)	52,667	50,638	57,729		
Asia-Pacific	11,650	12,180	18,680		Rest of the world 45,639
North America	15,137	16,009	13,576		
Africa	9,555	9,861	8,974		
South America	4,323	3,834	3,896		
Middle East	2,233	582	513		
TOTAL	**196,279**	**189,077**	**193,319**		**193,319**

(1) FTE out of 100% of the Group's headcount (permanent + fixed-term contracts)

➤ BREAKDOWN OF GROUP WORKFORCE BY AGE, GENDER AND GEOGRAPHICAL AREA



(1) This breakdown covers 99% of the Group's headcount (permanent and fixed-term contracts), comprising a total of 197,995 employees.

The overall average age increases from 41 years in 2019 to 41.4 years in 2020, and average seniority also increases (11.6 to 11.9 years in 2020).

RECRUITMENT

In 2020, **the Group recruited 14,871 people** on permanent contracts worldwide (-29% compared to 2019), including 2,158 in France. With 63% of the hires in Europe (62% in 2019), BNP Paribas reaffirms its status as a leading European bank.

For the third consecutive year, France is the top recruiting country with 15%. The United States of America (14%) and India (11%) remain very active, followed by Portugal (8%).

The Group records a **voluntary turnover** rate[(1)] of 5.6% in 2020, mainly because of the high rates of voluntary departures in India (10.5%), the United States of America (10.2%), and Eastern European countries such as Romania (16.8%), Bulgaria (15.5%), Ukraine (14.4%) and Poland (9.5%), partly due to local employment trends in those markets. Outside those markets, the Group's voluntary departure rate was 4.1%. It is lower than this rate in the Domestic Markets: 3% for Belgium, 3% for Luxembourg, 2.8% for France and 1.3% for Italy. At Group level, the **turnover** rate[(2)] was 8.9% (11.5% in 2019)

In 2020, BNP Paribas remains perceived as an employer of choice

The Group maintains its visibility on social networks. It attracted nearly **200,000 subscribers on LinkedIn**.

BNP Paribas was awarded the "**Top Employers Europe**" certification for the 8th consecutive year in **7 countries**: Belgium, France, Italy, Poland, Turkey, Luxembourg and Ukraine. The Group stands out through its **diversity and inclusion schemes (+20 points[(3)])**, **its level of employee commitment (+14 points[(3)])** and by **supporting career paths and talent development (+11 points[(3)])**.

BNP Paribas reinforced its image as a responsible employer and maintained the quality of its candidate and employee experience.

Aware of the societal challenges posed by the social crisis, the Group continued to recruit during this period. In addition, it continued to provide a quality candidate experience and to support its employees during this special period.

Increased appeal

The various initiatives launched by the Group to support its customers, employees and the civilian population (see *Supporting major players helping vulnerable populations*, Commitment 9) have strengthened BNP Paribas' brand appeal among its internal and external audiences. At the same time, the **#PeopleOfBNPParibas series** highlights the actions of employees through video profiles broadcast internally and on social media.

To promote the pillars of its employer promise, the Group innovates through testing in France previews of the new "**Stories**" format **on LinkedIn** to anchor two of these pillars of its employer promise in the daily lives of employees: "**Sustainable and Responsible Global Leader**" and "**Learning Company**"[(4)].

Maintaining candidate experiences

In order to maintain the relationship with candidates, and in particular students, many countries have maintained their virtual events with schools. As a result, "**young graduates**" **programmes** are being carried out, notably at CIB in the United States, with 79 permanent hires. In France, the Group welcomes **2,000 work-study students** and 1,500 interns.

At the same time, some entities have adapted their recruitment process using new digital tools. In particular, BNP Paribas Fortis, Arval Italy and BNL and the APAC region, benefited from a pilot project using VisioTalent, a digital platform that makes it possible to conduct remote recruitment interviews.

To facilitate the integration of new employees into the Company, the United States, the United Kingdom and Belgium offer very comprehensive, fully digital onboarding and training programmes to promote a sense of belonging and develop new business and technical skills.

Listening to employees

More than ever in this disrupted period, close communication between managers and employees has increased, with listening and support being at the heart of the prerogatives of every manager through the principles of "**Positive management**".

Innovative initiatives have emerged to inform, support and unite teams throughout the lockdown. This is the case of BNP Paribas Personal Finance, which has adapted the use of its "Gate 2 know" app during the lockdown to unite its employees from all countries around a community of information sharing and discussion between employee and managers.

This year, the Group is rolling out its new **listening strategy** by creating **employee surveys** which are more agile, more local and more effective. Entities freely choose from a library of 500 questions created by an internationally renowned specialist on engagement topics[(5)]. In its first year, the scheme met with a particularly high participation rate of 64%, representing 129,000 participants. A total of 90 surveys were organised in 55 countries.

(1) Calculation method: [Resignations of employees and mutually agreed departures during the year N]/[Headcount present at 31 December in the year N-1 + Hires of employees during the year N] – permanent contracts only and in FTEs.

(2) Calculation method: [Employees definitevily leaving during the year N]/[Headcount present at 31 December in the year N-1 + Hires of employees during the year N] – permanent contracts only and in FTEs.

(3) Compared to the overall average of the 954 companies certified as Top Employers Europe.

(4) The other two pillars "Open-minded Group" and "the Place to work differently" will be represented later.

(5) Gras Savoye Willis Towers Watson.

CHANGES IN HEADCOUNT

➤ CHANGES IN HEADCOUNT: NEW RECRUITS ON PERMANENT CONTRACTS AND GEOGRAPHICAL DISTRIBUTION(1)

	Men	Women	2019 Total	Men	Women	2020 Total
TOTAL	**10,313**	**10,659**	**20,972**	**7,471**	**7,400**	**14,871**
4 Domestic Markets	51%	49%	4,444	52%	48%	3,172
Europe (excluding Domestic Markets)	43%	57%	8,469	47%	53%	6,134
Rest of the world	54%	46%	8,059	54%	46%	5,565
TOTAL	**49%**	**51%**	**20,972**	**50%**	**50%**	**14,871**

(1) Physical headcount (Total in FTE on permanent contracts = 14,582).

➤ CHANGES IN HEADCOUNT: REASONS FOR EMPLOYEES WITH PERMANENT CONTRACTS LEAVING THE GROUP(1)

	Men	Women	2019 Total	Men	Women	2020 Total
Retirement/early retirement	1,759	1,241	3,000	1,446	1,199	2,645
Resignation	7,372	7,635	15,007	4,898	5,149	10,047
Dismissals(2)	1,052	1,069	2,121	998	1,151	2,149
Mutually agreed departures and equivalent	668	1,014	1,682	637	1,097	1,734
Assisted departure plans	770	887	1,657	322	300	622
Other terminations of permanent contracts (unspecified, end of trial period, death(3))	1,030	1,008	2,038	903	1,004	1,907
TOTAL	**12,651**	**12,854**	**25,505**	**9,204**	**9,900**	**19,104**

(1) Physical headcount (Total FTE (permanent contract) = 18,455).
(2) In France, the grounds for the 464 dismissals (587 in 2019) were professional shortcomings, unsuitability and misconduct.
(3) Including 7 deaths from Covid-19.

30% of the departures are in Domestic Markets (28% in 2019), 38% in the rest of Europe (37% in 2019) and 32% in the rest of the world (35% in 2019).

ORGANISATION OF WORKING HOURS

➤ TYPE OF CONTRACT(1)

	Men	Women	2019 Total	%	Men	Women	2020 Total	%
Number of permanent contracts	93,306	98,303	191,610	96%	91,501	96,399	187,900	97%
Number of fixed-term contracts	2,714	4,492	7,206	4%	2,038	3,382	5,419	3%
TOTAL	**96,020**	**102,795**	**198,816**	**100%**	**93,539**	**99,781**	193,319	100%

(1) Full-time equivalent.

➤ PART-TIME(1)

	Men	Women	2019 Total	%	Men	Women	2020 Total	%
Number of part-time employees	2,561	14,862	17,423		2,635	14,411	17,046	
of which part-time at 80% or more	1,435	9,800	11,235	64%	1,396	9,545	10,941	64%
% of part-time employees	3%	14%		9%	3%	14%		9%
% of part-time employees by gender	15%	85%			15%	85%		

(1) Physical headcount taking into account 99% of Group headcount.

QUALITY SOCIAL DIALOGUE

BNP Paribas conducts a high-quality social dialogue, fueled by projects related to the Group's transformation and their impact on employees. In 2020, as a result of the global health crisis, **social dialogue has intensified**. In addition, with regular additional remote meetings, management and employee representatives regularly discussed the measures envisaged as part of crisis management to ensure the high level of protection desired by the Group in terms of health and safety of employees and continue to maintain the banking activity essential to the economy.

Worldwide

The Global agreement is continuing to be implemented, helping to consolidate fundamental rights at work and establish a **common social foundation** for employees **in all 68 countries**. This agreement focuses on **7 topics** that continue improving the quality of life and working conditions of employees, and in doing so, help foster equality and inclusive growth. The clear progress made in 2020 is in line with the objectives set in this Agreement. In terms of **maternity leave**, the entities representing more than 99% of the headcount[1] are entitled to at least 14 weeks of paid maternity leave. This percentage is 78% of the headcount[1] for whom paid **paternity leave** is 6 days. Two-thirds of the Social Reporting Entities state that Group benefits for maternity and paternity leave are **more favourable than the applicable law** in their country. Finally, regarding **disability**, all entities with more than 1,000 employees, and almost all Social Reporting Entities have implemented at least one of the 10 commitments of the ILO Business and Disability Charter, of which the Group is a signatory.

In Europe

The **European Works Council**[2], at the end of 2020, covers 22 countries and more than 67% of the total headcount.

It contributes significantly to the implementation of the **European social charter** including the European agreements on **employment management** (2012), on **gender equality** (2014) and **stress prevention** (2017). These agreements are also subject to **regular monitoring** by the European Works Council.

In France, negotiations continued despite the health crisis, with **106** agreements signed in 2020, including 71 agreements on compensation/ employee savings and retirement and 7 agreements on gender equality.

A forum for discussion and collective agreements

➤ **NUMBER OF COLLECTIVE AGREEMENTS SIGNED AND OFFICIAL MEETINGS**

	Collective agreements		Number of formal meetings	
	2019	2020	2019	2020
France	147	106	1,358	1,277
Belgium	16	3	212	193
Italy	41	58	224	266
Luxembourg	0	0	13	12
Europe (excluding Domestic Markets)	92	176	490	573
Rest of the world	14	12	127	121
TOTAL	**310**	**355**	**2,424**	**2,442**

Employment management

In a context of the health, economic and social crisis, the Group wanted to guarantee to **maintain the salaries** of all employees in the 68 countries in which it operates, including those who cannot work or are unable to remotely work. In addition, the Group did not wish to use the short-time work/"technical unemployment" scheme (except for a secondary business activity and in only one country with full compensation).

BNP Paribas practices **responsible employment** management by anticipating changes necessary to maintain its economic performance, its capacity for development and therefore employment over time. It relies on **dynamic internal mobility**, a source of skills enhancement, supported by **significant investments** in training. This mobility is also facilitated by the widespread use of a **digital HR platform** facilitating a better understanding of employees' skills and their wishes.

Employment is managed under collective agreements concluded at different levels: global, European and French. In France, the Group does not carry out any forced redundancies, preferring internal mobility and voluntary solutions to manage employment, under an agreement between management and trade unions. In other countries around the world, redundancies are exceptional because the Group is committed to the terms of the European Agreement of 2012 and the Global Agreement of 2018.

(1) Covering 94% of the Group's FTE.

(2) European Works Council comprising the employee representatives from entities based in all countries within the European Economic Area, excluding entities that are not majority-owned.

In **France**, the Group's headcount changed according to plan, at a moderate level of around -2.9%[1]. This change is due to **the natural turnover and mobility**. In addition, two voluntary departure and internal mobility plans are under way at BNP Paribas Asset Management and BNP Paribas Securities Services, covering 143 positions and 368 positions respectively.

In **Belgium**, the headcount reduction announced in March 2018 for the period 2019-2021 was carried out through 2,800 natural and voluntary departures and 600 recruitments.

In **Poland**, the social plan related to the merger of BGZ BNP Paribas with the main business of Raiffeisen Bank Polska for the period 2019-2020 was completed. As a reminder, this social plan was the subject of negotiations with the trade unions at the end of 2018 and resulted in an agreement concluded in compliance with the European Employment Agreement.

In **Italy**, the 2016 social agreement aimed at supporting BNL's industrial plan for the period 2017-2020 continued, supplemented by the agreements of 2019 and 2020. In this context, 648 voluntary departures were carried out in 2020, most of which were through measures related to retirement. It should be noted that BNL also recruited 448 people over the past year.

Social responsibility taken to the highest level of the organisation

The **Group Human Resources Director** is responsible for personnel matters. She steers the Company's corporate social responsibility strategy with regard to workplace health and safety social dialogue, freedom of association, the fight against harassment and discrimination, diversity and inclusion. She is a member of the Group Executive Committee. On a regular basis, she reports on her strategy and results to the **Committee of the Board of directors** responsible for BNP Paribas' Governance, Ethics, Nominations and CSR issues (CGEN).

A COMPETITIVE COMPENSATION POLICY

The Group's compensation policy is founded upon principles of fairness and transparency, which are notably supported by a single annual compensation review process of all employees. The principles on the composition of compensation and its evolution are common throughout the Group and consistent with the objectives of risk management.

A compensation policy aligned with regulatory changes[2]

The Group's remuneration policy, which applies to all branches and subsidiaries, aims to ensure consistency between the behaviour of employees whose professional activities have a significant impact on the Group's risk profile, and its long-term objectives in terms of risk management. Since 2009, this policy has continued to help improve governance, identify employees who may be characterised as "**Material Risk Takers**" **(MRT)** and apply the special provisions on the award and terms of payment applicable to their variable compensation. The compensation policy and principles of employees identified as MRTs are published annually in a report posted on the BNP Paribas website[3].

The compensation policy also complies with applicable regulations, notably (i) **regulations in relation to customer protection** (MiFID 2 or European[4] Banking Authority guidelines on compensation practices in relation to the sale of Retail Banking products for employees working directly or indirectly with customers), (ii) sector-specific provisions (asset management with AIFMD and UCITS, and insurance with Solvency II), or (iii) business-specific regulations with the application of the provisions of French banking law and the Volcker rule applicable to market participants.

Lastly, it complies with the laws and regulations in force, including with regard to **minimum wages** when they exist in the countries where the Group operates.

A socially responsible, fair and competitive compensation policy.

In the majority of the countries in which it operates, the BNP Paribas Group applies a salary scale for hiring as part of its recruitment process, as well as a review of market compensation during the annual review process in order to ensure that **the proposed wage levels are living wages** in relation to the local standard of living and in line with local market practices (based on local benchmark studies or analyses made by external consultants). This salary level is supplemented by a set of **social benefits** to which all Group employees have access under the Global Agreement. The data on the **average remuneration and the median remuneration of employees** are available in chapter 2 (Table *Remuneration multiples and changes*) based on employees of BNP Paribas (SA) (France and branches) in accordance with applicable laws.

Since 2019, BNP Paribas SA and its various entities in France has published their gender equality index. The scores earned by the Group's banking and insurance entities[5], which represent more than 48,000 employees, are among the best in the industry and well above the statutory minimum, demonstrating the Group's long-term commitment to professional gender equality.

BNP Paribas is continuing to increase its attention to **equal treatment for all**, particularly when it comes to gender equality. Since 2016, the consistent allocation of compensation between women and men has been monitored by indicators included in the **annual compensation review process**, for all the Group's businesses and functions, under the supervision of Executive Management.

(1) France change in FTE.

(2) European Directive CRD 4 of 26 June 2013, as transposed into French law in the French Monetary and Financial Code, as well as Delegated Regulation 604/2014 on the criteria for identifying risk-taking employees (MRTs) and the European Banking Authority guidelines on prudent policies of 27 June 2016.

(3) https://invest.bnpparibas.com/en. Publication date before the Shareholder's General Meeting.

(4) Markets in Financial Instruments Directive.

(5) Scope: Entities with more than 1,000 employees.

For a number of years, measures are taken locally to reduce any pay gap between men and women. Thus, the EUR 10 million allocated in 2019 for 3 years by BNP Paribas SA as part of measures to make up for any discrepancies in annual compensation, led to a budget of EUR 3.33 million for the year 2020. In addition, the budget provided by the subsidiaries in France amounts to approximately EUR 1.5 million (a slight increase).

For retention purposes, the Group awarded to over 7,700 key employees[(1)] a three-year retention plan (maturing in June 2023), known as the **Group Sustainability and Incentive Scheme (GSIS)**, of which 20% of the initial award is related to the Group's CSR performance objectives, based on the 4 pillars of the Group's CSR[(2)] strategy, while the rest is indexed to the Group's operational performance.

Furthermore, as permitted by the government system, BNP Paribas SA and certain subsidiaries in France decided to pay one or more exceptional purchasing power bonuses to employees receiving an overall remuneration lower than three times the value of the minimum wage in France.

Social benefits relating to retirement and savings

To prepare for retirement, employees benefit from **defined-contribution retirement savings** schemes under the conditions set out in chapter 4 Financial Statements – *Remunerations and benefits granted to employees.* Turning to savings, **collective profit-sharing schemes** may also be put in place to align employees interests with **collective performance**.

In **France**, the Group involves employees in its performance through **profit-sharing and incentive schemes**. Thus, several Group companies are supporting employees' voluntary savings efforts through savings plans (PEE and PERCO) with a cumulative contribution of EUR 65 million paid, which benefited more than 72% of employees in 2020 on the plans implemented for 2019. In addition, thanks to a **protective agreement for employees** (signed on 28 June 2019), the non-payment of dividends to shareholders in 2020 had limited repercussions on the amount paid in 2020 in respect of 2019.

In respect of 2020, EUR 137 million will be distributed to the estimated 63,646 beneficiaries of entities that are members of the Group profit-sharing agreement (compared with EUR 160 million to 66,305 beneficiaries in 2019). With regard to profit-sharing, more than 98% of employees are covered by a profit-sharing agreement at the end of 2020 (compared with 97.17% at the end of 2019). For BNP Paribas SA, EUR 103 million will be distributed among 42,808 beneficiaries for the financial year 2020 (compared to EUR 124 million to 44,881 beneficiaries in 2019). The amounts paid in respect of the same financial year under the profit-sharing agreements of the subsidiaries will be known at the end of the first quarter of 2021.

At the end of 2020, the percentage of the share capital held directly or indirectly by Group employees was estimated at **3.78%** (3.61% at end 2019)[(3)].

Elsewhere in the world, similar schemes exist. At **BNP Paribas Fortis in Belgium**, part of the variable remuneration known as "collective" is linked to CSR goals such as promoting diversity, improvement of well-being in the workplace and the reduction of the Bank's negative impact on the environment. The 2020 objectives were met, and a total of EUR 21.8 million was paid to all employees.

In **Luxembourg**, the Bank paid non-managerial employees an incentive bonus with respect to 2019, which amounted to nearly EUR 3.6 million.

Employee benefits in terms of social benefits

In addition to the legal and contractual arrangements, depending on the regulations and practices of the countries in which the Group operates, employees may benefit from supplementary social protection and/or health insurance.

In accordance with the **Global Agreement,** almost all BNP Paribas Group employees (96% of the Social Reporting Headcount, *i.e.* an increase of 37% compared to the end of 2019) were **covered** in case of **death in service** or **disability** as well as **medical,** whether from a government scheme, an insurance scheme, or a combination of both. In accordance with its regulatory environment, each business/country determines what coverage is provided, the specific applicability conditions and the terms of financing. The few entities that have not yet put in place certain coverage - generally not offered locally - are in the process of taking it out, and will have it in place before 1 June 2021.

In France, the Group offers a mandatory **mutualised health** plan to employees and a protection insurance system that allows employees to adjust their level of protection according to their personal situation.

It also offers **flexible employee benefits**, enabling employees to select, to a certain extent, their level of coverage from a range of benefits offered aiming at long-term employability and offering sustainable choices. These benefits are available at BNL in Italy, at BNP Paribas Fortis in Belgium and in the United Kingdom.

FOCUS ON PEOPLE

One of the Group's priorities for its employees is to "ensure healthy lives and promote well-being for employees of all ages" (UN Sustainable Development Goal 3).

Working conditions

In the past few years, as part of a **consensus approach** involving employees, employee representative bodies, and occupational health services, BNP Paribas has successfully updated its office environments and incorporated Flex Offices, promoting remote working. Within the Group in France, at the beginning of 2020, more than 12,000 employees opted to work remotely on a regular basis and 15,000 worked in Flex Offices.

This approach was a major asset for the widespread practice of remote working during the health crisis, which affected more than two-thirds of the Group's workforce according to applicable health restrictions.

(1) Key employees: senior managers, high-potential employees or key local resources.

(2) For the 2017 plan, payable in 2020, the achievement of 6 of the 9 CSR criteria defined when the plan was allocated triggers the payment of the amount initially allocated for CSR to the plan beneficiaries, in accordance with the plan's regulations.

(3) Percentage of share capital held by employees (and former employees of the BNPP Group), via employee savings plans (employee profit-sharing, incentive schemes, voluntary payments by the employees and matching contributions paid by the Bank invested into the BNP Paribas Actionnariat mutual fund) and/or Global Plan reserved for employee shareholding transactions.

Emergency actions in the face of a health crisis

The Group's Occupational Health Department is fully mobilised by the Covid-19 health crisis. From the start of the pandemic, the Group Executive Committee set up a **crisis unit** under its close supervision. It brings together the coordinating doctor, the team in charge of the safety of persons and goods in the premises of the Bank, the HR teams in different regions, the teams in charge of IT and the building management teams. This unit, depending on the evolution of the pandemic, decides on the measures applicable in all countries, taking into account the recommendations of the health authorities of each country.

Measures have been put in place within the Group to ensure **a high level of protection and security** for employees: provision of surgical masks, hydro-alcoholic gel, flu vaccination campaigns, serological testing campaigns, temperature measurement, instructions to be followed for employees who are vulnerable, employees with symptoms in the workplace, contact persons, *etc*. Communication actions on hygiene and protection measures are widely disseminated.

In almost all our locations, training courses on psychosocial risks and the prevention of work-related stress geared to managers or available to all employees have been stepped up. Listening sessions for employees are also widely available, internally or externally, by telephone or face-to-face.

In France, during the first lockdown from March to May 2020, **the Occupational Health Service was always available** either face-to-face,by videoconference, or by telephone to listen to and support employees. In addition, it has set up **free medical teleconsultations**. In addition, the social assistance services, occupational health and mutual insurance services have organised hotlines. The permanent psychological assistance system, Stimulus Care, available 7 days a week, 24 hours a day, has been strengthened and extended to cover the entire Group. Lastly, conferences and information materials on various topics related to health and well-being, including those dedicated to remote working, food, immunity and better coping with lockdown complements the guides distributed throughout the year: "managing the risk of alcohol in the workplace", "preventing professional burnout", "supporting the return to work after a long absence".

The issue of mental health is amplified by a number of factors linked to lockdown (isolation, extreme mental stress linked to the presence of young children, addictions, over-investment in work...). Thus, a wide range of actions aim to support employees while remaining attentive to their needs, such as communications by email and on Echonet, digital workshops (work-life balance, parenthood and lockdown, *etc*.), conferences (sleep, resilience, mental stress, remote management), webinar, surveys, *etc*.

Health and safety conditions at work

More structurally, the Group has developed a solid occupational health and safety framework.

Thanks to the international partnership with Europ Assistance, **employees receive assistance** both for business and private travel, and 24-hour telephone support in the event of a traumatic event (terrorist attack, earthquake, *etc*.). In addition, the Occupational Health Service supports the HR line and managers in France by opening a specific external hotline in the event of serious events within a team (death of an employee, assault, robbery, *etc*.).

The European agreement on **preventing stress in the workplace**, signed in January 2017, outlines the principles and common framework to implement (information, awareness-raising, evaluation, training, support, communication).

In addition, almost all of the Group's entities have initiatives and awareness-raising programmes on the themes of health and safety at work.

Signatory of the **Cancer and Employment Charter, the Group aims at improving** to employee support and care and to help them return to work, reorganising workstations where necessary.

In 61 countries (around 96% of the Social Reporting Headcount), entities have taken steps to improve the **work environment, prevent occupational risks or musculoskeletal** disorders and offer advice on ergonomics.

In France, all employees are monitored by an **occupational health service: either an autonomous health service** (17 doctors, 34 nurses for two-thirds of employees) or externally by inter-company services, and they can receive social services assistance (around 40 social workers).

In 51 countries (91% of Social Reporting workforce), entities have improved or developed health awareness campaigns (Guinea, United States, Germany, Ukraine, Japan, Brazil, South Africa, India, *etc*.).

In 27 countries, entities developed initiatives to support employees suffering from **addictions** (South Africa, Germany, Belgium, Brazil, Spain, United States, France, Luxembourg, United Kingdom, Turkey, Taiwan, Tunisia, Portugal, India, *etc*.).

BNP Paribas is responding to the WHO's recommendation to **fight sedentary habits** by allowing employees to use the "wePulse" mobile app to track and increase their physical activity while also participating in group challenges to benefit charities. More than 13,000 employees are registered.

Caregiver support measures

In France, the Social Action Department carried out **awareness-raising actions** on the impact of lockdown and the health crisis on family relationships, school drop-outs, addictions, caregivers and intra-family violence. The Group is involved in **discussions on vulnerabilities, single parenthood and violence against women**. Targeted actions to support management and the HR line in the event of the death of a colleague or family member have been initiated. Talking groups led by a psychologist and a social worker among employees, either caregivers or cancer patients, are always very popular.

BNP Paribas has implemented a host of **measures to support employees who are caregivers**, such as: an agreement on donating days off for employees who take care of a disabled or dependent parent, child or spouse, awareness-raising initiatives (newsletter, regular group events, how-to guides), training courses, partnerships with experts (Fepem, French Red Cross, *etc.*), discussion groups on special topics, and access to a platform of psychologists.

Other innovative initiatives supported by the Group extend these programmes, such as the **Tilia mobile app**, the product of an intrapreneurial venture that combines human support with a digital solution. This app, which can be used on a tablet computer or smartphone, includes features such as personal assistants who are available 24/7 via chat or telephone, a calendar and list of contacts shared between the caregiver and care recipient, a record book (to be notified in real time when the relative's home caregivers visit), and a section with information on topics such as disability, loss of independence, continuing to live at home and advice for caregivers.

Absenteeism

The Group's absenteeism rate(1), calculated for 64 countries, is **3.4%**, plus **2.6% for maternity/paternity leave**(2).

This year, a number of non-customary trends have emerged: some employees have taken sick leave to look after their children (closed childcare, homeschooling, *etc.*). At the same time, employees took less sick leave because other types of virus have almost disappeared due to the lack of contact during the lockdown. Covid-19 makes it difficult to compare the year-on-year figures and the absenteeism rate for 2020 cannot be used as evidence of a trend.

In %	2019		2020(1)	
	Absenteeism rate	Maternity/ Paternity	Absenteeism rate	Maternity/ Paternity
France	4.6%	2.2%	5.3%	2.2%
Belgium	4.9%	0.9%	4.7%	0.7%
Italy	3.4%	2.3%	3.0%	2.1%
Luxembourg	2.3%	0.9%	2.2%	1.0%
Europe (excluding domestic markets)	3.3%	5.4%	2.9%	5.1%
Rest of the world	1.2%	1.1%	1.3%	1.0%
TOTAL	**3.3%**	**2.7%**	**3.4%**	**2.6%**

(1) FTE for 96% of the Group's headcount. The absenteeism rate takes into account the number of paid and unpaid days of absence by the Group, compared to the average number of paid and unpaid employees.

Work-related accidents

Approximately 1,100 work-related accidents were reported by 23 countries in 2020, including more than 600 commuting accidents (2 fatal accidents).

The frequency rate for work-related accidents amounts to 0.94% and increases to 2.05% if commuting accidents are added. The severity rate is 0.05% excluding commuting accidents, and 0.09% if the days lost due to commuting accidents are added(3).

Harassment and violence at work

The update to the **Code of conduct** in 2016 strengthens the Group's commitment to combatting harassment, including sexual harassment. The Human Resources Department also introduced an **internal procedure** in 2018 on **how to deal with reports of harassment**. The **Global agreement** reminds its implementation in all Group entities, together with measures to support victims. In 2019, 98 sanctions were imposed for sexual or psychological harassment, sexist behaviour or violence at work (37 dismissals, 1 demotion, 3 temporary suspensions, 23 official reprimands, 32 warnings and 2 wage deductions). For the 1st half-year 2020, 46 sanctions were imposed for these reasons (13 dismissals, 15 reprimands, 18 warnings).

(1) The absenteeism rate includes illness, work-related, accidents and occupational illness, excluding travel-related accidents and authorised absences. It is calculated with reference to the method used locally by each entity, weighted by headcount.

(2) The maternity/paternity rate includes maternity and paternity leave, parental leave as well as adoption leave.

(3) The frequency rate corresponds to the number of accidents per 1 million hours worked and the severity rate corresponds to the number of days lost per 1,000 hours.

COMMITMENT 6: A LEARNING COMPANY SUPPORTING DYNAMIC PROFESSIONAL PATH MANAGEMENT

Keen to develop its human capital, the Group creates a variety of career development opportunities for everyone. This is central to BNP Paribas' employment practices. This investment also makes it possible to reinvent oneself and face current and future crises.

The 2020 objective for this commitment: "**Proportion of employees who completed at least two training courses (including mandatory training courses) during the previous 12 months**" is set at 90%. This rate was just over **90%** in 2020.

MANAGING PROFESSIONAL PATHS

News from the Talents programme "Leaders for Tomorrow".

As part of its transformation process, at the end of 2015 the Group launched the "**Leaders for Tomorrow**" initiative, aimed at identifying, developing and promoting high potential employees in order to ensure succession planning for the Group's cross-functional Executive Committees for businesses, functions and regions (Top 500 LfC).

These "Leadership Talents" were selected by their managers and HR managers on the basis of their skills, experience, sources of motivation and personal predisposition to become **leaders**.

At the end of 2020, the programme brought together nearly **6,900** "**Leadership Talents**" belonging to the **3 levels (Emerging, Advanced or Top)**.

Over the past year, the teams have adapted to the crisis by offering all-digital events. More than **3,000** "**Leadership Talents**" **of some forty nationalities** from all professions/functions have benefited from dedicated support and development systems. In addition to the wide range offered by Group Human Resources – mentoring, corporate volunteering, seminars, training sessions on the Personal Development Plan and online training such as Spark and Navigating Digital – there are also initiatives offered locally or by their business or function.

Develop skills and improve employability

About Me is a **platform** for employees, managers and HR. This platform, which is a key component of **career management**, is designed to:

- gain a deep understanding of the **skills** of all employees;
- help employees implement their development plan and pursue **professional growth**;
- Streamline interactions between employees, managers and HR, thus promoting **cross-functional mobility**.

Across the Group, more than 127,000 employees reported a range of close to 700 different skills for a cumulative total of **around 2 million skills**.

As part of the HR 2020 strategy, the **annual performance review**, which is systematic for all employees, has been simplified and digitized. Managers must apply the nine performance evaluation principles established to guide their actions, with regard to the objectives set by the manager for one year. The **objectives** defined during the professional assessment must be clear, attainable, **measurable and adapted** to the nature of the activity and the responsibility of the position defined in time (Agreement on the prevention of stress at work).

In addition, the **multi-source feedback** culture is strongly encouraged: available in **About Me**, this simplifies the annual appraisal review and provides material for the **personal development plans**.

TRAINING POLICY

The Group's innovative and ambitious training policy reflects its commitment to promoting learning opportunities throughout the career of its employees, in line with SDG 8 (decent work and economic growth).

Dedicated programmes strengthening the culture from Group

The **Leadership & Management Academy** is a cross-functional initiative that disseminates strategic information and works to strengthen a **culture of shared leadership** within the Group. Dedicated to the Group's key populations (Top executives, senior managers and the Talent population), it continually adapts its offer by proposing:

- workshops on change management, transformation and innovation strategy;
- webinars series focusing on sustainable financing, future business trends and leadership;
- two programmes in digital format: Navigating Digital Technologies (NDT) in the digital field and Harvard Manage Mentor Spark – platform on leadership.

2020 marked the completion of the first wave of certification training on **Positive Impact Business** co-constructed between BNP Paribas and the University of Cambridge. More than **160 employees** among key populations in direct contact with customers have obtained their sustainability certification with a view to integrating it into their discussions and solutions with their customers.

More than 300 members of the LFC-500 took part in the series of conferences "**The Future we choose**", organised to contribute to the reflection and construction of a more resilient and sustainable business model for the organisation, society and environment.

TRAINING: TOTAL NUMBER OF HOURS AND EMPLOYEES(1)

	2019	2020
Total number of employees who completed at least one training course (including mandatory training courses)	202,876	194,976
Total number of employees who completed at least two training courses (including mandatory training courses)	198,594	183,488(2)
Total number of training hours	4,424,760	3,589,014

(1) Source: My Development reporting tools, including 98% of the Group's physical headcount on permanent or fixed-term contracts in 68 countries, although other employees (apprentices, employees on vocational training or qualification contracts, interns and casual workers) also receive training.
(2) Of which 53% are women, 36% are employees over the age of 45 and 3% are on fixed-term contracts, testifying to the accessibility of training to all these categories.

The share of **distance learning** increased sharply with the reduction in the time spent on site due to the health crisis. The diversity of learning channels (video, virtual classroom, *etc.*) and shorter formats have enabled employees to **continue to train**, an average of 18 hours over the year (22 in 2019). The shorter training times for these new formats encourage their use by employees while also facilitating learning.

Their volume increased by 5 points year-on-year. The Group prioritised **Business techniques & functions training (+6 points)** to meet immediate transformation needs based on a rapid increase in skills. In addition, more than 8,000 employees obtained certificates or diplomas at the end of their training.

TRAINING: OVERVIEW BY METHOD AND CONTENT(1)

	Training method(2)			Training content(3)			
	Classroom based	E-learning	Other formats	Business techniques & functions	Risks & compliance	Culture & awareness of the Group & its entities	Individual skills & management
France	4%	78%	18%	77%	14%	5%	4%
Belgium	10%	77%	13%	35%	51%	4%	8%
Italy	4%	64%	32%	76%	9%	6%	3%
Luxembourg	12%	71%	17%	44%	39%	7%	6%
Europe (excluding Domestic Markets)	10%	65%	25%	28%	36%	16%	12%
Rest of the world	8%	73%	19%	35%	43%	10%	6%
TOTAL	**6%**	**72%**	**22%**	**59%**	**23%**	**8%**	**6%**

1) Source: My Development; Physical headcount taking into account 98% (98% in 2019) of the Group's headcount (permanent + fixed-term contracts).
2) % interns per method out of the total number of training sessions.
3) % interns per subject out of the total number of training sessions. An employee/beneficiary may attend several training sessions. The total is less than 100% since undetermined training sessions are not included in the report.

Forging a culture of continuous development

Initiated in 2017, the HR2020 strategy has succeeded in creating and promoting a culture of continuous development for employees thanks to a better learning experience, new ways of learning and empowerment on their own development. This change in culture was based on a number of tools and initiatives: **a completely redesigned learning experience platform, an accessible and simplified personal development plan, and a move towards digital formats**.

Faced with the work organisation constraints imposed by the Covid-19 crisis, the face-to-face training courses were converted into distance learning courses within a short period of time. In this uncertain context, content offers have been enhanced on remote working, stress management and well-being at work.

With the deployment of this platform, and even if there was a lower average number of training hours per employee over the year, there has been a **gradual increase in the number of learning actions** carried out between 2018 and 2020 (+19% between 2018 and 2020). For example, the number of training sessions carried out at the request of employees increased by 235% in the first 12 months of the deployment of the new learning platform.

In addition, experience sharing between employees is increasing. More than 6,000 public playlists created by employees are available. 2 of the 3 most watched playlists concern strategic operational topics: sustainable development and CSR.

The Digital, Data & Agile Academy enhances its offering

The **Digital, Data & Agile Academy** (DDA Academy), a personalised and professional development offering for the key digital, data and **agility roles**, has continued to expand since its launch in 2018. Open to all Group employees, it offers training **courses** to develop the skills associated with these new roles and provides managers with drivers to **accelerate the Group's transformation**. Once trained, employees can access the jobs of tomorrow and achieve internal mobility more easily thanks to increased employability.

In 2020, the Academy expanded the DDA offering with 21 **Reskilling**, 51 **Upskilling** and 55 **Reskilling Boost** courses, all in French and English. These courses make it possible to 1) improve and strengthen skills (upskilling), 2) acquire new skills with a view to possible mobility and retraining (reskilling) and 3) acquire and deepen a single skill specific to a given role (Reskilling Boost).

Since its launch, nearly **2,000 employees** have followed these courses. The proportion of women, currently at 40% (compared with 26% at the end of 2018 during the pilot phase), is increasing.

During the health crisis, employees showed a strong interest in these programmes, with nearly double the approved registrations compared to the previous year.

The integrated "Legal" function rolled out the certified training offered by the **"Digital Legal Skills Centre" (DLC2)** that will help legal experts address the challenges of digital transformation in their profession (753 lawyers trained since 2018, including 92 in 2020).

Intrapreneurship[1]

Fostering the emergence of talent and innovation to meet the challenges of society within the Company is more than ever necessary for the Bank to be a major player in the "world after Covid-19". The **People'sLab4Good**, a corporate commitment intrapreneurship programme, supports shortlisted candidates in the realisation of their social or environmental projects, through a twenty-day training course on start-up methodologies. Since 2018, **50 intrapreneurs, from 12 entities and 7 countries**, have contributed to the Group's sustainable transformation and 50% of projects continue to develop in the businesses after the end of the programme, such as Altermotive, Finance4Good or Green On.

Completely redesigned to be remotely offered in 2020, the People'sLab4Good hosted 20 intrapreneurs, including 4 from ENGIE and 4 from Danone, as part of the #Intrapreneurs4Good coalition. This programme makes it possible to pool resources and expertise between the three companies, to share their sustainable innovation systems, while providing valuable connections between the ecosystems of each. For example, the BNP Paribas Tangata project, incubated at People'sLab4Good 2018, worked on the deployment of its second batch of services during Danone's "Noé" hackathon.

Corporate volunteering work and other Group solidarity activities

In 2020, the **programme #1MillionHours2Help** structures the ambition stated in the Global agreement to do more for civil society (NGOs, associations) by promoting the skills of employees. Through this initiative, BNP Paribas aims to foster more sustainable, equitable growth by allowing all employees to use working time to help charitable organisations build a more inclusive, eco-friendly world. This target of 1 million solidarity hours equates to around half a day of paid hours per employee per year.

In 2020, more than 25,000 employees stated that they had been involved in solidarity initiatives in favour of civil society totalling over 516,000 hours, either during working hours or outside of working hours with compensatory leave.

In **France**, BNP Paribas Personal Finance, Leasing Solutions, Asset Management, Arbitrage and Arval have implemented systems similar to that of BNP Paribas SA since 2017, which included, in 2016, in the Generation Contract a section on end-of-career corporate volunteering work. As part of the Diversity Agreement, **the programme of end-of-career corporate volunteering work was renewed for 4 years** from 1 October 2020.

In 2020, **254 employees** (110 of whom started during the year) were able to participate in work with non-profit organisations lasting 6 to 24 months.

It is important to note that the exceptional mobilisation of those involved (associations, dedicated Group teams and employees) made it possible to overcome the difficulties created by the health crisis. Only around twenty missions had to be postponed for a few months.

MOBILITY

In order to promote internal mobility, the Group has remained focused on its HR 2020 strategy of **pooling external recruitment and internal mobility** within a single platform "Staffing, Consulting and Solutions".

The global mobility management tool, Taleo, is deployed to 178,487 employees in 60 countries.

In total, the Group has a total of 23,544 transfers[2] in 2020 (29,669 in 2019), down by 21%. In France, 8,435 transfers were carried out compared to 10,163 in 2019.

Of these transfers, 3,931 are cross-functional (inter-entity and inter-business), down 18% (4,789 in 2019). There were 2,153 in France (down 19% compared to 2019).

Although the **proportion of open positions filled by internal candidates increased** almost everywhere, the number of employees who moved during the year is decreasing, due to the lack of momentum in the internal job market. Indeed, there are fewer positions to be filled in a context of decreasing departures and a moderate reduction in headcount. However, internal mobility remained at fairly high levels, especially with regard to inter-entity and inter-business mobility, a positive sign in terms of employee employability.

(1) An intrapreneur is an employee who develops, in-house, an entrepreneurial project with the agreement and support of the Company.

(2) Mobility is considered to occur when an employee changes assignment and/or position (a maximum of one mobility change per year and per employee).

The Group mobility policy is a cornerstone of our HR 2020 transformation plan and is not only a key factor in hiring and retaining the best talents, but is also central to the BNP Paribas' Employer Promise. The three main challenges of mobility are:

- individual development, allowing employees to develop their skills and build a motivating career path;
- the development of the Company, mobility being a preferred way of matching resources to changing employment needs and skills;
- social responsibility by contributing to responsible employment management.

For the 7th year running, BNP Paribas organised "**Mobility Days**" over three weeks in 41 countries. The completely digital format imposed by the health crisis generated 24,000 digital connections to workshops and conferences. The aim is above all to help employees define their career path and adopt a proactive approach to managing their professional development.

RCS, the South African entity of BNP Paribas Personal Finance, used Mobility Days this year to launch major multi-skill training programmes to support the professional development of nearly 20% of its employees.

In France, the **"Building my career plan" programme**, which includes information on the environments and professional groups that recruit, was opened to all employees.

➤ TOTAL NUMBER OF POSITIONS PUBLISHED AND JOBS FILLED INTERNALLY[1]

	2019			2020		
	Number of positions published	Internally filled positions	% of positions filled internally	Number of positions published	Internally filled positions	% of positions filled internally
France	5,806	2,466	42%	4,249	2,913	69%
Belgium (BNP Paribas Fortis)	1,276	1,480	116%[2]	863	666	77%
Italy	630	217	34%	332	354	107%[2]
Luxembourg (BGL BNP Paribas)	198	90	45%	243	174	72%
United Kingdom	1,354	487	36%	802	423	53%
Ukraine	2,541	937	37%	1,607	726	45%
Portugal	1,489	673	45%	1,402	1,066	76%
Turkey (TEB)	414	92	22%	238	48	20%
United States, of which (BNP Paribas CIB), (Bank of the West)	4,190	1,396	33%	2,734	766	28%
Other countries (Algeria, Spain, Hong Kong, India, Morocco, *etc.*)	4,861	770	16%	3,950	669	17%
TOTAL	**22,759**	**8,608**	**38%**	**16,420**	**7,805**	**48%**

Source: Extract from Taleo and the complementary declarations of the countries/entities.

(1) Based on 89% of the Group's headcount.

(2) The rate is higher than 100% because some adverts are for several vacancies.

7.4 Our civic responsibility: being a positive agent for change

Committed participant in society, BNP Paribas instigates and takes part in numerous initiatives to combat social exclusion and promote education and the arts. In the context of its civic responsibility, the Group uses all the available tools, as a banker, employer and philanthropist, to foster a sustainable and harmonious development of society. These actions are in line with its three commitments:

- **Commitment 7:** Products and services that are widely accessible;
- **Commitment 8:** Combat social exclusion and encourage respect for human rights;
- **Commitment 9:** Corporate philanthropy policy focused on the arts, solidarity and the environment.

The highlights of 2020 include:

- in the area of **financial inclusion**:
  - BNP Paribas was named "**World's Best Bank for Financial Inclusion**" by Euromoney, publication specialising in international finance. *"Through its unique model of direct financing of microfinance institutions and its ability to mobilise large investors, BNP Paribas has placed financial inclusion at the heart of its strategy"*, highlighted Jean-Laurent Bonnafé, Director and Chief Executive Officer of BNP Paribas,
  - in 2020, the global health crisis had a significant impact on microfinance institutions (MFIs). BNP Paribas, a committed player for more than **30 years in the sector**, continued to support MFIs by restructuring financing and allocating **a budget of EUR 1.2 million** to eleven MFIs, which were able to support, among others, 15,000 people in need,
  - in partnership with UN Women, the Bank also developed the **AgriFed** (Support for Women in Agriculture and Sustainable Development) programme which promotes **economic empowerment of women**,
  - BNP Paribas continued its partnership with the United Nations Environment as part of the project **Microfinance for Ecosystem-based Adaptation (MEbA)** promoting the resilience of smallholder farmers to climate change by encouraging microfinance institutions to include **biodiversity** in the credit process;
- at the same time, in order to promote **social inclusion**:
  - the Group has developed a banking system in France with tailored advice, loans without guarantees and mentoring to support some young people from disadvantaged backgrounds who wish to study in higher education institutions. This system is part of the actions carried out with Article 1 and the "Institut de l'Engagement" (*i.e.* the Commitment Institute), two associations of ***L'Ascenseur* (The Elevator)**[(1)]",
  - French Retail Banking, alongside several companies, created the **AXELLE platform** dedicated to vulnerable customers experiencing financial difficulties,
  - BNP Paribas Personal Finance has implemented a specific programme to support individual customers during the health crisis, in particular by proposing maturity extensions,
  - BNP Paribas Polska has deployed a range of resources to enable customers with disabilities to access the Bank (digital tools, physical accessibility, adaptation for all types of public needs, *etc.*);
- lastly, in terms of **generosity**:
  - the Group supported ***L'Ascenseur*** from the start of the health crisis, by making nearly a thousand computers available to young people who needed them,
  - **the Rescue & Recover Fund has opened up to biodiversity**, with the integration of the NGO IFAW (international fund for the protection of animals) among its partners. The year was also marked by a record in terms of donations, with more than EUR 1 million donated to its partners,
  - the **BNP Paribas Foundation** was deeply involved in the emergency aid system set up by the Group following the Covid-19 pandemic, first in April, with more than EUR 3 million donated to around fifteen associations and foundations, then at the end of the year with an additional grant of EUR 2 million, specifically for food aid and health in France.

(1) Unique place in Europe bringing together some twenty associations and social enterprises around a common fight: to promote access to education, employment, sport and culture for young people from disadvantaged backgrounds.

COMMITMENT 7: PRODUCTS AND SERVICES THAT ARE WIDELY ACCESSIBLE

The Group strives to improve the accessibility of financial products worldwide, since the financial inclusion of populations is a major accelerator of economic development, and thus meets several Sustainable Development Goals of the UN such as the 1st (no poverty), 8th (decent work and economic growth) and 10th (reduced inequalities). This approach is notably accompanied by efforts to tailor the offering and provide the financial education needed to ensure better use of financial products.

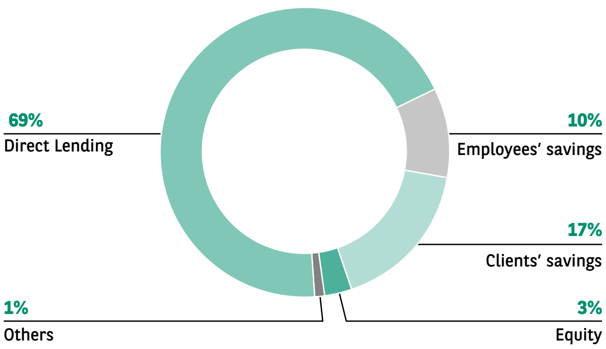
WORLD'S BEST BANK FOR FINANCIAL INCLUSION

Named "**World's Best Bank for Financial Inclusion**" by Euromoney, BNP Paribas has placed the fight against social inequality at the heart of its Corporate Social Responsibility strategy since when it was defined, in 2012.

BNP Paribas' commitment to **inclusive finance** predates this date, however, with the launch of the *Projet Banlieues* in France in 2005 by the BNP Paribas Foundation, as well as, **31 years ago**, the first financing of a microcredit institution, still a client of the Group today. Since then, its support for microfinance has benefited more than two million people thanks to the financing of 84 microfinance institutions (MFIs) in 33 countries.

This set up, like many other initiatives, reinforces BNP Paribas' strategic commitment to having a positive impact on society, through the establishment of partnerships and the implementation of financial innovations with a social purpose.

➤ FINANCING AND INVESTMENTS SUPPORTING MICROFINANCE INSTITUTIONS IN 2020: EUR 376 MILLION



FINANCIAL INCLUSION: THE GROUP'S SUPPORT FOR MICROFINANCE

Committed for more than 30 years to microfinance, BNP Paribas uses different levers to promote its deployment: direct financing of microfinance lenders, the microfinance institutions (MFIs), investment in funds specialising in financial inclusion, creation and development of positive impact funds, distribution of savings products dedicated to microfinance, technical assistance missions, *etc*.

A development strategy built around financial and social performance

In 2020, the Group's overall support towards microfinance exceeded EUR 376 million, enabling the direct financing of 28 MFIs in 15 countries, and more than 100 MFIs indirectly in most countries around the world via 14 dedicated funds in which the different entities of the Group invest.

Due to Covid-19, micro-entrepreneurs have increased their economic vulnerability, which has led BNP Paribas to **strengthen its support for MFIs facing liquidity and solvency problems**. The Group has thus maintained the majority of its credit lines, while restructuring financing and accepting requests for a moratorium or relaxing financial covenants. Despite the crisis, the Group deployed **new loans** in particular to Vietnamese MFIs that exclusively finance women (CEP and TYM), to a Moroccan institution (Al Amana) and also, for the first time, to an MFI in the Netherlands, Qredits. To help MFIs cope with the crisis, the Group authorised **a donation of EUR 1.2 million, paid to eleven MFIs**. This has enabled French and Belgian MFIs to offer collateral-free loans to vulnerable people, while in India, Indonesia, Vietnam, Ivory Coast, South Africa, Tunisia, Morocco and Brazil, this donation helped, among other things, to support 15,000 people in need, including 1,200 Indian families who received 5,000 hygiene kits.

In 2020, the Group also continued to support European MFIs by subscribing to **the equity increase** of **Permicro** in Italy and that of **Microlux** in Luxembourg.

BNP Paribas also attaches great importance to the **social performance** of the MFIs in its portfolio, as evidenced by its **score of 79%** measured by the SPI4 tool **(Social Performance Indicators 4)** developed by the NGO Cerise, its global base reaching an average score of 63% in 2020 based on nearly 376 MFIs worldwide.

More than 30 years of involvement in microfinance

In 1989, the Group launched its first microfinance partnership by financing Crédit Rural de Guinée. Thirty-one years later, this client is still financed by the Group. The digital exhibition **Little Big Movement**[1], which illustrates the impact of microcredit on women entrepreneurs, aims to celebrate and raise awareness of this commitment.

The Group was also involved in major events and helped to define microfinance best practices, in particular through:

- the subscription and deployment of the new Atlas reporting tool developed by MFR[2], a rating company specialising in microfinance. This tool reduces the reporting time for MFIs, standardises indicators and offers comparative analyses to all players in the sector;
- active participation in the working groups formed to provide joint responses to the financial crisis affecting the sector. Internal guidelines have been developed to support MFIs throughout the crisis, drawing on the most responsible practices adopted by its main players.

Green microfinance, joining the dots between environmental & social issues

The AgriFed programme **empowerment of women farmers in Senegal** (see *Supporting our clients in the transition to a low-carbon economy*, Commitment 10) is a good illustration of the interdependence between these two topics, onto which issues of access to finance and food sovereignty are also grafted. As such, the Group has integrated Baobab Senegal, a key local microfinance institution, into the programme by granting funding specifically targeting women beneficiaries of the project.

BNP Paribas also helped to highlight **issues related to biodiversity** within the **MEbA project**[2] (Microfinance Ecosystem-based Adaptation) of the United Nations Environment (see *Supporting our customers in the transition to a low-carbon economy*, Commitment 10).

PROVIDING ASSISTANCE TO VULNERABLE CUSTOMERS

BNP Paribas makes every effort to pay particular attention to customers in vulnerable situations and to facilitate their access to banking services.

Customers with disabilities or vulnerabilities

The Bank has introduced systems for customers with disabilities or reduced mobility by promoting better accessibility to its products or services.

For example in Poland, **BNP Paribas Bank Polska** launched in 2020 a sign language translation service, accessible online and in branches. The Bank now has fifty "Obiekt bez barier" certified branches in Poland. This **State certificate** authenticates that all these branches may be accessible to anyone with a disability (blind or low vision, reduced mobility, deafness, *etc.*); it also indicates accessibility for the elderly as well as those accompanied by young children.

In addition, TEB, the retail bank in Turkey, also leads several initiatives to facilitate access for people with disabilities: for example, some branches and ATMs are wheelchair accessible and have drop-down menus to guide customers.

BNP Paribas Cardif, leads many initiatives around disability, including the signing in 2020 of an **agreement with the Île-de-France Region** whose objective is to facilitate access to housing as part of the existing AERAS system (Ensuring and Borrowing with an Increased Health Risk). BNP Paribas Cardif has undertaken, alongside eight other banks and insurers, to support the Region in its project by informing its beneficiary customers and then taking full responsibility for the management of the system, at no additional cost to either the Region or to the customers.

This desire for accessibility goes well beyond French borders: **in the Czech Republic** for example, BNP Paribas Cardif was a pioneer, offering coverage intended to **protect carers** against the life hazards, which support a loved one with a loss of autonomy or a disability. In 2020, this coverage was adapted to allow some parents to keep their children at home during the pandemic.

Today, digital services and robotics offer the possibility of proposing more inclusive services. BNP Paribas Cardif supports this idea in two ways. On the one hand, as an insurer, simplifying medical formalities and on the other hand, as an innovator, relying on Tangata, a platform created by the Group, which lists more than 3,000 services and leisure activities accessible to people with disabilities and their caregivers. (see also *A learning company offering dynamic professional path management*, Commitment 6).

Customers experiencing financial difficulties and the access to credit facilities

The Group is committed to ensure easier access to credit, but also to the prevention of over-indebtedness. The role of a committed bank is to support its customers at all times, including during major disruption. It is in this spirit that French Retail Banking has developed, with several members of "Companies for a More Inclusive Economy" association, **the AXELLE platform**, accessible on the Group's website, "Ma Banque", **for customers in difficulty**: after signing up to the platform, customers can access inclusive offers on essential products and services to reduce their spending constraints and help with their job search.

For example, Orange offers the "*Coup de pouce*" for privileged access to telephony, Danone offers vouchers for "basic necessities" to parents of children under the age of three, Renault through its "Mobilize" programme provides its car repair network at cost price, Veolia grants benefits with the *Chèque Eau* ("water check"), *etc.* This offer targets the 230,000 customers identified as financially vulnerable by the French Retail Bank.

(1) https://group.bnpparibas/en/microfinance30years

(2) https://www.atlasdata.org/about-us

(3) https://unepmeba.org/biodiversity-platform/

BNP Paribas Personal Finance also deployed a system to support customers during the health crisis, which includes:

- Postponing maturities for **individual customers** at the height of the health crisis;
- Taking the pandemic risk into consideration in the contracts insuring loans, leading to the acceleration of the processing of claims (which were themselves on the rise) and the extension of coverage, particularly in terms of waiting periods and deductibles;
- The wide deployment of digital solutions developed in recent years (in particular for electronic signatures).

In another vein, **Nickel**, a subsidiary of the Group, continues its development.

Nickel offers a bank account, an IBAN, a payment card, **an account for all** from age 12, **without conditions**, and allows people who has received a Banking suspention to make a fresh start. The subsidiary, which works with a network of 6,000 tobacconists in France, now operates in Spain with 72 points of sale through the national lottery distribution networks and tobacco shops. The objective is to reach 3,000 points of sale and 700,000 customers in this country by the end of 2024 and to continue by further development in Belgium and Portugal. The Nickel offer is based on four strong values: universality, simplicity, usefulness and benevolence: by welcoming all types of people, Nickel acts with a role of financial inclusion. Indeed, at the end of 2020, **more than 1.9 million**[(1)] **Nickel accounts** were opened (an increase of 27% compared to 2019) by customers with the following characteristics: **earning less than EUR 1,500 per month (79%)**; unemployed or without regular income (40%); **living with friends (28%)** and under the age of 40 (60%).

Training in financial issues and assistance to young people

Financial education has demonstrated its effectiveness **in combating excessive indebtedness** and encouraging economic growth. Therefore, most Group entities deploy training programmes in several countries. Given the health context, the offer for young people has been greatly developed.

Among them, "**Responsible Budget**": The digital platform deployed by BNP Paribas Personal Finance for young people, their families and teachers, to learn how to manage a budget through a serious game. This platform has proved its usefulness in the context of the health crisis, and has helped 33,000 young people to manage their budget. Since 2020, **Responsible Budget** is now included on the French Retail Bank's Campus Services platform for under-18 customers.

In France and Italy, young people were supported thanks to the digital platforms **Campus Service and Futuriamo** which identify the services offered by the Group's partners such as revision or exam preparation programmes. Deferrals of monthly payments, preferential or long-term offers to finance their higher education, as well as the "Garantme" offer which offers a deposit, free of charge in the first year, for the rental of a home were proposed.

In France, the Group now provides young people supported and mentored by associations fighting for equal opportunities hosted by *L'Ascenseur* such as Article 1 and the "Institut de l'Engagement" (*i.e.* the Commitment Institute) (see also Combat social exclusion and support human rights, Commitment 8), specific products and services such as unsecured student loans for young people wishing to study in France's *Grandes Écoles*.

COMMITMENT 8: COMBAT SOCIAL EXCLUSION AND SUPPORT HUMAN RIGHTS

A player in combating social exclusion for many years, BNP Paribas works on providing long-term support in the areas of at risk communities, in particular in sensitive urban areas. More broadly, its commitment to promoting human rights continues to gain strength.

COMBAT SOCIAL EXCLUSION

Combating social exclusion is one of the main priorities of BNP Paribas. It focuses on two key areas: integrating young people and setting up local community schemes.

Alongside these actions, the Group also encourages its employees to get on board by arranging skills-based volunteering with associations involved in tackling the social inclusion of vulnerable people (see *"Good place to work" and responsible employment management*, Commitment 5).

Projet Banlieues: an initiative to foster social inclusion in disadvantaged urban areas

For 15 years, the BNP Paribas Foundation and the French Retail Banking network have supported community projects in urban areas considered a priority by the local council. The BNP Paribas Foundation supports numerous partnerships with recognised associations, particularly in the fields of education and employment.

Education

The main focus of the *Projet Banlieues*, the fight against academic failure, conducted alongside **Association de la Fondation pour la Ville (AFEV)**, supported 9,000 children and young people in 2020, who were able to benefit from more than 18,000 hours of support from the association's volunteers. In 2020, the BNP Paribas Foundation renewed its support to AFEV for three additional years (2021-2023), with a budget of EUR 220,000 per year.

7

(1) Since its creation.

Employment

A long-standing **partner of the Association for the Right to Economic Initiative (Adie)**, in 2020 the BNP Paribas Foundation assisted it in arranging finance for nearly 2,500 people who were starting up or expanding a small business. In 2020, BNP Paribas' support for Adie was renewed by EUR 1.3 million per year from 2021 to 2023. Objective: to finance 13,000 entrepreneurs thanks to the support given to the 16 Adie branches.

Outreach actions

In addition to this, in 2020 the BNP Paribas Foundation extended its policy of supporting local associations to 80% of people living in priority urban areas. In 2020, 279 associations benefited from the Foundation's EUR 840,000 budget.

Promoting health prevention in Seine-Saint Denis

As part of the first Covid plan, launched by BNP Paribas in April 2020, the BNP Paribas Foundation has launched a new scheme endowed with EUR 350,000 for Seine-Saint-Denis. The objectives of this programme are the creation of a People's Health Academy and the launch of new services to increase access.

Repairing the social ladder in France

Opened in June 2019, *L'Ascenseur* is the only place in Europe that brings together some 20 associations and social enterprises around a common goal: facilitating access to education, employment, sport and the arts for young people from disadvantaged backgrounds. ***L'Ascenseur*** was made possible thanks to the decisive support of the various businesses of BNP Paribas, which is the main sponsor and founding sponsor. In 2020, from the start of the health crisis, the ***L'Ascenseur*** collective worked hard to equip young people who needed them with computers so that they could follow their courses remotely during the first lockdown. With the help of BNP Paribas, nearly a thousand computers were distributed by the associations of *L'Ascenseur*, thus providing relief to young people and their families.

Developing training to promote integration

BNP Paribas has become a partner of the J-PAL Europe laboratory, co-founded by Esther Duflo, for a research project aimed at assessing the impact of a training programme for newly arrived immigrant parents in France. This training aims to improve the success of children by involving parents in their education and to promote the linguistic and civic integration of parents into French society.

BNP PARIBAS IS COMMITTED TO RESPECTING HUMAN RIGHTS

Commitment at the highest level

BNP Paribas adheres to internationally-recognised human rights standards. This commitment is expressed at the highest level in the BNP Paribas Declaration on Human Rights, signed by the Group's Executive Management and promoting the respect of these rights within BNP Paribas' sphere of influence.

The Group supports **the United Nations Guiding Principles on Business and Human Rights** and the OECD's Guiding Principles for Multinational Enterprises, in accordance with the "Protect, Respect and Remedy" framework. It has also chosen to follow the recommendations of the United Nations Guiding Principles Reporting Framework, launched in February 2015.

Moreover, in late 2018, BNP Paribas **published a Responsible Business Relationships Charter**[1] addressed to its customers, reaffirming its will to work with companies demonstrating a high level of governance and responsibility in matters of human rights and fundamental freedoms, health and safety and the environment, in their business practices.

Since 2013, BNP Paribas **has been taking part in the meetings and annual gatherings of the Thun group**, an informal group representing international banks seeking to improve the integration of the UN Guiding Principles within the policies and practices of financial institutions. For example, the subject of human rights performance indicators wasthe focus of discussions in 2020. The role of finance in the fight against forced labour was also discussed.

Training

The Group focuses on employee training, which is an important component of its human rights risks management process. Since 2016, a "Human Rights and Business" training course, set up with the help of the French association *Entreprises pour les Droits de l'Homme* (EDH), of which BNP Paribas is a member, has been assigned to Group employees who can be confronted with human rights issues as part of their work. At the end of November 2020[2], 89% of the employees to whom the training had been assigned had completed the online awareness module dealing with taking human rights into account in lending decisions. Since 2016, more than 12,000 employees have completed this training.

(1) Accessible at www.group.bnpparibas/en

(2) As a large-scale awareness-raising campaign on human rights in the BNL workforce was launched at the end of 2020, the period for calculating the training rate was exceptionally stopped on 22/11/2020 in order to reflect the Group's performance over the long term, in a proforma reporting logic.

Management of salient risks[1] as part of the distribution of the Group's products and services

BNP Paribas has identified two main risks in the distribution of its products and services:

- **non-discrimination in access to financial services**;
- **right to privacy** (protection of clients' personal data).

Non-discrimination in access to financial services

The Group considers that sustainable economic development promotes wider access to fundamental rights. For that reason, it strives to boost access to financial services in the communities in which it operates (see *Products and services that are widely accessible*, Commitment 7).

Right to privacy

Privacy protection remains an ethical priority issue in the Code of conduct. The Group continues to strengthen **data protection** for both its employees and its customers. In 2020, BNP Paribas continued to develop its network of data protection specialists, integrated into all of the Group's territories and businesses. Thus, more than 100 contacts around the world are tasked with ensuring compliance with the principles of data confidentiality and increasing personal data protection knowledge in the Group.

A new department has been set up within the Group – the "Group Data Protection Office" whose mission is to support, advise and supervise activities related to Data Protection. It carried out a **study** across all businesses and territories in order to assess their degree of knowledge in terms of Data Protection in strategic sectors. This exercise also aims to help local teams develop action plans to remedy any shortcomings. Completed in 2020, this study will be repeated as part of a continuous improvement process.

The Group continued its efforts to improve the performance and use of tools specifically developed to comply with our Data Protection obligations. These tools have been set up in accordance with the General Data Protection Regulation (GDPR) and have been deployed in all regions to provide Group-level visibility of key data protection practices and also any vulnerabilities.

The **key tools/themes available** for all employees relate to:

- data protection risk assessment to identify and address data processing risks;
- reporting personal data breaches. Each employee can report any suspicious personal data breach for analysis;
- the processing register maps the flow of personal data between the Group and its entities.

Together, they provide a single view on how the Group manages and assesses personal data risks.

Monitoring of salient risks in the Group's financing and investment activities

The activities of the Group corporate clients may pose a risk to human rights, particularly in the area of workers' rights, and have an impact on local communities.

The Group uses its influence to encourage its clients to manage their own activities with respect to human rights. It also seeks to identify, evaluate (due diligence process), monitor and foster the improvement of the current and future performance of clients operating in sensitive sectors (defence, agriculture, palm oil, *etc.*) through the application of its **investment and financing policies** (see *Systematic integration and management of Environmental, Social and Governance risks*, Commitment 3).

To ensure that the existing system meets the requirements of the French Duty of Care, BNP Paribas set up a risk mapping of its clients taking into account both their business sectors and the countries they operate in. This tool covers human rights issues through the analysis of several criteria, such as **child labour, forced labour, human trafficking** and failure to respect the **rights of local communities**. The criteria are both sector-weighted and geographically weighted. The risk mapping thus allows the concerned business lines and functions to better deploy and monitor the most adapted due diligence measures. Concerned to implement the most appropriate and thorough Duty of Care measures (see *Duty of Care and Modern Slavery and Human Trafficking statement* in section 7.6).

Workers' rights

The **human rights criteria in the financing and investment policies** of sensitive sectors deal with matters such as workers' rights, in particular child and forced labour, health & safety and freedom of association. These issues are also tackled in the analysis of projects covered by the Equator Principles (see *Systematic integration and management of Environmental, Social and Governance risks*, Commitment 3).

Rights of local communities

Identified as another "salient" issue, these rights are at the heart of most controversies related to large industrial projects.

Therefore, for its project finance activities, BNP Paribas encourages its clients to obtain the Free, Prior and Informed Consent (FPIC) of the local communities impacted by their projects.

In accordance with the Equator Principles (see *Systematic integration and management of Environmental, Social and Governance risks*, Commitment 3), the **Group ensures that the negative impacts are avoided and, if necessary, remedied**. Moreover, in 2019, BNP Paribas actively participated in the update of the Equator Principles (EP4) standards. EP 4 focused on a number of key subjects, Social Impact & Human Rights being one of them. As part of the update process, BNP Paribas was able to give its opinion at the different stages of discussion including on specific human rights issues like the FPIC of indigenous peoples, or the implementation of grievance mechanisms by clients, in particular through its participation to the "Social Risk" Working Group. Discussions resulted in a greater acknowledgement of the UN Guiding Principles by the Equator Principles, and a broader use of Equator Principle-defined standards – including mandatory FPIC – in "Designated Countries", where they were previously considered as optional.

(1) "Salient" is the term used by the drafters of the United Nations Guiding Principles Reporting Framework.

Due diligence and dialogue

In the event of suspected or identified serious abuses of human rights by a BNP Paribas customer or a company in its portfolio, the Group conducts in-depth due diligences and discusses the matter with the company concerned (see *Systematic integration and management of Environmental, Social and Governance risks*, Commitment 3).

For example, in 2019 and 2020, the Group conducted an in-depth analysis of a mining client in South America. Water abstraction in an area with high water stress and the risks related to the safety of a dam located in a seismic zone of one of their mines raised questions in terms of impacts on the local population. BNP Paribas discussed with the company the expansion of this mine and its environmental and social impacts (E&S) and reminded its client of the importance of human rights issues and responsible management of its operations. Although discussions continue between the company and BNP Paribas, the Group has already refused to finance this project and will subject any long-term financing request from this company to an in-depth E&S analysis.

COMMITMENT 9: CORPORATE PHILANTHROPY POLICY FOCUSED ON THE ARTS, SOLIDARITY AND THE ENVIRONMENT

The Group is developing a structured corporate philanthropy policy that is both global and local. The BNP Paribas Foundation coordinates this commitment around three areas of application: solidarity, the arts and the environment (see *Advance awareness and sharing of best environmental practices*, Commitment 12).

In 2020, BNP Paribas' philanthropic budget represented **EUR 104.11 million**, an increase of more than 60% over the 2019 budget of EUR 64.53 million (including the support of EUR 20 million for the reconstruction of Notre-Dame de Paris cathedral). This exceptional increase is due to the commitment of all BNP Paribas entities around the world since the start of the international health crisis. Around these three action areas, the breakdown of the total budget of EUR 104.11 million breaks down as follows:

- 88% for solidarity;
- 7% for the arts;
- 5% for the environment.

SOLIDARITY

The extent and diversity of BNP Paribas' commitments are reflected in the broad range of initiatives to promote social inclusion, equal opportunities and employee commitment.

Promoting social inclusion

Support the integration of refugees

In 2020, BNP Paribas contributed EUR 1.5 million as part of its refugee integration support plan. Launched in 2015, this programme is now active in ten European countries. In total, **21,862 people benefited**, more particularly through professional integration and language learning initiatives led by numerous associations.

Supporting major players helping vulnerable populations

The **Women's Foundation** combating violence against women and mobilising to promote gender equality. It acts in three areas: access to housing, distributing essential goods and providing work tools for associations. In 2020, the BNP Paribas Foundation contributed EUR 400,000 to the Women's **Foundation projects**. This budget allowed support for the initiatives set up by the associations Woman Safe, Résonantes and Agir pour la santé des femmes.

> In 2020, the BNP Paribas Foundation actively contributed to the global aid plan put in place by BNP Paribas following the health crisis. In April, it supported the actions of some fifteen associations and foundations (including the **Institut Pasteur**, the **French Red Cross** and the **Secours Populaire**), thanks to a philanthropic budget of over EUR 3 million. At the end of the year, this scheme was supplemented by additional aid of EUR 2 million, to support 14 associations whose actions focused on food aid and health in France.

Fostering equal opportunities

Many partnerships are in place to assist future generations and provide educational support to the most disadvantaged young people.

Dream Up: education through art

Following its initial success, the **Dream Up** programme was renewed for the period 2018-2020, with a dedicated budget of EUR 1.8 million. In 2020, 25,000 children were able to benefit from this scheme thanks to the action of 30 associations.

International community initiatives

In 2020, a wide range of initiatives promoting a decent education either started up or operated on a worldwide basis. For example, since 2018, the BNP Paribas Foundation has been supporting the NGO, **Whitaker Peace & Development Initiative**, which enables young women and men from disadvantaged neighbourhoods in Cape Town to take on the role of ambassadors for peace and entrepreneurs in their community. In 2020, 42 students graduated after one year of training.

Fostering employee commitment

As well as actively encouraging its employees to volunteer (see *A learning company supporting dynamic professional path management*, Commitment 6), BNP Paribas provides financial support to everyone who chooses to get involved.

Help2Help

Devised by the BNP Paribas Foundation, the **Help2Help** programme showcases and supports the voluntary commitment of employees to NGOs that promote community and humanitarian causes. Now deployed in more than 20 countries, this programme supported the projects of 200 associations in 2020 thanks to an endowment totalling EUR 550,000.

Rescue & Recover Fund: eight years of humanitarian aid

Created in 2012, the Rescue & Recover Fund makes it possible to react quickly and effectively worldwide in the event of a humanitarian or environmental disaster. Intended for employees, French Retail Banking customers and retired members of the Group's Retirees' Association, this fund collects their donations and matches the amount to finance the projects of four NGO partners. In 8 years, more than EUR 5 million has been donated to on-the-ground actions.

In 2020, the Funds opened up to biodiversity, with **the integration of the NGO IFAW** (International Fund for Animal Welfare) among the partners. The Funds will now be able to respond to requests from employees in the event of a disaster affecting biodiversity in addition to its already existing humanitarian mission.

The year was also marked by the various crises through which the fund was mobilised: firstly in Australia following the series of gigantic fires that raged through the country, in France and throughout the world in response to the Covid-19 pandemic and finally in Lebanon following the explosions that devastated the city of Beirut.

Two development campaigns were also set up. The first was conducted in the autumn to support IFAW in its actions to promote animal protection. The second, which was intended to support the most isolated people in France, Haiti and Burkina Faso, donated more than EUR 350,000 to NGOs. In total, **more than EUR 1 million** was raised for NGOs throughout the year, a record since the fund was created.

ARTS

Contemporary creation is at the heart of the BNP Paribas Foundation's cultural philanthropy programme. A committed patron of many artists and the institutions that welcome and present their works, the Foundation in particular supports contemporary dance and jazz.

An exceptional support system for artists

The cultural sector was severely impacted by the Covid-19 crisis in 2020. The BNP Paribas Foundation has decided to set up an exceptional support mechanism for its cultural partners. In total, **18 dance and circus companies** and **13 musicians** were able to benefit from the overall aid of EUR 310,000.

Support for contemporary creation

In 2020, the BNP Paribas Foundation supported, alongside the Maison de la Danse, a digital creation by the famous Anglo-Bangladeshi choreographer, **Akram Khan**. Entitled "Animal Kingdom", this participatory project brought together dancers from all over the world. Through a personal choreography performed to a musical composition by Vincenzo Lamagna, they were able to propose their vision of the animal kingdom. A film of all the performances is available on the Numeridanse platform. For the occasion, a coaching session led by a member of the Akram Khan Company was organised for BNP Paribas employees.

Bahrain Festival

The BNP Paribas Foundation, alongside BNP Paribas Bahrain, has supported the Bahrain Jazz Fest since its creation in 2017. This year, the festival has rethought its format to offer the Bahraini public 12 days of concerts. The BNP Paribas Foundation enabled the jazz pianist Paul Lay, whom it supports, to perform there and give a masterclass to local artists.

7.5 Our environmental responsibility: accelerating the ecological and energy transition

In the environmental field, the Group's priorities are as follows:

- the **energy transition and the fight against climate change** have been a very important issue for BNP Paribas since 2011, when the Group chose to prioritise the fight against climate change, given its position in the financing of the global economy and in particular the energy sector. In 2020, the Group continued to develop its support for the renewable energy sector. The development of energy efficiency has been deepened through collaborative approaches with many customers, and the Group has developed its offer to help private individuals make their homes more energy-efficient. In 2020, BNP Paribas also carefully studied how the Group can support "green" hydrogen, *i.e.* produced from renewable energies, in particular through its active participation in the Hydrogen Council;
- BNP Paribas also contributes to the development of **circular economy** by supporting numerous companies in the field, whether or not they are specialists in the subject (from large companies to social and solidarity economy players) and by proposing specific offers related to the circular economy;
- BNP Paribas is also increasing its actions to help preserve the terrestrial and oceanic **biodiversity**.

Implemented through actions and positions described elsewhere (see *Systematic integration and management of Environment, Social and Governance (ESG) risks*, Commitment 3), the Group deploys its environmental responsibility in three complementary areas:

- **commitment 10:** enabling our clients to transition to a low-carbon economy respectful of the environment. As a financial player, it is by supporting the clients in their energy and environmental transition that BNP Paribas can have the greatest impact in terms of protecting the environment, tackling climate change and aligning with the objectives of the Paris Agreement;
- **commitment 11:** reducing the environmental impacts of our operations;
- **commitment 12:** advance awareness and sharing of best environmental practices. The Group takes a broad-based approach towards building collective knowledge and awareness, involving its stakeholders in this process. It is in fact convinced that the energy and environmental transition can succeed if stakeholders work together to bring about the necessary transformation of society as a whole.

In general, BNP Paribas is convinced of the importance of ensuring that post-pandemic recovery plans are in line with, or even accelerate, energy and environmental transition efforts. Thus, Jean-Laurent Bonnafé, as Chairman of the association EpE *(Entreprises pour l'Environnement)*, alongside more than ninety French and international business leaders, issued a call for putting the environment at the core of an economic rebound, published in *Le Monde* on 5 May 2020[1].

2020 saw numerous tangible contributions of BNP Paribas' environmental responsibility:

- in general, the range of financial products incorporating environmental criteria continues to expand and the issues considered, in addition to the climate and energy transition, increasingly include biodiversity and the circular economy;
- on tackling climate change:
  - BNP Paribas published its first specific report according to the TCFD recommendations (covering the year 2019) in order to increase transparency on the way in which the Group analyses, takes into account and manages its climate-related risks and opportunities (see *Summary of climate-related issues*, section 7.6),
  - financing for renewable energies reached EUR 17.8 billion; Overall, BNP Paribas ranked **second for the financing of renewable energy** projects in the EMEA region and **4th worldwide**[2]. In addition, at the end of 2020, BNP Paribas had structured and placed **EUR 10.8 billion of green bonds**,
  - the **energy renovation of buildings** is a key issue in the energy transition and, in many countries, a major focus of recovery plans. BNP Paribas has been actively involved in the public debate to find ways of facilitating the financing of these renovation efforts and is rolling out appropriate financing offers in several of its markets,
  - on his **operational scope (direct emissions, indirect emissions related to energy purchases and business travel)**, the year was marked by the pandemic which drastically limited business travel, usually a major contributor to the Group's greenhouse gas emissions. BNP Paribas continues to reduce its energy consumption with a 23% decrease in CO_2 emissions per FTE at end-2020 compared to 2019, largely due to the reduction in business travel-related emissions. This allowed it to exceed its target of a 25% reduction by 2020 in greenhouse gas emissions, relative to 2012. At the same time, the share of renewables in the Group's electricity supply has risen to 37% of the total in 2020. Lastly, BNP Paribas **offsets its residual emissions and has been carbon neutral on its operational scope** since 2017. IT resources are one of the Group's most important work tools, and this has been further highlighted during lockdown periods due to the pandemic. BNP Paribas is reviewing the energy and climate impact of digital technology, in order to measure its footprint (taking into account equipment manufacture, its use and end-of-life) and gradually minimise it,

(1) https://www.lemonde.fr/idees/article/2020/05/03/mettons-l-environnement-au-c-ur-de-la-reprise-economique_6038523_3232.html

(2) Dealogic ranking at the end of 2020.

- it should be noted that several independent players view BNP Paribas' actions in the fight against climate change very positively: EcoAct ranked BNP Paribas as the best company in the CAC40 in terms of it climate reporting performance in 2020; the NGO ShareAction considers BNP Paribas to be the best European bank for its contribution to climate risk management;

- in terms of biodiversity and the circular economy:
  - the BNP Paribas Foundation, through its programme, **Climate & Biodiversity Initiative**, supports the 9 winning projects of its fourth call for projects launched in 2019, addressing various issues related to the interactions between climate and biodiversity,
  - the Bank has strengthened its offering, in particular by offering its customers green bonds and sustainability linked loans (SLL) related to circular economy and biodiversity.

COMMITMENT 10: ENABLING OUR CLIENTS TO TRANSITION TO A LOW-CARBON ECONOMY, RESPECTFUL OF THE ENVIRONMENT

The Group supports its customers, individuals, companies and investors, in the transition to a low-carbon economy, more respectful of the environment, including greater incorporation of preservation of biodiversity and the principles of the circular economy. To this effect, it uses several levers to cater for their specific needs.

HELPING TO FINANCE THE ENERGY AND ENVIRONMENTAL TRANSITION

Increased support for renewable energy

As at end-2020, financing for the renewable energy sector amounted to EUR 17.8 billion. This brings the Group closer to its target of EUR 18 billion at the end of 2021, one year ahead of schedule.

Overall, BNP Paribas ranked second in financing renewable energy projects in the EMEA region and 4th worldwide (Dealogic ranking at the end of December 2020).

Among the achievements of the year, the teams contributed to the financing of the Fécamp **wind farm in France**, a 500 MW project and 71 turbines, for EUR 2 billion. BNP Paribas was the financial advisor for this transaction, which will provide green electricity to over 700,000 people.

In Abu Dhabi, BNP Paribas was the bookrunner for the largest solar project in the world, Al Dhafra PV2, which will have a production capacity of 2 GW. This project will cover 20 km^2 in the desert and is led by EDF Energies Renouvelables and Jinko.

In the United States, the Geysers Power Company project enabled the Group to refinance a portfolio of 13 **geothermal** energy projects for a total of 725 MW in California.

Lastly, in a more local way, the teams financed three **bio-gas development** projects in 2020 in France, thus making it possible to inject biomethane into the gas network and help farmers upcycle their agricultural waste.

A major player in green bonds and more broadly positive impact bonds

In 2020, BNP Paribas was the second largest player in the green bond market. (green bonds) according to Bloomberg, with EUR 10.8 billion as bookrunner for its clients. The Group is present in the full range of bond issues that finance its clients' transition to a sustainable economy, with the following examples of achievements in 2020:

- Green Bond: Volvo Cars, a car manufacturer, asked BNP Paribas to be the advisor to establish a green financing framework. Volvo Cars thus raised EUR 500 million to finance an investment in the **production of electric vehicles** with a sales target of 50% of electric vehicles and 50% of hybrid vehicles in 2025;
- Sustainable Linked Bond: the luxury brand Chanel called on BNP Paribas to issue bonds worth EUR 600 million. These are linked to specific objectives such as a **50% reduction in carbon dioxide emissions** of Chanel by 2030, or the ability to use **100% renewable electricity** by 2025; a first in this sector;
- Transition Bond: Cadent, the largest gas distributor in the United Kingdom, issued a EUR 500 million bond, aligned with the European taxonomy of sustainable finance. These funds will be dedicated to **modernising gas networks,** to **renewable energies** and to **sustainable mobility**;
- finally, the sustainable bond market is expanding into new areas such as biodiversity and the circular economy. For example, BNP Paribas participated in the Republic of Chile bond issue, whose purpose is **to preserve biodiversity and protected areas** both on land and at sea.

A key actor in the booming market of sustainability linked loans

BNP Paribas is also very active in the fast-growing market of Sustainability Linked Loans (SLLs). With an SLL, the interest paid by the borrower depends on the achievement of targets linked to sustainability, particularly the environment: the interest rates are lower if the company achieves its targets, and higher if it does not (see *Other positive impact financings in Investments and financing with a positive impact*, Commitment 1). These loans act as an incentive to improve the company's medium-term sustainable development objectives. The SLLs with only environmental criteria amounted to EUR 3.8 billion at the end of 2020.

SLLs are being introduced in increasingly diverse geographical areas but also extend to new sectors and areas (for example, biodiversity), illustrating the universality of sustainable development indicators, and in particular energy and ecological transition.

- Thus, BNP Paribas contributed to a SLL for Touton, a French cocoa trader, on a loan of EUR 84 million with criteria linked to the number of farmers trained in sustainable agriculture, from an environmental and social point of view. The targets also include an increase in the proportion of Ghanaian cocoa certified as sustainable.
- For Tesco, a key player in the British retail sector, BNP Paribas contributed to a credit facility of EUR 2.8 billion, whose **interest rate is indexed** on three ambitious environmental objectives related to climate, pollution and the circular economy: **emissions, renewable energy supply and food waste reduction**.

Financial innovation supporting the transition

Since 2015, BNP Paribas has launched 12 climate indices raising over EUR 4.15 billion (including EUR 1.4 billion in 2020). These solutions offer investors a financial return while enabling them to contribute to the energy transition.

In 2020, several innovative products were launched: For example, following the signing of a new partnership with the Tara Ocean foundation, a portion of the amounts collected on structured products based on green bonds or whose underlying are SRI securities issued by BNP Paribas, will be paid back for construction of the Tara International Polar Station, the new scientific station of the Tara Ocean Foundation. At the end of 2020, the total amount donated to the Tara Foundation for its research amounted to more than EUR 375,000.

In general, the Group is continually expanding its range of financial products linked to the energy transition for its corporate clients. Various innovative products were launched in this respect in 2020. Thus, BNP Paribas Fortis offered one of its clients, the company Katoen Natie, the opportunity to sustainably hedge financing risk through a "green hedge". Interest rate hedging is linked to environmental conditions. If the predefined conditions are not met, the client pays a sustainability premium, which BNP Paribas Fortis does not receive, but invests in a previously defined ecological project.

USING THIRD-PARTY ASSET MANAGEMENT TO SUPPORT THE ENERGY AND ECOLOGICAL TRANSITION

The exercise of voting rights and shareholder dialogue to promote the energy and ecological transition

BNP Paribas Asset Management, the Group's asset management subsidiary, uses its voting rights in various companies to adopt resolutions in favour of the energy transition. Globally, BNP Paribas Asset Management is recognised as one of the most proactive asset managers in this area. Thus, in January 2021, the British think tank InfluenceMap published a report on the way in which the 30 largest global asset managers deal with the climate issue ("Asset Managers and Climate Change 2021"). BNP Paribas Asset Management is one of the three highest-rated asset managers (with an A+ rating); it is one of five to have a clear and detailed strategy on climate engagement, one of five to be fully transparent on the subject, one of six to have engaged with companies on their lobbying and climate influence activities, one of six to have co-filed climate resolutions between 2018 and 2020 and the only one to have supported more than 95% of climate-related resolutions during these three years. In addition, in 2020, BNP Paribas Asset Management was ranked 2nd out of 75 asset managers by the organisation ShareAction, for its performance in terms of responsible investment, particularly on climate and biodiversity issues.

Third-party asset management supporting the energy and environmental transition

In addition to its carbon risk management system (see *Systematic integration and management of Environmental, Social and Governance (ESG) risks*, Commitment 3), BNP Paribas Asset Management offers a diversified range of green funds invested, in particular, in alternative energies and energy efficiency. At 31 December 2020, they represented EUR 18.4 billion in assets under management, making BNP Paribas Asset Management the European leader in sustainable thematic funds and the leading French player in SRI in terms of assets under management. BNP Paribas Asset Management continues to develop its offering, with the launch in 2020 of new strategies, such as the Blue Economy thematic fund, dedicated to responsible companies working in the marine economy, or the Earth fund, intended to capture opportunities among companies facing or responding to major environmental challenges.

FULLY SUPPORTING CORPORATE CLIENTS IN THEIR ENERGY AND ENVIRONMENTAL TRANSITION

Climate change, circular economy and preserving biodiversity have become systemic challenges for companies. The Group offers to support its clients throughout their energy and ecological transition strategy, which may cover efforts to reduce their energy consumption (energy efficiency), decarbonise it, offset their residual greenhouse gas emissions, or develop more circular business models to minimise their impact on biodiversity.

Support for SMEs

In France, French Retail Banking offers solutions to support all its corporate clients in the energy and environmental transition. A broad-based set of solutions, listed in a Green Book, was developed jointly with the Group's other businesses (Arval and BNP Paribas Leasing Solutions) and the partner *Économie D'Énergie* (EDE), around three areas of action by corporate customers to reduce their energy consumption: real estate, transport and mobility, movable properties. A "Changetogreen.fr" programme has also been developed to help companies improve the energy efficiency of their buildings. As at end-2020, the entity's support for the energy transition of French SMEs stood at EUR 3.1 billion. Lastly, French Retail Banking specifically supports energy transition players by providing them with a centre of expertise, the Green Desk, which already supports more than 1,000 clients.

In Belgium, through its "Sustainable Business Competence Centre" (SBCC), BNP Paribas Fortis provides expertise and support to its SME clients in order to design and finance infrastructure for the production of renewable energy or to improve the energy efficiency of their facilities. Its aim is to support companies in their transition towards a sustainable business model that addresses climate change.

In Poland, BNP Paribas Bank Polska, in partnership with the Polish development bank, implemented a government guarantee called BiznesMax to secure loans granted to SME for innovative environmental investments. The guarantee covers projects related to the energy efficiency of buildings, renewable energies, process efficiency, electric mobility and the circular economy.

Arval and BNP Paribas Leasing Solutions, major players in sustainable mobility support

Arval, a BNP Paribas subsidiary specialising in vehicle leasing and mobility, has put sustainability at the heart of its strategic plan for 2020-2025, "Arval Beyond", with two new offers:

- 360° Mobility, an integrated sustainable mobility offer including electric bicycle leasing, carpooling, and micro-mobility;
- "Good for You, Good for Me", a five-step methodology designed to support clients define and implement the energy transition strategy for their vehicle fleet.

At the same time, Arval has completely redesigned its CSR strategy and has set itself ambitious targets for 2025, including 500,000 electrified vehicles in the leased fleet, and a 30% reduction in this fleet's CO_2 emissions compared to 2020.

BNP Paribas Leasing Solutions has developed a specific offer to finance charging stations for electric vehicles, underwritten for EUR 4 million in 2020. By offering this service to companies, the subsidiary intends to encourage the adoption of low-carbon vehicles by expanding the network of charging stations.

For a major European car manufacturer, BNP Paribas Leasing Solutions offered a leasing solution to finance an investment of EUR 70 million in a new production and assembly line for electric and hybrid engines.

Together, Arval and BNP Paribas Leasing Solutions are partnering with other Group subsidiaries and external partners to offer integrated mobility offers to corporate clients and individuals. In Spain, an agreement between BNP Paribas and the energy supplier Iberdrola makes it possible to offer the leasing of electric vehicles, the financing and installation of charging points, and the supply of green electricity at the same time.

Finally, the Group supports the electrification of public transport networks; BNP Paribas took part in two Green Loans dedicated to the acquisition of more than 600 electric buses for the metropolis of Santiago de Chile.

Developing the sharing economy through lease finance

The leasing offer proposed by the Arval and BNP Paribas Leasing Solutions subsidiaries is a service based on the use, rather than the ownership, of an asset, thus optimising the use of assets and taking into account their whole life cycle.

In France, BNP Paribas Leasing Solutions offers a range of services relating to the leasing of low-carbon vehicles, such as natural gas-powered lorries, support for customers regarding their economic and environmental performance, long-term leasing offer of LEDs and "green real estate leasing" to encourage clients to select energy efficient buildings.

The BNP Paribas 3 Step IT joint venture offers companies a complete service for managing their technological equipment at each stage of its life cycle. This circular economy approach is integrated across the entire life cycle of the equipment and has many environmental benefits: 97% of products taken back are reconditioned and resold and 3% are recycled responsibly; extending the life of a piece of equipment delays the production of new equipment and distributes the carbon footprint related to its production over two users; the resale of equipment enables companies to reduce CO_2 emissions associated with this equipment by approximately 36%. In 2020, BNP Paribas 3 Step IT was awarded the "Solar Impulse – Efficient Solutions" label, which recognises practical and affordable solutions that combine environmental protection and financial viability.

7

BNP Paribas Real Estate Services, offering companies responsible real estate

BNP Paribas Real Estate, 100% of whose commercial property has been awarded environmental certification (through the two highest levels of certification), is now among the top 2% of companies assessed in the real estate sector by Ecovadis, the supplier CSR rating platform, with a rating of 72/100, an increase of 8 points compared to 2019.

In 2020 BNP Paribas Real Estate stood out in its asset management business. Its Diversipierre fund is one of the first to obtain the SRI certification, recognising an engaging assessment and monitoring process that began when the fund was created seven years ago. BNP Paribas Real Estate also launched the EIPF fund, the first European institutional real estate fund in line with the Paris Climate Agreement. With EUR 160 million in capital already, it is aiming for a 40% reduction in GHG emissions in its European portfolio over the next ten years.

To develop the circular economy in the real estate sector, BNP Paribas Real Estate participated in the launch, in September 2020, of the Re-Users Booster: this association of real estate contractors (project managers, structures project managers, general contractors) aims to generalise and streamline the reuse of materials in construction and renovation, which should lead to a reduction in greenhouse gas emissions, water consumption and waste production. BNP Paribas Real Estate is one of the 30 real estate companies that will finance the project for three years and contribute to the platform by incorporating ongoing projects, with their actual offers and requests for actual materials.

In the United Kingdom, BNP Paribas Real Estate joined the Green Building Council UK to support the transition of the entire real estate industry.

Supporting SSE companies in the circular economy

Developing the circular economy often involves setting up shorter circuits and more local activities. This also often involves the implementation of collection, sorting and restoration activities in the regions. On all these aspects, social enterprises can provide significant added value and thus be major players in the circular economy. BNP Paribas supports numerous social and solidarity-based economy companies specialising in the circular economy, in France, Europe and around the world. In France, for example, the Bank supports: the Simone Lemon restaurant, which fights against food waste by designing its menu using "off-grade" fruit and vegetables, which are usually set aside, and by invoicing dishes by weight; Recommerce, a pioneer in the recovery, refurbishment and resale of used telephones; LemonTri which sorts and recycles more than 30 different types of waste (neon, wood, capsules, *etc.*). And in Italy: Vesti Solidale of the Consorzio Farsi Prossimo which recovers computers and printers from companies, refurbishes them and sells them by employing people in vulnerable situations.

Supporting companies in the shift towards carbon neutrality

Beyond efforts to reduce global greenhouse gas emissions, net carbon neutrality must be achieved to meet the objectives of the Paris Agreement. This involves offsetting residual carbon emissions (notably through carbon sequestration in soils and plants).

With this in mind, in 2018 BNP Paribas created ClimateSeed, its first Social Business, in collaboration with the team of Professor Yunus (winner of the Nobel Peace Prize), which helps organisations contribute transparently to carbon emissions reduction projects that support local communities and protect biodiversity. Two years after its launch, ClimateSeed offers 34 internationally certified projects, including forest conservation, reforestation, energy efficiency, renewable energy, community projects, water and waste management in 23 countries. ClimateSeed clients include BNP Paribas, Kering, Boehringer Ingelheim, Women's Forum for Economy and Society, Mediaperformances, Willis Re, Utopies, *etc*. ClimateSeed is one of six standards recognised by IFC, the financial institution which is part of the World Bank Group, for the carbon offsetting of its green buildings programme and has won several awards, including, in 2020, first prize as "Best responsible solution" at the Asset Managers Tech Days Award 2020.

Overall, the market for voluntary carbon credits is still immature. In order to contribute to its progress, in September 2020, BNP Paribas joined the Taskforce on Scaling Voluntary Carbon Markets, which published practical recommendations in January 2021 to improve the functioning of this market.

SUPPORTING OUR INDIVIDUAL CUSTOMERS IN REDUCING THEIR ENERGY CONSUMPTION

The Group is continuing to expand its offering to help individual customers improve the energy efficiency of their homes, via dedicated products or partnerships with industrial players. The Group has undertaken several initiatives to help its customers finance work to improve the energy efficiency of their homes and buy less polluting vehicles.

Retail Banking support

In France, to make the solutions offered to private individuals more visible and unified, BDDF has developed the Eco-solutions range, which includes: *Mon Empreinte Carbone* (My Carbon Footprint) on the mobile apps of MaBanque BNPP and Hello bank! to enable customers to estimate the carbon footprint of their daily expenses, and an offer of loans at preferential rates (eco-friendly car loan, Énergibio loan).

In the United States, Bank of the West launched a "1% for the Planet" checking account. It provides customers with a carbon monitoring tool allowing them to visualise the impact of each purchase made with their debit card. In addition, Bank of the West donates 1% of the net revenues of the account to non-profit environmental partners.

Support for the energy renovation of housing

French Retail Banking has co-developed the "monprojetrenovation.com" website, which offers a complete programme, from energy diagnostics to identifying eligible subsidies and tax credits. In addition, it offers Énergibio loans at preferential rates (0% or 1%), dedicated to financing renovation work. In November 2020, the volume of Énergibio loans increased by almost 30% compared to 2019, with more than 2,000 loans.

Also in France, BNP Paribas Personal Finance joined forces with EDF to create Domofinance. In particular, it is one of the only two players in France offering an energy renovation loan solution adapted to condominiums. Overall, BNP Paribas Personal Finance's total outstandings dedicated to the energy transition amounted to EUR 2.2 billion at the end of 2020, up 5% compared to 2019.

The Group is also actively involved in discussions on the subject as part of the French recovery plan. Two BNP Paribas representatives spoke as experts in energy renovation before the "Housing" group of the Citizen's Climate Convention. A representative of BNP Paribas also took part in the energy renovation task force launched by the French government in the summer of 2020 to detail proposals for the energy renovation component of the recovery plan.

In Belgium, BNP Paribas Fortis offers green energy loans at preferential rates to finance work to reduce household energy consumption. At the end of 2020, these green retail mortgages totalled EUR 3.75 billion.

In Poland, BNP Paribas Polska has been offering green home loans since September 2020, the rate of which is reduced by 0.1% if the property meets strict criteria for environmental certification and energy consumption per square meter.

In the UK, BNP Paribas Personal Finance has unveiled several innovative propositions including: a platform for connecting customers with installers (certified by TrustMark, a government body), and a partnership with the energy company E.ON, resulting in a product that combines an audit of energy efficiency improvements with financing of the work. Approx. GBP 31 million were committed in the UK in 2020 to renovate homes.

In the United States, Bank of the West offers home loans at a rate reduced by 0.25% for projects that include energy efficiency work or the installation of solar panels.

Consumer loans to finance more sustainable goods

The BNP Paribas Personal Finance subsidiary, which specialises in consumer credit, develops innovative offers to help its customers acquire assets that support their ecological transition.

In France, an ecological car loan at a preferential rate of 1% is offered to customers for the purchase of an electric bicycle or a vehicle eligible for the ecological bonus or the State ecological subsidy. In addition, an online simulator allows customers to easily choose their used vehicle according to its CO_2 emissions rate.

In Italy, a green loan at an attractive rate is offered to individuals to finance renewable energy installations, energy efficiency work or the purchase of hybrid or electric vehicles.

Contributing to climate change adaptation efforts

In addition to its efforts to help reduce greenhouse gas emissions, BNP Paribas is also involved in efforts to adapt to the already tangible effects of climate change, particularly through microfinance projects (see *Products and services that are widely accessible*, Commitment 7).

Donations from the Group's employees, matched by the Bank, are used to finance initiatives carried out by the NGO partners of the Rescue & Recover Fund for inhabitants of regions particularly vulnerable to the consequences of climate change, or directly affected by those consequences as well as actions to preserve biodiversity. This was the case in particular for the victims of the fires that devastated Australia at the end of 2019 and the beginning of 2020, for an amount of EUR 90,000 (see *Corporate philanthropy policy focused on the arts, solidarity and the environment*, Commitment 9). Since 2020 the Rescue and Recover Fund has also supported an NGO specialising in animal protection, the IFAW (International Fund for Animal Welfare); its grant to this association amounted to EUR 65,000 in 2020 (see the paragraph "Rescue and Recover Fund: eight years of humanitarian aid" in *Corporate philanthropy policy focused on the arts, solidarity and the environment*, Commitment 9).

SUPPORTING THE ROLE OF WOMEN IN THE FIGHT AGAINST CLIMATE CHANGE

While many studies show that women bear the brunt of the consequences of climate change, they can also provide solutions to effect the necessary change. BNP Paribas is actively working on this issue as a Strategic Member of the "**Women and Climate**" Daring Circle of the Women's Forum, and in particular the circulation of the charter signed in June 2019 entitled "Accelerating inclusion: women leaders in climate action".

In Senegal, where women account for more than 70% of workers in the agricultural sector, BNP Paribas financed the UN Women **AgriFed** programme to empower 15,000 women rice entrepreneurs with climate-resilient agriculture. This programme entered a new phase in 2020: BNP Paribas has set up a credit line of EUR 600,000 for the local micro-credit institution Baobab Senegal, enabling it to offer competitive loans to women who want to develop their climate-resilient activity.

The role of women in the fight against climate change is also the cornerstone of the Group's commitment to the "**One Planet Fellowship**", launched in 2019, whose objective is to help more than 600 researchers, more than half of them women, in their work on resilience and adaptation techniques to climate change that is already hitting Africa. In 2020, the programme selected 45 researchers, including 25 women, and started a high-level mentoring programme with them (see Support research and develop knowledge on climate change and biodiversity in *Advance awareness and sharing of best environmental practices*, Commitment 12).

CONTRIBUTING TO PROTECTING BIODIVERSITY AND THE OCEANS

For several years, BNP Paribas has been actively involved in protecting biodiversity through initiatives focusing on its "indirect" impacts, linked to its financing activities (where the most significant issues are at stake), and its "direct" impacts (see *Rigorous management of Environmental, Social and Governance (ESG) risks*, Commitment 3 and Biodiversity conservation at our sites in *Reduce the environmental footprint of our own operations*, Commitment 11).

Financing and investment policies to limit impacts on biodiversity

Since 2012 BNP Paribas has set up **financing and investment policies**[1] governing its activities in sectors considered sensitive from a biodiversity point of view: agriculture (including livestock and forestry), palm oil, wood pulp, mining, unconventional oil and gas. In 2017, the palm oil financing and investment policy was strengthened to require customers to commit to respecting the NDPE (No Deforestation, No Peat, No Exploitation) and HCS (High Carbon Stock Approach).

BNP Paribas maintains an ongoing dialogue with its clients to ensure that they implement best practices to protect natural ecosystems and biodiversity. In particular, the Group asks agricultural commodity trading companies to develop a traceability system for the products they sell.

Voluntary commitments made within the Act4nature initiative

2020 marks the first deadline for the commitments made publicly by BNP Paribas in favour of biodiversity under the voluntary initiative. Act4nature. Managed by the association *Entreprises pour l'Environnement* (EpE), this alliance between companies, public authorities, scientists and environmental associations aims to create an international collective dynamic to protect, value and restore biodiversity.

The status of Act4nature commitments made by BNP Paribas in 2018 is as follows:

Commitments 2018	Status 2020
In its financing and investing activities, BNP Paribas has undertaken to eliminate deforestation from its portfolio by 2020, as part of its commitment to the "zero net deforestation" goal set out in the Soft Commodities' Compact, launched jointly by the Consumer Goods Forum and the Banking Environment Initiative.	This objective was taken as part of the collective initiative 'Soft Commodities' Compact, managed by the Cambridge Institute for Sustainability Leadership (CISL), which ended at the end of 2020. The collective work did not make it possible to achieve the objective set but led to significant progress by its members, including BNP Paribas, in this area.[1]
In practical terms, BNP Paribas requires its clients in the farming, palm oil production, pulp and paper, and mining sectors to protect High Conservation Value (HCV) forests and to prohibit slash-and-burn practices.	These criteria have been included in the financing and investment policies (see "Financing and investment policies to limit impacts on biodiversity", Commitment 10).
In the palm oil production sector, it also requires its clients to have a policy for the protection of high carbon stock forests ("High Carbon Stock Approach").	
In addition, BNP Paribas is participating in the research conducted by CDC Biodiversité to develop biodiversity performance indicators for certain business sectors (such as farming) and by extension for the portfolios of banks that support those sectors. The first report was published in March 2018. Research is still under way, with the aim of developing a methodology by 2020.	BNP Paribas continued its involvement in the work of *Caisse des Dépôts Biodiversité* (including a test on part of the BNP Paribas portfolio). Steps are also taken with other partners to advance the biodiversity measurement and reporting framework *(see Active participation in several methodological initiatives related to biodiversity*, Commitment 12).

(1) For more information: https://group.bnpparibas/en/financing-investment-policies

Commitments 2018	Status 2020	
In its own sphere of operation, BNP Paribas has undertaken to reduce its paper consumption per employee by 30% between 2012 and 2020	Almost 50% reduction in 2019, reaching 65% in 2020	The Group reduced its direct impact on forest ecosystems and their biodiversity through its paper consumption. BNP Paribas drastically reduced its paper consumption per employee between 2012 and 2020, with a reduction of nearly 50% achieved in 2019, and almost two-thirds in this year of the health crisis. On the remaining consumption, it is on track to reach its target to source at least 80% of sustainable paper (see *Use responsible purchasing and reduce waste production*, Commitment 11).
and to increase the portion of responsibly-sourced paper (recycled or PEFC/FSC-certified) in its supply to at least 80% by 2020	Rate in 2020 of 73%, up from 62.5% in 2018	

(1) Thanks in particular to their ambitious public commitment and the work carried out as part of the 'Soft Commodities' Compact, the member banks of this group are leaders in the field. Using technical guidelines developed in consultation with banks and stakeholders, banks have established or updated policies to combat deforestation. Today, Forest 500 ranks the members of the 'Soft Commodities' Compact among the most advanced banks in terms of "policy" – all are among the top 30 of the 150 financial institutions in this area (and BNP Paribas is ranked five).

New commitments were made in January 2021. They should be published during the year, after validation by the Act4nature Steering Committee.

Ocean conservation, a must for BNP Paribas

BNP Paribas recognises the crucial role of the oceans for the environment and climate, as well as for people and economies. The Group is also a major player in the financing of global maritime transport. In 2019, BNP Paribas took a public position on the oceans, summarising the actions it has already taken and making new commitments towards ocean conservation. The Group wants to actively participate in its preservation:

- by focusing its financing on activities that are sensitive from the point of view of ocean biodiversity;
- through proactive support for initiatives that contribute to a sustainable economy that respects marine ecosystems and people.

In line with SDG 14 "Life Below Water", BNP Paribas frames funding in the areas of maritime transport, fisheries and aquaculture, underwater extraction of natural resources, marine renewable energies and land-based activities closely linked to the ocean.

The Group, a major player in the financing of maritime transport on a global scale, is continuing its work with its customers to support the ecological transition of vessels. A funding budget of EUR 1 billion by 2025 has been committed for this purpose in 2019. In 2020, BNP Paribas also supported the launch of the voluntary certification Green Marine Europe, as a member of the development committee for the Surfrider Foundation Europe.

Finally, aware of the key role of corals in marine biodiversity, BNP Paribas contributed to the creation of the Global Fund for Coral Reef a blended finance fund involving the Albert II of Monaco Foundation, the Paul G. Allen Family Foundation, the UN and Mirova/Natixis Investment Managers.

Urban biodiversity: a key issue for BNP Paribas Real Estate

The real estate sector has a major role to play when it comes to biodiversity: not only must it reduce its impacts, but biodiversity contributes to urban resilience by bringing countless benefits to towns and cities, city dwellings and buildings.

In 2020, BNP Paribas Real Estate affirmed in its Biodiversity Charter[1] its "ambition to contribute to reducing soil degradation and the development of biodiversity". BNP Paribas Real Estate is increasingly in discussions with its clients to measure and minimise the net use of artificial materials of their real estate projects. BNP Paribas Real Estate incorporates biodiversity into the projects it designs, renovates, manages and occupies, for example through pre-development environmental audits, the reduction of impermeable surfaces, the creation of vegetated rainwater storage and filtration facilities, and the re-vegetation of sites and buildings, environmental certifications, BiodiverCity certification[2], etc.).

In addition, BNP Paribas Real Estate publicly supports several biodiversity initiatives. For example, it has joined the International Biodiversity Property Council (IBPC) and signed the call to action for greener towns and cities.

(1) Available online: https://bnppre.isivalue.com/reporting/wp-content/uploads/2020/06/Biodiversity-Commitment-Charter_EN-FINAL.pdf

(2) More details on the BiodiverCity label: http://cibi-biodivercity.com/en/biodivercity/

Adaptation to climate risks and preservation of biodiversity: alliance to strengthen the resilience of small producers benefiting from microcredits

In addition, BNP Paribas helped highlight biodiversity-related issues within the MEbA project (Microfinance Ecosystem-based Adaptation[1]) of the United Nations Environment. Through numerous training sessions, the Group participated in the deployment of the project to microfinance institutions and financial service providers wishing to integrate climate and environmental risks into their credit decision-making process.

Although the ecosystem services necessary for agriculture depend to a large extent on biodiversity, which is itself subject to significant human pressure, biodiversity is not taken into account in the assessment of credit risk, which weakens farmers and financial service providers. Created to highlight the importance of risks related to climate change and biodiversity, the MEbA digital platform provides methodologies adapted to the assessment of loans to farmers. It systematically proposes indicators of climate sensitivity, adaptability and biodiversity, and confirms the "green" dimension of loans.

COMMITMENT 11: REDUCE THE ENVIRONMENTAL FOOTPRINT OF OUR OWN OPERATIONS

GREEN COMPANY FOR EMPLOYEES (GC4E): EMPLOYEE ENGAGEMENT WORLDWIDE

The Green Company For Employees Programme encourages and supports the reduction of all of BNP Paribas' direct impacts on the environment, by according a central role to the participation of all employees. In this context, the Group has defined three priorities: the fight against single-use plastic, the promotion of soft mobility and the sustainable use of digital technology.

To limit the use of **plastic**, the Bank decided to remove all single-use petroleum-based plastic items from work and catering environments.

To promote soft **mobility**, BNP Paribas continued to deploy electric vehicle charging equipment on its sites and to green its service vehicle fleets. In addition, several car-sharing and bicycle-sharing schemes have emerged in France, as in Poland and Italy. Lastly, employee offers were created to encourage them to make the transition to soft mobility (discounts on purchase/leasing, financing, specific bonus).

In 2020, several working groups worked to translate the Group's new ambition for **digital sustainability** into a concrete roadmap. This approach has been built around three main approaches:

- measuring and optimising the Group's digital footprint on the environment;
- implementing a Green IT Sourcing policy;
- raising all employees' awareness of digital sustainability technology.

BNP Paribas' ambition for digital sustainability technology is to work across the entire digital life cycle, in a systemic approach, seeking to have a ripple effect on all external and internal stakeholders. A first awareness-raising campaign for all employees was launched at the end of 2020 using a self-assessment tool. In addition, the Group's strategic IT suppliers were informed of BNP Paribas' new ambition and called upon to actively participate in it, in a letter signed jointly by the Group's Chief Sourcing Officer and the Group's Chief Operating Officer IT.

ONGOING EFFORTS TO SAVE ENERGY AND IMPROVE ENERGY EFFICIENCY IN OUR OPERATIONS

In 2020 the Group continued its efforts to reduce the environmental footprint of its own operations by pursuing targeted actions to reduce the consumption of energy, paper and water, and reduce its greenhouse gas emissions and its waste volumes while improving their recycling as much as possible.

The results obtained in 2020 were strongly marked by the effects of the global health crisis (see next paragraph). **2020** is also **an important milestone** in the pursuit of objectives related to environmental performance indicators. Set up in 2015 with the year 2012 as a reference, these indicators set targets for 2020. Whether it involves quantitative objectives such as reducing greenhouse gas (GHG) emissions, paper consumption or qualitative objectives such as improving waste information, **all targets have been achieved except for the share of sustainable paper**.

Detailed environmental reporting

The objectives and the actions associated are detailed in an environmental report consisting of nearly fifty indicators covering the 20 countries where the Group has the largest sites in terms of workforce and therefore environmental impact. These represent 90% of full-time equivalent (FTE) personnel managed by the Group as of 31 December 2020. The results are extrapolated across the entire Group and are used to calculate the environmental data reported in this section. In 2020, 62 entities received quantified data from Group CSR Function on their consumption and targets compared with those of the Group as a whole, following data collected during the previous environmental campaign. This **valuable monitoring tool enables** each entity to make improvements so as to achieve the objectives of the environmental performance indicators.

(1) https://unepmeba.org/biodiversity-platform/

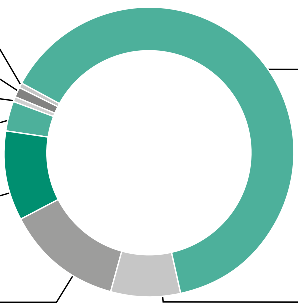
SITUATION OF THE MAIN ENVIRONMENTAL INDICATORS AT 31 DECEMBER 2020

Indicators	2012	2017	2018	2019	2020	2020 objectives
Greenhouse gas emissions ($teqCO_2$/FTE)	3.21	2.54	2.45	2.32	1.80	2.41
Paper consumption (kg paper/FTE)	165	113	97	86	58	94
Share of sustainable paper (in %)	43.5	67	62.5	71.3	74.6	80

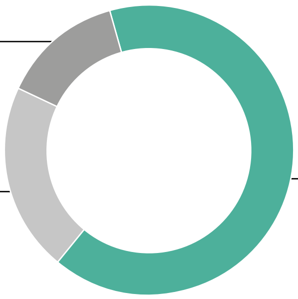
GHG emissions are measured by converting the energy consumed in buildings and employee business travel into tonnes of CO_2 equivalent ($teqCO_2$, including all six greenhouse gases covered by the Kyoto protocol). 81% of these emissions come from the energy consumption of buildings and 19% from business trips. There are three mechanisms to reduce them: energy efficiency of buildings, IT equipment, and optimising business travel.

In 2020, the Group's total emissions amounted to 347,339 $teqCO_2$ broken down as follows:

BREAKDOWN BY TYPE OF GREENHOUSE GAS EMISSIONS



BREAKDOWN OF THESE EMISSIONS BY ISO/GHG PROTOCOL SCOPE IN $TEQCO_2$



Note: through its activities, the Group is not a significant source of noise pollution or any other specific pollution.

A large number of ISO 14001 certifications

In 2020, **20** separate ISO 14001 **certificates** were in effect within the Group. This number establishes BNP Paribas as **a world leader in the banking/insurance sector** for Environmental Management Systems (EMS). Overall, nearly 76,200 employees work in offices covered by an environmental management system, which represents nearly 39% of Group employees.

Efforts recognised by third parties

All of these initiatives enabled the Group to obtain in 2020 and for the 7th consecutive year the CDP rating A- on the climate positioning **BNP Paribas in the Leadership category** and a score of 100/100 in the environmental areas "Climate Strategy" and "Environmental Reporting" to the rating of the extra-financial agency SAM. welcoming thus the quality and transparency of the Group's environmental reporting.

Impacts of the pandemic on greenhouse gas emissions

The Covid-19 pandemic had significant effects on the Group's direct environmental impacts. The periods of strong incentives for remote working or strict confinement decided by the authorities of many countries have resulted in a limited presence in the Group's buildings and a strong restriction on business travel, particularly for international travel. This context has logically led to a reduction in the kilometers traveled, especially for air and rail travel, and in energy consumption within the Group's buildings. In total, this generated the observed 23% decrease in GHG emissions in 2020 compared to the previous year.

This reduction must be put into perspective to include the increase in emissions from higher energy consumption linked to remote work. The Group wanted to assess it using averages from recognised external references. It is estimated at approximately 25,620 $teqCO_2$ globally. Taking into account the reduction in emissions from reduced commuting (which are not usually included in the Group's emissions calculation), an additional reduction in emissions of approximately 73,080 $teqCO_2$ would have to be included.

USE OF LOW-CARBON ELECTRICITY

To continue reducing its environmental impact, the Group is increasingly turning to low-carbon electricity in all countries where this is possible. Renewable electricity accounted for 37% of the Group's total electricity bill in 2020 compared to 35% in 2019. It came either from purchase of renewable electricity certificates, or from direct consumption of renewable energy produced by the Group's buildings. This commitment is strengthened through an exclusively renewable electricity purchase agreement (PPA) in Poland, which will cover 100% of the electricity supply starting in 2021.

Overall, low-carbon electricity represented 75% of total consumed.

OFFSETTING RESIDUAL GHG EMISSIONS

Each year, BNP Paribas offsets the residual GHG emissions from the previous year for the entire Group. Taking into account the additional purchases of low-carbon electricity, these emissions amounted to 340,030 teqCO_2 in 2019. Also in 2020, these emissions were offset through four projects.

- **the Kasigau project**, supported by the Group since 2017, is a programme **to preserve and restore** 200,000 hectares **forest in Kenya**. Led by the NGO Wild Life Works, it also finances **access to healthcare, water and education for local populations**;
- the second project is based on a ten-year voluntary carbon offsetting programme between BNP Paribas and the GoodPlanet Foundation that will improve the living conditions of nearly 70,000 people in the state of Madhya Pradesh in **India**. Through the **construction of 13,000 biodigesters** producing methane through anaerobic digestion (decomposition of organic matter), the populations produce their own gas to meet household needs, thus avoiding cooking over wood fires and deforestation.

The other two projects were selected via the ClimateSeed platform (see *Supporting companies towards carbon neutrality*, in *Enabling our clients to transition to a low-carbon economy respectful of the environment*, Commitment 10). It is:

- a support programme for seven Peruvian indigenous communities **to preserve** 127,000 hectares of threatened **Amazon rainforest**. This project is led by the local NGO AIDER which fights against deforestation and protects the living environment of these populations;
- an initiative to restore and preserve **tropical peatlands** in **Indonesia**, covering over 150,000 hectares of swamp forest located in Central Kalimantan. In addition to protecting more than 40 endangered species of fauna and flora, the project helps indigenous peoples fight the devastating forest fires that occur during the dry season.

Thanks to the triple action of "reducing greenhouse gas emissions", "using low-carbon electricity" and "offsetting its residual emissions", **BNP Paribas has been carbon neutral across its entire operating scope since 2017.** This result is an important indicator of the Group's commitment and has earned it recognition as Climate Neutral Now by the United Nations Framework Convention on Climate Change (UNFCCC)

BIODIVERSITY AND CIRCULAR ECONOMY ACTIONS

Biodiversity conservation at the Group's sites

Aware that biodiversity is currently under serious threat, BNP Paribas promotes diversified initiatives on its own sites that contribute to the preservation of the environment, the reintegration of nature in urban areas and the participation of employees in collective actions promoting biodiversity. For example, the "urban farm" of BNP Paribas Real Estate, installed on more than 640 m^2 on the terraces of its head office in Issy-les-Moulineaux (France), is a laboratory, a community vegetable garden and a showcase of its know-how for its customers. This experimentation of urban gardens is led by a community of employees/gardeners managing 26 plots which include 70 plant species.

In addition, several initiatives to promote urban vegetable gardens and beehives managed directly by employees are being developed within the Group, notably in France, Belgium, Luxembourg, Poland and the United Kingdom. Several Group departments have also initiated tree planting initiatives in partnership with local NGOs and directly involving employees.

Controlling impacts on ecosystems also involves reducing water consumption, which was 15,8 m^3/FTE in 2020 for a total consumption of 3,058,462 m^3. Various actions to improve this consumption are regularly carried out: leak detection systems, equipment that automatically cuts off the taps, optimisation of flow rates, *etc*.

In addition, BNP Paribas promotes less meat among its employees (animal husbandry is a significant factor affecting biodiversity): for example, in France, a very large majority of the Group's restaurants offer a daily vegetarian menu.

Responsible procurement and waste reduction

In order to contribute to the protection of forest ecosystems and biodiversity, the Group aims to use sustainable paper as much as possible from recycled or sustainably managed forests, that is, more than 50% recycled or PEFC (Programme for the Endorsement of Forest Certification) or FSC (Forest Stewardship council) certified. In 2020, the share of **sustainable paper** reached a record high of 75%. However, as the 2020 target, which was set at 80%, was not achieved, **this effort will be continued** in the coming years.

In addition, the Group is committed to making progress each year on the proportion of waste recycled per employee (mostly paper) and on the quality of these data. The total waste collected, calculated for 2020, is 21,085 tonnes, or 109 kg/FTE. **31% of the total volume of waste is recycled**, or the equivalent of 33.4 kg per employee.

COMMITMENT 12: ADVANCE AWARENESS AND SHARING OF BEST ENVIRONMENTAL PRACTICES

In addition to its commitments to support its customers in the energy and environmental transition (Commitment 10) and to minimise its direct environmental footprint (Commitment 11), BNP Paribas is actively involved in the public debate on these issues, helping to improve and disseminate knowledge and best environmental practice within civil society.

SUPPORTING RESEARCH AND DEVELOPMENT ON CLIMATE CHANGE AND BIODIVERSITY

Supporting innovative start-ups in the energy and ecological transition

The energy transition also involves developing innovative technologies. To support it, the Group committed at the end of 2015 to invest, with its own funds, in young innovative companies in the energy transition sector and to support them in their growth.

To this end, a venture capital team has been set up dedicated to the energy transition. Four and a half years after the first investment, **BNP Paribas invested in 10 start-ups and three funds** on topics such as energy efficiency, energy storage, sustainable mobility, *etc.*

Even though the Covid-19 crisis has made it difficult to raise capital for start-ups, BNP Paribas has proven to be a solid partner by supporting five of the start-ups in its portfolio via complementary investments. This has enabled these companies to continue to grow and innovate in support of the energy transition and the fight against climate change.

In 2021, BNP Paribas is expanding its ambitions and broadening the scope of these investments beyond the energy transition, to include the challenges of the ecological transition. In addition to its investments in energy transition start-ups, the Group will be able to support innovation in areas such as biodiversity, sustainable food and the circular economy.

In addition, as part of its support for innovation, the retail bank regularly invests in the capital of start-ups in France, some of which have a positive impact on the energy or ecological transition. In 2020, for example, the Group invested in BeFC, a start-up manufacturing bio-enzymatic fuel cells to replace button cell batteries, based in France.

The Group also supports the growth of start-ups involved in the energy and environmental transition through IPO capital increases **by introducing them the stock market**. In 2020, Portzamparc BNP Paribas, a specialised subsidiary, supported several companies in the sector: for Metabolic Explorer, the capital increase enabled it to continue its growth in the development of processes for biochemical compounds, as an alternative to petrochemicals. For Ecomiam, this is the IPO of this young company specialising in frozen food based on short circuits, in France.

Supporting research and development on climate change

The BNP Paribas Foundation supports scientific research programmes in the fields of climate change and biodiversity. Two corporate philanthropy programmes benefit from this in particular:

- launched in 2010 by the BNP Paribas Foundation, the Climate & Biodiversity Initiative has already supported 27 research projects led by researchers, professors and engineers, totalling EUR 18 million. In 2020, the BNP Paribas Foundation supported the HUM-ANI project aimed at understanding the impact of climate change on the emergence of infectious diseases. It also showcased the 9 winning projects of its fourth call for projects launched in 2019, focusing on various issues linked to the interactions between climate and biodiversity, such as the impact of melting glaciers on global biodiversity, the resilience of coastal ecosystems to extreme weather events, and the reforestation of disturbed ecosystems;
- in 2020, BNP Paribas maintained its commitment to the One Planet Fellowship programme. With a five-year grant of USD 15 million, this philanthropy programme is supported by the BNP Paribas and Bill & Melinda Gates Foundations, the European Commission and the International Development Research Centre (IDRC, Canada). It is run by AWARD (ICRAF, Kenya) and the Agropolis Foundation. Its ambition is to form an intergenerational network of researchers, future leaders in the fight against – and adaptation to – climate change in Africa. The second call for applications for the One Planet Fellowship was launched in November 2019 and closed on 31 March 2020. A total of 903 applications from 14 African countries were received. Eligible countries were: Algeria, Benin, Burkina Faso, Ethiopia, Ivory Coast, Kenya, Malawi, Mali, Morocco, Nigeria, Senegal, Tanzania, Togo and Zambia.

RAISING AWARENESS AMONG INTERNAL AND EXTERNAL STAKEHOLDERS

BNP Paribas believes that the energy and ecological transition can only succeed if all stakeholders (businesses, public authorities, associations, citizens/consumers) work together to bring about change. The Group therefore discusses these issues with all its stakeholders and participates in the joint awareness-raising and training effort.

Employees, the Group's best climate and biodiversity ambassadors

In 2020, the Group launched "We Engage", an awareness-raising programme for BNP Paribas' 200,000 employees worldwide dedicated to sustainable finance and current environmental and social issues. Intended to present and explain the existing solutions to develop the activity of the businesses, thanks to products and services with positive impact, this training consists of a mini-series composed of six modules showcased between 2020 and 2021. Each consists of a video presentation and a questionnaire. This programme makes it possible to develop the ability to support customers towards a low-carbon economy and greater social justice. Several tens of thousands of employees have already followed the three modules already showcased.

This desire to prepare employees to support customers in the ecological and energy transition is also reflected in local initiatives, such as in Poland, where the "The Bank of Green Changes Programme" awareness campaign was held for the second time in April 2020, addressing various themes around responsible consumption and the promotion of a sustainable lifestyle. This campaign will be continued in 2021.

Another way to acculturate teams, the Climate Collage, a game in the form of collaborative workshops to acquire a systemic vision of climate change issues and their consequences, continues to be deployed. Although this was slowed down in 2020 by the health crisis, this awareness campaign has already started in France, Belgium, Luxembourg, Portugal and Brazil.

The creation of editorial content dedicated to the ecological transition

BNP Paribas also works with mainstream media concerned about environmental issues, in particular to create editorial content dedicated to the ecological transition. So Good magazine produced a special edition for and with BNP Paribas dedicated to the circular economy. The aim is to provide a simple, educational communication tool to raise awareness among Group employees and customers of the challenges of circular economy and BNP Paribas' action levers in this area.

The Group also supports the magazine L'ADN; it took part in the "Trends 2021" issue, for the section dedicated to financing the ecological transition.

Raising client awareness through high-level presentations

BNP Paribas frequently organises targeted meetings with its clients on the energy and ecological transition. In 2020, the pandemic naturally limited the organisation of such events, and several were postponed until 2021. However, Covid did not prevent many from being carried out, mainly virtually, in around fifteen European countries, bringing together around 1,000 clients (companies and investors), Group stakeholders, client representatives or other experts and personalities.

In addition, in Singapore, the 5th edition of the SFF (Sustainable Finance Forum), carried out in virtual form, brought together 270 clients to discuss biodiversity and natural capital.

Conferences to publicise research funded by the BNP Paribas Foundation

As well as funding research, the Climate & Biodiversity Initiative programme of the BNP Paribas Foundation is intent on promoting widespread awareness of the research projects it supports. Since 2010, numerous conferences, exhibitions and other public events have been organised to heighten awareness of these issues among employees and the general public.

Thus, in 2020, the exhibition "Climate, the 360° Expo", designed by the *Cité des Sciences*, in partnership with the French Institute and UN Environment, was presented to clients of the Retail Banking branch network in Ile-de-France. Following on from this initial support for creation, the BNP Paribas Foundation has renewed its partnership with the *Cité des Sciences* so that the exhibition "Bio-Inspired: a different approach", around biomimicry, will be offered starting on 18 September 2020 and for the next five years.

In addition, despite the restrictive health context in 2020, the Foundation was able to organise two fully virtual conferences which brought together nearly 400 participants: 300 employees in 14 different countries and from 20 Group entities took part in a conference on forest ecosystems. The Foundation also organised a round table at ADMICAL's *Mécènes Forum* 2020 (network and information centre for all philanthropists in France), entitled: "Climate change and the erosion of biodiversity, why support research?"

Sharing our expertise via public reports and presentations

BNP Paribas experts conduct research on market developments, particularly in relation to the energy transition, which lead them to participate in public panels or through studies. In 2020, Mark Lewis, Head of ESG Research at BNP Paribas Asset Management, published a study "Deep Decarbonisation: Green Hydrogen, Net Zero and the Future of the EU ETS" analysing the trajectory to achieve carbon neutrality, and the need to use green hydrogen to achieve this objective. It thus shows the key role that the emissions trading system and therefore the carbon cost will play in the competitiveness of green hydrogen and its development.

TAKING AN ACTIVE PART IN PARTNERSHIPS AND COLLECTIVE INITIATIVES

Participation in the work of *Entreprises pour l'Environnement* (EPE)

Jean-Laurent Bonnafé, Director and CEO of BNP Paribas, has been Chairman of the association EpE (Entreprises pour l'Environnement) since 2019. In this role, he has been able to showcase and promote EpE's actions and reports in his public statements. On 1 October 2020, he introduced an event organised by EpE dedicated to the action of companies to preserve biodiversity, at the National Museum of Natural History in Paris.

Public position promoting the ecological transition and a green recovery

BNP Paribas is convinced of the importance of collectively achieving the global objectives of combating climate change and preserving biodiversity, as well as, more generally, the UN Sustainable Development Goals (SDGs). The Group, and its representatives, regularly take a public stand in this regard.

In France, Jean-Laurent Bonnafé, as Chairman of EpE, was one of the initiators of a forum calling for collective mobilisation to make economic recovery an accelerator of the ecological transition. This forum, signed by more than 90 executives of French and international companies, was published in the French newspaper, *Le Monde*.

On the fifth anniversary of the Paris Agreement, Jean-Laurent Bonnafé gave an interview to the French newspaper *La Tribune* in which he states that "the future for BNP Paribas must necessarily be post-energy transition".

In the United Kingdom, Anne-Marie Verstraeten, Country Head of BNP Paribas, co-signed a letter from company representatives to the Prime Minister asking for a clear vision on the government's climate-related recovery efforts.

Active participation in several methodological initiatives related to biodiversity

In addition to the work carried out with *Caisse des Dépôts Biodiversité* (see *Voluntary commitments made within the Act4nature initiative* in Commitment 10), BNP Paribas played a central role in several impact measurement initiatives in 2020 on biodiversity.

Antoine Sire, Head of Corporate Engagement at BNP Paribas and member of the Executive Committee, was appointed co-chair of the informal working group tasked with preparing the work of the Task Force on Nature-related Financial Disclosure (TNFD). This initiative, led by the United Nations, WWF and the Global Canopy think tank, aims to define a reporting framework that enables financial institutions to better understand their risks, dependencies and impacts on nature.

In addition, BNP Paribas Asset Management co-led in 2020 the mobilisation of more than 30 investors representing more than EUR 7,000 billion of assets under management to support a public statement calling for the creation of biodiversity-related impact measures. More specifically, BNP Paribas Asset Management has selected, with other asset managers, after a joint call for tenders and a strict selection process, a service provider for the creation of a tool to measure the impact of their investments on biodiversity.

Other partnerships

BNP Paribas has also partnered with various stakeholders to raise awareness and promote solutions to climate and environmental challenges, including:

- being an active member of Movin'On, the leading global co-innovation ecosystem bringing together the major players in sustainable mobility. With Solar Impulse, Michelin and Engie, BNP Paribas has created a community of interest within Movin'On dedicated to energy efficiency;
- by implementing a partnership with the NGO Reforest'Action. Whether in France, Belgium or Luxembourg, various BNP Paribas teams working with Reforest'Action have contributed to 176 reforestation projects in 15 countries on four continents. In total, more than 2.5 million trees have been planted thanks to BNP Paribas' support, helping to store 240,000 tonnes of CO_2. This is based on sustainable finance offers implemented by various businesses (CIB, Private Banking, Retail Banking, *etc.*) including the planting of trees in the products and services offered to customers;
- by joining the German Finance Industry Voluntary Climate Commitment;
- by signing in Portugal, on the occasion of Lisbon being named as "European Green Capital 2020" by the European Commission, the Business Mobility Pact and the Agreement to contribute directly to the objectives defined in the Lisbon Municipality Pact. As part of the internal Cooler Planet programme, a work thread dedicated to sustainable urban mobility has been created to reduce CO_2 emissions related to mobility and improving the quality of life of employees;
- by being the first financial institution to join the Cool Farm Alliance, a consortium of more than 60 companies working to develop sustainable agriculture. This alliance is intended in particular to create a set of indicators measuring the impact of agricultural production on greenhouse gas emissions, biodiversity or water requirements for irrigation. An impact calculator will be made available to BNP Paribas Polska clients in early 2021 on the online portal www.agronomist.pl;
- by actively participating in the work of the Task Force on Climate-related Financial Disclosures (of which Jane Ambachtsheer and Mark Lewis, of BNP Paribas Asset Management, are two of the 31 members) and of the working group on data and implementation of the Platform on Sustainable Finance of the European Union (of which Helena Viñes Fiestas, of BNP Paribas Asset Management, is rapporteur), in charge of working on European taxonomy.

7.6 Climate-related issues management summary

BNP Paribas is convinced of the importance of the risks and opportunities related to climate change and incorporates them into its governance, strategy and the management of its risks and opportunities. This chapter presents the main mechanisms and indicators in place in 2020, following the recommendations of the TCFD (Taskforce on Climate-related Financial Disclosures). As in 2020, a more detailed dedicated TCFD report will be published in the 1st half of 2021.

BNP PARIBAS' GOVERNANCE ON CLIMATE-RELATED RISKS AND OPPORTUNITIES

A. THE BOARD OF DIRECTORS OVERSEES CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Board of directors of BNP Paribas determines the Group's strategy, on the recommendation of Executive Management, including for energy and climate-related issues. Four of its members count CSR among their three main areas of expertise (see paragraph *Directors' knowledge, skills and experience*, page 50). More specifically, among these members, Marion Guillou (member of the High Council on Climate under the French Prime Minister) and Pierre-André de Chalendar (author of "Our fight for the climate. A decarbonised and growing world, it is possible") have recognised climate expertise.

Certain specialised committees that assist the Board of directors play a particular role in the supervision of energy and climate issues. In particular, the Corporate Governance, Ethics, Nominations and CSR Committee (CGEN) and the Internal Control, Risk Management and Compliance Committee (CCIRC) decide on the appropriateness of BNP's overall strategy and its risk appetite for climate-related issues.

In 2020, climate change was addressed six times by the Board of directors, twice by the CGEN and twice by the CCIRC.

In addition, the Board of directors approves the variable remuneration of executive corporate officers, linked in part to the Group's performance on environmental and social issues, including the fight against climate change.

Lastly, the Board of directors approves the sections on CSR in this Universal registration document and the Annual Integrated Report, including chapter 7.5 on *Our environmental responsibility: accelerating the energy and ecological transition*.

B. MANAGEMENT IS RESPONSIBLE FOR ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Executive Committee determines the Group's policy for the management of climate-related risks and opportunities. Jean-Laurent Bonnafé, Director and Chief Executive Officer, is ultimately responsible for the climate strategy for which the Director of Corporate Engagement, a member of the Executive Committee, is responsible as part of his CSR oversight duties.

Throughout 2020, the Group's climate strategy, the implementation of the policy of aligning its loan portfolio with the Paris Agreement and the main associated indicators were discussed regularly at meetings chaired by Jean-Laurent Bonnafé (4 meetings in 2020).

The Corporate Engagement Department, the Risk Function (both represented on the Executive Committee) and the CSR Department are responsible for the operational implementation of the climate strategy.

In addition, the remuneration of more than 7,700 of BNP Paribas' key managers is partially indexed to the Group's CSR performance, including energy and climate issues.

STRATEGY: ACTUAL AND POTENTIAL IMPACTS OF CLIMATE-RELATED RISKS AND OPPORTUNITIES ON BUSINESS, STRATEGY AND FINANCIAL PROJECTIONS

For several years now, BNP Paribas has undertaken to identify, in increasingly greater detail, all the climate-related risks and opportunities with which the Group is faced. The Bank seeks to analyse and even quantify, where sufficiently robust methods allow, the impact of these risks and opportunities on its strategy and businesses. Efforts are also being made to compare the expected development of BNP Paribas' businesses with prospective climate scenarios in order to assess the Group's resilience to climate change.

These analyses are taken into account in the Group's strategy.

A. CLIMATE-RELATED RISKS AND OPPORTUNITIES IN THE SHORT, MEDIUM AND LONG TERM

Climate risks are fully incorporated into the Group's risk management process. They are identified, analysed and managed on the basis of various work and analyses carried out by the Risk Function, the divisions and the businesses and through several committees which give rise to actions and decisions.

BNP Paribas includes in its analysis the physical risks and transition risks, the risks for its own operations and those for its customers and the companies in which the Group invests. It applies the principle of double materiality.

B. CONSIDERATION OF THEIR IMPACT ON THE GROUP'S BUSINESSES, STRATEGY AND FINANCIAL PROJECTIONS

BNP Paribas' strategy incorporates climate-related risks and opportunities into the CSR strategy (see page 544), reinforced by the Group's "Purpose" (see page 543).

These climate risks are taken into account by the Group's businesses. BNP Paribas has thus committed to aligning its loan portfolio with the climate objective of the Paris Agreement (see page 561). The Group has made strong commitments to decarbonise the energy sector, which is key in the fight against climate change, in particular by deciding to stop financing thermal coal (see page 560). With regard to asset management, BNP Paribas Asset Management manages its investments based on indicators related to coal, GHG emissions and physical risks, and uses its voting rights to influence the energy transition of companies (see page 596); BNP Paribas Cardif applies a low-carbon transition filter to shares and corporate bonds held directly.

The main sources of climate-related risks for BNP Paribas are summarised in the table below. An indication of the time horizon at which each risk is likely to materialise is given: short-term (ST), up to two years; in the medium term (MT), between three and ten years; or long-term (LT), after ten years. The potential importance of each risk is also estimated, based on expert judgement (between "+", moderate, and "++++", very significant).

➤ SOME OF THE MAIN SOURCES OF CLIMATE-RELATED RISKS FOR BNP PARIBAS

Risk family	Scope	Risk sources	Time horizon	Relevant businesses	Potential significance of the impact (for the Group)	Mitigation action
Transition risks	Within the operating scope of BNP Paribas	Carbon price increase (tax or quotas) applied to BNP Paribas' GHG emissions within its operating scope	MT	Internal	+	Reduction of BNPP's GHG emissions within its own scope See page 603
		Tightening of climate reporting regulations, which would require more time-consuming and resource-consuming reporting tools and processes.	ST	Internal	+	Ongoing reporting reliability process See page 602
		Tightening of environmental standards (*e.g.* on the energy efficiency of our buildings, on our own fleet of vehicles, *etc.*) that may require investments to meet the new standards	MT	Internal	+	Reduction of BNPP's energy consumption See page 602
	Customer risk	Credit risk: increase in the price of carbon (tax or quotas) applied to the GHG emissions of our clients, in particular the most emitting ones	MT	Financing activities	+++	Alignment of the loan portfolio with the climate objective of the Paris Agreement (PACTA, *etc.*) See page 561 Incorporation of this component in the credit risk analysis See page 565
		Risk of underperformance of funds that are overexposed to industries or companies that emit high levels of greenhouse gases (carbon tax), that are likely to be subject to increased regulatory pressure or whose activity is expected to decline under climate scenarios	MT	Asset management for third parties	++	Incorporating ESG criteria into assets under management See page 565
	Risks for BNP Paribas	Risks of loss of market share for the Group, and in particular for its subsidiaries Arval and Leasing Solutions if they do not sufficiently adapt to their customers' demand for more environmental products and services (electric vehicles, low-carbon equipment leasing, *etc.*)	MT	Specialised subsidiaries: Arval, BNP Paribas Leasing Solutions, *etc.*	++	Development of low-carbon offers for Arval and Leasing Solutions See page 597
		Reputational risk: risk of damage to the image of the BNP Paribas brand if external stakeholders believe that the Group is not sufficiently active in the fight against climate change.	ST	Group	++/+++	BNPP's overall efforts in the fight against climate change; transparency efforts

Risk family	Scope	Risk sources	Time horizon	Relevant businesses	Potential significance of the impact (for the Group)	Mitigation action
Physical risks	Risks for customers	Changes in the weather, particularly in the water cycle, disrupting the production processes of some of our customers, and therefore their revenues (*e.g.* decrease in river flow having a negative impact on the production of hydroelectric plants, increase in water temperature having a negative impact on the production of nuclear power plants)	MT	Financing activities	+/++	Analysis of the physical risks faced by BNPP clients
		Risk of underperformance of funds overexposed to economic players particularly affected by the direct impacts of climate change, due to their sector of activity, their geographical location or their supply chains.	LT	Asset management for third parties	++	Incorporating ESG criteria into assets under management See page 565

Similarly, climate-related opportunities are taken into account in BNP Paribas' businesses and financial projections. The Group seizes them in all its transactions, both within its operating scope and in its corporate, investor and individual customer businesses.

SOME OF THE KEY CLIMATE-RELATED OPPORTUNITIES FOR BNP PARIBAS

Scope	Opportunity factor	Time horizon	Relevant businesses	Potential significance of the impact (for the Group)	Actions to develop these opportunities
On the operational scope	Energy renovation of buildings (offices, branches, *etc.*) which would reduce our energy consumption and therefore the associated invoices	ST	Internal	+	Efforts to reduce the energy consumption of BNPP buildings: See page 602
Via clients	Revenues related to support for companies contributing directly to the Sustainable Development Goals (SDGs)	ST	Group	++++	See page 551
	New business: green bonds, sustainable bonds, blended finance, green loans, Sustainability Linked Loans, *etc.*	ST	Group	+++	See page 595
	Development of low-carbon offers: low-carbon real estate development at BNP Paribas Real Estate, BNP Paribas Asset Management climate indices and green funds, green investments as part of BNP Paribas Cardif general funds, *etc.*	ST	Group	+ / ++	See pages 595 to 599
	Outperformance of funds particularly exposed to industries or companies involved in the energy transition	MT	Asset management	++	Development of a wide range of green funds See page 596
	Arval offer for an increased number of electric vehicles to meet the growing demand in this field	MT	Arval	+	See page 597
	Credit offers (home loans and consumer loans) to help households finance the energy renovation of their homes (*e.g.* green mortgages offered by Fortis; specific consumer loans offered by Domofinance, a joint venture of BNP Paribas Personal Finance and EDF specialised in the energy renovation of housing)	ST	Retail Banking, BNP Paribas Personal Finance	++	See pages 598 and 599
	Development of BNP Paribas Leasing Solutions' offer for leasing more energy-efficient and/or less GHG-emitting products	MT	BNP Paribas Leasing Solutions	++	See page 597
	Revenues generated by renewable energy financing	ST	Financing activities	+++	See page 595
	Revenue generated by the provision of carbon credits (Carbon Desk at Global Markets, ClimateSeed)	ST	Global Markets, ClimateSeed	+	See page 598
	Support for start-ups specialising in the energy transition	ST	Financing and investing activities	+	See page 605

Climate-related risks and opportunities also have significant consequences for the Group's organisation (particularly with the creation of dedicated teams in many businesses), as well as employee training and recruitment.

C. RESILIENCE OF THE GROUP'S STRATEGY TO DIFFERENT CLIMATE SCENARIOS

BNP Paribas uses climate scenarios to analyse the resilience of its strategy and to measure the alignment of its portfolio with the objectives of the Paris Agreement. Since 2018, the Group has been monitoring the change in the electricity mix and the primary energy mix in its financing portfolio compared to the change of the same mixes in the IEA's[1] SDS scenario (Sustainable Development Scenario); this scenario is compatible with the global warming objective of the Paris Agreement (see paragraph *Electricity, a loan portfolio aligned with the objectives of the Paris Agreement*, Commitment 3). In the field of maritime transport, BNP Paribas took part in December 2020 in the first global reporting of the climate alignment scores of the banks that signed the Poseidon Principles, which is based in particular on the International Maritime organisation's emissions reduction scenario (see the box on the International Maritime organisation in the paragraph *Electricity, a loan portfolio aligned with the objectives of the Paris Agreement*, Commitment 3).

More generally, the Group assesses the resilience of its financing and investment portfolios to transition and physical risks, using tools adapted to the analysis of these risks (see in particular paragraphs *A shared methodology to assess the alignment of the loan portfolio with the objectives of the Paris Agreement* and *Electricity and energy mixes are less carbon-intensive than the global mix*, Commitment 3).

Finally, the Group reduces its impacts and improves its resilience to climate change in its operational scope.

In addition, BNP Paribas participates in pilot exercises on climate risk resilience organised by central banks (see the paragraph *The development of climate scenario analyses*, Commitment 3).

As described above, the Group has studied its physical and transition risks, relying on recognised scenarios, in particular, to assess the risks associated with various trajectories. BNP Paribas takes appropriate measures to curb these risks (for example, by discontinuing its financing for companies that derive most of their revenues from unconventional hydrocarbons, or by completely stopping its financing of the coal sector by 2030 in the European Union and the OECD area, and by 2040 for the rest of the world; see the introduction to chapter 7.2 *Our economic responsibility: financing the economy in an ethical manner*). On this basis, no elements were identified that could call into question the resilience of the model and the Group's strategy in the face of energy and climate issues. By committing to align its loan portfolio with the objectives of the Paris Agreement, the Bank minimises transition risks that could have significant impacts on the companies financed. These initiatives are driven by continuous improvement.

RISK MANAGEMENT: HOW BNP PARIBAS IDENTIFIES, ASSESSES AND MANAGES CLIMATE-RELATED RISKS

A. A MULTI-STAKEHOLDER PROCESS TO IDENTIFY AND ANALYSE RISKS, PARTICULARLY THOSE RELATED TO CLIMATE.

BNP Paribas maintains a dialogue with its internal and external stakeholders. This dialogue, which feeds into the materiality matrix, is the basis of the analysis of climate-related risks and opportunities; it places climate change among the Group's crucial challenges (see page 625).

B. THE CLIMATE RISK MANAGEMENT PROCESS IS BOTH SPECIFIC AND FULLY INTEGRATED INTO THE OVERALL RISK MANAGEMENT.

The businesses, the CSR Function and the Risk Function incorporate climate-related and energy transition risks into risk management on a daily basis.

In 2020, the continued strengthening of the Group's ESG system was structured within a specific multi-year programme, the ESG Action Plan (see paragraph *Management of environmental, social and corporate governance risks* in section 2.4 *Internal Control*). This programme provides in particular for a systematic ESG assessment of clients as part of the credit process, on five dimensions, one of which is dedicated to climate change. The questions asked and their weighting in the assessment will be adapted to the challenges of each business sector.

In addition, the Group has initiated work to assess the physical risks represented by its loan portfolio based on the geolocation of customer assets and their vulnerability to climate events (see paragraph *Physical risk management*, in Commitment 3).

(1) IEA: International Energy Agency.

INDICATORS AND TARGETS USED TO ASSESS AND ADDRESS CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Group has adopted indicators to assess climate-related risks and opportunities, has made commitments and set quantitative targets. The main indicators related to these climate-related risks and opportunities are presented in the table below.

Activity	Indicator	Scope	Value (2019)	Value 2020	Unit	Commitment	Objectives	Ref
Financing	Financing for renewable energies	Group	15.9	17.8	€ billion		€18 billion in 2021	page 595
	Share of coal in fossil fuel extraction financed	Group	2.4	1.5	%	Evolution in line with the IEA SDS scenario		page 563
	Financing the ecological transition of ships	Group			€ billion	€1 billion by 2025		page 601
	Amount of Sustainability Linked Loans directly underwritten by the Bank, with only environmental criteria	Group	2.2	3.8	€ billion			page 596
	Alignment of the loan portfolio with the climate objective of the Paris Agreement	Group				Alignment of the loan portfolio with the objective of the Paris Agreement		page 561
Issuance on the markets	Cumulative amount of structured and placed green bonds	Group	9.8	10.8	€ billion			page 595
Investments	Amount of green investments	BNPP Cardif	3.7	8.1	€ billion			page 552
Asset management	Outstanding amounts of green funds managed by the bank	BNPP AM	11.6	18.4	€ billion			page 596
Other	Credit exposure on hybrid and electric vehicles	Arval	1.3	2.3	€ billion			page 597
Transactions	GHG emissions (Scopes 1+2+business travel), per FTE	Group	2.32	1.85	teqCO_2/FTE		2.31 in 2021	page 603

7.7 Duty of Care and Modern Slavery Act and Human Trafficking statement

DUTY OF CARE: 2020 BNP PARIBAS' VIGILANCE PLAN

REGULATORY FRAMEWORK

Law No. 2017-399 of 27 March 2017 on the Duty of Care of parent companies and of companies using subcontractors applies to the Group as a whole and requires a vigilance plan to be established and implemented to identify and prevent the risk of serious violations of human rights and fundamental freedoms, and of harm to human health and safety and to the environment. Starting with the 2018 financial year, the law also requires the preparation of a report on the effective implementation of the Group's vigilance plan.

GOVERNANCE

Initiated and overseen by Group Management, the corporate social responsibility (CSR) policy is a strategic issue for BNP Paribas. It reflects a commitment at the highest level of the Company, to combine performance, responsibility, ethics and transparency. CSR objectives were included in the Group's 2017-2020 business development plan.

The actions related to the Group's vigilance systems are defined by the CSR Function, in conjunction with the relevant players in the main businesses and functions: Domestic Markets, International Financial Services, Corporate & Institutional Banking, Group Human Resources, Group Strategic Sourcing, Compliance, Risk and Legal. These actions are intended to cover all of the Group's businesses, functions and countries of operation.

The Group is committed to promoting compliance with a number of the principles and standards that underpin its operations, such as the United Nations Sustainable Development Goals (SDGs), the 10 principles of the United Nations Global Compact, and the standards defined by the International Labour Organisation (ILO).

For the analysis of environmental, social and governance (ESG) risks, the CSR Department relies on the various businesses, which constitute the first line of defence. The Group CSR Function supports businesses in the most complex analyses, providing its thematic and industry expertise. The Risk Management Function acts as a second line of defence for CSR assessments as part of the credit and investment decision-making process. Within its risk appetite framework, the Group has, provides the breakdown of the electricity and energy mix which it finances.

Executive Management made a series of commitments on the environment as of 2011, and on human rights as of 2012, by signing the Declaration of Human Rights. In 2016, the Group's management reiterated its strong commitment to respecting human rights and protecting the environment through the publication of its Code of conduct applicable to all employees around the world. The latest update was published in 2018.

Furthermore, the purpose of the Group's ethics warning system is to enable any BNP Paribas employee to report a proven breach – or a suspicion of such a breach – of the Code of conduct, of a policy or of a Group procedure or regulation, not only to their line management, but also, alternatively, to the compliance team of the entity to which they belong, or of a higher level. Employees have the right to report wrongdoing internally and may not be punished in any way for doing so in good faith.

Any suspicion by a BNP Paribas employee of serious or potentially serious violations of human rights and fundamental freedoms, and of harm to human health and safety and to the environment, may be reported under this ethical alert system.

OUR VIGILANCE APPROACH

Scope

As part of the preparation of its vigilance plan, BNP Paribas conducted, consistent with its commitments, risk mapping and a review of its existing risk assessment and control policies and tools, on a scope consistent with the text of the law.

This scope includes employees (Human Resources (HR)), suppliers and subcontractors (Group Strategic Sourcing (GSS)) and the main businesses within the three principal BNP Paribas divisions (Domestic Markets, International Financial Services, Corporate & Institutional Banking).

Risks taken into account in the development of different mapping exercises

In line with its CSR commitments, the Group has included in its vigilance approach the risks of serious violations of human rights and fundamental freedoms, and of harm to human health and safety and to the environment, and the following issues in particular:

- issues related to human rights and fundamental freedoms: child labour, forced labour and human trafficking, non-compliance with the rights of local communities, freedom of association and collective bargaining, exercise of the right to strike, discrimination, failure to respect the rights of local communities, harassment, unfair wages and excessive hours of work;
- issues related to human health and safety: workplace and consumer health and safety;
- environmental issues: climate risks, air pollution, water pollution, soil pollution, scarcity and depletion of commodities, water scarcity, erosion and soil depletion, waste management, greenhouse gas emissions, deterioration of ecosystems and biodiversity.

Systems used to manage these risks

The Group made an inventory of its existing systems, and compared them against the elements required for the preparation of the vigilance plan, ensuring that these existing systems fully covered the main risks for employees, suppliers and banking and financial activities.

Risk mapping covered, *inter alia*, purchase categories for the Group's suppliers, as well as business sectors and operating countries for BNP Paribas banking and financial activities. Analysis grids that complement pre-existing risk prevention systems have been developed and implemented. A multi-year cross-functional project was set up by the Group in 2020 to continue to strengthen the system for managing environmental and social issues.

With regard to climate risks, BNP Paribas takes into account the work of the IPCC, and measures greenhouse gas (GHG) emissions related to its own activity, such as the mobility of its employees, and uses scientific benchmark scenarios as part of its commitment to align its loan portfolio with the objectives of the Paris Agreement, by focusing on the sectors emitting the most GHGs, starting with the energy sector.

OUR EMPLOYEES

The Group wants to foster a stimulating work environment in which every person is treated fairly. In particular, the Group places an emphasis on respect, the need to apply the highest standards of professional behaviour, and the rejection of all forms of discrimination. The Group also ensures the safety and security of people in their workplace.

When it implemented its vigilance plan, BNP Paribas ensured that there was adequate coverage of all salient risks as[1] well as formalising them in existing Group HR policies.

The Group's diversity and inclusion policy and remuneration principles reaffirm the principle of non-discrimination in the recruitment and professional development of employees up to the Company's highest levels. These policies are supported by the Group HR control plan as well as by a specific alert procedure on discrimination issues via "Discrimination advisers", who can be called upon, in the countries where they exist, by any employee who believes he/she is a victim of discrimination.

- BNP Paribas has also signed the 10 Principles of the International Labour Organisation's Disability Charter, designed to promote the employment and working conditions of people with disabilities. By means of the Global agreement (signed in September 2018 with UNI Global Union), each of the Group's entities has undertaken to implement at least one of 10 commitments from the aforementioned charter.
- As part of the UN Women HeForShe programme, BNP Paribas is especially committed to advancing gender equality by beginning to better balance male and female representation in roles that historically had a preponderance of female (HR) or male (Global Markets) employees.
- BNP Paribas also supports the United Nations LGBTI Standards of Conduct, unveiled in September 2017 to combat discrimination against LGBTI people at work.

The update of the Code of conduct in 2016 strengthens the Group's commitment to combating harassment, including sexual harassment. The Human Resources Department also introduced an internal procedure in 2018 on how to deal with reports of harassment. Under the Global agreement, this will be implemented in all Group entities, together with measures to support victims.

The European Social Charter, from which derives the European agreement on the prevention of stress at work (which has applied since 2017), the programmes related to the prevention of psychosocial risks and stress at work, the commitment on maternity/paternity, the charter on the balance of professional life and personal life in France and new ways of working all contribute to a better balance of work patterns.

In 2018, BNP Paribas also updated its HR personal data protection policy to apply the provisions of the General Data Protection Regulation (GDPR), which came into force on 25 May 2018, and carries out awareness-raising activities for employees in the territories where the GDPR is applicable.

Occupational risk prevention programmes and occupational health and safety policies are adapted to the specificities of the Group's different businesses and described in more detail in paragraph 7.3 (See *"Good place to work" and responsible employee management*, Commitment 5).

The policies and actions already undertaken by Human Resources will continue to be implemented and monitored over time.

OUR SUPPLIERS AND SUBCONTRACTORS

Dedicated teams in Group Strategic Sourcing deal with supplier-related ESG risks.

In accordance with the deployment of the Act, BNP Paribas' ESG risk management system for its suppliers and subcontractors is based on the following elements:

- an ESG risk map covering 13 issues and identifying purchasing categories that carry a significant amount of environmental and social risk;
- a Sustainable Sourcing Charter which sets out the reciprocal commitments of the Group and its suppliers and subcontractors from an environmental and social standpoint;
- standard contractual clauses covering requirements in order to meet environmental and social criteria. Since 2018, they have also included the option of ending contracts if suppliers do not comply with the Group's ESG requirements;
- standard ESG questionnaires used in calls for tenders to assess suppliers;
- supplier risk monitoring rules which target certain ESG criteria used during selection, supplemented by monitoring and intelligence in different areas;
- training for the Sourcing business.

Also see Fostering dialogue with stakeholders in *Our strategy*, part 7.1, and *Systematic integration and management of Environmental, Social and Governance risks (ESG)*, Commitment 3).

In France, BNP Paribas as a signatory of the Responsible Supplier Relations Charter promoted by the Business Mediation body of the French Ministry of Economy and Finance, has an independent internal procurement mediator to offer advice in the event of a dispute, whose contact details are provided on the Group's institutional website.

(1) *"Salient" is the term used by the drafters of the United Nations Guiding Principles Reporting Framework.*

The use of ESG evaluation questionnaires in calls for tenders and the inclusion of their results in the overall evaluation of the supplier form part of the Strategic Sourcing control plan.

In addition, the GSS business has set up an Annual Reporting process so that the progress made by entities can now be assessed.

OUR BANKING AND FINANCIAL ACTIVITIES

The distribution of financial products and services

The Group has identified two main risks in the distribution of its products and services for individuals: non-discrimination in the access to financial services and the right to privacy (protection of clients' personal data).

To reduce the risk of discrimination in the access to financial services, the Group implements a financial inclusion approach, by supporting microfinance through financing and services provided to specialised institutions, by improving access to credit and insurance, and by supporting clients facing difficulties as because of their disability or their financial situation. In addition to regulatory requirements in relation to the Duty of Care, the Group has launched several initiatives that fall under its civic responsibility (see *Products and services that are widely accessible*, Commitment 7).

Moreover, as part of its general policy on managing personal data, BNP Paribas intends to use the best data protection systems available in all the entities and countries where the Group is present (see also *Combat social exclusion and Support human rights*, Commitment 8).

Financing and investment activities

The activities of BNP Paribas customers may involve risks in relation to human rights and fundamental freedoms, human health and safety, and the environment. At the end of 2018, the Group published Responsible Business Principles for its customers, thus reaffirming BNP Paribas's expectation to engage with customers whose business practices demonstrate a high level of governance and responsibility with respect to human rights, fundamental freedoms, human health and safety and the environment.

With a view to limiting the impacts of greenhouse gas emissions and contributing to the energy and energy transition, the Group announced in 2020 a total withdrawal from the financing of the entire thermal coal value chain by 2030 in the OECD and the European Union and by 2040 in the rest of the world.

The Bank had already stopped financing coal-fired power plants, as well as stakeholders whose main business was related to the unconventional hydrocarbons sector. At the end of 2019, the Group also made a public commitment to protect the oceans, in order to play an active role in protecting marine biodiversity. BNP Paribas also promotes the United Nations heath recommendations, and at the end of 2017 it suspended its financing of and investment in the tobacco industry.

The Group has an exclusion list and a monitoring list. These lists are periodically revised to include, in particular, new situations involving serious harm to the environment or human rights. The exclusion list covers companies that the Group does not wish to maintain commercial relations with.

BNP Paribas had already implemented ESG risk management systems for its financing and investment activities before the Duty of Care law came into force (also see *Rigorous management of Environmental, Social and Governance risks (ESG)*, Commitment 3). These systems are notably based on:

- the development of financing and investment policies to regulate sectors with high ESG risks. These policies, which are available on the Group's website, are updated according to regulatory changes, their expected changes, and reports from the operational teams of the Group's businesses;
- the respect of the Equator Principles for major industrial and infrastructure projects. BNP Paribas has been a signatory to the Equator Principles since 2008: they aim to avoid, reduce, mitigate or offset the negative impacts of large industrial or infrastructure projects on communities, ecosystems or the climate;
- the integration of ESG criteria into the "Know Your Customer" process (KYC);
- a progressive integration of ESG criteria into lending and rating policies;
- the development and use of tools to manage and monitor such risks, such as specific questionnaires for activities that have salient risks;
- training on ESG risk management systems for Financing business lines and Control functions;
- an operational control plan.

To ensure that the existing system is adapted to the requirements of the French Duty of Care law, BNP Paribas uses mapping of the risks to which its clients are exposed that covers all business sectors and all the countries where the clients' legal entities are located:

- for each business sector, the salient risks related to human rights and fundamental freedoms, personal health and safety and the environment were defined according to a methodology for rating the level of sensitivity and occurrence of each risk, that is based on the United Nations Guiding Principles reporting framework. The level of risk inherent in each business sector was then determined based on the presence of salient risks;
- a level of environmental and social risk was defined for each country where the clients of the Group operate on the basis of reference sources from recognised international organisations and NGOs, such as the International Labour Organisation, the World Bank, the United Nations Environment Programme, Human Rights Watch, Transparency International, and the World Resources Institute;
- the risk levels inherent in the sectors and countries where the Group operates were then combined to take into account the clients' legal entities with a high level of environmental and social risk.

2020 RESULTS

In 2019, the action plans previously defined continued to be implemented under the aegis of the Heads of the relevant businesses and functions, who are members of the Group Executive Committee.

Our employees

By the end of 2020, **100% of entities with more than 1,000 employees** had already implemented at least one of the 10 commitments of the **ILO's Business Charter** on Disability. The objective included in the criteria of the medium-term incentive plan of more than 7,700 key employees was reached in 2021.

The Group is meeting and exceeding its targets in terms of improving **the gender balance of its global markets business lines** by the end of 2020 with:

- a minimum of **40% women** among the young graduates recruited each year (currently **50%** compared to 40% in 2016);
- at least 40% of women in the **Leadership Talent** programmes (**41%** in 2020 compared to 31% in 2016);
- **an increase of 40%** in the number of women among **Senior Management Positions** (**21%** women among SMPs in 2020 compared to 15% in 2016, *i.e.* an increase of 40%).

Similarly, for the **Human Resources gender balance** objectives, 27% of HR Business Partners appointed between March 2018 and December 2020 are men, *i.e.* an **increase of 50%**.

The NGO Human Rights Campaign Foundation once again gave it a score of 100/100 in its Corporate Equality Index for North American businesses that are most welcoming to and respectful of the LGBTQ population. The Group is continuing to develop its human rights training for Group employees directly involved in promoting human rights[1]. At the end of 2020, 89% of the employees assigned the training had completed the online awareness module about taking human rights into account in funding decisions.

Since 2016, more than 12,000 employees have completed this training.

Our suppliers and subcontractors

At the end of 2020, 2,100 ESG[2] assessments had been carried out, and 900 Responsible Procurement Charters had been signed by BNP Paribas suppliers.

Human rights training was completed by 89% of Group Strategic Sourcing employees. In 2020, the system was supplemented by the launch, with three other banks and a third-party assessor, of an on-site audit of two purchasing categories.

Our own activity

Every year, BNP Paribas measures its environmental footprint of its own operations (scopes 1 and 2). This includes, among other things, the electricity and heating of the Group's buildings, as well as employee travel. At the end of 2020, the Group's GHG emissions amounted to 1.85 teqCO_2[3] per FTE[4] (-20% compared to 2019). See also *Reduce the environmental impacts of our operations*, Commitment 11.

Our banking and financial activities

In 2020, BNP Paribas continued to strengthen its data protection system thanks to its network of more than 100 advisors, who manage the alignment of the Group's actions with the General Data Protection Regulation (GDPR).

BNP Paribas strengthened its ESG system by rolling out a multi-year programme (the ESG Action Plan) in 2020 under the joint responsibility of the Head of Corporate Commitment and the Head of Risk. This programme aims to both define the Group's ESG standards and to develop tools to analyse the Group's performance at customer and loan portfolio level (see also *Systematic integration and management of Environmental, Social and Governance risks (ESG)*, Commitment 3).

In 2020, the Bank began the work to align its loan portfolio with the objectives of the Paris Agreement using the PACTA methodology. In the electricity generation sector, the Bank's loan portfolio is already in line with the trajectory required to limit global warming to below two degrees. BNP Paribas also produced the first reporting according to the Poseidon Principles of CO_2 emissions generated by its loan portfolio to the maritime transport sector. At the end of 2019, the alignment score of the BNP Paribas loan portfolio in terms of carbon intensity stood at 2.88%, above the decarbonisation trajectory of the industry as defined by the Poseidon Principles. With a much lower percentage of coal than the global mix, the Group's primary energy mix compares favourably with the global mix calculated by the IEA. See also *Systematic integration and management of Environmental, Social and Governance risks (ESG)*, Commitment 3.

In 2020, the Bank committed to aligning its loan portfolio with the objectives of the Paris Agreement using the PACTA methodology[5]. At the end of 2020, the Group's restriction list and monitoring list for managing ESG risks included 1,446 legal entities (1,271 excluded and 175 under monitoring), compared with 1,087 legal entities at the end of 2019. In 2020, 736 companies were placed on the restriction list of activities under energy sector policies. In 2020, the Group's CSR teams were asked to give an expert opinion in the assessment of ESG risks for 2,500 complex and/or sensitive transactions related in particular to financing, new accounts, export support, and other matters, compared to 2,340 transactions the previous year.

Among the in-depth vigilance measures which have been put in place, in 2020 the businesses tested analytical grids in addition to pre-existing systems to provide an in-depth analysis of the Bank's corporate clients operating in countries and sectors identified as sensitive in terms of human rights and the environment. A related e-learning programme has been finalised. The operational control plan added a control point relating to these analysis grids (see also *Systematic integration and management of Environmental, Social and Governance risks (ESG)*, Commitment 3).

The Group is also continuing its commercial efforts to redirect financial flows towards activities that have a positive impact on the environment, starting with those that are part of the energy and ecological transition, such as renewable energies. At the end of 2020, BNP Paribas' financing for companies in the renewable energy sector reached EUR 17.8 billion, in line with its objective of EUR 18 billion at the end of 2021.

OUR COMMITMENT TO CONTINUOUS IMPROVEMENT

BNP Paribas' vigilance approach is part of a drive for continuous improvement. As such, the Group will complete, where necessary, its identification, control and management tools for identified risks, and will report on them each year in its Universal registration document.

(1) As a large-scale awareness-raising campaign on human rights in the BNL workforce was launched at the end of 2020, the period for calculating the training rate was exceptionally stopped on 22/11/2020 in order to reflect the Group's performance over the long term, in a proforma reporting logic.

(2) Environmental, Social and Governance

(3) Metric tonne equivalent of CO_2

(4) FTE : Full Time Equivalent

(5) Paris Agreement Capital Transition Assessment

STATEMENT ON MODERN SLAVERY AND HUMAN TRAFFICKING

INTRODUCTION

This Statement[1] outlines the steps that BNP Paribas has taken to ensure that modern slavery[2] and human trafficking[3], are not taking place in its direct or suppliers' operations. It also refers to the risk management processes that the Group has put in place in the context of its financing and investment activities, which govern the potential cases of human rights violations that may affect the activities of its clients. This Statement is for the financial year ended 31 December 2020. The Board and CEO attest annually that the Group complies with this Statement through the information provided by the respective departments of Corporate Social Responsibility (CSR), Group Strategic Sourcing and Human Resources.

THE BNP PARIBAS GROUP

BNP Paribas is Europe's leading provider of banking and financial services. It operates in sixty-eight countries, and employs 193,319 FTE workers.

BNP Paribas holds key positions in its two main businesses: **Retail Banking and Services** (Domestic Markets and International Financial Services, such as personal finance, insurance and wealth & asset management) and **Corporate and Institutional Banking** (corporate banking, global markets and securities services). More information on BNP Paribas operations can be found in *Presentation of operating divisions and business lines*.

BNP Paribas purchases around EUR 9 billion of expenditures on a yearly basis to support its activities. Its suppliers belong to the nine following categories: Real Estate, Market & Data Information, Marketing & Communication, Consumables & General Services, Banking Services, Professional Services, Technology, Transaction Fees and Travel.

RISKS OF MODERN SLAVERY & HUMAN TRAFFICKING

Academic studies, field investigations and recent news coverage have all clearly demonstrated that all sectors, industries and areas may be affected, to varying degrees, by these types of serious infringements to human rights.

In this regard, risk assessment policies devoted to the matter of modern slavery practices need to be multi-factorial (with complementary thematic screenings performed, on sector & industry, products & services, geographical and entity level) and regularly updated, in order to tackle this complex issue as fully and efficiently as possible. The risk-assessment process BNP Paribas implements to address the risks of modern slavery and human trafficking takes into account the vastly different situations of its stakeholders, without in any way ignoring, underplaying or diminishing the principles at stake. This process is complemented by the thematic watch performed by several teams of the Group on this subject.

Workforce's inherent risks

Risks of modern slavery and human trafficking have been deemed low in business operations as, to the best of our knowledge, no publicly available study has categorized the banking sector and its employees, most of them being highly skilled professionals, as particularly exposed to these practices.

Suppliers' inherent risks

As a bank, BNP Paribas' supply chains are mainly focused on indirect procurements and expenditure (consulting services, IT services, security, IT equipment, office furniture, promotional items, cleaning and catering services). Depending on the procurement categories, supply chains may be simple or very complex, with human rights related risks being higher, and more difficult to monitor, where supply chain arrangements are complex. Based on the risk mapping tool developed by BNP Paribas, less than 25% of the Group procurement categories are at high risk of modern slavery or child labour.

Banking and Financial activities' inherent risks

BNP Paribas, as a leading global bank, serves millions of individual customers and professionals, entrepreneurs, small and medium-sized enterprises and large corporate clients in industries with multiple environmental, social and governance (ESG) issues, and operates in countries where legal and governance systems are at diverse levels of development. This diversity of context calls for structured, comprehensive and expert-driven review and analysis processes, in order to identify potential risks of modern slavery and human trafficking in BNP Paribas clients' activities.

BNP PARIBAS POLICY ON MODERN SLAVERY AND HUMAN TRAFFICKING

Respecting and upholding of human rights is paramount to BNP Paribas, and the Group has committed itself to the promotion of the following principles, texts and declarations, which are the base on which its CSR strategy is built:

- The United Nations Sustainable Development Goals;
- The Ten Principles of the United Nations Global Compact;
- The United Nations Guiding Principles on Business and Human Rights;
- The internationally-accepted OECD Guidelines for multinational enterprises;
- The internationally-accepted standards of human rights, as defined in the International Bill of Human Rights;
- The core labor standards set out by the International Labor Organization.

(1) This Statement applies to all companies within the BNP Paribas Group that are required to have a slavery and modern trafficking statement, except where they have chosen to produce their own statement.

(2) "Slavery is the status or condition of a person over whom any or all of the powers attaching to the right of ownership are exercised." United Nations Convention on Slavery.

(3) "Recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation", United Nations Convention against Transnational Organized Crime

These public commitments are backed by internal policies implemented at Group level, with the goal of handling the many subjects revolving around social, environmental and governance matters, including human rights. These policies include:

- BNP Paribas Group Code of Conduct;
- The BNP Paribas statement on Human Rights;
- The BNP Paribas Suppliers CSR Charter;
- The BNP Paribas Responsible Business Principles.

Early and efficient identification of modern slavery risks is the first step towards its prevention, alleviation and remediation, and calls for specific policies and practices. In this regard, BNP Paribas has taken the following steps and actions in order to exert its duty of care with all due seriousness.

Towards its employees

BNP Paribas is committed to providing a working environment in which all employees are treated fairly. In particular, the Group focuses on respect and the need to apply the most stringent norms of professional behavior, and rejects all forms of discrimination. The Group's existing policies and procedures notably include an annual review of high-risk countries in terms of human rights, as well as a monitoring of employees aged between sixteen and eighteen (one employee in 2020, in Brazil). Further, the Group's Diversity policy and remuneration principles reaffirm the application of non-discrimination principles in the recruitment and career management of its employees. The BNP Paribas Code of Conduct, which sets out rules which must be understood and followed by all employees, confirms the Group's commitment against harassment, including sexual harassment.

In line with these policies and principles, all employees of the Group are required to treat their colleagues with respect, make sure their interactions are professional and efficient, and be receptive of their contributions, even if they express different views from their own.

The BNP Paribas agreement on fundamental rights and the establishment of global minimum social standards, signed with the UNI Global Union on 18 September 2018, sets up an ambitious plan to fight against inequalities and improve the working conditions of the Group's employees.

Awareness and Training

BNP Paribas took part in the development of an awareness-raising e-learning module called "Business and Human Rights", co-created with the other members of the French association Entreprises pour les Droits de l'Homme (Enterprises for Human Rights – EDH). This e-learning module is mandatory for all employees who directly contribute to the promotion of human rights including Risk teams, Procurement business areas, business relations officers in Corporate and Institutional Banking (CIB) and the CSR network, and is accessible to all Group employees.

Raising concerns

BNP Paribas employees are required to report any effective or suspected breach of the Code of Conduct, Group policies and procedures, or regulations.

If they cannot send their report to their manager or through another usual channel, they have the option of raising an ethics alert, in accordance with the whistleblowing procedure in force within the Group.

Any problem concerning a violation or a suspected violation of human rights within the framework of the activities of the Group or of its supply chain can be reported by an ethics alert, except when specified otherwise by local regulations or procedures.

Our ethics alert policy guarantees employees exercising their right to ethics alert protection against the risk of reprisals for having launched an internal alert in good faith

Towards its suppliers

Within Group Strategic Sourcing Function, dedicated teams address CSR risks linked to suppliers and subcontractors.

BNP Paribas ESG risk management related to its suppliers and subcontractors hinges around the following elements:

- a responsible purchasing policy that aligns the Function's objectives with the Group's CSR objectives, as expressed in the Group purpose (*raison d'être*);
- the definition by the Function of a normative reference framework, which includes:
  - an ESG risk mapping tool encompassing thirteen themes, including modern slavery and child labour, allowing the identification of procurement categories at high environmental or social risk;
  - a 'Sustainable Sourcing Charter', setting out the reciprocal commitments of the Group and its suppliers and subcontractors from an environmental and social standpoint;
  - contractual clauses requiring compliance with the ILO conventions in supplier contract standard templates in all countries where suppliers are located, allowing contract termination in case of non-compliance by the suppliers of the Group ESG requirements;
  - ESG questionnaire models, used during calls for tenders and including environment, ethics and human rights targeted questions;
  - supplier monitoring rules, targeting ESG criteria used during the selection process and completed by the thematic regulatory watches;
  - training of Procurement function employees.

In 2020, BNP Paribas also completed its system by launching, with three other banks and a third party assessor, an on-site audit of two categories of purchases.

Towards its clients (banking and financial activities)

BNP Paribas strives to reduce potential violation of social and environmental rights, including human rights, from its financing and investment activities (please refer to *Systematic integration and management of Environmental, Social and Governance risks (ESG)*, Commitment 3). Its ESG risk management system is based on:

- the development of financing and investment policies managing the Group's activities in sectors with significant ESG issues;
- the respect of the Equator Principles for major industrial and infrastructure projects;
- the integration of ESG criteria in the Know Your Customer ("KYC") process;
- the progressive integration of ESG criteria in lending and rating policies;
- the use of management and monitoring tools for these risks, including specific questionnaires for activities with significant ESG issues;
- the training of financing business lines and control functions on the ESG risk framework;
- an operational control plan.

ASSESSING EFFECTIVENESS

Acknowledging the challenges of assessing and addressing modern slavery and human trafficking issues, BNP Paribas remains committed to the review and enhancement of its own processes and policies, in order to continually improve their range and effectiveness.

For employee-targeted policies

BNP Paribas takes stock of the effectiveness of its actions in this field through the percentage of employees contributing directly to the promotion of human rights who have received specific training. At the end of November 2020[(1)], 89% of the target population had received this specific training on how to address human rights in financing decisions. Since 2016, more than 12 000 employees of the Group have undertaken this training.

For supplier-targeted policies

The number of CSR assessments of suppliers and sub-contractors that are conducted as part of requests for proposal, in particular those relating to categories of at-risk purchases, is a metric of BNP Paribas monitoring actions towards this type of stakeholder. In 2020, 2,301 CSR assessments were performed, and 900 Sustainable Sourcing Charters were signed by Group suppliers.

For client-targeted policies

Opening and maintaining dialogue with clients is key to an effective monitoring of a number of issues, including Human Rights, and can be an important drive towards positive change. The evolution of the Group's exclusion and monitoring lists (*i.e.* the companies BNP Paribas decided not to work with, or that are closely monitored for progress on ESG criteria), is another indicator of the effectiveness of BNP Paribas policies. At the end of 2020, the exclusion list numbered 1,271 companies, and the monitoring list 175, for a total of 1,446 listed entities (against 1,087 in 2019).

PROCESS OF CONSULTATION

This statement has been prepared with the collaboration of relevant subject matter specialists, as well as appropriate members of the BNP Paribas CSR network, reaching through all functions, business lines and countries of the Group (see *CSR taken to the highest level in the organisation*). The Group CSR and Group LEGAL functions have coordinated this collaborative process over the past year, and in particular have consulted the designated contacts and experts for the United Kingdom and Australia.

CONCLUSION

This statement has been used by BNP Paribas to establish the annual statements required by the Modern Slavery Act 2015 of the United Kingdom and Modern Slavery Act 2018 (Cth) of Australia. The annual statement can be found on the "Publications" page of the Group website (https://group.bnpparibas/en/publications).

Jean-Laurent BONNAFÉ

Director and Chief Executive Officer

Jean LEMIERRE

Chairman of the Board of directors

23 February 2021

(1) A large-scale awareness campaign on human rights was launched at the end of 2020 among BNL staff. Therefore, the training rate was only calculated from January 1st to November 22nd 2020, in order to reflect the Group's performance over the long term, and assist with proforma reporting.

7.8 Extra-financial performance statement

A DIVERSIFIED AND INTEGRATED MODEL, CREATING VALUE

In a changing world...

ECONOMIC AND REGULATORY ISSUES

DIGITAL CHALLENGE

SOCIETAL CHALLENGE

Our strengths

A European Group with global reach operating in 68 countries and regions

Committed employees 193,319 people[1] worldwide

A sound financial structure with EUR 117.3 bn in shareholders' equity

Broad diversification of risks by business, geographical area and sector

Cooperation between businesses at the heart of the Group's momentum

A culture of technological innovation serving our clients

Our diversified and integrated model at the end of 2020

DOMESTIC MARKETS (DM)

- 62,461 employees
- NBI of EUR 15.5bn

INTERNATIONAL FINANCIAL SERVICES (IFS)

- 75,439 employees
- NBI of EUR 15.9bn

CORPORATE & INSTITUTIONAL BANKING (CIB)

- 33,703 employees
- NBI of EUR 13.8bn

Serving customers and the world in which the Group operates, BNP Paribas supports transitions in society by providing expertise and by contributing to financing the economy. **We create value through our diversified and integrated model, based on risk diversification and cooperation between our businesses.** And in the unprecedented context of the health crisis, our business model has enabled us to support customers. In all phases of this crisis, BNP Paribas has proven its ability to adapt and mobilise quickly, while demonstrating its proximity to all of its customers.

Our solutions

SUPPORT

ADVICE

FINANCING

INVESTMENTS

SAVINGS

PROTECTION

Our value creation

for all stakeholders: customers, shareholders and investors, employees, partners and suppliers, local communities, regions and civic society.

PROMOTING USEFUL INNOVATION FOR CUSTOMERS

(individuals, entrepreneurs, SMEs, medium and large companies, institutions, associations)

- **6.1 million** active customers on mobile apps(2) (+20.1% vs. 4Q19)
- **+ 78%** of active mobile customers between 2017 and 2020
- Nickel, around **1.9 million** accounts opened(3) at the end of 2020, up four-fold since 2016
- **Nearly 20%** growth in electronic orders processed for clients at Global Markets (CIB)

BY PROMOTING SUSTAINABLE GROWTH FOR THE ECONOMY

- **EUR 809 billion** in customer loans
- **EUR 1,165 billion** in assets under management by the Asset Management, Cardif and Real Estate teams
- **€396 billion** in financing raised for clients on syndicated credit, bond and equity markets
- **EUR 7.1 billion** in net income Group share
- Dividend of **EUR 1.11** per share paid in cash(4)
- Nearly **EUR 9 billion** of purchases at Group level
- No. 1 worldwide(5) with **€24.2 billion** in sustainable bonds at the end of 2020

AND A GROWING CONTRIBUTION TO SOCIETY

- Over **120,000** State Guaranteed Loans (EMPs) granted to companies impacted by Covid-19
- **EUR 60 million** in donations as part of the health crisis
- **EUR 5.9 billion** in taxes paid by the Group worldwide
- No. 1 worldwide(5) with **EUR 14.5 billion** in obligations related to the pandemic at the end of 2020

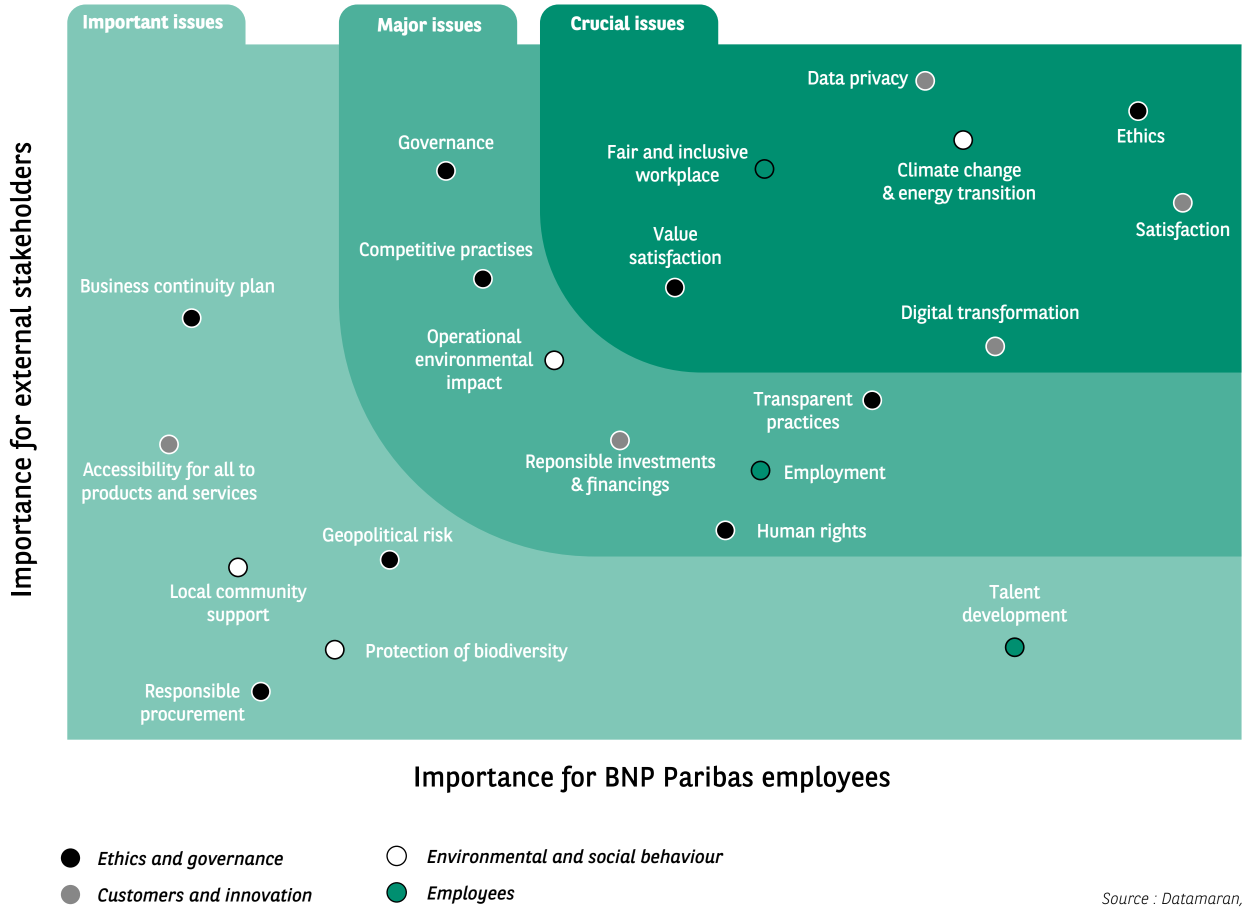
(1) Full-Time Equivalent (FTE).
(2) Customers with at least one connection to the mobile app per month (on average over Q4 2020) - scope: retail, professional and Private Banking customers of DM networks or digital banks (including Germany, Austria and Nickel).
(3) Since inception.
(4) Excluding additional amount planned as soon as the ECB repeals its restriction recommendation expected by the end of September 2021 "in the absence of sharply unfavourable developments".
(5) Source : Bloomberg.

ANALYSIS OF RISKS AND OPPORTUNITIES

Information requested pursuant to article R. 225-105-1 of the French Commercial Code and Ordinance No. 2017-1180 respecting the publication of extra-financial information.

BNP Paribas' business model is included in the preceding pages.

In order to complete this materiality matrix, BNP Paribas relied on an assessment of materiality criteria to classify a hundred extra-financial issues based on their relevance to BNP Paribas stakeholders and their impact on the Group's performance. Various sources were used: a comparative study of the publications of 59 banks, 2,070 regulations, nearly 15,000 articles from the sectoral press, 128 million tweets, and finally 28% of top management employees attested to the importance of these issues for BNP Paribas. The results of this study are presented below and are classified into three types of issues: important, major and crucial.



Source : Datamaran, December 2018.

Following this materiality analysis, the most major and crucial issues were selected. The risks linked to each of these 14 issues are shown in the table below. These issues are listed according to the four categories of information appearing in Ordinance 2017-1180: social and environmental consequences, respect for human rights, fight against corruption and tax evasion, to which economic and governance issues were added. The indicators, policies and associated due diligence are then further developed in the relevant chapters.

Domain	Issue	Paragraph	Policy	Risks / Opportunities Risk description pages	Indicator	Pages (Paragraph; Indicator)
Social	Fair and inclusive workplace	Promotion of diversity and inclusion in the workplace	Global agreement	Discrimination risks 567; 571	Proportion of women holding an SMP position ≥ 31% in 2021	568-569; 545
	Employment practices	"Good place to work" and responsible employment management A learning company supporting dynamic professional path management	Global agreement, Code of conduct	Loss of talent risk 299; 582	Proportion of employees who completed at least two training courses (including mandatory training courses) during the previous 12 months > 90% in 2021	567; 545
Civic	Fair competition practices	Non-compliance and reputational risk Legal risk Ethics of the highest standard	Code of conduct	Legal risk 461	Proportion of total employees (non-exempt) who have taken part in the "Competition law and you" training course	460-461; 555
	Transparent practices	Protecting clients' interests	Code of conduct, Group policy on protecting clients' interests	Risks of discrimination for some customers and lack of sales information 289; 591	Percentage of new hires who completed the e-learning course PIC Discovery for whom it is mandatory	556-557; 557
	Data privacy	Cyber security and technological risk Ethics of the highest standard	Code of conduct	Reputational and operational risks: leaking, alteration or loss of data 292-293	Proportion of total employees who have taken part in the "Know Your Data" training course	462-463; 555
Social/ Environmental	Responsible investment and financing	Investments and financings with a positive impact	Engagement manifesto	Reputational risks and opportunity to limit social and environmental risks 288; 289; 293	Share of loans to companies supporting the energy transition and sectors directly contributing to the SDGs	550-553; 545
Environment	Climate change and environmental transition	Rigorous management of environmental, social and governance risks Supporting our clients in the transition to a low-carbon economy that respects the environment	Engagement manifesto, BNP Paribas Environmental Commitments	Transition, physical, pollution, biodiversity, reputational, legal liability risks 288; 293; 304	Financing for renewable energies	559-562; 545
	Operational environmental impacts	Reduce the environmental impacts of our operations	Engagement manifesto, BNP Paribas Environmental Commitments	Environmental risks 288; 304	Greenhouse gas emissions report	602-603; 545

Domain	Issue	Paragraph	Policy	Risks / Opportunities Risk description pages	Indicator	Pages (Paragraph; Indicator)
Economic	Customer satisfaction	The Advocacy programme	Group policy on protecting clients' interests	Operational Risk 458	Response rate to surveys sent to customers in the four domestic markets (France, Luxembourg, Belgium, Italy) by email, SMS or telephone	558-559; 559
	Digital transformation	Cyber security and Technology Risk Domestic Markets	Plan 2020	Cyber security and technology risk 288	Number of customers active on mobile apps in domestic markets(1)	122-138; 288 ; 125; 126 ; 127; 128
	Corporate economic value	Resilience of results in a context marked by the health crisis - positive scissor effect	Plan 2020	Operational Risk 458	Return on Tangible Equity	122-123; 158
Human rights	Human rights	Duty of Care and Modern Slavery Act and Human Trafficking statement	BNP Paribas statement on Human Rights, Responsible Business Principles	Risks of violations of human rights and fundamental freedoms, and of harm to human health and safety and to the environment 589-592	Percentage of assigned employees who completed the "Business & Human Rights" e-learning course	615; 590
Fight against corruption and tax evasion	Ethics and compliance	Ethics of the highest standard	Code of conduct	Financial risks 300	Percentage of employee who completed ethics or conduct training	555; 545
Governance	Governance	Composition of the Board Director independence"	Corporate governance report	Operational, legal and reputational risks 292; 293	Number of independent Board members	49; 49

(1) *Customers with at least one connection to the Mobile app per month (on average over the period considered) - scope: retail, professional and Private Banking customers of DM networks or digital banks (including Germany, Austria and Nickel).*

7.9 Grenelle II Table of concordance, GRI, ISO 26000, Global Compact, Sustainable Development Goals, Principles for Responsible Banking

Due to the presence of the *Climate-related Issues Management Summary*, based on the *Task Force on Climate-related Financial Disclosures* (TCFD) methodology in section 7.6 of this document, the concordance table below does not include a TCFD column.

2020 Universal registration document	Pages	Global Reporting Initiative V4(*)	ISO 26000	Principles of the UN Global Compact	Sustainable Development Goals (SDG)	Principles for Responsible Banking
OUR STRATEGY						
Our strategy, BNP Paribas' purpose and consideration of environmental and social issues	543	G4-102-14, G4-103	5.2.2, 5.2.3, 6.2	1-10	1-17	1-6
A bank committed to a better future (4 pillars, 12 commitments)	544	G4-102	5.2.1, 5.2.2, 6.6.3, 6.6.4, 6.6.6	1-10	1-17	1-6
The CSR Policy Management Dashboard	545	G4-102	4.3, 7.7.2, 7.7.3	1, 6, 7, 8	1-17	5, 6
BNP Paribas' public positions	545	G4-102	6.8.9, 7.3.3	1, 3, 6, 8, 10	1-17	3, 4, 6
Progress acknowledged by extra-financial rating agencies	547	G4-102	7.6.2			4
CSR taken to the highest level in the organisation	548	G4-102	6.2.2			5
Fostering dialogue with stakeholders	548	FS5, G4-102	5.3.3, 7.5.4	1, 3, 9	17	4
OUR ECONOMIC RESPONSIBILITY: FINANCING THE ECONOMY IN AN ETHICAL MANNER						
Commitment 1 – Investments and financing with a positive impact						
Supporting SMEs during the Covid-19 crisis	550	FS7, FS14, G4-202, G4-203	6.3.7, 6.8.7, 6.8.8.	4	5, 8, 9, 10	2, 3
Contributing to the United Nations Sustainable Development Goals (SDGs)	551	G4-103, FS14, FS16, G4-203	6.8.2	1-10	17	1
Financing Social Entrepreneurship	552	FS14, G4-203	6.8.7, 6.7.9	1, 4	8, 10, 11	2, 4
Development of Social Impact Bonds	553	FS7, G4-203	6.8.7, 7.3.1	1, 4, 6	8, 10, 11, 17	2, 4
Design and promotion of sustainable investment funds	553	G4-103, FS11, G4-203	6.7.3, 6.7.9	1, 9	6, 7, 10, 11, 13, 14, 15, 17	1-3
Tailored advice and support	554	FS14	6.3.7, 6.7.3, 6.7.9	6	5, 8, 9	3, 4
Commitment 2 – Ethics of the highest standard						
Ethics of the highest standard	555	G4-205, G4-206, G4-103	4.7, 6.6.3, 6.6.4, 6.6.6, 6.6.7	10	10, 16	2, 5, 6
The fight against tax evasion	555	G4-205	6.8.7	10	10, 16	1-6
Protecting clients' interests	556	FS15, FS16, G4-103, G4-418	6.6.7, 6.7.3, 6.7.4, 6.7.5, 6.7.6, 6.7.7	10	10	3, 5
Ethics at the heart of supplier relations	559	FS5, G4-204, G4-308, G4-414	5.2.1, 6.6.3, 6.7.3	10	12, 16	4, 5

2020 Universal registration document	Pages	Global Reporting Initiative V4(*)	ISO 26000	Principles of the UN Global Compact	Sustainable Development Goals (SDG)	Principles for Responsible Banking
Commitment 3 – Robust management of environmental, social and governance risks (ESG)						
The Group's framework system and alignment measurement in sectors with high ESG issues	560	FS1, FS2, FS3, FS4, FS9, G4-103, G4-201, G4-203, G4-411, G4-412, G4-413	4.4, 4.6, 6.2, 6.3.4, 6.3.5, 6.6.3, 6.8.7	1-10	3, 5, 6, 7, 8, 9, 13, 14, 15, 16	1-6
Measures to combat deforestation and protect biodiversity	564	FS1, G4-304	6.5.4, 6.5.5, 6.5.6	7-9	6, 12, 14, 15	1-6
Upholding the Equator Principles on project financing	564	FS1, FS2, FS3, G4-103, G4-411, G4-412, G4-413	6.6.7	1-10	3, 5, 6, 8, 9, 13, 14, 15, 16	1-6
Managing physical risk	564	G4-201	6.5.2, 6.5.5	7, 8	10, 11, 13	1, 2, 5, 6
A comprehensive ESG risk management system for products and services provided by the Group	565	FS2, G4-103, G4-201, G4-203	6.3.5, 6.7.4, 6.7.5	1-10	16	1, 2, 3, 5, 6
Management and monitoring tools for ESG risks	566	FS2, FS11, G4-103, G4-201,	6.3.5, 6.4.7, 6.7.4, 6.7.5	1-10	16	1, 2, 3, 5, 6
OUR SOCIAL RESPONSIBILITY: DEVELOPING AND ENGAGING OUR PEOPLE RESPONSIBLY						
Promoting diversity and inclusion: a rich year, with concrete results	567		6.4.7	1, 6	5, 8	1
2020: Accelerated transformation in a context of health crisis	567	G4-103	6.4.7		4, 5, 8	1
Commitment 4 – Promotion of diversity and inclusion in the workplace						
A solid framework, a multi-actor commitment	568	G4-103, G4-405, G4-406	6.3.7, 6.4.3, 6.4.7,	1, 6	5, 8, 10	5
Communicating, raising awareness, training: promoting an inclusive culture	568	FS5, G4-405, G4-406	5.5.5, 6.6.6	1, 6	5, 8, 10, 16	4, 5
Outstanding initiatives	569	G4-405, G4-406	6.3.7, 6.3.10, 6.4.3, 6.6.6	1, 6	5, 8, 10, 16	5, 6
Strong results	572	G4-405, G4-406	5.3.3	1, 6	5, 8, 10, 17	5, 6

2020 Universal registration document	Pages	Global Reporting Initiative V4(*)	ISO 26000	Principles of the UN Global Compact	Sustainable Development Goals (SDG)	Principles for Responsible Banking
Commitment 5 – A "Good place to work" and responsible employment management						
Change in headcount	573	G4-401, G4-402	6.4.3		5, 8	6
Recruitment, listening to employees, changes in headcount, organisation of working hours	575	G4-401, G4-402	5.3.3, 6.4.3, 6.4.4		5, 8	4-6
Quality social dialogue	577	G4-407	5.3.3, 6.4.3, 6.3.10, 6.4.5	3	3, 5, 8, 17	1, 4, 5
A competitive compensation policy	578	G4-401	6.4.3, 6.4.4	6	5, 8	4, 6
Focus on people (working conditions, health and safety, risk prevention)	579	G4-403	6.4.3, 6.4.4, 6.4.6	6	3, 5, 8	1, 5, 6
Commitment 6 – A learning company supporting dynamic professional path management						
Managing professional paths	582	G4-404	6.4.7	6	4, 5, 8, 10	1, 4
Training policy	582	FS5, G4-404	6.4.7, 6.8.5	1, 8	4, 5, 8, 17	1, 4
Mobility	584		6.4.3, 6.4.7		4, 5, 8, 10	1, 4, 5
OUR CIVIC RESPONSIBILITY: BEING A POSITIVE AGENT FOR CHANGE						
Commitment 7 – Products and services that are widely accessible						
World's best bank for financial inclusion	587	FS14, FS15, FS16	6.8.3, 6.8.9	6	1, 8, 10, 17	1-3
Financial inclusion: the Group's support for microfinance	587	FS14	6.8.3, 6.8.9	6, 8 9	1, 8, 10, 17	1-3
Providing assistance to vulnerable customers	588	FS14, FS15, FS16	6.7.4, 6.7.8, 6.8.6	6	8, 10	1-3
Commitment 8 – Combat social exclusion and support human rights						
Combat social exclusion	589	G4-413	6.8.3, 6.8.4, 6.8.5	6	8, 10, 11	1, 2
BNP Paribas is committed to respecting human rights	590	FS4, FS5, G4-407, G4-408, G4-409, G4-411, G4-412	6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.7.7	1-6	1, 2, 8, 16	1-6
Commitment 9 – Corporate philanthropy policy focused on the arts, solidarity and the environment						
Solidarity	592	G4-413	6.4.7, 6.8.3	1, 6	3, 4, 6, 7, 8, 13, 14, 15	1, 2, 4
Arts	593		6.8.4		11	
OUR ENVIRONMENTAL RESPONSIBILITY: ACCELERATING THE ECOLOGICAL AND ENERGY TRANSITION						
Commitment 10 – Enabling our clients to transition to a low-carbon economy, respectful of the environment						
Helping to finance the energy and environmental transition	595	FS8, G4-203, G4-302	6.5.3, 6.5.4, 6.5.5, 6.6.6, 6.7.5	7-9	7, 9, 11, 13	1-6
Using third-party asset management to support the energy and environmental transition	596	FS5, FS11, FS12, G4-203 ,G4-302	6.5.4, 6.5.5, 6.6.6, 6.7.5	7-9	6, 7, 8, 9, 11, 13, 14, 15	1, 2, 3, 4, 5

2020 Universal registration document	Pages	Global Reporting Initiative V4(*)	ISO 26000	Principles of the UN Global Compact	Sustainable Development Goals (SDG)	Principles for Responsible Banking
Fully supporting corporate clients in the energy and environmental transition	597	FS5, FS8, G4-203, G4-302	6.5.3, 6.5.4, 6.5.5, 6.6.6, 6.7.5	7-9	7, 9, 11, 13	1, 3, 4
Supporting our individual customers in reducing their energy consumption	598	FS5, FS8, G4-203, G4-302	6.5.3, 6.5.4, 6.5.5, 6.6.6, 6.7.5	7-9	7, 11, 13	1, 3, 4
Supporting the role of women in the fight against climate change	599	FS5, FS7, G4-413, G4-201	6.6.6, 6.7.7, 6.8.7	4, 7, 8, 9	5, 8	1-5
Contributing to protecting biodiversity and the oceans (and the Act4nature initiative)	600	G4-304	6.5.4, 6.5.6, 6.7.5	7-9	5, 9, 11, 12, 14, 15, 17	1, 2, 4, 5
Commitment 11 – Reduce the environmental footprint of our own operations						
Green company for employees (GC4E): employee engagement worldwide	602	FS4, FS5, G4-103, G4-305	6.5.3, 6.5.4, 6.5.5, 6.7.5	7, 9	12, 13	1, 5, 6
Ongoing efforts to save energy and improve energy efficiency in our operations	602	G4-103, G4-301, G4-302, G4-305	6.5.3, 6.5.4, 6.5.5, 6.7.5	7, 9	9, 11, 12, 13	1, 5, 6
Use of low-carbon electricity	604	G4-302, G4-305	6.5.3, 6.5.4, 6.5.5, 6.7.5	7, 9	11, 12, 13	1, 5, 6
Offsetting residual GHG emissions	604	G4-305	6.5.4, 6.5.5	8	9, 11, 12, 13	1, 5, 6
Waste and recycling	604	G4-306	6.5.3, 6.5.4, 6.5.5	7, 9	11, 12	1, 5, 6
Biodiversity and circular economy actions	604	G4-303, G4-304	6.5.3, 6.5.4, 6.5.6, 6.7.5	7, 9	6, 12, 15	1, 5, 6
Commitment 12 – Advance awareness and sharing of best environmental practices						
Supporting research and development on climate change and biodiversity	605	FS5	6.5.5, 6.6.6, 6.8.6, 6.8.9	8, 9	13, 14, 17	4, 5
Raising awareness among internal and external stakeholders	605	FS4, FS5, G4-404	6.5.5, 6.6.6, 6.8.6, 6.8.9	9	17	4, 5
Taking an active part in partnerships and collective initiatives	606	FS5	6.5.5, 6.6.6, 6.8.6, 6.8.9	9	17	4, 5
CLIMATE-RELATED ISSUES MANAGEMENT SUMMARY	608	FS5, FS7, FS8, FS11, FS12, G4-201, G4-203, G4-301, G4-302, G4-305, G4-413	6.5.3, 6.5.4, 6.5.5, 6.5.6, 6.6.6, 6.7.5, 6.7.7, 6.8.6, 6.8.7	4, 7-9	6-9, 11-15	1-6

2020 Universal registration document	Pages	Global Reporting Initiative V4(*)	ISO 26000	Principles of the UN Global Compact	Sustainable Development Goals (SDG)	Principles for Responsible Banking
DUTY OF CARE AND MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT						
Duty of Care: 2020 BNP Paribas' vigilance plan	615	FS5, FS9, G4-103, G4-102, G4-103, G4-205, G4-412, G4-408, G4-416, G4-418	5.2.2, 6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.8, 6.3.9, 6.3.10, 6.4.3, 6.4.4, 6.4.5, 6.4.6, 6.5.3, 6.5.5, 6.5.6, 6.6.7, 6.7.7	1-7	3, 5, 6, 8, 13, 15, 16	1-6
Statement on Modern Slavery and Human Trafficking	619	FS5, FS9, G4-103, G4-102, G4-103, G4-408, G4-409, G4-412	5.2.2, 6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.10	1, 2, 4, 5	5, 8, 16	1-6
Extra-financial performance statement	622	FS9, G4-103, G4-102, G4-103, G4-205, G4-404, G4-405, G4-412, G4-416, G4-418	5.2.2, 5.3.3, 6.3.3, 6.3.4, 6.3.5, 6.3.7, 6.3.8, 6.3.9, 6.3.10, 6.4.3, 6.4.4, 6.4.5, 6.4.6, 6.5.3, 6.5.5, 6.5.6, 6.6.7, 6.7.7	1-7	3, 4, 5, 6, 8, 13, 15, 16	1-6
APPENDICES						
Grenelle II table of concordance	627					
Statutory Auditors' opinion	632	FS9, GRI-102-56				

(*) *Managerial approach defined in the GRI G4 guidelines (financial sector); EC: Economy; EN: Environment; PR: Product responsibility; LA: Social labour practices and decent work; HR: Human rights; SO: Society; FS: Impact of products and services*

7.10 Report by one of the Statutory Auditors, appointed as an independent third party, on the non-financial performance statement included in the Group's management report

For the year ended 31 December 2020

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Report by one of the Statutory Auditors, appointed as an independent third party, on the non-financial performance statement included in the management report.

To the BNP Paribas Annual General Meeting,

In our capacity as Statutory Auditor of BNP Paribas (hereinafter the "entity"), appointed as an independent third party and accredited by Cofrac (accreditation Cofrac Inspection n°3-1060 whose scope is available at www.cofrac.fr), we hereby report to you on the non-financial information statement for the year ended 2020 (hereinafter the "Statement"), included in the management report pursuant to the legal and regulatory provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

THE ENTITY'S RESPONSIBILITY

Pursuant to legal and regulatory requirements, the Board of directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement which are available on request from the entity's head office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

RESPONSIBILITY OF THE STATUTORY AUDITOR, APPOINTED AS AN INDEPENDENT THIRD PARTY

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225105 I, 3 and II of the French Commercial Code, *i.e.*, the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, in particular the French Duty of Care law and anti-corruption and tax evasion legislation;
- the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of the entity's activities the description of the social and environmental risks associated with its activities and, where applicable, the impact of these activities on compliance with human rights and anticorruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III, as well as information set out in the second paragraph of article L. 22-10-36 regarding compliance with human rights and anticorruption and tax evasion legislation;
- we verified that the Statement includes an explanation for the absence of the information required under article L. 225-102-1 III, 2;
- we verified that the Statement presents the business model and the principal risks associated with the entity's activities, including where relevant and proportionate, the risks associated with its business relationships and products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement covers the scope of consolidation, *i.e.*, all the companies included in the scope of consolidation in accordance with article L. 233-16 within the limitations set out in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes (listed in the appendix) that we considered to be the most important, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities (BNP Paribas SA (France), including DRSE, Group Human resources, IMEX and GS2S; Arval (France); Arval Belgium BNPP Fortis Belgium, BNPP Fortis Factor, BP2S Belgium, CIB (Belgium); BNPP CIB Canada; BGL, IP and CIB (Luxemburg); BNP Paribas (Switzerland) SA) and covers between 27% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of 7 people between October 2020 and March 2021 and took a total of 12 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted approximatively ten interviews with people responsible for preparing the Statement, representing the CSR Delegation and the Direction of Human Resources.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the non-financial information statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Neuilly-sur-Seine / 2 March 2021

One of the Statutory Auditors

PricewaterhouseCoopers Audit

French original signed
Patrice Morot

Partner

French original signed
Sylvain Lambert

Partner, Sustainability

APPENDIX: LIST OF THE INFORMATION WE CONSIDERED MOST IMPORTANT

Key performance indicators and other quantitative results:

- Staff rate of employees who completed the training "Competition law and you";
- Staff rate of employees who followed the training "PIC Discovery";
- Staff rate of employees who followed the training "Know Your Data";
- Share of loans to companies contributing to the achievement of the SDGs;
- Amount of investments dedicated to renewable energies;
- GHG emission assessment (scope I, II and III);
- Response rate to surveys sent to customers in the four domestic markets (France, Luxembourg, Belgium, Italy) by email, SMS or phone;
- Number of customers active on mobile applications in domestic markets;
- Staff rate of employees directly contributing to the promotion of human rights who have undergone dedicated training;
- Staff rate of employees who completed ethics or conduct trainings;
- Headcounts as of December 31st, 2020, and movements throughout the year;
- Absenteeism rate;
- Proportion of women among members of international and/or cross-business executive committees;
- Proportion of women in the SMP and G100;
- Staff rate of employees eligible for a minimum of 14 weeks, maternity leave;
- Staff rate of employees eligible for a minimum of 6 days, paternity leave;
- Staff rate of employees who followed at least 2 trainings (e-learning included) during the last 12 months;
- Total number of training hours;
- Total number of certifying training hours;
- Number of employees who have followed one of the DDA Academy courses;
- Rate of women having followed one of the DDA Academy courses;
- Number of connections to "Mobility Days";
- Number of disabled employees within the company;
- Number of entities having implemented at least one commitment of the ILO Enterprise and Disability Charter;
- Number of hours of corporate volunteering and solidarity actions in favour of civil society;
- Number of employees who have benefited from the Group Sustainability Incentive Scheme.

Qualitative information (actions and results):

- ClimateSeed (voluntary carbon offset platform) by BNP Paribas Securities Services;
- Financing and investment policies in the fields of agriculture, palm oil, defense, nuclear energy, pulp, energy produced from coal, mining and unconventional hydrocarbons;
- BNP Paribas Asset Management (AM) Global Sustainability Strategy;
- "Green Company for Employees" program;
- PIC group policy which lays down rules of organisation and conduct to be observed in order to identify and reduce the risks of non-compliance with obligations to protect the interests of clients;
- strengthening of the Group's ESG system with the implementation of a specific multi-year program plan "ESG Action Plan";
- Personal development programs: "Active Inclusion", "Leaders for tomorrow" and "Leadership for change";
- "Digital, Data & Agile Academy" offering skills upgrading courses (Upskilling) and retraining courses (Reskilling) to all employees since 2019;
- "About me", internal tool for drawing up a personal development plan, enhancing the skills profile of employees and responding to personalized internal offers;
- Actions and systems implemented in connection with the Covid-19 health crisis: crisis unit, free medical teleconsultations and the Stimulus Care permanent psychological assistance system;
- Diversity Week: awareness-raising actions on issues related to diversity;
- Parenthood Week: awareness-raising actions on issues related to diversity;
- Signature and deployment of the 5th Agreement on Diversity and Inclusion;
- Signature and entry into force of the 4th agreement on the employment and inclusion of people with disabilities within BNP Paribas SA;
- Deployment of the commitments of the ILO Enterprise and Disability Charter within the Group;
- Awareness-raising and training actions on issues related to disability: networking group *Ability, DuoDay* event;
- Training programs dedicated to the Group's key populations: Harvard Manage Mentor Spark, Navigating Digital Technologies, Positive Impact Business;
- Speeches and initiatives carried out for the 17th day against homophobia and transphobia (IDAHOT).

8 GENERAL INFORMATION

8.1 Documents on display

This document is available on the BNP Paribas website, https://invest.bnpparibas.com/en, and the Autorité des Marchés Financiers (AMF) website, https://www.amf-france.org/en.

Any person wishing to receive additional information about the BNP Paribas Group can request documents, without commitment, as follows:

- by writing to:
  BNP Paribas – Group Finance
  Investor Relations and Financial Information
  3, rue d'Antin – CAA01B1
  75002 Paris
- by calling: +33 (0)1 40 14 63 58

BNP Paribas' regulatory information (in French) can be viewed at: https://invest.bnpparibas.com/en/regulated-information.

8.2 Material contracts

To date, BNP Paribas has not entered into any material contracts – other than those entered into during the normal course of business – that create an obligation or commitment for the entire Group.

8.3 Dependence on external parties

In April 2004, BNP Paribas SA began outsourcing IT Infrastructure Management Services to the BNP Paribas Partners for Innovation (BP^2I) joint venture set up with IBM France at the end of 2003. BP^2I provides IT Infrastructure Management Services for BNP Paribas SA and several BNP Paribas subsidiaries in France (including BNP Paribas Personal Finance, BP2S, and BNP Paribas Cardif), Switzerland, and Italy. The contractual arrangement with IBM France was successively extended from year to year until the end of 2021, and then extended for a period of 5 years, *i.e.* by the end of 2026, in particular to integrate the IBM cloud services.

BP^2I is under the operational control of IBM France. BNP Paribas has a strong influence over this entity, which is 50/50 owned with IBM France. The BNP Paribas staff made available to BP^2I make up half of that entity's permanent staff, its buildings and processing centres are the property of the Group, and the governance in place provides BNP Paribas with the contractual right to monitor the entity and bring it back into the Group if necessary.

IBM Luxembourg is responsible for infrastructure and data production services for some of BNP Paribas Luxembourg entities.

Bank of the West data processing operations are partly outsourced to Fidelity Information Services.

8.4 Significant changes

There have been no significant changes in the Group's financial or business situation since the end of the last financial year for which audited financial statements were published, and in particular since the signature of the Statutory Auditors' report on the consolidated financial statements on 2 March 2021.

8.5 Investments

The following table lists the Group's investments since 1 January 2018 that are individually valued at over EUR 500 million and are considered material at a Group level:

Country	Announcement date	Transaction	Transaction amount	Comments
Poland	31 October 2018	Acquisition by BGZ BNP Paribas of the core banking operations of Raiffeisen Bank Polska	EUR 756 million	The transaction price is the equivalent in euro of the price paid (PLN 3.25 billion) on the basis of a €/PLN exchange rate of ~4.30 as at 30/10/18
UK	21 October 2019	Strategic partnership giving rise to contributions from BNP Paribas Asset Management of assets/activities in exchange for a 22.5% stake in Allfunds UK Ltd.	EUR 575 M	The amount of the transaction corresponds to the value of the securities received in exchange for the contributions.

8.6 Information on locations and businesses in 2020

In accordance with article L.511-45 of the French Monetary and Financial Code and Decree No. 2014-1657 of 29 December 2014, credit institutions, financial holding companies, mixed financial holding companies and investment firms are obliged to disclose information about their locations and activities, included in their scope of consolidation, in each State or territory.

I. LOCATIONS BY COUNTRY

Locations	Business
European Union member States	
Austria	
All In One Vermietung GmbH	Leasing Solutions
Arval Austria GmbH	Arval
Arval Fuhrparkmanagement GmbH	Arval
BNPP Asset Management France (Austria branch)	Asset Management
BNPP Lease Group GmbH & Co KG	Leasing Solutions
BNPP Personal Finance (Austria branch)	Personal Finance
BNPP SA (Austria branch)	Corporate and Institutional Banking
Cardif Assurance Vie (Austria branch)	Insurance
Cardif Assurances Risques Divers (Austria branch)	Insurance
CNH Industrial Capital Europe GmbH	Leasing Solutions
Opel Bank (Austria branch)	Personal Finance
Opel Leasing GmbH (Austria branch)	Personal Finance
Belgium	
AG Insurance	Insurance
Alpha Crédit SA	Personal Finance
Arval Belgium NV SA	Arval
Astridplaza	Insurance
Axepta BNPP Benelux	Retail Banking
Bancontact Paytoniq Company	Retail Banking
Banking Funding Company SA	Retail Banking
BASS Master Issuer NV	Retail Banking
Belgian Mobile ID	Retail Banking
BNPP 3 Step IT (Belgium branch)	Leasing Solutions
BNPP Asset Management Be Holding	Asset Management
BNPP Asset Management Belgium	Asset Management
BNPP B Control	Asset Management
BNPP B Institutional II	Asset Management
BNPP Fortis	Retail Banking
BNPP Fortis Factor NV	Retail Banking
BNPP Fortis Film Finance	Retail Banking
BNPP FPE Belgium	Retail Banking
BNPP FPE Expansion	Retail Banking
BNPP FPE Management	Retail Banking
BNPP Lease Group Belgium	Leasing Solutions
BNPP Real Estate Advisory Belgium SA	Real Estate Services
BNPP Real Estate Holding Benelux SA	Real Estate Services
BNPP Real Estate Investment Management Belgium	Real Estate Services
BNPP Real Estate Property Management Belgium	Real Estate Services
BNPP SA (Belgium branch)	Corporate and Institutional Banking
BNPP Securities Services (Belgium branch)	Securities Services
Bpost Banque	Retail Banking
Cardif Assurance Vie (Belgium branch)	Insurance
Cardif Assurances Risques Divers (Belgium branch)	Insurance
CNH Industrial Capital Europe (Belgium branch)	Leasing Solutions
Credissimo	Retail Banking
Credissimo Hainaut SA	Retail Banking
Crédit pour Habitations Sociales	Retail Banking
Eos Aremas Belgium SA NV	Personal Finance
Epimede	Retail Banking
ES-Finance	Leasing Solutions
Esmee Master Issuer	Retail Banking
FL Zeebrugge	Leasing Solutions
Fortis Lease Belgium	Leasing Solutions
FScholen	Corporate and Institutional Banking
Gambit Financial Solutions	Asset Management
Immo Beaulieu	Retail Banking
Immobilière Sauveniere SA	Retail Banking
Isabel SA NV	Retail Banking
Locadif	Arval
Microstart	Retail Banking
Opel Finance BV	Personal Finance
Private Equity Investments	Retail Banking
Sagip	Retail Banking
Sowo Invest SA NV	Retail Banking

Locations	Business
Bulgaria	
BNPP Personal Finance (Bulgaria branch)	Personal Finance
BNPP SA (Bulgaria branch)	Corporate and Institutional Banking
Cardif Assurance Vie (Bulgaria branch)	Insurance
Cardif Assurances Risques Divers (Bulgaria branch)	Insurance
Czech Republic	
Arval CZ SRO	Arval
BNPP Cardif Pojistovna AS	Insurance
BNPP Cardif Services SRO	Insurance
BNPP Personal Finance (Czech republic branch)	Personal Finance
BNPP Real Estate APM CR SRO	Real Estate Services
BNPP SA (Czech republic branch)	Corporate and Institutional Banking
Denmark	
Arval AS	Arval
BNPP Cardif Livforsakring AB (succ. Danemark) (Ex- Cardif Livforsakring AB (succ. Danemark))	Insurance
BNPP Factor AS	Retail Banking
BNPP SA (Denmark branch)	Corporate and Institutional Banking
Cardif Forsakring AB (Denmark branch)	Insurance
Ekspres Bank AS	Personal Finance
Finland	
Arval OY	Arval
BNPP SA (Finland branch)	Corporate and Institutional Banking
EAB Group PLC	Asset Management
France	
AEW Immocommercial	Insurance
Agathe Retail France	Insurance
Ambrosia Avril 2025	Insurance
Ambrosia Mars 2026	Insurance
Antin Participation 5	Property Companies (Property used in operations) and Others
Aprolis Finance	Leasing Solutions
Artegy	Leasing Solutions
Artel	Arval
Arval Fleet Services	Arval
Arval Service Lease	Arval
Arval Trading	Arval
Atargatis	Corporate and Institutional Banking
Auguste Thouard Expertise	Real Estate Services
Austin Finance	Corporate and Institutional Banking
Autonoria 2019	Personal Finance
Autop Ocean Indien	Personal Finance
Axa Banque Financement	Personal Finance
Banque de Wallis et Futuna	Retail Banking
Becquerel	Asset Management
BNP Paribas SA	Banking
BNPP 3 Step IT	Leasing Solutions
BNPP Actions Croissance	Insurance
BNPP Actions Entrepreneurs	Insurance
BNPP Actions Euro	Insurance
BNPP Actions Monde	Insurance
BNPP Actions PME	Insurance
BNPP Agility Capital	Principal Investments
BNPP Agility Fund Equity SLP	Principal Investments
BNPP Agility Fund Private Debt SLP	Principal Investments
BNPP Antilles Guyane	Retail Banking
BNPP Aqua	Insurance
BNPP Arbitrage	Corporate and Institutional Banking
BNPP Asset Management France	Asset Management
BNPP Asset Management Holding	Asset Management
BNPP Asset Management Services Grouping	Asset Management
BNPP Best Selection Actions Euro	Insurance
BNPP Capital Partners	Asset Management
BNPP Cardif	Insurance
BNPP Convictions	Insurance
BNPP CP Cardif Alternative	Insurance
BNPP CP Cardif Private Debt	Insurance
BNPP CP Infrastructure Investments Fund	Insurance

Locations	Business
BNPP Dealing Services	Asset Management
BNPP Deep Value	Insurance
BNPP Développement	Retail Banking
BNPP Développement Humain	Insurance
BNPP Développement Oblig	Retail Banking
BNPP Diversipierre	Insurance
BNPP Europe High Conviction Bond (Ex- CamGestion Obligations Europe)	Insurance
BNPP Factor	Retail Banking
BNPP France Crédit	Insurance
BNPP Global Senior Corporate Loans	Insurance
BNPP Home Loan SFH	Property Companies (Property used in operations) and Others
BNPP Immobilier Promotion Immobilier d'Entreprise	Real Estate Services
BNPP Immobilier Résidences Services	Real Estate Services
BNPP Immobilier Résidentiel	Real Estate Services
BNPP Immobilier Résidentiel Service Clients	Real Estate Services
BNPP Indice Amerique du Nord	Insurance
BNPP Indice Euro	Insurance
BNPP Indice France	Insurance
BNPP IRB Participations	Europe-Mediterranean
BNPP Lease Group	Leasing Solutions
BNPP Midcap France	Insurance
BNPP Moderate Focus Italia	Insurance
BNPP Monétaire Assurance	Insurance
BNPP Multigestion	Insurance
BNPP Multistratégies Protection 80	Insurance
BNPP Nouvelle Calédonie	Retail Banking
BNPP Partners for Innovation	Property Companies (Property used in operations) and Others
BNPP Personal Finance	Personal Finance
BNPP Perspectives	Asset Management
BNPP Procurement Tech	Property Companies (Property used in operations) and Others
BNPP Protection Monde	Insurance
BNPP Public Sector SCF	Property Companies (Property used in operations) and Others
BNPP Real Estate	Real Estate Services
BNPP Real Estate Conseil Habitation & Hospitality	Real Estate Services
BNPP Real Estate Consult France	Real Estate Services
BNPP Real Estate Financial Partner	Real Estate Services
BNPP Real Estate Investment Management France	Real Estate Services
BNPP Real Estate Property Management France SAS	Real Estate Services
BNPP Real Estate Transaction France	Real Estate Services
BNPP Real Estate Valuation France	Real Estate Services
BNPP Réunion	Retail Banking
BNPP Securities Services	Securities Services
BNPP Sélection Dynamique Monde	Insurance
BNPP Sélection Flexible	Insurance
BNPP Smallcap Euroland	Insurance
BNPP Social Business France	Asset Management
C Santé	Insurance
Cafineo	Personal Finance
Camgestion Obliflexible	Insurance
Capital France Hotel	Insurance
Cardif Alternatives Part I	Insurance
Cardif Assurance Vie	Insurance
Cardif Assurances Risques Divers	Insurance
Cardif BNPP AM Emerging Bond	Insurance
Cardif BNPP AM Frontier Markets	Insurance
Cardif BNPP AM Global Senior Corporate Loans (Ex- Cardif BNPP IP Global Senior Corporate Loans)	Insurance
Cardif BNPP IP Convertibles World	Insurance
Cardif BNPP IP Signatures	Insurance
Cardif BNPP IP Smid Cap Euro	Insurance
Cardif CPR Global Return	Insurance
Cardif Edrim Signatures	Insurance
Cardif IARD	Insurance
Cardif Vita Convex Fund Eur	Insurance
Cardimmo	Insurance
Carma Grand Horizon SARL	Insurance
Carrefour Banque	Personal Finance
Cedrus Carbon Initiative Trends	Insurance
CFH Bercy	Insurance
CFH Bercy Hotel	Insurance
CFH Bercy Intermédiaire	Insurance
CFH Boulogne	Insurance
CFH Cap d'Ail	Insurance
CFH Montmartre	Insurance
CFH Montparnasse	Insurance
Claas Financial Services	Leasing Solutions
CMV Mediforce	Leasing Solutions
CNH Industrial Capital Europe	Leasing Solutions
Cofica Bail	Personal Finance

Locations	Business
Cofiparc	Arval
Cofiplan	Personal Finance
Compagnie d'Investissement Italiens	Corporate and Institutional Banking
Compagnie d'Investissement Opéra	Corporate and Institutional Banking
Compagnie pour le Financement des Loisirs	Retail Banking
Construction-Sale Companies	Real Estate Services
Copartis	Retail Banking
Corosa	Insurance
Crédit Moderne Antilles Guyane	Personal Finance
Crédit Moderne Océan Indien	Personal Finance
Défense CB3 SAS	Insurance
Domofinance	Personal Finance
Domos 2011	Personal Finance
Domos 2017	Personal Finance
Ecarat 10	Personal Finance
Eclair	Insurance
Effico	Personal Finance
Elegia Septembre 2028	Asset Management
EP L	Insurance
EP1 Grands Moulins	Insurance
Esomet	Corporate and Institutional Banking
Euro Secured Notes Issuer	Property Companies (Property used in operations) and Others
Euro Securities Partners	Retail Banking
Eurotitrisation	Corporate and Institutional Banking
FCT Juice	Corporate and Institutional Banking
FCT Laffitte 2016	Property Companies (Property used in operations) and Others
FCT Opéra 2014	Property Companies (Property used in operations) and Others
FDI Poncelet	Insurance
Financière des Italiens	Corporate and Institutional Banking
Financière des Paiements Electroniques	New Digital Businesses
Financière du Marché Saint Honoré	Corporate and Institutional Banking
Financière Paris Haussmann	Corporate and Institutional Banking
Financière Taitbout	Corporate and Institutional Banking
Fleur SAS	Insurance
Foncière Partenaires	Insurance
Fonds d'Investissements Immobiliers pour le Commerce et la Distribution	Insurance
Fortis Lease	Leasing Solutions
FP Cardif Convex Fund USD	Insurance
Fundquest Advisor	Asset Management
GIE BNPP Cardif	Insurance
GIE Groupement Auxiliaire de Moyens	Property Companies (Property used in operations) and Others
GIE Groupement d'Études et de Prestations	Property Companies (Property used in operations) and Others
GIE Ocean	Retail Banking
GIE Siège Issy	Real Estate Services
Hemisphere Holding	Insurance
Hibernia France	Insurance
High Street Retail	Insurance
Icare	Insurance
Icare Assurance	Insurance
JCB Finance	Leasing Solutions
Karapass Courtage	Insurance
Korian et Partenaires Immobilier 1	Insurance
Korian et Partenaires Immobilier 2	Insurance
Leval 20	Personal Finance
Lifizz	Real Estate Services
Loisirs Finance	Personal Finance
Louveo	Arval
Lyf SA	New Digital Businesses
Lyf SAS	New Digital Businesses
Mediterranea	Corporate and Institutional Banking
Mgf (Ex- MFF)	Leasing Solutions
Nanterre Arboretum	Real Estate Services
Natio Assurance	Insurance
Natio Energie 2	Leasing Solutions
Natio Fonds Ampère 1	Insurance
Natio Fonds Athenes Investissement N 5	Insurance
Natio Fonds Colline International	Insurance
Natio Fonds Collines Investissement N 1	Insurance
Natio Fonds Collines Investissement N 3	Insurance
Natiocredibail	Leasing Solutions
Neuilly Contentieux	Personal Finance
New Alpha Cardif Incubator Fund	Insurance
Noria 2018-1	Personal Finance
NORIA 2020	Personal Finance
Norrsken Finance	Personal Finance
Olympia SAS	Personal Finance
Opel Bank	Personal Finance
Opéra Rendement	Insurance

Locations	Business
Optichamps	Corporate and Institutional Banking
Parilease	Corporate and Institutional Banking
Partecis	Retail Banking
Participations Opéra	Corporate and Institutional Banking
Partner's & Services	Real Estate Services
Paylib Services	Retail Banking
Permal Cardif Co Investment Fund	Insurance
Portzamparc	Retail Banking
Preim Healthcare SAS	Insurance
Projeo	Personal Finance
Protection 24	Retail Banking
Public Location Longue Durée	Arval
PWH	Insurance
Reumal Investissements	Insurance
Rueil Ariane	Insurance
Same Deutz Fahr Finance	Leasing Solutions
SAS HVP	Insurance
SCI 68/70 rue de Lagny – Montreuil	Insurance
SCI Alpha Park	Insurance
SCI BNPP Pierre I	Insurance
SCI BNPP Pierre II	Insurance
SCI Bobigny Jean Rostand	Insurance
SCI Bouleragny	Insurance
SCI Cardif Logement	Insurance
SCI Citylight Boulogne	Insurance
SCI Clichy Nuovo	Insurance
SCI Défense Etoile	Insurance
SCI Défense Vendôme	Insurance
SCI Etoile du Nord	Insurance
SCI Fontenay Plaisance	Insurance
SCI Imefa Velizy	Insurance
SCI Le Mans Gare	Insurance
SCI Liberté	Insurance
SCI Nanterre Guilleraies	Insurance
SCI Nantes Carnot	Insurance
SCI Odyssée	Insurance
SCI Pantin Les Moulins	Insurance
SCI Paris Batignolles	Insurance
SCI Paris Cours de Vincennes	Insurance
SCI Paris Grande Armée (Ex- SCI Paris Grande Armée France)	Insurance
SCI Paris Turenne	Insurance
SCI Portes de Claye	Insurance
SCI Rue Moussorgski	Insurance
SCI Rueil Caudron	Insurance
SCI Saint Denis Landy	Insurance
SCI Saint Denis Mitterrand	Insurance
SCI Saint-Denis Jade	Insurance
SCI SCOO	Insurance
SCI Vendôme Athènes	Insurance
SCI Villeurbanne Stalingrad	Insurance
Secar	Insurance
Services Epargne Entreprise	Asset Management
Services Logiciels d'Intégration Boursière	Securities Services
SNC Batipart Poncelet	Insurance
SNC Natiocredimurs	Leasing Solutions
SNC Taitbout Participation 3	Corporate and Institutional Banking
Société Auxiliaire de Construction Immobilière	Real Estate Services
Société Francaise d'Assurances sur la Vie	Insurance
Société Lairoise de Participations	Retail Banking
Société Orbaisienne de Participations	Corporate and Institutional Banking
Solfinéa (Ex- Banque Solfea)	Personal Finance
Symag	Personal Finance
Tikehau Cardif Loan Europe	Insurance
UCB Bail 2	Leasing Solutions
United Partnership	Personal Finance
Valeur Pierre Épargne	Insurance
Valtitres FCP	Insurance
Velizy Holding (Ex- Velizy SAS)	Insurance
Verner Investissements	Corporate and Institutional Banking
Germany	
Arval Deutschland GmbH	Arval
AssetMetrix	Securities Services
BGL BNPP (Germany branch)	Retail Banking
BNPP 3 Step IT (Germany branch)	Leasing Solutions
BNPP Asset Management France (Germany branch)	Asset Management
BNPP Emissions- Und Handels- GmbH	Corporate and Institutional Banking
BNPP Factor GmbH	Retail Banking
BNPP Lease Group (Germany branch)	Leasing Solutions
BNPP Real Estate Consult GmbH	Real Estate Services
BNPP Real Estate GmbH	Real Estate Services
BNPP Real Estate Holding GmbH	Real Estate Services
BNPP Real Estate Investment Management Germany GmbH	Real Estate Services
BNPP Real Estate Property Development & Services GmbH	Real Estate Services

Locations	Business
BNPP Real Estate Property Management GmbH	Real Estate Services
BNPP SA (Germany branch)	Corporate and Institutional Banking
BNPP Securities Services (Germany branch)	Securities Services
Cardif Assurance Vie (Germany branch)	Insurance
Cardif Assurances Risques Divers (Germany branch)	Insurance
Claas Financial Services (Germany branch)	Leasing Solutions
CNH Industrial Capital Europe (Germany branch)	Leasing Solutions
Folea Grundstucksverwaltungs und Vermietungs GmbH & Co	Leasing Solutions
Fortis Lease Deutschland GmbH	Leasing Solutions
Horizon Development GmbH (Ex- Horizon GmbH)	Insurance
JCB Finance (Germany branch)	Leasing Solutions
Mgf (Germany branch)	Leasing Solutions
Opel Bank (Germany branch)	Personal Finance
Opel Leasing GmbH	Personal Finance
Seniorenzentren Reinbeck Oberursel München Objekt GmbH	Insurance
Seniorenzentrum Butzbach Objekt GmbH	Insurance
Seniorenzentrum Heilbronn Objekt GmbH	Insurance
Seniorenzentrum Kassel Objekt GmbH	Insurance
Seniorenzentrum Wolfratshausen Objekt GmbH	Insurance
Greece	
Arval Hellas Car Rental SA	Arval
BNPP Securities Services (Greece branch)	Securities Services
Opel Bank (Greece branch)	Personal Finance
Hungary	
Arval Magyarorszag KFT	Arval
BNPP Real Estate Magyarorszag Tanacsado Es Ingatlankezelo ZRT	Real Estate Services
BNPP SA (Hungary branch)	Corporate and Institutional Banking
BNPP Securities Services (Hungary branch)	Securities Services
Cardif Biztosito Magyarorszag ZRT	Insurance
Magyar Cetelem Bank ZRT	Personal Finance
Oney Magyarorszag ZRT	Personal Finance
Ireland	
Alectra Finance PLC	Corporate and Institutional Banking
Aquarius + Investments PLC	Corporate and Institutional Banking
Aries Capital DAC	Corporate and Institutional Banking
BGZ Poland ABS1 DAC	Europe-Mediterranean
BNPP Fund Administration Services Ireland Ltd	Securities Services
BNPP Ireland Unlimited Co	Corporate and Institutional Banking
BNPP Prime Brokerage International Ltd	Corporate and Institutional Banking
BNPP Real Estate Advisory and Property Management Ireland Ltd	Real Estate Services
BNPP SA (Ireland branch)	Corporate and Institutional Banking
BNPP Securities Services (Ireland branch)	Securities Services
BNPP Vartry Reinsurance DAC	Corporate and Institutional Banking
Darnell DAC	Insurance
G C Thematic Opportunities II	Insurance
Greenval Insurance DAC	Arval
Madison Arbor Ltd	Corporate and Institutional Banking
Matchpoint Finance PLC	Corporate and Institutional Banking
SME Alternative Financing DAC	Asset Management
Utexam Logistics Ltd	Corporate and Institutional Banking
Utexam Solutions Ltd	Corporate and Institutional Banking
Italy	
Artigiancassa SPA	Retail Banking
Arval Service Lease Italia SPA	Arval
AutoFlorence 1 SRL	Personal Finance
Axepta SPA	Retail Banking
Banca Nazionale Del Lavoro SPA	Retail Banking
BNL Finance SPA	Retail Banking
BNL Leasing SPA	Leasing Solutions
BNPP 3 Step IT (Italy branch)	Leasing Solutions
BNPP Asset Management France (Italy branch)	Asset Management
BNPP Cardif Vita Compagnia di Assicurazione E Riassicurazione SPA	Insurance
BNPP Lease Group (Italy branch)	Leasing Solutions
BNPP Lease Group Leasing Solutions SPA	Leasing Solutions
BNPP Real Estate Advisory Italy SPA	Real Estate Services
BNPP Real Estate Investment Management Germany GmbH (Italy branch)	Real Estate Services
BNPP Real Estate Investment Management Italy SPA	Real Estate Services
BNPP Real Estate Italy SRL	Real Estate Services
BNPP Real Estate Property Developpement Italy SPA	Real Estate Services
BNPP Real Estate Property Management Italy SRL	Real Estate Services
BNPP Rental Solutions SPA	Leasing Solutions
BNPP SA (Italy branch)	Corporate and Institutional Banking
BNPP Securities Services (Italy branch)	Securities Services
Cardif Assurance Vie (Italy branch)	Insurance
Cardif Assurances Risques Divers (Italy branch)	Insurance
Cargeas Assicurazioni SPA	Insurance
CFH Algonquin Management Partners France Italia	Insurance
CFH Milan Holdco SRL	Insurance
Claas Financial Services (Italy branch)	Leasing Solutions
CNH Industrial Capital Europe (Italy branch)	Leasing Solutions
Diamante Re SRL	Corporate and Institutional Banking
EMF IT 2008 1 SRL	Retail Banking

Locations	Business
Eutimm SRL	Retail Banking
Findomestic Banca SPA	Personal Finance
Florence SPV SRL	Personal Finance
Fundamenta	Insurance
Horti Milano SRL	Real Estate Services
International Factors Italia SPA	Retail Banking
JCB Finance (Italy branch)	Leasing Solutions
Mgf (Italy branch)	Leasing Solutions
Opel Bank (Italy branch)	Personal Finance
Permicro SPA	Retail Banking
Serfactoring SPA	Retail Banking
Servizio Italia SPA	Retail Banking
Sviluppo HQ Tiburtina SRL	Retail Banking
Sviluppo Residenziale Italia SRL	Real Estate Services
Tierre Securitisation SRL	Retail Banking
Vela ABS SRL	Retail Banking
Vela Consumer 2 SRL	Retail Banking
Vela Consumer SRL	Retail Banking
Vela Home SRL	Retail Banking
Vela Mortgages SRL	Retail Banking
Vela OBG SRL	Retail Banking
Vela RMBS SRL	Retail Banking
Luxemburg	
Arval Luxembourg SA	Arval
Auseter Real Estate Opportunities SARL	Corporate and Institutional Banking
Batipart Participations SAS	Insurance
BGL BNPP	Retail Banking
BNPP Asset Management Luxembourg	Asset Management
BNPP Flexi I	Asset Management
BNPP Fortis Funding SA	Retail Banking
BNPP Funds	Asset Management
BNPP L1	Asset Management
BNPP Lease Group Luxembourg SA	Retail Banking
BNPP Leasing Solutions	Leasing Solutions
BNPP Real Estate Advisory & Property Management Luxembourg SA	Real Estate Services
BNPP Real Estate Investment Management Luxembourg SA	Real Estate Services
BNPP SA (Luxemburg branch)	Corporate and Institutional Banking
BNPP SB Re	Retail Banking
BNPP Securities Services (Luxemburg branch)	Securities Services
Cardif Assurances Risques Divers (Luxemburg branch)	Insurance
Cardif Lux Vie	Insurance
Cofhylux SA	Retail Banking
Compagnie Financière Ottomane SA	Retail Banking
Ecarat SA	Personal Finance
Fund Channel	Asset Management
Greenstars BNPP	Corporate and Institutional Banking
Le Sphinx Assurances Luxembourg SA	Retail Banking
Lion International Investments SA	Retail Banking
Luxhub SA	Retail Banking
Parworld	Asset Management
Rubin SARL	Insurance
Seniorenzentren Deutschland Holding SARL	Insurance
Single Platform Investment Repackaging Entity SA	Corporate and Institutional Banking
Société Immobilière du Royal Building SA	Insurance
Theam Quant	Asset Management
Visalux	Retail Banking
Netherlands	
Arval Benelux BV	Arval
Arval BV	Arval
BNPP 3 Step IT (Netherlands branch)	Leasing Solutions
BNPP Asset Management France (Netherlands branch)	Asset Management
BNPP Asset Management Nederland NV	Asset Management
BNPP Asset Management NL Holding NV	Asset Management
BNPP Cardif BV	Insurance
BNPP Cardif Levensverzekeringen NV	Insurance
BNPP Cardif Schadeverzekeringen NV	Insurance
BNPP Factor NV	Retail Banking
BNPP Factoring Support	Retail Banking
BNPP Invest Holdings BV	Corporate and Institutional Banking
BNPP Islamic Issuance BV	Corporate and Institutional Banking
BNPP Issuance BV	Corporate and Institutional Banking
BNPP Leasing Solutions NV	Leasing Solutions
BNPP Personal Finance BV	Personal Finance
BNPP Real Estate Advisory Netherlands BV	Real Estate Services
BNPP SA (Netherlands branch)	Corporate and Institutional Banking
BNPP Securities Services (Netherlands branch)	Securities Services
Cardif Assurance Vie (Netherlands branch)	Insurance
Cardif Assurances Risques Divers (Netherlands branch)	Insurance
CNH Industrial Capital Europe BV	Leasing Solutions
Fortis Vastgoedlease BV	Leasing Solutions
Groeivermogen NV	Asset Management
Heffiq Heftruck Verhuur BV	Leasing Solutions

Locations	Business
Opel Finance International BV	Personal Finance
Opel Finance NV	Personal Finance
Phedina Hypotheken 2010 BV	Personal Finance
Poland	
Arval Service Lease Polska SP ZOO	Arval
BNPP Bank Polska SA	Europe-Mediterranean
BNPP Faktoring Spolka ZOO	Europe-Mediterranean
BNPP Lease Group SP ZOO	Leasing Solutions
BNPP Leasing Services	Leasing Solutions
BNPP Real Estate Poland SP ZOO	Real Estate Services
BNPP SA (Poland branch)	Corporate and Institutional Banking
BNPP Securities Services (Poland branch)	Securities Services
BNPP Solutions Spolka ZOO	Europe-Mediterranean
Cardif Assurances Risques Divers (Poland branch)	Insurance
Cardif Polska Towarzystwo Ubezpieczen Na Zycie SA	Insurance
Claas Financial Services (Poland branch)	Leasing Solutions
CNH Industrial Capital Europe (Poland branch)	Leasing Solutions
Portugal	
Arval Service Lease Aluger Operational Automoveis SA	Arval
Banco BNPP Personal Finance SA	Personal Finance
BNPP Factor Sociedade Financeira de Credito SA	Retail Banking
BNPP Lease Group (Portugal branch)	Leasing Solutions
BNPP Personal Finance (Portugal branch)	Personal Finance
BNPP Real Estate Portugal Unipersonal LDA	Real Estate Services
BNPP SA (Portugal branch)	Corporate and Institutional Banking
BNPP Securities Services (Portugal branch)	Securities Services
Cardif Assurance Vie (Portugal branch)	Insurance
Cardif Assurances Risques Divers (Portugal branch)	Insurance
Cardif Services AEIE	Insurance
Fortis Lease Portugal	Leasing Solutions
Romania	
Arval Service Lease Romania SRL	Arval
BNPP Leasing Solutions IFN SA	Leasing Solutions
BNPP Personal Finance (Romania branch)	Personal Finance
BNPP Real Estate Advisory SA	Real Estate Services
BNPP SA (Romania branch)	Corporate and Institutional Banking
Cardif Assurance Vie (Romania branch)	Insurance
Cardif Assurances Risques Divers (Romania branch)	Insurance
RD Leasing IFN SA	Leasing Solutions
Slovakia	
Arval Slovakia SRO	Arval
BNPP Personal Finance (Slovakia branch)	Personal Finance
Poistovna Cardif Slovakia AS	Insurance
Spain	
Arval Service Lease SA	Arval
Autonoria Spain 2019	Personal Finance
Banco Cetelem SA (Ex- Banco Cetelem SAU)	Personal Finance
BNPP Factor (Spain branch)	Retail Banking
BNPP Fortis (Spain branch)	Corporate and Institutional Banking
BNPP Lease Group (Spain branch)	Leasing Solutions
BNPP Real Estate Investment Management Germany GmbH (Spain branch)	Real Estate Services
BNPP Real Estate Investment Management Spain SA	Real Estate Services
BNPP Real Estate Spain SA	Real Estate Services
BNPP SA (Spain branch)	Corporate and Institutional Banking
BNPP Securities Services (Spain branch)	Securities Services
Cardif Assurance Vie (Spain branch)	Insurance
Cardif Assurances Risques Divers (Spain branch)	Insurance
Cariboo Development SL	Real Estate Services
Cetelem Gestion AIE	Personal Finance
Cetelem Servicios Informaticos AIE	Personal Finance
Claas Financial Services (Spain branch)	Leasing Solutions
CNH Industrial Capital Europe (Spain branch)	Leasing Solutions
Ejesur SA	Corporate and Institutional Banking
Financière des Paiements Electroniques (Spain branch)	New Digital Businesses
Fortis Lease Iberia SA	Leasing Solutions
GCC Consumo Establecimiento Financiero de Credito SA	Personal Finance
Noria Spain 2020, FT	Personal Finance
Opel Bank (Spain branch)	Personal Finance
Ribera Del Loira Arbitrage	Corporate and Institutional Banking
Securitisation funds UCI and RMBS Prado	Personal Finance
Servicios Financieros Carrefour EFC SA	Personal Finance
Union de Creditos Inmobiliarios SA	Personal Finance
XFERA Consumer Finance EFC SA	Personal Finance
Sweden	
Alfred Berg Kapitalforvaltning AB	Asset Management
Alfred Berg Kapitalforvaltning AS (Sweden branch)	Asset Management
Arval AB	Arval
BNPP Cardif Livforsakring AB (Ex- Cardif Livforsakring AB)	Insurance
BNPP Factor AB	Retail Banking
BNPP SA (Sweden branch)	Corporate and Institutional Banking
Cardif Forsakring AB	Insurance
Cardif Nordic AB	Insurance
Ekspres Bank AS (Sweden branch)	Personal Finance

Locations	Business
Other European countries	
Guernsey	
BNPP Securities Services (Guernsey branch)	Securities Services
BNPP Suisse SA (Guernsey branch)	Territory of Switzerland
Jersey	
BNPP SA (Jersey branch)	Corporate and Institutional Banking
BNPP Securities Services (Jersey branch)	Securities Services
Scaldis Capital Ltd	Corporate and Institutional Banking
Monaco	
BNPP SA (Monaco branch)	Retail Banking
BNPP Wealth Management Monaco	Wealth Management
Norway	
Alfred Berg Kapitalforvaltning AS	Asset Management
Arval AS Norway	Arval
BNPP Cardif Livforsaking AB (Norway Branch) (Ex-Cardif Livforsaking AB (Norway Branch))	Insurance
BNPP Leasing Solution AS	Leasing Solutions
BNPP SA (Norway branch)	Corporate and Institutional Banking
Cardif Forsakring AB (Norway branch)	Insurance
Drypnir AS	Asset Management
Ekspres Bank AS (Norway branch)	Personal Finance
Russia	
Arval LLC	Arval
BNPP Bank JSC	Corporate and Institutional Banking
BNPP Technology LLC	Corporate and Institutional Banking
Cardif Insurance Co LLC	Insurance
Cetelem Bank LLC	Personal Finance
Serbia	
TEB SH A	Europe-Mediterranean
Switzerland	
Arval Schweiz AG	Arval
BNPP Leasing Solutions Suisse SA	Leasing Solutions
BNPP Securities Services (Switzerland branch)	Securities Services
BNPP Suisse SA	Territory of Switzerland
Cardif Assurance Vie (Switzerland branch)	Insurance
Cardif Assurances Risques Divers (Switzerland branch)	Insurance
Opel Finance SA	Personal Finance
Ukraine	
Joint Stock Company Ukrsibbank (Ex- UkrSibbank Public JSC)	Europe-Mediterranean
United Kingdom	
Allfunds UK Ltd	Securities Services
Arval UK Group Ltd	Arval
Arval UK Leasing Services Ltd	Arval
Arval UK Ltd	Arval
BNP PUK Holding Ltd	Corporate and Institutional Banking
BNPP 3 Step IT (United Kingdom branch)	Leasing Solutions
BNPP Asset Management UK Ltd	Asset Management
BNPP Commercial Finance Ltd	Retail Banking
BNPP Fleet Holdings Ltd	Arval
BNPP Lease Group PLC	Leasing Solutions
BNPP Lease Group Rentals Ltd	Leasing Solutions
BNPP Leasing Solutions Ltd	Leasing Solutions
BNPP Net Ltd	Corporate and Institutional Banking
BNPP Real Estate Advisory & Property Management UK Ltd	Real Estate Services
BNPP Real Estate Facilities Management Ltd	Real Estate Services
BNPP Real Estate Investment Management Ltd	Real Estate Services
BNPP Real Estate Investment Management UK Ltd	Real Estate Services
BNPP Real Estate Property Development UK Ltd	Real Estate Services
BNPP Rental Solutions Ltd	Leasing Solutions
BNPP SA (United Kingdom branch)	Corporate and Institutional Banking
BNPP Securities Services (United Kingdom branch)	Securities Services
Cardif Pinnacle Insurance Holdings PLC	Insurance
Cardif Pinnacle Insurance Management Services PLC	Insurance
Claas Financial Services Ltd	Leasing Solutions
CNH Industrial Capital Europe Ltd	Leasing Solutions
Cofinoga Funding Two LP	Personal Finance
Commercial Vehicle Finance Ltd	Leasing Solutions
Creation Consumer Finance Ltd	Personal Finance
Creation Financial Services Ltd	Personal Finance
Ecarat 11 PLC	Personal Finance
Ecarat 10 PLC	Personal Finance
Ecarat 6 PLC	Personal Finance
Ecarat 7 PLC	Personal Finance
Ecarat 8 PLC	Personal Finance
Ecarat 9 PLC	Personal Finance
Fortis Lease UK Ltd	Leasing Solutions
Fundquest Advisor (United Kingdom branch)	Asset Management
Harewood Helena 1 Ltd	Asset Management
Harewood Helena 2 Ltd	Insurance
Impax Asset Management Group PLC	Asset Management
JCB Finance Holdings Ltd	Leasing Solutions
Kantox Ltd	Corporate and Institutional Banking
Laser ABS 2017 Holding Ltd	Personal Finance

Locations	Business
Laser ABS 2017 PLC	Personal Finance
Manitou Finance Ltd	Leasing Solutions
Parker Tower Ltd	Real Estate Services
Pinnacle Insurance PLC	Insurance
REPD Parker Ltd	Real Estate Services
Sygma Funding Two Ltd	Personal Finance
Vauxhall Finance PLC	Personal Finance
Africa & Mediterranean basin	
Algeria	
BNPP El Djazair	Europe-Mediterranean
Cardif El Djazair	Insurance
Cetelem Algérie	Personal Finance
Bahrain	
BNPP SA (Bahrain branch)	Corporate and Institutional Banking
Botswana	
RCS Botswana Pty Ltd	Personal Finance
Burkina Faso	
Banque Internationale pour le Commerce et l'Industrie du Burkina Faso	Europe-Mediterranean
Comoros	
Banque pour l'Industrie et le Commerce des Comores	Europe-Mediterranean
Gabon	
Banque Internationale pour le Commerce et l'Industrie du Gabon	Europe-Mediterranean
Guinea	
Banque Internationale pour le Commerce et l'Industrie de la Guinée	Europe-Mediterranean
Ivory Coast	
Banque Internationale pour le Commerce et l'Industrie de la Côte d'Ivoire	Europe-Mediterranean
BICI Bourse	Europe-Mediterranean
Kuwait	
BNPP SA (Kuwait branch)	Corporate and Institutional Banking
Mali	
Banque Internationale pour le Commerce et l'Industrie du Mali	Europe-Mediterranean
Morocco	
Arval Maroc SA	Arval
Banque Marocaine pour le Commerce et l'Industrie	Europe-Mediterranean
Banque Marocaine pour le Commerce et l'Industrie Banque Offshore	Europe-Mediterranean
BDSI	Europe-Mediterranean
BMCI Leasing	Europe-Mediterranean
Namibia	
RCS Investment Holdings Namibia Pty Ltd	Personal Finance
Qatar	
BNPP SA (Qatar branch)	Corporate and Institutional Banking
Saudi Arabia	
BNPP Investment Co KSA	Corporate and Institutional Banking
BNPP SA (Saudi Arabia branch)	Corporate and Institutional Banking
Senegal	
Banque Internationale pour le Commerce et l'Industrie du Sénégal	Europe-Mediterranean
South Africa	
BNPP Personal Finance South Africa Ltd	Personal Finance
BNPP SA (South Africa branch)	Corporate and Institutional Banking
RCS Cards Pty Ltd	Personal Finance
Tunisia	
Union Bancaire pour le Commerce et l'Industrie	Europe-Mediterranean
Turkey	
Bantas Nakit AS	Europe-Mediterranean
BNPP Cardif Emeklilik AS	Insurance
BNPP Cardif Hayat Sigorta AS	Insurance
BNPP Cardif Sigorta AS	Insurance
BNPP Finansal Kiralama AS	Leasing Solutions
BNPP Fortis Yatirimlar Holding AS	Europe-Mediterranean
BNPP Yatirimlar Holding AS	Europe-Mediterranean
TEB Arval Arac Filo Kiralama AS	Arval
TEB Faktoring AS	Europe-Mediterranean
TEB Finansman AS	Personal Finance
TEB Holding AS	Europe-Mediterranean
TEB Portfoy Yonetimi AS	Europe-Mediterranean
TEB Yatirim Menkul Degerler AS	Europe-Mediterranean
Turk Ekonomi Bankasi AS	Europe-Mediterranean
United Arab Emirates	
BNPP Real Estate (United Arab Emirates branch)	Real Estate Services
BNPP SA (United Arab Emirates branch)	Corporate and Institutional Banking
BNPP Wealth Management DIFC Ltd	Wealth Management
Americas	
Argentina	
BNPP SA (Argentina branch)	Corporate and Institutional Banking
Cardif Seguros SA	Insurance
Cardif Servicios SA	Insurance
Bermuda	
Decart Re Ltd	Corporate and Institutional Banking
Brazil	
Arval Brasil Ltda	Arval
Banco BNPP Brasil SA	Corporate and Institutional Banking
Banco Cetelem SA	Personal Finance

Locations	Business
BGN Mercantil E Servicos Ltda	Personal Finance
BNPP Asset Management Brasil Ltda	Asset Management
BNPP EQD Brazil Fund Fundo de Investmento Multimercado	Corporate and Institutional Banking
BNPP Proprietario Fundo de Investimento Multimercado	Corporate and Institutional Banking
Cardif do Brasil Seguros e Garantias SA	Insurance
Cardif do Brasil Vida e Previdencia SA	Insurance
Cardif Ltda	Insurance
Cetelem America Ltda	Personal Finance
Cetelem Servicos Ltda	Personal Finance
Luizaseg	Insurance
NCVP Participacoes Societarias SA	Insurance
Canada	
BNPP Canada Corp	Corporate and Institutional Banking
BNPP IT Solutions Canada Inc	Corporate and Institutional Banking
BNPP Leasing Solutions Canada Inc	Retail Banking
BNPP SA (Canada branch)	Corporate and Institutional Banking
Cayman Islands[(1)]	
BNPP SA (Cayman Islands branch)	Corporate and Institutional Banking
Chile	
Arval Relsa SPA	Arval
Bancoestado Administradora General de Fondos SA	Asset Management
BNPP Cardif Seguros de Vida SA	Insurance
BNPP Cardif Seguros Generales SA	Insurance
BNPP Cardif Servicios y Asistencia Ltda	Insurance
Colombia	
BNPP Colombia Corporacion Financiera SA	Corporate and Institutional Banking
Cardif Colombia Seguros Generales SA	Insurance
Mexico	
Cardif Mexico Seguros de Vida SA de CV	Insurance
Cardif Mexico Seguros Generales SA de CV	Insurance
Cetelem SA de CV	Personal Finance
Cetelem Servicios SA de CV	Personal Finance
Panama[(2)]	
BNPP SA (Panama branch)	Corporate and Institutional Banking
Peru	
BNPP Cardif Compania de Seguros y Reaseguros SA	Insurance
Cardif Servicios SAC	Insurance
United States of America	
BancWest Holding Inc	Retail Banking
BancWest Holding Inc Grantor Trust ERC Subaccount	Retail Banking
BancWest Holding Inc Umbrella Trust	Retail Banking
BancWest Investment Services Inc	Retail Banking
Bank of the West	Retail Banking
Bank of the West Auto Trust 2018-1	Retail Banking
Bank of the West Auto Trust 2019-1	Retail Banking
Bank of the West Auto Trust 2019-2	Retail Banking
BNPP Asset Management USA Holdings Inc	Asset Management
BNPP Asset Management USA Inc	Asset Management
BNPP Capital Services Inc	Corporate and Institutional Banking
BNPP Energy Trading GP	Corporate and Institutional Banking
BNPP Energy Trading LLC	Corporate and Institutional Banking
BNPP Financial Services LLC	Securities Services
BNPP Fortis (United States of America branch)	Corporate and Institutional Banking
BNPP FS LLC	Corporate and Institutional Banking
BNPP RCC Inc	Corporate and Institutional Banking
BNPP SA (United States of America branch)	Corporate and Institutional Banking
BNPP Securities Corp	Corporate and Institutional Banking
BNPP US Investments Inc	Corporate and Institutional Banking
BNPP US Wholesale Holdings Corp	Corporate and Institutional Banking
BNPP USA Inc	Corporate and Institutional Banking
BNPP VPG Brookline Cre LLC	Corporate and Institutional Banking
BNPP VPG CT Holdings LLC	Corporate and Institutional Banking
BNPP VPG EDMC Holdings LLC	Corporate and Institutional Banking
BNPP VPG Express LLC	Corporate and Institutional Banking
BNPP VPG I LLC (Ex- BNPP VPG Brookfin LLC)	Corporate and Institutional Banking
BNPP VPG II LLC (Ex- BNPP VPG Adonis LLC)	Corporate and Institutional Banking
BNPP VPG Master LLC	Corporate and Institutional Banking
BOW Auto Receivables LLC	Retail Banking
BWC Opportunity Fund 2 Inc	Retail Banking
BWC Opportunity Fund Inc	Retail Banking
CFB Community Development Corp	Retail Banking
Claas Financial Services LLC	Retail Banking
Commercial Federal Affordable Housing Inc	Retail Banking
Commercial Federal Community Development Corp	Retail Banking
Commercial Federal Insurance Corp	Retail Banking
Commercial Federal Investment Service Inc	Retail Banking
Dale Bakken Partners 2012 LLC	Corporate and Institutional Banking
First Santa Clara Corp	Retail Banking
FSI Holdings Inc	Corporate and Institutional Banking
Liberty Leasing Co	Retail Banking
Starbird Funding Corp	Corporate and Institutional Banking
United California Bank Deferred Compensation Plan Trust	Retail Banking

Locations	Business
Ursus Real Estate Inc	Retail Banking
Asia & Pacific	
Australia	
BNPP Fund Services Australasia Pty Ltd	Securities Services
BNPP SA (Australia branch)	Corporate and Institutional Banking
BNPP Securities Services (Australia branch)	Securities Services
China	
Bank of Nanjing	Europe-Mediterranean
BNPP China Ltd	Corporate and Institutional Banking
BNPP Commodities Trading Shanghai Co Ltd	Corporate and Institutional Banking
BOB Cardif Life Insurance Co Ltd	Insurance
Genius Auto Finance Co Ltd	Personal Finance
Haitong Fortis Private Equity Fund Management Co Ltd	Asset Management
HFT Investment Management Co Ltd	Asset Management
Suning Consumer Finance Co Ltd	Personal Finance
Hong Kong	
BNPP Arbitrage Hong Kong Ltd	Corporate and Institutional Banking
BNPP Asset Management Asia Ltd	Asset Management
BNPP Finance Hong Kong Ltd	Corporate and Institutional Banking
BNPP SA (Hong Kong branch)	Corporate and Institutional Banking
BNPP Securities Asia Ltd	Corporate and Institutional Banking
BNPP Securities Services (Hong Kong branch)	Securities Services
India	
Arval India Private Ltd	Arval
BNPP Asset Management India Private Ltd	Asset Management
BNPP Global Securities Operations Private Ltd	Securities Services
BNPP India Holding Private Ltd	Corporate and Institutional Banking
BNPP India Solutions Private Ltd	Corporate and Institutional Banking
BNPP SA (India branch)	Corporate and Institutional Banking
BNPP Securities India Private Ltd	Corporate and Institutional Banking
Geojit Technologies Private Ltd	Personal Investors
Human Value Developers Private Ltd	Personal Investors
Sharekhan BNPP Financial Services Ltd (Ex- Sharekhan BNPP Financial Services Private Ltd)	Personal Investors
Sharekhan Commodities Private Ltd	Personal Investors
Sharekhan Comtrade Private Limited	Personal Investors
Sharekhan Ltd	Personal Investors
Indonesia	
Bank BNPP Indonesia PT	Corporate and Institutional Banking
BNPP Asset Management PT	Asset Management
BNPP Sekuritas Indonesia PT	Corporate and Institutional Banking
Japan	
BNPP Asset Management Japan Ltd	Asset Management
BNPP SA (Japan branch)	Corporate and Institutional Banking
BNPP Securities Japan Ltd	Corporate and Institutional Banking
Cardif Life Insurance Japan	Insurance
Cardif Non Life Insurance Japan	Insurance
Malaysia	
BNPP Malaysia Berhad	Corporate and Institutional Banking
BNPP SA (Malaysia branch)	Corporate and Institutional Banking
New Zealand	
BNPP Fund Services Australasia Pty Ltd (New Zealand branch)	Securities Services
Philippines	
BNPP SA (Philippines branch)	Corporate and Institutional Banking
Republic of Korea	
BNPP Cardif General Insurance Co Ltd	Insurance
BNPP SA (Republic of Korea branch)	Corporate and Institutional Banking
BNPP Securities Korea Co Ltd	Corporate and Institutional Banking
Cardif Life Insurance Co Ltd	Insurance
Shinhan BNPP Asset Management Co Ltd	Asset Management
Singapore	
BNPP Real Estate Singapore Pte Ltd	Real Estate Services
BNPP SA (Singapore branch)	Corporate and Institutional Banking
BNPP Securities Services (Singapore branch)	Securities Services
BPP Holdings Pte Ltd	Corporate and Institutional Banking
Global Trade Network Pte Ltd	Corporate and Institutional Banking
Taiwan	
BNPP Cardif TCB Life Insurance Co Ltd	Insurance
BNPP SA (Taiwan branch)	Corporate and Institutional Banking
BNPP Securities Taiwan Co Ltd	Corporate and Institutional Banking
Cardif Assurance Vie (Taiwan branch)	Insurance
Cardif Assurances Risques Divers (Taiwan branch)	Insurance
Paris Management Consultant Co Ltd	Insurance
Thailand	
BNPP SA (Thailand branch)	Corporate and Institutional Banking
Viet Nam	
BNPP SA (Viet Nam branch)	Corporate and Institutional Banking
Vietcombank Cardif Life Insurance Co Ltd	Insurance

(1) *The entity in the Cayman Islands was liquidated in the 4th quater of 2020.*
(2) *The liquidation process of the entity located in Panama, initiated in July 2010, is pending approval from the local regulator.*

II. PROFIT AND LOSS ACCOUNT ITEMS AND HEADCOUNT BY COUNTRY

	FY 2020(*) (in EUR million)						Financial headcount(**) as at 31 December 2020
	Revenues	Public subsidies received	Income before Tax	Current tax expense	Defered tax	Corporate income tax	
European Union member States							
Austria	76	0	(4)	(2)	1	(1)	300
Belgium	4,421	0	1,302	(159)	(179)	(338)	12,909
Bulgaria	70	0	13	(2)	0	(2)	864
Czech Republic	92	0	12	(4)	(5)	(9)	698
Denmark	95	0	8	(3)	2	(1)	300
Finland	5	0	1	0	0	0	29
France	12,444	0	424	(461)	183	(278)	54,676
Germany	2,022	0	499	(168)	0	(168)	5,711
Greece	8	0	2	0	0	0	60
Hungary	64	0	8	(2)	(1)	(3)	468
Ireland	222	0	82	(8)	0	(8)	541
Italy	5,012	0	1,549	(100)	(289)	(389)	17,723
Luxemburg	1,228	0	495	(89)	0	(89)	3,562
Netherlands	411	0	169	(26)	(14)	(40)	993
Portugal	236	0	50	(26)	11	(15)	6,585
Poland	1,093	0	254	(54)	(34)	(88)	9,717
Romania	86	0	9	(4)	1	(3)	806
Slovakia	23	0	(7)	0	(6)	(6)	357
Spain	980	0	201	(78)	24	(54)	3,977
Sweden	80	0	16	(3)	2	(1)	250
Other European countries							
Guernsey	10	0	3	0	0	0	26
Jersey	24	0	(4)	0	0	0	227
Monaco	60	0	26	0	0	0	184
Norway	54	0	(3)	0	2	2	162
Russia	56	0	26	(1)	(2)	(3)	429
Serbia	34	0	17	(1)	0	(1)	593
Switzerland	398	0	(344)	(10)	54	44	1,197
Ukraine	178	0	47	(10)	1	(9)	5,246
United Kingdom	3,614	0	1307	(337)	7	(330)	7,332
Africa & Mediterranean basin							
Algeria	109	0	43	(18)	(2)	(20)	1,252
Bahrain	33	0	(42)	0	0	0	269
Botswana	3	0	2	0	0	0	13
Burkina Faso	20	0	5	(1)	0	(1)	226
Comoros	2	0	(1)	0	0	0	0
Guinea	35	0	3	(2)	0	(2)	312
Ivory Coast	57	0	(9)	0	4	4	675
Kuwait	6	0	0	0	0	0	18
Mali	9	0	(1)	0	0	0	0
Morocco	295	0	40	(31)	14	(17)	3,252
Namibia	2	0	0	0	0	0	12
Qatar	15	0	4	0	0	0	18
Saudi Arabia	21	0	1	(2)	0	(2)	50
Senegal	51	0	(10)	(2)	6	4	481
South Africa	217	0	14	(9)	5	(4)	1,446
Tunisia	75	0	23	(10)	(1)	(11)	1,122
Turkey	787	0	194	(81)	28	(53)	9,677
United Arab Emirates	47	0	(37)	(1)	7	6	142
Americas							
Argentina	46	0	18	(3)	(2)	(5)	187
Bermuda	0	0	0	0	0	0	0
Brazil	546	0	138	(75)	34	(41)	1,550
Canada	44	0	24	(6)	0	(6)	878
Cayman Islands(1)	0	0	29	0	0	0	0
Chile	67	0	23	(15)	7	(8)	458
Colombia	61	0	23	(12)	0	(12)	439
Mexico	70	0	26	(8)	0	(8)	301
Panama(2)	0	0	0	0	0	0	0
United States of America	5,161	0	1,286	(194)	30	(164)	12,698
Asia & Pacific							
Australia	189	0	61	(9)	(7)	(16)	471
China	142	0	59	(33)	22	(11)	452
Hong Kong	896	0	178	(17)	(10)	(27)	2,249
India	293	0	180	(92)	7	(85)	10,904
Indonesia	92	0	49	(10)	(2)	(12)	164
Japan	631	0	393	(118)	71	(47)	668
Malaysia	41	0	27	(7)	0	(7)	102
New Zealand	11	0	3	(1)	0	(1)	45
Philippines	0	0	0	0	0	0	0
Republic of Korea	151	0	71	(22)	1	(21)	350
Singapore	674	0	280	(27)	0	(27)	1,958
Taiwan	216	0	122	(32)	14	(18)	588
Thailand	26	0	4	(1)	0	(1)	84
Viet Nam	38	0	18	(4)	0	(4)	90
GROUP TOTAL	**44,275**	**0**	**9,399**	**(2,391)**	**(16)**	**(2,407)**	**189,522**

(*) The financial data correspond to the contibution income of fully consolidated entities under exclusive control.
(**) Financial headcount: Full-Time Equivalents (FTE) at 31 December 2020 in wholly controlled, fully consolidated entities.
(1) The entity located in the Cayman Islands was liquidated in the 4th quarter of 2020. Note that it had been taxed in the United States.
(2) The liquidation process of the entity located in Panama, initiated in July 2010, is pending approval from the local regulator.

8.7 Founding documents and Articles of association

SECTION I

FORM – NAME – REGISTERED OFFICE – CORPORATE PURPOSE

Article 1

BNP PARIBAS is a French Public Limited Company (*société anonyme*) licensed to conduct banking operations under the French Monetary and Financial Code, Book V, Section 1 (*Code Monétaire et Financier, Livre V, Titre 1er*) governing banking sector institutions.

The Company was founded pursuant to a decree dated 26 May 1966. Its legal life has been extended to 99 years with effect from 17 September 1993.

Apart from the specific rules relating to its status as an establishment in the banking sector (Book V, Section 1 of the French Monetary and Financial Code - *Code Monétaire et Financier, Livre V, Titre 1er*), BNP PARIBAS shall be governed by the provisions of the French Commercial Code (*Code de Commerce*) concerning commercial companies, as well as by these Articles of Association.

Article 2

The registered office of BNP PARIBAS shall be located in Paris (9th *arrondissement*), at 16, Boulevard des Italiens (France).

Article 3

The purpose of BNP PARIBAS shall be to provide and carry out the following services with any individual or legal entity, in France and abroad, subject to compliance with the French laws and regulations applicable to credit institutions licensed by the Credit Institutions and Investment Firms Committee (*Comité des Etablissements de Crédit et des Entreprises d'Investissement*):

- any and all investment services,
- any and all services related to investment services,
- any and all banking transactions,
- any and all services related to banking transactions,
- any and all equity investments,

as defined in the French Monetary and Financial Code Book III – Section 1 (*Code Monétaire et Financier, Livre III, Titre 1er*) governing banking transactions and Section II (*Titre II*) governing investment services and related services.

On a regular basis, BNP PARIBAS may also conduct any and all other activities and any and all transactions in addition to those listed above, in particular any and all arbitrage, brokerage and commission transactions, subject to compliance with the regulations applicable to banks.

In general, BNP PARIBAS may, on its own behalf, and on behalf of third parties or jointly therewith, perform any and all financial, commercial, industrial or agricultural, personal property or real estate transactions directly or indirectly related to the activities set out above or which further the accomplishment thereof.

SECTION II

SHARE CAPITAL - SHARES

Article 4

The share capital of BNP PARIBAS shall stand at 2,499,597,122 euros divided into 1,249,798,561 fully paid-up shares with a nominal value of 2 euros each.

Article 5

The fully paid-up shares shall be held in registered or bearer form at the shareholder's discretion, subject to the French laws and regulations in force.

The shares shall be registered in an account in accordance with the terms and conditions set out in the applicable French laws and regulations in force. They shall be assigned by transfer from one account to another.

The Company may request disclosure of information concerning the ownership of its shares in accordance with the provisions of Article L. 228-2 of the French Commercial Code (*Code de Commerce*).

Without prejudice to the legal thresholds set in Article L. 233-7, paragraph 1 of the French Commercial Code (*Code de Commerce*), any shareholder, whether acting alone or in concert, who comes to directly or indirectly hold at least 0.5% of the share capital or voting rights of BNP PARIBAS, or any multiple of that percentage less than 5%, shall be required to notify BNP PARIBAS by registered letter with return receipt within the timeframe set out in Article L. 233-7 of the French Commercial Code (*Code de Commerce*).

Above 5%, the disclosure obligation provided for in the previous paragraph shall apply to 1% increments of the share capital or voting rights.

The disclosures described in the previous two paragraphs shall also apply when the shareholding falls below the above-mentioned thresholds.

Failure to report either legal or statutory thresholds shall result in the loss of voting rights as provided for by Article L. 233-14 of the French Commercial Code (*Code de Commerce*) at the request of one or more shareholders jointly holding at least 2% of the Company's share capital or voting rights.

Article 6

Each share shall grant a right to a part of ownership of the Company's assets and any liquidation surplus that is equal to the proportion of share capital that it represents.

In cases where it is necessary to hold several shares in order to exercise certain rights, and in particular where shares are exchanged, combined or allocated, or following an increase or reduction in share capital, regardless of the terms and conditions thereof, or subsequent to a merger or any other transaction, it shall be the responsibility of those shareholders owning less than the number of shares required to exercise those rights to combine their shares or, if necessary, to purchase or sell the number of shares or voting rights leading to ownership of the required percentage of shares.

SECTION III

GOVERNANCE

Article 7

The Company shall be governed by a Board of directors composed of:

1/ Directors appointed by the Ordinary General Shareholders' Meeting

There shall be at least nine and no more than eighteen Directors. Directors representing employees as well as Directors representing employee shareholders shall not be included when calculating the minimum and maximum number of Directors.

They shall be appointed for a three-year term.

When a Director is appointed to replace another Director, in accordance with applicable French laws and regulations in force, the new Director's term of office shall be limited to the remainder of the predecessor's term.

A Director's term of office shall end at the close of the Ordinary General Shareholders' Meeting convened to deliberate on the financial statements for the previous financial year and held in the year during which the Director's term of office expires.

Directors may be re-appointed, subject to the provisions of French law, in particular with regard to their age.

Each Director, with the exception of Directors representing employees and Directors representing employee shareholders, must own at least 10 Company shares.

2/ Directors elected by BNP PARIBAS SA employees

The status of these Directors and the related election procedures shall be governed by Articles L. 225-27 to L. 225-34 of the French Commercial Code (Code de Commerce) as well as by the provisions of these Articles of Association.

There shall be two such Directors – one representing executive staff and the other representing non-executive staff.

They shall be elected by BNP PARIBAS SA employees.

They shall be elected for a three-year term.

Elections shall be organised by the Executive Management. The timetable and terms and conditions for elections shall be drawn up by the Executive Management in consultation with the national trade union representatives within the Company such that the second round of elections shall be held no later than fifteen days before the end of the term of office of the outgoing Directors.

Each candidate shall be elected on a majority basis after two rounds held in each of the electoral colleges.

Each application submitted during the first round of elections shall include both the candidate's name and the name of a substitute, if any.

Applications may not be amended during the second round of elections.

The candidates shall belong to the electoral college where they stand for election.

Applications other than those presented by a trade union representative within the Company must be submitted together with a document including the names and signatures of one hundred electors belonging to the electoral college where the candidate is presenting for election.

3/ Director representing employee shareholders

Where the report presented by the Board of directors at the Annual General Meeting, in accordance with article L.225-102 of the French Commercial Code, establishes that shares held by company employees or by employees of related companies within the meaning of article L.225-180 of said Code, account for over 3% of the Company's share capital, a Director representing the employee shareholders is appointed by the Ordinary Shareholders' Meeting in accordance with the procedures set out in current regulations as well as by these Articles of association.

Candidates for election to the office of Director representing employee shareholders are selected on the following basis:

- When the voting right attached to the shares held by the employees, and former employees, referred to in article L.225- 102 of the French Commercial Code is exercised by the Supervisory Board, or Boards, of one, or more, mutual funds (FCPE), the Board, or Boards, of the FCPE or FCPEs, jointly selects two candidates;

- When the voting right attached to the shares, held directly or via an FCPE by the employees, and where applicable, former employees, as referred to in article L.225-102 of the French Commercial Code, is exercised directly by said employees, they appoint two candidates, given that each employee shareholder will have the same number of votes as the number of shares that they directly, or indirectly, hold. The two employees with the most votes are appointed as candidates.

Only employee shareholders or employees who are members of the Supervisory Board of an FCPE holding company shares may be selected as candidates.

Each candidate must be presented together with a replacement who meets the same requirements as said candidate.

The Board of directors presents the candidates to the Annual General Meeting under separate resolutions and, where applicable, approves the resolution relating to its preferred candidate. The Ordinary General Meeting of Shareholders decides, under the conditions of quorum and majority applicable to the appointment of any member of the Board of directors, on the appointment of the Director representing the employee shareholders. Of the candidates referred to above, the one who has received the most votes from shareholders present, or represented, at the Ordinary General Meeting of Shareholders, will be appointed as Director representing employee shareholders.

This Director's term and the conditions under which the term of office is exercised are exactly the same as for Directors appointed by the Annual General Meeting.

Should the Director cease to be an employee, or in the event of a vacancy arising due to death or resignation of office, the term of office of the Director representing employee shareholders ends automatically.

Under these circumstances, the Director representing the employee shareholders shall be replaced at the next Ordinary Annual General Meeting.

Should the next Annual General Meeting be held within four months of the date on which the term of office is expected to end, the replacement is appointed at the next Annual General Meeting.

The new Director is appointed by the Annual General Meeting for the remainder of his/her predecessor's term of office.

Should the Director cease to be an employee, or in the event of a vacancy arising due to death or resignation from office, the replacement's term of office automatically ends and new candidates must be selected as described above. The candidates selected by this process shall be voted on by shareholders at the next Annual General Meeting. The new Director is appointed by the Annual General Meeting as described above. This Director's term of office and the conditions under which the directorship is exercised are identical to Directors appointed by the Annual General Meeting. Should the next Annual General Meeting be held within six months of the date on which the replacement's term of office is due to end, the replacement is appointed at the next Annual General Meeting.

Under the different circumstances mentioned above, the Board of directors may meet and validly deliberate until the date on which the Director representing the employee shareholders is replaced.

The provisions of the first paragraph of 3/ shall cease to apply when, at year-end, the percentage of capital owned by Company employees and employees of related companies under the aforementioned article L.225-102, accounts for less than 3% of the share capital, given that the term of office of any Director appointed in accordance with this article shall end on its expiry date.

Detailed procedures relating to the organisation and holding of the vote by all the shareholders referred to in the aforementioned article L.225-102, particularly with regard to the timetable for the selection of candidates, are approved by the Executive Management directly, or by delegation.

Article 8

The Chairman of the Board of directors shall be appointed from among the members of the Board of directors.

Upon proposal from the Chairman, the Board of directors may appoint one or more Vice-Chairmen.

Article 9

The Board of directors shall meet as often as necessary in the best interests of the Company. Board meetings shall be convened by the Chairman. Where requested by at least one-third of the Directors, the Chairman may convene a Board meeting with respect to a specific agenda, even if the last Board meeting was held less than two months before. The Chief Executive Officer (CEO) may also request that the Chairman convene a Board meeting to discuss a specific agenda.

Board meetings shall be held either at the Company's registered office, or at any other location specified in the notice of meeting.

Notices of meetings may be communicated by any means, including verbally.

The Board of directors may meet and make valid decisions at any time, even if no notice of meeting has been communicated, provided all its members are present or represented.

Article 10

Board meetings shall be chaired by the Chairman, by a Director recommended by the Chairman for such purpose or, failing this, by the oldest Director present.

Any Director may attend a Board meeting and take part in its deliberations by videoconference (visioconférence) or all telecommunications and remote transmission means, including Internet, subject to compliance with the conditions set out in applicable legislation at the time of its use.

Decisions within the remit of the Board of directors referred to by article L. 225-37 French Commercial Code (Code de Commerce) may be taken by means of written consultation.

Any Director who is unable to attend a Board meeting may ask to be represented by a fellow Director, by granting a written proxy, valid for only one specific meeting of the Board. Each Director may represent only one other Director.

At least half of the Board members must be present for decisions taken at Board meetings to be valid.

Should one or both of the offices of Director elected by employees remain vacant, for whatever reason, without the possibility of a replacement as provided for in Article L. 225-34 of the French Commercial Code (Code de Commerce), the Board of directors shall be validly composed of the members elected by the General Shareholders' Meeting and may validly meet and vote.

Members of the Company's Executive Management may, at the request of the Chairman, attend Board meetings in an advisory capacity.

A permanent member of the Company's Central Social and Economic Committee, appointed by said Committee, shall attend Board meetings in an advisory capacity, subject to compliance with the provisions of French laws in force.

Decisions shall be made by a majority of Directors present or represented. In the event of a split decision, the Chairman of the meeting shall have the casting vote, except as regards the proposed appointment of the Chairman of the Board of directors.

The Board of directors' deliberations shall be recorded in minutes entered in a special register prepared in accordance with French laws in force and signed by the Chairman of the meeting and one of the Directors who attended the meeting.

The Chairman of the meeting shall appoint the Secretary to the Board, who may be chosen from outside the Board's members.

Copies or excerpts of Board minutes may be signed by the Chairman, the Chief Executive Officer, the Chief Operating Officers (COOs) or any representative specifically authorised for such purpose.

Article 11

The Ordinary General Shareholders' Meeting may grant Directors' remuneration under the conditions provided for by French law.

The Board of directors shall split these fees among its members.

The Board of directors may grant exceptional compensation for specific assignments or duties performed by the Directors under the conditions applicable to agreements subject to approval, in accordance with the provisions of Articles L. 225-38 to L. 225-43 of the French Commercial Code (Code de Commerce). The Board may also authorise the reimbursement of travel and business expenses and any other expenses incurred by the Directors in the interests of the Company.

SECTION IV

DUTIES OF THE BOARD OF DIRECTORS, THE CHAIRMAN, THE EXECUTIVE MANAGEMENT AND THE NON-VOTING DIRECTORS *(CENSEURS)*

Article 12

The Board of directors shall determine the business strategy of BNP PARIBAS and supervise the implementation thereof. Subject to the powers expressly conferred on the Shareholders' Meetings and within the limit of the corporate purpose, the Board shall handle any issue concerning the smooth running of BNP PARIBAS and settle matters concerning the Company pursuant to its deliberations. The Board of directors shall receive from the Chairman or the Chief Executive Officer all of the documents and information required to fulfil its duties.

The Board of directors' decisions shall be carried out either by the Chairman, the Chief Executive Officer or the Chief Operating Officers, or by any special representative appointed by the Board.

Upon proposal from the Chairman, the Board of directors may decide to set up committees responsible for performing specific tasks.

Article 13

The Chairman shall organise and manage the work of the Board of directors and report thereon to the General Shareholders' Meeting. The Chairman shall also oversee the smooth running of BNP PARIBAS's management bodies and ensure, in particular, that the Directors are in a position to fulfil their duties.

The remuneration of the Chairman of the Board shall be freely determined by the Board of directors.

Article 14

The Board of directors shall decide how to organise the Executive Management of the Company: the Executive Management of the Company shall be conducted, under his responsibility, either by the Chairman of the Board of directors or by another individual appointed by the Board of directors and who shall have the title of Chief Executive Officer.

Shareholders and third parties shall be informed of this choice in accordance with the regulatory provisions in force.

The Board of directors shall have the right to decide that this choice be for a fixed term.

In the event that the Board of directors decides that the Executive Management shall be conducted by the Chairman of the Board, the provisions of these Articles of Association concerning the Chief Executive Officer shall apply to the Chairman of the Board of directors who will in such case have the title of Chairman and Chief Executive Officer. He shall be deemed to have automatically resigned at the close of the General Shareholders' Meeting held to approve the financial statements for the year in which he reaches sixty-five years of age.

In the event that the Board of directors decides to dissociate the functions of Chairman and Chief Executive Officer, the Chairman shall be deemed to have automatically resigned at the close of the General Shareholders' Meeting held to approve the financial statements for the year in which he reaches seventy-two years of age. However, the Board may decide to extend the term of office of the Chairman of the Board until the close of the General Shareholders' Meeting held to approve the financial statements for the year in which he reaches seventy-three years of age. The Chief Executive Officer shall be deemed to have automatically resigned at the close of the General Shareholders' Meeting held to approve the financial statements for the year in which he reaches sixty-five years of age. However, the Board may decide to extend the term of office of the Chief Executive Officer until the close of the General Shareholders' Meeting held to approve the financial statements for the year in which he reaches sixty-six years of age.

Article 15

The Chief Executive Officer shall be vested with the broadest powers to act in all circumstances in the name of BNP PARIBAS. He shall exercise these powers within the limit of the corporate purpose and subject to those powers expressly granted by French law to Shareholders' Meetings and the Board of directors.

He shall represent BNP PARIBAS in its dealings with third parties. BNP PARIBAS shall be bound by the actions of the Chief Executive Officer even if such actions are outside the scope of the corporate purpose, unless BNP PARIBAS can prove that the third party knew that the relevant action was outside the scope of the corporate purpose or had constructive knowledge thereof in view of the circumstances. The publication of the Company's Articles of Association alone shall not constitute such proof.

The Chief Executive Officer shall be responsible for the organisation and procedures of internal control and for all information required by French law regarding the internal control report.

The Board of directors may limit the powers of the Chief Executive Officer, but such limits shall not be binding as against third parties.

The Chief Executive Officer may delegate partial powers, on a temporary or permanent basis, to as many persons as he sees fit, with or without the option of redelegation.

The remuneration of the Chief Executive Officer shall be freely determined by the Board of directors.

The Chief Executive Officer may be removed from office by the Board of directors at any time. Damages may be payable to the Chief Executive Officer if he is removed from office without a valid reason, except where the Chief Executive Officer is also the Chairman of the Board of directors.

In the event that the Chief Executive Officer is a Director, the term of his office as Chief Executive Officer shall not exceed that of his term of office as a Director.

Article 16

Upon proposal from the Chief Executive Officer, the Board of directors may, within the limits of French law, appoint one or more individuals, who shall have the title of Chief Operating Officer, responsible for assisting the Chief Executive Officer.

In agreement with the Chief Executive Officer, the Board of directors shall determine the scope and term of the powers granted to the Chief Operating Officers. However, as far as third parties are concerned, the Chief Operating Officers shall have the same powers as the Chief Executive Officer.

When the Chief Executive Officer ceases to perform his duties or is prevented from doing so, the Chief Operating Officers shall, unless the Board of directors decides otherwise, retain their functions and responsibilities until a new Chief Executive Officer is appointed.

The remuneration of the Chief Operating Officers shall be freely determined by the Board of directors, at the proposal of the Chief Executive Officer.

The Chief Operating Officers may be removed from office by the Board of directors at any time, at the proposal of the Chief Executive Officer. Damages may be payable to the Chief Operating Officers if they are removed from office without a valid reason.

Where a Chief Operating Officer is a Director, the term of his office as Chief Operating Officer may not exceed that of his term of office as a Director.

The term of office of the Chief Operating Officers shall expire at the latest at the close of the General Shareholders' Meeting convened to approve the financial statements for the year in which the Chief Operating Officers reach sixty-five years of age. However, the Board may decide to extend the term of office of the Chief Operating Officers until the close of the General Shareholders' Meeting held to approve the financial statements for the year in which they reach sixty-six years of age.

Article 17

Upon proposal from the Chairman, the Board of directors may appoint one or two non-voting Directors (censeurs).

Non-voting Directors shall be convened to and take part in Board meetings in an advisory capacity.

They shall be appointed for six years and may be reappointed for further terms. They may also be removed at any time under similar conditions.

They shall be selected from among the Company's shareholders and may receive a remuneration determined by the Board of directors.

SECTION V

SHAREHOLDERS' MEETINGS

Article 18

General Shareholders' Meetings shall be composed of all shareholders.

General Shareholders' Meetings shall be convened and deliberate subject to compliance with the provisions of the French Commercial Code (*Code de Commerce*).

As an exception to the last paragraph of article L.225-123 of the French Commercial Code (*Code de Commerce*), each share carries one voting right, and no double voting rights are conferred.

They shall be held either at the registered office or at any other location specified in the notice of meeting.

They shall be chaired by the Chairman of the Board of directors, or, in his absence, by a Director appointed for this purpose by the Shareholders' Meeting.

Any shareholder may, subject to providing proof of identity, attend a General Shareholders' Meeting, either in person, or by returning a postal vote or by designating a proxy.

Taking part in the meeting is subject to the shares having been entered either in the BNP PARIBAS' registered share accounts in the name of the shareholder, or in the bearer share accounts held by the authorised intermediary, within the timeframes and under the conditions provided for by the French regulations in force. In the case of bearer shares, the authorised intermediary shall provide a certificate of participation for the shareholders concerned.

The deadline for returning postal votes shall be determined by the Board of directors and stated in the notice of meeting published in the French Bulletin of Compulsory Legal Announcements (*Bulletin des Annonces Légales Obligatoires* – BALO).

At all General Shareholders' Meetings, the voting right attached to the shares bearing beneficial rights shall be exercised by the beneficial owner.

If the Board of directors so decides at the time that the General Shareholders' Meeting is convened, the public broadcasting of the entire General Shareholders' Meeting by videoconference (visioconference) or all telecommunications and remote transmission means, including Internet, shall be authorised. Where applicable, this decision shall be communicated in the notice of meeting published in the French Bulletin of Compulsory Legal Announcements (*Bulletin des Annonces Légales Obligatoires* – BALO).

Any shareholder may also, if the Board of directors so decides at the time of convening the General Shareholders' Meeting, take part in the vote by videoconference (visioconference) or all telecommunications and remote transmission means, including Internet, subject to compliance with the conditions set out in the applicable laws at the time of its use. If an electronic voting form is used, the shareholder's signature may be in the form of a secured digital signature or a reliable identification process safeguarding the link with the document to which it is attached and may consist, in particular, of a user identifier and a password. Where applicable, this decision shall be communicated in the notice of meeting published in the French Bulletin of Compulsory Legal Announcements (*Bulletin des Annonces Légales Obligatoires* – BALO).

SECTION VI

STATUTORY AUDITORS

Article 19

At least two principal auditors shall be appointed by the General Shareholders' Meeting for a term of six financial years. Their term of office shall expire after approval of the financial statements for the sixth financial year.

SECTION VII

ANNUAL FINANCIAL STATEMENTS

Article 20

The Company's financial year shall start on 1st January and end on 31st December.

At the end of each financial year, the Board of directors shall draw up annual financial statements and write a management report on the Company's financial position and its business activities during the previous year.

Article 21

Net income for the year is composed of income for the year minus costs, depreciation, amortizations and impairment.

The distributable profit is made up of the year's profit, minus previous losses as well as the sums to be allocated to the reserves in accordance with French law, plus the profit carried forward.

The General Shareholders' Meeting is entitled to levy all sums from the distributable profit to allocate them to all optional, ordinary or extraordinary reserves or to carry them forward.

The General Shareholders' Meeting may also decide to distribute sums levied from the reserves at its disposal.

However, except in the event of a capital reduction, no amounts may be distributed to the shareholders if the shareholders' equity is, or would become following such distribution, lower than the amount of capital plus the reserves which is not open to distribution pursuant to French law or these Articles of Association.

In accordance with the provisions of Article L. 232-18 of the French Commercial Code *(Code de Commerce)*, a General Shareholders' Meeting may offer to the shareholders an option for the payment, in whole or in part, of dividends or interim dividends through the issuance of new shares in the Company.

SECTION VIII

DISSOLUTION

Article 22

Should BNP PARIBAS be dissolved, the shareholders shall determine the form of liquidation, appoint the liquidators at the proposal of the Board of directors and, in general, take on all of the duties of the General Shareholders' Meeting of a French Public Limited Company *(société anonyme)* during the liquidation and until such time as it has been completed.

SECTION IX

DISPUTES

Article 23

Any and all disputes that may arise during the life of BNP PARIBAS or during its liquidation, either between the shareholders themselves or between the shareholders and BNP PARIBAS, pursuant to these Articles of Association, shall be ruled on in accordance with French law and submitted to the courts having jurisdiction.

8.8 Statutory Auditors' special report on related party agreements

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
6, place de la Pyramide 92908 Paris La Défense Cedex	63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	61, rue Henri Regnault 92400 Courbevoie

Annual General Meeting for the approval of the financial statements for the year ended 31 December 2020

This is a free translation into English of the Statutory Auditors' special report on related party agreements issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

BNP Paribas SA

16 boulevard des Italiens

75009 PARIS

In our capacity as Statutory Auditors of BNP Paribas SA, we hereby report to you on related party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of, as well as the reasons provided for, the agreements that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of article R.225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS TO BE SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

We were not informed of any agreement authorised and entered into during the year to be submitted for approval at the Annual General Meeting in accordance with article L.225-38 of the French Commercial Code.

AGREEMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

Agreements previously approved by the Annual General MeetingAgreements approved in previous years

In accordance with article R.225-30 of the French Commercial Code, we were informed that the following agreements, previously approved by the Annual General Meeting on 26 May 2016, were implemented during the year.

Non-compete agreement between BNP Paribas and Jean-Laurent Bonnafé (authorised by the Board of directors on 25 February 2016)

Director concerned:

Jean-Laurent Bonnafé, Director

Chief Executive Officer of BNP Paribas

At its meeting on 25 February 2016, the Board of directors of BNP Paribas authorised the implementation of a non-compete agreement between BNP Paribas and Jean-Laurent Bonnafé.

Under this agreement, in the event that Jean-Laurent Bonnafé ceases to hold a position with BNP Paribas or carry out any work on its behalf, he undertakes not to exercise, directly or indirectly, any professional activity for a period of 12 months on behalf of a banking, investment or insurance firm whose shares are traded on a regulated market in France or abroad, or on behalf of a banking, investment or insurance firm in France whose shares are not traded on a regulated market. As consideration for this non-compete obligation, Jean-Laurent Bonnafé will receive a payment equal to 1.2 times the total of the fixed and variable remuneration (excluding multi-annual variable remuneration) he received during the year preceding his departure. One-twelfth of the indemnity would be paid each month.

This agreement was concluded to protect the interests of BNP Paribas and its shareholders in the event of Jean-Laurent Bonnafé's departure.

Paris La Défense, Neuilly-sur-Seine and Courbevoie, 2 March 2021

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
Laurence Dubois	Patrice Morot	Virginie Chauvin

9 STATUTORY AUDITORS

9.1 Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
6, place de la Pyramide 92908 Paris-La Défense Cedex	63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	61, rue Henri Regnault 92400 Courbevoie

- Deloitte & Associés was re-appointed as Statutory Auditor at the Annual General Meeting of 24 May 2018 for a six-year period expiring at the close of the Annual General Meeting called in 2024 to approve the financial statements for the year ending 31 December 2023. The firm was first appointed at the Annual General Meeting of 23 May 2006.

Deloitte & Associés is represented by Laurence Dubois

Deputy:

Société BEAS, 6, place de la Pyramide, Paris-La Défense Cedex (92), France, SIREN No. 315 172 445, Nanterre trade and companies register.

- PricewaterhouseCoopers audit was re-appointed as Statutory Auditor at the Annual General Meeting of 24 May 2018 for a six-year period expiring at the close of the Annual General Meeting called in 2024 to approve the financial statements for the year ending 31 December 2023. The firm was first appointed at the Annual General Meeting of 26 May 1994.

PricewaterhouseCoopers Audit is represented by Patrice Morot.

Deputy:

Jean-Baptiste Deschryver, 63, rue de Villiers, Neuilly-sur-Seine (92).

- Mazars was re-appointed as Statutory Auditor at the Annual General Meeting of 24 May 2018 for a six-year period expiring at the close of the Annual General Meeting called in 2024 to approve the financial statements for the year ending 31 December 2023. The firm was first appointed at the Annual General Meeting of 23 May 2000.

Mazars is represented by Virginie Chauvin.

Deputy:

Charles de Boisriou, 28 rue Fernand Forest, Suresnes (92).

Deloitte & Associés, PricewaterhouseCoopers and Mazars are registered as Statutory Auditors with the Versailles Regional Association of Statutory Auditors, under the authority of the French National Accounting Oversight Board *(Haut Conseil du Commissariat aux Comptes)*.

10 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

10.1 Person responsible for the Universal registration document and the annual financial report

Jean-Laurent BONNAFÉ, Chief Executive Officer of BNP Paribas.

10.2 Statement by the person responsible for the Universal registration document

I hereby declare that to the best of my knowledge, and having taken all reasonable precautions, the information contained in the Universal registration document is in accordance with the facts and contains no omission likely to affect its import.

I further declare that to the best of my knowledge, the financial statements are prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company and all the entities included in the consolidation, and that the information provided in the management report (whose contents are listed in the Table of Concordance on page 657) includes a fair review of the development and performance of the business, profit or loss and financial position of the Company and all the entities included in the consolidation, and that it describes the principal risks and uncertainties that they face.

Paris, 12 March 2021

Chief Executive Officer
Jean-Laurent BONNAFÉ

11 TABLES OF CONCORDANCE

In order to assist readers of the Universal registration document, the following concordance cross-references the main headings required by Annex 1 of European Regulation 2017/1129 (Annex I), taken in application of the Directive known as "Prospectus 3" and refers to the pages of this Universal registration document where information relating to each of the headings is mentioned.

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11.3	Statement on the comparability of information	N/A
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Headings as listed by Annex I of European Commission Regulation (EC) No.2017/1129

Pursuant to annexe I of Regulation (EU) 2017/1129, the following items are incorporated by reference:

- The consolidated financial statements for the year ended 31 December 2019 and the Statutory Auditors' report on the consolidated financial statements at 31 December 2019, presented respectively on pages 149–258 and 259-264 of Registration Document No. D.20-0097 filed with the AMF on 3 March; The information is available via the following link: https://invest.bnpparibas.com/sites/default/files/documents/bnp2019_urd_en_20_03_13.pdf
- The consolidated financial statements for the year ended 31 December 2018 and the Statutory Auditors' report on the consolidated financial statements at 31 December 2018, presented respectively on pages 149–269 and 270-276 of Registration Document no. D.19-0114 filed with the AMF on 5 March; The information is available via the following link: https://invest.bnpparibas.com/sites/default/files/documents/ddr_2018_bnp_paribas_gb.pdf
- The consolidated financial statements for the year ended 31 December 2017 and the Statutory Auditors' report on the consolidated financial statements at 31 December 2017, presented respectively on pages 137–236 and 237-242 of Registration Document no. D.18-0104 filed with the AMF on 6 March; The information is available via the following link: https://invest.bnpparibas.com/sites/default/files/documents/ddr2017_bnp_paribas_gb.pdf

In order to assist readers of the annual financial report, the following table cross-references the information required by article L.451-1-2 of the French Monetary and Financial Code.

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Management report

The concordance table below makes it possible to identify in the Universel Registration Document filed with the Autorité des Marchés Financiers au 3 March 2020 the information that constitutes the management report of the Company (including the Report on Corporate governance) and the consolidated management report, as required by legal and regulatory provisions.

I. Company and Group Business and Situation

Information (reference texts)	Page
■ Company and Group position over the past year (L.232-1 II and L.233-26 of the French Commercial Code)	122-148 ; 164-270 ; 494-531
■ Objective and comprehensive analysis of business performance, results and the financial position of the Company and Group (L.225-100-1 I of the French Commercial Code)	122-148 ; 164-270 ; 494-531
■ Key financial and non-financial performance indicators for the Company and Group (L.225-100-1 I of the French Commercial Code)	122-159 ; 545 ; 551-552
■ Foreseeable developments of the Company and Group (L.232-1 II and L.233-26 of the French Commercial Code)	146-147
■ Key events occurring since the financial year-end and the preparation date of the management report (L.232-1 II and L.233-26 of the French Commercial Code)	637
■ Company and Group research and development activities (L.232-1 II and L.233-26 of the French Commercial Code)	N/A
■ Equity investments in, or takeovers of, companies that have their head office in France (L.233-6 and L.247-1 I of the French Commercial Code)	531
■ Business and results for the Company as a whole, Company subsidiaries and companies it controls by branch of activity (L.233-6 and L.247-1 I of the French Commercial Code)	6-17 ; 122-145
■ Existing Company branches (L.232-1 II of the French Commercial Code)	638-644
■ Information on Company locations and businesses (L.511-45 and R.511-16-4 of the French Monetary and Financial Code)	263-270 ; 638-644

II. Risk factors and characteristics of internal control procedures

Information (reference texts)	Page
■ Description of the main risks and contingencies faced by the Company and Group (L.225-100-1 I of the French Commercial Code)	285-304
■ Information on the financial risks related to the effects of climate change and measures taken by the Company and Group to reduce these through a low-carbon strategy applicable to all aspects of their business (L.22-10-35 of the French Commercial Code)	113
■ Objectives and policy for hedging each main transaction category by the Company and Group (L.225-100-1 I of the French Commercial Code)	440-443
■ Exposure to price, credit, liquidity and cash flow risks of the Company and Group (L.225-100-1 I of the French Commercial Code)	344-457
■ Main features of internal control and risk management procedures set up by the Company and Group relating to the preparation and processing of accounting and financial information (L.22-10-35 of the French Commercial Code)	115-119

III. Information on share capital

Information (reference texts)	Page
■ Name of individuals or legal entities holding directly or indirectly more than 5% of capital or voting rights and changes arising during the year (L.233-13 of the French Commercial Code)	18-19
■ Name of companies controlled and share of the Company's share capital held by them (L.233-13 of the French Commercial Code)	263-270
■ Employee share ownership status (L.225-102 of the French Commercial Code)	18-19
■ Securities acquired by employees under a corporate takeover transaction (L.225-102 of the French Commercial Code)	N/A
■ Share disposals made to regularise cross shareholdings (L.233-29 and R.233-19 of the French Commercial Code)	N/A
■ Information on share buyback transactions undertaken by the Company (L.225-211 of the French Commercial Code)	98-101 ; 248 ; 509
■ Any adjustments made to securities giving access to share capital (L.225-181, L.228-99, R225-137, R.228-91 of the French Commercial Code)	N/A
■ Summary of transactions carried out by corporate officers, executives, certain company managers and persons with close connections to them during the past year (223-26 of the AMF General Regulation, L.621-18-2 and R.621-43-1 of the French Monetary and Financial Code)	97

IV. Other accounting, financial and legal information

Information (reference texts)	Page
■ Information on payment terms (L.441-14 and D.441-4 of the French Commercial Code)	511
■ Amount of dividends distributed for the prior three years and revenue distributed eligible for the 40% tax reduction (243 bis of the French General Tax Code)	22
■ Injunctions or fines for anti-competitive practices (L.464-2 of the French Commercial Code)	N/A
■ Information on financial instruments with an agricultural commodity as their underlying and measures taken by the Company to prevent this having a significant impact on agricultural commodity prices (L.511-4-2 of the French Monetary and Financial Code)	N/A
■ Amount and features of loans financed or distributed by the Company or that they distribute as defined in III of Article 80 of the Planning Act for Social Cohesion Law No. 2005-32 of 18 January 2005 and hence covered by public guarantees. (L.511-4-1 of the French Monetary and Financial Code)	N/A
■ Return on Company assets (R.511-16-1 of the French Monetary and Financial Code)	334

V. Extra-financial performance statement and vigilance plan

Information (reference texts)	Page
■ Information on the labour and environmental impact relating to the Company, subsidiaries and controlled companies (L.22-10-36, L.225-102-1 III and R.225-105 of the French Commercial Code)	543-631
■ Information on the effects of the Company's activity with respect to respect for Human rights and fight against corruption and tax evasion (L.22-10-36 and R.225-105 of the French Commercial Code)	555 ; 615-621
■ Information on the Company, subsidiaries and controlled companies, relating to: ■ the consequences of climate change on the business and the use of goods and services, ■ social commitments to promote sustainable development, the circular economy, the fight against food waste and food poverty, respect for animal welfare and responsible, fair and sustainable food, ■ actions to fight against discrimination and promote diversity ■ measures taken in favor of people with disabilities (L.22-10-36, L.225-102-1 et R.225-105 of the French Commercial Code)	543-634
■ Collective agreements agreed in the Company, subsidiaries and controlled companies and their impacts on the economic performance of the Company, subsidiaries and controlled companies as well as on employee working conditions (L.22-10-36, L.225-102-1 and R.225-105 of the French Commercial Code)	567-585
■ Information for companies operating at least one facility listed under article L.515-36 of the French Environmental Code (L.225-102-2 of the French Commercial Code)	N/A
■ Company's business plan (R.225-105 I of the French Commercial Code)	622-623
■ Social, environmental and civic information relevant to the main risks and policies of the company, its subsidiaries and controlled companies (R.225-105 II of the French Commercial Code)	Chapter 7
■ Vigilance plan (L.225-102-4 of the French Commercial Code)	615-618

VI. Report on Corporate governance

Information (reference texts)	Page
■ Information on the remuneration policy for directors and corporate officers (L.22-10-8 of the French Commercial Code)	75-80
■ Information on the remuneration and benefits in kind of the directors and corporate officers	81-90
■ Holding conditions for free shares allocated to corporate officers (L.225-197-1 of the French Commercial Code)	N/A
■ Conditions for exercising and holding options granted to directors and corporate officers (L.225-185 of the French Commercial Code)	91
■ List of all directorships and positions held in any company by each director and corporate officer during the year (L.22-10-10 et L.225-37-4 1° of the French Commercial Code)	33-45
■ Agreements entered into by one of the Company's directors or corporate officers and a subsidiary of the Company (L.22-10-10 et L.225-37-4 2° of the French Commercial Code)	46
■ Summary table of capital increase delegations (L.22-10-10 et L.225-37-4 3° of the French Commercial Code)	98-101
■ Arrangements for exercising General Management (L.22-10-10 et L.225-37-4 4° of the French Commercial Code)	48
■ Composition, and conditions governing the preparation and organisation of the work, of the Board of directors (L.22-10-10 1° of the French Commercial Code)	33-44 ; 53-60
■ Description of the diversity policy applied to the members of the Board of directors, as well as the objectives, how the policy was implemented and results obtained during the past financial year (L.22-10-10 2° of the French Commercial Code)	48-49 ; 67-74
■ Information on the way to ensure balanced representation of men and women in Management bodies and gender balance results in the top 10% of positions of higher levels of responsibility (L.22-10-10 2° of the French Commercial Code)	51 ; 572 ; 616
■ Any limits to the powers of the Chief Executive Officer imposed by the Board of directors (L.22-10-10 3° of the French Commercial Code)	48
■ Corporate governance code prepared by corporate representative organisations to which the Company refers (L.22-10-10 4° of the French Commercial Code)	46

APPENDIX – KEY INFORMATION REGARDING THE ISSUER, PURSUANT TO ARTICLE 26.4 OF EUROPEAN REGULATION NO. 2017/1129

1) Who is the issuer of securities?

I. General information

Head office: 16 boulevard des Italiens, 75009 Paris, France

Legal form: BNP PARIBAS is a limited company authorised as a bank under the provisions of the French Monetary and Financial Code (Book V, Title 1) on banking institutions.

Legal identity identifier: R0MUWSFPU8MPRO8K5P83

Law governing its activities: BNP Paribas is a company incorporated under French law and operates in many countries, both in Europe and outside Europe. Many foreign regulations can therefore govern its activities.

Country of origin: France

II. Main activities

BNP Paribas, Europe's leading provider of banking and financial services, has four domestic Retail Banking markets in Europe, namely in France, Belgium, Italy and Luxembourg.

It operates in 68 countries and has more than 193,000 employees, including nearly 148,000 in Europe. BNP Paribas holds key positions in its two main businesses:

- Retail Banking and Services, which includes:
  - Domestic Markets, comprising:
    - French Retail Banking (FRB),
    - BNL banca commerciale (BNL bc), Italian retail banking,
    - Belgian Retail Banking (BRB),
    - Other Domestic Markets activities including Arval, BNP Paribas Leasing Solutions, BNP Paribas Personal Investors, Nickel and Luxembourg Retail Banking (LRB);
- International Financial Services, comprising:
  - Europe-Mediterranean,
  - Bank of the West,
  - Personal Finance,
  - Insurance,
  - Wealth and Asset Management;
- Corporate and Institutional Banking (CIB):
  - Corporate Banking,
  - Global Markets,
  - Securities Services.

BNP Paribas SA is the parent company of the BNP Paribas Group.

III. Main shareholders as at 31 December 2020

- SFPI[(1)] : 7.7% of share capital;
- BlackRock Inc. : 6.0% of share capital;
- Grand-Duché du Luxembourg : 1.0% of share capital.

IV. Identity of key executives

- Jean LEMIERRE: Chairman of the Board of directors of BNP Paribas;
- Jean-Laurent BONNAFÉ: Director and Chief Executive of BNP Paribas;
- Philippe BORDENAVE: Chief Operating Officer of BNP Paribas.

V. Identity of Statutory Auditors

- **Deloitte & Associés** was re-appointed as Statutory Auditor at the Annual General Meeting of 24 May 2018 for a six-year period expiring at the close of the Annual General Meeting called in 2024 to approve the financial statements for the year ending 31 December 2023. The firm was first appointed at the Annual General Meeting of 23 May 2006.
  Deloitte & Associés is represented by Laurence Dubois
  Deputy:
  Société BEAS, 6, place de la Pyramide, Paris-La Défense Cedex (92), France, SIREN No. 315 172 445, Nanterre trade and companies register.
- **PricewaterhouseCoopers Audit** was re-appointed as Statutory Auditor at the Annual General Meeting of 24 May 2018 for a six-year period expiring at the close of the Annual General Meeting called in 2024 to approve the financial statements for the year ending 31 December 2023. The firm was first appointed at the Annual General Meeting of 26 May 1994.
  PricewaterhouseCoopers Audit is represented by Patrice Morot.
  Deputy:
  Jean-Baptiste Deschryver, 63, rue de Villiers, Neuilly-sur-Seine (92).
- **Mazars** was re-appointed as Statutory Auditor at the Annual General Meeting of 24 May 2018 for a six-year period expiring at the close of the Annual General Meeting called in 2024 to approve the financial statements for the year ending 31 December 2023. The firm was first appointed at the Annual General Meeting of 23 May 2000.
  Mazars is represented by Virginie Chauvin.
  Deputy:
  Charles de Boisriou, 28 rue Fernand Forest, Suresnes (92).

Deloitte & Associés, PricewaterhouseCoopers and Mazars are registered as Statutory Auditors with the Versailles Regional Association of Statutory Auditors, under the authority of the French National Accounting Oversight Board (*Haut Conseil du Commissariat aux Comptes*).

(1) Société Fédérale de Participations et d'Investissement: a public-interest limited company (société anonyme) acting on behalf of the Belgian State.

2) What are the key financial information about the issuer?

In millions of euros	Year 31/12/2020	Year-1 31/12/2019	Year-2 31/12/2018
Net interest income	21,312	21,127	21,062
Net fee and commission income	9,862	9,365	9,207
Net gain on financial instruments	7,146	7,464	6,118
Revenues	44,275	44,597	42,516
Cost of Risk	(5,717)	(3,203)	(2,764)
Operating income	8,364	10,057	9,169
Net income attributable to equity holders	7,067	8,173	7,526
Earnings per share (in euros)	5,31	6.21	5.73

In millions of euros	Year 31/12/2020	Year -1 31/12/2019	Year-2 31/12/2018
Total assets	2,488,491	2,164,713	2,040,836
Debt securities	212,351	221,336	206,359
Of which mid long term Senior Preferred	*82,086*(*)	*88,466*(*)	*88,381*(*)
Subordinated debt	23,325	20,896	18,414
Loans and receivables from customers (net)	809,533	805,777	765,871
Deposits from customers	940,991	834,667	796,548
Shareholders' equity (Group share)	112,799	107,453	101,467
Doubtful loans/ gross outstandings(**)	2.1%	2.2%	2.6%
Common Equity Tier 1 capital (CET1) ratio	12.8%	12.1%	11.8%
Total Capital Ratio	16.4%	15.5%	15.0%
Leverage Ratio(***)	4.9%	4.6%	4.5%

(*) Regulatory scope.

(**) Impaired loans (stage 3) to customers and credit institutions, not netted of guarantees, including on-balance sheet and off-balance sheet and debt securities measured at amortized costs or at fair value through shareholders' equity reported on gross outstanding loans to customers and credit institutions, on-balance sheet and off-balance sheet and including debt securities measured at amortized costs or at fair value through shareholders' equity (excluding insurance).

(***) Taking into account the temporary exemption related to deposits with Eurosytem central banks (calculated in accordance with Regulation (EU) No. 2020/873, Article 500b). It amounts to 4.4% as at 31.12.20 excluding this effect.

A brief description of any qualifications in the audit report relating to the historical financial information: N/A

3) What are the specific risks of the issuer?

The presentation of the risk factors below consists of a non-exhaustive selection of the main risks specific to BNP Paribas, to be supplemented by an examination by the investor of all the risk factors contained in the prospectus.

1. A substantial increase in new provisions or a shortfall in the level of previously recorded provisions exposed to credit risk and counterparty risk could adversely affect the BNP Paribas Group's results of operations and financial condition.

2. An interruption in or a breach of the BNP Paribas Group's information systems may cause substantial losses of client or customer information, damage to the BNP Paribas Group's reputation and result in financial losses.

3. The BNP Paribas Group may incur significant losses on its trading and investment activities due to market fluctuations and volatility.

4. Adjustments to the carrying value of the BNP Paribas Group's securities and derivatives portfolios and the BNP Paribas Group's own debt could have an adverse effect on its net income and shareholders' equity.

5. The BNP Paribas Group's access to and cost of funding could be adversely affected by a resurgence of financial crises, worsening economic conditions, rating downgrades, increases in sovereign credit spreads or other factors.

6. Adverse economic and financial conditions have in the past had and may in the future have an impact on the BNP Paribas Group and the markets in which it operates.

7. Adverse economic and financial conditions have in the past had and may in the future have an impact on the BNP Paribas Group and the markets in which it operates Laws and regulations adopted in recent years, particularly in response to the global financial crisis, as well as new legislative proposals, may materially impact the BNP Paribas Group and the financial and economic environment in which it operates.

8. The BNP Paribas Group may incur substantial fines and other administrative and criminal penalties for non compliance with applicable laws and regulations, and may also incur losses in related (or unrelated) litigation with private parties.

9. Epidemics and pandemics, including the ongoing coronavirus (COVID-19) pandemic, and their economic consequences may adversely affect the Group's business, operations, results and financial condition.

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HEAD OFFICE
16, boulevard des Italiens - 75009 Paris (France)
Tel: +33 (0)1 40 14 45 46

Paris Trade and Company Register - RCS Paris 662 042 449
Société Anonyme (Public Limited Company)
with capital of EUR 2,499,597,122

SHAREHOLDERS' RELATIONS
Tel: +33 (0)1 40 14 63 58

www.bnpparibas.com

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